

FTR Now

An Update on WSIB Rate Framework Reform

Date: February 1, 2016

In March, 2015, the Workplace Safety and Insurance Board (“WSIB”) proposed a new Rate Framework (“Proposed Framework”) which, if adopted, would fundamentally change the way the WSIB classifies Schedule 1 employers and sets their premium rates (see our *FTR Nows* of April 17, 2015 [“WSIB Rate Framework Reform: Stakeholder Input Invited”](#) and August 21, 2015 [“An Update of WSIB Rate Framework Reform”](#)). In December 2015, the WSIB announced some updates to the Proposed Framework and it recently released an updated Class-Level Premium Rates and an updated Rate Group Analysis to reflect those changes.

In this *FTR Now*, we discuss the recent updates.

UPDATED RATE FRAMEWORK

On December 1, 2015, the WSIB announced updates to the Proposed Framework based on stakeholder feedback. Many of these changes reflect input and concerns from the employer community. The updates include:

- expanding the proposed classification structure from 22 to 34 classes;
- exploring implementing exceptions to the general rule that employers with multiple business activities are classified according to their “predominant class”;
- maintaining the Second Injury Enhancement Fund (“SIEF”) on an interim basis while the WSIB reviews possible forms of cost relief;
- expanding the Graduated Per Claim Limit to seven levels from four;
- replacing the current Fatal Claim Policy with a Fatal Claims Policy that imposes a fixed cost per fatality based on the rolling five year average cost of fatalities across Schedule 1, subject to Per Claim Limit;
- implementing a weighted Experience Rating Window, that values the most recent three years of claims experience at two thirds (66.6%), and the remaining three years at one third (33.3%); and
- including a surcharge mechanism in the Rate Framework for employers with consistently poor claims cost experiences.

In January 2016, the WSIB released the Updated Class-Level Premium Rates which identifies the Class-Level Projected Premium Rates for each industry class, as well as the range of risk bands, the actual risk band rates and the number of risk bands for each class. It also provided an Updated

Rate Group Analysis which explains how employers within a specific rate group in the current classification structure could be classified in the proposed class structure and identifies potential class and employer level projected and actual premium rates under the updated Proposed Framework. Finally, the WSIB released an Updated Risk Disparity Analysis which examines the level of risk disparity in the proposed classification structure and suggests an expansion of the number of industry classes to 34.

The updates provide valuable information to stakeholders on how the Proposed Framework will differ from the current system, including how premium rates will be effected by the changes. These updates also give stakeholders important data which they can use to effectively incorporate their perspectives and comments on the updated Rate Framework.

More information about the January updates is available on the [WSIB website](#).

FEEDBACK ON UPDATES INVITED

The WSIB has given stakeholders the opportunity to provide written feedback on the updated Rate Framework to the WSIB Consultation Secretariat (consultation_secretariat@wsib.on.ca). Responses are due by the end of March 2016. The WSIB has indicated it will be seeking Board of Directors approval for the Rate Framework later in 2016.

Should your organization wish more information on the Proposed Framework or require assistance in preparing a written response to the updates discussed in this *FTR Now*, please contact [Jodi Gallagher Healy](#) at 519.931.5605, [Edward J. O'Dwyer](#) at 416.864.7483 or your [regular Hicks Morley lawyer](#).

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