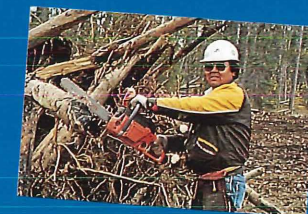
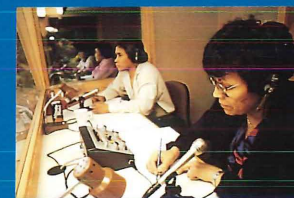
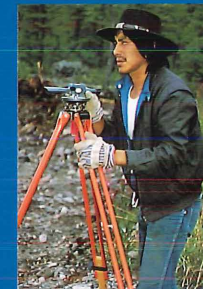
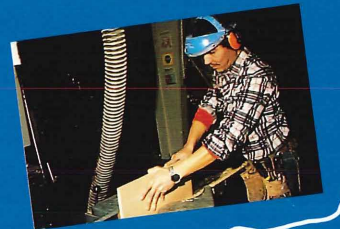




WORKERS' COMPENSATION BOARD  
NORTHWEST TERRITORIES

# ANNUAL REPORT

1991





# WORKERS' COMPENSATION BOARD

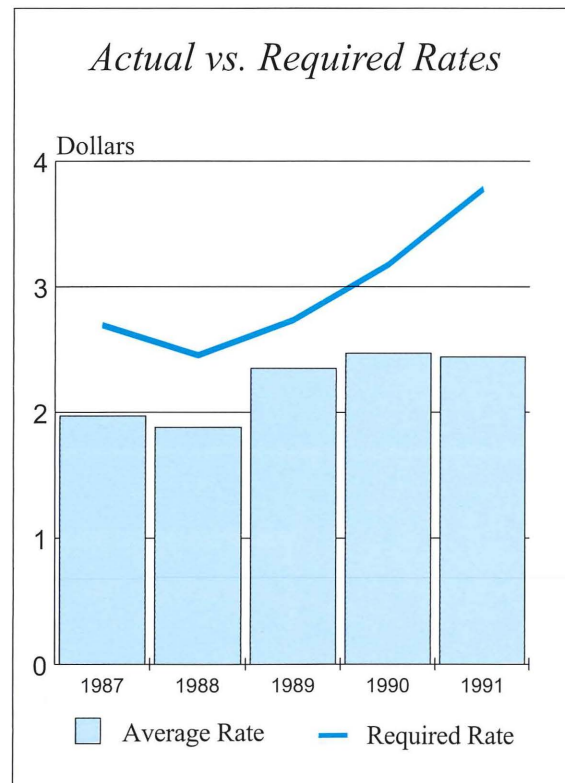
Northwest Territories

P.O. Box 8888  
 YELLOWKNIFE, NT X1A 2R3  
 Telephone: (403) 920-3888  
 Toll Free: 1-800-661-0792  
 Fax: (403) 873-4596

## Five Year Historical Data 1987 - 1991

Active Business	1991	1990	1989	1988	1987
Employers:	3,392	3,613	3,526	3,491	3,215
Self-employed:	1,166	1,508	1,078	1,363	1,018
Total Active Businesses	4,558	5,121	4,604	4,854	4,233
Claims Reported	3,457	3,498	3,997	3,405	3,063
Assessment Revenue (\$000's)	\$18,510	\$19,714	\$18,539	\$13,148	\$11,958
Year's Maximum Insurable Remuneration YMIR	\$40,000	\$40,000	\$40,000	\$40,000	\$36,800
Supplementary Pension Increases *(000's)	\$0	\$0	\$0	\$2,849	\$2,374

\* Cost of capitalizing pension increases granted to bring existing pensions to current level of benefits.



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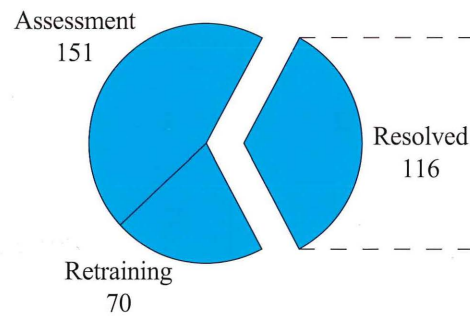
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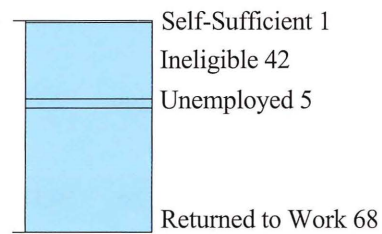


# Rehabilitation Services Activity

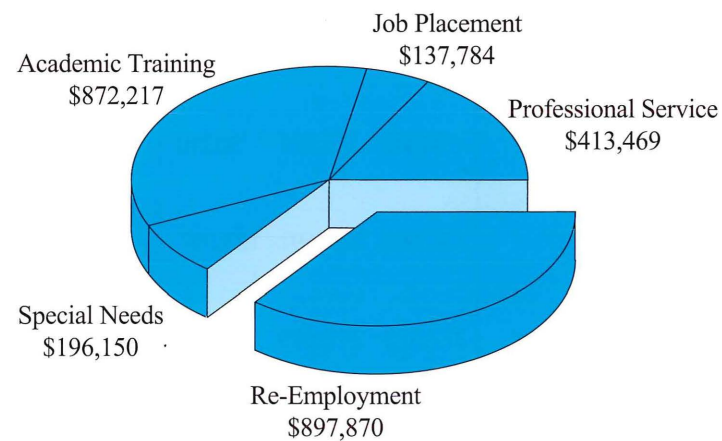
*Total Cases Served*



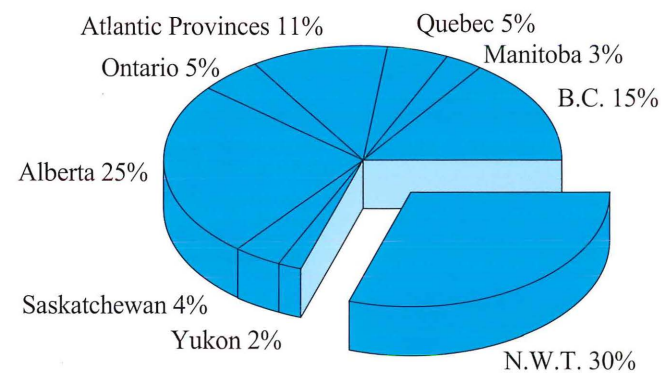
*Case Resolution Status*



*Rehabilitation Costs*



*Client Residence*



# Transmittal Letter

March 31, 1992



*The Honourable  
Dennis Patterson*

Mr. Daniel L. Norris  
Commissioner of the Northwest Territories

The Honourable Dennis Patterson  
Minister Responsible for the Workers' Compensation Board

In accordance with Section 61(2) 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, 1991, including audited Financial Statements.

Accompanying the Financial Statements is an Actuarial Opinion as to the reasonableness of the Future 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

## 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

## Board of Directors



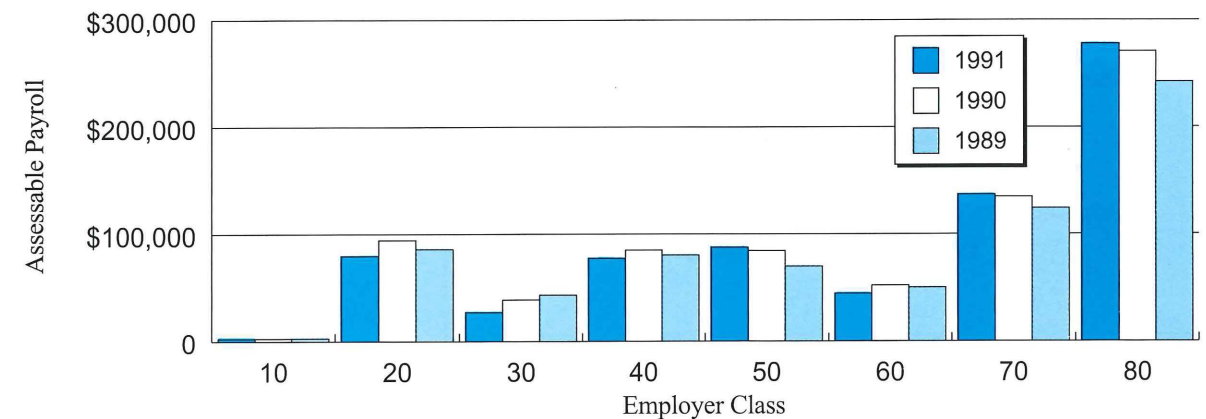
From left to right: Dale Johnston, James Evoy, Grant Hinchey (Chairman), Ron Williams, Grant Horseman.

## Three Year History Reported by Industrial Category

(by % claims reported)

	Assessable Payroll (\$000's)			Time Loss (%)			No Time Loss (%)		
	1991	1990	1989	1991	1990	1989	1991	1990	1989
10 Renewable Resources	2,299	2,731	2,822	1	2	2	1	1	1
20 Mining	79,785	94,117	86,099	19	20	18	22	21	21
30 Oil & Gas	26,996	38,768	43,193	2	3	5	2	3	6
40 Construction	77,487	85,272	80,536	29	31	31	22	25	25
50 Transportation & Communication	87,696	84,702	70,049	16	11	13	12	13	11
60 Trades	44,440	52,324	50,210	8	7	7	10	8	7
70 Services	136,695	134,691	123,997	10	11	10	15	16	14
80 Public Administration	277,582	270,685	241,923	15	15	14	16	13	15
<b>Total</b>	<b>732,980</b>	<b>763,290</b>	<b>698,829</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

### Three Year History Reported by Industrial Category



## Industrial History 1991

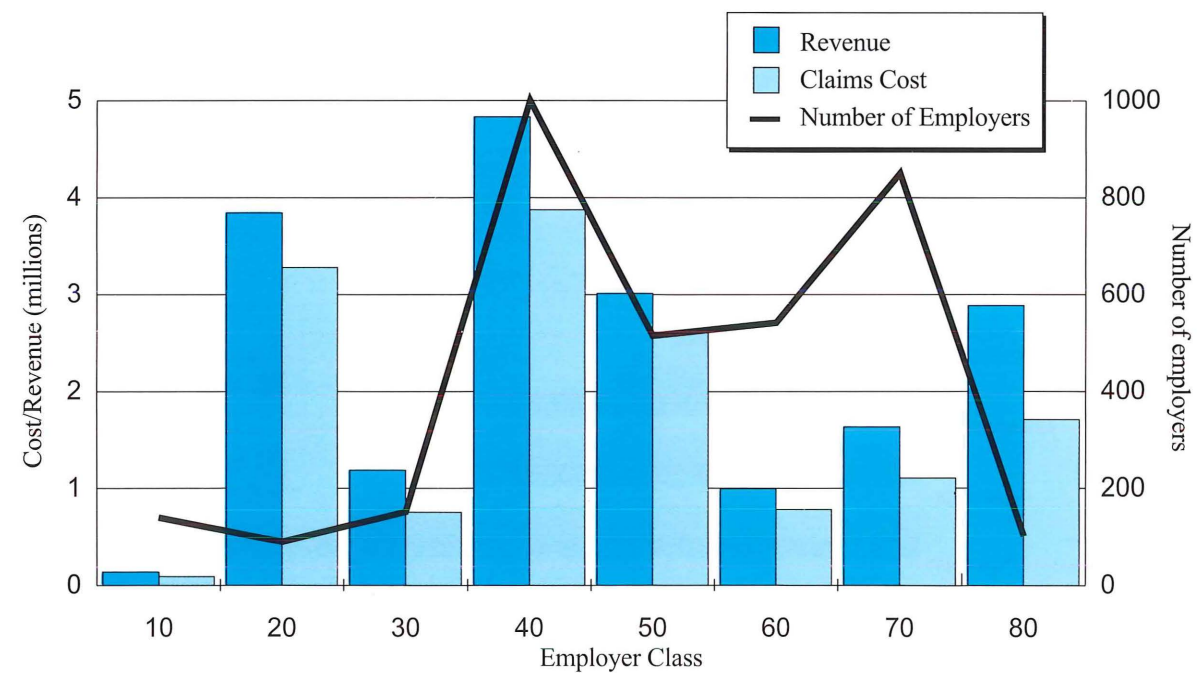
		*Number of Employers	Revenue (\$000's)	***Direct Cost (\$000's)	Estimated Cost (\$000's)
10	Renewable Resources	140	135	22	68
20	Mining	90	3,840	1,040	2,239
30	Oil & Gas	152	1,184	194	561
40	Construction	1,000	4,830	1,029	2,844
50	Transportation & Communication Utilities	515	3,010	1,039	1,570
60	Trades	542	994	200	584
70	Services	850	1,633	275	827
80	Public Administration	103	2,884	392	1,315
Total**		<b>3,392</b>	<b>18,510</b>	<b>4,191</b>	<b>10,008</b>

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

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

(\*\*\*) Costs paid during 1991 for 1991 accidents; estimates for future costs.

## Industrial History 1991



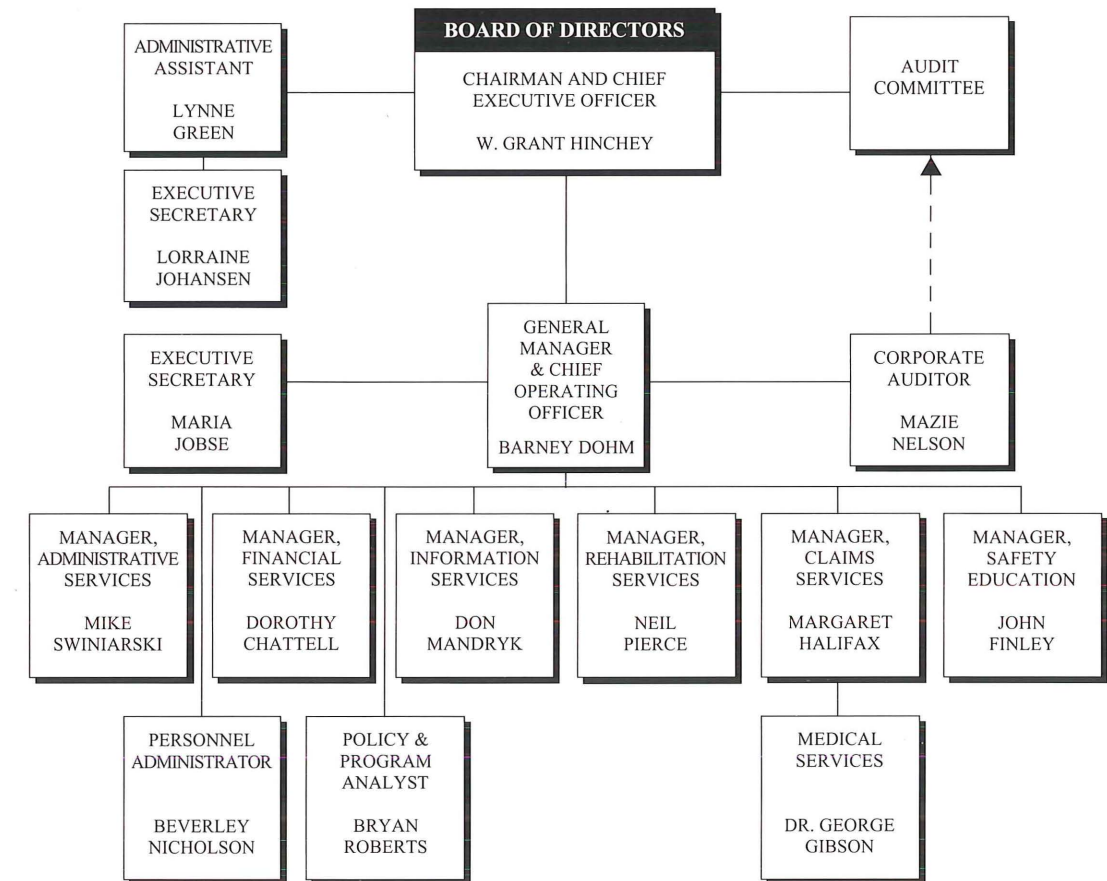
## Management Team



From left to right: Dorothy Chattell (Financial Services), Neil Pierce (Rehabilitation Services), John Finley (Safety Education), Barney Dohm (General Manager and Chief Operating Officer), Don Mandryk (Information Services), Mike Swiniarski (Administrative Services), Margaret Halifax (Claims Services).

## Workers' Compensation Board

December 31, 1991



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

The Workers' Compensation Board has 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. Workers and employers are the key players in the Workers' Compensation System. Their input is essential to provide the NWT with an effective and responsible Workers' Compensation Board.

The WCB is an independently funded corporation created by Territorial Legislation. The Chairman and the Board of Directors are appointed on the recommendation of the Legislative Assembly and report to the Assembly through the Minister Responsible for the WCB, the Honourable Dennis Patterson. There are six part-time Directors in addition to the Chairman who is also the Board's Chief Executive Officer.

Rising costs are a major concern to all our clients. Workers' Compensation Boards throughout North America are placing major emphasis on cost containment.

Health service costs are a national concern and a cost area over which we have very limited control as we must provide the medical needs of the injured worker.

Claims and rehabilitation costs have the greatest impact on assessment rates. Safety education and safety awareness must become a primary concern for each and every one of us.

The Year's Maximum Insurable Remuneration (YMIR), was last increased July 1, 1988 to \$40,000. Pensions awarded since the creation of the Accident Fund (a fund provided by assessments paid by all employers), were adjusted to YMIR. In 1988 we had one of the higher YMIR's in Canada; that is no longer the case.

Our YMIR must be increased and supplementary pension increases must be considered in 1992. Information has been collected for a review of YMIR and forwarded for Government consideration. We do not have a wage loss system. Wage loss is a more complex system and can result in increased demands on the appeals system because of the deeming provisions combined with a large transient workforce.

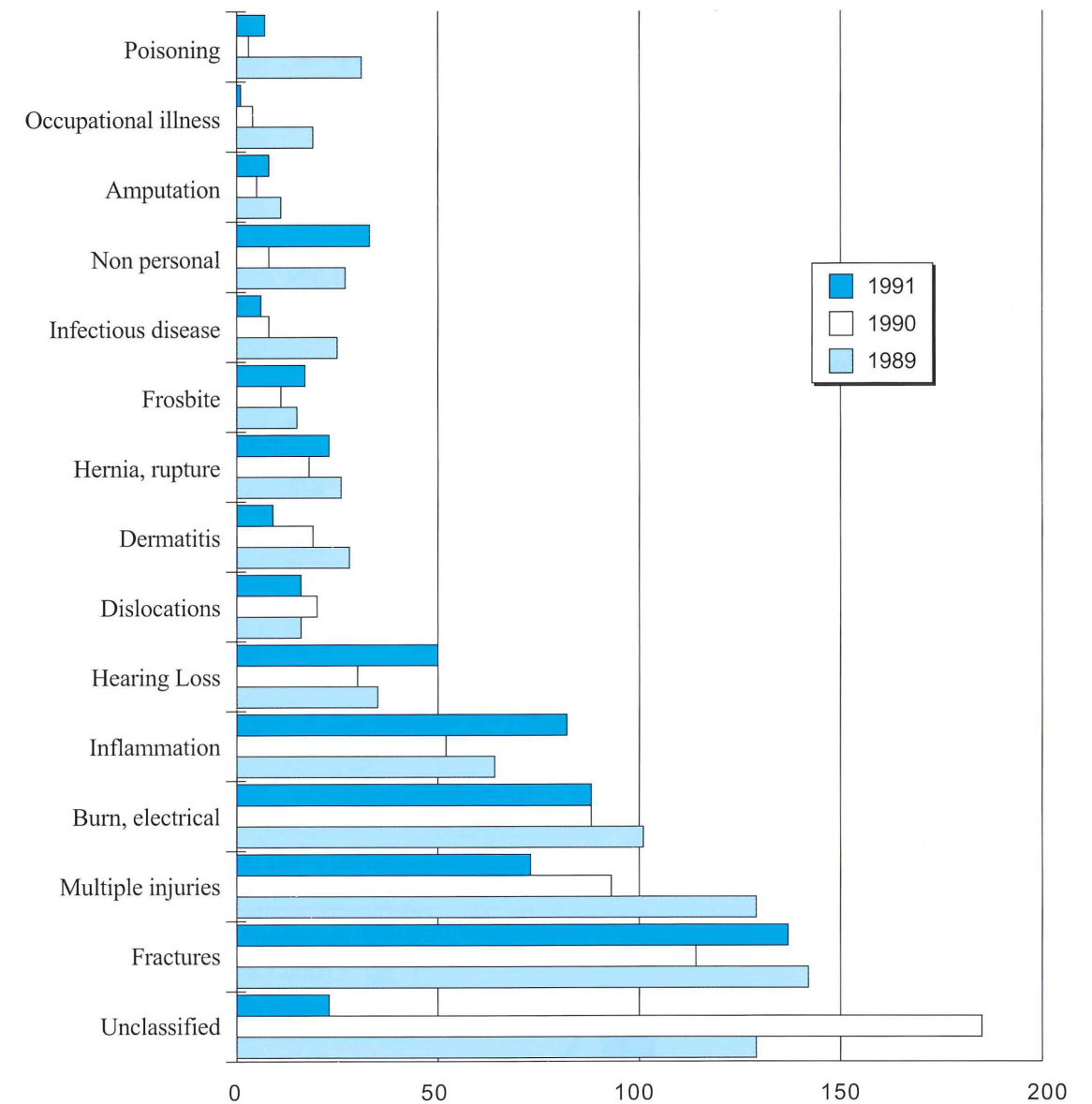
Over the last two years we have realized a net operating surplus which has strengthened our Contingency Reserve, but kept within the designated range, and because of this we have been able to maintain our fully funded position. There are only four (4) fully funded WCB's in Canada. Being able to maintain this position will have long term benefits for the NWT.

The new assessment rate system resulted in significant increases for some subclasses; this was the result of major increases in claim costs for these subclasses.

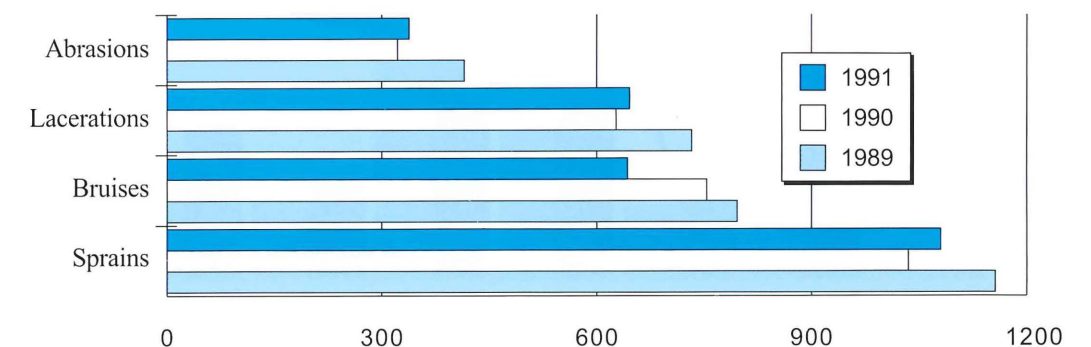
Revenue Services Division is responsible for the registration and classification of all employers in the Northwest Territories. An employer is levied an assessment based on its classification and estimated payroll. It is the responsibility of the Division to ensure the collection of the assessment. The Division also makes Optional Coverage available to owners, professionals and corporate directors. Certificates of Compliance are issued as part of the business licensing process. Revenue Services also works with employers in the issuance of clearances for contract payments.

## Types of Injuries

*Under 200 claims*



*Over 200 claims*



## Types of Injuries

	1991	%	1990	%	1989	%
Poisoning	7	.2	3	.1	31	.7
Occupational illness	1	.1	4	.1	19	.5
Amputation	8	.2	5	.1	11	.3
Non personal, prosthesis	33	.9	8	.2	27	.7
Infectious disease	6	.2	8	.2	25	.6
Frostbite	17	.4	11	.3	15	.4
Hernia, rupture	23	.6	18	.5	26	.5
Dermatitis, boils	9	.2	19	.5	28	.7
Dislocations	16	.4	20	.6	16	.4
Hearing loss	50	1	30	.9	35	.7
Inflammation	82	2	52	1	64	2
Burn, electrical	88	3	88	3	101	3
Multiple injuries	73	2	93	3	129	3
Fractures	137	4	114	3	142	4
Unclassified	23	.7	185	5	129	3
OTHERS		5.1		2.5		2.5
White hands	39		23		29	
Respiratory	33		23		8	
Welder's flash	19		10		8	
Body system	8		8		4	
Electric shock	2		5		1	
Burn, chemical	15		4		8	
Asphyxia	-		3		1	
Heart condition	1		3		-	
Occupational injury	3		2		8	
Allergies	20		2		3	
Silicosis	3		2		1	
Concussion	10		2		-	
Nervous system	1		1		-	
Air pressure effect	3		-		1	
Heat stroke	-		-		2	
Asbestos	1		-		4	
Aluminosis	-		-		-	
Neoplasm	1		-		-	
Uncoded	18		15		22	
Abrasions	338	10	322	9	415	11
Lacerations	646	19	627	18	732	18
Bruises	643	19	753	22	796	19
Sprains, strains	1,080	31	1,035	30	1,156	29
<b>Total</b>	<b>3,457</b>	<b>100</b>	<b>3,498</b>	<b>100</b>	<b>3,997</b>	<b>100</b>
<b>The above injuries include the following fatalities:</b>	<b>5</b>		<b>6</b>		<b>5</b>	

Claims Services' key responsibility is to provide financial assistance to workers who have been injured in a work related accident. This assistance is paid to a worker during the period of total disability.

The objective of restoring the worker to the workforce is important, but equally important is the overall health of the injured worker. To this end, we assume responsibility for the costs of medical treatment to ensure optimum recovery. Claims Services and Rehabilitation Services worked together in 1991 to develop a Board approved Early Intervention Program.

Rehabilitation Services started a new Early Intervention program in January 1991 to help injured workers return to work as soon after the accident as possible. Some of the services available through this program include the provision of rehabilitation assessment, counselling, job placement and retraining services. This help is available to injured workers who are unable to return to work within 90 days of the accident. Through this early intervention process, a Rehabilitation Counsellor is assigned to help the worker access the necessary services to speed the person's recovery.

In support of these efforts, the Board spent 2.5 million dollars in 1991 to provide better service for more workers. By the end of 1991, we provided services to 350 injured workers; of these cases, 151 received a Rehabilitation Assessment; 70 started a retraining program; and 116 cases were closed.

The success of our program is measured by improvement in the quality of services provided, a higher return to work rate and overall reduction in compensation payments.

Safety Education Services was established by the Workers' Compensation Board in November 1991, with a mandate to offer safety education courses aimed at accident prevention. Programs offered by the Safety Education Division emphasize the needs and benefits of working safely. By working together, we can make a difference.

The following is a list of courses that are being offered by the Workers' Compensation Board of the NWT:

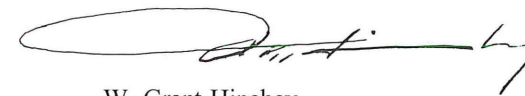
- |                           |  |
|---------------------------|--|
| 1) Accident Investigation | 2) Safety Committee  |
| 3) Safety Awareness       | 4) WHMIS<br>(Workplace Hazardous Materials Information System) |

A strong commitment to safety will reduce the claims costs. Lower claims costs will result in lower future provisional rates. A strong commitment to safety must be a primary goal of all employers and workers.

We encourage workers, employers, labour and business organizations and support groups having an interest in Workers' Compensation matters to present us with your ideas. The challenges are many and the solutions are not easily attained.

Your input is essential in assisting the WCB.

Respectfully,



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



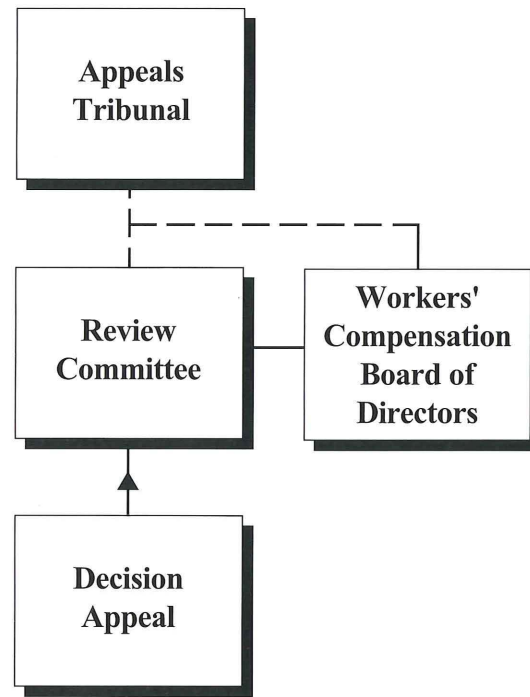
## Appeals

The Appeals Tribunal, which came into being through legislation on April 11, 1990, functions as a body to hear appeals that are brought before it under the Workers' Compensation Act. The purpose is to provide the final opportunity for workers and employers to have their appeals heard.

Appeals arise from the Review Committee, which is the first level of objection in the Northwest Territories. The Appeals Tribunal has exclusive jurisdiction over appeals, and its decisions are not open to question or review by any court. The Appeals Tribunal is not bound by precedent.

There are five part-time Appeals Commissioners. A hearing panel consists of a chairperson and two commissioners, one of those representing worker's interests and the other representing the interests of employers. Extensive training is provided to the Appeals Commissioners to keep them abreast of the ever changing complexities surrounding Workers' Compensation and the laws of natural justice.

Hearings are generally held in person and are conducted in an informal atmosphere. Hearings are short on legalistic traits and features, but are conducted in a manner that assures fairness. Since the Appeals Tribunal is the final level of adjudication of WCB decisions, it is in essence a quality control review built into the Board's historic worker-employer partnership.



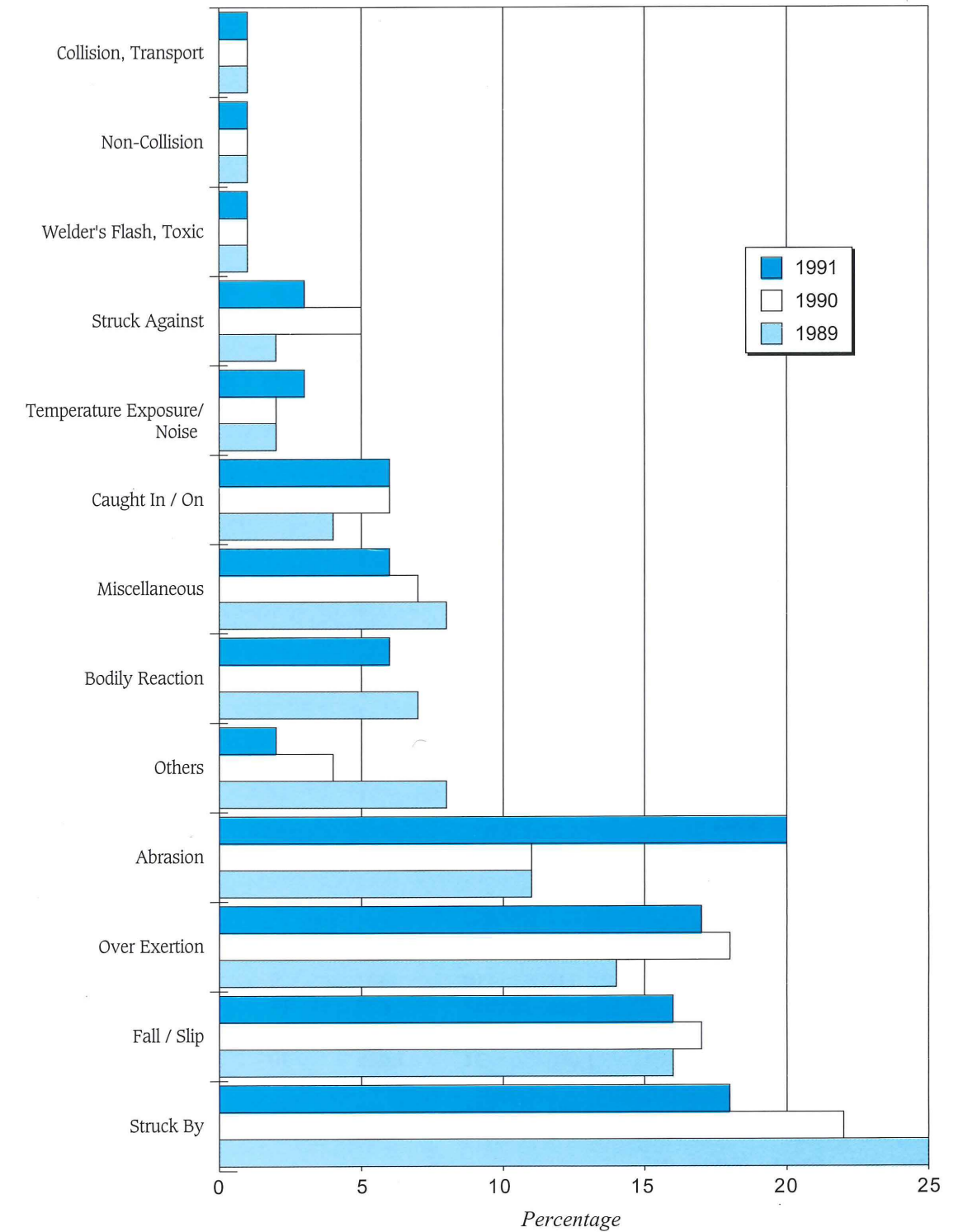
*Kathe Pagonis  
Workers' Advisor*

## Appeals Tribunal



*From left to right: Dave Johnston, Roland Gosselin, James Evoy (Chairman), David McCann, Robert Roman.*

## Causes of Injuries





## Causes of Injuries

	<u>1991</u>	<u>%</u>	<u>1990</u>	<u>%</u>	<u>1989</u>	<u>%</u>
Collision	26	1	29	1	36	1
Non-Collision	37	1	24	1	48	1
Welder's Flash, Toxics	25	1	32	1	59	1
Struck Against	98	3	192	5	65	2
Temperature Exposure / Noise	101	3	75	2	95	2
Caught In / On	205	6	206	6	161	4
Miscellaneous	212	6	252	7	317	8
Bodily Reaction	217	6	183	5	289	7
Others	68	2	133	4	321	8
Abrasion	688	20	397	11	440	11
Over Exertion	593	17	621	18	550	14
Fall, Slip	578	16	590	17	622	16
Struck By	<u>609</u>	<u>18</u>	<u>764</u>	<u>22</u>	<u>994</u>	<u>25</u>
Total	<u>3,457</u>	100	<u>3,498</u>	100	<u>3,997</u>	100

WORKERS' COMPENSATION BOARD (Northwest Territories)

for the year ended December 31, 1991

## 1991 Financial Statements

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**Management's Responsibility For Financial Reporting**

Management of the Workers' Compensation Board is responsible for the preparation, integrity and objectivity of the financial statements and related information presented in this annual report. The financial statements have been prepared in accordance with stated accounting policies and have been approved by the Board of Directors. Where appropriate, the preparation of financial information contained in this report includes estimates and judgements based on careful consideration of information available to management.


Management has developed and maintains books of account, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information in accordance with the Workers' Compensation Act and the Financial Administration Act and regulations. The Board of Directors ensures that management fulfils its responsibilities for financial reporting, internal control and safeguarding assets.


The Board of Directors appoints certain of its members to serve on the Audit Committee. This Committee oversees management's responsibilities for financial reporting and reviews and recommends the financial statements to the Board for approval.

The Auditor General of Canada annually provides an independent objective audit for the purpose of expressing his opinion on the financial statements. He also considers whether the transactions that come to his notice in the course of this audit are, in all significant respects, in accordance with the specified legislation.

The Coles Group Ltd., an independent firm of consulting actuaries, has been engaged to provide an opinion on the adequacy and appropriateness of the actuarial valuations of future claim and pension liabilities of the Workers' Compensation Board.

Management of the Workers' Compensation Board believes that the system of internal controls and approved policies, practices and procedures provide reasonable assurance that the operations are in compliance with applicable laws and conform to a high standard of business conduct.

  
Bernard A. Dohm  
General Manager  
& Chief Operating Officer

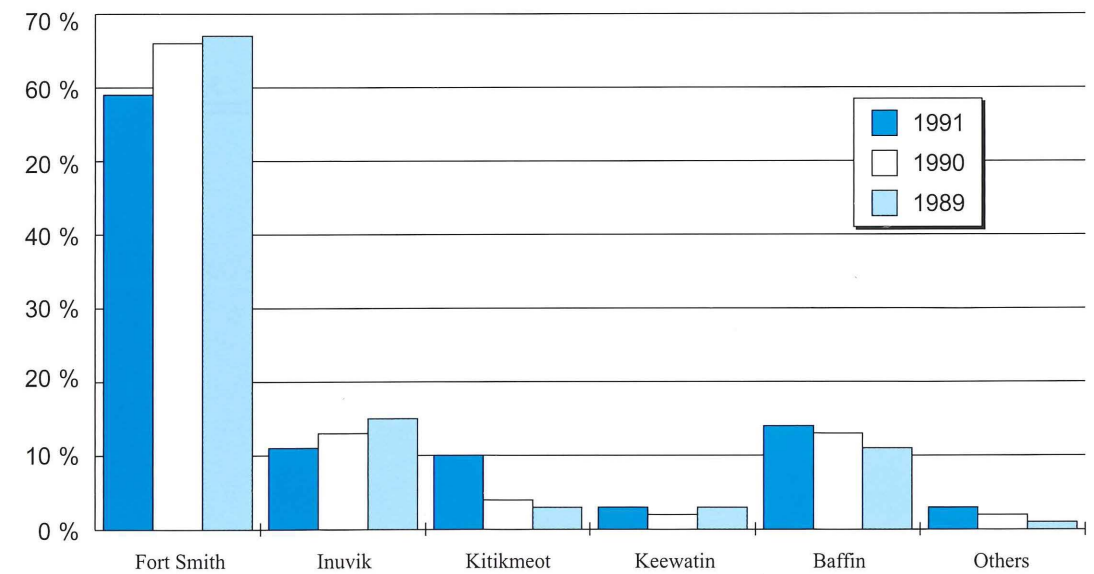
  
Dorothy M. Chattell  
Manager, Financial Services

P.O. Box 8888, Yellowknife, N.T. X1A 2R3, (403) 920-3888, Toll Free: 1-800-661-0792, Fax: (403) 873-4596

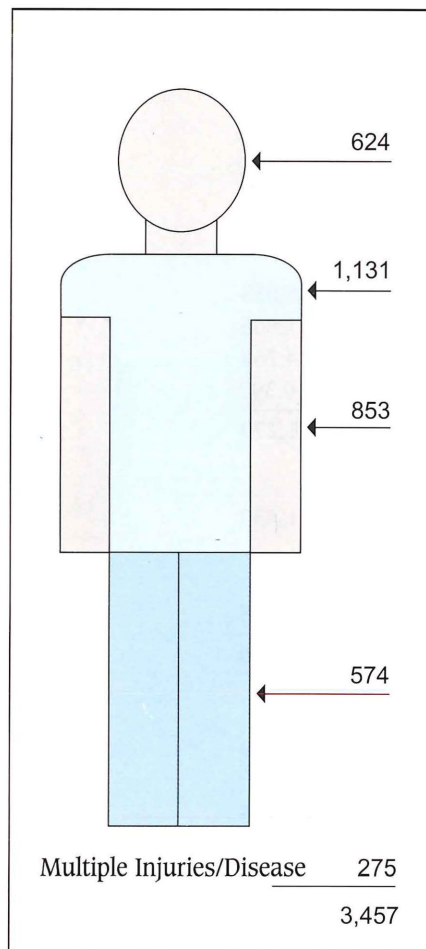
**Claims Reported by Region**

	1991	%	1990	%	1989	%
Fort Smith	2,019	59	2,307	66	2,684	67
Inuvik	387	11	455	13	587	15
Kitikmeot	343	10	145	4	139	3
Keewatin	118	3	71	2	122	3
Baffin	497	14	465	13	434	11
Others	93	3	55	2	31	1
<b>Total</b>	<u>3,457</u>	100	<u>3,498</u>	100	<u>3,997</u>	100

*Claims Reported by Region*  
(Percentage)



## Claims Reported



Part of Body	1991	%	1990	%	1989	%
Ears	62		54		59	
Eyes	367		369		452	
Mouth, jaw	41		29		42	
Nose	9		11		8	
Face	53		41		22	
Scalp, skull, head	92		86		99	
<b>Subtotal</b>	<b>624</b>	<b>18</b>	<b>590</b>	<b>17</b>	<b>682</b>	<b>17</b>
Neck	45		64		47	
Elbow	70		81		87	
Arm, multiple	116		105		131	
Wrist	96		100		108	
Hand	233		260		274	
Finger(s)	571		533		593	
<b>Subtotal</b>	<b>1,131</b>	<b>33</b>	<b>1,143</b>	<b>33</b>	<b>1,240</b>	<b>31</b>
Abdomen	48		51		60	
Back	581		595		662	
Chest	71		86		86	
Hips	27		23		25	
Shoulder(s)	124		117		119	
Trunk	2		2		1	
<b>Subtotal</b>	<b>853</b>	<b>25</b>	<b>874</b>	<b>25</b>	<b>953</b>	<b>24</b>
Thigh	13		14		20	
Knee	171		189		251	
Leg, multiple	92		80		72	
Ankle	132		125		146	
Foot	119		158		187	
Toe(s)	45		32		41	
Lower extremities	2		9		13	
<b>Subtotal</b>	<b>574</b>	<b>16</b>	<b>607</b>	<b>17</b>	<b>730</b>	<b>18</b>
Multiple parts	172		182		248	
Circulatory system	1		3		1	
Digestive system	2		1		2	
Musculoskeletal system	-		-		-	
Nervous system	5		4		12	
Respiratory system	35		28		36	
Other body system	20		14		11	
<b>Subtotal</b>	<b>235</b>	<b>7</b>	<b>232</b>	<b>7</b>	<b>310</b>	<b>8</b>
Body parts (NEC)	2		20		1	
Non-personal	32		24		12	
Unclassified	6		8		69	
<b>Subtotal</b>	<b>40</b>	<b>1</b>	<b>52</b>	<b>1</b>	<b>82</b>	<b>2</b>
<b>Total</b>	<b>3,457</b>	<b>100</b>	<b>3,498</b>	<b>100</b>	<b>3,997</b>	<b>100</b>



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 the Workers' Compensation Board (Northwest Territories) as at December 31, 1991 and the statements of 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 made 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, 1991 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 principles 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, FCA  
Deputy Auditor General  
for the Auditor General of Canada

Ottawa, Canada  
March 27, 1992

## Balance Sheet

as at December 31, 1991

ASSETS	1991	1990
	(thousands of dollars)	
Cash and short-term deposits	\$ 5,403	\$ 16,278
Assessments receivable	1,325	1,743
Accrued interest receivable	1,446	2,478
Investments (note 3)	117,977	99,132
Property and equipment (note 4)	5,454	5,764
	<u>\$ 131,605</u>	<u>\$ 125,395</u>
<b>LIABILITIES AND RESERVE</b>		
Accounts payable and accrued liabilities (note 5)	\$ 681	\$ 631
Lease obligations payable (note 5)	4,398	4,558
Assessments refundable	474	616
Future claims liability (notes 7 & 9)	37,941	35,463
Future pension liability (notes 8 & 9)	80,711	74,910
	<u>124,205</u>	<u>116,178</u>
Contingency Reserve	7,400	9,217
	<u>\$ 131,605</u>	<u>\$ 125,395</u>

Approved by Management:

*D. Hill*

Manager, Financial Services

Approved by the Board of Directors:

*[Signature]*

Member

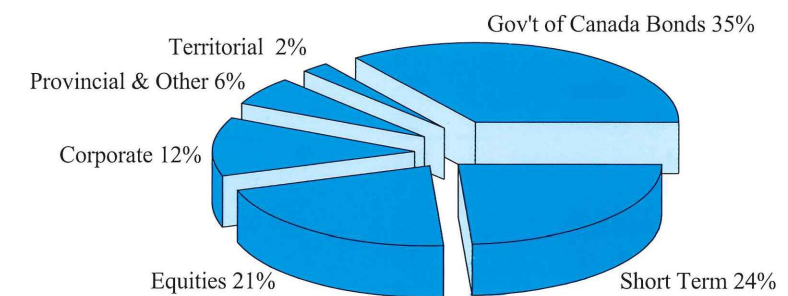
*[Signature]*

Member

## Schedule of Investments

	1991		1990	
	(Thousands of Dollars)		(Thousands of Dollars)	
	Amortized Value	Market Value	Amortized Value	Market Value
<b>Bonds</b>				
Government of Canada	\$ 41,687	\$ 43,837	\$ 44,546	\$ 45,053
Territorial	2,941	2,946	1,696	1,666
Provincial & Other	7,005	7,433	14,835	14,168
Corporate	13,685	14,271	10,752	10,392
	<u>65,318</u>	<u>68,487</u>	<u>71,829</u>	<u>71,279</u>
<b>Mortgages</b>				
N.H.A. guaranteed	-	-	1,570	1,539
<b>Equities</b>				
Total Long Term	<u>23,991</u>	<u>26,181</u>	<u>17,640</u>	<u>16,568</u>
<b>Short Term</b>				
	28,668	28,516	8,093	8,089
<b>Total Investments</b>	<u>\$ 117,977</u>	<u>\$ 123,184</u>	<u>\$ 99,132</u>	<u>\$ 97,475</u>

Schedule of Investments



WORKERS' COMPENSATION BOARD (Northwest Territories)  
**Schedule of Administration  
and General Expenses**

for the year ended December 31, 1991

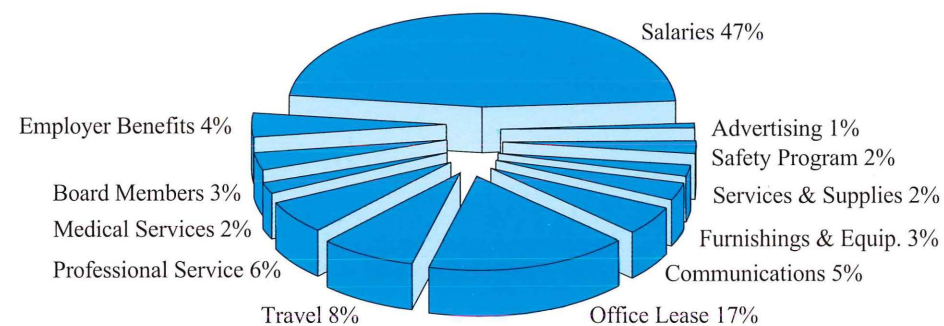
	1991	1990
	(thousands of dollars)	
Salaries, wages and allowances	\$ 2,754	\$ 2,389
Employer share of benefits	258	194
Board members	180	107
Medical services	99	110
Professional services	377	441
Travel	486	433
Office lease and renovations	1,001	702
Communications	266	211
Office furnishings and equipment	173	190
Office services and supplies	135	139
Safety program	91	282
Advertising and public information	50	60
Computer lease and services	49	60
Miscellaneous	17	49
	<u>5,936</u>	<u>5,367</u>
Less:		
Allocations to claims management	1,608	1,169
Penalties	136	14
Assessment interest	82	90
Sundry revenue	28	35
	<u>1,854</u>	<u>1,308</u>
	<u>\$ 4,082</u>	<u>\$ 4,059</u>

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

for the year ended December 31, 1991

	1991	1990
	(thousands of dollars)	
<b>REVENUES</b>		
Assessments	\$ 18,510	\$ 19,714
Investments	13,910	9,033
Recoveries (note 11)	180	471
	<u>32,600</u>	<u>29,218</u>
<b>Total Revenues</b>		
<b>EXPENSES</b>		
Cost of claims (note 6)		
Current year's claims	15,902	16,725
Prior years' claims	14,433	5,921
	<u>30,335</u>	<u>22,646</u>
Administration and general (schedule)	4,082	4,059
	<u>34,417</u>	<u>26,705</u>
<b>Total Expenses</b>		
<b>INCOME (LOSS) FROM OPERATIONS</b>	<u>\$ (1,817)</u>	<u>\$ 2,513</u>

*Schedule of Administration and General Expenses*



WORKERS' COMPENSATION BOARD (Northwest Territories)  
**Statement of Contingency Reserve**  
for the year ended December 31, 1991

	<u>1991</u>	<u>1990</u>
	(thousands of dollars)	
Balance at the beginning of the year	\$ 9,217	\$ 6,704
Income (loss) from operations	<u>(1,817)</u>	<u>2,513</u>
Balance at the end of the year	<u>\$ 7,400</u>	<u>\$ 9,217</u>

## The Coles Group

Suite 1800 - Waterfront Centre, 200 Burrard Street, Vancouver, B.C., Canada V6C 3M1  
Fax (604) 683-0249 / Telephone (604) 683-7311

**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, 1991. This valuation was based on the provisions of the Workers' Compensation Act in effect at December 31, 1991.


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 - 1992 (Revised - March 1992). 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 \$37,941,389 makes adequate provision for expected future payments (including rehabilitation benefits) and claim management expenses in respect of claims arising prior to January 1, 1992;
2. The Future Pension Liability of \$80,711,273 makes adequate provision for expected future payments, including future Supplementary Pension Increases and claim management expenses, for pension awards granted prior to January 1, 1992; however, it does not incorporate any provision for Supplementary Pension Increases which may be granted after 1991 in respect of the period prior to January 1, 1992;
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 purposes 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 CONSULTANTS LTD.

  
J. Allan Brown  
Fellow of the Canadian  
Institute of Actuaries

March 23, 1992

*The Coles Group Consultants Ltd.  
Employee Benefits Consultants and Actuaries*



WORKERS' COMPENSATION BOARD (Northwest Territories)  
**Notes to Financial Statements** (Cont'd)  
for the year ended December 31, 1991

**9. Actuarial Valuation**

Valuations by the actuary indicate that at December 31, 1991:

- the future claims liability of \$37,941,389 is sufficient to meet both the future costs of reported claims, and the cost of possible unreported claims;
- the future pension liability of \$80,711,273 is sufficient enough to meet the calculated liabilities.

**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 \$2,458,483. Settlement of legal claims are credited to expenses during the period in which the settlement occurs. Legal claims settled during 1991 resulted in recoveries of \$234,297 (1990 - \$1,941,000).

**11. Related Party Transactions**

The Government of the Northwest Territories paid workers' compensation assessments to the Board, in the amount of \$1,889,953 (1990 - \$1,976,805).

The Government of the Northwest Territories provided reimbursement to the Board in the amount of \$179,506 for hunters and trappers claims (1990 - \$471,022).

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

Government of the Northwest Territories 11.00% maturing June 23, 1998	\$1,045,618
Northwest Territories Power Corporation 11.00% maturing March 9, 2009 11.125% maturing June 6, 2011	500,000 995,638
Northwest Territories Legislative Assembly Building Society 13.00% Series A, maturing August 31, 2013	400,000

WORKERS' COMPENSATION BOARD (Northwest Territories)  
**Statement of Changes  
in Financial Position**  
for the year ended December 31, 1991

**FUNDS PROVIDED FROM (USED FOR):**

	1991	1990
	(thousands of dollars)	
<b>OPERATING ACTIVITIES</b>		
Income (loss) from operations	\$ (1,817)	\$ 2,513
Items not affecting cash		
Amortization of		
bond premiums and discounts	(18)	(35)
property and equipment	408	330
Loss (gain) on sale of investments	(3,427)	1,818
Provisions and investments income allocations		
Future pension liability	3,760	4,640
Future claims liability	23,370	14,280
	<u>22,276</u>	<u>23,546</u>
Payments from		
Future pension liability	(10,135)	(6,074)
Future claims liability	(8,716)	(6,316)
	<u>(18,851)</u>	<u>(12,390)</u>
Assessments and accrued interest receivables	1,450	3,479
Accounts payable and assessments refundable	(92)	(418)
	<u>1,358</u>	<u>3,061</u>
Funds provided from operating activities	<u>4,783</u>	<u>14,217</u>
<b>FINANCING ACTIVITIES</b>		
Lease obligations payable	(160)	4,224
Funds used for financing activities	<u>(160)</u>	<u>4,224</u>
<b>INVESTING ACTIVITIES</b>		
Funds utilized for investments	(15,400)	(2,000)
Purchases of property and equipment	(98)	(5,590)
Funds used for investing activities	<u>(15,498)</u>	<u>(7,590)</u>
Increase (decrease) in cash and short-term deposits	(10,875)	10,851
Cash and short-term deposits		
at the beginning of the year	<u>16,278</u>	<u>5,427</u>
at the end of the year	<u>\$ 5,403</u>	<u>\$ 16,278</u>

WORKERS' COMPENSATION BOARD (Northwest Territories)  
**Notes to Financial Statements**  
for the year ended December 31, 1991

**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, 1991

<b>7. Future Claims Liability</b>	<u>1991</u>	<u>1990</u>
	(thousands of dollars)	
Current year's claims		
Provision from operations	\$ 11,532	\$ 12,723
Prior years' claims		
Provision from operations	11,838	1,558
Provision to future pension liability	<u>(12,176)</u>	<u>(7,083)</u>
	11,194	7,198
Claims payments	<u>8,716</u>	<u>6,316</u>
Increase for the year	2,478	882
Balance at beginning of the year	<u>35,463</u>	<u>34,581</u>
Balance at end of the year	<u><u>\$ 37,941</u></u>	<u><u>\$ 35,463</u></u>

<b>8. Future Pension Liability</b>	<u>1991</u>	<u>1990</u>
	(thousands of dollars)	
Current year's claims		
Provision from operations	\$ 954	\$ 277
Prior years' claims		
Provision from operations	2,806	4,363
Provision for supplementary pension increases	-	-
Provision from future claims liability	<u>12,176</u>	<u>7,083</u>
	15,936	11,723
Pension payments	<u>10,135</u>	<u>6,074</u>
Increase for the year	5,801	5,649
Balance at beginning of the year	<u>74,910</u>	<u>69,261</u>
Balance at end of the year	<u><u>\$ 80,711</u></u>	<u><u>\$ 74,910</u></u>





WORKERS' COMPENSATION BOARD (Northwest Territories)  
**Notes to Financial Statements** (Cont'd)  
for the year ended December 31, 1991

6. Cost of Claims	<u>1991</u>	<u>1990</u>
	(thousands of dollars)	
<b>Current year's claims</b>		
Compensation	\$ 1,879	\$ 2,369
Medical aid	1,222	1,101
	<u>3,101</u>	<u>3,470</u>
Claims management	315	255
Provisions:		
Future claims liability	11,532	12,723
Future pension liability	954	277
	<u>15,902</u>	<u>16,725</u>
<b>Prior years' claims</b>		
Compensation	5,026	3,186
Medical aid	2,692	2,393
Pension	9,840	5,897
	<u>17,558</u>	<u>11,476</u>
Claims management	1,293	914
Provisions:		
Future claims liability	(9,265)	(11,841)
Future pension liability	4,847	5,372
	<u>14,433</u>	<u>5,921</u>
<b>Total prior years' claims</b>		
	<u>14,433</u>	<u>5,921</u>
<b>Total cost of claims</b>	<u>\$ 30,335</u>	<u>\$ 22,646</u>

WORKERS' COMPENSATION BOARD (Northwest Territories)  
**Notes to Financial Statements** (Cont'd)  
for the year ended December 31, 1991

(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 1991 is \$7,529,808 and hence the target range is \$5,647,356 to \$9,412,260.

Assessment rates will be adjusted to bring the reserve to its target level over 3 years, if the reserve is below the target range, or over 5 years, if the reserve is above the target range.



WORKERS' COMPENSATION BOARD (Northwest Territories)  
**Notes to Financial Statements** (Cont'd)  
for the year ended December 31, 1991

**3. Investments**

		1991	1990
	Par Value	Amortized Cost	Amortized Cost
(thousands of dollars)			
Government of Canada bonds	\$ 40,552	\$ 41,687	\$ 44,546
N.H.A. mortgage-backed securities	-	-	1,570
Provincial / Territorial bonds	7,421	7,409	14,059
Municipal bonds	2,560	2,537	2,472
Corporate bonds	13,815	13,685	10,752
Common stocks	23,990	23,991	17,640
	<b>88,338</b>	<b>89,309</b>	<b>91,039</b>
Cash and short-term deposits held by investment managers	28,663	28,668	8,093
	<b>\$ 117,001</b>	<b>\$ 117,977</b>	<b>\$ 99,132</b>

The approximate market value of investments as at December 31, 1991 was \$123,183,899. (1990 - \$97,474,778)

**4. Property and Equipment**

	Cost	Accumulated Amortization	1991 Net Book Value	1990 Net Book Value
(thousands of dollars)				
Furnishings	\$ 187	\$ 71	\$ 116	\$ 121
Equipment - Purchased	410	252	158	118
- Leased	442	207	235	323
Leasehold improvements	1,151	99	1,052	1,097
Building - Leased	4,247	354	3,893	4,105
	<b>\$ 6,437</b>	<b>\$ 983</b>	<b>\$ 5,454</b>	<b>\$ 5,764</b>

WORKERS' COMPENSATION BOARD (Northwest Territories)  
**Notes to Financial Statements** (Cont'd)  
for the year ended December 31, 1991

**5. Accounts Payable and Lease Obligations**

	1991	1990
(thousands of dollars)		
(a) Accounts payable and accrued liabilities		
Employee leave and termination benefits liability	\$ 337	\$ 238
Other payables	344	393
	<b>\$ 681</b>	<b>\$ 631</b>

(b) Lease obligations payable

(i) Office space

The Board is committed to payments of \$488,400 per annum under an office space lease agreement which commenced in May 1990 and expires in 20 years. The Board holds 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 based on an implicit interest rate of 9.9% is \$4,123,996 (1990 - \$4,199,984).

(ii) Computer and telephone equipment

The Board is committed to payments of \$131,520 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 implicit in the lease payments is 15% 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 \$273,612. (1990 - \$357,941)