



Policy Background Paper:

Commutation of Permanent Impairment Benefits

September 24, 2026

Table of Contents

Introduction	3
Background.....	3
Proposed Policy Changes	4
Providing Your Comments	4
Appendix A: Draft Policy 3.9.5- Commutation of Permanent Impairment Benefits ...	5
Appendix B: Current Policy 3.9.5	7

Introduction

Policy 3.9.5 Commutation of PIBs and EERBs has been in place since 1996 without change. Since then, the *Workers' Compensation Act* (the "Act") has been updated in ways that are consequential to the policy. Specifically, section 1A was introduced which lays out the foundation of administering the act in a financially responsible and accountable manner, and section 73 has been updated to allow for the review and adjustment of an extended earnings replacement benefit (EERB) at any time.

Section 74 (1) of the Act authorizes the Board to pay compensation in a manner that appears to be most convenient to the Board. Section 74(2) allows the Board to consider changing the method of payment from periodic payments to a lump sum when, in the opinion of the Board, it is to the advantage of the worker to do so.

The Board is considering changes to the policy to better align with what we have determined operationally to be most convenient to the Board and advantageous to the worker while taking the effects of section 1A and section 73 into consideration appropriately.

Background

The current policy states the Board automatically commutes permanent impairment benefits (PIBs) if the worker's cumulative permanent impairment rating is 30% or less and no EERB is payable to the worker in connection with the injury. The policy allows the worker to request the commutation of PIBs and EERBs with a cumulative permanent medical impairment (PMI) of 30% or more if the purpose of commuting is to fund vocational rehabilitation beyond what is provided by the board. If the purpose is confirmed to be for vocational rehabilitation, several additional requirements need to be met before approving the commutation request.

EERBs are intended to replace a worker's loss of earnings from a work-related injury and impairment. Earnings replacement benefits are intended to be paid periodically, just as earnings from an employer would be. As set out in Section 73, EERBs are subject to review and adjustment at any time by the WCB. Considering the purpose of an EERB and nature of reviews, the WCB has determined it is neither convenient for the WCB, nor advantageous to a worker to commute the benefit for any purpose.

As a non-economic loss benefit, it can be convenient and advantageous to the worker to commute the PIB to a lump sum when it is not connected to an EERB.

Proposed Policy Changes

The Board is proposing the following key changes to the policy:

1. The original policy allowed for commutation of an EERB under very specific criteria and for the purpose of funding vocational rehabilitation. This was rarely done in practice. The new policy does not allow for commutation of an EERB for any purpose. EERBs are only payable as periodic payments as set out in section 37(12).
2. The original policy stated the Board would commute PIBs that were not connected to an EERB if the worker's cumulative PMI was 30% or less. The new policy removes the term "cumulative". Each PIB with a PMI of 30% or less will be commuted.
3. The original policy allowed a commutation of a PIB with a PMI of more than 30% that was not connected to an EERB under specific criteria. The new policy allows the worker to choose whether to commute the benefit or not. It does not require specific criteria to be met. The choice made by the worker is final and cannot be changed.

Providing Your Comments

We are interested to hear your comments on the proposed draft policy which is available for review in Appendix A. The original policy is provided for your information in Appendix B.

You can provide feedback in a couple different ways:

1. **Attend a policy webinar.** If you subscribe to our Policy notification list you will receive an invitation. If not, please sign up here [Policy Subscription](#). Webinar details and a registration link will be sent out once details are finalized.
2. **Make a written submission.** You can provide your written comments by emailing policy@wcb.ns.ca.

Your feedback will assist the WCB in ensuring all issues are considered as this policy is finalized.

The consultation period concludes November 2nd, 2026.

Appendix A: Draft Policy 3.9.5- Commutation of Permanent Impairment Benefits

Topic: Commutation of Permanent Impairment Benefits

Section: Short-Term and Long-Term Benefits

Subsection: General

Effective: XXXX

Issued: XXXX

Approved by Board of Directors: XXXX

Preamble

Section 74 (1) of the Act authorizes the Board to pay compensation in a manner that appears to be most convenient to the Board. Section 74(2) allows the Board to consider changing the method of payment from periodic payments to a lump sum when, in the opinion of the Board, it is to the advantage of the worker to do so.

The Board's opinion is that it is both most convenient to the Board and in the best interest of a worker to pay a benefit meant to compensate for earnings loss as a periodic payment. EERBs are intended to replace a worker's loss of earnings from a work-related injury and impairment. Earnings replacement benefits are intended to be paid periodically, just as earnings from an Employer would be. As set out in Section 73, EERBs are subject to review and adjustment at any time by the WCB. Considering the reviewable nature and purpose of an EERB the WCB has determined it is neither convenient for the WCB, nor advantageous to a worker to commute the benefit. EERBs are only payable as periodic payments as set out in section 37(12).

As a non-economic loss benefit, Permanent Impairment Benefits (PIB) can be commuted to a lump sum. The purpose of this policy is to outline eligibility for, and conditions under which, the WCB will commute a PIB.

Definitions

"Extended Earnings Replacement Benefit (EERB)" is a periodic benefit paid to a worker when the Board determines the worker is left with a permanent impairment as a result of a work-related injury, and are experiencing a loss of earnings due to the impairment.

"Permanent Impairment Benefit (PIB)" is a non-economic loss benefit, paid for life, to compensate the worker for a permanent impairment caused by a work-related injury.

Policy Statement

1. PIB connected to an EERB

- a. A PIB cannot be commuted when it is connected to an EERB.
- b. Where an EERB is no longer in pay, the remaining PIB may be commuted as set out in the remainder of this policy.

References: Workers' Compensation Act s.1A, 73, 74(1), (3)

2. PIB not connected to an EERB

When a PIB is not connected to an EERB, or the EERB it was connected to ceases to be payable, the PIB is eligible to be commuted. The Board will determine the payment method for the PIB as follows:

- a.** When the permanent medical impairment rating is 30% or less, the commuted value of the PIB will be paid as a lump sum.
- b.** When the permanent impairment rating is greater than 30%, the worker can choose to be paid the commuted value of the PIB as a lump sum or receive periodic payments.
 - i. For PIBs awarded on or after XXXX, 2027:**
The worker must choose the method of payment for the PIB at the time of the initial award, or when the PIB is no longer connected to an EERB.
 - ii. For PIBs awarded prior to XXXX, 2027:**
The worker must choose the method of payment for the PIB at the time it becomes eligible for commutation.
 - iii.** The method of payment is final and cannot be changed.

References: Workers' Compensation Act s.74

Application

This policy applies to workers injured on or after March 23, 1990 and replaces the original version effective February 1 1996 to XXXX, 2027.

Appendix B: Current Policy 3.9.5

Topic: Commutation of PIBs and EERBs

Section: Short-Term and Long-Term Benefits

Subsection: General

Effective: February 1, 1996

Issued: December 1, 1995

Approved by Board of Directors: March 1, 1995

Policy Statement

1. The Board may, at its discretion, commute to a lump sum, any compensation paid as a periodic benefit.
2. The Board will commute, without application, a Permanent Impairment Benefit (PIB) if:
 - a) the worker's cumulative permanent medical impairment rating is 30% or less; and
 - b) no Extended Earnings Replacement Benefit (EERB) is payable to the worker in connection with the injury.
3. However, the Board may choose not to commute the PIB if the Board determines that the commutation is not to the advantage of the worker.
4. In addition, the Board may, under the following circumstances, commute any periodic benefits (PIB and/or EERB) if:
 - a) the commuted benefit is to be used for a purpose approved by the Board (approved purpose is a purpose that is determined by the Board to enhance the worker's vocational rehabilitation beyond that which would normally have been provided by the Board);
 - b) there are no other sources of funds that are accessible and appropriate for the approved purpose;
 - c) the worker is not dependent on the periodic benefit for the necessities of life nor is expected to be in the future;
 - d) the commutation is in the best long-term interests of the worker;
 - e) the worker's injury-related condition has stabilized; and
 - f) the final scheduled review for an EERB (if applicable) has been completed.

Application

This Policy applies to workers injured on or after March 23, 1990.

References

Workers' Compensation Act (Chapter 10, Acts of 1994-95), Section 74.