

POLICY NUMBER: POL-22

**Chapter:
EMPLOYER SERVICES**

**Subject:
PERSONAL COVERAGE**

**Effective Date:
November 15, 1994**

**Last Update:
December 9, 2021**

PURPOSE STATEMENT:

The purpose of this policy is to explain who may be eligible to apply for personal coverage, the application process and the conditions of personal coverage.

REFERENCE:

Workers Compensation Act R.S.P.E.I. 1988, Cap. W-7.1, Section 3
Workers Compensation Board Policy, POL-19, Employer Registration
Workers Compensation Board Policy, POL-71, Conditions for Entitlement
Workers Compensation Board Policy, POL-86, Temporary Wage Loss Benefits

DEFINITION:

In this policy:

“Personal coverage” means voluntary workers compensation coverage that is available for proprietors and partners of a non-incorporated business, owners and directors of a corporation, and independent operators.

“Independent operator” means an individual who is self-employed and does not employ workers.

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POLICY:

1. Independent operators, proprietors and partners of a non-incorporated business, and owners and directors of a corporation are not automatically covered by the *Workers Compensation Act* but they may apply for personal coverage.
2. Personal coverage is voluntary workers compensation coverage that provides individuals with the same protections as workers under the *Workers Compensation Act*.

Eligibility Criteria for Personal Coverage

Independent Operators

3. To be eligible for personal coverage as an independent operator, the Workers Compensation Board (WCB) must confirm that the individual is an independent operator.
4. The WCB makes this determination by considering and weighing the relevant factors. These factors include, but are not limited to:
 - Whether there is a contract for service.
 - Whether the individual:
 - Offers services to multiple clients.
 - Work for other companies.
 - Has control over the hours they work.
 - Has oversight and supervision of work activities.
 - Owns the tools and equipment required for the work.
 - Has the chance of profit or loss.

The individual must provide this information with their application for personal coverage. The WCB may request additional information, as required to make the determination.

5. If the WCB determines that the individual is not an independent operator, they are considered to be a worker of the employer who hired them and are covered under that employer's WCB registration. This is outlined in WCB policy, POL-19, Employer Registration.

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6. Individuals who are considered to be workers are not eligible for personal coverage and cannot be charged for their WCB coverage, by either the employer or the WCB.

Proprietors, Partners, Owners and Directors

7. To be eligible for personal coverage as a proprietor or partner of a non-incorporated business, or as an owner or director of a corporation, the individual must provide information to confirm their status. The WCB may request additional information, as required.

Application for Personal Coverage

8. Individuals requesting personal coverage must complete a personal coverage application form and submit it to the WCB for consideration. Forms are available on the WCB website. The application must include the required information and full payment for coverage.
9. The WCB will review the application and determine if coverage is approved, based on the eligibility criteria. The WCB may request additional information, as required to make this decision.
10. Applicants will be advised of the decision, including the determination of status as an independent operator, if applicable.

Coverage Amounts

11. The minimum amount of personal coverage that can be purchased is equivalent to 20% of the maximum annual earnings for the year. Individuals may purchase coverage up to 100% of the maximum annual earnings.
12. If an individual with personal coverage files a compensation claim, they will be required to submit proof of their actual earnings. Wage loss benefits are based on 85% of the net amount of either the coverage purchased or the actual loss of personal earnings, whichever is less. The calculation of loss of earnings is explained in WCB policy, POL-86, Temporary Wage Loss Benefits.
13. More information about how the WCB determines whether a claim can be accepted is in WCB policy, POL-71, Conditions for Entitlement.

Cost of Coverage

14. The costs for personal coverage are calculated based on the amount purchased and the assessment rate of the individual's industry.

The WCB calculates the amount payable by multiplying the assessment rate by every \$100 of coverage for the year. If purchasing coverage for less than one full year, the amount will be prorated.

15. When an individual has more than one operation, they must indicate on their application which operations they wish to purchase personal coverage. The assessment rate is based on the industry the individual operated the majority of the time. The total personal coverage amount for applicants with multiple operations cannot exceed the maximum annual earnings for the year purchased.
16. The minimum cost for personal coverage is \$50 for Prince Edward Island residents and \$100 for non-residents. This amount is non-refundable.
17. Individuals are responsible for the costs of personal coverage until it is cancelled.

Duration of coverage

18. Personal coverage starts when the WCB approves the application or on the date requested by the applicant, whichever is later. Full payment must be submitted prior to approval.
19. Coverage continues until the end date requested by the applicant. If no end date is indicated, coverage will be renewed automatically each year. The WCB will contact individuals about their personal coverage renewal at the beginning of each year.
20. Personal coverage will be cancelled if any of the following circumstances applies:
- The individual requests that their coverage be cancelled.
 - The end date on the application passes and the applicant has not renewed their coverage.
 - For coverage with no end date, the applicant does not renew their registration by February 28 of the applicable year.
 - There is a change in the individual's status that has an impact on their eligibility

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for coverage. Individuals are required to notify the WCB of any changes to the information provided on their personal coverage application.

21. If personal coverage is cancelled, as of the cancellation date, the individual will no longer be eligible to file a compensation claim or have other protections as a worker under the *Workers Compensation Act*.

HISTORY:

December 9, 2021 - Amended to include: eligibility criteria; determination of independent operator vs. worker status; explanation of the personal coverage approval process; increased minimum personal coverage to 20% of maximum annual earnings; explanation of wage loss benefits; automatic annual renewals and removal of the thirteen week minimum coverage duration; and explanation of coverage costs and coverage cancellation.

September 23, 2016 - Amended to clarify the application, conditions and renewal of personal coverage. The due date for annual payment was amended to ensure continuity of coverage from year to year.

April 29, 2010 - The policy was updated as a result of the 60 month policy review process. The minimum assessable payroll was raised from \$6,000 to \$10,000 and some terminology related to corporations was clarified.

September 22, 2005 - The policy was updated as a result of the 60 month policy review process. The name was changed from "Optional Personal Coverage Applications Employers, Directors, Officers & Independent Operators" to "Personal Coverage."

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