

# 2020 Rate Consultations

Surrey Board of Trade Finance and Tax Team

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# Quick facts (2018)

## Prevention

- Occupational health and safety regulator and inspectorate
- 500,000+ workplaces
- ~ 45,000 inspections
- ~ 34,000 safety orders
- ~ 370 penalties

## Claims

- 156,000 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
- ~ 240,000 registered employers
- ~ 2.4 million workers covered
- Premium rates set annually
- Annual premiums approximately \$1.6 billion

# 2018 results and 2020 rates

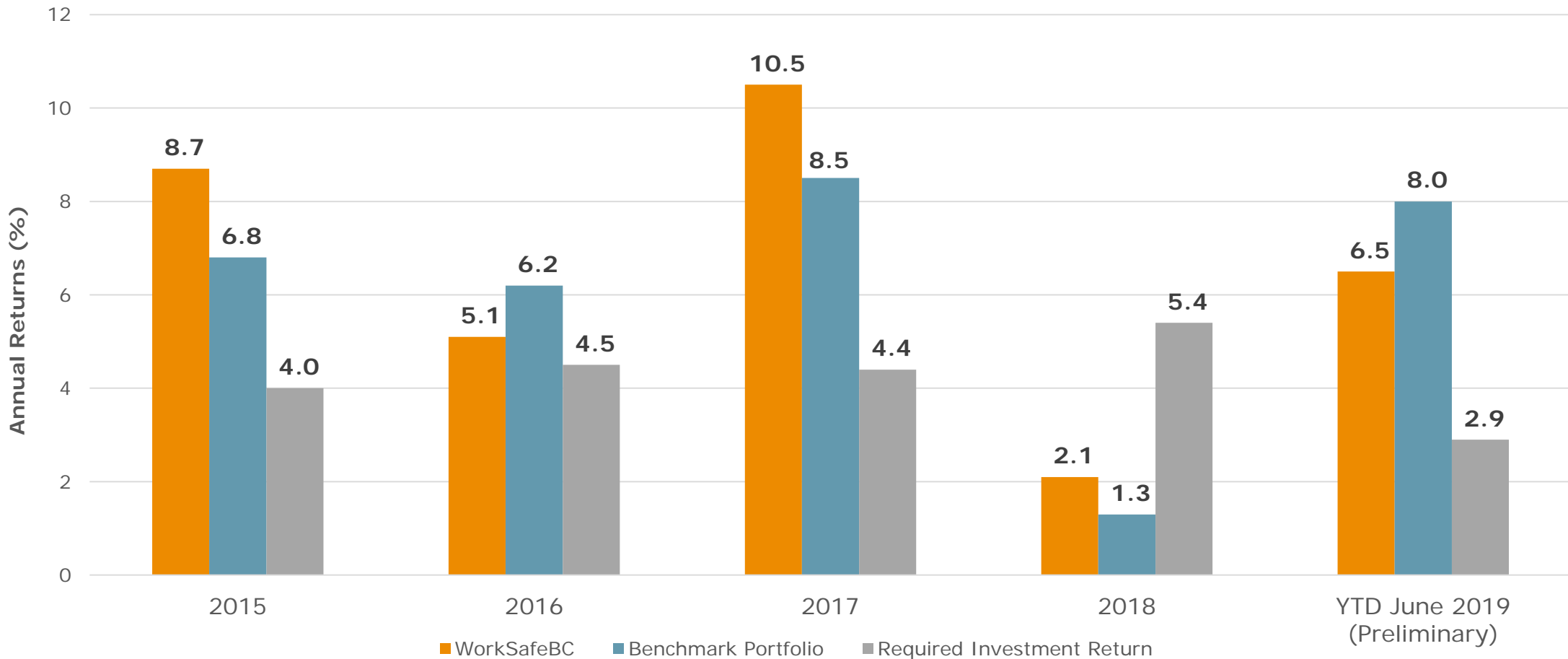
- The provincial injury rate is at 2.19 claims accepted per 100 person years of employment
- Return to Work (RTW) is at 81.9% of workers back at work within 26 weeks
- Investment returns fell short of the WorkSafeBC's long term requirements
  - (2.1% vs 5.4%) for the year, but are above the investment policy benchmark of 1.3%
- WorkSafeBC Board of Directors established an average base rate of 1.55% in 2019, and the preliminary average rate is expected to remain the same at 1.55% for 2020

# 2016 – 2018 results

	2016	2017	2018
Total comprehensive income	\$488M	\$1,406M	\$16M
Investment income	\$826M	\$1,738M	\$424M
Net actual market rate of return	5.1%	10.5%	2.1%
Investment required rate of return	4.5%	4.4%	5.4%
Total claim and operating costs	\$1,857M	\$1,946M	\$2,157M
Injury rate (injuries per 100 workers)	2.20	2.18	2.19
Return-to-work within 26 weeks	82.7%	81.8%	81.9%
Return-to-work for workers in vocational rehabilitation	80.6%	82.6%	85.0%

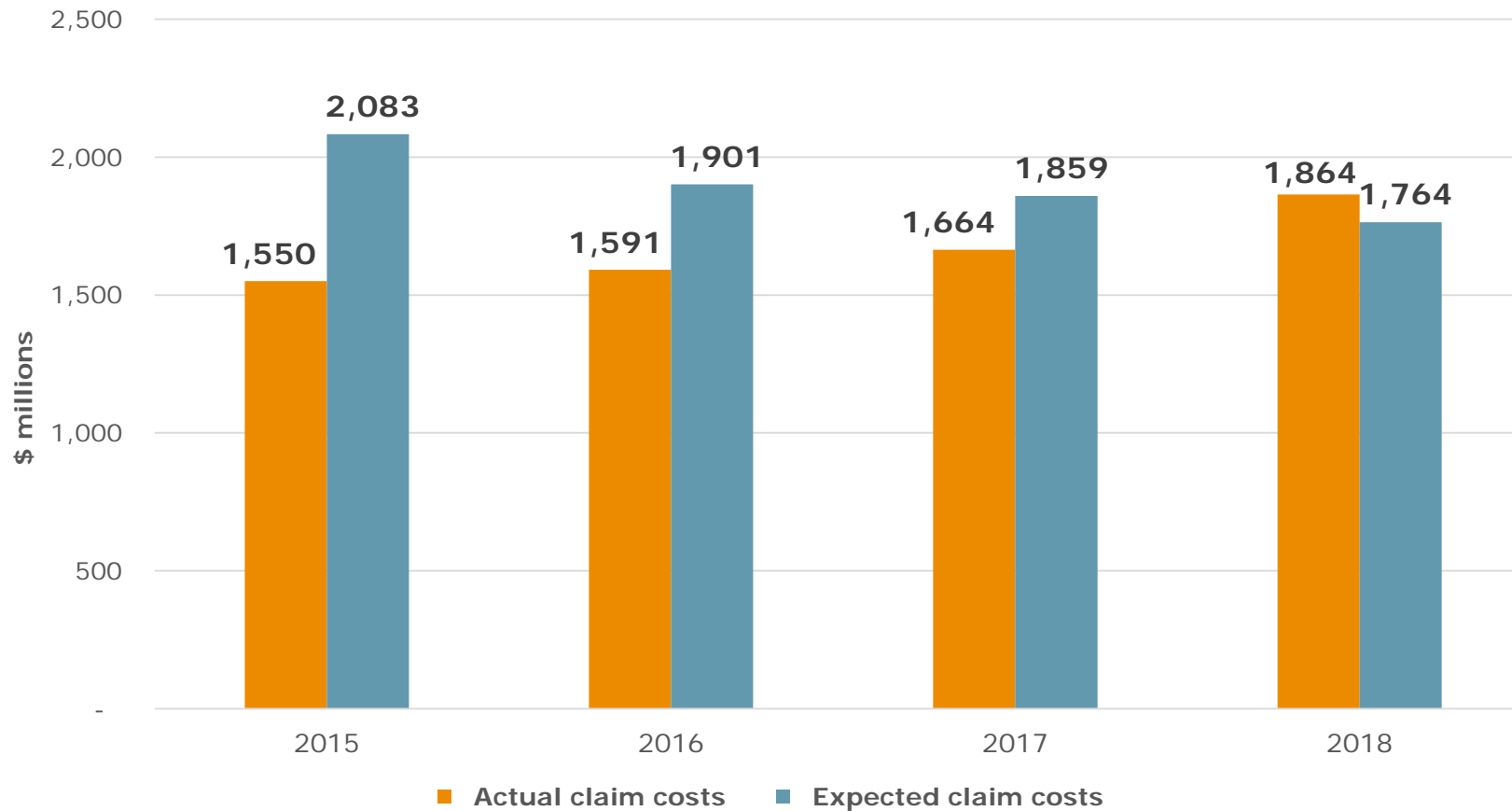
# Investment returns

## Annual performance comparison

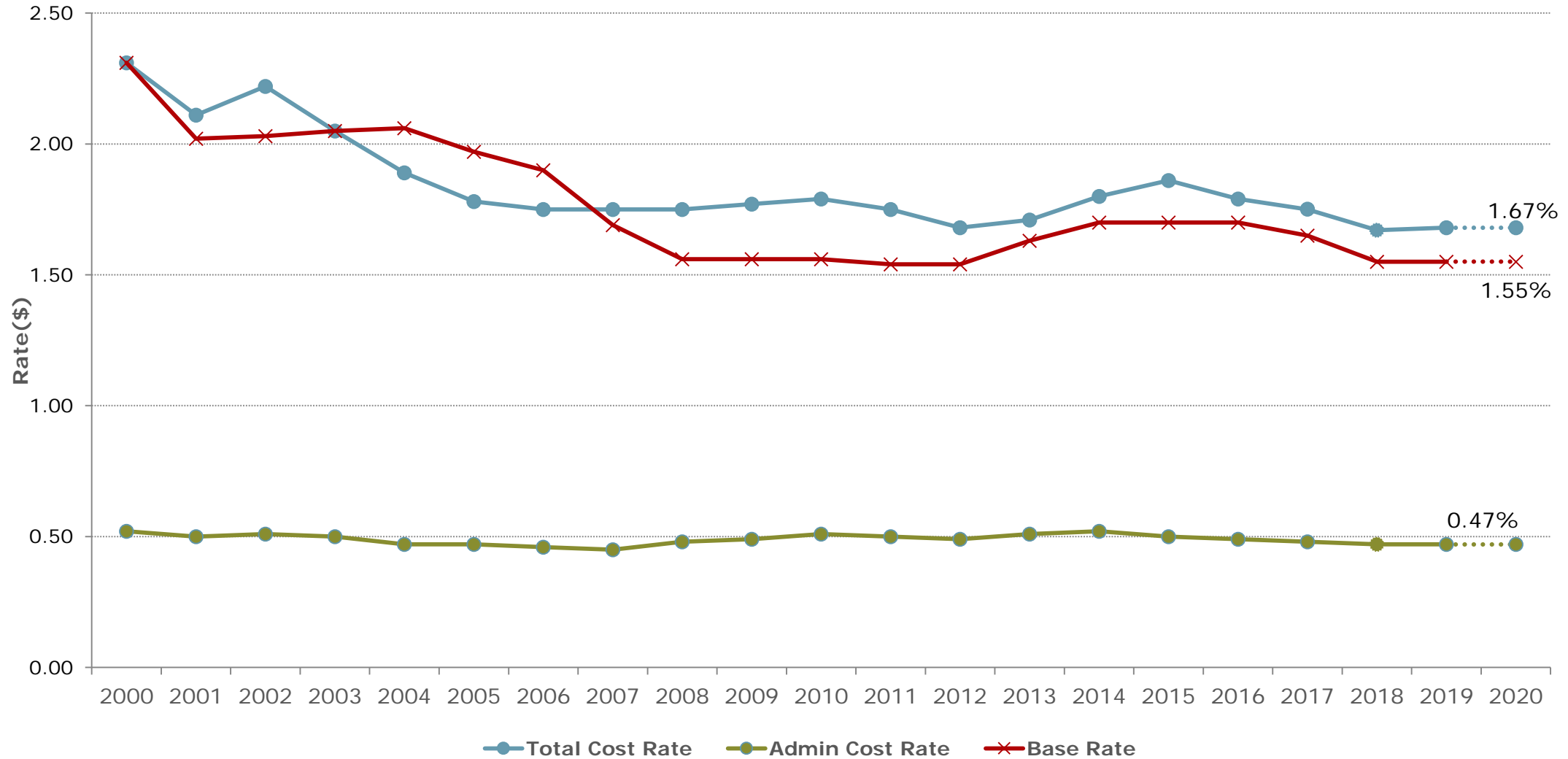


# Claim costs

## Annual claim costs compared to expected costs



# Premium rates and cost rates



\*2020 rates are preliminary

# The environment

- Average base rate for 2019 was set 0.13% lower than the average cost rate (1.55% vs 1.68%). For 2020, this is expected to remain relatively unchanged, with an expected average cost rate of 1.67%.
- Several straight years of good investment returns, prior to 2018. Last year, however, we had a return of 2.1%, lower than our 5.4% long term return requirement.
- Uncertainties regarding any impacts of possible legislative or policy changes.
- Rate stability is a key objective.



# Costing of Options Table – Bogyo Report

Option	Accident Fund (\$millions)		Funding Model Impact (per \$100 payroll)	
	One-time Liability	Annual Cost	Amortized Cost (Each year for 3 years)	All years
Option 1: <i>Status Quo</i>	0	0	0	0
Option 2: <b>Increase the Statutory Maximum to cover all earnings for 90% of workers</b>	31	21	0.006	0.020
Option 3: <b>Increase presumed retirement age to 70</b>	690	50	0.129	0.047
Option 4: <b>Bring all existing pensions up to date with one-time CPI adjustment</b>	650	0	0.122	0.000
Option 5: <b>Changing the CPI formula prospectively to full CPI as finances allow</b>	657	36	0.123	0.034
Option 6: <b>Presumed maximum earnings on the death of a worker</b>	86	25	0.016	0.023
Option 7: <b>Benefit to Estate on the Death of a worker.</b>	31	9	0.006	0.008
Option 8: <b>Enabling amendments to permit greater security for the Accident Fund</b> Values not calculated for this option	0	0	0	0
Option 9: <b>Diagnostic and prophylactic treatment prior to Claim Acceptance</b> Values not calculated for this option	0	0	0	0
<b>Interaction Effects Options 2-7</b>	274	35	0.051	0.033
<b>Total Option 2-9 plus Interaction Effects</b>	<b>\$2,419</b>	<b>\$ 176</b>	<b>\$ 0.453</b>	<b>\$ 0.165</b>
<i>In addition, there is about a 5% reduction on the rate due to higher payroll base. Based on 2019 average rate, this translates to a 0.078 rate reduction.</i>				<i>(\$0.078)</i>

Figure 29 - Costing of Options Table