

# PRINCIPLES OF ALBERTA WORKERS' COMPENSATION

The principles contained in Sir William Meredith's 1913 *Final Report* (see Appendix C) are the foundation of workers' compensation in Alberta. Since 1913, these principles have evolved to reflect changing conditions. The principles are intended to be a "living document" and will continue to evolve as circumstances necessitate.

Today, the Workers' Compensation Board - Alberta operates according to the following principles<sup>♦</sup>, **which apply to all workers and employers protected by the *Alberta Workers' Compensation Act***. These principles provide direction to management in the development of policy and establish a frame of reference for the Board of Directors for policy decision-making. The principles also provide staff, management, our clients and the general public with guidance on the interpretation and application of policy. The principles are intended to provide the "why" or philosophical basis behind the policies. The articulation of principles provides transparency and points of reference for all stakeholders so that policy decisions of the Board of Directors can be better understood.

## SYSTEM

### 1. Exclusive Jurisdiction

The WCB should strike the right balance between affording choice to workers and employers in areas where choice is in their best interests, but in matters where the WCB has expertise or where choice may not be in the best interests, the WCB should exercise exclusive jurisdiction.

### 2. No Fault

The WCB assumes liability for the injury in work-related circumstances despite the presence of fault on the part of a worker or employer. The WCB's determination of what is "work-related" must appear reasonable to an ordinary, clear-thinking person. The worker's compensation system should also encourage individual and employer accountability in other ways.

### 3. Protection from Lawsuit

Protection from lawsuit should apply in situations where the activities causing the injury are part of the employer's normal insured activities, based on a reasonable person test, and operate to displace any tort remedy for that injury.

### 4. Employer Pays

Employers are expected to pay the full cost of the system.

### 5. Neutral Administrator

The WCB is a neutral and autonomous administrator of the workers' compensation system and strives to balance the interests of workers and employers by providing fair compensation at a fair price.

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<sup>♦</sup> These principles were approved by the Board of Directors on December 11, 2001 (BoD Resolution 2001/11/57)

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## 6. Appeals Process

The appeals process should be fair, impartial, independent and accessible. Appeals issues should be resolved as early as possible in the process.

## 7. Incident Prevention

Both the benefit and premium structure should promote incident prevention and reduce risk of loss.

## FINANCIAL/PREMIUM

### 8. Balance Between Collective Liability and Individual Accountability

The premium structure should reflect a balance between collective liability and individual employer accountability. Collective liability maintains insurance protection by spreading the costs of workers' compensation across all employers. Employer premiums should contribute to collective liability and also be reflective of their accident experience to promote accident prevention and disability management.

### 9. Full Funding

There should be sufficient funds on hand to meet present and future liabilities incurred along with a provision for reasonable reserves. Rates should not fluctuate wildly from year to year.

## BENEFIT

### 10. Work-Relatedness

The WCB determines which part of the injury or illness is caused by work and compensates for that part.

### 11. Employability not Employment

The system should strive to restore an injured worker, through rehabilitation, to a state of pre-accident employability, not employment.

### 12. Retrospective Earnings

The worker's historical earnings (up to a prescribed maximum) form the basis of the compensation rate, which is a percentage of the earnings, recognizing the normal deductions that worker would pay and encouraging return-to-work. Compensation is based on provable information, not speculation. It recognizes "What was", not "What could be".

### 13. Health Care

The WCB decides the nature, sufficiency and cost of health care, bearing in mind individual needs and system well-being.

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## 14. Quality of Life

The WCB should take reasonable measures to maintain a reasonable quality of life for a severely injured worker where the worker has not otherwise been compensated.

## 15. Survivor Benefits

Survivor benefits should make reasonable provision for the spouse\*\* and any dependent children of the deceased worker.

\*\* As a result of the *Adult Interdependent Relations Act*, benefits available to spouses may also be available to adult interdependent partners as defined by the *AIR Act*.