

**Q. Do I have to have Workers' Compensation Insurance?**

**A.** Yes, every California employer using employee labor, *including family members*, must purchase Workers' Compensation Insurance (Labor Code Section 3700). If you fail to have Workers' Compensation Insurance for your employees, it can be expensive as the DLSE is required to issue and serve a stop order/penalty assessment prohibiting further use of employee labor until you do purchase Workers' Compensation Insurance. The penalty assessed for failure to have Workers' Compensation Insurance is \$1000 per employee employed at the time the citation is issued. The citation amount increases to \$1,500 per employee effective January 1, 2010. However, there are exceptions for partnerships, if the only persons performing labor are the partners and corporations where the corporate officers are the sole shareholders; in which case, the corporation, officers and directors come under the Workers' Compensation provisions only by election.

**Q. My niece helps in my business for a few hours a day, but I don't consider her an employee. Is that correct?**

**A.** No, under the labor law she is considered an employee. An employee is defined as someone you engage or permit to work. Even though your niece is part of your family, she is considered an employee and you, as the employer, must provide Workers' Compensation Insurance to cover her in case of a work-related injury. In addition, you are also required to pay the minimum wage unless the employee is your spouse, parent or child and you are a sole proprietor or partnership. Corporations do not have children and therefore, no family relationship to the officers of the corporation can be exempt from these requirements.

**Q. I would like my fifteen (15) year old son to work at my business. Does he need a work permit and what hours may he work?**

**A.** Yes, even if the worker is a family member, a work permit is required for a minor. Work permits for minors are available at the minor's school. The number of hours a minor is allowed to work will be indicated on the work permit. However, when school is in session all work hours must be outside school hours, and a 15-year-old may work 3 hours on a school day, 8 hours on a non school day and no more than 18 hours per week. When school is not in session, a 15-year-old may work 8 hours a day/40 hours a week. You should also be aware that minors may not be employed in any business, exhibition or vocation that would be hazardous or dangerous to the health, life or limb of the minor. ([Labor Code Section 1308\(a\)\(1\)](#)).