

RATE FRAMEWORK MODERNIZATION UPDATE

September 2015

Since publishing the July stakeholder update on Rate Framework Modernization, the WSIB has continued to facilitate working group sessions with employers, employer associations and representatives, injured workers and labour groups. These sessions have provided stakeholders with a better understanding of the proposed modernization and have allowed them to share their perspectives and suggested amendments to the proposed Rate Framework towards providing the WSIB with their submissions.

In addition, in August, the WSIB published [Rate Group Analysis](#) and [Risk Disparity Analysis](#) that identified how employers could be classified and what premium rates could look like, in addition to providing insight into the potential expansion of the number of industry classes, from 22 to 32 to address the disparity of risk between industries.

In terms of next steps, following the close of the consultation period on October 2, 2015, the WSIB will continue to review and analyze the submissions received. The WSIB will be hosting a session with stakeholders, before the end of the year to share an overview of some of the perspectives received as part of the consultation. It will also highlight an updated Rate Framework that incorporates a number of suggestions and recommendations made by stakeholders through the Working Group sessions and submissions.

Following this session and the publishing of revised Rate Group Analysis, stakeholders will have the opportunity to further share their thoughts on the updates and changes made, as the WSIB moves toward the finalization of a new Rate Framework.

The WSIB appreciates the ongoing engagement with its stakeholders. To submit an inquiry about the Rate Framework Modernization initiative, please contact us at consultation_secretariat@wsib.on.ca.

Below, the WSIB is identifying some of the additional themes that have emerged since the July update.

Themes from Stakeholder Working Group Sessions

Graduated Per Claim Limit (PCL)

Some stakeholders have commented that the proposed graduated per claim limit (PCL) could be expanded to include more than four steps. Specifically, the focus was on the lower predictability levels where there is an increase from approximately \$42,000 to \$210,000, and particularly for employers ranging from 10-40% in actuarial predictability. The common perspective was that this broad range of employers probably could be addressed with more PCL levels.

Experience Window

Similarly, 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 commented that more recent years are indicative of the current workplace, and a potentially reduced experience window should be considered. This point was usually discussed alongside the previously identified theme of valuing more recent experience, see “Weighting of Experience Window” from the [July Consultation Update](#), with the combination of a six year window but providing more recent experience (e.g. 2-3 years) more value or weight.

Rate Group 755: Non-Exempt Partners and Executive Officers in Construction

Some stakeholders in the construction sector raised concerns about removing the concept of Rate Group 755 for executive officers and partners in construction. This Rate Group provides a reduced rate for a group of workers that are not ‘on the tools’ undertaking construction work as defined in Class G : Construction. Others have suggested that purpose of this group is diminished given the proposed preliminary Rate Framework provides employers with individualized rates that are based on their performance, and is misaligned with the treatment of other industries.

Predominant Business Activity

The issue of determining predominant business activity when an employer has two or more completely unrelated business activities has also been raised. As an example, consider an employer who runs a bed and breakfast, and refinishes furniture during the low season. In this example, the employer operates two separate and distinct business activities, and may be incorporated under the same company or different - neither business activity is ancillary or necessarily associated, nor is either necessarily dependent on the other.

As such, it has been suggested that the WSIB consider allowing multiple rates for distinct business activities that have no ancillary relationship, association or dependency, whether constituted as a single legal entity or not.

Fatal Claims

The WSIB’s current Fatal Claims Policy would be inoperable in the proposed 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 CAD7 rebates. Some stakeholders have commented on whether other options should be considered to address fatal claims. 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.

These options are seen as attempts to normalize the cost of a fatality across employers, irrespective of the circumstances of the particular worker, to avoid absurd and variable premium implications, which some have suggested are a significant concern with the current approach. Others have suggested that the WSIB should simply consider actual costs and not have any special treatment of fatalities.

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 decisions with respect to their workplaces. While the Rate Framework's target rate is seen as a very positive feature, some stakeholders specifically pointed the WSIB in the direction of 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. It allows for a comparison of performance against peers, and assess how operational and workplace health and safety changes could impact the workplace.