



## **BWC INTERSTATE JURISDICTION/OTHER-STATES' COVERAGE PROPOSAL IN HB 493**

**AGC of Ohio supports the “other states’ coverage” proposal contained in HB 493. The proposal would allow Ohio employers to transport their Ohio BWC coverage across the state lines on a temporary basis. It represents the best path forward for the BWC and Ohio employers like contractors to begin resolving interstate jurisdictional issues related to the lack of mobility of BWC coverage.**

- Enactment of the BWC interstate other states’ coverage proposal contained in HB 493 will provide BWC and Ohio’s businesses an opportunity to resolve the long-standing problems of recognition of Ohio coverage and lack of out of state coverage for Ohio employers operating in other states.
- Most states do not recognize Ohio BWC’s workers’ compensation coverage for Ohio employees temporarily working outside of the state. This has been a significant challenge for contractors – especially those in the border areas – that travel across state lines for projects.
  - Currently, Ohio contractors must obtain a separate workers’ comp policy to provide out-of-state coverage for their workforce at an additional cost, or else face significant risks and financial penalties enforced by other states for failing to obtain out-of-state coverage. The separate policies come from private insurers or other state’s funds.
  - Private insurance options can be limited or unavailable to some contractors if they do not incur enough work hours in other states, work in high-risk industry groups (roofing, environmental remediation), or have high experience modification rates. Other state funds are often more costly and have varied requirements and regulations.
  - Unless a company is large enough and has the financial means to be self-insured, no comprehensive cost-effective solution is available for Ohio employers to obtain other states’ coverage for temporary operations in other states.
- Senate Bill 334 (passed in 2008) granted BWC broad authority to pursue an interstate jurisdiction solution for Ohio’s employers by offering other-states’ coverage. However, most other states refused to enter reciprocal agreements with Ohio and would not recognize Ohio coverage. The BWC now desires more specific authority from the Legislature to move forward with this solution.
  - BWC convened an Interstate Jurisdiction Workgroup in 2011 to develop solutions to the compliance and coverage issues. The workgroup included representatives from the contractor, trucking and insurance community. AGC of Ohio participated in those meetings.
- HB 493 represents a step forward for BWC and Ohio employers to resolve interstate jurisdiction problems and provide other states’ coverage.
  - In HB 493, the BWC is proposing a change to Ohio law to allow the Administrator the ability to enter into a fronting arrangement with an insurance carrier to provide “limited other-states’ coverage.”
  - It creates explicit permissive authority for the BWC to move forward with the RFP process to explore the possibility of a fronting arrangement with an insurance carrier.
  - HB 493 would allow the BWC to move forward with the RFP process to explore the development of a comprehensive solution to this long-standing challenge for Ohio employers.



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