A31 – Grain Elevators and Inland Terminals

2018 Premium Rate & Industry Statistics

** For more information on how premium rates are set, please visit our website at www.wcbsask.com
Key Drivers of Premium Rate

- Premium Rate
  - Claims Costs
  - Payroll
Claims Costs: Includes wage loss benefits, health care costs and vocational rehabilitation benefits.

Thousands of Dollars

<table>
<thead>
<tr>
<th>Year</th>
<th>Compensation</th>
<th>Health Care</th>
<th>Vocational Rehab</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>120</td>
<td>482</td>
<td>14</td>
</tr>
<tr>
<td>2013</td>
<td>79</td>
<td>340</td>
<td>6</td>
</tr>
<tr>
<td>2014</td>
<td>66</td>
<td>298</td>
<td>2</td>
</tr>
<tr>
<td>2015</td>
<td>175</td>
<td>313</td>
<td>6</td>
</tr>
<tr>
<td>2016</td>
<td>183</td>
<td>381</td>
<td>9</td>
</tr>
</tbody>
</table>
Payroll

Millions of Dollars

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<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>128</td>
</tr>
<tr>
<td>2015</td>
<td>128</td>
</tr>
<tr>
<td>2016</td>
<td>134</td>
</tr>
<tr>
<td>2017</td>
<td>142</td>
</tr>
<tr>
<td>2018</td>
<td>150</td>
</tr>
</tbody>
</table>

* Projected
Distribution of Claims

### Part of Body

- **Abdomen**: Costs = 15%, Frequency = 20%
- **Arm**: Costs = 10%, Frequency = 10%
- **Back**: Costs = 15%, Frequency = 15%
- **Body System**: Costs = 5%, Frequency = 5%
- **Chest**: Costs = 5%, Frequency = 5%
- **Eye**: Costs = 5%, Frequency = 5%
- **Foot**: Costs = 5%, Frequency = 5%
- **Hand**: Costs = 10%, Frequency = 10%
- **Head**: Costs = 10%, Frequency = 10%
- **Leg**: Costs = 15%, Frequency = 15%
- **Multi**: Costs = 5%, Frequency = 5%
- **Neck**: Costs = 5%, Frequency = 5%
- **Other**: Costs = 5%, Frequency = 5%
- **Pelvic Region**: Costs = 5%, Frequency = 5%
- **Shoulder**: Costs = 5%, Frequency = 5%

### A31 Average Age at Injury: 37.2

- **65 plus**: 0%
- **55 to 64**: 10%
- **45 to 54**: 15%
- **35 to 44**: 20%
- **25 to 34**: 25%
- **Under 25**: 30%

### Gender Distribution

- **Male**: 91.6%
- **Female**: 8.4%
Industry Premium Rates

- WCB is funded by employer premiums

- Premiums cover all current and future costs for claims that occur during the year → today’s employers pay for cost of today’s claims

- Actuarial rate model is used to determine annual industry premium rates
  - Projects expected claims costs for upcoming year
  - Industry premium rate = costs / payroll
The WCB reviewed its rate model in 2016.

For more information on the rate model review visit our website: www.wcbsask.com
Balancing Principles

- Transparency
- Collective Liability
- Accountability
- Reactivity
- Rate Stability
- Stability
<table>
<thead>
<tr>
<th>Component</th>
<th>Change</th>
<th>What this means</th>
</tr>
</thead>
</table>
| **Credibility of industries** – the extent that you can use an industry’s past experience to predict its future experience. | If 5 years of cost history does not provide enough experience to predict future costs, 10 years is used to supplement the 5 year experience | - Increased accountability  
- Improved rate stability for small industries |
| **Use of indicators to predict costs**          | Use change of workforce instead of time loss claims to predict costs.  
Workforce – the estimate of the change in the number of insured workers for the rate year | - Increased rate stability  
- Increased ease of understanding |
| **Costly claim pooling** – when costs are spread amongst a larger grouping of employers | Apply all costs up to a maximum of 3 times the ultimate maximum insurable wage to the industry experience. Remaining costs are pooled at the Board Level. | - Increased collective liability  
- Increased rate stability |
## Components of the Enhanced Rate Model

<table>
<thead>
<tr>
<th>Component</th>
<th>Change</th>
<th>What this means</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Allocation of Fatality Costs</strong></td>
<td>Costs for fatality claims will be charged to the industry in which they occur and treated the same as all other claims.</td>
<td>- Increased fairness (treated the same as all other claims)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Increased accountability</td>
</tr>
<tr>
<td><strong>Long Term Claims</strong></td>
<td>Apply all costs for the first 7 years of a claim to the industry experience. Remaining costs are pooled at the Board Level.</td>
<td>- Increased fairness</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Increased accountability</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Increased reactivity to recent cost experience</td>
</tr>
<tr>
<td><strong>Allocation of Administration Costs</strong></td>
<td>Increase fixed component from 10% to 30%.</td>
<td>- Increased fairness</td>
</tr>
</tbody>
</table>
The Rate Model Transition

For 2018:

- Industry rate codes whose premium rates are increasing with the transition to the enhanced model will be subsidized from the Injury Fund.
- Those industry rate codes whose premium rates are staying the same or decreasing will receive the premium rate as calculated under the enhanced model.

For 2019:

- All industry premium rates will be determined using the enhanced model.

For more information on the enhanced rate model, visit our website: www.wcbsask.com
## Premium Composition

### Factors

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Claims Costs</td>
<td>$0.520</td>
<td>$0.437</td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>$0.177</td>
<td>$0.224</td>
<td></td>
</tr>
<tr>
<td><strong>Industry Base Rate</strong></td>
<td><strong>$0.70</strong></td>
<td><strong>$0.66</strong></td>
<td><strong>-5.71%</strong></td>
</tr>
</tbody>
</table>

*Per $100 assessable payroll*

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**Please Note:** Your industry premium rate for 2018 is decreasing under the enhanced model. Therefore, no subsidy is required.
You can influence the premium rate you pay.