

# The Liversidge e-Letter

An Executive Briefing on Emerging Workplace Safety and Insurance Issues

September 27, 2005

An *Electronic Letter* for the Clients of L.A. Liversidge, LL.B.

2 pages

## WSIB Announces Changes to Experience Rating WSIB to Facilitate Consultation Sessions with Stakeholders Fall of 2005

### WSIB Announces Approval of “Administrative Changes”

Readers of *The Liversidge e-Letter* will be aware of the WSIB’s plan to implement what the Board has called “administrative changes” to the experience rating [“ER”] formulae [see May 16, 2005 issue of *The Liversidge e-Letter, Experience Rating Update: Administrative Changes Increase Surcharges and Reduce Rebates*].

#### ER adjustments have been approved by WSIB Board of Directors

The WSIB Board of Directors [“BOD”] recently approved the Board staff recommendation to proceed with the changes, which will be effective 2006. Remember, these changes will be *in addition to* similar adjustments already in place for Accident Year 2004, the first transaction of which will be facilitated December, 2005 (with claims data aged as at September 30, 2005).

#### The full impact for Accident Years 2004 – 2006 will not be known for some time

Since these changes apply to Accident Years 2004, 2005 and 2006 (and beyond), and as the first ER adjustments (for NEER employers) are December 2005, 2006 and 2007 respectively, it is not as yet known what the impact of these changes will be. In fact, until the Accident Year “closes” (no longer subject to ER adjustments), we will not know the complete impact of these changes. Accident Year 2004 “closes” September 30, 2007; 2005 in 2008 and 2006 in 2009. Therefore, it will be quite sometime before the full implications of the Board’s adjustments come to light.

#### The impacts can be evaluated against past “bench-mark” years

However, the Board has developed *pro forma* impacts based on Accident Year 2002 data (since this is the most recent Accident Year which has completed a full cycle and is “closed”).

#### Before changes – net rebate was \$75.4 million

Before the 2004 – 2006 administrative changes to the ER formulae, on a total premium of \$1.550 billion, the Board collected \$77.5 million in surcharges, and returned \$152.9 million in rebates, leaving a net rebate of \$75.4 million

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### Important Notice

## WSIB Changes Experience Rating Programs

- The WSIB has recently concluded *additional* changes to the NEER program.
- The new changes are effective Accident Year 2006 and follow WSIB administrative changes already in place for Accident Year 2004.
- These changes are significant and will likely result in lower rebates and higher surcharges.

## Impact Statements Are Available

- The WSIB is offering NEER impact statements.
- These provide a comparison of the company’s current actual performance (using Accident Year 2002 as the benchmark) and the changes effective for the 2004 and 2006 Accident Year.
- You can request the impact statements by addressing your request by facsimile or email to:

Mr. Roy Campisi, Incentive Program Specialist  
WSIB, c/o Experience Rating, 11th. Floor,  
200 Front St. West, Toronto ON M5V 3J1.

Facsimile: (416) 344-3493

Telephone: (416) 344-3464

E-mail: roy\_campisi@wsib.on.ca

**After changes – net rebate reduced \$49.2 million (a 65% reduction)**

If the 2004 – 2006 administrative changes to the ER formulae were applied to Accident Year 2002, on a total premium of \$1.550 billion, the Board would have collected \$124.3 million in surcharges (+60%), and returned \$150.5 million in rebates, leaving a net rebate of \$26.2 million, a \$49.2 million decrease in the net rebate, which equates to a *de facto* 3.3% hike in the *net* premium.

**To its credit, the WSIB is explaining impact of changes to individual companies**

To ensure that employers understand the impacts of these changes, very much to its credit, the WSIB has issued letters to employer stakeholders announcing plans to meet with stakeholders in the form of information sessions to explain the changes, and to provide sample NEER/CAD-7 statements, upon request.

The Board advises, and I concur, that it is in the best interests of all stakeholders to attend these sessions. I am reproducing the announcement which has been released.

**Changes to the NEER experience rating program****INVITATION TO FALL 2005 INFORMATION SESSIONS**

September 2005

Dear Employer:

The WSIB recently concluded a review of its funding framework. This review looked at the need to improve the fairness and financial sustainability of experience rating. Consequently, a number of changes have been made. These changes will improve fairness by aligning incentives more closely with actual health and safety performance and increasing accountability for poor-performing workplaces.

The WSIB will be offering half-day information sessions in the fall of 2005 on the changes to the NEER experience rating program. These sessions will be held in locations across the province on the dates listed below. They will outline the recent changes that took effect for the 2004 injury year, and the new changes that will be applied starting with the 2006 injury year.

These information sessions will be a chance for you to hear from WSIB Actuarial and Experience Rating experts about the changes, and how they affect you. The sessions will cover:

- What the changes are
- Why the changes are being made
- A review of a sample NEER statement illustrating the effects of the changes

**Who should attend?**

These sessions are not intended as an introduction to the NEER program. You will benefit from attending if you already have a basic knowledge of the NEER experience rating program.

Introductory NEER workshops will be held in the spring of 2006. Dates and registration information for these sessions will be included with your December 2005 NEER statement.

**How can you register to learn more about the changes?**

If you are interested in attending one of the fall information sessions, please complete the registration form below and forward it:

[Note: The WSIB registration form is available at the WSIB web-site: <http://www.wsib.on.ca/wsib/wsibsite.nsf/public/PreventionTIP#2006>]

**By mail to:** WSIB c/o Experience Rating  
11th Floor, 200 Front St. West  
Toronto ON M5V 3J1

**By fax to:** (416) 344-3493

**Attention:** Roy Campisi, Incentive Program Specialist, WSIB

**Space is limited**, so registration is limited to one person per company. Please register early, as registrations will be handled on a first-come basis. You will receive a letter of confirmation from the WSIB, with information on the location and time of your session.

**Do you have any questions?**

You can contact the WSIB's Prevention Hotline at 1-800-663-6639 for more information about these sessions.

**2005 NEER HALF-DAY INFORMATION SESSIONS**

Sept 27	Ottawa	Oct 26	Toronto East
Sept 28	Kingston	Nov 1	Toronto Downtown
Oct 4	Niagara Falls	Nov 3	Mississauga
Oct 5	Hamilton	Nov 4	Markham
Oct 6	Oakville	Nov 7	Thunder Bay
Oct 12	North Bay	Nov 8	Sault Ste. Marie
Oct 13	Barrie	Nov 9	Sudbury
Oct 18	Guelph	Nov 10	Timmins
Oct 19	Brampton	Nov 15	Windsor
Oct 20	Mississauga	Nov 16	London
Oct 25	Peterborough	Nov 17	Kitchener