

APPENDIX B

EXPERIENCE RATING PROGRAMS IN CANADA: INFORMATION

Sources: [AWCBC Experience Rating Tables](#), and Board Policies/Websites (where appropriate)

Province	Number of Programs	Eligibility Requirements	Prospective/ Retrospective?	Application of Program	Additional Information
Alberta Source: Pricing Workers' Compensation	Two pure ER programs: <ul style="list-style-type: none"> • ER for small employers • ER for large employers 	Employers with less than \$15000.00 in premiums over a three-year period. All employers not covered under the small employers program.	Both plans are prospective in their application, thus, the discount/surcharge is applied as part of the rate setting process.	<ul style="list-style-type: none"> • Five-year claims cost window; • 5% discount/surcharge based on experience. <ul style="list-style-type: none"> • Up to 40% discount or surcharge on the industry rate; • Full experience rating for employers with premiums over \$200,000 over a three-year window, partial ER for employers with \$15,000.00-\$200,000.00 over the window. • First three of the previous four years is used as the accident window. 	In addition to these two “pure” ER programs, Alberta also has the following programs for rebate and surcharge purposes: <ul style="list-style-type: none"> • Partnerships in Injury Reduction; • Poor Performance Surcharge; • Industry Custom Pricing; • Partners Program.
British Columbia Source: Experience Rating	One ER program.	All employers are eligible.	Prospective adjustments.	<ul style="list-style-type: none"> • Maximum 50% discount to maximum 100% surcharge on base assessment rate. • The ER window is claims costs arising from claims commenced in the three calendar years prior to the year in which the calculation is made. This includes all costs of those claims up to and including June 30th of the year of calculation. The costs included are subject to maximum limits for each claim as follows: <ul style="list-style-type: none"> • 100% of the first \$70,000; • 50% of the next \$50,000; and • 10% of all costs above \$120,000. 	In determining the cost to assessable payroll ratio in the ER Window, the most recent year is weighted at 50%, the prior year at 33.3%, and the most distant year at 16.7%.

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Manitoba Source: The Assessment Rate Setting System	Does not have an ER program. Experience rating is built into the rate setting process.	All employers.	Prospective adjustments.	The basis for all rates begins with the WCB's annually announced average rate. Once the average rate is established, the rate setting model then calculates what each employer's rate should actually be based on their direct costs to the workers compensation system. a. Restatement of prior year's assessment rate, if average rate changes, if not, no need for restatement; b. Industry classifications are grouped into rate categories based on their history of claims in relation to total payroll: <ul style="list-style-type: none"> a. Rate category averages range from 15% of the overall average rate to 800% of the rate. Lower boundary is fixed at 40% below the rate category average, and the upper boundary at 200% above the rate category average. c. Employer's rate will move toward its target rate. d. Application of three indices to measure an employer's past, present and likely future experience relative to the average: price index (comparison of rate from the prior year to the average rate for that same year); cost index (comparison of an employer's claims costs to the claims costs of an average employer with similar payroll size); prediction index (comparison of an employer's claims volume to the claims volume of an average employer with a similar payroll size-factors in claims of 2 weeks, 26 weeks	Experience rating does not exist in the absence of the rate setting process.

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				<p>and 104 weeks as well as fatalities).</p> <p>e. Annual rate limits, comprising a basic change limit and a prediction change limit, provide stability by preventing dramatic changes to an employer’s rate from one year to the next.</p> <ul style="list-style-type: none"> i. Basic change limit: moves an employer more quickly toward its target rate if its experience shows a consistent year over year trend. ii. Prediction change limit: subject to the boundaries of the rate setting model, an employer will receive an additional 5% increase or decrease to its rate through the prediction change limit. <p>f. Fatalities: a charge of \$250,000 is added to the employer’s claims experience in the case of a fatality.</p> <p>g. Final balancing adjustment is made.</p> <p>h. Workplace health and safety program incentives are added in.</p> <p>i. Safety program levy is added.</p>	
<p>Newfoundland Source: PRIME Program</p>	<p>One (PRIME Program)</p>	<p>PRIME Practice Incentive requirements are dependent upon organizational size. Categories for PRIME are determined by:</p> <p>The number of workers a firm has (including all</p>	<p>Prospective.</p>	<p>Two components: practice incentives and experience incentives.</p> <p>Employers who meet the Practice Incentive criteria may qualify for a 5% refund on their average calculated base assessments.</p> <p>Under the experience incentive, employers are assigned a PRIME experience incentive range. The employers claim costs</p>	<p>PRIME is both an incentive program and an experience rating program.</p>

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		<p>managers, non-managers and owners/operators)</p> <p>The firm's average base assessments (workers' compensation insurance premiums) .</p>		<p>are accumulated throughout the year and then compared to the experience incentive range. If their costs fall below the bottom of their range, they will receive an experience refund. If their costs are higher than the top of their range, they may be required to pay an experience charge. If their costs are within their range, there may be no experience refund or charge applied.</p> <p>Only those employers who meet the requirements of the Practice Incentive component can qualify for additional refunds under the experience incentive component. Employers who do not qualify for their practice refund will still be subject to experience charges, if applicable.</p>	
<p>New Brunswick Source: WorkSafe NB</p>	<p>One.</p>	<p>Employers with a basic average annual assessment of at least \$1,000.00 over the exposure period.</p>	<p>Prospective.</p>	<p>Claims costs for the previous three years are reviewed. The assessment rate adjustment is limited to a maximum discount of 40% or surcharge of 80%.</p>	
<p>Nova Scotia Source: How are my WCB assessment rates set?</p>	<p>One.</p>	<p>All regularly classified employers. Special protection employers are not eligible. Employers with consistently poor Experience Rating results receive an additional</p>	<p>Prospective.</p>	<p>The maximum merit (decrease) in an employer's basic rate is 30%;</p> <p>The maximum demerit (increase) is 60%.</p> <p>Surcharges are over and above the Experience Rating maximum demerit. They begin at up to 20% of the industry rate, and can increase by up to 20% per year.</p>	

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		surcharge.			
Prince Edward Island Source: Experience Rating Program Participant Guide	One.	All employers in mandatory industries (i.e., industries required by legislation to have Workers Compensation Board coverage) whose total assessments are \$3,000 or more over the previous three years are experience rated.	Prospective.	The WCB calculates the cost ratio over a three-year period. The employer cost ratio is then compared to the cost ratio of the entire rate group. Firms with lower than average cost ratios will receive a discount of up to 25%. Employers with higher cost ratios face surcharges of up to 50% of the group rate.	The maximum rate adjustment limits were set to provide a meaningful difference in assessments rate, while providing protection from extreme fluctuations and maintaining the principle of collective liability. The Experience Rating Program is revenue neutral.
Quebec Source: CSST	Three: Personalized Plan	Medium and large sized firms with annual premium assessments in the range of \$5000-\$300,000.	Prospective.	Applies surcharges and rebates (maximum surcharge of 200%, maximum rebate of 70%).	Small businesses (typically defined as annual assessments less than a few thousand dollars) are excluded from experience rating.
	Retrospective Plan	Compulsory for large employers with assessments over \$300,000.00.	Retrospective.	Premium amounts are adjusted retrospectively, and firms may select varying levels of self-insurance for individual claims. The surcharge/rebate varies depending on the size of the firm.	

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	Prevention Mutual Groups	Designed for medium and small employers, who form Prevention Mutual Groups to benefit from a personalized rate plan for the entire group.	Prospective.	<p>Varies according to the degree of personalization.</p> <p>Employers voluntarily participating in a PMG are collectively insured taking into account the collective experience of all employers in the PMG. The program was established in 1990. There were 31,100 employers participating in 139 PMGs in 2008.</p>	
Saskatchewan Source: Experience Rating	One ER Program, with two streams: Standard ER.	Employers who have paid premiums of less than \$15,000 over three years will participate in the Standard Program.	Prospective.	<p>The Experience Rating Program looks at an employer's claims history over a three-year period, or "evaluation window", and assesses whether or not a discount or surcharge is appropriate.</p> <p>Discounts or surcharges are calculated at the same time as annual rates and are applied to the employer's industry premium rate for the next year. Employers receive notice of both their premium rate and any applicable discount or surcharge at the same time. That way, they can see their net due premiums at a glance and get a good picture of how their claims experience affects the premiums they pay.</p>	
Advanced ER.	Employers with \$15,000 or more in premiums over three years will participate in the Advanced Program.				

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				All employers are included in the Experience Rating Program and will participate in either the Standard or Advanced Program based on their premiums paid over a three-year period.	
Yukon	None.	No experience rating.	No experience rating.	No experience rating.	