

May 3, 2005

ALL ASSOCIATION MEMBERS

Circular Letter No. 05-1449

RE: New MN Endorsement:—Third Degree of Kindred Exclusion (WC 22 03 03)

The Minnesota Department of Commerce has approved the above filing to become effective 12:01 a.m., January 1, 2006. The purpose of this filing is to create a new, optional Minnesota endorsement for use in clarifying the Minnesota Third Degree of Kindred Exclusion Rule [M.S. §.176.041 subd. 1(o) or M.S. § 176.041 subd. 1(t)].

Periodically, member carriers submit requests for additional coverage forms in Minnesota. With the help of the Minnesota Forms Task Force, MWCIA staff reviews the submitted documents for possible inclusion in the *Minnesota Forms Manual* and adoption for use in the State of Minnesota. The above mentioned item is the result of a member carrier's request that we consider developing and filing a special Minnesota form to be used in connection with the implementation of either M.S. § 176.041 subd. 1(o) or M.S. § 176.041 subd. 1(t). The intent of developing this special Minnesota endorsement is to offer carriers a method for clarifying who is excluded from coverage in accordance with either of these statutes by providing a means for listing the names of the excluded individuals on the policy.

THE USE OF ENDORSEMENT WC 22 03 03 IN MINNESOTA IS OPTIONAL AND ITS USE IS FOR INFORMATIONAL PURPOSES ONLY. Use of the Third Degree of Kindred Exclusion Endorsement does not negate the employer's responsibility for initiating their right to exclude family members related by blood or marriage within the third degree of kindred to an excluded executive officer of a closely-held corporation or manager of an LLC by filing the appropriate forms with the Minnesota Department of Labor & Industry as described below. It is also important to note that parent, spouse, and children of executive officers of closely-held corporations or managers of Limited Liability Companies should not be listed on this endorsement.

THIRD DEGREE OF KINDRED EXCLUSION (WC 22 03 03)

To properly execute an exclusion under M.S. § 176.041 subd. 1(o) or M.S. § 176.041 subd. 1(t), a qualifying employer must file either an Election to Exclude Relatives of Executive Officers of a Closely-Held Corporation form or an Election to Exclude Relatives of Managers of a Limited Liability Company form with the Minnesota Department of Labor & Industry. The employer must also provide the carrier with a copy of the exclusion request form for their records. It is important to note that neither Minnesota statutes nor *Basic Manual* rules require excluded individuals to be listed on the policy.

Exhibit I illustrates the Minnesota *Third Degree of Kindred Exclusion Endorsement (WC 22 03 03)* and Exhibit IV updates the index in the **Minnesota Forms Manual** to include this new Minnesota endorsement.

To view copies of all currently approved forms and endorsements for Minnesota, please visit our website at www.mwcia.org and select the dropdown menu for “Minnesota Manuals” on the left-hand margin of our homepage.

Please direct any questions you may have regarding this filing item to one of MWCIA’s Member & Customer Services’ staff by calling 952.897.1737 (Option 1) or via email at info@mwcia.org.



952.897.1737 PH ▪ 952.897.6495 FX ▪ www.mwcia.org

EXHIBIT I

WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY INSURANCE POLICY

WC 22 03 03

Original

Effective January 1, 2006

Standard

MINNESOTA THIRD DEGREE OF KINDRED FAMILY MEMBER EXCLUSION ENDORSEMENT

This policy does not cover bodily injury to any person described in the Schedule who is related within a third degree of kindred by blood or marriage to the listed executive officer of a closely-held corporation or manager of a limited liability company (LLC). This endorsement is not applicable to a parent, spouse, or child of such executive officer or LLC manager.

The premium basis for the policy does not include the remuneration of such persons.

You will reimburse us for any payment we must make because of bodily injury to such persons.

SCHEDULE OF EXCLUDED FAMILY MEMBERS UNDER M.S. § 176.041 SUBD. 1(o) OR (t)

Family Member	Relationship to Executive Officer or LLC Manager	Executive Officer or LLC Manager
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Notes:

1. This special state endorsement should be used to identify all individuals related by blood or marriage within the third degree of kindred (other than a parent, spouse, or child) to an officer of a closely held corporation or manager of a limited liability company that the executive officer or limited liability manager elect to exclude from coverage under Minnesota Statute 176.041 subd. 1(o) and 176.041 subd. 1(t).
2. To qualify for exclusion, these individuals must be related within the third degree of kindred by blood or marriage to an officer of a closely held corporation in accordance with M.S. § 176.041 subd. 1(o) or manager of a limited liability company in accordance with M.S. § 176.041 subd. 1(o) or 1(t) and have filed the appropriate exclusion form with the Minnesota Department of Labor & Industry. A copy of this written exclusion should be provided to the insuring carrier for their records. Persons qualified to exclude themselves from workers' compensation under the policy in accordance with these statutes should be listed on the schedule above.
3. This endorsement should not be used to list sole proprietors, partners, closely held officers or managers of a limited liability company who are automatically excluded from workers' compensation coverage according to Minnesota State 176.041.
4. This endorsement should not be used to list a parent, spouse, or child of a sole proprietor, partner, closely held officer or manager of a limited liability company who is automatically excluded from workers' compensation coverage according to Minnesota Statute 176.041.

EXHIBIT II

INDEX MINNESOTA FORMS MANUAL

The following forms and endorsements in this Minnesota Forms Manual have been approved by the Minnesota Commerce Department and are available for use in Minnesota.

- Introduction
- Workers' Compensation and Employers Liability Insurance Policy Rules
- WC 00 00 00 A Workers Compensation and Employers Liability Insurance Policy
- WC 00 01 01 A Defense Base Act Coverage Endorsement
- WC 00 01 04 A Federal Employers' Liability Act Coverage Endorsement
- WC 00 01 06 A Longshore and Harbor Workers' Compensation Act Coverage Endorsement
- WC 00 01 08 A Nonappropriated Fund Instrumentalities Act Coverage Endorsement
- WC 00 01 09 A Outer Continental Shelf Lands Act Coverage Endorsement
- WC 00 01 11 Migrant and Seasonal Agricultural Worker Protection Act Coverage Endorsement
- WC 00 01 12 Notification Endorsement of Pending Law Change to Terrorism Risk Insurance Act of 2002
- WC 00 02 01 A Maritime Coverage Endorsement
- WC 00 02 03 Voluntary Compensation Maritime Coverage Endorsement
- WC 00 02 04 Limited Maritime Coverage Endorsement
- WC 00 03 01 A Alternate Employer Endorsement
- WC 00 03 02 Designated Workplaces Exclusion Endorsement
- WC 00 03 03 C Employers Liability Coverage Endorsement
- WC 00 03 04 Insurance Company as Insured Endorsement
- WC 00 03 05 Joint Venture as Insured Endorsement
- WC 00 03 09 A Rural Electrification Administration Endorsement
- WC 00 03 10 Sole Proprietors, Partners, Officers and Others Coverage Endorsement
- WC 00 03 11 A Voluntary Compensation and Employers Liability Coverage Endt.
- WC 00 03 13 Waiver of Our Right to Recover from Others Endorsement
- WC 00 04 01 A Aircraft Premium Endorsement
- WC 00 04 03 Experience Rating Modification Factor Endorsement

- WC 00 04 05 Policy Period Endorsement
- WC 00 04 06 A Premium Discount Endorsement
- WC 00 04 09 Premium Determination Endorsement – Former Self-Insurers 1
- WC 00 04 10 Premium Determination Endorsement – Former Self-Insurers 2
- WC 00 04 12 Contingent Experience Rating Modification Factor Endorsement
- WC 00 04 14 Notification of Change in Ownership Endorsement
- WC 00 04 19 Premium Due Date Endorsement
- WC 00 04 20 Terrorism Risk Insurance Act Endorsement
- Policyholder Disclosure Notice of Terrorism Insurance Coverage
- Policyholder Disclosure Notice of Terrorism Insurance Coverage
- WC 00 05 03 A Retrospective Premium Endorsement One Year Plan
- WC 00 05 04 A Retrospective Premium Endorsement Three Year Plan
- WC 00 05 05 A Retrospective Premium Endorsement Long-Term Construction Project
- WC 00 05 08 Retrospective Premium Endorsement Aviation Exclusion
- WC 00 05 09 A Retrospective Premium Endorsement Changes
- WC 00 05 10 Retrospective Premium Endorsement Non-Ratable Catastrophe Element or Surcharge
- WC 00 05 11 Retrospective Premium Endorsement Short Form
- WC 00 05 12 A Retrospective Premium Endorsement One Year Plan– Multiple Lines
- WC 00 05 13 A Retrospective Premium Endorsement Three Year Plan–Multiple Lines
- WC 00 05 14 A Retrospective Premium Endorsement Long Term Construction Project–Multiple Lines
- WC 00 05 15 Retrospective Premium Endorsement Flexibility Options
- WC 00 06 03 Benefits Deductible Endorsement
- WC 89 06 09 B Policy Termination/Cancellation/Reinstatement Notice
- WC 22 00 00 A Minnesota Amendatory Endorsement
- WC 22 00 01 Information Page
- WC 22 03 01 Minnesota Compliance with Applicable Trade Sanction Laws
- WC 22 03 02 Minnesota Independent Contractors Coverage Endorsement
- WC 22 03 03 Minnesota Third Degree of Kindred Exclusion Endorsement
- WC 22 04 01 Minnesota Contracting Premium Adjustment Program Endt.

- WC 22 04 02 Minnesota Anniversary Rating Date Endorsement
- WC 22 06 00 Minnesota Policy Change Endorsement
- WC 22 06 01 B Minnesota Cancellation and Nonrenewal Endorsement
- WC 22 06 02 Minnesota Policy Information Page Endorsement–Insured’s Name
- WC 22 06 03 Minnesota Policy Information Page Endorsement–Policy Number
- WC 22 06 04 Minnesota Policy Information Page Endorsement–Effective Date
- WC 22 06 05 Minnesota Policy Information Page Endorsement–Expiration Date
- WC 22 06 06 Minnesota Policy Information Page Endorsement–Insured’s Mailing Address
- WC 22 06 07 Minnesota Policy Information Page Endorsement–Experience Modification
- WC 22 06 08 Minnesota Policy Information Page Endorsement–Producer’s Name
- WC 22 06 09 Minnesota Policy Information Page Endorsement–Change in Workplace of Insured
- WC 22 06 10 Minnesota Policy Information Page Endorsement–Insured’s Legal Status
- WC 22 06 11 Minnesota Policy Information Page Endorsement–Add States
- WC 22 06 12 Minnesota Policy Information Page Endorsement–Employer Limits
- WC 22 06 13 Minnesota Policy Information Page Endorsement–Change in State
- WC 22 06 14 Minnesota Policy Information Page Endorsement–Endorsement Numbers
- WC 22 06 15 Minnesota Policy Information Page Endorsement–Class, Rate, Other Change
- WC 22 06 16 Minnesota Policy Information Page Endorsement–Interim Adjustment of Premium
- WC 22 06 17 Minnesota Policy Information Page Endorsement–Carrier Servicing Office
- WC 22 06 18 Minnesota Policy Information Page Endorsement–Interstate/Intrastate Risk ID Number
- WC 22 06 19 Minnesota Policy Information Page Endorsement–Carrier Number
- WC 22 06 20 Minnesota Entity Address Schedule