

Balance and Fairness in the Rates You Pay



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

Changes to How We Set Your Rate

We asked stakeholders how our assessment rate model could be improved. We listened to Manitobans and as a result, we changed the way we calculate annual rates. We have moved to a rate model that responds to the unique needs of different-sized employers, is fair and more balanced, and enhances shared liability while protecting against rate shock.

What We've Done

We've narrowed the risk category ranges to limit how much your rate moves above or below the category average.

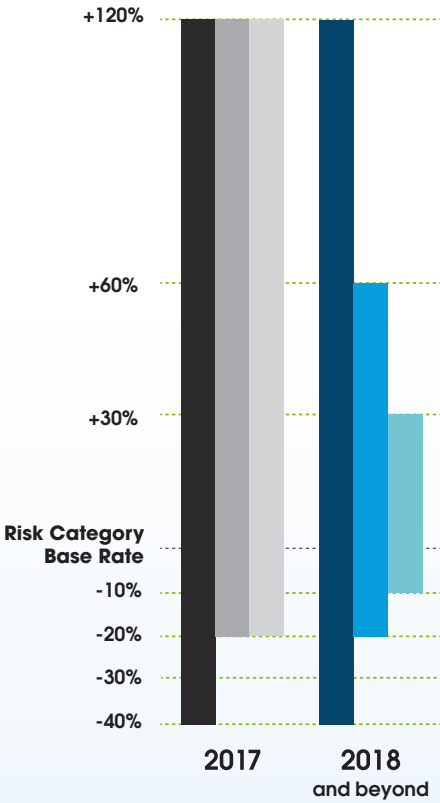
Your business has been assigned to a risk category based on your industry classification code. The size of your business determines the highest and lowest rate that you can pay.

Small employers are those with a payroll of less than \$750,000; medium employers are those with a payroll of less than \$7.5 million; and large employers have a payroll of more than \$7.5 million.

We've narrowed the category ranges for small and medium employers, which means their rates can't rise as high or fall as low as they used to.

The rate range for large employers is 40 per cent below to 120 per cent above their risk category base rate, or starting point for their category range. For medium employers, that range is 20 per cent below to 60 per cent above their base rate. Small employers have the smallest range: 10 per cent below to 30 per cent above their base rate.

Risk Category Range



- Large employer range
- Medium employer range
- Small employer range

What's the benefit?

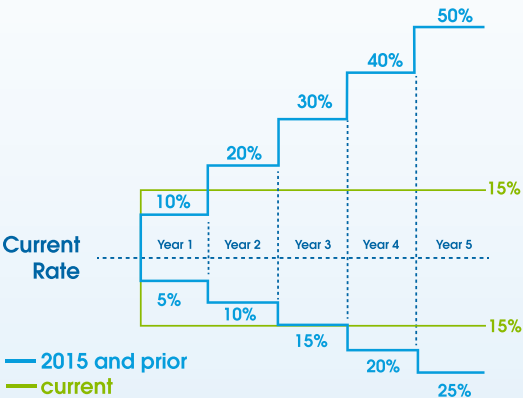
Narrowing the ranges helps to ensure that rates can't climb as high as they once did. For small and medium employers, it also ensures that rates are more reflective of their industry classification risk rather than their individual experience. The lower range of the risk category increases slightly to provide more collective protection from high cost claims that may have otherwise resulted in large rate increases in previous years.

We've reduced the annual basic rate change limit to reduce volatility.

Previously, an employer's rate could move up at an ever increasing pace if they had high claims costs. For example, after three years of excessive claims costs, their rate would increase by 30 per cent, after four years by 40 per cent, and after five years by 50 per cent. As their experience improved, their rate would decrease much more slowly.

Now, the basic annual rate change limit is capped to restrict how much your rate can move to a maximum of 15 per cent up or down per year. This reduces how quickly rates can rise and fall in any given year.

Annual Rate Change Limit



What's the benefit?

This helps to lower the year-to-year volatility of employers' rates and protect against large rate increases, while still responding in a reasonable way to changes in experience. Rate changes going up and down at the same speed allows improved claims experience to impact your rate more quickly.

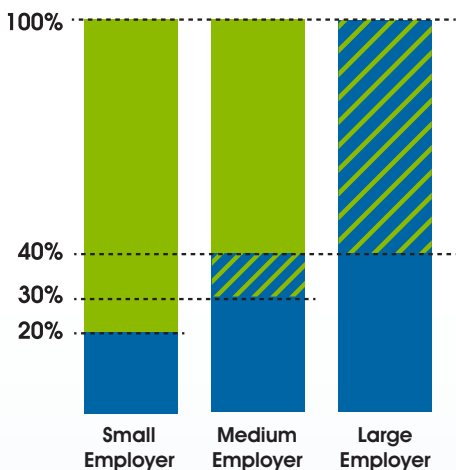
We've introduced a feature called the experience factor, which means your claims experience is weighted differently, depending on your size.

If you're a small or medium employer, your industry classification experience carries more weight than your individual claim costs experience. As an employer becomes larger, more weight is assigned to their own experience rather than to their industry experience.

In addition to this, Manitoba has many industry-based safety programs to help keep workers safe on the job. Through these safety programs, employers can work together to reduce their individual and classification-wide injuries and resulting costs.



Experience Factor



What's the benefit?

This balances individual and collective risk fairly based on relative size. Typically the larger an employer is, the more consistent their claims experience is. That's why we look at the past experience of large employers to determine their rates: it's a more reliable predictor of what their costs will be in the future.

The claim costs among small and medium employers, however, are quite varied. That means they need more protection against the impact of high cost claims, which is why we tie their rates more closely to their industry. This provides them with greater rate stability from year to year.

We've changed the experience period to provide more consistent treatment of short and long duration claims.

The experience period is the timeframe in which we collect costs to calculate your rate. The experience period considers three years of costs for claims incurred over the same three year period.

Rate Setting Experience Period

2020 RATE		2021 RATE		2022 RATE	
CLAIMS	COSTS	CLAIMS	COSTS	CLAIMS	COSTS
2018	2018	2019	2019	2020	2020
2017	2018 2017	2018	2019 2018	2019	2020 2019
2016	2018 2017 2016	2017	2019 2018 2017	2018	2020 2019 2018

What's the benefit?

Over time, this will help to balance the incentive to place more effort on preventing injuries from occurring in the first place, rather than focusing on controlling claim costs after an injury has occurred.

We've introduced new risk categories.

We increased from nine risk categories to eighteen, which will allow more movement between categories. This helps to ensure that industry classification codes and large employers are more accurately assigned to categories and rates that reflect their most recent experience.

What's the benefit?

As your industry's experience evolves, there are now more opportunities for a risk category to shift towards the experience reflected by the costs and experience of the industry classification. Movement between risk categories will begin for 2022 rates.

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 claim costs after an injury has occurred.

Ultimately, the most effective ways to reduce your WCB costs are by improving health and safety at your workplace and strengthening your Return to Work programs.

Here's a snapshot of the fully implemented 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 Basic Rate Change Limit	+ / - 15%		
Experience Period	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. Here you'll find a short video that simply explains how we calculate employers' rates as well as new information to help you understand what goes into our rate setting model.

You can also find examples detailing each step of the rate calculation in our rate setting policy found at www.wcb.mb.ca/rate-setting-for-the-general-body-of-employers-employers-in-class-e.

For more information, contact Assessment Services at **204-954-4505** or toll free at **1-855-954-4321**, extension **4505**.







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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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or call us at
204-954-4321

or toll free
1-855-954-4321

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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