

BWC's Marine Industry Fund

Longshore and harbor workers' compensation insurance covers employees of marine industry employers. This insurance provides benefits for injuries, disease and death resulting from longshore duties. The federal Longshore and Harbor Workers' Compensation Act requires employers with longshore workers to have this type of insurance. The U.S. Department of Labor oversees all longshore claims for compensation and/or medical benefits.

Who must have this coverage?

The federal act says an employer's workers engaged in maritime employment, in whole or in part, upon the navigable waters of the United States must have this coverage. This includes pier, wharf, dry dock, terminal, building way, marine railway and other adjoining areas, which an employer customarily uses in loading, unloading, repairing, or building a vessel. However, the U.S. Department of Labor allows specific employers to self-insure their workers.

Why does BWC offer this coverage?

BWC offers longshore and harbor workers' compensation coverage to Ohio employers through the Ohio Marine Industry Fund. BWC offers this coverage because many private insurers do not offer it, or they offer it at very high rates. Legislation passed in 1980, originally authorized the Industrial Commission of Ohio to offer coverage through the Marine Industry Fund. Subsequent legislation transferred this responsibility to BWC. The U.S. Department of Labor has authorized Ohio's Marine Industry Fund.

How does coverage with the Marine Industry Fund operate?

In providing this coverage, BWC acts much like a private insurer. BWC collects premiums from participating employers, underwrites policies and accounts for the fund's finances. BWC also sets premium rates, manages claims and acts as a liaison with the federal government. The fund is a party of interest in any claims filed under the federal act where the Ohio employer has purchased coverage from the state, and it provides legal defense in all contested matters.

What effect does this program have on an employer's Ohio state compensation coverage?

Ohio workers' compensation coverage and federal Longshore and Harbor Workers' Compensation coverage are two distinct types of coverage. As of September 2008, Ohio no longer recognizes concurrent jurisdiction between the federal act and the Ohio Workers' Compensation Act. Generally speaking, a worker who engages in maritime work can only file a claim under the federal Longshore and Harbor Workers' Compensation Act.

This also means maritime employers should only pay for longshore payroll under the federal act. However, employers must still report this payroll to BWC. Employers will use manual classification number 7772 to report longshore payroll, but BWC will not assess a premium for this manual number.

How does the Marine Industry Fund impact the Ohio State Insurance Fund?

The Marine Industry Fund has no effect on the financial condition of the Ohio State Insurance Fund from which BWC pays Ohio workers' compensation benefits. The two funds are completely separate.

However, the Ohio Revised Code allows the Marine Industry Fund to borrow funds from the Ohio State Insurance Fund. The Marine Industry Fund must repay (including interest) the Ohio State Insurance Fund for any money it has borrowed. The law allows these loans to:

- Help underwrite initial administrative expenses for the Marine Industry Fund;
- Cover expenditures until an adequate amount of premium was collected;
- Ensure the solvency of the Marine Industry Fund.

Can employers maintain coverage with private insurance companies?

Employers who have longshore coverage through a private insurer are under no obligation to the Marine Industry Fund. BWC offers this coverage as an alternative to private insurers. The fund will accept coverage applications from employers who are currently self-insured or have insurance coverage with a private insurer.

How does Marine Industry Fund's payment system operate?

BWC's administrator, with the advice and consent of the BWC Board of Directors, periodically sets the premium rates for Marine Industry Fund coverage. Contracts for this coverage are six months in length using the rate the board established the beginning date of the contract.

Employers pay Marine Industry Fund premiums to BWC on a semiannual basis. BWC bases the due date of the semiannual premium installments using the issue date of the policy. Federal law provides a 30-day cancellation notice for contracts.

Employers make semiannual premium payments to BWC for an amount equal to eight months of estimated payroll at the established premium rate. At the end of each six-month coverage period, an employer submits an accounting of actual payroll for the previous six-month period and its premium payment for the next eight months of estimated payroll. BWC uses the additional two months of premiums paid as a security deposit.

BWC uses this security deposit to make up any difference between the amount of premium paid based on the estimated payroll and the amount actually due. If the amount paid by the employer exceeds the amount actually due, BWC will refund the excess amount to the employer or provide a credit against the employer's premium for the next payroll period. If the premium payment is insufficient, BWC will bill the employer for the shortage. The security deposit also guarantees that no lapse in coverage will occur during processing.

How does the Marine Industry Fund offer low-cost coverage?

The Marine Industry Fund offers low-cost longshore coverage through effective risk management and other factors unique to the non-profit nature of the fund. BWC investigates all claims for benefits and challenges claims where entitlement to benefits is questionable. BWC also exercises any rights of subrogation.

How is Marine Industry Fund coverage obtained?

An Ohio employer may apply for coverage with the Marine Industry Fund through BWC's Legal Division. Applications are available upon request from the Legal Division. The employer must include a description of all work performed by the employees to be covered, as well as an accounting of all payroll for the employees. After approving an application, BWC will issue a policy to the employer. Current Ohio workers' compensation coverage does not guarantee approval of Marine Industry Fund coverage.

For more information

For additional information about obtaining longshore coverage through BWC's Marine Industry Fund, please contact:

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