

Insurance Times: Mass. to exempt small firms from WC mandate

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by Mark Hollmer

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BOSTON — Small business-owners stand to benefit from Massachusetts workers compensation changes passed by legislators in early July and expected to be signed into law by acting Gov. Jane Swift.

The bill lets certain corporate officers with at least 25 percent equity in the corporation/business exempt themselves from workers compensation coverage.

A dual measure lets sole proprietors claim themselves as an employee so they can buy workers compensation coverage if they wish.

The measures bring Massachusetts in line with “many other states” that “have allowed similar provisions to give small business persons some flexibility,” said bill sponsor Rep. Michael Rodrigues, D-Westport.

Right now, incorporated, small business owners in Massachusetts must buy workers compensation insurance for themselves, even if they don’t need it.

Massachusetts sole proprietors, on the other hand, aren’t allowed to buy workers compensation for themselves.

Rodrigues said the bill presents changes that will be good for small businesses.

“If you are a sole proprietor and don’t incorporate you are (currently) precluded from buying workers compensation for yourself. It’s important we allow that option for small business people, (such as) contractors,” he said.

“Many times, if a small contractor wants to work on a particular job site (he or she is) required to produce a certificate of insurance” before being allowed to work.

A sole proprietor loses out if proof of coverage can’t be shown, he said.

Business owners who are incorporated don’t always need workers compensation for themselves because they have health insurance of another kind, Rodrigues said.

And “if they are out of work there is no business to support them,” he said.

Legislators have tried to pass versions of the bill for years, Rodrigues said, adding that the version that passed in July has insurance industry support.

“It’s been a long time coming,” he said, “but we finally got it done.”