

ELTO Introduction

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. At the heart of this process is a centralised database – the Employers' Liability Database (ELD) – which will contain all new and renewed EL insurance policies, old EL policies that have new claims made against them and all successful traces from the current Tracing Service.

ELTO's members will be required to supply policy data to the ELD on all new and renewed EL policies from 1 April 2011. The ELD will be accessible for claimant searches from this data via www.elto.org.uk and will be used to trace EL policies.

ELTO Background

In 1999, the ABI and insurance industry established a voluntary EL Code of Practice (ELCOP), whereby insurers agreed to search records to the best of their ability in response to enquiries from claimants; and to keep their own future records in an easily searchable format for 60 years.

Since 1999, the ELCOP has helped around 20,000 claimants source the EL insurer to pursue a claim. The EL tracing service run by ABI involves a number of EL insurers voluntarily searching through many years' worth of policy information to try and trace a policy. The success rate for these traces, whilst improving all the time, is not as high as claimants and insurers would like it to be. The EL insurance industry needs a more effective tracing solution to improve the service to its customers.

Work Underway

The Department for Work and Pensions (DWP) began a consultation process¹ in February 2010, which included reference to the need for a centralised EL database. In April 2010, the insurance industry announced that it would pro-actively establish the ELTO service.

It is envisaged that FSA regulations will be introduced in early 2011 that will require all EL insurers to publish all current EL policies on a website in a searchable format. EL insurers can satisfy this obligation by becoming a member of ELTO and supplying data to the ELD. The FSA has launched its consultation² on this matter, which will conclude on 15 September.

¹ The DWP published its consultation titled 'Accessing Compensation: Supporting people who need to trace Employers' Liability Insurance' on 10 February 2010.

² The FSA published its consultation 'Tracing employers' liability insurers' on 15 June 2010. The consultation reference number is CP10/13.

During July 2010, the first wave of members joined ELTO, representing an EL market share exceeding 87%. All insurers underwriting EL have been invited to join ELTO, and the process to increase membership levels is continuing.

Brokers and Delegated Authorities

Brokers, particularly those operating delegated authorities (DAs), MGAs and software houses are important stakeholders for ELTO, since they will be required to capture the policy information for ELD purposes (as per FSA regulations). ELTO has established an Intermediary Working Group (IWG) comprising insurer, broker and software house representatives and is working with the group to identify, assess and resolve the issues relating to the capture and supply of EL policy data.

The following key points are pertinent to intermediaries:

- The required policy information will be uniform across all ELTO members, based on a single industry-wide template
- Members will supply data on a monthly basis, including the full current book of all live EL policies
- ELTO will provide the facility for direct data supply by authorised brokers / DAs, based on defined criteria and agreement between ELTO, the member and the broker / DA in question. The large majority of data supply to ELD is expected to come via ELTO members.
- ELTO's rules require all mandatory policy data relating to 100% of all Insured Employers to which ELD relates to be fully and properly on the ELD within 90 days of the effective date (e.g. cover start date for new business / renewals)
- From April 2012, ELTO members will be required to supply all subsidiary names as well as the Employer Reference Number (ERN) for the policyholder and all subsidiaries for all new and renewed policies. In preparation for this, members will begin to collect this information from brokers and DAs from April 2011.

ELTO has been working closely with BIBA to ensure they are kept up to date with the progress on setting up ELTO, and the requirements for brokers. BIBA will provide updates on ELTO on their website and in newsletters.

Employer Reference Number

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 Employer Reference Number (ERN) as the most effective unique identifier available. This is also commonly referred to as 'Employer PAYE Reference'. Members will be required to supply the ERN to the ELD, and for policies transacted by a broker or DA, will need them to obtain this information.

On the Motor Insurance Database (MID), the vehicle registration number is the unique identifier that enables searches to identify the appropriate data record. The ERN will perform a similar function on ELD.

The following key points have been identified with HMRC regarding the ERN:

- UK businesses employing one or more people are required to have the ERN, which is the reference number for their employees' income tax and national insurance contributions. A tiny minority of employers do not have an ERN. The only exemption is where the employer pays all their employees below the PAYE threshold (£503.00 monthly)
- 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, where NNN is the 3 digit number for the Tax Office whose catchment area the employer falls into, and 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.
- 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
- The ERN is printed or written on mandatory documents including the P45, P60, P11/D, and on most payslips. Enquirers might not always have this information to hand, so the intention is for HMRC to include the ERN in its responses to employee requests for their employment schedule. This is a list of an individual's employers and the dates of employment. This data is drawn from the National Insurance Contributions Office (NICO) database which is linked to the PAYE database.

Next Steps and Contact Information

ELTO's members will be compelled to supply data to ELD from April 2011. In April 2012, the ERN and subsidiary information will become mandatory. In preparation for this, members will begin to collect this additional information from their brokers from April 2011.

ELTO's members will individually contact their brokers to make the necessary arrangements for these data supply changes, in order that they may satisfy their obligations. Brokers, MGAs and software houses should therefore contact their insurers in the first instance to understand what is expected of them.