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, refer to ~~(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/or components of their operations assigned a separate premium rate (if applicable), 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 business activity under Schedule 1 or Schedule 2 of the WSIA and that is covered mandatorily or by application. Employers also include those who are deemed to be employers under optional insurance or compulsory coverage in the construction industry. For more information, ~~see~~ refer to 12-01-01, Who is An Employer?.

General

In the following guidelines, the terms classification, ~~6~~six-digit classification code, payroll, insurable earnings, premium, premium rate, 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, refer to ~~(see~~ 12-01-06, Expanded Compulsory Coverage in Construction~~)~~.~~ ~~As a result the WSIB closes all the employer's accounts.

- The employer has coverage by application and decides not to maintain coverage under the WSIA. In this case, all accounts are closed as if the employer were closing down the business, and all relevant guidelines apply. ~~(~~refer to ~~see~~ "Withdrawal from coverage~~,~~" ~~below)~~.

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~~ refer to 22-01-01, Material Change in Circumstances - Employer.

Minimum period of coverage in construction

For information about closures and the three month minimum period of coverage in construction, ~~see~~ refer to 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.

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~~ refer to "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.

Withdrawal from coverage

For employers whose business activities are not-mandatorily covered, coverage will be cancelled (withdrawn) on the withdrawal date determined by the WSIB.

For employers requesting to transfer back to Schedule 2, Schedule 1 coverage will also cease (and Schedule 2 coverage resumes) on the withdrawal date determined by the WSIB.

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 ~~6~~six-digit classification code which is located in a single account and the employer closes the business, closing the business activity automatically means closing the ~~6~~six-digit classification code and the account as well.

If an account has:

- two or more business activities, and one ~~6~~six-digit classification code
- two or more ~~6~~six-digit classification codes, with one business activity per code, or
- one business activity, one ~~6~~six-digit classification code, 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 ~~6~~six-digit classification code is closed remains with the account.

Information to be certified as accurate

Before the WSIB closes an account or ~~6~~six-digit classification code, 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 ~~6~~six-digit classification code closure is subject to verification upon audit.

Closing a component assigned a separate premium rate

An employer may be assigned multiple premium rates, ~~see~~ refer to 14-01-07, Single and Multiple Premium Rates. In such cases, each component of their operations that is assigned a separate premium rate is treated like a separate employer for premium rate setting purposes, ~~see~~ refer to 14-02-01, Employer Level Premium Rate Setting.

If all the ~~6~~six-digit classification codes grouped under a component close, the component is closed and the codes (and their associated claims experience and insurable earnings) transfer to the remaining open component.

If there is more than one remaining open component, each ~~6~~six-digit classification code transfers to the component the WSIB determines it is most aligned with.~~, see the Premium Rate Setting Administrative Practice Document for further details.~~

~~If a closed 6-digit classification code transfers to a component, the component's premium rate is re-calculated and then applied from the effective date of the transfer.~~

~~**Temporary employment agencies (TEAs)**~~

~~A TEA is generally assigned a separate premium rate for the business activity of supplying workers, the workers they supply to perform administrative, clerical and knowledge based labour, and for each premium rate setting class/subclass to which they supply workers to perform all other types of labour, see 14-01-08, Temporary Employment Agencies.~~

~~If a TEA stops performing the business activity of supplying workers, stops supplying administrative, clerical and knowledge based labour, or stops supplying all other types of labour to an individual class/subclass, the relevant component of their operations is closed. However, the 6 digit classification code(s) grouped under it do not transfer to another component until at least 12 months have passed from the effective date of the closure.~~

~~If the component is not re-opened within the 12 month period, each 6-digit classification code may transfer to the component the WSIB determines it is most aligned with.~~

Non-exempt partners and executive officers in construction

An employer may be assigned a separate premium rate for non-exempt partners and executive officers in construction, ~~see~~ refer to 14-01-01, The Classification Structure.

If an employer's non-exempt partner and executive officer in construction ~~6~~six-digit classification code is closed, it is not transferred to another component of their operations. As a result, its claims experience and insurable earnings do not impact the premium rates of its other components.

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.

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.

Premium rate calculation

If two or more corporations merge or amalgamate, a premium rate is calculated for them based on their combined claims experience, insurable earnings and prior year premium rates. It is then applied from the effective date of the merger or amalgamation. ~~The Premium Rate Setting Administrative Practice Document provides further information on this topic.~~

~~A premium rate is also calculated in the manner described above when two or more employers become associated or an employer is no longer eligible for multiple premium rates.~~

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, 2027~~5~~.

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References
Legislative authority
Workplace Safety and Insurance Act, 1997~~, as amended~~
Sections 74, 76, 77, 79, 81.1, 83, 135, 151(2)

Approval
~~Approved by the President and CEO on July 15, 2024.~~