

**Alberta WCB  
Policies &  
Information**

Chapter:

**PRICING**

Subject:

**EXPERIENCE RECORDS**

Authorization

**BoD Resolution 2006/02/05**

Date:

**February 28, 2006**

**APPLICATION 4: COMBINING EXPERIENCE**

**1. *Why is experience combined?***

Experience is combined to ensure that appropriate experience records are used to determine applicable premium adjustments for the business insured.

In certain situations, it may be necessary to combine experience records to set premium rates that reflect the overall risk of the business, promote accountability, and ensure statistical credibility.

**2. *How is experience combined?***

WCB adds the claim costs of two or more experience records and the assessable earnings (including personal coverage amounts) of the same two or more experience records.

Depending on the situation, the experience records used may be from one or more employer accounts or industries.

**3. *What situations may require experience records to be combined?***

Generally, when the ownership of a business changes or the circumstances of a business change, WCB will review the situation to determine if a combination of experience is warranted. As well, under the authority granted by s.18(2) of the WCA, WCB may at any time review the business operations of new or existing accounts to determine whether a combination of experience is warranted.

Some examples of when WCB will consider a combination of experience are: a business is sold to an unrelated employer who carries on the business; an existing employer registers a new entity for similar business purposes; corporate reorganizations or expansions; transfer/sale of part or all of a business between related entities; bankruptcies; etc.

Corporations that are registered to operate a business are considered to own the business. Shareholders, in turn, own

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*Situations that may require experience records to be combined (continued)*

shares in the corporation. Therefore, in the situation of the sale or transfer of shares in a corporation, or a change in the composition of a partnership, WCB does not recognize this as a change in ownership of a business. Therefore, a new account and experience record are not created.

**4.** *What criteria does WCB consider when determining if experience should be combined?*

When determining if experience should be combined, WCB looks at the following criteria:

- ownership
- affiliation and control (e.g., related persons or groups that control or influence the way business is conducted)
- business continuity (e.g., nature of work, assets, workers, customers, location, trade names)
- continuity of management personnel
- change in financial and operational control
- continuity of health and safety programs and disability management
- inter-company transaction
- transfer of workers between businesses
- any other information that WCB considers relevant

Not all criteria need to be present in order to combine experience. Any one or any combination of the criteria may be sufficient to determine that a combination of experience is required.

**5.** *When is a combination of experience optional?*

Branch operations that qualify for separate experience (see Question 6 of this application) may have the option to combine experience records.

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*Optional combination of  
experience (continued)*

Where an option is available, an employer must make a choice when the option is identified. Unless there is a business change as described in Question 4 above, the choice by the employer to combine (or not) is permanent - an employer may not opt to combine in one year and then not combine in a subsequent year, or vice versa.

**6. *Can branch accounts have  
separate experience?***

Branch operations exist when a single legal entity has several businesses in the same industry operating independently from each other.

If separate accounts for each branch location are granted, the employer must meet and maintain the following conditions before each business is experience rated separately:

- each business is independent of each other and one business does not primarily support the activities of another business
- each business maintains an accounting system that can separate financial records and the reporting of claims and payroll
- each business has their own independent management team with responsibilities that include their own health and safety program
- each business has full participation in experience rating

At the time the branches are established, the current experience from the main account will be used to adjust the premium rates for the new branch accounts.

If an employer expands their business, any previous decisions on how the existing branches are experience rated will apply to the new branch.

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**7.** *Is experience combined when there is a change in the employer’s classification?*

If the business activities, risks, and hazards prior to the change in classification are similar to the ongoing business, then the experience for prior years will be used to determine the employer’s premium adjustment.

When the business has not changed but the employer has been assigned an incorrect classification, the experience from prior years is used to determine the premium adjustment (see Policy 07-01, *Classification*).

**8.** *When is this policy application effective?*

This policy application (Application 4 – Combining Experience) is effective March 1, 2006, except when noted otherwise in a specific policy section(s).

**Previous versions**

- [Policy 0702 Part II - September 2018](#)
- [Policy 0702 Part II - April 2018](#)
- [Policy 0702 Part II - August 2015](#)
- [Policy 0702 Part II - December 2013](#)
- [Policy 0702 Part II - March 2006](#)
- [Policy 0702 Part II - January 2004](#)
- [Policy 0702 Part II - August 2000](#)
- [Policy 0702 Part II - January 2000](#)
- [Policy 0702 Part II - March 1999](#)
- [Policy 0702 Part II \(consolidated manual 1st Issue\) - June 1998](#)