

Premium Rates

The cost of workers' compensation coverage in Ohio reflects the employers' projected future cost of providing compensation to injured workers for time away from work and for paying medical costs related to workplace accidents during the policy period.

Manual classification

BWC initially assigns each employee job to a specific manual classification based on the type of work performed. Employers may request a rating inspection of their operations to ensure BWC has made the proper classification assignments.

Base rates

Every year prior to the start of a policy period, BWC calculates a base rate for each manual classification. To develop the base rates, BWC:

1. Summarizes the total cost of all claims that occurred during the experience period from the employees in each manual classification using the Ohio claims experience only;
2. Adjusts the loss information to reflect the expected differences in cost levels between the experience period and the upcoming rating year;
3. Summarizes the total amount of payroll reported in each of the manual classifications during the experience period;
4. Uses the payroll and expected costs by manual classification to determine a base rate per \$100 of payroll.

Employer Premiums

BWC bases the amount of premium paid by an employer on the company's reportable payroll in each class and the base rates for each class. In addition to the cost for covering expected losses, employers also pay assessments for the Disabled Workers' Relief Fund and administrative costs to cover the operations of BWC and the Industrial Commission of Ohio.

Experience rating

BWC uses an experience-rating procedure to reflect the recent individual experience of an employer in projecting the employer's expected future costs. This procedure adjusts the premiums for the coming policy period based upon the past actual experience of the employer relative to the experience of similar employers to the extent that it is predictive of the employer's future loss potential. It is a mathematical calculation, which compares the experience of an employer from

the average of all similar employers. Some view experience rating as an incentive system for employers to reduce claim frequency and/or claim costs by promoting workplace safety.

- An employer with better-than-average loss experience, compared to others in the same classification(s) will receive a credit and pay an adjusted rate lower than the base rate.
- An employer with worse-than-average loss experience, compared to others in the same classification(s) will receive a debit rate and pay an adjusted rate higher than the base rate.

The experience period BWC uses in the development of the employer's experience rating includes the oldest four of the last six policy years preceding the effective date of the rates. BWC excludes the most recent two policy years to allow these claims to be fully reported and the details of the claims to be better understood before impacting the employer's rates.

The amount of an employer's expected losses in the experience period determines how much reliance BWC places on the employer's past loss experience when determining an individual employer's rate. Employers with less than \$2,000 of expected losses in the experience period have no reliance placed upon their experience and are base rated.

Currently, all Ohio private employers and public employer taxing districts with \$2,000 or more in expected losses in the experience period are experience rated. For private employers with \$2,000 of expected losses in the experience period, as of July 1, BWC will reflect only 6-percent of their actual loss experience in estimating their future experience and adjusting their rates. As the amount of expected losses in the experience period increases beyond \$2,000, BWC reflects more of an employer's actual loss experience in estimating their future experience and adjusting their rates.

This limited experience reliance process provides some level rate stability for smaller employers as it minimizes the impact a single claim has on their experience and premium. The credit from experience rating for private employers can be as large as 53 percent. There is no maximum debit.

If you have questions about premium rates, log on to www.bwc.ohio.gov, or call **1-800-644-6292**.