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Located at 20700 Swenson Drive, Suite 100, Waukesha, WI 53186

**CIRCULAR LETTER 3205—January 14, 2020**

TO: Members of the Bureau

FROM: Jaclyn de Medicci

RE: Proceedings of the WCRB Rating Committee  
Franchisor/Franchisee Endorsements WC

Pursuant to ch. 626, Wis. Stat., the Office of the Commissioner of Insurance has approved the Wisconsin Franchisor – Franchisee Coverage Endorsement WC 48 03 20 and the Wisconsin Franchisor-Franchisee Agreement Termination Endorsement WC 48 03 21 with an effective date of 01/08/2020 for new and renewal policies.

These endorsements were created in response to prior changes to Wis. Stat. 102.04 Definition of Employee, which allows a Franchisor to elect to be recognized as the Franchisee's employer for worker's compensation purposes.

**WISCONSIN FRANCHISOR – FRANCHISEE COVERAGE ENDORSEMENT**

This endorsement applies only to the insurance provided by the policy because Wisconsin is shown in Item 3.A. of the Information Page.

This policy applies only with respect to employees provided to the Franchisee by the Franchisor shown below under a Franchisor or professional employer arrangement.

**Chapter 102.04 (2r) provides:**

For purposes of this chapter, a franchisor, as defined in [16 CFR 3436.1](#) (k), is not considered to be an employer of a franchisee, as defined in [16 CFR 4436.1](#) (i), or of an employee of a franchisee, unless any of the following applies:

- (a) The franchisor has agreed in writing to assume that role.
- (b) The franchisor has been found by the department or the division to have exercised a type or degree of control over the franchisee or the franchisee's employees that is not customarily exercised by a franchisor for the purpose of protecting the franchisor's trademarks and brand.

The insurance afforded by this policy is not intended to satisfy the Franchisor's duty to secure its obligations under the workers compensation law for its direct- employees. We will not file evidence of this insurance on behalf of the Franchisor with any government agency with respect to its direct-hire employees.

Premium will be charged for covered employees provided by the Franchisor. The Franchisor must obtain from the Franchisee and furnish to us a complete payroll record of the covered employees to satisfy obligations under Part Five (Premium), C.2. Payroll for all of the covered employees employed during the policy period will be assigned to the policy.

If the policy is canceled or nonrenewed by us, we will send at least 30 days written notice of such cancellation or at least 60 days written notice of nonrenewal to both the Franchisor and Franchisee(s)

Voluntary mid-term cancellation of the policy must be agreed upon by the Franchisee(s) and the Franchisor, and must be confirmed either by the Franchisor promptly giving written confirmation to the Franchisee(s) or by written agreement by the Franchisee.

If, during the policy period, a Franchisor terminates an agreement with a Franchisee in its entirety and the Franchisor is shown as the First Named Insured in Item 1 of the Information Page, we may cancel the policy by providing at least 30 days written notice to the Franchisor and to each Franchisee.

If, during the policy period, a Franchisor terminates an agreement with a Franchisee in its entirety and the Franchisee is shown as the First Named Insured in Item 1 of the Information Page, we may cancel the Franchisor's coverage under the policy by endorsement. The policy shall continue in force as to all employees of the Franchisee.

Part Four (Your Duties If Injury Occurs) applies to the Franchisee and the Franchisor. The Franchisor and the Franchisee will recognize our right to defend under Parts One and Two and our right to inspect under Part Six (Conditions).

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

**(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)**

**SCHEDULE**

Franchisor	Address	FEIN	
Endorsement Effective Date	Effective Policy No.	Endorsement No.	
Insured			
Insurance Company			

**WISCONSIN FRANCHISOR – FRANCHISEE AGREEMENT TERMINATION ENDORSEMENT**

The agreement for the Franchisor to be recognized as the employer for the Franchisee has been terminated. The

agreement was between \_\_\_\_\_ and  
(Name of Franchisor)

\_\_\_\_\_. Coverage under this policy has been terminated effective  
(Name of Franchisee)

\_\_\_\_\_.  
(Date\*)

\*NOTE: In accordance with 102.31, Wis. Stats., termination is not effective until 30 days after proper notice has been given of the termination to the Wisconsin Compensation Rating Bureau. Additional notification must be given to the Franchisor and the Franchisee.

This endorsement has been sent to the following entities:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Date sent: \_\_\_\_\_

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

**(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)**

Endorsement Effective Date  
Insured

Effective Policy No.

Endorsement No.

Insurance Company