

## **4123-17-15.1 PEO agreements.**

- (A) Where a client employer enters into a PEO agreement:
- (1) Each client employer must establish and maintain an individual account with the bureau.
  - (2) The PEO shall be considered the succeeding employer, solely for purposes of workers' compensation experience, and shall be subject to rule 4123-17-02 of the Administrative Code.
  - (3) If the PEO agreement between a PEO and a client employer is terminated, or if the PEO declares bankruptcy or ceases operation in Ohio, the PEO must notify the bureau and each client associated with that PEO within fourteen days from the effective date of termination. The PEO shall identify on forms prescribed by the bureau the portion of the experience of the PEO related to the client employer that shall be transferred to the client employer.
  - (4) A PEO shall report any transfer of employees between related PEO entities or PEO reporting entities to the bureau within fourteen calendar days after the date of the transfer. The PEO or PEO reporting entity shall include in the report all client payroll and claim information regarding the transferred employees and a notice of all workers' compensation claims that have been reported to the PEO or PEO reporting entity in accordance with the internal reporting policies of the PEO or PEO reporting entity.
- (B) A PEO shall notify the bureau within thirty days when entering into or changing the type of PEO agreement. For payroll reported under the PEO's policy, the PEO must list payroll within the existing manual classifications of the client employer. If the bureau is not notified within thirty days, the bureau will recognize the PEO agreement on the date the bureau receives notice and the client employer shall be responsible for reporting payroll and claims under the client employer's individual policy until the recognized effective date of the agreement.
- (C) A PEO which enters into a PEO agreement with a noncomplying employer or a PEO which fails to comply with rules 4123-17-15 to 4123-17-15.7 of the Administrative Code shall not be considered the employer for workers' compensation purposes. In these instances the payroll of the shared employees shall be reported by the client employer under its workers' compensation risk number for workers' compensation premium and claims purposes, unless prohibited by federal law. Claims that are filed by the client employer's shared employees shall be charged to the experience of the client employer.
- (D) The bureau will not recognize a PEO agreement between a PEO and an out of state client employer where the employees of the out of state client employer do not have sufficient contacts with Ohio to meet the jurisdictional requirements for coverage.

Effective: 2/17/14