

**Alberta WCB
Policies &
Information**

Chapter:
**INSURANCE COVERAGE FOR WORKERS &
EMPLOYERS**

Subject:
PREMIUMS

Authorization: **BoD Resolution 2013/08/28** Date: **October 31, 2013**

APPLICATION 4: – INSURABLE EARNINGS

1. *What earnings are insurable for WCB purposes?*

For WCB purposes, insurable earnings include:

- wages
- salaries
- commissions
- the labour portion of contract earnings
- bonuses
- holiday pay
- recorded tips and gratuities
- pay in lieu of notice
- a value of service
- taxable benefits
- earnings paid to workers participating in WCB’s Vocational Rehabilitation Training on the Job Program
- any other remuneration or allowance WCB determines is insurable

These amounts are insurable to the annual maximum earnings amount per worker determined by the Board of Directors, regardless of the period of time that the worker was engaged during the year (see Appendix F).

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2. *What is a value of service and why is it used by WCB?*

A value of service is the reasonable value for work or service provided by a worker who is unpaid, or who receives token remuneration. It provides a basis for determining premiums for covering unpaid workers.

Employers must report this value of service to WCB for all unpaid workers. Employers who have an approved application to cover volunteers, must report insurable earnings that reflect a reasonable value of service rendered by the volunteer workers. For information on how WCB establishes compensation rates for unpaid workers and volunteers, see Policy 04-01, Part II, Application 2.

Each employer who exchanges labour with others must report a reasonable value for the labour exchanged (see Policy 06-01, Employers & Workers).

If, in WCB’s opinion, the amount reported is not reasonable, it will use an amount based on the usual rate of pay for similar work.

3. *How does WCB determine the insurable amount for contractors, subcontractors, and other deemed workers?*

When individuals perform contract or subcontract work for a principal and are deemed to be workers of their principal under s.16 of the Act, or by direction of WCB, the principal is required to pay a premium based on the labour portion of the contract, determined as follows:

- 100% of the total contract or subcontract price when only labour is supplied
- 50% of the total contract or subcontract price if a portable welder and operator is supplied
- 25% of the total contract or subcontract price when an operator is supplied with equipment such as trucks or backhoes

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*Insurable amount for
contractors, subcontractors,
and other deemed workers
(continued)*

- other percentages established by WCB or that can be substantiated by the employer, subject to WCB approval.

Insurable earnings for deemed workers are generally reportable from the date workers commence. However, insurable earnings for individuals deemed workers by direction or Order of WCB are reportable from the later of the effective date of the direction or Order or the date the work commenced.

For additional information, please see Application 5, Reporting Requirements and Policy 06-01, Employers & Workers.

4. *How are insurable earnings determined for volunteer firefighters and ambulance attendants?*

Insurable earnings for volunteer firefighters and ambulance attendants are determined by:

- the amount, if any, paid to each firefighter for attendance at fires, drills, training, and meetings
- the amount (if any) paid to ambulance attendants for services performed, and
- any other form of remuneration paid by the municipality, county, improvement district, or special area.

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- 5. *What portion of earnings for school teachers, principals and vice-principals must be reported to WCB?* The earnings of principals and vice-principals attributable to administrative duties must be reported, as they are covered under the Act while performing these. As teachers are not normally covered unless they are teaching courses in industrial education or home economics, only the portion of their earnings attributable to teaching these courses are reportable (see Policy 06-01, Employers & Workers).

When optional coverage is in effect to cover teachers, principals and vice principals while teaching other courses, their total gross earnings are reportable up to the maximum earnings amount specified by the Board of Directors (see Appendix F). This applies to teachers, principals and vice principals of private schools and colleges which require optional coverage for all workers (see Policy 06-02, Optional Coverage).
- 6. *How are insurable earnings determined for school trustees and municipal councilors?* When optional coverage is in effect for school trustees and municipal councilors, all earnings received for their services are insurable (see Policy 06-01, Employers & Workers). When they are paid only a token honorarium, a reasonable value of service is required.
- 7. *How are insurable earnings determined for workers of a trade union?* When WCB has approved optional coverage for a trade union, all earnings of trade union employees and elected officials paid to them by the union are insurable.

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8. *What earnings are not insurable?*

The following forms of remuneration are not insurable:

- assignment of compensation benefits (when the employer pays the worker and is reimbursed by WCB)
- severance pay based on length of service
- separation pay to assist a worker to find other work
- dividends paid to shareholders of a corporation
- shareholders' loans repaid by a corporation
- reimbursement of actual travel, board, lodging and meal expenses
- earnings of directors of corporations or societies who are acting in the capacity of directors
- earnings of partners in partnerships and proprietors with personal coverage in effect
- earnings of employers when working in the capacity of an employer
- earnings of members of associations, boards, authorities, commissions or foundations when working in the capacity as such members.

9. *When is this policy application effective?*

This policy application (Application 4 – Insurable Earnings) is effective January 1, 2014 except when noted otherwise in a specific policy section(s).

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