

**Alberta WCB
Policies &
Information**

Chapter:
PRICING

Subject:
CLASSIFICATION

Authorization:
BoD Resolution 98/03/13

Date:
March 24, 1998

REFERENCE:

Workers' Compensation Act, 1981 (as amended), Sections 1, 9, 13, 85, 91, 92, 93, 95, 99, 103, 111, 130, 131(1) General Regulations Schedule A

POLICY:

Employers are assigned an industry classification based on the *business* they conduct in Alberta rather than the occupations of the workers employed by the business.

The WCB establishes *industry classifications* which are categorized into *rate groups* for the purpose of determining *premium rates*.

This consolidated policy is effective June 1, 1998.

INTERPRETATION

1.0 Business

The business of an employer consists of all activities common to the provision, or production, and sale of related goods and services. This includes management, administration, marketing and other functions which are supportive of, incidental, or integral to the employer's main business activities. The WCB also considers activities that are contracted out when determining the industry classification assigned to an employer's business.

More than one legal entity may be included when determining the industry classification. When two or more legal entities in a non-arms length relationship contribute to the production of common goods or services, the WCB may assign the same industry classification to each entity.

2.0 Industry Classification

Industry classifications are established by the WCB to group employers involved in the same kind of business. This generally groups employers with similar loss expectations. For each industry classification, the WCB

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**Industry Classification
(continued)**

maintains statistics on insurable earnings and claim costs to provide information for setting premium rates.

3.0 Rate Groups

Rate groups are established by the WCB to provide a proper statistical base for reliable rate setting. Industry classifications with similar activities and loss expectations are combined into rate groups. However, when appropriate, rate groups may consist of a single industry classification.

4.0 Premium Rates

Premium rates are set for each industry classification and reflect the loss experience of the respective rate groups. Premium rates are set annually, in an amount sufficient to meet the WCB's funding requirements as set out in the Act and Funding Policy (Policy 01-01).

Premium rates will include amounts for funding the cost of claims and for funding of the WCB's administration.

Premium rates may include amounts for funding of WCB pricing incentives, safety association grants and a portion of Alberta Labour's OH&S programs. In addition, they may also include provisions for adjusting deficits or surpluses in reserves and the fund balance (see Policies 07-02, Experience Records & 07-03, Financial Administration of Safety Association Grants).

Premium rates are expressed as a rate per \$100 of insurable earnings.

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