

OUR EVOLVING RATE SYSTEM



Made Safe

December 7, 2016

Agenda

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- ❑ Goals of the Assessment Rate Model
- ❑ A General Understanding of Collective Liability & Experience Rating
- ❑ Changes to the Model
- ❑ Changes to the System

Goals of the Assessment Rate Model

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By reflecting the principles of both collective and individual liability, the rate setting model intends to:

- Promote and enhance prevention and injury reduction.
- Promote effective workplace disability management programs.
- Be fair.
- Maintain financial soundness.

Rate Model versus Rate System

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- ❑ The rate system identifies all the pieces that go into determining what an employer will pay.
- ❑ This includes rate model, safety incentives, claims cost experience and all policies affecting these components.
- ❑ The Board approves the annual administrative budget which factors in administrative and claims costs.
- ❑ The rate model determines what each employer will pay annually to fund the WCB system.

Collective Liability

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(Employer Payroll)

Average Rate

$$\begin{array}{r} \$18,500,000,000 \\ \times \quad \underline{\$1.10} \\ \hline \end{array} = \$203,500,000$$

Per \$100 payroll

75% claims costs

25% administrative cost

1st Layer of Experience Rating

**Sub-Group 310-02, Foundries
Industry Sector 3: Manufacturing**

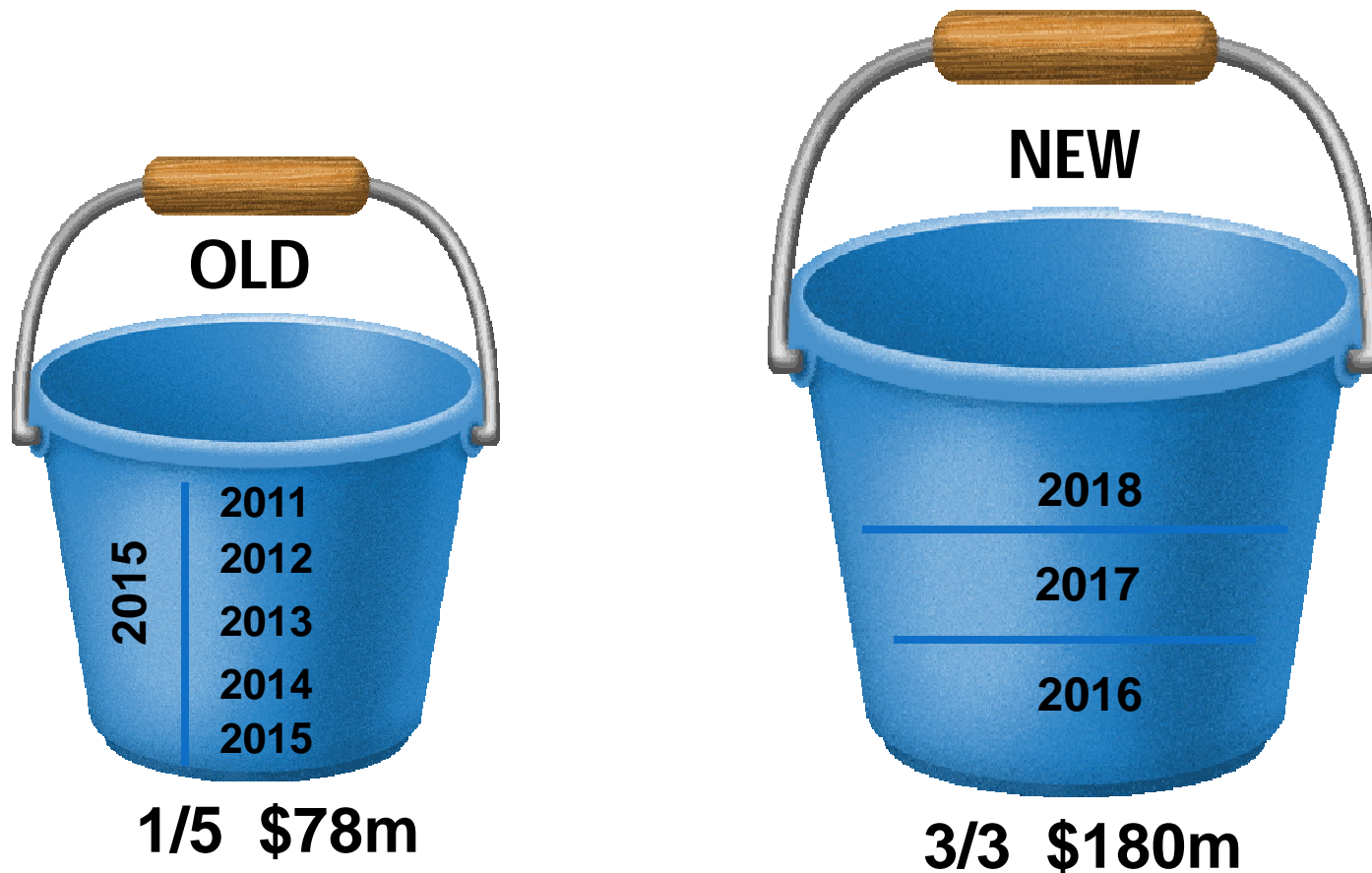
Rate Risk Category	200%
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Included	Similar but Classified Elsewhere
<p>✓ Producing metal castings made from steel, aluminium, brass and their various alloys.</p>	<p>✗ Producing equipment made of metal or working with metals can be found under 310-03, "Metal Working Plants".</p> <p>✗ Manufacturing metal products in small quantities or items made partially of metal are found under 311-03, "Manufacturing Light Metal Products".</p>

New Rate Model – Experience Period

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2020 Rate Setting/Implementation



New Rate Model – Number of Risk Categories

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Old		New	
9 Risk Categories		18 Risk Categories	
800%		800%	100%
500%		600%	75%
300%		500%	60%
200%		400%	50%
120%		300%	40%
70%		250%	33%
40%		200%	25%
25%		150%	20%
15%		125%	15%

* Percentage is relative to the average rate of \$1.10 for 2017.

2nd Layer of Experience Rating

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* Using 200% risk as the example at 2017 average rate of \$1.10.

Old Model			
Risk Category	Average Rate	Range Parameters	
200% x	\$1.10 = \$2.20	x 200% above =	\$6.60
200% x	\$1.10 = \$2.20	x 40% below =	\$1.32

* All employers regardless of size.

2nd Layer of Experience Rating

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* Using 200% risk as the example at 2017 average rate of \$1.10.

Phase II of Transition/2017 Rate Setting (Large employer)

Risk Category	Average Rate	Range Parameters	
200% x	\$1.10 = \$2.20	x 120% above =	\$4.84
200% x	\$1.10 = \$2.20	x 40% below =	\$1.32

Phase II of Transition/2017 Rate Setting (Medium/Small employer)

Risk Category	Average Rate	Range Parameters	
200% x	\$1.10 = \$2.20	x 120% above =	\$4.84
200% x	\$1.10 = \$2.20	x 20% below =	\$1.76

Full Implementation 2018 Rate Setting

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Large Employer

Risk Category	Average Rate	Category Range	
200% x	\$1.10 = \$2.20	x 120% above =	\$4.84
200% x	\$1.10 = \$2.20	x 40% below =	\$1.32

Medium Employer

Risk Category	Average Rate	Category Range	
200% x	\$1.10 = \$2.20	x 60% above =	\$3.52
200% x	\$1.10 = \$2.20	x 20% below =	\$1.76

Small Employer

Risk Category	Average Rate	Category Range	
200% x	\$1.10 = \$2.20	x 30% above =	\$2.86
200% x	\$1.10 = \$2.20	x 10% below =	\$1.98

New Rate Model – Annual Rate Change Limit

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Old Model

Up 10%; 15%; 20%; 30%; 40%; 50%
Transition

Down 5%; 10%; 15%; 20%; 25%
Transition

New Model

2018 Implementation

Up 15%; 15%; 15%

Down 15%; 15%; 15%

New Rate Model – Experience Factor

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Employers

	Small Under \$750,000	Medium Over \$750,000/ Under \$7.5M	Large Over \$7.5M
Experience Factor	20%	30% - 40%	40% - 100%
Industry Classification	80%	60% - 70%	0% - 60%

2018 Rate Setting/Implementation

Rate Category Movement (Old Model)

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- ❑ Current rule applies to classifications & employers with over \$7.5M payroll.
- ❑ A firm will move down a risk category if all of the following criteria are met:
 - ❑ The firm's target rate is below the category lower boundary for the current year.
 - ❑ The firm's target rate is below the category lower boundary for at least 2 of the 3 prior years.

Industry based safety associations/programs

- ❑ Manitoba Heavy Construction Association
 - **Work safely**
- ❑ Construction Safety Association of Manitoba
 - **COR™**
- ❑ Canadian Manufacturers and Exporters
 - **Made Safe**
- ❑ Manitoba Motor Dealers
 - **Motor Vehicle Safety Association of Manitoba**
- ❑ Manitoba Trucking Association
 - **RPM: Trucking Industry Safety**



SAFE Work Certified

A province-wide workplace safety certification program that:

- Reflects workplace safety and health legislative requirements for safety and health programming.
- Open to all employers.
- Can be tailored to meet unique needs of specific workplaces and industries.



Rewarding Genuine Prevention Efforts

Prevention Rebate

Financial incentive that rewards employers that invest in reducing the risk of injury and illness to workers by adopting safe and healthy practices.



What makes the new model better?

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- ❑ It's more fair and balanced.
- ❑ It's tailored to the unique needs of different sized employers.
- ❑ It provides better collective liability protection against large rate increases.
- ❑ It reduces rate volatility.
- ❑ It balances the rate impact of preventing injuries with the impact of controlling claims costs after an injury has occurred.



ANY
QUESTIONS
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