

## 2017 PREMIUM RATES BACKGROUNDER

Rate Group 670: Machinery And Other Vehicles, Sales  
Premium Rate: \$1.83 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:

- A. New Claims Cost (NCC) – The expected future cost of your rate group's new claims for the year.
  - B. 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.
  - C. Past Claims Cost (PCC) – A charge required to eliminate the WSIB's unfunded liability.
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## 2017 Premium Rate Components

Rate Group 670: Machinery And Other Vehicles, Sales

| Component                  | 2016 Rate | Original |           | Revised |           | 2017 Final Rate | Percent Change |
|----------------------------|-----------|----------|-----------|---------|-----------|-----------------|----------------|
|                            |           | Target   | Published | Target  | Published |                 |                |
| A. New Claims Cost         | 0.762     | 0.641    | 0.641     | 0.641   | 0.641     | 0.641           | -15.9%         |
| B. Administration Expenses | 0.467     | 0.462    | 0.462     | 0.462   | 0.462     | 0.462           | -1.1%          |
| C. Past Claims Cost        | 0.611     | 0.815    | 0.737     | 0.725   | 0.727     | 0.727           | 19.0%          |
| D. Total Premium Rate      | 1.84      | 1.92     | 1.84      | 1.83    | 1.83      | 1.83            | -0.5%          |

Your Rate Group's final rate is the revised rate, which is the lower of the originally published and revised published rates.

Your 2017 revised target rate is lower than your 2016 rate because your New Claims Cost has decreased, indicating improved performance. This results in a rate decrease that has been fully reflected in your 2017 rate.