



PERSONAL 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 they need while they are recovering and get help 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 Personal Coverage from the Workers Compensation Board of Manitoba (WCB).

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

What is Personal Coverage?

Personal Coverage is optional workers compensation insurance available specifically for sole proprietors, business partners, directors of corporations, or self-employed individuals (as determined by the WCB).

Individuals who purchase Personal Coverage are eligible for the same medical, rehabilitation services and death benefits available to workers in the event of a workplace injury or illness. In addition, full or partial wage loss benefits are available to individuals who purchase Personal Coverage and can verify they have a loss of earnings.

How do I apply or know if I am eligible to purchase Personal Coverage?

To obtain Personal Coverage for yourself, you must be able to demonstrate 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 and we will help you determine your eligibility.

You may 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 and operating name, complete contact information, and a description of the business activities.

What benefits am I eligible for with Personal Coverage?



Personal Coverage provides you with eligibility for WCB benefits and services if you have a work-related injury or illness. These may include:

- payment of allowable medical costs
- travel expenses if travel is required for medical treatment
- wage loss benefits
- permanent impairment awards
- vocational rehabilitation
- benefits for dependants in the case of a fatality.

How much does Personal Coverage cost?

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

Each industry has an industry classification and rate assigned by WCB. The cost of Personal 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 Personal Coverage would be \$375 in 2020. 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 amount of Personal Coverage. You can purchase any amount of coverage between the minimum and the maximum. For 2020, the minimum is \$25,290 and the maximum is \$513,990.

In choosing the appropriate amount of coverage, you should consider your income level and your other sources of coverage. Buying too little coverage could mean, in the event of an injury or illness, your benefits will not be adequate. On the other hand, buying more coverage than you need and are able to 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 and when you make a claim for wage loss benefits due to a work-related injury or illness.

Please keep in mind that, if you choose not to substantiate your earnings at the time of purchase/renewal, in the event of a work-related injury or illness, your wage loss benefits will initially be based on the minimum level of coverage. For 2020, the minimum level is \$25,290. 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 approved earnings level will remain in effect for the current and next 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 signed by a certified accountant (CPA). 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 Expense to your reported Net Business Income.

For example, if your income tax return recorded Net Business Income of \$20,000, 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 \$25,000.

Once the WCB has substantiated your earnings, wage loss benefits are 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.

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 may ask the WCB to refund the difference between the premium you paid for the requested coverage level and the premium you would have paid based on the verified lower earnings amount subject to the minimum premium amount.

However, if your substantiated earnings are less than the minimum level of coverage, you will continue to receive benefits based on the minimum.

In this case, your wage loss benefits would be recalculated based on average annual earnings of \$25,000. This adjustment in your wage loss benefits would be retroactive to the date of your injury or illness. The Adjudicator or Case Manager will be in regular contact with you to review your medical status and entitlement to wage loss benefits.

Once the WCB approves the level of coverage requested based on the substantiation provided, your coverage level will remain in effect for the current and next year. You may adjust and re-substantiate your earnings at any time if necessary.

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

If your medical restrictions do not prevent you from participating in the business to some degree, the Adjudicator or Case Manager, in consultation with you, determines your loss of earning capacity as a percentage.

For example, if your work-related injury or illness allows you to participate in the business at a reduced rate of 40%, the WCB uses this percentage to reflect the impact on your earning capacity when calculating your wage loss benefits.

In the previous example, your substantiated average earnings were established at \$25,000. Your wage loss benefits would be calculated using 40% of substantiated earnings ($\$25,000 \times 40\% = \$10,000$) to reduce your benefits as a reflection of the ongoing operations and earnings from the business. As a result, your \$25,000 substantiated earnings would be reduced by \$10,000 and wage loss benefits would be based on the remaining \$15,000.

How often do I need to substantiate my earnings level?



Circumstances change. Therefore, when you are purchasing or renewing your Personal Coverage, you should consider your earnings level and other sources of income to ensure the level of Personal Coverage is adequate

How is the wage loss benefit determined, and how much will I be entitled to if I am injured or ill?

If the work-related injury or illness affects your ability to participate in business operations and the medical information supports the need for time away from work, you may be entitled to wage loss benefits.

What you receive in wage loss benefits depends on several factors:

- your loss of earnings
- the minimum level of Personal Coverage (\$25,290 in 2020)
- the level of Personal Coverage you purchased
- your substantiated earnings
- any collateral benefits you receive for the same injury or illness may be considered collateral benefits and 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 you wage loss benefit rate. As such, the following table displays approximate values of wage loss benefits only.

| Personal Coverage Levels most frequently purchased for 2020 | Approximate bi-weekly wage loss benefits at 90% of net earnings (calculated for single person with no other tax credits and deductions the WCB allows) |
|--|--|
| \$ 25,290 (minimum coverage level) | \$741 |
| \$ 30,000 | \$809 |
| \$ 40,000 | \$1,044 |
| \$ 50,000 | \$1,271 |
| \$ 60,000 | \$1,481 |
| \$ 70,000 | \$1,717 |
| \$ 80,000 | \$1,928 |
| \$ 90,000 | \$2,130 |
| \$ 100,000 | \$2,325 |

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

Please note: Wage loss benefits for business owners are based on the owners' abilities 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 they are still able to undertake some of their pre-injury duties, the level of wage loss benefits they receive will be reduced accordingly.

If you purchased more than the minimum level of coverage and previously substantiated your earnings, you will receive wage loss based on the level of coverage you purchased and your loss of earnings.

If you purchased more than the minimum level of coverage and did not previously substantiate your earnings, you will receive a wage loss based on the minimum coverage level until the WCB verifies your actual earnings. Usually the WCB verifies your earnings through income tax records. Your wage loss benefits may be retroactively recalculated based on the lesser of the level of coverage you purchased, or the amount of earnings the WCB can verify you earned in previous years.

Your wage loss benefits will be based on the minimum even if your verified earnings are less than the minimum, as long as there is a loss of earnings.

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.

When is my personal 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 you applied for. However, if you purchased the minimum level of coverage, you will be renewed in the following year at the new increased minimum level of coverage. For example, if you purchased the minimum level of coverage for 2019 (\$24,710), when your coverage is renewed January 1, 2020, your coverage level is increased to the new 2020 minimum level of \$25,290.

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?

Personal 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?



Seek medical attention for your injury or illness. Be sure to tell your doctor your injury or illness is work-related. As soon as you can, report your injury to the WCB.

You may report the injury over the phone by calling the WCB's Claims Information Centre at (204) 954-4321 or toll free in Canada and the United States at 1-855-954-4321 from 8:00 a.m. to 7:00 p.m. Monday to Friday.

The WCB is committed to providing service that is fast, easy, caring, right and clear. To that end, we would like to know if the information provided in this fact sheet met your needs.

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, please call our Claims Information 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
Or email us at: wcb@wcb.mb.ca

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.