

## **Board of Directors' Meeting of October 25, 2011 Website Summary**

### **Policy 03-01, Part I and Part II, Application 6: Psychiatric or Psychological Disability**

#### **Decision**

The Board of Directors approved various amendments to the policy, effective February 1, 2012, applying to all decisions made on or after that date.

#### **Rationale**

##### **Traumatic Incident Definition**

Providing first response to victims of severe injuries or fatalities, without any threat to one's own person, did not meet a strict interpretation of the definition of traumatic incident under the former policy. In practice, coverage is extended to first responders when the other criteria are met. The amendment is consistent with current Customer Service practice and represents the original intent of the policy. It is also consistent with the DSM-IV-TR diagnostic criteria for Posttraumatic Stress Disorder.

In addition, the amendment ensures the definition contains an element of objectivity.

##### **Standards of Causation**

Standards of causation are used in workers' compensation to determine work relatedness. The policy specifies a 'predominant cause' standard of causation for chronic onset stress but is silent on other types of psychiatric or psychological injuries. The amendment confirms a 'material contribution' standard of causation for all other types of psychiatric or psychological injuries.

For organic brain damage, emotional reactions to a work-related physical disability or treatment process, and traumatic onset stress, a 'material contribution' standard of causation is sufficient to ensure a significant connection between the work or work-related hazards and the psychiatric or psychological injury.

In addition to establishing a 'material contribution' standard of causation, definitions of both 'material contribution' and 'predominant cause' standard of causation are introduced to assist adjudication and facilitate decision-making consistency. The definition of 'material contribution' is derived from court cases, and the definition of 'predominant cause' is derived from the Oxford Dictionary.

##### **Compensability of Ongoing Symptoms**

Symptom reactivation may occur in some psychiatric or psychological injuries (e.g. traumatic psychological injuries) in response to reminders of the original trauma, life stressors, or new traumatic events. The amendment provides guidance in determining the compensability of ongoing symptoms, using the same standards of causation that are used for initial acceptance of the claim. A 'predominant cause' standard of causation is specified for ongoing symptoms of chronic onset stress, and a 'material contribution' standard of causation is specified for all other psychiatric or psychological injuries.

### **Formatting and Grammar**

The proposed amendments improve the clarity and readability of the policy.

### **Stakeholder Consultation**

WCB completed a 60-day Stage 2 consultation on proposed changes to Policy 03-01, from April 14 - June 17, 2011. Sixteen responses were submitted by 15 individuals or organizations; one individual submitted twice. No major changes were recommended to the policy as a result of the consultation, however, WCB did recommend different language for the question in each of Questions 4, 5, 6, 8 and 9.

### **Financial Implications**

As the amendments are clarifications and confirm existing practices, it is anticipated that costs will not be affected.

## **Investment Management Strategic Plan (2012-2014)**

### **Decision**

The Board of Directors approved the Investment Management Strategic Plan.

### **Rationale**

The Investment Management Strategic Plan allows the Board of Directors to approve the strategy for managing the investment portfolio from both a total portfolio and multi-year perspective. This plan consist of an executive summary, comments on the economic and capital market environment, a portfolio management overview, strategic themes, specific initiatives, and reporting and oversight.

The three strategic themes explain the longer term focus for portfolio management. These themes have been developed based on the unique situation and goals of WCB-Alberta and increased understanding of both the WCB liability and the resulting investment risk. The three themes are unchanged since they were first developed for the 2009-2011 Strategic Plan. The specific initiatives outlined in the plan are aligned with the three strategic themes.

Overall, the updated Strategic Plan depicts a continued focus on risk management and a portfolio strategy that is specifically tailored to the unique needs of WCB-Alberta. This strategy is consistent with achievement of the goals and objectives in the Investment Policy and is aligned with the risk tolerance of Senior Management and the Board of Directors. Approval of the plan will give Management the authority to proceed with implementation as described.

## **Annual Investment Policy Review**

### **Decision**

The Board of Directors approved amendments to the Investment Policy.

### **Rationale**

The Finance Committee Terms of Reference and Application 7, Administration of the Investment Policy, require an annual review of the policy.

As the portfolio management strategy evolves and capital markets opportunities change amendments to the policy are regularly considered at the time of the annual review. There are six proposed amendments at this time. Three of the amendments have risk/return implications, one is a minor change to a performance benchmark and the other two are immaterial edits.

The three most important amendments are as follows:

1. To allow Timberlands as a permitted investment within the inflation sensitive category up to a maximum allocation of 5% of total assets.
2. To allow holding bonds rated below B- up to a maximum of 3% of total fixed income assets.
3. Changing the foreign currency hedging from 50% +/-25% within global equities to specify target hedge ratios for each asset class (global equities, emerging markets equities, global infrastructure and foreign bonds) and no restriction on the actual hedge ratio. This change will enable a reduction in the target for the U.S. dollar and for the ability to actively manage the hedge ratios over time. Overview presentations on Timberlands and the foreign currency strategy were presented to the Finance Committee at the August meeting

### **Stakeholder Consultation**

WCB completed a stage 2 expert consultation on the proposed amendments to the Investment Policy. No additional changes were recommended to the policy as a result of the consultation.