Workplace Safety and Insurance Board

First Quarter 2022 Results

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Condensed Interim Consolidated Statements of Financial Position
Unaudited (millions of Canadian dollars)

	Note	March 31 2022	December 31 2021
Assets			
Cash and cash equivalents	4	1,845	681
Receivables and other assets	5	1,217	698
Public equity investments	6	11,685	14,041
Fixed income investments	6	10,114	11,755
Derivative assets	6	218	128
Investment properties	6	663	651
Investments in associates and joint ventures		3,503	3,378
Other invested assets	6	9,484	8,914
Property, equipment and intangible assets		271	286
Total assets		**39,000**	**40,532**
Liabilities			
Payables and other liabilities	7	2,462	669
Derivative liabilities	6	26	51
Long-term debt and lease liabilities		167	169
Loss of Retirement Income Fund liability		2,010	2,103
Employee benefit plans liability	8	1,395	2,215
Benefit liabilities	9	27,426	27,310
Total liabilities		**33,486**	**32,517**
Net assets			
Reserves		4,140	7,399
Accumulated other comprehensive income (loss)		680	(138)
Net assets attributable to WSIB stakeholders		**4,820**	**7,261**
Non-controlling interests		694	754
Total net assets		**5,514**	**8,015**
Total liabilities and net assets		**39,000**	**40,532**

Approved by the Board of Directors

Grant Walsh

Chair
June 23, 2022

Leslie Lewis

Audit and Finance Committee (Chair)
June 23, 2022

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

Condensed Interim Consolidated Statements of Comprehensive Income (Loss)
Unaudited (millions of Canadian dollars)

	Note	Three months ended March 31 2022	2021
Revenues			
Premium revenue	10	**817**	**768**
Investment income (loss)	11	(1,566)	99
Investment expenses	11	(84)	(108)
Net investment loss		**(1,650)**	**(9)**
Total revenues		**(833)**	**759**
Expenses			
Claim payments	12	636	649
Claim administration costs	12	140	125
Change in actuarial valuation of benefit liabilities	12	116	62
Total claim costs		**892**	**836**
Loss of Retirement Income Fund contributions		13	14
Administration and other expenses	13	121	137
Legislated obligations and funding commitments		65	65
Total expenses		**1,091**	**1,052**
Deficiency from operations		**(1,924)**	**(293)**
Surplus distribution expense	14	1,335	-
Deficiency of revenues over expenses		**(3,259)**	**(293)**
Other comprehensive income			
Item that will not be reclassified subsequently to income			
Remeasurements of employee benefit plans	8	850	836
Item that will be reclassified subsequently to income			
Translation losses from net foreign investments		(34)	(39)
Total other comprehensive income		**816**	**797**
Total comprehensive income (loss)		**(2,443)**	**504**

	Three months ended March 31 2022	2021
Excess (deficiency) of revenues over expenses attributable to:		
WSIB stakeholders	(3,259)	(346)
Non-controlling interests	-	53
	(3,259)	**(293)**
Total comprehensive income (loss) attributable to:		
WSIB stakeholders	(2,441)	455
Non-controlling interests	(2)	49
	(2,443)	**504**

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

Condensed Interim Consolidated Statements of Changes in Net Assets
Unaudited (millions of Canadian dollars)

		Three months ended March 31	
	Note	**2022**	**2021**
Reserves			
Balance at beginning of period		7,399	5,167
Deficiency from operations		(1,924)	(346)
Surplus distribution	14	(1,335)	-
Balance at end of period		**4,140**	**4,821**
Accumulated other comprehensive income (loss)			
Balance at beginning of period		(138)	(843)
Remeasurements of employee benefit plans	8	850	836
Translation losses from net foreign investments		(32)	(35)
Balance at end of period		**680**	**(42)**
Net assets attributable to WSIB stakeholders		**4,820**	**4,779**
Non-controlling interests			
Balance at beginning of period		754	2,502
Excess of revenues over expenses		-	53
Translation losses from net foreign investments		(2)	(4)
Change in ownership share in investments		(58)	(1,164)
Balance at end of period		**694**	**1,387**
Total net assets		**5,514**	**6,166**

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

Condensed Interim Consolidated Statements of Cash Flows
Unaudited (millions of Canadian dollars)

	Note	Three months ended March 31 2022	2021
Operating activities:			
Total comprehensive income (loss)		(2,443)	504
Adjustments for non-cash items:			
Amortization of net discount on investments		(1)	(1)
Depreciation and amortization of property, equipment and intangible assets		17	17
Changes in fair value of investments		1,959	142
Changes in fair value of investment properties		(7)	(11)
Translation losses from net foreign investments		34	39
Dividend income from public equity investments		(48)	(50)
Income from investments in associates and joint ventures		(159)	(94)
Surplus distribution expense	14	1,335	-
Interest income		(101)	(79)
Interest expense		2	2
Total comprehensive income after adjustments		**588**	**469**
Changes in non-cash balances related to operations:			
Receivables and other assets, excluding those related to investing and financing activities		(2)	139
Payables and other liabilities, excluding those related to investing and financing activities		(58)	(188)
Loss of Retirement Income Fund liability		(93)	(18)
Employee benefit plans liability	8	(820)	(801)
Benefit liabilities	9	116	62
Total changes in non-cash balances related to operations		(857)	(806)
Net cash required by operating activities		**(269)**	**(337)**
Investing activities:			
Dividends received from public equity investments, associates and joint ventures		39	131
Interest received		62	44
Purchases of property, equipment and intangible assets		(1)	(3)
Purchases of investments		(2,827)	(6,862)
Proceeds on sales and maturities of investments		4,253	5,192
Net dispositions of (additions to) investment properties		(5)	94
Net additions to investments in associates and joint ventures		(26)	(95)
Net cash provided (required) by investing activities		**1,495**	**(1,499)**
Financing activities:			
Net redemptions related to non-controlling interests		(57)	(1,142)
Distributions paid by subsidiaries to non-controlling interests		(1)	(22)
Repayment of debt and lease liabilities		(2)	(192)
Interest paid		(2)	(2)
Net cash required by financing activities		**(62)**	**(1,358)**
Net increase (decrease) in cash and cash equivalents		**1,164**	**(3,194)**
Cash and cash equivalents, beginning of period		681	4,969
Cash and cash equivalents, end of period		**1,845**	**1,775**

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

Notes to Condensed Interim Consolidated Financial Statements
March 31, 2022
Unaudited (millions of Canadian dollars)

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 200 Front Street West, Toronto, Ontario, M5V 3J1.

2. Statement of compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These unaudited condensed interim consolidated financial statements should be read in conjunction with the annual information available in the consolidated financial statements and the accompanying notes for the year ended December 31, 2021. Except as noted in note 3, these unaudited condensed interim consolidated financial statements have been prepared on a basis consistent with the policies and methods outlined in the notes to the consolidated financial statements for the year ended December 31, 2021.

These unaudited condensed interim consolidated financial statements were authorized for issuance by the WSIB's Board of Directors on June 23, 2022.

3. Significant accounting policies, estimates and assumptions

The WSIB is required to apply judgment in its accounting policies, estimates and assumptions that affect the reported amounts recognized in these unaudited condensed interim consolidated financial statements. The accounting policies, significant estimates and assumptions that are significant in these unaudited condensed interim consolidated financial statements are consistent with those applied in the annual information provided in the consolidated financial statements for the year ended December 31, 2021.

(a) Use of estimates and assumptions

Uncertainty exists in the estimates and assumptions used by the WSIB, which include, but are not limited to, the key unobservable inputs used in assessing the fair value of certain financial instruments and investment properties, the impairment of investments, the fair value of plan assets for the pension obligation and employee benefit plans, the actuarial valuation of the benefit liabilities and surplus distribution amounts held in reserve.

The WSIB continues to closely monitor developments related to the COVID-19 pandemic and its existing and potential impact on the WSIB's results and operations. Increased uncertainty has and could continue to impact financial results, as the duration of the COVID-19 pandemic remains uncertain.

The WSIB has applied valuation techniques using estimates and assumptions that reflect information available when these unaudited condensed interim consolidated financial statements were prepared, and management believes that the amounts recorded are appropriate. Changes in these key estimates and assumptions could materially impact the carrying values of the respective assets and liabilities.

(b) Future changes in accounting standards

IFRS 17 *Insurance Contracts* (“IFRS 17”)

In May 2017, and amended in June 2020, the IASB issued IFRS 17, which replaces the guidance in IFRS 4 *Insurance Contracts* and establishes a comprehensive principles-based framework for the recognition, measurement and presentation of insurance contracts. Also, in December 2021, the IASB amended IFRS 17 to add a transition option for a classification overlay to address possible accounting mismatches between financial assets measured under IFRS 9 *Financial Instruments* (“IFRS 9”) and insurance contract liabilities in the comparative information presented on initial application of IFRS 17. The WSIB plans to adopt the new standard on the effective date of January 1, 2023 together with IFRS 9.

IFRS 17 introduces two primary measurement models of insurance contract liabilities that could be applicable to the WSIB, depending on the nature of the insurance contracts: the General Measurement Model, and the Premium Allocation Approach.

The General Measurement Model requires insurance contracts to be measured using current estimates of discounted future cash flows, an adjustment for risk and a contractual service margin representing the profit expected from fulfilling the contracts. The Premium Allocation Approach is a simplified model that can be applied to insurance contracts with coverage periods of one year or less, or where the Premium Allocation Approach approximates the General Measurement Model. The Premium Allocation Approach includes discounted future cash flows and an adjustment for risk, but does not include a contractual service margin. The WSIB will apply the Premium Allocation Approach at transition.

The most significant impact that IFRS 17 is expected to have on the WSIB’s consolidated financial statements is on the Benefit liabilities:

a) <u>Discount rate</u>
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. The WSIB is assessing the impact of this change on its insurance liabilities and results of operations.

b) <u>Onerous contracts</u>
An insurance contract is onerous at the date of initial recognition if the fulfilment 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 as applicable. The recognition of this liability will result in a loss recognized in the period it arises. The WSIB is assessing the impact of this change on its insurance liabilities and results of operations.

Retrospective application is required unless impracticable, in which case a modified retrospective approach or a fair value approach can be used for transition. The WSIB will apply a full retrospective approach at transition.

The WSIB is currently assessing the impact of adopting this standard and expects that it will have a significant impact on how insurance contracts results are measured, presented and disclosed in the WSIB’s consolidated financial statements.

IFRS 9 *Financial Instruments* (“IFRS 9”)

In July 2014, and amended in June 2020, the IASB issued the final version of IFRS 9, which will replace IAS 39 *Financial Instruments: Recognition and Measurement* (“IAS 39”). IFRS 9 includes guidance on the classification and measurement of financial instruments, impairment of financial assets, and hedge accounting.

Unaudited (millions of Canadian dollars)

The WSIB will defer IFRS 9 until January 1, 2023, which is the same effective date as IFRS 17, as allowed under the amendments to IFRS 4 for companies whose activities are predominantly related to insurance (that is, insurance liabilities represent more than 80% of total liabilities). By electing the exemption under IFRS 4, the WSIB is permitted to defer the adoption of IFRS 9 while its associates and joint ventures have adopted IFRS 9. Based on the nature of the WSIB's financial instruments, adoption of IFRS 9 is not expected to have a significant impact on the WSIB's consolidated financial statements as most of the WSIB's financial instruments are measured at fair value.

Amendment to IFRS 17: Initial Application of IFRS 17 and IFRS 9 – Comparative Information

In December 2021, the IASB issued a narrow-scope amendment to the transition requirements in IFRS 17. Upon initial application of IFRS 17 and IFRS 9 on January 1, 2023, the amendment provides an option to present comparative information about financial assets as if the classification and measurement requirements of IFRS 9 had been applied to those financial assets before. This amendment intends to reduce the accounting mismatch that could arise from measuring financial assets and financial liabilities related to insurance contracts on different bases. As most of the WSIB's financial instruments are measured at fair value, significant accounting mismatches are not expected to arise between financial assets and financial liabilities related to insurance contracts. As such, the WSIB elects not to apply the option provided by this amendment. The adoption of this amendment is not expected to have a significant impact on the WSIB's consolidated financial statements.

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 is not expected to have a significant impact on the WSIB's consolidated financial statements.

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 is not expected to have a significant impact on the WSIB's 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:

	March 31 2022	**December 31 2021**
Cash	1,542	248
Short-term money market securities	231	314
Restricted cash[1]	72	119
Total cash and cash equivalents	**1,845**	**681**

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 March 31, 2022, the WSIB held $1,845 of cash and cash equivalents, of which $171 (December 31, 2021 – $243) was maintained for operating purposes and $1,674 (December 31, 2021 – $438) was maintained for investing purposes.

Notes to Condensed Interim Consolidated Financial Statements
March 31, 2022
Unaudited (millions of Canadian dollars)

5. Receivables and other assets

Receivables and other assets are comprised of the following:

	March 31 2022	December 31 2021
Premium receivables	212	187
Accrued premium receivables	350	392
Less: Allowance for doubtful accounts	(30)	(42)
Net premium receivables	**532**	**537**
Investment receivables[1]	673	155
Total receivables	**1,205**	**692**
Other assets[2]	12	6
Total receivables and other assets	**1,217**	**698**

1. Investment receivables include $42 of loans receivable (December 31, 2021 – $43) which are expected to be received over a period of more than one year.
2. Other assets include employer incentive program refunds of $52 (December 31, 2021 – $58) which are expected to be paid within 12 months.

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.

**Notes to Condensed Interim Consolidated Financial Statements
March 31, 2022
Unaudited (millions of Canadian dollars)**

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

	March 31, 2022				December 31, 2021			
	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]	1,614	231	-	**1,845**	367	314	-	**681**
Public equity investments								
Public equity pooled funds[2]	-	11,517	-	**11,517**	-	13,641	-	**13,641**
Public equity securities	168	-	-	**168**	400	-	-	**400**
Fixed income investments	-	10,114	-	**10,114**	-	11,755	-	**11,755**
Derivative assets	22	196	-	**218**	3	125	-	**128**
Investment properties[3]	-	-	663	**663**	-	-	651	**651**
Other invested assets								
Private market pooled funds[4]	-	-	2,974	**2,974**	-	-	2,544	**2,544**
Other private market investments	-	-	6,510	**6,510**	-	-	6,370	**6,370**
Derivative liabilities	(13)	(13)	-	**(26)**	-	(51)	-	**(51)**
Assets and liabilities for which fair value is disclosed								
Investment receivables[1]	-	673	-	**673**	-	155	-	**155**
Administration payables[1,5]	(120)	-	-	**(120)**	(149)	-	-	**(149)**
Investment payables[1]	-	(526)	-	**(526)**	-	(8)	-	**(8)**
Long-term debt[6]	-	(69)	-	**(69)**	-	(70)	-	**(70)**
Loss of Retirement Income Fund liability	-	-	(2,010)	**(2,010)**	-	-	(2,103)	**(2,103)**

1. The carrying amounts (less allowance for impairment) of cash and cash equivalents, investment receivables and administration and investment payables approximate their fair values.
2. The WSIB owns units of pooled funds which hold investments in public equity securities.
3. Investment properties include a right-of-use asset of $9 (December 31, 2021 – $9).
4. The WSIB owns units of pooled funds which hold investments in private market investments.
5. Certain comparative amounts have been reclassified to be consistent with the current period's presentation.
6. Carrying amount as at March 31, 2022 was $70 (December 31, 2021 – $70).

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

During the three months ended March 31, 2022 and March 31, 2021, there were no transfers between levels within the hierarchy.

Notes to Condensed Interim Consolidated Financial Statements
March 31, 2022
Unaudited (millions of Canadian dollars)

Level 3 fair value measurements

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

	Other invested assets				
For the three months ended March 31, 2022	Private market pooled funds	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	83	(41)	42	7	49
Translation losses recognized in other comprehensive income (loss)	-	(2)	(2)	-	(2)
Purchases	347	813	1,160	-	1,160
Sales	-	(630)	(630)	-	(630)
Capital expenditures	-	-	-	5	5
Balance as at March 31, 2022	**2,974**	**6,510**	**9,484**	**663**	**10,147**
Changes in unrealized gains (losses) included in earnings for assets and liabilities for positions still held	**84**	**55**	**139**	**7**	**146**

	Other invested assets				
For the three months ended March 31, 2021[1]	Private market pooled funds	Other private market investments	**Subtotal**	**Investment properties**	**Total**
Balance as at January 1, 2021	-	7,590	7,590	892	8,482
Net gains (losses) recognized in net investment income (loss)	-	(134)	(134)	11	(123)
Translation losses recognized in other comprehensive income (loss)	-	(6)	(6)	-	(6)
Purchases	-	569	569	-	569
Sales	-	(780)	(780)	(96)	(876)
Capital expenditures	-	-	-	1	1
Balance as at March 31, 2021	**-**	**7,239**	**7,239**	**808**	**8,047**
Changes in unrealized gains (losses) included in earnings for assets and liabilities for positions still held	**-**	**(333)**	**(333)**	**11**	**(322)**

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

Notes to Condensed Interim Consolidated Financial Statements
March 31, 2022
Unaudited (millions of Canadian dollars)

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	March 31, 2022 Range of inputs		December 31, 2021 Range of inputs	
			Low	High	Low	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	5.0%	8.0%	5.0%	7.8%
		Terminal capitalization rate	4.5%	7.0%	4.5%	7.0%
Investment properties	Discounted cash flow and market comparable	Discount rate	5.0%	8.5%	5.3%	8.5%
		Terminal capitalization rate	4.5%	7.5%	4.5%	7.5%
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 net asset values provided by investment managers.

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. 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.

Fair values of the Loss of Retirement Income Fund liability are based on the fair values of the assets in the Loss of Retirement Income Fund.

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.

Notes to Condensed Interim Consolidated Financial Statements
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7. Payables and other liabilities

	March 31 2022	December 31 2021[1]
Administration payables	120	149
Investment payables	526	8
Short-term payable – Worker Income Protection Benefit Program[2]	72	119
Employer liabilities[3]	1,574	231
Experience rating refunds	33	46
Other liabilities	137	116
Total payables and other liabilities	**2,462**	**669**

1. Certain comparative amounts have been reclassified to be consistent with the current periods' presentation.
2. 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.
3. Employer liabilities consists of the reclassification of premium receivables of all outstanding employer accounts with credit balances and a total surplus distribution of $1,335 to eligible businesses, which includes a reserve for any adjustments to surplus distribution amounts issued to eligible employers. Refer to note 14.

8. Employee benefit plans

Employee benefit plans expense

The cost of the employee benefit plans recognized in administration and other expenses for the three months ended March 31 is as follows:

	Pension plans		Other benefits		Total	
For the three months ended March 31	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Current service cost	42	44	6	7	48	51
Net interest on the employee benefit plans liability	10	11	8	8	18	19
Past service recovery	-	(9)	-	-	-	(9)
Long-term employee benefit gains	-	-	(5)	(2)	(5)	(2)
Administrative expenses	3	3	-	-	3	3
Employee benefit plans expense	**55**	**49**	**9**	**13**	**64**	**62**

Amounts recognized in other comprehensive income for the three months ended March 31 are as follows:

	Pension plans		Other benefits		Total	
For the three months ended March 31	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Actuarial gains arising from:						
Financial assumptions	868	640	165	169	1,033	809
Plan experience	1	1	2	1	3	2
Return in excess of interest income on plan assets	(186)	25	-	-	(186)	25
Remeasurements of employee benefit plans	**683**	**666**	**167**	**170**	**850**	**836**

Notes to Condensed Interim Consolidated Financial Statements
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Unaudited (millions of Canadian dollars)

Employee benefit plans liability

The employee benefit plans liability is comprised of the following:

	Pension plans		Other benefits		Total	
	Mar. 31 2022	**Dec. 31 2021**	**Mar. 31 2022**	**Dec. 31 2021**	**Mar. 31 2022**	**Dec. 31 2021**
Present value of obligations[1]	4,614	5,434	837	1,002	5,451	6,436
Fair value of plan assets	(4,056)	(4,221)	-	-	(4,056)	(4,221)
Employee benefit plans liability	**558**	**1,213**	**837**	**1,002**	**1,395**	**2,215**

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

9. Benefit liabilities

Benefit liabilities are comprised of the following:

	March 31 2022	**December 31 2021**
Loss of earnings	8,846	8,759
Workers' pensions	4,860	4,921
Health care	4,977	4,922
Survivor benefits	3,215	3,193
Future economic loss	620	646
External providers	94	92
Non-economic loss	355	352
Long latency occupational diseases	2,479	2,454
Claim administration costs	1,477	1,469
Loss of Retirement Income	503	502
Benefit liabilities	**27,426**	**27,310**

10. Premium revenue

A summary of premiums for the three months ended March 31 is as follows:

	Three months ended March 31	
	2022	**2021**
Gross Schedule 1 premiums	772	741
Bad debts recovery	2	8
Interest and penalties	16	-
Schedule 1 employer premiums	**790**	**749**
Schedule 2 employer administration fees	27	25
Net mandatory employer incentive programs	-	(6)
Premium revenue	**817**	**768**

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11. Net investment loss

Net investment loss by nature of invested assets for the three months ended March 31 is as follows:

	Three months ended March 31	
	2022	**2021[1]**
Public equity investments	(1,048)	303
Fixed income investments	(1,089)	(562)
Derivative financial instruments	126	238
Investment properties	12	20
Investments in associates and joint ventures[2]	159	94
Other invested assets	201	7
Add (Less): Loss (income) attributable to Loss of Retirement Income Fund	73	(1)
Investment income (loss)	**(1,566)**	**99**
Less: Investment expenses[3]	(84)	(108)
Net investment loss	**(1,650)**	**(9)**

1. Certain comparative amounts have been reclassified to be consistent with the current period's presentation.
2. In the first quarter of 2022, the WSIB entered into an agreement for the sale of one of its investments held as an associate. The sale is expected to close in the third quarter of 2022, subject to customary closing conditions. As at March 31, 2022, this investment is classified as held for sale within Investments in associates and joint ventures in the amount of $190.
3. Includes $16 of management fees paid to investment managers for the three months ended March 31, 2022 (three months ended March 31, 2021 – $44).

12. Total claim costs

Claim payments

	Three months ended March 31	
	2022	**2021**
Loss of earnings	261	266
Workers' pensions	114	117
Health care	150	152
Survivor benefits	54	53
Future economic loss	32	36
External providers	8	7
Non-economic loss	17	18
Total claim payments	**636**	**649**

Claim administration costs

	Three months ended March 31	
	2022	**2021**
Allocation from administration and other expenses	134	121
Allocation from legislated obligations and funding commitments expenses	6	4
Total claim administration costs	**140**	**125**

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Change in actuarial valuation of benefit liabilities

	Three months ended March 31	
	2022	**2021**
Change in actuarial valuation of benefit liabilities	116	62

For the three months ended March 31, 2022, the change in actuarial valuation of benefit liabilities is detailed as follows:

Benefit liabilities as at December 31, 2021	**27,310**
Payments made in 2022 for prior injury years (including Loss of Retirement Income and claims administration costs)	(695)
Interest accretion[1]	310
Liabilities incurred for the 2022 injury year	551
Experience gains	(50)
Benefit liabilities as at March 31, 2022	**27,426**
Change in actuarial valuation of benefit liabilities	116

1. Accretion represents the estimated interest cost of the benefit liabilities, considering the discount rate, benefit liabilities at the beginning of the period and payments made during the period.

13. Administration and other expenses

	Three months ended March 31	
	2022	**2021**
Salaries and short-term benefits	124	121
Employee benefit plans	64	62
Depreciation and amortization	17	16
Other	50	59
	255	**258**
Claim administration costs allocated to claim costs	(134)	(121)
Total administration and other expenses	**121**	**137**

14. Surplus distribution

On February 10, 2022, the Board of Directors approved a rebate of surplus funds, up to $1,500, to be distributed to eligible Schedule 1 employers within 90 days. As at March 31, 2022, a total of $1,335 has been recorded for distribution to eligible businesses, which includes a reserve of $135 for adjustments to rebates of surplus funds. Substantially all surplus distributions are expected to be paid during the year ended December 31, 2022. Refer to note 7.

15. Commitments and contingent liabilities

(a) Investment commitments

The WSIB's commitments for capital calls as at March 31, 2022 related to its investment portfolio are $4,990 (December 31, 2021 – $5,286). 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 March 31, 2022 were approximately $291 for the period from April 1, 2022 to March 31, 2023.

(c) 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.