

## Client Services Policy Manual

Policy Number: **IF-04**  
Subject: **Liabilities**  
Chapter: **Injury Fund and Reserves**

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### Policy Statement

WorkplaceNL shall record in its books of account the present value of all estimated future payments in respect of existing claims including the cost of indexing survivor and extended earnings loss benefits.

#### 1. **Estimated Liability for Future Cost of Existing Claims**

This liability represents the estimated amount required to meet future payments and awards in respect of current and prior years' injuries. The estimated liability is an estimate of future Temporary Earnings Loss Payments, Medical Aid Payments, Rehabilitation Payments, Permanent Functional Impairment Awards, Extended Earnings Loss Awards, Annuities and awards to Dependent and Permanently Disabled Workers.

The benefits liability will be calculated using factors compiled by WorkplaceNL's Actuary. Such factors will be determined through application of a sound actuarial methodology and will be based on appropriate economic and demographic assumptions for Newfoundland.

#### 2. **Liability for Dependency Benefits and Payments to Permanently Disabled Workers.**

The purpose of this liability is to set aside amounts sufficient to pay all future benefits for:

- a. dependency benefits awarded for a specified period of time, for life or to age 65 established at the end of each calendar year; and
- b. pre-1984 permanent disability injuries.

The liability is calculated using actuarial factors based upon appropriate economic and demographic assumptions for Newfoundland. For dependency benefits, such factors must also make due allowance for the expected rate of increase in the Consumer Price Index for Canada for all items as published by Statistics Canada. WorkplaceNL will decide annually whether or not dependency benefits will be indexed.

#### 3. **Liability for Extended Earnings Loss**

Liability for extended earnings loss is the amount required to pay, to

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age 65, all future earnings loss benefits with respect to injuries that have already occurred. This liability is calculated using actuarial factors based upon appropriate economic and demographic assumptions for Newfoundland. Such factors must make allowance for the Consumer Price Index for Canada for all items as published by Statistics Canada.

#### 4. **Liability for Annuities**

The liability for annuities is the expected amount of demonstrated pension loss incurred by eligible claimants when they reach the age of 65. This liability is calculated using actuarial factors.

#### 5. **Valuation of Established Liability Reserves**

All established liability reserves will be evaluated at least once every (2) years. The valuation will take place immediately following year end and results of the valuation reflected in the financial statements for the year being valued.

#### 6. **Review of Factors for Calculating Estimated Liability**

Actuarial factors, methodology and economic and demographic assumptions will be reviewed and adjusted, if necessary, at least once every two (2) years. Estimated liabilities will be calculated using new adjusted factors.

**Reference:** *N/A*

#### **Amendment History**

*Original Effective Date*                      1992 10 16