

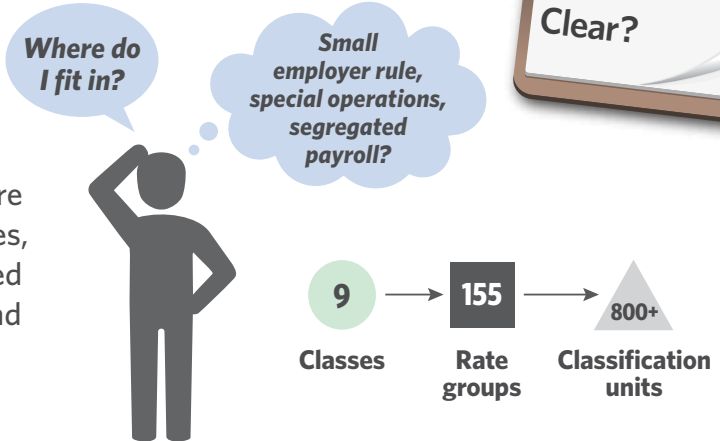
RATE FRAMEWORK REFORM CONSULTATION: TODAY'S CHALLENGES

This information sheet outlines some of the fundamental challenges with the WSIB's current classification and pricing systems and how the WSIB is proposing to address them.



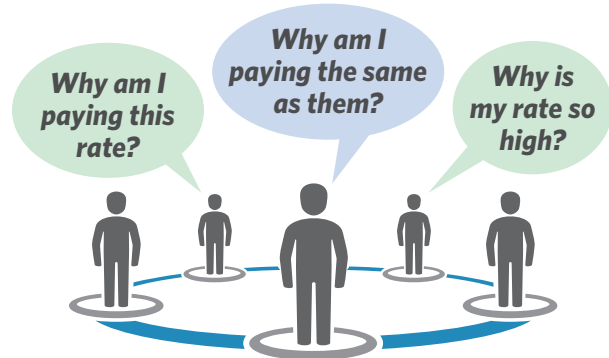
EMPLOYER CLASSIFICATION

The WSIB classifies all employers that are covered by the WSIB into industry classes, rate groups, and classification units based on an outdated classification scheme, and complicated rules.



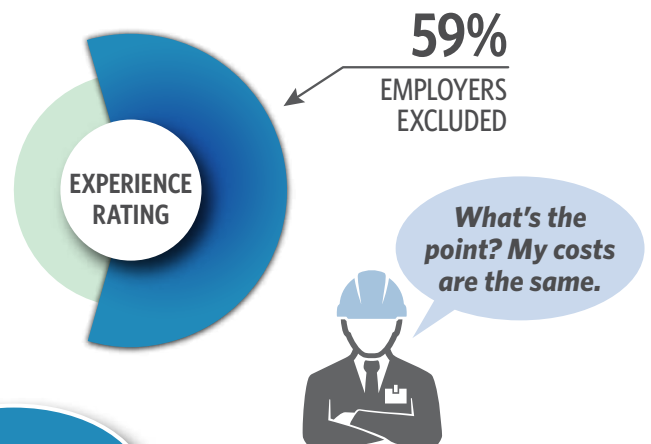
PREMIUM RATE SETTING

Over time, the need for premium rate responsiveness has outweighed premium rate stability, resulting in employers seeing large year-to-year fluctuations, or complexity that makes it difficult to understand their premium rates.



EXPERIENCE RATING

- The current experience rating programs are complex and exclude over 59% of employers.
- Stakeholders have voiced concerns regarding a number of design flaws in each program that have led to outcomes such as premium rate instability, and difficulty forecasting WSIB costs in the retrospective programs.



How can I get involved?

See the next page...

RATE FRAMEWORK REFORM CONSULTATION

The WSIB is committed to modernizing and transforming to meet the changing nature of Ontario's workplaces, and the economic and financial environment in which it operates.

NEXT STEPS

The WSIB would like to hear from you! Please visit us at www.WSIBRateFrameworkReform.com or email us at consultation_secretariat@wsib.on.ca for more information about the Rate Framework Reform Consultation.



KEY GOALS OF A NEW RATE FRAMEWORK

Clear and Consistent: A new streamlined and simpler classification structure that is clear and consistent in its application as a foundation.

Fairly Allocated Premiums: An approach that ensures a fair premium for workplace coverage, based on each employer's risk and claims experience to ensure occupational health and safety is top of mind for employers as it relates to their premiums.

Balanced Rate Responsiveness: A reasonable consideration for premium rate stability, while also ensuring responsiveness to risk and claims experience attained through occupational health and safety efforts to reduce workplace injuries and return workers to productive work.

Transparent and Understandable: A Rate Framework that stakeholders can easily understand, and promotes active and informed participation.

Collective Liability: A risk sharing arrangement exists among employers who collectively pay premiums to maintain the insurance fund.

Ease of Administration: Efficient and effective for the employer community and the WSIB to administer and maintain.

Objective: Transparent, consistent, adaptable and responsive classification structure with fewer and larger groups for rate setting purposes, based on predominant business activity.

STEP 1: Employer Classification

Risk Adjusted Premium Rate Setting

STEP 2: Class Level Premium Rate Setting

Objective: A Class Target Premium Rate that reflects the collective experience of all employers within each class, setting the stage for a significant range of potential premium rates at the employer level in Step 3.

STEP 3: Employer Level Premium Rate Adjustments

Objective: A prospective rate setting approach for all employers.

TRANSITION TO A NEW RATE FRAMEWORK

A new Rate Framework would be implemented using a gradual approach to minimize major year-to-year shifts in premium rates, moving towards a Target Premium Rate which is in line with employer claims experience.

Current Rate



2018

2019

2020

2021



Target Premium Rate