Supplying Employers' Liability Data

A Broker's Guide

This guide is intended for brokers, managing general agents and delegated authorities and explains what Employers' Liability policy information needs to be collected. The aim of the guide is to answer the more common questions being raised to ensure a consistent approach from the broker market.

April 2014

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ELTO Employers' Liability Tracing Office

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Executive summary

About ELTO

The Employers' Liability Tracing Office (ELTO) is an independent industry body comprising members who are current and past Employers' Liability (EL) insurers.

ELTO is a proactive move by the insurance industry to meet its obligations to help those who have suffered injury or disease in the workplace identify the relevant insurer quickly and efficiently. At the heart of this process is a centralised database – the Employers' Liability Database (ELD).

ELTO's members are required to supply policy data to the ELD on all new and renewed EL policies with a cover start date of 1 April 2011 onwards. The Financial Conduct Authority (FCA) rules also require insurers to submit data in respect of "claims made" for policies pre-dating 1 April 2011. The ELD is accessible for claimant searches via www.elto.org. uk and is used to trace EL policies.

ELTO currently represents over 99% of the EL market share.

An insurer view

Adrian Brown
Chair of ELTO

"Brokers have a key role in developing a successful Employers' Liability Database as often they are the link between the insurer and the client.

"The database aims to be of real benefit to claimants and representatives acting on their behalf. Searches of policies loaded onto the central database should take a matter of minutes and this will increase the speed with which a claimant representative can start making their claim.

"The additional information such as the Employer Reference Number will also mean that any search results will more closely match the search criteria."

A broker view

Steve Foulsham
Head of Technical Services

"At BIBA, we recognise the importance of ELTO to both claimants and the insurance industry.

"We fully endorse this guide as a tool to help brokers make this database a success. We would encourage our members to use this guide as a reference when collecting information about EL policy holders which is now a requirement under FCA regulations."

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ELD: current and future requirements

Financial Conduct Authority (FCA) regulations have changed the way firms record EL information. The FCA's rules and guidance support the insurance industry's move to establish ELTO and create the Employers' Liability Database (ELD) to help potential claimants find their former employer's EL insurer.

In order for insurers to comply with the regulations, broker support is essential in capturing and supplying additional policy information that has not been mandated previously.

Additional data summary

In order to comply with FCA regulations, ELTO members are required to supply the following additional information for new and renewed policies:

- The Employer Reference Number (ERN) for the policyholder and each employer covered on the policy.
- Details of each employer covered by a policy, which will include a full listing of all subsidiary companies.

All employers/subsidiaries

- For policies incepting or starting from 1 April 2012, the capture of all subsidiary company names is mandatory.
- From 1 April 2012, the ERN is mandatory for new and renewed records, including subsidiary records.
- Records are not required for a company's additional branch and risk addresses.

Employer Reference Numbers (ERNs)

The ELD's ability to provide enquirers with successful trace results will be supported by establishing a unique identifier for employers.

ELTO has adopted the ERN as the most effective unique identifier available. See page 7 for 'Employer Reference Number key facts'.

Timescales for delivery

From 1 April 2012, every new and renewed policy loaded to the ELD needs to include this 'additional data'.

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Policy records on the Employers' Liability Database (ELD)
What is required?

New/renewed EL policies with an inception date on/after 1 April 2011.

Policies in relation to which a claim is made on or after 1 April 2011.

Policies with a cover start date of 1 April 2012 onwards: Subsidiary company information and Employer Reference Number (also known as ERN or Employer PAYE reference).

Mandatory information

All commercial lines EL policies, regardless of whether the business was written through a broker, scheme or a delegated authority, must be supplied to the relevant insurer as soon as the information is available to allow the insurer to upload the details to the ELD within the regulatory timescale of 90 days.

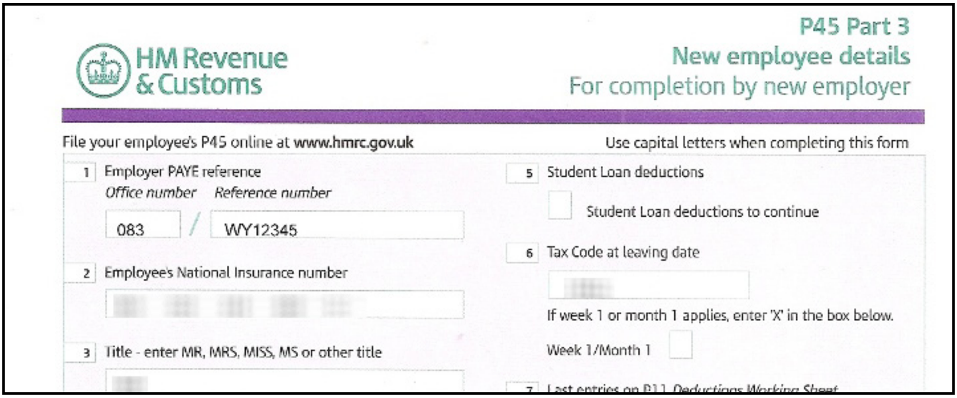
Information that is mandatory includes policy number, broker reference (when a delegated authority is supplying data directly to the ELD), policyholder name, employer name, cover start date, cover end date and address details.

Employer Reference Number (ERN) formats

ERNs will normally begin with three numbers (representing the tax office whose catchment area the employer falls into) followed by a forward slash and then a combination of letters and numbers. For example 083/WY12345.

On the HM Revenue & Customs (HMRC) tax return website (www.hmrc.gov.uk) the slash is not shown. If the reference number is taken from this system, the slash must be inserted in to the number that is conveyed to the insurer. This is to ensure that claimants searching for an employer using the ERN find the record if it is on the ELD.

Please note: the ERN is not to be confused with HMRC's Accounts Office Reference for employers.


HM Revenue & Customs

P45 Part 3
New employee details
For completion by new employer

File your employee's P45 online at www.hmrc.gov.uk

Use capital letters when completing this form

1 Employer PAYE reference
Office number / Reference number
083 / WY12345

2 Employee's National Insurance number

3 Title - enter MR, MRS, MISS, MS or other title

5 Student Loan deductions
Student Loan deductions to continue

6 Tax Code at leaving date

If week 1 or month 1 applies, enter 'X' in the box below.
Week 1/Month 1

7 Last entries on P11 Deductions Working Sheet

An example of ERN format on a P45 form

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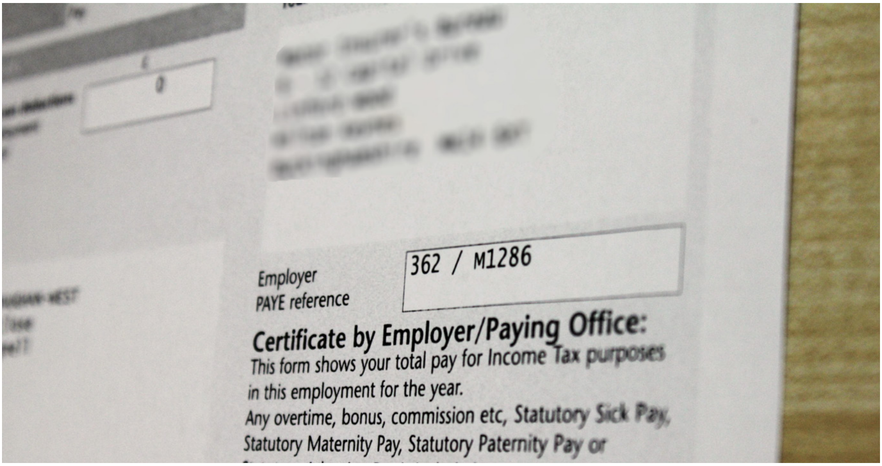
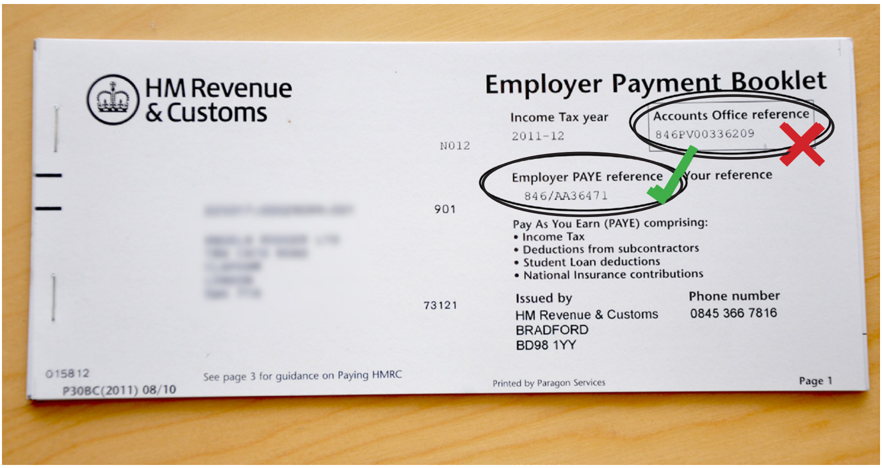
Where to find the Employer Reference Number (ERN)

The ERN can be found on many documents including: P45, P60, P11/D and the Employer Payment Booklet. The ERN is collected as a unique identifier for the company concerned.



An ERN on a P60 form



An ERN on an Employer Payment Booklet.

Note: the ERN is not to be confused with HMRC's Accounts Office Reference for employers.

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Employer Reference Number (ERN) key facts

Each organisation operating a Pay As You Earn (PAYE) tax scheme is allocated an ERN. This is the reference number for their employees' income tax and national insurance contributions; also commonly referred to as 'Employer PAYE Reference'.

The ERN is necessary to help claimants trace their employer's EL insurer

On the Motor Insurance Database, the vehicle registration number is the unique identifier that enables searches to identify the appropriate policy record. The ERN will perform a similar function on the Employers' Liability Database (ELD) and has been adopted by ELTO as the most effective unique identifier available.

Claimants/employees will be able to find the employer's ERN

The ERN is shown on the P45, P60, P11/D and many payslips. Claimants might not always have this information to hand. To address this, HMRC now includes the ERN when responding to employee requests for their employment history schedule.

The ERN is also commonly referred to as 'Employer PAYE Reference'

There are very few ERN exemptions

In all cases where PAYE is operated, an ERN is allocated to the employer and the ERN applies to all UK businesses employing one or more people. A minority of employers do not have an ERN, including those that:

- Pay all employees below the current Lower Earnings Limit, none of the employees has another job, and none of the employees is in receipt of a state or occupational pension or other employee benefits. For more information on the threshold limits, please see the HMRC website (www.hmrc.gov.uk).
- Are registered in the Isle of Man, or the Channel Islands (these have no tax presence in the UK).

Some employers have multiple ERNs

Although rare, some employers possess more than one ERN, including those operating separate PAYE schemes for different business locations, ex-pats or company directors. ELTO members or their intermediaries must capture all ERNs for all employers covered on the policy.

Frequently asked questions

What lines of EL business need to be advised to the Employers' Liability Database (ELD)?

Insurers and brokers will need to provide data on all commercial lines policies with an in-force EL section of cover taken out by employers, unless the FCA specifically exempts it. Household insurance providing EL cover to domestic employees are exempt.

What format do we need to use for supplying data to insurers? Can we develop our own format?

A template has been developed by the industry to show the information that is required for ELTO purposes. However you must agree with your insurers as to what format should be used. If you operate a DA arrangement or a MGA facility on behalf of an insurer or insurers, the insurers concerned will discuss with you the best way of supplying all the relevant information.

How do insurers require EL policy data?

Insurers are collecting EL policy data in different ways. Some insurers are happy for intermediaries to adapt existing bordereaux, others are requesting information to be supplied in an Excel template or other templates. Intermediaries are asked to be as flexible as possible in supplying this information to insurers. This benefits all users of the system including your policyholders.

Intermediaries are encouraged to discuss requirements directly with individual insurers.

Are brokers and delegated authorities required to be ELTO members?

Brokers and delegated authorities are not required to be members of ELTO.

What are the timescales for insurers to submit this data to the ELD?

FCA rules require all mandatory policy data relating to all insured employers to to be fully and properly loaded onto the ELD within 90 days of the effective date (e.g. cover start date for new business/ renewals).

What date should be used in the cover start date?

The cover start date is a mandatory field in an EL record and should be populated with the start date of the current version of the policy and not the original inception date. For example, Insurer ABC may have underwritten a policy since 01/01/1980. From 1 April 2011 onwards, the insurer only compulsorily needs to submit the current cover dates.

How is the format of an ERN structured?

Each ERN is unique to the employer and will not be replicated. On PAYE records, the format for most numbers allocated since 2001 is 'nnn/ aznnnnn'. 'nnn' is the 3 digit number for the Tax Office whose catchment area the employer falls into. 'aznnnnn' is the ERN, where 'n' is numeric and 'a' and 'z' are letters. For numbers allocated prior to 2001, the format is 'nnn/ annnnn' in the majority of cases.

Are changes made to ERNs?

No retrospective changes are made to an employer's ERN. Therefore, even if the employer is taken over, ceases trading or moves tax office, the ERN for a specific point of time is permanent.

What is the HMRC employment history schedule?

This is a list of an individual's employers (past and present) with the dates of employment. This data is drawn from the National Insurance Contributions Office (NICO) database which is linked to the PAYE database. HMRC now includes the ERN in its responses to employee requests for their employment schedule.

Some companies have more than one ERN – how is this being handled?

Multiple ERNs are only likely to be a feature of larger corporate companies. In these instances, brokers should provide details of all ERNs for an insured. Where electronic trading platforms are being used, then only one ERN is capable of being captured. In this case the 'most relevant' ERN should be provided; this being the one that covers the majority of the company's employees.

Is is mandatory for subsidiary companies/records to have an ERN?

Yes, unless the company is ERN exempt as detailed on page 7. 'ERN exempt' refers only to companies that legitimately do not operate a PAYE scheme and therefore have no ERN. The subsidiary company may also have a different ERN to the parent company depending on the employer set up.

If an organisation has multiple locations, should all of these be identified as subsidiary companies so they appear on the ELD?

No, in this case the locations trade under the same organisation name.

Do all EL insurers require this information?

All insurers that transact EL insurance are regulated by the FCA and are therefore required to comply with the latest FCA regulations. As a result, brokers can expect all EL insurers to be asking for this information. The FCA regulations do not compel all EL insurers to be a member of ELTO but do require EL data to be published in a searchable format. ELTO members comprise over 99% of annual EL GWP. An insurer that is not an ELTO member will require brokers to collect the same information. Brokers are encouraged to communicate with their underwriting insurers to understand their requirements.

Can we supply data directly to the ELD?

In most instances, you will only be supplying data to insurers. In some instances, insurers and ELTO may agree for you to send data directly to the ELD. This is likely to be reserved for certain delegated authority arrangements and will need to be discussed with individual insurers in the first instance.

Are brokers and delegated authorities required to supply the Companies House Reference Number (CHRN)?

The CHRN is the employer's number provided by the Registrar of Companies. ELTO utilises a facility which searches data downloaded from Companies House so that its members do not need to capture this information. Insurers who are not members of ELTO may, however, request the CHRN from brokers and delegated authorities.

Can the insurance industry access the HMRC database in a similar way to the CHRN?

The Association of British Insurers (ABI) and the ELTO Board have been lobbying the appropriate people for access to HMRC data, however to date we have been unable to progress past the HMRC's Data Protection Act based objections. We continue to work towards gaining access.

Ref: 04_2014

Support available

For the latest information please visit:

- **Our dedicated section for intermediaries: www.elto.org.uk/Broker_Info.aspx**
- **www.biba.org.uk**
- **www.fca.gov.uk**

ELTO has a dedicated account management team for insurers. If you have any questions, please contact your insurer in the first instance who will then forward your query if they are unable to answer it.

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