



Workplace Safety and Insurance Board

Third Quarter **2025** Sufficiency Report

Third Quarter 2025 Sufficiency Report

Table of contents

Sufficiency Ratio Statement.....	2
Notes to Sufficiency Ratio Statement	
1. Governing regulation and Sufficiency Ratio calculation	3
2. IFRS to Sufficiency Reconciliation	4
3. Sufficiency Ratio assets	5
4. Sufficiency Ratio liabilities	7
5. Subsequent events.....	8

Third Quarter **2025** Sufficiency Report
Sufficiency Ratio Statement
September 30, 2025
(millions of Canadian dollars)
Sufficiency Ratio Statement

	Note(s)	September 30 2025	December 31 2024
Total assets under IFRS	1,2	42,787	41,774
Less: Asset adjustments	2,3	(998)	(375)
Less: Adjusted non-controlling interests	3	(169)	(241)
Sufficiency Ratio assets		41,620	41,158
Total liabilities under IFRS	1,2	35,988	34,933
Less: Liability adjustments	2,4	(443)	(983)
Sufficiency Ratio liabilities		35,545	33,950
Sufficiency Ratio (assets divided by liabilities)		117.1%	121.2%

The accompanying notes form an integral part of this Sufficiency Ratio Statement.

Third Quarter 2025 Sufficiency Report

Notes to Sufficiency Ratio Statement September 30, 2025 (millions of Canadian dollars)

1. Governing regulation and Sufficiency Ratio calculation

Ontario Regulation 141/12 under the *Workplace Safety and Insurance Act, 1997* (the “WSIA”) came into force on January 1, 2013 and required the Workplace Safety and Insurance Board (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 businesses;
- 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 businesses, with the amount of the distribution within the discretion of the WSIB.

Should the Sufficiency Ratio be equal to or above 125%, based on the annual audited Sufficiency Statement, any surplus distributions shall be distributed to eligible Schedule 1 businesses within 30 days to return to a Sufficiency Ratio of 115.1%.

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.

On March 11, 2025, the WSIB’s Board of Directors approved a distribution of surplus funds of \$2,000 to be applied to eligible Schedule 1 businesses’ accounts in October 2025. This was in addition to the \$2,000 surplus distribution approved on November 15, 2024 and applied to eligible businesses’ accounts during the three months ended March 31, 2025. As at September 30, 2025, \$2,000 has been accrued and included in payables and other liabilities on the condensed interim consolidated statements of financial position to recognize the additional distribution. The details of the insurance fund assets, known as Sufficiency Ratio assets, are described in note 3 below. The insurance fund liabilities, known as Sufficiency Ratio liabilities, are described in note 4 below.

Third Quarter 2025 Sufficiency Report

Notes to Sufficiency Ratio Statement
September 30, 2025
(millions of Canadian dollars)

2. IFRS to Sufficiency Reconciliation

A reconciliation of the assets and liabilities used for the calculation of the Sufficiency Ratio to those under IFRS as at September 30, 2025 is provided below. The unaudited condensed interim consolidated statements of financial position presented on an IFRS basis are from the WSIB's unaudited condensed interim consolidated financial statements. Explanatory notes follow the reconciliation below.

		September 30, 2025			December 31, 2024		
			Sufficiency			Sufficiency	
	Note	IFRS Basis	Adjustments	Ratio Basis	IFRS Basis	Adjustments	Ratio Basis
Assets							
Cash and cash equivalents	3	726	(1)	725	364	(6)	358
Receivables and other assets	3	882	481	1,363	843	425	1,268
Investments	3	40,978	(1,478)	39,500	40,378	(794)	39,584
Securities purchased under resale agreements		2	-	2	-	-	-
Property, equipment and intangible assets		199	-	199	189	-	189
Total assets		42,787	(998)	41,789	41,774	(375)	41,399
Liabilities							
Payables and other liabilities	4	2,730	755	3,485	2,369	339	2,708
Derivative liabilities		150	-	150	139	-	139
Securities sold under repurchase agreements		2,598	-	2,598	2,101	-	2,101
Long-term debt and lease liabilities		84	-	84	92	-	92
Loss of Retirement Income Fund liability		1,941	-	1,941	1,940	-	1,940
Employee benefit plans liability	4	596	72	668	849	(159)	690
Insurance contract liabilities	4	27,889	(1,270)	26,619	27,443	(1,163)	26,280
Total liabilities		35,988	(443)	35,545	34,933	(983)	33,950
Net assets							
Reserves		4,931	(565)	4,366	5,082	588	5,670
Accumulated other comprehensive income		1,709	-	1,709	1,538	-	1,538
Net assets attributable to WSIB stakeholders							
		6,640	(565)	6,075	6,620	588	7,208
Non-controlling interests		159	10	169	221	20	241
Total net assets		6,799	(555)	6,244	6,841	608	7,449
Total liabilities and net assets		42,787	(998)	41,789	41,774	(375)	41,399
Sufficiency Ratio				117.1%			121.2%

Third Quarter 2025 Sufficiency Report

Notes to Sufficiency Ratio Statement September 30, 2025 (millions of Canadian dollars)

3. Sufficiency Ratio assets

Assets for the purposes of the Sufficiency Ratio calculation consist of the total assets of the WSIB less the interests in those assets held by third parties (non-controlling interests). The deduction of assets held by third parties is necessary as the total assets include portions of investments to which third parties ultimately have rights (for example, the assets of the Employees' Pension Plan) and therefore would not be appropriate to include in the Sufficiency Ratio assets.

Summary of material accounting policy information — assets

As at September 30, 2025, the Sufficiency Ratio assets reflected a total reduction of \$998 (December 31, 2024 – \$375) to assets reported under IFRS, primarily due to the following:

- An addition of \$481 (December 31, 2024 – \$425) to receivables and other assets consisting of the add back of the insurance related receivables. Under IFRS 17 *Insurance Contracts* ("IFRS 17"), all insurance related receivables are presented with insurance contract liabilities. However, since the Sufficiency Ratio is determined using methods and assumptions that are consistent with accepted actuarial practice for going concern valuations, these amounts are presented as part of receivables and other assets.
- A reduction of \$1,478 (December 31, 2024 – \$794) from investments representing the cumulative unrecognized investment returns higher than the long-term annualized return objective for the insurance fund, net of investment expenses. Certain investments in the Sufficiency Ratio calculation are valued at fair value. However, only a portion of the investment gains or losses is included in the asset value. Specifically, the current period's investment returns above or below a net long-term annualized return objective are deferred and recognized over the next five years on a straight-line basis. After five years, those past investment gains and losses are fully recognized in the asset value. This procedure moderates the effect of investment market return volatility and is known as the asset adjustment. Please see the table below that outlines how this investment adjustment is calculated.

Third Quarter 2025 Sufficiency Report

Notes to Sufficiency Ratio Statement
September 30, 2025
(millions of Canadian dollars)

The development of the asset adjustment related to investments is detailed as follows:

	Dec.31 2021	Dec.31 2022	Dec.31 2023	Dec.31 2024	Sep.30 2025
Fair value of invested assets under IFRS	39,400	34,235	35,869	36,972	36,869
Add: Cash transfers in last month of period	235	311	142	145	315
Adjusted fair value of invested assets ¹	39,635	34,546	36,011	37,117	37,184
Less: Invested assets at rate of return objective ²	37,329	39,777	34,934	35,103	36,280
Investment returns in excess of (lower than) objective, ³ gain (loss)	2,306	(5,231)	1,077	2,014	904
Add (Less): Unrecognized investment returns at prior period end	849	2,284	(2,422)	(1,429)	794
Total unrecognized investment gains (losses)	3,155	(2,947)	(1,345)	585	1,698
Amount recognized from:					
2025 investment gain	-	-	-	-	136
2024 investment gain	-	-	-	403	303
2023 investment gain	-	-	215	177	171
2022 investment loss	-	(1,046)	(1,047)	(1,176)	(735)
2021 investment gain	461	461	462	462	345
2020 investment loss	(75)	(75)	(75)	(75)	-
2019 investment gain	529	528	529	-	-
2018 investment loss	(394)	(393)	-	-	-
2017 investment gain	350	-	-	-	-
Less (Add): Total recognized investment gains (losses) in current period	871	(525)	84	(209)	220
Total unrecognized investment gains (losses) at end of period⁴	2,284	(2,422)	(1,429)	794	1,478

- Represents the fair value of invested assets at the end of the period, adjusted by adding any cash withdrawals and subtracting any cash contributions, assuming these transactions occurred at the end of the month.
- Invested assets at rate of return objective is calculated based on the net long-term annualized return objective on the ending total invested assets balance as of the last reporting period and cash transfers during the period. The net long-term return objective is reviewed annually and has been as follows:

Year	2021	2022	2023	2024	2025
Net long-term return objective, annualized	5.00%	5.00%	5.00%	5.25%	5.25%

- Calculated as the difference between the invested assets at rate of return objective and actual fair value of invested assets, representing the unrecognized investment returns above (below) the net long-term return objective.
- Unrecognized investment returns less recognized investment returns in the current period.

Third Quarter **2025** Sufficiency Report
Notes to Sufficiency Ratio Statement
September 30, 2025
(millions of Canadian dollars)

The amount of unrecognized investment returns to be recognized in future years is as follows:

Year earned	Investment returns to be recognized in future years:					
	Total unrecognized gains (losses) as at September 30, 2025	Remainder of 2025	2026	2027	2028	2029
2025	768	(45)	(180)	(181)	(181)	(181)
2024	1,308	(100)	(403)	(403)	(402)	-
2023	514	(57)	(228)	(229)	-	-
2022	(1,227)	246	981	-	-	-
2021	115	(115)	-	-	-	-
	1,478	(71)	170	(813)	(583)	(181)

A similar asset adjustment is applied on the non-controlling interests, which is deducted from the assets for Sufficiency Ratio purposes:

	September 30 2025	December 31 2024
Fair value of non-controlling interests	159	221
Add: Asset adjustment	10	20
Adjusted non-controlling interests	169	241

4. Sufficiency Ratio liabilities

Liabilities for the purposes of the Sufficiency Ratio calculation include all liabilities as shown in the unaudited condensed interim consolidated financial statements and adjusted as discussed below.

Summary of material accounting policy information — liabilities

As at September 30, 2025, the Sufficiency Ratio liabilities are \$35,545 (December 31, 2024 – \$33,950), which includes a reduction of \$443 to the total IFRS liabilities (December 31, 2024 – \$983). The Sufficiency Ratio liabilities were prepared under a going concern basis and were calculated as follows:

- Payables and other liabilities reflect an addition of \$755 (December 31, 2024 – \$339) to the IFRS basis, primarily due to the following:
 - Add back of \$750 (December 31, 2024 – \$337) of insurance related payables that were reclassified to insurance contract liabilities. Under IFRS 17, all insurance related payables are presented with insurance contract liabilities. However, since the Sufficiency Ratio is determined using methods and assumptions that are consistent with accepted actuarial practice for going concern valuations, these amounts are presented as part of payables and other assets;

Third Quarter 2025 Sufficiency Report

Notes to Sufficiency Ratio Statement September 30, 2025 (millions of Canadian dollars)

- Employee benefit plans liability was determined using methods and assumptions that are consistent with accepted actuarial practice for going concern valuations. Obligations were calculated by an actuarial valuation with a discount rate of 5.10% (December 31, 2024 – 5.10%) per annum. It is based on the expected return on pension plan assets less any explicit margins. This differs from the IFRS basis used in preparing the WSIB's unaudited condensed interim consolidated financial statements. The IFRS discount rate, a weighted average of 4.90% (December 31, 2024 – 4.75%) per annum, was determined by reference to high-quality corporate bonds and the projected employee benefit payment cash flows. The result was a reduction to the IFRS obligations equal to \$132 (December 31, 2024 – \$253). In addition, current period's investment returns above or below a net long-term annualized return objective for pension assets are deferred and recognized over the next five years on a straight-line basis. As at September 30, 2025, total unrecognized investment gains are \$215. This resulted in an addition to the IFRS obligations equal to \$204 (December 31, 2024 – \$94). The overall impact was an addition to the IFRS obligations equal to \$72 (December 31, 2024 – a reduction of \$159).
- Liabilities for incurred claims, presented as part of insurance contract liabilities, were calculated by an actuarial valuation with a discount rate of 5.25% (December 31, 2024 – 5.25%) per annum, using methods and assumptions that are consistent with accepted actuarial practice for going concern valuations. This differs from the IFRS basis used in preparing WSIB's unaudited condensed interim consolidated financial statements. The valuation under IFRS 17 was calculated with a single equivalent discount rate of 4.88% (December 31, 2024 – 4.83%) per annum, which reflects the liability characteristics of the WSIB's insurance contracts. The valuation difference results in a reduction of insurance contract liabilities equal to \$1,270 when compared to insurance contract liabilities under the IFRS basis (December 31, 2024 – \$1,163).
- All other liabilities were determined in accordance with IFRS.

5. Subsequent events

On October 23, 2025, the WSIB entered into a two year non-revolving line of credit facility in the amount of \$800 million with the Ontario Financing Authority ("OFA") to address short-term liquidity needs related to surplus distributions. The credit facility will allow the WSIB to address its short-term cash flow needs due to rebating surplus funds to eligible Schedule 1 employers while mitigating the impact on the WSIB's investment portfolio and insurance revenue. The OFA and the WSIB are related parties. The credit facility has an annual floating rate of interest equal to the Three-Month Ontario T-Bill Rate, plus a cost recovery fee of 3.8 basis and a proxy commercial spread of 25 basis points, compounded quarterly. This interest rate is consistent with credit facilities provided to other entities by the OFA.

On November 27, 2025, Ontario's Bill 30 "Working for Workers Seven Act, 2025" will come into force. It proposes amendments to various employment related acts including the Occupational Health and Safety Act ("OHSA") and the Workplace Safety and Insurance Act ("WSIA"). More specifically, the OHSA is amended to provide reimbursement to certain employers of automatic external defibrillator costs, with the WSIB providing reimbursement to employers to support initial compliance expenses. The WSIA is amended by introducing enhanced fraud prohibitions, a new criminal offence for failure to pay premiums when due, and administrative penalties for employers meeting specific criteria. The WSIB is currently assessing the impact of these amendments on the consolidated financial statements.