WCB
Workers Compensation Board of Manitoba

Balance and Fairness in the Rates You Pay

If you're hurt at work, we're here to help.

We asked stakeholders how the assessment rate model could be improved. We listened to Manitobans and as a result, the way your annual rates are calculated has changed. We are moving towards a rate model that responds to your concerns and is more fair and balanced. We've made some changes already while others will be phased in over the next four years. The WCB's strong financial position creates the opportunity to absorb some of the impact of rate model changes with the reduction of our average assessment rate.

wcb.mb.ca

What changes have been made?

The first change is a narrowing of your risk category range that restricts how much your rate can move above or below the category average.

Your business has been assigned to a risk category based on your industry. Before 2016, your rates were able to move up or down within a broad range from 40 per cent below to 200 per cent above the category average. Now, this range has been narrowed, which enhances shared liability and provides you with more protection against large rate increases. With our new rate model, the size of your business is an important factor in setting the highest and lowest rate that you can pay. Large employers' rates are able to move higher and lower than those of small or medium employers.

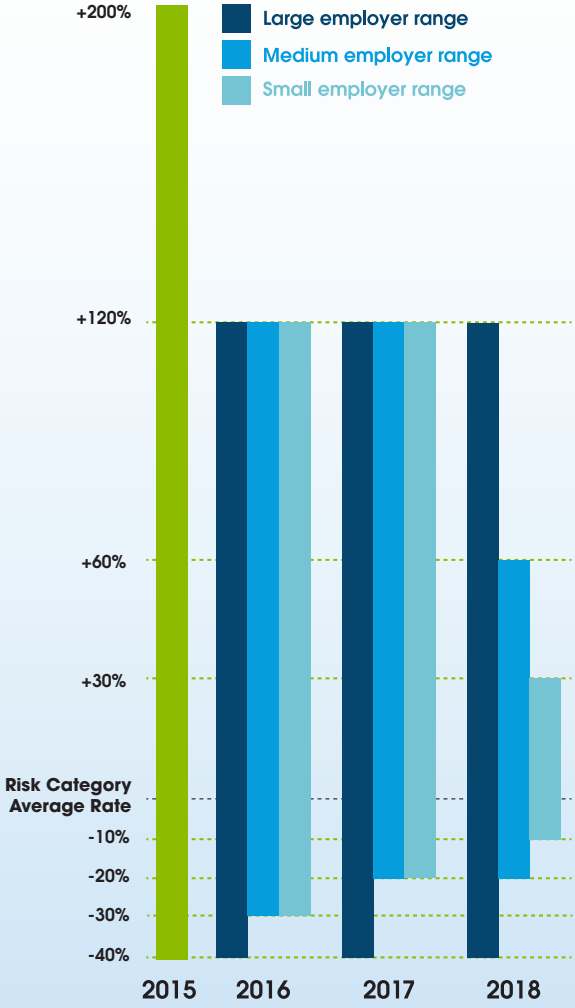
For all employers, the upper boundary of the category range has been reduced to 120 per cent of the category average.

For small and medium employers, we've begun phasing in an increase to the lower boundary – over three years for small employers and over two years for medium employers. Raising the lower boundary means higher rates for those who are at or near the bottom of the range. Large employers will not be affected by the change to the lower boundary.

What's the benefit?

This change increases collective liability and provides more protection. These are key improvements that stakeholders addressed during our consultation. For small and medium employers, paying a slightly higher rate at the lower range of the risk category pays for increased protection from a single high cost claim that could have resulted in five consecutive years of large rate increases under the old model.

Risk Category Range

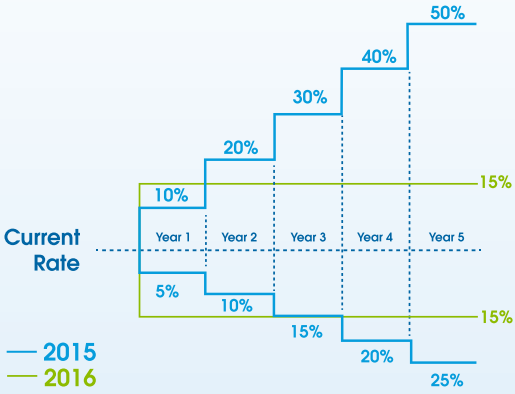


Another change is a reduction in the basic annual rate change limit to reduce volatility.

The annual rate change limit restricts how much your rate is allowed to move upwards or downwards in any one year. Under the old model, the annual change could be quite large, resulting in stakeholder concerns about volatility. As well, the old model raised rates at a faster pace in response to increased claims costs than it lowered rates in response to reduced claims costs. Now, the basic annual rate change limit is capped at 15 per cent upwards or downwards.

It is important to note that in 2016 or 2017, some employers might still see changes in excess of 15 per cent due to other factors in the current rate model.

Annual Rate Change Limit



What's the benefit?

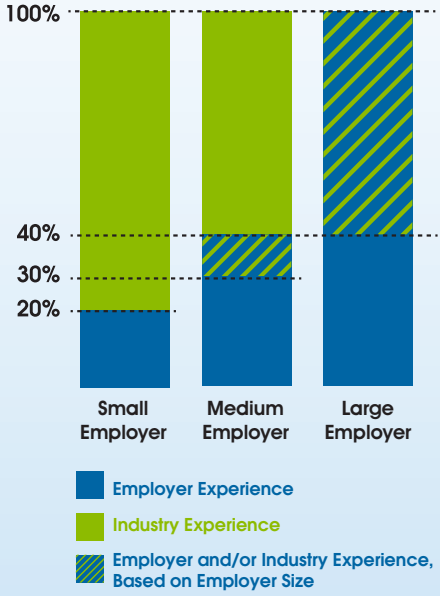
This change significantly decreases the volatility of employers' rates from year to year and helps protect them against large rate increases, while still responding in a reasonable way to changes in their experience. Rate changes going up and down at the same speed allows improved claims experience to impact the assessment rate more quickly than under the old model.

What other rate model changes can I expect in future years?

Starting in 2018, a new feature called the *experience factor* will mean that your claims experience will be weighted differently, depending on your size.

Responding to the differences in the experience and needs of small, medium and large employers was another key issue raised by stakeholders. Under the new model, your claims experience will carry more weight if you're a large employer, while your industry's experience will carry more weight if you're a small or medium employer. This more fairly balances individual and collective risk based on relative size.

Experience Factor



What's the benefit?

This feature recognizes that large employers' claims experience is a better predictor of their future risk and that they are more able to control those risks. Small and medium employers require greater protection against the impact of high cost claims, and this feature helps to provide that. This change makes industry-wide prevention efforts an effective way to reduce rates as claims costs decrease due to fewer injuries.

Starting in 2018, the *experience window* will change so that by 2020, the costs used in rate-setting will be accumulated over three years instead of one.

The experience window is the time period during which claim costs are accumulated to calculate your experience. Currently, your experience window is 12 months of costs (October 1 - September 30) for claims incurred in the last five years. Under the new model, it will be three calendar years of costs for claims incurred in the last three years.

Keeping claim costs within the experience window for a three year period will provide a more consistent treatment of short and long duration claims – unlike the current 12 month window, which allows short duration claim costs to be removed from experience after only 12 months.

What's the benefit?

Over time, this change will provide employers with a financial incentive to place more effort on preventing injuries from occurring in the first place, rather than focusing only on controlling claims cost after an injury has occurred.

What makes the new model better?

- It's more fair and balanced.
- It's tailored to the unique needs of different sized employers.
- It provides better collective liability protection against large rate increases.
- It reduces rate volatility.
- It balances the rate impact of preventing injuries with the impact of controlling claims costs after an injury has occurred.

Here's a snapshot of the new rate model as of 2020:

	Small	Medium	Large
Payroll Size	Up to $750,000	$750,000 to $7.5 million	Over $7.5 million
Experience Factor	20%	30% - 40%	40% - 100%
Risk Category Range	10% below to 30% above category average	20% below to 60% above category average	40% below to 120% above category average
Annual Rate Change Limit	+ / - 15%		
Experience Window	3 years of costs on 3 years of claims		

Where can I get more information?

Visit **wcb.mb.ca** and click on **Employers** for more information. You can also contact Assessment Services at 204-954-4505 or toll free at 1-855-954-4321, extension 4505.

WCB Workers Compensation Board of Manitoba

A trusted partner, insuring today and building a safer tomorrow.

If you're hurt at work, we're here to help.

How to Reach Us

The Workers Compensation Board of Manitoba
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Email us at
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For more information, visit
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Report fraud and non-compliance

Call 204-888-8081 or toll free 1-844-888-8081
Email **Compliance@wcb.mb.ca**

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