Ethiopian Community in Seattle

Washington State Department of Labor & Industries

In partnership with the Department of Labor & Industries for employer outreach and education.

What is Workers' Compensation and Why Does Your Business Need it?

Introduction

If you own a small business in Washington State and have employees, you are likely required to provide workers' compensation insurance through the Department of Labor & Industries (L&I).

1. What is Workers' Compensation?

Workers' compensation is a type of insurance that helps protect both employees and employers when a workplace injury occurs.

It provides:

- Medical care for injured workers
- Wage replacement during recovery
- Support for long-term disability (if needed)

At the same time, it protects employers from having to pay these costs directly.

2. Who Needs Workers' Compensation?

Most businesses in Washington State must have workers' compensation if they have employees.

This includes:

- Full-time employees
- Part-time workers
- Temporary or seasonal workers
- Family members working in the business

Even if your business is small, you are still responsible for coverage in most cases.

3. Why is Workers' Compensation Important?

Workers' compensation helps:

✓ Protect Employees

- Ensures they receive care if injured
- Provides financial support

✓ Protect Employers

- Reduces financial risk
- Prevents costly legal claims

✓ Keep Your Business Compliant

- Required by law
- Avoid penalties and fines

4. What Employers Need to Do

As a business owner, you should:

- Register your business with L&I
- Report employee hours worked
- Pay insurance premiums on time
- Keep accurate employee records

These steps help ensure your business stays compliant and protected.

5. What Happens When a Worker is Injured?

If a worker is injured:

1. The worker seeks medical care
2. A report is submitted to L&I
3. L&I reviews the claim
4. Benefits may be provided

As an employer, you play an important role by:

- Providing accurate information
- Supporting the worker's return to work

Common Mistakes to Avoid

Many small businesses make mistakes such as:

- Not registering for workers' compensation
- Misclassifying workers
- Not reporting hours correctly
- Missing premium payments

Avoiding these mistakes can save your business time and money.

Conclusion

Workers' compensation is an essential part of running a business in Washington State. It protects your employees, safeguards your business, and ensures compliance with the law.

Understanding the basics will help you avoid problems and operate your business with confidence.

References

L&I – **Employers' Guide to Workers' Compensation Insurance in Washington State**

Resources

If you are have any questions:

- Visit: Lni.wa.gov
- Refer to L&I's Independent Contractor Guide: A Step-by-Step Guide to Hiring Independent Contractors in Washington State on the web at Lni.wa.gov/go/F101-063-000 or contact L&I's Employer Services Help Line at **360-902-4817**.
- You can go to the *Do I Need a Workers' Comp Account?* Web page.
- Visit Lni.wa.gov/Insurance
- Visit ecseattle/socialmedia or call to 206-325-0304