

## Alternative-Rating Plans

Employers interested in various rating options should consider applying for an alternative-rating program. Individual employers or groups of employers must meet specific eligibility requirements as a condition for participation.

### Group-experience rating

This rating plan allows employers who operate similar businesses to group together to potentially achieve lower premium rates than they could as individual employers.

An organization such as a trade association forms and sponsors each group and selects the participating members. The group must demonstrate a common purpose and possess proven results from safety and lost-control practices.

Each year, BWC reviews each group-experience rating application and ensures each group and individual employer meet the criteria for group-experience rating. In addition, the sponsoring organization must submit a safety plan each year.

BWC adjusts rates for group members taken as a whole, as if the group was one big company. While there is not a set rate for all employers, group-experience-rating discounts vary based on the employers accepted into each group. Additionally, keep in mind that each sponsoring organization requires members to pay a membership fee of differing amounts.

### Individual-retrospective rating

With this plan, the employer agrees to assume a portion of the risk in return for a possible reduction in premiums. The greater the assumed risk, the greater the potential reduction in premiums.

Employers who have a consistent claims history and proven safety practices may benefit most from individual-retrospective rating. The employer can customize the individual-retrospective-rating plan to control the amount of risk assumed and the potential savings by selecting the maximum premium and maximum claims cost he or she is willing to pay. Employers may benefit from individual-retrospective rating because of lower initial premiums and realized cash flow advantages.

The drawbacks of individual-retrospective rating may outweigh the advantages for some employers. For example, if an employer incurred high losses in a rating year, initial premium savings could be minimalized. BWC has established a business consulting group to work with individual-retrospective employers to ensure they understand the obligations and the risks associated with individual-retrospective rating program.

### Group-Retrospective Rating

Group-retrospective rating is a voluntary performance based incentive program. BWC-certified sponsors create groups of employers who practice effective workplace safety and claims management to achieve lower premiums than they could as individuals.

Employers who believe their experience rate or base rate does not properly reflect their current level of safety could benefit from participating in this program. And employers who do not qualify for the traditional group-rating program may also benefit. Participants have the opportunity to directly link premium levels to performance.

Employers continue to pay their own individual premiums and have the opportunity to receive retrospective premium adjustments based upon the combined performance of the group. Depending on that performance, the participating employers can receive either a premium refund or assessment. Forty states have adopted some version of a retrospective-rating plan. This plan provides incentives to the group retro members to control and reduce losses. So, those members who control losses have the potential to see lower premiums.

### Applying for alternative rating plans

If you are interested in joining the group-experience or group-retro programs, go to Discount Programs and Grants at [www.bwc.ohio.gov](http://www.bwc.ohio.gov). From here, you can obtain a list of certified sponsors. The sponsoring organization and its designated third-party administrator (TPA) form the groups and submit the application to BWC for final processing.

Groups must re-apply each year for group-experience and group-retrospective rating programs. Continuation of a plan for subsequent years is subject to timely filing of an application and meeting eligibility requirements annually. For the Group-Experience Rating Program the application deadline for private employers is the Monday immediately preceding Thanksgiving for the policy year beginning July 1. The application deadline for public-employer groups is the last business day of May for the policy year beginning Jan. 1. For the group-retro and individual-retro programs, the deadline for private employers is the last business day of January for the policy year beginning July 1. The application deadline for public employers is the last business day of July for the policy year beginning Jan. 1.

For more information about individual-retrospective rating, or to apply, go to Discount Programs and Grants at [www.bwc.ohio.gov](http://www.bwc.ohio.gov).

### Eligibility requirements

In addition to eligibility requirements established by group sponsors and TPAs, BWC has established eligibility requirements on each program and rating plan. Go to Discount Programs and Grant at [www.bwc.ohio.gov](http://www.bwc.ohio.gov) to view information and eligibility requirements on any rating plan or employer program that BWC offers.