

Section	Policy
30	35.20.60

Section Title: Finance, Assessments and Administration – Assessments
Subject: Security Requirements for Class B Employers
Effective Date: January 1, 2022

A. POLICY PURPOSE

Section 73 of *The Workers Compensation Act* (the Act) establishes four classes of employers (Classes B to E) for the purpose of assessment. Employers in Classes B to D are individually liable to pay the claim costs of their workers plus their share of the administrative expenses of the Workers Compensation Board (WCB). These employers are known collectively as individually assessed employers.

The Province of Manitoba and various government agencies are the only employers in Class C, while the City of Winnipeg is the only employer in Class D.

Class B employers are listed in a schedule to the *Individually Assessed Employers Regulation*, made by the WCB Board of Directors.

Unlike the employers in Classes C and D, Class B employers are required to provide the WCB with security in order to defer paying the WCB an amount equal to the estimated future cost of claims attributable to them.

This policy:

- lists the forms of security the WCB will accept from Class B employers;
- briefly describes how the WCB determines the estimated future cost of claims, and accordingly, the amount of security required; and
- specifies the renewal and expiry dates of the security.

B. POLICY

I. Current and Future Costs

The WCB collects current costs, including claim costs and administrative expenses, from individually assessed employers as they are billed. However, the WCB may defer the collection of funds, or any portion of the funds, required for their future cost of claims. In the case of employers in Class B, the WCB requires these employers to provide security sufficient to guarantee the future cost of claims in order to defer the collection of these funds.

II. Security Requirements

Where an individually assessed employer in Class B provides sufficient security to the WCB to guarantee the future cost of claims, the WCB will defer the collection of these funds. The security must be in a form and manner acceptable to the WCB.

III. Types of Security

The WCB considers the following acceptable forms of security:

1. *Letter of Guarantee or Irrevocable Letter of Credit*

The letter of guarantee or credit must be issued by one of the following banks listed in Schedule 1 of the federal *Bank Act*:

- Bank of Montreal (BMO);
- Canadian Imperial Bank of Commerce (CIBC);
- Royal Bank of Canada (RBC);
- The Bank of Nova Scotia (Scotiabank); or
- The Toronto-Dominion Bank (TD).

2. *Surety Bond*

The bond must be issued by a company licensed by the Superintendent of Insurance or the Deputy Superintendent of Insurance under *The Insurance Act*.

3. *Cash*

A cash deposit held by the WCB, with mutually agreed upon terms.

Amount of Security

The amount of security required from each Class B employer is determined by the WCB and is equal to a preliminary estimate of the employer's future cost of claims as at September 30 of each year. By March 31 of the following year, the WCB provides each employer with a final estimate of the employer's future cost of claims as at December 31 of the previous year.

The preliminary and final estimate of the future cost of claims includes the employer's share of the administrative expenses of the WCB.

When the final amount provided in the statement is more than the security in place, the WCB may request an adjustment to the security amount.

Renewal and Expiry Dates

In order to defer the collection of funds, or any portion of the funds, required for the future cost of claims, Class B employers must provide the WCB with an accepted form of security by December 1 of each year. This security expires December 31 of the following year.

C. REFERENCES

The Workers Compensation Act, subsections 73(2), 76.2(1), 76.3 to 76.7, 81(1), 81(1.1)

The Insurance Act

Bank Act (Canada)

Manitoba Regulation 278/91, *Individually Assessed Employers Regulation*

History:

1. Policy 35.20.60 was established by Board Order No. 17/21 on June 17, 2021, effective January 1, 2022. The new policy lists the forms of security that the WCB will accept and the required level of security. The renewal and expiry dates of the security are also specified. Policy 35.20.50.01, *Criteria for Self-Insured Status under Class B*, was previously rescinded and has been removed from the WCB Policy Manual effective January 1, 2022.
2. In September 2022, policy revisions respond to a change in terminology that was introduced by

amendments to the Act by *The Minor Amendments and Corrections Act (MACA) 2022*. The term "self-insured employer" was replaced with "individually assessed employer" wherever it occurs. Manitoba Regulation (MR) 278/91 was amended by MR 71/2022 and retitled from *Self-Insured Employers Regulation* to *Individually Assessed Employers Regulation*.