

EMPLOYMENT LAW SUMMARY

Pennsylvania Workers' Compensation - Employer Penalties

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

This Employment Law Summary examines some of the penalties imposed on employers for failures to comply with requirements under the Pennsylvania Workers' Compensation Act (WCA).

FAILURE TO MAINTAIN COVERAGE FOR EMPLOYEES

Employers face serious civil and criminal risks if they fail to maintain continuous workers' compensation coverage for their employees in Pennsylvania.

If an employee is injured while his or her employer does not have the required coverage:

- The employee may sue the employer to recover any losses caused by the injury, which may exceed the benefits otherwise payable if the employer had coverage as required;
- [The Pennsylvania Department of Labor and Industry](#) (PDLI) will pursue prosecution against the uninsured employer, and penalties may include fines, interest, costs of prosecution and attorneys' fees; and
- The employer may be criminally charged for each day's failure to maintain continuous workers' compensation coverage.

Even if no employee is injured, a non-compliant employer may be ordered to pay a penalty of **up to \$500** for failure to maintain coverage and may even face **imprisonment for up to six months**. If a violation is willful, the PDLI may impose an additional penalty of **\$1,000** for each violation. The PDLI also has the right to suspend, revoke or refuse to renew the license of any person, organization or insurer for violation of any of the provisions of the WCA.

WORKERS' COMPENSATION FRAUD

An employer that commits workers' compensation fraud may be subject to civil and criminal penalties. Fraudulent activities include understating payroll and misclassifying employee job codes in order to reduce premiums.

An individual who commits workers' compensation fraud may face civil penalties of **\$5,000** for the first violation, **\$10,000** for the second violation and **\$15,000** for each subsequent violation. A court may also award court costs and reasonable attorney fees against a non-compliant employer.

MORE INFORMATION

Contact Heffernan Insurance Brokers or visit the PDLI [website](#) for more information on workers' compensation requirements in Pennsylvania.