Rate Framework Modernization

April 2016

wsib ONTARIO

Overview – Rate Framework Modernization

Preliminary Rate Framework (March to October 2015)

- WSIB launches of the Rate Framework Modernization consultation in March 2015.
- Held technical sessions and over 100 working group sessions with individual employers, employer associations and representatives, injured workers and labour groups.
- Over 50+ stakeholder submissions were received within the consultation that ended in October 2015.

Updated Rate Framework (December 2015 – March 2016)

- On December 1, 2015, the WSIB provided an overview on the updated Rate Framework to approximately 160 stakeholders, based on a number of suggestions and recommendations made by stakeholders through stakeholder working group sessions and formal submissions received.
- The WSIB opened a subsequent consultation period that closed at the end of March 2016.
- Following the release of the updated Rate Framework, the WSIB posted premium rate information for each of the proposed 34 industry classes, in addition to the Rate Group & Risk Disparity analysis that provides greater detail on rate implications and classification structure.

What's Next (April 2016 – January 2019)

- The WSIB will consider the feedback and input received from stakeholders and will be publishing a stakeholder update by the end of June 2016 to highlight any further amendments made to the Rate Framework.
- In the Fall of 2016, the WSIB will be seeking approval of the new Rate Framework from its Board of Directors.
- Following its approval, the WSIB would undertake education and outreach efforts to ensure a broader understanding of the Rate Framework and will develop and engage stakeholders on a comprehensive transition plan to support stakeholders towards its implementation in January 2019.

Revenue Neutrality as a Foundation

- The Rate Framework represents a model that aims to address fundamental issues raised by stakeholders, partners and the WSIB itself, with the current employer classification structure and premium rate setting processes.

- The adoption of a new classification structure and prospective Risk Adjusted Premium Rate process would not affect the total amount of premium dollars collected by the WSIB, thereby remaining revenue neutral.

- However, a new system would, in a reasonable and gradual manner, shift the distribution of premiums among individual employers based on their claims experience, while ensuring that employers are paying their fair share of workplace coverage.

Rate Framework Modernization: Key Goals

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.

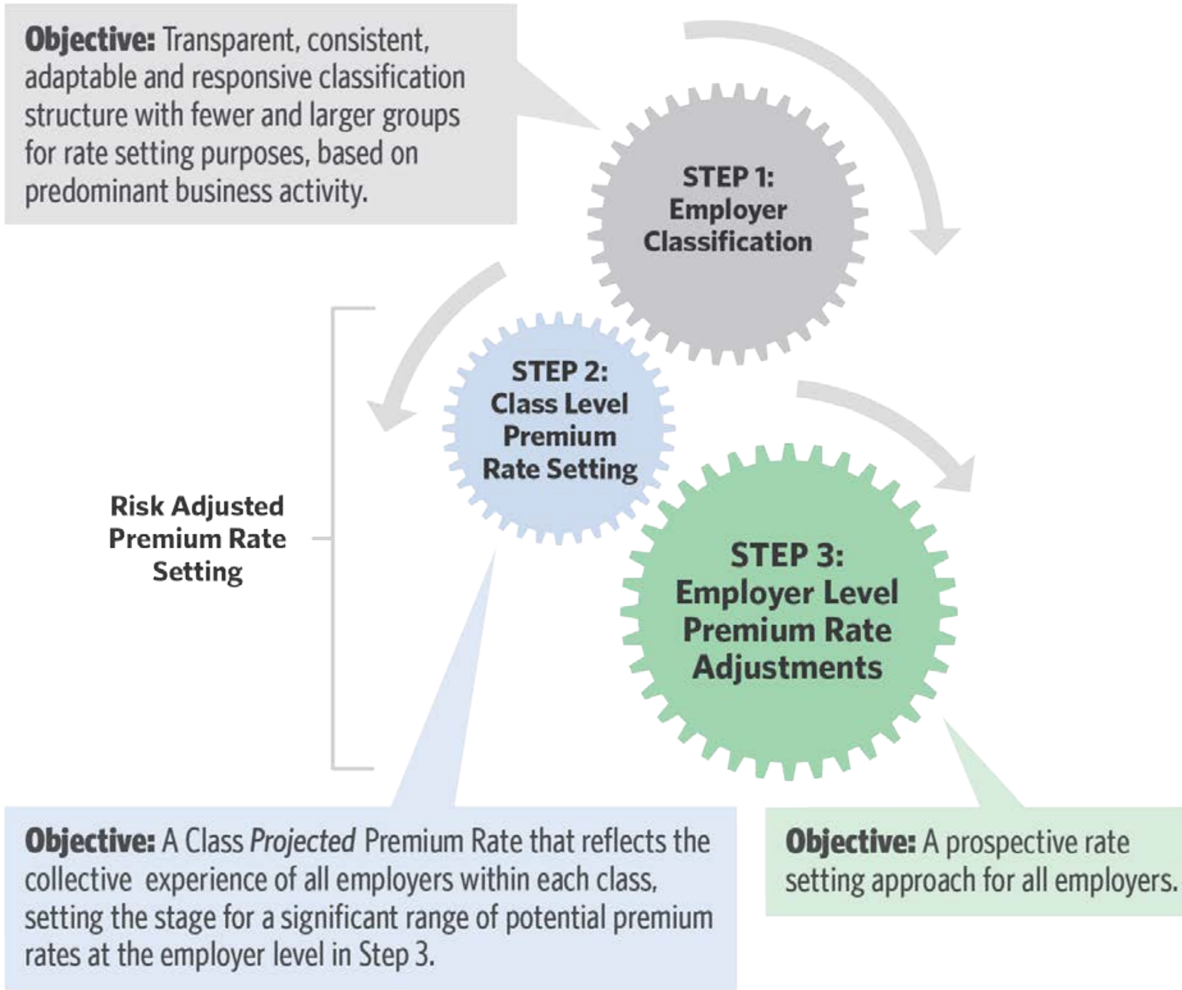
Collective Liability

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 for the WSIB to administer and maintain.

Rate Framework: Three Step Approach



Step 1 – Employer Classification

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

North American Industry Classification System – Overview

- The updated Rate Framework seeks to replace the existing classification system based on the Standard Industrial Classification (SIC) coding with a new industrial coding system called North American Industrial Classification System (NAICS).

NAICS Hierarchy

- Industry sectors (two-digit codes)
- Industry subsectors (three-digit codes)
- Industry groups (four-digit codes)
- Industries (five-digit codes)
- Canadian industries (six-digit codes)

- The NAICS is a hierarchal industry classification system developed by the statistical agencies of Canada, Mexico and the United States. It replaced the SIC system in 1997, and is refreshed to reflect the changing landscape of the North American economy every five years.

- The current version of NAICS was updated in 2012, with any revisions being contemplated in an expected 2017 version.

- The majority of employers currently have a single NAICS number, and some may have multiple NAICS numbers. For filing with the Canada Revenue Agency, a singular NAICS number is identified for their entire operation.

Proposed Classification Structure

Proposed Rate Framework

- The proposed classification structure included 22 classes at the NAICS 2 or 3 digit-level. The actuarial predictability threshold used was $12B in insurable earnings over 6 years.

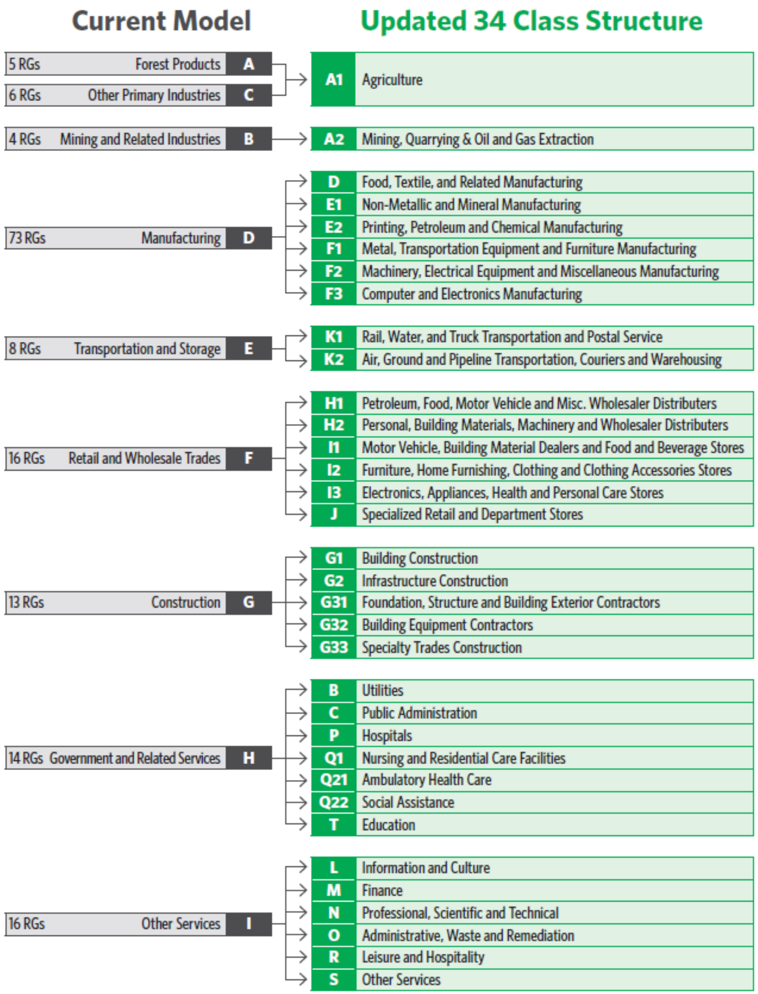
Stakeholder Feedback / WSIB Analysis

- Some stakeholders have commented that the WSIB should consider expanding the number of classes it has recommended to account for what may be very different risk or claims experience.
- The WSIB undertook analysis to determine if a lower actuarial predictability threshold could be supported. Stakeholders also commented that the threshold could be lowered to support more classes.
- The WSIB also undertook additional analysis on the appropriate level of risk disparity in each class.

Proposed Classification Structure

Recommendation – Updated Rate Framework

- The WSIB revised the actuarial predictability threshold to $12B in IE or $6B in IE and $15M in claims costs over six years to determine class structure and the threshold for acceptable risk disparity to greater than +/- 20%.
- Based on the new predictability threshold and risk disparity analysis, the 22 class structure has been expanded to 34 classes.
- The risk disparity analysis will form part of the regular, ongoing monitoring of the Rate Framework and could lead to updates to the class structure.
- Key Goal Alignment: ***‘Fairly Allocated Premiums’*** - better distribution of the costs by industry and reduction of the risk disparity that was present in the original proposal.



Proposed Classification Structure

- Link to Statistics Canada website on NAICS – Click Here

Proposed 22 Class Structure

CLASS LETTER	CLASS DESCRIPTION	NAICS EQUIVALENT
A	Primary Resource Industries	11-21
B	Utilities	22
C	Public Administration	91
D	Food, Textile, and Related Manufacturing	31
E	Resource and Related Manufacturing	32
F	Machinery and Related Manufacturing	33
G1	Building Construction	236
G2	Infrastructure Construction	237
G3	Specialty Trades Construction	238
H	Wholesale Trade	41
I	General Retail	44
J	Specialized Retail and Department Stores	45
K	Transportation and Warehousing	48-49
L	Information and Culture	51
M	Finance	52-53-55
N	Professional, Scientific and Technical	54
O	Administrative, Waste and Remediation	56
P	Hospitals	622
Q	Health and Social Services	621-623-624
R	Leisure and Hospitality	71-72
S	Other Services	81
T	Education	61

Results of Risk Disparity Analysis – Updated 34 Class Structure

CLASS LETTER	CLASS DESCRIPTION	NAICS EQUIVALENT
A1	Agriculture	11
A2	Mining, Quarrying & Oil and Gas Extraction	21
B	Utilities	22
C	Public Administration	91
D	Food/Textile & Related Manufacturing	31
E1	Non-Metallic/Mineral Manufacturing	321-322-326-327
E2	Printing, Petroleum/Chemical Manufacturing	323-324-325
F1	Metal/Transportation/Furniture Manufacturing	331-332-336-337
F2	Machinery/Electrical/Other Manufacturing	333-335-339
F3	Computer/Electronics Manufacturing	334
G1	Building Construction	236
G2	Infrastructure Construction	237
G31	Foundation/Structure/Building Exterior Contractors	2381
G32	Building Equipment Contractors	2382
G33	Specialty Trade Contractors	2383-2389
H1	Petroleum/Food/Vehicle/Other Wholesale	411-412-413-415-418
H2	Personal/Building Materials/Machinery Wholesale	414-416-417-419
I1	Vehicle/Building Material/Food & Beverage Retail	441-444-445-447
I2	Furniture/Home/Clothing Retail	442-448
I3	Electronics/Appliances/Personal Care Retail	443-446
J	Specialized Retail & Department Stores	45
K1	Rail/Water/Truck & Postal Service Transportation	482-483-484-491
K2	Air/Ground/Pipeline/Courier Transportation & Warehousing	481-485-486-487-488-492-493
L	Information & Culture	51
M	Finance	52-53-55
N	Professional, Scientific & Technical	54
O	Administrative, Waste & Remediation	56
P	Hospitals	622
Q1	Nursing & Residential Care Facilities	623
Q21	Ambulatory Health Care	621
Q22	Social Assistance	624
R	Leisure & Hospitality	71-72
S	Other Services	81
T	Education	61

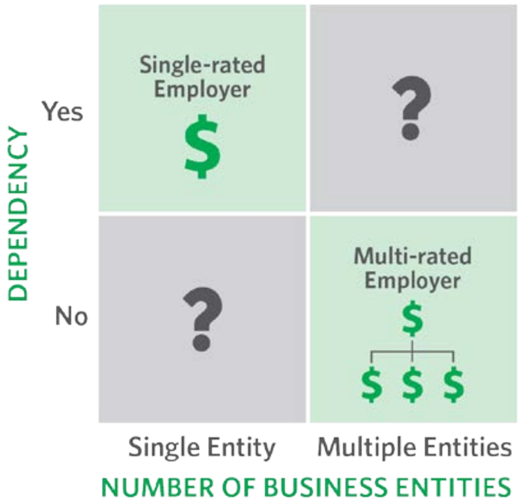
Temporary Employment Agencies

- The updated Rate Framework recommends that TEAs and their host employers would need to be classified in the same class in order to ensure the premium rates are linked to the host employer.
- That means TEAs that have multiple clients in a single industry class would have an account for that class. If a TEA had clients in multiple industry classes, then they would have an account for each.
- TEAs are expected to pass along their premium costs to client employers as part of their fee. If TEAs and client employers have similar premium rates, there would be minimal financial incentive for client employers to use TEA workers to avoid premium costs. This approach would most closely resemble the premium cost the host employer would have paid if they were hired directly.
- To allow TEAs and host employers to be classified in the same class:
  - The WSIB would seek to amend Schedule 1 of O. Reg. 175/98 under the WSIA to indicate that supply of labour to a class (regardless of what activities are performed) is considered a business activity of that class, which is currently the case but only for some rate groups; and
  - TEAs would be allowed to have a separate class linked to each class they supply, in addition to a class for their own operations excluding supplied labour.

Employers with Multiple Business Activities

Proposed Rate Framework

- With the exception of temporary employment agencies, classify all employers in a single class according to their predominant class. For modeling purposes, the WSIB is using a definition of "predominant class" as the class that represents the largest percentage of the employer's annual insurable earnings.



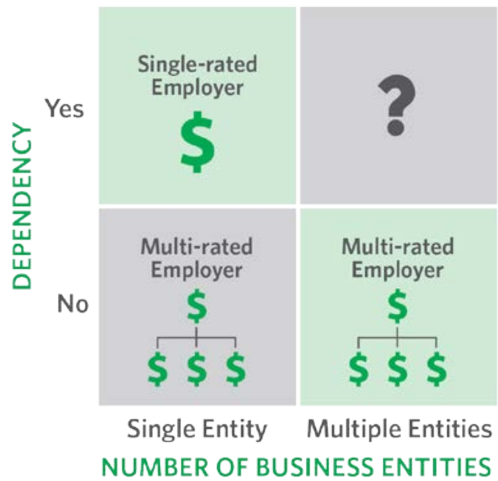
Stakeholder Feedback

- The issue of determining predominant business activity when an employer has two or more completely unrelated and independent business activities under one legal entity has also been raised.
- It has been suggested that the WSIB consider allowing multiple rates for employers who operate two unrelated and independent business activities, where neither business activity is ancillary or necessarily associated, nor is either necessarily dependent on the other.

Employers with Multiple Business Activities

Recommendation – Updated Rate Framework

- The WSIB is interested in further exploring some exceptions to this general rule for separate classification and multiple rates for a single employer, if an employer engages in more than one business activity, and a business activity is not dependent on the other activity(ies). These would be defined in policy.
- Key Goal Alignment: '***Ease of Administration'*** - potentially addresses stakeholder concerns that the WSIB would otherwise introduce burdens on employers who may choose to incorporate an additional legal entity to obtain a distinct premium rate.



- The WSIB will continue to assess the policy framework related to Associated Employers that undertake dependent business activities.

Step 2 – Class Level Premium Rate Setting

Objective: **A Class *Projected* Premium Rate that reflects the collective claims 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.**

Class Level Premium Rate Setting

Similar to the current approach, the WSIB would use three components to determine the Class Average Premium Rate for the proposed industry classes.

New Claims Cost (NCC)

- The updated Rate Framework seeks to continue the current methodology for estimating the new claim costs amount required at the Schedule 1 level.

Administrative Costs

- The updated Rate Framework recommends continuing the current allocation of the administration components of the premium rate, whereby, each class is allocated their share of these costs in equal proportion to their new claim costs and insurable earnings.

Past Claims Cost

- The updated Rate Framework recommends reverting to the NCC methodology to allocate the UFL.

Long Latency Occupational Disease

Proposed Rate Framework

- The WSIB asked for stakeholder input on whether LLOD costs should continue to be borne by all employers in an industry, or if the claims costs associated with LLOD claims ought to be charged directly to the individual employer.

Stakeholder Feedback / WSIB Analysis

- The major majority of stakeholder feedback supported maintaining the current method of assigning LLOD claims at the class level. There were a few industries or individual employers who have experienced LLOD claims that have implemented health and safety practices (at considerable expense) to significantly reduce the likelihood for these types of claims to occur. These employers or industries feel it is unfair to pay for a component of the premium rate that incorporates claim costs for other employers who choose not to implement equivalent health and safety practices.

Recommendation – Updated Rate Framework

- The updated Rate Framework will continue with the current assignment of LLOD claims as a collective cost that is pooled at the class level. As these costs are excluded from being considered under the current three experience rating programs, likewise, they would continue to be excluded from the claims experience of individual employers under the Risk Adjusted Premium Rate Setting process. Key Goal Alignment: ***'Fairly Allocated Premiums'*** and ***'Collective Liability'*** - recognizes that there are cases where individual employer allocation would produce unfair outcomes.

Second Injury and Enhancement Fund

Proposed Rate Framework

- Discontinuing the Second Injury and Enhancement Fund (SIEF) program.

Stakeholder Feedback

- The WSIB has heard many perspectives on the recommended approach to discontinue the SIEF program, with a near unanimous view from stakeholders in favour of maintaining some form of cost relief.

Recommendation – Updated Rate Framework

- Recognize the need for some form of cost relief, pending further review of details of the program and policy parameters, along with considering potential cost relief program alternatives. Maintain SIEF as a interim measure pending the review.
- Review to also examine appropriate cost allocation of relief, considering the potential for some allocation at the Schedule 1 level, compared to current practice of allocating at the Industry Class level.
- Key Goal Alignment: ***'Fairly Allocated Premiums'*** and ***'Collective Liability'*** - recognizes that there are cases where individual employer allocation would produce unfair outcomes.

Class *Projected* Premium Rate

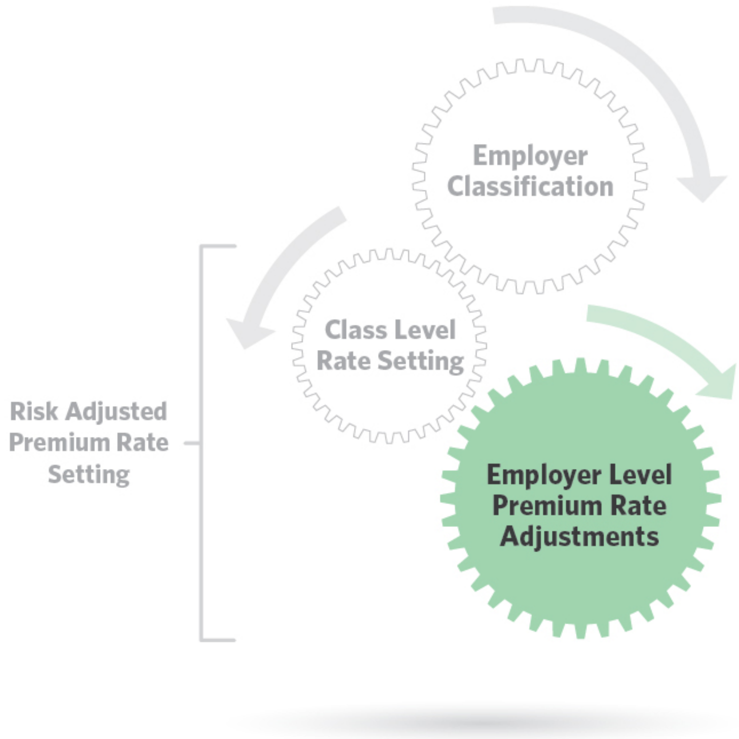
- **Class *Projected* Premium Rate** is a premium rate based on the collective experience of all employers within a respective class, their allocation of administrative costs, and apportionment of the past claim costs for each class in Schedule 1.

- The Class *Projected* Premium Rates are based on the expected claim costs and insurable earnings experience, in order to project what the premium rates would be under the updated Rate Framework methodology.

- The model would recognize shifts in industry class cost experience, and lead to updated premium rates to reflect these changes in costs.

- The Class *Projected* Premium Rate does not act like the current rate group premium rate. It acts as a representation of the rate required from a particular industry class, and is a foundational component to Step 3 (Employer Level Rate Adjustments) where individual employers will see their own annual premium rate better reflect their own risk and claims experience.

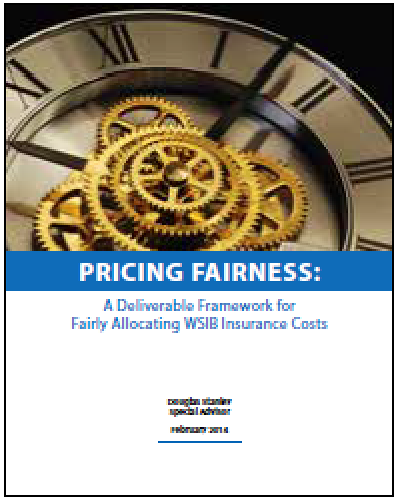
Step 3 – Employer Level Premium Rate Adjustments



Objective: One prospective rate setting approach for all employers

Setting Premium Rates

- The following steps describe the process that would determine Employer Level Premium Rates under the updated Rate Framework by considering three variables:
    1. Insurable earnings
    2. Number of claims
    3. Actual claims costs



Steps

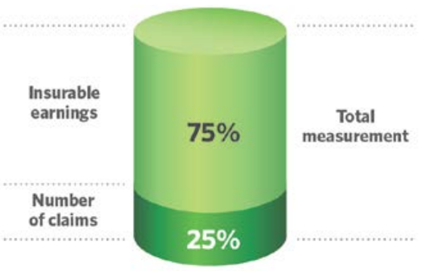
A. Determining an Employer's Actuarial Predictability
B. Determining an Employer's Total Claims Cost
C. Determining an Employer's Insurable Earnings
D. Determining an Employer's Risk Profile
E. Determining the Class Risk Profile
F. Determining an Employer's Adjusted Risk Profile
G. Determining an Employer's Risk Profile Index
H. Determining an Employer's *Projected* Premium Rate
I. Determining an Employer's Actual Premium Rate

Actuarial Predictability

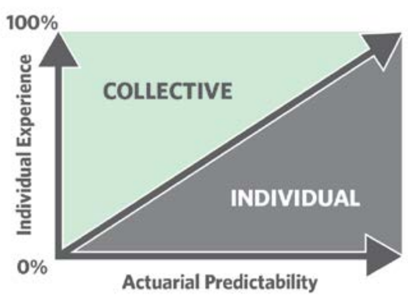
- **Actuarial Predictability** is a measure of the degree to which past claims cost can be relied upon to predict future outcomes and therefore fairly set premium rates.

- To undertake employer-level adjustments, an employer's actuarial predictability, would determine the extent to which their premium rate should be affected by their own individual claims experience versus the collective experience of their respective class.

- The WSIB is proposing that an employer's actuarial predictability be weighted 75% based on a actuarial predictability standard of $1B of insurable earnings, and 25% based on an actuarial predictability standard of 1200 claims, over a six year period.



- Predictability Scale: is an extension of Stanley's concept that provides a greater level of individual employer experience with greater actuarial predictability, and greater insurance protection for employers with less predictability.



Predictability Scale	2.5%	5%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
Specific Details	<=2.5%	>2.5% but <=5%	>5% but <=10%	>10% but <=20%	>20% but <=30%	>30% but <=40%	>40% but <=50%	>50% but <=60%	>60% but <=70%	>70% but <=80%	>80% but <=90%	>90%
Individual Experience for Premium Rate Setting (%)	2.5	5	10	20	30	40	50	60	70	80	90	100
Collective Experience for Premium Rate Setting (%)	97.5	95	90	80	70	60	50	40	30	20	10	0

Experience Rating Window

Proposed Rate Framework

- At the employer level, a period of six years of claims experience would be utilized for premium rate setting purposes.

Six year window including insurable earnings from from Jan 1, 2007 to Dec 31, 2012						
	Insurable earnings by year					
Injury Year	2007	2008	2009	2010	2011	2012
2007						
2008						
2009						
2010						
2011						
2012						

Stakeholder Feedback / WSIB Analysis

- Stakeholders have suggested that the proposed six year experience window might be too long, and would not take into account recent improvements in health and safety made by employers.
- Stakeholders have also suggested that a weighted experience rating, where more recent experience is weighted more than past experience is preferred, and act as a counterweight to the expanded window.

Experience Rating Window

Recommendation – Updated Rate Framework

- The WSIB is recommending a weighted experience window, that values the most recent three years at two thirds (66.6%), and the remaining three years at one third (33.3%), responding to stakeholder concerns that the proposal provided too much stability over responsiveness.

Six year window including claims costs from Jan 1, 2007 to Dec 31, 2012						
	Incurred claim cost paid by year					
Injury year	2007	2008	2009	2010	2011	2012
2007						Total claim costs
2008						
2009						
2010						
2011						
2012						

1/3 (2007–2009) 2/3 (2010–2012)

- Key Goal Alignment: ***'Fairly Allocated Premiums'*** and ***'Balanced Rate Responsiveness'*** - provides stakeholders with increased opportunity to impact their rate by improving sustained health & safety and return to work efforts, considering their more recent workplace experience, rather than equally weighing years or the sensitivity of just one year's worth of experience.

Graduated Per Claim Limit

Proposed Rate Framework

- This graduated approach is based on an employer's predictability and is intended to address the implications of the current per claim limit (PCL) that is overly burdensome for small employers.

Predictability Scale	2.5%	5%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
Proposed Graduated Per Claim Limit Approach	0.5 times maximum IE ($84,100) or $42,050		2.5 times maximum IE ($84,100) or $210,250				5 times maximum IE ($84,100) or $420,500				7 times maximum IE ($84,100) or $588,700	

Stakeholder Feedback / WSIB Analysis

- Some stakeholders have commented that the proposed graduated PCL should be expanded to include more than four steps. Specifically, the focus was on the predictability levels 10% - 40% and 50% - 80%, where the same PCL was applied to group of employers with vastly different predictability.
- The WSIB has reviewed the impacts of various graduated PCLs on the pooling of costs and on employers at different actuarial predictability levels.

Graduated Per Claim Limit

Recommendation – Updated Rate Framework

- Expand the current graduated PCL from four to seven levels.
- Key Goal Alignment: '***Fairly Allocated Premiums'*** - it recognizes the diversity of employers and the predictability of their experience in setting fair rates.

Predictability Scale	2.5%	5%	10 & 20%	30 & 40%	50 & 60%	70 & 80%	90 & 100%
Proposed Graduated Per Claim Limit Approach	0.25 times maximum IE ($84,100) or $21,025	0.5 times maximum IE ($84,100) or $42,050	1.0 times maximum IE ($84,100) or $84,100	2.0 times maximum IE ($84,100) or $168,200	4.0 times maximum IE ($84,100) or $336,400	5.0 times maximum IE ($84,100) or $420,500	7.0 times maximum IE ($84,100) or $588,700

Fatal Claims

Proposed Rate Framework

- The WSIB's current Fatal Claims Policy would be inoperable in the updated Rate Framework, as a result of replacing the current experience rating programs and the associated rebates. The current policy is specifically tied to NEER and CAD-7 rebates.

Stakeholder Feedback / WSIB Analysis

- The majority of stakeholders have commented on whether other options should be considered to address fatal claims, including using a fixed average cost for all fatalities, or using the PCL. Other suggested that the WSIB should merely charge the actual costs, irrespective of the implications on rate setting, and the impact of the workers' personal circumstances (e.g. age, survivors).
- As part of Pricing Fairness, Doug Stanley suggested that the WSIB ought to replace the current fatal claims policy with a fixed proxy cost instead of actual claims costs.
- A number of other Workers' Compensation Boards in Canada use a fixed proxy cost in place of the actual cost of the fatal claim, e.g. the average cost of a fatality across all industries or the per claim limit for a given employer.
- The WSIB reviewed the impact of applying a fixed cost on large, medium & small employers.

Fatal Claims

Recommendation – Updated Rate Framework

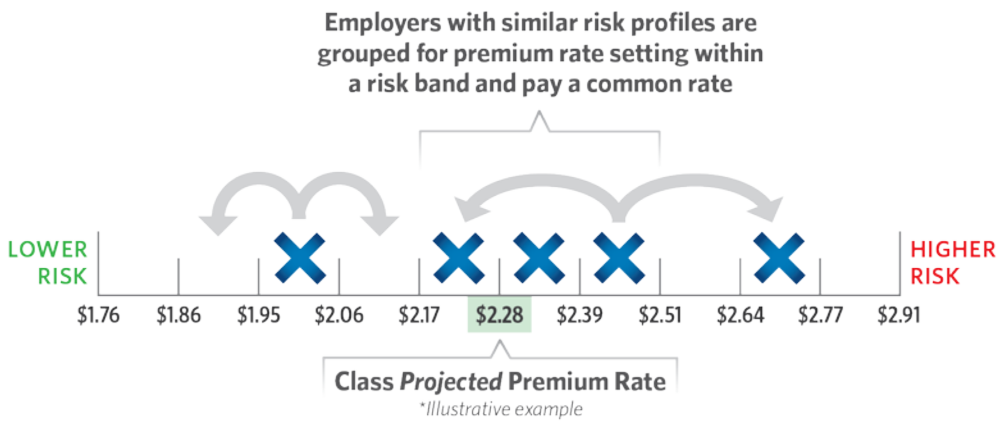
- The WSIB is recommending to use the rolling five year average cost of fatalities across Schedule 1, in place of the actual cost of a fatal claim. Like other jurisdictions in Canada, the per claim limit will apply to fatality claims.
- Key Goal Alignment: **'Fairly Allocated Premiums'** - It creates no complexity or operational considerations as the costs would be allocated in a standard approach that recognizes the WSIB's continued interest in health and safety, and a focus on preventing fatalities.

In 2014, the average cost of a fatality was approximately $367,000. If a fatality occurred in 2014, then based on the credibility scale below, the following claim costs would be charged to an employer.

Credibility Scale	2.5%	5%	10-20%	30-40%	50-60%	70-80%	90-100%
Per Claim Limit based on 2014 Maximum Insurable Earnings of $84,100	0.25 X Max IE	0.50 X Max IE	1 X Max IE	2 X Max IE	4 X Max IE	5 X Max IE	7 X Max IE
Application of Max IE to Average Cost of Fatality	$21,025	$42,050	$84,100	$168,200	$336,400	$367,000	$367,000

Risk Banding

- **Risk Bands** are hierarchical series of divisions within each class. Each division represents a different level of risk where employers would be placed relative to the Class *Projected* Premium Rate. In each class, risk bands are subject to limitations, such as the premium rate of the minimum risk band ($0.20), and the maximum risk band will not exceed about three times the average premium rate for each industry class.
- The updated Rate Framework includes over 2,500 risk bands across Schedule 1, with each industry class having between 40 – 80 risk bands where individual employers would be placed with employers that share similar risk profiles.
- As such, the WSIB developed a new approach to handle the varying risk of employers by creating risk bands that are in 5% increments in premium rate between each risk band, and sought to provide greater rate stability by limiting annual year over year rate changes to +/- 3 risk bands.



Employer's *Projected* Premium Rate

- **Employer *Projected* Premium Rate** is an adjusted premium rate that represents how much an employer needs to pay in order to fund their fair share of costs, as well as the collective costs of their class.
- Subject to the graduated per claim limit, the employer *projected* rate identifies what the employer should be paying as a premium rate, based on their actual experience adjusted by predictability scales relative to class average and subject to the minimum charge ($0.20) and maximum risk band (about 3X the class *projected* premium rate) in each class.
- The Employer *Projected* Premium Rate does not include the employer's starting point, nor does it include the three risk band limitations, which reduces the premium rate volatility that an employer would experience in moving from their starting point towards their *projected* premium rate.
- The updated Rate Framework would act as an early warning for employers by providing target premium rates allowing employers to; better identify the future projected path of their premium costs; and take proactive health and safety actions (e.g. prevention and return to work to address the risks).

Employer’s Actual Premium Rate

- **Employer Actual Premium Rate** is an adjusted premium rate that represents how much each employer would pay taking into consideration risk band limitations, previous year(s) premium rates, minimum premium rate, as well as the collective experience of all employers in that class.

- In order to move employers from the current to the new process, a **<u>starting point</u>** or an employer’s Net Premium Rate in terms of their Employer Actual Premium Rate needs to be established.

- When transitioning from the current system to a new Rate Framework:
  - For employers who are currently participating in WSIB experience rating programs: using the employer’s average “net” premium rate (after considering experience rating refunds and surcharges) over the last three years; and
  - For employers who are currently not experience rated (who are not eligible to participate in an experience rating program) using the premium rate of the RG from the prior year.

- The starting point for all employers in the following years would be their previous year's premium rate, towards achieving their *projected* premium rate.

Surcharging Mechanism

Proposed Rate Framework

- No surcharging mechanism for employers who consistently exhibit poor claims cost performance was included. Stakeholders were asked to share their perspective.

Stakeholder Feedback

- A majority of stakeholders have expressed their support for a special surcharge mechanism for employers who are above the premium rate cap on a sustained basis. This would result in greater employer responsibility for those claims costs, rather than have the industry as a whole bear that responsibility.
- Other stakeholders have suggested that the WSIB wait until a new Rate Framework has been implemented and reassess the need for a special surcharging mechanism.

Recommendation – Updated Rate Framework

- The WSIB is recommending that the Rate Framework include a surcharge mechanism. The WSIB will undertake a further review in the development of a specific approach that would work alongside workplaces to identify key drivers for a sustained poor claims experience.
- Key Goal Alignment: ***'Fairly Allocated Premiums'*** and ***'Collective Liability'*** - recognizes that there are cases where greater accountability by individual employers would produce a fairer outcome.

Monitoring Mechanism

- Some stakeholders expressed that the challenges associated with current approach to classification and rate setting were exacerbated by the lack of on-going maintenance and monitoring.
- Following the implementation of a new Rate Framework, the WSIB should setup an internal mechanism to study and assess issues or required updates.
- This group would also be responsible for reviewing the NAICS classification every five years, as it is updated by Statistics Canada, in addition to risk disparity analysis to address any changes to the risk landscape.

Recommendation – Updated Rate Framework

- The WSIB commits to the development of a Rate Framework monitoring function.
- As part of this function, the WSIB will report to stakeholders on a regular basis on the 'health' of the Rate Framework and review and undertake appropriate amendments at least every five years to coincide with NAICS updates by Statistics Canada.
- As an example, the Risk Disparity Analysis that has been produced as part of the analysis of the Rate Framework would be a continuous item that would help determine when or if any further change to the classification structure would be required (e.g. further expanding or collapsing the number of industry classes to address any developing risk disparity).

Improved Support, Data and Information Sharing

Improved Support, Data and Information Sharing

- A number of stakeholders have suggested that the WSIB should be in a position to provide employers with more detailed and actionable information to help them make informed health and safety decisions.
- Some stakeholders specifically pointed to Worksafe BC's Employer Safety Planning Toolkit as a tool that should be developed and made available in Ontario. Learn more about the Toolkit.
- The Toolkit is a suite of interactive tools that enables employers to learn about the injuries and claims that impact their safety performance, compare their performance against peers, and assesses the impact of workplace health and safety changes.

Recommendation – Updated Rate Framework

- The WSIB is interested and exploring the development of a workplace tool similar to Worksafe BC.
- This new offering addresses the Rate Framework's Key Goal of ***'Transparent and Understandable'*** in that employers and workplaces would have actionable information to promote active participation in health and safety.

Next Steps

- The WSIB will consider the feedback and input received from stakeholders and will be publishing a stakeholder update by the end of June 2016 to highlight any further amendments made to the Rate Framework.
- In the Fall of 2016, the WSIB will be seeking approval of the new Rate Framework from its Board of Directors, towards a targeted implementation of 2019.
- Following its approval, the WSIB would undertake education and outreach efforts to ensure a broader understanding of the Rate Framework. During this time, the WSIB would develop and engage stakeholders in a comprehensive transition plan to support stakeholders towards implementation. Further stakeholder discussions on this item will occur through 2017.
- The development of the policy framework for the new Rate Framework would occur through 2017, with the expressed commitment that it be published one year prior to its implementation.
- The new Rate Framework would be effective January 2019.

Q & A

Question and Answer Period

For further information visit:

www.wsibrateframeworkreform.com

or email us at consultation_secretariat@wsib.on.ca