

**Operational
Policy**

Section
Employer Classification

Subject
The Classification Structure

Policy

The WSIB classifies individual Schedule 1 employers according to the nature of their business activities as generally described in the North American Industry Classification System (NAICS). The WSIB classification structure is made up of 35 industry classes and subclasses.

Purpose

The purpose of this policy is to:

- provide the basis for determining the business activities of employers
- describe the method of classifying employers, and
- describe the classification structure.

The WSIB uses a NAICS-based system for classification, and the classification structure forms the basis of the WSIB's premium rate setting system.

Guidelines

Definitions

Business activity: A business activity is an activity of the employer that produces a product or provides a service for revenue.

Non-profit business activity: A non-profit business activity is an activity where generating revenue is not the purpose of the activity, but rather, is an activity that produces a product or provides a service to advance the employer's goals.

North American Industry Classification (NAICS): NAICS is a comprehensive supply-side industry classification system developed by the statistical agencies of Canada, Mexico and the United States to cover all production-based economic activities. At the highest level of its hierarchical structure, NAICS divides the economy into twenty 2-digit sectors. At the lowest level, NAICS industries are identified by a 6-digit code. The WSIB's classification structure is adapted from the NAICS.

Classification: The attribution of 6-digit classification codes based on the employer's business activity.

Classification change: The addition, deletion, or change of 6-digit classification codes for the accounts of registered employers.

General

Individual employer classification is the first step in a three-step premium rate setting process:

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1. Employers provide a description of their business activities to the WSIB, and are then classified in ~~one or more~~[the](#) 6-digit classification code(s) [the WSIB considers most appropriate](#) based on the description in the WSIB's Employer Classification Manual that represents those business activities. Each 6-digit classification code falls under one of the 35 classes or subclasses.
2. Premium rates are set for each of the 35 classes and subclasses.
3. Employers receive an individual, risk-based premium rate. An employer's individual premium rate is a combination of the employer's classification, as well as their risk. Premium rate setting methods are further described in 14-02-01, Employer Level Premium Rate Setting.

Classification structure**Classes/subclasses**

The classification structure reflects the classes and subclasses listed in Schedule 1. Each class and subclass is composed of all of the 6-digit classification codes belonging to the 2-digit NAICS sector, 3-digit NAICS sub-sector, or 4-digit NAICS industry group listed in the Appendix.

Separate construction classification

The WSIB allows the insurable earnings of non-exempt partners and executive officers who do not engage in construction work to be reported under a separate construction classification.

For the purpose of this separate classification, construction work refers to any manual work of a skilled or unskilled nature, the operation of equipment or machinery, or the direct on-site supervision of workers. Periodic on-site visits are permitted, provided that the partner or executive officer is not performing construction work on site.

For more information about coverage in construction, [refer to](#) ~~see~~ 12-01-06, Expanded Compulsory Coverage in Construction.

Temporary employment agencies

The classification of the business activities of an employer that supplies labour to a client employer follows different rules, [refer to](#) ~~see~~ 14-01-08, Temporary Employment Agencies.

Classifying employers**Registering**

When an employer registers, the WSIB will classify the business activities of the employer in ~~one or more~~[the](#) 6-digit classification code(s) [the WSIB considereds most appropriate](#). To ensure accurate classification, the WSIB may consider other information, such as:

- business contracts
- direct competitors

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- equipment used
- operational processes, ~~and~~
- staff duties.

Employers may provide annual reports, brochures, pamphlets, photos, and product samples to assist in the classification process. The WSIB also carries out audits to verify an employer's classification.

The WSIB does not take the individual employer's risk, claim experience or accident cost history into account when classifying the employer's operations.

If a Schedule 1 employer:

- fails to fully register with the WSIB
- fails to provide sufficient information regarding their business activities, or
- engages in a business activity that is not listed in a 6-digit classification code, the WSIB classifies them in the 6-digit classification code it considers most appropriate. ~~Refer to~~ [see 14-02-02, Registration](#), for additional information.

Classification rules

Classification rules and conditions for single and multiple classifications apply to all employers in Schedule 1, whether they are in an industry that is mandatory, non-mandatory or under Schedule 2 and they have transferred to Schedule 1.

Most employers carry on a single business activity and are classified in a single 6-digit classification code. However, some employers with more than one business activity may be classified in multiple 6-digit classification codes.

Employers with multiple 6-digit classification codes will generally be assigned a single premium rate based on the predominant class or subclass. However, some employers classified in more than one 6-digit classification code may be assigned multiple premium rates. ~~see~~ [Refer to 14-01-07, Single and Multiple Premium Rates](#).

The WSIB will determine which 6-digit classification code description is the most appropriate fit for an employer's business activity and will classify the employer accordingly.

Ancillary operations

The WSIB will not separately classify the employer's operations that are ancillary, i.e., incidental to the employer's business activity.

Activities that are incidental to an employer's business activity and are therefore not a business activity in their own right include:

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- administration related to an employer's operations including management, payroll, human resources, information technology, training and clerical services
- design, including drafting and engineering, research, development and software development related to goods produced or services provided, or intended to be produced or provided, by the employer
- inventory control
- janitorial operations carried on by the employer at the employer's own premises
- marketing, promotion, fundraising or communication related to goods sold or produced or services provided, or intended to be sold, produced, or provided by the employer
- maintenance or repair for the purpose of servicing or repairing the employer's vehicles or equipment
- packaging an employer's own goods, including the manufacturing of packaging material used
- printing or lithography directly onto, or for use on, goods produced or sold by the employer
- the production of power or heat for the employer's use
- the maintaining of security at the employer's premises
- the operation of any of the following carried out for the employer's personnel: cafeterias, commissaries, parking lots, or health, recreational or day care facilities
- transportation of an employer's personnel or of goods produced or sold by the employer including transport of personnel or transportation of goods carried on by an employer before the manufacture of the product
- warehousing or distribution of goods produced or sold by the employer
- warranty repairs carried out on goods produced or sold by the employer, or
- wholesale of goods produced by the employer.

Ancillary to two or more business activities

If an operation is ancillary to two or more business activities classified in separate 6-digit classification codes, ancillary earnings must be segregated and allocated to the classification codes accordingly. If ancillary earnings cannot be segregated, they are considered common ancillary earnings. Common ancillary earnings are allocated to the separate 6-digit classification codes on a prorated basis according to the direct insurable earnings attributable to each 6-digit classification code.

Operation that is partly ancillary

An employer may carry on an operation that is partly ancillary to the employer's principal business activity and partly a business activity in its own right.

If the payroll of the part of the operation carrying on as a business in its own right is properly segregated, it is considered a separate business activity and classified accordingly.

However, if the payroll for the two parts of the operation is aggregated, the entire operation is classified in either the 6-digit classification code of the business activity that the ancillary

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part supports, or the 6-digit classification code of the part that is carrying on as a business activity in its own right, whichever corresponds to the class or subclass that has the higher class premium rate.

Payroll and wage records

Once the WSIB has established that an employer is carrying on distinct business activities that are recognized as separate classifications (i.e., they are not ancillary operations as defined by the WSIB), the most important criterion for multiple classifications is the status of the employer's payroll and wage records. These documents must record each worker's insurable (assessable) earnings, as defined by the WSIB. References to payroll in this policy should be read as payroll and wage records.

Segregated payrolls

The WSIB requires all employers engaged in more than one business activity that fall under different NAICS codes to maintain segregated wage records and payrolls for each business activity.

Payrolls are considered segregated if the employer maintains a proper record of the payroll directly applicable to each business activity, using a method that can be verified on audit.

In addition to keeping accurate wage records, an employer with segregated payrolls must provide, upon request or on audit, the following types of documentation (as applicable) to support the segregation of the wage records of individual workers:

- time sheets and cards or time logs
- personnel records
- job descriptions and duties
- invoices and contracts (for contractors)
- mileage records (logs) for trucking firms, or
- other documentation may be considered such as:
 - employer management reports which break down earnings according to business activity, department, product line, cost centres, and occupation
 - contract costing documents, or
 - budget reports.

Sales volumes and revenue figures cannot be used to support the segregation of a payroll.

Aggregated payroll

If an employer with more than one business activity does not maintain segregated payrolls and records the insurable earnings of all workers with no regard to the business activity in which each worker is engaged, the payroll is considered aggregated. Employers with an aggregated payroll are not eligible for multiple classifications.

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If there is more than one business activity, and the 6-digit classification code for each business activity is in the same industry class or subclass, the aggregated payroll is generally classified in the 6-digit classification code for the business activity that is considered to make up the largest share of the employer's annual insurable earnings.

If the 6-digit classification codes are in different classes or subclasses, the aggregated payroll is classified in the 6-digit classification code that corresponds to the class or subclass with the highest class premium rate (for exceptions, [see refer to Small employers, below](#)).

Small employers

The WSIB makes an exception to the aggregated payroll rule for small employers. For this purpose, the WSIB defines a small employer as one whose workers' total annual insurable earnings are less than five times the ceiling placed on one worker's annual insurable earnings.

If a small employer carries on several business activities and cannot segregate the payrolls, the payroll is classified according to the class or subclass for the business activity that is considered to make up the largest share of the employer's annual insurable earnings.

Starting up and winding down

Almost all operations required by an employer to start up an operation performed by the employer's workers are considered part of the employer's business activity.

Similarly, when an employer is in the process of winding down an operation because of:

- intent to cease business
- bankruptcy, or
- receivership,

but continues to employ workers, the classification of the employer's operation is unchanged.

All ancillary operations are subject to these guidelines on starting up and winding down a business activity.

Changes to classification

When registered employers change, add, or discontinue a business activity, they must report this by contacting the WSIB no later than 10 calendar days from the date of the change to ensure that they are correctly classified. The WSIB determines how an addition, deletion or change of business activities affects an employer's classification.

A classification change may impact an employer's predominant class or subclass, or the assignment of single and multiple premium rates, [see refer to 14-01-07, Single and Multiple Premium Rates](#).

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Change in payroll status

When registering with the WSIB (~~see~~[refer to](#) 14-02-02, Registration), the employer must declare the status of the payroll, i.e., segregated or aggregated. If the employer subsequently changes the status of the payroll, the employer must notify the WSIB of the change no later than 10 calendar days from the date of the change.

Application date

This policy applies to all decisions made on or after [September 22](#)~~July 16~~, 2025.

Document history

This document replaces 14-01-01 dated [January 3, 2023](#).

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14-01-01 dated January 2, 2014

14-01-01 dated January 2, 2013

14-01-01 dated October 12, 2004

08-01-04 dated July 25, 1996.

References**Legislative authority**

Workplace Safety and Insurance Act, 1997, ~~as amended~~
Sections 12.2, 74(1), 81, 87, 88, 90(1), 96, 183(2)

[Ontario Regulation 175/98](#)

~~O.Reg. 175/98~~

[Approval](#)

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The hierarchical nature of NAICS means that the 6-digit classification code assigned to an employer will correspond to the 2-, 3-, or 4-digit NAICS Equivalent Class/Subclass.

For example, NAICS 111411, Mushroom production, belongs under NAICS 11 which corresponds to Class A, Agriculture.

Similarly, NAICS 238330, Flooring contractors, belongs under NAICS 2383 which corresponds to subclass G5, Specialty trades construction.

Industry classes/subclasses and NAICS equivalent

Class/subclass	Description	NAICS equivalent
Class A	AGRICULTURE	11
Class B	MINING, QUARRYING AND OIL AND GAS EXTRACTION	21
Class C	UTILITIES	22
Class D	GOVERNMENTAL AND RELATED SERVICES	See Refer to subclasses below
Subclass 1	Educational services.	61
Subclass 2	Public administration.	91
Subclass 3	Hospitals.	622
Class E	MANUFACTURING	See Refer to subclasses below
Subclass 1	Food, textiles and related manufacturing.	31
Subclass 2	Non-metallic and mineral manufacturing.	321-322-326-327
Subclass 3	Printing, petroleum and chemical manufacturing.	323-324-325
Subclass 4	Metal transportation equipment and furniture manufacturing.	331-332-336-337
Subclass 5	Machinery, electrical equipment and miscellaneous manufacturing.	333-335-339
Subclass 6	Computer and electronic manufacturing.	334
Class F	TRANSPORTATION AND WAREHOUSING	See Refer to subclasses below
Subclass 1	Rail, water, truck transportation and postal service.	482-483-484-491
Subclass 2	Air, transit, ground passenger, recreational and pipeline transportation, courier services and warehousing.	481-485-486-487-488-492-493
Class G	CONSTRUCTION	See Refer to subclasses below
Subclass 1	Residential building construction.	2361
Subclass 2	Infrastructure construction.	237
Subclass 3	Foundation, structure and building exterior construction.	2381
Subclass 4	Building equipment construction.	2382

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Subclass 5	Specialty trades construction.	2383-2389
Subclass 6	Non-residential building construction.	2362
Class H	WHOLESALE	SeeRefer to subclasses below
Subclass 1	Petroleum, food, motor vehicle and miscellaneous wholesale.	411-412-413-415-418
Subclass 2	Personal and household goods, building materials and machinery wholesale.	414-416-417-419
Class I	RETAIL	SeeRefer to subclasses below
Subclass 1	Motor vehicles, building materials and food and beverage retail.	441-444-445-447
Subclass 2	Furniture, home furnishings, clothing and clothing accessories retail.	442-448
Subclass 3	Electronics, appliances, health and personal care retail.	443-446
Subclass 4	Specialized retail and department stores.	45
Class J	INFORMATION AND CULTURE	51
Class K	FINANCE, MANAGEMENT AND LEASING	52-53-55
Class L	PROFESSIONAL, SCIENTIFIC AND TECHNICAL	54
Class M	ADMINISTRATION, SERVICES TO BUILDINGS, DWELLINGS AND OPEN SPACES	56
Class N	NON-HOSPITAL HEALTH CARE AND SOCIAL ASSISTANCE	SeeRefer to subclasses below
Subclass 1	Ambulatory health care.	621
Subclass 2	Nursing and residential care facilities.	623
Subclass 3	Social assistance.	624
Class O	LEISURE AND HOSPITALITY	71-72
Class P	OTHER SERVICES	81