

Misunderstandings About Workers' Compensation

What can be the cheapest coverage around? "Workers' Comp," says Paul Stephens, Vice President of Marketing and Risk Management Services for The Church Insurance Agency Corporation (CIAC). Because Worker's Compensation is based on payroll and claims experience, the premium is often very low. So why do some churches resist buying it?

Paul says he hears two common misconceptions:

1. "We don't have any employees, so we don't need Workers' Compensation."

You may have a worker whom you don't think of as an employee, but if he or she gets hurt, you may still be liable. "Whether the worker is on a 1099 or a W-2 may not make a difference," Paul explains. "What often matters is whether you control that worker's activities."

"Control" might mean that you expect a task to be done regularly at the same time, or you instruct that it be completed a certain way. For example, a freelance accountant who processes accounts payable and goes over a special report with the rector every Friday at noon could potentially be categorized as an employee.

Because of that broad interpretation, Paul says he is often asked who isn't an employee. "I give the example of a lawn service. If you say, 'I don't care when or how you cut it, just so it's done every week,' you may be showing any control over them."

If your organization provides any type of payment to an individual in exchange for services, it could be considered an employer. The payment may be money, certainly, but it could also be room or board. If you have someone do yard work in exchange for a meal or a place to stay, you could be considered to have employed that individual.

2. "In my state, we're not required to have Workers' Compensation."

In most states, Workers' Compensation insurance is compulsory for all employers. However, some states have laws that make Workers' Compensation mandatory only if an organization has a certain number of employees. For example, in Tennessee, employers are required to have Workers' Compensation insurance if they have five or more employees.

Your organization might not be mandated by state law to carry Workers' Compensation insurance, but it is still liable if one of your employees is injured on the job. "The law doesn't protect you from liability. It just allows businesses to self-insure. That means you still have exposure and responsibility whether or not you have a Workers' Compensation policy in place. If a claim comes down and you're uninsured, the law won't protect you," Paul says.

Workers' Compensation Benefits

CIAC's Workers' Compensation and Employers' Liability policy covers full-time, part-time, and dedicated contract workers. Commonly covered medical benefits include emergency treatment, hospitalization, ongoing treatment and therapy, and rehabilitation. Generally, there is no pre-set maximum. Partial income and death benefits may also be included.

Priests, pastors, and other church employees might not get injured on the job very often, but having a policy in place just in case will help you sleep better at night.