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Update 2025 – 1

TO: HOLDERS OF THE ASSESSMENT MANUAL

This update of the *Assessment Manual* contains amendments to the *Manual* implemented since update 2024 – 5.

The revised pages are amendments for:

- AP5-243-1, *Assessment Payments*
- AP5-247-1, *Experience Rating*
- Appendix “A”

A summary is attached, and the amended pages are included as part of this package effective **January 1, 2025**.

These amended pages and the complete manual are available at worksafebc.com/law-policy

Ben Parkin
Head of Law & Policy

Attachments

ASSESSMENT MANUAL

SUMMARY OF AMENDMENTS – Update 2025 – 1

Policy	Pages	Change
AP5-243-1	Pages 1 to 7	Amended
AP5-247-1	Pages 3 to 4	Housekeeping
Appendix “A”	Page 1	CPI adjustment

RE: Assessment Payments**ITEM: AP5-243-1**

BACKGROUND

1. Explanatory Notes

The requirements for when employers must pay assessments, and the manner of payment, are found in Part 5 of the *Act*. Section 245 requires an employer to provide payroll information to the Board when it first becomes an employer, and at other times as required. The relevant parts of sections 243, 245, and 253 are set out below.

2. The Act

Section 154.5, in part:

- (1) The Board may, by notice sent to an employer, impose on the employer an administrative penalty determined by the Board if the Board is satisfied on a balance of probabilities that the employer has failed to comply with a provision of section 154.2 [*duty to cooperate*] or 154.3 [*duty to maintain employment*].
- ...
- (5) If an administrative penalty under this section is reduced or cancelled by a Board decision, on a review under Part 6 [*Review of Board Decisions*] or on an appeal to the appeal tribunal under Part 7 [*Appeals to Appeal Tribunal*], the Board must
 - (a) refund the required amount to the employer, and
 - (b) pay interest on that amount calculated in accordance with the policies of the board of directors.

Section 243:

- (1) Assessments
 - (a) may be made in the manner and form and by the procedure the Board considers adequate and expedient, and
 - (b) may be general as applicable to a class or subclass, or special as applicable to an industry or part or department of an industry.

- (2) If the Board considers this to be expedient, assessments may be collected in half-yearly, quarterly or monthly instalments, or otherwise.
- (3) If the Board considers that the funds in a class are sufficient for the time being, an instalment may be reduced or cancelled or its collection deferred.

Section 245 (in part):

- (1) An employer must do the following:
 - ...
 - (c) provide to the Board an estimate of the probable amount of the payroll of each of the employer's industries within the scope of the compensation provisions, together with any further information required by the Board,
 - (i) when the employer becomes an employer within the scope of those provisions, and
 - (ii) at other times as required by Board regulation of general application or by an order of the Board limited to a specific employer;
 - (d) provide to the Board certified copies of reports of the employer's payrolls, on or after the end of each calendar year and at the other times and in the manner required by the Board.

Section 253(1):

If the Board

- (a) notifies an employer of assessment rates or percentages determined by the Board in respect of the industries in which the employer is engaged, and
- (b) informs the employer of the manner in which the assessment is calculated and the date the assessment is payable,

the notice constitutes an assessment under this Part, and the employer must, within the time frame set out in the notice,

- (c) make a return on the form provided or prescribed by the Board, and
- (d) remit the amount of the assessment.

Section 276:

- (1) The commencement of a review under this Part does not relieve an employer from paying an amount in respect of a matter that is the subject of the review.
- (2) If the decision on a review under this Part requires the refund of an amount to an employer, interest calculated in accordance with the policies of the board of directors must be paid to the employer on that refunded amount.

Section 313:

- (1) The commencement of an appeal under this Part respecting a matter described in section 268(1)(c) [*employer assessments, classifications, monetary penalties or compensation payments*] does not relieve an employer from paying an amount in respect of a matter that is the subject of the appeal.
- (2) If the decision on the appeal requires the refund of an amount to an employer, interest calculated in accordance with the policies of the board of directors must be paid to the employer on that refunded amount.

POLICY**(a) Assessment and remittance schedules**

The *Act* affords discretion to the Board to collect assessment payments in half-yearly, quarterly or monthly instalments, or otherwise.

In exercising this discretion, the Board determines an employer's frequency of assessment payments for each calendar year. The Board may establish the frequency and amount of an assessment payment based on the employer's actual payroll, the annual estimate of the employer's payroll, the employer's previous year's payroll, or in a manner the Board considers proper.

Each employer provides the Board with an estimate of its payroll for that calendar year. If the employer has reasonable grounds to expect its payroll to change significantly, the employer must as soon as practicable submit a revised payroll estimate.

The Board may change the usual remittance schedule for an employer if:

- the employer and the Board agree on a different schedule;

- an employer's annual assessment regularly fluctuates and the Board determines that the employer should remit either annually or otherwise regardless of the amount of the annual assessment;
- an employer is conducting business for less than one year; or
- an employer's account is not in good standing or the employer has a history of failing to remit on time, and the Board determines that the employer is required to remit more frequently until the employer establishes an acceptable remittance record.

(b) Manner of reporting and payment

The Board may use any means of communication to advise an employer of the requirements for reporting and payment and accept payment and reports through any recognized payment medium.

Employers are required to submit a payroll report at the end of the year covering the whole year. Employers may also be required to make a report with each quarterly remittance. The information required to be provided by these reports may include:

- the amount of payroll;
- excess earnings;
- principals' earnings; and
- contractors' earnings.

Employers are required to calculate the amount of the assessment and pay any outstanding amount due as a result of the report.

(c) Pre-payment of assessments

If an employer is required to register with the Board for a project that is non-recurring and less than one year in duration, and if an estimate of assessable payroll can be reasonably made, the Board may require pre-payment of an assessment based on the estimate.

The Board may permit other employers to pre-pay assessments for any year on the basis of an estimate of payroll.

In any situation where pre-payment takes place, the employer must report actual payroll at the end of the year or other times required by the Board. Based on these reports, additional assessments may be required or credits allowed, as the situation may warrant.

(d) Overpayments

If an employer overpays an assessment, the overpayment will be credited to its account. Refunds will be made on closed accounts and may be considered if specifically requested. A refund will not be granted unless:

- the employer's account is current;
- there are sufficient credits in the account;
- all required reports and remittances have been received; and
- there is no outstanding balance for which legal action has been commenced or that has been written off.

If the Board makes any changes to an employer's account as the result of an overpayment of assessments, it will inform the employer in writing.

Interest may be paid on an overpaid assessment in the following situations:

- The overpayment resulted from a blatant Board error. For an error to be blatant, it must be an obvious and overriding error. This means that, had the Board officer known that they were making the error at the time, it would have caused the officer to change the course of reasoning and the outcome. A "blatant" error cannot be characterized as an understandable error based on misjudgment. Rather, it describes a glaring error that no reasonable person should make. A blatant error would include where an employer is registered in an obviously incorrect classification unit when the employer identified the correct industry at the outset.
- An employer prepays an administrative penalty under the OHS provisions of the *Act* or a penalty assessment (including an experience rating demerit) pending a review under Part 6 or an appeal under Part 7 and is then successful in the review or appeal.
- An amount other than a prepayment covered by the bullet above is returned to an employer as a result of a successful review under Part 6 or a successful appeal under Part 7 respecting a matter described in section 268(1)(c) of the *Act*. In these cases, interest is payable from the date the employer overpaid the Board.

The Board must refund and pay interest on an overpaid assessment resulting from an employer's payment of an administrative penalty applied under section 154.5 of the *Act* if that penalty is reduced or cancelled by a Board decision, on a review under Part 6, or an appeal under Part 7.

Where interest is payable, it will apply to penalty assessments and accrued interest on outstanding assessments that were paid during the period in question.

The Board pays simple interest at a rate equal to the prime lending rate of the banker to the government. During the first 6 months of a year interest is calculated at the interest rate as at January 1st. During the last 6 months of a year interest is calculated at the interest rate as at July 1st. Where an overpayment of assessment has resulted from a blatant Board error, interest will not accrue for a period greater than twenty years. For practical reasons, certain mathematical approximations may be used in the calculations.

(e) Transfers between accounts

Any request to transfer funds from one employer's account to another must be made in writing by the employer from whose account the funds will be transferred, unless the funds are being transferred as the result of a Board error.

PRACTICE

The annual assessment threshold for the purpose of determining a firm's remittance schedule for the purpose of part (a) of this policy is set out in Appendix "A" to this *Manual*.

For any relevant PRACTICE information, readers should consult the Assessment Department's Practice Directives available on the WorkSafeBC website at www.worksafebc.com.

EFFECTIVE DATE:	January 1, 2025
AUTHORITY:	Sections 124, 243, 245(1) and 253(1) of the <i>Act</i> .
CROSS REFERENCES:	Item AP5-245-2, <i>Assessable Payroll</i> ; Item AP5-246-1, <i>Maximum Wage</i> ; Item AP5-264-1, <i>Collection of Assessments</i> ; Item AP5-261-1, <i>Penalties</i> ; Item AP3-123-1, <i>Reconsiderations, Reviews and Appeals – Reconsiderations of Decisions or Orders</i> , of the <i>Assessment Manual</i> . Item P2-95-1, <i>Criteria for Imposing OHS Penalties</i> , with regard to penalties under the OHS provisions of the <i>Act</i> , of the <i>Prevention Manual</i> . Item C5-35.30, <i>Penalties for Failure to Comply with Duty to Cooperate or Duty to Maintain Employment</i> , with regard to penalties under section 154.5 of the <i>Act</i> , of the <i>Rehabilitation Services & Claims Manual</i> , Volume II.
HISTORY:	January 1, 2025 – Amendments to update guidance on how the Board collects assessment payments, establishes remittance schedules, and clarifies reporting requirements. June 1, 2024 – Housekeeping changes made to modernize terminology by removing gendered language.

January 1, 2024 – Policy changes made consequential to implementing Division 3.1 of the *Workers Compensation Amendment Act (No. 2), 2022* (Bill 41).

April 6, 2020 – Housekeeping changes consequential to implementing the *Workers Compensation Act*, R.S.B.C. 2019, c. 1.

January 1, 2020 – Changes made to move annual assessment threshold amount to Appendix “A” of this *Manual* were made effective.

January 1, 2017 – Housekeeping amendment.

January 1, 2013 – Consequential changes related to the consolidation of the classification policies were made effective.

February 1, 2011 – Housekeeping amendment in PRACTICE section.

September 22, 2010 – On September 22, 2010, the Supreme Court of British Columbia released a decision in which it determined that the policy regarding the provision of interest on successful reviews or appeals is not a reasonable interpretation of section 259 of the *Workers Compensation Act*. In light of the Court decision, the Board of Directors of WorkSafeBC approved an amendment to the then Item AP1-39-2, *Assessment Payments*, in the *Assessment Manual*.

March 3, 2003 – Consequential changes were subsequently made in accordance with the *Workers Compensation Amendment Act (No. 2), 2002* (Bill 63 of 2002).

January 1, 2003 – This Item resulted from the 2002 “editorial” consolidation of all assessment policies into the *Assessment Manual*. The POLICY in this Item continued the substantive requirements of the policies and items referred to in the HISTORY as they existed prior to the Effective Date, with any wording changes necessary to reflect legislative and other changes since the policies and items referred to in the history were issued.

Replaced in part Policies No. 20:30:40, 40:30:10 to 40:30:30, 40:30:50, 40:30:60 and 40:70:10 to 40:70:40 of the *Assessment Policy Manual* and Decision No. 351 in volumes 1 - 6 of the *Workers’ Compensation Reporter*.

APPLICATION:

This policy applies to all decisions made on or after January 1, 2025.

earnings above the maximum wage, and includes Personal Optional Protection amounts.

- (9) In determining the cost to assessable payroll ratio in the ER Window, the most recent year is weighted at 50%, the prior year at 33.3%, and the most distant year at 16.7%.
- (10) The calculation involves combining an employer's cost experience in the ER window with its ER factor for the previous year. The ER factor reflects the fact that employers participate at different levels, based on the size of the employer's assessment before the ER adjustment. The higher an employer's base assessment, the higher its level of participation in the plan. A higher level of participation means an employer's ER adjustment is more responsive to its claims costs experience in the current ER window.
- (11) The minimum participation level is set at 10%.
- (12) The maximum ER discount is 50%. The maximum ER surcharge is 100%, except where an excess cost surcharge applies.
- (13) Employers enter the plan for the first time when they have had some payroll within the current ER window.
- (14) Where any part of an employer's payroll has been estimated, any resulting discount will not be applied. If a surcharge results, it will be applied. If an estimate is replaced by the actual payroll information, the experience rating will be recalculated.
- (15) The employer for experience rating purposes is the legal entity operating the business. If an employer operates divisions, whether they are separately registered with the Board or not, the employer's combined experience determines the rating for all the employer's business operations.
- (16) Employers registered voluntarily under sections 5 to 7 of the *Act* or by a variance from a general exemption order under section 4(1) of the *Act* are excluded from participating in the experience rating plan.
- (17) For simplicity, ER discounts or surcharges are generally expressed as percentage adjustments to employers' base assessment rates.

(b) The Excess Cost Surcharge

The excess cost surcharge is a component of the ER plan allowing the Board to more properly rate firms with ongoing high costs. A firm qualifies for an excess cost surcharge where:

- the firm is active and its average claim cost to payroll ratio, as calculated by the Board, is three or more times that of its rate group for three consecutive assessment years;
- the firm has a calculated ER surcharge adjustment of 90 percent or more; and,
- the firm has had 50 or more non-health care only claims in the five consecutive years ending with the most recent year in the ER window.

The Board will determine a required rate for a qualifying firm to enable calculation of the firm's excess cost surcharge. The required rate will be set annually based on the following:

- (1) In the first year a firm qualifies for an excess cost surcharge, the Board will determine the required rate using claims costs arising from claims commenced in a period of up to 15 calendar years prior to the year in which the calculation is made.
- (2) After the first year the required rate will be the lower of:
 - (i) a rate set as described in Section (1), above; or
 - (ii) a rate set using a weighting determined by the Board that blends a rate using:
 - claims costs arising from claims commenced in the five years prior to the year in which the calculation is made, and,
 - a rate set as described in Section (1), above, where the five-year rate is lower than the rate set as described in Section (1).
- (3) Since the required rate is set annually, subsequent changes in claim cost or payroll information will be reflected in the next year's required rate calculation.
- (4) The required rate is capped at 500 percent of a firm's yearly-established classification base assessment rate.

Once qualified for an excess cost surcharge, a firm is stepped toward the required rate over four years, and will be charged premiums at the required rate

APPENDIX “A”**AMOUNTS REFERRED TO IN POLICIES THAT ARE
ADJUSTED FROM TIME TO TIME****AP1-4-2 – Requesting a Variance from a General Exemption**

The minimum outstanding balance for the purpose of part (b) of the policy is \$100.00

AP1-4-3 – Personal Optional Protection

The minimum outstanding balance for the purpose of part (b) of the policy is \$100.00.

The Board has designated \$2,700 as the minimum amount for which Personal Optional Protection may be obtained under part (c) of the policy. This amount will be adjusted periodically to reflect the minimum wage rate for the Province of British Columbia.

AP5-246-1 – Maximum Wage

The maximum wage rate in 2024 is \$116,700.00 and in 2025 is \$121,500.00.

AP5-243-1 – Assessment Payments

The annual assessment threshold for the purpose of determining a firm’s remittance schedule for the purpose of part (a) of this policy is \$2,000.

AP5-261-1 – Penalties

The percentage rate of penalty in effect under part (c) of this policy is 1%.

