



Minnesota Workers' Compensation  
Insurers Association, Inc.

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CIRCULAR NO. 26-1873

Date: March 24, 2026

To: All Association Members

Re: **MWCIA HF3228 – Executive Officers Minnesota Basic Manual**

## Overview

Due to legislative changes, the **Minnesota Basic Manual** has been revised to clarify the definition of Executive Officer. This legislative rule change was enacted 12:01 a.m. on May 23, 2025. The Minnesota Department of Commerce has approved the above item filing to become effective for new and renewal policies effective on or after 12:01 a.m. on March 15, 2026.

## Key Legislative Changes & MWCIA Actions

- This change may impact who is considered an Executive Officer of a corporation or closely held corporation.
- This change may impact coverage and audits due to inclusions or exclusions.
- For ease of reference,
  - Exhibit 1: Displays the revisions to Rule 2 E. 1 – Premium Basis and Payroll Allocation in the **Minnesota Basic Manual**
  - Exhibit 2: Displays the revisions to User's Guide, Reference Tables, 1. Election of Coverages Reference Table in the **Minnesota Basic Manual**.

## Contact Information

If you have questions about this publication, please contact us:

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Hours: Monday–Friday, 8:00 a.m. – 4:00 p.m. Central Time

## *A Notice to Membership*

*MWCIA would like to remind our membership who have filed a Limited Power of Attorney with the Minnesota Department of Commerce that no materials referenced in this Circular Letter are required to be independently filed with the department.*

# Effective March 15, 2026

## Minnesota Basic Manual

### Rule 2 – Premium Basis and Payroll Allocation

#### Rule E. 1

# EXHIBIT 1

CURRENT PHRASEOLOGY	PROPOSED PHRASEOLOGY	NOTES
<p><b>E. Executive Officers, Members of Limited Liability Companies, Partners, and Sole Proprietors</b></p> <p>1. Executive Officers</p> <p><del>Executive Officers of a corporation or unincorporated association are the president, vice president, secretary, treasurer, or any other officer appointed in accordance with the charter or bylaws of such entity. In general, executive officers are automatically included for coverage in Minnesota except certain executive officers of closely held corporations. Executive officers of closely held corporations who are automatically excluded may elect to be covered under the law.</del></p> <p><del>To include executive officers in Minnesota, attach the Standard Sole Proprietors, Partners, Officers and Others Coverage Endorsement (WC 00 03 10).</del></p>	<p><b>E. Executive Officers, Members of Limited Liability Companies, Partners, and Sole Proprietors</b></p> <p>1. Executive Officers</p> <p><u>Executive Officers of a corporation include:</u></p> <ul style="list-style-type: none"> <li>• <u>any officer elected or appointed in accordance with the charter or bylaws of the corporation;</u></li> <li>• <u>any officer elected or appointed in a resolution approved by the affirmative vote of a majority of the directors present;</u></li> <li>• <u>any officer (other than the chief financial officer) appointed by the chief executive officer to the extent the chief executive officer is authorized to make such appointments in the articles, the bylaws, or a resolution approved by the affirmative vote of a majority of the directors present; or</u></li> </ul>	<p>Change due to HF 3228 legislative session 2025.</p>

# Effective March 15, 2026

## Minnesota Basic Manual

### Rule 2 – Premium Basis and Payroll Allocation

#### Rule E. 1

# EXHIBIT 1

~~When executive officers are covered under the workers' compensation law, they have the same status as employees under the policy. For additional election of coverage information, refer to Minnesota Statute 176.041, and the Election of Coverages Reference Table and Rule C-1 in the Minnesota User's Guide.~~

~~Executive officers may be paid by one or more corporations. In some cases, the multiple corporations may be insured by a single carrier under one or more policies. If so, the multiple corporations are considered a single unit with respect to the application of the executive officer rule. In all other cases, the rule applies on a policy basis. Refer to Rule 3-A-15 regarding majority interest. Refer to Minnesota Experience Rating Plan Manual for rules regarding combination of entities.~~

- in the absence of an election or appointment of officers by the board, the person or persons exercising the principal functions of the chief executive officer or the chief financial officer.

Reference Minnesota Statutes: 176.011 subd. 11, 302A.011 subd. 18, 302A.311, and 302A.321.

In general, executive officers are automatically included for coverage in Minnesota except for certain executive officers of closely held corporations. Coverage is excluded for an executive officer of a closely held corporation having less than 22,880 hours of payroll in the preceding calendar year, if that executive officer owns at least 25 percent of the stock of the corporation. Minnesota Statute 176.041 Subd. 1 (7).

Executive officers of closely held corporations who are automatically excluded may elect to be covered under the law.

To include executive officers in Minnesota, attach the Standard Sole Proprietors, Partners, Officers and Others Coverage Endorsement (WC 00 03 10).

# Effective March 15, 2026

## Minnesota Basic Manual

### Rule 2 – Premium Basis and Payroll Allocation

#### Rule E. 1

# EXHIBIT 1

When executive officers are covered under the workers' compensation law, they have the same status as employees under the policy. For additional election of coverage information, refer to Minnesota Statute 176.041, and the Election of Coverages Reference Table and Rule C-1 in the Minnesota User's Guide.

Executive officers may be paid by one or more corporations. In some cases, multiple corporations may be insured by a single carrier under one or more policies. If so, the multiple corporations are considered a single unit with respect to the application of the executive officer rule. In all other cases, the rule applies on a policy basis. Refer to Rule 3-A-15 regarding majority interest. Refer to **Minnesota Experience Rating Plan Manual** for rules regarding combination of entities.

# Effective March 15, 2026

## Minnesota Basic Manual

### User's Guide

#### Reference Tables

#### 1. Election of Coverages Reference Table

# EXHIBIT 2

CURRENT PHRASEOLOGY	PROPOSED PHRASEOLOGY	NOTES
<p><b>F. Reference Tables</b> <b>1. Election of Coverages Reference Table</b></p> <p>In Minnesota, certain employees are automatically excluded from the workers' compensation law but may elect coverage. The following table provides a summary of the legal status of owners and their family members.</p> <p>For purposes of the <i>Minnesota Basic Manual</i>, any references to members or managers will collectively be referred to as members of limited liability companies. <i>Refer to Rule 2-E for premium determination.</i> For complete information on all excluded employments including Minnesota's Third Degree of Kindred Exclusion Rule, refer to Minnesota Statute 176.041.</p>	<p><b>F. Reference Tables</b> <b>1. Election of Coverages Reference Table</b></p> <p>In Minnesota, certain employees are automatically excluded from the workers' compensation law but may elect coverage. The following table provides a summary of the legal status of owners and their family members. <u>The chairperson of the board is not considered an Executive Officer unless specifically designated as such in the organization's articles or bylaws.</u></p> <p>For purposes of the <i>Minnesota Basic Manual</i>, any references to members or managers will collectively be referred to as members of limited liability companies. <i>Refer to Rule 2-E 1. b. for premium determination.</i> For complete information on all excluded employments including Minnesota's Third Degree of Kindred Exclusion Rule, refer to Minnesota Statute 176.041.</p> <p><u>In the event a closely held corporation or a family farm corporation with less than 22,880 hours of payroll in the previous year elects to provide coverage to such Executive Officers, this election must be affirmatively made by attaching the Standard Sole Proprietors, Partners, Officers and Others Coverage Endorsement (WC 00 03 10).</u></p>	<p>Change due to HF 3228 legislative session 2025.</p>



