S11 – Legal Offices, Financial, Drafting

2018 Premium Rate & Industry Statistics

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

October 2017
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>60</td>
<td>79</td>
<td>0</td>
</tr>
<tr>
<td>2013</td>
<td>80</td>
<td>91</td>
<td>0</td>
</tr>
<tr>
<td>2014</td>
<td>112</td>
<td>178</td>
<td>1</td>
</tr>
<tr>
<td>2015</td>
<td>84</td>
<td>130</td>
<td>1</td>
</tr>
<tr>
<td>2016</td>
<td>73</td>
<td>87</td>
<td>0</td>
</tr>
</tbody>
</table>
Payroll

Millions of Dollars

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<table>
<thead>
<tr>
<th>Year</th>
<th>Payroll (Millions of Dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>536</td>
</tr>
<tr>
<td>2015</td>
<td>559</td>
</tr>
<tr>
<td>2016</td>
<td>586</td>
</tr>
<tr>
<td>2017</td>
<td>620</td>
</tr>
<tr>
<td>2018*</td>
<td>646</td>
</tr>
</tbody>
</table>

*Projected
Distribution of Claims

Part of Body

- Abdomen: Costs 10%, Frequency 5%
- Arm: Costs 5%, Frequency 10%
- Back: Costs 15%, Frequency 20%
- Body System: Costs 25%, Frequency 30%
- Chest: Costs 30%, Frequency 40%
- Eye: Costs 0%, Frequency 0%
- Foot: Costs 0%, Frequency 0%
- Hand: Costs 5%, Frequency 10%
- Head: Costs 5%, Frequency 10%
- Leg: Costs 15%, Frequency 20%
- Multi: Costs 10%, Frequency 15%
- Neck: Costs 5%, Frequency 10%
- Other: Costs 0%, Frequency 0%
- Pelvic Region: Costs 5%, Frequency 10%
- Shoulder: Costs 5%, Frequency 10%

S11 Average Age at Injury: 43

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

Average Age at Injury: 43

Gender Distribution:
- Male: 13.6%
- Female: 86.4%
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.

- **2015**: Asset Liability Study
- **2017**: February/March - Industry rate code employer education sessions and consultation on transition. October - Communicate with employers on 2018 premium rates and rate model transition.
- **2018**: January - Implementation of enhanced rate model. Quarter 1 - Industry sessions for those rate codes impacted by enhanced model.

For more information on the rate model review visit our website: [www.wcbsask.com](http://www.wcbsask.com)
Balancing Principles

- Collective Liability
- Accountability
- Rate Stability
- Reactivity

Transparency
<table>
<thead>
<tr>
<th>Component</th>
<th>Change</th>
<th>What this means</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Credibility of industries</strong> – the extent that you can use an industry’s past experience to predict its future experience.</td>
<td>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</td>
<td>- Increased accountability</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Improved rate stability for small industries</td>
</tr>
<tr>
<td><strong>Use of indicators to predict costs</strong></td>
<td>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</td>
<td>- Increased rate stability</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Increased ease of understanding</td>
</tr>
<tr>
<td><strong>Costly claim pooling</strong> – when costs are spread amongst a larger grouping of employers</td>
<td>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.</td>
<td>- Increased collective liability</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Increased rate stability</td>
</tr>
</tbody>
</table>
## Components of the Enhanced Rate Model

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

<table>
<thead>
<tr>
<th>Factors</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Claims Costs</td>
<td>$0.098</td>
<td>$0.058</td>
</tr>
<tr>
<td>Administration</td>
<td>$0.054</td>
<td>$0.116</td>
</tr>
<tr>
<td><strong>Industry Base Rate</strong></td>
<td>$0.15</td>
<td>$0.17</td>
</tr>
<tr>
<td><strong>Transition Subsidy</strong></td>
<td>($0.02)</td>
<td></td>
</tr>
<tr>
<td><strong>Industry Premium Rate (After Transition)</strong></td>
<td>$0.15</td>
<td></td>
</tr>
</tbody>
</table>

* Per $100 assessable payroll

**Please Note:** Your industry base premium rate for 2018 is increasing under the enhanced model, therefore your industry premium rate will be subsidized for 2018 only.
What Does this Mean for Your Industry?

• Your premium rate would have increased from $0.15 in 2017 to $0.17 in 2018 without subsidy applied.

• What factors are driving the increase under the enhanced model?

• Your 2019 premium rate will be as determined under the enhanced model, with no further subsidy.

• It is likely that your industry premium rate will increase in 2019.

• To learn more about how the enhanced rate model impacts your industry, attend an industry information session in early 2018. Watch our website for details www.wcbsask.com.
You can influence the premium rate you pay.