

Contractors:

Are your subcontractors
really independent?

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Should you pay L&I premiums for them?

Washington state law requires industrial insurance coverage for independent contractors. In many cases, determining if your subcontractors are covered workers and who is responsible for premiums can be very complicated.

Industrial Insurance is mandatory when independent subcontractors are under your direction and control. Paying them by the hour or piecework is one indication they may be under your direction and control, which makes you accountable for their industrial insurance premiums. You also are liable for premiums when subcontractors provide only their personal labor. (RCW 51.08.180.)

Does a contractor registration and UBI number exempt subcontractors?

No. Holding a current Contractor's Registration and UBI number does not automatically exempt individuals from industrial insurance coverage. There is an exemption allowed for independent contractors who meet all of the requirements outlined in RCW 51.08.180 or as an alternative, RCW 51.08.195.

Contractors exempt from industrial insurance coverage must be free from your direction and control, *AND* operating an independently established business.

Can I be held liable for premiums on contractors I thought were exempt?

Our audit section continues to find contractors who are not paying premiums on their subcontractors who are mandatorily covered by industrial insurance. As a result, we are required to make large tax assessments, which also include penalties and interest. These retroactive assessments may go back three years.

We encourage you to look carefully at the facts before treating subcontractors as exempt from industrial insurance. To discuss your specific situation or for more information, contact your local Department of Labor and Industries service location by looking in the blue or white government pages of your telephone book.

Visit L&I's web site at www.wa.gov/lni

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