

### Designation of Partner or LLC Member Exemption In the Construction or Landscaping Industries

Employer name: \_\_\_\_\_ Policy No.: \_\_\_\_\_

Number of employees: \_\_\_\_\_

Type of registration:       Construction       Landscaping

The employer agrees to notify SAIF Corporation in writing of any changes to the exemptions, with the change to be effective upon receipt by SAIF. The employer selects this option (mark only one):

1.  The employer has no partners/members who perform work for the business in Oregon.

2.  The Oregon partners/members are not eligible for exemption (see page 2) and are all subject, covered workers.

3.  No exemptions are claimed. The employer elects to cover all partners/members who perform work for the business in Oregon until further notice.

4.  The employer designates the following eligible owners to be exempt effective \_\_\_\_\_.

If you designate fewer exemptions than authorized by law, all partners/ members not named who perform work for the business in Oregon are subject workers until further notice, and premium will be payable for their coverage.

Name of exempted partner/member	Percent owned
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

All partners/members named under option #4 ( are  are not) members of the same family.

\_\_\_\_\_  
Authorized representative

\_\_\_\_\_  
Date

**See page 2 for explanation of exempt partners or members**

## Partner or Limited Liability Company Member Exemption For Construction or Landscape Employers

Oregon law (ORS 656.027) places a limit on the number of partners or limited liability company (LLC) members who perform work for a construction or landscape business who may be exempted from workers' compensation coverage.

Each partnership or LLC is authorized to exempt two partners or members, or one exemption for each 10 employees in the business, whichever is greater. To be eligible to be designated exempt, the business entity must be registered with the Construction Contractors Board (CCB) or the Landscape Contractors Board (LCB), and the partner or member must own either 10 percent or more of the business or at least a percentage equal to the average owners' interest if less than 10 percent. (Partners or members who are not active in the business need not be designated exempt and are not covered.)

There is also a provision for family businesses which allows the exemption of more than two partners or members, if these conditions are met.

1. **All** partners or members of a business must be from the same family. If one or more partners or members are non-family, this special family rule does not apply.
2. Each partner or member must have one of the following relationships to another partner or member: parent, spouse, sister, brother, daughter, son, daughters-in-law, sons-in-law, or grandchild.
3. Only partners or members meeting the ownership criteria above may be designated as exempt. Partners or members not meeting the ownership criteria are subject workers who must be covered, and may not be exempted.
4. The business must designate all partners or members it wishes to exempt in writing to the insurer.

Please use the form on page 1 to designate the partners or members you wish to exempt from workers' compensation coverage. Any partners or members you do not designate exempt, or who are ineligible for exemption, must be reported for premium purposes under the wages established by the National Council on Compensation Insurance (NCCI). Partners and LLC members must report the NCCI monthly assumed wage, regardless of their actual earnings. Report payroll in the classification applicable to the partners' or members' duties. If they perform duties applicable to several classifications, the payroll may be split providing you maintain verifiable payroll records for the actual time spent in each classification.

Oregon Administrative Rule (OAR 436-050-0050) states that if a partnership or LLC fails to designate which partners or members are exempt, the exempt partners or members shall be determined in the following order: 1) the partner or member with the largest ownership interest, then the next largest ownership interest; or 2) if the ownership interest is the same, the sequence of the exemptions will be determined by whose birthday falls earlier in the year.

Changes to your designated exemptions must be requested in writing, and will become effective no sooner than the date received by SAIF Corporation.