# Updated Rate Framework

## Stakeholder Session

December 1, 2015

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# Purpose of This Session

- The purpose of today's session is to provide an update on the Rate Framework Modernization consultation, and highlight an updated Rate Framework that incorporates a number of suggestions and recommendations made by stakeholders through stakeholder working group sessions and formal submissions received.

- Today's Agenda includes:

  1. Recap of the Proposed Rate Framework
  2. Updates and Revisions to the Rate Framework
  3. Transition and Next Steps
  4. Break
  5. Question and Answer Period

# Overview of the Rate Framework Modernization Consultation

- Since the launch of the Rate Framework Modernization consultation in March 2015, the WSIB held two technical sessions and over 65 working group sessions with individual employers, employer associations and representatives, injured workers and labour groups.

- The WSIB has received positive feedback on the consultation approach and the proactive outreach to engage stakeholders from across Ontario through various opportunities.

- Over 50 consultation submissions were received from a cross section of all industries, including individual employers, associations, representatives/consultants, labour and injured worker groups.

- Generally, most employer feedback (from sessions and submissions) touches on the items identified in the two Consultation Updates that were published in July and September during the consultation period.

# Revenue Neutrality as a Foundation

- The Rate Framework represents a model that aims to address fundamental issues raised by stakeholders, partners and the WSIB itself, with the current employer classification structure and premium rate setting processes.

- The adoption of a new classification structure and prospective Risk Adjusted Premium Rate process would not affect the total amount of premium dollars collected by the WSIB, thereby remaining revenue neutral.

- However, a new system would, in a reasonable and gradual manner, shift the distribution of premiums among individual employers based on their claims experience, while ensuring that employers are paying their fair share of workplace coverage.

# Rate Framework Modernization: Key Goals

## Clear and Consistent

A new streamlined and simpler classification structure that is clear and consistent in its application as a foundation.

## Fairly Allocated Premiums

An approach that ensures a fair premium for workplace coverage, based on each employer's risk and claims experience to ensure occupational health and safety is top of mind for employers as it relates to their premiums.

## Balanced Rate Responsiveness

A reasonable consideration for premium rate stability, while also ensuring responsiveness to risk and claims experience attained through occupational health and safety efforts to reduce workplace injuries and return workers to productive work.

## Transparent and Understandable

A Rate Framework that stakeholders can easily understand, and promotes active and informed participation.

## Collective Liability

A risk sharing arrangement exists among employers who collectively pay premiums to maintain the insurance fund.

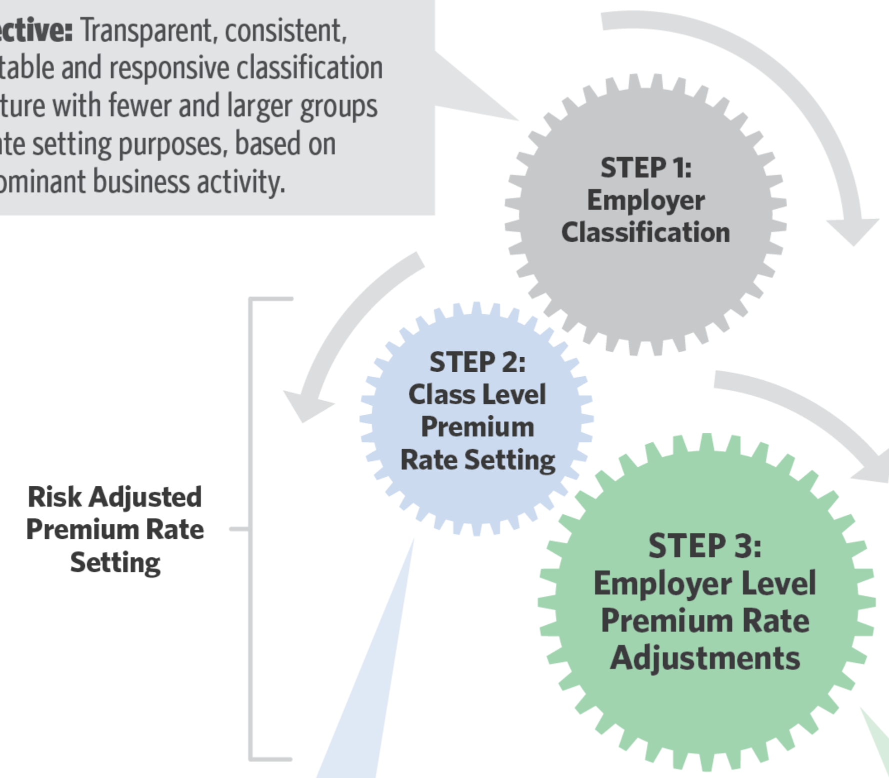
## Ease of Administration

Efficient and effective for the employer community and for the WSIB to administer and maintain.

# Recap of the Proposed Rate Framework

# Rate Framework: Three Step Approach

**Objective:** Transparent, consistent, adaptable and responsive classification structure with fewer and larger groups for rate setting purposes, based on predominant business activity.




**Objective:** A Class *Projected* Premium Rate that reflects the collective experience of all employers within each class, setting the stage for a significant range of potential premium rates at the employer level in Step 3.

**Objective:** A prospective rate setting approach for all employers.

# Proposed Classification Structure

- Simple and understandable classification structure generally based on North American Industry Classification System codes.
- Aggregation to significantly fewer groups to address premium rate shopping and complexity in current system (e.g. Current Class D, with 73 employer groupings would be reduced to 3 employer groupings in the proposed model).
- Abandon the practice of multi-rating by using predominant business activity for classification of all employers at the organizational level (versus account level) with the exception of temporary employment agencies.


| | PROPOSED CLASSIFICATION STRUCTURE |
|---|---|
| A | Primary Resource Industries |
| B | Utilities |
| C | Public Administration |
| D | Food, Textile and Related Manufacturing |
| E | Resource and Related Manufacturing |
| F | Machinery and Other Manufacturing |
| G1 | Building Construction |
| G2 | Infrastructure Construction |
| G3 | Specialty Trades Construction |
| H | Wholesale Trade |
| I | General Retail |
| J | Specialized Retail And Department Stores |
| K | Transportation and Warehousing |
| L | Information and Culture |
| M | Finance |
| N | Professional, Scientific and Technical |
| O | Administrative, Waste and Remediation |
| P | Hospitals |
| Q | Health and Social Services |
| R | Leisure and Hospitality |
| S | Other Services |
| T | Education |

| | CURRENT SYSTEM | PROPOSED PRELIMINARY RATE FRAMEWORK |
|---|---|---|
| Employer groupings for premium rate setting purposes | 155 RGs | 22 classes & 1,550 risk bands |

# Class Level Premium Rate Setting

Similar to the current approach, the WSIB would use three components to determine the class average rate for the proposed industry classes.

**New Claims Cost (NCC)**

- The proposed Rate Framework seeks to continue the current methodology for estimating the new claim costs amount required at the Schedule 1 level.

**Administrative Costs**

- The proposed Rate Framework recommends continuing the current allocation of the administration components of the premium rate, whereby, each class is allocated their share of these costs in equal proportion to their new claim costs and insurable earnings.

**Past Claims Cost**

- The proposed Rate Framework recommends reverting to the NCC methodology to allocate the UFL.

# Class *Projected* Premium Rate

- **Class *Projected* Premium Rate** is a premium rate based on the collective experience of all employers within a respective class, their allocation of administrative costs, and apportionment of the past claim costs for each class in Schedule 1.

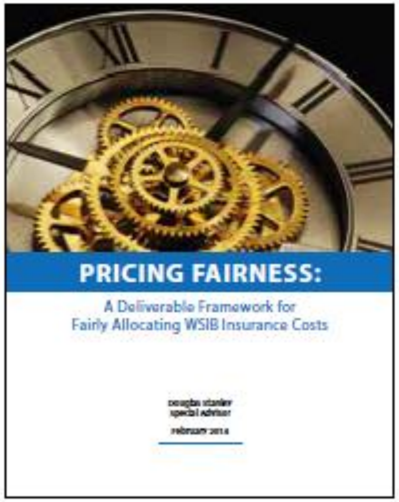
- The Class *Projected* Premium Rates are based on the expected claim costs and insurable earnings experience, in order to project what the premium rates would be under the proposed Rate Framework methodology.

- The model would recognize shifts in industry class cost experience, and lead to updated premium rates to reflect these changes in costs.

- The Class *Projected* Premium Rate does not act like the current rate group premium rate.  It acts as a representation of the rate required from a particular industry class, and is a foundational component to Step 3 (Employer Level Rate Adjustments) where individual employers will see their own annual premium rate better reflect their own risk and claims experience.

# Setting Premium Rates

- The following steps describe the process that would determine Employer Level Premium Rates under the proposed Rate Framework by considering three variables:
  1. Insurable earnings
  2. Number of claims
  3. Actual claims costs




## Steps

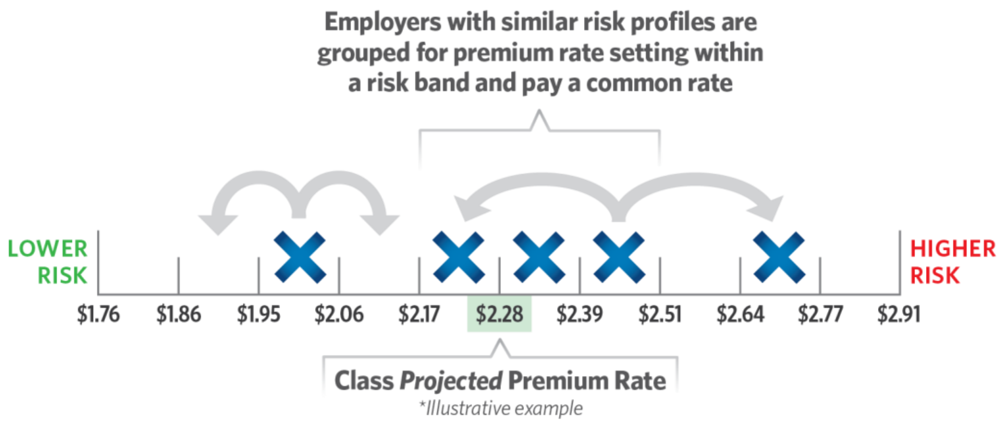
A. Determining an Employer's Actuarial Predictability
B. Determining an Employer's Total Claims Cost
C. Determining an Employer's Insurable Earnings
D. Determining an Employer's Risk Profile
E. Determining the Class Risk Profile
F. Determining an Employer's Adjusted Risk Profile
G. Determining an Employer's Risk Profile Index
H. Determining an Employer's *Projected* Premium Rate
I. Determining an Employer's Actual Premium Rate

# Risk Banding

- **Risk Bands** are hierarchical series of divisions within each class. Each division represents a different level of risk where employers would be placed relative to the Class *Projected* Premium Rate. In each class, risk bands are subject to limitations, such as the premium rate of the minimum risk band ($0.20), and the maximum risk band will not exceed about three times the average premium rate for each industry class.

- The proposed Rate Framework includes over 1,500 risk bands across Schedule 1, with each industry class having between 40 – 80 risk bands where individual employers would be placed with employers that share similar risk profiles.

- As such, the WSIB developed a new approach to handle the varying risk of employers by creating risk bands that are in 5% increments in premium rate between each risk band, and sought to provide greater rate stability by limiting annual year over year rate changes to +/- 3 risk bands.



# Employer's *Projected* Premium Rate

- **Employer *Projected* Premium Rate** is an adjusted premium rate that represents how much an employer needs to pay in order to fund their fair share of costs, as well as the collective costs of their class.

- Subject to the graduated per claim limit, the employer *projected* rate identifies what the employer should be paying as a premium rate, based on their actual experience adjusted by predictability scales relative to class average and subject to the minimum charge ($0.20) and maximum risk band (about 3X the class *projected* premium rate) in each class.

- The Employer *Projected* Premium Rate does not include the employer's starting point, nor does it include the three risk band limitations, which reduces the premium rate volatility that an employer would experience in moving from their starting point towards their *projected* premium rate.

# Employer’s Actual Premium Rate

- **Employer Actual Premium Rate** is an adjusted premium rate that represents how much each employer would pay taking into consideration risk band limitations, previous year(s) premium rates, minimum premium rate, as well as the collective experience of all employers in that class.

- In order to move employers from the current to the new process, a **starting point** or an employer’s Net Premium Rate in terms of their Employer Actual Premium Rate needs to be established.

- When transitioning from the current system to a new Rate Framework:
  - For employers who are currently participating in WSIB experience rating programs: using the employer’s average “net” premium rate (after considering experience rating refunds and surcharges) over the last three years; and
  - For employers who are currently not experience rated (who are not eligible to participate in an experience rating program) using the premium rate of the RG from the prior year.

- The starting point for all employers in the following years would be their previous year's premium rate, towards achieving their *projected* premium rate.

# Updates and Revisions to the Rate Framework

# Proposed Classification Structure

**Proposed Rate Framework**

- The proposed classification structure included 22 classes at the NAICS 2 or 3 digit-level. The actuarial predictability threshold used was $12B in insurable earnings over 6 years.

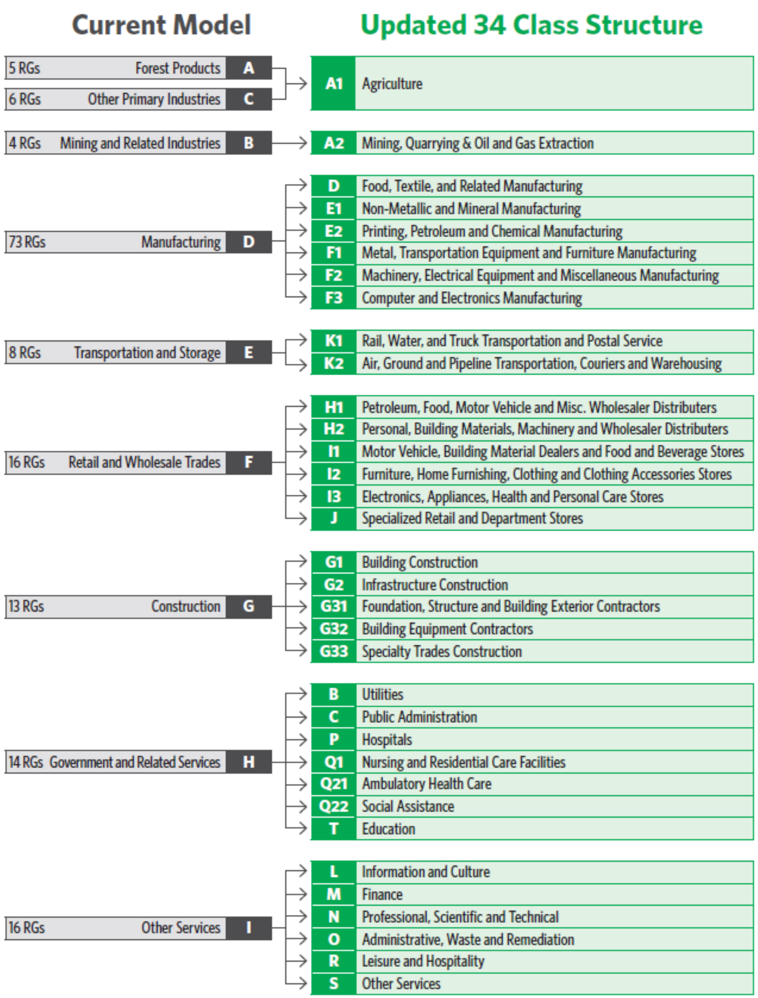
**Stakeholder Feedback / WSIB Analysis**

- Some stakeholders have commented that the WSIB should consider expanding the number of classes it has recommended to account for what may be very different risk or claims experience.
- The WSIB undertook analysis to determine if a lower actuarial predictability threshold could be supported. Stakeholders also commented that the threshold could be lowered to support more classes.
- The WSIB also undertook additional analysis on the appropriate level of risk disparity in each class.

# Proposed Classification Structure

## Recommendation – Updated Rate Framework

- The WSIB revised the actuarial predictability threshold to \$12B in IE or \$6B in IE and \$15M in claims costs over six years to determine class structure and the threshold for acceptable risk disparity to greater than +/- 20%.
- Based on the new predictability threshold and risk disparity analysis, the 22 class structure has been expanded to 34 classes.
- The risk disparity analysis will form part of the regular, ongoing monitoring of the Rate Framework and could lead to updates to the class structure.
- Key Goal Alignment: ***'Fairly Allocated Premiums'*** - better distribution of the costs by industry and reduction of the risk disparity that was present in the original proposal.



# Proposed Classification Structure

## Proposed 22 Class Structure

| CLASS LETTER | CLASS DESCRIPTION | NAICS EQUIVALENT |
|---|---|---|
| A | Primary Resource Industries | 11-21 |
| B | Utilities | 22 |
| C | Public Administration | 91 |
| D | Food, Textile, and Related Manufacturing | 31 |
| E | Resource and Related Manufacturing | 32 |
| F | Machinery and Related Manufacturing | 33 |
| G1 | Building Construction | 236 |
| G2 | Infrastructure Construction | 237 |
| G3 | Specialty Trades Construction | 238 |
| H | Wholesale Trade | 41 |
| I | General Retail | 44 |
| J | Specialized Retail and Department Stores | 45 |
| K | Transportation and Warehousing | 48-49 |
| L | Information and Culture | 51 |
| M | Finance | 52-53-55 |
| N | Professional, Scientific and Technical | 54 |
| O | Administrative, Waste and Remediation | 56 |
| P | Hospitals | 622 |
| Q | Health and Social Services | 621-623-624 |
| R | Leisure and Hospitality | 71-72 |
| S | Other Services | 81 |
| T | Education | 61 |

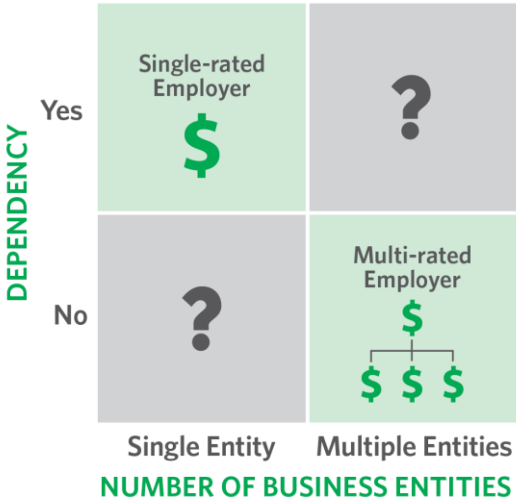
## Results of Risk Disparity Analysis — Updated 34 Class Structure

| CLASS LETTER | CLASS DESCRIPTION | NAICS EQUIVALENT |
|---|---|---|
| A1 | Agriculture | 11 |
| A2 | Mining, Quarrying & Oil and Gas Extraction | 21 |
| B | Utilities | 22 |
| C | Public Administration | 91 |
| D | Food/Textile & Related Manufacturing | 31 |
| E1 | Non-Metallic/Mineral Manufacturing | 321-322-326-327 |
| E2 | Printing, Petroleum/Chemical Manufacturing | 323-324-325 |
| F1 | Metal/Transportation/Furniture Manufacturing | 331-332-336-337 |
| F2 | Machinery/Electrical/Other Manufacturing | 333-335-339 |
| F3 | Computer/Electronics Manufacturing | 334 |
| G1 | Building Construction | 236 |
| G2 | Infrastructure Construction | 237 |
| G31 | Foundation/Structure/Building Exterior Contractors | 2381 |
| G32 | Building Equipment Contractors | 2382 |
| G33 | Specialty Trade Contractors | 2383-2389 |
| H1 | Petroleum/Food/Vehicle/Other Wholesale | 411-412-413-415-418 |
| H2 | Personal/Building Materials/Machinery Wholesale | 414-416-417-419 |
| I1 | Vehicle/Building Material/Food & Beverage Retail | 441-444-445-447 |
| I2 | Furniture/Home/Clothing Retail | 442-448 |
| I3 | Electronics/Appliances/Personal Care Retail | 443-446 |
| J | Specialized Retail & Department Stores | 45 |
| K1 | Rail/Water/Truck & Postal Service Transportation | 482-483-484-491 |
| K2 | Air/Ground/Pipeline/Courier Transportation & Warehousing | 481-485-486-487-488-492-493 |
| L | Information & Culture | 51 |
| M | Finance | 52-53-55 |
| N | Professional, Scientific & Technical | 54 |
| O | Administrative, Waste & Remediation | 56 |
| P | Hospitals | 622 |
| Q1 | Nursing & Residential Care Facilities | 623 |
| Q21 | Ambulatory Health Care | 621 |
| Q22 | Social Assistance | 624 |
| R | Leisure & Hospitality | 71-72 |
| S | Other Services | 81 |
| T | Education | 61 |

# Employers with Multiple Business Activities

## Proposed Rate Framework

- With the exception of temporary employment agencies, classify all employers in a single class according to their predominant class. For modeling purposes, the WSIB is using a definition of "predominant class" as the class that represents the largest percentage of the employer's annual insurable earnings.



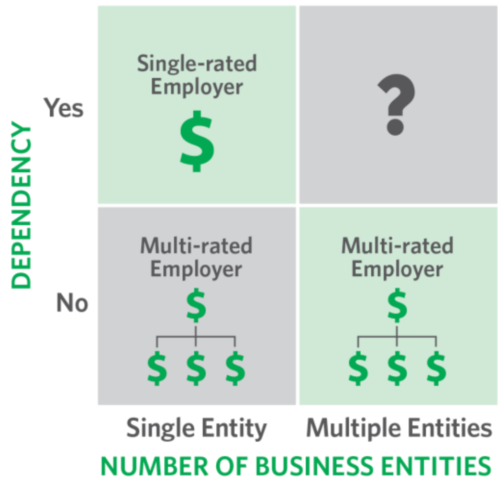

## Stakeholder Feedback

- The issue of determining predominant business activity when an employer has two or more completely unrelated and independent business activities under one legal entity has also been raised.
- It has been suggested that the WSIB consider allowing multiple rates for employers who operate two unrelated and independent business activities, where neither business activity is ancillary or necessarily associated, nor is either necessarily dependent on the other.

# Employers with Multiple Business Activities

**Recommendation – Updated Rate Framework**

- The WSIB is interested in further exploring some exceptions to this general rule for separate classification and multiple rates for a single employer, if an employer engages in more than one business activity, and a business activity is not dependent on the other activity(ies). These would be defined in policy.
- Key Goal Alignment: '***Ease of Administration'*** - potentially addresses stakeholder concerns that the WSIB would otherwise introduce burdens on employers who may choose to incorporate an additional legal entity to obtain a distinct premium rate.




- The WSIB will continue to assess the policy framework related to Associated Employers that undertake dependent business activities.

# Graduated Per Claim Limit

## Proposed Rate Framework

- This graduated approach is based on an employer's predictability and is intended to address the implications of the current per claim limit (PCL) that is overly burdensome for small employers.

| Predictability Scale | 2.5% | 5% | 10% | 20% | 30% | 40% | 50% | 60% | 70% | 80% | 90% | 100% |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Proposed Graduated Per Claim Limit Approach | 0.5 times maximum IE ($84,100) or $42,050 | | 2.5 times maximum IE ($84,100) or $210,250 | | | | 5 times maximum IE ($84,100) or $420,500 | | | | 7 times maximum IE ($84,100) or $588,700 | |

## Stakeholder Feedback / WSIB Analysis

- Some stakeholders have commented that the proposed graduated PCL should be expanded to include more than four steps. Specifically, the focus was on the predictability levels 10% - 40% and 50% - 80%,  where the same PCL was applied to group of employers with vastly different  predictability.
- The WSIB has reviewed the impacts of various graduated PCLs on the pooling of costs and on employers at different actuarial predictability levels.

# Graduated Per Claim Limit

**Recommendation – Updated Rate Framework**

- Expand the current graduated PCL from four to seven levels.
- Key Goal Alignment: '***Fairly Allocated Premiums'*** - it recognizes the diversity of employers and the predictability of their experience in setting fair rates.

| **Predictability Scale** | **2.5%** | **5%** | **10-20%** | **30-40%** | **50-60%** | **70-80%** | **90-100%** |
|---|---|---|---|---|---|---|---|
| Proposed Graduated Per Claim Limit Approach | 0.25 times maximum IE ($84,100) or $21,025 | 0.5 times maximum IE ($84,100) or $42,050 | 1.0 times maximum IE ($84,100) or $84,100 | 2.0 times maximum IE ($84,100) or $168,200 | 4.0 times maximum IE ($84,100) or $336,400 | 5.0 times maximum IE ($84,100) or $420,500 | 7.0 times maximum IE ($84,100) or $588,700 |

# Second Injury and Enhancement Fund

**Proposed Rate Framework**

- Discontinuing the Second Injury and Enhancement Fund (SIEF) program.

**Stakeholder Feedback**

- The WSIB has heard many perspectives on the recommended approach to discontinue the SIEF program, with a near unanimous view from stakeholders in favour of maintaining some form of cost relief.

**Recommendation – Updated Rate Framework**

- Recognize the need for some form of cost relief, pending further review of details of the program and policy parameters, along with considering potential cost relief program alternatives. Maintain SIEF as a interim measure pending the review.
- Review to also examine appropriate cost allocation of relief, considering the potential for some allocation at the Schedule 1 level, compared to current practice of allocating at the Industry Class level.
- Key Goal Alignment: ***'Fairly Allocated Premiums'*** and ***'Collective Liability'*** - recognizes that there are cases where individual employer allocation would produce unfair outcomes.

# Fatal Claims

**Proposed Rate Framework**

- The WSIB's current Fatal Claims Policy would be inoperable in the updated Rate Framework, as a result of replacing the current experience rating programs and the associated rebates. The current policy is specifically tied to NEER and CAD-7 rebates.

**Stakeholder Feedback / WSIB Analysis**

- The majority of stakeholders have commented on whether other options should be considered to address fatal claims, including using a fixed average cost for all fatalities, or using the PCL. Other suggested that the WSIB should merely charge the actual costs, irrespective of the implications on rate setting, and the impact of the workers' personal circumstances (e.g. age, survivors).
- As part of Pricing Fairness, Doug Stanley suggested that the WSIB ought to replace the current fatal claims policy with a fixed proxy cost instead of actual claims costs.
- A number of other Workers' Compensation Boards in Canada use a fixed proxy cost in place of the actual cost of the fatal claim, e.g. the average cost of a fatality across all industries or the per claim limit for a given employer.
- The WSIB reviewed the impact of applying a fixed cost on large, medium & small employers.

# Fatal Claims

**Recommendation – Updated Rate Framework**

- The WSIB is recommending to use the rolling five year average cost of fatalities across Schedule 1, in place of the actual cost of a fatal claim. Like other jurisdictions in Canada, the per claim limit will apply to fatality claims.
- Key Goal Alignment: **'Fairly Allocated Premiums'** - It creates no complexity or operational considerations as the costs would be allocated in a standard approach that recognizes the WSIB's continued interest in health and safety, and a focus on preventing fatalities.

In 2014, the average cost of a fatality was approximately $367,000. If a fatality occurred in 2014, then based on the credibility scale below, the following claim costs would be charged to an employer.

| Credibility Scale | 2.5% | 5% | 10-20% | 30-40% | 50-60% | 70-80% | 90-100% |
|---|---|---|---|---|---|---|---|
| Per Claim Limit based on 2014 Maximum Insurable Earnings of $84,100 | 0.25 X Max IE | 0.50 X Max IE | 1 X Max IE | 2 X Max IE | 4 X Max IE | 5 X Max IE | 7 X Max IE |
| Application of Max IE to Average Cost of Fatality | $21,025 | $42,050 | $84,100 | $168,200 | $336,400 | $367,000 | $367,000 |

# Experience Rating Window

**Proposed Rate Framework**

- At the employer level, a period of six years of claims experience would be utilized for premium rate setting purposes.

| Six year window including insurable earnings from from Jan 1, 2007 to Dec 31, 2012 | | | | | | |
|---|---|---|---|---|---|---|
| | Insurable earnings by year | | | | | |
| Injury Year | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| 2007 | | | | | | |
| 2008 | | | | | | |
| 2009 | | | | | | |
| 2010 | | | | | | |
| 2011 | | | | | | |
| 2012 | | | | | | |

**Stakeholder Feedback / WSIB Analysis**

- Stakeholders have suggested that the proposed six year experience window might be too long, and would not take into account recent improvements in health and safety made by employers.
- Stakeholders have also suggested that a weighted experience rating, where more recent experience is weighted more than past experience is preferred, and act as a counterweight to the expanded window.

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# Experience Rating Window

## Recommendation – Updated Rate Framework

- The WSIB is recommending a weighted experience window, that values the most recent three years at two thirds (66.6%), and the remaining three years at one third (33.3%), responding to stakeholder concerns that the proposal provided too much stability over responsiveness.

<table>
<tr><th colspan="7">Six year window including claims costs from Jan 1, 2007 to Dec 31, 2012</th></tr>
<tr><th rowspan="2">Injury year</th><th colspan="6">Incurred claim cost paid by year</th></tr>
<tr><th>2007</th><th>2008</th><th>2009</th><th>2010</th><th>2011</th><th>2012</th></tr>
<tr><td>2007</td><td></td><td></td><td></td><td></td><td></td><td rowspan="6">Total claim costs</td></tr>
<tr><td>2008</td><td></td><td></td><td></td><td></td><td></td></tr>
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- Key Goal Alignment: ***'Fairly Allocated Premiums'*** and ***'Balanced Rate Responsiveness'*** - provides stakeholders with increased opportunity to impact their rate by improving sustained health & safety and return to work efforts, considering their more recent workplace experience, rather than equally weighing years or the sensitivity of just one year's worth of experience.

# Surcharging Mechanism

**Proposed Rate Framework**

- No surcharging mechanism for employers who consistently exhibit poor claims cost performance was included. Stakeholders were asked to share their perspective.

**Stakeholder Feedback**

- A majority of stakeholders have expressed their support for a special surcharge mechanism for employers who are above the premium rate cap on a sustained basis. This would result in greater employer responsibility for those claims costs, rather than have the industry as a whole bear that responsibility.
- Other stakeholders have suggested that the WSIB wait until a new Rate Framework has been implemented and reassess the need for a special surcharging mechanism.

**Recommendation – Updated Rate Framework**

- The WSIB is recommending that the Rate Framework include a surcharge mechanism. The WSIB will undertake a further review in the development of a specific approach that would work alongside workplaces to identify key drivers for a sustained poor claims experience.
- Key Goal Alignment: ***'Fairly Allocated Premiums'*** and ***'Collective Liability'*** - recognizes that there are cases where greater accountability by individual employers would produce a fairer outcome.

# Additional Stakeholder Feedback

## Rate Group 755

- Some stakeholders in the construction sector raised concerns about removing Rate Group 755 for executive officers (EO) and partners in construction.
- Others have suggested that the purpose of this group is diminished given the updated Rate Framework provides employers with individualized rates that are based on their performance, and that such an approach is misaligned with the treatment of other industries.
- Analysis:
  - The Rate Framework recognizes the varied risk of individual and varied workers within an employer's operation, whether they be EO and Partners, or administrative or sales workers that might also not be exposed to the same risk through employer centric premium rates.
  - It would also deviate from using a standardized NAICS classification structure to support the rate setting processes, and counter the Rate Framework's Key Goal of '***Clear and Consistent'*** in that it would create an inconsistent approach to classification at the WSIB.

## Recommendation – Updated Rate Framework

- No change to original proposal. Employers would be classified according to their predominant business activity, and see the risk of the entire operation reflected in their premium rates. Rate Group 755 would be discontinued once a new Rate Framework is implemented and EO and partners would be treated in same manner as other workers.

# Additional Stakeholder Feedback

## Graduated Risk Band Limits

- Certain stakeholders have suggested that the WSIB explore linking the current three risk band limitation that limits year over year rate changes to provide greater rate stability, to the steps in the predictability scale (in a manner similar to the graduated per claim limit).
- This would mean that more predictable and generally medium to large employers could be subjected to annual movement greater than three risk bands (approximately +/- 15%).

## Recommendation – Updated Rate Framework

- No change. There was no general consensus on this point, and many employers expressed some concern that this would bring too much instability in premium rates from one year to another. Given that one of the Key Goals for the Rate Framework Modernization is ***'Balanced Rate Responsiveness'***, such a change is not recommended.

# Additional Stakeholder Feedback

## Monitoring Mechanism

- Some stakeholders expressed that the challenges associated with current approach to classification and rate setting were exacerbated by the lack of on-going maintenance and monitoring.
- Following the implementation of a new Rate Framework, the WSIB should setup an internal mechanism to study and assess issues or required updates.
- This group would also be responsible for reviewing the NAICS classification every five years, as it is updated by Statistics Canada, in addition to risk disparity analysis to address any changes to the risk landscape.

**Recommendation – Updated Rate Framework**

- The WSIB commits to the development of a Rate Framework monitoring function.
- As part of this function, the WSIB will report to stakeholders on a regular basis on the 'health' of the Rate Framework and review and undertake appropriate amendments at least every five years to coincide with NAICS updates by Statistics Canada.
- As an example, the Risk Disparity Analysis that has been produced as part of the analysis of the Rate Framework would be a continuous item that would help determine when or if any further change to the classification structure would be required (e.g. further expanding or collapsing the number of industry classes to address any developing risk disparity).

# Additional Stakeholder Feedback

**Improved Support, Data and Information Sharing**

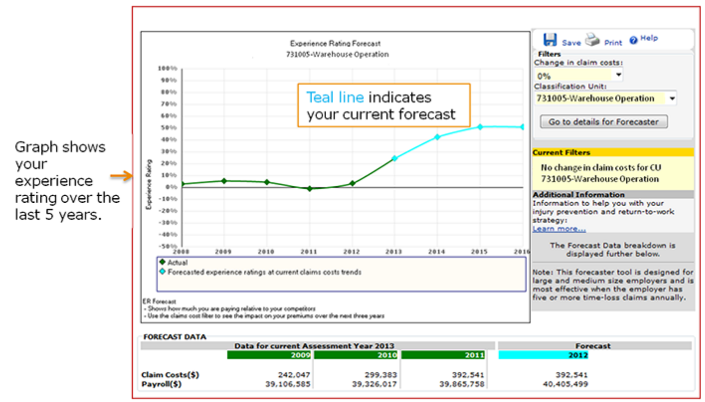
- A number of stakeholders have suggested that the WSIB should be in a position to provide employers with more detailed and actionable information to help them make informed health and safety decisions.
- Some stakeholders specifically pointed to Worksafe BC's Employer Safety Planning Toolkit as a tool that should be developed and made available in Ontario. Learn more about the Toolkit.
- The Toolkit is a suite of interactive tools that enables employers to learn about the injuries and claims that impact their safety performance, compare their performance against peers, and assesses the impact of workplace health and safety changes.


**Recommendation – Updated Rate Framework**

- The WSIB is interested and exploring the development of a workplace tool similar to Worksafe BC.
- This new offering addresses the Rate Framework's Key Goal of ***'Transparent and Understandable'*** in that employers and workplaces would have actionable information to promote active participation in health and safety.

# Additional Stakeholder Feedback

Worksafe BC's Employer Safety Planning Toolkit as a tool that should be developed and made available in Ontario. Learn more about the Toolkit.


**Result Summary Statement**

<< Return to Performance Scorecard — Print

| Adjusted Performance Scorecard | Year Range | Actual | Difference | Adjusted | Comparison vs. Peers | Actual Rank | Adjusted Rank |
|---|---|---|---|---|---|---|---|
| Experience Rating | 2014 | 17.0% | -26.8% | -9.8% | | 45/56 | 16/56 |
| Total Annual Premiums | 2014 | $666,734 | -$152,722 | $514,012 | | | |
| Injury Rate | 2010-12 | 3.0 | -1.0 | 2.0 | | 48/56 | 25/56 |
| Total Claims Count (Time-loss claims) | 2010-12 | 154 | -51 | 103 | | | |
| Serious Injuries % of Total Claims | 2010-12 | 7.1% | -0.3% | 6.8% | | 15/52 | 15/52 |
| Serious Injuries Total Claims Count | 2010-12 | 11 | -4 | 7 | | | |
| Total Days Lost (Regardless of year of injury) | 2010-12 | 4,607 | -1,317 | 3,290 | | | |
| Total Days Lost (For injuries in period) | 2010-12 | 4,088 | -1,317 | 2,771 | | | |
| Total Claims Cost (Regardless of year of injury) | 2010-12 | $971,455 | -$259,377 | $712,078 | | | |
| Total Claims Cost (For Injuries in Period) | 2010-12 | $831,733 | -$259,377 | $572,356 | | | |

This column showcases the change from the actual performance from the adjusted performance

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# Additional Stakeholder Feedback

**Labour/Injured Worker Groups' Concerns: Rate Setting, Claims Experience or Experience Rating**

- Some labour and injured worker groups have identified their on-going concern with using claims experience in the determination of premium rates for employers. Suggested amendments include establishing one rate or very few rates for all employers, and to not consider claims experience or costs at all.

- The Rate Framework addresses some of the design features in the current experience rating programs, many which were specifically highlighted in the Stanley *Pricing Fairness Report (2014)*:
  - *Addresses the hyper-sensitivity of the existing retrospective programs, and eliminates the rebate and surcharges that would adjust employer premiums nearly two years later;*
  - *Extends the period of review of experience to a consistent six years, to address the gap with the existing 72-month lock in period, and in support of extended return to work efforts;*
  - *Extends the consideration of claim experience to all employers, including nearly 140,000 currently excluded;*
  - *Considers the risk associated with all claims, not just lost time injuries, but also no lost time injuries; and*
  - *Recognizes a distinct approach in setting rates for temporary employment agencies.*

- The Rate Framework considers employer specific risk/claims experience and provides employers and workplaces with an incentive for sustained occupational health and safety efforts to reduce workplace injuries and return workers to productive work. In addition, it addresses the concerns that some employers can see their risk/claims experience offset by those employers who have taken appropriate steps and to address the health and safety of their workplaces.

# Next Steps

**December 2015 – March 2016**

- Stakeholders will have the opportunity to further share their thoughts on the updates to the Rate Framework until the end of March, by providing written response via the Consultation Secretariat (consultation_secretariat@wsib.on.ca), as the WSIB moves towards approvals.
- Following the stakeholder session on December 1st, the WSIB will publish updated premium rate information (e.g. Class Projected Premium Rates based on a 2016 model, including the # of risk bands by industry class, the range of premium rates for each class, etc.). In addition, the WSIB will publish updated Risk Disparity and Rate Group Analysis based on the 34 class structure.
- Later in 2016, the WSIB will be seeking approval of the new Rate Framework from its Board of Directors, towards a targeted implementation of 2019 at the earliest.
- During this time, the WSIB would develop a comprehensive transition plan to support stakeholders towards the WSIB's own implementation. Further stakeholder discussions on this item will occur through 2017.
- The development of the policy framework for the new Rate Framework would occur through 2017, with the expressed commitment that it be published one year prior to its implementation.

# Q & A

Question and Answer Period

For further information visit:

www.wsibrateframeworkreform.com

or email us at consultation_secretariat@wsib.on.ca