

Excluding Executive Officers from the Workers' Compensation Policy.

The California Labor Code requires all California employers to carry Workers' Compensation. However under certain conditions, Executive Officers of a corporation may elect to be excluded from the coverage.

To be excluded from coverage:

1. The employee must be an Executive Officer of the corporation
2. The employee must own some stock in the corporation
3. The company must be a "closed corporation" i.e. All of the company stock must be owned by the executive officers and directors, and no one else.

According to the California Workers Compensation manual, Executive Officers are defined as:

Those officers of a Corporation commonly known and styled as President, and any Vice President, Secretary, Assistant Secretary, Treasurer, Assistant Treasurer, and shall include in addition thereto, any other Executive Officers enumerated in and empowered by the Charter or any regularly adopted By-Laws of the Corporation and who are elected or appointed and empowered by the Directors.

You should be aware that a title such as President, Vice President, etc., is not required in order to qualify as an Executive Officer; the key is that the person be elected or appointed by the Board/Charter, and that they are empowered to act as an officer on behalf of the Corporation. Anyone so empowered (such as Controller, Personnel Manager, General Manager, etc.) could qualify as an Executive Officer.

Conversely, title alone does not designate someone as an Executive Officer. If a person is not formally empowered as an Officer of the Corporation, they are not an Officer. This could even include such titles as Vice President.