

EMPLOYMENT LAW SUMMARY

Colorado: Workers' Compensation – Employer Penalties



Because You're Different

Workers' compensation is a system of no-fault insurance that provides medical benefits and compensation for wage loss and permanent physical impairment to employees who sustain work-related injuries and illnesses.

The Workers' Compensation Act of Colorado (WCAC) determines the penalties employers face if they fail to comply with state requirements. The [Division of Workers' Compensation](#) (DWC), part of the Colorado Department of Labor and Employment, has the authority to enforce compliance throughout the state.

GENERAL VIOLATIONS

While other specific fines may apply for certain violations, employers may be fined **up to \$1,000 per day, per offense** for failures to comply with any WCAC provision. Any party accused of a violation must receive a notification indicating the reasons that justify the penalty and will be given **20 days** (from when notification is mailed) to cure the alleged violation.

The DWC will not assess penalties for violations that are cured within 20 days if there is no proof that the alleged violators knew or should have known about the violations. Curing a violation within 20 days does **not** establish that the violator knew or should have known of the violation.

Any party wishing to file a request for a penalty against an alleged violator must do so within **one year** of when the alleged violator first knew or should have reasonably known the facts giving rise to a possible violation.

FAILURE TO MAINTAIN ADEQUATE COVERAGE

If an employer that is subject to the WCAC fails to maintain workers' compensation coverage for its employees as the law requires, the DWC may order it to immediately cease and desist its business operations until it secures coverage. The employer may also be fined up to \$250 per day for the first violation and between \$250 and \$500 per day for subsequent offenses.

In addition, employers that do not maintain adequate coverage for their obligations under the WCAC may be required to pay up to 150 percent of the benefits they may have otherwise been required to pay to an employee for a work-related injury or disease.

FAILURE TO ADMIT OR CONTEST LIABILITY

Employers must submit a report to the DWC any time an employee sustains either:

- A work-related injury resulting in death, permanent physical impairment or three or more shifts or calendar days of lost time from work; or
- An occupational disease.

This report must be submitted within 10 days after the date on which the employer received notice or had knowledge of the employee's condition.

Within **20 days** after the employer's first injury report was or should have been filed with the DWC, the employer must notify both the DWC and the employee whether it admits or contests liability for the employee's injury or disease.

An employer that fails to submit this notice may be liable for penalties equal to **one day's worth of workers' compensation benefits for each day (up to 365 days)** that it delayed the report.

FAILURE TO PAY BENEFITS

The DWC may enforce the payment of WCAC benefits through a **lien**. A workers' compensation lien will have the same preference and limit amount against an employer's assets as a lien for a claim for unpaid wages for labor.

In addition, employers that delay payments or refuse to pay WCAC benefits may be required to pay **8 percent interest** (or 10 percent for willful violations) per year on all unpaid amounts.

Employers that fail to comply with an order for increased compensation may be required to pay an additional **50 percent** of the amount of compensation ordered (or **\$1,000**, whichever is greater) plus reasonable **attorneys' fees** incurred after entry of the order.

FALSE STATEMENTS

Any person who willfully makes a false statement or representation material to a claim for the purpose of obtaining any order, benefit, award, compensation or payment (for self-gain or for the benefit of another) is subject to **Class 5 felony** charges. If convicted, this person forfeits all right to compensation under the WCAC and is subject to **a fine between \$1,000 and \$100,000, imprisonment between one and three years or both**.

MORE INFORMATION

Contact Heffernan Insurance Brokers or visit the DWC [website](#) for more information on workers' compensation laws in Colorado.

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