



ELTO Guide For Employers

January 2014

The Financial Conduct Authority – the financial sector’s regulatory body – has introduced new rules which mean that insurers and brokers will now ask for additional information when arranging employers’ liability insurance with you.

This guide will help to explain what information you will need to have, where you can find it, why you are being asked for it and the benefits that this will have to your employees.

Introduction

Employers' Liability (EL) insurance was made compulsory under the Employers' Liability (Compulsory Insurance) Act 1969. It effectively means that most employers need to purchase EL insurance in order to trade legally.

EL insurance enables employers to meet the cost of compensation should an employee suffer illness or injury related to the work they do, whether this occurs on or off-site.

EL insurance can be bought through insurers or intermediaries like brokers or trade associations. You may find that it often comes as part of an insurance package designed to cover a range of business needs.

Insurance companies are subject to regulation by the Financial Conduct Authority (FCA). New rules have been introduced by the FCA which require insurers and brokers to collect additional information from their clients. This information will be used by employees to help trace their former employer's EL insurer should they need to make a claim for illness or injury at work.

It is important that you understand what additional information you will be asked to provide and where this information can be found.



The Employers' Liability Tracing Office (ELTO) is an independent industry body comprising members who are 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. Some injuries or illnesses can take many years to manifest themselves, so this is especially relevant where a company has ceased trading or there is no immediately obvious point of contact to advise of the insurer for a specific cover period.

At the heart of this process is a centralised database – the Employers' Liability Database (ELD). Claimants, claimant lawyers, employers, brokers, insurers and defendant lawyers can use the search facility where there is a specific claim in question.

Insurers are now 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.

For more information on what additional data you will be asked for, please see the next page.

What additional information will I be asked for?

There are two additional pieces of information that you will be asked for. These are:

Employer Reference Number (ERN)

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

ERNs are unique and no single ERN is used by more than one employer. The ERN is used as a unique identifier for companies on the Employers' Liability Database (ELD) and therefore immediately offers opportunities to streamline the search.

Insurers will upload your ERN to the ELD along with your EL policy information. This enables anyone with a legitimate need to quickly identify the policy concerned and start the claims process as appropriate.

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It is important for employers to note that the ERN is not collected by insurers or brokers for any tax purposes, nor can anyone search and retrieve your ERN from the database; it is used purely for matching an employee's search to the insurance policy that covers the period of injury or illness.

Subsidiary company information

If your organisation has any subsidiary companies, your insurer or broker will ask you to supply the name and ERN for each of these. In some cases, the ERN will be the same as the parent company.

Subsidiary company names are recorded because future claimants may not know the parent company name (to whom insurance is often registered); however they may know the name of the subsidiary that they worked for.

The head office ERN may also not appear on an employee's payslip or documents whereas the subsidiary ERN may do. It is therefore important that any additional ERNs are recorded on the database – making any searches more likely to produce a result for the potential claimant.

Where can I find this information?

The ERN is found on many documents including P45, P60, P45, P60, P11/D and many payslips – see images below:

Employer Payment Booklet

Income Tax year 2011-12

Accounts Office reference 846PV00336209

Employer PAYE reference 846/AA36471

Pay As You Earn (PAYE) comprising:

- Income Tax
- Deductions from subcontractors
- Student Loan deductions
- National Insurance contributions

Issued by HM Revenue & Customs BRADFORD BD98 1YY

Phone number 0845 366 7816

1. Employer Payment Book

New employee details P45
For completion by new employer Part 3

Office number 875 Reference number HW2598

1 Previous PAYE Reference

2 Employee's National Insurance number

3 Surname

4 Date left previous employment

5 Continue Student Loan Deductions (Y)

6 Tax Code at leaving date

7 Last entries on Deductions Working Sheet (P11)

To the new employer Complete items 8 to 17 below and send this page of the form only to your Tax Office immediately.

2. P45

Employer PAYE reference 362 / M1286

Certificate by Employer/Paying Office:
This form shows your total pay for Income Tax purposes in this employment for the year.
Any overtime, bonus, commission etc, Statutory Sick Pay, Statutory Maternity Pay, Statutory Paternity Pay or Statutory Adoption Pay is included.

3. P60

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 HMRC's tax return website, the slash is not shown. However, it does appear on printed documents like P45 and P60.

Why is this information important?

The benefits of capturing this data

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

Prompt access to the protection you as an employer have arranged is in everyone's interest.

The increased accuracy of searches will also give you, the employer, peace of mind that the insurance you have bought offers protection to your employees should they need to make a claim in the future.

There are very few ERN exceptions

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 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, or;
- Are registered in the Isle of Man, or the Channel Islands (these have no tax presence in the UK).

For more information on ERNs or the threshold limits, see the HMRC website: www.hmrc.gov.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 are required to capture all ERNs for all employers covered on the policy. If your insurer or broker asks for this information, you should provide details of each ERN that your company possesses.

Where to get more help/advice The following organizations or websites may help answer any questions you have. If in doubt, talk to your insurer or broker:

Association of British Insurers
www.abi.org.uk

British Chambers of Commerce
www.britishchambers.org.uk

British Insurance Brokers' Association
www.biba.org.uk

GOV.UK
www.gov.uk

Confederation of British Industry
www.cbi.org.uk

ELTO
www.elto.org.uk

Federation of Small Business
www.fsb.org.uk

Financial Conduct Authority
www.fca.org.uk

Health and Safety Executive
www.hse.gov.uk

HMRC
www.hmrc.gov.uk