

2007

WCB facts

Workers Compensation Board of Manitoba

RATE SETTING MODEL

What is a Rate Setting Model?

Every year the WCB must collect revenue from Manitoba employers to pay for the claims of injured workers and the cost of running the workers' compensation system. The Rate Setting Model (RSM) is used to determine the share that each employer will pay to cover these costs.

What kind of Rate Setting Model does Manitoba use?

Since 1989, Manitoba has added experience rating to collective liability to set employer assessment rates. The current Rate Setting Model, developed in 2001, is even more responsive to an employer's injury costs and less dependent on collective liability.

This means that, although all employers share in WCB costs, firms will pay more or less depending on their own experience and the experience of their industry.

The current RSM ensures those employers with consistently high injury costs are more likely to receive higher rate increases, while those with low injury costs have a higher probability of receiving a rate reduction.

With such a financial incentive, the WCB hopes to encourage employers to prevent injuries from happening in the first place and to promote effective workplace disability management programs.

In addition, collecting more revenue from employers with high injury costs reduces the amount that other employers must subsidize. Employers with improving injury costs may, however, still receive rate increases because of collective liability.

Guiding principles of the Rate Setting Model

In designing the current RSM, the WCB sought advice from employers, labour and public interest groups. They advised that the new model should be based on the following four principles:

- **Promote & Enhance Prevention/Safety/Injury Reduction**
Preventing injuries from occurring is the best way to decrease injury costs.
- **Promote Effective Workplace Disability Management Programs**
The RSM should give financial incentive to employers to assist injured workers in returning to employment and aid their overall recovery.
- **Be Fair**
Each employer should pay their fair share into the compensation system based on the risk of injury and usage of the system. Rate increases are limited, however, because the WCB does not want to create significant financial hardship on any one employer.
- **Maintain Financial Soundness**
The RSM must be able to generate the revenue required to pay existing claims, future costs of current claims and the cost of running the WCB system.

For more information

Please call Employer Services Division at 954-4505 or toll-free 1-800-362-3340. Information is also available on our web site:

www.wcb.mb.ca.

- If you would like a more detailed explanation of the Rate Setting Model, ask for our information sheet explaining the 8 Steps to Employers' Assessment Rates.
- Should you also require data specific to your firm on how your rate was calculated, ask for a Rate Setting Detail Report.

This publication is provided for general information. For more specific information, see *The Workers Compensation Act of Manitoba and Regulations*, available through Statutory Publications by calling (204)-945-3101. WCB Policies are available by calling (204)-954-4655. This information can also be obtained from the WCB's website at www.wcb.mb.ca