

Workers' Compensation (If Any) vs Contingent Liability

**For
1099 Owner/Operators**

Understanding the Risks of the Wrong Insurance

**Presented By XYZ Insurance
Your Expert in Trucking Risk Management**

Policy Limits:

Contingent Liability

Policies have a limit of \$1,000,000 or \$2,000,000
Defense Costs are INCLUDED in this capped limit

(If Any) Workers' Compensation

“If Any” Workers' Compensation pays unlimited Statutory
Workers' Compensation benefits in all states

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Legal Defense:

Contingent Liability

Will pay legal expenses but it reduces the amount of coverage available

(If Any) Workers' Compensation

Will pay legal expenses incurred if an Owner/Operator sues for Employee Status

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Legal Defense:

Contingent Liability

Cannot defend before the Workers' Compensation board.
This means the Motor Carrier's Workers' Compensation company must defend.

(If Any) Workers' Compensation

Carrier defends the case before the Workers' Compensation board

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Coverage:

Contingent Liability

Limited Coverage – Less than Workers' Compensation

(If Any) Workers' Compensation

Full Workers' Compensation Coverage

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Exclusions:

Contingent Liability

1. Any claim where an employee thinks he was told he has Workers' Compensation
2. Any claim where an employee was under the influence of drugs
3. Any claim if the state changes the law to make all Independent Contractors Employees
4. Any claim where the company had a claim and the court deems all Independent Contractor drivers are Employees
5. Injury aggravated by the Independent Contractor or while committing a felony
6. Any claim brought after 15 days from when you get notice of a suit

(If Any) Workers' Compensation

None – Full Workers' Compensation benefits

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Incidental Exposures:

Contingent Liability

No incidental exposures are covered

(If Any) Workers' Compensation

Incidental exposure such as Helpers & Casual Laborers are covered. Owner/Operators are protected from inadvertent violations of Workers' Compensation laws

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Incidental Exposures:

Contingent Liability

Claims must be paid by the Motor Carrier's insurer or the Motor Carrier before the Contingent Liability policy will reimburse.

(If Any) Workers' Compensation

Pays true Workers' Compensation benefits to the driver

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Certificates of Insurance:

Contingent Liability

Cannot provide a certificate showing Workers' Compensation

(If Any) Workers' Compensation

ACCORD Certificates showing a Workers' Compensation policy are issued to the driver.

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Payroll Audits:

Contingent Liability

Can not certificate Workers' Compensation coverage. Workers' Compensation auditors will likely assess an additional premium on all Independent Contractors for the last 3 years because they are deemed to be uninsured subcontractors.

(If Any) Workers' Compensation

Certificated Workers' Compensation satisfies auditors

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Admitted Coverage:

Contingent Liability

Surplus Lines Policy and is written on non-admitted paper

(If Any) Workers' Compensation

Is admitted insurance

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Surplus Lines Tax:

Contingent Liability

The tax is an additional cost to the insured.

Who will file the Surplus Lines Tax?

(If Any) Workers' Compensation

No Surplus Lines tax

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Which would the driver want?

Any driver who finds he is not sufficiently covered by Occupational Accident insurance is likely to want the coverage of Workers' Compensation.

Unless you have our program in place, that means the driver would petition the Workers' Compensation Board for Employee Status and would likely gain access to your corporate Workers' Compensation Policy.

Once that driver is declared an employee, he is likely to seek employee benefits (401k, paid vacation, sick leave, etc.) and may even seek to have them paid retroactively.

If one driver is declared an employee... The others may also be considered employees. This can lead to enormous expenses.

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Let us show you how to avoid all of these risks and see that your drivers receive the right coverage.

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