Workplace Safety and Insurance Board

Third Quarter 2023 Results

Contact accessibility@wsib.on.ca if you require this communication in an alternative format.

Table of contents

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

	Note	September 30 2023	December 31 2022 *restated*	January 1 2022 *restated*
Assets				
Cash and cash equivalents	5	791	664	681
Receivables and other assets	4,6	482	296	252
Public equity investments	7	9,777	10,000	14,041
Fixed income investments	7	7,387	8,773	11,755
Derivative assets	7	74	47	128
Investment properties	7	622	653	651
Investments in associates and joint ventures		2,381	2,376	3,378
Other invested assets	7	14,888	12,852	8,914
Property, equipment and intangible assets		241	228	286
Total assets		**36,643**	**35,889**	**40,086**
Liabilities				
Payables and other liabilities	4,8	592	333	358
Derivative liabilities	7	13	59	51
Securities sold under repurchase agreements		1,587	1,082	-
Long-term debt and lease liabilities		161	162	169
Loss of Retirement Income Fund liability	9	1,847	1,874	2,103
Employee benefit plans liability	10	724	1,017	2,215
Insurance contract liabilities	4,11	25,484	26,647	31,802
Total liabilities		**30,408**	**31,174**	**36,698**
Net assets				
Reserves		4,386	3,036	2,772
Accumulated other comprehensive income (loss)		1,590	1,277	(138)
Net assets attributable to WSIB stakeholders		**5,976**	**4,313**	**2,634**
Non-controlling interests		259	402	754
Total net assets		**6,235**	**4,715**	**3,388**
Total liabilities and net assets		**36,643**	**35,889**	**40,086**

Approved by the Board of Directors

Grant Walsh
Chair
December 7, 2023

Reagan Ruslim
Audit and Finance Committee (Chair)
December 7, 2023

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 September 30 2023	Three months ended September 30 2022 *restated*	Nine months ended September 30 2023	Nine months ended September 30 2022 *restated*
Revenues					
Insurance revenue	12	902	875	2,696	2,516
Insurance service expenses	14	(795)	(585)	(2,951)	(2,813)
Insurance service result		**107**	**290**	**(255)**	**(297)**
Insurance finance income (expense)	4	**1,654**	**(81)**	**1,256**	**5,233**
Investment income (loss)	13	(622)	(57)	861	(3,785)
Investment expenses	13	(103)	(84)	(244)	(244)
Net investment income (loss)		**(725)**	**(141)**	**617**	**(4,029)**
Total revenues		**1,036**	**68**	**1,618**	**907**
Expenses					
Loss of Retirement Income Fund contributions		13	13	41	39
Administration and other expenses	15	33	34	119	107
Legislated obligations and funding commitments		81	74	211	204
Other income		(30)	(31)	(89)	(89)
Total expenses		**97**	**90**	**282**	**261**
Excess (deficiency) from operations		**939**	**(22)**	**1,336**	**646**
Surplus distribution expense (recovery)	16	-	(21)	-	1,246
Excess (deficiency) of revenues over expenses		**939**	**(1)**	**1,336**	**(600)**
Other comprehensive income (loss)					
Item that will not be reclassified subsequently to income					
Remeasurements of employee benefit plans	10	451	(256)	311	1,146
Item that will be reclassified subsequently to income					
Translation gains from net foreign investments		29	70	2	48
Total other comprehensive income (loss)		**480**	**(186)**	**313**	**1,194**
Total comprehensive income (loss)		**1,419**	**(187)**	**1,649**	**594**

	Note	Three months ended September 30 2023	Three months ended September 30 2022 *restated*	Nine months ended September 30 2023	Nine months ended September 30 2022 *restated*
Excess (deficiency) of revenues over expenses attributable to:					
WSIB stakeholders		946	10	1,350	(590)
Non-controlling interests	18	(7)	(11)	(14)	(10)
		939	**(1)**	**1,336**	**(600)**
Total comprehensive income (loss) attributable to:					
WSIB stakeholders		1,426	(175)	1,663	608
Non-controlling interests	18	(7)	(12)	(14)	(14)
		1,419	**(187)**	**1,649**	**594**

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)

	Note	Nine months ended September 30 2023
Reserves		
Balance at December 31, 2022 (As reported)		1,944
Impact of the adoption of IFRS 17	4	1,092
Adjusted balance at beginning of period		3,036
Excess from operations		1,350
Balance at end of period		**4,386**
Accumulated other comprehensive income (loss)		
Balance at beginning of period		1,277
Remeasurements of employee benefit plans	10	311
Translation gains from net foreign investments		2
Balance at end of period		**1,590**
Net assets attributable to WSIB stakeholders		**5,976**
Non-controlling interests		
Balance at beginning of period		402
Deficiency of revenues over expenses		(14)
Change in ownership share in investments		(129)
Balance at end of period		**259**
Total net assets		**6,235**

	Note	Nine months ended September 30 2022 *restated*
Reserves		
Balance at December 31, 2021 (As reported)		7,399
Transitional adjustment upon adoption of IFRS 17	4	(4,627)
Adjusted balance at beginning of period		2,772
Excess from operations		656
Surplus distribution	16	(1,246)
Balance at end of period (Restated)		**2,182**
Accumulated other comprehensive income (loss)		
Balance at beginning of period		(138)
Remeasurements of employee benefit plans	10	1,146
Translation gains from net foreign investments		52
Balance at end of period		**1,060**
Net assets attributable to WSIB stakeholders		**3,242**
Non-controlling interests		
Balance at beginning of period		754
Deficiency of revenues over expenses		(10)
Translation losses from net foreign investments		(4)
Change in ownership share in investments		(108)
Balance at end of period		**632**
Total net assets (Restated)		**3,874**

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	Nine months ended September 30 2023	2022 *restated*
Operating activities:			
Total comprehensive income		1,649	594
Adjustments for non-cash items:			
Amortization of net discount on investments		(22)	(7)
Depreciation and amortization of property, equipment and intangible assets		26	51
Changes in fair value of investments		(619)	4,545
Changes in fair value of investment properties		46	14
Translation gains from net foreign investments		(2)	(48)
Dividend income from public equity investments		(54)	(147)
Loss (income) from investments in associates and joint ventures		39	(104)
Surplus distribution expense	16	-	1,246
Interest income		(286)	(339)
Interest expense		53	28
Total comprehensive income after adjustments		830	5,833
Changes in non-cash balances related to operations:			
Receivables and other assets, excluding those related to investing and financing activities		(29)	14
Payables and other liabilities, excluding those related to investing and financing activities		79	(774)
Loss of Retirement Income Fund liability	9	(27)	(237)
Employee benefit plans liability	10	(293)	(1,044)
Insurance contract liabilities	11	(1,163)	(4,630)
Total changes in non-cash balances related to operations		(1,433)	(6,671)
Net cash required by operating activities		**(603)**	**(838)**
Investing activities:			
Dividends received from investments		129	202
Interest received		242	296
Purchases of property, equipment and intangible assets		(33)	(5)
Purchases of investments		(8,536)	(9,805)
Proceeds on sales and maturities of investments		8,755	10,107
Net additions to investment properties		(15)	(26)
Net dispositions of (additions to) investments in associates and joint ventures		(90)	30
Net cash provided by investing activities		**452**	**799**
Financing activities:			
Net redemptions related to non-controlling interests		(127)	(107)
Distributions paid by subsidiaries to non-controlling interests		(2)	(1)
Repayment of debt and lease liabilities		(5)	(6)
Interest paid		(43)	(7)
Surplus distribution		(46)	(398)
Net increase in securities sold under repurchase agreements		501	694
Net cash provided by financing activities		**278**	**175**
Net increase in cash and cash equivalents		**127**	**136**
Cash and cash equivalents, beginning of period		664	681
Cash and cash equivalents, end of period		**791**	**817**

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

Notes to Condensed Interim Consolidated Financial Statements
September 30, 2023
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, 2022. 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, 2022, except as noted below.

These unaudited condensed interim consolidated financial statements were authorized for issuance by the WSIB's Board of Directors on December 7, 2023. The 2022 figures as presented in these unaudited condensed interim consolidated financial statements have been restated, where indicated, for the adoption of IFRS 17 *Insurance Contracts* ("IFRS 17").

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, 2022, except as noted below.

a) Securities purchased under resale agreements

The WSIB enters into resale agreements where the WSIB purchases securities and subsequently resells them at a specified price on a specified date in the future. Securities purchased under resale agreements are accounted for as collateralized lending transactions initially measured at fair value and subsequently measured at amortized cost using the effective interest rate method. Due to the short-term nature of these agreements, the carrying amounts of the securities purchased under resale 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, the actuarial valuation of employee benefit plans, and the actuarial valuation of the benefit liabilities, now part of insurance contract liabilities under IFRS 17. 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.

4. Changes in accounting policies

Standards and amendments adopted during the current year:

a) IFRS 17 *Insurance Contracts* ("IFRS 17")

In these condensed interim consolidated financial statements, the WSIB has applied IFRS 17 effective January 1, 2023. IFRS 17 replaces the guidance in IFRS 4 *Insurance Contracts* and establishes a comprehensive principles-based framework for the recognition, measurement and presentation of insurance contracts for annual periods beginning on or after January 1, 2023.

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 (i.e., referred to as "fulfilment cash flows"), but does not include a contractual service margin. The WSIB has assessed the coverage period of its insurance contracts as one year in length, and as such, has applied the Premium Allocation Approach on transition.

The most significant impact that IFRS 17 has on the WSIB's consolidated financial statements is on the benefit liabilities, included in insurance contract liabilities.

a) Discount rate

Under IFRS 17, the discount rate used to reflect the time value of money in the fulfilment cash flows is based on the characteristics of the liabilities, which is different from IFRS 4, where the discount rate is associated with the expected returns of assets.

All cash flows are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. The WSIB uses a bottom-up approach to determine a liquidity premium over risk-free rates based on the market spread of an asset reference portfolio adjusted to remove the credit losses, and to account for the difference in liquidity between the asset reference portfolio and the insurance contract.

Unaudited (millions of Canadian dollars)

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

	Annual spot rates	
Year	**September 30, 2023**	**December 31, 2022**
1	6.20%	5.61%
2	6.10%	5.42%
3	6.03%	5.28%
4	5.97%	5.20%
5	5.93%	5.15%
10	5.82%	5.20%
15	5.80%	5.38%
20	5.79%	5.45%
30	5.72%	5.04%
50	5.43%	5.10%
Single-equivalent rate[1]	**5.79%**	**5.26%**

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

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 recognizes a liability to reflect the expected net outflow as applicable. The recognition of this liability results in a loss recognized in the period it arises.

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

The WSIB has applied the full retrospective approach on transition to IFRS 17 as of January 1, 2022, and as a result, all comparative information has been restated.

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

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

Contract boundary

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

Changes to classification and measurement

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

a) Level of aggregation
IFRS 17 requires an entity to determine the level of aggregation by first identifying the portfolios of insurance contracts. Portfolios comprise of groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: (i) onerous contracts, (ii) contracts with no significant risk of becoming onerous, and (iii) the remainder. IFRS 17 also notes that no group for level of aggregation purposes may contain contracts issued more than one year apart.

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

b) Recognition
The WSIB recognizes groups of insurance contracts from the earliest of the following:
- The beginning of the coverage period of the group of contracts, or
- For a group of onerous contracts, as soon as facts and circumstances indicate that the group is onerous.

c) Measurement
The WSIB's Insurance contract liabilities are comprised of two components: 1) Liabilities for remaining coverage comprising the fulfilment cash flows related to future service allocated to each group of contracts at period end and 2) Liabilities for incurred claims comprising the fulfilment cash flows related to past service allocated to each group of contracts at period end.

Liabilities for remaining coverage
Since the WSIB has applied the Premium Allocation Approach on transition to IFRS 17, on initial recognition of each group of contracts, the carrying amount of the Liabilities for remaining coverage is measured at the premiums received on initial recognition.

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

If, at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, the WSIB recognizes a loss in the consolidated statement of comprehensive income (loss) and increases the liabilities for remaining coverage.

Liabilities for incurred claims
This is similar to what was previously referred to as benefit liabilities under IFRS 4. The WSIB recognizes the liabilities for incurred claims of a group of insurance contracts at the amount of the fulfilment cash flows relating to incurred claims.

Notes to Condensed Interim Consolidated Financial Statements
September 30, 2023
Unaudited (millions of Canadian dollars)

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

Insurance contract liabilities do not include any amounts for claims related to workers of Schedule 2 employers; these claims are ultimately paid by the self-insured Schedule 2 employers and fall outside the scope of IFRS 17.

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

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

Insurance revenue
Insurance revenue is comprised of Schedule 1 premiums expected to be received during the coverage period adjusted for the time value of money and excluding any investment components. Given that the WSIB's coverage period is one year, no adjustment is made to Schedule 1 premiums for the time value of money. Insurance revenue is recognized by allocating Schedule 1 premiums to each reporting period on the basis of the passage of time, which is the coverage period of one year.

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

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

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

Under IFRS 17, there is an option to disaggregate changes in the liabilities for incurred claims resulting from changes in discount rates and present them in Other comprehensive income. However, since the majority of the WSIB's investment assets backing the insurance contracts are managed on a fair value basis and measured at fair value through profit and loss, the WSIB has elected to recognize the changes in discount rates within profit and loss.

Unaudited (millions of Canadian dollars)

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

Changes to presentation and disclosure

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

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

The line item descriptions on the consolidated statements of comprehensive income (loss) have been changed significantly. Previously, the WSIB reported the following line items: Premium revenue, Claim payments, and Change in actuarial valuation of benefit liabilities. IFRS 17 requires separate presentation of:

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

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

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

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

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

In these condensed interim consolidated financial statements, the WSIB has applied IFRS 9 effective January 1, 2023. IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* (“IAS 39”) and includes guidance on the classification and measurement of financial instruments, impairment of financial assets, and hedge accounting. The measurement of the WSIB’s financial liabilities remains the same upon transition to IFRS 9.

Please refer to the accounting policies in the annual information provided in the consolidated financial statements for the year ended December 31, 2022 for more details on the WSIB’s significant accounting policies under IAS 39.

Changes to classification and measurement

The IAS 39 measurement categories for financial assets at fair value through profit or loss (“FVTPL”), available for sale (AFS), held-to-maturity (HTM) and loans and receivables (L&R) at amortized cost have been replaced by the following under IFRS 9:

- Amortized cost – financial assets are classified and subsequently measured at amortized cost if the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual cash flows pass the “solely payments of principal and interest” (“SPPI”) test;
- Fair value through other comprehensive income (“FVOCI”) - financial assets are classified and subsequently measured at FVOCI if the assets are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual cash flows pass the SPPI test;
- FVTPL – financial assets are classified and subsequently measured at FVTPL if the financial assets do not meet the classification and measurement criteria for Amortized cost or FVOCI as discussed above. Specifically, these assets are held within a business model whereby an entity manages the financial assets with the objective of realizing cash flows through the sale of assets and the entity makes decisions based on the assets’ fair values and manages the assets to realize those fair values.

The WSIB’s primary business model is to manage financial assets with the objective of realizing cash flows through the sale of assets and making decisions based on the assets’ fair values and managing the assets to realize those fair values. Financial assets are measured at Amortized cost if they are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual cash flows pass the SPPI test.

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

Changes to the subsequent measurement

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

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

Financial assets at amortized cost
Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

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

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

Financial assets at FVTPL
Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of comprehensive income (loss).

Changes to the impairment calculation

The new forward-looking expected credit loss ("ECL") model introduced by IFRS 9 replaces the "incurred loss" model under IAS 39 for the recognition and measurement of impairment on all financial instruments not measured at fair value. The adoption of the new expected loss model is applied prospectively.

IFRS 9 requires an allowance for ECLs for all financial assets that are not held at FVTPL. Under the IFRS 9 ECL methodology, an allowance is recorded for ECLs on financial assets regardless of whether there has been an actual loss event. The WSIB recognizes an allowance at an amount equal to 12-month ECLs, if the credit risk at the reporting date has not increased significantly since initial recognition (Stage 1). When a financial asset experiences a significant increase in credit risk subsequent to origination but is not considered to be in default, it is included in Stage 2 and subject to lifetime ECLs. Financial assets that are in default are included in Stage 3. Similar to Stage 2, the allowance for credit losses for Stage 3 financial assets captures the lifetime ECLs.

The ECL model does not have a significant impact on the WSIB's financial assets classified as amortized cost as their carrying value approximates their fair value (which takes into consideration future credit losses) due to their short-term nature.

Changes to presentation and disclosure

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

Transition

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

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

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

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

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

Notes to Condensed Interim Consolidated Financial Statements
September 30, 2023
Unaudited (millions of Canadian dollars)

5. Cash and cash equivalents

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

	September 30 2023	**December 31 2022**
Cash	378	256
Short-term money market securities	371	384
Restricted cash[1]	42	24
Total cash and cash equivalents	**791**	**664**

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

As at September 30, 2023, the WSIB held $791 (December 31, 2022 – $664) of cash and cash equivalents, of which $216 (December 31, 2022 – $127) was maintained for operating purposes and $575 (December 31, 2022 – $537) was maintained for investing purposes.

6. Receivables and other assets

Receivables and other assets are comprised of the following:

	September 30 2023	**December 31 2022 *restated***
Investment receivables	364	208
Other assets	118	88
Total receivables and other assets	**482**	**296**

7. 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
September 30, 2023
Unaudited (millions of Canadian dollars)

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

	September 30, 2023				December 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets and liabilities measured at fair value								
Cash and cash equivalents[1]	420	371	-	**791**	280	384	-	**664**
Public equity investments								
Public equity pooled funds[2]	-	9,776	-	**9,776**	-	9,999	-	**9,999**
Public equity securities	1	-	-	**1**	1	-	-	**1**
Fixed income investments	-	7,387	-	**7,387**	-	8,773	-	**8,773**
Derivative assets	-	74	-	**74**	-	47	-	**47**
Investment properties[3]	-	-	622	**622**	-	-	653	**653**
Other invested assets								
Private market pooled funds[4]	-	-	10,411	**10,411**	-	-	7,070	**7,070**
Other private market investments	-	74	4,403	**4,477**	-	-	5,782	**5,782**
Derivative liabilities	(7)	(6)	-	**(13)**	(8)	(51)	-	**(59)**
Loss of Retirement Income Fund liability (note 9)	-	-	(1,847)	**(1,847)**	-	-	(1,874)	**(1,874)**
Assets and liabilities for which fair value is disclosed								
Long-term debt[5]	-	(63)	-	**(63)**	-	(64)	-	**(64)**

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 $7 (December 31, 2022 – $9).
4. The WSIB owns units of pooled funds which hold investments in private market investments.
5. Carrying amount as at September 30, 2023 was $70 (December 31, 2022 – $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, 2023 and September 30, 2022, there were no transfers between levels within the hierarchy.

Investment Management Corporation of Ontario ("IMCO") launched the IMCO Global Credit Pool ("Global Credit Pool") during the nine months ended September 30, 2023. Pooled investments are part of IMCO's Pooled Asset Management strategy, which enables IMCO's clients to "pool" the management of their investments.

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

Notes to Condensed Interim Consolidated Financial Statements
September 30, 2023
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 September 30, 2023	Private market pooled funds	Other private market investments	**Subtotal**	**Investment properties**	**Total**
Balance as at July 1, 2023	7,333	6,360	13,693	635	14,328
Net gains (losses) recognized in net investment income (loss)	239	7	246	(18)	228
Translation gains recognized in other comprehensive income	-	4	4	-	4
Purchases	2,622	369	2,991	-	2,991
Sales	(455)	(1,665)	(2,120)	-	(2,120)
Capital expenditures	-	-	-	5	5
Other[2]	672	(672)	-	-	-
Balance as at September 30, 2023	**10,411**	**4,403**	**14,814**	**622**	**15,436**
Changes in unrealized gains (losses) included in income (loss) for positions still held	**176**	**(38)**	**138**	**(18)**	**120**

	Other invested assets				
For the nine months ended September 30, 2023	Private market pooled funds	Other private market investments	**Subtotal**	**Investment properties**	**Total**
Balance as at January 1, 2023	7,070	5,782	12,852	653	13,505
Reclassification upon adoption of IFRS 9[1]	-	33	33	-	33
Net gains (losses) recognized in net investment income (loss)	158	(30)	128	(41)	87
Translation losses recognized in other comprehensive income	-	(1)	(1)	-	(1)
Purchases	2,974	1,188	4,162	-	4,162
Sales	(463)	(1,897)	(2,360)	-	(2,360)
Capital expenditures	-	-	-	10	10
Other[2]	672	(672)	-	-	-
Balance as at September 30, 2023	**10,411**	**4,403**	**14,814**	**622**	**15,436**
Changes in unrealized gains (losses) included in income (loss) for positions still held	**96**	**(113)**	**(17)**	**(41)**	**(58)**

1. Certain reclassifications have been made upon adoption of IFRS 9. See note 4 for further details pertaining to the implementation of IFRS 9 on January 1, 2023.
2. This amount includes certain transfers of private market assets into the Global Credit pool.

Notes to Condensed Interim Consolidated Financial Statements
September 30, 2023
Unaudited (millions of Canadian dollars)

For the three months ended September 30, 2022	Other invested assets: Private market pooled funds	Other invested assets: 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	-	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 invested assets: Other private market investments	**Subtotal**	**Investment properties**	**Total**
Balance as at January 1, 2022	2,544	6,370	8,914	651	9,565
Net gains (losses) recognized in net investment income (loss)	140	397	537	(14)	523
Translation gains recognized in other comprehensive income	-	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**

Notes to Condensed Interim Consolidated Financial Statements
September 30, 2023
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	September 30, 2023 Range of inputs Low	High	December 31, 2022 Range of inputs 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	5.5%	8.5%	5.4%	8.3%
		Terminal capitalization rate	4.9%	7.8%	4.8%	8.0%
Investment properties	Discounted cash flow and market comparable	Discount rate	6.5%	9.0%	5.3%	8.8%
		Terminal capitalization rate	5.5%	7.8%	5.0%	7.8%
Loss of Retirement Income Fund liability	Net asset value	Net asset value provided by administrator	n/a	n/a	n/a	n/a

Sensitivity of Level 3 financial instruments

Fair values of private market pooled funds are based on 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. The valuation technique is applied consistently unless another valuation technique (e.g., sales price) is a better representative of fair value. Key unobservable inputs include discount and terminal capitalization rates, projected rental income and expenses, inflation rates and vacancy rates. Holding other factors constant, an increase to projected rental income would increase the fair values, while an increase in the inputs for the discount rates and terminal capitalization rates would have the opposite effect.

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.

Notes to Condensed Interim Consolidated Financial Statements
September 30, 2023
Unaudited (millions of Canadian dollars)

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.

8. Payables and other liabilities

	September 30 2023	**December 31 2022 *restated***
Administration payables	174	158
Investment payables	294	70
Short-term payable – Worker Income Protection Benefit Program[1]	40	24
Other liabilities	84	81
Total payables and other liabilities	**592**	**333**

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

9. 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**	
	2023	**2022**	**2023**	**2022**
Balance at beginning of period	1,892	1,891	1,874	2,103
Contributions from the WSIB	13	13	41	39
Optional contributions from injured workers	2	2	6	6
Contributions from Schedule 2 employers	4	3	10	6
Income (loss) earned on contributions	(19)	1	50	(165)
Benefits paid in cash	(45)	(44)	(134)	(123)
Balance at end of period	**1,847**	**1,866**	**1,847**	**1,866**

Unaudited (millions of Canadian dollars)

10. 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:

	Pension plans		Other benefits		Total	
For the three months ended September 30	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Current service cost	20	42	4	6	24	48
Net interest on the employee benefit plans liability	5	10	9	7	14	17
Past service recovery	-	-	(17)	(3)	(17)	(3)
Long-term employee benefit gains	-	-	(4)	(1)	(4)	(1)
Administrative expenses	3	4	-	-	3	4
Employee benefit plans expense	**28**	**56**	**(8)**	**9**	**20**	**65**

	Pension plans		Other benefits		Total	
For the nine months ended September 30	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Current service cost	62	126	10	18	72	144
Net interest on the employee benefit plans liability	16	30	25	23	41	53
Past service recovery	-	-	(4)	(3)	(4)	(3)
Long-term employee benefit gains	-	-	(4)	(10)	(4)	(10)
Administrative expenses	11	10	-	-	11	10
Employee benefit plans expense	**89**	**166**	**27**	**28**	**116**	**194**

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

	Pension plans		Other benefits		Total	
For the three months ended September 30	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Actuarial gains (losses) arising from:						
Financial assumptions	507	(125)	67	(10)	574	(135)
Plan experience	-	(80)	3	3	3	(77)
Return on plan assets excluding interest income	(126)	(44)	-	-	(126)	(44)
Remeasurements of employee benefit plans	**381**	**(249)**	**70**	**(7)**	**451**	**(256)**

	Pension plans		Other benefits		Total	
For the nine months ended September 30	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Actuarial gains (losses) arising from:						
Financial assumptions	358	1,448	46	291	404	1,739
Demographic assumptions	-	-	(3)	-	(3)	-
Plan experience	(9)	(78)	(16)	7	(25)	(71)
Return on plan assets excluding interest income	(65)	(522)	-	-	(65)	(522)
Remeasurements of employee benefit plans	**284**	**848**	**27**	**298**	**311**	**1,146**

Notes to Condensed Interim Consolidated Financial Statements
September 30, 2023
Unaudited (millions of Canadian dollars)

Employee benefit plans liability

The employee benefit plans liability is comprised of the following:

	Pension plans		Other benefits		Total	
	Sep. 30 2023	Dec. 31 2022	Sep. 30 2023	Dec. 31 2022	Sep. 30 2023	Dec. 31 2022
Present value of obligations[1]	3,982	4,198	626	644	4,608	4,842
Fair value of plan assets	(3,884)	(3,825)	-	-	(3,884)	(3,825)
Employee benefit plans liability	**98**	**373**	**626**	**644**	**724**	**1,017**

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

11. Insurance contract liabilities

Roll forward of the insurance contract liabilities showing the liabilities for remaining coverage and the liabilities for incurred claims as of September 30, 2023.

	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	
Insurance contract liabilities as at January 1, 2023	**97**	**190**	**26,360**	**26,647**
Insurance revenue	**(2,696)**	**-**	**-**	**(2,696)**
Insurance service expenses				
Incurred claims and other expenses	-	(143)	2,616	2,473
Losses on onerous contracts and reversals of those losses[1]	-	(22)	-	(22)
Changes in liabilities for incurred claims	-	-	500	500
Total insurance service (income) expenses	**-**	**(165)**	**3,116**	**2,951**
Insurance service result	**(2,696)**	**(165)**	**3,116**	**255**
Insurance finance income	**-**	**-**	**(1,256)**	**(1,256)**
Total changes in the statement of comprehensive income (loss)	**(2,696)**	**(165)**	**1,860**	**(1,001)**
Cash flows				
Premiums received	2,441	-	-	2,441
Claims and other expenses paid	-	-	(2,603)	(2,603)
Total cash flows	**2,441**	**-**	**(2,603)**	**(162)**
Insurance contract liabilities as at September 30, 2023	**(158)**	**25**	**25,617**	**25,484**

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

Notes to Condensed Interim Consolidated Financial Statements
September 30, 2023
Unaudited (millions of Canadian dollars)

Roll forward of the insurance contract liabilities showing the liabilities for remaining coverage and the liabilities for incurred claims as of December 31, 2022.

	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	
Insurance contract (assets) liabilities as at January 1, 2022	**(195)**	**310**	**31,687**	**31,802**
Insurance revenue	(3,279)	-	-	(3,279)
Insurance service expenses				
Incurred claims and other expenses	-	(310)	3,447	3,137
Losses on onerous contracts and reversals of those losses	-	190	-	190
Changes in liabilities for incurred claims	-	-	291	291
Total insurance service (income) expenses	-	(120)	3,738	3,618
Insurance service result	**(3,279)**	**(120)**	**3,738**	**339**
Insurance finance income	**-**	**-**	**(5,630)**	**(5,630)**
Total changes in the statement of comprehensive income (loss)	**(3,279)**	**(120)**	**(1,892)**	**(5,291)**
Cash flows				
Premiums received	3,571	-	-	3,571
Claims and other expenses paid	-	-	(3,435)	(3,435)
Total cash flows	**3,571**	**-**	**(3,435)**	**136**
Insurance contract liabilities as at December 31, 2022	**97**	**190**	**26,360**	**26,647**

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

	September 30 2023	December 31 2022
Loss of earnings	8,135	8,283
Workers' pensions	4,407	4,727
Health care	4,644	4,715
Survivor benefits	3,057	3,139
Future economic loss	481	558
External providers	95	92
Non-economic loss	383	380
Long latency occupational diseases	2,257	2,329
Claim administration costs	1,601	1,577
Loss of Retirement Income	454	470
Liabilities for incurred claims	**25,514**	**26,270**
Receivables and payables reclassified to liabilities for incurred claims	103	90
Total liabilities for incurred claims	**25,617**	**26,360**

Notes to Condensed Interim Consolidated Financial Statements
September 30, 2023
Unaudited (millions of Canadian dollars)

Sensitivity of actuarial assumptions

The liabilities for incurred claims' sensitivity to changes in discount rate is outlined below. The discount rate is the only key assumption that has changed significantly upon the adoption of IFRS 17. All the other actuarial assumptions such as claims duration, mortality rates, and inflation assumption, have not changed; therefore, the sensitivity analysis below shows the impact on net income of changes in the discount rate assumption with all other assumptions held constant.

Sensitivity analysis on liabilities for incurred claims:[1]

	September 30 2023
100 basis point increase in the discount rate	(2,063)
100 basis point decrease in the discount rate	2,482

1. The sensitivity analysis is only performed on the liabilities for incurred claims and not on the onerous loss liability as the impact of discounting on the onerous loss liability is not material.

Insurance funding risk

The adoption of IFRS 17 has not changed the way the WSIB manages insurance funding risk. Refer to note 11 in the WSIB's 2022 annual audited consolidated financial statements for details.

12. Insurance revenue

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

	Three months ended September 30		**Nine months ended September 30**	
	2023	**2022** ***restated***	**2023**	**2022** ***restated***
Schedule 1 employer premiums	895	855	2,667	2,458
Interest and penalties	9	18	32	52
Schedule 1 employer premiums	**904**	**873**	**2,699**	**2,510**
Net mandatory employer incentive programs	(2)	2	(3)	6
Insurance revenue	**902**	**875**	**2,696**	**2,516**

Unaudited (millions of Canadian dollars)

13. 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	
	2023	**2022**	**2023**	**2022**
Cash and cash equivalents	7	4	22	6
Public equity investments	(110)	(65)	1,023	(2,576)
Fixed income investments	(621)	109	(315)	(1,928)
Derivative financial instruments	(187)	(464)	(12)	(509)
Investment properties	(14)	(9)	(28)	-
Investments in associates and joint ventures[1]	(9)	(86)	(39)	104
Other invested assets	293	453	260	951
Add (Less): Loss (income) attributable to Loss of Retirement Income Fund	19	1	(50)	167
Investment income (loss)	**(622)**	**(57)**	**861**	**(3,785)**
Less: Investment expenses[2]	(103)	(84)	(244)	(244)
Net investment income (loss)	**(725)**	**(141)**	**617**	**(4,029)**

1. No impairment losses or impairment reversals were recorded on investments in the nine months ended September 30, 2023. During the 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.
2. Includes $23 and $71 of management fees paid to investment managers for the three months and nine months ended September 30, 2023 (three months and nine months ended September 30, 2022 – $26 and $72). It also includes $17 and $43 of interest expenses related to the securities sold under repurchase agreements and securities purchased under resale agreements, for the three months and nine months ended September 30, 2023, respectively (three months and nine months ended September 30, 2022 – $2 and $2). Certain comparative amounts have been reclassified to be consistent with the current period's presentation.

Notes to Condensed Interim Consolidated Financial Statements
September 30, 2023
Unaudited (millions of Canadian dollars)

14. Insurance service expenses

Insurance service expenses are comprised of the following:

	Three months ended September 30		Nine months ended September 30	
	2023	**2022** *restated*	**2023**	**2022** *restated*
Loss of earnings	275	267	836	795
Workers' pensions	111	108	332	332
Health care	147	132	452	421
Survivor benefits	62	52	173	158
Future economic loss	29	30	93	93
External providers	7	7	23	21
Non-economic loss	19	15	57	48
Total incurred claims	**650**	**611**	**1,966**	**1,868**
Insurance service expenses allocated from administration and other expenses	197	239	630	683
Insurance service expenses allocated from legislated obligations and funding commitments expenses	7	7	20	19
Other insurance service expenses	**204**	**246**	**650**	**702**
Total incurred claims and other insurance service expenses	**854**	**857**	**2,616**	**2,570**
Impact of change to onerous loss component	(80)	(78)	(165)	(233)
Changes in liabilities for incurred claims	21	(194)	500	476
Insurance service expenses	**795**	**585**	**2,951**	**2,813**

15. Administration and other expenses

	Three months ended September 30		Nine months ended September 30	
	2023	**2022** *restated*	**2023**	**2022** *restated*
Salaries and short-term benefits	125	130	403	379
Employee benefit plans	20	65	116	194
Depreciation and amortization	8	17	24	50
Other	77	61	206	167
	230	**273**	**749**	**790**
Claim administration costs allocated to claim costs	(197)	(239)	(630)	(683)
Total administration and other expenses	**33**	**34**	**119**	**107**

16. 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, 2023, no surplus distribution was declared to eligible businesses (September 30, 2022 – $1,193).

17. Commitments and contingent liabilities

(a) Investment commitments

The WSIB's commitments for capital calls as at September 30, 2023 related to its investment portfolio are $6,299. 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, 2023 are approximately $290 for the period from October 1, 2023 to September 30, 2024.

(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.

18. Funding and capital management

The WSIB's Sufficiency Ratio is prescribed by regulation and based on accepted actuarial practice for going concern valuations, and as a result, the transition to IFRS 17 and IFRS 9 did not have a significant impact. Additionally, the fundamental economics of the WSIB's insurance contracts and financial assets and liabilities have not changed. Therefore, there has been no significant changes to the WSIB's funding and capital management policies.

Refer to note 23 in the WSIB's 2022 annual audited consolidated financial statements for details.