Workplace Safety and Insurance Board

Third Quarter 2019 Results

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 **communications@wsib.on.ca**.

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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.

Slower growth in registered claim volume | After experiencing a decrease in claim volume in Q2, we registered 2% more Schedule 1 claims this quarter than we did in Q3 2018 – up from 54,492 to 55,474. The increased claim volume in Q3 was a result of a 3% increase in no-lost-time claims, while lost-time claims decreased by 0.1% in Q3.

Year-to-date registered claim volume remained slightly higher than last year with an increase of approximately 1%, while year-to-date lost-time volume was approximately 0.5% lower than last year. At the same time last year, registered claim volume was 7% higher year-over-year. While the pace of growth in claim volume appears to have slowed compared to recent years, it remains to be seen whether this will be a lasting trend.

Lower lost-time injury rate | Compared to 2018, there were fewer Schedule 1 lost-time injuries/illnesses per 100 full-time equivalent employees so far this year. The lost-time injury rate decreased by 3%, from 0.97 in Q3 2018 to 0.94 in Q3 2019. This is the first year-over-year decrease in the lost-time injury rate in over three years.

Longer claim durations | In Q3, we saw a further increase in most Schedule 1 claim durations, which is the amount of time that claims continue to require benefits on average. Compared to Q3 2018, three-month duration increased 1.0 percentage point to 14.4%. Twelve-month duration increased 0.2 percentage points to 5.9%. Only 72-month duration, which is the longest-term duration we track, was lower this quarter, decreasing from 2.0% to 1.9%.

Once claims reach 72-month duration, they may be locked in, which occurred for 259 claims in Q3, well within the target of 365 locked-in claims.

Fewer incoming appeals | For the second quarter in a row, we saw fewer appeals registered with the WSIB. Year to date, we received 3% fewer appeals than in 2018 and appeal decisions continued to be timely. In Q3, 91% of appeals were decided within six months, which is above target (80%).

Consistent customer satisfaction | 70 per cent of people with workplace injuries or illnesses and 78% of businesses expressed satisfaction with our services in Q3. These results are in line with long-term trends and are comparable to Q3 2018 results, which were 73% and 78%, respectively.

Increasing funded position | As at September 30, 2019, our net assets on a Sufficiency Ratio basis were $3.7 billion, an increase of $1.1 billion from $2.6 billion as at December 31, 2018. This corresponds to a Sufficiency Ratio of 111.6%, compared to 108.0% at year-end 2018.

Increased claim payments | Claim payments increased $18 million, or 3.0%, compared to Q3 2018 as a result of higher costs in loss of earnings benefits due to increasing claim durations and higher health care expense driven by an increase in cost per service.

Premium rate reduction | Net premiums decreased $374 million, or 29.0%, compared to Q3 2018 primarily as a result of the announced 29.8% reduction to the average premium rate.

Investment returns | Our investment portfolio returned 1.4% during the quarter, compared to 0.9% in the same quarter last year. Portfolio returns in Q3 were driven by strong performance in infrastructure (3.2%) and diversified markets (2.4%) with solid performance from public equities (1.5%) and real estate (1.5%), tempered by fixed income (0.5%) and absolute return (0.0%). Long-term investment returns (10-year (+7.7%) and 15-year (+6.7%)) remain within or above the long-term target of 3.5% to 6.7%.

Decreased administration costs | Administration and other expenses, before allocation to claim costs, decreased $1 million, or 0.5%, compared to Q3 2018, reflecting a $2 million decrease in employee benefit plans, $2 million decrease in other operating expenses, partially offset by $2 million of higher depreciation and amortization and $1 million of higher salaries and short-term benefits.

New developments

Lower average premium rate in 2020

During our Annual General Meeting in September, we announced that the average premium rate for Ontario businesses in 2020 is $1.37. This is a 17% reduction to the average premium rate from 2019, and is mostly a result of eliminating the portion of premiums used to pay down our Unfunded Liability. This is the fourth year in a row that we have offered reductions to the average premium rate. The cumulative decrease in the average premium rate for Ontario businesses since 2016 is 47%.

Simplified process for clearances

Contractors require clearances to prove they are registered with the WSIB and must be up-to-date on reporting and paying their premiums. Previously, we created separate clearances for each business that a contractor worked with. In September, we launched a new clearance process and contractors now receive a single clearance number that is valid for all of their contracts. This reduces the amount of time that businesses spend on administrative tasks related to their WSIB coverage.

Expanded Compass provides account-specific information to businesses

Compass is an online tool that allows people to view and compare the health and safety statistics of businesses across the province. Since September, businesses can view exclusive information regarding their 2020 premium rates, detailed claims costs and key health and safety statistics.

We also have health and safety data available on our website for all Ontarians. This open data allows people to compare the health and safety statistics of every Ontario business, giving Ontarians the opportunity to assess the safety of their existing or potential new workplace, service provider or supplier.

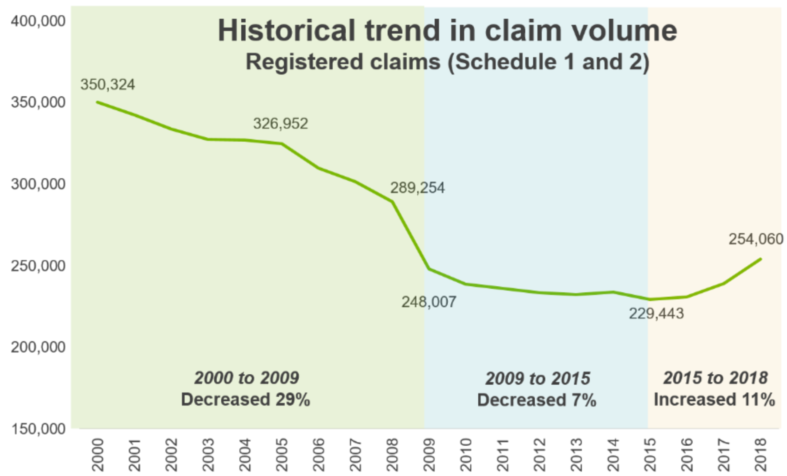
2019 Small Business Health and Safety Leadership Awards
Our Small Business Health and Safety Leadership Awards recognize outstanding health and safety programs in small businesses with fewer than 50 employees. In addition to cash prizes, winners are recognized at our Annual General Meeting and provide inspiration to their peers when it comes to workplace health and safety. This year's winners, selected from a record number of applicants, included a contractor in Stouffville, a window cleaning company in Thunder Bay and a roofing company in Belle River.

Digging deeper

How many claims does the WSIB receive?

Our aim is to make Ontario the safest province to work and run a business. The best possible outcome for anyone working in Ontario would be to avoid having any workplace injuries and illnesses at all. This is why we work closely with our health and safety partners to reduce the number of injuries and illnesses occurring at Ontario workplaces and why we carefully track the results of these efforts. We track the number of claims we register and whether the claims are no-lost-time or lost-time claims. The number of workplace injury and illness claims that we register every year has more impact on our compensation system and on our work than nearly any other factor.

The chart below displays our historical registered claim volume and shows that the number of claims registered by the WSIB has decreased nearly every year since 2000 – a trend experienced by other safety boards across the country. Since 2015, we have seen an increase in registered claim volume. The increase in claim volume is the result of a higher number of lost-time claims registered with us, rather than no-lost-time claims. We saw a 22% increase in registered lost-time claims between 2015 and 2018, which is important to note since lost-time claims are usually the result of more serious injuries or illnesses in comparison to no-lost-time claims. The increase is only partially the result of higher numbers of people entering the workforce in the province, since the lost-time injury rate, which measures the number of injuries per full-time equivalent employee, also increased.



So what's happening this year? Up until the end of Q1 2019, we continued to see significant growth in registered claim volume (+6% compared to last year). In April, claim growth began to slow. By the end of Q3, registered claim volume was less than 1% higher than last year and registered lost-time claim volume specifically was almost 1% lower than last year.

It is not clear whether this recent slowdown in claim volume growth will become a lasting trend. There has been no significant change in the labour market or economic conditions in Ontario that would explain the slowdown or point to a lasting change. As a result, while we don't believe claim volume will increase at the same pace as seen in recent years, it's still too early to say where claim volume is headed, what is causing this trend and whether or not it is beginning to stabilize.

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 and nine months ended September 30, 2019.

It should be read in conjunction with the unaudited condensed interim consolidated financial statements of the WSIB as at and for the three months and nine months ended September 30, 2019, and the annual information available in the consolidated financial statements and the accompanying notes as at and for the year ended December 31, 2018.

The accompanying unaudited condensed interim consolidated financial statements as at and for the three months and nine months ended September 30, 2019 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 and Chief Executive Officer
December 12, 2019
Toronto, Ontario

Ernest Chui
Chief Financial Officer

1. Financial analysis

Financial results

	Three months ended September 30		Nine months ended September 30	
(millions of Canadian dollars)	**2019**	**2018[1]**	**2019**	**2018[1]**
Revenues				
Net premiums	917	1,291	2,794	3,808
Net investment income	449	293	2,979	787
	1,366	**1,584**	**5,773**	**4,595**
Expenses				
Total claim costs	746	606	2,297	1,690
Loss of Retirement Income Fund contributions	14	13	42	42
Administration and other expenses	114	121	348	343
Legislated obligations and funding commitments	65	67	194	201
	939	**807**	**2,881**	**2,276**
Excess of revenues over expenses	**427**	**777**	**2,892**	**2,319**
Total other comprehensive income (loss)	6	175	(700)	398
Total comprehensive income	**433**	**952**	**2,192**	**2,717**
Other measures				
Return on investments[2]	1.4%	0.9%	9.2%	2.9%

	Sep. 30 2019	**Dec. 31 2018**
Net assets[3, 4]	3,365	1,484
Net assets – Sufficiency Ratio basis[4]	3,661	2,550
Sufficiency Ratio[4]	111.6%	108.0%

1. Certain comparative amounts have been reclassified to be consistent with the current period's presentation.
2. 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.
3. Net assets represent the net assets attributable to WSIB stakeholders as at the end of the reporting period. The total net assets of $6,741 million as at September 30, 2019 (December 31, 2018 – $4,642 million) are 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 $3,376 million as at September 30, 2019 (December 31, 2018 – $3,158 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 net assets attributable to WSIB stakeholders as at September 30, 2019 was $3,365 million (December 31, 2018 – $1,484 million), which includes benefit liabilities. Refer to the unaudited interim consolidated statements of financial position for further details.

4. Refer to Section 4 – Reconciliation of the net assets on a Sufficiency Ratio basis for further details.

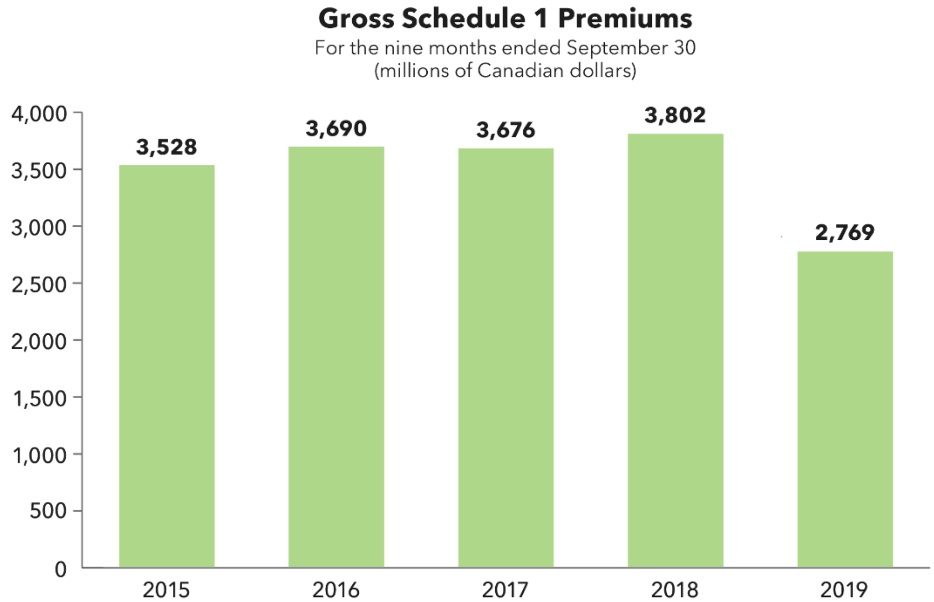
Net premiums

	Three months ended September 30				**Nine months ended September 30**			
(millions of Canadian dollars)	**2019**	**2018**[1]	**Change $**	**Change %**	**2019**	**2018**[1]	**Change $**	**Change %**
Gross Schedule 1 premiums	910	1,282	(372)	(29.0)	2,769	3,802	(1,033)	(27.2)
Bad debts	(13)	(17)	4	23.5	(41)	(44)	3	6.8
Interest and penalties	16	17	(1)	(5.9)	53	53	-	-
Other income	1	-	1	-	3	1	2	100+
Schedule 1 employer premiums	**914**	**1,282**	**(368)**	**(28.7)**	**2,784**	**3,812**	**(1,028)**	**(27.0)**
Schedule 2 employer administration fees	23	24	(1)	(4.2)	67	72	(5)	(6.9)
Premiums	**937**	**1,306**	**(369)**	**(28.3)**	**2,851**	**3,884**	**(1,033)**	**(26.6)**
Net mandatory employer incentive programs	(20)	(15)	(5)	(33.3)	(57)	(76)	19	25.0
Net premiums	**917**	**1,291**	**(374)**	**(29.0)**	**2,794**	**3,808**	**(1,014)**	**(26.6)**

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

For the three months ended September 30, 2019, gross Schedule 1 premiums decreased $372 million, or 29.0%, mainly reflecting the reduction in the realized average premium rate collected from employers, resulting from the reduction in the published 2019 premium rates.

For the nine months ended September 30, 2019, gross Schedule 1 premiums decreased $1,033 million, or 27.2%, reflecting a $1,098 million, or 28.9%, reduction in the realized average premium rate collected from employers as a result of the reduction in the published 2019 premium rates, partially offset by a $65 million, or 2.4%, increase in insurable earnings. This moderate insurable earnings growth was primarily in the education, health care, manufacturing, process and chemical, and services industries.



Net investment income

Investment strategy (millions of Canadian dollars)	Three months ended September 30							
	2019				2018			
	Investment income (loss)	Return[2] %	Net asset value[3]	%	Investment income (loss)	Return[1,2] %	Net asset value[3]	%
Public equities	196	1.5	13,921	36.6	213	1.7	13,228	36.9
Fixed income	35	0.5	7,126	18.8	(18)	(0.3)	6,828	19.0
Absolute return	(7)	-	3,401	9.0	16	0.1	3,499	9.8
Diversified markets	104	2.4	4,674	12.3	(30)	(0.7)	4,382	12.2
Real estate	59	1.5	4,198	11.1	66	1.8	3,914	10.9
Infrastructure	126	3.2	3,440	9.1	102	2.9	3,062	8.5
Cash and cash equivalents	2	0.5	1,086	2.9	2	0.4	892	2.5
Other	-	-	60	0.2	-	-	64	0.2
Investment income	**515**	**1.4**	**37,906**	**100.0**	**351**	**0.9**	**35,869**	**100.0**
Investment expenses	(66)				(58)			
Net investment income	**449**				**293**			

1. Certain comparative amounts have been reclassified to be consistent with the current period’s presentation.
2. Return percentages are based on investment income prior to adjustments such as translation gains and losses on net foreign investments.
3. Total net asset value includes investment cash, investment receivables and payables, and investment derivatives within investment strategies.

For the three months ended September 30, 2019, net investment income was $449 million, reflecting an overall return of 1.4%. Net investment income increased by $156 million compared to the same period last year, mainly driven by strong performance in infrastructure and diversified markets, which led the other asset class returns.

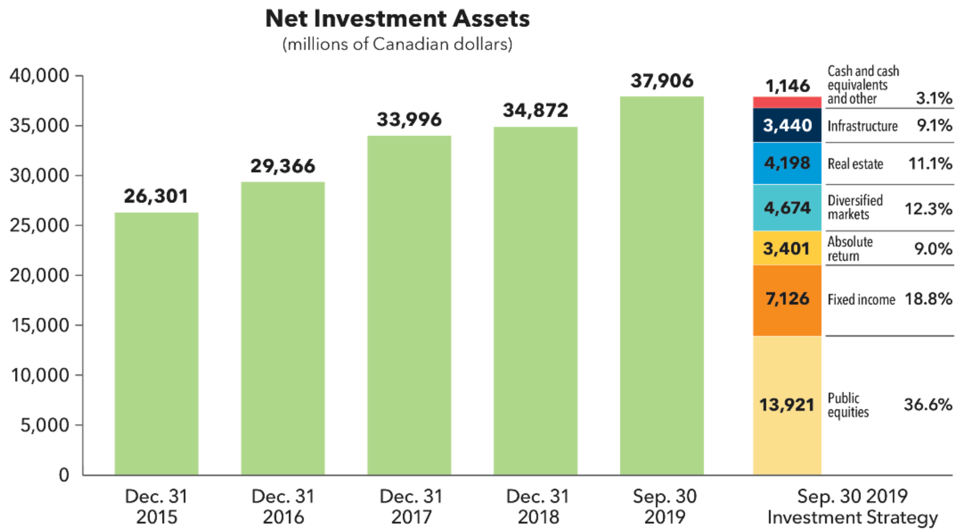
Investment strategy (millions of Canadian dollars)	Nine months ended September 30							
	2019				**2018**			
	Investment income (loss)	**Return[2] %**	**Net asset value[3]**	**%**	**Investment income (loss)**	**Return[1,2] %**	**Net asset value[3]**	**%**
Public equities	1,616	13.6	13,921	36.6	670	5.4	13,228	36.9
Fixed income	265	4.2	7,126	18.8	19	0.3	6,828	19.0
Absolute return	135	3.2	3,401	9.0	(34)	(0.4)	3,499	9.8
Diversified markets	670	17.3	4,674	12.3	(86)	(2.1)	4,382	12.2
Real estate	173	4.7	4,198	11.1	200	5.9	3,914	10.9
Infrastructure	297	7.0	3,440	9.1	174	5.9	3,062	8.5
Cash and cash equivalents	9	1.5	1,086	2.9	8	1.4	892	2.5
Other	-	-	60	0.2	-	-	64	0.2
Investment income	**3,165**	**9.2**	**37,906**	**100.0**	**951**	**2.9**	**35,869**	**100.0**
Investment expenses	(186)				(164)			
Net investment income	**2,979**				**787**			

1. Certain comparative amounts have been reclassified to be consistent with the current period's presentation.
2. Return percentages are based on investment income prior to adjustments such as translation gains and losses on net foreign investments.
3. Total net asset value includes investment cash, investment receivables and payables, and investment derivatives within investment strategies.

For the nine months ended September 30, 2019, net investment income was $2,979 million, reflecting an overall return of 9.2%. Net investment income increased by $2,192 million compared to the same period last year, predominantly driven by very strong performance in the public equities and diversified markets strategies, both exceeding 13%, leading all other asset class returns.

During the nine months ended September 30, 2019, net investment assets increased $3,034 million to $37,906 million. This was comprised largely of investment income before investment expenses of $3,165 million (9.2% gross return) and partially offset by transfers to operating activities of $40 million.

Long-term investment returns (10-year (+7.7%) and 15-year (+6.7%)) remain within, or above the long-term target of 3.5% to 6.7%. We believe our long-term return expectations within this range remain appropriate.



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.

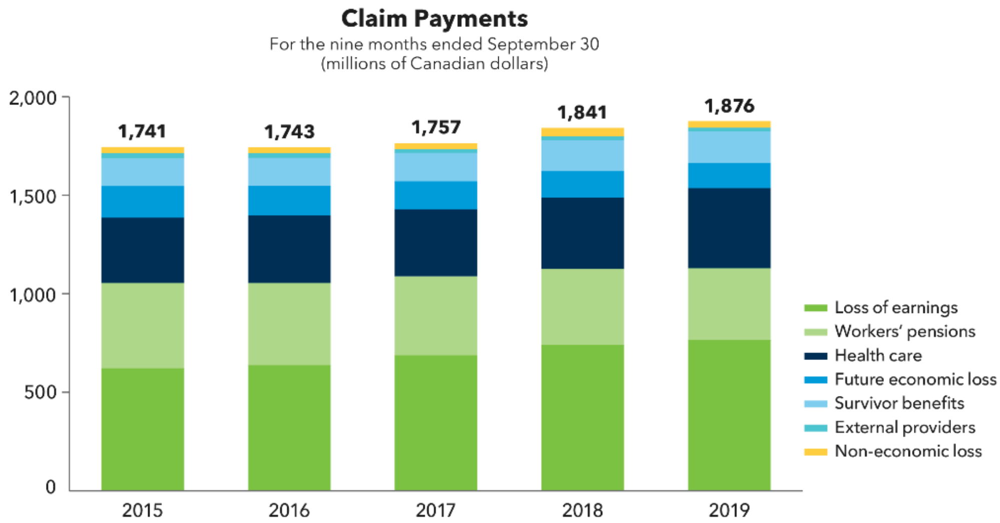
	Three months ended September 30				Nine months ended September 30			
			Change				Change	
(millions of Canadian dollars)	**2019**	**2018**	**$**	**%**	**2019**	**2018**	**$**	**%**
Claim payments	618	600	18	3.0	1,876	1,841	35	1.9
Claim administration costs	108	103	5	4.9	330	328	2	0.6
Change in actuarial valuation of benefit liabilities	20	(97)	117	100+	91	(479)	570	100+
Total claim costs	**746**	**606**	**140**	**23.1**	**2,297**	**1,690**	**607**	**35.9**

Claim payments

(millions of Canadian dollars)	Three months ended September 30				Nine months ended September 30			
			Change				Change	
	2019	**2018**	**$**	**%**	**2019**	**2018**	**$**	**%**
Loss of earnings	256	241	15	6.2	761	737	24	3.3
Workers' pensions	117	129	(12)	(9.3)	368	388	(20)	(5.2)
Health care	130	116	14	12.1	406	362	44	12.2
Survivor benefits	53	51	2	3.9	159	157	2	1.3
Future economic loss	41	44	(3)	(6.8)	128	135	(7)	(5.2)
External providers	7	7	-	-	20	21	(1)	(4.8)
Non-economic loss	14	12	2	16.7	34	41	(7)	(17.1)
Total claim payments	**618**	**600**	**18**	**3.0**	**1,876**	**1,841**	**35**	**1.9**

A summary of the significant changes in claim payments for the three months and nine months ended September 30, 2019 is as follows:

- Loss of earnings benefits were $15 million and $24 million higher, respectively, primarily due to higher volume and payments associated with prior year claims.
- Workers' pensions were $12 and $20 million lower, respectively, due to the natural reduction in the number of claimants due to mortality. This program has been discontinued.
- Health care expenses were $14 million and $44 million higher, respectively, due to the higher claim volume as well as the higher cost of health services.
- Survivor benefits were $2 million higher for both three months and nine months, due primarily to annual indexation.
- Future economic loss benefits were $3 million and $7 million lower, respectively, due to the natural reduction in the number of claimants reaching age 65, the age at which these benefits cease. This program has been discontinued.
- Non-economic loss benefits were $2 million higher in the third quarter and $7 million lower year-to-date. Higher payments in the first half of 2018 associated with the claim review initiative addressing pre-existing conditions account for the variances for the three and nine months periods.



Claim administration costs

(millions of Canadian dollars)	Three months ended September 30				Nine months ended September 30			
	2019	2018	Change $	Change %	2019	2018	Change $	Change %
Allocation from administration and other expenses	102	96	6	6.3	312	307	5	1.6
Allocation from legislated obligations and funding commitments expenses	6	7	(1)	(14.3)	18	21	(3)	(14.3)
Total claim administration costs	**108**	**103**	**5**	**4.9**	**330**	**328**	**2**	**0.6**

Claim administration costs reflect the portions of administration and other expenses and legislated obligations and funding commitments expenses allocated to claim costs. For the three months and nine months ended September 30, 2019, the increase in allocated administration and other expenses was attributed to an increased focus on departments supporting claim administration activities to facilitate high quality customer service and return to work outcomes.

Change in actuarial valuation of benefit liabilities

(millions of Canadian dollars)	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
Change in actuarial valuation of benefit liabilities	20	(97)	91	(479)

For the nine months ended September 30, 2019, the change in actuarial valuation of benefit liabilities is detailed as follows:

(millions of Canadian dollars)	
Benefit liabilities as at December 31, 2018	**27,210**
Payments made in 2019 for prior injury years (include Loss of Retirement Income and claim administration costs)	(1,995)
Interest accretion[1]	928
Liabilities incurred for the 2019 injury year	1,291
Experience gains	(133)
Benefit liabilities as at September 30, 2019	**27,301**
Change in actuarial valuation of benefit liabilities	**91**

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

(millions of Canadian dollars)	Three months ended September 30				Nine months ended September 30			
			Change				Change	
	2019	**2018**[1]	**$**	**%**	**2019**	**2018**[1]	**$**	**%**
Salaries and short-term benefits	108	107	1	0.9	334	333	1	0.3
Employee benefit plans	46	48	(2)	(4.2)	138	144	(6)	(4.2)
Depreciation and amortization	12	10	2	20	36	30	6	20.0
Other	50	52	(2)	(3.8)	152	143	9	6.3
	216	**217**	**(1)**	**(0.5)**	**660**	**650**	**10**	**1.5**
Claim administration costs allocated to claim costs	(102)	(96)	(6)	(6.3)	(312)	(307)	(5)	(1.6)
Total administration and other expenses	**114**	**121**	**(7)**	**(5.8)**	**348**	**343**	**5**	**1.5**

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

A summary of the significant changes in administration and other expenses, before allocation to claim costs, for the three months ended September 30, 2019 is as follows:

- Employee benefit plans decreased $2 million, reflecting a 50 basis point increase (from 3.45% to 3.95%) in the discount rate used to value our pension obligations.
- Depreciation and amortization expenses increased by $2 million, primarily reflecting the impact of the application of IFRS 16 *Leases* ("IFRS 16").
- Other operating expenses decreased by $2 million, primarily reflecting lower equipment and maintenance costs.

A summary of the significant changes in administration and other expenses, before allocation to claim costs, for the nine months ended September 30, 2019 is as follows:

- Employee benefit plans decreased $6 million, reflecting a 50 basis point increase (from 3.45% to 3.95%) in the discount rate used to value our pension obligations.
- Depreciation and amortization increased $6 million, primarily reflecting the impact of the application of IFRS 16.
- Other operating expenses increased $9 million, primarily reflecting higher fees for professional services and new initiatives as part of our transformational efforts.

Legislated obligations and funding commitments expenses

(millions of Canadian dollars)	Three months ended September 30				Nine months ended September 30			
			Change				Change	
	2019	**2018**	**$**	**%**	**2019**	**2018**	**$**	**%**
Legislated obligations								
Occupational Health and Safety Act	28	27	1	3.7	81	79	2	2.5
Ministry of Labour Prevention Costs	22	28	(6)	(21.4)	72	83	(11)	(13.3)
	50	55	(5)	(9.1)	153	162	(9)	(5.6)
Workplace Safety and Insurance Appeals Tribunal	7	8	(1)	(12.5)	20	23	(3)	(13.0)
Workplace Safety and Insurance Advisory Program	4	4	-	-	12	12	-	-
Total legislated obligations	**61**	**67**	**(6)**	**(9.0)**	**185**	**197**	**(12)**	**(6.1)**
Funding commitments								
Grants and other funding commitments	1	-	1	-	2	1	1	100.0
Safety program rebates	9	7	2	28.6	25	24	1	4.2
Total funding commitments	**10**	**7**	**3**	**42.9**	**27**	**25**	**2**	**8.0**
	71	**74**	**(3)**	**(4.1)**	**212**	**222**	**(10)**	**(4.5)**
Claim administration costs allocated to claim costs	(6)	(7)	1	14.3	(18)	(21)	3	14.3
Total legislated obligations and funding commitments	**65**	**67**	**(2)**	**(3.0)**	**194**	**201**	**(7)**	**(3.5)**

For the three and nine months ended September 30, 2019, legislated obligations and funding commitments expenses, before allocation to claim costs, decreased by $3 million (4.1%) and $10 million (4.5%), respectively, primarily reflecting lower costs by the Ministry of Labour (the "MoL") to administer and enforce the *Occupational Health and Safety Act* ("OHSA") partially offset by higher Safety Program rebates.

2. Changes in financial position

This section discusses the significant changes in our September 30, 2019 unaudited condensed interim consolidated statements of financial position compared to year-end 2018.

(millions of Canadian dollars)	Sep. 30 2019	Dec. 31 2018	Change $	Change %	Commentary
Assets					
Cash and cash equivalents	3,185	2,538	647	25.5	Increase primarily reflects higher money market and cash positions held by investment managers offset by lower cash balance held by operations.
Receivables and other assets	1,474	1,480	(6)	(0.4)	Decrease primarily reflects lower investment receivables and lower net premium receivables, partially offset by higher surcharges on employer incentive programs.
Public equity securities	14,115	12,548	1,567	12.5	Net change reflects performance of these asset classes and net cash withdrawals in 2019.
Fixed income securities	7,913	7,634	279	3.7	
Derivative assets	100	159	(59)	(37.1)	
Investment properties	1,436	1,412	24	1.7	
Investments in associates and joint ventures	2,381	2,322	59	2.5	
Other invested assets	8,726	8,929	(203)	(2.3)	
Property, equipment and intangible assets	348	287	61	21.3	Increase primarily reflects adjustments related to the initial application of IFRS 16, partially offset by depreciation related to the new accounts and claims management system.

(millions of Canadian dollars)	Sep. 30 2019	Dec. 31 2018	Change $	Change %	Commentary
Liabilities					
Payables and other liabilities	1,287	1,604	(317)	(19.8)	Decrease primarily reflects lower investment payables, lower occupational health and safety payables and lower administration expenses payables, offset primarily by higher experience rating refunds payable.
Derivative liabilities	76	448	(372)	(83.0)	Decrease largely reflects changes in our currency and futures positions within the investment portfolio.
Long-term debt and lease liabilities	202	114	88	77.2	Increase primarily due to application of IFRS 16, which required that operating leases be brought on-balance sheet.
Loss of Retirement Income Fund liability	1,964	1,867	97	5.2	Increase reflects net investment income partially offset by disbursements in excess of contributions.
Employee benefit plans liability	2,107	1,424	683	48.0	Increase primarily reflects a decrease in the interest rate used for valuation.
Benefit liabilities	27,301	27,210	91	0.3	Increase primarily due to higher liabilities for the new injury year.
Net assets	3,365	1,484	1,881	100+	Changes reflect total comprehensive income attributable to WSIB stakeholders and impact of the initial application of IFRS 16.
Net assets – Sufficiency Ratio basis	3,661	2,550	1,111	43.6	Strengthening due to continued strong operating results.
Sufficiency Ratio	111.6%	108.0%		3.6	

3. Liquidity and capital resources

(millions of Canadian dollars)	Three months ended September 30 2019	Three months ended September 30 2018	Nine months ended September 30 2019	Nine months ended September 30 2018
Cash and cash equivalents, beginning of period	2,853	2,156	2,538	2,586
Net cash provided (required) by operating activities	16	414	(245)	917
Net cash provided (required) by investing activities	341	305	973	(596)
Net cash required by financing activities	(25)	(67)	(81)	(99)
Cash and cash equivalents, end of period	**3,185**	**2,808**	**3,185**	**2,808**

A summary of the significant changes in cash and cash equivalents for the three months ended September 30, 2019 is as follows:

- Cash provided by operating activities was $16 million compared to $414 million in 2018, reflecting lower premiums collected due to the reduction in average premium rates, an increase in amounts paid on payables and lower amounts collected on premium receivables (excluding investments).
- Cash provided by investing activities was $341 million compared to $305 million during the same period in 2018. Changes over the period were relatively flat with regards to the net purchases of investments, while increases in cash received from dividends were largely offset by an increase in cash used for investments in property and joint ventures.
- Cash required by financing activities was $25 million compared to $67 million in 2018. The decrease in cash required by financing activities is mainly due to reduced redemptions by non-controlling interests from subsidiaries.

A summary of the significant changes in cash and cash equivalents for the nine months ended September 30, 2019 is as follows:

- Cash required by operating activities was $245 million compared to $917 million of cash provided in 2018, reflecting lower premiums collected due to the reduction in average premium rates and an increase in amounts paid on payables, partly offset by higher amounts collected on premium receivables (excluding investments).
- Cash provided by investing activities was $973 million compared to $596 million required for investing activities during the same period in 2018. This is partly due to transfers from operations of $1 billion in 2018, which helped contribute to significant cash invested largely in the fixed income, diversified markets, and

infrastructure strategies offset partially by cash provided from the public equity strategy. In contrast, 2019 had transfers to operations of $40 million and had significant cash provided from diversified markets, absolute return and infrastructure strategies, reduced partially by investments in the public equity, fixed income, and real estate strategies.

- Cash required by financing activities was $81 million compared to $99 million in 2018. The decrease in cash required for financing activities is mainly due to decreased net withdrawals by non-controlling interests from subsidiaries, in addition to a decrease in debt repayments in the period compared to the prior period.

Credit facilities

There were no significant changes during the quarter.

Commitments

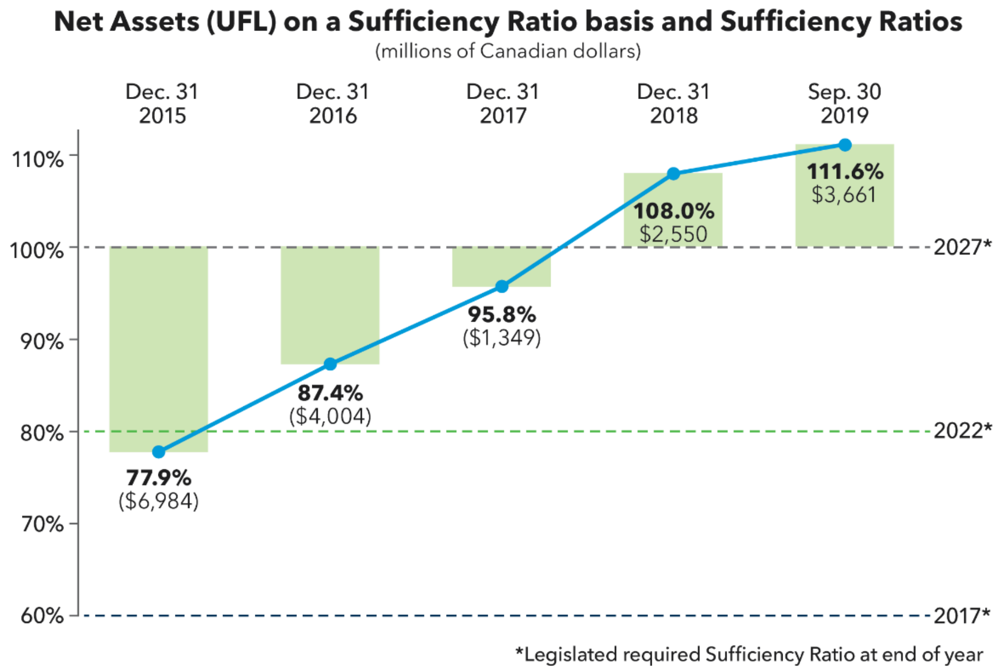
There were no significant changes during the quarter.

4. Reconciliation of the net assets 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 and total liabilities, 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 September 30, 2019, the Sufficiency Ratio, as defined in the *Ontario Regulation 141/12* and amended by *Ontario Regulation 338/13* (collectively, the “Ontario Regulations”), was 111.6% (December 31, 2018 – 108.0%). Set forth below is the reconciliation of the net assets between the IFRS basis and Sufficiency Ratio basis:

(millions of Canadian dollars)	**September 30 2019**	**December 31 2018**
Net assets attributable to WSIB stakeholders on an IFRS basis	3,365	1,484
Add (Less): Adjustments per Ontario Regulations:		
Change in valuation of invested assets	(1,190)	423
Change in valuation of employee benefit plans liability	1,428	694
Change in valuation of invested assets attributable to non-controlling interests	58	(51)
Net assets attributable to WSIB stakeholders on a Sufficiency Ratio basis	**3,661**	**2,550**
Sufficiency Ratio	**111.6%**	**108.0%**



5. Internal control over financial reporting

Management is responsible for the accuracy, integrity and objectivity of the consolidated financial statements within reasonable limits of materiality. The WSIB's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of 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 consolidated financial statements.

6. Changes in accounting standards

(a) Standards and amendments adopted during the current year

IFRS 16 *Leases*

IFRS 16 sets out the principles for the recognition, measurement, presentation, and disclosure of leases for both parties to a contract. For lessees, IFRS 16 requires that all leases be recognized on the statement of financial position, with certain exemptions. The accounting for a lessor is substantially unchanged.

Under IFRS 16, the WSIB assesses whether a contract is or contains a lease. This assessment involves the exercise of judgment about whether there is an identifiable asset, whether the WSIB obtains substantially all of the economic benefits from the use of that asset, and whether the WSIB has the right to direct the use of the asset.

The WSIB has elected to apply the practical expedient not to recognize right-of-use assets and liabilities for leases where the total lease term is less than 12 months or for leases of low value. The payments for such leases are recognized in administration and other expenses on a straight-line basis over the term of the lease.

Impact of transition to IFRS 16

Effective January 1, 2019, the WSIB adopted IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in net assets as at January 1, 2019. The comparative information has not been restated.

On transition to IFRS 16, the WSIB elected to apply the practical expedient to grandfather the assessment of contracts that were classified as leases under IAS 17 *Leases,* the previous lease standard. Therefore, the WSIB only applied IFRS 16 to contracts that were previously identified as operating leases.

On adoption of IFRS 16, the WSIB recognized right-of-use assets of $72 and lease liabilities of $97. The difference of $25 was recognized in net assets. The right-of-use assets are measured as if IFRS 16 had been applied since the commencement date, but discounted using the WSIB’s incremental borrowing rate as at January 1, 2019. The lease liabilities are measured at the present value of remaining lease payments, discounted using the WSIB’s incremental borrowing rate as at January 1, 2019. The WSIB’s weighted average incremental borrowing rate as at January 1, 2019 was 3.46%.

The following table reconciles the WSIB's operating lease obligations as at December 31, 2018, as previously disclosed in the WSIB's consolidated financial statements, to the lease obligations recognized on initial application of IFRS 16 on January 1, 2019.

	January 1 2019
Operating lease commitments disclosed as at December 31, 2018	27
Extension options reasonably certain to be exercised	91
Effect of discounting lease commitments	(42)
Other	21
Lease liabilities as at January 1, 2019	**97**
Finance lease liabilities as at December 31, 2018	46
Total lease liabilities recognized as at January 1, 2019	**143**

Amendments to IAS 28 Investments in Associates and Joint Ventures ("IAS 28")

In October 2017, the IASB issued amendments to IAS 28, which clarify that long-term interests in an associate or joint venture to which the equity method is not applied should be accounted for following the requirements of IFRS 9 *Financial Instruments* ("IFRS 9"). The amendments were effective for annual periods beginning on or after January 1, 2019. The adoption of these amendments did not have a significant impact on the WSIB's unaudited condensed interim consolidated financial statements.

Annual Improvements to IFRSs 2015 – 2017 Cycle

In December 2017, the IASB issued *Annual Improvements to IFRSs 2015 – 2017 Cycle*, which includes minor amendments to IFRS 3 *Business Combinations* ("IFRS 3") and IFRS 11 *Joint Arrangements*. The amendments were effective for annual periods beginning on or after January 1, 2019. The adoption of these amendments did not have a significant impact on the WSIB's unaudited condensed interim consolidated financial statements.

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 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 new or amended accounting standards have been issued by the IASB but are not yet effective.

IFRS 17 *Insurance Contracts* (“IFRS 17”)

In May 2017, the IASB issued IFRS 17, which replaces the guidance in IFRS 4 *Insurance Contracts* and establishes a comprehensive principles-based framework for the recognition, measurement and presentation of insurance contracts. The WSIB will adopt the standard on the effective date of January 1, 2021. However, the IASB has issued an exposure draft deferring the effective date one year to January 1, 2022. The WSIB is currently assessing the impact of adopting this standard and expects that it will have a significant impact on the WSIB’s unaudited condensed interim consolidated financial statements.

IFRS 9 *Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9, which will replace IAS 39 *Financial Instruments: Recognition and Measurement* (“IAS 39”). IFRS 9 includes guidance on the classification and measurement of financial instruments, impairment of financial assets, and hedge accounting.

A new principles-based model is introduced for classifying and measuring financial assets, based on the business model and the contractual cash flow characteristics of the financial assets held. The classification and measurement for financial liabilities remain generally unchanged; however, for a financial liability designated at fair value through profit or loss, fair value changes attributable to the changes in an entity’s own credit risk are reflected in other comprehensive income.

The standard also introduces a new forward-looking expected loss model, which replaces the incurred loss model under IAS 39 for the recognition and measurement of impairment on all financial instruments not measured at fair value. In addition, a new model for hedge accounting is introduced to achieve better alignment with risk management activities.

The WSIB will defer IFRS 9 until January 1, 2021, which is the same effective date as IFRS 17, as allowed under the amendments to IFRS 4 for companies whose activities are predominantly related to insurance (that is, insurance liabilities represent more than 80% of total liabilities). However, the IASB has issued an exposure draft deferring the effective date one year to January 1, 2022. Based on the nature of the WSIB’s financial instruments, adoption of IFRS 9 is not expected to have a significant impact on the WSIB’s unaudited condensed interim consolidated financial statements as most of the WSIB’s financial instruments are measured at fair value.

Amendments to IFRS 3 *Business Combinations*

In October 2018, the IASB issued amendments to IFRS 3, which clarify that to be considered a business, an acquired set of activities must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. The adoption of these amendments is not expected to have a significant impact on the WSIB’s unaudited condensed interim consolidated financial statements.

Amendments to IAS 1 *Presentation of Financial Statements* ("IAS 1") and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* ("IAS 8")

In October 2018, the IASB issued amendments to IAS 1 and IAS 8. The amendments clarify the definition of "material". The amendments are effective for annual reporting periods beginning on or after January 1, 2020. The adoption of these amendments is not expected to have a significant impact on the WSIB's unaudited condensed interim consolidated financial statements.

7. Outlook

Premiums

Premium revenues are anticipated to decrease in 2019, reflecting the 29.8% reduction to the average premium rate, partially offset by moderate growth in insurable earnings and lower net payouts for mandatory employer incentive programs. The increase in insurable earnings is driven by an assumed 0.8% employment growth and a 3.5% increase in average wages.

Net investment income

Net investment income is planned at a 4.75% net return on investments, consistent with our long-term investment return objective within an expected range of 3.5% to 6.7%. 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 2018 driven primarily by higher loss of earnings and higher health care expense.

Administration and other expenses

Administration and other expenses are anticipated to increase in 2019, reflecting increases to information technology costs.

Legislated obligations and funding commitments

Legislated obligations and funding commitments are anticipated to decrease, reflecting lower costs by the MoL to administer and enforce the OHSA and the Workplace Safety and Insurance Appeals Tribunal costs.

Net assets

We anticipate the net assets position will continue to increase, based on current funding and benefit levels and employer contributions, as measured under current accounting and actuarial standards.

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

	Note	September 30 2019	December 31 2018
Assets			
Cash and cash equivalents		3,185	2,538
Receivables and other assets	5	1,474	1,480
Public equity securities	7	14,115	12,548
Fixed income securities	7	7,913	7,634
Derivative assets	7	100	159
Investment properties	7	1,436	1,412
Investments in associates and joint ventures		2,381	2,322
Other invested assets	7	8,726	8,929
Property, equipment and intangible assets	8	348	287
Total assets		**39,678**	**37,309**
Liabilities			
Payables and other liabilities	9	1,287	1,604
Derivative liabilities	7	76	448
Long-term debt and lease liabilities	10	202	114
Loss of Retirement Income Fund liability		1,964	1,867
Employee benefit plans liability	11	2,107	1,424
Benefit liabilities	13	27,301	27,210
Total liabilities		**32,937**	**32,667**
Net assets			
Reserves		3,630	1,056
Accumulated other comprehensive income (loss)		(265)	428
Net assets attributable to WSIB stakeholders		**3,365**	**1,484**
Non-controlling interests		3,376	3,158
Total net assets		**6,741**	**4,642**
Total liabilities and net assets		**39,678**	**37,309**

Approved by the Board of Directors

Elizabeth Witmer
Chair
December 12, 2019

Leslie Lewis
Audit and Finance Committee (Chair)
December 12, 2019

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 September 30 2019	Three months ended September 30 2018[1]	Nine months ended September 30 2019	Nine months ended September 30 2018[1]
Revenues					
Premiums	12	937	1,306	2,851	3,884
Net mandatory employer incentive programs	12	(20)	(15)	(57)	(76)
Net premiums		**917**	**1,291**	**2,794**	**3,808**
Investment income	6	515	351	3,165	951
Investment expenses	6	(66)	(58)	(186)	(164)
Net investment income		**449**	**293**	**2,979**	**787**
Total revenues		**1,366**	**1,584**	**5,773**	**4,595**
Expenses					
Claim payments		618	600	1,876	1,841
Claim administration costs		108	103	330	328
Change in actuarial valuation of benefit liabilities		20	(97)	91	(479)
Total claim costs		**746**	**606**	**2,297**	**1,690**
Loss of Retirement Income Fund contributions		14	13	42	42
Administration and other expenses		114	121	348	343
Legislated obligations and funding commitments		65	67	194	201
Total expenses		**939**	**807**	**2,881**	**2,276**
Excess of revenues over expenses		**427**	**777**	**2,892**	**2,319**
Other comprehensive income (loss)					
Item that will not be reclassified subsequently to income					
Remeasurements of employee benefit plans	11	10	201	(635)	376
Item that will be reclassified subsequently to income					
Translation gains (losses) from net foreign investments		(4)	(26)	(65)	22
Total other comprehensive income (loss)		**6**	**175**	**(700)**	**398**
Total comprehensive income		**433**	**952**	**2,192**	**2,717**

	Three months ended September 30		Nine months ended September 30	
	2019	**2018**	**2019**	**2018**
Excess of revenues over expenses attributable to:				
WSIB stakeholders	378	742	2,599	2,234
Non-controlling interests	49	35	293	85
	427	**777**	**2,892**	**2,319**
Total comprehensive income attributable to:				
WSIB stakeholders	385	919	1,906	2,629
Non-controlling interests	48	33	286	88
	433	**952**	**2,192**	**2,717**

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 September 30 2019	Three months ended September 30 2018	Nine months ended September 30 2019	Nine months ended September 30 2018
Reserves (deficit)					
Balance at beginning of period		3,252	700	1,056	(792)
Effect of initial application of IFRS 16	4	-	-	(25)	-
Adjusted balance at beginning of period		3,252	700	1,031	(792)
Excess of revenues over expenses		378	742	2,599	2,234
Balance at end of period		**3,630**	**1,442**	**3,630**	**1,442**
Accumulated other comprehensive income (loss)					
Balance at beginning of period		(272)	300	428	82
Remeasurements of employee benefit plans	11	10	201	(635)	376
Translation gains (losses) from net foreign investments		(3)	(24)	(58)	19
Balance at end of period		**(265)**	**477**	**(265)**	**477**
Net assets attributable to WSIB stakeholders		**3,365**	**1,919**	**3,365**	**1,919**
Non-controlling interests					
Balance at beginning of period		3,349	3,272	3,158	3,228
Excess of revenues over expenses		49	35	293	85
Translation gains (losses) from net foreign investments		(1)	(2)	(7)	3
Change in ownership share in investments		(21)	(64)	(68)	(75)
Balance at end of period		**3,376**	**3,241**	**3,376**	**3,241**
Total net assets		**6,741**	**5,160**	**6,741**	**5,160**

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 September 30 2019	Three months ended September 30 2018	Nine months ended September 30 2019	Nine months ended September 30 2018
Operating activities:					
Total comprehensive income		433	952	2,192	2,717
Adjustments:					
Amortization of net discount on investments		(8)	(7)	(24)	(18)
Depreciation and amortization of property, equipment and intangible assets		14	11	40	33
Changes in fair value of investments		(227)	(120)	(2,530)	(275)
Changes in fair value of investment properties		(6)	(30)	(14)	(57)
Translation (gains) losses from net foreign investments		4	26	65	(22)
Dividend income from public equity securities		(201)	(122)	(460)	(386)
Income from investments in associates and joint ventures		(42)	(27)	(104)	(74)
Interest income		(43)	(50)	(140)	(149)
Interest expense		2	2	8	7
Total comprehensive income (loss) after adjustments		**(74)**	**635**	**(967)**	**1,776**
Changes in non-cash balances related to operations:					
Receivables and other assets, excluding those related to investing activities		(42)	(73)	(86)	(232)
Payables and other liabilities, excluding those related to investing and financing activities		77	131	(63)	152
Loss of Retirement Income Fund liability		10	2	97	16
Employee benefit plans liability	11	25	(184)	683	(316)
Benefit liabilities	13	20	(97)	91	(479)
Total changes in non-cash balances related to operations		90	(221)	722	(859)
Net cash provided (required) by operating activities		**16**	**414**	**(245)**	**917**

	Note	Three months ended September 30		Nine months ended September 30	
		2019	**2018**	**2019**	**2018**
Investing activities:					
Dividends received from public equity securities, associates and joint ventures		222	146	504	430
Interest received		22	27	117	126
Purchases of property, equipment and intangible assets		(9)	(6)	(26)	(18)
Purchases of investments		(2,860)	(3,177)	(13,058)	(12,725)
Proceeds on sales and maturities of investments		3,012	3,275	13,497	11,698
Net dispositions (additions) to investment properties		(17)	36	(13)	9
Net dispositions (additions) to investments in associates and joint ventures		(29)	4	(48)	(116)
Net cash provided (required) by investing activities		**341**	**305**	**973**	**(596)**
Financing activities:					
Net contributions (redemptions) related to non-controlling interests		15	(49)	18	(28)
Distributions paid by subsidiaries to non-controlling interests		(36)	(15)	(86)	(47)
Net repayment of debt and lease liabilities		(2)	(1)	(5)	(18)
Interest paid on debt and lease liabilities		(2)	(2)	(8)	(6)
Net cash required by financing activities		**(25)**	**(67)**	**(81)**	**(99)**
Net increase in cash and cash equivalents		**332**	**652**	**647**	**222**
Cash and cash equivalents, beginning of period		2,853	2,156	2,538	2,586
Cash and cash equivalents, end of period		**3,185**	**2,808**	**3,185**	**2,808**

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

Notes to Condensed Interim Consolidated Financial Statements
September 30, 2019
Unaudited

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Notes to Condensed Interim Consolidated Financial Statements
September 30, 2019
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 ("IAS") 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, 2018. Except as noted in note 3 and 4, 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, 2018.

These unaudited condensed interim consolidated financial statements were authorized for issuance by the WSIB's Board of Directors on December 12, 2019.

3. Significant accounting policies, estimates and assumptions

Use of estimates and assumptions

The WSIB is required to apply judgment when making estimates and assumptions that affect the reported amounts recognized in these unaudited condensed interim consolidated financial statements. The estimates and assumptions that are significant in these unaudited condensed interim consolidated financial statements are the same as those applied in the annual information provided in the consolidated financial statements for the year ended December 31, 2018, except for the new significant judgments and key source of estimation uncertainty related to IFRS 16 *Leases* ("IFRS 16") described below.

Judgments and estimates required in the application of IFRS 16 include whether a contract (or part of a contract) includes a lease, determining whether it is reasonably certain that an extension or termination option will be exercised and estimation of the lease term, determination of the appropriate discount rate to discount the lease payments, and an assessment of whether the right-of-use asset is impaired.

4. Changes in accounting standards

(a) Standards and amendments adopted during the current year

IFRS 16 *Leases*

IFRS 16 sets out the principles for the recognition, measurement, presentation, and disclosure of leases for both parties to a contract. For lessees, IFRS 16 requires that all leases be recognized on the statement of financial position, with certain exemptions. The accounting for a lessor is substantially unchanged.

Under IFRS 16, the WSIB assesses whether a contract is or contains a lease. This assessment involves the exercise of judgment about whether there is an identifiable asset, whether the WSIB obtains substantially all of the economic benefits from the use of that asset, and whether the WSIB has the right to direct the use of the asset.

The WSIB has elected to apply the practical expedient not to recognize right-of-use assets and liabilities for leases where the total lease term is less than 12 months or for leases of low value. The payments for such leases are recognized in administration and other expenses on a straight-line basis over the term of the lease.

Impact of transition to IFRS 16

Effective January 1, 2019, the WSIB adopted IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in net assets as at January 1, 2019. The comparative information has not been restated.

On transition to IFRS 16, the WSIB elected to apply the practical expedient to grandfather the assessment of contracts that were classified as leases under IAS 17 *Leases,* the previous lease standard. Therefore, the WSIB only applied IFRS 16 to contracts that were previously identified as operating leases.

On adoption of IFRS 16, the WSIB recognized right-of-use assets of $72 and lease liabilities of $97. The difference of $25 was recognized in net assets. The right-of-use assets are measured as if IFRS 16 had been applied since the commencement date, but discounted using the WSIB’s incremental borrowing rate as at January 1, 2019. The lease liabilities are measured at the present value of remaining lease payments, discounted using the WSIB’s incremental borrowing rate as at January 1, 2019. The WSIB’s weighted average incremental borrowing rate as at January 1, 2019 was 3.46%.

**Notes to Condensed Interim Consolidated Financial Statements
September 30, 2019
Unaudited (millions of Canadian dollars)**

The following table reconciles the WSIB's operating lease obligations as at December 31, 2018, as previously disclosed in the WSIB's consolidated financial statements, to the lease obligations recognized on initial application of IFRS 16 on January 1, 2019.

	January 1 2019
Operating lease commitments disclosed as at December 31, 2018	27
Extension options reasonably certain to be exercised	91
Effect of discounting lease commitments	(42)
Other	21
Lease liabilities as at January 1, 2019	**97**
Finance lease liabilities at December 31, 2018	46
Total lease liabilities recognized as at January 1, 2019	**143**

Amendments to IAS 28 *Investments in Associates and Joint Ventures* ("IAS 28")

In October 2017, the IASB issued amendments to IAS 28, which clarify that long-term interests in an associate or joint venture to which the equity method is not applied should be accounted for following the requirements of IFRS 9 *Financial Instruments* ("IFRS 9"). The amendments were effective for annual periods beginning on or after January 1, 2019. The adoption of these amendments did not have a significant impact on the WSIB's unaudited condensed interim consolidated financial statements.

Annual Improvements to IFRSs 2015 – 2017 Cycle

In December 2017, the IASB issued *Annual Improvements to IFRSs 2015 – 2017 Cycle*, which includes minor amendments to IFRS 3 *Business Combinations* ("IFRS 3") and IFRS 11 *Joint Arrangements*. The amendments were effective for annual periods beginning on or after January 1, 2019. The adoption of these amendments did not have a significant impact on the WSIB's unaudited condensed interim consolidated financial statements.

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 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 new or amended accounting standards have been issued by the IASB but are not yet effective.

IFRS 17 *Insurance Contracts* (“IFRS 17”)

In May 2017, the IASB issued IFRS 17, which replaces the guidance in IFRS 4 *Insurance Contracts* and establishes a comprehensive principles-based framework for the recognition, measurement and presentation of insurance contracts. The WSIB will adopt the standard on the effective date of January 1, 2021. However, the IASB has issued an exposure draft deferring the effective date one year to January 1, 2022. The WSIB is currently assessing the impact of adopting this standard and expects that it will have a significant impact on the WSIB’s unaudited condensed interim consolidated financial statements.

IFRS 9 *Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9, which will replace IAS 39 *Financial Instruments: Recognition and Measurement* (“IAS 39”). IFRS 9 includes guidance on the classification and measurement of financial instruments, impairment of financial assets, and hedge accounting.

A new principles-based model is introduced for classifying and measuring financial assets, based on the business model and the contractual cash flow characteristics of the financial assets held. The classification and measurement for financial liabilities remain generally unchanged; however, for a financial liability designated at fair value through profit or loss, fair value changes attributable to the changes in an entity’s own credit risk are reflected in other comprehensive income.

The standard also introduces a new forward-looking expected loss model, which replaces the incurred loss model under IAS 39 for the recognition and measurement of impairment on all financial instruments not measured at fair value. In addition, a new model for hedge accounting is introduced to achieve better alignment with risk management activities.

The WSIB will defer IFRS 9 until January 1, 2021, which is the same effective date as IFRS 17, as allowed under the amendments to IFRS 4 for companies whose activities are predominantly related to insurance (that is, insurance liabilities represent more than 80% of total liabilities). However, the IASB has issued an exposure draft deferring the effective date one year to January 1, 2022. Based on the nature of the WSIB’s financial instruments, adoption of IFRS 9 is not expected to have a significant impact on the WSIB’s unaudited condensed interim consolidated financial statements as most of the WSIB’s financial instruments are measured at fair value.

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Amendments to IFRS 3 *Business Combinations*

In October 2018, the IASB issued amendments to IFRS 3, which clarify that to be considered a business, an acquired set of activities must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. The adoption of these amendments is not expected to have a significant impact on the WSIB's unaudited condensed interim consolidated financial statements.

Amendments to IAS 1 *Presentation of Financial Statements* ("IAS 1") **and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*** ("IAS 8")

In October 2018, the IASB issued amendments to IAS 1 and IAS 8. The amendments clarify the definition of "material". The amendments are effective for annual reporting periods beginning on or after January 1, 2020. The adoption of these amendments is not expected to have a significant impact on the WSIB's unaudited condensed interim consolidated financial statements.

5. Receivables and other assets

Receivables and other assets are comprised of the following:

	September 30 2019	**December 31 2018**
Premium receivables	271	340
Accrued premium receivables	448	473
Less: Allowance for doubtful accounts	(136)	(140)
Net premium receivables	**583**	**673**
Investment receivables[1]	284	376
Total receivables	**867**	**1,049**
Other assets[2]	607	431
Total receivables and other assets	**1,474**	**1,480**

1. Investment receivables include $5 (December 31, 2018 – $22) which are expected to be received over a period of more than one year.
2. Other assets include employer incentive program surcharges of $531 (December 31, 2018 – $356) which are expected to be received over a period of more than one year.

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6. Net investment income

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

	Three months ended September 30		Nine months ended September 30	
	2019	**2018**	**2019**	**2018**
Cash and cash equivalents	5	4	13	10
Public equity securities	216	138	1,640	761
Fixed income securities	59	(23)	306	54
Derivative financial instruments	(25)	206	849	(421)
Investment properties	20	43	57	97
Investments in associates and joint ventures	44	27	106	74
Other invested assets				
Investment funds	203	(29)	350	422
Infrastructure related investments	18	4	(5)	1
Real estate related investments	2	(2)	(3)	-
Less: Income attributable to Loss of Retirement Income Fund	(27)	(17)	(148)	(47)
Investment income	**515**	**351**	**3,165**	**951**
Less: Investment expenses[1]	(66)	(58)	(186)	(164)
Net investment income	**449**	**293**	**2,979**	**787**

1. Includes $38 and $97 of management fees paid to investment managers for the three months and nine months ended September 30, 2019, respectively (2018 – $33 and $97).

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7. Fair value measurement and disclosures

Fair value hierarchy

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

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

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

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

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

	September 30, 2019				December 31, 2018[3]			
	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]	1,151	2,034	-	**3,185**	1,028	1,510	-	**2,538**
Public equity securities	14,045	70	-	**14,115**	12,493	55	-	**12,548**
Fixed income securities	-	7,913	-	**7,913**	-	7,634	-	**7,634**
Derivative assets	35	65	-	**100**	65	94	-	**159**
Investment properties	-	-	1,436	**1,436**	-	-	1,412	**1,412**
Other invested assets								
Investment funds	-	-	8,012	**8,012**	-	-	8,032	**8,032**
Infrastructure related investments	-	-	233	**233**	-	-	412	**412**
Real estate related investments	-	-	481	**481**	-	-	485	**485**
Derivative liabilities	(58)	(18)	-	**(76)**	(72)	(376)	-	**(448)**
Assets and liabilities for which fair value is disclosed								
Investment receivables[1]	-	284	-	**284**	-	376	-	**376**
Administration payables[1]	(305)	-	-	**(305)**	(336)	-	-	**(336)**
Investment payables[1]	-	(83)	-	**(83)**	-	(341)	-	**(341)**

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	September 30, 2019				December 31, 2018[3]			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Long-term debt[2]	-	(70)	-	**(70)**	-	(66)	-	**(66)**
Loss of Retirement Income Fund liability	-	-	(1,964)	**(1,964)**	-	-	(1,867)	**(1,867)**

1. The carrying amounts (less allowance for impairment) of cash and cash equivalents, investment receivables and administration and investment payables approximate their fair values.
2. Carrying amount as at September 30, 2019 was $70 (December 31, 2018 – $70).
3. Certain comparative amounts have been reclassified to be consistent with the current period's presentation.

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

During the three months and nine months ended September 30, 2019 and September 30, 2018, there were no transfers between Level 1 and Level 2.

During the three months and nine months ended September 30, 2019, there were no transfers between Level 2 and Level 3.

During the three months ended September 30, 2018, there were no transfers between Level 2 and Level 3. During the nine months ended September 30, 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 were based on unobservable inputs, versus the previous period.

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Level 3 fair value measurements

The following tables provide reconciliations of assets included in Level 3 of the fair value hierarchy:

	Other invested assets					
For the three months ended September 30, 2019	Investment funds	Infrastructure related investments	Real estate related invest-ments	**Subtotal**	**Invest-ment prop-erties**	**Total**
Balance as at July 1, 2019	8,015	382	481	8,878	1,415	10,293
Net gains recognized in net investment income	172	12	-	184	6	190
Foreign translation losses recognized in other comprehensive income	(17)	(13)	-	(30)	-	(30)
Purchases	480	-	-	480	-	480
Sales	(638)	(148)	-	(786)	-	(786)
Capital expenditures	-	-	-	-	15	15
Balance as at September 30, 2019	**8,012**	**233**	**481**	**8,726**	**1,436**	**10,162**
Changes in unrealized gains (losses) included in earnings for assets and liabilities for positions still held	**140**	**(3)**	**-**	**137**	**6**	**143**

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For the nine months ended September 30, 2019	Other invested assets: Investment funds	Infrastructure related investments	Real estate related investments	**Subtotal**	**Investment properties**	**Total**
Balance as at January 1, 2019	8,032	412	485	8,929	1,412	10,341
Net gains (losses) recognized in net investment income	108	11	(5)	114	14	128
Foreign translation losses recognized in other comprehensive income	(53)	(42)	-	(95)	-	(95)
Purchases	1,206	-	1	1,207	-	1,207
Sales	(1,281)	(148)	-	(1,429)	(32)	(1,461)
Capital expenditures	-	-	-	-	42	42
Balance as at September 30, 2019	**8,012**	**233**	**481**	**8,726**	**1,436**	**10,162**
Changes in unrealized gains (losses) included in earnings for assets and liabilities for positions still held	**(18)**	**(33)**	**(5)**	**(56)**	**14**	**(42)**

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For the three months ended September 30, 2018[1]	Other invested assets: Investment funds	Other invested assets: Infrastructure related investments	Other invested assets: Real estate related invest-ments	Other invested assets: **Subtotal**	**Invest-ment proper-ties**	**Total**
Balance as at July 1, 2018	7,503	745	460	8,708	1,393	10,101
Net gains (losses) recognized in net investment income	(65)	9	(6)	(62)	30	(32)
Translation losses recognized in other comprehensive income	(12)	(15)	-	(27)	-	(27)
Purchases	145	15	-	160	-	160
Sales	(147)	-	-	(147)	(49)	(196)
Capital expenditures	-	-	-	-	12	12
Balance as at September 30, 2018	**7,424**	**754**	**454**	**8,632**	**1,386**	**10,018**
Changes in unrealized gains (losses) included in earnings for assets and liabilities for positions still held	**(94)**	**(5)**	**(6)**	**(105)**	**30**	**(75)**

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

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For the nine months ended September 30, 2018[1]	Other invested assets: Investment funds	Other invested assets: Infrastructure related investments	Other invested assets: Real estate related invest-ments	**Subtotal**	**Invest-ment proper-ties**	**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	331	(18)	(5)	308	57	365
Translation gains (losses) recognized in other comprehensive income	23	(3)	-	20	-	20
Purchases	658	15	3	676	-	676
Sales	(302)	-	-	(302)	(49)	(351)
Capital expenditures	-	-	-	-	38	38
Transfers into Level 3	-	361	-	361	-	361
Balance as at September 30, 2018	**7,424**	**754**	**454**	**8,632**	**1,386**	**10,018**
Changes in unrealized gains (losses) included in earnings for assets and liabilities for positions still held	**327**	**(19)**	**(5)**	**303**	**57**	**360**

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

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

	Valuation methods	Key unobservable inputs	September 30, 2019 Range of inputs Low	September 30, 2019 Range of inputs High	December 31, 2018 Range of inputs Low	December 31, 2018 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	4.8%	7.8%	4.8%	7.8%
		Terminal capitalization rate	4.3%	7.3%	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 financial instruments

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

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values. Key unobservable inputs include discount and terminal capitalization rates, projected rental income and expenses, inflation rates and vacancy rates. Holding other factors constant, an increase to projected rental income would increase the fair values, while an increase in the inputs for the discount rates and terminal capitalization rates would have the opposite effect.

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

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

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8. Property, equipment and intangible assets

	Property and equipment				Intangible assets		
	Land	**Buildings[1]**	**Leasehold improvements**	**Office and computer equipment**	**Internally developed software**	**Acquired software**	**Total**
Cost							
Balance as at December 31, 2017	**40**	**102**	**19**	**23**	**236**	**8**	**428**
Additions	-	-	1	3	24	-	28
Balance as at December 31, 2018	**40**	**102**	**20**	**26**	**260**	**8**	**456**
Adjustments[2]	-	152	-	-	-	-	152
Additions	-	1	2	-	23	-	26
Balance as at September 30, 2019	**40**	**255**	**22**	**26**	**283**	**8**	**634**
Accumulated depreciation and amortization							
Balance as at December 31, 2017	-	**32**	**15**	**22**	**55**	**2**	**126**
Depreciation and amortization	-	3	2	1	35	2	43
Balance as at December 31, 2018	-	**35**	**17**	**23**	**90**	**4**	**169**
Adjustments[2]	-	80	-	-	-	-	80
Depreciation and amortization	-	6	1	-	28	2	37
Balance as at September 30, 2019	-	**121**	**18**	**23**	**118**	**6**	**286**

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	Property and equipment				Intangible assets		
	Land	Buildings[1]	Leasehold improvements	Office and computer equipment	Internally developed software	Acquired software	Total
Carrying amounts							
At December 31, 2018	40	67	3	3	170	4	287
At September 30, 2019	40	134	4	3	165	2	348

1. Buildings include right-of-use assets of $69, net of accumulated depreciation of $84.
2. Adjustments related to the initial application of IFRS 16.

The carrying amount for internally developed software as at September 30, 2019 includes $46 of costs (December 31, 2018 – $25) for software that was not yet available for use and therefore was not yet subject to amortization.

The WSIB has determined that there was no impairment of property, equipment and intangible assets during the nine months ended September 30, 2019.

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9. Payables and other liabilities

	September 30 2019	December 31 2018
Administration payables	305	336
Investment payables	83	341
Experience rating refunds	863	779
Other liabilities	36	148
Total payables and other liabilities	**1,287**	**1,604**

Payables are expected to be paid within 12 months from the reporting date. Experience rating refunds are expected to be paid over a period of more than one year.

10. Long-term debt and lease liabilities

Long-term debt and lease liabilities are comprised of the following:

	September 30 2019	December 31 2018
Mortgages payable	70	70
Lease liabilities	139	46
Less: Current portion	(7)	(2)
Total long-term debt and lease liabilities	**202**	**114**

11. Employee benefit plans

Employee benefit plans expense

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

	Pension plans		Other benefits		Total	
For the three months ended September 30	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Current service cost	26	29	4	5	30	34
Net interest on the employee benefit plans liability	7	7	8	7	15	14
Long-term employee benefit losses	-	-	1	-	1	-
Employee benefit plans expense	**33**	**36**	**13**	**12**	**46**	**48**

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	Pension plans		**Other benefits**		**Total**	
For the nine months ended September 30	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Current service cost	78	85	12	15	90	100
Net interest on the employee benefit plans liability	22	22	23	21	45	43
Long-term employee benefit losses	-	-	3	1	3	1
Employee benefit plans expense	**100**	**107**	**38**	**37**	**138**	**144**

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

	Pension plans		**Other benefits**		**Total**	
For the three months ended September 30	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Actuarial gains (losses) arising from:						
Financial assumptions	(6)	161	(1)	37	(7)	198
Plan experience	-	-	2	1	2	1
Return on plan assets excluding interest income	15	2	-	-	15	2
Remeasurements of employee benefit plans	**9**	**163**	**1**	**38**	**10**	**201**

	Pension plans		**Other benefits**		**Total**	
For the nine months ended September 30	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Actuarial gains (losses) arising from:						
Financial assumptions	(697)	293	(138)	68	(835)	361
Plan experience	-	-	3	5	3	5
Return on plan assets excluding interest income	197	10	-	-	197	10
Remeasurements of employee benefit plans	**(500)**	**303**	**(135)**	**73**	**(635)**	**376**

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Employee benefit plans liability

The employee benefit plans liability is comprised of the following:

	Pension plans		Other benefits		Total	
	Sept. 30 2019	**Dec. 31 2018**	**Sept.30 2019**	**Dec. 31 2018**	**Sept. 30 2019**	**Dec. 31 2018**
Present value of obligations[1]	4,681	3,880	895	744	5,576	4,624
Fair value of plan assets	(3,469)	(3,200)	-	-	(3,469)	(3,200)
Employee benefit plans liability	**1,212**	**680**	**895**	**744**	**2,107**	**1,424**

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

12. Premium revenues

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

	Three months ended September 30		Nine months ended September 30	
	2019	**2018[1]**	**2019**	**2018[1]**
Gross Schedule 1 premiums	910	1,282	2,769	3,802
Bad debts	(13)	(17)	(41)	(44)
Interest and penalties	16	17	53	53
Other income	1	-	3	1
Schedule 1 employer premiums	**914**	**1,282**	**2,784**	**3,812**
Schedule 2 employer administration fees	23	24	67	72
Premiums	**937**	**1,306**	**2,851**	**3,884**
Net mandatory employer incentive programs	(20)	(15)	(57)	(76)
Net premiums	**917**	**1,291**	**2,794**	**3,808**

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

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13. Benefit liabilities

Benefit liabilities are comprised of the following:

	September 30 2019	**December 31 2018**
Loss of earnings	8,622	8,523
Workers' pensions	5,538	5,731
Health care	4,402	4,254
Survivor benefits	3,122	3,091
Future economic loss	890	982
External providers	99	94
Non-economic loss	290	285
Long latency occupational diseases	2,463	2,384
Claim administration costs	1,351	1,338
Loss of Retirement Income	524	528
Benefit liabilities	**27,301**	**27,210**

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14. Commitments and contingent liabilities

(a) Investment commitments

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

	September 30 2019	**December 31 2018**
Investment funds, infrastructure and real estate related investments	1,930	2,188
Investments in associates and joint ventures	387	80
Purchases or development of investment properties	23	32
Total investment commitments	**2,340**	**2,300**

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 September 30, 2019 are approximately $256 for the period from October 1, 2019 to September 30, 2020.

(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.

15. 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 and nine months ended September 30, 2019 was $62 and $187, respectively (2018 – $67 and $198), 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.

Included in investments as at September 30, 2019 are $1,435 of marketable fixed income securities issued by the Government of Ontario and related entities (December 31, 2018 – $1,376).

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 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 is paid by the WSIB on a cost recovery basis.

Notes to Condensed Interim Consolidated Financial Statements
September 30, 2019
Unaudited (millions of Canadian dollars)

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 11 provides details of transactions with these employee benefit plans.