

# Workers' Compensation

## What Is a Workers' Compensation Insurance Policy?

According to the International Risk Management Institute, **"Workers' compensation provides coverage for an employer's two key exposures arising out of injuries sustained by employees."**

1. **Part one** of the policy covers the employer's statutory liabilities under workers' compensation laws.
2. **Part two** of the policy covers liability arising out of employees' work-related injuries that do not fall under the workers' compensation statute.

In most states, the standard workers' compensation and employer's liability policy published by the National Council on Compensation Insurance (NCCI) is the required policy form.

## When Does a Business Need to Obtain a Workers' Compensation Insurance Policy?

Many business owners think that as soon as they have more than one worker, they need a Workers' Compensation Policy. However, Workers' Compensation only becomes necessary (and legally required) once the first employee is hired – this does not apply to owners/shareholders or 1099 employees in most cases. Some sole proprietors in high-risk industries may want to obtain a Workers' Compensation Policy to protect against the cost of work-related injuries.

## Why Are Worker's Compensation Insurance Policies So Important?

According to the Insurance Information Institute, "Workers' Compensation Insurance serves two purposes: It mandates that injured workers get medical care and compensation for a portion of the income they lose while they are unable to return to work." It also usually protects employers from lawsuits by workers injured on the job.

## What Is Excluded Under a Workers' Compensation Insurance Policy?

With most cannabis business employees being favorable to cannabis, it is essential for your insured to have discussions with their employees about common exclusions in the company's Workers' Compensation Policy:

- » Injuries At Work Due To Intoxication Or Substance Abuse
- » Intention Injuries
- » Injuries Outside Of Work

## What Coverage Is Provided?

- » Medical
- » Vocational Rehabilitation
- » Disability
- » Death Benefits

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