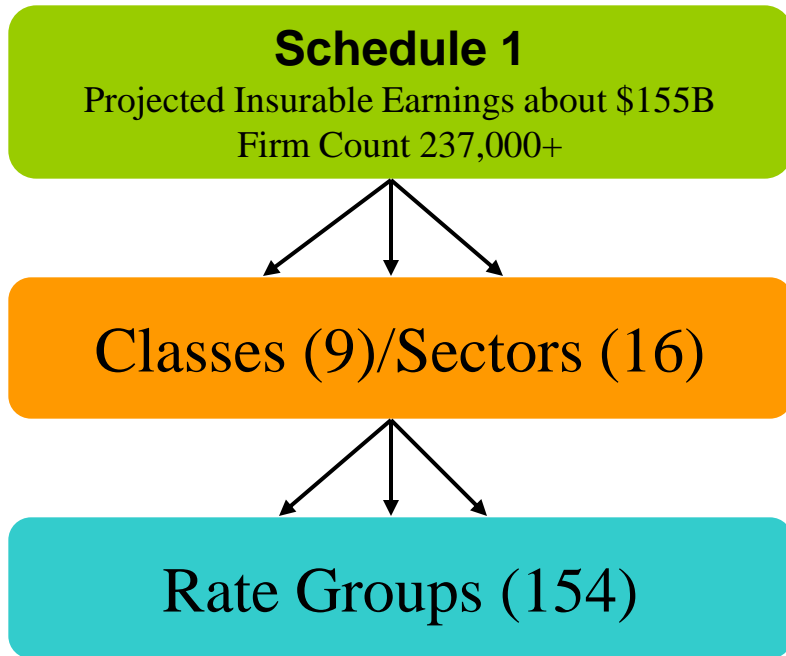


Services Sector and Rate Group 641 Clothing Stores

Premium Rate Making



3 components of premium rate

- New Claims Cost (NCC)
- Administration Expenses (Admin)
- Unfunded Liability (UFL) includes Gain & Loss (G&L) and Bad Debts

3 components of premium rate

- NCC based on projected insurable earnings (IE), claim (lost time + no lost time) rates and claim costs by Class
- Admin and UFL by Class

3 components of premium rate

- NCC based on projected IE, claims by rate group and claim costs index relative to overall Class claim costs
- Admin is prorated by NCC and IE of rate group
- UFL is prorated by NCC of rate group

Summary of Rates for Rate Groups in Services Sector

Rate Group	Description	2010 Premium Rate per \$100 Insurable Earnings (\$)	2011 Premium Rate per \$100 Insurable Earnings (\$)	Premium Rate Change	
				as % change over 2010 rate	as % of 2010 payroll
604	Food, Sales	2.43	2.43	0.0%	0.0%
606	Grocery And Convenience Stores	1.81	2.11	16.6%	0.3%
607	Specialty Food Stores	3.57	3.57	0.0%	0.0%
608	Beer Stores	3.99	3.99	0.0%	0.0%
630	Vehicle Services And Repairs	3.39	3.39	0.0%	0.0%
633	Petroleum Products, Sales	2.49	2.49	0.0%	0.0%
636	Other Sales	1.40	1.40	0.0%	0.0%
638	Pharmacies	0.61	0.68	11.5%	0.1%
641	Clothing Stores	1.32	1.53	15.9%	0.2%
657	Automobile And Truck Dealers	0.71	0.78	9.9%	0.1%
668	Computer, Electronic And Electrical Equipment, Sales	0.46	0.48	4.3%	0.0%
919	Restaurants And Catering	1.65	1.65	0.0%	0.0%
921	Hotels, Motels And Camping	2.68	2.97	10.8%	0.3%
929	Supply Of Non-Clerical Labour	4.62	4.83	4.5%	0.2%
933	Equipment Rental And Repair Services	2.95	2.95	0.0%	0.0%
937	Recreational Services And Facilities	1.83	2.10	14.8%	0.3%
944	Personal Services	2.98	3.12	4.7%	0.1%
956	Legal And Financial Services	0.18	0.21	16.7%	0.0%
962	Advertising And Entertainment	0.94	1.05	11.7%	0.1%
981	Membership Organizations	0.67	0.77	14.9%	0.1%
Services Sector (weighted by Insurable Earnings)		1.54	1.59	3.2%	0.1%
Schedule 1		2.30	2.35	2.2%	0.1%

Distribution of 154 Rate Groups by Change and Sector

Rate Group Count in Sector	% Premium Rate Change from 2010 to 2011					Total
	0%	<= 5%	5.01 - 10%	10.01 - 15%	15.01 - 20%	
AGRICULTURE	2	0	1	2	1	6
AUTOMOTIVE	1	0	0	5	1	7
CONSTRUCTION	3	0	9	0	0	12
EDUCATION	1	0	1	0	0	2
ELECTRICAL	2	1	0	1	0	4
FOOD	4	1	2	2	1	10
FORESTRY	0	0	2	1	0	3
HEALTH CARE	0	3	3	0	1	7
MANUFACTURING	33	2	10	5	4	54
MINING	3	1	0	0	0	4
MUNICIPAL	0	0	0	0	1	1
PRIMARY METALS	1	1	0	1	0	3
PROCESS/CHEMICALS	0	1	4	3	0	8
PULP & PAPER	0	0	1	1	0	2
SERVICES	8	3	1	5	3	20
TRANSPORTATION	1	0	5	2	3	11
TOTAL - SCHEDULE 1	59	13	39	28	15	154

% OF TOTAL - SCHEDULE 1

38.3%

8.4%

25.3%

18.2%

9.7%

100.0%

Distribution of Firms by Change and Sector

Firm Count in Sector	% Premium Rate Change from 2010 to 2011					Total
	0%	<= 5%	5.01 - 10%	10.01 - 15%	15.01 - 20%	
AGRICULTURE	7,091	0	5,047	1,327	1,167	14,632
AUTOMOTIVE	167	0	0	877	67	1,111
CONSTRUCTION	25,941	0	31,252	0	0	57,193
EDUCATION	157	0	1,123	0	0	1,280
ELECTRICAL	590	209	0	264	0	1,063
FOOD	1,007	307	630	188	197	2,329
FORESTRY	0	0	1,138	65	0	1,203
HEALTH CARE	0	2,934	3,589	0	581	7,104
MANUFACTURING	26,911	5,491	4,207	5,501	1,248	43,358
MINING	419	461	0	0	0	880
MUNICIPAL	0	0	0	0	625	625
PRIMARY METALS	35	83	0	110	0	228
PROCESS/CHEMICALS	0	153	1,405	358	0	1,916
PULP & PAPER	0	0	94	96	0	190
SERVICES	53,981	10,504	2,085	12,114	10,028	88,712
TRANSPORTATION	447	0	2,119	12,111	1,346	16,023
TOTAL - SCHEDULE 1	116,746	20,142	52,689	33,011	15,259	237,847

% OF TOTAL - SCHEDULE 1 49.1% 8.5% 22.2% 13.9% 6.4% 100.0%



Frequency

Summary of Insurable Earnings, Average Insurable Earnings, Employment, Number of Claims and Total Claim Rate

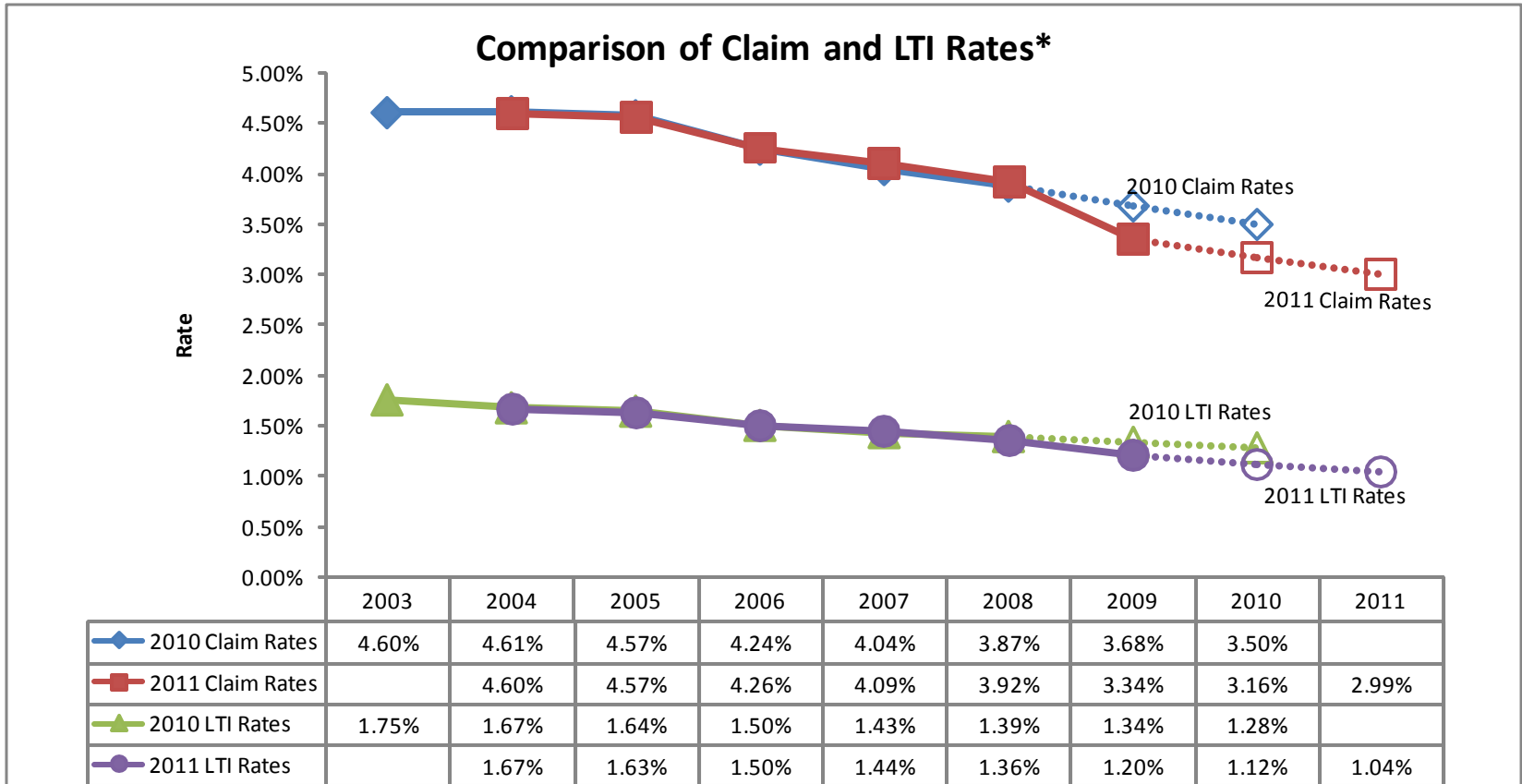
Services Sector

Year	Insurable Earnings	Maximum Insurable Earnings Ceiling	Average Insurable Earnings	Employment	Number of Claims	Total Claim Rate
2004	\$34,452,277,044	\$66,800	\$24,622	1,399,222	64,340	4.60%
2005	\$35,730,709,973	\$67,700	\$25,467	1,403,007	64,062	4.57%
2006	\$37,427,405,634	\$69,400	\$26,099	1,434,075	61,033	4.26%
2007	\$39,026,836,131	\$71,800	\$26,834	1,454,384	59,506	4.09%
2008	\$40,458,744,621	\$73,300	\$27,486	1,471,955	57,632	3.92%
2009	\$39,642,256,492	\$74,600	\$27,498	1,441,642	48,144	3.34%
2010	\$40,960,116,979	\$77,600	\$28,189	1,453,033	45,957	3.16%
2011	\$42,339,757,782	\$79,600	\$28,880	1,466,033	43,858	2.99%

6.2% annual improvement in Claim rate

Frequency

Services Sector



*Used in premium rate setting.

Drivers of the Premium Rate for Rate Group 641 - Clothing Stores

Profile of Rate Group 641

Clothing Stores

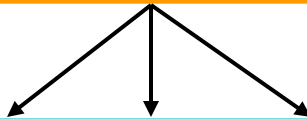
Schedule 1

Projected Insurable Earnings about \$155.0B
Firm Count 237,000+



Services Sector

Projected Insurable Earnings about \$42.3B
or about 27.3% of Schedule 1
Firm Count 88,700+



Rate Group 641

Projected Insurable Earnings about \$1.5B
or about 3.6% of Services Sector
Firm Count 2,630+

2011 Premium Rate Components

	<u>RG 641</u>	<u>Services Sector</u>	<u>Schedule 1</u>
NCC	\$0.641	\$0.685	\$1.010
Admin	\$0.347	\$0.324	\$0.400
UFL	\$0.539	\$0.578	\$0.942
Total Rate	\$1.53	\$1.59	\$2.35

Frequency

Summary of Insurable Earnings, Average Insurable Earnings, Employment, Number of Claims and Total Claim Rate

Rate Group 641: Clothing Stores

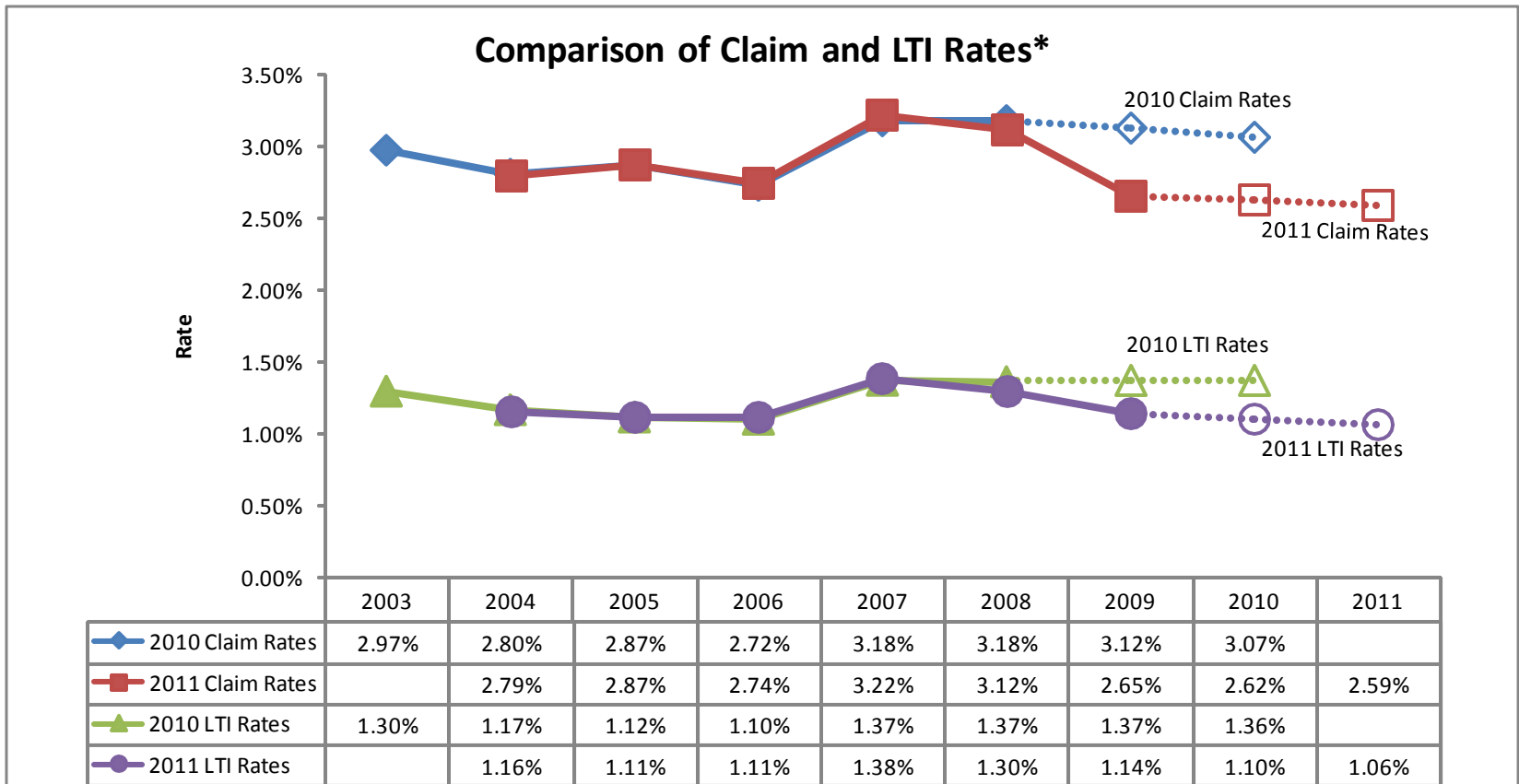
Year	Insurable Earnings	Maximum Insurable Earnings Ceiling	Average Insurable Earnings	Employment	Number of Claims	Total Claim Rate
2004	\$1,229,929,520	\$66,800	\$20,673	59,494	1,660	2.79%
2005	\$1,276,572,319	\$67,700	\$21,506	59,359	1,701	2.87%
2006	\$1,350,503,035	\$69,400	\$21,626	62,448	1,711	2.74%
2007	\$1,393,674,619	\$71,800	\$23,536	59,215	1,904	3.22%
2008	\$1,447,779,760	\$73,300	\$23,954	60,440	1,883	3.12%
2009	\$1,437,004,903	\$74,600	\$24,421	58,843	1,560	2.65%
2010	\$1,484,776,452	\$77,600	\$25,035	59,308	1,554	2.62%
2011	\$1,534,787,495	\$79,600	\$25,649	59,839	1,547	2.59%

1.0% annual improvement in Claim rate

Frequency

Rate Group 641

Clothing Stores



*Used in premium rate setting.

Total Claim Rates Comparison

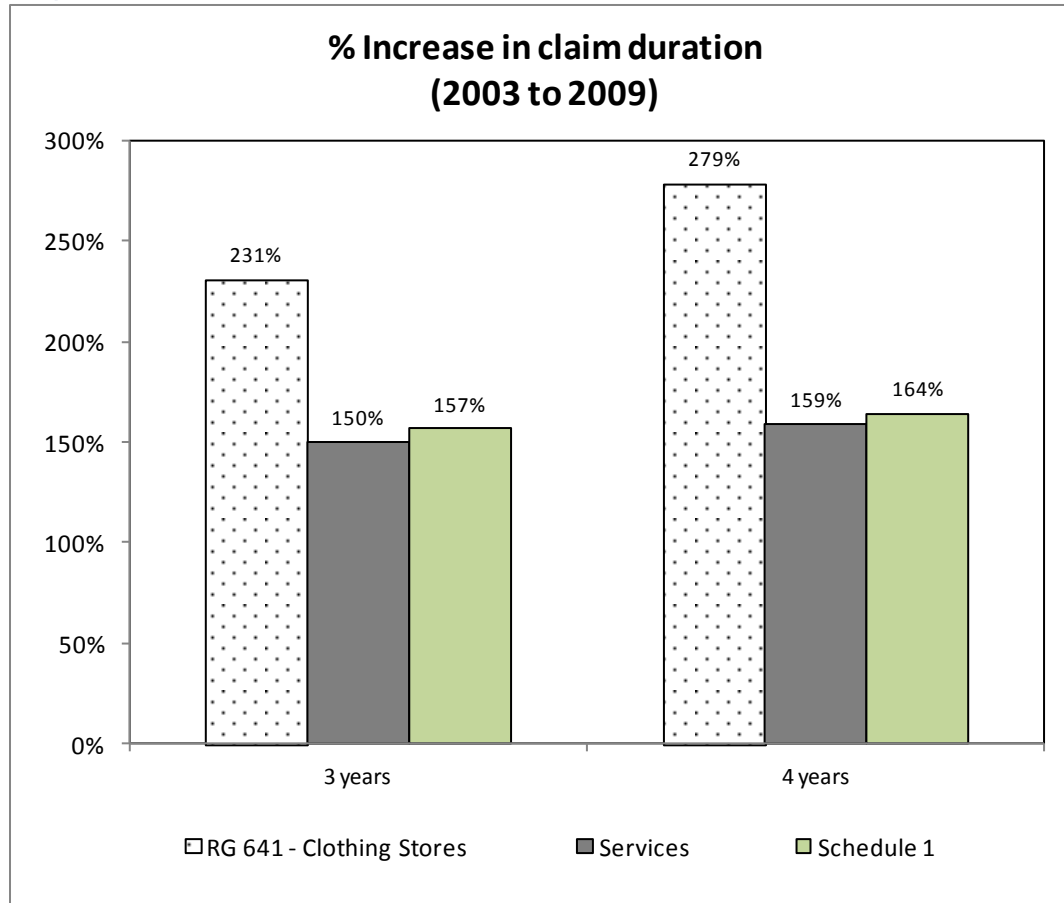
Name	6 Year Claim Rate Improvement		5 Year Claim Rate improvement	
	From 2004 to 2009	Average Per-Year Improvement (+) Improving (-) Worsening	Fom 2004 to 2008	Average Per-Year Improvement (+) Improving (-) Worsening
Rate Group 641, Clothing Stores	5.0%	1.0%	-11.7%	-2.8%
Services Sector	27.4%	6.2%	14.9%	3.9%
Schedule 1	29.7%	6.8%	17.7%	4.8%

LTI Rates Comparison

Name	5 Year LTI Rate improvement	
	Fom 2004 to 2008	Average Per-Year Improvement (+) Improving (-) Worsening
Rate Group 641, Clothing Stores	-12.3%	-2.9%
Services Sector	18.2%	4.9%
Schedule 1	20.8%	5.7%

Claim Duration Analysis

Rate Group 641 - Clothing Stores



High Impact Claims

Rate Group 641 Clothing Stores Average % of Claims (2007 to 2009)

High Impact Claims	Rate Group 641 Clothing Stores	Services Sector	Schedule 1
Lower Back	22.3%	20.8%	21.2%
Shoulder	5.0%	5.8%	6.5%
Fractures	5.3%	5.7%	6.9%

Definition of high impact claims:

Lower Back: Part of Body Code equals "Lumbar Region", "Sacral Region", "Lumbo-Sacral Region", "Coccygeal Region", or "Lower Back"

Shoulder: Part of Body Code equals "Shoulder, Including Clavicle, Scapula and Trapezius Muscle if Shoulder is Mentioned"

Fractures: Nature of Injury Code equals "Fractures"

Data Source: Enterprise Information Warehouse, as of June of the following year for injury years 2007 and 2008.
Injury year 2009 as of April 2010.

Summary of Observations

Rate Group 641 - Clothing Stores

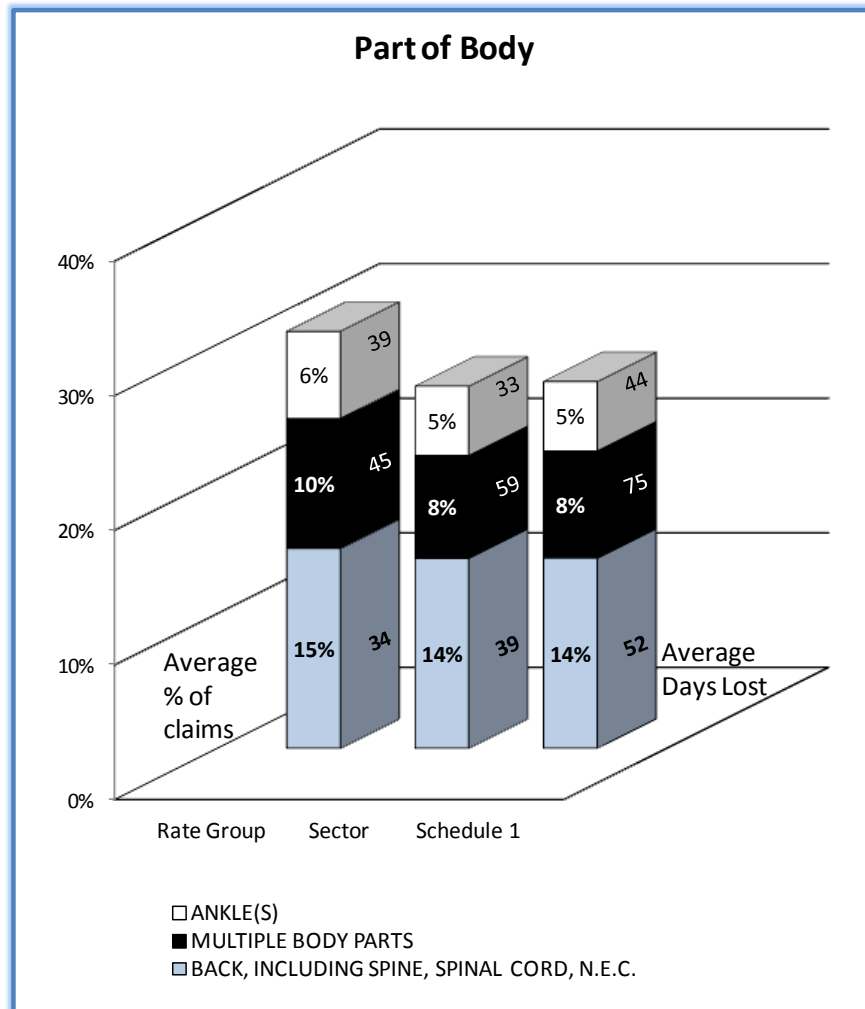
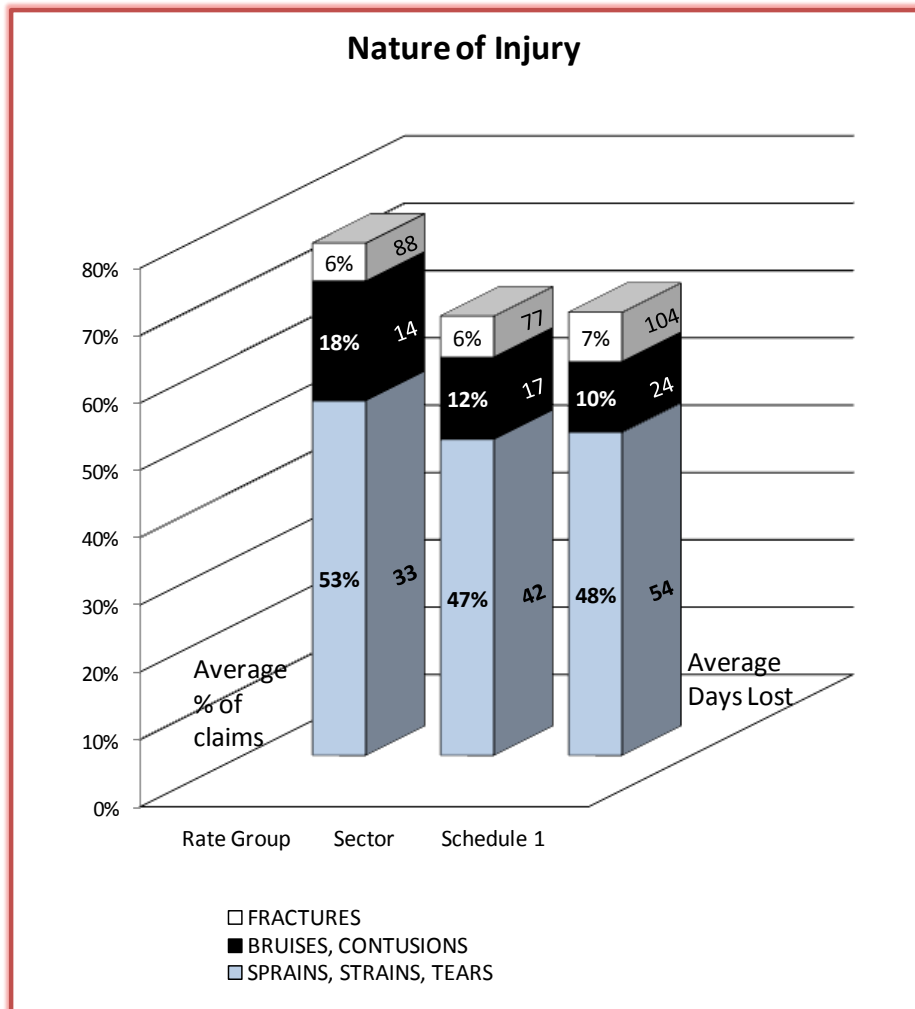
- Claim performance:
 - Frequency:
 - ◆ Total claim rate reduction from 2004 to 2009 is about 5% vs. Schedule 1 (S1) reduction of 30%
 - ◆ Average per year total claim rate reduction of 1% is worse than 7% for S1
 - Claim Severity:
 - ◆ Two fatality claims in the period 2006 – 2009
 - ◆ Duration on LOE worse than S1 at long durations
 - ◆ Lower back injuries are higher percentage of claims than for the Services sector and S1
- Other Considerations:
 - Increase in UFL component due in part to recognition of bad debts provision

Appendix

Top 3 Injuries

Rate Group 641 - Clothing Stores

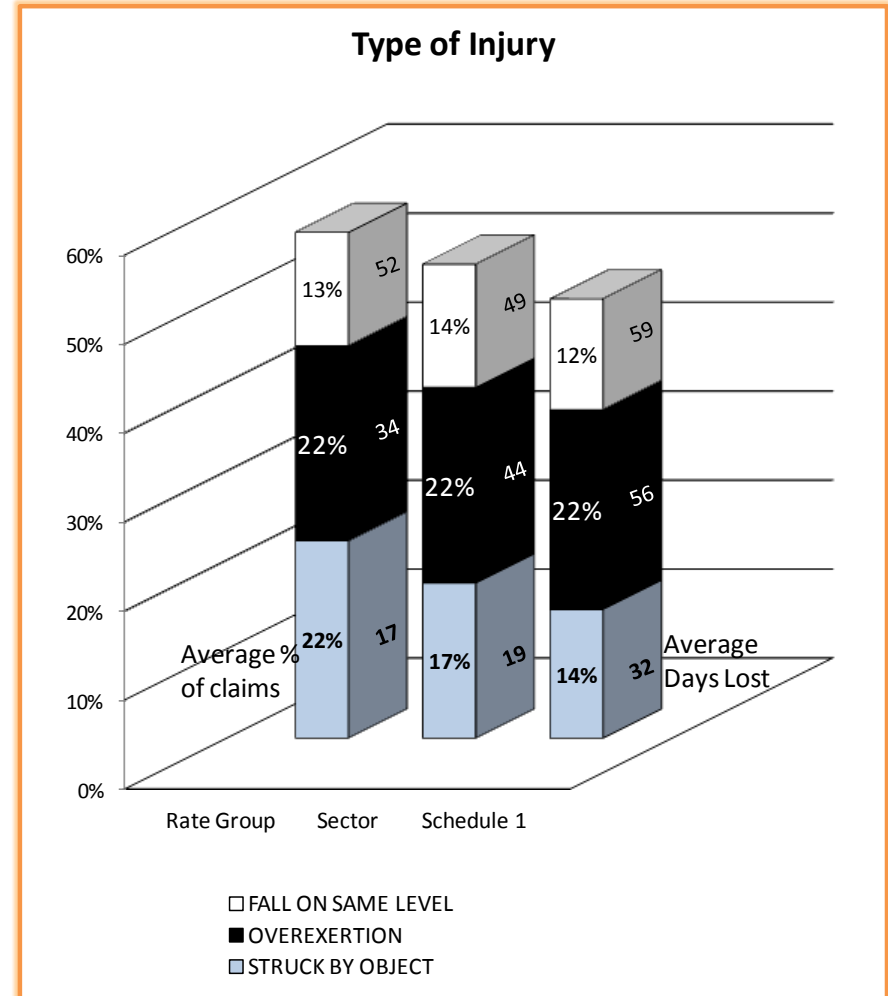
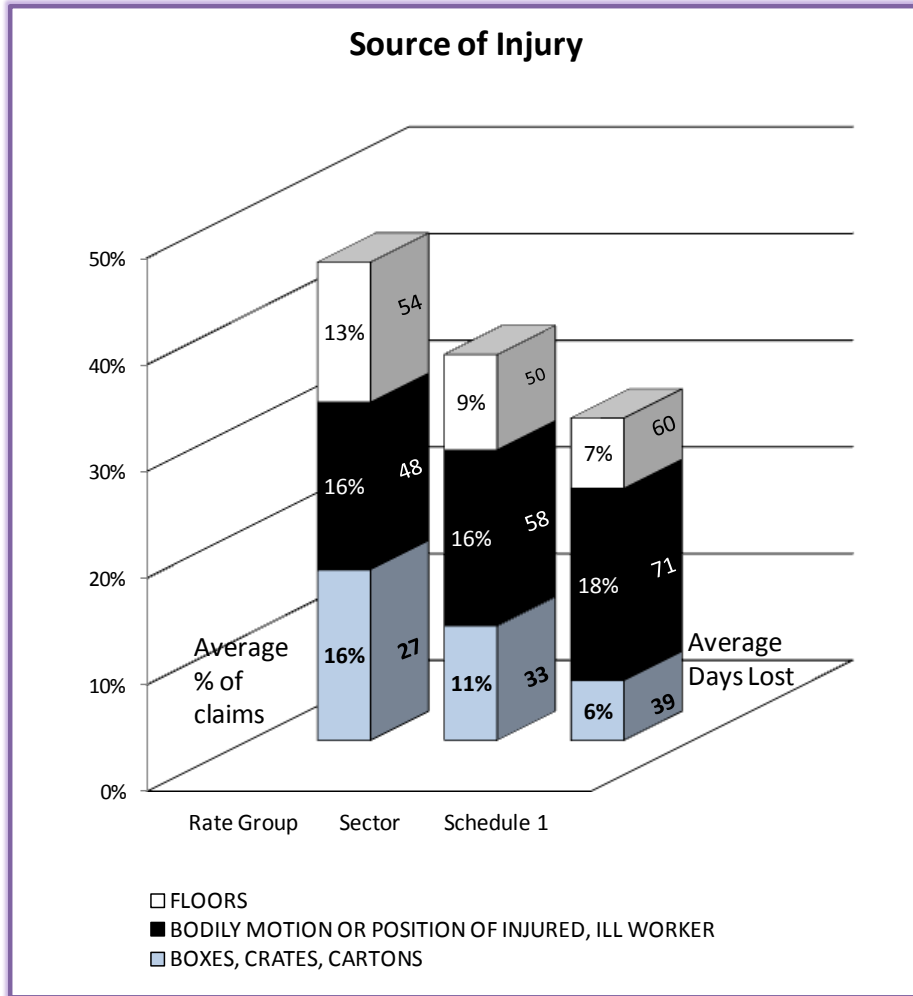
Comparison of Average % of Claims and Average Days Lost (2007 to 2009)



Top 3 Injuries

Rate Group 641 - Clothing Stores

Comparison of Average % of Claims and Average Days Lost (2007 to 2009)



Profile of Lower Back Injuries in RG 641 Clothing Stores

Worker/Industry

Occupations	Age Bands	Rate Groups
RETAIL SALESPERSONS AND SALES CLERKS: 32% MANAGERS IN RETAIL TRADE: 23% LONGSHORE WORKERS AND MATERIAL HANDLERS: 15% OTHER SALES AND RELATED OCCUPATIONS: 5% SALES AND SERVICE SUPERVISORS: 5% RECORDING, SCHEDULING AND DISTRIBUTING OCCUPATIONS: 5%	25-34: 27% 35-44: 24% 45-54: 19% YOUNG WORKERS: 20% OLDER WORKERS: 10%	641: CLOTHING STORES: 100%

Types of Injuries/Events

Source of Injury	Events	Nature of Injury
BOXES, CRATES, CARTONS: 32% BODILY MOTION OR POSITION OF INJURED, ILL WORKER: 20% FLOOR OF BUILDING: 7% TABLES, WORKTABLES: 2% GARMENT RACKS, OTHER RACKS: 2% SKIDS, PALLETS: 2%	OVEREXERTION: 58% BENDING, CLIMBING, CRAWLING, ETC: 12% FALL TO SAME LEVEL: 7% BODILY REACTIONS & EXERTION: 6% FALL TO LOWER LEVEL: 5%	SPRAINS, STRAINS, TEARS: 88% BRUISES, CONTUSIONS: 4% HERNIATED DISC: 4%

Source : EIW, claims for injury years 2004 - 2009

Distribution of 154 Rate Groups by Change and Sector as a % of Payroll

Rate Group Count in Sector	Premium Rate Change as % of 2010 payroll					Total
	0%	< 0.3%	< 0.5%	<0.8%	0.8% to 1%	
AGRICULTURE	2	0	2	2	0	6
AUTOMOTIVE	1	1	4	1	0	7
CONSTRUCTION	3	1	4	1	3	12
EDUCATION	1	1	0	0	0	2
ELECTRICAL	2	2	0	0	0	4
FOOD	4	4	2	0	0	10
FORESTRY	0	0	0	2	1	3
HEALTH CARE	0	6	1	0	0	7
MANUFACTURING	33	14	6	1	0	54
MINING	3	1	0	0	0	4
MUNICIPAL	0	1	0	0	0	1
PRIMARY METALS	1	1	1	0	0	3
PROCESS/CHEMICALS	0	7	1	0	0	8
PULP & PAPER	0	1	1	0	0	2
SERVICES	8	12	0	0	0	20
TRANSPORTATION	1	5	3	2	0	11
TOTAL - SCHEDULE 1	59	57	25	9	4	154

% OF TOTAL - SCHEDULE 1

38.3%

37.0%

16.2%

5.8%

2.6%

100.0%

Distribution of Firms by Change and Sector as a % of Payroll

Firm Count in Sector	Premium Rate Change as % of 2010 payroll					Total
	0%	< 0.3%	< 0.5%	<0.8%	0.8% to 1%	
AGRICULTURE	7,091	0	6,086	1,455	0	14,632
AUTOMOTIVE	167	101	776	67	0	1,111
CONSTRUCTION	25,941	5,748	16,076	4,291	5,137	57,193
EDUCATION	157	1,123	0	0	0	1,280
ELECTRICAL	590	473	0	0	0	1,063
FOOD	1,007	1,041	281	0	0	2,329
FORESTRY	0	0	0	409	794	1,203
HEALTH CARE	0	6,523	581	0	0	7,104
MANUFACTURING	26,911	10,294	5,612	541	0	43,358
MINING	419	461	0	0	0	880
MUNICIPAL	0	625	0	0	0	625
PRIMARY METALS	35	83	110	0	0	228
PROCESS/CHEMICALS	0	1,796	120	0	0	1,916
PULP & PAPER	0	94	96	0	0	190
SERVICES	53,981	34,731	0	0	0	88,712
TRANSPORTATION	447	2,251	1,290	12,035	0	16,023
TOTAL - SCHEDULE 1	116,746	65,344	31,028	18,798	5,931	237,847

% OF TOTAL - SCHEDULE 1	49.1%	27.5%	13.0%	7.9%	2.5%	100.0%
--------------------------------	--------------	--------------	--------------	-------------	-------------	---------------