

WORKERS' COMPENSATION FOR ASSOCIATIONS

Associations routinely carry workers' compensation insurance for their employees. But what about those associations that have no employees? Do they have an exposure? The answer is "possibly."

We think this exposure is serious enough that the association purchase workers' comp policies on an "if any" basis. The minimum premium for such a policy at this time is approximately \$800.00.

The reason we recommend this purchase is because it's low-cost protection for a potentially big problem. Most associations have outside contractors that come on the property to perform some kind of work, such as landscapers, tree trimmers, pool services, exterminators and other service providers. You do your job and make sure they're properly insured. You get a certificate of insurance and make sure they're carrying a minimum of \$1 million in general liability insurance and they've got workers' compensation. The certificate of insurance shows the names of the insurance companies and the inception and expiration dates of coverage. The problem is that nowhere on that certificate does it say you'll be notified if the insurance is cancelled or lapses for some reason – non-payment of a financed premium, for example.

Let's assume the tree trimmer loses a hand. When he gets to the hospital, he finds out his employer forgot to make the payment on his comp policy and there's no coverage. To make matters worse, the corporation the trimmer works for has two old pickup trucks and some miscellaneous tree trimming equipment as its only assets. They declare bankruptcy. What do you think the chances are the trimmer's attorney is going to look at your association and try to tie the trimmer in as your employee?

We think it's \$800 well spent.