

THE NEW WSIB PREMIUM FRAMEWORK

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BACK TO THE DRAWING BOARD

- WSIB proposes to completely overhaul the current experience rating system for all Schedule 1 employers
- This means that NEER, CAD-7 and MAPP would cease to exist
- Important to appreciate that this overhaul is almost certain to take place

Stakeholder Feedback Process

- ACSESS has been actively involved in the process initiated by the WSIB for discussing these new proposals
- ACSESS will be submitting a written response the proposed changes in the Fall of 2015

RATE GROUP OVERHAUL

- WSIB proposes to eliminate the 155 rate groups and 840 classification units
- WSIB also proposes to eliminate multiple accounts for most employers (staffing companies may be an important exception)
- Employers classified based on their main business activity

WSIB RATE GROUP OVERHAUL

- Rate groups replaced with 22 separate classes based on the North American Industry Classification System
- Would likely eliminate much of the confusion and litigation around classification
- Could create unfairness for employers with multiple business activities
- Easier for WSIB to administrate

NEW CLASSES

- Primary resource industries
- Utilities
- Public administration
- Food and textile related industry manufacturing
- Machine and related industry manufacturing
- Resource and related industry manufacturing

NEW CLASSES

- Building construction
- Infrastructure construction
- Specialty trade construction
- Wholesale trade
- General retail
- Specialized retail and department stores
- Transportation and Warehousing

NEW CLASSES

- Information and culture
- Finance
- Professional, scientific and technical
- Administrative, waste and remediation
- Hospitals
- Health and social services
- Leisure and hospitality

NEW CLASSES

- Other services
- Education

STAFFING INDUSTRY CLASSIFICATION

- Proposal for staffing companies to have a separate WSIB account for each industry that they serve
- Exception to the approach of eliminating multiple account employers
- WSIB has stated the purpose is to ensure that clients do not use staffing agencies to avoid WSIB costs

STAFFING INDUSTRY CLASSIFICATION

- Staffing companies will have a separate account for their own employees which are not assigned to clients
- In the consultation paper, WSIB has again raised the issue of whether the client employer of the staffing company should be charged with the accident costs of staffing agency workers

RATE SETTING

- Refunds and surcharges will be eliminated
- SEIF cost relief **will no longer be available** (a very problematic issue for the staffing and construction industries)
- The employer's premium rate will be adjusted within each class based upon performance on a scale referred to as "Risk Bands"

RATE SETTING

- The WSIB will set a premium rate for each rate class which it says will be based on the projected future claim costs for the class, the administrative costs of the WSIB and the costs of past claims (including the still significant unfunded liability)

RATE SETTING

- The class premium rate will be adjusted for each individual company based on the employer's accident history
- The WSIB has built in protections for smaller employers who would otherwise face significant premium adjustments as a result of one serious accident

RATE SETTING

- The rate of larger employers will not be subject to such protections
- WSIB will review six prior years of accident history to calculate which risk band an employer will be in
- Each increment of a risk band represents an approximate adjustment of 5% on premiums

RATE SETTING

- An employer is capped to moving three increments on a risk band in a given year
- The maximum premium amount for a risk band is capped at three times the class target premium rate
- There has been some discussion of further surcharges or penalties for bad performers. Nothing specific has been proposed

TRANSITION PROPOSAL

- WSIB is proposing using the last 3 years of claims history to establish an employer's initial rate under the new system
- It may take several years for the new system to become fully operational
- Very unlikely that WSIB will make significant changes to what is being proposed

DISCUSSION POINTS

- Our position on the multiple accounts for staffing associations
- Our response to the issue of assigning accident costs to the client employer
- Any comments on the three increment limit on the risk bands
- Is the three years of accident history fair for transition purposes

DISCUSSION POINTS

- How do we respond to the proposed elimination of SIEF cost relief?
- Is there a future for costs transfers?
- Any comments on the six year window for assessing risk band performance?

THANK YOU

STRINGER_{LLP}

MANAGEMENT LAWYERS