

## Insurance Requirements

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.

Insurance coverage may be obtained in one of two ways:

- **Workers' Compensation Insurance Policy** written by a mutual or stock carrier authorized to write insurance in New Jersey. Premiums for such insurance are based on the classification(s) of the work being performed by employees, the claims experience of the employer and the payroll of the employer.
- **Self Insurance** through application to and approval by the Commissioner of the Department of Banking and Insurance. Approval for self-insurance is based upon the financial ability of the employer to meet its obligations under the law and the permanence of the business. The posting of security for such obligations may be required.

## Who Must Insure?

**The following employing entities must have workers' compensation insurance in effect:**

**Corporations** – All corporations operating in New Jersey must maintain workers' compensation insurance or be approved for self-insurance so long as any one or more individuals, **including corporate officers**, perform services for the corporation for prior, current or anticipated financial consideration\*.

**Partnerships/LLC's** – All partnerships and limited liability companies (LLC's) operating in New Jersey must maintain workers' compensation insurance or be approved for self-insurance so long as any one or more individuals, **excluding partners or members of the LLC**, perform services for the partnership or LLC, for prior, current or anticipated financial consideration\*.

**Sole Proprietorship** – All sole proprietorships operating in New Jersey must maintain workers' compensation insurance or be approved for self-insurance so long as any one or more individuals, **excluding the principal owner**, performs services for the business for prior, current or anticipated financial consideration\*.

*\* Financial consideration means any remuneration for services and includes cash or other remuneration in lieu of cash such as products, services, shares of or options to buy corporate stock, meals or lodging, etc.*

## Consequences for Failure to Insure

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 \$5,000 for the first ten days and up to \$5,000 for each additional ten-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.

Where a work-related injury or death has occurred, 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.

If you are aware of an uninsured employer, you may provide this information to the Office of Special Compensation Funds by [e-mail](#), by calling (609) 292-0165 or by completing a "[Report of Non-Compliance](#)" form. The form is interactive, so you can type directly into the fields. You can also e-mail the completed form by hitting the "E-Mail" button on the form.

You do not need to identify yourself but you should be prepared to provide the name and exact address of the employer and, if possible, the names of the principle operators of the business.

[Report of Non-Compliance form](#) 

## Insurance Cross-Match Program

The Office of Special Compensation Funds, on a regular basis, conducts a cross-match of their database with the Department of Banking and Insurance's Compensation Rating and Inspection Bureau (NJ CRIB) 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 *across-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 you are an employer that has insurance and has received this form, you should provide the information requested about your workers' compensation coverage as soon as possible to ensure that penalties are not improperly assessed against you.

Questions in relation to the Cross-Match Program can be addressed to:

**Office of Special Compensation Funds**  
**Cross Match Program**  
**P.O. Box 399**  
**Trenton, NJ 08625-0399**  
**Fax (609) 633-7783, (609) 984-2515 or (609) 292-7294**  
[oscf@dol.state.nj.us](mailto:oscf@dol.state.nj.us)



**BARROOD AGENCY, INC.**