

POLICY NUMBER: POL-122

**Chapter:
FINANCE AND ADMINISTRATION**

**Subject:
AMORTIZATION OF INVESTMENT RETURNS**

**Effective Date:
January 27, 2005**

**Last Update:
December 7, 2016**

PURPOSE STATEMENT:

The purpose of this policy is to explain how the Workers Compensation Board calculates and reports investments returns for the purposes of the funding status.

REFERENCE:

Workers Compensation Board Policy, POL-36, Investment of Board Funds.
Workers Compensation Board Policy, POL-136, Funding Policy.
Workers Compensation Board Policy, POL-23, Setting Assessment Rates.

DEFINITION:

In this policy:

POLICY:

1. The Workers Compensation Board will protect employers from significant year to year fluctuations in assessment rates due to the reporting of investment returns at market value in the Workers Compensation Board Annual Report.
 2. The Workers Compensation Board will protect employers from significant Funding Policy impacts due to reporting of investment returns at market value in the Workers
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Compensation Board Annual Report.

3. The Workers Compensation Board will amortize investment returns as reported in the Workers Compensation Board Annual Report for purposes of:
 - reporting Funding Policy status;
 - estimating annual investment returns used in setting employer assessment rates.

4. The Workers Compensation Board will amortize investment returns reported in the Workers Compensation Board Annual Report as follows:
 - fixed term investments will be calculated at amortized cost. Gains and losses realized on disposal of fixed term investments will be amortized on a straight line basis over a nine year period, which approximates the period to maturity.
 - equity investments and option contracts will be calculated at moving average market value. A portion of unrealized gains and losses occurring during the year, together with gains and losses realized on disposal of equity investments, will be deferred and amortized on a straight line basis over a five and four year period.

5. The Workers Compensation Board will maintain a schedule of amortized investment returns. This schedule will be updated each year in conjunction with the release of the Workers Compensation Board Annual Report.

HISTORY:

December 7, 2016 - Reviewed by CEO and Director; no changes required.

September 10, 2009 - The policy was reviewed as a result of the 60 month policy review process. No substantive changes were made to the policy during this review.

Board of Directors Approval Date: January 27, 2005