

Industry Custom Pricing - Industry Summary

Industry 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. Your industry participates in the Cost Relief Pricing Option for 2013.

Report details

This report shows how ICP affects the premiums for employers in the Experience Rating Plan for Large Business for Industry 70000 TEST INDUSTRY. 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, premiums for each ICP option are compared to premiums based on standard pricing. The premium comparisons do not include adjustments for Poor Performance Surcharges (PPS) or Partnerships in Injury Reduction (PIR).

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

This table shows the breakdown of the types and the number of employers within your industry

Year	Total Number of Employers	Number of Small Business Employers	Number of Experience Rated Employers	Number of Non Experience Rated Employers
2013	30	5	25	0

This table shows the impact of ICP on experience rated employers within your industry for 2013.

	ICP Options			
	Standard Pricing	Cost Relief	Experience Rating	Cost Relief/Experience Rated Employers
Insurable Earnings	\$2,896,895,208	\$2,896,895,208	\$2,896,895,208	\$2,896,895,208
Industry Rate	\$1.21	\$1.20	\$1.23	\$1.20
Industry Rated Premiums	\$35,052,432	\$34,762,743	\$35,631,811	\$34,762,743
Discount Premium	(\$2,248,970)	(\$2,200,998)	(\$4,411,664)	(\$4,251,798)
Surcharge Premium	\$1,715,178	\$1,665,200	\$3,468,069	\$3,310,483
Net Premiums	\$34,518,641	\$34,226,945	\$34,688,216	\$33,821,427
Premium Change from Standard Pricing	-	(\$291,696)	\$169,576	(\$697,213)
Number of Employers with Discounts	20	20	20	20
Number of Employers with Surcharges	5	5	5	5
Number of Employers with no Adjustment	0	0	0	0
Rate Increases	N/A	2	5	5
Rate Decreases	N/A	23	20	20

Industry Custom Pricing - Industry Summary

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

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.

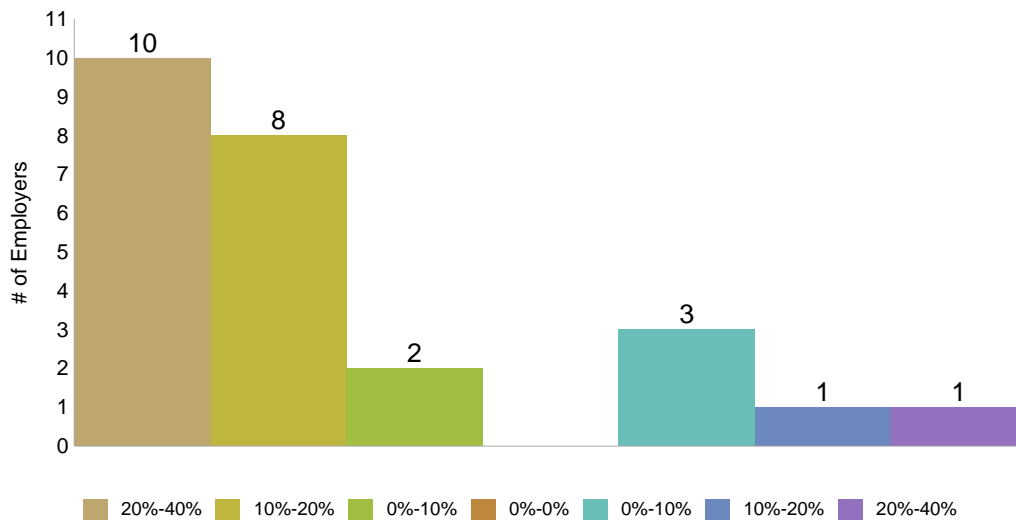
Cost relief applies in standard pricing where employers may have certain costs removed from their experience record. In return the industry pays a cost relief levy.

These tables show premium impacts for your industry under standard pricing, prior to any adjustments for PPS & PIR.

Rate Year	Industry Rate	Insurable Earnings	Industry Rated Premiums	Discount Premium	Surcharge Premium	Net Premium
2009	\$1.26	\$2,289,316,302	\$28,845,385	(\$1,709,332)	\$916,551	\$28,052,605
2010	\$1.32	\$2,462,779,329	\$32,508,687	(\$1,963,160)	\$1,179,711	\$31,725,238
2011	\$1.28	\$2,673,629,609	\$34,222,459	(\$2,508,297)	\$1,328,427	\$33,042,589
2012	\$1.34	\$2,821,160,186	\$37,803,547	(\$2,480,608)	\$1,855,449	\$37,178,387
2013	\$1.21	\$2,896,895,208	\$35,052,432	(\$2,248,970)	\$1,715,178	\$34,518,641

Rate Year	Number of Employers with Discounts	Number of Employers with Surcharges	Number of Employers with no Adjustments
2009	16	8	0
2010	19	5	0
2011	16	9	0
2012	18	7	0
2013	20	5	0

2013 Experience Rating Distribution Standard Pricing



Discounts

Surcharges

* The chart above illustrates the discount and surcharge distribution for 2013. The distribution is generally consistent from year to year.

Industry Custom Pricing - Industry Summary

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

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.

The table below illustrates claim activity for the experience period affecting the 2013 rate year.

Experience Period	Experience Rated Claims	Cost Relief Claims	Number of Employers with Cost Relief	Number of Employers with no Cost Relief
2009 - 2011	4331	19	9	16

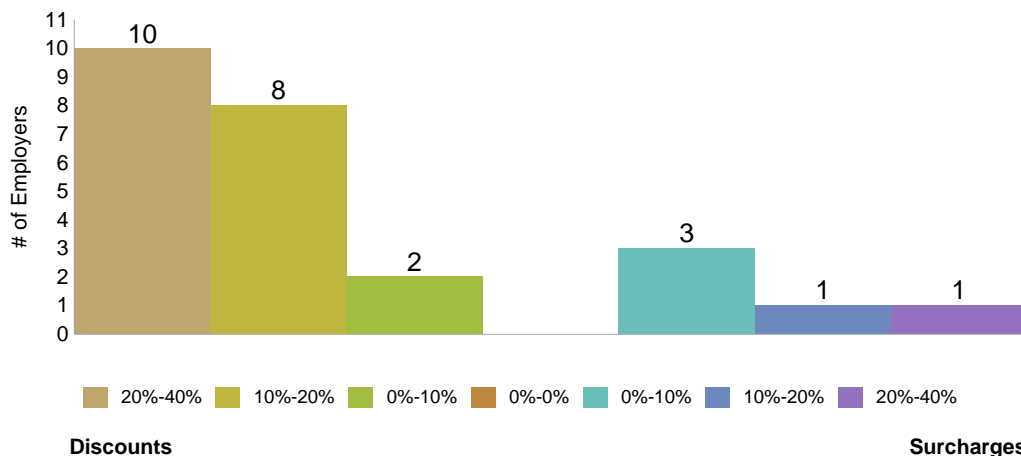
These tables show premium impacts for your industry using the cost relief option, prior to any adjustments for PPS & PIR.

Rate Year	Industry Rate	Insurable Earnings	Industry Rated Premiums	Discount Premium	Surcharge Premium	Net Premium	Premium Change from Standard Pricing
2009	\$1.24	\$2,289,316,302	\$28,387,522	(\$1,643,715)	\$1,001,189	\$27,744,997	(\$307,608)
2010	\$1.31	\$2,462,779,329	\$32,262,409	(\$1,935,110)	\$1,332,459	\$31,659,759	(\$65,479)
2011	\$1.26	\$2,673,629,609	\$33,687,733	(\$2,497,832)	\$1,486,013	\$32,675,914	(\$366,675)
2012	\$1.33	\$2,821,160,186	\$37,521,430	(\$2,433,582)	\$1,891,132	\$36,978,980	(\$199,408)
2013	\$1.20	\$2,896,895,208	\$34,762,743	(\$2,200,998)	\$1,665,200	\$34,226,945	(\$291,696)

Rate Year	Number of Employers with Discounts	Number of Employers with Surcharges	Number of Employers with no Adjustments	Rate Decreases	Rate Increases
2009	16	8	0	22	2
2010	19	5	0	18	6
2011	17	8	0	21	4
2012	18	7	0	22	3
2013	20	5	0	23	2

*Data in the above table is reflective of the cost relief option being selected for 2009 and subsequent years.

2013 Experience Rating Distribution Cost Relief Option



* The chart above illustrates the discount and surcharge distribution for 2013. The distribution is generally consistent from year to year.

Industry Custom Pricing - Industry Summary

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

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.

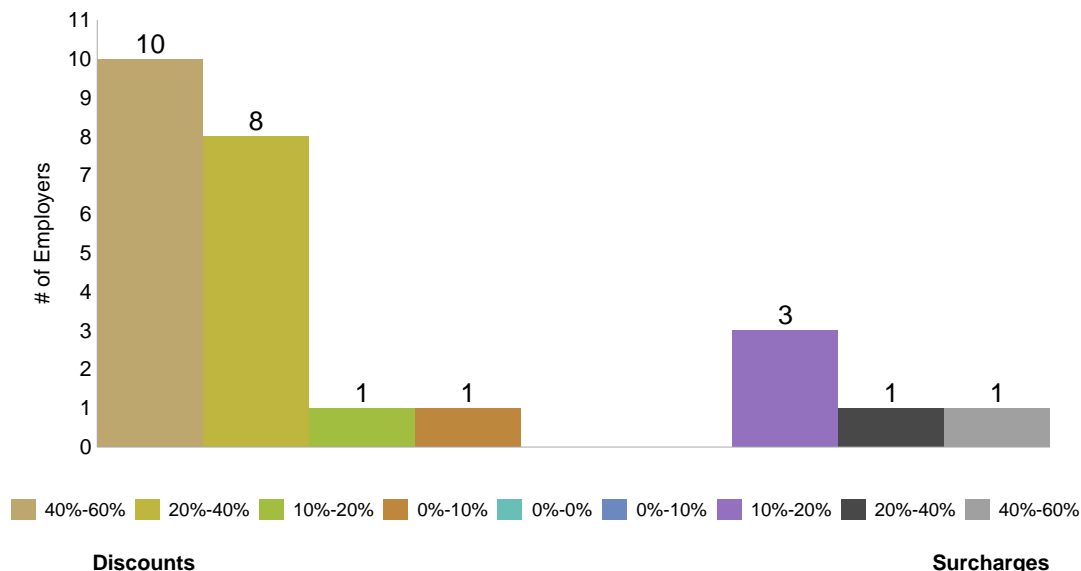
Employers may experience a change in industry rate with this option due to modified experience rating factors.

These tables show premium impacts for your industry using the experience rating option, prior to any adjustments for PPS & PIR.

Rate Year	Industry Rate	Insurable Earnings	Industry Rated Premiums	Discount Premium	Surcharge Premium	Net Premium	Premium Change from Standard Pricing
2009	\$1.26	\$2,289,316,302	\$28,845,385	(\$3,264,563)	\$1,812,330	\$27,393,152	(\$659,453)
2010	\$1.32	\$2,462,779,329	\$32,508,687	(\$3,636,450)	\$2,334,702	\$31,206,940	(\$518,298)
2011	\$1.28	\$2,673,629,609	\$34,222,459	(\$4,651,029)	\$2,623,517	\$32,194,946	(\$847,643)
2012	\$1.35	\$2,821,160,186	\$38,085,662	(\$4,678,883)	\$3,716,447	\$37,123,227	(\$55,161)
2013	\$1.23	\$2,896,895,208	\$35,631,811	(\$4,411,664)	\$3,468,069	\$34,688,216	\$169,576

Rate Year	Number of Employers with Discounts	Number of Employers with Surcharges	Number of Employers with no Adjustments	Rate Decreases	Rate Increases
2009	16	8	0	16	8
2010	19	5	0	19	5
2011	16	9	0	16	9
2012	18	7	0	18	7
2013	20	5	0	20	5

2013 Experience Rating Distribution
Experience Rating



* The chart above illustrates the discount and surcharge distribution for 2013. The distribution is generally consistent from year to year.

Industry Custom Pricing - Industry Summary

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

Option 3 - Combination of Cost Relief and Experience Rating

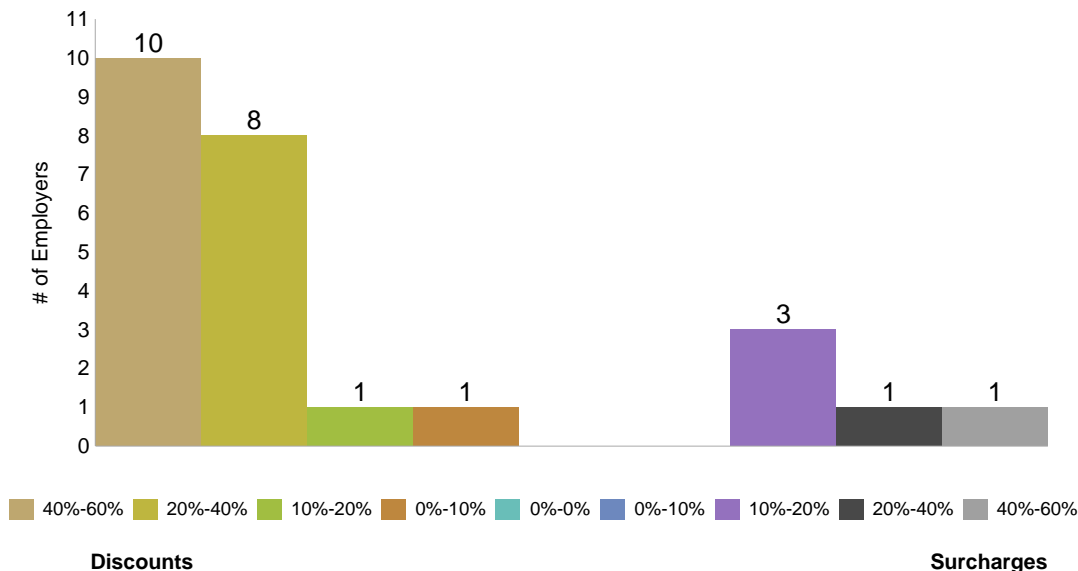
In this option, the cost relief levy is removed and experience rating factors are modified. Employers may experience a change in industry rate due to the removal of the levy while also modifying the experience rating factors.

These tables show premium impacts for your industry using the combination option, prior to any adjustments for PPS & PIR.

Rate Year	Industry Rate	Insurable Earnings	Industry Rated Premiums	Discount Premium	Surcharge Premium	Net Premium	Premium Change from Standard Pricing
2009	\$1.24	\$2,289,316,302	\$28,387,522	(\$3,127,707)	\$1,981,205	\$27,241,020	(\$811,585)
2010	\$1.31	\$2,462,779,329	\$32,262,409	(\$3,603,332)	\$2,640,403	\$31,299,480	(\$425,758)
2011	\$1.26	\$2,673,629,609	\$33,687,733	(\$4,627,990)	\$2,939,226	\$31,998,969	(\$1,043,620)
2012	\$1.33	\$2,821,160,186	\$37,521,430	(\$4,544,281)	\$3,759,862	\$36,737,011	(\$441,376)
2013	\$1.20	\$2,896,895,208	\$34,762,743	(\$4,251,798)	\$3,310,483	\$33,821,427	(\$697,213)

Rate Year	Number of Employers with Discounts	Number of Employers with Surcharges	Number of Employers with no Adjustments
2009	16	8	0
2010	19	5	0
2011	17	8	0
2012	18	7	0
2013	20	5	0

2013 Experience Rating Distribution Cost Relief and Experience Rating Option



* The chart above illustrates the discount and surcharge distribution for 2013. The distribution is generally consistent from year to year.

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

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.