

Resolution of the Panel of Administrators

Number: 991217-02

Date: December 17, 1999

Subject: Investment Committee – Amendments to the Statements of Investment Policies and Goals for the Accident Fund

WHEREAS:

Pursuant to section 82 of the *Workers Compensation Act*, R.S.B.C. 1996, Chapter 492 and amendments thereto (the "Act"), the Panel of Administrators (the "Panel") must approve and superintend the policies and direction of the Workers' Compensation Board (the "Board") and must:

- 82(a)(ii) review and approve operating policies of the Board,
- 82(a)(iii) approve operating and capital budgets of the Board,
- 82(a)(v) approve major programs and expenditures;

AND WHEREAS:

Section 67 of the Act directs the Board to invest and reinvest funds in excess of current requirements;

AND WHEREAS:

The Board has adopted a *Statement of Investment Policies and Goals for the Accident Fund* (the "Policy") effective December 8, 1995;

AND WHEREAS:

In accordance with section 82(b) of the Act, the Panel has established an Investment Committee (the "Committee") to assist in the development of investment strategies and the management of the Accident Fund;

AND WHEREAS:

In its semi-annual update for the Panel of Administrators to June 30, 1999, (and addendum) the Committee has recommended a change to the Policy.

THE PANEL OF ADMINISTRATORS RESOLVES THAT:

1. Section IX – Asset Allocation and Expected Risk and Return – of the policy be amended by:
 - replacing the asset class categories, allocations and ranges contained in subsection 9.7 with those of the “Proposed” asset classes, allocations and ranges contained in the addendum to the semi-annual update entitled ASSET MIX – CURRENT AND PROPOSED (attached); and,
 - adopting the transitional asset mix, labeled “Interim Target for 2000” in the addendum to the semi-annual update entitled ASSET MIX – CURRENT AND PROPOSED (attached), in recognition of the length of time an asset mix of this complexity will take to implement.
2. For performance measurement purposes, the attribution analysis will be based on the interim targets and calculated on the liquid portfolio.

DATED at Richmond, British Columbia, December 17, 1999.

Asset Mix — Current and Proposed

Asset Class	CURRENT		PROPOSED		INTERIM	Allocation as of November 27
	Performance Benchmark	Range	Performance Benchmark	Range	Target for 2000	
FIXED INCOME						
Money Market	10.0%	0% – 20%	5.0%	0% – 20%	5.0%	4.0%
Bonds	42.0%	30% – 65%	28.0%	20% – 50%	33.0%	46.8%
Canadian			18.0%	15% – 30%	26.0%	42.2%
U.S./Global			5.0%	0% – 5%	3.0%	1.8%
Long			5.0%	0% – 5%	4.0%	2.8%
Mortgages	<i>NEW</i>		2.0%	0% – 5%	2.0%	0.0%
Real Return Bonds	0.0%	0% – 10%	5.0%	0% – 5%	5.0%	0.0%
Total Fixed Income	52.0%	40% – 70%	40.0%	30% – 50%	45.0%	50.8%
EQUITIES						
Canadian Stocks	25.0%	15% – 40%	18.0%	15% – 30%	21.0%	22.7%
U.S. Stocks	15.0%	0% – 20%	14.0%	10% – 20%	11.0%	11.3%
Non-N.A. Stocks	5.0%	0% – 20%	18.0%	10% – 25%	15.0%	12.5%
Private Placements	<i>NEW</i>		5.0%	0% – 5%	3.0%	0.0%
Real Estate	3.0%	0% – 7%	5.0%	0% – 5%	5.0%	2.7%
Total Equities	48.0%	30% – 53%	60.0%	50% – 70%	55.0%	49.2%

NOTE: It is expected that it will take two years to move to the new benchmark; therefore, an interim target allocation has been calculated for the year 2000. For performance measurement purposes, the attribution analysis will be based on the interim targets and calculated on the liquid portfolio.

Asset mix target and range decisions made by the Investment Committee at its meeting of December 2, 1999.

