

# NOTICE TO EMPLOYERS







## Changes to the WCB's rate model

# will impact the premiums you pay

The premiums employers pay fund a no-fault system that protects you and your employees from financial loss due to workplace injuries. The Workers' Compensation Board (WCB) sets industry premium rates annually to ensure today's employers pay the costs of today's claims. The WCB uses a rate model to determine the rates all employers pay. In 2017, the WCB enhanced its rate model based on recommendations from an external actuary's (Eckler) review in 2016. The enhanced rate model will be implemented January 1, 2018.

Industry rate codes whose premium rates are increasing with the transition to the enhanced model will have the increase covered from the Injury Fund in 2018. Those industry rate codes whose premium rates are staying the same or decreasing will receive the premium rate as calculated under the enhanced model. In 2019, all industry premium rates will be determined using the enhanced model. For more information, visit our website at [www.wcsask.com](http://www.wcsask.com).

## Understand the Components of the WCB's Enhanced Rate Model

Component	Change	What this means	Impact to your premiums
<b>Credibility of industries</b> <i>(e.g. the extent that an industry's past experience can be used to predict its future experience.)</i>	If five years of cost history does not provide enough experience to predict future costs, 10 years is used to supplement the five-year experience.	<ul style="list-style-type: none"> <li>Increased accountability</li> <li>Improved rate stability for small industries</li> </ul>	 Your rate will go down as a result of this rate model change.
<b>Use of indicators to predict costs</b>	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	<ul style="list-style-type: none"> <li>Increased rate stability</li> <li>Increased ease of understanding</li> </ul>	 Your rate will go up as a result of this rate model change.
<b>Costly claim pooling –</b> <i>(when costs are spread amongst a larger group of employers)</i>	Apply all costs up to a maximum of three times the maximum insurable wage to the industry experience. Remaining costs are pooled at the Board Level.	<ul style="list-style-type: none"> <li>Increased collective liability</li> <li>Increased rate stability</li> </ul>	 Your rate will go up as a result of this rate model change.
<b>Allocation of fatality costs</b>	Costs for fatality claims will be charged to the industry in which they occur and treated the same as all other claims.	<ul style="list-style-type: none"> <li>Increased fairness (treated the same as all other claims)</li> <li>Increased accountability</li> </ul>	 Your rate will go up as a result of this rate model change.
<b>Long term claims</b>	Apply all costs for the first seven years of a claim to the industry experience. Remaining costs are pooled at the Board Level.	<ul style="list-style-type: none"> <li>Increased fairness</li> <li>Increased accountability</li> <li>Increased reactivity to recent cost experience</li> </ul>	 Your rate will go down as a result of this rate model change.
<b>Allocation of administration costs</b>	Increase fixed component from 10% to 30%.	<ul style="list-style-type: none"> <li>Increased fairness</li> </ul>	 Your rate will go up as a result of this rate model change.



# What does this mean for the M92 rate code?

Your premium rate would have increased from \$1.44 in 2017 to \$1.57 in 2018, however for 2018 only, the WCB will cover these transition costs.



## In response to feedback from our customers

at the rate setting consultations we held in October, your industry premium rate is being held at the 2017 level and the remaining increase due to the rate model transition will be funded by the Injury Fund as outlined:

### Final Premium Rate

	2017	2018
Industry Base Rate	\$1.44	\$1.57
Rate Model Transition Cost (2018 only)		(\$0.13)
Final Industry Premium Rate	\$1.44	\$1.44

# What does this mean for future premium rates?

Your 2019 industry premium rate will be determined under the enhanced model, with no further transition cost from the Injury Fund. It is likely that your industry premium rate will increase in 2019.

**Attend your industry information session to learn more about how the enhanced rate model impacts your industry. February 13,14 or 15. Details: [www.wcbsask.com](http://www.wcbsask.com)**

To mitigate the impact for your industry that is seeing an increase as a result of the transition to the enhanced rate model, the WCB will draw from the Injury Fund to cover the costs associated with the transition.