

Industry Custom Pricing—Waiving of cost relief 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. The claim costs used to measure an employer's performance is one of the features of standard pricing that can be customized with the waiving of cost relief option in ICP.

What is cost relief?

Claim costs are normally charged to the accident employer's experience record—and they may be used in establishing an employer's premiums. There are, however, exceptional circumstances when WCB may relieve all or part of the claim costs when calculating the employer's experience rating adjustment.

Cost relief will remove costs from the calculation of both the employer and industry claim costs in experience rating, which will affect the discounts and surcharges of employers in the large employer experience rating plan. The overall premium needed from the industry will not change—it will be distributed among all employers in the industry, based on each employer's experience record.

There are multiple types of cost relief available to an employer such as hearing loss, occupational disease, concurrent conditions and the aggravation of a pre-existing condition.

Worker benefits are not affected by cost relief.

How does the waiving of cost relief (CR) option of ICP work?

Under this option, industries give up eligibility for cost relief specifically related to prolonged recovery resulting from an aggravation of a pre-existing condition. In return, the cost relief levy is removed from their industry rate. Employers are still eligible for all other forms of cost relief (such as hearing

loss, concurrent conditions and occupational disease), cost transfers and maximum per claim cost.

All employers in an industry pay the cost relief levy in their industry rate to fund this type of cost relief, regardless of whether or not they use it. Industries participating in this option of ICP choose to waive the use of this type of cost relief and in return have the levy removed from their industry rate.

The costs that would have been relieved are now included in the experience rating calculation and could impact their pricing adjustments and incentives.

What is the effect of participating in the CR option of ICP?

Participation in this option of ICP will not affect an employer's rate in any year prior to the year implemented. However, once an industry starts taking part in this ICP option, employers are no longer eligible for this specific cost relief on claims from that year onward, even if they previously received cost relief.

All employers in the industry will receive a reduction in the base rate for waiving the use of cost relief for prolonged recovery due to an aggravation of a pre-existing condition.

Employers in the large employer experience rating plan will see different impacts on their premium rates based on their usage of cost relief and the amount of cost relief within their industry. Some may benefit by improved experience rating, some may see no change and others may see an increase in premiums. Employers in the large business experience rating plan will continue to benefit from all other forms of cost relief except for the prolonged recovery due to an aggravation of a pre-existing condition in addition to the levy being removed from the industry rate.

Employers in the small experience rating plan are not impacted by cost relief, so their experience rating adjustment will not be impacted by this option. They will benefit by a lower industry premium rate.

How does this option of ICP affect cost relief previously received on a claim?

Example

An employer receives cost relief on a 2019 claim. The 2019 claim will affect the employer's premiums for 2021, 2022 and 2023. The employer's industry begins participating in the CR option of ICP for 2022.

Cost relief on this claim will be applied when determining their 2021 premium rate. Cost relief would not be applied to the claim for determining the employer's premium rate for 2022 and 2023.

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.



myWCB employer mobile app
App Store & Google Play



1-866-922-9221 (within AB)
1-800-661-9608 (outside AB)



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