

# State laws and penalties

## QUICK OVERVIEW

The Minnesota Department of Labor and Industry aggressively assesses penalties to deter late reporting and to encourage compliance with other state workers' compensation rules.

### Be aware of state requirements and penalties

Most penalties are related to late filing of First Reports of Injury. Do the right thing and report all injuries on time.

#### Late 'First Report of Injury'

An employer is required by state law to report a work injury to its workers' compensation company within 10 days of the employer's knowledge of the injury. The state charges a fine for reporting late.

If an employee can't work because of injury, the law requires that either an initial payment of wage-loss benefits or a denial of liability be issued within 14 days of the first day of lost time, or your notice of the lost time. That shows how important prompt reporting is. If an employer doesn't report the injury right away, SFM

**Report injuries to SFM immediately by having the injured worker and supervisor call the SFM Work Injury Hotline together**

can't investigate the claim, determine compensability and issue a first payment or a denial within those 14 days. As a result, both the policyholder and SFM can be penalized by the

state.

Not only does prompt reporting and handling of claims reduce costs and avoid penalties, but it also responds to the needs of your injured employees, leading to higher employee morale and satisfaction. Injured employees will get frustrated if they call about the status of benefits but can't get complete answers because the employer's late reporting delayed the claims representative's work.

#### Late first payment

If the first payment is made to the employee one to 15 days late, the penalty is 30 percent of the money due to the employee and is paid to the state's Assigned Risk Plan. This fine increases dramatically as each additional day goes by without a payment.

On top of the penalty paid to the state, a fine equal to 25 percent of the original amount due is paid directly to the injured employee. See example on back.

#### Late denial of liability

If a claim is not payable under workers' compensation, the insurer must send a denial of liability to the Minnesota Department of Labor and Industry. If the denial is not filed within 14 days of the employee's first day of lost time or your notice, a penalty can be assessed at the following rate:

- 1 to 15 days late \$250
- 16 to 30 days late \$500

- 31 to 60 days late \$1,000
- 61 or more days late \$2,000

**Even if you doubt the injury is work-related, notify SFM immediately so an investigation can be conducted and a first wage-loss benefit payment or denial can be issued on time.**

If SFM cannot make a payment or file a denial on time because the policyholder did not report the injury in a timely manner, SFM will seek reimbursement from the policyholder for any penalty assessed.

**Penalties can add up!**

This example illustrates how penalties for late reporting can cost employers big bucks.

*Example:* The injured employee's pre-injury weekly wage is \$410. The compensation rate is two-thirds of the wage, or \$273.33. The first payment to the employee is 15 days late due to late filing of the First Report of Injury. Penalty costs would add up for the employer.

Late filing of First Report of Injury \$ 500.00

Late First Payment

paid to the state ( $2 \text{ wks} \times \$273.33 = \$546.66 \times 30\% = \$164$ ) \$ 164.00

paid to the employee ( $2 \text{ wks} \times \$273.33 = \$546.66 \times 25\% = \$136.67$ ) \$ 136.67

Total amount of penalties \$ 800.67



**Call your SFM claims representative or visit [sfmic.com](https://www.sfmic.com) for more information on reporting injuries.**