



Workers' Compensation Board of the Northwest Territories  
P.O. Box 8888  
Yellowknife, NWT X1A 2R3

Published as a matter of record under section 61(2) of the  
*Workers' Compensation Act* of the Northwest Territories.

The Annual Report of the  
**Workers' Compensation Board**  
of the Northwest Territories  
for the year 1992

# Claims Statistics, Current and Historical

	1992	1991	1990
Time Loss Major	214	264	331
Time Loss Minor	968	879	1,008
No Time Loss	1,648	1,656	1,741
Fatal	15	5	7
Industrial Disease	78	65	43
First Aid	562	295	-
Other	216	206	299
Claims Denied	57	87	69
<b>Total</b>	<b><u>3,758</u></b>	<b><u>3,457</u></b>	<b><u>3,498</u></b>

## Five Year Historical Data (1988-1992)

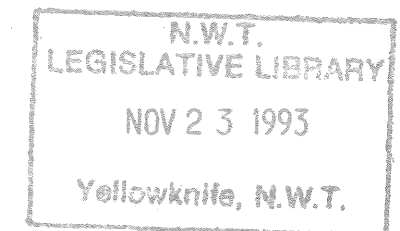
	1992	1991	1990	1989	1988
Active Businesses					
Employers	2,913	3,392	3,613	3,562	3,491
Self-Employed	1,601	1,166	1,508	1,708	1,363
<b>Total Active Businesses</b>	<b><u>4,514</u></b>	<b><u>4,558</u></b>	<b><u>5,121</u></b>	<b><u>4,604</u></b>	<b><u>4,854</u></b>
Claims Reported	3,758	3,457	3,498	3,997	3,405
Assessment Revenue	\$19,105,000	\$18,510,000	\$19,714,000	\$18,539,000	\$13,148,000
Year's Maximum Insurable Remuneration (YMIR)	47,500	40,000	40,000	40,000	40,000
Supplementary Pension Increases*	\$5,647,000	\$0	\$0	\$0	\$2,849,000

\*Cost of capitalizing pension increases granted to bring existing pensions to current benefit levels.

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## Three Year History, by Class

	Assessable Payroll			Time Loss			No Time Loss		
	(000's)			(% )			(% )		
	1992	1991	1990	1992	1991	1990	1992	1991	1990
10 Renewable Resources	3,290	2,299	2,731	2%	1%	2%	1%	1%	1%
20 Mining	72,126	79,785	94,117	16%	19%	20%	19%	22%	21%
30 Oil & Gas	22,173	26,996	38,768	2%	2%	3%	3%	2%	3%
40 Construction	75,311	77,487	85,272	26%	30%	31%	22%	22%	25%
50 Transportation & Communication Utilities	94,979	87,696	84,702	13%	16%	11%	12%	12%	13%
60 Trades	58,969	44,440	52,324	8%	8%	7%	9%	10%	8%
70 Services	155,603	136,695	134,691	15%	10%	11%	19%	15%	16%
80 Public Administration	306,995	277,582	270,685	18%	15%	15%	15%	16%	13%
<b>Total:</b>	<b>789,446</b>	<b>732,980</b>	<b>763,290</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

MONTANA  
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 Helena, Montana

## Revenues and Costs, by Class

	*Number of Employers	Revenue (000's)	***Direct Cost (000's)	Estimated Cost (000's)
10 Renewable Resources	129	153	39	147
20 Mining	66	4,258	3,763	3,436
30 Oil & Gas	119	936	149	778
40 Construction	757	4,473	724	3,399
50 Transportation & Communication Utilities	453	3,113	472	2,265
60 Trades	495	1,026	99	559
70 Services	794	1,851	289	1,274
80 Public Administration	100	3,295	211	1,514
<b>Total**</b>	<b>2,913</b>	<b>19,105</b>	<b>5,746</b>	<b>13,372</b>

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

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

(\*\*\*) Costs paid during 1992 for 1992 accidents; estimates for future costs.

## Letter of Transmittal

May 31, 1993

Mr. Daniel L. Norris  
Commissioner of the Northwest Territories

The Honourable John Todd  
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 of the Workers' Compensation Board of the Northwest Territories for the year ending December 31, 1992, 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 pertaining to the number and types of claims and related costs, employer statistics and financial schedules.

Yours truly,



J. G. Gilmour,  
Chairman,  
Workers' Compensation Board

## Chairman's Report

The year 1992 has been difficult for many organizations in Canada. The Workers' Compensation Board of the N.W.T. was no exception, especially when it came to expenditures and our Contingency Fund. The primary focus of the W.C.B. is ensuring sustained benefits for injured workers. Employers, who fund Workers' Compensation, must remain economically competitive in order to provide essential employment for our workforce.

The Board has learned that it needs to do a better job of managing claims costs. To deal effectively with the more serious cases, the Board recognized that it had to focus on improving the claims handling process and case management systems.

It's our responsibility to make sure the Workers' Compensation system remains financially viable. We must control and reduce costs and administer claims more efficiently. We must do a better job of managing. We must provide injured workers with a more understandable

claims and review process, and reduce the time it takes to review a claim.

One of the most important ways to reduce our costs, over the long run, is to reduce the number of claims. As well as saving money, accident prevention is also the prevention of pain and suffering. Promoting safety at work sites in communities across the NWT should become a primary goal of the Board in the years ahead.

At the end of 1992, the Board had an operating deficit of \$8.285 million, and an unfunded liability of \$884,604.

Next year, it is the intention of the Board to develop a strategy to return the Workers' Compensation Board to a fully funded position, and to keep it there, with no operating deficit. Any changes that the Board decides to make, however, can only be implemented after full consultation with our stakeholders. We simply cannot work in isolation.

## Types of Injuries

	1992	%	1991	%	1990	%
Poisoning	0	0.00%	7	0.20%	3	0.08%
Occupational illness	1	0.02%	1	0.02%	4	0.11%
Amputation	5	0.13%	8	0.23%	5	0.14%
Non personal, prosthesis	29	0.77%	33	0.95%	8	0.22%
Infectious disease	8	0.21%	6	0.17%	8	0.22%
Frostbite	8	0.21%	17	0.49%	11	0.31%
Hernia, rupture	23	0.61%	23	0.66%	18	0.51%
Dermatitis, boils	10	0.26%	9	0.26%	19	0.54%
Dislocations	15	0.39%	16	0.46%	20	0.57%
Hearing loss	54	1.43%	50	1.44%	30	0.85%
Inflammation	101	2.68%	82	2.37%	52	1.48%
Burn, electrical	72	1.91%	88	2.54%	88	2.51%
Multiple injuries	41	1.09%	73	2.11%	93	2.65%
Fractures	163	4.33%	137	3.96%	114	3.25%
Unclassified	4	0.10%	23	0.66%	185	5.28%
White hands	40	1.06%	39	1.12%	23	0.65%
Respiratory	68	1.80%	33	0.95%	23	0.65%
Welder's flash	6	0.15%	19	0.54%	10	0.28%
Body system	15	0.39%	8	0.23%	8	0.22%
Electric shock	1	0.02%	2	0.05%	5	0.14%
Burn, chemical	21	0.55%	15	0.43%	4	0.11%
Asphyxia	1	0.02%	0	0.00%	3	0.08%
Heart condition	2	0.05%	1	0.02%	3	0.08%
Occupational injury	0	0.00%	3	0.08%	2	0.05%
Allergies	21	0.55%	20	0.57%	2	0.05%
Silicosis	0	0.00%	3	0.08%	2	0.05%
Concussion	12	0.31%	10	0.28%	2	0.05%
Nervous system	0	0.00%	1	0.02%	1	0.02%
Air pressure effect	1	0.02%	3	0.08%	0	0.00%
Heat stroke	2	0.05%	0	0.00%	0	0.00%
Asbestos	0	0.00%	1	0.02%	0	0.00%
Aluminosis	0	0.00%	0	0.00%	0	0.00%
Neoplasm	1	0.02%	1	0.02%	0	0.00%
Uncoded	11	0.29%	18	0.52%	15	0.42%
Abrasions	335	8.91%	338	9.77%	322	9.20%
Lacerations	749	19.93%	646	18.68%	627	17.92%
Bruises	731	19.45%	643	18.59%	753	21.52%
Sprains, strains	1,207	32.11%	1,080	31.24%	1,035	29.58%
<b>Total:</b>	<b>3,758</b>	<b>100.00%</b>	<b>3,457</b>	<b>100.00%</b>	<b>3,498</b>	<b>100.00%</b>

The above include the following fatalities: 15 5 6

## Claims Reported, by Region

	1992	%	1991	%	1990	%
Fort Smith	2,066	55%	2,019	59%	2,307	66%
Inuvik	398	10%	387	11%	455	13%
Kitikmeot	448	12%	343	10%	145	4%
Keewatin	150	4%	118	3%	71	2%
Baffin	557	15%	497	14%	465	13%
Others	139	4%	93	3%	55	2%
<b>Total:</b>	<b>3,758</b>	<b>100%</b>	<b>3,457</b>	<b>100%</b>	<b>3,498</b>	<b>100%</b>

## Claims Reported, by Causes of Injuries

	1992	%	1991	%	1990	%
Collision	21	1%	26	1%	29	1%
Non-Collision	24	1%	37	1%	24	1%
Welder's Flash, Toxic	13	0%	25	1%	32	1%
Struck Against	62	2%	98	3%	192	5%
Temperature Exposure / Noise	128	3%	101	3%	75	2%
Caught In / On	212	6%	205	6%	206	6%
Miscellaneous	161	4%	212	6%	252	7%
Bodily Reaction	443	12%	217	6%	183	5%
Others	54	1%	68	2%	133	4%
Abrasion	822	22%	688	20%	397	11%
Over Exertion	506	13%	593	17%	621	18%
Fall, Slip	672	18%	578	17%	590	17%
Struck By	640	17%	609	18%	764	22%
<b>Total:</b>	<b>3,758</b>	<b>100%</b>	<b>3,457</b>	<b>100%</b>	<b>3,498</b>	<b>100%</b>

## Summary of Operations, 1992

The Workers Compensation Board of the Northwest Territories received 3,758 claims in 1992, an increase of 9% over the previous year. Thirty-two per cent of these claims (1,143) resulted from time-loss accidents. There were fifteen fatal claims submitted during the year.

The job of administering these claims falls to the WCB's Client Services Division. This Division is made up of our staff who handle Workers Compensation Claims, Rehabilitation Programs, Adjudication and preparation for reviews.

Over 1992, the Workers' Compensation Board has set out to become more accessible and responsive to our clients and employers. The Medical Advisor, a Claims Adjudicator and a Rehabilitation Counsellor made a trip to Iqaluit in May. Several workers took advantage of this opportunity to meet with those who handle their claims.

Discussions have been on-going with the GNWT's Department of Renewable Resources since the middle of the year regarding how Hunters and Trappers would be best served by the WCB system. In the fall, the manager of the Client Services Division travelled to Hall Beach to meet with a group of five concerned Hunters and Trappers.

Division staff have also met with northern employers, including the GNWT Department of Personnel, CASAW and its members, and management from Nerco's Con Mine and their safety personnel.

It is also important that the Division administer claims efficiently, fairly and quickly. To that end, service standards for both the Claims Section and Rehabilitation section were established.

As well, this Division reviewed all of the 1990 and 1991 time-loss claims and recorded the actual annual remuneration of injured workers. This is used to help establish an accurate level of proposed yearly maximum insurable remuneration (YMIR). All 1991 claims were also reviewed and, where necessary, amended to ensure that the statistical coding is correct.

The Client Services Division and the Revenue Services Division jointly developed and implemented a program to enforce the provisions of the *Workers Compensation Act* with respect to the late reporting of accidents by employers.

The Board found that over 70 per cent of all accidents were reported later than the three days allowed by the Act. This delay would slow down the investigation of claims and delayed the payments to claimants. Under the terms of the program, an employer is levied a penalty whenever an accident is reported late. The Board recognizes the uniqueness of industrial operations in the north, and will be reviewing the program in 1993.

When a stakeholder (client, employer or dependant) is unhappy with any decision made by the WCB staff, the first level of appeal is the **Review Committee**. The Review Committee consists of two external members who review cases on a part-time basis. Normally, the reviews are conducted by examining documents, but, in special circumstances, verbal reviews may be heard.

During 1992, 107 reviews were conducted. The Review Committee reversed the original decision in 19 of these cases, an overturn rate of 18%. In the majority of cases (79 cases or 74%), the Review Committee upheld the original decision. In two cases, the original decision was varied. Six reviews were cancelled, and two were reviewed but not completed.

The number of reviews increased significantly as the year passed. In the first six months, the Committee reviewed 38 decisions, or about 6 per month. By the end of the year, however, that had doubled to about 12 per month, as the committee reviewed 69 decisions in the second half of the year.

The next, and final, level of appeal is the **Appeals Tribunal**. At January 1, there were eleven appeals outstanding, and the tribunal received 24 during the year. In 1992, the Appeals Tribunal heard eight appeals, and two were cancelled, leaving 25 at December 31.

## Claims Reported, by Part of Body

	1992	%	1991	%	1990	%
Ears	63		62		54	
Eyes	362		367		369	
Mouth, jaw	45		41		29	
Nose	20		9		11	
Face	57		53		41	
Scalp, skull, head	85		92		86	
<b>Subtotal</b>	<b>632</b>	<b>17%</b>	<b>624</b>	<b>18%</b>	<b>590</b>	<b>17%</b>
Neck	66		45		64	
Elbow	53		70		81	
Arm, multiple	184		116		105	
Wrist	120		96		100	
Hand	224		233		260	
Finger(s)	629		571		533	
<b>Subtotal</b>	<b>1,276</b>	<b>34%</b>	<b>1,131</b>	<b>33%</b>	<b>1,143</b>	<b>33%</b>
Abdomen	53		48		51	
Back	675		581		595	
Chest	78		71		86	
Hips	37		27		23	
Shoulder(s)	138		124		117	
Trunk	3		2		2	
<b>Subtotal</b>	<b>984</b>	<b>26%</b>	<b>853</b>	<b>25%</b>	<b>874</b>	<b>25%</b>
Thigh	26		13		14	
Knee	195		171		189	
Leg, multiple	90		92		80	
Ankle	142		132		125	
Foot	120		119		158	
Toe(s)	39		45		32	
Lower extremities	3		2		9	
<b>Subtotal</b>	<b>615</b>	<b>16%</b>	<b>574</b>	<b>17%</b>	<b>607</b>	<b>17%</b>
Multiple parts	117		172		182	
Circulatory system	1		1		3	
Digestive system	3		2		1	
Musculoskeletal system	1		0		0	
Nervous system	0		5		4	
Respiratory system	70		35		28	
Other body system	27		20		14	
<b>Subtotal</b>	<b>219</b>	<b>6%</b>	<b>235</b>	<b>7%</b>	<b>232</b>	<b>7%</b>
Body parts (NEC)	0		2		20	
Non-personal	29		32		24	
Unclassified	3		6		8	
<b>Subtotal</b>	<b>32</b>	<b>1%</b>	<b>40</b>	<b>1%</b>	<b>52</b>	<b>1%</b>
<b>Total</b>	<b>3,758</b>	<b>100%</b>	<b>3,457</b>	<b>100%</b>	<b>3,498</b>	<b>100%</b>

The issues appealed were lump sum payment decisions and the amount awarded for permanent partial disabilities. The Appeals Tribunal upheld six decisions and overturned two.

Of course, if more accidents can be prevented, the overall cost of Workers Compensation will be lowered, while protecting workers from pain and suffering.

**Safety Education** is the newest Division of the Workers Compensation Board. It was established late in 1991, with the key responsibility of offering safety education courses designed to prevent accidents.

During 1992, Safety Education worked to make the public aware of the new program. A Resource Library was created, containing video tapes, safety awareness posters, articles and books. As well, the division made computer access to WHMIS Material Safety Data Sheets available through the Resource Library.

The Safety Education Division developed and delivered courses to over 500 people in the Northwest Territories. These courses included WHMIS information sessions, workshops on Joint Occupational Health and Safety Committees, an introduction to the WCB, how to use Personal Protective Equipment, and "Safety and the Young Worker".

"Safety and the Young Worker" was developed in 1992, specifically to address the needs of young people entering the work force. All too often, inexperienced workers learn the hard way — through accident and injury — as they leave the relative security of home and school for the harsher realities of the workplace.

"Safety and the Young Worker" aims to enable them to protect themselves and ease the transition. Their first work environment should be a safe work environment. During the next year, the Division will be working with the Department of Education, so that instructors from both WCB and high schools will be delivering the program throughout the Northwest Territories.

The operation of the Board is supported by the **Finance and Administration Division**. Responsible for areas such as information systems, support staff and financial control, the division is essential to the smooth operation of the Board's programs.

During 1992, the minicomputer system was expanded, with additional hardware resources, in order to provide a more prompt response time to staff and clients. The Finance and Administration Division also undertook an extensive review of the Board's investment activity, and held a competition for investment managers. The Division then established specialist portfolios and engaged appropriate managers.

Along with the other eleven Workers' Compensation Boards in Canada, the Finance section worked towards establishing standards for financial and statistical reporting. These standards should make reporting consistent across the country, and make reports easier to understand.

1992 was a busy year for the Workers' Compensation Board. Many changes have taken place throughout the organization. The purpose of these changes has been to build a more streamlined and effective organization. This will allow us to provide effective service to claimants, while protecting the financial interests of the Board and its stakeholders.

# Schedule of Investments



April 2, 1993

	1992 (Thousands of Dollars)		1991 (Thousands of Dollars)	
	Amortized Value	Market Value	Amortized Value	Market Value
<b>Bonds</b>				
Government of Canada	\$ 66,486	\$ 66,187	\$ 41,687	\$ 43,837
Territorial	2,793	3,126	2,941	2,946
Provincial & Other	7,727	7,868	7,005	7,433
Corporate	12,260	12,280	13,685	14,271
	<b>89,266</b>	<b>89,461</b>	<b>65,318</b>	<b>68,487</b>
<b>Mortgages</b>				
N.H.A. guaranteed	1,686	1,729	-	-
<b>Equities</b>				
Total Long Term	26,162	28,320	23,991	26,181
	<b>117,114</b>	<b>119,510</b>	<b>89,309</b>	<b>94,668</b>
<b>Short Term</b>	8,981	8,984	28,668	28,516
<b>Total Investments</b>	<b>\$ 126,095</b>	<b>\$ 128,494</b>	<b>\$ 117,977</b>	<b>\$ 123,184</b>

## 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 regulations, the Financial Administration Act, and policies of the Board. 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 Finance 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, an independent firm of consulting actuaries, has been engaged to provide an opinion on the adequacy and appropriateness of actuarial valuations of future claims and pension liabilities of the Workers' Compensation Board.

Gerry Meier  
General Manager  
& Chief Operating Officer

Dorothy M. Chattell  
Manager,  
Finance & Administration





AUDITOR GENERAL OF CANADA

VÉRIFICATEUR GÉNÉRAL DU CANADA

WORKERS' COMPENSATION BOARD (Northwest Territories)  
Schedule of Administration and General Expenses  
for the year ended December 31, 1992

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, 1992 and the statements of operations, contingency reserve (deficit), 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, 1992 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 audit of the financial statements have, in all significant respects, been in accordance with the Workers' Compensation Act and regulations and the Financial Administration Act.

Raymond Dubois, FCA  
Deputy Auditor General  
for the Auditor General of Canada

Ottawa, Canada  
April 2, 1993

	1992	1991
	(thousands of dollars)	
Salaries, wages and allowances	\$ 3,025	\$ 2,754
Employer share of benefits	301	258
Board members	275	180
Medical services	93	99
Professional services	516	377
Travel	338	486
Office lease and renovations	1,057	1,001
Communications	257	266
Office furnishings and equipment	222	173
Computer lease and services	122	49
Office services and supplies	119	135
Grants	100	91
Advertising and public information	69	50
Miscellaneous	15	17
	<u>6,509</u>	<u>5,936</u>
Less:		
Allocations to claims management	1,584	1,608
Penalties	197	136
Assessment interest	47	82
Sundry revenue	33	28
	<u>1,861</u>	<u>1,854</u>
	<u>\$ 4,648</u>	<u>\$ 4,082</u>

# The Coles Group

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## 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, 1992. This valuation was based on the provisions of the Workers' Compensation Act in effect at December 31, 1992.

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 - 1993. 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 \$47,742,387 makes adequate provision for expected future payments (including rehabilitation benefits) and claim management expenses in respect of claims arising prior to January 1, 1993;
2. The Future Pension Liability of \$85,666,654 makes adequate provision for expected future payments, including future Supplementary Pension Increases and claim management expenses, for pension awards granted prior to January 1, 1993; however, it does not incorporate any provision for Supplementary Pension Increases which may be granted after 1992 in respect of the period prior to January 1, 1993;
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



J. Allan Brown  
 Fellow of the Canadian  
 Institute of Actuaries

March 18, 1993

WORKERS' COMPENSATION BOARD (Northwest Territories)

### Balance Sheet as at December 31, 1992

#### ASSETS

	1992	1991
	(thousands of dollars)	
Cash and short-term deposits	\$ 3,963	\$ 5,403
Assessments receivable	1,218	1,325
Accrued interest receivable	1,441	1,446
Investments (note 3)	126,095	117,977
Property and equipment (note 4)	5,341	5,454
	<u>\$ 138,058</u>	<u>\$ 131,605</u>

#### LIABILITIES AND CONTINGENCY RESERVE

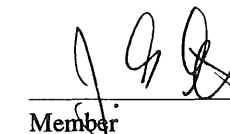
Accounts payable and accrued liabilities	\$ 575	\$ 681
Lease obligations payable (note 5)	4,442	4,398
Assessments refundable	516	474
Future claims liability (notes 7 & 9)	47,743	37,941
Future pension liability (notes 8 & 9)	85,667	80,711
	<u>138,943</u>	<u>124,205</u>
Contingency Reserve (Deficit) (note 10)	(885)	7,400
	<u>\$ 138,058</u>	<u>\$ 131,605</u>

Approved by Management:

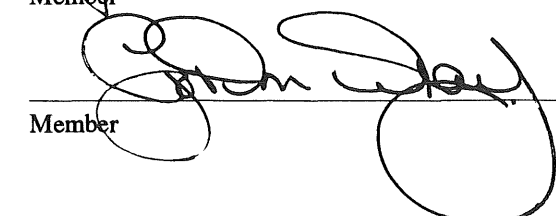


Manager, Finance & Administration

Approved by the Board of Directors:



Member



Member

WORKERS' COMPENSATION BOARD (Northwest Territories)  
**Statement of Operations**  
for the year ended December 31, 1992

<b>REVENUES</b>	<u>1992</u>	<u>1991</u>
	(thousands of dollars)	
Assessments	\$ 19,105	\$ 18,510
Investments	13,435	13,910
Recoveries (note 12)	-	180
<b>Total Revenues</b>	<u>32,540</u>	<u>32,600</u>
<b>EXPENSES</b>		
Cost of claims (note 6)		
Current year's claims	20,486	15,902
Prior years' claims	15,691	14,433
	<u>36,177</u>	<u>30,335</u>
Administration and general (schedule)	4,648	4,082
<b>Total Expenses</b>	<u>40,825</u>	<u>34,417</u>
<b>EXCESS OF EXPENSES OVER REVENUES</b>	<u>\$ (8,285)</u>	<u>\$ (1,817)</u>

WORKERS' COMPENSATION BOARD (Northwest Territories)  
**Notes to Financial Statements**  
for the year ended December 31, 1992

(cont'd)

**9. Actuarial Valuation**

Valuations by the actuary indicate that as at December 31, 1992:

- the future claims liability of \$47,742,387 is sufficient to meet both the future costs of reported claims, and the cost of possible unreported claims;
- the future pension liability of \$85,666,654 is sufficient enough to meet the calculated liabilities.

**10. Contingency Reserve (Deficit)**

After maintaining the fully funded position towards the future pension liability and future claims liability as stated in 2(f), the Board is in a deficit position in meeting its other obligations.

In 1992, the contingency reserve decreased from \$7,399,972 to a deficit of \$884,604. The reduction is the result of the Board incurring costs which were greater than anticipated, including: a supplementary pension increase of 7.5%; a catastrophe in the mining industry and an additional provision for the enhanced rehabilitation program.

**11. 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 \$3,027,750. Settlement of legal claims are credited to expenses during the period in which the settlement occurs. Legal claims settled during 1992 resulted in recoveries of \$566,116 (1991 - \$234,297).

**12. Related Party Transactions**

The Government of the Northwest Territories paid workers' compensation assessments to the Board, in the amount of \$1,780,895 (1991 - \$1,889,953).

The Government of the Northwest Territories did not provide a reimbursement to the Board for hunters and trappers claims as there were no additional costs for new or existing claims in 1992 (1991 - \$179,506).

The Board's investments include bonds of (at amortized cost):	<u>1992</u>	<u>1991</u>
Government of the Northwest Territories 11.00% maturing June 23, 1998	\$896,780	\$1,045,618
Northwest Territories Power Corporation 11.00% maturing March 9, 2009 11.125% maturing June 6, 2011	500,000 995,875	500,000 995,638
Northwest Territories Legislative Assembly Building Society 13.00% Series A, maturing August 31, 2013	400,000	400,000

In addition to those related party transactions disclosed elsewhere in these financial statements, the Board is related to all Government of the Northwest Territories created departments, agencies and Crown Corporations. The Board enters into transactions with these entities in the normal course of business.

WORKERS' COMPENSATION BOARD (Northwest Territories)  
**Notes to Financial Statements**  
for the year ended December 31, 1992

(cont'd)

**7. Future Claims Liability**

Current year's claims		
Provision from operations		
Prior years' claims		
Changes in valuation assumptions		
Provision from operations		
Provision to future pension liability	(10,230)	(12,176)
	19,423	11,194
Claims payments	9,621	8,716
Increase for the year	9,802	2,478
Balance at beginning of the year	37,941	35,463
Balance at end of the year	<u>\$ 47,743</u>	<u>\$ 37,941</u>

During the year, changes were made to the valuation assumptions used in the calculation of the Board's future claims liability. Changes were based on the Board's past financial performance and included increases in: net discount rate, provisions for claims cost and administrative expenses.

**8. Future Pension Liability**

	1992	1991
	(thousands of dollars)	
Current year's claims		
Provision from operations	\$ 3,075	\$ 954
Prior years' claims		
Changes in valuation assumptions	(5,422)	-
Provision from operations	237	2,806
Provision for supplementary pension increases	5,647	-
Provision from future claims liability	10,230	12,176
	13,767	15,936
Pension payments	8,811	10,135
Increase for the year	4,956	5,801
Balance at beginning of the year	80,711	74,910
Balance at end of the year	<u>\$ 85,667</u>	<u>\$ 80,711</u>

During the year, changes were made to the valuation assumptions used in the calculation of the Board's future pension liability. Changes were based on the Board's past financial performance and included increases in net discount rate and provision for administrative expenses.

Provision for supplementary pension increases of 7.5% was approved in 1992. (0% in 1991.)

WORKERS' COMPENSATION BOARD (Northwest Territories)  
**Statement of Contingency Reserve (Deficit)**  
for the year ended December 31, 1992

**CONTINGENCY RESERVE (Deficit)** (see note 10)

	1992	1991
	(thousands of dollars)	
Balance at the beginning of the year	\$ 7,400	\$ 9,217
Excess of expenses over revenues	(8,285)	(1,817)
Balance at the end of the year	<u>\$ (885)</u>	<u>\$ 7,400</u>

WORKERS' COMPENSATION BOARD (Northwest Territories)  
**Statement of Changes in Financial Position**  
for the year ended December 31, 1992

<b>FUNDS PROVIDED FROM (USED FOR):</b>	<u>1992</u>	<u>1991</u>
	(thousands of dollars)	
<b>OPERATING ACTIVITIES</b>		
Excess of expenses over revenues	\$ (8,285)	\$ (1,817)
Items not affecting cash		
Amortization of		
bond premiums and discounts	151	(18)
property and equipment	459	408
Provisions and investment income allocations		
Future pension liability	3,537	3,760
Future claims liability	29,652	23,370
	<u>25,514</u>	<u>25,703</u>
Payments from		
Future pension liability	(8,811)	(10,135)
Future claims liability	(9,621)	(8,716)
	<u>(18,432)</u>	<u>(18,851)</u>
Assessments and accrued interest receivables	112	1,450
Accounts payable and assessments refundable	(62)	(92)
	<u>50</u>	<u>1,358</u>
Funds provided from operating activities	<u>7,132</u>	<u>8,210</u>
<b>FINANCING ACTIVITIES</b>		
Lease obligations payable	44	(160)
Funds used for financing activities	<u>44</u>	<u>(160)</u>
<b>INVESTING ACTIVITIES</b>		
Funds utilized for investments	(8,269)	(18,827)
Purchases of property and equipment	(347)	(98)
Funds used for investing activities	<u>(8,616)</u>	<u>(18,925)</u>
Decrease in cash and short-term deposits	(1,440)	(10,875)
Cash and short-term deposits		
at the beginning of the year	<u>5,403</u>	<u>16,278</u>
at the end of the year	<u>\$ 3,963</u>	<u>\$ 5,403</u>

WORKERS' COMPENSATION BOARD (Northwest Territories)  
**Notes to Financial Statements**  
for the year ended December 31, 1992

(cont'd)

**6. Cost of Claims**

**Current year's claims**

(thousands of dollars)

Compensation	\$ 1,803	\$ 1,879
Medical aid	1,008	1,222
	<u>2,811</u>	<u>3,101</u>
Claims management	176	315
Provisions:		
Future claims liability	14,424	11,532
Future pension liability	3,075	954
	<u>17,499</u>	<u>12,486</u>
<b>Total current year's claims</b>	<u><b>20,486</b></u>	<u><b>15,902</b></u>

**Prior years' claims**

Compensation	5,018	5,026
Medical aid	3,501	2,692
Pension	8,505	9,840
	<u>17,024</u>	<u>17,558</u>
Claims management	1,408	1,293
Provisions:		
Future claims liability	(4,622)	(9,265)
Future pension liability	1,881	4,847
	<u>(2,741)</u>	<u>(4,418)</u>

**Total prior years' claims**

15,691      14,433

**Total cost of claims**

\$ 36,177      \$ 30,335

5. Lease Obligations Payable

(a) 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 \$4,040,134 (1991 - \$4,123,996).

(b) Computer and telephone equipment

The Board is committed to payments of \$159,600 per annum under a capital lease agreement for computer and telephone equipment which expires February 28, 1997. The lease payments include maintenance costs. The interest rate implicit in the lease payments is 18% 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 \$402,073. (1991 - \$273,612)

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 from the time of purchase 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 amount required for the capitalization of pensions awarded for the current year's claims is provided annually from operations. The amount required for the capitalization of supplementary pension increases awarded for all existing pensions is provided from operations. The amount required for the capitalization of pensions awarded for prior years' claims is provided from the future claims liability.

**Notes to Financial Statements**

for the year ended December 31, 1992

(cont'd)

**(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 medical aid benefits, 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 discount for interest at the rate of 3% per annum (2.5% prior to 1992).

**(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 1992 is \$8,441,769 and hence the target range is \$6,331,327 to \$10,552,211.

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. (See note 10 for detail.)

**Notes to Financial Statements**

for the year ended December 31, 1992

(cont'd)

**3. Investments**

	1992	1991	
	Par Value	Amortized Cost	Amortized Cost
(thousands of dollars)			
Government of Canada bonds	\$ 62,088	\$ 66,486	\$ 41,687
N.H.A. mortgage-backed securities	1,689	1,686	-
Provincial / Territorial bonds	8,377	8,523	7,409
Municipal bonds	2,000	1,997	2,537
Corporate bonds	12,290	12,260	13,685
Common stocks	26,162	26,162	23,991
	<u>112,606</u>	<u>117,114</u>	<u>89,309</u>
Cash and short-term deposits held by investment managers	13,298	8,981	28,668
	<u>\$ 125,904</u>	<u>\$ 126,095</u>	<u>\$ 117,977</u>

The approximate market value of investments as at December 31, 1992 was \$128,493,505 (1991 - \$123,183,899).

**4. Property and Equipment**

	1992	1991		
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
(thousands of dollars)				
Furnishings	\$ 199	\$ 87	\$ 112	\$ 116
Equipment - Purchased	434	300	134	158
- Leased	628	326	302	235
Leasehold improvements	1,276	163	1,113	1,052
Building - Leased	4,246	566	3,680	3,893
	<u>\$ 6,783</u>	<u>\$ 1,442</u>	<u>\$ 5,341</u>	<u>\$ 5,454</u>