

Workers' Compensation – Employer Responsibilities

Workers' compensation is a system of no-fault insurance that provides monetary and medical benefits to employees or their survivors for work-related injuries, diseases and deaths. Workers' compensation is governed by state law.

The Washington Industrial Insurance Law (IIL) establishes employers' duties relating to workers' compensation in the state. The Washington Department of Labor & Industries (L&I) manages claims and pays benefits out of a state insurance pool (State Fund) on behalf of participating employers. For non-participating employers, the L&I oversees claim management and enforces the employers' duties to provide benefits to employees who have compensable injuries or diseases.

COVERAGE REQUIREMENTS

Any individual or organization that uses the personal labor of **at least one other person** in Washington must provide workers' compensation coverage for its employees. Employers may comply by either participating in the State Fund or obtaining the L&I's approval to self-insure.

State Fund Coverage

To obtain coverage through the State Fund, an employer must open an online account with the L&I and apply for a business license and certificate of coverage. Employers that transact business in more than one location must obtain separate coverage certifications for each workplace. Once the L&I issues a coverage certificate, it is valid for as long as the employer continues to do business and remains current on its payments for coverage premiums and state taxes.

The L&I determines an employer's State Fund premium rate based on the type of business it does and any past workers' compensation claims. Employers must pay the premiums on a quarterly basis.

Self-insurance

An employer that wishes to self-insure must submit an application for self-insurance certification and prove to the L&I that it has the ability to cover the costs of any employee claims under the IIL. To qualify for the L&I's approval to self-insure, an employer must, at a minimum:

- Have been in business for at least three years;
- Have had a written accident prevention program in place for at least six months;
- Have at least \$25 million in assets;
- Demonstrate positive earnings in the current year and in two out of the last three years;
- Demonstrate positive overall earnings for the past three years;
- Have a current liquidity ratio of at least 1.3 to 1; and
- Have a debt to net-worth ratio of no greater than 4 to 1.

This guide is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice. It is provided for general informational purposes only. It broadly summarizes state statutes and regulations generally applicable to private employers, but does not include references to other legal resources unless specifically noted. Readers should contact legal counsel for legal advice.

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The L&I may also require the employer to deposit certain amounts to ensure its ability to pay claims. Once L&I issues a self-insurance certificate, the employer's authority to self-insure may continue indefinitely, as long as the employer remains compliant with the IIL.

INFORMATION POSTING AND PROVISION REQUIREMENTS

All employers must post a copy of their coverage or self-insurance certificates in each of their places of business. In addition, the L&I provides employers with three other posters, which employers must display in each workplace to inform employees of their rights and responsibilities under the IIL. All of these items must be displayed in places where employees can readily view them. The required posters include:

- [Notice to Employees – If a Job Injury Occurs](#);
- [Job Safety and Health Law](#); and
- [Your Rights as a Worker](#).

Self-insured employers must also provide every new employee with a copy of (or a form substantially similar to) the L&I's [Workers' Compensation Filing Information](#) form within **30 days** of the employee's hire date. When an employee files a workers' compensation claim, a self-insured employer must provide the employee with a copy of the L&I's current [Guide to Workers' Compensation Benefits for Employees of Self-Insured Businesses](#).

INJURY REPORTING REQUIREMENTS

The ILL requires employers to **immediately** report any workplace accident or occupational disease to the L&I if, as the apparent result of the accident or disease, an employee:

- Receives medical treatment from a physician or licensed nurse practitioner;
- Is hospitalized;
- Is disabled from work; or
- Dies.

The L&I may request additional information from employers regarding reported incidents at any time.

Self-insured Employers

Self-insured employers must establish procedures for assisting workers with the reporting and filing of claims. As part of these procedures, a self-insured employer must provide employees with a [Self-Insurer Accident Report](#) whenever they request it and as soon as the employer first has knowledge of a work-related injury or disease. Self-insured employers must promptly send copies of any completed injury reports to the L&I.

RECORDKEEPING REQUIREMENTS

All employers must maintain payroll and employee records and keep them open for the L&I's inspection at all times. Depending on the type of coverage under the ILL, the L&I also requires employers to submit quarterly reports and other financial information.

MORE INFORMATION

Contact Touchstone Consulting Group or visit the L&I [website](#) for more information on workers' compensation laws in Washington.