



Section 1 – Employment Issues Workers' Compensation Insurance

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Note: This publication is intended to provide general information about legal issues. It should not be cited or relied upon as legal authority. State laws vary and no attempt is made to discuss laws of states other than Oklahoma. For advice about how these issues might apply to your individual situation, consult an attorney.

What is workers' compensation insurance?

Workers' compensation insurance (often referred to as "workman's comp") is insurance designed to provide benefits to employees who have been injured in the course of performing their job. Under various circumstances, it may make payments to individuals who are unable to work due to an injury, help cover medical or therapy costs, or provide benefits to an employee's family if he/she was killed in a work-related accident.

Am I required to provide workers' compensation insurance for my agricultural employees?

Although Oklahoma law requires most employers to provide workers' compensation insurance for their employees, agricultural and horticultural employers are exempt from this requirement, if their annual payroll is less than \$100,000. If an agricultural employer has a payroll over that amount, he/she is required to pay workers' compensation insurance for all agricultural employees (except those who do not work with motorized equipment). **However, you should also consider that you may be liable for an employee's injury. If that employee were to successfully sue you for damages, it could cost you your operation. Therefore, consider purchasing insurance for employee injury even if it is not required.** It may be possible to add such coverage to your personal insurance policy. Consult with your insurance agent for more information.

Where can I get workers' compensation insurance?

There are three ways you can get workers' compensation insurance for your employees:

1. Private insurance carrier authorized to do business in Oklahoma

Private insurance carriers can be used to provide workers' compensation insurance if they meet the requirements of Oklahoma law and have been authorized to provide such insurance by the Oklahoma Department of Labor and the Oklahoma Workers' Compensation Court. For a list of the companies authorized to sell workers' compensation insurance, write or call:

Bob Card, Property and Casualty Rates Division
Oklahoma Insurance Commissioner's Office
1901 North Walnut
Oklahoma City, OK 73152
phone: (405) 521-3681

2. State Insurance Fund

The State Insurance Fund was established in 1933 to provide a reliable market for workers' compensation insurance. It operates as a separate government agency, acting as an insurance company in competition with other insurance companies. To obtain a quote of its insurance rates for your operation, contact:

Sharon Douglas
Oklahoma State Insurance Fund
P.O. Box 53505
Oklahoma City, OK 73152
phone: (405) 552-5852

3. Self-insurance against workers' compensation liability

If an employer can provide satisfactory proof of their financial ability to pay compensation to injured workers, they can carry their own risk (they are "self-insured"). This must be

approved by the Oklahoma Workers' Compensation Court. To be approved, the employer must meet the following criteria:

- The firm must have been continuously in business for not less than five years.
- The payroll for the firm must have been, at minimum, an average of \$1,000,000 in each of the three preceding years.

- The shareholders' equity in the firm must not be less than \$500,000.
- The firm must have no less than 100 employees.
- The firm must demonstrate the financial strength to pay all their workers' compensation obligations.

Legal References:

Title 85 Oklahoma Statutes, the Workers' Compensation Act

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