



Workers' Compensation Act (WCA)

STAKEHOLDER PRESENTATION

2017 ASSESSMENT RATES

AGENDA

- WorkSafeNB's Board of Directors
- Purpose
- Overview
- Rate-Setting Process
- Legislation
- Factors Influencing Assessment Rates
- Looking Ahead
- Questions

**Members representing
workers**



James
Stanley



Michèle
Caron



Hector
Losier



Maureen
Wallace



Tim Petersen,
acting president &
CEO



Dorine Pirie,
chairperson

**Members representing
employers**



Julie
Marr



Lucien
Sonier



David
Ellis



Judith
Lane

**WorkSafeNB's
Board of Directors**

Current Vacancies:

vice-chairperson

PURPOSE

- Provide stakeholders with an overview of factors impacting 2017 average assessment rate
 - Goal is for you to walk away with an understanding of how process functions
- Obtain stakeholder input for discussion at Board of Directors meeting

OVERVIEW

- Reduction in accident frequencies through 2015 as a result of:
 - Employers investing in OHS
 - Employees working safer
 - WorkSafeNB prevention initiatives
- Result is less risk, lower cost and, combined with positive investment returns, declining rates since 2010
2010 - \$2.08 2015/16 - \$1.11
- Improved benefits over same time period

RATE-SETTING PROCESS

- Board of Directors sets assessment rate each year (September) based on expected costs and projected assessable payroll
 - Prescribed by legislation
 - System is funded 100% by employers of NB
- Press Release (October)
- Rate Notifications to Employers (November – Q&A to be included)

FACTORS INFLUENCING ASSESSMENT RATES

- Claim Costs
- Funding Level
 - Investment Performance

FACTORS INFLUENCING ASSESSMENT RATES

CLAIM COSTS

- Accident frequency
 - Declining to 2015
- Claim duration
 - Declining to 2015
- Benefit Changes
 - Board decisions
 - WCAT decisions
 - Other legislation

FACTORS INFLUENCING ASSESSMENT RATES

CLAIM COSTS

- Benefit improvements resulting from Board decisions
 - Increasing mileage rate
 - Improvements to fatality, burial, support benefits
 - Annuity benefits (5% - 10%)
- Benefit changes resulting from External Sources
 - **Workers' Compensation Appeals Tribunal (WCAT)**
 - CPPD calculations – portion related to injury and annuity calculation
 - Removing impact of negative interest on annuity set-asides
 - Expanding coverage for non-injury related intervening conditions
 - Estimated capable earnings as a supplement
 - **Legislation**
 - PTSD presumed work related for first responders

FACTORS INFLUENCING ASSESSMENT RATES

INVESTMENT PERFORMANCE

- Investment performance to December 31, 2015
 - 7 years of strong performance (over 10% on average)
 - Strong returns YTD 2016

FACTORS INFLUENCING ASSESSMENT RATES

FUNDING LEVEL – LONG-TERM FISCAL STRATEGY (POLICY 37-100)

Funding goal of 110% (2015 – 123.2%; 2014 – 137.3%)

- Ratio of assets to liabilities (ability to meet obligations)
- Excess relative to target is amortized over no more than 8 years resulting in assessment rate reductions
- 8-year amortization provides for added stability in rates

Recent benefit changes (external) have an estimated \$87 million impact on liabilities

- Changes in benefits are amortized in the assessment rates over no more than 8 years
 - \$0.12 over the next 8 years to cover the impact on prior year accidents
 - \$0.03 in additional costs each new accident year

RATE COMPONENTS

	2016	2017	Increase
Cost of Benefits and Administration Recent experience, admin, hearing loss, WCAT	\$1.54	\$1.71	\$0.17
Target Funding Level – rate rebate	(\$0.43)	(\$0.23)	\$0.20
Average Rate	\$1.11	\$1.48	\$0.37

PROVISIONAL RATES ACROSS CANADA

2008 TO 2010

	Average Rate			Funding Level	
	2008	2009	2010	2008	2009
Alberta	\$1.33	\$1.24	\$1.32	112%	128%
British Columbia	\$1.50	\$1.40	\$1.56	116%	124%
Manitoba	\$1.62	\$1.59	\$1.60	107%	115%
Saskatchewan	\$1.69	\$1.66	\$1.63	102%	111%
Northwest Territories & Nunavut	\$1.71	\$1.71	\$1.80	117%	116%
New Brunswick	\$2.03	\$2.01	\$2.08	89%	102%
Prince Edward Island	\$2.15	\$2.16	\$2.15	89%	104%
Quebec	\$2.14	\$2.10	\$2.19	70%	74%
Ontario	\$2.26	\$2.26	\$2.30	54%	54%
Nova Scotia	\$2.68	\$2.67	\$2.65	59%	62%
Newfoundland and Labrador	\$2.75	\$2.75	\$2.75	77%	88%
Yukon	\$3.00	\$3.00	\$2.95	105%	123%

PROVISIONAL AVERAGE RATE ACROSS CANADA

2014 TO 2016

	Average Rate			Funding Level	
	2014	2015	2016	2014	2015
Alberta	\$1.03	\$0.97	\$1.01	136%	134%
New Brunswick	\$1.21	\$1.11	\$1.11	137%	123%
Manitoba	\$1.50	\$1.30	\$1.25	138%	143%
Saskatchewan	\$1.51	\$1.46	\$1.34	153%	153%
British Columbia	\$1.70	\$1.70	\$1.70	130%	138%
Prince Edward Island	\$1.90	\$1.79	\$1.77	147%	141%
Quebec	\$2.02	\$1.94	\$1.84	100%	n/a
Yukon	\$2.18	\$1.90	\$1.85	160%	155%
Northwest Territories & Nunavut	\$2.05	\$2.00	\$2.00	116%	n/a
Newfoundland and Labrador	\$2.45	\$2.45	\$2.20	112%	119%
Ontario	\$2.46	\$2.46	\$2.46	74%	n/a
Nova Scotia	\$2.65	\$2.65	\$2.65	77%	81%

LOOKING AHEAD...

- Uncertainty with respect to further benefit changes resulting from external factors
- Second phase of WCA legislative review is ongoing
- VFM & GNB Audits
- Priorities include increased stakeholder engagement – seeking your ideas
- Presentation available at www.worksafenb.ca

QUESTIONS

