

## Understanding rates

The insurance premiums employers pay cover the costs of work-related injuries and diseases. This includes health care, wage-loss, and rehabilitation benefits, as well as costs of prevention-related activities and administration.

Understanding how claim costs are used in the rate setting process can help you recognize how you can influence your rates.

Employers can assist in reducing their claim costs and insurance rates by reducing workplace injuries and implementing good disability management programs.



## Your WorkSafeBC insurance:

Protection for your business and your workers

- **Compensation and services for injured workers.**  
When workers suffer work-related injuries, illnesses, or diseases, we provide compensation and support their recovery, rehabilitation, and safe return to work.
- **No-fault protection.**  
Your insurance protects you from lawsuits from workers who are injured on the job.
- **Tools and expert advice.**  
We provide resources and consultation to help you with injury prevention, workplace safety, and disability management and return-to-work programs for injured workers.
- **Collective liability.**  
Like other types of insurance, the costs of claims are shared by those in your industry, so you never have to bear the full cost of a claim.



You can find a wide variety of free health and safety resources at [worksafebc.com](https://worksafebc.com): newsletters, booklets, posters, and videos. They cover all major industries in B.C., as well as distinctive groups such as young workers.

For more information, please visit [worksafebc.com](https://worksafebc.com) or call us at 604.244.6181 in the Lower Mainland or toll-free at 1.888.922.2768 elsewhere in B.C.

**WORK SAFE BC**

# Understanding insurance rates

How you can lower premiums



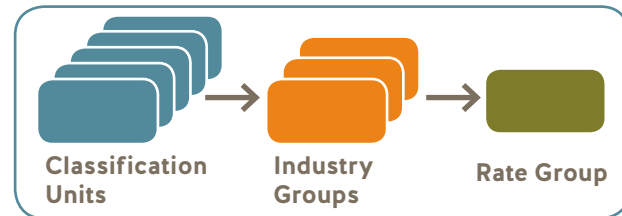
## What influences my rate?

### Costs in your industry drive your insurance rates

The base premium rate for your classification unit reflects the historical cost of injuries for your industry. You can lower costs for your industry by working with employers and the health and safety association in your industry to improve health, safety, and disability management. As the costs of injuries fall, so do insurance rates.

### How it works

We assign your firm to a classification unit based on the products you produce, the services you provide, and the processes, technology, or materials you use. We then combine classification units to form industry groups and combine industry groups that share the same claim cost profile into insurance pools, called rate groups. Setting rates for these large rate groups allows us to deliver more stable rates.



Employers in each rate group pay the costs of injuries, diseases, and prevention activities for the group. As costs change, so do rates. Each year, some rates go up, some go down, and some stay the same.

Every year, we compare your industry group's claim cost profile to your rate group. If your industry group's claim costs fall outside the range of your rate group for multiple years, we move your industry group to a more appropriate rate group. If your costs drop and we move you to a lower risk group, your base premium rate would also drop.

Claim costs are driven by the number of claims and the cost of benefits for those claims. By preventing injuries and supporting injured workers in recovering at work and returning to work safely, firms and industries can reduce claim costs.

Use our Industry Safety Information Centre to learn more about injury trends and costs in your industry.

"If you're not basing your activities on data that's available, then how are you coming up with your ideas?"

— Wendy Bennett, executive director, Farm and Ranch Safety and Health Association



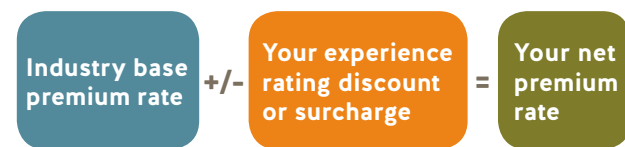
Visit [worksafebc.com>about us>open data](https://worksafebc.com/about-us/open-data).

### Your claim history determines your discounts and surcharges

If your claim costs are lower than the average for similar-sized businesses in your rate group, you'll receive discounts on your premiums. If you have higher-than-average claim costs, you'll pay surcharges.

These discounts and surcharges, called experience rating adjustments, compare your firm with firms in industries that share the same risk as yours and allow us to ensure the costs of compensation for people injured at work are distributed fairly.

### How it works



### The calculation

- 1 First, we determine your claim costs for the past three years.
- 2 Then, we take into account the size of your firm, based on your payroll.
- 3 Finally, we compare your claim costs per dollar of payroll to other firms in your industry's rate group to determine your experience rating adjustment.

If you have lower claim costs than others in your industry, you can earn discounts on your base premium rate — up to 50 percent over time. If you have higher claim costs, you may face surcharges of up to 100 percent over time.

Your experience rating changes in response to significant changes in your risk profile. For example, a large firm that upgrades its health and safety program and has ongoing reductions in claim costs will see a positive change in its experience rating. However, if a firm experiences its first claim after many years, that one claim alone would not signify a trend, so they would not lose their full discount.

### Your firm's insurance rate

Every year, we send you a letter that shows your base premium rate, your experience rating adjustment, and your net premium rate for the coming year. If you've had a claim, the letter will show how it affected your experience rating. You can also visit [worksafebc.com](https://worksafebc.com) and log on to online services to see a copy of your rate notification.

### Understanding your claim costs

By preventing injuries and disease and helping injured workers recover at work and return to work safely, you can reduce claim costs.

Use our Employer Safety Planning Tool Kit to analyze your claim costs and injury trends,

identify areas for improvement, and see how changes in your claim costs can impact your experience rating.

Brewers Distributor reduced back injuries from 17 to 1.

"It was all because of the data. The Employer Safety Planning Tool Kit is like your map."

— Michael Monkman, safety advisor, Brewers Distributor Ltd.



Visit [worksafebc.com>about us>open data](https://worksafebc.com/about-us/open-data) to take advantage of the Employer Safety Planning Tool Kit.

### Investment returns contribute to premiums

When our investment returns are higher than required to cover estimated future payments, we're able to use excess returns to cover compensation costs and reduce the premiums we need to collect.

### How it works

The premiums employers pay must cover the current and future needs of B.C.'s injured workers, some of whom will require financial and medical aid for the rest of their lives. To support those needs and maintain low and stable rates, we invest a portion of the funds we collect from employers.

In recent years, the cost rate has been higher than the average base premium rate and the difference has been funded by drawing from investment returns and our Capital Adequacy Reserve. The Capital Adequacy Reserve is a special fund used to manage the financial risk of unforeseen events and reduce volatility in premium rates.

To learn more, please see our *Annual Report and Service Plan* on [worksafebc.com](https://worksafebc.com).