

**Workers' Compensation Program**

**EMPLOYER'S RIGHTS AND  
RESPONSIBILITIES**

**Workers' Compensation Commission  
Commonwealth of the Northern Mariana Islands**

**Securing Payment of Compensation**

Every employer is liable for the payment of compensation and therefore required to purchase and maintains insurance coverage for payment of compensation to its employees. Failure by the employer to secure the payment of compensation is grounds for a legal action against the employer by the affected employee. The cost for securing the payment of compensation is solely the responsibility of the employer. Employers must not make any deductions from employees' salaries for the purpose of paying premiums for workers' compensation insurance.

**Health Insurance Set-Off**

Any employer who pays more than one-half (1/2) of the premium in a group health insurance plan as a benefit to the employee is required to be covered under the Workers' Compensation Program for medical services and supplies only to the extent of what is not covered by the group health coverage.

### **Prompt And Direct Payment Required**

Compensation payment will be paid promptly and directly to the person entitled to such payment, except where the liability to pay is denied (controverted) by the employer.

### **Third Party Negligence**

An employer who is obligated to pay for compensation resulting from the negligence of a third party may bring a legal action against such negligent third party to recover all payments made to the injured employee, or in case of death, the survivors of the employee. Any recovery made in excess of what has been paid, then the excess shall be paid to the injured employee or survivor, less any expenses attributable to the cost of action.

### **Employer Defined**

*The law defines "employer" to mean any person, corporation or unincorporated, public or private, who hires another person in consideration for wages, salaries or other forms of payment. Persons who employed live-in house-workers or independent contractors are not considered employers for purposes of the Workers' Compensation Program.*

### **Posting of Notice Required**

Every employer is required to post in conspicuous places within the employer's place of business a notice to its employees with respect to the procurement or acquisition of coverage for payment of compensation. Such notice must contain the name and address of the carrier with whom such coverage was obtained, as well as the expiration date of the coverage.

### **Record and Report of Injury**

Every employer is required to maintain an accurate record of any injury to an employee. Such record must contain information as to the nature of injury or disease. These records shall be available for inspection by the Administrator upon request. Every employer is required to submit a report of any injury or death within 10 days after the date of injury or after having knowledge of such injury or death. A copy of the report must be provided to the injured employee.

### **Exclusive Liability**

If conditions for compensation exist, the right to recover such compensation by any employee under the Workers' Compensation Program constitutes the exclusive remedy for any work-related injury or death. The employer is held harmless for any further damages. This provision does not apply when the employer fails to secure the payment of compensation.

### **Controverting the Right to Compensation**

Any employer who controverts the right to compensation is required to file a notice (Form WCC-206) with the Administrator stating that the right to compensation is controverted. The notice must be filed on or before the 14<sup>th</sup> day after the employer has knowledge of any injury or death.

### **Legal Responsibility**

Jurisdiction over the employer by the Administrator, the Commission, or any court shall be sufficient to confer jurisdiction over the carrier. Any requirement by the Administrator, the Commission, or any court under any compensation order, finding or decision upon the employer shall also be binding upon the carrier.

### **Additional Policy Provisions**

In addition to the normal and ordinary provisions, the employer must make certain that insurance policies or contract of insurance contain provisions requiring that any notice to the employer with respect to the Workers' is notice to the insurance carrier; and, that in the event of insolvency or in bankruptcy proceedings of the employer, the insurance carrier is not relieved of its obligation for payment of compensation for injury or death sustained by the employee during the period of coverage.

### **Special Disability Fund – Source of Funding**

Each employer must contribute \$10,000, into the Special Disability Fund for the death of an employee resulting from an injury, where the Administrator determines that there is no person entitled to the disability benefits for such death. Each insurer providing security for payment of compensation must pay on an annual basis two percent (2%) of the total premium paid for such security during the preceding year. All monies collected as fines and penalties will be deposited into the Special Disability Fund.

### **Medical and Hospital Benefits**

The employer is required to provide for the remedial treatment and care of the injured employee by a qualified physician, nurse or hospital, as the nature of the injury or the process of recovery may require.

### **Disability Benefit**

If an injury causes disability to an employee, a disability benefit payment will be made one week in advance on the fourth day after the date of disability.

### **Disability Benefit after Death**

Any remaining disability benefit provided for permanent partial disability might be paid to the survivors of the injured employee, if such employee subsequently dies, even if the contributing cause of death did not arise out of the injury. This benefit is in addition to the normal compensation for death of an employee. The benefit is paid to eligible survivors. If no survivors, no benefit will be paid.

### **Death Benefit**

Reasonable funeral expenses not to exceed \$1,200. In addition, an amount equal to 35% of the employee's average weekly wages, not to exceed \$140.00 per week, is paid to the spouse. This benefit shall continue up to a maximum of \$40,000, or upon the death or remarriage of the spouse, whichever comes first. If the spouse remarries, a one-time payment equal to two years worth of benefits will be paid.

### **Maximum Benefit**

In no event shall any combination of any of these disability payments exceed two-thirds (2/3) of the employee's average weekly wages or \$140.00 per week, whichever is less. The maximum benefit is \$40,000, per injury, per employee.

### **Notice of First and Final Payment**

Every carrier is required to file with the Administrator a notice (Form WCC-209) stating that the first payment or final payment of compensation has been made whichever is applicable. If a carrier fails to file a notice of first payment (Form WCC-209), the Administrator will assess such carrier a civil penalty of \$50.00.

### **Certificate of Compliance**

Every employer is required to file with the Administrator a Certificate of Compliance (Form WCC-100) as evidence of securing the payment of compensation. The Certificate must be submitted each time a policy or a contract for insurance is obtained or renewed.

### **Carriers of Insurance**

Carriers of insurance include stock corporations or mutual companies or associations from which any employer may purchase workers' compensation coverage. Such carriers must be authorized and licensed to transact general casualty insurance business in the Commonwealth. Insurance policies or contracts purchased by the employer cannot be cancelled until the expiration of the contract, or until notice has been given to both the employer and the Administrator by the carrier at least 30 days before cancellation. [4 CMC §9345(b)].

### **Substitution of Carrier to Employer**

In order to effectively discharge the liability for compensation by the employer and to facilitate the payment of compensation, any notice to or knowledge by an employer of any injury shall be deemed notice to or knowledge by the carrier. [4 CMC §9344].

### **Civil Penalty**

- Up to \$100 for each day an employer fails to secure the payment of compensation.
- \$50.00 for failure to report the final payment of compensation.
- \$500 for failure or refusal to file a report of injury.

### **Criminal Penalties**

- \$1,000 or imprisonment of up to 1 year or both for failure to secure the payment of compensation
- \$1,000 or imprisonment of up to 1 year or both for willful tampering of evidence, or for misrepresentation and false information.

### **Nonpayment Of Disability Benefit**

- Without an award – a payment of 10% of the unpaid installment shall be added to the total unpaid amount.
- With an award (Compensation Order) – a payment of 20% of the benefit amount shall be added to such amount.

**FOR MORE INFORMATION, CONTACT THE WORKERS' COMPENSATION OFFICE NEAR YOU:**

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