

**Alberta WCB  
Policies &  
Information**

Chapter:

**PRICING**

Subject:

**EXPERIENCE RECORDS**

Authorization:

**BoD Resolution 2010/10/30**

Date:

**November 30, 2010**

**APPLICATION 7: INDUSTRY CUSTOM PRICING (ICP)**

**1. *What is Industry Custom Pricing (ICP)?***

Industry Custom Pricing (ICP) is a flexible pricing program available at the industry level. ICP allows an industry to customize various features of WCB-Alberta’s performance-based pricing model (see Policy 07-02, Part I, 2.0) in accordance with the industry’s risk tolerance and preferences.

The options available under ICP modify features of the performance-based pricing model by increasing accountability for individual employers.

**2. *What features of the performance-based pricing model can be customized with ICP?***

Under ICP, a variety of terms and features of the performance-based pricing model can be changed or modified.

Examples include:

- discounts and surcharges can be increased to a higher percentage
- the experience ratio can be increased up to 100% better or worse than industry average
- the participation factor can be increased
- an industry can choose to no longer recognize cost relief for one or more cost relief elements; the levy required to fund these costs can be removed, resulting in a decrease to base industry rates

A variety of features can be customized under ICP and this list is not exhaustive.

ICP programs may retain certain cost relief elements, cost capping, and cost transfer provisions available under other performance-based pricing programs.

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**3. *What is required to participate in Industry Custom Pricing (ICP)?***

In order for an industry to participate in ICP, the majority of the industry (over 50% of assessable earnings represented by employers within the industry) must agree to the changes. Employers in an industry are polled on the ICP options.

With a majority vote, all employers in the industry participate in ICP regardless of how they voted individually. Performance-based pricing programs are an insurance feature funded by the entire industry and individual employers can only access features that are funded by their industry group.

Any change in an industry's pricing program will be implemented in the next available rate year.

In all cases, the selected features of an industry's ICP are subject to WCB review and approval.

**4. *If an industry votes in favour of Industry Custom Pricing (ICP), how long does the program remain in effect?***

An industry must participate in the program for a minimum of three years to allow for meaningful data to be collected. This helps the industry and WCB to decide if the program is working as expected.

**5. *Can an industry opt out of Industry Custom Pricing (ICP) or change the features of their program?***

Yes, after the initial three-year period is completed, industries may opt out of ICP or change options in their existing ICP program. The same voting process is required for opting out of ICP or making changes to ICP as was required to start an ICP program.

**6. *What triggers a re-polling of an industry?***

Re-polling is not automatic. An industry will be re-polled if there is sufficient evidence that the industry would like to change its ICP program or opt out of ICP. Some examples of sufficient evidence are as follows:

- an industry association through its Board of Directors requests a re-polling,

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*Re-polling (continued)*

- employers representing 20% (or more) of the industry’s assessable earnings request a re-polling.

If the industry is re-pollled and selects to opt out of ICP or change to another version of ICP, the change in program will be implemented for the next available rate year.

**7. Are there any limitations?**

Yes, a minimum premium will always be payable to recognize an individual employer’s contribution to the collective liability.

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

This policy application [Application 7 – Industry Custom Pricing (ICP)] is effective December 1, 2010, except when noted otherwise in a specific policy section(s).

**Previous versions**

- [Policy 0702 Part II - April 2018](#)
- [Policy 0702 Part II - August 2015](#)
- [Policy 0702 Part II - December 2010](#)
- [Policy 0702 Part II - January 2000](#)
- [Policy 0702 Part II - March 1999](#)
- [Policy 0702 Part II \(consolidated manual 1st Issue\) - June 1998](#)