

4123-19-03.1 Waiver of Certain Requirements.

(A) Definitions.

As used in this rule:

- (1) "Applicant" means an employer who is applying for the privilege to pay compensation directly pursuant to section 4123.35 of the Revised Code.
- (2) "Certified financial statements" means financial statements that have been audited by a certified public accountant, in accordance with generally accepted accounting principles, and include the certified public accountant's audit opinion.
- (3) "Reviewed financial statements" means financial statements that have been subject to procedures performed by a certified public accountant in accordance with the Statements on Standards for Accounting and Review Services as contained in the professional standards promulgated by the American Institute of Certified Public Accountants and in effect on the date of the applicant's application for the privilege to pay compensation directly. Such statements must include full footnote disclosure, prepared and submitted in accordance with generally accepted accounting principles.

(B) When the bureau grants a waiver of requirements under this rule, the bureau may require the applicant to furnish security in addition to the security required under rule 4123-19-03 of the Administrative Code. The amount of such additional security shall be in the form and amount as determined by the administrator and paid prior to the granting of self-insurance. In the event of the default of the self-insuring employer, the bureau shall first seek reimbursement from the additional security, which shall be first liable and exhausted, before payment is made from the self-insuring employers' guaranty fund under section 4123.351 of the Revised Code.

(C) The bureau shall waive the requirement set forth in division (B)(1)(a) of section 4123.35 of the Revised Code that an applicant have five hundred employees in the state of Ohio if:

- (1) The applicant meets, without waiver, all of the bureau's requirements with respect to divisions (B)(1)(c) through (B)(1)(h) of section 4123.35 of the Revised Code;
- (2) The applicant submits to the bureau audited financial records for the current year and previous four years; and
- (3) The applicant meets at least one of the following requirements:
 - (a) The applicant has a substantial employee count outside the state of Ohio, as determined by the bureau; or
 - (b) The applicant has obtained and agrees to maintain excess insurance as set forth in section 4123.82 of the Revised Code in an amount and with a retention level determined by the bureau to be appropriate.

(D) The bureau may waive the requirement set forth in division (B)(1)(b) of section 4123.35 of the Revised Code that an applicant operate for at least two years in Ohio if, upon review of the applicant's request for waiver and application, the bureau determines such waiver is appropriate.

(E) The bureau may waive the requirement of division (B)(1)(e) of section 4123.35 of the Revised Code that an applicant submit certified financial statements if the applicant submits reviewed financial statements and the bureau determines such waiver is appropriate. The bureau may use the services of a commercial credit

reporting bureau to assist in the evaluation of an applicant's ability to meet its workers' compensation obligations.

- (F) The bureau may waive the requirement of division (B)(2)(b) of section 4123.35 of the Revised Code that an applicant that is a public employer submit financial statements reflecting the unreserved and undesignated year-end fund balance in the applicant's general fund if the bureau determines such waiver is appropriate. The administrator may require a supplemental schedule reflecting the public employer's unreserved and undesignated year-end fund balance in the public employer's general fund.
- (G) The bureau may waive the requirement of division (B)(2)(f) of section 4123.35 of the Revised Code that an applicant that is a public employer submit an annual financial audit released by the auditor of state within seven months after the end of the public employer's fiscal year if the employer submits an annual financial audit released by the auditor of state within nine months after the end of the public employer's fiscal year.

Effective: 4/28/14