

In NC the law clearly states that if you have 3 or more employees then you must either purchase a workers compensation policy or certify to the state that you have the liquid financial assets to cover employee injuries. And if you fail to meet this requirement? Well then the state can fine your company up to \$100 per day and even charge the business owners with a class H felony. In addition to all of that, if one of your employees is injured, then you can be held liable for the benefits that a workers compensation policy would have paid out for that injury. But enforcement of these rules has been lax for many years. All of that may be about to change.

This week, Governor Bev Perdue indicated that she wants this problem fixed, and fixed quickly. With this kind of heat on the politicians, we may finally see some movement toward more fairness in this system. While there are more than 170,000 business in North Carolina with 3 or more employees, only about 140,000 of them have proven financial responsibility to the state, or have purchased a workers compensation insurance policy.

The NC Industrial Commission is tasked with enforcing the rules that require businesses to purchase workers compensation insurance in North Carolina. Their approach has been to help workers collect from their uninsured employers after they have been injured. There has been little to no enforcement of the law before an injury or accident. This approach has led to many businesses skirting the law and not buying workers compensation insurance as required.

If your restaurant has purchased workers compensation insurance, then you should be particularly glad to see some action from your state government on this issue. After all, the restaurant industry is one of the worst offenders when it comes to a failure to purchase workers compensation insurance. If you have to work the cost of your policy into your menu pricing, but your nearest competitor doesn't because he or she doesn't purchase work comp insurance, then you are being put at a competitive disadvantage. And beyond that, getting full compliance across all businesses in NC will almost certainly lower workers compensation rates for all businesses in the state.

If your restaurant is one of the many out there that has chosen not to purchase workers compensation insurance, then your time may be running out. Many restaurants skip workers compensation without realizing that they are putting their own assets on the line if a worker gets hurt. You may soon be the target of the NC Industrial Commission's new strategy for enforcement. This means that you may be facing huge fines and possible jail time, depending on how this story line plays out. Of course I would advise that you purchase a workers compensation insurance policy for your restaurant today, but if you are going to keep trying to

dodge this requirement, then you had better keep a close watch on this story.

Governmental entities generally move slowly toward change, then with the catalyst of some outside news or social pressure can make changes very quickly. The story of lax enforcement of NC workers compensation laws may fizzle quickly or may result in some fundamental changes that could impact your restaurant business. With the state coffers bleeding red, this could be a real revenue enhancer. Betting against this one might be risky.