

**Albertans deserve a financially sustainable workers' compensation system** that protects both workers and employers from the impact of workplace injury and illness.

We set rates that reflect the benefits workers will receive over the lifetime of their claims. Costs are spread among all employers, and industry and employer rates are adjusted based on performance. This creates a balance between collective liability and individual employer accountability.

Our goal is to ensure long-term compensation and services for injured workers at a fair price to employers.

## *2020 rate highlights — WCB uses Accident Fund to support employers in a challenging economy*

**The 2020 average premium rate will increase three cents per \$100 of payroll to \$1.14 (from an average rate of \$1.11 collected in 2019).** Increased claim costs, sluggish employment and slower wage gains have all contributed to the increase. The premium rate required to cover the costs of injuries for Alberta's workers is \$1.33, but we are using the Accident Fund to offset costs and avoid burdening employers with a considerable increase in rates. This move will help minimize the impact on Alberta employers in this challenging economy, while maintaining worker benefits.

Given the health of our Accident Fund, we are in a position to do this without sacrificing the sustainability of the system. This is not a sustainable, long-term strategy for rate setting, but we're doing everything we can to support rate stability in the current economic environment.

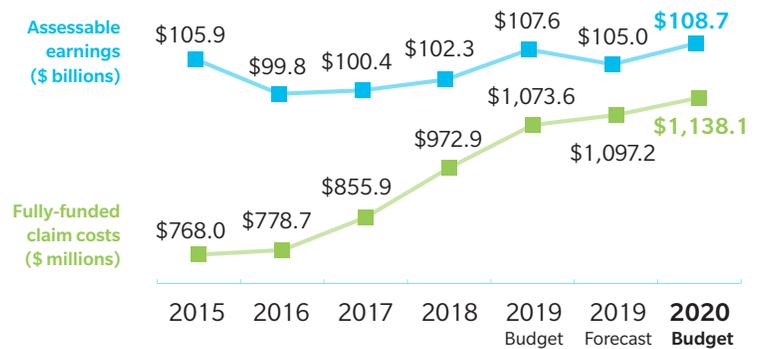
**We understand the difficult economic realities facing Alberta's employers, and this has played a key role in our rate setting planning for 2020.** For this reason, we have taken a balanced and measured approach to funding, with a focus on rate-setting stability for Alberta employers.

Despite the uncertainty of future events, WCB is well positioned with a positive funded position and one of the lowest administrative cost efficiency ratios (administrative costs to assessable payroll) in Canada. Alberta stakeholders can be confident that the workers' compensation system in Alberta is managed efficiently and cost-effectively.

### Why do we have a rate-setting deficit?

Alberta’s economy is in its third year of a slow recovery following a two-year-long recession. The outlook for a relatively soft Alberta labour market has several implications for rate setting. The system is solid, but we have continued to experience a rate-setting deficit, meaning that in 2019, we collected less premium revenue than required to cover fully-funded claim costs.

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 for injuries 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](#).

## 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](http://wcb.ab.ca) and visit [Insurance and Premiums > How premiums are set > Rate setting](#).

\*Up to 60% in [industries that have chosen to participate in Industry Custom Pricing](#).

## 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:

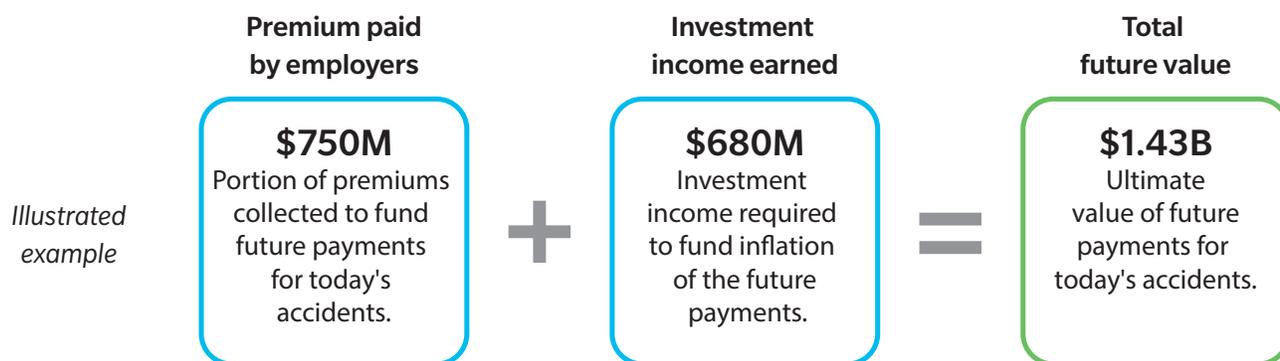


## How does WCB ensure there is enough money to cover future claim costs?

WCB collects approximately \$1.2 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 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 collect \$1 billion in premiums from employers to cover the cost of injuries incurred in a rate-setting year, about \$250 million would be paid to workers in that rate-setting year, while \$750 million would be invested to pay future costs of those injuries.



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.



## Your performance is key

Employer performance continues to be a crucial driver of premium rates and should not be ignored during challenging economic times. Employers with good safety performance and return-to-work programs earn lower premium rates. As an employer, you have the most influence over your own performance and WCB continues to offer support and guidance to help you achieve the best performance possible. You can reduce your premiums through programs that create safer workplaces, encourage injury prevention and help get injured workers back on the job quickly and safely.

## 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 **44%** of Alberta's workforce hold a Certificate of Recognition (COR). A COR shows that the employer's health and safety management system has been evaluated by a certified auditor and meets provincial standards established by Occupational Health and Safety (OHS).

You can find more information on PIR at [wcb.ab.ca](http://wcb.ab.ca). Visit [Insurance and Premiums > Lower your premiums > Partnerships in Injury Reduction](#).

## Statistics at a glance

	2016	2017	2018	2019 Forecast	2020 budget
Covered workers (millions)	1.89	1.86	1.88	1.91	<b>1.93</b>
Registered employers	162,334	162,531	162,981	159,621	<b>161,293</b>
Fully-funded claims cost (\$ millions)	778.7	855.9	972.9	1,097.2	<b>1,138.1</b>
Assessable earnings (\$ billions)	99.8	100.4	102.3	105.0	<b>108.7</b>
Alberta wage growth (%)	(2.4)	1.0	1.7	1.0	<b>2.0</b>
Claim duration (days)	37.1	40.6	44.1	49.0	<b>51.0</b>
Lost-time claim (LTC) volume	24,800	26,800	28,600	29,000	<b>29,200</b>
Disabling injury rate (per 100 workers)	2.4	2.7	2.7	2.6	<b>2.6</b>
Lost-time claim rate (per 100 workers)	1.3	1.4	1.5	1.5	<b>1.5</b>