

**POLICY NUMBER: POL-39**

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

**Subject:**  
**TRANSFER OF EMPLOYER COST EXPERIENCE**

**Effective Date:**  
**December 22, 1994**

**Last Update:**  
**April 25, 2013**

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**REFERENCE:**

*Workers Compensation Act R.S.P.E.I.1988, Cap. W-7.1, Section 63.*

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**DEFINITION:**

In this policy:

“Cost experience” means claim costs assigned to an employer account over a designated period of time.

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**POLICY:**

1. The Workers Compensation Board will transfer the cost experience from the original employer account to a new or existing employer’s account in the following situations:
    - i) the assets of the original employer are sold to a new or existing employer and there is continuity in the business operations and the workers employed;
    - ii) the owners of a business incorporate a new company for the purpose of carrying on the existing business activities;
    - iii) there is a change in the composition of a partnership, but the business activities remain the same.
  
  2. The Workers Compensation Board will not transfer the cost experience from the original
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employer's account to a new or existing employer's account in the following situations:

- i) the assets of a business are sold to a new or existing employer and there is no continuity in the business operations and the workers employed;
  - ii) a receiver or trustee is appointed to manage the business activities of an employer;
  - iii) a new employer account is established for an employer for a business activity in an industry that is not part of the experience rating system.
3. Where there is a sale or transfer of shares of an incorporated company, the existing employer account, including its cost experience, will be maintained as the same business remains in operation.
  4. The assessment rate charged to an employer's account will be calculated as outlined in Workers Compensation Board policy, POL-23, "Setting Assessment Rates". The calculation of the assessment rate will include all transferred cost experience.

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**HISTORY:**

April 25, 2013 - Amended to clarify situations when the Workers Compensation Board will transfer cost experience.

June 22, 2006 - The policy was updated as a result of the 60 month policy review process.

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: December 22, 1994