

FTR Now

The Latest Update on WSIB Rate Framework Modernization

Date: August 10, 2016

[As we previously reported](#), the Workplace Safety and Insurance Board (WSIB) proposed a new Rate Framework Modernization (Proposed Framework) in March 2015 which, if adopted, would fundamentally change the way the WSIB classifies Schedule 1 employers and sets their premium rates.

In this *FTR Now*, we discuss the [latest update](#) issued by the WSIB on the Proposed Framework, which follows a consultation process with stakeholders. (For information about earlier WSIB updates, see our *FTR Nows* of [August 21, 2015](#) and [February 1, 2016](#).)

Multiple Business Activities

Following stakeholder feedback, the WSIB's updated approach will now allow applicable employers to have multiple business rates where:

- the business activity in question does not “form an integrated operation” with the other business activity (or activities) of the employer; and
- the business activity in question is “significant.”

The above criteria will also be used to determine whether employers are “associated” for the purposes of a single employer rating.

Maximum Premium Rate

The WSIB has updated its approach to premium rates for small employers following feedback from that group. It states that employers on the “lower end of the actuarial scale” should correspondingly have a lower maximum premium rate, as there otherwise would be too much “volatility” for very small employers subjected to the same maximum premium rate as other employers, regardless of actuarial predictability.

All employers will still be placed in Employer Level Premium Rate Adjustments, where each employer will see adjustments from their Class Target Premium Rate based on their individual risk. Employers will be placed in risk bands which represent a different level of risk relative to others in their Class Target Premium Rate group.

Greater Employer Accountability

The WSIB has considered stakeholder feedback urging it to create a surcharge for employers who are consistently above the premium rate cap. It now proposes an approach for more accountability for employers with greater claims costs, and a mechanism for them to work with the WSIB and “system partners” on health and safety issues and return to work.

Employers falling within this group would include those which “‘ought’ to be paying a premium rate [...] that is greater than the Maximum Risk Band identified for their industry”; or, those which “have a difference between their projected risk band and their actual risk band that is greater than 20 risk bands (approximately 100%).”

Criteria used to identify these employers would also require, among other things, that they have more than two claims and that no single claim is in excess of 90% of the total weighted claims cost.

Identified employers would be given an opportunity to correct their claims costs experience, with support from the WSIB and systems partners, prior to any risk band increases.

Non-Exempt Partners and Executive Officers in Construction

The WSIB considered stakeholder concern with respect to its original proposal to remove Rate 755 for executive officers and partners in construction. However, it reiterates that the original approach will be maintained and Rate 755 will be removed. The WSIB states that to do otherwise would create an “unnecessary exception from the standard NAICS [North American Industry Classification System] approach” and would be inconsistent with the treatment of other industries.

Employer Monitoring

The WSIB indicates that it will be developing a monitoring mechanism for the Proposed Framework to provide stakeholders with ongoing reports and to review and consider amendments at least every five years. It has also signalled its commitment to developing an online employer tool to provide employers with timely information about injuries and claims impacting the rate setting process.

Next Steps

This Fall, the WSIB will seek approval for the Proposed Framework from its Board of Directors. Once approved, it intends to engage with stakeholders to help prepare them for the targeted implementation date of January 2019.

We will continue to monitor the progress of the Proposed Framework and will provide you with any updates as they become available.

In the meantime, should you have any questions or require further information about the Proposed Framework, please contact Joseph Cohen-Lyons at 416. 864.7213, Samantha C. Seabrook at 416.864.7024 or [your regular Hicks Morley lawyer](#).

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