

---

# DESANCTIS INSURANCE AGENCY, INC.

---

Phone: (781) 935-8480  
Fax: (781) 933-5645

36 Cummings Park  
Woburn, Massachusetts 01801

To Our Valued Clients:

September 2006

## **Workers' Compensation Second Degree Felony for Failure to Comply**

Attached is a copy of the letter we sent you in May regarding "Other States" Coverage. It mentions the importance of telling us whenever you have work in another state not currently listed on your policy so that we can properly add that state.

It was recently announced that Florida Statute has made it a second degree felony for failure to comply, carrying the possibility of fines and imprisonment. Following the two devastating hurricane seasons which resulted in a significant influx of out-of-state contractors Florida has made it mandatory that all contractors working in the state have coverage provided by a carrier licensed in Florida, with Florida specifically listed in section 3.A. of the policy Information Page. Having Florida listed in 3.C., the Other States section, does not satisfy the requirement. In addition to assuring proper coverage, Florida wants to make sure contractors pay the appropriate Florida rates, and that Florida collects its portion of the premium tax.

Similarly, any contractor who subcontracts work in Florida must require proof of Florida Workers' Compensation coverage, provided by a Florida licensed carrier, with Florida listed in item 3.A. of the Information Page. Florida statute regarding the definition of an independent contractor is also very strict, and carries a penalty of up to \$5,000 for every employee found not to be an independent contractor.

Florida laws are quite strict, and there may be additional states that have similar penalties, so please be sure to tell us of any state not listed in item 3.A. of your policy, in which you now have operations, or in which you begin operations at any time during the policy term, so we can take the steps necessary to provide the proper coverage. Require similar proof of coverage from your subcontractors as well.

Very truly yours,

DeSanctis Insurance Agency, Inc.

---

---

# DESANCTIS INSURANCE AGENCY, INC.

---

---

Phone: (781) 935-8480  
Fax: (781) 933-5645

36 Cummings Park  
Woburn, Massachusetts 01801

To Our Valued Clients:

May 2006

## **Workers' Compensation You May Not Have Coverage In "Other States"**

You should be aware that your Workers' Compensation and Employers' Liability policy may only pay benefits required of the states listed in item 3.A. of your policy's Information Page. That list should include all the states in which you were performing operations at the inception of your policy term, and any states in which you began operations during the term. Those listed states are the only states for which the carrier has shown classifications and rates on your policy schedule. Your coverage for any of the "Other States" not listed in item 3.A. has limitations or is excluded.

First, let us clarify what we mean by Other States coverage. Primarily, your Workers' Compensation policy provides coverage only for operations and employees of the states that are listed on your policy, specifically in item 3.A. of the Information Page. If an employee is injured in any other state not listed there, and files for workers' compensation benefits in that other state, and the other state takes jurisdiction over the claim, Other States coverage would be needed in order for the insurer to provide the potentially higher benefits required by that state's workers' compensation laws ("other state's benefits").

Coverage may or may not be available for that "other state" under your existing Workers' Compensation policy. You do have coverage for other states, if those states are listed in item 3.C. of your Information Page, if you begin work in any of those states after the effective date of the policy, and you "tell us at once" when you begin work. When the carrier is notified of work in the other state, they will then add it by endorsement to the list of states in Item 3.A..

The policy does clarify, "If you have work on the effective date of this policy in any state not listed in item 3.A..., coverage will not be afforded for that state unless we are notified within thirty days". If a particular state is not listed in 3.A., and is excluded from 3.C., then you have no coverage for that state neither for your employees, nor for any injured employee of an uninsured subcontractor working in that state. However, if we are told of work in an uncovered state, we may be able to arrange coverage under a separate policy.

So, rather than taking the chance of having an uncovered claim, please be sure to tell us of any state, not listed in item 3.A. of your policy, in which you now have operations, or in which you begin operations at any time during the policy term. We can then determine whether we can endorse your current policy, or whether an additional policy is needed to properly cover your "other state" work.

Very truly yours,

DeSanctis Insurance Agency, Inc.