

## Fact sheet: Workers' compensation insurance

### Who is required to have workers' compensation insurance?

Every employer, except the state and its municipal subdivisions, is required to have workers' compensation insurance through an insurance carrier licensed in Minnesota or obtain a written order from the commissioner of the Minnesota Department of Commerce permitting the employer to self-insure for workers' compensation liability – see [www.revisor.mn.gov/statutes/?id=176.181](http://www.revisor.mn.gov/statutes/?id=176.181).

### Who is considered an employer or employee?

For purposes of workers' compensation law, an employer is generally defined as an individual or business that hires an individual to perform services. An employee is any individual who performs services for another, for hire, including minors, part-time workers and workers who are not citizens. A person who employs a child care provider (nanny) or other person (domestic) to work for them at the person's home may be required to have workers' compensation insurance. Visit [www.revisor.mn.gov/statutes/cite/176.011](http://www.revisor.mn.gov/statutes/cite/176.011) for more information about employee status.

### What about independent contractors?

Information about workers' compensation and independent contractors is available at on the Department of Labor and Industry's website at [www.dli.mn.gov/business/workers-compensation/work-comp-independent-contractor-or-employee](http://www.dli.mn.gov/business/workers-compensation/work-comp-independent-contractor-or-employee).

### What are the consequences for failure to obtain workers' compensation coverage?

The consequences for employers, including corporate owners or officers, that fail to obtain workers' compensation insurance coverage for their employees include civil penalties and liability for the workers' compensation benefits and medical treatment for employees injured on the job. Additionally, an employer that willfully and intentionally fails to obtain workers' compensation coverage is guilty of a gross misdemeanor.

### Are there exceptions to mandatory workers' compensation coverage?

There are limited exceptions to the workers' compensation requirement, which are listed in Minnesota Statutes 176.041 – [www.revisor.mn.gov/statutes/cite/176.041](http://www.revisor.mn.gov/statutes/cite/176.041). For example, some business owners are not required to carry workers' compensation insurance on themselves or certain relatives if specific requirements are met.

Some officers of closely held corporations, some managers of limited liability companies and certain relatives are also excluded if certain requirements are met. Additional information about exceptions to the workers' compensation requirement is online, see the:

- Election to Exclude Relatives of Managers of a Limited Liability Company form at [www.dli.mn.gov/sites/default/files/pdf/sf0137.pdf](http://www.dli.mn.gov/sites/default/files/pdf/sf0137.pdf); and
- Election to Exclude Relatives of Executive Officers of a Closely Held Corporation form at [www.dli.mn.gov/sites/default/files/pdf/sf0138.pdf](http://www.dli.mn.gov/sites/default/files/pdf/sf0138.pdf).

## **Does a business insurance policy include workers' compensation coverage?**

A business insurance policy does not include workers' compensation insurance coverage. Workers' compensation insurance is a separate policy. If you are unsure whether you have this coverage, contact your insurance agent or insurance broker.

## **Who can I call for more information?**

This fact sheet is not a comprehensive description of the workers' compensation law or a substitute for legal advice. If you have questions about the need to obtain workers' compensation coverage, contact an attorney, call DLI at 651-284-5032 or visit [www.dli.mn.gov](http://www.dli.mn.gov).