RESCON®
RESIDENTIAL CONSTRUCTION COUNCIL OF ONTARIO

October 2nd, 2015

Consultation Secretariat
Workplace Safety & Insurance Board
200 Front Street West
Toronto ON M5V 3J1

RE: Rate Framework Review Submission

RESCON is an association which represents the construction interests of high-rise and low-rise residential builders in Ontario, with more than 100 union and non-union member companies. As a founding member of the Construction Employers Coalition (CEC), RESCON reconfirms its support for the CEC position and is taking the opportunity to provide further comments.

RESCON supports the CEC's submissions and 10 recommendations as outlined below:

1. **Delink the RFR proposal from the WSIB messaging on lower premium rates**

2. **Take an appropriate amount of time to carefully design and fully consult on a new Rate Framework**

3. **Provide stakeholders with the necessary statistical data to inform them of the company-specific impacts before moving any further along in the current design process**

4. **Preserve the Second Injury Enhancement Fund as presently constituted under the new Rate Framework**

5. **Abandon the proposal to assess a company a single rate based on their "predominant business activity"**

6. **Start all employers at their new Class Target Premium Rate to smooth the transition towards company-specific rates**

7. **Expand the number of rate classes; consider maintaining existing rate groups under new model**

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8. **Base per claim limits on a set percentage of insurable earnings, rather than on a graduated scale based on predictability**

9. **Review and adjust the technical limits for rate calculations as appropriate over the first five years**

10. **Pilot the RFR model on a control group and perform a sunset review after five years to determine whether it is reasonable to expand across all rate classes and predictability levels**

In addition to the recommendations outlined above, RESCON re-emphasizes the need to:

- **Decouple rate reduction and rate framework review discussions**: The WSIB under the leadership of Elizabeth Witmer and David Marshall have made leaps and bounds in tackling the unfunded liability (UFL) and they, as well as the WSIB as a whole, should be commended for their efforts. Part of this good news story has been a reduction in lost time injury (LTI) rates within construction, which have declined by 42 per cent over the last 10 years. These two points were highlighted in a recent CEC submission to the WSIB which called for a 10 percent reduction in all Class G Construction premium rates. CEC clearly highlights that, due to a reduction in LTIs, premiums should be reduced to lower overpayments by construction employers.

- **Maintain the Executive Rate**: As outlined in the recommendations above, the WSIB has not proposed to continue the executive premium rate which currently stands at $0.21. This rate which was recently established eased the transition to mandatory coverage. However, the new system creates a blended premium rate which would replace the current multiple rating system. This means any employer engaged in multiple business activities – for example, property rentals, home builder and restaurants – will now be rated as only a property rental, home builder or restaurant. This is potentially dangerous as the rates can vary widely between groups and large percentages of an employer's workforce could be misclassified (please see the CEC example). It would also remove the executive rate which, for employers classified as home builders, would increase the rate by approximately $4.39 to the $4.60 group average.

- **Predictability**: The WSIB has proposed to give each employer a predictability score. While this creates incentives for very large builders, it also reduces incentives for very small builders who will be unable to control more than five to 10 percent of their individual rate. It also highlights a major concern in the removal of the executive rate and move to blended rates. For example, a small builder will be reliant on the premium group average for more than 95 per cent of their individual rate and therefore will be forced to overpay for the executive positions. Despite above average performance, they will not be able to move away substantially from the average.

On behalf of RESCON members, I request that the WSIB accept and give each recommendation its due consideration. As pointed out in recommendation 2, this is a fundamental shift that will require additional consultations and an appropriate amount of time in the consultation phase. It also should be decoupled from the elimination of the UFL and rate reductions which are good news stories based on a drastic reductions in LTIs and excellent work by the WSIB. Moving forward, RESCON will continue to work as a partner with the WSIB and will dedicate resources necessary to provide meaningful input and feedback in future consultation phases. We appreciate having the opportunity to make the above noted comments and are open to discuss any questions the WSIB has.

As always, feel free to contact me via email at pariser@rescon.com or at (905) 760-7777.

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