

The Option of Private Worker Coverage

Issue

Employers agree with the objective of protecting workers and their family's livelihood through workplace insurance. Limitations to coverage and service levels provided by the Workers' Compensation Board (WCB) leave much to be desired to employers and employees alike.

Background

Many Albertan employers are legally obligated to provide their workers with WCB coverage so in the event a worker is injured and unable to work, they will be eligible to receive medical benefits, partial wage replacement, and in the event of death, survivor benefits. Indeed, WCB insurance has helped thousands of workers and families through difficult times.

Unfortunately, WCB is not without shortcomings. In March 2016, the government of Alberta tasked a panel to review the WCB. The panel noted "WCB can be overly efficient and tends to manage the claim in aggressive accordance with strict rules, even when the decisions fly in the face of common sense. This raises frustration among workers and employers alike and it contributes to a perception that the WCB has a 'culture of denial.'" The panel put forward a series of recommendations to the government with the goal of "greater independence, transparency, stakeholder engagement and accountability."⁷⁷

One of the biggest faults of the WCB system is when you not satisfied with the cost, coverage, or service provided, there is no other option. As most non-government insurance options are operated by public companies they are subject to a higher level of public scrutiny, transparency, and accountability. If a provider rejects a claim that may be unjust they risk losing the customer to a competitor or worse, a public flogging and suffering damage to their reputation. Private companies that have their own ombudsman and staff dealings with clients must be licensed with mandatory continuous education hours. The private sector is subject to established laws and precedents, WCB has tribunals which can lead to inconsistency in decisions. WCB has significantly fewer consequences for frontline staff, less incentive for further education, and government entities tend to have extra middle management positions.

Most employers agree that providing worker insurance is a valuable tool to protect their employees and their families while safeguarding their business from potential liabilities. However, WCB insurance may not be the best solution for Alberta employers or employees. Private insurance options can offer higher levels of coverage for fewer dollars along with a higher level of service, making it a win-win for employers and employees.

Other jurisdictions have found success in utilizing private and/or public insurance. Many U.S. states have a private market where employers purchase workers' compensation insurance from any private insurance carrier or agency licenced to write in the state. Washington State will employers to self-insure "if they demonstrate they have sufficient financial stability, an

⁷⁷ <https://www.alberta.ca/assets/documents/WCB-Review-Final-Report.pdf>

effective accident prevention program, and an effective administrative organization for workers' compensation program.¹ The relative cost of premiums varies from state to state and depends on the job, private insurance options have proven they can offer lower rates than Canadian WCB.²

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Give employers the option to buy insurance coverage (from the market) equivalent to, or greater than the coverage provided by Workers Compensation Board insurance.

¹ <http://www.lni.wa.gov/IPUB/101-002-000.pdf>

² <http://www.bridgingthegapsafely.ca/pdfs/Terry%20Bogyo.pdf>

⁷⁷ <https://www.alberta.ca/assets/documents/WCB-Review-Final-Report.pdf>