

Minutes for Board of Directors Meeting (WebEx)

14/07/2020 | 8:30 AM – 3:15 PM – Atlantic Standard Time (US and Canada)

Attendees: Mel Norton, Douglas Jones, Haley Flaro, Donna McNeill, Gaëtan Guérette, Jim Stanley, Mike MacMullin, Tina Soucy, Lucien Sonier,

Staff present: Perry Cheeks, Susan Layton, Lisa Walker, Laragh Dooley, Jill Breen, Amanda Aubé

1 Adoption of Agenda

On motion duly made, seconded and carried it was unanimously resolved:
The agenda of the Board of Directors meeting for July 14, 2020 is adopted, as presented.

2 Safety Moment

A Board member noted the importance of drinking lots of water and wearing sunscreen in hot, sunny weather.

3 Declaration of Conflict of Interest

The Chairperson asked Board members if they have any conflicts of interest arising from the meeting agenda and, if so, to declare that conflict. No conflicts were declared.

4 Approval of Minutes

a. Meeting dated April 30, 2020

On motion duly made, seconded and carried it was unanimously resolved:
That the minutes of the Board of Directors meeting dated April 30, 2020 be approved, as written.

b. Meeting dated June 25, 2020

On motion duly made, seconded and carried it was unanimously resolved:
That the minutes of the Board of Directors meeting dated June 25, 2020 be approved, as written.

5 In-Camera Session

The Board of Directors held an in-camera session.

6 Consent Agenda

a. Status of Actions Arising from Previous Board Meetings

On motion duly made, seconded and carried it was unanimously resolved:
That the Status of Actions Arising from Previous Board Meetings be received and filed for information.

b. Retail Council of Canada Correspondence

The Board noted made one change to the letter change.

On motion duly made, seconded and carried it was unanimously resolved:
That the draft response to the Retail Council of Canada dated July 8, 2020 be approved, as amended.

c. Annual Review of Policies

i. Fee Schedule 29-215, Financial Advice for Surviving Spouses

The Board asked staff to confirm how the allowable fee for financial advice was determined to be equitable.

On motion duly made, seconded and carried it was unanimously resolved:
That item 6(c)(i) be tabled pending receipt of further information on the allowable fee amount for financial advice for surviving spouses.

The Board received information from staff that WorkSafeNB is on the higher end of the allowable fee amount for advice for surviving spouses.

On motion duly made, seconded and carried it was unanimously resolved:
That item 6(c)(i) be lifted from the table.

On motion duly made, seconded and carried it was unanimously resolved:
That the proposed Fee Schedule 29-215 Financial Advice for Surviving Spouses, release 6, effective July 14, 2020 be approved and that release 5 be rescinded.

ii. Policy 25-007, Protheses, Orthoses and Assistive Devices

On motion duly made, seconded and carried it was unanimously resolved:
That the proposed Policy 25-007 Protheses, Orthoses and Assistive Devices, release 3, effective July 14, 2020 be approved and that release 2 be rescinded.

d. COVID-19 Related Claims January, 2020 – May 2020

The Board was provided with a summary table of COVID-19 related claims filed across Canada.

e. Mandate Letter Update

The mandate letter update was removed from this portion of the agenda as it will be addressed in item #17.

On motion duly made, seconded and carried it was unanimously resolved:
That the consent agenda be received and filed, with the exception of item 6(e).

7 Chairperson Report

a. Review of 2020 Board Work Plan

The Board and the Chairperson reviewed the status of the 2020 Board Work Plan.

b. Committee Membership and Chairs

The Chairperson reported that decisions on who will serve on Board committees will be made once the Chapman Group completes its project.

c. Face-to-Face Meetings

The Chairperson explained that, given WorkSafeNB's leadership position in health and safety, and considering best practices and direction from government, Board meetings will be held virtually unless it is absolutely necessary to meet in person.

The Board also expressed interest in shortening the duration of future virtual Board meetings.

On motion duly made, seconded and carried it was unanimously resolved:
That the Chairperson's Report be received and filed.

8 Update on Collective Bargaining Negotiations

The Executive Director of Human Resources provided the Board with an update on contract negotiations with CUPE 1866 and CUPE 946.

On motion duly made, seconded and carried it was unanimously resolved:
That the update on collective bargaining negotiations be received and filed.

9 Finance Committee Update

a. Committee Chairperson's Report

The Chairperson of the Finance and Investment Committee provided a verbal report to the Board including a review of the agenda items from the last committee meeting.

b. Financial Update

The Board reviewed the Summary of Financial Results, with Q2 showing improvement over Q1.

c. Investment Results

The Board also reviewed the Investment Portfolio Quarterly Report, which indicated the funded position is improving in Q2.

On motion duly made, seconded and carried it was unanimously resolved:
That the Financial Update and Investment Results be received and filed.

d. Memo re: Outsourcing Investment Funds

i. Next Steps on Outsourcing Investment Funds:

The Chief Financial Officer presented information on two options related to outsourcing WorkSafeNB's investment management as follows:

Option 1: Fully outsource investment management to Outsourced Chief Investment Officer ("OCIO") firms.

Option 2: Partially outsourced to OCIO and Internal Investment Professional

On motion duly made, seconded and carried it was unanimously resolved:

That the Board of Directors approves the recommendation to solicit proposals from leading investment management firms to manage WorkSafeNB's Accident Fund, in whole or in part.

10 **Assessment Rates**

a. Memo re Rate Presentation

The Chief Financial Officer provided an overview of financial information related to rate setting for 2021, given that a rate range would be presented to stakeholders at WorkSafeNB's 2020 Annual General Meeting.

b. 2021 Assessment Rate Range Presentation

The Chief Financial Officer presented a 2021 rate range of \$2.02-\$2.09.

The Board discussed whether the rate/ surcharge component in the proposed 2021 rate range, which amortized the surcharge amount required to achieve WorkSafeNB's funding level target over 8 years, was sufficient to account for the risks of a significant market downturn or changes in liabilities due to IFRS17. There was some concern that reducing the rate by too much in one year presented a risk of future increases in assessment rates.

Management noted that recent legislative changes allowed for longer amortization periods to achieve full funding, which provides flexibility to mitigate significant rate increases in a given year, should funding levels drop for any number of reasons in the future.

c. Board Recommendation re Rate Guidance

The Board requested updated information during the meeting which increased the surcharge component of the 2021 rate tot \$0.33, which meant the surcharge required to achieve the funding level target would be amortized over 5 years.

On motion duly made, seconded, it was carried:

That the Board of Directors approved an estimated 2021 assessment rate range, of \$2.15-\$2.22, which would be presented at WorkSafeNB's 2020 Annual General Meeting.

Three objections to the above-noted motion were recorded.

11 Improved Benefits for Injured Workers

a. Memo re Income Replacement Rate

i. Presentation re Income Replacement Rate

The Chief Financial Officer reviewed with the Board that WorkSafeNB currently pays regular loss of earnings (LOE) benefits at 85% of wages and an annuity at age 65 that accrues at 10% of earnings once an injured worker receives compensation for a 24-month consecutive period. He also reviewed information as to where New Brunswick compares to other jurisdictions both nationally and in Atlantic Canada.

He reviewed the following options:

Option 1: Increase LOE benefits to 90% and maintain annuity at 10%

Option 2: Increase LOE to 90% and reduce annuity to 5% (pre-1992 levels)

Option 3: Maintain status quo

The Board discussed the possibility of consultation with stakeholders and whether, given the current climate, this should proceed or be tabled for six months.

On motion duly made, seconded, it was carried:

That a motion for reviewing income wage replacement be tabled for six months.

Three objections to the above-noted motion were recorded.

b. Memo re Maximum Assessable Earnings

i. Presentation re Maximum Assessable Earnings

The Chief Financial Officer provided an overview of requested costing related to increasing the Maximum Annual Earnings (MAE) to 1.6 times the New Brunswick Industrial Average Earnings ("NBIAE"), which would bring New Brunswick in line with the national average. New Brunswick's current MAE is 1.5 the NBIAE.

He also reviewed costing information related to increasing the MAE to 1.7 the NBIAE.

On motion duly made, seconded and carried it was unanimously resolved:

That the Board of Directors approve consultation with stakeholders on an increase in the MAE to 1.6 times the NBIAE.

Break

12 Governance Committee Update

a. Committee Chairperson's Report

The Chairperson of the Governance Committee provided a verbal update to the Board.

On motion duly made, seconded and carried it was unanimously resolved:

That the Governance Committee Chairperson's Report be received.

b. Lessons Learned from Nova Scotia re Transformation Committee

Based on advice from the Worker's Compensation Board of Nova Scotia, this Committee should avoid a governance structure that creates a barrier to effective decision making, given the pace and depth of information. The Governance Committee will have further discussion on what the Transformation Committee will look like going forward.

On motion duly made, seconded and carried it was unanimously resolved:

That the Memo on Lessons Learned re Transformation Committee from the Workers' Compensation Board of Nova Scotia be received and filed.

c. Fatality Review Committee

i. Memo

The General Counsel and Corporate Secretary explained that the external legal opinion received found that the Fatality Review Committee is largely operational. The recommendation from staff is to dissolve the Fatality Review Committee.

ii. Jurisdictional Scan

A jurisdictional scan on fatality review reporting and oversight was provided to the Board.

iii. Fatality Review Summary

The Board was provided with an example of what would be reported to the Board if the Fatality Review Committee were to be dissolved.

The Board and staff discussed a number of items related to oversight of the most severe workplace accidents that involve fatalities.

On motion duly made, seconded:

To dissolve the Fatality Review Committee and provide the Board with a written report 2 times per year.

The Motion was defeated.

d. Board Vacancies

i. Composition of Interview Panel

The Board reviewed the two motions passed by the Governance Committee at its June 29, 2020 meeting: The first motion related to consulting with stakeholders on the composition of interview committees for Board future vacancies, and the second related to composition of the interview panel of the current employer vacancy to be comprised of employer representatives from the Governance Committee, the Chair of the Governance Committee, the Chair of the Board (depending on availability) and the external human resources consultant.

The Board discussed concerns with these motions and whether such consultation is necessary as Board member candidates are required to have a support letter from their stakeholder group, and the process of interviewing candidates to fill Board vacancies is already outlined as a responsibility of the Governance Committee in its Terms of Reference, with the final recommendation to government to be made by the full Board.

The Board held further discussion on this matter in-camera.

On motion duly made, seconded and carried it was resolved:

That the composition of the interview panel for Board vacancies is approved as recommended by the Governance Committee.

One objection to the above-noted motion was recorded.

e. Update on Chapman Group Project

The Board received an update that the Chapman Group is completing the Board skills matrix and assisting with profiles of existing members in order to identify gaps. They will also help to shortlist candidates, provide an interview guide, and assist with the overall selection process.

f. Evaluation Process

i. Board Chair

On motion duly made, seconded and carried it was unanimously resolved:

That the Corporate Secretary will administer and analyze the results and

will make the survey available electronically with the option to complete the survey by phone, upon request.

ii. Committee Self-Assessment

On motion duly made, seconded and carried it was unanimously resolved:

That the instruction on the Committee Self-Assessment form is to be revised to reflect that the process for completing this assessment is to be approved by the Governance Committee and the Board of Directors;

-and-

That the Corporate Secretary will administer and analyze the results and will make the survey available electronically with the option to complete the survey by phone, upon request.

13 Update on Corporate Scorecard

The CEO reviewed the Corporate Scorecard including key strategic measures year-to-date.

On motion duly made, seconded and carried it was unanimously resolved:

That the update on the Corporate Scorecard is received and filed for information.

14 Update on Information Technology

The interim Chief Information Officer introduced herself to the Board and provided an update on Information Technology activities. She noted the focus has been to finalize the three-year plan, with a focus on four key areas:

1. Information security and risk management;
2. Business information and analytics;
3. Modernization of services, technology and operations; and
4. Communication and collaboration

On motion duly made, seconded and carried it was unanimously resolved:

That the update on Information Technology is received and filed for information.

15 Update on Client Experience Program

The Executive Director of Communications provided an update on the Client Experience Program. She highlighted some recent Client Experience Program successes, including a more than double increase from 35-72% first call resolution, and a WRC virtual assessment project where all WRC therapy staff have the ability to treat clients virtually.

On motion duly made, seconded and carried it was unanimously resolved:

That the update on the Client Experience Program is received and filed for information.

16 CEO Report

The CEO reviewed his report which provides highlights across each area of the organization, which the Board noted they liked.

On motion duly made, seconded and carried it was unanimously resolved:
That agenda items 17-17(e) are received and filed for information.

f. Allocation of Claim Costs – Policy 21-300

Management recommended revisions to this policy to ensure compliance with legislation. Regulatory changes will be evaluated.

On motion duly made, seconded and carried it was unanimously resolved:
That proposed Policy 21-300 Allocation of Claim Costs, release 8, effective July 14, 2020 be approved, and release 7 be rescinded.

18 **Audit Committee Update**

a. Memo re Deloitte Proposal
i. Proposal to assist with QAR

A recommendation from the Audit Committee was brought forward to approve the Deloitte proposal for a Quality Assurance Review, with the exception that project management (limited to pure oversight and tracking of deliverables and costs) be done by WorkSafeNB.

b. Timing of Enterprise Risk Management Training

The Board agreed to complete the training in early September with the full Board.

On motion duly made, seconded and carried it was unanimously resolved:

That the Board approve the Deloitte Proposal, with the exception of the project management component, which will be done by WorkSafeNB;

-and-

That the enterprise risk management training will be done in early September 2020, to be done in two sessions depending on the length of the training.

19 **New Business**

a. Annual Board Planning Date
i. Draft Agenda

The CEO reviewed draft agenda for the proposed WorkSafeNB Board of Directors Planning Meeting.

ii. Poll for Dates for the Fall

The Board agreed on a mid-to-late October 2020 timeframe. A poll will be circulated.

b. Recognition to Hector Losier

The Board agreed to make a charitable donation on Hector Losier's behalf to thank him for his service on the Board and, when appropriate, gather together.

c. Length of Virtual Meetings

Staff noted that best practice is to have virtual meetings for a maximum time period of 4-5 hours. Consideration of this will be given when planning future meetings.

d. In-Camera

20 **Adjourn**

Motion to adjourn.

The meeting adjourned at approximately 4:05pm