



**YUKON WORKERS'
COMPENSATION
HEALTH AND
SAFETY BOARD**

SUBJECT: CLAIMS DISASTER COMPONENT POLICY NO.: FN - 12

BOARD APPROVAL: *[Signature]*

APPROVAL DATE: 8 Oct 1997

BOARD ORDER NO.: _____

EFFECTIVE DATE: October 8, 1997

REVOKED

FEB 22 2005

POLICY STATEMENT

SECTION
REFERENCE:

44(5)

1992 WORKERS' COMPENSATION ACT

POLICY:

CLAIMS DISASTER COMPONENT

GENERAL INFORMATION

The Compensation Fund operates on the principle of collective liability. This means Yukon employers pool the risk and share the costs of work-related disabilities.

Claims costs are born by the individual employer, up to the limit of their assessment. Any claims costs, which exceed the individual employer's limit, are passed on to:

- (a) the industry,
- (b) the class, or
- (c) the disaster reserve (collective liability funded by all employers).

In accordance with the Funding Policy, the Disaster Component is part of the "Potential Liability and Asset Replacement Reserve." The purpose of the component is twofold: first, to ensure there are sufficient reserves to pay for a disaster, and secondly, to fund a class of industries against the large assessment rate increases that would be required to recover monies paid out for a disaster. All employers collectively share the cost of funding the Claims Disaster Component. The Board approves the appropriate minimum and maximum levels of the Claims Disaster Component.

The board maintains the "Potential Liability and Asset Replacement Reserve" to provide funding to cover the costs of: claims disasters; unknown disabilities such as occupational diseases or enhanced disabilities; asset replacement; and rate stabilization. The Reserve is used to provide protection to employers against any adverse financial experience that could unduly burden employers.

D. SURPLUS OR DEFICIT

If at any time the Claims Disaster Component is projected to, or actually falls below the minimum level, the Board shall examine available options and determine the degree and timing of measures that shall return the component to within the minimum and maximum level range.

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

E. CLAIMS DISASTER LIMITS

Limits shall be established for each class.

The limits that each class funds are determined in proportion to the overall revenue received.

All claims under 25 percent of the previous year's annual assessment revenues shall be charged to the industry.

The limits that shall be charged to a class are as follows:

Class 1	Mining	25% of
Class 2	Construction, Trucking & Related Industries	previous
Class 3	Business or Public Administration	year's
Class 4	Specified Trades	annual
Class 6	Service Industries	assessment
Class 8	First Nation Government	revenues

Class 8	Government of the Yukon, Cities, Towns, Villages & Municipalities	NO LIMIT
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Where the claims costs exceed the limits, the accident shall be deemed to be a disaster. All claims costs, which exceed the retention limits, shall be charged to the Claims Disaster Component.

The recovery cost of any disaster shall be charged to the future assessment revenues from all employers in order to top up the Claims Disaster Component.

F. CHARGES TO THE FUND

When a disaster occurs the funds shall be transferred to the Benefit Liability and Claims Expenses. The "Potential Liability and Asset Replacement Reserve" shall be topped up over a five to ten year period by increasing premiums by recovering half the cost from the relevant class and the remainder from the collective liability of all other classes.

In the case of a major disaster, which would cause assessment rate increases beyond 33 percent, the Board shall decide the appropriate approach in the circumstances.

The government component, excluding First Nation Government, of Class 8 shall be self-financing.

G. REVIEW

The minimum and maximum levels for the Claims Disaster 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:
Asset Replacement 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, Reserve for Disasters, effective January 1, 1993; revoked October 8, 1997.
4. Policy, Claims Disaster Component Policy Statement, effective October 8, 1997.