

## OPTIONAL INSURANCE

### What Is Optional Insurance?

Individuals who are not automatically entitled to benefits under the *Workplace Safety and Insurance Act, 1997*, (WSIA/Act) but who are deemed, upon application to the Workplace Safety and Insurance Board (WSIB), to be workers to whom the insurance plan applies, are said to have optional insurance. Optional insurance was previously called personal coverage. For more information on deemed workers, see OWA Fact Sheet 32 called “Who Is Covered by the Act?”.

### Who Is Eligible for Optional Insurance?

The following people can apply for optional insurance:

- executive officers of a corporation
- independent operators  
(If it is unclear whether you are an independent operator or a worker, WSIB will use the organizational test. See OWA Fact Sheet 33 called “Organizational Test for Workers”.)
- sole proprietors
- a partner in a partnership

### What Happens When You Buy Optional Insurance?

When you buy optional insurance, you are then considered a worker under the Act and receive the same coverage as workers. See OWA Fact Sheet 2 called “Workplace Insurance: The Basics”.

Like other workers, you give up the right to sue. You may want to consult your financial or legal adviser before purchasing optional insurance. If you have questions about whether to purchase optional insurance, you may contact the Office of the Employer Adviser (OEA) toll-free at 1-800-387-0774 or (416) 327-0020 in Toronto. You can also visit the OEA website at: <http://www.employeradviser.ca>.

### How Do You Get Optional Insurance?

To apply for optional insurance:

- Fill out an Optional Insurance Request/Change Form (1574A). You can get this form on the WSIB website at [www.wsib.on.ca](http://www.wsib.on.ca) or you can phone WSIB toll-free at 1-800-387-0750 or (416) 344-1000 in Toronto. This form must be signed by you or, if you are an executive officer, by an authorized officer of the company. If the form is not signed, WSIB treats it as if there is no optional insurance in place and you would be denied benefits.
- Request the amount of insurance that best reflects your annual insurable earnings up to the maximum and submit proof of earnings (see below: “How Much Coverage Can You Get?”). Benefits are based on the amount requested or your actual earnings, **whichever is lower**.
- Submit the completed form with proof of earnings to WSIB. WSIB will verify the amount of coverage if and when you file a claim.

### How Much Coverage Can You Get?

WSIB determines the approved amount of insurance based upon your average earnings up to a maximum amount. For 2005, the maximum annual insurable earnings ceiling is \$67,700.

If you have a business that has been operating for more than a year, WSIB will calculate your annual average earnings based upon your most recent Canada Revenue Agency (CRA) income tax return or an audited financial statement of earnings.

Using the figures contained in your income tax return, WSIB will calculate your average earnings by adding any of the following deductions to your net business income:

- pension plan and RRSP contributions
- depreciation and amortization
- charitable donations
- expenses arising out of the use of your home or vehicle for business purposes
- dividends from the business
- other appropriate items

If you have been in business for less than one year, WSIB will set the approved amount of insurance at one-third of the maximum annual insurable earnings ceiling (which is \$67,700 for 2005).

In addition, a newly registered independent operator, sole proprietor or partner who has been in business for less than one year will be required to pay the equivalent of six months' optional insurance premiums in advance, with any remainder of the annual insurance premiums to be paid by the next scheduled due date.

If you are an executive officer of a corporation, average earnings are the earnings reported on the previous year's Canada Revenue Agency income tax return. If the employer has been in operation for less than one year, average earnings are the executive officer's salary as stated by the employer. These amounts are subject to the maximum annual earnings ceiling.

### **How Long Does Coverage Last?**

Coverage lasts until either you or WSIB cancel it in writing. WSIB will give you **30 days** notice of cancellation. You must purchase coverage for a minimum of **three months**.

### **What if Your Annual Earnings Change?**

You must inform WSIB of any change in your annual earnings using the Optional Insurance Request/Change Form (1574A). If your actual earnings are different from your reported earnings, WSIB will pay benefits based on the lower of the two.

### **Can You Object to the Amount of Optional Insurance Allowed?**

Yes. If you disagree with the WSIB decision, you have **six months** to appeal.

#### **IMPORTANT INFORMATION**

There are time limits for appealing WSIB decisions. If you wish to appeal a decision, contact a qualified representative as soon as possible. For more information on time limits, see OWA Fact Sheets 24 and 25 called "Appealing to WSIB" and "Appealing to WSIAT".

**This Fact Sheet contains general information only. It is not a legal document. To see what the law says, you should look at the Workplace Safety and Insurance Act and WSIB policies. If you require help and do not have a union to assist you, contact the Office of the Worker Adviser:**

- Our toll free telephone number is 1-800-435-8980 (English) or 1-800-661-6365 (French)
- or visit our website at <http://www.owa.gov.on.ca>

*Cette feuille-info est aussi disponible en français*

