



WSIB

DSFG Meeting Sept 15, 2016

Shadow Lake



Rate Framework Modernization

Earliest implementation date is
January 1, 2019

Key Information

- o Launch March 2015, since then 65 working groups , 50 submissions from stakeholders
- o New framework will be published one year in advance of implementation Jan 2018
- o Revenue neutral
- o WSIB's goal is fair rates that employers understand
- o WSIB is projecting the UFL to be essentially 100% funded by 2022.

Proposed Rate Framework

- o Three steps:
- o Step 1 Employer Classification
 - o New North American Industry Classification System – started with 22 Classes, now 32 after stakeholder feedback
 - o Still reviewing multiple business activities after stakeholder feedback

Proposed Rate Framework

- o Class Q Health & Social Services changed to three different classes after stakeholder feedback:
- o Nursing & Residential Care Facilities 623
- o Ambulatory Health Care 621
- o Social Assistance 624

Proposed Rate Framework

- Step 2. Class Level Premium Rate Setting
 - Class target premium rate that reflects the collective experience of all employers within each class

Proposed Rate Framework

- o Step 3 Employer Level Rate Adjustment
 - o Each risk band is a price point 5% increments
 - o Based on Payroll , number of claims and actual claim costs (not projected)
 - o limit in movement of 3 bands or 15% for stability
 - o You don't start back at original rate each year
 - o Weighting of experience rating over 6 years with the most current 3 receiving 2/3

WSIB Papers

- o Paper 1 – Executive Summary An Overview of the Proposed Preliminary Rate Framework
 - o Paper 2 – Current State Analysis
 - o Paper 3 – The Proposed Preliminary Rate Framework
 - o Paper 4 – The Unfunded Liability
 - o Paper 5 – A Path Forward
- o http://www.wsib.on.ca/WSIBPortal/faces/WSIBDetailPage?cGUID=WSIB060197&rDef=WSIB_RD_ARTICLE&_afLoop=3965871768746000&_afWindowMode=0&_afWindowId=null#%40%3FcGUID%3DWSIB060197%26_afWindowId%3Dnull%26_afLoop%3D3965871768746000%26rDef%3DWSIB_RD_ARTICLE%26_afWindowMode%3D0%26_adf.ctrl-state%3D1ab9hnwyht_29

Opting out

- o By-application coverage is available to businesses in industries that are not required by law to have coverage. For example:
- o Banks, insurance companies, and trust companies
- o Barbers and hair salons
- o Membership organizations (such as labour organizations, professional associations, political organizations, etc)
- o Motion picture producers
- o Offices of lawyers, dentists, medical doctors and veterinarians
- o Photographers
- o Radio and television broadcasters
- o Touring and travel agencies
- o If you do not see your type of business on this list, please contact our Employer Service Centre to see if your business activity is required to have coverage, or if you're eligible for by-application coverage. You can reach us at at 416-344-1000 or toll-free 1-800-387-0750 (TTY: 1-800-387-0050).

Departure Fee

Calculation:

- Employer Revenue/lifetime revenue of Schedule 1 * Unfunded Liability

Departure Fee Calculation

- o at December 31, 2015:
 - o Lifetime Revenue Schedule 1
\$93,598,000,000
 - o Unfunded Liability \$6,599,000,000
 - o Employer Revenue: All premiums billed from the start of business until date notification is received

Departure Fee illustration

- o Employer Revenue:
- o Payroll \$5,000,000
- o Premium \$2.00/\$100
- o = \$100,000 annual WSIB premium
- o 50 years in business
- o \$5,000,000

Departure Fee illustration

$\$5,000,000 / \$93,598,000,000$

$* \$6,599,000,000$

$= \$352,518$

Departure Fee illustration

- o Payroll \$5,000,000
 - o Premium \$3.14/\$100
 - o = \$157,000 annual WSIB prem
 - o 25 years in business
 - o \$3,925,000
- $\$3,925,000 / \$93,598,000$
* \$6,599,000,000
\$276,726

Alternative Coverage

- o Garry Hepburn Wentworth Financial
 - o 519-428-4755
 - o hepburn@kwic.com
 - o 4 carriers
 - o Savings can be as much as 80%
 - o Under WSIB Board can not be sued
 - o With the alternative insurance Board can be sued