

# Workers' Comp Insider

**Lynch Ryan's weblog about workers' compensation, risk management, business insurance, workplace health & safety, occupational medicine, injured workers, insurance webtools & technology and related topics.**

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## **Title Dis-Insurance?**

In most states, owner/officers of a company can opt out of workers comp coverage. So would it surprise you to learn that the scammers have parlayed this exemption into a [scheme](#) to avoid comp premiums? I didn't think so. (On the scale running from naive to cynical, Insider readers inevitably tend toward the latter.)

Contractors Asset Protection Association (ConAPA), a company based in California, helps companies avoid comp premiums by designating employees in high rate occupations as stock-owning corporate officers. (The company [website](#) - no surprise - is down.) The California exemption applies to company officers who are also the sole shareholders of a corporation. So the folks at ConAPA don't just have employers give workers inflated titles, they also issue these workers worthless shares of stock.

ConAPA focused on industries with high injury rates and expensive comp costs: housekeepers, security guards, roofers, maintenance and cooks. Thus, a housekeeper might become a "senior vice president, facilities." A roofer becomes "VP for environmental protection."

Jerry Brown (yes, that [Jerry Brown](#)), California's attorney general, sued a similar operation called PacifiStaff in 2007. One of their clients, the now defunct Pic-A-Bagel, refused to pay the claim of a baker who carried the impressive title "Senior Vice President of Dough Making" (sounds more like a CFO). The denial fell apart on the employee's testimony: he was never asked if he wanted to become a company officer and was not aware of any ownership in the corporation. That kind of ignorance is usually reserved for former presidents of brokerage houses or AIG, folks who never seem to have any idea how we got into the current mess. At least the poor bagel maker knows how the flour got onto the kitchen floor...

Posted by Jon Coppelman at 11:08 AM