

**Alberta WCB  
Policies &  
Information**

Chapter:  
**INSURANCE COVERAGE FOR WORKERS AND  
EMPLOYERS**

Subject:  
**EMPLOYERS AND WORKERS**

Authorization: **BoD Resolution 2020/05/17** Date: **November 24, 2020**

**APPLICATION 2: EMPLOYERS**

**1. *Who is an employer under the WCA?***

Section 1(1)(j) of the WCA defines employer as:

- an individual, firm, association, body or corporation that has, or is deemed by the Board or the WCA to have, one or more workers in the individual's or its service and includes a person considered by the Board to be acting on behalf of that individual, firm, association, body or corporation,
- a proprietor whose application is approved under section 15,
- a corporation where the application of a director of the corporation is approved under section 15, and
- a partnership where the application of a partner in the partnership is approved under section 15,

and includes the Crown in right of Alberta and the Crown in right of Canada insofar as the latter, in its capacity as employer, submits to the operation of the WCA.

**2. *How does WCB decide if someone is operating a business?***

WCB uses the following criteria to determine an individual's status as either a worker or business owner:

- direction, control and independence
- ownership of or provision of materials, tools and equipment
- ability to hire workers or subcontractors
- financial risk, including the opportunity for business profit and loss
- responsibility for investment

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*Worker or business owner  
status (continued)*

- responsibility for business infrastructure (such as legal incorporation, website, marketing, insurance, permits and licenses)
- any other information that WCB considers relevant

Any one or any combination of the criteria above may be sufficient to determine whether someone is a business owner or a worker.

If WCB determines that an individual is a worker rather than a business owner, under s. 16(2) of the *WCA*, WCB can deem the individual to be a worker of their principal. This includes directors of incorporations determined not to be operating a business.

**3. What is a corporation?**

A corporation is:

- a separate legal entity created by the act of incorporation under the *Alberta Business Corporations Act*, the *Canada Business Corporations Act*, or any other statute,
- capable of making contracts in its own right and performing all the acts necessary for the operation of the business, and
- commonly called a limited or incorporated company.

Corporations have a continuous existence apart from that of their shareholders. The shareholders typically appoint directors to manage the business and affairs of the company.

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**4. *Who is responsible for providing workers' compensation coverage when a corporation has workers?***

The corporation is the legal entity responsible for providing coverage when it employs workers in an industry to which the WCA applies in Alberta. Neither the directors nor shareholders are the employers.

When a corporation ceases to exist relative to the legislation under which it is registered, it generally ceases to operate as an employer under the WCA.

**5. *What coverage do directors of a corporation have?***

Under s.15 of the WCA, the directors of a corporation are neither workers nor employers. They do not have workers' compensation coverage or protection from lawsuits arising from work related injuries unless:

- they have personal coverage in effect in the industry in which they are working (see Policy 06-02, Part II, Application 2), or
- they are deemed workers under s.16(2).

**6. *Is the director's status under WCB affected by the type of duties performed for the organization?***

No. Section 16 of the WCA refers to when a director of a corporation "is performing the work as part of the business of the corporation, whether by way of manual labour or otherwise." Many directors are actively involved in the day-to-day tasks of the business as well as the statutory duties defined in the *Alberta Business Corporations Act*.

For example, a director of XYZ Bobcat Inc. manages the company and also operates the bobcat. All of the work the director does for XYZ Bobcat Inc., including tasks such as operating the bobcat, supervising other company employees, and managing the company, is part of the director's role and does not change the individual's status as a director.

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**7.** *What is the status of the shareholders of a corporation?*

The shareholders of a corporation are not usually considered either workers or employers. However, when they provide services to the corporation, whether they are paid or not, shareholders are considered workers.

When shareholders are also directors of the corporation, their director status takes precedence for the purposes of workers' compensation coverage and they are only covered if they have personal coverage in place (see Policy 06-02, Part II, Application 2).

**8.** *Must all employers be incorporated?*

No. Individuals or partnerships that are not incorporated may also be considered employers when they employ workers, contractors, or subcontractors. As employers, they are required to establish accounts (see Application 4, Principals, Contractors, and Subcontractors).

**9.** *What is a proprietor?*

For WCB purposes, a proprietor is defined in s.1(1)(w) of the WCA as an individual who owns and operates a business,

- the general business activity of which usually involves performing work for more than 1 person concurrently, and
- in connection with which the individual does not employ workers.

WCB may deem individuals or classes of individuals to be proprietors.

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**10. *Are proprietors required to provide their own workers' compensation coverage?***

While it is not compulsory for proprietors to provide their own coverage, they have the option of applying for personal coverage from WCB (see Policy 06-02, Part II, Application 2). If they elect the personal coverage option, they are entitled to the benefits provided by the coverage if injured in the industry for which coverage is in effect. Proprietors with personal coverage in effect are not considered to be workers of their principal.

**11. *When is a proprietor without personal coverage protected under the WCA?***

A proprietor who does not have personal coverage and performs work for a principal in an industry to which the WCA applies is considered to be a worker of that principal, and is covered under the WCA. When a proprietor who does not have personal coverage performs work on their own behalf, for example, as an independent hot dog vendor, that proprietor is not covered under the WCA.

**12. *What is a partnership??***

In general, a partnership:

- consists of two or more persons joined together in a common business venture for profit, in which there is a risk of loss,
- is one in which the partners have typically made a substantial capital investment in their business, and
- conducts all business in the name of the partnership (such as entering into contracts, banking, purchasing assets and materials, maintaining financial records, obtaining credit).

WCB may consider partnerships between spouses, adult interdependent partners, limited partnerships, and joint ventures to be employers.

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**13. *What is a limited partnership?***

A limited partnership is formed when:

- one or more general partners (partners with unlimited liability), and
- one or more limited partners (whose liability is limited to the amount of their capital investment in the limited partnership)

join together to carry on a business or venture.

A certificate which is signed by all partners must be filed and recorded in Corporate Registry and must state the nature of the business and the terms of the partnership.

**14. *What is a joint venture?***

A joint venture is formed when two or more parties (often corporations) enter into an agreement for a specific project or projects for a limited duration. The participants:

- usually designate one of the participants (or a third party) as the "operator" of the venture to act as its agent,
- pool their expertise and/or resources and spread the liability among them, and
- channel profits back to the individual participants, rather than being retained jointly for future investment.

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**15. *How does personal coverage apply to partners in a partnership?***

It depends on the situation. Each partner is considered an employer when the partnership employs workers in an industry to which the *WCA* applies; however, partners must have personal coverage approved by WCB to be considered workers under the *WCA* and to be eligible for compensation benefits (see Policy 06-02, *Optional Coverage*).

*Partnerships with no workers*

For partnerships with no workers, if none of the partners have personal coverage in effect, individual partners in a partnership are workers of the principal while working in an industry to which the *WCA* applies.

When one or more partners have personal coverage, the partners with personal coverage are eligible for compensation benefits in the event of an injury. The partners without personal coverage are not, unless they are deemed workers under s.16.

*Partnerships with workers*

For partnerships with workers, when none of the partners have personal coverage, the partners are protected as employers against legal action for work related injuries. However, the partners are not considered workers and are not eligible for compensation benefits in the event of injury. Only those partners with personal coverage are eligible for compensation benefits.

**16. *Does WCB consider individuals who pool labour to be a partnership?***

No. When two or more individuals pool their labour to complete a labour contract, the individuals are considered workers of the principal (see Application 4, Questions 6-8).

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- 17. *Are associations and societies required to open an account with WCB?***

All for-profit and not-for-profit associations and societies are required to open an account with WCB if they have workers in an industry to which the WCA applies. Coverage is available for those which operate in exempt industries (see Policy 06-02, Part II, Application 1). The directors of a society and the members of an association are not considered workers unless an application for personal coverage for those individuals has been approved by WCB (see Policy 06-02, Part II, Application 2).
- 18. *Are authorities, boards, commissions, or foundations required to open a WCB account?***

All authorities, boards, commissions, or foundations are required to open an account with WCB if they have workers in an industry to which the WCA applies. Coverage is available for those that operate in exempt industries (see Policy 06-02, Part II, Application 1).

The appointed members of an authority, board, commission or foundation are not considered workers unless a personal coverage application is approved by WCB (see Policy 06-02, Part II, Application 2).
- 19. *What levels of government are required to maintain workers' compensation coverage?***

Municipal and provincial governments are required to participate in workers' compensation insurance.

Federal government employees are covered under the *Government Employees Compensation Act*, which authorizes WCB to administer compensation for workers of the Government of Canada in accordance with the WCA. This applies to federal government employees while working in Alberta, the Yukon Territory, Nunavut, or in the Northwest Territories, except members of the regular forces of the Canadian Forces or of the Royal Canadian Mounted Police.

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*Levels of government  
(continued)*

Contractors and subcontractors of the Government of Canada are not considered to be workers of the federal government. These individuals may be considered employers if they engage workers, or may be eligible for personal coverage as proprietors if they have no workers (see Policy 06-02, Part II, Application 2).

**20. *When is this policy application effective?***

This policy application (Application 2 – Employers) is effective January 1, 2021 except when noted otherwise in a specific policy section(s).

**Previous versions**

- [Policy 0601 Part II - April 2018](#)
- [Policy 0601 Part II - August 2015](#)
- [Policy 0601 Part II - January 2007](#)
- [Policy 0601 Part II - January 27, 2004](#)
- [Policy 0601 Part II - January 1, 2004](#)
- [Policy 0601 Part II - January 2003](#)
- [Policy 0601 Part II - June 2002](#)
- [Policy 0601 Part II - January 2002](#)
- [Policy 0601 Part II - August 2000](#)
- [Policy 0601 Part II - July 1999](#)
- [Policy 0601 Part II \(consolidated manual 1st Issue\) - June 1998](#)

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**APPLICATION 2: PERSONAL COVERAGE**

**1. *What does personal coverage do and how long does it remain in effect?***

Personal coverage is workers' compensation insurance available for individuals who employ workers or who are:

- proprietors,
- partners in a partnership,
- directors of a corporation or society, or
- members of an association, board, authority, commission, or foundation.

Personal coverage protects the individual only while working in the industry for which coverage was approved. It remains in effect until the individual with personal coverage requests that the coverage be terminated, or until WCB terminates it.

For the purposes of s.114 of the WCA, individuals with personal coverage cannot direct themselves to do other work that is not in an industry to which the WCA applies.

WCB will not approve an application for personal coverage if the individual is responsible for paying the premium on any account which is in arrears (see Policy 06-03, Part II, Application 3).

See Policy 06-01, Part II, Application 2, Question 2, for how WCB determines an individual's status as either a worker or a business owner.

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**2. *How much personal coverage can an individual buy?***

Eligible individuals can buy personal coverage for any amount between the yearly minimum and maximum (see Appendix F). If the purchased amount is more than the Guaranteed Coverage amount (see Question 4), individuals must be able to prove that their actual annual gross earnings\* are the same as, or more than, the purchased amount.

Usually, WCB does not ask for proof of earnings when someone applies for personal coverage. Proof of earnings is required if the person is injured and files a WCB claim.

Individuals who buy personal coverage for an amount higher than the Guaranteed Coverage amount and who cannot confirm their earnings will not be reimbursed for the extra premium paid.

\* Gross earnings are not the same as gross income. To determine gross earnings, WCB normally deducts the business expenses from gross income and may require Canada Revenue Agency information to confirm the personal income amount. Owner-operators (see Glossary) are an exception to this general rule. Note: dividends may be considered earnings for directors when they are paid in lieu of salary (see Question 3).

For information about how WCB calculates compensation for injured workers with personal coverage, see Policy 04-01, Part II, Application 2, Question 2. For owner-operators, see Question 3 of the same policy.

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**3. *When are dividends considered earnings for personal coverage holders?***

Dividends may be considered as earnings when they are paid in lieu of salary, as remuneration for work performed in the company.

Dividends are not considered earnings when they are a general allocation of the company's undistributed profits to shareholders.

See Policy 06-03, Part II, Application 4, and Policy 04-01, Part II, Application 2.

**4. *What is the Guaranteed Coverage amount and how is it determined?***

The Guaranteed Coverage amount is an amount that WCB deems as representative of an applicant's annual gross earnings. The amount may be different for different industries.

The Guaranteed Coverage amount is based on WCB's determination of the annual gross earnings of similarly employed workers. WCB uses earnings information from external wage sources and its own records to determine average earnings in an industry.

If WCB has not set a Guaranteed Coverage amount for an industry, the minimum personal coverage amount is the Guaranteed Coverage amount for that industry. This may happen when, for example, average earnings in a particular industry do not differ significantly from the minimum personal coverage amount. It may also happen if there are wide fluctuations in earnings or insufficient data to determine a representative amount.

Guaranteed Coverage amounts are reviewed periodically by WCB and reported to the Board of Directors.

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**APPLICATION 2: PERSONAL COVERAGE**

**5. *Can individuals change or end their personal coverage?***

Yes. An individual or the individual’s agent may request a change in the amount of personal coverage at any time. The individual or individual’s agent may also end the personal coverage at any time. The change or ending of personal coverage:

- becomes effective the date WCB receives a request, and
- must be within the established limits.

**6. *Does personal coverage protect an individual who works in more than one industry?***

When personal coverage is in effect, it only covers the individual while working in the industry or industries for which it was approved. Individuals who are active in more than one industry and/or more than one entity have two options:

1. The individual can split their personal coverage between industries, based on the percentage of working time spent in each.

When an individual splits coverage between two or more industries with different Guaranteed Coverage amounts (see Questions 2 and 4), the lowest Guaranteed Coverage amount is used.

2. The individual can extend their coverage to all their operations. If this option is chosen, the personal coverage premium will be assessed using the industry where the majority of their work is undertaken. If that industry cannot be determined, premiums will be assessed at the higher-rated industry in which the individual operates.

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*More than one industry  
(continued)*

When an individual extends their coverage between two or more industries with different Guaranteed Coverage amounts (see Questions 2 and 4), the highest Guaranteed Coverage amount is used.

**7.** *In what circumstances will WCB end an individual's personal coverage?*

WCB may end personal coverage:

- when there are outstanding premiums on any account which the individual is responsible for paying, in which case coverage will end effective the date of notice
- when the personal coverage holder's status changes (see Question 8)
- in any other instances WCB determines personal coverage should end.

**8.** *When does personal coverage end due to a change of status?*

Personal coverage ends when the individual who has personal coverage is:

- a partner who leaves a partnership,
- a director of a corporation or society who ceases to be a director, or
- a member of an authority, commission, board, or foundation who ceases to be a member.

Coverage ends effective the date of the change in status.

In each case, the employer must advise WCB to end the personal coverage.

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**9. *Can an employer in an exempt industry apply for personal coverage?***

Yes, an employer in an exempt industry may apply for personal coverage. However, the application must be made at the same time or after coverage has been approved by WCB for the employer’s business (see Application 1).

**10. *Are there any arrangements for individuals with personal coverage to split coverage with other jurisdictions?***

WCB-Alberta has a special agreement with Saskatchewan that allows personal coverage to be split between the two provinces for individuals working in similar industries. This ensures the individual pays for and has coverage in each province based on the amount of time spent working in each. The total amount of coverage must not be less than the minimum amount of coverage established by WCB-Alberta.

Except in the situation above, when an individual with personal coverage is injured while working in a jurisdiction other than Alberta, the claimant must meet the conditions set out in s.28(1) of the WCA in order to be eligible for benefits in Alberta (see Policy 06-01, *Employers and Workers*).

**11. *When is this policy application effective?***

This policy application (Application 2 – Personal Coverage) is effective April 1, 2020, except when noted otherwise in a specific policy section(s).

[Document History](#)

**Previous versions**

- [Policy 0602 Part II - April 2020](#)
- [Policy 0602 Part II - April 2018](#)
- [Policy 0602 Part II - August 2015](#)

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- [Policy 0602 Part II - December 2014](#)
- [Policy 0602 Part II - January 2014](#)
- [Policy 0602 Part II - May 2006](#)
- [Policy 0602 Part II - January 2004](#)
- [Policy 0602 Part II - June 2002](#)
- [Policy 0602 Part II - January 2002](#)
- [Policy 0602 Part II - June 2001](#)
- [Policy 0602 Part II - February 1999](#)
- [Policy 0602 Part II \(consolidated manual 1st Issue\) - June 1998](#)

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**APPLICATION 4: ASSESSABLE EARNINGS**

**1. *What earnings are assessable for WCB purposes?***

For WCB purposes, assessable earnings include:

- wages
- salaries
- commissions
- the labour portion of contract earnings
- bonuses
- holiday pay
- recorded tips and gratuities
- pay in lieu of notice
- a value of service
- taxable benefits
- earnings paid to workers participating in WCB’s Vocational Rehabilitation Training on the Job Program
- any other remuneration or allowance WCB determines is assessable

These amounts are assessable up to any annual maximum assessable earnings amount per worker in effect for the year of assessment, regardless of the period of time that the worker was engaged during the year (see Appendix F).

For compensable earnings, see Policy 04-01, *Establishing Net Earnings*. For dividends paid to directors, see Policy 06-02, Part II, Application 2.

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**APPLICATION 4: ASSESSABLE EARNINGS**

**2. *What is a value of service and why is it used by WCB?***

A value of service is the reasonable value for work or service provided by a worker who is unpaid, or who receives token remuneration. It provides a basis for determining premiums for covering unpaid workers.

Employers must report this value of service to WCB for all unpaid workers. Employers who have an approved application to cover volunteers must report assessable earnings that reflect a reasonable value of service rendered by the volunteer workers. For information on how WCB establishes compensation rates for unpaid workers and volunteers, see Policy 04-01, Part II, Application 2.

Each employer who exchanges labour with others must report a reasonable value for the labour exchanged (see Policy 06-01, Part II, Application 1).

If, in WCB’s opinion, the amount reported is not reasonable, it will use an amount based on the usual rate of pay for similar work. The value of service reported cannot be below the provincial minimum wage.

**3. *How does WCB determine the assessable amount for contractors, subcontractors, and other deemed workers?***

When individuals perform contract or subcontract work for a principal and are deemed to be workers of their principal under s.16 of the WCA, or by direction of WCB, the principal is required to pay a premium based on the labour portion of the contract, determined as follows:

- 100% of the total contract or subcontract price when only labour is supplied
- 50% of the total contract or subcontract price if a portable welder and operator is supplied

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**APPLICATION 4: ASSESSABLE EARNINGS**

*Assessable amount for  
contractors, subcontractors,  
and other deemed workers  
(continued)*

- 25% of the total contract or subcontract price when an operator is supplied with equipment such as trucks or backhoes
- other percentages established by WCB or that can be substantiated by the employer, subject to WCB approval

Where applicable, the principal should provide a breakdown of labour, equipment, and materials used.

Assessable earnings for deemed workers are generally reportable from the date workers commence. However, assessable earnings for individuals deemed workers by direction or Order of WCB are reportable from the later of the effective date of the direction or Order or the date the work commenced.

For additional information, please see Application 5, Reporting Requirements and Policy 06-01, *Employers and Workers*.

**4. *How are assessable earnings determined for volunteer firefighters, ambulance drivers, and ambulance attendants?***

Assessable earnings for volunteer firefighters, ambulance drivers, and ambulance attendants are determined by:

- the amount, if any, paid to each firefighter for attendance at fires, drills, training, and meetings,
- the amount, if any, paid to ambulance drivers and ambulance attendants for services performed, and
- any other form of remuneration paid by the municipality, county, improvement district, or special area.

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**APPLICATION 4: ASSESSABLE EARNINGS**

5. *What portion of earnings for school teachers, principals, and vice-principals must be reported to WCB?* The earnings of principals and vice-principals attributable to administrative duties must be reported, as they are covered under the WCA while performing these. As teachers are not normally covered unless they are teaching courses in industrial education or home economics, only the portion of their earnings attributable to teaching these courses are reportable [see *WC Regulation*, s.3(1)(a) and (b), and Policy 06-01, Part II, Application 3].
- When coverage for exempt industries is in effect to cover teachers, principals, and vice-principals while teaching other courses, their total gross earnings are reportable up to any maximum assessable earnings amount in effect for the year of assessment (see Appendix F). This applies to teachers, principals, and vice-principals of private schools and colleges which require optional coverage for all workers (see Policy 06-02, Part II, Application 1).
6. *How are assessable earnings determined for school trustees and municipal councillors?* When optional coverage is in effect for school trustees and municipal councillors, all earnings received for their services are assessable up to any maximum assessable earnings amount in effect for the year of the assessment (see Policy 06-01, Part II, Application 3). When they are paid only a token honorarium, a reasonable value of service is required.
7. *How are assessable earnings determined for workers of a trade union?* When WCB has approved coverage for exempt industries for a trade union, all earnings of trade union employees and elected officials paid to them by the union are assessable up to any maximum assessable earnings amount in effect for the year of the assessment.

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**APPLICATION 4: ASSESSABLE EARNINGS**

**8. *What earnings are not assessable?***

The following forms of remuneration are not assessable:

- assignment of compensation benefits (when the employer pays the worker and is reimbursed by WCB)
- severance pay based on length of service
- separation pay to assist a worker to find other work
- dividends paid to shareholders of a corporation (for dividends paid to directors, refer to Policy 06-02, Part II, Application 2)
- shareholders' loans repaid by a corporation
- reimbursement of actual travel, board, lodging, and meal expenses
- earnings of directors of corporations or societies who are acting in the capacity of directors
- earnings of partners in partnerships with personal coverage in effect or when working in the capacity of an employer
- earnings of proprietors with personal coverage in effect
- earnings of employers when working in the capacity of an employer
- earnings of members of associations, boards, authorities, commissions, or foundations when working in the capacity as such members
- any other remuneration or allowance WCB determines is not assessable

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Authorization: **BoD Resolution 2020/01/02** Date: **January 28, 2020**

**APPLICATION 4: ASSESSABLE EARNINGS**

**9.** *When is this policy application effective?*

This policy application (Application 4 – Assessable Earnings) is effective April 1, 2020, except when noted otherwise in a specific policy section(s).

**Previous versions**

- [Policy 0603 Part II - September 2018](#)
- [Policy 0603 Part II - April 2018](#)
- [Policy 0603 Part II - August 2015](#)
- [Policy 0603 Part II - January 2014](#)
- [Policy 0603 Part II - January 2004](#)
- [Policy 0603 Part II - June 2002](#)
- [Policy 0603 Part II - January 2002](#)
- [Policy 0603 Part II - February 1999](#)
- [Policy 0603 Part II \(consolidated manual 1st Issue\) - June 1998](#)

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**November 24, 2020**

**APPLICATION 1: GENERAL**

**1. *What responsibilities do employers have to ensure their business is correctly classified?***

Employers must provide WCB with a detailed description of their business at registration. If there is a gradual or abrupt change in the nature of the business, a change in the classification may be required. An employer must notify WCB of any such changes. This will ensure employers are included in the correct classification for their business and are paying the appropriate premium rate (see Application 3, Changes to an Employer's Classification).

To ensure the correct classification has been assigned, WCB may examine a business at the employer's request, or WCB may initiate the review at its own discretion (see Application 3 and Policy 06-03, *Premiums*).

**2. *What information does WCB consider when assigning an industry classification to an employer's business?***

WCB considers the following information when assigning an industry classification to an employer's business:

- products/services sold
- raw materials, equipment, and processes used
- business activities for the provision of goods and services
- occupations contributing to the overall business
- work contracted out in support of the business
- work locations
- customers and competitors
- ownership
- work performed by other related companies
- any other information WCB requires to gain a complete understanding of the employer's business

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**APPLICATION 1: GENERAL**

**3. *What is a related company?***

Companies are related when there is a non-arm's length relationship between related persons. A related person includes, but is not limited to, those:

- defined in s.134 of the WCA, and
- legal entities under the influence or control of the same person or persons.

It is a question of fact in each case whether persons are dealing with each other at non-arm's length at a particular time.

**4. *Why does WCB classify businesses by industry rather than the workers' occupations?***

Classification by industry provides collective liability among employers with similar businesses. The rates established represent the composite experience of all occupations employed by businesses within the industry classification. This method of classification reduces administrative complexity for the employer and WCB, and promotes consistency in the classification of similar businesses.

**5. *What happens when an employer's business activities do not match an existing industry classification?***

WCB prepares and regularly updates industry descriptions to provide general guidelines for classifying businesses. These descriptions include activities that are common to most businesses in the industry and are not intended to fully describe every detail or unique process in each employer's business. An employer's business is assigned an industry classification which provides the most appropriate description, or "best fit" based on information provided by the employer.

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**6. *What if the business activities are split between separate legal entities?***

When related entities contribute to the production of common goods and services, WCB considers the activities as a whole. When separate legal entities in a non-arm’s length relationship contribute to one business, WCB assigns the same industry classification to each entity. This allows for consistency in classification regardless of the business structure.

For example, ABC Sales Ltd, in a non-arm’s length relationship, was established for the sole purpose of selling the products manufactured by ABC Manufacturing Ltd. Sales is an integral activity related to the manufacturing process. ABC Sales Ltd. is therefore classified in the same industry as ABC Manufacturing Ltd.

When an employer restructures a business, either establishing or consolidating separate legal entities operating at non-arm’s length to carry on the existing business, the industry classification will be determined using the criteria set out in Application 2, Question 1.

**7. *How does WCB classify an employer that provides administrative or strategic support to another business?***

An employer that provides administrative or strategic support to a related business (or group of related businesses) will be classified in the same industry as those businesses.

An employer that provides administrative or strategic support to multiple unrelated businesses will be classified based on its own business activity.

Administrative or strategic support includes, but is not limited to, activities such as coordination, marketing, management, information systems, and administration services.

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*Employers that provide administrative or strategic support (continued)*

This approach levels the playing field for all employers in the industry by ensuring all employers regardless of their legal structure are compared equally. This approach is also used when dealing with franchise support (see Question 8).

For example:

- An accounting and bookkeeping service works primarily for three firms. The three firms and the accounting/bookkeeping service are owned by the same parent company which operates in the construction industry. The accounting/bookkeeping service is classified in the construction industry.
- An advertising agency specializes in industrial construction advertising projects and works for three unrelated construction companies. Even though all three firms operate in the same industry, the advertising agency is classified based on its business activity (advertising).

See Question 2 for information WCB considers when assigning an industry classification to an employer's business.

**8. How does WCB classify franchisors?**

A franchisor is classified in the same industry as its franchisees. For example, a fast food franchisor that provides administration services only to its franchisee restaurants will be classified in the restaurant industry.

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**9.** *Will an employer's business activities outside of Alberta affect the industry classification?*

WCB determines the employer's industry classification based on the employer's business being conducted within Alberta. When workers are covered under s.28 of the WCA and these activities comprise an integral activity for the employer, WCB will consider business activities performed outside of Alberta when determining the industry classification to be assigned (see Policy 06-01, Part II, Application 5).

**10.** *When is this policy application effective?*

This policy application (Application 1 – General) is effective January 1, 2021, except when noted otherwise in a specific policy section(s).

**Previous versions**

- [Policy 0701 Part II - April 2018](#)
- [Policy 0701 Part II - August 2015](#)
- [Policy 0701 Part II - January 2004](#)
- [Policy 0701 Part II - January 2002](#)
- [Policy 0701 Part II \(consolidated manual 1st Issue\) - June 1998](#)