

**Alberta WCB
Policies &
Information**

Chapter:

**INSURANCE COVERAGE FOR WORKERS AND
EMPLOYERS**

Subject:

EMPLOYERS AND WORKERS

Authorization:

BoD Resolution 98/03/13

Date:

March 24, 1998

APPLICATION 4: PRINCIPALS, CONTRACTORS, AND SUBCONTRACTORS

- 1. *Who does WCB consider to be a principal?***

A principal is a person or a business entity that hires a contractor to perform work or services.
- 2. *Who does WCB consider to be a contractor or subcontractor?***

A contractor is a person who contracts to do work for another. A contractor contracts directly with the principal. A subcontractor contracts with a contractor.
- 3. *When are contractors and subcontractors deemed to be workers of their principal?***

Contractors or subcontractors who perform work for any principal in an industry to which this WCA applies are deemed to be workers of their principals except when the person performing the work, whether by way of manual labour or otherwise, is:

 - the worker of another employer
 - an employer and is performing the work as part of the business of the employer
 - a director of a corporation and is performing the work as part of the business of the corporation
 - a proprietor with personal coverage when providing a service in the industry for which personal coverage is in effect. A proprietor who is not performing the work for the principal as part of the business of the proprietorship is a deemed worker of the principal (see Application 2, Questions 7 and 8)
 - a partner in a partnership who:
 - employs workers, or
 - who has personal coverage and is providing a service in the industry for which personal coverage is in effect,and is performing the work as part of the business of the partnership.

This policy question is effective May 21, 2002

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subcontractors deemed
workers of their principals
(continued)*

A partner who does not employ any other workers and does not perform the work for the principal as part of the business of the partnership is a deemed worker of the principal (see Application 2, Question 13).

4. *How can principals obtain coverage for individuals who are not otherwise considered their workers?*

Principals may submit a written application to WCB requesting that specific classes of persons performing work for them be deemed their workers. The principal is responsible for paying all premiums, and is accountable for all claim costs incurred.

5. *Is a written application for a deeming order always required?*

No. Under s.14(3) of the WCA, WCB may, on its own initiative, deem any individuals or classes of persons to be workers of a principal.

6. *What is pooling of labour?*

For WCB purposes, "pooling of labour" means one or more individuals combining or contributing their labour, services, or work toward the completion of a labour contract.

7. *What is a labour contract?*

In this policy, a "labour contract" means an agreement, written or verbal, in which an individual agrees with a principal to provide labour, services, or work towards a specific project of limited duration. Typically, one or more of the persons contributing the labour, services, or work do so for more than one principal.

8. *Are individuals who pool their labour deemed workers of their principal?*

Yes. When two or more persons pool their labour to carry out a labour contract in an industry to which the WCA applies, these individuals are deemed to be workers of the same principal under s.1(1)(z)(iii) of the WCA (see Application 2, Question 13).

The individual who obtains the contract with the principal may engage helpers on a casual or intermittent basis, be the only one paid by that principal, and, in turn, pay the helpers.

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*Individuals who pool their
labour deemed workers of
their principal (continued)*

This does not alter the fact that the individual who engages the helpers, and the helpers themselves, are deemed workers of that principal.

This applies regardless of:

- which person secures the labour contract from the principal,
- which person actually receives payment from the principal, and
- whether or not any of the persons pooling their labour supply a vehicle, tools, or incidental materials.

**9. *When is this policy
application effective?***

This policy application (Application 4 – Principals, Contractors, and Subcontractors) is effective June 1, 1998, except when noted otherwise in a specific policy section(s).

Previous versions

- [Policy 0601 Part II - August 2015](#)
- [Policy 0601 Part II - May 2006](#)
- [Policy 0601 Part II - January 2004](#)
- [Policy 0601 Part II - June 2002](#)
- [Policy 0601 Part II - January 2002](#)
- [Policy 0601 Part II - July 1999](#)
- [Policy 0601 Part II \(consolidated manual 1st Issue\) - June 1998](#)