

DO YOU OWN A BUSINESS IN SOLANO COUNTY?

What you need to know about Workers' Compensation Insurance.

WARNING

Premium Fraud is a Crime

Any employer who makes a false statement of any fact material to the determination of the premium of any policy of workers' compensation insurance, for the purpose of reducing the cost of the insurance, may be punished by up to five (5) years in jail, and a fine up to \$50,000 or double the value of the fraud.

FAILURE TO SECURE WORKERS' COMPENSATION INSURANCE IS A CRIME

Failure to secure workers' compensation insurance when you knew, or reasonable should have known, that it is required is a crime. The penalties for a first violation include imprisonment in the county jail for up to one year and/or a fine of up to double the amount of premium that would have been due, but not less than \$10,000.

For a second or subsequent violation, the fine increases to triple the amount of premium that would have been due, but not less than \$50,000.

If the Division of Labor Standards Enforcement determines that an employer has failed to secure

workers' compensation coverage, a stop order may be issued prohibiting the employer from using employee labor until insurance is obtained. A penalty of \$1,000 per employee employed may be assessed at the time the stop order issued and served. Failure to comply with the stop order is a crime punishable by imprisonment in the county jail for up to 60 days, a fine of up to \$10,000, or both.

EMPLOYERS ARE REQUIRED TO HAVE WORKERS' COMPENSATION INSURANCE

California law requires that employers **MUST** have workers' compensation insurance for all employees, even if the employee is not legally permitted to work in this country.

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

Generally, all employees of a company, including corporate officers and directors, must be included in the policy unless they are the sole owners of the firm. You should consult with your attorney, insurance agent, or carrier regarding the specifics of your situation.

You can obtain workers' compensation insurance coverage from any of the more than 300 privately licensed insurers authorized to sell policies in California. While you can purchase the policy directly from an insurer, most policies are sold through an insurance agent or broker.

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

The cost of insurance may vary from carrier to carrier. Like any good consumer, you should shop around for the carrier that best meets your needs. While cost is one issue, there are others things you should consider, including:

- What is covered under the policy?
- How familiar is the insurance carrier with your industry?
- How responsive is your insurance carrier when claims are made?

A number of factors determine the annual premium that 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, and any group or dividend programs that may be applicable.

Workers' compensation insurance is part of the cost of doing business. An employer cannot ask employees to help pay the insurance premium.

REPORTING WORKERS' COMPENSATION FRAUD

The District Attorney's Office continues to be at the forefront in the battle against workers' compensation fraud through aggressive enforcement and prosecution efforts.

Everyone is affected by workers' compensation fraud, and we urge you to join the fight. If you think one of your employees is committing workers' compensation fraud, report it to your workers' compensation insurance carrier.

Resources

California Department of Insurance

Consumer Hotline: (800) 927-4357 or
(800) 927-HELP

fraud@insurance.ca.gov
<http://www.insurance.ca.gov/>

California Department of Industrial Relations

Division of Workers' Compensation

(800) 736-7401

www.dwc.ca.gov

State Compensation Insurance Fund

Fraud Tip Hotline: (888) 782-8338 or
(888) STATEFUND

<http://www.statefundca.com/>

California Workers' Compensation Institute

(510) 251-9470

<https://www.cwci.org/>

WeTip

Anonymous Crime Hotline

(800) 78-CrimeNow or

(800) 782-746-3669

<https://wetip.com/>

Solano County District Attorney's Office
Workers' Compensation Fraud Unit
675 Texas Street, Suite 4500
Fairfield, CA 94533-6340
Telephone: (707) 784-6420
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Solano County District Attorney's Office



Workers' Compensation Guide for Employers