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Welcome to the California  
**DEPARTMENT OF INDUSTRIAL RELATIONS**

**Division of Workers' Compensation - Answers to frequently asked questions about workers' compensation for employers**

In addition to the FAQs below, employers may call 1-800-736-7401 to hear recorded information on a variety of workers' compensation topics 24 hours a day.

Employers may also call a [local office of the state Division of Workers' Compensation \(DWC\)](#) and speak to the Information and Assistance (I&A) Unit for help during regular business hours.

Employers may find the DWC's fact sheets and guides for injured workers useful and can access them on the [I&A Unit's Web page](#).

**Topics covered in this FAQ include:**

[Insurance coverage](#)  
[Employees](#)  
[Medical care](#)  
[Reporting fraud](#)  
[Illegally uninsured employers](#)

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**About insurance coverage:**

**Q: Do I need to have workers' compensation insurance?**

A: Yes, California law requires employers to have workers' compensation insurance if they have even one employee. If you are a roofer and don't have any employees, you are still [required to carry workers' compensation insurance](#). If you are a real estate broker you are [required to carry workers' compensation insurance for your agents](#), even if they are independent contractors.

Out-of-state employers may need workers' compensation coverage if an employee is regularly employed in California or a contract of employment is entered into here.

**Q: My spouse and I are the sole owners of our business. We have no employees. Are we required to obtain workers' compensation coverage?**

A: Generally, coverage for sole owners is optional. You would, however, need to have workers' compensation coverage for any employee you may hire, even if it's just one employee, and even if it's just temporary employment. You should consult with your attorney, insurance agent or broker, or carrier regarding the specifics of your situation and your options.

**Q: Are executive officers or directors of the company covered under its workers' compensation policy?**

A: Generally, all employees of the company, as legally defined, including corporate officers and directors, must be included in the policy unless they are the sole owners of the firm. In the case of sole owners, they may elect not to be covered. Several sections of the California Labor Code must be considered to answer this question. You should consult with your attorney, insurance agent or broker, or your carrier regarding the specifics of your situation.

**Q: Where do I get workers' compensation insurance?**

A: You can purchase workers' compensation insurance coverage through an agent or a broker from any of the privately licensed insurers authorized to write policies in California. You can find a list of authorized insurers on the [California Department of Insurance Web site](#).

If you can't find an insurer willing to cover your business, the State Compensation Insurance Fund (State Fund) is required to provide you with coverage.

If you belong to a trade association you might want to check with it first - some trade groups negotiate special rates for members. Your local chamber of commerce may also be a source of good advice.

**Q: What about self insurance?**

A: Self insurance requires state approval, a net worth of at least \$5 million, net income of \$500,000 per year and posting of a security deposit. While historically only very large companies could self-insure because of legal requirements, in recent years group self insurance, in which several small employers in the same homogenous industry pool their workers' compensation liabilities, has increased in popularity as an alternative to traditional coverage. Contact your broker or the state's [Office of Self Insurance Plans](#) for information on how to self insure.

A self insured employer has the option of administering its own workers' compensation claims or contracting with a third party administrator (TPA) to provide these services.

**Q: How much does workers' compensation insurance cost?**

A: Workers' compensation insurance premium rates are not regulated by the state. While the [Workers' Compensation Insurance Rating Bureau](#) - the licensed statistical agent for the state insurance commissioner - issues recommended rates and carriers must file their rates with the California Department of Insurance, rates can vary from carrier to carrier. Like any good consumer, you should shop around for a

carrier that best meets your needs. Cost is one consideration, but there are other factors to look at: the services provided, ease of access to the claims adjusters, their familiarity with your industry, etc. If you have a broker or agent, he or she should be able to give you expert guidance.

**Q: What determines how much I'll pay for my premiums?**

A: A number of factors go into determining the annual premium your insurance carrier will charge. These include your industry classification, your company's past history of work related injuries (known as your experience modification), your payroll, any special underwriting adjustments such as use of a certified health care organization, and any special group or dividend programs you may be eligible for.

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**About my employees:**

**Q: Can my employees help pay for my workers' compensation insurance?**

A: No. Workers' compensation insurance is part of the cost of doing business. An employer cannot ask employees to help pay for the insurance premium.

**Q: What are my posting requirements?**

A: You must post the "notice to employees" poster in a conspicuous place at the work site. This poster provides employees with information on your workers' compensation coverage and where to get medical care for work injuries. Specific requirements are contained in [sections 3550-3553](#) of the California Labor Code. Failure to post this notice is a misdemeanor that can result in a civil penalty of up to \$7,000 per violation. Contact your insurer to get the posting notice and the required information that must be included on it. You may also download a poster from the [forms page of the DWC Web site](#).

**Q: Where do I get the claim forms I need to give my employees if they get sick or hurt because of work?**

A: Your workers' compensation claims administrator - generally your insurance carrier or third party administrator if you are self insured and have one - provides the claim form in the quantities you need. You can also download it from the [forms page of the DWC Web site](#).

**Q: How do I make sure my employees are taken care of properly if they get sick or hurt on the job?**

A: Stay involved and maintain an open dialogue with your injured employee - don't assume your claims administrator is taking care of everything. If there is a problem, try to work it out as quickly as possible and be willing to make adjustments to the workplace to bring your employee back to the job. The state now has a reimbursement program for expenses you may incur if you return your injured employee to the job. Talk to your local information and assistance officer to learn more about this program.

Your employee can find out how to navigate the workers' compensation system and keep their own claim on track by attending a [seminar for injured workers](#) at a local DWC office.

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**About medical care:**

**Q: What are these new medical provider networks?**

A: A [medical provider network \(MPN\)](#) is a group of health care providers set up by your insurer (or you if you are a self-insured employer) and approved by DWC's administrative director to treat workers injured on the job. Each MPN includes a mix of doctors specializing in work-related injuries and doctors with expertise in general areas of medicine. If your employees are covered by an MPN, their workers' compensation medical needs will be taken care of by doctors in the network unless they were eligible to pre-designate their personal doctor and did so before their injury happened.

**Q: What does pre-designating a personal doctor involve?**

A: This is a process your employees can use to tell you they want their personal physician to treat them for a work injury. Employees can pre-designate their personal doctor of medicine (M.D.) or doctor of osteopathy (D.O.) only if: you offer group health coverage; the doctor has treated them in the past and has their medical records; prior to the injury the doctor agreed to treat them for work injuries or illnesses and; prior to the injury they provided you the following in writing:

- (1) Notice that they want their personal doctor to treat them for a work-related injury or illness and
- (2) Their personal doctor's name and business address.

The DWC has a form for pre-designating a personal physician on the [forms page of its Web site](#).

**Q: This is a family business and I'd like to pay the doctor cash. Is that OK?**

A: No. It is illegal for an employer to pay medical bills directly. You must file a claim form ([DWC form 1](#)) with your claims administrator for all injuries that require more than first aid.

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**About reporting fraud:**

**Q: What can I do if I think an employee's workers' compensation claim is not valid?**

A: You should report that opinion to your workers' comp claims administrator. Tell them all the facts you know, any witnesses you may be

aware of, and the people they should talk to. Follow up any phone or verbal report with a letter.

**Q: I received a notice of hearing on a claim for a person I never heard of and didn't hire. What should I do?**

A: Inform your claims administrator and follow up with a letter.

**Q: Isn't workers' comp fraud a crime? Who investigates these cases?**

A: Yes, workers' compensation fraud is a crime and it can come in many forms: a worker saying they were injured on the job when their injury really occurred while skiing; an employer saying their employees work at desk jobs when they're really construction laborers; a medical provider billing for six treatments on an injured worker when they only provided two, etc. These are just a few examples of fraud in the workers' comp system. Fraud is a serious problem and should be reported to the California Department of Insurance (CDI) or your local district attorney for investigation. The CDI has a [fraud page on its Web site](#). The CDI works closely with local district attorneys to prosecute those caught violating the law.

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**About being illegally uninsured:**

**Q: What happens if I'm uninsured and an employee is injured?**

A: Failing to have workers' compensation coverage is a criminal offense. [Section 3700.5](#) of the California Labor Code makes it a misdemeanor punishable by either a fine of up to \$10,000 or imprisonment in the county jail for up to one year, or both. Additionally, the state issues penalties of up to \$100,000 against illegally uninsured employers.

If an employee gets hurt or sick because of work and you are not insured, you are responsible for paying all bills related to the injury or illness. Contact the information and assistance officer at your local DWC office for further information. You should be aware that workers' compensation benefits are only the exclusive remedy for injuries suffered on the job when you are properly insured. If you are illegally uninsured and an employee gets sick or hurt because of work, that employee can file a civil action against you in addition to filing a workers' compensation claim.

If you fail to pay required benefits you may also be contacted by the Uninsured Employers' Benefit Trust Fund.

**Q: What is the Uninsured Employers' Benefit Trust Fund?**

A: The [Uninsured Employer's Benefit Trust Fund \(UEF\)](#) is a special unit within the Division of Workers' Compensation that may pay benefits to injured workers who get hurt or ill while working for an illegally uninsured employer. The UEF pursues reimbursement of expenditures from the responsible employer through all available avenues, including filing liens against their property.

**Q: Can I be fined for not carrying workers' compensation insurance?**

A: Yes, and more. If the [Division of Labor Standards Enforcement](#) (state labor commissioner) determines that an employer is operating without workers' compensation coverage, a stop order will be issued. This order prohibits the use of employee labor until coverage is obtained, and failure to observe it is a misdemeanor punishable by imprisonment in the county jail for up to 60 days, or by a fine of up to \$10,000, or both. The Division of Labor Standards Enforcement will also assess a penalty of \$1,000 per employee on the payroll at the time the stop order is issued and served, up to \$100,000 ([Labor Code section 3722\(a\)](#)).

Additionally, if an injured worker files a workers' compensation claim that goes before the Workers' Compensation Appeals Board and a judge finds the employer had not secured insurance as required by law, when the dispute is resolved the uninsured employer may be assessed a penalty of \$10,000 per employee on the payroll at the time of injury if the worker's case was found to be compensable, or \$2,000 per employee on the payroll at the time of injury if the worker's case was non-compensable, up to a maximum of \$100,000 [[Labor Code section 3722\(b\)](#)].

Finally, as noted in answer to a previous question, failure to secure workers' compensation insurance is a misdemeanor punishable by imprisonment in the county jail for up to one year, or by a fine of up to ten thousand dollars (\$10,000) or by both that imprisonment and fine. ([Labor Code Section 3700.5](#))

**Q: How do I get proof of coverage?**

A: Request a certificate of insurance from your insurance carrier.

**Q: Where can I report an employer for not carrying workers' compensation insurance?**

A: You may report an uninsured employer to the nearest office of the [Division of Labor Standards Enforcement](#). The offices are also listed in the state government section of the white pages of your local telephone directory under industrial relations, labor standards enforcement.

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