

2010

**WCB** facts

Workers Compensation Board of Manitoba

## **SPECIAL COVERAGE IN CONSTRUCTION, TRANSPORTATION AND LOGGING INDUSTRIES**

### **What is Special Coverage?**

Special Coverage is workers compensation insurance that can be purchased by individuals who are 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.

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.

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**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 any time. 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.) Your ability to obtain clearances from the WCB may also be affected.

**How much Special Coverage should I purchase?**

Sole proprietors, partners and directors may select any 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, the WCB will need to verify your earnings to determine the level of benefits you are entitled to.

To do this, we consider your gross business earnings as reported to Canada Revenue Agency and will then deduct company commissions paid and any wages or salaries paid to other workers. The remaining amount will be multiplied by the labour percentage for the occupation in which you are engaged. The labour percentage varies based on the specific industry you are involved in and whether you are providing major or minor materials. The resulting adjusted earnings are then used to substantiate the level of coverage you purchased. A copy of the Assessment Schedule for Contract Labour is available on the WCB website at [www.wcb.mb.ca](http://www.wcb.mb.ca) under "Publications" or by phoning the number on the last page of this Fact Sheet and requesting a copy.

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If you feel these adjusted earnings do not adequately reflect your net income, you may request that we not use the established labour percentage for your business. In this case, we will 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. These adjusted earnings will be used to substantiate the level of coverage you purchased and to calculate a revised labour percentage specific to you.

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

For sole proprietors, partners and directors, the amount of money you are entitled to receive 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 receive 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.*

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- If you purchased coverage above the minimum level, 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.

**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 the labour percentage for your specific industry was 25% and your income tax records showed gross business earnings of \$100,000 and wages paid of \$5,000, we would calculate your income at \$23,750 as follows:

Gross business earnings	\$ 100,000
Less wages paid to workers	- 5,000
Adjusted gross business earnings	= 95,000
Multiplied by labour percentage	x 25%
Adjusted income for benefit entitlement purposes	= \$23,750

In this case, your 90% net sheltered wage loss benefits would be based on \$23,750 and we would **raise** your bi-weekly wage loss benefits to \$644.42. This adjustment in your benefits would be **retroactive** to the date of your injury.

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If you think that 25% is not the appropriate labour percentage to use for your business, we would look at your net business income rather than your gross business earnings to verify your coverage level. For example, if your net business income was \$22,250 after a Capital Cost Allowance deduction of \$5,000 and a Business Use of Home Expense deduction of \$750, we would establish your income at \$28,000 as follows:

Net business income	\$22,250
Add back: Capital Cost Allowance taken	+ 5,000
Add back: Business Use of Home Expense taken	+ 750
Adjusted income for benefit entitlement purposes	= \$28,000

In this case, your 90% net sheltered wage loss benefits would be based on \$28,000 and we would **raise** your bi-weekly wage loss benefits to \$749.24. This adjustment in your benefits would be **retroactive** to the date of your injury. We would also adjust the labour percentage used for your claim from 25% to 29% ( $\$28,000 / \$95,000$ ).

**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 one to two 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 one to two years to verify your average earnings. At the 13th week, 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 this 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.

We will need to know the gross business earnings less wages or salaries paid that your business is continuing to generate to you after the first 12 weeks of your claim.

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**Example**

Using the previous example the verified earnings were determined to be \$28,000. Let's say your business is continuing to operate and is generating approximately \$1,000 gross earnings per week before weekly wages of \$350 are paid.

Your total estimated post-injury earnings, to be included in our calculations, would be \$188.50 per week calculated as follows:

Gross business earnings	\$1,000
Less wages paid to workers	- 350
Adjusted gross business earnings	= 650
Multiplied by adjusted labour percentage	x 29%
Adjusted post-injury earnings	= \$188.50

This would reduce your bi-weekly wage loss benefits to \$421.38 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
- 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 questions regarding Special Coverage, if you would like a copy of the Assessment Schedule for Contract Labour, or if you'd like to apply for coverage, please call Assessment Services at 954-4505 or toll-free 1-800-362-3340. You may send a fax to 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

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. You can also 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](mailto:wcb@wcb.mb.ca)