Risk Coverage Hub

Workers' Comp Coverage A vs Coverage B Quick Field Card

OPERATIONAL FIELD SUMMARY
Current version — Oct 31, 2026. Update history: https://riskcoveragehub.com/workers-comp-coverage-a-vs-b-employers-liability/

DIRECT ANSWER & GOVERNING PRINCIPLE

Coverage A (Part One) pays *statutory benefits*—medical care and wage replacement mandated by state law—without fault or litigation under the exclusive-remedy doctrine. **Coverage B (Part Two, Employer's Liability)** pays when an injured employee or third party is permitted to sue the employer outside the comp bar (or via subcontract indemnity pass-throughs), including defense costs inside policy limits. On renewal quotes, "WC 100/500/100" refers *strictly* to Coverage B caps—Coverage A has no dollar limit.

1. COVERAGE A VS COVERAGE B CORE DISTINCTION

DIMENSION	COVERAGE A: STATUTORY BENEFITS (PART ONE)	COVERAGE B: EMPLOYER'S LIABILITY (PART TWO)
Legal Authority & Trigger	Statutory Mandate State workers' compensation statutes. Responds automatically to compensable work injuries.	Tort & Common Law Common law employer negligence, indemnity flow-downs, and tort exceptions outside comp bar.
Benefits & Damages Covered	Medical bills (fee schedule), wage indemnity (statutory caps), vocational rehabilitation, death/dependency benefits.	Tort damages, third-party contribution/indemnity, spousal loss of consortium, dual-capacity judgments, legal defense costs.
Dollar Policy Limits	**No dollar policy limit.** Benefits dictated entirely by statute and medical schedules. Unlimited statutory liability.	**Capped by three declarations numbers:** Default 100/500/100, or voluntary increased limits (500/500/500 or $1M).
Defense Cost Treatment	Administrative processing by carrier or TPA; not subject to litigation defense caps.	Legal defense provided by carrier, typically counted **inside** the policy limits (eroding coverage).
Fault Relevance	**No-fault system.** Employee negligence does not bar benefits. Employer fault does not expand benefits.	**Fault-based.** Requires legal liability, breach of duty, tort exception, or contractual indemnity trigger.
Pricing Mechanism	Calculated from audited payroll multiplied by NCCI / bureau manual class codes and Experience Modification Rate (EMR).	Nominal charge or percentage surcharge on Coverage A premium; increases modestly when limits are stepped up.

2. STANDARD EMPLOYER'S LIABILITY LIMITS STRUCTURE (THE THREE NUMBERS)

DECLARATIONS LIMIT	DEFAULT BASELINE	STANDARD SUBCONTRACT TIER	OPERATIONAL UNDERWRITING IMPACT
Bodily Injury by Accident	**$100,000** each accident	**$500,000** or **$1,000,000**	Caps damages from a single traumatic job-site incident. Most common source of severe umbrella tower gaps.
Bodily Injury by Disease	**$500,000** policy limit	**$500,000** or **$1,000,000**	Aggregate cap for all occupational disease claims across the entire policy annual term.
Bodily Injury by Disease	**$100,000** each employee	**$500,000** or **$1,000,000**	Sublimit per individual worker suffering chronic or cumulative occupational disease (e.g., toxic exposure).

⚠️ The $500,000 Umbrella Tower-Gap Trap

Commercial umbrella and excess casualty policies require underlying Employer's Liability schedules—typically **$500,000 each accident**. If comp is bound at 100/500/100, a **$400,000 gap** opens. The policyholder must fund this corridor out-of-pocket, or umbrella underwriters may disclaim coverage for breach of underlying maintenance warranties.

🏛️ The Monopolistic State Trap (ND, OH, WA, WY)

North Dakota, Ohio, Washington, and Wyoming operate state-run monopolistic funds providing *Coverage A only*. Part Two Employer's Liability **does not attach** to the state fund policy. Employers must endorse **Stop-Gap Employer's Liability** onto their General Liability policy to avoid complete uninsured exposure to tort suits.

PROPOSAL VERIFICATION PROTOCOL
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3. THE 7-POINT PROPOSAL PRE-BIND CHECKLIST

CHECK	ITEM TO VERIFY	SPECIFIC UNDERWRITING BENCHMARK	RED FLAG / DEFECT
[ ]	**1. Part One States (Item 3.A)**	Every state where the employer maintains payroll, physical facilities, or active jobs must be listed in Item 3.A of the declarations.	State omitted or relegated to 3.C (Other States) without immediate notice provisions.
[ ]	**2. Named Employing Entities**	All operating entities, LLCs, subsidiaries, and joint ventures employing field labor must appear on the named insured schedule.	Payroll reported under parent entity while subcontract signed by subsidiary entity.
[ ]	**3. Part Two Limit Matching**	Employer's liability numbers must match or exceed general contractor subcontract specs (commonly $500k or $1M).	Quote left at default 100/500/100 despite signed GC contract demanding $1M limits.
[ ]	**4. Increased Limits Endorsement**	Verify that endorsements raising limits to 500/500/500 or $1M each accident are scheduled on the formal quote, not just in emails.	Binder issued with standard limits because increased limits endorsement was unattached.
[ ]	**5. Monopolistic Stop-Gap**	In ND, OH, WA, or WY, verify active *Stop-Gap Employer's Liability* endorsement attached to CGL policy with matching limits.	Holding state fund certificate only; zero Part Two employer's liability in place.
[ ]	**6. USL&H / Federal Endorsements**	Operations on, over, or adjacent to navigable waters or federal enclaves require Longshore (USL&H) coverage endorsements.	Waterfront or dock work performed under standard state act policy; statutory claim rejected.
[ ]	**7. Umbrella Schedule Concurrency**	Umbrella declarations schedule must list the exact comp carrier, policy term, and Part Two limits as underlying coverage.	Dates or policy numbers misaligned; umbrella attachment disclaimed after action-over suit.

4. THE FOUR DOORS OUT OF EXCLUSIVE REMEDY (LAWSUIT TRIGGERS)

DOOR / LAWSUIT TYPE	HOW THE EXPOSURE ARISES IN PRACTICE	COVERAGE B & CONTRACTUAL IMPACT
1. Third-Party-Over / Action-Over Suits	Injured subcontractor employee collects Coverage A statutory benefits, then files a civil negligence lawsuit against the General Contractor or Property Owner. The GC immediately tenders defense and files a third-party complaint back against the subcontractor under the subcontract indemnity agreement.	**Primary construction risk.** Converts a comp-only loss into a multi-million-dollar civil claim. Coverage B responds to the employer's indemnification liability up to Part Two limits.
2. Consequential Bodily Injury	A severe employee injury causes non-economic or indirect trauma to family members. Spouses or dependents bring civil actions for loss of consortium, psychological trauma, or care/loss of services that are not scheduled statutory benefits under state comp acts.	Bypasses exclusive remedy because plaintiffs are non-employees asserting independent common-law damages. Defended under Coverage B.
3. Dual-Capacity Doctrine	The employer is sued in a distinct legal relationship unrelated to employment—such as the designer/manufacturer of a modified job-site tool, premises owner, or equipment lessor. The employee claims injury arose from the second legal capacity.	Recognized in select jurisdictions. Coverage B responds subject to intentional act, product liability, or contractual liability exclusions.
4. Care & Loss of Services / Intentional Acts	Direct civil complaints pleading intentional tort, willful safety misconduct, or egregious statutory safety violations (e.g., removing manufacturer safety guards) designed to circumvent the workers' comp exclusive remedy bar entirely.	Triggers carrier defense under Reservation of Rights. Coverage B covers defense; intentional damages may be excluded by statute or policy terms.

UNDERWRITER'S PRE-BIND TAKEAWAY

Do not treat Part Two Employer's Liability as routine administrative boilerplate. A single severe spinal or scaffold fall on a commercial project routinely generates an action-over tender exceeding $1,000,000. Upgrading from 100/500/100 to 500/500/500 or $1,000,000 costs a fraction of the premium while eliminating catastrophic uninsured umbrella attachment gaps.