

In NC, if a business employs 3 or more people, then they are required to purchase and maintain a workers compensation insurance policy to protect their workers. It is estimated that there are as many as 30,000 businesses in North Carolina that are required to buy workers compensation but don't. In the Spring of 2012, the NC Industrial Commission was brought under pressure for not finding and cracking down on these businesses. Now a group of legislators is pushing forward some bills to help catch and punish these scofflaws.

Restaurant owners are notorious for skimping on workers compensation insurance. It is estimated by some experts that nearly 40% of NC restaurants do not carry any workers compensation insurance at all. If your restaurant buys workers compensation insurance then you are at a competitive disadvantage to the restaurants that are cheating on this requirement. It is in your best interest to see that workers compensation insurance laws are applied equally across your industry.

If these new, proposed bills do pass, they are certainly not guaranteed to solve the problem but they will make it easier for consumers and lawmakers to detect fraud. This special committee charged with examining workers compensation fraud plans to introduce a few new bills in the coming legislative session. Here's a glimpse at what they hope to achieve.

**Making the information public.** One bill would attempt to somehow publicize whether or not an employer carries workers compensation insurance. This is an attempt to enlist the consumer's help in punishing businesses that cheat the rules. Restaurants could be very vulnerable to this type of rule, particularly if it became a known feature that consumers looked for when entering your establishment, much like the sanitation grade is now.

**Getting the different parts of government to work together.** Another bill in the hopper is one that would compel the different state agencies to turn over business information to the state controller for analysis to help them detect businesses that may be avoiding workers compensation insurance requirements. Currently there is no rule to this effect and as a result, many businesses are able to go unpunished.

**Reducing claims.** A third bill is designed to help reduce the costs of workers compensation claims in North Carolina. This would be achieved by putting limits on the amounts paid for certain types of medical reimbursement after a workers compensation claim has been filed. I

would generally bet against this type of approach having much impact on the compliance rate of workers compensation insurance buying.

The NC Controllers Office is already hard at work in conjunction with the NC Industrial Commission to help identify some of the businesses that are failing to meet the requirements of the workers compensation law in NC. They claim that limited technology has hampered these efforts in the past and if this is true, then we can expect great success going forward as the technology is certainly available to help them.

If you are a restaurant owner without workers compensation insurance protection in NC, then you may be putting your entire business at risk should you have a large claim. The risk is not worth the savings as workers compensation insurance for restaurants is a much smaller line item on your expenses than your businessowners insurance policy. At Clinard Insurance Group, we insure hundreds of restaurants all across North Carolina as well as Georgia, Tennessee and South Carolina. We can help you put a workers compensation policy in place in under 10 minutes of your time. Give us a call, toll free, at 877-687-7557. Don't wait until legislation develops that may threaten your business or your very freedom. Call us today.