

# 2009 Preliminary Premium Rate Consultation

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## M91 – Agricultural Equipment

### October 2008



# Vision Statement

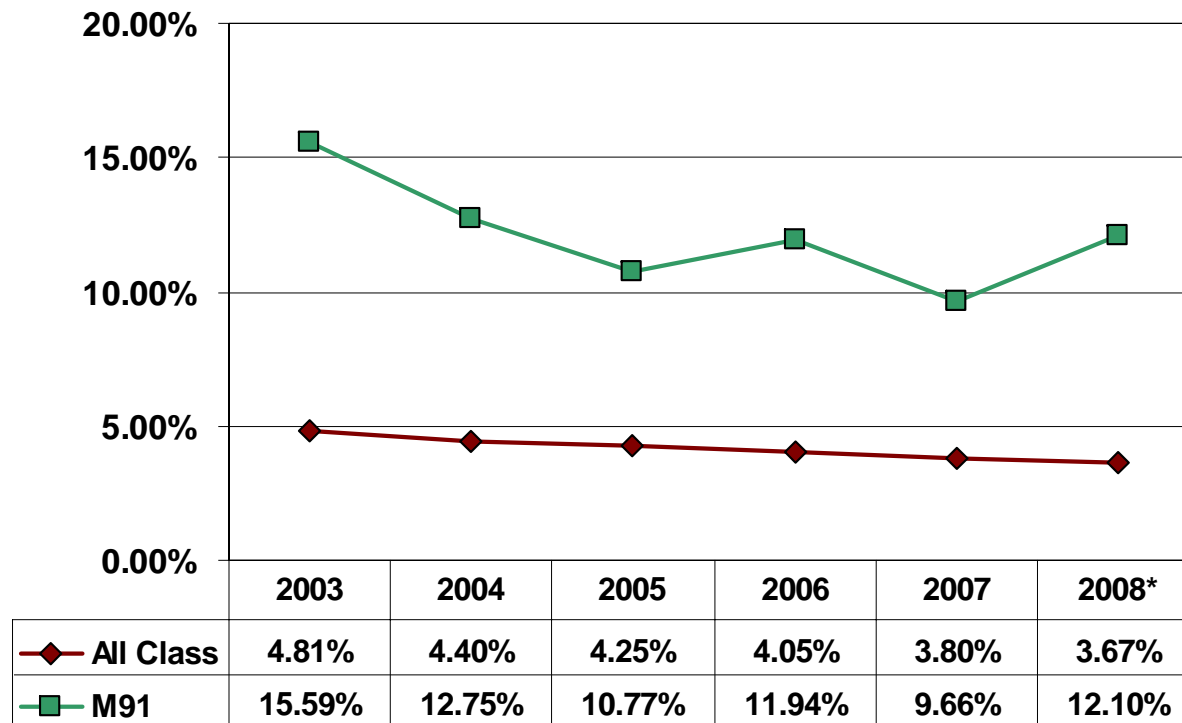
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In serving injured workers and employers, we excel in the development and delivery of workers' compensation programs and services. In serving all workers and employers, we develop and deliver injury prevention programs and services that move Saskatchewan quickly to zero workplace injuries.



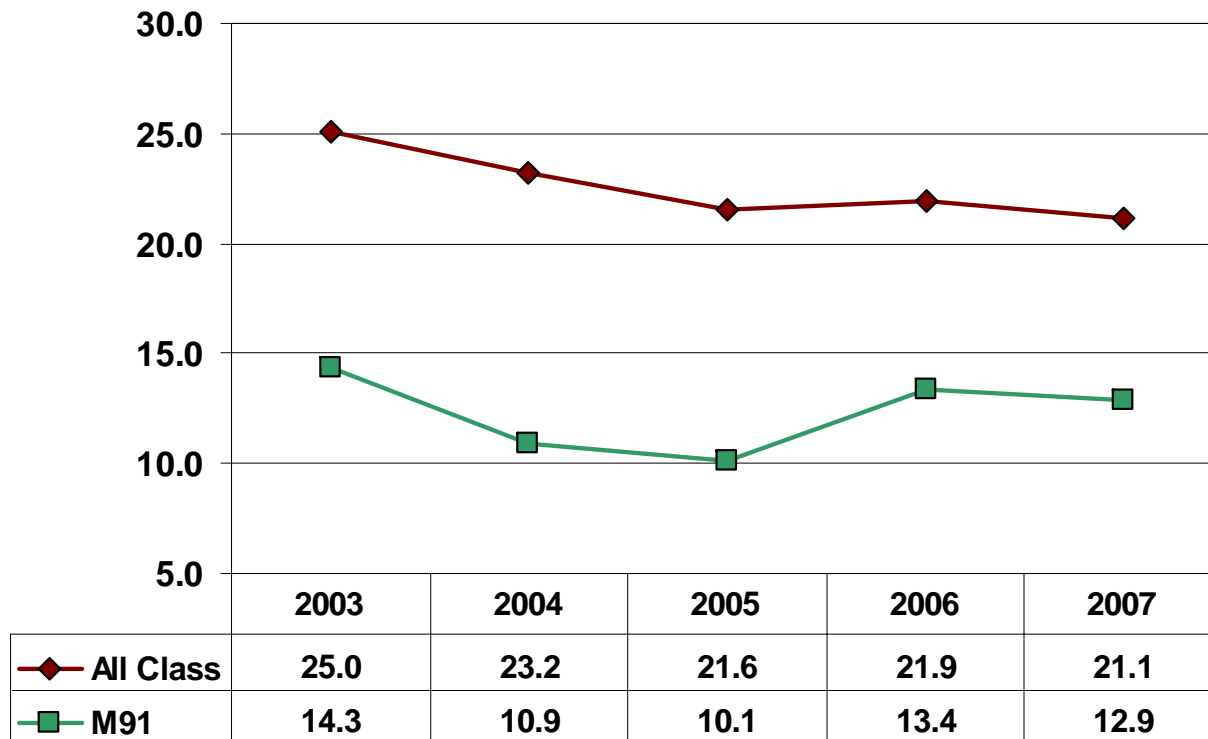
# Injury Rate: M91

Time Loss Claims per 100 Workers



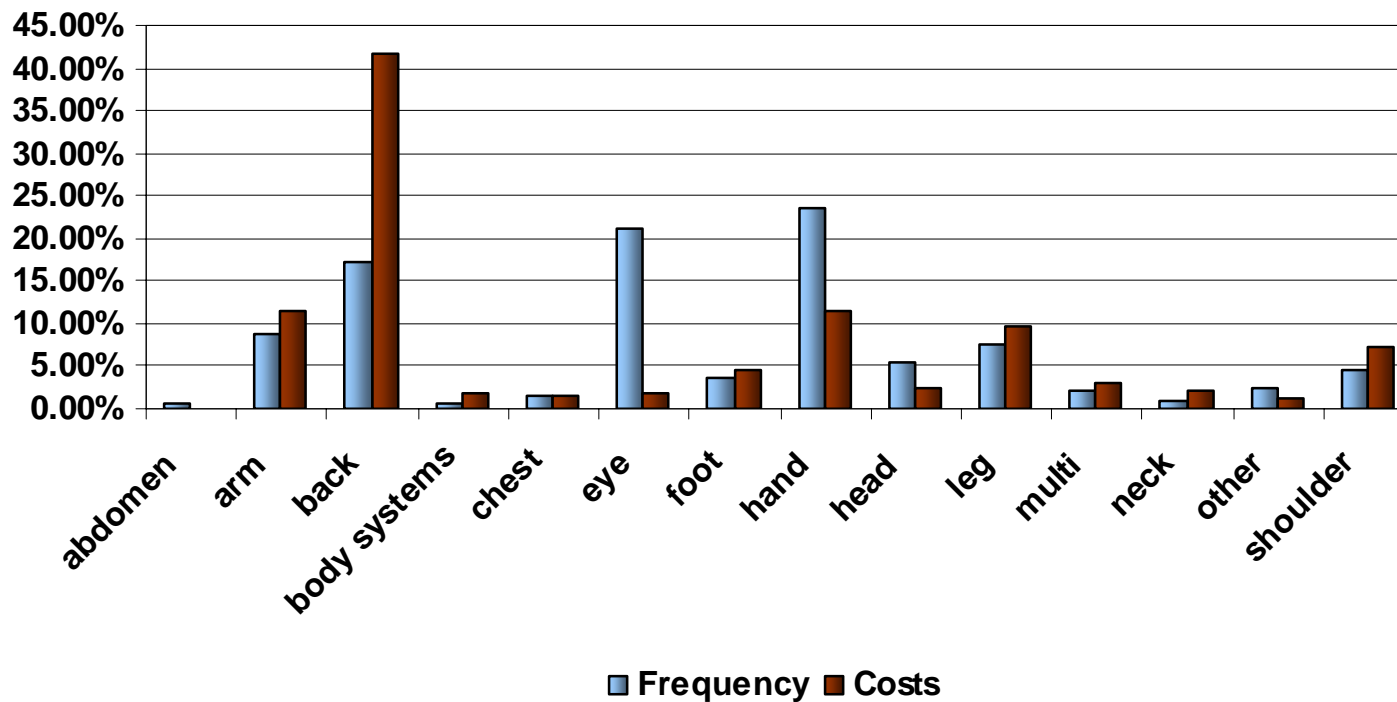
# Duration: M91

Average # compensation days, 12-month window

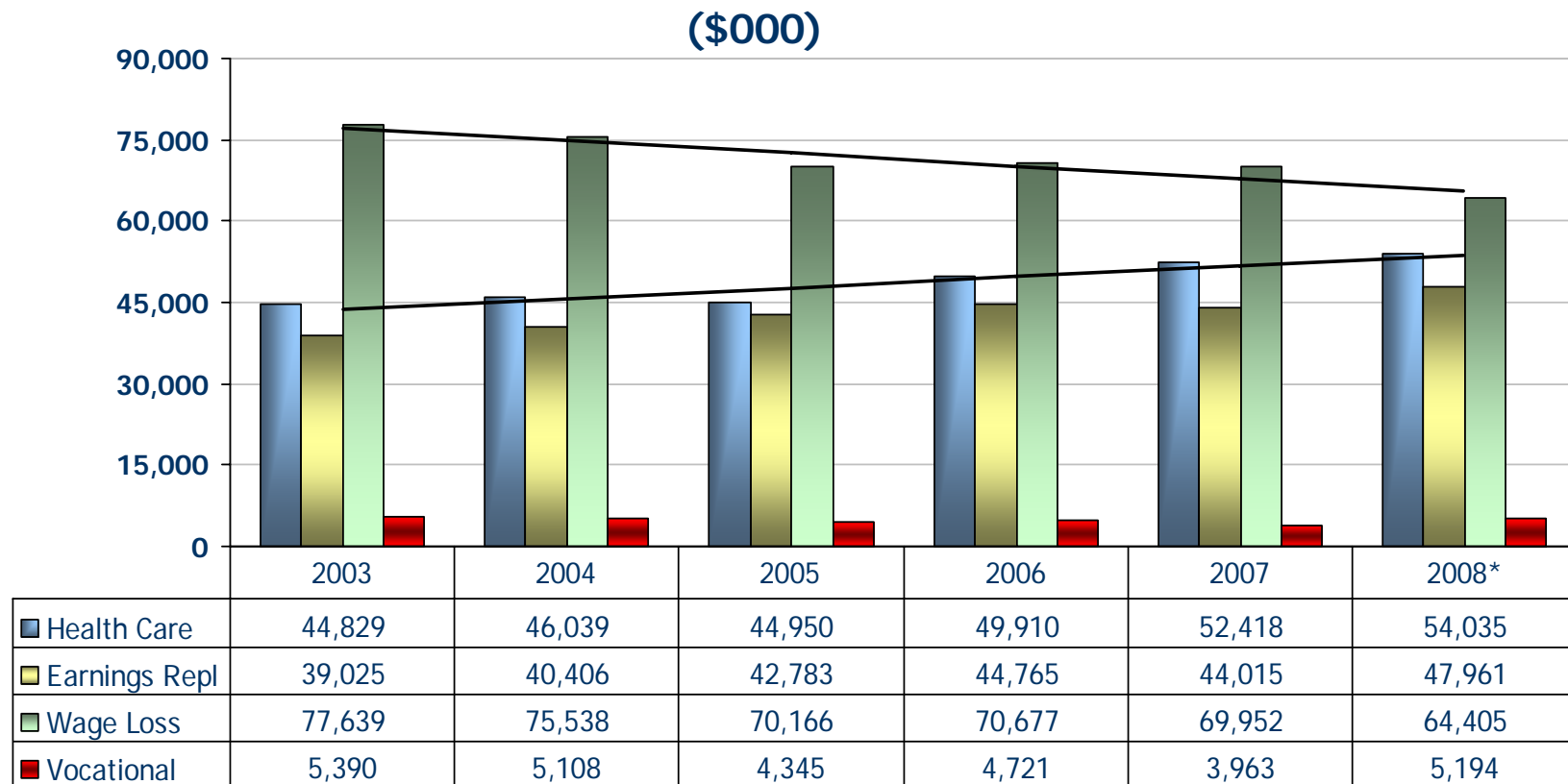


# Distribution of Claims: M91 2003 to 2007

5 Year Average



# Annual Program Cost Comparison



\* *Projected*



Work to live.

# Statement of Operations, 2008

<i>(\$000; as at Sept 30, 2008 with comparative 2007 figures)</i>	<b>2008 Budget</b>	<b>2008 Actual**</b>	<b>2007 Actual</b>
<b>Revenue</b>			
Premiums	\$166,390	\$176,402	\$176,960
Investment income	63,750	43,126	96,531
	<b>\$230,140</b>	<b>\$219,528</b>	<b>\$273,491</b>
<b>Expenses</b>			
Compensation	\$84,547	\$87,624	\$82,663
Actuarial adjustment	22,500	26,250	16,547
Administration	33,047	29,336	27,943
Health care services	40,859	41,899	38,504
Annuity Interest	12,000	12,671	10,624
Legislated obligations	7,635	7,827	6,684
Vocational services	3,822	3,663	3,869
Committee of review	0	0	159
	<b>\$204,410</b>	<b>\$209,270</b>	<b>\$186,993</b>
Operating surplus	25,730	10,258	86,498
Reserves & Injury Fund, beginning of year	156,309	156,309	26,326
Reserves & Injury Fund, end of period	<b>\$182,039</b>	<b>\$166,567 *</b>	<b>\$112,824</b>

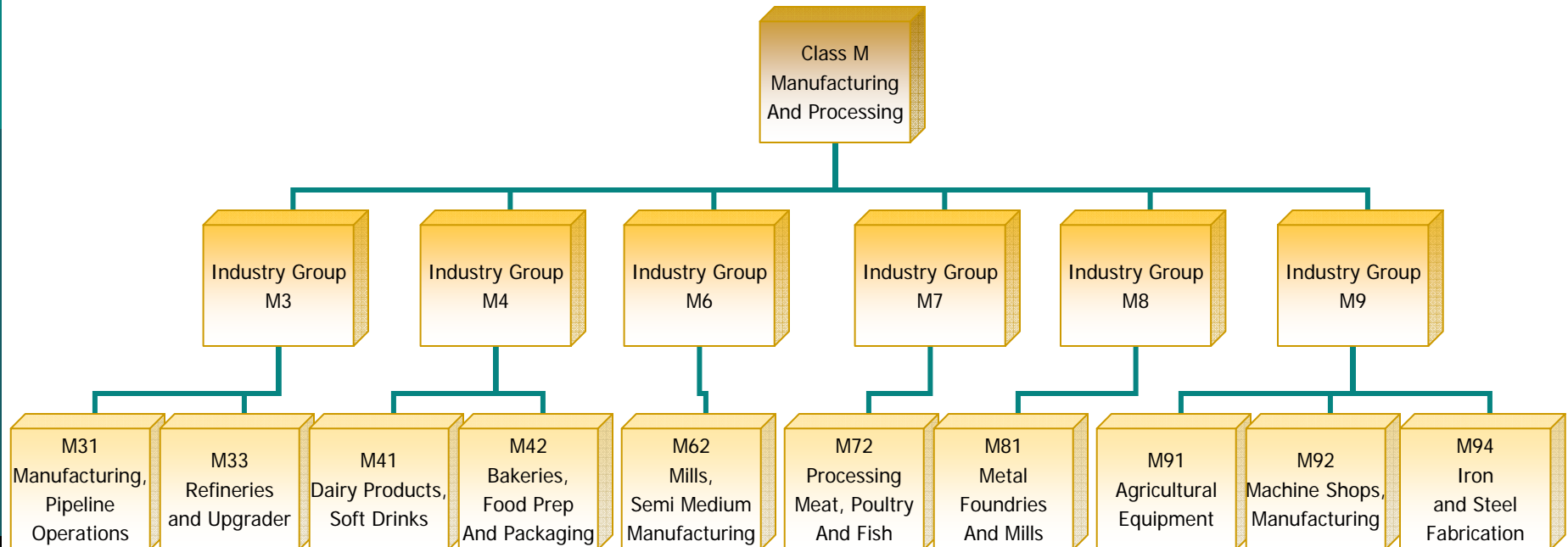
\* Excludes Accumulated Other Comprehensive Income

\*\* Estimated



Work to live.

# Industry Classification



- 11 industry classes, 35 industry groups, 54 rate codes
- Classification system is based on industrial undertaking
- Rates are set at the rate code level according to injury and cost experience



# Determining Premium Rates

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Rate model:

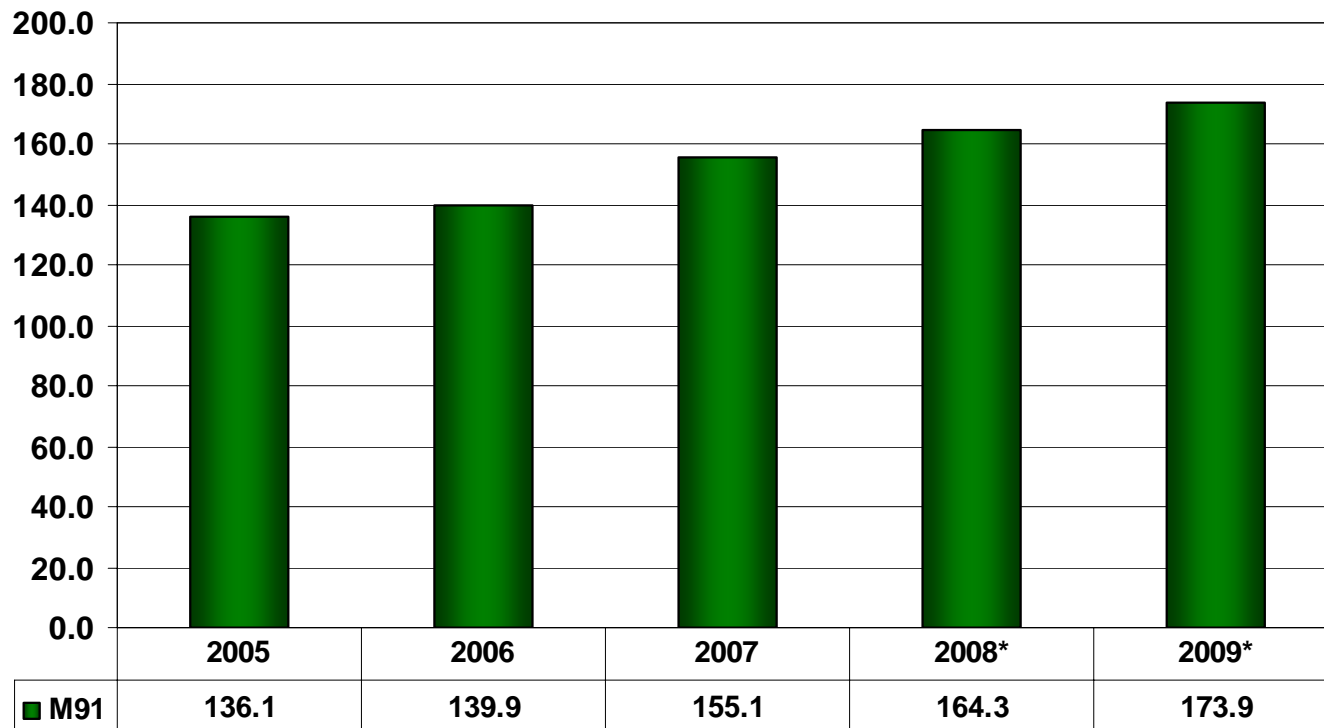
- ❑ Uses past claims experience and projected payroll to project the number of claims expected next year
- ❑ Uses historical costs and spending patterns to project future costs per claim
- ❑ Projects future costs for next year's claims out 50 years and converts those costs into revenue required
- ❑ Projected cash flows discounted at a rate of 3.5% to calculate Net Present Value
- ❑ Payroll revision letters assist with projecting next year's payroll – on average 5% growth assumed

Industry Premium Rate =  $\frac{\text{Revenue Required}}{\text{Industry Payroll}}$



# Payroll: M91 2005-2009

Millions of Dollars



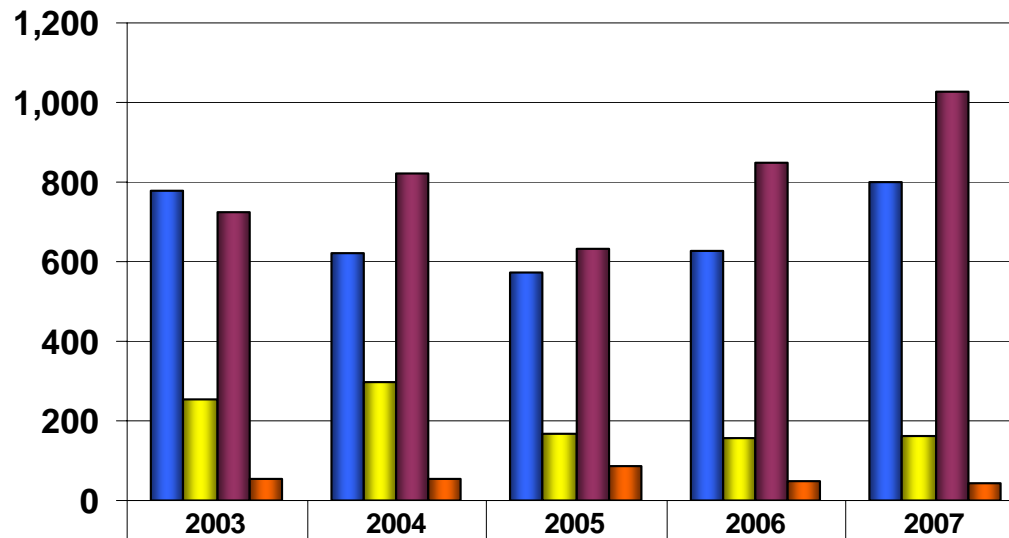
*\*Projected*



Work to live.

# Claims Costs: M91

Thousands of Dollars



■ Total Temp Disability	776	619	571	625	800
■ Other Temp Disability	252	295	167	156	163
■ Health Care	722	820	631	847	1,027
■ Vocational Rehab	56	52	88	50	44



# Experience Rating Program

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- ❑ Provides financial incentives to encourage injury prevention and workplace safety
- ❑ Adjusts industry premium rates to reflect an individual employer's claims history
- ❑ Employers who cost the system more, pay more



# Experience Rating Program

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## Two Programs

### Standard Program:

Premiums <\$15,000 in 3 years

- Frequency based – Number of time loss claims
- Maximum Discount – 25%
- Maximum Surcharge – 75%

### Advanced Program:

Premiums ≥\$15,000 in 3 years

- Cost Based
- Maximum Discount – 30%
- Maximum Surcharge – 200%



# Experience Rating Program Cost

		Advanced	Standard	Grand Total
<b>Discount</b>	# of Firms	3,850	18,352	22,202
	Total Amount	\$16,380,000	\$5,750,000	\$22,130,000
<b>Surcharge</b>	# of Firms	1,172	235	1,407
	Total Amount	\$20,770,000	\$370,000	\$21,140,000
<b>Total # of Firms</b>		5,022	18,587	23,609
<b>Cost of Program</b>		(\$4,400,000)	\$5,390,000	\$990,000



# Premium Composition: M91

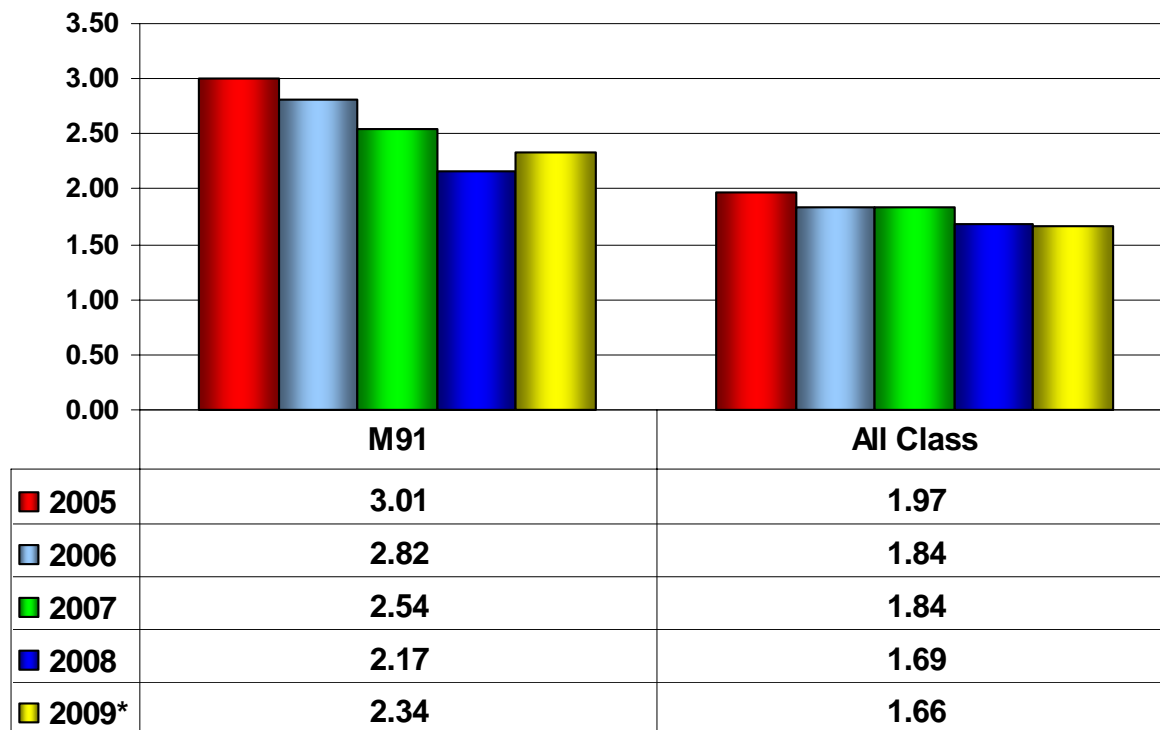
<i>Factors</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>
Total Temporary Disability	\$ 0.593	\$ 0.451	\$ 0.476
Other Temporary Disability	\$ 0.155	\$ 0.121	\$ 0.119
Vocational Rehab	\$ 0.040	\$ 0.034	\$ 0.038
Medical Aid	\$ 0.540	\$ 0.556	\$ 0.708
Pension/Earnings Replacement	\$ 0.271	\$ 0.242	\$ 0.227
Independence Allowance	\$ 0.043	\$ 0.042	\$ 0.053
Fatalities	\$ 0.023	\$ 0.030	\$ 0.030
Administration	\$ 0.501	\$ 0.495	\$ 0.485
Disaster & Occupational Disease Reserve	\$ 0.040	\$ -	\$ -
Economic Stabilization Replenishment	\$ 0.030	\$ -	\$ -
Reserve/Injury Fund Replenishment	\$ 0.070	\$ -	\$ -
Safety Associations	\$ 0.203	\$ 0.179	\$ 0.181
<b>Base</b>	<b>\$2.51</b>	<b>\$2.15</b>	<b>\$2.32</b>
Experience Rating	\$0.03	\$0.02	\$0.02
<b>Industry Rates</b>	<b>\$2.54</b>	<b>\$2.17</b>	<b>\$2.34</b>

\* Per \$100 assessable payroll



# Saskatchewan Premium Rate History

Effective Rate per \$100 Payroll



\* Provisional



Work to live.

# New Initiatives

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- ❑ CRA Partnership
- ❑ Excluded Industries Review
- ❑ Employer Policy Development Project
- ❑ Claims System
- ❑ WorkSafe Partnership
- ❑ Review of Experience Rating Program
- ❑ Encourage new industry based safety associations



# The WCB's Challenges

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- ❑ Leading behaviour and attitude change toward workplace injuries
- ❑ Maintaining the WCB's funded position according to the funding policy
- ❑ Improving client satisfaction ratings



# Next Steps

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- ❑ October 20 - 23: Industry specific meetings
- ❑ October 24: Gazette rates >10.5%
- ❑ November 17: Report feedback to Board
- ❑ December 2: Mail Employer Rate Letters



# Injury Prevention

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*Work to live.*



Zero injuries. Zero fatalities. Zero suffering.



*Work to live.*

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# Q & A

