

WCB-Alberta

# 2018 Premium Rates

## Employer Highlight Sheet

**The workers' compensation system protects workers and employers against the impacts of workplace injuries and illnesses.** The premiums you pay fund the workers' compensation system and ensure injured workers receive the benefits they need now and in the future.

Our goal in setting annual premium rates is to ensure we collect enough premiums to fund all the claims that arise each year. WCB collects approximately \$1 billion each year to pay for the lifetime costs of injuries from accidents occurring throughout the year.

## 2018 rate highlights

**Alberta's economy is expected to continue to grow in 2018, after experiencing improvement in 2017.** We anticipate modest increases in claim costs and insurable earnings in 2018 and, as a result, the average industry rate will remain flat at \$1.02.

There are 345 industries in Alberta. In 2018, the rates for:

- Almost 80 per cent of industries will stay relatively flat or decrease.
- One in five industries will increase by more than five per cent due to rising accident costs.

Legislative changes resulting from the review recommendations have not impacted 2018 rates. The initial costs related to these changes will be absorbed by the Accident Fund.

*You have a big impact on the premiums you pay and as a result, your rates reflect your performance.* Help is always available so you can lower your rates by improving your return-to-work results. Call us today (1-866-922-9221) or visit **Insurance and Premiums > Lower your premiums** at **wcb.ab.ca**.

## How does WCB determine industry premium rates?

**Rate setting starts by forecasting the total fully-funded costs of all the claims that we expect to occur in the coming year; this includes the current and future costs of these claims.**

Then, we look at how different groupings of industries, known as ‘rate groups’, have fared historically in terms of their claims experience. This helps us forecast what portion of total claim costs will come from each industry.

We then forecast insurable earnings—the portion of workers’ gross earnings that WCB premiums are based on—and use that to calculate what each industry’s rate must be in order to collect enough premiums to cover the forecasted claim costs.

For detailed information on WCB’s rate-setting process, view our [2018 pricing guide](#) at [wcb.ab.ca](#).

## How does WCB determine my company’s adjusted rate?

**When determining each employer’s rate, we want to strike the right balance between individual accountability and collective liability.** This is how we aim to achieve fairness in premium rate setting.

Rates reflect an employer’s own performance, as well as the performance of their industry.

**Small businesses** can have their rates adjusted by up to five per cent based on the number of claims on their experience record. This pricing model rewards good health and safety practices, while protecting small businesses against the unpredictability of workplace injuries.

**Large businesses** can have their rates adjusted up to 40 per cent\* based on the claim costs they’ve accrued in recent years. This performance-based pricing model encourages businesses to develop and maintain effective injury prevention and disability management programs.

Many new businesses won’t have the claims experience yet to have their rate adjusted based on their own performance, and are simply assigned the rate of the industry they’re in.

The best way to manage your premiums is to reduce the number of workplace accidents, and to provide timely modified work when injuries do occur.

For detailed information on WCB’s pricing programs, go to [wcb.ab.ca](#) and visit **Insurance and Premiums > How premiums are set > Rate setting**.

\*Up to 60 per cent in Industry Custom Pricing.

**Did you know there are medical clinics across the province that specialize in providing care for occupational injuries?** Occupational Injury Service (OIS) clinics can help you and your workers with safe and effective return-to-work support.

More information on OIS can be found by visiting **Insurance and Premiums > Lower your premiums > Occupational Injury Service** at [wcb.ab.ca](#).

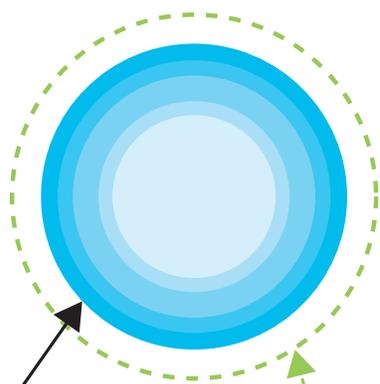
## What do you do with the premiums you collect?

The majority of funds spent in a given year go directly towards claim costs, with the rest allocated to administration, OH&S and other costs:



## How does WCB ensure there is enough money to cover future claim costs?

2016:  
**\$10.5 billion**



At the end of 2016, the Accident Fund was fully funded at \$10.5 billion...

...but we need \$15 billion to cover the future cost of existing claims.

**For claims occurring in a given year, only a portion of claim costs are paid out that year.** Remaining funds are held to cover the future benefits for those workers for as long as they need them—whether it’s for one year, or for the next 60+ years.

We earn investment income to ensure the fund balance keeps up with inflation. We forecast our investment returns, but just like predicting the price of oil, there is uncertainty.

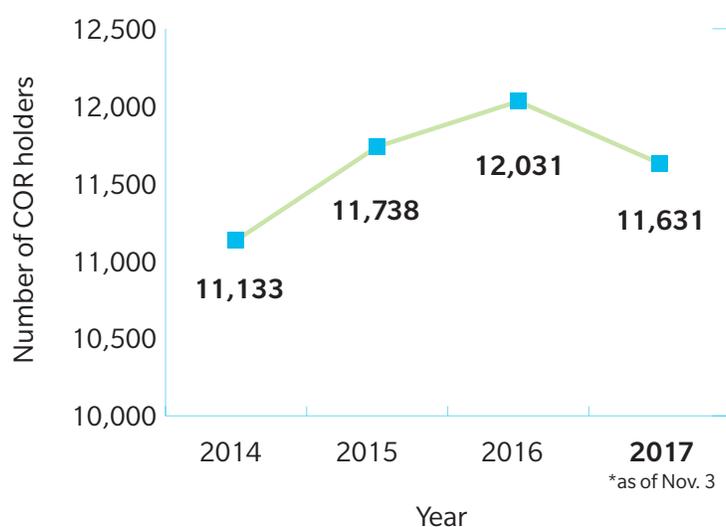
In recent years, we’ve experienced better-than-expected investment returns, and this has resulted in funding surpluses.

More information is available on the *Funding Distribution fact sheet* on our website, [wcb.ab.ca](http://wcb.ab.ca) under **Resources > For employers > Fact sheets > Financial**.

## Partnerships in Injury Reduction (PIR)

**If you're part of the PIR program, you can reduce your premiums by up to 20 per cent while creating a safer workplace.** More employers join the program each year by earning a Certificate of Recognition (COR) from the province.

More information on PIR can be found at [wcb.ab.ca](http://wcb.ab.ca). Visit **Insurance and Premiums > Lower your premiums > Partnerships in Injury Reduction**.



## Industry Custom Pricing (ICP)

**ICP is a voluntary, flexible pricing option that strengthens employer accountability.**

Industries in ICP take greater control over the premiums they pay by putting more emphasis on individual performance.

**176 industries participate in WCB's ICP program.**

More information on ICP is available at [wcb.ab.ca](http://wcb.ab.ca). Visit **Insurance and Premiums > Lower your premiums > Industry Custom Pricing (ICP)**.

## Statistics at a glance

|   | 2014    | 2015    | 2016    | 2017 Forecast | 2018 Budget    |
|---|---------|---------|---------|---------------|----------------|
| Covered workers (millions)              | 2.10    | 2.03    | 1.89    | 1.93          | <b>2.02</b>    |
| Registered employers                    | 168,794 | 166,968 | 162,334 | 162,613       | <b>170,744</b> |
| Fully-funded claims cost (\$ millions)  | 786.9   | 768.0   | 778.7   | 836.2         | <b>837.1</b>   |
| Insurable earnings (\$ billions)        | 107.9   | 105.9   | 99.8    | 101.5         | <b>108.3</b>   |
| Claimant wage growth (%)                | 4.1     | 1.4     | 0.6     | 1.4           | <b>1.7%</b>    |
| Claim duration (days)                   | 34.5    | 34.0    | 37.1    | 39.5          | <b>39.5</b>    |
| Lost-time claim (LTC) volume            | 29,100  | 26,500  | 24,800  | 25,700        | <b>26,700</b>  |
| Disabling injury rate (per 100 workers) | 2.7     | 2.4     | 2.4     | 2.5           | <b>2.5</b>     |
| Lost-time claim rate (per 100 workers)  | 1.4     | 1.3     | 1.3     | 1.3           | <b>1.3</b>     |