

Board of Directors' Meeting of February 3, 2015 Website Summary

2014 Corporate Objectives and Performance Measures – Results

Decision

The Board of Directors approved the 2014 corporate scorecard (see attachment 1) as confirmation of the corporation's achievement of the 2014 corporate objectives

Rationale

In 2014, WCB-Alberta continued its tradition of delivering on its commitments. The year end 2014 corporate scorecard confirms achievement of the corporate objectives. Targets for 2014 centered on ensuring decision fairness as well as helping injured workers achieve the fitness they need to make a safe return to work.

2015 Corporate Objectives and Performance Measures - Targets

Decision

The Board of Directors approved the 2015 corporate objectives and performance measure targets.























Rationale

WCB-Alberta's corporate objectives have consistently provided the right focus for the organization's employees to deliver positive customer outcomes. As a result of this focus, WCB-Alberta is fully funded, has the lowest premium rates in Canada, achieves superior return-to-work results, and is seen as a leader in relationship and decision fairness.

The 2015 objectives meet the criteria set by the Board of Directors for objective setting and will ensure continued progress toward the mission of reducing the impact of workplace illness and injury for Albertans.

The performance measures selected each year place emphasis on key processes and are both meaningful to external stakeholders and to WCB-Alberta employees. Achievement is a challenge that requires commitment and innovation.

2014 Corporate Scorecard

	Customer Outcomes		Financial Stability
	Decision Fairness: Relationships Positively impact relationships with our customers by achieving a relationship index score of 82 per cent with workers and employers.		Safeguard financial stability. Measure our premium rate setting accuracy and the positive impact our operational initiatives have on the workers' compensation system by achieving a surplus from operations that meets or exceeds the budget target of \$5.4 million . In order to achieve this goal we will ensure:
 	Decision Fairness: Correctness Positively impact injured workers by achieving a 90 per cent decision fairness score on decisions delivered throughout the life of a claim.		<ol style="list-style-type: none"> 1. Non-capitalized transaction year claim costs that do not exceed the 2014 budget by more than 5 per cent.
 	Positively impact injured workers by helping 90 per cent of those cared for in 2014 achieve the fitness they need to make a safe return to work.		<ol style="list-style-type: none"> 2. Premium revenue at 95 per cent or more of budget for 2014.
	Leveraging Prevention Leverage prevention by working with Alberta employers to enhance safety and disability management through: <ul style="list-style-type: none"> • Promote greater accountability of employers by registering industries representing at least \$1.5 billion in insurable earnings in a voluntary program to increase risk/reward in rate setting from +/-40 per cent to +/- 60 per cent by year end. 		Exercise prudent asset-liability management practices. Funds must be available to pay the future cost of current and prior-year claims by not dropping below the minimum funding policy target of 114 per cent .
	Key Deliverables		Innovations
	Positively impact return-to-work success by negotiating modified work on behalf of injured workers and increasing the percentage of files ¹ with modified work performed and documented to 55 per cent .		Maximize worker engagement in return-to-work planning through the development and pilot of a proactive modified work education program.
	Positively impact injury rehabilitation by helping workers move successfully through return-to-work planning so the number of cases that exceed three months of short-term total disability at year end is not greater than 751 .		Develop the research and infrastructure to optimize the medical management of knee injuries.
	Positively impact return-to-work success by providing timely vocational assistance so 80 per cent of workers who utilized career planning services achieve the potential to earn at least 75 per cent of their pre-injury income.		Optimize processes and systems to reduce technical complexity, enhance service delivery and re-platform critical legacy systems. <ol style="list-style-type: none"> 1. Enhance service delivery to employers by replacing our legacy employer account application. Start the first deployment of the new policy administration application. 2. Enhance our online reporting tool for health care providers to leverage a dynamic user experience to capture information supporting return to work.
	Positively impact post-injury wage quality by helping employable workers maximize their post-injury earnings through effective return-to-work planning. We will not exceed the capitalized economic loss payment budget by more than 10 per cent .	 	Reduce technology risk by delivering: <ol style="list-style-type: none"> 1. A WCB telephone system refresh to ensure continued hardware and software support for our phone systems. 2. Increased capacity within the disaster recovery program to ensure at least 500 employees can access systems in the event of a disaster that impacts technology availability.

¹ With time loss greater than 21 days

Board of Directors' Meeting of April 30, 2015 Website Summary

Policy 01-02, Access and Privacy

Decision

The Board of Directors approved the amendments to the Policy, effective December 17, 2014.

Rationale

Bill 6, the *Statutes Amendment Act, 2014 (No. 2)*, included amendments to some of the privacy and disclosure provisions of the *Workers' Compensation Act* (the *WCA*). These amendments came into force on December 17, 2014.

The amendments include:

- The addition of a definition of “personal information” [s.1(1)(u.1)].
- Clarification of the Appeals Commission’s entitlement to relevant information related to a claim or matter under appeal, as well as a new provision allowing WCB and the AC to enter into an agreement regarding the manner (including electronic means) in which the information is provided [s.13.2(5),(5.1),(5.2)].
- Revisions to s.147 that clarify the circumstances in which, and to whom, information may be disclosed. As part of this amendment, s.147(4)(c) adds “a person with a direct interest in the claim or matter that is the subject of the review or appeal” to the list of persons who are entitled to disclosure of information when a matter is being, or may be, reviewed or appealed.

The policy amendments reflect the December 17 legislative amendments. In addition to the substantive legislative changes, some of the policy questions have been re-ordered so that they are consistent with the structure of the revised sections of the *WCA*. The policy also includes some inconsequential grammar and wording changes for clarity and consistency.

Financial Statements – 2014

Decision

The Board of Directors approved the consolidated financial statements and authorized the Chair and President to sign the Statement of Financial Position and deliver it to the Minister of Jobs, Skills, Training and Labour.

Rationale

The financial statements and accompanying notes, as recommended by the Audit Committee, reflect the financial position of the corporation as at December 31, 2014. The financial statements and notes have been prepared in accordance with International Financial Reporting Standards.

2015 Claim Benefit Liability Valuation Reappointment of External Actuary

Decision

The Board of Directors reappointed Eckler Ltd. as the WCB’s external certifying actuary for the 2015 claim benefit liability valuation.

Rationale

Section 93(6) of the Workers’ Compensation Act requires the WCB to have an independent, duly qualified actuary certify the actuarial valuation of the WCB’s claim benefit liability at least once every five years. Due to the significance of the claim benefit liability on the WCB’s financial position, a higher standard is maintained requiring annual certification of the liability.

Board of Directors' Meeting of September 29, 2015 Website Summary

Executive Compensation Peer Group

Decision

The peer group used for the annual executive compensation review was approved by the Board of Directors.

Rationale

The executive compensation annual review process, approved by the Board of Directors, includes an annual requirement for the confirmation of the executive peer group that is used in the annual executive compensation review.

The Board of Directors remains committed to transparency, visibility and relevance for the executive compensation process. This approach benchmarks executive pay against Canadian organizations from the public sector, the financial services industry, and within Alberta, and will require each organization in the peer group to meet at least two of these criteria.

Board of Directors' Meeting of October 28, 2015 Website Summary

Corporate Governance Practices: Evaluation and Voting Recommendations

Decision

The Board of Directors implemented the revised board effectiveness survey, the new individual board member and board chair evaluations and revisions to sections 5 and 28 of the Corporate Governance Policy to clarify the practice around voting in the event of a tie.

Rationale

Earlier this year, the Governance Committee requested that management complete a best practice review of the board effectiveness survey, individual board member evaluations and voting practices in the event of the tie. As a result of the review, changes to both the board effectiveness survey and the individual board member evaluations were made to align with best practices, enhance the feedback collected and ensure the evaluations are easy to complete. The Board also adopted the common practice of having the chairing member of a meeting abstain from voting except in the event of a tie, in which case he or she would cast the deciding vote.

Board of Directors' Meeting of November 24, 2015

Website Summary

Cost of Living Adjustment

Decision

The Board of Directors approved a 0.81% cost of living adjustment, effective January 1, 2016.

Rationale

In accordance with Application 4 of Policy 04-01, annual cost-of-living adjustments are based on 100% of the change in the average Alberta Consumer Price Index (ACPI) for the 12 months ending September 30 of the year immediately prior to the adjustment, less 0.5%. The policy states the cost-of-living adjustments are applied on the 1st day of January of each year. It further goes on to say that the annual cost-of-living adjustment, arrived at through the formula, is to be ratified by the Board of Directors prior to its application.

The percentage change in the average ACPI for the 12 months ending September 30, 2015 totaled 1.31%. COLA has been calculated as 0.81% (1.31% less 0.5%) in accordance with WCB policy.

2016 Maximum Insurable Earnings (MIE)

Decision

The Board of Directors approved MIE a worker is compensated on for earnings loss in 2016 to \$98,700, an increase of 3.6% over 2015's approved MIE of \$95,300.

Rationale

In accordance with Board order, the WCB applies a formula based approach for determining maximum insurable earnings (MIE). The objective of this formula is to ensure that the annual MIE adjustment keeps pace with wage growth such that the MIE covers the full wage of 90 percent of workers covered in the province. Based on this formula, the 2016 MIE increases to \$98,700, which represents an increase of 3.6%.

2016 Budget and 2017-2018 Forecast

Decision

The Board of Directors approved the 2016 budget and the 2017-2018 financial plan.

Rationale

The WCB's budget is significantly influenced by key economic assumptions, such as insurable earnings, covered workers, and claim volume expectations that directly impact WCB operating activities and results. The 2016 budget outcomes are based on current key drivers and assumptions which are by their nature quite variable.

Highlights of the 2016 budget are as follows:

- 2016 insurable earnings expectations are forecast to increase by 3.5% over 2015 forecast (-6.7% from 2015 budget) to \$108.8 billion.
- Total claim benefit expense is forecast to increase by 3.3% over 2015 forecast (-3.2% from 2015 budget) to \$936.8 million.
- New lost-time claim volumes for 2016 is expected to be 26,000 which represents a 3.6% decrease from 2015 forecast of 27,000 lost-time claims.
- Average industry premium rate for 2016 is set at \$1.01 which is equal to the forecast 2015 required average premium rate and \$0.04 higher than the 2015 budgeted average rate of \$0.97.

Investment Management Strategic Plan

Decision

The Board of Directors approved the Investment Management Strategic Plan (2016-2018).

Rationale

The Investment 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. The plan emphasizes a continued focus on risk management and a portfolio strategy that is specifically tailored to the unique needs of WCB Alberta. The strategy is consistent with the achievement of the goals and objectives of the Investment Policy and is aligned with the risk tolerance of Senior Management and the Board of Directors.

Annual Investment Policy Review

Decision

The Board of Directors approved the Investment Policy amendments, effective January 1, 2016.

Rationale

As the WCB's investment portfolio evolves and new capital market opportunities become available, amendments to the Investment Policy are regularly considered as part of the annual review process. The WCB Investment Policy has specific permitted investment and portfolio management constraints. This approach to policy development has the benefit of providing a clear understanding of portfolio management boundaries for all fiduciaries, but with the tradeoff being that policy amendments need to be considered on a regular basis.

For the 2015 review, the proposed amendments are generally administrative in nature and inconsequential. The changes include an update to the role of third party service providers who support the Board's governance oversight of the portfolio and a change to the policy benchmark currency hedge ratio for U.S. dollar equities from 50% to 25% in order to bring the benchmark hedge ratio into alignment with portfolio targets. All changes were reviewed and endorsed by the Board's independent investment advisor AON Hewitt.