



OPTIONAL COVERAGE FOR BUSINESS OWNERS

Most workers in Manitoba have workers compensation coverage to ensure that, if they are injured or become ill as a result of their job, they receive the benefits and services they need during their recovery and are aided to return to health and work as soon as safely possible.

As a business owner, you are not covered for your own workplace injuries or illnesses unless you choose to purchase optional coverage (previously referred to as personal coverage) from the Workers Compensation Board of Manitoba (WCB).

Whether or not you purchase optional coverage for yourself, if you employ workers who are covered by WCB, you are protected from legal action concerning an accepted injury or illness claim that occurred in Manitoba.

What is optional coverage?

Optional coverage is voluntary workers compensation insurance available to sole proprietors, business partners, directors of corporations, or self-employed individuals (as determined by the WCB).

What benefits am I eligible for?

Optional coverage provides you with eligibility for the same benefits and services as other workers who experience a work-related injury or illness. Those benefits may include:

- payment of related medical costs
- travel expenses
- wage loss benefits
- permanent impairment awards
- vocational rehabilitation
- benefits for dependants if an injury is fatal.

How do I apply or know if I am eligible to purchase optional coverage?

To obtain optional coverage for yourself, you must be able to demonstrate that you operate a business. The WCB will determine this through a business test.

You or your representative can simply contact the WCB's Assessment Services at (204) 954-4505 or toll free in Canada and the United States at 1-855-954-4321, ext. 4505 and we will help you determine your eligibility.



You can also use our online Employer Registration Request system available through the WCB website at www.wcb.mb.ca in Online Services.

If you do not already have an account with the WCB for workers' coverage, you will need to provide your business name, operating name, complete contact information, and a description of the business activities.

How much does optional coverage cost?

The premium rate is the same for optional coverage as it is for workers. The rate will vary depending on the classification for the work in which you are involved and your past claims cost experience.

Each industry has an industry classification and rate assigned by the WCB. The cost of optional coverage is calculated by multiplying your industry rate by the amount of coverage you purchase and then dividing by 100.

For example, if your industry rate is \$1.25 and you purchase \$30,000 of coverage, your cost for optional coverage would be \$375. We will tell you your industry rate when you call to register.

How much coverage should I buy?

Each year the WCB sets a minimum and a maximum for the amount of optional coverage you can purchase. For 2024, the minimum is \$28,960 and the maximum is \$160,510.

In choosing an appropriate amount of coverage, you should consider your income level and your other sources of coverage. Buying too little coverage could mean that your benefits will not be adequate. On the other hand, buying more coverage than you need and can verify could cause you to pay higher premiums than necessary. Prior to making your decision, you may wish to consult with your financial advisor or private insurance carrier.

What happens if I buy the minimum level of coverage?

If you buy the minimum level of coverage and you are unable to participate in the daily business operations because of a work-related injury or illness, you will be entitled to wage loss benefits based on the minimum level; in most situations your earnings will not need to be substantiated.

What happens if I buy more than the minimum level of coverage?



If you buy more than the minimum level of coverage, you can choose to substantiate your earnings when you purchase/renew the coverage, or you can choose to substantiate your earnings if you make a claim for wage loss benefits.

Please keep in mind that, if you choose not to substantiate your earnings at the time of purchase/renewal and you then have a work-related injury or illness, your wage loss benefits will initially be based on the minimum level of coverage. This amount will be retroactively adjusted once the WCB has been able to verify a higher level of earnings.

If you decide to substantiate your earnings at the time of purchase/renewal, the substantiated earnings level will remain in effect for the current and following year.

How do I substantiate my earnings?

To substantiate your earnings, the WCB reviews your income tax returns and supporting documents from the previous one to two years. The WCB may obtain this information from Canada Revenue Agency (CRA) or another independent source, such as a Chartered Professional Accountant or tax preparer. On occasion, the WCB may require additional documents to substantiate your earnings.

To substantiate earnings for directors with 50% or more ownership in a corporation, the WCB adds back the director's shareholding percentage of net business income and depreciation/amortization to your reported T4 income.

To substantiate earnings for directors with less than 50% ownership in a corporation, the WCB only considers reported T4 income.

To substantiate earnings for sole proprietors and partners, the WCB adds back the deductions taken for capital cost allowance and business use of home expenses to your reported net business income.

For example, if you are a sole proprietor and your income tax return recorded net business income of \$25,000, a capital cost allowance deduction of \$4,000 and a business use of home expense deduction of \$1,000, the WCB would substantiate your earnings at \$30,000.

When does my optional coverage come into effect?

Your coverage will come into effect once your application is accepted and will be automatically renewed January 1st of each year at the same coverage level for which you applied. However, if you purchased the minimum level of coverage, your coverage for the following year will be renewed at the new



minimum level of coverage. For example, if you purchased the minimum level of coverage for 2023 (\$27,670), when your coverage is renewed January 1, 2024, your coverage level is increased to the new 2024 minimum level of \$28,960.

If you choose to cancel your coverage or change the level of coverage you have, you are required to notify the WCB by December 31st of each year.

How long does coverage stay in effect?

Optional coverage remains in effect until you cancel coverage or until the WCB cancels coverage because you did not comply with the WCB's reporting and payment requirements.

What should I do if I'm injured?

You should seek medical attention as soon as possible and report your injury or illness to the WCB. Be sure to tell your doctor your injury or illness is work-related.

There are a few methods by which you can report your injury.

1. Report your injury over the phone by calling the WCB's Claims Service Centre from 8:00 a.m. to 7:00 p.m. Monday to Friday at (204) 954-4321 or toll free in Canada and the United States at 1-855-954-4321.
2. Complete an online Worker Incident Report form through the WCB's website <https://www.wcb.mb.ca>
3. Complete a paper version of the Worker Incident Report and mail or deliver it to the WCB at
Workers Compensation Board of Manitoba
333 Broadway
Winnipeg, MB, R3C 4W3

How does the WCB determine my wage loss benefits if I am injured?

If you purchased minimum coverage, your wage loss benefits will be based on the minimum coverage level of \$28,960. If you purchased more than the minimum coverage and you did not substantiate your earnings when you purchased or renewed your coverage, your gross earnings will initially be based on the minimum coverage level. Once substantiated, wage loss benefits would be recalculated and adjusted retroactive to the date of your injury or illness.

The WCB determines your gross earnings based on the lesser of:

- (1) The level of coverage you purchased, or
- (2) The amount of earnings the WCB can verify you earned in previous years.



If your substantiated earnings are less than the minimum level of coverage, your gross earnings will be based on the minimum. Calculation of your wage loss benefit amount is then made based on several factors, including your gross earnings as established by the WCB, work capabilities and probable deductions that would be applied by CRA. For more detailed information please refer to the Facts sheet titled [Calculation of Wage Loss Benefits](#).

Note: If the verified amount of earnings is less than the level of coverage you purchased when a claim for wage loss benefits or fatality benefits is filed and accepted, you can ask the WCB to refund the difference between the premium you paid and the premium you would have paid based on your verified lower earnings, subject to the minimum premium amount.

Does my ability to participate in my business after my injury or illness reduce my wage loss benefits?

Yes. If your medical restrictions affect your ability to participate in your business, there will be a discussion between you and the adjudicator or case manager to determine the percentage of business activities you are able to perform and how any limitations affect your loss of earning capacity.

For example, if your work-related injury or illness allows you to perform only 40% of your business activities, the WCB will use this percentage to reflect the impact on your earning capacity. If your substantiated average earnings were established at \$30,000 and you are capable of performing 40% of your business activities, your loss of earning capacity would be based on 60% of \$30,000, which equates to \$18,000.

How are wage loss benefits determined, and how much will I be entitled to if I am injured or ill?

How much you receive in wage loss benefits depends on several factors:

- your loss of earning capacity, based on medical restrictions and the impact of these on your ability to participate in your business
- the minimum level of optional coverage (\$28,960 in 2024)
- the level of optional coverage you purchased
- your substantiated earnings
- any other wage replacement benefits you receive for the same injury or illness, known as collateral benefits, may reduce your WCB wage loss benefits.

Each individual's personal and professional circumstances can differ and influence their actual wage loss benefits. The WCB applies a calculation to your net earnings to arrive at your wage loss benefit rate. The following table displays approximate values of wage loss benefits only.



Optional coverage levels most frequently purchased	<u>Approximate bi-weekly wage loss benefits at 90% of net earnings*</u> (calculated for single person, claiming only the personal tax credit)
\$ 28,960 (minimum coverage level)	\$880
\$ 30,000	\$908
\$ 40,000	\$1,055
\$ 50,000	\$1,286
\$ 60,000	\$1,498
\$ 70,000	\$1,709
\$ 80,000	\$1,949
\$ 90,000	\$2,162
\$ 100,000	\$2,365

*if your net earnings are less than or equal to minimum annual earnings, your benefit rate will be 100% net earnings

All calculations take into consideration that business owners are not required to pay Employment Insurance (EI) and so probable EI premiums have not been factored into the above calculations.

Please note: Wage loss benefits for business owners are based on an owner's ability to continue to operate the business. The above amounts are based on the business owner being unable to do any of his or her duties that they did prior to the injury or illness. If the business owner is still able to undertake some of their pre-injury duties, the level of wage loss benefits they receive will be reduced accordingly.

If you receive benefits from another insurance provider for the same injury or illness, these payments may be considered collateral benefits and may reduce your WCB wage loss benefits.

If you are 61 years of age or older at the time of the work-related injury or illness, wage loss benefits will not be paid beyond 48 months after the injury date.

When is my optional coverage activated?

Your coverage will come into effect once your application is accepted and will be automatically renewed January 1st of each year at the same coverage level for which you applied. However, if you purchased the minimum level of coverage, your coverage for the following year will be renewed at the new minimum level of coverage. For example, if you purchased the minimum level of coverage for 2023 (\$27,670), when your coverage is renewed January 1, 2024, your coverage level is increased to the new 2024 minimum level of \$28,960.



If you choose to cancel your coverage or change the level of coverage you have, you are required to notify the WCB by December 31st of each year.

How long does coverage stay in effect?

Optional coverage remains in effect until you cancel coverage or until the WCB cancels coverage because you did not comply with the WCB's reporting and payment requirements.

What should I do if I'm injured?

You should seek medical attention as soon as possible and report your injury or illness to the WCB. Be sure to tell your doctor your injury or illness is work-related.

There are a few methods by which you can report your injury.

1. Report your injury over the phone by calling the WCB's Claims Service Centre from 8:00 a.m. to 7:00 p.m. Monday to Friday at (204) 954-4321 or toll free in Canada and the United States at 1-855-954-4321.
2. Complete an online Worker Incident Report form through the WCB's website <https://www.wcb.mb.ca>
3. Complete a paper version of the Worker Incident Report and mail or deliver it to the WCB at
Workers Compensation Board of Manitoba
333 Broadway
Winnipeg, MB, R3C 4W3

Who do I contact for more information about the calculation or payment of benefits?

If you have questions regarding the calculation or payment of wage loss benefits or substantiation of earnings, please call our Claims Service Centre at (204) 954-4321 or toll-free at 1-855-954-4321 and ask to speak to a payment assessor. You can also write to us at:

Workers Compensation Board of Manitoba
Compensation Services
Attention: Payments Department
333 Broadway, Winnipeg, Manitoba R3C 4W3

If you have questions regarding the purchase of optional coverage, please call Assessment Services at (204) 954-4505 or toll-free in Canada and the United States at 1-855-954-4321, ext. 4505 or email at assessmentservices@wcb.mb.ca. You may send a fax to (204) 954-4900 or toll-free in Canada and the United States at 1-866-245-0796 or you can write to us at:



Workers Compensation Board of Manitoba
Assessment Services
333 Broadway
Winnipeg, Manitoba R3C 4W3

This publication is provided for general information. It is not intended to be legal advice, and should not be relied on as such. For more specific information, see *The Workers Compensation Act and Regulations and WCB Policies*. These documents are available on the WCB website at wcb.mb.ca.