

# Q&A Employee Benefits



Courtesy of Meridian Benefits Consulting

## Q

**Do all employers have to pay workers' compensation premiums? Is it possible to self-insure workers' compensation?**

## A

Workers' compensation is a system of no-fault insurance. Workers' compensation requirements are determined at the state level; most states require employers to have workers' compensation coverage. In most states, small employers (those with five or fewer employees) are not usually required to provide workers' compensation coverage.

Workers' compensation insurance provides wage replacement and medical benefits to employees for injuries or diseases that result from the employee's work. It also pays death benefits to surviving dependents of workers who have been fatally injured in a work-related incident.

Workers' compensation insurance provides protection for both the employee and the employer. Other laws that may apply to your business include laws limiting the amount of money that can be recovered and clearing employees of liability for mishaps. Each state determines who must insure workers' compensation, so it is possible that self-insuring may be an option in your state.

Not all employees are covered by workers' compensation in every state. The following are examples of some types of workers who may not be qualified for workers' compensation:

- Real estate agents
- Performers and disc jockeys
- Volunteers
- Taxi drivers

Employers should review state laws in order to determine which rules apply to their organizations.