

OCCUPATIONAL HEALTH AND SAFETY FOR A BETTER UNDERSTANDING OF THE PERSONALIZED RATE METHOD

2025 RATEMAKING



Occupational health and safety ratemaking

There are three forms of ratemaking as it applies to occupational health and safety: unit ratemaking, personalized ratemaking and retrospective ratemaking. These three methods are designed to provide employers with a fair insurance plan that covers them against industrial accidents and occupational diseases. They are also aimed at increasing prevention in the workplace and promoting the return to work of workers who have sustained occupational injuries.



The personalized ratemaking plan

Generally speaking, employers whose yearly premiums, before personalization, are between \$9,000 and \$425,000 are assessed on a personalized ratemaking basis. In 2025, this involved approximately 25% of employers.

The principle underlying personalized rates: lower risks, lower premiums

An employer's premium assessed on a personalized ratemaking basis is calculated by applying a rate that reflects the risk inherent in the activities carried on in its enterprise.

In other words, personalized rates vary according to the efforts devoted to preventing occupational injuries and promoting the return to work of injured workers. The greater the effort, the lower the risk and therefore the more favourable the rate for the employer compared with the rate for the entire unit.

In order to assess the employer's activity-related risk, the CNESST compares the costs of the occupational injuries recorded in the employer's file against those in the files of employers engaged in the same activities, taking into account the size of the employer's enterprise.

As a general rule, for an employer with a medium-sized business, the risk-related portion of the rate for its activities is smaller. This insurance principle provides the employer with significant protection against large premium increases resulting from the costs of serious injuries. The corollary of this principle is that the employer will not benefit from substantial premium discounts, even if there are no injuries recorded in its file.

Conversely, an employer with a large payroll benefits from a highly personalized rate. Moreover, the amount of its premium is dependent on the costs of the work-related accidents in its enterprise and on its prevention efforts and its injured workers' return to work.



Maximum premium discount for an employer with no recorded injuries on file

For illustration purposes, the table opposite presents, for 2025 ratemaking, the premium discounts for employers without any occupational injuries recorded in their files for four consecutive years regardless of their classification unit. These discounts, which vary depending on the size of the enterprise, represent an average based on all units and therefore must be regarded as a general indication only. These results should make employers keenly aware that it is in their best interests to constantly work at preventing occupational injuries.

Risk-related premium at unit rate*	Risk-related premium after personalization No injuries (4 years)	Discount expressed as a percentage
\$10,000	\$9,000	10%
\$25,000	\$21,250	15%
\$50,000	\$37,500	25%
\$100,000	\$60,000	40%
\$200,000	\$90,000	55%
\$300,000	\$105,000	65%

* **Premium according to unit risk rate = payroll x risk-adjusted rate**

Risk-adjusted rate = unit rate - uniform fixed rate

Uniform fixed rate: \$0.24 for a file within provincial jurisdiction

\$0.09 for a file within federal jurisdiction

Short term, long term: different risks

When the CNESST assesses the risk inherent in an employer's activities, it compares the costs of the injuries recorded in the employer's file with those of other employers in the same unit. For any one injury, it distinguishes between the short-term and long-term costs.

How does the CNESST do this? If the cost of the injury exceeds the maximum yearly insurable earnings by 5%, the CNESST splits it in two: the part that is less than 5% corresponds to the short-term costs, and the excess corresponds to the long-term costs. This method is fairer to employers who have only less costly injuries recorded in their files.

Based on this distinction and after making the comparison, the risk is translated into two indices used in calculating personalized rates. Knowing how to interpret them can help an employer to better target its prevention activities.

Overall, it could be said that a poor short-term index is a sign of a high incidence of injuries in the enterprise, and a poor long-term index indicates a relatively high cost of injuries.

When an employer carries on several activities

The same risk indices are used to calculate the personalized rate for each unit in which the employer's activities are classified.

Since the premium reflects an employer's overall risk, it is all the more contingent on the employer's prevention efforts and on maintaining an employment relationship with its workers. To benefit from a favourable premium rate, employers must be vigilant on all fronts!





What costs are applied by the CNESST?

Calculation of the 2025 personalized rate takes into account the cost imputed to the employer's file up to December 31, 2023 for all occupational injuries that occurred between 2020 and 2023.

The imputation year corresponds to the period covered by the indemnities, benefits or expenses, and therefore may differ from the year in which the amounts were actually paid.

The table opposite shows the imputation date associated with each type of benefit or indemnity.

Compensation period covered by benefit type

Type of benefit or indemnity	Date imputed
Income replacement indemnity (IRI)	Period for which the worker is compensated
Medical assistance and rehabilitation costs	Date the service or item is provided
Death	
- Lump sum benefits payable to a minor	Date on which child reaches the age of majority
- Other lump sum benefits	Date of the worker's death
- Monthly indemnities	Period for which indemnities are paid
- Reimbursement of various costs	Date the service or item is provided
Lump sum indemnity for physical injury	Date of the initial decision granting compensation

Compensation cost

For each injury, the CNESST calculates a compensation cost that includes an estimate of future costs.

It does this by applying a factor to the costs imputed to each injury. The factor varies according to the category of the injury and the year in which it occurred. However, future costs are not calculated for injuries that occur in the last year of the reference period, namely 2023 for 2025 ratemaking.

An active file corresponds to injuries that continue to generate costs. The factor is therefore higher because the injuries could involve further costs in the future. An inactive file corresponds to injuries that generated costs only at the commencement of the reference period. The factor in that case is therefore lower.



Factors by accident year and category of injury – 2025 ratemaking

Accident year	Factors by category of injury		
	Death	Inactive file	Active file
2023	1	1	1
2022	1.22	1.15	3.53
2021	1.18	1.10	1.39 and 2.87
2020	1.11	1.07	1.21 to 2.12



The limit per claim: an insurance mechanism

The CNESST does not use the compensation cost in calculating an employer's personalized rate but provides a ceiling to avoid excessive increases resulting from serious injuries.

General features of the limit per claim:

- any compensation cost or portion of a compensation cost that is equal to or less than 50% of the maximum yearly insurable wages (MYIW) is fully applied in calculating the premium;
- any portion in excess of 150% of the MYIW is not taken into account;
- any amount between 50% and 150% of the MYIW is partially taken into account.

Example of calculation of the compensation cost after application of the limit per claim

All data used in this example are for illustrative purposes only.

Compensation cost of the injury: \$150,000

Maximum yearly insurable wages (MYIW) for the year the injury occurred: \$90,000

Calculation of the compensation cost after application of the limit per claim		
Compensation cost (up to a maximum amount equal to 50% of the MYIW)	$50\% \times \$90,000 =$	\$45,000
+		+
50% of the compensation cost (between 50% and 100% of the MYIW)	$50\% \times (\$90,000 - \$45,000) =$	\$22,500
+		+
25% of the compensation cost (between 100% and 150% of the MYIW)	$25\% \times (\$135,000 - \$90,000) =$	\$11,250
=		=
Compensation cost after application of the limit per claim		\$78,750

For a compensation cost of \$150,000, the actual compensation cost is \$78,750, after application of the limit per claim.


Get the information you need to better manage your insurance file

The CNESST provides employers assessed on a personalized ratemaking basis with all of the information they need to better understand their insurance files.

- *Notice of Calculation of Personalized Rates 2025*
- *Summary of Financial Information Used in Calculating Personalized Rates 2025*
- *Financial Information Used in Calculating Personalized Rates 2025*

They are then in a position to reduce the risks inherent in their enterprises and their premiums too!

Employers can contact the CNESST offices to obtain the document *Calcul détaillé – Taux personnalisé 2025** and the document entitled *Effets des lésions – Taux personnalisé 2025**, which explains how, through the costs incurred, every injury contributes to the increase of an employer's personalized rate.

 To ensure a better understanding of the calculation of an employer's personalized rate, consult the guide entitled *Calculation of Personalized Rate 2025*.

* Please note that these documents are available in French only.



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