

# 2009 Preliminary Premium Rate Consultation

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**T42 – Transportation, Courier,  
Commercial Bus**

**October 2008**



*Work to live.*



# Vision Statement

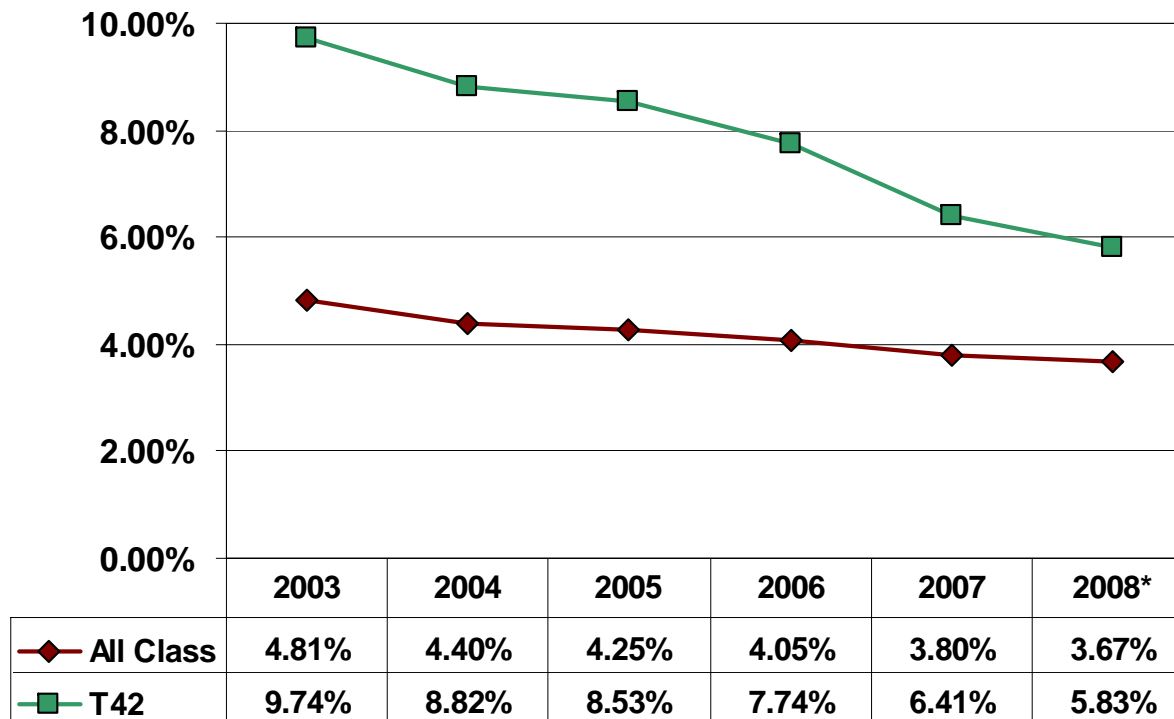
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In serving injured workers and employers, we excel in the development and delivery of workers' compensation programs and services. In serving all workers and employers, we develop and deliver injury prevention programs and services that move Saskatchewan quickly to zero workplace injuries.



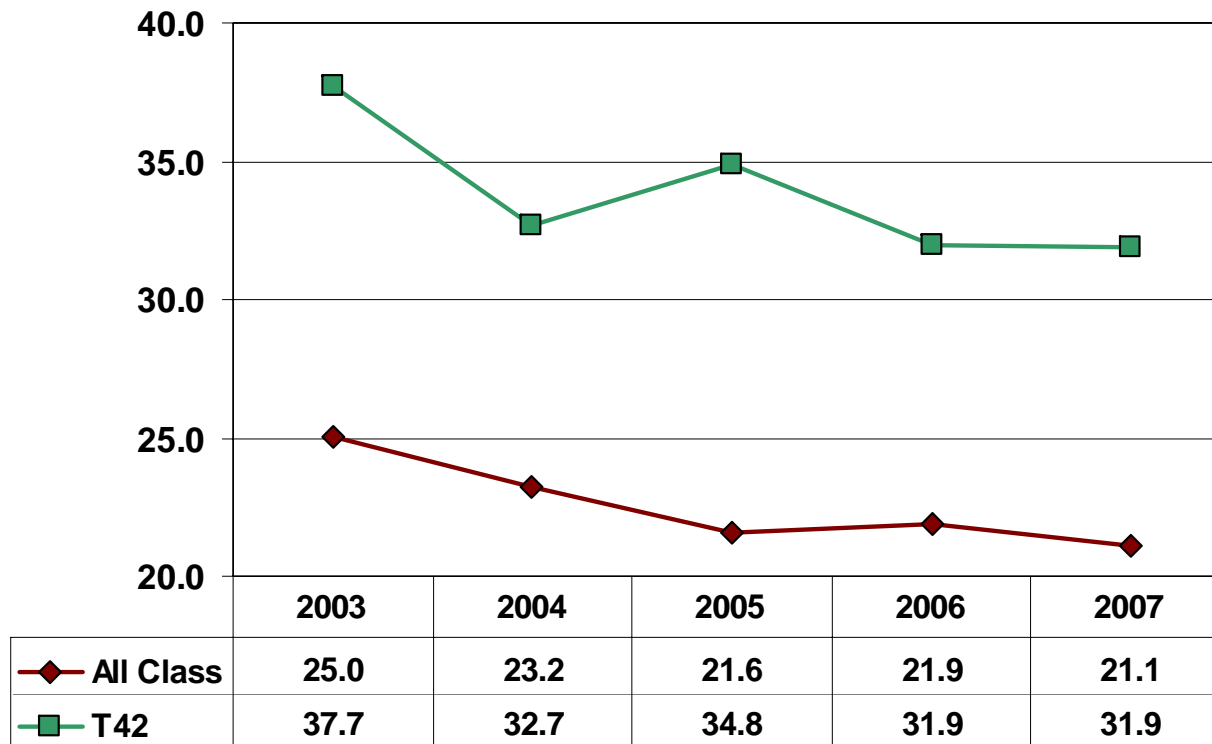
# Injury Rate: T42

Time Loss Claims per 100 Workers



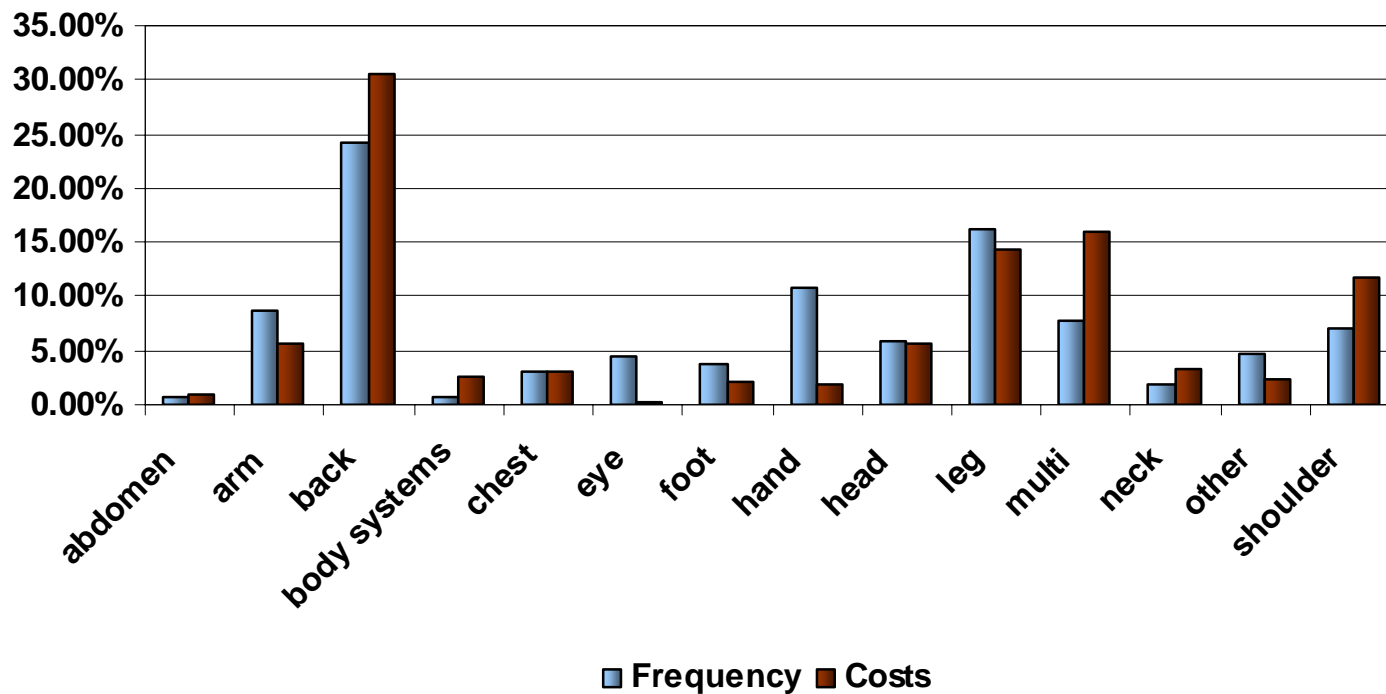
# Duration: T42

Average # compensation days, 12-month window

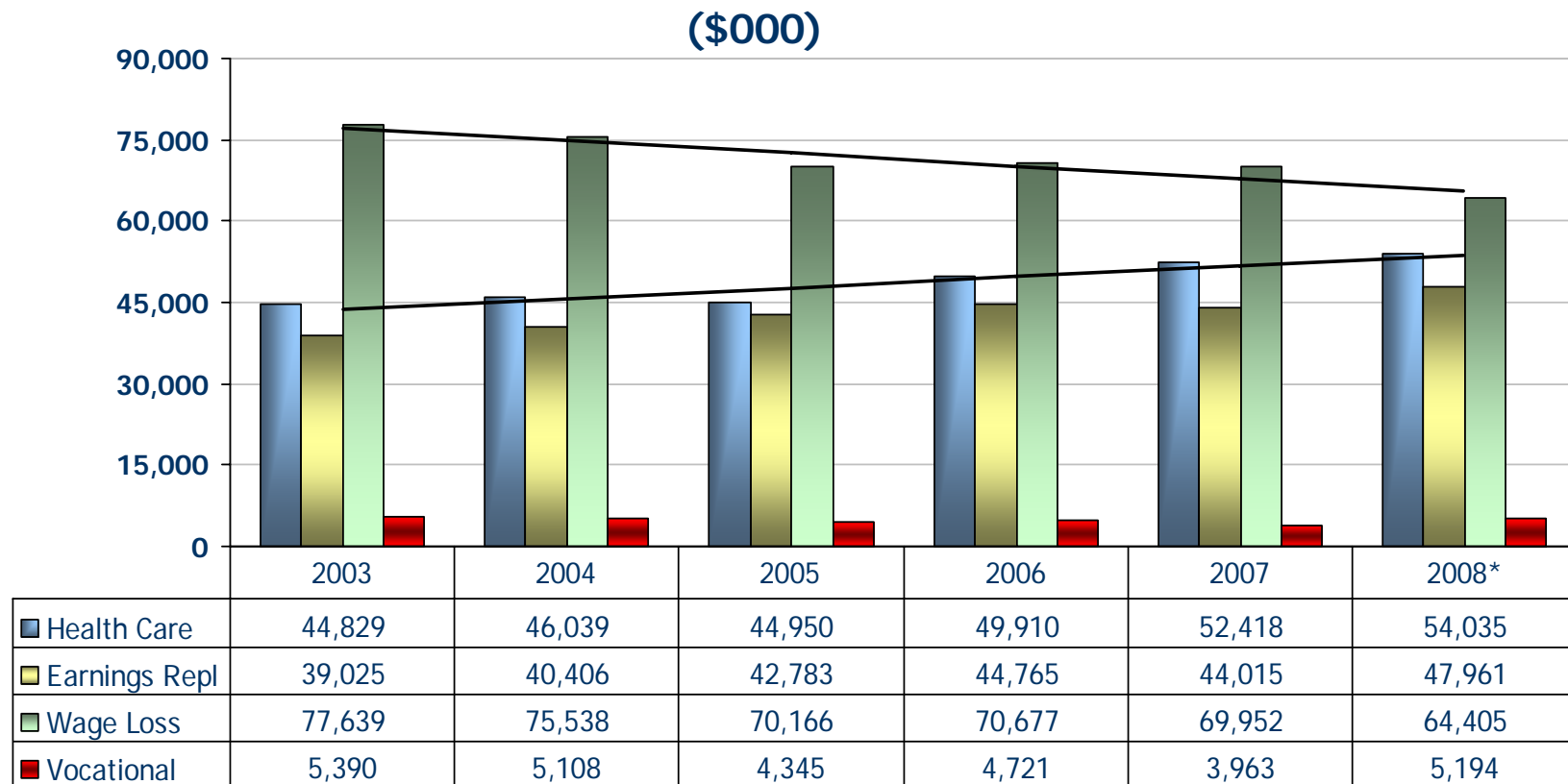


# Distribution of Claims: T42 2003 to 2007

5 Year Average



# Annual Program Cost Comparison



\* *Projected*



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# Statement of Operations, 2008

<i>(\$000; as at Sept 30, 2008 with comparative 2007 figures)</i>	<b>2008 Budget</b>	<b>2008 Actual**</b>	<b>2007 Actual</b>
<b>Revenue</b>			
Premiums	\$166,390	\$176,402	\$176,960
Investment income	63,750	43,126	96,531
	<b>\$230,140</b>	<b>\$219,528</b>	<b>\$273,491</b>
<b>Expenses</b>			
Compensation	\$84,547	\$87,624	\$82,663
Actuarial adjustment	22,500	26,250	16,547
Administration	33,047	29,336	27,943
Health care services	40,859	41,899	38,504
Annuity Interest	12,000	12,671	10,624
Legislated obligations	7,635	7,827	6,684
Vocational services	3,822	3,663	3,869
Committee of review	0	0	159
	<b>\$204,410</b>	<b>\$209,270</b>	<b>\$186,993</b>
Operating surplus	25,730	10,258	86,498
Reserves & Injury Fund, beginning of year	156,309	156,309	26,326
Reserves & Injury Fund, end of period	<b>\$182,039</b>	<b>\$166,567 *</b>	<b>\$112,824</b>

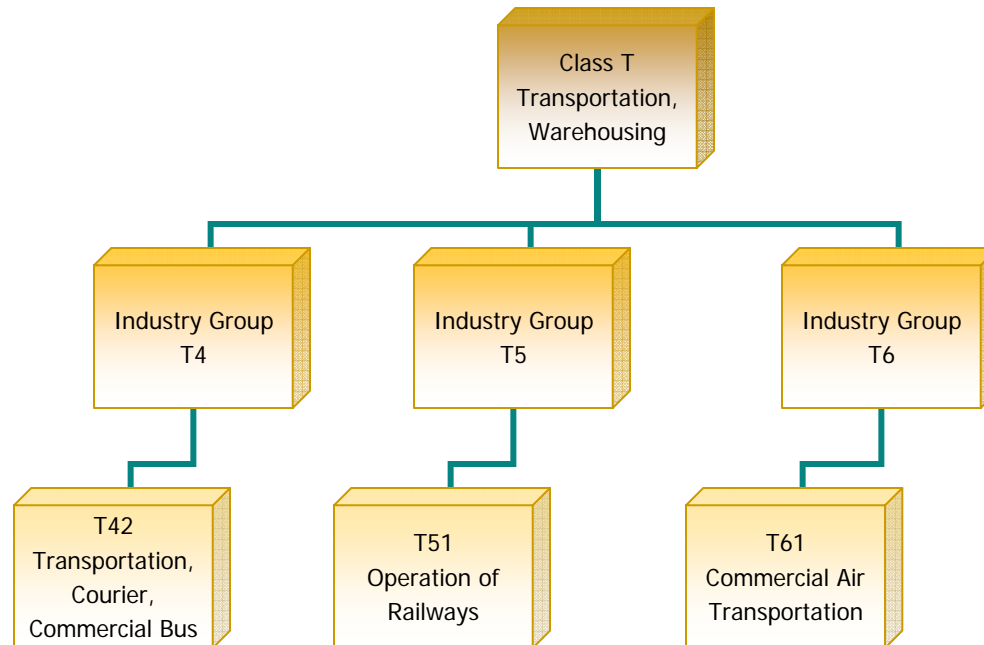
\* Excludes Accumulated Other Comprehensive Income

\*\* Estimated



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# Industry Classification



- **11 industry classes, 35 industry groups, 54 rate codes**
- **Classification system is based on industrial undertaking**
- **Rates are set at the rate code level according to injury and cost experience**



# Determining Premium Rates

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Rate model:

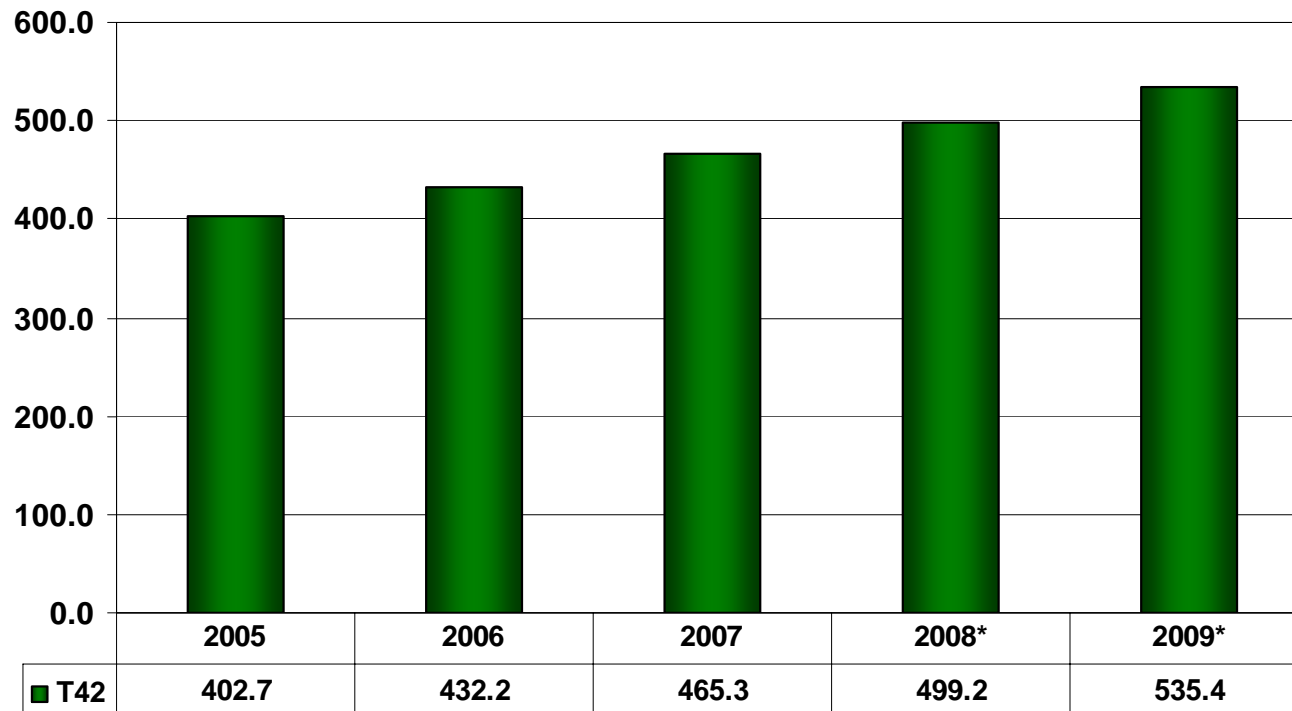
- ❑ Uses past claims experience and projected payroll to project the number of claims expected next year
- ❑ Uses historical costs and spending patterns to project future costs per claim
- ❑ Projects future costs for next year's claims out 50 years and converts those costs into revenue required
- ❑ Projected cash flows discounted at a rate of 3.5% to calculate Net Present Value
- ❑ Payroll revision letters assist with projecting next year's payroll – on average 5% growth assumed

Industry Premium Rate =  $\frac{\text{Revenue Required}}{\text{Industry Payroll}}$



# Payroll: T42 2005-2009

Millions of Dollars



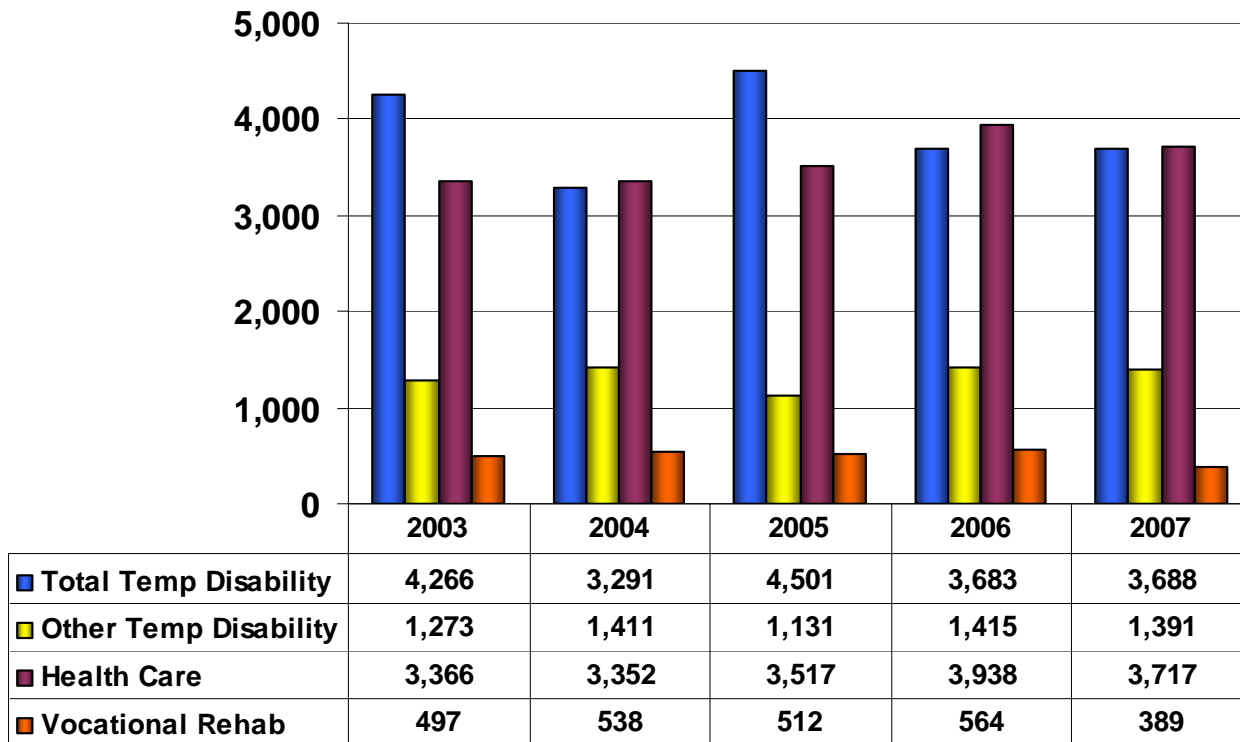
*\*Projected*



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# Claims Costs: T42

Thousands of Dollars



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# Experience Rating Program

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- ❑ Provides financial incentives to encourage injury prevention and workplace safety
- ❑ Adjusts industry premium rates to reflect an individual employer's claims history
- ❑ Employers who cost the system more, pay more



# Experience Rating Program

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## Two Programs

### Standard Program:

Premiums <\$15,000 in 3 years

- Frequency based – Number of time loss claims
- Maximum Discount – 25%
- Maximum Surcharge – 75%

### Advanced Program:

Premiums ≥\$15,000 in 3 years

- Cost Based
- Maximum Discount – 30%
- Maximum Surcharge – 200%



# Experience Rating Program Cost

		Advanced	Standard	Grand Total
<b>Discount</b>	# of Firms	3,850	18,352	22,202
	Total Amount	\$16,380,000	\$5,750,000	\$22,130,000
<b>Surcharge</b>	# of Firms	1,172	235	1,407
	Total Amount	\$20,770,000	\$370,000	\$21,140,000
<b>Total # of Firms</b>		5,022	18,587	23,609
<b>Cost of Program</b>		(\$4,400,000)	\$5,390,000	\$990,000



# Premium Composition: T42

<i>Factors</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>
Total Temporary Disability	\$ 1.159	\$ 0.954	\$ 0.830
Other Temporary Disability	\$ 0.285	\$ 0.253	\$ 0.219
Vocational Rehab	\$ 0.112	\$ 0.102	\$ 0.085
Medical Aid	\$ 0.830	\$ 0.858	\$ 0.820
Pension/Earnings Replacement	\$ 0.561	\$ 0.543	\$ 0.447
Independence Allowance	\$ 0.091	\$ 0.075	\$ 0.065
Fatalities	\$ 0.022	\$ 0.030	\$ 0.030
Administration	\$ 0.839	\$ 0.865	\$ 0.832
Disaster & Occupational Disease Reserve	\$ 0.070	\$ -	\$ -
Economic Stabilization Replenishment	\$ 0.050	\$ -	\$ -
Reserve/Injury Fund Replenishment	\$ 0.110	\$ -	\$ -
Safety Associations	\$ -	\$ -	\$ -
<b>Base</b>	<b>\$4.13</b>	<b>\$3.68</b>	<b>\$3.33</b>
Experience Rating	\$0.04	\$0.04	\$0.03
<b>Industry Rates</b>	<b>\$4.17</b>	<b>\$3.72</b>	<b>\$3.36</b>

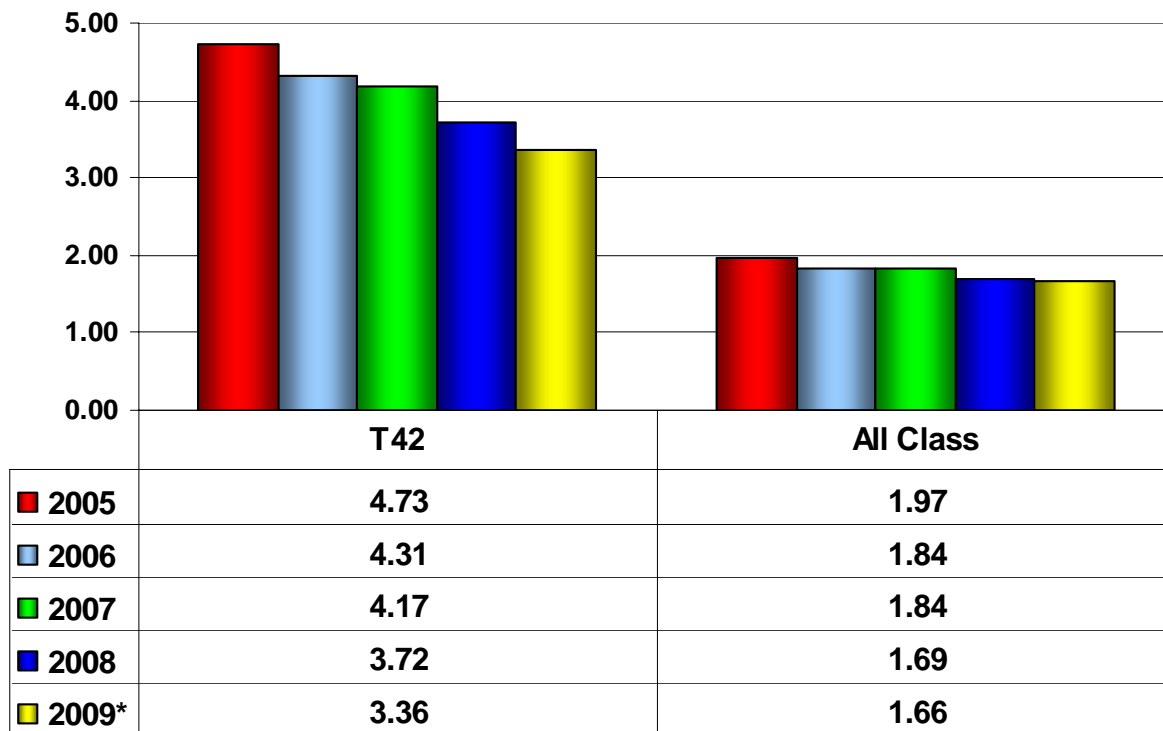
\* Per \$100 assessable payroll



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# Saskatchewan Premium Rate History

Effective Rate per \$100 Payroll



\* Provisional



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# New Initiatives

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- ❑ CRA Partnership
- ❑ Excluded Industries Review
- ❑ Employer Policy Development Project
- ❑ Claims System
- ❑ WorkSafe Partnership
- ❑ Review of Experience Rating Program
- ❑ Encourage new industry based safety associations
- ❑ Participation in the Alternative Assessment Procedure (AAP) for Interjurisdictional Trucking



# Alternative Assessment Procedure For Interjurisdictional Trucking

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- ❑ Simplifies the process for reporting drivers' earnings and payment of premiums
- ❑ Firms currently reporting pro-rated earnings to each jurisdiction in which they travel now have the option to report wages and pay premiums only to the WCB(s) in the jurisdictions where their drivers reside.
- ❑ Participation is optional and only for firms with drivers who travel through more than one jurisdiction
- ❑ Information packages were sent August 29, 2008  
→ application forms due October 1, 2008 →  
program effective January 1, 2009 (three year pilot)



# The WCB's Challenges

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- ❑ Leading behaviour and attitude change toward workplace injuries
- ❑ Maintaining the WCB's funded position according to the funding policy
- ❑ Improving client satisfaction ratings



# Next Steps

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- ❑ October 20 - 23: Industry specific meetings
- ❑ October 24: Gazette rates >10.5%
- ❑ November 17: Report feedback to Board
- ❑ December 2: Mail Employer Rate Letters



# Injury Prevention

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Zero injuries. Zero fatalities. Zero suffering.



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# Q & A



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