



## What Happens if I Don't Have Workers' Compensation Insurance?

If your business needs workers' compensation insurance and does not have it, you will be subject to fines of up to \$500 per day and possibly having your business shut down. If someone gets hurt on the job, you will also have to pay the entire cost of the claim yourself, as well as a 50% increase in benefits for failing to carry insurance.



## How Do I Get Coverage?

The two kinds of workers' compensation coverage are commercial insurance from an insurance company and self-insurance. Self-insurance is limited to employers with at least 300 employees in Colorado, so most employers obtain commercial insurance.

More than five hundred insurance companies are authorized to sell workers' compensation insurance in Colorado. You can contact your insurance agent or insurance carrier to obtain quotes. **The State of Colorado does not write or provide workers' compensation insurance coverage.**



**COLORADO**  
Department of  
Labor and Employment  
Division of Workers' Compensation

## DO CORPORATE OFFICERS AND LLC MEMBERS NEED TO BE COVERED BY WORKERS' COMPENSATION INSURANCE?

Officers of corporations and LLC members are considered employees of the company, so they would normally need to be covered by workers' compensation insurance just like any other employee. However, a corporate officer or LLC member may elect to reject the requirement to carry workers' compensation insurance. If there are no employees other than the owners, written notice must be submitted using the form available on the Division's website.

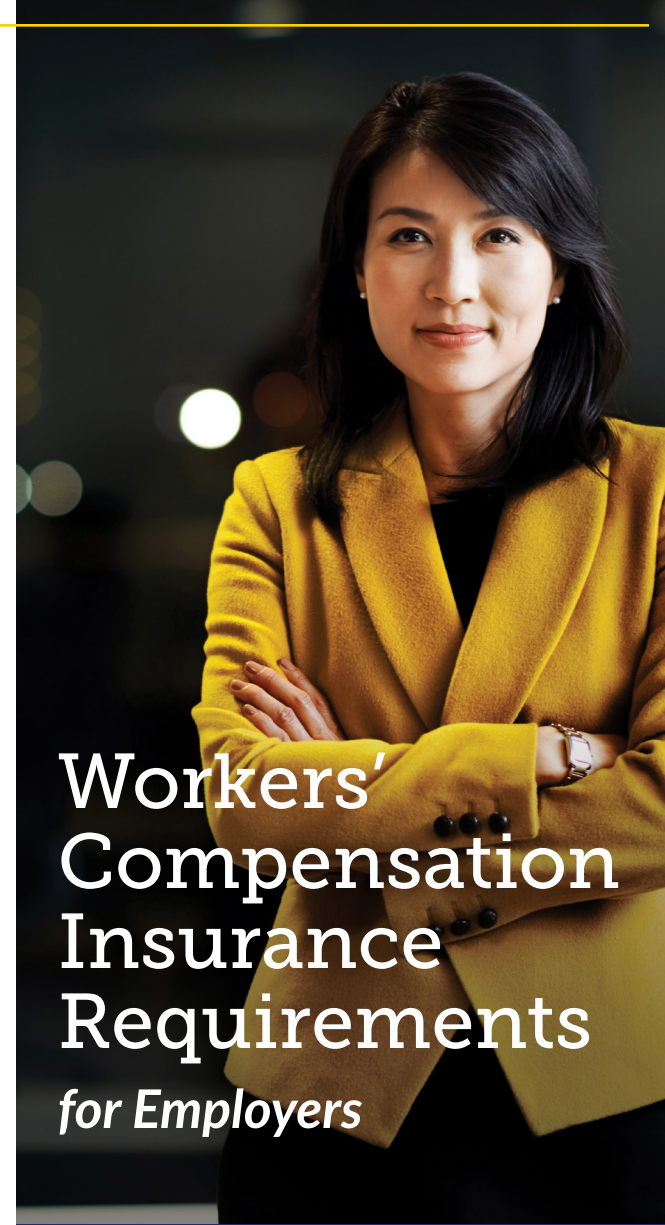
## ARE THERE SPECIAL RULES FOR THE CONSTRUCTION INDUSTRY?

Everyone who performs construction work on a construction site must either be covered by workers' compensation insurance or reject that coverage by filing a form with the Division. This also applies to sole proprietors and partners in partnerships. If you use contractors to perform construction work, it is your responsibility to ensure those contractors have workers' compensation insurance or have rejected coverage with the Division. Insurance coverage and rejections of coverage can be verified at [cdle.colorado.gov/dwc/employers](http://cdle.colorado.gov/dwc/employers).

## DO OUT-OF-STATE EMPLOYERS NEED COLORADO WORKERS' COMPENSATION INSURANCE?

As requirements for out of state employers are unique to each employer's circumstances, please contact the Division of Workers' Compensation at **303-318-8700** or toll-free at **1-888-390-7936**.

[cdle.colorado.gov/dwc](http://cdle.colorado.gov/dwc)



# Workers' Compensation Insurance Requirements for Employers

## Contact Us

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[cdle.colorado.gov/dwc](http://cdle.colorado.gov/dwc)



## Who Needs Workers' Compensation Insurance?

A person hired to perform services for pay is presumed by law to be an employee. All businesses with employees operating in Colorado are required to have workers' compensation insurance, regardless of the number of employees, whether the employees only work part-time or if they are members of the same family.



## What Is Workers' Compensation Insurance?

Workers' compensation exists to:

- Provide coverage to workers **injured on the job**.
- Compensate a worker who has permanent injuries.
- Provide death benefits to dependent survivors in the case of a fatality.
- Protect you from having to pay for those injuries out of your own pocket.

Workers' compensation is **not** the same as unemployment insurance. Unemployment benefits are intended for workers who have lost their job through no fault of their own. Employers pay quarterly unemployment taxes into the unemployment insurance fund. General liability insurance is **not** workers' compensation insurance.



## Who Pays for Workers' Compensation Insurance?

Employers pay for workers' compensation insurance coverage by purchasing a commercial insurance policy just like a liability or auto insurance policy. **You cannot deduct any part of the premium from your employees' wages.**

## ARE THERE ANY EXEMPTIONS?

There are some exemptions from coverage requirements for specific occupations and individuals. The following is only a partial list of occupations and/or individuals exempt from mandatory coverage under the Workers' Compensation Act:

- Licensed real estate agents and brokers working solely on commission.
- Officers of corporations or members of Limited Liability Companies (LLCs) who own more than 10% of the company.
- Sole proprietors and partners in a partnership, although the construction industry has special rules for this.
- Drivers under a lease agreement with a common or contract carrier.
- Independent contractors.

Please contact the Division of Workers' Compensation at **303-318-8700** or toll-free at **1-888-390-7936** for more exemption information.

## WHO IS AN INDEPENDENT CONTRACTOR?

A person hired to perform services for pay is presumed by law to be an employee **unless they meet the definition of an independent contractor or qualify under a specific exemption provided by workers' compensation laws**. The independent contractor must be:

1. free from the business's control and direction over how the service is performed; **and**
2. customarily engaged in an independent business related to the service being performed.

## Misclassifying an employee as an independent contractor has serious legal consequences.

Calling someone an independent contractor does not necessarily make them one. You should check with an attorney to make sure those workers are properly classified. If an independent contractor is found to be an employee and you do not have insurance, you will be responsible for the costs of medical treatment, lost wages, and additional fines.

