



Workers' Compensation Insurance Compliance at a Glance

If I have another type of insurance policy that is similar to workers' compensation insurance, am I still required to carry workers' compensation insurance?

Yes. You are still required by law to carry workers' compensation insurance. There are policies that provide some medical coverage and wage replacement in the event of an accident. These policies are limited and do not provide the benefits required by the IWCA.

Does an out-of-state company have to provide Illinois workers' compensation insurance?

IWCA covers

1. Persons whose employment results in injury within Illinois, or
2. Persons whose work is principally located within Illinois, or
3. Persons whose contract for hire was made in Illinois

If an out-of-state company conducts business with its employees in Illinois, even if the workers reside outside of Illinois, that company must provide a worker's compensation insurance policy that includes Illinois coverage for those workers.

If an employee from an out-of-state company is injured doing work in Illinois, he or she has the right to file a claim in Illinois. Only a workers' compensation insurance policy that includes Illinois on its coverage is valid.

Will my group health plan or occupation disability insurance cover workers' compensation?

No. A group health plan, occupational disability policy, general liability, disability or property insurance will not cover workers' compensation liability and do not comply with the law. Only a workers' compensation policy fulfills this requirement. This coverage must be purchased from a carrier authorized to write workers' compensation insurance in Illinois.

Can my employer deduct money from my paycheck for workers' compensation insurance?

No. The employer may not charge employees, in any way, for workers' compensation benefits or workers' compensation insurance premiums.

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Disclaimer: This information is not intended to be a full exposition on the insurance provision of the Illinois Workers' Compensation Act. For more information, we suggest you contact an attorney knowledgeable about workers' compensation.



Workers' Compensation Insurance: It's the LAW.

How many employees does an employer have to have to come under the Illinois Workers' Compensation Act (IWCA)?

If the employer has one employee, even a part-time employee, the employer must provide workers' compensation coverage.

Is there a waiting period for workers' compensation coverage?

No. From the moment they are hired, employees must be insured.

Do employees who are family members have to be insured?

Yes, unless;

1. They are bona fide corporate officers, or
2. They work for an agricultural enterprise that employs less than 400 working days of labor per quarter during the preceding calendar year, exclusive of working hours of the employer's spouse and other members of his/her immediate family residing with him or her.

What are the penalties if an employer fails to provide workers' compensation insurance?

An employer that knowingly and willfully fails to provide insurance may be fined up to \$500 for every day of non-compliance, with a minimum fine of \$10,000. Corporate officers can be held personally liable if the company fails to pay the penalty.

If an employer is found to be noncompliant with any provisions of paragraph (a) of Section 4 more than once, the Illinois Workers' Compensation Commission (WCC) may assess a fine up to \$1,000 per day for each day of noncompliance, with a minimum penalty of \$20,000.

If, after a hearing, the Commission finds that an employer failed to provide workers' compensation insurance coverage, such failure shall be deemed to be an immediate serious danger to the public health, safety and welfare. This will justify the issuance of a work-stop order, requiring cessation of all its business operations. If the business is declared extra-hazardous, the Commission may issue a work-stop order even before holding a hearing.

In addition, corporate officers who are found to have *negligently* failed to provide insurance may be guilty of a Class A misdemeanor; if they are found to have *knowingly* failed they may be guilty of a Class 4 felony.

An employer that *knowingly* fails to provide workers' compensation insurance, loses the protection provided to employers by the Workers' Compensation Act. An employee who is injured during the time the employer was uninsured may sue the employer in civil court, where damages are unlimited.

I am a sole proprietor/business partner/corporate officer/member of a limited liability company. Do I have to buy workers' compensation insurance?

Sole proprietors, bona fide corporate officers, business partners and members of limited liability companies may elect to come under the Act or they may choose not to. This does not apply to employers in extra-hazardous occupations. Employers in extra-hazardous occupations such as construction, trucking, or a business operating at construction sites, must have workers' compensation insurance.

If I use a payroll service company to process my payroll, do I still need to provide workers' compensation insurance?

Payroll service companies that provide payroll processing services usually do not provide workers' compensation insurance for companies they service. You are still the employer and will be responsible for insuring that your company has the required workers' compensation insurance. You should never assume that someone else is taking care of your workers' compensation insurance responsibly.

