

2016 – 2018 Strategic Plan

# MEASURING RESULTS

2016 Q1

2016 Q2

2016 Q3

2016 Q4



# Assessment of Q2 2016 Results



## Theme

## Objectives

### Health & Safety

- 1 Promote strategies to prevent fatalities, injuries and illnesses in Ontario workplaces
- 2 Strengthen integration within the occupational health and safety system through community partnerships and engagement



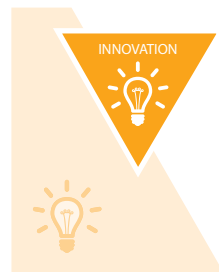
### Return to Work, Recovery & Fair Benefits

- 3 Advance return-to-work and recovery programs and administer benefits fairly
- 4 Improve the integration of medical services and healthcare programs through focused partnerships



### Financial Sustainability

- 5 Ensure that premium revenues cover costs and benefits are sustainable while implementing a transparent rate setting framework
- 6 Ensure that the investment strategy improves funding resiliency while implementing asset pooling



### Innovation

- 7 Make focused investments in technology and programs to maximize outcomes and the quality of services we deliver to workers and employers
- 8 Drive improved efficiencies and prioritization of resources throughout the organization



### Our People

- 9 Attract and retain engaged, accountable and skilled employees who deliver high quality service to workers, employers and our stakeholders
- 10 Ensure organizational stability through succession management and development and continuity of corporate knowledge

#### LEGEND:



Performance meeting or exceeding target



Performance off target



Performance marginally off target



For tracking purposes only

Metric		Result	Target	Assessment	
1.1	New Claims	47,658	48,161	✓	
1.2	Traumatic Fatalities (Year to Date)*	12	0	✗	
1.3	Lost-Time Injury/Illness Rate	0.81	0.83	✓	
3.1	RTW at 100% Pre-Injury Earnings at 12 Months (Allowed Lost-Time Claims)	92.1%	92.2%	⚠	
3.2	Average LOE Entitlement Award at Lock-in	46%	45%	⚠	
3.3	Percentage of Eligibility Decisions Made within Two Weeks from the Claim Registration Date	94%	90%	✓	
3.4	Percentage on Benefits at 12 Months	3.7%	3.7%	✓	
3.5	Percent Employed on Completion of Work Transition Plan	86%	79%	✓	
4.1	Percentage of Workers with a Permanent Impairment	5.9%	6.5%	✓	
4.2	Percentage of Claims in Integrated Health Care Programs (Year to Date)	41%	43%	✓	
5.1	Core Earnings	\$407M	\$337M	✓	
5.2	Unfunded Liability (Sufficiency Basis)	(\$5,633M)	(\$6,543M)	✓	
5.3	Sufficiency Ratio	82.3%	79.8%	✓	
6.1	Investment Fund Total Returns (10 Years)	6.0%	5.25%	✓	
8.1	Administrative Expenses per \$100 of Insurable Earnings	\$0.39	\$0.43	✓	
8.2	Appeals – Allowed, Allowed in Part*	ALLOWED	17%	14-17%	✓
		ALLOWED IN PART	13%	12-16%	✓
8.3	Percentage of Appeals Resolved within Six Months*	91%	85%	✓	
8.4	Appeals Active Inventory*	2,054	2,500	✓	
9.1	Service Excellence Index*	CLAIMS - INJURED WORKERS	74%	77%	⚠
		CLAIMS - EMPLOYERS	84%	87%	⚠
		ACCOUNT MANAGEMENT	87%	90%	⚠
9.2	Overall Satisfaction*	INJURED WORKERS	70%	66%	✓
		EMPLOYERS	79%	75%	✓

NOTE: For a listing of metric definitions see website, [www.wsib.on.ca](http://www.wsib.on.ca)

\* Schedule 1 & 2 combined

## Message from Management

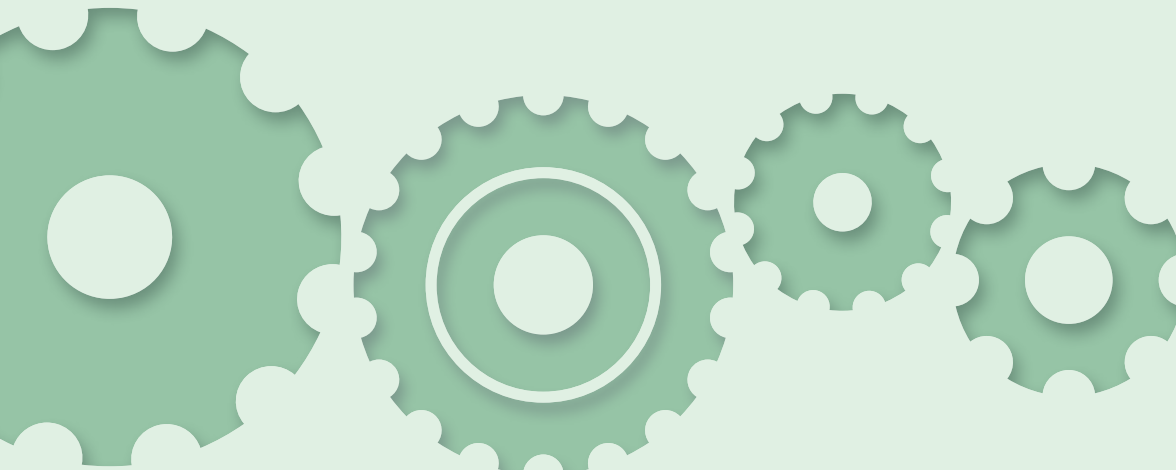
**T**he WSIB exists to serve workers and employers in Ontario. We provide coverage for more than five million workers and 300,000 businesses, and we are committed to providing them with the best service possible.

The success of the WSIB cannot be assessed using measures such as profit generation or share value. As an employer-funded trust agency that reports to the Ontario government, our value proposition is more complex. At its core are the two key values of integrity and excellence, against which all of our work is ultimately measured.

Our focus remains on helping injured and ill workers recover and return to work, and we have continued to improve in this regard. In the second quarter of 2016, 92 per cent of Schedule 1 workers returned to work with no wage loss. For workers who required additional support returning to work, our Work Transition results in the second quarter were the highest level yet achieved under the new program. Our commitment to customer service is also yielding results. Satisfaction levels for injured workers and employers have risen when compared to the same time in 2015. We have also seen improvements in the number of appeals we receive and our response time to them.

Financially, the WSIB continues to be ahead of its funding targets, notwithstanding the economic impact of uncertainty on our investment portfolio. We have now achieved our highest funding level of the last four decades and, as discussed in our recently released Economic Statement, we expect to eliminate the Unfunded Liability (UFL) by 2021, six years ahead of schedule.

The overall performance detailed in this report shows Ontario's workplace safety and insurance system to be in sound shape, and confirms that maintaining our commitment to workers and employers is the key to sustaining the system in the future.



# Q2 2016 Highlights

## WHAT'S NEW THIS QUARTER?

**National Day of Mourning.** In more than 80 countries, April 28 each year is dedicated to remembering those who have lost their lives or suffered injury or illness due to their work. The WSIB's commemoration of the day included a public ceremony in Toronto. Speakers at the event included Johanna LeRoux whose son, Michael Fisher, was tragically killed in a preventable workplace accident, the Honourable Kevin Flynn, Minister of Labour, WSIB Chair Elizabeth Witmer and President and CEO Thomas Teahen. This annual event helps to reinforce the importance of workplace safety as a public priority and raises to the forefront for WSIB staff our ultimate goals and why our work matters. It also helps us to understand that it is not just the worker who is impacted by a workplace tragedy but the loved ones, family, friends and coworkers they leave behind. In addition to the ceremony, the WSIB ran an awareness campaign on social media and radio in the month leading up to the Day of Mourning.

**By the Numbers 2015.** This quarter, the WSIB launched its latest edition of By the Numbers, an online resource filled with the latest data and trends on Ontario workplace health and safety, insurance coverage, claim volumes and types and benefit payments. Annual historical data is provided as far back as 2006 for most metrics. This year's edition also includes a Report Builder feature, which allows visitors to customize the data by creating their own tables and charts, depending on their own needs and interests. An in-depth look at Occupational Disease data and trends for the past 10 years is provided as an additional feature.

**Open Data Initiative.** On April 1, 2016, the Government of Ontario's Open Data Directive came into effect, making the data of government ministries and agencies "open by default." The directive is designed to give Ontarians, including researchers, not-for-profit organizations, businesses and the general public maximum possible access to government data to use however they wish. For instance, data may be used in the development of computer applications which could, in turn, benefit many other Ontarians by solving everyday problems or be used to create or grow businesses.

Through the Open Data Initiative, the WSIB will be consulting with stakeholders to learn what types of data from our inventory would be of greatest interest. We will then be building on our current efforts to make data available online in clear and easy-to-use formats, unless the data needs to be protected for privacy or legal reasons.

**Skills Ontario Competition.** In early May 2016, the WSIB had the opportunity to attend the Ontario Technological Skills Competition (OTSC) in Waterloo, organized by Skills Ontario. The event is Canada's largest skilled trades competition, allowing students to participate in its over 60 contests over the three days. The WSIB was proud to be a sponsor of the event and also to promote increased awareness of workplace safety through an interactive booth for competitors and visitors to the event. The WSIB chose this event to be able to target young workers in particular, who are at higher risk of workplace accidents.

**Initial Launch of ACES Case Management.** The WSIB's Accounts and Claims Enterprise System (ACES) is a new integrated system for administering employer accounts and managing claims that is replacing multiple end-of-life systems. In June 2016 we installed Claims Case Management to be followed by additional implementations between August and December 2016. Managers and staff advise that they find the system intuitive, well organized and a good support in the work they do.

**Progress on the New Rate Framework.** The WSIB is finalizing the development of a new Rate Framework to address challenges with the current system of classification and rate setting and change the way that premium rates are set. As part of this initiative, the WSIB has undertaken robust stakeholder engagement activities to provide opportunities for all to share their perspective and input as the initiative has evolved. As a result of this thoughtful input into the effort, we are nearing the finalization of a Rate Framework that brings greater fairness in setting premium rates, a more reasonable balance between premium rate stability and responsiveness and makes it easier for all involved to understand and engage in the process. We continue to work on developing a recommendation arising out of the Rate Framework Modernization consultation that would bring an online health and safety planning tool, providing employers with high quality and timely information on injuries and claims that impact safety performance and the resulting rate setting process.

Later this year, the WSIB will be seeking approval of the Rate Framework design from the Board of Directors. We are committed to ensuring that any significant changes are implemented gradually and in a manner that fosters stability. Following the approval of the Rate Framework, the WSIB will undertake education and outreach efforts to ensure a broader understanding of the new approach, and each employer's



journey towards their new premium rate. This will form part of a continued engagement with stakeholders on a transition plan towards a targeted implementation in January 2019, at the earliest.

**Joining the Investment Management Corporation of Ontario.** Starting in 2016, the WSIB has become one of the first two participants in a new provincial investment entity, the Investment Management Corporation of Ontario (IMCO). By pooling our investment fund with other participants, we anticipate investment economies of scale, wider access to investment opportunities, enhanced risk management and the optimal use of internal and external investment management. We have robust project management in place to enable a measured and well managed transition of investment management to IMCO.

## ACHIEVEMENTS

**Lost-time Injury Rate at New Low.** As of Q2 2016, there were 0.81 lost-time injuries per 100 Schedule 1 workers, an improvement of 2 per cent compared to Q2 2015 and an improvement of 7 per cent compared to last quarter. Behind this strong result are reduced claim volumes, alongside higher insurable earnings due to economic growth in Ontario.

Considering the WSIB's largest industries, we have seen improvements in LTI rates in health care (rate has fallen from 1.37 in Q2 2015 to 1.25 in Q2 2016) and transportation (1.65 to 1.56). Smaller industries have shown a similar trend, including agriculture (2.39 to 2.09) and the food industry (0.72 to 0.68).

**Positive Outcomes from the Work Transition Program.** Work Transition specialists collaborate with workers and their accident employers to identify return-to-work opportunities, often within the same workplace. When return to work with the accident employer is not possible, the WSIB will examine opportunities with new employers. Since this program was launched in 2013, we have seen steady improvement in the percentage of workers employed following completion of the program and 2016 is trending positively.

In the first six months of 2016, 83 per cent of Schedule 1 workers were employed after completing their Work Transition (WT) program, up from 79 per cent at this time last year. Among Schedule 2 workers, results are even more positive; 98 per cent returned to work during this same period.

**Strong Core Earnings.** To date in 2016, the WSIB has achieved Core Earnings of \$688M, \$83M (14 per cent) above

Core Earnings at this time last year. Positive Core Earnings were driven by premium revenue growth (Q2 premium revenue of \$1,274M, up 6 per cent compared to Q2 2015), which in turn is driven by higher insurable earnings (up 5 per cent).

These earnings have contributed to further reduction in the WSIB's Unfunded Liability, which is down by \$787M this quarter (from \$6,420M to \$5,633M), and to an increase in the Sufficiency Ratio (79.7 to 82.3 per cent).

## WHAT WE'RE WORKING TO IMPROVE

**Schedule 2 Claim Durations.** This quarter we are once again seeing an increase in durations for Schedule 2 claims, meaning that higher percentages of Schedule 2 workers have not been able to return to work. This quarter, three, six and twelve month durations have each increased compared to Q2 2015. To address this ongoing trend, we are now working with individual S2 employers who have experienced the greatest increases in duration. Our data analytics team has been engaged to provide deeper insight to employers into the nature of these results and opportunities to address them.

**Flattening Schedule 1 Claim Durations.** Three month duration has reached its highest point since Q3 2014. At the same time, the other short and medium-term duration results have shown limited improvement or leveled off. This flattening is not unexpected and is not necessarily a concern, though we will be monitoring recovery and return-to-work results to ensure that workers are achieving the best possible outcomes.

**Short-Term Investment Returns Below Plan.** Economic and geo-political uncertainty, including the impact of the Brexit referendum starting in June 2016 and limited growth in key regions, have contributed to market volatility and lower than anticipated investment returns thus far in 2016 (+1.3 per cent). This performance remains within our expected range of annual investment volatility.

These uncertainties could lead to further positive or negative returns for the balance of 2016. Our investment strategy mitigates this volatility to an acceptable range by diversifying our portfolio. This diversification has been significantly increased in recent years. Specifically, as of Q2, we have reduced the proportion of our portfolio that is invested in traditional equity strategies to 37 per cent compared to 65 per cent in 2008 and placed these funds in other investment categories which offer different return streams that create more stable total portfolio returns.

## HEALTH & SAFETY

### 1.1 New Claims

#### SCHEDULE 1



	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	2016 YTD
Registered	48,161	50,676	47,676	45,447	47,658	93,029
Pending	4,323	4,242	4,175	4,135	3,732	4,725
Allowed	34,738	37,209	34,608	32,328	34,830	68,954
	79.2%	80.1%	79.6%	78.3%	79.3%	78.1%

#### SCHEDULE 2



	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	2016 YTD
Registered	9,260	8,444	9,365	9,566	9,701	19,252
Pending	1,169	1,096	1,073	1,054	1,044	1,236
Allowed	6,343	5,535	6,540	6,492	6,685	13,751
	78.4%	75.3%	78.9%	76.3%	77.2%	76.3%

1

Promote strategies to prevent fatalities, injuries and illnesses in Ontario workplaces

2

Strengthen integration within the occupational health and safety system through community partnerships and engagement

### Marginal decrease in claim volumes

The number of registered Schedule 1 claims in Q2 2016 was 1.0 per cent or 503 claims lower than last year. The decrease was a result of fewer no-lost-time claims, which declined by 1.5 per cent from 34,897 to 34,387 claims. Lost-time claim volume was stable in 2016 compared to the same quarter in 2015, having increased by seven claims, from 13,264 to 13,271. Even with the stability in lost-time claims, the lost-time injury rate improved by 2.4 per cent due to higher insurable earnings. The rate decreased from 0.83 injuries per 100 workers in Q2 2015 to 0.81 this quarter.

Among Schedule 2 employers, registered claim volume was up 4.8 per cent in Q2 2016 compared to the same quarter last year, due to increases in both lost-time (up 5.7 per cent) and no-lost-time claims (up 4.0 per cent) claims. The LTI rate increased slightly, from 2.03 to 2.04 this year.

Considering the WSIB's largest industry sectors, registered lost-time claim volume decreased in health care (down 9 per cent or 464 claims) and transportation (down 5 per cent or 149 claims). In contrast, volume from each of the other four large sectors went up, by 6 per cent for automotive (68 claims), 3 per cent for manufacturing (100 claims), 2 per cent for construction (36 claims) and 1 per cent for services (72 claims).

### 1.2 Fatalities: Allowed Traumatic & Occupational Disease

#### SCHEDULE 1 & 2

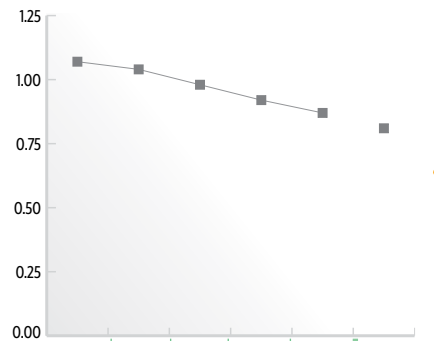


	2011	2012	2013	2014	2015	2016 YTD
Schedule 1 Traumatic Fatalities	55	60	70	59	53	11
Schedule 2 Traumatic Fatalities	4	5	3	1	4	1
<b>Traumatic Fatalities Total</b>	<b>59</b>	<b>65</b>	<b>73</b>	<b>60</b>	<b>57</b>	<b>12</b>
Schedule 1 Occupational Disease Fatalities*	191	189	159	167	175	91
Schedule 2 Occupational Disease Fatalities*	38	32	23	42	38	45
<b>Occupational Disease Fatalities Total*</b>	<b>229</b>	<b>221</b>	<b>182</b>	<b>209</b>	<b>213</b>	<b>136</b>

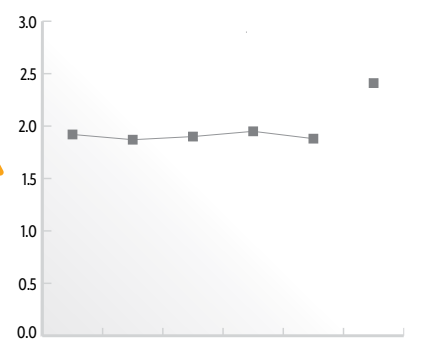
\*Note: Due to legislative changes, occupational disease fatalities results are not comparable year-over-year.

### 1.3 Lost-Time Injury/Illness Rate

#### SCHEDULE 1



#### SCHEDULE 2



## RETURN TO WORK, RECOVERY & FAIR BENEFITS



### OBJECTIVES

3

Advance return-to-work and recovery programs and administer benefits fairly

4

Improve the integration of medical services and healthcare programs through focused partnerships

### Longer-term claim durations continue to improve

Among Schedule 1 claims, both 48 and 72-month durations have improved compared to Q2 2015. While 2.3 per cent of claims remained on benefits at 48 months in the second quarter 2015, this result has improved to 2.0 per cent in 2016. Likewise, 72-month duration declined from 4.2 per cent to 2.8 per cent. These improvements were anticipated due to the reductions in short-term durations experienced in previous quarters.

At the same time, shorter-term durations have remained stable compared to last year, with the exception of three month duration which has increased slightly, from 10.8 per cent in Q2 2015 to 11.3 per cent this year. We will be closely monitoring this result in the months and quarters to come for any further increase.

Overall, 92 per cent of Schedule 1 workers continue to return to work within 12 months with no wage loss, a level unchanged compared to Q2 2015. Return-to-work outcomes have been supported by strong results from the WSIB's Work Transition program. This quarter, 86 per cent of injured workers (Schedule 1) completing their Work Transition plans through the program were successful in finding employment, an increase from 79 per cent in Q2 2015 and the highest result to date from this program. Also supporting return to work are the WSIB's integrated health care programs which provide early and specialized health care to injured workers. Forty-one per cent of claims were treated through these programs in Q2 2016.

Short-term durations for Schedule 2 claims continue to increase and are once again higher than previous quarter. Compared to Q2 2015, three-month duration increased from 8.0 to 9.0 per cent, while six-month duration rose from 3.9 to 4.7 per cent. We continue to discuss with Schedule 2 employers how we can better support them to address this trend.

### 3.1 RTW at 100% Pre-Injury Earnings at 12 Months (Allowed Lost-Time Claims)

#### SCHEDULE 1



	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	2016 YTD
Result	92.0%	92.4%	91.7%	91.0%	92.1%	91.5%
Target	92.0%	92.0%	92.0%	92.2%	92.2%	92.2%
Variance	0.0%	0.4%	-0.3%	-1.2%	-0.1%	-0.7%

#### SCHEDULE 2



	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	2016 YTD
Result	95.2%	95.1%	94.9%	94.7%	94.2%	94.4%
Prior Year	95.0%	95.3%	94.4%	95.1%	95.2%	95.2%
Variance	0.2%	-0.2%	0.5%	-0.4%	-1.0%	-0.8%

### 3.2 Average LOE Entitlement Award at Lock-in

#### SCHEDULE 1



	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	2016 YTD
Result	45%	45%	45%	46%	46%	46%
Prior Year	46%	46%	47%	45%	45%	45%
Variance	-1%	-1%	-2%	1%	1%	1%

#### SCHEDULE 2



	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	2016 YTD
Result	42%	51%	37%	38%	45%	41%
Prior Year	45%	47%	44%	49%	42%	45%
Variance	-3%	4%	-7%	-11%	3%	-4%

**Note:** Due to small numbers, Schedule 2 is assessed based on YTD rather than quarterly performance

### 3.3 Percentage of Eligibility Decisions Made within Two Weeks from the Claim Registration Date

#### SCHEDULE 1



	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	2016 YTD
Result	92%	92%	94%	93%	94%	94%
Target	90%	90%	90%	90%	90%	90%
Variance	2%	2%	4%	3%	4%	4%

#### SCHEDULE 2



	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	2016 YTD
Result	90%	89%	94%	93%	95%	94%
Target	90%	90%	90%	90%	90%	90%
Variance	0%	-1%	4%	3%	5%	4%



### 3.4 Duration

SCHEDULE 1

	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Target	Assessment
3 mos	10.8%	10.8%	11.1%	11.0%	11.3%	10.9%	△
6 mos	6.0%	5.8%	5.9%	6.0%	6.0%	5.8%	△
12 mos	3.8%	3.6%	3.7%	3.6%	3.7%	3.7%	✓
24 mos	2.7%	2.7%	2.7%	2.6%	2.6%	2.5%	△
48 mos	2.3%	2.2%	2.1%	2.0%	2.0%	2.2%	✓
72 mos	4.2%	3.8%	3.4%	3.2%	2.8%	3.2%	✓

	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Assessment vs. Prior Year
3 mos	8.0%	8.2%	8.6%	8.8%	9.0%	✗
6 mos	3.9%	4.1%	4.2%	4.3%	4.7%	✗
12 mos	1.9%	1.9%	2.1%	2.3%	2.4%	✗
24 mos	1.0%	1.1%	1.0%	1.0%	1.1%	△
48 mos	0.6%	0.5%	0.6%	0.6%	0.6%	✓
72 mos	0.7%	0.7%	0.6%	0.6%	0.6%	✓

### 3.5 Percentage Employed on Completion of Work Transition Plan

SCHEDULE 1

	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	2016 YTD
✓ Result	79%	79%	79%	79%	86%	83%
Prior Year	79%	81%	77%	79%	79%	79%
Variance	0%	-2%	2%	0%	7%	4%

SCHEDULE 2

	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	2016 YTD
✓ Result	96%	93%	94%	99%	97%	98%
Prior Year	99%	92%	94%	93%	96%	94%
Variance	-3%	1%	0%	6%	1%	4%

Note: Due to small numbers, Schedule 2 is assessed based on YTD rather than quarterly performance

### 4.1 Percentage of Workers with a Permanent Impairment

SCHEDULE 1

	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	2016 YTD
✓ Result	5.8%	5.7%	6.4%	6.1%	5.9%	6.0%
Benchmark	7.0%	7.0%	7.0%	6.5%	6.5%	6.5%
Variance	-1.2%	-1.3%	-0.6%	-0.4%	-0.6%	-0.5%

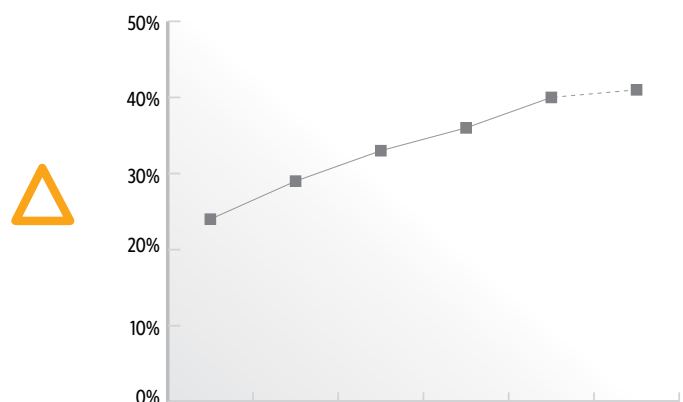
SCHEDULE 2

	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	2016 YTD
△ Result	2.5%	2.7%	2.4%	2.5%	2.1%	2.3%
Prior Year	1.9%	1.9%	1.6%	1.9%	2.5%	2.2%
Variance	0.6%	0.8%	0.8%	0.6%	-0.4%	0.1%

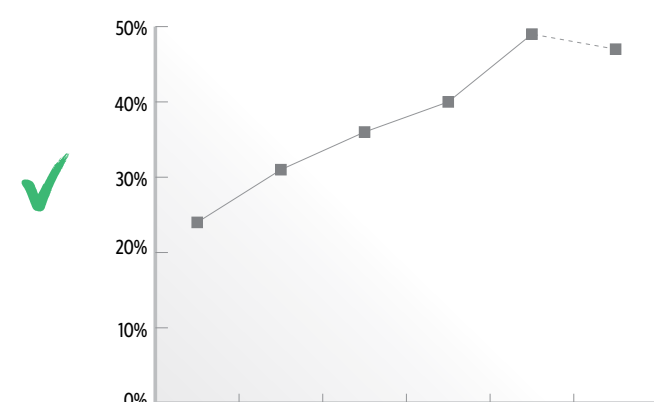
Note: Due to small numbers, Schedule 2 is assessed based on YTD rather than quarterly performance

### 4.2 Percentage of Claims in Integrated Health Care Programs

SCHEDULE 1



SCHEDULE 2



## FINANCIAL SUSTAINABILITY

### OBJECTIVES

5

Ensure that premium revenues cover costs and benefits are sustainable while implementing a transparent rate setting framework

6

Ensure that the investment strategy improves funding resiliency while implementing asset pooling

### Continued financial improvement

This quarter, the WSIB has once again made progress in improving its Sufficiency Ratio and increasing financial sustainability. The Sufficiency Ratio has increased 2.6 per cent to 82.3 per cent.

In Q2 2016 the WSIB achieved Core Earnings of \$407M, \$70M higher than budget. Core Earnings results were primarily driven by premium revenue that was 6 per cent higher than in Q2 2015 (due to a 4.7 per cent increase in insurable earnings).

The WSIB's investment portfolio increased by nearly \$1B in the quarter to \$27.4B. The increase comprises investment income representing investment returns of 2.3 per cent for the quarter, and transfers from operations of \$340M. Portfolio returns in the second quarter were driven primarily by strong bond, commodities and infrastructure returns, along with moderate returns from equities, real estate and hedge funds.

### 5.1 Core Earnings

#### SCHEDULE 1

	\$M	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	2016 YTD
Result		334	334	290	281	407	688
Budget		294	279	187	254	337	591
Variance		40	55	103	27	70	97

### 5.2 Unfunded Liability (Sufficiency Basis)

#### SCHEDULE 1

	\$M	2011*	2012*	2013	2014	2015	2016 YTD
Result		(14,199)	(13,299)	(10,638)	(8,697)	(6,984)	(5,633)
Budget		(12,294)	(13,772)	(13,777)	(11,424)	(8,129)	(6,543)
Variance		(1,905)	473	3,139	2,727	1,145	910

\*on a Funding Basis

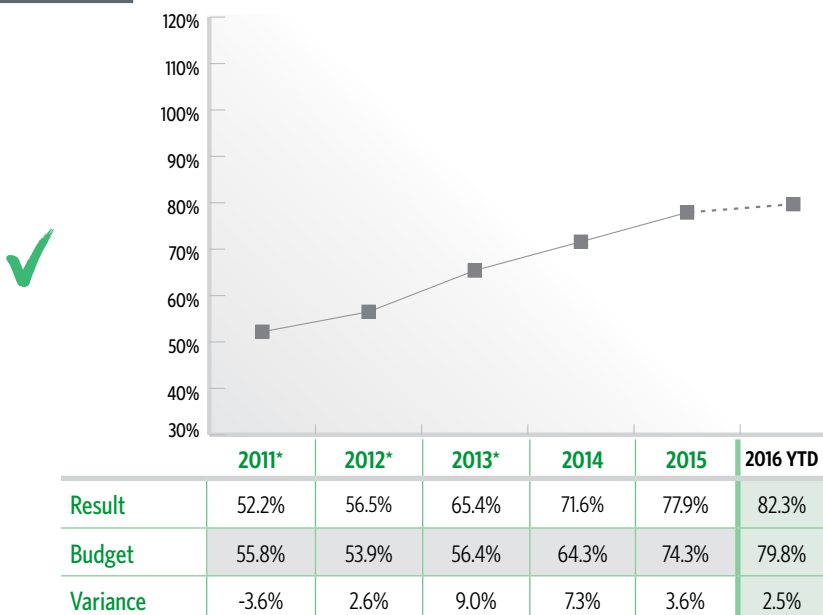
### 6.1 Investment Fund Total Returns (1 and 10 Years)

#### SCHEDULE 1

	2011	2012	2013	2014	2015	Q2 2016	Target	Assessment
1 Year	2.3%	10.5%	12.7%	10.3%	5.8%	2.3%	5.25%	⚠
10 Years	4.6%	6.3%	6.3%	6.5%	6.0%	6.0%	5.25%	✓

### 5.3 Sufficiency Ratio

#### SCHEDULE 1



\* Funding Ratio

## INNOVATION



### OBJECTIVES

7

Make focused investments in technology and programs to maximize outcomes and the quality of services we deliver to workers and employers

8

Drive improved efficiencies and prioritization of resources throughout the organization

### Timely appeal resolution

The volume of appeals coming in to the WSIB this quarter is stable compared to Q2 last year (2,015 appeals in Q2 2015 versus 2,013 in Q2 2016), though up from last quarter (1,791). Targets for timeliness of appeal resolution continue to be exceeded. This quarter, more than nine in ten appeals (91 per cent) were resolved within six months, well above the 85 per cent target. The inventory of active appeals is stable at just over 2,000.

The percentages of appeals allowed (17 per cent) and allowed/denied in part (13 per cent) this quarter are unchanged compared to Q2 2015.

## 8.1 Administrative Expenses per \$100 of Insurable Earnings

### SCHEDULE 1

	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	2016 YTD
<b>Result</b>	\$0.44	\$0.41	\$0.51	\$0.41	\$0.39	\$0.40
<b>Budget</b>	\$0.42	\$0.44	\$0.49	\$0.42	\$0.43	\$0.43
<b>Variance</b>	\$0.02	(\$0.03)	\$0.02	(\$0.01)	(\$0.04)	(\$0.03)



## 8.2 Appeals – New, Allowed, Allowed in Part

### SCHEDULE 1 & 2

	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	2016 YTD	Target	Assessment
<b>New Appeals</b>	2,015	1,883	1,880	1,791	2,013	3,809	3,750	⚠️
<b>% of Resolved Appeals</b>								
Allowed	17%	14%	17%	16%	17%	17%	14-17%	✓
Allowed in Part	13%	14%	12%	13%	13%	13%	12-16%	✓

## 8.3 Percentage of Appeals Resolved within Six Months

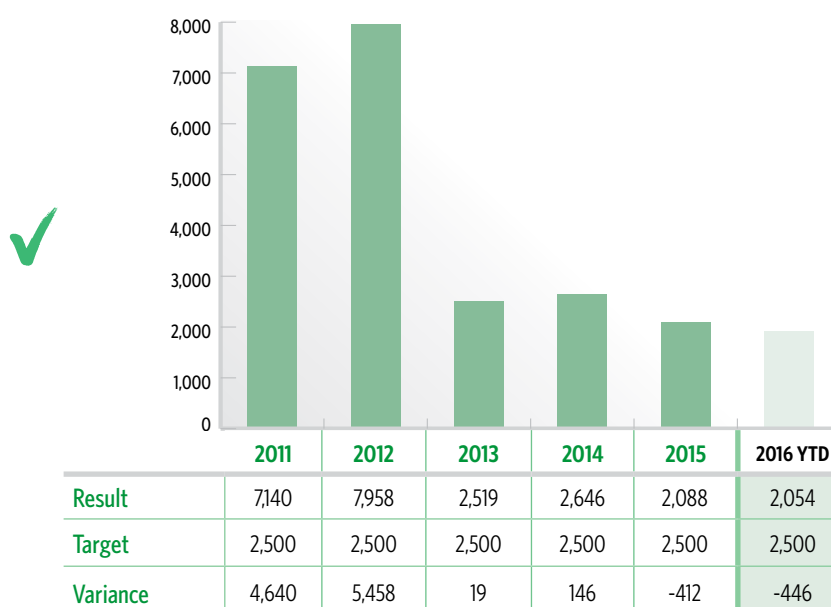
### SCHEDULE 1 & 2

	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	2016 YTD
<b>Result</b>	89%	85%	87%	89%	91%	90%
<b>Target</b>	85%	85%	85%	85%	85%	85%
<b>Variance</b>	4%	0%	2%	4%	6%	5%



## 8.4 Appeals Active Inventory

### SCHEDULE 1 & 2



## OUR PEOPLE



### OBJECTIVES

9

Attract and retain engaged, accountable and skilled employees who deliver high quality service to workers, employers and our stakeholders

10

Ensure organizational stability through succession management and development and continuity of corporate knowledge

### New customer experience strategy in progress

In Q2 2016, the WSIB showed improvement on the new overall measure of customer satisfaction. With 70 per cent of injured workers and 79 per cent of employers indicating satisfaction with their overall experience, both groups reported higher overall satisfaction than this time last year.

Regardless of these survey scores, the WSIB knows that it can do more to re-think and improve the customer experience it offers. We are in the process of developing a new customer experience strategy that will be implemented starting later this year for precisely this purpose. Through the new strategy we will work to truly demonstrate leadership in providing service to workers and employers.

## 9.1 Service Excellence Index

### SCHEDULE 1 & 2

	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Target	Assessment
Claims – Injured Workers	80%	76%	74%	76%	74%	77%	△
Claims – Employers	85%	85%	85%	85%	84%	87%	△
Account Management	90%	89%	88%	89%	87%	90%	△

## 9.2 Overall Satisfaction

### SCHEDULE 1 & 2

	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Assessment vs. Prior Year
Injured Workers	66%	71%	69%	67%	70%	✓
Employers	75%	74%	74%	78%	79%	✓

## 9.3 Employee Engagement



*In Development*

# Q2 2016 Quarterly Focus

## Industry Close Up: Construction

This Quarterly Focus provides an in-depth look at one of the largest industry sectors within the WSIB's operations. The WSIB benefits from understanding key facts and trends about its largest industries. The information is used to help anticipate needs for resource planning and to look for promising new areas for targeted efforts to improve outcomes. Through this and future articles, the WSIB will be sharing select findings from its industry research, beginning with a closer look at the construction industry.

**DID YOU KNOW?** Over 80 per cent of the WSIB's revenue and costs come from just six industries – automotive, construction, health care, manufacturing, services and transportation.

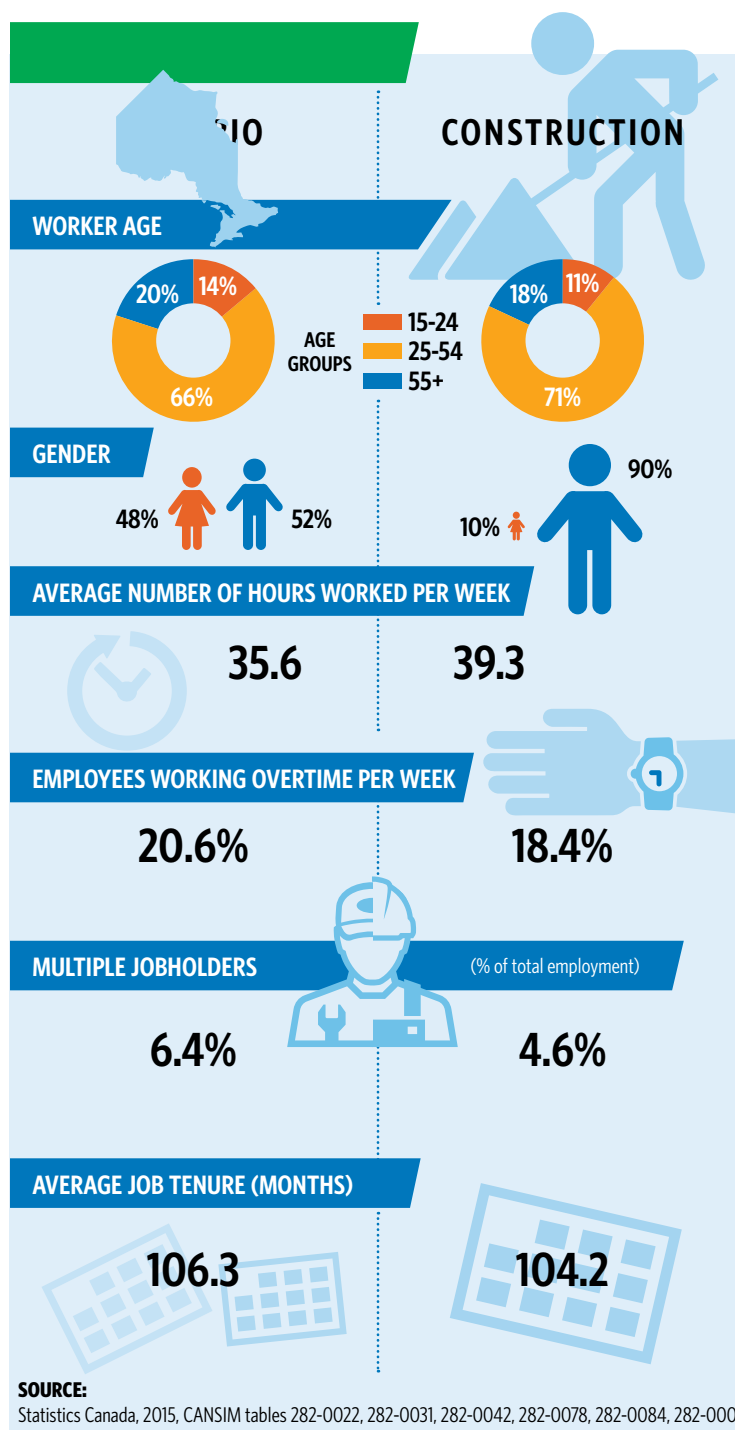
### THE STATE OF CONSTRUCTION IN ONTARIO

According to Statistics Canada, the construction industry is responsible for over six per cent of Ontario's GDP and is now the seventh largest employer in the province. The past 20 years have seen a fairly steady rise in total construction employment. Since the late 1990s, the proportion of Ontarians employed in construction has also been rising, from 5.3 per cent in 1997 to 7.1 per cent at the end of 2015, or 496,000 Ontarians.

The WSIB has found that the past two decades have also been a time of consolidation in the construction industry. Between 1995 and 2015, the proportion of construction workers employed by large companies (those with 100+ derived full time employees) has greatly increased, going from 19 to 29 per cent; conversely, the proportion of those employed at small companies (fewer than 10 derived full time employees) has dropped from 39 to 31 per cent. Nearly three in five construction employees now work for fewer than five per cent of employers.

**Workforce demographics.** Compared with the Ontario labour force as a whole, construction workers are more likely to be unionized and to work more hours per week, but they are somewhat less likely to hold more than one job or to work overtime hours (whether paid or unpaid). The industry remains male-dominated, with a narrower age range among workers compared with Ontario workers as a whole.

According to a 2015 Government of Canada-funded report<sup>1</sup>, construction employment in Ontario is anticipated to continue to increase between 2015 and 2024 (estimated 32,000 new jobs), albeit at a slower pace than that of the growth experienced from 2010 to 2014 (54,000 new jobs). Given the number of retiring workers, immigration will be an important source to fill demand for construction labour, further reinforcing the need to provide



1. Construction and Maintenance Looking Forward – Ontario, BuildForce Canada, 2015–2024 Key Highlights

both prevention and return-to-work services in languages other than French and English. Overall, labour demand is expected to be met, though supply may be tight at times in select markets.

**Business activities.** The growth in the construction sector as a whole has been relatively even across most sub-sectors of the industry. Based on Statistics Canada data, the breakdown of employment by construction sub-sector has stayed fairly consistent over the past twenty years. While the proportion of workers in highway, street and bridge construction has declined from that of the 1990s, the share of construction workers in most other sub-sectors has remained stable or increased slightly.

## CONSTRUCTION AND WORKPLACE COMPENSATION IN ONTARIO

**Importance of the industry to the WSIB.** Although construction represents less than nine per cent of WSIB-covered employment, 27 per cent of the WSIB's premium revenue now comes from construction, considerably more than any other sector. The Home Building rate group alone (one of over a dozen construction rate groups) is responsible for more premium revenue than 10 of the WSIB's 16 industry sectors. The percentage of overall premium revenue contributed by the construction sector has increased substantially compared with that of two decades ago; in 1995, construction's share of WSIB's premium revenue was 13 per cent, less than half of what it is today.

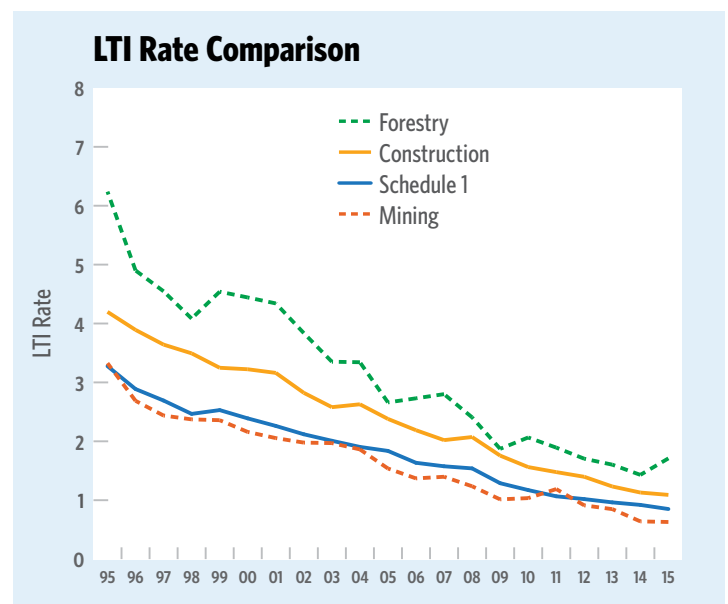
***DID YOU KNOW?*** *Less than one per cent of construction employers account for 37 per cent of employees, 38 per cent of premium revenues and 33 per cent of the wage replacement benefits within the construction sector.*

At the same time, no industry receives loss-of-earnings (LOE) benefits as high as those in the construction industry (22 per cent of all LOE payments in 2015). While all industries have seen improvement in recovery and return to work and a resulting decrease in benefit costs, the construction industry has had a slower improvement in the amount of LOE benefits paid. The average number of days off the job within the first 12 months after the injury is also higher for claims from construction (50 days for 2014 lost-time injuries (LTIs)) than for any of the six other large industries.

While the construction industry has seen steady growth over the last twenty years, significant short-term declines in the industry do occur. This is especially true for the Home Building

rate group, which experienced a decline (nine per cent) in the 2008-2009 recession years. The WSIB mitigates this risk by carefully tracking key indicators for the industry (e.g., building permit values) and using third-party expert research to build our revenue and cost projections accordingly.

**Coverage of construction workers.** The WSIB provides insurance for approximately 70 per cent of Ontario's workers. Most industries include types of work that require coverage and a smaller set that do not. In construction, however, WSIB coverage has become mandatory for nearly all workers since Bill 119 came into effect on January 1, 2013. The legislation includes independent operators, sole proprietors, executive officers in corporations and partners in partnerships. Expanded coverage means that more construction workers have access to WSIB benefits when needed.



**Decline in construction lost-time injury claims.** The number of lost-time claims coming in to the WSIB from the construction industry has decreased or remained stable nearly every year since the early 90s. This decrease has occurred even though employment in construction has increased. As a result, the lost-time injury rate for construction has been steadily improving.

The reduction in injuries and illnesses can be explained in part by improved safety measures among employers, with support from those advocating for stronger construction safety. These improvements have not been limited to select rate groups within construction. LTI rates have decreased across all major types of construction work, including home building; inside finishing; industrial, commercial and institutional (ICI) construction; roofing and roadbuilding; and excavating. Injury frequency has declined substantially regardless of the size of the employer



company (see table below), but smaller companies continue to have a higher LTI rate than larger employers (whose claims tend to be more expensive). This difference is not unique to construction; a similar pattern is seen in most other sectors.

NUMBER OF FTEs	LTI RATE (1995)	LTI RATE (2015)	IMPROVEMENT
100 or more	3.00	0.96	68%
20 to 99	4.57	1.21	74%
10 to 19	6.06	1.86	69%
Fewer than 10	9.32	2.27	76%

Construction is not the only industry to experience an improvement in LTI rate. As shown in the chart on the previous page, employers with similar premium rates as construction have shown a similar decline. As the LTI rate across all Schedule 1 employers (blue line) has come down, construction's LTI rate has improved more dramatically (yellow line) over the same period.

**Nature of construction injuries.** The proportion of construction claims that are high-impact claims (back, shoulder and fracture injuries) make up 39 per cent of 2015 LTIs, among the highest of any industry. Fractures, in particular, occur at a rate of 21 per 10,000 covered workers per year. This is more than two and a half times the rate for the remainder of Schedule 1. Over the last five years, as the construction LTI rate has decreased by 24 per cent overall, the rate for fractures has decreased by 10 per cent.

Other significant injury types occurring at a much higher rate for construction include dislocations, amputations, bursitis and intervertebral disc injuries, all of which occur in the construction industry at over twice the rate they do for the remainder of Schedule 1.

Construction employers also account for the highest level of workplace fatalities in Ontario. Over the past 10 years (2006 to 2015), more traumatic fatalities have occurred within construction than any other sector (29 per cent of the traumatic fatalities over this period). The same is true for occupational disease fatalities, 28 per cent of which occurred in the construction sector. As a result, construction continues to be an area of focus for the prevention system.

**DID YOU KNOW?** The WSIB estimates that once fully funded, approximately \$450M annually will no longer be required to be collected from Ontario's construction employers.

## WHAT'S AHEAD?

Given the impact of the construction sector, the WSIB continues to closely monitor the health of the industry using indicators that are known to be correlated to construction activity such as building permit values in Ontario. For instance, residential building permits in Ontario are forecast to show slow growth of 1.6 per cent in 2016 which suggests that insurable earnings from the Home Building rate group (approximately five per cent of premium revenue currently) can likewise be expected to show slight growth. Similarly, non-residential permit values are forecast to grow by 3.1 per cent this year, so we can expect insurable earnings from the industrial, commercial and institutional rate group to increase as well.

The WSIB is working on developing a new Rate Framework to address challenges with the current system of classification and rate setting and change the way that premium rates are set. In the fall of 2016, the WSIB will seek approval of the Rate Framework design from its Board of Directors, towards a planned implementation as early as 2019. As shown in estimates released by the WSIB in January 2016, 2016 projected premium rates for select construction classes are as follows:

CLASS	NEW CLAIMS COST	ADMIN. COST	PAST CLAIMS COST	TOTAL
G1 - Building Construction	\$2.05	\$0.77	\$2.02	\$4.85
G2 - Infrastructure Construction	\$2.22	\$0.82	\$2.19	\$5.23
G31 - Foundation, Structure and Building Exterior Contractors	\$3.98	\$1.26	\$3.93	\$9.16
G32 - Building Equipment Contractors	\$1.40	\$0.61	\$1.39	\$3.40
G33 - Specialty Trade Contractors	\$2.17	\$0.80	\$2.14	\$5.12

As indicated in the chart under Past Claims Costs, construction employers continue to make significant contributions towards the Unfunded Liability (UFL). According to the WSIB's 2016 Economic Statement, the UFL is now projected to be eliminated as soon as 2021, six years ahead of what is required by legislation. Full funding (currently expected to be in the range of 115 to 125 per cent) is expected to be achieved by 2028 - 2032. Once fully funded the WSIB will no longer be required to collect premiums in support of its funding sufficiency.

The WSIB will monitor Ontario's construction industry closely in the years to come, and provide ongoing support to the industry in workplace safety, worker recovery and return to work. We look forward to working with industry stakeholders to ensure that the workplace compensation system provides the best possible outcomes for workers and employers.

