

Workers compensation insurance in some ways is one of the more straight forward property and casualty insurance policies that you can buy. In North Carolina, you simply multiply your payroll times the rate per \$100 of payroll, add the expense constant and your mod factor and you are done. If you have a claim, the NC statute tells the insurance company what is covered and how much to pay for each type of injury. It is clean and simple because the North Carolina statutes spell out the details of what and who is covered and when and for how much. But what happens when you cross state lines to do work or to hire other employees? That's when it gets tricky.

The starting point for this article is North Carolina and North Carolina workers compensation insurance rules. If your business is domiciled in some other state besides, North Carolina then some of what you read in the blog may or may not apply to you. That said, let's get on with the discussion here.

There are several ways in which going out of state can get a company in trouble with workers compensation rules and laws. The most vulnerable businesses are contractors who can pick up and go to another state to do jobs there. Many of these are contractors whose work opportunities here in North Carolina may be diminished by the economy and so they chase storms and other natural disasters to find work in other states.

If you take your North Carolina employees (those who live in NC and were hired in NC by your NC based company) to work on jobs in other states, then your North Carolina workers compensation policy will protect your company from losses that may happen on those jobs. If you pick up employees while you are in that other state, then you may find yourself stuck in a coverage gap. Some states will allow those new, out of state, employees of yours to choose which state work comp rules they want to file their claim under. Of course they will choose the state with greatest benefits for them and their claim. If that happens to be a state other than NC, then you may be paying some of the claim yourself. This is because your NC workers compensation policy could be limited to just NC coverage and that is all that the insurance company will pay for a claim no matter which state rules the employee chooses to follow.

The solution to this problem is to let your insurance company know who is working where and let them add that state and those rates for that work in that state to your policy. A catch all type of solution which is less fail safe, is to endorse the all states endorsement on to your workers compensation policy. The all states endorsement on a NC workers compensation policy will extend benefits for your policy to match those of the states listed on the endorsement.

The other area where employers can run into trouble is with the employees who live in another state from the one in which the business resides. This can happen with businesses located near state lines. If you are in NC and located near the Virginia border for instance, if you hire employees who live in Virginia, then you should add Virginia rates and class codes for those employees on your staff.

The all states endorsement can leave you at risk because of the existence of monopolistic state fund states. These states require that all workers compensation insurance in their state be handled by the state government workers compensation program and no private insurance companies are allowed to write workers compensation insurance in these states. If you operate in one of these states and have a claim there, your only protection on your policy will have to come from your employers' liability insurance section of your workers compensation insurance. This may be adequate if your exposure is only incidental but if you are running ongoing projects and operations in that state or hiring employees that live in that state, my advice is that you purchase a policy from that state's monopolistic state fund.

Crossing state lines to do work or to hire employees can present unique workers compensation exposures to small companies. If you plan to work in or hire in other states, it is best that you check with your agent and make sure that your workers compensation insurance company know exactly what you are doing and where so that they can amend your policy to make sure that you have the protection that you need.