



April 2005

RE: Facts regarding workers compensation laws.

From time to time we like to send out information that may be helpful to your business. With the contracting season coming into full swing we, again, thought information on workers compensation laws and independent contractors may be helpful.

We see this as a value added service and hope you find the enclosed information helpful in determining whether you or your subcontractors are required to carry workers compensation. Sections outlined titled "Worker's Compensation Insurance Requirements" and "Independent Contractors" are from the *State of Wisconsin, Office of the Commissioner of Insurance; Consumer's Guide to Worker's Compensation Insurance for Employers*. You may also visit our website: [www.glassinsurancecenter.com](http://www.glassinsurancecenter.com) and click on the "Resource Center" to view this information. There will also be a link there where you can click to get additional Wisconsin Workers Compensation information.

If you have any questions, please feel free to call Jodi Cordes to discuss.

Thank you for being our client.

Sincerely,

Glass Insurance Center

The following are sections taken from the *State of Wisconsin, Office of the Commissioner of Insurance Consumer's Guide to Worker's Compensation Insurance for Employers*.

### **Worker's Compensation Insurance Requirements**

An employer must carry a worker's compensation insurance policy if they do any one of the following:

- 1) Usually employs three or more persons full- or part-time. You need insurance immediately; or
- 2) Employs one or more full- or part-time employees to whom you have paid gross combined wages of \$500 or more in any calendar quarter for work done at one or more locations in Wisconsin. You must have insurance by the 10th day of the first month of the next calendar quarter;

### **Independent Contractors**

Under s. 102.07 (8), Wis. Stat., a person is required to meet a nine-part test before a person can be considered an independent contractor rather than an employee. To be considered an independent contractor and not an employee, an individual must meet and maintain all nine of the following requirements:

- 1) maintain a separate business;
- 2) holds or has applied for a federal employer identification number with the federal internal revenue service or has filed business or self-employment income tax returns with the federal internal revenue service based on that work or service in the previous year; [Note: When requesting a Federal Identification Number (FEIN) from the IRS, you must inform the IRS that you are required by Wisconsin Worker's Compensation law to obtain a FEIN. A social security number cannot be substituted for a FEIN and does not meet the legal burden of s. 102.07 (8), Wis. Stat.]
- 3) operate under specific contracts;
- 4) be responsible for operating expenses under the contracts;
- 5) be responsible for satisfactory performance of the work under the contracts;
- 6) be paid per contract, per job, by commission, or by competitive bid;
- 7) be subject to profit or loss in performing the work under the contracts;
- 8) have recurring business liabilities or obligations; and
- 9) be in a position to succeed or fail if business expense exceeds income.