

***Does an out-of-state company have to provide Illinois workers' compensation insurance?***

Illinois law covers

1. Persons whose employment results in injury within Illinois, or
2. Persons whose work is principally located within Illinois, or
3. Persons whose contract of hire was made in Illinois

If an out-of-state company conducts business with its employees in Illinois, i.e., does any work at all in Illinois, even if all the workers' reside in the same state as the company, that company must provide a workers' compensation insurance policy that includes Illinois coverage for those workers.

If an employee from an out-of-state company is injured doing work in Illinois, he or she has the right to file a claim in Illinois. Only a workers' compensation insurance policy that includes Illinois on its coverage is valid.

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***Will my group health plan or occupations disability insurance cover workers' compensation?***

No. Group health, occupational disability, general liability, disability or property insurance will not cover workers' compensation liability. Only a workers' compensation policy fulfills this requirement. This coverage must be purchased from a carrier authorized to write workers' compensation insurance in Illinois.

***Can my employer deduct money from my paycheck for workers' compensation insurance?***

No. The employer must not charge the employee in any way for the workers' compensation benefits or insurance premiums.

Please visit our website:  
[www.iwcc.il.gov](http://www.iwcc.il.gov)

*Disclaimer: This information is not intended to be a full exposition on the insurance provision of the Illinois Workers' Compensation Act. For more information, we suggest you contact an attorney knowledgeable about workers' compensation.*

**Workers' Compensation  
Insurance Compliance  
At a Glance**



**STATE OF ILLINOIS  
WORKERS' COMPENSATION  
COMMISSION  
INSURANCE COMPLIANCE  
DIVISION**

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Chicago, IL 60601  
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**For Employers**

# Workers' Compensation Insurance: It's the LAW.

***How many employees does an employer have to have to come under the Act?***

If the employer has one employee, even a part-time employee, the employer must provide workers' compensation insurance.

***Is there a waiting period for workers' compensation coverage?***

No. From the moment they are hired, employees are covered by the Act and must be insured.

***Do employees who are family members have to be insured?***

Yes, unless;

1. They are bona fide corporate officers, or
2. They work for an agricultural enterprise that employs less than 400 working days of labor per quarter during the preceding calendar year, exclusive of working hours of the employer's spouse and other members of his/her immediate family residing with him or her

***What are the penalties if an employer fails to provide workers' compensation insurance?***

An employer that knowingly and willfully fails to provide insurance may be fined up to \$500 for every day of non-compliance, with a minimum fine of \$10,000. Corporate officers can be held personally liable if the company fails to pay the penalty.

In addition, corporate officers who are found to have negligently failed to provide insurance are guilty of a Class A misdemeanor; if they are found to have *knowingly* failed they are guilty of a Class 4 felony.

If the employer is found to have *knowingly* failed to provide insurance, the Commission may issue a work-stop order and shut down all business operations until the employer provides proof of insurance.

An employer that *knowingly* failed, it loses its protections under the Workers' Compensation Act. An employee who is injured during the time the employer was uninsured may sue the employer in civil court, where benefits are unlimited. During the trial, the burden will be upon the employer to prove it was not negligent.

***I am a sole proprietor/business partner/corporate officer/member of a limited liability company. Do I have to buy workers' compensation insurance?***

Sole proprietors, corporate officers, business partners and members of limited liability companies may elect to come under the Act or they may choose not to, except for employers in extra-hazardous\* occupations.

Employers in extra-hazardous occupations—construction, trucking, business operating at a construction site, etc.—must provide insurance (820 ILCS 305)

The Illinois Supreme Court has stated that referring to a trucker as an independent contractor, even in a written lease agreement, does not remove the trucking company's obligation to provide workers' compensation for those drivers. (Roberson v Industrial Commission).

*Note:* The Commission does not have an opt-out form. Notify your insurance carrier in writing if you wish to opt-out.