

Section Title: Finance, Assessments and Administration – Assessments
 Subject: Criteria for Self-Insured Status under Class B
 Effective Date: January 1, 1995 to December 31, 1998
 Updated: June 1, 2004

GENERAL INFORMATION

The Workers Compensation Act (the Act), effective January 1, 1992, provides for the classification of employers into five classes:

- Class A - Provincially funded industries set out in a schedule established by the WCB
- Class B - Self-insured employers set out in a schedule established by the WCB
- Class C - Province of Manitoba and its agencies
- Class D - City of Winnipeg
- Class E - All industries set out in the schedule and not included in Classes A, B, C or D

Class E employers are assessed on an "insured payroll" basis while Classes A, B, C and D are assessed on a self-insured basis.

The Act empowers the WCB by regulation to establish a schedule of self-insured employers.

This policy establishes the criteria and conditions for inclusion in Class B as a self-insured employer. The WCB will classify an employer within Class B if the criteria established by this policy are satisfactorily met by the employer.

Note: By Board Order 42/94, requests for Self-Insured Status will not be considered at least until the complete retirement of the unfunded liability.

A. POLICY

1. The WCB will approve an employer's application for inclusion in Class B if that classification would, in the opinion of the WCB, be both fair and beneficial to the workers of that employer, the employer itself, the other employers in both the applying employer's present class and Class B, and the Workers Compensation Board. Specific criteria that will be considered for eligibility in Class B include:
 - (i) The employer's demonstrable financial stability. The WCB will evaluate such factors as net worth and credit rating. The WCB will also examine other available information including a minimum of five years audited financial statements, bank references, Bond Rating Services, and other sources as required.
 - (ii) The employer's record of operational stability and continuity, including a minimum of five years of operation in Manitoba or another provincial jurisdiction in Canada.

- (iii) The nature of the industry in which the employer operates. The employer must operate in an industry with a long term, identifiable future in Manitoba. This may exclude operations in "Sunset Industries", such as those based on non-renewable resources or project joint ventures in the construction industry; nevertheless, the WCB will assess the overall risks inherent in the industry category of the applicant.
 - (iv) The employer's history in regard to safety, claims experience, and position within its rating group. Also, the employer's historical relationship between claims cost experience and assessment premiums paid to the WCB will be reviewed.
 - (v) The employer's access to sufficient bank lines of credit to retire any unfunded liability in respect to future costs of claims.
 - (vi) Any unfair competitive advantage that might accrue to that employer if self-insured status is granted, or that might be created within an industry where such status is denied.
 - (vii) The ability of the applicant employer to retire and pay in full any existing unfunded liability for future claims, prior to admission to Class B.
2. All employers within Class B are required to post security for future payment obligations in a form acceptable to the WCB. Security considered acceptable will be limited to:
- i) A letter of guarantee or an irrevocable letter of credit from one of the following chartered banks:
 - Toronto Dominion Bank
 - Canadian Imperial Bank of Commerce
 - Royal Bank of Canada
 - Bank of Montreal
 - Bank of Nova Scotia
 - ii) A surety bond, issued by an insurance company rated at a quality acceptable to the board, with terms modified to meet the needs of the board will also be accepted.
 - iii) A cash deposit held by the board, with mutually agreed upon terms.
3. The Class B employer and the WCB will enter into an agreement which documents the requirements for continuing inclusion within Class B, in compliance with the Workers Compensation Act.

Once granted inclusion within Class B, an employer must abide by the terms and conditions of the agreement. It is the responsibility of the employer to inform the WCB of any substantive changes affecting the conditions of inclusion in Class B; the WCB retains the right to suspend the Self-Insured Agreement and reclassify the employer to Class E or any other class.

The approval of an application for inclusion within Class B will be made by the Board of Directors through a Regulation to the Act.

B. REFERENCES

The Workers Compensation Act, sections 73, 76.2, 76.3, 76.4 and 78(2) [On or After January 1, 1992]

History:

1. Policy 35.20.50 established by Board Order 15/92.
2. Application of policy amended by Board Order 42/94 such that consideration of requests for self-insured status will be deferred at least until the complete retirement of the unfunded liability.
3. Policy amended by Board Order 63/94 effective January 1, 1995, to provide for alternate forms of security other than a letter of guarantee or an irrevocable letter of credit from a chartered bank. Former policy re-numbered 35.20.50.01 and amended to reflect that it ceases effect on December 31, 1994.
4. Policy 35.20.50 rescinded by Board Order 35/99 effective December 31, 1998, and renamed as Policy 35.20.50.01 to reflect that it ceases effect on December 31, 1998.
5. Policy 35.20.50.01 amended by Board Order 14/00 effective April 27, 2000, to expand the policy relating to security from Class B employers for future obligations to include surety bonds as an acceptable form of security.
6. Policy amended relating to security from Class B employers for future obligations and was expanded to allow a self-insured firm to remit a deposit in cash to the board for the full amount of their security requirement by Board Order 03/01.
7. Policy amended to permit Class B employers to post security for future payment obligations in the form of surety bonds from insurance companies of a quality acceptable to the board. Also, applicable Administrative Guidelines from policy 35.20.50.02 moved to policy 35.20.50.01. Policy 35.20.50.02 removed from the P&P Manual (ceased effect on December 31, 1994).
8. Minor formatting changes were made to the policy, June 27, 2012.
9. Policy archived December 31, 2021.

C. ADMINISTRATIVE GUIDELINES

Effective January 1, 1999, no new applications for self-insurer status will be granted (see Policy 35.20.50). These guidelines apply only to employers who were self-insurers at December 31, 1998.

1. The amount of security required will be equal to 100% of the estimated unfunded liability of the employer as determined by the WCB as at September 30 annually. By March 31, annually, the employer will be provided with a final statement reflecting the actual value of the unfunded liability as at December 31 as determined by the WCB. Security in place must be no less than the final amount above.
2. The annual expiry date of letters of credit, letters of guarantee or surety bonds will be December 31.
3. The annual renewal date, at which time each self-insurer must deliver to the WCB a new letter of guarantee, letter of credit or surety bond will be December 1 of each year preceding the applicable calendar year. The annual renewal date also applies to employers who provide security by cash deposit (i.e., the deposit amount must be adjusted in the same manner as other acceptable forms of security).

4. The security must be addressed to the Chief Financial Officer of the WCB at the following address:

333 Broadway
Winnipeg, Manitoba
R3C 4W3

5. Security documentation will be reviewed annually by the WCB's counsel, to ensure its adequacy.
6. The security document will refer to the agreement between the WCB and the self-insurer.
7. All securities provided by self-insurers will be lodged in safekeeping in the Finance Department of the WCB.
8. A Dual Diary System will be maintained to record security renewal dates and status for all self-insurers. The system will be maintained in the Finance Department and supported by a backup system in the Corporate Secretary's Division.

History (Guidelines):

1. The title in #4 has been changed to Vice President, Finance & Administration.
2. The requirement that firms provide a letter of credit equal to 125% of their deferred assessment balance has been changed to 100% and the title in #4 has been changed to Chief Financial Officer, effective December 16, 2008. (Updated April 1, 2009).