



WSIB **2006**
Premium
Rates **MANUAL**

SECTION 2

*Definition of 2006
Premium Rate Components*

**DEFINITION OF
2006 PREMIUM RATE COMPONENTS**

A. New Claims Cost

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|----|-----------------------|---|
| 1. | Gross New Claims Cost | The estimated cost of new claims for accidents expected to occur during 2006 |
| 2. | SIEF | |
| | a. Relief | The portion of Gross New Claims Cost charged to the Second Injury and Enhancement Fund (SIEF) due to accident costs associated with second injuries |
| | b. Transfer Charge | Contribution to provide for SIEF relief |
| 3. | Net New Claims Cost | Gross New Claims Cost less SIEF relieved costs plus transfer charge levied to fund SIEF |

B. Overhead Expenses

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|----|-------------------------|---|
| 1. | Administrative Expenses | Operating expenses of the WSIB estimated for the year 2006 |
| 2. | Legislative Obligations | Expenses the WSIB is required to fund under the <i>Occupational Health and Safety Act</i> and the <i>Workplace Safety and Insurance Act</i> |
| 3. | Accident Prevention | Expenses for the Safe Workplace Associations (SWAs) estimated for 2006 |
| 4. | Total Overhead Expenses | Total of Administrative, Legislative Obligations, and Accident Prevention expenses |

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|------------------------------|---|
| C. Unfunded Liability | Payment required to retire the unfunded liability (UL) according to the funding strategy of the WSIB |
| D. (Gain)/Loss | Adjustment reflecting the difference in actual vs. expected claims cost experience for accident years 2000 through 2004 |
| E. Premium Rate | Total cost per \$100 of insurable earnings required to fund new claims, overhead, (gain)/loss, and unfunded liability |