Workplace Safety and Insurance Board

2023 Annual Report

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Message from Chair and President and CEO

We continued to make great strides in 2023 towards our collective goal at the WSIB of reducing the impact of workplace illness and injury on people and businesses in Ontario.

That starts with delivering results and improving outcomes. For people who have been hurt on the job or made ill because of their work, that means a safe, timely, and lasting return to work. In 2023 we surpassed many of our key targets, including helping 87% of people who missed work because of their injury or illness return to their job within three months.

On top of that, the average time someone was off work due to injury or illness was down to 62.3 days at the end of December 2023, almost a full week shorter than in January 2022. Our efforts to make timely decisions and get people's payments to them faster are working, and we were also able to provide a cost of living adjustment in 2023 of 6.5%.

We were able to make these improvements while maintaining a strong Sufficiency Ratio of 122.5%. Despite inflationary and other economic pressures, we have also held the average premium rate steady for 2024 at $1.30, the lowest it has been in more than 20 years. We also successfully adopted IFRS 17 *Insurance Contracts* and IFRS 9 *Financial Instruments* in 2023, helping us to continue to deliver our services in a financially responsible way.

Our improvements to how we work and the service we provide are further highlighted by:

- Health and Safety Excellence program participation surpassing one million people and almost $50 million paid in rebates to businesses who invested in improving their health and safety
- The reduction to the number of appeals awaiting decision by 57% in just two years
- Business enrollment in our online services more than doubling to 75% in 2023; and
- Paper output dropping by 85% compared to 2022 in Employer Services, following our move to online-only statements for businesses.

Our fantastic 2023 is due to the incredible efforts and dedication of our team of which everyone at the WSIB should be proud.

The past year provides a strong foundation to build on as we implement our new 2024-2028 Strategic Plan, focused on improving people's experience by making it surprisingly simple to work with us.

Our three key priorities – service experience, empowering a dynamic workforce, and financial sustainability – will guide our efforts to further reduce the impact of workplace injuries and illness and give the people and businesses of Ontario the help they need better, easier and faster.

Grant Walsh
Chair
April 25, 2024

Jeffery Lang
President and CEO
April 25, 2024

2023 highlights

2023 was the final year of the WSIB 2019-2023 Strategic Plan. The plan was launched when the organization had eliminated its unfunded liability and achieved a level of financial sustainability. This, in turn, allowed us to focus on our core priority: delivering trusted and efficient customer service to the Ontarians who become injured or ill at work, and the businesses who pay our premiums.

In 2023, the WSIB accomplished a lot to improve the experience for the people we serve and continued to show improvement in return-to-work performance. Better-than-expected results were achieved while working with a hybrid home and office model and despite planning for the potential labour disruption in the first two quarters of 2023.

Last but not least, the WSIB successfully adopted IFRS 17 and IFRS 9 starting January 1, 2023, aiming to enhance the transparency and comparability of financial statements. While the transition to IFRS 17 introduced changes to discounting, onerous contracts recognition as well as the presentation and disclosure of the financial statements, the transition to these standards does not significantly affect the WSIB's fundamental economics, business model, strategy, or Sufficiency Ratio. Refer to Section 3 Changes in accounting standards below for further details.

Operational highlights

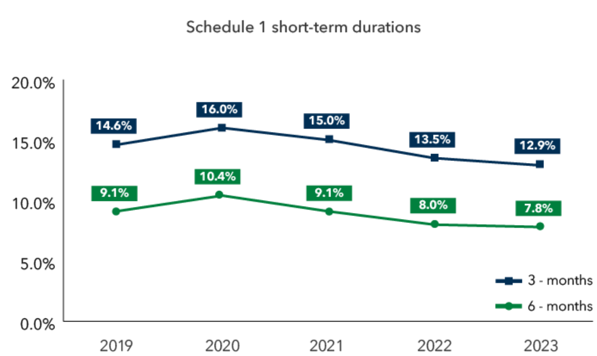
Lost-time claim volume higher than pre-pandemic and 2022 (without COVID-19 claims)
Our Schedule 1 registered lost-time claim volume was 3% higher than 2022 and 2% higher than pre-pandemic (2019). Lost-time claims as a percentage of total volume also continued to be higher than 2019 (31% to 35%).

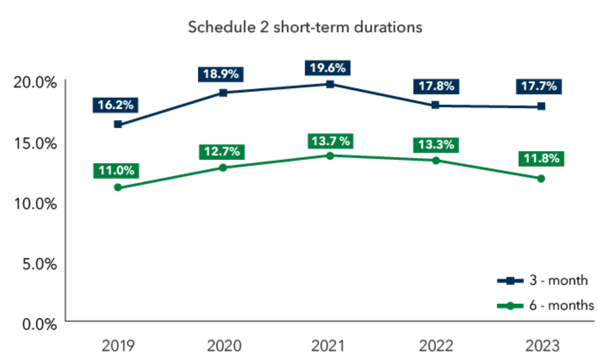
Lost-time injury rate improved despite higher lost-time claims and employment
While the number of lost-time claims did increase, the growth was lower than employment growth in Ontario. As a result, our lost-time injury (LTI) rate, which measures the number of allowed lost-time claims per 100 workers, decreased to 0.93, an improvement from 2022 (0.95).

Improvements in claim durations
All 2023 Schedule 1 duration targets were met. Over the course of the year, 3-month, 6-month, 24-month and 48-month durations decreased by 0.6%, 0.2%, 0.3% and 0.1%, respectively.

We also further reduced our Schedule 1 average composite duration to 62.3 average days, down 2.2 average days from January 2023 (64.5 average days).

Schedule 2 short-term durations (up to 12 months) saw improvements compared to our 2022 year-end results. Longer-term durations, which are more impacted by past performance, were higher than last year.





Timely service

Our goal is to make an eligibility decision within 10 days to assist in a timely return to work and to provide payment to injured or ill people within 15 days so that they can focus on their return to work and recovery outcomes. In 2023:

- 96% of eligibility decisions were made within 10 business days for lost-time claims meeting target.
- 79% of claims were paid within 15 days, beating the 77% target.
- Appeals decisions continued to be timely and show further improvements in their results, with 94% of appeals decided within six months in 2023, compared to 91% in 2022.
- The WSIB resolved more appeals than incoming appeals, reducing the appeals inventory by 31%, from 1,580 in 2022 to 1,091 in 2023.

Improvements to benefits and services

Growth of the Health and Safety Excellence program

As of the end of 2023, there were 4,056 businesses (representing approximately one million employees) enrolled in the Health and Safety Excellence program. This represents 1,191 new enrollments since January 1, 2023, of which 954 are classified as either micro, small or medium-sized businesses. The member retention rate in the program increased marginally to approximately 91%.

In 2023, approximately $20.5 million in rebates were issued to approximately 2,000 businesses for completing topics in the program. This includes just over $6.5 million in rebates distributed to smaller businesses who were eligible for double rebates, retroactive rebates and $1,000 towards provider fees. Program members have earned just almost $50 million in premium rebates through the program since 2019.

Measuring our operational results

Strategic goal	Measure	2023 target	2023 result
Make Ontario a safer place to work	Health and Safety Index	>0%	0.6%
	Lost-time injury rate (non-COVID-19)	95%	93%
Improve return-to-work and recovery outcomes	Duration of full and partial loss-of-earnings benefits (three months)	13.5%	12.9%
	Duration of full and partial loss-of-earnings benefits (12 months)	5.3%	5.3%
	Return to work at 100% pre-injury or illness earnings within 12 months	86.5%	86.2%
Meet our customers' needs and expectations	Overall satisfaction for people returning to work	77%	74%
	Businesses supporting their employee returning to work	86%	81%
	Businesses with account-related inquiries	87%	89%
	Health and safety programs	81%	84%
Sustain our organization through efficient and effective management	Sufficiency Ratio	110-120%	122.5%
	Employee engagement	80%	78%
	Inclusive culture	65%	66%

Financial highlights

2023 saw growth in employment despite higher unemployment rate
Ontario employment as of December 2023 was 2.1% higher than in December 2022, an increase of 160,700 jobs. Although employment increased, the unemployment rate also increased to 6.3% compared to 5.3% in December 2022. According to Statistics Canada, the rise in Ontario's unemployment rate can be attributed to our population growth, which rose to over 13 million from 12.6 million in 2022, adding 257,000 people to the working population.

In addition to the above, wage growth was also higher, contributing to the increase in insurable earnings in 2023. The average wage in Ontario was up 3.1% from 2022.

Board of Directors

Biographies

Grant B. Walsh
Chair
Member: February 3, 2022 – February 2, 2025

Grant B. Walsh is a Chairman, CEO and corporate director. He currently serves as Chair of Workplace Safety Insurance Board (WSIB), and Director of Square Canada, Square Technologies, among others.

WSIB is a Province of Ontario Crown Corporation. It has approximately 330,000 employer members, 5.6 million insured employees, and employs 4,700 people.

Walsh was formerly the Chairman of Canada Lands Company Limited, a Government of Canada Crown Corporation, with real estate properties across Canada and tourism properties including the CN Tower, Downsview Park, the Old Port of Montreal, and the Montreal Science Centre.

Walsh was President and CEO of St. Peter's Health System and Vice President of Hamilton Health Sciences, Hamilton, ON. Previously, as Executive Vice President of The ServiceMaster Company, Chicago, IL, Mr. Walsh was accountable for $550 million in revenue (US in 1998), 30,000 employees, and 10,000 facilities in 44 states and across Canada.

Mr. Walsh has a Master of Business Administration in Finance from Southern Illinois University and a Bachelor of Arts from Roberts Wesleyan University in English and Philosophy. He holds a designation as a Chartered Director from McMaster University and the Conference Board of Canada.

Jeffery A. Lang
President and CEO
Member: February 3, 2022 – February 2, 2025

Jeffery is President and CEO of the Workplace Safety and Insurance Board, having previously served for three years on its Board of Directors.

An entrepreneur who is dedicated to his community, Jeffery most recently ran two Ontario-based manufacturing businesses with customers around the world. He is also the Co-founder and Chair of the Canadian Economic Development Assistance for South Sudan.

He has held many leadership roles in community organizations including Vice President of Ronald McDonald House Charities, President of Boys & Girls Club of London, Board Chair of the Alzheimer Foundation of London, Board Member of Pathways Skills Development, and Board Member of the London Food Bank. Jeffery also served for two years on the London Police Services Board.

Since taking over the leadership of the WSIB the organization has achieved some of its best results – helping people return to work, making more WSIB services available online, delivering the first-ever surplus rebate for safe businesses, and holding the average premium rate at the lowest it's been in over 20 years.

Peter George
Member: February 3, 2022 – February 2, 2025

Peter George is the CEO of Neurolytixs Inc., an exclusive global licensee of Lawson Health Research Institute's blood-based in vitro diagnostics, specializing in the detection of concussions. Peter has diverse corporate and board experience spanning decades in sales, marketing and venture capital in the areas of health care, real estate development and asset management.

Peter is the co-founder and past director of LB Energy Inc., one of the largest developers of renewable energy in Ontario. Peter is deeply rooted in his community, having volunteered and fundraised for SickKids, Windsor Regional Hospital, Art Gallery of Windsor and St. Clair College.

Peter holds a Bachelor of Arts from the University of Windsor.

James Hogarth
Member: November 24, 2022 – November 23, 2025

James Hogarth serves as President of the Provincial Building and Construction Trades Council of Ontario, a position that he has held for the past 10 years. In that role, he leads an organization representing over 150,000 people across every construction trade. As a committed labour leader, James is passionate about improving workplace health and safety for all Ontarians.

After successfully completing his apprenticeship with UA local 46 in Toronto, James became a Certified Steamfitter in 1984. Over the last 25 years, he has served as Business Manager of UA local 46 as well as Business Manager of the Ontario Pipe Trades Council. He also served as an Employee Bargaining Agent representing the Piping Trades. James currently serves on the Board of Directors of the Ontario Construction Secretariat and was recently appointed to the position of National Executive Director of Helmets to Hardhats Canada. James is honoured to apply his skills and knowledge towards the advancement of people working in Ontario, particularly those who have experienced workplace injuries and illnesses.

Leslie Lewis Westhaver
Member: May 9, 2022 – May 8, 2025

Leslie Lewis Westhaver is a financial strategy executive and former private equity investor. She is currently the Chief Financial Officer at Avanti Software and her prior corporate experience includes supporting the IPO of PowerSchool, as well as roles at Onex Corporation, the Ontario Teachers' Pension Plan and CIBC. Leslie has also served as the Tax, Trade, and International Finance Policy Advisor to the Canadian Minister of Finance at the Government of Canada. Leslie is a former Canadian national kayaking team athlete and she holds a business honours degree from Acadia University.

Leslie's community involvement includes her appointments to the Board of Directors of Venture Ontario and the Toronto Pan Am Sports Centre. Leslie has also received the ICD.D designation from the Institute of Corporate Directors.

Sean McFarling
Member: March 9, 2023 – March 8, 2025

Sean McFarling serves as General Counsel to the Labourers' International Union of North America, Ontario Provincial District Council ("OPDC") and LiUNA's Central and Eastern Canada Organizing Fund ("CECOF"). His practice focuses on providing strategic advice and overseeing the OPDC's legal affairs across Ontario and CECOF's legal matters across Central and Eastern Canada.

Sean has dedicated his career to representing the hard working men and women of Ontario and he currently serves as LiUNA's Vice President at the Ontario Federation of Labour and Delegate to the Canadian Labour Congress. In addition, Sean serves as a Board Member with the Metro Toronto Convention Centre and Feed Ontario.

Alana McPhee
Member: June 20, 2022 – June 19, 2025

Alana McPhee is Senior Counsel, Treasury & Corporate, at The Toronto-Dominion Bank, where she serves as lead internal counsel for securities issuances under the bank's global funding programs. Prior to TD, Alana led Strategic Initiatives for Macquarie's North American Banking & Financial Services Division and was a principal at Coventree Inc., then an independent securitization boutique firm with total assets under management of $33 billion. Before Coventree, Alana was a partner at a leading Bay Street firm, Davies Ward Phillips Vineberg LL.P., practising corporate securities law.

Alana holds a Bachelor of Commerce (in Finance & Marketing) from St. Mary's University and obtained her law degree at Dalhousie University. Alana's community involvement has included serving on the boards of Canada Lands Company Limited, Downsview Park, the Old Port of Montreal, Women in Capital Markets Association and on the Board of Trustees of the Toronto International Dance Festival.

Helen Polatajko
Member: December 12, 2022 – December 11, 2025

Helen Polatajko has over 35 years of executive experience in both the private and the public sectors, in Canada and the United States. As a Chief Information Officer, she was responsible for the overall strategic direction, organizational and digital transformation, and management of information technology functions while being a contributing member of company executive committees at CMHC, CIBC Mellon and BNY Mellon.

Helen has over 15 years of experience serving as Chair and member on Risk, Finance, HR, Audit and Governance Committees on the boards of CDSPI, York University, The Salvation Army, Tafelmusik Baroque Orchestra and the IESO.

Helen was featured on the cover of CIO Canada magazine for an article titled "Fusing Business and Technology" and has served on the judging panel of the Canadian Information Productivity Awards. Helen also served on the Canadian Advisory Board of the CIO Executive Council, and the Advisory Committee of the Conference Board of Canada, Council of CIOs. Helen has been recognized as one of the Top 100 Women in Computing, acknowledging her achievements and contributions to information services and technology.

Helen received her education from the University of Pittsburgh, in Pennsylvania, attaining a Bachelor in Science in Mathematics and Psychology degree, and graduated from The Stonier Graduate School of Banking at the University of Delaware. Helen has also received the ICD.D designation from the Institute of Corporate Directors.

Reagan Ruslim
Member: December 15, 2022 – December 14, 2025

Reagan is the Senior Manager, Talent Management with Region of Peel. In this position, Reagan manages and oversees all talent acquisition, employee relations and labour relations at the Region. He is also responsible for overseeing all collective bargaining negotiations for the Region and its over 7,000 employees.

Previously, Reagan has been a member of the Law department of Hydro One as Senior Legal Counsel. Reagan provides practical legal advice in the areas of: Labour, Employment, Human Rights, Occupational Health & Safety, Workplace Investigations, Pensions, Benefits and Corporate Ethics to the team at Hydro One.

Prior to moving in-house, Reagan worked in private practice for more than 12 years. He practiced primarily Labour, Employment and Human Rights law.

Before his legal career, Reagan practiced public accounting with Deloitte. During his time at Deloitte, Reagan earned two accounting designations: (1) Chartered Accountant (Ontario, Canada); and, (2) Certified Public Accountant (New Hampshire, United States). Reagan holds a BBA from Wilfrid Laurier University, an LL.B from Western University, two LL.M degrees from Osgoode Hall Law School, York

University. Additionally, in 2014, Reagan earned both his Certified Human Resources Professional (CHRP) and Certified Human Resources Leader (CHRL) designations from the Human Resources Professional Association of Ontario. Also, Reagan holds a Pension Plan Administration Certificate (PPAC) from Humber College, the Retirement Plans Associate ("RPA") designation from the International Foundation of Employee Benefits Plans, and the ICD.D designation from the Institute of Corporate Directors.

Sandra Wrycraft
Member: February 3, 2022 – February 2, 2025

Sandra Wrycraft is the President of Find Inc., an executive search, coaching, and strategic consulting practice built on a belief that people, teams, and organizations have limitless potential. Sandra has over 20 years of consulting and corporate leadership experience across a broad base of industries from Fortune 500 to small start-ups in developing business and leadership strategies that have consistently and positively impacted results at the organization, team, and individual level. Sandra has a unique balance of passion for both people and performance, and her contagious energy shines through in her ability to inspire potential in others.

Sandra has a BBA from Wilfrid Laurier University, an MBA from the Schulich School of Business at York University, and is an ACC with a Graduate Certificate in Executive Coaching from Royal Roads University.

Remuneration

The Agencies and Appointments Directive issued under the *Management Board of Cabinet Act* requires that the annual report contain the total annual remuneration of each individual appointee (not including expenses).

The total annual remuneration of each individual appointee for 2023 is as shown below:

Name	Total remuneration paid in 2023
Grant Walsh	$151,576.00
Jeffrey A. Lang	$453,289.00
Peter George	$18,563.00
James Hogarth	$11,275.00
Leslie Lewis Westhaver	$7,975.00
Sean McFarling	$14,025.00
Alana McPhee	$15,400.00
Helen Polatajko	$12,650.00
Reagan Ruslim	$17,737.00
Sandra Wrycraft	$17,325.00
Total:	**$719,815.00**

Management's discussion and analysis

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") and accompanying audited annual consolidated financial statements ("consolidated financial statements"), as approved by the Board of Directors of the Workplace Safety and Insurance Board (the "WSIB"), are prepared by management as at and for the year ended December 31, 2023.

The MD&A should be read in conjunction with the consolidated financial statements of the WSIB as at and for the year ended December 31, 2023 and the information in the accompanying notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

In this MD&A, "WSIB", or the words "our", "us" or "we" refer to the WSIB. All amounts herein are denominated in millions of Canadian dollars, unless otherwise stated.

The information in this MD&A includes amounts based on informed judgments and estimates. Forward-looking statements contained in this discussion represent management's expectations, estimates and projections regarding future events based on information currently available, and involve assumptions, inherent risks and uncertainties. Readers are cautioned that actual results may differ materially from forward-looking statements in cases in which future events and circumstances do not occur as expected.

1. Our business

Our mandate

The WSIB, a board-governed trust agency under the Agencies and Appointments Directive of the Government of Ontario, is legislated to administer the province's no-fault workplace injury and illness insurance system under the *Workplace Safety and Insurance Act, 1997* ("WSIA").

We move quickly to provide wage-loss benefits, medical coverage and help people get back to work after a work-related injury or illness. We support the promotion of workplace health and safety and strive to make Ontario a safer place to work.

We insure over five million people in more than 300,000 workplaces across Ontario. Our goal is to maximize the public value we deliver each day through the services we offer.

How we are funded

We fund our operations and deliver benefits and services through premiums paid by Ontario businesses and investment returns.

In this section, new terminology such as "insurance revenue", "insurance service expenses", "insurance contract liabilities" was used as a result of the adoption of *Insurance Contracts* ("IFRS 17"). For details of the comparable prior-year *Insurance Contract*s ("IFRS 4") terminology, please refer to Section 3 Changes in accounting standards below.

Insurance revenue and administrative fees

As per the WSIA, the WSIB collects premiums and earns insurance revenue from businesses classified under Schedule 1 and collects administration fees from businesses listed in Schedule 2. Over 75% of Ontario's labour force is covered by the WSIB under either Schedule 1 or Schedule 2. Each year, we typically adjust both premium rates for Schedule 1 employers and administration fee rates for Schedule 2 employers.

Schedule 1 employers contribute to our collective liability insurance fund. Each business is assigned to one or more classes/subclasses under the North American Industry Classification System, based on its business activities. The premium rate for each business reflects the rate of the class/subclass and its risk in relation to other businesses in its class. Each class/subclass has a series of risk bands, and each risk band has an associated rate either above or below the class rate. The premium rate for each class reflects costs associated with claims, administration and legislative obligations. Mandatory employer incentive programs were replaced in 2020 with this premium rate setting model, and only wind-down retroactive adjustments remain in place.

Schedule 2 employers are individually responsible for the full cost of their respective claims. Schedule 2 employers include federal and provincial governments and their agencies, municipalities and school boards, and other enterprises such as major railways with operations in Ontario. These businesses reimburse the WSIB for the costs of their claims plus a fee to cover overhead and administrative costs and, in the case of provincially regulated employers, legislative obligations.

Investment returns

The WSIB also generates income through investment returns on our approximately $35.9 billion in invested assets as at December 31, 2023.

The Investment Management Corporation of Ontario ("IMCO") has managed the WSIB's invested assets since July 24, 2017. Having our funds managed by IMCO allows us to achieve economies of scale, to have wider access to investment opportunities, to increase diversification, and to enhance our risk management and risk-adjusted returns.

Investments

Our governance framework

We invest the portion of premiums collected but not required to be paid as benefits in the current year or to fund current operating expenses. As at December 31, 2023, we held $35.9 billion in investments to fund all future claim payments for incurred claims including long latency occupational disease claims that may have already been incurred but not yet reported. These investments include minority interests in the WSIB's legacy pooled funds for the WSIB employee pension plan. Our investment strategy is prudently diversified and managed on a total return basis to generate income and capital appreciation over time.

Our governance framework operates in accordance with best practices for good governance as summarized below:

- Investment decisions that have the most impact on investment outcomes remain at the Board of Directors level. These decisions include establishing our overall governance framework and approving the Statements of Investment Policies and Procedures ("SIPPs").
- Our SIPPs require that a detailed review of the policy asset mix (which sets out the target allocations to various asset classes) be conducted no less frequently than every four years in the context of our risk appetite, insurance contract liabilities, premium rate levels, and capital market assumptions. This is to ensure that the long-term investment return objective, policy asset mix, and other provisions of the SIPPs remain relevant.
- With appropriate reporting and oversight, the Board of Directors delegates authority for certain matters to our Investment Committee, our senior management, and IMCO. The Investment Committee is appointed by the Board of Directors and consists of Board members and external advisers. The Investment Committee provides advice and assistance to the Board of Directors on issues relating to investments and approves investment policies to supplement the SIPPs. Effective July 24, 2017, through an Investment Management Agreement for each of the Insurance Fund and Loss of Retirement Income Fund, IMCO was delegated authority to manage the WSIB's investments. IMCO and our investments are monitored by senior staff members under the direction of our Senior Vice President and Chief Investment Officer, Chief Financial Officer, President and Chief Executive Officer, the Investment Committee and, ultimately, our Board of Directors.
- Risk is inherent in each element of the investment decision-making process. Hence, risk management is an integral component of our governance framework. We believe the most significant investment risks to which we are exposed include liquidity risk, credit risk, and market risk. A discussion of our investment risks and mitigating strategies is contained in Section 14 – Risk factors

in this MD&A and in note 11 in our consolidated financial statements. We use various financial and non-financial methods to assess, measure and monitor risk.

What we invest in

We invest in a wide range of asset classes to provide a target level of investment return over the long term given the level of risk we are prepared to assume. The asset classes we invest in are:

- ***Investment Cash and Money Market:*** This asset class is comprised of cash and cash equivalents and seeks to provide liquidity and safety. Returns are expected to be lower than the returns of other asset classes.
- ***Fixed Income:*** Our Fixed Income portfolio is comprised of high-quality government fixed income securities and seeks to provide interest rate sensitivity, liquidity, safety and diversification, particularly when economic conditions are weak, or when market or economic shocks precipitate a flight to lower-risk investments. Returns are expected to be lower than the returns of other asset classes.
- ***Credit:*** This asset class includes both investment-grade and non-investment-grade public and private investments with the intention of providing broad exposure to global fixed income credit markets. Credit tends not to be highly correlated with high-quality fixed income or with equities and, as a result, Credit is expected to enhance returns and diversification. As of December 31, 2023, we invest primarily through holdings in a pooled fund established by IMCO.
- ***Public Equity:*** We invest primarily through holdings in pooled funds established by IMCO that in turn invest in diversified domestic and international equity securities to provide broad exposure to equity markets. Equities are expected to provide higher investment returns than the returns of other asset classes over the long run, but are expected to exhibit higher variability in returns from year to year.
- ***Private Equity:*** The Private Equity asset class seeks to generate long-term capital appreciation and aims to outperform Public Equity by investing in a diversified set of private operating companies and providing value-add through strategic, operational and financial improvements. Private Equity is a higher-risk asset class involving long-term investments in generally illiquid assets.
- ***Public Market Alternatives:*** The Public Market Alternatives asset class provides exposure to alternative investment risk premiums and active investment mandates through strategies that offer low beta with public market equities (i.e., low sensitivity to equity market volatility). We invest primarily through holdings in a pooled fund established by IMCO. Public Market Alternatives investments are expected to enhance returns and reduce overall volatility.
- ***Real Estate:*** This asset class includes holdings in real estate properties and investment funds diversified across global markets and office, retail, industrial, multi-residential and mixed-use property types. Real estate is expected to provide a stable source of income and to keep pace over time with inflation, mitigating the risk of unexpected inflation.
- ***Infrastructure:*** This asset class includes assets that provide essential services and facilities, many of which operate with regulated or strategic competitive advantages. Revenues are typically generated under long-term contracts, which offer stable cash flows with inflation sensitivity. We invest primarily through holdings in a pooled fund established by IMCO.

There are also portfolio management activities at the total fund level to enhance investment returns and manage risk by efficiently rebalancing the fund and managing asset allocation, liquidity, and foreign exchange exposures. These activities include the use of leverage to enhance returns, to manage liquidity and to optimize portfolio diversification while maintaining targeted risk levels. Leverage can be obtained through derivatives and repurchase agreements.

Insurance service expenses

Types of claims payments

A number of different benefits are administered by the WSIB in accordance with the WSIA and predecessor legislation, the *Workers' Compensation Act*. These benefits relate to compensating wage loss and providing for health care treatments and other benefits to people with work-related injuries or illness and survivors. Each type of benefit is described in more detail below:

- ***Loss of earnings benefits*** compensate people for earnings lost due to a work-related injury or illness occurring after 1997, starting the day after the injury or illness occurred. The benefit rate is based on 85% of the person's pre-injury net average earnings, subject to legislated minimum and maximum amounts of compensation.
- ***Workers' pensions*** represent pensions for people suffering a workplace injury prior to January 2, 1990 based on the degree of the person's disability.
- ***Health care costs*** are payments for professional services provided by health care practitioners, hospitals and health facilities as well as the cost of drugs that are required to facilitate recovery. They may also include attendant services, home or vehicle modifications, assistive devices and prostheses, extraordinary transportation costs to obtain health care and other measures to improve the quality of a person's life.
- ***Future economic loss or FEL benefits*** compensate people injured after January 1, 1990, and prior to January 1, 1998, who cannot restore their pre-injury earnings as a result of a permanent impairment or temporary disability for 12 continuous months.
- ***Survivor benefits*** represent monthly benefits provided to the spouse, dependent children and other dependents of someone whose death was the result of a workplace injury or occupational disease.
- ***External provider costs*** associated with our work reintegration program include payments to external agencies providing rehabilitation services, such as training programs to assist a person's return to work and the costs of work transition assessments and plans. They are incurred when accommodations with the pre-injury employer are not available.
- ***Non-economic loss or NEL benefits*** represent compensation to someone who suffers a permanent impairment as a result of an injury that occurred after January 1, 1990. Benefits are based on the severity of the permanent impairment. Non-economic loss benefits recognize the physical, functional or psychological loss resulting from a permanent impairment, beyond wage loss.

Beside the insurance claims benefit above, the WSIB is also mandated to provide loss of retirement income benefit contributions.

- ***Loss of Retirement Income benefits contributions,*** representing 5% of loss earnings benefits and 10% of future economic loss benefits, are payable on behalf of a person who has received loss of earnings benefits for 12 continuous months or future economic loss benefits and was under the age of 64 at the date of injury. At age 65 or upon death, the person receives a benefit from contributions made to their Loss of Retirement Income account plus any investment income earned.

Insurance contract liabilities

Insurance contract liabilities are established on a quarterly basis and include liabilities for incurred claims and liabilities for remaining coverage.

Liabilities for incurred claims represent the present value of the expected future cost to satisfy all claims occurring prior to but still outstanding as at the consolidated statement of financial position date. The liabilities for incurred claims consist of expected costs for reported claims, expected costs on outstanding claims that have been incurred but not yet awarded, as well as increases in benefits resulting from deterioration of an existing injury, and a provision for future occupational disease claims.

Regarding liabilities for incurred claims, data and other factors that can influence the amount and timing of future payments are considered when calculating such liabilities. Some factors include historical trends, our governing legislation, as well as our policies, claims adjudication practices and appeal decisions. We also consider the development of future claim payment trends, which may be impacted by management actions, legislative changes, judicial decisions and economic conditions. Where possible, we apply multiple techniques to estimate the required insurance contract liabilities provision. This approach provides additional insight into the trends inherent in the claims data being used to project the future payments valued in the liabilities for incurred claims. Between the reporting and final disposition of a claim, circumstances may change, which may result in changes to the established liability. For example, changes in the provisions of the WSIA or medical costs could substantially affect the ultimate cost of a claim. Accordingly, we review and re-evaluate claims and their impact on the estimate of the insurance contract liabilities on a regular basis.

Provisions made for future occupational diseases recognize that workers exposed to hazardous substances or conditions in their workplaces may develop occupational diseases after long latency periods. These provisions are significant and are expected to increase in future years due to increasing workplace risk exposures. Claim costs will vary depending on the type and characteristics of the disease, and the timing and management of the claim. Given the inherent uncertainties, the eventual cost to satisfy outstanding claims can vary substantially from the initial estimates.

Liabilities for remaining coverage include the loss component and insurance related receivables reclassified from receivables and other assets. The Loss component represents the expected net outflow from the contracts that are deemed onerous at initial recognition.

Regarding liabilities for remaining coverage, currently on initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured at the premiums recognized on initial recognition. Subsequently, the carrying amount for the liability for remaining coverage is increased by any premiums received and decreased by the amount recognized as insurance revenue for the coverage provided.

Insurance contract liabilities do not include any amounts for claims related to workers of Schedule 2 employers; these claims are ultimately paid by the self-insured Schedule 2 employers.

Legislated obligations and funding commitments

Legislative obligations: The WSIB is required to make payments to defray the cost of administering the *Occupational Health and Safety Act* ("OHSA") and the regulations made under the OHSA. We are also required to pay for the operating costs of the Workplace Safety and Insurance Appeals Tribunal ("WSIAT"). Furthermore, we are required to pay for the costs incurred by the Office of the Worker Adviser and the Office of the Employer Adviser.

Research and grants program: Our research and grants program supports practical, expert research studies and training initiatives delivered by professional individuals and organizations that address current and emerging challenges aimed at strengthening Ontario's workplace injury and illness insurance system now and in the future. In 2023, the WSIB awarded eight grants to research teams to conduct studies that aim to improve return-to-work and recovery outcomes, and training grants with experts to support education with Ontario health care providers and students at six Ontario medical schools.

Additionally, the research and grants program launched two strategic research initiatives to fund systematic reviews examining the association of occupational disease and workplace hazards. These awards will directly address gaps in knowledge to support evidence-based decision-making.

More information about the program is available at wsib.ca.

Voluntary employer health and safety recognition programs: Our Health and Safety Excellence program takes a risk-based approach to improving workplace health and safety. There are 39 topics for businesses to choose from across the three levels of the program: foundations, intermediate and advanced. Once businesses complete topics in the Health and Safety Excellence program, they receive a rebate on their premiums based on a formula that their predictability, total prior-year premiums, and number of topics implemented.

In addition, the WSIB provides rebates as an incentive to qualifying employers that participate in Supporting Ontario's Safe Employers ("SOSE"), a voluntary program administered by the Ministry of Labour, Immigration, Training, and Skills Development ("MLITSD"), and that are recognized by the Chief Prevention Officer under that program. The SOSE program recognizes businesses across the province that have successfully implemented an accredited occupational health and safety management system

2. Our strategy

Our 2023 accomplishments reflect the four themes in our final year of the 2019-2023 Strategic Plan, each supported by objectives and performance measures to track our progress toward achieving each goal:

1. Make Ontario a safer place to work
2. Improve return-to-work and recovery outcomes
3. Meet our customers' needs and expectations
4. Sustain our organization through efficient and effective management

We have achieved important milestones in pursuit of these goals this past year.

To make Ontario a safer place to work, we:

- Provided coverage for over five million Ontarians in over 335,000 workplaces.
- Enrolled businesses representing over one million people in our Health and Safety Excellence program, just four years after launching the program.
- Granted $20.5 million in rebates to businesses enrolled in the Health and Safety Excellence program in 2023.
- Surpassed our target of 86% of businesses retained in our Health and Safety Excellence program, with a 91% retention rate.
- Hosted the largest live-stream event in our history: The Small Business Health and Safety Forum.
- Launched a practice safe work campaign to educate people aged 15-24 on safety and their rights in the workplace.

To support Ontarians returning to work, we:

- Improved durations so that more Ontarians are getting back to full- or part-time work faster.
- Rolled out the musculoskeletal program of care, designed to provide early care to people with musculoskeletal injuries.
- Hit our target of 96% of first decisions made within 10 days of receiving a claim and beat our target of 77% of first payments made within 15 days of receiving a claim.

To meet customers' expectations, we:

- Resolved successfully 93% of appeals cases in a timely manner, resulting in the lowest inventory of appeals since 2018.
- Launched the WSIB mobile app where people can report a workplace injury or illness, submit documents, see their reports, view messages, and get answers to frequently asked questions.
- Launched a secure online service to allow businesses to track the status of claim-related appeals.
- Rolled out new functionality to allow people to sign up for online services to report an injury, and manage their claim or account.
- Partnered with the Canada Revenue Agency to give businesses another way to manage their accounts, allowing them to pay their WSIB premiums at the same time they file their business taxes.
- Expanded business hours until 6:00 p.m. to better match the needs of our customers by making front-line roles available outside of traditional working hours.

To sustain our organization, we:

- Continued to hold our average premium rate steady for 2024 at the lowest it has been in more than 20 years to help businesses manage costs.

- Announced the location of the new head office at 300 Tartan Drive in London, Ontario.
- Completed our first multi-year business planning and budgeting process.

We are committed to monitoring our progress using metrics and analysis that inform and drive decision-making at the WSIB. Looking forward, we are excited to launch our new 2024-2028 Strategic Plan, which shows how we will build on our momentum from 2023 and paves the way forward so we can provide better service and make things better, easier and faster for those we serve.

3. Changes in accounting standards

The WSIB adopted IFRS 17 and IFRS 9 *Financial Instruments* ("IFRS 9") for the first time for 2023 with an effective date of January 1, 2023. IFRS 17 replaces IFRS 4, with the intention to make the financial statements of insurance companies more consistent, transparent and comparable. Upon finalizing the transition impact assessment for IFRS 17 and 9, we have concluded that this transition does not impact the fundamental economics of the WSIB, nor our business activities, model or strategy, including the classification of our insurance contracts.

There is also no significant impact to the WSIB's Sufficiency Ratio as a result of the transition. The WSIB's Sufficiency Ratio continues to be calculated on a going concern basis, incorporating methods and assumptions that are consistent with genearlly accepted actuarial practice. The WSIB continues to determine premium pricing on a Sufficiency basis which aims to mitigate the impact of short-term market fluctuations on premium stability.

Even though the fundamentals of the business have not changed with the adoption of IFRS 17, and there were no material impacts on revenue, IFRS 17 had a significant impact on our earnings recognition pattern and overall measurement of the benefit liabilities (insurance contract liabilities) mostly driven by a new discount rate methodology and early recognition of onerous losses on insurance contracts, as follows:

- ***Discount rate****:* Under IFRS 17, the discount rate used to reflect the time value of money in the fulfillment cash flows is based on the characteristics of the liability, which is different from IFRS 4, where the discount rate is based on the yield curve of the assets supporting those liabilities.

- ***Onerous contracts:*** An insurance contract is onerous at the date of initial recognition if the total expected fulfillment cash flows allocated to the contract result in a total net outflow. IFRS 17 requires entities to distinguish groups of insurance contracts expected to be onerous from those insurance contracts that are not expected to be onerous. Where facts and circumstances indicate that insurance contracts are onerous at initial recognition, the WSIB will recognize a liability to reflect the expected net outflow, which will result in a loss recognized in the period it arises.

  Onerous contract losses are recognized annually in the fourth quarter each year, and runs off within a year. Due to the not-for-profit nature of the WSIB, the recognition of onerous contracts loss reflects the WSIB's ability to achieve long-term profit neutrality by supplementing premium revenue with investment returns generated through effective investment management.

- ***Presentation and disclosure*****:** There were also significant presentational changes on the WSIB's consolidated financial statements, driven by the standard presentation and disclosure requirements.

  The most significant change relates to the previously reported benefit liabilities and insurance related payables and receivables, as well as the newly recognized onerous liability, that are now presented net as "insurance contract liabilities" under IFRS 17. Insurance related payables and benefit liabilities are now presented together under liabilities for incurred claims, and insurance related receivables together with onerous loss liability are presented net as liabilities for remaining coverage.

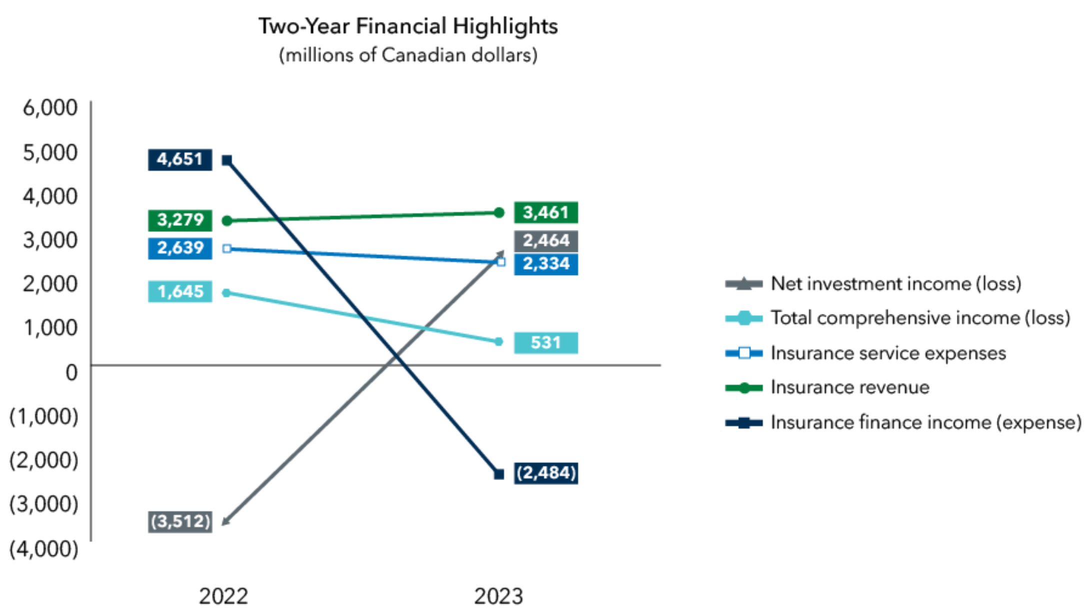
From the consolidated statements of comprehensive income perspective, Schedule 1 employer premiums previously reported under premium revenue, are now as per the new standard, being reported under insurance revenue, and Schedule 2 administration fees are being reported under other income. From a claims cost perspective, the claim payments, claims administration costs, and change in actuarial valuation of benefit liabilities previously reported under IFRS 4 are now presented as insurance service expenses under IFRS 17, together with the onerous contracts' loss impact. A new line item under IFRS 17 presented as insurance finance income or expense is used to separately track impacts to the insurance contract liabilities driven by changes in discount rates as well as the effect of the time value of money (interest accretion).

IFRS 9, on the other hand, did not have a significant impact on the WSIB's consolidated financial statements as most of the WSIB's financial instruments are measured at fair value. For further details on the changes, and impact at transition, driven by IFRS 17 and IFRS 9 adoption, please refer to note 3 of the consolidated financial statements.

The WSIB has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. For further details on changes in accounting standards, please refer to note 3 of the consolidated financial statements.

4. Financial highlights

The following section should be read in conjunction with the consolidated financial statements and accompanying notes of the WSIB as at and for the year ended December 31, 2023.[1]



1. Due to the adoption of IFRS 17 beginning January 1, 2023, with full retrospective approach on transition as of January 1, 2022, two years of financial highlights have been presented for comparability.

Financial highlights for the year ended December 31, 2023 compared to the year ended December 31, 2022:

- In 2023, we generated $531 million of total comprehensive income, a decrease of $1,114 million. This primarily reflects higher net insurance finance expenses due to changes in discount rate and changes in financial assumptions of the insurance contract liability, only partly offset by higher net investment income driven by a 16.1% increase in investment returns.
- Insurance revenue increased by $182 million, or 5.6%, primarily reflecting higher gross Schedule 1 premiums attributable to an increase in insurable earnings. The increase in insurable earnings is mainly from classes/subclasses relating to manufacturing, transportation, hospitals, construction, professional, scientific & technical and leisure & hospitality.
- Net investment income increased by $5,976 million from a net loss of $3,512 million in 2022 to a net income of $2,464 million in 2023. The net return on investments was a gain of 7.7% in 2023 compared to a net loss of 9.1% in 2022. We caution readers that current investment returns are not a reflection of expected future performance, and care should be exercised in projecting investment income results into the future based on our current results. Insurance service expenses decreased by $305 million, or 11.6% compared to 2022, due to the change in benefit indexation rates, partially offset by higher total incurred claims of 4.5% as a result of higher loss of earnings, health care costs and survivor benefits.
- Our net assets on a Sufficiency Ratio basis were $7,303 million as at December 31, 2023, an increase of $1,410 million, or 23.9%, compared to December 31, 2022.

5. Financial analysis

Financial results

The following table sets forth our annual financial results for the years ended December 31:

(millions of Canadian dollars)	2023	2022 *restated*	Change $	Change %
Insurance revenue	3,461	3,279	182	5.6
Insurance service expenses	(2,334)	(2,639)	(305)	(11.6)
Insurance service result	**1,127**	**640**	**487**	**76.1**
Insurance finance income (expense)	**(2,484)**	**4,651**	**(7,135)**	**(100+)**
Investment income (loss)	2,762	(3,177)	5,939	100+
Investment expenses	(298)	(335)	(37)	(11)
Net investment income (loss)	**2,464**	**(3,512)**	**5,976**	**(100+)**
Total insurance and investment result	**1,107**	**1,779**	**(672)**	**(37.8)**
Loss of Retirement Income Fund contributions	54	52	2	3.8
Administration and other expenses	139	150	(11)	(7.3)
Legislated obligations and funding commitments	295	280	15	5.4
Other income	(118)	(123)	5	4.1
Total expenses	**370**	**359**	**11**	**3.1**
Excess from operations	737	1,420	(683)	(48.1)
Surplus distribution expense	-	1,193	(1,193)	(100)
Excess of revenues over expenses	**737**	**227**	**510**	**100+**
Total other comprehensive income (loss)	(206)	1,418	(1,624)	(100+)
Total comprehensive income	**531**	**1,645**	**(1,114)**	**(67.7)**
Other measures				
Net return on investments	7.7%	(9.1%)	n/a	16.8
Net assets[1,2]	4,863	4,313	550	12.8
Net assets – Sufficiency Ratio basis[2]	7,303	5,893	1,410	23.9
Sufficiency Ratio[2]	122.5%	118.2%	n/a	4.3

1. Net assets exclude non-controlling interests.
2. Refer to Section 7 – Reconciliation of the change in net assets for further details.

Insurance revenue

A summary of insurance revenue for the years ended December 31 is as follows:

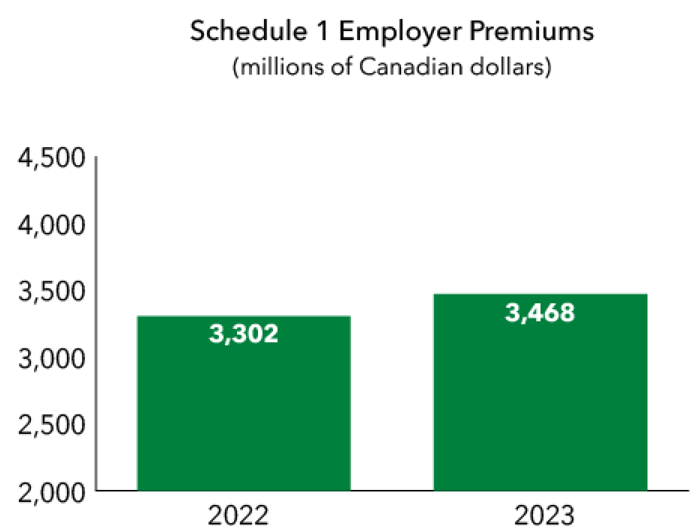
(millions of Canadian dollars)	2023	2022 *restated*	Change $	Change %
Schedule 1 employer premiums	3,437	3,237	200	6.2
Interest and penalties	31	65	(34)	(52.3)
Schedule 1 employer premiums	**3,468**	**3,302**	**166**	**5.0**
Net mandatory employer incentive programs	(7)	(23)	16	69.6
Insurance revenue	**3,461**	**3,279**	**182**	**5.6**

Schedule 1 employer premiums increased by $166 million, or 5.0%, for the year ended December 31, 2023. This is primarily due to:

- An increase in the gross Schedule 1 premiums of $181 million, or 5.5%, reflecting an increase in insurable earnings mainly from classes/subclasses relating to manufacturing, transportation, hospitals, construction, professional, scientific and technical and leisure and hospitality, as businesses continued to show strong economic growth.
- A decrease in interest and penalties of $34 million, or 52.3%, primarily due to lower overdue premium interest and penalties on employers' accounts.

Net mandatory employer incentive programs were $16 million lower than 2022 due to the continuous wind-down of the program, which ended in 2020.

The following chart displays the Schedule 1 employer premiums for the years ended December 31, 2022 and 2023:[1]



1. Due to the adoption of IFRS 17 beginning January 1, 2023, with full retrospective approach on transition as of January 1, 2022, two years of financial highlights have been presented for comparability.

A summary of employment, insurable earnings and gross Schedule 1 premiums by class/subclass for the year ended December 31, 2023 is as follows:

(millions of Canadian dollars)	Employment[1] #	Insurable earnings $	Gross premiums $	% of total
Class/Subclass				
Agriculture	56,799	2,289	55	1.8%
Mining, quarrying, oil & gas extraction	36,295	2,799	77	2.5%
Utilities	47,401	4,154	29	0.9%
Educational services	194,808	9,439	28	0.9%
Public administration	56,740	3,317	98	3.2%
Hospitals	275,447	17,296	136	4.4%
Food, textiles & related manufacturing	177,360	7,827	105	3.4%
Non-metallic & mineral manufacturing	141,755	6,687	138	4.5%
Printing, petroleum & chemical manufacturing	107,739	5,188	44	1.4%
Metal, transportation equipment & furniture manufacturing	341,993	17,097	294	9.6%
Machinery, electrical & miscellaneous manufacturing	130,187	6,497	74	2.4%
Computer and electronic manufacturing	89,430	4,212	9	0.3%
Rail, water, truck transportation & postal service	70,753	3,865	153	5.0%
Air, transit, ground passenger, recreational & pipeline transportation, courier services & warehousing	188,707	8,038	118	3.8%
Residential construction	63,553	3,139	75	2.5%
Infrastructure construction	73,193	4,894	101	3.3%
Foundation, structure & building exterior construction	77,148	4,247	168	5.5%
Building equipment construction	158,323	9,672	172	5.6%
Specialty trades construction	106,361	5,331	130	4.2%
Non-residential construction	48,346	2,806	50	1.6%
Petroleum, food, motor vehicle & miscellaneous wholesale	103,928	4,888	70	2.3%
Personal & household goods, building materials & machinery wholesale	249,448	11,678	78	2.6%
Motor vehicles, building materials, food & beverage retail	269,987	9,775	126	4.1%
Furniture, home furnishings, clothing & accessories retail	104,960	3,429	27	0.9%
Electronics, appliances, health & personal care retail	134,264	4,805	15	0.5%
Specialized retail & department stores	193,063	6,469	65	2.1%
Information & culture	88,016	5,041	15	0.5%
Finance, management & leasing	139,686	6,385	43	1.4%
Professional, scientific & technical	413,138	20,296	37	1.2%
Administration, services to buildings, dwellings & open spaces	206,441	8,470	113	3.7%
Ambulatory health care	113,109	5,138	73	2.3%
Nursing & residential care facilities	122,179	5,405	111	3.6%
Social assistance	85,871	3,731	37	1.3%
Leisure & hospitality	415,769	12,252	123	4.0%
Other services	153,772	6,893	83	2.7%
Total	**5,235,969**	243,449	3,070	**100%**
Premium accrued but not reported		29,582	395	
Total		**273,031**	**3,465**	

1. We derive employment levels based on reported insurable earnings divided by an estimated average wage for each class/subclass.

Insurance service expenses

Insurance service expenses consist of:

- Total incurred claims for or on behalf of people with work-related injuries or illnesses;
- Other insurance service expenses allocated from administration and other expenses and legislated obligations and funding commitments expenses necessary to support benefit programs;
- Changes in liabilities that represent an adjustment to the estimate of cost of claims and adjustment to the actuarially determined estimates for future claim costs existing as at the dates of the consolidated statements of financial position; and
- The changes in liabilities that represent recognition of losses of onerous contracts, reversal and amortization of those losses.

A summary of insurance service expenses for the years ended December 31 is as follows:

(millions of Canadian dollars)	**2023**	**2022**	**Change $**	**Change %**
		restated		
Total incurred claims and other insurance service expenses	2,566	2,724	(158)	(5.8)
Impact of change to onerous loss component	20	(120)	140	100+
Changes in liabilities for incurred claims	(252)	35	(287)	(100+)
Insurance service expenses	**2,334**	**2,639**	**(305)**	**(11.6)**

Claim payments

Claim payments represent cash paid during the year to or on behalf of people with work-related injuries or illnesses. A breakdown of total claim payments is as follows:

(millions of Canadian dollars)	**2023**	**2022**	**Change $**	**Change %**
Loss of earnings	1,108	1,079	29	2.7
Workers' pensions	441	440	1	0.2
Health care	606	559	47	8.4
Survivor benefits	236	212	24	11.3
Future economic loss	122	123	(1)	(0.8)
External providers	31	28	3	10.7
Non-economic loss	75	65	10	15.4
Total claim payments	**2,619**	**2,506**	**113**	**4.5**

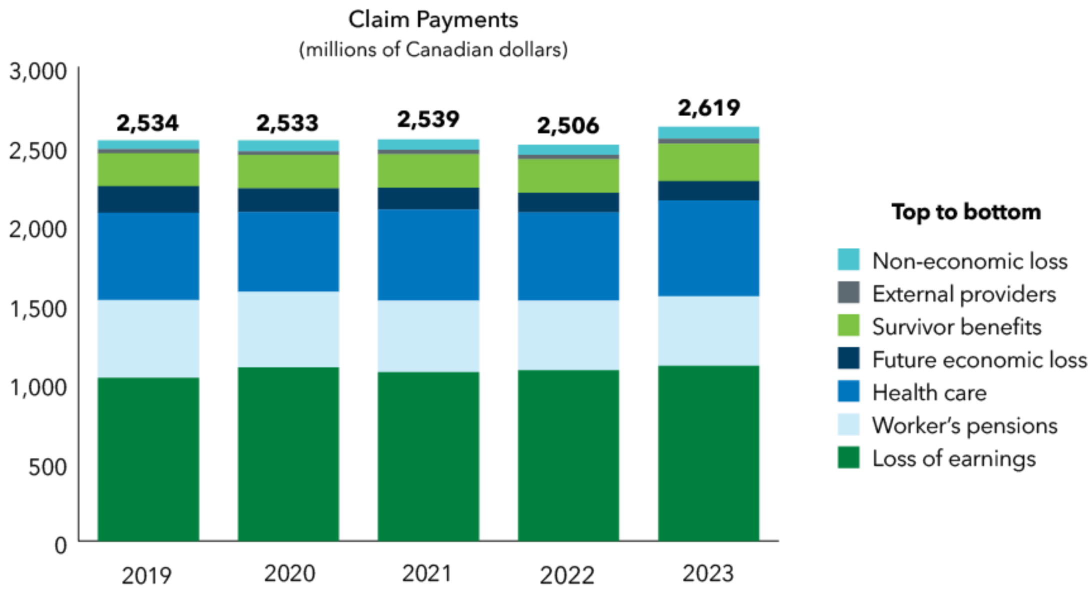
A summary of the significant changes in claim payments for 2023 is as follows:

- Loss of earnings ("LOE") benefits increased by $29 million primarily due to higher LOE payments for claims incurred in prior years ($34 million) mainly due to changes in benefit indexation rates. This was partially offset by a decrease in LOE benefits for new claims primarily due to lower claim volume, in particular fewer COVID-19-related claims, which declined by 69% in 2023.
- Health care expenses increased by $47 million, reflecting anticipated increases in select service categories. Higher cost resulted from higher volume of claims and services (programs of care,

hearing aids & devices) as well as higher service fees (home and vehicle modifications, travel and accommodation).

- Survivor benefits increased by $24 million, reflecting higher benefit indexation rates, higher interest expense, and the effect of newly allowed occupational diseases under presumptive legislation.
- Non-economic loss benefits increased by $10 million, reflecting higher volume of new awards, higher interest expense and higher number of re-determinations.

The following chart displays claim payments for the years ended December 31:



Impact of change to onerous loss component

This represents recognition of onerous contract losses and amortization of those losses. For the year ended December 31, 2023, the $20 million increase in losses on onerous contracts is driven by the changes in discount rate from 5.26% in 2022 to 4.86% in 2023.

Changes in liabilities for incurred claims

Change in liabilities for incurred claims includes adjustments to the estimate of cost of claims, driven by existing claims, as well as adjustments driven by changes in non-financial assumptions and methods. A breakdown of changes in liabilities for incurred claims is as follows:

			Change	
(millions of Canadian dollars)	**2023**	**2022**	**$**	**%**
Changes in estimate of cost of claims	(815)	(204)	(611)	(100+)
Changes in non-financial assumptions and methods	563	239	324	100+
Change in liabilities for incurred claims	**(252)**	**35**	**(287)**	**(100+)**

Management's discussion and analysis
December 31, 2023

Changes in the estimate of cost of claims represents the change in experience for claims already incurred. For the year ended December 31, 2023, the $611 million decrease in estimate of cost of claims is mainly driven by the changes in the benefit indexation rates.

Changes in non-financial assumptions and methods represent the change in the future payments for loss of earnings and other disability benefits, health care, survivor benefits, labour market re-entry and claim administration related to claims that occurred on or before December 31, 2023, excluding the impact of discounting. It also includes occupational disease claims expected to arise in the future as a result of exposures in the workplace on or before December 31, 2023.

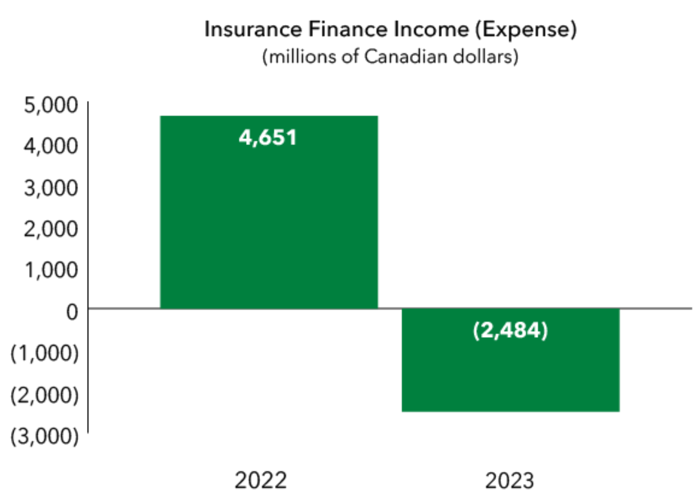
The changes in actuarial assumptions and methods are comprised of the following:

	2023	2022
Changes in methods and assumptions for future claim administration costs	324	159
Changes in methods and assumptions for health care costs	(68)	(128)
Changes in methods and assumptions for rate of inflation	307	208
Total changes in actuarial assumptions and methods	**563**	**239**

Insurance finance income or expense

Insurance finance income or expense represents the changes in the carrying amount of the group of insurance contracts arising from the effect of the time value of money (accretion) and changes in discount rate. Accretion represents the estimated interest cost of the insurance contract liabilities, considering the discount rate, insurance contract liabilities at the beginning of each quarter and payments made during the year.

The following chart displays the insurance finance income (expense) for the years ended December 31, 2022 and 2023:[1]

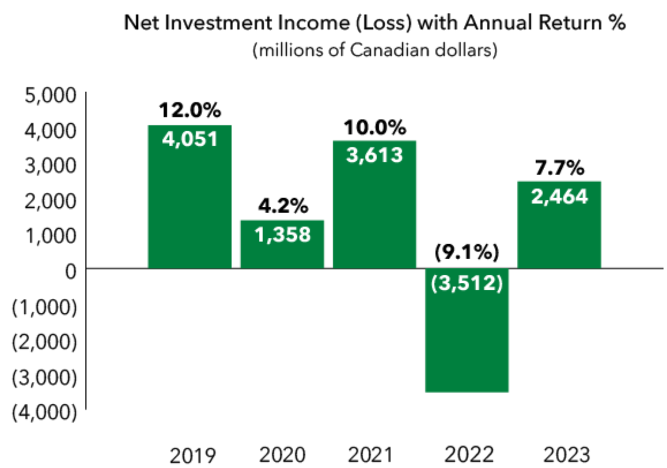


1. Due to the adoption of IFRS 17 beginning January 1, 2023, with full retrospective approach on transition as of January 1, 2022, two years of financial highlights have been presented for comparability.

In 2023, our insurance finance expense was $2,484 million compared to insurance finance income of $4,651 million in 2022. The insurance finance expense of $2,484 million was mainly attributable to the increase in liabilities for incurred claims due to a 40 basis point decrease in the discount rate in 2023 from 5.26% to 4.86% (as determined as single-equivalent discount rates). This compares to the insurance finance income of $4,651 million, which was mainly attributable to the 192 basis point increase in the discount rate in 2022 from 3.34% to 5.26%.

Net investment income (loss)

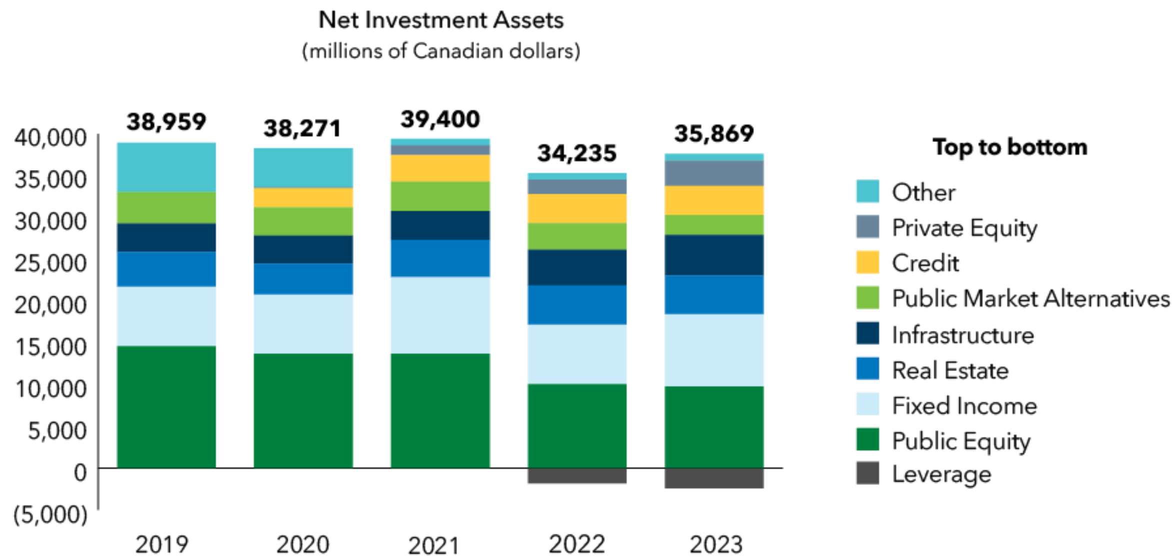
The following chart displays the net investment income (loss) and the net return on investment for the five consecutive years ended December 31:



In 2023, our net investment income was $2,464 million compared to net investment loss of $3,512 million in 2022. Over 10 and 15 years, our net investment returns were 5.3% and 6.6% per annum, respectively. Net investment income increased by $5,976 million compared to last year, reflecting net returns of 7.7% in 2023 compared to net losses of 9.1% in 2022. The increase in net investment income was mainly attributable to large gains in the Public Equity portfolio compared to large losses in 2022, along with gains in Fixed Income. Global public equities, which make up the majority of the Public Equity portfolio, were the main driver in Public Equity performance. Fixed Income ended the year with strong fourth quarter results as central banks signalled that interest rate cuts may be forthcoming in 2024 given declining inflation. Each of the Credit, Private Equity and Infrastructure asset classes positively impacted year-to-date performance, while Real Estate ended the year with losses.

Past performance may not be indicative of future results. Our financial performance is heavily reliant on the amount of investment income we are able to generate as each 1% rate of return on investments represents approximately $355 million of net investment income equating to $0.13 of premiums per $100 of insurable earnings, or about 10% of annual premiums.

The following chart displays net investment asset values[1] and their different components for the five consecutive years ended December 31:



1. Total net investment asset value includes investment cash, investment receivables and payables, and derivatives within investment strategies. The adoption of IFRS 9 has no significant impact on the net investment assets.

Administration and other expenses

A summary of changes in administration and other expenses for the years ended December 31 is as follows:

(millions of Canadian dollars)	2023	2022 *restated*	Change $	Change %
Salaries and short-term benefits	540	502	38	7.6
Employee benefit plans	148	262	(114)	(43.5)
Depreciation and amortization	31	67	(36)	(53.7)
Other	281	240	41	17.1
	1,000	1,071	(71)	(6.6)
Administration and other expenses allocated to insurance service expenses	(861)	(921)	60	6.5
Total administration and other expenses	**139**	**150**	**(11)**	**(7.3)**

A summary of the significant changes in administration and other expenses, before allocation to claim costs, for the year ended December 31, 2023 is as follows:

- Salaries and short-term benefits increased by $38 million, reflecting retroactive wages for the new collective labour agreement, higher staffing levels and inflationary pressures.
- Employee benefit plans decreased by $114 million, reflecting a 205 basis point increase in our discount rate (from 3.00% to 5.05%), changes to post-retirement benefits from the new collective labour agreement and other assumption changes.
- Depreciation and amortization decreased $36 million reflecting full amortization of ACES software in 2022.
- Other costs increased by $41 million, primarily reflecting higher expenses for systems development and integration, equipment and maintenance and specialized services.

Legislated obligations and funding commitments expenses

A summary of legislated obligations and funding commitments expenses for the years ended December 31 is as follows:

(millions of Canadian dollars)	2023	2022	Change $	Change %
Legislated obligations				
Occupational Health and Safety Act	114	122	(8)	(6.6)
MLITSD Prevention Costs	129	118	11	9.3
	243	**240**	**3**	**1.3**
Workplace Safety and Insurance Appeals Tribunal	31	30	1	3.3
Workplace Safety and Insurance Advisory Program	17	15	2	13.3
Total legislated obligations	**291**	**285**	**6**	**2.1**
Funding commitments				
Grants and other funding commitments	11	4	7	100+
Total SOSE and Health and Safety Excellence program[1]	21	18	3	16.7
Total funding commitments	**32**	**22**	**10**	**45.5**
	323	**307**	**16**	**5.2**
Legislated obligations and funding commitments expenses allocated to insurance service expenses	(28)	(27)	(1)	(3.7)
Total legislated obligations and funding commitments	**295**	**280**	**15**	**5.4**

1. SOSE and Health and Safety Excellence program are MLITSD accreditation programs. See Section 1 – Our business for more information.

Legislated obligations and funding commitments expenses, before allocation to insurance service expenses, increased by $16 million, reflecting higher MLITSD prevention costs, higher grants and other funding commitments and higher Health and Safety Excellence program rebates, partially offset by lower OHSA expenses.

Other income

Other income mainly includes Schedule 2 employer administration fees and other income and expenses. Schedule 2 employer administrative fees decreased by $5 million, or 4.1% for the year ended December 31, 2023. This is primarily due to lower Schedule 2 benefits subject to administration fees resulting in lower charges and lower interest earned.

Total other comprehensive income (loss)

For the year ended December 31, 2023, total other comprehensive income decreased by $1,624 million to a loss of $206 million. This is primarily attributed to a decrease in the employee benefit plan's discount rate (by approximately 40 basis points). This was partially offset by the gain on the remeasurement of plan assets and translation losses from net foreign investments of $117 million due to strengthening of the Canadian dollar against the US dollar in 2023.

6. Changes in financial position

A summary of changes in financial position from the December 31, 2023 consolidated statement of financial position compared to December 31, 2022 is as follows:

			Change	
(millions of Canadian dollars)	**2023**	**2022 *restated***	**$**	**%**
Assets				
Cash and cash equivalents	335	664	(329)	(49.5)
Receivables and other assets	440	296	144	48.6
Public equity investments	9,729	10,000	(271)	(2.7)
Fixed income investments	9,057	8,773	284	3.2
Derivative assets	237	47	190	100+
Investment properties	620	653	(33)	(5.1)
Investments in associates and joint ventures	2,717	2,376	341	14.4
Other invested assets	14,789	12,852	1,937	15.1
Property, equipment and intangible assets	240	228	12	5.3
Liabilities				
Payables and other liabilities	305	333	(28)	(8.4)
Derivative liabilities	24	59	(35)	(59.3)
Securities sold under repurchase agreements	1,751	1,082	669	61.8
Long-term debt and lease liabilities	159	162	(3)	(1.9)
Loss of Retirement Income Fund liability	1,898	1,874	24	1.3
Employee benefit plans liability	1,193	1,017	176	17.3
Insurance contract liabilities	27,720	26,647	1,073	4.0
Net assets				
Net assets	4,863	4,313	550	12.8
Net assets – Sufficiency Ratio basis	7,303	5,893	1,410	23.9
Sufficiency Ratio	122.5%	118.2%	n/a	4.3

Investments

Net changes in investments reflect the performance of the asset classes and investments made during the year. Public equity investments earned $1,803 million of investment income during 2023, which was offset by negative net investments of $2,074 million. This decrease in the year-end balance was due to a strategic reduction in the public equity asset class in line with the long-term allocation targets. Net investments made in Investments in associates and joint ventures of $429 million during 2023, in line with an increased allocation target, more than offset investment losses of $88 million during the year. The increase in Other invested assets was attributable to $470 million of investment income combined with net investments of $1,467 million. Fixed income investments increased largely due to positive returns during the year.

Securities sold under repurchase agreements

The WSIB enters into repurchase agreements to facilitate the use of leverage to enhance returns, manage liquidity and optimize portfolio diversification while maintaining targeted risk levels. This balance increased in 2023 due to the continued expansion of the leverage program.

Employee benefit plans liability

Employee benefit plans liability increased by $176 million, or 17.3%, from the prior year. The increase primarily reflects a decrease in the discount rate used for valuation from 5.05% as at December 31, 2022 to 4.65% as at December 31, 2023, partially offset by gains due to greater-than-expected returns on plan assets.

Insurance contract liabilities

The increase of the insurance contract liabilities is driven by $2,334 million of insurance service expenses and $2,484 million of insurance finance expense, partially offset by $3,461 million of insurance revenue recognized. The increase is further offset by $284 million in net cash flows comprised of $3,269 million in premiums received less $3,553 million in claims and other expenses paid.

Refer to Section 5 for the details related to insurance revenue, insurance service expenses and insurance finance expense.

Liabilities for incurred claims by benefit type are comprised of the following:

	December 31 2023	December 31 2022 *restated*
Loss of earnings	8,250	8,283
Workers’ pensions	4,720	4,727
Health care	5,107	4,715
Survivor benefits	3,422	3,139
Future economic loss	475	558
External providers	100	92
Non-economic loss	410	380
Long latency occupational diseases	2,777	2,329
Claim administration costs	1,839	1,577
Loss of Retirement Income	460	470
Liabilities for incurred claims	**27,560**	**26,270**
Receivables and payables reclassified to liabilities for incurred claims	45	90
Total liabilities for incurred claims	**27,605**	**26,360**

Included in claims and other expenses are claims payments incurred during the year. Claim payments represent cash paid or payable during the year to or on behalf of injured workers excluding claim administration costs and the Loss of Retirement Income.

7. Reconciliation of the change in net assets

Reconciliation of financial results by injury year

Premiums charged to employers are designed to offset the expected claims and associated administrative costs of injuries occurring in the current fiscal year. Financial results are assessed for both the current injury year to ensure we are funding all current year costs as well as prior injury years to ensure that the funding requirements in *Ontario Regulation 141/12* as amended by *Ontario Regulation 338/13* and *Ontario Regulation 864/21* (collectively, the "Ontario Regulations") are met.

Set forth below is a segmentation of our financial results between the "Current injury year" for 2023, and "Prior injury years".

(millions of Canadian dollars)	Total	Current injury year	Prior injury years
Insurance revenue[1]	3,461	3,468	(7)
Insurance service expenses[2]	(2,334)	(2,586)	252
Insurance service result	**1,127**	**882**	**245**
Insurance finance expense[3]	**(2,484)**	**(97)**	**(2,387)**
Investment income[4]	2,762	104	2,658
Investment expenses[4]	(298)	(12)	(286)
Net investment income	**2,464**	**92**	**2,372**
Total insurance and investment result	**1,107**	**877**	**230**
Loss of Retirement Income Fund contributions[5]	54	-	54
Administration and other expenses[6]	139	139	-
Legislated obligations and funding commitments[6]	295	295	-
Other income[6]	(118)	(118)	-
Excess from operations	**370**	**316**	**54**
Excess of revenues over expenses	**737**	**561**	**176**
Other comprehensive loss			
Remeasurements of employee benefit plans[7]	(168)	(2)	(166)
Translation gains from net foreign investments[8]	(38)	(1)	(37)
Total comprehensive income (loss)	**531**	**558**	**(27)**
Non-controlling interests[8]	(19)	(1)	(18)
Total comprehensive income (loss) attributable to WSIB stakeholders	**550**	**559**	**(9)**

1. Insurance revenue relates to current injury year and retrospective refunds relate to experience for prior injury years.
2. Includes claim payments, expenses (claim and non-claim expenses), change in liabilities for incurred claims (non-financial) and change in onerous loss liability.
3. Includes the change in the liabilities for incurred claims due to interest accretion and change in discount rate.
4. The estimated current injury year's net investment income is calculated based on net cash flow reflecting insurance revenue not required for claim payments and related expense in the current injury year.
5. Payments relate to prior years as Loss of Retirement Income Fund contributions are only made once a worker has been injured and on benefits for more than one year.
6. Relates entirely to the current year.
7. Split in proportion of current and prior service cost.
8. Same proportionate split as net investment income.

As noted above, insurance revenue and net investment income for the current injury year were sufficient to fund current year injury costs and administration expenses. We believe this result reflects our disciplined approach to premium rate setting and strong oversight of benefits and administration cost management.

Reconciliation of net assets on an IFRS basis

Set forth below is a reconciliation of the movement in net assets in 2023 reflecting actuarial gains and losses as well as assumption and actuarial standard changes. A more detailed discussion of the actuarial gains and losses is contained in note 17 of the consolidated financial statements.

(millions of Canadian dollars)	
Net assets as at December 31, 2022	4,313
Interest on net assets	242
Expected net assets as at December 31, 2023	4,555
Experience gains (losses)	
Gains from investment return higher than expected	715
Losses from remeasurements of employee benefit plans	(166)
Translation losses from net foreign investments	(37)
Gains and losses on claims/operations	
Gains from current year claims cost lower than expected	559
Losses from net mandatory employer incentive programs	(7)
Gains from prior year claims cost lower than expected	806
Losses from firefighters presumptive cancers	(45)
Net actual gains	1,825
Changes in assumptions for future cost on existing claims	
Changes in inflation	(307)
Changes in health care assumptions	68
Changes in assumptions for future claim administration costs	(324)
Changes in discount rate	(954)
Net result from assumption changes	(1,517)
Net assets as at December 31, 2023	**4,863**

Reconciliation of the net assets on a Sufficiency Ratio basis

The Sufficiency Ratio is calculated by dividing total assets to total liabilities, with certain assets and liabilities measured on a different basis than that required under IFRS. Adjustments are made to the total assets and total liabilities, as presented on the consolidated statements of financial position, to reflect measurement on a going concern basis.

The investment portfolio is valued at fair value adjusted by investment gains and losses deviating from the net investment return objective, less the interests in those assets held by third parties (non-controlling interests). These gains or losses are amortized over a five-year period, thereby moderating the effect of market volatility.

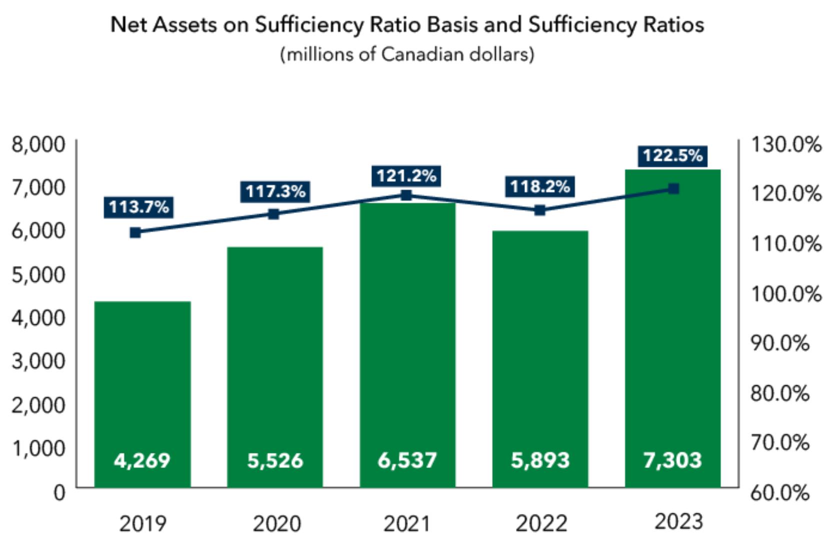
The impact of IFRS 17 is removed for the purpose of determining the Sufficiency Ratio. Benefit liabilities are determined using a going concern discount rate, the impact of onerous contracts is reversed and insurance related receivables and payables, currently recognized under insurance contract liability, are added back to receivables and other assets and payables and other liabilities, respectively.The values of the employee benefit plans obligations are determined through an actuarial valuation using the going concern basis, rather than the market basis, which differs from IFRS.

As at December 31, 2023, the Sufficiency Ratio, as defined in the Ontario Regulations, was 122.5% (2022 – 118.2%). Set forth below is the reconciliation of the net assets between the IFRS and Sufficiency ratio basis:

(millions of Canadian dollars)	**December 31 2023**	**December 31 2022**
Net assets attributable to WSIB stakeholders on an IFRS basis	4,863	4,313
Add (Less): Adjustments per Ontario Regulations:		
Reduction of cash related to the Worker Income Protection Benefit Program[1]	(33)	(24)
Addback receivables reclass	450	462
Change in valuation of invested assets	1,429	2,422
Reduction of payables related to the Worker Income Protection Benefit Program[1]	33	24
Addback of employee contribution receivables	(15)	(9)
Addback payables reclass	(400)	(631)
Change in valuation of employee benefit plans liability	479	320
Change in valuation of insurance contract liabilities	540	(923)
Change in valuation of invested assets attributable to non-controlling interests	(43)	(61)
Net assets attributable to WSIB stakeholders on a Sufficiency Ratio basis	**7,303**	**5,893**
Sufficiency Ratio	**122.5%**	**118.2%**

1. Reflects the restricted cash balance consisting of funds received from the Government of Ontario for the purposes of administering the COVID-19 Worker Income Protection Benefit Program on behalf of the Government of Ontario.

The following table displays the net assets on a Sufficiency Ratio basis and Sufficiency Ratios for the five consecutive years ended December 31:[1]



1. The adoption of IFRS 17 does not impact the Sufficiency Ratio.

8. Summary of quarterly results

Selected financial information for the eight consecutive quarters ended December 31, 2023 is as follows:

(millions of Canadian dollars)	2023				2022 *restated*			
	Q4	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Insurance revenue	765	902	941	853	763	875	848	793
Insurance service expenses	(519)	(443)	(760)	(612)	(159)	(420)	(1,274)	(786)
Insurance service result	**246**	**459**	**181**	**241**	**604**	**455**	**(426)**	**7**
Insurance finance income (expense)	**(2,604)**	**1,302**	**(225)**	**(957)**	**(249)**	**(246)**	**2,332**	**2,814**
Investment income (loss)	1,901	(622)	259	1,224	608	(57)	(2,162)	(1,566)
Investment expenses	(54)	(103)	(66)	(75)	(91)	(84)	(76)	(84)
Net Investment Income (loss)	**1,847**	**(725)**	**193**	**1,149**	**517**	**(141)**	**(2,238)**	**(1,650)**
Total insurance and investment result	**(511)**	**1,036**	**149**	**433**	**872**	**68**	**(332)**	**1,171**
Loss of Retirement Income Fund contributions	13	13	15	13	13	13	13	13
Administration and other expenses	20	33	54	32	43	34	36	37
Legislated obligations and funding commitments	84	81	61	69	76	74	65	65
Other income	(29)	(30)	(31)	(28)	(34)	(31)	(31)	(27)
Total expenses	**88**	**97**	**99**	**86**	**98**	**90**	**83**	**88**
Excess (deficiency) from operations	**(599)**	**939**	**50**	**347**	**774**	**(22)**	**(415)**	**1,083**
Surplus distribution expense (recovery)	-	-	-	-	(53)	(21)	(68)	1,335
Excess (deficiency) of revenues over expenses	**(599)**	**939**	**50**	**347**	**827**	**(1)**	**(347)**	**(252)**
Total other comprehensive income (loss)	(519)	480	(151)	(16)	224	(186)	564	816
Total comprehensive income (loss)	**(1,118)**	**1,419**	**(101)**	**331**	**1,051**	**(187)**	**217**	**564**
Total comprehensive income (loss) attributable to WSIB stakeholders	**(1,113)**	**1,426**	**(93)**	**330**	**1,071**	**(175)**	**217**	**566**
Other measures								
Net return on investments (%)	5.6	(2.1)	0.5	3.6	1.8	(0.2)	(6.4)	(4.4)
Net assets[1,2]	4,863	5,976	4,550	4,643	4,313	3,242	3,417	3,200
Net assets – Sufficiency Ratio basis[2]	7,303	6,348	6,395	6,387	5,893	5,104	5,022	5,489
Sufficiency Ratio[2] (%)	122.5	118.0	118.1	118.1	118.2	115.4	115.5	116.8

1. Net assets exclude non-controlling interests.
2. Refer to Section 7 – Reconciliation of the change in net assets for further details.

Notable items affecting our fourth quarter 2023 results compared to the fourth quarter 2022 results are as follows:

- Insurance revenue was $765 million compared to $763 million, an increase of $2 million, or 0.3%, primarily reflecting an increase in net rebate adjustments for mandatory employer incentive programs relating to prior years. Insurance revenue has steadily increased each quarter compared to the same quarter in the prior year due to the continued increase in insurable earnings as the economy continues to experience strong growth post-pandemic.
- Insurance finance expense was $2,604 million compared $249 million, an increase of $2,355 million, or 945.8%, reflecting a reduction of 93 basis points in the discount rates for the fourth quarter of 2023 compared to the 4 basis point increase for the fourth quarter of 2022.
- The fourth quarter of 2023 resulted in a net investment gain of $1,847 million compared to $517 million, an increase of $1,330 million compared to the fourth quarter of 2022. This represents a positive net return of 5.6% compared to 1.8% in 2022. The higher return this quarter is mainly attributable to Public Equity and Fixed Income, which both had a strong fourth quarter in 2023. In comparison, Public Equity had similar gains in 2022 while Fixed Income had a small loss. All asset classes had positive performance during the quarter, except for Real Estate, which detracted from returns.
- Administration and other expenses, before allocation to insurance service expenses, were $251 million compared to $281 million, a decrease of $30 million, or 10.7%, primarily reflecting lower employee benefit expenses and lower depreciation and amortization, partially offset by higher salaries and short-term benefits and higher systems development and integration expenses.
- Legislated obligations and funding commitments, before allocation to insurance service expenses, were $92 million compared to $84 million, an increase of $8 million, or 9.5%, reflecting higher grants and other funding commitments and higher MLITSD prevention costs.

Our quarterly revenues and expenses are impacted by a number of trends and recurring factors such as general economic and market conditions. Our insurance revenue is also impacted by insurable earnings, which rise and fall with employment levels, and average wages of the businesses we insure. Additionally, net investment income is influenced by volatile global capital markets. We anticipate the volatility in net investment income will continue in 2024.

Refer to Section 5 – Financial analysis for a discussion of the current annual results.

9. Liquidity and capital resources

The purpose of liquidity management is to ensure there is sufficient cash to meet our financial commitments and obligations as they fall due. In the normal course of business, we believe we have the flexibility to obtain, from current cash holdings and ongoing operations, the funds needed to fulfill our cash requirements during the current financial period. We have three sources of funds: (i) premiums charged to employers; (ii) investment income; and (iii) cash and short-term investments.

Our funds are primarily used to satisfy claim payments and operating expenses. As at December 31, 2023, we held $335 million of cash and cash equivalents, of which $232 million was maintained for investing purposes and $103 million was maintained for operating purposes.

(millions of Canadian dollars)	2023	2022
Cash and cash equivalents, beginning of year	664	681
Cash required by operating activities	(944)	(1,239)
Cash provided by investing activities	170	916
Cash provided by financing activities	445	306
Cash and cash equivalents,[1] end of year	**335**	**664**

1. This includes $36 million (2022 – $24 million) of restricted cash funds received from the Government of Ontario for the purposes of administering the COVID-19 Worker Income Protection Benefit Program on behalf of the Government of Ontario.

A summary of the significant changes in cash and cash equivalents for the year ended December 31, 2023 is as follows:

- Cash required by operating activities decreased from $1,239 million in 2022 to $944 million in 2023, primarily reflecting the impact of surplus distribution credits applied in 2022.
- Cash provided by investing activities was $170 million compared to cash provided of $916 million in 2022, and is attributed to investment purchases being less than inflows from investment dispositions, maturities, dividends and interest in 2023.
- Cash provided by financing activities was $445 million compared to cash provided of $306 million in 2022, and is attributed to the continued expansion of the leverage program in 2023.

Credit facilities

We maintain and use a $150 million unsecured line of credit with a commercial bank for general operating purposes. $5 million was borrowed under this credit facility as at December 31, 2023.

Commitments

We have commitments that we need to fund related to investments, legislated obligations, and other commitments for purchases of goods and services. Refer to note 23 of the consolidated financial statements for more details.

10. Critical accounting estimates and judgements

For details on the judgments applied when making estimates and assumptions that impact the WSIB's consolidated financial statements, refer to note 2 of the consolidated financial statements.

11. Legal contingencies

The WSIB is engaged in various legal proceedings and claims that have arisen in the ordinary course of business, the outcome of which is subject to future resolution. Based on information currently known to the WSIB, management believes that adequate provisions have been made for cases where it is reasonably possible that a payment will be made and that the probable ultimate resolution of all existing legal proceedings and claims will not have a material effect on the WSIB's financial position.

The WSIB has provided formal written indemnities to its current and former directors to indemnify them, to the extent permitted by law, against any and all charges, costs, expenses, and amounts paid in settlement and damages incurred as a result of any lawsuit or any other judicial, administrative or investigative proceeding in which they are involved as a result of their services.

Additionally, the WSIB has purchased directors' and officers' liability insurance. The WSIB also indemnifies and provides legal representation to all its employees, former employees and persons engaged by the WSIB to conduct an examination, test, enquiry or other authorized function in legal proceedings arising out of alleged acts or omissions in the performance of their duties, provided the person has acted honestly and in good faith.

In the normal course of operations, the WSIB may enter into contractual arrangements with external parties that involve promises to indemnify the other party under certain circumstances. As part of its investment function, the WSIB may also provide indemnification agreements to counterparties that would require the WSIB to compensate them for costs incurred as a result of changes in laws and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnification arrangements will vary.

12. Outlook for the year ending December 31, 2024

The following contains forward-looking statements about the outlook for our business. Reference should be made to Section 15 – Forward-looking statements at the end of this MD&A. For a description of risk factors that could cause our actual results to differ materially from the forward-looking statements, please also see Section 14 – Risk factors in this MD&A and note 11 in our consolidated financial statements.

Insurance revenue

Insurance revenue is expected to increase throughout 2024. This expectation is based on assumptions of a 3.8% growth in insurable earnings due to a projected moderate economic outlook in 2024 and the published 2024 notional average premium rate of $1.30 per $100 of insurable earnings. This expectation is also based on critical assumptions on the employment rate, average wage and nominal GDP growth rates as they apply to Ontario's economic outlook.

Claim payments

After declining for two consecutive years, claim payments have resumed growth in 2023, surpassing their pre-pandemic level. Claim payments are expected to continue growing in 2024 at a steady rate, with loss of earnings and health care as main contributors to the majority of additional cost in 2024.

Net investment income

The return objective is to achieve a net return of at least 5.3% annualized over the long term. While our long-term investment return objective for 2024 is planned within an expected range of 4.4% to 7.8%, we continue to expect near-term volatility due to an uncertain economic growth outlook amid high inflation and rising interest rates.

Administration and other expenses

Administration and other expenses are anticipated to increase in 2024, reflecting higher salaries and short-term benefits, employee benefit plan expenses, equipment and maintenance and other operating expenses.

Legislated obligations and funding commitments

Legislated obligations and funding commitments are anticipated to increase, reflecting higher Health and Safety Excellence program rebates, OHSA and WSIAT costs, partially offset by lower MLITSD prevention costs.

Net assets

Higher expected insurance revenue and investment returns in 2024 due to a positive economic outlook are expected to increase our net asset position.

Liquidity

A range of stress tests are used in our liquidity assessments, and a portion of assets will continue to be maintained in highly liquid government securities, cash and cash equivalents to ensure funds are available as required. We do not anticipate encountering difficulty in meeting payment obligations when due.

13. Related party transactions

The WSIB’s related parties include the Government of Ontario and related entities, key management personnel, subsidiaries, associates, joint ventures, and post-retirement benefit plans for the WSIB’s employees. The transactions are in the ordinary course of business. For more details on the related party transactions, refer to note 25 of the consolidated financial statements.

14. Risk factors

The WSIB maintains a mature Enterprise Risk Management function that identifies, assesses, treats, monitors, and reports on the most significant risks that the enterprise faces. The WSIB proactively manages these risks to ensure our continued ability to provide wage-loss benefits, medical coverage, and other supports to Ontarians impacted by work-related injuries or illnesses and to support premium rate stability for covered employers.

We look at risk through a variety of lenses, most notably as it relates to our financial sustainability and service delivery. Below is a discussion around how the WSIB manages the most significant risks we face.

Insurance funding

The WSIB faces two insurance funding risks that it continuously monitors:

- Underfunding risk – which could materialize as a result of the WSIB not being able to maintain 100% funding on an audited sufficiency basis; and
- Overfunding risk – which arises as a result of the WSIB exceeding 125% on an audited sufficiency basis. This would lead to the WSIB being required to distribute surplus funds to employers as per *Ontario Regulation 141/12*.

The WSIB aims to maintain the insurance fund within a funding sufficiency range of 110% to 120% and actively manages its investments and insurance premium pricing accordingly.

The WSIB maintained a strong financial position in its insurance fund through 2023, with the sufficiency ratio continuing to fall within our legislated funding range.

Safeguarding benefits for injured people and ensuring premium rate stability for employers particularly in an environment of significant macro-economic change remains a top priority for the WSIB.

To support this, the WSIB conducts ongoing diligence exercises around its financial sustainability. This includes modelling and stress testing of our funding sufficiency considering a wide range of investment return, macro-economic, and insurance contract liabillity scenarios.

Routine insurance funding risk mitigation activities executed throughout the year include:

(a) Insurance revenue:

- Conducting regular financial modelling and stress testing across a variety of economic scenarios to forecast a range of insurable earnings outcomes for covered Ontario businesses.

(b) Insurance contract liabilities:

- Continuous monitoring and forecasting of the WSIB’s insurance contract liabilities including emerging experience and potential changes to the legislative environment.

(c) Investment revenue:

- Reviews and updates to our investment strategy are conducted on an ongoing basis in addition to monitoring of risks including liquidity risk, credit risk, and market risk. These risks along with the WSIB’s investment management strategy are discussed in note 11 of the consolidated financial statements.

Financial risks continue to be closely monitored and currently lie within the WSIB's risk appetite.

Claims management

The efficient and effective management of injury and illness claims is at the core of our business. We continually aim to manage claims in a manner that provides optimal recovery and return-to-work outcomes for people with work-related injuries or illnesses. As a result, we closely monitor changes in claims volumes and complexity to ensure we are appropriately resourced to meet the service needs of Ontarians.

The WSIB took significant steps this year both in recruitment and strategic workforce planning with a focus on recruiting and retaining talent with the proficiency needed to effectively deliver claims management services to the people that need us.

Work continued throughout 2023 on initiatives aimed at ensuring the WSIB’s IT systems resiliency, in addition to ongoing detection and remediation of cyber-security vulnerabilities to ensure our claimants’ data always remains secure and confidential.

Program and project delivery

The WSIB continues to pursue both business and technology transformation initiatives, which are aimed at delivering value to our customers. The key focuses of our major project and program delivery pipeline remain: a) enhancing the WSIB’s technology resilience, b) developing and deploying modern service delivery channels (i.e., online) to make it easier for customers to do business with the WSIB, while c) prudently managing project and operational costs.

In 2023, the WSIB enhanced its multi-year business planning process and its technology transformation investment strategy to ensure that core infrastructure needed to deliver services continues to meet customer needs over the long term.

Succeeding in continuing to deliver on our Service Delivery vision requires ongoing investment into major projects and programs that support our transformational journey. Through our project and program portfolio governance processes, the WSIB closely monitors project prioritization, planning and execution to ensure successful and financially responsible delivery of these initiatives. This supports timely and cost-effective delivery and value-for-money of programs and projects across the organization.

Workforce

In a tightening labour market for critical skills, and considering ongoing labour market demographic changes, the ability to attract and retain an experienced workforce, and the best senior leadership, is a critical success factor. Throughout 2023, the WSIB continued to implement initiatives to ensure we have the best people to deliver key services to people with injuries and employers.

Notable work in 2023 included the kick-off of an Enterprise Strategic Workforce planning process and creating compelling employee value propositions for "hard-to-recruit" roles across all lines of business and support functions to manage the WSIB's attrition risk and to ensure we are continually enhancing our service delivery. This also included formalizing new key leadership roles and strategies relating to employee learning and development, as well as modernizing IT-enabled workforce management. The WSIB also succeeded in being named a Top 100 employer in the Greater Toronto Area.

Business continuity management

Our stakeholders rely on our ability to provide services and operate our system without interruptions. Our ability to ensure the continuity of our business operations remains dependent on our ability to maintain and execute effective business continuity plans. The WSIB continues to maintain, enhance, and test our business continuity plans and readiness. This is comprised of:

- An Enterprise Emergency Response Plan to effectively manage disruptive events.
- Development and ongoing maintenance of business continuity plans for all critical business functions.
- Regular testing of business continuity plans to ensure our continued ability to respond to a disruptive event.

Information technology

The WSIB relies on a variety of technology systems in the delivery of its services. The WSIB actively manages risks associated with our IT environments in accordance with industry best practices and standards, and in conformance with various Ontario government directives.

In 2023, the WSIB significantly progressed its technology renewal strategy in several areas, including the continued work to renew our supporting infrastructure, and the WSIB committed additional funding to replace and decommission the current Enterprise Resource Planning system with an anticipated move to a cloud-based solution to further enhance system resiliency and security. The WSIB further enhanced its Disaster Recovery readiness strategy, and we continued to make investments and improvements around system redundancy for our core benefits and payments systems.

Cybersecurity

Cyber attackers remain extremely active both globally and close to home. In 2023, there were numerous notable cyber attacks against Ontario public sector organizations. The WSIB remains vigilant and current in maintaining a strong cybersecurity posture including continual investment in technologies and expertise that protect our outward-facing web presence, our endpoints, and our operational systems supporting benefits payments for claimants.

To continue to ensure we are handling customer data with the utmost care, significant further investment was made in 2023 to continue to enhance and adapt our cyber defenses to an ever-evolving cyber threat landscape. This most notably includes continued investments in our perimeter defenses such as our endpoints and firewalls, as well as infrastructure supporting our core applications and databases.

Third-party vendors

As with most organizations, the WSIB leverages third-party vendors to deliver specialized services where it enhances our operational effectiveness.

Evolving our Third-Party Risk and Vendor Management ("TPRVM") function continued in 2023. Key activities included further enhancements to our TPRVM framework, its vendor risk assessment and onboarding processes, and ongoing third-party vendor risk monitoring.

Health and safety

The WSIB strives to promote a culture of workplace health and safety among all the employers we cover. We recognize the value of this endeavour primarily to reduce workplace injuries and illnesses, to manage the costs of insurance borne by Ontario employers, as well as to effectively manage costs of delivering the insurance plan.

The Workplace Health and Safety Services ("WHSS") area made significant progress in 2023:

- The Health and Safety Excellence program continued to expand in support of Ontario employers in the mission to enhance health and safety outcomes in their workplaces. The WSIB achieved significant milestones through Health and Safety Excellence program, most notably the enrollment of 4,056 employers at the end of the year. For the first time, over one million Ontarians were employed by organizations participating in the WSIB's Health and Safety Excellence program.
- The WSIB contributed over $200 million to the MLITSD to fund the prevention system as part of our legislated obligations.
- WHSS also developed a long-term health and safety services strategy to be implemented in 2024 onward. The strategy includes a diversified range of services such as the development of a digital hub to provide One Window access for employers to connect to the entire Occupational Health & Safety system, and a tailored approach for businesses with unique challenges impacting their health and safety performance.
- WHSS also pushed forward on health and safety consultations for newly registered small businesses.
- WHSS deployed the Small Business Pathway program to make it easier for smaller businesses to participate in the Health and Safety Excellence program.

15. Forward-looking statements

This MD&A contains "forward-looking statements," within the meaning of applicable Canadian securities laws. Forward-looking statements can be identified by the use of words, such as "anticipates," or "believes," "budget," "estimates," "expects," or "is expected," "forecasts," "intends," "plans," "scheduled," or variations of such words and phrases or statements that certain actions, events or results "could," "may," "might," "will," or "would," be taken, occur or be achieved. These forward-looking statements are based on current expectations and various assumptions and analyses made by us in light of our experience and our perceptions of historical trends, current conditions and expected future developments and other factors we believe are appropriate in the circumstances. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in our forward-looking statements.

These factors may cause our actual performance and financial results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. Forward-looking statements do not take into account the effect that transactions or non-recurring or other special items announced or occurring after the statements are made have on our business. For example, they do not include the effect of asset impairments or other changes announced or occurring after the forward-looking statements are made. The financial impact of such transactions and non-recurring and other special items can be complex and necessarily depends on the facts particular to each of them.

We believe that the expectations represented by our forward-looking statements are reasonable, yet there can be no assurance that such expectations will prove to be correct. The purpose of the forward-looking statements is to provide the reader with a description of management's expectations regarding our anticipated financial performance and may not be appropriate for other purposes. Furthermore, unless otherwise stated, the forward-looking statements contained in this report are made as of the date of this report, and we do not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise unless required by applicable legislation or regulation. The forward-looking statements contained in this report are expressly qualified by this cautionary statement.

Management's report

Role of management

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") and the consolidated financial statements have been prepared by management and approved by the Board of Directors of the Workplace Safety and Insurance Board (the "WSIB"). The consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") and, where appropriate, reflect management's best estimates and judgment. Where alternative accounting methods exist, management has chosen those methods considered most appropriate in the circumstances. Management is responsible for the accuracy, integrity and objectivity of the consolidated financial statements within reasonable limits of materiality of internal controls. Additionally, management is responsible for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The WSIB's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS. Management is also responsible for the preparation and presentation of additional financial information included in the Annual Report and ensuring its consistency with the consolidated financial statements.

The Board of Directors has established an Audit and Finance Committee to oversee that management fulfills these responsibilities. The Audit and Finance Committee meets with management as well as with the independent auditors to satisfy itself that management is properly discharging its financial reporting responsibilities and reviews the consolidated financial statements and the independent auditor's report. The Audit and Finance Committee also reports its findings to the Board of Directors for consideration in approving the WSIB's Annual Report and its submission to the Minister of Labour, Immigration, Training and Skills Development pursuant to section 170 of the *Workplace Safety and Insurance Act, 1997* and a Memorandum of Understanding between the Ministry of Labour, Immigration, Training and Skills Development of the Province of Ontario and the WSIB.

In this MD&A, the "WSIB" or the words "our", "us" or "we" refer to the WSIB. This MD&A is dated as of the date below, and all amounts herein are denominated in millions of Canadian dollars, unless otherwise stated.

The information in this MD&A includes amounts based on informed judgments and estimates. Forward-looking statements contained in this discussion represent management's expectations, estimates and projections regarding future events based on information currently available, and involve assumptions, inherent risks and uncertainties. Readers are cautioned that actual results may differ materially from forward-looking statements in cases in which future events and circumstances do not occur as expected.

The consolidated financial statements have been examined by the WSIB's independent auditors, Ernst & Young LLP, and their report is provided herein.

Role of the Chief Actuary

With respect to the preparation of the consolidated financial statements, the Chief Actuary works with the WSIB actuarial staff to prepare a valuation, including the selection of appropriate assumptions applicable to the WSIB's insurance contract liabilities at the consolidated statements of financial position date to determine the valuation of insurance contract liabilities. Additionally, the Chief Actuary provides an opinion to the Board of Directors regarding the appropriateness of the insurance contract liabilities recorded by management of the WSIB at the date of the consolidated statement of financial position. The work to form that opinion includes an examination of the sufficiency and reliability of data and a review of the valuation processes. The Chief Actuary is responsible for assessing whether the assumptions and methods used for the valuation of the insurance contract liabilities are in accordance with accepted actuarial practice, applicable legislation, and associated regulations and directives. In performing the valuation of these liabilities, which are by their very nature inherently variable, the Chief Actuary makes assumptions as to future interest and mortality rates, expenses, related trends, and other contingencies, taking into consideration the circumstances of the WSIB. It is certain that the insurance contract liabilities will not develop exactly as projected and may, in fact, vary significantly from the projections. Further, the projections make no provision for future claim categories not sufficiently recognized in the claims experience and inventories. The Chief Actuary's report outlines the scope of the valuation and her opinion.

Role of the external auditors

The external auditors, Ernst & Young LLP, working under the direction of the Auditor General of Ontario, have performed an independent and objective audit of the consolidated financial statements of the WSIB in accordance with Canadian generally accepted auditing standards. In carrying out their audit, the external auditors make use of the work of the Chief Actuary and her report on the insurance contract liabilities of the WSIB. The external auditors have full and unrestricted access to the Board of Directors and the Audit and Finance Committee to discuss audit, financial reporting, and related findings. The external auditor's report outlines the scope of their audit and their opinion on the consolidated financial statements of the WSIB.

Jeffery Lang
President and Chief Executive Officer

Reagan Ruslim
Audit and Finance Committee (Chair)

Toronto, Ontario
April 25, 2024

Independent auditor's report

**To the Board of Directors of the Workplace Safety and Insurance Board,
The Minister of Labour, Immigration, Training and Skills Development and the Auditor General of Ontario**

Opinion

Pursuant to the *Workplace Safety and Insurance Act, 1997* (Ontario), which provides that the accounts of the **Workplace Safety and Insurance Board** [the "WSIB"] shall be audited by the Auditor General of Ontario or under his or her direction by an auditor appointed by the Lieutenant Governor in Council for that purpose, we have audited the consolidated financial statements of the WSIB, which comprise the consolidated statements of financial position as at December 31, 2023, December 31, 2022 and January 1, 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in net assets, and consolidated statements of cash flows for the years ended December 31, 2023 and 2022, and notes to consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the WSIB as at December 31, 2023, December 31, 2022 and January 1, 2022, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2023 and 2022 in accordance with International Financial Reporting Standards ["IFRSs"].

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the WSIB in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion & Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion & Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the WSIB's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the WSIB or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the WSIB's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the WSIB's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the WSIB's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the WSIB to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young LLP

Toronto, Canada
April 25, 2024

Actuarial statement of opinion

On the valuation of the insurance contract liabilities as at December 31, 2023 of the Workplace Safety and Insurance Board for its consolidated financial statements prepared in accordance with International Financial Reporting Standards 17 Insurance contracts

We have completed the actuarial valuation of the insurance contract liabilities of the Workplace Safety and Insurance Board (the “WSIB”) for its consolidated statements prepared in accordance with International Financial Reporting Standards 17 Insurance contracts (“IFRS 17”) as at December 31, 2023 (the “valuation date”).

In our opinion, the insurance contract liabilities of $27,720 million make appropriate provision for the liabilities for incurred claims of $27,560 million and the loss component of the liabilities for remaining coverage of $210 million. The liabilities for incurred claims provide for future payments for loss of earnings, other short and long-term disability, health care, survivor and retirement income benefits with respect to claims which occurred on or before the valuation date, and for occupational disease claims expected to arise after the valuation date as a result of exposures incurred in the workplace on or before the valuation date in respect of occupational diseases with a long latency period that are recognized by the WSIB. This amount provides for future claim administration costs, but does not include a provision for claims related to workers of Schedule 2 employers. The valuation was based on the provisions of the *Workplace Safety and Insurance Act, 1997* (Ontario) (the “WSIA”) and on the WSIB's policies and administrative practices in effect at the time of the valuation. This includes the implementation on June 29, 2023 of Ontario Regulation 177/23 under the WSIA which amended Ontario Regulation 253/07 (Firefighters) to provide presumption for thyroid and pancreatic cancers.

The total liabilities for incurred claims include insurance related payables of $45 million. This amount together with the liabilities for incurred claims of $27,560 million resulted in total liabilities for incurred claims of $27,605 million at valuation date. The liabilities for remaining coverage of $115 million are composed of a loss component of $210 million and a credit of $95 million for insurance premium receivables.

On an IFRS 17 basis, the insurance contract liabilities were $31,802 million at January 1, 2022 and $26,647 million at December 31, 2022, and the liabilities for incurred claims were $31,609 million at January 1, 2022 and $26,270 million at December 31, 2022. Considering insurance related payables of $78 million at January 1, 2022 and $90 million at December 31, 2022, the total liabilities for incurred claims are $31,687 million at January 1, 2022 and $26,360 million at December 31, 2022. The loss component of the liabilities for remaining coverage are $310 million at January 1, 2022 and $190 million at December 31, 2022; with a credit of $195 million at January 1, 2022 and a debit of $97 million at December 31, 2022 for insurance premium receivables, the total liabilities for remaining coverage resulted amount to $115 million at January 1, 2022 and $287 million at December 31, 2022.

The data on which the valuation is based were provided by the WSIB; we applied such checks of reasonableness of the data as we considered appropriate, and have concluded that the data are sufficiently reliable to permit a realistic valuation of the liabilities and are consistent with the WSIB’s consolidated financial statements. In our opinion, the data on which the valuation is based are sufficient and reliable for the purpose of the valuation.

The discount rate assumption used for computing the liabilities is consistent with the market data available as at December 31, 2023, reflecting the liquid risk-free rate of return and the liquidity characteristics associated with WSIB benefits. Other economic assumptions underlying the calculations include annual changes in the Consumer Price Index (“CPI”) of 3.0% in 2024, 2.5% in 2025 and 2.0% thereafter, resulting in indexing factors of 3.0% for January 1st 2025, 2.6% for January 1st 2026, and 2.0% thereafter. Similarly, the annual health care costs are assumed to change at a rate of 6.0% for 2024, 4.5% for 2025 and 4.0% thereafter while annual wage escalation rates are assumed at 4.0% for 2024, 3.5% for 2025 and 3.0% thereafter.

Other assumptions and methods employed in the valuation were consistent with those used in the previous valuation, after taking account changes in claim patterns. Projections of future claim payments and awards have been made using factors developed from the WSIB's claims experience, mortality, and other assumptions.

Changes to the actuarial assumptions caused liabilities to increase by $1,517 million. The update to the inflation assumption resulted in an increase of $307 million, while refinements to the future claims administration cost methodology resulted in a loss of $324 million. The update to the distribution of health care payments resulted in a decrease of $68 million and the change in the discount curve between 2022 year-end and 2023 year-end in an increase of $954 million. Ontario Regulation 177/23 which provided presumptive cancer legislation to firefighters for thyroid and pancreatic cancers increased liabilities by $34M. The impact of the changes in actuarial assumptions and methods on the actuarial liabilities is disclosed in note 17 to the consolidated financial statements. In our opinion, the methods and assumptions employed in the valuation are appropriate for the purpose of the valuation.

The loss component of the liabilities for remaining coverage was determined using 2024 premium rate information and comparing, for employers with onerous contracts, the insurance premium revenues and the projected costs.

Details of the data, actuarial assumptions, valuation methods and analysis of results are set out in our actuarial report as at the valuation date, of which this statement of opinion forms part.

In our opinion, the amount of the insurance contract liabilities for IFRS 17 statements makes appropriate provision for all personal injury compensation obligations given WSIB's accounting and the consolidated financial statements fairly represent the results of the valuation. This report has been prepared, and our opinions given, in accordance with accepted actuarial practice in Canada.

Ligia Acevedo

Ligia Acevedo, FCIA, FSA
Vice President and Chief Actuary
Workplace Safety and Insurance Board

Richard Larouche, FCIA, FSA
Actuary, Eckler Ltd.

April 25, 2024

Consolidated Statements of Financial Position
(millions of Canadian dollars)

	Note	December 31 2023	December 31 2022 *restated*	January 1 2022 *restated*
Assets				
Cash and cash equivalents	4	335	664	681
Receivables and other assets	3,5	440	296	252
Public equity investments	6	9,729	10,000	14,041
Fixed income investments	6	9,057	8,773	11,755
Derivative assets	6,8	237	47	128
Investment properties	6	620	653	651
Investments in associates and joint ventures	10	2,717	2,376	3,378
Other invested assets	6	14,789	12,852	8,914
Property, equipment and intangible assets	12	240	228	286
Total assets		**38,164**	**35,889**	**40,086**
Liabilities				
Payables and other liabilities	3,13	305	333	358
Derivative liabilities	6,8	24	59	51
Securities sold under repurchase agreements	7	1,751	1,082	-
Long-term debt and lease liabilities	14	159	162	169
Loss of Retirement Income Fund liability	15	1,898	1,874	2,103
Employee benefit plans liability	16	1,193	1,017	2,215
Insurance contract liabilities	17	27,720	26,647	31,802
Total liabilities		**33,050**	**31,174**	**36,698**
Net assets				
Reserves		3,792	3,036	2,772
Accumulated other comprehensive income (loss)		1,071	1,277	(138)
Net assets attributable to WSIB stakeholders		**4,863**	**4,313**	**2,634**
Non-controlling interests	18	251	402	754
Total net assets		**5,114**	**4,715**	**3,388**
Total liabilities and net assets		**38,164**	**35,889**	**40,086**

Approved by the Board of Directors

Grant Walsh
Chair
April 25, 2024

Reagan Ruslim
Audit and Finance Committee (Chair)
April 25, 2024

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statements of Comprehensive Income
For the years ended December 31
(millions of Canadian dollars)

	Note	2023	2022 *restated*
Insurance revenue	19	3,461	3,279
Insurance service expenses	21	(2,334)	(2,639)
Insurance service result		**1,127**	**640**
Insurance finance income (expense)	**20**	**(2,484)**	**4,651**
Investment income (loss)	20	2,762	(3,177)
Investment expenses	20	(298)	(335)
Net investment income (loss)		**2,464**	**(3,512)**
Total insurance and investment result		**1,107**	**1,779**
Loss of Retirement Income Fund contributions	15	54	52
Administration and other expenses		139	150
Legislated obligations and funding commitments		295	280
Other income		(118)	(123)
Total expenses		**370**	**359**
Excess from operations		**737**	**1,420**
Surplus distribution expense	22	-	1,193
Excess of revenues over expenses		**737**	**227**
Other comprehensive income (loss)			
Item that will not be reclassified subsequently to income			
Remeasurements of employee benefit plans	16	(168)	1,339
Item that will be reclassified subsequently to income			
Translation gains (losses) from net foreign investments		(38)	79
Total other comprehensive income (loss)		**(206)**	**1,418**
Total comprehensive income		**531**	**1,645**

	Note	2023	2022 *restated*
Excess (deficiency) of revenues over expenses attributable to:			
WSIB stakeholders		756	264
Non-controlling interests	18	(19)	(37)
		737	**227**
Total comprehensive income (loss) attributable to:			
WSIB stakeholders		550	1,679
Non-controlling interests	18	(19)	(34)
		531	**1,645**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Net Assets
For the years ended December 31
(millions of Canadian dollars)

	Note	2023
Reserves		
Balance at beginning of year (restated)		3,036
Excess from operations		756
Balance at end of year		**3,792**
Accumulated other comprehensive income		
Balance at beginning of year		1,277
Remeasurements of employee benefit plans	16	(168)
Translation losses from net foreign investments		(38)
Balance at end of year		**1,071**
Net assets attributable to WSIB stakeholders		**4,863**
Non-controlling interests		
Balance at beginning of year	18	402
Deficiency of revenues over expenses	18	(19)
Change in ownership share in investments	18	(132)
Balance at end of year		**251**
Total net assets		**5,114**

	Note	2022 *restated*
Reserves		
Balance at December 31, 2021 (as reported)		7,399
Transitional adjustment upon adoption of IFRS 17	3	(4,627)
Adjusted balance at beginning of year		2,772
Excess from operations		1,457
Surplus distribution	22	(1,193)
Balance at end of year (restated)		**3,036**
Accumulated other comprehensive income (loss)		
Balance at beginning of year		(138)
Remeasurements of employee benefit plans	16	1,339
Translation gains from net foreign investments		76
Balance at end of year		**1,277**
Net assets attributable to WSIB stakeholders		**4,313**
Non-controlling interests		
Balance at beginning of year	18	754
Deficiency of revenues over expenses	18	(37)
Translation gains from net foreign investments	18	3
Change in ownership share in investments	18	(318)
Balance at end of year		**402**
Total net assets (restated)		**4,715**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows
For the years ended December 31
(millions of Canadian dollars)

	Note	2023	2022 *restated*
Operating activities:			
Total comprehensive income		531	1,645
Adjustments for non-cash items:			
Amortization of net discount on investments		(30)	(13)
Depreciation and amortization of property, equipment and intangible assets	12	33	68
Changes in fair value of investments		(2,561)	3,820
Changes in fair value of investment properties		62	50
Translation losses (gains) from net foreign investments		38	(79)
Dividend income from public equity investments		(65)	(203)
Loss from investments in associates and joint ventures	10	88	104
Surplus distribution expense	22	-	1,193
Interest income		(363)	(431)
Interest expense		46	32
Total comprehensive income (loss) after adjustments		(2,221)	6,186
Changes in non-cash balances related to operations:			
Receivables and other assets, excluding those related to investing and financing activities		(43)	9
Payables and other liabilities, excluding those related to investing and financing activities		47	(852)
Loss of Retirement Income Fund liability	15	24	(229)
Employee benefit plans liability	16	176	(1,198)
Insurance contract liabilities	17	1,073	(5,155)
Total changes in non-cash balances related to operations		1,277	(7,425)
Net cash required by operating activities		**(944)**	**(1,239)**
Investing activities:			
Dividends received from investments		38	355
Interest received		359	427
Purchases of property, equipment and intangible assets	12	(39)	(10)
Purchases of investments	6	(12,532)	(12,982)
Proceeds on sales and maturities of investments	6	12,909	12,360
Net additions to investment properties		(31)	(52)
Net dispositions of (additions to) investments in associates and joint ventures		(534)	818
Net cash provided by investing activities		**170**	**916**
Financing activities:			
Net redemptions related to non-controlling interests		(131)	(237)
Distributions paid by subsidiaries to non-controlling interests		(1)	(81)
Repayment of debt and lease liabilities		(7)	(6)
Interest paid		(60)	(11)
Surplus distribution	22	(52)	(428)
Net increase in securities sold under repurchase agreements		696	1,069
Net cash provided by financing activities		**445**	**306**
Net decrease in cash and cash equivalents		**(329)**	**(17)**
Cash and cash equivalents, beginning of year		664	681
Cash and cash equivalents, end of year		**335**	**664**

The accompanying notes form an integral part of these consolidated financial statements.

Table of contents

1. Nature of operations

The Workplace Safety and Insurance Board (the "WSIB") is a statutory corporation created by an Act of the Ontario Legislature in 1914 and domiciled in the Province of Ontario (the "Province"), Canada. As a board-governed trust agency, in accordance with the Agencies and Appointments Directive, the WSIB is responsible for administering the *Workplace Safety and Insurance Act, 1997* (Ontario) (the "WSIA"), which establishes a no-fault insurance scheme that provides benefits to people who experience workplace injuries or illnesses.

The WSIB promotes workplace health and safety in the Province and provides a workplace compensation system for Ontario based employers and people with work-related injuries or illnesses. The WSIB is funded by employer premiums and does not receive any government funding or assistance. Revenues are also earned from a diversified investment portfolio held to meet future obligations on existing claims.

The WSIB's registered office is located at 300 Tartan Drive, London, Ontario, N5V 4M9.

2. Material accounting policy information, estimates and assumptions

Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities, which are measured at fair value, as explained in the accounting policies below.

The consolidated financial statements for the year ended December 31, 2023 were authorized for issuance by the WSIB's Board of Directors on April 25, 2024.

Use of estimates and assumptions

The WSIB is required to apply judgment when making estimates and assumptions that affect the reported amounts recognized in the consolidated financial statements. These estimates and assumptions have a direct effect on the measurement of transactions and balances recognized in the consolidated financial statements. The WSIB has based its estimates and assumptions on information available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the WSIB. Estimates are reviewed on an ongoing basis, with any related revisions recorded in the period in which they are adjusted.

The most significant estimation processes relate to the assumptions used in measuring insurance contract liabilities (formerly referred to as benefit liabilities), assessing fair value of certain financial instruments and investment properties, and the determination of employee benefit obligations. Although some variability is inherent in these estimates, management believes that the amounts recorded are appropriate.

In addition, the WSIB has made judgments, aside from those that involve estimates, in the process of applying its accounting policies. These judgments can affect the amounts recognized in the consolidated financial statements.

COVID-19 Worker Income Protection Benefit Program

In late April 2021, the Government of Ontario introduced the COVID-19 Worker Income Protection Benefit Program requiring businesses to provide their employees with up to three days of paid leave for reasons related to COVID-19. The WSIB supported the launch of the program and administration of the application process allowing businesses to apply for reimbursement of up to $200 per employee per day of leave. Businesses did not need to be registered with the WSIB to be eligible for the program, and funding was provided by the provincial government. The program was not funded through the WSIB's employer premiums and ended on March 31, 2023. Applications for reimbursement had to be made within 120 days of the date the employer paid the employee, or by July 29, 2023 (whichever is earlier).

Basis of consolidation

(a) Subsidiaries and non-controlling interests

The majority of the WSIB's subsidiaries hold investments.

Subsidiaries, including structured entities, are entities that are controlled by the WSIB. The WSIB has control when it has the power to direct the relevant activities, has significant exposure to variable returns from these activities, and has the ability to use its power to affect these returns. Power may be determined on the basis of voting rights or based on contractual arrangements in the case of structured entities.

The financial statements of subsidiaries are included in the WSIB's consolidated financial statements from the date control commences until the date control ceases. Where necessary, adjustments are made to the financial statements of subsidiaries to reflect accounting policies consistent with those of the WSIB. All intercompany transactions and balances are eliminated.

Non-controlling interest exists when the WSIB directly or indirectly owns less than 100% of the subsidiary and is presented in the consolidated statements of financial position as a separate component, distinct from the net assets attributable to the WSIB stakeholders. The excess of revenues over expenses and total comprehensive income (loss) attributable to the non-controlling interests are also separately disclosed in the consolidated statements of comprehensive income.

The WSIB Employees' Pension Plan (the "EPP") and other investors are the non-controlling interests in the majority of the WSIB's subsidiaries. See note 18 for further details.

(b) Investments in joint arrangements and associates

The majority of the WSIB's joint arrangements and associates hold private market investments in real estate, private equity or credit.

The WSIB's joint arrangements are investments over which it has joint control and can either be a joint venture or a joint operation. Joint control exists when the strategic, financial, and operating decisions related to the entity's relevant activities require unanimous consent of parties sharing control.

Joint ventures are investments over which the WSIB has joint control and has rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, investments are initially recognized at cost and adjusted for the WSIB's proportionate share of the joint venture's total comprehensive income and dividends received.

Joint operations are economic activities or entities over which the WSIB has joint control and has rights to specific assets and obligations for specific liabilities relating to the arrangement. Investments in joint operations are accounted for through proportionate consolidation. The WSIB's consolidated financial statements include its share of assets, liabilities, revenues and expenses related to the joint operations.

Associates are those investments over which the WSIB has significant influence over the financial and operating policies but not control or joint control of the entity. Investments in associates are accounted for using the equity method.

The WSIB assesses its investments accounted for using the equity method for events or changes in circumstances that may indicate that they are impaired at each reporting period. If there are indicators that an asset may be impaired, an impairment test is performed and any difference between the carrying amount and the recoverable amount is recognized as an impairment loss. An impairment loss is assessed and reversed if there are indicators that an asset is no longer impaired. Reversal of any impairment loss will not exceed the carrying amount that would have been determined had no impairment loss been recognized.

Foreign currency

The WSIB's functional and presentation currency is the Canadian dollar.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate at the consolidated statement of financial position date. Non-monetary assets and liabilities that are measured at fair value are also translated at the exchange rate at the consolidated statement of financial position date. Foreign exchange gains and losses are recognized in investment income or administration and other expenses.

Net foreign investments are foreign subsidiaries that hold other invested assets and whose functional currency is not the Canadian dollar. All assets and liabilities of these net foreign investments are translated at exchange rates at the consolidated statement of financial position date, and all income and expenses are translated using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses on translation are recognized as translation gains (losses) from net foreign investments in other comprehensive income. Upon disposal of a net foreign investment that includes a loss of control, significant influence or joint control, the cumulative translation gain or loss related to that net foreign investment is recognized in income.

Financial instruments

Financial instruments are contracts that give rise to a financial asset or financial liability when the WSIB becomes a party to the contractual provisions of the instrument. The WSIB records transactions relating to financial instruments on a trade date basis.

The WSIB's financial instruments are classified as follows:

Financial instrument	Classification (IAS 39)	Classification (IFRS 9)
(a) Financial assets		
Cash and cash equivalents	FVTPL[1]	FVTPL (iii)
Investment receivables	Loans and receivables	Amortized cost (i)
Public equity investments		
Public equity pooled funds	FVTPL	FVTPL (iii)
Public equity securities	FVTPL	FVTPL (iii)
Fixed income investments	FVTPL	FVTPL (iii)
Derivative assets and liabilities	FVTPL	FVTPL (iii)
Other invested assets		
Private market pooled funds	FVTPL	FVTPL (iii)
Other private market investments	FVTPL	FVTPL (iii)
(b) Financial liabilities		
Investment payables	Other financial liabilities	Amortized cost (i)

Administration payables	Other financial liabilities	Amortized cost (i)
Securities sold under repurchase agreements	Other financial liabilities	Amortized cost (i)
Long-term debt	Other financial liabilities	Amortized cost (i)
Loss of Retirement Income Fund liability	FVTPL	FVTPL (iii)

[1] *Fair value through profit or loss*

(a) Financial assets

The WSIB recognizes financial assets on a trade date basis and at fair value at inception. The financial assets are classified as amortized cost, fair value through other comprehensive income (“FVOCI”), and fair value through profit or loss (“FVTPL”). Subsequent measurement is dependant on the nature of the financial asset as discussed below.

Measurement categories

The WSIB classifies all its financial assets based on the business model for managing the assets and the asset’s contractual terms to identify whether they are solely payments of principal and interest (“SPPI”) on the principal amount outstanding:

(i) Amortized cost

Financial assets are classified and subsequently measured at amortized cost if the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows (business model test) and the contractual cash flows pass the SPPI test.

(ii) Fair value through other comprehensive income

Financial assets are classified and subsequently measured at FVOCI if the assets are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual cash flows pass the SPPI test.

(iii) Fair value through profit or loss

Financial assets in this category are those financial assets that fail the business model and SPPI tests, have been designated by management upon initial recognition, or are mandatorily required to be measured at fair value under IFRS 9 Financial Instruments.

The WSIB’s primary business model is to manage financial assets with the objective of realizing cash flows through the sale of assets, making decisions based on the assets’ fair values and managing the assets to realize those fair values. Therefore, the majority of the WSIB’s financial assets are classified as FVTPL.

Subsequent measurement

(i) Financial assets at amortized cost
Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Due to the short-term nature of the assets held at amortized cost, the carrying amounts of such assets approximate fair value. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The effective interest method is a method of calculating the amortized cost of a financial instrument and allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows (including all transaction costs and other premiums or discounts) through the expected life of the financial instrument to the net carrying amount on initial recognition.

(ii) Financial assets at FVOCI

i. Debt instrument

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in profit or loss and calculated in the same manner as financial assets measured at amortized cost. The change in the fair value of the debt instrument is recognized in other comprehensive income. Upon derecognition, the cumulative fair value change recognized in other comprehensive income is recognized in profit or loss. The WSIB has no debt instruments that are classified as FVOCI.

ii. Equity instruments

Upon initial recognition, the WSIB can elect to classify irrevocably its equity investments as equity instruments designated as FVOCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as income in profit or loss when the right of payment has been established, except when the WSIB benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in other comprehensive income. Equity instruments designated as FVOCI are not subject to impairment assessment. The WSIB has no equity instruments that are classified as FVOCI.

(iii) Financial assets at FVTPL

Financial assets at FVTPL are carried in the consolidated statements of financial position at fair value with net changes in fair value recognized in the consolidated statements of comprehensive income.

Impairment

The WSIB recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the WSIB expects to receive, discounted at the appropriate effective interest rate. Under the IFRS 9 ECL methodology, an allowance is recorded for ECLs on financial assets regardless of whether there has been an actual loss event. The WSIB recognizes an allowance at an amount equal to 12-month ECLs, if the credit risk at the reporting date has not increased significantly since initial recognition (Stage 1). When a financial asset experiences a significant increase in credit risk subsequent to origination but is not considered to be in default, it is included in Stage 2 and subject to lifetime ECLs. Financial assets that are in default are included in Stage 3. Similar to Stage 2, the allowance for credit losses for Stage 3 financial assets captures the lifetime ECLs.

Derecognition

Financial assets are derecognized when the rights to the contractual cash flows expire, when substantially all the risks and rewards of ownership are transferred, or when the WSIB no longer retains control.

(b) Financial liabilities

The financial liabilities are classified at amortized cost, except when the WSIB, at initial recognition, designates such financial liabilities as measured at FVTPL, when the WSIB measures a group of financial liabilities and financial assets together and its performance is evaluated on a fair value basis.

(i) Financial liabilities at FVTPL

The WSIB measures these financial liabilities at fair value, where net gains and losses, including any interest expenses and foreign exchange gains and losses, are recognized in profit or loss. The Loss of

Retirement Income Fund liability is designated as financial liabilities at FVTPL because its performance is evaluated on a fair value basis.

(ii) Financial liabilities at amortized cost
The WSIB measures these financial liabilities at amortized cost using the effective interest method. Interest expenses and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss. All other financial liabilities except for the Loss of Retirement Income Fund liability are measured at amortized cost.

Financial liabilities are derecognized when the obligation is discharged, cancelled, or expires.

Investment properties

Investment properties are properties held to earn rental income or for capital appreciation, or both. These are initially recognized at cost, including transaction costs, and subsequently remeasured at fair value at each reporting period with changes in fair value recognized as investment income during the period in which they arise. See note 6 for movements during the reporting period.

Fair value measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, that is, an exit value. Refer to note 6 for further details.

The carrying amounts of cash and cash equivalents, fixed income investments, derivative assets and derivative liabilities are their fair values. Due to their short-term nature, the carrying amounts (less allowance for impairment) of investment receivables, investment payables and administration payables approximate their fair values.

The fair values of public equity securities are based on quoted prices in active markets. The fair values of public equity pooled funds are based on the net asset values of the underlying investments held, as active markets are not available.

Where quoted prices in active markets are not available for financial instruments such as certain fixed income securities, the fair value is based on valuation models that use observable market inputs, broker quotes, consensus pricing and the fair value of other similar financial instruments.

Investment properties are valued based on periodic valuations performed by independent qualified appraisers using valuation models incorporating available market evidence, including discount and terminal capitalization rates, inflation rates, vacancy rates, and future net cash flows of the properties.

The fair values of private market pooled funds are based on unit prices provided by investment managers, which are based on net asset values of underlying investments. The valuations of other private market investments are provided by investment managers who use acceptable industry valuation methods, including net asset values, comparable transactions in the market or discounted cash flow models, which incorporate available market evidence and may require estimates for economic risks and projected cash flows.

Securities sold under repurchase agreements are accounted for as collateralized borrowing transactions initially measured at fair value and subsequently measured at amortized cost using the effective interest rate method. Due to the short-term nature of these agreements, the carrying amounts of the securities sold under repurchase agreements approximate fair value.

Investment income

Investment income is comprised of the following:

(a) Financial instruments

Realized gains and losses and changes in unrealized gains and losses on financial instruments are recognized in investment income in the period they arise.

Interest income is recognized in investment income as it accrues. Dividend income is recognized in investment income when the WSIB's right to receive payment has been established.

(b) Income from investments in associates and joint ventures

The WSIB's proportionate share of its associates and joint ventures' total comprehensive income is recognized in investment income in the period it is recognized by the associates and joint ventures. Impairment losses or the subsequent reversal of such losses in relation to the WSIB's investments in associates and joint ventures are also recognized in investment income.

(c) Income from investment properties

Changes in fair value, net rental income, and service charges from investment properties are recognized in investment income in the period they arise.

Loss of Retirement Income Fund liability

The Loss of Retirement Income Fund liability is designated as financial liabilities at FVTPL because its performance is evaluated on a fair value basis. The Loss of Retirement Income Fund liability represents the WSIB's obligation to provide retirement benefits to eligible injured workers equal to the total contributions plus income earned on those contributions. As such, the Loss of Retirement Income Fund liability is measured at an amount equivalent to the fair value of the assets in the Loss of Retirement Income Fund. At age 65 or upon death, the injured worker or their beneficiary receives a benefit from contributions made to their Loss of Retirement Income account plus any investment income earned.

Assets attributable to the Loss of Retirement Income Fund are included and managed as part of the WSIB's investment portfolio. See note 15 for more information.

The WSIB contributes 5% of the loss of earnings benefits to the Loss of Retirement Income Fund for injured workers of Schedule 1 employers who have received loss of earnings benefits for 12 consecutive months. Schedule 2 employers are required to contribute 5% of the loss of earnings benefits for their workers once loss of earnings benefits are received for 12 continuous months. Workers eligible for loss of retirement income benefits can choose to contribute a further 5% from their loss of earnings benefits. For claims incurred prior to January 1, 1998, the contribution from the WSIB and Schedule 2 employers is 10% of every future economic loss payment made to injured workers.

The WSIB's contributions are recognized as the Loss of Retirement Income Fund contributions expense.

The changes related to the actuarial valuation of the WSIB's future contributions into the Loss of Retirement Income Fund are recognized in insurance contract liabilities in the consolidated statements of financial position. Refer to the changes in insurance contract liabilities table in note 17 for further information.

Insurance contract liabilities

Insurance contract liabilities represent the WSIB's liabilities related to insurance contracts with Schedule 1 employers. The WSIB's insurance contract liabilities are comprised of two components: (i) liabilities for remaining coverage comprising the fulfillment cash flows related to future service allocated to each group of contracts at the end of the reporting period, and (ii) liabilities for incurred claims comprising the fulfillment cash flows related to past service allocated to each group of contracts at the end of the reporting period.

Recognition and measurement of insurance contracts:

a) Level of aggregation

The WSIB's arrangement with Schedule 1 employers gives rise to a single portfolio as the insurance contracts with Schedule 1 employers are subject to similar risks and are managed together. This portfolio is further disaggregated into groups of contracts that are issued within a calendar year and are (i) contracts that are onerous at initial recognition, and (ii) a group of remaining contracts. Note that given the not-for-profit nature of the WSIB's operations, the group of contracts with no significant risk of becoming onerous is not applicable to the WSIB.

b) Recognition

The WSIB recognizes groups of insurance contracts from the earliest of the following:

- The beginning of the coverage period of the group of contracts; and
- For a group of onerous contracts, when facts and circumstances indicate that the group is onerous.

c) Contract boundary

The WSIB includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the period in which the WSIB can compel the policyholder to pay the premiums, or in which the WSIB has a substantive obligation to provide the policyholder with insurance contract services. The WSIB has assessed the contract boundary for its insurance contracts to be one year as it only has the substantive right to compel Schedule 1 employers to pay premiums annually and has the practical ability to reassess the risks and set a price that fully reflects these risks on an annual basis.

d) Measurement

Liabilities for remaining coverage
The WSIB has determined coverage period for its insurance contracts as one year in length. As a result, the WSIB has elected to apply the Premium Allocation Approach ("PAA") to measure its insurance contracts.

On initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured at the premiums recognized on initial recognition.

Subsequently, the carrying amount for the liability for remaining coverage is increased by any premiums received and decreased by the amount recognized as insurance revenue for the coverage provided. On initial recognition of each group of contracts, the WSIB expects that the time between providing each part of the coverage and the related premium due date is no more than a year. Accordingly, the WSIB has chosen not to adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the WSIB recognizes a loss in profit or loss and increases the liability for remaining coverage to the extent that the current estimates of fulfillment cash flows that relate to remaining coverage (including the risk adjustment for non-financial risk, which is de minimis) exceed the carrying amount of the liability for remaining coverage.

Liabilities for incurred claims
Liabilities for incurred claims represent the actuarially determined present value of the estimated future payments for reported and unreported claims incurred on or prior to the reporting date using best estimate assumptions related to workers of Schedule 1 employers. These estimates and assumptions include claim duration, mortality rates, wage and health care escalations, general inflation, and discount rates. In addition, an obligation is estimated for claims in respect of occupational diseases currently recognized by the WSIB for which a claim has not yet been reported. The future payments are for estimated obligations for loss of earnings, labour market re-entry costs, short- and long-term disability, health care, survivor benefits, retirement income benefits and claim administration costs. Changes in the estimates and assumptions can have a significant impact on the measurement of insurance contract liabilities and claim costs.

Insurance revenue
Insurance revenue is comprised of Schedule 1 premiums expected to be received during the coverage period. Insurance revenue is recognized by allocating Schedule 1 premiums to each reporting period on the basis of the passage of time, which is the coverage period of one year.

Insurance service expenses
Insurance service expenses are comprised of fulfillment cash flows that are included within the boundary of the WSIB’s insurance contracts. These include payments to (or on behalf of) a policyholder, claims handling costs, policy administration and maintenance costs, and an allocation of fixed and variable overhead costs. These overhead costs are allocated to the WSIB’s insurance contracts using methods that are systematic and rational, and are consistently applied to all costs that have similar characteristics.

Insurance finance income (expense)
Insurance finance income or expense is comprised of the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

The WSIB presents the changes in time value of money in insurance finance income (expense) on the consolidated statements of comprehensive income.

Onerous contracts
An insurance contract is onerous at the date of initial recognition if the fulfillment cash flows allocated to the contract result in a total net outflow. IFRS 17 *Insurance Contracts* (“IFRS 17”) requires entities to distinguish groups of insurance contracts expected to be onerous from those insurance contracts that are not.

Under the PAA, contracts are deemed not onerous unless facts and circumstances indicate otherwise. If the groups of contracts are deemed onerous at initial recognition, the WSIB recognizes a corresponding liability (loss component) to reflect the expected net outflow as applicable, and the related loss is recognized in the period it arises immediately.

(millions of Canadian dollars)

The WSIB has developed a methodology to identify the indicators of possible onerous contracts and to determine the onerous loss component at the Schedule 1 employer level. Subsequent to initial recognition, the loss component is amortized through net income (insurance service expenses) over the coverage period such that the onerous loss liability will be nil at the end of the coverage period and a new onerous loss liability pertaining to the following premium year will be recognized in the year-end consolidated financial statements.

Use of estimates and judgements within insurance contracts:

Estimates of future cash flows

Cash flows within the boundary of an insurance contract relate directly to the fulfillment of the contract, including those for which the WSIB has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, and other costs that are incurred in fulfilling contracts.

The WSIB's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario are discounted and weighted by the estimated probability of that outcome to derive an expected present value. In estimating future cash flows, the WSIB incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events.

Discount rate

Cash flows for liabilities for incurred claims are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. The WSIB uses the hybrid bottom-up approach to determine a liquidity premium over risk-free rates based on the market spread of an asset reference portfolio adjusted to remove the credit losses and to account for the difference in liquidity between the asset reference portfolio and the insurance contract. The WSIB has determined a portfolio of credit rating A corporate bonds to be an appropriate reference portfolio for the insurance contract liabilities.

The annual spot rates applied for discounting of future cash flows are listed below:

	Annual spot rates	
Year	**2023**	**2022**
1	5.39%	5.61%
2	5.06%	5.42%
3	4.86%	5.28%
4	4.78%	5.20%
5	4.75%	5.15%
10	4.79%	5.20%
15	4.88%	5.38%
20	4.91%	5.45%
30	4.78%	5.04%
50	4.97%	5.10%
Single-equivalent rate[1]	**4.86%**	**5.26%**

1. Single-equivalent is a derived spot rate that allows for the comparison or aggregation of cash flows that occur at different points in time.

Risk adjustment for non-financial risk
The risk adjustment for non-financial risk is applied to the discounted cash flows and reflects the compensation the WSIB requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the WSIB fulfills insurance contracts. Due to the not-for-profit nature of the WSIB's operations, the WSIB does not require compensation for bearing uncertainty from any non-financial risk. Therefore, the WSIB's risk adjustment is determined to be de minimis and corresponds to a 50% confidence level.

Employee benefit plans

The EPP is a defined benefit pension plan that is jointly sponsored by the WSIB and the Ontario Compensation Employees Union. A Board of Trustees, known as WISE Trust, administers the EPP.

The WSIB also sponsors a supplemental defined benefit pension plan and other benefits. Other benefits include post-retirement benefits for health, dental, vision and life insurance benefits and other employment benefits for disability income, vacation and attendance programs. Refer to note 16 for more information on these plans.

The cost of employee benefit plans is recognized as the employees provide services to the WSIB. The obligations for these plans are measured as the present value of the employee benefit obligations less the fair value of plan assets and are included in the employee benefit plans liability. The employee benefit plans liability represents the combined deficit of the plans at the reporting date.

The cost of the employee benefit plans is actuarially determined using the projected unit credit method and includes management's estimates and assumptions of compensation increases, health care cost trend rates, mortality, retirement ages of employees, and discount rates. The discount rate used to value the obligations is based on high-quality corporate bonds that have approximately the same term as the obligation. These estimates are reviewed annually with the WSIB's external actuaries. Changes in these estimates may have an impact on the employee benefit plans liability and total comprehensive income.

The changes in the employee benefit obligations and plan assets are recognized when they occur as follows:

(a) Service costs and the net interest cost are recognized in administration and other expenses; and

(b) Remeasurements and actual experience that differs from assumptions that result in actuarial gains or losses are recognized in other comprehensive income.

Property, equipment and intangible assets

Property, equipment and intangible assets are measured at cost less accumulated depreciation and amortization and any accumulated impairment losses. When significant components of an item of property and equipment have different useful lives, they are accounted for as separate items.

Intangible assets include both internally developed and acquired software. Development costs associated with internally developed software are recognized as an intangible asset when certain criteria are met. The criteria to capitalize development costs include the WSIB's intention and ability to complete the development of the software from which it is probable the WSIB will generate future economic benefits.

Depreciation of property and equipment and amortization of intangible assets are included in administration and other expenses on the consolidated statements of comprehensive income. Property, equipment and intangible assets are depreciated and amortized on a straight-line basis over their estimated useful lives as follows:

Land	Not depreciated
Buildings	
Primary structure	50 – 60 years
Components with different useful lives	10 – 30 years
Leasehold improvements	Lesser of the lease term or 10 years
Office and computer equipment	3 – 5 years
Intangible assets	3 – 8 years

Impairment on property, equipment and intangible assets

The WSIB evaluates its property, equipment and intangible assets for indicators of impairment such as obsolescence, redundancy, deterioration, loss or reduction in future service potential, or when there is a change in intended use at each reporting period. If there are indicators that an asset may be impaired, an impairment test is performed by comparing the asset's carrying value to its recoverable amount. An impairment charge is recorded to the extent that the recoverable amount is less than its carrying value. If an impairment is later reversed, the carrying amount of the asset is adjusted to the lower of the asset's recoverable amount and the carrying amount that would have been determined (net of depreciation) had there been no prior impairment loss.

Schedule 2 employer administration fees

Schedule 2 employers are employers that self-insure the provision of benefits under the WSIA. Schedule 2 employers are liable to pay all benefit compensation and administration costs for their workers' claims.

The WSIB administers the payment of the claims for workers of Schedule 2 employers and recovers the cost of these claims plus administration fees from the employers. The administration fees are recognized as the services are provided. The claims paid on behalf of Schedule 2 employers and the amounts collected to recover the claims paid are not included in the WSIB's revenues or expenses.

Administration fees from Schedule 2 employers are included in other income.

Legislated obligations and funding commitments

(a) Legislated obligations

The WSIB is required to make payments to defray the cost of administering the *Occupational Health and Safety Act* (the "OHSA") and the regulations made under the OHSA. The WSIB is also required to pay for the operating costs of the Workplace Safety and Insurance Appeals Tribunal ("WSIAT") and the costs that may be incurred by the Office of the Worker Adviser and the Office of the Employer Adviser. The expenses related to these legislated obligations are recognized as an expense in the period to which the funding relates.

(b) Funding commitments

The WSIB provides grant funding to carry on investigations, research and training. The expenses related to these funding commitments are included in the legislated obligations and funding commitments expense and are recognized as an expense in the period to which the funding relates.

(c) Voluntary employer health and safety recognition programs

The WSIB provides financial incentives to Schedule 1 employers who undertake specific measures to improve workplace health and safety. The cost of these incentive programs is recognized as an expense in legislated obligations and funding commitments in the period the measures are undertaken by the employer.

Leases

A lease is a contract, or part of a contract, that conveys the right to an asset for a period of time in exchange for consideration. The WSIB can either be a lessor or a lessee. Upon lease commencement, the WSIB as a lessee recognizes a right-of-use ("ROU") asset and a lease liability. The WSIB has commercial lease agreements relating to Simcoe Place land, office premises, leases relating to investment properties, and computer equipment.

The ROU assets are initially measured based on the present value of lease payments, plus other adjustments including initial direct costs, lease incentives, and an estimate of asset retirement costs to be incurred by the WSIB at the end of the lease. The ROU assets are included in property, equipment and intangible assets or investment properties for leases relating to investment properties. The ROU assets are depreciated over either the asset's useful life or the lease term, whichever comes earlier, and are subject to testing for impairment if there is an indicator for impairment. In addition, ROU assets related to investment properties are included in investment properties and are measured at fair value at each reporting period, with changes in fair value recognized as investment income or loss, as applicable, during the period in which they arise.

The lease liability is measured at the present value of lease payments that are outstanding as at the reporting period and subsequently measured using the effective interest method. With the effective interest method, the carrying amount of the lease liability is measured on an amortized cost basis and the interest expense is allocated over the lease term. Lease liabilities are included in long-term debt and lease liabilities.

For leases where the total lease term is less than 12 months or for leases of low value, the WSIB has elected not to recognize an ROU asset and lease liability. The expenses for such leases are recognized in administration and other expenses on a straight-line basis over the term of the lease.

For leases where the WSIB acts as a lessor, the WSIB assesses whether the lease is classified as a finance or operating lease. WSIB leases are all classified as operating leases. Income generated from operating leases is recognized into income on a straight-line basis.

3. Changes in accounting policies

Standards and amendments adopted during the current year

(a) IFRS 17 *Insurance Contracts*

In these consolidated financial statements, the WSIB has applied IFRS 17 for the first time. IFRS 17 replaces the guidance in IFRS 4 *Insurance Contracts* and establishes a comprehensive principles-based framework for the recognition, measurement and presentation of insurance contracts for annual periods beginning on or after January 1, 2023. The WSIB has applied the full retrospective approach on transition to IFRS 17 as of January 1, 2022, and as a result, all comparative information has been restated.

Impact of transition to IFRS 17

On adoption of IFRS 17 on January 1, 2022, the WSIB's net assets decreased by approximately $4,627 as a result of the change in discount rates and the recognition of the onerous loss liability.

The changes to the classification, measurement, presentation and disclosure of insurance results in the WSIB's consolidated financial statements are summarized as follows:

Notes to the Consolidated Financial Statements
December 31, 2023
(millions of Canadian dollars)

Changes to classification and measurement

The adoption of IFRS 17 did not change the classification of the WSIB's insurance contracts. However, IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued as detailed in note 2 above.

The table below reconciles the WSIB's benefit liabilities as at December 31, 2022, as previously reported in the WSIB's annual audited consolidated financial statements, to the liabilities for incurred claims under IFRS 17 as at December 31, 2022.

	December 31 2022
Benefit liabilities as at December 31, 2022 (as previously reported)	27,570
Impact of IFRS 17 adoption due to new measurement methodology	(1,300)
Impact of IFRS 17 adoption due to reclassification of insurance related payables	90
Liabilities for incurred claims as at December 31, 2022	**26,360**

Changes to presentation and disclosure

The most significant change on the consolidated statements of financial position compared with last year is that benefit liabilities are presented as insurance contract liabilities under IFRS 17 and are comprised of:

- Benefit liabilities measured using the new discount rate methodology;
- Onerous loss liability;
- Insurance related payables reclassified from payables and other liabilities (together with benefit liabilities referred to as liabilities for incurred claims); and
- Insurance related receivables reclassified from receivables and other assets (together with onerous loss liability referred to as liabilities for remaining coverage).

The item descriptions on the consolidated statements of comprehensive income have changed significantly. Previously, the WSIB reported the following line items: premium revenue, claim payments, and change in actuarial valuation of benefit liabilities. IFRS 17 requires separate presentation of:

- Insurance revenue: composed of premiums from Schedule 1 employers. Administration fees from Schedule 2 employers fall outside the scope of IFRS 17 and are presented as other income.
- Insurance service expenses: composed of incurred claims (excluding investment components) and other directly attributable insurance service expenses, losses on onerous contracts and reversals of those losses, and changes in liabilities for incurred claims.
- Insurance finance income or expense: composed of changes in the liabilities for incurred claims due to changes in the discount rate and interest accretion.

The table below reconciles the WSIB's assets and liabilities as at December 31, 2021, as previously disclosed in the WSIB's annual audited consolidated financial statements, to the WSIB's restated assets and liabilities on initial application of IFRS 17 on January 1, 2022.

(millions of Canadian dollars)

		Impact of IFRS 17		
As at January 1, 2022	**IFRS 4**	**Presentation[1]**	**Measurement[2]**	**IFRS 17**
Total assets	40,532	(446)	-	40,086
Total liabilities	32,517	(446)	4,627	36,698
Net assets attributable to WSIB stakeholders	7,261	-	(4,627)	2,634
Non-controlling interests	754	-	-	754

1. Due to the reclassification of insurance related receivables and payables to insurance contract liabilities
2. Due to new measurement methodology prescribed by IFRS 17

(b) IFRS 9 *Financial Instruments*

In these annual consolidated financial statements, the WSIB has applied IFRS 9 effective January 1, 2023, as permitted under the June 2020 amendments to IFRS 4. IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39") and includes guidance on the classification and measurement of financial instruments, impairment of financial assets, and hedge accounting. The measurement of the WSIB's financial liabilities remains the same upon transition to IFRS 9.

Changes to classification and measurement

The IAS 39 measurement categories for financial assets at fair value through profit or loss, available for sale, held-to-maturity and loans and receivables at amortized cost have been replaced by (i) amortized cost, (ii) FVOCI, and (iii) FVTPL under IFRS 9. Please refer to note 2 for the WSIB's accounting policy on financial instruments under IFRS 9.

The adoption of IFRS 9 did not have a significant impact on the WSIB's annual consolidated financial statements as most of the WSIB's financial instruments continue to be measured at FVTPL and the WSIB has no financial assets that are classified as FVOCI. Based on the new classification categories, the WSIB's investment receivables and securities purchased under resale agreements are classified as amortized cost; however, there is no change in measurement.

Changes to subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost;
- Financial assets at FVOCI, with gains or losses recycled to profit or loss on derecognition;
- Financial assets designated as FVOCI, with no recycling of gains or losses to profit or loss on derecognition; and
- Financial assets at FVTPL.

Please refer to note 2 for details on these categories.

Changes to the impairment calculation

The new forward-looking ECL model introduced by IFRS 9 replaces the "incurred loss" model under IAS 39 for the recognition and measurement of impairment on all financial instruments not measured at fair value. The adoption of the new ECL model is applied prospectively; however, it does not have a significant impact on the WSIB's financial assets classified as amortized cost as their carrying value approximates their fair value (which takes into consideration future credit losses) due to their short-term nature. Please refer to note 2 for impairment considerations for each asset class.

(millions of Canadian dollars)

Changes to presentation and disclosure

As the impact of IFRS 9 is not significant to the WSIB, there are no material changes to presentation and disclosure.

Transition

The transition to IFRS 9 is applied retrospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. As IFRS 9 does not have a significant impact on the financial statements of the WSIB, the WSIB has chosen not to restate the prior periods.

(c) *Amendments* to IAS 1 *Presentation of Financial Statements* ("IAS 1")

In February 2021, the IASB issued amendments to IAS 1, which require the disclosure of material accounting policies instead of significant accounting policies. The amendments are effective for annual periods beginning on or after January 1, 2023. The adoption of these amendments did not have a significant impact on the WSIB's annual consolidated financial statements.

(d) *Amendments* to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* ("IAS 8")

In February 2021, the IASB issued amendments to IAS 8, which clarify the definition of accounting estimates and that a change in accounting estimates resulting from new information or new developments is not the correction of an error. The amendments are effective for annual periods beginning on or after January 1, 2023. The adoption of these amendments did not have a significant impact on the WSIB's annual consolidated financial statements.

4. Cash and cash equivalents

Highly liquid investments are considered to be cash equivalents. Cash and cash equivalents are comprised of the following:

	2023	**2022**
Cash	95	256
Short-term money market securities	204	384
Restricted cash[1]	36	24
Total cash and cash equivalents	**335**	**664**

1. The restricted cash balance consists of funds received from the Government of Ontario for the purposes of administering the COVID-19 Worker Income Protection Benefit Program on behalf of the Government of Ontario.

As at December 31, 2023, the WSIB held $335 (2022 – $664) of cash and cash equivalents, of which $103 (2022 – $127) was maintained for operating purposes and $232 (2022 – $537) was maintained for investing purposes.

5. Receivables and other assets

Receivables and other assets are comprised of the following:

	2023	**2022** ***restated***
Investment receivables	308	208
Other assets	132	88
Total receivables and other assets	**440**	**296**

6. Fair value measurement and disclosures

Fair value hierarchy

The WSIB uses a fair value hierarchy to categorize the inputs used in valuation techniques to estimate the fair values of assets and liabilities.

The table below provides a general description of the valuation methods used for fair value measurements.

Hierarchy level	Valuation methods
Level 1	Fair value is based on unadjusted quoted market prices in active markets for identical assets or liabilities that the WSIB has the ability to access at the measurement date.
Level 2	Fair value is based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or model inputs that are either observable or can be corroborated by observable market data for the assets or liabilities.
Level 3	Fair value is measured using significant non-market observable inputs. These include valuations for assets and liabilities that are derived using information, some or all of which are not market-observable, as well as assumptions about risk.

Measurements of the fair value of an asset or liability may use multiple inputs that are categorized in different levels of the fair value hierarchy. In these cases, the asset or liability is classified in the hierarchy level of the lowest level input that is significant to the measurement.

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The following table provides the fair value hierarchy classifications for assets and liabilities:

	December 31, 2023				December 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets and liabilities measured at fair value								
Cash and cash equivalents[1]	131	204	-	**335**	280	384	-	**664**
Public equity investments								
Public equity pooled funds[2]	-	9,728	-	**9,728**	-	9,999	-	**9,999**
Public equity securities	1	-	-	**1**	1	-	-	**1**
Fixed income investments	-	9,057	-	**9,057**	-	8,773	-	**8,773**
Derivative assets	14	223	-	**237**	-	47	-	**47**
Investment properties[3]	-	-	620	**620**	-	-	653	**653**
Other invested assets								
Private market pooled funds[4]	-	-	10,221	**10,221**	-	-	7,070	**7,070**
Other private market investments	-	85	4,483	**4,568**	-	-	5,782	**5,782**
Derivative liabilities	(2)	(22)	-	**(24)**	(8)	(51)	-	**(59)**
Loss of Retirement Income Fund liability (note 15)	-	-	(1,898)	**(1,898)**	-	-	(1,874)	**(1,874)**
Assets and liabilities for which fair value is disclosed								
Long-term debt[5]	-	(65)	-	**(65)**	-	(64)	-	**(64)**

1. The carrying amount of cash and cash equivalents approximates its fair value.
2. The WSIB owns units of pooled funds that hold investments in public equity securities.
3. Investment properties include a right-of-use asset of $7 (2022 – $9).
4. The WSIB owns units of pooled funds that hold investments in private market investments.
5. Carrying amount as at December 31, 2023 was $70 (2022 – $70).

Transfers between levels within the hierarchy are recognized at the end of the reporting period.

During the years ended December 31, 2023 and December 31, 2022, there were no transfers between levels within the hierarchy.

Investment Management Corporation of Ontario (“IMCO”) launched the IMCO Global Credit Pool (“Global Credit Pool”) during the year ended December 31, 2023. Pooled investments are part of IMCO’s Pooled Asset Management strategy, which enables IMCO’s clients to “pool” the management of their investments.

The WSIB participated in the Global Credit Pool, contributing assets previously presented in the fixed income investments line at Level 2 and in the other private market investments line at Level 3. The WSIB’s investment in the Global Credit Pool is recorded as private market pooled funds within other invested assets in the consolidated statements of financial position. The WSIB’s contributions of investments into these pools were at fair value and were recorded as non-cash transactions.

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Level 3 fair value measurements

The following tables provide reconciliations of assets included in Level 3 of the fair value hierarchy:

For the year ended December 31, 2023	Other invested assets: Private market pooled funds	Other invested assets: Other private market investments	Subtotal	Investment properties	Total
Balance as at January 1, 2023	7,070	5,782	12,852	653	13,505
Reclassification upon adoption of IFRS 9[1]	-	33	33	-	33
Net gains (losses) recognized in net investment income (loss)	337	(18)	319	(62)	257
Translation losses recognized in other comprehensive income (loss)	-	(6)	(6)	-	(6)
Purchases	3,024	1,276	4,300	24	4,324
Sales	(882)	(1,912)	(2,794)	(7)	(2,801)
Capital expenditures	-	-	-	12	12
Other[2]	672	(672)	-	-	-
Balance as at December 31, 2023	**10,221**	**4,483**	**14,704**	**620**	**15,324**
Changes in unrealized gains (losses) included in income (loss) for positions still held	**185**	**(39)**	**146**	**(58)**	**88**

1. Certain reclassifications have been made upon adoption of IFRS 9.
2. This amount includes certain transfers of private market assets into the Global Credit Pool.

For the year ended December 31, 2022	Other invested assets: Private market pooled funds	Other invested assets: Other private market investments	Subtotal	Investment properties	Total
Balance as at January 1, 2022	2,544	6,370	8,914	651	9,565
Net gains (losses) recognized in net investment income (loss)	74	473	547	(50)	497
Translation gains recognized in other comprehensive income (loss)	-	13	13	-	13
Purchases	4,553	3,010	7,563	10	7,573
Sales	(101)	(4,084)	(4,185)	-	(4,185)
Capital expenditures	-	-	-	42	42
Balance as at December 31, 2022	**7,070**	**5,782**	**12,852**	**653**	**13,505**
Changes in unrealized gains (losses) included in income (loss) for positions still held	**72**	**(151)**	**(79)**	**(50)**	**(129)**

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The following table summarizes the valuation methods and quantitative information about the significant unobservable inputs used in Level 3 financial instruments:

	Valuation methods	Key unobservable inputs	2023 Range of inputs Low	2023 Range of inputs High	2022 Range of inputs Low	2022 Range of inputs High
Private market pooled funds	Net asset value	Net asset value provided by manager	n/a	n/a	n/a	n/a
Other private market investments	Net asset value	Net asset value provided by manager	n/a	n/a	n/a	n/a
	Discounted cash flow and market comparable	Discount rate	5.5%	7.5%	5.4%	8.3%
		Terminal capitalization rate	4.9%	6.0%	4.8%	8.0%
Investment properties	Discounted cash flow and market comparable	Discount rate	7.0%	9.0%	5.3%	8.8%
		Terminal capitalization rate	5.8%	7.8%	5.0%	7.8%
Loss of Retirement Income Fund liability	Net asset value	Net asset value provided by administrator	n/a	n/a	n/a	n/a

Sensitivity of Level 3 financial instruments

Fair values of private market pooled funds are based on unit prices provided by investment managers, which are based on net asset values of underlying investments.

Fair values of other private market investments are based on valuations obtained from investment managers. The valuations obtained from investment managers are based on net asset values, comparable transactions in the market or discounted cash flow models using unobservable inputs such as discount rates, terminal values and expected future cash flows. Holding other factors constant, an increase to terminal values or expected future cash flows would tend to increase the fair value, while an increase in the discount rate would have the opposite effect.

Fair values of investment properties are obtained from qualified appraisers who apply a discounted cash flow model to determine property values. The valuation technique is applied consistently unless another valuation technique (e.g., sale price) is a better representative of fair value. Key unobservable inputs include discount and terminal capitalization rates, projected rental income and expenses, inflation rates and vacancy rates. Holding other factors constant, an increase to projected rental income would increase the fair values, while an increase in the inputs for the discount rates and terminal capitalization rates would have the opposite effect.

The fair value of the Loss of Retirement Income Fund liability is determined based on the fair values of the underlying assets included in the Loss of Retirement Income Fund. The method of determining the fair value of those assets is consistent with the approach used by the WSIB and described herein.

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The WSIB has not applied another reasonably possible alternative assumption to the significant Level 3 categories as the net asset values and appraised fair values are provided by the investment managers and other third-party appraisers.

7. Transferred financial assets not derecognized

Securities lending

The WSIB participates in a securities lending program through an intermediary for the purpose of generating fee income. Non-cash collateral, the fair value of which represents at least 102% of the fair value of the loaned securities, is maintained until the underlying securities have been returned to the WSIB. The fair value of the loaned securities is monitored on a daily basis by an intermediary financial institution with additional collateral obtained or refunded as the fair value of the underlying securities fluctuates. The intermediary indemnifies the WSIB against any shortfalls in collateral in the event of default by the counterparty. These transactions are conducted under terms that are usual and customary to security lending activities, as well as requirements determined by exchanges where a financial institution acts as an intermediary.

Under the terms of the securities lending program, the WSIB retains substantially all the risks and rewards of ownership of the loaned securities and also retains contractual rights to the cash flows. These securities are not derecognized from the consolidated statements of financial position.

As at December 31, 2023, the fair value of investments loaned under the securities lending program was $3,239 (2022 – $3,045) and the fair value of securities maintained as collateral was approximately $3,487 (2022 – $3,278).

Repurchase agreements

The WSIB enters into repurchase agreements, which represent short-term funding transactions where the WSIB sells securities and subsequently repurchases them at a specified price on a specified date in the future. The fair value of the collateralized securities and margin requirements are monitored on a daily basis by WSIB's investment manager, IMCO, with additional collateral obtained or refunded as the fair value of the underlying securities fluctuates, minimizing shortfalls. These securities, for which the WSIB retains substantially all the risks and rewards and continues to recognize on the consolidated statements of financial position, form the collateral for the WSIB's obligation to repurchase them. The repurchase agreement transactions are conducted under terms that are usual and customary.

As at December 31, 2023, the net carrying amount of financial assets pledged as collateral was $1,751 (2022 – $1,082), which represents their fair value. For any collateral pledged, the counterparty has the right to re-pledge, loan, or use it under repurchase agreements in the absence of default by the owner of the collateral.

8. Derivative financial instruments

Derivatives are financial contracts whose value is derived from, referenced to or based on an underlying interest, which may include stocks, bonds, interest rates, currencies and market indices. Across the WSIB's portfolios, derivatives are primarily used in hedging investment risks, including liquidity, credit, market, interest rate or currency risk; altering the risk and return profile of investments; improving efficiency of achieving investment objectives; and creating unique risk and return payoffs.

Forward contracts and futures agreements are contractual obligations to buy or sell a financial instrument or foreign currency on a predetermined future date at a specific price. Forward contracts are over-the-counter contracts that are negotiated between IMCO, on behalf of the WSIB, and the counterparty, whereas futures are contracts that are traded on a regulated exchange with standard amounts and settlement dates.

Some derivatives are collateralized with cash and treasury bills. As at December 31, 2023, the fair value of the securities maintained as collateral was approximately $11 (2022 – $29).

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Certain derivative assets and derivative liabilities are subject to netting arrangements but do not meet the criteria to be presented on a net basis. As such, the derivative assets and derivative liabilities are presented separately in the consolidated statements of financial position.

The WSIB does not designate any of the derivatives in a qualifying hedge accounting relationship but uses derivatives for economic hedging purposes. The notional amounts in the table below are not recorded as assets or liabilities in the WSIB's annual consolidated financial statements as they represent the reference amounts to which a rate or a price is applied to determine the amount of cash flows to be exchanged. Notional amounts do not represent the potential gains or losses associated with market risks and are not indicative of the credit risks associated with derivative financial instruments.

The notional amounts and the fair values of the derivative assets and derivative liabilities as at December 31 are as follows:

	2023			2022		
		Fair value			Fair value	
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Forward exchange contracts	14,905	223	22	20,912	47	51
Fixed income futures	112	5	-	268	-	6
Equity index futures	248	9	-	163	-	-
Foreign currency futures	230	-	2	346	-	2
Total	**15,495**	**237**	**24**	**21,689**	**47**	**59**

9. Interests in structured entities

A structured entity is an entity that is designed whereby voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created with a narrow and well-defined objective with relevant activities being directed by means of contractual arrangements. The WSIB has an interest in a structured entity when there is a contractual or non-contractual involvement that exposes the WSIB to variable returns from the structured entity. The WSIB consolidates a structured entity when the WSIB controls the entity in accordance with the accounting policy described in note 2. The WSIB's consolidated structured entities are private market investments in the investment portfolios where the WSIB has substantive rights to direct relevant activities of the entity to affect the variable returns the WSIB is exposed to. Consolidated subsidiaries are detailed further in note 18. The WSIB also has interests in structured entities that are joint ventures and associates, which are detailed further in note 10. The WSIB's maximum exposure to loss related to its interests in structured entities is limited to the amounts presented on the WSIB's consolidated statements of financial position.

(millions of Canadian dollars)

10. Joint arrangements and associates

Investments in joint arrangements and associates, accounted for under the equity method, that are considered material to the consolidated financial statements as at December 31, 2023 have been disclosed separately below.

The following table summarizes the carrying value of the WSIB's interests in joint ventures and associates.

	2023	2022
Vancouver properties	832	926
Associates	600	294
Other joint ventures	1,285	1,156
Total	**2,717**	**2,376**

Vancouver properties

On February 1, 2017, the WSIB and a third party jointly purchased a 50% interest in a portfolio of retail and office properties in downtown Vancouver (the "Vancouver properties"). The WSIB accounts for this investment using the equity method of accounting and holds it for investment purposes to earn rental income and capital appreciation.

Summarized financial information of the Vancouver properties, based on their IFRS financial statements, and reconciliation with the carrying amount of the investment in the annual consolidated financial statements as at December 31 are set out below:

	2023	2022
Current assets	12	11
Non-current assets	1,695	1,875
Current liabilities	(37)	(28)
Non-current liabilities	(5)	(5)
Net assets	**1,665**	**1,853**
WSIB's share of net assets	**832**	**926**

The above amounts of assets and liabilities include the following:

	2023	2022
Cash and cash equivalents	6	5
Current financial liabilities (excluding trade and other payables)	(2)	(2)
Non-current financial liabilities (excluding trade and other payables)	(5)	(5)

Summarized below is the statement of comprehensive loss of the Vancouver properties:

	2023	2022
Income	161	142
Losses from decreases in fair values	(202)	(328)
Expenses	(59)	(58)
Total comprehensive loss	**(100)**	**(244)**
WSIB's share of total comprehensive loss	**(50)**	**(122)**

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The Vancouver properties have no contingent liabilities or capital commitments as at December 31, 2023 (2022 – nil). During 2023, the WSIB received dividends from the Vancouver properties of $56 (2022 – $44).

Investments in other joint arrangements and associates

The following table summarizes the carrying value of the WSIB's interests in other joint arrangements and associates that are not individually material as well as the WSIB's share of income (loss) of those entities.

	Associates		Joint ventures		Joint operations	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
WSIB's share of net assets[1]	**600**	**294**	**1,285**	**1,156**	**160**	**203**
WSIB's share of:						
Net income (loss)	32	66	(70)	(55)	(16)	(30)
Other comprehensive income (loss)	(6)	6	(26)	55	-	-
Net impairment reversal[2]	-	-	-	7	-	-

1. In 2023, investments in other joint arrangements and associates of $74 were transferred into the Global Credit Pool. Refer to note 6 for details.
2. No impairment losses or impairment reversals were recorded on investments during the year ended December 31, 2023. During the year ended December 31, 2022, the WSIB recorded an impairment loss of $9 related to certain of its investments in associates and joint ventures as a result of poor macroeconomic conditions and an impairment reversal of $16 as a result of a favourable change in the estimate used to determine the recoverable amount of its investments.

11. Risk management

The WSIB is exposed to a number of risks and uncertainties related to its financial instruments and insurance contract liabilities. Refer to note 16 for the risks related to employee benefit plans.

Investment risk

The Board of Directors of the WSIB has established Statements of Investment Policies and Procedures ("SIPPs"), which establish the policies governing the WSIB's investment portfolio. The WSIB's investment portfolio is diversified amongst various investment asset classes in accordance with the SIPPs. The WSIB manages investment risk as follows:

- Conducting periodic asset-liability studies to ensure that the long-term investment objective, policy asset mix, and other provisions of the SIPPs remain relevant in the context of the WSIB's risk appetite, benefit liabilities, premium rate levels, and capital market assumptions;
- Monitoring IMCO's performance;
- Monitoring the capital markets and assessing actual investment performance relative to the WSIB's long-term investment return objective and policy asset mix; and
- Managing other financial risks that could impact revenues, specifically liquidity risk, credit risk and market risk. These risks are discussed below.

(millions of Canadian dollars)

Liquidity risk

Liquidity risk is the risk that the WSIB will encounter difficulty in meeting payment obligations when due through operational cash flows or sales of financial assets without incurring a financial loss. This risk is mitigated by:

- Monitoring and assessing operational cash flows and payment obligations and ensuring funds are available at appropriate times;
- Maintaining a portion of the WSIB's investments in high-quality, government fixed income securities as well as cash and money market securities;
- Appointing IMCO to manage the WSIB's repurchase agreements, including monitoring of liquidity requirements and availability of liquid assets; and
- Maintaining a $150 unsecured credit facility.

As at December 31, 2023, 53.2% (2022 – 56.6%) of the WSIB's investment portfolio was invested in cash and readily marketable money market securities, fixed income investments and publicly traded equities.

The following tables provide the carrying values of all financial instruments by contractual maturity or expected cash flow:

	Within 1 year	1 – 5 years	5 – 10 years	Over 10 years	No fixed maturity	2023
Cash and cash equivalents	335	-	-	-	-	**335**
Investment receivables	293	15	-	-	-	**308**
Public equity investments	-	-	-	-	9,729	**9,729**
Fixed income investments	545	1,136	916	6,414	46	**9,057**
Derivative assets	237	-	-	-	-	**237**
Other invested assets	-	-	-	-	14,789	**14,789**
Investment payables	(45)	-	-	-	-	**(45)**
Administration payables	(161)	-	-	-	-	**(161)**
Derivative liabilities	(24)	-	-	-	-	**(24)**
Securities sold under repurchase agreements	(1,744)	(7)	-	-	-	**(1,751)**
Long-term debt	-	(70)	-	-	-	**(70)**
Loss of Retirement Income Fund liability	-	-	-	-	(1,898)	**(1,898)**

	Within 1 year	1 – 5 years	5 – 10 years	Over 10 years	No fixed maturity	2022
Cash and cash equivalents	664	-	-	-	-	**664**
Investment receivables	175	33	-	-	-	**208**
Public equity investments	-	-	-	-	10,000	**10,000**
Fixed income investments	275	1,166	1,431	5,849	52	**8,773**
Derivative assets	47	-	-	-	-	**47**
Other invested assets	-	-	-	-	12,852	**12,852**
Investment payables	(70)	-	-	-	-	**(70)**
Administration payables	(158)	-	-	-	-	**(158)**
Derivative liabilities	(59)	-	-	-	-	**(59)**
Securities sold under repurchase agreements	(1,082)	-	-	-	-	**(1,082)**
Long-term debt	-	(70)	-	-	-	**(70)**

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Loss of Retirement Income Fund liability	-	-	-	-	(1,874)	**(1,874)**

The liquidity risk of insurance contract liabilities is discussed in note 17.

The WSIB maintains and uses a $150 unsecured line of credit with a commercial bank for general operating purposes. As at December 31, 2023, $5 was borrowed under this credit facility (2022 – nil).

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The WSIB is exposed to credit risk in several ways including:

- Risk that the WSIB's fixed income investments may become impaired;
- Counterparty risk relating to the WSIB's securities lending, repurchase agreements, foreign currency hedging and derivatives in various asset classes, and annuity agreements; and
- Risk due to Schedule 1 employers not settling their premiums receivable and Schedule 2 employers not reimbursing the WSIB for their respective claim costs.

The WSIB manages its credit risk by:

- Allocating a predominant component of fixed income assets to investments in high-quality government bonds;
- Appointing an experienced agent to manage the securities lending program including the management of borrower credit risk through daily marking-to-market and full collateralization with an additional margin for safety, and receiving an indemnity from the financial institution that manages the securities lending program;
- Appointing IMCO to manage the WSIB's repurchase agreements, including ensuring the repurchase agreements entered into by the WSIB are diversified across a minimum number of highly rated counterparties;
- Minimum requirements for counterparties' credit ratings, diversification of counterparties, and monitoring of counterparties and exposures; and
- Monitoring premiums receivable from Schedule 1 employers and holding collateral from some Schedule 2 employers in the form of either letters of credit issued by highly rated financial institutions or surety bonds issued by highly rated insurance companies.

(a) Fixed income investments

The WSIB's fixed income investments consist primarily of high-quality, investment-grade debt instruments. An investment-grade debt instrument is one that is rated BBB and above.

The following table provides information regarding the credit rating of the WSIB's fixed income securities:

	2023		2022[1]	
AAA	3,206	35.4%	3,396	38.7%
AA	5,484	60.5%	3,674	41.9%
A	367	4.1%	591	6.7%
BBB	-	-	312	3.6%
BB	-	-	449	5.1%
B or lower	-	-	315	3.6%
Not rated	-	-	36	0.4%
Total fixed income investments	**9,057**	**100.0%**	**8,773**	**100.0%**

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1. Certain comparative amounts have been reclassified to be consistent with the current year's presentation.

Credit risk associated with fixed income investments also includes concentration risk. Concentration risk arises from the exposure of investments from one particular issuer, a group of issuers, a geographic region, or a sector. These groups share similar characteristics such as type of industry, regulatory compliance, and economic and political conditions, which may impact the issuers' ability to meet their contractual commitments.

The WSIB manages concentration risk through its diversified mix of assets and a limit of 5% of the fair value of the investment portfolio that may be invested in the securities of a single non-government issuer at the time of acquisition of an investment. There are further limits in place across geographic regions, sectors, credit ratings, and investment vehicles to prevent concentration risks.

The following table provides information regarding the concentration of fixed income investments:

	2023		2022	
Federal government and agencies	4,802	53.0%	3,309	37.7%
Provincial and municipal governments and agencies	3,960	43.7%	3,892	44.4%
Utilities and telecommunications	145	1.6%	220	2.5%
Financial services	133	1.5%	367	4.2%
Industrial products	17	0.2%	296	3.4%
Consumer products and merchandising	-	-	229	2.6%
Other[1]	-	-	460	5.2%
Total fixed income investments	**9,057**	**100.0%**	**8,773**	**100.0%**

1. Includes sectors having a total exposure of less than 2%.

(b) Securities lending program and repurchase agreements

Counterparty risk relating to the securities lending program is managed by an intermediary financial institution in accordance with a written agreement, investment policy and procedures on securities lending. Non-cash collateral is comprised primarily of government bonds and major bank short-term notes. Counterparty risk relating to repurchase agreements is managed by IMCO, who works with an intermediary financial institution to manage all aspects of the program, including exchanging collateral to minimize counterparty exposure where necessary. Refer to note 7 for further details.

(c) Receivables from Schedule 1 and Schedule 2 employers

Credit risk associated with premiums receivable related to Schedule 1 employers is mitigated through risk management policies and procedures, which include close monitoring of premium payment status and follow-up measures with the employer. The premiums receivable, which is recorded within the liability for remaining coverage, are measured based on the cash flows expected to be received.

Credit risk related to receivables from Schedule 2 employers is mitigated by holding collateral in the form of letters of credit and surety bonds. At December 31, 2023, the WSIB held collateral in the total amount of $269 (2022 – $268) with Schedule 2 employers.

Market risk

There are three types of market risk to which the WSIB is exposed:

- Currency risk is the risk of loss due to adverse movements in foreign currency rates relative to the Canadian dollar;
- Interest rate risk is the potential for financial loss arising from changes in interest rates; and

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- Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

These risks are mitigated through various measures, which include:

- IMCO's policy to hedge currency exchange rate risk associated with certain foreign investment holdings;
- Reviewing interest rate risk through periodic asset-liability studies to determine the appropriate duration for fixed income investments in view of the impact of different interest rate scenarios on the WSIB's assets and liabilities over a period of time; and
- Reviewing price risk through periodic asset-liability studies to determine the appropriate policy asset mix, in view of the level of risk the WSIB is willing to assume. The policy asset mix is the primary determinant of the portfolio's level of market risk. The WSIB's investment portfolio is further diversified in accordance with the WSIB's investment policies to reduce the portfolio's exposure to a change in price in any particular issuer, group of issuers, geographic region, or sector of the market.

(a) Currency risk

The following provides a sensitivity analysis of the effect on investment income of a one percent change in the Canadian dollar compared to significant foreign currency exposures in the WSIB's investment portfolio:

	2023		2022	
	Net exposure	**Effect of +/- 1% change**	**Net exposure**	**Effect of +/- 1% change**
United States dollar	(1,856)	19/(19)	(2,739)	27/(27)
Australian dollar	(451)	5/(5)	(460)	5/(5)
British pound sterling	(296)	3/(3)	(241)	2/(2)
Euro	(157)	2/(2)	(252)	3/(3)
Total	**(2,760)**	**28/(28)**	**(3,692)**	**37/(37)**

(b) Interest rate risk

The WSIB uses effective duration to measure the sensitivity of the fair value of fixed income investments to a change in interest rates. Parallel shifts in the yield curve of 1%, with all other variables held constant, would result in an increase or decrease in the fair value of fixed income investments of approximately $1,185 (2022 – $1,113). This information is based on the assumption that the fixed income investments are not impaired and interest rates and equity prices move independently.

(c) Price risk

The WSIB is exposed to price risk through its investments in public equity investments. The estimated effect on the fair value of public equity investments resulting from a 10% change in market prices, holding all other factors constant, is $973 (2022 – $1,000).

Insurance funding risk – insurance contract liabilities

The WSIB provides workplace injury insurance for all Schedule 1 employers with workers in the Province. Insured events can occur at any time during the coverage period and can generate losses of variable amounts. The WSIB is exposed to the risk that the actual obligations for claim payments exceed its estimate of insurance contract liabilities. Insurance contract liabilities are influenced by factors such as:

- The discount rate used to value future claims;
- Expected inflation;
- Availability, utilization and cost of health care services;
- Injury severity and duration availability of return-to-work programs and re-employment opportunities at pre-injury employers;
- Wage growth;
- New medical findings that affect the recognition of occupational diseases;
- Legislated changes to benefit rates or modification of the recognition of workplace injuries, which are sometimes applied retroactively; and
- Precedents established through various claims appeals processes.

The WSIB mitigates these risks by utilizing both proprietary and commercially available actuarial models and assessing historical loss development patterns and other predictive analytics. These risks are also mitigated by engaging independent actuaries annually to review actuarial assumptions and methodologies in establishing insurance contract liabilities.

Note 17 provides further information regarding the nature of insurance risk associated with the insurance contract liabilities.

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12. Property, equipment and intangible assets

	Property and equipment				Intangible assets		
	Land	Buildings[1]	Leasehold improvements	Office and computer equipment	Internally developed software	Acquired software	Total
Cost							
Balance as at December 31, 2021	**40**	**260**	**26**	**30**	**334**	**16**	**706**
Additions	-	1	2	-	8	-	11
Disposal	-	(12)	-	-	-	-	(12)
Balance as at December 31, 2022	**40**	**249**	**28**	**30**	**342**	**16**	**705**
Additions	10	18	3	3	12	-	46
Disposal	-	(2)	-	-	-	-	(2)
Balance as at December 31, 2023	**50**	**265**	**31**	**33**	**354**	**16**	**749**
Accumulated depreciation and amortization							
Balance as at December 31, 2021	**-**	**141**	**22**	**26**	**218**	**13**	**420**
Depreciation and amortization	-	8	2	1	55	2	68
Disposal	-	(11)	-	-	-	-	(11)
Balance as at December 31, 2022	**-**	**138**	**24**	**27**	**273**	**15**	**477**
Depreciation and amortization	-	7	2	1	22	1	33
Disposal	-	(1)	-	-	-	-	(1)
Balance as at December 31, 2023	**-**	**144**	**26**	**28**	**295**	**16**	**509**
Carrying amounts							
At December 31, 2022	**40**	**111**	**4**	**3**	**69**	**1**	**228**
At December 31, 2023	**50**	**121**	**5**	**5**	**59**	**-**	**240**

1. Buildings include ROU assets of $55, net of accumulated depreciation of $96.

The WSIB has determined that there was no impairment of property, equipment and intangible assets as at December 31, 2023.

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13. Payables and other liabilities

	2023	2022 *restated*
Administration payables	161	158
Investment payables	45	70
Short-term payable – Worker Income Protection Benefit Program[1]	33	24
Other liabilities	66	81
Total payables and other liabilities	**305**	**333**

1. The short-term payable – Worker Income Protection Benefit Program balance consists of payables related to administering the COVID-19 Worker Income Protection Benefit Program on behalf of the Government of Ontario.

Total payables and other liabilities are expected to be paid within 12 months from the reporting date.

14. Long-term debt and lease liabilities

Long-term debt and lease liabilities are comprised of the following:

	2023	2022
Mortgages payable	70	70
Lease liabilities	96	99
Less: Current portion of lease liabilities	(7)	(7)
Total long-term debt and lease liabilities	**159**	**162**

15. Loss of Retirement Income Fund liability

The reconciliation of carrying amounts for the Loss of Retirement Income Fund liability is set forth below:

	2023	2022
Balance at beginning of year	1,874	2,103
Contributions from the WSIB	54	52
Optional contributions from injured workers	8	7
Contributions from Schedule 2 employers	13	10
Income (loss) earned on contributions	128	(131)
Benefits paid in cash	(179)	(167)
Balance at end of year	**1,898**	**1,874**

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The following provides a summary of the net assets by category included in the Loss of Retirement Income Fund:

	2023		2022	
Cash and cash equivalents	168	8.9%	221	11.8%
Public equity investments	338	17.8%	400	21.4%
Fixed income investments	700	36.9%	595	31.8%
Derivative financial instruments	10	0.5%	(1)	(0.1%)
Investment properties	26	1.4%	26	1.4%
Investments in associates and joint ventures	113	5.9%	99	5.3%
Other invested assets	592	31.2%	561	29.9%
Securities sold under repurchase agreements	(54)	(2.9%)	(31)	(1.7%)
Other	5	0.3%	4	0.2%
Total Loss of Retirement Income Fund assets	**1,898**	**100.0%**	**1,874**	**100.0%**

16. Employee benefit plans

The WSIB sponsors defined benefit pension plans and other benefits for WSIB employees.

Pension plans

(a) WSIB Employees' Pension Plan

The EPP provides for partially indexed pensions based on years of service and the best consecutive five of the last 10 years of earnings. The EPP is a registered pension plan under Ontario's *Pension Benefits Act* ("PBA") and the Canada Revenue Agency ("CRA").

On July 1, 2020, the EPP was converted from a single-employer pension plan to a jointly sponsored pension plan. However, there was no impact to the EPP obligation as a result of the conversion. The WSIB and the Ontario Compensation Employees Union are the plan sponsors. The Board of Trustees is the EPP administrator. Various plan administration functions continue to be performed by the WSIB in accordance with an Agency Agreement between the WSIB and the Board of Trustees. The participating employers of the EPP include the WSIB, the Board of Trustees, and four Safe Workplace Associations ("SWAs") whose employees are deemed employees of the WSIB for pension purposes. The EPP is open to new entrants, and the WSIB, the Board of Trustees and the SWAs are currently responsible for their own funding for current service costs, less any required employee contributions. Employee contribution requirements are gradually increasing until the employers and employees are each contributing 50% of the normal cost (the "Phase-in Period"). Thereafter, the participating employers will be responsible for only 50% of the total costs of the EPP and its associated liability. It is currently estimated that the 50%/50% cost-sharing target will be reached by 2032.

Additional contributions to the EPP may be required by the WSIB based on a pre-determined calculation as of December 31, 2024 dependent on the investment performance of plan assets and subject to a fixed upper bound. Should a payment be required, it may be made as a lump-sum payment prior to December 31, 2025 or on an installment basis with interest during the remaining term of the Phase-In Period. During the Phase-In Period, the WSIB is responsible for funding the balance of the normal cost of the EPP and any going concern special payments that arise. The Board of Trustees and the SWAs are not required to pay a share of any special payments that may arise during the Phase-In Period.

(b) The Employees' Supplementary Pension Plan ("ESPP")

The ESPP is a single-employer pension plan, with five participating employers, the WSIB and the four SWAs. The ESPP generally has the same benefit plan provisions as the EPP, except that it provides for benefits that are earned above the maximum pension benefits permitted under the *Income Tax Act* (Canada). Employee contributions are currently 7% of earnings above the contribution earnings limit under the EPP. Participating employers match the employees' contributions. The WSIB makes additional contributions when required. The SWAs make additional year-end contributions, as required. The ESPP is registered with the CRA as a Retirement Compensation Arrangement.

Other benefits

(a) The Post-Retirement Benefit Plan

The Post-Retirement Benefit Plan provides extended health, dental, vision, and life insurance benefits for employees who meet the eligibility requirements. Employees must be entitled to a WSIB pension and meet a service requirement to qualify for benefits. The plan is funded on a pay-as-you-go basis.

(b) Other employment benefits

Other employment benefits include vacation and attendance credits, which are payable upon termination of employment or upon retirement, and disability benefits payable up to age 65.

Governance of the plans

The EPP Board of Trustees, known as WISE Trust, performs the governance and the administration of the EPP. This includes such tasks as approval of the actuarial valuation reports and audited plan financial statements, appointment and termination of key service providers, approval of asset-liability studies, determining the EPP's SIPP and asset mix, as well as performing any regulatory and legislative pension plan compliance. The WSIB Board of Directors and the Ontario Compensation Employees Union bear joint responsibility in the determination of the plan design and the selection of the EPP Board of Trustees.

The WSIB Board of Directors oversees the administration of all the other employee benefit plans in accordance with applicable legislation and approves the governance structure, including the mandates of those to whom administrative duties and responsibilities are delegated.

The WSIB Board of Directors receives assistance in the fulfillment of its responsibilities related to the employee benefit plans through various committees, including the Audit and Finance Committee, the Service Excellence Committee and the Governance Committee.

Risks

Given that employee contributions to the employee benefit plans (if any) are fixed in the short term, the WSIB generally bears the risks associated with the employee benefit plans. For the EPP, employee contributions will increase up until they are equal to the WSIB contributions. Once employee and the WSIB contributions are equal, all EPP funding risks will be shared equally between the WSIB and employees.

The most significant sources of risk for the WSIB include:

a) A decline in discount rates that increases the obligation and expense;

b) An increase in inflation;

c) Investment returns which are lower than expected;

d) Lower-than-expected rates of mortality; and

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e) Health care cost inflation being higher than assumed.

In general, risks are managed through plan design reviews, the EPP's funding policy and, in relation to investment risks, through risk control mechanisms in the EPP's SIPP. The SIPP is determined and monitored by the EPP Board of Trustees in accordance with the PBA, and the review of plan design is conducted jointly by the plan sponsors.

Employee benefit plans expense

The cost of the employee benefit plans recognized in administration and other expenses is as follows:

	Pension plans		Other benefits		Total	
	2023	2022	2023	2022	2023	2022
Current service cost	83	169	15	22	98	191
Net interest on the employee benefit plans liability	22	41	33	31	55	72
Past service recovery	-	-	(14)	(3)	(14)	(3)
Long-term employee benefit gains	-	-	(4)	(11)	(4)	(11)
Administrative expenses	14	13	-	-	14	13
Employee benefit plans expense	**119**	**223**	**30**	**39**	**149**	**262**

Amounts recognized in other comprehensive income (loss) are as follows:

	Pension plans		Other benefits		Total	
	2023	2022	2023	2022	2023	2022
Actuarial gains (losses) arising from:						
Financial assumptions	(209)	1,511	(36)	360	(245)	1,871
Demographic assumptions	(11)	-	(3)	-	(14)	-
Plan experience	-	(79)	(17)	9	(17)	(70)
Return on plan assets excluding interest income	108	(462)	-	-	108	(462)
Remeasurements of employee benefit plans	**(112)**	**970**	**(56)**	**369**	**(168)**	**1,339**

Employee benefit plans liability

The employee benefit plans liability as at December 31 is comprised of the following:

	Pension plans		Other benefits		Total	
	2023	2022	2023	2022	2023	2022
Present value of obligations[1]	4,582	4,198	703	644	5,285	4,842
Fair value of plan assets	(4,092)	(3,825)	-	-	(4,092)	(3,825)
Employee benefit plans liability	**490**	**373**	**703**	**644**	**1,193**	**1,017**

1. The WSIB's pension plans are wholly or partly funded whereas the WSIB's other benefits are wholly unfunded.

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The movement in the total present value of employee benefit obligations is as follows:

	Pension plans		Other benefits		Total	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Balance, beginning of year	4,198	5,434	644	1,002	4,842	6,436
Current service cost	83	169	15	22	98	191
Employee contributions	41	39	-	-	41	39
Interest expense on the employee benefit obligations	214	166	33	31	247	197
Past service recovery	-	-	(14)	(3)	(14)	(3)
Gain	-	-	(4)	-	(4)	-
Actuarial losses (gains) arising from:						
Financial assumptions	209	(1,511)	36	(369)	245	(1,880)
Demographic assumptions	11	-	3	-	14	-
Plan experience	-	79	17	(12)	17	67
Benefits paid	(181)	(178)	(27)	(27)	(208)	(205)
Transfer/adjustments	7	-	-	-	7	-
Balance, end of year	**4,582**	**4,198**	**703**	**644**	**5,285**	**4,842**

As at December 31, 2023, the EPP was 99.3% of the pension plans obligation (2022 – 99.2%), and the Post-Retirement Benefit Plan was 83.9% of the other benefits obligation (2022 – 84.3%).

The weighted average duration of the defined benefit pension plans and the other benefit plans' obligations as at December 31, 2023 is 14.6 and 14.5 years, respectively (2022 – 15.2 and 14.2 years, respectively).

Fair value of plan assets

The movement in the total fair value of plan assets is as follows:

	Pension plans		Other benefits		Total	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Balance, beginning of year	3,825	4,221	-	-	3,825	4,221
Interest income on plan assets	192	126	-	-	192	126
Return in excess of interest income on plan assets	108	(462)	-	-	108	(462)
Employer contributions	114	93	27	27	141	120
Employee contributions	41	39	-	-	41	39
Transfer/adjustments	7	-	-	-	7	-
Benefits paid	(181)	(178)	(27)	(27)	(208)	(205)
Administrative costs paid	(14)	(14)	-	-	(14)	(14)
Balance, end of year	**4,092**	**3,825**	-	-	**4,092**	**3,825**

Employer's contributions to the pension plans are projected to be $106 for 2024.

Benefits to be paid from pension plan assets, during 2024, are projected to be $197, and other benefits to be paid directly by the employer are projected to be $35.

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Pension plan assets as at December 31 are comprised of the following:

	2023		2022	
Pension plan assets				
Public equities	1,455	35.5%	1,455	38.0%
Fixed income	967	23.6%	875	22.9%
Credit	285	7.0%	193	5.1%
Public market alternatives	380	9.3%	387	10.1%
Securities sold under repurchase agreements	(195)	(4.8%)	(77)	(2.0%)
Real estate	454	11.1%	460	12.0%
Infrastructure	533	13.0%	464	12.1%
Private equity	101	2.5%	-	-
Cash and cash equivalents	85	2.1%	60	1.6%
Other	27	0.7%	8	0.2%
Total[1]	**4,092**	**100.0%**	**3,825**	**100.0%**

1. Includes $5 net assets of the ESPP (2022 – $5).

Actuarial assumptions

The significant actuarial assumptions used in the determination of the present value of the employee benefit obligations are as follows:

	2023	2022
Discount rate[1]		
Benefit plan expense	5.05%	3.00%
Accrued benefit obligation at end of year	4.65%	5.05%
Rate of pension increase at beginning of year[2]		
2024	3.30%	4.00%
2025	2.25%	2.50%
2026	2.25%	1.50%
2027	1.75%	1.50%
2028 and thereafter	1.50%	1.50%
Rate of compensation increase at end of year[3]	3.50%	3.75%
Health care trends at end of year[4]		
Initial trend rate	5.00%	5.00%
Ultimate trend rate	4.00%	4.00%
Year ultimate trend rate is reached	2025	2025
Dental care trend rate at beginning of year		
2023	8.00%	8.00%
2024	5.00%	5.00%
2025 and thereafter	3.00%	3.00%
Mortality		
Base table[5]	100% of CPM (Public)	100% of CPM (Public)
Projection scale[6]	MI-2017	MI-2017

1. Weighted average based on obligation (rounded to the nearest 5 basis points).
2. Pension benefits are increased annually, every January 1, equal to 75% of the Consumer Price Index (i.e., inflation).
3. This is an approximation. Actual assumption is based on long-term inflation of 2% per annum plus unisex pay merit scale.
4. Health care trend rates are for drugs only. The trend for semi-private hospital and vision are 2% and other medical costs is 3%.
5. 2014 Canadian Pensioners' Sector Mortality Table ("CPM").
6. Scale MI-2017 modified to have an ultimate rate of 0.8%.

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The current longevities underlying the measurement of the employee benefit obligations as at December 31 are as follows:

	2023	2022
Longevity for those currently at age 65		
Males	23.2 years	23.2 years
Females	25.2 years	25.1 years
Longevity at age 65 for those currently at age 45		
Males	24.3 years	24.3 years
Females	26.3 years	26.2 years

Sensitivity of the actuarial assumptions

Changes in the actuarial assumptions used have a significant effect on the employee benefit plans obligation. The sensitivity analysis below provides an estimate of the potential impact of changes in key assumptions as at December 31, 2023, with all other assumptions held constant:

	Increase (decrease) in the obligations		
Sensitivity in assumptions	**Pension plans**	**Other benefits**	**Total**
Discount rate			
1% increase in discount rate	(601)	(89)	(690)
1% decrease in discount rate	767	114	881
Rate of compensation increase			
1% increase in compensation rate	149	6	155
1% decrease in compensation rate	(131)	(5)	(136)
Rate of pension increase			
1% increase in pension benefits	448	N/A	448
1% decrease in pension benefits	(389)	N/A	(389)
Health and dental care trend rates			
1% increase in trend rates	N/A	117	117
1% decrease in trend rates	N/A	(92)	(92)
Mortality rates			
10% increase in mortality rates[1]	(84)	(13)	(97)
10% decrease in mortality rates[2]	91	14	105

1. The increase in the mortality rates results in a decrease of the average life expectancy of a female aged 65 years by 0.7 years.
2. The decrease in the mortality rates results in an increase of the average life expectancy of a female aged 65 years by 0.8 years.

(millions of Canadian dollars)

17. Insurance contract liabilities

The roll-forward of the insurance contract liabilities showing the liabilities for remaining coverage and the liabilities for incurred claims as of December 31, 2023 is as follows:

	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	
Insurance contract liabilities as at January 1, 2023	**97**	**190**	**26,360**	**26,647**
Insurance revenue	(3,461)	-	-	(3,461)
Insurance service expenses				
Incurred claims and other expenses	-	(190)	2,566	2,376
Losses on onerous contracts and reversals of those losses[1]	-	210	-	210
Changes in liabilities for incurred claims	-	-	(252)	(252)
Total insurance service expenses	**-**	**20**	**2,314**	**2,334**
Insurance service result	**(3,461)**	**20**	**2,314**	**(1,127)**
Insurance finance expense	**-**	**-**	**2,484**	**2,484**
Total changes in the consolidated statement of comprehensive income	**(3,461)**	**20**	**4,798**	**1,357**
Cash flows				
Premiums received	3,269	-	-	3,269
Claims and other expenses paid	-	-	(3,553)	(3,553)
Total cash flows	**3,269**	**-**	**(3,553)**	**(284)**
Insurance contract liabilities as at December 31, 2023	**(95)**	**210**	**27,605**	**27,720**

1. Reflects any subsequent changes in actuarial assumptions used in determination of the losses on onerous contracts and reversals of those losses.

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The roll-forward of the insurance contract liabilities showing the liabilities for remaining coverage and the liabilities for incurred claims as of December 31, 2022 is as follows:

	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	
Insurance contract (assets) liabilities as at January 1, 2022	**(195)**	**310**	**31,687**	**31,802**
Insurance revenue	(3,279)	-	-	(3,279)
Insurance service expenses				
Incurred claims and other expenses	-	(310)	2,724	2,414
Losses on onerous contracts and reversals of those losses	-	190	-	190
Changes in liabilities for incurred claims	-	-	35	35
Total insurance service (income) expenses	-	(120)	2,759	2,639
Insurance service result	**(3,279)**	**(120)**	**2,759**	**(640)**
Insurance finance income	**-**	**-**	**(4,651)**	**(4,651)**
Total changes in the consolidated statement of comprehensive income	**(3,279)**	**(120)**	**(1,892)**	**(5,291)**
Cash flows				
Premiums received	3,571	-	-	3,571
Claims and other expenses paid	-	-	(3,435)	(3,435)
Total cash flows	**3,571**	**-**	**(3,435)**	**136**
Insurance contract liabilities as at December 31, 2022	**97**	**190**	**26,360**	**26,647**

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Actuarial assumptions and methods

(a) Economic assumptions

The following provides a summary of the primary economic assumptions used in the actuarial valuation of insurance contract liabilities:

	2023[1]	**2022[1]**
Single-equivalent discount rate	4.86%	5.26%
Inflation (CPI)	3.0% for 2024 2.5% for 2025 2.0% thereafter	3.00% for 2023 2.00% thereafter
Benefits indexation rates	3.0% for 2025 2.6% for 2026 2.0% thereafter	3.5% for 2024 2.6% for 2025 2.0% thereafter
Wage growth rate	4.0% (CPI + 1.0%) for 2024 3.5% (CPI + 1.0%) for 2025 3.0% (CPI + 1.0%) thereafter	4.0% (CPI + 1.0%) for 2023 3.0% (CPI + 1.0%) thereafter
Health care cost escalation rate	6.0% (CPI + 3.0%) for 2024 4.5% (CPI + 2.0%) for 2025 4.0% (CPI + 2.0%) thereafter	6.5% (CPI + 3.0%) for 2023 5.6% (CPI + 3.0%) for 2024 4.0% (CPI + 2.0%) thereafter

1. All percentages are on a per annum basis.

(b) Wage loss

Wage loss refers to the proportion of a worker's wages that is lost due to an injury. Most benefits influenced by wage loss are based on historical experience and limits in the WSIA.

(c) Mortality

Mortality rates are used to estimate the duration for which the WSIB will continue to be required to make payments to injured workers or survivors receiving monthly pension amounts. The mortality assumptions are determined separately for injured workers and survivors as follows:

(i) The mortality assumption for injured workers is based on an actuarial study of the mortality levels by age and gender experienced by the WSIB disability income recipients from 2013 to 2017, adjusted to reflect any prevailing improvements (or otherwise) in the experience of the WSIB injured workers up to and including 2023;
(ii) The mortality assumption for those receiving survivor benefits is based on an actuarial study of mortality levels experienced by the WSIB survivors, and the 2014–2016 Province of Ontario population mortality table developed by Statistics Canada, adjusted to reflect any prevailing improvements (or otherwise) in the experience of the WSIB survivors up to and including 2023; and
(iii) The mortality rates for both injured workers and survivors are projected for future years using the Canada Pension Plan's mortality improvement factors. As such, future mortality rates are reduced to allow for greater future longevity expected for injured workers and survivors.

(d) Claims incidence, return to work and exposure index

Claims incidence refers to the number of claims incurred during the year and requires actuarial assumptions for the number of claims expected to have been incurred but not reported at December 31, 2023. Return to work refers to the actuarial assumptions regarding the future duration of claims. Exposure index refers to the indicator used to assist in predicting certain future costs for different injury years and represents, on a relative basis, the level of risk insured by the WSIB.

The assumptions regarding claims incidence are determined based on the number of claims incurred in past years. The return to work assumption is determined using average return to work experience of the WSIB from five recent injury years ending in 2022 and modified for the existing claims expected to be of longer duration. The exposure index has been developed using the number of lost-time injuries incurred up to injury year 1998, and for subsequent years, the number of workers covered by the WSIB, adjusted by the variation in the average risk associated with these workers. The return to work rates and the projected number of loss of earnings future lock-in claims and their profiles were updated in 2023 to reflect recent experience.

(millions of Canadian dollars)

(e) Expenses

The average claim administration cost per unit of exposure index for each claims duration is determined based on the experience from 2020 to 2022. The 2023 exposure index and the wage escalation are applied to these factors to determine the future claim administration cost liability.

(f) Long latency occupational diseases

Long latency occupational diseases refer to future occupational disease claims arising from exposures up to the valuation date to hazardous substances or conditions, such as asbestos and excessive noise.

Sensitivity of actuarial assumptions

Changes in the actuarial assumptions used have a significant effect on the claim costs recognized. The following provides an estimate of the potential impact of a change in the more significant assumptions:

Changes in assumptions	**Decrease in net assets/total comprehensive income 2023[1]**	**Decrease in net assets/total comprehensive income 2022[1]** *restated*
100 basis point decrease in the discount rate	2,922	2,697
100 basis point increase in the inflation rate:		
Impact of benefits indexation rate	1,494	1,331
Impact of wage growth	720	684
Impact of health care cost escalation	609	515

1. Note that an equivalent impact was recognized to net assets attributable to the WSIB's stakeholders.

The method used for deriving sensitivity information and significant assumptions did not change from the previous period.

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Claims development
Liabilities for incurred claims include the current estimate of future payments related to claims incurred during 2023 and prior years. Each reporting period, liabilities for incurred claims are adjusted for changes in the estimate of the future payments, and the change in estimate is recognized in claim costs. The table below provides the development of the estimates related to claims incurred from 2014 to 2023.

	Year of injury										
Year of estimate	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**Total**
2014	2,453										
2015	2,145	2,317									
2016	1,933	2,071	2,210								
2017	1,864	1,970	2,274	2,371							
2018	1,838	1,925	2,208	2,405	2,604						
2019	1,761	1,897	2,126	2,351	2,494	2,614					
2020	1,730	1,858	2,085	2,325	2,449	2,663	2,618				
2021	1,701	1,863	2,102	2,333	2,472	2,627	2,545	3,054			
2022	1,667	1,809	2,008	2,247	2,366	2,501	2,318	2,668	2,985		
2023	1,635	1,778	1,967	2,216	2,324	2,428	2,236	2,539	2,788	3,001	
Current estimate of cumulative claims costs	1,635	1,778	1,967	2,216	2,324	2,428	2,236	2,539	2,788	3,001	22,912
Cumulative payments made	(711)	(723)	(813)	(817)	(852)	(821)	(672)	(670)	(540)	(259)	(6,878)
Outstanding claims (undiscounted)	924	1,055	1,154	1,399	1,472	1,607	1,564	1,869	2,248	2,742	16,034
Effect of discounting	(437)	(512)	(546)	(682)	(698)	(763)	(763)	(879)	(1,020)	(1,151)	(7,451)
Liabilities for incurred claims (discounted outstanding claims)	487	543	608	717	774	844	801	990	1,228	1,591	8,583
Liabilities for incurred claims (discounted outstanding claims) prior to 2014 injury year											14,361
Claim administration costs											1,839
Long latency occupational diseases											2,777
Other											45
Total liabilities for incurred claims											**27,605**

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Rate setting

In accordance with the WSIA, the WSIB's obligations are satisfied by charging annual premiums to all Schedule 1 employers. The WSIB introduced a rate setting model and North American Industry Classification System based classification structure effective January 1, 2020. The rate setting model is a prospective premium rate setting framework that is applied to all businesses. The model includes built-in dynamic risk banding, which allows a range of business premium rates within a class/subclass and for individual business premium rates to change year over year to better reflect changes in a business' claims cost experience. The premium rate for each business reflects the rate of the class/subclass and its risk in relation to other businesses in that class considering their size. Each class/subclass has a series of risk bands, and each risk band has an associated rate either above or below the class rate. The premium rate for each class reflects costs associated with claims, administration and legislative obligations.

There is a two-step approach to set and adjust premium rates for businesses:

(a) Set class rate for each industry class based on its risk profile and share of responsibility to maintain the insurance fund. The class rate is a collective rate that represents the class's share of responsibility for its WSIB costs; and

(b) Compare individual insurable earnings and claims history to the businesses in the class. This means that a business's overall rate under this model reflects its individual experience and risk.

Liquidity of insurance contract liabilities risks

The following table provides an estimate of the expected timing of undiscounted cash flows for claim payments:

	2023	2022
Up to one year	6%	6%
Over one year and up to five years	18%	18%
Over five years and up to ten years	17%	17%
Over ten years and up to fifteen years	14%	14%
Over fifteen years	45%	45%
	100%	**100%**

(millions of Canadian dollars)

18. Information on subsidiaries and non-controlling interests

The WSIB's consolidated financial statements include the financial statements of all its subsidiaries.

(a) Directly or indirectly owned subsidiaries

The majority of the WSIB's assets are held directly or indirectly by the following subsidiaries:

	WSIB's ownership 2023	WSIB's ownership 2022	Country of incorporation and operation
Wholly owned subsidiaries			
2742267 Ontario Ltd.	100.0%	100.0%	Canada
2742268 Ontario Ltd.	100.0%	100.0%	Canada
2778374 Ontario Inc.	100.0%	100.0%	Canada
2778376 Ontario Inc.	100.0%	100.0%	Canada
2859927 Ontario Inc.	100.0%	100.0%	Canada
2859928 Ontario Inc.	100.0%	100.0%	Canada
799549 Ontario Inc.	100.0%	100.0%	Canada
Simcoe Infra A Insurance Fund Ltd.	100.0%	100.0%	Canada
Simcoe Infra A LRI Ltd.	100.0%	100.0%	Canada
Simcoe INS GC DL Aggregator Ltd.[1]	100.0%	-	Canada
Simcoe INS OTC Collateral Fund LP[1]	100.0%	-	Canada
Simcoe INS PE Pool Ltd.[1]	100.0%	-	Canada
Simcoe INS RE Public REIT Ltd.[1]	100.0%	-	Canada
Simcoe LRI GC DL Aggregator Ltd.[1]	100.0%	-	Canada
Simcoe LRI OTC Collateral Fund LP[1]	100.0%	-	Canada
Simcoe LRI PE Pool Ltd.[1]	100.0%	-	Canada
Simcoe LRI RE Public REIT Ltd.[1]	100.0%	-	Canada
Simcoe PE C2 Ltd.	100.0%	100.0%	Canada
Simcoe RES (Non-Pension) C Ltd.	100.0%	100.0%	Canada
WSIB INS Infra A Pool Ltd.	100.0%	100.0%	Canada
WSIB Investments (International Infrastructure Non-Pension) Limited	100.0%	100.0%	Canada
WSIB Investments (International Realty Non-Pension) Limited	100.0%	100.0%	Canada
WSIB Investments (Private Equity Non-Pension) Limited	100.0%	100.0%	Canada
WSIB LRI Infra A Pool Ltd.	100.0%	100.0%	Canada
WSIB VanIF GP Holdings Ltd.	100.0%	100.0%	Canada
WSIB VanLRI GP Holdings Ltd.	100.0%	100.0%	Canada
Partly owned subsidiaries			
2742266 Ontario Ltd.	85.3%	91.9%	Canada
Absolute Return (2012) Pooled Fund Trust	90.5%	90.5%	Canada
Simcoe Pacific Pooled Fund Trust	90.8%	90.8%	Canada
WSIB Investments (Fixed Income) Pooled Fund Trust	90.8%	90.8%	Canada
WSIB Investments (Infrastructure) Pooled Fund Trust	90.8%	90.8%	Canada
WSIB Investments (International Realty) Limited	91.2%	91.2%	Canada
WSIB Investments (Realty) Limited	91.2%	91.2%	Canada
WSIB Investments (Total Return) Pooled Fund Trust	89.7%	89.7%	Canada

1. These entities were established during the year ended December 31, 2023.

(millions of Canadian dollars)

During the year ended December 31, 2023, the following entities were dissolved: Simcoe Wight IF Holdings Ltd. (WSIB ownership in 2022 – 100.0%), and Simcoe Wight LRI Holdings Ltd. (WSIB ownership in 2022 – 100.0%).

The WSIB's EPP and other investors are the non-controlling interests in each of the partly owned subsidiaries listed above. The following provides aggregated summary financial information for the partly owned subsidiaries, before intercompany eliminations:

Summary information from statements of financial position	2023	2022
Total assets	2,380	4,128
Total liabilities	(3)	(59)
Surplus of assets	**2,377**	**4,069**
Attributable to the WSIB Employees' Pension Plan	**212**	**352**

Summary information from statements of comprehensive income	2023	2022
Investment loss	(90)	(366)
Investment expenses	(5)	(57)
Net investment loss	**(95)**	**(423)**
Translation gains (losses) from net foreign investments	**(1)**	**17**
Attributable to the WSIB Employees' Pension Plan	**(8)**	**(29)**

(b) Reconciliation of non-controlling interests

The following provides a reconciliation of the non-controlling interests, including the effect of changes in ownership:

Balance as at December 31, 2021	**754**
Deficiency of revenues over expenses	(37)
Translation gains from net foreign investments	3
Distributions paid by subsidiaries to non-controlling interests	(81)
Net redemptions related to non-controlling interests[1]	(237)
Balance as at December 31, 2022	**402**
Deficiency of revenues over expenses	(19)
Distributions paid by subsidiaries to non-controlling interests	(1)
Net redemptions related to non-controlling interests[1]	(131)
Balance as at December 31, 2023	**251**

1. Includes the derecognition of $143 (2022 – $244), representing the EPP's proportionate share of net assets, as a result of strategic changes in the WSIB's investment portfolio during the year, including the launch of the pooling strategy.

(millions of Canadian dollars)

19. Insurance revenue

A summary of premiums for the years ended December 31 is as follows:

	2023	**2022** ***restated***
Schedule 1 employer premiums	3,437	3,237
Interest and penalties	31	65
Schedule 1 employer premiums	**3,468**	**3,302**
Net mandatory employer incentive programs	(7)	(23)
Insurance revenue	**3,461**	**3,279**

20. Net investment income (loss) and insurance finance income (expense)

Net investment income (loss) by nature of invested assets for the years ended December 31 is as follows:

	2023	**2022**
Cash and cash equivalents	32	12
Public equity investments	1,804	(1,762)
Fixed income investments	533	(1,958)
Derivative financial instruments	175	(482)
Investment properties	(40)	(27)
Investments in associates and joint ventures[1]	(88)	(105)
Other invested assets	474	1,009
Add (Less): Loss (income) attributable to Loss of Retirement Income Fund	(128)	136
Investment income (loss)	**2,762**	**(3,177)**
Less: Investment expenses[2]	(298)	(335)
Net investment income (loss)	**2,464**	**(3,512)**
Net insurance finance income (expense)	**(2,484)**	**4,651**

1. No impairment losses or reversals were included in investments in associates and joint ventures (2022 – net impairment reversal of $7). Refer to note 10 for details.
2. Includes $94 of management fees paid to investment managers for the year ended December 31, 2023 (2022 – $106). It also includes $65 of interest expenses related to the securities sold under repurchase agreements and securities purchased under resale agreements for the year ended December 31, 2023 (2022 – $11). Certain comparative amounts have been reclassified to be consistent with the current period's presentation.

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21. Insurance service expenses

	2023	2022 *restated*
Loss of earnings	849	1,012
Health care	594	594
Survivor benefits	143	137
External providers	28	29
Non-economic loss	67	66
Total incurred claims	**1,681**	**1,838**
Insurance service expenses allocated from administration and other expenses[1]	876	872
Insurance service expenses allocated from legislated obligations and funding commitments expenses[1]	9	14
Other insurance service expenses[1]	**885**	**886**
Total incurred claims and other insurance service expenses	**2,566**	**2,724**
Impact of change to onerous loss component	20	(120)
Changes in liabilities for incurred claims	(252)	35
Insurance service expenses	**2,334**	**2,639**

1. Comprised of the allocation of administration and other expenses and legislated obligations and funding commitment expenses related to the current injury year.

22. Surplus distribution

In 2022, a rebate of surplus funds of $1,193 was approved to be distributed to eligible Schedule 1 employers. As at December 31, 2023, no surplus distribution was declared to eligible businesses.

23. Commitments and contingent liabilities

(a) Investment commitments

The WSIB's commitments for capital calls as at December 31, 2023 related to its investment portfolio were $6,073. There is no specific timing requirement to fulfill these commitments during the investment period.

(b) Legislated obligations and funding commitments

Known commitments related to legislated obligations and funding commitments as at December 31, 2023 were approximately $282 for 2024.

(c) Other commitments

As at December 31, 2023, the WSIB had additional commitments going forward under non-cancellable contracts for purchases of goods and services with future minimum payments of approximately $268.

(d) Legal actions

The WSIB is engaged in various legal proceedings and claims that have arisen in the ordinary course of business, the outcome of which is subject to future resolution. Based on information currently known to the WSIB, management believes that adequate provisions have been made for cases where it is reasonably possible that a payment will be made and that the probable ultimate resolution of all existing legal proceedings and claims will not have a material effect on the WSIB's financial position.

24. Funding and capital management

As the board-governed trust agency under the Agencies and Appointments Directive for administering the Province's compensation system, the WSIB's capital management objective is to ensure sufficient funding to provide compensation and other benefits to workers and to the survivors of deceased workers. The WSIA requires the WSIB to make payments for current benefits as they come due and to provide for future benefits. Further, the WSIA requires the WSIB to maintain sufficient funding so as not to burden unduly or unfairly any class of Schedule 1 employers with payments, in any year in respect of current benefits, or in future years in respect of future benefits.

The capital resources available to the WSIB are comprised of its total assets less total liabilities, excluding those attributable to non-controlling interests. As at December 31, 2023, the WSIB's capital is represented by net assets attributable to WSIB stakeholders of $4,863 (2022 – $4,313).

Ontario Regulation 141/12 under the WSIA came into force on January 1, 2013 and requires the WSIB to achieve a Sufficiency Ratio of 100% by 2027. Having achieved a Sufficiency Ratio of over 100% in 2018, *Ontario Regulation 141/12* was amended by *Ontario Regulation 864/21* (collectively, the "Ontario Regulations") effective January 1, 2022 as follows:

- The criteria to be regarded in determining eligibility for a distribution of amounts to Schedule 1 employers;
- Discretion of amount of disbursements; and
- Timing of disbursements.

More specifically, should a decision be made to distribute surplus when the Sufficiency Ratio is above 115% and below 125%, any surplus distributions shall be distributed within 90 days of the WSIB determining that it will distribute a surplus to eligible Schedule 1 employers, with the amount of the distribution within the discretion of the WSIB.

Should the Sufficiency Ratio be equal to or above 125%, any surplus distributions shall be distributed to eligible Schedule 1 employers within 30 days of the WSIB determining the Sufficiency Ratio is equal to or above 125%, to return to a Sufficiency Ratio of 115.1%. The WSIB shall use the annual audited Sufficiency Statement in making this assessment.

The Ontario Regulations state that the Sufficiency Ratio shall be calculated by dividing the value of the insurance fund assets by the value of the insurance fund liabilities, as determined by the WSIB using methods and assumptions that are consistent with accepted actuarial practice for going concern valuations. Going concern valuations are based on the assumption that the WSIB will continue to operate in the future indefinitely. The transition to IFRS 17 and IFRS 9 did not have a significant impact to this calculation as the WSIB insurance contracts and financial assets and liabilities have not changed.

As at December 31, 2023, the Sufficiency Ratio was 122.5% (2022 – 118.2%).

25. Related party transactions

The WSIB's related parties include the Government of Ontario and related entities, key management personnel, subsidiaries, associates, joint ventures, and post-retirement benefit plans for the WSIB's employees. The transactions are in the ordinary course of business.

Government of Ontario and related entities

The WSIB is a board-governed trust agency under the Agencies and Appointments Directive, responsible for administering the WSIA. As such, the WSIB is considered a government-related entity and is provided partial exemptions under IFRS from its disclosure of transactions with the Government of Ontario and various ministries, agencies, and Crown corporations over which the Government of Ontario has control.

The WSIB is required to make payments to defray the cost of administering the OHSA and the regulations made under the OHSA. The WSIB is also required to pay for the operating costs of the WSIAT and the costs that may be incurred by the Office of the Worker Adviser and the Office of the Employer Adviser. The WSIB also provides various grants and funding to carry on investigations, research and training. The total of this funding for the year ended December 31, 2023 was $302 (2022 – $289) and is included in legislated obligations and funding commitments expenses.

In addition to the above, the consolidated financial statements include amounts resulting from transactions conducted in the normal course of operations with various ministries, agencies, and Crown corporations over which the Government of Ontario has control.

Included in investments at December 31, 2023 are $1,645 of marketable fixed income investments issued by the Government of Ontario and related entities (2022 – $1,524).

Reimbursements paid to the Ministry of Health ("MOH") for physicians' fees for services to people with work-related injuries or illnesses are included in claim payments. Administrative fees paid to the MOH are included in administration and other expenses.

Investment Management Corporation of Ontario

In 2016, the WSIB was named in *Ontario Regulation 251/16* as one of the initial members of IMCO. Created by the Ontario government and enacted by legislation, IMCO provides investment management and advisory services to participating organizations in Ontario's public sector.

On July 24, 2017, IMCO officially began managing the WSIB's invested assets, and subsequent to IMCO becoming operational, the WSIB's share of IMCO's operating expenses is paid by the WSIB on a cost recovery basis.

External investment manager and custodial fees, previously paid directly by the WSIB, are now paid by IMCO on the WSIB's behalf.

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Key management remuneration

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the WSIB, directly or indirectly. The remuneration of key management, which includes the Board of Directors, is included in administration and other expenses.

	Appointees to the Board of Directors[1]		Executive personnel[2]		**Total**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Salaries and short-term benefits	1.0	1.5	4.2	4.0	5.2	5.5
Long-term employee benefit plans	-	-	0.7	0.5	0.7	0.5
	1.0	**1.5**	**4.9**	**4.5**	**5.9**	**6.0**

1. Includes the Chair and the President and CEO.
2. Includes the Chiefs, General Counsel and Advisor to the President and CEO.

Employee benefit plans

The WSIB's defined benefit pension plans and the other benefit plans are considered related parties. Note 16 provides details of transactions with these employee benefit plans.