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A Preliminary Review of WSIB 2017 Premium Rates with a focus on Rate Group 707, Mechanical and Sheet Metal Work

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A. An opening comment

1. ***The reason for this paper:*** This paper will demonstrate that contrary to WSIB public messaging, the reduction in 2017 premium rates had little to do with contemporary performance and all to do with poorly explained and poorly understood adjustments to WSIB administrative expenses and prior claims costs allocations and methodology. *We caution the Board*. The Board risks losing institutional goodwill and employer enthusiasm, with neither likely to be quickly restored. This risk though is manageable if acted upon now. We offer a reasonable concrete suggestion.

2. Presently, the 2017 premium rate experience is liberally viewed as a transitional exercise. With the WSIB executive focus on the seismic movement in premium rate policy, it is presumed that many of the observations set out in this paper were not fully explored or addressed prior to the 2017 premium rate announcements. If correct, and in that context, this paper is remedial.

3. Going forward, it is expected that WSIB premium rate policy will respect the Board's long-held public narrative - better injury performance <u>will</u> result in lower premiums. Currently, as will be shown, that narrative does not hold true (in the majority of cases).

4. ***What this paper asks:*** That an immediate sector wide "deep-dive" into the data behind the 2017 premium rates be commenced with a sense of unparalleled urgency. This is not a discussion that should unfold through the normal sector specific rate sessions. This dialogue must be channelled through the **Construction Industry Advisory Committee** ["CIAC"], with senior WSIB participation, and it must commence quickly.

B. Introduction

1. On August 10, 2016, WSIB Chair Witmer and WSIB CEO Teahen announced the Board's general policy on 2017 premium rates, declaring that the system-wide average premium rate ("APR") will drop overall by 5% compared to 2016, dropping the APR from $2.59 to $2.46.

    a. Adjustments will range from 0% to -14%. No rate groups ("RG") will see increases (except for two municipal rate groups as a result of the PTSD legislative reforms for first responders). RGs otherwise "deserving" an increase will have rates frozen until **Rate Framework Review** ["RFR"] implementation.

    b. This rate reduction is the first since 2001.

    c. The Board recognized employer commitment and acceptance of over-assessments from 2010 to 2016 as a critical component leading to this development.

    d. Once the unfunded liability ["UFL"] is eliminated, the Ontario WSIB predicts its rates will be the lowest in Canada.

e. While no specifics were presented on August 10 and individual RG rates were not announced, for construction it was revealed that: 2 RGs will see reductions 0 - 5%; 3 RGs 5 - 10%; 4 RGs 10 - 14%, and 4 RGs would see no change.

i. Based on that announcement, at the time it was expected (by LAL) that **RG 707, Mechanical and Sheet Metal** would fall into the "zero" category (simply based on the preliminary target rates as published in 2015 and February 2016 (referenced in more detail later).

ii. However, the reasons were not disclosed and it was not clear if RG 707 performance slightly dipped.

iii. As it turned out, and as will be the focus of this preliminary review, RG 707 performance continued to improve. That it fell into the "zero" group had nothing to do with performance.

iv. It had everything to do with the WSIB's allocation levers – specifically the administration expense and the past claims costs allocations.

2. At its **September 14, 2016 Annual General Meeting** ("AGM") RG premium rates were announced. The summary for each **Class G (Construction)** RG is set out at **Appendix A**. [**Note:** For the purposes of this preliminary analysis, RG 755, Non-Exempt Executive Officers is excluded, suffice to note that the 2017 premium rate is unchanged from 2016.]

3. On its website, the WSIB declares that, "*For 2017, rate groups that have shown positive performance will see a decrease of up to 14 per cent compared to 2016*."

4. This statement remains consistent with the prevailing long-term and long-declared WSIB narrative that lower injury rates and costs equates to lower premiums.[1] The intuitive corollary of this of course is that only those RGs experiencing higher injury rates and costs will see increases in the 2017 target rates.

5. While the Board continues to "hang its hat" on this theme, this paper will show that certainly for construction employers but as well as for many others, viewed in a contemporary context, this narrative no longer holds. More significantly, it presents a misleading inherent message powerful enough to damage WSIB institutional credibility. In construction at least, and for other groups as well, the reason behind 2017 premium rate fluctuations had little, and in most instances nothing, to do with performance.

6. The WSIB is well-advised to immediately recalibrate its public message or its rate setting policy or risk relegating the "*improving performance*" aphorism to that of a specious myth.

7. For RG 707 the 2017 target rate is set at \$4.26. As this is higher than the 2016 actual rate of \$4.16, RG 707 receives a "zero percent" increase and its rate is capped by policy. It is telling to note that the RG 707 target rate announced February 2016 was \$3.99.

8. If the WSIB prevailing cost improvement narrative would hold true, a reasonable observer would expect that RG 707 performance is deteriorating (and many may so inferentially conclude).

[1] See as well the WSIB web document, "*How can I reduce my premium costs?*" which repeats the narrative to focus on reducing claims incidence and costs.

9. Yet, RG 707 performance, as measured by *any* performance indicator, such as i) injury frequency; ii) cost per claim; iii) new claims costs (NCC) allocations, etc., has been improving.

10. In fact, the three construction RGs that saw 2017 target rate increases (RG 707 Mechanical; RG 723 ICI; RG 741 Masonry, hereinafter the "group of 3") *all* experienced declines in NCC 2016 to 2017. More striking is that five (5) of the nine (9) construction RGs experiencing declines (hereinafter the "group of 9") (60% of "decliners") had increases in NCC 2016 to 2017.

11. Interestingly, all 2017 construction targets are significantly higher than 2016 construction targets even for those RGs with improving performance. This has not been explained by the WSIB.

12. This paper will show that the main factors driving 2017 differential rates was not performance, which would be within the control of the RG (i.e., employers), but increases in WSIB and system administration expense ("AE") allocations and the UFL portion of the rate (i.e., past claims costs ("PCC")), neither of which is within the control of employers. Simply put, construction employers had little control over the factors driving 2017 premium rates.

13. Over the past many years, the WSIB has left the impression with all employers, and especially with Ontario's construction employers, that sustained improved performance will be rewarded with lower premium rates. The Board still publicly trumpets that message. Employers still believe that message. Yet, the 2017 premium rate exercise presents a counter-narrative – improving performance does not result in lower premiums.

14. *What this paper asks:* That an immediate sector wide "deep-dive" into the data behind the 2017 premium rates be commenced with a sense of unparalleled urgency. This is not a discussion that should unfold through the normal RG sessions. This dialogue must be channelled through the CIAC, with senior WSIB participation, and it must commence quickly.

C. 2017 premium rate observations: RG 707 and Class G

1. From 2012 to 2016, as a result of universal WSIB rate setting <u>policy</u> (i.e., not RG performance), RG 707 premium rates increased 2.5%. For 2017 the RG 707 target rate increased 2.4% over 2016.

Year	Rate
2012	$4.06
2016	$4.16
2017	$4.26

2. Yet, the cost per claim dramatically declined 15.4% 2012 to 2016.[2]

Year	Cost per Claim
2012	$17,446
2016	$14,765
2017	$N/A

3. The new claims cost ("NCC") allocation, the primary performance indicator, and the one that befalls the WSIB "*improve your performance*" narrative, declined 27% 2012 to 2016 and a further 1.8% 2016 to 2017, for a total decline 2012 to 2017 of 29%.

Year	NCC
2012	$2.159
2016	$1.577
2017	$1.548

4. RG 707 injury frequency declined 3.3% 2012 to 2016.

Year	Injury Frequency
2012	1.21%
2016	1.17%
2017	N/A

5. As the saying goes, "*So far, so good.*"

[2] From WSIB annual **Premium Rate Manuals**

6. From 2012 to 2016, RG 707 overhead or administration expense allocation ("AE") declined 1.8% but for 2017, the AE allocation increased 5.2%. The RG 707 AE allocation is the primary reason for an increase in RG 707 premium targets 2016 to 2017. This factor rests within the exclusive purview of the WSIB. RG 707 employers have no control over this factor.

Year	Admin Allocation
2012	$0.723
2016	$0.710
2017	$0.747

7. From 2012 to 2016, RG 707 past claims costs ("PCC") allocation increased 59% and increased again from 2016 to 2017. The total PCC increase 2012 to 2017 was 67%.

Year	PCC Allocation
2012	$1.180
2016	$1.873
2017	$1.968

8. In February 2016, the WSIB released the document "**Class and Rate Group Level Projected Premium Rates**," the relevant portion of which is excerpted below.

CLASS G – CONSTRUCTION

RATE GROUP #	RATE GROUP DESCRIPTION	Published Rate ($)		2014 Projected Rate ($)		2016 Projected Rate ($)	
		2014	2016	With UFL	$0 UFL	With UFL	$0 UFL
704	Electrical And Incidental Construction Services	3.69	3.69	3.81	2.31	3.53	2.03
707	Mechanical And Sheet Metal Work	4.16	4.16	4.12	2.49	3.99	2.28
711	Roadbuilding And Excavating	5.29	5.29	4.90	2.94	4.72	2.67
719	Inside Finishing	7.51	7.51	5.84	3.48	5.89	3.30
723	Industrial, Commercial & Institutional Construction	4.55	4.55	4.78	2.86	4.42	2.51
728	Roofing	14.80	14.80	12.09	7.07	12.46	6.83
732	Heavy Civil Construction	7.03	7.03	6.38	3.79	6.05	3.38
737	Millwrighting And Welding	6.90	6.90	6.19	3.68	6.08	3.40
741	Masonry	12.70	12.70	11.88	6.95	11.99	6.58
748	Form Work And Demolition	18.31	18.31	12.18	7.13	12.23	6.71
751	Siding And Outside Finishing	10.25	10.25	8.02	4.73	7.06	3.93
764	Homebuilding	9.10	9.10	6.76	4.01	6.99	3.89
	Class Total	**6.45**	**6.43**	**5.59**	**3.33**	**5.43**	**3.05**

9. As at late February 2016 (just 6 months ago), the WSIB advised that the RG 707 target was $3.99, which was a drop over 2014's projected target of $4.12 (- 3%).

10. Yet, with lower injury rates, sustained lower injury costs, and a lower aggregate UFL, the WSIB set the 2017 RG 707 target at $4.26, 7% higher than just six months ago. No explanation has been offered.

11. The table below compares 2014 targets (as restated February 2016), 2016 targets (as stated February 2016) and 2017 targets (as recently stated). The 3 RGs with the yellow highlight are those with 2017 targets higher than 2016 actual rates (the "group of three").

Rate Group	2014 Target	2016 Target	2017 Target	2016 Actual
704	3.81	3.53	3.56	3.69
707	**4.12**	**3.99**	**4.26**	**4.16**
711	4.90	4.72	4.95	5.29
719	5.84	5.89	6.65	7.51
723	4.78	4.42	4.64	4.55
728	12.09	12.46	13.71	14.80
732	6.38	6.05	6.65	7.03
737	6.19	6.08	6.72	6.90
741	11.88	11.99	12.90	12.70
748	12.18	12.23	13.71	18.31
751	8.02	7.06	7.22	10.25
764	6.76	6.99	7.39	9.10
Class G	5.59	5.43	N/A	6.43

12. For every Class G RG, the "2016 Actual Rate" was higher than the "2016 Target Rate," meaning that in 2016 *all* Class G RGs were "over-assessed." From this, presuming constant or improving performance, one would reasonably conclude that when moving to target, that all construction RGs would receive a rate decline. This of course did not occur (in spite of continuing performance improvements for the "group of 3").

13. This table brings forward some interesting observations.

    a. For 2017, all Class RG targets increased over 2016 targets (released just 6 months ago in late February 2016).

    b. Yet, for most RGs, performance improved.

c. For <u>all</u> of the RGs receiving no increase (i.e., 2017 target is higher than 2016 actual - the "group of 3"), performance improved.

14. The table below shows the change and the rate of change of the "new claims costs allocation" ("NCC") 2016 to 2017. This factor is the only factor linked to RG performance. The RGs in green highlight received a rate reduction in spite of an increase in NCC 2016 to 2017. The RGs in yellow highlight saw an increase in target rates even though NCC were reduced 2016 to 2017.

Rate Group	2016 NCC	2017 NCC	% change NCC 2016 to 2017	% change premium rate 2016 to 2017
704	1.379	1.269	- 8%	- 3.5%
707	**1.577**	**1.548**	**- 2%**	**zero**
711	1.886	1.819	- 3.6%	- 6.4%
719	2.383	2.487	+ 4.4%	-11.5%
723	1.759	1.697	- 3.5%	zero
728	5.183	5.267	+ 1.6%	- 7.4%
732	2.450	2.489	+ 1.6%	- 5.4%
737	2.465	2.513	+ 2%	- 2.6%
741	4.981	4.947	- 3.4%	zero
748	5.085	5.265	+ 3.5%	- 14%
751	2.883	2.710	- 6%	- 14%
764	2.851	2.780	- 2.5%	- 14%

15. From this two clear observations are made: a) of the "group of 3" construction RGs receiving no downward premium adjustment 2016 to 2017, all experienced lower NCC 2016 to 2017; and, b) of the "group of 9" construction RGs receiving rate decreases 2016 – 2017, 5 RGs (60%) experienced an increase in NCC 2016 – 2017.

16. The table below shows the movement in the administration expense allocation ("AE") 2016 to 2017.

Rate Group	2016 AE	2016 AE as % 2016 target	2017 AE	2017 AE as % of 2017 target	AE % change 2016 to 2017
704	0.658	17.8 %	0.672	18.9%	+ 2.1%
707	**0.710**	**17.1%**	**0.747**	**17.5%**	**+ 5.2%**
711	0.792	15.0%	0.820	16.6%	+ 3.5%
719	0.924	12.3%	1.000	15%	+ 8.2%
723	0.759	16.7%	0.787	17%	+ 3.7%
728	1.668	11.3%	1.747	12.7%	+ 4.7%
732	0.942	13.4%	1.000	15%	+ 6.2%
737	0.946	13.7%	1.007	15%	+ 6.5%
741	1.615	12.7%	1.661	12.9%	+ 2.9%
748	1.642	9%	1.747	12.7%	+ 6.4%
751	1.056	10.3%	1.060	14.7%	+ 0.5%
764	1.049	11.5%	1.079	14.6%	+ 2.9%

17. Several telling and interesting observations surface. *First*, no pattern emerges from the AE allocation across Class G or with respect to 2016 to 2017 movement. The publicly released rule ("*administration/overhead costs are allocated to a rate group in proportion to NCC and insurable earnings*") is indecipherable. This must be carefully explained. *Second*, for the "group of 3" (707; 723; 741) had the 2017 AE allocation held constant 2016 to 2017, each of the "group of 3" would have experienced a rate decline. This is illustrated in the table below.

Rate Group	Premium differential 2016 actual to 2017 target	AE differential 2016 to 2017	Restated 2017 rate if AE held at 2016 allocation	% reduction in rate if AE held at 2016 allocation
707	+ $0.10	+ $0.37	$3.39	- 9.0%
723	+ $0.09	+ $0.28	$4.27	- 6.2%
741	$0.20	+ $0.46	$12.24	- 3.6%

18. The table below shows the fluctuation in the PCC allocation from 2016 to 2017, demonstrating yet again that a WSIB derived factor and not performance is the exclusive reason for an upward change in 2017 targets. We see that all RGs in the "group of 3" experience an increase in the PCC, whereas all RGs in the "group of 9" all experience a decrease in the PCC. It must also be remembered that all three members of the "group of 3" saw declines in NCC, and 5 of the "group of 9" had increases in NCC.

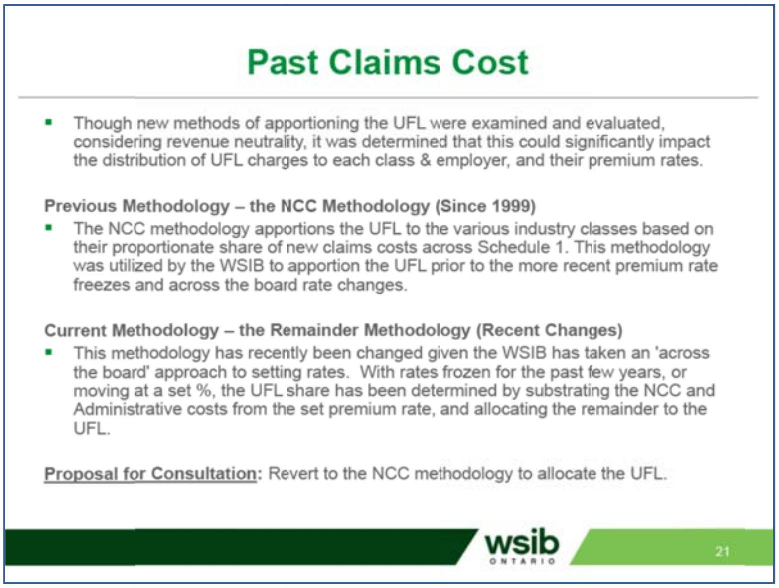
Rate Group	2016 PCC	2016 PCC as % of rate	2017 Target PCC	2017 Target PCC as % of target rate	2017 Actual PCC	2017 Actual PCC as % of actual rate
704	1.653	44.8	1.614	45.3	1.619	45.4
707	**1.873**	**45.0**	**1.968**	**46.2**	**1.865**	**44.8**
711	2.612	49.4	2.313	46.7	2.311	46.7
719	4.203	56.0	3.163	47.6	3.163	47.6
723	2.032	44.7	2.158	46.1	2.066	45.4
728	7.949	53.7	6.697	48.9	6.696	42.6
732	3.638	51.8	3.165	47.6	3.161	47.5
737	3.489	50.6	3.195	47.6	3.200	47.6
741	6.104	48.1	6.290	48.8	6.092	48.1
748	11.583	63.3	6.694	48.8	8.738	55.5
751	6.311	61.6	3.446	47.7	5.050	57.3
764	5.200	57.1	3.534	47.8	3.971	50.7

19. While it is clear that the PCC allocation changed, the specific implications of that change on Class G have not been explained and are not understood.

20. A **WSIB April, 2015 RFR Presentation** introduced the need for a review of PCC allocation rules (see the slide replicated at top of next page).

21. While it is understood that the need for a review of NCC allocation rules is accentuated when moving off an "across the board" rate setting policy, it is not known when this issue was formally decided.

22. The last official word was as a "proposal for consultation." This issue certainly did not move forward to the CIAC. For any meaningful "consultation" to occur, the full impacts of that change must be explained and understood. Even post-rule-implementation, the effect of this change is not at all understood.



23. The observations set out above are not unique to Class G. This is a system-wide problem. As reflected in the tables which follow, of the 155 WSIB RGs, only 77 (49%) hold true to the narrative that premium adjustments reflect performance (higher or lower). 51% of all RGs reflect the counter-narrative – that performance has less to do with premium rate fluctuation than do levers within the exclusive control of the WSIB. For 70 RGs (45%), NCC *declined* but 2017 target rates *increased*.

Rate Groups where NCC declined along with 2017 premium rates (WSIB narrative holds)					
36 Veneers	231 Soft Drinks	419 Motor Vehicle	533 Signs	685 Metal W/sale	908 Real Estate
110 Gold Mines	289 Textiles	421 Vehicle Parts	538 Sport Goods	689 Waste/Recycle	911 Security
113 Nickel Mines	301 Clothing	424 Stampings	560 Warehousing	704 Electrical Con	919 Restaurants
119 Other Mines	312 Wood Boxes	425 Wheels	590 Ambulance	711 Roadbuilding	921 Hotels
134 Aggregates	323 Metal Furn	428 Vehicle Fabric	604 Food Sales	751 Outside Finish	923 Janitorial
174 Tobacco	358 Foundries	466 Comm	607 Specialty Food	764 Homebuilding	929 Non-clerical
210 Poultry Farms	361 Non-Ferrous	468 Electronics	608 Beer Stores	838 Gas Distrib	933 Equip Service
214 Fruit Farm	377 Metal Coating	496 Concrete	633 Petro Sales	851 Nurse Homes	937 Recreational
216 Dairy Products	379 Hardware	497 Ready-Mix	636 Other Sales	852 Resident Care	944 Personal Serv
220 Other Bakery	383 Heating Equip	501 Mineral Prod	638 Pharmacies	853 Hospitals	958 Technical
222 Confectionary	390 Pressed Metal	507 Petro Products	641 Clothing Sales	857 Nursing	975 Laundry
223 Biscuits	393 Wire Products	514 Pharma	668 Elec. Sales	861 Med Clinics	983 Communicate
226 Crushed Foods	417 Aircraft/Parts	517 Soap	681 Lumber Sales	905 Apartments	

Rate Groups where NCC declined but 2017 target rates increased (WSIB narrative does not hold)					
30 Logging	261 Plastic Film	375 Structural	477 Ind. Electrical	606 Convenience	858 Group Homes
33 Mill Products	263 Other Plastic	382 Metal Dies	485 Bricks	630 Vehicle Serv.	875 Prof. Offices
39 Pulp/Paper	308 Millwork	385 Mach Shops	502 Glass Products	657 Auto Dealers	956 Legal/Finance
41 Corrugated Box	311 Cabinets	387 Other Metal	512 Paint	670 Mach. Sales	962 Advertising
159 Livestock	322 Uphol Furn	389 Containers	524 Chemicals	707 Mechanic Con	981 Member Org.
167 Veg farms	325 Furniture	402 Appliances	529 Jewellery	723 ICI Con	
181 Fishing	328 Fixtures	403 Other Mach	542 Other Mfg.	741 Masonry	
184 Poultry Farms	333 Printing	406 Elevators	551 Air Industries	755 Construct EO	
190 Landscaping	335 Publishing	408 Boilers	553 Air Transport	810 School Boards	
207 Meat Products	338 Cartons	411 Agri-equip	570 Trucking	817 Ed. Facilities	
230 Alcohol	341 Paper Prod	420 Engines	577 Courier	833 Power Gen.	
238 Other Rubber	352 Steel	432 Trucks	580 Misc. Trans	835 Water Distrib.	
258 Plastic	374 Doors/Wind	460 Small Appl.	584 School Bus	845 Local Gov't	

D. Summary and Request for Action

1. It is abundantly clear that contrary to WSIB public messaging, the reduction in 2017 premium rates had little to do with contemporary performance and all to do with poorly explained and poorly understood adjustments to WSIB administrative expenses and prior claims costs allocations and methodology.

2. Yet, the WSIB persists in messaging that lower injuries and lower costs will result in lower premium rates.

3. We caution the Board. Once its long proclaimed rallying call is viewed as a *cliché*, the Board risks losing institutional goodwill and employer enthusiasm, with neither likely to be quickly restored.

4. Presently, the 2017 premium rate experience is liberally viewed as a transitional exercise. With the executive focus on the seismic movement in premium rate policy, it is presumed that many of the observations set out in this paper were not fully explored or addressed prior to the 2017 premium rate announcements. That awareness has now been achieved.

5. Going forward, it is expected that WSIB premium rate policy will respect the Board's long-held public narrative – better injury performance will result in lower premiums.

6. We conclude with a repeat of the request to commence an immediate in-depth dialogue through the CIAC.

All of which is respectfully presented.

L. A. Liversidge
September 27, 2016

Appendix A: Summary of Class G (Construction) 2017 Premium Rates Backgrounder

RG 704: Electrical

Component	2016 Rate	2017 Target	2017 Rate	Percent Change
A. New Claims Cost	1.379	1.269	1.269	-8.0%
B. Administration Expenses	0.658	0.672	0.672	2.1%
C. Past Claims Cost	1.653	1.614	1.619	-2.1%
D. Total Premium Rate	3.69	3.56	3.56	-3.5%

RG 707: Mechanical

Component	2016 Rate	2017 Target	2017 Rate	Percent Change
A. New Claims Cost	1.577	1.548	1.548	-1.8%
B. Administration Expenses	0.710	0.747	0.747	5.2%
C. Past Claims Cost	1.873	1.968	1.865	-0.4%
D. Total Premium Rate	4.16	4.26	4.16	0.0%

RG 711: Roadbuilding

Component	2016 Rate	2017 Target	2017 Rate	Percent Change
A. New Claims Cost	1.886	1.819	1.819	-3.6%
B. Administration Expenses	0.792	0.820	0.820	3.5%
C. Past Claims Cost	2.612	2.313	2.311	-11.5%
D. Total Premium Rate	5.29	4.95	4.95	-6.4%

RG 719: Inside Finishing

Component	2016 Rate	2017 Target	2017 Rate	Percent Change
A. New Claims Cost	2.383	2.487	2.487	4.4%
B. Administration Expenses	0.924	1.000	1.000	8.2%
C. Past Claims Cost	4.203	3.163	3.163	-24.7%
D. Total Premium Rate	7.51	6.65	6.65	-11.5%

RG 723: ICI

Component	2016 Rate	2017 Target	2017 Rate	Percent Change
A. New Claims Cost	1.759	1.697	1.697	-3.5%
B. Administration Expenses	0.759	0.787	0.787	3.7%
C. Past Claims Cost	2.032	2.158	2.066	1.7%
D. Total Premium Rate	4.55	4.64	4.55	0.0%

RG 728: Roofing

Component	2016 Rate	2017 Target	2017 Rate	Percent Change
A. New Claims Cost	5.183	5.267	5.267	1.6%
B. Administration Expenses	1.668	1.747	1.747	4.7%
C. Past Claims Cost	7.949	6.697	6.696	-15.8%
D. Total Premium Rate	14.80	13.71	13.71	-7.4%

RG 732: Heavy Civil

Component	2016 Rate	2017 Target	2017 Rate	Percent Change
A. New Claims Cost	2.450	2.489	2.489	1.6%
B. Administration Expenses	0.942	1.000	1.000	6.2%
C. Past Claims Cost	3.638	3.165	3.161	-13.1%
D. Total Premium Rate	7.03	6.65	6.65	-5.4%

RG 737: Millrighting/Welding

Component	2016 Rate	2017 Target	2017 Rate	Percent Change
A. New Claims Cost	2.465	2.513	2.513	1.9%
B. Administration Expenses	0.946	1.007	1.007	6.4%
C. Past Claims Cost	3.489	3.195	3.200	-8.3%
D. Total Premium Rate	6.90	6.72	6.72	-2.6%

RG 741: Masonry

Component	2016 Rate	2017 Target	2017 Rate	Percent Change
A. New Claims Cost	4.981	4.947	4.947	-0.7%
B. Administration Expenses	1.615	1.661	1.661	2.8%
C. Past Claims Cost	6.104	6.290	6.092	-0.2%
D. Total Premium Rate	12.70	12.90	12.70	0.0%

RG 748: Demolition

Component	2016 Rate	2017 Target	2017 Rate	Percent Change
A. New Claims Cost	5.085	5.265	5.265	3.5%
B. Administration Expenses	1.642	1.747	1.747	6.4%
C. Past Claims Cost	11.583	6.694	8.738	-24.6%
D. Total Premium Rate	18.31	13.71	15.75	-14.0%

RG 751: Outside Finishing

Component	2016 Rate	2017 Target	2017 Rate	Percent Change
A. New Claims Cost	2.883	2.710	2.710	-6.0%
B. Administration Expenses	1.056	1.060	1.060	0.4%
C. Past Claims Cost	6.311	3.446	5.050	-20.0%
D. Total Premium Rate	10.25	7.22	8.82	-14.0%

RG 764: Homebuilding

Component	2016 Rate	2017 Target	2017 Rate	Percent Change
A. New Claims Cost	2.851	2.780	2.780	-2.5%
B. Administration Expenses	1.049	1.079	1.079	2.9%
C. Past Claims Cost	5.200	3.534	3.971	-23.6%
D. Total Premium Rate	9.10	7.39	7.83	-14.0%