

THE LAW

CALIFORNIA LABOR CODE § 3700

Every employer except the state shall secure the payment of compensation ... [b]y being insured against liability to pay compensation by one or more insurers duly authorized to write compensation insurance in this state.

CALIFORNIA LABOR CODE § 3700.5

(a) The failure to secure the payment of compensation as required by this article by one who knew, or because of his or her knowledge or experience should be reasonably expected to have known, of the obligation to secure the payment of compensation, is a misdemeanor punishable by **imprisonment in the county jail for up to one year, or by a fine of up to double the amount of premium**, as determined by the court, that would otherwise have been due to secure the payment of compensation during the time compensation was not secured, **but not less than ten thousand dollars (\$10,000)**, or by both that imprisonment and fine.

(b) A second or subsequent conviction shall be punished by **imprisonment in the county jail for a period not to exceed one year, by a fine of triple the amount of premium**, or by both that imprisonment and fine, as determined by the court, that would otherwise have been due to secure the payment of compensation during the time payment was not secured, **but not less than fifty thousand dollars (\$50,000)**.

(c) Upon a first conviction of a person under this section, the person may be charged the costs of investigation at the discretion of the court. Upon a subsequent conviction, the person shall be charged the costs of investigation in addition to any other penalties pursuant to subdivision (b).

—Joyce E. Dudley
Santa Barbara County District Attorney

California law requires all employers to have workers' compensation insurance. Workers' compensation insurance protects insured employers from liability when a worker is hurt on the job, and it protects injured employees' rights to workers' compensation benefits.

In the coming months, I will begin an effort to ensure that all employers have secured the payment of workers compensation benefits, as required by law. So, please, make sure that your employees are covered; it's good for you, it's good for your workers, and it's required by law.



OFFICE OF THE
DISTRICT ATTORNEY
COUNTY OF SANTA BARBARA
JOYCE E. DUDLEY
District Attorney



WORKERS' COMPENSATION INSURANCE

**Good for employers,
good for workers,
*required by law.***

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How Workers' Compensation Insurance Protects All of Us.

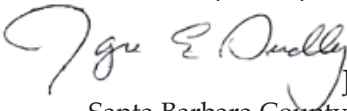
Workers' compensation insurance protects everyone. It protects employers from the costs of an unexpected on-the-job injury. It secures medical treatment for injured workers, thereby hastening that employee's return to productivity. And, by maintaining a healthy and stable labor force, it promotes economic growth in the local business community. In short, workers' compensation insurance helps and protects us all

Even responsible employers with a strong safety record can unexpectedly find themselves liable. Workers' compensation is a "no-fault" system; in other words, regardless of who is to blame for an on-the-job injury, it's the employer's responsibility to ensure that the employee receives his or her benefits.

For an uninsured employer, the cost of an unexpected claim can be crippling. An uninsured employer is liable for all workers' compensation benefits, including disability benefits and medical treatment. And claims against uninsured employers are especially costly: one study showed that claims against uninsured employers were twice as costly as claims against insured employers. As a result, it is estimated that one-third of uninsured employers go bankrupt after a workers' compensation claim is filed against them.

But the costs don't end there. Since employers are legally required to obtain workers' compensation insurance, an uninsured employer faces a minimum fine of \$10,000 up to a maximum fine of twice the projected price of premiums for the entire period during which the employer lacked insurance. Though workers' compensation insurance might seem expensive, it's far less costly than the alternative.

So please, for your own sake and for the sake of your workers, make sure that you've protected yourself and your employees' rights by acquiring workers' compensation insurance; it's good for you, it's good for your workers, and it's required by law.


Joyce E. Dudley
Santa Barbara County District Attorney

What types of benefits are paid for by workers' compensation insurance?

An employee suffering an on-the-job injury is eligible for workers' compensation benefits, including lifetime medical treatment, temporary disability, permanent disability, and death benefits.

Medical treatment includes any medications, treatments, therapies, surgeries, devices, or services required to relieve the effects of an on-the-job injury. An employer must secure payment for any such treatment for the rest of that worker's life.

Temporary disability is wage replacement for any worker who, while recovering from his or her injury, cannot return to work. While off work and recovering, an injured worker is owed two-thirds of his or her regular wages for up to two years.

Permanent disability is payment for any impairment that remains after treatment for the on-the-job injury. Even after returning to work, an employee can receive an additional \$290 in permanent disability every week for years. Injured workers may also be eligible for life pension or permanent total disability benefits: payments of up to two-thirds of an injured worker's wages for life.

Finally, if an employee dies as a result of an on-the-job injury, his or her family is owed up to \$320,000 in **death benefits**, plus burial expenses.

In the event of a work-related injury, uninsured employers bear all of these costs and must pay fines for failing to secure insurance. Workers' compensation insurance covers all of these costs, administers the claim, and investigates fraud.

Which employers need WC insurance?

All employers are legally required to acquire workers' compensation insurance. This mandate applies to all employers, including individuals, corporations, LLCs, and partnerships. Any person or business that hires any employees must have workers' compensation insurance for those employees.

Which employees must be covered?

All employees must be covered by workers' compensation insurance, regardless of whether the employee's position exposes him or her to significant occupational hazards. This includes part-time employees as well as full-time employees. It also includes temporary employees as well as regular employees. It even includes family members that serve as employees. All workers are legally presumed to be employees.

What can happen to an employer without workers' compensation insurance?

Failing to secure workers' compensation insurance is a crime, a misdemeanor carrying a potential one year jail sentence along with a minimum fine of \$10,000 and a maximum fine of twice the cost of workers' compensation insurance premiums for the entire period that the employer was uninsured.

Furthermore, uninsured employers must pay all of the costs of any work-related injury. This includes temporary disability to replace wages while the employee is off work and recovering, permanent disability for any residual impairment after recovery, and a lifetime award of medical treatment to relieve the effects of the injury.

How does workers' compensation insurance benefit the employer?

Insurance pays all administrative and litigation costs in the event of a claimed industrial injury, including medical and disability benefits, fraud investigation, and attorney fees. Furthermore, since having workers' compensation insurance is required by law, insurance will protect you from having to pay large fines for failure to comply. And the medical treatment for your workers will help ensure that they will return to work swiftly, therefore preserving workforce stability.

To secure all of these benefits for yourself and your workers, contact your broker or any insurer authorized to issue workers' compensation insurance in California.