

**Operational  
Policy**

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Section  
Employer Accounts

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Subject  
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## Policy

When an employer ceases business, the WSIB does not relieve the employer of its financial obligations until the employer has paid all amounts owing to the WSIB. An employer who ceases business and does not notify the WSIB of the change within 10 days after it occurs is guilty of the offence of failing to report a material change in circumstances (see 22-01-01, Material Change in Circumstances - Employer).

When an employer with more than one account closes an account, the employer remains liable for any amount owing on the closed account.

## Purpose

The purpose of this policy is to outline when the employer ceases business, how the WSIB treats the employer's account, and what is required of the employer.

## Guidelines

### Definitions

**Employer** - For the purpose of this policy, an employer is a person who has carried on, or is carrying on, a Schedule 1 or Schedule 2 business activity on a compulsory basis or by application. Employers include persons who do not employ workers (i.e., independent operators and partners without workers) who have obtained optional insurance, as well as deemed employers in construction, see 12-01-06, Expanded Compulsory Coverage in Construction.

### General

In the following guidelines, the terms classification, classification unit (CU), payroll, insurable earnings, premium, work location, and non-compliance charges apply to Schedule 1 employers only. Benefit costs and invoices and deposits refer to Schedule 2 employers only.

### Types of closure

There are three types of closure. They occur as follows

- a) An employer ceases to be a registered employer for one of the following reasons
  - The employer closes down an entire business, including all its branches, plants, work locations, and business activities in Ontario. This means workers are no longer employed, there is no optional insurance in effect, and there is no mandatory coverage requirement (see 12-01-06, Expanded Compulsory Coverage in Construction). As a result the WSIB closes all the employer's accounts.
  - The employer has application coverage and decides not to maintain coverage under the Act. In this case, all accounts are closed as if the employer were closing down the business, and all relevant guidelines apply (see "Withdrawal from coverage," below).

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b) An employer with multiple accounts closes down the only branch, work location, or business activity reporting on an account. Alternatively, an employer may request that an account be closed for its own reporting convenience. As a result, the WSIB closes the account and the employer continues to meet its financial obligations using the remaining account(s). Any financial obligation outstanding on the closed account is transferred to the remaining account(s).

c) An employer closes down a branch, work location, or business activity, or changes a business activity, without an account being closed as a result.

**Optional insurance**

As long as optional insurance remains in effect for a business or an account, the account remains open, and premiums accrue.

**Material change in circumstances**

The closing down of a business, branch, work location, or business activity is considered a material change in circumstances, and the employer must notify the WSIB within 10 days of the closure or be subject to penalties, see 22-01-01, Material Change in Circumstances - Employer.

**Minimum period of coverage in construction**

For information about closures and the 3 month minimum period of coverage in construction, see 12-01-06, Expanded Compulsory Coverage in Construction.

**Steps in closing an account**

Most employers registered with the WSIB are engaged in a single business activity. Generally, these employers meet financial obligations relating to their business activity through one account. Therefore, for these employers, stopping their business activity also means closing their business and closing their account. The guidelines that follow to the end of this policy assume a single business activity and single account, except as noted.

The steps the WSIB takes in closing an account are detailed in the following guidelines: "Sources of information," "Information required for closure," "Effective date of closure," and "Adjustments."

**Sources of information**

The WSIB receives notice of a closure by

- the employer contacting the WSIB to advise that the business is no longer operating
- WSIB auditors who, in the course of their investigations, discover that a business has stopped operating
- the Trustee in Bankruptcy or the court-appointed Receiver/Manager advising the WSIB of an employer's bankruptcy or receivership, or

- the WSIB determining that the employer is no longer in business.

### Information required for closure

Within 10 days of the closure, the employer must notify the WSIB of

- the reason for the business ceasing (e.g., no workers employed and no optional insurance in effect, receivership, bankruptcy)
- the date the business ceased operations, and
- the date help was last employed in the business.

Schedule 1 employers must also provide a statement of the actual insurable earnings for the current year (up to and including the date of closure, or when workers were last employed), and for any previous unreconciled year. An employer who fails to provide such a statement within 10 days of the closure is guilty of an offence.

### Effective date of closure

When establishing the effective date of closure for an account, the WSIB must be satisfied that no new claims, claims costs, premiums, experience rating refunds/surcharges or non-compliance charges have been registered since the proposed closure date named by the employer or determined by the WSIB.

### NOTE

An account remains open during the wind-up of operations as long as workers are employed or optional insurance exists.

If the WSIB is satisfied that there is no further activity on the account, it determines the effective closure date and the account is closed (inactivated). This means that no further claims are registered against it, and no further premium remittances are issued.

Inactivating the account does not relieve the employer of its financial obligations to the WSIB. This only happens when all amounts owing are paid (see "Adjustments," below).

### Closing date unknown

If the exact date of closing or of ceasing to employ workers is not known, the WSIB usually closes an account as of December 31st of the last calendar year the business was known to operate.

### Court-appointed receivership or bankruptcy

If an employer is bankrupt or in receivership, the WSIB sets the closure date as the effective date of bankruptcy or receivership.

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**Withdrawal from coverage**

For employers whose business activities are not listed in either Schedule 1 or Schedule 2, coverage will be cancelled (withdrawn) effective the last day of the month in which the WSIB receives a certified cheque for the full payment of the departure fee.

For employers requesting to transfer back to Schedule 2, Schedule 1 coverage will also cease (and Schedule 2 coverage resumes) no later than 10 calendar days from the date the WSIB receives a certified cheque for the full payment of the departure fee.

For details, see 12-01-02, Employer by Application.

**Adjustments**

Once the WSIB has determined the effective closure date and inactivated the account, the WSIB calculates the final balance taking note of any unpaid premiums, experience rating refunds/surcharges, non-compliance charges, unpaid benefit costs or deposits, and issues a final adjusted statement or invoice. If there is an outstanding balance after the adjustment, the employer must pay this amount by the end of the month after the month in which the adjustment was issued.

If there is a credit on the account after the final adjustment, the WSIB may, at its discretion, withhold mailing a refund cheque if an audit of the employer's operations is required.

**Multiple accounts**

If the employer has more than one account and one account is closed, the employer remains liable for any amount owing on the closed account. The WSIB continues to issue statements or invoices on the closed account, including interest on the amount owing, to the employer until the debt is paid.

**Closing or changing a business activity without closing an account**

If an employer's business activity has a CU which is located in a single account and the employer closes the business, closing the business activity automatically means closing the CU and the account as well.

If an account has

- two or more business activities, and one CU
  - two or more CUs, with one business activity per CU, or
  - one business activity, one CU, and both change,
- closing or changing a business activity does not mean closing the account.

In each of the above situations, the employer must still report the closure or change in business activity. In addition, any liability remaining after a CU is closed remains with the account.

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### **Information to be certified as accurate**

Before the WSIB closes an account or CU, the employer or an authorized officer who has knowledge of the matters to which the information relates must sign to verify the accuracy of the information provided to the WSIB.

### **Information subject to audit**

All information received by the WSIB for the purposes of an account or CU closure is subject to verification upon audit.

### **Mergers and amalgamations**

Two or more corporations may amalgamate or merge and continue as one corporation upon the date set forth in the certificate of amalgamation. For the purposes of this policy, the amalgamated corporation assumes all WSIB debts, and liabilities of each of the amalgamating corporations.

If one or more of the former accounts is closed and one or more of the former accounts remains open, the guidelines for closing an account of a multi-account employer apply.

### **NOTE**

If the amalgamated corporation continues to carry on business using all the accounts of the merged corporations, the guidelines on closure in this policy do not apply.

### **Accounts not closed**

Accounts are not closed in the following situations:

#### **Sale of shares**

If shares in a Schedule 1 or Schedule 2 company are sold or transferred, the company keeps the same account.

#### **Change of name**

A limited company that changes its name through Articles of Amendment or Supplementary Letters Patent retains the same account under the new name.

### **Application date**

This policy applies to all decisions made on or after January 1, 2013.

### **Document history**

This document replaces 14-02-05 dated January 2, 2013.

This document was previously published as  
14-02-05 dated January 3, 2007

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14-02-05 dated October 12, 2004  
14-02-05 dated April 11, 2003  
14-02-05 dated June 15, 1999  
08-03-07 dated July 25, 1997.

## **References**

### **Legislative authority**

*Workplace Safety and Insurance Act, 1997*, as amended  
Sections 74, 76(1), 76(2), 76(3), 76(4), 77, 79, 135, 151(2)

### **Minute**

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