

# Industry Custom Pricing (ICP)—Experience Rating (ER) Option

## What is Industry Custom Pricing (ICP)?

ICP is an optional program that empowers industries to customize various features of their pricing program, giving them greater control over the premiums they pay.

Premium adjustments in ICP are more reflective of an individual employer's experience, which creates greater accountability and promotes injury prevention and disability management.

## ICP — Experience Rating (ER) option

For industries that participate in the ICP - ER option, employers in the large business experience rating plan will have customized features in their pricing program, increasing the maximum available discounts and surcharges from 40% to 60%. The expanded parameters of ICP - ER make the premium rates for larger employers more reflective of their performance. The discounts and surcharges employers receive in ICP - ER will increase in most cases compared to standard pricing, up to the maximum range of 60% discount to surcharge.

Employers in the small business experience rating plan are not impacted by the ICP - ER option. The range of discounts and surcharges for employers in this group remains at 5%.

## What is experience rating (ER)?

The large business experience rating plan is a performance pricing program applied to employers with \$15,000 or more in industry-rated premiums over a three-year period.

An employer's premium rate will be adjusted based on their actual performance (measured by claim costs) compared to the industry average. Overall the industry will pay the same total premium – experience rating will adjust each employer's share of the total based on their performance.

If an employer is performing better than the industry average, the employer receives a discount. If they are performing worse than the industry average, the employer pays a surcharge.

Further details about ER and ICP - ER can be found in our [pricing guide](#).

## How does ICP - ER differ from standard pricing?

In standard pricing, the maximum discounts and surcharges available are capped at 40% in the large employer experience rating plan.

With ICP - ER, these discounts and surcharges can increase to a maximum of 60%.

## What Impact does ICP - ER have on premiums employers pay?

Below are two detailed examples of how ICP - ER expands the parameters of standard experience rating pricing – resulting in bigger discounts and surcharges for employers.

Employer A – In standard pricing this employer would receive a 10% surcharge – in the ICP - ER option, the surcharge would be increased to 20%.

Employer B – This employer would earn a 30% discount in standard pricing – if they were in the ICP - ER option, their discount would increase to 60%.

	Employer A		Employer B	
	Standard Pricing	ICP	Standard Pricing	ICP
<b>Employer premium*</b>	\$100,000	\$100,000	\$200,000	\$200,000
<b>Participation Rate</b>	\$4,000	\$2,000	\$4,000	\$2,000
<b>Participation</b>	<b>25%</b>	<b>50%</b>	<b>50%</b>	<b>100%</b>
<b>Employer Costs</b>	\$35,000	\$35,000	\$20,000	\$20,000
<b>Industry Average</b>	\$25,000	\$25,000	\$50,000	\$50,000
<b>Experience Ratio</b>	<b>40% (worse)</b>	<b>40% (worse)</b>	<b>60% (better)</b>	<b>60% (better)</b>
<b>Adjustment</b>	<b>10% Surcharge</b>	<b>20% Surcharge</b>	<b>30% Discount</b>	<b>60% Discount</b>

\* Premium over a three-year period calculated at industry rate.

### How do I get more information about ICP?

For more information on the program, options, and polling process, visit our [website](#) or contact our team in Underwriting by email at [icp@wcb.ab.ca](mailto:icp@wcb.ab.ca).



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