

## Policy

The WSIB may require a current or past Schedule 2 employer to provide security for amounts that are due or may become due in the future under the insurance plan, as determined by the WSIB on a periodic basis. The employer must provide the security within 15 days after being directed to do so in writing by the WSIB.

### Purpose

This policy sets out the types of financial security instruments that are acceptable to the WSIB when the WSIB determines that a Schedule 2 employer is required to provide security for payment amounts that are due or may become due in the future under the insurance plan, and outlines the consequences in the event that a Schedule 2 employer is non-compliant with the WSIB's security request.

### Security Instruments

When the WSIB determines that a Schedule 2 employer is required to post security for current or future payment obligations, the employer does so using a financial instrument which is acceptable to the WSIB. Security considered acceptable to the WSIB is limited to a letter of credit and/or a surety bond.

#### Letter of Credit

The standard form of security is an irrevocable and renewable letter of credit issued or guaranteed by a bank listed in Schedule 1 or Schedule 2 of the federal **Bank Act**. Letters of credit must conform to the WSIB's form for letters of credit, ~~which is available at wsib.on.ca~~. The WSIB reserves the right to approve the specific format, content and issuer of the letter of credit.

#### Surety Bond

Acceptance of a surety bond as security for payment is at the sole discretion of the WSIB. The bond must be issued by a company licensed by the ~~Financial Services Commission of Ontario~~ [Financial Services Regulatory Authority of Ontario](#) to issue surety bonds. The creditworthiness of the insurance company must be a minimum AM Best rating of 'A' or equivalent ~~from~~ other credit rating at WSIB's discretion and the insurance company must undergo an annual pre-qualification.

In cases where the WSIB permits an employer to provide a surety bond to meet its security requirements, the surety bond must conform to the WSIB's surety bond form, ~~which is available at www.wsib.on.ca~~. The WSIB reserves the right to approve the specific format, content and issuer of the surety bond.

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## Amount of Security

The amount of security required from each employer is determined by the WSIB and is based on an estimate of the future benefit payments for their Schedule 2 claims, including a provision for associated costs.

## Failure to comply with security request

If an employer fails to provide the required security within 15 days of the WSIB's request, the WSIB may:

- exercise its authority to draw on the payment of an existing letter of credit and/or surety bond, or
- take legal action, including filing a certificate with the court under s. 139 of the Workplace Safety and Insurance Act and enforcing it e.g., filing a s.139 Certificate and Writ of Seizure and Sale for the amount of the security, (see 14-04-03, Writs of Seizure and Sale), or
- refer the case to Stakeholder Compliance Services ~~Regulatory Services~~ for prosecution, or
- take a combination of the above actions.

## Exemptions

This policy does **not** apply to the following:

- any trade or business within the meaning of ~~s. ection~~ 68 of the Workplace Safety and Insurance Act.
- any employment by or under the Crown in right of Ontario and any employment by a permanent board or commission appointed by the Crown in right of Ontario.
- any employment covered under the *Government Employees Compensation Act*.

## Application Date

This policy applies to all decisions made on or after ~~July 4, 2016~~ March 1, 2022.

## Policy Review Schedule

This policy will be reviewed within five years of the application date.

## Document History

This document replaces 12-01-05 dated ~~January 3, 2007~~ July 4, 2016.

[This document was previously published as:  
12-01-05 dated January 3, 2007](#)

## References

### Legislative Authority

*Workplace Safety and Insurance Act, 1997*, as amended

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Sections 68, 90(1), 90(2), 90(3), 90(4), 92(1), 92(2), 93(1), 137(1), 137(2), 137(3), 137(4), 139(1), 139(2), and 154

**Minute**

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