

# Worker's Compensation Insurance Coverage

Worker's compensation insurance is required in just about every state although specific standards vary. Texas does not require worker's compensation, and companies are allowed to 'go bare'. However, even in states like Texas, many businesses will require worker's compensation insurance in place to do business with them. For specific requirements, contact your state department of insurance.

Worker's compensation insurance, workers comp for short, protects both the Worker's and the employer. Workers comp insures that employees are taken care of financially in the result of a workplace injury. This includes medical and rehabilitation costs and income for the employee during this time of recovery. The worker's compensation insurance also protects the business from being sued by the injured employee in most cases. Coverage and benefits vary from state to state. Work with your licensed professional and state department of insurance to understand the coverage and requirements in your state.

To avoid frivolous claims, there is some form of waiting period in most states. Again, these waiting periods will vary by state. Worker's compensation and the laws governing it are written to utilize a no fault concept. In other words, it doesn't matter whether the employer or employee are at fault, worker's compensation insurance will cover the incident. In some instances, fault may be allowed to be a factor in the event of illegal activity, drug or alcohol use.



It is advisable to review your worker's compensation package annually with your licensed insurance professional. Make sure to work with your carrier and state for information and programs to enhance workplace safety. Workers compensation insurance will generally cover:

- Any injury on the job
- Repetitive motion injury like carpal tunnel
- Lung and breathing issues as a result of work performed
- Medical costs
- Rehabilitation costs
- Income replacement which can be up to 2/3 of salary
- Liability – Lawsuit protection for the business
- Death or dismemberment

It's important to note that every state varies in the actual specifics of workers' compensation. Some states allow smaller companies to self insure and others allow a set number of employees before coverage is needed, generally 3 to 5, others, as low as 1 employee. Five states have a state agency for workers' compensation, the balance is provided by reputable insurance carriers whose name you would recognize.

It should also be pointed out that if you work as an independent contractor, you also should carry worker's compensation insurance for your own protection. As always, check with licensed insurance professional to determine what is needed for worker's compensation insurance in your business.