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§9–508.

(a) A principal contractor is liable to pay to a covered employee or the dependents of the covered employee any compensation that the principal contractor would have been liable to pay had the covered employee been employed directly by the principal contractor if:

(1) the principal contractor undertakes to perform any work that is part of the business, occupation, or trade of the principal contractor;

(2) the principal contractor contracts with a subcontractor for the execution by or under the subcontractor of all or part of the work undertaken by the principal contractor; and

(3) the covered employee is employed in the execution of that work.

(b) (1) Except as provided in paragraph (2) of this subsection, in a claim filed or proceeding brought against a principal contractor by a covered employee employed to execute work as provided in subsection (a) of this section or a dependent of the covered employee, the principal contractor shall be considered the employer of the covered employee for the purposes of this title.

(2) In computing the average weekly wage of the covered employee under § 9-602 of this title, the Commission shall use as wages of the covered employee the wages paid by the employer who immediately employs the covered employee.

(c) If an employee of a subcontractor or a dependent of the employee files a claim against a principal contractor under this title, the principal contractor may join the subcontractor and any intermediate contractor as defendant or codefendant.

(d) If a principal contractor is liable to pay compensation under this section, the principal contractor is entitled to indemnity from any employer who would have been liable to pay compensation independent of this section.

(e) This section does not prevent a covered employee or a dependent of a covered employee from recovering compensation from a subcontractor instead of the principal contractor.

(f) (1) A principal contractor is not liable to pay compensation to an individual under this title if the individual:

(i) is a corporate officer, or a member of a limited liability company, who elects to be exempt from coverage under § 9-206 of this title;

(ii) is a partner in a partnership and the partnership does not elect to make the individual a covered employee under § 9-219 of this title; or

(iii) is a sole proprietor who:

1. does not notify the principal contractor, on a form approved by the Commission, of the individual's status as a covered employee; and

2. does not elect to be a covered employee under § 9-227 of this title.

(2) An individual is presumed to be a sole proprietor who is not a covered employee under this section if:

(i) a substantial part of the individual's income is derived from the trade or business for which a principal contractor engages the individual and from which the individual has attempted to earn taxable income; and

(ii) 1. the individual notifies the principal contractor on a form approved by the Commission that the individual has not elected to become a covered employee under § 9-227 under this title; or

2. the individual has filed the appropriate Internal Revenue Form 1040, Schedule C or F, for the previous taxable year.

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