



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

SUBJECT: UNKNOWN DISABILITIES COMPONENT POLICY NO.: FN - 13

BOARD APPROVAL: *[Signature]*

APPROVAL DATE: 8 Oct 97

BOARD ORDER NO.: **REVOKED**

EFFECTIVE DATE: OCTOBER 8, 1997 **FEB 22 2005**

POLICY STATEMENT

SECTION

REFERENCE: **44(5)**

1992 WORKERS' COMPENSATION ACT

POLICY:

UNKNOWN DISABILITIES 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.

In accordance with the Funding Policy, the Unknown Disabilities Component is a component of the "Potential Liability and Asset Replacement Reserve." Enhanced disabilities and occupational diseases such as asbestosis are charged to the Unknown Disabilities Component. The Unknown Disabilities Component ensures that employers' experience accounts are not charged with inappropriate costs related to enhanced disabilities or occupational diseases. The Unknown Disabilities Component stabilizes rate increases. The Board approves the appropriate minimum and maximum levels of the Unknown Disabilities 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.

Any operating surplus or deficit is first charged to the rate stabilization component. Any positive balance in the rate stabilization component is allocated in the following order of priority:

Provision for Claims Disasters Component 20 % of benefits liability

Provision for Unknown Disabilities Component:
occupational disease or enhanced disability 20 % of claims disasters

Provision for the capital Asset Replacement Component equals the accumulated asset amortization.

If the provision for the Rate Stabilization Component falls to a level where there is insufficient funds to make all of the above allocations, then allocation is made until the Rate Stabilization Component equals zero. If an operating deficit causes the Rate Stabilization Component to be negative before any allocations are made, then funds are reallocated back to the Rate Stabilization Component until it equals zero. This is done by reducing the other components, listed above, in reverse order of priority.

POLICY

A. **DEFINITIONS**

(a) UNKNOWN DISABILITIES

Unknown disabilities include enhanced disabilities and occupational diseases. They are those disabilities which cannot be defined or predicted.

B. **UNKNOWN DISABILITIES COMPONENT**

The Unknown Disabilities Component shall be calculated at 20 percent of the Claims Disaster Component subject to the maximum identified in section D., MAXIMUM LEVEL.

C. **MINIMUM LEVEL**

The minimum level for the Unknown Disabilities Component shall be 20 percent of the minimum level for the Claims Disaster Component.

D. **MAXIMUM LEVEL**

The maximum level for the Unknown Disabilities Component shall be 20 percent of the maximum level for the Claims Disaster Component.

E. **SURPLUS OR DEFICIT**

If at any time the Unknown Disabilities 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 Unknown Disabilities 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.

F. **CLAIMS COST RELIEF AND CLAIMS COST TRANSFER**

Claims costs shall not be charged to the employer's experience account when the unknown disability cannot be attributed to the employer, in whole or in part.

Claims costs shall be charged to the Unknown Disabilities Component for that portion of a claim which can be attributed to an enhanced disability. The decision to charge to the Unknown Disabilities Component shall be made as soon as it is recognized that the enhanced disability is contributing to the claims costs and cannot be charged to the employer.

Claims costs for an occupational disease shall be charged to the Unknown Disabilities Component when the claims costs cannot be allocated to an employer, in whole or in part.

G. **UNKNOWN DISABILITIES**

Unknown disabilities shall be charged to claims costs and paid out of the "Potential Liability and Asset Replacement Reserve."

H. **REVIEW**

The minimum and maximum levels for the Unknown Disabilities 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
Claims Disaster Component Policy Statement
Claims Cost Relief and Claims Cost Transfer Policy Statement
Funding Policy Statement
Pre-Existing Conditions Policy Statement
Rate Stabilization 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 Enhanced Disabilities Diseases, effective January 1, 1993; revoked October 8, 1997.
4. Policy, Reserve for Occupational Diseases, effective January 1, 1993; revoked October 8, 1997.
5. Policy, Unknown Disabilities Component Policy Statement, effective October 8, 1997.