

SUBJECT: Workers' Compensation Waiting Period

SUBMITTED BY: Human Resources Committee

BACKGROUND

When workers' compensation systems were introduced in North America, waiting periods were a common feature. In Canada, a waiting period for workers' compensation benefits is still present in New Brunswick, Nova Scotia and Prince Edward Island.

While the length of waiting periods vary, three days is a common interval. A three-day waiting period would mean that an injured employee would wait three days before receiving any type of WCB income replacement benefit. Waiting periods are designed to function as the deductible for the insurance. A worker's entitlement to medical aid benefits are not impacted by the waiting period in any jurisdiction across the country.

In other jurisdictions waiting periods, like all insurance deductibles, are intended to reduce the moral hazard problem. The moral hazard problem occurs when the incentive to take precautions is reduced, or propensity to claim benefits increased, as one's losses become more fully insured. Addressing the moral hazard problem is particularly relevant in Saskatchewan where the population's ongoing, complacent attitude toward safety is seen as one of the key drivers of the injury rate.

ISSUE

While it is undeniable that all employers have a major responsibility to ensure workplaces are safe and that proper safety equipment and procedures are in place, it is ultimately the employee who decides what action they will undertake. The WCB in Saskatchewan has focused on building safe workplaces over the past few years and through training support and financial penalties have helped make safety a core concern of most employers. Employees will need these same tools to motivate them.

Waiting periods for workers' compensation encourage workers to take on a larger portion of the risk associated with workplace injuries, providing them with another incentive to engage in safe workplace behaviour. Waiting periods also allow the resources of workers' compensation to be allocated more efficiently as frivolous claims are discouraged.

RECOMMENDED

1) That the Workers' Compensation Act Committee of Review (COR) consider the benefits of amending the Workers' Compensation Act to institute a three-day waiting period.