

Next



WORKERS' COMPENSATION LAWS EVERY BUSINESS OWNER SHOULD KNOW

[Workers' compensation insurance](#) provides employees with medical benefits and wage replacement if they are injured or contract an illness on the job. As a small business owner, your client will typically purchase a policy to cover their employees.

What are Workers' Compensation laws?

Basically, workers' compensation laws (also known as workmans comp laws) are created at the state level to dictate the coverage employers need to provide their employees.

Each state has unique laws. They include details on when workers' comp is required, who can make a claim and how they must make that claim, for what and when. These laws exist to protect employees and to protect business owners.

To protect employees

There is an obvious level of protection that workers' comp laws provide: the payments and coverage of medical expenses and salary if a person gets injured or sick due to their job.

This money is often essential in helping the person recover and keeping their family afloat.

Workers' comp laws also save claimants time and energy. Instead of suing and enduring a trial, they are more quickly reimbursed by their policy and don't risk a court loss in which they may receive nothing.



To protect employers

Workers' comp also protects your client as a business owner. Premiums are a small price to pay when the alternative is considered — lawsuits and out-of-pocket expenses.

If a worker breaks his leg on the job, think of the damages that would have to be paid out of pocket for the ambulance, hospital fees and rehab. Without insurance, an employee accident could put your client completely out of business.

In addition to covering all sorts of expenses, carrying workers' comp helps your clients position themselves as a professional in their field. For example, if they're in the construction business, [workers' compensation for contractors](#) is often a requirement for bidding on contracts.

Is there a difference depending on the state?

The law for workers' compensation depends on where your client lives. That's because each state has its own laws for workers' comp and system for handling claims.

Although the state runs the system and purchasing workers' comp is often mandatory, it must be purchased voluntarily. That means your clients need to proactively go out and buy it.

Who can make a claim and when?

There are a few initial requirements needed to [make a workers' comp claim](#). The first, of course, is that the claimant is an employee. The second is that their employer — your client — has workers' comp coverage.

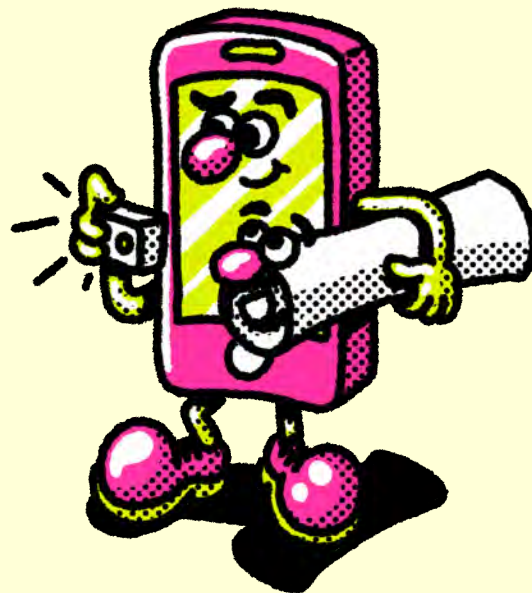
In addition, there are time restraints in terms of making a claim. The claim must be made according to the state's deadline for reporting.

What is considered a valid claim?

There are many examples of on-the-job illnesses or injuries that could be a valid reason for a workers' comp claim.

The main factor in determining eligibility is if it was directly caused by a workplace injury or illness. This can include an employee:

- Breaking an arm after falling from a ladder
- Getting sick from chemicals being used at work
- Experiencing hearing loss from a loud work environment
- Getting carpal tunnel syndrome from repetitive motion



Claims may not be accepted if the injury or illness wasn't related to work, that also wouldn't be a legitimate workers' comp claim.

A successful claim can include reimbursement for:

- Medical expenses
- Loss of income
- Permanent injury
- Survivor benefits

For more information about NEXT coverage, check out our [appetite guide](#).