

# Industrial Commission



# Workers' Compensation

Understanding Your Workers'  
Compensation Obligations

# Employers' Requirements to Carry Workers' Comp Insurance

- North Carolina law requires that all businesses which regularly employ three or more employees obtain workers' compensation insurance or qualify as self-insured employers.

# Requirements, Continued

- Businesses with just one employee, whose work involves the presence of radiation, are required to have workers' compensation coverage.
- Individuals who are sole proprietors, members of LLCs, and partners are not automatically counted as employees. Corporate officers may elect to be excluded from coverage but are still counted in determining whether a business has three or more employees.
- If you subcontract work to a subcontractor who does not have workers' compensation insurance, you may be liable for the work-related injuries of the subcontractors' employees, regardless of the number of employees you or the subcontractor employs. Different laws apply to trucking companies.

# Exceptions

- Employees of certain railroads
- Casual employees, i.e. individuals who do not perform “work pertaining to the regular course of defendant’s business”
- Domestic servants directly employed by the household
- Farm laborers when fewer than ten (10) full-time, non-seasonal farm laborers are regularly employed by the same employer
- Federal government employees in N.C.
- “Sellers of agricultural products for the producers thereof on commission or for other compensation, paid by the producers, provided the product is prepared for sale by the producer.”

# Where do I get Workers' Comp Insurance?

- A: There are four (4) markets of coverage available in North Carolina.
  - (1) You may qualify to become self-insured. To obtain information on this process, contact the Department of Insurance toll free at **(800) 546-5664** (in North Carolina) or **(919) 807-6750** (outside of North Carolina).
  - (2) Your business may be placed in a self-insured fund. In order to obtain a list of the self-insured funds in North Carolina, contact the Department of Insurance toll free at **(800) 546-5664** (in North Carolina) or **(919) 807-6750** (outside of North Carolina).

## Where, continued

- (3) You may find coverage in the conventional and open market. In order to do so, contact an independent insurance agent and request his/her assistance in providing your business with coverage.
- (4) You may be placed in the assigned risk pool which is administered by the N.C. Rate Bureau. You may contact them directly for information at **(919) 582-1056** or you may ask your insurance agent for information.

## How much does it cost?

- The cost varies depending upon your market of coverage. There are rates for each specific type or classification of employment. These rates are applied on a percentage basis. The percentage is applied to per one hundred (\$100.00) dollars of payroll. You may contact the N.C. Rate Bureau at **(919) 582-1056** and/or your insurance agent to obtain these rates.

## If I don't have it?

- If you fail to carry workers' compensation insurance, you may:
  - 1) Face stiff financial civil penalties;
  - 2) Be charged with a misdemeanor;
  - 3) Be charged with a felony;
  - 4) Be imprisoned.
- Contact your lawyer or insurance agent if you are unsure of your responsibilities as an employer.

# Contact Information

- North Carolina Industrial Commission
  - [www.ic.nc.gov](http://www.ic.nc.gov)
  - 919-807-2501, or Toll-Free at 800-688-8349