



2019 Preliminary Premium Rate Meetings

Regina: October 16, 2018 | Saskatoon: October 17, 2018



wcb | Saskatchewan
Workers'
Compensation
Board

Agenda

- Welcome & Introduction
- The Rate Setting Process
 - Classification
 - Industry Premium Rates
 - Rate Model
 - Experience Rating Program
- Next Steps – 2019 Premium Rates





Vision Statement

We eliminate injuries and restore abilities.

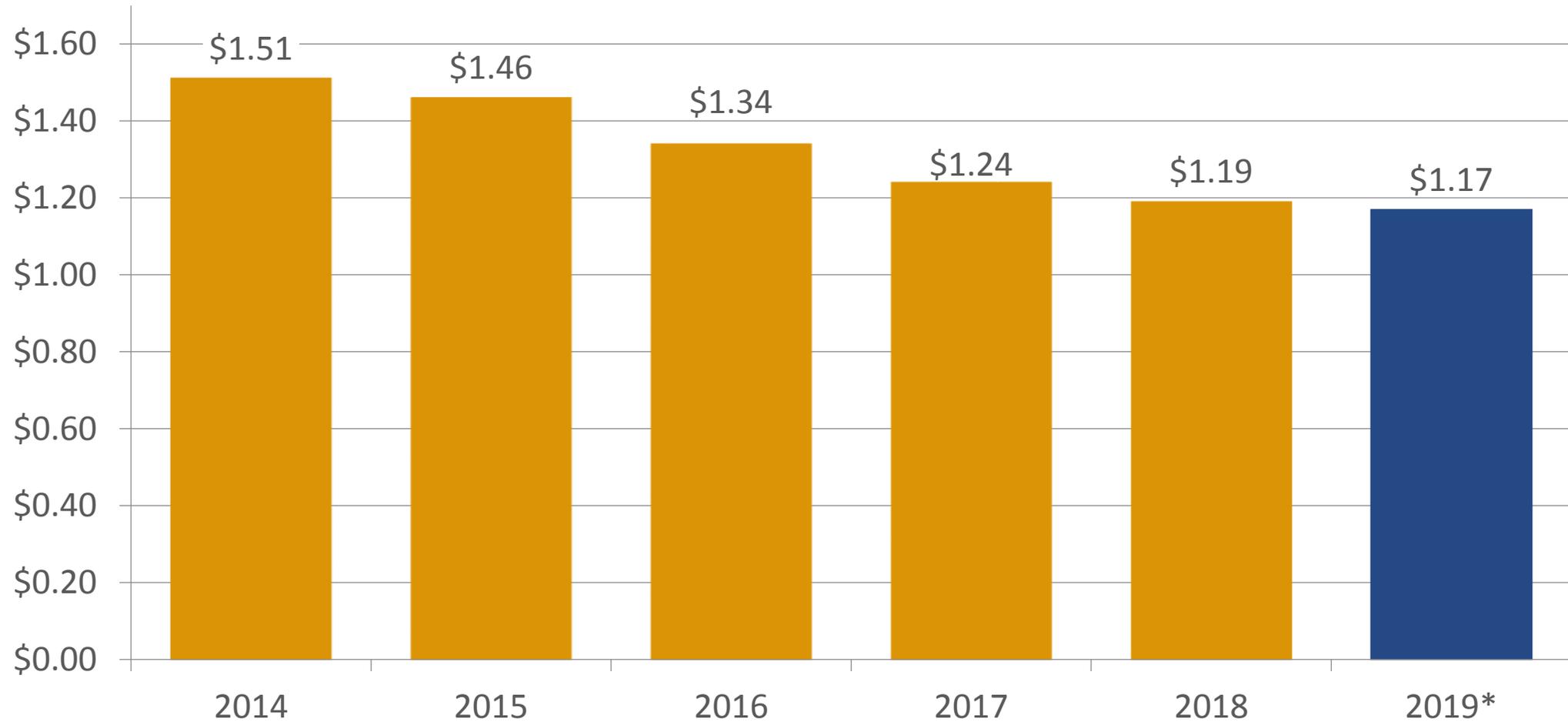


Mission Statement

We will be a customer-centric organization that continuously seeks to add value for our customers through a culture of continuous process improvement.

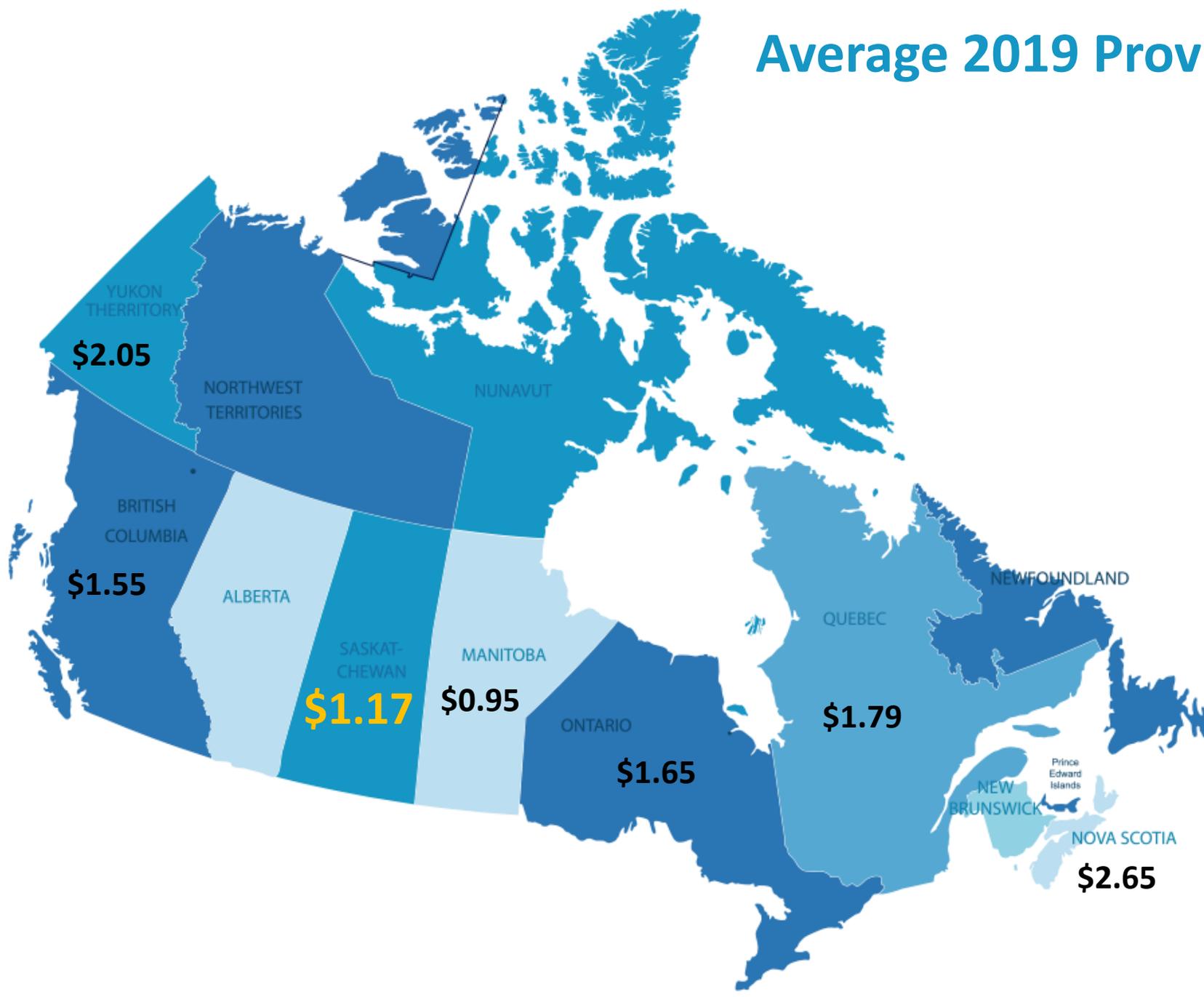
Premium Rate History

Effective Rate per \$100 Payroll



*** Provisional**

Average 2019 Provisional Premium Rates



Jurisdiction	2018	2019*
MB	\$0.95	\$0.95
AB	\$1.02	
SK	\$1.19	\$1.17
BC	\$1.55	\$1.55
PE	\$1.60	
NB	\$1.70	
QC	\$1.79	\$1.79
NL	\$1.90	
YT	\$1.93	\$2.05
NT & NU	\$2.05	
ON	\$2.35	\$1.65
NS	\$2.65	\$2.65

What do your WCB premiums cover?

Workers

Your workers receive medical, wage loss, and rehabilitation benefits if injured on the job.

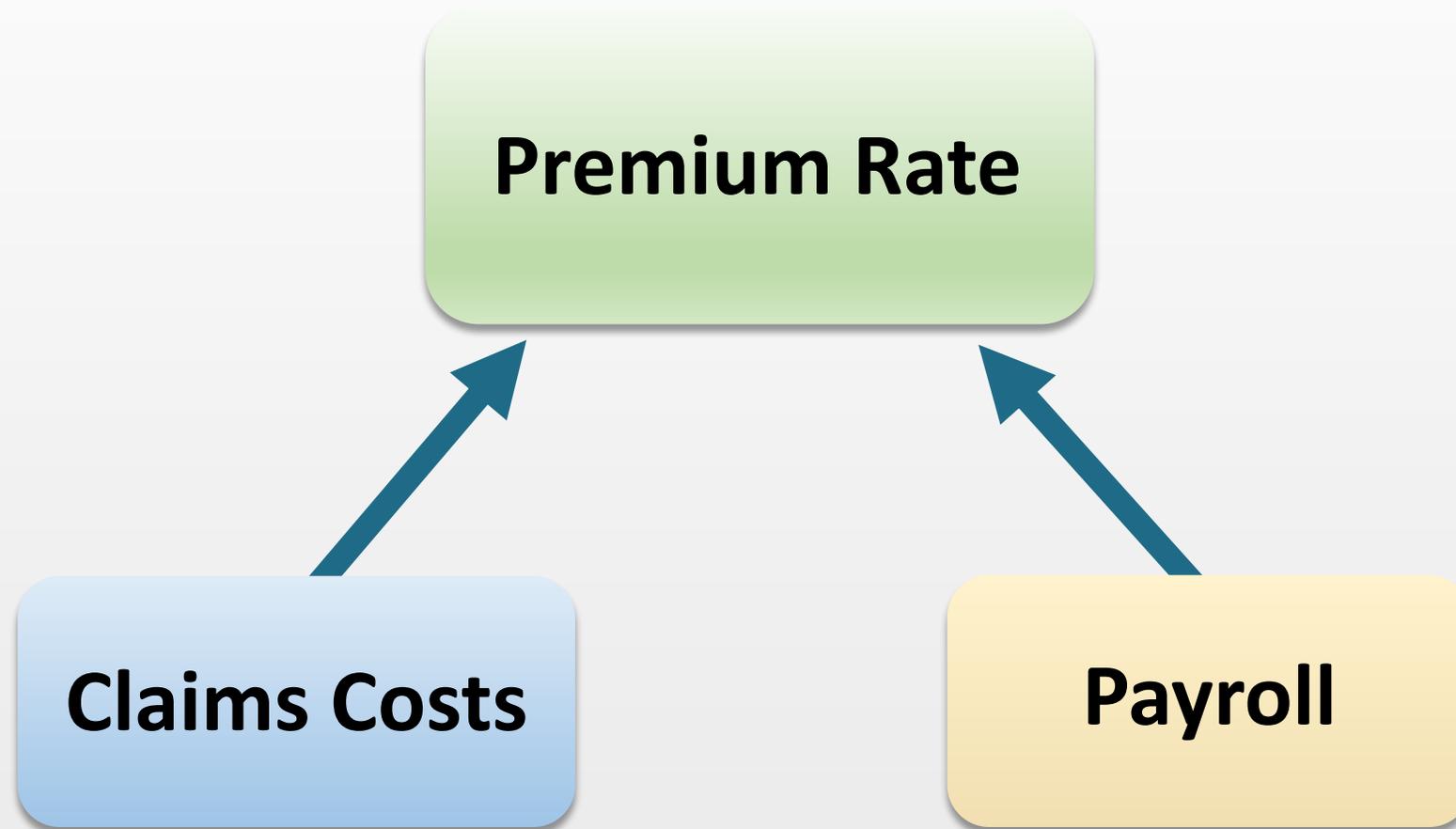


Employers

You are protected from legal action in the event of a workplace injury.

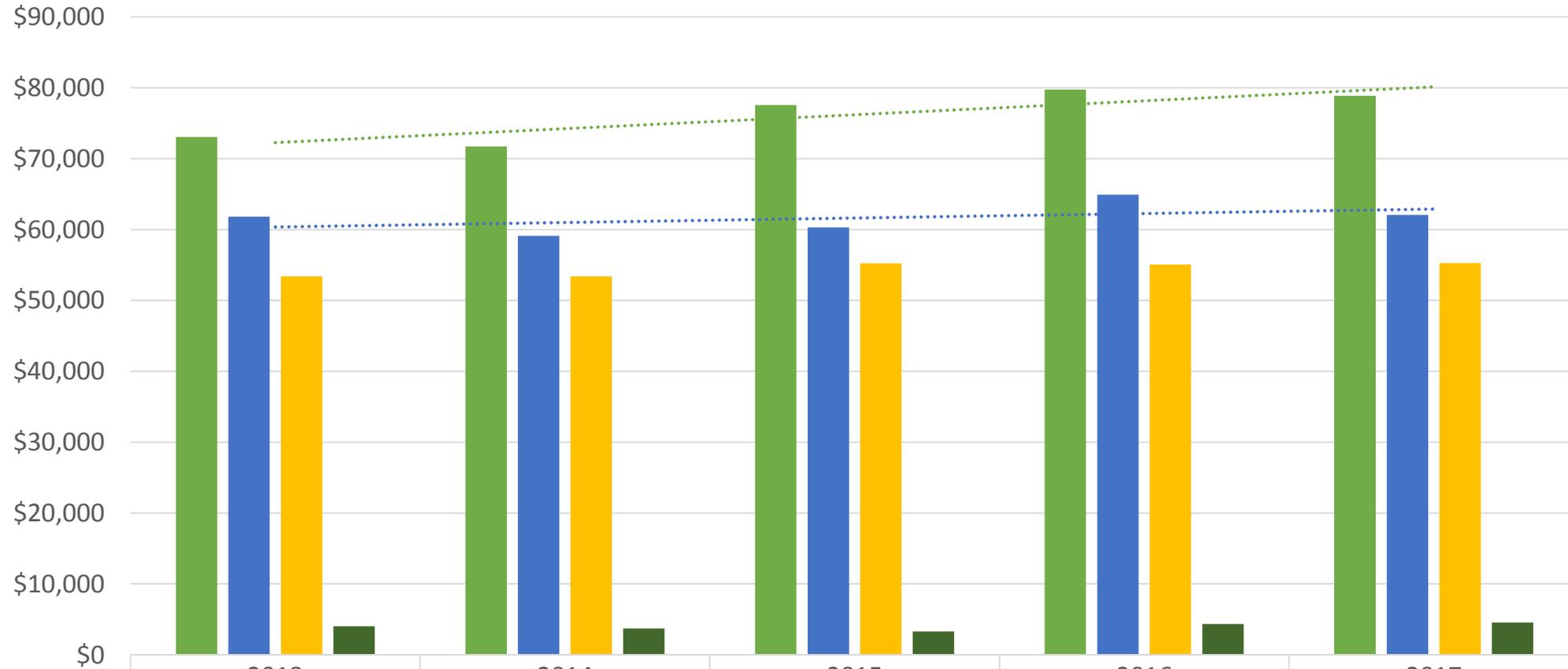


Key Drivers of the Premium Rate



Claim Costs

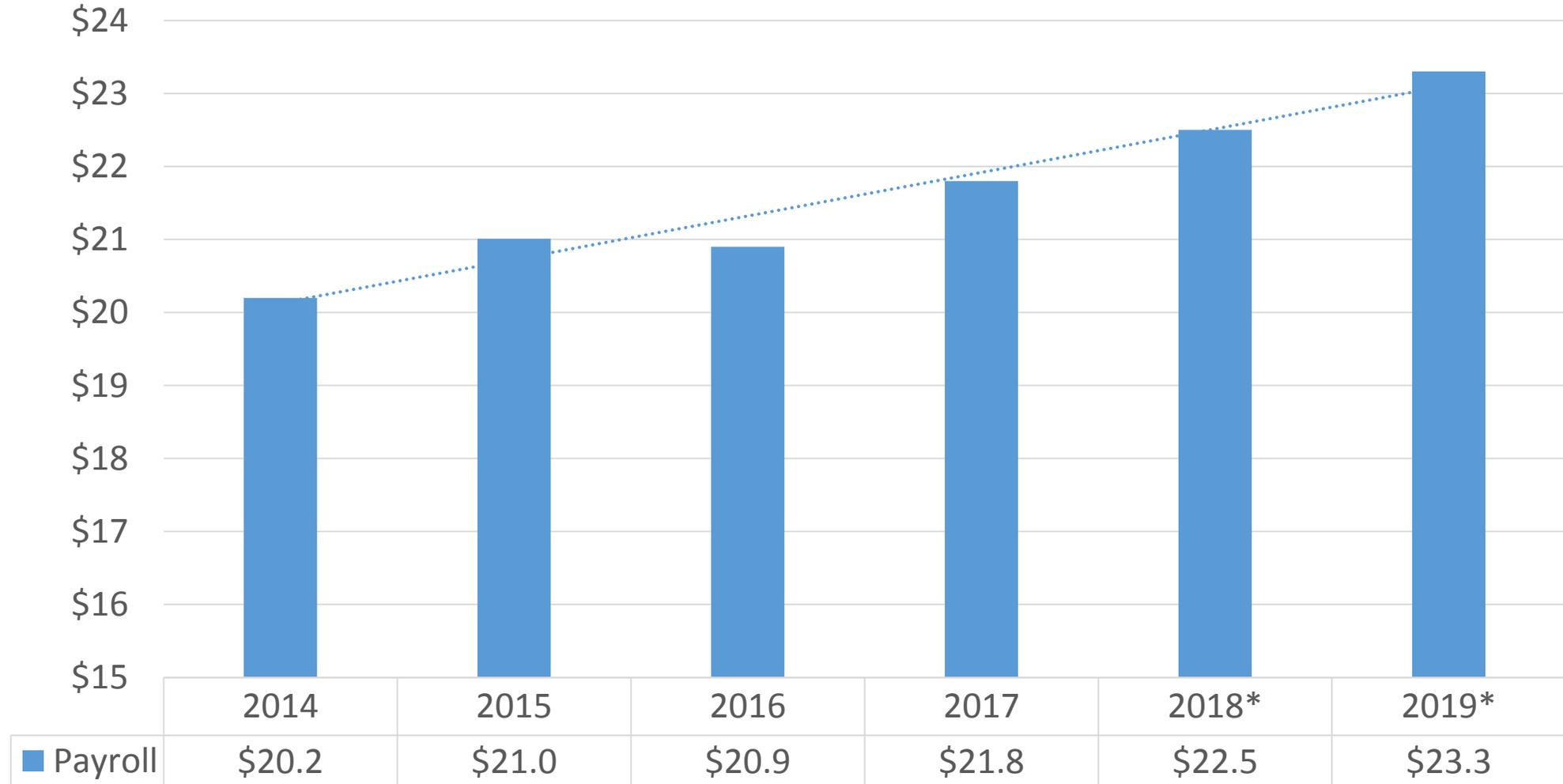
(\$000)



	2013	2014	2015	2016	2017
Medical Aid	\$73,049	\$71,727	\$77,557	\$79,760	\$78,890
Compensation	\$61,808	\$59,095	\$60,303	\$64,906	\$62,080
Pension	\$53,410	\$53,411	\$55,213	\$55,069	\$55,261
Vocational Rehab	\$4,026	\$3,697	\$3,290	\$4,341	\$4,563

Payroll

(\$ billions)



*** Projected**

The Rate Setting Process



- Employers are grouped into industry rate codes based on their primary business activity
- This forms our classification system, which has 50 industry rate codes
- The collective experience of all employers in each industry rate code determines the industry premium rate
- All employers in the same rate code start with the same industry premium rate





- 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 the cost of today's claims
- An actuarial rate model is used to determine annual industry premium rates
 - Projects expected claims costs for the upcoming year
 - Industry premium rate = costs / payroll

The Rate Model



2015

Asset Liability Study

2016

Spring - Review of rate model by external actuary

October - Introduction of enhanced rate model and changes to employers

November/December - Province-wide education sessions for employers

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 model, including transitions for 14 industries

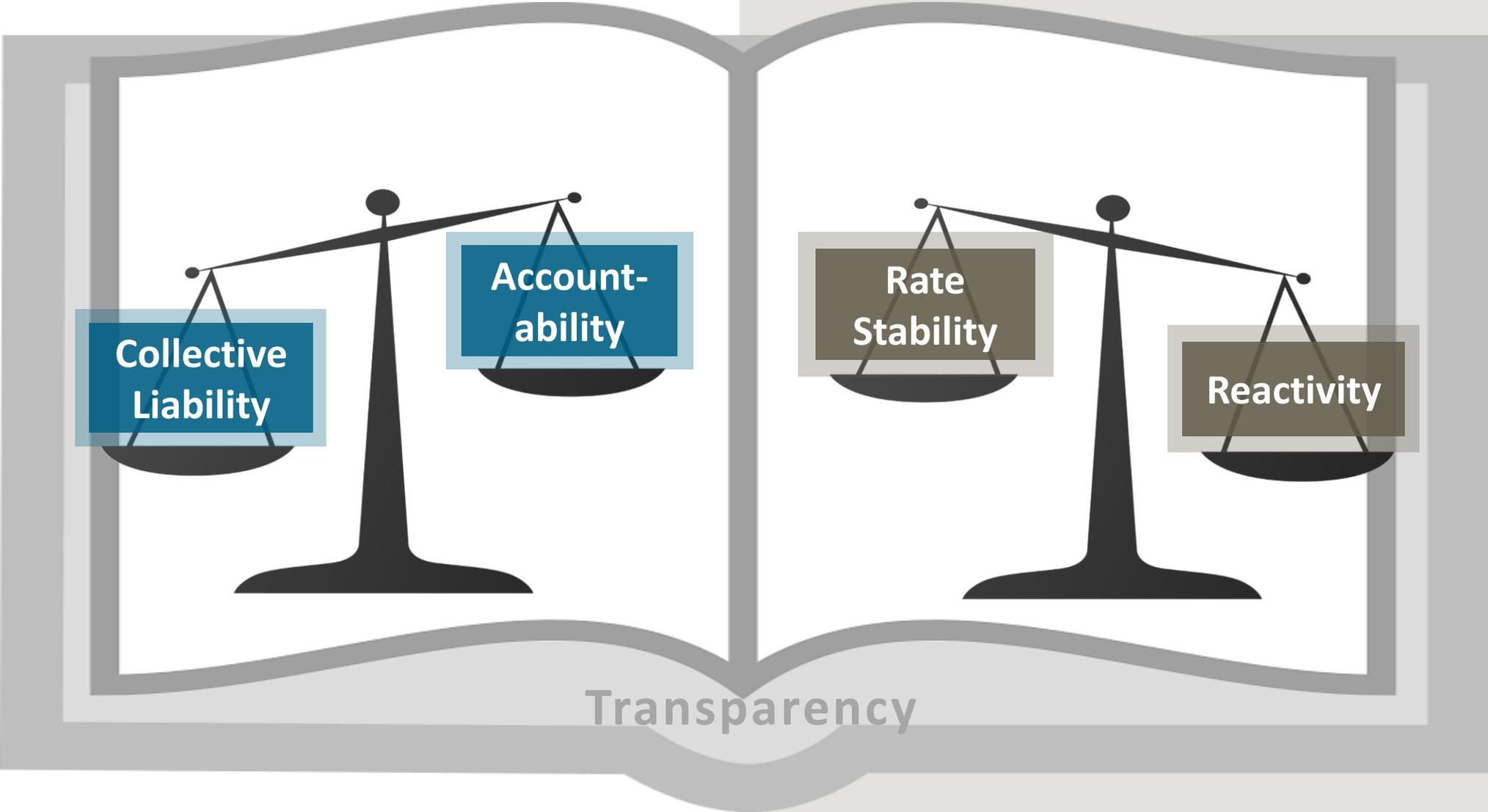
February - Industry sessions for rate codes transitioned to the enhanced model

October - Communicate with employers on 2019 premium rates

2019

January - Enhanced rate model for all 50 industries

Balancing Principles



Credibility of industries:

- The extent to which you can use past experience to predict future experience
- 5 years of cost history is used in the rate model
- For small industries, a 10-year cost history is used to supplement the 5-year experience

Accountability

**Rate stability for
smaller industries**

Use of an indicator to predict future costs:

- We use the estimated change in the number of insured workers to predict future claim costs

Rate stability

Ease of understanding

Costly claim pooling:

- 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

Collective liability

Rate stability

Allocation of fatality costs:

- Costs for fatality claims are applied to the industry in which they occur and treated the same as all other claims

Fairness

Accountability

Long-term claims:

- Apply all costs for the first **7** years to the industry experience.
- Remaining costs are pooled at the Board level.

Fairness

Accountability

**Reactivity to recent
cost experience**

Allocation of administration costs:

- Fixed component (**30%**) is charged to industries based on their payroll.
- Variable component (**70%**) is allocated based on claims costs.

Fairness

Key Components of the Rate Model

Credibility of industries

Increased accountability

Increased stability for small industries

Allocation of fatality costs

Increased fairness & accountability

Use of an indicator to predict costs

Increased rate stability

Increased ease of understanding

Long-term claims

Increased fairness & accountability

Increased reactivity

Costly claim pooling

Increased collective liability

Increased rate stability

Allocation of administration costs

Increased fairness

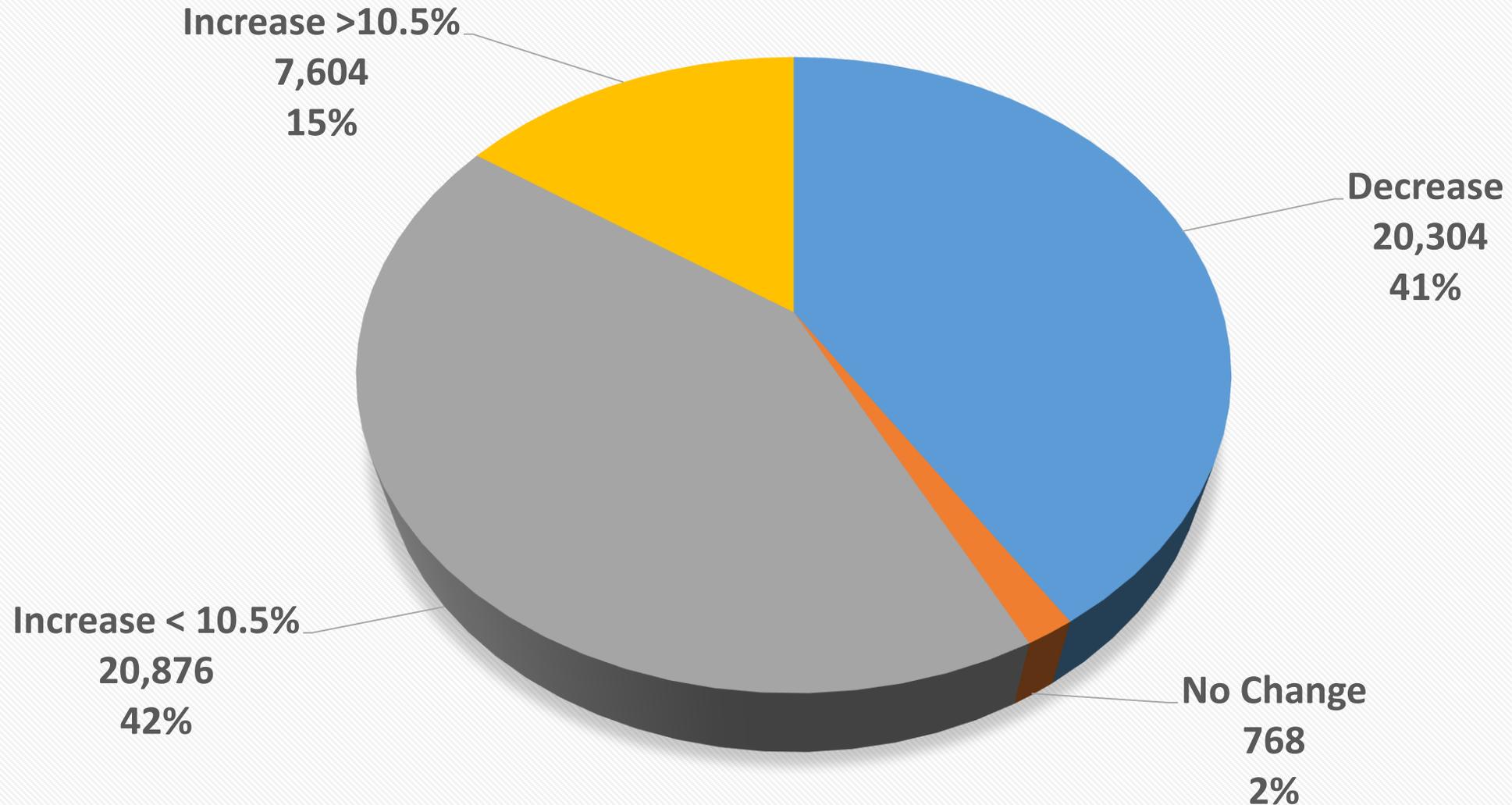
Premium Rate Composition

<i>Factors</i>	<i>2018</i>	<i>2019</i>	<i>% Change</i>
Claims Costs	\$0.809	\$0.781	
Administration	\$0.330	\$0.341	
Safety Associations	\$0.050	\$0.049	
Premium Rate*	\$1.19	\$1.17	-1.7%

** Per \$100 assessable payroll*

Premium Rate Distribution

Change from 2018 Industry Premium Rate



The Rate Setting Process



Experience Rating



Receive
a discount for
positive claims
experience

Pay
a surcharge for
poor claims
experience

- Reducing the number and cost of claims through injury prevention and workplace safety can improve your experience rating and reduce the WCB premiums you pay
- The Experience Rating Program adjusts your premium rate based on your individual claims experience

Standard Program

Premiums < **\$21,000** in **3** years

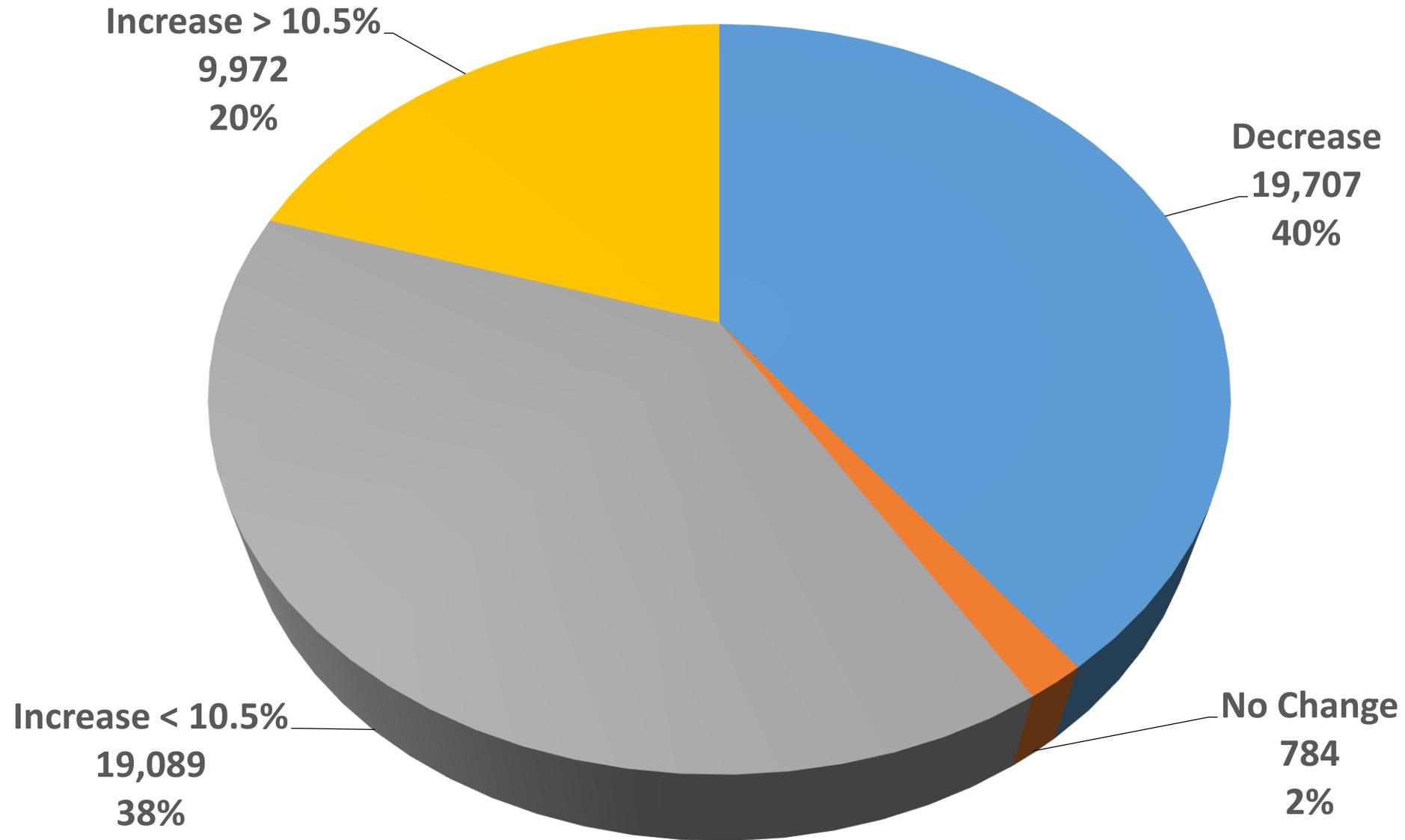
- Frequency based – number of Time Loss claims
- Maximum discount = **25%**
- Maximum surcharge = **75%**

Advanced Program

Premiums \geq **\$21,000** in **3** years

- Cost based
- Maximum discount = **30%**
- Maximum surcharge = **200%**

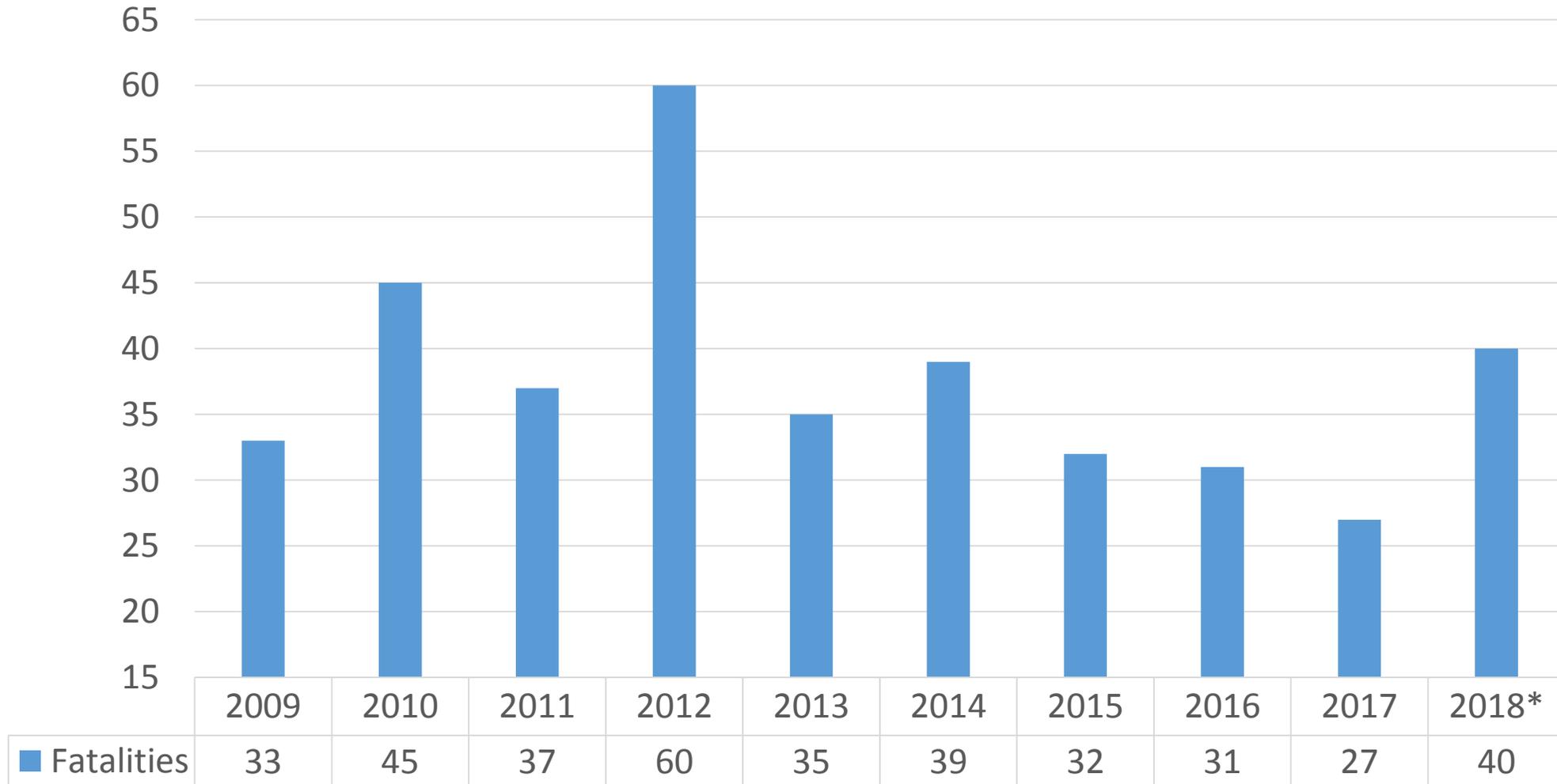
Rate Distribution After Experience Rating



You can influence the premium rate you pay



Fatalities



** As of September 30, 2018*

2019 Premium Rates What's Next?



October

Publish rate increases > 10.5% in the Saskatchewan Gazette
30 days for stakeholder feedback (askwcb@wcbask.com)



November

Report feedback to Board, approval of rates



December

Mail employer premium rate notices





Transition to the new CEO

- Peter Federko announced retirement
- Retirement date: **May 31, 2019**
- Conducting a search to find the new CEO of WCB
- New CEO announcement



Questions



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Thank You



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