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Update

## IRMI Update

**Risk Management & Insurance Commentary, Tips, and Tactics**

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### Risk Tip

## Recognize Risks of Opting Out of Workers Comp Coverage

In most states, company owners and executive officers can opt out of (or not opt in to) workers compensation coverage. But, are they aware that if they do so, their health insurance may not pick up their work-related medical claims? If they have health insurance through their own company's group insurance policy, then they can usually arrange to be covered for work-related injuries under that policy. It then becomes "24-hour" coverage for them. But many employed by small businesses are insured under their spouse's (or parents') health insurance, and those policies almost always have a work-related injury exclusion.

So, for instance, the owner of a small business exempts herself from workers compensation insurance and is covered under her husband's health insurance policy. She is seriously injured in a work-related, at-fault auto accident. Once she has exhausted her auto's medical payments or no-fault coverage, she is probably uninsured for the rest of her medical expenses. Agents should be informing their customers who exempt themselves from workers compensation coverage that they may be setting themselves up for medical bill bankruptcy and limited medical treatment options.

Even if they are covered under their own health insurance policy on a 24-hour basis, their loss of income claim will still not be covered. An individual disability income policy may be the answer. Or, perhaps they should decide to cover themselves under workers compensation insurance after all.

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