



# Need-To-Know Facts About Running Your Own Business



PRESENTED BY:  
SHARON A. FERRUCCI  
BASILE & TESTA

## Staying Compliant With Workers' Compensation Laws

More women than ever before are starting their own businesses and are successful business owners. According to the most recent, posted U.S.

Census, 25.5% of all Gloucester County businesses were women-owned (U.S. Census Bureau: State and County Quick Facts 2002). Given these statistics, it is imperative that women are compliant and maintain workers' compensation insurance for their employees at all times.

### What is Workers' Compensation?

Workers' compensation is a "no fault" insurance program that provides medical treatment, wage replacement, and permanent disability compensation to employees who suffer job-related injuries or illnesses. It also provides death benefits to dependents of workers who have died as a result of their employment. An injured employee will receive benefits regardless of who was at fault. In exchange for these guaranteed benefits, the worker does not have the right to bring a civil action against the employer for pain and suffering or other damages, except in cases of intentional acts. All employers must provide workers' compensation benefits for their employees by law.

### Are all businesses required to provide Workers' Compensation coverage?

**Yes.** New Jersey law requires that *all* New Jersey employers not covered by federal programs have workers' compensation coverage or be approved for self-insurance. Even out-of-state employers may need workers' compensation coverage if a contract of employment is entered into in New Jersey or if work is performed in New Jersey.

### How do I obtain Workers' Compensation Coverage for my business?

The New Jersey Compensation Rating and Inspection Bureau (NJCRIB), an agency in the New Jersey Department of Banking and Insurance, is responsible for establishing and maintaining regulations and premium rates for workers' compensation and employers' liability insurance. Workers' compensation insurance coverage can be obtained from any of the more than 400 private licensed insurance companies authorized to sell workers' compensation policies in New Jersey. A policy can be purchased directly from an insurance carrier, an insurance agent, or an insurance broker. For assistance with obtaining coverage, you can contact:

New Jersey Compensation Rating and Inspection Bureau  
60 Park Place  
Newark, NJ 07102  
[www.njcrib.com](http://www.njcrib.com)  
(973) 622-6014

### What are the consequences if I decide not obtain worker's compensation insurance for my business?

The consequences for failure to provide workers' compensation coverage can be very significant, *even without a work-related injury*. Specifically, the law provides that failing to insure is a disorderly persons offense and, if determined to be willful, a crime of the fourth degree.

Moreover, penalties for such



failure can be assessed up to \$1,000 for the first 20 days with additional assessments of \$1,000 for each 10-day period of failure to insure thereafter. In the case of a corporation, liability for failure to insure can extend to the corporate officers individually. Penalties assessed for failure to insure are not dischargeable in bankruptcy.

If a work-related injury or death occurs, the employer, including individual corporate officers, partners or members of an LLC, is directly liable for medical expenses, temporary disability, and permanent disability or dependency benefits. In addition to awards for medical expenses and other benefits, New Jersey law also provides for civil penalties against the employer and its officers where failure to insure is determined. Awards and penalties arising from these claims can become liens against the uninsured employer and its officers, which are generally enforceable in the New Jersey Superior Court against any assets belonging to the uninsured employer and its officers.

### How are uninsured employers identified?

The Department of Banking and Insurance's Compensation Rating and Inspection Bureau (NJCRIB) compares or "cross matches" employer records with their database on a regular basis to identify uninsured employers.

When an employer is identified through this cross-match as a possibly uninsured employer, a

letter and a *cross-match response* form is issued. Mandatory insurance should be immediately obtained if an employer is uninsured and verification of insurance must be provided. Penalties may still be assessed for failure to have insurance at the time of the cross-match.

If your business is identified as an uninsured employer in error, you should immediately provide the information requested about your workers' compensation coverage to ensure that penalties are not improperly assessed against you.

If an employee is injured on the job, regardless of fault, they may be entitled to workers' compensation benefits. It is each employer's responsibility to provide and maintain workers' compensation coverage to provide these benefits for their employees at all times. These benefits provide treatment for your employees and assist them in getting them back to work.

The above information was obtained from An Employer's Guide to Worker's Compensation in New Jersey (6/5/08). A complete brochure can be printed from the Division of Workers' Compensation's website at [www.nj.gov/labor/wcindex.html](http://www.nj.gov/labor/wcindex.html)

Please feel to contact Sharon Ferrucci of Basile & Testa at (856) 691-2300. A consultation about your Workers' Compensation case is free.

## Basile & Testa, P. A.

Counselors at Law

424 Landis Avenue,  
Vineland, New Jersey 08360

Phone: 856.691.2300 - Fax: 856.691.5655

[www.basiletesta.com](http://www.basiletesta.com)

e-mail: [info@basiletesta.com](mailto:info@basiletesta.com)

MICHAEL L. TESTA

CERTIFIED CIVIL TRIAL ATTORNEY  
CERTIFIED CRIMINAL TRIAL ATTORNEY

TODD W. HECK, LL.M.

MASTERS DEGREE IN TAXATION  
MEMBER NJ, NY AND PA BAR

RENEE E. SCROCCA

MICHAEL L. TESTA, JR., LL.M.

MASTERS DEGREE IN TRIAL ADVOCACY

ROBERT J. CASELLA

JUSTIN R. WHITE

MEMBER NJ AND PA BAR

SHARON A. FERRUCCI

FRANK G. BASILE

(1963-2005)

FRANK J. TESTA

(1940-2001)



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