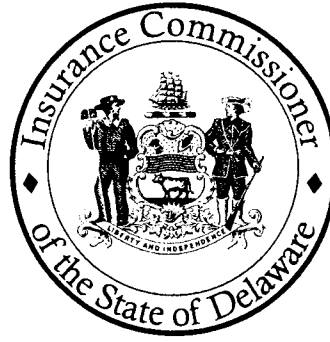


Matthew Denn
Insurance Commissioner



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DOMESTIC/FOREIGN INSURERS BULLETIN NO. 26

**TO: ALL INSURERS PROVIDING PROPERTY AND CASUALTY
INSURANCE COVERAGE IN DELAWARE**

**RE: WORKERS COMPENSATION REQUIREMENTS FOR INDEPENDENT
CONTRACTORS IN THE CONSTRUCTION INDUSTRY**

DATED: July 1, 2007

This year, the Delaware General Assembly changed the law with respect to the workers compensation insurance coverage obligations of independent contractors. Those changes become effective on July 17, 2007. Although the Delaware Department of Labor will be responsible for enforcing this new law, this bulletin is being issued in order to ensure that carriers and producers are aware of the provisions of the new law.

Under the new law, independent contractors will need to be covered by workers compensation insurance—either insurance that they purchase or that their supervising contractor purchases for them—if they are engaged in furnishing labor or both labor and materials in connection with all or any part of construction, alteration, repairing, dismantling or demolition of buildings, roads, bridges, viaducts, sewers, water and gas mains, or any other type of structure as an improvement, alteration or development of real property. However, an independent contractor may exempt up to four of its executive officers (if it is a corporation) or partners (if it is a limited liability company) from this workers compensation obligation, if those officers or partners elect in writing to be exempted. *It is important to explain to policyholders that in writing the law in this fashion, the General Assembly has provided independent contractors with a means to eliminate any new workers compensation liability through the legal organization of their business.*

I encourage any companies or producers with questions regarding this new law to contact the Delaware Department of Labor at (302) 761-8200 in Wilmington or (302) 422-1392 in Milford.

Matthew Denn
Insurance Commissioner