

# A Small Business Assessment of Workers' Compensation: Newfoundland and Labrador Summary<sup>1</sup>

The Canadian Federation of Independent Business' (CFIB) 2015 *Small Business Workers' Compensation Index* provides a comparative analysis of all the Canadian workers' compensation systems through the lens of the small business owner. This research encompasses 35 indicators in seven major areas of workers' compensation: cost of premiums; claims management; experience rating; classification and assessment; coverage; long-term financial sustainability; and customer service. It should be noted that the system is inclusive of provincial workers' compensation boards and other regulatory bodies that play a role in overseeing some aspect of the workers' compensation system. This is the second edition of the *Index*; the first edition was published in 2011.

## Overall Index Scores, Workers' Compensations Boards, 2015 (10 is best; 0 is worst)

Best (10)	Province	Overall Index Scores	Cost of Premiums	Claims Management	Experience Rating	Classification and Assessment	Coverage	Long-Term Financial Sustainability	Customer Service
	NB	7.00	8.5	4.5	6.8	8.3	7.1	6.9	5.4
	PEI	6.69	5.2	10.0	4.0	10.0	5.1	5.7	8.6
	AB	6.35	8.7	4.5	6.7	6.6	2.9	7.0	3.8
	NS	5.86	4.2	7.0	7.4	6.5	8.3	3.6	3.5
	BC	5.70	5.6	5.4	9.4	5.8	1.6	7.7	1.8
	<b>NL</b>	<b>5.61</b>	<b>4.1</b>	<b>6.7</b>	<b>7.3</b>	<b>4.1</b>	<b>5.6</b>	<b>9.8</b>	<b>3.0</b>
	SK	5.17	6.6	4.8	4.1	6.0	3.3	5.0	3.5
	MB	5.15	6.9	4.2	6.9	3.7	1.6	6.8	1.8
	QC	4.30	2.8	4.4	5.3	5.2	1.9	10.0	5.5
Worst (0)	ON	3.59	4.3	5.1	0.2	4.3	4.7	2.6	0.5

For the 2015 *Index*, Newfoundland and Labrador's (NL) workers' compensation system receives an overall score of 5.61 out of 10, and ranks in 6<sup>th</sup> place. Compared to the 2011 report, the NL system moved up one rank, from 7<sup>th</sup> to 6<sup>th</sup> place. Additional insight as to why this score was given to the NL system can be found in the full report.

## Competitive Advantages:

The following include some small business friendly aspects of NL's workers' compensation system:

- ▶ Online injury reporting available for employers.
- ▶ No mandatory reinstatement for employers with ten or fewer employees.
- ▶ Employer advocate service available for employers.
- ▶ Least number of years for a business to obtain an experience discount.
- ▶ Lowest gap between maximum insurable earnings and the average annual earnings.

<sup>1</sup> This is a summary based on the full report *A Small Business Assessment of Workers' Compensation: 2015 Small Business Workers' Compensation Index*. [www.cfib.ca/a7890e](http://www.cfib.ca/a7890e).

## Areas for Improvement

Each of the seven areas of workers' compensation, along with the respective scores and areas for improvement for Newfoundland and Labrador's system, are outlined below.

### *Cost of Premiums (score 4.1)*

- ▶ Lower workers' compensation assessment rates.
- ▶ Regularly review rate-setting process to ensure rates do not fluctuate widely from year to year.
- ▶ Ensure administrative costs are controlled.

### *Claims Management (score 6.7)*

- ▶ Work closely with small business owners to promote health and safety, and assist with back-to-work transition of an injured worker.
- ▶ Take steps to improve the professionalism and fairness of the claims process.

### *Experience Rating (score 7.3)*

- ▶ Set proportional surcharge and discount levels—appropriate levels promote safety in the workplace, as well as control costs for employers.

### *Classification and assessment (score 4.1)*

- ▶ Allow employers to pay assessments based on actual rather than forecasted payroll.
- ▶ Provide a range of payment methods, particularly online, to allow for convenient and timely payments—it is the only system that does not provide an online payment method.
- ▶ Take steps to ensure that classification and premium information is communicated to employers in an understandable manner.
- ▶ Ensure auditors are trained to deal professionally and fairly with small business owners.

### *Coverage (score 5.6)*

- ▶ Ensure the amount of benefits offered to injured workers does not create a disincentive to return to work.
- ▶ Introduce a waiting period of two or three days.

### *Long-term fiscal sustainability (score 9.8)*

- ▶ Maintain a funded position within the ideal funding range (95 per cent to 110 percent).

### *Customer Service (score 3.0)*

- ▶ Provide training to front-line staff to ensure they are knowledgeable about the needs of small business.
- ▶ Ensure that appeal boards continue to be bound by the law and policy of workers' compensation boards.
- ▶ Commit to compiling and publishing appeal statistics such as number of appeals, number of successful appeals from employers and employees, timeliness of appeal decisions, etc.
- ▶ Provide useful information on board websites in a user friendly manner.
- ▶ Develop an Employer Fairness Code, similar to the WorkSafeBC *Employer Fairness and Service Code*, making it simpler for employers to understand the services and requirements of the workers' compensation system.