

REFERENCE AND RESOURCES

APPENDIX

Contractors, subcontractors and sole proprietors. A contractor could be legally responsible for paying workers' compensation benefits to any injured employees of an uninsured subcontractor.

Contractors can protect themselves from this responsibility by either:

- A. Obtaining documentation from the subcontractor that he/she has workers' compensation coverage for his/her employees; or
- B. Obtaining a copy of the subcontractor's **Notice of Exclusion (Form WC-337) filed with the Workers' Compensation Agency.** This exclusion form may be used by certain entities (such as sole proprietorships, partnerships, limited liability companies, and stock corporations) in which all employees have chosen to legally exclude themselves from coverage under the workers' compensation statute.

For more information on compliance and exclusions, contact:

Compliance and Employer Records Division
 Workers' Compensation Agency
 Michigan Department of Energy,
 Labor & Economic Growth
 P.O. Box 30016
 Lansing, MI 48909
 Phone: 517.322.1195
 Web site: www.michigan.gov/wca

Contractors bear the burden of proving to his or her insurance carrier that the subcontractor is, indeed, a subcontractor and not an employee. A general contractor can use the following factors or documentation to prove that a subcontractor maintains a separate business and is not acting as an employee:

- The subcontractor's federal identification number.
- A copy of an assumed name certificate filed with the county.
- A copy of the subcontractor's articles of incorporation or partnership papers.
- A copy of the subcontractor's IRS 1099 form, given in lieu of a W2 form.
- Evidence that the subcontractor maintains his or her own separate place of business; physically distinct from the contractor's place of business.
- Evidence that the subcontractor furnishes all of the materials and equipment necessary to perform the job tasks.
- A copy of a written contract that spells out the relationship between the general contractor and the subcontractor.
- Proof that the subcontractor can realize a profit or suffer a loss as a result of the services rendered.
- Proof that the subcontractor has the right to hire or fire its employees without securing permission from the general contractor.

The following factors may be used to determine if the subcontractor holds itself out to, and renders service to, the public:

- The subcontractor is listed in the Yellow Pages and/or advertises in newspapers, trade journals, on television or on the radio;
- The subcontractor is included on a list of other general contractors or individuals who have recently hired the services of the subcontractor.
- The subcontractor performs specific services for prices that are agreed upon in advance, and the subcontractor pays expenses incurred in the performance of those services.

Other factors to be considered include:

- A sworn statement from the subcontractor that the subcontractor has no employees,
- A sworn statement that the subcontractor does not primarily depend upon the payments from one general contractor for his/her livelihood.

In summary, the general contractor has the burden of proving to the insurance carrier that he or she should not be charged a premium for a subcontractor (and for the subcontractor's employees) because the subcontractor is legitimately an independent contractor with no employees, or is an independent contractor with employees under current insurance coverage, or has a workforce that is legally excluded from coverage.

Contractors and independent subcontractors with questions about their status and about coverage requirements or possible exclusions, should consult with an attorney and/or insurance agents regarding the comparative benefits and responsibilities of the various options.

Additional assistance regarding contractors and subcontractors may be obtained by contacting the following:

Compliance and Employer Records Division
Workers' Compensation Agency
Michigan Department of Energy,
Labor & Economic Growth
P.O. Box 30016
Lansing, MI 48909
Phone: 517.322.1195
Web site: www.michigan.gov/wca

HOW TO GET HELP

Questions about buying workers' compensation insurance should be directed to the following:

Office of Financial and Insurance Regulation
Michigan Department of Energy,
Labor & Economic Growth
P.O. Box 30220
Lansing, MI 48909
Phone: 517.373.0220

Questions about the handling of a claim should be directed to the following:

Workers' Compensation Agency
Michigan Department of Energy,
Labor & Economic Growth
P.O. Box 30016
Lansing, MI 48909
888.396.5041 (toll free)

Questions about self-insured programs should be directed to the following:

Self-Insured Programs Division
Workers' Compensation Agency
Michigan Department of Energy,
Labor & Economic Growth
P.O. Box 30016
Lansing, MI 48909
Phone: 517.322.1868

Questions about workplace safety programs should be sent to the following:

Consultation Education and Training Division
Michigan Department of Energy,
Labor & Economic Growth
P.O. Box 30643
Lansing, MI 48909
Phone: 517.322.1809

Questions about medical fees or health care rules should be directed to the following:

Health Care Services Division
Workers' Compensation Agency
Michigan Department of Energy,
Labor & Economic Growth
P.O. Box 30016
Lansing, MI 48909
Phone: 517.322.5433

The Workers' Compensation Cost Control Service may be contacted at the following:

Michigan Economic Development CorporationSM
300 N. Washington Square
Lansing, MI 48913
Phone: 517.373.9808

WEB SITES

Cost control strategies and other business resources and information

Michigan Economic Development CorporationSM
<http://www.michigan.org>

Modification Factors and the Michigan Placement Facility (Assigned Risk Pool)

Compensation Advisory Organization
of Michigan
<http://www.caom.com>

Rules, regulations, self-insurance and other topics

Workers' Compensation Agency
<http://www.michigan.gov/wca>

Safety information and links

<http://www.safetyinfo.com>

Job accommodations and employability of people with disabilities

Job Accommodation Network (JAN)
<http://janweb.icdi.wvu.edu>

Workplace injuries and illnesses information and sources

CTDNews
<http://www.ctdnews.com>

Americans with Disabilities Act (ADA)

U.S. Department of Justice, ADA home page
<http://www.usdoj.gov/crt/ada/adahoml.htm>

Equal Employment Opportunity Commission (EEOC)

<http://www.eeoc.gov/ada/adadocs.html>
<http://www.eeoc.gov/types/ada.html>

Insurance industry information, resources and links

Michigan Association of Insurance Agents
<http://www.michagent.org/home/industry.htm>

International Association of Industrial Accident Boards and Commissions (IAIABC)

<http://www.iaiaabc.org>

North American Industry Classification System (NAICS)

<http://www.naicscod.htm>

Consumer news, resources and advice for the insurance buyer

<http://www.insure.com>

State-by-state information from a non-government source

<http://info.insure.com/states/>

Disability management and return-to-work information

<http://www.watsonwyatt.com>

Drug-free workplace kit

U.S. Department of Health
& Human Services
<http://www.workplace.samhsa.gov/WPWorkit/workitindex.html>

Michigan Supreme Court Decisions

<http://www.icle.org/michlaw>

GLOSSARY

A

ACCIDENT An unforeseen, unintended event; something unexpected or something which could not be considered as a foreseeable occurrence and consequence of an undertaking which sometimes results in personal injury or damage to equipment or material.

ACTUAL PRIMARY LOSSES Losses that reflect claim frequency. The maximum primary value for each loss is \$5,000. For each loss equal to or less than \$5,000, the entire amount is issued as the primary value. For each loss over \$5,000, the primary value is \$5,000. For medical only losses (Injury Type 6), the primary value will be reduced by 70 percent (most carriers are using this rule).

ADDITIONAL INSURED A person, firm or corporation, other than the named policyholder, who is protected against loss by the terms of the policy.

AGENT A person who represents insurance companies in a sale or service capacity and who is wholly or partially paid on a commission basis. The agent is licensed by the state in which he or she operates and is governed by the terms of the agency contract and state laws.

APPLICATION OF POLICY The policy section that states that the job-related accident (or the last day of exposure to a compensable disease) must occur during the policy period, even though payment of injury benefits may extend over many years. It clarifies liability as regards to an occupational disease that has been gradually mounting over a considerable time period.

ASSIGNED RISK PLAN (POOL) A coverage plan that provides a means for insureds who are unwanted risks (due to high hazards or poor experience or small premium size, etc.) to secure workers' compensation insurance. In Michigan, this is sometimes called the Assigned Risk Pool because policyholders are assigned to one of six insurance carriers for their

coverage. The assigned risk pool has its own schedule of manual rates which are revised each year by a governing board of directors representing the insurance industry. The assigned risk pool is not a state program (see Placement Facility).

AUDIT PREMIUM See Final Premium.

AVERAGE WEEKLY WAGE LOSS This is the difference between a claimant's average weekly wage prior to disability and earnings while disabled.

B

BALLAST A stabilizing element designed to limit the effect of any single loss on the experience modification. It is added to both the actual primary losses and the expected primary losses. The ballast value increases as expected losses increase. These values may be obtained from the Tables of Weighting and Ballast Values filed by each carrier.

BENEFIT The sum provided in an insurance policy to be paid for certain types of loss under the terms of an insurance policy. For example, a workers' compensation policy may provide that certain sums be paid for death, loss of limbs or sight, or loss of time. These specified amounts are the benefits provided by the policy.

BODILY INJURY BY ACCIDENT; BODILY INJURY BY DISEASE The policy definition that points out the difference between a bodily injury due to accident and bodily injury due to disease, so that one injury cannot be deemed to fall within both categories. An employer's limits of liability apply differently to each.

BROKER An insurance solicitor, licensed by the state in which he or she operates, who represents the policyholder. The broker places orders for coverage with insurance companies. Brokers are governed by state law and the terms of the brokerage contracts with carriers. Unlike agents, a broker usually does not have authority to bind coverage. Also see Producer.

C

CANCELLATION Termination of an insurance contract before the end of the policy period, by the insured or insurer, usually in accordance with provisions in the contract. The following are three types of cancellation.

- Flat Cancellation of an insurance contract as of its date of inception, without premium charge.
- Pro-Rata Termination of an insurance contract or bond, the premium charge then adjusted in proportion to the exact time the protection has been in force.
- Short-Rate Cancellation of an insurance contract at the request of the insured with return to the insured of less than the proportion of the premium payable upon pro-rate cancellation.

CAPTIVE AGENT An insurance agent that represents and sells coverage for only one insurance company.

CASH BENEFITS Benefits that include both scheduled loss benefits and disability benefits. The former are paid whenever there is an amputation or a limb's loss of use, while the latter is paid whenever there is a disability, which is a loss of wage earning capacity.

CLAIM A demand for payment under an insurance contract or bond.

CLAIMANT One who makes a claim.

CLASSIFICATION CODE NUMBER A unique identifying number for an occupational classification listed in the Workers' Compensation Manual.

CLASSIFICATION OF OPERATIONS The job tasks performed by the insured's business, which are described in the information page of the policy.

CLASSIFICATION PAGES The section of the Workers' Compensation Manual that lists the different kinds of occupations according to the work performed or the type of product produced, and provides definitions and guidelines that are useful in classifying and rating risks.

COMPENSABLE INJURY Injury arising out of and in the course of employment; injury must be accidental and not self-inflicted.

COMPENSATION ADVISORY ORGANIZATION OF MICHIGAN (CAOM) Not a state agency. This organization is mandated by law to exist and some of its functions are to serve as the Data Collection Agency and promulgate modification factors for carriers. This is also the Michigan Workers' Compensation Placement Facility.

CONDITIONS The portion of the insurance contract that outlines the duties and responsibilities of both the insured and the insurer.

CONTRACT A legal agreement between two parties or consideration. An insurance policy is a contract.

D

DATA COLLECTION AGENCY The agency established for the purpose of performing the workers' compensation data requirements of the Insurance Code of 1956.

DEPOSIT PREMIUM A premium which is based on the probable amount of payroll, and is calculated at the beginning of the policy year.

DESIGNATED ADVISORY ORGANIZATION The advisory organization designated by the Data Collection Agency.

DIRECT WRITER An insurance company that sells its policies through salaried employees (licensed agents) who represent it exclusively, rather than through independent, local agents.

DISABILITY A limitation of an employee's wage earning capacity in work suitable to his/her qualifications and training resulting from a personal injury or work related disease.

DISABILITY BENEFITS Payments that compensate the disabled employee for some portion of his/her loss of earned income.

DUAL CAPACITY CLAIM A demand made by injured employee against employer acting in a capacity other than employer, such as a manufacturer of a product involved in the injury.

DIVIDEND Return of a portion of one's premium, which is issued after the final payroll audit and usually 18 months or so after the close of the policy period.

E

EFFECTIVE DATE The starting date of a policy; the time at which the insurance protection begins.

EMPLOYEE One who performs services for another under a contract of hire (express or implied) acting under the direction and control of the person by whom he or she is hired and who performed a service for a valuable consideration (pay).

EMPLOYER A person, firm, partnership, association, corporation, a legal representative of deceased employer, or the receiver or trustee of a person, partnership, association or corporation who uses or engages the services of another under a contract of hire.

EMPLOYERS LIABILITY INSURANCE Insurance that protects an employer against the claims for damages which arise out of injuries to employees in the course of their work. A workers' compensation policy insures the employer against liability under state compensation laws. Employers Liability Insurance provides protection in cases not covered by the compensation law.

ENDORSEMENT An amendment in writing (including print or stamping) added to and made a part of the insurance contract for the purpose of changing the original terms—either to restrict or expand coverage.

EXCLUSION(S) Provisions not covered by the policy and specifically so stated in the policy contract.

EXCLUSIVE REMEDY The legal doctrine which says that an employee's exclusive remedy or relief for a work-related injury or illness are those benefits due him/her under the state's workers' compensation statute and which are either self-funded by the employer or secured through an insurance policy. If not for the exclusive remedy provision, then employees injured as a result of an employer's negligence, for example, might be able to also successfully sue that employer for damages in a tort claim.

EXPENSE CONSTANT A charge which is applied to every policy and is added to the premium. It covers expenses such as those for issuing and recording policies and auditing. Most carriers are currently using an expense constant of \$150–\$300.

EXPERIENCE MODIFICATION FACTOR Most policyholders will be given an experience modification factor by their carrier once they have been in business at least two years. The experience modification factor is a comparison of a given employer's actual losses with the expected losses for the average employer in a specified classification code. The factor itself is calculated by means of a somewhat complicated formula that may vary slightly from one insurance carrier to another due to the use of differing expected loss rates, but follows the same general format developed by the insurance industry nationally. That formula generally tends to penalize employers more for the frequency of claims than the severity of claims. An employer will be fully experienced rated once three years of loss history is available for comparison. Those employers whose premiums are too small to qualify for experience rating are usually subjected to a merit rating plan developed by their specific carrier.

EXPERIENCE RATING The system of measuring an employer's workers' compensation loss history compared to the expected losses of the average employer in the same industry. The experience period used in a risk's modification generally consists of three completed years of experience ending one year prior to the effective date of the modification.

EXPIRATION DATE The date at which insurance protection on a policy will end (e.g., coverage will cease on an annual policy at the end of 12 months from the effective date).

F

FINAL PREMIUM A premium which is based on the actual amount of payroll, and is calculated at the end of the policy year (after an audit has been conducted).

G

GENERAL EXCLUSIONS Work operations that are not anticipated in the classification code number assigned and are special activities that require a separate classification code number.

GENERAL INCLUSIONS Side operations at the workplace that are normally included as part of the risk's primary operation.

GENERAL RULES The section of the Workers' Compensation Manual that contains usage guidelines and rules concerning the classification and rating procedures.

GOVERNING CLASSIFICATION The classification which carries the largest amount of payroll.

H

HAZARD Anything that increases the chance of loss.

I

INDEMNITY Repayment of wage loss.

INDEPENDENT AGENT An insurance agent who represents and sells coverage for an average of five to ten insurance companies.

INFORMATION PAGE That portion of the insurance contract which contains such data as name and address of the insured, policy period, coverage and premium.

INTENTIONAL TORT A situation where an employee has been injured and the injury was caused by something which the employer knew (or should have known) would cause the harm. An injured worker can bring an intentional tort law suit even if they have received workers' compensation benefits.

INSPECTION The investigation of certain risks which may be made by independent inspection firms or by the company before issuance or during the term of the policy.

INSURANCE A social device where many share the losses of a few by transferring a portion of the loss to the insurance company in exchange for certain costs.

INSURED The person purchasing the insurance policy.

INSURING AGREEMENTS The portion of the insurance contract which states those perils insured against the coverage afforded by the policy.

L

LIMITS OF LIABILITY Maximum amounts which an insurance company under its contract agrees to pay in case of losses.

LONG-TERM POLICY The policy condition that states that although the policy may be written for a term of three years, for example, all provisions of the policy apply separately to each consecutive year and the premium is computed annually.

LOSS Death or injury that is the basis for a valid claim for repayment under the policy; the amount paid by the insurer.

LOSS CONTROL The management of work site factors at an insured company's business that can reduce claims and increase safety.

LONGSHOREMAN'S AND HARBOR WORKERS' COMPENSATION ACT COVERAGE ENDORSEMENT The endorsement that is required by federal law for employers who employ persons to work in, on, or around navigable waters of the U.S. and its territories.

M

MANUAL PREMIUM The premium calculation made by multiplying each manual rate times the appropriate portion of the insured's payroll. These results are then summed and divided by \$100 to yield the total manual premium.

MANUAL RATE The starting price for a given classification code before any adjustments are applied for experience rating, schedule credits (or debits), expense constants, premium credits or premium discounts.

MEDICAL BENEFITS Payment of benefits to cover medical expenses. These payments are usually provided without dollar or time limits. In the case of most job place injuries, only medical benefits are provided since substantial impairment or wage loss is not involved. Employees have their choice of treating physicians after the first 10 days of medical care.

MERIT RATING A merit rating is a factor used for accounts that do not meet minimum premium size requirements to be eligible for an experience modification factor.

MINIMUM PREMIUM The lowest price for which an insurance company will sell a workers' compensation policy, regardless of how small the covered payroll. It is intended to cover certain basic administrative overhead costs.

MIOSHA Michigan Occupational Health and Safety Act (Public act 154 of 1974) which was passed so that the State of Michigan could be responsible for regulating workplace safety rather than the federal government.

N

NEGLIGENCE Failure to do what a prudent individual would ordinarily do under the circumstances of a particular case, or doing what a prudent person would not have done. Negligence may be caused by acts of omission, commission or both.

NOC Abbreviation of the phrase 'Not Otherwise Classified.' This definition applies to risks that do not have a classification definition which specifically describes their operation.

NO-FAULT LIABILITY Basic legal concept of workers' compensation whereby the cost of occupational injuries or diseases is assessed against the employer even though he or she was not negligent or otherwise responsible under common law.

O

OCCUPATIONAL DISEASE An injury arising out of employment and due to causes or conditions characteristic of, and peculiar to, the particular trade, occupation, process, or employment. In Michigan, since 1982, mental disabilities and conditions of the aging process, including but not limited to heart and cardiovascular conditions are considered compensable.

OCCUPATIONAL INJURY Injury occurring in the course of one's employment and caused by inherent or related hazards.

OPEN COMPETITION The requirement in Michigan, since 1983, that each insurance company set its own rates for workers' compensation insurance independent of any other carrier or organization. Many other states either have a form of cartel rating (administrative pricing) or exclusive state funds.

OSHA (Occupational Safety Health Act) The federal law that encourages employers and employees to reduce hazards in a work place and improve safety and health programs.

P

PAYROLL AUDIT An examination of the insured's payroll records by a representative of the insurer to determine the premium due on a policy.

PERMANENT PARTIAL DISABILITY A condition which actually or presumptively results in partial loss of earning power.

PERMANENT TOTAL DISABILITY A condition which actually or presumptively is considered the equivalent of a complete and permanent loss of sight, loss of both hands or both legs, and shall constitute permanent total disability regardless of the insured's ability to do some work.

PLACEMENT FACILITY Commonly known as the market-of-last-resort for employers who cannot obtain coverage through the voluntary market for any reason (see Assigned Risk Plan).

POLICY The document issued to the insured by the company; the policy states the terms of the insurance contract.

POLICY PERIOD The specified length of time that the policy is in effect, usually one year, and it is the period for which the premium is paid.

PREMIUM An amount of money paid to an insurance company in return for insurance protection.

PREMIUM CREDIT A discretionary credit deviation from the manual premium offered by an insurance company to some, but not all, policyholders. It is available to qualifying policyholders who practice certain loss prevention and cost containment activities. Some carriers call this program by a specific name such as workplace safety program. Credit amounts vary by carrier and can be up to 25 percent; they are in addition to a schedule rating.

PREMIUM DISCOUNT A provision—not to be confused with the premium credit—designed to distribute the cost of workers' compensation insurance equitably among risks of all sizes, so that the large risks pay no more than their fair share of loss costs and insurance company expenses. This discount is usually only available to policyholders whose premiums exceed \$5,000. The discount acts as a volume discount, comes off a table, and is not discretionary.

PRODUCER A term commonly applied to an agent, solicitor or other person who is paid a commission to sell insurance, producing business for an insurance company.

PURE PREMIUM RATE The estimated portion of a manual rate which is needed to pay only for the costs of anticipated losses (and loss adjustment expense) for claims attributable to a given policy year. An advisory pure premium rate is established each year for each of the over 400 classification codes by a centralized data collection agency called the Compensation Advisory Organization of Michigan (CAOM). These rates are not allowed, by state law, to include any trend factors or allowances for profits or expenses.

A number of workers' compensation insurance carriers doing business in Michigan use the CAOM's advisory pure premium rates to derive their own schedules of manual rates by simply multiplying a common factor (such as 1.4) times the pure premium rates.

R

RATE The cost of insurance per payroll before adjustment for an individual insured's size, exposure or loss experience.

RATING SYSTEM Every classification, rating plan, merit rating plan, rating value and rules manual used by an insurer in the determination of premiums.

REDEMPTION A settlement of a disputed claim, usually through a one-time lump sum payment, that fulfills the employer's or insurance company's potential liability for an injury or illness, which the employee alleges to be work-related.

A redemption is not considered to be an admission of liability, however. Redemptions are also occasionally used to terminate liability for ongoing payment of benefits in claims where benefits have been paid on a voluntary or uncontested basis for a number of years. Redemptions must be approved by a workers' compensation magistrate according to criteria set forth in law.

REHABILITATION A process of restoring the handicapped to the fullest physical, mental, social, vocational, and economic usefulness of which they are capable.

REHABILITATION BENEFITS Payments of benefits covering the cost for medical rehabilitation and/or vocational rehabilitation for those cases involving severe disabilities.

REMUNERATION The entire earnings, money or other substitutes for money of all employees engaged in the work operations covered by the policy (including executive officers and other employees engaged in operations covered by the policy) during the policy period.

RESERVE An amount representing actual or potential liabilities held by an insurance carrier to cover debts to policyholders.

RETROACTIVE PERIOD Most state compensation laws provide a retroactive period for disabled employees who are out of work for a long period of time. If a disability continues past a specified number of work days or weeks, then the compensation benefits will be paid retroactive to the date of injury, including the waiting period. In Michigan, if the disability continues beyond 14 days, benefits are due from the first day of disability onward.

RETROSPECTIVE RATING PLAN A plan that establishes an insured's actual loss experience during the policy term, subject to a minimum and a maximum premium, with the final premium being determined by a formula. Under this plan, the current year's premium is based on the current year's losses, although the premium adjustments may take months or years to determine the actual cost of the policy. These plans are used mostly with large accounts.

S

SCHEDULE RATING A deviation from the manual premium (either in the form of a credit or debit) offered by an insurance company to some, but not all, policyholders. It can total up to 25 percent and is usually based on factors such as loss control efforts, quality of management, and ability to reduce future losses.

SCHEDULED INJURY An injury listed in the workers' compensation law, such as loss of a finger or toe, for which specified compensation is payable regardless of whether or not the employee suffers a loss of earning power.

SECOND INJURY FUNDS A program (or similar arrangement) developed to meet problems arising when a pre-existing injury combines with a second to produce disability greater than that caused by the latter alone. The funds (1) encourage hiring of the physically handicapped and (2) more equitably allocate costs of providing benefits to such employees.

SELF-INSURANCE Ability of an employer to carry its own workers' compensation coverage without purchasing a policy through the private market. An application for approval must be filed with the Workers' Compensation Agency, Michigan Department of Energy, Labor & Economic Growth. Applications may be submitted by a single employer or through a group self-insurance fund on behalf of two or more employers in the same industry.

SHORT RATE CANCELLATION The cancellation of a policy by a policyholder that results, in some cases, in an additional charge.

SETTLEMENT See Redemption.

STANDARD EXCEPTIONS Certain types of work which are separately rated regardless of the governing classification.

SUBROGATION The condition that allows the insured to transfer the rights of recovery to the company when the company pays a claim brought against the insured.

SURVIVOR BENEFITS These are benefits that attempt to compensate the widow or survivor of an employee whose death results from a job-related injury.

T

TEMPORARY PARTIAL DISABILITY A condition which results in a partial loss of earning power but from which recovery can be expected.

TEMPORARY TOTAL DISABILITY A condition which disables the employee from working, but from which complete or partial recovery can be expected, enabling him/her to return to employment.

THIRD PARTY ADMINISTRATION Administration of the claims function by a third party for companies with self-insured-workers' compensation insurance.

TOTAL STANDARD PREMIUM The premium arrived at after the experience modification factor has been applied.

U

UNDERWRITE TO INSURE Scrutinizing a risk and deciding on its eligibility for insurance.

V

VOLUNTARY COMPENSATION AND EMPLOYERS LIABILITY COVERAGE ENDORSEMENT

The endorsement that provides workers' compensation benefits and employees liability insurance on a voluntary basis for employees who are not included under the workers' compensation law for various reasons, or whose status is doubtful.

VOLUNTARY MARKET The private, open or openly-competitive insurance market where a company official seeking insurance obtains coverage through an insurer of his or her own choice with no help from the state government.

W

WAITING PERIOD A legally-mandated period that must elapse before income benefits are payable. In Michigan, the initial waiting period is seven days; indemnity (wage loss) benefits are payable beginning with the eighth day of disability. This waiting period affects only compensation; medical and hospital care are provided immediately. If disability continues for a certain number of days or weeks, most laws provide for payment of income benefits retroactive to the date of injury. In Michigan, if a disability continues for 14 days, benefits are payable from the first day of disability onward.

WORKERS' COMPENSATION The coverage required by state law for compensation (medical and loss wages) to workers who are injured on the job, regardless of the employer's or employee's negligence.

WORKERS' COMPENSATION LAW Rules of conduct or action, prescribed and enforced by a controlling authority, governing employer and employee relations in handling occupational disabilities. All states, the District of Columbia and the U.S. territories have enacted a workers' compensation law.

WORKERS' COMPENSATION MANUAL A publication containing underwriting rules, classifications, and premium rates for workers' compensation insurance.