

Client Services Policy Manual

Policy Number: **PR-04**
Subject: **PRIME Employer Groupings**
Chapter: **PRIME**

Policy Statement

Under the PRIME Program, WorkplaceNL considers an employer's historical experience as one of the factors in calculating the average assessment as well as refunds and charges. In some circumstances, WorkplaceNL groups employers so that the appropriate history is considered. Employers grouped in this manner will have their assessable payroll, assessments, and claim costs combined to calculate their assessment. When this occurs, there is only one experience incentive range for the group, only one experience refund or charge, and only one practice refund.

When a grouping is applied in a situation involving more than one workplace, all the workplaces must be considered in determining compliance for the practice incentive component.

PRIME groupings and changes to groupings will be applied on a current year and future basis only. There will be no adjustments to PRIME refunds or charges previously applied or not considered.

However, in cases where the employer misrepresents its operations to WorkplaceNL to avoid its proper assessment, adjustments will be made to all years impacted.

General

There are three types of situations where employer groupings are applied:

1. Suspended Employers

When WorkplaceNL suspends an employer's firm number, it will determine whether a relationship exists between the suspended employer(s) and any other employer. If a relationship is found, the employers are grouped so that the appropriate historical data is accounted for in establishing the assessment to be applied to the resulting active firm number. This may occur when an employer changes its business operations, restructures, reorganizes, or amalgamates with another business(es).

The criteria which WorkplaceNL may use to determine whether a relationship exists include, but are not limited to:

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- a) Nature of Work or Business Activity – the newly formed business is involved in the same or similar work as the previous business(es). The main consideration is whether there is a transfer from the previous business(es) of the essential elements and whether the newly formed business continues all or most of the activities of the previous business(es).
- b) Company Assets – there has been a sale of the assets which is sufficient to enable the newly formed business to perform a discrete, definable part of the functions formerly performed by the previous business(es).
- c) Continuation of Service – there is continuous production/service with little or no break in the operation of the previous business(es).
- d) Management of Company – there is consistency in all or some of the management personnel between the previous and newly formed businesses.
- e) Percentage Change in Ownership – there is a less than 51 per cent change in ownership of the business.
- f) Change in Ownership Amongst Family Members – the change in ownership of the business is among family members.
- g) Group of Employees – the newly formed business employs all or most of the employees of the previous business(es).
- h) Clients/Customers of the Business – the newly formed business serves the same clients/customers as the previous business(es).
- i) Logo or Trademark – the newly formed business uses a logo or trademark which would identify it with the previous business(es) or suggest continuity between them.
- j) Non-Arm's Length Transaction – the newly formed business does not deal with the previous business(es) at arm's length.
- k) Change in Financial and Operational Control – the business changed hands for a nominal fee with financial and operational control remaining with the original owner(s).

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2. Payroll Splitting Employers

There are two types of situations where such an employer grouping is applied:

2.1 Where an employer contracts the services of a payroll administration business, WorkplaceNL may establish a separate account in the name of the payroll business for WorkplaceNL reporting purposes. This may result in the splitting of the employer's payroll between firm numbers. Any firm number established in this manner is grouped with the firm number(s) of the employer for whom the payroll service is being performed.

2.2 Employers sometimes have one or more existing business operations, establish additional business operations, or are related to other business operations in the same industry. This may result in the splitting of their payroll between these operations' firm numbers. In these cases, all the firm numbers of the related businesses are grouped. WorkplaceNL applies this type of grouping once it determines that the firm numbers are related. Criteria that may be used to determine a relationship are similar, but not limited to, those outlined in 1 above for Suspended Employers.

3. Assessable Public Sector Employers

Some public sector employers (not self-insured) are structured in a unique way where a single employer may have numerous sites. Each site may have a separate firm number for reporting and tracking claim costs, but is grouped for the purposes of reporting payroll and paying assessments.

Merits and Justice

Where the individual circumstances of a case are such that the provisions of this policy cannot be applied or to do so would cause an unfair or unintended result, WorkplaceNL will decide the case based on its individual merits and justice as outlined by Policy EN-22 Merits and Justice. Such a decision will be considered for that specific case only and will not be precedent setting.

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Reference:

Workplace Health, Safety and Compensation Act, 2022, Section 117
Policy EN-22 Merits and Justice

Amendment History

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