

# Workplace Safety and Insurance Board

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Second Quarter 2020 Results

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## Message from the Chair and President and CEO

The global COVID-19 pandemic has been a dominant force in the first half of 2020, putting an extra strain on people, families and businesses. During this difficult time, the WSIB has not missed a single day of operations. We executed our business continuity plan to ensure people always had access to our services, the benefits they are entitled to and continued to work with us with ease. Our top priority is to support Ontarians and businesses during this time.

While the province transitions from a full shutdown that began in Q1 to a gradual reopening of the economy, workplace health and safety has never been more important – we are focused on helping businesses, their employees and customers to stay safe.

In Q2, we supported those we serve by:

- Quickly transitioning the organization to a remote-work model – keeping our employees and the people who rely on us safe, while maintaining service levels
- Ensuring no disruptions to benefits or benefit payments for people who rely on us
- Working with the Government of Ontario to create a financial relief package that allows businesses to defer premium payments estimated to be up to \$1.9 billion through August 31, 2020
- Adapting our new Health and Safety Excellence program to help businesses navigate public health guidelines for reopening, workplace health and safety, and to stay pandemic ready

Notably, in June 2020 we launched new online services for people with claims, making it possible for people to view their basic claim information, upload claim documents and send us secure messages, which helps boost people's overall experience of working with us. People with newly registered lost-time claims for musculoskeletal injuries were first to gain access to the new online services, with over 700 registrations within the first few weeks. These services will be expanded to more claim types in the coming months.

Expanding our online services is one of the many improvements the WSIB has planned to improve people's outcomes and experience with us.

This quarter also saw 79% of people with claims report that they were satisfied with their overall experience of working with us. This is the highest score for this group since we launched our quarterly satisfaction survey in 2015. Among businesses, 79% were satisfied, matching the satisfaction level of those with workplace injuries or illnesses.

While the results above are positive, we remain in an uncertain period. We will continue to manage prudently to ensure that benefits and services required are always available and that our financial stability remains. We are committed to working with integrity and compassion to support Ontarians and Ontario businesses, even in the most challenging of times. Together we can continue to build safer and healthier workplaces.



**Elizabeth Witmer**  
Chair, WSIB



**Thomas Teahen**  
President and CEO, WSIB

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## Highlights this quarter

### **Update on impact of COVID-19**

**Work-related COVID-19 claims** | In March, we quickly took action to help inform people about how to submit claims for work-related COVID-19. For a COVID-19 claim to be allowed, evidence must show that the person's risk of contracting the disease through their work is greater than the risk to the public at large and that work contributed significantly to their illness. To determine the work-relatedness of COVID-19 claims, we look at details such as the person's employment activities, their symptoms and whether they have a diagnosis of COVID-19.

By the end of Q2, we had registered 7,051 COVID-19 claims. At the peak of the pandemic in April and May, we were registering more than 150 COVID-19-related claims per day. We also registered 2,788 voluntarily reported exposure incidents related to COVID-19 through our Program for Exposure Incident Reporting (PEIR). Of the COVID-19-related claims where an allowance decision was made, 3,814 (82%) were allowed and 838 (18%) were denied, usually because the COVID-19 test was negative. The remainder of the claims were withdrawn or had yet to be decided.

The health care sector provided the bulk of the claims in Q2. The vast majority of health care sector workers are women, and we saw more than twice as many COVID-19 claims from women than from men. Agriculture became the sector with the second-highest number of COVID-19-related claims after an increase in cases among people working in agriculture in southern Ontario was reported in June.

**Supporting Ontarians during the pandemic** | In Q2, we worked hard to ensure that in addition to being there for Ontarians who needed our benefits and services, we adapted to the new normal many businesses were facing, and ensured we maintained our high service levels.

We adjusted our work processes to ensure people received the benefits and services they needed as quickly as possible. Taking into account constraints Ontarians faced due to the pandemic, we extended time limits for people with workplace injuries and for businesses to report an injury or illness, object to a decision or report a material change in circumstances.

To do our part to keep our communities healthy and safe, a number of our nurses volunteered to support the Ontario government's COVID-19 response as part of the Telehealth team.

**Supporting workplace health and safety as businesses reopen** | At the end of 2019, we launched our Health and Safety Excellence program – a program designed to help make Ontario workplaces safer. Our program provides a roadmap for businesses in Ontario to develop health and safety programs based on best practice, and it makes health and safety accessible to businesses of all sizes and from all sectors.

Since the onset of COVID-19 in Ontario, the program has been adapted to help businesses stay pandemic ready and safe. Five of the program's 36 topics address immediate pandemic-related priorities to help businesses safely resume operations and remain open. Participating businesses that already had an approved action plan were allowed to switch to topics that address the impacts of COVID-19.

**Safe in-person visits restarted** | In June, we resumed visits to people's workplaces or homes in some circumstances. Before that, we had only been meeting with customers by phone or virtually to help reduce the spread of COVID-19. Our first priority in resuming in-person visits has been health and safety – both for the people we help and our staff. Our plan includes guidelines to assess when we can safely conduct a visit in person, distribution of appropriate personal protective equipment (PPE) to anyone doing field work, and training on how to make sure the right health and safety precautions are in place.

### **Operational highlights**

**Claim volume reduced, but increasing** | We registered 37% fewer Schedule 1 claims in Q2 2020 than we did in Q2 2019. Year-to-date claim volume was 25% lower in 2020 than in 2019. This decrease is in large part due to the restrictions on economic activity to limit the spread of COVID-19. With some businesses closed and fewer hours worked in the province, workplace injuries and illnesses also decreased. The decrease has been greater for no-lost-time claims than for lost-time claims.

With the gradual reopening of businesses starting in May and June, claim volume started to increase, and we expect this trend to continue as more businesses resume operations.

**Longer claim durations** | Schedule 1 claim durations continued to be higher in Q2 2020 compared with the same quarter last year. Duration is the amount of time that claims continue to require benefits on average. Compared with Q2 2019, three-month duration rose to 15.5% from 14.2%, and 12-month duration rose to 5.9% from 5.8%. The increase in durations is part of a trend that began in 2016.

Given that durations are rolling 12-month averages, the impact of COVID-19 on Q2 duration results is limited. Because of the relatively larger number of COVID-19 claims and the fact that they tend to have short durations, these claims may end up improving our duration results later this year as they start to be reflected.

Once claims reach 72-month duration, they may be locked-in for benefits, which occurred for 256 claims in Q2. This continues to be below our quarterly target of 326 locked-in claims, and is also lower than the 280 locked-in claims we had in Q2 2019.

**Online services for people with claims** | On June 3, we launched new online services for people with claims. People can now view their basic claim information, upload documents and send us secure messages, helping to improve people's overall experience. We started by giving access to people with newly registered lost-time claims for musculoskeletal injuries and plan to expand the services to more claim types in the coming months. More than 700 people signed up in the first weeks of the new services.

### **Financial highlights**

**Funded position** | As at June 30, 2020, our net assets on a Sufficiency Ratio basis were \$4.8 billion, an increase of \$0.5 billion from \$4.3 billion as at December 31, 2019. This corresponds to a Sufficiency Ratio of 115.4%, compared to 113.7% at year-end 2019. The increase mainly reflects the deferral of current period investment losses, recognition of deferred investment income from prior periods and the going concern adjustments of the employee benefit plans liability.

**Premium rate reduction** | Net premiums decreased \$320 million, or 32.0%, compared to Q2 2019, primarily reflecting a 28.7% reduction in Schedule 1 employer premiums driven mainly by the 17.0% reduction to the published 2020 premium rates and a decrease in insurable earnings. On March 25, the WSIB announced that it would be offering financial relief to businesses by allowing them to defer reporting and payment of their WSIB premiums until August 31, 2020. In lieu of employer reporting, we have compared economic reports for Ontario for June year-to-date 2020 and 2019, to estimate the impact of COVID-19 on premiums by including an 11.4% reduction in employment for Q2.

**Investment returns** | Our investment portfolio produced a 6.7% gross return during the quarter, compared to a 1.9% gross return in the same quarter last year primarily due to a partial recovery in financial markets this quarter following the downturn experienced in Q1 2020 at the beginning of the COVID-19 pandemic. Portfolio gains in Q2 were driven by positive returns in public equities (+14.3%), diversified markets (+7.7%), public market alternatives (+3.9%), infrastructure (+2.4%) and fixed income (+2.3%). This was partially offset by negative returns in real estate (-1.9%). Long-term investment returns (10-year (+7.7%) and 15-year (+6.0%)) remain within, or above, the long-term expected range of 3.9% to 6.6%.

**Liquidity and capital resources** | As at June 30, 2020, we held \$4,484 million of cash and cash equivalents, of which \$4,267 million was held for investing purposes and \$217 million was held for operating purposes.

### **Financial results and outlook**

#### **Results of operations**

The WSIB reported total comprehensive income of \$1,162 million for the three months ended June 30, 2020, compared to total comprehensive income of \$400 million for the same period last year mainly due to the following:

- A decrease in net premiums of \$320 million mainly due to lower gross Schedule 1 premiums attributable to the 17.0% reduction in the published 2020 premium rates and lower insurable earnings, partially offset by higher net surcharges for mandatory employer incentive programs.
- An increase in net investment income of \$1,542 million mainly attributable to a partial recovery in financial markets following the downturn experienced in Q1 2020 at the beginning of the COVID-19 pandemic.
- A decrease in claim payments of \$27 million mainly due to lower health care and external provider expense.
- As expected, an increase in total administrative and other expenses, before allocation to claim costs, of \$20 million primarily reflecting \$14 million of higher employee benefit plans expenses and \$6 million of higher other expenses.
- A decrease in total other comprehensive loss of \$504 million mainly due to larger loss from the remeasurement of employee benefit plans arising from changes in discount rates.

## Second Quarter 2020 Results

For the six months ended June 30, 2020, total comprehensive loss was \$2,403 million, compared to total comprehensive income of \$1,759 million for the same period last year mainly due to the following:

- A decrease in net premiums of \$469 million mainly due to lower gross Schedule 1 premiums attributable to the 17.0% reduction in the published 2020 premium rates and lower insurable earnings, partially offset by higher net surcharges for mandatory employer incentive programs.
- A decrease in net investment income of \$3,820 million mainly attributable to the market downturn and instability resulting from the COVID-19 pandemic, primarily affecting the public equity securities and diversified markets.
- A decrease in claim payments of \$5 million mainly due to lower health care and external provider expense as well as a natural decline in expenses related to legacy benefit categories, partially offset by higher loss of earnings.
- As expected, an increase in total administrative and other expenses, before allocation to claim costs, of \$37 million primarily reflecting \$22 million of higher employee benefit plans expenses and \$12 million of higher other expenses primarily reflecting new initiatives as part of our transformational efforts.

### **Outlook**

#### **Premiums**

Premium revenues are expected to decrease in 2020. This expectation reflects the 17.0% reduction to the published average premium rate determined under the new premium rate-setting model and the expected adverse implications of COVID-19 on insurable earnings growth and premiums paid by employers on every \$100 of insurable payroll.

#### **Net investment income**

While our long-term investment return objective is planned within an expected range of 3.9% to 6.6%, we expect lower investment returns in 2020 and near-term volatility due to market and economic conditions as a result of COVID-19. We will continue to implement our Strategic Investment Plan (“SIP”) in a way that permits us to take advantage of investment opportunities without exposing us to a higher level of expected volatility and corresponding investment risk over the long term.

#### **Claim payments**

Claim payments are anticipated to approximate the level of claim payments in 2019. While slowdown in economic activity may reduce claim payments related to new injuries, it may also push durations higher for existing claims thereby offsetting the effect of lower new claim volume. For certain categories such as health care, although diminished activity has the effect of deferring the majority of costs rather than eliminating them, the costs may not materialize until the following year. Consideration of these factors, together with high uncertainty in the economic outlook, leads to expectations of claim payments lower than budget.

#### **Administration and other expenses**

While administration and other expenses are anticipated to increase in 2020 compared to our 2019 actuals (reflecting increases to information technology costs, salaries and short-term benefits and employee benefit plans expenses), the WSIB is exploring both expense savings and expenditure deferral opportunities to prudently manage our cash flows.

#### **Legislated obligations and funding commitments**

Legislated obligations and funding commitments are anticipated to increase, reflecting higher costs for Ministry of Labour, Training and Skills Development’s (“MLTSD”) new voluntary Supporting Ontario’s Safe Employers program, higher costs for the WSIB’s new Health and Safety Excellence program and higher

MLTSD Prevention costs, partially offset by lower Safety program rebates and lower costs for MLTSD's Occupational Health and Safety Program.

### **Net assets**

Lower than expected premium revenues and investment returns in 2020 due to the impacts of the COVID-19 outbreak are expected to decrease our net asset position.

### **Liquidity**

A range of stress tests are used in our liquidity assessments and a portion of assets will continue to be maintained in highly liquid government securities to ensure funds are available as required. We do not anticipate encountering difficulty in meeting payment obligations when due.

### **Reconciliation of the net assets on a Sufficiency Ratio basis**

As at June 30, 2020, the Sufficiency Ratio, as defined in the *Ontario Regulation 141/12* and amended by *Ontario Regulation 338/13* (collectively, the "Ontario Regulations"), was 115.4% (December 31, 2019 – 113.7%). Set forth below is the reconciliation of the net assets between the IFRS basis and Sufficiency Ratio basis:

<b>(millions of Canadian dollars)</b>	<b>June 30 2020</b>	<b>December 31 2019</b>
Net assets attributable to WSIB stakeholders on an IFRS basis	2,301	4,588
<i>Add (Less):</i> Adjustments per Ontario Regulations:		
Change in valuation of invested assets	686	(1,686)
Change in valuation of employee benefit plans liability	1,996	1,283
Change in valuation of invested assets attributable to non-controlling interests	(202)	84
<b>Net assets attributable to WSIB stakeholders on a Sufficiency Ratio basis</b>	<b>4,781</b>	<b>4,269</b>
<b>Sufficiency Ratio</b>	<b>115.4%</b>	<b>113.7%</b>

### **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.



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

	Note	June 30 2020	December 31 2019
<b>Assets</b>			
Cash and cash equivalents		4,484	3,408
Receivables and other assets	4	1,642	1,297
Public equity securities	6	12,276	14,915
Fixed income securities	6	7,083	7,728
Derivative assets	6	105	223
Investment properties	6	1,213	1,368
Investments in associates and joint ventures		2,461	2,458
Other invested assets	6	8,953	8,783
Property, equipment and intangible assets		348	356
<b>Total assets</b>		<b>38,565</b>	<b>40,536</b>
<b>Liabilities</b>			
Payables and other liabilities		1,186	1,163
Derivative liabilities	6	63	72
Long-term debt and lease liabilities		178	201
Loss of Retirement Income Fund liability		1,913	2,000
Employee benefit plans liability	7	2,602	1,971
Benefit liabilities	9	27,132	27,110
<b>Total liabilities</b>		<b>33,074</b>	<b>32,517</b>
<b>Net assets</b>			
Reserves		2,997	4,676
Accumulated other comprehensive loss		(696)	(88)
<b>Net assets attributable to WSIB stakeholders</b>		<b>2,301</b>	<b>4,588</b>
Non-controlling interests		3,190	3,431
<b>Total net assets</b>		<b>5,491</b>	<b>8,019</b>
<b>Total liabilities and net assets</b>		<b>38,565</b>	<b>40,536</b>

Approved by the Board of Directors



**Elizabeth Witmer**  
 Chair  
 September 17, 2020



**Leslie Lewis**  
 Audit and Finance Committee (Chair)  
 September 17, 2020

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

## Second Quarter 2020 Results

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

	Note	Three months ended June 30		Six months ended June 30	
		2020	2019	2020	2019
<b>Revenues</b>					
Premiums	8	673	1,014	1,397	1,914
Net mandatory employer incentive programs	8	8	(13)	11	(37)
<b>Net premiums</b>		<b>681</b>	<b>1,001</b>	<b>1,408</b>	<b>1,877</b>
Investment income (loss)	5	2,257	705	(1,132)	2,650
Investment expenses	5	(66)	(56)	(158)	(120)
<b>Net investment income (loss)</b>		<b>2,191</b>	<b>649</b>	<b>(1,290)</b>	<b>2,530</b>
<b>Total revenues</b>		<b>2,872</b>	<b>1,650</b>	<b>118</b>	<b>4,407</b>
<b>Expenses</b>					
Claim payments	10	602	629	1,253	1,258
Claim administration costs	10	114	111	231	222
Change in actuarial valuation of benefit liabilities	10	(26)	(11)	22	71
<b>Total claim costs</b>		<b>690</b>	<b>729</b>	<b>1,506</b>	<b>1,551</b>
Loss of Retirement Income Fund contributions		14	14	28	28
Administration and other expenses	11	133	119	259	234
Legislated obligations and funding commitments		47	66	117	129
<b>Total expenses</b>		<b>884</b>	<b>928</b>	<b>1,910</b>	<b>1,942</b>
<b>Excess (deficiency) of revenues over expenses</b>		<b>1,988</b>	<b>722</b>	<b>(1,792)</b>	<b>2,465</b>
<b>Other comprehensive loss</b>					
Item that will not be reclassified subsequently to income					
Remeasurements of employee benefit plans	7	(775)	(293)	(582)	(645)
Item that will be reclassified subsequently to income					
Translation losses from net foreign investments		(51)	(29)	(29)	(61)
<b>Total other comprehensive loss</b>		<b>(826)</b>	<b>(322)</b>	<b>(611)</b>	<b>(706)</b>
<b>Total comprehensive income (loss)</b>		<b>1,162</b>	<b>400</b>	<b>(2,403)</b>	<b>1,759</b>
<b>Excess (deficiency) of revenues over expenses attributable to:</b>					
WSIB stakeholders		1,773	661	(1,679)	2,221
Non-controlling interests		215	61	(113)	244
		<b>1,988</b>	<b>722</b>	<b>(1,792)</b>	<b>2,465</b>
<b>Total comprehensive income (loss) attributable to:</b>					
WSIB stakeholders		952	342	(2,287)	1,521
Non-controlling interests		210	58	(116)	238
		<b>1,162</b>	<b>400</b>	<b>(2,403)</b>	<b>1,759</b>

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 June 30		Six months ended June 30	
		2020	2019	2020	2019
<b>Reserves</b>					
Balance at beginning of period		1,224	2,591	4,676	1,056
Effect of initial application of IFRS 16		-	-	-	(25)
Adjusted balance at beginning of period		1,224	2,591	4,676	1,031
Excess (deficiency) of revenues over expenses		1,773	661	(1,679)	2,221
<b>Balance at end of period</b>		<b>2,997</b>	<b>3,252</b>	<b>2,997</b>	<b>3,252</b>
<b>Accumulated other comprehensive income (loss)</b>					
Balance at beginning of period		125	47	(88)	428
Remeasurements of employee benefit plans	7	(775)	(293)	(582)	(645)
Translation losses from net foreign investments		(46)	(26)	(26)	(55)
<b>Balance at end of period</b>		<b>(696)</b>	<b>(272)</b>	<b>(696)</b>	<b>(272)</b>
<b>Net assets attributable to WSIB stakeholders</b>		<b>2,301</b>	<b>2,980</b>	<b>2,301</b>	<b>2,980</b>
<b>Non-controlling interests</b>					
Balance at beginning of period		3,094	3,278	3,431	3,158
Excess (deficiency) of revenues over expenses		215	61	(113)	244
Translation losses from net foreign investments		(5)	(3)	(3)	(6)
Change in ownership share in investments		(114)	13	(125)	(47)
<b>Balance at end of period</b>		<b>3,190</b>	<b>3,349</b>	<b>3,190</b>	<b>3,349</b>
<b>Total net assets</b>		<b>5,491</b>	<b>6,329</b>	<b>5,491</b>	<b>6,329</b>

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

## Second Quarter 2020 Results

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

	Note	Three months ended June 30		Six months ended June 30	
		2020	2019	2020	2019
<b>Operating activities:</b>					
Total comprehensive income (loss)		1,162	400	(2,403)	1,759
Adjustments:					
Amortization of net discount on investments		(3)	(8)	(11)	(16)
Depreciation and amortization of property, equipment and intangible assets		13	13	27	26
Changes in fair value of investments		(2,297)	(509)	1,427	(2,303)
Changes in fair value of investment properties		5	(3)	19	(8)
Translation losses from net foreign investments		51	29	29	61
Dividend income from public equity securities		(133)	(108)	(243)	(259)
Loss (income) from investments in associates and joint ventures		124	(44)	103	(62)
Interest income		(40)	(51)	(89)	(97)
Interest expense		2	3	5	6
<b>Total comprehensive loss after adjustments</b>		<b>(1,116)</b>	<b>(278)</b>	<b>(1,136)</b>	<b>(893)</b>
Changes in non-cash balances related to operations:					
Receivables and other assets, excluding those related to investing activities		(219)	(110)	(30)	(44)
Payables and other liabilities, excluding those related to investing and financing activities		(18)	83	(258)	(140)
Loss of Retirement Income Fund liability		78	15	(87)	87
Employee benefit plans liability	7	803	300	631	658
Benefit liabilities	9	(26)	(11)	22	71
<b>Total changes in non-cash balances related to operations</b>		<b>618</b>	<b>277</b>	<b>278</b>	<b>632</b>
<b>Net cash required by operating activities</b>		<b>(498)</b>	<b>(1)</b>	<b>(858)</b>	<b>(261)</b>
<b>Investing activities:</b>					
Dividends received from public equity securities, associates and joint ventures		152	130	271	282
Interest received		56	72	99	95
Purchases of property, equipment and intangible assets		(6)	(11)	(17)	(17)
Purchases of investments		(8,774)	(6,410)	(16,339)	(10,225)
Proceeds on sales and maturities of investments		10,436	6,269	18,057	10,485
Net dispositions (additions) to investment properties		(6)	14	136	4
Net dispositions (additions) to investments in associates and joint ventures		(71)	-	(117)	8
<b>Net cash provided by investing activities</b>		<b>1,787</b>	<b>64</b>	<b>2,090</b>	<b>632</b>
<b>Financing activities:</b>					
Net contributions (redemptions) related to non-controlling interests		(95)	36	(93)	3
Distributions paid by subsidiaries to non-controlling interests		(19)	(23)	(32)	(50)
Repayment of debt and lease liabilities		(2)	(2)	(26)	(3)
Interest paid on debt and lease liabilities		(2)	(3)	(5)	(6)
<b>Net cash provided (required) by financing activities</b>		<b>(118)</b>	<b>8</b>	<b>(156)</b>	<b>(56)</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,171</b>	<b>71</b>	<b>1,076</b>	<b>315</b>
Cash and cash equivalents, beginning of period		3,313	2,782	3,408	2,538
<b>Cash and cash equivalents, end of period</b>		<b>4,484</b>	<b>2,853</b>	<b>4,484</b>	<b>2,853</b>

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

**Notes to Condensed Interim Consolidated Financial Statements**  
**June 30, 2020**  
**Unaudited (millions of Canadian dollars)**

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## **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, 2019. Except as noted in note 3, 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, 2019.

These unaudited condensed interim consolidated financial statements were authorized for issuance by the WSIB’s Board of Directors on September 17, 2020.

## **3. Significant accounting policies, estimates and assumptions**

The WSIB is required to apply judgment in its accounting policies, estimates and assumptions that affect the reported amounts recognized in these unaudited condensed interim consolidated financial statements. The accounting policies, significant estimates and assumptions that are significant in these unaudited condensed interim consolidated financial statements are consistent with those applied in the annual information provided in the consolidated financial statements for the year ended December 31, 2019.

### **(a) Impact of the COVID-19 pandemic**

The WSIB has been closely monitoring developments related to COVID-19 and its existing and potential impact on the WSIB’s results and operations.

COVID-19 presents additional measurement uncertainty in the key unobservable inputs used in assessing the fair value of certain financial instruments and investment properties. For real estate related investments, the key unobservable inputs include the discount rate and the terminal capitalization rate. For infrastructure investments, the key unobservable inputs include the discount rate and expected future cash flows.

The WSIB is required to assess if an investment in an associate or joint venture is impaired and impaired losses are incurred if, and only if, there is objective evidence of impairment. The COVID-19 pandemic has resulted in a loss event in Q2 2020 for certain of the WSIB’s associates and joint ventures. An impairment loss related to the associate or joint venture is the amount by which the carrying amount exceeds its estimated recoverable amount. The estimated recoverable amount uses management’s best

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estimates of fair value as well as the present value of future cash flows based on current and anticipated market conditions.

The impact of COVID-19 on the employee benefit plans liability may be reflected on the fair value of plan assets. Further, there is increased uncertainty in the present value of the pension obligation as it includes management's estimates and assumptions of compensation increases, mortality, retirement ages of employees and discount rates.

There is increased uncertainty in the estimates and assumptions used in the actuarial valuation of the benefit liability. These estimates and assumptions include claim duration, mortality rates, wage and health care escalations, general inflation, discount rates and COVID-19-related claims.

As part of the effort to help reduce the financial burden of the COVID-19 situation, the WSIB, in partnership with the Government of Ontario, has offered a financial relief package allowing employers to defer premium reporting and payments until August 31, 2020, with no interest or penalties accruing during the deferral period. Refer to Note 13 for additional information on the repayment schedule under the financial relief package. As a result of employers electing to defer premium reporting and payments, there is additional uncertainty around estimates and assumptions used in the recognition of premium revenues. Furthermore, COVID-19 has introduced additional uncertainty around estimates and assumptions used in the recognition of an allowance for doubtful accounts due to the deferral option. Critical assumptions used in the recognition of premium revenues and an allowance for doubtful accounts include the employment rate, average wage, and real GDP growth rate as it applies to Ontario's economic outlook as well as the WSIB's current and historical cash collection experience.

The WSIB has applied valuation techniques using estimates and assumptions that reflect information available when these unaudited condensed interim consolidated financial statements were prepared and management believes that the amounts recorded are appropriate. Changes in these key estimates and assumptions could materially impact the carrying values of the respective assets and liabilities.

**(b) Standards and amendments adopted during the current year**

**Amendments to IFRS 3 *Business Combinations* ("IFRS 3")**

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 were effective for annual reporting periods beginning on or after January 1, 2020. The adoption of these amendments did not 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 were effective for annual reporting periods beginning on or after January 1, 2020. The adoption of these amendments did not have a significant impact on the WSIB's unaudited condensed interim consolidated financial statements.

**(c) Future changes in accounting standards**

**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, 2023. The WSIB is currently assessing the impact of adopting this standard and expects that it will have a significant impact on the WSIB's consolidated financial statements.

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

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.

The WSIB will defer IFRS 9 until January 1, 2023, 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). 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 consolidated financial statements as most of the WSIB’s financial instruments are measured at fair value.

**4. Receivables and other assets**

Receivables and other assets are comprised of the following:

	<b>June 30 2020</b>	<b>December 31 2019</b>
Premium receivables	432	357
Accrued premium receivables	369	396
Less: Allowance for doubtful accounts <sup>1</sup>	(168)	(139)
<b>Net premium receivables</b>	<b>633</b>	<b>614</b>
Investment receivables <sup>2</sup>	612	298
<b>Total receivables</b>	<b>1,245</b>	<b>912</b>
Other assets <sup>3</sup>	397	385
<b>Total receivables and other assets</b>	<b>1,642</b>	<b>1,297</b>

1. The allowance for doubtful accounts include an additional provision of \$19 in consideration of the COVID-19 pandemic.
2. Investment receivables include amounts of \$10 (2019 – \$5) which are expected to be received over a period of more than one year.
3. Other assets include employer incentive program surcharges of \$327 (2019 – \$309) which are expected to be received over a period of more than one year.

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**5. Net investment income (loss)**

Net investment income (loss) by nature of invested assets for the three months and six months ended June 30 is as follows:

	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Cash and cash equivalents	2	5	7	9
Public equity securities	1,629	149	(723)	1,425
Fixed income securities	126	92	361	247
Derivative financial instruments	684	371	(920)	873
Investment properties	4	18	7	36
Investments in associates and joint ventures <sup>1</sup>	(124)	44	(103)	62
Other invested assets				
Investment funds	81	67	242	147
Infrastructure related investments	(19)	(11)	(20)	(23)
Real estate related investments	(28)	2	(32)	(5)
<i>Add (Less):</i> Income attributable to Loss of Retirement Income Fund	(98)	(32)	49	(121)
<b>Investment income (loss)</b>	<b>2,257</b>	<b>705</b>	<b>(1,132)</b>	<b>2,650</b>
<i>Less:</i> Investment expenses <sup>2</sup>	(66)	(56)	(158)	(120)
<b>Net investment income (loss)</b>	<b>2,191</b>	<b>649</b>	<b>(1,290)</b>	<b>2,530</b>

- As at June 30, 2020, the WSIB identified indicators of impairment with respect to its investment in a joint venture, accounted for using the equity method of accounting, which is a provider of ferry services between the Isle of Wight and the United Kingdom. The onset of the COVID-19 pandemic and resulting limitations to passenger travel using ferry services has resulted in reduced passenger volumes and overall financial strain. The WSIB determined the recoverable amount of the investment to approximate \$140 based on the higher of value-in-use and fair value less costs to sell. An impairment loss of \$39 has been included in the condensed interim consolidated statements of comprehensive income (loss).
- Includes \$33 and \$70 of management fees paid to investment managers for the three months and six months ended June 30, 2020, respectively (2019 – \$26 and \$59).



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## 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 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:

	June 30, 2020				December 31, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets and liabilities measured at fair value</b>								
Cash and cash equivalents <sup>1</sup>	2,611	1,873	-	<b>4,484</b>	1,270	2,138	-	<b>3,408</b>
Public equity securities	12,275	1	-	<b>12,276</b>	14,833	82	-	<b>14,915</b>
Fixed income securities	-	7,083	-	<b>7,083</b>	-	7,728	-	<b>7,728</b>
Derivative assets	50	55	-	<b>105</b>	54	169	-	<b>223</b>
Investment properties <sup>2</sup>	-	-	1,213	<b>1,213</b>	-	-	1,368	<b>1,368</b>
Other invested assets								
Investment funds	-	-	8,392	<b>8,392</b>	-	-	8,161	<b>8,161</b>
Infrastructure related investments	-	-	121	<b>121</b>	-	-	144	<b>144</b>
Real estate related investments	-	-	440	<b>440</b>	-	-	478	<b>478</b>
Derivative liabilities	(26)	(37)	-	<b>(63)</b>	(55)	(17)	-	<b>(72)</b>
<b>Assets and liabilities for which fair value is disclosed</b>								
Investment receivables <sup>1</sup>	-	612	-	<b>612</b>	-	298	-	<b>298</b>
Administration payables <sup>1</sup>	(303)	-	-	<b>(303)</b>	(342)	-	-	<b>(342)</b>
Investment payables <sup>1</sup>	-	(337)	-	<b>(337)</b>	-	(54)	-	<b>(54)</b>
Long-term debt <sup>3</sup>	-	(73)	-	<b>(73)</b>	-	(68)	-	<b>(68)</b>
Loss of Retirement Income Fund liability	-	-	(1,913)	<b>(1,913)</b>	-	-	(2,000)	<b>(2,000)</b>

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. Investment properties include a right-of-use asset of \$11 (December 31, 2019 – \$30).
3. Carrying amount as at June 30, 2020 was \$70 (December 31, 2019 – \$70).

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

During the three months and six months ended June 30, 2020 and June 30, 2019, there were no transfers between Level 1 and Level 2.

During the three months and six months ended June 30, 2020 and June 30, 2019, there were no transfers between Level 2 and Level 3.

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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:

<b>For the three months ended June 30, 2020</b>	<b>Other invested assets</b>					
	<b>Investment funds</b>	<b>Infrastructure related investments</b>	<b>Real estate related investments</b>	<b>Subtotal</b>	<b>Investment properties</b>	<b>Total</b>
Balance as at April 1, 2020	8,313	140	473	8,926	1,214	10,140
Net gains (losses) recognized in net investment income (loss)	77	(19)	(33)	25	(5)	20
Foreign translation losses recognized in other comprehensive income	(30)	-	-	(30)	-	(30)
Purchases	473	-	-	473	-	473
Sales	(441)	-	-	(441)	-	(441)
Capital expenditures	-	-	-	-	4	4
<b>Balance as at June 30, 2020</b>	<b>8,392</b>	<b>121</b>	<b>440</b>	<b>8,953</b>	<b>1,213</b>	<b>10,166</b>
<b>Changes in unrealized losses included in earnings for assets and liabilities for positions still held</b>	<b>(28)</b>	<b>(21)</b>	<b>(33)</b>	<b>(82)</b>	<b>(5)</b>	<b>(87)</b>

<b>For the six months ended June 30, 2020</b>	<b>Other invested assets</b>					
	<b>Investment funds</b>	<b>Infrastructure related investments</b>	<b>Real estate related investments</b>	<b>Subtotal</b>	<b>Investment properties</b>	<b>Total</b>
Balance as at January 1, 2020	8,161	144	478	8,783	1,368	10,151
Net gains (losses) recognized in net investment income (loss)	123	(23)	(38)	62	(19)	43
Foreign translation losses recognized in other comprehensive income	(51)	-	-	(51)	-	(51)
Purchases	1,010	-	-	1,010	-	1,010
Sales	(851)	-	-	(851)	(150)	(1,001)
Capital expenditures	-	-	-	-	14	14
<b>Balance as at June 30, 2020</b>	<b>8,392</b>	<b>121</b>	<b>440</b>	<b>8,953</b>	<b>1,213</b>	<b>10,166</b>
<b>Changes in unrealized losses included in earnings for assets and liabilities for positions still held</b>	<b>(86)</b>	<b>(24)</b>	<b>(38)</b>	<b>(148)</b>	<b>(19)</b>	<b>(167)</b>

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<b>For the three months ended June 30, 2019</b>	<b>Other invested assets</b>			<b>Subtotal</b>	<b>Investment properties</b>	<b>Total</b>
	<b>Investment funds</b>	<b>Infrastructure related investments</b>	<b>Real estate related investments</b>			
Balance as at April 1, 2019	7,537	398	480	8,415	1,425	9,840
Net gains (losses) recognized in net investment income	14	(4)	1	11	4	15
Foreign translation losses recognized in other comprehensive income	(19)	(12)	-	(31)	-	(31)
Purchases	609	-	-	609	-	609
Sales	(126)	-	-	(126)	(32)	(158)
Capital expenditures	-	-	-	-	18	18
<b>Balance as at June 30, 2019</b>	<b>8,015</b>	<b>382</b>	<b>481</b>	<b>8,878</b>	<b>1,415</b>	<b>10,293</b>
<b>Changes in unrealized gains (losses) included in earnings for assets and liabilities for positions still held</b>	<b>(25)</b>	<b>(16)</b>	<b>1</b>	<b>(40)</b>	<b>4</b>	<b>(36)</b>

<b>For the six months ended June 30, 2019</b>	<b>Other invested assets</b>			<b>Subtotal</b>	<b>Investment properties</b>	<b>Total</b>
	<b>Investment funds</b>	<b>Infrastructure related investments</b>	<b>Real estate related investments</b>			
Balance as at January 1, 2019	8,032	412	485	8,929	1,412	10,341
Net gains (losses) recognized in net investment income	(64)	(1)	(5)	(70)	8	(62)
Foreign translation losses recognized in other comprehensive income	(36)	(29)	-	(65)	-	(65)
Purchases	726	-	1	727	-	727
Sales	(643)	-	-	(643)	(32)	(675)
Capital expenditures	-	-	-	-	27	27
<b>Balance as at June 30, 2019</b>	<b>8,015</b>	<b>382</b>	<b>481</b>	<b>8,878</b>	<b>1,415</b>	<b>10,293</b>
<b>Changes in unrealized gains (losses) included in earnings for assets and liabilities for positions still held</b>	<b>(158)</b>	<b>(30)</b>	<b>(5)</b>	<b>(193)</b>	<b>8</b>	<b>(185)</b>

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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	June 30, 2020 Range of inputs		December 31, 2019 Range of inputs	
			Low	High	Low	High
<b>Investment funds</b>	Net asset value	Net asset value	n/a	n/a	n/a	n/a
<b>Infrastructure related investments</b>	Discounted cash flow and market comparable	Discount rate and expected future cash flows	n/a	n/a	n/a	n/a
<b>Real estate related investments and investment properties</b>	Discounted cash flow and market comparable	Discount rate	4.8%	8.0%	4.8%	7.8%
		Terminal capitalization rate	4.3%	7.3%	4.3%	7.0%
<b>Loss of Retirement Income Fund liability</b>	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 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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**7. 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 six months ended June 30 is as follows:

	Pension plans		Other benefits		Total	
	2020	2019	2020	2019	2020	2019
<b>For the three months ended June 30</b>						
Current service cost	34	26	6	4	40	30
Net interest on the employee benefit plans liability	9	7	7	8	16	15
Long-term employee benefit losses (gains)	-	-	3	-	3	-
<b>Employee benefit plans expense</b>	<b>43</b>	<b>33</b>	<b>16</b>	<b>12</b>	<b>59</b>	<b>45</b>

	Pension plans		Other benefits		Total	
	2020	2019	2020	2019	2020	2019
<b>For the six months ended June 30</b>						
Current service cost	68	52	12	8	80	60
Net interest on the employee benefit plans liability	18	15	14	15	32	30
Long-term employee benefit losses (gains)	-	-	2	2	2	2
<b>Employee benefit plans expense</b>	<b>86</b>	<b>67</b>	<b>28</b>	<b>25</b>	<b>114</b>	<b>92</b>

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

	Pension plans		Other benefits		Total	
	2020	2019	2020	2019	2020	2019
<b>For the three months ended June 30</b>						
Actuarial gains (losses) arising from:						
Financial assumptions	(789)	(271)	(170)	(54)	(959)	(325)
Plan experience	-	-	(1)	1	(1)	1
Return on plan assets excluding interest income	185	31	-	-	185	31
<b>Remeasurements of employee benefit plans</b>	<b>(604)</b>	<b>(240)</b>	<b>(171)</b>	<b>(53)</b>	<b>(775)</b>	<b>(293)</b>

	Pension plans		Other benefits		Total	
	2020	2019	2020	2019	2020	2019
<b>For the six months ended June 30</b>						
Actuarial gains (losses) arising from:						
Financial assumptions	(351)	(691)	(65)	(137)	(416)	(828)
Plan experience	1	-	(1)	1	-	1
Return on plan assets excluding interest income	(166)	182	-	-	(166)	182
<b>Remeasurements of employee benefit plans</b>	<b>(516)</b>	<b>(509)</b>	<b>(66)</b>	<b>(136)</b>	<b>(582)</b>	<b>(645)</b>

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**Employee benefit plans liability**

The employee benefit plans liability is comprised of the following:

	Pension plans		Other benefits		Total	
	Jun. 30 2020	Dec. 31 2019	Jun. 30 2020	Dec. 31 2019	Jun. 30 2020	Dec. 31 2019
Present value of obligations <sup>1</sup>	5,050	4,620	981	911	6,031	5,531
Fair value of plan assets	(3,429)	(3,560)	-	-	(3,429)	(3,560)
<b>Employee benefit plans liability</b>	<b>1,621</b>	<b>1,060</b>	<b>981</b>	<b>911</b>	<b>2,602</b>	<b>1,971</b>

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

**8. Premium revenues**

A summary of premiums for the three months and six months ended June 30 is as follows:

	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Gross Schedule 1 premiums	697	977	1,396	1,859
Bad debts	(45)	(8)	(61)	(28)
Interest and penalties	(2)	21	14	37
Other income	(1)	1	-	2
<b>Schedule 1 employer premiums</b>	<b>649</b>	<b>991</b>	<b>1,349</b>	<b>1,870</b>
Schedule 2 employer administration fees	24	23	48	44
<b>Premiums</b>	<b>673</b>	<b>1,014</b>	<b>1,397</b>	<b>1,914</b>
Net mandatory employer incentive programs <sup>1</sup>	8	(13)	11	(37)
<b>Net premiums</b>	<b>681</b>	<b>1,001</b>	<b>1,408</b>	<b>1,877</b>

1. Prior to January 1, 2020, Schedule 1 employers participated in mandatory employer incentive programs that may have resulted in adjustments to premium rates. Effective January 1, 2020, the WSIB transitioned to the new premium rate-setting model, which eliminates the need of such adjustments to premium rates. The amounts for the three months and six months ended June 30, 2020 represent the net payouts for mandatory employer incentive programs that are related to previous years.

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**9. Benefit liabilities**

Benefit liabilities are comprised of the following:

	<b>June 30 2020</b>	<b>December 31 2019</b>
Loss of earnings	8,595	8,493
Workers' pensions	5,344	5,491
Health care	4,633	4,588
Survivor benefits	3,003	2,995
Future economic loss	811	873
External providers	98	97
Non-economic loss	310	310
Claim administration costs	1,376	1,355
Long latency occupational diseases	2,446	2,395
Loss of Retirement Income	516	513
<b>Benefit liabilities</b>	<b>27,132</b>	<b>27,110</b>

**10. Total claim payments**

**Claim payments**

	<b>Three months ended June 30</b>		<b>Six months ended June 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Loss of earnings	272	263	534	505
Workers' pensions	122	122	244	251
Health care	98	133	249	276
Survivor benefits	52	51	104	106
Future economic loss	39	44	78	87
External providers	4	6	11	13
Non-economic loss	15	10	33	20
<b>Total claim payments</b>	<b>602</b>	<b>629</b>	<b>1,253</b>	<b>1,258</b>



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**Claim administration costs**

	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Allocation from administration and other expenses	111	105	222	210
Allocation from legislated obligations and funding commitments expenses	3	6	9	12
<b>Total claim administration costs</b>	<b>114</b>	<b>111</b>	<b>231</b>	<b>222</b>

**Change in actuarial valuation of benefit liabilities**

	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Change in actuarial valuation of benefit liabilities	(26)	(11)	22	71

For the six months ended June 30, 2020, the change in actuarial valuation of benefit liabilities is detailed as follows:

<b>Benefit liabilities as at December 31, 2019</b>	<b>27,110</b>
Payments made in 2020 for prior injury years (including Loss of Retirement Income and claims administration costs)	(1,362)
Interest accretion <sup>1</sup>	640
Liabilities incurred for the 2020 injury year	845
Experience gains	(101)
<b>Benefit liabilities as at June 30, 2020</b>	<b>27,132</b>
<b>Change in actuarial valuation of benefit liabilities</b>	<b>22</b>

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

**11. Administration and other expenses**

	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Salaries and short-term benefits	113	114	228	226
Employee benefit plans	59	45	114	92
Depreciation and amortization	13	12	25	24
Other	59	53	114	102
	<b>244</b>	<b>224</b>	<b>481</b>	<b>444</b>
Claim administration costs allocated to claim costs	(111)	(105)	(222)	(210)
<b>Total administration and other expenses</b>	<b>133</b>	<b>119</b>	<b>259</b>	<b>234</b>

**Notes to Condensed Interim Consolidated Financial Statements**  
**June 30, 2020**  
**Unaudited (millions of Canadian dollars)**

**12. Commitments and contingent liabilities**

**(a) Investment commitments**

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

	June 30 2020	December 31 2019
Investment funds, infrastructure and real estate related investments	1,935	2,204
Investments in associates and joint ventures	793	517
Purchases or development of investment properties	(3)	14
<b>Total investment commitments</b>	<b>2,725</b>	<b>2,735</b>

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 June 30, 2020 were approximately \$274 for the period from July 1, 2020 to June 30, 2021.

**(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.

**13. Subsequent events**

**(a) Jointly Sponsored Pension Plan**

On July 1, 2020, the WSIB converted the WSIB Employees' Pension Plan to a jointly sponsored pension plan ("JSPP"). The JSPP is a defined benefit pension plan that is jointly sponsored by the WSIB and the Ontario Compensation Employees Union. The Sponsors established a Board of Trustees that will administer the JSPP. Employee contribution requirements will gradually increase until the WSIB will only be responsible for 50% of the total costs of the pension plan and the employee pension plan liability. A one-time lump-sum payment will be made by the WSIB to eliminate any going concern deficit. The one-time lump-sum payment is anticipated to occur during the current year and the amount is currently being assessed.

**(b) WSIB financial relief package – repayment plan**

On August 13, 2020, the WSIB announced that it will continue to help reduce the financial burden on businesses in Ontario during the COVID-19 pandemic, as any repayment of WSIB premiums deferred under the financial relief package, will not begin before January 2021. Any employer participating in the financial relief package will have to report deferred amounts by October 31, 2020. Regular monthly and quarterly reporting and payment schedules will resume in September 2020 for all businesses. The impact of the repayment schedule on the recognition of premium revenues and the allowance for doubtful accounts is currently being assessed.