

## **Selling or Buying a Business? What You Need to Know!**

“Successorship” or “successors in interest” are terms describing the takeover of one employer’s business by another, generally resulting from a change in ownership due to a purchase, acquisition, or merger.

Both the predecessor (seller) and successor (buyer) must notify BWC of a transfer in operations. The BWC will transfer the employer's claims experience when a new owner wholly assumes the former employer's business. If the new owner assumes only a portion of the business, the BWC only transfers that part of the former employer's experience to the succeeding employer.

### **Successor employer**

If you're the successor and a new employer without Ohio workers' compensation coverage, you must complete an [Application for Ohio Workers' Compensation Coverage \(U-3\)](#). If you already have Ohio workers' compensation coverage, you only need to submit the [Notification of Business Acquisition/Merger or Purchase/Sale \(U-118\)](#).

If you wish to maintain the predecessor employer’s policy, and the predecessor’s coverage is active, you may submit a [Request to Transfer Existing Coverage to Succeeding Employer \(U-115\) \(PDF\)](#). You cannot use the U-115 if you have an active policy or if the former policy was canceled. You must submit form U-118.

### **Obtaining employer and policy information on a potential seller**

To learn about the predecessor employer's experience or outstanding financial obligations **before** you acquire a business, complete the [Request for Business Transfer Information \(AC-4\) \(PDF\)](#). Both seller and potential buyer **MUST** sign this form. The BWC encourages any entity considering the purchase of another entity to use this form to help discover any potential issues with the seller's policy before purchase.

### **Predecessor employer**

After notifying the BWC of the transfer and a request to cancel coverage, the predecessor employer has 45 days from the date of cancellation to report the final payroll, also known as true-up. Your policy must be in a canceled status to access the [Payroll true-up report](#).

**Important:** If you have additional locations covered under the policy for which a portion of the business was transferred, do **not** complete a cancellation request. Complete the U-118 instead. More information about workers’ comp and selling or buying a business here in Ohio can be found at: [Selling or buying a business | Bureau of Workers' Compensation \(ohio.gov\)](#)

If you have plans to buy or sell a business, please contact our Sedgwick program manager, [shane.castle@sedgwick.com](mailto:shane.castle@sedgwick.com)