

POLICY NUMBER: POL-11

**Chapter
CLAIMS**

**Subject:
SELF-EMPLOYMENT PROGRAM**

**Effective Date:
November 8, 1994**

**Last Update:
December 16, 2024**

PURPOSE STATEMENT:

The purpose of the policy is to explain how the Workers Compensation Board determines eligibility for a self-employment program and to outline the assistance provided if accepted.

REFERENCE:

Workers Compensation Act R.S.P.E.I.1988, Cap. W-7.1, Sections 18 (11), 40(4), 51(1).

DEFINITION:

In this policy:

“Extended wage loss benefits” means wage loss benefits payable to a worker from the later of (i) the date which the Board determines that the worker has an impairment, and (ii) the date on which the worker completes vocational or occupational rehabilitation, where the worker is engaged in such rehabilitation on or after the date the Board determines the worker has an impairment.

“Loss of earning capacity” means the difference between the worker’s net average earnings before the accident, and the net average amount the Workers Compensation Board determines the worker is capable of earning after the accident.

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“Settlement” means a one-time lump sum payment to support self-employment in lieu of any or all present and future wage loss benefits.

“Temporary wage loss benefits” means wage loss benefits payable to a worker prior to the date on which extended wage loss benefits, if any, become payable.

POLICY:

Eligibility Criteria

1. To be eligible for the self-employment program, a worker must be eligible for vocational rehabilitation as outlined in Workers Compensation Board (WCB) policy, Vocational Rehabilitation (POL-117).
2. The WCB may approve the Self-Employment Program as a vocational rehabilitation option only when:
 - All other Vocational Rehabilitation programs have been explored and are not suitable.
 - The worker is functionally able to perform the work related to the proposed business plan.
 - The worker has relevant skills related to the type of business.
 - The WCB determines the plan is cost effective.
 - There is a significant likelihood of success for the business.
 - The worker is currently receiving Temporary Wage Loss benefits.
 - The worker and the WCB agree that the business will reduce or eliminate the potential loss of earnings.
3. Workers receiving Extended Wage Loss benefits are not eligible for the Self-Employment Program.

Financial Support for Self-Employment

4. Workers approved for the Self-Employment Program will receive a one-time payment of up to a maximum of \$60,000 for their business.

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5. The worker must sign a settlement agreement, which requires the signature of the Chief Executive Officer.
6. The worker agrees that the settlement amount replaces any current and future wage loss benefits payable to the worker as a result of the workplace injury.

Legal Advice

7. The worker must consult a lawyer, at their own expense, for advice before signing a settlement agreement with the WCB. Written confirmation of having received this legal advice must be provided to the WCB, demonstrating that the worker understands and agrees to all of the terms set out in the settlement agreement.

Business Costs

8. The worker is expected to contribute to the business, either through financial or business-related assets required for the successful operation of the business. The value of the contribution must be detailed in the business plan.
9. The worker is responsible to pay for all costs associated with the business, including but not limited to; legal fees, licensing, and liability insurance.
10. An independent business consulting firm, approved by the WCB, will assist the worker with the development of the business plan.

The WCB will pay a consulting fee to a maximum of \$2000.00

11. The business must be registered in the worker's name or incorporated with the worker as the principal shareholder.

Entitlement to Wage Loss Benefits

12. The settlement agreement prevents the worker from receiving wage loss benefits for the same workplace injury or a recurrence of symptoms of that injury.
13. The settlement agreement does not prevent the worker from receiving wage loss benefits, as approved by the WCB, for a new workplace injury that results in a loss of earning capacity.

HISTORY:

December 16, 2024 – Non-substantive changes made as a result of 60 month review.

July 25, 2017 - Amended to provide clarification on eligibility, settlement agreements and responsibility for business costs, and to increase the fee payable for business consulting services.

September 25, 2008 - The policy was updated as a result of the 60 month policy review process. The policy has been amended to clarify that approval may be considered as an option for a worker only when all other Vocational Rehabilitation programs have been explored and are determined to be unsuitable. In addition, a worker who is in receipt of extended wage loss benefits is not eligible for the Self-Employment Program.

October 24, 2002 - Clarified permanent disability award to include both permanent total and partial disability award, modified signing authorities for approval and edited text for spelling and terminology errors.

April 19, 2001 - Replaces Self Employment Program Policy & Practice dated November 8, 1994.

Board of Directors Approval Date: November 8, 1994