

Cleveland State Community College Small Business Development Center Newsletter

NEWS YOU CAN USE

Worker's Comp – Worthwhile Investment?

OK, you've just opened your business. The subject of Worker's Compensation has come up. Do you really need it or is it just another expense you can't afford? First you need to find out what it is and if you are required by law to have it.

Worker's Compensation is an insurance policy that employers take out to cover medical costs, rehabilitation costs and lost wages for employees injured on the job. In Tennessee it is required for all businesses with five or more full or part-time employees and any construction related or coal mining business with one or more employees. You can get Worker's Comp from any insurance company licensed to write such policies. Price is based on a percentage of the annual wage you pay an employee. For example, a retail sales person being paid \$8.00 per hour or \$16,500 per year would have a premium ranging from \$297 to \$437 per year.

So is it worth it for you to get Worker's Comp? If you have more than five employees or are in construction you have no choice. It's required by law. And the penalties for violating the law can be severe, up to 2.5 times the yearly premium and the state can even force your business to close. But what if you are not in construction and have fewer than five employees? Should you consider getting Worker's Comp?

Suppose your retail sales employee is injured on-the-job while stepping down a flight of stairs and you don't have Worker's Comp. They have the right to sue you and there are no limits to your liability. A judgment against you could wipe out your business and your personal finances. With a Worker's Comp policy in force, however, compensation for their medical bills is covered and you are protected from this kind

Contact Information:

Small Business Development Center
Cleveland State Community College
3535 Adkisson Drive
Cleveland, TN 37312
423-478-6247
emaples@tsbdc.org

Questions & Answer

Q: How do I determine if I can classify someone as an Independent Contractor as opposed to an Employer?

A: An employee is someone you control what will be done and how it will be done. An independent contractor is someone that you have the right to control or direct only the result of the work done, and not the means and methods of accomplishing the result. An example of an independent contractor is an electrician that you hire to wire a home for a fixed price. He does not work exclusively for you and he will be paid the fixed amount for the job regardless of the actual hours he works.

SWEETWATER HOME FOR SENIORS



There is a new program gaining in popularity that places a premium on enriching the lives of the elderly through daily involvement with animals, plants and children. It's called the Eden Alternative™ and it is being introduced in Tennessee with a grant offered by the Division of Healthcare Services.

Sweetwater Home for Seniors has just been awarded one of these grants and will use it to install a greenhouse and small bird aviary. Sweetwater Home for Seniors is a state licensed assisted care living facility owned by Sam Beverly and his wife, Tracey Beverly, MD.

Empowering Small Business.

