

## Your responsibilities for contractors and subcontractors

If you hire contractors or subcontractors, you are responsible for their workers' compensation insurance unless:

- they have their own valid WCB-Alberta account
- they are operating as a corporation
- they are performing the work as:
  - an employer in that industry
  - a worker of another employer
  - a director of a corporation
  - a proprietor with personal coverage
  - a partner in a partnership with personal coverage

If a contractor or subcontractor is hired without WCB-Alberta coverage you are held responsible for that worker. Holding you responsible for unpaid premiums ensures the WCB-Alberta insurance fund is maintained at a sufficient level to pay worker benefits. Using clearances ensures each employer contributes their fair share.

Some of your contractors or subcontractors may not have workers' compensation insurance. If you do not cover them and such individuals are injured, ***you are not protected from lawsuit by them.*** This applies to the following contractors or subcontractors:

- employers who have a WCB-Alberta account for their workers, but who do not have personal coverage
- partners in a partnership where the partnership has a WCB-Alberta account for its workers, but one or more of the partners does not have personal coverage
- directors of corporations who do not have personal coverage

***Deductions made by an employer from a worker's earnings expressly to pay for any portion of a premium owed to WCB-Alberta are illegal under Section 139 of the Workers' Compensation Act.***

You can reference the *Alberta Workers' Compensation Act* at:  
<http://www.wcb.ab.ca/public/policy/legislation.asp>

### Clearance certificates

A clearance certificate is a letter from WCB-Alberta advising you if a contractor or subcontractor has a WCB-Alberta account and if that account is in good standing. The certificate clears you of your liability for them should they default on their premium payment as per Section 126 of the Act. It also authorizes you to release final payment on a specified contract. For more information see the [Clearance certificate fact sheet](#).

### Insuring contractors/subcontractors

Your responsibility for insuring contractors and subcontractors depends on their status. Use the table on the following page to determine whether you must provide coverage.

Contractor/subcontractor types	Contractor/subcontractor status	Your responsibility
<b>Not Incorporated</b> Proprietors, partners, trade names	Without Accounts	You must provide coverage for these contractors/subcontractors. Report the labour portion of their earnings as insurable earnings. For mobile industrial equipment owner-operators, use the following to determine the labour portion: Welding - 50% of contract Trucks and heavy equipment - 25% of contract
	With Accounts	You do not provide coverage for these contractors/subcontractors. You may, however, be liable for any of their unpaid premiums. To ensure their premiums have been paid, obtain a clearance certificate from WCB-Alberta. Hold final payment until you receive the clearance.
<b>Corporations</b>	Without Accounts	You do not provide coverage for these contractors/subcontractors. If the directors do not have Personal Coverage, your business is not protected from lawsuit in the event they are injured.. Request a clearance to check if an account has recently been established prior to releasing final payment.
	With Accounts	You do not provide coverage for these contractors/subcontractors. You may, however, be liable for any of their unpaid premiums. If the directors do not have Personal Coverage, your business is not protected from lawsuit in the event they are injured. To ensure the premiums have been paid, obtain a clearance from WCB-Alberta. Hold final payment until you receive the clearance.