



2021 PREMIUM RATES

Rate Setting Principles

- The financial sustainability of the workers' compensation system is critical to ensuring workers and employers have **long-term, affordable protection** from the impact of workplace injury and illness.
- **Premiums in 2021 should pay for the current and future cost of 2021 claims.** Premium rates reflect the benefits workers will receive over the lifetime of their claims.
- **Costs are spread among all employers;** industry and employer rates are adjusted based on performance.
- Setting rates in this manner **balances collective liability and individual employer accountability.**



2021 rates

- WCB understands the difficult realities facing Alberta in 2021; we have taken a **balanced and measured approach to funding, with a focus on rate-setting stability** for Alberta employers.
- The approved 2021 average premium rate is \$1.14 per \$100 of insurable earnings.
- The actual required rate to cover the cost of injuries in 2021 is \$1.36.
- \$0.22 gap from required rate in 2021
- WCB is using the Accident Fund to offset costs and minimize the impact on Alberta employers in this challenging economy while still securing worker benefits.

Rate components

	2020 (F)	2021
Fully-funded claim costs	\$1.09	\$1.11
Administration	\$0.21	\$0.21
Appeals Commission, Medical Panel & Fair Practices Office	\$0.02	\$0.02
Statutory obligations	\$0.07	\$0.07
<i>Required premium rate</i>	<i>\$1.39</i>	<i>\$1.36</i>
Absorbed by the Accident Fund	(\$0.25)	(\$0.22)
<i>Collected premium rate</i>	<i>\$1.14</i>	<i>\$1.14</i>



Rate-setting parameters

- Minimum premium remains at \$200.
- Minimum personal coverage amount remains at \$31,300.
- Maximum assessable earnings remains at \$98,700.
- No-time-lost claim costs threshold for experience rating remains at \$1,500.



Rate statistics – 2021

- **Lowest** rate group rate: Engineering/Earth Sciences (\$0.14)
- **Highest** rate group rate: Construction Trade/Wood Framing Services (\$5.43)
- Changes from 2020 rates:
 - 48 rate groups are relatively flat or decreasing,
 - 15 rate groups see rates increasing between 1-5%, and
 - 33 rate groups see rate changes >5%



Summary

- The average collected rate will be \$1.14 in 2021, the same as it was in 2020.
- Similar to the approach in 2020, the **Accident Fund will absorb the \$0.22 gap** between the average rate and the required rate.
- Individual rate groups will see changes in their rates related to their performance.
- 2021 premium rates will be **posted online on November 25**; employer rate notices will be available starting on **December 4**.

