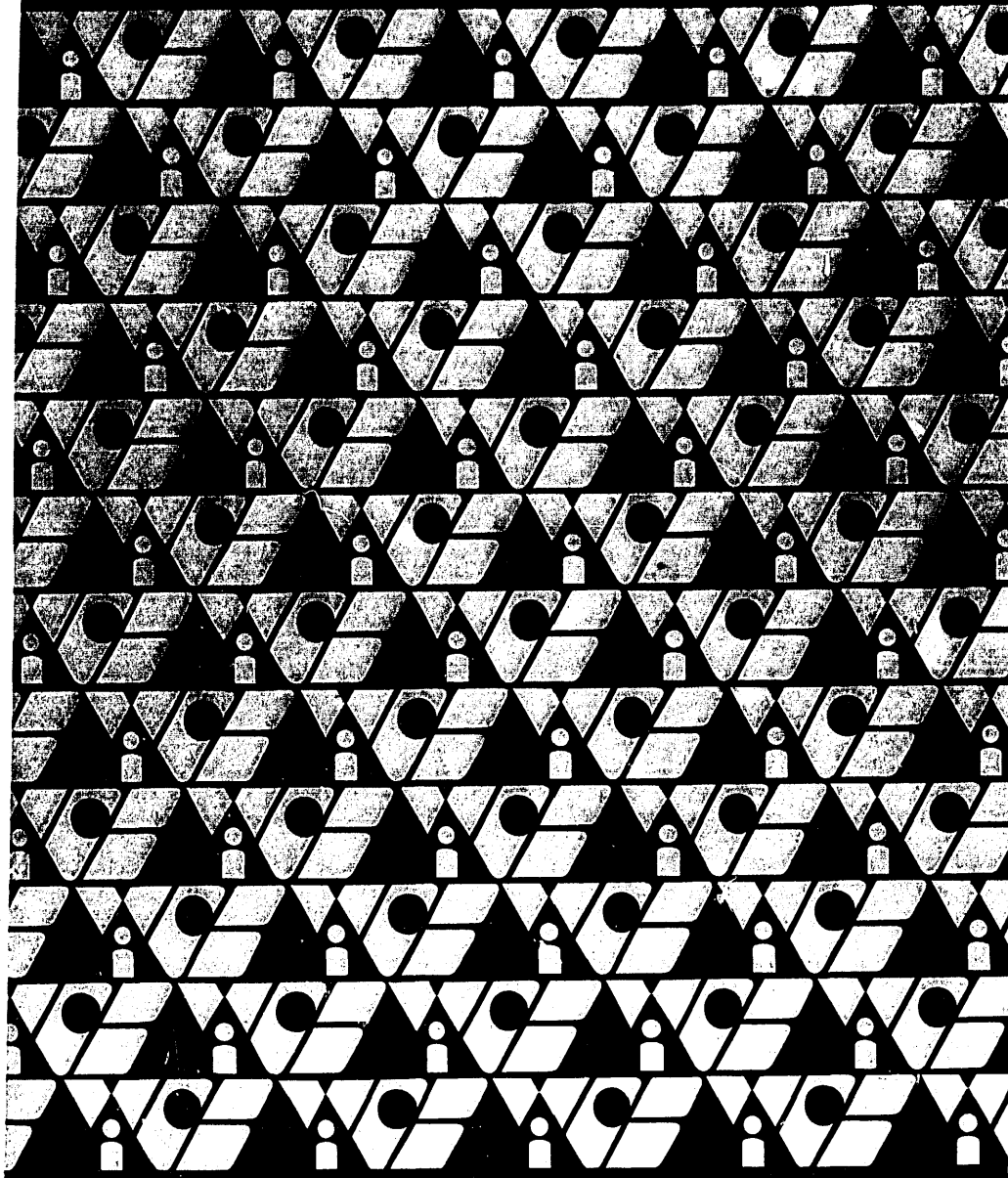


**LEGISLATIVE ASSEMBLY OF THE  
NORTHWEST TERRITORIES  
9<sup>TH</sup> ASSEMBLY, 2<sup>ND</sup> SESSION**

**TABLED DOCUMENT NO. 16-80(1)**

**TABLED ON FEBRUARY 25, 1980**

Workers' Compensation Board



TD #16-80(1)  
Tabled on Feb. 25, 1980



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The Workers' Compensation Board - Northwest Territories, is the agency responsible for the administration of the Workers' Compensation Ordinance and the adjudication of all matters arising there under.

**John MacLean**  
Chairman

**Colin Adjun**  
Member

**William Berezowski**  
Member

**William Hettrick**  
Member

**Dale Johnston**  
Member

**Cy Lambert**  
Member

**Al Workman**  
Member

## The Workers' Compensation Ordinance

The purpose of the Workers' Compensation Ordinance which came into effect January 1, 1977, is to provide recompense to the worker for wage loss due to disability from personal injury by accident arising out of employment, without recourse to litigation. It ensures promptness and certainty of payment to the worker or dependents without unduly burdening the employer.

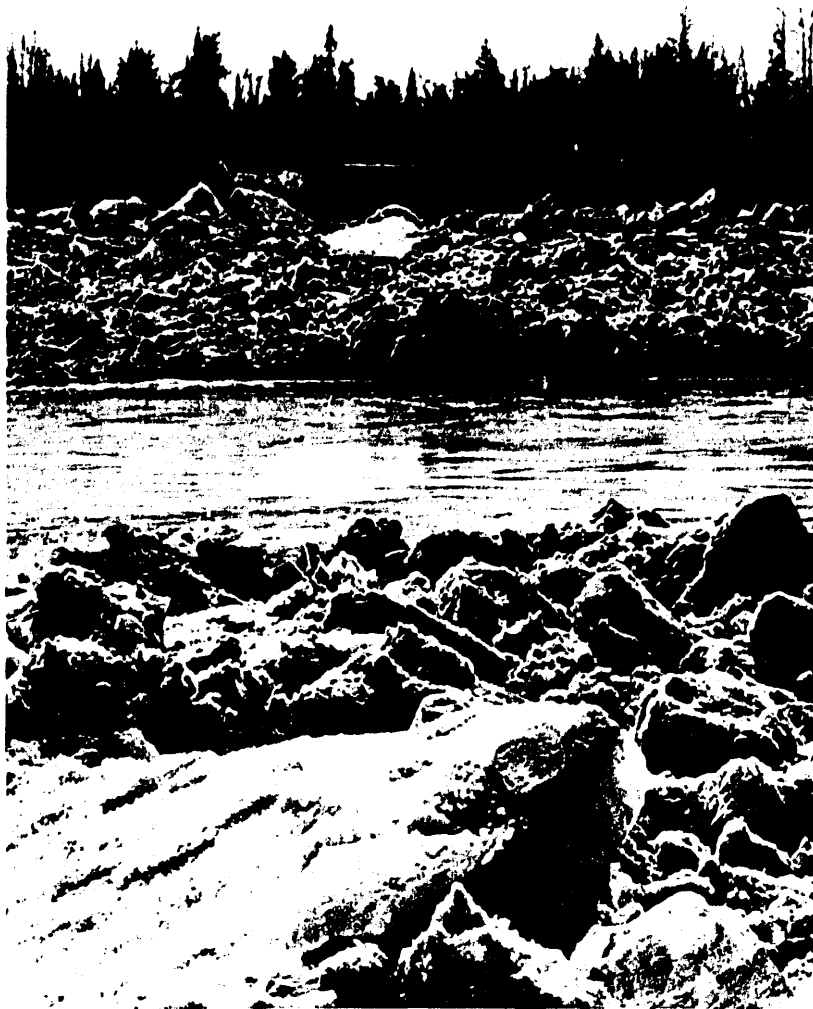
It extends the worker's protection to all accidents arising out of and in the course of employment instead of merely those caused by the negligence of the employer; it places the adjudication of claims in the hands of the Workers' Compensation Board instead of the courts; and in the industries to which it applies it makes the employer's liability collective instead of individual.

### Summary of Present Benefits — 1979

|                                                                                                               |             |
|---------------------------------------------------------------------------------------------------------------|-------------|
| Maximum yearly earnings assessed on                                                                           | \$16,800.00 |
| Maximum yearly earnings compensated on                                                                        | \$16,800.00 |
| Rate of compensation                                                                                          | 75%         |
| Maximum yearly amount of compensation                                                                         | \$12,600.00 |
| Maximum weekly earnings compensated on                                                                        | 323.07      |
| Maximum weekly compensation                                                                                   | 242.30      |
| Widow's pension — per month                                                                                   | 462.00      |
| Widow's special immediate allowance                                                                           | 672.00      |
| Widow's re-narrriage allowance                                                                                |             |
| — 12 monthly payments x \$462.                                                                                | \$5,544.00  |
| Funeral expenses up to                                                                                        | 672.00      |
| Where fatality occurs a considerable distance from place of burial all transportation costs within the N.W.T. |             |
| Child's pension — per month,                                                                                  |             |
| up to age 16 or if still attending school                                                                     | 105.00      |
| Maximum pension to widow and children                                                                         | No limit    |
| Dependent's pension (where no widow and children)                                                             |             |
| proportionate to pecuniary loss not to exceed \$462.00 per month                                              |             |
| Minimum compensation for permanent                                                                            |             |
| total disability per month                                                                                    | 462.00      |
| Minimum compensation for temporary                                                                            |             |
| total disability per week                                                                                     | 106.62      |
| for average earnings of that amount or more, and actual earnings if less than \$106.62 per week               |             |
| Medical aid which includes hospitalization, surgery, drugs, etc. is also provided                             |             |

To: John H. Parker,  
Commissioner,  
Government of the Northwest Territories.

May it please Your Honour: Sir, as requested by Section 58 of the  
Workers' Compensation Ordinance, we now submit the 2nd annual  
report of the Board, for the year ended December 31, 1978.



# Introduction

## Operations

In 1978, the Workers' Compensation Board processed a total of 2,317 claims on work injuries, industrial diseases and fatalities.

The Workers' Compensation Board expenditures for compensation claims totalled \$630,450.00 in 1978. The amount allocated to the Future Claims Reserve for expenditure in the future on 1978 claims is \$1,628,000.00.

Total Assessment Revenue from the year's 3,078 Employers' Accounts is \$6,984,250.00.

Level of workers benefits in 1978:

- (1) Year's Maximum Assessable Remuneration is \$14,500.00.
- (2) Permanent Partial Disability — Proportion of 75% of earnings based on the degree of disability.
- (3) Temporary Total Disability — 75% of earnings for period of disability. Min. \$92.02 per week or earnings if less. Maximum \$906.25 per month.
- (4) Temporary Partial Disability — 75% of difference in earnings or proportion of 75% based on degree of disability.
- (5) Funeral Cost — \$580.00 plus the cost of transporting body — necessary costs within the Northwest Territories.
- (6) Additional expense payment consequent on death of worker — \$580.00.
- (7) Widow's or Widower's pension — \$398.75 month, plus discretionary allowance.
- (8) Children's Pension — Children who are dependants of the worker — \$90.62 per month to age 16. These payments continue to the end of the first college degree for educational purposes.
- (9) All medical aid and doctor fees.
- (10) Rehabilitation costs.

## Events

Resignations from the Board in 1978 were four in number — W. Applewhite — Fort Smith, L. Cardinal — Inuvik, G. Tikkanen — Yellowknife, and J. Kachmar — Yellowknife.

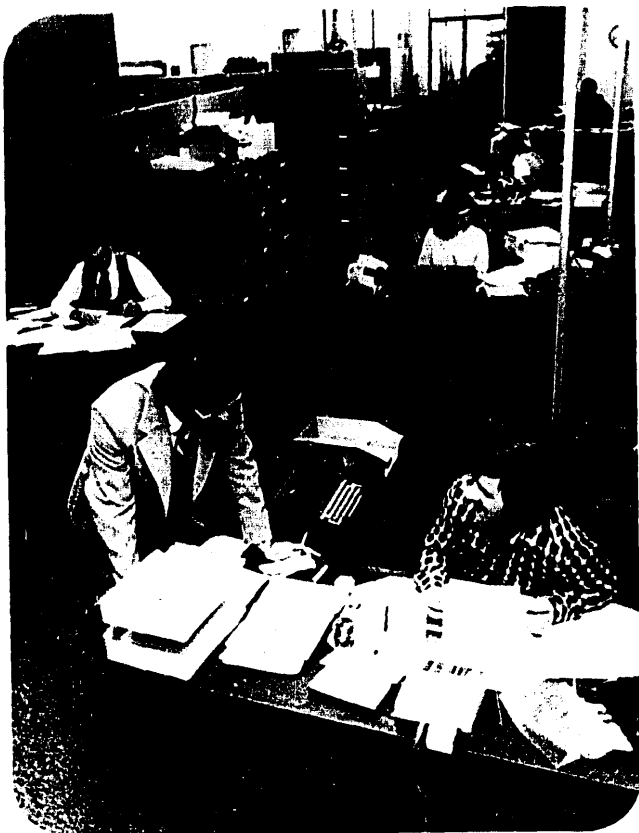
Members appointed to the Board in 1978 were — W. Hettrick — Yellowknife, D. Johnston — Yellowknife, C. Lambert — Yellowknife, C. Adjun — Coppermine.



Assessment rates for 1978 remained the same as those in effect for 1977.

The Board in accordance with Section 26 of the Workers' Compensation Ordinance Cap. 7 — 1977 ordered an increase of 8% of basic pension for awards made prior to 1977 to disabled workers with permanent disabilities in excess of 10% total and to dependants of deceased workers.

Meetings were held with industry, management and labor groups during the year.



# Claims

## Reported — Accidents 1978

During 1978 accidents reported to the Board resulted in 2,317 claims.

For a further breakdown of the claims as to type of injury and geographical location of occurrence, please refer to **Statistics Schedules I and II** attached as appendices to this report. During 1978 the number of claims adjudicated increased by only 2% and the number of fatal accidents decreased from seven to four in number.

## Compensation

Under workers compensation an injured worker is covered for personal injury by accident arising out of and during the course of employment, and if totally disabled is entitled to benefits during the period of disability computed at the rate of 75% of his average yearly remuneration. The maximum remuneration which could be used in computation of compensation for accidents occurring in 1978 was \$14,500. per annum. These benefits are not taxable as income.

## Pension Awards

(a) Where the accident results in Permanent Disability, either total or partial, benefits are payable for life and are usually paid on a monthly basis.

(b) Where death results from a compensable injury the necessary burial expenses up to \$580.00 are paid; in addition, the necessary expenses of transporting the body within the Northwest Territories. The dependant widow or widower is also paid a contribution of \$580. for the additional expense occasioned consequent upon death and thereafter a monthly payment of \$398.75 until death or remarriage. Upon remarriage a lump sum payment of \$4,785.00 is made and the monthly benefits terminate. Dependent children are entitled to a monthly pension of \$90.62 for each child to age sixteen. If education is continued the allowance may be paid to the completion of the first university degree or the completion of a technical or vocational training course.

## Medical Aid

Medical aid required as a result of an injury arising out of and during the course of employment includes medical, surgical or other services provided by a physician, nursing services, hospital services, drugs, dressings, x-ray treatment, medical and physical treatment.

The injured worker is completely free to choose his own doctor while subsequent treatment or examination or treatment by medical specialists or consultants must be arranged by the attending doctor in conjunction with the Board Medical Advisor.

The injured worker's timely return to the job revolves around reports



**Balance Sheet**  
**as at December 31, 1978**  
 (with comparative figures for the previous year)

Statement 1

| Assets                                                    | (\$000's)       |                | Liabilities and Reserves                        | (\$000's)       |                |
|-----------------------------------------------------------|-----------------|----------------|-------------------------------------------------|-----------------|----------------|
|                                                           | 1978            | 1977           |                                                 | 1978            | 1977           |
| Cash                                                      | \$ —            | \$ 30          | Bank overdraft                                  | \$ 34           | \$ —           |
| Deposits with the Government of the Northwest Territories | —               | 5,344          | Accounts payable                                | 135             | 69             |
| Short-term investments (Note 3)                           | 11,308          | —              | Assessment refunds payable                      | 316             | 218            |
| Assessments receivable                                    | 782             | 1,416          |                                                 | 485             | 287            |
| Accrued interest                                          | 264             | 24             | Pension reserve — Statement 3 (Notes 2 and 5)   | 1,678           | 489            |
| Fixed assets (Notes 2 and 4)                              | 21              | —              | Provision claims reserve — Statement 4 (Note 2) | 2,883           | 2,190          |
|                                                           |                 |                | Contingency reserve — Statement 5 (Note 2)      | 4,647           | 2,913          |
|                                                           |                 |                | Operating reserve (Note 2)                      | 2,682           | 935            |
|                                                           |                 |                |                                                 | <u>2,682</u>    | <u>935</u>     |
|                                                           |                 |                |                                                 | <u>\$12,375</u> | <u>\$6,814</u> |
|                                                           | <u>\$12,375</u> | <u>\$6,814</u> |                                                 |                 |                |

The accompanying notes and schedule are an integral part of the financial statements.

Approved on behalf of the Workers' Compensation Board

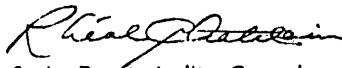
*Jan R. White*  
 \_\_\_\_\_  
 DIRECTOR OF FINANCE

*Jocmac Jean*  
 \_\_\_\_\_  
 CHAIRMAN OF THE BOARD

The Commissioner,  
Government of the Northwest Territories,  
Yellowknife, N.W.T.

I have examined the balance sheet of the Workers' Compensation Board (Northwest Territories) as at December 31, 1978 and the statements of operating reserve, pension reserve, future claims reserve, and contingency reserve for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Workers' Compensation Board (Northwest Territories) as at December 31, 1978 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Senior Deputy Auditor General  
for the Auditor General of Canada

Ottawa, Ontario  
May 3, 1979

## Exhibit I

Financial Statements, Notes to Financial Statements, and  
the Auditor General's Report



# Accident Prevention and Occupational Health

Although the Board does not have responsibility for industrial accident prevention, or occupational health, it is very interested with developments in these areas. Liaison and exchange of needed information and opinions continued during 1978.

## Staff

At December 31, 1978, the Board had a total of 26 permanent employees, all located in Yellowknife.

The Board is pleased to record its sincere appreciation of the diligent manner in which members of its staff have carried out their respective duties thereby making it possible to properly administer the Ordinance.

Respectfully submitted,



J. D. C. MacLean,  
Chairman of the Board.

## Actuarial Report and Certificate

The specific recommendations contained in our Consulting Actuary's Report and attached hereto as Exhibit II have been adopted by the Board. Accordingly the Certificate of the Actuary is included as part of Exhibit II and represents a review of the liabilities of the Accident Fund as at December 31, 1978.



- (ii) to assess and collect sufficient funds from Employers to meet these obligations.
- (iii) to minimize the cost to Employers while achieving maximum stability of rates.

The maintenance of adequate reserves is the most effective way to ensure these responsibilities are met.

## **Reserves**

### **(a) Pension Reserve**

When pensions are awarded it is necessary to set aside adequate funds to maintain payments to the Pensioners for their lifetime. Actuarial tables are used to calculate the amount transferred from the class to the pension fund to provide sufficient capital and income for payment of the pension for its applicable term.

### **(b) Contingency Reserve**

The contingency reserve has been set aside to cover enhanced disabilities, rehabilitation, industrial disease and disasters.

### **(c) Future Claims Reserve**

This liability is kept for pension awards and to pay ongoing costs or claims that are still under active administration. These include claims that may be re-opened because of a need for further treatment or increased disability awards. These estimates are revised each year.

### **(d) Operating Reserve**

The majority of Employers prefer a stable rate of assessment which will not fluctuate significantly from year to year. To provide this stability each class is required to build up and maintain an operating reserve. This reserve absorbs the major fluctuations which would otherwise be reflected in wide variations of rates from year to year.

Details of the accounting and operations of these reserves are set out in the Financial Statements.

## **Investments**

In the year 1978 the Board through its Investment Committee established a definitive investment policy and commenced holding interviews for the appointment of an institution to act as its investment portfolio manager. It was anticipated that this along with the appointment of a securities custodian would be in place by early 1979.

In the interim the Investment Committee continued to invest its monies in short term bank certificates with the details of these investments more particularly set out in the Financial Statements.





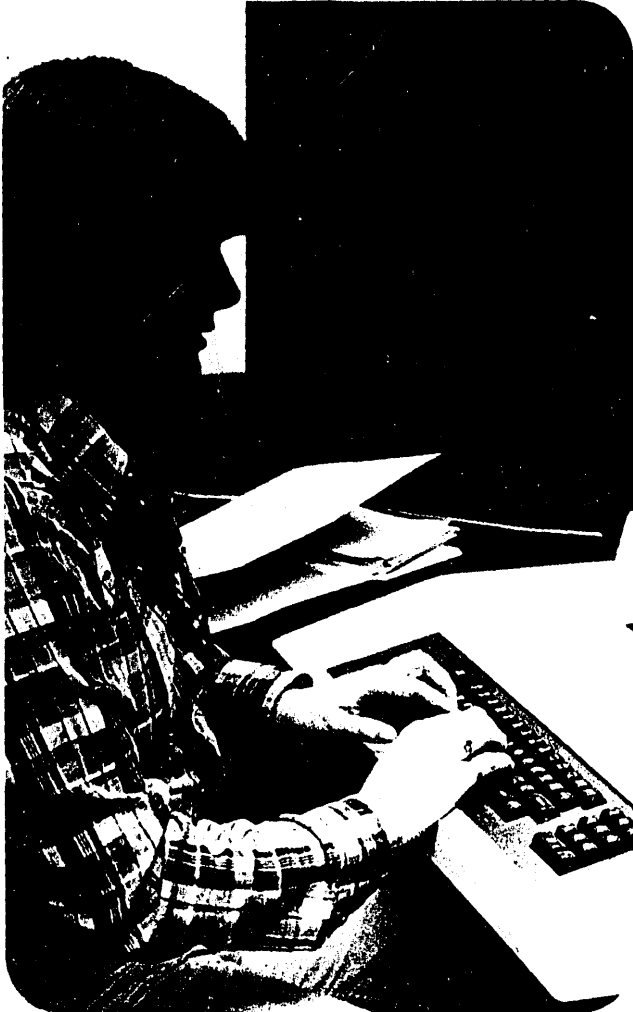
### Responsibilities

The financial responsibility of the Board in administering the Workers' Compensation Ordinance is three fold:

- (i) to guarantee that compensation and pensions awarded to injured workers or their dependants will be paid according to entitlement and as long as required.

## Finance

The Financial Statements for 1978, Notes to the Financial Statements and the Auditor General's Report are attached hereto as Exhibit I.



## Assessments

Employers are assessed annually on the earnings of their employees to provide a fund for the payment of compensation, medical aid, vocational rehabilitation costs, and the administration of the Ordinance.

This fund called the "Accident Fund" is one and indivisible with liability placed on all industry collectively, although the industries are divided into classes and subclasses.

Separate accounting is kept of assessment revenue and the accident costs for each of the industry classifications. Each classification is really a mutual insurance association of the employers. The contingency reserve is provided to assist a class which alone is unable to bear abnormal costs in any one year. It also provides financial assistance when disability from a current injury is enhanced because of a non-related pre-existing condition.

All employers are required to file with the Board by the last day of January in each year a return showing the actual wages paid during the immediate preceding year together with an estimate of the payroll for the current year. Assessment is then made on the estimated payroll subject to any adjustment indicated when the actual payroll is submitted the following January.

Assessment rates are established after considering the cost experience of past years, the financial position of the industry classification, the reserves necessary for outstanding claims and pensions, and the cost of administering the Ordinance.

Appreciating the need for employers to have early advice of assessment rates for the coming year the Board provides this information by mid November.

In 1978, 3,078 employers contributed \$6,984,250.00 in assessment income. More complete details are set out in the Financial Statements.

reports received from the medical profession and it is extremely important for all concerned that the Board have good relations with the profession. Annual meetings are held with the Northwest Territories Medical Association to deal with medical matters relating to worker's compensation.

## **Rehabilitation**

Rehabilitation is the use of all appropriate sciences and disciplines to help persons handicapped by disease, disability or social maladjustment achieve maximum well being and usefulness. It is the cultivation, restoration and conservation of human resources. Nothing can replace the wish of every person who has a known disability, to live and work in dignity, in free and open competition with the world.

The rehabilitee must be considered in relation to his needs and against the background of his family relations. Absence from the family group is a matter that may have significant impact upon the individual. Other considerations include the financial situation, marital relationship and home environment.

## **Physical Rehabilitation**

Physical or medical rehabilitation involves the doctor, physical therapist, occupational therapist, remedial gymnast, psychologist, social workers, rehabilitation counsellor and the worker.

While the Board does not operate its own rehabilitation centre excellent arrangements have been made with other jurisdictions to ensure that this valuable service is available to workers injured while working in the Northwest Territories.

## **Occupational Rehabilitation**

Occupational Rehabilitation is designed to arrange for retraining of claimants who are unable to resume their former employment, placement of workers with suitable employers, upgrading and retraining programs in conjunction with other agencies.

The Board has one full time Rehabilitation Counsellor assigned for rehabilitation duties and he works in liaison with industry and the established public rehabilitation agencies.



Statement of Operating Reserve  
for the year ended December 31, 1978  
(with comparative figures for the previous year)

Statement 2

|                                      | (\$000's)      |               |
|--------------------------------------|----------------|---------------|
|                                      | 1978           | 1977          |
| Funding provided                     |                |               |
| Assessments                          | \$6,984        | \$7,016       |
| Interest (Note 6)                    | 293            | 181           |
|                                      | 7,277          | 7,197         |
| Amounts applied                      |                |               |
| Claims                               |                |               |
| Compensation                         | 385            | 489           |
| Medical Aid                          | 245            | 387           |
| Administration and general expense   | 909            | 728           |
| Transfers to:                        |                |               |
| Pension reserve (Note 5)             | 580            | 560           |
| Future claims reserve                | 1,628          | 2,190         |
| Contingency reserve                  | 1,783          | 1,908         |
|                                      | 5,530          | 6,262         |
| Increase in operating reserve        | 1,747          | 935           |
| Operating reserve, beginning of year | 935            | —             |
| Operating reserve, end of year       | <b>\$2,682</b> | <b>\$ 935</b> |

The accompanying notes and schedule are an integral part of the financial statements.



Statement of Pension Reserve  
for the year ended December 31, 1978  
(with comparative figures for the previous year)

Statement 3

|                                          | (\$000's)      |               |
|------------------------------------------|----------------|---------------|
|                                          | 1978           | 1977          |
| Balance, beginning of year               | \$ 489         | \$ —          |
| Funding provided                         |                |               |
| Transfer from future claims reserve      | 870            | —             |
| Transfer from operating reserve (Note 5) | 580            | 560           |
| Interest (Note 6)                        | 90             | 22            |
|                                          | <u>2,029</u>   | <u>582</u>    |
| Amounts applied                          |                |               |
| Pension payments                         | 351            | 93            |
| Balance, end of year                     | <u>\$1,678</u> | <u>\$ 489</u> |

The accompanying notes and schedule are  
an integral part of the financial statements.



**Statement of Future Claims Reserve**  
**for the year ended December 31, 1978**  
**(with comparative figures for the previous year)**

**Statement 4**

|                                   | (\$000's)             |                       |
|-----------------------------------|-----------------------|-----------------------|
|                                   | 1978                  | 1977                  |
| Balance, beginning of year        | \$2,190               | \$ —                  |
| Funding provided                  |                       |                       |
| Transfer from contingency reserve | 285                   | —                     |
| Transfer from operating reserve   | 1,628                 | 2,190                 |
| Interest (Note 6)                 | 143                   | —                     |
|                                   | <u>4,246</u>          | <u>2,190</u>          |
| Amounts applied                   |                       |                       |
| Claims payments                   | 493                   | —                     |
| Transfer to pension reserve       | 870                   | —                     |
|                                   | <u>1,363</u>          | <u>—</u>              |
| Balance, end of year              | <u><u>\$2,883</u></u> | <u><u>\$2,190</u></u> |

The accompanying notes and schedule are  
an integral part of the financial statements.



Statement of Contingency Reserve  
for the year ended December 31, 1978  
(with comparative figures for the previous year)

Statement 5

|                                                     | (\$000's)      |                |
|-----------------------------------------------------|----------------|----------------|
|                                                     | 1978           | 1977           |
| Balance, beginning of year                          | \$2,913        | \$ —           |
| Funding provided                                    |                |                |
| Transfer from operating reserve                     | 1,783          | 1,908          |
| Transfer of pre-1977 administration fund            | —              | 911            |
| Interest (Note 6)                                   | 241            | 94             |
|                                                     | <u>4,937</u>   | <u>2,913</u>   |
| Amounts applied                                     |                |                |
| Transfer to future claims reserve                   | 285            | —              |
| Rehabilitation and retraining of<br>injured workers | 5              | —              |
|                                                     | <u>290</u>     | <u>—</u>       |
| Balance, end of year                                | <u>\$4,647</u> | <u>\$2,913</u> |

The accompanying notes and schedule are  
an integral part of the financial statements.



# **Workers' Compensation Board**

(Northwest Territories)

Notes to Financial Statements  
December 31, 1978

## **1. Authority**

The Workers' Compensation Board was established under the Workers Compensation Ordinance, 1977 (First Session).

Assessments are levied upon all employers in the Northwest Territories on the basis of a percentage of their payroll from which compensation in respect of accidents from employment and costs of administration are paid and reserves established.

## **2. Significant accounting policies**

### **Reserves**

Reserves have been established to provide for future compensation and are evaluated and adjusted annually.

#### **(a) Pension reserve**

The pension reserve represents the present value of future payments of pension awards made by the Board. The reserve is credited with amounts transferred from the future claims reserve representing the present value of pensions awarded and charged with pension payments. Any actuarial deficiencies are recovered from the operating reserve.

#### **(b) Future claims reserve**

The future claims reserve represents the present value of expected future claims for accidents which have occurred but which have not been reported, for claims in process for which an award has not been made and for additional costs arising in future years in respect of awards already made. The reserve is charged with amounts awarded during the year including the present value of pensions awarded. That portion of amounts awarded during the year representing claims settled in excess of authorized limits is transferred from the contingency reserve.

#### **(c) Contingency reserve**

The contingency reserve represents the present value of amounts in excess of a maximum amount per claim included in industry classes of other reserves, multiple claims arising from a disaster, claims for industrial diseases, claims for rehabilitation and retraining of injured workers, and claims from enhanced disability including second

injury. The reserve is charged with that portion of the amounts in excess of authorized limits included in settlements charged to the future claims reserve.

**(d) Operating reserve**

The operating reserve is established to provide stability to the industry classes rating structure. The reserve represents assessment revenue by industrial class less its share of claim expense, administration expense, general expense and transfers to other reserves. The reserve is charged with settlements within authorized limits arising and paid during the year.

**Interest revenue**

Interest revenue is allocated to the various reserves on the basis of their average opening and closing balances.

**Administration and general expense**

This expense, net of sundry and penalty revenue, is allocated to industry classes within the operating reserve on the basis of assessment revenue applicable to each industry class for the year.

**Fixed assets**

Fixed assets are recorded at cost at the time of acquisition. Depreciation is provided over the estimated useful life of the assets as follows:

|                        |                                          |
|------------------------|------------------------------------------|
| Furnishings            | 10% straight-line                        |
| Equipment              | 20% straight-line                        |
| Leasehold improvements | Straight-line over the term of the lease |

### **3. Short-term investments**

Prior to June, 1978, Workers' Compensation Board funds were held by the Government of the Northwest Territories who invested the funds and provided the Board with interest on a monthly basis. The policy has now changed and all funds are invested by the Board in short-term bank deposit certificates at interest rates ranging from 8.7 to 10.55%. All certificates mature in one year or less.

#### 4. Fixed assets

|                          |                 |
|--------------------------|-----------------|
| Furnishings              | \$ 7,000        |
| Equipment                | <u>15,000</u>   |
| Leasehold improvements   | <u>1,000</u>    |
|                          | 23,000          |
| Accumulated depreciation | <u>2,000</u>    |
|                          | <u>\$21,000</u> |

#### 5. Pension reserve

The actuarial deficiency of \$387,000 in the pension reserve at December 31, 1977 was covered by the transfer of \$580,000 from the operating reserve.

Further pension increases in respect of pre-1977 accidents were granted by the Board for 1979. These increases will be funded by an allocation of 5% of assessment revenue over a period of four years commencing in 1979.

A review of the pension reserve by the consulting actuary indicates that at December 31, 1978, there was no unfunded liability in the pension reserve.

#### 6. Interest

In addition to interest revenue of \$293,000 credited to the operating reserve (\$181,000 in 1977) interest of \$474,000 has been credited to:

|                       | 1978             | 1977             |
|-----------------------|------------------|------------------|
| Pension reserve       | \$ 90,000        | \$ 22,000        |
| Future claims reserve | 143,000          | —                |
| Contingency reserve   | <u>241,000</u>   | <u>94,000</u>    |
|                       | <u>\$474,000</u> | <u>\$116,000</u> |

#### 7. Comparative figures

The comparative figures for 1977 have been reclassified where necessary to conform with the current year's presentation.

**Schedule of Administration and General Expense  
for the year ended December 31, 1978  
(with comparative figures for the previous year)**

|                                            | (\$000's)    |              |
|--------------------------------------------|--------------|--------------|
|                                            | 1978         | 1977         |
| Salaries, wages and allowances             | \$540        | \$399        |
| Employer share of benefits                 | 39           | 37           |
| Professional services                      | 106          | 48           |
| Medical services                           | 52           | 24           |
| Travel                                     | 49           | 26           |
| Printing and office supplies               | 47           | 23           |
| Office lease and renovations               | 36           | 36           |
| Administration services —                  |              |              |
| Government of the Northwest Territories    | 25           | 59           |
| Administration of pre-1977 claims          | —            | 31           |
| Communications                             | 17           | 19           |
| Honoraria — Board members                  | 12           | 6            |
| Office furnishings and equipment           | 9            | 19           |
| Workers' Compensation Board assessment fee | 6            | —            |
| Miscellaneous                              | 11           | 4            |
|                                            | <u>949</u>   | <u>731</u>   |
| Deduct: Assessment penalties               | 30           | —            |
| Sundry revenue                             | 10           | 3            |
|                                            | <u>40</u>    | <u>3</u>     |
| Administration and general expense         | <u>\$909</u> | <u>\$728</u> |



**Workers' Compensation Board**  
(Northwest Territories)

**Schedule of Provisional Class Funding, Application and Operating Reserve Balances  
For the year ended December 31, 1978**

| <b>Industry Class</b>                | <b>10</b> | <b>20</b>    | <b>30</b>  | <b>40</b>    |
|--------------------------------------|-----------|--------------|------------|--------------|
| <b>Funding provided</b>              |           |              |            |              |
| Assessments                          | 81,654.02 | 2,704,054.03 | 41,009.00  | 1,246,083.88 |
| Investment interest                  | 5,716.39  | 95,825.05    | 2,628.32   | 64,219.28    |
|                                      | 87,370.41 | 2,799,879.08 | 43,637.32  | 1,310,303.16 |
| <b>Amounts applied</b>               |           |              |            |              |
| <b>Claims</b>                        |           |              |            |              |
| Medical Aid                          | 5,889.13  | 124,110.33   | 4,976.97   | 31,702.29    |
| Compensation                         | 5,193.27  | 200,771.78   | 3,754.12   | 71,793.97    |
|                                      | 11,082.40 | 324,882.11   | 8,731.09   | 103,496.26   |
| Administration and general           | 10,627.85 | 351,951.79   | 5,337.61   | 162,186.64   |
| <b>Transfers to:</b>                 |           |              |            |              |
| Pension reserve                      | 7,674.21  | 224,099.38   | 2,975.20   | 99,537.03    |
| Future claims reserve                | 25,000.00 | 800,000.00   | 18,000.00  | 217,000.00   |
| Contingency reserve                  | 24,000.00 | 745,000.00   | 12,000.00  | 278,000.00   |
|                                      | 78,384.46 | 2,445,933.28 | 47,043.90  | 860,219.93   |
| Increase in operating reserve        | 8,985.95  | 353,945.80   | (3,406.58) | 450,083.23   |
| Operating reserve, beginning of year | 39,671.21 | 201,560.25   | 18,274.15  | 298,848.80   |
| Operating reserve, end of year       | 48,657.16 | 555,506.05   | 14,867.57  | 748,932.03   |

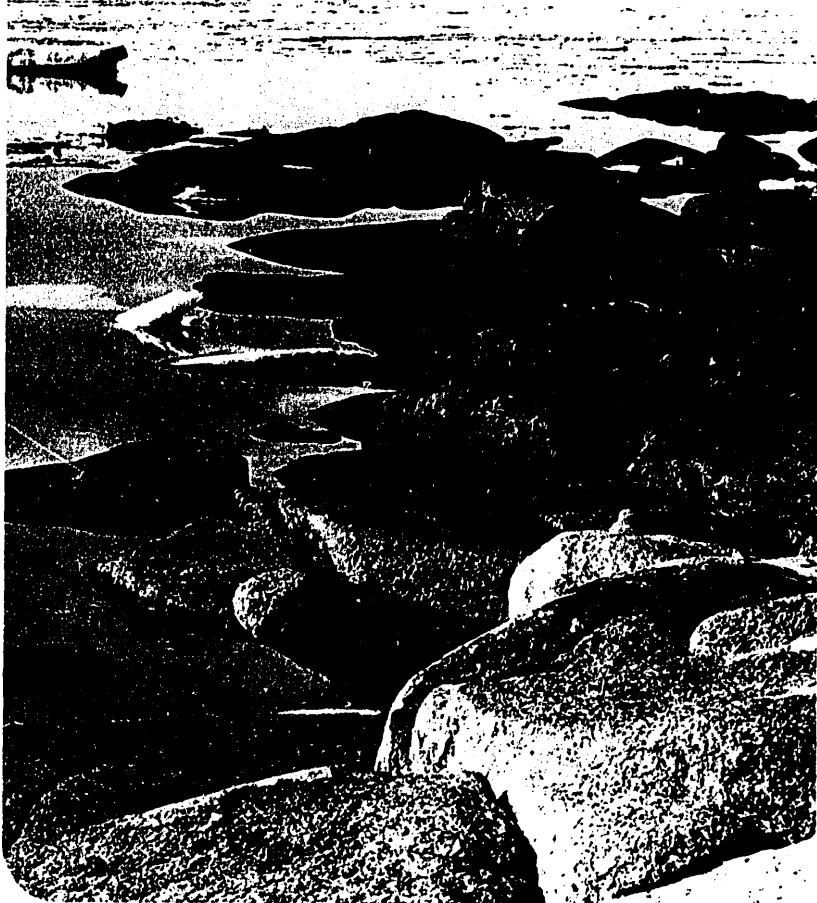
**Industrial Classification**  
**Industry Code Industry Description**

|    |                              |    |                                                  |
|----|------------------------------|----|--------------------------------------------------|
| 10 | Resources — renewable        | 50 | Transportation, Commu-<br>nication and Utilities |
| 20 | Resources —<br>non-renewable | 60 | Trades                                           |
| 30 | Manufacturing                | 70 | Services                                         |
| 40 | Construction                 | 80 | Public Administration<br>and Defence             |

| 50           | 60         | 70         | 80           | Total               |
|--------------|------------|------------|--------------|---------------------|
| 1,158,408.62 | 267,732.00 | 303,013.02 | 1,182,298.45 | <b>6,984,253.02</b> |
| 29,707.01    | 11,909.33  | 9,816.07   | 72,713.05    | <b>292,534.50</b>   |
| 1,188,115.63 | 279,641.33 | 312,829.09 | 1,255,011.50 | <b>7,276,787.52</b> |
| 31,206.25    | 12,409.52  | 10,396.05  | 24,163.09    | <b>244,853.63</b>   |
| 39,393.56    | 16,919.40  | 18,725.26  | 29,051.88    | <b>385,603.24</b>   |
| 70,599.81    | 29,328.92  | 29,121.31  | 53,214.97    | <b>630,456.87</b>   |
| 150,775.09   | 34,847.22  | 39,439.29  | 153,884.52   | <b>909,050.01</b>   |
| 99,198.38    | 21,519.20  | 24,372.32  | 100,295.58   | <b>579,671.30</b>   |
| 307,000.00   | 60,000.00  | 60,000.00  | 141,000.00   | <b>1,628,000.00</b> |
| 321,000.00   | 76,000.00  | 88,000.00  | 239,000.00   | <b>1,783,000.00</b> |
| 948,573.28   | 221,695.34 | 240,932.92 | 687,395.07   | <b>5,530,178.18</b> |
| 239,542.35   | 57,945.99  | 71,896.17  | 567,616.43   | <b>1,746,609.34</b> |
| (76,935.91)  | 46,079.74  | 7,960.75   | 399,607.75   | <b>935,066.74</b>   |
| 162,606.44   | 104,025.73 | 79,856.92  | 967,244.18   | <b>2,681,676.08</b> |

## Exhibit II

Analysis of operations for the year 1978 and valuation of liabilities at December 31, 1978 by Crawford E. Laing, consulting actuary to the Workers' Compensation Board.





As requested we have made an in-depth review of the financial operations of the Workers' Compensation Fund for its second year of operations under the Collective Liability System, which was set up by the Workers' Compensation Ordinance 1977. We enclose, as Appendix A, a copy of our certificate.

## **Principles and Assumptions:**

Our valuation, review and recommendations have been based on the following principles and assumptions:

### **I. Pension Liabilities**

are capitalized at the date of award and this amount is transferred to the Pension Fund from which all future payments are then taken. We have calculated the pension liability on the following assumptions:

- (1) Mortality: WCBA 1978 Disabled Male Mortality Table for disabled workers with permanent total and partial disabilities;  
WCBA 1978 Widows Mortality Table for awards to widows of deceased workers;
- (2) Remarriage: WCBA 1978 Widows Remarriage Table for remarriage of widows entitled to pensions ceasing on remarriage;
- (3) Termination Ages for Children's Pensions: WCB/NWT 1977 School Termination Age Table.
- (4) Interest: (i) As it is the policy of the Board to fund any further increases for Pre-1977 pensioners at the time they are granted, we have discounted future payments of the present pension increases at 6% per annum.  
(ii) Although there is no legislative requirement to provide cost of living increases in respect of pension awards for 1977 and 1978 injuries, there is a responsibility on the Board to consider this matter and make recommendations to the Commissioner each year. If inflation continues there will be a need to review and increase present pension awards in future years.  
Therefore, we have discounted all 1977 and 1978 awards at a rate of interest of 3% per annum, and any excess interest earned by the Fund will become available in future years to provide for such possible increases. To the extent that this provision is not adequate, it is the policy of the Board to charge the additional capitalized cost to Sub-Classes at the time the excess cost emerges.
- (5) As pensions for permanent disability are payable for life and are not reviewed once granted, no allowance has been made for termination of pensions on recovery from disability;

- (6) If a dependant's pension is awarded by the Board on the death of a disabled worker, it will be treated as a claim in the year of death and charged to the Class in that year. Therefore, no provision has been made in the Pension Fund for any dependant's pensions after the death of the disabled pensioner;
- (7) Recoveries from third parties are treated as revenue of the Class in the year they are received, so no allowance has been made for such possible future recoveries in this valuation.

## **II. Provision for future claims costs on outstanding claims and unreported claims (Future Claims Provision):**

As payments in respect of 1977 and 1978 claims may continue for many years into the future, it is necessary to make an estimate at the end of the year of injury of all future costs and transfer a provision to a separate account to meet them. This ensures, *inter alia*, that the employers in business in the Territories in any year are charged with the full cost — but no more than the cost — of the accidents that occur in that year. This assists the Board in establishing fair, equitable and viable rates of assessment to meet the proper cost of the year's accidents and avoids leaving a legacy of liabilities for future generations of employers to meet. With a small Fund and a small workforce, it would not be prudent to rely on inter-generation transfers as a means of meeting the Board's commitments. The security of the injured workers' pension and the pensions to the dependants of a deceased worker must be beyond question.

From our review of the estimates made by the Claims Officers of the future cost of outstanding claims, and our knowledge and experience of the operations of other Boards in Canada, we recommend that the Provision to be set aside out of the Assessment Income of each Class should be in total the sum of \$1,628,000. We have included a 10% allowance for unreported claims, and we have excluded that part of future claims costs which will be met out of the Contingency Reserve on account of:

- (i) excess costs above the Retentions and Stop Loss limits for each Class;
- (ii) costs arising from industrial diseases;
- (iii) rehabilitation costs; and
- (iv) costs due to enhanced claims because of previous injuries.

This provision, in our opinion, will be adequate on the basis of the present policies of the Board in regard to claims settlements, and assumes that interest at the average rate earned by the whole Accident Fund is allocated to the Future Claims Provision each year in future. If Board policies, interest rates or amounts of benefit vary significantly from present levels, further appropriations from Classes in future years may become necessary.

### III. Contingency Reserve:

This reserve, which was about \$2,900,000 at the start of the year 1978, is the reinsurance mechanism that allows the Board to underwrite accident risks for the relatively small Classes on the Collective Liability basis — and minimize the danger of unduly wide fluctuations in assessment rates from year to year. The detailed function of this reserve has been explained above.

The Contingency Reserve, which amounts to nearly \$4,500,000 as at December 31, 1978, in our opinion, is adequate to meet the liabilities which will be charged against this Reserve in future, as well as providing a reasonable contingency fund to meet the cost of disasters and catastrophes which may arise in the future.

### IV. Class Balances:

The final Class Balances at the end of the year, after all charges, provisions and appropriations, amount in total to about 40% of Assessment Income (or 4-1/2 months' assessments). None of the Main Classes, this year, has an aggregate negative balance.

### V. Investments:

As interest rates are generally expected to decline later this year, the opportunity should be taken by the Board, through its Investment Committee, to invest in long-term bonds, suitably matched to the term of the liabilities for pension and other periodic payments. Prudent fund management of a long-term fund of this nature involves investing for as long as possible when interest rates are high, and a sound investment programme can be very effective in keeping assessment rates as low as possible.



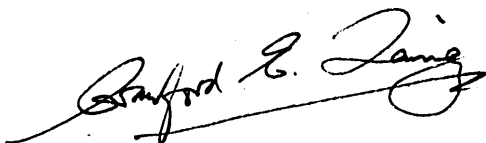
## VI. Results and Conclusions:

The operations for each Class for the year 1978 are shown in detail in the financial statements. On the whole, this indicates a very satisfactory position for the second year of operation of the Fund, and the aggregate Class Balances of nearly \$3,000,000 are an indication of this.

The Pension Fund valuation indicates a total liability of \$1,667,310. Against this there is a Fund of \$1,677,920. Accordingly, there is a small surplus of \$10,610 which should be retained in the Fund.

In conclusion, we would like to record our appreciation of the cooperation and courtesy we have received at all times from the Chairman and the Board's staff in maintaining the data and statistics for the purpose of this report.

Respectfully submitted:  
for CRAWFORD E. LAING LTD.

A handwritten signature in black ink, reading "Crawford E. Laing". The signature is written in a cursive style with a long horizontal line extending to the left and a loop at the end.

Crawford E. Laing, FCIA, FFA, AIA, ASA  
President & Actuary

CEL/JC/sw

# Certificate

As Consulting Actuaries to the Workers' Compensation Board — Northwest Territories, we have reviewed the liabilities of the Accident Fund as at December 31, 1978, but have not ourselves carried out an audit as the Fund is subject to audit by the Auditor General of Canada. However, we are satisfied from general tests of the data that it fairly represents the position at the valuation date.

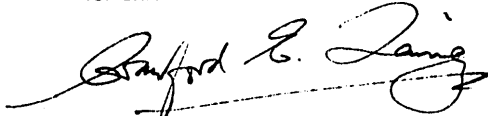
WE CERTIFY that, on the basis and assumptions set out in our Report dated May 18, 1979, the liability of the Pension Fund in respect of awards for 1977 accidents, and increases in pension granted in 1977 and 1978 for Pre-1977 claims is \$1,667,310. As at the valuation date, there were no liabilities of this Fund in respect of awards of pensions for 1978 accidents, as these were still a liability of the Future Claims Provision at that date. As the Fund available was \$1,677,920, there is a surplus at the valuation date of \$10,610, and WE RECOMMEND that this should be retained in the Fund.

WE CONSIDER that the Future Claims Provision of \$2,883,250 (including the provision for 1978 accidents of \$1,628,000) is adequate and necessary to meet both the future cost of reported claims and the cost of possible unreported claims (in respect of Accidents that have already occurred) that will be charged to this Reserve, excluding amounts that will be the responsibility of the Contingency Reserve.

WE ALSO CONSIDER that the balance in the Contingency Reserve of \$4,646,776 (including the appropriations from Classes totalling \$1,783,000 during 1978), are appropriate and necessary to meet claims arising in the future from:

- (i) Disasters, Catastrophes and claims in excess of the limits set for each Class for retention and stop-loss purposes;
- (ii) Industrial Diseases (including silicosis);
- (iii) Rehabilitation of injured workers; and
- (iv) Enhancement of claims as a result of previous injuries;

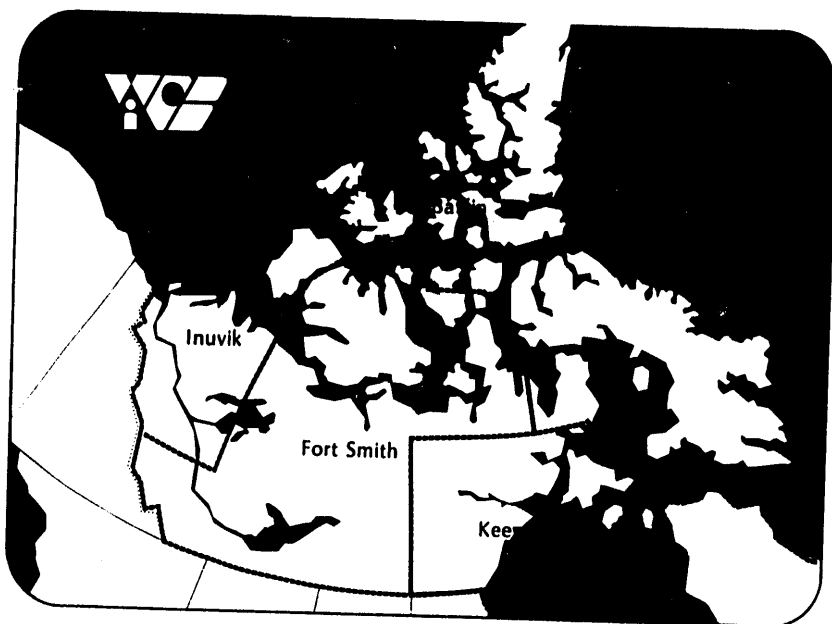
for CRAWFORD E. LAING LTD.



Crawford E. Laing, FCIA, FFA, AIA, ASA  
President & Actuary

# Statistics Schedule I

## 1978 Accidents Reported Analysed by Geographical Region



|                   | 1978         | 1977         |
|-------------------|--------------|--------------|
| Fort Smith Region |              |              |
| Inuvik Region     | 1,538        | 1,242        |
| Baffin Region     | 456          | 588          |
| Keewatin Region   | 282          | 396          |
|                   | 41           | 39           |
| <b>Total</b>      | <u>2,317</u> | <u>2,265</u> |

## Specific Location of Accident in Each Region

### Fort Smith Region

| Location                    | No. of Claims       |
|-----------------------------|---------------------|
| Bathurst Inlet              | 4                   |
| Cambridge Bay               | 14                  |
| Coppermine                  | 10                  |
| Echo Bay                    | 3                   |
| Edzo                        | 5                   |
| Enterprise                  | 6                   |
| Fort Liard                  | 5                   |
| Fort Providence             | 4                   |
| Fort Resolution             | 19                  |
| Fort Simpson                | 29                  |
| Fort Smith                  | 109                 |
| Gjoa Haven                  | 1                   |
| Hay River                   | 213                 |
| Holman Island               | 5                   |
| Pelly Bay                   | 4                   |
| Pine Point                  | 125                 |
| Port Radium                 | 56                  |
| Prelude Lake                | 3                   |
| Rae                         | 7                   |
| Rocher River                | 1                   |
| Snare Lake                  | 5                   |
| Snowdrift                   | 4                   |
| Spence Bay                  | 9                   |
| Tungsten                    | 101                 |
| Yellowknife                 | 793                 |
| Yellowknife Regional Office | 2                   |
| Fort Smith Regional Office  | 1                   |
| <b>Total</b>                | <b><u>1,538</u></b> |

### Inuvik Region

| Location               | No. of Claims     |
|------------------------|-------------------|
| Inuvik Regional Office | 11                |
| Aklavik                | 93                |
| Fort Franklin          | 2                 |
| Fort Good Hope         | 3                 |
| Fort McPherson         | 3                 |
| Fort Norman            | 2                 |
| Inuvik                 | 133               |
| Norman Wells           | 41                |
| Paulatuk               | 2                 |
| Tuktoyaktuk            | 166               |
| <b>Total</b>           | <b><u>456</u></b> |

### Baffin Region

| Location               | No. of Claims     |
|------------------------|-------------------|
| Baffin Regional Office | 49                |
| Arctic Bay             | 3                 |
| Broughton Island       | 2                 |
| Cape Dorset            | 5                 |
| Cape Dyer              | 3                 |
| Clyde River            | 4                 |
| Eskimo Village         | 1                 |
| Frobisher Bay          | 51                |
| Hall Lake Beach        | 10                |
| Igloodik               | 2                 |
| Lake Harbour           | 2                 |
| Pangnirtung            | 3                 |
| Pond Inlet             | 5                 |
| Resolute Bay           | 68                |
| Strathcona Sound       | 72                |
| Sanilikuaq             | 2                 |
| <b>Total</b>           | <b><u>282</u></b> |

### Keewatin Region

| Location                 | No. of Claims    |
|--------------------------|------------------|
| Keewatin Regional Office | 5                |
| Baker Lake               | 5                |
| Chesterfield Inlet       | 1                |
| Coral Harbour            | 1                |
| Eskimo Point             | 4                |
| Garry Lake               | 1                |
| Rankin Inlet             | 18               |
| Repulse Bay              | 6                |
| <b>Total</b>             | <b><u>41</u></b> |

# Statistics Schedule II

## Accidents Reported by Part of Body Injured and Type of Injury

| <b>Part of Body</b>             | <b>No. of Claims</b> | <b>Part of Body</b>                    | <b>No. of Claims</b> |
|---------------------------------|----------------------|----------------------------------------|----------------------|
| Head                            | 20                   | Respiratory system                     | 2                    |
| Ear(s)                          | 5                    | Body parts, N.E.C.                     | 1                    |
| Ear(s) external                 | 1                    | Unclassified                           | 38                   |
| Ear(s) internal (incl. hearing) | 6                    |                                        |                      |
| Eye(s)                          | 255                  | <b>Type of Injury</b>                  | <b>No. of Claims</b> |
| Face                            | 24                   | Amputation or enucleation              | 5                    |
| Jaw, chin                       | 8                    | Burn or scald (water)                  | 83                   |
| Mouth, etc.                     | 26                   | Concussion                             | 5                    |
| Nose, etc.                      | 8                    | Contusion, crushing, bruise            | 545                  |
| Face, multiple                  | 9                    | Cut, etc. (open wound)                 | 504                  |
| Face, N.E.C.                    | 8                    | Dislocation                            | 7                    |
| Scalp                           | 13                   | Electrocution                          | 1                    |
| Skull                           | 17                   | Fracture                               | 119                  |
| Head, multiple                  | 6                    | Hernias, rupture                       | 14                   |
| Head, N.E.C.                    | 7                    | Superficial wounds                     | 260                  |
| Neck                            | 22                   | Sprains, strains                       | 565                  |
| Arm, above wrist                | 24                   | Multiple injuries                      | 43                   |
| Upper arm                       | 9                    | Occupational injury, N.E.C.            | 10                   |
| Elbow                           | 33                   | Burn (chemical)                        | 16                   |
| Forearm                         | 42                   | Dermatitis, etc.                       | 7                    |
| Arm, multiple                   | 8                    | Freezing, exposure, etc.               | 3                    |
| Arm, N.E.C.                     | 1                    | Hearing loss, impairment               | 4                    |
| Wrist                           | 60                   | Inflammation, muscles, etc.            | 20                   |
| Hand                            | 171                  | Poisoning, systemic                    | 5                    |
| Fingers                         | 440                  | Silicosis                              | 1                    |
| Upper limbs, multiple           | 14                   | Radiation (including<br>welding flash) | 15                   |
| Upper limbs, N.E.C.             | 2                    | Occupational diseases, N.E.C.          | 1                    |
| Abdomen                         | 34                   | Non personal damage only               | 36                   |
| Back, spine, etc.               | 283                  | Unclassified                           | 48                   |
| Chest                           | 67                   |                                        |                      |
| Hips                            | 25                   |                                        |                      |
| Shoulders                       | 58                   |                                        |                      |
| Trunk, multiple                 | 4                    |                                        |                      |
| Trunk, N.E.C.                   | 1                    |                                        |                      |
| Legs, above ankle               | 23                   |                                        |                      |
| Thigh                           | 16                   |                                        |                      |
| Knee                            | 57                   |                                        |                      |
| Lower leg                       | 93                   |                                        |                      |
| Leg, multiple                   | 3                    |                                        |                      |
| Leg, N.E.C.                     | 2                    |                                        |                      |
| Ankle                           | 112                  |                                        |                      |
| Foot                            | 114                  |                                        |                      |
| Toes                            | 35                   |                                        |                      |
| Lower limbs, multiple           | 5                    |                                        |                      |
| Multiple parts                  | 101                  |                                        |                      |
| Body system                     | 1                    |                                        |                      |
| Circulatory system              | 3                    |                                        |                      |





Workers'  
Compensation  
Board  
(Northwest Territories)

