



Ohio Administrative Code

Rule 4123-17-15.5 Self-insured AEOs and PEOs.

Effective: June 8, 2026

(A) An AEO or a PEO registered with the bureau of workers' compensation under rule 4123-17-15.2 of the Administrative Code may apply to pay compensation directly as a self-insuring employer.

(1) The AEO or the PEO must meet all eligibility criteria set forth in section 4123.35 of the Revised Code.

(a) The AEO or the PEO will provide five years of financial records as set forth in division (B)(1)(e) of section 4123.35 of the Revised Code. The administrator of workers' compensation cannot waive this mandate.

(b) Worksite employees of an AEO and shared employees of a PEO will be considered employees of the AEO or the PEO for the purposes of meeting the provisions of division (B)(1)(a) of section 4123.35 of the Revised Code only if the following criteria are met:

(i) An AEO will demonstrate to the bureau that it is in compliance with all of the following:

(a) The duties of organization regarding worksite employees set forth in section 4133.03 of the Revised Code, as amplified in paragraph (D) of rule 4123-17-15 of the Administrative Code;

(b) The provisions of section 4133.07 of the Revised Code; and

(c) The provisions of section 4133.10 of the Revised Code, as amplified by paragraphs (A)(3) and (A)(4) of rule 4123-17-15.1 of the Administrative Code;

(ii) A PEO will demonstrate to the bureau that it is in compliance with all of the following:

(a) The duties of organization regarding shared employees set forth in section 4125.03 of the Revised Code, as amplified by paragraphs (C) and (E) of rule 4123-17-15 of the Administrative Code;

(b) The provisions of section 4125.05 of the Revised Code; and

(c) The provisions of section 4125.07 of the Revised Code, as amplified by paragraphs (A)(3) and (A)(4) of rule 4123-17-15.1 of the Administrative Code.

(iii) Client employer wages.



4123-17-15.5

2

- (a) For an AEO, all of the client employer's wages for worksite employees are paid and reported under the tax identification number of the client employer for federal tax reporting purposes as stated in section 4133.03 of the Revised Code and paragraph (D) of rule 4123-17-15 of the Administrative Code.
 - (b) For a PEO, all of the client employer's wages are paid and reported under the tax identification number of the PEO for federal tax reporting purposes.
 - (2) Any AEO or PEO application for self-insured status will be referred to the self-insured review panel pursuant to paragraph (F)(1) of rule 4123-19-14 of the Administrative Code.
 - (3) Any application to add an AEO or a PEO to an existing self-insured entity will be referred to the self-insured review panel pursuant to paragraph (F)(1) of rule 4123-19-14 of the Administrative Code.
- (B) An AEO or PEO granted the privilege of self-insured status must do all of the following:
 - (1) If determined necessary by the bureau, furnish security, in the amount, and in the form of a letter of credit from a federally insured financial institution or other security approved by the bureau, as provided by paragraphs (F), (G), and (H) of rule 4123-19-03 of the Administrative Code.
 - (a) The amount of security deemed necessary will be as determined by the bureau.
 - (b) The AEO or the PEO is not permitted to use an assurance organization to meet its security obligations under this rule.
 - (c) The bureau may, pursuant to paragraph (N) of rule 4123-19-03 of the Administrative Code, demand the AEO or the PEO to furnish additional security within thirty days of receiving the notice issued pursuant to this rule.
 - (2) Submit to the bureau every two years, or upon the bureau's request, an actuarial estimate of the unpaid loss and loss adjustment expense liabilities of the AEO or the PEO performed by an independent actuary with a fellow of the society of actuaries or casualty actuary society credential.
 - (3) Make contribution to the self-insuring employers' guaranty fund as set forth in rule 4123-19-15 of the Administrative Code. For purposes of this rule, the premium



4123-17-15.5

3

as reported on the total of the last two full six-month semi-annual payroll reports will include the premium of the AEO or the PEO and all its client employers.

- (4) Pay all assessments levied upon self-insuring employers under rule 4123-17-32 of the Administrative Code.
 - (5) Reimburse the bureau for disabled workers' relief fund payments on claims for which the AEO or the PEO, or its client employers are employer of record, pursuant to paragraph (B) of rule 4123-17-29 of the Administrative Code.
 - (6) Make a quarterly report to the bureau that details the active clients, all claims, and the claim reserves for each claim of the AEO or the PEO.
- (C) For purposes of this rule, "paid compensation" means all amounts paid by the AEO or the PEO and its client employers for living maintenance benefits, all amounts for compensation paid pursuant to sections 4121.63, 4121.67, 4123.56, 4123.57, 4123.58, 4123.59, 4123.60 and 4123.64 of the Revised Code, all amounts paid as wages in lieu of such compensation, all amounts paid in lieu of such compensation under a nonoccupational accident and sickness program fully funded by the AEO or the PEO, or its client employers, and all amounts paid by an AEO or a PEO and its client employers for a violation of a specific safety standard pursuant to Section 35 of Article II, Ohio Constitution and section 4121.47 of the Revised Code. Any reimbursement received from the surplus fund pursuant to section 4123.512 of the Revised Code by the AEO or the PEO, or its client employers for any such payments or compensation paid is to be applied to reduce the amount of paid compensation reported in the year in which the reimbursement is made. Any amount recovered by the AEO or the PEO, or its client employers under section 4123.931 of the Revised Code and any amount that is determined not to have been payable to a claimant in any final administrative or judicial proceeding will be deducted, in the year collected, from the amount of paid compensation reported.
- (1) For an AEO or a PEO that is a self-insuring employer for which paragraph (I) of rule 4123-17-32 of the Administrative Code is applicable, paid compensation includes any amounts paid by the state insurance fund for claims directly attributable to the AEO or the PEO and any client employers of the AEO or the PEO. In determining the applicability of paragraph (I) of rule 4123-17-32 of the Administrative Code to an AEO or a PEO, the bureau will use the date on which the AEO or the PEO was added to the self-insured policy if such date is after the effective date of the self-insured policy.
 - (2) If a client employer enters into a new AEO agreement with an AEO, or a new PEO agreement with a PEO, that is self-insured risk which paragraph (I) of rule 4123-17-32 of the Administrative Code is applicable, paid compensation includes



4123-17-15.5

4

any amounts paid by the state insurance fund for claims directly attributable to that client employer.

(D) An AEO or a PEO granted the privilege of self-insured status cannot:

- (1) Enter into AEO agreements or PEO agreements to provide workers' compensation coverage through the state insurance fund; or
- (2) Enter into a partial-lease agreement.