

Safeguarding the system

Ensuring long-term protection for you and your workers

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Workplace injury and illness impact people's lives. WCB aims to safeguard the financial sustainability of the compensation system to ensure workers and employers have long-term, affordable protection from that impact.

Simply put, workers must be assured their benefits are protected for as long as they need them, and employers must have rate stability to ensure they are able to continue to fund the system.

We set rates with the goal of securing a worker's benefits for the lifetime of the claim without passing costs onto future employers. Costs are spread among all employers, creating a balance between collective liability and individual employer accountability.

2019 rate highlights

The 2019 average premium rate will increase to **\$1.08** (from an average rate of **\$1.04** collected in 2018). The average rate is increasing because of increased claim costs related to growth in claim volume, longer claim duration, additional benefits and a challenging economy.

Over the past several years, significant growth in the fully-funded cost of injuries has outpaced growth in assessable earnings, which has resulted in rate-setting deficits. The outlook for 2019 continues this trend; claim-related costs are expected to grow at a faster rate than assessable earnings (see chart below) due to moderate growth in claim volume and stronger growth in the average costs associated with those claims. While assessable earnings are also expected to grow, we expect they will do so at a slower rate than fully-funded claim costs (current + future costs of 2019 injuries).

Fully-funded claim costs vs assessable earnings



Our general approach is to ensure today's employers pay for the current and future costs of today's accidents. We must collect enough premiums in a rate-setting year to cover all claim-related costs for injuries that occur during the year. This will not happen in 2019 but WCB will work to return to fully collecting all costs over the coming rate years.

The average required rate to cover all 2019 costs is \$1.29. In recognition of the struggling economy, the \$0.21 difference between the average required rate and the average assessed rate of \$1.08 will be absorbed by the Accident Fund, just as it was in 2018.

Changes in individual employer rates continue to reflect rate group and employer performance.

For more information about the rate setting process and informative resources, visit wcb.ab.ca > Insurance and Premiums > Rate setting.

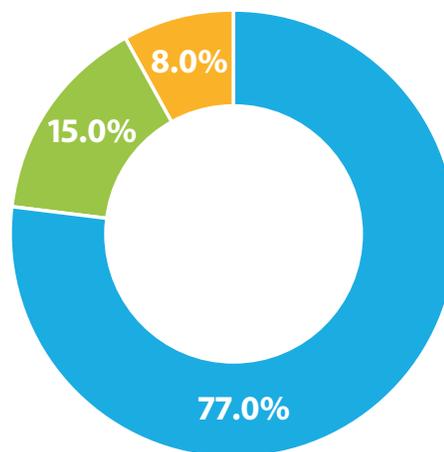
How does WCB determine the amount for premium rates?

1. Rate setting starts by forecasting the total fully-funded costs (current and future cost) of all the claims 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.

Help is always available to lower your rates by improving your return-to-work results. Call us today (1-866-922-9221) or visit wcb.ab.ca > Insurance and Premiums > Lower your premiums. 

What does WCB do with the premiums collected?

The majority of funds collected in a given year go directly towards paying claim costs, with the rest allocated to administration, OH&S and other costs:



- Fully funded claim costs – **77.0%**
- Fully funded administration costs – **15.0%**
- Occupational Health and Safety, safety associations and *external review assurance – **8.0%**

** Appeals Commission, Medical Panels Office and Fair Practices Office*

The Disability Management Self-assessment checklist can help you find out if you meet legislative requirements for reporting work-related accidents, obligation to reinstate and more. The checklist also identifies areas for improvement that can impact your overall performance. Visit our website at wcb.ab.ca and check out [Resources > For employers > Forms and guides > Guides and publications.](#)