

## 2019 PREMIUM RATES BACKGROUNDER

Rate Group 636: Other Sales

Premium Rate: \$0.86 per \$100 of Insurable Earnings

### Schedule 1

The WSIB is now over 100 per cent funded, which has reduced the Past Claims Cost (PCC) for businesses and resulted in rate reductions for almost all Rate Groups for 2019. The WSIB's Board of Directors' decision for the 2019 Premium Rates is as follows\*:

- There will be a 29.8 per cent reduction on the average premium rate for Schedule 1 in 2019.
- Almost all Rate Groups will see a decrease in premium rates as a result of the elimination of the Unfunded Liability (UFL).
  - All but seven (148) Rate Groups will see a rate reduction, subject to a maximum decrease of 48 per cent.
  - Seven Rate Groups will remain steady at 2018 levels.

\* Hereafter referred to as 'the parameters'

### Total Premium Rate of your Rate Group

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.

To calculate your 2019 rate, we first set target premium rates for each rate group based on recent claims experience, administration expenses and the charge to reduce the WSIB's unfunded liability. We then apply the parameters set out above, resulting in the 2019 final rate.

### 2019 Premium Rate Components

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Component	2018 Rate	2019 Target Rate	2019 Rate	Percentage Change
A. New Claims Cost	0.461	0.443	0.443	-3.9%
B. Administration Expenses	0.317	0.306	0.306	-3.5%
C. Past Claims Cost	0.452	0.108	0.111	-75.4%
D. Total Premium Rate	1.23	0.86	0.86	-30.1%

Your 2019 target rate is lower than your 2018 rate because your New Claims Cost has decreased, indicating improved performance. As a result, your 2019 rate will decrease, limited to a maximum decrease of 48 per cent, in accordance with the above parameters.