

WCB Nova Scotia Report to the Community

Q2
2019

TRANSITIONING TO A NEW FUTURE

Early days of new core systems, unfunded liability progress define 2019's second quarter

In June 2019, WCB Nova Scotia began operations powered by the cloud-based insurance software suite, Guidewire.

The move marked a major milestone in a multi-year transformation effort, with its roots in the consultation for the 2016-2020 Strategic Plan. It replaced decades-old technology with new systems that will allow the WCB to move from a primarily paper-based operation to a fundamentally new service environment. Among other benefits, the new systems will offer better data, self-serve options, and a much more sustainable technological future.

While the future ahead holds incredible potential, there have been some challenges in the first few months since implementation, not unheard of in a technological transformation of this size.

WCB employees are adapting to whole new ways of working, after decades of learned ways of doing things. This has led to some delays in being able to offer the kind of service they're accustomed to providing.



We also recognize the impact this has had on workers, employers, and service providers, who have experienced some differences in service from us over the past few months. We appreciate and thank them for their continued patience and understanding.

All in all, 2019's second quarter was one of adapting to a new service reality, for both the WCB and those it serves.

"Our old legacy systems had been in place for 30 years," says Stuart MacLean, WCB Nova Scotia CEO. "Our new systems have been in place for three months. While some parts of our change will take more time, and some may not unfold exactly as we had planned, we continue to make progress every day, toward a better future that's enabled, in part, by updated technology."

The change to a new service future comes hand in hand with a major step toward financial sustainability, MacLean adds.

FROM JANUARY 1 TO JUNE 30, 2019, THERE WERE **4** ACUTE FATALITIES
CAUSED BY TRAUMATIC INJURIES AT A WORKPLACE.
IN ALL OF 2018, THERE WERE 14 ACUTE WORKPLACE FATALITIES.

Financial measures remain strong as of Q2 2019. WCB Nova Scotia's funded ratio is 91.9 per cent – meaning the end of the imbalance between assets and liabilities that's long held the system back is on the horizon.

The definition of “full funding,” and what changes it might mean for the future of the system, will be the subject of important discussions with stakeholders.

Operationally, the impact of workplace injury continues to be felt across the province. Claim durations remain high, and complex injuries, where the injury is more than a physical one, define the typical claim.

As of the end of June 2019, there have been 11 fatalities in our province – four acute, caused by traumatic injuries on the job, and seven due to occupational diseases or from existing health conditions. **Q2**

OPERATIONAL HIGHLIGHTS

WCB welcomes new Board members

In May, WCB Nova Scotia welcomed two worker representatives to our Board of Directors – Jacquie Bramwell and Blair Richards. Jacquie has been appointed to the Finance, Audit and Risk Committee, and Blair has been appointed to the Board's Investment Committee.



Jacquie Bramwell



Blair Richards

Jacquie is the Atlantic Regional Director for the Canadian Union of Public Employees (CUPE) and has been with the CUPE Atlantic Regional office for more than 30 years. She has a strong passion for helping to improve the working conditions for all people in Nova Scotia, ensuring they are safe and secure from workplace injury.

Specializing in labour and industrial relations, Blair has been a member of the International Longshoreman's Association and Halifax Employers Association for 35 years. Blair has served on numerous boards, councils, and special project committees, and frequently presents on investment and related issues.

Jacquie and Blair both bring invaluable experience and knowledge to our Board of Directors.

Update: Office of the Auditor General recommendations

The Office of the Auditor General (OAG) released the second phase of its audit of WCB governance and operations at the end of May. The first phase was released in December 2018.

WCB Nova Scotia accepted all recommendations from both phases of the audit, and the Finance, Audit and Risk Committee of the Board of Directors will oversee the implementation of the recommendations.

In Phase 1, which focused on governance and sustainability, the OAG made three recommendations. All three have been implemented.

Work is also underway on a number of Phase 2 recommendations, which focused on our claims process. In particular, we have begun work to improve our complaints process, and to better protect worker privacy during release of claim information to employers when requested during appeals.

We've completed a national, best-practice review of the complaints processes of other WCBs. We'll also be working to modernize the complaint process, including the addition of an online intake form.

By early 2020, WCB will add paralegal support specifically to protect worker privacy during release of claim information. Future work will see more in-depth privacy training for WCB employees, a standardized format for requests for information, and a quality assurance process.

The complete list of recommendations, our response and progress can be viewed at wcb.ns.ca/oag.

WCB Nova Scotia Annual Report highlights long-term progress, but ongoing need to reduce the impact of workplace injury



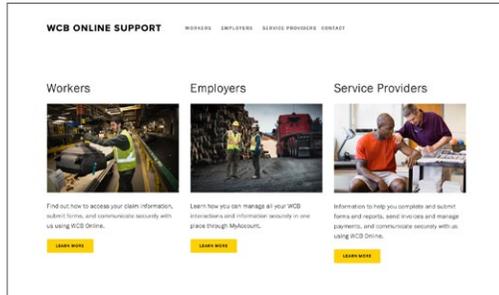
Building on a statistical summary released in April, the WCB released its 2018 Annual Report in August, which included a full financial recap of 2018.

The report also profiles different stories – from how WCB employees used their experience to guide the organization through its transformation to the new core system, to how safety champions are fostering a 'sea of change' in the fishing industry. Visit annualreport.wcb.ns.ca to view the full report.

Online support for MyAccount

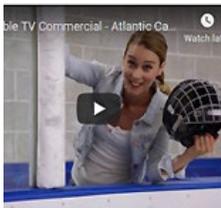
The WCB's new online support environment, support.wcb.ns.ca, gives employers, workers, and service providers information and resources to navigate MyAccount and WCB Online.

The new user-friendly site provides step-by-step instructions on many functions, including access to forms and letters and how to directly contact the WCB using secure messaging. Workers and employers can also learn about the claim process and how they can stay up-to-date on a claim.



The support site is linked from the Help button in each portal, as well as from wcb.ns.ca.

It's updated regularly with the latest system news and frequently asked questions.



Atlantic workers' compensation organizations support Preventable initiative

WCB Nova Scotia has partnered with the other Atlantic Canadian workers' compensation organizations to support the Preventable initiative, led by the Atlantic Collaborative on Injury Prevention.

The social marketing campaign, focused on raising awareness of injury prevention, includes a 30-second television ad. Other supporters of the initiative include the Government of Nova Scotia and the Insurance Bureau of Canada.

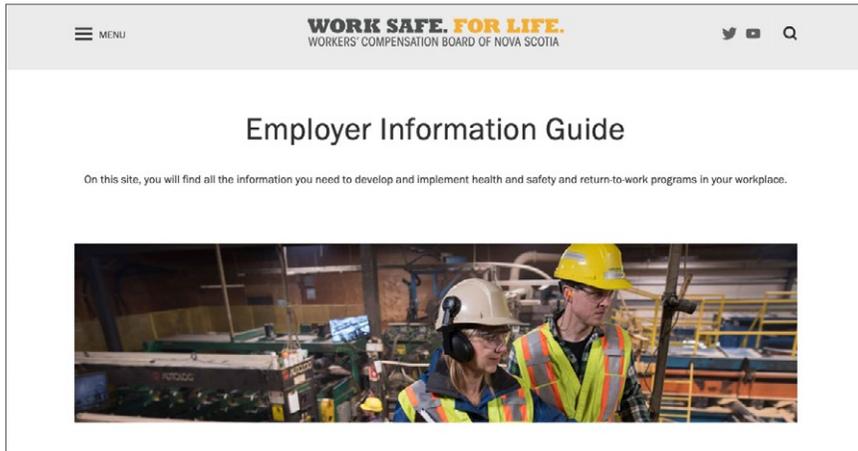
Visit preventable.ca to learn more.

PAPER-BASED CLEARANCE LETTERS EXTENDED TO DECEMBER 31



WCB Nova Scotia has further extended paper-based Clearance Letters until **December 31, 2019**, while we continue to refine MyAccount.

Updated Employer Information Guide



The Employer Information Guide now exists in a new online format, providing the key information employers are often looking for in an easy-to-read and easy-to-access format.

The guide provides employers with the information they need to register with the WCB, and on how to manage a workplace injury. It also covers how WCB assessment rates are set, how to read an experience rating statement, how to make a payment, plus much more. Visit wcb.ns.ca to view the updated guide.

Matthew Duffy



Keeping fishing safety top of mind

In August, WCB Nova Scotia, along with our partners at the Department of Labour and Advanced Education and the Fisheries Safety Association of Nova Scotia (FSANS) once again participated in the Wedgeport Tuna Tournament. This was part of our continued work to promote fishing safety in communities across the province. Posters prominently displayed throughout the tournament site reminded participants of the importance of wearing a personal floatation device (PFD) while working on or near the water. FSANS also collected handprints from families who pledge to wear – or to ask someone they love to wear – a PFD. The campaign has recently been adopted by our partners at the WCB of Prince Edward Island.

Create a safety culture with workplace safety kits

Creating a culture of safety in the workplace is one of a leader's most important responsibilities. WCB Nova Scotia's workplace safety kits provide employers with tools to help remind their employees of the importance of working safely. Posters, stickers, plus much more, are included. These pieces are meant to be placed around workplaces in the locations where they will have the most impact.

Kits are available based on industry and can be ordered on worksafeforlife.ca.



WCB NOVA SCOTIA RELEASES 2020 EMPLOYER ASSESSMENT RATES

Overall, WCB Nova Scotia employer assessment rates will remain stable in 2020. The average assessment rate has been \$2.65 per \$100 of payroll for the past 16 years.

Sixty-two per cent of Nova Scotia employers will pay the same or less in 2020 than they are paying this year, while 38 per cent will see an increase.

Employers with claims costs significantly and consistently higher than their industry peers – 94 in 2020 – will face a surcharge over and above their normal assessment rate.

For more information about 2020 WCB employer assessment rates and how they're calculated, visit wcb.ns.ca/rates.

FROM JANUARY 1 TO JUNE 30, 2019, THERE WERE **7** CHRONIC FATALITIES FROM OCCUPATIONAL DISEASES OR FROM EXISTING HEALTH CONDITIONS. IN ALL OF 2018, THERE WERE 26 CHRONIC WORKPLACE FATALITIES.

STATEMENT OF FINANCIAL POSITION

as at

	June 30 2019 (Unaudited) (\$000s)	June 30 2018 (Unaudited) (\$000s)	December 31 2018 (audited) (\$000s)
ASSETS			
Cash & cash equivalents	\$ 997	\$ 7,433	\$ -
Receivables	33,410	30,155	30,328
Investments	1,896,210	1,814,930	1,732,515
Property and equipment	6,482	4,299	4,390
Intangible assets	31,809	22,577	29,407
	\$ 1,968,908	\$ 1,879,394	\$ 1,796,640
LIABILITIES AND UNFUNDED LIABILITY			
Bank indebtedness	\$ -	\$ -	\$ 8,692
Payables, accruals & lease liabilities	36,188	34,098	26,035
Post employment benefits	24,196	32,539	23,356
Benefits liabilities	2,068,561	2,005,957	2,042,348
	2,128,945	2,072,594	2,100,431
Deferred revenue	13,000	11,500	-
Unfunded liability	(173,037)	(204,700)	(303,791)
	\$ 1,968,908	\$ 1,879,394	\$ 1,796,640

**Q2 WORKER
SATISFACTION INDEX**
TARGET 70%



**Q2 EMPLOYER
SATISFACTION INDEX**
TARGET 70%



STATEMENT OF OPERATIONS

For the six months ended June 30 (unaudited)

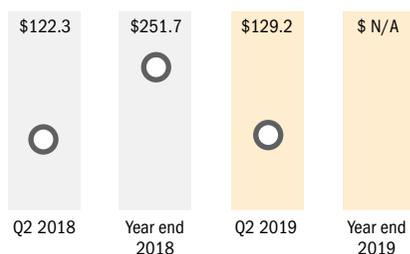
	Second Quarter 2019 (\$000s)	Second Quarter 2018 (\$000s)	YTD June 30 2019 (\$000s)	YTD June 30 2018 (\$000s)
REVENUE				
Assessments	\$ 79,489	\$ 77,844	\$ 155,765	\$ 147,928
Investment income	47,261	23,127	164,000	41,741
	126,750	100,971	319,765	189,669
EXPENSES				
Claims costs incurred				
Short-term disability	11,041	9,110	22,052	19,642
Long-term disability	23,282	26,113	49,803	49,207
Survivor benefits	549	138	1,207	492
Health care	15,666	11,933	29,244	25,137
Rehabilitation	336	(1)	529	384
	50,874	47,293	102,835	94,862
Growth in present value of benefits liabilities and actuarial adjustments and adjustment for latent occupational disease	22,229	21,401	46,036	43,977
Administration costs	16,855	14,781	30,725	29,624
System support	245	213	490	427
Legislated obligations	4,514	4,110	8,925	8,178
	94,717	87,798	189,011	177,068
Excess of revenues over expenses applied to reduce the unfunded liability	\$ 32,033	\$ 13,173	\$ 130,754	\$ 12,601

STATEMENT OF CHANGES IN UNFUNDED LIABILITY

For the six months months ended June 30 (unaudited)

	Second Quarter 2019 (\$000s)	Second Quarter 2018 (\$000s)	YTD June 30 2019 (\$000s)	YTD June 30 2018 (\$000s)
Unfunded liability excluding accumulated other comprehensive income				
Balance, beginning of period	\$ (205,070)	\$ (217,873)	\$ (301,084)	\$ (209,185)
Excess of revenues over expenses (expenses over revenues)	32,033	13,173	130,754	12,601
	(173,037)	(204,700)	(170,330)	(196,584)
Accumulated other comprehensive income				
Balance, beginning of year	-	-	(2,707)	(8,116)
No change in balance during period	-	-	(2,707)	(8,116)
Unfunded liability end of period	\$ (173,037)	\$ (204,700)	\$ (173,037)	\$ (204,700)

CLAIMS PAYMENTS MADE In millions



STATEMENT OF CASH FLOWS

For the six months ended June 30 (unaudited)

	June 30 2019 (\$000's)	June 30 2018 (\$000's)
OPERATING ACTIVITIES		
Cash received from:		
Employers, for assessments	\$ 166,546	\$ 158,962
Investment income	(3,473)	403
	163,073	159,365
Cash paid to:		
Claimants or third parties on their behalf	(121,617)	(116,227)
Suppliers, for administrative and other goods and services	(32,203)	(31,912)
	(153,820)	(148,139)
Net cash provided by operating activities	9,253	11,226
INVESTING ACTIVITIES		
Increase (decrease) in investments	3,770	(100)
Cash paid for:		
Purchase of equipment	(3,334)	(10,563)
Net cash provided by (used in) investing activities	436	(10,663)
Net increase in cash and cash equivalents	9,689	563
(Bank indebtedness), Cash and cash equivalents, beginning of year	(8,692)	6,870
Cash and cash equivalents end of period	\$ 997	\$ 7,433

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Workplace Safety Tools and Resources

worksafeforlife.ca

Twitter

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