

2008/03/19-06

THE WORKERS' COMPENSATION BOARD OF BRITISH COLUMBIA
RESOLUTION OF THE BOARD OF DIRECTORS

**RE: Impact of Change in Minimum Size Criteria for Rate Groups
on Experience Rating**

WHEREAS:

Pursuant to section 82 of the *Workers Compensation Act*, RSBC 1996, Chapter 492 and amendments thereto ("Act"), the Board of Directors must set and revise as necessary the policies of the Board of Directors, including policies respecting compensation, assessment, rehabilitation, and occupational health and safety;

AND WHEREAS:

The Workers' Compensation Board has authority under sections 37(1) and 37(2) of the *Act* to create and rearrange classes, and authority under section 42 to adjust assessment rates and to experience rate employers;

AND WHEREAS:

In 2008, as a consequence of the new sole criterion of claim-credibility for the minimum size of rate groups within the Employer Classification System, new rate groups were formed and employers were assigned to these new rate groups.

AND WHEREAS:

Pursuant to section 42 of the *Act*, the Workers' Compensation Board has adopted a system of experience rating;

AND WHEREAS:

General guidance on the experience rating system is provided in *Assessment Manual Item AP1-42-1*;

AND WHEREAS:

The Board of Directors has been made aware that the Finance Division's Rate and Class Modification Team is tasked to review the experience rating system and to make and report recommendations in 2009.

AND WHEREAS:

The Board of Directors has been made aware of concerns that the strict application of *Assessment Manual Item: AP1-42-1*'s requirement that an employer's experience rating be determined, in part, by comparing its cost to assessable payroll ratio to the cost to assessable payroll ratio of its rate group has resulted in a significant negative impact to the experience ratings of ten identified employers as a result of the composition of the new rate groups to which these employers were assigned.

THE BOARD OF DIRECTORS RESOLVES THAT:

1. Employers identified by WorkSafeBC as having experienced a greater than 10% deterioration in their 2008 experience rating, owing solely to the change in the criteria for the minimum size of rate groups within the Employer Classification System, shall have their 2008 and 2009 experience rating calculated based on comparing the employer's cost to assessable payroll ratio to the cost to assessable payroll of a simulated rate group that replicates the employer's 2007 rate group.
2. This resolution is effective January 1, 2008.
3. This resolution constitutes a policy decision of the Board of Directors.

DATED at Richmond, British Columbia, March 19, 2008.

By the Workers' Compensation Board

**DOUGLAS J. ENNS, CHAIR
BOARD OF DIRECTORS**