

Considerations for Employers Who Send Employees to Other States to Perform Work

Employers whose principal place of business and associated operations are located in a single state typically have to concern themselves with only applying for and obtaining workers' compensation coverage in one state. However, some employers, while having their operations in one state, may dispatch their employees to other states for purposes such as servicing customers, installing products, transporting goods or constructing facilities. In these cases, the employer should be sure to notify its workers' compensation insurance carrier, insurance agent and third-party administrator of this fact and of the business activities which are taking place in other states. While it is beyond the scope of this alert, there may also be corporate law issues associated with such out-of-state work, including the need to qualify to do business in other states and to register with other state departments of revenue.

Regarding workers' compensation, when an employee is dispatched to another state, there is a possibility that the workers' compensation coverage limits, financial assurance obligations (in the case of self-insured employers) and other administrative details may be different than in the employer's "home" state. Since workers' compensation benefits are state specific, for the most part, it is also possible that an employee may perform work in a state that provides greater (or lesser, for that matter) benefits than the "home" state for the same injury.

The Tennessee Workers' Compensation Act attempts to define which out-of-state injuries are within its scope. The statute provides that Tennessee workers' compensation benefits are available for out-of-state injuries when (1) the employment was principally localized in Tennessee; (2) the contract of hire was made in Tennessee; or (3) at the time of the injury, the injured worker was a Tennessee resident and there existed a substantial connection between Tennessee and the particular employer and employee relationship. The obvious goal of the statute is to provide Tennessee employers and employees with a standard and predictable set of benefits related to workplace injuries. There are, however, instances where employees working out of state could claim benefits under another state's workers' compensation program.

In order to reduce the likelihood of an unexpected coverage denial for an out-of-state on-the-job injury, it is best to inform your insurance carrier about out-of-state employees and work.

If you have any questions regarding this or any other workers' compensation-related issue, please feel free to contact [Neil Brunetz](#), [Mike Mallen](#) or your Miller & Martin attorney.

The opinions expressed in this bulletin are intended for general guidance only. They are not intended as recommendations for specific situations. As always, readers should consult a qualified attorney for specific legal guidance. Should you need assistance from a Miller & Martin attorney, please call 1-800-275-7303.

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