

WCB-Alberta 2019 Premium Rates Employer Highlight Sheet



Workplace injury and illness impact people's lives. WCB aims to safeguard the financial sustainability of the compensation system to ensure workers and employers have long-term, affordable protection from that impact.

Simply put, workers must be assured their benefits are protected for as long as they need them, and employers must have rate stability to ensure they are able to continue to fund the system.

We set rates with the goal of securing a worker's benefits for the lifetime of the claim without passing costs onto future employers. Costs are spread among all employers, creating a balance between collective liability and individual employer accountability.

2019 rate highlights

The 2019 average premium rate will increase to \$1.08 (from an average rate of \$1.04 collected in 2018). The average rate is increasing because of increased claim costs related to growth in claim volume, longer claim duration, additional benefits and a challenging economy.

Over the past several years, significant growth in the fully-funded cost of injuries has outpaced growth in assessable earnings, which has resulted in rate-setting deficits. The outlook for 2019 continues this trend; claim-related costs are expected to grow at a faster rate than assessable earnings [see chart] due to moderate growth in claim volume and stronger growth in the average costs associated with those claims. While assessable earnings are also expected to grow, we expect they will do so at a slower rate than fully-funded claim costs (current + future costs of 2019 injuries).

Our general approach is to ensure today's employers pay for the current and future costs of today's accidents. We must collect enough premiums in a rate-setting year to cover all claim-related costs for injuries that occur during the year. This will not happen in 2019 but WCB will work to return to fully collecting all costs over the coming rate years.

The average required rate to cover all 2019 costs is \$1.29. In recognition of the struggling economy, the \$0.21 difference between the average required rate and the average assessed rate of \$1.08 will be absorbed by the Accident Fund, just as it was in 2018.

Changes in individual employer rates continue to reflect rate group and employer performance.

Fully-funded claim costs vs assessable earnings



How does WCB determine the amount for premium rates?

1. Rate setting starts by forecasting the total fully-funded costs (current and future cost) of all the claims that we expect to occur in the coming year.
2. Then, we look at how different 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 rate group.
3. We then forecast assessable earnings—the portion of workers' gross earnings that WCB premiums are based on—and use that to calculate the premium rate which would collect enough premiums to cover the forecasted claim costs.

For detailed information on WCB's rate-setting process, view our [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 rate group.

Small businesses can have their rates adjusted by up to 5% 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%* 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.

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% in Industry Custom Pricing.

The Disability Management Self-assessment checklist can help you find out if you meet legislative requirements for reporting work-related accidents, obligation to reinstate and more. The checklist also identifies areas for improvement that can impact your overall performance. Visit our website at wcb.ab.ca and check out [Resources > Forms and Guides > Guides and publications](#).

What does WCB do with the premiums collected?

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

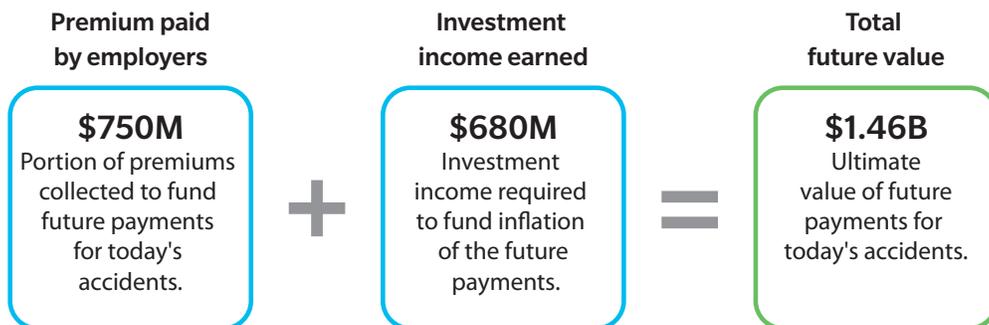


How does WCB ensure there is enough money to cover future claim costs?

WCB collects approximately \$1 billion each year in premiums, which are paid into the Accident Fund. All costs of the compensation system are paid from the Accident Fund.

Some claims last longer than 30 years, which means we have to account not only for the expected costs in today's dollars, but also for the inflation that is expected in the intervening years. We normally set premiums to cover the projected benefit payments in today's dollars; then, we invest approximately 75% of the premiums collected in the rate-setting year to earn a return that will fund inflation on those future benefits.

For example, if we collected \$1 billion in premiums from employers in 2018 to cover the cost of 2018 injuries, about \$250 million would be paid to workers in 2018, while \$750 million would be invested to pay future costs of the injuries incurred in 2018. We invest that money to account for the inflation that will accumulate over the next 10, 20, even 30 years.



Our responsibility is to ensure investments within the Accident Fund grow at a pace to match the growth in inflation and other cost factors. This practice ensures we are able to cover all future claim costs of injuries that occurred in that year.

2019 Premium Rates

Employer Highlight Sheet

How can I reduce my premiums?

If you're part of the Partnerships in Injury Reduction program, you can reduce your premiums by up to 20% while creating a safer workplace. Over 11,000 employers representing approximately 48% of Alberta's workforce hold a Certificate of Recognition (COR).

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

Statistics at a glance

	2015	2016	2017	2018 Forecast	2019 budget
Covered workers (millions)	2.03	1.89	1.86	1.89	1.93
Registered employers	167,000	162,000	162,500	161,000	163,400
Fully-funded claims cost (\$ millions)	768.0	778.7	855.9	985.0	1,073.6
Assessable earnings (\$ billions)	105.9	99.8	100.4	103.0	107.6
Alberta wage growth (%)	(0.3)	(2.4)	1.0	2.5	2.5
Claim duration (days)	34.0	37.1	40.6	44.0	45.0
Lost-time claim (LTC) volume	26,500	24,800	26,800	29,000	30,000
Disabling injury rate (per 100 workers)	2.4	2.4	2.7	2.8	2.9
Lost-time claim rate (per 100 workers)	1.3	1.3	1.4	1.5	1.6