

## Quick Reference Ownership Guide

<u>Entity Type</u>	<u>Owner Titles</u>	<u>% of Ownership</u>	<u>Excluded/Included</u>
Sole Proprietor	Individual Name	100%	Not Covered
Husband & Wife	Husband & Wife's Name	50%/50%	Not Covered
Partnership	Each Partner's Name	Equal Ownership	Excluded/Included subject to Min/Max
Limited Partnership	General/Limited Partners	Equal Ownership	Only General Partners Excluded/Included since Ownership is determined by General Partners only.
Corporation	Pres/Sec/Tres & Directors	Must Equal 100%	Excluded/Included subject to Min/Max
Non-profit Corp NWNP, working non-paid officers/directors considered to be volunteers. Directors covered not subject to Min/Max, but actual payroll	Pres/Sec/Tres & Directors	No Ownership	No Exclusions coverage subject to Min/Max
Limited Liability Co (LLC)	Mgr Members & Members	Equal Ownership	Only Mgr Members Excluded/Included subject to Min/Max
Trust			
-Revocable	Trustor, Trustee & Beneficiary		Complex – Check w/Underwriting
-Irrevocable	Trustee-Beneficiary		

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Limited Liability Partnership	Each Partner's Name	Equal Ownership	Excluded/Included subject to Min/Max
Non-profit Organization	All Titles	No Ownership	No Exclusions
Joint Venture	Each Entities Name	Equal Ownership	Excluded/Included subject to Min/Max
Common Ownership	Each Entities Name	Each Entities Ownership	Excluded/Included subject to Min/Max

### EXAMPLES

#### Partnership

*ABC Plumbing Supply Company*  
 John Smith (Partner) and  
 Jane Smith (Partner)

Each partner owns an equal share for experience rating purposes. In this example each partner owns 50%. The partners may "elect" to include or exclude coverage. A signed exclusion letter is required to endorse the policy for exclusion.

Corporation: \*\*Officers and/or Directors with stock qualify for exclusion as long as 100% of stock is owned by Officers and/or Directors\*\*

*ABC Corporation*  
 John Smith, Pres. 50%  
 Jane Smith, Sec. 25%  
 Jack Smith, Tres 25%

Each corporate officer must have a corporate title and own stock (totaling 100%) in order to "elect" coverage or exclusion. A signed exclusion letter is required to endorse the policy for exclusion.

**Corporation: \*\*Officers don't qualify for exclusion\*\***

*ABC Corporation*

John Smith, Pres. 50%  
Jane Smith, Sec/Tres. 40%  
Various Stockholders, 10%

The corporate stock is owned outside the corporation by a stockholder. In this example, all officers that are working/paid will be covered for workers' compensation subject to the min/max payrolls per year. The 2013 Min/Max payroll limits are \$41,600/\$106,600

**Non-Profit Corporation:**

*ABC Corporation*

John Smith, Pres.  
Jane Smith, Sec.  
Jack Smith, Tres

Each corporate officer must have a corporate title. Any working and paid officers are subject to Min/Max. Non-working/non-paid officers are ineligible for coverage. Working/non-paid officers are considered volunteers.

**Limited Liability Company (LLC)**

*ABC Plumbing Supply, LLC.*

John Smith, Mgr-Member  
Jane Smith, Mgr-Member  
Jack Smith, Member

Each member owns an equal share for experience rating purposes. In this example, each member owns 33.33%. Only Manager-Members can "elect" to be included or excluded. A signed exclusion letter is required to endorse the policy for exclusion. Jack Smith, Member will be covered for workers' compensation coverage if he is working/paid.

## Trusts

### Example #1 – Revocable Trust

John Smith Family Trust

Trustor – John Smith

Trustee – Jane Smith

Beneficiary – Jack Smith

Assets are controlled by the Trustor. Terms and conditions of the trust may be changed at anytime while the trustor is still living. The trustor has full use of the assets.

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### Example # 2 – Irrevocable Trust

John Smith Family Trust

Trustor – John Smith

Trustee – Jane Smith

Beneficiaries – Jack Smith

Assets are controlled by the trustee. Terms and conditions of the trust may not be changed by the trustor without court intervention. The trustor does not have full use of the assets during his/her lifetime.

\*\*If the trustee is acting as the legal representative of a deceased person, the trustee is considered the employer. If the trustee was an employee prior to appointment as trustee, that person becomes both employer and employee and premium is collected.

## Common Ownership

Employer:

ABC Corporation  
John Smith, CEO – 80%  
Jane Smith, Pres, Sec – 20%  
Jack Smith, Tres – 0%

XYZ Corporation  
John Smith, Pres – 95%  
Jane Smith, V. Pres – 5%  
Jack Smith, Tres – 0%  
Emily Smith, Sec – 0%

123 LLC.  
John Smith, Mgr-Member  
Jane Smith, Mgr-Member  
Jack Smith, Mgr-Member

\*\*Review each entity and determine the common ownership in each. In this example, John Smith & Jane Smith own the majority in each company. Also, to be eligible for exclusion on the policy, you must be eligible for exclusion in all entities in the common ownership.