



# Preliminary rate information meeting (2023 rates)

Virtual presentation | Oct. 26, 2022



# Agenda

- Introduction and 2023 average preliminary rate - **Gord Dobrowolsky, chair**
- Evolving economic conditions and funding future costs - **Phillip Germain, CEO**
- Claim costs trends - **Jennifer Norleen-Beitel, VP, operations**
- Balancing principles and disciplined approach to rate setting – **Thomas Webb, director, actuarial services**
- 2021/22 injury breakdown - **Kevin Mooney, VP, prevention and employer services**
- Long-term outlook - **Phillip Germain, CEO**
- Q&A

wcb

Saskatchewan  
Workers'  
Compensation  
Board



**Gord Dobrowolsky, chair**  
**Introduction and 2023**  
**average preliminary rate**

# Vision and mission statements

## **Vision:**

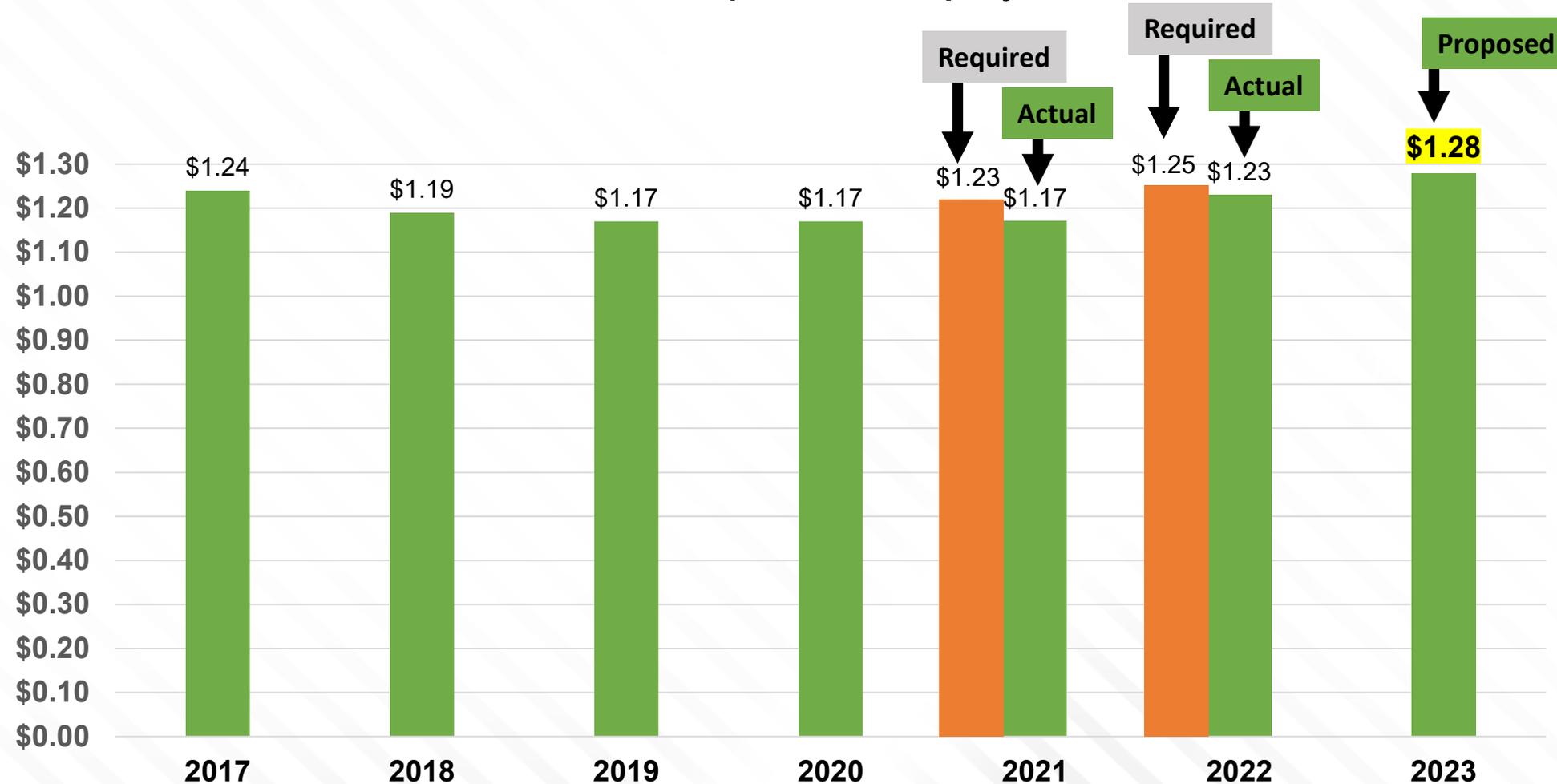
We eliminate injuries and restore abilities.

## **Mission:**

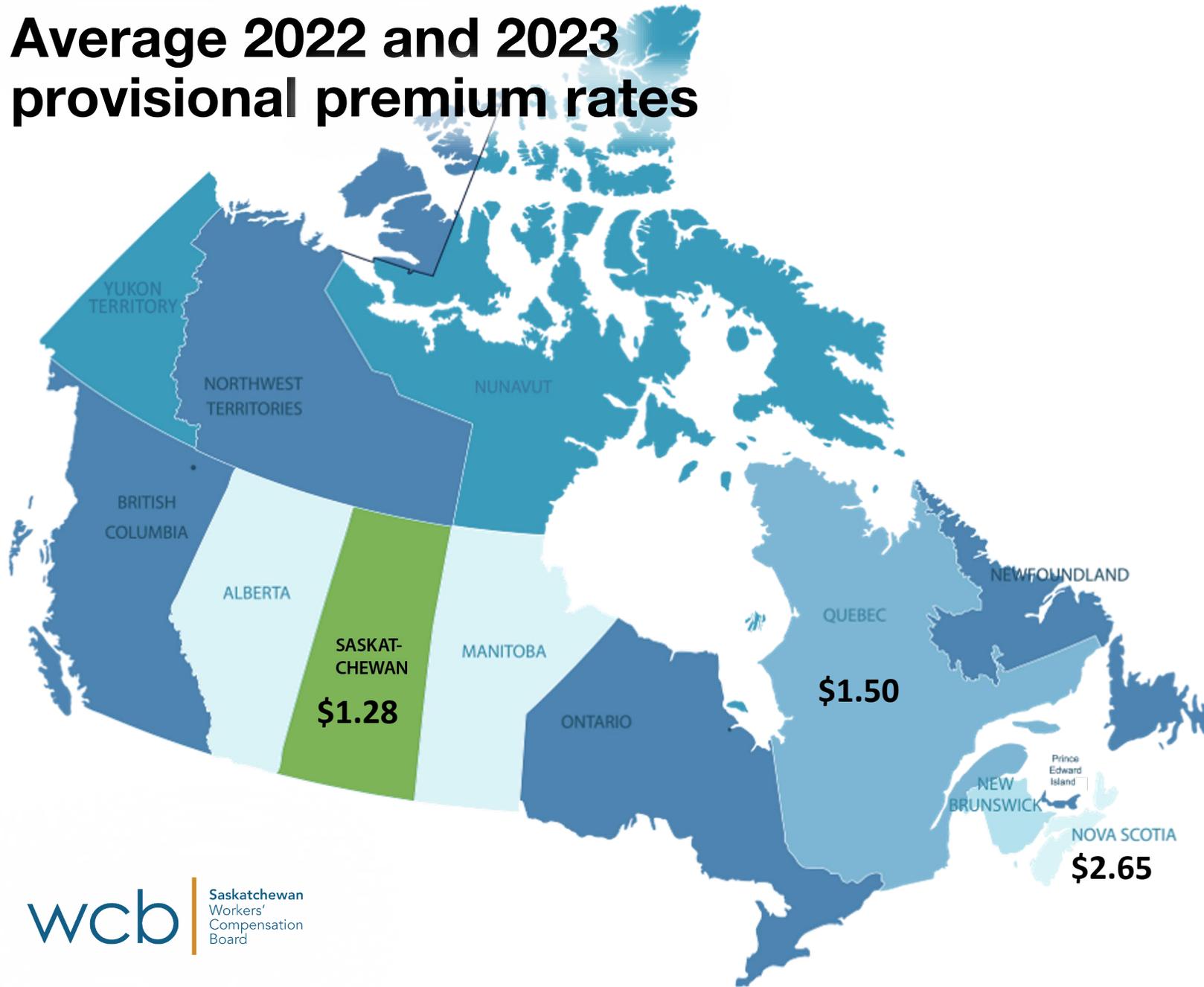
We will be a customer-centric organization that continuously seeks to add value for our customers through a culture of continuous process improvement.

# Premium rate history

## Effective rate per \$100 payroll



# Average 2022 and 2023 provisional premium rates



Jurisdiction	2022	2023 preliminary
MB	0.95	
AB	1.17	
<b>SK</b>	<b>1.23</b>	<b>1.28</b>
ON	1.30	
PEI	1.43	
BC	1.55	
NL	1.69	
QC	1.67	1.50
YT	2.07	
NB	1.69	
NT & NU	2.40	
NS	2.65	2.65

# What do your premiums cover?

## Workers

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



## Employers

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



**Phillip Germain, CEO**

**Evolving economic  
conditions and funding  
future costs**



# Contributing factors to increased rate

Higher  
long-term  
claim costs



\$↑

Inflation



Slower rate of  
payroll growth

**\$1.28**

# Funding future costs

01

The number of claims and the cost per claim are combining to increase costs at a faster rate than industry payroll.

02

Expected investment returns have a **large impact** on premium rates as part of the WCB's business model.

03

The WCB has a **legal obligation to be fully funded**. The targeted funding percentage range is 105 per cent to 120 per cent.

04

**After two years of adjusting the premium rate**, and with the inclusion of experience from 2020 and 2021, the WCB is proposing a rate increase for 2023.

# Safety associations

## Rate code

### **Saskatchewan Construction Safety Association**

B11, B12, B13

### **Motor Safety Association**

C61, C62

### **Energy Safety Canada**

D32, D41, D51, D52

### **Saskatchewan Association for Safe Workplaces in Health**

G22

### **Safety Association of Saskatchewan Manufacturers**

M41, M72, M91, M94

### **Heavy Construction Safety Association of Saskatchewan**

R11

### **Service Hospitality**

S21, S22, S23

**Jennifer Norleen-Beitel,**  
VP, operations

**Claim costs trends**



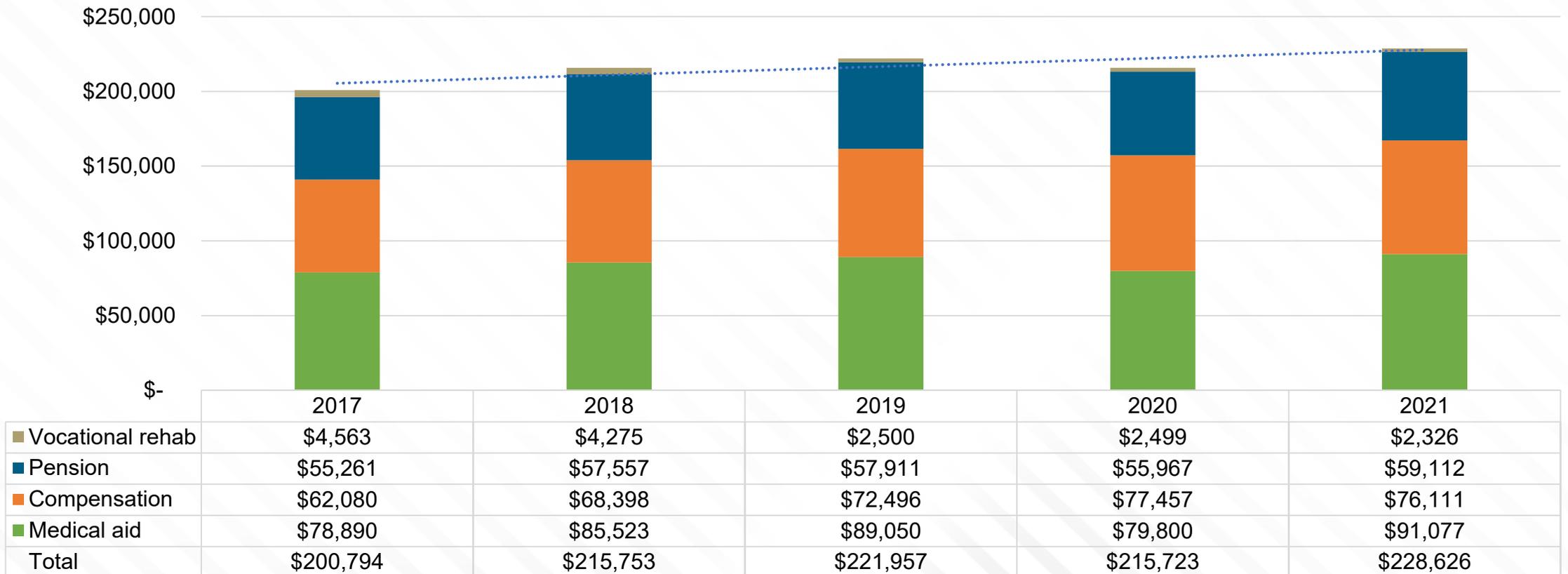


# Claim **costs** increasing

wcb | Saskatchewan  
Workers'  
Compensation  
Board

# Claim costs

(\$ thousands)



**Thomas Webb**, director,  
actuarial services

**Balancing principles and  
disciplined approach  
to rate setting**



# What was **critical** to the process?



**Balancing rate  
stability and  
sufficiency**



- Premiums collected in the future must, over the long term, be sufficient to cover expected costs and expenses.
- The model must be fair and equitable for all employers.
- The model must be actuarially sound.

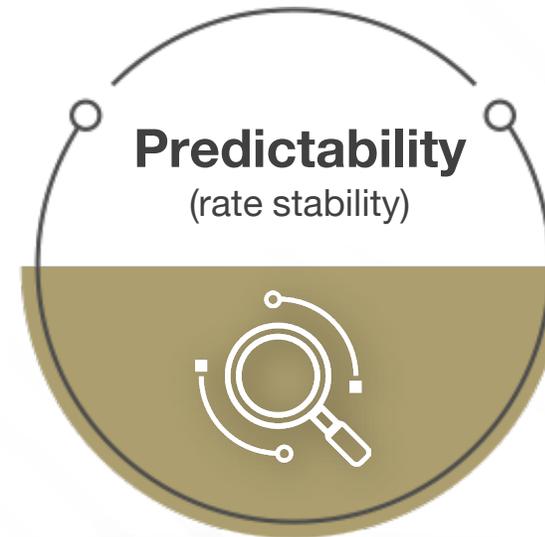
# Rate model balancing principles:



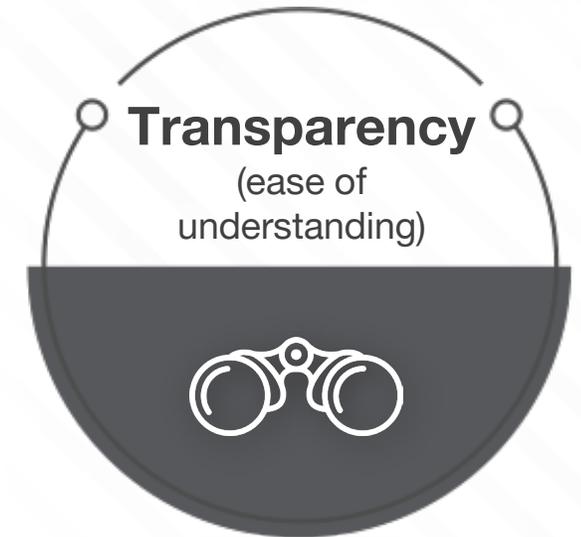
Premiums paid by current employers should cover the costs of their injured workers during the premium period. A fair rate setting model encourages workplace safety and effective return-to-work policies by financially incentivizing employers' positive behaviours.



Employers, as a group and those within the same industry, are jointly responsible for all workers' compensation costs.



Employers should rely on a level of predictability and stability in premiums while balancing sufficiency.



Employers should be able to understand the factors that went into setting their premiums and the WCB should be able to clearly communicate this information to employers.

# Key components of the rate model

## Credibility of industries

*Fairness and accountability*  
*Stability for smaller industries*



## Allocation of fatality costs

*Fairness and accountability*



## Use exposure index to weight costs

*Rate stability*  
*Reactivity*



## Long-term claims

*Fairness and accountability*  
*Reactivity*



## Costly claim pooling

*Collective liability*  
*Rate stability*



## Allocation of administration costs

*Fairness and accountability*

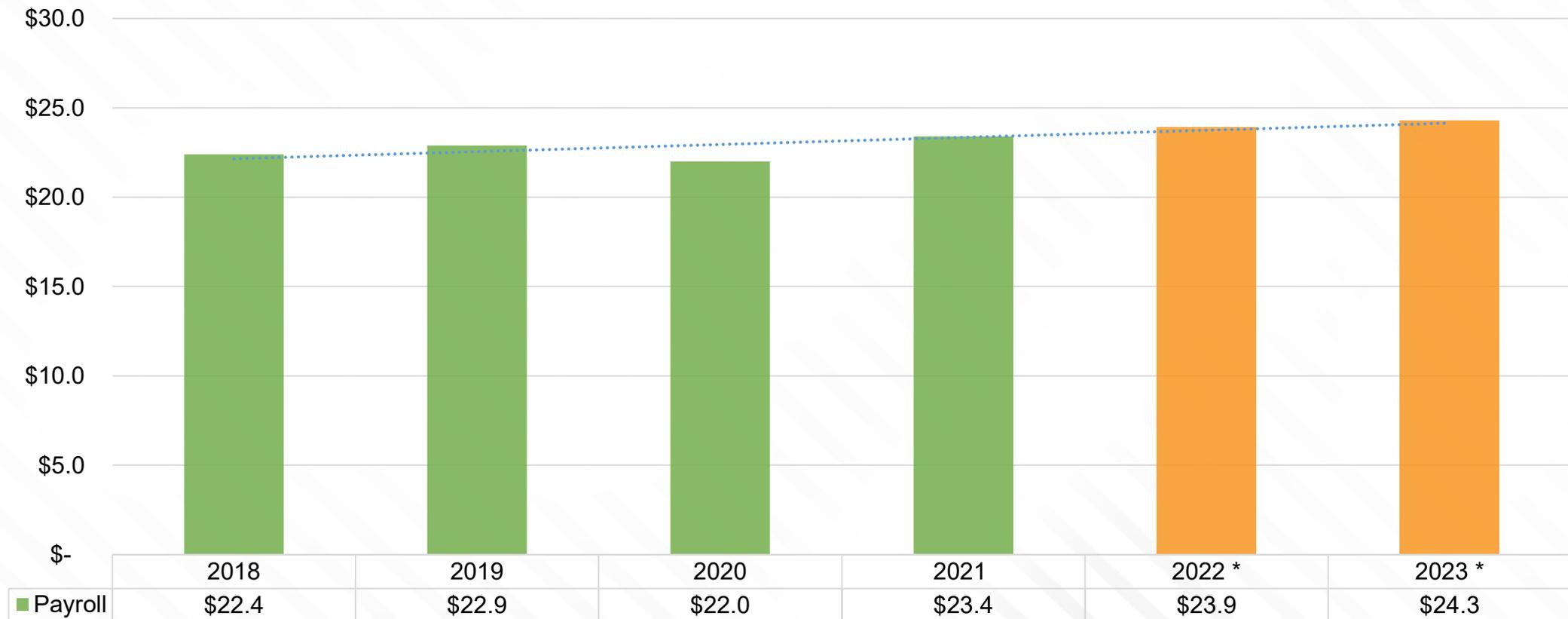


# Key drivers of the premium rate



# Payroll

(\$ billions)



\* Projected

# The rate setting process



# Industry classification

- 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.



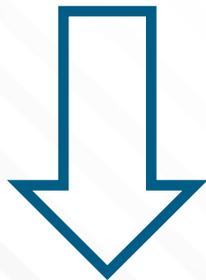
**Step 1:**  
Industry  
classification



## Step 2: Industry premium rates

- The WCB is funded by employer premiums.
- Premiums cover the lifetime costs associated with 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 claim costs for the upcoming year.
  - **Industry premium rate = costs / payroll**

# Experience Rating Program



**Receive**  
a discount  
for positive  
claims  
experience



**Pay**  
a surcharge  
for poor claims  
experience

## Standard Program

Premiums < **\$21,000** over **three** years

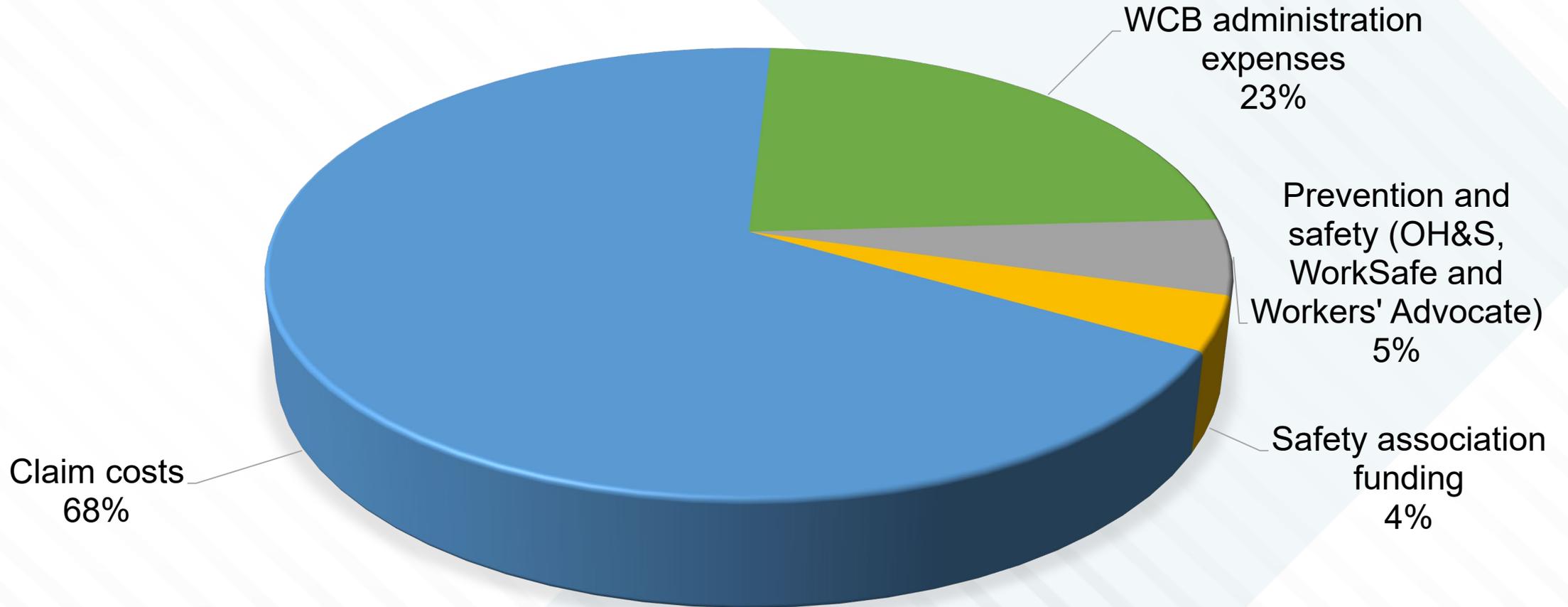
- Frequency based – number of time loss claims
- Maximum discount = **25 per cent**
- Maximum surcharge = **75 per cent**

## Advanced Program

Premiums  $\geq$  **\$21,000** over **three** years

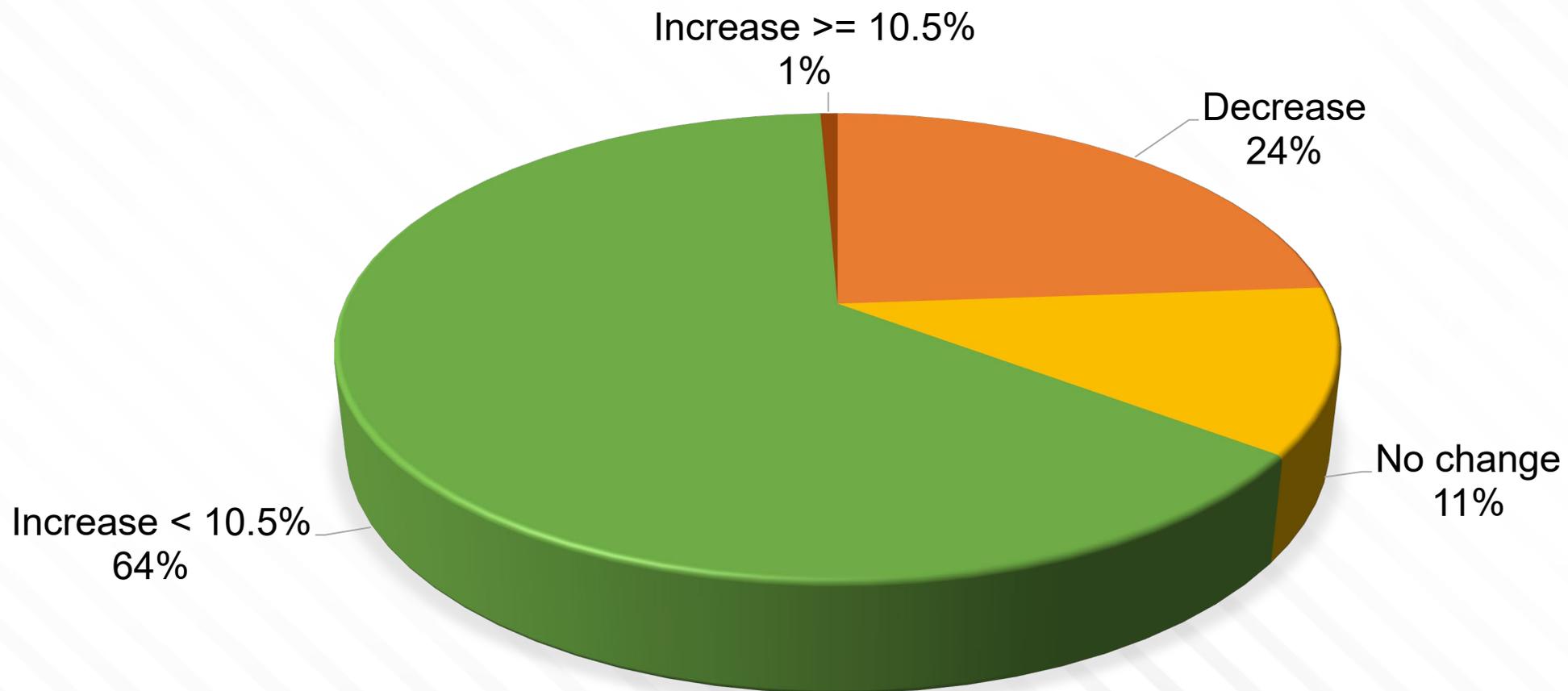
- Cost based
- Maximum discount = **30 per cent**
- Maximum surcharge = **200 per cent**

# 2023 premium rate composition



# 2023 premium rate distribution

## Change from 2022 industry premium rate



**Kevin Mooney,**  
VP, prevention and employer services

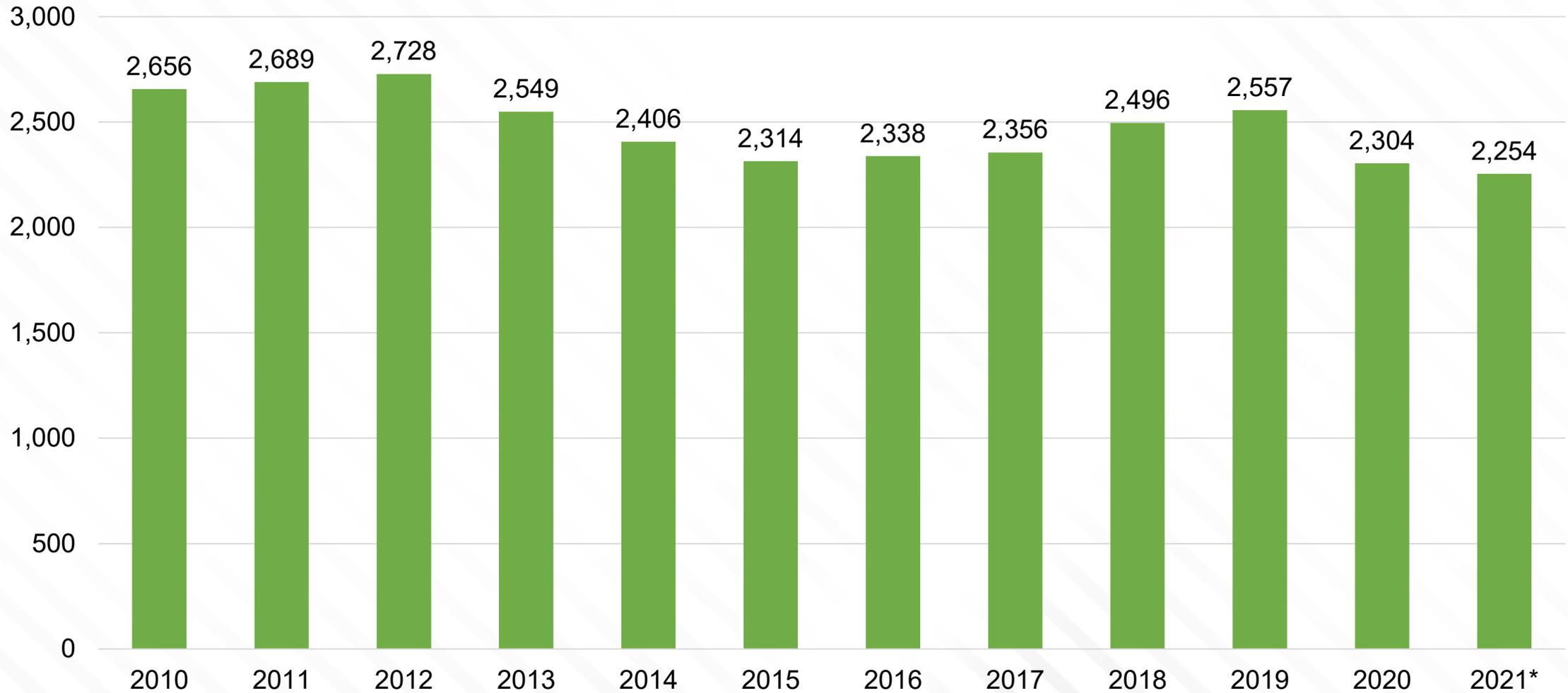
## 2021/22 injury breakdown



# You can influence **the premiums you pay**

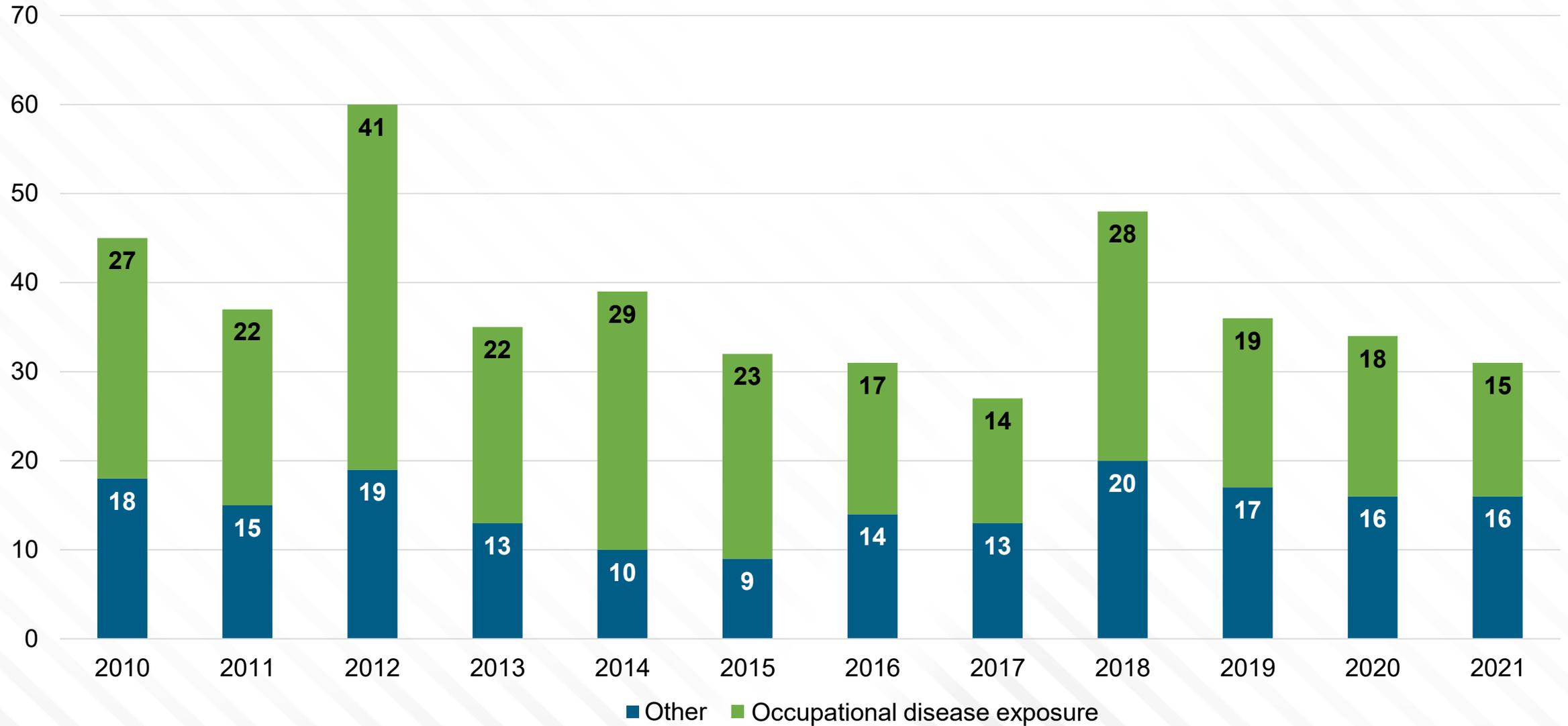


# Serious injuries



\*2021 data are preliminary as of Aug. 31, 2022.

# Fatalities



# Fatalities and Serious Injuries Strategy

## Fatalities and Serious Injuries Strategy – targets and outcomes<sup>1</sup>

	Asbestos exposure	Motor vehicle crashes (MVC)	Firefighter cancers	Falls from heights	Health care	Transportation	Psychological injuries	Manufacturing
<b>2018 TARGET</b> >	Improve awareness from 19%	Reduce work-related motor vehicle crashes by 30%	Improve firefighter controls by 50%	Reduce falls from heights injuries by 30%	Reduce serious injuries by 10%	Reduce serious injuries by 10%	Reduce durations by 20%	Reduce serious injuries by 5%
<b>2021 OUTCOME</b> >	Improved awareness to <b>33%</b>	Reduced work-related motor vehicle crashes by <b>25%</b>	Improved firefighter controls by <b>100%</b>	Reduced falls from heights injuries by <b>19%</b>	Serious injuries increased by <b>5%</b>	Reduced serious injuries by <b>3%</b>	Reduced overall durations by <b>17%</b> (25% reduction for public safety personnel psychological injury claims)	Reduced serious injuries by <b>8%</b>

<sup>1</sup> Total of 91 per cent of implementation targets completed or in progress.

# Next generation prevention

- Complete the next iteration of our Fatalities and Serious Injuries Strategy
- Continue with the next steps in our collaborative consulting model
- Enter into strategic partnerships
- Complete the psychological health and safety strategy



**Phillip Germain,  
CEO**

**Long-term outlook**



# Challenges and opportunities

## Challenges



Higher interest rates  
and inflation

Financial  
management and  
market volatility

High durations  
and injury  
rates

## Opportunities



Revised  
funding  
policy

Business  
Transformation  
Program

Focus on  
disability  
prevention

# Long-term outlook



**Sustainability**  
study



**Strategic plan**  
centred around  
voice of the  
customer



Employers should  
expect **additional**  
**increases** into the  
future

# WCB's Business Transformation Program



Launched in 2021, the WCB's Business Transformation Program will **change how we serve our customers.**

The program will take customers, partners and staff on a **multi-year journey** where together we will reimagine how we deliver our products and services.

# WCB's Business Transformation Program



**Modernized  
technology**



**Enhance the  
customer experience**



**Enriched employee  
experience**



**Real-time data  
and analytics**



**Incorporate  
leading practice**



**System cost  
efficiencies**



**Consistently  
deliver the  
right service at  
the right time**



**Improved outcomes  
for workers and  
employers**



**Flexible service  
models that adapt to  
the customer's needs**

## Benefits

# 2023 premium rates

## What's next?



### October – customer feedback

30 days for customer feedback

[askwcb@wcbask.com](mailto:askwcb@wcbask.com)



### November

Report customer feedback  
to board and rate approvals



### December

Employer premium rate notices  
available online at [wcbask.com](http://wcbask.com)  
through secure WCB online account





Questions?



Thank you