



**S.B. 266**

123rd General Assembly  
(As Introduced)

Sen. Horn

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**BILL SUMMARY**

- Permits public employers other than the state to become self-insuring employers for purposes of the Workers' Compensation Law.

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**CONTENT AND OPERATION**

**Background**

Under the Workers' Compensation Law (Chapters 4121., 4123., 4127., 4131.), employers must pay premiums into the State Insurance Fund (termed "state fund" employers) or be an employer to whom the Administrator of Workers' Compensation has granted the status of a self-insuring employer. Generally, a self-insuring employer is an employer who pays the compensation and benefits for a compensable injury or occupational disease provided for in the Workers' Compensation Law directly to or on behalf of an employee instead of making premium payments to the State Insurance Fund from which, for state fund employers, compensation and medical bills are paid. As with state fund employers, self-insuring employers still must pay certain assessments, such as the administrative assessment imposed upon all employers for the operation of the Bureau of Workers' Compensation and the Industrial Commission.

Under existing law, in order for the Administrator to grant an employer self-insuring status, the employer must file an application with the Administrator who must consider various factors in determining whether the employer can meet the obligations of being a self-insuring employer. Factors the Administrator must consider currently include the following:

- (1) Whether the employer employs at least 500 employees in this state;
- (2) Whether the employer has operated in this state for at least two years;

- (3) The amount of the Bureau-related buy-out of certain employers;
- (4) The sufficiency of the employer's assets located in this state to insure the employer's solvency in paying compensation directly;
- (5) The employer's full financial disclosure, as certified by a certified public accountant, unless this certification requirement is waived;
- (6) The employer's organizational plan for the administration of the Workers' Compensation Law;
- (7) The employer's proposed plan to inform employees of specified information relative to the change from being a state fund employer to a self-insuring employer;
- (8) Specified considerations relative to availability of payment from financial institutions in this state.

**The bill**

**(secs. 4123.01 and 4123.35)**

Currently, the Administrator may grant self-insuring status only to private sector employers, county hospitals, publicly owned utilities, and specified boards of county commissioners for the sole purpose of sports facility construction. The bill permits the Administrator to grant self-insuring status to public employers, other than the state, who meet the requirements established under the bill. Consequently, counties, municipal corporations, townships, school districts, and publicly owned hospitals, for example, could apply for self-insuring status.

The bill requires the Administrator, when considering the application for self-insuring status of a public employer (except for a special board of county commissioners described above, or board of a county hospital, or publicly owned utility), to verify that the public employer satisfies all of the following requirements as the requirements apply to that public employer:

- (1) For the two-year period preceding application under this section, the public employer has maintained an unvoted debt capacity equal to at least two times the amount of the current annual premium established by the Administrator for that public employer for the year immediately preceding the year in which the public employer makes application;
- (2) For each of the two fiscal years preceding application, the unappropriated and unobligated year-end balance in the public employer's general

fund is equal to at least 5% of the public employer's general fund revenues for the fiscal year;

(3) For the five-year period preceding application, the public employer, to the extent applicable, has complied fully with the continuing disclosure requirements established in specified rules adopted by the United States Securities and Exchange Commission;

(4) For the five-year period preceding application, the public employer has not had its local government fund distribution withheld on account of the public employer being indebted or otherwise obligated to the state;

(5) For the five-year period preceding application, the public employer has not been under a fiscal emergency determined by the Auditor of State under the fiscal watch laws (R.C. sections 118.04 and 3316.03);

(6) The public employer files an annual financial report with the Auditor of State as required under the laws governing the Auditor of State (R.C. Chapter 117.);

(7) On the date of application, the public employer holds a debt rating of Aa3 or higher according to Moody's Investors Service, Inc., or a comparable rating by an independent rating agency similar to Moody's Investors Service, Inc.;

(8) The public employer agrees to generate an annual accumulating book reserve in its financial statements reflecting an actuarially generated reserve adequate to pay projected claims for the applicable period of time, as determined by the Administrator;

(9) Any additional criteria that the bill specifically authorizes the Administrator to adopt by rule.

The bill specifically prohibits the Administrator from approving the application of a public employer (except for a special board of county commissioners described above, or board of a county hospital, or publicly owned utility), who does not satisfy all of the requirements listed directly above. Public employers are required by the bill to make available the information necessary to verify whether they meet these requirements. The Bureau is required to review that information.

The bill defines "unvoted debt capacity" as the amount of money in the general fund that a public employer may use to pay debts without voter approval of a tax levy.

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**HISTORY**

ACTION	DATE	JOURNAL ENTRY
Introduced	03-16-00	p. 1469

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