



# Subcontractor Paper Work

## ***Documentation Every Contractor Must Understand***

Ensuring that subcontractors file the correct paper work can ease the burden of insurance audits, while also helping the contractor avoid payroll taxes and/or deductions. Before hiring, contractors should require that all subcontractors submit the following documentation:

### W-9 Form

The purpose of a [W-9 Form](#) is to obtain correct taxpayer identification for those that are required to file informational returns with the IRS and State. It requires the subcontractor to provide general information as well as their FEIN and federal tax classification/entity type. In particular, the entity information is necessary to determine whether the subcontractor may be eligible to claim an exemption from securing workers' compensation coverage, in which case they must provide a workers' compensation coverage exclusion form.

### Workers' Compensation Coverage Exclusion Forms

In order for a subcontractor to operate without a workers' compensation policy they must provide proof that they are exempt from having to purchase this state-mandated coverage. One of the following forms must be provided in order to claim an exemption.

#### **1. Sole Proprietor Exclusion Form**

This form can be provided by the contractor that is hiring the subcontractor. This form is utilized if the subcontractor's Form W-9 indicates that they are an individual or a sole proprietor. This form should be properly completed by each subcontractor, and will require additional information from them, such as a DBA filed with the county, an invoice, printed advertisement, etc.

#### **2. BWC-337 Form**

This form can be provided only through the Bureau of Workers' Disability Compensation. Subcontractors that have a federal tax classification/entity type of a Partnership, Stock Corporation, LLC or Sole Proprietor may be eligible to apply for this exemption. Those seeking to secure this exemption MUST contact the Bureau of Workers' Disability Compensation. The Bureau will schedule an interview with the applicant to determine if an exemption is appropriate. If approved, the BWC-337 form is filed with the State of Michigan and the subcontractor will be given a raised seal copy for their records. For additional information see the link below.

Learn more about both of these forms at the [State of Michigan's website](#).

### Certificate of Liability Insurance

Common types of coverage that are listed on a certificate of liability insurance are – General Liability, Employers Liability (Work Comp), Auto Liability and Excess Liability (Umbrella). Be sure the certificate provides the applicable coverage your business will require. A certificate of liability insurance provides evidence that one or more of the above insurance coverage types are in force. When two parties engage in a business relationship, it is common to require evidence that each is properly insured for potential claims that might arise out of the relationship. Instead of providing full insurance policies, a certificate of liability insurance is used to capture the most relevant information. This proof should be provided by all subcontractors regardless of their federal tax classification or entity type. Information provided by the certificate includes:

- Business name and address
- Insurance agency and insurance carrier
- Date certificate was issued
- Insurance coverage type and policy number
- Signature of insurance agent
- Dates for which the coverage is effective
- Limits of the insurance
- Certificate holder
- Additional insured status

[Contact KorthaseFlinn](#) for more information about certificates of liability insurance.