

# The importance of workers' compensation insurance

Workers' compensation insurance protects you in case one of your employees is injured on the job. If an accident happens, workers' comp covers medical bills and lost wages - plus it can help protect you from lawsuits from anyone injured while working.



Workers' comp is required in 49 out of the 50 states (all except Texas) depending on how many employees you have. But even if you don't meet the requirements, it's available and highly recommended.



## If you don't provide workers' comp

Some employers may be unaware of workers' compensation compliance, especially considering the rules and regulations vary from state to state.

But this type of insurance is **state-mandated** across the United States in all states but Texas - and even there, those operating businesses within certain industries (e.g., construction, government, and others) are required to have it.

*Note: Be sure to check out your state's specific laws, which mandate workers' comp based on number of employees. For example, in South Carolina, employers that employ four or more regular full-time or part-time employees are required to carry workers' comp insurance, whereas someone operating a business in Alaska needs workers' comp insurance as soon as they hire their first employee.<sup>1</sup>*



If you choose not to comply, you could face consequences like:

- Heavy fines
- Exposure to lawsuits
- Jail time
- Forced closure of the business

## Penalties vary by state

If businesses are found to be operating without workers' comp insurance, the penalties vary depending on where they're located. Some states pursue stiffer penalties than others.

## How to comply

Workers' comp is generally purchased separately from an employer's insurance policy, and each state determines exactly how the insurance is provided - whether via private companies, the state, or both.

Depending on your state's offerings, be sure to:



Research your options thoroughly, as necessary



Look into online tools and software that could obtain and manage workers' comp insurance

### Sources:

1. "Workers' Compensation Insurance," Insureon
2. "Workers' Compensation Laws: State by State Comparison," 2017, NFIB
3. "Workers' Compensation Insurance," Insureon

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