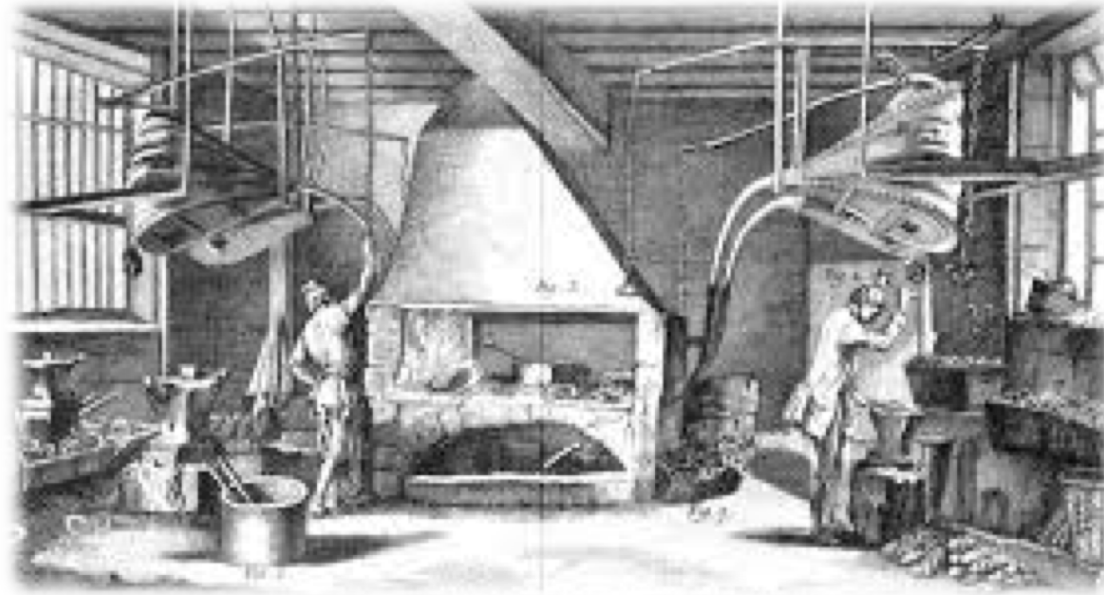


WorkSafeBC Insurance Model and 2019 Rates

Surrey Board of Trade

January 31, 2019

Before workers compensation



Workers' case:

- Duty of care
- Breach of duty of care
- Damages

Employer's defense:

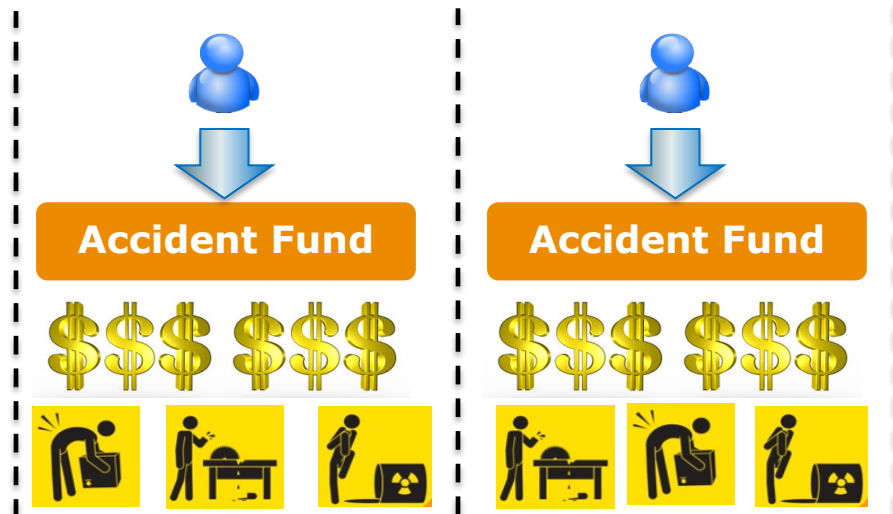
- Contributory negligence
- The "fellow servant" rule
- The "assumption of risk"

90% of injured workers received **no compensation**

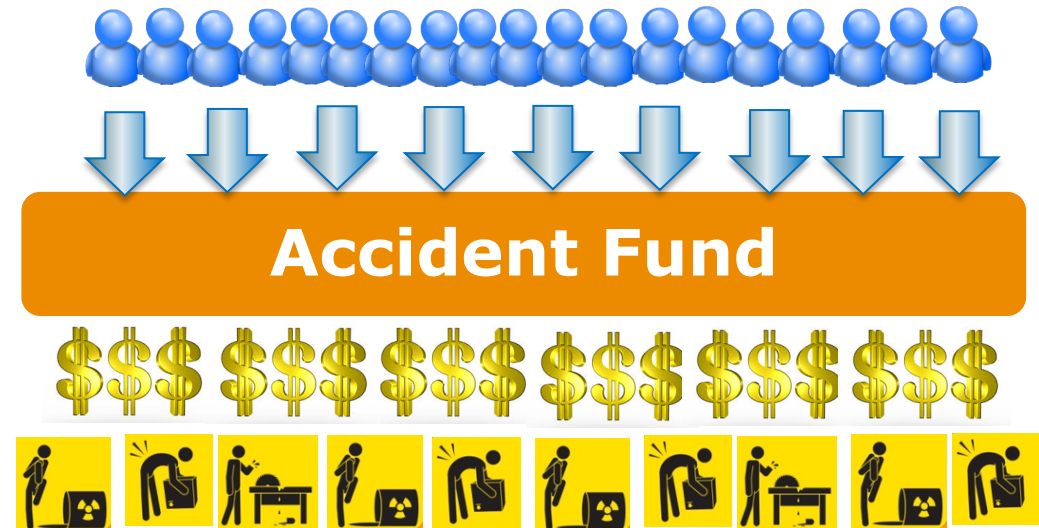
Meredith's choices in 1915



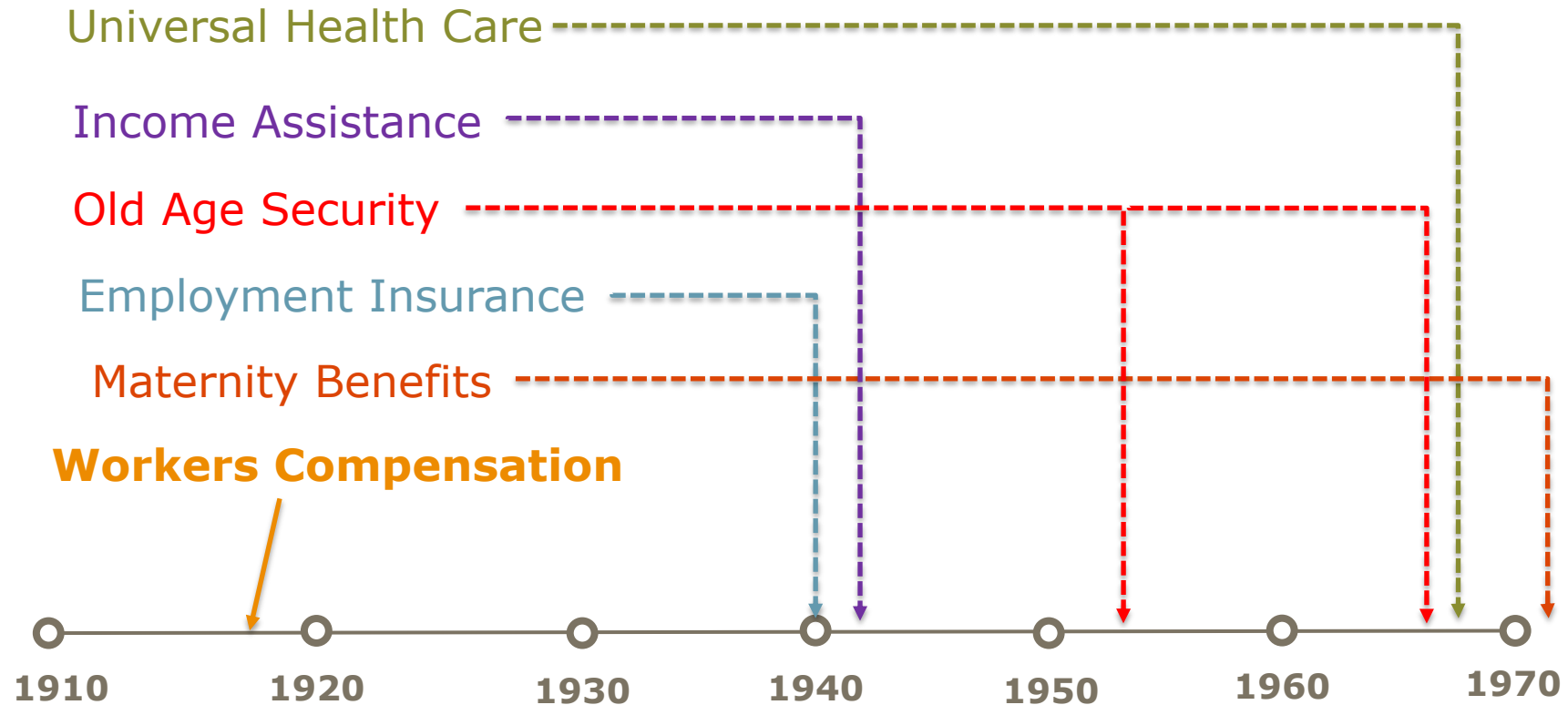
- No fault system
- Not mandatory
- Administered privately
- Employers individually liable



- No fault system
- Mandatory
- Administered by the state
- Employers collectively liable



Canadian Social Welfare

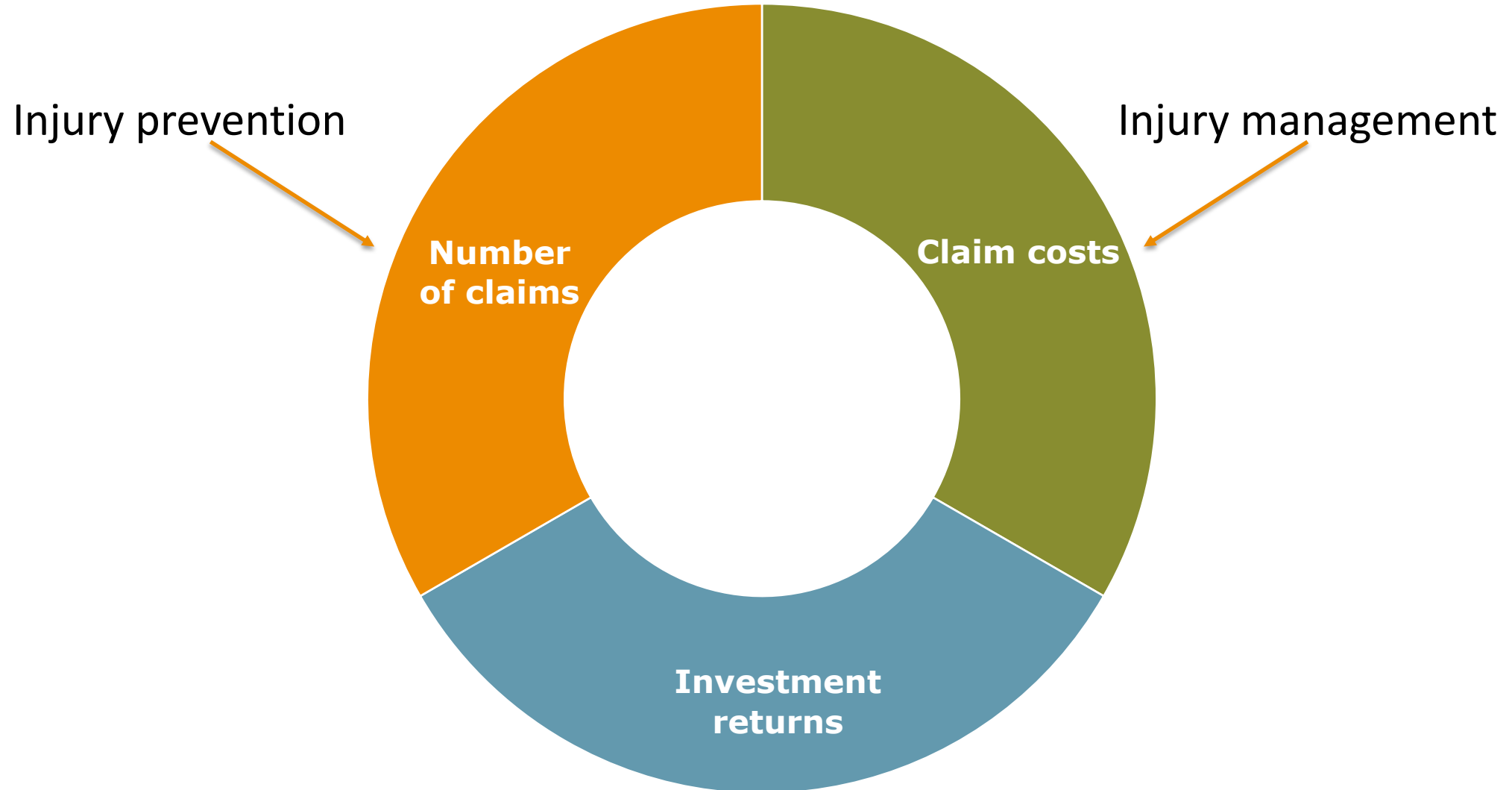


What your premiums pay for:

1. Income security for workers
2. Inexpensive protection from litigation
3. Standards for safe workplaces
4. Free expert advice

What is driving your rate?

Premium rate drivers are:



Quick facts (2017)

Prevention

- Occupational health and safety regulator and inspectorate
- 500,000+ workplaces
- ~ 43,000 inspections
- ~ 34,000 safety orders
- ~ 340 penalties

Claims

- 153,000 workplace injuries reported
- Income replacement benefits
- Clinical, return to work (RTW), and emotional support
- Long term pensions
- Exempt from the Canada Health Act

Insurance

- Sole insurer of workers' compensation in British Columbia
- Employer funded
- ~ 230,000 registered employers
- ~ 2.4 million workers covered
- Premium rates set annually
- Annual premiums approximately \$1.5 billion

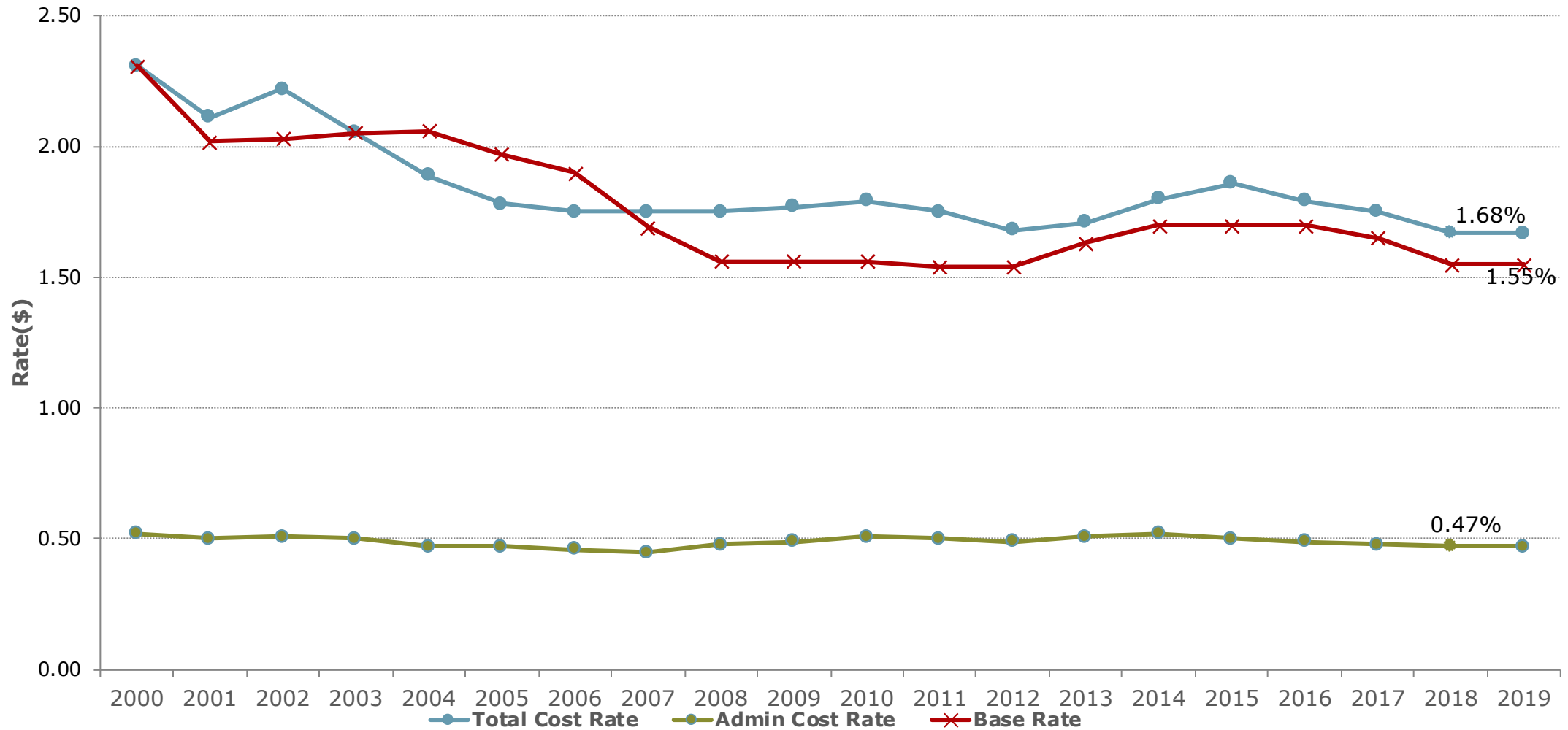
2017 results and 2019 rates

- The provincial injury rate reached a historic low of 2.18 claims accepted per 100 person years of employment
- Excellent RTW at 81.8% of workers back at work within 26 weeks
- Lower Injury Rate and improved RTW outcomes led to better-than-planned claims cost performance (\$197M better than plan)
- Investment portfolio outperformed WorkSafeBC's return requirements (10.5% vs 4.4%) for the year
- WorkSafeBC Board of Directors has set a preliminary average base rate unchanged from 2018 of 1.55% in 2019

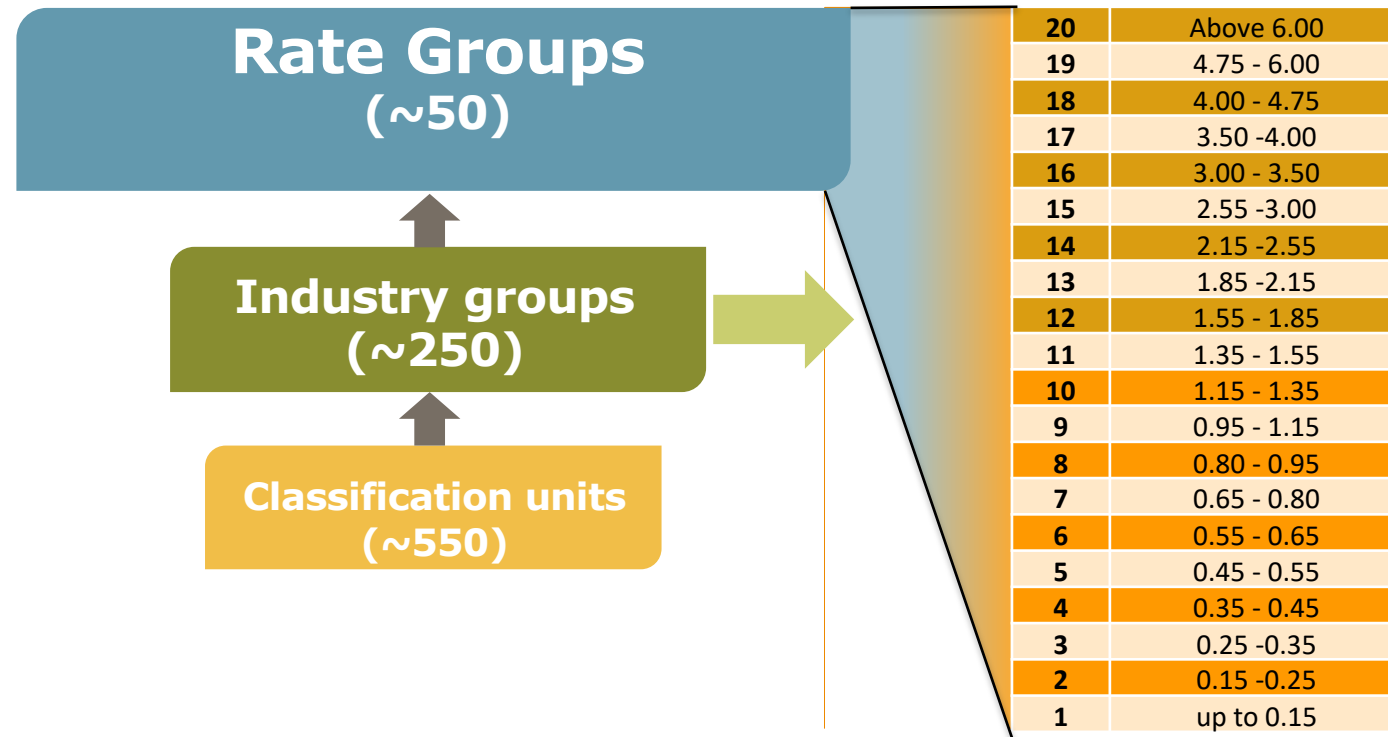
2015 – 2017 results

	2015	2016	2017
Total comprehensive income	\$995M	\$488M	\$1,406M
Investment income	\$1,306M	\$826M	\$1,738M
Net actual market rate of return	8.7%	5.1%	10.5%
Investment required rate of return	4.0%	4.5%	4.4%
Total claim and operating costs	\$1,802M	\$1,857M	\$1,879M
Injury rate (injuries per 100 workers)	2.22	2.20	2.18
Return-to-work within 26 weeks	82.6%	82.7%	81.8%
Return-to-work for workers in vocational rehabilitation	81.0%	80.6%	82.6%

Premium rates and cost rates

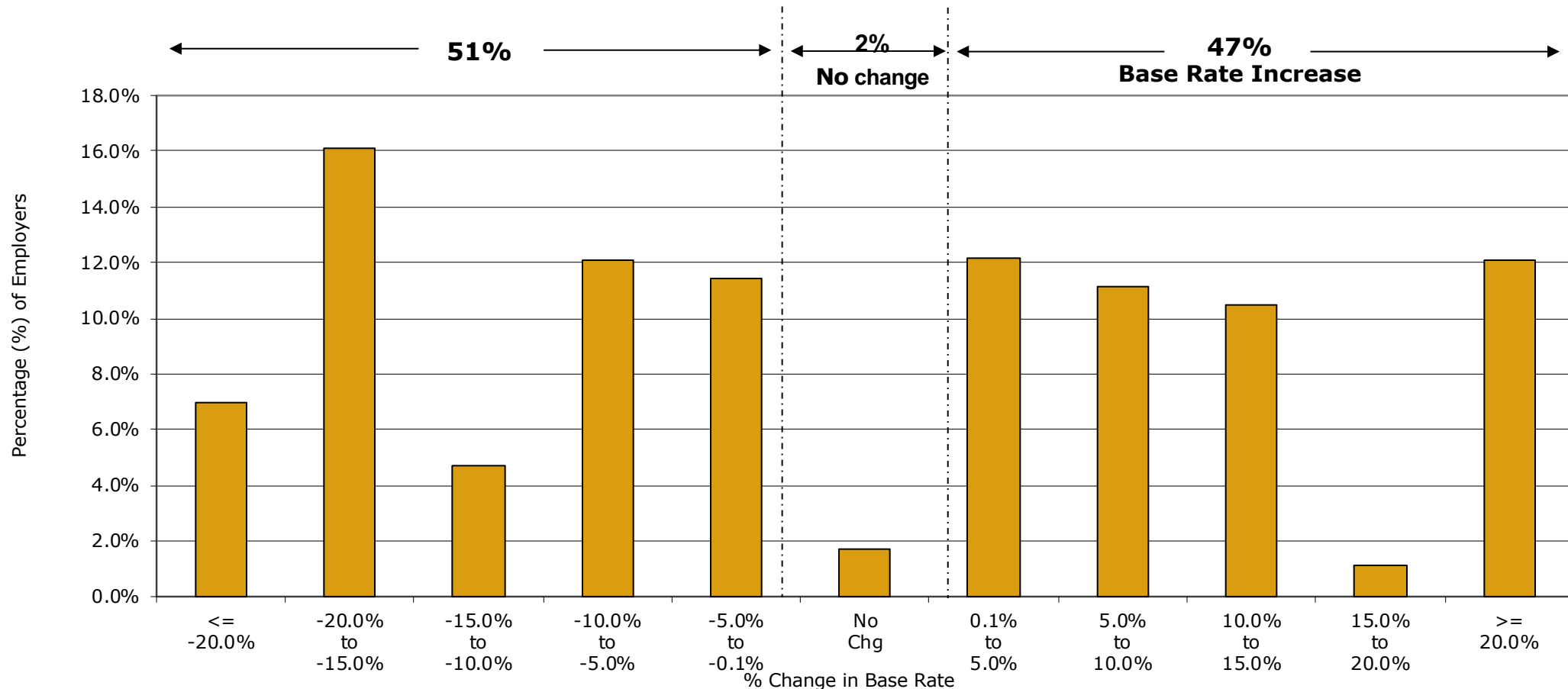


Rate group structure



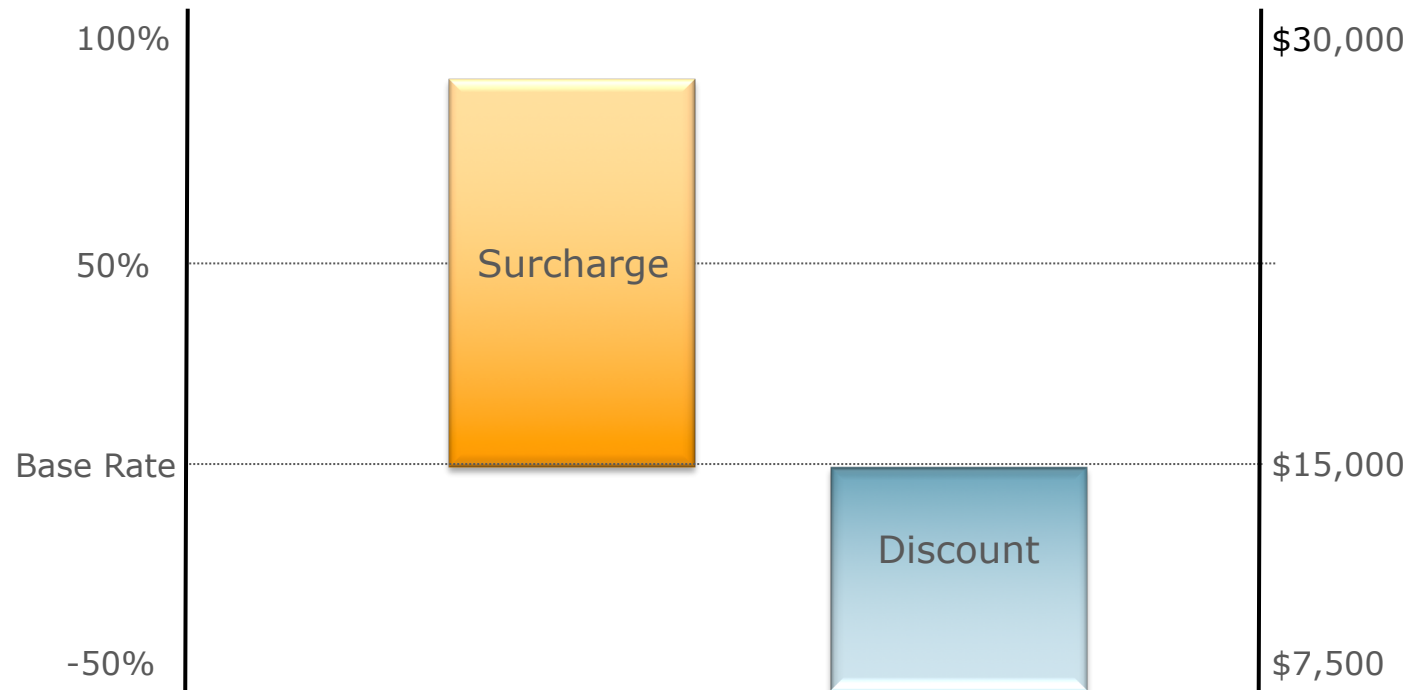
- Similar classification units (CUs) are placed together into industry groups.
- Industry groups with similar costs are placed into one of 20 clearly defined and stable rate group bands with progressively higher cost rate boundaries.
- Sufficiently large enough industry groups form their own rate groups.

2019 base premium rate changes



- 118,000 firms will experience base rate decreases
- 108,000 firms will experience base rate increases
- 4,000 firms will experience unchanged base rates

Experience rating: rewarding safety



For example: An employer with \$1 million in payroll with a base rate of 1.50 percent would pay \$15,000, but could pay as little as \$7,500 or as much as \$30,000, depending on its safety record over time.