

WCB Nova Scotia Report to the Community

Q1 2020

NEW OPERATIONS FOR A NEW WORLD

COVID-19 defines WCB Nova Scotia's first quarter of 2020

Like organizations around the world, the operational and financial story from the first quarter of 2020 for WCB Nova Scotia is defined by the organization's response to the global COVID-19 pandemic.

After finishing 2019 at a new high of 97 per cent funded, our funded ratio declined significantly in the first three months of 2020, ending at 88 per cent. As the impact of COVID-19 swept financial markets, WCB Nova Scotia had investment losses of approximately \$168 million in Q1. Our five-year annualized return of 3.8 per cent equaled the benchmark return, and was unfavourably below the long-term funding strategy target return of 6 per cent.

Although we remain on a long-term path toward sustainability, this is a significant setback toward the elimination of the unfunded liability. In addition, accounting reporting changes coming in future years will cause this ratio to decline in those years.

The impact of the global pandemic, while perhaps unprecedented, has been insulated by a diverse investment approach, and our outsourced Chief Investment Officer (CIO) model. The WCB is well positioned to recover the market losses from the first quarter and continue our long-term journey toward financial sustainability.

The impact of workplace injury in Nova Scotia was a two-part, diverging story. While the rate of time-loss injury remains low, the average length of a time-loss claim remains much too high.

We continue to see the impact of complex claims, an aging population and the impact of our new systems in these numbers. We are confident that over time, we will see improved outcomes in return-to-work, in part enabled by new technological capabilities and efficiencies.

We also know that we must leverage injury prevention successes in other industries to build a better future in those industries who continue to see challenges. These include long-term care and home care, for whom the pandemic has only amplified existing challenges.

Every day throughout the first quarter of 2020, we continued to improve in our new operational reality, powered by Guidewire. Our teams continued to resolve challenging systems issues for our users. In particular, our work continued to support the re-introduction of digital clearance letters to MyAccount, toward exclusive availability of clearance letters through the employer portal.

Those systems and updated technology generally enabled a rapid move to remote operations in March, as WCB Nova Scotia became a leader in the province's response to the COVID-19 pandemic. In just a few days, more than 400 people made the switch from bricks-and-mortar traditional operation to a virtual organization. The shift meant some changes to in-person services and reduced facility access in Q1, and more significant changes for those we serve followed in the second quarter.

On the whole, WCB Nova Scotia continued to deliver service to workers and employers, working together with service providers in new ways. Both employer and employee satisfaction remained above target, at 80 per cent and 72 per cent, respectively.

As we continue to adapt to new ways of working during the pandemic, we look forward to leveraging new systems and the resilience of our people, as we support workplaces across Nova Scotia during their transition to post-COVID operations. **Q1**

Please see our online Community Report for interactive links and content to our operational highlights from the first three months of 2020.

FROM JANUARY 1 TO MARCH 31, 2020, THERE WERE **2** ACUTE FATALITIES
CAUSED BY TRAUMATIC INJURIES AT A WORKPLACE.
IN ALL OF 2019, THERE WERE 5 ACUTE WORKPLACE FATALITIES.

OPERATIONAL HIGHLIGHTS

Providing our service, from a distance

WCB Nova Scotia quickly but safely moved our employees to remote operations during the first quarter, as we did our part to help reduce the impact of COVID-19. While some services that depend on close contact needed to be temporarily suspended and our facilities were closed to the public, most of our work continued, leveraging technology. Workers, employers, and service providers were kept up to speed on the latest about our evolving operations at wcb.ns.ca/covid19. Throughout the pandemic, the health and safety of our employees and those we serve remained our number one priority.

Clearance is now on MyAccount

WCB Nova Scotia's clearance process has gone completely digital and is now available on MyAccount. Working together with a group of key stakeholders and employers, we developed an online process that met employers' needs. Employers can now access clearance letters, search for contractors and check their clearance status, when and where they need to. Visit wcb.ns.ca/clearance to learn more about our new digital clearance process.

Day of Mourning honoured virtually

Tuesday, April 28th was the international Day of Mourning – a day for people around the world to remember and honour those who have died or been seriously injured at work. This year, we mourned with the families and communities dealing with the tragic events in our province. We remembered Constable Heidi Stevenson who died while protecting those she served. Continuing Care Assistant Kristen Beaton was on her way to care for a home care client. We also honoured, with gratitude, health care workers, first responders and many other workers, who put their lives at risk every day during the COVID-19 pandemic. WCB CEO Stuart MacLean joined other leaders in [preparing a message honouring the day](#).

Supporting workplace safety during COVID-19

How WCB supports injury prevention in Nova Scotia changed dramatically and quickly, as workplaces adjusted their operations to meet new COVID-19 public health requirements. We too had to make quick changes that curtailed in-person visits and transitioned employees to working from home. Our Relationship Managers and Workplace Consultants took to technology and adapted to different industries needs to support them to stay focused on workplace safety. [Read more](#) about prevention advice, special editions of newsletters, and how we're supporting Nova Scotia's workplaces on our Safety Matters blog on worksafeforlife.ca.

WCB Nova Scotia announces further support for employers during COVID-19

In May, we announced that employers who have workers contract COVID-19 due to their work will not have the costs of those workplace injury insurance claims impact their industry rate or individual experiencing rating. Employer premium payments will also continue to be deferred until October 2020, including waving late fees and interest. Read more in our News section on wcb.ns.ca.

FROM JANUARY 1 TO MARCH 31, 2020, THERE WERE **4** CHRONIC FATALITIES
FROM OCCUPATIONAL DISEASES OR FROM EXISTING HEALTH CONDITIONS.
IN ALL OF 2019, THERE WERE 17 CHRONIC WORKPLACE FATALITIES.

STATEMENT OF FINANCIAL POSITION

as at

	MARCH 31 2020 (Unaudited) (\$000s)	MARCH 31 2019 (Unaudited) (\$000s)	DECEMBER 31 2019 (Audited) (\$000s)
ASSETS			
CASH & CASH EQUIVALENTS	\$ 19,861	\$ -	\$ 11,082
Receivables	34,633	29,998	39,816
Investments	1,789,415	1,849,116	1,957,305
Property and equipment	6,226	6,635	6,493
Intangible assets	31,219	30,719	32,126
	<u>\$ 1,881,354</u>	<u>\$ 1,916,468</u>	<u>\$ 2,046,822</u>
LIABILITIES AND UNFUNDED LIABILITY			
Bank Indebtedness	\$ -	\$ 1,456	\$ -
Payables, accruals & lease liabilities	54,034	33,117	51,019
Post employment benefits	30,017	23,754	29,552
Benefits liabilities	2,049,412	2,058,211	2,040,415
	<u>2,133,463</u>	<u>2,116,538</u>	<u>2,120,986</u>
Deferred revenue	6,000	5,000	-
Unfunded liability	(258,109)	(205,070)	(74,164)
	<u>\$ 1,881,354</u>	<u>\$ 1,916,468</u>	<u>\$ 2,046,822</u>

STATEMENT OF OPERATIONS

For the three months ended March 31 (unaudited)

	YTD MARCH 31 2020 (\$000s)	YTD MARCH 31 2019 (\$000s)
REVENUE		
Assessments	\$ 74,718	\$ 76,276
Investment income	(167,651)	116,739
	(92,933)	193,015
EXPENSES		
Claims costs incurred		
Short-term disability	12,184	11,011
Long-term disability	23,548	26,521
Survivor benefits	685	658
Health care	15,036	13,578
Rehabilitation	209	193
	51,662	51,961
Growth in present value of benefits liabilities and actuarial adjustments and adjustment for latent occupational disease	20,038	23,807
Administration costs	14,478	13,870
System support	250	245
Legislated obligations	4,584	4,411
	91,012	94,294
Excess of (expenses over revenues), revenues over expenses applied to reduce (increase) the unfunded liability	\$ (183,945)	\$ 98,721

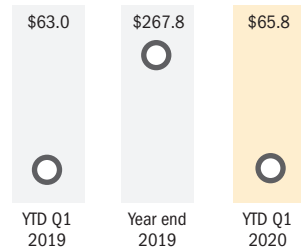
STATEMENT OF CHANGES IN UNFUNDED LIABILITY

For the three months ended March 31 (unaudited)

	YTD MARCH 31 2020 (\$000s)	YTD MARCH 31 2019 (\$000s)
Unfunded liability excluding accumulated other comprehensive income		
Balance, beginning of period	\$ (66,962)	\$ (301,084)
Excess of (expenses over revenues), revenues over expenses applied to (increase) reduce the unfunded liability	(183,945)	98,721
	(250,907)	(202,363)
Accumulated other comprehensive income		
Balance, beginning of year	(7,202)	(2,707)
No change in balance during period	(7,202)	(2,707)
Unfunded liability end of period	\$ (258,109)	\$ (205,070)

CLAIMS PAYMENTS MADE In millions

Payments for self-insured employers are no longer included as the costs of these claims are fully reimbursed.



STATEMENT OF CASH FLOWS

For the three months ended March 31 (unaudited)

	March 31 2020 (\$000's)	March 31 2019 (\$000's)
OPERATING ACTIVITIES		
Cash received from:		
Employers, for assessments	\$ 84,664	\$ 81,247
Investment income	(1,827)	(1,407)
	82,837	79,840
Cash paid to:		
Claimants or third parties on their behalf	(62,121)	(59,508)
Suppliers, for administrative and other goods and services	(13,644)	(12,969)
	(75,765)	(72,477)
Net cash provided by operating activities	7,072	7,363
INVESTING ACTIVITIES		
Increase in investments	2,052	1,535
Cash paid for:		
Purchase of equipment and intangible assets	(345)	(1,662)
Net cash provided by (used in) investing activities	1,707	(127)
Net increase in cash and cash equivalents	8,779	7,236
Cash and cash equivalents, (bank indebtedness) beginning of year	11,082	(8,692)
Cash and cash equivalents, (bank indebtedness) end of period	\$ 19,861	\$ (1,456)

Halifax Office

5668 South Street
P.O. Box 1150
Halifax, NS B3J 2Y2
Tel: 902 491 8999

Sydney Office

404 Charlotte Street
Suite 200
Sydney, NS B1P 1E2
Tel: 902 563 2444

Toll Free

1 800 870 3331

Email

info@wcb.ns.ca

Workplace Safety Tools and Resources

worksafeforlife.ca

Twitter

@worksafeforlife

Corporate Website and WCB Online wcb.ns.ca