

Industry Custom Pricing (ICP)—The Polling Process

ICP is a voluntary program at the industry level that provides new pricing options. It is a flexible pricing option that allows an industry to customize various features of WCB's pricing program in accordance with their risk tolerance and preferences.

Depending on the ICP options that an industry selects, the industry could collectively pay lower premiums and/or they could see larger discounts and surcharges based on employer performance.

In general, ICP will result in employers who are performing well paying less, while employers who are performing poorly will pay more.

How does an industry choose to participate in ICP?

Employers in an industry are polled on the options of Industry Custom Pricing. If 50% of the industry (as measured by employer's insurable earnings) votes in favour, the ICP program will be implemented.

If over 50% do not vote in favour, or there are not enough votes submitted to reach the 50% threshold, the ICP program will not be implemented—the industry will remain with the standard pricing program. The change in pricing program will be implemented in the next available rate year.

If an industry votes in favour of ICP, how long does the program remain in effect?

An industry will start in the program for a minimum of three years. Analyzing the results of ICP requires some time to pass. Results from the first year won't be available until April-May of the second year.

In order to properly analyze the program impact, at least two years of results are required. The three year minimum allows for meaningful data to be collected. This will help industry decide if the program is working as expected.

Can an industry change features or opt out of ICP?

Industries have the option of returning to the standard pricing program, or changing options in their existing ICP program. The same process of voting would be required for opting out or making changes to ICP as was required to start an ICP program. This means a majority of the insurable earnings (over 50%) in the industry must vote in favour of the proposed change.

What triggers an industry to be re-polled?

An industry will be re-polled if there is sufficient evidence that the industry would like to change their ICP program, or return to standard pricing. Some examples of sufficient evidence are as follows:

- an industry association through their Board of Directors requesting a re-polling,
- employers representing 20% (or more) of the industry's insurable earnings requesting a re-polling, or
- a pricing review that shows the program is not achieving its objectives.

If the industry is re-polled and selects another version of ICP or a return to standard pricing, the change in program will be implemented for the next available rate year.

For more information, please contact the Underwriting team by email to icp@wcb.ab.ca.

