

Minnesota Workers' Compensation Insurers Association, Inc.

7701 France Avenue South, Suite 450, Minneapolis MN 55435 * 612/897-1737 (Voice) * 612/897-6495 (Fax)

Bruce A. Tollefson, President

January 28, 1998

ALL ASSOCIATION MEMBERS

Circular Letter No. 98-1293

RE: ITEM B-1349 WAIVER OF RIGHT TO RECOVER FROM OTHERS AND LIMITED LIABILITY COMPANIES

The Minnesota Department of Commerce has approved the above filing effective 12:01 a.m., July 1, 1998, applicable to new and renewal business only.

The purpose of the above referenced filing is to include specific language in the Basic Manual which will help to facilitate the proper understanding of the Waiver of Our Right to Recover From Others Endorsement as well as new laws in various states concerning limited liability companies. There are no references to either of these subjects in the "R" pages of the Basic Manual at this time. Minnesota, however, currently includes an explanation concerning the members/owners of limited liability companies under Rule IX.A.1. on MN page 21 which will be moved to the corresponding rule number in the Minnesota pages.

The attached exhibits outline the changes required in the Basic Manual necessary to implement each proposal. Please note that the language on the attached exhibit pages contain underlined and strikethrough text. The underlining represents new or added text while the strikethroughs indicate deleted text. Special Minnesota language or exceptions have been added or amended as applicable. The National Council's original filing memorandum is also attached for your review.

Very truly yours, MINNESOTA WORKERS' COMPENSATION INSURERS ASSOCIATION, INC.

M. A. Johnson Director of Und. Services

EXHIBIT I

BASIC MANUAL

RULE IX - Special Conditions or Operations
Affecting Coverage and Premium

RULE IX - Special Conditions or Operations Affecting Coverage and Premium

NONE <u>F. Waiver of Right to Recover from Others</u>

NONE <u>1. Explanation</u>
NONE It is permissible

It is permissible in many states to issue a
Standard Policy with the provision that allows
the carrier to waive its right to recovery against
anyone liable for an injury covered by the
policy. Attach the Waiver of Our Right to
Recover From Others Endorsement (WC 00
03 13) to waive right of recovery where

permitted.

NONE

2. Advisory Loss Costs, Rates and Premium

NONE

The premium for this endorsement is based

The premium for this endorsement is based upon a premium charge to be determined by the carrier from its evaluation of the exposures

presented.

NONE <u>Assigned Risk Exception</u>

NONE Refer to the assigned risk state special pages

for premium determination information.

MN EXCEPTION: ADD MN EXCEPTION:

NONE <u>F. Waiver of Right to Recover from Others</u>

1. Explanation

It is permissible in many states to issue a Standard Policy with the provision that allows the carrier to waive its right to recovery against anyone liable for an injury covered by the policy. Attach the Waiver of Our Right to Recover From Others Endorsement (WC 00 03 13) to waive right of recovery where permitted.

2. Advisory Loss Costs, Rates and Premium
The premium for this endorsement is based
upon a premium charge to be determined by
the carrier from its evaluation of the exposures

presented.

EXHIBIT II

BASIC MANUAL

PRESENT PHRASEOLOGY: PROPOSED PHRASEOLOGY:

RULE IX - Special Conditions or Operations Affecting Coverage and Premium

RULE IX - Special Conditions or Operations Affecting Coverage and Premium

, mooning coverage and richmann

G. Members or Managers of Limited Liability

<u>Companies</u>

1. Law and Status

NONE NONE

NONE

Members or managers of a limited liability company are or may be included/excluded under the workers compensation law in some states. Refer to the individual state laws for the statutory qualifications and procedures required for the inclusion or exclusion of members of limited liability companies. Refer to Rule IX of the applicable state special rules

pages for additional information.

NONE 2. Premium Determination

Refer to Rule IX of the applicable state special

rules.

MN EXCEPTION:

NONE

AMEND MN EXCEPTION:

Amend as follows:

A. Executive Officers and Members of a

Limited Liability Company

1. Definition Add the following:

Note - Minnesota Limited Liability Companies: Member/owners of a Limited Liability Company who are covered by workers compensation will be treated the same as a covered executive officer for premium determination purposes, including maximum and minimum payrolls shown on the state rate pages.

Amend as follows:

A. Executive Officers

DELETE DELETE

MN EXCEPTION:

ADD MN EXCEPTION:

RULE IX - Special Conditions or Operations Affecting Coverage and Premium

RULE IX - Special Conditions or Operations Affecting Coverage and Premium

NONE

Amend as follows:

G. Members or Managers of Limited Liability Companies

2. Premium Determination

Members/owners of a limited liability company who are covered by workers compensation will be treated the same as a covered executive officer for premium determination purposes, including maximum and minimum payrolls shown on the state rate pages.