



Take Heed, New Law Takes Effect Jan 1, 2017 Mandating Comp Coverage for Partnerships, Corporations and LLCs

An obscure bill sponsored by the Assembly Insurance Committee **takes effect on January 1, 2017** that will require **corporations** in California to provide a signed waiver to your workers' compensation insurance carrier attesting that all officers own at least 15% of your company! For Partnerships, only the General Partner will be exempted from coverage. For LLCs, ONLY the Managing Member will be excluded from coverage. **Failure to provide this waiver could result in workers' compensation coverage being assessed for your corporate officers; or, cancellation/non-activation of your workers' compensation policy!**

If you have not heard from your insurance broker or your workers' compensation carrier (if you deal directly with a carrier such as State Fund), CALL THEM IMMEDIATELY for the waiver form!

Here are the specifics of the new law:

AB 2883 (Committee on Insurance) – Chapter 205 Statutes of 2016 – Employees - Current law defines an employee, for purposes of the laws governing workers' compensation, to include, among other persons, officers and members of boards of directors of quasi-public or private corporations while rendering actual service for the corporations for pay.

As a result of this new law, officers, directors, partners and members of corporations, partnerships and LLCs **MAY** be required to be covered by your workers' compensation policy.

This new law makes the following changes effective January 1, 2017:

1. Any eligible individual (officer, director, general partner, managing member) electing exclusion from workers' compensation benefits must provide a signed waiver to the insurance carrier prior to January 1, 2017
2. For corporations, officers and directors (i.e., members of the Board of Directors) must now also meet a 15% ownership threshold in order to be eligible for exclusion
3. For partnerships, only general partners are eligible for exclusion
4. For LLCs, only managing members are eligible for exclusion.

Here's a copy of the law: http://ct3k1.capitoltrack.com/Bills/15Bills/asm/ab_2851-2900/ab_2883_bill_20160826_chaptered.pdf

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