

Client Services Policy Manual

Policy Number: **PR-01**
Subject: **PRIME Overview**
Chapter: **PRIME**

Policy Statement

The **P**revention and **R**eturn-to-Work Insurance **M**anagement for **E**mployers/Employees (**PRIME**) Program, through financial incentives or charges, recognizes employers' claim costs as well as their compliance with certain occupational health and safety (OHS) and return to work practices and OHS education defined by WorkplaceNL. The program has two components: the practice incentive component which provides a refund to qualifying employers who meet requirements for OHS, return to work practices and OHS education; and the experience incentive component which applies refunds, charges, or neither depending on how the employer's actual claims cost experience compares with the experience incentive range established for that employer. Employers must qualify for the practice refund in order to receive experience refunds.

PRIME is addressed in a series of policies (designated by PR) to provide an explanation of the program and to direct the decision-making process. Since the various provisions of these policies are interrelated, it is essential to consider the PRIME Program in its entirety and not only the specific guidelines under an individual PRIME policy.

General

The total amount of assessments that an employer will pay to WorkplaceNL for a calendar year is determined using:

1. The employer's applied base assessment (assessable payroll multiplied by applied base rate for the employer's industry);
2. The impact of the practice incentive component of PRIME (a potential five per cent practice refund of the average calculated base assessment for employers who qualify, based on compliance with certain health and safety and return to work practices – refer to Policies PR-13 PRIME Practice Incentive for Construction Employers, PR-14 PRIME Practice Incentive Path 1 Employers – (OHS Education) and PR-15 PRIME Practice Incentive for Path 2 – Employers (OHS Certification))
3. The impact of the experience incentive component of PRIME (an experience refund, an experience charge or neither based on employer claim costs).

To receive an experience refund, the employer must first qualify for the five per cent practice refund.

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WorkplaceNL uses a combination of employer self-reported information on the Employer Payroll and OHS Statements along with other employer file information such as OHS Committee minutes and Certification Training Registry records to calculate and validate PRIME refunds and charges. The Employer Payroll Statement must be filed with WorkplaceNL by the last day of February of each year, in accordance with section 23 of the Workplace Health, Safety and Compensation Administrative Regulations. Employers who do not meet the due date will not qualify for a PRIME refund, but experience charges will be applied to their account, where appropriate.

The PRIME Program will be applied to all eligible employers as defined in this policy.

PRIME Objectives

The objectives of PRIME are to:

1. Promote healthy and safe workplaces;
2. Promote effective and sustainable return to work practices;
3. Reward employers under the practice incentive and experience incentive components;
4. Be inclusive so that as many employers as possible can participate; and
5. Provide a program that is responsive to the individual employer's actions while maintaining the principle of collective liability.

Definitions

A Glossary of Terms used in the PRIME Program is attached to this policy for reference.

Eligibility for PRIME

Eligibility for the Practice Incentive Component of PRIME

All employers are eligible for the practice incentive component of PRIME, except for:

1. Employers in the following classifications:
 - a) Fish Purchases;
 - b) Volunteer Firefighters or Volunteer Ambulance Service;
 - c) Government Funded Projects;

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- d) Inter-jurisdictional Trucking Agreement Employers who are registered in the province but do not pay assessments;
 - e) Self-insured Employers; or
 - f) Disaster, Enhanced, or Second Injury Employers who have no assessable payroll or assessments.
2. Employers with the following types of coverage under Policy ES-01 Optional Coverage:
 - a) Optional Personal Coverage; or
 - b) Householder Coverage.
3. Employers with a calculated base assessment in the PRIME year that is less than or equal to the prescribed minimum assessment for that year as per section 22 of the Workplace Health, Safety and Compensation Administrative Regulations.

Eligibility for Experience Incentive Component of PRIME

All employers are eligible for the experience incentive component of PRIME except for:

1. Employers who are not eligible for the practice incentive component in the PRIME Year and at least one other year in the PRIME Base Period; and
2. Employers with a calculated base assessment in any of the PRIME Base Period years that is less than or equal to the prescribed minimum assessment as per section 22 of the of the Workplace Health, Safety and Compensation Administrative Regulations.

Determining the PRIME Employer Category

The requirements an employer must meet to qualify for the practice incentive component of PRIME, depends on the employer category.

Path 1 - OHS Education

Employers with:

- less than \$10,000 in average assessments regardless of the number of workers at each provincially and each federally regulated worksite; or

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- greater than or equal to \$10,000 in average assessments and less than 20 workers at each provincially and each federally regulated worksite;

will be assigned to Path 1. Refer to Policy PR-14 Path 1 – OHS Education.

Path 2 – OHS Certification

Employers with:

- greater than or equal to \$10,000 in average assessments and 20 or more workers at any one provincially or any one federally regulated worksite;

will be assigned to Path 2. Refer to Policy PR-15 Path 2 – OHS Certification.

Construction

Employers with:

- a construction Newfoundland Industrial Classification (NIC) code;

Refer to Policy PR-13 PRIME Practice Incentive for Construction Employers.

Practice Incentive Refund

Employers who are eligible for the practice incentive component are required to meet the practice incentive criteria regarding occupational health and safety and return to work practices. If these criteria have been met, a five per cent practice refund is calculated using the employer's average calculated base assessment for the PRIME base period (Refer to Procedure 505.00 PRIME Calculations).

Experience Incentive Range

The calculation for the PRIME experience incentive component considers the past and future claim costs and assessment premium patterns of employers.

The experience incentive range is the range of claim costs against which WorkplaceNL compares the employer's actual claim costs (Refer to Procedure 505.00 PRIME Calculations).

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Experience Refunds and Charges

An employer's experience refund or charge is determined by the comparison of that employer's actual claim costs to their experience incentive range. In general, an employer may qualify for:

1. An experience refund if the employer's claim cost is below the bottom of their range;
2. An experience charge if the employer's claim cost is above the top of their range; or
3. Neither if the employer's claim cost is within their range.

If this comparison, measured as a percentage of the employer's average calculated base assessment, results in a less favourable position than the previous year, the percentage cannot change by more than the maximum rule (refer to Procedure 505.00 PRIME Calculations). To receive an experience refund, the employer must first qualify for the five per cent practice refund.

Claim Costs Considered in PRIME

The employer's claim costs are central to calculations in the experience incentive component of PRIME. One objective of the PRIME Program is to be responsive to the individual employer's actions while maintaining the principle of collective liability.

Claim Costs Included in PRIME

Claim costs that are included in the PRIME experience incentive component are:

1. Cash payments by WorkplaceNL (including Temporary Earnings Loss, Early and Safe Return to Work, Labour Market Re-entry, Extended Earnings Loss, Health Care Costs, Permanent Functional Impairment, Pension Replacement Benefits, and retirement benefits) made in the PRIME year for each injury that occurred in the PRIME base period. This amount is capped annually per claim at the prescribed maximum compensable earnings during the PRIME year;
2. Adjustments in the PRIME year to those payments referred to in (1) above (refer to Policy PR-03 PRIME Adjustments); and

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3. An amount equal to two times the maximum compensable earnings (as prescribed in the injury year) for each fatality.

Claim Costs Excluded from PRIME

Claim costs that are excluded from the PRIME experience incentive component are:

1. Cash payments made by WorkplaceNL in the PRIME year for injuries that occurred prior to the PRIME base period (this includes the exclusion of PRIME base period recurrences of injuries that originally occurred prior to the PRIME base period);
2. Cash payments made by WorkplaceNL related to third party, occupational disease, denied claim costs and as a result of fraud, misrepresentation, or non-disclosure;
3. All cash payments per claim made by WorkplaceNL in excess of the prescribed maximum compensable earnings in the payment year;
4. All actual cash payments made in the PRIME year related to fatality claims. Any actual cash payments made in the PRIME year before the injury was accepted as a fatality claim will be reversed in that PRIME year only. Any cash payments made in a previous PRIME year are unchanged;
5. Adjustments made in the PRIME year for payments made before the PRIME year (refer to Policy PR-03 PRIME Adjustments);
6. Adjustments made in the PRIME year for injuries that occurred prior to the PRIME base period;
7. Reserves; and
8. Overpayments established on a claim and amounts collected with respect to those overpayments (refer to Policy EL-04B Overpayments).

Merits and Justice

Where the individual circumstances of a case are such that the provisions of this policy cannot be applied or to do so would cause an unfair or unintended result, WorkplaceNL will

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decide the case based on its individual merits and justice as outlined by Policy EN-22 Merits and Justice. Such a decision will be considered for that specific case only and will not be precedent setting.

Reference:

Workplace Health, Safety and Compensation Act, 2022, Sections 17, 18, 100, 101, 103 and 117

Workplace Health, Safety and Compensation Administrative Regulations, Sections 22 and 23
 Occupational Health and Safety Act, Sections 2, 36.1, 36.2, 37, 38, 38.1 and 39 – 44

Occupational Health and Safety Regulations, 2012, Sections 12, 13 and 25

Policies:

ES-01 Optional Coverage, EL-04B Overpayment, EN-22 Merits and Justice, PR-03 PRIME Adjustments, Policies PR-13 PRIME Practice Incentive for Construction Employers, PR-14 PRIME Practice Incentive Path 1 – OHS Education Employers, and PR-15 PRIME Practice Incentive Path 2 – OHS Certification

Procedure 505.00 PRIME Calculations

Amendment History

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Next Review Date 2030 10 01

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PRIME Glossary of Terms

The following definitions are provided to promote understanding of common terms and ensure consistency when referencing various aspects of PRIME.

Active Status – the employer’s status with WorkplaceNL once the employer registers with WorkplaceNL and receives a firm number.

Applied Base Rates – the rates that WorkplaceNL uses to determine employers’ base assessments. These rates are being transitioned towards the calculated base rates to more accurately reflect industry claim costs.

Average Calculated Base Assessment (sometimes referred to as “average assessment”) - the total calculated base assessments divided by the number of years with assessments, up to a maximum of three years.

Calculated Base Assessment – assessable payroll multiplied by the calculated base rate. This amount is used in determining eligibility for PRIME.

Calculated Base Rates – the rates that WorkplaceNL uses when determining practice refunds, experience incentive ranges and experience refunds, charges or neither under PRIME. These rates may differ from applied base rates when they are being transitioned towards calculated base rates.

Experience Incentive Component – the component under PRIME which uses an employer’s claim costs to determine whether an experience refund, experience charge or neither applies. In order to be entitled to an experience refund, the employer must have first qualified for the practice refund under the practice incentive component.

Experience Incentive Range – the range of claim costs against which WorkplaceNL compares the employer’s actual claim costs.

Firm Number – a unique identifier which is assigned to a business when it registers with WorkplaceNL. It is possible for a business to be assigned more than one firm number if that business operates in more than one industry.

Practice Incentive Component – the component under PRIME that recognizes an employer’s compliance with health and safety and return to work practices.

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Under this component, employers can qualify for a 5 per cent practice refund.

Practice Refund – the 5 per cent refund for which employers may qualify if they meet all the criteria under the practice incentive component. This refund is calculated using the employer's average calculated base assessment.

Prescribed Maximum Assessable Earnings – the maximum assessable earnings amount prescribed by regulation.

Prescribed Maximum Compensable Earnings – the maximum compensable earnings amount prescribed by regulation.

Prescribed Minimum Assessment – the minimum assessment amount prescribed by regulation.

PRIME Base Period – the three-year period that WorkplaceNL considers in determining PRIME calculations.

PRIME Year – the last year in the PRIME base period.

Qualifying Years – the PRIME Year and at least one other year of the PRIME Base Period.

Reserves – the estimated total payments expected to be paid over the life of a claim.

Suspended Status – the employer's status with WorkplaceNL when that employer's firm number has been deactivated.

Worker - a person engaged in an occupation (as defined in the Occupational Health and Safety Act).

Workplace – any place where a worker carries out the duties of employment.