

2017 Premium Rates - Update

Initial BoD Decision on 2017 Premium Rates

- Based on the 2016 Funding Projection, the BoD approved the 2017 Premium Rates as follows:
 - Overall Schedule 1 average rate reduction of 5%
 - Rate groups with good performance to receive a rate reduction up to 14%
 - Additional Post Traumatic Stress Disorder costs to be included in rate group 845: Local Government Services and rate group 590: Ambulance Services
 - Other rate groups will have no rate change from 2016

Update on Initial 2017 Premium Rates Decision

- When preparing for technical sessions, we realized that we had not allocated the Past Claim Cost (“PCC”) component of premium rates as we had intended to:
 - Consequence – misalignment of proposed rate group (“RG”) rates and misstatement of “target rates” by RG
 - Note – New Claims Cost and expenses were properly allocated and PCC was correct in total (in the final rate)
- Correct PCC allocation in the target rates would have changed RG rates compared to those initially published
 - Some RG rates would be higher, others lower
- Our recommendation – charge each RG for 2017 at the lower of rate initially proposed or rate that would have been charged reflecting correct PCC allocation (balancing to \$2.46)
- Impact of correct PCC allocation
 - Still no increases (other than the two RG affected by PTSD)
 - By doing this, we honour the commitment originally provided and allow those RG’s deserving a decrease to benefit
- Overall Schedule 1 average rate reduction becomes just over 6% instead of 5%, resulting in a Schedule 1 rate of \$2.43
- The following summary tables show the revised class rates compared to the previous version

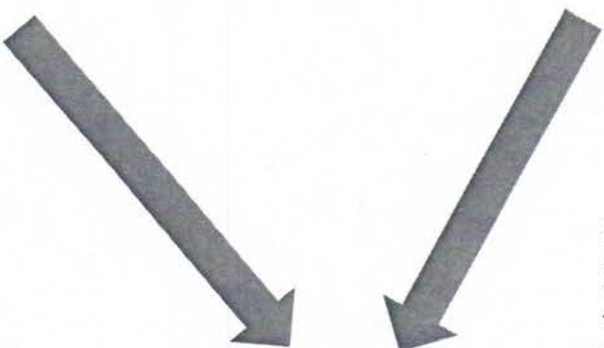
Progression to "Best of" 2017 Rates - Class

Class	2016	2017	2017 Charged
	Published	Target \$2.59	\$2.59 Starting Point
A	5.50	7.68	5.51
B	6.85	6.40	6.33
C	4.19	5.72	4.15
D	2.62	2.89	2.54
E	5.09	5.74	5.05
F	1.82	1.75	1.71
G	6.43	5.75	5.89
H	1.42	1.46	1.40
I	1.34	1.14	1.21
1	2.59	2.59	2.46

Class	2017	2017 Charged
	Target \$2.46	\$2.46 Starting Point
A	7.28	5.46
B	6.08	6.44
C	5.42	4.15
D	2.75	2.52
E	5.44	5.07
F	1.67	1.72
G	5.45	5.93
H	1.39	1.37
I	1.08	1.23
1	2.46	2.46

N.B. "Proposed basis" reflects the lower of rate initially proposed or revised rate described in previous slide. This means that the class rate under the proposed basis will tend to be lower than under either the \$2.59 or the \$2.46 scenario

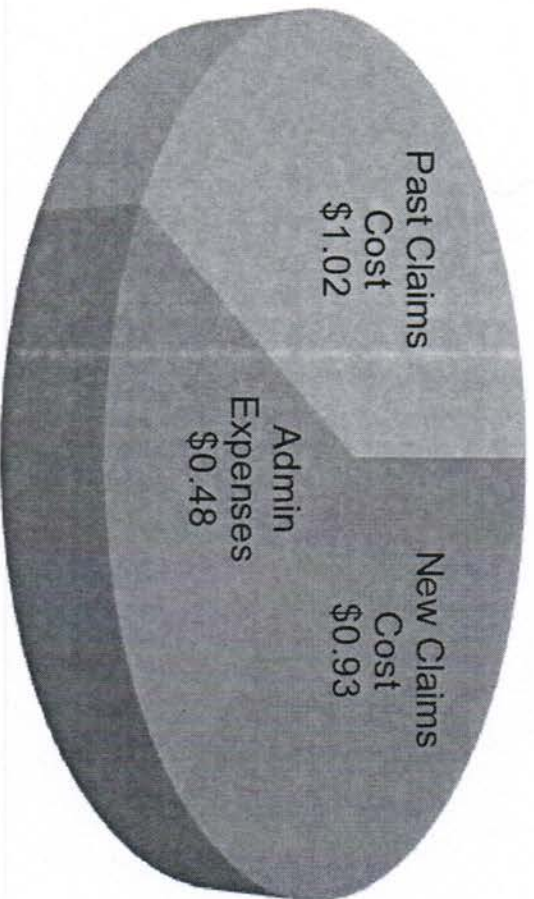
Class	2017 Charged Proposed Basis
A	5.46
B	6.25
C	4.15
D	2.50
E	5.04
F	1.70
G	5.79
H	1.37
I	1.20
1	2.43



2017 Premium Rates – Comparison of Class Rates

Class	Description	2016 Published Rate (\$2.59)	2017 Rate		% Change
			No Increase (except PTSD) Decreases up to 14%	(\$2.43)	
A	Forest Products	5.50	5.46	-0.7%	
B	Mining and Related Industries	6.85	6.25	-8.8%	
C	Other Primary Industries	4.19	4.15	-1.0%	
D	Manufacturing	2.62	2.50	-4.6%	
E	Transportation and Storage	5.09	5.04	-1.0%	
F	Retail and Wholesale Trades	1.82	1.70	-6.6%	
G	Construction	6.43	5.79	-10.0%	
H	Government and Related Services	1.42	1.37	-3.5%	
I	Other Services	1.34	1.20	-10.4%	
Schedule 1		2.59	2.43	-6.2%	

2017 Schedule 1 Premium Rate Components



	2016	2017	% Change
New Claims Cost	1.010	0.930	-7.9%
Admin Expenses	0.483	0.479	-0.8%
Past Claims Cost	1.095	1.019	-6.9%
Total Rate	2.59	2.43	-6.2%

New Claims Cost (NCC) – The expected future cost of your rate group's new claims for the year.

Administration Expenses – Your rate group's share of the WSIB's operating costs and the legislated funding that goes to the Ministry of Labour, Ontario's Health and Safety Associations, and other organizations that serve Ontario workers and employers.

Past Claims Cost (PCC) – A charge required to eliminate the WSIB's unfunded liability.

Recommendation

- Recommendation for 2017 rates :
 - To approve the revised set of 2017 premium rates by rate group, leading to a total planned rate reduction of 6.2%, from \$2.59 per \$100 of insurable earnings to \$2.43
 - By this approval BOD Minute #6, August 18, 2016, Page 7442 is rescinded and superseded

Appendix

- The following slides show the 54 Rate Groups that would benefit from a decrease compared to the rates initially published as well as the 34 that would have had an increase in their target rate had we correctly allocated the PCC in the first place

List of Rate Groups With a Decrease From Previously Published 2017 Rates

Rate Group	Rate Group Description	2017 \$2.46				2017 \$2.46			
		Published	Starting Point	Starting Point	Firm Count	Published	Starting Point	Starting Point	Firm Count
33	Mill Products And Forestry Services	8.80	8.80	8.60	291	8.80	8.80	2.08	160
36	Veneers, Plywood And Wood Preservation	5.37	5.04	4.95	48	5.37	5.04	2.13	182
119	Other Mines	6.69	6.40	6.16	259	6.69	6.40	2.60	150
134	Aggregates	6.52	6.19	6.00	445	6.52	6.19	3.31	368
174	Tobacco And Mushroom Farms	5.15	4.77	4.74	285	5.15	4.77	3.11	178
207	Meat And Fish Products	4.66	4.66	4.45	326	4.66	4.45	1.44	127
210	Poultry Products	3.50	3.50	3.36	139	3.50	3.36	3.31	166
216	Dairy Products	2.26	2.24	2.13	115	2.26	2.13	3.31	385
223	Biscuits, Snack Foods And Other Food Products	2.79	2.72	2.58	404	2.79	2.58	3.31	101
289	Cloth, Carpets And Textile Products	3.71	3.69	3.50	485	3.71	3.50	3.31	24
325	Wooden And Other Non-Metal Furniture	4.30	4.30	4.17	557	4.30	4.17	3.31	171
328	Furniture Parts And Fixtures	4.17	4.17	4.00	132	4.17	4.00	3.31	937
335	Printing	0.56	0.56	0.55	687	0.56	0.55	3.31	956
338	Folding Cartons	2.65	2.65	2.57	70	2.65	2.57	3.31	958
361	Non-Ferrous Metal Industries	3.59	3.43	3.31	85	3.59	3.31	3.31	962
379	Hardware, Tools And Cutlery	2.74	2.57	2.53	182	2.74	2.53	3.31	741
383	Heating, Refrigeration And Air Conditioning Equipment	2.78	2.73	2.60	150	2.78	2.60	3.31	755
390	Other Stamped And Pressed Metal Products	3.59	3.43	3.31	368	3.59	3.31	3.31	833
393	Wire Products	3.37	3.25	3.11	178	3.37	3.11	3.31	851
417	Aircraft and Aircraft Parts	1.56	1.51	1.44	127	1.56	1.44	3.31	857
419	Motor Vehicle Assembly	3.59	3.43	3.31	385	3.59	3.31	3.31	861
421	Other Motor Vehicle Parts And Equipment	3.59	3.43	3.31	101	3.59	3.31	3.31	911
424	Motor Vehicle Stampings	3.59	3.43	3.31	24	3.59	3.31	3.31	933
425	Motor Vehicle Wheels And Brakes	5.42	5.30	5.02	171	5.42	5.02	3.31	937
496	Concrete Products	4.28	4.28	4.17	109	4.28	4.17	3.31	956
538	Sporting Goods And Toys	2.13	2.13	2.08	160	2.13	2.08	3.31	958
542	Other Manufactured Products	2.13	2.13	2.08	160	2.13	2.08	3.31	962
553	Air Transport Services	1.93	1.93	1.91	198	1.93	1.91	1.07	1461
604	Food, Sales	2.54	2.36	2.34	2,907	2.54	2.34	2.716	5,055
606	Grocery And Convenience Stores	2.20	2.20	2.09	2,983	2.20	2.09	2.716	5,055
612	Agricultural Products, Sales	2.48	2.41	2.29	500	2.48	2.29	2.716	5,055
633	Petroleum Products, Sales	2.60	2.56	2.44	1,983	2.60	2.44	2.716	5,055
638	Pharmacies	0.70	0.66	0.65	4,732	0.70	0.65	2,603	2,603
670	Machinery And Other Vehicles, Sales	1.84	1.84	1.83	3,902	1.84	1.83	2,603	2,603
704	Electrical And Incidental Construction Services	3.69	3.56	3.40	11,279	3.69	3.40	12,486	12,486
707	Mechanical And Sheet Metal Work	4.16	4.16	4.05	12,486	4.16	4.05	6,589	6,589
711	Roadbuilding And Excavating	5.29	4.95	4.87	6,589	5.29	4.87	4,777	4,777
723	Industrial, Commercial & Institutional Construction	4.55	4.55	4.40	4,777	4.55	4.40	3,892	3,892
728	Roofing	14.80	13.71	13.62	3,892	14.80	13.62	791	791
732	Heavy Civil Construction	7.03	6.65	6.47	791	7.03	6.47	2,603	2,603
737	Millwrighting And Welding	6.90	6.72	6.36	2,603	6.90	6.36	2,603	2,603
741	Masonry	12.70	12.70	12.21	2,716	12.70	12.21	2,716	2,716
755	Non-Exempt Partners and Executive Officers in Construction	0.21	0.21	0.20	5,055	0.21	0.20	5,055	5,055
833	Electric Power Generation	0.78	0.78	0.77	122	0.78	0.77	122	122
851	Homes For Nursing Care	3.29	3.24	3.08	591	3.29	3.08	591	591
853	Hospitals	1.10	1.09	1.04	249	1.10	1.04	249	249
857	Nursing Services	3.31	3.10	3.05	1,794	3.31	3.05	1,794	1,794
861	Treatment Clinics And Specialized Services	1.10	1.09	1.04	1,990	1.10	1.04	1,990	1,990
911	Security And Investigative Services	1.74	1.66	1.61	862	1.74	1.61	862	862
933	Equipment Rental And Repair Services	3.08	2.99	2.84	1,316	3.08	2.84	1,316	1,316
937	Recreational Services And Facilities	2.19	2.16	2.05	1,958	2.19	2.05	1,958	1,958
956	Legal And Financial Services	0.21	0.21	0.20	5,661	0.21	0.20	5,661	5,661
958	Technical And Business Services	0.38	0.36	0.35	10,551	0.38	0.35	10,551	10,551
962	Advertising And Entertainment	1.09	1.09	1.07	1,461	1.09	1.07	1,461	1,461

There are 19 rate groups getting a decrease that did not get a decrease in the originally published rates (highlighted in grey above).

List of Rate Groups With An Increased Rate Based On Average Rate of \$2.46

Rate Group	Rate Group Description	2016	2017 \$2.46	2017 \$2.46	2017 \$2.43	Firm Count
		Published \$2.59 Starting Point	\$2.46 Starting Point	\$2.46 Starting Point	"Best of" Rate	
110	Gold Mines	8.15	7.01	7.50	7.01	71
214	Fruit And Vegetable Products	2.68	2.44	2.47	2.44	179
220	Other Bakery Products	4.00	3.54	3.68	3.54	404
231	Soft Drinks	3.58	3.08	3.30	3.08	83
301	Clothing, Fibre And Yarn	2.43	2.19	2.24	2.19	578
323	Metal Furniture	2.33	2.14	2.15	2.14	204
428	Motor Vehicle Fabric Accessories	4.58	4.00	4.22	4.00	54
442	Railroad Rolling Stock	2.74	2.36	2.53	2.36	58
517	Soap And Toiletries	1.68	1.45	1.55	1.45	160
533	Signs And Displays	3.19	2.75	2.94	2.75	982
560	Warehousing	3.43	2.95	3.16	2.95	642
607	Specialty Food Stores	3.73	3.21	3.44	3.21	1,434
608	Beer Stores	4.17	3.59	3.84	3.59	7
636	Other Sales	1.46	1.32	1.35	1.32	17,740
641	Clothing Stores	1.59	1.37	1.47	1.37	2,794
668	Computer, Electronic And Electrical Equipment, Sales	0.50	0.45	0.46	0.45	3,373
681	Lumber And Builders Supply	3.01	2.72	2.77	2.72	1,574
689	Waste Materials Recycling	6.17	5.65	5.68	5.65	549
719	Inside Finishing	7.51	6.65	6.91	6.65	22,341
748	Form Work And Demolition	18.31	15.75	16.85	15.75	872
751	Siding And Outside Finishing	10.25	8.82	9.43	8.82	7,341
764	Homebuilding	9.10	7.83	8.38	7.83	30,168
830	Power And Telecommunication Lines	4.45	3.83	4.10	3.83	526
838	Natural Gas Distribution	0.69	0.62	0.64	0.62	14
852	Homes For Residential Care	3.30	2.84	3.04	2.84	424
905	Apartment And Condominium Services	3.04	2.70	2.80	2.70	4,759
908	Other Real Estate Services	1.31	1.13	1.21	1.13	2,226
919	Restaurants And Catering	1.72	1.58	1.59	1.58	25,865
921	Hotels, Motels And Camping	3.10	2.69	2.86	2.69	2,675
923	Janitorial Services	3.73	3.21	3.44	3.21	7,804
929	Supply Of Non-Clerical Labour	5.05	4.35	4.65	4.35	1,321
944	Personal Services	3.26	2.81	3.00	2.81	9,173
975	Linen And Laundry Services	4.12	3.55	3.80	3.55	529
983	Communications Industries	0.37	0.32	0.35	0.32	270

There are 34 rate groups (147,000 firms) whose rates would have increased had we used an average rate of \$2.46.