A GUIDE TO MINNESOTA's LAWS ABOUT

WORKERS' COMPENSATION INSURANCE

ATTENTION CONSTRUCTION CONTRACTORS: WHAT YOU DON'T KNOW ... CAN HURT YOU

- If your subcontractor or one of their workers gets hurt on the job, **you** might have to pay their bills.
- Your business and you personally could be liable.
- Workers' compensation insurance can protect your business and personal assets.

What is workers' compensation insurance?

A workers' compensation insurance policy pays for benefits, including health care costs, lost wages and, possibly, permanent disability benefits when an employee is hurt on the job.

Do I need workers' compensation insurance?

- Workers' compensation insurance is usually required if you have any employees.
- If you are not sure, call us at (651) 284-5032 or 1-800-342-5354.

What if I only have subcontractors and don't have any employees?

You could still be liable for any injury if you don't have workers' compensation insurance.

- Sometimes a subcontractor is considered to be an employee by law.
- If your subcontractor does not have workers' compensation insurance and your subcontractor or one of the workers hired by your subcontractor is injured, you could be liable.

The best protection is to get your own workers' compensation policy.

Are my personal assets at risk even if I formed a corporation or LLC?

You could be personally liable and have to pay the bills for your subcontractor's injury if:

- you are an owner or officer of the corporation or LLC; and
- the subcontractor is found to be an employee of the corporation or LLC.

A construction remodeler's tale

Sam is a residential remodeler. Sam has no employees, so he is not required to have workers' compensation insurance. Because Sam is so busy, he decides to subcontract out the exterior painting of one of the homes he is remodeling. Sam's friends recommend a reliable, experienced painter named Melissa. Sam agrees to pay Melissa $1,000 to paint the exterior of the home.

When Melissa shows up at the worksite, she brings along a helper named Dave. Melissa gives Dave instructions about where to set up their scaffolding. Suddenly, Sam hears a yell for help. Sam runs outside and sees Dave sprawled at the bottom of the scaffolding, unconscious. Dave is taken away by ambulance.

Then Sam finds out Melissa's workers' compensation insurance was canceled earlier that month. Sam and Melissa are now both personally responsible for paying the bills for Dave's workers' compensation benefits including wage-loss payments, medical bills and more.

If either Sam or Melissa had workers' compensation insurance, these costs would have been covered.

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It is easy to check whether your subcontractor has workers' compensation insurance.

How do I make sure my subcontractor has workers' compensation insurance?

- Use the online workers' compensation insurance look-up tool at www.inslookup.doli.state.mn.us.
- Don't rely on a paper certificate of insurance.

What if my subcontractor's workers' compensation insurance is canceled while working on my project?

If the subcontractor has coverage when hired but then coverage lapses or is canceled while the subcontractor is on your job, you could be liable for the bills for your subcontractor's work injury or the work injuries of your subcontractor's workers.

Getting workers' compensation insurance is easy!

How do I get workers' compensation insurance?

- Contact your insurance agent.
- If you have questions about insurance, call the Minnesota Workers' Compensation Insurers Association, Inc. at (952) 897-1737.

Isn't business insurance enough?

- A business policy does not include workers' compensation insurance coverage.
- Workers' compensation insurance is a separate policy. If you are unsure whether you have this coverage, contact your insurance agent.

Nine resources for contractors

1. About workers' compensation coverage – www.dli.mn.gov/WC/AboutCov.asp
2. Check workers' compensation insurance coverage for a business – www.inslookup.doli.state.mn.us
3. Workers' compensation liability of contractors – www.dli.mn.gov/WC/Pdf/infosheet_contractor_liability.pdf
4. About contractor registration – www.dli.mn.gov/CCLD/Register.asp
5. Is your subcontractor really an employee – www.dli.mn.gov/CCLD/Register_Nine_Factors.asp
6. Verify subcontractors are registered or licensed with the Department of Labor and Industry – https://secure.doli.state.mn.us/lookup/licensing.aspx
7. Get contractor registration questions answered at (651) 284-5074 or dli.register@state.mn.us.
8. Get workers' compensation questions answered at (651) 284-5032 or dli.workcomp@state.mn.us.
9. Get free safety and health assistance at your worksite from Minnesota OSHA Workplace Safety Consultation at (651) 284-5060 or osha.consultation@state.mn.us.

Contact information

MINNESOTA DEPARTMENT OF LABOR & INDUSTRY

Workers' compensation phone hotline:
(651) 284-5032 or 1-800-342-5354 (press 3)
dli.workcomp@state.mn.us
www.dli.mn.gov/WorkComp.asp

This document contains general information. It is not legal advice. Every situation is different and other laws might apply to your situation. If you have questions, contact an attorney, visit DLI's website or call the workers' compensation hotline.

This document can be given to you in audio, Braille or large print.

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