

Industry Custom Pricing - Employer Summary

Employer specific comparisons of premiums for the various ICP options compared to standard pricing.

Industry Custom Pricing (ICP) is a voluntary pricing option where industries take greater control of the premiums they pay. ICP motivates and rewards employers who make injury prevention and disability management a priority. Employers who perform well will pay less, and employers who perform poorly will pay more.

Report details

This report shows how ICP affects the premiums for TEST ACCT (account 11) in Industry 70000, TEST INDUSTRY. Your industry participates in the Cost Relief Pricing Option for 2013.

There are three pricing options available in ICP: Cost Relief, Experience Rating, and a combination of both Cost Relief and Experience Rating. In this report, each option is compared to premiums based on standard pricing.

Note that ICP impacts all employers within an industry. To see how ICP could impact your industry premiums, you can request an Industry Custom Pricing - Industry Summary report by clicking on this link in the Request Reports screen of the Request Claim.

Summary of ICP Impact on Industry Rate for Industry 70000

Rate Year	Standard Pricing	Cost Relief Option	Experience Rating Option	Cost Relief/ Experience Rating Option
2009	\$1.26	\$1.24	\$1.26	\$1.24
2010	\$1.32	\$1.31	\$1.32	\$1.31
2011	\$1.28	\$1.26	\$1.28	\$1.26
2012	\$1.34	\$1.33	\$1.35	\$1.33
2013	\$1.21	\$1.20	\$1.23	\$1.20

Summary of ICP Impact on Employer Rate for Industry 70000

Rate Year	Standard Pricing	Cost Relief Option	Experience Rating Option	Cost Relief/ Experience Rating Option
2009	\$1.28	\$1.25	\$1.29	\$1.26
2010	\$1.31	\$1.30	\$1.31	\$1.28
2011	\$1.29	\$1.25	\$1.30	\$1.25
2012	\$1.40	\$1.37	\$1.48	\$1.42
2013	\$1.29	\$1.28	\$1.40	\$1.36

Summary of ICP Impact on Premiums for Account 11

Rate Year	Standard Pricing	Cost Relief Option	Experience Rating Option	Cost Relief/ Experience Rating Option
2009	\$7,537,188	\$7,360,535	\$7,596,072	\$7,419,419
2010	\$8,017,876	\$7,956,671	\$8,017,876	\$7,834,260
2011	\$8,477,456	\$8,214,590	\$8,543,173	\$8,214,590
2012	\$9,995,493	\$9,781,304	\$10,566,664	\$10,138,285
2013	\$9,518,755	\$9,444,966	\$10,330,432	\$10,035,277
5 Year Total Premium	\$43,546,768	\$42,758,065	\$45,054,217	\$43,641,831

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Standard Pricing

Employers participating in the Experience Rating Plan for Large Employers can achieve up to 40% in discounts or surcharges while employers in the Experience Rating Plan for Small Employers can achieve a 5% discount or surcharge.

Cost relief applies in standard pricing where employers may have certain costs removed from their experience record. In return the industry pays a cost relief levy.

This table shows the premiums you pay today through the standard pricing program.

Rate Year	Insurable Earnings	Industry Rate	Rate Adjustment*	Employer Rate	Premium
2009	\$588,842,815	\$1.26	1.26%	\$1.28	\$7,537,188
2010	\$612,051,580	\$1.32	(0.51%)	\$1.31	\$8,017,876
2011	\$657,167,164	\$1.28	0.93%	\$1.29	\$8,477,456
2012	\$713,963,762	\$1.34	4.76%	\$1.40	\$9,995,493
2013	\$737,888,000	\$1.21	6.72%	\$1.29	\$9,518,755
5 Year Total Premium					\$43,546,768

* Brackets denote a discount position; without brackets, a surcharge

Option 1 - Cost Relief

In this option, experience rating parameters do not change but the cost relief levy is removed. Employers get a lower premium rate in return for including some previously relieved costs on their experience record. As well those costs are used to measure the industry average experience.

The overall industry premium is reduced when the levy is removed. Most employers pay less, but some will pay more as certain costs will not be subsidized by the rest of the industry.

Your experience record shows you have 2 claims with cost relief for 2013 . Three years of claims history is used to determine this number. For example, your experience record for 2009 to 2011 is used to determine 2013.

This table shows the premium your company would pay as a result of adding back the costs that were relieved, revising the industry average with those costs, and lowering the industry rate by removing the levy for cost relief.

Rate Year	Insurable Earnings	Industry Rate	Rate Adjustment *	Employer Rate	Premium	Premium Change from Standard Pricing
2009	\$588,842,815	\$1.24	0.83%	\$1.25	\$7,360,535	(\$176,653)
2010	\$612,051,580	\$1.31	(1.04%)	\$1.30	\$7,956,671	(\$61,205)
2011	\$657,167,164	\$1.26	(0.54%)	\$1.25	\$8,214,590	(\$262,867)
2012	\$713,963,762	\$1.33	3.35%	\$1.37	\$9,781,304	(\$214,189)
2013	\$737,888,000	\$1.20	6.48%	\$1.28	\$9,444,966	(\$73,789)
5 Year Total Premium					\$42,758,065	

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Option 2 - Experience Rating

This option allows employers to earn bigger discounts or surcharges - up to 60%, and increase experience rating parameters including the participation factor and experience ratio. The overall rate for the industry and employer premium distribution may change however the overall premium the industry pays stays the same. Employers performing well will get bigger discounts, while those doing poorly will have bigger surcharges.

This table shows the premiums your company would pay as a result of modified experience rating factors.

Rate Year	Insurable Earnings	Industry Rate	Rate Adjustment*	Employer Rate	Premium	Premium Change from Standard Pricing
2009	\$588,842,815	\$1.26	2.53%	\$1.29	\$7,596,072	\$58,884
2010	\$612,051,580	\$1.32	(1.03%)	\$1.31	\$8,017,876	\$0
2011	\$657,167,164	\$1.28	1.86%	\$1.30	\$8,543,173	\$65,717
2012	\$713,963,762	\$1.35	9.51%	\$1.48	\$10,566,664	\$571,171
2013	\$737,888,000	\$1.23	13.44%	\$1.40	\$10,330,432	\$811,677
5 Year Total Premium					\$45,054,217	

* Brackets denote a discount position; without brackets, a surcharge

Option 3 - Combination of Cost Relief and Experience Rating

In this option, the cost relief levy is removed and experience rating factors are modified. Employers may experience a change in rate due to the removal of the levy while also modifying the experience rating factors.

This table shows the premiums your company would pay based on the removal of the levy and modified experience rating factors.

Rate Year	Insurable Earnings	Industry Rate	Rate Adjustment*	Employer Rate	Premium	Premium Change from Standard Pricing
2009	\$588,842,815	\$1.24	1.66%	\$1.26	\$7,419,419	(\$117,769)
2010	\$612,051,580	\$1.31	(2.08%)	\$1.28	\$7,834,260	(\$183,615)
2011	\$657,167,164	\$1.26	(1.07%)	\$1.25	\$8,214,590	(\$262,867)
2012	\$713,963,762	\$1.33	6.70%	\$1.42	\$10,138,285	\$142,793
2013	\$737,888,000	\$1.20	12.96%	\$1.36	\$10,035,277	\$516,522
5 Year Total Premium					\$43,641,831	

* Brackets denote a discount position; without brackets, a surcharge

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FREQUENTLY ASKED QUESTIONS

What is Industry Custom Pricing (ICP)?

ICP is voluntary flexible pricing option that allows industries to customize various features of our pricing program in accordance with their risk preferences. The intent of ICP is to offer flexibility, while strengthening accountability, by more closely reflecting individual claims performance within our collective liability insurance model.

How can I participate in ICP?

Participation in ICP occurs at the industry level. In order for an industry to participate in ICP, a polling process must take place where the majority (over 50% of insurable earnings represented by employers in the industry) must vote in favor of the option presented. To organize a vote for your industry, contact your industry association or call WCB-Alberta directly at 780-498-7937.

Can an industry opt out or modify ICP in the future?

Yes, ICP is a voluntary pricing program. Industries have the option of returning to the standard programs, or changing options in their existing ICP program after three years. The same polling process would be required for opting out of ICP or making changes to ICP, as was required to start an ICP program.

Are there any other pricing options available that impact employer premiums?

Yes, in addition to ICP, WCB has developed Partnerships in Injury Reduction which may impact the premium an employer pays. Please refer to our website for further details on pricing - www.wcb.ab.ca/employers/.

GLOSSARY OF TERMS

Cost relief - Most costs are assigned to an employer's and industry's experience record. In the case of an aggravation of a pre-existing condition, some of these costs may be removed. If the costs are relieved, they will not be included in both the employer's or the industry's experience - an employer's own experience may be lowered and the industry average for all employers will also be lowered. Although these costs are relieved, the industry continues to fund these costs through their industry premiums. This is done through a levy that is included in their industry rates. All employers in an industry pay the cost relief levy while only some employers will get costs relieved and are large enough to see an impact.

In the cost relief option, an industry can choose to eliminate the cost relief levy and lower premium rates, while no longer removing the costs related to the aggravation of a pre-existing condition from experience records. Collectively the industry pays lower premiums.

The cost relief option only applies to aggravations of pre-existing conditions. Cost relief for other situations like occupational disease, hearing loss, secondary earnings or transfers due to negligence remain in place. Experience ratio is a comparison of an employer's claim costs to the industry average claim costs. Standard pricing caps this amount at 80%. ICP offers an increase to 100%. This allows more of the employer's experience to influence their premium rates

Participation factor - is the degree to which an employer participates in Experience Rating, dependant on their size. In standard pricing, for every \$4,000 of industry-rated premiums over the three year experience period, an employer receives a 1% participation factor to a maximum of 50%. ICP offers an increase in the participation rate to 1% for every \$2,000 of industry-rated premium to a maximum of 100%. This means employers can earn bigger discounts or surcharges

Non-experience rated employers - are employers in business for two years or less, and are not eligible for a discount. There must be sufficient experience in order to adjust an employer's premium rates. Depending on their size, these employers may participate in either the Experience Rating Plan for Large Employers or the Experience Rating Plan for Small Employers in future years.

MORE INFORMATION

For more information about ICP, visit www.wcb.ab.ca/employers/ICP.asp to access the ICP fact sheet, Frequently Asked Questions, and list of participating industries. For more specific information about how ICP will impact you, contact WCB-Alberta at 780-498-7937 or icp@wcb.ab.ca.