

760 TAYLOR LANE, LLC.
DBA Playboy Marine
P.O. Box 14550
Ft. Lauderdale, FL 33302

May 28, 2020

MEMO

To: Workers' Compensation Exempt Contractors
From: Powell Peck
Subject: Workers' Compensation Coverage for Employees

Florida Law states that any non-construction industry employers with four or more full-time or part-time employees must provide workers' compensation coverage for all employees. An exempt company owner may have up to 3 employees before being required to have workers' compensation insurance. Some contractors do not meet the state's requirement threshold to carry workers' compensation insurance and elect not to provide workers' compensation coverage to their employees. Playboy Marine, however, does not allow anyone to work in the yard without workers' compensation coverage, unless their name is stated on a Certificate of Exemption. Only the person whose name is stated on the certificate is exempt from coverage and will be allowed to work without workers' compensation coverage. Exempt contractors should, therefore, provide statutory workers' compensation coverage for their employees if they do not have any coverage.

Independent Contractors are not required by Florida law to carry worker compensation insurance. However, independent contractors are required to carry workers' compensation insurance by Playboy Marine. For this reason, independent contractors are treated as any other contractor and need to meet Playboy Marine Contractor Requirements before starting work. It is important for contractors who are workers' comp exempt to determine whether their workers are employees or independent contractors. If a contractor determines that a worker(s) is an employee, then the Employer is responsible for providing workers' compensation coverage to that worker(s). If a contractor determines a worker to be an independent contractor then it is up to the independent contractor to meet ALL of the insurance required by Playboy Marine. Any contractor who hires an independent contractor should instruct the independent contractor to provide proof of insurance to Playboy Marine management before starting work. This will ensure that all parties have met the contractor requirements for Playboy Marine Center. All contractors, regardless of determination, need to sign in daily at the ship store and be approved by Playboy Marine before starting work.

Determining Employee or Subcontractor

"The Common-Law Rules are a set of twenty factors that provide evidence of the degree of control and independence between a worker and the employer. In determining whether the person providing service is an employee or an independent contractor, all information that provides evidence of the degree of control and independence must be considered.

The Common-Law Rules fall into three categories:

- Behavioral: Does the company control or have the right to control what the worker does and how the worker does his or her job?
- Financial: Are the business aspects of the worker’s job controlled by the payer? (these include things like how a worker is paid, whether expenses are reimbursed, who provides tools/supplies, etc.)
- Type of Relationship: Are there written contracts or employee type benefits (i.e. pension plan, insurance, vacation pay, etc.)? Will the relationship continue and is the work performed a key aspect of the business?” (Independent Contractor Determinations / State and Local Political Subdivisions / Retirement / Workforce Operations / Florida Department of Management Services - DMS, 2020)

There are serious financial and criminal consequences for companies that misclassify their workers, whether the misclassification was intentional or unintentional. “The intentional misclassification of a worker is a felony.” (Florida Dept. of Revenue - Reemployment Tax Employees vs. Independent Contractors, 2020)

***Companies trying to acquire workers’ comp. coverage for the first time should look at using a Professional Employment Organization (PEO)

References

Dms.myflorida.com. 2020. *Independent Contractor Determinations / State And Local Political Subdivisions / Retirement / Workforce Operations / Florida Department Of Management Services - DMS*. [online] Available at: <https://www.dms.myflorida.com/workforce_operations/retirement/state_and_local_political_subdivisions/independent_contractor_determinations> [Accessed 18 May 2020].

Floridarevenue.com. 2020. *Florida Dept. Of Revenue - Reemployment Tax Employees Vs. Independent Contractors*. [online] Available at: <https://floridarevenue.com/taxes/taxesfees/Pages/rt_employee.aspx> [Accessed 20 May 2020].

I confirm that I have read, understand and agree to the above policies.

I understand that I may be held responsible for not complying with the above policies and will make every effort to meet the requirements set by the above policies.

Company: _____

Printed Name: _____

Signature: _____

Date: _____

Playboy Marine Representative: _____