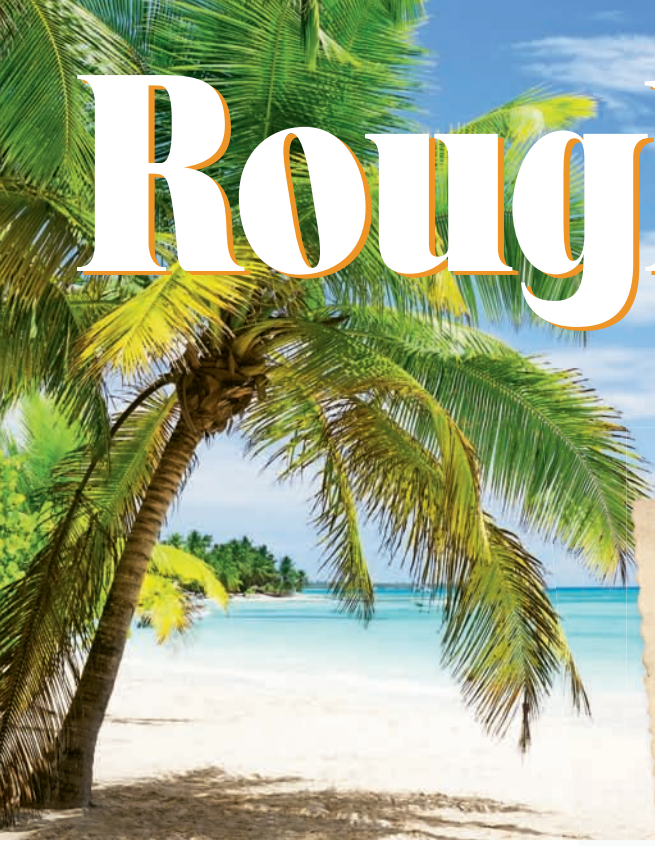


Rough Notes[®]

A supplement to the May issue of **Rough Notes** magazine



WORKERS COMP IN THE HOME: A WISE CHOICE



High-value clients with domestic workers need added protection that comp provides

By Jeff Thompson

Workers compensation may not technically be required for most high-value clients who have employees working in their homes. But these clients would be wise to provide the coverage in order to protect themselves against costly claims. Agents who represent high-value clients should offer workers compensation to protect their clients and complement other coverages.

A domestic worker is someone who works within the employer's household. Domestic workers perform a variety of household services for an individual or a family. Typically, they provide care for children and elderly dependents and do housekeeping, general home maintenance, and grounds upkeep. Other responsibilities may include cooking, laundry and ironing, shopping for food, and undertaking other household errands.

If you are an agent, especially located near Naples, Sarasota, Palm Beach, Miami, and the Florida Keys, your clients may have employees working in their homes. Clients do not often think about insurance, especially workers compensation. This is another good reason to contact your clients with a needs assessment for their insurance portfolio.

Doesn't the homeowners policy cover an injured worker on the property? No. Typically property coverage would not cover injured employees. Workers compensation is needed for the following reasons for high-value clients who employ domestic workers:

- It covers injured employees where property or umbrella policies will not.
- Its coverage protects the high-value client's assets.
- It has no stated limits of coverage for part 1. Part 2—Employers Liability goes to \$1 million. This is added protection.
- Domestic employees who are legitimately injured while working typically would not have the necessary benefits to cover their medical expenses. The workers compensation coverage would take care of it.
- With the recent legal changes, attorneys can recover unlimited costs associated with a claim, driving up exposure for high-value clients.
- Insurance agents, especially those who write personal lines, should be advised to not only offer workers comp to their high-value clients who employ domestic workers, but also to have them sign a document if they reject

coverage. This is added protection for the agent in the event that a domestic worker is injured without workers comp in place.

Insurance agents who do their homework realize that this is an area that is often overlooked when discussing high-net-worth clients' insurance needs. It only takes one catastrophic claim to discover how exposed your clients are.

For example, say you have one significant high-net-worth client in Naples who employs five individuals to work in the client's home, carrying out tasks such as acting as a nanny, cleaning, cooking, and doing yard work. The cook accidentally slips and falls down a flight of stairs and is rendered a quadriplegic.

With the heavy litigation in Florida and especially with the recent changes in Florida workers compensation (e.g., longer indemnity period, no cap on attorney fees), if your client does not have the needed workers compensation policy that also covers employers liability, the exposure to your client becomes shocking from a financial viewpoint. When their attorney checks on their insurance portfolio that you provided, they will notice something significant missing: workers compensation.

The attorney who wants to earn more fees will then likely sue the agent for not providing counsel to the client on the need for workers compensation. Technically, in this scenario, workers compensation was required because there were more than four employees, but even with fewer than four, the liability remains with the client. Workers compensation pays first of all insurance. Be sure you have your high-value clients' best interests in mind and your errors and omissions policy covered by offering workers compensation.

Omega Insurance Solutions is proud to offer an exclusive program with A-rated workers compensation coverage for domestic workers nationwide. For more information, visit omega4agents.com/workers-comp/workers-comp-domestic-workers/. ■

The author

Jeff Thompson is owner of Omega Insurance Solutions, a wholesale broker writing workers comp and admitted commercial lines insurance through independent agencies, and Advanced PEO Solutions, a full-service professional employer organization. www.omega4agents.com and www.advancedpeo.com

Do your high value clients need Workers' Compensation?
Yes! If they have employees working in the home.



Omega has an **EXCLUSIVE** national program



Hard to place workers' compensation is our specialty!

We also write BOP, GL, Commercial Auto and Inland Marine.

Omega
Insurance Solutions

wc@omega4agents.com

Phone: 866-997-0711

Fax: 866-611-9598

Omega4Agents.com