



What's New in HR Law

Ontario Government and WSIB to Provide Additional Financial Relief to Employers

October 14, 2021

Bottom Line

To help employers financially recover from the COVID-19 pandemic, the Ontario Government and the Workplace Safety and Insurance Board (“WSIB”) recently announced WSIB premium rate cuts for 2022 as well as a plan to potentially begin re-distributing excess funds from the WSIB’s reserve fund to safe employers.

Calculation of WSIB Premium Rates

The main source of the WSIB’s revenue is employer premiums, both from Schedule 1 employers (collective liability) and reimbursements from Schedule 2 employers (self-insured). Schedule 1 employers are charged a premium rate (calculated as a certain amount per \$100 of payroll) based on a combination of their own accident and claim records and the “average” premium rate applied to their industry classification. Premiums, therefore, effectively operate as a form of payroll tax on the business. In establishing premium rates, the WSIB aims to collect enough money to cover the WSIB’s operating costs as well as the estimated costs for all benefits associated with any accidents that occur in the particular year.

This update is for general discussion purposes and does not constitute legal advice or an opinion.

New Measures Proposed by the Ontario Government and WSIB

In light of the fact that the WSIB is currently operating with a funding surplus of approximately 119%, the Ontario Government and the WSIB announced that premium rates for 2022 will be decreased by an average of 5%. As noted by the Ontario Government, this action is being taken to reduce the operating costs of Ontario businesses, thus providing financial relief for businesses hit hard by the COVID-19 pandemic, and will save employers approximately \$168 million, province-wide.

In addition, the Ontario Government announced its intention to table legislation that, if passed, would enable the WSIB to distribute funding surpluses to employers. Currently, this is not permitted under the *Workplace Safety and Insurance Act*. Based on the Ontario Government's announcement, the proposed legislation would (i) *allow* the WSIB to distribute surpluses when its fund reaches a 115% surplus, and (ii) *require* the WSIB to distribute funds when the surplus reaches 125%.

Check the Box

The Ontario Government's announcement emphasized that under the proposed legislation any redistribution of surplus funds by the WSIB would only go to employers with "good" accident records. Therefore, if passed, the proposed legislation would provide yet another incentive (in addition to the already existent reductions in premium rates) for employers to invest in strong health and safety protections for their employees.

Filion Wakely Thorup Angeletti LLP will continue to monitor for further updates regarding the proposed legislation will provide further updates as any new developments may arise.

Need more information?

For more information or assistance with any WSIB-related matters, contact [James Jennings](#) at 416-408-5503, or your regular lawyer at the firm.



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