

February 27, 2009

Experience Rating Review Update and Release of Discussion Paper

As you know, we are continuing our review of our Experience Rating program, in order to better align the program with our Road to Zero strategy and our vision of eliminating all workplace fatalities, injuries and illnesses.

I am pleased to update you on our progress so far.

Last year the WSIB released the Fatal Claim Premium Adjustment policy, which ensures that a premium increase is applied to employers that might have otherwise received a refund if they experience a work-related traumatic fatality. And a validation unit was established to look at employers who receive rebates to make sure that they are, in fact, meeting their health and safety obligations.

These are just two of a series of changes that were introduced to help quickly and effectively strengthen the link between incentives and real performance in health and safety.

We also recognized that changes need to be made to the WSIB's prevention incentives to strengthen the link to real performance in health and safety. That's why we selected Morneau Sobeco, a third-party expert, to lead the first phase of a review of our Experience Rating program.

Discussion Paper and Consultation

Morneau Sobeco looked at how Experience Rating and WSIB prevention incentive programs might better align with our Road to Zero Strategy, co-ordinate with our prevention system partners, support compliance with legislated obligations, and keep workers healthy and safe – while being fair to all the stakeholders in the workplace safety and insurance system.

Their review was anchored and focused by the guiding principles we provided them (see attached), with the purpose of providing a report that could be used to continue a dialogue on possible amendments to the program.

During the course of the review, meetings were held with stakeholders representing employer, labour and injured worker groups, including the Canadian Federation of

Independent Business, the Ontario Federation of Labour, the Ontario Business Coalition, the Injured Worker Outreach Services and the Provincial Building Trades Council of Ontario.

These meetings gave the WSIB's key stakeholders the opportunity to share their opinions on the Experience Rating program, the review itself, and the future of health and safety incentive programs in Ontario.

The WSIB Board of Directors received the Morneau Sobeco report and authorized the release of Morneau Sobeco's recommendations for public consultation. Their report is now available on the WSIB website, and can be found by searching the site for "Experience Rating" or by visiting:

<http://www.wsib.on.ca/wsib/wsibsite.nsf/Public/PreventionExperienceRating>

The key findings and recommendations of the report are grouped into three categories:

- Reporting behaviours;
- Experience Rating's links to, and consistency and alignment with, legislative obligations; and
- Fairness, particularly in respect to the Second Injury Enhancement Fund (SIEF), advances, the multiplier effect in NEER and CAD-7, the frequency component of CAD-7, the size of financial incentives, the impact of different incentives as employers pass through the \$25,000 MAP threshold, and the Experience Rating window.

I want to continue the dialogue on Experience Rating we had in those meetings with all our stakeholders across Ontario, including the employers and workers who are directly affected by changes to the system, before any final decisions are made on the revisions to the Experience Rating program.

As you may have heard, I am personally undertaking a wide-reaching consultation process in the coming weeks that will open discussion on the WSIB's programs and services – including Experience Rating.

More details on the consultation will be released soon, but I invite you to review Morneau Sobeco's report and bring your comments to a consultation session or email them to ExperienceRatingReview@wsib.on.ca. The WSIB looks forward to more

stakeholder input and extensive engagement, both during the consultation period and well into 2009, when we move into the long-term phase of the review.

I am confident that the steps we're taking will help make a difference in Ontario workplaces. The work will be challenging, but I have seen the dedication and commitment that employers and labour have towards improving health and safety in Ontario.

I look forward to continuing the productive and effective work we're engaged in on this vital issue, and to redoubling our efforts to reduce and eliminate the incalculable human costs that all of us bear each time a worker is killed, injured, or becomes ill on the job.

Sincerely,

Hon. Steven W. Mahoney, P.C.
WSIB Chair

WSIB Experience Rating Review: Guiding Principles

The WSIB in its strategic plan – The Road to Zero – clearly outlines its vision, mission, principles, and values that guide the strategic direction of the organization. To further assist the Experience Rating review, the following principles were developed to guide the identification of options:

- Alignment with the WSIB's Five Year Strategic Plan, The Road to Zero, and contributing to the creation of the healthiest and safest workplaces in the world – where zero fatalities, injuries and illnesses are the vision for all Ontarians.
- Incentive programs must be aligned and coordinated with the efforts of prevention system partners and with relevant legislative obligations, and should provide effective motivation to employers to develop and maintain healthy and safe workplaces.
- Incentive programs must have recognized insurance equity features so that the plans are responsive to the dynamics of Ontario workplaces and provide fairness to employers.
- Programs must not drive unintended behaviours like claim reporting non-compliance, legislative non-compliance, or claims management practices which disadvantage injured workers.