



## Preamble

When a business enters into a “Principal” – “Contractor” relationship, it exposes itself to certain risks:

1. If the contractor **does not** have valid or adequate workers’ compensation coverage, the principal may be open to suit in the case of an injury.
2. If the contractor has Workers’ Compensation coverage, but it **is not** in good standing, the principal may be liable for the debts of the contractor.

To protect principals, the Workers’ Compensation Board offers *clearances*, to verify that a contractor’s WCB account is “in good standing” under the Workers’ Compensation Act. As well, the Board will advise whether “Personal Coverage” is in effect for Owners and Directors and who specifically is covered. However, *clearance* information is valid only on the date of issue. At anytime a contractor could for example cancel personal coverage or incur a debt with the Board. Unique to Forest Resources contract relationships, there is potential for liability for the principal employer under section #123 of the Act and specifically in some “purchase wood” contracts under section #129 of the Act. Consequently, it may be necessary at times to obtain clearances specific to both sections. As a result, account status relative to both sections will be monitored during the life of the contract.

ACTION	VERIFICATION / NOTES
Prior to signing any contract, confirm that the contractor has an active WCB account in good standing, which includes “Personal Coverage” for any Owners, or Directors that may attend the active work site. Requesting a “Section #123” clearance does this.	Call WCB “Employer Service Enquiries” at (780) 498-3999 to obtain clearances. You will need to quote DMI’s WCB Account # 2809483 to identify yourself as an employer. Your signature on the contract indicates you have confirmed the contractors account status and coverage prior to or at time of signing. <b>Note:</b> For this initial clearance request, by default, a clearance under section #123 also indicates an acceptable account status under section #129.
Add contractor to “Automated Account Validation” (AAV) program.	The service of “Automated Account Validation” is provided by WCB to better protect the principal employer. Information is received daily to “flag” any changes to contractor accounts specific to sections #123, #129 and “Personal Coverage”. As contracts are generated, this process is administered by the Forest Resources (FR) Accountant or by the DMI Purchaser in the case of any contracts for services (SPO’s).
Change Identified In Account Status Through “AAV”.	When daily account clearances on the “AAV” report received by the FR Accountant indicate “ <b>DENIED</b> ” or personal coverage is indicated as “ <b>NONE</b> ”, the FR Accountant will forward that information to the DMI Supervisor(s) for their follow up.
Unsatisfactory WCB Account Status.	Upon notification of unsatisfactory account status, the appropriate DMI Supervisor will advise that contractor of the status and of his responsibility to immediately correct the situation. At the discretion of the Supervisor, and with consultation with the appropriate Operations Leader, WCB holdback may be increased or contract payments withheld.



**Notes**

- Personal coverage established outside of WCB is not acceptable because:
  1. It does not protect DMI from legal action in the event that any Owner/Director is injured at the work site. This protection is guaranteed through the Workers' Compensation Act.
  2. Personal coverage through WCB addresses long term "wage replacement", where outside insurance coverage addresses the injury aspect only. Although not our issue, this is an area Owners/Directors usually don't consider or realise as a benefit.
- Owners / Directors are incorrect when they indicate having WCB "Personal Coverage" through some other (third party) company that they also own or are a Director of. Personal coverage through WCB is company name and industry class specific and cannot be assumed to carry over under the name of a second (or any third party) owned company. Distribution of coverage over more than one company can be arranged, but is the responsibility of the Owner / Director through their WCB representative.
- DMI will not permit any contractors to provide any field related services under DMI WCB coverage. Only the Mill Manager has the authority to accept this liability, and historically has only done so for administrative type service contracts such as an "on site course facilitator" etc. If this type of "administrative" need becomes necessary, refer to Purchasing Policy G39.

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**APPROVAL:**

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