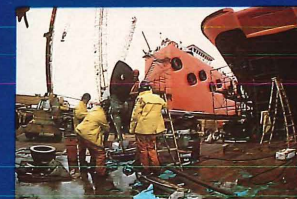
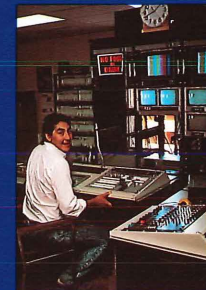
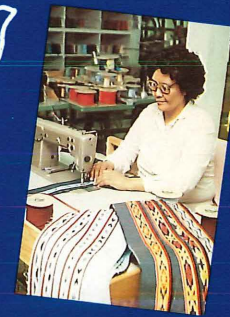
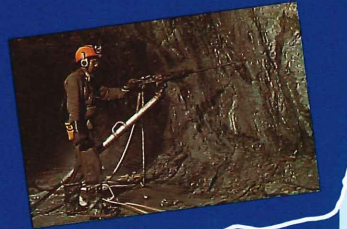




WORKERS' COMPENSATION BOARD  
NORTHWEST TERRITORIES

# ANNUAL REPORT

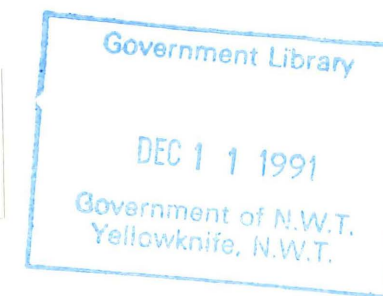
1990





## Transmittal Letter

May 31, 1991



*The Honourable  
Jeannie Marie-Jewell*

Mr. Daniel L. Norris  
Commissioner of the Northwest Territories

The Honourable Jeannie Marie-Jewell  
Minister Responsible for the Workers' Compensation Board

In accordance with Section 58 of the Workers' Compensation Act, it is our pleasure to present the Annual Report for the Workers' Compensation Board for the year ending December 31, 1990 including audited Financial Statements.

Accompanying the Financial Statements is an Actuarial Opinion as to the reasonableness of the Pension and Future Claims Liabilities and the adequacy of the Contingency Reserve.

In addition we have provided general statistics on a three year comparative basis pertaining to the number and type of claims and related costs, employer statistics and financial schedules.

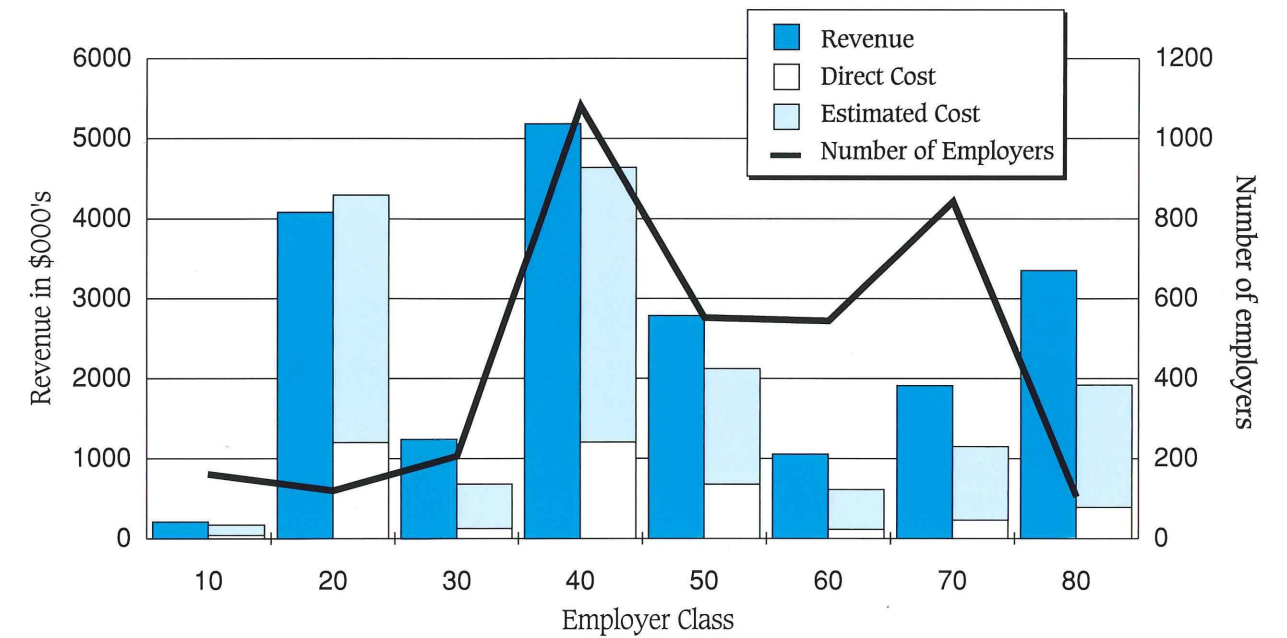
Yours truly,

W. Grant Hinchey  
Chairman  
Workers' Compensation Board

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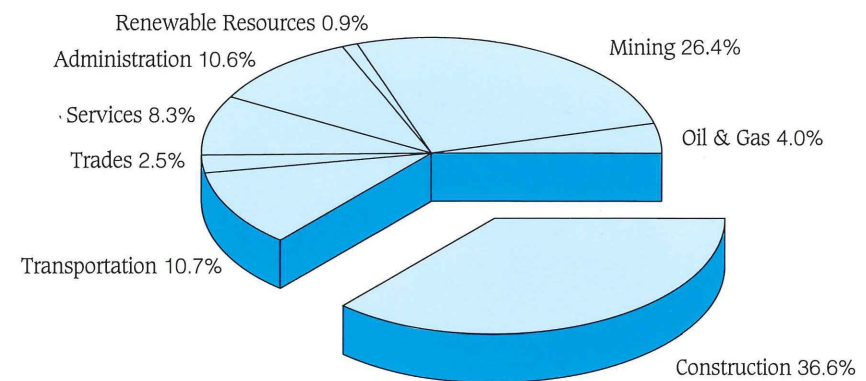
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*Industrial History 1990*



*Industrial History 1990*

*Percentage of Days Lost Due to Injury*



Cover Photos Courtesy of GNWT Culture and Communications



## Industrial History 1990

	Number of Employers*	Revenue (\$000's)	Direct Cost*** (\$000's)	Estimated Cost (\$000's)	Number of Days Lost
10 Renewable Resources	161	105	22	64	409
20 Mining	120	4,080	1,201	3,096	10,956
30 Oil & Gas	206	1,240	128	554	1,683
40 Construction	1,081	5,184	1,205	3,432	15,274
50 Transportation & Communication Utilities	552	2,786	679	1,443	4,458
60 Trades	544	1,056	116	497	1,039
70 Services	843	1,912	231	921	3,477
80 Public Administration	106	3,351	391	1,527	4,429
<b>Total**</b>	<b>3,613</b>	<b>19,714</b>	<b>3,973</b>	<b>11,534</b>	<b>41,725</b>

(\*) The above do not include self-employed.

(\*\*) Presentation does not include statistics for hunters and trappers.

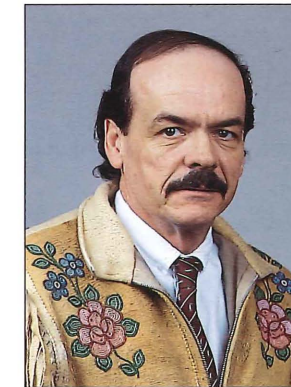
(\*\*\*) Costs paid during 1990 for 1990 accidents: does not include estimates for future costs.

## Board of Directors

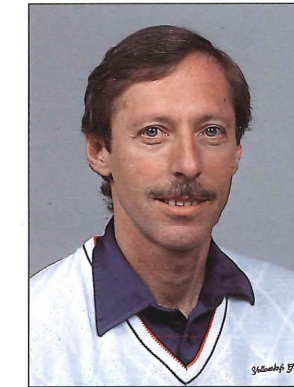
(at December 31, 1990)



**W. Grant Hinchey**  
(Chairman)  
Yellowknife, NWT



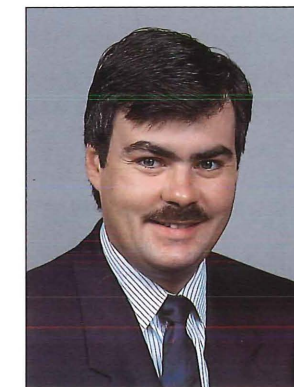
**James Evoy**  
Yellowknife, NWT



**Grant Horseman**  
Yellowknife, NWT



**Dale Johnston**  
Yellowknife, NWT



**Ron Williams**  
Yellowknife, NWT

## Report of the Chairman, C.E.O.

The Workers' Compensation Board has the exclusive jurisdiction in all matters affecting compensation for workers injured on the job. Compensation includes the payment of medical expenses, provision of medical and vocational rehabilitation, payment for a loss of wages resulting from injury or occupational disease, pensions for workers who suffer permanent disability and pensions for the dependants of workers killed in accidents. The funding for this activity is provided by employers who carry on a business or industry in the Northwest Territories. Workers are guaranteed compensation for their injuries without regard to cause or fault and without having to go to court. In return, employers are protected from legal action by their own workers in the event of an accident.

The Board is appointed on the recommendation of the Legislative Assembly and reports to the Assembly through the Minister Responsible for the WCB, the Honourable Jeannie Marie-Jewell. There are six part-time Directors in addition to the Chairman who is also the Board's Chief Executive Officer. WCB is an independently funded corporation created by territorial legislation. Its responsibilities are unique among boards and agencies in the N.W.T.

Directors over the past year represented interests of organized labour and business. They require at least fifty (50) to seventy (70) days per year to fulfill their varied responsibilities to the Board. We all have a responsibility in assisting WCB in fulfilling its mandate.

The management and staff of WCB have the responsibility of providing a service to those involved in work related injuries and to the employers. Their responsibilities include:

- adjudication of claims
- administration of pensions
- arrangement of rehabilitation programs
- determination and collection of insurance premiums from employers, and
- management of the financial resources to assure that future costs related to past claims are fully funded.

This has been another year of change, not change for change sake, but we are responsible to provide a fair and equitable system to all our clients.

In 1990, a new assessment rate setting process was established. This process caused significant rate changes for employers in some classifications. In order to ensure that all employers contribute their fair share of the costs of operation, a minimum assessment was established. Similarly, a fee for Certificates of Compliance was established for all standard employers, all self-employed individuals, and companies with no assessable payroll.

The main cause of high assessment rates is the cost of claims. Employers and business organizations who want to reduce assessment rates must place a high priority on workplace safety education and provide a safe workplace. As we develop a new classification structure for 1992, any benefit realized by employers will be shortlived if workers' safety is not a major priority.

Costs of compensation are a concern throughout North America. We should be concerned with the costs but the focus must be on Safety! A recognition by employees and employers that a safe workplace means:

- a longer and happier life
- greater productivity, and
- lower or stabilized insurance costs.

In 1991, we will establish a Workplace Safety Education Program and it will be supported by a Safety Education Advisory Council.

Our success requires the commitment of all the Stakeholders to a safe workplace.

The Board is the trustee for the Accident Fund from which all compensation and administration costs are paid. Established in 1977 with less than \$1 million, the Fund now has assets totalling \$125.4 million. At the end of 1990, \$99.1 million was invested in long term instruments and the Board was holding \$16.3 million in cash and short term deposits. We are a fully funded Compensation Board which is the exception in Canada.

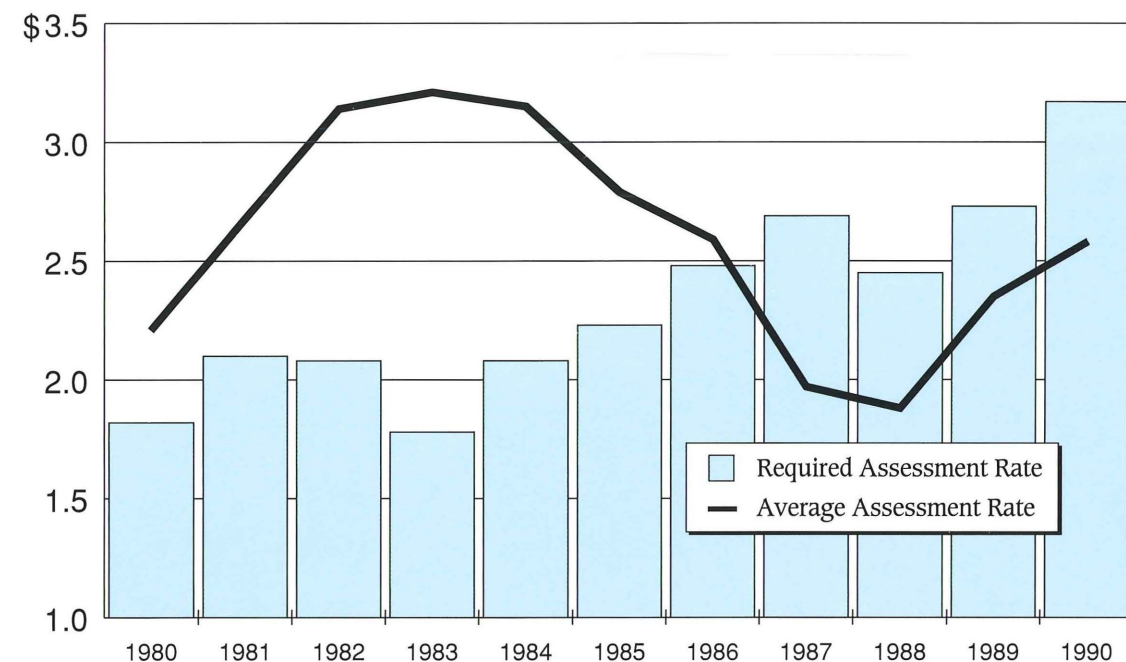
## Average & Required Assessment Rate

(per \$100 Assessable Payroll)

Year	Average Assessment Rate	Required Assessment Rate
1980	\$ 2.21	\$ 1.82
1981	2.68	2.10
1982	3.14	2.08
1983	3.21	1.78
1984	3.15	2.08
1985	2.79	2.23
1986	2.59	2.48
1987	1.97	2.69
1988	1.88	2.45
1989	2.35	2.73
1990	2.47	3.17

### Comparison of Average and Required Assessment Rates

(Per \$100 of Assessable Payroll)



## Five Year Historical Data 1986 - 1990

Active Businesses:	1990	1989	1988	1987	1986
Employers:	3,613	3,526	3,491	3,215	3,450
Self-Employed:	1,508	1,078	1,363	1,018	1,499
Total Active Businesses	5,121	4,604	4,854	4,233	4,949
Claims Reported	3,498	3,997	3,405	3,063	3,186
Year's Maximum Insurable Remuneration YMIR	\$ 40,000	40,000	40,000	36,800	30,400 (1)
Supplementary Pension Increases (2)	\$ 0	0	2,849	2,374	6,564

(1) Change to \$30,400 YMIR was effective July 1, 1985.

(2) Pension increases granted to bring existing pensions to current level of benefits.

Revenue from investments for 1990 was \$9.0 million, a decrease of 10.9% over 1989, but an increase of 4.9% over 1988. The Board's liabilities for pensions and claims totalled \$110.4 million at the end of 1990. These liabilities were fully funded and the Board had a contingency reserve at the end of the year of \$9.2 million.

We are presently developing a formal investment policy and anticipate having it in place in early 1991. In developing our investment policy we are soliciting input from a number of sources, in particular:

The Coles Group	}	Consulting Actuaries to the Board
Bolton Tremblay		Investment Managers to the Board
Laketon Investment Management		
Barclay McConnell		
SEI		Security Analyst to the Board
Royal Trust		Security Custodian
Auditor General of Canada		
GNWT Controller General		
GNWT Revenue & Asset Management Office		

The yearly maximum insurable earnings (YMIR) remained at \$40,000 for 1990 and will continue to be \$40,000 in 1991. This amount is under review.

The number of claims decreased to 3,498 in 1990 from 3,997 in the previous year. The number of employers and individuals self-employed registered with the Board increased to 5,121 in 1990 from 4,604 in 1989. Assessment revenue increased to \$19.7 million from \$18.5 million; rates in 1990 averaged \$2.47 per \$100 of assessable payroll, an increase from \$2.35 per \$100 in 1989; but still below the net rate of \$2.59 in 1985.

Claims expenses - payments on current year's claims and transfers from operations to the Future Claims and Future Pensions Liabilities as provisions for future payments were \$22.6 million compared with \$24.2 million in 1989.

The Accident Fund is in a healthy situation. The liabilities for pensions and claims are fully funded, but the five year financial history issued with this report shows how quickly the liabilities are increasing. The contingency reserve is at the highest end of the acceptable target range which is required to enable WCB to cope financially with disasters.

This may change in 1991/1992 with the development of a formula for indexation of pension payments and the yearly maximum insurable earnings.

A major challenge for 1991 and 1992 will be the drafting of a new Workers' Compensation Act. This rewrite was a major recommendation of the 1989 Ministerial Review Panel and is essential for the Workers' Compensation Board to meet the challenges of the future.

The Workers' Compensation Board is totally committed to improvement, early intervention to the injured worker, a fair and equitable insurance premium, a safe workplace and the elimination of abuse in all areas.

My sincere thanks to the Minister, the Staff and Directors for their participation in the success of the Board's goals and programs. We eagerly anticipate the challenges of the 90's and make SERVICE to our clients a first priority.

Respectfully,



W. Grant Hinchey  
Chairman, C.E.O.

# Mission Statement

To Protect Workers Against the Result of Work Injury

## GOALS

- To deliver fair and timely service to injured workers/dependants and employers.
- To develop our human and other resources, to meet present and future challenges.
- To provide a fully funded, efficient, and effective workers' compensation system.
- To communicate and promote an understanding of workers' compensation.
- To communicate, promote and ensure a safe working environment.
- To manage Workers' Compensation Board funds effectively.
- To effectively administer the Workers' Compensation Act of the Northwest Territories.

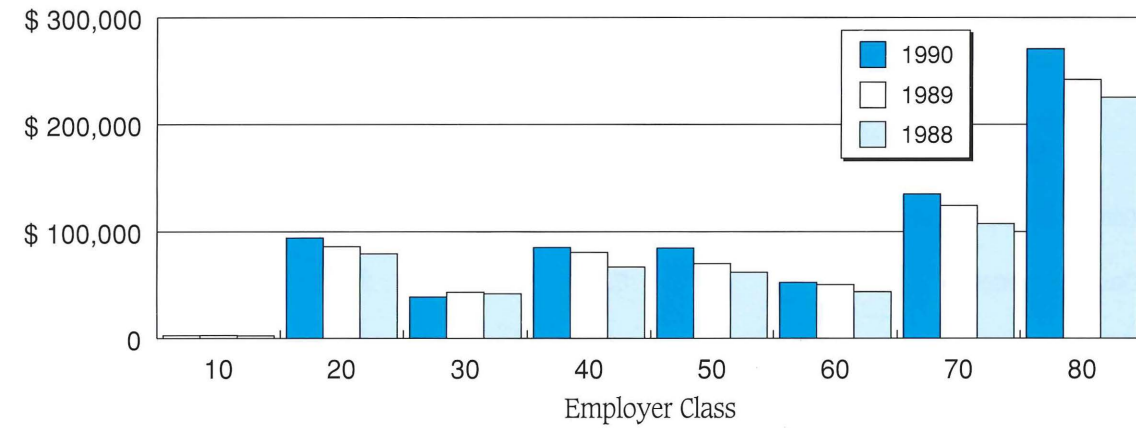
## VALUES

These values and principles support the foundation of our Mission and Goals:

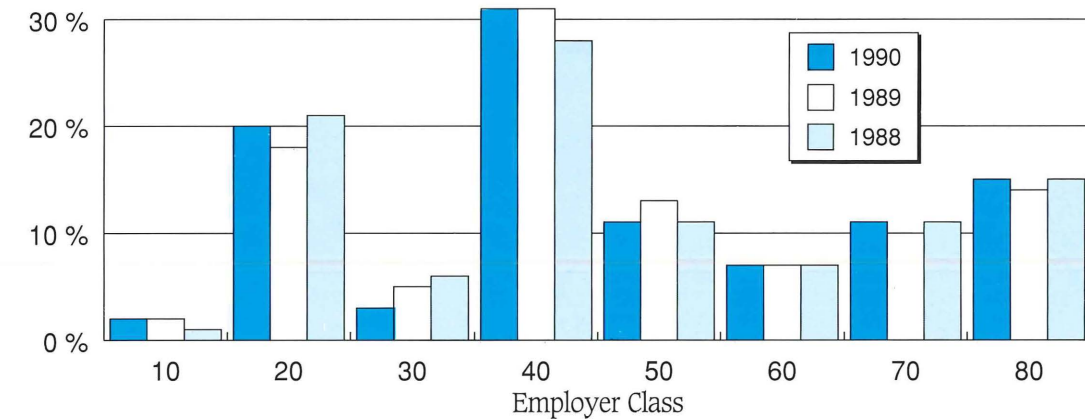
- Integrity
- Sensitivity
- Courtesy
- Accountability
- Teamwork
- Efficiency
- Equality

# Three Year History of Claims Reported by Industrial Category

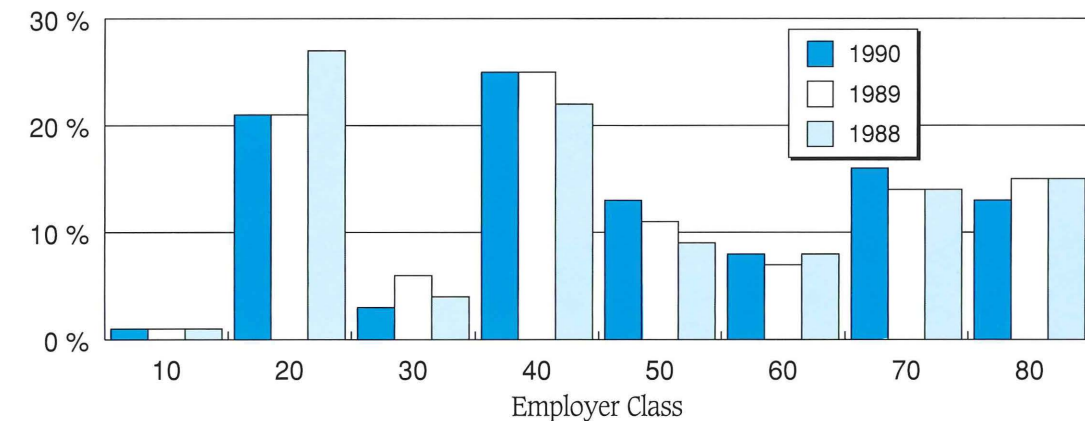
Assessment Payroll (\$'000's)



Time Loss



No Time Loss





## Three Year History of Claims Reported by Industrial Category

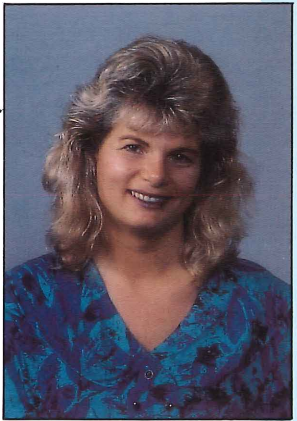
(by % claims reported)

	Assessable Payroll (\$000's)			Time Loss (%)			No Time Loss (%)		
	1990	1989	1988	1990	1989	1988	1990	1989	1988
10 Renewable Resources	\$ 2,731	\$ 2,822	\$ 2,481	2	2	1	1	1	1
20 Mining	94,117	86,099	79,318	20	18	21	21	21	27
30 Oil & Gas	38,768	43,193	41,757	3	5	6	3	6	4
40 Construction	85,272	80,536	66,808	31	31	28	25	25	22
50 Transportation & Communication	84,702	70,049	61,897	11	13	11	13	11	9
60 Trades	52,324	50,210	43,599	7	7	7	8	7	8
70 Services	134,691	123,997	107,486	11	10	11	16	14	14
80 Public Administration	<u>270,685</u>	<u>241,923</u>	<u>225,237</u>	<u>15</u>	<u>14</u>	<u>15</u>	<u>13</u>	<u>15</u>	<u>15</u>
Total	<u>763,290</u>	<u>698,829</u>	<u>628,583</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

## OFFICE OF THE WORKERS' ADVISOR

ON WORKERS' COMPENSATION MATTERS IN THE NWT  
8th FLOOR, NORTHWEST TOWER

### REPORT OF THE WORKERS' ADVISOR



Kathe Pagonis

The Workers' Advisor part-time position was created in response to requests from the Directors, particularly those from organized labour, and from recommendations made in the Ministerial Review Panel Report.

In November 1989, I was appointed as the first Workers' Advisor in the Northwest Territories by the Minister Responsible for the Workers' Compensation Board.

As the Workers' Advisor, I provide information, advice and assistance to injured workers, their dependents or their representatives, regarding difficulties encountered with the Workers' Compensation Board claims. Advice may include how to pursue the available avenues of appeal where required, how to initiate the appropriate action, and what further evidence may be required. The Advisor may act on your behalf as your representative in taking your claim through the appeal process.

In carrying out the responsibilities of the Workers' Advisor, it was found that some individuals are not aware of other sources of financial support, ie: Canada Pension Plan. It is my responsibility to assist you in obtaining all benefits for which you have a legitimate claim, reduce the time delays and red tape.

In 1990 the demand for the services of the Workers' Advisor increased by 67% in the last 6 months of 1990. With this increase, the position of the Workers' Advisor will eventually become full time. The Workers' Advisor reports to the Minister Responsible for Workers' Compensation.

The Workers' Advisor office is located on the 8th Floor of the Northwest Tower in Yellowknife, N.W.T.

Respectfully,

*K. Pagonis*

Kathe Pagonis  
Workers' Advisor  
for the Northwest Territories

P.O. BOX 968, YELLOWKNIFE, N.W.T. X1A 2N7

PHONE: (403) 920-4707 FAX: (403) 873-6387

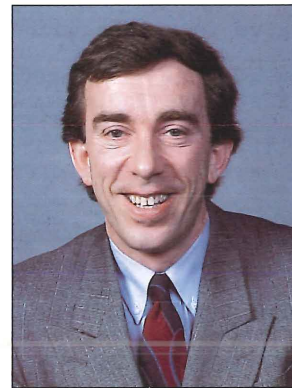
# The Workers' Compensation Board Management Staff



**Barney Dohm**  
General Manager and  
Chief Operating Officer



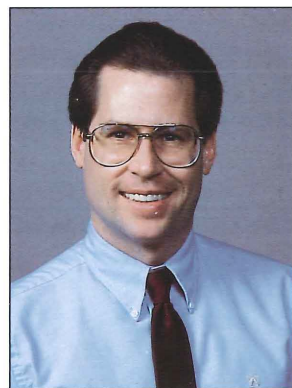
**Dorothy Chattell**  
Manager, Financial Services



**Neil Pierce**  
Manager, Rehabilitation Services



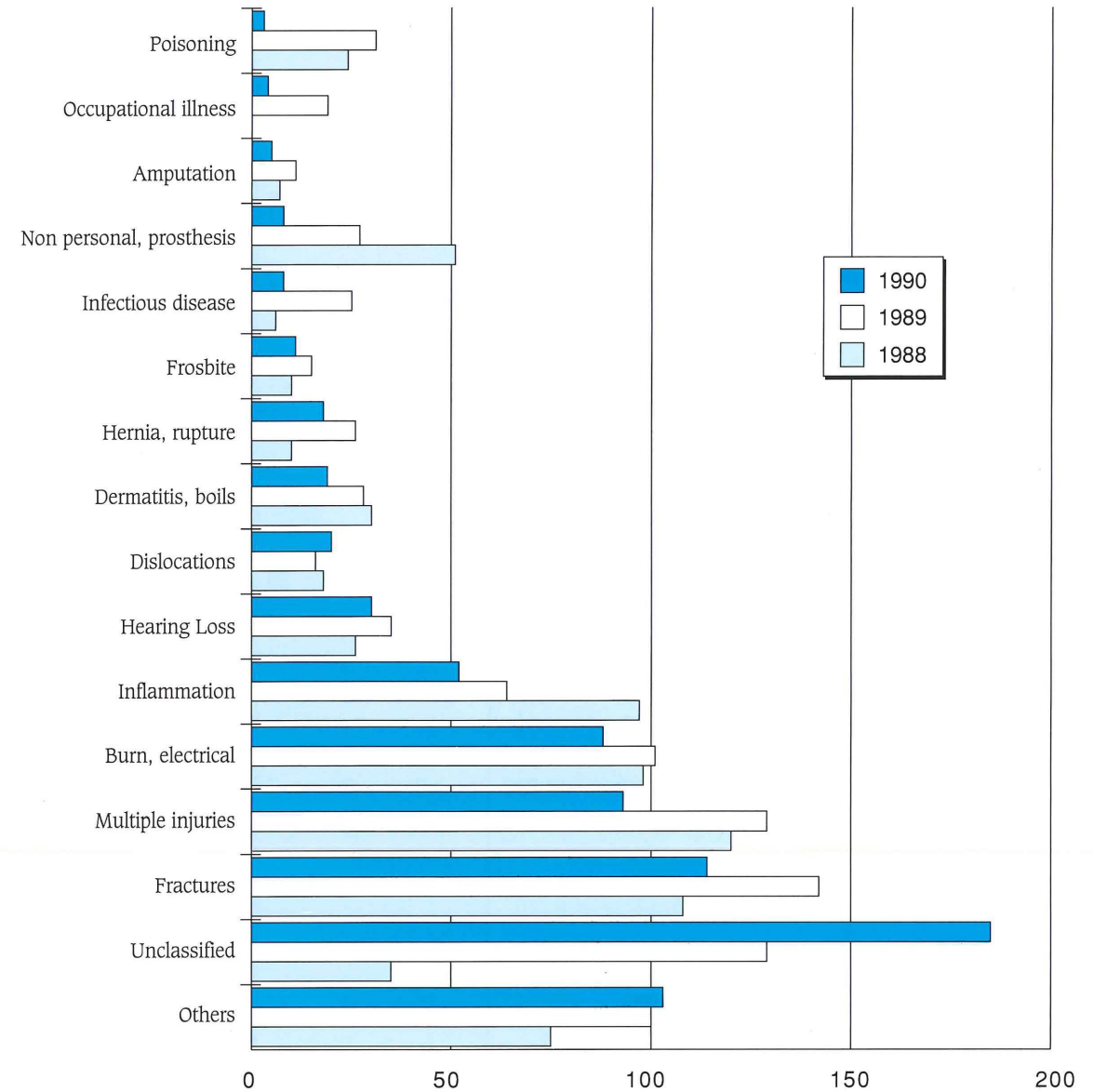
**Marg Halifax**  
Manager, Claims Services



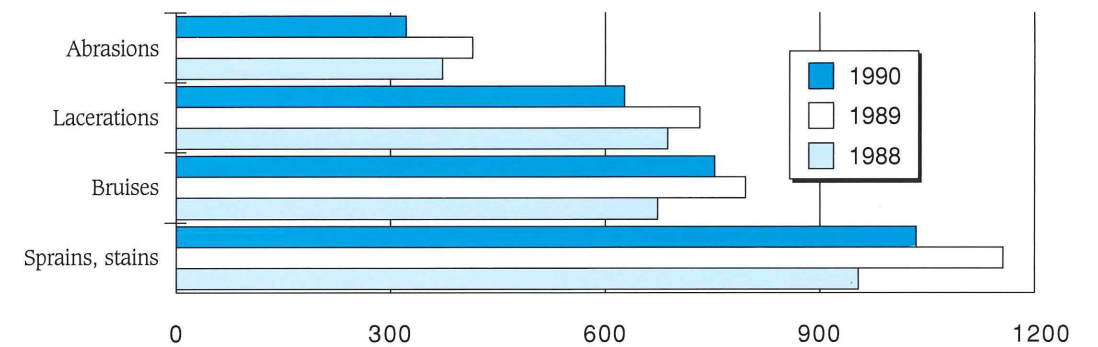
**Mike Swiniarski**  
Manager, Administrative Services

## Type of Injuries

*Under 200 claims*



*Over 200 claims*

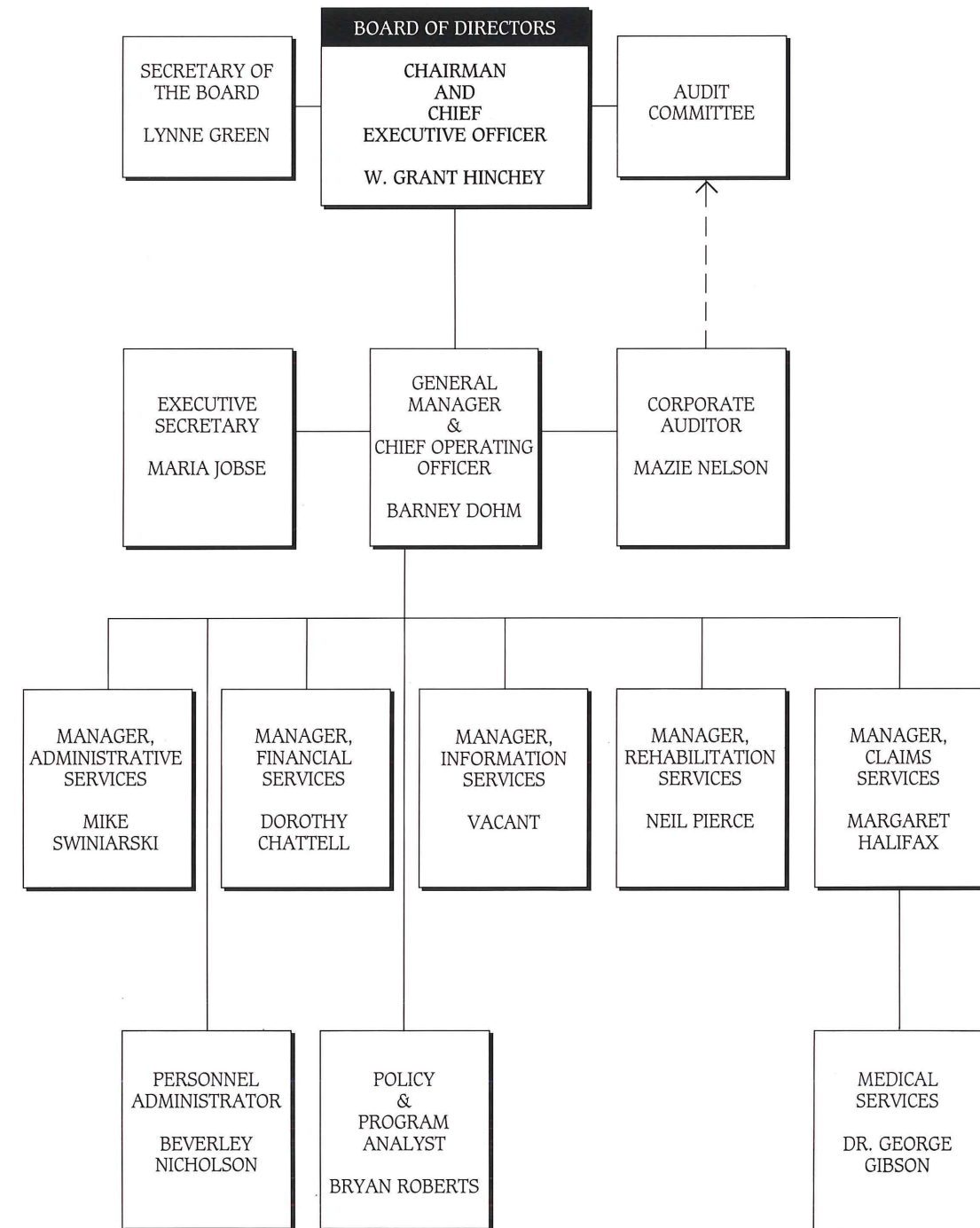


## Type of Injuries

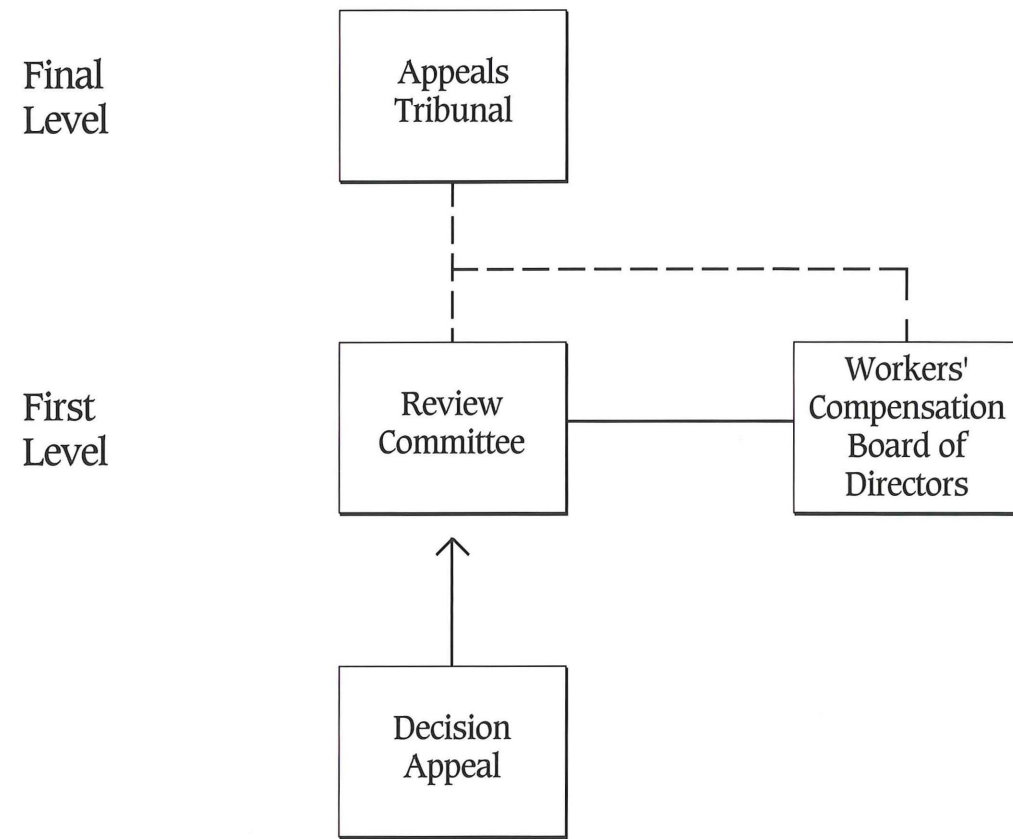
	1990	%	1989	%	1988	%
Poisoning	3	.1	31	.7	24	.7
Occupational illness	4	.1	19	.5	-	-
Amputation	5	.1	11	.3	7	.2
Non personal, prosthesis	8	.2	27	.7	51	1
Infectious disease	8	.3	25	.6	6	.2
Frosbite	11	.3	15	.4	10	.3
Hernia, rupture	18	.5	26	.5	10	.3
Dermatitis, boils	19	.5	28	.7	30	.7
Dislocations	20	.6	16	.4	18	.5
Hearing Loss	30	.9	35	.7	26	.6
Inflammation	52	1	64	2	97	3
Burn, electrical	88	3	101	3	98	3
Multiple injuries	93	3	129	3	120	4
Fractures	114	3	142	4	108	3
Unclassified	185	5	129	3	35	1
OTHERS:		2.5		2.5		2.5
White Hands	23		29		25	
Respiratory	23		8		-	
Welders' Flash	10		8		1	
Body system	8		4		-	
Electric shock	5		1		1	
Burn, chemical	4		8		23	
Asphyxia	3		1		1	
Heart condition	3		-		-	
Occupational injury	2		8		10	
Allergies	2		3		-	
Silicosis	2		1		-	
Concussion	2		-		7	
Nervous system	1		-		-	
Air pressure effect	-		1		-	
Heat stroke	-		2		-	
Asbestos	-		4		1	
Aluminosis	-		-		2	
Uncoded	15		22		7	
Abrasions	322	9	415	11	373	11
Lacerations	627	18	732	18	687	20
Bruises	753	22	796	19	673	20
Sprains, stains	1,035	30	1,156	29	954	28
<b>Total</b>	<b>3,498</b>	<b>100</b>	<b>3,997</b>	<b>100</b>	<b>3,405</b>	<b>100</b>
The above injuries include the following fatalities:	6		5		8	

## Workers' Compensation Board

Management Staff (at December 31, 1990)



## The Appeal Process



### Note :

1. The Appeals Tribunal is comprised of:

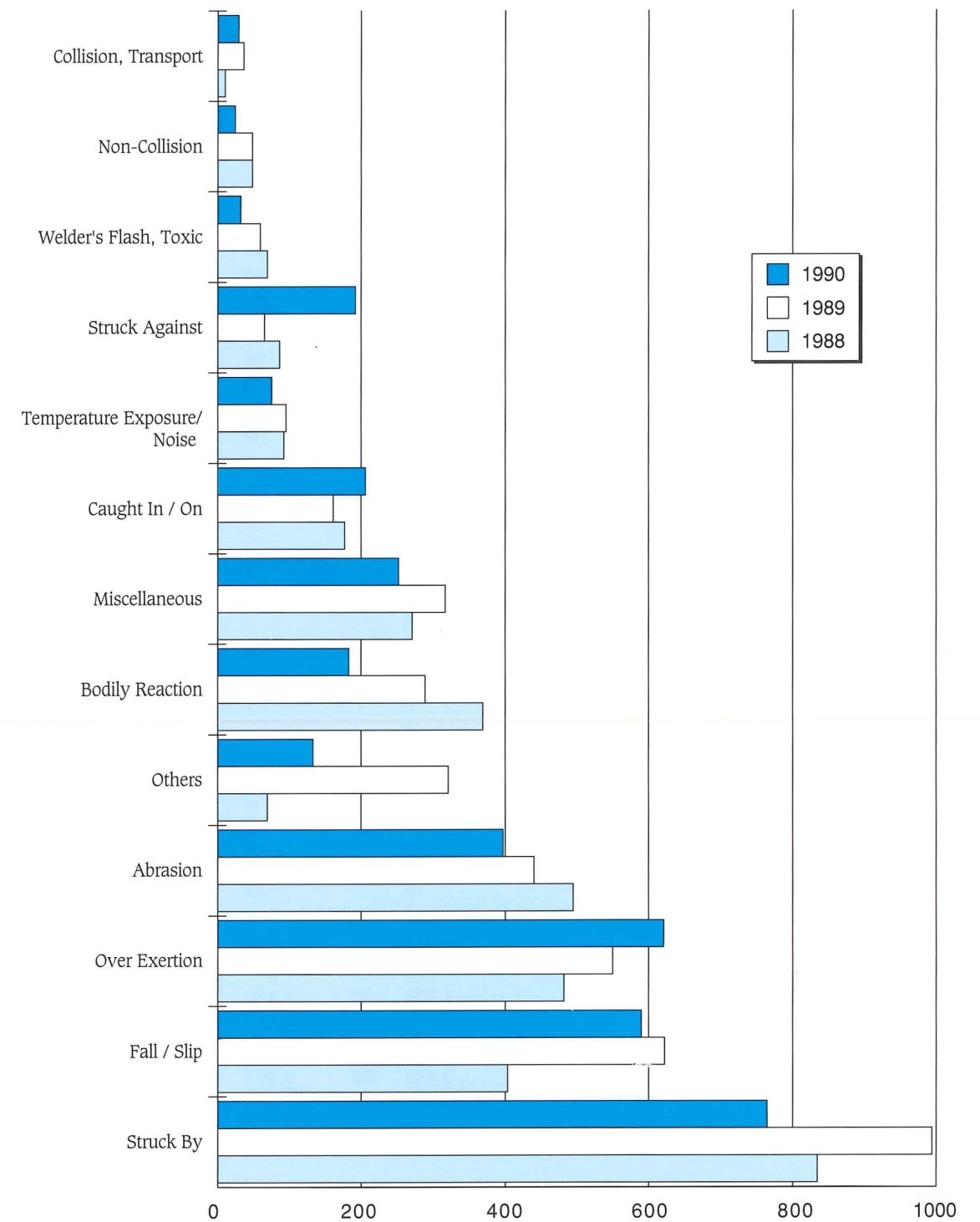
- The Chairman - who is a member of the WCB Board of Directors
- Two Commissioners - one representing workers and one representing employers; both appointed by the Minister responsible for the WCB. Two alternates are available as required.

2. The Review Committee is comprised of:

- Two members of the Board of Directors of the WCB.

## Causes of Injuries

Total Claims Processed



## Causes of Injuries

	<u>1990</u>	%	<u>1989</u>	%	<u>1988</u>	%
Collision, Transport	29	1	36	1	10	1
Non-Collision	24	1	48	1	48	1
Welder's Flash, Toxics	32	1	59	1	69	2
Struck Against	192	5	65	2	86	2
Temperature Exposure / Noise	75	2	95	2	92	3
Caught In/On	206	6	161	4	177	5
Miscellaneous	252	7	317	8	271	8
Bodily Reaction	183	5	289	6	369	12
Others	133	4	321	8	69	2
Abrasion	397	11	440	10	495	14
Over Exertion	621	17	550	14	482	14
Fall, Slip	590	17	622	15	403	12
Struck By	<u>764</u>	<u>22</u>	<u>994</u>	<u>28</u>	<u>834</u>	<u>24</u>
<b>Total</b>	<u><b>3,498</b></u>	<b>100</b>	<u><b>3,997</b></u>	<b>100</b>	<u><b>3,405</b></u>	<b>100</b>

## Financial Statements 1990

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AUDITOR GENERAL OF CANADA

VÉRIFICATEUR GÉNÉRAL DU CANADA

### AUDITOR'S REPORT

To the Minister responsible for the  
Workers' Compensation Board

I have audited the balance sheet of Workers' Compensation Board (Northwest Territories) as at December 31, 1990 and the statements of these operations, contingency reserve and changes in financial position for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies set out in Note 2 to the financial statements. As required by the Financial Administration Act, I report that, in my opinion, these policies have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept and the financial statements are in agreement therewith and the transactions of the Board that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with the Financial Administration Act, the Workers' Compensation Act and regulations, and bylaws of the Board.

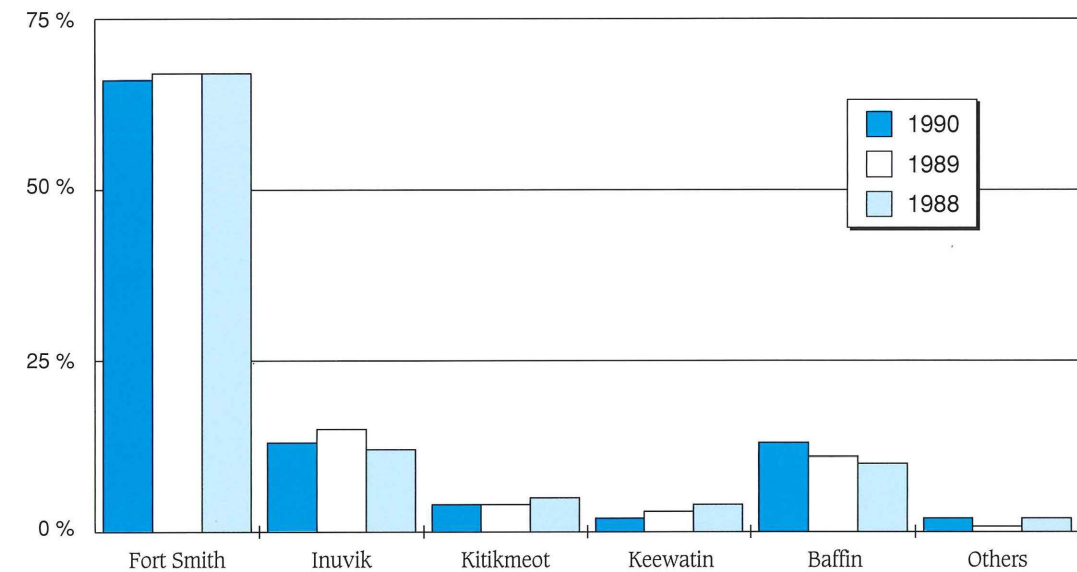
Raymond Dubois, F.C.A.  
Deputy Auditor General  
for the Auditor General of Canada

Ottawa, Canada  
March 15, 1991

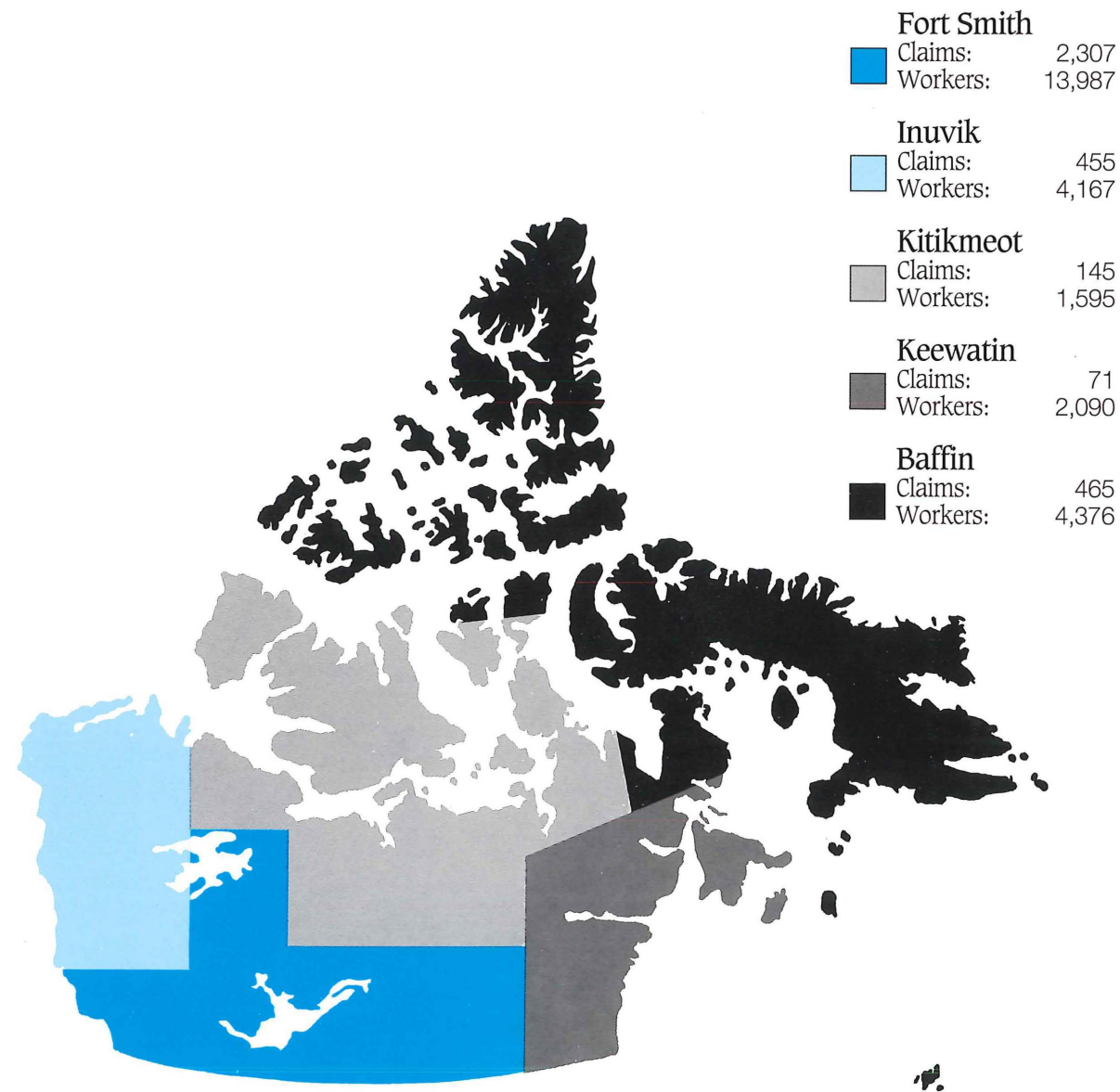
### Claims Reported by Region

	<u>1990</u>	%	<u>1989</u>	%	<u>1988</u>	%
Fort Smith	2,287	66	2,684	67	2,271	67
Inuvik	441	13	587	15	451	12
Kitikmeot	138	4	139	4	156	5
Keewatin	67	2	122	3	124	4
Baffin	455	13	434	11	345	10
Others	<u>32</u>	<u>2</u>	<u>31</u>	<u>1</u>	<u>58</u>	<u>2</u>
Total	<u>3,498</u>	100	<u>3,997</u>	100	<u>3,405</u>	100

Claims Reported by Region  
(Percentage)



## Claims / Workers by Region



Source: 1989 N.W.T. Labour Force Survey



WORKERS' COMPENSATION BOARD (Northwest Territories)

## Balance Sheet

as at December 31, 1990

### ASSETS

	1990	1989
	(thousands of dollars)	
Cash and short-term deposits	\$ 16,278	\$ 5,427
Assessments receivable	1,743	5,253
Accrued interest receivable	2,478	2,447
Investments (note 3)	99,132	98,914
Property and equipment (note 4)	5,764	504
	<u>\$ 125,395</u>	<u>\$ 112,545</u>

### LIABILITIES AND RESERVE

Accounts payable (note 5)	\$ 631	\$ 588
Lease obligations payable (note 5)	4,558	334
Assessments refundable	616	1,077
Future claims liability (notes 7 & 9)	35,463	34,581
Future pension liability (notes 8 & 9)	74,910	69,261
	116,178	105,841
Contingency Reserve	9,217	6,704
	<u>\$ 125,395</u>	<u>\$ 112,545</u>

Approved by Management:

*R. Chattell*  
 Manager, Financial Services

Approved on behalf of the Board of Directors:

*[Signature]*  
 Chairman

*[Signature]*  
 Member



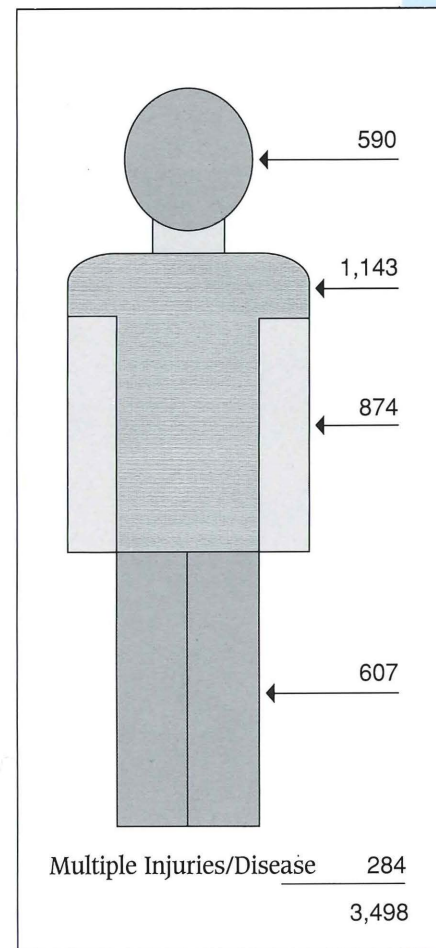
WORKERS' COMPENSATION BOARD (Northwest Territories)  
**Statement of Operations**

for the year ended December 31, 1990

	<u>1990</u>	<u>1989</u>
	(thousands of dollars)	
<b>Revenues</b>		
Assessments	\$ 19,714	\$ 18,539
Investments	9,033	10,143
Recoveries (note 11)	471	1,838
<b>Total Revenues</b>	<u>29,218</u>	<u>30,520</u>
<b>Expenses</b>		
Cost of claims (note 6)		
Current year's claims	16,725	18,075
Prior years' claims	5,921	6,153
	<u>22,646</u>	<u>24,228</u>
Administration and general	4,059	3,395
<b>Total Expenses</b>	<u>26,705</u>	<u>27,623</u>
<b>Income from Operations</b>		
(Transferred to Contingency Reserve)	<u>\$ 2,513</u>	<u>\$ 2,897</u>

**Claims Reported**

Part of Body	<u>1990</u>	%	<u>1989</u>	%	<u>1988</u>	%
Ears	54		59		45	
Eyes	369		452		398	
Mouth, jaw	29		42		42	
Nose	11		8		14	
Face	41		22		46	
Scalp, skull, head	<u>86</u>		<u>99</u>		<u>87</u>	
<b>Sub-Total</b>	<u>590</u>	17	<u>682</u>	17	<u>632</u>	19
Neck	64		47		44	
Elbow	81		87		54	
Arm, multiple	105		131		124	
Wrist	100		108		83	
Hand	260		274		242	
Finger(s)	<u>533</u>		<u>593</u>		<u>521</u>	
<b>Sub-Total</b>	<u>1,143</u>	33	<u>1,240</u>	31	<u>1,068</u>	31
Abdomen	51		60		34	
Back	595		662		549	
Chest	86		86		62	
Hips	23		25		25	
Shoulder(s)	117		119		113	
Trunk	<u>2</u>		<u>1</u>		<u>1</u>	
<b>Sub-Total</b>	<u>874</u>	25	<u>953</u>	24	<u>784</u>	23
Thigh	14		20		23	
Knee	189		251		219	
Leg, multiple	80		72		77	
Ankle	125		146		127	
Foot	158		187		151	
Toe(s)	32		41		41	
Lower Extremities	<u>9</u>		<u>13</u>		<u>3</u>	
<b>Sub-Total</b>	<u>607</u>	17	<u>730</u>	18	<u>641</u>	19
Multiple Parts	182		248		212	
Circulatory System	3		1		5	
Digestive System	1		2		1	
Musculoskeletal System	-		-		1	
Nervous System	4		12		2	
Respiratory System	28		36		15	
Other Body System	<u>14</u>		<u>11</u>		<u>3</u>	
<b>Sub-Total</b>	<u>232</u>	7	<u>310</u>	8	<u>239</u>	7
Body Parts (NEC)	20		1		32	
Non-Personal	24		12		7	
Unclassified	8		69		2	
<b>Sub-Total</b>	<u>52</u>	1	<u>82</u>	2	<u>41</u>	1
<b>Total</b>	<u>3,498</u>	100	<u>3,997</u>	100	<u>3,405</u>	100





## Schedule of Investments

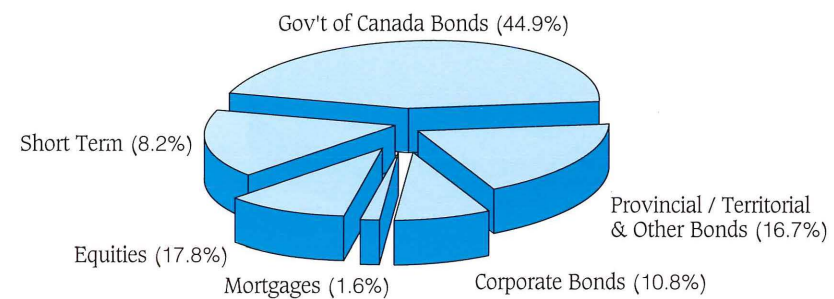
	1990		1989	
	Amortized Value (Thousands of Dollars)	Market Value	Amortized Value (Thousands of Dollars)	Market Value
<b>Bonds</b>				
Government of Canada	\$ 44,546	\$ 45,053	\$ 36,302	\$ 37,076
Provincial / Territorial & Other	16,531	15,834	19,958	19,962
Corporate	10,752	10,392	12,009	13,455
	<u>71,829</u>	<u>71,279</u>	<u>68,269</u>	<u>70,493</u>
<b>Mortgages</b>				
N.H.A. guaranteed	1,570	1,539	1,714	1,496
<b>Equities</b>	<u>17,640</u>	<u>16,568</u>	<u>16,919</u>	<u>17,285</u>
Total Long Term	91,039	89,386	86,902	89,274
<b>Short Term</b>	<u>8,093</u>	<u>8,089</u>	<u>12,012</u>	<u>12,012</u>
<b>Total Investments</b>	<u>\$ 99,132</u>	<u>\$ 97,475</u>	<u>\$ 98,914</u>	<u>\$ 101,286</u>

## WORKERS' COMPENSATION BOARD (Northwest Territories) Statement of Contingency Reserve

for the year ended December 31, 1990

	1990 (thousands of dollars)	1989
Balance at the beginning of the year	\$ 6,704	\$ 3,807
Income from operations	<u>2,513</u>	<u>2,897</u>
Balance at end of the year	<u>\$ 9,217</u>	<u>\$ 6,704</u>

*Schedule of Investments*



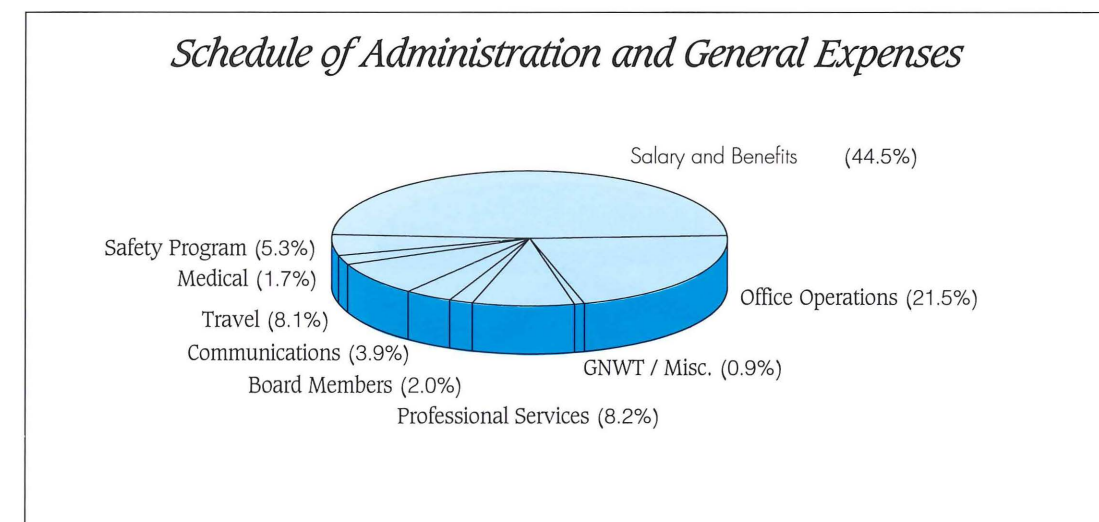
## Statement of Changes in Financial Position

for the year ended December 31, 1990

	1990	1989
	(thousands of dollars)	
<b>Operating Activities</b>		
Income from operations	\$ 2,513	\$ 2,897
Items not requiring cash		
Amortization of		
bond premiums and discounts	(35)	(128)
property and equipment	330	250
Loss (gain) on sale of investments	1,818	(408)
Provisions and investments income allocations		
Future pension liability	4,640	1,637
Future claims liability	14,280	17,796
	<u>23,546</u>	<u>22,044</u>
Payments from		
Future pension liability	(6,074)	(7,128)
Future claims liability	(6,316)	(3,841)
	<u>(12,390)</u>	<u>(10,969)</u>
Decrease (increase) in assessments and accrued interest receivables	3,479	(3,957)
(Decrease) increase in accounts payable and assessments refundable	(418)	60
	<u>3,061</u>	<u>(3,897)</u>
Funds provided from operating activities	<u>14,217</u>	<u>7,178</u>
<b>Financing Activities</b>		
Increase in lease obligations payable	4,224	334
Funds provided from financing activities	<u>4,224</u>	<u>334</u>
<b>Investing Activities</b>		
Funds utilized for investments	(2,000)	(5,000)
Purchases of property and equipment	(5,590)	(463)
Funds provided from investing activities	<u>(7,590)</u>	<u>(5,463)</u>
Increase in cash and short-term deposits	10,851	2,049
Cash and short-term deposits		
at the beginning of the year	<u>5,427</u>	<u>3,378</u>
at the end of the year	<u>\$ 16,278</u>	<u>\$ 5,427</u>

## Schedule of Administration and General Expenses

	1990	1989
	(thousands of dollars)	
Salaries, wages and allowances	\$ 2,389	\$ 2,345
Employer share of benefits	194	189
Office lease and renovations	702	317
Professional Services	441	458
Board Members	107	116
Office furnishings and equipment	190	266
Communications	211	165
Travel	433	231
Medical Services	110	107
Office services and supplies	139	146
Safety Program	282	227
Advertising and public information	60	35
Computer lease and services	60	51
Administrative services - Government of N.W.T.	1	26
Miscellaneous	47	32
	<u>5,367</u>	<u>4,711</u>
Less:		
Allocations to Claims Management	1,168	1,210
Assessment interests	90	85
Penalties	14	12
Sundry revenue	36	9
	<u>1,308</u>	<u>1,316</u>
	<u>\$ 4,059</u>	<u>\$ 3,395</u>



**WORKERS' COMPENSATION BOARD  
NORTHWEST TERRITORIES**

**ACTUARIAL OPINION**

We have examined the valuation of the liabilities for future claim payments (Future Claims Liability) and future pension payments (Future Pension Liability) as at December 31, 1990. This valuation was based on the provisions of the Workers' Compensation Act in effect at December 31, 1990.

The valuation of the liabilities has been performed in accordance with methods and assumptions set forth in the Board's Statement of Funding Policy, Methods and Assumptions - 1991. This incorporates several changes to the methods and assumptions employed for the valuation as at December 31, 1989. In particular, the liability for future Supplementary Pension Increases on the insured portion of pension awards has been transferred from the Future Claims Liability to the Future Pension Liability. Both the Future Claims Liability and the Future Pension Liability have been adjusted to include a provision for future expenses relating to the management of existing claims and pension awards.

In our opinion:

1. The Future Claims Liability of \$35,463,045 makes adequate provision for expected future payments and claim management expenses in respect of claims arising prior to January 1, 1991;
2. The Future Pension Liability of \$74,909,930 makes adequate provision for expected future payments, including future Supplementary Pension Increases and claim management expenses, for pension awards granted prior to January 1, 1991;
3. The data on which the valuation is based is sufficient and reliable for the purpose of the valuation;
4. The assumptions used are adequate and appropriate for the purpose of the valuation; and
5. The methods employed are consistent with sound actuarial principles.

Nonetheless, emerging experience differing from the assumptions will result in gains or losses which will be revealed in future valuations.

Respectfully submitted for  
THE COLES GROUP CONSULTANT LTD.



J. Allan Brown  
Fellow of the Canadian  
Institute of Actuaries

March 15, 1991

*Employee Benefits Consultants and Actuaries.*

**Notes to Financial Statements**

for the year ended December 31, 1990

**1. Authority and Operations**

The Workers' Compensation Board was established by, and is responsible for the administration of the Workers' Compensation Act.

The mission of the Workers' Compensation Board is to protect workers against the result of work injury. The Board provides compensation for injury or death by accident arising out of, and in the course of, employment. Assessments required to meet the costs of compensation, pension awards and administration are levied upon employers on the basis of a percentage of their assessable payroll.

**2. Accounting Policies**

The more significant accounting policies of the Board are as follows:

(a) Investments

Investments are recorded at cost at the time of purchase. For fixed-income investments, discounts or premiums are amortized on a straight-line basis over the periods remaining to the maturity dates of the investments.

(b) Property and equipment

Property and equipment are recorded at cost and amortized over their estimated useful life under the straight-line method as follows:

• Furnishings	10 years
• Equipment (purchased and leased)	5 years
• Leasehold improvements and Building (leased)	Over the term of the lease

Assets recorded as capital leases are amortized on the straight-line method over the lease term. Obligations recorded under capital leases are reduced by rental payments net of imputed interest.

(c) Administration and general expenses

A portion of administration and general expenses are allocated as claims management costs between current year's claims and prior years' claims based on the proportion of claims expenditures processed. The costs allocated are the direct costs related to the managing of claims, pensions and rehabilitation services.

(d) Future pension liability

The future pension liability represents the present value of future payments in respect of pension awards. The amounts of pensions awarded for the current year's claims are provided annually from operations. The amount of pensions awarded for prior years' claims are provided from the future claims liability.

WORKERS' COMPENSATION BOARD (Northwest Territories)  
**Notes to Financial Statements** (Cont'd)  
for the year ended December 31, 1990

(e) Future claims liability

The future claims liability represents the present value of amounts required to be paid in the future for all accident claims still in process at the end of the fiscal year.

This includes a provision from operations for current year claims. All compensation payments and the capitalized value of pension awards granted after the year of injury are charged to this liability.

(f) Funding policy

The funding policy of the Board is to maintain both the future pension liability and the future claims liability at a fully funded level at each year end.

The amount of liability is determined on a basis which allows for future inflationary increases by using a net discount rate of 2.5%.

(g) Contingency reserve

The contingency reserve is maintained to provide a margin of protection against adverse financial experience which could unduly burden future employers. Such adverse experience could arise in respect of the following risks:

- (i) disasters and catastrophes
- (ii) poor investment results
- (iii) other unanticipated events

The target level for the contingency reserve, set by the Board, is based on a number of factors relating to these risks. A range of 75% to 125% of the target level has been set as a target range. The target level at the end of 1990 is \$7,334,000 and hence the target range is \$5,501,000 to \$9,168,000.

Assessment rates will be adjusted to bring the reserve to its target level over 3 years, if the reserve is below the target range, and over 5 years, if the reserve is above the target range. Since the contingency reserve at December 31, 1990 of \$9,217,000 is slightly above the target range, the assessment rates will be affected in 1992.

WORKERS' COMPENSATION BOARD (Northwest Territories)  
**Notes to Financial Statements** (Cont'd)  
for the year ended December 31, 1990

9. Actuarial Evaluation

An evaluation by the actuary indicated that at December 31, 1990:

- the future pension liability of \$74,910,000 is sufficient to meet the calculated liabilities;
- the future claims liability of \$35,463,000 is sufficient to meet both the future costs of reported claims, and the cost of possible unreported claims.

10. Contingent Legal Claims Receivable

The Board has a number of legal claims outstanding for recovery of compensation expenses from third parties. These claims are not recorded in the accounts because of their contingent nature. In the opinion of management and the Board's legal representatives, it is expected that the Board will recover approximately \$1,941,000. Settlement of legal claims are credited to expenses during the period in which the settlement occurs.

11. Related Party Transactions

The Government of the Northwest Territories paid workers' compensation assessments to the Board, in the amount of \$1,977,000 (1989 - \$ 1,792,000).

The Board has a receivable from the Government of the Northwest Territories in the amount of \$471,000 for hunters and trappers claims (1989 - \$1,838,000).

The Board has granted to the Minister of Safety and Public Services of the Government of the Northwest Territories the amount of \$175,000 per year to support the Government's safety education program.

The Board's investments include bonds of (at amortized cost):

Government of the Northwest Territories	
11.00% maturing June 23, 1998	\$ 1,195,183
Northwest Territories Power Corporation	
11.00% maturing March 9, 2009	\$ 500,000

12. Comparative Figures

Certain of the 1989 comparative figures have been reclassified to conform to the presentation adopted in 1990.

WORKERS' COMPENSATION BOARD (Northwest Territories)  
**Notes to Financial Statements** (Cont'd)  
for the year ended December 31, 1990

7. Future Claims Liability

	1990	1989
	(thousands of dollars)	
Current year's claims		
Provision from operations	\$ 12,723	\$ 13,919
Prior years' claims		
Provision from operations	822	3,877
Provision to future pension liability	(7,083)	(8,722)
	<u>6,462</u>	<u>9,074</u>
Claims payments	<u>5,580</u>	<u>3,841</u>
Increase for the year	<u>882</u>	<u>5,233</u>
Balance at beginning of the year	<u>34,581</u>	<u>29,348</u>
Balance at end of the year	<u>\$ 35,463</u>	<u>\$ 34,581</u>

8. Future Pension Liability

	1990	1989
	(thousands of dollars)	
Current year's claims		
Provision from operations	\$ 277	\$ 74
	<u>277</u>	<u>74</u>
Prior years' claims		
Provision from operations	4,186	1,563
Provision for supplementary pension increases	-	-
Provision from future claims liability	7,083	8,722
	<u>11,269</u>	<u>10,285</u>
Recoveries	<u>-</u>	<u>7</u>
	<u>11,269</u>	<u>10,292</u>
Pension payments	<u>5,897</u>	<u>7,135</u>
Increase for the year	<u>5,649</u>	<u>3,231</u>
Balance at beginning of the year	<u>69,261</u>	<u>66,030</u>
Balance at end of the year	<u>\$ 74,910</u>	<u>\$ 69,261</u>

WORKERS' COMPENSATION BOARD (Northwest Territories)  
**Notes to Financial Statements** (Cont'd)  
for the year ended December 31, 1990

3. Investments

	Par Value	1990 Amortized Cost	1989 Amortized Cost
	(thousands of dollars)		
Government of Canada bonds	\$ 46,966	\$ 44,546	\$ 36,302
N.H.A. mortgage-backed securities	1,582	1,570	1,714
Provincial / Territorial bonds	14,046	14,059	17,381
Municipal bonds	2,500	2,472	2,577
Corporate bonds	10,930	10,752	12,009
Common stocks	<u>17,639</u>	<u>17,640</u>	<u>16,919</u>
	<u>93,663</u>	<u>91,039</u>	<u>86,902</u>
Cash and short-term deposits held by investment managers (at market value)	<u>8,088</u>	<u>8,093</u>	<u>12,012</u>
	<u>\$ 101,751</u>	<u>\$ 99,132</u>	<u>\$ 98,914</u>

The approximate market value of investments as at December 31, 1990 was \$ 97,475,000 (1989 - \$ 101,286,000).

4. Property and Equipment

	1990	1989
	(thousands of dollars)	
Furnishings	\$ 176	\$ 108
Equipment - Purchased	337	356
- Leased	442	359
Leasehold improvements	1,138	68
Building - Leased	<u>4,247</u>	<u>-</u>
	<u>6,340</u>	<u>891</u>
Less: Accumulated amortization	<u>576</u>	<u>387</u>
	<u>\$ 5,764</u>	<u>\$ 504</u>

WORKERS' COMPENSATION BOARD (Northwest Territories)  
**Notes to Financial Statements** (Cont'd)  
for the year ended December 31, 1990

5. Accounts Payable and Lease Obligations

	1990	1989
	(thousands of dollars)	
(a) Accounts payable		
Payroll costs due to Government of the Northwest Territories	\$ 3	\$ 18
Employee leave and termination benefits liability	235	272
Other payables	393	298
	\$ 631	\$ 588

(b) Lease obligations payable

(i) Office space

The Board is committed to payments of \$488,000 per annum under an office space lease agreement which commenced in May 1990 and expires in 20 years. The Board holds an enforceable right to obtain an option to purchase the space included in the lease agreement after five years at \$117.50 per square foot. The Board is also responsible for a proportional share of operating and maintenance expenses based on its share of space occupied. The present value of the lease obligation payments is \$4,200,000.

(ii) Computer and telephone equipment

The Board is committed to payments of \$131,000 per annum under a capital lease agreement for computer and telephone equipment which expires June 30, 1994. The lease payments include maintenance costs.

The interest rate in the lease payments is 13.5% and the equipment is available to be purchased by the lessee at the end of the lease for a nominal amount. The present value of the lease obligation payments is \$358,000.

WORKERS' COMPENSATION BOARD (Northwest Territories)  
**Notes to Financial Statements** (Cont'd)  
for the year ended December 31, 1990

6. Cost of Claims

	1990	1989
	(thousands of dollars)	
Current year's claims		
Compensation	\$ 2,369	\$ 2,427
Medical aid	1,101	1,158
	3,470	3,585
Claims management	255	497
Provisions:		
Future claims liability	12,723	13,919
Future pension liability	277	74
Total current year's claims	16,725	18,075
Prior years' claims		
Compensation	3,186	2,263
Medical aid	2,393	1,578
Pension	5,897	7,135
Pension recoveries	-	(7)
	11,476	10,969
Claims management	914	713
Provisions:		
Future claims liability	(11,841)	(8,686)
Future pension liability	5,372	3,157
Total prior years' claims	5,921	6,153
Total cost of claims	\$ 22,646	\$ 24,228