

Workers compensation insurance from its infancy has always been a compromise. The law set up a system that protected employers from lawsuits by its employees and in exchange for the stability that this created, the employers were to purchase workers compensation insurance to pay for the on the job injuries and diseases that befell their employees. Over time, some of the rules created by different states have eroded the spirit of this compromise and in North Carolina, that means some injured employees have no way to collect the benefits that they are due from their employers.

In early May, 2012, Governor Bev Perdue ordered swift reform of our system. This was prompted by a number of uninsured employers who have outstanding claims due that have not met their financial obligations to their injured employees. In a show of strong action, the North Carolina Industrial Commission, the governmental entity responsible for resolving these claims, rounded up about 100 delinquent employers and threatened them with jail time should they not pay their injured employees what they are due.

But let's back up a bit. You might be wondering how some employers were without workers compensation insurance when their employees became injured. Isn't this insurance a requirement for all employers? Well, in NC there is a rule that says that if you have less than 3 employees, you don't have to purchase a workers compensation insurance policy. If you don't buy a policy though, this does not get you off the hook for the injuries of your employees. You just now have to pay for those injuries yourself. Now I ask you, does this make any sense at all? Why should a small employer be more able to pay for on the job injuries of its employees than a larger employer? The answer of course is that they are not. In fact, a small employer is even less likely to have the assets needed to pay the medical bills, the loss of income and death benefits required when on the job accidents maim or kill an employee. NC is one of the few states with such a silly rule and to go along with this, NC also has one of the most lax enforcement of the workers compensation rules that you will find.

With Governor Perdue's new initiative to find the scofflaws and make them pay or go to jail, there was a glimmer of hope that the workers compensation system would leave us with less and less of these sad stories where an employee is maimed for life and the employer, not having purchased any workers compensation insurance, claims that he has no assets to pay the claim. Now, however, we see that when push came to shove, the North Carolina Industrial Commission chose mercy for the employers over the injured employees. No employers were thrown in jail, those that couldn't or wouldn't pay what was owed to injured workers were granted extensions to make good on their settlements. No one was arrested. It is estimated that as many as 10,000 employers in NC are without workers compensation insurance coverage. Will the Industrial Commission find ways to identify them and force them to obey the

law like other states do? Will they change the law to force all employers with any employees at all to purchase a policy to protect what they don't have the assets to protect? I have to say, at this point in time I am not encouraged by what I see.

If you own a business and you have any employees at all, I urge you to make sure that you have a workers compensation policy in force. This is a financial and moral obligation that when fulfilled will protect your business from a potential huge financial loss and quite possibly jail time.

Clinard Insurance Group has many great workers compensation insurance products for you to choose from. We can help you find the insurance company that is best suited for your specific type of business. Please give us a call, toll free, at 877-687-7557. We look forward to helping you.