

*Quick Start Guide to
Workers' Compensation Insurance
Requirements for
Massachusetts Employers*



The following is a brief synopsis of the workers' compensation insurance requirements for employers in the Commonwealth of Massachusetts. The information is intended to provide a brief overview and not a substitute for legal advice. Workers' Compensation Insurance policies are available from most insurance agents throughout the Commonwealth. Additional information is available at the Department of Industrial Accidents (DIA) web site, www.mass.gov/dia, by scanning the QR code below, or calling 617.727.4900.



Scan this to access DIA web site

What is Workers' Compensation Insurance?

An insurance policy that specifically covers workers who sustain an injury or occupational illness while at work. The policy pays for reasonable and necessary medical treatment related to the injury and pays compensation to the worker for lost wages after 5 full or partial calendar days.

The insurance is required by Massachusetts General Laws, Chapter 152, §25A.

Who needs Worker' Compensation Insurance?

Every employer with one or more full or part-time employees operating in the Commonwealth of Massachusetts is required to have workers' compensation insurance.

Who needs to be covered?

If you have someone employed directly by you, under your direction and control they are considered employees and must be covered. There are **no** minimum hours that need to be worked or exemption for family members who work for you. Issuing a 1099 tax form does **not** exclude an employee from being covered. Ensuring that employees are covered is the responsibility of the employer.

Corporate Officers

If you have an active corporation in Massachusetts, all corporate officers must be covered by a workers' compensation policy as they are employees of the corporation. However, there is an exception, corporate officers or directors who own at least 25% of the company may exempt themselves from the mandatory coverage. The maximum number of people allowed to be exempt is four. Each person filing for the exemption must sign the Affidavit of Exemption of

Corporate Officers (DIA Form 153) and submit it to the Office of Investigations for approval. The form is available online and can be submitted that way.



Scan this box for access to Form 153

What Happens When the Employer Doesn't Have Coverage?

The Office of Investigations will issue the employer a Stop Work Order (SWO) pursuant c. 152 §25 statute, if it is confirmed that a valid insurance policy or self-insurance is not in place. Once the SWO is issued, the workplace/worksite in MA must cease operations. The SWO carries a daily fine of \$100.00 per day until policy verification is received and the fine is paid. The SWO can be appealed, which allows the employer to continue operating until an Appeal Hearing is held. The fine increases to \$250.00 a day until policy verification is received and the fine is paid, if found to be in violation.

Violations of the statute can also lead to criminal prosecution of employers or certain corporate officers, leading to fines up to \$1,500.00, or imprisonment of not more than one year or both.

If an employee is injured and there is no workers' compensation policy in effect, the Workers' Compensation Trust Fund (WCTF) may pay lost wage and medical benefits for the injured employee. The DIA's legal staff will pursue legal action against the employer to recover the funds expended by the WCTF. These civil proceedings are separate from SWO proceedings.

Debarment from State and Municipal Funded Contracts

If an employer is found to be in violation c. 152 § 25A, it is immediately debarred from bidding or participating in any state or municipal funded contracts for a period of three years.

The Department of Industrial Accidents will help your business be successful by avoiding legal problems and ensuring that you follow the workers' compensation laws for your employees. Please let us know if you have questions or need additional information.