

Ten-year summary of consolidated financial statements Schedule A — Smoothed or funding basis

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31 (\$ THOUSANDS)

| | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|------------------|
| ASSETS | | | | | | | | | | |
| Receivables..... | 494,052 | 491,698 | 514,471 | 515,804 | 542,501 | 551,121 | 508,035 | 458,703 | 427,728 | 405,547 |
| Portfolio investments..... | 11,344,839 | 11,205,956 | 10,940,350 | 10,617,981 | 9,820,522 | 8,948,692 | 8,320,084 | 7,879,525 | 7,499,966 | 7,899,120 |
| Capital assets..... | 154,873 | 163,822 | 167,414 | 165,054 | 148,559 | 136,068 | 139,686 | 142,180 | 150,906 | 162,037 |
| | 11,993,764 | 11,861,476 | 11,622,235 | 11,298,839 | 10,511,582 | 9,635,881 | 8,967,805 | 8,480,408 | 8,078,600 | 8,466,704 |
| LIABILITIES AND FUNDED (DEFICIENCY) POSITION | | | | | | | | | | |
| Payables and accruals..... | 303,964 | 264,396 | 246,488 | 232,951 | 215,476 | 231,073 | 201,604 | 202,895 | 195,854 | 172,253 |
| Benefits liabilities..... | 9,389,369 | 9,424,103 | 9,347,925 | 8,751,988 | 8,765,301 | 8,576,574 | 8,412,023 | 8,269,650 | 8,029,458 | 7,870,287 |
| Total liabilities..... | 9,693,333 | 9,688,499 | 9,594,413 | 8,984,939 | 8,980,777 | 8,807,647 | 8,613,627 | 8,472,545 | 8,225,312 | 8,042,540 |
| Reserves..... | 1,859,000 | 1,409,000 | 1,409,000 | 1,430,000 | 840,000 | 440,000 | 260,000 | 260,000 | 260,000 | 290,000 |
| Unappropriated balance (unfunded liability)..... | 441,431 | 763,977 | 618,822 | 883,900 | 690,805 | 388,234 | 94,178 | (252,137) | (406,712) | 134,164 |
| Total funded (deficit) position..... | 2,300,431 | 2,172,977 | 2,027,822 | 2,313,900 | 1,530,805 | 828,234 | 354,178 | 7,863 | (146,712) | 424,164 |
| | 11,993,764 | 11,861,476 | 11,622,235 | 11,298,839 | 10,511,582 | 9,635,881 | 8,967,805 | 8,480,408 | 8,078,600 | 8,466,704 |

CONSOLIDATED STATEMENT OF OPERATIONS AND UNAPPROPRIATED BALANCE (UNFUNDED LIABILITY) FOR THE YEARS ENDED DECEMBER 31 (\$ THOUSANDS)

| | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| INCOME | | | | | | | | | | |
| Premiums..... | 1,060,219 | 1,024,500 | 1,141,319 | 1,081,896 | 1,267,238 | 1,239,777 | 1,175,089 | 1,077,383 | 1,019,250 | 916,378 |
| Investments..... | 544,773 | 610,418 | 590,452 | 1,014,939 | 893,520 | 631,741 | 522,072 | 495,937 | (223,798) | 585,716 |
| | 1,604,992 | 1,634,918 | 1,731,771 | 2,096,835 | 2,160,758 | 1,871,518 | 1,697,161 | 1,573,320 | 795,452 | 1,502,094 |
| EXPENSES | | | | | | | | | | |
| Claim costs | | | | | | | | | | |
| Short-term disability..... | 259,561 | 291,022 | 280,691 | 252,717 | 217,624 | 209,774 | 205,206 | 199,508 | 253,019 | 308,329 |
| Long-term disability..... | 220,785 | 235,283 | 306,354 | 294,622 | 376,384 | 504,081 | 459,094 | 691,555 | 738,273 | 742,605 |
| Survivor benefits..... | 75,943 | 50,372 | 74,399 | 65,425 | 58,781 | 87,844 | 70,996 | 76,370 | 85,885 | 69,463 |
| Health care..... | 364,617 | 400,199 | 412,007 | 273,111 | 258,307 | 281,873 | 299,763 | 170,345 | 237,623 | 221,349 |
| Vocational rehabilitation..... | 99,877 | 82,028 | 46,028 | 35,497 | 3,627 | 1,550 | 15,544 | 34,492 | 130,490 | 117,330 |
| Claim administration..... | 271,745 | 263,024 | 243,597 | 195,369 | 209,870 | 180,936 | 165,262 | 191,662 | 178,985 | 189,618 |
| Extraordinary adjustments to revalue liabilities ^a | — | — | 487,364 | 36,514 | 185,269 | — | — | (75,546) | (414,674) | — |
| | 1,292,528 | 1,321,928 | 1,850,440 | 1,153,255 | 1,309,862 | 1,266,058 | 1,215,865 | 1,288,386 | 1,209,601 | 1,648,694 |
| Operating and prevention costs | | | | | | | | | | |
| Operating..... | 342,124 | 335,591 | 321,885 | 296,998 | 283,778 | 258,983 | 256,780 | 257,411 | 278,134 | 250,775 |
| Prevention..... | 80,598 | 69,767 | 63,441 | 56,362 | 47,546 | 41,849 | 44,006 | 38,452 | 40,418 | 44,067 |
| Less: Claim administration payments..... | (237,712) | (237,523) | (217,917) | (192,875) | (182,999) | (169,428) | (165,805) | (165,504) | (161,825) | (154,637) |
| | 185,010 | 167,835 | 167,409 | 160,485 | 148,325 | 131,404 | 134,981 | 130,359 | 156,727 | 140,205 |
| | 1,477,538 | 1,489,763 | 2,017,849 | 1,313,740 | 1,458,187 | 1,397,462 | 1,350,846 | 1,418,745 | 1,366,328 | 1,788,899 |
| SURPLUS (DEFICIT) FROM OPERATIONS | 127,454 | 145,155 | (286,078) | 783,095 | 702,571 | 474,056 | 346,315 | 154,575 | (570,876) | (286,805) |
| UNAPPROPRIATED BALANCE (UNFUNDED LIABILITY) — January 1 | 763,977 | 618,822 | 883,900 | 690,805 | 388,234 | 94,178 | (252,137) | (406,712) | 134,164 | 420,969 |
| Withdrawal from (appropriation to) | | | | | | | | | | |
| Research Reserve..... | — | — | — | — | — | (30,000) | — | — | 30,000 | — |
| Withdrawal from (appropriation to) | | | | | | | | | | |
| Capital Adequacy Reserve..... | (400,000) | — | 21,000 | (590,000) | (150,000) | (150,000) | — | — | — | — |
| Withdrawal from (appropriation to) | | | | | | | | | | |
| Injury Research and RTW services..... | (50,000) | — | — | — | — | — | — | — | — | — |
| Withdrawal from (appropriation to) | | | | | | | | | | |
| General Reserve..... | — | — | — | — | (250,000) | — | — | — | — | — |
| | 441,431 | 763,977 | 618,822 | 883,900 | 690,805 | 388,234 | 94,178 | (252,137) | (406,712) | 134,164 |
| UNAPPROPRIATED BALANCE (UNFUNDED LIABILITY) — December 31 | 441,431 | 763,977 | 618,822 | 883,900 | 690,805 | 388,234 | 94,178 | (252,137) | (406,712) | 134,164 |

Note: The above amounts have been restated reflecting the retroactive effects of changes in accounting policies.

- a The extraordinary adjustments to revalue liabilities in 2008 relates to the lowering of the net discount rate from 3.5 percent to 3.0 percent. The extraordinary adjustments to revalue liabilities for 2007 relates to an adjustment of a non-recurring expense in 2006 stemming from a Supreme Court decision on benefit eligibility, and to a revision of mortality assumptions. The extraordinary adjustments for 2000–2003 relate to the following items: Bill 37 in 2003, and Bill 49 and mortality assumption changes in 2002.

| | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| SUPPLEMENTARY FINANCIAL INFORMATION (\$ thousands) | | | | | | | | | | |
| Capital asset expenditures..... | 15,706 | 21,873 | 39,860 | 45,893 | 50,085 | 40,329 | 26,599 | 19,548 | 18,050 | 25,583 |
| Special reserves costs (included in claim costs)..... | 115,980 | 88,802 | 97,589 | 91,222 | 94,455 | 101,215 | 112,060 | 154,263 | 114,234 | 120,774 |
| Claim costs: | | | | | | | | | | |
| Current year's injuries..... | 1,016,373 | 1,104,020 | 1,123,651 | 1,039,381 | 972,291 | 932,334 | 893,825 | 841,047 | 933,688 | 990,697 |
| Prior years' injuries..... | 276,155 | 217,908 | 239,425 | 77,360 | 152,302 | 333,724 | 322,040 | 522,885 | 690,587 | 657,997 |
| Non-recurring costs..... | — | — | 487,364 | 36,514 | 185,269 | — | — | (75,546) | (414,674) | — |
| | 1,292,528 | 1,321,928 | 1,850,440 | 1,153,255 | 1,309,862 | 1,266,058 | 1,215,865 | 1,288,386 | 1,209,601 | 1,648,694 |
| Claim costs: | | | | | | | | | | |
| Payments..... | 1,327,262 | 1,245,750 | 1,254,503 | 1,166,568 | 1,121,135 | 1,101,507 | 1,073,492 | 1,048,195 | 1,050,430 | 1,086,991 |
| Change in benefit liabilities..... | (34,734) | 76,178 | 595,937 | (13,313) | 188,727 | 164,551 | 142,373 | 240,191 | 159,171 | 561,703 |
| | 1,292,528 | 1,321,928 | 1,850,440 | 1,153,255 | 1,309,862 | 1,266,058 | 1,215,865 | 1,288,386 | 1,209,601 | 1,648,694 |
| STATISTICS | | | | | | | | | | |
| Claims first reported ^a | 136,742 | 141,600 | 168,262 | 173,381 | 172,841 | 164,266 | 156,762 | 152,070 | 156,780 | 169,492 |
| Claims accepted ^b | 95,663 | 94,815 | 121,118 | 127,412 | 124,570 | 121,323 | 115,542 | 113,117 | 114,995 | 125,674 |
| Claims disallowed ^c | 8,813 | 9,099 | 12,298 | 11,525 | 12,097 | 10,634 | 9,432 | 9,031 | 9,609 | 10,753 |
| Claims rejected ^d | 1,643 | 1,509 | 1,918 | 1,943 | 2,084 | 1,967 | 1,768 | 1,591 | 1,798 | 1,728 |
| Claims disallowed as a proportion of claims reported (%) ^e | 6.4% | 6.4% | 7.3% | 6.6% | 7.0% | 6.5% | 6.0% | 5.9% | 6.1% | 6.3% |
| Injury rate (number of short-term disability claims per 100 person- years of employment)..... | 2.27 | 2.34 | 2.96 | 3.06 | 3.12 | 3.08 | 3.06 | 3.05 | 3.24 | 3.64 |
| Short-term duration of claims (days paid per claim) ^f | | | | | | | | | | |
| — in injury year..... | 31.7 | 31.6 | 27.9 | 26.6 | 25.9 | 26.3 | 26.9 | 26.5 | 26.2 | 26.8 |
| — total of all years ^g | 58.8 | 54.5 | 48.3 | 46.2 | 45.5 | 47.4 | 48.2 | 46.8 | 47.3 | 49.1 |
| Prevention inspection reports issued ^h | 42,191 | 38,615 | 35,424 | 31,650 | 26,261 | 20,074 | 15,573 | 15,980 | 21,511 | 28,073 |
| Prevention worksite activity hours ⁱ | 328,553 | 298,937 | 268,448 | 251,392 | 218,069 | 205,764 | 202,125 | 223,321 | 273,149 | 285,718 |
| Employers registered..... | 206,510 | 202,390 | 200,959 | 197,190 | 188,164 | 184,239 | 179,257 | 173,008 | 171,583 | 169,650 |
| Average premium rate (\$) ^j | | | | | | | | | | |
| — published rate | | | | | | | | | | |
| base rate..... | 1.56 | 1.56 | 1.56 | 1.69 | 1.90 | 1.97 | 2.06 | 2.05 | 2.03 | 2.02 |
| surplus abatement, transition capping and experience rating imbalance..... | (0.05) | (0.05) | (0.04) | (0.07) | (0.07) | (0.11) | (0.15) | (0.13) | (0.13) | (0.23) |
| — collection rate..... | 1.51 | 1.51 | 1.52 | 1.62 | 1.83 | 1.86 | 1.91 | 1.92 | 1.90 | 1.79 |
| — actual final collection rate..... | 1.43 | 1.40 | 1.50 | 1.54 | 1.89 | 1.99 | 1.99 | 1.94 | 1.88 | 1.78 |
| Investment return of portfolio (%) | | | | | | | | | | |
| — total return (market yield)..... | 9.8 | 8.7 | (8.2) | 4.4 | 11.6 | 12.5 | 10.3 | 13.4 | (2.4) | (0.9) |
| — accounting return smoothed basis (yield on average value of portfolio)..... | 4.8 | 5.5 | 5.5 | 10.2 | 9.4 | 7.2 | 6.4 | 6.4 | (2.8) | 7.5 |
| — real return smoothed basis (yield in excess of inflation) ^k | 2.4 | 5.4 | 2.9 | 7.8 | 8.5 | 4.6 | 4.1 | 4.8 | (6.0) | 5.6 |
| Percent funded (ratio of assets to total liabilities) (%)..... | 124 | 122 | 121 | 126 | 117 | 109 | 104 | 100 | 98 | 105 |

Note: Refinements in measurement approach have resulted in minor changes to previously reported figures in some cases. The above amounts have been restated reflecting the retroactive effects of changes in accounting policies.

- a Claims are not necessarily disallowed, rejected, or accepted in the year in which they are reported. The counts of reported claims in this table have been revised from those that appeared in the 2009 annual report: the claim consolidation process results in some duplicate claim numbers from past years being eliminated.
- b Claims accepted include claims accepted for health-care-only benefits.
- c Disallowed claims are those that fall within the scope of the *Workers Compensation Act* but are not payable because they are not work-related.
- d Rejected claims are those that do not fall within the scope of the Act: claims from workers employed in industries not covered under the Act, claims from self-employed workers without optional protection, accounts from physicians submitted in error to WorkSafeBC.
- e Reported claims that are not accepted, disallowed, or rejected are either suspended claims or no-adjudication-required claims. Suspended claims are those where the claimant fails to respond to a request for information from the adjudicator, or withdraws the claim. No-adjudication-required claims are accident reports that are not claims for benefits.
- f Duration numbers for all 10 years exclude days paid as vocational rehabilitation days. The durations include only short-term disability days.
- g To compute short-term disability (STD) duration for a given year, five components are calculated and added together, including: first, the number of days paid in the year for STD injuries that occurred in the year divided by the number of STD injuries that occurred in the year; and, second, the number of days paid in the year for STD injuries that occurred in the previous year divided by the number of STD injuries that occurred in the previous year. The third, fourth, and fifth components are computed analogously. An adjustment is made to the sum of the five components with respect to the days paid in the year for injuries that occurred more than four years earlier. The calculation includes the days arising from short-term disability payments and excludes the days arising from rehabilitation payments.
- h These figures represent the number of inspection reports issued by prevention officers in each respective year, and include both provincial inspections and federal Workplace Hazardous Materials Information System (WHMIS) inspections. Inspection reports represent either new or follow-up prevention activity and most inspection reports are the result of a worksite visit.
- i Prevention activity hours include both Worker and Employer Services and Investigations officer time. These hours represent the number of hours spent in each respective year on inspections, education, consultations, investigations, and other industry and worker services combined. Prevention activity hours include travel time.
- j The published base rate is the rate announced at the time the assessment rates are set. The published collection rate consists of the published base rate reduced by three elements — the pre-2000 subclass surplus abatement, transition capping of rate increases from the old to new classification structure, and an allowance for the imbalance in the experience rating program. The transition capping element has largely disappeared since 2005. The pre-2000 subclass abatement has also largely disappeared since 2009. The actual final time collection rate differs from the published collection rate due to changes in payroll distribution and refinement of estimates.
- k Inflation is the change in the All Canada CPI from the preceding October to the current October value, reflecting the indexation of injured worker benefits.