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Yukon Workers'
Compensation
Health and
Safety Board

Annual Report

Year at a glance

Note		2020	2019
1	Workers covered	24,260	24,820
2	Open claims	2,381	2,994
1, 2	Claims	994	1190
1, 2	Accepted claims	795	1,004
1, 2	Lost-time claims	388	460
1	Lost-time injury rate (<i>per 100 workers covered</i>)	1.6	1.9
1	Permanent impairment awards	15	22
5	Worker fatalities	2	3
	Decisions rendered by hearing officer	12	20
	Decisions rendered by the Workers' Compensation Appeal Tribunal	3	1
1	Registered employers	3,763	3,895
	Maximum assessable earnings/wage rate	\$90,750	\$89,145
1	Assessable payroll (<i>millions</i>)	\$1,354	\$1,360
4	Assessment revenue (<i>millions</i>)	\$27.0	\$27.6
	Average estimated premium rate (<i>per \$100 of insurable earnings</i>)	\$2.07	\$2.05
1, 3	Average collected premium rate (<i>per \$100 of insurable earnings</i>)	\$2.00	\$2.03
4	Net investment income (<i>loss</i>) (<i>millions</i>)	\$17.1	\$23.0
	Investments market return	8.4%	11.9%
4	Investments (<i>millions</i>) (<i>formerly Fund balance</i>)	\$230	\$220
	Funded position	132%	141%
	Funded position (<i>including target reserves</i>)	107%	113%
	Number of Access to Information and Protection of Privacy Act (ATIPP) requests	13	22
	Number of Public Interest Disclosure of Wrongdoing Act (PIDWA) disclosures	0	0

Notes:

Data may include revisions to prior releases.

- 1 Revised based on most recent data.
- 2 Figures may include counts of duplicate occurrences.
- 3 Based on assessment revenue as reported in the Financial Statements section.
- 4 In accordance with the Financial Statements section.
- 5 Fatalities are reported during the year in which the fatality occurred.

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Message from the Board of Directors 2020

For decades to come, the year 2020 will be stamped into our collective memory. The COVID-19 pandemic transformed the way we work, connect with our loved ones and move through our day-to-day lives. As the Board of Directors, we recognize the incredible amount of change and uncertainty every Yukoner experienced in 2020.

Although some businesses had the good fortune of maintaining healthy operations, many were confronted with an undue amount of financial and emotional stress. We know how difficult it has been for many businesses to keep employing and serving Yukoners as they wished they could, even with innovation and agility.

Workers, too, adjusted to vastly new realities. From an office employee adapting to the isolation of working from home to a grocery store clerk suddenly working on the front lines of a pandemic, day in and day out—Yukoners were asked to dig deep and find the resilience to move through a year of uncertainty.

What became clear by the end of the year is none of us could have weathered 2020 alone. Although physically disconnected, our tight-knit northern

community supported each other more than ever. We reached out to our friends and family with the simple question: how are you? We made it a priority to support local businesses. We buckled down and made the sacrifices to ensure our families, our friends and our most vulnerable populations were safe from the virus.

We are proud and humbled to be part of such a resilient territory that shares our goal of preventing disability. Resilience is something our organization has been building for many years. While we couldn't anticipate a global pandemic of this scale, we've worked diligently to create a stable foundation with a strong funded position in preparation for a year like 2020. It's this very foundation that allowed us to help Yukoners when it was most needed.

In March, as soon as the Government of Yukon issued its first set of restrictions, our Assessments Branch reached out to employers to see how they could help and quickly offered a set of financial reliefs, while members of our Occupational Health and Safety Branch connected with national-level health and safety organizations to resource the most up-to-date COVID-19 safety materials to share with Yukon workplaces.



Mark Pike—Chair
Appointed November 5, 2010
Current term ends March 29, 2023



Vicki Hancock—Alternate Chair
Appointed August 15, 2006
Current term ends October 21, 2021



Heather McIntyre—
Representative of Employers
Appointed February 26, 2015
Current term ends February 25, 2024



Lisa Martin—
Representative of Employers
Appointed April 19, 2017
Current term ends April 18, 2023

Our Claimant Services Branch collaborated with injured workers and service providers to adapt the delivery of health care and return-to-work services so treatments could continue, even during lockdown. Our IT Unit worked rapidly and tirelessly to set up our staff to work from home so operations could continue seamlessly. Our senior management team, alongside all leadership, led with a calm, knowledgeable and innovative nature that promoted a teamwork approach and healthy morale throughout the organization.

And on the ground floor, our Centralized Services Team kept the doors open all year so Yukoners had access to the services they need and deserve.

As the Board of Directors, we are proud of how our staff mobilized so quickly, and with so much integrity and care.

Yet, as much as Yukon must celebrate all that we have overcome this year, we must also look at what the pandemic has cost us, too.

With so many workers working from home, new physical challenges have naturally arisen—like ergonomics. When it comes to working remotely, worker and employer responsibilities have been brought to the forefront of the conversation around workplace health and safety.

But the more nuanced challenges that come from working in these uncertain times go beyond just physical injuries. From a business owner struggling to stay afloat to a young worker who suddenly lost their job, navigating the pandemic has challenged the mental health of so many Yukoners. 2020 was a stark reminder to every one of us: we must take care of our minds, not just our bodies.

Our organization remains steadfast in our commitment that all Yukoners participate in a culture of safety and prevention of psychological injury. How do we do it? We visit classrooms and teach—to children as young as kindergarten—the importance of kindness and respect. We're taking advantage of our global digital revolution and partnering with a university to offer online workplace psychological health and safety courses.

In 2017, the Government of Yukon amended the *Workers' Compensation Act* to include a post-traumatic stress disorder (PTSD) presumption for emergency response workers. Three years later, in 2020, the government passed a new regulation to prevent workplace violence and harassment. We know that everyone benefits from—and deserves—a workplace where employers and workers are safe and engaged, relationships are healthy, morale is high, and clients and reputation are retained. Before the new regulation comes into effect in September 2021, we'll be connecting with Yukon workplaces to make sure they're supported in every way possible.

Psychological health means there is trust, respect, teamwork, openness and resilience—a word we keep returning to.

The truth is, the COVID-19 pandemic not only changed the way we live our days, it tested our willpower. The hardships we navigated were a reminder of the strength we all have inside. The greatest challenges, as we all know, are often the most valuable lessons.

We spent 2020 physically distant, and whatever the future holds, we know this for certain: we are stronger and more connected as a community than we've ever been. It's this very strength that will allow us to weather the uncertainties ahead.



Christie Harper—
Representative of Workers
Appointed October 22, 2015
Current term ends October 21, 2021



Keith Ellert—
Representative of Workers
Appointed August 28, 2019 to
August 27, 2022



Kurt Dieckmann—President/CEO
Appointed July 8, 2016

Organizational information

Who are we?

Yukon Workers' Compensation Health and Safety Board (the Board) administers the *Workers' Compensation Act* and the *Occupational Health and Safety Act*, provides compensation, service and support to Yukon workers injured on the job, and promotes workplace safety through education, training, inspections and investigations. Our mandate is to prevent disability. We do so in a number of ways. We provide a range of services to Yukon employers. We work towards changing societal attitudes about safety and risk management by communicating strategically, engaging in social marketing and by educating Yukon youth to embrace the belief that all injuries can be prevented. We strive to reduce the incidence of injuries in Yukon workplaces through prevention support, compliance and enforcement strategies. When injuries do occur, we provide proactive, innovative and compassionate return-to-work programs, medical management and, if required, vocational rehabilitation. The Board is made up of three core branches that work collaboratively to prevent disability. All of the branches are guided by the Board's corporate values of partnership, accountability and compassion.



Claimant Services

The Claimant Services Branch supports injured workers as they navigate a challenging time in their lives. The workers' compensation system provides a range of benefits and services to injured workers appropriate to their circumstances. The Board accepted 795 claims in 2020, compared with 1,004 in 2019. Most of the claims in 2020 were for injuries caused by bodily reaction and exertion (270), contact with objects and equipment (256), and falls (146). A key principle of the system is to help workers return to their pre-injury state as quickly and safely as possible. Branch staff collaborate with workers, employers and health care providers to support a healthy transition back to work. In 2020, 85 percent of claimants were able to return to work within 90 days of injury.

Assessments

The Assessments Branch works to continuously improve processes with the goal of delivering a high quality of service to the Board's clients. The branch includes two units: Employer Services and the Centralized Services Team. Employer Services works with employers to ensure that they are appropriately classified, have adequate coverage for their workers and pay premiums when they are due. The Centralized Services Team are the front-line staff. They provide a variety of services, from helping clients register a claim to issuing compliance letters. The branch administers the CHOICES Incentive Program. Employers who provide training to their workers to improve workplace safety and return-to-work practices may be eligible for a rebate on their workers' compensation premium. In 2020, the program returned close to \$600,000 to eligible employers. The Board also issues penalties for infractions such as failing to meet registration deadlines, incorrect filing of an Employer's Payroll Return and failing to pay premiums. As of mid-March 2020, assessment penalties were waived due to COVID-19.

Occupational Health and Safety (OHS)

The OHS Branch promotes and enforces health and safety in the workplace. Alongside collaborating with Yukon communities and national organizations,

safety officers visit workplaces throughout Yukon to help employers and workers comply with the *Occupational Health and Safety Act* and Regulations. In 2020, OHS conducted 298 inspections. Safety officers issued 568 orders and 17 penalties. Starting in April 2020, safety officers conducted 140 inspections that included COVID-19 requirements. Officers wrote 56 orders to create and implement a plan or to add a component where there was a shortcoming.

The Board is also supported through the following services:

Executive Branch

The Executive Branch supports the Board of Directors along with all branches, as well as maintaining strong relationships with stakeholders, the Government of Yukon, and workers' compensation and health and safety organizations across the country. The Executive Branch also includes our Legal and Investigations units.

Human Resources

Human Resources fosters organizational change. They build partnerships and alliances, and attract, develop, reward and retain employees for the benefit of both the employee and the organization.

Corporate Services

Corporate Services connects the Yukon public with the Board's mandate of preventing disability. Corporate Services includes our Social Marketing, Communications, Outreach and Education, Policy and Hearing Officer units.

Operations

Operations includes our Building Services, Finance, Information Management and Information Technology units. Operations' services range from financial reporting, securing information technology infrastructure, software support, statistical analysis and managing *Access to Information and Protection of Privacy Act* (ATIPPA) requests from the public.

Managing the risks of COVID-19

OHS safety officers on the job

The risks and hazards presented by COVID-19 are an occupational health and safety issue, so it only makes sense that the Board has provided help and insight to manage the pandemic from the very beginning. Our safety officers have played key advisory, education and enforcement roles.

Chris Reynolds is an officer with the Occupational Health and Safety Branch. When the pandemic first started he was called in to work at the Health Emergency Operations Centre as a risk manager and safety officer under the *Civil Emergency Measures Act* (CEMA). Reynolds is also a deputy fire chief in the Golden Horn Volunteer Fire Department. His public safety background means he's used to working under the Incident Command System, used in times of emergency such as natural disasters, catastrophic events or pandemics.

Reynolds says his work involved daily briefings and intense communication with his colleagues across Yukon government to keep everyone up to speed in the rapidly changing environment. He describes the workplace as positive and upbeat, but at the same time, busy and fast-paced.

"Certain aspects were stressful," said Reynolds. "But a lot of people there were just like me; they felt the need to help the citizens of Yukon."

In an effort to keep the stress level down at the Health Emergency Operations Centre, puppies and kittens were brought in from the Mae Bachur Animal Shelter. Reynolds said spending time with

the animals helped relieve the mental strain of working long days.

Reynolds also conducted a full hazard assessment and an emergency response plan for the Respiratory Assessment Health Centre (located at the Yukon Convention Centre) and the Health Emergency Operations Centre (located in the old library building in downtown Whitehorse). In addition, he conducted a hazard assessment to prevent exposure to COVID-19, using key recommendations from the Chief Medical Officer of Health. Similar to other workplaces across the territory, this includes developing rules for meeting rooms, providing sanitizing products, identifying traffic flow through buildings and putting written policy and procedures in place.

Due to his experience and expertise with occupational health and safety, Reynolds also helped to develop a policy about personal protective equipment (PPE) and how it should be distributed around the territory.

"PPE, health and safety standards, testing, safety—this is my day job," said Reynolds. "We were trying to be as efficient as we could."

Later in the summer, Reynolds also worked at the airport. In this role, safety officers took shifts to interview passengers arriving into the territory. This involved asking questions, helping to fill out declarations, and taking names and addresses for tracking.

Throughout 2020, safety officers collaborated with CEMA enforcement officers, liquor inspectors, environmental health officers and the office of the Chief Medical Officer of Health. This included five joint inspections and regular meetings in the fall to keep everyone informed. Safety officers also worked with the office of the Chief Medical Officer of Health to review alternate isolation plans, particularly at remote work locations such as mining camps.

In addition, safety officers conducted 140 inspections that included COVID-19 requirements. Officers wrote 56 orders to create and implement a plan or to add a component where there was a shortcoming.

By the end of 2020, safety officers had become certified CEMA enforcement officers. Since the beginning of the pandemic, they have been able to enforce CEMA Regulations as well as the *Occupational Health and Safety Act* and Regulations. Now, they can issue CEMA tickets to members of the public, as well as workers and employers at worksites.

Safety officers have been helping to manage the risks of the pandemic since it started and will continue to keep Yukon safe as vaccinations roll out throughout 2021.



A critical time Supporting mental health in the workplace

Violence and harassment are serious problems in Canadian workplaces. Workers in certain sectors such as education, health care, government, emergency services and service sectors (like retail, tourism and hospitality, and restaurant and food services) have a higher risk of experiencing these hazards.

Whether it happens once or is part of a pattern, anyone can experience violence and harassment on the job, including physical assault, threatening behaviour, verbal or written threats, or verbal abuse.

In September, the Government of Yukon approved a regulation to prevent violence and harassment in the workplace alongside amendments to the *General Safety Regulations* that clarifies employer responsibilities surrounding hazard assessment. The *Violence and Harassment Prevention Regulation* and the hazard assessment amendment to the *General Safety Regulations* will come into effect on September 4, 2021.

The *Violence and Harassment Prevention Regulation* will require employers to have a written violence and harassment prevention policy and related procedures in place. This will help employers, supervisors and workers to develop a workplace culture that promotes physical and psychological health and safety.

To help support the new regulation, the Board has partnered with the University of Fredericton to provide online psychological health and safety certificate programs at a significantly reduced rate.

These psychological health and safety courses align with the new regulation by training Yukoners on the topic of workplace mental health, which goes hand in hand with violence and harassment prevention.



“The COVID-19 pandemic has challenged our mental health in ways we could not have imagined. Now, more than ever, is the time to concentrate our resources on developing psychologically healthy, safe and resilient workplaces,” said Kurt Dieckmann, President/CEO of the Board. “Our partnership with the University of Fredericton connects employers and workers to the tools they need to do just that.”

Taking these courses promotes the culture of psychological safety in the territory. The goal is to reduce stigma around mental health and increase productivity in the workplace.

The COVID-19 pandemic has been hard, especially for the most vulnerable people in our territory. One of the Board’s key strategic goals is that all Yukoners participate in a culture of safety and prevention of psychological injury. We know promoting psychological health and safety in the workplace is as urgent now as it ever has been. That’s why our work to improve mental health in the workplace will continue throughout the coming years.



Acts modernization

Creating a foundation for community connection

At the beginning of 2020, on behalf of the Government of Yukon, the Board wrapped up a significant public engagement campaign that created a strong foundation of community connection, right before the COVID-19 lockdown. Little did we know just how timely and how valuable these public meetings would be. In many ways they contributed to creating meaningful relationships that helped carry us through the tumultuous year ahead.

The engagement asked Yukon employers, workers and stakeholders for their input about how to update and amalgamate the *Workers' Compensation Act* and the *Occupational Health and Safety Act*.

The ultimate goal: to enhance worker safety, reduce workplace incidents and injuries, increase the efficiency of claim administration, reduce red tape and delays, and maintain a strong Compensation Fund.



The engagement included public meetings, one-to-one meetings, outreach events, two online surveys and written submissions. It wasn't about talking to these people, it was about listening to their opinions and concerns.

Public open houses were held in Whitehorse, Haines Junction, Watson Lake, Mayo and Dawson. Members of the external advisory group were invited from over 60 organizations including governments, agencies and other stakeholder groups representing the broad interests of workers and employers.

We saw an incredibly diverse group of participants including those from the Klondike Placer Miners' Association, Yukon Federation of Labour, Yukon Chamber of Commerce, Public Service Commission, Yukon Employees Union, Yukon First Nations, Northern Safety Network Yukon and Yukon Human Rights Commission.

There were plenty of ways to contribute to the conversation and plenty of people participated. They were encouraged by the attendance of President/CEO Kurt Dieckmann, who was at every open house to listen and help carry on the discussion. Participants told us they loved the chance to be heard and that there was such a variety of participants in the room. They seemed satisfied that their concerns were brought up, listened to and documented.

So, what did we hear?

We heard that mental health should be an integral part of the workers' compensation and occupational health and safety systems, and that it should be emphasized as an intrinsic element of healthy and safe workplaces.

We heard that the updated legislation should be written in a more accessible manner to reach a broader audience and to support compliance.

We heard the legislation should explicitly recognize and accommodate the broad, varied and unique range of workplaces in Yukon.

We heard there is a need for the updated legislation to comply with other legislation and the operations of governments, not-for-profit organizations and businesses.

Stakeholders also expressed the desire for legislation that reflects the diversity of Yukon employers and workers, and increased communication, education and training around the proposed changes.

Later on in 2020, the Government of Yukon released the What We Heard report following the engagement on the *Workers' Compensation Act* and the *Occupational Health and Safety Act*. The full report is available on engageyukon.ca and on our website at wcb.yk.ca/engage.

Assessments Branch

Empathy and agility in a time of uncertainty

The year 2020 brought uncertainty to many Yukon businesses. That's why our Assessments team, who work on the front line with employers and workers, had to take more of a proactive yet flexible approach during the pandemic.

For many of our clients, it all starts when you walk in the building. That's why the doors stayed open for business throughout the year. Because of the protective measures in place, we were able to provide the same level of service as we did before COVID-19, if not more.

"I think that is the heart of what we do here", said Lisa Clarke, Director of Assessments. "We always treat people as people, not a number."

One example of that is an elderly gentleman suffering from hearing loss. He worked with loud equipment most of his life and wanted to put in a hearing claim. He couldn't call because of his poor hearing, he didn't know what Zoom was and needed someone to talk him through the process of filing a claim. He came into the building to ask for help, but the Plexiglas, combined with his poor hearing, prevented him from communicating.

So a member of the team asked him the required COVID-19 questions, offered him a mask and sat down with him to get the required paperwork filled out. At the end of the process, he was so relieved that he asked for a handshake (but settled for knocking elbows instead).

Another example is a woman who couldn't buy a knee brace because of the initial lockdown. This was in April, when there was a real sense of uncertainty as the pandemic unfolded. To help her, the Centralized Services Team brought in a physiotherapist to a secure and disinfected office inside the building so the claimant could be properly fitted for the brace. This sort of medical procedure usually doesn't happen on the premises, but exceptions were made to accommodate clients during this unprecedented time.

It was a hard year for employers, as well. They faced tough questions throughout the year. How long would they be shut down? Would they be able to retain their employees? Could finances be stretched enough to allow them to continue operating?

When an employer called because they couldn't pay their assessment premiums or they wanted to defer their payments, Employer Services offered options and flexibility.

The team took more of a proactive stance throughout the year, given the stressful situation for local business. They looked for new ways to help businesses with their finances. For instance, they looked at the list of credit card payments about to be processed and called those who owed more than \$5,000. Employers had the option to defer their payment, pay half now and half later or make changes to their payroll. Every situation was dealt with on a case-by-case basis.

In addition, penalties for late payments were waived from March 15 until the end of the year, so no one was charged a penalty for the remainder of 2020.

By the end of the year, the Assessments Branch saw more people walk through the doors, but this time wearing masks, using the hand sanitizer station and talking to our Centralized Services or Employer Services Teams through a protective Plexiglas barrier. And in the spirit of being proactive, we're fully prepared should COVID-19 get into our workplace. The work schedule has been adjusted, so if there is exposure inside the building there are people who are now working from home who are able to come in and run the front desk. That way the doors stay open and we can keep helping those who need our help more than ever, during these times.



Claimant Services Branch

Building a support system

When the pandemic hit in early 2020, the Claimant Services Branch already had the strong foundation it needed to build a support system to meet the needs of their clients and each other.

Years of team building, training in resiliency, working in a traumatic work environment and psychological health and safety allowed them to continue to provide strong customer service, with all the disruptions introduced by the pandemic.

Staff work with clients who are injured or ill and dealing with a sudden change to their lives. Helping these people return to their jobs as safely as possible requires a compassionate and adaptable skill set. Staff are also required to set up medical care and travel, both of which are challenging in a pandemic.

According to Susanne Wirth, Director of the Claimant Services Branch, the team started cross-training a few years ago so all staff were capable of supporting all business aspects of the branch. In the event hundreds of claims came in all at once, team members could shift from one role to another so decisions about claims could be made as efficiently as possible.

“I think with the changes previously to restructure the whole unit, the mindset changed,” said Wirth.

“COVID-19 was another change, but the team was already getting used to doing things differently,” said Wirth, explaining that staff had recently started using new technology to manage the claims. “They pushed out of their comfort zone and there was more uptake and less resistance. Everybody pulled together and supported each other”.

As the pandemic progressed throughout 2020, claimants not only experienced disruption at work but also to their medical treatment plans. One of the key challenges for the team was keeping claimants connected to their doctors and treatment providers. This happened through an increase in



virtual appointments, which was especially important to workers in small communities who could not risk travel inside or outside the territory. Doctor’s appointments, vocational and psychological assessments, physiotherapy all had to move to virtual platforms.

Our case managers had to be flexible, innovative and compassionate to solve problems so treatment and return to work could proceed. When the border re-opened with British Columbia, claimants were able to go back to specialist clinics in Vancouver, but it wasn’t a simple process. Some claimants didn’t feel comfortable or safe going on a plane. That’s why each case was dealt with on an individual basis in order to meet individual needs. Safety of the claimants, staff and health care providers was always the priority.

The COVID-19 pandemic introduced new and unexpected challenges for both staff and claimants in 2020, but the ongoing training within the branch to better understand relationships, and improve communications and collaboration helped the team build the support system their clients needed.

Starting with a smile

Promoting kindness and feeling safe in the classroom

For our children, school is not just school. It's an important first "work" experience. It helps to shape their views, their behaviour and prepares them for a future career. That's why it's so important school is a place where kids can feel safe and have a sense of belonging.

Learning about health and safety from a young age helps develop positive attitudes towards injury prevention. Safety is a skill that can be practised and improved upon like anything else kids learn. They can practise walking and not running in the halls, washing hands before snack or wearing a mask on the school bus.

Our children are also feeling the mental strain of the pandemic and that's just one reason behind our work in the classroom in 2020.

This year's decision to focus on psychological safety is primarily to support the Board's efforts to raise awareness about psychological injury prevention as part of the new *Violence and Harassment Prevention Regulation*. It also made class visits during the COVID-19 pandemic safer, since facilitators were able to leave their teaching props at the office and simply focus on telling stories and having a discussion.

Noah Chaikel is a safety communications consultant who teaches these lessons to young children in schools around the territory. He says kids are naturally kind. They see the connections between being kind and keeping safe. And since they love puppets, to pretend and read stories, they're receptive to the tools he uses.

"I'm always surprised by how perceptive kids can be and how they notice small details that are really significant," said Chaikel. "As part of the lesson, I tell a story about a girl who is kind and ask kids to spot ways she's being kind and how it can help keep people safe."

"Kids notice that the girl offers to help, and that she's inclusive, careful and respectful," Chaikel continued. "I remember one boy who pointed out simply that she smiles. He explained that smiling at other people is kind and makes us feel like we belong."

"As a group, we talked about it a bit further and decided that if we feel like we belong, respected and recognized, that really makes us feel safe," said Chaikel. "Starting with a smile!"

Our physical, emotional and mental health are interconnected. Inspiring healthy and socially aware behaviour at a young age plays a big role in shaping the psychological health of tomorrow's workplaces.



IT heroes

The rush to work from home



It came on fast and furious. The rush to get staff working from home during the COVID-19 lockdown was, in many ways, a race against time.

Looking back, everyone can probably agree the folks who got us set up to work from home deserve some serious recognition. At the Yukon Workers' Compensation Health and Safety Board, a small team handled the transition with passion, dedication and some pretty intense motivation.

"It was exciting, in a terrifying kind of way," said Greg Lane, the Board's Chief Information Officer.

"It came down to focus. When the pandemic started and we needed to get people out of the building, our priorities shifted in a heartbeat. All sorts of project work got parked."

It was a combination of getting organized, working with Human Resources and coordinating the distribution and configuration of equipment and software. As Board staff connected from home and there was a dramatic increase in remote connections, the IT team also had to carry out technical work to ensure the firewall was able to handle the additional load.

After the team set up staff to work from home, they made the extra effort to reach out and check in with them. For many staff, working from home was a big change so they appreciated the extra guidance.

This quick turn-around meant that business continued as usual. Our clients and claimants remained a top priority. There were little or no breaks in services, even in the midst of dramatic changes in our workplace.

While it was a challenging time that involved a lot of hard work, stress and overtime, Lane looks at it from a most interesting and optimistic perspective.

"As Winston Churchill famously quipped: 'Never let a good crisis go to waste.' So many things that people said couldn't be done, were done."

YWCHSB essential services

Keeping operations going

While many employees made the transition to work from home in early 2020, a very dedicated group of people continued to work from YWCHSB headquarters.

It was a stressful time, and the employees who needed to be on the premises at 401 Strickland Street in downtown Whitehorse were only those essential to maintaining operations. Almost a quarter of our approximately 90 staff members continued to work in the building despite the risks presented by COVID-19.

The Centralized Services Team, the staff at our front desk, continued to come in to serve members of the public and keep our doors open throughout 2020.

Most of the Finance team were on site as well. This allowed the Board to get cheques out to clients, pay invoices and collect payments from employers. Although some operations could be done electronically, most of the work had to be done on the premises.

“A lot of people stepped up in the face of uncertainty, coming in the office,” said Jim Stephens, Vice President of Operations and Chief Financial Officer. “Not knowing if they were putting themselves at risk, these core people acted in a brave manner to keep operations going.”

Stephens says the biggest challenge was figuring out what needed to be done to keep staff safe. This started with a hazard assessment for COVID-19, conducted by one of our safety officers.

Then came the job of securing the hand sanitizer, wipes and Plexiglas to prevent the risk of exposure inside the building. Not an easy task at the time, as supplies were low all over the territory and the country.

Like many other workplaces, it was clear that sanitizing surfaces such as door knobs and railings had to be done to maintain a safe work environment. Staff working on site volunteered to take shifts to keep each other safe.

The small group of people who continued to work from the office also includes members of the Executive team and a few others who did so on their own accord. This skeleton crew kept operations going during one of the most uncertain times in recent history.



Going virtual

Creating a better online experience

The pandemic changed the way we do things. It changed the way we interact with people and, in many cases, it changed the way we reach out for help.

When the lockdown occurred in spring 2020, more Yukoners were turning to our website to find answers, while most of our staff were working from home. The combined effect placed more reliance on our website than ever before.

We had already recognized that our website was in need of a refresh, but with required physical distancing measures imposed, the need to ensure clients could find relevant information online became top priority. With that in mind, after months of hard work, our new website went live in late fall 2020.

The overall look and feel of the website has changed significantly, and it's much easier to navigate since the information is clearly laid out and organized.



The search engine has also dramatically improved. The new website uses a more robust algorithm for indexing the content to directly link to the right information. On top of that, all of the content was reviewed and updated when it moved over to the new site to provide the most relevant and up-to-date information.

The mobile experience has also changed for the better. The new website incorporates 'responsive web design' which dynamically changes the appearance of the website so any task can be performed just as easily on a smartphone or tablet.

Finally, the new website better aligns and reflects the Board's mandate, with an even stronger focus on safety. After all, the key to workplace safety is prevention, and our job is to work with employers and workers to prevent disability. Our goal is to get ahead of workplace incidents, injuries and fatalities. Whether the objective is to learn how to put together a safety plan, do a hazard assessment or learn more about the right to refuse unsafe work, it's all there at: wcb.yk.ca.

Online safety training

New opportunities arise from pandemic restrictions

COVID-19 impacts highlighted the importance of online safety and prevention training opportunities, particularly for those Yukoners living in rural communities. Throughout 2020, the Board provided employers and workers access to training opportunities that resulted from COVID-19 restrictions.

As soon as the pandemic started, YWCHSB provided the latest in COVID-19 safety measures, thanks to the Canadian Centre for Occupational Health and Safety (CCOHS). The CCOHS guides industries, employers and workers to improve health and safety programs. In response to the COVID-19 pandemic, CCOHS developed a series of safety courses, tools and resources, such as pandemic guidance tip sheets, and made them available for free on their website.

These resources, also posted on the YWCHSB website, were available at both a general level and for those operating in higher-risk and essential occupations and industries.

In 2019, our Board of Directors provided Northern Safety Network Yukon (NSNY) with funding to develop three additional online training courses. The timing of these courses was fortunate for everyone, as it allowed more safety training to be provided virtually throughout the pandemic. In fall 2020, NSNY rolled out these online courses, which include Return to Work for Small Businesses and the Basics of Workers' Compensation, Return to Work for Large Businesses and the Basics of Workers' Compensation, and WHMIS Train the Trainer. NSNY also added COVID-19 Safety to its group of online courses.

Links to all of the above online courses through CCOHS and NSNY were posted on the Board's website. The information was also provided to our Stakeholder Advisory Committee and Prevention and Safety Advisory Group to share with their members.

President/CEO Kurt Dieckmann

Experience from the ground up

Yukon Workers' Compensation Health and Safety Board is the smallest Compensation Board in Canada (Nunavut and Northwest Territories are combined) but we still contributed to national compensation and safety initiatives in 2020.

President/CEO Kurt Dieckmann was elected Chair of the Association of Workers' Compensation Boards of Canada (AWCBC) Board of Directors in December. He's currently serving a two-year term. In this role, Dieckmann works directly with the association's CEO to advance national workplace safety and compensation issues. He brings those priorities

forward to the Association's Board of Directors for recommendations and approval. It's a job he's well suited for, given his depth of experience and passion for workplace safety.

Perhaps that's why Dieckmann was also recently appointed to another high profile role in the safety industry. In December, the federal Minister of Labour, the Honourable Filomena Tassi, appointed Dieckmann to represent Yukon on the Council of Governors at the Canadian Centre for Occupational Health and Safety (CCOHS). He's currently serving a four-year term.



CCOHS guides industries, employers and workers to improve health and safety programs. In response to the COVID-19 pandemic, CCOHS developed a series of tools and resources, such as pandemic guidance tip sheets, and made them available for free on their website.

In addition, Dieckmann is an executive sponsor of the Association of Workers' Compensation Boards of Canada's National Work Injury/Disease Statistics Program committee.

Dieckmann comes into this kind of work quite honestly, with a lot of experience under his belt. As a long-time Yukoner, he grew up in Ross River. His family owned a local hotel there called the Welcome Inn, so he grew up knowing the reality and the pressure of running a small business.

Most importantly, he understands the importance of safety. Dieckmann started his career in underground mining and then moved on to the construction industry. When he became injured on the job, he filed a claim and went on workers' compensation but the nature of his injury prevented his return to mining and construction work.

When he saw a job advertised at YWCHSB, he knew he wanted to pursue it because of his experience being a claimant, and knowing what the organization does to help people.

Dieckmann was initially hired at YWCHSB as a safety officer. He then went on to join the Yukon Contractors Association to help establish the Yukon Construction Safety Association training and Certificate of Recognition (COR) program for that

industry. After that, he came back to the Board to take on the role of Director of Occupational Health and Safety, where he continued to work closely with the Yukon Contractors Association, promoting the COR program.

He continued this work at the Board as the Northern Safety Network Yukon was created, with the goal of advancing the COR program to make it more accessible to all Yukon employers and workers. Following that, he took on the role of Director of Corporate Services for a few years before becoming President/CEO in 2016.

Dieckmann says his passion for safety and understanding of the job comes through personal experience, which is something close to his heart after losing three close friends in work-related incidents. He understands the perspective of the injured worker, and he knows the agony and pain experienced after a workplace fatality.

"We want to make sure people understand that you can't ever know that you're doing enough, until you formally assess your workplace," said Dieckmann. "What we really want to encourage in every industry in the territory, is for employers to look at the hazards in their workplace and do sound hazard assessments."

"Based on those assessments, employers need to develop policies, processes and procedures they can use to train themselves and their workers so that they know how to handle any hazards that arise. That is really the key to workplace safety."

Privacy and security

Privacy and security are an integral part of the Board's culture. In order to fulfill our responsibilities under our legislation, we collect a broad range of information from employers, injured workers, health care practitioners, and other individuals and organizations. This information is often personal and confidential. We prioritize our obligation to store this information securely and protect it from unauthorized use and access.

Our chief information governance officer and our privacy officer work closely with all branches in the organization to assure that proper processes and procedures are in place in order to safeguard the security of data. The chief information governance officer is also responsible for managing ATIPP requests.

In 2020, we successfully upgraded our core claims system, which removed dependency on older software and implemented a much improved user interface. We also completed our migration to Windows 10 (replacing Windows 7), enhanced patching processes and made other network security improvements. As well, we began implementing a new and improved version of our training program 'Securing the Human' to help staff practise good privacy and security hygiene.

Policy, reviews and appeals, and appeals to the Board of Directors

Policy

We update our policies to help with the implementation of our legislation. We do this for the benefit of employers, claimants and Yukon-at-large. In 2020, this meant stepping back and reviewing the current policy framework to ensure that all policies are prioritized for review to identify potential changes. Policies are developed and amended in engagement with internal and external stakeholder groups. Then they are approved by our Board of Directors. One policy amendment came into effect in 2020.

The Earnings Loss Benefits Policy (EL-01) was clarified to ensure synchronicity with the *Workers' Compensation Act*. The *Workers' Compensation Act* states that YWCHSB shall subtract 50% of a worker's gross disability benefit from their average weekly earnings, up to the maximum wage rate. EL-01 was amended to clarify this provision.

Reviews and appeals

Injured workers or employers who disagree with any claims decisions can request a review of those decisions within two years. The Workers' Advocate Office, independent from the Board, often plays a role in helping injured workers resolve disputes at that stage. If a matter cannot be resolved informally, the next step is an internal review by a hearing officer who can confirm, vary or reverse the original decision.

If the injured worker or employer does not agree with a hearing officer's decision, they can appeal to the Workers' Compensation Appeal Tribunal (WCAT). WCAT is an independent body whose members are appointed by the Government of Yukon. WCAT decisions are final and binding.

Board hearing officers reviewed 12 decisions, of those seven were confirmed and five were reversed.

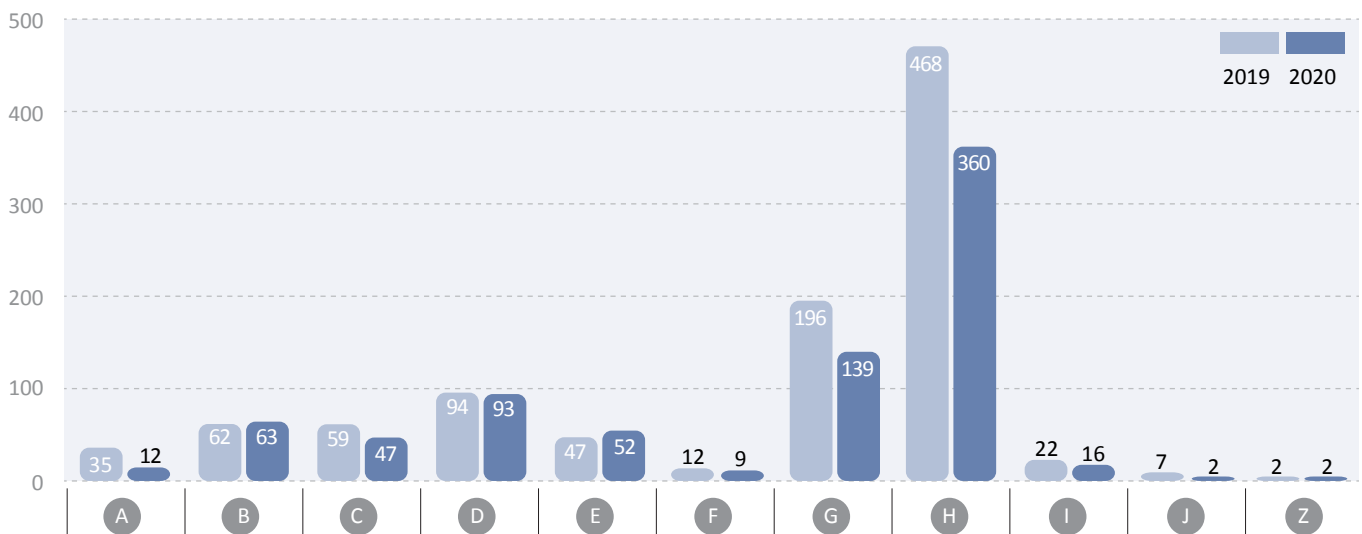
In 2020, WCAT issued three decisions, all of which confirmed hearing officer decisions.

Appeals to the Board of Directors

An appeal panel of the Board of Directors is authorized to hear appeals on matters pertaining to assessments, occupational health and safety and right-of-action determinations. In 2020, two decisions were issued. One was related to an occupational health and safety matter, which the appeal panel found that it did not have jurisdiction to hear; and one was related to an assessments matter which varied YWCHSB's decision.

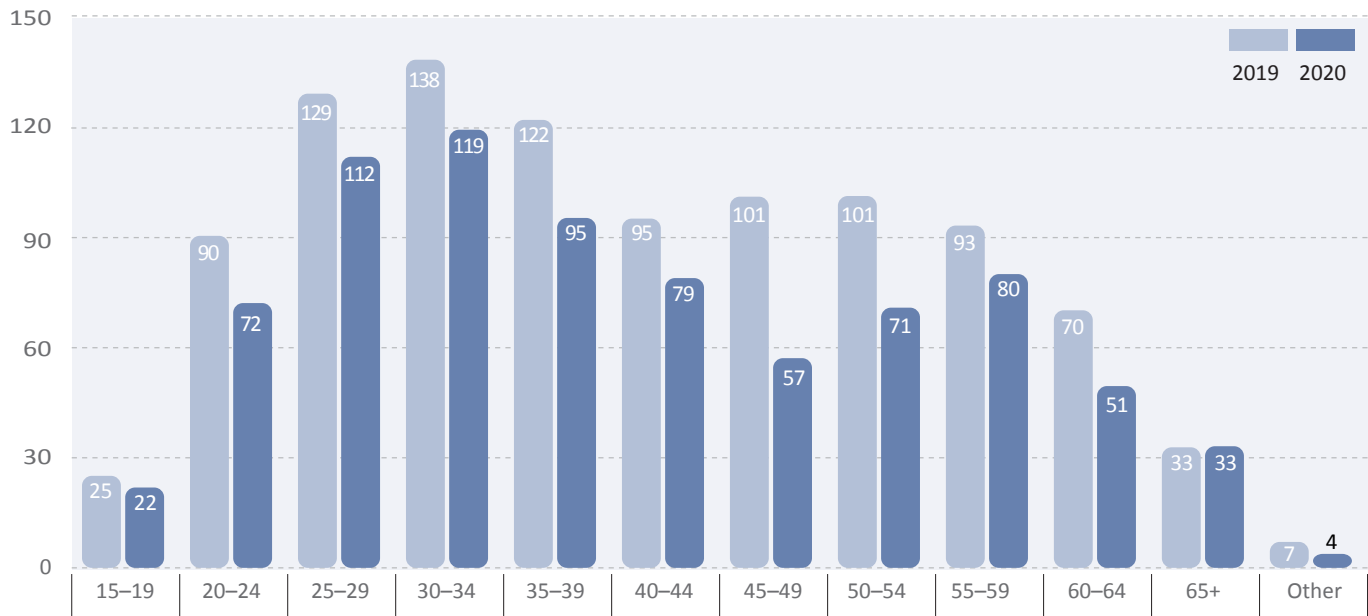
Charts

Accepted claims by occupation

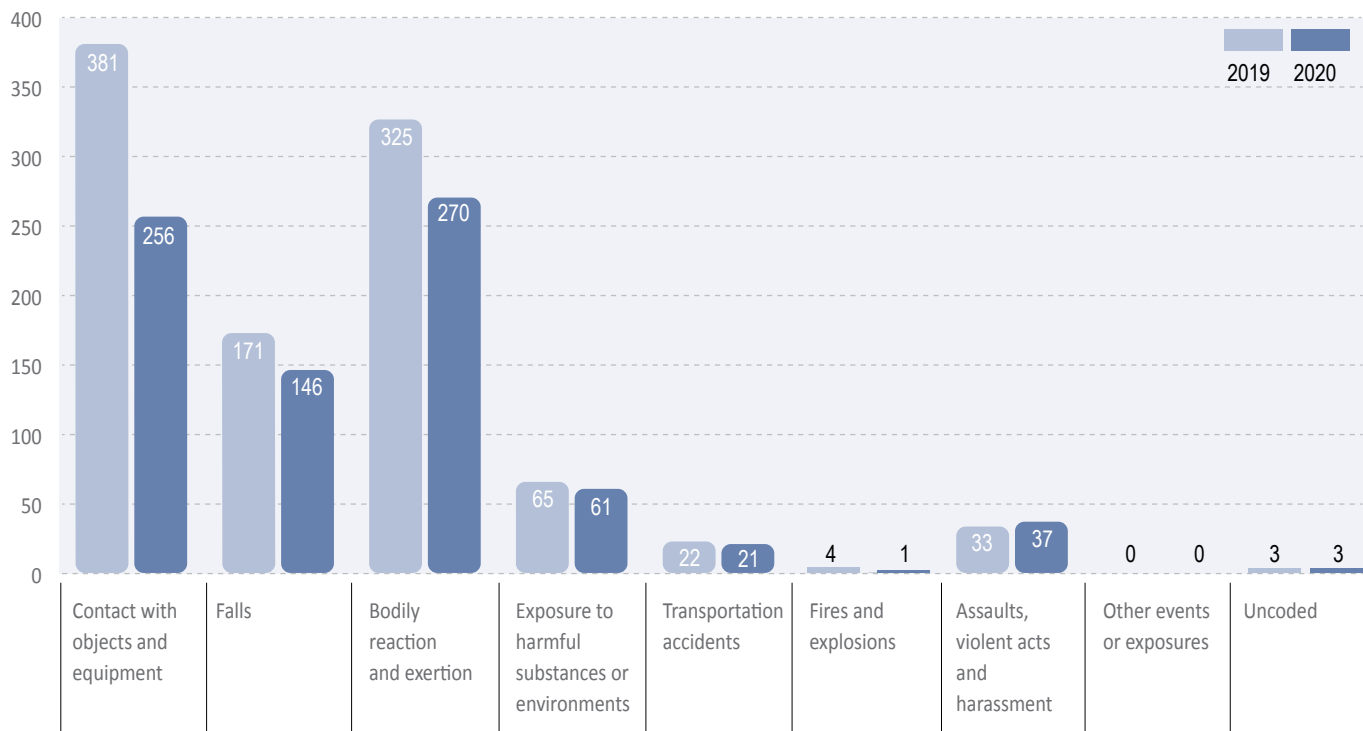


- A** Management Occupations
- B** Business, Finance and Administration Occupations
- C** Natural and Applied Sciences and Related Occupations
- D** Health Occupations
- E** Occupations in Social Science, Education, Government Service and Religion
- F** Occupations in Art, Culture, Recreation and Sport
- G** Sales and Service Occupations
- H** Trades, Transport and Equipment Operators and Related Occupations
- I** Occupations Unique to Primary Industry
- J** Occupations Unique to Processing, Manufacturing and Utilities
- Z** Unknown or Uncoded

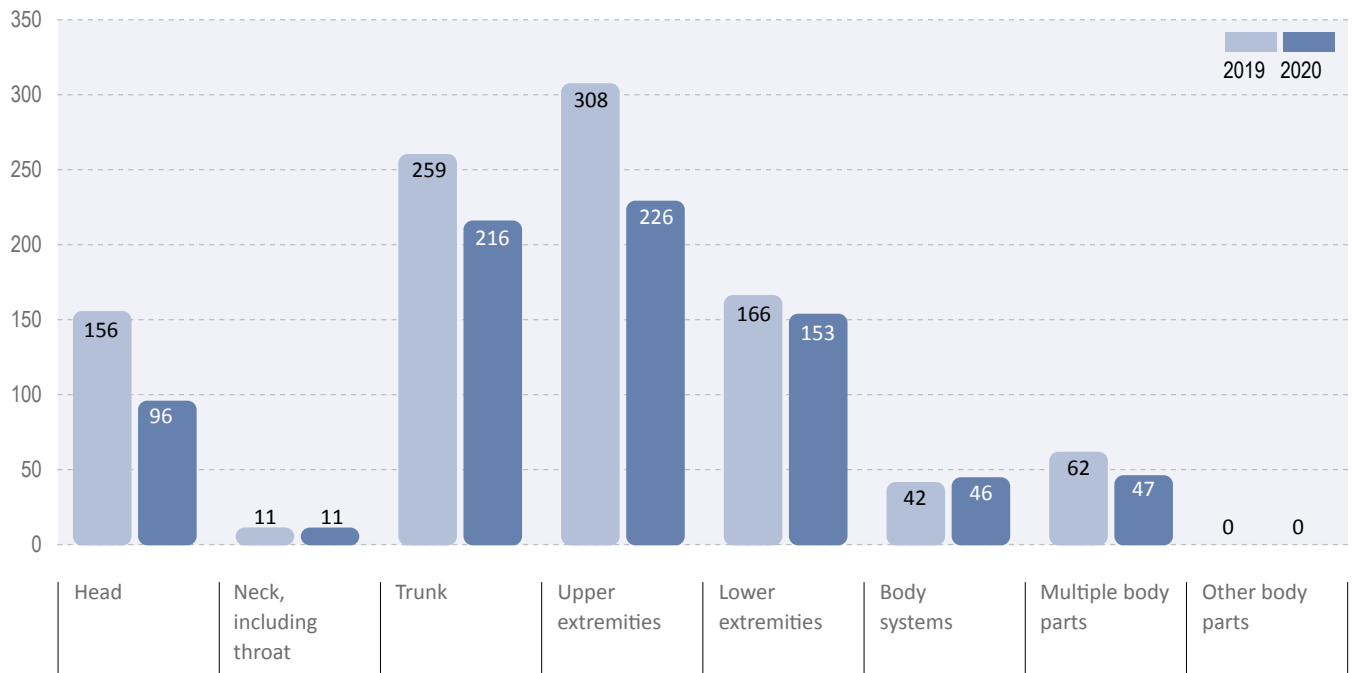
Accepted claims by age group



Accepted claims by event or exposure



Accepted claims by part of body affected



Lost-time injury rate per 100 covered workers



Financials

Management’s Discussion and Analysis

The Management’s Discussion and Analysis provides further insight into the financial performance of the Compensation Fund (the Fund) for the year ended December 31, 2020. The audited financial statements and supporting notes are integral to this analysis and should be read in conjunction with it. Unless otherwise indicated, all amounts are expressed in Canadian dollars and have been derived from the Fund’s annual financial statements prepared in accordance with International Financial Reporting Standards.

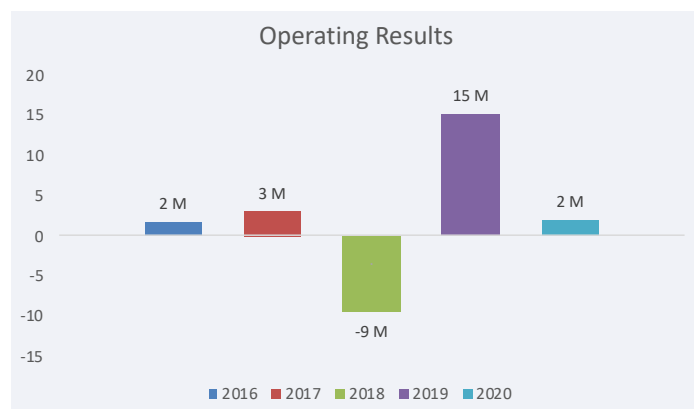
Forward-looking statements

Any forward-looking statements in this document represent the views of management. Forward-looking information is subject to many risks and uncertainties, and may contain significant assumptions about the future. These statements are presented to help stakeholders understand the Fund’s financial position, priorities and anticipated financial performance.

Risk and uncertainties about future assumptions include, but are not limited to, the changing financial markets, the industry mix of the Yukon workforce, the general economy, legislation, accounting standards, appeals and court decisions, and other known or unknown risks. Readers are cautioned not to place undue reliance on forward-looking information as our actual results may differ materially from those expressed or implied.

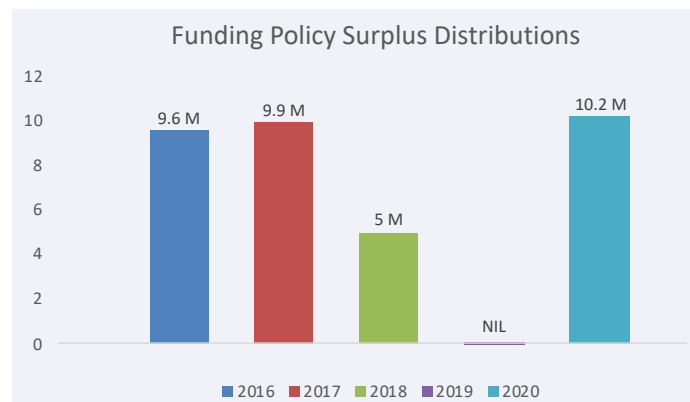
Operating results

In 2020, the Fund incurred an operating surplus of \$2.0 million, versus \$15.3 million in 2019. This was a result of higher claims and administration costs and lower net investment income compared to 2019.



Total comprehensive income (loss), which includes funding policy surplus distributions or recoveries, and the actuarial gain or loss on post-employment benefits, was \$8.3 million (loss) in 2020 versus \$15.3 million (income) in 2019.

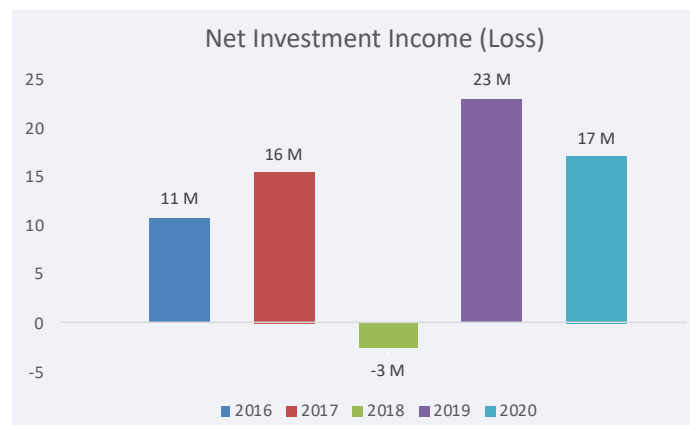
The main difference in total comprehensive income is due to the \$10.2 million surplus distributions approved by the Board of Directors in 2020.



Revenues

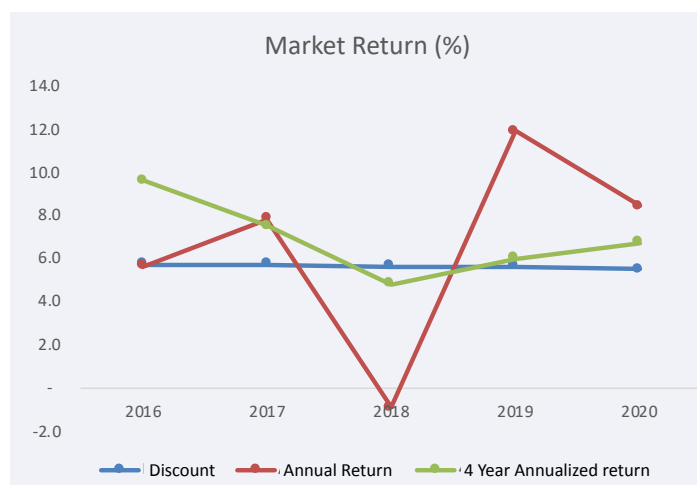
The Fund’s revenue and income totalled \$45.2 million in 2020 versus \$52.0 million in 2019. The change in overall revenue was mainly a result of a decrease in net investment income.

Net investment income in 2020 was \$17.1 million versus \$23.0 million in 2019, a decrease of \$5.9 million.

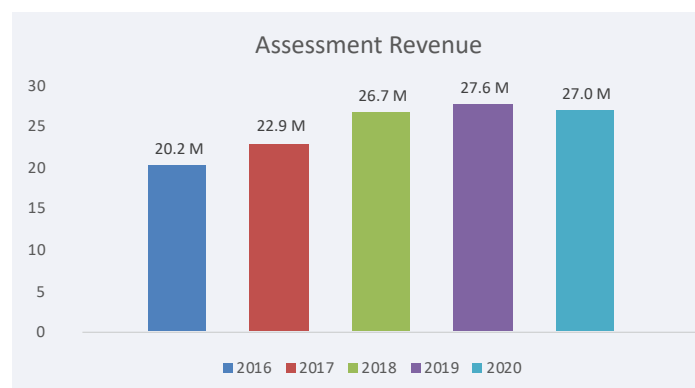


In 2020 the Fund was able to recover from the drop in the stock market due to the onset of COVID-19 restrictions and was able to end the year with an overall return of 8.4% and a four-year annualized return in 2020 of 6.7%. The investment portfolio’s asset mix is 42% fixed income and 58% equities.

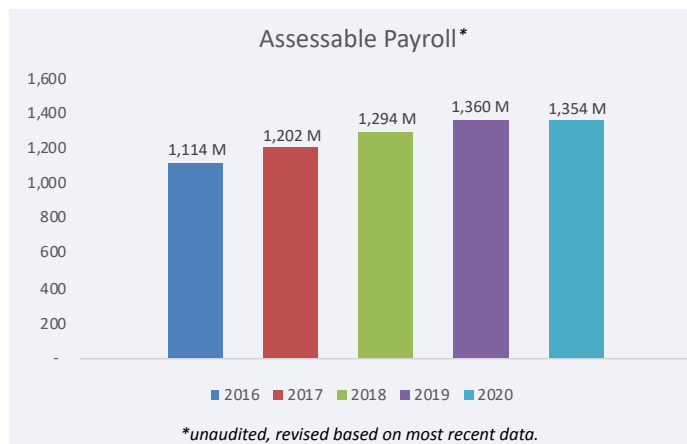
This asset mix reflects Yukon Workers' Compensation Health and Safety Board's (the Board) conservative approach to managing its investment portfolio.



Assessment revenue in 2020 was \$27.0 million, down slightly from \$27.6 million in 2019.

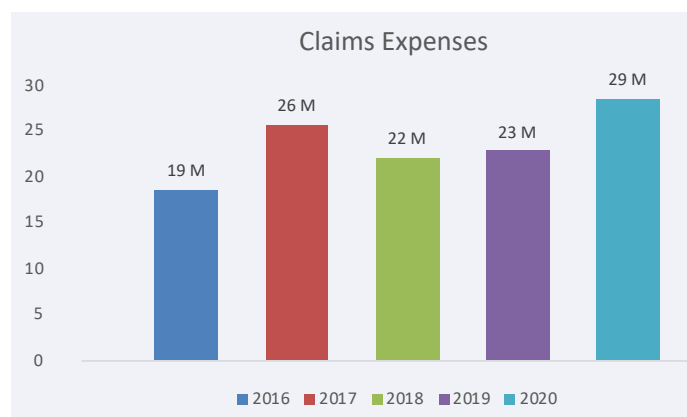


The decrease in assessment revenue can be partly attributed to a slight decrease in assessable payroll of approximately \$6.0 million compared to 2019. This decrease is due to certain industries who were negatively impacted by COVID-19 lockdowns and travel restrictions.

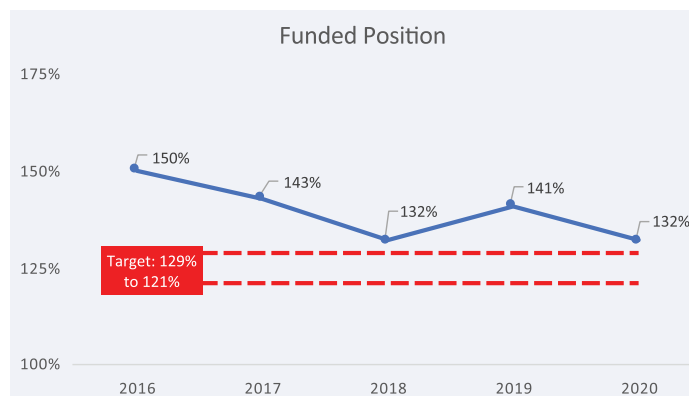
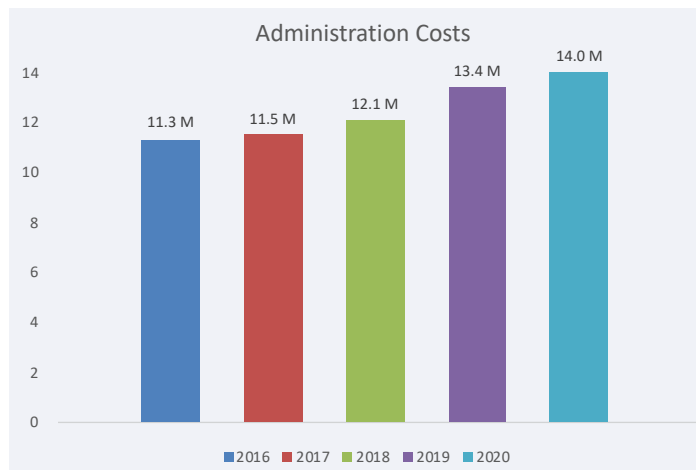


Expenses

Total claims expenses increased to \$28.5 million in 2020 from \$22.8 million in 2019. Claims expenses were higher in 2020 mainly due to higher than expected payments on prior year injuries and a change in actuarial assumptions that saw a decrease in the discount rate used by the actuaries to value the benefits liability. The nominal discount rate changed from 5.5% in 2019 to 5.15% in 2020.



Administration costs increased to \$14.0 million in 2020 from \$13.4 million in 2019. This is mainly due to costs associated with salaries and benefits and an increase in computer systems. Increases to salaries and benefits were mainly driven by the cost-of-living increases required by the collective bargaining agreement. The increase in computer systems related costs was due to the cost of transitioning to a remote work environment and increased spending for security.



Balance Sheet

At the end of each fiscal year, the Board’s actuary calculates the benefits liability for all injuries that have occurred to date. This liability represents the actuarial present value of all future benefits and related administration costs. As at December 31, 2020, this liability was \$171.2 million, an increase of approximately 6.6% over the previous year. The benefits liability increased when compared to 2019 mainly as a result of the change in discount rate and the favourable claims experience incurred in long-term claims in 2019, which resulted in a lower than expected increase in 2019.

The total assets of the Fund increased by \$13.2 million or 5.6% in 2020. The increase in total assets is related mainly to the increase in the value of the investments which were driven by the solid annual returns earned during 2020.

Funded Position

The funding ratio is calculated by dividing the total assets by the total liabilities. Like a pension plan, the Fund must have adequate assets to ensure that benefits can be provided to injured workers both now and well into the future. Reserves are necessary to ensure that the Board can minimize rate volatility, protect the Fund from unforeseen catastrophic events and preserve capital during large downturns in financial markets.

As at December 31, 2020, the funding ratio was 132%, down from 141% in 2019. Due to the strong investment returns in 2020 the Board of Directors authorized a surplus distribution of \$10.2 million.

Outlook

2020 has been a year like no other and overall the Board weathered the storm while ending the year in a strong financial position. The COVID-19 pandemic created tremendous economic damage to certain industries and financial hardship for many individuals. In Yukon, any industry that relies on travel and or tourism has been hit very hard and even as we enter 2021 uncertainty surrounding the pandemic still prevails.

In 2020, after the pandemic struck and governments placed restrictions on workplaces and travel, the Board moved quickly to help alleviate financial hardship to employers by eliminating late-payment penalties and stopping interest on overdue accounts. Working closely with employers, payments were deferred and flexible payment schedules were developed.

2020 brought many challenges that allowed our dedicated staff to showcase our ability to execute under very challenging circumstances. We benefited from our continued investment in our IT infrastructure and major business systems that occurred over the last decade. The Board was able to pivot very quickly when the pandemic struck. We were able to move the majority of our workforce out of the office to their homes and, leveraging our digital assets, we were able to carry on providing our services to our clients with minimal disruption. This was also true for dealing with our stakeholders where physical in-person meetings were switched to “Zoom” virtual meetings. The year 2020 significantly changed how our services were provided and will definitely influence the “new normal” once the pandemic is under control.

As we enter 2021, our robust balance sheet, strong stakeholder relationships and dedicated staff should allow us to adapt to whatever lies ahead. This should allow the Board to maintain affordable rates for our employers, ensure that our future obligations to injured workers can be met and continue to help make all workplaces as safe as possible. Hopefully, the pandemic of 2020, is a once-in-a-hundred-year event!

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The management of the Yukon Workers' Compensation Health and Safety Board (the "Board") is responsible for establishing and maintaining a system of books, records, internal controls and management practices designed to provide reasonable assurance that reliable financial information is produced on a timely basis; Compensation Fund assets are safeguarded and controlled; transactions of the Compensation Fund are in accordance with relevant legislation, regulations and Board policies; the Board's resources are managed efficiently and economically and the operations of the Board are carried out effectively.

Management is also responsible for the integrity and objectivity of the financial statements of the Compensation Fund, including any amounts that must of necessity be based on management's best estimates, experience and judgement. Management is responsible for preparing the accompanying financial statements in accordance with International Financial Reporting Standards. Other financial information included in the Annual Report is consistent with these financial statements.


Members of the Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board of Directors exercises its responsibilities through the Finance, Investment, and Audit Committee (the "Committee"). The Committee meets with management and the external auditors on a regular basis. The Committee has reviewed the financial statements and has submitted its report to the Board of Directors, which has approved these financial statements.

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

Morneau Shepell, an independent consulting actuarial firm, has completed an actuarial valuation of the benefits liability of the Compensation Fund included in the financial statements and reported thereon in accordance with accepted actuarial practice.



Kurt Dieckmann, MBA, CRSP
President and Chief Executive Officer



Jim Stephens, CPA, CMA, CGA
Vice President, Operations and Chief Financial Officer

April 20, 2021



Actuarial Statement of Opinion

I have completed the actuarial valuation of the benefits liability of the Yukon Workers' Compensation Health and Safety Board (the "board") as at December 31, 2020 (the "valuation date"). Details of the data, actuarial assumptions, valuation methods and results are included in the actuarial valuation report as at the valuation date, of which this statement of opinion forms part. In my opinion:

1. The data on which the valuation is based were supplied by the board in accordance with specifications provided by us. We applied such checks of reasonableness of the data as we considered appropriate, and have concluded that the data are sufficient and reliable to permit a realistic valuation of the benefits liability.
2. The actuarial assumptions adopted in computing the benefits liability are adequate and appropriate for the purpose of the valuation. The economic assumptions are consistent with the funding and investment policies of the board.
3. The methods used are appropriate for the purpose of the valuation and are in accordance with accepted actuarial practice for workers' compensation organizations in Canada.
4. The estimate of the actuarial liabilities as at the valuation date is \$171,226,000. This includes provisions for benefits expected to be paid after the valuation date for claims that occurred on or before the valuation date. A provision for future claims arising from long latency occupational diseases is included in this valuation. This liability includes future administrative expenses for all benefits, with the exception of the Annuity benefit. It does not include any accrued liability for claims arising from self-insured accounts.
5. The liability as at the valuation date for Annuity contributions and interest already set aside by the board up to the valuation date for purposes of providing pension benefits to injured workers was obtained from the board's finance division and is included in item 4 above.
6. The amount of the actuarial liabilities makes appropriate provision for all personal injury compensation obligations and the financial statements fairly present the results of the valuation.
7. This report has been prepared, and my opinions given, in accordance with accepted actuarial practice in Canada.
8. The valuation is based on the provisions of the *Workers' Compensation Act* of the Yukon Territory and on the board's policies and practices in effect on the valuation date.

Thane MacKay, F.C.I.A.

This report has been peer reviewed by Mark Simpson, FCIA.



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Compensation Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Compensation Fund, which comprise the statement of financial position as at 31 December 2020, and the statement of operations and comprehensive income, statement of changes in funded position (equity) and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Compensation Fund as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Compensation Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Yukon Workers' Compensation Health and Safety Board's annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Compensation Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Compensation Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Compensation Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Compensation Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Compensation Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the

- 3 -

related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Compensation Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the financial statements, we have audited transactions of the Compensation Fund coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are the *Workers' Compensation Act* and regulations, the *Occupational Health and Safety Act* and regulations, and the *Financial Administration Act* of Yukon and regulations.

In our opinion, the transactions of the Compensation Fund that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Workers' Compensation Act*, we report that, in our opinion, the accounting principles in IFRSs have been applied on a basis consistent with that of the preceding year. In addition, in our opinion, proper books of account have been kept by the Compensation Fund and the financial statements are in agreement therewith.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Compensation Fund's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Compensation Fund to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.



David Irving, CPA, CA
Principal
for the Auditor General of Canada

Edmonton, Canada
20 April 2021

Compensation Fund

Statement of Financial Position / As at December 31

(In Canadian Dollars)

	Note	2020 (\$000s)	2019 (\$000s)
ASSETS			
Cash		\$ 4,581	\$ 1,501
Accounts receivable	6	2,683	2,858
Prepaid expenses		369	304
Investments	7	230,366	220,237
Property and equipment	8	9,510	9,542
Intangible assets	9	3,290	3,122
Total assets		\$ 250,799	\$ 237,564
LIABILITIES			
Accounts payable and accrued liabilities	10	5,079	4,850
Surplus distributions payable	14	10,220	-
Deferred portion of government grant	11	36	72
Benefits liability	12	171,226	160,659
Employee benefits	13	3,956	3,407
Total liabilities		190,517	168,988
FUNDED POSITION (EQUITY)			
Reserves	14	60,282	68,576
Total equity		60,282	68,576
Total liabilities and equity		\$ 250,799	\$ 237,564

Commitments and Contingencies (notes 16 and 18)

The accompanying notes are an integral part of these financial statements.

Approved by the Yukon Workers' Compensation Health and Safety Board

Mark Pike
Chair

Compensation Fund

Statement of Operations and Comprehensive Income / For the year ended December 31

(In Canadian Dollars)

	Note	2020 (\$000s)	2019 (\$000s)
Revenue and Income			
Assessment revenue		\$ 27,021	\$ 27,551
Net investment income	7	17,084	23,019
Recoveries and other receipts		1,050	1,465
		<u>45,155</u>	<u>52,035</u>
Expenses			
Claims expenses	12	28,464	22,786
Administration	17		
General and Administration		10,067	9,327
Occupational Health and Safety		2,059	2,348
Act and Regulation Amendments		1,238	976
Workers' Advocate		348	409
Employer Advisor		129	167
Appeal Tribunal		115	143
Prevention		692	603
		<u>43,112</u>	<u>36,759</u>
Operating surplus		<u>2,043</u>	<u>15,276</u>
Funding policy surplus (distributions) recoveries	14	<u>(10,220)</u>	<u>18</u>
Net (deficit) surplus		(8,177)	15,294
Other comprehensive income			
All items presented in other comprehensive income will not be reclassified to operating surplus in subsequent periods:			
Actuarial (loss) gain on post-employment benefits	13	<u>(117)</u>	<u>9</u>
Total comprehensive (loss) income		<u>\$ (8,294)</u>	<u>\$ 15,303</u>

The accompanying notes are an integral part of these financial statements.

Compensation Fund

Statement of Changes in Funded Position (Equity) / For the year ended December 31

(In Canadian Dollars)

	Stabilization Reserve (\$000s)	Adverse Events Reserve (\$000s)	Total (\$000s)
Balance at January 1, 2019	\$ 29,026	\$ 24,247	\$ 53,273
Net surplus for 2019	15,294	-	15,294
Other comprehensive gain	9	-	9
Total comprehensive income for 2019	15,303	-	15,303
Transfer to / from Adverse Events Reserve	(733)	733	-
Balance at December 31, 2019	\$ 43,596	\$ 24,980	\$ 68,576
Net deficit for 2020	(8,177)	-	(8,177)
Other comprehensive loss	(117)	-	(117)
Total comprehensive loss for 2020	(8,294)	-	(8,294)
Transfer to / from Adverse Events Reserve	(1,218)	1,218	-
Balance at December 31, 2020	\$ 34,084	\$ 26,198	\$ 60,282

Capital Management and Reserves (note 14)

The accompanying notes are an integral part of these financial statements.

Compensation Fund

Statement of Cash Flows / For the year ended December 31

(In Canadian Dollars)

	2020 (\$000s)	2019 (\$000s)
Operating activities		
Cash received from:		
Employers, for assessments	\$ 26,596	\$ 27,929
Investment revenue - interest	2,581	2,784
Investment revenue - dividends	2,689	3,193
Recoveries and other receipts	1,528	959
	<u>33,394</u>	<u>34,865</u>
Cash paid:		
To employers, for surplus distributions	-	(46)
For claims	(17,856)	(17,739)
To employees and suppliers, for administration and prevention	(13,447)	(13,706)
	<u>(31,303)</u>	<u>(31,491)</u>
Total cash provided by operating activities	<u>2,091</u>	<u>3,374</u>
Investing activities		
Net sale of investments	2,440	518
Purchases of property and equipment	(480)	(277)
Purchases of intangible assets	(971)	(887)
Total cash provided (used) by investing activities	<u>989</u>	<u>(646)</u>
Foreign exchange loss on cash held in foreign currency	-	(1)
Increase in cash	3,080	2,727
Cash (bank overdraft), beginning of year	1,501	(1,226)
Cash, end of year	<u>\$ 4,581</u>	<u>\$ 1,501</u>

The accompanying notes are an integral part of these financial statements.

Compensation Fund

Notes to the Financial Statements / December 31, 2020

(In Canadian Dollars)

1. Reporting Entity

The Compensation Fund (the “Fund”) was established by the *Workers’ Compensation Act* of Yukon (the “Act”) and is administered by the Yukon Workers’ Compensation Health and Safety Board (the “Board”) pursuant to the Act. In 2008, the Act was amended and received assent in the Legislative Assembly. The effective date of the new Act was July 1, 2008. The Board is exempt from income tax and the goods and services tax.

The Fund, as administered by the Board, provides compensation for injury or death by accidents arising out of and in the course of employment. Annual assessments are levied upon employers by applying their industry assessment rate to their actual or estimated payrolls for the year. The assessment and investment revenue pays for all claims, administration and prevention expenses.

Since 1992, the Board has also been responsible for the administration of the *Occupational Health and Safety Act* and Regulations to advance strategies for preventing workplace injuries in the territory.

The Board, a territorial entity, is domiciled in Canada and has its office at 401 Strickland Street, Whitehorse, Yukon, Canada.

2. Statement of Compliance and Basis of Preparation

These financial statements have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”).

The Board of Directors approved and authorized for issue the 2020 financial statements on April 20, 2021.

Basis of Measurement

These financial statements have been prepared on a historical cost basis, except for the following: investments classified as held-for-trading that are measured at fair value, benefits liability and the employee benefits which are both actuarially determined. The Fund’s functional currency is the Canadian dollar, which is the currency of the primary economic environment in which the Fund operates, and is also the presentation currency of the financial statements.

All financial information is presented in Canadian dollars and tabular financial information has been rounded to the nearest thousand dollars, unless otherwise stated.

Critical Accounting Estimates and Judgements

The Board makes estimates and judgements in respect of certain key assets and liabilities of the Fund. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Compensation Fund

Notes to the Financial Statements / December 31, 2020

(In Canadian Dollars)

The significant areas of estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are the following:

- Note 7 Investments – Valuation of financial instruments
- Note 12 Benefits liability – Determination of discount rates and other assumptions
- Note 12 Benefits liability – Determination of latent occupational disease provision

The major areas of judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are the following:

- Note 7 Investments – Classification of financial instruments
- Note 8 Property and equipment – The degree of componentization
- Note 9 Intangible assets – The determination of development costs eligible for capitalization
- Note 14(b) – The timing of recognition of the surplus distribution

3. Application of New and Revised IFRS

New and revised IFRS issued but not yet effective

IFRS 9 *Financial Instruments*

IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected credit loss' impairment model. The standard is effective for annual periods beginning on or after January 1, 2018. The IASB issued amendments to IFRS 4, which provide optional relief to eligible insurers in respect of IFRS 9. Entities whose predominant activity is issuing insurance contracts within the scope of IFRS 17 are provided a temporary exemption to defer the implementation of IFRS 9. The Board will be required to adopt IFRS 9 on January 1, 2023, which aligns with the effective date of IFRS 17.

The Board evaluated its liabilities and concluded that all of the liabilities were predominately connected with insurance. Additionally, the Board has not previously applied any version of IFRS 9; therefore, the Board is an eligible insurer that qualifies for optional relief from the application of IFRS 9. As at January 1, 2018, the Board has elected to apply the optional transitional relief under IFRS 4 that permits the deferral of the adoption of IFRS 9 for eligible insurers. The Board will continue to apply IAS 39 – Financial instruments: Recognition and measurement until January 1, 2023.

With the exemption in place, the Board will continue to classify its investments as held-for- trading and measured at fair value through profit or loss, refer to note 7 for more details.

Accounts receivable is classified as loans and receivables and due to their short-term nature; the carrying value approximates their fair value. Accounts payable, accrued liabilities, and surplus distributions payable are classified as other financial liabilities. All will continue to be measured initially at fair value, and subsequently measured at amortized cost using the effective interest rate method. Credit risk disclosure, including significant credit risk concentrations, are disclosed in note 5.

The Board will continue to assess at year-end whether a receivable is considered to be uncollectible and will write off against the allowance account.

Compensation Fund

Notes to the Financial Statements / December 31, 2020

(In Canadian Dollars)

The impact of applying IFRS 9 is not expected to have a material impact on the Fund's financial statements.

IFRS 17 Insurance Contracts

IFRS 17 *Insurance Contracts* was issued in May 2017. On March 17, 2020, the IASB agreed to the following: to defer the effective date of IFRS 17 to annual reporting periods beginning on or after January 1, 2023; and to extend the fixed expiry date of the temporary exemption from applying IFRS 9 for qualifying insurers (as contained in IFRS 4), so that all entities must apply IFRS 9 for annual reporting periods beginning on or after January 1, 2023. The Board continues to monitor developments and discussion related to this standard. IFRS 17 will replace IFRS 4 *Insurance Contracts* and is expected to change the way insurance contract liabilities are recognized and measured. It will also change the presentation and disclosures of the Fund's financial statements.

The Board is assessing the impact of this standard and expects that it may potentially have a significant effect on the Fund's financial statements.

The Board reviewed all other new or revised standards that were issued but yet not effective for 2020 and concluded that there would be no significant impact on the Fund's financial statements in the future as a result of these revisions.

4. Significant Accounting Policies

The following is a summary of the significant accounting policies:

(a) Cash

For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash includes cash on hand and bank balances net of any bank overdrafts. Foreign currency transactions incurred within operating activities are translated based on the exchange rate at the time of the transaction. Any gains or losses incurred as result of translation are recorded in the Statement of Operations and Comprehensive Income. The cash balance remaining in the account at year-end is translated at the exchange rate in effect as of December 31, 2020.

Cash and short-term investments held by custodians for investment purposes are not available for general use and are included in investments.

(b) Assessments and recoveries and other receipts

Assessment revenue is calculated monthly on actual or estimated payrolls as reported by the employer, or on provisional assessments as determined by the Board. Separate rates of assessment are established for each industry classification. At year-end, assessments receivable and payable are adjusted based on the difference between estimated and actual payrolls.

The Government of Yukon pays certain claims costs to the Compensation Fund for claims prior to 1993 and reimburses the cost of supplementary benefits pursuant to the Yukon Workers' Compensation Supplementary Benefits Ordinance. Supplementary compensation benefits are granted, pursuant to the Yukon Workers' Compensation Supplementary Benefits Ordinance, to all persons receiving compensation on or after October 1, 1973 for accidents prior to that date. Compensation is increased to the amount that would have been granted had the accident occurred after the Act came into force. The cost of these benefits is recovered from the Yukon

Compensation Fund

Notes to the Financial Statements / December 31, 2020

(In Canadian Dollars)

Consolidated Revenue Fund. Effective January 1, 1993, all Government employees were covered by the Fund. The Government also reimburses the Compensation Fund for all claims costs associated with those injured workers, who are designated as workers employed by the Government under section 6 of the Act. These amounts are recorded in recoveries and other receipts in the year in which the related expenses are incurred (note 15(a)).

(c) Recoveries from third parties

Since July 1, 2008, under section 51 of the *Workers' Compensation Act*, the Board is deemed to be an assignee of a cause of action in respect of a worker's injury that arose out of a work-related injury. If settled, or as a result of a Court decision, the legal costs and costs associated with the claim create the settlement. Out of the settlement are paid the legal costs, and legal disbursements, and all past, present and future costs. Any funds remaining are paid to the worker. The amount recovered for past, present and future costs is used to pay for future claims benefits, which were previously expensed in accordance with actuarial calculations, and which were previously incorporated in the benefits liability.

Recoveries from third parties are recognized when their receipt is virtually certain and the amount can be reliably measured. They are recorded as a recovery in the year they are recognized. No provision is made in the benefits liability for possible future third party recoveries because of their contingent nature.

(d) Financial instruments

Investments

Investments are classified as held-for-trading because they are acquired for the purpose of selling or repurchasing in the near term and are measured at fair value through profit or loss. The fair value of publicly traded investments is the quoted market price which approximates the bid price at the end of the reporting period. Pooled fund units are valued at their year end net asset value, as determined by the fund manager. Purchases and sales of investments are recognized on the trade date. Short-term investments held by the investment managers for investment purposes are included in Investments.

Net investment income is comprised of realized gains and losses earned in the period arising on the sale of investments; unrealized gains and losses arising from fluctuations in fair value in the period; and dividends and interest earned in the period; net of investment management fees and transaction costs.

Investments denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the end of the year. Income from investments is translated at the rate in effect at the time it is earned. Exchange gains and losses resulting from the translation of foreign currency balances and transactions are recognized in net investment income in the period in which they arise.

The Board does not enter into any financial derivative instruments as part of managing the Fund's investment portfolio.

Other financial assets and liabilities

Accounts receivable are classified as loans and receivables. Accounts payable and accrued liabilities, and surplus distributions payable are classified as other financial liabilities. All are initially measured at fair value, and subsequently measured at amortized cost using the effective interest rate method. Due to the short-term nature of accounts receivable, accounts payable and accrued liabilities, and surplus distributions payable, their carrying values approximate their fair values, which are classified as Level 2 in the fair value hierarchy.

Compensation Fund

Notes to the Financial Statements / December 31, 2020

(In Canadian Dollars)

Fair value hierarchy

The Fund uses the following hierarchy for determining and disclosing the fair value of its financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: Techniques that use inputs which have a significant effect on the recorded fair value which are not based on observable market data.

Changes in valuation methods may result in transfers into or out of an instrument's assigned level. The Board's policy is to recognize transfers into or out of the fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no such transfers between levels in 2020 (2019 – No transfers).

Impairment of financial assets

The carrying amount of accounts receivable is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. The Board assesses at each reporting date whether a financial asset or group of financial assets is impaired. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

Derecognition of financial assets and liabilities

A financial asset is derecognized when the contractual right to the cash flows from the asset expires or if the Board transfers the financial asset and substantially all risk and rewards of ownership to another entity.

Financial liabilities are derecognized when the contractual obligations are discharged, cancelled, or expire.

(e) Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and accumulated impairment. Depreciation is calculated based on the straight-line method, using rates based on the estimated useful lives of the assets as follows:

Buildings and fixtures	10 – 75 years
Furniture and equipment	5 – 15 years
Computer equipment	5 – 7 years

Where an item of property and equipment is comprised of significant components with different useful lives, the components are accounted for separately.

The estimated useful life, residual value and depreciation method is reviewed at each year-end and any change in estimate is made on a prospective basis.

Compensation Fund

Notes to the Financial Statements / December 31, 2020

(In Canadian Dollars)

(f) Intangible assets

Intangible assets are comprised of purchased software and internally developed software systems.

Research costs are expensed as incurred. Development costs of internally developed software systems are capitalized when the system is technically feasible, resources are available, costs can be measured reliably, management intends to use the asset and future economic benefits are probable. The asset is derecognized when it no longer meets these criteria. Salaries, wages and benefits directly related to internally developed software systems are included in the asset's cost. When the asset is substantially complete and is available for use, development costs capitalization ceases and the costs are transferred to the related asset category and amortized.

Intangible assets are recorded at cost less accumulated amortization and accumulated impairment. Amortization is calculated based on the straight-line method, using rates based on the estimated useful lives of the assets as follows:

Systems and software	5 – 25 years
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The estimated useful life and amortization period is reviewed at each year end and any change in estimate is made on a prospective basis.

(g) Impairment of non-financial assets

IAS 36 *Impairment of Assets* requires an entity to test assets for impairment if indicators of impairment exist. The impairment review must be conducted for an individual asset, an asset group, or the cash-generating unit level, which is the smallest identifiable group of assets that generates cash inflows independent of cash inflows from other assets or groups of assets.

Based on an analysis of cash flows, the Board has established that the appropriate cash generating unit for impairment review is the entity. The Board has statutory power under the Act to increase premiums and/or charge a premium surcharge to ensure full funding into the foreseeable future and therefore, the likelihood of impairment at the entity level is remote.

Individual assets that may have experienced impairment due to loss, damage, obsolescence or curtailed service potential are reviewed and the estimated useful life, depreciation method and residual value are adjusted.

The Board assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Board estimates the asset's recoverable amount. As at December 31, 2020, management conducted an impairment review at the entity level, which confirmed that there were no indicators of impairment—changes in the legislative, economic or business environment—that would have a material impact on the Board's ability to generate future economic benefits from its operating (non-financial) assets.

(h) Government grants

There are two types of government grants which include government grants related to expenses and government grants related to assets. Government grants related to expenses are recognized as income when there is reasonable assurance that the conditions attached to the grant will be complied with and the grant will

Compensation Fund

Notes to the Financial Statements / December 31, 2020

(In Canadian Dollars)

be received. When the grant relates to an asset, it is recognized as deferred income and is released into income in equal amounts over the expected useful life of the related asset.

In 2005, the Government of Yukon approved the reinstatement of ongoing funding for the Mine Safety Program (the "Program") through an annual grant to the Fund. The Program, which was transferred to the Board in 1993, provides mine rescue training and support services as well as mine safety inspection services. The funding is to be reviewed by the Government, at a minimum, every five years. The grant is accounted for as income in the period in which the related expenses are incurred (note 11).

In 2011, the Board signed an agreement with the Government of Yukon which provides the Fund with funding for the purpose of upgrading mine safety equipment. The grant is accounted for as deferred income and released into income over the expected useful life of the equipment (note 11).

(i) Benefits liability

The benefits liability is determined annually and represents the actuarial present value of all future benefit payments expected to be made for claims which have occurred in the current fiscal year or in any prior year. The benefits liability includes a provision for future payments on claims that have not been finalized to date. It also includes a provision for all benefits provided by current legislation, policies and administrative practices in respect of existing claims as well as future claims management costs. A provision has been made for claims related to known latent occupational diseases which may have occurred in the current or previous years, but which may not be recognized and reported for a number of years due to the extended latency period of such diseases. Due to the nature of the estimated liability for long latent occupational diseases and the extent of related historical claims information available, this liability is more uncertain by its nature than other benefits liabilities (note 12).

The benefits liability is comprised of four liabilities—medical aid, compensation, pension, and annuity:

- Medical aid includes benefits for medical aid, emergency transportation, traditional Aboriginal healing, death and funeral expenses, lump sum payments for permanent impairment, and rehabilitation assistance.
- Compensation includes income amounts that are paid to all eligible workers who suffer a work-related injury, incapacity or occupational disease that has resulted in a loss of earnings.
- The pension liability includes monthly pension benefits indexed annually that are paid to spouses, dependent children and guardians of dependent children of those who die from a work-related injury.
- The annuity liability is for workers who have received compensation for the same disability for at least 24 months. An amount equal to ten percent of the total compensation payments, plus interest, is set aside to provide a retirement annuity when a worker becomes entitled to apply for Old Age Security benefits.

Many assumptions are required to calculate the benefits liability, including estimates of future inflation, interest rates and mortality rates. The benefits liability is determined annually by an independent actuarial valuation. The Actuarial Statement of Opinion on the adequacy and appropriateness of the benefits liability is attached to these financial statements.

Compensation Fund

Notes to the Financial Statements / December 31, 2020

(In Canadian Dollars)

A portion of administration and general expenses is allocated as claims management costs to the current year's claims and the prior years' claims. The amount allocated to claims is reviewed by the independent actuary for reasonableness as part of the annual actuarial valuation of the benefits liability.

(j) Employee benefits

Short-term employee benefits

Employee benefits that are expected to be settled within twelve months of the reporting date are measured on an undiscounted basis. These benefits include annual vacation leave earned but not yet used.

Other long-term employee benefits

Benefits that are expected to be settled beyond twelve months are determined based on an actuarial valuation as the best estimate of future cash flows discounted to present value with actuarial gains and losses recognized in profit and loss as incurred. These benefits include long service vacation leave, sick leave and special leave benefits earned but not used.

Post-employment benefits

(i) Retirement and severance benefits

Retirement or severance benefits are available to employees who have completed five years of service with the Board. Payments are made upon retirement or termination, with benefits increasing with additional length of service. The benefit obligation is determined based on an actuarial valuation using estimates of future inflation and interest rates. Actuarial gains and losses are recognized in other comprehensive income as incurred. The obligation is calculated using the projected unit credit method prorated on service.

(ii) Public Service Pension Plan

Substantially all of the employees of the Board are covered by the Public Service Pension Plan (the "Plan"), a multi-employer contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both employees and the Fund to cover current service cost. Pursuant to legislation currently in place, the Fund has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an expense in the year when employees have rendered service and represent the total pension obligation of the Fund.

(k) Funding policy surplus distributions

The Board may issue surplus distributions in accordance with its Funding Policy. These are recorded as an expense in the period in which they are approved by the Board of Directors. Surplus distributions that are approved but not issued are recorded as payable when an obligation exists, when the amount of such distributions can be reliably estimated and when it is probable a payment will be issued in the future to settle the obligation.

Compensation Fund

Notes to the Financial Statements / December 31, 2020

(In Canadian Dollars)

5. Risk Management

The Fund has exposure to the following financial risks: credit risk, liquidity risk and market risk (which also includes inflation risk, interest rate risk and currency risk). The Fund's exposure to these risks arises primarily in relation to its investment portfolio, but also in relation to its other financial assets and financial liabilities.

The Board's management is responsible for monitoring performance and recommending changes to the Investment Policy. The Board of Directors is ultimately responsible for governance and strategic direction of the investment portfolio through its review and approval of the Investment Policy and selection of investment managers. The investment managers' compliance with this Investment Policy is monitored on a regular basis. Quarterly, independent consultants benchmark the performance of the Fund's investment managers and advise on the appropriateness and effectiveness of the Fund's Investment Policy and practices.

The following sections present information about the Fund's exposure to each of the above risks and the Board's objectives, policies and processes for measuring and managing each risk. There were no changes to these risks or the Board's objectives, policies and process for managing them during the year ended December 31, 2020.

Credit risk

Credit risk on financial instruments arises from the possibility that the issuer of a fixed-term instrument fails to meet its obligations. Excess cash is held on deposit with the Government of Yukon's banker. Short-term deposits with this bank are rated as R-1 (high). To manage this risk, the Board, as prescribed in the Investment Policy, has determined that cash and cash equivalents held in the investment portfolio and short-term investments must have a credit rating of at least R1L, and long-term investments require a rating of BBB or higher by the Dominion Bond Rating Service or the equivalent rating by Moody's, in order to be eligible for consideration as an investment. Diversification of credit risk is managed by limiting the exposure in a single private institution to 15% of the portfolio. The Board has stayed within these guidelines during the year.

Fixed Income Portfolio Credit Ratings

Ratings					31-Dec-20	31-Dec-19
	AAA	AA	A	BBB	(\$000's)	(\$000's)
Fixed Income Securities	\$ 31,807	\$ 31,903	\$ 20,048	\$ 9,244	\$ 93,002	\$ 92,488

The Fund's exposure to credit risk associated with its accounts receivable is the risk that an employer or a cost recovery customer (the "customer") will be unable to pay amounts due to the Fund. The Fund's maximum exposure to credit risk associated with its accounts receivable is \$2,683,000 (2019 – \$2,858,000). An estimated allowance for doubtful accounts has been recorded for accounts receivable that may not be collectible as at the reporting date. The amounts disclosed on the Statement of Financial Position are net of these allowances for doubtful accounts. At December 31, 2020, there were no accounts receivable that were past due but not impaired. The Board takes into consideration payment and collections history, and the current economic environment in which the Board operates to assess impairment. The Board recognizes a bad debt provision when management considers that the expected recovery is less than the carrying amount receivable.

Compensation Fund

Notes to the Financial Statements / December 31, 2020

(In Canadian Dollars)

The Board believes that the credit risk of accounts receivable is mitigated by the following:

- i. The employer base is dispersed across various industries, with government comprising a significant concentration. The non-government-based employers may be affected by any downturns due to prevailing economic conditions.
- ii. As at December 31, 2020, approximately 93% (2019 – 94%) of accounts receivable were outstanding for less than 90 days. The Board does not require collateral or other security from employers or customers for accounts receivable.
- iii. The Board has the power and remedies to enforce payment owing to the Fund.

Liquidity risk

Liquidity risk is the risk that the Fund is not able to meet its financial obligations as they become due or can do so only at excessive cost. The Fund's operations are financed through a combination of the cash flows from operations and investments. One of management's primary goals is to maintain an optimal level of liquidity through the active management of the assets and liabilities as well as the cash flows.

The Fund has access to the Government of Yukon's overall line of credit facility with the Government's banker. This access provides the Fund with overdraft coverage of \$7,000,000 if needed. As of December 31, 2020 the Fund had used nil of the overdraft coverage (nil - 2019).

The Fund's accounts payable and accrued liabilities had a carrying value of \$5,079,000 as at December 31, 2020, (2019 – \$4,850,000) and were all payable within a year.

The Fund's surplus distributions payable had a carrying value of \$10,220,000 as at December 31, 2020 (2019 - nil) (note 14).

Liquidity risk related to the benefits liability is included in note 12 (f).

Compensation Fund

Notes to the Financial Statements / December 31, 2020

(In Canadian Dollars)

Market risk

The Fund is exposed to market risk, which is the risk that the fair value or future cash flows of its investments will fluctuate in the future because of economic conditions. Market risk is managed through diversification between different asset classes and geographic diversification and by limiting the concentration in any single entity to 15 per cent or less of the fair value of the investment fund (note 7).

The table below presents the Fund's investment targets and actual asset mix at fair value:

	Target		Actual	
	Minimum	Maximum	31-Dec-20	31-Dec-19
Equities				
Canadian	0%	25%	18.3%	17.5%
United States	0%	25%	19.4%	17.4%
International	0%	25%	20.2%	20.8%
Fixed Income				
Short-term investments	0%	10%	1.7%	2.3%
Bonds	35%	85%	40.4%	42.0%
			<u>100.0%</u>	<u>100.0%</u>

The table below presents the effect of a material adverse change in the fair value of each of the categories of equities in the Fund's investments portfolio on operating results and equity:

	31-Dec-20		31-Dec-19	
	(\$000's)		(\$000's)	
Percentage decrease in fair value	-10%	-20%	-10%	-20%
Equities				
Canadian	\$ (4,216)	\$ (8,432)	\$ (3,853)	\$ (7,707)
United States	(4,466)	(8,933)	(3,839)	(7,678)
International	(4,662)	(9,323)	(4,575)	(9,151)
Total impact on operating results and equity	<u>\$ (13,344)</u>	<u>\$ (26,688)</u>	<u>\$ (12,267)</u>	<u>\$ (24,536)</u>

Inflation risk

Inflation risk is the risk that a general increase in price level may result in loss of future purchasing power of current monetary assets. The Board manages inflation risk through its investment allocation between equities and fixed income investments.

Interest rate risk

Interest rate risk is the risk that the value of a financial security will fluctuate due to changes in market interest rates. The Fund's investment portfolio is exposed to interest rate risk through its holdings of short and long-term fixed income investments. Interest rate risk is minimized by actively managing the duration of the fixed income investments.

The table below presents the effects of a 50 and 100 basis point ("bp")¹ adverse change in the nominal interest rate on the fair value of the bond portfolio on operating results and equity.

Compensation Fund

Notes to the Financial Statements / December 31, 2020

(In Canadian Dollars)

	31-Dec-20		31-Dec-19	
	(\$000's)		(\$000's)	
Positive bp change in nominal interest rate	+50bp	+100bp	+50bp	+100bp
Bonds	\$ (3,355)	\$ (6,711)	\$ (3,253)	\$ (6,505)
Total impact on operating results and equity	\$ (3,355)	\$ (6,711)	\$ (3,253)	\$ (6,505)

(1) One basis point (bp) equals 1/100 of 1%; 50 bps = 50/100 of 1%, or 0.5%.

In the event the nominal interest rates decrease by 50 and 100 basis points, the impact will be equal and opposite to the above stated values.

The table below presents the remaining terms to maturity at fair value, along with the average effective yields for each maturity, for fixed income investments exposed to inflation and interest rate risk.

	Remaining term to maturity (1)				31-Dec-20	31-Dec-19
	<1 year	1 - 5 years	5 - 10 years	>10 years	(\$000's)	(\$000's)
					Total	Total
Bonds	\$ 3,438	\$ 39,239	\$ 25,102	\$ 25,223	\$ 93,002	\$ 92,488
Average effective yield	1.14%	0.64%	1.23%	2.12%	1.22%	2.32%

(1) Maturity is defined as the earliest a bond can be redeemed without penalty by the bond issuer.

The Fund is also exposed to the risk that interest rate movements may materially impact the value of its benefits liability (note 12(e)).

Currency risk

Currency risk is the risk that the value of financial assets and financial liabilities denominated in foreign currencies will fluctuate due to changes in their respective exchange rates relative to the Canadian dollar.

The Fund is exposed to exchange rate volatility that is managed by the contracted fund managers. The Board does not undertake long-term hedging strategies for the currency risk of foreign investments. The Fund's most significant exposure is to the US dollar, Euro, British pound, Swiss franc, and the Japanese yen. At December 31, the Fund held foreign currency denominated holdings, at fair value as follows:

Currency	31-Dec-20	31-Dec-19
	(\$000's)	(\$000's)
USDollar	\$ 48,257	\$ 44,818
Euro	\$ 13,740	\$ 14,613
Swiss franc	\$ 7,502	\$ 5,745
British pound	\$ 6,696	\$ 7,538
Japanese yen	\$ 6,434	\$ 5,823

Compensation Fund

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The sensitivity analysis below presents the effect of a 10 per cent appreciation in the Canadian dollar as compared to the US dollar, Euro, British pound, Swiss franc, and the Japanese yen on operating results and equity:

Currency	31-Dec-20 (\$000's)	31-Dec-19 (\$000's)
USdollar	\$ (4,387)	\$ (4,074)
Euro	\$ (1,249)	\$ (1,328)
Swiss franc	\$ (682)	\$ (522)
British pound	\$ (609)	\$ (685)
Japanese yen	\$ (585)	\$ (529)

In the event there is a 10 per cent depreciation in the Canadian dollar, the impact will be equal and opposite to the above stated values.

6. Accounts Receivable

	31-Dec-20 (\$000s)	31-Dec-19 (\$000s)
Assessments		
Assessed and due from employers	\$ 2,703	\$ 2,220
Allowance for doubtful accounts	(135)	(67)
	<u>\$ 2,568</u>	<u>\$ 2,153</u>
Other		
Other receivables and recoveries	\$ 139	\$ 751
Allowance for doubtful accounts	(24)	(46)
	<u>115</u>	<u>\$ 705</u>
	<u>\$ 2,683</u>	<u>\$ 2,858</u>

Included in other receivables and recoveries are amounts due from the Government of Yukon, which are disclosed in note 15.

Reconciliation of allowance for doubtful accounts

The allowance for doubtful accounts is a provision for potential credit losses and amounts are subsequently written off once reasonable collection efforts have been made. The allowance details are as follows:

	31-Dec-20 (\$000's)	31-Dec-19 (\$000's)
Balance, beginning of year	\$ 113	\$ 305
Accounts written off	(23)	(118)
Recoveries and other adjustments	(5)	(201)
Current year provision	74	127
Balance, end of year	<u>\$ 159</u>	<u>\$ 113</u>

Compensation Fund

Notes to the Financial Statements / December 31, 2020

(In Canadian Dollars)

7. Investments

The Board of Directors has established an Investment Policy for the management of the investment process, utilizing external investment managers. The investment managers' compliance with this Investment Policy is monitored on a regular basis.

	31-Dec-20	31-Dec-19
	(\$000s)	(\$000s)
	Fair Value	Fair Value
Fixed-term securities		
Federal bonds	\$ 23,809	\$ 25,548
Provincial bonds	25,259	20,202
Corporate bonds	43,934	46,738
	<u>93,002</u>	<u>92,488</u>
Equities		
Canadian	42,158	38,533
United States	44,664	38,388
International	46,616	45,755
	<u>133,438</u>	<u>122,676</u>
Other investments		
Cash on account	416	162
Short-term investments	3,089	4,484
Accrued interest receivable	512	515
	<u>4,017</u>	<u>5,161</u>
Investments, sub-total	230,457	220,325
Management fee accrual	(91)	(88)
	<u>\$ 230,366</u>	<u>\$ 220,237</u>

Net investment income (loss) for the year ended December 31 consisted of the following:

	2020	2019
	(\$000s)	(\$000s)
Interest	\$ 2,587	\$ 2,746
Dividends	2,689	3,193
Realized gains in the year	5,475	3,300
Unrealized gain in fair value in the year	7,091	14,520
Investment management fees	(758)	(740)
	<u>\$ 17,084</u>	<u>\$ 23,019</u>

Compensation Fund

Notes to the Financial Statements / December 31, 2020

(In Canadian Dollars)

Fair Value Hierarchy

The Fund's investments are categorized into the fair value hierarchy based on type, frequency and visibility of pricing, source of pricing and liquidity. There are three levels of classification:

Level 1 classification reflects public daily market or quote pricing with a good volume level.

Level 2 classification is used when pricing is:

- a) model or matrix based (using observable inputs and/or market information);
- b) based on closely-related securities;
- c) derived pricing (when no public quote exists); or
- d) from a broker quote on less active markets.

Level 3 security would have no public pricing and poor to non-existent liquidity.

As at December 31, 2020, the Fund held the following financial instruments measured at fair value:

	Level 1 (\$000s)	Level 2 (\$000s)	Level 3 (\$000s)	Total (\$000s)
Cash and Cash Equivalents	\$ 3,926	\$ -	\$ -	\$ 3,926
Bonds	9,770	83,232	-	93,002
Equities	58,900	-	-	58,900
Pooled Funds	-	74,538	-	74,538
Total Investments	\$ 72,596	\$ 157,770	\$ -	\$ 230,366

As at December 31, 2019, the Fund held the following financial instruments measured at fair value:

	Level 1 (\$000s)	Level 2 (\$000s)	Level 3 (\$000s)	Total (\$000s)
Cash and Cash Equivalents	\$ 5,073	\$ -	\$ -	\$ 5,073
Bonds	8,408	84,080	-	92,488
Equities	55,197	-	-	55,197
Pooled Funds	-	67,479	-	67,479
Total Investments	\$ 68,678	\$ 151,559	\$ -	\$ 220,237

Compensation Fund

Notes to the Financial Statements / December 31, 2020

(In Canadian Dollars)

8. Property and Equipment

	Land (\$000s)	Buildings and Fixtures (\$000s)	Furniture and Equipment (\$000s)	Computer and Equipment (\$000s)	Assets under construction (\$000s)	Total (\$000s)
Cost						
At January 1, 2019	\$ 1,045	\$ 10,469	\$ 1,508	\$ 941	\$ 16	\$ 13,979
Additions	-	18	99	102	146	365
Disposals	-	-	(50)	(71)	-	(121)
Transfers	-	-	-	-	-	-
At December 31, 2019	\$ 1,045	\$ 10,487	\$ 1,557	\$ 972	\$ 162	\$ 14,223
Depreciation and impairment						
At January 1, 2019	\$ -	\$ 2,660	\$ 958	\$ 684	\$ -	\$ 4,302
Depreciation	-	237	135	110	-	482
Disposals	-	-	(32)	(71)	-	(103)
Impairment	-	-	-	-	-	-
At December 31, 2019	\$ -	\$ 2,897	\$ 1,061	\$ 723	\$ -	\$ 4,681
Net book value						
At December 31, 2019	\$ 1,045	\$ 7,590	\$ 496	\$ 249	\$ 162	\$ 9,542
Cost						
At January 1, 2020	\$ 1,045	\$ 10,487	\$ 1,557	\$ 972	\$ 162	\$ 14,223
Additions	-	-	2	197	264	463
Disposals	-	-	(4)	(105)	-	(109)
Transfers	-	171	-	96	(267)	-
At December 31, 2020	\$ 1,045	\$ 10,658	\$ 1,555	\$ 1,160	\$ 159	\$ 14,577
Depreciation and impairment						
At January 1, 2020	\$ -	\$ 2,897	\$ 1,061	\$ 723	\$ -	\$ 4,681
Depreciation	-	240	123	132	-	495
Disposals	-	-	(4)	(105)	-	(109)
Impairment	-	-	-	-	-	-
At December 31, 2020	\$ -	\$ 3,137	\$ 1,180	\$ 750	\$ -	\$ 5,067
Net book value						
At December 31, 2020	\$ 1,045	\$ 7,521	\$ 375	\$ 410	\$ 159	\$ 9,510

Compensation Fund

Notes to the Financial Statements / December 31, 2020

(In Canadian Dollars)

9. Intangible Assets

	Internal Software Development Costs ⁽¹⁾ (\$000s)	Software Systems Under Development (\$000s)	Software Costs (\$000s)	Total (\$000s)
Cost				
At January 1, 2019	\$ 9,353	\$ 427	\$ 1,028	\$ 10,808
Additions	275	449	129	853
Disposals	(338)	-	(50)	(388)
Transfer systems to production	258	(259)	1	-
At December 31, 2019	\$ 9,548	\$ 617	\$ 1,108	\$ 11,273
Amortization and impairment				
At January 1, 2019	\$ 6,963	\$ -	\$ 836	\$ 7,799
Amortization	636	-	68	704
Disposals	(302)	-	(50)	(352)
Impairment	-	-	-	-
At December 31, 2019	\$ 7,297	\$ -	\$ 854	\$ 8,151
Net book value				
At December 31, 2019	\$ 2,251	\$ 617	\$ 254	\$ 3,122
Cost				
At January 1, 2020	\$ 9,548	\$ 617	\$ 1,108	\$ 11,273
Additions	585	660	-	1,245
Disposals	(1,417)	(17)	-	(1,434)
Transfers	1,153	(1,203)	50	-
At December 31, 2020	\$ 9,869	\$ 57	\$ 1,158	\$ 11,084
Amortization and impairment				
At January 1, 2020	\$ 7,297	\$ -	\$ 854	\$ 8,151
Amortization	699	-	80	779
Disposals	(1,136)	-	-	(1,136)
Impairment	-	-	-	-
At December 31, 2020	\$ 6,860	\$ -	\$ 934	\$ 7,794
Net book value				
At December 31, 2020	\$ 3,009	\$ 57	\$ 224	\$ 3,290

(1) Included in internal software development costs is the claims management system which has a net book value of \$1,458,000 (2019 – \$765,000) and a remaining amortization period of 6 years.

System research and analysis costs expensed in 2020 were \$18,000 (2019 – \$14,000).

Compensation Fund

Notes to the Financial Statements / December 31, 2020

(In Canadian Dollars)

10. Accounts Payable and Accrued Liabilities

	31-Dec-20 (\$000s)	31-Dec-19 (\$000s)
Payable		
Assessments refundable	\$ 2,776	\$ 2,716
Other payables and accrued liabilities	2,303	2,134
	<u>\$ 5,079</u>	<u>\$ 4,850</u>

Included in other payables and accrued liabilities are amounts due to the Government of Yukon, which are disclosed in note 15.

11. Government Grants

In 2020, the Fund received \$330,000 for the Mine Safety Program Grant (2019 – \$330,000). This was accounted for as income in the period.

The deferred portion of the government grant as at December 31, 2020 was \$36,000 (2019 – \$72,000) and \$36,000 (2019 – \$37,500) was expensed and released into income during the year.

There are no unfulfilled conditions or contingencies attached to these grants.

Compensation Fund

Notes to the Financial Statements / December 31, 2020

(In Canadian Dollars)

12. Benefits Liability

	2020 (\$000s)					
	Medical Aid	Compensation	Pension	Annuity	Occupational Disease Provision	Total
Balance, beginning of year	\$ 27,260	\$ 73,372	\$ 34,310	\$ 9,147	\$ 16,570	\$ 160,659
Add claims costs incurred:						
Current year injuries	5,540	9,158	880	-	-	15,578
Prior years' injuries	779	6,908	4,110	(1)	-	11,796
Latent occupational disease provision	-	-	-	-	1,090	1,090
	<u>6,319</u>	<u>16,066</u>	<u>4,990</u>	<u>(1)</u>	<u>1,090</u>	<u>28,464</u>
Less claims payments made:						
Current year injuries	2,247	1,238	20	-	-	3,505
Claims management	337	186	3	-	-	526
Prior years' injuries	3,125	7,029	2,422	(505)	-	12,071
Claims management	469	963	363	-	-	1,795
	<u>6,178</u>	<u>9,416</u>	<u>2,808</u>	<u>(505)</u>	<u>-</u>	<u>17,897</u>
Balance, end of year	<u>\$ 27,401</u>	<u>\$ 80,022</u>	<u>\$ 36,492</u>	<u>\$ 9,651</u>	<u>\$ 17,660</u>	<u>\$ 171,226</u>

	2019 (\$000s)					
	Medical Aid	Compensation	Pension	Annuity	Occupational Disease Provision	Total
Balance, beginning of year	\$ 27,346	\$ 70,956	\$ 34,321	\$ 9,062	\$ 13,814	\$ 155,499
Add claims costs incurred:						
Current year injuries	5,935	9,119	352	-	-	15,406
Prior years' injuries	443	1,980	2,200	1	-	4,624
Latent occupational disease provision	-	-	-	-	2,756	2,756
	<u>6,378</u>	<u>11,099</u>	<u>2,552</u>	<u>1</u>	<u>2,756</u>	<u>22,786</u>
Less claims payments made:						
Current year injuries	2,566	1,448	-	-	-	4,014
Claims management	385	217	-	-	-	602
Prior years' injuries	3,055	6,169	2,229	(84)	-	11,369
Claims management	458	849	334	-	-	1,641
	<u>6,464</u>	<u>8,683</u>	<u>2,563</u>	<u>(84)</u>	<u>-</u>	<u>17,626</u>
Balance, end of year	<u>\$ 27,260</u>	<u>\$ 73,372</u>	<u>\$ 34,310</u>	<u>\$ 9,147</u>	<u>\$ 16,570</u>	<u>\$ 160,659</u>

Compensation Fund

Notes to the Financial Statements / December 31, 2020

(In Canadian Dollars)

The following is an actuarial reconciliation of the changes in the benefits liability during the years ended December 31:

	2020	2019
	(\$ 000's)	(\$ 000's)
Balance, beginning of year	<u>\$ 160,659</u>	<u>\$ 155,499</u>
Add:		
Provision for current year's claims	11,548	10,790
Interest allocated	8,132	8,028
Experience loss (gain)	4,754	(648)
	<u>24,434</u>	<u>18,170</u>
Deduct:		
Payments for prior years' claims	13,867	13,010
Balance, end of year	<u><u>\$ 171,226</u></u>	<u><u>\$ 160,659</u></u>

(a) Objectives in managing risks arising from insurance contracts and policies for mitigating those risks

The Board has an objective to control insurance risk, thus reducing the volatility of operating results. In addition, due to the inherent uncertainty of insurance risk, which can lead to significant variability in the loss experience, operating results from the Fund's workers' compensation business are affected by market factors, particularly movements in asset values. Short-term variability is, to some extent, a feature of the workers' compensation business.

Key aspects of processes established to mitigate insurance risks include:

- The maintenance and use of management information systems, which provide data on the risks to which the Fund is exposed to at any point in time;
- Actuarial models, using information from the management information system, are used to monitor claims patterns and calculate assessment premiums. Past experience and statistical methods are used as part of the process; and
- The asset mix of the Fund investments is driven by the nature and term of insurance liabilities. The management of assets and liabilities is closely monitored to attempt to match maturity dates of assets with the expected pattern of claim payments.

Compensation Fund

Notes to the Financial Statements / December 31, 2020

(In Canadian Dollars)

(b) Terms and conditions of the Act

The terms and conditions attaching to the Act affect the level of insurance risk accepted by the Fund. All workers' compensation coverage entered into is subject to substantially the same terms and conditions under the Act.

(c) Concentration of insurance risk

The Fund's exposure to insurance risk is due to workplace injury caused through an event or disaster that occurred during the reporting period, and/or occupational diseases diagnosed during the reporting period. The Fund's benefits liability includes an amount estimated to cover any such occurrences. This figure is reviewed on an annual basis. The Fund's risk is concentrated by industry as some industries have higher claims experience costs than other industries and is mitigated by higher assessments being charged to industries with proven higher experience costs.

(d) Development of claims

There is a possibility that changes may occur in the estimate of the Fund's obligations over time. The tables in part (i) of this note show the estimates of total net and gross claims outstanding for each underwriting year at successive year ends.

(e) Interest rate risk

The Fund is exposed to the risk that interest rate movements may materially impact the value of the benefits liability. The financial impact of changing interest rates on the benefits liability is expected to be offset in the longer term by similar changes in claims inflation.

The discount rate being applied to future claims payments in determining the valuation of the benefits liability is disclosed in part (g) of this note.

The exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets is set out in note 5.

(f) Liquidity risk

The Fund's exposure to liquidity risk is set out in note 5.

The following table estimates the expected amounts and timing of future benefit payments for the provision of outstanding claims. The expected timing of payments from the provision for outstanding claims involves considerable uncertainty. The projections presented below do not include a provision for future administration expenses or latent occupational diseases.

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(In Canadian Dollars)

Expected timing of future payments for outstanding claims:

	<u>2020</u>	<u>2019</u>
Up to 1 year	5%	5%
Over 1 year and up to 5 years	15%	15%
Over 5 years and up to 10 years	18%	19%
Over 10 years	62%	61%
Total	<u>100%</u>	<u>100%</u>

(g) Actuarial assumptions and methods

The key actuarial assumptions used to value the benefits liability are as follows:

	<u>31-Dec-20</u>	<u>31-Dec-19</u>
Discount rate for medical aid benefits - net ^(1,3,4)	0.40%	0.70%
Discount rate for compensation benefits - net ^(2,3,4)	2.90%	3.15%
Discount rate for survivor and other pension benefits - net ^(2,4)	2.90%	3.15%

(1) Net of discount rate attributable to inflation of 4.75% (2019 – 4.75%).

(2) Net of discount rate attributable to inflation of 2.25% (2019 – 2.25%).

(3) The same discount rates are attributable to the applicable components of the occupational disease provision.

(4) The gross discount rate is 5.15% (2019 – 5.50%).

The benefits liability was determined using accepted actuarial practice in accordance with standards established by the Canadian Institute of Actuaries. The actuarial present value of future benefits reflects management's and the actuary's best estimates of long-term economic and actuarial assumptions.

The overall valuation approach is designed to reflect emerging trends without placing too much emphasis on temporary fluctuations. The factors used in the valuation have been developed on a best-estimate basis, without margins for adverse deviations, by taking the Board's historical experience into consideration along with recent trends in that experience. The general philosophy is to avoid reacting too strongly to temporary fluctuations until there is sufficient evidence that a change in assumption is required. By waiting until a clear trend has emerged, this reduces the likelihood of larger liability adjustments than warranted, both positive and negative, and unstable financial results.

The degree to which the valuation reflects trends is partly impacted by formulas intended to place the appropriate amount of weight on observed experience for each recent year and partly affected by professional judgement based on observation of payment and claiming trends, including discussions with the Board's staff about the underlying factors that might be causing an observed trend.

The Medical Aid liability represents the present value of expected future benefit payments for medical services in respect of all claims arising from injuries that occurred on or before December 31, 2020. Medical services include hospital and physician services, prescription drugs, travel expenses and other eligible medical services under the Act.

The Short Term Compensation liability represents the present value of expected future short-term loss of earnings payments in the first seven years of a claim for injuries that occurred on or before December 31, 2020.

Compensation Fund

Notes to the Financial Statements / December 31, 2020

(In Canadian Dollars)

The Short Term Compensation liability is included in the Compensation liability category for financial reporting purposes.

The Medical Aid and Short Term Compensation liabilities are calculated using the loss development method also known as the “claims run-off” approach. In this method, historical paid claims data are summarized by injury year and payment year in order to observe the relationships between payments at different durations for each injury year. Historical factors, at each duration, are developed from prior injury years and are applied to injury years that are not yet fully mature in order to estimate the future timing and amount of remaining benefit payments. A provision with respect to the 10 per cent annuity contribution required on loss of earnings benefits paid beyond 24 months is included in the Short Term Compensation liability.

The Long Term Compensation liability represents the present value of expected future long-term loss of earnings payments for injury years 2014 and prior, including future inflationary adjustments, for individuals still in receipt of a long-term loss of earnings award at December 31, 2020. The Long Term Compensation liability is calculated on a seriatim, or individual basis using the discounted cash flow method. Loss of earnings benefits are indexed annually in the month following the anniversary of the date of when the injured worker’s loss of earnings began. Mortality rates are used to determine the future life expectancy of individuals in receipt of a long-term loss of earnings award. A provision with respect to the 10 per cent annuity contribution required on loss of earnings benefits paid beyond 24 months is included in the Long Term Compensation liability. The Long Term Compensation is included in the Compensation liability for financial reporting purposes.

The Pension liability represents the present value of expected future pension payments, including future inflationary adjustments, to individuals who have been approved for a pension or survivor award at December 31, 2020. The Pension liability is calculated on a seriatim basis using the discounted cash flow method. Pension benefits are indexed annually on January 1st of each year. Mortality rates are used to determine the future life expectancy of individuals in receipt of a pension award.

The Future Long Term Compensation liability represents the present value of future long-term loss of earnings awards that have not yet reached long-term status as of December 31, 2020. These future awards are in respect of all claims arising from injuries which occurred on or before December 31, 2020. The estimated number and timing of these future awards has been developed based on the historical emergence of claims. In addition, the expected cost of each claim has been developed based on actual long-term awards approved prior to December 31, 2020. A provision with respect to the 10 per cent annuity contribution required on future loss of earnings benefits paid beyond 24 months following injury is included in the Future Long Term Compensation liability. The Future Long Term Compensation liability is included in the Compensation liability category for financial reporting purposes.

The Occupational Disease provision represents a portion of the present value of the expected future cost of claims that have not yet been filed but are expected to manifest themselves in the future as a result of cumulative exposure to a causative agent in the workplace (i.e. long latency cases). Only a portion of the total provision is held based on the accumulated exposure up to the valuation date relative to total exposure before an occupational disease manifests itself. Occupational diseases differ from occupational injuries in that there can be a considerable time lag between the exposure, the manifestation of the disease and the identification of the ensuing disability as a workers’ compensation claim. Furthermore, while the circumstances of an injury usually make it clear whether it is work-related or not, the link between an occupational disease and the workplace may be difficult to establish.

The discount rate is used to calculate the present value of expected future payments.

Compensation Fund

Notes to the Financial Statements / December 31, 2020

(In Canadian Dollars)

The administration rate represents the present value of the expected future costs required to provide administrative services for the continuation of claims management and maintenance of existing claims. The administration rate applied at December 31, 2020 is 15% (15% for December 31, 2019), and is applied to all liability components with the exception of the Annuity liability.

As these assumptions may change over time to reflect underlying economic or legislated conditions, it is possible that such changes could cause a material change to the actuarial present value of future benefit payments.

The significant changes in the benefits liability for experience gains or losses as at December 31 were:

	Increase (decrease) in benefits liability	
	2020	2019
	(\$000s)	(\$000s)
Change in runoff factors	\$ (616)	\$ (880)
Update of first year inflation	(607)	(210)
Other changes in actuarial assumptions	4,854	3,321
	<u>\$ 3,631</u>	<u>\$ 2,231</u>
Favourable claims experience during year	-	(3,275)
	<u>\$ 3,631</u>	<u>\$ (1,044)</u>
Actual versus expected claims paid on prior years' injuries	1,123	396
	<u>\$ 4,754</u>	<u>\$ (648)</u>

(h) Liability sensitivity

The most significant assumption in the determination of the benefits liability is the net discount rate. The net discount rate is the assumed rate of return in excess of the assumed inflation rate. A reduction in the net discount rate would increase the actuarial present value of the benefits liability resulting in an increase in claims expense and benefits liability. An increase in the discount rate would decrease the actuarial present value, resulting in a decrease in claims expense and benefits liability.

Medical benefits represent approximately 16% (2019 – 19%) of the benefits liability. A change in the assumed excess medical inflation rate (above the assumed inflation rate) and the net discount rate would result in a change in claims expense and the benefits liability as follows:

	31-Dec-20		31-Dec-19	
	(\$000s)		(\$000s)	
Percentage change in assumed rates	+1%	-1%	+1%	-1%
Increase (decrease) in claims expense and benefits liability from change in net discount rate	\$ (14,289)	\$ 16,927	\$ (13,269)	\$ 14,874
Increase (decrease) in claims expense and benefits liability from change in excess medical inflation rate	4,139	(2,617)	3,512	(2,970)

Compensation Fund

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(i) Claims Development

The following table shows the development of claims cost estimates for the nine most recent injury years:

Estimate of Ultimate Claim Payments	2011 (\$000s)	2012 (\$000s)	2013 (\$000s)	2014 (\$000s)	2015 (\$000s)	2016 (\$000s)	2017 (\$000s)	2018 (\$000s)	2019 (\$000s)	2020 (\$000s)	Total (\$000s)
At end of accident year	26,540	29,113	23,197	24,833	24,832	19,145	18,850	21,312	25,648	21,869	
One year later	24,120	27,896	22,897	22,451	24,817	19,718	25,279	21,516	23,627		
Two years later	23,834	27,142	19,998	22,801	24,527	21,290	25,821	26,454			
Three years later	22,658	24,189	19,812	22,951	24,073	19,251	21,396				
Four years later	19,049	23,117	19,566	23,825	27,446	25,446					
Five years later	17,984	22,886	20,473	21,971	16,992						
Six years later	15,337	24,504	16,854	32,213							
Seven years later	15,669	22,354	15,850								
Eight years later	15,934	19,315									
Nine years later	19,105										
Cumulative Payments											
At end of accident year	3,721	4,433	3,438	3,757	3,801	3,879	4,129	4,094	3,821	3,319	
One year later	5,618	7,404	5,113	6,590	6,081	6,673	6,654	6,662	6,323		
Two years later	6,222	8,277	5,910	7,890	6,773	7,856	7,717	7,959			
Three years later	6,648	8,999	6,394	9,018	7,225	8,478	8,332				
Four years later	6,910	9,540	6,719	9,870	7,590	9,340					
Five years later	7,211	10,073	6,840	10,623	7,899						
Six years later	7,450	10,359	7,055	11,173							
Seven years later	7,721	10,685	7,246								
Eight years later	7,988	10,962									
Nine years later	8,263										
Estimate of Future Payments	10,841	8,352	8,605	21,040	9,093	16,106	13,064	18,495	17,304	18,551	141,450
2010 and prior claims											105,949
Effect of Discounting											(111,783)
Effect of Admin Expenses											17,950
Occupational Disease											<u>17,660</u>
Balance Sheet Liability											171,226

During the year ended December 31, 2020, the Investigations Unit continued to monitor ongoing investigations. The outcome of the investigations is not determinable at this time and therefore, the potential future effect of these claims is not reflected in the benefits liability.

Compensation Fund

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13. Employee Benefits

	31-Dec-20 (\$000s)	31-Dec-19 (\$000s)
Short-term employee benefits	\$ 725	\$ 583
Other long-term employee benefits (a)	1,221	1,081
Post-employment benefits (b)	2,010	1,743
	<u>\$ 3,956</u>	<u>\$ 3,407</u>

Short-term benefits included in the above amounts are expected to be paid within the next 12 months.

(a) Other Long-term Employee Benefits

Long service vacation leave is an additional five days of vacation leave available to employees who have completed five years of continuous service with the Board and on each five year anniversary date thereafter.

Employees receive six days of special leave credits for each year of service up to a maximum of 30 days. Unused special leave is not payable upon termination or retirement.

Unused sick leave credits accumulate and are carried forward to a maximum of 180 days. A retiring employee may convert up to one third as pre-retirement leave.

The balance in the liability accrual for accumulating sick and special leave benefits and long service vacation for the year was:

	31-Dec-20 (\$000s)	31-Dec-19 (\$000s)
Long service vacation benefits	\$ 62	\$ 50
Accumulating sick and special leave benefits	1,159	1,031
Total	<u>\$ 1,221</u>	<u>\$ 1,081</u>

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The movement in the accrual for other long-term benefits for the year was:

	2020 (\$000s)	2019 (\$000s)
Benefits, beginning of the year	\$ 1,081	\$ 992
Current service cost	85	76
Payments made during the year	(72)	(135)
Interest cost	29	33
Other changes	31	60
Actuarial loss	67	55
Benefits, end of the year	<u>\$ 1,221</u>	<u>\$ 1,081</u>

Actuarial loss remeasurements:

	2020 (\$000s)	2019 (\$000s)
Effect of changes in financial assumptions	\$ 67	\$ 33
Effect of changes in demographic assumptions	-	22
Remeasurements loss in profit or loss	<u>\$ 67</u>	<u>\$ 55</u>

(b) Post-employment Benefits**(i) Retirement and Severance Benefit**

Retirement or severance benefits are available to employees who have completed five years of service with the Board. Retirement benefits are one week of pay for each year of service. Severance benefits are half a week of pay for each year of service to a maximum of twenty-eight weeks.

Beginning January 1, 2020, management employees are no longer eligible to receive any further accruals related to severance payable on resignation or retirement. Severance entitlements accrued up to December 31, 2019, are payable upon resignation or retirement.

The movement in the accrual for retirement and severance benefits for the year was:

	2020 (\$000s)	2019 (\$000s)
Benefits, beginning of the year	\$ 1,743	\$ 1,571
Current service cost	93	105
Payments made during the year	-	(55)
Interest cost	51	58
Other changes	6	73
Actuarial (gain) loss	117	(9)
Benefits, end of the year	<u>\$ 2,010</u>	<u>\$ 1,743</u>

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Actuarial (gain) loss remeasurements:

	2020	2019
	(\$000s)	(\$000s)
Effect of changes in financial assumptions	\$ 117	\$ 64
Effect of changes in demographic assumptions	-	(27)
Effect of changes in the management benefits plan	-	(46)
Remeasurements (gain) loss in other comprehensive income	<u>\$ 117</u>	<u>\$ (9)</u>

The plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. The risk of default is low as the Fund is in a strong financial position.

The key assumptions used to calculate the retirement and severance benefit are the discount rate and the wage inflation rate. The discount rate of 1.90% (2019 – 2.80%) is selected by reference to a spot curve at the valuation date of high-quality corporate and provincial debt instruments with cash flows that match the timing and amount of the expected benefit payments. The annual rate of general escalation in wages is 1.75% for 2021 based on negotiated wage increases and 2.0% for 2022 and beyond (2019 – 1.75 for 2020 and 2021 and 2.0% for 2022 onwards) based on management's best estimate.

The expected Fund contributions for retirement and severance for the next year are \$437,000 (2019 – \$281,000). The weighted average duration of the retirement and severance benefit is 7.0 years (2019 – 6.5 years).

(ii) Retirement and Severance Benefit Risks and Sensitivity

The retirement and severance benefit is indirectly exposed to measurement risk from assumptions based on economic factors and uncertainty of future economic conditions, such as discount rates affected by volatile bond markets and inflation risk due to payment timing uncertainty. Demographic factors such as workforce average age and earnings levels, attrition and retirement rates affect current and future benefit costs due to the amount and timing of expected payments.

A change in the key assumptions used to calculate these benefits would result in a change in the obligation and benefit expense as follows:

	31-Dec-20		31-Dec-19	
	(\$000s)		(\$000s)	
Percentage change in assumed rates	+1%	-1%	+1%	-1%
Discount rate	\$ (130)	\$ 147	\$ (117)	\$ 132
Wage Inflation rate	\$ 145	\$ (131)	\$ 132	\$ (119)

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The above sensitivity analysis is based on a change in an assumption while keeping all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. The same method of calculation has been applied to the sensitivity analysis as to the calculation of the retirement and severance benefit obligation, the projected unit credit method, and did not change compared to the prior year.

(iii) Public Service Pension Plan

Substantially all of the employees of the Board are covered by the Public Service Pension Plan (the "Plan"), a multi-employer contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both employees and the Fund. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution.

The employer contribution rates effective for the year were as follows:

Contribution rate for the year	2020		2019	
	Up to Maximum	Above Maximum	Up to Maximum	Above Maximum
For employees eligible before January 1, 2013	1.01	3.80	1.01	3.79
For employees eligible after January 1, 2013	1.00	3.80	1.00	3.79
Maximum salary limit	\$ 173,000	No limit	\$ 169,300	No limit

The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of two per cent of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada/Québec Pension Plan benefits and they are indexed to inflation. For employees joining the plan after January 1, 2013, the normal retirement age has been raised from age 60 to age 65.

Contributions made to the Public Service Pension Plan by the Fund and the employees for the year were as follows:

	2020 (\$000s)	2019 (\$000s)
Employees' contributions	\$ 791	\$ 741
Fund contributions	\$ 800	\$ 747

The expected contributions to the Plan for the next year are \$764,000 (2020 – \$723,000) employee contributions and \$785,000 (2020 – \$741,000) Fund contributions.

(c) Benefit Expense

Benefit expense recognized in salaries and benefits within administration expenses in the Statement of Operations and Comprehensive Income for other long-term employee benefits and post-employment benefits was \$1,162,000 in 2020 (2019 - \$1,207,000).

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14. Capital Management, Surplus Distributions and Reserves

(a) Capital Management

The *Workers' Compensation Act* establishes that one of the purposes of the Act is to maintain a solvent Compensation Fund managed in the interest of workers and employers. To ensure that the Fund is able to meet its financial obligations, premiums charged to employers over time must be sufficient to cover current and future costs of all claims incurred by injured workers. These assessment revenues, combined with investment returns from the Fund's assets, are designed to provide the foundation for the Fund to meet all current and future obligations for injured workers.

The Board of Directors considers that capital is the net difference between assets and liabilities. There have been no changes in the objectives and definition of capital from the previous period. The Fund does not have any external capital requirements. The reserves are established to protect the fully funded position of the Fund and to stabilize the effect of fluctuations in the employer assessment rates and investment returns. At the end of the fiscal year, once the benefits liability is determined, the net difference between the Fund's assets and liabilities is allocated to reserves.

The Board of Directors uses the Funding Ratio (Assets/Liabilities) to manage capital. At December 31, 2020, the Funding Ratio was 132% (2019 – 141%). Management's funding target ratio is between 121% and 129%, which ensures that the Fund remains fully funded plus sustains the Adverse Events and Stabilization Reserves' target funding levels. The Fund is considered fully funded when there are sufficient funds for the payment of all present and future compensation, and other liabilities, including the cost of administration.

(b) Surplus Distributions

In 2020, in order to bring the funding ratio closer to target, the Board of Directors approved a surplus distribution of \$10,220,000 to be paid in 2021 to eligible employers. (2019 - \$ nil)

Reconciliation of funding policy surplus distributions:

	31-Dec-20	31-Dec-19
	(\$000s)	(\$000s)
Current year surplus distributions approved	10,220	-
Prior year surplus distribution adjustments	-	(18)
Funding policy surplus distributions (recoveries)	<u>\$ 10,220</u>	<u>\$ (18)</u>

In 2020, an amount of \$ nil (2019 - \$18,000) was recovered relating to previously approved surplus distributions. Distributions paid are conditional upon employers being compliant with the *Workers' Compensation Act* and *Occupational Health and Safety Act*.

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Reconciliation of surplus distributions payable:

	31-Dec-20	31-Dec-19
	(\$000s)	(\$000s)
Surplus distributions payable, beginning of year	\$ -	\$ 64
Amounts paid for prior year surplus distributions	-	(46)
Prior year surplus distribution adjustments	-	(18)
Current year surplus distributions approved	10,220	-
Surplus distributions payable, end of year	<u>\$ 10,220</u>	<u>\$ -</u>

(c) Reserves

Under the current Funding Policy, two reserves are established as follows:

(i) Stabilization Reserve

The Stabilization Reserve is to protect the fully funded position of the Fund and to stabilize the effect of fluctuations on employer assessment rates. The target level for this reserve is equal to 10 per cent of the benefits liability. In 2020 the benefits liability was \$171,226,000 (2019 – \$160,659,000). The target was \$17,123,000 as at December 31, 2020 (2019 – \$16,066,000). The operating range for this reserve is determined as the target-level balance plus or minus three and a half per cent of the benefits liability. At December 31, 2020, the Stabilization Reserve has a balance of \$34,084,000 (2019 – \$43,596,000).

This reserve is considered to have a surplus when its balance exceeds the top of the operating range and a deficit if the reserve balance is below its target level. The funding policy requires that any deficiency or surplus at the end of a fiscal year be amortized over a period not exceeding 10 years from the year in which the deficiency or surplus arose.

A rebate in 2020 was included in the assessment rates as required by the Funding Policy based on the 2019 funded position.

(ii) Adverse Events Reserve

The Adverse Events Reserve is to provide funding for infrequent, unexpected adverse claims experience and catastrophic events to protect employers from the sudden impact of the costs of these types of events. The target level for this reserve is \$26,198,000 (2019 – \$24,980,000), which has been set at 100 times the maximum wage rate plus 10 per cent of the benefits liability and is calculated annually upon completion of the actuarial valuation of the benefits liability. Costs related to catastrophic and adverse events and latent occupational diseases are charged to this reserve, resulting in a charge of nil for 2020 (2019 – nil). This reserve is limited to its target level. Funds in excess of the target level are transferred to the Stabilization Reserve, with nil funds transferred in 2020 (2019 – nil). At December 31, 2020, the Adverse Events Reserve has a balance of \$26,198,000 (2019 – \$24,980,000).

Transfers cannot be made from this reserve to any other temporary fund or reserve if the transfer will reduce this reserve below its target level.

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15. Related Party Transactions

(a) Government of Yukon

The Board is a territorial entity with delegated powers on behalf of the Government of Yukon (the “Government”), and is related to all Government departments, agencies and Government corporations.

During 2020, the Compensation Fund paid the Government \$225,000 (2019 – \$254,000) for computer, office supplies, payroll processing, and recruitment services. The Fund also reimbursed the Government for payroll costs of \$10,584,000 (2019 – \$9,989,000).

Reimbursements for claims costs received from the Government were \$348,000 in 2020 (2019 – \$303,000) (note 4(b)).

The Board enters into transactions with the Government and entities related to the Government in the normal course of business and the transactions are recorded at fair value.

Revenues and recoveries from the Government for the year ended December 31, 2020, totalled \$8,318,000 (2019 – \$7,250,000), including the Mine Safety Program Grant (note 11).

In 2020, the Board accrued \$2,485,000 (2019 – \$ nil) in surplus distributions to the Government to be paid in early 2021.

Included in the Fund’s accounts receivable and accounts payable as of December 31, 2020 are amounts owing to and from the Government as follows:

	31-Dec-20	31-Dec-19
	(\$000s)	(\$000s)
Due to the Government of Yukon	\$ (1,354)	\$ (1,274)
Due from the Government of Yukon	674	698
Net amount due	\$ (680)	\$ (576)

The Workers' Advocate Office operates independently from the Board and assists workers or dependants of workers in respect of claims for compensation. The approved budget of the Workers' Advocate shall be paid out of the Compensation Fund. In 2020, the Fund reimbursed the Government \$348,000 (2019 – \$409,000) for the Workers' Advocate Office expenses.

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(b) Key Management Personnel

The remuneration of key management personnel, which includes the members of the Board of Directors and the senior management team, recognized as an expense during the period was:

	2020	2019
	(\$000s)	(\$000s)
Short-term employee compensation and benefits	\$ 1,262	\$ 1,253
Other long-term employee benefits	29	20
Post employment benefits	199	186
Total remuneration	<u>\$ 1,490</u>	<u>\$ 1,459</u>

Contributions made to the Public Service Pension Plan by the Fund for key management personnel was \$139,000 (2019 – \$134,000) and are included in post-employment benefits.

As at reporting date, there were no business relationships, outstanding amounts or transactions other than compensation, between the Fund and its key management personnel.

16. Commitments

As of December 31, 2020, the Fund had entered into the following contractual commitments for the next five years:

	Contribution agreements	Computer systems support	Professional services	Building maintenance	Other	Total
	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)
2021	\$ 756	\$ 45	\$ 502	\$ 40	\$ 69	\$ 1,412
2022	593	45	318	-	-	956
2023	-	45	160	-	-	205
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
	<u>\$ 1,349</u>	<u>\$ 135</u>	<u>\$ 980</u>	<u>\$ 40</u>	<u>\$ 69</u>	<u>\$ 2,573</u>

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17. Administration Expenses

	2020	2019
	(\$000s)	(\$000s)
Salaries and benefits	\$ 10,491	\$ 9,741
Consulting and professional	1,683	1,890
Amortization - intangible assets	779	704
Computer systems	699	543
General administration	611	429
Depreciation - property and equipment	495	482
Statutory funding obligations	463	552
Buildings	398	419
Communications	239	235
Staffing and recruitment	116	166
Board expenses	99	82
Automobile and travel	83	222
Supplies and stationery	55	46
Printing and publications	40	71
System development analysis expense	18	14
Furniture and equipment	8	17
	<u>\$ 16,277</u>	<u>\$ 15,613</u>
Less: claims administration expense transferred to claims expenses (note 12)	<u>(2,321)</u>	<u>(2,243)</u>
	<u>\$ 13,956</u>	<u>\$ 13,370</u>

18. Contingencies

Due to the nature of the Board's operations, various legal matters are pending. In the opinion of management, these matters will not have a material effect on the Fund's financial position or results of operations.



Yukon Workers'
Compensation
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