

Workplace Safety and Insurance Board

Third Quarter 2022 Results

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Workplace Safety and Insurance Board
Third Quarter 2022 Results

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

	Note	September 30 2022	December 31 2021
Assets			
Cash and cash equivalents	4	817	681
Receivables and other assets	5	806	698
Public equity investments	6	10,092	14,041
Fixed income investments	6	8,752	11,755
Derivative assets	6	32	128
Investment properties	6	663	651
Investments in associates and joint ventures		3,430	3,378
Other invested assets	6	11,493	8,914
Property, equipment and intangible assets		240	286
Total assets		36,325	40,532
Liabilities			
Payables and other liabilities	7	1,151	669
Derivative liabilities	6	438	51
Securities sold under repurchase agreements		713	-
Long-term debt and lease liabilities		164	169
Loss of Retirement Income Fund liability	8	1,866	2,103
Employee benefit plans liability	9	1,171	2,215
Benefit liabilities	10	28,062	27,310
Total liabilities		33,565	32,517
Net assets			
Reserves		1,068	7,399
Accumulated other comprehensive income (loss)		1,060	(138)
Net assets attributable to WSIB stakeholders		2,128	7,261
Non-controlling interests		632	754
Total net assets		2,760	8,015
Total liabilities and net assets		36,325	40,532

Approved by the Board of Directors



Grant Walsh
Chair
December 15, 2022



Helen Polatajko
Audit and Finance Committee (Chair)
December 15, 2022

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

	Note	Three months ended September 30		Nine months ended September 30	
		2022	2021	2022	2021
Revenues					
Premium revenue	11	908	865	2,606	2,469
Investment income (loss)	12	(57)	529	(3,785)	2,158
Investment expenses	12	(84)	(89)	(244)	(283)
Net investment income (loss)		(141)	440	(4,029)	1,875
Total revenues		767	1,305	(1,423)	4,344
Expenses					
Claim payments	13	611	625	1,868	1,917
Claim administration costs	13	151	142	428	405
Change in actuarial valuation of benefit liabilities	13	(62)	10	752	49
Total claim costs		700	777	3,048	2,371
Loss of Retirement Income Fund contributions		13	13	39	40
Administration and other expenses	14	129	148	381	421
Legislated obligations and funding commitments		74	68	204	190
Total expenses		916	1,006	3,672	3,022
Excess (deficiency) from operations		(149)	299	(5,095)	1,322
Surplus distribution expense (recovery)	15	(21)	-	1,246	-
Excess (deficiency) of revenues over expenses		(128)	299	(6,341)	1,322
Other comprehensive income (loss)					
Item that will not be reclassified subsequently to income					
Remeasurements of employee benefit plans	9	(256)	171	1,146	983
Item that will be reclassified subsequently to income					
Translation gains (losses) from net foreign investments		70	45	48	(14)
Total other comprehensive income (loss)		(186)	216	1,194	969
Total comprehensive income (loss)		(314)	515	(5,147)	2,291

	Note	Three months ended September 30		Nine months ended September 30	
		2022	2021	2022	2021
Excess (deficiency) of revenues over expenses					
attributable to:					
WSIB stakeholders		(117)	266	(6,331)	1,184
Non-controlling interests		(11)	33	(10)	138
		(128)	299	(6,341)	1,322
Total comprehensive income (loss) attributable to:					
WSIB stakeholders		(302)	478	(5,133)	2,155
Non-controlling interests		(12)	37	(14)	136
		(314)	515	(5,147)	2,291

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

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

	Note	Nine months ended September	
		2022	2021
Reserves			
Balance at beginning of period		7,399	5,167
Excess (deficiency) from operations		(5,085)	1,184
Surplus distribution	15	(1,246)	-
Balance at end of period		1,068	6,351
Accumulated other comprehensive income (loss)			
Balance at beginning of period		(138)	(843)
Remeasurements of employee benefit plans	9	1,146	983
Translation gains (losses) from net foreign investments		52	(12)
Balance at end of period		1,060	128
Net assets attributable to WSIB stakeholders		2,128	6,479
Non-controlling interests			
Balance at beginning of period		754	2,502
Excess (deficiency) of revenues over expenses		(10)	138
Translation losses from net foreign investments		(4)	(2)
Change in ownership share in investments		(108)	(1,553)
Balance at end of period		632	1,085
Total net assets		2,760	7,564

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

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

		Nine months ended September 30	
	Note	2022	2021
Operating activities:			
Total comprehensive income (loss)		(5,147)	2,291
Adjustments for non-cash items:			
Amortization of net discount on investments		(7)	(1)
Depreciation and amortization of property, equipment and intangible assets		51	51
Changes in fair value of investments		4,545	(1,442)
Changes in fair value of investment properties		14	(36)
Translation losses (gains) from net foreign investments		(48)	14
Dividend income from public equity investments		(147)	(187)
Income from investments in associates and joint ventures		(104)	(263)
Surplus distribution expense	15	1,246	-
Interest income		(339)	(297)
Interest expense		28	7
Total comprehensive income after adjustments		92	137
Changes in non-cash balances related to operations:			
Receivables and other assets, excluding those related to investing and financing activities		(1)	181
Payables and other liabilities, excluding those related to investing and financing activities		(400)	(45)
Loss of Retirement Income Fund liability	8	(237)	28
Employee benefit plans liability	9	(1,044)	(843)
Benefit liabilities	10	752	49
Total changes in non-cash balances related to operations		(930)	(630)
Net cash required by operating activities		(838)	(493)
Investing activities:			
Dividends received from public equity investments, associates and joint ventures		202	315
Interest received		296	247
Purchases of property, equipment and intangible assets		(5)	(10)
Purchases of investments		(9,805)	(15,133)
Proceeds on sales and maturities of investments		10,107	13,432
Net dispositions of (additions to) investment properties		(26)	195
Net dispositions of (additions to) investments in associates and joint ventures		30	(451)
Net cash provided (required) by investing activities		799	(1,405)
Financing activities:			
Net redemptions related to non-controlling interests		(107)	(1,503)
Distributions paid by subsidiaries to non-controlling interests		(1)	(50)
Repayment of debt and lease liabilities		(6)	(376)
Interest paid		(7)	(7)
Surplus distribution		(398)	-
Net increase in securities sold under repurchase agreements		694	-
Net cash provided (required) by financing activities		175	(1,936)
Net increase (decrease) in cash and cash equivalents		136	(3,834)
Cash and cash equivalents, beginning of period		681	4,969
Cash and cash equivalents, end of period		817	1,135

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

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Notes to Condensed Interim Consolidated Financial Statements
September 30, 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. 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 December 15, 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, except as noted below.

(a) Securities sold under repurchase agreements

In August 2022, the WSIB started entering 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 WSIB retains substantially all the risks and rewards associated with the securities sold under repurchase agreements. Therefore, the WSIB continues to recognize the securities in its condensed interim consolidated statements of financial position. The WSIB also recognizes the liabilities related to its obligations to repurchase these securities at a specified date in the future. The Investment Management Corporation of Ontario, on behalf of the WSIB, monitors the market value of the securities sold relative to the amounts due under the repurchase agreements, and when necessary, transfers additional collateral and may require counterparties to return collateral pledged.

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These financial liabilities are initially measured at fair value and are subsequently measured at amortized cost using the effective interest rate method. The interest expense related to these liabilities is measured using the effective interest rate method, and is recorded on an accrual basis in net investment income (loss) on the condensed interim consolidated statements of comprehensive income (loss) and in payables and other liabilities on the condensed interim consolidated statements of financial position. Due to the short-term nature of these agreements, the carrying amounts of the repurchase agreements approximate fair value.

(b) 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.

(c) 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) 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.

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The WSIB is assessing the impact of this change on its insurance liabilities and results of operations.

b) **Onerous contracts**

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*

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*. IFRS 9 includes guidance on the classification and measurement of financial instruments, impairment of financial assets, and hedge accounting.

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.

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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:

	September 30 2022	December 31 2021
Cash	505	248
Short-term money market securities	261	314
Restricted cash ¹	51	119
Total cash and cash equivalents	817	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 September 30, 2022, the WSIB held \$817 (December 31, 2021 – \$681) of cash and cash equivalents, of which \$453 (December 31, 2021 – \$243) was maintained for operating purposes and \$364 (December 31, 2021 – \$438) was maintained for investing purposes.

5. Receivables and other assets

Receivables and other assets are comprised of the following:

	September 30 2022	December 31 2021
Premium receivables ¹	163	187
Accrued premium receivables	416	392
<i>Less: Allowance for doubtful accounts</i>	(54)	(42)
Net premium receivables	525	537
Investment receivables ²	260	155
Total receivables	785	692
Other assets ³	21	6
Total receivables and other assets	806	698

1. Premium receivables are presented net of surplus distributions that have been applied. Employer accounts with credit balances have been reclassified to employer liabilities within payables and other liabilities. Refer to note 7.

2. Investment receivables include \$41 of loans receivable (December 31, 2021 – \$43) which are expected to be received over a period of more than one year.

3. Other assets include employer incentive program refunds of \$36 (December 31, 2021 – \$58) which are expected to be paid within 12 months.

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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:

	September 30, 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	556	261	-	817	367	314	-	681
Public equity investments								
Public equity pooled funds ²	-	10,091	-	10,091	-	13,641	-	13,641
Public equity securities	1	-	-	1	400	-	-	400
Fixed income investments	-	8,752	-	8,752	-	11,755	-	11,755
Derivative assets	10	22	-	32	3	125	-	128
Investment properties ³	-	-	663	663	-	-	651	651
Other invested assets								
Private market pooled funds ⁴	-	-	2,985	2,985	-	-	2,544	2,544
Other private market investments	-	-	8,508	8,508	-	-	6,370	6,370
Derivative liabilities	(23)	(415)	-	(438)	-	(51)	-	(51)
Assets and liabilities for which fair value is disclosed								
Long-term debt ⁵	-	(64)	-	(64)	-	(70)	-	(70)
Loss of Retirement Income Fund liability	-	-	(1,866)	(1,866)	-	-	(2,103)	(2,103)

1. The carrying amount of cash and cash equivalents approximates its fair value.

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. Carrying amount as at September 30, 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 and nine months ended September 30, 2022 and September 30, 2021, there were no transfers between levels within the hierarchy.

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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 three months ended September 30, 2022	Other invested assets				
	Private market pooled funds	Other private market investments	Subtotal	Investment properties	Total
Balance as at July 1, 2022	2,973	7,764	10,737	662	11,399
Net gains (losses) recognized in net investment income (loss)	12	305	317	(14)	303
Translation gains recognized in other comprehensive income (loss)	-	9	9	-	9
Purchases	-	521	521	-	521
Sales	-	(91)	(91)	-	(91)
Capital expenditures	-	-	-	15	15
Balance as at September 30, 2022	2,985	8,508	11,493	663	12,156
Changes in unrealized gains (losses) included in income (loss) for positions still held	11	335	346	(14)	332

For the nine months ended September 30, 2022	Other invested assets				
	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 (loss)	140	397	537	(14)	523
Translation gains recognized in other comprehensive income (loss)	-	13	13	-	13
Purchases	347	2,592	2,939	-	2,939
Sales	(46)	(864)	(910)	-	(910)
Capital expenditures	-	-	-	26	26
Balance as at September 30, 2022	2,985	8,508	11,493	663	12,156
Changes in unrealized gains (losses) included in income (loss) for positions still held	140	525	665	(14)	651

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For the three months ended September 30, 2021¹	Other invested assets				Total
	Private market pooled funds	Other private market investments	Subtotal	Investment properties	
Balance as at July 1, 2021	-	7,422	7,422	702	8,124
Net gains recognized in net investment income (loss)	-	375	375	24	399
Translation gains recognized in other comprehensive income (loss)	-	8	8	-	8
Purchases	-	601	601	2	603
Sales	-	(967)	(967)	-	(967)
Capital expenditures	-	-	-	4	4
Balance as at September 30, 2021	-	7,439	7,439	732	8,171
Changes in unrealized gains included in income (loss) for positions still held	-	44	44	21	65

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

For the nine months ended September 30, 2021¹	Other invested assets				Total
	Private market pooled funds	Other private market investments	Subtotal	Investment properties	
Balance as at January 1, 2021	-	7,590	7,590	892	8,482
Net gains recognized in net investment income (loss)	-	339	339	32	371
Translation losses recognized in other comprehensive income (loss)	-	(3)	(3)	-	(3)
Purchases	-	1,872	1,872	2	1,874
Sales	-	(2,359)	(2,359)	(200)	(2,559)
Capital expenditures	-	-	-	6	6
Balance as at September 30, 2021	-	7,439	7,439	732	8,171
Changes in unrealized gains (losses) included in income (loss) for positions still held	-	(374)	(374)	37	(337)

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

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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	September 30, 2022		December 31, 2021	
			Range of inputs Low	Range of inputs High	Range of inputs Low	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 Terminal capitalization rate	5.3% 4.8%	8.0% 7.3%	5.0% 4.5%	7.8% 7.0%
Investment properties	Discounted cash flow and market comparable	Discount rate Terminal capitalization rate	5.0% 4.5%	8.8% 7.8%	5.3% 4.5%	8.5% 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.

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7. Payables and other liabilities

	September 30 2022	December 31 2021 ¹
Administration payables	149	149
Investment payables	43	8
Short-term payable – Worker Income Protection Benefit Program ²	51	119
Employer liabilities ³	684	231
Experience rating refunds	14	46
Other liabilities	210	116
Total payables and other liabilities	1,151	669

1. Certain comparative amounts have been reclassified to be consistent with the current period's 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 consist of the reclassification of premium receivables of all outstanding employer accounts with credit balances, including employers with credit balances following the application of the surplus distribution, and a reserve of \$53 for any adjustments to surplus distribution amounts issued to eligible employers. Refer to note 15.

8. Loss of Retirement Income Fund liability

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

	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Balance at beginning of period	1,891	2,032	2,103	2,003
Contributions from the WSIB	13	13	39	40
Optional contributions from injured workers	2	3	6	6
Contributions from Schedule 2 employers	3	3	6	6
Income (loss) earned on contributions	1	19	(165)	87
Benefits paid in cash	(44)	(39)	(123)	(111)
Balance at end of period	1,866	2,031	1,866	2,031

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9. Employee benefit plans

Employee benefit plans expense

The cost of the employee benefit plans recognized in administration and other expenses for the three months and nine months ended September 30 is as follows:

For the three months ended September 30	Pension plans		Other benefits		Total	
	2022	2021	2022	2021	2022	2021
Current service cost	42	44	6	6	48	50
Net interest on the employee benefit plans liability	10	11	7	8	17	19
Past service recovery	-	-	(3)	-	(3)	-
Long-term employee benefit gains	-	-	(1)	-	(1)	-
Administrative expenses	4	2	-	-	4	2
Employee benefit plans expense	56	57	9	14	65	71

For the nine months ended September 30	Pension plans		Other benefits		Total	
	2022	2021	2022	2021	2022	2021
Current service cost	126	132	18	20	144	152
Net interest on the employee benefit plans liability	30	33	23	24	53	57
Past service cost (recovery)	-	(9)	(3)	5	(3)	(4)
Long-term employee benefit gains	-	-	(10)	(2)	(10)	(2)
Administrative expenses	10	8	-	-	10	8
Employee benefit plans expense	166	164	28	47	194	211

Amounts recognized in other comprehensive income (loss) for the three months and nine months ended September 30 are as follows:

For the three months ended September 30	Pension plans		Other benefits		Total	
	2022	2021	2022	2021	2022	2021
Actuarial gains (losses) arising from:						
Financial assumptions	(125)	137	(10)	18	(135)	155
Plan experience	(80)	-	3	6	(77)	6
Return on plan assets excluding interest income	(44)	10	-	-	(44)	10
Remeasurements of employee benefit plans	(249)	147	(7)	24	(256)	171

For the nine months ended September 30	Pension plans		Other benefits		Total	
	2022	2021	2022	2021	2022	2021
Actuarial gains (losses) arising from:						
Financial assumptions	1,448	651	291	156	1,739	807
Plan experience	(78)	2	7	11	(71)	13
Return on plan assets excluding interest income	(522)	163	-	-	(522)	163
Remeasurements of employee benefit plans	848	816	298	167	1,146	983

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Employee benefit plans liability

The employee benefit plans liability is comprised of the following:

	Pension plans		Other benefits		Total	
	Sep. 30 2022	Dec. 31 2021	Sep. 30 2022	Dec. 31 2021	Sep. 30 2022	Dec. 31 2021
Present value of obligations ¹	4,208	5,434	711	1,002	4,919	6,436
Fair value of plan assets	(3,748)	(4,221)	-	-	(3,748)	(4,221)
Employee benefit plans liability	460	1,213	711	1,002	1,171	2,215

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

10. Benefit liabilities

Benefit liabilities are comprised of the following:

	September 30 2022	December 31 2021
Loss of earnings	9,077	8,759
Workers' pensions	4,980	4,921
Health care	5,042	4,922
Survivor benefits	3,370	3,193
Future economic loss	598	646
External providers	98	92
Non-economic loss	380	352
Long latency occupational diseases	2,560	2,454
Claim administration costs	1,443	1,469
Loss of Retirement Income	514	502
Benefit liabilities	28,062	27,310

11. Premium revenue

A summary of premiums for the three months and nine months ended September 30 is as follows:

	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Gross Schedule 1 premiums	873	825	2,495	2,367
Bad debts recovery (expense)	(17)	6	(37)	33
Interest and penalties	22	16	59	14
Schedule 1 employer premiums	878	847	2,517	2,414
Schedule 2 employer administration fees	27	24	82	74
Net mandatory employer incentive programs	3	(6)	7	(19)
Premium revenue	908	865	2,606	2,469

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12. Net investment income (loss)

Net investment income (loss) by nature of invested assets for the three months and nine months ended September 30 is as follows:

	Three months ended September 30		Nine months ended September 30	
	2022	2021 ¹	2022	2021 ¹
Cash and cash equivalents	4	-	6	1
Public equity investments	(65)	170	(2,576)	1,302
Fixed income investments	109	(105)	(1,928)	(399)
Derivative financial instruments	(464)	(159)	(509)	291
Investment properties	(9)	24	-	56
Investments in associates and joint ventures ²	(86)	101	104	264
Other invested assets	453	517	951	731
<i>Add (Less): Loss (income) attributable to Loss of Retirement Income Fund</i>	<i>1</i>	<i>(19)</i>	<i>167</i>	<i>(88)</i>
Investment income (loss)	(57)	529	(3,785)	2,158
<i>Less: Investment expenses³</i>	<i>(84)</i>	<i>(89)</i>	<i>(244)</i>	<i>(283)</i>
Net investment income (loss)	(141)	440	(4,029)	1,875

1. Certain comparative amounts have been reclassified to be consistent with the current period's presentation.
2. During the three and nine months ended September 30, 2022, the WSIB recorded an impairment related to certain of its investments in associates and joint ventures as a result of poor macroeconomic conditions. The WSIB determined the recoverable amount of the impaired investment to be lower than the carrying amount. An impairment loss of \$9 has been included in the condensed interim consolidated statements of comprehensive income (loss) for the nine months ended September 30, 2022. During the nine months ended September 30, 2021, the WSIB reversed an impairment loss related to certain of its investments in associates and joint ventures resulting in a favourable change in the estimates used to determine the recoverable amount of its investments. An impairment reversal of \$13 has been included in the unaudited condensed interim consolidated statements of comprehensive income (loss) for the nine months ended September 30, 2021.
3. Includes \$26 and \$72 of management fees paid to investment managers for the three months and nine months ended September 30, 2022, respectively (2021 – \$51 and \$125). Includes \$20 of expenses related to the securities sold under repurchase agreements, net of foreign currency gains and losses, for the three months and nine months ended September 30, 2022 (2021 - nil and nil).

13. Total claim costs

Claim payments

	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Loss of earnings	267	266	795	804
Workers' pensions	108	110	332	342
Health care	132	138	421	434
Survivor benefits	52	55	158	162
Future economic loss	30	34	93	104
External providers	7	7	22	21
Non-economic loss	15	15	47	50
Total claim payments	611	625	1,868	1,917

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Claim administration costs

	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Allocation from administration and other expenses	144	135	409	388
Allocation from legislated obligations and funding commitments expenses	7	7	19	17
Total claim administration costs	151	142	428	405

Change in actuarial valuation of benefit liabilities

	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Change in actuarial valuation of benefit liabilities	(62)	10	752	49

For the nine months ended September 30, 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)	(1,938)
Interest accretion ¹	924
Liabilities incurred for the 2022 injury year	1,524
Experience losses	242
Benefit liabilities as at September 30, 2022	28,062
Change in actuarial valuation of benefit liabilities	752

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.

14. Administration and other expenses

	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Salaries and short-term benefits	130	127	379	360
Employee benefit plans	65	71	194	211
Depreciation and amortization	17	16	50	48
Other	61	64	167	180
	273	278	790	799
Claim administration costs allocated to claim costs	(144)	(130)	(409)	(378)
Total administration and other expenses	129	148	381	421

15. 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 September 30, 2022, a total of \$1,193 has been distributed to eligible businesses, and a reserve of \$53 has been recognized for possible 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.

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16. Commitments and contingent liabilities

(a) Investment commitments

The WSIB's commitments for capital calls as at September 30, 2022 related to its investment portfolio are \$6,483 (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 September 30, 2022 were approximately \$301 for the period from October 1, 2022 to September 30, 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.