

WorkSafeBC Financial Overview

How surplus affects your rates

January 2025

Agenda

- 1** Introduction
- 2** How WorkSafeBC uses the surplus
- 3** Looking ahead
- 4** Q&A period

Quick facts (2024)

Prevention

- Occupational health and safety regulator
- Promote the prevention of workplace injury, illness, and disease
- ~310,000 active employer operating locations
- ~57,000 inspections
- ~42,000 safety orders
- ~360 penalties

Claims

- Wage-loss compensation, health care benefits, claims management, return to work, and vocational rehabilitation
- ~142,000 claims first reported
- ~80% of injured workers returned to work within 26 weeks

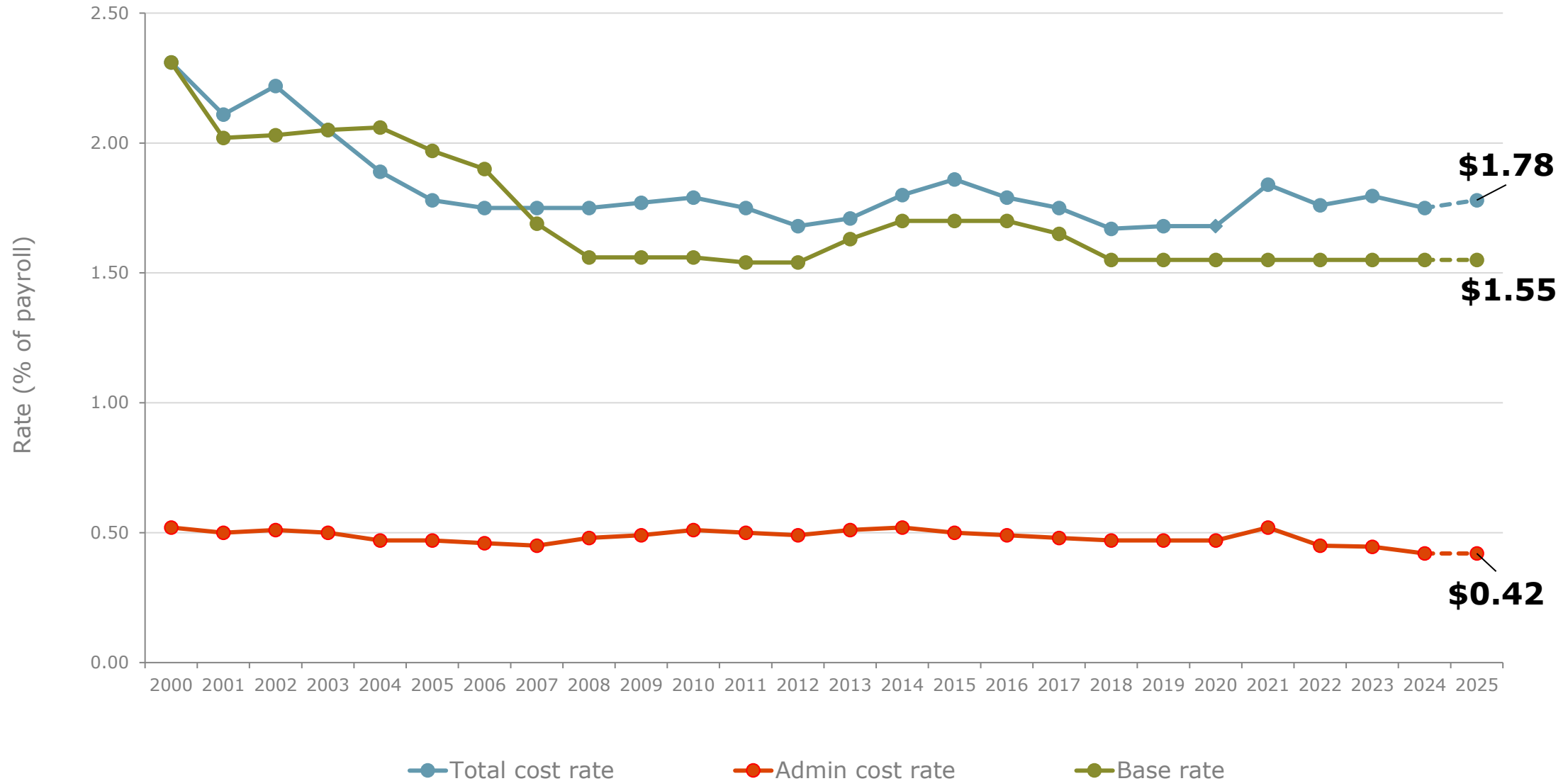
Assessments

- Sole provider of workers' compensation in B.C.
- Employer-funded
- ~287,000 registered employers
- ~2.7 million workers covered
- Premium rates set annually
- Annual premium income approximately \$2.3 billion

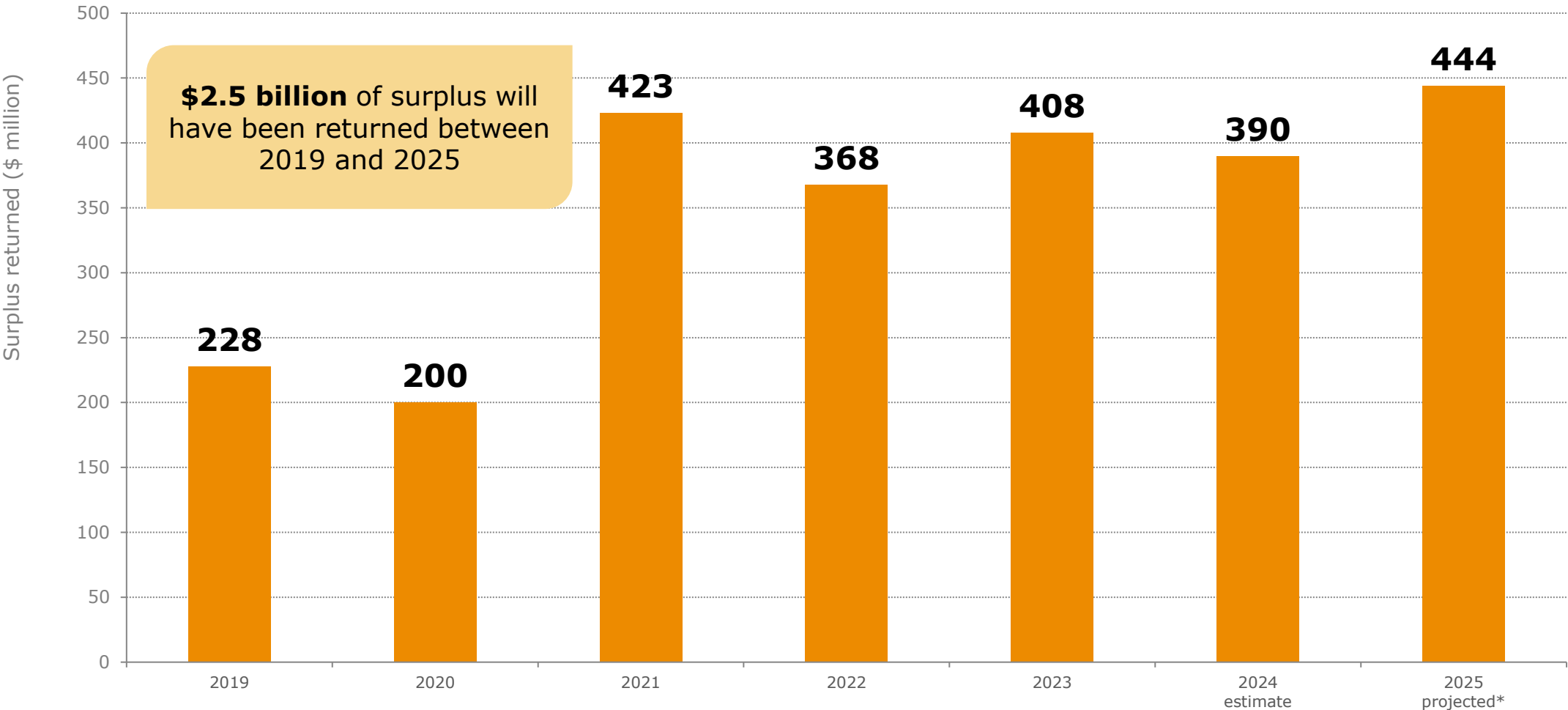
Key points for discussion today

- WorkSafeBC has exceeded its target funding in recent years resulting in surplus funds.
- The funded level and surplus have been declining (e.g., \$3.5B in surplus funds in 2021, dropping to \$2.1B in 2023).
- Surplus funds have been used to keep premium rates below the costs to run the system.
- In 2025, the average premium rate of \$1.55 per \$100 of payroll is less than the average cost rate of \$1.78, with the surplus funding the difference.
- Looking ahead, we are seeing claim cost increases and upward pressure on rates as soon as 2026.

Historical perspective: Premium rates and cost rates

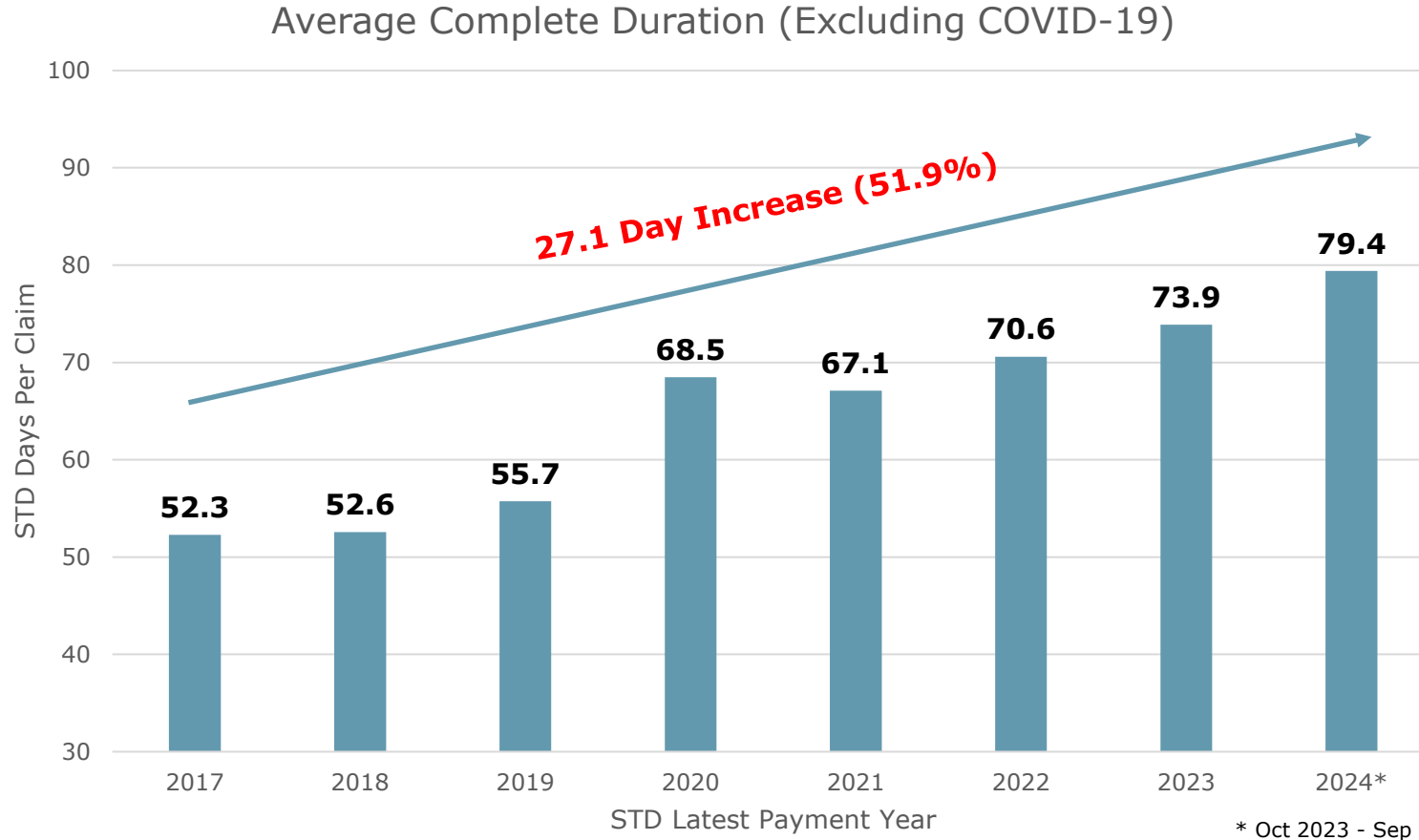


Surplus returned over recent years



Duration of claims and claim complexity

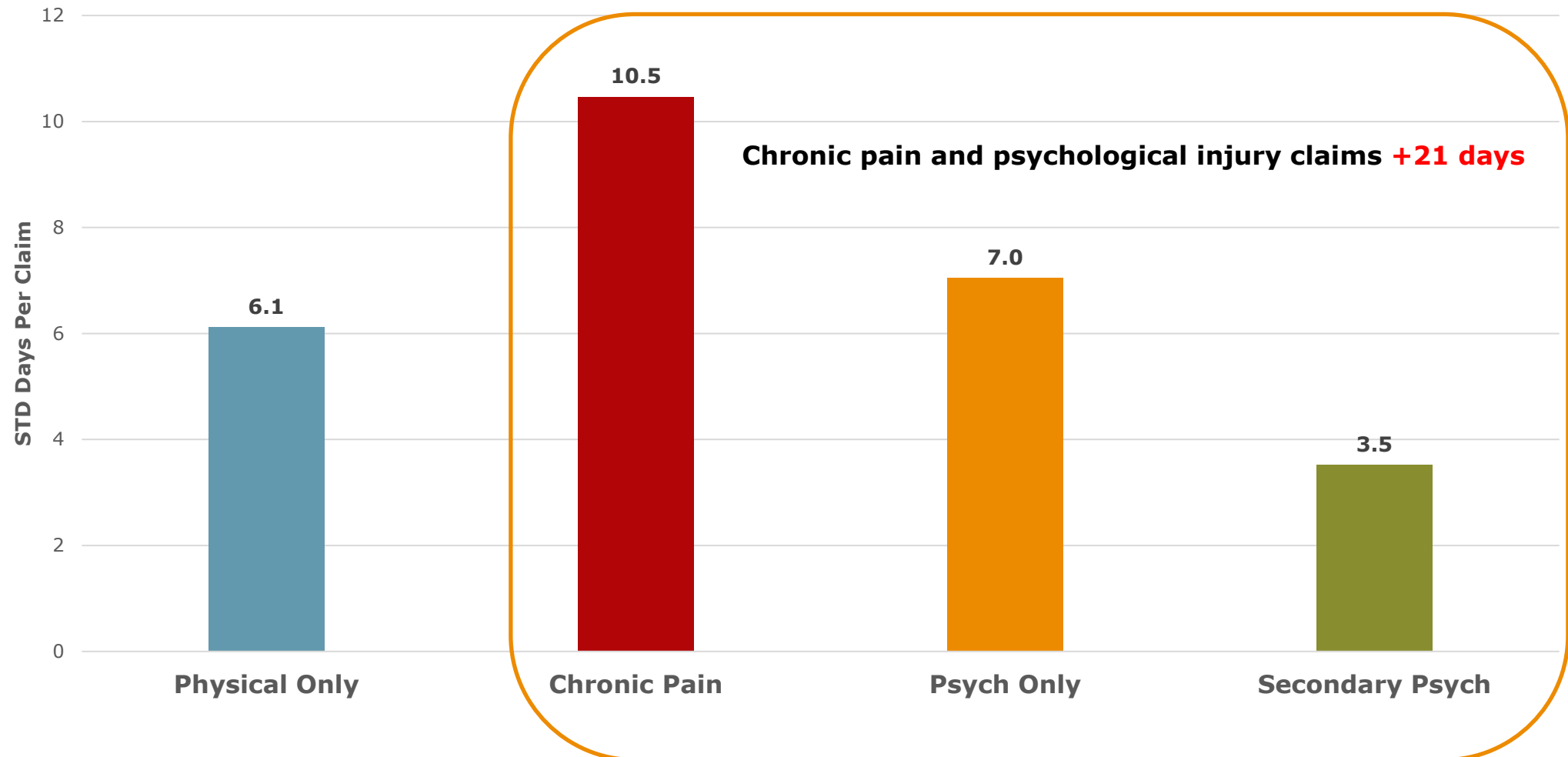
Average complete duration (excluding COVID-19)



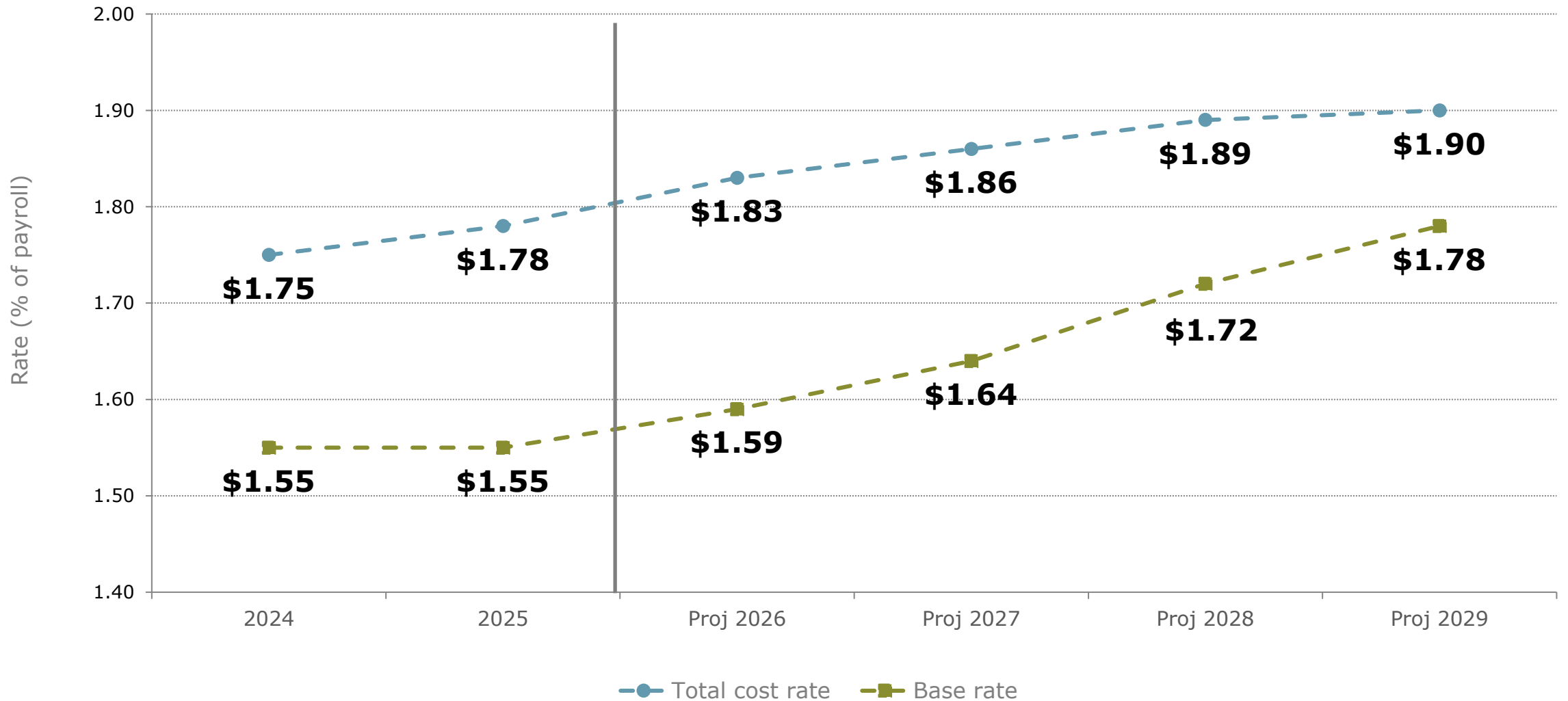
- 27.1 days increase in duration since 2017 to September 2024
- Increase in duration largely due to increased claim complexity
- Increase in duration results in higher claim costs
- Potential pressure on future rates if trend continues
- Duration continues to increase in 2024 and is currently at 79.4

Claim Type Trend Drivers Of Average Complete Duration

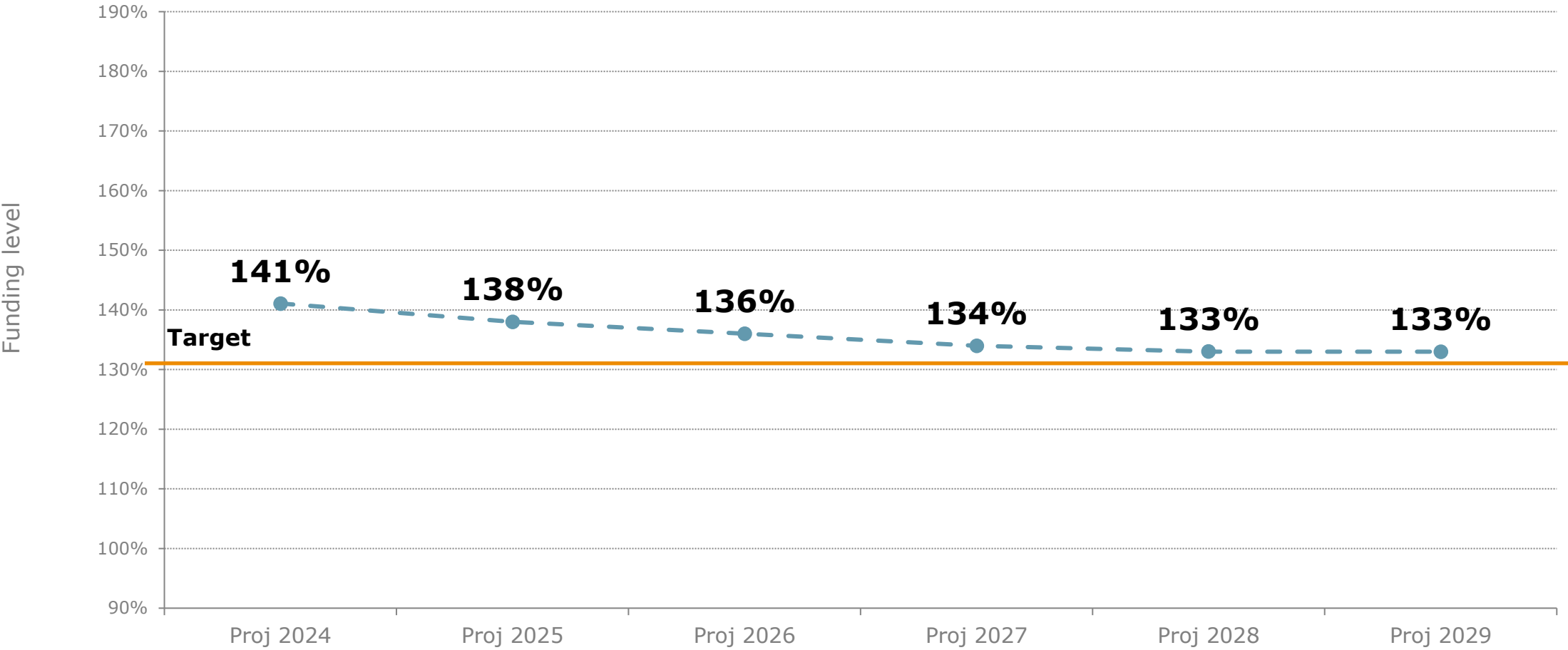
Contribution To The 27.1 Day Increase



Looking forward: Projection of average premium rate



Looking forward: Projection of funding level



The environment and global outlook

- Average base rate of all industries in 2025 is less than the cost of the system (\$1.55 vs \$1.78)
- Historical investment returns have been strong, but outlook is less optimistic due to market de-stabilizing factors
- Increasing trend in claim complexity and new costs from Bill 41 (+\$117 million a year in claim costs or +0.08% points to the cost rate)
- Rate stability is a key objective and that has been achieved for 2025, but rate increases in the future are possible

Influence your rates

Experience rating

- Firms whose claims costs are the same as those of comparable industry firms are considered “average” and pay the industry’s base premium rate.
- Best-performing firms can qualify for up to a 50% discount on their premium rates while worst-performing firms may pay a surcharge of up to 100%.

To improve your experience rating

- Improve your health and safety performance
- Provide timely and suitable return to work

By reducing injuries and improving return-to-work opportunities, you can play a critical part in lowering the rates you pay. **We are in this together.**

Questions & Discussion