

2010

WCB facts

Workers Compensation Board of Manitoba

SPECIAL COVERAGE (EXCLUDING CONSTRUCTION, TRANSPORTATION AND LOGGING INDUSTRIES)

What is Special Coverage?

Special Coverage is workers compensation insurance that can be purchased by individuals not automatically covered by *The Workers Compensation Act*.

Who can apply for Special Coverage?

The following individuals can apply for Special Coverage:

- sole proprietor of a firm
- partner of a firm
- director of a corporation

Why should I purchase Special Coverage?

The purchase of Special Coverage means that you will be eligible for WCB benefits and services if you have a workplace injury or occupational disease.

How do I apply for Special Coverage?

You or your representative should contact us and provide us with your full name (including your middle initial), your position with the firm and the amount of Special Coverage you would like to purchase.

Special Coverage, when approved for the first time, is **effective on the day the WCB receives the information**, either verbally or in writing.

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To maintain your Special Coverage, you must keep your WCB account in good standing, including submitting the required payments and providing requested information by the indicated due date.

How do I renew my Special Coverage?

In January, you will receive a form to renew your Special Coverage. The completed form must be received at the WCB by February 28 to ensure your Special Coverage is continued.

How do I cancel my Special Coverage?

Because Special Coverage is optional insurance, you may cancel it at anytime. The cancellation will be effective the date the request is received at the WCB. You are charged a premium for each day that Special Coverage is in effect.

Note that if your Special Coverage is cancelled, either voluntarily or because your account is not in good standing, you will not be entitled to benefits for a work injury that occurs after the cancellation date. (Claims for work injuries that occurred prior to the cancellation will not be affected.)

How much Special Coverage should I purchase?

Sole proprietors, partners and directors may select an amount equal to or greater than the yearly minimum coverage level and less than the maximum coverage level established by *The Workers Compensation Act*. For 2010, the minimum coverage level is \$20,137. The 2010 maximum coverage level is \$409,430. You may choose to purchase coverage at a level that is less than your earnings. However, the amount may not be below the minimum coverage level. The cost for the coverage level you choose will be prorated based on the number of days remaining in the calendar year.

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When deciding what level of coverage you want to purchase for a sole proprietor, partner or director, you need to consider the benefits you may be entitled to in the event of a workplace injury or illness. Your wage loss benefits will always be calculated on the lesser of:

1. the level of coverage purchased, or
2. the amount of your adjusted earnings that can be verified using your income tax records from prior years

We recommend that you do not purchase special coverage above the minimum amount available unless your adjusted earnings (as explained below) can support the amount selected. Otherwise, the wage loss benefits will be based on an amount that is lower than the amount of Special Coverage requested.

How will the WCB verify my earnings?

If you are injured in the workplace and are entitled to receive workers compensation benefits, we will need to verify your earnings to determine the level of benefits you are entitled to.

To do this, we consider your net business income from your previous year's income tax records from Canada Revenue Agency and add back the deductions taken for depreciation expense/capital cost allowance and business use of home expense.

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How much money will I get from the WCB if I am injured?

For sole proprietors, partners and directors, the amount of money you are entitled to will be based on your medical status. Full wage loss benefits will only be authorized if you are incapable of performing any and all duties, as supported by your medical evidence. If you are capable of performing some light or modified duties, you will be eligible for partial wage loss benefits. The amount of money you are entitled to will also be directly related to the amount of coverage you purchased as described below:

- Once your claim is accepted, if full wage loss benefits are authorized, you will receive a bi-weekly wage loss payment of at least \$580.92 based on the 2010 minimum coverage amount of \$20,137. You will receive this payment for up to 12 weeks or until the date you return to work, whichever is sooner. This coverage offers a minimum level of wage loss protection regardless of your post-injury business income during the first 12 weeks of your claim, even if your business operated at a loss in the previous year.

NOTE: *If you are allowed to claim dependants on your current income tax return, your benefits will be higher. Also, if you qualify to claim tax deductions for childcare expenses, child support payments and spousal support payments they will also be used in the calculation of your benefits.*

- If you purchased coverage above the minimum, we will verify your average earnings through your income tax records. Once your earnings are verified, we will **raise** your benefits to the level of coverage you purchased or your verified average earnings, **whichever is lower** (see example below). This adjustment in your benefits will be **retroactive** to the date of your injury.

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Example

If you purchased special coverage for \$30,000 and were totally disabled, you would receive bi-weekly wage loss payments of at least \$580.92 for the first 12 weeks or until the date you return to work, whichever is sooner. However, since you had purchased special coverage above the minimum, we would request your income tax information from Canada Revenue Agency to verify your earnings.

If your income tax recorded Net Business Income of \$15,750 after a Capital Cost Allowance deduction of \$5,000 and Business Use of Home Expense deduction of \$750, we would substantiate your income at \$21,500. This is calculated as:

Net Business Income	\$15,750
Add Back: Capital Cost Allowance	\$5,000
Business Use of Home Expense	\$750
Adjusted Income for Benefit Entitlement Purposes	\$21,500

In this case, your 90%, net sheltered wage loss benefits would be based on \$21,500 and we would **raise** your bi-weekly wage loss benefits to \$589.78. This adjustment in your benefits would be **retroactive** to the date of your injury.

NOTE: *You can help speed-up your retroactive benefit adjustment by submitting copies of your financial statements and your income tax returns from the past 1-2 years to your adjudicator/case manager as soon as possible after reporting your injury.*

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What Happens If I Am On Benefits For More Than 12 Weeks?

If you are on benefits for more than 12 weeks, we will verify your average yearly earnings if not already done and **you must demonstrate a loss of earnings** due to your injury in order to continue to receive benefits. We will require copies of your income tax returns from the past 1-2 years to verify your average earnings.

At the 13th week of benefits, you will receive benefits based on either the level of coverage you purchased or your verified average earnings, **whichever is lower**.

After 12 weeks, there is no minimum bi-weekly benefit amount payable. Your bi-weekly wage loss benefits after 12 weeks will never be based on more than your **actual** loss of earnings, even if the amount is less than the coverage purchased.

If there is no loss of earnings after 12 weeks, no further wage loss benefits will be paid. This could occur if your business continues to operate after your injury, resulting in post-injury earnings that reduce your loss of earnings.

What happens if my business continues to operate after my injury?

If your business continues to operate after your injury, we will review your post-injury business income after 12 weeks based on information you provide until we can verify your actual loss of earnings with your financial statements and income tax information.

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Example

We will need to know the adjusted net income (net income plus authorized add backs) your business is continuing to generate to you after the first 12 weeks of your claim. In the previous example, your verified earnings were established at \$21,500. If you tell us your business is continuing to operate and is generating approximately \$150 a week to you, we will factor this into your wage loss benefits as you do not have a total loss of earnings. We will also adjust your post accident income to include a portion of the estimated Capital Cost Allowance you will take when reporting your income to Canada Revenue Agency. In this example let's assume this will work out to be \$96 per week (yearly estimate of \$5,000 divided by 52 weeks).

Therefore, your total estimated post accident income to be included in our calculations would be \$246 per week ($\$150 + \96). This would reduce your bi-weekly wage loss benefits to \$185.62 effective week #13.

We will stay in touch with you on a regular basis to avoid overpayment situations. We will also request your income tax information from Canada Revenue Agency to confirm the post-injury weekly earning estimates used to pay your claim. If your income tax records show you earned more income than we used to calculate your benefits, you will have been overpaid and you would be responsible for repaying the overpayment to the WCB. If your income tax records show you earned less income than we used to calculate your benefits, you may be entitled to an adjustment.

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What else do I get if I am injured?

If you are injured and your claim for workers compensation is accepted, you may also be eligible for the following:

- medical aid expenses such as medication or prosthetic devices
- vocational rehabilitation
- payment for some losses of personal property
- benefits for dependants of fatally injured workers with Special Coverage
- transportation and living allowances if travel is required for proper treatment
- a permanent partial impairment award.

Who do I contact for more information?

If you have any questions regarding the purchase of Special Coverage, please call Assessment Services at 954-4505 or toll-free 1-800-362-3340. You may send us a fax at 954-4900 or toll free 1-866-245-0796, or you can write to us at:

WCB Assessment Services Department
210-363 Broadway
Winnipeg, Manitoba
R3C 3N9

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If you have questions regarding the calculation or payment of benefits in the event of a workplace injury, please call our General Information line at 954-4321 or toll-free 1-800-362-3340 and ask to speak to a Payment Specialist. Or you can write to us at:

Workers Compensation Board
Rehabilitation and Compensation Services
Attention: Payment Specialist
333 Broadway
Winnipeg, Manitoba
R3C 4W3

Or e-mail us at:
wcb@wcb.mb.ca

This publication is provided for general information. For more specific information see *The Workers Compensation Act of Manitoba and Regulations* available through Statutory Publications by calling (204)-945-3101. WCB Policies are available by calling (204)-954-4655. These documents are also on the WCB website at www.wcb.mb.ca.