



POLICY

A. **ASSET REPLACEMENT COMPONENT**

The Asset Replacement Component shall be based on the life expectancy of an asset and is equal to the cumulative asset depreciation amount and shall include capital purchases such as new computer software.

B. **MINIMUM LEVEL**

The minimum level for the Asset Replacement Component shall be \$0.

C. **MAXIMUM LEVEL**

The maximum level for the Asset Replacement Component shall be the total book value at cost, as shown in the annual financial report, of the Yukon Workers' Compensation Health and Safety Board's assets.

D. **SURPLUS OR DEFICIT**

The Asset Replacement Component shall not fall below the minimum level.

If at any time the Asset Replacement Component is projected to, or actually rises above the maximum level, the Board shall determine the degree and timing of measures that shall return the component to the maximum level.

E. **ANNUAL CONTRIBUTION**

If there is sufficient annual operating surplus, the annual contribution to the Asset Replacement Component shall not exceed the amortization amount each year, subject to the maximum identified in Section C., MAXIMUM LEVEL.

In any given year, the Board may choose not to make a contribution to the Asset Replacement Component. However, the contribution to the Asset Replacement Component may be made up in subsequent years.

F. **CHARGES TO THE ASSET REPLACEMENT COMPONENT**

This component of the "Potential Liability and Asset Replacement Reserve" is used to purchase or to replace expensive assets costing over \$100,000. The Board approves the purchase. The purchase may be financed by the "Potential Liability and Asset Replacement Reserve" and repaid over a five year period.

G. REVIEW

The minimum and maximum levels for the Asset Replacement Component shall be reviewed by the Board at least every five years from the date that this policy is first approved.

REFERENCES

Yukon Workers' Compensation Health and Safety Board:

Claims Disasters Component Policy Statement  
Funding Policy Statement  
Rate Stabilization Component Policy Statement  
Unknown Disabilities Component Policy Statement

HISTORY

1. *Workers' Compensation Act*, Chapter 16, in force January 1, 1993.
2. Policy, Funding Policy Statement, effective May 14, 1996.
3. Policy, Asset Replacement Component Policy Statement, effective October 8, 1997.