



FOR IMMEDIATE RELEASE
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Contact:

Jean Severence (401) 462-8126
Workers' Compensation

Julie Kard (401) 462-8122
Workers' Compensation

Business Closure Motivates Compliance with Workers' Compensation Laws

PROVIDENCE – Investigators at the RI Department of Labor and Training Workers' Compensation Fraud and Compliance Unit continue to identify employers operating without the required workers' compensation insurance; some pleading ignorance of the requirements. Such employers have learned the hard way that ignorance of the law is no defense for breaking it. Failure to carry workers' compensation insurance will result in the assessment of a substantial monetary penalty, the risk of the business being closed by the Director of the Department of Labor and Training, and potential criminal charges including jail time and fines of up to \$10,000.00.

In 2004, to date over \$128,000 has been collected in penalties from employers found in violation. In 2003, \$287,000 was collected in penalties. These crackdowns have benefited over 500 workers, who are now properly covered by workers' compensation insurance.

Legislation enacted July 31, 2003 strengthened the penalties imposed against employers who fail to obtain workers' compensation insurance. The Director can immediately shut down a business determined to be operating without workers' compensation insurance. This provision has proven effective in prompting employers to obtain insurance without delay. A penalty of up to \$500 to \$1000 per day for each day of noncompliance will be imposed.

At a recent Departmental hearing to determine a noncompliance penalty, a mortgage banking firm argued it should not be required to maintain workers' compensation insurance because of the low risk for on-the-job injuries, further explaining that if an injury occurred, the company's Blue Cross would cover the injury. This employer's beliefs were erroneous, and unfortunately, he is not alone.

First, regardless of the risk of injury relative to a particular line of business, *an employer with one or more employees must carry workers' compensation insurance*. Of course, the cost of the policy takes the risk of injury into account. Second, Blue Cross will not cover a work-related injury. Other common misconceptions are that family members and part time employees are exempt from workers' compensation insurance. This is not the case.

Some employers complain that the cost of workers' compensation insurance is too great. Employers need to realize that the cost of an uncovered injury is likely to result in a much greater expense than an annual premium. Employers should understand that operating without workers' compensation insurance leaves them vulnerable to personal liability for an employee's injury, both in terms of lost wages and medical bills.

Employers with questions about workers' compensation insurance or compliance issues are encouraged to call the Workers' Compensation Fraud and Compliance Unit at 462-8100 or visit www.dlt.ri.gov/wc/fraud.htm.

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The Rhode Island Department of Labor and Training offers a wide array of employment and training services to both the general public and to individuals with unusual barriers to employment. DLT is ready to assist any job seeker, whether the goal is a first job, a better job, or a career change. Rhode Island's work force is protected through the enforcement of labor laws, prevailing wage rates, and work place health and safety standards. Temporary income support is available to unemployed, sick, or injured workers and a comprehensive rehabilitation program is available to those injured on the job.

DLT is dedicated to the growth and competitiveness of Rhode Island industry, administering a variety of training grants, tax credits, and apprenticeship programs to help employers. Economic indicators and labor market information are available for long-range planning. The Agency engages in active outreach, helping large and small employers retain their best workers or retrain their existing work force. At no cost to the employer, DLT will also screen job applicants, post job vacancies, and help businesses institute cost-sharing programs that can avert layoffs.

For more information on the innovative programs and services available to all Rhode Islanders at the Department of Labor and Training, please call (401) 462-8000 or visit the web site at www.dlt.ri.gov.

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*Auxiliary aids and services are available up on request to individuals with disabilities
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Marketing/Communications • 1511 Pontiac Avenue • Cranston, RI 02920

www.dlt.ri.gov

Governor Donald L. Carcieri



Acting Director Adelita S. Orefice