



WORKERS COMPENSATION INSURANCE INFORMATION SHEET **(What you need to know)**

All employers are required to carry Workers' Compensation Insurance in the state of Utah with certain exceptions. Workers' Compensation Insurance is separate from health insurance and unemployment insurance. An employer can insure their workers in one of three ways:

1. By purchasing insurance from any private insurance carrier licensed to write workers' compensation insurance in Utah.
2. By purchasing insurance through the Workers' Compensation Fund of Utah.
3. By being self-insured, by approval of the Labor Commission, to pay workers compensation directly to employees.

Exceptions:

Domestic Employer – As long as an employee does not work more than 40 hours or does work more than 40 hours but receives or is eligible to receive the domestic work under a state or federal program;

Real Estate Brokers – As long as the real estate broker receives substantially all of their income from real estate commissions, has a written contract that the broker is an independent contractor, and the broker is not treated as an employee for tax purposes;

Insurance Agent – Same as real estate broker;

Sole Proprietorship, Partnership – Are excluded as long as they have no employees;

And certain Agricultural Employers.

Corporate officers and directors of a company are considered employees of the company and are required to have a workers' compensation insurance policy; however, the corporate officers and directors may be excluded from coverage by way of a Statutory Exclusion, which is obtained through the Workers' Compensation Fund.

General contractors have the responsibility of ensuring that all subcontractors, including sole proprietors, partners and corporate officers have workers' compensation insurance coverage. The subcontractor, if a sole proprietor, partner or corporate officer, may also apply for a Statutory Exclusion through the Workers' Compensation Fund.

The employee leasing company can provide workers' compensation insurance by adding your company as a separate endorsement to the leasing company's policy or purchasing a separate

policy for each client employer. However, by statute the client employer is the employer under workers' compensation law and is responsible for making sure coverage is in place.

Not having workers' compensation insurance may result in a penalty being imposed against an employer of \$1,000 or more and will make the employer susceptible to a law suit for personal injury. Workers' compensation is a no-fault system and is the **exclusive remedy** for a worker who sustains an on-the-job injury or illness. Benefits are fixed by law and the employer knows the costs of purchasing the insurance.

***This information sheet is not intended to replace the advice of an attorney, accountant, or other legal representative. This information is provided by the Labor Commission, Division of Industrial Accidents as a courtesy. Please contact the Labor Commission with any questions regarding the requirements for workers' compensation insurance at 1-800-530-6800 or visit www.laborcommission.utah.gov.**