



## Ohio Administrative Code

### Rule 4123-17-61.1 Sponsorship certification requirements.

Effective: July 1, 2010

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(A) The following certification requirements shall apply to all sponsoring organizations that seek to make application for either the group rating plan, as provided for in rule 4123-17-61 of the Administrative Code, or the group retrospective rating plan as provided in rule 4123-17-73 of the Administrative Code, known collectively as group programs.

(B) The sponsoring organization must have been in existence for at least two years prior to the last date upon which the group's application for coverage may be filed with the bureau of workers' compensation as provided in rule 4123-17-62 of the Administrative Code.

(C) The organization must be formed for a purpose other than that of obtaining group workers' compensation coverage. The bureau shall require the organization to demonstrate this through submission of required evidence and documentation. As long as all of the other criteria of this rule are satisfied, a parent corporation may be a sponsoring organization and, if it qualifies under the criteria of this rule, a member of a group of its subsidiary corporations for purposes of group programs. A sponsoring organization may sponsor more than one group.

(D) The formation and operation of a group program in the organization must substantially improve accident prevention and claims handling for the employers in the group. The bureau shall require the group to document its plan or program for these purposes, and, for groups reapplying annually for group coverage, the results of prior programs.

Following the conclusion of each policy year, the bureau will report annually on the aggregate performance of all groups.

(E) A sponsoring organization shall satisfy all of the requirements for a sponsoring organization as required under section 4123.29 of the Revised Code and in this rule. A sponsoring organization shall submit to the bureau information to demonstrate that the organization meets the requirements for sponsorship. The bureau shall review the information and shall register the sponsoring organization



if it meets the requirements. A sponsoring organization shall be registered and be certified by the bureau prior to marketing to or soliciting employers for membership in a group under the group programs.

- (1) .Once the bureau certifies a sponsoring organization, the sponsoring organization shall be permitted to sponsor a group retrospective rating program under rule 4123-17-73 of the Administrative Code, as well as groups in the current group experience rating program under this rule beginning the next rating year. The bureau shall review the certification of a sponsoring organization at least once every three years or on a more frequent basis as determined by the bureau.
- (2) A sponsoring organization that seeks to be certified by the bureau shall provide to the bureau the following:
  - (a) The sponsoring organization's workers' compensation policy number and proof of active workers' compensation coverage;
  - (b) The name of the sponsoring organization's third party administrator, if applicable;
  - (c) A copy of the sponsoring organization's marketing materials (web site, brochures, etc.), including a description of the services related to group rating as well as other services provided by the sponsor;
  - (d) A list of all sponsoring organizations affiliated with the sponsoring organization. For the purpose of this rule, an "affiliated" organization is an organization in which members are brokered, borrowed, shared, or co-opted for inclusion in the certified sponsoring organization's group. All affiliated organizations are required to be certified sponsors as provided in this rule.
  - (e) A copy of the sponsoring organization's articles of incorporation;
  - (f) A copy of the sponsoring organization's mission statement;
  - (g) A completed application form, signed by the sponsor, which includes disclosure of nine-hundred-ninety filings with the Internal Revenue Service and counts of all members (both group and non-group);



(h) A copy of the sponsor's safety plan.

(i) With reasonable notice, the bureau may request that a sponsor provide for the bureau's inspection at the sponsor's designated location any of the following: additional financial information, dues structure, revenue sources, a table of organization, a comprehensive membership roster, by-laws, and/or a list of corporate officers.

(F) The sponsoring organization shall provide to the bureau a signed statement certifying the accuracy of the information provided to the bureau. A sponsoring organization's failure to provide accurate information or submission of false information may be grounds for the bureau to refuse to certify the sponsoring organization or to decertify the sponsoring organization. The bureau reserves the authority to use all the listed information above and any other information available to make the certification approval.

(G) Should the bureau deny the certification of the sponsoring organization, the applicant may appeal to the bureau adjudicating committee. After exhausting all administrative appeals and correction of sponsorship requirement deficiencies, the applicant may reapply one year after the latest certification denial.

(H) The bureau will collect this information and retain it or ask that a sponsoring organization maintain the information for bureau inspection upon request.

(I) The sponsoring organization shall be in compliance with all bureau rules. A sponsoring organization's non-compliance may result in decertification.

(J) The sponsoring organization, or their authorized representative, shall have the capability to send and receive secure electronic (FTP - file transfer protocol) files.

(K) Group marketing.

(1) A sponsoring association, affiliate, or representative, including, but not limited to, a third-party administrator, broker, or marketer may not offer a discount to either a private or public employer



either seeking to participate in a group-experience rating plan or that exceeds the combined result of the lowest experience modifier and its associated break-even factor for the future policy year until those factors are approved by the bureau's board of directors. Those parties also may not provide marketing material that is either false or unattainable relating to the process of forming groups under the group-retrospective rating plan for a future policy year. Prohibited marketing material under this rule is any communication that:

(a) Instructs prospective participants to provide false information on forms used for purposes of group formation, including the AC-3, the AC-26, and the U-153.

(b) Claims the sponsoring association, affiliate, or representative is endorsed by the bureau or the state of Ohio.

(c) Offers or estimates specific discounts or refunds that are unattainable to prospective participants in either group-experience rating or group-retrospective rating.

(i) For group-experience rating, "unattainable" is defined as exceeding the maximum discount when combining the lowest experience modifier and its associated break-even factors as approved by the bureau of workers' compensation board of directors.

(ii) For group-retrospective rating, "unattainable" is defined as quoting a specific refund amount that exceeds the maximum possible refund when considering the basic premium factor for the maximum premium ratio selected as approved by the bureau of workers' compensation board of directors.

(2) The bureau may apply the following sanctions upon its determination of a violation of this rule:

(a) For a violation of paragraph (K)(1)(c) of this rule the bureau may place that group sponsor at capacity for the an upcoming policy year.

(i) For sponsors that filed group rosters with the bureau for the policy year, "capacity" is defined as prohibiting a sponsoring association from exceeding the total number of employers in their current or most recent groups, adding new employers for groups they may form in the policy year of the sanction, and affiliating with any other group sponsors for the policy year of the sanction.



(ii) For sponsors that have not filed group rosters with the bureau for the current policy year, "capacity" means they will not be able to form groups and cannot affiliate with other group sponsors for the upcoming policy year.

(b) For a violation of paragraph (K)(1)(a) or (K)(1)(b) of this rule, along with any action that results in knowingly falsifying information on forms submitted to the bureau, the bureau shall immediately revoke the sponsor's certification for the upcoming policy year.

(3) The bureau will provide the bureau of workers' compensation board of directors a report by no later than the April board meeting each year regarding sanctions rendered under this paragraph and corrective actions taken by the bureau with respect to this rule.