

WorkSafeBC Insurance:

Silviculture Rates and Trends

February 2012

Topics

- WorkSafeBC's classification system
- How industries get defined
- Financial incentives to industries (rate setting)
- Financial incentives to firms (experience rating)

The Classification System

The system is based on industrial undertaking rather than on occupation or hazard.

If a specific product is being manufactured, the classification is the same, regardless of whether the manufacturing is done by the employer's workers or subcontracted out.

A classification includes all occupations within the industry, including office or clerical staff.

The classification system should not unfairly differentiate between firms competing for the same business.

Industries

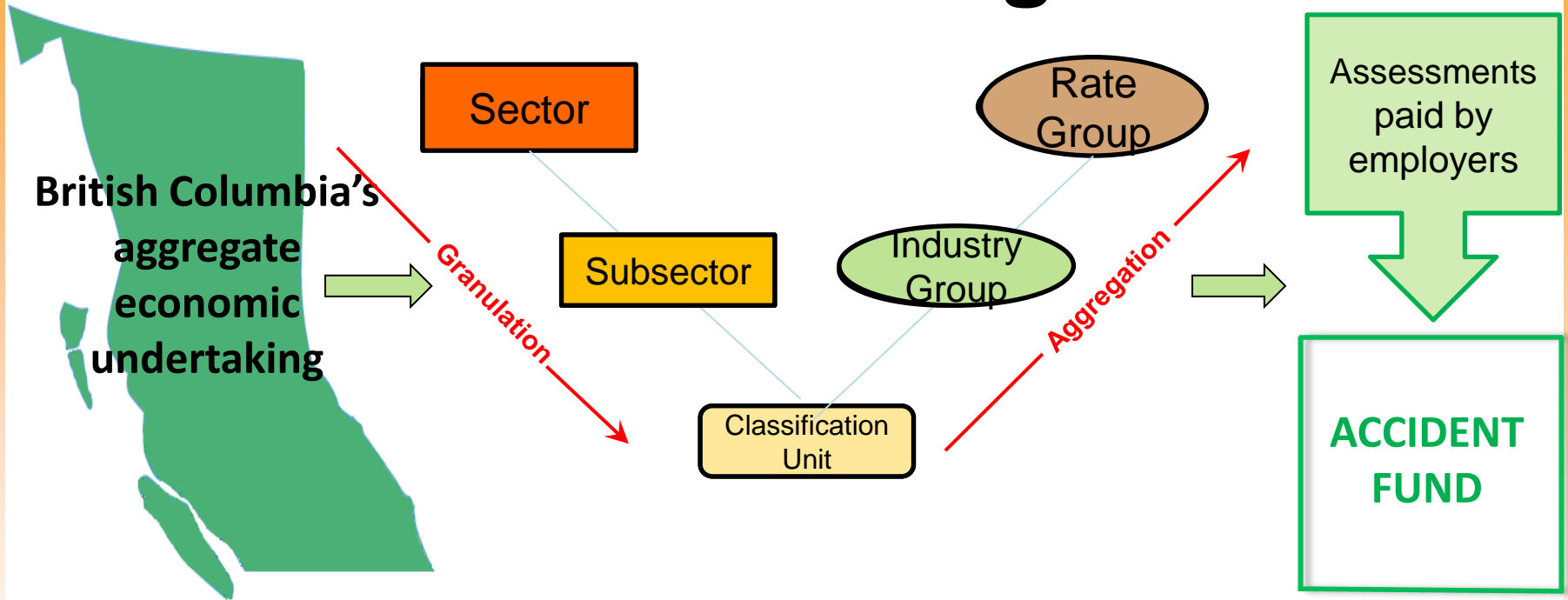
The following factors are considered when defining an industry:

- The product being produced or service being rendered
- The processes used

Firms that produce the same or similar products or deliver the same or similar services are generally considered operating in the same industry regardless of:

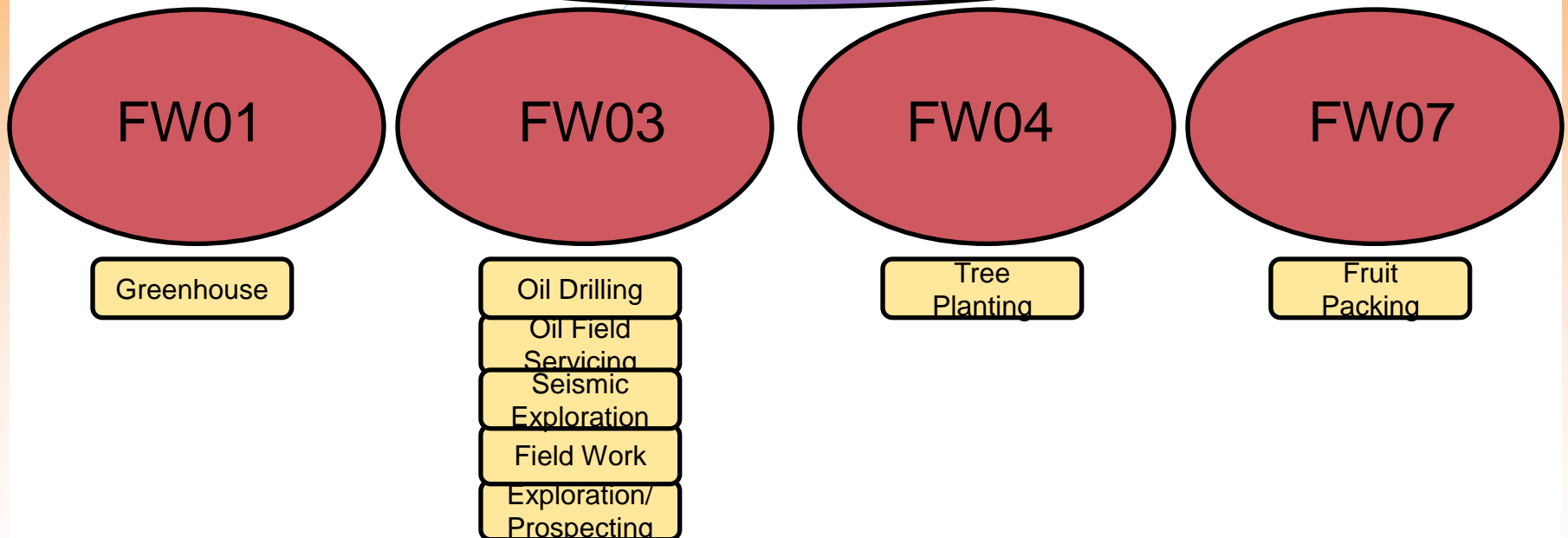
- The size of firms
- The specific technology used by firms

Rate Setting



Classification units are gathered into industry groups based on similarity of industrial undertaking until there are at least 200 wage loss claims in a 5-year period. Industry groups are gathered into rate groups based on similarity of long-term cost rates until there are at least 2,000 wage loss claims in a 5-year period.

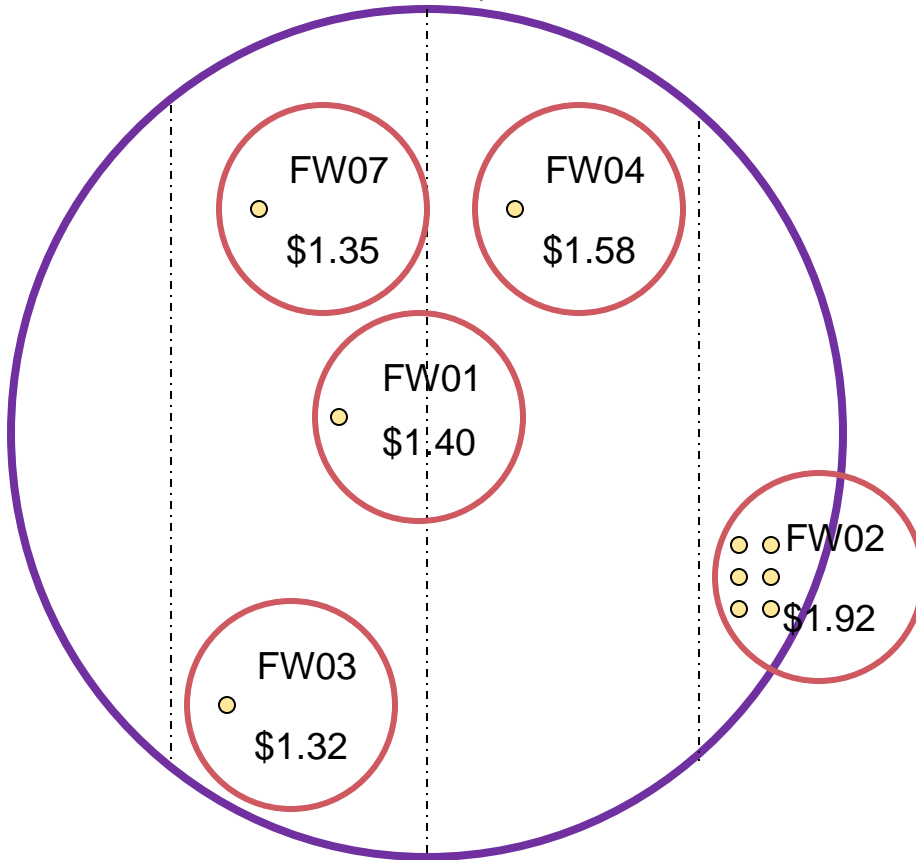
Tree Planting Rate Group FW (2012)



Tree Planting forms one of the four industry groups in rate group FW. It also appears to have higher than average costs over the long term.

Rate Group FW

2011 membership
cost rate \$1.42



FW01:

701012 Greenhouse

FW02: (v2 135%)

701004 Composting
701011 Grain Farming
701013 Hay or Seed Farming
701016 White Mushroom Farming
701024 Sod or Turf Nursery
701025 Vegetable Farming

FW03:

704002 Oil or Gas Drilling
704003 Oil or Gas Field Servicing
704009 Seismic Exploration
704015 Geological, etc. Fieldwork
704016 Oils and Gas or Mineral Exploration

FW04:

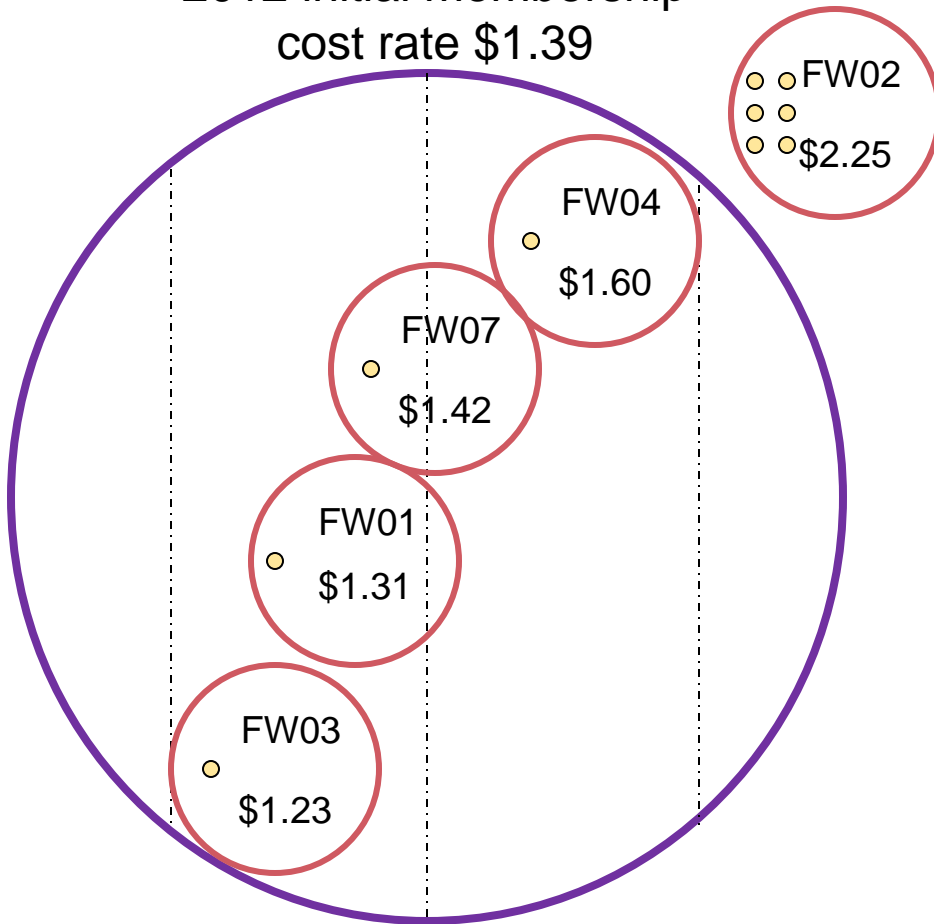
703016 Tree Planting or Cone Picking

FW07:

764026 Fruit or Vegetable Packing or Packaging

Rate Group FW

2012 initial membership
cost rate \$1.39



FW01:

701012 Greenhouse

FW02: (v3 162%)

701004 Composting
701011 Grain Farming
701013 Hay or Seed Farming
701016 White Mushroom Farming
701024 Sod or Turf Nursery
701025 Vegetable Farming

FW03:

704002 Oil or Gas Drilling
704003 Oil or Gas Field Servicing
704009 Seismic Exploration
704015 Geological, etc. Fieldwork
704016 Oils and Gas or Mineral Exploration

FW04:

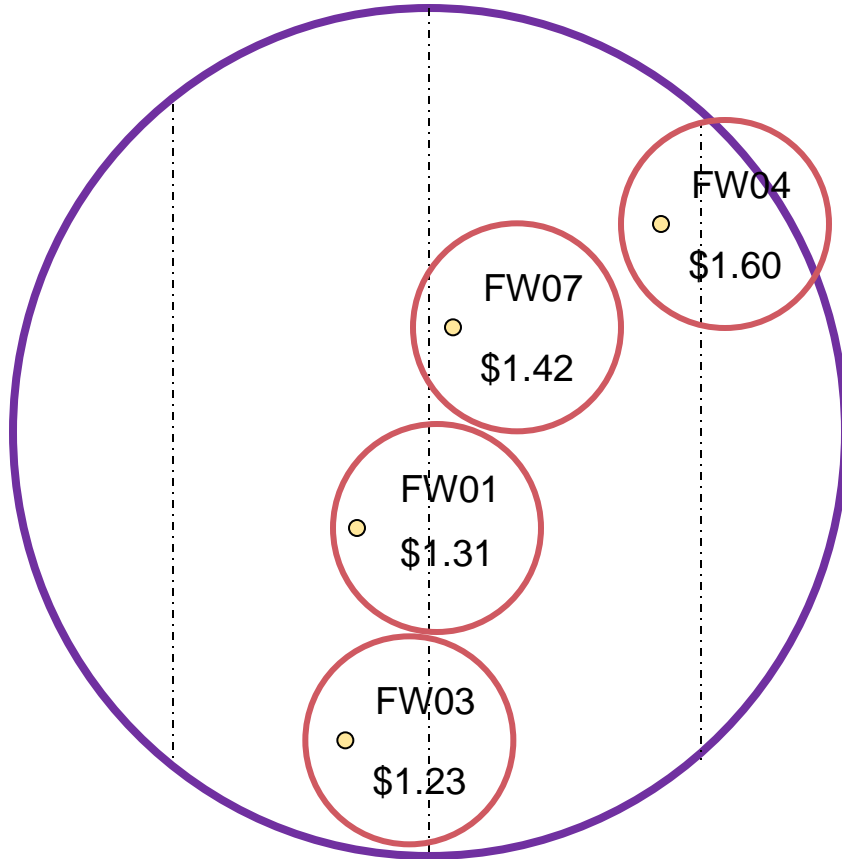
703016 Tree Planting or Cone Picking

FW07:

764026 Fruit or Vegetable Packing or Packaging

Rate Group FW

2012 proposed membership
cost rate \$1.28



FW01:

701012 Greenhouse

FW03:

704002 Oil or Gas Drilling
704003 Oil or Gas Field Servicing
704009 Seismic Exploration
704015 Geological, etc. Fieldwork
704016 Oils and Gas or Mineral Exploration

FW04: (D1 125%)

703016 Tree Planting or Cone Picking

FW07:

764026 Fruit or Vegetable Packing or Packaging

Rate Group FW Costs and Rates

	2012	2011
Cost rates	Prelim	Rate
Short term disability	0.274	0.305
Long term disability	0.329	0.435
Survivor benefits	0.085	0.112
Health care	0.418	0.529
Vocational rehabilitation	0.042	0.055
	-----	-----
Average benefit cost rate	1.15 *	1.44 *
Claim administration	0.41	0.52
Accident fund adjustment	0.20	0.24
Penalty and ER imbalance adjustment	0.09	0.10
Other administration costs	0.32	0.35
	-----	-----
Total cost rate	2.17	2.65
Amortization adjustment	0.02	-0.08
	-----	-----
Actuarial rate (per \$100 of assessable payroll)	2.19	2.57

(Without adjustments for direct charges relating to industry-funded initiatives, prevention inspection exemptions, or funding policy requirements, if applicable.)

* Rounded to two decimal places

2012 - Cost components for CU 703016: Tree Planting or Cone Picking

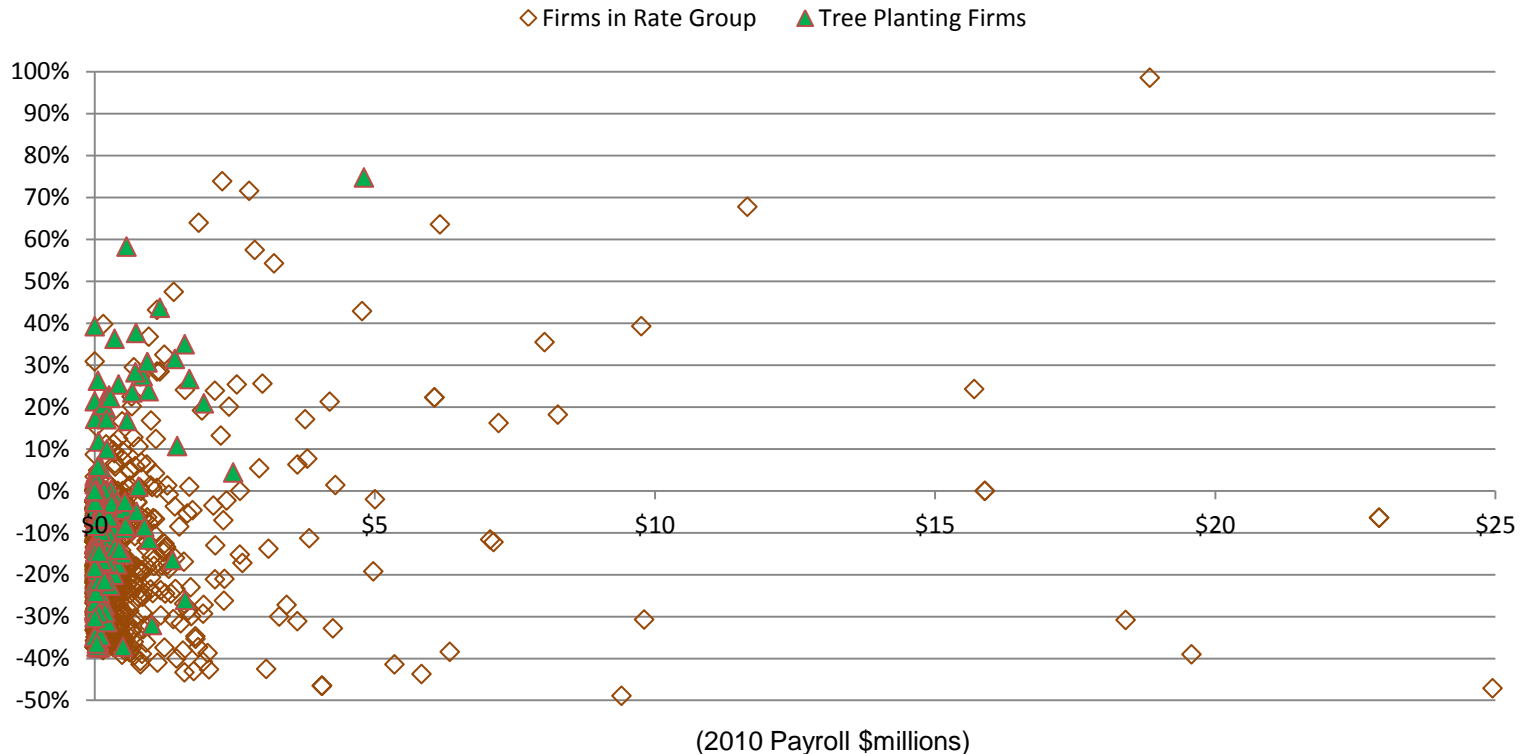
All classification units within a given rate group share the same total cost rate. The information presented below provides a breakdown of the various costs involved in determining the charged base rate for this classification unit. Refer to the [rate group cost components](#) page for more information.

	2012	2011
	Rate	Rate
Total cost rate	2.17	2.65
Amortization adjustment	0.16	0.00
	-----	-----
Actuarial rate	2.33	2.65
Funding policy adjustment	0.00	0.00
Industry-funded initiatives	0.20	0.35
Prevention adjustment	0.00	0.00
	-----	-----
Base rate	2.53	3.00

The rate group rate dropped because of the removal of the grain and vegetable farm industry group. The rate for Tree Planting dropped accordingly.

Tree Planting

2012 Experience Rating Outcomes



While Tree Planting firms are generally smaller than others in the rate group, they share the same distribution of experience rating outcomes.

Brushing & Weeding Rate Group GL

GL01

Feedlot

Ranch

Horse
Ranching

GL02

Brush/Weed

Forest Fire
Fighting

GL03

Diamond
Drilling
Underground
Mining

GL05

Rubber Belt
Mfg
Rubber
Recycling

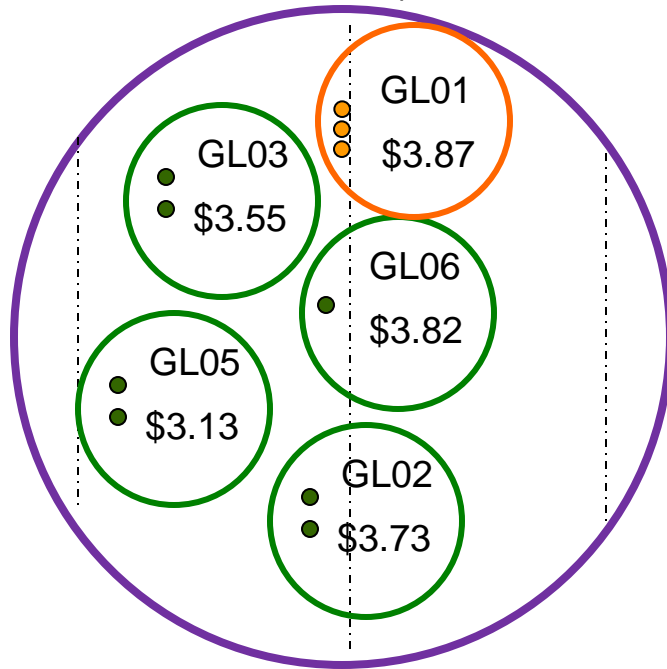
GL06

Siding Install

Brushing & Weeding, and Forest Fire Fighting form on of five industry groups in rate group GL. All share similar long term costs.

Rate Group GL

2012 membership
cost rate \$3.67



GL01:

701019 Feedlot or Stockyard

701022 Ranch

701023 Horse Ranching, Raising, and Breeding

GL02:

703002 Brushing, Weeding, Tree Thinning, Spacing

703005 Forest Fire Fighting

GL03:

704003 Underground Mining

704010 Diamond, Seismic, or Shot Hole Drilling

GL05:

713016 Industrial Rubber Belt Mfg, Install, Service, Rpr.

713024 Plastic or Rubber Recycling

GL06:

721049 Siding, Awning, or Gutter Install, Service, Rpr

Rate Group GL Costs and Rates

	2012	2011
Cost rates	Prelim	Rate
Short term disability	0.957	0.943
Long term disability	1.180	1.285
Survivor benefits	0.273	0.288
Health care	1.403	1.407
Vocational rehabilitation	0.255	0.232

Average benefit cost rate	4.07 *	4.16 *
Claim administration	1.12	1.20
Accident fund adjustment	0.76	0.81
Penalty and ER imbalance adjustment	0.08	0.13
Other administration costs	0.88	0.82

Total cost rate	6.91	7.12
Amortization adjustment	0.44	0.36

Actuarial rate (per \$100 of assessable payroll)	7.35	7.48

(Without adjustments for direct charges relating to industry-funded initiatives, prevention inspection exemptions, or funding policy requirements, if applicable.)

* Rounded to two decimal places

2012 - Cost components for CU 703002: Brushing and Weeding or Tree Thinning or Spacing

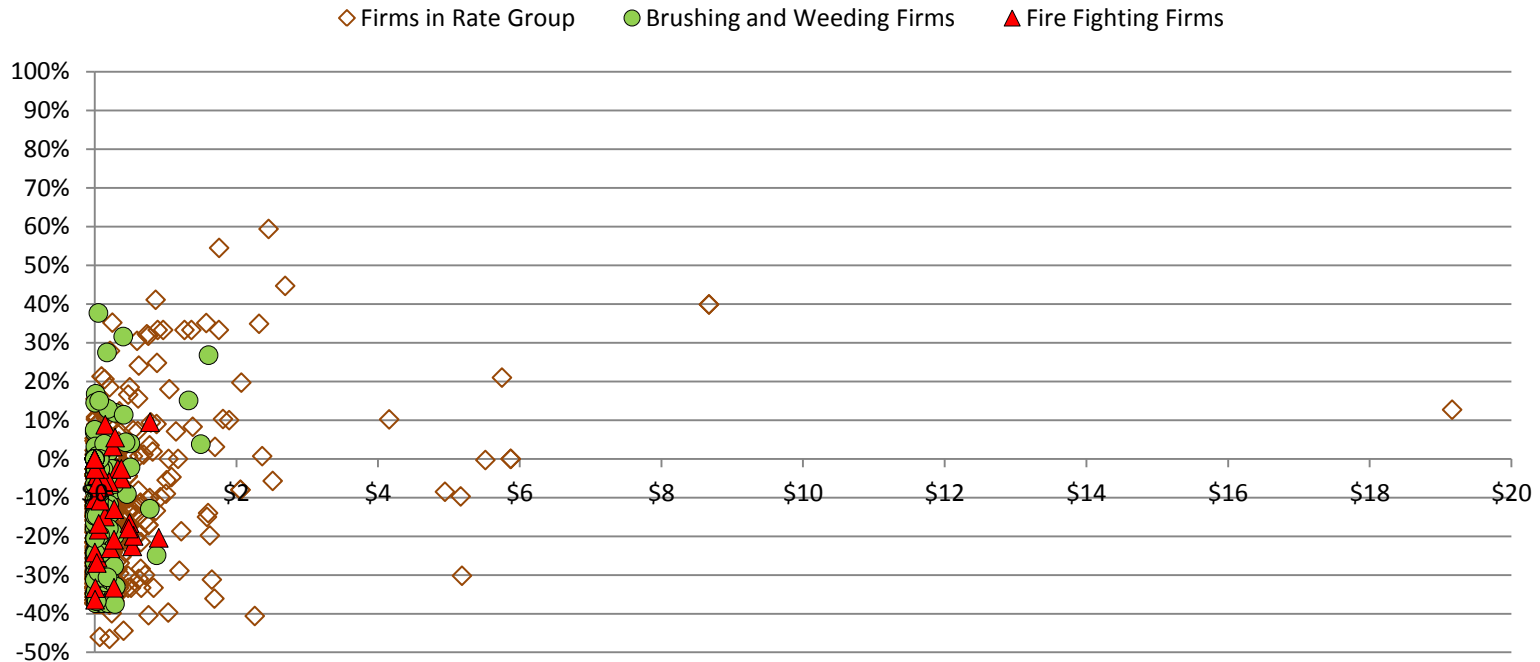
	2012	2011
	Rate	Rate
Total cost rate	6.91	7.12
Amortization adjustment	1.24	1.35
	-----	-----
Actuarial rate	8.15	8.47
Funding policy adjustment	0.00	-0.14
Industry-funded initiatives	0.20	0.35
Prevention adjustment	0.00	0.00
	-----	-----
Base rate	8.35	8.68

2012 - Cost components for CU 703005: Forest Fire Fighting

	2012	2011
	Rate	Rate
Total cost rate	6.91	7.12
Amortization adjustment	1.08	1.27
	-----	-----
Actuarial rate	7.99	8.39
Funding policy adjustment	0.00	-0.06
Industry-funded initiatives	0.20	0.35
Prevention adjustment	0.00	0.00
	-----	-----
Base rate	8.19	8.68

The rate group rate dropped due to lower benefit cost rate and lower admin costs. The rates for Brushing & Weeding, and Forest Fire Fighting dropped accordingly. The CUs have different rates because more COR rebates have been paid to firms in Brushing & Weeding.

Brushing & Weeding and Fire Fighting 2012 Experience Rating Outcomes



Brushing & Weeding and Forest Fire Fighting are generally smaller than others in the rate group. They also appear to share a tighter distribution of experience rating outcomes than others.