

Harry Gross: Solo owner-operator wants to end workers' compensation insurance



By Harry Gross

Daily News Personal Finance Columnist

Dear Harry: I operated as a sole proprietor for about five years. My business grew enough that I incorporated in 1988. At that time, I had several employees. We were all covered by a workers' compensation insurance policy. In 2005, I had to cut back my employees because of competition and operate the corporation alone. I still draw a salary, but it's very small. I get along on my Social Security and my pension from a job I held before 1983. Since I am the only employee, and since I am the sole owner of the corporation's stock, I told my insurance company that I really did not need workers' comp insurance. Their underwriting department insisted that I do. It seems to me that this is no different from a sole proprietorship except in its form. I pay almost \$400 a year for the insurance. Do I really need it?

What Harry says: Years ago, my firm had a client in another state where the same situation occurred. There, we were able to get the insurance company to agree with your position. Pennsylvania has its own regulations, so we contacted the Pennsylvania Insurance Department and got confirmation that we're in the same boat. I suggest you get your insurer to do the same thing. I don't know whether you can get the company voluntarily to return premiums you paid for prior years when you were the only employee, but you might try to get a refund. It might even be worth a trip to Small Claims Court.

Write Harry Gross c/o the Daily News, 400 N. Broad St., Philadelphia, PA 19130. Harry urges all his readers to give blood: Contact the American Red Cross at 800-GIVE LIFE.