

## Administrative Practice Document

# Premium Frequency

### Frequency of Reporting Insurable Earnings and Payment of Premiums to the WSIB

Effective June 16, 2016

**Note:** This is not a policy; it is a supplementary document with examples of how the WSIB will administer the *Workplace Safety and Insurance Act, 1997*, (WSIA) in practice. If there is a conflict between this Administrative Practice Document and the WSIA and/or WSIB policy, the decision maker will rely on the WSIA and/or WSIB policy, as the case may be.

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### Reporting Insurable Earnings and Paying Premiums

Employers report their insurable earnings and pay their premiums based on a three-tier reporting structure consisting of monthly, quarterly, or annual premium frequency, depending on the amount of their insurable earnings.

### Premium Frequency for Employers with Multiple Accounts

If an employer (the same legal entity) has multiple WSIB accounts, they will have one reporting and payment frequency assigned for all of their accounts. The sum of the annual insurable earnings of all of the individual accounts (of the same legal entity) is used to determine the overall premium frequency and the frequency applies to all of the employer’s accounts.

### Premium Frequency for Employers Registering with the WSIB

Employers who register with the WSIB, or are reinstating their previous WSIB account, and their estimated insurable earnings for a full calendar year are \$300,000 or more, they must report and pay premiums monthly.

When an employer registers or reinstates their account with the WSIB and has estimated insurable earnings under \$300,000 for a full calendar year, they may choose their premium frequency (annual, quarterly or monthly). If the employer does not select their premium frequency, the frequency will default to annual or quarterly, based on their estimated annual insurable earnings amount provided during registration, as per the Premium Frequency Thresholds outlined in the chart below.

### Premium Frequency Thresholds

The insurable earnings thresholds for the three-tier reporting and payment structures are:

<b>Insurable Earnings (Current Year)</b>	<b>Premium Frequency (Reporting and Payment)</b>
\$300,000 or more	MONTHLY
\$20,000 to \$299,999	QUARTERLY
Less than \$20,000	ANNUAL

	Scenario	Employer’s Choice of Premium Frequency
<p><b>Example 1:</b></p> <p><u>Employer registers with WSIB and selects premium frequency</u></p>	<p>It’s 2016 and Shiny Object Mfg. Inc. registers their new business using the WSIB online registration service. They provide estimated insurable earnings of \$280,000 for a full calendar year.</p> <p>Shiny Object Mfg. Inc. is given the choice of an annual, quarterly, or monthly premium frequency. They select the annual premium frequency.</p>	<p>Shiny Object Mfg. Inc.’s estimated annual insurable earnings are \$280,000.</p> <p>Shiny Object Mfg. Inc. selects the annual premium frequency.</p> <p>Shiny Object Mfg. Inc. will report their annual estimated insurable earnings for their workers and pay their premium for those earnings once a year by the end of April.</p>

	Scenario	Default Premium Frequency
<p><b>Example 2:</b></p> <p><u>Employer registers with WSIB and does not select premium frequency</u></p>	<p>It’s 2016. Maria opens a small clothing store on October 10, 2016.</p> <p>Maria registers with the WSIB online but does not select a premium frequency for reporting her insurable earnings and payment of premiums. She provides estimated insurable earnings of \$8,000 for October 10 to December 31, 2016, and \$34,000 for a full calendar year.</p> <p>The WSIB tries to confirm Maria’s premium frequency choice but is unsuccessful.</p>	<p>Maria’s annual estimated insurable earnings are \$34,000.</p> <p>This amount falls between \$20,000 and \$299,999 therefore the premium frequency for her WSIB account defaults to quarterly for 2016, based on the premium frequency thresholds.</p> <p>Maria must report the actual insurable earnings of her workers, and pay the premiums for those earnings, for each quarter of the calendar year. The due dates for quarterly remittances are end of April, July, October and January.</p>

**Premium Frequency Changes**

**When Does the WSIB Change an Employer’s Premium Frequency?**

Once a year, the WSIB reviews the reported insurable earnings of all accounts with an annual or quarterly premium frequency to determine if the premium frequency should be increased to monthly. If the annualized insurable earnings are \$300,000 or more, the reporting and payment frequency of the account(s) will be automatically changed to monthly by the WSIB, effective January 1 of the following year.

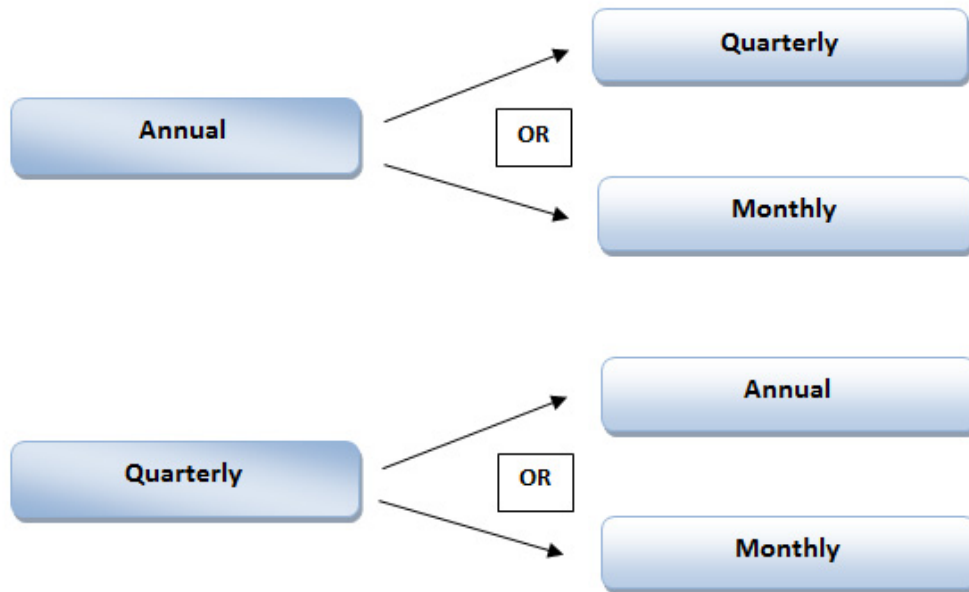
<b>For Employers Reporting and Paying Premiums (Premium Frequency):</b>	<b>The WSIB Uses the Following Insurable Earnings for the Annual Premium Frequency Review:</b>
<b>Quarterly</b>	The actual insurable earnings derived from the earnings reported in the first nine months, annualized to a full calendar year
<b>Annual</b>	The WSIB uses the final reported annual estimated insurable earnings for the prior calendar year

<b>Scenario</b>	<b>WSIB Increases Premium Frequency from Quarterly to Monthly</b>
<p><b>Example:</b></p> <p><u>The WSIB completes an annual review of employers’ accounts, except employers registered in the current year. The WSIB determines a premium frequency increase to monthly is required for an employer</u></p>	<p>Joshua registered with the WSIB in March of 2014 and reported his annual estimated insurable earnings as \$60,000. The premium frequency was set at quarterly. From January 1 to September 30, 2015 Joshua reported actual insurable earnings of \$260,000.</p> <p>In November 2015 the WSIB reviews his account and his annualized 2015 actual insurable earnings of \$347,619 (<math>\\$260,000 \times 365 \div 273^*</math>) to determine his premium frequency for 2016.</p> <p>*273 = September 30 is the 273<sup>rd</sup> day of the year</p>
	<p>Joshua’s 2015 annualized insurable earnings are more than \$300,000 therefore the WSIB automatically increases his premium frequency to monthly, effective January 1, 2016.</p> <p>The WSIB advises Joshua that the premium frequency of his account will change from quarterly to monthly. He must begin to report and pay for his actual insurable earnings monthly. The January 2016 monthly remittance is due by the end of February 2016.</p> <p>Also, he must still report and pay for his last 2015 quarterly remittance that is due by the end of January 2016.</p>

**How Does an Employer Change their Premium Frequency?**

Frequency change requests received prior to March 31<sup>st</sup> can be made effective January 1 of the current year. Otherwise, changes would be made effective January 1 of the following year. An

employer can request to change their reporting and payment frequency by contacting the WSIB by phone, mail or visiting a WSIB office. An employer may request to increase or decrease their frequency as follows:



Employers with insurable earnings that fall within the annual premium frequency threshold may change their premium frequency to quarterly or monthly. Employers with insurable earnings that fall within the quarterly premium frequency threshold may change their premium frequency to annual or monthly.

The premium frequency of the employer’s account(s) will be changed effective January 1 of the current year if the request is received by March 31. If the request is received after March 31, the change will be effective January 1 of the following year. If an employer submits multiple requests during the year for a premium frequency change for the following year, the WSIB will process the request with the received date closest to December 15<sup>th</sup>.

The WSIB will advise employers in advance of a change to their premium frequency (reporting and payment) for the following year in writing, including details about their reporting requirements.

Although employers with insurable earnings of \$300,000 or more cannot decrease their premium frequency, as they must report and pay their premiums on a monthly basis, they may apply to make a lump sum prepayment of their premiums by completing and submitting a

[prepayment request form](#). This will allow them to prepay their annual premiums once a year rather than monthly. This information relates to [Policy 14-03-08 Prepayment of Premium](#).

	Scenario	Premium Frequency Increase Request Approved
<p><b>Example 1:</b></p> <p><u>Employer requests to increase their premium frequency from annual to quarterly</u></p>	<p>Lorenzo has been registered with the WSIB for 3 years with an annual premium frequency for his account. His estimated annual insurable earnings have been between \$15,000 and \$18,800.</p> <p>Lorenzo sends a letter to the WSIB in October 2016 requesting a change to annual from a quarterly premium frequency to spread out his reporting and payment due dates over a year.</p>	<p>The WSIB approves Lorenzo’s request in October 2016. The WSIB changes the premium frequency on his account to quarterly effective January 1, 2017.</p> <p>The WSIB advises Lorenzo about his premium frequency change and he will begin to report and pay for his actual insurable earnings for the 1<sup>st</sup> quarter of 2017, by the end of April, 2017.</p>

	Scenario	Premium Frequency Decrease Request Approved
<p><b>Example 2:</b></p> <p><u>Employer requests to decrease their premium frequency from monthly to annual</u></p>	<p>Luke, Anthony &amp; Kaela (LA&amp;K) Mfg. has been reporting annual insurable earnings ranging from \$350,000 to \$400,000 for several years so they have a monthly premium frequency. In 2015 they downsized their operation and reported 2015 actual insurable earnings of \$195,000.</p> <p>It’s mid November 2016. LA&amp;K Mfg. reported their total actual monthly insurable earnings for January to September as \$153,000.</p> <p>LA&amp;K Mfg. phoned the WSIB requesting to decrease their premium frequency from monthly to annual for next year.</p>	<p>L A&amp;K Mfg. 2015 actual insurable earnings of \$195,000 fall between \$20,000 and \$299,999 therefore the premium frequency for their WSIB account would be quarterly based on the premium frequency thresholds. Quarterly premium frequency employers may choose to change their frequency to annual therefore LA&amp;K Mfg. make this request.</p> <p>The WSIB approves their change request from monthly to annual effective January 1, 2017. LA&amp;K will report and pay for their 2017 annual estimated insurable earnings by the end of April 2017.</p> <p>Also, LA&amp;K Mfg. must still report and pay for their remaining 2016 monthly remittances with the last month of 2016 due by the end of January 2017.</p> <p>They will still be required to submit their annual reconciliation for 2016 by the end of March 2017.</p>

	<b>Scenario</b>	<b>Monthly Premium Frequency Decrease Request Denied Prepayment Option Available</b>
<p><b>Example 3:</b></p> <p><u><b>Employer requests to decrease their premium frequency from monthly to annual</b></u></p>	<p>Jordan and Co. visit the Windsor WSIB office to request their premium frequency be decreased from monthly to annual. Their actual insurable earnings for the past 5 years have remained steady at about \$450,000 for each year so Ms. Jordan is confident their future insurable earnings will be similar.</p> <p>She is reducing her work hours therefore she would like to make 1 payment instead of 12 payments for next year’s premium.</p>	<p>The WSIB denies Jordan and Co.’s request to decrease their premium frequency as their actual annual insurable earnings are more than \$300,000. Based on the premium frequency thresholds, their premium frequency is monthly.</p> <p>The WSIB advises Ms. Jordan that although they must report their actual insurable earnings on a monthly basis, they may apply to make a lump sum prepayment of their premium by completing and submitting a prepayment request form. This will allow her to prepay her annual premiums once a year rather than monthly.</p>



Scenario	Premium Frequency Decrease Request Approved Multiple Requests Made by Employer
<p><b>Example 4:</b></p> <p><u>Employer submits 2 requests to change the premium frequency on her WSIB account</u></p> <p>Mrs. Wong registered with the WSIB 2 years ago for her domestic workers. She has reported actual insurable earnings of approximately \$65,000 each year. Therefore the premium frequency for her account is quarterly.</p> <p>In June 2016 Mrs. Wong phoned the WSIB to request a premium frequency change to monthly.</p> <p>In October 2016 Mrs. Wong wrote to the WSIB requesting a premium frequency change to annual.</p>	<p>The WSIB reviewed Mrs. Wong’s October 2016 request, as it was the request with the date closest to December 15, 2016. The WSIB approved Mrs. Wong’s request to decrease her premium frequency to annual effective January 1, 2017.</p> <p>The WSIB advises Mrs. Wong that her premium frequency will change from quarterly to annual. She must report her 2017 estimated insurable earnings by the end of April 2017.</p> <p>Also, Mrs. Wong must still report and pay for her last quarter of 2016 by the end of January 2017.</p>

Scenario	One Premium Frequency for Same Legal Entity with Multiple Accounts
<p><b>Example 5:</b></p> <p><u>How the premium frequency is determined for an employer with more than 1 WSIB account</u></p> <p>Francois owns and operates 3 pharmacies. The legal name of each pharmacy is the same. They are located at 3 different addresses and have dedicated staff. Francois has a separate WSIB account for each of his pharmacies. Francois reported the following insurable earnings for each account for the prior calendar year:</p> <p>Account 1 = \$ 18,500 Account 2 = \$163,500 Account 3 = \$134,250</p> <p>The total insurable earnings for all accounts = \$316,250.</p>	<p>The total annual insurable earnings for all 3 of Francois’ accounts are \$316,250. This amount is more than \$300,000. Based on the premium frequency thresholds the monthly premium frequency is assigned to each account.</p> <p><b>Note:</b> Assuming the employer does not choose another premium frequency, if the 3 pharmacies at 3 individual locations were owned by different legal entities, account 1 would be assigned an annual premium frequency, and account 2 and 3 would be assigned a quarterly premium frequency, based on the premium frequency thresholds.</p>

## Verification

The workplace health and safety system relies on workplace parties to accurately report and meet their obligations—anything less undermines the integrity of the system. The WSIB has a duty to ensure that workplace parties meet their obligations. When workplace parties do not meet their obligations, the WSIB will use legislated powers to ensure obligations are fairly met.

The WSIB has the right to verify reported annual amounts. The WSIB may review any documentation as necessary, and such documentation may include, but is not limited to:

- Ownership documentation (e.g., Corporate Minute Book, Business or Partnership Registration)
- Payroll records, such as T4's, T4A's, T5's, Statement of Investment Income and payroll journal(s)
- T5018, Statement of Contract Payments
- Clearance Certificates obtained for all retained contractors
- Prepared financial statements, including Statement of Business Activities or Profit and Loss Statement
- Contractors' invoices/contracts, etc.
- Cheque registers or cash disbursement journals

If the reported insurable earnings differ from the verified amount of actual earnings, the WSIB will adjust the reported amount of insurable earnings accordingly (increase or decrease) for premium accuracy, under the guidelines stated in [Policy 14-02-06, Employer Premium Adjustments](#). Additionally, submitting incomplete or inaccurate information, or failure to keep and/or produce accurate records, can result in penalties and/or prosecution.

The WSIB and the Canada Revenue Agency (CRA) exchange information to maintain the integrity of their systems and ensure a level playing field for Ontario employers.

**All employers who close their account during the year must ensure they meet their obligations and complete the [Reconciliation Form](#), regardless of their reporting frequency.**

## Questions

- Visit the [WSIB website](#), for information about Online Services.
- Call the WSIB from Monday to Friday, 7:30 am to 5pm EST at 416-344-1000 or toll-free at 1-800-387-0750
- For all Online Services questions, including support issues, call 416-344-4122 or toll-free at 1-888-243-1569 (TTY: 1-800-387-0050) Monday to Friday from 7:30 am to 5pm EST