

**PROPRIETORS, PARTNERS -- WORKER'S
COMPENSATION/ACCIDENT AND HEALTH INSURANCE**

Undated

The 101st Indiana General Assembly passed legislation permitting sole proprietors and partners to apply for Worker's Compensation coverage, beginning September 1, 1979, if they so desire.

Since the change in the Indiana Worker's Compensation law is not mandatory, the Department of Insurance foresaw the possibility of some proprietors or partners not choosing to be covered by Worker's Compensation and might forfeit benefits they are entitled to receive from their individual or group accident and health insurance policies. Our concern was derived from the fact that many accident and health insurance contracts exclude benefit payments if the insured is eligible to receive Worker's Compensation.

The Department, in seeking resolution of this concern, solicited the assistance of the members of the Association of Indiana Life Insurance Companies (AILIC), the National Association of Independent Insurers (NAII), Blue Cross and Blue Shield. The various organizations polled were asked how they would treat an accident and health claim if the insured was eligible to apply for Worker's Compensation coverage but had not elected to do so. Companies responding to the poll held the position that claim acceptance (or denial) would be based upon whether the individual was eligible to receive the benefits of Worker's Compensation, not whether the individual was eligible to apply for Worker's Compensation coverage.

In other words, if a partner or proprietor has not actually purchased a Worker's Compensation policy, he/she will not be considered eligible for Worker's Compensation benefits.

The Department of Insurance commends this posture and directs all companies selling accident and health insurance to adopt that principle when determining the acceptability of claims involving proprietors and partners who have not elected to be covered by Worker's Compensation. The Department also requests companies to endorse current contracts to reflect this position if the language contained in the policy does not conform to the provisions of this Bulletin.

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INSURANCE COMMISSIONER