

## Employee Leasing Companies and Their Clients and Worker's Compensation Insurance in Wisconsin

### **1. Can any client of an Employee Leasing Company (ELC) be covered under a master policy?**

No, only a client that has an unmodified annual premium that is below the threshold in which employers are experience rated in Wisconsin can be covered under a master policy. In calculating the unmodified annual premium of a client, all of a client's commonly owned or controlled entities or organizations, without regard to a divided workforce or State location are included in the unmodified premium calculation.

The unmodified annual premium threshold for experience rating eligibility in effect October 1, 2008 to September 30, 2009 is \$6,250.

### **2. If only a client that does not meet the experience rating threshold can be covered under a master policy, how is a client of an ELC that meets the experience rating threshold covered?**

A client that meets the experience rating threshold must be covered under a multiple coordinated policy. If a client meets the experience rating threshold, an ELC must insure its worker's compensation liability by obtaining a contract of insurance under which the insurer issues a separate worker's compensation policy to the employee leasing company for each client that is insured by the insurer (multiple coordinated policy). A multiple coordinated policy must name both the employee leasing company and the client as named insureds and must designate either the employee leasing company or the client, but not both, as the first named insured.

### **3. Can any client of an ELC be covered under a multiple coordinated policy?**

Yes, any client can be covered under a multiple coordinated policy.

A client can be covered under a multiple coordinated policy regardless of the amount of the client's unmodified annual premium.

### **4. Is an ELC required to file a client report with State of Wisconsin Department of Workforce Development (DWD) reporting a new client covered under a master policy?**

Yes, if a client qualifies for coverage under a master policy, the ELC is required to file form WKC-15784-E with DWD within 30 days of the effective date of a contract between an employee leasing company and a client.

Required new client report form:

WKC-15784-E - [http://dwd.wisconsin.gov/dwd/forms/wkc/doc/wkc\\_15784\\_e.doc](http://dwd.wisconsin.gov/dwd/forms/wkc/doc/wkc_15784_e.doc)

### **5. What proof of coverage form is an ELC's insurance carrier required to file with the Wisconsin Worker's Compensation Bureau (WCRB) when adding a client to a master policy?**

The insurance carrier is required to file Wisconsin Employee Leasing Company Endorsement – Master Policy (WC 48 03 14) to add a small client to a master policy.

Required endorsement to add a client to a master policy:

[https://www.wcrb.org/WCRB/Forms/Endorsements/WC480314\\_WI-EmployeeLeasingCompanyMasterPolicy.pdf](https://www.wcrb.org/WCRB/Forms/Endorsements/WC480314_WI-EmployeeLeasingCompanyMasterPolicy.pdf)

### **6. What proof of coverage form is an ELC's insurance carrier required to file with DWD when adding a client to a master policy?**

The insurance carrier is required to file form WKC-15785-E with DWD within 30 days of the effective date of coverage of a small client under a master policy.

Required proof of coverage form:

WKC-15785-E - [http://dwd.wisconsin.gov/dwd/forms/wkc/doc/wkc\\_15785\\_e.doc](http://dwd.wisconsin.gov/dwd/forms/wkc/doc/wkc_15785_e.doc)

### **7. Does an ELC have to file a client report with DWD for a client that is covered under a multiple coordinated policy?**

No, if a client is covered under a multiple coordinated policy, the policy is filed with the WCRB and the policy filing is the notification. No additional forms are required to be filed with DWD by the employee leasing company.

## **8. How does an ELC terminate a client's insurance coverage under a master policy?**

Effective April 1, 2008, termination notification is given by the insurance carrier to the Wisconsin Compensation Rating Bureau (WCRB). An ELC no longer reports terminations to DWD.

An ELC is required to notify its insurance carrier of a client termination. The insurance carrier is required to file a WC 48 03 16 Wisconsin Employee Leasing Company Client Termination Endorsement – Master Policy form with the WCRB. **Please note: Coverage under the policy is not terminated until 30 days after proper notice of the termination has been given to the WCRB.**

Wisconsin Employee Leasing Company Client Termination Endorsement - Master Policy form:

[https://www.wcrb.org/WCRB/Forms/Endorsements/WC480316\\_WI-EmployeeLeasingCompanyClientTermination.pdf](https://www.wcrb.org/WCRB/Forms/Endorsements/WC480316_WI-EmployeeLeasingCompanyClientTermination.pdf)

## **9. How does an ELC terminate a client's insurance coverage under a multiple coordinated policy?**

The termination notification is given by the insurance carrier to the Wisconsin Compensation Rating Bureau (WCRB). An ELC does not report terminations to DWD.

An ELC is required to notify its insurance carrier of a client termination. The insurance carrier is required to file a WI Form 0062 Wisconsin Notice of Termination form with the WCRB. **Please note: Coverage under the policy is not terminated until 30 days after proper notice of the termination has been given to the WCRB.**

Wisconsin Notice of Termination form:

[https://www.wcrb.org/WCRB/Forms/WI\\_Notice\\_Termination.pdf](https://www.wcrb.org/WCRB/Forms/WI_Notice_Termination.pdf)

## **10. What are the four employee leasing company policy endorsement forms an ELC insurance carrier is required to file as appropriate with the Wisconsin Compensation Rating Bureau (WCRB)?**

### **Master Policy Client Endorsement**

Wisconsin Employee Leasing Company Endorsement – Master Policy (WC 48 03 14). This policy endorsement is used to add a client to master policy.

Endorsement to add a client to a master policy:

[https://www.wcrb.org/WCRB/Forms/Endorsements/WC480314\\_WI-EmployeeLeasingCompanyMasterPolicy.pdf](https://www.wcrb.org/WCRB/Forms/Endorsements/WC480314_WI-EmployeeLeasingCompanyMasterPolicy.pdf)

### **Multiple Coordinated Policy Endorsement**

Wisconsin Employee Leasing Company Endorsement – Multiple Coordinated Policy (MCP) (WC 48 03 15). This policy endorsement is used in conjunction with a multiple coordinated policy. The endorsement excludes the direct-hire employees of the ELC from coverage under a client's multiple coordinated policy and outlines the policy cancellation procedures for the insurance carrier.

Multiple coordinated policy endorsement:

[https://www.wcrb.org/WCRB/Forms/Endorsements/WC480315\\_WI-EmployeeLeasingCompanyMultipleCoordinatedPolicy.pdf](https://www.wcrb.org/WCRB/Forms/Endorsements/WC480315_WI-EmployeeLeasingCompanyMultipleCoordinatedPolicy.pdf)

### **Master Policy Client Termination Endorsement**

Wisconsin Employee Leasing Company Client Termination Endorsement – Master Policy (WC 48 03 16). This endorsement provides the proper notice of termination of a leasing arrangement on a per client basis on a master policy. The client can be removed from the policy without interrupting coverage for the remaining clients.

Master policy termination endorsement:

[https://www.wcrb.org/WCRB/Forms/Endorsements/WC480316\\_WI-EmployeeLeasingCompanyClientTermination.pdf](https://www.wcrb.org/WCRB/Forms/Endorsements/WC480316_WI-EmployeeLeasingCompanyClientTermination.pdf)

### **Divided-Workforce Client Exclusion Endorsement**

Wisconsin Employee Leasing Client Exclusion Endorsement (WC 48 03 17). This endorsement is used when a client has both 1) direct-hire employees covered under the client's worker's compensation policy and 2) leased employees covered under an employee leasing company policy. The endorsement is filed by the client's insurance company when a client has both leased employees and also has its own direct-hire employees under a divided workforce plan. The endorsement excludes worker's compensation coverage under the client's policy for the workers leased from an ELC. The endorsement must be accompanied by a divided workforce notice from the Department of Workforce Development. See Question 13 for additional information on the divided workforce notice.

Client exclusion endorsement under a divided-workforce plan:

[https://www.wcrb.org/WCRB/Forms/Endorsements/WC480317\\_WI-EmployeeLeasingCompanyClientExclusion.pdf](https://www.wcrb.org/WCRB/Forms/Endorsements/WC480317_WI-EmployeeLeasingCompanyClientExclusion.pdf)

**11. Where can I find the insurance carrier policy filing requirements for employee leasing companies and employee leasing arrangements?**

The Wisconsin Basic Manual Rule IX E. *Employee Leasing Companies (ELC) and Employee Leasing Arrangements* has been revised to track with the legislative changes that went into effect on April 1, 2008. The revised rule went into effect April 1, 2008, applicable to new and renewal business.

The link to the WI Basic Manual is: [https://www.wcrb.org/WCRB/manuals/BasicManual/WI\\_Basic\\_Manual.pdf](https://www.wcrb.org/WCRB/manuals/BasicManual/WI_Basic_Manual.pdf)

**12. I have additional questions regarding the policy filings, endorsements, and cancellation requirements for employee leasing companies and employee leasing arrangements. Who can I contact?**

If you have questions regarding policy filing, endorsements and cancellation requirements for employee leasing companies and employee leasing arrangements, please write or call the Wisconsin Compensation Rating Bureau (WCRB). The WCRB has jurisdiction over Wisconsin worker's compensation policy proof of coverage requirements, forms and filings. The WCRB is located at 20700 W Swenson Drive, Suite 100, Waukesha, WI 53186. The telephone number is (262) 796-4540. The WCRB's Web page address is <http://www.wcrb.org>

**13. Is a client that is leasing employees in Wisconsin required to file any forms with DWD?**

A client is required to file forms with DWD only if the client has a divided-workforce.

"Divided workforce" means a workforce in which some of the employees of a client are leased employees and some of the employees of the client are not leased employees. "Divided workforce plan" means a plan under which 2 worker's compensation insurance policies are issued to cover the employees of a client that has a divided workforce, one policy covering the leased employees of the client and one policy covering the employees of the client who are not leased employees.

A client that intends to have a divided workforce is required to file form WKC-15783-E with DWD.

Required Notice of Divided-Workforce form:

WKC-15783-E - [http://dwd.wisconsin.gov/dwd/forms/wkc/doc/wkc\\_15783\\_e.doc](http://dwd.wisconsin.gov/dwd/forms/wkc/doc/wkc_15783_e.doc)

A client that intends to terminate a divided workforce, is required to file form WKC-15782-E with DWD.

Termination of a divided workforce plan by a client is not effective until 10 days after notice of the termination is received by the department.

Required Divided-Workforce Termination form:

WKC-15782-E - [http://dwd.wisconsin.gov/dwd/forms/wkc/doc/wkc\\_15782\\_e.doc](http://dwd.wisconsin.gov/dwd/forms/wkc/doc/wkc_15782_e.doc)

**14. Under which Wisconsin statute can I find the worker's compensation insurance policy requirements for employee leasing companies?**

Section 102.315, Wis. Stats., Worker's compensation insurance; employee leasing companies. The statute went into effect April 1, 2008.

**15. I have additional questions regarding the requirement to obtain worker's compensation insurance. Who can I contact?**

If you have questions regarding your obligation to obtain worker's compensation insurance, please write or call the Wisconsin Worker's Compensation Division, Bureau of Insurance Programs. Our mailing address is P.O. Box 7901, Madison, Wisconsin 53707-7901. Our telephone number is (608) 266-3046 or you can reach us by fax at (608) 266-6827. The Division's Web page address is <http://dwd.wisconsin.gov/wc>

## 16. What are some of the key statutes regarding employer liability to carry worker's compensation insurance under the Wisconsin Worker's Compensation Act?

Chapter 102	Worker's Compensation
Wisconsin Statute 102.03	Conditions of liability.
Wisconsin Statute 102.03(2)	Exclusive remedy, prevents an injured employee from suing an employer who has the required insurance in force at the time a work related injury occurs.
Wisconsin Statute 102.04	Definition of employer, when an employer becomes subject to the Act.
Wisconsin Statute 102.04(1)(c)	Definition of when a farmer becomes subject to the Act.
Wisconsin Statute 102.04(3)	Definition of farming.
Wisconsin Statute 102.05	Election by employer, withdrawal.
Wisconsin Statute 102.05(3)	Election by farmer, withdrawal.
Wisconsin Statute 102.07	Definition of an employee.
Wisconsin Statute 102.07(5)	Definition of a farm employee.
Wisconsin Statute 102.07(8)(b)	Definition of an independent contractor.
Wisconsin Statute 102.075	Election by sole proprietor, partner or member of limited liability company.
Wisconsin Statute 102.076	Election by corporate officer, corporate officer option under the Act.
Wisconsin Statute 102.28(2)	Required insurance, subject employers must be insured by an insurance company authorized to write worker's compensation in Wisconsin.
Wisconsin Statute 102.28(3)	Provision of Alternative Benefits, allows an exemption from the duty to insure religious sect members that qualify and are certified for an exemption.
Wisconsin Statute 102.28(4)	Closure Order, orders an employer to cease operations until the employer complies with s. 102.28(2)(a) by obtaining a worker's compensation insurance policy.
Wisconsin Statute 102.29	Third party liability.
Wisconsin Statute 102.28(5)	Employer's liability.
Wisconsin Statute 102.31	Worker's compensation insurance; policy regulations.
Wisconsin Statute 102.315	Worker's compensation insurance; employee leasing companies.
Wisconsin Statute 102.80	Uninsured employers fund.
Wisconsin Statute 102.81	Compensation for injured employee of uninsured employer.
Wisconsin Statute 102.82(1)(2)(a) and (2)(ag)	Uninsured employer payments, reimbursement of the UEF for payments made under s. 102.81 and penalty assessed an uninsured employer for a lapse of worker's compensation insurance coverage.
Wisconsin Statute 102.83	Collection of uninsured employer payments.
Wisconsin Statute 102.835	Levy for delinquent payments.
Wisconsin Statute 102.85	Uninsured employers; penalties, penalties and forfeitures for uninsured employers who fail to comply with the Act.
DWD 80.62 (Administrative Code)	Uninsured employers fund.
DWD 80.65 (Administrative Code)	Notice of cancellation or termination.
Chapter 626	Rate regulation in worker's compensation insurance
Wisconsin Statute 626.03	Scope of application.
Wisconsin Statute 626.32	Development of rates by bureau.
Wisconsin Statute 626.35	Worker's compensation insurance contracts.