



Minutes
Financial and Statistical Data Comparability Committee & WCB CFO Meeting
May 16 & 17, 2018
Omni King Edward Hotel, 37 King Street East, Toronto, Ontario

Attendees:

Andrea McCaughan (MB)	Anne St-Martin (QC)	Ann Schultz (SK)
Carolyn MacDonald (NB)	Christine Stratton (NL)	Danielle Lamarche (QC)
Ernest Chui (ON)	Guillaume Baril (QC)	Jim Stephens (YK)
Laurent Charron (AB)	Leonard MacDonald (NT)	Mark Heywood (BC)
Maureen Boyd (NS)	Nadia Mursky (AB)	Pamela Steer (ON)
Stuart MacLean (NS)	Tammy Turner (PE)	

Regrets:

Lorena Trann (MB) – Vice Chair (Retired)

Guests:

Debra Broek (GAPP Dynamics); Crispina Caballero, (CIA WC Committee & WorkSafeNB); *via conference call*

Item 1: Welcoming Remarks and Introductions

Laurent Charron welcomed everyone and introductions were made.

Item 2: Review of Agenda and Previous Meeting Minutes action items

The agenda and previous meeting minutes of May 17 & 18, 2017, were reviewed with no revisions.

Item 3: Executive Sponsor Update

Stuart MacLean expressed support for the committee and encouraged the group to capitalize on the opportunities to make a real difference in preventing injuries in each of our jurisdictions by collaborating with as many stakeholders as possible.

Item 4: QuikStats – Annual Review

The Investments committee requested wider distribution of the Quikstats, in particular the investment returns. This was discussed along with the rest of the Quikstats report and confirmed as is – no changes recommended to content or distribution.

Item 5: Terms of Reference Review

The group acknowledged Lorena's email announcement that she would be stepping down from the committee and that having two chairs co-leading the committee was advantageous.

IT WAS DECIDED:

- To have a co-chair versus a vice-chair
- Mark Heywood volunteered and has been appointed as co-chair to serve alongside Laurent.

Item 6: Committee Work Plan Update

It was confirmed that mandates, goals, and objectives were clear and continue to be relevant to the coming year.

Status of Activities:

- Timelines for KSMs submission was discussed.
- The existing KSMs were confirmed and no new ones proposed.
- KSM Operations Manual and KSM History Log documents have been developed and will be available through the AWCBC portal. Committee expresses thanks to Michelle Beavington for putting these together as her legacy to the committee.
- IAIABC – the AWCBC submits requested info on behalf of Canadian Boards from KSM data.

Action Item:

- KSMs for 2017 to be submitted by July 1, 2018.

Item 7: Discussion of new IFRSs

IFRS 17 Insurance Contracts

- It was confirmed that IFRS 17 is mandatory for fiscal years starting January 1, 2021.
- Most jurisdictions would benefit from formal training.
- Atlantic provinces confirmed they are working on a Training Plan with their Auditors.
- NS, in their letter to CIA requested that financial and funding reporting be separate Actuarial Standards. This would help address the impacts of changing Actuarial Standards e.g. IFRS 17.
- Quebec confirmed that system changes will not be required. Main changes are the metrics, but the information is basically there for the actuaries.
- Actuaries are working together across the country to minimize the impact.
- Main concerns are: how it would change the funding ratio, the impact on rate setting, and having an appropriate communication plan.

IFRS 9 Financial Instruments

- Manitoba is experiencing issues with auditors regarding segregated investments. Other jurisdictions are not experiencing that issue.

IFRS 15 Revenue from Contracts

- Discussed if jurisdictions would be leaving the revenue and expenses re: Self-Insureds in.

- NS confirmed they are taking out reimbursement for the first time.
- BC confirmed they are still in.

IFRS 16 Leases

- BC is early adopting but since all are small leases, saying its immaterial.

Ontario put IFRS 9, 15, 16 and 17 together as a Project with a Project Manager, IFRS Consultant and hired Deloitte. Materials prepared for the Audit and Finance Committees.

Action Item:

- Ernest to share the Ontario IFRS implementation plan with the committee.

Item 8: KSM Review

Baril Guillaume led the discussion on KSM items.

KSM 7 – Benefits Liabilities

- Exclusion of administration costs from this KSM was discussed. Decided to change the definition to include liability for Claims Administration.
- Restatement not necessary. A footnote to be added to the definition to explain effective 2017.
- Self-Insured liabilities are excluded in the definition.

Action Item:

- 2017 KSM submission – KSM 7 definition to be changed to include liability for Claims Administration. (Jilal) Submission website will require change.

KSM 11 – Premium Revenue

- Only financial that includes self-insured.
- MB, NB, NS have a larger self-insured population.
- Recognized that there are “Claims” KSMs different from “Financial” KSMs.
- Therefore for consistency within the “financial” KSMs, KSM 11 to be deleted.

Action Item:

- KSM 11 to be removed for consistency with financial KSMs, since they exclude self-insured. (Jilal)

KSM 21 – Injury Frequency

- “Claims” KSM includes self-insured but this KSM excludes them
- Self-insured is in the AWCBC Database, but it is not published.
- Changes injury frequency by about 1%.
- Workforce covered for self-insured is larger in some provinces e.g. MB, NB, NS, ON.
- Decided to change KSM 21 definition to now include self-insured population.

- Restatement not necessary. A footnote to be added to the definition to explain effective 2017.

Action Item:

- 2017 KSM submission – KSM 21 definition to be changed to include self-insured population in calculation. (Jilal). Submission website will require change.

KSMs – Website Usage

- 17,895 hits in 2017 vs 13,993 in 2012. All clicks count, so it is not a measure of users.
- Log-Ins: 8% log-in. 92% don't log in
- To get better stats on users, would require a log-in
 - Most popular report used is the standard KSM report, followed by Definitions.
 - Access to the Industry Report has been going up over the last 5 years.
 - There would be a cost to changing the system (unknown at this time) and that would need to be included in the AWCBC's budget. Stuart thought there might be support at the executive table for it. Need a case developed for funding.
 - Support required to investigate and better understand who is using the KSM Website:
 - geographical data available
 - Survey or Log-In approach
 - Get a high level estimate of the cost of a KSM log-in requirement vs survey.

Action Item:

- Identify someone to volunteer to get a proposal together. (Mark)

Item 9: IFRS 17 Readiness: WCB Work plans, financial reporting group update

Financial Reporting Group Update

Discussion:

- Our financial reporting sub-committee is meeting in June with the Chair of the CASB to discuss issues WCBs are having with IFRS 17, followed by a joint meeting with the Canadian actuaries.
- Consistency is more important for WCBs (Boards and auditors) than trying to change the applicability of IFRS 17
- Financial reporting committee draft agenda is available

Item 10: IFRS 17 Readiness: Actuary report, briefing, intro training discussion

Discussion:

- Crispina Caballero joined the meeting via teleconference and walked through her presentation slides.
- Size of CWC members group has been increasing with inclusion of subject matter experts.

- They are responsible for issuing education notes for the actuarial community on the IFRS 17 standard and will keep the CFOs updated.
- They will be reviewing IAN 1000 and provide feedback to the CIA.
- IFRS17 is unlikely to be delayed for another year.
- By Fall 2018 CWC Task Force will have a good idea on how to simplify the implementation of IFRS17.

Item 11: Discuss potential national Training Initiative with external participants

Background:

- Laurent and Lorena had an exploratory conference call with Debra Broek from GAAP Dynamics to test the feasibility of a national training initiative to get basic education on the terminology and objective of the standard.
- A review of the IFRS 17 one-pager in the meeting materials validated that many committee members could benefit from such training.

Discussion:

- Debra Broek from GAAP Dynamics joined the meeting via teleconference:
 - She has Global Insurance practice experience and worked for both Private and Public Sectors. She was involved with the European Insurance Forum.
 - Confirmed they are prepared to tailor training to WCBs.
 - Would need to spend time with WCBs key contact persons and ask questions e.g.
 - What they are struggling with?
 - What they need?
 - Level of understanding?
 - Build relevant examples like what the Financial Statements would look like.
 - Upfront communication and understanding of requirements is the key.
 - 2 Day Training. Day-1 Basic. Day-2 Examples.
 - Recommends including Actuaries in the training to stay on the same page with respect to implementation.

Item 12: IFRS 17: Debate potential national Training Initiative to determine interest

Discussion:

- Ontario completed training which they did not find helpful. Ernest suggests that before setting up training and a project plan, we should ensure that the consultant understands the workers compensation business.
- Maritimes are working with Grant Thornton to possibly set up training, and would include private Insurance Companies. Upon further probing, it was revealed that they are actually working with GAPP Dynamics (Debra) as the trainer.
- Laurent reminded the committee that our mandate as CFO Group includes briefing the AWCBC executive on emerging Financial Reporting issues. We need to determine key components of IFRS and stay in touch with Actuaries and the work they are doing to bring forward a complete picture.

- 8 jurisdictions said they would support a 1 to 2 day training session from GAAP dynamics by sending staff and covering the cost.
- Would likely require 2 people to work with trainer to make it specific to WCB and could be scheduled for September / October 2018.
- Jim Stephens expressed that there is value in having consistency in accounting for the IFRS 17 standard and that we should strive for that.

Action Item:

- Request GAAP and Grant Thornton to provide details regarding training offered and share with jurisdictions. (Maureen Boyd)
- Have Grant Thornton get GAAP Dynamics up to speed with regards to WCB business environment to instruct WCB specific training. (Maureen Boyd)

Item 13: IFRS 17: Discussion wrap-up and next steps

- Anne St. Martin presented the following on IFRS17:
 - Measurement of liability (decrease in Discount rate)
 - Changes to financial presentation
 - Communication challenge - likely 2 sets of metrics for funding and financial reporting.
 - Options being presented to the Board in June, 2018:
 - Opt out of IFRS 17
 - Implement IFRS 17 except for the discount rate
 - They understand they would have a qualified audit opinion but leaving the decision to the Board.
 - The discount rate should reflect long term income potential of investments WCB's hold.

Action Item:

- Share Quebec's presentation. (Anne St. Martin)

Item 14: Addressing HC Sector High Injury Rate

Discussion:

AWCBC Safety and Prevention Committee initiative

- Health Care sector has high rate of lost time claims. There would be value if the CFO group could provide further insights.
- In NB, Health Care sector is a self-insured employer and does not pay for prevention - it is a government issue as union contracts dictate wage continuance.
- How would we measure success? Volume of claims go down? Average cost per health care claim?
- Target highest risk and highest cost industries
- Need to push conversation into public domain.
- Challenge for CFO Group:
 - What are the economics of safety prevention vs cost of injuries?

- Where is Health Care sector injury rate trending?
- Mounting concerns regarding PTSD in health care because of presumptive clauses.
- Need to arm prevention people with the costs of health care injuries to help government see economics of prevention.

Item 15: Roundtable discussion:

The preliminary financials and major initiatives at each WCB were discussed. See Preliminary Financials and Major Initiatives summary documents in meeting materials for details.

Conclusion

Laurent thanked everyone for their attendance and participation. Next meeting - May 2019.

DRAFT