



WORKER'S COMPENSATION IS YOUR ASSOCIATION PROTECTED?

Community Associations need Worker's Compensation coverage as they can be held responsible for medical costs and lost wages, for an injured contractor or member/volunteer of the Association board, if there is no insurance in place.

The due diligence of an Association is to require and obtain certificates of insurance before hiring any contractors who will be working on Association property. The certificate of insurance should show Commercial General Liability coverage with a minimum limit of \$1,000,000. The certificate should also show Worker's Compensation coverage at the statutory limits and the officer should be included for coverage if the owner is to be working on site.

Where the Association could become responsible for medical costs to an injured contractor is if that contractor either does not have workers' compensation coverage or has let his Worker's Compensation policy lapse. Under these circumstances, the association could be asked to pay for the injured contractors medical bills and lost wages.

The best way to protect the Association from having to pay out of the association general funds is to purchase a minimum premium (if any) Worker's Compensation policy.

A Worker's Compensation policy not only covers injury to paid employees of the Association, but can also cover losses for any Non-Compensated Volunteers of the Association (Board members, committee members, etc.) if properly endorsed. Further, it will also pay benefits to the spouse and/or dependent children of that volunteer in the event that there should be a death or long term disability caused while the volunteer was working on behalf of the Association.

Currently a minimum premium Worker's Compensation policy has an annual cost (varies per state), due at the time of binding coverage. At the end of the policy term, the association will be asked to complete an audit worksheet. Assuming the Association has no employees and no payroll and all contractors hired by the Association provided the proper certificates of insurance, the Association will not be billed any additional premium.

Purchasing a minimum premium Worker's Compensation policy is a very inexpensive way to ensure peace of mind and avoid any surprise outlay of Association funds.

Claims Examples:

- Board member was conducting a monthly exterior inspection of buildings, during one inspection he/she tripped and fell down a flight stairs breaking his/her knee cap. **Total indemnification including medical paid: \$124,000.**
- Volunteer working at direction of the board purchased items from a local office supply store to make signs for an upcoming association event. While driving back from the store the volunteer was involved in an automobile accident and seriously injured. **Total indemnification including medical paid: \$31,200.**
- Painting contractor hired on behalf of association to paint shutters on three story building. Painting contractor's employee fell from extension ladder at a height of two stories, breaking numerous bones including a cervical (neck) fracture. Contractor's insurance had lapsed a week after the job had started and there was no coverage provided by painting contractor (employer) at the time of the accident. **Total indemnification including medical paid: \$422,989.**