The Rate Framework

Overview

1. Rate Framework Background
2. The Technical Overview
3. Next steps

What does my business need to know?

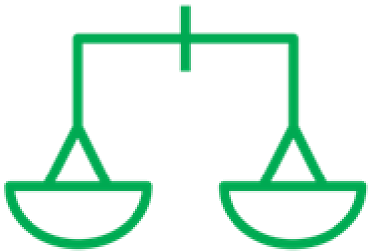
What is the rate framework?

- Fair premium rates
- Premium rate stability
- Collective liability
- Ease of administration

What is changing for my business?

On January 1, 2020, the rate framework will change the way employers interact with the WSIB.

- **Change** employer classification
- **Replace** the current model of setting rates at the rate group level, then allowing for rebates/surcharges under CAD-7 or NEER
- **Replace** the MAP program
- Provide employers with **prospectively-set premium rates** which more closely reflect their individual business experience



How does it work?

Classification and rate setting

Step One: NAICS Classification

Step Two: Premium Rate Setting

Step one: employer classification

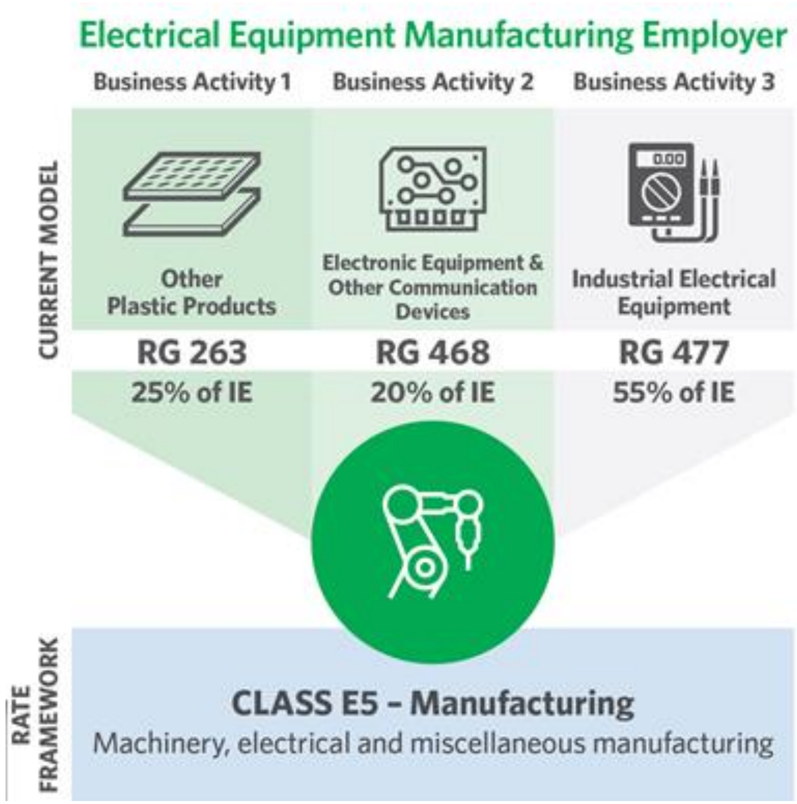
North American Industry Classification System - NAICS

Main Changes:

- NAICS-based classifications
- 34 class/subclass structure
- Updated every five years

Predominant business activity

Employers with more than one business activity will be classified according to their predominant business activity – the business activity with the highest amount of insurable earnings



Employers with multiple business activities

Multi-rating criteria

1. The employer must properly segregate payroll for each of their business activities.
2. The business activity must not form an integrated operation with the employer's other business activity or activities.
3. The business activity must be significant enough (a sufficient share of payroll).

Step two: premium rate-setting

Setting premium rates

Two-step approach to set and adjust premium rates for businesses:

Step 1: Set an average rate for each industry class based on their risk profile and share of responsibility to maintain the insurance fund.

Step 2: Look at how your individual claim history compares to the rest of the businesses in your class.

- This means that your overall rate under the new model will reflect your individual claims experience and risk.

Class average premium rate

- Once employers are slotted into one of the 34 classes or sub-classes, we will set a class average premium rate for each class.
- The class average premium rate is a collective rate that represents each class' share of responsibility for their WSIB costs.

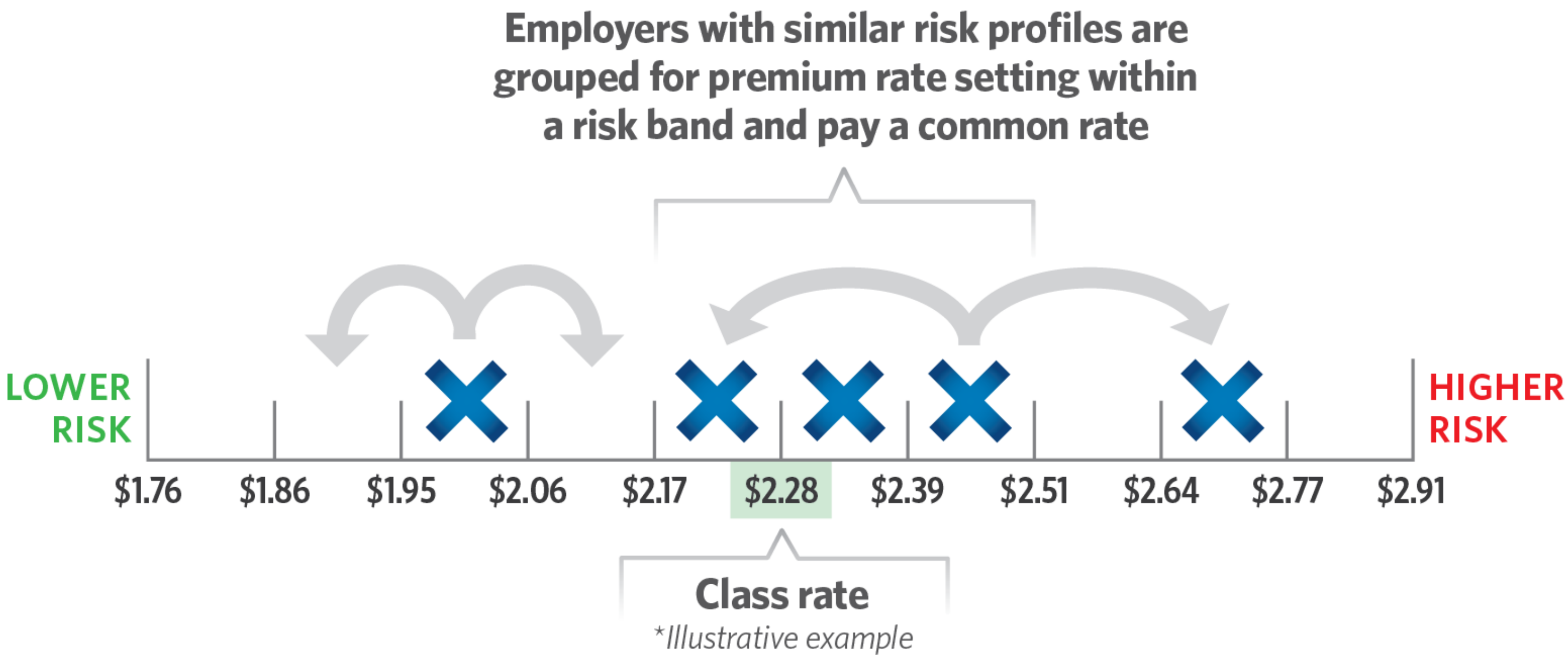
Your business's premium rate: key features

Actual and projected premium rates

- **Actual premium rate -** the rate that your business will actually pay for the year.
- **Projected premium rate –** provides you with an indication of the direction your premium rate is headed toward.

Example: 2020 Premium Rate Year, Employer "A"	
Projected Premium Rate	Actual Premium Rate
$2.00	$2.50

Key feature: risk banding



Key feature: rate setting window

The rate framework includes a weighted rate setting window, that values the most recent three years of employer insurable earnings experience at two thirds (66.6%), and the remaining three years at one third (33.3%).

Six year window including claim cost from Jan 1, 2013 to Dec 31, 2018						
	Incurred claim costs paid by year					
Injury year	2013	2014	2015	2016	2017	2018
2013						
2014						
2015						
2016						
2017						
2018						
	Total claim costs	Total claim costs	Total claim costs	Total claim costs	Total claim costs	Total claim costs
	1/3			2/3		

Key feature: employer predictability

- We calculate predictability for each business by using a six-year rolling window of claim counts and insurable earnings.
    - 75% of predictability is determined by insurable earnings, 25% by claim counts.
- We are then able to group businesses into a predictability "scale" that measures the level of individual and collective experience to assign to an individual business within each class or subclass.

Transition to our new model

Starting point rate

- As we move to our new model, each business will be assigned a starting point rate that reflects their claims experience and 2019 rate group rate under our old rate-setting process.
- Our transition rules will be applied to the starting point rate a business receives in determining the 2020 premium rate that they will pay.
- Whether your business was in an experience rating program previously or not will be taken into consideration when calculating your starting point rate.

Our transition approach

- To help businesses move to our new premium rate-setting model smoothly, transition to projected premium rates will be staggered over time.
- Any initial projected rate increases will be phased over three years.
- Projected rate decreases will be applied to your rates immediately in 2020.

Transition

Here's how transition will work:

- **2020**: Businesses will be assigned a starting point rate and projected premium rate based on previous rates, claims experience, size of business, NAICS classification and whether or not they were in an experience rating program previously, to determine the 2020 premium rate they will pay. Businesses with projected premium rate decreases will move down to their projected risk band.
- **2021**: Businesses with projected premium rate increases will move up a maximum of one risk band from their 2020 risk band. Businesses with projected premium rate decreases will move down to their projected risk band.
- **2022**: businesses that have not yet reached their projected premium rate will move up a maximum of two risk bands above their 2021 risk band. As in 2021, businesses with projected decreases will move down to their projected risk band.

Transition

2023: Our policies for premium rate setting under the new model will be fully in effect. Businesses with projected premium rate increases will see their rates increase up to three risk bands per year, until they reach their projected premium rate. Businesses eligible for decreases will see their rates decrease up to three risk bands per year until they reach their projected premium rate.

Making Ontario safer

Making Ontario safer: health and safety programs

Current programs	
Small Business	• Information sessions for health and safety 101 • Building Your Health & Safety Program training • Small Business Health & Safety Leadership Awards
Workwell	• On-site assessment services to evaluate health and safety and return-to-work performance • Mobile app for easy self-serve health and safety evaluation • Workshop tutorials on how to use the Workwell Tool
Safety Groups	• A year-long peer mentoring program with webinar and in-class options. • Businesses prioritize five health and safety elements each year to work on, using a five-step process to make improvements.

Making Ontario safer:
health and safety excellence program 2020

Awareness

- Program awareness through a marketing campaign & targeted employer outreach
- Regional hubs, partners, and intermediaries

Improvement

- Assessment of employers health and safety needs
- Expanded network and services to support employers in making health and safety improvements

Validation

- Appropriate validation (e.g. desk, onsite, employee surveys) to ensure effective implementation of health and safety elements

Recognition

- Financial supports and non-financial recognition to motivate investments in health and safety

More information available at:
wsib.ca/HSEP
Health_and_safety@wsib.on.ca

Making Ontario safer: data tools

Report Builder

compass
Guiding you to a healthy and safe workplace

Tools available to you	
By The Numbers & Report Builder	Our annual **By the Numbers** report highlights health and safety trends in Ontario, including injuries, fatalities, and return-to-work results. **Report Builder** lets you customize health and safety reports to your area of interest.
Compass	An online tool you can use to find Ontario workplace health and safety statistics by business name, business type, and/or business size.

2019 score
1.9%

How we measure how we're doing	
Health & Safety Index	A simple, single measure of Ontario's health and safety performance. The health and safety index score raises awareness and helps us and our partners focus our H&S efforts and resources.

Next steps

Remember

- The rate framework will:
  - Change your business's classification
  - Change how your rates are set
  - Better reflect the risk your business brings to the system
  - Provide rate stability for your business.

Next Steps

- We will continue to work with you to ensure you are prepared for the changes to come.
- We are here to continue to answer any questions you may have, leading up to 2020.

Need more information?

- For more information and to keep up-to-date with all of the coming changes, visit: wsib.ca/rateframework
- Contact us with questions at: rateframework@wsib.on.ca or 1-800-387-0750