

The Liversidge e-Letter

An Executive Briefing on Emerging Workplace Safety and Insurance Issues

August 21, 2009

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

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WSIB issues “Fair Warning”: *If WSIB’s economic situation does not improve it will consider future rate hikes*

WSIB sets new policy for 2010 premium rates *All rate decreases are eliminated*

15% of employers will see premiums rise

For 2010 premium rates, the WSIB intends to use the same method for setting premium rates as has been used in previous years – *but with one important change. Premium rates will be frozen for rate groups with good health-and-safety performance, while rate increases will be calculated for poor-performing rate groups “in the usual way”.*

For the majority of employers rates stay the same

In a recent media release, the WSIB advises that over 200,000 employers will have premium rates maintained at 2009 levels. But, approximately 36,000 will be facing 2010 rate hikes. The Board notes that in “recent years” about 90,000 employers per year experienced increases.

But, in recent past years, industries performing well earned and received rate decreases – not now

But, the Board didn’t point out that in those same “recent years” many industries would have realized premium rate reductions. In fact, from 2008 to 2009, when the average premium was “frozen”, 37% of industries remained at the same rate while 25% of industries earned and realized a premium rate reduction. Not so this year.

But, I have no quarrel with the 2010 premium policy

However, in view of the significant impact of the world wide financial melt down and related factors (see the June 23, 2009 issue of **The Liversidge e-Letter**, “**WSIB Unfunded Liability at Historic High**”), I have no real quarrel with the Board’s approach. I think WSIB Chair Steve Mahoney said pretty much the whole story in a recent press release when he said, “*The costs of running Ontario’s workplace safety and insurance system have been impacted by recent increases to benefits, by poor investment returns, and by the current global financial crisis.*” Mahoney went on and advised that the Board “*must take decisive action to maintain the financial sustainability of the system.*” He

rationalized the rate freeze for “good performing” employers this way, “*freezing rates for the good performing rate groups*” will mean that “*they will not have to deal with additional costs next year while the economy recovers*”.

But the so-called “fair warning” is untimely

I do take issue though with the “fair warning” that “*if the WSIB’s economic situation does not improve, we will have to consider introducing premium rate increases in the future*” [WSIB News Release July 27, 2009]. In an August 20, 2009 *Toronto Star* story on the state of the Board’s finances, Mahoney “*concedes premiums could have to rise*”.

Talk of rate hikes is premature

This is really premature – the WSIB doesn’t even have a viable long-term funding strategy. This past Spring, the Board finally declared the blatantly obvious – the 2014 target of full funding, the anchor of the Board’s strategy, is officially dead (since 2007 I said that 2014 was toast).

WSIB sending conflicting messages

But, we are getting conflicting messages out of the Board. In the recently released **WSIB 2008 Annual Report**, we learn that notwithstanding that the Board is “*in the midst of a global financial crisis of unprecedented proportions*”, it nonetheless is “*in a strong position to cement a practical, future-focused strategy to mitigate today’s economic challenges*” [Chair’s Message, p. 5]. Moreover, “*despite the economic challenges . . . the WSIB’s ability to fund the ongoing obligations of the workplace safety and insurance system remains secure*” [President’s Message, p. 7].

“Fair warnings” don’t help – a funding summit might

What is needed is what I have been suggesting since November, 2008, a funding summit with Ontario’s business leaders. Nine months ago I suggested the summit was urgently required. What’s more pressing than “urgently”? Desperately? Frantically? Whatever it is – it is needed now. Put the warnings aside, open the books and start the dialogue. This happened in 1983. It can happen now. I am sure this is on Chair’s Mahoney’s horizon and he wants to get on with that conversation. *But, better sooner than later.*