

Classification Assignments

Policy Background

- Policy Number: EP-03-03
- The legal references for this policy are Ohio Revised Code (ORC) [4123.29](#) and Ohio Administrative Code (OAC) [4123-17-04](#), including its Appendix, and OAC [4123-17-08](#).
- Effective Date: July 1, 2026
- Approved By: Nick Frost, Chief of Employer Services
- Origin: Employer Policy
- Supersedes: The Classification Assignments policy effective July 1, 2019.
- History: Revised September 14, 2026. New policy issued June 9, 2020.
- Review Date: July 1, 2031

Policy Purpose

The Ohio Bureau of Workers' Compensation (BWC) is required by ORC [4123.29\(A\)\(1\)](#) to classify occupations or industries according to their degree of hazard, and determine the risk of different classes, according to National Council on Compensation Insurance (NCCI) categories that are applicable to the state of Ohio.

Applicability

This policy applies to the BWC Policy Processing Department (PPD) Classification Unit, the BWC Premium Audit Unit, private employers (PA employers) and public employer taxing districts (PEC employers), and their authorized representatives.

Definitions

Basic classifications: Classifications that describe the business of an employer.

National Council on Compensation Insurance (NCCI): An organization that gathers data, analyzes trends, and provides objective insurance rate and loss cost recommendations for the workers' compensation industry. BWC uses NCCI's classification system, however, BWC develops its own rates.

Classification codes: NCCI four-digit codes used to classify businesses for workers' compensation insurance. Also referred to as class codes.

Standard exception classifications: Classifications that describe occupations that are common to many businesses. These common occupations are not included in a basic classification unless specified in the classification wording.

Straight-through processing: The automatic process that creates a quote number or a policy number when an employer applies online. The employer selects classification codes, each of which is reviewed by the classification unit.

Policy

How BWC uses NCCI classifications.

1. As set forth in OAC [4123-17-08](#), the purpose of the classification system is to group employers with similar operations into classifications so:
 - A. The assigned classification reflects the exposures common to those employers; and
 - B. The base rates charged reflect exposure to loss common to those employers.
2. BWC determines the one basic classification that best describes the business of the employer, unless the employer meets the conditions for more than one basic classification pursuant to OAC 4123-17-08(E)(3).
 - A. Classifications are not assigned to separate employments, occupations, or operations within the business.
 - B. Some employers are classified by a standard exception classification.
 - C. BWC determines if the employer qualifies for a standard exception classification.
3. See OAC 4123-17-08 for further information about:
 - A. Explanation of classifications;
 - B. Classification wording;
 - C. Classification procedures;
 - D. Miscellaneous employees; and
 - E. Interchange of labor.

Changes in classification.

1. BWC may change the classification codes assigned to an employer if BWC determines the classification codes do not accurately reflect the employer's operations. The change in classification may result in BWC:
 - A. Adding or inactivating classification codes; or
 - B. Adjusting estimated annual payroll (exposure).
2. BWC decides whether to apply the revised classification codes retrospectively or prospectively by determining:
 - A. If there was BWC error;
 - B. If the employer misrepresented the nature of its operations on the Application for Ohio Workers' Compensation Coverage (U-3) or in other communications with BWC; or
 - C. The financial impact the revision has on the employer.

3. Prospective changes in classification.
 - A. BWC may apply changes in classification to the current policy year and subsequent policy years if the misclassification was caused by BWC error, and the correct classification code is higher rated. Examples of BWC error include, but are not limited to, the following situations:
 - i. BWC misclassified the employer based on the employer's U-3, which accurately described the employer's operations.
 - ii. BWC did not conduct a proper review when the employer requested an additional classification code, resulting in an added classification code included in the employer's basic classification.
 - iii. The BWC premium auditor failed to identify the misclassification, or additional exposures, and the employer's operations have not changed since the previous audit.
 - B. Timing of prospective changes in classification.
 - i. If BWC processes the classification change between July 1 and March 31, the classification code and estimated annual payroll (exposure) adjustment will be applied to the current policy year. The employer will report payroll true-up using the revised classification codes. See the [Payroll True-Up](#) policy for additional information.
 - ii. If BWC processes the classification change between April 1 and June 30, the classification code and estimated annual payroll (exposure) adjustment will be applied to the subsequent policy year beginning July 1.
4. Retrospective changes in classification.

BWC may apply changes in classification retrospectively if the employer misrepresented, or did not disclose, the nature of its operations on the U-3, or in other communications with BWC, and the employer's misrepresentation or non-disclosure prevented BWC from assigning the correct higher rated classification code.
5. Classification changes due to straight-through processing review.
 - A. The classification unit reviews every quote number and policy number to ensure the proper classification. There is a lag in review, and all reviews are not completed in the current policy year.
 - B. If the review indicates a higher rated classification code, BWC will not retrospectively apply the classification code to the prior policy year. If the change is for a lower rated classification code, the change will be retrospectively applied to the prior policy year, and the employer will be asked to file an amended true-up report to correct the prior policy year.
 - C. Classification changes in the current policy year will be made until June 30 regardless of the classification code rate.

Resolution of complaints.

1. BWC staff determines if the employer's complaint is from the initial classification codes assigned during the application process or resulting from a BWC premium audit.
 - A. Complaints from the initial application process are resolved by Classification Unit staff.
 - B. Complaints from a premium audit are resolved by Premium Audit Unit staff.
2. Employer complaints are processed under the [General Employer Complaint Policy](#).
3. BWC has not identified any extenuating circumstances that apply to classifications.
 - A. BWC will not waive the criteria and scope of classifications set forth in OAC 4123-17-08. OAC 4123-17-08 conforms the classifications of industries according to NCCI categories which are applicable to employers in Ohio.
 - B. BWC establishes classifications of occupations or industries in OAC [4123-17-04](#). The Appendix to OAC 4123-17-04 is an index and tool for locating specific classification numbers.
4. BWC staff evaluates the classification code(s) assigned to an employer and determines the appropriateness of adding, changing, or removing classification codes based on:
 - A. Verifiable division of payroll;
 - B. A change in business operations; or
 - C. The results of a premium audit.