Risk Management: Workers’ Compensation Insurance

By: David Pearsall, CIC, CWCA

As a business owner you are likely aware that you must carry insurance to protect your clients from damages caused by your negligence. Most pet sitters have taken out a general liability policy to cover them for the unforeseen accident, such as a pet injured in your care, or a dog running away from you and injuring someone else while on a walk or in a park. But what happens when you, your employees, or independent contractors (ICs) get injured? The answer is “workers’ compensation insurance.”

Workers’ compensation insurance is the compensation to an employee for injury or occupational disease suffered in connection or arising out of, or in the course of, employment in which there is an employee/employer relationship. To put it more simply, if your employee gets hurt on the job, workers’ compensation insurance will pay their medical bills and lost wages while they are out of work. It is the exclusive remedy to cover you, the employer, against employee injuries. It compensates you for the following exposures: on the job injuries that occur in the course of employment (such as a dog bite), occupational diseases that result from employment (such as rabies or other diseases contracted from a client’s pet), and employers’ liability that is excluded from employment (such as if your employee’s family sues, claiming your negligence caused the loss and therefore they have suffered a loss as well).

Over the years I’ve come across many pet sitters who believe if they use independent contractors instead of employees, they don’t need workers’ compensation. Others have indicated that since they only employ one or two people part-time they simply do not need the coverage. This is not always the case. The truth is it really depends on the individual state where you live. Each state has its own statute and it is highly recommended that you know and follow the law in your particular state. Failure to insure penalties could add to the nightmare of an uninsured claim. By and large most states require coverage with even one employee, although several states exempt employers with less than a specified amount (usually three or five).
Some state statutes address the IC issue and whether coverage applies, while others leave it to the attorneys and preceding cases in the state to interpret. Typically it depends on whether the IC has the ability to control the work, the ability to determine how the work shall be performed, the freedom to hire and fire employees, freedom to offer services to others, and the ability to realize a profit or suffer a loss. Usually all of the criteria put forth by the individual state must be met to be exempt from coverage, so again, make sure you are familiar with your state’s workers’ compensation laws and how they pertain to ICs (if you are using them in your business).

In most states, workers’ compensation insurance will also cover injuries to you, the employer, so long as you elect coverage. As I stated earlier, most health insurance companies now exclude on-the-job injuries, so this is something to take into consideration if you are performing the work yourself and not using independent contractors or employees. Especially if this is your sole source of income, as if you end up unable to perform your daily visits for an extended period of time due to your injuries, you will not only have medical bills to pay, but no income.

Since we began writing general liability insurance back in 1994 for the NAPPS membership, we have had a number of members contact our office with workers’ compensation claims. Unfortunately, each time we have had to inform them that their general liability policy specifically excludes employee/IC injuries. Here is a list of the types of claims that have been reported over the years.

- The dog bite is the most obvious and the most frequent, and has occurred in a number of different circumstances. Most often we see this when the sitter gets between two dogs that are fighting, but we have also had just random accidents where the dog that supposedly never bit before, got startled and snapped at the sitter.
- Another type of claim that we see frequently is the dragging claim. This is when a large dog on a leash drags the sitter or yanks the sitter off their feet. Sometimes when the dog is attempting to chase another dog or pet during a walk. This type of claim has resulted in broken arms/wrists, broken/sprained ankles, and scraped/cut knees and hands.

- We have also had injuries that resulted when dogs jumped on a sitter and knocked them over when trying to get outside or into another area of the house or in or out of a car.
- Others include falling down stairs and slipping on ice.

So, as you can see, these claims can and do occur. Please be sure you are aware of the risks and determine whether you should be maintaining workers’ compensation coverage for your business.

After years of telling sitters that we could not assist them with workers’ compensation, I am happy to announce that effective immediately we can now offer workers’ compensation insurance to the NAPPS membership through Travelers Insurance Company. Whether you currently carry workers’ compensation or are just researching the coverage for the first time, please contact us and we will be happy to assist you with the laws of your individual state, coverage questions/concerns and/or premium quotes based on your individual business need. We can be reached at (800) 962-4611 or NAPPS@Business-Insurers.com

UPCOMING EVENTS:

July 23-26, 2009
PetQuest
Fort Mitchell (Cincinnati), KY

September 15-17, 2009
SuperZoo West 2009
Mandalay Bay Convention Center • Las Vegas, NV

October 2-4, 2009
Pet Industry Christmas Trade Show
Rosemont (Chicago), IL

October 14-18, 2009
Wild West Veterinary Conference
Reno, NV