

The Liversidge Letter

An Executive Briefing on Emerging Workplace Safety and Insurance Issues

July 08, 2019

For the Clients of L.A. Liversidge, LL.B.

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WSIB Rate Framework Transition *What can you expect?*

Important note about WSIB Rate Framework

By now the Workplace Safety and Insurance Board should have been in contact with you to advise you of your company's NAICS (North American Industry Classification System) classification for the new Rate Framework.

Your company's NAICS classification will replace your current rate group classification.

The NAICS classification, along with the new Rate Framework classification, will commence January 1, 2020. The Board has announced that each company will receive information about its 2020 premium rate via regular mail in September, 2019.

Go to the WSIB Website

The Board's Rate Framework website (<https://www.wsib.ca/en/businesses/premiums-and-payment/rate-framework>) offers information on the transition to Rate Framework, including a description of the new model, new transition policies, how premium rates will be set and how the NEER, CAD-7 and MAP experience rating programs will be wrapped up.

Sign up for a WSIB Webinar

The Board is offering a webinar each month that provides an overview of the new model and changes. We would encourage you to sign up for one of the webinars (July 17, August 21, September 18 (2019)).

To register, visit the Board's website:

<https://www.wsib.ca/en/rate-framework-webinars>

Your questions will likely continue

We anticipate that questions remain:

- ◆ how the transition to Rate Framework will unfold and impact your specific company's WSIB classification and premiums over the next few years;
- ◆ how the ending of the NEER, CAD-7 and MAP experience rating programs will impact you;
- ◆ and, how your company's premium rates will be set under the Rate Framework.

I have been involved in the Rate Framework since the start (2012) and have provided, and continue to provide, in-depth submissions on a range of issues to the Board.

2020 premium rates will be announced at WSIB AGM

The Board will provide 2020 rates in its Annual General Meeting (AGM) on September 25, 2019.

Transition to the Rate Framework (Policy No. 14-01-09, effective January 1, 2020)

This policy advises how the transition to the Rate Framework will impact employer's rates in 2020, 2021 and 2022. In summary, 2020 rates will remain the same or go down, depending on an employers performance and net rate (which includes the monthly premiums paid and experience rating rebate/surcharges factored in).

wsib ONTARIO	ADVANCE COPY	Document Number	14-01-09
Operational Policy	Section Employer Classification		
	Subject Transition to the Rate Framework		
Policy			
The rate framework is effective January 1, 2020. It is a new classification and premium rate setting model for Schedule 1 employers.			
To transition employers to the new model, their business activities are transferred to the new classification structure and an initial prior year risk band is determined for them.			
The initial prior year risk band is the starting point for employers in the new model, see 14-02-01, Employer Level Premium Rate Setting.			
Purpose			
The purpose of this policy is to outline:			
<ul style="list-style-type: none">• how employers' business activities are transferred to the new classification structure,• how an initial prior year risk band is determined for employers to place them into the new model, and• the special risk band movement rules used to transition employers to the new model and set premium rates for 2020, 2021 and 2022.			
Guidelines			
Classification			
To transition to the new classification structure, each employer's business activity is classified in the 6-digit North American Industry Classification System (NAICS) code that the WSIB determines best represents the business activity.			
For each classification unit (CU) the employer was classified in before January 1, 2020, the employer's insurable earnings and claims experience is attributed to a 6-digit NAICS code. The WSIB selects the 6-digit NAICS code based on which one it determines best represents the employer's business activity in the CU.			
Initial prior year risk band			
The WSIB determines a net premium rate for each employer. This net premium rate takes into consideration their experience prior to the implementation of the new model. The net premium rate is then used to determine their initial prior year risk band and set their premium rate for 2020.			
The method used to determine the net premium rate differs based on whether an employer received an experience rating adjustment in any of the 2016, 2017 or 2018 calendar years.			
An experience rating adjustment includes a MAP premium rate adjustment, NEER bulk issue rebate/surcharge and/or CAD-7 bulk issue rebate/surcharge.			
<small>Published: Application date: This policy applies to all decisions made on or after January 1, 2020.</small>			
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I expect many questions will arise after the September, 2019 notice from the Board is issued. Given this, I am providing this overview now and suggest that you contact us after you get your September letter from the Board with your 2020 rate if you have concerns.