

**POLICY NUMBER: POL-125**

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**Chapter:**  
**EMPLOYER SERVICES**

**Subject:**  
**OPTIONAL COVERAGE**

**Effective Date:**  
**September 22, 2005**

**Last Update:**  
**July 24, 2019**

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**PURPOSE STATEMENT:**

The purpose of this policy is to explain how independent operators and employers who are not required to have workers compensation coverage may obtain optional coverage.

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**REFERENCE:**

*Workers Compensation Act* R.S.P.E.I.1988, Cap. W-7.1, Sections 2, 4  
*Workers Compensation Act* R.S.P.E.I.1988, Cap. W-7.1, General Regulations. Sections 2, 3  
*Workers Compensation Board Policy, POL-14, Assessable Payroll and Assessment Billing*

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**DEFINITION:**

In this policy:

“Independent operator” means an individual, who is neither an employer nor a worker, who is self-employed and does not have employees. An independent contractor is an independent operator.

“Optional coverage” means optional workers compensation coverage available for employers who are engaged in an industry excluded from the application of the *Workers Compensation Act* or for independent operators.

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**POLICY:**

1. Employers engaged in an industry identified as excluded from the application of the *Workers Compensation Act* and independent operators are not required to register with the Workers Compensation Board.
2. Employers engaged in an industry identified as excluded from the application of the *Workers Compensation Act* and independent operators may be eligible for optional coverage.

**Application for Optional Coverage**

3. Employers engaged in an industry identified as excluded from the application of the *Workers Compensation Act* or independent operators who wish to be considered by the Workers Compensation Board for optional coverage must complete an Employer Registration Form.

Information pertaining to business operations must be provided, including but not limited to:

- Business demographics (i.e. name, business name, mailing address, etc.);
- Description of business activities;
- Names and position titles of proprietors, partners, directors, and officers;
- An estimate of assessable payroll, for the current calendar year.

The types of remuneration included in assessable payroll are described in Workers Compensation Board policy, POL-14, Assessable Payroll and Assessment Billing.

4. Decisions of the Workers Compensation Board related to applications for optional coverage will be communicated in writing.

**Conditions of Optional Coverage**

5. When an application for optional coverage is approved, applicants have the same rights and obligations as employers within the scope of the *Workers Compensation Act*.
6. If it is determined that an applicant is not in compliance with employer obligations under the *Workers Compensation Act*, the Workers Compensation Board may deny or terminate coverage.

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7. Optional coverage is effective from the date of approval by the Workers Compensation Board or on a later date, if requested by the applicant.
8. Billing for optional coverage is processed pursuant to Workers Compensation Board policy, POL-14, Assessable Payroll and Assessment Billing.

**Renewal of Optional Coverage**

9. Optional coverage does not automatically renew each year. Employers renewing optional coverage must submit their Employer Registration Renewal Form to the Workers Compensation Board each year to obtain coverage. All optional coverage renewals must be paid no later than February 28 of each year. To ensure continuity of coverage, workers compensation claims filed in a new calendar year prior to the renewal deadline will be processed as if coverage had been renewed for that year.

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**HISTORY:**

July 24, 2019 - Non-substantive changes to policy references.

January 18, 2018 - Amended to ensure continuity of workers compensation coverage prior to the registration renewal deadline. Non-substantive changes for clarity and consistency with other Workers Compensation Board policies.

April 29, 2010 - The policy was updated as a result of the 60 month policy review process.

Board of Directors Approval Date: September 22, 2005