

EMPLOYMENT LAW SUMMARY

Connecticut: Workers' Compensation - Employer Penalties



Workers compensation is a system of no-fault insurance that provides medical and monetary benefits to employees (or their survivors) who sustain work-related injuries, diseases or death. Workers' compensation is governed by state law.

The Connecticut Workers' Compensation Act (WCA) prescribes the penalties employers may face if they fail to comply with state requirements. The Connecticut Workers' Compensation Commission ([Commission](#)) enforces compliance with the WCA and assesses penalties against noncompliant employers.

GENERAL FAILURE TO COMPLY WITH WCA PROVISIONS

If an employer willfully fails to conform to any provision of the WCA, the Commission may assess a **\$250** fine for each failure. A self-insured employer that fails to comply with any of the provisions may also lose its status as a self-insurer.

FAILURE TO MAINTAIN WORKERS' COMPENSATION COVERAGE

The WCA requires employers to maintain adequate worker's compensation coverage for their employees. Employers that fail to maintain adequate workers' compensation coverage may be subject to civil penalties, court injunctions and criminal charges.

CIVIL PENALTIES

The penalty for a failure to maintain adequate workers' compensation coverage is between **\$500 per employee or \$5,000** (whichever is less) and **\$50,000**. An additional penalty may be imposed on employers who have already been fined and continue to violate coverage requirements. The additional penalty can accrue at a rate of **\$100 for each day** of noncompliance, up to **\$50,000**. Both of these fines can **double** if an employer fails to pay them within **90 days**.

COURT INJUNCTIONS

In addition to the fines presented above, employers that willfully fail to maintain adequate coverage under the WCA may be prohibited, by court order, from conducting any business in the state.

CRIMINAL CHARGES

Certain employers may also face **Class D felony charges** if they willfully violate WCA coverage requirements. Employers subject to criminal charges may include:

- Owners of sole proprietorships;
- Partners in partnerships;
- Principals of limited liability companies; and
- Corporate officers.

Willfully violating WCA coverage requirements includes misrepresenting employees as independent contractors and providing any false, misleading or incomplete information about the number of employees that should be covered by the employer's policy.

Class D felonies are punishable by **one to five years imprisonment**, a fine of **up to \$5,000 or both**.

FAILURE TO PAY ASSESSMENTS

All employers must pay annual contributions to help the Commission cover workers' compensation administration costs and to fund the workers' compensation Second Injury Fund. Employers that fail to pay these assessments may **lose their privilege to conduct business in Connecticut or to self-insure under the WCA**.

FAILURE TO REPORT INJURIES OR CLAIMS TO THE COMMISSION

The WCA requires employers to report any work-related injury that results in an employee's incapacity to work for one or more days. Employers are also required to send a copy of their employees' claim notices to the Commission within a week of receiving them.

The Commission may **increase the amount of compensation** an employer must pay to an injured employee if the employer fails to:

- Report the employee's work-related injury; or
- Provide the Commission with a copy of the employee's claim.
- The increase in compensation is determined by how much hardship results from the employer's failure to report or provide a copy of the claim.

UNDUE DELAY IN ADJUSTING A CLAIM

Employers are required to act promptly in administering claims and meet various deadlines set forth in the WCA. An employer that unduly delays taking action on a claim may be subject to civil penalties of **up to \$1,000** for each delay. In addition, the Commission may order the employer to pay **interest** on any award as well as the injured employee's **attorneys' fees**.

UNDUE DELAY IN PAYING BENEFITS

The WCA requires employers to commence paying benefits within **35 days** of when a claim is filed. The payment period is reduced to **20 days** for cases where there is a voluntary benefit payment agreement between the parties or when the Commission issues an order awarding benefits.

An employer that unduly delays paying benefits to an injured employee may be subject to:

- Civil penalties of **up to \$1,000** for each delay;
- Interest on the delayed payment amount;
- Any applicable attorneys' fees; and
- 20 percent of the amount due (only for cases where there is a voluntary agreement or a Commission order).

In addition, employers must begin paying permanent partial disability (PPD) benefits within **30 days** of the date when an injured employee reaches maximum medical improvement (MMI). An employer that does not make timely PPD benefit payments may be required to pay **10 percent** interest on the amount due to the injured employee. In these cases, interest will accrue from the MMI date.

Finally, the Commission may prohibit a self-insured employer from self-insuring for **10 years** if the Second Injury Fund pays a benefit the employer was required to pay.

DISCONTINUING BENEFIT PAYMENTS

An employer that accepts an injured employee's claim may not reduce or stop paying benefits to the employee unless it first obtains the Commission's written approval. If an employer fails to comply with this requirement, the Commission may order the employer to pay:

- The total amount of all the discontinued or reduced payments;
- **1.25 percent interest** on those amounts; and
- Any applicable **attorney's fees**.

INJURIES DUE TO SAFETY VIOLATIONS

If an employer violates a safety law or regulation and the violation causes an employee's injury, the employer may be required to pay the injured employee's **full wages**, rather than the benefits rates under the WCA, for the employee's periods of incapacity due to the injury.

TRANSFER TO SUITABLE WORK

If possible, employers must provide injured employees with full-time work that is suitable to their physical conditions while they recover. Failure to make this accommodation may result in a civil penalty of **up to \$500**.

RETALIATION

Employers may not retaliate against employees for filing workers' compensation claims. An employee who is discharged or discriminated against for filing a claim may either bring a civil action in court or file a complaint against the employer with the Commission.

The Commission may order an employer that retaliates to reinstate the affected employee to the employee's previous job and to pay the employee:

- Back wages;
- Any applicable workers' compensation benefits;
- Any applicable court costs and attorneys' fees;
- Any other damages caused by the discrimination or discharge; and
- Punitive damages.

UNREASONABLE HEARING DELAYS

An employer that unreasonably causes any delay in the hearing process on an employee's claim may be assessed a civil penalty of **up to \$500**.

FRAUD

An employer may face criminal charges for any fraudulent activity, including intentionally misrepresenting or failing to disclose material facts to prevent an employee from receiving benefits. The amount of the penalty depends on the amount of benefits involved in the fraud.

For cases involving benefits of less than \$2,000, the employer may be charged with a **Class C felony**, which is punishable by **one to 10 years imprisonment** and a fine of **up to \$10,000**.

If the amount of benefits involved is more than \$2,000, the employer may be charged with a **Class B felony**, which is punishable by one to **20 years imprisonment** and a fine of **up to \$15,000**.

In addition, an offending employer may be liable for **triple the amount of damages** caused by its misrepresentation or failure to disclose.

A [Workers' Compensation Fraud Unit](#) within the state's Division of Criminal Justice investigates all claims of fraud and arrests and prosecutes any party that engages in fraud.

MORE INFORMATION

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

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