

Cancellation of Workers' Compensation Coverage

Policy Background

- Policy Number: EP-03-01
- The legal reference for this policy is Ohio Administrative Code (OAC) [4123-17-76](#).
- Effective Date: May 1, 2026
- Approved By: Nick Frost, Chief of Employer Services
- Origin: Employer Policy
- Supersedes: All EM policies and procedures regarding the cancellation of workers' compensation coverage that predate the effective date of this policy.
- History: Revised May 1, 2026; September 4, 2025; January 12, 2023; January 18, 2022; April 4, 2018; September 22, 2017; March 13, 2017; October 31, 2016; March 18, 2015; May 7, 2014; and April 15, 2014. New Policy, October 25, 2013.
- Review Date: May 1, 2031

Policy Purpose

The Ohio Bureau of Workers' Compensation (BWC) sets forth the following guidelines for processing an employer's request to cancel its workers' compensation coverage and BWC cancellations of workers' compensation coverage.

Applicability

The policy applies to BWC Customer Assistance, BWC Collections, BWC Employer Compliance, BWC Policy Processing, BWC Regional Employer Services, employers, and their authorized representatives.

Definitions

Cancellation of workers' compensation coverage: The termination of workers' compensation coverage when an employer ceases operations, or coverage is no longer needed.

True-up: Annual reconciliation of estimated payroll and actual payroll. All employers must file annual payroll after the conclusion of the policy year. BWC will calculate any premium obligation or credit for the completed policy year. For an employer cancelling coverage, true-up is due within forty-five (45) days of the date of the BWC notice of cancellation. After sixty (60) days, the true-up payroll will be estimated.

BWC Cancellations: Cancellations that are initiated by BWC to remove lapsed and unpaid policies. These cancellations are not requested by an employer but identified by BWC pursuant to OAC [4123-17-76](#).

Policy

Employer requirements.

1. An employer may cancel its workers' compensation coverage if all the following criteria are met.
 - A. The employer notified BWC in writing, including by email or fax, or by phone.
 - B. One of the following circumstances apply:
 - i. The employer ceases operations in Ohio, or
 - ii. The employer no longer has employees as defined in ORC [4123.01\(A\)\(1\)\(b\)](#), and the employer agrees to cancel any elective coverage permitted under ORC [Chapter 4123](#).
 - C. The employer must true-up for the final policy year, and any other missing policy years, as set forth in OAC [4123-17-14](#).
2. The employer's cancellation request must provide BWC with the following information:
 - A. Reason for the cancellation; and
 - B. Cancellation effective date.
3. Cancellation by phone requires verification and documentation by BWC staff.
 - A. For cancellation by phone the following information should be verified:
 - i. The caller's status as an authorized representative or employer contact on the policy;
 - ii. The Federal Employer Identification Number (FEIN), Social Security number (SSN), or other identifier associated with the policy;
 - iii. The mailing address;
 - iv. The reason for cancellation as listed in number 2 above; and
 - v. Verification that the employer has no employees.
 - B. Cancellations by phone will be effective on the current day only and will apply at 12:00 AM on the effective cancellation date.
 - C. See the "Cancellation request by employer for previous policy years" policy section for information on retroactive cancellation requests.
 - D. The following details must be saved in a CoreSuite note on the cancelled policy:
 - i. Name and title of caller;
 - ii. Requested cancellation date; and
 - iii. Reason for cancellation.
4. BWC will send correspondence instructing the employer to report actual payroll, or true-up, online at bwc.ohio.gov through the last date it had employees.

- A. The employer must true-up and pay any premium that is owed within forty-five (45) days of the date of the cancellation.
- B. If an employer fails to true-up within sixty (60) days of the cancellation date, BWC will increase the employer's estimated annual premium (EAP) by ten percent (10%) and bill the employer.
- C. Failure to pay any premium owed will result in certification of the debt to the Attorney General.

Cancellation request by employer for current policy year.

- 1. Cancellations will be effective on or one day after the date of receipt to ensure coverage through the last day of business with existing employees.
 - A. Payroll should be reported through the time the employer was in business.
 - B. Additional considerations are outlined in the “BWC evaluation of cancellation request” section of this policy.
- 2. Future cancellations.
 - A. Requests received within thirty (30) days of the effective date should be held until such time the cancellation can be processed.
 - B. Requests received where the effective date is further than thirty (30) days, should be resubmitted on or at a date closer to the requested cancellation date.

Cancellation request by employer for previous policy years.

- 1. BWC may retroactively cancel an employer's coverage for good cause shown. Good cause means a substantial reason, one that affords a legal justification or a legal excuse, as set forth in OAC [4123-14-03\(B\)](#).
- 2. If an employer requests a cancellation date in a prior policy period, the policy will be cancelled the date received, and a letter will be sent to the employer informing them of the documentation required for a retroactive cancellation. The employer must prove they have ceased operations or no longer has employees as defined in ORC 4123.01(A)(1)(b), as of the cancellation date requested.
 - A. Documentation for retroactive cancellation.
 - i. Federal Tax Forms.
 - a. Copies of the sole proprietor's individual tax return, including any Schedule C (Form 1040), for the year cancellation is requested, and the return for the following year showing no business income.
 - b. For other business types, including corporations and partnerships, copies of U.S. Corporation Income Tax Return for the year cancellation is requested, and the return for the following year showing no business income.
 - c. If the owner or officer of the business can produce W-2s, this evidence indicates he or she was working for another employer. This information alone may not be conclusive as an individual can be employed and operate a business

simultaneously. This documentation, along with other information, can assist in making the determination.

- d. If the owner or officer does not have copies of their tax returns, tax return transcripts can be requested from the IRS by calling 1-800-908-9946; by submitting to the IRS Form 4506T, Request for Transcript of Tax Return; or by [registering and creating an online email account](#). Delivery takes approximately five to ten calendar days. Information about obtaining IRS transcripts can be found at the IRS [About Form 4506-T, Request for Transcript of Tax Return](#) webpage.
- ii. Other documentation includes any of the following:
 - a. Final Ohio State Universal Sales Tax Return (UST 1) or Ohio sales tax report where the employer has marked to cancel its vendor license;
 - b. Ohio Department of Taxation Update Information (ST 3C) where the employer requested cancellation of its account;
 - c. The Wage Detail portion of the employer's final Unemployment Compensation Quarterly Tax Return filed with the Ohio Department of Job and Family Services, which shows the number of weeks the employer paid wages;
 - d. Ohio Department of Job and Family Services Disposition of Business (JFS 20110) closing the employer's unemployment tax account;
 - e. Purchase agreement, other sales documents, or a [U-118](#) Notification of Business Acquisition/Merger or Purchase/Sale that proves the former business or equipment was sold;
 - f. Dissolution documents proving an operation has gone out of business may include records from the Secretary of State's office or release documents from other agencies;
 - g. Bankruptcy documents;
 - h. Proof of incarceration of the owner of the business; or
 - i. Proof of death of the owner of the business.
- B. A BWC staff member may request a site visit by BWC field staff for industries such as retail and manufacturing where operational status can clearly be determined by observation of the location.
- C. When processing a retroactive cancellation, items in the "BWC evaluation of cancellation request" section must also be considered.

BWC evaluation of cancellation request.

1. The cancellation effective date must be at least one day after the last date the employer had employees to ensure active coverage through the last day the employees worked. The cancellation effective date may be extended to the day after the final date of the policy year. For example, for private employers, a cancellation effective date would be July 1, if requested on June 30.

2. Claim related issues must be resolved.
 - A. BWC staff must verify through research there are no claims filed with a date of injury on or after the requested cancellation effective date.
 - B. If the employer has any claims with a date of injury on or after the requested cancellation effective date, BWC staff will contact the employer to obtain the appropriate cancellation effective date or verify the business was sold or transferred.
3. Unless documentation is provided, the cancellation effective date must not be during a policy year that the employer paid elective coverage premium.
4. BWC reserves the right to revise the employer's cancellation effective date based on evidence, including but not limited to, documentation received from a BWC audit or investigation.
5. BWC will issue a warrant in the name of the employer of record as shown in BWC systems if it is determined the employer is entitled to a refund. BWC recommends the employer confirm no refund is anticipated before closing a company bank account. Financial institutions may not honor a refund warrant on a closed account. The name on the warrant will not be modified except in the following situations:
 - A. If the employer is a sole proprietor or an ICORP, the name on the warrant may be changed, or a DBA may be added; or
 - B. If the employer is a sole proprietor or a domestic entity and the owner is deceased, the name on the warrant may be changed to include the phrase, "The Estate of ..." followed by the owner's name. This situation requires supporting documentation such as a death certificate, court order, probate will, or affidavit.

BWC Cancellation.

1. BWC may proactively cancel policies.
2. The parameters for a BWC cancellation are set forth in OAC 4123-17-76.
3. BWC will enter notes and save documents to the appropriate systems to support a BWC cancellation.

Reversal of Cancellations. The following principles guide reversal of a cancellation.

1. BWC errors are corrected without penalty to the employer.
 - A. An error could include a lack of documentation on cancellation by phone.
 - B. If an employer claims they did not cancel their policy, and there is no documentation, the cancellation can be reversed.
2. Reversal of employer requested cancellation.
 - A. If the employer's request is prior to completing true-up as outlined in number 4 of the "Employer requirements" section, BWC may reverse the cancellation and reinstate coverage.

- B. If the employer's request is after they have completed true-up, the employer must submit a new Application for Ohio Workers' Compensation Coverage (U-3) with the non-refundable application fee.
- 3. Reversal of BWC cancellation.
 - A. For the BWC initiated cancellation of \$0 payroll policies, as defined in OAC 4123-17-76(A)(1), the employer has forty-five (45) days from the date of cancellation to reinstate coverage.
 - B. For the BWC batch cancellation of policies lapsed for at least eighteen (18) months, as defined in OAC 4123-17-76(A)(2), the employer is provided thirty (30) days' notice prior to the cancellation for non-payment of premium. Once the policy is in a final cancelled status, the policy cannot be reinstated.
 - C. After the deadline has passed for reinstatement, the employer must reapply for BWC coverage.
 - D. BWC may reinstate policies that have payment plans created, or payments made but not posted, if either of these actions are completed prior to the deadline for reinstatement.
 - E. Payment of monies owed or completion of true-up on the cancelled policy, by itself, does not provide justification for reinstatement.

Resolution of complaints and extenuating circumstances.

- 1. Employer complaints are processed under the [General Employer Complaint Policy](#).
- 2. Extenuating circumstances.
 - A. The employer has ceased operations and failed to notify BWC to cancel coverage, resulting in a lapsed, BWC initiated cancellation, or cancelled uncollectable status. Resolution: BWC may consider if the criteria for BWC initiated cancellation applies. If the employer meets the criteria under OAC 4123-17-76(A)(1), a retroactive cancellation can be approved without documentation.
 - B. The employer establishes it ceased operations or no longer has employees as defined in ORC 4123.01(A)(1)(b). Resolution: See the "Cancellation request by employer for previous policy years" section for required documentation.
- 3. Adjustment of payroll. BWC staff can accept actual payroll, with appropriate documentation, even if the employer's requested cancellation effective date is denied under this policy.
- 4. If the employer's requested cancellation effective date is denied, BWC will still cancel the employer's workers' compensation coverage. The cancellation effective date will be the date the cancellation request was received, or another date, as determined in accordance with this policy.