

**Alberta WCB
Policies &
Information**

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

Subject:
OPTIONAL COVERAGE

Authorization:
BoD Resolution 2020/01/02

Date:
January 28, 2020

APPLICATION 2: PERSONAL COVERAGE

1. *What does personal coverage do and how long does it remain in effect?*

Personal coverage is workers' compensation insurance available for individuals who employ workers or who are:

- proprietors,
- partners in a partnership,
- directors of a corporation or society, or
- members of an association, board, authority, commission, or foundation.

Personal coverage protects the individual only while working in the industry for which coverage was approved. It remains in effect until the individual with personal coverage requests that the coverage be terminated, or until WCB terminates it.

For the purposes of s.114 of the WCA, individuals with personal coverage cannot direct themselves to do other work that is not in an industry to which the WCA applies.

WCB will not approve an application for personal coverage if the individual is responsible for paying the premium on any account which is in arrears (see Policy 06-03, Part II, Application 3).

See Policy 06-01, Part II, Application 2, Question 2, for how WCB determines an individual's status as either a worker or a business owner.

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2. *How much personal coverage can an individual buy?*

Eligible individuals can buy personal coverage for any amount between the yearly minimum and maximum (see Appendix F). If the purchased amount is more than the Guaranteed Coverage amount (see Question 4), individuals must be able to prove that their actual annual gross earnings* are the same as, or more than, the purchased amount.

Usually, WCB does not ask for proof of earnings when someone applies for personal coverage. Proof of earnings is required if the person is injured and files a WCB claim.

Individuals who buy personal coverage for an amount higher than the Guaranteed Coverage amount and who cannot confirm their earnings will not be reimbursed for the extra premium paid.

- * Gross earnings are not the same as gross income. To determine gross earnings, WCB normally deducts the business expenses from gross income and may require Canada Revenue Agency information to confirm the personal income amount. Owner-operators (see Glossary) are an exception to this general rule. Note: dividends may be considered earnings for directors when they are paid in lieu of salary (see Question 3).

For information about how WCB calculates compensation for injured workers with personal coverage, see Policy 04-01, Part II, Application 2, Question 2. For owner-operators, see Question 3 of the same policy.

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3. *When are dividends considered earnings for personal coverage holders?*

Dividends may be considered as earnings when they are paid in lieu of salary, as remuneration for work performed in the company.

Dividends are not considered earnings when they are a general allocation of the company’s undistributed profits to shareholders.

See Policy 06-03, Part II, Application 4, and Policy 04-01, Part II, Application 2.

4. *What is the Guaranteed Coverage amount and how is it determined?*

The Guaranteed Coverage amount is an amount that WCB deems as representative of an applicant’s annual gross earnings. The amount may be different for different industries.

The Guaranteed Coverage amount is based on WCB’s determination of the annual gross earnings of similarly employed workers. WCB uses earnings information from external wage sources and its own records to determine average earnings in an industry.

If WCB has not set a Guaranteed Coverage amount for an industry, the minimum personal coverage amount is the Guaranteed Coverage amount for that industry. This may happen when, for example, average earnings in a particular industry do not differ significantly from the minimum personal coverage amount. It may also happen if there are wide fluctuations in earnings or insufficient data to determine a representative amount.

Guaranteed Coverage amounts are reviewed periodically by WCB and reported to the Board of Directors.

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5. *Can individuals change or end their personal coverage?* Yes. An individual or the individual’s agent may request a change in the amount of personal coverage at any time. The individual or individual’s agent may also end the personal coverage at any time. The change or ending of personal coverage:

- becomes effective the date WCB receives a request, and
- must be within the established limits.

6. *Does personal coverage protect an individual who works in more than one industry?* When personal coverage is in effect, it only covers the individual while working in the industry or industries for which it was approved. Individuals who are active in more than one industry and/or more than one entity have two options:

1. The individual can split their personal coverage between industries, based on the percentage of working time spent in each.

When an individual splits coverage between two or more industries with different Guaranteed Coverage amounts (see Questions 2 and 4), the lowest Guaranteed Coverage amount is used.

2. The individual can extend their coverage to all their operations. If this option is chosen, the personal coverage premium will be assessed using the industry where the majority of their work is undertaken. If that industry cannot be determined, premiums will be assessed at the higher-rated industry in which the individual operates.

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*More than one industry
(continued)*

When an individual extends their coverage between two or more industries with different Guaranteed Coverage amounts (see Questions 2 and 4), the highest Guaranteed Coverage amount is used.

7. *In what circumstances will WCB end an individual's personal coverage?*

WCB may end personal coverage:

- when there are outstanding premiums on any account which the individual is responsible for paying, in which case coverage will end effective the date of notice
- when the personal coverage holder's status changes (see Question 8)
- in any other instances WCB determines personal coverage should end.

8. *When does personal coverage end due to a change of status?*

Personal coverage ends when the individual who has personal coverage is:

- a partner who leaves a partnership,
- a director of a corporation or society who ceases to be a director, or
- a member of an authority, commission, board, or foundation who ceases to be a member.

Coverage ends effective the date of the change in status.

In each case, the employer must advise WCB to end the personal coverage.

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9. *Can an employer in an exempt industry apply for personal coverage?*

Yes, an employer in an exempt industry may apply for personal coverage. However, the application must be made at the same time or after coverage has been approved by WCB for the employer’s business (see Application 1).

10. *Are there any arrangements for individuals with personal coverage to split coverage with other jurisdictions?*

WCB-Alberta has a special agreement with Saskatchewan that allows personal coverage to be split between the two provinces for individuals working in similar industries. This ensures the individual pays for and has coverage in each province based on the amount of time spent working in each. The total amount of coverage must not be less than the minimum amount of coverage established by WCB-Alberta.

Except in the situation above, when an individual with personal coverage is injured while working in a jurisdiction other than Alberta, the claimant must meet the conditions set out in s.28(1) of the WCA in order to be eligible for benefits in Alberta (see Policy 06-01, *Employers and Workers*).

11. *When is this policy application effective?*

This policy application (Application 2 – Personal Coverage) is effective April 1, 2020, except when noted otherwise in a specific policy section(s).

[Document History](#)

Previous versions

- [Policy 0602 Part II - April 2020](#)
- [Policy 0602 Part II - April 2018](#)
- [Policy 0602 Part II - August 2015](#)

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- [Policy 0602 Part II - December 2014](#)
- [Policy 0602 Part II - January 2014](#)
- [Policy 0602 Part II - May 2006](#)
- [Policy 0602 Part II - January 2004](#)
- [Policy 0602 Part II - June 2002](#)
- [Policy 0602 Part II - January 2002](#)
- [Policy 0602 Part II - June 2001](#)
- [Policy 0602 Part II - February 1999](#)
- [Policy 0602 Part II \(consolidated manual 1st Issue\) - June 1998](#)