# Law

## s.83(1)

The WSIB may establish experience and merit rating programs to encourage employers to reduce injuries and occupational diseases, and to encourage workers' return to work.

## s.83(2)

The WSIB may establish the method for determining the frequency of work injuries and the accident costs of an employer.

## s.83(3)

The WSIB may increase or decrease the amount of an employer's premiums based upon either the frequency of work injuries or the accident costs, or both.

# Policy

The Merit Adjusted Premium (MAP) Program prospectively adjusts an employer's premium rate according to the employer's claim count and average annual premium.

# Guidelines

## General

MAP is one of the WSIB's three experience rating plans. The others are

- CAD-7, which applies to employers with rate groups in the construction industry who pay more than $25,000 in average annual premium - see 13-02-06, Construction Industry Plan (CAD-7); and
- NEER, which applies to employers with non construction rate groups paying more than $25,000 in average annual premium - see 13-02-02, New Experimental Experience Rating Plan (NEER).

Employers paying less than $1000 in average annual premium are not experience rated.

A premium rate for each rate group is set annually by the WSIB. The premium rate and employer's insurable earnings together determine the annual premium to be paid, before adjustment by experience rating.

The premium rate or the annual premium may be adjusted by the WSIB's experience rating programs.

MAP prospectively adjusts construction and non-construction premium rates for eligible employers.

MAP takes into account any approved cost relief made on a claim. See 14-05-03, SIEF; 14-05-01, Transfer of Costs; 14-05-02, Removal of Costs; 15-01-06, Third Party Motor Vehicle Accident Claim Costs.

## Who is eligible for MAP?

Employers that pay from $1,000 to $25,000 of average annual premium, before adjustment by any of the WSIB's experience rating programs, are eligible for a MAP adjustment of their premium rate.

For the purpose of determining eligibility, the average premium is based on the aggregated premiums for all rate groups in which the employer has operations. Premium is counted over the same valuation period that is used to determine the MAP adjustment. Premium from the valuation year is also used. See **Valuation for MAP adjustment below.**

If the average premium, based on the three years of the valuation period, is between $1,000 and $25,000, and the average premium, based on the third year of the valuation period and the valuation year (annualized), is $25,000 or less then the employer is eligible for MAP. See **Moving from NEER or CAD-7 to MAP below.**

Eligible employers may nevertheless be excluded from receiving a MAP adjustment in certain circumstances. See **Who is excluded from MAP? below.**

## Valuation for MAP adjustment

### Valuation

The total number of claims and the average annual premium are determined on the basis of a valuation of up to three calendar years (the valuation period). For 2000 premium rate adjustments, the valuation period covers 1996, 1997, and 1998; the valuation year is 1999 and valuation is as of June 30, 1999.

### Average premium

Total premium is the sum of the premiums in all accounts and rate groups during the valuation period. When determining the average annual premium the most recent data available is used. Average premium may include an annualized premium.

### Total claim count

A claim is counted for premium rate adjustment purposes if it occurred during the valuation period and if, by June 30 of the valuation year, it has accumulated total costs of more than $500. The total claim count is the sum of claims in all accounts and rate groups.

## Excluded claims

MAP automatically excludes from its calculations claims arising from the following long-latency conditions and diseases

- Acquired Immune Deficiency Syndrome (AIDS)
- carcinoma
- chest diseases due to aluminum and cadmium exposure
- chronic noise exposure
- chronic obstructive lung disease
- pneumoconiosis due to asbestos, silica, talc, hard metal (cobalt), and other mineral dust
- scleroderma.

## Who is excluded from MAP?

Employers otherwise eligible for their first MAP adjustment are excluded from MAP if the trend of their annual premiums suggests those employers will soon exceed the $25,000 limit or drop below $1,000.

Specifically, they are excluded if the premium (annualized) in the valuation year is greater than $25,000 or less than $1,000, and the average of premium in the final year of the valuation period and annualized premium in the valuation year is greater than $25,000 or less than $1,000.

### Example

At the first valuation, on June 30, 1999, the annual premium for Employer A's manufacturing operation was $30,000 in 1998, $20,000 in 1997 and $10,000 in 1996 yielding an average annual premium of $20,000. On this basis, Employer A is eligible for a MAP adjustment.

However, Employer A has also already paid 1999 premium of $30,000 (annualized to $60,000). Therefore, since the annualized premium for 1999 (the valuation year) is $60,000 and the average premium for 1998 (the final year of the valuation period) and 1999 is $45,000 Employer A is excluded from MAP.

## Premium rate adjustment

The MAP adjustment is a percentage adjustment applied to the premium rate. The magnitude of the adjustment varies with the average annual premium and the claim count. It is obtained from a table approved by the WSIB (see **MAP Table of Adjustments** at the end of this document). The MAP adjustment applies to every premium rate, in all of an employer's accounts. Generally, with limited exceptions, zero claims in the valuation period merits a premium rate decrease, one claim merits no change to the premium rate and two or more claims merits a premium rate increase.

The MAP adjustment is applied to the rate group premium rate (as set by WSIB) for the year following valuation. The MAP adjustment is incorporated into the premium rate preprinted on the employer's Premium Remittance form. Payment of the premium remains due according to the employer's established monthly, quarterly or annual remittance schedule.
Generally, employers only receive a MAP adjustment if

- they have been in operation for at least three continuous calendar years,
- the average annual premium of those years is from $1,000 to $25,000,
- they are up-to-date in filing their premium remittance and annual reconciliation (as long as required by the WSIB), and
- their account is active when valuation occurs.

## Exceptions are described below.

Exception for excessive claim count
Employers in operation for less than three years are eligible to have their premium rate adjusted, at any valuation date, if

- their claim count is sufficient to merit a premium rate increase, and
- their average annual premium is within the MAP limits.

## Example

Employer A registers its manufacturing operations with the WSIB in June 1998. Its reconciled premium for 1998 is $6,000.

At valuation on June 30, 1999, Employer A has three claims, an annualized 1998 premium of $12,000 and an annualized 1999 premium of $16,000 yielding an average annualized premium of $14,000 for the two years.

Normally, Employer A would not be eligible for a MAP adjustment of its premium rate until it has been in operation for three calendar years. However, Employer A will have at least three claims during its first full three year valuation period and at that point would be subject to a premium rate increase. Therefore, Employer A is eligible for a MAP adjustment and the 2000 premium rate is increased on the basis of three claims and $12,000 of annualized 1998 premium. (We use $12,000 because it is the premium from within the valuation period.)

## Exception for late filing

Valuation occurs even if employers have failed to file a remittance or reconciliation. In this case, it is based on provisional premium and the employers are notified of their non-compliance. Those who were otherwise eligible for a MAP decrease will not receive a MAP adjustment until they comply with WSIB filing requirements. Those who were eligible for a MAP increase will receive the increase.

If the missing remittance or reconciliation is received after the valuation, it is used to revalue the MAP adjustment according to the policy on retroactive adjustments. See 14-02-06, Employer Premium Adjustments.

### Multiple rate groups and multiple accounts

Employers paying premium under multiple rate groups receive the same MAP adjustment for each rate group.

Employers with multiple accounts receive the same MAP adjustment for all rate groups and across all accounts.

### Example

Employer A has two accounts: one for forestry operations and one for construction and forestry operations combined. Average annual premium (totaling all rate groups and both accounts) is $20,000. Employer A has three claims in its construction operation.

A MAP premium rate increase, based on three claims and a $20,000 average premium, is applied to the rate groups in the account for forestry operations and to the rate groups in the account for forestry and construction operations.

## Special adjustments

### Fatal claim

For each fatal claim the premium rate is increased by an additional 25% (i.e., 25% in addition to any other MAP adjustment).

### Example

Employer A has two claims, one of which is a fatality, and pays an average annual premium of $17,000. Employer A receives an increase to its premium rate on the basis of the two claims and an average premium of $17,000 average premium. In addition, since one of the claims is a fatality, MAP increases Employer A's premium rate by another 25%.

## Costs greater than $5,000

For each claim in which costs are greater than $5,000 at valuation, the premium rate is increased by an additional 10%. This increase does not apply to fatal claims.

### Example

Employer A has one claim totaling $7,500 of costs and pays an average annual premium of $15,500. There is no regular MAP adjustment for one claim. However, since the claim has total costs greater than $5,000, MAP increases Employer A's premium rate by 10%.

### Example
This same employer has two claims totaling $7,500 and $10,000 of costs respectively. Employer A receives a premium rate increase based on two claims and a premium of $15,500. Since both claims exceed $5,000 of costs, MAP increases Employer A's premium rate by another 20% (i.e., 10% for each claim).

### Example
Employer B has two claims and pays an average annual premium of $15,500. Claim 1 has total benefit costs of $12,000. Claim two has total costs of $7,000 and is a fatal claim as well.

MAP increases Employer B's premium rate based on two claims and premium of $15,500; adds another 10% increase because Claim 1 has costs of more than $5,000 and adds another 25% because Claim 2 is a fatal claim.

## Third party accidents
Upon notification, the MAP adjustment for a third party claim is determined by pro-rating the claim costs and any special adjustments, according to the percentage of liability of the parties involved. See 14-05-01, Transfer of Costs; 14-05-02, Removal of Costs and 15-01-06, Third Party Motor Vehicle Accident Claim Costs.

### Example
A worker of Employer A is killed in a car accident involving a worker of Employer B. There is a single claim. Employer A's worker was 25% liable and employer B's worker was 75% liable. Both employers pay an average annual premium of $10,000. Claim costs are $40,000 for the fatal claim, pro-rated $10,000 to Employer A and $30,000 to Employer B. Both employers count one claim, which means there is no MAP adjustment of the premium rate.

However, since there was a fatality, MAP increases Employer A's premium rate by 6.25% (its pro-rated share of the 25% premium increase for a fatal claim). Employer B's premium rate increases by 18.75% (its pro-rated share of the increase).

## Limit on MAP adjustments
The total MAP adjustment (including special adjustments) cannot increase a premium rate by more than 50%.

## No further participation
At the second valuation the WSIB decides on an employer's continued participation in MAP and, in particular, whether the employer should be moved out of the program, using the following criteria

- average premium for the three years being valued must be greater than$25,000 or less than $1000, and

- average premium of the valuation year and the immediately preceding year must also be greater than $25,000 or less than $1,000. In determining the premium of the valuation year, the WSIB pro-rates the known premium to estimate an annualized premium.

If both conditions are met, the WSIB considers moving the employer out of MAP. Consideration revolves around the employer's expected duration in the new experience rating program. It should be at least two years for the move out of MAP to occur. See **Moving from MAP to NEER or CAD-7 below.**

## Moving from MAP to NEER or CAD-7

Employers paying more than $25,000 average premium that are found to be ineligible for further participation in MAP do not receive another premium rate adjustment. Instead, they revert immediately to either NEER or CAD-7 and the accident costs of the valuation year are experience rated by either NEER or CAD-7.

### Example

Employer A runs a manufacturing operation and has received a MAP adjustment of the 1999 and 2000 premium rates. At valuation on June 30, 2000 Employer A has an average annual premium exceeding $25,000 for years 1999, 1998 and 1997. As well, the average premium for years 1999 and 2000 (annualized) is greater than $25,000. There is no MAP adjustment of the 2001 premium rate.

Instead, Employer A is moved from MAP to NEER effective January 1, 2000. The accident costs for the year 2000 are experience rated by NEER with the first issue of refunds and surcharges occurring on September 30, 2001.

## Moving from NEER or CAD-7 to MAP

Employers that become eligible for MAP receive their final issue of NEER or CAD-7 refunds and surcharges in the year preceding their first MAP adjustment. As a result, some of the NEER and CAD-7 costs will be closed out prematurely.

If the final NEER or CAD-7 issue is a refund and the first MAP premium rate adjustment calculation yields an increase, the increase is not applied. Similarly, if the final NEER or CAD-7 issue is a surcharge and the first MAP premium rate adjustment yields a decrease, the decrease is not applied. Instead, in both examples, the first MAP adjustment will be "no adjustment".

## Application date

This policy applies to all decisions made on or after January 1, 2000.

## MAP Table of Adjustments (0 to 3 claims)

| | 0 claim | 1 claim | 2 claims | 3 claims |
|---|---|---|---|---|
| $1,000 - $1,499 | -5% | 0% | +8% | +20% |
| $1,500 - $1,999 | -5% | 0% | +8% | +19% |
| $2,000 - $2,999 | -5% | 0% | +7% | +17% |
| $3,000 - $4,999 | -5% | 0% | +7% | +15% |
| $5,000 - $9,999 | -6% | 0% | +6% | +13% |
| $10,000 - $14,999 | -7% | 0% | +5% | +11% |
| $15,000 - $19,999 | -8% | 0% | +3% | +8% |
| $20,000 - $25,000 | -10% | -5% | 0% | +5% |

## MAP table of adjustments (4 to 7 or more claims)

| Average Premium | 4 claims | 5 claims | 6 claims | 7 claims |
|---|---|---|---|---|
| $1,000 - $1,499 | +40% | +50% | +50% | +50% |
| $1,500 - $1,999 | +38% | +50% | +50% | +50% |
| $2,000 - $2,999 | +34% | +50% | +50% | +50% |
| $3,000 - $4,999 | +30% | +50% | +50% | +50% |
| $5,000 - $9,999 | +26% | +44% | +50% | +50% |
| $10,000 - $14,999 | +22% | +38% | +50% | +50% |
| $15,000 - $19,999 | +16% | +30% | +46% | +50% |
| $20,000 - $25,000 | +11% | +22% | +35% | +50% |

## Document History

This document was previously published as 13-02-04 dated December 14, 2001.

# References

## Legislative Authority

*Workplace Safety and Insurance Act, 1997*, as amended
Section 83 (1), (2), (3)

## Minute

Administrative
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