



LB 139 – Contractor Registration Act

Sponsor: Senator Mark Kolterman
Date of Hearing: January 28, 2019

Committee: Business & Labor
IIAN Position: **Proactive Support**

Background: Today an individual independent contractor (IIC) is not required to insure him/herself for Workers' Compensation losses. If an IIC is injured while working for a third party, it is left to the Workers' Compensation Court to determine, after the fact, whether or not the IIC was actually covered under a Workers' Compensation policy. This creates much uncertainty, since the determination of coverage may come long after the hiring party purchases Workers Compensation insurance.

This exposes hiring general contractors/agents who choose to purchase Workers' Compensation coverage, and their insurance carriers, to hundreds of thousands – if not millions – of dollars in unanticipated losses and premiums.

The Solution: LB 139 will help improve Workers' Compensation insurance coverage in Nebraska by providing clarity around existing law.

LB 139 adds to the **existing Department of Labor's contractor registration online database - <https://dol.nebraska.gov/conreg/>**. The enhanced contractor registration process will require a contractor subject to the Act* to select one of three options:

- 1) The contractor carries Workers Compensation insurance, or
- 2) The contractor is self-Insured, or
- 3) **The contractor does not carry Workers Compensation insurance (New option)**

Adding the option for contractors to select that they do not carry workers compensation insurance will provide clarity around workers compensation coverage in two ways:

- 1) Selecting the option that a contractor does not carry workers compensation insurance **creates a new legal presumption for premium determination that the contractor is not eligible for workers compensation coverage** in the event of a claim by that contractor.
- 2) Parties that choose to engage a contractor will be able to consult the registration database prior to engagement and make an informed decision about whether or not to hire a specific contractor based on the new information relative to insured status provided on the contractor registration online database.

* A contractor is any person who engages in the business of construction and includes subcontractors, general contractors and any other person arranging for the performance of work on real property. Construction means work on real property and annexations, including new work, additions, alterations, reconstruction, installations and repairs on real property that may be performed at one or more different sites but does not include the construction of water wells or installation of septic systems.