

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 businessowners policies (BOPs) are sold as package policies, they don't include coverage for workers' injuries.