



**WORKERS' COMPENSATION INSURANCE:  
10 THINGS YOUR INSURANCE AGENT AND ATTORNEY WISH YOU KNEW**

1. **Does the Association have to buy Workers' Compensation (W/C) insurance?**
  - If the Association has four (4) or more employees it must have W/C insurance. In the construction industry, if a contractor has one or more employees, including non-exempt business owners, it must have W/C insurance. The list of trades considered to be in the construction industry is found in Rule 69L-6.021, Fl.Admin.Code. See also, Section 440.02(17), Florida Statutes.
2. **If the Association doesn't have any employees, SHOULD the Association have a W/C policy?**
  - Absolutely!
  - **Why?** The benefit of having a W/C insurance policy is that it is the **EXCLUSIVE REMEDY** for injured workers, meaning THEY CANNOT SUE THE ASSOCIATION, but are entitled to a legally stipulated schedule of benefits to compensate them for their injuries.
3. **How much does a Minimum Premium Policy (no employees) cost?**
  - A "Minimum Premium
  - Policy" costs about \$710 per year. It provides stop-gap protection in the event an uninsured worker is injured on the Association's property.
4. **Does a Workers' Compensation insurance policy automatically cover volunteers?**
  - If the policy has the right language, it does, but it does NOT automatically extend to volunteers.
  - Workers' Compensation Policy with Volunteer Endorsement.
  - Chapter 440 does not include volunteers in the definition of "employee."
  - What do we look for to determine if the W/C policy covers volunteers?
5. **Why is W/C so expensive?**
  - 100% medical for life with no deductibles or copays
  - Permanent Impairment lump sum benefit
  - Pays 2/3rds of your average weekly wage until age 75 (\$886 max)

**6. Are the rates the same with all carriers?**

- Yes. Carriers are not permitted to deviate down from the state mandated rates.

**7. What type of injuries does W/C cover?**

- Generally, all types, except self-inflicted or ones caused PRIMARILY by drugs or alcohol.

**8. Should the Association employ contractors who do not have W/C?**

- NO! If it does, it is simply transferring risk and, therefore, liability exposure from the contractor to the Association and its unit owners. If the contractor does not have W/C in place when its employee is injured, there is no exclusive remedy and no payment to the injured employee. This means the injured employee will likely sue the Association and seek compensation. If the Association has a Minimum Premium Policy in place, then that W/C policy should extend coverage to the injured employee of the contractor and provide the exclusive remedy of statutory benefits.
- An annual W/C insurance audit is likely if Minimum Premium Policy is purchased. The Association must provide proof that all contractors are exempt or have W/C coverage in place.
- The Association also needs proof that all subcontractors of the contractor has W/C insurance in place.

**9. What is the recommended way for an Association to obtain proof that a Contractor has W/C insurance in place?**

- Obtain Certificate of Insurance (COI) DIRECTLY from the W/C insurance company or carrier, NOT from the contractor.
- Verify W/C insurance at the Division of Workers' Compensation, Compliance Proof of Coverage Search Page at <https://apps8.fldfs.com/proofofcoverage>.

**10. Why shouldn't the Association hire a small contractor who has the cheapest bid on the proposed project and who is not covered by W/C insurance?**

- If the Association hires the small contractor that does not carry W/C insurance and one of their employees is hurt on the job/your property, the injured employee is most likely going to sue the Association for damages. So that lawsuit, and the increased insurance premiums that result, goes directly to the Association and its other insurance companies.

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