

Board of Directors' Meeting of April 25, 2006

Website Summary

Financial Statements – 2005

Decision

The Board of Directors approved the financial statements and accompanying notes and schedule for the year ended December 31, 2005. (Note: the statements, etc. will be included in the 2005 annual report, which will be tabled in the Legislature by May 31, 2006.)

Rationale

Highlights of the financial statements* are:

- funded position: \$1,526.2 million or 132.4%
 - \$265.9 million increase from 2004
 - fund balance after special dividend: \$1,243.2 million
 - current year surplus: \$585.6 million
 - accumulated operating surplus: \$470.0 million
 - accumulated other comprehensive income: \$773.2 million
- occupational disease reserve: \$283.0 million
- premium revenues: \$978.9 million
 - \$42.7 million (4.6%) higher than 2004
 - \$58.4 million (6.3%) higher than budget due to higher than expected insurable earnings
 - average premium rate collected same as budget (\$1.83)
- investment revenues: \$556.2 million
 - \$331.9 million (147.9%) higher than 2004 due to realized gains from portfolio management activities
 - \$414.2 million (291.7%) higher than budget, also due to realized gains
- claim costs: \$861.0 million
 - total claims costs \$35.2 million (4.3%) higher than 2004. Would be approximately \$56.0 million **lower** than 2004 if not for the changes in actuarial assumptions relating to future health care inflation
 - transaction year claims costs: \$24.1 million (4.1%) lower than budget due to effective case management resulting in reduced duration (36.3 days, one of the lowest averages on record)
 - provision \$80.3 million (50.9%) higher than budget due to changes in actuarial assumptions relating to cost of future health care (inflation and utilization)

Conclusion

- another strong financial year
- no significant issues from external actuary and Auditor General review
- unqualified audit opinion

*See the 2005 Annual Report for further financial details.