



2022 Preliminary Rate Information meeting

Webinar: Oct. 13, 2021

wcb

Saskatchewan
Workers'
Compensation
Board

Agenda

- Introduction & 2022 average preliminary rate - **Gord Dobrowolsky, chair**
- Balancing principles & disciplined approach to rate setting - **Crystal Nett, CFO & VP, corporate services**
- Claim costs trends - **Jennifer Norleen-Beitel, VP, operations**
- Evolving economic conditions & funding future costs - **Phillip Germain, CEO**
- 2022 preliminary rates & injury breakdown - **Kevin Mooney, VP, prevention & employer services**
- Long-term outlook - **Phillip Germain, CEO**
- Q&A



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Saskatchewan
Workers'
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Board

Gord Dobrowolsky, chair

**Introduction & 2022 average
preliminary rate**

Vision and mission statements

Vision:

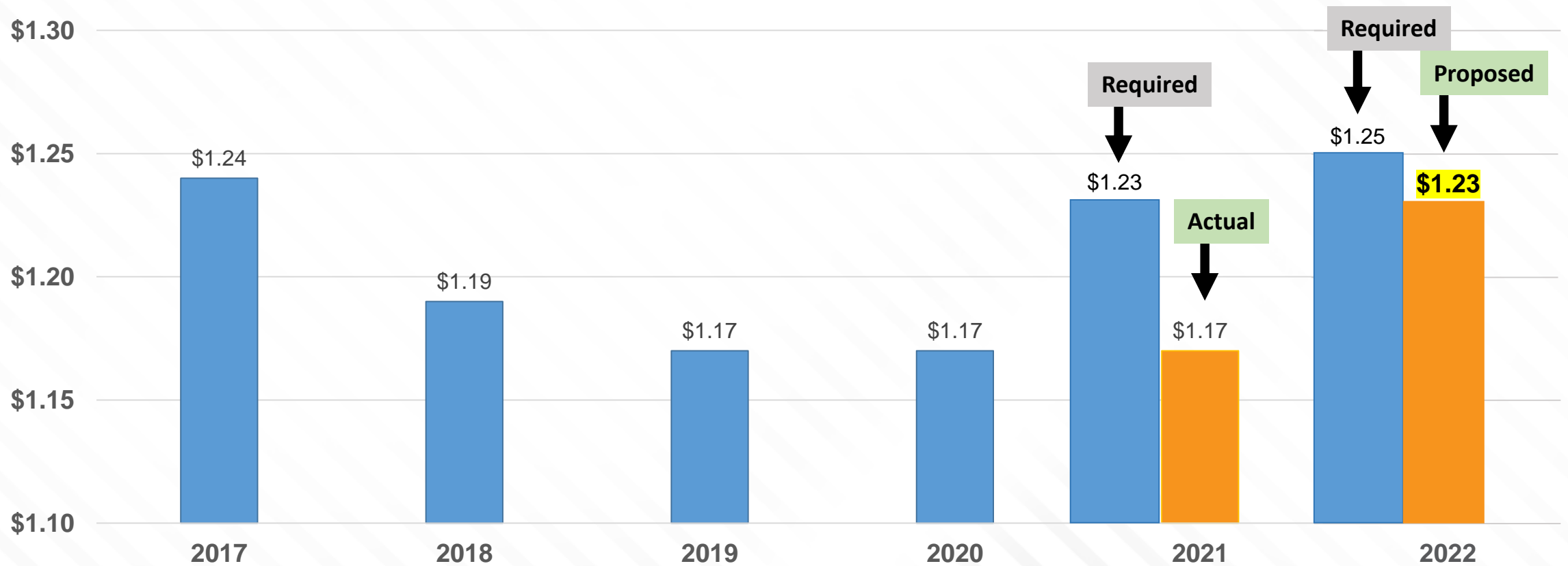
We eliminate injuries and restore abilities.

Mission:

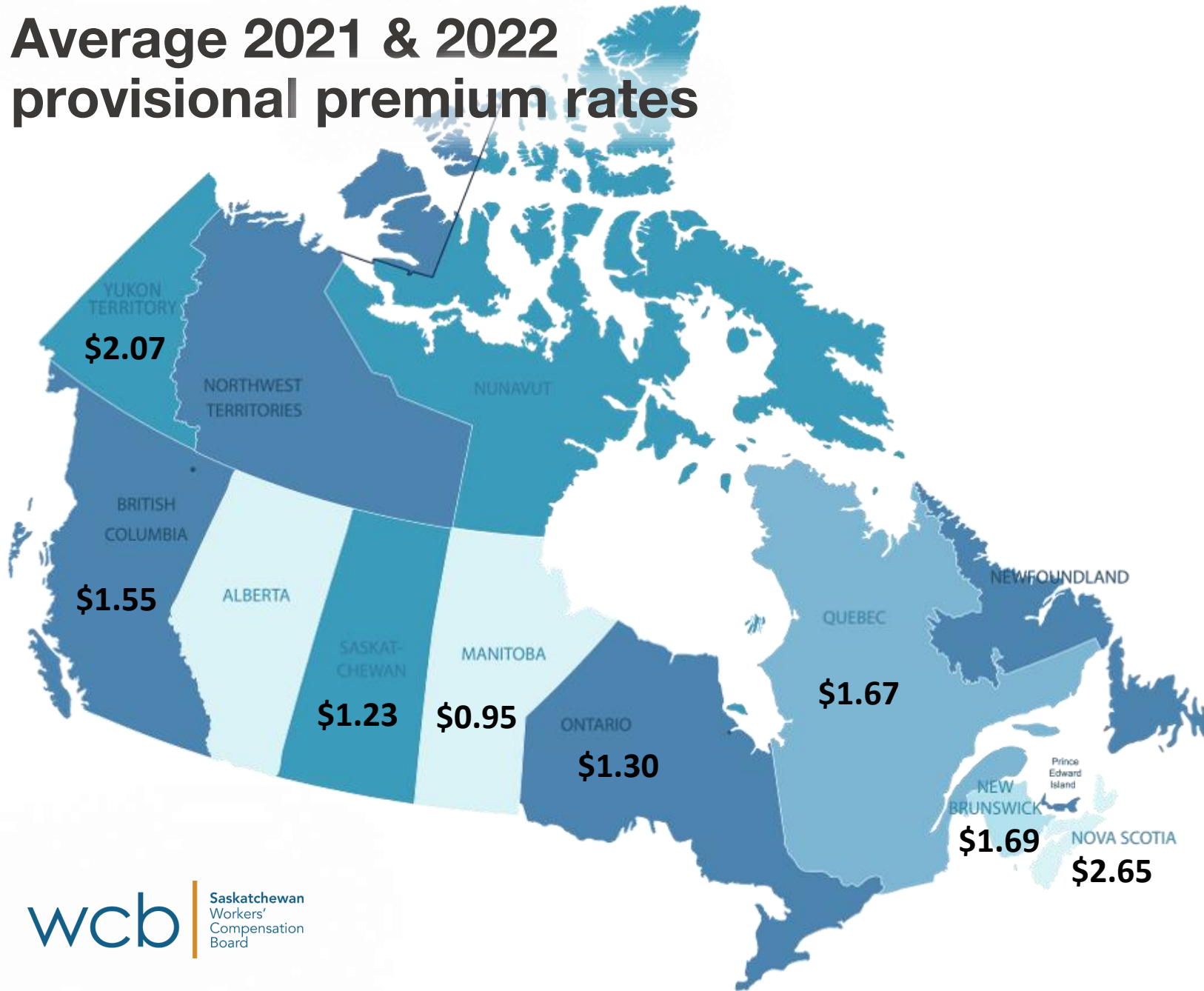
We will be a customer-centric organization that continuously seeks to add value for our customers through a culture of continuous process improvement.

Premium rate history

Effective rate per \$100 payroll



Average 2021 & 2022 provisional premium rates



Jurisdiction	2021	2022 preliminary
MB	0.95	0.95
AB	1.14	
SK	1.17	1.23
ON	1.37	1.30
BC	1.55	1.55
PEI	1.57	
NL	1.69	
QC	1.77	1.67
YT	2.07	2.07
NB	2.17	1.69
NT & NU	2.40	
NS	2.65	2.65

What do your premiums cover?

Workers

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



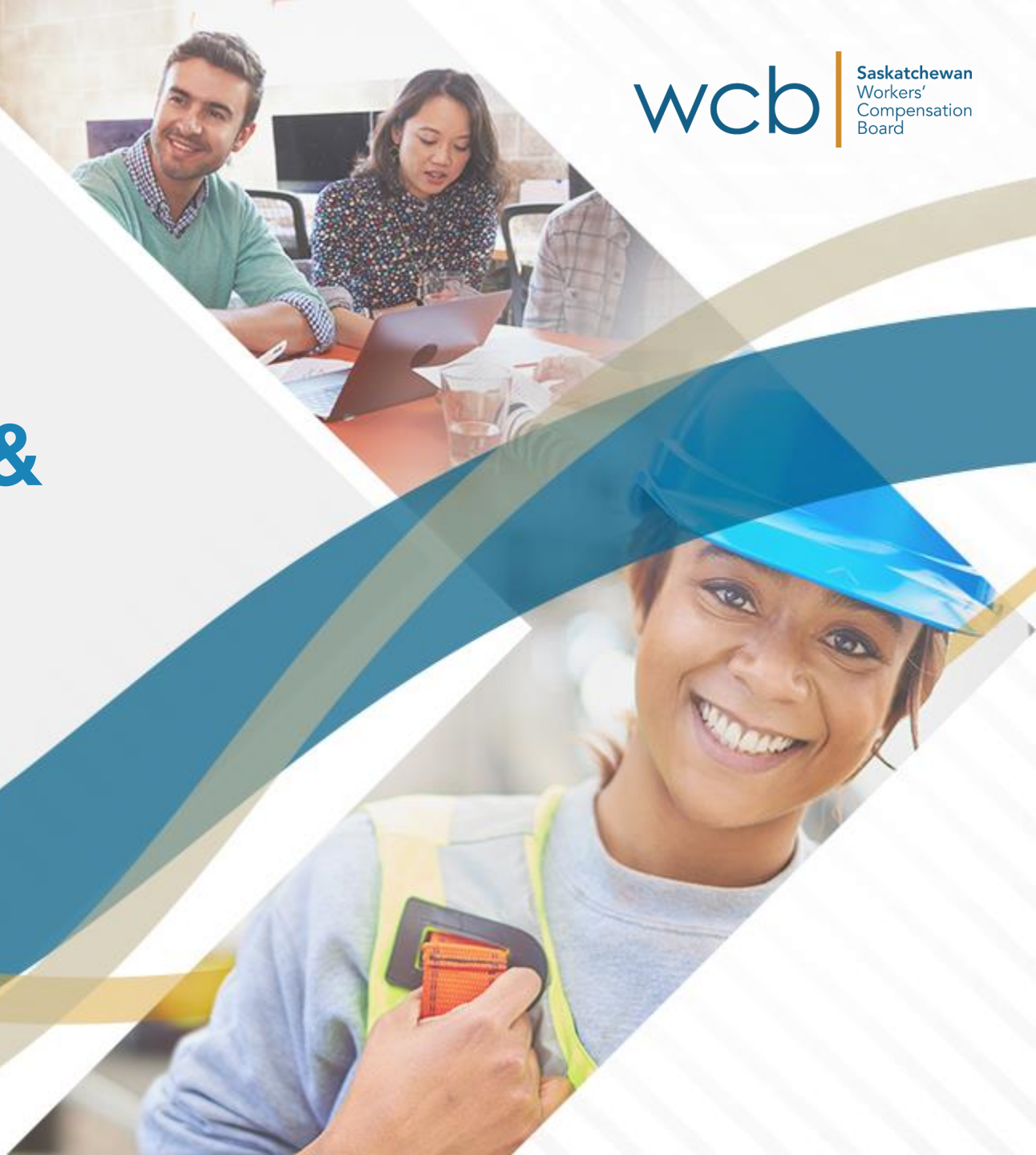
Employers

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



**Crystal Nett, CFO & VP,
corporate services**

**Balancing principles &
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.

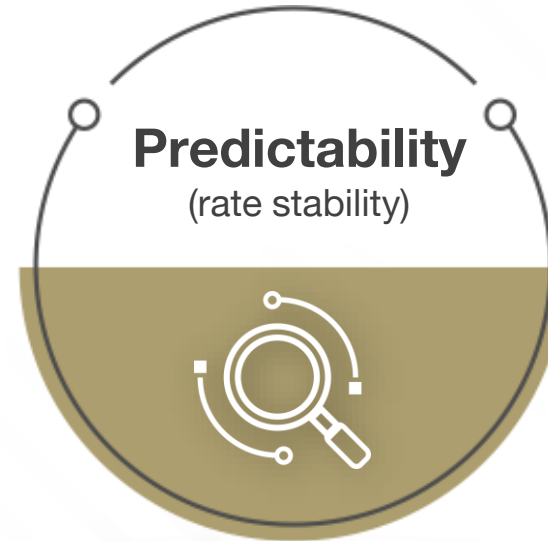
Rate model balancing principles:



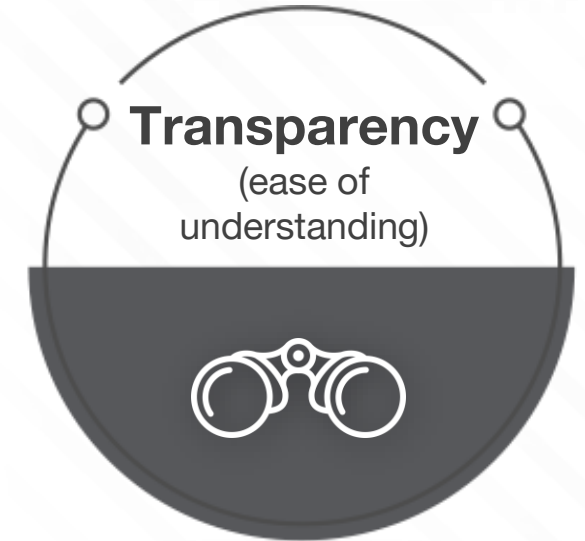
Premiums paid by current employers should cover the costs of their injured workers during the premium period. A fair rate setting model encourages workplace safety & effective return-to-work policies by financially incentivizing employers' positive behaviours.



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 & accountability

Stability for smaller industries



Allocation of fatality costs

Fairness & accountability



Use of an indicator to predict costs

Rate stability

Ease of understanding



Long-term claims

Fairness & accountability

Reactivity



Costly claim pooling

Collective liability

Rate stability



Allocation of administration costs

Fairness & accountability

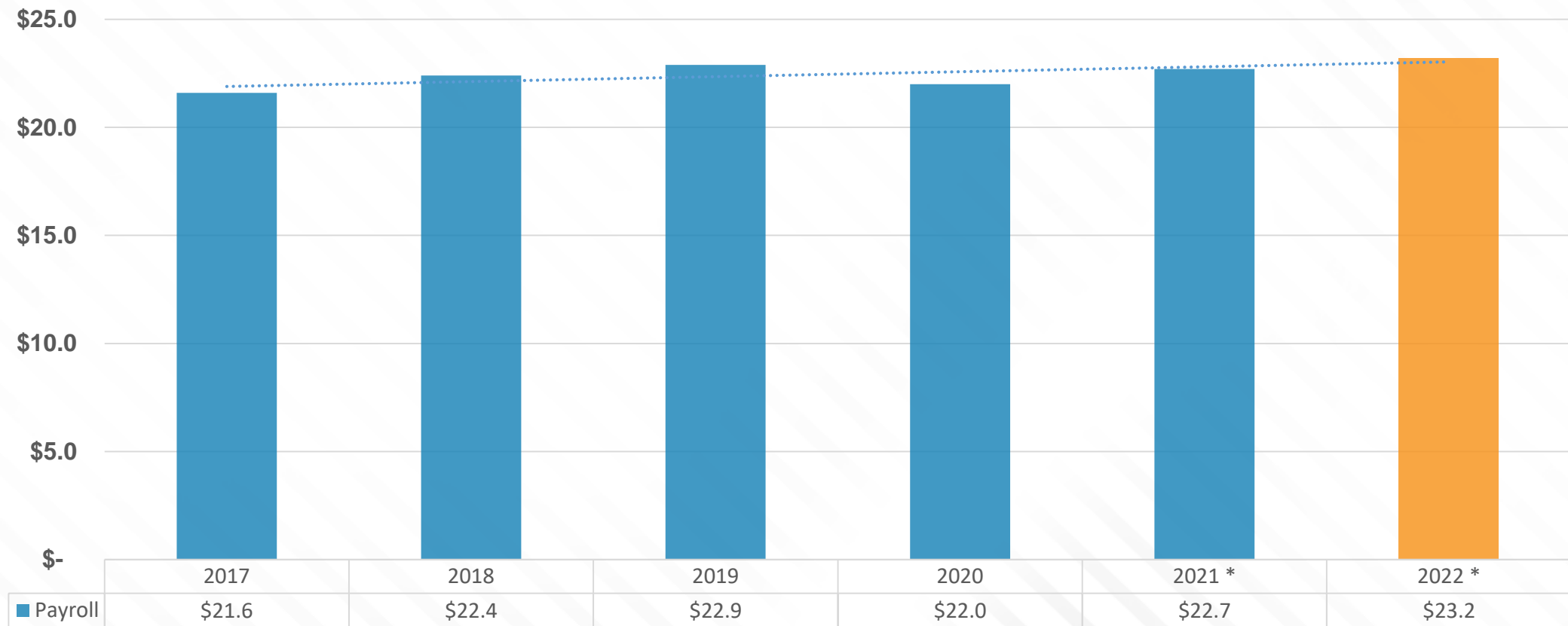


Key drivers of the premium rate



Payroll

(\$ billions)



* Projected

Jennifer Norleen-Beitel,
VP, operations

Claim costs trends



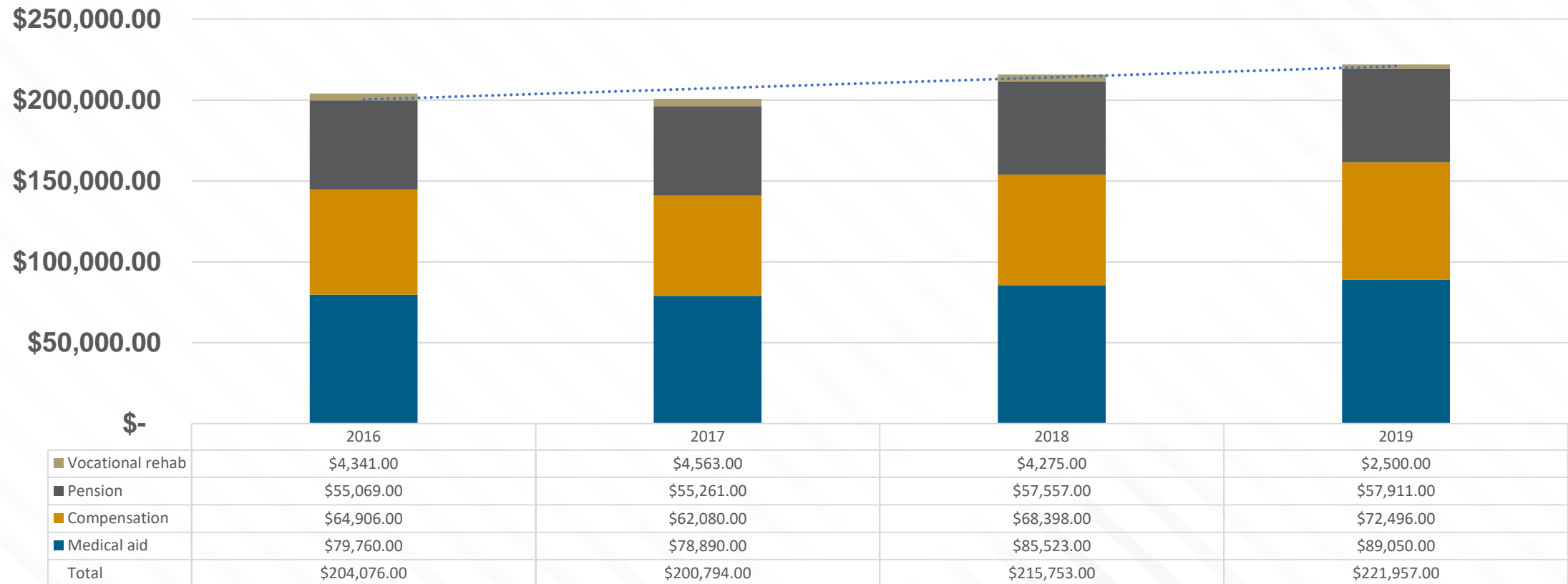


Claim **costs** increasing

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Claim costs

(\$ thousands)



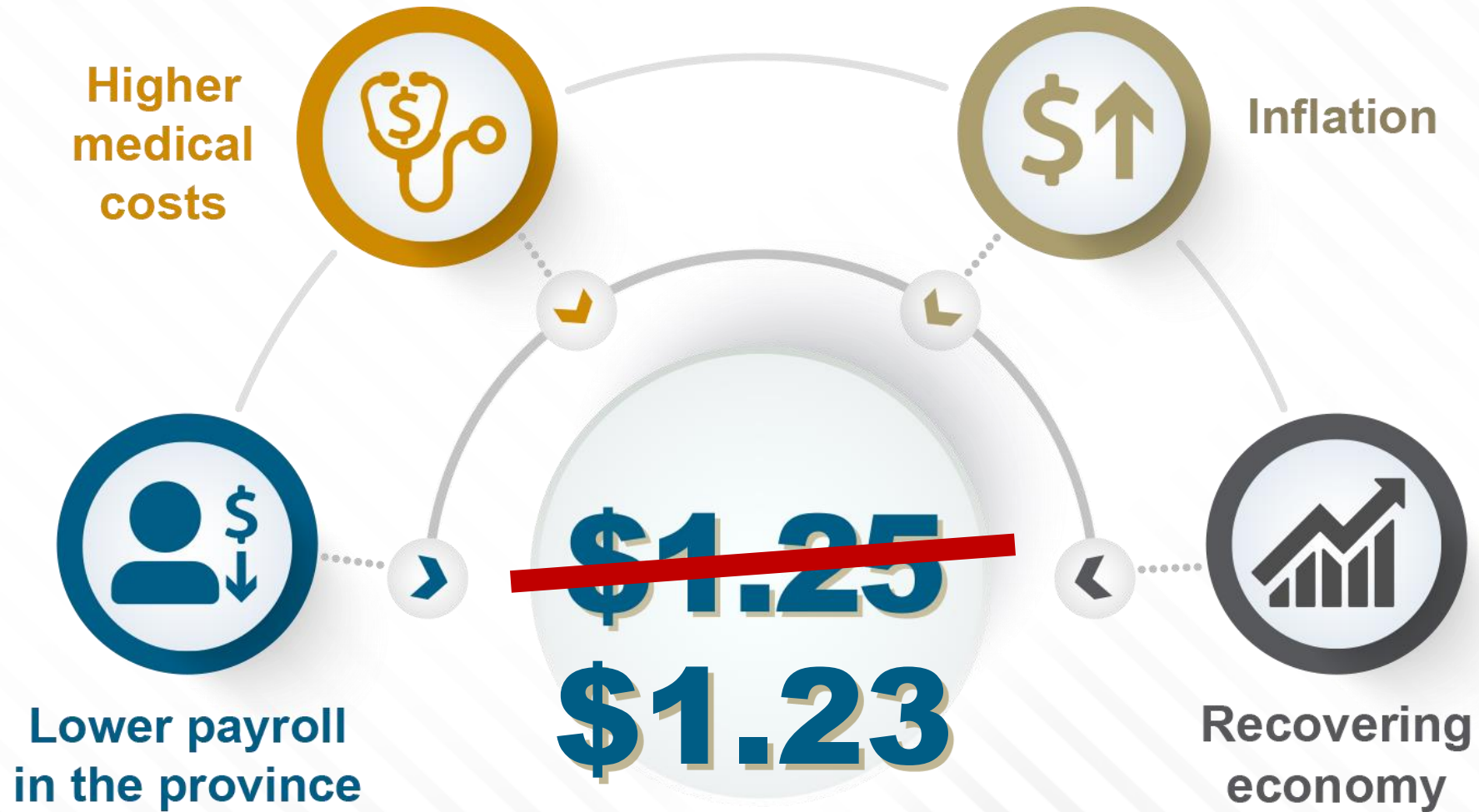
*2020 data considered an anomaly and therefore not used for 2022 rate setting calculations.

Phillip Germain, CEO

Evolving economic conditions & funding future costs



Contributing factors to increased rate



Funding future costs

01

Improvement in claims experience due to **lower economic activity**, not necessarily lower injury rates per capita.

02

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

03

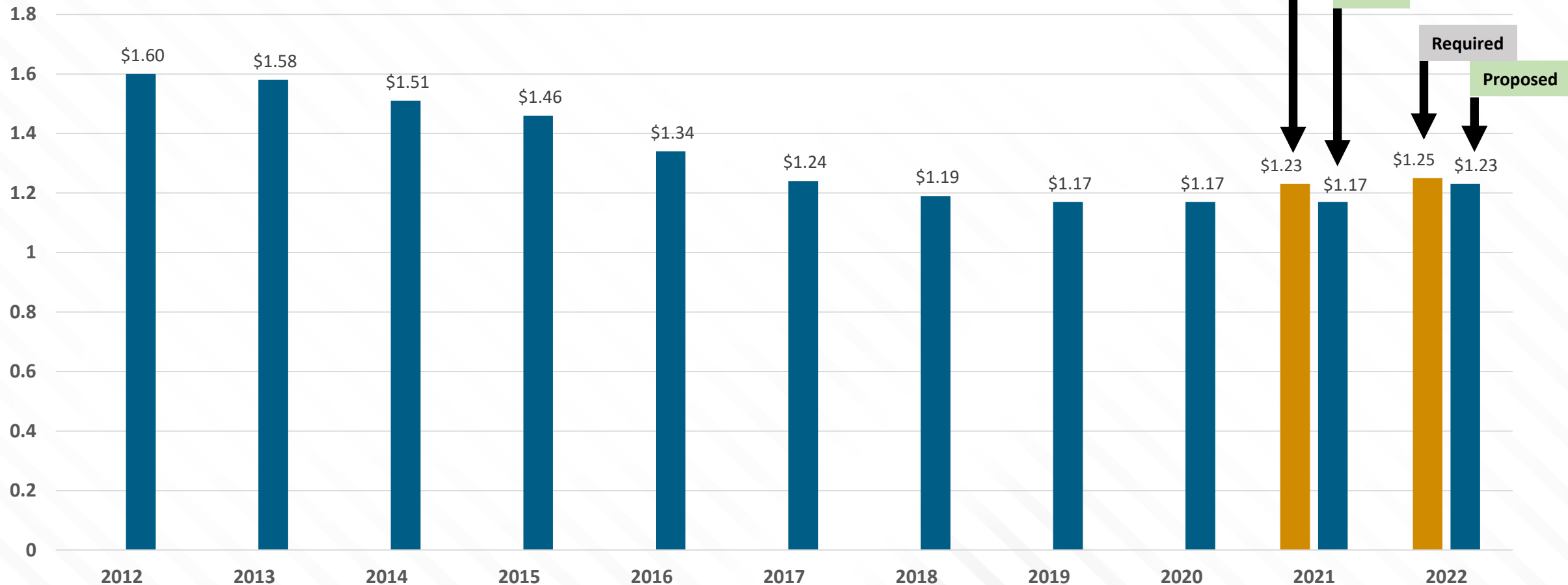
The WCB has a **legal obligation to be fully funded**. The targeted funding percentage range is 105 per cent to 120 per cent.

04

The WCB is **financially sound to absorb some of the cost increases** in 2022, but cannot absorb the full amount or continue this practice in future years.

Premium rate history*

Effective rate per \$100 payroll



*Note: this reflects the historical method of premium rate calculations.

Safety associations

Rate code	2021 safety associations	2022 safety associations
Saskatchewan Construction Safety Association		
B11, B12, B13	\$0.26	\$0.24
Motor Safety Association		
C61, C62	\$0.07	\$0.07
Energy Safety Canada		
D32, D41, D51, D52	\$0.09	\$0.08
Saskatchewan Association for Safe Workplaces in Health		
G22	\$0.07	\$0.06
Safety Association of Saskatchewan Manufacturers		
M41, M72, M91, M94	\$0.24	\$0.23
Heavy Construction Safety Association of Saskatchewan		
R11	\$0.13	\$0.21
Service Hospitality		
S21, S22, S23	\$0.10	\$0.09

Kevin Mooney,
VP, prevention & employer services

2022 preliminary rates & injury breakdown



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.



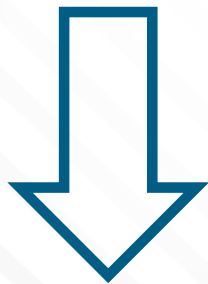
Step 1:
Industry
classification



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

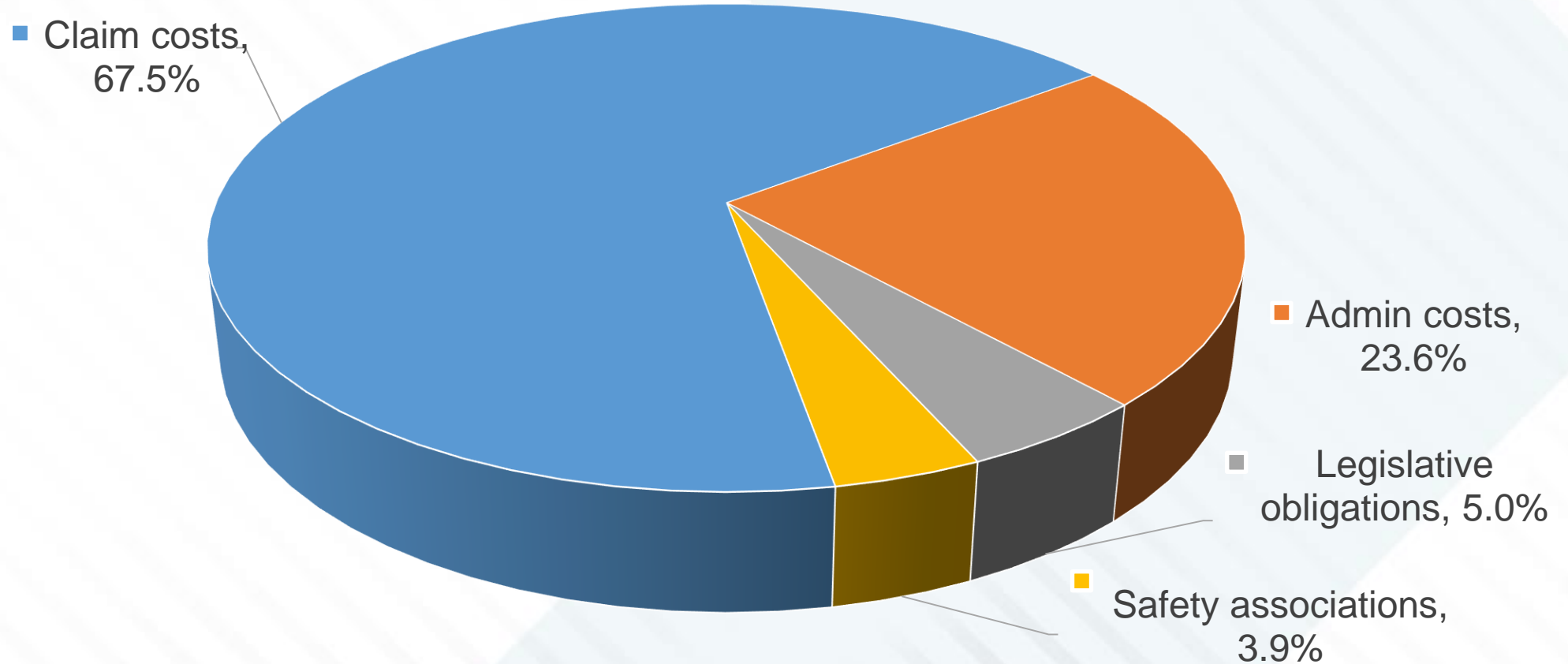
- Frequency based – number of time loss claims
- Maximum discount = **25 per cent**
- Maximum surcharge = **75 per cent**

Advanced Program

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

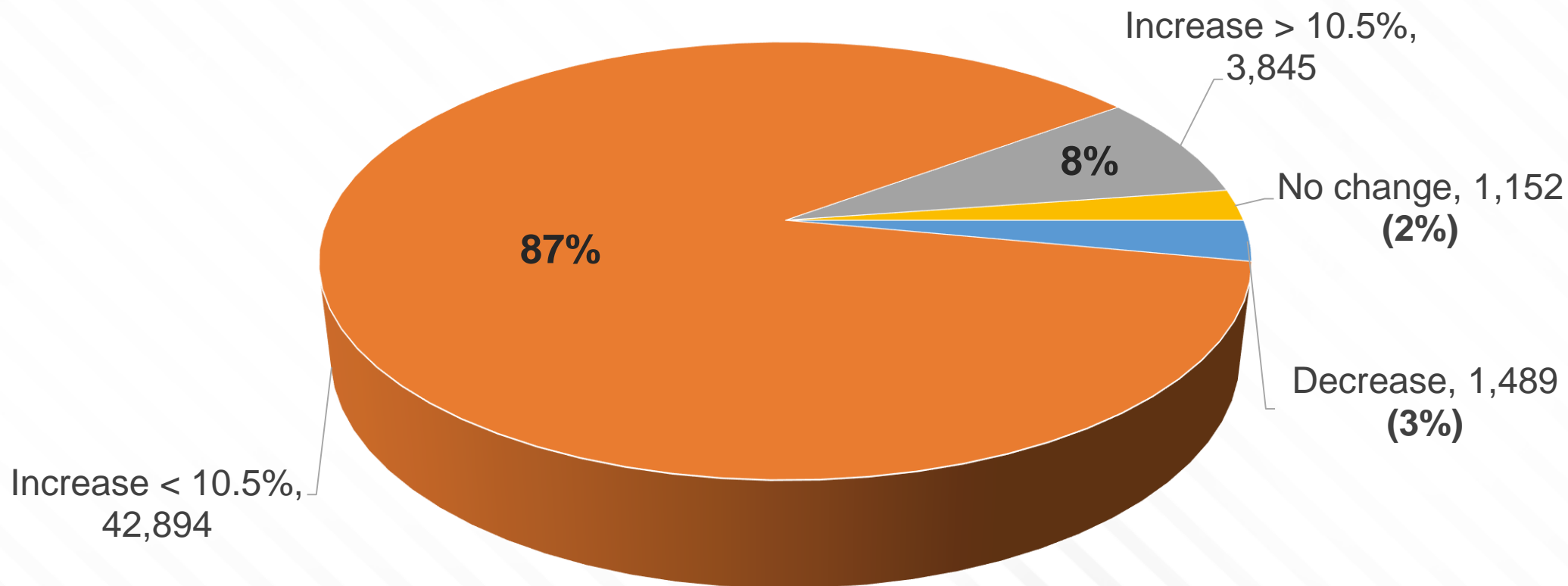
- Cost based
- Maximum discount = **30 per cent**
- Maximum surcharge = **200 per cent**

2022 premium rate composition



2022 premium rate distribution

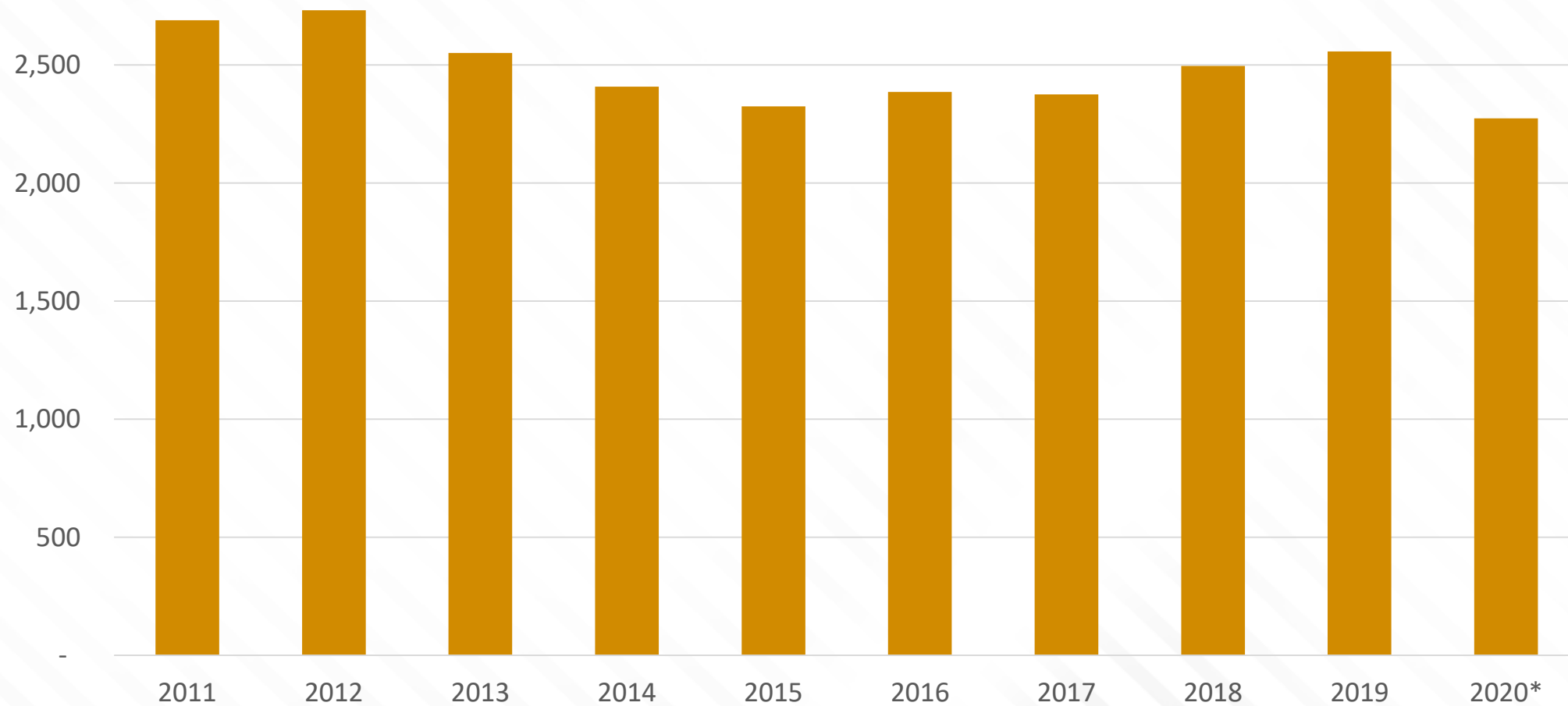
Change from 2021 industry premium rate



You can influence the premiums you pay

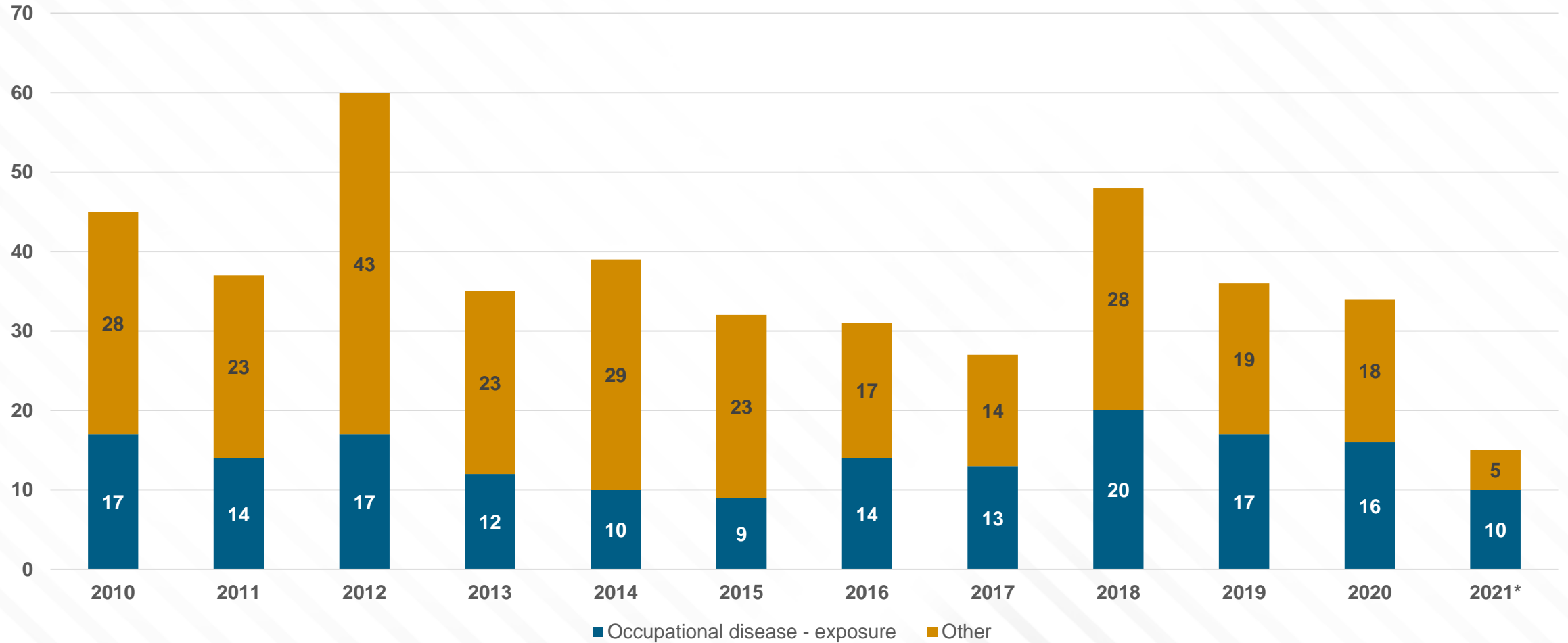


Serious injuries



*2020 is preliminary figures as of Aug. 31, 2021

Fatalities



*As of Aug. 31, 2021

Fatalities and Serious Injuries Strategy

• Fatalities

- Asbestos exposure
- Motor vehicle crashes (MVCs)
- Firefighter cancer exposures
- Falls from heights

• Serious injuries

- Health care
- Transportation
- Psychological injuries for first responders
- Hand injuries in manufacturing



Motor vehicle collision (MVC) campaign



Asbestos awareness campaign

Next generation prevention

- Fatalities and Serious Injuries Strategy
- Stakeholder engagement meetings
- Hazard assessment initiative
- Strategic partnerships
- Continue with our psychological health and safety project



**Phillip Germain,
CEO**

Long-term outlook



Challenges and opportunities

Challenges



Continuing to operate within the COVID-19 pandemic environment

Financial management & market volatility

High durations & injury rates

Opportunities



Supports for employers & injured workers (resilient management & staff)

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

BUSINESS TRANSFORMATION PROGRAM

TRANSFORMING HOW WE SERVE OUR CUSTOMERS

In 2021, the WCB launched a Business Transformation Program as the start of a transformation that will **change how we serve our customers.** It will take staff, management, customers and our partners on **a five- to seven-year journey** where together we will work to reimagine how we deliver our products and services across all areas of the business and make the changes needed.



BUSINESS TRANSFORMATION PROGRAM

TRANSFORMING HOW WE SERVE OUR CUSTOMERS



Minimize
IT risk



Maximize customer
experience



Enhance employee
experience



Eliminate
waste



Incorporate
leading practice



System cost
efficiencies



Consistently deliver
the right service at
the right time



Improved outcomes
for workers and
employers



Flexibility to adapt
to our customers'
changing needs

Anticipated benefits

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Business
Transformation
Program

2022 premium rates What's next?



October – customer feedback

30 days for customer feedback

askwcb@wcbask.com



November

Report customer feedback
to board & rate approvals



December

Employer premium rate notices
available online at wcbask.com
through secure online account





Questions?



Thank you