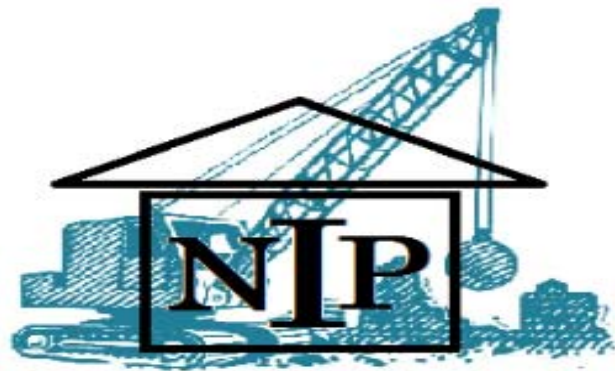


Neighborhood Initiative Program
Program Notice 7



Date: August 26, 2016

To: NIP Lead Entities and Partners

From: NIP Staff

Subject: Program Notice #7: Workers' Compensation Insurance

We are receiving questions and comments about NIP requirements for worker's compensation insurance. This notice is being sent to provide clarification on workers' compensation requirements for contractors performing services under the Neighborhood Initiative Program. Included with this notice are the Frequently Asked Questions and Chapter 1 of Section 42 of the General Provisions located on South Carolina Workers Compensation Commission website. For convenience, we have highlighted sections of importance, related specifically to the questions and comments we have received.

NIP requires that all contractors regardless of the service they are performing (demolition, abatement, professional services, etc.) be appropriately insured and at a minimum be in compliance with all applicable laws, one of which being SC Worker's Compensation law.

There appears to be confusion regarding who is exempt from being required to have worker's compensation insurance. Many contractors are mistakenly determining themselves to be exempt based on the determination that they have less than four employees, without taking into consideration how the SC workmen's compensation law defines an "employee" or the additional exemption requirements identified in the statute. The SC Workers' Compensation Commission defines an employee for the purposes of workers' compensation as "every person engaged in an employment under any appointment, contract of hire, or apprenticeship, expressed or implied, oral or written, including aliens and also including minors, whether lawfully or unlawfully employed". This definition of employee includes day laborers, subcontractors, contract employees, etc.

The majority of contractors performing services for NIP do not meet the exemptions described in Chapter 1 of Section 42. In general, workers' compensation insurance is required unless the business owner has less than four employees (as defined by SC workers' compensation law), the business owner is a sole proprietor that is not awarding subcontracts of any type to any other persons or entities, or the annual revenues of the business do not exceed \$3,000.00. When a

business owner is a sole proprietor and the exemption criteria are met, NIP requires that documentation be submitted that demonstrates the sole proprietor has adequate private medical insurance.

Workers' Compensation Insurance is a requirement for contractors participating in the Neighborhood Initiative Program. Awarded contractors that subcontract any portion of the work are responsible for using sub-contractors that meet NIP qualification requirements. Documentation that demonstrates subcontractors meet program qualifications for insurance, debarment, and licensing, must be submitted. It is important to provide detailed information to potential contractors in solicitation requests that explain in detail the qualifications contractors and their subcontractors must meet to participate in the program. As a reminder all contracts and associated documents, such as insurance certificates must be submitted for review prior executing the contract.

SC Workers' Compensation Commission Frequently Asked Questions

<http://www.wcc.sc.gov/Pages/default.aspx>

Chapter 1 of Section 42 General Provisions

<http://scstatehouse.gov/code/title42.php>

Please contact your assigned program representative with any questions.