



TO: Delaware Classification & Rating Committee

FROM: Betty Ann Campbell  
Director - Rating Rules & Policy Reporting

DATE: June 13, 2005

RE: Partners, Officers and Others Exclusion Endorsement - **WC 00 03 08**  
Sole Proprietors, Partners, Officers and Others Coverage Endorsement –  
**WC 00 03 10**  
Mid-term application

The present Section I Manual Rule IX, Special Conditions or Operations Affecting Coverage and Premium, does not provide any direction as to whether endorsements WC 00 03 08 or WC 00 03 10 may be added after the policy effective date.

On occasion, staff has been questioned as to whether it is permissible to exclude an officer(s) or include a sole proprietor or partner(s) after the effective date of the policy. These questions typically arise at audit or once a claim becomes known. The DCRB response has been “provided that both the carrier and the employer agree, either endorsement may be added mid-term.”

In order to remove any ambiguity regarding this issue, it is recommended the process be clarified by adding the following language (new wording underlined and deleted wording bracketed).

## **RULE IX - SPECIAL CONDITIONS OR OPERATIONS AFFECTING COVERAGE AND PREMIUM**

### **A. EXECUTIVE OFFICERS**

#### **2. Law and Status**

Executive officers of a corporation are covered under the Delaware Workers Compensation Law. However, up to eight (8) executive officers who are stockholders of the corporation, when executing a written agreement between the corporation and such executive officers, may elect not to be subject to the law. To exclude such officers, attach the Partners, Officers and Others Exclusion Endorsement **WC 00 03 08**. As a general rule, executive officers may be excluded only on the effective date of the policy. The carrier issuing the policy must approve any exceptions to this general rule in writing.

When executive officers are covered under the law, they have the same status as employees under the policy.

- a. The Partners, Officers and Other Exclusion procedure must be repeated each time a policyholder wishes to change the status of any executive officer or secures coverage from a different carrier group.

#### 4. Assignment of Payroll

Payroll assignment shall be made in the same manner as for any employee. No executive officer's payroll may be assigned to a standard exception classification unless that officer's duties fulfill the definition of either [Salesman] Salesperson - 951 or Office - 953. See Rule IV.

### B. SOLE PROPRIETORS AND PARTNERS OR MEMBERS OF THEIR IMMEDIATE FAMILY

#### 2. Coverage

- c. As a general rule, sole proprietors or partners may be included or Immediate Family members excluded, only on the effective date of the policy. The carrier issuing the policy must approve any exceptions to this general rule in writing. The Sole Proprietors, Partners, Officers and Others Endorsement –WC 00 03 10 must be repeated each time a policyholder wishes to change the status of any executive officer or secures coverage from a different carrier group.