

Small Business & Economic Development
Hutchins, Chair
Taylor
Doyle

Reprinted 2/23

JAN 11 1983

SENATE FILE 51

BY HUTCHINS

*Amend from S-3101
Do Pass 2/16 (p.484)*

Passed Senate, Date 2-21-83 (p.493) Passed House, Date 3-11-83 (p.696)
Vote: Ayes 45 Nays 1 Vote: Ayes 80 Nays 14
Approved April 15, 1983

A BILL FOR

1 An Act relating to health care benefits provided to
2 corporate officers who voluntarily exclude themselves
3 from coverage under section 85.61, subsection 3, paragraph d.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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S.F. 51

3101
amended

1 Section 1. NEW SECTION. An insurer providing health care
2 benefits under an individual or group policy of accident and
3 health insurance regulated under chapter 509 or 514A, or a
4 nonprofit corporation providing health care benefits under
5 a hospital or medical and surgical service plan regulated
6 under chapter 514, to a corporate officer excluded from
7 workers' compensation coverage by the signing and filing of
8 a valid acceptance of exemption under section 85.61, subsection
9 3, paragraph d, shall provide, unless rejected by the corporate
10 officer, health care benefits covering personal injuries
11 arising out of and in the course of the corporate officer's
12 employment with the corporation.

13 Sec. 2. A corporate officer employed on or before January
14 1, 1983 who chooses to sign an acceptance of exemption for
15 calendar year 1983 under section 85.61, subsection 3, paragraph
16 d, shall sign, and the corporation shall file, the acceptance
17 of exemption on or before March 31, 1983.

18 Sec. 3. This Act takes effect from and after its publica-
19 tion in the Audubon News-Advocate, a newspaper published in
20 Audubon, Iowa, and in the Guthrie Center Times, a newspaper
21 published in Guthrie Center, Iowa, and is retroactive to
22 January 1, 1983.

23 EXPLANATION

24 This bill requires insurance carriers and nonprofit hos-
25 pital and medical service plans to provide health care
26 benefits, unless rejected, for personal injuries arising out
27 of and in the course of employment, to corporate officers
28 who voluntarily exclude themselves from workers' compensation
29 coverage through the signing and filing of an acceptance of
30 exemption with the industrial commissioner.

31 The bill also allows the signing and filing of the accep-
32 tances of exemption for calendar year 1983 at any time before
33 March 31, 1983.

34 The bill takes effect upon publication and is made retro-
35 actively effective to January 1, 1983.

H-3265

1 Amend Senate File 51 as amended, passed, and
2 reprinted by the Senate, as follows:
3 1. By striking everything after the enacting
4 clause and inserting in lieu thereof the following:
5 "Section 1. Section 85.61, subsection 3, paragraph
6 d, unnumbered paragraph 1, Code 1983, is amended to
7 read as follows:

8 The president, vice president, secretary, and
9 treasurer of a corporation other than a family farm
10 corporation, but not to exceed four officers per
11 corporation and only if such an officer signs an
12 acceptance of exemption which is witnessed by two
13 disinterested individuals who are not, formally or
14 informally, affiliated with the corporation and which
15 is filed by the corporation with the industrial
16 commissioner on or before sixty days after the first
17 day of employment. ~~For each calendar year thereafter~~
18 ~~the acceptance of exemption shall be signed and filed~~
19 or if the officer is not a new employee on or before
20 January 1 for each succeeding calendar year. An
21 acceptance of exemption filed under this section is
22 not enforceable if it is required as a condition of
23 employment. In order to ensure that the acceptance
24 of exemption is knowingly and voluntarily signed,
25 the acceptance of exemption shall be in substantially
26 the following form:

27 Sec. 2. NEW SECTION. EMPLOYERS' LIABILITY
28 COVERAGE. An insurer which issues a policy of workers'
29 compensation and employers' liability coverage in
30 this state shall not discriminate, in the offering
31 of employers' liability coverage, against a corporate
32 officer excluded from workers' compensation coverage
33 under section 85.61, subsection 3, paragraph d.

34 An insurer which issues a policy of workers'
35 compensation and employers' liability coverage in
36 this state shall file rates, based on actuarially
37 sound data, with the commissioner of insurance
38 applicable only to employers' liability coverage for
39 those corporate officers excluded from workers'
40 compensation coverage under section 85.61, subsection
41 3, paragraph d.

42 Sec. 3. A corporate officer employed on or before
43 January 1, 1983 who chooses to sign an acceptance
44 of exemption for calendar year 1983 under section
45 85.61, subsection 3, paragraph d, shall sign, and
46 the corporation shall file, the acceptance of exemption
47 any time on or before December 31, 1983.

48 Notwithstanding the sixty-day limitation in section
49 85.61, subsection 3, paragraph d, an acceptance of
50 exemption for a newly employed officer may be signed

H-3265

Page Two

1 and filed with the industrial commissioner at any
2 time on or before December 31, 1983.

3 Sec. 4. This Act, being deemed of immediate
4 importance, takes effect from and after its publication
5 in the Audubon News-Advocate, a newspaper published
6 in Audubon, Iowa, and in the Guthrie Center Times,
7 a newspaper published in Guthrie Center, Iowa."

H-3265 FILED MARCH 16, 1983

BY HUMMEL of Benton

S-3101

1 Amend Senate File 51 as follows:

2 1. By striking everything after the enacting
3 clause and inserting in lieu thereof the following:

4 "Section 1. Section 85.1, Code 1983, is amended
5 by adding the following new subsection:

6 NEW SUBSECTION. 4A. The president, vice president,
7 secretary, and treasurer of a corporation other than
8 a family farm corporation, not to exceed four officers
9 per corporation, if such an officer knowingly and
10 voluntarily rejects workers' compensation coverage
11 pursuant to section 5 of this Act.

12 Sec. 2. Section 85.1, subsection 5, Code 1983,
13 is amended to read as follows:

14 5. ~~Employers, including employers of employees~~
15 ~~engaged in any type of service in or about a private~~
16 ~~dwelling, employers of persons whose employment is~~
17 ~~of a casual nature and not for the purpose of the~~
18 ~~employer's trade or business, and employers of persons~~
19 ~~engaged in agriculture, may with respect to an employee~~
20 ~~or person or a classification of employees exempt~~
21 ~~by subsections 1, 2 and 4 and subsection 3, paragraph~~
22 ~~"a" from coverage provided by this chapter pursuant~~
23 ~~to subsection 1, 2, 3, 4, or 4A, other than the~~
24 ~~employee or classification of employees with respect~~
25 ~~to whom a rule of liability or a method of compensation~~
26 ~~is established by the Congress of the United States,~~
27 ~~assume a liability for compensation imposed upon~~
28 ~~employers by this chapter, for the benefit of employees~~
29 ~~within the coverage of this chapter. Employers of~~
30 ~~employees, persons or classifications of employees~~
31 ~~exempted by paragraph "b" of subsection 3 may with~~
32 ~~respect to such employee, person or classification~~
33 ~~of employees assume a liability for compensation~~
34 ~~imposed upon employers by this chapter, by the purchase~~
35 ~~of valid workers' compensation insurance specifically~~
36 ~~including separate classifications for "a" such persons~~
37 ~~who are the spouse of the employer, parents, brothers,~~
38 ~~sisters, children and stepchildren of either the~~
39 ~~employer or the spouse of the employer, and the spouses~~
40 ~~of the brothers, sisters, children, and stepchildren~~
41 ~~of either the employer or the spouse of the employer,~~
42 ~~"b" persons engaged in exchanging labor and "c"~~
43 ~~officers of a family farm corporation, spouses of~~
44 ~~the officers, the parents, brothers, sisters, children,~~
45 ~~and stepchildren of either the officers or the spouses~~
46 ~~of the officers, and the spouses of the brothers,~~
47 ~~sisters, children, and stepchildren of either the~~
48 ~~officers or the spouses of the officers, and "d" the~~
49 ~~spouse of a partner of a partnership, the parents,~~
50 ~~brothers, sisters, children, and stepchildren of~~

~~1 either-a-partner-or-the-spouse-of-a-partner,-and-the~~
~~2 spouses-of-the-brothers,-sisters,-children,-and~~
~~3 stepchildren-of-either-a-partner-or-the-spouse-of~~
~~4 a-partner~~ the employee or classification of employees.
5 The purchase of and acceptance by an employer of valid
6 workers' compensation insurance applicable to such
7 ~~the employee or person~~ or classification of employees
8 constitutes an assumption by the employer of liability
9 without any further act on the part of the employer,
10 but only with respect to such ~~the employee or person~~
11 or classification of employees as are within the
12 coverage of the workers' compensation insurance
13 contract. ~~--If-under-this-subsection-an-employer~~
14 ~~voluntarily-elects-to-assume-the-liability-for-the~~
15 ~~payment-of-compensation-to-such-employees-or-persons~~
16 ~~or-classification-of-employees-by-the-purchase-of~~
17 ~~valid-workers'-compensation-insurance,-the-liability~~
18 ~~of-the-employer-takes-effect-and-continues-from-the~~
19 ~~effective-date-of-the-workers'-compensation-insurance~~
20 ~~contract-as-long-as~~ and only for the time period in
21 ~~which~~ the insurance contract is in force. Upon an
22 election, of such ~~coverage,~~ the employee ~~or person~~
23 or classification of employees shall accept
24 compensation in the manner provided by ~~the~~ this chapter
25 and the employer shall be relieved from any other
26 liability for recovery of damage, or other compensation
27 for injury.

28 Sec. 3. Section 85.61, subsection 3, paragraph
29 d, Code 1983, is amended by striking the paragraph.

30 Sec. 4. Section 87.21, unnumbered paragraph 1,
31 Code 1983, is amended to read as follows:

32 Any employer, except an employer with respect to
33 an exempt as provided in employee under section 85.1
34 ~~or-a-corporation-exempt-with-respect-to-a-corporate~~
35 ~~officer-as-provided-in-section-85.61,-subsection-3,-~~
36 ~~paragraph-"d",~~ who has failed to insure the employer's
37 liability in one of the ways provided in this chapter,
38 unless relieved from carrying such insurance as
39 provided in section 87.11, is liable to an employee
40 for a personal injury in the course of and arising
41 out of the employment, and the employee may enforce
42 the liability by an action at law for damages, or
43 may collect compensation as provided in chapters 85,
44 85A, 85B, and 86. In actions by the employee for
45 damages under this section, the following rules apply:

46 Sec. 5. NEW SECTION. CORPORATE OFFICER EXCLUSION
47 FROM WORKERS' COMPENSATION OR EMPLOYERS' LIABILITY
48 COVERAGE. The president, vice president, secretary,
49 and treasurer of a corporation other than a family
50 farm corporation, but not to exceed four officers

1 per corporation, may exclude themselves from workers'
 2 compensation coverage under chapters 85, 85A, and
 3 85B by knowingly and voluntarily rejecting workers'
 4 compensation coverage by signing, and attaching to
 5 the workers' compensation or employers' liability
 6 policy, initially and upon renewal of the policy,
 7 a written rejection, or if such a policy is not issued,
 8 by signing a written rejection which is witnessed
 9 by two disinterested individuals who are not, formally
 10 or informally, affiliated with the corporation and
 11 which is filed by the corporation with the industrial
 12 commissioner, in substantially the following form:

13 REJECTION OF WORKERS' COMPENSATION OR EMPLOYERS'
 14 LIABILITY COVERAGE

15 I understand that by signing this statement I
 16 reject the coverage of chapters 85, 85A, and 85B of
 17 the Code of Iowa relating to workers' compensation.

18 I understand that my rejection of the coverage
 19 of chapters 85, 85A, and 85B is not a waiver of any
 20 rights or remedies available to me or to others on
 21 my behalf in a civil action related to personal
 22 injuries sustained by me arising out of and in the
 23 course of my employment with the corporation.

24 I also understand that by signing this statement
 25 and checking alternative (1) below I reject employers'
 26 liability coverage for bodily injuries or death
 27 sustained by me arising out of and in the course of
 28 my employment with the corporation. (Check either
 29 alternative (1) or (2):)

30 (1) I reject the employers' liability coverage.

31 (2) I decline to reject the employers' liability
 32 coverage.

33 Signed

34 Corporate Office

35 Date

36 City, County, State

37 of Residence

38 Witness

39 Witness

40 I also understand that the signing of this statement
 41 and checking of alternative (1) below by an authorized
 42 agent of the corporation rejects for the corporation
 43 employers' liability coverage for bodily injuries
 44 or death sustained by me arising out of and in the
 45 course of my employment with the corporation. (Check
 46 either alternative (1) or (2):)

47 (1) The corporation rejects the employers'
 48 liability coverage.

49 (2) The corporation declines to reject the
 50 employers' liability coverage.

S-3101
PAGE 4

- 1 Signed
- 2 Relationship to Corporation
- 3 Date
- 4 City, County, State
- 5 of Residence
- 6 Witness
- 7 Witness

8 The rejection of workers' compensation coverage
9 is not enforceable if it is required as a condition
10 of employment. A corporate officer who signs a written
11 rejection filed with the industrial commissioner may
12 terminate the rejection by signing a written notice
13 of termination which is witnessed by two disinterested
14 individuals, who are not, formally or informally,
15 affiliated with the corporation and which is filed
16 by the corporation with the industrial commissioner.

17 Sec. 6. NEW SECTION. ISSUANCE OF EMPLOYERS'
18 LIABILITY COVERAGE. An insurer intending to issue
19 a policy providing employers' liability insurance
20 only and covering a corporate officer excluded from
21 workers' compensation coverage by the signing of a
22 written rejection of workers' compensation coverage
23 under section 5 of this Act, shall file the policy
24 with and obtain the approval of the commissioner of
25 insurance. The filing shall include the premium rates
26 which will apply to the employers' liability coverage.

27 Sec. 7. A corporate officer employed on or before
28 January 1, 1983 who chooses to sign an acceptance
29 of exemption for calendar year 1983 under section
30 85.61, subsection 3, paragraph d, shall sign, and
31 the corporation shall file, the acceptance of exemption
32 on or before April 30, 1983.

33 Sec. 8. This Act, being deemed of immediate
34 importance, takes effect from and after its publication
35 in the Audubon News-Advocate, a newspaper published
36 in Audubon, Iowa, and in the Guthrie Center Times,
37 a newspaper published in Guthrie Center, Iowa.
38 However, sections 1 through 6 of this Act take effect
39 January 1, 1984."

40 2. Title page, by striking lines 1 through 3 and
41 inserting in lieu thereof the words "An Act relating
42 to workers' compensation coverage and employers'
43 liability coverage provided to corporate officers
44 who voluntarily reject workers' compensation coverage."

S-3101 FILED
FEBRUARY 16, 1983

BY COMMITTEE ON SMALL BUSINESS &
ECONOMIC DEVELOPMENT
EMIL HUSAK, CHAIR

*Adopted as amended by
3115 & 3117 2/21 (p 493)*

SENATE FILE 51

S-3115

1 Amend the Amendment S-3101 to Senate File 51 as
2 follows:

3 1. Page 4, by striking line 32 and inserting in
4 lieu thereof the words "any time prior to December 31,
5 1983."

S-3115 FILED & ADOPTED (p. 49) BY RAY TAYLOR
FEBRUARY 21, 1983

SENATE FILE 51

S-3117

1 Amend the amendment, S-3101, to Senate File 51,
2 as follows:

3 1. Page 4, by inserting after line 32 the
4 following:

5 "Notwithstanding the sixty-day limitation in section
6 85.61, subsection 3, paragraph d, an acceptance of
7 exemption for a newly employed officer may be signed
8 and filed with the industrial commissioner at any
9 time prior to December 31, 1983."

S-3117 FILED & ADOPTED BY RAY TAYLOR
FEBRUARY 21, 1983 (p. 493)

SENATE FILE 51
BY HUTCHINS

(AS AMENDED AND PASSED BY THE SENATE FEBRUARY 21, 1983)
Substituted for H. F. 300 2/11

Passed Senate, Date 2-21-83 (p.493) Passed House, Date 3-11-83 (p.676)

Vote: Ayes 45 Nays 1 Vote: Ayes 80 Nays 14

Approved April 15, 1983 (p.1300)
Motion to reconsider (p.700) w/d 4/5 (p.1051)

A BILL FOR

1 An Act relating to workers' compensation coverage and employers'
2 liability coverage provided to corporate officers who voluntarily
3 reject workers' compensation coverage.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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117th Day FRIDAY, MAY 6, 1983 1579

COMMUNICATION FROM THE SECRETARY OF STATE

May 4, 1983

Ms. K. Marie Thayer
Secretary of the Senate
State Capitol Building
LOCAL

Dear Ms. Thayer:

I hereby certify that Senate File 51 was published in the Audubon News-Advocate, Audubon, Iowa on April 20, 1983 and in the Guthrie Center Times, Guthrie Center, Iowa on April 27, 1983.

Respectfully submitted,
MARY JANE ODELL
Secretary of State

1 Section 1. Section 85.1, Code 1983, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 4A. The president, vice president,
4 secretary, and treasurer of a corporation other than a family
5 farm corporation, not to exceed four officers per corporation,
6 if such an officer knowingly and voluntarily rejects workers'
7 compensation coverage pursuant to section 5 of this Act.

8 Sec. 2. Section 85.1, subsection 5, Code 1983, is amended
9 to read as follows:

10 5. Employers~~, including employers of employees engaged~~
11 ~~in any type of service in or about a private dwelling,~~
12 ~~employers of persons whose employment is of a casual nature~~
13 ~~and not for the purpose of the employer's trade or business,~~
14 ~~and employers of persons engaged in agriculture,~~ may with
15 respect to an employee ~~or person~~ or a classification of
16 employees exempt ~~by subsections 1, 2, 3, 4, and subsection~~
17 ~~3, paragraph "a"~~ from coverage provided by this chapter
18 pursuant to subsection 1, 2, 3, 4, or 4A, other than the
19 employee or classification of employees with respect to whom
20 a rule of liability or a method of compensation is established
21 by the Congress of the United States, assume a liability for
22 compensation imposed upon employers by this chapter, for the
23 benefit of employees within the coverage of this chapter.
24 ~~Employers of employees, persons or classifications of employees~~
25 ~~exempted by paragraph "b" of subsection 3 may with respect~~
26 ~~to such employee, person or classification of employees assume~~
27 ~~a liability for compensation imposed upon employers by this~~
28 ~~chapter,~~ by the purchase of valid workers' compensation
29 insurance specifically including ~~separate classifications~~
30 ~~for "a" such persons who are the spouse of the employer,~~
31 ~~parents, brothers, sisters, children and stepchildren of~~
32 ~~either the employer or the spouse of the employer, and the~~
33 ~~spouses of the brothers, sisters, children, and stepchildren~~
34 ~~of either the employer or the spouse of the employer, "b"~~
35 ~~persons engaged in exchanging labor and "c" officers of a~~

1 family-farm-corporation, spouses-of-the-officers, the-parents,
 2 brothers, sisters, children, and stepchildren-of-either-the
 3 officers-or-the-spouses-of-the-officers, and-the-spouses-of
 4 the-brothers, sisters, children, and stepchildren-of-either
 5 the-officers-or-the-spouses-of-the-officers, and "d" the
 6 spouse-of-a-partner-of-a-partnership, the-parents, brothers,
 7 sisters, children, and stepchildren-of-either-a-partner-or
 8 the-spouse-of-a-partner, and-the-spouses-of-the-brothers,
 9 sisters, children, and stepchildren-of-either-a-partner-or
 10 the-spouse-of-a-partner the employee or classification of
 11 employees. The purchase of and acceptance by an employer
 12 of valid workers' compensation insurance applicable to ~~such~~
 13 the employee ~~or-person~~ or classification of employees
 14 constitutes an assumption by the employer of liability without
 15 any further act on the part of the employer, but only with
 16 respect to ~~such~~ the employee ~~or-person~~ or classification of
 17 employees as are within the coverage of the workers'
 18 compensation insurance contract. ~~--if-under-this-subsection~~
 19 ~~an-employer-voluntarily-elects-to-assume-the-liability-for~~
 20 ~~the-payment-of-compensation-to-such-employees-or-persons-or~~
 21 ~~classification-of-employees-by-the-purchase-of-valid-workers'~~
 22 ~~compensation-insurance, the-liability-of-the-employer-takes~~
 23 ~~effect-and-continues-from-the-effective-date-of-the-workers'~~
 24 ~~compensation-insurance-contract-as-long-as~~ and only for the
 25 time period in which the insurance contract is in force.
 26 Upon an election, of such coverage, the employee ~~or-person~~
 27 or classification of employees shall accept compensation in
 28 the manner provided by ~~the~~ this chapter and the employer shall
 29 be relieved from any other liability for recovery of damage,
 30 or other compensation for injury.

31 Sec. 3. Section 85.61, subsection 3, paragraph d, Code
 32 1983, is amended by striking the paragraph.

33 Sec. 4. Section 87.21, unnumbered paragraph 1, Code 1983,
 34 is amended to read as follows:

35 Any employer, except an employer with respect to an exempt

1 ~~as provided in~~ employee under section 85.1 ~~or a corporation~~
2 ~~exempt with respect to a corporate officer as provided in~~
3 ~~section 85.617 subsection 37 paragraph "d"~~, who has failed
4 to insure the employer's liability in one of the ways provided
5 in this chapter, unless relieved from carrying such insurance
6 as provided in section 87.11, is liable to an employee for
7 a personal injury in the course of and arising out of the
8 employment, and the employee may enforce the liability by
9 an action at law for damages, or may collect compensation
10 as provided in chapters 85, 85A, 85B, and 86. In actions
11 by the employee for damages under this section, the following
12 rules apply:

13 Sec. 5. NEW SECTION. CORPORATE OFFICER EXCLUSION FROM
14 WORKERS' COMPENSATION OR EMPLOYERS' LIABILITY COVERAGE. The
15 president, vice president, secretary, and treasurer of a
16 corporation other than a family farm corporation, but not
17 to exceed four officers per corporation, may exclude themselves
18 from workers' compensation coverage under chapters 85, 85A,
19 and 85B by knowingly and voluntarily rejecting workers'
20 compensation coverage by signing, and attaching to the workers'
21 compensation or employers' liability policy, initially and
22 upon renewal of the policy, a written rejection, or if such
23 a policy is not issued, by signing a written rejection which
24 is witnessed by two disinterested individuals who are not,
25 formally or informally, affiliated with the corporation and
26 which is filed by the corporation with the industrial
27 commissioner, in substantially the following form:

28 REJECTION OF WORKERS' COMPENSATION OR EMPLOYERS'
29 LIABILITY COVERAGE

30 I understand that by signing this statement I reject the
31 coverage of chapters 85, 85A, and 85B of the Code of Iowa
32 relating to workers' compensation.

33 I understand that my rejection of the coverage of chapters
34 85, 85A, and 85B is not a waiver of any rights or remedies
35 available to me or to others on my behalf in a civil action

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

3 I also understand that by signing this statement and
4 checking alternative (1) below I reject employers' liability
5 coverage for bodily injuries or death sustained by me arising
6 out of and in the course of my employment with the corporation.
7 (Check either alternative (1) or (2):)

8 (1) I reject the employers' liability coverage.

9 (2) I decline to reject the employers' liability coverage.

10 Signed

11 Corporate Office

12 Date

13 City, County, State

14 of Residence

15 Witness

16 Witness

17 I also understand that the signing of this statement and
18 checking of alternative (1) below by an authorized agent of
19 the corporation rejects for the corporation employers'
20 liability coverage for bodily injuries or death sustained
21 by me arising out of and in the course of my employment with
22 the corporation. (Check either alternative (1) or (2):)

23 (1) The corporation rejects the employers' liability
24 coverage.

25 (2) The corporation declines to reject the employers'
26 liability coverage.

27 Signed

28 Relationship to Corporation

29 Date

30 City, County, State

31 of Residence

32 Witness

33 Witness

34 The rejection of workers' compensation coverage is not
35 enforceable if it is required as a condition of employment.

1 A corporate officer who signs a written rejection filed with
2 the industrial commissioner may terminate the rejection by
3 signing a written notice of termination which is witnessed
4 by two disinterested individuals, who are not, formally or
5 informally, affiliated with the corporation and which is filed
6 by the corporation with the industrial commissioner.

7 Sec. 6. NEW SECTION. ISSUANCE OF EMPLOYERS' LIABILITY
8 COVERAGE. An insurer intending to issue a policy providing
9 employers' liability insurance only and covering a corporate
10 officer excluded from workers' compensation coverage by the
11 signing of a written rejection of workers' compensation
12 coverage under section 5 of this Act, shall file the policy
13 with and obtain the approval of the commissioner of insurance.
14 The filing shall include the premium rates which will apply
15 to the employers' liability coverage.

16 Sec. 7. A corporate officer employed on or before January
17 1, 1983 who chooses to sign an acceptance of exemption for
18 calendar year 1983 under section 85.61, subsection 3, paragraph
19 d, shall sign, and the corporation shall file, the acceptance
20 of exemption any time prior to December 31, 1983.

21 Notwithstanding the sixty-day limitation in section 85.61,
22 subsection 3, paragraph d, an acceptance of exemption for
23 a newly employed officer may be signed and filed with the
24 industrial commissioner at any time prior to December 31,
25 1983.

26 Sec. 8. This Act, being deemed of immediate importance,
27 takes effect from and after its publication in the Audubon
28 News-Advocate, a newspaper published in Audubon, Iowa, and
29 in the Guthrie Center Times, a newspaper published in Guthrie
30 Center, Iowa. However, sections 1 through 6 of this Act take
31 effect January 1, 1984.

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SF 51
rj/slc/26a

SENATE FILE 51

AN ACT

RELATING TO WORKERS' COMPENSATION COVERAGE AND EMPLOYERS' LIABILITY COVERAGE PROVIDED TO CORPORATE OFFICERS WHO VOLUNTARILY REJECT WORKERS' COMPENSATION COVERAGE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 85.1, Code 1983, is amended by adding the following new subsection:

NEW SUBSECTION. 4A. The president, vice president, secretary, and treasurer of a corporation other than a family farm corporation, not to exceed four officers per corporation, if such an officer knowingly and voluntarily rejects workers' compensation coverage pursuant to section 5 of this Act.

Sec. 2. Section 85.1, subsection 5, Code 1983, is amended to read as follows:

5. Employers, including employers of employees engaged in any type of service in or about a private dwelling; employers of persons whose employment is of a casual nature and not for the purpose of the employer's trade or business; and employers of persons engaged in agriculture, may with respect to an employee or person or a classification of employees exempt by subsections 1, 2, 3, 4, and 4A and subsection 3, paragraph 4a from coverage provided by this chapter pursuant to subsection 1, 2, 3, 4, or 4A, other than the employee or classification of employees with respect to whom a rule of liability or a method of compensation is established by the Congress of the United States, assume a liability for compensation imposed upon employers by this chapter, for the benefit of employees within the coverage of this chapter. Employers of employees, persons or classifications of employees exempted by paragraph 4b of subsection 3 may with respect

to such employee, person or classification of employees assume a liability for compensation imposed upon employers by this chapter, by the purchase of valid workers' compensation insurance specifically including separate classifications for (a) such persons who are the spouse of the employer, parents, brothers, sisters, children and stepchildren of either the employer or the spouse of the employer, and the spouses of the brothers, sisters, children, and stepchildren of either the employer or the spouse of the employer, (b) persons engaged in exchanging labor and (c) officers of a family farm corporation, spouses of the officers, the parents, brothers, sisters, children and stepchildren of either the officers or the spouses of the officers, and the spouses of the brothers, sisters, children and stepchildren of either the officers or the spouses of the officers, and (d) the spouse of a partner of a partnership, the parents, brothers, sisters, children and stepchildren of either a partner or the spouse of a partner, and the spouses of the brothers, sisters, children and stepchildren of either a partner or the spouse of a partner. the employee or classification of employees. The purchase of and acceptance by an employer of valid workers' compensation insurance applicable to such the employee or person or classification of employees constitutes an assumption by the employer of liability without any further act on the part of the employer, but only with respect to such the employee or person or classification of employees as are within the coverage of the workers' compensation insurance contract. if under this subsection an employer voluntarily elects to assume the liability for the payment of compensation to such employees or persons or classification of employees by the purchase of valid workers' compensation insurance, the liability of the employer taken effect and continues from the effective date of the workers' compensation insurance contract as long as and only for the time period in which the insurance contract is in force.

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Upon an election of such coverage, the employee or person or classification of employees shall accept compensation in the manner provided by the this chapter and the employer shall be relieved from any other liability for recovery of damage, or other compensation for injury.

Sec. 3. Section 85.61, subsection 3, paragraph 3, Code 1983, is amended by striking the paragraph.

Sec. 4. Section 87.21, unnumbered paragraph 1, Code 1983, is amended to read as follows:

Any employer, except an employer with respect to an exempt ~~as provided in employee under section 85.1 of a corporation exempt with respect to a corporate officer as provided in section 85.61, subsection 3, paragraph 4~~, 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, is liable to an employee for a personal injury in the course of and arising out of the employment, and the employee may enforce the liability by an action at law for damages, or may collect compensation as provided in chapters 85, 85A, 85B, and 86. In actions by the employee for damages under this section, the following rules apply:

Sec. 5. NEW SECTION. CORPORATE OFFICER EXCLUSION FROM WORKERS' COMPENSATION OR EMPLOYERS' LIABILITY COVERAGE. The president, vice president, secretary, and treasurer of a corporation other than a family farm corporation, but not to exceed four officers per corporation, may exclude themselves from workers' compensation coverage under chapters 85, 85A, and 85B by knowingly and voluntarily rejecting workers' compensation coverage by signing, and attaching to the workers' compensation or employers' liability policy, initially and upon renewal of the policy, a written rejection, or if such a policy is not issued, by signing a written rejection 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, in substantially the following form:

REJECTION OF WORKERS' COMPENSATION OR EMPLOYERS' LIABILITY COVERAGE

I understand that by signing this statement I reject the coverage of chapters 85, 85A, and 85B of the Code of Iowa relating to workers' compensation.

I understand that my rejection of the coverage of chapters 85, 85A, and 85B 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.

I also understand that by signing this statement and checking alternative (1) below I reject employers' liability coverage for bodily injuries or death sustained by me arising out of and in the course of my employment with the corporation. (Check either alternative (1) or (2):)

- (1) I reject the employers' liability coverage.
- (2) I decline to reject the employers' liability coverage.

Signed
Corporate Office
Date
City, County, State
of Residence
Witness
Witness

I also understand that the signing of this statement and checking of alternative (1) below by an authorized agent of the corporation rejects for the corporation employers' liability coverage for bodily injuries or death sustained by me arising out of and in the course of my employment with the corporation. (Check either alternative (1) or (2):)

- (1) The corporation rejects the employers' liability coverage.

(2) The corporation declines to reject the employers' liability coverage.

Signed
Relationship to Corporation
Date
City, County, State
of Residence
Witness
Witness

The rejection of workers' compensation coverage is not enforceable if it is required as a condition of employment. A corporate officer who signs a written rejection filed with the industrial commissioner may terminate the rejection by signing a written notice of termination 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.

Sec. 6. NEW SECTION. ISSUANCE OF EMPLOYERS' LIABILITY COVERAGE. An insurer intending to issue a policy providing employers' liability insurance only and covering a corporate officer excluded from workers' compensation coverage by the signing of a written rejection of workers' compensation coverage under section 5 of this Act, shall file the policy with and obtain the approval of the commissioner of insurance. The filing shall include the premium rates which will apply to the employers' liability coverage.

Sec. 7. A corporate officer employed on or before January 1, 1983 who chooses to sign an acceptance of exemption for calendar year 1983 under section 85.61, subsection 3, paragraph d, shall sign, and the corporation shall file, the acceptance of exemption any time prior to December 31, 1983.

Notwithstanding the sixty-day limitation in section 85.61, subsection 3, paragraph d, an acceptance of exemption for a newly employed officer may be signed and filed with the industrial commissioner at any time prior to December 31, 1983.

Sec. 8. This Act, being deemed of immediate importance, takes effect from and after its publication in the Audubon News-Advocate, a newspaper published in Audubon, Iowa, and in the Guthrie Center Times, a newspaper published in Guthrie Center, Iowa. However, sections 1 through 6 of this Act take effect January 1, 1984.

ROBERT T. ANDERSON
President of the Senate

DONALD D. AVENSON
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 51, Seventieth General Assembly.

K. MARIE THAYER
Secretary of the Senate

Approved *April 15*, 1983

TERRY E. BRANSTAD
Governor