

**THE WORKERS' COMPENSATION BOARD
MEETING OF THE BOARD OF DIRECTORS
MINUTES**

DATE: January 28, 2020

PLACE: The Workers' Compensation Board
12 Floor Board Room
Jarvis Building
9925 – 107 Street
Edmonton, Alberta

TIME: 8:00 a.m.

BOARD MEMBERS

Erna Ference, Chair
William Hnydyk, Member
Philip Hughes, Member
Ivana Niblett, Member
Mary Phillips-Rickey, Member
Jane Sustrik, Member

EXECUTIVE

Trevor Alexander, President & Chief Executive Officer **
Ron Helmhold, Chief Financial Officer *
Wendy King, Senior Vice President, Operations & Innovation *
Marcela Matthew, Vice President, Millard Health & Special Care Services *
William P. Ostapek, Secretary and General Counsel *
Roxy Shulha-McKay, Vice President, Employee & Corporate Services ♦

ALSO PRESENT

Leslie Henkel, Board of Directors Secretariat *

♦ excused for item 12

* excused for items 9.3 and 12

** excused for item 12 (part 2)

Board of Directors

The Chair called the meeting to order at 8:00 a.m.

1.1 **Agenda**

The agenda as distributed was approved.

1.2 **Proposed Motions**

The list of proposed motions was received for information.

2.1 **Minutes of the Meeting of November 26, 2019**

MOTION
2020/01/01

It was moved that,

"The minutes of the meeting of November 26, 2019 be approved."

CARRIED

2.2 **2020 Meetings and Activities Schedule**

The meetings and activities schedule was received for information.

3. **Business Arising from the Minutes of November 26, 2019**

There was no business arising from the minutes of the November 26, 2019 meeting.

4. **Report of the Chair**

The Chair reported on:

- a review of the 2019 WCB activities, and
- issues raised by the Industry Task Force.

5. **Report of the President**

The President reported on the following:

- investment and financial results,
- operations results and updates,
- technology and innovation,
- stakeholder engagement and legislative relations,
- legislation and panel implementation, and
- risk profile and emerging issues.

COMMITTEE REPORTS

6. **Policy Committee**

The committee chair provided a report on the committee's recent meeting.

Board of Directors

6.1 **Phase Two – Review of Employer Accounts and Premium Policies**

A comprehensive review of all employer account related policies began in 2019. Phase I of the review suggested areas for modernizing the policy and asked for stakeholder feedback on changes they felt would make the system more efficient and effective. Based on that stakeholder feedback and our best practice review, four substantive changes were proposed to stakeholders in September 2019:

1. Adding a *business test* to policy to determine an individual's status as either a worker or business owner
2. Including *dividends as earnings for personal coverage holders* when they are a reflection of remuneration paid for work performed in the company
3. Easing the administrative burden when *splitting and extending personal coverage*
4. Including a provision in policy around classifying *businesses providing support services to an industry*.

Splitting and extending personal coverage and considering dividends as earnings are the two policy changes that have the most direct impact on services for employers. They result in enhanced coverage options and simplify processes for employers. Feedback from stakeholders almost universally supported the proposals.

Dividends as earnings for personal coverage holders

WCB currently does not include dividends as earnings for personal coverage holders. The policy change in draft Policy 06-02, Part II, Application 2 includes dividends as earnings when they are a reflection of remuneration paid for work performed in the company (in lieu of salary). Dividends will not be considered earnings when they are a general allocation of the company's undistributed profits to shareholders. A cross-reference to the change has been added to draft Policy 04-01, Part II, Application 2.

Employers make choices on how to draw income out of their business for tax purposes, especially those who are shareholders/directors, which covers many of our small personal coverage accounts. Personal coverage holders will be able to purchase coverage that is more reflective of their actual earnings that will also be relatively straightforward to substantiate. They can be more confident of the benefits they will be eligible for when they purchase coverage and may not require any further supplemental insurance for the purposes of covering their dividend income.

The proposed change is cost neutral.

Splitting and extending personal coverage

When personal coverage is in effect, it only covers the individual while working in the industry or industries for which it was approved. Currently, individuals who are active in more than one industry can split their personal coverage between industries. This can lead to one individual holding multiple separate personal coverage accounts. Under our current policy, this can be a cumbersome exercise to ensure coverage is split properly. Under draft Policy 06-02, Part II, Application 2, Question 6, personal coverage holders with multiple accounts or industries will now have two options:

Board of Directors

1. Status quo – The individual can split their personal coverage between industries, based on the percentage of working time spent in each.
2. Simplified coverage – The individual can easily elect to extend their personal coverage to any or all of their operations through one application on one account. If this option is chosen, the personal coverage premium will be assessed using the industry where the majority of their operation's work is undertaken. If that industry cannot be determined, premiums will be assessed at the highest rated industry in which the individual operates.

The change in draft Policy 06-02, Part II, Application 2, Question 6 should ease the administrative burden for individuals who would like to extend personal coverage across multiple operations under one account. It simplifies coverage for personal coverage holders and reduces red tape. Personal coverage holders who wish to extend their coverage will not be required to establish arbitrary splits between all their operations and will still be able to maintain full coverage and protection from liability. For individuals who prefer to split their coverage, this option is still available.

The proposed change is cost neutral.

MOTION
2020/01/02

It was moved that,

"The Board of Directors approve the draft policy applications:

- Policy 06-02, Part II, Application 2
- Policy 06-03, Part II, Application 4
- Policy 04-01, Part II, Application 2

Effective Date: April 1, 2020."

CARRIED

6.2 **2019 Policy Project Plan Final Update**

The final update on the 2019 Policy Project Plan was received for information.

6.3 **2020 Policy Project Plan**

The Policy Committee approved the 2020 Policy Project Plan for publishing on WCB's website, as well as the verbatim responses received during the consultation.

The 2020 Policy Project Plan is focused on meeting the needs of the upcoming Government of Alberta legislative review and on completing work that was started in 2019 or, in the case of the Experience Rating and other Pricing Adjustments Policy Review, was committed to in 2019.

7. **Audit Committee**

The committee had nothing to report.

Board of Directors

8. Finance Committee

The committee chair provided a report on the committee's recent meeting.

8.1 Monthly Financial Reports December 2019 (Preliminary)

The Board of Directors received the December 2019 (preliminary) financial reports for information.

9. Human Resource and Governance Committee

The committee chair provided a report on the committee's recent meeting.

9.1 2019 Strategy Map and Objectives - Results

2019 marked the first year of our new Strategic Plan, which focuses on WCB's commitment to a positive, efficient and effective experience for workers and employers. WCB's objectives were created in support of the key strategic themes:

1. Sharing the same vision of recovery and return to work with injured workers, employers and our health care partners.
2. Working with stakeholders, experts and health care partners, identify and implement best practices to address the growing incidence of psychological injury.
3. Building capacity through partnerships to help workers with physically appropriate and economically sustainable options as technological change escalates and the labour market shifts.
4. Investing in technology, predictive analytics and machine learning to achieve greater efficiency and further success in assisting more injured workers to successfully return to work and life.

Great work has been done over the past year to improve service, engagement and outcomes despite a very challenging economy.

2019 was a successful but challenging year. Despite these challenges, we met the majority of key objectives in the first year of our Strategic Plan. Specifically, WCB:

- Developed meaningful partnerships with employer associations, which contributed to an increase in the number of training-on-the-job opportunities that were approved for workers with permanent disability.
- Increased the number of viable job leads for workers who were not able, because of their injuries, to return to the jobs they held before they were hurt.
- Significantly reduced wait time for psychological services for injured workers.
- Achieved high satisfaction from workers with the medical treatment they received through their claim.
- Implemented new triage rules to keep low-complexity lost-time claims on our processing team, which meant fewer claims were assigned to adjudicators.
- Rewrote and published worker procedures on our website for the first time.

Board of Directors

- Deployed a first-of-its-kind in Canada worker mobile app, receiving great feedback from clients, and began development of an employer app for release in 2020.
- Provided training to community psychologists about WCB and the concept of recovery while working.
- Developed a new research evaluation process for confirming injury causation.
- Made great progress on improved data sharing with Occupational Health and Safety (OH&S).

In summary, 2019 was a busy and successful year. We met key objectives in the first year of our Strategic Plan and the organization is well-positioned to continue to make improvements in 2020.

MOTION
2020/01/03

It was moved that,

"The Board of Directors approve the 2019 Strategy Map and Objective results as confirmation of the organization's achievement of annual corporate objectives."

CARRIED

9.2 2020 Strategy Map and Objectives

Setting meaningful objectives for the organization is pivotal to WCB's ability to continue to move forward and deliver on the expectations of stakeholders and of WCB's five-year strategic plan.

To be successful, we must have a mix of projects and success metrics that balance our commitment to finding innovative approaches for workers who were not successful on their return-to-work journey with finding ways to optimize processes that are working for the vast majority of clients we serve. We will:

- Continue our efforts to develop collaborative care plans with workers and employers.
- Take the opportunity to increase successful outcomes for workers who need help moving to a new career or new way of living.
- Provide employers, workers, health care providers and staff with better tools and information to assist them in preventing disability and helping workers recover and return to work.
- Continue to invest in technology. Our strategy relies on having the tools we need to successfully deliver on each of our success measures.

In summary, WCB's approach to objective setting puts fairness, transparency, efficiency and engagement at its core. Not only will this ensure employees are clear on what will be changing to ensure we deliver positive customer outcomes that uphold our unconditional commitment to fairness—but we will make a clear statement to stakeholders of our willingness to change and evolve into the organization they want and deserve.

MOTION
2020/01/04

It was moved that,

"The Board of Directors approve the 2020 Strategy Map and Objectives."

CARRIED

Board of Directors

The Chair excused senior management, with the exception of the President and Vice President, Employee and Corporate Services, from the meeting for item 9.3.

9.3 2019 Annual Board Evaluation Results

As part of the Board of Directors' ongoing commitment to effective governance, the annual evaluation of board performance has been completed. The board evaluation was sent to each board member in November with an electronic link to complete the survey anonymously. The results show that the Board of Directors is operating effectively within its governance mandate.

10. New Business

There was no new business.

11. Meeting Evaluation

The members were asked to complete the meeting effectiveness self-assessment form.

12. In Camera

The Board of Directors held an *in camera* session in two parts. During the first part, all of senior management except the President were not present. During the second part, the President was also not present.

There being no further business, the meeting ended at 10:40 a.m.

**THE WORKERS' COMPENSATION BOARD
MEETING OF THE BOARD OF DIRECTORS
MINUTES**

DATE: April 28, 2020

PLACE: Video Conference

TIME: 8:00 a.m. to 11:50 a.m.

BOARD MEMBERS

Erna Ference, Chair

Mike Boyle, Member

William Hnydyk, Member

Brian McConkey, Member

Shawna Miller, Member

Mary Phillips-Rickey, Member

Jane Sustrik, Member

EXECUTIVE

Trevor Alexander, President & Chief Executive Officer **

Tarick Ahmad, Chief Technology Officer *

Ron Helmhold, Chief Financial Officer *

Wendy King, Senior Vice President, Operations & Innovation *

Marcela Matthew, Vice President, Millard Health & Special Care Services *

William P. Ostapek, Secretary and General Counsel *

Roxy Shulha-McKay, Vice President, Employee & Corporate Services •

ALSO PRESENT

Leslie Henkel, Board of Directors Secretariat

Laurent Charron, Corporate Controller [items 7 and 8]

Andrew Tambone, Chief Investment Officer [items 7 and 8]

• excused for item 12

* excused for items 9.3 and 12

** excused for item 12 (part 2)

Board of Directors

The Chair called the meeting to order at 8:00 a.m.

1.1 **Agenda**

The agenda as distributed was approved.

1.2 **Proposed Motions**

The list of proposed motions was received for information.

2.1 **Minutes of the Meeting of January 28, 2020**

MOTION
2020/02/05

It was moved that,

"The minutes of the meeting of January 28, 2020 be approved."

CARRIED

2.2 **2020 Meetings and Activities Schedule**

The meetings and activities schedule was received for information.

3. **Business Arising from the Minutes of January 28, 2020**

There was no business arising from the minutes of the January 28, 2020 meeting.

4. **Report of the Chair**

The Chair highlighted the corporation's response to the pandemic and its business continuity planning and praised the overall response to a very challenging situation.

She also addressed the need to hold WCB's annual general meeting using a method other than an in-person gathering and noted that the Annual Report will be released on schedule. She further reported on the AWCBC Governance Summit and the Board of Directors' retreat.

The Board of Directors discussed the 2020 Meeting Schedule in light of the pandemic.

MOTION
2020/02/06

It was moved that,

"The Board of Directors cancel the May 26, 2020 meeting."

CARRIED

Board of Directors

5. **Report of the President**

The President noted that April 28 is the national Day of Mourning and the impact worker fatalities have on families and society. He also reported on the corporation's pandemic response, including business continuity, technology enhancements, and operations results and updates, and then asked the Chief Financial Officer to address financial impacts and updates.

COMMITTEE REPORTS

6. **Policy Committee**

The committee had nothing to report.

7. **Audit Committee**

The committee chair provided a report on the committee's recent meeting.

7.1 **Financial Statements – 2019**

The financial statements and accompanying notes, as recommended by the Audit Committee, reflect the financial position of the corporation as at December 31, 2019. The financial statements and notes have been prepared in accordance with International Financial Reporting Standards.

MOTION
2020/02/07

It was moved that,

"The Board of Directors approve the corporation's consolidated financial statements and accompanying notes for the year ended December 31, 2019, and the Chair of the Board of Directors and the President and Chief Executive Officer be authorized to sign the Statement of Financial Position on its behalf for delivery to the Minister of Labour and Immigration before May 31, 2020."

CARRIED

7.2 **Reappointment of External Actuary**

Section 93(6) of the *Workers' Compensation Act* requires WCB to have an independent, duly qualified actuary certify the actuarial evaluation of the claim benefit liabilities at least once every five years. The WCB's certifying actuary, Eckler Ltd. (Eckler), has been appointed to a five year term commencing with the 2018 valuation, subject to annual review and reappointment.

Board of Directors

Management is satisfied that the contract continues to provide good value considering the scope of services provided. In addition, management is satisfied with the quality of work performed by Eckler in the certification of the 2019 claim benefit liabilities, as well as the working relationship that Eckler has established with the internal actuarial staff. Accordingly, management supports the reappointment of Eckler under the existing contract.

MOTION
2019/02/08

It was moved that,

"The Board of Directors reappoint Eckler Ltd. as the WCB's external certifying actuary for the 2020 claim benefit liability valuation."

CARRIED

8. **Finance Committee**

The committee chair provided a report on the committee's recent meeting.

9. **Human Resource and Governance Committee**

The committee had nothing to report.

10. **New Business**

The Chair and members congratulated the Secretary and General Counsel on his appointment as Queen's Counsel.

11. **Meeting Evaluation**

The members were asked to complete the meeting effectiveness self-assessment form.

12. **In Camera**

The Board of Directors held an *in camera* session in two parts. During the first part, all of senior management except the President were not present. During the second part, the President was also not present. The Board Secretariat remained for the entire *in camera* session.

There being no further business, the meeting ended at 11:50 a.m.

**THE WORKERS' COMPENSATION BOARD
MEETING OF THE BOARD OF DIRECTORS
MINUTES**

DATE: June 30, 2020
PLACE: Video Conference
TIME: 8:00 a.m. to noon

BOARD MEMBERS

Erna Ference, Chair
Mike Boyle, Member
William Hnydyk, Member
Brian McConkey, Member
Shawna Miller, Member
Mary Phillips-Rickey, Member
Jane Sustrik, Member

EXECUTIVE

Trevor Alexander, President & Chief Executive Officer **
Tarick Ahmad, Chief Technology Officer *
Ron Helmhold, Chief Financial Officer *
Wendy King, Senior Vice President, Operations & Innovation *
Marcela Matthew, Vice President, Millard Health & Special Care Services *
William P. Ostapek, Secretary and General Counsel *
Roxy Shulha-McKay, Vice President, Employee & Corporate Services *

ALSO PRESENT

Leslie Henkel, Board of Directors' Secretariat
Andrew Tambone, Chief Investment Officer, Investment Management *
Donna Emsley, Manager, Investment Operations and Risk, Financial Management (for item 10.2)

AIMCo guests (item10.2)

- Kevin Uebelein, President & CEO
- Mark Prefontaine, Chief Client and Stakeholder Relations
- Ahmed Kassongo, Director, Client Reporting and Analytics

* excused for item 12

** excused for item 12 (part 2)

Board of Directors

The Chair called the meeting to order at 8:00 a.m.

1.1 **Agenda**

The agenda as distributed was approved.

1.2 **Proposed Motions**

The list of proposed motions was received for information.

2.1 **Minutes of the Meeting of April 28, 2020**

MOTION
2020/03/09

It was moved that,

"The minutes of the meeting of April 28, 2020 be approved."

CARRIED

2.2 **2020 Meetings and Activities Schedule**

The meetings and activities schedule was received for information.

3. **Business Arising from the Minutes of April 28, 2020**

There was no business arising from the minutes of the April 28, 2020 meeting.

4. **Report of the Chair**

The Chair commended the President and all staff for their excellent work in responding to the COVID-19 pandemic and expressed her appreciation for their efforts.

The Chair reported on the June meeting with the Industry Task Force executive, the annual general meeting of the Association of Workers' Compensation Boards of Canada and the Alberta WCB annual general meeting. The Chair also raised logistical issues around the September Board of Directors' retreat.

5.1 **Report of the President**

The President reported on the following:

- investment and financial results,
- operations results and updates,
- technology and innovation,
- stakeholder engagement and legislative relations,
- legal update, and
- risk profile and emerging issues.

Board of Directors

5.2 2020 Strategy Map and Objectives Update

The 2020 strategy map and objectives update was received for information.

COMMITTEE REPORTS**6. Policy Committee**

The committee chair provided a report on the committee's recent meeting.

6.1 2020 Policy Project Plan Update

The topic summary and update were received for information.

7. Audit Committee

The committee had nothing to report.

8. Finance Committee

The committee chair provided a report on the committee's recent meeting.

8.1 Monthly Financial Reports

The monthly financial reports were received for information.

9. Human Resource and Governance Committee

The committee chair provided a report on the committee's recent meeting.

9.1 Corporate Governance Best Practice Scan and Policy Manual Update

The following proposed amendments to the Corporate Governance Policy Manual reflect all outstanding updates to the Corporate Governance Policy Manual since the last update in November 2018.

- Modify Section 10(b) (viii) (Role of the Chair) to update the language regarding the supervisory duties of the Chair by replacing “supervises the *administrative affairs* of the President” with “supervises the *performance* of the President”.
- Modify Section 12(h) (i) and (ii) (Role of Committees) to remove the reporting relationship of the Secretariat to HR&G as approved at the January HR&G Committee and Board of Directors meetings.

Board of Directors

- Modify Appendix B (Meredith Principles) to update the timing of the articulation of the principles by replacing “articulated *nearly* 100 years ago” with “articulated *over* 100 years ago”.
- Modify Appendix C (Principles of Alberta Workers’ Compensation) to reflect changes made to the Principles by the Board of Directors in April 2018 (BoD Resolution 2018/02/18, Date: April 17, 2018).

MOTION
2020/03/10

It was moved that,

"The Board of Directors approve updates to Sections 10 and 12 and Appendices B and C of the Corporate Governance Policy Manual."

CARRIED

10. **New Business**

10.1 **Board of Directors 2021 Meeting Schedule**

Advance approval of the Board of Directors 2021 Meeting Schedule and recording that approval in the minutes constitutes formal notice of the meetings. The 2021 Meetings and Activities Schedule includes committee meetings and other activities and is for reference only.

Section 7(1) of the *Workers’ Compensation Act* mandates that no more than three months elapse between meetings. Therefore, in order to accommodate the April 27 meeting, the usual January meeting is on February 2.

Board meetings generally begin at 8:00 a.m. on Tuesday; however, the September board and committee meetings are on Monday, September 20, with the board meeting at 1:00 p.m. The annual board retreat is on Tuesday, September 21.

There are no meetings scheduled for January, March, May, July, August, October and December.

MOTION
2020/03/11

It was moved that,

"The Board of Directors approve the 2021 Meeting Schedule, with meetings to start at 8:30 a.m. unless otherwise indicated."

CARRIED

MOTION
2020/03/12

It was moved that,

"The start time for the November 24, 2020 Board of Directors meeting be changed to 8:30 a.m."

CARRIED

Board of Directors

The Manager of Investment Operations and Risk, as well as AIMCo representatives Kevin Uebelein, President & CEO; Mark Prefontaine, Chief Client and Stakeholder Relations and Ahmed Kassongo, Director, Client Reporting and Analytics, joined the meeting for item 10.2.

10.2 Transition of WCB Managed Investments to AIMCo

The AIMCo representatives provided a presentation. The Board of Directors received the topic summary and attachments for information.

The AIMCo representatives left the meeting.

There was no additional new business.

11. Meeting Evaluation

The members were asked to complete the meeting effectiveness self-assessment form.

12. In Camera

The Board of Directors held an *in camera* session in two parts. During the first part, all of senior management except the President were not present. During the second part, the President was also not present. The Board Secretariat remained for the entire *in camera* session.

There being no further business, the meeting ended at noon.

**THE WORKERS' COMPENSATION BOARD
MEETING OF THE BOARD OF DIRECTORS
MINUTES**

DATE: September 28, 2020

PLACE: Video Conference

TIME: 1:00 p.m. to 4:15 p.m.

BOARD MEMBERS

Erna Ference, Chair

Mike Boyle, Member

William Hnydyk, Member

Brian McConkey, Member

Shawna Miller, Member

Mary Phillips-Rickey, Member

Jane Sustrik, Member (joined at 1:50 p.m.)

EXECUTIVE

Trevor Alexander, President & Chief Executive Officer **

Tarick Ahmad, Chief Technology Officer ^*

Ron Helmhold, Chief Financial Officer ^*

Wendy King, Senior Vice President, Operations & Innovation ^*

Marcela Matthew, Vice President, Millard Health & Special Care Services ^*

William P. Ostapek, Secretary and General Counsel ^*

Roxy Shulha-McKay, Vice President, Employee & Corporate Services *

ALSO PRESENT

Dr. Victoria Cho, Director, Medical Services (item 5.2)

Leslie Henkel, Board of Directors' Secretariat

^ excused for item 9.1

* excused for item 12

** excused for item 12 (part 2)

Board of Directors

The Chair called the meeting to order at 1:00 p.m.

1.1 **Agenda**

The agenda as distributed was approved.

1.2 **Proposed Motions**

The list of proposed motions was received for information.

2.1 **Minutes of the Meeting of June 30 2020**

MOTION

2020/04/13 It was moved that,

The minutes of the meeting of June 30, 2020 be approved.

CARRIED

2.2 **2020 Meetings and Activities Schedule**

The meetings and activities schedule was received for information.

2.3 **2021 Meetings and Activities Schedule**

The meetings and activities schedule was received for information.

MOTION

2020/04/14 It was moved that,

The Board of Directors' meeting currently scheduled for September 20, 2021 be rescheduled to September 13, 2021.

CARRIED

3. **Business Arising from the Minutes of June 30, 2020**

There was no business arising from the minutes of the June 30, 2020 meeting.

4. **Report of the Chair**

The Chair reported on:

- COVID-19 pandemic,
- a recent Industry Task Force executive meeting attended by members of the Board of Directors, and
- Board of Directors' retreat.

Board of Directors

5.1 Report of the President

The President reported on the following:

- investment and financial results,
- operations results and updates,
- technology and innovation,
- stakeholder engagement and legislative relations,
- legal update, and
- risk profile and emerging issues.

5.2 COVID-19 Presentation

The Director, Medical Services, provided a presentation on the COVID-19 pandemic.

5.3 2020 Strategy Map and Objectives

The 2020 Strategy Map and Objectives update was received for information. The President reviewed a number of significant additional accomplishments that the organization achieved during the pandemic.

COMMITTEE REPORTS**6. Policy Committee**

The committee chair provided a report on the committee's recent meeting.

6.1 2020 Policy Project Plan Update

The September update on the 2020 Policy Project Plan was received for information.

6.2 Red Tape Reduction Update

The Government of Alberta has an ongoing initiative to identify and eliminate red tape, including processes that are duplicative or wasteful. As part of this initiative, the department of Labour and Immigration asked WCB to coordinate its response to the government's red tape reduction initiative. The initial focus is on legislation and regulations. WCB has completed its review of these documents and shared the results with Labour and Immigration.

6.3 Policy 07-02, Part II, Application 2 – COVID-19 Cost Relief

In accordance with Board Resolution 94/02/09, SMC has approved a non-substantive amendment to Policy 07-02, Part II, Application 2, Question 14. The non-substantive amendment was the only policy change necessary to complete a comprehensive cost relief package that reduces the direct financial impact of COVID-19 claims and extended periods of disability for other claims due to hospital treatment delays and the unavailability of modified work.

Board of Directors

6.4 **Pension Midpointing Update**

Proposed amendments to the pension midpointing policy will be posted for online consultation for 60 days starting tomorrow. This posting was approved by the Policy Committee in November.

7. **Audit Committee**

The committee chair provided a report on the committee's recent meeting.

8. **Finance Committee**

The committee chair provided a report on the committee's recent meeting.

8.1 **Monthly Financial Reports**

The monthly financial reports were received for information.

9. **Human Resource and Governance Committee**

The executive, with the exception of the President and the Vice President, Employee and Corporate Services, left the meeting.

9.1 **2020 Executive Compensation Peer Group and Best Practice Review**

In 2017, with the enactment of the *Reform of Agencies, Boards and Commissions Compensation Act* (RABCCA), the Government of Alberta developed a new peer group for the CEO, which came into effect March 15, 2019. In September 2018, and reconfirmed in 2019, WCB's Board of Directors approved a peer group similar to the one defined in RABCCA for vice president compensation modelling. This peer group consists of broad Canadian public sector organizations sorted to reflect the scope and complexity of WCB in terms of annual budget/revenue, assets under management, and/or numbers of employees. It no longer contains private sector organizations. Hexarem recommends reconfirming the same peer group selection criteria for the 2020 executive compensation review.

Hexarem was also asked to review alignment with best practices of the peer group selection and the executive salary structure update processes. Its assessment concludes that WCB's current processes are aligned with governance best practice.

MOTION

2020/04/15

It was moved that,

The Board of Directors approve the peer group to be used for the 2020 executive compensation review.

CARRIED

Board of Directors

10. **New Business**

There was no new business.

11. **Meeting Evaluation**

The members were asked to complete the meeting effectiveness self-assessment form.

12. **In Camera**

The Board of Directors held an *in camera* session in two parts. During the first part, all of senior management except the President were not present. During the second part, the President was also not present. The Board Secretariat remained for the entire *in camera* session.

There being no further business, the meeting ended at 4:15 p.m.

**THE WORKERS' COMPENSATION BOARD
MEETING OF THE BOARD OF DIRECTORS
MINUTES**

DATE:	November 24, 2020
PLACE:	Zoom Video Conference
TIME:	8:30 a.m. to 12:10 p.m.

BOARD MEMBERS

Erna FERENCE, Chair
Mike Boyle, Member
William Hnydyk, Member
Brian McConkey, Member
Shawna Miller, Member
Mary Phillips-Rickey, Member
Jane Sustrik, Member

EXECUTIVE

Trevor Alexander, President & Chief Executive Officer **
Tarick Ahmad, Chief Technology Officer *
Ron Helmhold, Chief Financial Officer *
Wendy King, Senior Vice President, Operations & Innovation *
Marcela Matthew, Vice President, Millard Health & Special Care Services *
William P. Ostapek, Secretary and General Counsel *
Roxy Shulha-McKay, Vice President, Employee & Corporate Services *

ALSO PRESENT

Leslie Henkel, Board of Directors' Secretariat

GUESTS

Laurent Charron, Corporate Controller, Financial Management (items 7 and 8)
Donna Emsley, Manager, Investment Operations and Risk, Financial Management (items 7 and 8)
Nadia Mursky, Manager, Financial Planning and Reporting, Financial Management (items 7 and 8)

* excused for item 12

** excused for item 12 (part 2)

Board of Directors

The Chair called the meeting to order at 8:30 a.m.

1.1 **Agenda**

The agenda as distributed was approved.

1.2 **Proposed Motions**

The list of proposed motions was received for information.

2.1 **Minutes of the Meeting of September 28, 2020**

MOTION

2020/05/16

It was moved that,

The minutes of the meeting of September 28, 2020 be approved.

CARRIED

2.2 **2021 Meetings and Activities Schedule**

The meetings and activities schedule was received for information.

3. **Business Arising from the Minutes of September 28, 2020**

There was no business arising from the minutes of the September 28, 2020 meeting.

4. **Report of the Chair**

The Chair reported on:

- the health and wellness of WCB staff and commended WCB leaders for the measured approach in the context of the ongoing pandemic,
- Bill 47 proposed amendments,
- a recent meeting with the Industry Task Force and AIMCo executive to discuss the AIMCo transition, and
- an upcoming meetings with stakeholders, including the Industry Task Force.

5.1 **Report of the President**

The President reported on the following:

- investment and financial results,
- operations results and updates,
- technology and innovation,
- stakeholder engagement and legislative relations,
- legislation and panel implementation, and
- risk profile and emerging issues.

Board of Directors

5.2 2020 Strategy Map and Objectives

The 2020 Strategy Map and Objectives update was received for information.

COMMITTEE REPORTS

6. Policy Committee

The committee chair provided a report on the committee's recent meeting.

6.1 **Employer Accounts and Premium Policies Review:** **Business Test and Businesses Providing Support to an Industry**

During Phase II of a comprehensive review of employer account related policies, drafts of the substantive policy changes were open for online consultation for 60 days, October 1 to December 2, 2019. Two of the four substantive policy changes were approved by the Board of Directors at their meeting in January 2020. Initial stakeholder feedback on the remaining two changes, while supporting the intent of the recommendations, found some of the language unclear. WCB met with Industry Task Force representatives for suggestions and their feedback has been incorporated. The revised wording was shared with the Policy Consultation Advisory Group and the revised policies were brought forward for final approval.

The remaining substantive policy changes include:

1. adding a **business test** to policy to determine an individual's status as either a worker or business owner, and
2. Including a provision in policy around classifying **businesses providing support services to an industry**.

Business Test

WCB currently does not include a business test in policy. The policy change in draft Policy 06-01, Part II, Application 2 will codify current practice by adding a new question outlining criteria to determine an individual's status as either a worker or business owner.

If WCB determines that an individual is a worker rather than a business owner, under s. 16(2) of the *Workers' Compensation Act*, WCB can deem the individual to be a worker of their principal. This includes directors of incorporations determined not to be operating a business. This policy change will reinforce that incorporation alone is not a sufficient condition to determine that an individual is a business owner rather than a worker.

Incorporating a business test in published policy ensures better transparency and consistency in decision-making. A business test in policy promotes clearly defined rules for decision-making on new accounts. As this change codifies current practices, there is no impact to stakeholders. Procedures will ensure limited and incorporated companies are not automatically granted new accounts. Staff will be able to point to a clear policy reference that supports their decision.

Board of Directors

The proposed change is cost neutral.

Businesses Providing Support Services to an Industry

WCB currently does not include classification of businesses providing support to an industry in policy. Two new questions in draft Policy 07-01, Part II, Application 1 clarify that:

- An employer that provides administrative or strategic support to a related business (or group of related businesses) is classified in the same industry as those businesses.
- An employer that provides administrative or strategic support to multiple unrelated businesses is classified based on its own business activity.
- Administrative or strategic support includes, but is not limited to, activities such as coordination, marketing, management, information systems, and administration services.
- Franchisors are classified in the same industry as their franchisees.

This approach levels the playing field for all employers in the industry by ensuring all employers regardless of their legal structure are compared equally. This change is a clarification of current practice and does not represent a change to the way WCB does business.

Adding a new question in policy ensures transparency and consistent decision-making when classifying this type of business. The change will enhance employers' understanding of how we make classification decisions. The impact should be a better understanding of how we make decisions. Staff will be able to reference the published policy used to make their decision. Having clearly defined policy for these type of businesses could lead to fewer Appeals Commission decisions. As this change codifies current practices, there should be no impact to stakeholders.

The proposed change is cost neutral.

MOTION

2020/05/17

It was moved that,

The Board of Directors approve the draft policy applications, which include:

1. adding a *business test* to Policy 06-01, Part II, Application 2, and
2. clarifying how *businesses providing support to an industry* are classified in Policy 07-01, Part II, Application 1.

Effective Date: January 1, 2021

CARRIED

6.2 **Employer Accounts and Premium Policies Review: Non-substantive Changes**

In accordance with Board Resolution 94/02/09 (inconsequential amendments), Strategic Management Council approved non-substantive changes to employer accounts and premium policies (Policy 06-01, Policy 06-02, Policy 06-03, Policy 07-01, Policy 07-02, and Policy 07-03). During both phases of the comprehensive employer services policy review, many non-

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substantive changes were identified. Non-substantive policy changes update references in policy, correct grammatical issues, and adjust examples to generate a better understanding of the intent of the policies. The draft policies include updates to reflect legislation, clarifications of terms and coverage and updates to references, language and numbering.

6.3 Policy Impacts Arising from Bill 47

Management shared its approach to dealing with policy impacts arising from Bill 47, the omnibus bill impacting workers' compensation and occupational health and safety in Alberta that received first reading on November 5, 2020. Bill 47 includes different time horizons for the various proposed changes:

1. **January effective dates:** Bill 47 will result in several changes that will require immediate policy creation in order to allow for appropriate budgeting and rate setting for 2021. **Programs and policy that need to be researched and created for the April timeframe:** Policy and programming information will be drafted and ready to share that with the Board of Directors in February and with stakeholders prior to the implementation date.
2. **Non-substantial changes:** There will be a number of changes arising that are non-substantial and that the Board of Directors has given management the authority to process.

6.4 Cost of Living Adjustment, Policy 04-01, Part II, Application 4

The Government of Alberta has introduced changes to the *Workers' Compensation Act* in Bill 47 that will reinstate the Board of Directors' authority to determine an annual cost-of-living adjustment.

Current legislation requires that the cost of living adjustment (COLA) calculation be based on the Alberta Consumer Price Index (ACPI). The repeal of that legislation will effectively return us to the previous policy that bases the calculation on 100% of the change in the average ACPI for the 12 months ending September 30 of the year immediately prior to the adjustment, less 0.5%.

The percentage change in the average Alberta CPI for the 12 months ending September 30, 2020, totaled 1.34%. By using the COLA formula in effect prior to Bill 30, the COLA for 2021 will be set at 0.84% (1.34% less 0.5%).

The impact of the 0.5 percent reduction has been calculated by WCB's actuaries. Reinstating the reduction to COLA would reduce claims costs approximately \$20 million annually. This would decrease employer premiums by roughly \$0.02 every year. In addition to the yearly impact on rates, there would be a one-time reduction to the claim benefit liability of \$270 million to account for the impact of increasing COLA on all prior-year cases.

MOTION

2020/05/18

It was moved that,

The Board of Directors approve the following:

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1. Amendments to Policy 04-01, Part II, Application 4. This approval is contingent upon section 3(22) of Bill 47, which is before the Legislative Assembly, receiving Royal Assent as currently drafted.
2. A COLA of 0.84% to be applied to benefits effective January 1, 2021, in accordance with said policy.
3. The proposed Board Order for cost of living adjustments on these terms.

CARRIED

6.5 **2021 Maximum Insurable Earnings**

The Government of Alberta recently introduced Bill 47, which, in part, requires the maximum insurable earnings (MIE) cap to be reinstated in an amount prescribed by the WCB Board of Directors.

Prior to the elimination of the MIE in 2018, WCB had a comprehensive process to set the MIE calculation formula. The formula has two objectives. First, it aligns the annual MIE adjustment with wage growth so that the MIE covers the full wage of 90% of workers. Secondly, it provides employers with predictable premiums and smooths the year-over-year changes in MIE. It also anticipates future wage increases while providing predictability as to future increases in the MIE.

MIE will be set at \$98,700 for 2021.

Reinstating the cap for earnings would reduce claims costs approximately \$30 million annually. This would decrease employer premiums by roughly \$0.03 every year. There is no impact to the liability as this does not impact any prior year cases.

MOTION

2020/05/19

It was moved that,

The Board of Directors approve the following:

1. Amendments to Policy 04-01, Part II, Addendum A. This approval is contingent upon section 3(21)(g) of Bill 47, which is before the Legislative Assembly, receiving Royal Assent as currently drafted.
2. A maximum insurable earnings cap of \$98,700 to be applied to benefits effective January 1, 2021, in accordance with said policy.
3. The proposed Board Order for MIE on these terms.

CARRIED

The WCB will follow up to ensure the formula (covering at least 90% of workers) is communicated to stakeholders in 2021 as part of the consultation process.

Board of Directors

6.6 Policy 03-01, Part II, Application 6, Psychiatric or Psychological Injury

Proposed legislation for traumatic psychological injury contained in Bill 47, if passed, would take effect January 1, 2021. The proposed legislation maintains system coverage for work-related traumatic psychological injury for all workers but removes the rebuttable presumptive coverage in place since April 1, 2018. It also adds rebuttable presumptive coverage for traumatic psychological injury to the existing rebuttable presumptive PTSD coverage for first responders.

Because essential psychological injury coverage is not changing and WCB's adjudication process continues to be effective, the simplest plan of action is to revert to the policy that existed before the rebuttable presumption for all workers was introduced. This version of policy explains the conditions under which WCB adjudicates both traumatic and chronic onset psychological injury. It came into effect on August 26, 2015 and reflected stakeholder input.

WCB's recommendation is to use this version, with some additional clarifying information, for January 1, 2021.

These changes, along with some wording enhancements, add clarity for stakeholders and staff and reflect WCB's adjudicative process more clearly.

MOTION

2020/05/20

It was moved that,

The Board of Directors approve the following:

Amendments to Policy 03-01 Part II Application 6: Psychiatric or Psychological Injury. This approval is contingent upon section 3(13) of Bill 47, which is before the Legislative Assembly, receiving Royal Assent as currently drafted.

Effective Date: January 1, 2021.**CARRIED**

The WCB will undertake consultation regarding this policy in 2021.

6.7 Policy 04-02, Part II, Addendum A, Allowance Rates

In accordance with Board Resolution 94/02/09 (inconsequential amendments) and Board Resolution 2003/03/10 (travel, subsistence, and wage allowances), Strategic Management Council recommended no changes to Policy 04-02, Part II, Addendum A, Allowance Rates, for 2021. WCB reviews the allowance rates for travel, subsistence (meals), and accommodation annually.

No changes were recommended.

Board of Directors

6.8 Policy Committee Annual Plan

The Policy Committee annual plan was received for information.

6.9 2020 Policy Project Plan Update

The 2020 Policy Project Plan update was received for information.

7. Audit Committee

The committee chair provided a report on the committee's recent meeting.

7.1 Audit Committee Annual Plan

The Audit Committee's annual plan was received for information.

7.2 Audit Committee Terms of Reference

The Terms of Reference for the Audit Committee are reviewed annually in order to ensure that they continue to meet best practice standards. The Terms of Reference have been reviewed to assess adequacy, consider industry best practices, consider the committee's self-assessment results, and address any new regulatory and legal requirements. The review also included a review of best practice guidelines promulgated by the Institute of Corporate Directors, CPA Canada, the Canadian Public Accountability Board, and the Institute of Internal Auditors.

As a result of this review, it was determined that minor amendments to the Audit Committee's oversight of the internal audit function were required in order to ensure full alignment of the WCB's Terms of Reference with the requirements of the Institute of Internal Auditors. These changes impact section 2.5 "Overseeing the Management Audit Function".

With the changes identified, the Audit Committee Terms of Reference continues to embody best practice standards related to the fiduciary obligations of the Audit Committee.

MOTION

2020/05/21

It was moved that,

The Board of Directors approve the Audit Committee's amended Terms of Reference.

CARRIED

8. Finance Committee

The committee chair provided a report on the committee's recent meeting.

8.1 Finance Committee Annual Plan

The Finance Committee annual plan was received for information.

Board of Directors

8.2 **AIMCo Transition Update**

In November 2019 the Alberta Government passed Bill 22: *Reform of Agencies, Boards and Commissions and Government Enterprises Act*. Included within Bill 22 is a requirement for WCB to transition the management of the investment portfolio to Alberta Investment Management Corporation (AIMCo) by December 31, 2021.

WCB and AIMCo have agreed to a 'staged' approach for the transition of assets in which various asset mandates will be transferred over a period of time in order to reduce transition risks and complexities. Due to investment policy difference between the equivalent AIMCo pooled product and WCB's current investment policies, all the portfolios are being transitioned into temporary AIMCo segregated accounts that hold only WCB's assets.

The vast majority of the work involved throughout the transition continues at the operational levels amongst the project teams as the transition of assets has been more complex and time consuming than initially anticipated. As a result, the timeline for Board of Directors' involvement from the perspective of major investment policy discussions/decisions has been delayed to Q2/Q3 2021.

WCB management is committed to ensuring that all portfolio governance and compliance reporting continues to the high standards that have been previously established and will continue to report on AIMCo transition activities at all Finance Committee and Board of Directors meetings.

8.3 **Monthly Financial Reports**

The monthly financial reports were received for information.

8.4 **2021 Financial Plan and Operating Budget**

WCB's 2021 integrated budget planning framework is a comprehensive process that commenced in early 2020 with the development of key economic assumptions and estimates. As the year progressed, management reviewed corporate and economic performance against these initial assumptions, and updated the financial drivers and projections. At the September 2020 Board Retreat, WCB's strategic priorities and 2021 rate setting strategies were reviewed which provided additional guidance in the development of the 2021 financial plan and operating budget.

The WCB's budget is significantly influenced by operating and economic assumptions such as assessable earnings, covered workers, claim duration, and claim volume expectations that directly impact WCB operating activities and results. The 2021 budget planning outcomes are based on current key drivers and assumptions which have been developed in the context of the COVID-19 pandemic.

In 2020, the Government of Alberta reviewed the workers' compensation system in the province. Legislative changes informed by the review were recently announced, but had not received Royal Assent as of publishing of the budget document. The 2021 budget highlights table includes the financial impacts of the November 2020 legislation where applicable.

Board of Directors

Highlights of the 2021 budget are as follows:

- 2021 assessable earnings are forecast to increase by 5.2% over 2020 forecast to \$103.4 billion, a partial recovery of the steep losses expected in 2020. The pandemic is creating downside risk to the assessable earnings outlook.
- There was an unprecedented decline in Alberta employment in the wake of the COVID-19 pandemic in 2020. As a result, new lost-time claims volume decreased significantly.
- 27,300 lost-time claims (LTC) are expected in 2020, 9.3% below 2019. As employment partially recovers in 2021, LTC volume is expected to increase to 28,700 claims, 5.1% above 2020.
- Claim benefit expenses for 2020 are forecast at \$1.22 billion, a decrease of 5.4% from 2020 budget. In 2021, they are expected to grow by 6.7% to \$1.30 billion. However, the impact of legislative changes is expected to reduce claim benefit expenses by \$50 million, resulting in a net increase of only 2.6% for a total of \$1.25 billion.
- The overall investment in administration and capital expenditures will decrease by 1.8% in 2021 from the 2020 budget.
- Including the impact of legislation, the average required industry premium rate for 2021 is budgeted at \$1.36 (\$1.41 prior to legislative impacts) which reflects the revenue required to fully fund the cost of 2021 injuries. In light of the challenging economic climate in the province and the positive financial impact from the legislative changes, the average collected rate to be charged to employers will not change from the 2020 forecast collected rate of \$1.14 resulting in a rate setting gap of \$0.22.
- The impact of the legislative changes provides the financial ability for WCB to maintain a flat rate of \$1.14, continue to provide a significant rate subsidization of \$230.7 million, while allowing for a slight \$0.03 reduction in the rate setting gap from 2020 forecast.
- The rate of return from the investment portfolio is budgeted at 4.5% for 2021 and the investment revenue forecast has been set at \$507.4 million.
- Based on budgeted outcomes from operations and asset liability management activities and the impact of the legislative changes, the 2021 year end funded ratio comes to 111.7%.

In summary, the 2021 operating budget represents a financial plan that has been carefully developed in order to ensure that WCB continues to fulfill its mandate to Albertans in an effective and cost efficient manner. The financial plan and 2021 budgeted premium rate charged to employers strikes a careful balance between ensuring the financial sustainability of the workers' compensation system and the additional challenges employers are facing as a result of the COVID-19 pandemic.

MOTION

2020/05/22

It was moved that,

The Board of Directors approve the 2021 financial plan and operating budget.

CARRIED

Board of Directors

9. Human Resource and Governance Committee

The committee chair provided a report on the committee's recent meeting.

9.1 Human Resource and Governance Committee Annual Plan

The Human Resource and Governance Committee annual plan was received for information.

9.2 2021 Strategy Map and Objectives

Setting meaningful objectives for the organization is pivotal to WCB's ability to continue to move forward and deliver on the expectations of stakeholders and of WCB's five-year strategic plan. Creating WCB's 2021 Strategy Map required the organization to take its environmental assessment to a new level.

In order to create a shared view of the future and its potential impact, WCB went through a comprehensive assessment of its landscape and gathered feedback on opportunities and threats at every level of the organization up to the Board of Directors. From the global pandemic – which has impacted staff, stakeholders and the organization more significantly than anything in recent history – to the state of the economy, changing regulations, and technology advancements across industry and function, our landscape is in a constant state of change and uncertainty. The 2021 Strategic Plan and underlying themes give WCB guidance on what is fundamentally important to its success, while assessment of the environment helps WCB constantly evolve the list of actions needed to move forward.

WCB's focus on fairness, transparency, efficiency and engagement, even in the face of significant challenges, provides clear direction on how to deliver what our customers need. 2021 will be a year of big changes, but WCB has a well thought-out and researched plan, along with proven success in the face of adversity.

Because the CEO is ultimately responsible for the objectives in the strategy map, the CEO objectives and the strategy map and objectives are synonymous, therefore, the approval of the 2021 strategy map and objectives will also serve to approve the 2021 CEO goals and objectives as required in the Human Resource and Governance Committee Terms of Reference.

MOTION

2020/05/23

It was moved that,

The Board of Directors approve the 2021 strategy map and objectives. **CARRIE
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10. New Business

There was no new business.

Board of Directors

11. Meeting Evaluation

The members were asked to complete the meeting effectiveness self-assessment form.

12. In Camera

The Board of Directors held an *in camera* session in two parts. During the first part, all of senior management except the President were not present. During the second part, the President was also not present. The Board Secretariat remained for the entire *in camera* session.

There being no further business, the meeting ended at 12:10 p.m.