

## FTR Now

# WSIB Rate Framework Reform: Stakeholder Input Invited

**Date:** April 17, 2015

On March 31, 2015, the Workplace Safety and Insurance Board (“WSIB”) [released a number of discussion papers](#) which propose a preliminary Rate Framework which, if adopted, would fundamentally change the way the WSIB classifies Schedule 1 employers and sets its premium rates. Under the proposal, the Secondary Injury and Enhancement Fund (“SIEF”) and existing experience rating programs would be eliminated and the way claims are currently managed by employers will be impacted. The WSIB is seeking stakeholder feedback on the proposed preliminary Rate Framework.

In this *FTR Now*, we highlight the proposed reform and how your organization can participate in the WSIB consultation.

## THE PROPOSED PRELIMINARY RATE FRAMEWORK

The WSIB’s Rate Framework Reform proposal follows from the Stanley Report *Pricing Fairness* and the WSIB’s subsequent stakeholder consultations regarding the recommendations set out in that report.

There are three key objectives guiding the WSIB’s reform initiative: to ensure that employers pay their fair share for workplace coverage, to balance premium rate stability and responsiveness, and to make it easier for stakeholders to understand and engage in the WSIB process.

The WSIB’s proposed preliminary Rate Framework would replace the existing Standard Industry Classification (“SIC”) system of 800+ classification units with a 22 class structure adapted from the North American Industry Classification System (“NAICS”). Under the new system, each employer would be classified only in a single class according to their predominant business activity. A single employer would no longer have multiple WSIB accounts with different premium rates.

The WSIB proposes to establish class level premiums that would then be risk adjusted based on each employer’s prior six years of claims experience and insurable earnings. Each employer would be placed into a risk band based on the risk that it presents to the system. Along with creating this prospective rate setting model, the current experience rating programs (NEER, CAD 7 and MAP) would be eliminated.

## CONSULTATIONS

## ISSUES FOR CONSIDERATION

The WSIB has invited stakeholder feedback on the proposed preliminary Rate Framework, either through written submissions or through a consultation process. Among other things, issues for consideration include:

- whether the proposed structure adapted from the NAICS is an appropriate grouping of employers;
- whether the 22 proposed classes reflect the industry categories in today's economy;
- how an employer's predominant business activity should be determined, *e.g.* on the basis of insurable earnings, a mix of both insurable earnings and risk, based on what window of time, *etc.*
- whether long latency costs should be shared equally by all employers as a collective cost, or be charged to the individual employer;
- the period of time to consider claims experience for class premium rate setting purposes;
- how rate bands should be established and the period of claims history used to assign an employer to a rate band (*i.e.* six years or something shorter);
- the factors the WSIB should consider in assessing the level of protection an employer needs from large rate fluctuations from year to year;
- the methodology to allocate the unfunded liability;
- whether the WSIB should surcharge employers at all and, if so, the factors to be considered when determining whether an employer should be surcharged;
- how catastrophic new claims costs in a particular class should be handled; and
- whether the SIEF would still be relevant under the new proposed Rate Framework.

## CONSULTATION PROCESS

Phase 1 of the consultation process will include Technical Sessions to be held in April 2015. Those sessions will provide an overview of the reform proposals and will include a question and answer segment. They will be held via webinar (April 22) and at a plenary session in Toronto (April 28).

Working Group Sessions will be held through April and May, 2015, involving both employer and workers. These sessions are intended to assist parties in addressing any questions and to support the development of written submissions.

Any written submissions on the proposed preliminary Rate Framework are due by June 30, 2015.

## CONCLUSION

For more information regarding the proposed preliminary Rate Framework please contact [Jodi Gallagher Healy](#) at 519.931.5605, or [your regular Hicks Morley lawyer](#).

In addition, please join us on Wednesday, June 3, 2015 from 8:30 to 10:30 a.m. for [an information session](#) where we will review the proposed changes and their practical implications. Hicks Morley is pleased to welcome Ms. Kate Lamb, Chief Corporate Services Officer, as a guest speaker for the session.

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