

**Operational
Policy**

Section
Employer Accounts

Subject
Employer Premium Adjustments

Policy

The WSIB may make premium adjustments to an employer's account when

- an employer notifies the WSIB of a premium issue requiring an adjustment, or
- the WSIB discovers the need for an adjustment.

Premium adjustments are subject to the Two Year Rule, unless one of the exceptions laid out in this policy applies. The 12 month retroactive premium adjustment under the voluntary disclosure of non-compliant reporting exception is allowed on a once-only basis for an employer.

Purpose

The purpose of this policy is to outline how the WSIB adjusts premiums to an employer's account.

Guidelines

Definitions

Current Year - the year of the notification date.

First Prior Year - The calendar year immediately preceding the current year.

Second Prior Year - The second prior year is the calendar year immediately preceding the first prior year.

The Two Year Rule

The WSIB makes debit or credit premium adjustments to employer accounts from:

- the notification date back to **January 1** of the second **prior** year, or
- the notification date back to the actual date that the change giving rise to the adjustment took place if the change occurred **after January 1 of the second prior year**.

The exceptions to the Two-Year Rule are

- provisional premiums
- voluntary disclosure
- lack of full disclosure
- offences or fraud
- classification changes

outlined in the following Guidelines.

To ensure that this policy is applicable with respect to registration non-compliance it must be read in conjunction with 14-02-15, Voluntary Registration which takes precedence if applicable.

What gets adjusted?

An adjustment to an employer's premium is made due to a correction in

- classification
- insurable earnings, including
 - status decisions (worker or not) for executive officers
 - status decisions (worker or independent operator) for contractors
 - optional insurance
 - earnings of non-registered employers
- interest charges
- non-compliance penalties
- earnings reported under separate construction rate group - 755, Non-Exempt Partners and Executive Officers in Construction.

Premium adjustment results in a credit or a debit to an account as a consequence of applying any adjustment rule.

An adjustment to current-year reported premiums is subject to year-end reconciliation for the current year.

Exception rules

Provisional premiums

The WSIB may make premium adjustments to an employer account to correct provisional premiums in any prior year in which a provisional premium was issued.

Voluntary disclosure of non-compliant reporting

Registered employers who come forward voluntarily to disclose and correct previously under-reported insurable earnings are required to report and pay up to 12 months of premium adjustments retroactive from the date of disclosure.

The WSIB will

- apply debit interest as outlined in 14-02-07, Employer Non-Compliance Interest and Charges.
- refrain from investigating and laying applicable provincial offences charges.

Where an employer continues to under-report, the Two-Year Rule under this policy will be applied from the date of voluntary disclosure, enforcement proceedings may be taken, and interest may be applied. Subsequent instances of under-reporting by the employer will be subject to all relevant WSIB policies.

**Operational
Policy**

Section
Employer Accounts

Subject
Employer Premium Adjustments

When the 12 month retroactive premium adjustment is not applicable

The 12 month retroactive premium adjustment for voluntary disclosure of under-reported insurable earnings is not applicable to employers who have been identified by the WSIB before their voluntary disclosure as the result of

- WSIB's information exchange agreements with the Canada Revenue Agency (CRA) or other authorities or administrations
- Regulatory Services referrals
- audit notifications and discoveries
- Action Line referrals (anonymous telephone calls)
- revenue recovery activities
- decisions resulting from worker status reviews
- any other means of identification.

The 12 month retroactive premium adjustment is not applicable to employers who provide inaccurate or incomplete information at the time of reporting their voluntary disclosure.

Lack of full disclosure

At its discretion, where the WSIB is satisfied that there has been a lack of full disclosure in an employer's account on any premium related issue requiring a correction, the WSIB may make premium debit adjustments only for up to five prior calendar years when employers

- provide incomplete or inaccurate information to the WSIB, or
- otherwise delay, withhold, or fail to fully disclose relevant information, or
- fail to act on information provided to them by the WSIB that directly affects their premium, or
- declares themselves to be exempted from compulsory coverage in construction under 'home renovation work' or 'partner or executive officer' while performing construction work that is not eligible for the exemption, or
- report the insurable earnings to the separate construction rate group - 755, Non-Exempt Partners and Executive Officers in Construction, for individuals who are not eligible for the separate rate group.

Offences or fraud

The WSIB may make premium debit adjustments to an employer's account beyond five years or in any year, if it has been determined that the employer has committed

- a fraudulent act, or
- an offence under the Act.

Classification changes

For classification changes not involving provisional premiums, lack of full disclosure, and offences or fraud, premium adjustments are limited to January 1 of the current year.

**Operational
Policy**

Section
Employer Accounts

Subject
Employer Premium Adjustments

The WSIB considers classification change as a change to an employer's account that results in the addition or deletion of a Classification Unit (CU) unless the change falls under one of the other Exception rules.

Employers requesting a premium adjustment

Employers requesting a premium adjustment must make their request to the WSIB in writing. Their correspondence should

- clearly identify the premium issue requiring an adjustment, and
- specify their reasons for requesting the adjustment, e.g. why they believe there was a mistake made in the calculation of their premium, their classification, or other charges applied to their account, etc.

Notification dates

For WSIB's operating areas other than Employer Audit, the notification date for a premium adjustment is the receipt date of a request from an employer or an employer representative with valid authorization, or the date of a site visit documented in the employer's file.

For WSIB's audit area the notification date for a premium adjustment is the date of the audit visit indicated on the Notice of Audit visit or the due date indicated on the Notice of Desk Audit.

The notification date for a given account sets the notification date for all other accounts whose WSIB liabilities are linked to that account under a common registered employer.

New registered employers

For new registered employers, insurance premiums are paid to the WSIB from the date an employer hires its first worker. Relief may be provided under the terms of 14-02-15, Voluntary Registration.

Failure to register with the WSIB is a debt owed for prior premiums not paid and, therefore, does not involve adjusting an employer's premium.

Application date

This policy applies to all adjustments with a notification date on or after February 1, 2014.

Document History

This document replaces 14-02-06 dated January 2, 2013.

This document was previously published as:

14-02-06 dated Nov 3, 2008

14-02-06 dated October 29, 2007

**Operational
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14-02-06 dated January 3, 2006
14-02-06 dated October 12, 2004
14-02-06 dated August 18, 2000
08-01-09 dated June 04, 1997.

Policy Review Schedule

This policy will be reviewed within five years of the application date.

References

Legislative Authority

Workplace Safety and Insurance Act, 1997, as amended
Sections 12.2, 88(4), 96(2), 159(2)

Minute

Administrative
#1, January 31, 2014, Page 516