

[NC Painter's insurance plans](#) can be found in many different forms. One coverage that every painting company with employees should have is workers compensation. In North Carolina, the law states that if you have fewer than 3 employees you don't have to purchase [workers compensation insurance](#)

. But what this rule doesn't tell you is that not buying a policy could wipe you out.

In NC, the workers compensation rules and regulations are controlled by [the NC Rate Bureau](#) . And the rules do give you an out when it comes to buying a workers compensation insurance policy if you have less than 3 employees. In fact, there are no real teeth in the law that will catch and find employers who have 3 or more employees who also don't purchase a workers compensation insurance policy. So, yeah, you could go years without purchasing [a workers compensation policy for your painting business](#)

. But that would be a very dangerous choice. Here's why:

Although the law may not require that you actually purchase a workers compensation insurance policy, it will require that you pay all of the claims yourself just as if you were the insurance company. Workers compensation benefits in North Carolina are statutory and claims are governed by the [NC Industrial Commission](#) . That means that exactly how much gets paid for each type of illness or injury has already been determined by state law. Therefore, if you are paying out of your own pocket for a claim, you will not have the opportunity to determine how much you are going to pay. And in the case of a long term disability the amount you might have to pay out is staggering.

So, using the loophole in the law to avoid buying a workers compensation policy only gets you out of paying the policy premium. In fact, it puts you in the unenviable position of being the insurance company and on the hook for all claims. And these claim costs can be enormous. Imagine coming up with \$100,000 to pay for injuries that resulted in permanent disability, then paying disability payments for years after that for one of your employees. Pretty scary huh? So even if work comp insurance seems expensive, you should realize that purchasing it is a no brainer because going bare means you are pretending to have the assets of an insurance company. For most painters, that just isn't the case.

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