

POLICY NUMBER: POL-19

Chapter:
EMPLOYER SERVICES

Subject:
EMPLOYER REGISTRATION

Effective Date:
November 15, 1994

Last Update:
July 28, 2011

REFERENCE:

Workers Compensation Act R.S.P.E.I. 1988, Cap. W-7.1, Sections 2, 3, 4, 72.
Workers Compensations Act R.S.P.E.I. 1988, Cap. W-7.1, General Regulations, Sections 2, 3.
Workers Compensation Board Policy, POL-13, Assessment Billing.
Workers Compensation Board Policy, POL-14, Assessable Payroll.
Workers Compensation Board Policy, POL-16, Close Out of Employer Accounts.
Workers Compensation Board Policy, POL-22, Personal Coverage.
Workers Compensation Board Policy, POL-125, Optional Coverage.

DEFINITION:

In this policy:

1. “Independent operator or contractor” means an individual who:
 - organizes and manages a separate business on their own;
 - advertises and solicits business on their own behalf;
 - bears the burden of expenses of the business;
 - has the regulatory authority to operate on their own;
 - works for more than one employer concurrently and is available to work regularly for more than one employer;
 - provides, in addition to their own labour, major equipment used solely for the business or supplies the materials related to work being performed.
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2. “Optional coverage” means optional workers compensation coverage available for employers who are engaged in an industry falling outside the scope of the *Workers Compensation Act* or for independent operators or contractors.
 3. “Personal coverage” means optional workers compensation coverage available for proprietors, partners, and officers and directors of a corporation as well as independent operators and contractors.
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POLICY:

Employers Within the Scope of the *Workers Compensation Act*

1. Employers engaged in an industry falling within the scope of the *Workers Compensation Act* must register with the Workers Compensation Board and pay assessments established by the Workers Compensation Board.
2. New employers, prior to start-up of business operations, must complete and submit to the Workers Compensation Board an Employer Registration Form and any other information that may be required by the Workers Compensation Board.
3. Information provided by the employer on the Employer Registration Form will be used by the Workers Compensation Board for purposes of employer classification and assessment, and any other purpose consistent with the *Workers Compensation Act*.
4. By February 28th of each year, all registered employers are required to submit a new Employer Registration Form to the Workers Compensation Board confirming information pertaining to business operations and providing the following:
 - actual assessable payroll, as outlined in Workers Compensation Board policy, POL-14, “Assessable Payroll” for the previous calendar year;
 - an estimate of assessable payroll, as outlined in Workers Compensation Board policy, POL-14, “Assessable Payroll” for the current calendar year.

Late Registration Penalty

5. The Workers Compensation Board will levy a late registration penalty to employers who fail to meet the February 28th registration deadline. The late registration penalty is 5% of the employer’s annual assessment and will not be less than \$50 or more than \$500 for each assessment year.

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6. The Workers Compensation Board will provide public notice each year in advance of the registration deadline reminding employers that a late registration penalty will be levied if the Workers Compensation Board does not receive the employer registration within the established timelines.

Estimating Assessable Payroll

7. The Workers Compensation Board will estimate the employer's assessable payroll if, for any reason, the employer fails to submit an estimate of assessable payroll or fails to provide a reasonable estimate of assessable payroll, as determined by the Workers Compensation Board.

In situations where the Workers Compensation Board estimates the employer's assessable payroll, the employer will be notified.

8. The estimate of assessable payroll, unless revised by the Workers Compensation Board based on verified payroll information provided by the employer or an audit of employer payroll records by the Workers Compensation Board, is final and conclusive.
9. The Workers Compensation Board will estimate the employer's assessable payroll using the employer's assessable payroll for the previous year plus 25%.

If the employer does not have an assessable payroll for the previous year (for example, new employer) the Workers Compensation Board will make the determination using factors such as:

- number of workers employed;
- nature of the business;
- comparison to existing business with similar characteristics.

10. All employers, who had an estimate of assessable earnings provided by the Workers Compensation Board, will be charged a late registration penalty.

Penalty For Underestimating Assessable Payroll

11. The Workers Compensation Board will apply an underestimating penalty to the employer's account if, when the employer reports the actual assessable payroll for the previous year, the Workers Compensation Board determines the corresponding estimate of assessable payroll reported for that year is more than 25% below the actual assessable payroll.

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12. The underestimating penalty will be equal to 10% of the difference between:
- the actual assessable payroll; and
 - 125% of the estimate of assessable payroll.

Penalties less than \$50 will not be applied.

13. To avoid an underestimating penalty, an employer may revise the reported estimate of assessable payroll as outlined in Workers Compensation Board policy, POL-13, “Assessment Billing”.

Revisions to the estimate of assessable payroll after November 1st of that year will not be considered for purposes of calculating an underestimating penalty.

14. The Workers Compensation Board, on or before October 1st of each year, will provide public notice to employers that the deadline for revising the estimate of assessable payroll is November 1st of the same year.

Employers Within the Scope of the *Workers Compensation Act* upon Incorporation

15. An unincorporated employer who is currently registered with the Workers Compensation Board and becomes a corporation must register the corporation within 30 days of the effective date of incorporation.
16. The unincorporated employer will be closed out as outlined in Workers Compensation Board policy, POL-16, “Close-Out Of Employer Accounts.”

Employers Outside the Scope of the *Workers Compensation Act*

17. Employers engaged in an industry identified as outside the scope of the *Workers Compensation Act* may be eligible for optional coverage.
18. Employers who wish to be considered for optional coverage must apply to the Workers Compensation Board as outlined in the Workers Compensation Board policy, POL-125, “Optional Coverage.”

Proprietors, Partners, and Directors and Officers of a Corporation

19. Proprietors, partners, and directors and officers of a corporation are not automatically covered by the *Workers Compensation Act*.

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20. Proprietors, partners, and directors and officers of a corporation who wish to be considered for personal coverage must apply to the Workers Compensation Board as outlined in the Workers Compensation Board policy, POL-22, “Personal Coverage.”

Independent Operators or Contractors

21. Independent operators or contractors are not automatically covered by the *Workers Compensation Act*.
22. Independent operators or contractors who wish to be considered for coverage must apply to the Workers Compensation Board as outlined in the Workers Compensation Board policies, POL-125, “Optional Coverage” and POL-22, “Personal Coverage.”

HISTORY:

July 28, 2011 - Amended this policy to include the content from the following policies: POL-47, “Arbitrary Assessment”; POL-46, “Penalties For Late Registration”; and POL-43, “Penalties For Underestimating Annual Payroll”.

April 29, 2010 - The policy was updated as a result of the 60 month policy review process.

September 22, 2005 - The policy was updated as a result of the 60 month policy review process. Name changed from “Employer Registration Requirements” to “Employer Registration.”

May 18, 2000 - Replaced “Board” with “Workers Compensation Board” and amended format.

February 4, 1999 - Reviewed and reaffirmed with the Board of Directors.

Board of Directors Approval Date: November 15, 1994