

# 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. For more information visit our website at [www.wcbask.com](http://www.wcbask.com).



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

Component	Change	What this means	Transition to enhanced rate model
<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>	<p><b>2018</b> <b>Enhanced model will be implemented January 1, 2018</b></p> <ul style="list-style-type: none"> <li>Industry rate codes whose premium rates are increasing with the transition to the enhanced model will be covered by the Injury Fund.</li> <li>Those industry rate codes whose premium rates are staying the same or decreasing will receive the premium rate as calculated under the enhanced model.</li> </ul>
<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>	
<b>Costly claim pooling –</b> <i>(when costs are spread amongst a larger grouping 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>	
<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>	
<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>	
<b>Allocation of administration costs</b>	Increase fixed component from 10% to 30%.	<ul style="list-style-type: none"> <li>Increased fairness</li> </ul>	
			<p><b>2019</b> All industry premium rates will be determined using the enhanced model.</p>

# What does this mean for the S22 rate code?

Your premium rate would have increased from \$0.82 in 2017 to \$0.89 in 2018, however for 2018 only, the WCB will cover these transition costs.



## What factors are driving this increase?



## The Board will cover the costs of the transition in 2018

To mitigate the impact for those industries seeing increases 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.

## Final Premium Rate

Factors	2017	2018
Industry Base Rate	\$0.82	\$0.89
Rate Model Transition Cost (2018 only)		(\$0.06)
Final Industry Premium Rate	\$0.82	\$0.83

**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)**

## What does this mean for future PREMIUM RATES?

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

To mitigate the impact for those industries seeing increases 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.

wcb

Saskatchewan  
Workers'  
Compensation  
Board