

THE INSURANCE ADVISOR

For America's Churches and Related Ministries from Brotherhood Mutual and Its Agents

WORKERS' COMPENSATION COVERAGE PROTECTS EMPLOYERS, TOO

ISSUE 2—WHO PAYS WHEN A CHURCH EMPLOYEE IS INJURED ON THE JOB?

Workers' compensation is an important part of church insurance programs. However, it is not always purchased, because people are misinformed or fail to realize its importance.

Over 80 years ago, workers' compensation laws were introduced to assist employees who suffered from occupational injuries. Today, workers' compensation protects 87 percent of the U.S. labor force and provides billions annually to sick or injured workers or their survivors.

Workers' compensation, though an important part of church insurance programs, is not always purchased because people are misinformed or fail to realize its importance.

For instance, some churches mistakenly think that their pastor's "self-employed" status (if applicable) eliminates the need for workers' compensation coverage. It doesn't.

And, if you are

required by state law to carry workers' compensation insurance and fail to purchase it, you may be subject to hefty fines.

EMPLOYER RESPONSIBILITY

Government-mandated workers' compensation requires most employers to pay employees for lost wages, medical bills, and related expenses. It also provides benefits to dependents of employees who die as a result of a work-related accident. In exchange for these benefits, employers generally cannot be sued by employees for compensation for injuries or illnesses covered by the act. Most employers meet this obligation by purchasing workers' compensation insurance.

Having workers' compensation coverage as part of your insurance program is important because church public liability policies sold by insurance companies specifically exclude claims arising out of work-related injuries.



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In addition to covering these claims, workers' compensation insurance provides important benefits* to your employees in the event they are injured on the job:

- Payment for medical expenses and rehabilitation services.
- Cash benefits if an employee is temporarily or permanently disabled and unable to work.
- Lump sum payments for scheduled injuries such as the loss of an eye, foot, or hand.
- Survivorship benefits for fatal injuries, including a burial allowance and a partial replacement of a deceased worker's weekly wages.

*Benefits may vary from state to state.

COMMON QUESTIONS ABOUT THIS COVERAGE

Q: Will worker's compensation insurance take the place of an employee's own health or disability insurance?

A: No. Workers' compensation covers only work-related injuries (or illness) caused by an accident. Other injuries or illnesses would be covered under the employee's personal insurance.

Q: Are minors and volunteers covered by workers' compensation laws?

A: Minors are covered. You should know that many states impose hefty penalties when a minor is injured if employed in violation of child labor laws (such as failure to obtain proper work permits). In most cases, workers' compensation benefits are doubled and the employer—not the insurance carrier—is liable for the additional amount.

As a general rule, volunteers aren't covered by workers' compensation statutes because they aren't employees—no matter how necessary the services they render.

Q: How do you determine my premium?

A: Workers' compensation premiums are based on employee wages and compensation subject to different job classification rates. Typical classifications for church policies include church professional, teacher, clerical, and janitorial.

Q: What is involved in an audit?

A: Brotherhood Mutual audits your workers' compensation policy annually to compare estimated employee remuneration with the actual remuneration paid during the policy period.

The audit procedure requires your church to complete a form listing the wages and compensation earned by your employees. If your payroll estimates were too high, you will receive a refund. If your actual payroll exceeded initial estimates, your church will be charged an additional premium.

Q: How are actual wages determined?

A: Actual wages should be determined from your payroll records, including cash allowances such as utilities, housing, or education, and reimbursed Social Security. Payments made by the employer for pension, health insurance, annuities, or any reimbursed money for business expense should not be included.



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