

Do I need workers compensation insurance?

Employers have a legal responsibility to their employees to make the workplace safe. However, accidents happen even when every reasonable safety measure has been taken.

To protect employers from lawsuits resulting from workplace accidents and to provide medical care and compensation for lost income to employees hurt in workplace accidents, in almost every state, businesses are required to buy workers compensation insurance. Workers compensation insurance covers workers injured on the job, whether they're hurt on the workplace premises or elsewhere, or in auto accidents while on business. It also covers work-related illnesses.

Workers compensation provides payments to injured workers, without regard to who was at fault in the accident, for time lost from work and for medical and rehabilitation services. It also provides death benefits to surviving spouses and dependents.

Each state has different laws governing the amount and duration of lost income benefits, the provision of medical and rehabilitation services and how the system is administered. For example, in most states there are regulations that cover whether the worker or employer can choose the doctor who treats the injuries and how disputes about benefits are resolved.

Workers compensation insurance **must be bought as a separate policy**. Although in-home business and business owner's policies (BOPs) are sold as package policies, they don't include coverage for **workers' injuries**.

Homeowners Workers' Compensation Insurance Rider

Section 3420 (j) of the New York State Insurance Law states:

- *(j) (1) Notwithstanding any other provision of this chapter or any other law to the contrary, every policy providing comprehensive personal liability insurance on a one, two, three or four family owner-occupied dwelling, issued or renewed in this state on and after the effective date of this subsection shall provide for coverage against liability for the payment of any obligation, which the policyholder may incur pursuant to the provisions of the workers' compensation law, to an employee arising out of and in the course of employment of less than forty hours per week, in and about such residences of the policyholder in this state. Such coverage shall provide for the benefits in the standard workers' compensation policy issued in this state. No one who purchases a policy providing comprehensive personal liability insurance shall be deemed to have elected to cover under the workers' compensation law any employee who is not required, under the provisions of such law, to be covered.*
- *(2) The term "policyholder" as used in this subsection shall be limited to an individual or individuals as defined by the terms of the policy, but shall not include corporate or other business entities or an individual who has or individuals who have in effect a workers' compensation policy which covers employees working in and about his or their residence.*
- *(3) Every insurer who is licensed by the superintendent to issue homeowners or other policies providing comprehensive personal liability insurance in this state shall also be deemed to be licensed to transact workers' compensation insurance for the purpose of covering those persons specified in this subsection.*

Contractors that are **deemed employees** under the WCL and working a total of less than 40 hours a week in or around a one, two, three or four family owner occupied residence would be covered by the workers' compensation insurance rider. This is total hours for the employment – for example

four individuals working 10 hours per week is equal to 40 hours. Any such employment that equals or **exceeds 40 hours per week** is not covered by the homeowner's insurance rider.

Construction of a new home is never covered by the homeowner's workers' compensation insurance rider. A new home has not yet received a certificate of occupancy (CO), therefore it is not owner occupied and is not covered by the rider.



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