



# Workers' Compensation

How best to serve your  
commercial clients with  
WC in Ohio



CE START CODE

233



How Best to Serve Your Commercial  
Clients with WC in Ohio

# Session Overview

- Overview of Ohio Workers' Compensation System
- Workers Compensation Rating Plans
- Other States Coverage
- Questions



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# Overview of Workers' Compensation



# The Grand Bargain

## Workers' Compensation System



*The 1911 Triangle Shirtwaist Factory fire in New York City killed 146 garment workers and helped pave the way for the Grand Bargain.*

Workers' compensation is often referred to as the grand bargain because its creation has benefited both business and labor in the U.S. for more than 100 years. Through this grand bargain, workers are assured of getting medical attention and compensation if injured on the job, while businesses are able to avoid costly and unpredictable litigation. Over the years, the focus on caring for the injured has expanded to preventing injuries through the promotion of safer workplaces.

In 1911, the Ohio Workmen's Compensation Act created a voluntary workers' compensation plan for employers, and in 1912 Ohio established the State Insurance Fund. In 1913 the workers' compensation system we still maintain today became mandatory.

More than 100 years later, our system remains a fundamental protection for Ohio's workforce and businesses.



# WORKERS' COMPENSATION SYSTEM

- No-Fault System
- Four monopolistic states (North Dakota, Ohio, Washington, and Wyoming)
- Ohio adopted a constitutional amendment establishing the Workers' Compensation System



# OHIO CONSTITUTIONAL REQUIREMENT

## II.35 Workmen's compensation

For the purpose of providing compensation to workmen and their dependents, for death, injuries or occupational disease, occasioned in the course of such workmen's employment, laws may be passed establishing a state fund to be created by compulsory contribution thereto by employers, and administered by the state, determining the terms and conditions upon which payment shall be made therefrom. Such compensation shall be in lieu of all other rights to compensation, or damages, for such death, injuries, or occupational disease, and any employer who pays the premium or compensation provided by law, passed in accordance herewith, shall not be liable to respond in damages at common law or by statute for such death, injuries or occupational disease. Laws may be passed establishing a board which may be empowered to classify all occupations, according to their degree of hazard, to fix rates of contribution to such fund according to such classification, and to collect, administer and distribute such fund, and to determine all right of claimants thereto. Such board shall set aside as a separate fund such proportion of the contributions paid by employers as in its judgment may be necessary, not to exceed one per centum thereof in any year, and so as to equalize, insofar as possible, the burden thereof, to be expended by such board in such manner as may be provided by law for the investigation and prevention of industrial accidents and diseases. Such board shall have full power and authority to hear and determine whether or not an injury, disease or death resulted because of the failure of the employer to comply with any specific requirement for the protection of the lives, health or safety of employees, enacted by the General Assembly or in the form of an order adopted by such board, and its decision shall be final; and for the purpose of such investigations and inquiries it may appoint referees. When it is found, upon hearing, that an injury, disease or death resulted because of such failure by the employer, such amount as shall be found to be just, not greater than fifty nor less than fifteen per centum of the maximum award established by law, shall be added by the board, to the amount of the compensation that may be awarded on account of such injury, disease, or death, and paid in like manner as other awards; and, if such compensation is paid from the state fund, the premium of such employer shall be increased in such amount, covering such period of time as may be fixed, as will recoup the state fund in the amount of such additional award, notwithstanding any and all other provisions in this constitution.

(As amended November 6, 1923. To take effect January 11924.)



# Privatized Workers' Compensation System

The **Ohio Private Workers' Compensation Insurance Amendment**, also known as **Amendment 1**, was on the November 3, 1981, ballot in Ohio as an initiated constitutional amendment, where it was **defeated**. The measure would have allowed private insurance companies to sell workers' compensation insurance.

Ohio Amendment 1 (1981)		
Result	Votes	Percentage
No	2,164,395	79.09%
Yes	572,227	20.91%



# Since then... employers have had a wild ride

## THEN

- Among the highest rates
- Employers seeking change, competitive disadvantage
- Noe/Beanie Baby Scandal (2005)

## NOW

- Are at their lowest in 40 years
- Multiple rebates, including \$5B in 2020
- Ohio has the 11th lowest premiums in the country
- Claims are down significantly



# Workers' Compensation

Recent Rate Changes

2018

Private Employer Rates

12% reduction

2020

Rate Cut

\$5B in rebates

13% an additional  
\$131M in rate relief

2022

Rate Cut

10% net decrease

\$106M decrease

2019

Private Employer Rates

reduced by 20%

\$1.5B in rebates

2021

Rate Cut

7.1% net decrease

\$71M decrease

# COVID Impact

## ACTIONS TAKEN BY BWC

- Three dividends issued in 2020
- Mask initiative for employers
- Initial reduction in estimated payroll/premium for 2020 policy year
- COVID claim exclusion



# Workers' Comp Rating



# Ohio Workers' Comp Group Rating Program

## HB 222 Impact

In 1989, House Bill 222 allowed employers in similar industries to join together through a sponsoring organization (association) to be rated as a group

## Group Rating

Group rating is offered to employers with better than average claims history

## Premium Discount

Employers can attain a maximum discount of 53% off of their BWC premiums

## Participation Rate

Approximately 80K employers participate in the group programs





# Ohio Workers' Comp Group Rating Program

## GROUP ENROLLMENT

OIA introduced the plan to agency commercial clients in 1992 giving OIA and Sedgwick the leading edge in group enrollment.

## ENROLLED EMPLOYERS

OIA's group plans include **11,000+** enrolled employers.

## COMPETITIVE ADVANTAGE

Creates a competitive advantage, trusted risk advisor relationship

## INCOME SOURCE

An additional income source for agents while expanding the services they provide through the Suite of Products

## PROSPECTING & RETENTION

The plan is an effective prospecting tool and assists with client retention

Enrolling your clients in OIA's plan potentially wards off any competing groups offered by another TPA that may cross sell insurance products



# How does a company qualify for group rating?

## CLAIMS HISTORY

Claims history is tracked and maintained by BWC

## EXPERIENCE

The recorded WC history is called an employers "experience"

## EMPLOYERS EXPERIENCE

An employers experience is the oldest four of the past six rating years (2022 experience: July 1, 2016 to June 30, 2020)

## ELIGIBILITY EVALUATION

Sedgwick actuarial staff will analyze the experience for potential eligibility

## ELIGIBILITY CONSIDERATION

If the employer has a better than average loss history and meets all of the criteria, they may be eligible for group rating

## COMMISSION

OIA member agencies receive **21.43%** commission of the enrollment fee collected by Sedgwick (less dues)



## WHAT ARE THE BWC RULES?

- All employers must be included on a group roster and all forms must be filed to BWC (2023 program application deadline is November 2022)
- The employer must be and remain in "active status" (BWC premium payments are current)
- The employer cannot have combine lapses in coverage totaling more than 40- day within the 12-months preceding the application deadline
- There can be no undisputed balances that are more than 45 days past due with BWC
- The employer cannot enroll in more than one group plan, each year
- All employers within the group must be members of the sponsoring organization
- Employers within a group must be similar in nature (same industry group)



# Alternative Group Program

## Group Retrospective Rating

- Effective in 2009
- Allows employers to pool/share risk
- Very successful in the state of Washington (and now Ohio)
- OIA filed five group retro groups in 2022, for the following industry groups: manufacturing, construction, transportation, retail and service
- Safety is key to a successful program
- Cost containment is critical to the success
- Group retro application is due to BWC by Jan 31, 2023
- OIA Member agencies receive **14%** commission of the enrollment fee collected by Sedgwick (less dues)

# Key Relationships

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Third-Party Administrator (TPA)



Group Sponsor



Managed Care Organization (MCO)





# Managed Care Organization (MCO)

## MANAGED CARE ORGANIZATION (MCO)

A Managed Care Organization (MCO) is certified by the BWC to work with employers to manage their WC claims and provide quality health care for their employees. A MCO works with the employers to help them file claims promptly and also make sure the injured workers receive quality medical care. They will help facilitate a quick and safe return to work.

## SELECTING A MANAGED CARE ORGANIZATION (MCO)

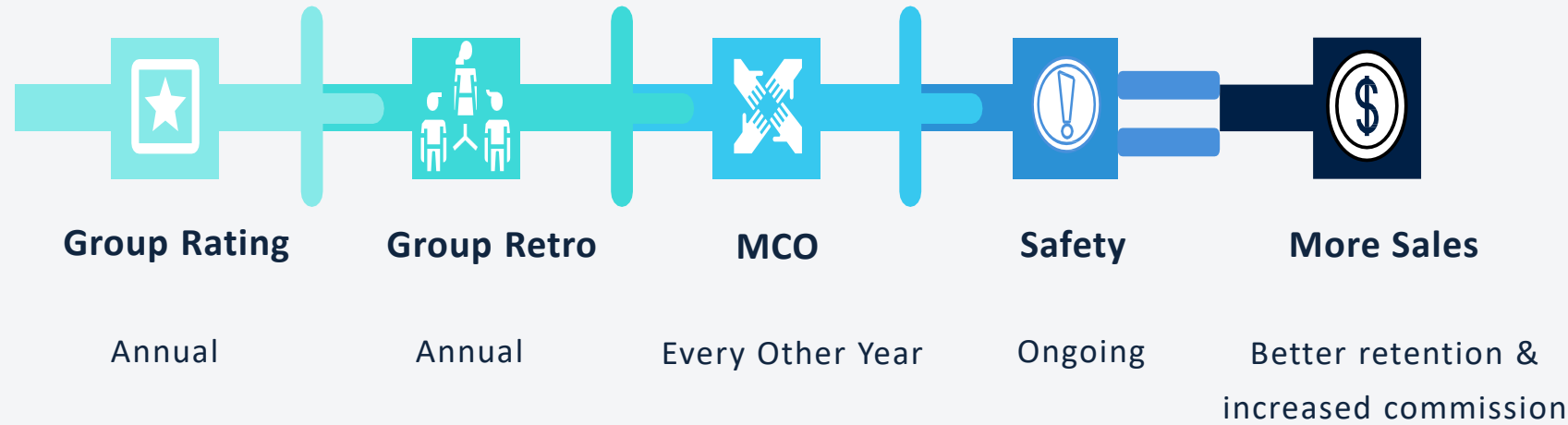
Each business in the state of Ohio is required to select an MCO. Every (2) years employers have the opportunity to change their MCO. The BWC will notify employers when open enrollment starts providing a new MCO Selection Guide. This guide includes lists of certified MCOs by county and instructs the employer as to how to review each MCOs performance and select a new one if desired. If an employer does not change their MCO then no action is required.

## SEDGWICK (MCO)

Working in conjunction with Sedgwick MCO, agencies have the opportunity to assist their clients in changing their chosen MCO. Agencies will receive a commission for every new client that switches to Sedgwick MCO

# Suite of products

The Suite of Products fits the way an agency writes business.  
Now, like a carrier, there are just more products agents can offer their clients.



# WC GROUP RATING TIMELINE

DEC '21 - NOV '22

Agents submit AC-3s for review

JUN '22 - NOV '22

Invitations issued to employers for enrollment in group rating plan\*\*

NOV '22

BWC deadline for Sedgwick to file applications for group rating plan

DEC '22 - JAN '23

BWC Reviews applicants for final approval for group rating

JUL '23 - JUN '24

Group rating discounted payroll period

\*\* Agents may view or download invitation packets online at <https://viaoneohio.sedgwick.com>

# Workers' Compensation

## Other States Coverages

- Any time an employee leaves Ohio, there is a risk that coverage through BWC is not sufficient
- BWC does not and cannot respond to a claim filed in another jurisdiction
- In March 2016, BWC launched an optional policy offering to provide coverage to eligible Ohio employers for out-of-state exposures.



# Workers Compensation – Other States Coverage

2021									
Transactions for Week Ending	6/18/2021	6/25/2021	7/2/2021	7/9/2021	7/16/2021	7/23/2021	7/30/2021	8/6/2021	8/13/2021
Applications Received	4	12	5	3	10	7	8	6	7
Quotes	12	14	13	6	21	27	16	20	27
Issued	11	23	17	8	9	25	10	14	19
Denied	0	2	3	1	1	1	3	2	1
Endorsements	1	2	2	0	3	0	3	2	4
Pending	4	10	7	6	11	7	6	3	3
Audits Ordered	1	9	19	19	21	5	28	11	15
UDS Doc Total	76	135	96	47	98	124	106	99	130
<b>Totals to date</b>									
Issued policies	613	619	622	624	624	629	628	634	631
Total policies	2497	2525	2542	2550	2561	2591	2601	2616	2633
Premium Collected	\$13,472,580	\$13,582,736	\$13,448,055	\$13,487,829	\$13,509,627	\$13,570,944	\$13,595,132	\$13,674,381	\$13,804,309
% Change in Premium	0.8%	0.8%	-1.0%	0.3%	0.2%	0.5%	0.2%	0.6%	1.0%
Average Policy Size	\$5,396	\$5,379	\$5,290	\$5,289	\$5,275	\$5,238	\$5,227	\$5,227	\$5,243
Total Claims	102	103	103	103	104	104	106	106	106
Open Claims	17	17	16	16	17	17	17	17	17
Payments to date	\$3,572,148	\$3,581,264	\$3,595,383	\$3,600,353	\$3,746,913	\$3,770,577	\$3,792,827	\$3,807,556	\$3,812,764



# Workers' Compensation

## **An employer should secure a policy that would respond to a claim pursued in another state if:**

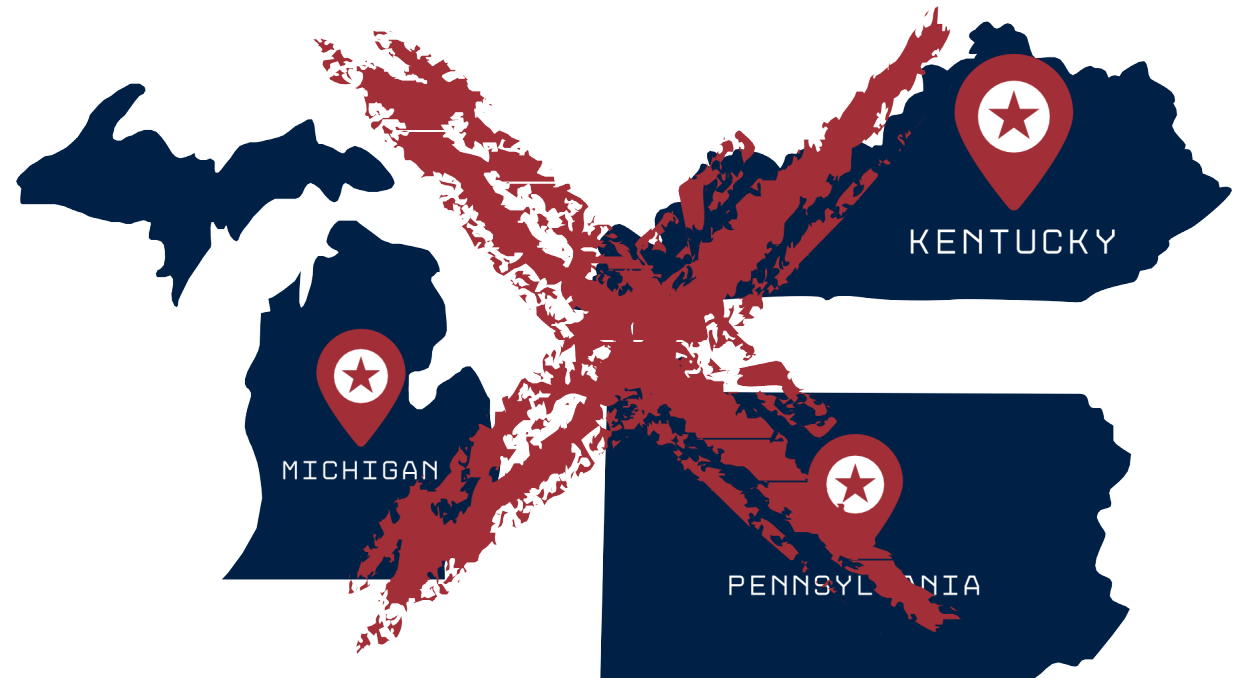
- An employee is hired to do work in another state;
- An employer has Ohio-based employees working in another jurisdiction for an extended period;
- An employee is working in a state where the law requires specific coverage for temporary exposures (other than BWC's coverage)

# WORKERS' COMPENSATION

Other states coverage Ohio border states and BWC coverage



\*No more than 30  
calendar days within any  
365-day period





# Workers' Compensation

## Other States Coverages

### NO ONE IS INJURED DO I STILL NEED COVERAGE?

Yes. Injury is not necessary to be in violation of workers' compensation laws of the state where employees are working. If those states find an employee is working without coverage, there could be penalties, fines and even stop-work orders.

### WHO IS ELIGIBLE FOR AN OTHER STATES COVERAGE POLICY?

An employer must have the majority of its business in Ohio for BWC to consider it for this coverage option. In addition, an employer must:

- Have active coverage with BWC;
- Have coverage lapses that do not exceed 40 cumulative days in the last 12 months;
- Have no past-due balances

WC also will review an employer's experience modifier, loss history, safety record, and other pertinent information to determine eligibility.

Self-insuring employers, temporary employment agencies, staffing entities and professional employer organizations (PEOs) are not eligible for an Other States Coverage Policy.



# Workers' Compensation

## Other States Coverages

### PROCESS TO APPLY FOR OTHER STATES COVERAGE

- Employers must submit an application specifically for other states' coverage (the ACORD 130 form)
- If the employer is approved, an other states' policy will be issued separately from the employer's Ohio workers' comp policy
- The policy will be on Zurich paper and the agent of record will be USIS

### CLIENT LISTS YOU ON THE ACORD 130 YOU WILL BE ABLE TO:

- Answer questions concerning the application
- Make changes on behalf of your client
- Receive correspondence including policy copy, endorsements, and audit notices



# Other States Coverage Application Services Fee for Agents

## Other States Coverage unit – contact information

**Email:**

[BWCothersstatescoverage@bwc.state.oh.us](mailto:BWCothersstatescoverage@bwc.state.oh.us)

**Phone:** 614-728-0535

**Fax:** 1-800-671-2351

## How do I get paid?

We realize and value the role agents play in helping employers apply for workers' compensation coverage outside of Ohio. To compensate for this service, agents will be paid an application services fee for each policy they place in our Other States Coverage program. The application services fee is in lieu of a commission.

Previously, the application service fee was \$50 per policy placed in the program. We will be changing to a tiered approach for both new and renewal policies with effective dates on or after July 1, 2021.

We will base the agent's payment on the initial written premium when the policy is issued, including taxes, fees, and assessments. The application services fee will not be adjusted for policy endorsements, or at audit.

Payment Tier	Premium Amount
\$50	<\$2,000
\$100	\$2,000 to \$4,999
\$250	\$5,000 to \$9,999
\$500	\$10,000 to \$19,999
\$1,000	\$20,000 to \$49,999
\$2,500	\$50,000 to \$99,999
\$5,000	>=\$100,000

To receive the payment, the agent must be involved in the application or renewal process. If the employer decides to purchase the policy, the agent will receive payment once we receive the following documents.

- A non-resident license in the state(s) coverage is being written.
- Proof of errors and omissions coverage.
- An IRS W-9 Form.

Please submit these documents directly to us. Our staff will then process the documents and work with United States Insurance Services (USIS) to provide payment. USIS will pay you directly as a sub-agent.

You may email or fax documents to the BWC Other States Coverage unit.

Payments will be issued by check and paid quarterly. We will mail the payments to the address on the W-9.

If you have questions, please contact the BWC Other States Coverage unit.

**CE END CODE**

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# Thank you from TEAM OIA for attending!

Questions?

