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STAFF REPORT: Finance & IT Services



REPORT TO: Council
MEETING DATE: October 29, 2012
REPORT NO.: FIT.12.69
SUBJECT: WSIB Mandatory Coverage in Construction
PREPARED BY: Sherri Adams, CPPB
 Manager of Purchasing

A. Recommendations

THAT Council receive Staff Report FIT.12.69 “WSIB Mandatory Coverage in Construction” for information purposes.

B. Background

The Ontario government has expanded the law regarding WSIB coverage in the construction sector. The new rules begin January 2013. WSIB coverage will become mandatory for the following people who work in construction:

- independent operators,
- sole proprietors,
- partners in partnerships and
- executive officers in corporations.

WSIB has begun a pre-registration process for construction businesses to assist them with compliancy with the January 1, 2013 date.

WSIB ensures compliance with legislation through site inspections, accident investigations and Workwell audits.

Purchasing staff at Grey County have been directed to provide an information report to Council on this legislated change and to coordinate a Press Release to ensure the vendor community is aware of this change and the County’s requirement for same.

To comply with the legislation changes, the Town will be proceeding to the public in a process similar to the County.

WSIB will be providing public information sessions at the County and the Town on November 15, 2012.

C. The Blue Mountains’ Strategic Plan

Provide a strong, well managed municipal government

D. Environmental Impacts

None

E. Financial Impact

Non Compliance with WSIB legislation exposes the Town to potential cost increases on the Town's own WSIB program.

F. In Consultation With

Senior Management Team
Sarah Hills, Health & Safety Coordinator
Sharon Melville, Buyer, County of Grey

G. Attached

1. WSIB FAQ – Mandatory Coverage in Construction

Respectfully submitted,

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Manager of Purchasing

Robert Cummings, CMA
Director of Finance & IT Services

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FAQ - Mandatory Coverage in Construction

- [What is mandatory coverage in construction all about?](#)
- [Who does the law affect?](#)
- [Are there any exemptions?](#)
- [I am a sole proprietor, executive officer in a corporation or partner in a partnership in construction. I have workers and am already registered as an employer. How does the new law affect me?](#)
- [I am an independent operator in construction. I now have WSIB's optional insurance. What do I have to do?](#)
- [When is the mandatory coverage change effective?](#)
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- [What coverage will I get from WSIB that is different from private insurance?](#)
- [How much will coverage with the WSIB cost?](#)
- [Who is an independent operator?](#)
- [What if my business has multiple rates and at least one is a construction rate?](#)
- [How do the new rules affect WSIB clearance certificates?](#)

Q. What is mandatory coverage in construction all about?

A. The Ontario government has changed the law to expand coverage in the construction sector. The new rules begin January 2013. WSIB coverage will become mandatory for the following people who work in construction:

- independent operators,
- sole proprietors,
- partners in partnerships and
- executive officers in corporations.

Q. Who does the law affect?

A. The law makes changes mostly for independent operators, sole proprietors, executive officers in a corporation and partners in partnerships. Most of these people will now have to [register with the WSIB](#) to get coverage by January 1, 2013 unless they are exempt.

As well, principals who hire contractors/subcontractors must require a WSIB clearance from them before any construction work can begin.

The law does not change for people who work as employees of construction related firms.

Q. Are there any exemptions?

A. Yes. There are two types of exemption. One exemption is for home renovators who work exclusively in home renovation and:

- do not employ workers
- work directly for the homeowner
- are paid directly by the homeowner

The second exemption is for:

- corporations and partnerships with workers
- corporations without workers but with multiple executive officers
- partnerships without workers

Here, the business may select one executive officer or partner to apply for an exemption. To qualify, the individual must not perform any construction work (periodic site visits are permitted). Only one person per company can be exempt.

For specific criteria for exemptions, see [Policy 12-01-06](#) (16.8kb, PDF).

Q. I am a sole proprietor, executive officer in a corporation or partner in a partnership in construction. I have workers and am already registered as an employer. How does the new law affect me?

A. If you are already registered you must begin to include your own insurable earnings with your workers' earnings when you report premiums. Read details on insurable earnings in [Policy 14-02-18](#) (18.8kb, PDF).

Q. I am an independent operator in construction. I now have WSIB's optional insurance. What do I have to do?

A. WSIB will cancel your optional insurance effective December 31, 2012. You will begin to report your actual earnings in 2013. In the next few months, we will send you a letter with further details.

If you are an independent operator and ONLY work in home renovation, please read the question "Are there any exemptions" to see if you qualify. For more details on home renovation exemption, see [Policy 12-01-06](#) (16.8kb, PDF).

Q. When is the mandatory coverage change effective?

A. January 1, 2013 is the effective date. In 2012, we will run an ongoing education campaign to help the construction industry learn about the new rules.

Q. What will happen if I do not register or get a clearance?

A. You could miss work. The change to the law requires principals to get a clearance from you before any work starts. If you do not have a clearance, the principal may refuse you entry to the jobsite until you have one. To qualify for a clearance, you must register and pay your premiums on time. You can [pre-register now](#).

Q. I already have private insurance. Why do I have to have coverage from WSIB?

A. The Government of Ontario changed the law to:

- improve health and safety
- level the playing field and
- help combat the underground economy in the construction sector.

Q. What coverage will I get from WSIB that is different from private insurance?

A. We provide a competitive, but different no-fault insurance product that protects you from costly lawsuits and has predictable rates, tax-deductible premiums and reliable benefits.

Benefits paid by the WSIB can be more comprehensive and cover a broader range of services than those included in most private insurance policies.

Examples:

- WSIB pays up to 85% net wage loss
- Benefits include Loss of Retirement Income paid to injured workers from age 65
- Special allowances paid to severely impaired workers including Independent Living Allowance
- Work reintegration and retraining services if needed

- All necessary and appropriate health care costs are covered
- Survivor benefits can include lump sum and monthly awards for spouses and dependent children and all reasonable expenses paid for funeral and burial services

Q. How much will coverage with the WSIB cost?

A. The cost of coverage depends on earnings. Details and worksheets to help you calculate the cost will be online this fall. [Policy 14-02-18](#) (18.8kb, PDF), Insurable Earnings in Construction, provides more detail.

Q. Who is an independent operator?

A. The law says an independent operator in construction means an individual who:

- does not employ any workers, **and**
- reports as self-employed to a government agency (e.g., Canada Revenue Agency), **and**
- works a contractor **or** subcontractor for more than one person during an eighteen (18) month period. See [Policy 12-01-06](#) (16.8kb, PDF) Expanded Coverage in Construction.

Q. What if my business has multiple rates and at least one is a construction rate?

A. Mandatory coverage rules apply to any business involved in construction that has a [construction rate](#). To be sure, we encourage you to contact us to review your specific circumstances.

Q. How do the new rules affect WSIB clearance certificates?

A. Both the principal and the contractor/subcontractor will have obligations for clearances starting January 1, 2013:

- Principals must require contractors/subcontractors to provide clearances before beginning any construction work.
- Contractors must have WSIB coverage, report and pay their premiums on time so they are eligible for a clearance.

As well, the current law still applies. If you now have an obligation to register, report, and pay premiums, this continues. Charges and interest still apply when you do not obey the law.

More questions?

We're here to help. Call us Monday to Friday, 7:30 a.m. to 5:00 p.m.

Toronto: 416-344-1000 or **Toll Free:** 1-800-387-0750

Select option "3" to connect with the Employer Service Centre