

WHO NEEDS WORKERS' COMPENSATION COVERAGE?

Minnesota Workers' Compensation law states all employers are required to purchase workers' compensation insurance or become self-insured. This is often referred to as "mandatory coverage." Employers are generally defined as those that hire another to perform services. Employees are generally defined as people performing services for another, for hire, including minors, part-time workers and workers who are not citizens. There are limited exceptions to mandatory coverage listed in [Minnesota Statutes 176.041](#). If an employer does not see exception(s) stated in the statute for every employee of theirs, the employer needs workers' compensation insurance.

The Claims Services and Investigations unit investigates employers that may not have carried workers' compensation insurance coverage for employees. Results of these mandatory coverage investigations may be referred for civil penalty action (see [Fines and penalties for failure to insure](#)). The investigation establishes the time frame for the violation, the number of employees involved, the type of work performed and the associated payroll amounts.

If you have questions regarding the need to obtain workers' compensation coverage, contact DLI's Benefit Management and Resolution unit at (651) 284-5032 or 1-800-342-5354.

<http://www.doli.state.mn.us/WC/AboutCov.asp>

WHAT IS MANDATORY COVERAGE?

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As one might anticipate, there are always exceptions to the rule. Some employers are exempt and these exemptions are specified in Minnesota Statutes. However, there are common misperceptions that need clarification about who needs coverage and who does not.

<http://www.doli.state.mn.us/WC/MandatoryCoverage.asp>

FAILURE TO PROVIDE WORKERS' COMP. INSURANCE

General duty to insure

All employers are required by Minnesota Statutes, section 176.181, subdivision 2, to either purchase workers' compensation insurance to provide benefits to their employees for work-related injuries or obtain approval from the Minnesota Department of Commerce permitting self-insurance upon proof of the employer's financial ability to do so. There is no minimum number of employees an employer must have before insurance is required; therefore, an employer with only one part-time employee generally must provide coverage. Several penalties may be assessed against employers that fail to properly insure their employees.

Enforcement

Minnesota Statutes 176.181 gives the commissioner of the Department of Labor and Industry the authority to enforce the [mandatory coverage laws](#). Minnesota Statutes 176.184 is one of the provisions detailing the commissioner's powers of enforcement. These include the ability to enter and inspect a business and its records, take depositions, issue subpoenas and order the production of documents to determine if insurance coverage as required by law exists. If the inquiry reveals inadequate or nonexistent coverage, the commissioner's representative will continue the investigation and determine what action, if any, is appropriate.

Injured employee, no employer coverage

If an employee suffers a compensable injury and the employer has not purchased insurance coverage or followed the proper procedures for self-insurance, the employee may request the state Special Compensation Fund pay the appropriate benefits. A compensation judge will first determine whether the employer is liable for the worker's injury and, if appropriate, order the Special Compensation Fund to pay all appropriate compensation benefits to the employee and order the employer to reimburse the Special Compensation Fund along with a penalty in the amount of 65 percent of those benefits.

Alternatively, the employee may elect to sue the employer for the injury in a civil action for the full extent of the employee's losses. The amount awarded in such a case may be considerably higher than the amount of workers' compensation benefits due. Where the employer fails to purchase workers' compensation insurance, it may not defend a civil personal injury lawsuit by claiming the usual common law defenses (such as assumption of risk) unless it can prove that the employee was willfully negligent.

<http://www.doli.state.mn.us/WC/Failure.asp>

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