

Group-Experience Rating

Providing a break for employers

If you are an Ohio employer wanting to get a discount on your workers' compensation rates, then BWC's Group-Experience-Rating Program might be your solution.

What is group-experience rating?

Group-experience-rating permits both public and private employers with better-than-average claim histories to join together through a sponsoring organization. This results in BWC rating each employer in the group as one. By participating in group rating, employers potentially may enjoy much lower premium rates than they could attain on their own. An employer's workers' compensation coverage is still through BWC; however, BWC does not form the groups.

BWC designed group-experience rating as an incentive program to promote and reward employers who have and maintain safe working conditions. The employer with a better-than-average safety record and little if any claims costs pays at or lower base premium rate(s). The premium rate is for the National Council on Compensation Insurance (NCCI) manual classification(s). BWC assigns these classification(s) and rates(s), which BWC assigns to the employer, and they appear on the employer's semiannual payroll. The group-experience rating discount is similar to a good-driver discount you may receive on your auto insurance premium based on your driving experience.

On the other hand, employers with a worse-than-average safety record or are experiencing higher claims costs may have to pay a higher premium amount than the base rate on their NCCI manual classification(s). This is similar to paying higher auto insurance premiums if you have had speeding tickets or a car accident. This can make an employer less attractive to a group.

How do groups form?

- Third-party administrators (TPA) representing sponsoring organizations such as chambers of commerce or trade associations solicit and review an employer's experience, payroll and claim costs. The TPA must request the employer sign a *Temporary Authorization to Review Information* (AC-3). This allows the TPA to review the employer's claims and payroll experiences to determine if the employer is a candidate to join their sponsoring organization's Group-Experience-Rating Program.
- The TPAs representing sponsoring organizations submit a list of employers who are members of each group to BWC by the required application deadline.
- The employers within the group must be businesses that are substantially similar.
- Each sponsoring organization's group program must substantially improve accident prevention and claims handling. It must document improvements annually.
- The group, at a minimum, must consist of at least 100

individual employers or have combined premiums exceeding \$150,000.

- BWC has no authority on the fees charged or contracts drafted by the sponsoring organization or their TPA.

What are the criteria for employers to participate in group-experience rating?

Placed on the list submitted by the TPA is only the first step to participate in group-experience rating. It is not a guarantee of acceptance. The employer must be:

- Current (no more than 45 days past due) on any and all undisputed premiums, administrative costs, assessments, fines and monies due to any BWC administered fund. This includes amounts due for retrospective rating at the time of the application deadline greater than \$200;
- Current on the payment schedule of any part-pay agreements;
- Employers may not have cumulative lapses in workers' compensation coverage in excess of 40 days within the 12 months preceding the Group-Experience Rating application deadline date.

For private employers, the TPAs representing the sponsoring organizations will submit newly formed or continuing groups each year by the Monday immediately preceding Thanksgiving. For public employers, the filing deadline is the last business day in May.

How does an employer apply for group rating?

The sponsoring organization will have each new employer complete and sign the *Employer Statement for Group Rating Program* (AC-26). The sponsoring organization or its authorized representative will then submit the group-filing packet to BWC by the filing deadline. The group-experience-rating program is for premium rates for the policy year. Employers must re-apply annually to the group's sponsor prior to the deadline and they are subject to all eligibility requirements.

For private employers, the TPAs representing the sponsoring organizations will submit newly formed or continuing groups each year by the Monday immediately preceding Thanksgiving. For public employers, the filing deadline is the last business day in May.

What if an employer leaves a group or is no longer eligible?

Employers cannot withdraw from the program until the end of the policy year. Sponsoring organizations must notify private employer in writing of non-renewal prior to the last business day in October. They must notify public employers of non-renewal prior to the last business day in April.

For more information about group-experience rating, log on to www.bwc.ohio.gov, or call 1-800-644-6292.