

**Operational  
Policy**

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Section  
Accident Cost Adjustments

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Subject  
**Second Injury and Enhancement Fund (SIEF)**

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## Policy

If a prior disability caused or contributed to the compensable accident, or if the period resulting from an accident becomes prolonged or enhanced due to a pre-existing condition, all or part of the compensation and health care costs may be transferred from the accident employer in Schedule 1 to the SIEF.

Both physical and psychological disabilities are included.

## Guidelines

There is no provision in the Act for the Fund to apply to Schedule II employers.

In situations where alcoholism plays a role in the causation of an accident, it is not considered to be a pre-existing condition with regard to the application of SIEF relief.

The objectives of this policy are to provide employers with financial relief when a pre-existing condition enhances or prolongs a work-related disability. It thereby encourages employers to hire workers with disabilities.

## Definitions

Pre-accident disability is defined as a condition which has produced periods of disability in the past requiring treatment and disrupting employment.

Pre-existing condition is defined as an underlying or asymptomatic condition which only becomes manifest post-accident.

## Adjudication

### Entitlement adjudication

In no lost time, lost time, permanent impairment and fatal claims, the decision to extend relief from the SIEF is usually made at the time of entitlement adjudication, or as soon as it is recognized that aggravation of a pre-existing condition is contributing to the cost of the claim.

When reviewing medical and other information present in the claim file, the decision-maker considers whether the information suggests that a pre-existing condition is present and whether it

- contributed to the work-related accident, or
- prolonged or enhanced the work-related disability.

If it is likely that such circumstances exist, a recommendation to apply the SIEF is made, as well as the rate at which to do so.

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**50% Relief**

If there has been an aggravation of a pre-existing condition, or if there is evidence that the disability following the accident has been enhanced because of a pre-existing condition, 50% of the cost of the claim (compensation and health care) is charged to the SIEF.

**NOTE**

If an employer applies for relief in excess of 50%, and a permanent impairment is not evident, the degree of financial relief is reviewed again when the claim is closed.

**100% Relief**

Full relief of a claim's cost (compensation, health care, permanent impairment) is charged to the SIEF when

- a prior non-work-related condition is the cause of the accident, e.g., epilepsy
- the wearing of an artificial appliance, either work or non-work-related, is the cause of the accident
- a worker has been placed in industry, or is participating in a WCB sponsored Vocational Rehabilitation (VR) program, and suffers
  - an extension of the original disability through minor accident
  - an accident during an on-the-job training program
  - an accident in a trade school or other type of formal training facility

**NOTE**

"Other type of formal training facility" may also include a Schedule II training facility.

- a worker is participating in a training and/or assessment program approved by the WCB and the work-related disability is the sole cause of an accident to another employee of the training and/or assessing employer
- a worker sustains injuries while on a work station training program.

**Pre-existing condition impact on claims**

The policy on aggravation of pre-existing conditions, exclusive of the SIEF policy, applies to both Schedule I and Schedule II claims in which

- a relationship is shown between an underlying condition and the degree of disability arising from the accident
- the period of treatment and recuperation is prolonged due to an underlying condition, and/or
- an increased degree of residual disability occurs, which exceeds the usual, owing to the underlying condition.

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**Temporary disability**

A claim for an occupational injury involving a pre-accident disability is allowed for the acute episode only and entitlement to payment of compensation ceases when the worker's condition has returned to the pre-accident state. In a claim where there is a pre-existing condition but the worker is symptom-free at the time of the work-related accident there is no limitation of benefits throughout the period of temporary disability.

**Pre-existing condition impact on claims****Once only repair**

Some claims are allowed for a "once only repair", e.g., strangulated hernia or recurrent shoulder dislocation. Allowance of a claim on this basis recognizes that a work-related accident did occur, but that the resulting treatment and period of disability were due, at least in part, to a pre-existing condition.

**Permanent disability**

The presence of a pre-existing condition is reflected in any permanent disability award when the degree of residual disability is increased due to an underlying condition. Permanent disability awards to the worker, and cost transfers from the accident employer, Schedule I only, are made considering the medical significance of the pre-existing condition, the severity of the accident, and whether or not the pre-existing condition is measurable.

When the extent of transfer to the SIEF exceeds 50%, the employer receives the benefit of such determination applied to all or part of a claim, depending on individual circumstances.

**Measurable pre-existing conditions**

If the pre-existing condition is readily measurable, e.g., an amputation, and the impairment of total body function resulting from the new disability is increased beyond the degree usually associated with the disability because of the prior-condition, (e.g., prior amputation or loss of movement in which the pre-existing condition has been, or could have been, rated for a permanent impairment) the following criteria are used in determining the degree of permanent impairment

- the value of the prior condition by itself
- the value of the new condition by itself
- the value of the entire disability
- The enhancement factor (the value of the entire disability less the sum of the value of the prior condition and new condition), and
- the value of the new condition plus the enhancement factor.

**Worker award**

In every case (except total loss of sight) the award for permanent disability equals the sum of the value of: the new condition by itself plus the enhancement factor.

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**Employer financial relief**

The SIEF is charged with the amount of the enhancement factor: the value of the entire disability less the sum of the values of the prior and new conditions.

**Total loss of sight****Worker award**

Total loss of sight is defined as "absence of significant useful vision for occupation purposes".

In cases of total loss of sight or enucleation of an eye, when the pre-existing disability was the loss of sight or enucleation of the other eye, for which no award was made, the award equals the total of

- the value of the prior condition by itself
- the value of the new condition by itself, plus
- the enhancement factor.

This also applies if a worker lost the vision of one eye and subsequently damaged the vision of the other eye in a work-related accident.

**Employer financial relief**

The SIEF is charged with the value of the prior condition plus the value of the enhancement factor. The percentage of relief is determined by comparing the value of the prior condition plus the enhancement factor to the value of the entire benefits.

**Multiple factor****Employer financial relief**

The SIEF is charged with the amount of the multiple factor: where the work-related disability results in bilateral impairment because of a previous non-work-related injury and the clinical award is increased by half of the lesser disability.

**Other Prior Conditions****Worker Permanent Benefits**

When the pre-existing condition is not measurable, but creates a pre-accident disability that enhances a residual work-related disability, the worker's benefit for work-related disability may be reduced according to the percentage of disability produced by the pre-existing condition. The application is as follows:

**Application to employee award where prior condition is not measurable**

Prior condition	Amount of relief
Minor	100% (full assessment)
Moderate	75%
Major	50%

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The following applies to a worker's permanent benefits

- No reduction is made if the prior condition was the result of the prior work-related accident, unless a permanent disability award was granted in a previous claim.
- Pre-existing psychological disability is assessed in terms of the limitation that may have been produced by mental illness and/or defects of personality as revealed by the work record and/or social integration of the worker.
- The significance of the pre-accident disability is considered in terms of the likely clinical rating that would have been work-related, having regard for the range of disabilities usually encountered.
- If the pre-accident disability based on the foregoing criteria is unreasonable, the benefit is usually based on a medical estimate of the actual disability that might have resulted from the accident.
- The decision to grant an employer relief of some or all of a claim's costs is not influenced in any way by limitations placed on the worker's permanent impairment benefits.

**Application to employer costs**

Different factors may apply in recommending relief for the employer as compared to what is appropriate for determining a worker's benefit. In determining the amount of financial relief given to an employer, consideration is given to the medical significance of the pre-existing condition and the severity of the accident.

**Cases of permanent impairment**

If the transfer of costs to the SIEF exceeds 50% the employer receives the benefit applied to all or part of the claim, depending on the individual circumstances.

**SIEF-application to employer costs**

Medical significance of pre-existing condition*	Severity of accident**	Percentage of cost transfer***
Minor	Minor	50%
	Moderate	25%
	Major	0%
Moderate	Minor	75%
	Moderate	50%
	Major	25%
Major	Minor	90%-100%
	Moderate	75%
	Major	50%

**NOTES**

\* The medical significance of a condition is assessed in terms of the extent that it makes the worker liable to develop a disability of greater severity than a normal person. An associated pre-accident disability may not exist.

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With psychological conditions, the possibility of prior psychic trauma resulting from life experience could be considered as evidence of vulnerability, and justify recommending relief to the employer, even in the absence of pre-existing psychological impairment.

\*\* The severity of the accident is evaluated in terms of the accident history and approved definitions.

**Accident History Components**

- mechanics (lift, push, pull, fall, blow, etc.)
- position (kneeling, standing, sitting, squatting, bending, etc.)
- environment (lighting, temperature, weather conditions, terrain, etc.)

**Definition - "Severity of Accident"**

Minor: expected to cause non-disabling or minor disabling injury

Moderate: expected to cause disabling injury

Major: expected to cause serious disability probable permanent disability

\*\*\*The percentage of the total cost of the claim transferred to the SIEF.

**Occupational hearing loss**

In industries involving noise hazards, the Board encourages employers to have workers undergo audiometric examinations as part of the pre-employment program. If a pre-employment examination took place, the SIEF is applicable and the employer is only charged with the costs of the portion of deafness which is due to employment. The balance is charged to the SIEF.

If a pre-employment audiometric examination did not take place, the employer is charged in ratio by years to the worker's total exposure employment. The balance is charged to the SIEF, based on the premise that prior noise exposure employment contributed to some pre-existing hearing loss.

**Vibration induced white finger disease**

In industries involving vibratory hazards the employer is charged based on the ratio between the history of prior employment exposure and the years of continuous employment exposure. The balance is charged to the SIEF on the premise that prior exposure to high frequency, rapid acceleration and/of vibratory tools contributes to the development of the disease.

**Employer notification**

The employer is advised of any decision regarding application of the SIEF at the time of initial adjudication and when a permanent impairment benefit is made.

Once the decision has been made, procedures are initiated to transfer the claim costs to the Fund and the employer is advised of the amount of the transfer.

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When the actual cost transfer is processed, the details are included in the employer's next monthly statement. Any subsequent cost transfers are processed as the payments occur and appear on the employer's cost statement for the month in which the payments are made.

There is no minimum dollar value for costs transferred to the SIEF.

**Application date**

The Board Order of March 25, 1970, provides the basis of SIEF entitlement for all claims processed prior to February 1, 1979, and those re-opened or reviewed subsequent to February 1, 1979.

The SIEF policy approved November 3, 1978, and amended by Board Order April 13, 1982, applies to claims processed on or after February 1, 1979, and those claims processed prior to February 1, 1979, if it is of greater advantage to either worker or employer than the previous policy contained in the Board Order of March 25, 1970.

**Document History**

This document replaces 14-05-03 dated October 12, 2004.

**References****Legislative Authority**

*Workplace Safety and Insurance Act, 1997*, as amended  
Section 98

*Workers' Compensation Act, R.S.O. 1990*, as amended  
Section 120(2)

**Minute**

Board of Directors  
#10, April 13, 1982, Page 4959

DAG  
July 22, 1983  
April 13, 1982  
December 27, 1978