2016 – 2018 Strategic Plan

MEASURING RESULTS

2017 Q1 | 2017 Q2 | 2017 Q3 | **2017 Q4**

WORKPLACE SAFETY & INSURANCE BOARD

PUBLISHED APRIL 2018

Assessment of Q4 2017 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

Metric		Result	Target	Assessment
1.1 New Claims		51,091	47,736	X
1.2 Traumatic Fatalities (Year to Date)*		53	0	X
1.3 Lost-Time Injury/Illness Rate		0.92	0.92	✓
3.1 RTW at 100% Pre-Injury Earnings at 12 Months (Allowed Lost-Time Claims)		90.2%	92%	△
3.2 Average LOE Entitlement Award at Lock-in		52%	45% - 47%	X
3.3 Percentage on Benefits at 12 Months		5.3%	3.9% - 4.1%	X
3.4 Percent Employed on Completion of Work Transition Plan		86%	80%	✓
4.1 Percentage of Workers with a Permanent Impairment		6.2%	6.5%	✓
4.2 Percentage of Claims in Integrated Health Care Programs (Year to Date)		41%	40% - 45%	✓
5.1 Core Earnings		$246M	$194M	✓
5.2 Unfunded Liability (Sufficiency Ratio Basis)		($1,349M)	($4,675M)	✓
5.3 Sufficiency Ratio		95.8%	86.5%	✓
6.1 Investment Fund Total Returns (10 Years)		6.2%	3.5% - 6.5%	✓
8.1 Administrative Expenses per $100 of Insurable Earnings		$0.46	$0.53	✓
8.2 Percentage of Eligibility Decisions Made within Two Weeks from the Claim Registration Date		90%	90%	✓
8.3 Appeals – Allowed, Allowed in Part*	ALLOWED	16%	14% - 17%	✓
	ALLOWED IN PART	13%	12% - 16%	✓
8.4 Percentage of Appeals Resolved within Six Months*		88%	85%	✓
9.1 Overall Satisfaction*	INJURED WORKERS	73%	68% - 72%	✓
	EMPLOYERS	77%	75% - 79%	✓

NOTE: For a listing of metric definitions see website, www.wsib.on.ca

* Schedule 1 & 2 combined

Message from Management

In 2017, the WSIB worked hard to address challenges, to make sure that our operational and financial performance continues to be strong and to deliver ongoing value for Ontarians. We have been preparing for changes coming up in 2018, such as new benefits for work-related Chronic Mental Stress and full indexation of benefits to inflation. But we've also been thinking farther ahead, about how we can continue to deliver value as the nature of work and workplaces in Ontario continues to evolve.

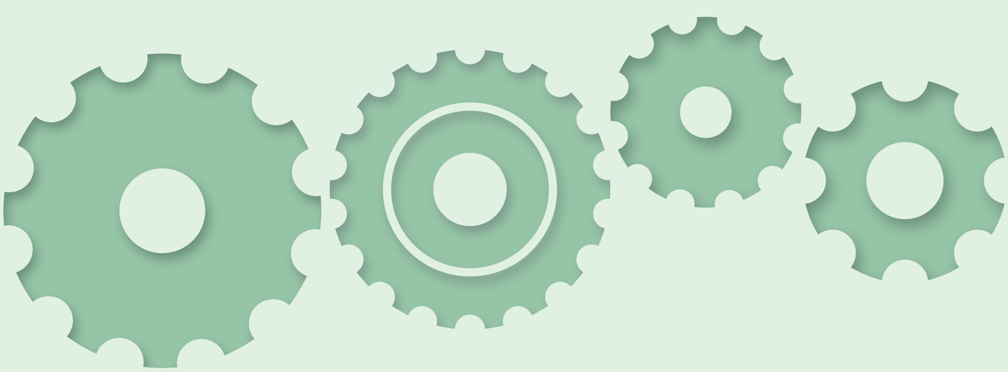
This year we have put in place a number of measures designed to strengthen workplace health and safety and Ontario's workers' compensation system for years to come. The Health and Safety Index, the Small Business Health and Safety Leadership Awards and our new online tool, Compass, were all launched in 2017 and are each meant to inspire and support improved health and safety at Ontario workplaces. We look forward to building on these initiatives in 2018 to deliver greater benefits for workers and employers.

The WSIB is proud to be a founding member of the Investment Management Corporation of Ontario (IMCO) which was launched in July 2017. Together with the Ontario Pension Board, we anticipate gains from IMCO by having a larger investment footprint including economies of scale and enhanced risk management. This year's transition to IMCO has been smooth.

Looking back at our 2017 operational performance, we saw a continuation of trends from 2016, after many years of steady improvement before that. Registered claim volumes were up in 2017, but the increase can be attributed to greater economic activity and employment in the province. Short- and medium-term claim durations have continued to increase but remain at levels that do not impact on the WSIB's overall financial position.

We have also seen positive trends in our operational results continue in 2017. For the second year in a row, more workers completing the WSIB's Work Transition program went on to find employment. And for the third year in a row, the number of appeals coming in to the WSIB decreased, as did the inventory of active appeals.

Supported by the accomplishments above, it has been another strong year for the WSIB financially. The Unfunded Liability, now expected to be eliminated by 2020 at the latest, was reduced to $1.3 billion on a Sufficiency Ratio basis by the end of 2017. With the end of the Unfunded Liability in sight, we are determined to complete the task of bringing funding to a level that will allow for employer rate stability and resilience during economic downturns.



2017 Performance Summary

As in past Q4 reports, in this Measuring Results, we are taking the opportunity to look beyond our performance over the past quarter to provide an overview of full-year 2017. We compare the year's performance to previous years and discuss where and why we have or have not achieved annual targets.

Ongoing Increase in Durations. The length of time that injured and ill workers continue to require benefits has been increasing, on average, in 2017, the same trend observed in 2016. Claim durations reached an historic low in 2015 after many years of steady decline. For example, 3-month duration increased from 11.5 to 12.8 per cent, and 12-month duration went from 3.9 to 5.3 per cent during 2017. By comparison, in 2010, these durations were 14.3 and 7.0 per cent respectively. Rising durations have meant that the percentage of workers returning to work without wage loss within 12 months has also decreased this year. While this continued to be the case for nine out of 10 workers (90.6 per cent) in 2017, we did not reach our 92 per cent target for this metric.

In 2018, we will continue to take management actions to ensure that the best possible recovery and return-to-work outcomes are being achieved.

The increase in durations has not had a negative impact on our financial results. Based on a "risk corridor" developed in 2017, current duration levels are not unduly impacting on the WSIB's financial position; instead, our financial position has strengthened and the Unfunded Liability (UFL) continues to decrease, as described below. The WSIB continues to support workers to return to work as soon as it is safe to do so—to facilitate recovery and as the best possible outcome for workers, their families and their employers.

Benefit Payment Delays. In the second half of 2017, the WSIB reported that the payment of benefits to some workers was delayed due to a combination of fewer staff and reduced productivity as a new system was introduced.

After a comprehensive action plan to correct this issue and with the full support of WSIB management, most delays were eliminated by October. Remaining challenges were addressed by December with timeliness restored by the end of 2017.

Fewer Claims Being Appealed. For the third year in a row, fewer workers and employers are submitting appeals to the WSIB's Appeals Services Division. Compared to 6,979 incoming appeals in 2016 and 8,063 in 2015, there were approximately 6,000 in 2017. This latest decrease comes as the WSIB has been working to enhance front-line decision making and even though registered claim volume has increased slightly over this time period. The percentage of appeals that are allowed in full (16 per cent in 2017) or in part (12 per cent) has remained stable over the years.

Emphasis on Service Excellence. To underline the importance of service excellence by the WSIB, in 2017 we hired a seasoned executive and reorganized to build a multi-year program that will increase service effectiveness and quality by substantially decreasing the effort needed to deal with the WSIB. While customer satisfaction results held steady in 2017, our service excellence team has been busy planning and beginning to launch new initiatives aimed at improving overall satisfaction in the quarters and years to come.

For instance, in 2017, this team initiated the modernization of the WSIB's contact centre technology. Updating this technology will enable us to improve the overall quality of service we provide

REMINDER REGARDING 2016 CORPORATE MEASURES REPORTING: LIMITED-ENTITLEMENT CLAIMS

The WSIB's new Guidewire system, fully implemented by the end of 2016, revealed that some limited-entitlement cases (an average of approximately 2.7 per cent or 1,200 claims annually from 2009 to 2016) were inaccurately coded as lost-time claims. Limited-entitlement claims are claims where:

- health care benefits are granted, and
- loss-of-earning benefits are not granted because appropriate modified work is available.

Because these claims were being labelled as lost-time claims, it impacted a number of our 2016 performance indicators. The measure most affected was the lost-time injury (LTI) rate. Had the claims been labelled no-lost-time, the LTI rate for 2016 would have been approximately 0.83 (matured result), 0.11 lower per 100 workers than reported. This was a reporting issue only: it did not affect how claims were managed or the WSIB's financial liabilities. Our claims coding was fully corrected in 2017. Because of this issue, caution should be used when comparing LTI rates from 2017 to 2016.

The WSIB strongly believes that ensuring workers receive the benefits that they are entitled to is important to the integrity of the Workplace Safety and Insurance system. We will therefore continue to track limited-entitlement claims and assess their impact on workers' benefits.

by phone and will introduce the ability to offer omni-channel customer experiences in the future. We continue to enhance training to our Customer Service Representatives to allow them to offer more opportunities for resolution at first contact.

We have also been testing additional digital solutions for workers, including the ability for workers to submit documents to us electronically. We are committed to increasing digital offerings to our customers.

Positive Investment Performance. Investment returns of 10.7 per cent for the year exceeded 2016 returns (6.3 per cent). Over the year, the investment portfolio increased to $34B, a net increase of over $4B from net cash transfers into the investment funds of $1.3B and net investment income of $2.9B. Our long-term investment returns remain within range of or above the 3.5 to 6.5 per cent target. As of the end of 2017, 10-year investment returns were 6.2 per cent while 15-year returns were 7.2 per cent.

Investment performance remained strong through the official launch of the Investment Management Corporation of Ontario (IMCO) in July 2017. IMCO was created by the WSIB together with the Ontario Pension Board, in part to achieve greater economies of scale in investing. IMCO also means we can further diversify our investments, enhance our risk management and optimize our use of internal and external investment management.

Approaching 100 Per Cent Funding. 2017 has been another year of strong financial performance, which has meant ongoing progress in reducing the WSIB's UFL. From $4,004M (Sufficiency Ratio basis) at the end of 2016, the UFL decreased to $1,349M by the close of 2017. Correspondingly, the Sufficiency Ratio increased 8.4 per cent to 95.8 per cent, the highest funding level ever for Ontario's workers' compensation system. The WSIB's 2017 Economic Statement forecast that the UFL will be eliminated by 2020, a year earlier than the 2016 forecast and seven years ahead of the deadline required under legislation.

Progress on increasing our financial sufficiency has been achieved alongside increases in benefits to injured workers. For instance, 2017 was the first full year of presumptive PTSD legislation for First Responders and the first year that skin cancer was included as a presumptive cancer for Ontario firefighters. What's more, financial progress was possible even with an average employer premium rate that was 6.2 per cent lower than in 2016. For 2018, the average premium rate will be reduced by another 3.3 per cent, making for a cumulative reduction of nearly 10 per cent in two years.

WHAT'S NEW THIS QUARTER?

Launch of the Workwell App. The WSIB's Workwell program offers advice and consultation to employers seeking to improve their workplace health and safety and return-to-work programs. As employers take part in the program and put in place better health and safety and return-to-work practices, injuries and illnesses at Ontario's workplaces can be reduced.

In October, the Workwell program soft-launched the WSIB's first-ever mobile app, greatly extending the reach of the Workwell program. The app walks employers through a self-evaluation of their workplace programs for health and safety and return to work against the Workwell standard. It also provides access to resources to help participants take corrective measures and make improvements. The free app, which has now been fully launched, is available to download on the Apple App Store and on the Google Play Store.

Planning Ahead for 2018. With the new year fast approaching, the WSIB continued preparations for Ontario's work-related Chronic Mental Stress legislation to come into effect on January 1st. Work in Q4 included finalizing our new CMS strategy and updating our Traumatic Stress policy. We also launched a communications campaign to inform stakeholders of the Province's plans to make the legislation retroactive and further developed internal processes to be able to respond effectively to these new types of claims.

Also upcoming in 2018 is full indexation of benefits to inflation (indexation to the CPI) starting on January 1st, after gradual increases to indexation over the past two years since legislation was passed in 2015. We will also be launching the 2018 Grants program, inviting applications from researchers starting early in the year, the 2018 Small Business Health and Safety Leadership Awards, for which the nomination process will close at the end of May and the first ever score for Ontario's Health and Safety Index to be launched during NAOSH week in 2018.

Strong Response to Compass. The WSIB launched **Compass**, a new online health and safety tool, in early October. The tool, which represents a major step in making WSIB data more open and accessible, allows visitors to view and compare health and safety statistics for individual Ontario employers. Data is available for the past five years. We developed Compass to be able to highlight to employers and other Ontarians opportunities to improve workplace health and safety.

Response to the tool has been strong, and positive. Compass is visited by over 200 people each day and of those who have responded to a survey about their visit, over 85 per cent said they were satisfied with the tool.

Understanding 2018 Premium Rates. In the fall, the WSIB announced its second consecutive reduction in the average premium rate paid by employers. The decrease of 3.3 per cent for 2018 rates follows on a 6.2 per cent reduction last year. Also for the second year in a row, the WSIB hosted a series of technical rate sessions to help employers better understand how premium rates are calculated currently. In 2020, the WSIB's approach to setting premium rates will be changing as the new rate framework comes into effect. Part of each technical session was also devoted to explaining the new rate framework.

HEALTH & SAFETY

OBJECTIVES

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

Lost-time injury remains low

The lost-time injury (LTI) rate, the number of allowed lost-time claims per 100 workers, was 0.92 in 2017, which is low by historic standards. Five years ago, in 2012, this result was 1.04 and it was above 1.0 each year prior to that. We continue to closely monitor the LTI rate.

In the Q1 2017 Measuring Results report and as a reminder on page 5 in this report, we described an impact to certain performance indicators (including the LTI rate) from limited entitlement (A-81) claims being inaccurately coded as lost-time claims. As a result, the LTI rate reported for 2016 (0.92) was higher than it would have been without the A-81 coding issue (approximately 0.83 on a matured basis). Starting in Q1 2017, the coding issue was corrected and the LTI rate was no longer impacted. For this reason, caution should be used when comparing LTI rates from 2017 to 2016 or prior years.

Schedule 1 registered claim volume increased from 193,215 in 2016 to 199,927 in 2017. The increase was mainly a result of higher no-lost-time claim volume, which went up 5 per cent from 135,091 in 2016 to 141,227 in 2017.

Among Schedule 2 employers, the LTI rate increased from 1.99 in 2016 to 2.05 in 2017. Registered claim volume was up by 4 per cent due to higher lost-time (+6 per cent) and no-lost-time (+2 per cent) volumes. These increases are in part due to higher Posttraumatic Stress Disorder (PTSD) claims as a result of presumptive PTSD legislation for First Responders which came into effect in April 2016.

1.1 New Claims

SCHEDULE 1

		Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017 YTD
Registered		47,736	49,730	48,496	50,592	51,091	199,927
Pending		4,415	5,181	4,108	3,772	4,888	6,169
Allowed		34,523	36,070	35,985	38,504	37,868	155,464
		79.7%	81.0%	81.1%	82.2%	82.0%	80.2%

SCHEDULE 2

	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017 YTD
Registered	9,770	10,756	9,546	8,333	10,647	39,194
Pending	1,240	1,519	1,096	929	1,272	1,574
Allowed	6,740	7,495	6,624	5,885	7,423	29,522
	79.0%	81.1%	78.4%	79.5%	79.2%	78.5%

1.2 Fatalities: Allowed Traumatic & Occupational Disease

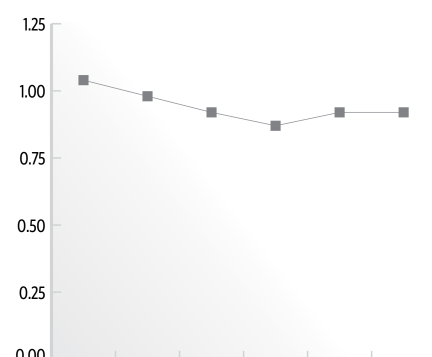
SCHEDULE 1 & 2

	2012	2013	2014	2015	2016	2017 YTD
Schedule 1 Traumatic Fatalities	60	70	59	53	45	52
Schedule 2 Traumatic Fatalities	5	3	1	4	3	1
Traumatic Fatalities Total	65	73	60	57	48	53
Schedule 1 Occupational Disease Fatalities*	189	159	167	175	148	178
Schedule 2 Occupational Disease Fatalities*	32	23	42	38	65	42
Occupational Disease Fatalities Total*	221	182	209	213	213	220

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

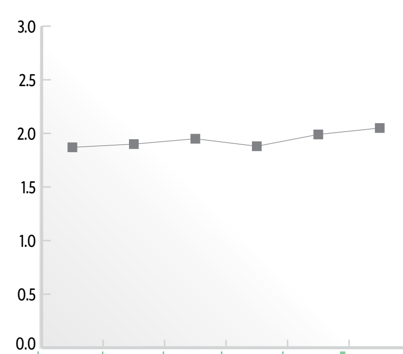
1.3 Lost-Time Injury/Illness Rate

SCHEDULE 1



	2012	2013	2014	2015	2016	2017
Result	1.04	0.98	0.92	0.87	0.92	0.92
Prior Year	1.07	1.04	0.98	0.92	0.87	0.92
Variance	-2.8%	-5.8%	-6.1%	-5.4%	5.7%	0

SCHEDULE 2



	2012	2013	2014	2015	2016	2017
Result	1.87	1.90	1.95	1.88	1.99	2.05
Prior Year	1.92	1.87	1.90	1.95	1.88	1.99
Variance	-2.6%	1.6%	2.6%	-3.6%	5.9%	3.0%

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

Short- and medium-term durations continue to increase

The percentage of workers who continue to require benefits in the short- and medium-term (up to and including 24 months) has once again increased in Q4, the same trend observed in each quarter of 2017. At the same time, longer-term durations (48 and 72 months) are holding steady compared to Q3, and the number of claims being locked in has declined. While 1,383 claims were locked in in 2016, 17 per cent fewer, or 1,153 claims, were locked in during 2017.

With fewer claims being locked in this year, those that are tend to be more serious, including more claims being locked in at 100 per cent of their pre-injury earnings (22 per cent of locked-in claims in 2017, compared to 14 per cent in 2016). As a result, the average loss-of-earnings entitlement at lock in is higher than in 2016 and over target.

The WSIB's Work Transition program has delivered consistently positive results in 2017, and Q4 was no exception. 86 per cent of Schedule 1 workers completing Work Transition plans in Q4 went on to find employment. For the year as a whole, 88 per cent found work, up from 84 per cent in 2016 and marking the second year in a row of improvement.

The percentage of workers experiencing a permanent impairment from their injury or illness was lower in 2017 (5.9 per cent) than in 2016 (6.1 per cent) and has been below the benchmark of 6.5 per cent throughout 2017.

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

SCHEDULE 1

	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017 YTD
Result	91.3%	90.9%	91.1%	90.4%	90.2%	90.6%
Target	92.2%	92%	92%	92%	92%	92%
Variance	-0.9%	-1.1%	-0.9%	-1.6%	-1.8%	-1.4%

SCHEDULE 2

	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017 YTD
Result	93.6%	94.0%	93.3%	93.1%	91.5%	93.0%
Prior Year	94.9%	94.7%	94.2%	94.8%	93.6%	94.4%
Variance	-1.3%	-0.7%	-0.9%	-1.7%	-2.1%	-1.4%

3.2 Average LOE Entitlement Award at Lock-in

SCHEDULE 1

	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017 YTD
Result	49%	51%	54%	52%	52%	52%
Target	45%	45%-47%	45%-47%	45%-47%	45%-47%	45%-47%
Variance	4%	4%	7%	5%	5%	5%

SCHEDULE 2

	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017 YTD
Result	46%	53%	51%	63%	57%	55%
Prior Year	37%	38%	45%	50%	46%	45%
Variance	9%	15%	6%	13%	11%	10%

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

3.4 Percentage Employed on Completion of Work Transition Plan

SCHEDULE 1

	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017 YTD
Result	86%	86%	91%	88%	86%	88%
Target	79%	80%	80%	80%	80%	80%
Variance	7%	6%	11%	8%	6%	8%

SCHEDULE 2

	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017 YTD
Result	99%	98%	97%	97%	94%	97%
Prior Year	94%	99%	97%	96%	99%	98%
Variance	5%	-1%	0%	1%	-5%	-1%

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

3.3 Duration

SCHEDULE 1

	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Target	Assessment
3 mos	11.5%	11.9%	12.4%	12.7%	12.8%	11.3% - 11.6%	✗
6 mos	6.6%	6.8%	7.3%	7.8%	8.0%	6.0% - 6.2%	✗
12 mos	3.9%	4.2%	4.6%	4.8%	5.3%	3.9% - 4.1%	✗
24 mos	2.6%	2.6%	2.7%	2.8%	2.9%	2.4% - 2.6%	✗
48 mos	2.1%	2.1%	2.1%	2.1%	2.0%	2.1% - 2.3%	✓
72 mos	2.4%	2.2%	2.1%	2.0%	2.0%	2.6%	✓

SCHEDULE 2

	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Assessment vs. Prior Year
3 mos	9.5%	10.2%	10.9%	11.8%	12.1%	✗
6 mos	5.3%	5.7%	6.3%	7.0%	7.6%	✗
12 mos	2.8%	3.1%	3.6%	4.0%	4.6%	✗
24 mos	1.4%	1.5%	1.5%	1.6%	1.8%	✗
48 mos	0.7%	0.8%	0.7%	0.7%	0.7%	✓
72 mos	0.5%	0.6%	0.5%	0.5%	0.5%	✓

4.1 Percentage of Workers with a Permanent Impairment

SCHEDULE 1

✓

	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017 YTD
Result	6.3%	6.0%	5.7%	5.8%	6.2%	5.9%
Benchmark	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
Variance	-0.2%	-0.5%	-0.8%	-0.7%	-0.3%	-0.6%

SCHEDULE 2

△

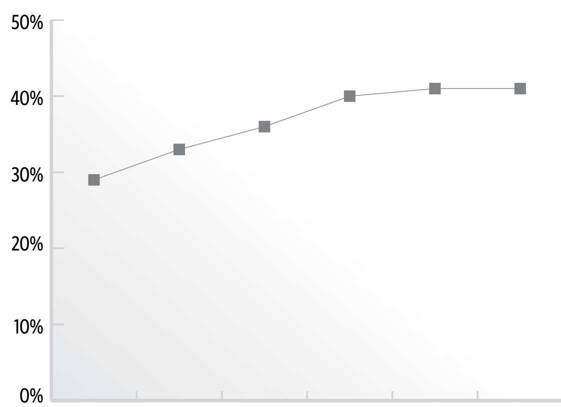
	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017 YTD
Result	2.4%	2.5%	2.5%	2.7%	2.5%	2.6%
Prior Year	2.4%	2.5%	2.1%	2.9%	2.4%	2.5%
Variance	0.0%	0.0%	0.4%	-0.2%	0.1%	0.1%

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

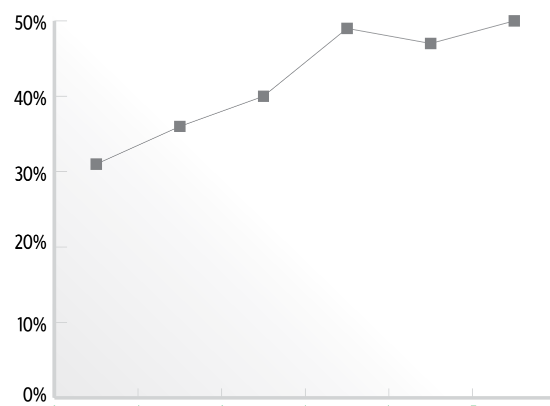
✓



	2012	2013	2014	2015	2016	2017
Result	29%	33%	36%	40%	41%	41%
Target	24%	29%	33%	36%	45%	40%-45%
Variance	5%	4%	3%	4%	-4%	0%

SCHEDULE 2

✓



	2012	2013	2014	2015	2016	2017
Result	31%	36%	40%	49%	47%	50%
Target	24%	31%	36%	40%	45%	40%-45%
Variance	7%	5%	4%	9%	2%	5%

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

Positive financial performance in Q4 and 2017

The WSIB's Sufficiency Ratio is now 95.8 per cent after increasing 8.4 per cent during 2017. And over the past five years, it has gone up nearly 40 per cent. Meanwhile the UFL (Sufficiency Ratio basis) has decreased to $1,349M, from $4,004M at the end of 2016.

Our financial position strengthened in 2017 even though the average employer premium rate for the year was reduced by 6.2 per cent. Core Earnings of $1,285M were the second highest we've seen in the past five years, though they were 13 per cent lower than in 2016 ($1,475M) partially due to lower premium revenue ($4,779M in 2017 compared to $4,808M in 2016).

The WSIB's investment portfolio has once again delivered returns within range of or above our long-term target of 3.5 to 6.5 per cent. As of the end of 2017, 10-year returns were 6.2 per cent and 15-year returns were 7.2 per cent. Returns in Q4 alone were 3.5 per cent, driven by strong performance in Public Equities and Diversified Markets. WSIB's investment portfolio has reached $34B.

5.1 Core Earnings

SCHEDULE 1

$M	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017 YTD
Result	393	246	398	395	246	1,285
Budget	238	207	295	280	194	976
Variance	155	39	103	115	52	309

5.2 Unfunded Liability (Sufficiency Ratio Basis)

SCHEDULE 1

$M	2012*	2013*	2014	2015	2016	2017 YTD
Result	(13,299)	(10,638)	(8,697)	(6,984)	(4,004)	(1,349)
Budget	(13,772)	(13,777)	(11,424)	(8,129)	(5,659)	(4,675)
Variance	473	3,139	2,727	1,145	1,655	3,326

*on a Funding Basis

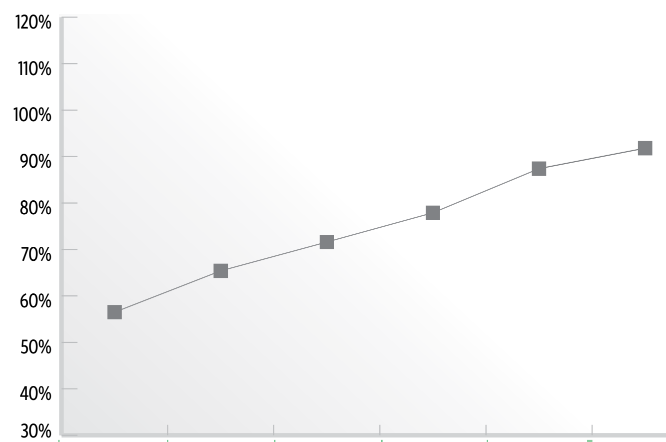
6.1 Investment Fund Total Returns (10 Years)

SCHEDULE 1

	2012	2013	2014	2015	2016	2017 YTD	Target	Assessment
10 Years	6.3%	6.3%	6.5%	6.0%	5.1%	6.2%	3.5% - 6.5%	✓

5.3 Sufficiency Ratio

SCHEDULE 1



	2012*	2013*	2014	2015	2016	2017
Result	56.5%	65.4%	71.6%	77.9%	87.4%	95.8%
Budget	53.9%	56.4%	64.3%	74.3%	82.8%	86.5%
Variance	2.6%	9.0%	7.3%	3.6%	4.6%	9.3%

* 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 decision making continues

While the percentage of appeals resolved within six months decreased slightly in 2017 (88 per cent) compared to 2016 (90 percent) it remained well above our 85 per cent target in both the year and Q4. In 2017, it took an average of 102 calendar days to resolve an appeal, compared to 101 days in 2016. Much of this time is needed to allow sufficient opportunity for the parties to provide submissions and prepare rebuttals if necessary.

The percentages of appeals allowed and allowed in part have stayed stable in recent years. In 2017, the total reversal rate on appeal was 28 per cent compared to 30 per cent in 2016 and 29 per cent in 2015. The 28 per cent of appeals reversed in 2017 includes cases allowed in full (16 per cent) and in part (12 per cent).

The WSIB continues to make eligibility decisions within target time frames. In Q4, as expected, the percentage of eligibility decisions made within two weeks (90 per cent) was lower than other quarters in 2017, but it remained on target (90 per cent). For full year 2017, 93 per cent of claims were decided within two weeks, which is comfortably above target. Timely decision making is critical to ensure that injured and ill workers receive the benefits and services they require as soon as possible.

8.1 Administrative Expenses per $100 of Insurable Earnings

SCHEDULE 1

✓

	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017 YTD
Result	$0.49	$0.39	$0.39	$0.40	$0.46	$0.41
Budget	$0.50	$0.47	$0.46	$0.48	$0.53	$0.48
Variance	($0.01)	($0.08)	($0.07)	($0.08)	($0.07)	($0.07)

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

SCHEDULE 1

✓

	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017 YTD
Result	93%	94%	94%	93%	90%	93%
Target	90%	90%	90%	90%	90%	90%
Variance	3%	4%	4%	3%	0%	3%

SCHEDULE 2

✓

	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017 YTD
Result	94%	94%	94%	92%	91%	93%
Target	90%	90%	90%	90%	90%	90%
Variance	4%	4%	4%	2%	1%	3%

8.3 Appeals – Allowed, Allowed in Part

SCHEDULE 1 & 2

		Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017 YTD	Target	Assessment
% of Resolved Appeals	Allowed	17%	18%	14%	15%	16%	16%	14-17%	✓
	Allowed in Part	13%	11%	13%	13%	13%	12%	12-16%	✓

8.4 Percentage of Appeals Resolved within Six Months

SCHEDULE 1 & 2

✓

	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017 YTD
Result	89%	88%	85%	90%	88%	88%
Target	85%	85%	85%	85%	85%	85%
Variance	4%	3%	0%	5%	3%	3%

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

Continued emphasis on service excellence

Increasing service excellence continued to be an area of focus at the WSIB during 2017. As mentioned in Q1, a dedicated Service Excellence group was created early in the year. The head of this new group reports directly to the WSIB's President and CEO. This team's efforts to improve overall experiences and reduce burden to our customers are ongoing. Injured workers' and employers' satisfaction with their overall experience with the WSIB continues to be quite stable; 73 per cent of injured workers and 77 per cent of employers reported satisfaction in Q4 2017, compared to 71 per cent and 77 per cent, respectively, in Q4 2016.

After conducting the first organization-wide employee experience survey in over five years at the WSIB, we are working on targeted improvement efforts to raise the level of employee engagement to meet the ambitious new target set for 2018 (72 per cent). "Sustainable engagement" is a composite measure based on nine survey questions covering the extent to which employees feel engaged, enabled and energized. Work in this area is critical to ensuring that we are able to deliver high quality, efficient service and true value to Ontarians. Part of our efforts in 2018 will centre on identifying and removing barriers faced by our staff.

In November, members of the WSIB's senior leadership team attended the Excellence Canada awards ceremony, where the WSIB received the Silver award for achievements in the Mental Health in the Workplace category.

9.1 Overall Satisfaction

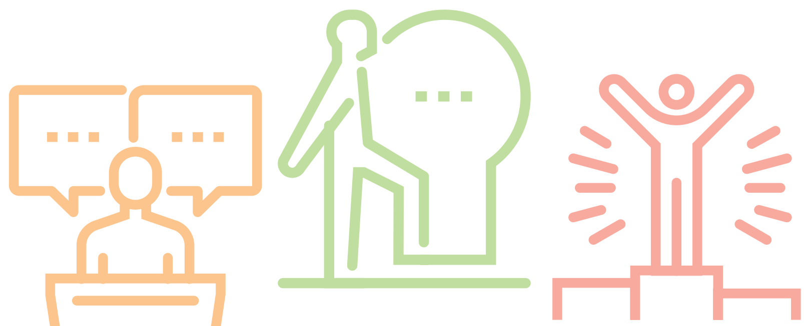
SCHEDULE 1 & 2

	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Target	Assessment
Injured Workers	71%	71%	72%	71%	73%	68% - 72%	✓
Employers	77%	77%	80%	78%	77%	75% - 79%	✓

9.2 Employee Engagement

Sustainable Engagement Level

2017 Result: 69%



2018 Target: +3%

Q4 2017 Quarterly Focus

Industry Close Up: Automotive Manufacturing

The WSIB covers over 300,000 employers across the province, representing a full range of industries, business sizes and workplace safety needs and challenges. In past Quarterly Focus articles we have taken a closer look at two industries in particular – construction and transportation. This article will profile the automotive sector, a tremendously important sector for Ontario, and another of the six largest served by the WSIB.

Deeper understanding of the industries in which our employers and workers are operating means that we can better plan for and accommodate their needs. It also means that we can better target health and safety improvement efforts to make workplaces safer.

CURRENT STATE OF THE AUTOMOTIVE SECTOR

Production trend. Canada is the tenth largest vehicle producer in the world, and Ontario alone produces approximately 15 per cent of all light vehicles made in North America. This is more than any other North American jurisdiction including Michigan, Ohio and any state in Mexico. Approximately 2.4 million vehicles were produced in the province in 2016, an annual total that has changed little since 2012.

Automotive remains the largest manufacturing sector in Ontario. Toyota leads the way for the number of passenger vehicles produced, but there are four other major global manufacturers operating in Ontario – Fiat Chrysler, Ford, GM and Honda. Approximately two-thirds of 2016 production of passenger vehicles was light trucks or SUVs, while the remaining third was cars.

DID YOU KNOW?

Approximately two-thirds of 2016 production of passenger vehicles was light trucks or SUVs[1]

Prior to 2012, production peaked in the early 2000s. The decline since then can be explained by the higher Canadian dollar, and structural changes in the global auto industry that have resulted in production being moved to lower cost countries such as Mexico, and to high growth markets such as those in Asia Pacific.

Employment. According to the Automotive Policy Research Centre (APRC) at

Automotive in Ontario:

INDUSTRY HIGHLIGHTS

- The WSIB's sixth largest industry, by employment
- Industry growth since the 2008 financial crisis, but production and employment remain below early 2000s peak
- Stronger improvement in lost-time injury rate over the past five years than any other major sector
- Future uncertainty – disruptive technologies, social trends, NAFTA renegotiation

Auto Production Numbers

State	2014	2015	2016	% change versus year ago
Ontario	2,382,218	2,255,937	2,359,391	+4.6
Michigan	2,267,017	2,397,400	2,249,858	-6.2
Ohio	1,589,052	1,565,659	1,415,532	-9.6
Indiana	1,210,825	1,257,639	1,251,106	-0.5
Kentucky	1,269,748	1,304,723	1,311,117	+0.5
Alabama	994,982	1,035,019	1,052,864	+1.7
Illinois	784,723	761,058	668,576	-12.2
Puebla	476,451	457,492	426,453	-6.8
Tennessee	809,996	753,495	868,576	+15.3
Texas	521,092	564,645	602,615	+6.7

Source: Government of Ontario, citing IHS Inc.

[1] Automotive Policy Research Centre (McMaster University), A Profile of the Automotive Manufacturing Industry in Canada, 2012-2016, p. 2

Covered Employment by Rate Group

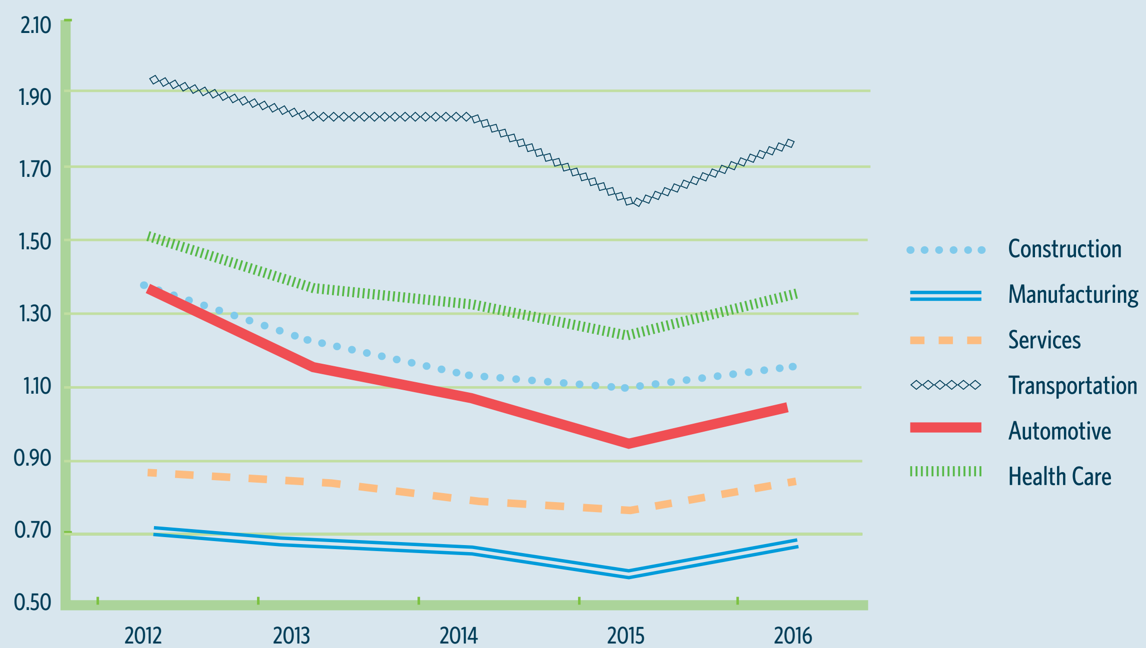
	% Total Automotive (2016)	2016	2012	% Change
421 - OTHER MOTOR VEHICLE PARTS AND EQUIPMENT	37%	59,536	52,522	13%
419 - MOTOR VEHICLE ASSEMBLY	32%	50,887	41,896	21%
424 - MOTOR VEHICLE STAMPINGS	15%	24,266	19,664	23%
420 - MOTOR VEHICLE ENGINES AND PARTS	7%	10,976	10,917	1%
428 - MOTOR VEHICLE FABRIC ACCESSORIES	5%	7,569	5,810	30%
432 - TRUCKS, BUSES AND TRAILERS	3%	4,309	4,152	4%
425 - MOTOR VEHICLE WHEELS AND BRAKES	1%	2,067	2,433	-15%

McMaster University, the Canadian automotive sector directly employed over 140,000 Canadians in 2016. The Fiat Chrysler plant in Windsor employs more workers (approximately 6,000 in 2016) than any other manufacturing workplace in Canada. Plus, for each job in the automotive sector, the Center for Automotive Research in Michigan estimates that four other "spin off" jobs are created and that positions in automotive assembly specifically stimulate 10 jobs each.

While direct automotive employment has come down since production peaked in the early 2000s, employment has increased each year since 2012. This recent rise can be explained by a shift away from producing cars towards light trucks and SUVs and a shift towards luxury vehicle production—which each have higher labour requirements.

According to the Canadian Vehicle Manufacturers' Association (CVMA), over 90 per cent of auto sector jobs are full time, with wage levels that are above the Canadian and provincial averages. However, in 2016, average weekly earnings in motor vehicle manufacturing ($1,421) were 7 per cent lower than five years before ($1,529). By comparison, average weekly earnings across all sectors in Ontario increased 8 per cent over this same time period, from $906 to $974 by 2016.

Lost-Time Injury Rates Over Time



ONTARIO'S AUTOMOTIVE SECTOR AND WORKERS' COMPENSATION

The automotive sector is the sixth largest covered by the WSIB, in terms of employment. Three per cent of employees covered by the WSIB work in automotive, down from over 5 per cent in 2002. It is also sixth in terms of the number of lost-time and no-lost-time claims from the industry in 2016.

What's included in automotive. Automotive work is concentrated in a relatively small number of rate groups, and over two-thirds of covered employees work in either motor vehicle assembly or other motor vehicle parts and equipment manufacturing. Every rate group, with the exception of the smallest one, motor vehicle wheels and brakes, has seen an increase in employment over the past five years.

Improved industry safety. Over the past five years, most of the WSIB's 16 industry sectors have become safer, but the improvement in the automotive sector's lost-time injury rate has been particularly strong. From an LTI rate of 1.38 in 2012, the 2016 rate was down to 1.06, an improvement of 23 per cent. Over the same period, the Schedule 1 LTI rate improved by 7 per cent and no other major sector matched the improvement seen in automotive.

Lost-time injury rates have improved across every automotive rate group in the past five years, with the exception of truck, bus and trailer manufacturing. The motor vehicle engines and parts rate group has seen the most dramatic improvement over this time.

Lost-Time Injury Rate by Rate Group

	2016	2012	% Change
420 - MOTOR VEHICLE ENGINES AND PARTS	0.53	1.00	-47%
428 - MOTOR VEHICLE FABRIC ACCESSORIES	0.77	1.43	-46%
419 - MOTOR VEHICLE ASSEMBLY	1.20	1.91	-37%
425 - MOTOR VEHICLE WHEELS AND BRAKES	1.02	1.27	-20%
421 - OTHER MOTOR VEHICLE PARTS AND EQUIPMENT	0.89	1.01	-12%
424 - MOTOR VEHICLE STAMPINGS	1.17	1.24	-6%
432 - TRUCKS, BUSES AND TRAILERS	3.18	2.34	36%

Even with such strong, recent improvement, the LTI rate in the automotive sector (1.06 in 2016) continues to be higher than for Schedule 1 employers as a whole (0.92 in 2016). It also remains well above the LTI rate for other types of manufacturing (0.67).

When it comes to no-lost-time claims—when an injury or illness requires only health care treatment, no time away from work—the automotive sector has the highest NLTI rate of any of the WSIB's 16 sectors. At 5.10 no-lost-time injuries per 100 employees in 2016, it was over twice as high as the NLTI rate for Schedule 1 employers as a whole (2.31). As was the case with lost-time injuries, automotive's NLTI rate has also come down over the past five years, showing twice the improvement of Schedule 1 overall (-21 per cent for automotive, compared to -11 per cent for Schedule 1).

DID YOU KNOW?

No other major sector matched the improvement in LTI rate seen in automotive over the past five years

There were no traumatic fatalities in the automotive sector in 2016. In the past five years, there have been three traumatic fatalities, each from different rate groups—other motor vehicle parts and equipment, motor vehicle stampings and motor vehicle wheels and brakes.

Nature of automotive injuries. In the automotive sector, workers are most likely to be injured as a result of over-exertion, which is associated with over half (51 per cent) of all lost-time claims. Over-exertion is a greater cause of injury than among Schedule 1 claims as a whole but falls—responsible for one-fifth of Schedule 1 claims—are less common in automotive (13 per cent).

Most Common Injury Events (Lost-Time Claims, 2012-2016)

	Automotive	Schedule 1
Over-exertion	51%	39%
Contact with objects and equipment	28%	27%
Falls	13%	20%
Exposure to harmful substances or environments	4%	7%
Transportation accidents	3%	4%

The proportion of automotive claims that are "high impact" (31 per cent) is comparable to the proportion for Schedule 1 as a whole (33 per cent). However, in automotive, shoulder claims make up a greater portion of high-impact claims, while fractures are less common than average. Auto sector claims tend to have lower than average short- and medium-term durations (the amount of time the claim continues to require benefits). In most cases, when automotive workers return to work after being injured they are able to return to their pre-injury employer. Fewer than 1 per cent of automotive workers who returned to work in 2016 went to a new employer.

In the automotive sector, well over half of lost-time claims (58 per cent) are from workers in their 40s or 50s, compared to 46 per cent across Schedule 1 as a whole. Automotive injuries among younger (under 30) and older (age 60+) workers are less common than across all industries. This is consistent with the fact that there are simply fewer younger and older workers in manufacturing (including automotive) in Ontario compared to other industries.

Lost-Time Claims by Age Group (2012-2016)

	Automotive	Schedule 1
Under 30	17%	26%
30-39	20%	20%
40-49	31%	23%
50-59	27%	23%
60+	6%	8%

Most lost-time injuries in automotive (58 per cent) are from a single occupation—machine operators or assemblers.

WHAT'S AHEAD

The future of the automotive sector, not just in Ontario but globally, is uncertain. According to a McKinsey article[1], the global auto industry is "ripe for disruption" which is expected to come from the four forces described below. These forces are expected to fuel each other, working in combination to accelerate change at a fast pace.

Connectivity: On the path towards autonomous or driverless vehicles, the new vehicles we produce will increasingly be communicating with each other and with their surroundings.

IN THE NEWS... In late 2016, in an insurance-industry first, a major Canadian auto insurance provider began offering consumers who have Automatic Emergency Braking a 15 per cent discount on their insurance premiums in recognition of the power of this technology to reduce collisions.

Autonomous driving: Vehicles built to be driverless or driver-assisted could look and operate very differently from vehicles being produced today.

IN THE NEWS... In 2016, Ontario became the first province in Canada to allow on-road testing of autonomous vehicles and in 2017, in Toronto, Uber established its first research group on autonomous vehicles outside of the U.S.

Electrification: As electric vehicles become increasingly viable and price competitive, consumers may increasingly choose them over conventional vehicles, especially in more densely populated urban areas.

IN THE NEWS... Most major auto manufacturers now have electric vehicle programs underway. The U.K. and France have announced plans to ban gasoline- and diesel-powered car sales by 2040.

Diverse mobility: Vehicles on demand through services such as Uber may continue to grow at the expense of vehicle ownership by individual households.

IN THE NEWS... In a 2017 survey of global auto executives by KPMG, 59 per cent agreed that by 2025, half of those who own a car today will no longer want to own a car[2].

1 Disruptive Trends that Will Transform the Auto Sector, McKinsey & Company, Jan. 2016

2 https://assets.kpmg.com/content/dam/kpmg/xx/pdf/2017/01/global-automotive-executive-survey-2017.pdf

DID YOU KNOW?

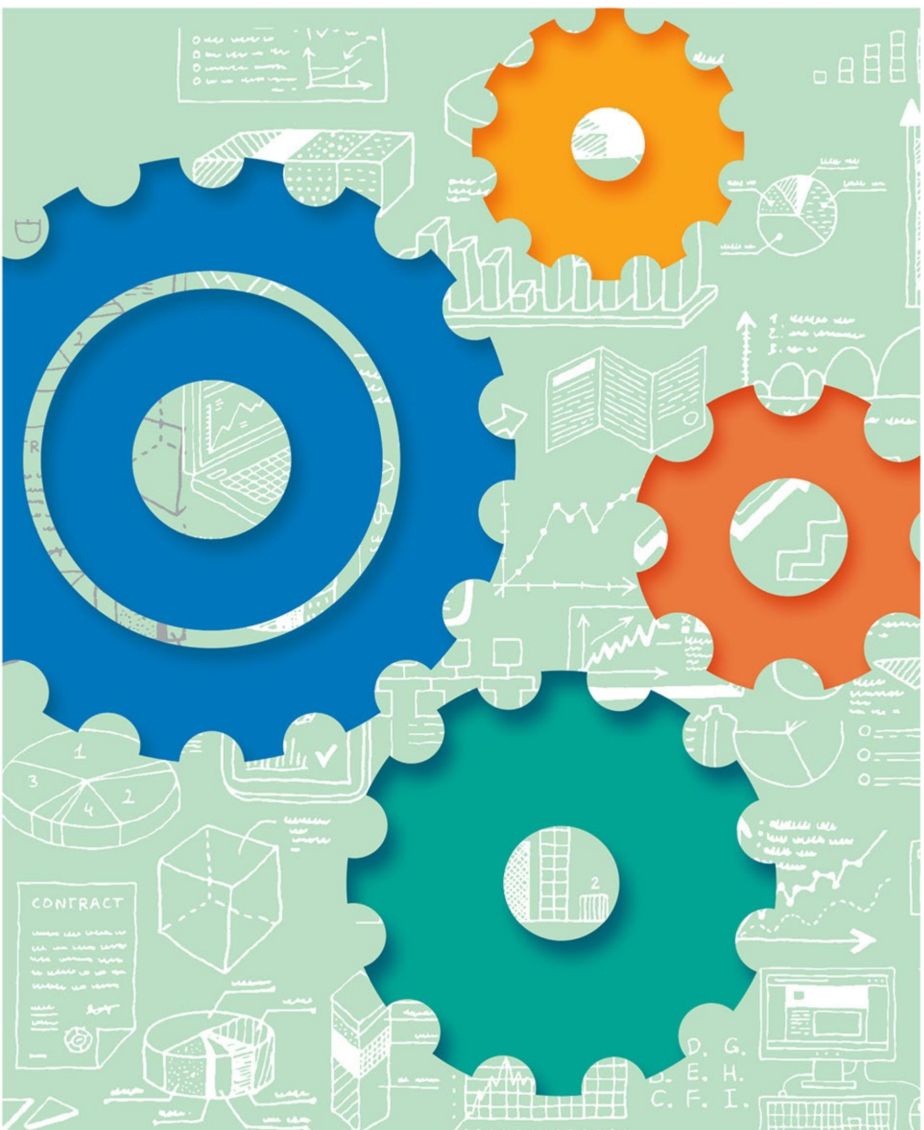
According to a major global consulting company, the global auto industry is "ripe for disruption"

McKinsey mentions that while an industry like mobile phones has already seen a high level of disruption and new entrants (10 new players in the past 15 years), this has not yet occurred in automotive, where there have only been two new companies among the top 15 auto manufacturers over this same period. Meanwhile, companies like Tesla, Uber, Google and Apple are each starting to shape the industry in unique and unprecedented ways.

NAFTA. Closer to home, automotive is arguably the sector with the most at stake in NAFTA renegotiation, which is another source of uncertainty for auto employers. The renegotiation is coming at a time when the Canadian auto sector is more dependent than ever on exports. According to Desjardins bank, 94 per cent of motor vehicle sales by Canadian manufacturers were destined for export in 2016, up from 80 per cent just 10 years ago.

Ontario's auto industry has been closely integrated with the U.S. since the Ford Motor Company of Canada was created in 1904. In 1965, the AutoPact eliminated all customs tariffs on vehicles and parts between the two countries, the start of over 50 years of free circulation of vehicles and parts across the border. Now, it is said that vehicle parts and components may cross NAFTA countries' borders up to eight times before final vehicle assembly in a NAFTA country[3]. Restrictions on this circulation would seriously impact automotive companies operating in North America.

3 Wilson, C.E., Working Together: Economic Ties Between the United States and Mexico, Woodrow Wilson International Center for Scholars, p. 18



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PUBLISHED APRIL 2018