

Master Policy

Master Policy Model

The Master Policy Model uses a single standard policy for the Professional Employer Organization (PEO) and all of its clients. The single policy is issued in the name of the PEO. Some of the characteristics of this policy model are:

- The PEO is the primary named insured and each client company is referenced as an additional name
- For the purpose of proof of coverage, each name and corresponding address of a client company constitutes a separate employer record
- Aggregated payroll, premium, and losses are reported for the PEO and all of its clients
- One experience modification is applied to the single policy
- Some states require the identification and listing of each client company as additional names or by endorsement
- Some states require that the experience be maintained at the client-level and available for experience rating; however, there is only one experience modification produced at the aggregate level for the PEO
- Some states require that they be notified of new or former clients
- Most states require that all client-level experience be reported—this is a manual process

Master Policy Benefits

Many carriers and PEOs prefer to avoid the administrative expense of issuing policies to potentially hundreds of individual client companies. The efficiency of issuing a single policy in place of hundreds arguably benefits employers as well as carriers and employee leasing companies.

