

POLICY NUMBER: POL-15

Chapter:
EMPLOYER SERVICES

Subject:
CLEARANCE CERTIFICATION

Effective Date:
November 15, 1994

Last Update:
August 21, 2014

REFERENCE:

Workers Compensation Act R.S.P.E.I. 1988, Cap. W-7.1, Sections 30(1), 76.

DEFINITION:

POLICY:

1. A clearance letter is written confirmation from the Workers Compensation Board that an employer's account is in good standing with the Workers Compensation Board.
 2. The Workers Compensation Board considers an employer to be in good standing when all of the following conditions have been met:
 - the employer is registered with the Workers Compensation Board;
 - the employer has fulfilled all payroll reporting requirements; and
 - the employer has paid all premiums to date and does not have an outstanding account balance with the Workers Compensation Board.
 3. The benefits of requesting a clearance letter include the following:
 - to minimize liability for outstanding assessments owed to the Workers Compensation Board by the current owner of a business, during a change of
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- ownership;
 - for a principal, to minimize liability for outstanding assessments owed to the Workers Compensation Board by a subcontractor or contractor.
 - for proof of workers compensation coverage.
4. By issuing a clearance letter, the Workers Compensation Board waives its right to hold the principal liable for outstanding assessments owed by a subcontractor or contractor to the Workers Compensation Board, for the period of time stated in the clearance letter.
5. Where the employer is not in good standing, the Workers Compensation Board may consider the following factors when deciding whether to issue a clearance letter:
- the employer has demonstrated an acceptable record of registration compliance and payment history with the Workers Compensation Board;
 - the employer has a deferred payment arrangement in place with the Workers Compensation Board and is meeting the commitments of the arrangement.
6. Where an employer is not in good standing, the Workers Compensation Board will provide written confirmation to the person making the request that the employer is not in good standing.

HISTORY:

August 21, 2014 - The policy was updated to provide clarity about clearance certificates and the consequences of not requesting a clearance letter when hiring a subcontractor or contractor. The name was changed from "Clearance Certificate" to "Clearance Certification".

March 30, 2006 - The policy was updated as a result of the 60 month policy review process. The name of the policy was changed from "Clearances Letters Of Good Standing" to "Clearance Certificate".

May 18, 2000 - Replaced "Board" with "Workers Compensation Board" and amended format.

February 4, 1999 - Reviewed and reaffirmed with the Board of Directors.

Board of Directors Approval Date: November 15, 1994
