

2017 PREMIUM RATES BACKGROUNDER

Rate Group 385: Machine Shops

Premium Rate: \$2.61 per \$100 of Insurable Earnings

Schedule 1

Based on the 2016 Funding Projection, the WSIB's Board of Directors' initial decision for the 2017 Premium Rates was as follows*:

- There is a five per cent reduction on the average premium rate for Schedule 1 in 2017.
- There are modest rate increases for two rate groups: Rate Group 845 - Local Government Services and Rate Group 590 - Ambulance Services, which are affected by the presumptive Post Traumatic Stress Disorder legislation.
- Rate groups whose experience warrants a decrease will receive rate reductions of up to 14 per cent.
- Rate groups whose experience does not warrant a decrease, with the exception of the two mentioned above, will not be adjusted.

Subsequently the Board of Directors revised its decision*:

- The revision was needed to correct the Past Claims Cost allocation, resulting in revised rates.
- Each rate group will be charged the lower of the originally published rates or the revised rates. No rates will be increased as a result of this revised decision.
- Rate groups whose experience warrants a decrease under the revised rates will receive rate reductions of up to eight per cent.
- The average premium rate reduction becomes 6.2 per cent for Schedule 1 in 2017.

* Hereafter referred to as 'the rules'

Total Premium Rate of your Rate Group

First, "target" premium rates are set for each rate group according to the traditional approach of reflecting recent claims experience, a share of administration expenses and the Past Claims Cost charge to reduce the WSIB's unfunded liability. Then the rules set out above are applied resulting in the 2017 final rate.

Your rate group's premium rate is comprised of three components shown in the table below:

- New Claims Cost (NCC) – The expected future cost of your rate group's new claims for the year.
- Administration Expenses – Your rate group's share of the WSIB's operating costs and the legislated funding that goes to the Ministry of Labour, Ontario's Health and Safety Associations, and other organizations that serve Ontario workers and employers.
- Past Claims Cost (PCC) – A charge required to eliminate the WSIB's unfunded liability.

2017 Premium Rate Components

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Component	2016 Rate	Original		Revised		2017 Final Rate	Percent Change
		Target	Published	Target	Published		
A. New Claims Cost	1.575	1.465	1.465	1.465	1.465	1.465	-7.0%
B. Administration Expenses	0.688	0.684	0.684	0.684	0.684	0.684	-0.6%
C. Past Claims Cost	0.347	1.862	0.461	1.657	0.461	0.461	32.9%
D. Total Premium Rate	2.61	4.01	2.61	3.81	2.61	2.61	0.0%

Your Rate Group's final rate is the revised rate, which is the same as the originally published rate.

Your 2017 revised target rate is higher than your 2016 rate. This is because, although your New Claims Cost has decreased, your Past Claims Cost charge has increased. In accordance with the rules above, your premium rate is being held at its 2016 level.