

# **Worker's Compensation**



## **What is Worker's Compensation Insurance and What Does it Cover?**

According to the International Risk Management Institute, "Workers compensation provides coverage for an employer's two key exposures arising out of injuries sustained by employees. Part one of the policy covers the employer's statutory liabilities under workers compensation laws. Part two of the policy covers liability arising out of employees' work-related injuries that do not fall under the workers compensation statute."

For most industries, workers compensation only becomes necessary (and legally required) once a company hires their first employee. This does not apply to owners/shareholders or 1099 employees in most cases. Some sole proprietors in high-risk industries may want to obtain a workers compensation policy to protect against the cost of work-related injuries. As a cannabis business, workers compensation rates will typically be highest for businesses performing oil extraction or cultivation.

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## What is Included in My Worker's Compensation Policy?

As you may have noticed from reviewing other policies, workers compensation insurance is a broad exclusion in general liability, product liability, employment practice liability, and directors and officers policies. This is because coverage afforded under workers compensation is very specific to:

### Medical coverage

This includes doctor visits, hospital care, prescription medications, physical therapy, and other medical treatments.

### Vocational rehabilitation

This enables workers who cannot return to their prior occupation to learn a new skill based on their current capabilities.

### Disability

Policies provide a partial replacement of income lost due to inability to work. The amount and duration of benefits depend on whether the disability is temporary or permanent, and partial or total. Percentage of salary and length of payment varies by state.

### Death benefits

Benefits are afforded to the spouse and minor children of a worker killed on the job.

## What Are Notable Exclusions Within a Workers Compensation Policy?

With most cannabis business employees being favorable to cannabis, it is essential to have discussions with your employees about common exclusions in your company's worker's compensation policy:

Injuries at work due to intoxication or substance abuse  
Intentional injuries  
Injuries outside of work

Business owners, volunteer, and independent contractors  
Employer Assault or Ratification



**Let's talk about your insurance needs.  
Contact a cannabis industry insurance expert today.**

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