First Quarter **2018**

Results

wsib
ONTARIO

Here to help

When an injury or illness happens on the job, we move quickly to provide wage-loss benefits, medical coverage and help getting back to work.

We cover over five million people in more than 300,000 workplaces across Ontario. We are committed to meeting, and exceeding, the needs of those injured at work and employers by adhering to fairness, integrity and professionalism in all we do.

Commitment to accountability

We're funded by premiums paid by businesses across the province. We closely monitor and report on our operating results and financial position to be transparent with those we serve. We hope this report provides you with a clear picture of how we are doing.

Contact us

If you have questions about our results you can contact us at **corporatereports@wsib.on.ca**.

Table of contents

Q1 results

Our Q1 results show strong outcomes for the people and businesses of Ontario.

Highlights this quarter

The following section includes a combination of noteworthy items from the management's discussion and analysis (MD&A), the unaudited condensed interim consolidated financial statements and other announcements.

Lost-time Injury (LTI) rate is stable | Both registered and lost-time claim volumes increased in Q1 2018 compared to the same period last year, by 1.5% and 3.2%*, respectively. Due to higher levels of employment in 2018, the LTI rate has remained stable at 1.0 lost-time injuries or illnesses per 100 full-time equivalents. The LTI rate has improved in the construction and automotive industries and increased in the health care and transportation industries.

Increases in short- and medium-term durations | The percentage of claims that continue to require benefits for durations up to 24 months increased in Q1 compared to year-end 2017, maintaining a trend that began in Q4 2015. Q1 2018 durations continue to fall within or just below the risk corridor we introduced in mid-2017. Rising durations have meant that the percentage of people returning to work without wage loss within 12 months has decreased slightly, to 89.6% in Q1. We are committed to improving return-to-work outcomes and have introduced an enhanced return-to-work program. You can read more about this in the 'New developments' section on page 7.

Long-term (72-month) duration decreased in Q1, along with the number of claims that were locked in (268 claims, compared to 300 in Q1 2017).

This quarter, we are also starting to track a new metric – average composite duration – which you can read more about in the 'Digging deeper' section on page 8.

Fewer permanent impairments | This quarter, 5.3% of people with work-related injuries experienced a permanent impairment, an improvement from 6.0% in Q1 2017*. This is the lowest level for this result since Q3 2014.

Timeliness of eligibility decision making on target | Timely decisions about claim eligibility help ensure that those with workplace injuries or illnesses can access benefits as quickly as possible. In Q1, 90% of eligibility decisions were made within two weeks of the claim being registered, meeting our target this quarter*.

More timely appeal resolutions | We are continuing to receive fewer appeals and those we do receive are being resolved more quickly. Q1 2018 saw 1,405 new appeals received compared to 1,528 in Q1 2017, a reduction of 8%. The percentage of appeals resolved within six months has increased to 91%, compared to 88% in Q1 of last year.

This quarter we are also tracking a new metric – the appeals total allowance rate – which you can read about in the 'Digging deeper' section on page 8.

*Schedule 1 employers

Increased claim payments | Our claim payments increased $24 million or 4.0% compared to Q1 2017 as a result of higher loss of earnings (LOE) payments, which increased due to higher durations affecting current and prior injury year claims and a higher volume of current injury year claims.

Premium rate reduction | Net premiums increased $95 million or 8.5% compared to Q1 2017 despite a 3.3% reduction to the average premium rate. This is because there was strong insurable earnings growth primarily in the construction, manufacturing, primary metals, services and transportation industries.

Lower, yet positive, investment returns | Our investment portfolio returned 0.4% this quarter, compared to 3.4% in Q1 2017. The overall return reflected low equity returns (+0.9%) and flat bond returns as interest rates continued to increase partially buoyed by approximately 2% return in real estate and infrastructure. While returns were lower this quarter, long-term investment performance (10-year (+6.5%) and 15-year (+7.8%)) remains within, or above, the long-term target level of 3.5% to 6.5%.

Increased administration costs | As expected, administration and other expenses, before allocation to claim costs, increased $25 million or 13.1% compared to Q1 2017, reflecting $9 million of higher salaries, partially due to chronic mental stress (CMS) legislation, $8 million of higher employee benefit expenses, $5 million of higher depreciation and amortization and $3 million of higher other operating expenses.

Strong funding position | With consideration of the payments and costs outlined above, and in the following MD&A, as at March 31, 2018 our unfunded liability on a Sufficiency Ratio basis was $0.6 billion, down $0.7 billion from $1.3 billion as at December 31, 2017. This corresponds to a Sufficiency Ratio of 98.0%, compared to 95.8% at year-end 2017.

New developments

Increases to benefits in 2018 | New legislation came into effect on January 1, 2018 allowing WSIB benefit entitlement for those experiencing work-related Chronic Mental Stress.

As well, starting on January 1, 2018, we changed the way we index benefits by applying a single indexing factor – the Consumer Price Index (CPI) – to the amount payable for all indexed benefit types. Under the previous system, the indexing factor applied to most benefits was usually lower than the CPI. This year, regardless of what type of benefit someone is receiving they will receive a 1.5% indexing adjustment.

Renewing our Return-to-Work Program | The WSIB has developed and launched an enhanced program to support safe, sustainable return to work following a workplace injury. The program emphasizes positive outcomes over process, offering a customer-centric experience and removing barriers. It contains six main elements: providing a customer-centric experience, focusing on "at risk" cases, optimizing our policies and procedures, delivering quality services, investing in a specialized workforce and strengthening our networks and partnerships.

Digging deeper

Our New Quarterly Metrics

We have changed the way we report on our financial and operational performance. In the past, we published three different quarterly reports on the WSIB website. Starting this quarter, we have combined our financial and operational reports into one document, which is a 'one-stop' resource for all our results. We have also designed an interactive webpage with key highlights and results, which will be updated every quarter.

We have taken a fresh look at the metrics we track to ensure we are looking at the most meaningful and valuable corporate performance results. 2018 was no different. The new metrics include:

- **Average Composite Duration** | We have been reporting on duration at set time intervals – three months, six months, etc. Average composite duration summarizes our performance across all lengths of claims. This measure is used in other jurisdictions, such as British Columbia and by the Association of Workers' Compensation Boards of Canada. It allows us to track how well we are doing at helping people to safely get back to work and to stay there. In Q1, the WSIB's average composite duration was 58.0 days, compared to 52.1 days in Q1 2017.
- **Appeals Total Allowance Rate** | This measure combines appeals that are allowed or accepted and appeals that are allowed in part. Using the combined result allows us to monitor the level of successful appeals using one number. In Q1 2018, the appeals total allowance rate was 28%, including 19% of claims which were allowed and 9% of claims which were allowed in part. The result of 28% is consistent with recent quarters.

What the financials tell us

Many of the items discussed above relate to our financial situation. The following pages take a closer look at the financial results.

Management's discussion and analysis

The following Management's Discussion and Analysis ("MD&A") and accompanying unaudited condensed interim consolidated financial statements, as approved by the Board of Directors of the Workplace Safety and Insurance Board, are prepared by management as at and for the three months ended March 31, 2018.

It should be read in conjunction with the unaudited condensed interim consolidated financial statements of the WSIB as at and for the three months ended March 31, 2018, and the annual information available in the consolidated financial statements and the accompanying notes for the year ended December 31, 2017.

The accompanying unaudited condensed interim consolidated financial statements as at and for the three months ended March 31, 2018 have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards ("IFRS").

In this MD&A, "WSIB," or the words "our," "us" or "we" refer to the Workplace Safety and Insurance Board (the "WSIB"). All amounts herein are denominated in millions of Canadian dollars, unless otherwise stated.

Forward-looking statements contained in this document represent management's expectations, estimates and projections regarding future events based on information currently available, and involve assumptions, judgments, inherent risks and uncertainties. Readers are cautioned that these forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in our forward-looking statements. Furthermore, unless otherwise stated, the forward-looking statements contained in this report are made as of the date of this report and we do not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable legislation or regulation.

Thomas Teahen
President & CEO

Pamela Steer
Chief Financial Officer

1. Financial analysis

Financial results

(millions of Canadian dollars)	Three months ended March 31 2018	2017[1]
Revenues		
Net premiums	1,213	1,118
Net investment income	14	894
	1,227	**2,012**
Expenses		
Total claim costs	763	807
Loss of Retirement Income Fund contributions	14	14
Administration and other expenses	110	94
Legislated obligations and funding commitments	70	67
	957	**982**
Excess of revenues over expenses	**270**	**1,030**
Total other comprehensive loss (income)	(123)	73
Total comprehensive income	**393**	**957**
Other measures		
Core Earnings[2]	288	246
Return on investments[3]	0.4%	3.4%
	Mar. 31 2018	**Dec. 31 2017**
Unfunded liability[4,5]	(324)	(710)
Unfunded liability – Sufficiency Ratio basis[5]	(634)	(1,349)
Sufficiency Ratio[5]	98.0%	95.8%

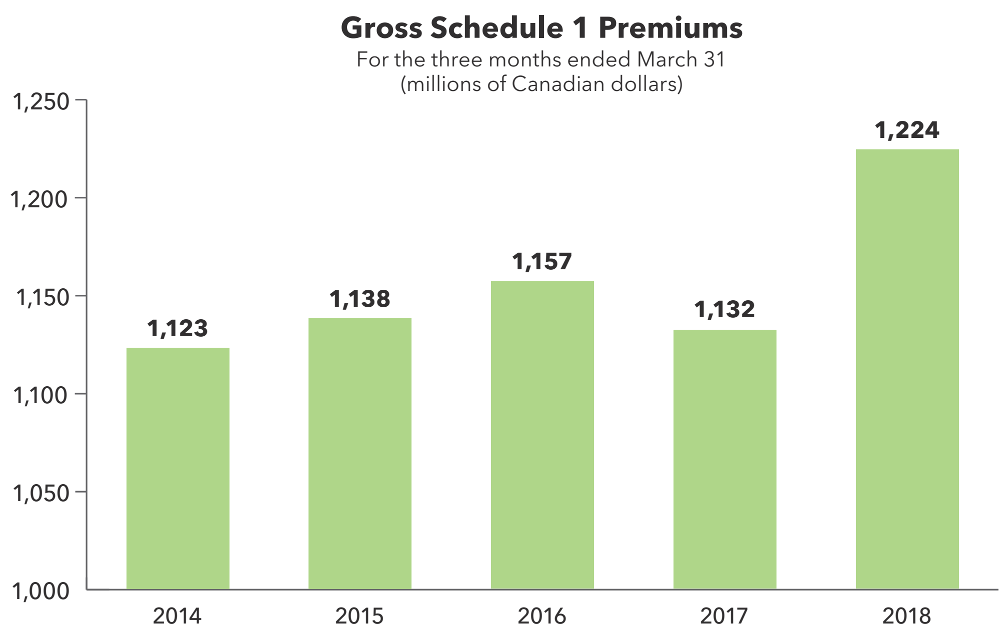
1. Certain comparative amounts have been reclassified to be consistent with the current period's presentation.
2. Core Earnings is calculated as total comprehensive income, excluding the impacts of investment related items, changes in actuarial valuations and any items that are considered as material and exceptional in nature. See Section 8 – Non-IFRS Financial Measure for further details.
3. Return on investments is the investment income (loss), net of transaction costs and withholding taxes, generated over a given period of time as a percentage of the capital invested taking into account capital contributions and withdrawals.
4. Unfunded liability represents the deficiency of net assets attributable to WSIB stakeholders as at the end of the reporting period. The total net assets of $2,907 million as at March 31, 2018 (December 31, 2017 – $2,518 million) is allocated between the WSIB stakeholders and the non-controlling interests ("NCI") on the basis of their proportionate interests in the net assets of the WSIB. NCI represent the proportionate interest of the net assets and total comprehensive income of subsidiaries in which the WSIB directly or indirectly owns less than 100% interest. NCI of $3,231 million as at March 31, 2018 (December 31, 2017 – $3,228 million) exclude benefit liabilities since the holders of NCI, the WSIB Employees' Pension Plan and other investors, are not liable for those obligations. The proportionate share of the total deficiency of assets attributable to WSIB stakeholders as at March 31, 2018 was $324 million (December 31, 2017 – $710 million) which includes benefit liabilities. Refer to the unaudited condensed interim consolidated statements of financial position for further details.
5. Refer to Section 4 – Reconciliation of the Unfunded Liability on a Sufficiency Ratio Basis for further details.

Net premiums

(millions of Canadian dollars)	Three months ended March 31 2018	2017[1]	Change $	%
Gross Schedule 1 premiums	1,224	1,132	92	8.1
Bad debts	(13)	(7)	(6)	(85.7)
Interest and penalties	15	14	1	7.1
Other income	1	-	1	-
Schedule 1 employer premiums	**1,227**	**1,139**	**88**	**7.7**
Schedule 2 employer administration fees	23	23	-	-
Premiums	**1,250**	**1,162**	**88**	**7.6**
Net mandatory employer incentive programs	(37)	(44)	7	15.9
Net premiums	**1,213**	**1,118**	**95**	**8.5**

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

This is the second year that we are providing a reduction to the average premium rate. For 2018, we announced a reduction of 3.3% to the average premium rate. Even with this rate reduction, gross Schedule 1 premiums for the three months ended March 31, 2018 increased 8.1% reflecting strong insurable earnings growth in construction, manufacturing, primary metals, services and transportation industries which were impacted by the increase in minimum wage.



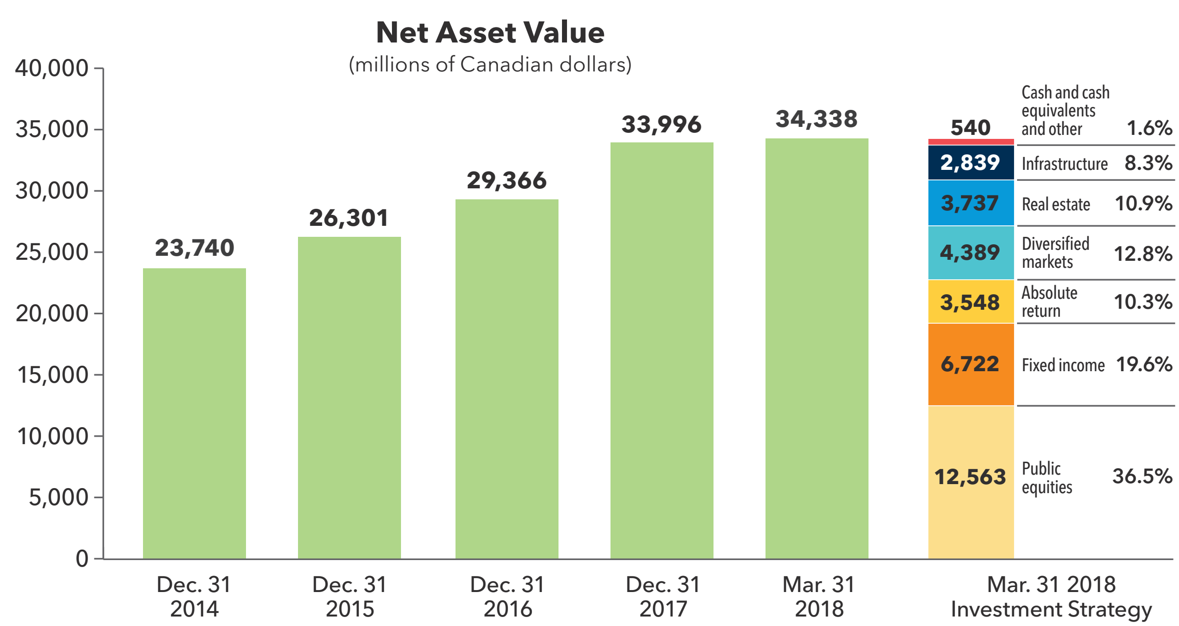
Net investment income

Investment strategy (millions of Canadian dollars)	2018 Investment income (loss)	2018 Return %	2018 Net asset value[2]	2018 %	2017[1] Investment income (loss)	2017[1] Return %	2017[1] Net asset value[2]	2017[1] %
Public equities	121	0.9	12,563	36.5	614	5.8	11,801	38.5
Fixed income	11	0.2	6,722	19.6	42	0.8	5,855	19.1
Absolute return	(42)	(0.7)	3,548	10.3	55	1.9	3,431	11.2
Diversified markets	(100)	(2.4)	4,389	12.8	118	3.7	3,603	11.8
Real estate	67	2.1	3,737	10.9	52	1.9	3,429	11.2
Infrastructure	9	1.5	2,839	8.3	57	3.1	2,125	6.9
Cash and cash equivalents	2	-	473	1.4	1	-	343	1.1
Other	-	-	67	0.2	-	-	71	0.2
Investment income	**68**	**0.4**	**34,338**	**100.0**	**939**	**3.4**	**30,658**	**100.0**
Investment expenses	(54)				(45)			
Net investment income	**14**				**894**			

Three months ended March 31

1. Certain comparative amounts have been reclassified to be consistent with the current period's presentation.
2. Total net asset value includes investment cash, investment receivables and payables, and investment derivatives within investment strategies.

For the three months ended March 31, 2018, net investment income was $14 million for the first quarter, reflecting an overall return of 0.4%. This decreased by $880 million compared to the same period last year. Portfolio returns were low, albeit positive, in the first quarter (+0.4%), compared to 3.4% in the first quarter of 2017. This return reflected low equity returns (+0.9%) and flat bond returns as interest rates continued to increase partially buoyed by approximately 2% return in real estate and infrastructure. While lower returns this quarter, long-term investment performance (10-year (+6.5%) and 15-year (+7.8%)) remains within, or above, the long-term target level of 3.5% to 6.5%. We caution readers that current investment returns are not a reflection of expected future performance and caution should be exercised in projecting investment income results into the future based on our current results.



Total claim costs

Total claim costs consist of:

- claim payments to or on behalf of people with work-related injuries or illnesses;
- claim administration costs, which represent an estimate of our administration costs necessary to support benefit programs; and
- the change in the actuarial valuation of our benefit liabilities, which represents an adjustment to the actuarially determined estimates for future claim costs existing at the dates of the unaudited condensed interim consolidated statements of financial position.

	Three months ended March 31		Change	
(millions of Canadian dollars)	**2018**	**2017**	**$**	**%**
Claim payments	619	595	24	4.0
Claim administration costs	112	102	10	9.8
Change in actuarial valuation of benefit liabilities	32	110	(78)	(70.9)
Total claim costs	**763**	**807**	**(44)**	**(5.5)**

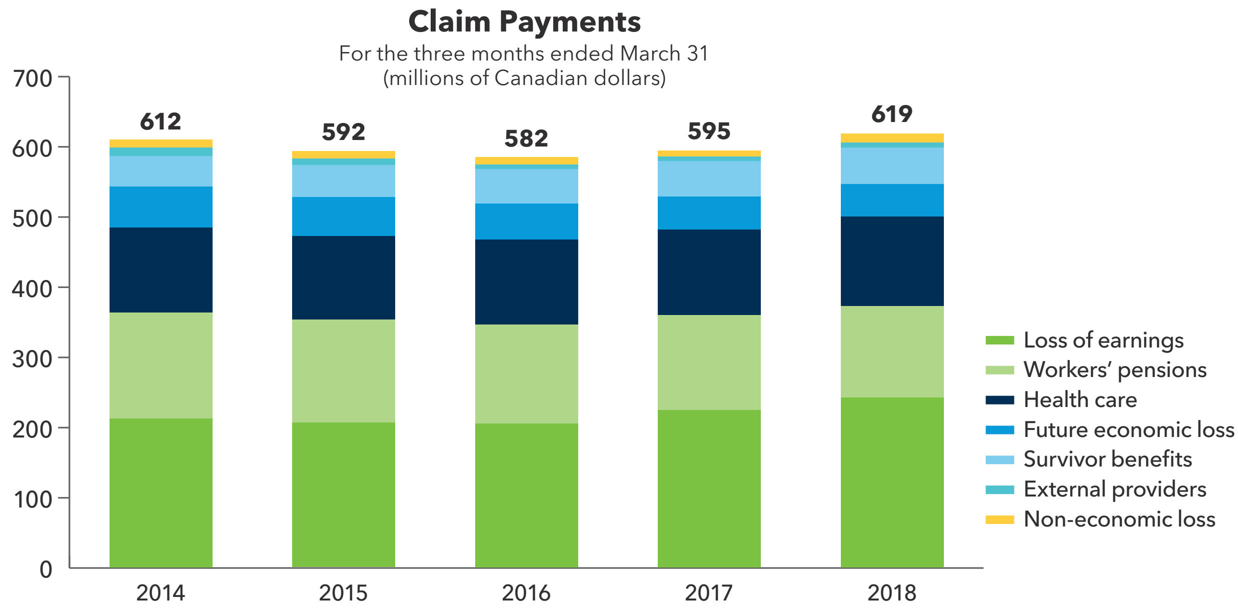
Claim payments

	Three months ended March 31		Change	
(millions of Canadian dollars)	**2018**	**2017**[1]	**$**	**%**
Loss of earnings	243	225	18	8.0
Workers' pensions	130	135	(5)	(3.7)
Health care	128	122	6	4.9
Future economic loss	46	47	(1)	(2.1)
Survivor benefits	52	51	1	2.0
External providers	7	6	1	16.7
Non-economic loss	13	9	4	44.4
Total claim payments	**619**	**595**	**24**	**4.0**

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

A summary of significant changes in claim payments for the three months ended March 31, 2018 is as follows:

- Loss of earnings benefits were $18 million higher due to higher durations affecting current and prior injury year claims in addition to higher volume of current injury year claims.
- Workers' pensions and future economic loss expense were $5 million and $1 million lower, respectively, compared to last year driven by natural reduction in claim inventory.
- Health care payments were $6 million higher due to higher costs per claim for health services.
- Non-economic loss ("NEL") expenses were $4 million higher due to higher incidence of NEL re-determinations as a result of reconsiderations under a claim review initiative.



Claim administration costs

(millions of Canadian dollars)	Three months ended March 31 2018	2017	Change $	%
Allocation from administration and other expenses	106	97	9	9.3
Allocation from legislated obligations and funding commitments expenses	6	5	1	20.0
Total claim administration costs	**112**	**102**	**10**	**9.8**

Claim administration costs were $10 million or 9.8% higher. The increase was attributed to higher costs for those expense items that are allocated to claim administration costs.

Change in actuarial valuation of benefit liabilities

(millions of Canadian dollars)	Three months ended March 31 2018	2017
Change in actuarial valuation of benefit liabilities	32	110

For the three months ended March 31, 2018, the change in actuarial valuation of benefit liabilities is detailed as follows:

(millions of Canadian dollars)	
Benefit liabilities as at December 31, 2017	**28,290**
Payments made in 2018 for prior injury years	(688)
Interest accretion[1]	314
Liabilities incurred for the 2018 injury year	446
Experience gains	(40)
Benefit liabilities as at March 31, 2018	**28,322**
Change in actuarial valuation of benefit liabilities	**32**

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

Administration and other expenses

	Three months ended March 31		Change	
(millions of Canadian dollars)	**2018**	**2017[1]**	**$**	**%**
Salaries and short-term benefits	116	107	9	8.4
Employee benefit plans	49	41	8	19.5
Depreciation and amortization	10	5	5	100.0
Other	41	38	3	7.9
	216	**191**	**25**	**13.1**
Claim administration costs allocated to claim costs	(106)	(97)	(9)	(9.3)
Total administration and other expenses	**110**	**94**	**16**	**17.0**

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

For the three months ended March 31, 2018, administration and other expenses, before allocation to claim costs, is as follows:

- Salaries and short-term benefits increased $9 million reflecting higher staffing levels as additional staff were hired to support CMS legislation and increases due to inflationary pressures.
- Employee benefit plans increased $8 million reflecting a 45 basis point decrease in the discount rate used to value our pension obligations.
- Depreciation and amortization increased $5 million as the new accounts and claims management systems became operational.
- Other operating expenses increased $3 million reflecting new initiatives as part of our transformational efforts.

Legislated obligations and funding commitments expenses

(millions of Canadian dollars)	Three months ended March 31 2018	Three months ended March 31 2017	Change $	Change %
Legislated obligations				
Occupational Health and Safety Act	29	25	4	16.0
Ministry of Labour Prevention Costs	29	27	2	7.4
	58	52	6	11.5
Workplace Safety and Insurance Appeals Tribunal	6	5	1	20.0
Workplace Safety and Insurance Advisory Program	4	5	(1)	(20.0)
Total legislated obligations	**68**	**62**	**6**	**9.7**
Funding commitments				
Grants	1	-	1	-
Safety program rebates	7	10	(3)	(30.0)
Total funding commitments	**8**	**10**	**(2)**	**(20.0)**
	76	**72**	**4**	**5.6**
Claim administration costs allocated to claim costs	(6)	(5)	(1)	(20.0)
Total legislated obligations and funding commitments	**70**	**67**	**3**	**4.5**

For the three months ended March 31, 2018, legislated obligations and funding commitments expenses, before allocation to claim costs, increased by $4 million or 5.6% primarily reflecting higher costs by the Ministry of Labour to administer and enforce the *Occupational Health and Safety Act*.

2. Changes in financial position

This section discusses the significant changes in our March 31, 2018 unaudited condensed interim consolidated statements of financial position compared to year-end 2017.

(millions of Canadian dollars)	Mar. 31 2018	Dec. 31 2017	Change $	Change %	Commentary
Assets					
Cash and cash equivalents	2,078	2,586	(508)	(19.6)	Decrease reflects a reduction in cash collateral used to support our derivative positions and money market investments and improved efforts to direct resources to investment return generating initiatives.
Receivables and other assets	1,492	1,387	105	7.6	Increase primarily reflects higher surcharges on employer incentive programs, higher investment receivables and higher accrued premium receivables, partially offset by a decrease in premium receivables.
Public equity securities	12,994	13,414	(420)	(3.1)	Net increase reflects the performance of these assets and cash contribution from operating activities in the quarter.
Fixed income securities	7,523	6,800	723	10.6	
Derivative assets	183	342	(159)	(46.5)	
Investment properties	1,368	1,340	28	2.1	
Investments in associates and joint ventures	1,772	1,641	131	8.0	
Other invested assets	8,335	7,910	425	5.4	
Property, equipment and intangible assets	296	302	(6)	(2.0)	Decrease primarily reflects depreciation related to the accounts and claims management systems.
Liabilities					
Payables and other liabilities	1,118	1,185	(67)	(5.7)	Decrease primarily reflects lower refunds on experience rating, offset by higher legislated obligations payable and higher investment payables.
Derivative liabilities	109	88	21	23.9	Increase reflects changes in our currency and future positions within the investment portfolio.
Long-term debt	116	115	1	0.9	No significant changes.
Loss of Retirement Income Fund liability	1,913	1,915	(2)	(0.1)	No significant changes.
Employee benefit plans liability	1,556	1,611	(55)	(3.4)	Decrease reflects an increase in the discount rate used for valuation.
Benefit liabilities	28,322	28,290	32	0.1	No significant changes.
Unfunded liability	(324)	(710)	386	(54.4)	Changes reflect total comprehensive income attributable to WSIB stakeholders.
Unfunded liability – Sufficiency Ratio basis	(634)	(1,349)	715	53%	Strengthening due to continued strong operating results.
Sufficiency Ratio	98.0%	95.8%		2.2%	

3. Liquidity and capital resources

(millions of Canadian dollars)	Three months ended March 31 2018	2017
Cash and cash equivalents, beginning of period	2,586	2,496
Cash provided by operating activities	129	174
Cash required by investing activities	(632)	(869)
Cash provided (required) by financing activities	(5)	39
Cash and cash equivalents, end of period	**2,078**	**1,840**

For the three months ended March 31, 2018, cash provided by operating activities was $129 million compared to $174 million in 2017 reflecting a decrease in cash from lower amounts collected on receivables (excluding investments), partially offset by an increase in payables.

Cash required by investing activities was $632 million compared to $869 million in 2017 primarily reflecting a decrease in real estate and infrastructure investing activities in the first quarter of 2018.

Cash required by financing activities was $5 million compared to cash provided by financing activities of $39 million in 2017 mainly due to a decrease in proceeds on dispositions of non-controlling interests, partially offset by an increase in distributions paid by subsidiaries to non-controlling interests.

Credit facilities

There were no significant changes during the quarter.

Commitments

There were no significant changes during the quarter.

4. Reconciliation of the unfunded liability on a Sufficiency Ratio basis

The Sufficiency Ratio is calculated by comparing total assets to total liabilities, with certain assets and liabilities measured on a different basis than that required under IFRS. For the purpose of the Sufficiency Ratio calculation, the amounts of total assets, as presented on the unaudited condensed interim consolidated statements of financial position, are adjusted to reflect measurement on a going concern basis.

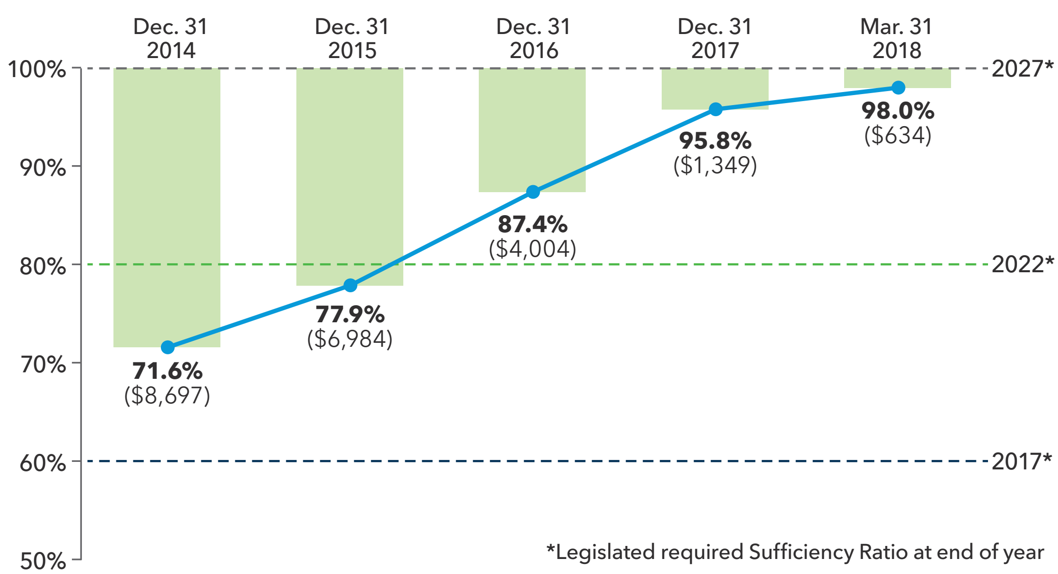
The investment portfolio is valued at fair value adjusted by investment gains and losses deviating from the net investment return objective, less the interests in those assets held by third parties (non-controlling interests). These gains or losses are amortized over a five-year period, thereby moderating the effect of market volatility. The values of the Employee Benefit Plans obligations are determined through an actuarial valuation using the going concern basis, rather than the market basis.

As at March 31, 2018, the Sufficiency Ratio, as defined in *Ontario Regulation 141/12* and amended by *Ontario Regulation 338/13* (collectively, the "Ontario Regulations"), was 98.0% (December 31, 2017 – 95.8%). Set forth below is the reconciliation of the unfunded liability ("UFL") between the IFRS basis and Sufficiency Ratio basis:

(millions of Canadian dollars)	**Mar. 31 2018**	**Dec. 31 2017**
UFL attributable to WSIB stakeholders on an IFRS basis	**324**	**710**
Add/(Less): Adjustments per Ontario Regulations:		
Change in valuation of invested assets	1,305	1,720
Change in valuation of employee benefit plans liability	(882)	(925)
Change in valuation of invested assets attributable to non-controlling interests	(113)	(156)
UFL attributable to WSIB stakeholders on a Sufficiency Ratio basis	**634**	**1,349**
Sufficiency Ratio	**98.0%**	**95.8%**

UFL on Sufficiency Ratio basis and Sufficiency Ratios

(millions of Canadian dollars)



5. Internal control over financial reporting

Management is responsible for the accuracy, integrity and objectivity of the unaudited condensed interim consolidated financial statements within reasonable limits of materiality. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of unaudited condensed interim consolidated financial statements for external purposes in accordance with IFRS. Management is also responsible for the preparation and presentation of additional financial information included in the annual report and ensuring its consistency with the unaudited condensed interim consolidated financial statements.

6. Changes in accounting standards

(a) Standards and amendments adopted during the current period

IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15")

The WSIB adopted IFRS 15 effective for annual periods beginning on or after January 1, 2018. IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers, except for items such as financial instruments, insurance contracts, and leases. The impact of IFRS 15 is limited to the WSIB's revenue from the services provided to Schedule 2 employers and one-time gains on disposal of investment properties and property and equipment. Based on the nature of the WSIB's revenues, IFRS 15 did not have a material impact on the WSIB's unaudited condensed interim consolidated financial statements.

IFRIC 22 *Foreign Currency Transactions and Advance Consideration* ("IFRIC 22")

The WSIB adopted IFRIC 22 effective for annual periods beginning on or after January 1, 2018. IFRIC 22 clarifies the accounting for transactions when an entity recognizes a non-monetary asset or liability arising from an advance payment that is received or paid in a foreign currency, prior to recognition of the underlying transaction. IFRIC 22 did not have a material impact on the WSIB's unaudited condensed interim consolidated financial statements.

Annual Improvements to IFRSs 2014–2016 Cycle

In December 2016, the International Accounting Standards Board ("IASB") issued *Annual Improvements to IFRSs 2014 – 2016 Cycle*, which includes a minor amendment to IAS 28 *Investments in Associates and Joint Ventures* effective January 1, 2018. The adoption of this amendment did not have a significant impact on the WSIB's unaudited condensed interim consolidated financial statements.

Amendments to IAS 40 *Investment Property* ("IAS 40")

The WSIB adopted the amendments to IAS 40 effective for annual periods beginning on or after January 1, 2018. The amendments clarify that an entity shall transfer property to, or from, an investment property when, and only when, there is evidence of a change in use. The adoption of these amendments did not have a significant impact on the WSIB's unaudited condensed interim consolidated financial statements.

(b) Future changes in accounting standards

The following amended accounting standard has been issued by the IASB and is not yet effective.

Amendments to IAS 19 *Employee Benefits* ("IAS 19")

In February 2018, the IASB issued amendments to IAS 19 which require entities to use updated assumptions to determine current service cost and net interest for the period after a plan amendment, curtailment or settlement. The amendments are effective for annual periods beginning on or after January 1, 2019. The WSIB is currently assessing the impact the adoption of these amendments will have on our unaudited condensed interim consolidated financial statements.

7. Outlook

Premiums

Premium revenues are anticipated to increase in 2018 reflecting a strong growth in insurable earnings driven by an assumed 1.5% increase in employment growth and a 2.5% increase in average wages, which is expected to more than offset the 3.3% reduction to the average premium rate and lower net payouts for mandatory employer incentive programs.

Net investment income

Net investment income is anticipated to represent a 3.6% net return on investments, lower than our long-term investment return objective of 4.75% but within an expected range of 3.5% to 6.5%. We will continue to implement our Strategic Investment Plan in a way that permits us to take advantage of investment opportunities without exposing us to a higher level of volatility and corresponding investment risk.

Claim payments

Claim payments are anticipated to be higher than the level of claim payments in 2017. We caution readers that the level of claim payments may rise in part due to new types of compensable claims.

Administration and other expenses

Administration and other expenses are anticipated to increase in 2018 reflecting increases to information technology costs, increases to the pension liability and higher salary expenses.

Legislated obligations and funding commitments

Legislated obligations and funding commitments are anticipated to increase reflecting higher safety program rebates.

Unfunded liability

We anticipate the unfunded liability will continue to decrease, based on current funding and benefit levels and employer contributions toward retiring this liability, as measured under current accounting and actuarial standards.

8. Non-IFRS financial measure

Core Earnings

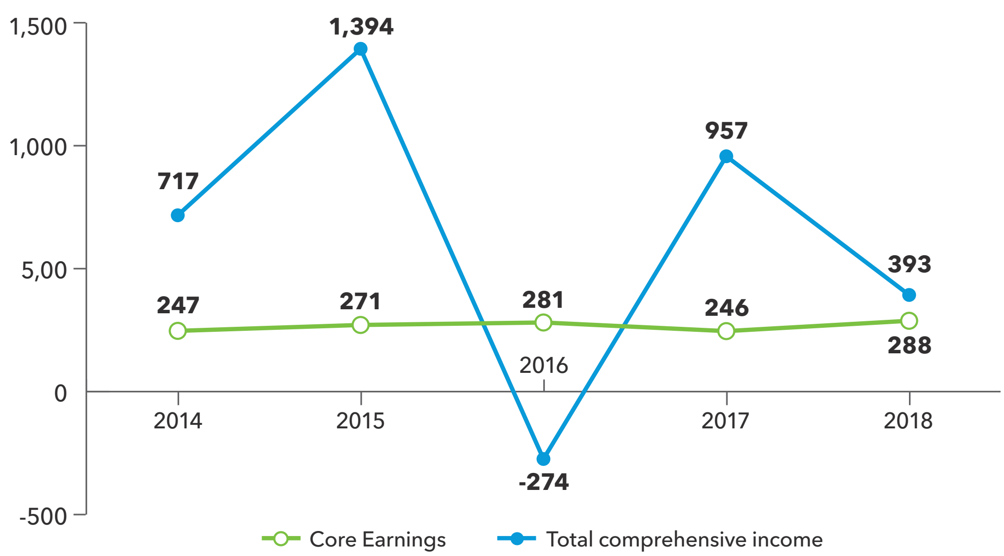
The WSIB utilizes "Core Earnings", a non-IFRS financial measure, to help stakeholders better understand our underlying operating performance. This measure is relevant to our operations management and offers a consistent methodology in evaluating our underlying performance. Core Earnings is defined as total comprehensive income, excluding the impacts of investment related items, changes in actuarial valuations and any items that are considered as material and exceptional in nature. This measure does not have any standard meaning prescribed by IFRS and is not necessarily comparable to similarly titled measures of other organizations.

Set forth below is the reconciliation of Core Earnings and total comprehensive income, the most directly comparable financial measure calculated and presented consistent with IFRS:

	Three months ended March 31	
(millions of Canadian dollars)	**2018**	**2017[1]**
Total comprehensive income (loss) for the period	**393**	**957**
Add/(Less): Net investment loss (income)	(14)	(894)
Add/(Less): Translation losses (gains) from net foreign investments	(51)	(2)
Add/(Less): Change in actuarial valuation of benefit liabilities	32	110
Add/(Less): Change in actuarial valuation of employee benefit plans	(72)	75
Core Earnings	**288**	**246**

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

Core Earnings vs. Total Comprehensive Income
For the three months ended March 31
(millions of Canadian dollars)



Unaudited condensed interim consolidated financial statements for Q1 2018

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

	Note	March 31 2018	December 31 2017
Assets			
Cash and cash equivalents		2,078	2,586
Receivables and other assets	4	1,492	1,387
Public equity securities	6	12,994	13,414
Fixed income securities	6	7,523	6,800
Derivative assets	6	183	342
Investment properties	6	1,368	1,340
Investments in associates and joint ventures		1,772	1,641
Other invested assets	6	8,335	7,910
Property, equipment and intangible assets		296	302
Total assets		**36,041**	**35,722**
Liabilities			
Payables and other liabilities	7	1,118	1,185
Derivative liabilities	6	109	88
Long-term debt		116	115
Loss of Retirement Income Fund liability		1,913	1,915
Employee benefit plans liability	8	1,556	1,611
Benefit liabilities	10	28,322	28,290
Total liabilities		**33,134**	**33,204**
Net assets			
Deficit		(524)	(792)
Accumulated other comprehensive income		200	82
Unfunded liability attributable to WSIB stakeholders		**(324)**	**(710)**
Non-controlling interests		3,231	3,228
Total net assets		**2,907**	**2,518**
Total liabilities and net assets		**36,041**	**35,722**

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

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

	Note	Three months ended March 31 2018	2017[1]
Revenues			
Premiums	9	1,250	1,162
Net mandatory employer incentive programs	9	(37)	(44)
Net premiums		**1,213**	**1,118**
Investment income	5	68	939
Investment expenses	5	(54)	(45)
Net investment income		**14**	**894**
Total revenues		**1,227**	**2,012**
Expenses			
Claim payments		619	595
Claim administration costs		112	102
Change in actuarial valuation of benefit liabilities		32	110
Total claim costs		**763**	**807**
Loss of Retirement Income Fund contributions		14	14
Administration and other expenses		110	94
Legislated obligations and funding commitments		70	67
Total expenses		**957**	**982**
Excess of revenues over expenses		**270**	**1,030**
Other comprehensive loss (income)			
Item that will not be reclassified subsequently to income			
Remeasurements of employee benefit plans	8	(72)	75
Item that will be reclassified subsequently to income			
Translation gains from net foreign investments		(51)	(2)
Total other comprehensive loss (income)		**(123)**	**73**
Total comprehensive income		**393**	**957**

	Three months ended March 31 2018	2017[1]
Excess of revenues over expenses attributable to:		
WSIB stakeholders	268	932
Non-controlling interests	2	98
	270	**1,030**
Total comprehensive income attributable to:		
WSIB stakeholders	386	859
Non-controlling interests	7	98
	393	**957**

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

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	Three months ended March 31 2018	2017[1]
Deficit			
Balance at beginning of period		(792)	(4,309)
Excess of revenues over expenses		268	932
Balance at end of period		**(524)**	**(3,377)**
Accumulated other comprehensive income (loss)			
Balance at beginning of period		82	384
Remeasurements of employee benefit plans	8	72	(75)
Translation differences from net foreign investments		46	2
Balance at end of period		**200**	**311**
Unfunded liability attributable to WSIB stakeholders		**(324)**	**(3,066)**
Non-controlling interests			
Balance at beginning of period		3,228	2,929
Excess of revenues over expenses		2	98
Translation differences from net foreign investments		5	-
Change in ownership share in investments		(4)	41
Balance at end of period		**3,231**	**3,068**
Total net assets		**2,907**	**2**

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

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

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

	Note	Three months ended March 31 2018	2017[1]
Operating activities:			
Total comprehensive income		393	957
Adjustments:			
Amortization of net discount on investments		(5)	(1)
Depreciation and amortization of property, equipment and intangible assets		11	6
Changes in fair value of investments		135	(817)
Changes in fair value of investment properties		(18)	4
Translation gains from net foreign investments		(51)	(2)
Dividend income from public equity securities		(103)	(98)
Income from investments in associates and joint ventures		(22)	(23)
Interest income		(45)	(40)
Interest expense		2	2
Total comprehensive income (loss) after adjustments		297	(12)
Changes in non-cash balances related to operations:			
Receivables and other assets, excluding those related to investing activities		(62)	41
Payables and other liabilities, excluding those related to investing and financing activities		(81)	(96)
Loss of Retirement Income Fund liability		(2)	43
Employee benefit plans liability	8	(55)	88
Benefit liabilities	10	32	110
Total changes in non-cash balances related to operations		(168)	186
Net cash provided by operating activities		**129**	**174**
Investing activities:			
Dividends received from public equity securities, associates and joint ventures		104	104
Interest received		21	56
Purchases of property, equipment and intangible assets		(5)	(3)
Purchases of investments		(4,258)	(4,709)
Proceeds on sales and maturities of investments		3,637	4,644
Net additions to investment properties		(10)	(6)
Acquisitions of investments in associates and joint ventures		(121)	(955)
Net cash required by investing activities		**(632)**	**(869)**
Financing activities:			
Proceeds on dispositions of non-controlling interests		9	59
Distributions paid by subsidiaries to non-controlling interests		(13)	(18)
Net issuance of debt		1	-
Interest paid on debt		(2)	(2)
Net cash provided (required) by financing activities		**(5)**	**39**
Net decrease in cash and cash equivalents		**(508)**	**(656)**
Cash and cash equivalents, beginning of period		2,586	2,496
Cash and cash equivalents, end of period		**2,078**	**1,840**

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

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

Notes to Condensed Interim Consolidated Financial Statements
March 31, 2018
Unaudited

Table of contents

Note **Page**

Notes to Condensed Interim Consolidated Financial Statements
March 31, 2018
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, 2017. 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, 2017.

These unaudited condensed interim consolidated financial statements were authorized for issuance by the WSIB's Board of Directors on June 21, 2018.

3. Changes in accounting standards

(a) Standards and amendments adopted during the current period

IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15")

The WSIB adopted IFRS 15 effective for annual periods beginning on or after January 1, 2018. IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers, except for items such as financial instruments, insurance contracts, and leases. The impact of IFRS 15 is limited to the WSIB's revenue from the services provided to Schedule 2 employers and one-time gains on disposal of investment properties and property and equipment. Based on the nature of the WSIB's revenues, IFRS 15 did not have a material impact on the WSIB's unaudited condensed interim consolidated financial statements.

IFRIC 22 *Foreign Currency Transactions and Advance Consideration* ("IFRIC 22")

The WSIB adopted IFRIC 22 effective for annual periods beginning on or after January 1, 2018. IFRIC 22 clarifies the accounting for transactions when an entity recognizes a non-monetary asset or liability arising from an advance payment that is received or paid in a foreign currency, prior to recognition of the underlying transaction. IFRIC 22 did not have a material impact on the WSIB's unaudited condensed interim consolidated financial statements.

Notes to Condensed Interim Consolidated Financial Statements
March 31, 2018
Unaudited (millions of Canadian dollars)

Annual Improvements to IFRSs 2014 - 2016 Cycle

In December 2016, the IASB issued *Annual Improvements to IFRSs 2014 – 2016 Cycle*, which includes a minor amendment to IAS 28 *Investments in Associates and Joint Ventures* effective January 1, 2018. The adoption of this amendment did not have a significant impact on the WSIB's unaudited condensed interim consolidated financial statements.

Amendments to IAS 40 *Investment Property* ("IAS 40")

The WSIB adopted the amendments to IAS 40 effective for annual periods beginning on or after January 1, 2018. The amendments clarify that an entity shall transfer property to, or from, an investment property when, and only when, there is evidence of a change in use. The adoption of these amendments did not have a significant impact on the WSIB's unaudited condensed interim consolidated financial statements.

(b) Future changes in accounting standards

The following amended accounting standard has been issued by the IASB and is not yet effective.

Amendments to IAS 19 *Employee Benefits* ("IAS 19")

In February 2018, the IASB issued amendments to IAS 19 which require entities to use updated assumptions to determine current service cost and net interest for the period after a plan amendment, curtailment or settlement. The amendments are effective for annual periods beginning on or after January 1, 2019. The WSIB is currently assessing the impact the adoption of these amendments will have on our unaudited condensed interim consolidated financial statements.

4. Receivables and other assets

Receivables and other assets are comprised of the following:

	March 31 2018	**December 31 2017**
Premium receivables	251	298
Accrued premium receivables	524	493
Less: Allowance for doubtful accounts	(122)	(118)
Net premium receivables	**653**	**673**
Investment receivables	287	244
Total receivables	**940**	**917**
Other assets[1]	552	470
Total receivables and other assets	**1,492**	**1,387**

1. Other assets include employer incentive program surcharges of $481 (December 31, 2017 – $416) which are expected to be received over a period of more than one year.

Notes to Condensed Interim Consolidated Financial Statements
March 31, 2018
Unaudited (millions of Canadian dollars)

5. Net investment income

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

	Three months ended March 31	
	2018	**2017**[1]
Cash and cash equivalents	2	1
Public equity securities	255	675
Fixed income securities	45	57
Derivative financial instruments	(518)	74
Investment properties	32	10
Investments in associates and joint ventures	22	23
Other invested assets		
Investment funds	231	133
Infrastructure related investments	-	6
Real estate related investments	3	10
Less: Income attributable to Loss of Retirement Income Fund	(4)	(50)
Investment income	**68**	**939**
Less: Investment expenses[2]	(54)	(45)
Net investment income	**14**	**894**

1. Certain comparative amounts have been reclassified to be consistent with the current period's presentation.
2. Includes $37 of management fees paid to investment managers for the three months ended March 31, 2018 (2017 – $34).

Notes to Condensed Interim Consolidated Financial Statements
March 31, 2018
Unaudited (millions of Canadian dollars)

6. Fair value measurement and disclosures

Fair value hierarchy

The WSIB uses a fair value hierarchy to categorize the inputs used in valuation techniques to estimate the fair values of assets and liabilities.

The table below provides a general description of the valuation methods used for fair value measurements.

Hierarchy level	Valuation methods
Level 1	Fair value is based on unadjusted quoted market prices in active markets for identical assets or liabilities that the WSIB has the ability to access at the measurement date.
Level 2	Fair value is based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs to models that are either observable or can be corroborated by observable market data for the assets or liabilities.
Level 3	Fair value is measured using significant non-market observable inputs. These include valuations for assets and liabilities that are derived using information, some or all of which are not market observable, as well as assumptions about risk.

Measurements of the fair value of an asset or liability may use multiple inputs that are categorized in different levels of the fair value hierarchy. In these cases, the asset or liability is classified in the hierarchy level of the lowest level input that is significant to the measurement.

Notes to Condensed Interim Consolidated Financial Statements
March 31, 2018
Unaudited (millions of Canadian dollars)

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

	March 31, 2018				December 31, 2017			
	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]	526	1,552	-	**2,078**	850	1,736	-	**2,586**
Public equity securities	12,868	126	-	**12,994**	13,305	109	-	**13,414**
Fixed income securities	-	7,523	-	**7,523**	-	6,800	-	**6,800**
Derivative assets	51	132	-	**183**	46	296	-	**342**
Investment properties	-	-	1,368	**1,368**	-	-	1,340	**1,340**
Other invested assets								
Investment funds	-	-	7,115	**7,115**	-	-	6,714	**6,714**
Infrastructure related investments	-	-	761	**761**	-	341	399	**740**
Real estate related investments	-	-	459	**459**	-	-	456	**456**
Derivative liabilities	(54)	(55)	-	**(109)**	(41)	(47)	-	**(88)**
Assets and liabilities for which fair value is disclosed								
Investment receivables[1]	-	287	-	**287**	-	244	-	**244**
Administration payables[1]	(304)	-	-	**(304)**	(304)	-	-	**(304)**
Investment payables[1]	-	(56)	-	**(56)**	-	(42)	-	**(42)**
Long-term debt[2]	-	(123)	-	**(123)**	-	(123)	-	**(123)**
Loss of Retirement Income Fund liability	(288)	(47)	(1,578)	**(1,913)**	(283)	(49)	(1,583)	**(1,915)**

1. Due to their short term nature, the carrying amounts of cash and cash equivalents, investment receivables, and administration and investment payables approximate their fair values.
2. Carrying amount as at March 31, 2018 was $116 (December 31, 2017 – $115).

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

During the three months ended March 31, 2018 and March 31, 2017, there were no transfers between Level 1 and Level 2.

Notes to Condensed Interim Consolidated Financial Statements
March 31, 2018
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:

For the three months ended March 31, 2018	Other invested assets: Investment funds	Other invested assets: Infrastructure related investments	Other invested assets: Real estate related investments	**Subtotal**	**Investment properties**	**Total**
Balance as at January 1, 2018	6,714	399	456	7,569	1,340	8,909
Net gains (losses) recognized in net investment income	219	(30)	3	192	18	210
Translation gains recognized in other comprehensive income	20	31	-	51	-	51
Purchases and additions	293	-	-	293	-	293
Sales or disposals	(131)	-	-	(131)	-	(131)
Capital expenditures	-	-	-	-	10	10
Transfers into Level 3	-	361	-	361	-	361
Balance as at March 31, 2018	**7,115**	**761**	**459**	**8,335**	**1,368**	**9,703**
Changes in unrealized gains included in earnings for assets and liabilities for positions still held	**232**	**2**	**3**	**237**	**18**	**255**

For the three months ended March 31, 2017[1]	Other invested assets: Investment funds	Other invested assets: Infrastructure related investments	Other invested assets: Real estate related investments	**Subtotal**	**Investment properties**	**Total**
Balance as at January 1, 2017	5,802	342	409	6,553	1,315	7,868
Net gains (losses) recognized in net investment income	117	7	5	129	(4)	125
Translation gains recognized in other comprehensive income	-	2	-	2	-	2
Purchases and additions	279	32	-	311	-	311
Sales or disposals	(164)	-	-	(164)	-	(164)
Capital expenditures	-	-	-	-	6	6
Balance as at March 31, 2017	**6,034**	**383**	**414**	**6,831**	**1,317**	**8,148**
Changes in unrealized gains included in earnings for assets and liabilities for positions still held	**21**	**9**	**5**	**35**	**-**	**35**

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

During the three months ended March 31, 2018, infrastructure related investments with a carrying amount of $361 were transferred from Level 2 to Level 3 because the inputs used in their valuations are now based on unobservable inputs, versus the previous period. During the three months ended March 31, 2017, there were no transfers between Level 2 and Level 3.

Notes to Condensed Interim Consolidated Financial Statements
March 31, 2018
Unaudited (millions of Canadian dollars)

The following table summarizes the valuation methods and quantitative information about the significant unobservable inputs used in Level 3 assets and liabilities:

	Valuation methods	Key unobservable inputs	March 31, 2018 Range of inputs Low	March 31, 2018 Range of inputs High	December 31, 2017 Range of inputs Low	December 31, 2017 Range of inputs High
Investment funds	Net asset value	Net asset value	n/a	n/a	n/a	n/a
Infrastructure related investments	Discounted cash flow and market comparable	Discount rate and expected future cash flows	n/a	n/a	n/a	n/a
Real estate related investments and investment properties	Discounted cash flow and market comparable	Discount rate	5.0%	8.0%	5.0%	8.0%
		Terminal capitalization rate	4.3%	7.0%	4.3%	7.0%
Loss of Retirement Income Fund liability	Net asset value	Net asset value	n/a	n/a	n/a	n/a

Sensitivity of Level 3 assets and liabilities

Fair values of investment funds are based on net asset values provided by investment managers.

Fair values of infrastructure related investments are based on valuations obtained from investment managers. The WSIB assesses the reasonableness of these fair values based on periodic appraisals performed by independent qualified appraisers. The valuations of infrastructure related investments obtained from investment managers are based on comparable transactions in the market and 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 real estate related investments and investment properties are obtained from qualified appraisers who apply a discounted cash flow model to determine property values. Key unobservable inputs include discount and terminal capitalization rates, projected rental income and expenses, inflation rates and vacancy rates. Holding other factors constant, an increase to projected rental income would increase the fair values, while an increase in the inputs for the discount rates and terminal capitalization rates would have the opposite effect.

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

We have not applied another reasonably possible alternative assumption to the significant Level 3 categories as the net asset values and appraised fair values are provided by the investment managers and other third party appraisers.

Notes to Condensed Interim Consolidated Financial Statements
March 31, 2018
Unaudited (millions of Canadian dollars)

7. Payables and other liabilities

	March 31 2018	December 31 2017
Administration payables	304	304
Investment payables	56	42
Other liabilities	758	839
Total payables and other liabilities	**1,118**	**1,185**

Payables are expected to be paid within 12 months from the reporting date. As at March 31, 2018, other liabilities include experience rating refunds of $702 (December 31, 2017 – $810) which are expected to be paid over five years.

8. Employee benefit plans

Employee benefit plans expense

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

	Pension plans		Other benefits		Total	
For the three months ended March 31	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Current service cost	28	22	5	5	33	27
Net interest on the employee benefit plans liability	8	6	7	7	15	13
Long-term employee benefit losses	-	-	1	1	1	1
Employee benefit plans expense	**36**	**28**	**13**	**13**	**49**	**41**

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

	Pension plans		Other benefits		Total	
For the three months ended March 31	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Actuarial losses (gains) arising from:						
Financial assumptions	(66)	124	(22)	21	(88)	145
Plan experience	(1)	(1)	1	1	-	-
Deficiency (excess) of actual return on plan assets over interest income	16	(70)	-	-	16	(70)
Remeasurements of employee benefit plans	**(51)**	**53**	**(21)**	**22**	**(72)**	**75**

Employee benefit plans liability

The employee benefit plans liability is comprised of the following:

	Pension plans		Other benefits		Total	
	Mar. 31 2018	**Dec. 31 2017**	**Mar. 31 2018**	**Dec. 31 2017**	**Mar. 31 2018**	**Dec. 31 2017**
Present value of obligations[1]	3,999	4,029	800	819	4,799	4,848
Fair value of plan assets	(3,243)	(3,237)	-	-	(3,243)	(3,237)
Employee benefit plans liability	**756**	**792**	**800**	**819**	**1,556**	**1,611**

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

Notes to Condensed Interim Consolidated Financial Statements
March 31, 2018
Unaudited (millions of Canadian dollars)

9. Premium revenues

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

	Three months ended March 31	
	2018	**2017**[1]
Gross Schedule 1 premiums	1,224	1,132
Bad debts	(13)	(7)
Interest and penalties	15	14
Other income	1	-
Schedule 1 employer premiums	**1,227**	**1,139**
Schedule 2 employer administration fees	23	23
Premiums	**1,250**	**1,162**
Net mandatory employer incentive programs	(37)	(44)
Net premiums	**1,213**	**1,118**

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

10. Benefit liabilities

Benefit liabilities are comprised of the following:

	March 31 2018	**December 31 2017**
Loss of earnings	9,091	9,037
Workers' pensions	6,058	6,124
Health care	4,326	4,285
Survivor benefits	3,026	3,015
Future economic loss	1,088	1,120
External providers	107	106
Non-economic loss	290	289
Long latency occupational diseases	2,509	2,492
Claim administration costs	1,261	1,257
Loss of Retirement Income	566	565
Benefit liabilities	**28,322**	**28,290**

Notes to Condensed Interim Consolidated Financial Statements
March 31, 2018
Unaudited (millions of Canadian dollars)

11. Commitments and contingent liabilities

(a) Investment commitments

The WSIB had the following commitments for capital calls related to its investment portfolio:

	March 31 2018	December 31 2017
Investment funds, infrastructure and real estate related investments	2,119	2,142
Investments in associates and joint ventures	88	88
Purchases or development of investment properties	75	48
Total investment commitments	**2,282**	**2,278**

There was no specific timing requirement to fulfill these commitments during the investment period.

(b) Legislated obligations and funding commitments

Known commitments related to legislated obligations and funding commitments as at March 31, 2018 were approximately $274 for the period from April 1, 2018 to March 31, 2019.

(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 the probable ultimate resolution of all existing legal proceedings and claims will not have a material effect on the WSIB's financial position.

12. Related party transactions

The WSIB's related parties include the Government of Ontario and related entities, key management personnel, subsidiaries, associates, joint ventures, and post-retirement benefit plans for the WSIB's employees. The transactions are in the ordinary course of business and at arm's length.

Government of Ontario and related entities

The WSIB is a board-governed trust agency under the Agencies and Appointments Directive, responsible for administering the WSIA. As such, the WSIB is considered a government-related entity and is provided partial exemptions under IFRS from its disclosure of transactions with the Government of Ontario and various ministries, agencies, and Crown corporations over which the Government of Ontario has control.

The WSIB is required to make payments to defray the cost of administering the *Occupational Health and Safety Act* (the "OHSA") and the regulations made under the OHSA. The WSIB is also required to pay for the operating costs of the Workplace Safety and Insurance Appeals Tribunal and the costs that may be incurred by the Office of the Worker Adviser and the Office of the Employer Adviser. The WSIB also provides various grants and funding to carry on investigations, research and training. The total of this funding for the three months ended March 31, 2018 was $69 (2017 – $62), and is included in legislated obligations and funding commitments expenses.

In addition to the above, the unaudited condensed interim consolidated financial statements include amounts resulting from transactions conducted in the normal course of operations with various ministries, agencies, and Crown corporations over which the Government of Ontario has control.

Notes to Condensed Interim Consolidated Financial Statements
March 31, 2018
Unaudited (millions of Canadian dollars)

Included in investments as at March 31, 2018 are $1,311 of marketable fixed income securities issued by the Government of Ontario and related entities (December 31, 2017 – $1,171).

Reimbursements paid to the Ministry of Health and Long-Term Care ("MOHLTC") for physicians' fees for services to people with work-related injuries or illnesses are included in claim payments. Administrative fees paid to the MOHLTC are included in administration and other expenses.

Investment Management Corporation of Ontario ("IMCO")

In 2016, the WSIB was named in *Ontario Regulation 251/16* as one of the initial members of IMCO. Created by the Ontario Government and enacted by legislation, IMCO is a new entity that will provide investment management and advisory services to participating organizations in Ontario's public sector.

On July 27, 2016, IMCO entered into a Funding Agreement with the WSIB, which was amended on September 30, 2016, to fund IMCO's operations during the start-up period as defined in the Funding Agreement. The Funding Agreement sets out the basis on which monies could be advanced by the WSIB to IMCO through promissory notes during the start-up period. The promissory notes bore interest at prime rate plus 2%, calculated daily. The promissory note payable to the WSIB totaled $4.3 and was repaid in full as at June 30, 2017.

On July 24, 2017, IMCO officially began managing the WSIB's invested assets and subsequent to IMCO becoming operational, the WSIB's share of IMCO's operating expenses are paid by the WSIB on a cost recovery basis.

External investment manager and custodial fees, previously paid directly by the WSIB, are now paid by IMCO on the WSIB's behalf.

Employee benefit plans

The WSIB's defined benefit pension plans and the other benefit plans are considered related parties. Note 8 provides details of transactions with these employee benefit plans.

wsib
ONTARIO