

## CHAPTER 1221

### CORPORATE OFFICERS' EXEMPTION FROM WORKERS' COMPENSATION LAW

*H.F. 2355*

**AN ACT** to exempt from the workers' compensation law named corporate officers after signing and filing an acceptance of exemption and agricultural employers whose total payroll to nonexempt employees is less than two thousand five hundred dollars.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. Section 85.1, subsection 3, paragraph a, Code 1981, is amended to read as follows:

a. This chapter ~~shall apply~~ applies to ~~such~~ persons not specifically exempted by paragraph "b" of this subsection if at the time of injury ~~such~~ the person is employed by an employer whose total cash payroll to one or more persons other than those exempted by paragraph "b" of this subsection amounted to ~~one~~ two thousand five hundred dollars or more during the preceding calendar year.

Sec. 2. Section 85.61, subsection 3, Code 1981, is amended by adding the following new paragraph:

**NEW PARAGRAPH.** The president, vice president, secretary, and treasurer of a corporation other than a family farm corporation, but not to exceed four officers per corporation and only if such an officer signs an acceptance of exemption which is witnessed by two disinterested individuals who are not, formally or informally, affiliated with the corporation and which is filed by the corporation with the industrial commissioner on or before sixty days after the first day of employment. For each calendar year thereafter the acceptance of exemption shall be signed and filed on or before January 1. An acceptance of exemption filed under this section is not enforceable if it is required as a condition of employment. In order to ensure that the acceptance of exemption is knowingly and voluntarily signed, the acceptance of exemption shall be in substantially the following form:

#### ACCEPTANCE OF EXEMPTION

I understand that by signing this statement I accept my exemption from chapter 85 of the Code of Iowa relating to workers' compensation. (Check either alternative (1) or (2):)

(1) The corporation has made available to me for review and I have reviewed other insurance provided to pay certain benefits to me for personal injuries sustained by me arising out of and in the course of my employment and I accept this insurance in lieu of workers' compensation coverage under chapter 85 of the Code of Iowa.

(2) I am aware that the corporation does not provide other insurance to pay compensation benefits to me for personal injuries sustained by me and arising out of and in the course of my employment, and knowing that other insurance is not provided, I accept my exemption from chapter 85 of the Code of Iowa.

I understand that my acceptance of my exemption from chapter 85 under either alternative (1) or (2) is not a waiver of any rights or remedies available to me or to others on my behalf in a

civil action related to personal injuries sustained by me arising out of and in the course of my employment with the corporation.

Signed \_\_\_\_\_

Corporate Office \_\_\_\_\_

Date \_\_\_\_\_

City, County, State \_\_\_\_\_

of Residence \_\_\_\_\_

Witness \_\_\_\_\_

Witness \_\_\_\_\_

Notwithstanding the signing and filing of a valid acceptance of exemption under this paragraph, a corporation may voluntarily assume by the purchase of workers' compensation insurance specifically covering a corporate officer a liability for workers' compensation imposed upon the corporation by this chapter. If such voluntary coverage is in effect, workers' compensation benefits are the exclusive remedy available to the corporate officer as provided in section 85.20.

Sec. 3. Section 87.21, unnumbered paragraph 1, Code 1981, is amended to read as follows:

Any employer, except an employer exempt as provided in section 85.1 or a corporation exempt with respect to a corporate officer as provided in section 2 of this Act, who has failed to insure the employer's liability in one of the ways provided in this chapter, unless relieved from carrying such insurance as provided in section 87.11, shall be is liable to an employee for a personal injury in the course of and arising out of such the employment, and the employee may enforce such the liability by an action at law for damages, or may collect compensation as provided in chapters 85 and 86. In actions by the employee for damages under the terms of this section, the following rules shall apply:

Sec. 4. This Act takes effect January 1 following enactment. A corporate officer employed on or before the effective date of this Act who chooses to sign an acceptance of exemption under section 2 of this Act shall sign, and the corporation shall file, the acceptance of exemption on or before sixty days after the effective date of this Act.

Approved May 10, 1982