Management's report

Role of management

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") and the consolidated financial statements have been prepared by management and approved by the Board of Directors of the Workplace Safety and Insurance Board (the "WSIB"). The consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") and, where appropriate, reflect management's best estimates and judgment. Where alternative accounting methods exist, management has chosen those methods considered most appropriate in the circumstances. Management is responsible for the accuracy, integrity and objectivity of the consolidated financial statements within reasonable limits of materiality of internal controls. Additionally, management is responsible for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The WSIB's internal controls over financial reporting are 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.

The Board of Directors has established an Audit and Finance Committee to oversee that management fulfills these responsibilities. The Audit and Finance Committee meets with management as well as with the independent auditors to satisfy itself that management is properly discharging its financial reporting responsibilities and reviews the consolidated financial statements and the independent auditor's report. The Audit and Finance Committee also reports its findings to the Board of Directors for consideration in approving the WSIB's Annual Report and its submission to the Minister of Labour, Immigration, Training and Skills Development pursuant to section 170 of the *Workplace Safety and Insurance Act, 1997* and a Memorandum of Understanding between the Ministry of Labour, Immigration, Training and Skills Development of the Province of Ontario and the WSIB.

In this MD&A, the "WSIB" or the words "our", "us" or "we" refer to the WSIB. This MD&A is dated as of the date below, and all amounts herein are denominated in millions of Canadian dollars, unless otherwise stated.

The information in this MD&A includes amounts based on informed judgments and estimates. Forward-looking statements contained in this discussion represent management's expectations, estimates and projections regarding future events based on information currently available, and involve assumptions, inherent risks and uncertainties. Readers are cautioned that actual results may differ materially from forward-looking statements in cases in which future events and circumstances do not occur as expected.

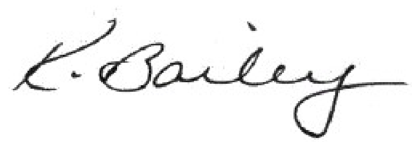
The consolidated financial statements have been examined by the WSIB's independent auditors, Ernst & Young LLP, and their report is provided herein.

Role of the Chief Actuary

With respect to the preparation of the consolidated financial statements, the Chief Actuary works with the WSIB actuarial staff to prepare a valuation, including the selection of appropriate assumptions applicable to the WSIB's insurance contract liabilities at the consolidated statements of financial position date to determine the valuation of insurance contract liabilities. Additionally, the Chief Actuary provides an opinion to the Board of Directors regarding the appropriateness of the insurance contract liabilities recorded by management of the WSIB at the date of the consolidated statement of financial position. The work to form that opinion includes an examination of the sufficiency and reliability of data and a review of the valuation processes. The Chief Actuary is responsible for assessing whether the assumptions and methods used for the valuation of the insurance contract liabilities are in accordance with accepted actuarial practice, applicable legislation, and associated regulations and directives. In performing the valuation of these liabilities, which are by their very nature inherently variable, the Chief Actuary makes assumptions as to future interest and mortality rates, expenses, related trends, and other contingencies, taking into consideration the circumstances of the WSIB. It is certain that the insurance contract liabilities will not develop exactly as projected and may, in fact, vary significantly from the projections. Further, the projections make no provision for future claim categories not sufficiently recognized in the claims experience and inventories. The Chief Actuary's report outlines the scope of the valuation and her opinion.

Role of the external auditors

The external auditors, Ernst & Young LLP, working under the direction of the Auditor General of Ontario, have performed an independent and objective audit of the consolidated financial statements of the WSIB in accordance with Canadian generally accepted auditing standards. In carrying out their audit, the external auditors make use of the work of the Chief Actuary and her report on the insurance contract liabilities of the WSIB. The external auditors have full and unrestricted access to the Board of Directors and the Audit and Finance Committee to discuss audit, financial reporting, and related findings. The external auditor's report outlines the scope of their audit and their opinion on the consolidated financial statements of the WSIB.



Jeffery Lang
President and Chief Executive Officer

Karen Bailey
Chief Financial Officer (Interim)

Toronto, Ontario
April 23, 2025

Independent auditor's report

To the Board of Directors of the Workplace Safety and Insurance Board,
The Minister of Labour, Immigration, Training and Skills Development and the Auditor General of Ontario

Opinion

Pursuant to the *Workplace Safety and Insurance Act, 1997* (Ontario), which provides that the accounts of the **Workplace Safety and Insurance Board** [the "WSIB"] shall be audited by the Auditor General of Ontario or under his or her direction by an auditor appointed by the Lieutenant Governor in Council for that purpose, we have audited the consolidated financial statements of the WSIB, which comprise the consolidated statements of financial position as at December 31, 2024 and December 31, 2023, and the consolidated statements of comprehensive income, consolidated statements of changes in net assets, and consolidated statements of cash flows for the years then ended, and notes to consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the WSIB as at December 31, 2024 and December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ["IFRSs"].

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the WSIB in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the WSIB's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the WSIB or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the WSIB's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the WSIB's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the WSIB's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the WSIB to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young LLP

Toronto, Canada
April 23, 2025

Actuarial statement of opinion

On the valuation of the insurance contract liabilities as at December 31, 2024 of the Workplace Safety and Insurance Board for its consolidated financial statements prepared in accordance with International Financial Reporting Standards

I have completed the actuarial valuation of the insurance contract liabilities of the Workplace Safety and Insurance Board (the “WSIB”) for its consolidated statements prepared in accordance with International Financial Reporting Standards (“IFRS”) as at December 31, 2024 (the “valuation date”).

In my opinion, the insurance contract liabilities of $27,443 million make appropriate provision for the liabilities for incurred claims of $27,353 million and the loss component of the liabilities for remaining coverage of $177 million. The liabilities for incurred claims provide for future payments for loss of earnings, other short and long-term disability, health care, survivor and retirement income benefits with respect to claims which occurred on or before the valuation date, and for occupational disease claims expected to arise after the valuation date as a result of exposures incurred in the workplace on or before the valuation date in respect of occupational diseases with a long latency period that are recognized by the WSIB. This amount provides for future claim administration costs, but does not include a provision for claims related to workers of Schedule 2 organizations.

The valuation was based on the provisions of the *Workplace Safety and Insurance Act, 1997* (Ontario) (the “WSIA”) and on the WSIB's policies and administrative practices in effect at the time of the valuation, including several changes that have been made since the last valuation with respect to presumptive coverage for firefighters.

The total liabilities for incurred claims include insurance related payables of $40 million. This amount together with the provision for incurred claims of $27,353 million resulted in total liabilities for incurred claims of $27,393 million at valuation date. The liabilities for remaining coverage of $50 million are composed of a loss component of $177 million and a credit of $127 million for insurance premium receivables.

The data on which the valuation is based were provided by the WSIB; I applied such checks of reasonableness of the data as I considered appropriate and have concluded that the data are sufficiently reliable to permit a realistic valuation of the liabilities and are consistent with the WSIB’s consolidated financial statements. In my opinion, the data on which the valuation is based are sufficient and reliable for the purpose of the valuation.

The discount rate assumption used for computing the liabilities is consistent with the market data available as at December 31, 2024, reflecting the liquid risk-free rate of return and the liquidity characteristics associated with WSIB benefits. Other economic assumptions underlying the calculations include annual changes in the Consumer Price Index (“CPI”) of 2.5% in 2025 and 2.0% thereafter, resulting in indexing factors of 2.4% for January 1, 2026, 2.1% for January 1, 2027, and 2.0% thereafter. Similarly, the annual health care costs are assumed to change at a rate of 4.5% for 2025 and 4.0% thereafter while annual wage escalation rates are assumed at 3.5% for 2025 and 3.0% thereafter.

Other assumptions and methods employed in the valuation were consistent with those used in the previous valuation, after taking account changes in claim patterns. Projections of future claim payments and awards have been made using factors developed from the WSIB’s claims experience, mortality, and other assumptions. Changes to the actuarial mortality assumptions caused liabilities to decrease by $64 million and the discount rate update resulted in a $20 million decrease. Legislative changes for firefighters increased liabilities by $45M. In my opinion, the methods and assumptions employed in the valuation are appropriate for the purpose of the valuation.

The loss component of the liabilities for remaining coverage was determined using 2025 premium rate information and comparing, for businesses with onerous contracts, the insurance premium revenues and the projected costs.

Details of the data, actuarial assumptions, valuation methods and analysis of results are set out in my actuarial report as at the valuation date, of which this statement of opinion forms part.

In my opinion, the amount of the insurance contract liabilities for the consolidated financial statements makes appropriate provision for all personal injury compensation obligations given WSIB’s accounting and the consolidated financial statements fairly represent the results of the valuation. This report has been prepared, and my opinions given, in accordance with accepted actuarial practice in Canada.

Ligia Acevedo

Ligia Acevedo, FCIA, FSA
Vice President and Chief Actuary
Workplace Safety and Insurance Board

April 23, 2025

Consolidated Statements of Financial Position
(millions of Canadian dollars)

	Note	December 31 2024	December 31 2023
Assets			
Cash and cash equivalents	4	364	335
Receivables and other assets	5	843	440
Public equity investments	6	11,104	9,729
Fixed income investments	6	9,954	9,057
Derivative assets	6,8	20	237
Investment properties	6	319	620
Investments in associates and joint ventures	10	2,220	2,717
Other invested assets	6	16,761	14,789
Property, equipment and intangible assets	12	189	240
Total assets		**41,774**	**38,164**
Liabilities			
Payables and other liabilities	13	2,369	305
Derivative liabilities	6,8	139	24
Securities sold under repurchase agreements	7	2,101	1,751
Long-term debt and lease liabilities	14	92	159
Loss of Retirement Income Fund liability	15	1,940	1,898
Employee benefit plans liability	16	849	1,193
Insurance contract liabilities	17	27,443	27,720
Total liabilities		**34,933**	**33,050**
Net assets			
Reserves		5,082	3,792
Accumulated other comprehensive income		1,538	1,071
Net assets attributable to WSIB stakeholders		**6,620**	**4,863**
Non-controlling interests	18	221	251
Total net assets		**6,841**	**5,114**
Total liabilities and net assets		**41,774**	**38,164**

Approved by the Board of Directors

Grant Walsh
Chair
April 23, 2025

Reagan Ruslim
Audit and Finance Committee (Chair)
April 23, 2025

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

Consolidated Statements of Comprehensive Income
For the years ended December 31
(millions of Canadian dollars)

	Note	2024	2023
Insurance revenue	19	3,520	3,461
Insurance service expenses	21	(1,983)	(2,334)
Insurance service result		**1,537**	**1,127**
Insurance finance expense	20	**(1,380)**	**(2,484)**
Investment income	20	3,993	2,762
Investment expenses	20	(464)	(298)
Net investment income		**3,529**	**2,464**
Total insurance and investment result		**3,686**	**1,107**
Loss of Retirement Income Fund contributions	15	53	54
Administration and other expenses		154	139
Legislated obligations and funding commitments		295	295
Other income		(117)	(118)
Total expenses		**385**	**370**
Excess from operations		**3,301**	**737**
Surplus distribution expense	22	2,000	-
Excess of revenues over expenses		**1,301**	**737**
Other comprehensive income (loss)			
Item that will not be reclassified subsequently to income			
Remeasurements of employee benefit plans	16	380	(168)
Item that will be reclassified subsequently to income			
Translation gains (losses) from net foreign investments		88	(38)
Total other comprehensive income (loss)		**468**	**(206)**
Total comprehensive income		**1,769**	**531**

	Note	2024	2023
Excess (deficiency) of revenues over expenses attributable to:			
WSIB stakeholders		1,290	756
Non-controlling interests	18	11	(19)
		1,301	**737**
Total comprehensive income (loss) attributable to:			
WSIB stakeholders		1,757	550
Non-controlling interests	18	12	(19)
		1,769	**531**

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

Consolidated Statements of Changes in Net Assets
For the years ended December 31
(millions of Canadian dollars)

	Note	2024	2023
Reserves			
Balance at beginning of year		3,792	3,036
Excess from operations		3,290	756
Surplus distribution	22	(2,000)	-
Balance at end of year		**5,082**	**3,792**
Accumulated other comprehensive income			
Balance at beginning of year		1,071	1,277
Remeasurements of employee benefit plans	16	380	(168)
Translation gains (losses) from net foreign investments		87	(38)
Balance at end of year		**1,538**	**1,071**
Net assets attributable to WSIB stakeholders		**6,620**	**4,863**
Non-controlling interests			
Balance at beginning of year	18	251	402
Excess (deficiency) of revenues over expenses	18	11	(19)
Translation gains from net foreign investments	18	1	-
Change in ownership share in investments	18	(42)	(132)
Balance at end of year		**221**	**251**
Total net assets		**6,841**	**5,114**

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

Consolidated Statements of Cash Flows
For the years ended December 31
(millions of Canadian dollars)

	Note	2024	2023
Operating activities:			
Total comprehensive income		1,769	531
Adjustments for non-cash items:			
Gain on lease remeasurement		(16)	-
Depreciation and amortization of property, equipment and intangible assets	12	30	33
Changes in fair value of investments		(3,691)	(2,591)
Changes in fair value of investment properties	6	(6)	62
Translation losses (gains) from net foreign investments		(88)	38
Dividend income from investments		(68)	(65)
Loss from investments in associates and joint ventures	10	4	88
Surplus distribution expense	22	2,000	-
Interest income		(374)	(363)
Interest expense		244	46
Total comprehensive loss after adjustments		(196)	(2,221)
Changes in non-cash balances related to operations:			
Receivables and other assets, excluding those related to investing and financing activities		(1)	(43)
Payables and other liabilities, excluding those related to investing and financing activities		6	47
Loss of Retirement Income Fund liability	15	42	24
Employee benefit plans liability	16	(344)	176
Insurance contract liabilities	17	(277)	1,073
Total changes in non-cash balances related to operations		(574)	1,277
Net cash required by operating activities		**(770)**	**(944)**
Investing activities:			
Dividends received from investments		247	38
Interest received		334	359
Purchases of property, equipment and intangible assets	12	(22)	(39)
Purchases of investments		(11,175)	(12,532)
Proceeds on sales and maturities of investments		10,530	12,909
Net dispositions of (additions to) investment properties		306	(31)
Net dispositions of (additions to) investments in associates and joint ventures		501	(534)
Net cash provided by investing activities		**721**	**170**
Financing activities:			
Net redemptions related to non-controlling interests		(40)	(131)
Distributions paid by subsidiaries to non-controlling interests		(2)	(1)
Repayment of debt and lease liabilities		(11)	(7)
Interest received		20	-
Interest paid		(134)	(60)
Surplus distribution[1]		(14)	(52)
Change from securities sold under repurchase agreements		239	696
Change from securities purchased under resale agreements		20	-
Net cash provided by financing activities		**78**	**445**
Net increase (decrease) in cash and cash equivalents		**29**	**(329)**
Cash and cash equivalents, beginning of year		335	664
Cash and cash equivalents, end of year		**364**	**335**

1. Related to the surplus distribution approved in 2022 for businesses who requested cheques instead of credits to be applied to their accounts.

Table of contents

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 businesses and people with work-related injuries or illnesses. The WSIB is funded by business 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 300 Tartan Drive, London, Ontario, N5V 4M9.

2. Material accounting policy information, estimates and assumptions

Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities, which are measured at fair value, as explained in the accounting policies below.

The consolidated financial statements for the year ended December 31, 2024 were authorized for issuance by the WSIB's Board of Directors on April 23, 2025.

Use of estimates and assumptions

The WSIB is required to apply judgment when making estimates and assumptions that affect the reported amounts recognized in the consolidated financial statements. These estimates and assumptions have a direct effect on the measurement of transactions and balances recognized in the consolidated financial statements. The WSIB has based its estimates and assumptions on information available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the WSIB. Estimates are reviewed on an ongoing basis, with any related revisions recorded in the period in which they are adjusted.

The most significant estimation processes relate to the assumptions used in measuring insurance contract liabilities, assessing fair value of certain financial instruments and investment properties, and the determination of employee benefit obligations. Although some variability is inherent in these estimates, management believes that the amounts recorded are appropriate.

In addition, the WSIB has made judgments, aside from those that involve estimates, in the process of applying its accounting policies. These judgments can affect the amounts recognized in the consolidated financial statements.

Basis of consolidation

(a) Subsidiaries and non-controlling interests

The majority of the WSIB's subsidiaries hold investments.

Subsidiaries, including structured entities, are entities that are controlled by the WSIB. The WSIB has control when it has the power to direct the relevant activities, has significant exposure to variable returns from these activities, and has the ability to use its power to affect these returns. Power may be determined on the basis of voting rights or based on contractual arrangements in the case of structured entities.

The financial statements of subsidiaries are included in the WSIB's consolidated financial statements from the date control commences until the date control ceases. Where necessary, adjustments are made to the financial statements of subsidiaries to reflect accounting policies consistent with those of the WSIB. All intercompany transactions and balances are eliminated.

Non-controlling interest exists when the WSIB directly or indirectly owns less than 100% of the subsidiary and is presented in the consolidated statements of financial position as a separate component, distinct from the net assets attributable to the WSIB stakeholders. The excess of revenues over expenses and total comprehensive income (loss) attributable to the non-controlling interests are also separately disclosed in the consolidated statements of comprehensive income (loss).

The WSIB Employees' Pension Plan (the "EPP") and other investors are the non-controlling interests in the majority of the WSIB's subsidiaries. See note 18 for further details.

(b) Investments in joint arrangements and associates

The majority of the WSIB's joint arrangements and associates hold private market investments in real estate, private equity or credit.

The WSIB's joint arrangements are investments over which it has joint control and can either be a joint venture or a joint operation. Joint control exists when the strategic, financial, and operating decisions related to the entity's relevant activities require unanimous consent of parties sharing control.

Joint ventures are investments over which the WSIB has joint control and has rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, investments are initially recognized at cost and adjusted for the WSIB's proportionate share of the joint venture's total comprehensive income and dividends received.

Joint operations are economic activities or entities over which the WSIB has joint control and has rights to specific assets and obligations for specific liabilities relating to the arrangement. Investments in joint operations are accounted for through proportionate consolidation. The WSIB's consolidated financial statements include its share of assets, liabilities, revenues and expenses related to the joint operations.

Associates are those investments over which the WSIB has significant influence over the financial and operating policies but not control or joint control of the entity. Investments in associates are accounted for using the equity method.

The WSIB assesses its investments accounted for using the equity method for events or changes in circumstances that may indicate that they are impaired at each reporting period. If there are indicators that an asset may be impaired, an impairment test is performed and any difference between the carrying amount and the recoverable amount is recognized as an impairment loss. An impairment loss is assessed and reversed if there are indicators that an asset is no longer impaired. Reversal of any impairment loss will not exceed the carrying amount that would have been determined had no impairment loss been recognized.

Foreign currency

The WSIB's functional and presentation currency is the Canadian dollar.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate at the consolidated statement of financial position date. Non-monetary assets and liabilities that are measured at fair value are also translated at the exchange rate at the consolidated statement of financial position date. Foreign exchange gains and losses are recognized in investment income or administration and other expenses.

Net foreign investments are foreign subsidiaries that hold other invested assets and whose functional currency is not the Canadian dollar. All assets and liabilities of these net foreign investments are translated at exchange rates at the consolidated statement of financial position date, and all income and expenses are translated using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses on translation are recognized as translation gains (losses) from net foreign investments in other comprehensive income. Upon disposal of a net foreign investment that includes a loss of control, significant influence or joint control, the cumulative translation gain or loss related to that net foreign investment is recognized in income.

Financial instruments

Financial instruments are contracts that give rise to a financial asset or financial liability when the WSIB becomes a party to the contractual provisions of the instrument. The WSIB records transactions relating to financial instruments on a trade date basis.

The WSIB's financial instruments are classified as follows:

Financial instrument	Classification
(a) Financial assets	
Cash and cash equivalents	FVTPL
Investment receivables	Amortized cost
Public equity investments	
Public equity pooled funds	FVTPL
Public equity securities	FVTPL
Fixed income investments	FVTPL
Derivative assets	FVTPL
Securities purchased under resale agreements	Amortized cost
Other invested assets	
Private market pooled funds	FVTPL
Other private market investments	FVTPL
(b) Financial liabilities	
Investment payables	Amortized cost
Administration payables	Amortized cost
Derivative liabilities	FVTPL
Securities sold under repurchase agreements	Amortized cost
Long-term debt	Amortized cost
Loss of Retirement Income Fund liability	FVTPL

(a) Financial assets

The WSIB recognizes financial assets on a trade date basis and at fair value at inception. The financial assets are classified as amortized cost, fair value through other comprehensive income (“FVOCI”), and fair value through profit or loss (“FVTPL”). Subsequent measurement is dependent on the nature of the financial asset as discussed below.

Measurement categories

The WSIB classifies all its financial assets based on the business model for managing the assets and whether the asset’s contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding:

(i) Amortized cost

Financial assets are classified and subsequently measured at amortized cost if the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows (business model test) and the contractual cash flows pass the SPPI test.

(ii) Fair value through other comprehensive income

Financial assets are classified and subsequently measured at FVOCI if the assets are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual cash flows pass the SPPI test.

(iii) Fair value through profit or loss

Financial assets in this category are those financial assets that fail the business model and SPPI tests, have been designated by management upon initial recognition, or are mandatorily required to be measured at fair value under IFRS 9 *Financial Instruments* (“IFRS 9”).

The WSIB’s primary business model is to manage financial assets with the objective of realizing cash flows through the sale of assets, making decisions based on the assets’ fair values and managing the assets to realize those fair values. Therefore, the majority of the WSIB’s financial assets are classified as FVTPL.

Subsequent measurement

(i) Financial assets at amortized cost
Financial assets initially measured at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Due to the short-term nature of the assets held at amortized cost, the carrying amounts of such assets approximate fair value. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The effective interest method is a method of calculating the amortized cost of a financial instrument and allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows (including all transaction costs and other premiums or discounts) through the expected life of the financial instrument to the net carrying amount on initial recognition.

(ii) Financial assets at FVOCI

i. Debt instruments

For debt instruments measured at FVOCI, the change in the fair value of the debt instrument is recognized in other comprehensive income. Interest income, foreign exchange revaluation and impairment losses or reversals are recognized in profit or loss and calculated in the same manner as financial assets measured at amortized cost. Upon derecognition, the cumulative fair value change recognized in other comprehensive income is recognized in profit or loss. The WSIB has no debt instruments that are classified as FVOCI.

ii. Equity instruments

Upon initial recognition, the WSIB can elect to irrevocably classify its equity investments as equity instruments designated as FVOCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as income in profit or loss when the right of payment has been established, except when the WSIB benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in other comprehensive income. Equity instruments designated as FVOCI are not subject to impairment assessment. The WSIB has no equity instruments that are classified as FVOCI.

(iii) Financial assets at FVTPL

Financial assets measured at FVTPL are carried in the consolidated statements of financial position at fair value with net changes in fair value recognized in the consolidated statements of comprehensive income.

Impairment

The WSIB recognizes an allowance for expected credit losses (“ECLs”) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the WSIB expects to receive, discounted at the appropriate effective interest rate. Under the IFRS 9 ECL methodology, an allowance is recorded for ECLs on financial assets regardless of whether there has been an actual loss event. The WSIB recognizes an allowance at an amount equal to 12-month ECLs, if the credit risk at the reporting date has not increased significantly since initial recognition (Stage 1). When a financial asset experiences a significant increase in credit risk subsequent to origination but is not considered to be in default, it is included in Stage 2 and subject to lifetime ECLs. Financial assets that are in default are included in Stage 3. Similar to Stage 2, the allowance for credit losses for Stage 3 financial assets captures the lifetime ECLs.

Derecognition

Financial assets are derecognized when the rights to the contractual cash flows expire, when substantially all the risks and rewards of ownership are transferred, or when the WSIB no longer retains control.

(b) Financial liabilities

The financial liabilities are classified at amortized cost, except when at initial recognition, financial liabilities are designated at FVTPL. The WSIB designates financial liabilities at FVTPL at initial recognition if doing so either eliminates or significantly reduces an accounting mismatch with the supporting assets or when a group of financial liabilities and financial assets are managed together and their performance is evaluated on a fair value basis.

(i) Financial liabilities at amortized cost
The WSIB measures these financial liabilities at amortized cost using the effective interest method. Interest expenses and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(ii) Financial liabilities at FVTPL
The WSIB measures these financial liabilities at fair value, where net gains and losses, including any interest expenses and foreign exchange gains and losses, are recognized in profit or loss. The Loss of Retirement Income Fund liability is designated as financial liabilities at FVTPL because its performance is evaluated on a fair value basis. Derivative liabilities are measured at FVTPL because they are held for trading. All other financial liabilities are measured at amortized cost.

Financial liabilities are derecognized when the obligation is discharged, cancelled, or expires.

Investment properties

Investment properties are properties held to earn rental income or for capital appreciation, or both. These are initially recognized at cost, including transaction costs, and subsequently remeasured at fair value at each reporting period with changes in fair value recognized as investment income during the period in which they arise. See note 6 for movements during the reporting period.

Fair value measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, that is, an exit value. Refer to note 6 for further details.

The carrying amounts of cash and cash equivalents, fixed income investments, derivative assets and derivative liabilities are their fair values. Due to their short-term nature, the carrying amounts (less allowance for impairment) of investment receivables, investment payables and administration payables approximate their fair values.

The fair values of public equity securities are based on quoted prices in active markets. The fair values of public equity pooled funds are based on the net asset values of the underlying investments held, as active markets are not available.

Where quoted prices in active markets are not available for financial instruments such as certain fixed income securities, the fair value is based on valuation models that use observable market inputs, broker quotes, consensus pricing and the fair value of other similar financial instruments.

Investment properties are valued based on periodic valuations performed by independent qualified appraisers using valuation models incorporating available market evidence, including discount and terminal capitalization rates, inflation rates, vacancy rates, and future net cash flows of the properties.

The fair values of private market pooled funds are based on unit prices provided by investment managers, which are based on net asset values of underlying investments. The valuations of other private market investments are provided by investment managers who use acceptable industry valuation methods, including net asset values, comparable transactions in the market or discounted cash flow models, which incorporate available market evidence and may require estimates for economic risks and projected cash flows.

Securities sold or purchased under repurchase and resale agreements are accounted for as collateralized borrowing or lending transactions, respectively, and initially measured at fair value. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method. Due to the short-term nature of these agreements, the carrying amounts of the securities sold or purchased under repurchase or resale agreements approximate fair value.

Investment income

Investment income is comprised of the following:

(a) Financial instruments

Realized gains and losses and changes in unrealized gains and losses on financial instruments are recognized in investment income in the period they arise.

Interest income is recognized in investment income as it accrues. Dividend income is recognized in investment income when the WSIB's right to receive payment has been established.

(b) Income from investments in associates and joint ventures

The WSIB's proportionate share of its associates and joint ventures' total comprehensive income is recognized in investment income in the period it is recognized by the associates and joint ventures. Impairment losses or the subsequent reversal of such losses in relation to the WSIB's investments in associates and joint ventures are also recognized in investment income.

(c) Income from investment properties

Changes in fair value, net rental income, and service charges from investment properties are recognized in investment income in the period they arise.

Loss of Retirement Income Fund liability

The Loss of Retirement Income Fund liability is designated as financial liabilities at FVTPL because its performance is evaluated on a fair value basis. The Loss of Retirement Income Fund liability represents the WSIB's obligation to provide retirement benefits to eligible injured workers equal to the total contributions plus income earned on those contributions. As such, the Loss of Retirement Income Fund liability is measured at an amount equivalent to the fair value of the assets in the Loss of Retirement Income Fund. At age 65 or upon death, the injured worker or their beneficiary receives a benefit from contributions made to their Loss of Retirement Income account plus any investment income earned.

Assets attributable to the Loss of Retirement Income Fund are included and managed as part of the WSIB's investment portfolio. See note 15 for more information.

The WSIB contributes 5% of the loss of earnings benefits to the Loss of Retirement Income Fund for injured workers of Schedule 1 businesses who have received loss of earnings benefits for 12 consecutive months. Schedule 2 organizations are required to contribute 5% of the loss of earnings benefits for their workers once loss of earnings benefits are received for 12 continuous months. Workers eligible for loss of retirement income benefits can choose to contribute a further 5% from their loss of earnings benefits. For claims incurred prior to January 1, 1998, the contribution from the WSIB and Schedule 2 organizations is 10% of every future economic loss payment made to injured workers.

The WSIB's contributions are recognized as the Loss of Retirement Income Fund contributions expense.

The changes related to the actuarial valuation of the WSIB's future contributions into the Loss of Retirement Income Fund are recognized in insurance contract liabilities in the consolidated statements of financial position. Refer to the changes in insurance contract liabilities table in note 17 for further information.

Insurance contract liabilities

Insurance contracts are arrangements where the WSIB accepts significant insurance risk from another party. A contract is considered to have significant insurance risk if an insured event could cause the WSIB to pay significant amounts in any single scenario with commercial substance. Insurance contract liabilities represent the WSIB's liabilities related to insurance contracts with Schedule 1 businesses. The WSIB's insurance contract liabilities are comprised of two components: (i) liabilities for remaining coverage comprising the fulfillment cash flows related to future service allocated to each group of contracts at the end of the reporting period, and (ii) liabilities for incurred claims comprising the fulfillment cash flows related to past service allocated to each group of contracts at the end of the reporting period.

Recognition and measurement of insurance contracts:

a) Level of aggregation

The WSIB's arrangement with Schedule 1 businesses gives rise to a single portfolio as the insurance contracts with Schedule 1 businesses are subject to similar risks and are managed together. This portfolio is further disaggregated into groups of contracts that are issued within a calendar year and are (i) contracts that are onerous at initial recognition, and (ii) a group of remaining contracts. Note that given the not-for-profit nature of the WSIB's operations, the group of contracts with no significant risk of becoming onerous is not applicable to the WSIB.

b) Recognition

The WSIB recognizes groups of insurance contracts from the earliest of the following:

- The beginning of the coverage period of the group of contracts; and
- For a group of onerous contracts, when facts and circumstances indicate that the group is onerous.

c) Contract boundary

The WSIB includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the period in which the WSIB can compel the policyholder to pay the premiums, or in which the WSIB has a substantive obligation to provide the policyholder with insurance contract services. The WSIB has assessed the contract boundary for its insurance contracts to be one year as it only has the substantive right to compel Schedule 1 businesses to pay premiums annually and has the practical ability to reassess the risks and set a price that fully reflects these risks on an annual basis.

d) Measurement

Liabilities for remaining coverage
Liabilities for remaining coverage represent the WSIB's obligation related to the unexpired portion of the coverage period (i.e., insured events that have not yet occurred). The WSIB has determined the coverage period for its insurance contracts as one year in length. As a result, the WSIB has elected to apply the Premium Allocation Approach to measure its insurance contracts.

On initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition.
Subsequently, the carrying amount for the liability for remaining coverage is increased by any further premiums received and decreased by the amount recognized as insurance revenue for the coverage provided. On initial recognition of each group of contracts, the WSIB expects that the time between providing each part of the coverage and the related premium due date is no more than a year. Accordingly, the WSIB has chosen not to adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the WSIB recognizes a loss in profit or loss and increases the liability for remaining coverage to the extent that the current estimates of fulfillment cash flows that relate to remaining coverage (including the risk adjustment for non-financial risk, which is de minimis) exceed the carrying amount of the liability for remaining coverage.

Liabilities for incurred claims
Liabilities for incurred claims represent the actuarially determined present value of the estimated future payments for reported and unreported claims incurred on or prior to the reporting date using best estimate assumptions related to workers of Schedule 1 businesses. These estimates and assumptions include claim duration, mortality rates, wage and health care escalations, general inflation, and discount rates. In addition, an obligation is estimated for claims in respect of occupational diseases currently recognized by the WSIB for which a claim has not yet been reported. The future payments are for estimated obligations for loss of earnings, labour market re-entry costs, short and long-term disability, health care, survivor benefits, retirement income benefits and claim administration costs. Changes in the estimates and assumptions can have a significant impact on the measurement of insurance contract liabilities and claim costs.

Insurance revenue
Insurance revenue is comprised of Schedule 1 premiums expected to be received during the coverage period. Insurance revenue is recognized by allocating Schedule 1 premiums to each reporting period on the basis of the passage of time, which is the coverage period of one year.

Insurance service expenses
Insurance service expenses are comprised of fulfillment cash flows that are included within the boundary of the WSIB's insurance contracts. These include payments to (or on behalf of) a policyholder, claims handling costs, policy administration and maintenance costs, and an allocation of fixed and variable overhead costs. These overhead costs are allocated to the WSIB's insurance contracts using methods that are systematic and rational, and are consistently applied to all costs that have similar characteristics.

Insurance finance income (expense)
Insurance finance income or expense is comprised of the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

Onerous contracts
An insurance contract is onerous at the date of initial recognition if the fulfillment cash flows allocated to the contract result in a total net outflow. IFRS 17 *Insurance Contracts* ("IFRS 17") requires entities to distinguish groups of insurance contracts expected to be onerous from those insurance contracts that are not.

Under the Premium Allocation Approach, contracts are deemed not onerous unless facts and circumstances indicate otherwise. If the groups of contracts are deemed onerous at initial recognition, the WSIB recognizes a corresponding liability (loss component) to reflect the expected net outflow as applicable, and the related loss is recognized on the consolidated statements of comprehensive income in the period it arises immediately.

The WSIB has developed a methodology to identify the indicators of possible onerous contracts and to determine the onerous loss component at the Schedule 1 business level. Subsequent to initial recognition, the loss component is amortized through net income (insurance service expenses) over the coverage period such that the onerous loss liability will be nil at the end of the coverage period and a new onerous loss liability pertaining to the following premium year will be recognized in the year-end consolidated financial statements.

(millions of Canadian dollars)

Use of estimates and judgements within insurance contracts:

Estimates of future cash flows

Cash flows within the boundary of an insurance contract relate directly to the fulfillment of the contract, including those for which the WSIB has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, and other costs that are incurred in fulfilling contracts.

The WSIB's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario are discounted and weighted by the estimated probability of that outcome to derive an expected present value. In estimating future cash flows, the WSIB incorporates in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events.

Discount rate

Cash flows for liabilities for incurred claims are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. The WSIB uses the hybrid bottom-up approach to determine a liquidity premium over risk-free rates based on the market spread of an asset reference portfolio adjusted to remove the credit losses and to account for the difference in liquidity between the asset reference portfolio and the insurance contract. The WSIB has determined a portfolio of credit rating A corporate bonds to be an appropriate reference portfolio for the insurance contract liabilities.

The annual spot rates applied for discounting of future cash flows are listed below:

	Annual spot rates	
Year	**2024**	**2023**
1	3.82%	5.39%
2	3.90%	5.06%
3	3.97%	4.86%
4	4.08%	4.78%
5	4.20%	4.75%
10	4.73%	4.79%
15	5.01%	4.88%
20	5.07%	4.91%
30	4.97%	4.78%
50	5.06%	4.97%
Single-equivalent rate[1]	**4.83%**	**4.86%**

1. Single-equivalent is a derived spot rate that allows for the comparison or aggregation of cash flows that occur at different points in time.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the discounted cash flows and reflects the compensation the WSIB requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the WSIB fulfills insurance contracts. Due to the not-for-profit nature of the WSIB's operations, the WSIB does not require compensation for bearing uncertainty from any non-financial risk. Therefore, the WSIB's risk adjustment is determined to be de minimis and corresponds to a 50% confidence level.

Employee benefit plans

The EPP is a defined benefit pension plan that is jointly sponsored by the WSIB and the Ontario Compensation Employees Union. A Board of Trustees, known as WISE Trust, administers the EPP.

The WSIB also sponsors a supplemental defined benefit pension plan and other benefits. Other benefits include post-retirement benefits for health, dental, vision and life insurance benefits and other employment benefits for disability income, vacation and attendance programs. Refer to note 16 for more information on these plans.

The cost of employee benefit plans is recognized as the employees provide services to the WSIB. The obligations for these plans are measured as the present value of the employee benefit obligations less the fair value of plan assets and are included in the employee benefit plans liability. The employee benefit plans liability represents the combined deficit of the plans at the reporting date.

The cost of the employee benefit plans is actuarially determined using the projected unit credit method and includes management's estimates and assumptions of compensation increases, health care cost, trend rates, mortality, retirement ages of employees, and discount rates. The discount rate used to value the obligations is based on high-quality corporate bonds that have approximately the same term as the obligation. These estimates are reviewed annually with the WSIB's external actuaries. Changes in these estimates may have an impact on the employee benefit plans liability and total comprehensive income.

The changes in the employee benefit obligations and plan assets are recognized when they occur as follows:

(a) Service costs and the net interest cost are recognized in administration and other expenses; and

(b) Remeasurements and actual experience that differs from assumptions that result in actuarial gains or losses are recognized in other comprehensive income.

Property, equipment and intangible assets

Property, equipment and intangible assets are measured at cost less accumulated depreciation and amortization and any accumulated impairment losses. When significant components of an item of property and equipment have different useful lives, they are accounted for as separate items.

Intangible assets include both internally developed and acquired software. Development costs associated with internally developed software are recognized as an intangible asset when certain criteria are met. The criteria to capitalize development costs include the WSIB's intention and ability to complete the development of the software from which it is probable that expected future economic benefits will flow to the WSIB.

Depreciation of property and equipment and amortization of intangible assets are included in administration and other expenses on the consolidated statements of comprehensive income. Property, equipment and intangible assets are depreciated and amortized on a straight-line basis over their estimated useful lives as follows:

Land	Not depreciated
Buildings	
Primary structure	50 – 60 years
Components with different useful lives	10 – 30 years
Leasehold improvements	Lesser of the lease term or 10 years
Office and computer equipment	3 – 5 years

Intangible assets	3 – 8 years

Impairment on property, equipment and intangible assets

The WSIB evaluates its property, equipment and intangible assets for indicators of impairment such as obsolescence, redundancy, deterioration, loss or reduction in future service potential, or when there is a change in intended use at each reporting period. If there are indicators that an asset may be impaired, an impairment test is performed by comparing the asset's carrying value to its recoverable amount. An impairment charge is recorded to the extent that the recoverable amount is less than its carrying value. If an impairment is later reversed, the carrying amount of the asset is adjusted to the lower of the asset's recoverable amount and the carrying amount that would have been determined (net of depreciation) had there been no prior impairment loss.

Schedule 2 organizations administration fees

Schedule 2 organizations are organizations that self-insure the provision of benefits under the WSIA. Schedule 2 organizations are liable to pay all benefit compensation and administration costs for their workers' claims.

The WSIB administers the payment of the claims for workers of Schedule 2 organizations and recovers the cost of these claims plus administration fees from the organizations. The administration fees are recognized as the services are provided. The claims paid on behalf of Schedule 2 organizations and the amounts collected to recover the claims paid are not included in the WSIB's revenues or expenses.

Administration fees from Schedule 2 organizations are included in other income.

Legislated obligations and funding commitments

(a) Legislated obligations

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 ("WSIAT") and the costs that may be incurred by the Office of the Worker Adviser and the Office of the Employer Adviser. The expenses related to these legislated obligations are recognized as an expense in the period to which the funding relates.

(b) Funding commitments

The WSIB provides grant funding to carry on investigations, research and training. The expenses related to these funding commitments are included in the legislated obligations and funding commitments expense and are recognized as an expense in the period to which the funding relates.

(c) Voluntary business health and safety recognition programs

The WSIB provides financial incentives to Schedule 1 businesses who undertake specific measures to improve workplace health and safety. The cost of these incentive programs is recognized as an expense in legislated obligations and funding commitments in the period the measures are undertaken by the business.

Leases

A lease is a contract, or part of a contract, that conveys the right to an asset for a period of time in exchange for consideration. The WSIB can either be a lessor or a lessee. Upon lease commencement, the WSIB as a lessee recognizes a right-of-use ("ROU") asset and a lease liability. The WSIB has commercial lease agreements relating to Simcoe Place land, office premises, leases relating to investment properties, and computer equipment.

The ROU assets are initially measured based on the present value of lease payments, plus other adjustments including initial direct costs, lease incentives, and an estimate of asset retirement costs to be incurred by the WSIB at the end of the lease. The ROU assets are included in property, equipment and intangible assets or investment properties for leases relating to investment properties. The ROU assets are depreciated over either the asset's useful life or the lease term, whichever comes earlier, and are assessed for impairment if there is any indication of impairment. In addition, ROU assets related to investment properties are included in investment properties and are measured at fair value at each reporting period, with changes in fair value recognized as investment income or loss, as applicable, during the period in which they arise.

The lease liability is measured at the present value of lease payments that are outstanding as at the reporting period and subsequently measured using the effective interest method. With the effective interest method, the carrying amount of the lease liability is measured on an amortized cost basis and the interest expense is allocated over the lease term. Lease liabilities are included in long-term debt and lease liabilities.

For leases where the total lease term is less than 12 months or for leases of low value, the WSIB has elected not to recognize an ROU asset and lease liability. The expenses for such leases are recognized in administration and other expenses on a straight-line basis over the term of the lease.

For leases where the WSIB acts as a lessor, the WSIB assesses whether the lease is classified as a finance or operating lease. WSIB leases are all classified as operating leases. Income generated from operating leases is recognized as income on a straight-line basis.

3. Changes in accounting policies

Future changes in accounting standards:

(a) IFRS 18 *Presentation and Disclosure in Financial Statements*

IFRS 18 *Presentation and Disclosure in Financial Statements* ("IFRS 18") was issued in April 2024, which replaces IAS 1 *Presentation of Financial Statements* ("IAS 1") while carrying forward many elements of IAS 1 unchanged. IFRS 18 introduces three sets of new requirements for presentation of financial statements and disclosures within financial statements: i) present specified categories and defined subtotals in the statement of profit or loss, ii) provide disclosures on management-defined performance measures in the notes to the financial statements, and iii) improve aggregation and disaggregation of financial information in the financial statements and notes. IFRS 18 will be effective for annual reporting periods beginning on or after January 1, 2027 and is to be applied retrospectively. The WSIB is currently assessing the impact of this standard on its consolidated financial statements.

(b) Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*

Amendments to IFRS 9 and IFRS 7 *Financial Instruments: Disclosures* ("IFRS 7") were issued in May 2024 and are effective for annual reporting periods beginning or after January 1, 2026 and are to be applied retrospectively. The amendments to IFRS 9 address the following: i) derecognition of a financial liability settled through electronic transfer, and ii) classification of certain requirements of the following financial assets: a) contractual terms that are consistent with a basic lending arrangement, b) financial assets with non-recourse features, and c) contractually linked instruments. The amendments to IFRS 7 include: i) disclosure requirements for investments in equity instruments designated at FVOCI, and ii) disclosure requirements for contractual terms that could change the timing or amount of contractual cash flows. These amendments are not expected to have a significant impact on the WSIB's consolidated financial statements.

(millions of Canadian dollars)

4. Cash and cash equivalents

Highly liquid investments are considered to be cash equivalents. Cash and cash equivalents are comprised of the following:

	2024	2023
Cash	190	95
Short-term money market securities	168	204
Restricted cash[1]	6	36
Total cash and cash equivalents	**364**	**335**

1. The restricted cash balance consists of funds received from the Government of Ontario for the purposes of administering the COVID-19 Worker Income Protection Benefit Program on behalf of the Government of Ontario.

As at December 31, 2024, the WSIB held $364 (2023 – $335) of cash and cash equivalents, of which $180 (2023 – $103) was maintained for operating purposes and $184 (2023 – $232) was maintained for investing purposes.

5. Receivables and other assets

Receivables and other assets are comprised of the following:

	2024	2023
Investment receivables	710	308
Other assets	133	132
Total receivables and other assets	**843**	**440**

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, including assumptions about risk.

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

Notes to Consolidated Financial Statements
December 31, 2024
(millions of Canadian dollars)

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

	December 31, 2024				December 31, 2023			
	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]	196	168	-	**364**	131	204	-	**335**
Public equity investments								
Public equity pooled funds	-	11,103	-	**11,103**	-	9,728	-	**9,728**
Public equity securities	1	-	-	**1**	1	-	-	**1**
Fixed income investments	-	9,954	-	**9,954**	-	9,057	-	**9,057**
Derivative assets	-	20	-	**20**	14	223	-	**237**
Investment properties	-	-	319	**319**	-	-	620	**620**
Other invested assets								
Private market pooled funds	-	-	14,855	**14,855**	-	-	10,221	**10,221**
Other private market investments	-	-	1,906	**1,906**	-	85	4,483	**4,568**
Derivative liabilities	(1)	(138)	-	**(139)**	(2)	(22)	-	**(24)**
Loss of Retirement Income Fund liability (note 15)	-	-	(1,940)	**(1,940)**	-	-	(1,898)	**(1,898)**
Assets and liabilities for which fair value is disclosed								
Long-term debt[2]	-	(69)	-	**(69)**	-	(65)	-	**(65)**

1. The carrying amount of cash and cash equivalents approximates its fair value.
2. Carrying amount as at December 31, 2024 was $70 (December 31, 2023 – $70).

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

During the years ended December 31, 2024 and December 31, 2023, there were no transfers between levels within the hierarchy.

During the year ended December 31, 2024, the WSIB participated in the IMCO Private Equity Pool (“Private Equity Pool”) and the IMCO Real Estate Pool (“Real Estate Pool”), contributing assets previously presented in the other private market investments line.

The WSIB’s investments in the Private Equity Pool and the Real Estate Pool are recorded as private market pooled funds within other invested assets in the consolidated statements of financial position. The WSIB’s contributions of investments into these pools were at fair value and were recorded as non-cash transactions.

Notes to Consolidated Financial Statements
December 31, 2024
(millions of Canadian dollars)

Level 3 fair value measurements

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

For the year ended December 31, 2024	Other invested assets: Private market pooled funds	Other invested assets: Other private market investments	Subtotal	Investment properties	Total
Balance as at January 1, 2024	10,221	4,483	14,704	620	15,324
Net gains recognized in net investment income	1,966	65	2,031	6	2,037
Translation gains recognized in other comprehensive income	-	18	18	-	18
Purchases	4,814	192	5,006	-	5,006
Sales	(2,146)	(2,852)	(4,998)	(309)	(5,307)
Capital expenditures	-	-	-	2	2
Balance as at December 31, 2024	**14,855**	**1,906**	**16,761**	**319**	**17,080**
Changes in unrealized gains (losses) included in income (loss) for positions still held	**1,781**	**(641)**	**1,140**	**6**	**1,146**

For the year ended December 31, 2023	Other invested assets: Private market pooled funds	Other invested assets: Other private market investments	Subtotal	Investment properties	Total
Balance as at January 1, 2023	7,070	5,782	12,852	653	13,505
Reclassification upon adoption of IFRS 9[1]	-	33	33	-	33
Net gains (losses) recognized in net investment income (loss)	337	(18)	319	(62)	257
Translation losses recognized in other comprehensive income (loss)	-	(6)	(6)	-	(6)
Purchases	3,024	1,276	4,300	24	4,324
Sales	(882)	(1,912)	(2,794)	(7)	(2,801)
Capital expenditures	-	-	-	12	12
Other[2]	672	(672)	-	-	-
Balance as at December 31, 2023	**10,221**	**4,483**	**14,704**	**620**	**15,324**
Changes in unrealized gains (losses) included in income (loss) for positions still held	**185**	**(39)**	**146**	**(58)**	**88**

1. Certain reclassifications have been made upon adoption of IFRS 9.
2. This amount includes certain transfers of private market assets into the Global Credit Pool.

Notes to Consolidated Financial Statements
December 31, 2024
(millions of Canadian dollars)

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	2024 Range of inputs Low	2024 Range of inputs High	2023 Range of inputs Low	2023 Range of inputs High
Private market pooled funds	Net asset value	Net asset value provided by manager	n/a	n/a	n/a	n/a
Other private market investments	Net asset value	Net asset value provided by manager	n/a	n/a	n/a	n/a
	Discounted cash flow and market comparable	Discount rate	5.5%	8.3%	5.5%	7.5%
		Terminal capitalization rate	4.9%	6.5%	4.9%	6.0%
Investment properties	Discounted cash flow and market comparable	Discount rate	7.3%	8.8%	7.0%	9.0%
		Terminal capitalization rate	6.5%	7.8%	5.8%	7.8%
Loss of Retirement Income Fund liability	Net asset value	Net asset value provided by administrator	n/a	n/a	n/a	n/a

Sensitivity of Level 3 financial instruments

Fair values of private market pooled funds are based on unit prices provided by investment managers, which are based on net asset values of underlying investments.

Fair values of other private market investments are based on valuations obtained from investment managers. The valuations obtained from investment managers are based on net asset values, comparable transactions in the market or 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 investment properties are obtained from qualified appraisers who apply a discounted cash flow model to determine property values. The valuation technique is applied consistently unless another valuation technique (e.g., sale price) is a better representative of fair value. 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.

The fair value of the Loss of Retirement Income Fund liability is determined based on the fair values of the underlying assets included in the Loss of Retirement Income Fund. The method of determining the fair value of those assets is consistent with the approach used by the WSIB and described herein.

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.

7. Transferred financial assets not derecognized

Securities lending

The WSIB participates in a securities lending program through an intermediary for the purpose of generating fee income. Non-cash collateral, the fair value of which represents at least 102% of the fair value of the loaned securities, is maintained until the underlying securities have been returned to the WSIB. The fair value of the loaned securities is monitored on a daily basis by an intermediary financial institution with additional collateral obtained or refunded as the fair value of the underlying securities fluctuates. The intermediary indemnifies the WSIB against any shortfalls in collateral in the event of default by the counterparty. These transactions are conducted under terms that are usual and customary to security lending activities, as well as requirements determined by exchanges where a financial institution acts as an intermediary.

Under the terms of the securities lending program, the WSIB retains substantially all the risks and rewards of ownership of the loaned securities and also retains contractual rights to the cash flows. These securities are not derecognized from the consolidated statements of financial position.

As at December 31, 2024, the fair value of investments loaned under the securities lending program was $160 (2023 – $3,239) and the fair value of securities maintained as collateral was approximately $174 (2023 – $3,487).

Repurchase agreements

The WSIB enters into repurchase agreements, which represent short-term funding transactions where the WSIB sells securities and subsequently repurchases them at a specified price on a specified date in the future. The fair value of the collateralized securities and margin requirements are monitored on a daily basis by WSIB's investment manager, IMCO, with additional collateral obtained or refunded as the fair value of the underlying securities fluctuates, minimizing shortfalls. These securities, for which the WSIB retains substantially all the risks and rewards and continues to recognize on the consolidated statements of financial position, form the collateral for the WSIB's obligation to repurchase them. The repurchase agreement transactions are conducted under terms that are usual and customary.

As at December 31, 2024, the net carrying amount of securities purchased under resale agreements was $2,101, (2023 – $1,751). The fair value of financial assets pledged as collateral was $2,127 (2023 – $1,766). For any collateral pledged, the counterparty has the right to re-pledge, loan, or use it under repurchase agreements in the absence of default by the owner of the collateral.

8. Derivative financial instruments

Derivatives are financial contracts whose value is derived from, referenced to or based on an underlying interest, which may include stocks, bonds, interest rates, currencies and market indices. Across the WSIB's portfolios, derivatives are primarily used in hedging investment risks, including liquidity, credit, market, interest rate or currency risk, altering the risk and return profile of investments, improving efficiency of achieving investment objectives, and creating unique risk and return payoffs.

Forward contracts and futures agreements are contractual obligations to buy or sell a financial instrument or foreign currency on a predetermined future date at a specific price. Forward contracts are over-the-counter contracts that are negotiated between IMCO, on behalf of the WSIB, and the counterparty, whereas futures are contracts that are traded on a regulated exchange with standard amounts and settlement dates.

(millions of Canadian dollars)

Some derivatives are collateralized with cash and treasury bills. As at December 31, 2024, the fair value of the securities maintained as collateral was approximately $10 (2023 – $11).

Certain derivative assets and derivative liabilities are subject to netting arrangements but do not meet the criteria to be presented on a net basis. As such, the derivative assets and derivative liabilities are presented separately in the consolidated statements of financial position.

The WSIB does not designate any of the derivatives in a qualifying hedge accounting relationship but uses derivatives for economic hedging purposes. The notional amounts in the table below are not recorded as assets or liabilities in the WSIB's annual consolidated financial statements as they represent the reference amounts to which a rate or a price is applied to determine the amount of cash flows to be exchanged. Notional amounts do not represent the potential gains or losses associated with market risks and are not indicative of the credit risks associated with derivative financial instruments.

The notional amounts and the fair values of the derivative assets and derivative liabilities as at December 31 are as follows:

	2024			2023		
		Fair value			Fair value	
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Forward exchange contracts	13,995	20	138	14,905	223	22
Fixed income futures	-	-	-	112	5	-
Equity index futures	-	-	-	248	9	-
Foreign currency futures	68	-	1	230	-	2
Total	**14,063**	**20**	**139**	**15,495**	**237**	**24**

9. Interests in structured entities

A structured entity is an entity that is designed whereby voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created with a narrow and well-defined objective with relevant activities being directed by means of contractual arrangements. The WSIB has an interest in a structured entity when there is a contractual or non-contractual involvement that exposes the WSIB to variable returns from the structured entity. The WSIB consolidates a structured entity when the WSIB controls the entity in accordance with the accounting policy described in note 2. The WSIB's consolidated structured entities are private market investments in the investment portfolios where the WSIB has substantive rights to direct relevant activities of the entity to affect the variable returns the WSIB is exposed to. Consolidated subsidiaries are detailed further in note 18. The WSIB also has interests in structured entities that are joint ventures and associates, which are detailed further in note 10. The WSIB's maximum exposure to loss related to its interests in structured entities is limited to the amounts presented on the WSIB's consolidated statements of financial position.

(millions of Canadian dollars)

10. Joint arrangements and associates

Investments in joint arrangements and associates, accounted for under the equity method, that are considered material to the consolidated financial statements as at December 31, 2024 have been disclosed separately below.

The following table summarizes the carrying value of the WSIB's interests in joint ventures and associates.

	2024	**2023**
Vancouver properties	822	832
Associates	279	600
Other joint ventures	1,119	1,285
Total	**2,220**	**2,717**

Vancouver properties

On February 1, 2017, the WSIB and a third party jointly purchased a 50% interest in a portfolio of retail and office properties in downtown Vancouver (the "Vancouver properties"). The WSIB accounts for this investment using the equity method of accounting and holds it for investment purposes to earn rental income and capital appreciation.

Summarized financial information of the Vancouver properties, based on their IFRS financial statements, and reconciliation with the carrying amount of the investment in the annual consolidated financial statements as at December 31 are set out below:

	2024	**2023**
Current assets	14	12
Non-current assets	1,683	1,695
Current liabilities	(48)	(37)
Non-current liabilities	(5)	(5)
Net assets	**1,644**	**1,665**
WSIB's share of net assets	**822**	**832**

The above amounts of assets and liabilities include the following:

	2024	**2023**
Cash and cash equivalents	9	6
Current financial liabilities (excluding trade and other payables)	(2)	(2)
Non-current financial liabilities (excluding trade and other payables)	(5)	(5)

Summarized below is the statement of comprehensive loss of the Vancouver properties:

	2024	**2023**
Income	146	161
Losses from decreases in fair values	(39)	(202)
Expenses	(58)	(59)
Total comprehensive income (loss)	**49**	**(100)**
WSIB's share of total comprehensive income (loss)	**25**	**(50)**

(millions of Canadian dollars)

The Vancouver properties have no contingent liabilities or capital commitments as at December 31, 2024 (2023 – nil). During 2024, the WSIB received dividends from the Vancouver properties of $44 (2023 – $56).

Investments in other joint arrangements and associates

The following table summarizes the carrying value of the WSIB's interests in other joint arrangements and associates that are not individually material as well as the WSIB's share of income (loss) of those entities.

	Associates		Joint ventures		Joint operations	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
WSIB's share of net assets[1]	**279**	**600**	**1,119**	**1,285**	**166**	**160**
WSIB's share of:						
Net income (loss)	41	32	(70)	(70)	2	(16)
Other comprehensive income (loss)	22	(6)	64	(26)	-	-

1. In 2024, investments in other joint arrangements and associates of $279M and $410M were transferred into the Real Estate Pool and Private Equity Pool, respectively. Refer to note 6 for details.
   In 2023, investments in other joint arrangements and associates of $74 were transferred into the Global Credit Pool.

11. Risk management

The WSIB is exposed to a number of risks and uncertainties related to its financial instruments, insurance contract liabilities and employee benefit plans. Refer to note 16 for the risks related to employee benefit plans.

Investment risk

The Board of Directors of the WSIB has established Statements of Investment Policies and Procedures ("SIPPs"), which establish the policies governing the WSIB's investment portfolio. The WSIB's investment portfolio is diversified amongst various investment asset classes in accordance with the SIPPs. The WSIB manages investment risk as follows:

- Conducting periodic asset-liability studies to ensure that the long-term investment objective, policy asset mix, and other provisions of the SIPPs remain relevant in the context of the WSIB's risk appetite, insurance contract liabilities, premium rate levels, and capital market assumptions;
- Monitoring IMCO's performance;
- Monitoring the capital markets and assessing actual investment performance relative to the WSIB's long-term investment return objective and policy asset mix; and
- Managing other financial risks that could impact revenues, specifically liquidity risk, credit risk and market risk. These risks are discussed below.

(millions of Canadian dollars)

Liquidity risk

Liquidity risk is the risk that the WSIB will encounter difficulty in meeting payment obligations when due resulting from insufficient operational cash flows or liquid assets. This risk is mitigated by:

- Monitoring and assessing operational cash flows and payment obligations and ensuring funds are available at appropriate times;
- Maintaining a portion of the WSIB's investments in high-quality, government fixed income securities as well as cash and money market securities;
- Appointing IMCO to manage the WSIB's repurchase agreements, including monitoring of liquidity requirements and availability of liquid assets; and
- Maintaining a $150 unsecured credit facility.

As at December 31, 2024, 54.9% (2023 – 53.2%) of the WSIB's investment portfolio was invested in cash and readily marketable money market securities, fixed income investments and publicly traded equities.

The following tables provide the carrying values of all financial instruments by contractual maturity or expected cash flow:

	Within 1 year	1 – 5 years	5 – 10 years	Over 10 years	No fixed maturity	2024
Cash and cash equivalents	364	-	-	-	-	**364**
Investment receivables	710	-	-	-	-	**710**
Public equity investments	-	-	-	-	11,104	**11,104**
Fixed income investments	501	2,308	1,631	5,473	41	**9,954**
Derivative assets	20	-	-	-	-	**20**
Other invested assets	-	-	-	-	16,761	**16,761**
Administration payables	(2,181)	-	-	-	-	**(2,181)**
Investment payables	(120)	-	-	-	-	**(120)**
Derivative liabilities	(139)	-	-	-	-	**(139)**
Securities sold under repurchase agreements	(2,101)	-	-	-	-	**(2,101)**
Long-term debt	-	(70)	-	-	-	**(70)**
Loss of Retirement Income Fund liability	-	-	-	-	(1,940)	**(1,940)**

	Within 1 year	1 – 5 years	5 – 10 years	Over 10 years	No fixed maturity	2023
Cash and cash equivalents	335	-	-	-	-	**335**
Investment receivables[1]	308	-	-	-	-	**308**
Public equity investments	-	-	-	-	9,729	**9,729**
Fixed income investments	545	1,136	916	6,414	46	**9,057**
Derivative assets	237	-	-	-	-	**237**
Other invested assets	-	-	-	-	14,789	**14,789**
Administration payables	(161)	-	-	-	-	**(161)**
Investment payables	(45)	-	-	-	-	**(45)**
Derivative liabilities	(24)	-	-	-	-	**(24)**
Securities sold under repurchase agreements	(1,744)	(7)	-	-	-	**(1,751)**
Long-term debt	-	(70)	-	-	-	**(70)**
Loss of Retirement Income Fund liability	-	-	-	-	(1,898)	**(1,898)**

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

The liquidity risk of insurance contract liabilities is discussed in note 17.

(millions of Canadian dollars)

The WSIB maintains and uses a $150 unsecured line of credit with a commercial bank for general operating purposes. As at December 31, 2024, there were no outstanding borrowings (2023 – $5).

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The WSIB is exposed to credit risk in several ways including:

- Risk that the WSIB's fixed income investments may become impaired;
- Counterparty risk relating to the WSIB's securities lending, repurchase agreements, foreign currency hedging and derivatives in various asset classes, and annuity agreements; and
- Risk due to Schedule 1 businesses not settling their premium receivables and Schedule 2 organizations not reimbursing the WSIB for their respective claim costs.

The WSIB manages its credit risk by:

- Allocating a predominant component of fixed income assets to investments in high-quality government bonds;
- Appointing an experienced agent to manage the securities lending program including the management of borrower credit risk through daily marking-to-market and full collateralization with an additional margin for safety, and receiving an indemnity from the financial institution that manages the securities lending program;
- Appointing IMCO to manage the WSIB's repurchase agreements, including ensuring the repurchase agreements entered into by the WSIB are diversified across a minimum number of highly rated counterparties;
- Minimum requirements for counterparties' credit ratings, diversification of counterparties, and monitoring of counterparties and exposures; and
- Monitoring premium receivables from Schedule 1 businesses and holding collateral from some Schedule 2 organizations in the form of either letters of credit issued by highly rated financial institutions or surety bonds issued by highly rated insurance companies.

(a) Fixed income investments

The WSIB's fixed income investments consist primarily of high-quality, investment-grade debt instruments. An investment-grade debt instrument is one that is rated BBB and above.

The following table provides information regarding the credit rating of the WSIB's fixed income securities:

	2024		2023[1]	
AAA	1,926	19.3%	3,073	33.9%
AA	7,600	76.4%	5,528	61.1%
A	387	3.9%	410	4.5%
Not rated	41	0.4%	46	0.5%
Total fixed income investments	**9,954**	**100.0%**	**9,057**	**100.0%**

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

Credit risk associated with fixed income investments also includes concentration risk. Concentration risk arises from the exposure of investments from one particular issuer, a group of issuers, a geographic region, or a sector. These groups share similar characteristics such as type of industry, regulatory compliance, and economic and political conditions, which may impact the issuers' ability to meet their contractual commitments.

Notes to Consolidated Financial Statements
December 31, 2024
(millions of Canadian dollars)

The WSIB manages concentration risks through its diversified mix of assets. IMCO maintains limits for each investment strategy across companies, managers, geographies, sectors, credit ratings, and investment vehicles as applicable to prevent concentration risks.

The following table provides information regarding the concentration of fixed income investments:

	2024		2023[1]	
Federal government and agencies	5,718	57.4%	4,802	53.0%
Provincial and municipal governments and agencies	4,047	40.7%	4,122	45.5%
Financial services	189	1.9%	133	1.5%
Total fixed income investments	**9,954**	**100.0%**	**9,057**	**100.0%**

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

(b) Securities lending program and repurchase agreements

Counterparty risk relating to the securities lending program is managed by an intermediary financial institution in accordance with a written agreement, investment policy and procedures on securities lending. Non-cash collateral is comprised primarily of government bonds and major bank short-term notes. Counterparty risk relating to repurchase agreements is managed by IMCO, who works with an intermediary financial institution to manage all aspects of the program, including exchanging collateral to minimize counterparty exposure where necessary. Refer to note 7 for further details.

(c) Receivables from Schedule 1 businesses and Schedule 2 organizations

Credit risk associated with premium receivables from Schedule 1 businesses is mitigated through risk management policies and procedures, which include close monitoring of premium payment status and follow-up measures with the business. Premium receivables, which are recorded within the liability for remaining coverage, are measured based on the cash flows expected to be received.

Credit risk related to receivables from Schedule 2 organizations is mitigated by holding collateral in the form of letters of credit and surety bonds. At December 31, 2024, the WSIB held collateral in the total amount of $271 (2023 – $269) with Schedule 2 organizations.

Market risk

There are three types of market risk to which the WSIB is exposed:

- Currency risk is the risk of loss due to adverse movements in foreign currency rates relative to the Canadian dollar;
- Interest rate risk is the potential for financial loss arising from changes in interest rates; and
- Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

These risks are mitigated through various measures, which include:

- IMCO's policy to hedge currency exchange rate risk associated with certain foreign investment holdings;
- Reviewing interest rate risk through periodic asset-liability studies to determine the appropriate duration for fixed income investments in view of the impact of different interest rate scenarios on the WSIB's assets and liabilities over a period of time; and
- Reviewing price risk through periodic asset-liability studies to determine the appropriate policy asset mix, in view of the level of risk the WSIB is willing to assume. The policy asset mix is the primary determinant of the portfolio's level of market risk. The WSIB's investment portfolio is further diversified in accordance with the WSIB's investment policies to reduce the portfolio's

(millions of Canadian dollars)

exposure to a change in price in any particular issuer, group of issuers, geographic region, or sector of the market.

(a) Currency risk

The following provides a sensitivity analysis of the effect on investment income of a one percent change in the Canadian dollar compared to significant foreign currency exposures in the WSIB's investment portfolio:

	2024		**2023**	
	Net exposure	**Effect of +/- 1% change**	**Net exposure**	**Effect of +/- 1% change**
United States dollar	(3,606)	36/(36)	(1,856)	19/(19)
Euro	(1,080)	11/(11)	(157)	2/(2)
Australian dollar	(479)	5/(5)	(451)	5/(5)
British pound sterling	(360)	4/(4)	(296)	3/(3)
Total	**(5,525)**	**55/(55)**	**(2,760)**	**28/(28)**

(b) Interest rate risk

The WSIB uses effective duration to measure the sensitivity of the fair value of fixed income investments to a change in interest rates. Parallel shifts in the yield curve of 1%, with all other variables held constant, would result in an increase or decrease in the fair value of fixed income investments of approximately $1,068 (2023 – $1,185). This information is based on the assumption that the fixed income investments are not impaired and interest rates and equity prices move independently.

(c) Price risk

The WSIB is exposed to price risk through its investments in public equity investments. The estimated effect on the fair value of public equity investments resulting from a 10% change in market prices, holding all other factors constant, is $1,110 (2023 – $973).

Insurance funding risk – insurance contract liabilities

The WSIB provides workplace injury insurance for all Schedule 1 businesses with workers in Ontario. Insured events can occur at any time during the coverage period and can generate losses of variable amounts. The WSIB is exposed to the risk that the actual obligations for claim payments exceed its estimate of insurance contract liabilities. Insurance contract liabilities are influenced by factors such as:

- The discount rate used to value future claims;
- Expected inflation;
- Availability, utilization and cost of health care services;
- Injury severity, return-to-work programs and re-employment opportunities at pre-injury employers;
- Wage growth;
- New medical findings that affect the recognition of occupational diseases;
- Legislated changes to benefit rates or modification of the recognition of workplace injuries, which are sometimes applied retroactively; and
- Precedents established through various claims appeals processes.

The WSIB mitigates these risks by utilizing both proprietary and commercially available actuarial models and assessing historical loss development patterns and other predictive analytics. These risks are also mitigated by engaging independent actuaries annually to review actuarial assumptions and methodologies in establishing insurance contract liabilities.

Note 17 provides further information regarding the nature of insurance risk associated with the insurance contract liabilities.

(millions of Canadian dollars)

12. Property, equipment and intangible assets

	Property and equipment				Intangible assets		
	Land	**Buildings[1]**	**Leasehold improvements**	**Office and computer equipment**	**Internally developed software[2]**	**Acquired software**	**Total**
Cost							
Balance as at December 31, 2022	**40**	**249**	**28**	**30**	**342**	**16**	**705**
Additions	10	18	3	3	12	-	46
Disposal	-	(2)	-	-	-	-	(2)
Balance as at December 31, 2023	**50**	**265**	**31**	**33**	**354**	**16**	**749**
Additions	-	2	1	2	17	-	22
Disposal	-	(100)	-	-	-	-	(100)
Balance as at December 31, 2024	**50**	**167**	**32**	**35**	**371**	**16**	**671**
Accumulated depreciation and amortization							
Balance as at December 31, 2022	**-**	**138**	**24**	**27**	**273**	**15**	**477**
Depreciation and amortization	-	7	2	1	22	1	33
Disposal	-	(1)	-	-	-	-	(1)
Balance as at December 31, 2023	**-**	**144**	**26**	**28**	**295**	**16**	**509**
Depreciation and amortization	-	5	2	2	21	-	30
Disposal	-	(57)	-	-	-	-	(57)
Balance as at December 31, 2024	**-**	**92**	**28**	**30**	**316**	**16**	**482**
Carrying amounts							
At December 31, 2023	**50**	**121**	**5**	**5**	**59**	**-**	**240**
At December 31, 2024	**50**	**75**	**4**	**5**	**55**	**-**	**189**

1. Buildings include ROU assets of $10 (2023 – $55), net of accumulated depreciation of $41 (2023 – $96).
2. The carrying amount for internally developed software as at December 31, 2024 includes $21 (2023 – $10) of costs 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 as at December 31, 2024.

(millions of Canadian dollars)

13. Payables and other liabilities

	2024	2023
Administration payables[1]	2,181	161
Investment payables	120	45
Short-term payable – Worker Income Protection Benefit Program	6	33
Other liabilities	62	66
Total payables and other liabilities	**2,369**	**305**

1. Administration payables include $2,000 surplus distribution liability (2023 – nil). Refer to note 22 for further details.

Total payables and other liabilities are expected to be paid within 12 months from the reporting date.

14. Long-term debt and lease liabilities

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

	2024	2023
Mortgages payable	70	70
Lease liabilities	29	96
Less: Current portion of lease liabilities	(7)	(7)
Total long-term debt and lease liabilities	**92**	**159**

15. Loss of Retirement Income Fund liability

The reconciliation of carrying amounts for the Loss of Retirement Income Fund liability is set forth below:

	2024	2023
Balance at beginning of year	1,898	1,874
Contributions from the WSIB	53	54
Optional contributions from injured workers	8	8
Contributions from Schedule 2 organizations	15	13
Income earned on contributions	164	128
Benefits paid in cash	(198)	(179)
Balance at end of year	**1,940**	**1,898**

(millions of Canadian dollars)

The following provides a summary of the net assets by category included in the Loss of Retirement Income Fund:

	2024		2023	
Cash and cash equivalents	105	5.4%	168	8.9%
Public equity investments	356	18.5%	338	17.8%
Fixed income investments	795	41.0%	700	36.9%
Derivative financial instruments	(5)	(0.3%)	10	0.5%
Investment properties	14	0.7%	26	1.4%
Investments in associates and joint ventures	91	4.7%	113	5.9%
Other invested assets	606	31.2%	592	31.2%
Securities sold under repurchase agreements	(34)	(1.8%)	(54)	(2.9%)
Other	12	0.6%	5	0.3%
Total Loss of Retirement Income Fund assets	**1,940**	**100.0%**	**1,898**	**100.0%**

16. Employee benefit plans

The WSIB sponsors defined benefit pension plans and other benefits for WSIB employees.

Pension plans

(a) WSIB Employees' Pension Plan

The EPP provides for partially indexed pensions based on years of service and the best consecutive five of the last ten years of earnings. The EPP is a registered pension plan under Ontario's *Pension Benefits Act* ("PBA") and the Canada Revenue Agency ("CRA").

On July 1, 2020, the EPP was converted from a single-employer pension plan to a jointly sponsored pension plan. However, there was no impact to the EPP obligation as a result of the conversion. The WSIB and the Ontario Compensation Employees Union are the plan sponsors. The Board of Trustees is the EPP administrator. The participating employers of the EPP include the WSIB, the Board of Trustees, and four Safe Workplace Associations ("SWAs") whose employees are deemed employees of the WSIB for pension purposes. The EPP is open to new entrants, and the WSIB, the Board of Trustees and the SWAs are currently responsible for their own funding for current service costs, less any required employee contributions. Employee contribution requirements are gradually increasing until the employers and employees are each contributing 50% of the normal cost (the "Phase-in Period"). Thereafter, the participating employers will be responsible for only 50% of the total costs of the EPP and its associated liability. It is currently estimated that the 50%/50% cost-sharing target will be reached by 2032.

Additional contributions to the EPP were potentially required by the WSIB based on a pre-determined calculation as of December 31, 2024 dependent on the investment performance of plan assets and subject to a fixed upper bound. However, due to the investment performance of plan assets, no additional contributions were required by the WSIB. During the Phase-In Period, the WSIB is responsible for funding the balance of the normal cost of the EPP and any going concern special payments that arise. The Board of Trustees and the SWAs are not required to pay a share of any special payments that may arise during the Phase-In Period.

(b) The Employees' Supplementary Pension Plan ("ESPP")

The ESPP is a single-employer pension plan, with five participating employers, the WSIB and the four SWAs. The ESPP generally has the same benefit plan provisions as the EPP, except that it provides for benefits that are earned above the maximum pension benefits permitted under the *Income Tax Act* (Canada). Employee contributions are currently 7% of earnings above the contribution earnings limit under the EPP. Participating employers match the employees' contributions. The WSIB makes additional contributions when required. The SWAs make additional year-end contributions, as required. The ESPP is registered with the CRA as a Retirement Compensation Arrangement.

Other benefits

(a) The Post-Retirement Benefit Plan

The Post-Retirement Benefit Plan provides extended health, dental, vision, and life insurance benefits for employees who meet the eligibility requirements. Employees must be entitled to a WSIB pension and meet a service requirement to qualify for benefits. The plan is funded on a pay-as-you-go basis.

(b) Other employment benefits

Other employment benefits include vacation and attendance credits, which are payable upon termination of employment or upon retirement, and disability benefits payable up to age 65.

Governance of the plans

The EPP Board of Trustees, known as WISE Trust, performs the governance and the administration of the EPP. This includes such tasks as approval of the actuarial valuation reports and audited plan financial statements, appointment and termination of key service providers, approval of asset-liability studies, determining the EPP's SIPP and asset mix, as well as performing any regulatory and legislative pension plan compliance. The WSIB Board of Directors and the Ontario Compensation Employees Union bear joint responsibility in the determination of the plan design and the selection of the EPP Board of Trustees.

The WSIB Board of Directors oversees the administration of all the other employee benefit plans in accordance with applicable legislation and approves the governance structure, including the mandates of those to whom administrative duties and responsibilities are delegated.

The WSIB Board of Directors receives assistance in the fulfillment of its responsibilities related to the employee benefit plans through various committees, including the Audit and Finance Committee, the Service Excellence Committee and the Governance Committee.

Risks

Given that employee contributions to the employee benefit plans (if any) are fixed in the short term, the WSIB generally bears the risks associated with the employee benefit plans. For the EPP, employee contributions will increase until they are equal to the WSIB contributions. Once employee and the WSIB contributions are equal, all EPP funding risks will be shared equally between the WSIB and employees.

The most significant sources of risk for the WSIB include:

a) A decline in discount rates that increases the obligation and expense;

b) An increase in inflation;

c) Investment returns which are lower than expected;

d) Lower-than-expected rates of mortality; and

e) Health care cost inflation being higher than assumed.

Notes to Consolidated Financial Statements
December 31, 2024
(millions of Canadian dollars)

In general, risks are managed through plan design reviews, the EPP's funding policy and, in relation to investment risks, through risk control mechanisms in the EPP's SIPP. The SIPP is determined and monitored by the EPP Board of Trustees in accordance with the PBA, and the review of plan design is conducted jointly by the plan sponsors.

Employee benefit plans expense

The cost of the employee benefit plans recognized in administration and other expenses is as follows:

	Pension plans		Other benefits		Total	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
Current service cost	91	83	18	15	109	98
Net interest on the employee benefit plans liability	23	22	33	33	56	55
Past service cost (recovery)	-	-	4	(14)	4	(14)
Long-term employee benefit gains	-	-	(5)	(4)	(5)	(4)
Administrative expenses	12	14	-	-	12	14
Employee benefit plans expense	**126**	**119**	**50**	**30**	**176**	**149**

Amounts recognized in other comprehensive income (loss) are as follows:

	Pension plans		Other benefits		Total	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
Actuarial gains (losses) arising from:						
Financial assumptions	96	(209)	8	(36)	104	(245)
Demographic assumptions	-	(11)	-	(3)	-	(14)
Plan experience	7	-	5	(17)	12	(17)
Return on plan assets excluding interest income	264	108	-	-	264	108
Remeasurements of employee benefit plans	**367**	**(112)**	**13**	**(56)**	**380**	**(168)**

Employee benefit plans liability

The employee benefit plans liability as at December 31 is comprised of the following:

	Pension plans		Other benefits		Total	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
Present value of obligations[1]	4,641	4,582	711	703	5,352	5,285
Fair value of plan assets	(4,503)	(4,092)	-	-	(4,503)	(4,092)
Employee benefit plans liability	**138**	**490**	**711**	**703**	**849**	**1,193**

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

Notes to Consolidated Financial Statements
December 31, 2024
(millions of Canadian dollars)

The movement in the total present value of employee benefit obligations is as follows:

	Pension plans		**Other benefits**		**Total**	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
Balance, beginning of year	4,582	4,198	703	644	5,285	4,842
Current service cost	91	83	18	15	109	98
Employee contributions	44	41	-	-	44	41
Interest expense on the employee benefit obligations	215	214	33	33	248	247
Past service cost (recovery)	-	-	4	(14)	4	(14)
Gain/Losses	-	-	(5)	(4)	(5)	(4)
Actuarial losses (gains) arising from:						
Financial assumptions	(96)	209	(8)	36	(104)	245
Demographic assumptions	-	11	-	3	-	14
Plan experience	(7)	-	(5)	17	(12)	17
Benefits paid	(194)	(181)	(29)	(27)	(223)	(208)
Transfer/adjustments	6	7	-	-	6	7
Balance, end of year	**4,641**	**4,582**	**711**	**703**	**5,352**	**5,285**

As at December 31, 2024, the EPP was 99.3% of the pension plans obligation (2023 – 99.3%), and the Post-Retirement Benefit Plan was 83.8% of the other benefits obligation (2023 – 83.9%).

The weighted average duration of the defined benefit pension plans and the other benefit plans' obligations as at December 31, 2024 is 14.6 and 14.1 years, respectively (2023 – 14.6 and 14.5 years, respectively).

Fair value of plan assets

The movement in the total fair value of plan assets is as follows:

	Pension plans		**Other benefits**		**Total**	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
Balance, beginning of year	4,092	3,825	-	-	4,092	3,825
Interest income on plan assets	192	192	-	-	192	192
Return in excess of interest income on plan assets	264	108	-	-	264	108
Employer contributions	111	114	29	27	140	141
Employee contributions	44	41	-	-	44	41
Transfer/adjustments	6	7	-	-	6	7
Benefits paid	(194)	(181)	(29)	(27)	(223)	(208)
Administrative costs paid	(12)	(14)	-	-	(12)	(14)
Balance, end of year	**4,503**	**4,092**	**-**	**-**	**4,503**	**4,092**

Employers' contributions to the pension plans are projected to be $95 for 2025.

Benefits to be paid from pension plan assets, during 2025, are projected to be $204, and other benefits to be paid directly by the employer are projected to be $36.

Notes to Consolidated Financial Statements
December 31, 2024
(millions of Canadian dollars)

Pension plan assets as at December 31 are comprised of the following:

	2024		2023	
Pension plan assets				
Public equities	1,461	32.5%	1,455	35.5%
Fixed income	1,193	26.5%	967	23.6%
Credit	409	9.1%	285	7.0%
Public market alternatives	150	3.3%	380	9.3%
Securities sold under repurchase agreements	(157)	(3.5%)	(195)	(4.8%)
Real estate	497	11.0%	454	11.1%
Infrastructure	639	14.2%	533	13.0%
Private equity	212	4.7%	101	2.5%
Cash and cash equivalents	87	1.9%	85	2.1%
Other	12	0.3%	27	0.7%
Total[1]	**4,503**	**100.0%**	**4,092**	**100.0%**

1. Includes $6 net assets of the ESPP (2023 – $5).

Actuarial assumptions

The significant actuarial assumptions used in the determination of the present value of the employee benefit obligations are as follows:

	2024	2023
Discount rate[1]		
Benefit plan expense	4.65%	5.05%
Accrued benefit obligation at end of year	4.75%	4.65%
Rate of pension increase at beginning of year[2]		
2025	2.00%	2.25%
2026	1.50%	2.25%
2027	1.50%	1.75%
2028 and thereafter	1.50%	1.50%
Rate of compensation increase at end of year[3]	3.50%	3.50%
Health care trends at end of year[4]		
Initial trend rate	5.00%	5.00%
Ultimate trend rate	4.00%	4.00%
Year initial trend rate is applied	2023	2023
Year ultimate trend rate is reached	2025	2025
Dental care trend rate at beginning of year		
2023	8.00%	8.00%
2024	5.00%	5.00%
2025 and thereafter	3.00%	3.00%
Mortality		
Base table[5]	100% of CPM (Public)	100% of CPM (Public)
Projection scale[6]	MI-2017	MI-2017

1. Weighted average based on obligation (rounded to the nearest 5 basis points).
2. Pension benefits are increased annually, every January 1, equal to 75% of the Consumer Price Index (i.e., inflation) for pre-July 2025 services. Service post-July 2025 will be indexed at 50% of inflation.
3. This is an approximation. Actual assumption is based on long-term inflation of 2% per annum plus unisex pay merit scale.
4. Health care trend rates are for drugs only. The trend for semi-private hospital and vision are 2% and other medical costs is 3%.
5. 2014 Canadian Pensioners' Sector Mortality Table ("CPM").
6. Scale MI-2017 modified to have an ultimate rate of 0.8%.

(millions of Canadian dollars)

The current longevities underlying the measurement of the employee benefit obligations as at December 31 are as follows:

	2024	2023
Longevity for those currently at age 65		
Males	23.2 years	23.2 years
Females	25.3 years	25.2 years
Longevity at age 65 for those currently at age 45		
Males	24.3 years	24.3 years
Females	26.3 years	26.3 years

Sensitivity of the actuarial assumptions

Changes in the actuarial assumptions used have a significant effect on the employee benefit plans obligation. The sensitivity analysis below provides an estimate of the potential impact of changes in key assumptions as at December 31, 2024, with all other assumptions held constant:

	Increase (decrease) in the obligations		
Sensitivity in assumptions	**Pension plans**	**Other benefits**	**Total**
Discount rate			
1% increase in discount rate	(579)	(88)	(667)
1% decrease in discount rate	735	112	847
Rate of compensation increase			
1% increase in compensation rate	136	7	143
1% decrease in compensation rate	(119)	(6)	(125)
Rate of pension increase			
1% increase in pension benefits	433	n/a	433
1% decrease in pension benefits	(377)	n/a	(377)
Health and dental care trend rates			
1% increase in trend rates	n/a	124	124
1% decrease in trend rates	n/a	(97)	(97)
Mortality rates			
10% increase in mortality rates[1]	(83)	(13)	(96)
10% decrease in mortality rates[2]	91	15	106

1. The increase in the mortality rates results in a decrease of the average life expectancy of a female aged 65 years by 0.7 years.
2. The decrease in the mortality rates results in an increase of the average life expectancy of a female aged 65 years by 0.8 years.

(millions of Canadian dollars)

17. Insurance contract liabilities

The roll-forward of the insurance contract liabilities showing the liabilities for remaining coverage and the liabilities for incurred claims as of December 31, 2024 is as follows:

	Liabilities for remaining coverage		**Liabilities for incurred claims**	**Total**
	Excluding loss component	**Loss component**	**Estimates of the present value of future cash flows**	
Insurance contract liabilities as at January 1, 2024	**(95)**	**210**	**27,605**	**27,720**
Insurance revenue	(3,520)	-	-	(3,520)
Insurance service expenses				
Incurred claims and other expenses	-	(210)	2,643	2,433
Losses on onerous contracts and reversals of those losses[1]	-	177	-	177
Changes in liabilities for incurred claims	-	-	(627)	(627)
Total insurance service (income) expenses	**-**	**(33)**	**2,016**	**1,983**
Insurance service result	**(3,520)**	**(33)**	**2,016**	**(1,537)**
Insurance finance expense	**-**	**-**	**1,380**	**1,380**
Total changes in the statement of comprehensive (income) loss	**(3,520)**	**(33)**	**3,396**	**(157)**
Cash flows				
Premiums received	3,488	-	-	3,488
Claims and other expenses paid	-	-	(3,608)	(3,608)
Total cash flows	**3,488**	**-**	**(3,608)**	**(120)**
Insurance contract liabilities as at December 31, 2024	**(127)**	**177**	**27,393**	**27,443**

1. Reflects any subsequent changes in actuarial assumptions used in determination of the losses on onerous contracts and reversals of those losses.

Notes to Consolidated Financial Statements
December 31, 2024
(millions of Canadian dollars)

The roll-forward of the insurance contract liabilities showing the liabilities for remaining coverage and the liabilities for incurred claims as of December 31, 2023 is as follows:

	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	
Insurance contract liabilities as at January 1, 2023	**97**	**190**	**26,360**	**26,647**
Insurance revenue	(3,461)	-	-	(3,461)
Insurance service expenses				
Incurred claims and other expenses	-	(190)	2,566	2,376
Losses on onerous contracts and reversals of those losses[1]	-	210	-	210
Changes in liabilities for incurred claims	-	-	(252)	(252)
Total insurance service expenses	**-**	**20**	**2,314**	**2,334**
Insurance service result	**(3,461)**	**20**	**2,314**	**(1,127)**
Insurance finance expense	**-**	**-**	**2,484**	**2,484**
Total changes in the statement of comprehensive (income) loss	**(3,461)**	**20**	**4,798**	**1,357**
Cash flows				
Premiums received	3,269	-	-	3,269
Claims and other expenses paid	-	-	(3,553)	(3,553)
Total cash flows	**3,269**	**-**	**(3,553)**	**(284)**
Insurance contract liabilities as at December 31, 2023	**(95)**	**210**	**27,605**	**27,720**

1. Reflects any subsequent changes in actuarial assumptions used in determination of the losses on onerous contracts and reversals of those losses.

(millions of Canadian dollars)

Actuarial assumptions and methods

(a) Economic assumptions

The following provides a summary of the primary economic assumptions used in the actuarial valuation of insurance contract liabilities:

	2024[1]	**2023**[1]
Single-equivalent discount rate	4.83%	4.86%
Inflation (CPI)	2.5% for 2025 2.0% thereafter	3.0% for 2024 2.5% for 2025 2.0% thereafter
Benefits indexation rates	2.4% for 2026 2.1% for 2027 2.0% thereafter	3.0% for 2025 2.6% for 2026 2.0% thereafter
Wage growth rate	3.5% (CPI + 1.0%) for 2025 3.0% (CPI + 1.0%) thereafter	4.0% (CPI + 1.0%) for 2024 3.5% (CPI + 1.0%) for 2025 3.0% (CPI + 1.0%) thereafter
Health care cost escalation rate	4.5% (CPI + 2%) for 2025 4.0% (CPI + 2%) thereafter	6.0% (CPI + 3.0%) for 2024 4.5% (CPI + 2.0%) for 2025 4.0% (CPI + 2.0%) thereafter

1. All percentages are on a per annum basis.

(b) Wage loss

Wage loss refers to the proportion of a worker's wages that is lost due to an injury. Most benefits influenced by wage loss are based on historical experience and limits in the WSIA.

(c) Mortality

Mortality rates are used to estimate the duration for which the WSIB will continue to be required to make payments to injured workers or survivors receiving monthly pension amounts. The mortality assumptions are determined separately for injured workers and survivors as follows:

(i) The mortality assumption for injured workers is based on an actuarial study of the mortality levels by age and gender experienced by the WSIB disability income recipients from 2019 to 2023, adjusted to reflect any prevailing improvements (or otherwise) in the experience of the WSIB injured workers up to and including 2024;
(ii) The mortality assumption for those receiving survivor benefits is based on an actuarial study of mortality levels experienced by the WSIB survivors, and the 2017–2019 Province of Ontario population mortality table developed by Statistics Canada, adjusted to reflect any prevailing improvements (or otherwise) in the experience of the WSIB survivors up to and including 2024; and
(iii) The mortality rates for both injured workers and survivors are projected for future years using the Canada Pension Plan's mortality improvement factors. As such, future mortality rates are reduced to allow for greater future longevity expected for injured workers and survivors.

(d) Claims incidence, return to work and exposure index

Claims incidence refers to the number of claims incurred during the year and requires actuarial assumptions for the number of claims expected to have been incurred but not reported at December 31, 2024. Return to work refers to the actuarial assumptions regarding the future duration of claims. Exposure index refers to the indicator used to assist in predicting certain future costs for different injury years and represents, on a relative basis, the level of risk insured by the WSIB.

The assumptions regarding claims incidence are determined based on the number of claims incurred in past years. The return to work assumption is determined using average return to work experience of the WSIB from five recent injury years ending in 2022 and modified for the existing claims expected to be of longer duration. The exposure index has been developed using the number of lost-time injuries incurred up to injury year 1998, and for subsequent years, the number of workers covered by the WSIB, adjusted by the variation in the average risk associated with these workers. The return to work rates and the projected number of loss of earnings future lock-in claims and their profiles were updated in 2024 to reflect recent experience.

(millions of Canadian dollars)

(e) Expenses

The average claim administration cost per unit of exposure index for each claims duration is determined based on the experience from 2021 to 2023. The 2024 exposure index and the wage escalation are applied to these factors to determine the future claim administration cost liability.

(f) Long latency occupational diseases

Long latency occupational diseases refer to future occupational disease claims arising from exposures up to the valuation date to hazardous substances or conditions, such as asbestos and excessive noise.

Sensitivity of actuarial assumptions

Changes in the actuarial assumptions used have a significant effect on the claim costs recognized. The following provides an estimate of the potential impact of a change in the more significant assumptions:

Changes in assumptions	Decrease in net assets/total comprehensive income 2024[1]	Decrease in net assets/total comprehensive income 2023[1]
100 basis point decrease in the discount rate	2,878	2,922
100 basis point increase in the inflation rate:		
Impact of benefits indexation rate	1,510	1,494
Impact of wage growth	899	720
Impact of health care cost escalation	769	609

1. Note that an equivalent impact was recognized to net assets attributable to the WSIB's stakeholders.

The method used for deriving sensitivity information and significant assumptions did not change from the previous year.

Notes to Consolidated Financial Statements
December 31, 2024
(millions of Canadian dollars)

Claims development

Liabilities for incurred claims include the current estimate of future payments related to claims incurred during 2024 and prior years. Each reporting period, liabilities for incurred claims are adjusted for changes in the estimate of the future payments, and the change in estimate is recognized in claim costs. The table below provides the development of the estimates related to claims incurred from 2015 to 2024.

	Year of injury										
Year of estimate	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**Total**
2015	2,317										
2016	2,071	2,210									
2017	1,970	2,274	2,371								
2018	1,925	2,208	2,405	2,604							
2019	1,897	2,126	2,351	2,494	2,614						
2020	1,858	2,085	2,325	2,449	2,663	2,618					
2021	1,863	2,102	2,333	2,472	2,627	2,545	3,054				
2022	1,809	2,008	2,247	2,366	2,501	2,318	2,668	2,985			
2023	1,778	1,967	2,216	2,324	2,428	2,236	2,539	2,788	3,001		
2024	1,772	2,007	2,233	2,340	2,445	2,246	2,544	2,817	2,996	3,077	
Current estimate of cumulative claims costs	1,772	2,007	2,233	2,340	2,445	2,246	2,544	2,817	2,996	3,077	24,477
Cumulative payments made	(764)	(865)	(876)	(923)	(894)	(740)	(771)	(700)	(559)	(259)	(7,351)
Outstanding claims (undiscounted)	1,008	1,142	1,357	1,417	1,551	1,506	1,773	2,117	2,437	2,818	17,126
Effect of discounting	(501)	(550)	(671)	(686)	(760)	(755)	(871)	(1,028)	(1,150)	(1,191)	(8,163)
Liabilities for incurred claims (discounted outstanding claims)	507	592	686	731	791	751	902	1,089	1,287	1,627	8,963
Liabilities for incurred claims (discounted outstanding claims) prior to 2015 injury year											13,788
Claim administration costs											1,936
Long latency occupational diseases											2,666
Other											40
Total liabilities for incurred claims											**27,393**

(millions of Canadian dollars)

Rate setting

In accordance with the WSIA, the WSIB's obligations are satisfied by charging annual premiums to all Schedule 1 businesses. The WSIB introduced a rate setting model and North American Industry Classification System based classification structure effective January 1, 2020. The rate setting model is a prospective premium rate setting framework that is applied to all businesses. The model includes built-in dynamic risk banding, which allows a range of business premium rates within a class/subclass and for individual business premium rates to change year over year within limits to better reflect changes in a business' claims cost experience. The premium rate for each business reflects the rate of the class/subclass and its risk in relation to other businesses in that class considering their size. Each class/subclass has a series of risk bands, and each risk band has an associated rate either above or below the class rate. The premium rate for each class reflects costs associated with claims, administration and legislative obligations.

There is a two-step approach to set and adjust premium rates for businesses:

(a) Set class rate for each industry class based on its risk profile and share of responsibility to maintain the insurance fund. The class rate is a collective rate that represents the class's share of responsibility for its WSIB costs; and

(b) Compare individual insurable earnings and claims history to the businesses in the class. This means that a business's overall rate under this model reflects its individual experience and risk.

Liquidity of insurance contract liabilities risks

The following table provides an estimate of the expected timing of undiscounted cash flows for claim payments:

	2024	**2023**
Up to one year	6%	6%
Over one year and up to five years	17%	18%
Over five years and up to ten years	17%	17%
Over ten years and up to fifteen years	14%	14%
Over fifteen years	46%	45%
	100%	**100%**

(millions of Canadian dollars)

18. Information on subsidiaries and non-controlling interests

The WSIB's consolidated financial statements include the financial statements of all its subsidiaries.

(a) Directly or indirectly owned subsidiaries

The majority of the WSIB's assets are held directly or indirectly by the following subsidiaries:

	WSIB's ownership 2024	WSIB's ownership 2023	Country of incorporation and operation
Wholly owned subsidiaries			
2742267 Ontario Ltd.	100.0%	100.0%	Canada
2742268 Ontario Ltd.	100.0%	100.0%	Canada
2778374 Ontario Inc.	100.0%	100.0%	Canada
2778376 Ontario Inc.	100.0%	100.0%	Canada
2859927 Ontario Inc.	100.0%	100.0%	Canada
2859928 Ontario Inc.	100.0%	100.0%	Canada
799549 Ontario Inc.	100.0%	100.0%	Canada
Simcoe INS OTC Collateral Fund LP	100.0%	100.0%	Canada
Simcoe INS PE Pool Ltd.	100.0%	100.0%	Canada
Simcoe INS RE Public REIT Ltd.	100.0%	100.0%	Canada
Simcoe INS Real Estate Pool AIV 1 Ltd.[1]	100.0%	-	Canada
Simcoe INS Real Estate Pool AIV 2 Ltd.[1]	100.0%	-	Canada
Simcoe INS Real Estate Pool Ltd.[1]	100.0%	-	Canada
Simcoe LRI OTC Collateral Fund LP	100.0%	100.0%	Canada
Simcoe LRI PE Pool Ltd.	100.0%	100.0%	Canada
Simcoe LRI RE Public REIT Ltd.	100.0%	100.0%	Canada
Simcoe LRI Real Estate Pool AIV 1 Ltd.[1]	100.0%	-	Canada
Simcoe LRI Real Estate Pool AIV 2 Ltd.[1]	100.0%	-	Canada
Simcoe LRI Real Estate Pool Ltd.[1]	100.0%	-	Canada
Simcoe PE C2 Ltd.	100.0%	100.0%	Canada
Simcoe RES (Non-Pension) C Ltd.	100.0%	100.0%	Canada
WSIB INS Infra A Pool Ltd.	100.0%	100.0%	Canada
WSIB Investments (International Infrastructure Non-Pension) Limited	100.0%	100.0%	Canada
WSIB Investments (International Realty Non-Pension) Limited	100.0%	100.0%	Canada
WSIB Investments (Private Equity Non-Pension) Limited	100.0%	100.0%	Canada
WSIB LRI Infra A Pool Ltd.	100.0%	100.0%	Canada
WSIB VanIF GP Holdings Ltd.	100.0%	100.0%	Canada
WSIB VanLRI GP Holdings Ltd.	100.0%	100.0%	Canada
Partly owned subsidiaries			
2742266 Ontario Ltd.	85.3%	85.3%	Canada
Absolute Return (2012) Pooled Fund Trust	90.5%	90.5%	Canada
Simcoe Pacific Pooled Fund Trust	91.0%	90.8%	Canada
WSIB Investments (Fixed Income) Pooled Fund Trust	90.8%	90.8%	Canada
WSIB Investments (Infrastructure) Pooled Fund Trust	90.8%	90.8%	Canada
WSIB Investments (International Realty) Limited	91.2%	91.2%	Canada
WSIB Investments (Realty) Limited	91.2%	91.2%	Canada
WSIB Investments (Total Return) Pooled Fund Trust	89.7%	89.7%	Canada

1. These entities were established during the year ended December 31, 2024.

(millions of Canadian dollars)

During the year ended December 31, 2024, the following entities were dissolved: Simcoe Infra A Insurance Fund Ltd. (WSIB ownership in 2023 – 100.0%), Simcoe Infra A LRI Ltd. (WSIB ownership in 2023 – 100.0%), Simcoe INS GC DL Aggregator Ltd. (WSIB ownership in 2023 – 100.0%), and Simcoe LRI GC DL Aggregator Ltd. (WSIB ownership in 2023 – 100.0%).

The WSIB's EPP and other investors are the non-controlling interests in each of the partly owned subsidiaries listed above. The following provides aggregated summary financial information for the partly owned subsidiaries, before intercompany eliminations:

Summary information from statements of financial position	**2024**	**2023**
Total assets	2,058	2,380
Total liabilities	-	(3)
Surplus of assets	**2,058**	**2,377**
Attributable to the WSIB Employees' Pension Plan	**183**	**212**

Summary information from statements of comprehensive income	**2024**	**2023**
Investment income (loss)	140	(90)
Investment expenses	(1)	(5)
Net investment income (loss)	**139**	**(95)**
Translation gains (losses) from net foreign investments	**16**	**(1)**
Attributable to the WSIB Employees' Pension Plan	**14**	**(8)**

(b) Reconciliation of non-controlling interests

The following provides a reconciliation of the non-controlling interests, including the effect of changes in ownership:

Balance as at December 31, 2022	**402**
Deficiency of revenues over expenses	(19)
Distributions paid by subsidiaries to non-controlling interests	(1)
Net redemptions related to non-controlling interests[1]	(131)
Balance as at December 31, 2023	**251**
Excess of revenues over expenses	11
Translation gains from net foreign investments	1
Distributions paid by subsidiaries to non-controlling interests	(2)
Net redemptions related to non-controlling interests[1]	(40)
Balance as at December 31, 2024	**221**

1. Includes the derecognition of $28 (2023 – $143), representing the EPP's proportionate share of net assets, as a result of strategic changes in the WSIB's investment portfolio during the year, including the pooling of certain investments.

(millions of Canadian dollars)

19. Insurance revenue

A summary of premiums for the years ended December 31 is as follows:

	2024	**2023**
Schedule 1 premiums	3,459	3,437
Interest and penalties	34	31
Schedule 1 premiums	**3,493**	**3,468**
Net mandatory business incentive programs	27	(7)
Insurance revenue	**3,520**	**3,461**

20. Net investment income and insurance finance expense

Net investment income by nature of invested assets for the years ended December 31 is as follows:

	2024	**2023**
Cash and cash equivalents	33	32
Public equity investments	2,420	1,804
Fixed income investments	329	533
Securities purchased under resale agreements	40	-
Derivative financial instruments	(816)	175
Investment properties	28	(40)
Investments in associates and joint ventures	(4)	(88)
Other invested assets	2,124	474
Less: Income attributable to Loss of Retirement Income Fund	(161)	(128)
Investment income	**3,993**	**2,762**
Less: Investment expenses[1]	(464)	(298)
Net investment income	**3,529**	**2,464**
Net insurance finance expense	**(1,380)**	**(2,484)**

1. Includes $72 of management fees paid to investment managers for the year ended December 31, 2024 (2023 – $94). It also includes $127 of interest expenses related to the securities sold under repurchase agreements and securities purchased under resale agreements for the year ended December 31, 2024 (2023 – $65).

(millions of Canadian dollars)

21. Insurance service expenses

	2024	2023
Loss of earnings	854	849
Health care	617	594
Survivor benefits	135	143
External providers	32	28
Non-economic loss	66	67
Total incurred claims	**1,704**	**1,681**
Insurance service expenses allocated from administration and other expenses	913	876
Insurance service expenses allocated from legislated obligations and funding commitments expenses	26	9
Other insurance service expenses[1]	**939**	**885**
Total incurred claims and other insurance service expenses	**2,643**	**2,566**
Impact of change to onerous loss component	(33)	20
Changes in liabilities for incurred claims	(627)	(252)
Insurance service expenses	**1,983**	**2,334**

1. Comprised of the allocation of administration and other expenses and legislated obligations and funding commitment expenses related to the current injury year.

22. Surplus distribution

On November 15, 2024, the WSIB's Board of Directors approved a distribution of surplus funds of $2,000 to eligible Schedule 1 businesses. The WSIB's strong financial and operational management, along with its positive investment returns, resulted in a surplus in its insurance fund beyond the needed reserve. The surplus distribution was applied to eligible businesses' accounts by March 2025.

23. Commitments and contingent liabilities

(a) Investment commitments

The WSIB's commitments for capital calls as at December 31, 2024 related to its investment portfolio were $6,109. There is 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 December 31, 2024 were approximately $331 for the period from January 1, 2025 to December 31, 2025.

(c) Other commitments

As at December 31, 2024, the WSIB had additional commitments going forward under non-cancellable contracts for purchases of goods and services with future minimum payments of approximately $248.

(d) 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 that adequate provisions have been made for cases where it is reasonably possible that a payment will be made and that the probable ultimate resolution of all existing legal proceedings and claims will not have a material effect on the WSIB's financial position.

24. Funding and capital management

As the board-governed trust agency under the Agencies and Appointments Directive for administering the Province's workplace compensation system, the WSIB's capital management objective is to ensure sufficient funding to provide compensation and other benefits to injured workers and to the survivors of deceased workers. The WSIA requires the WSIB to make payments for current benefits as they come due and to provide for future benefits. Further, the WSIA requires the WSIB to maintain sufficient funding so as not to burden unduly or unfairly any class of Schedule 1 businesses with payments, in any year in respect of current benefits, or in future years in respect of future benefits.

The capital resources available to the WSIB are comprised of its total assets less total liabilities, excluding those attributable to non-controlling interests. As at December 31, 2024, the WSIB's capital is represented by net assets attributable to WSIB stakeholders of $6,620 (2023 – $4,863).

Ontario Regulation 141/12 under the WSIA came into force on January 1, 2013 and required the WSIB to achieve a Sufficiency Ratio of 100% by 2027. Having achieved a Sufficiency Ratio of over 100% in 2018, *Ontario Regulation 141/12* was amended by *Ontario Regulation 864/21* (collectively, the "Ontario Regulations") effective January 1, 2022 as follows:

- The criteria to be regarded in determining eligibility for a distribution of amounts to Schedule 1 businesses;
- Discretion of amount of disbursements; and
- Timing of disbursements.

More specifically, should a decision be made to distribute surplus when the Sufficiency Ratio is above 115% and below 125%, any surplus distributions shall be distributed within 90 days of the WSIB determining that it will distribute a surplus to eligible Schedule 1 businesses, with the amount of the distribution within the discretion of the WSIB.

Based on the annual audited Sufficiency Statement, should the Sufficiency Ratio be equal to or above 125%, any surplus distributions shall be distributed to eligible Schedule 1 businesses within 30 days to return to a Sufficiency Ratio of 115.1%.

The Ontario Regulations state that the Sufficiency Ratio shall be calculated by dividing the value of the insurance fund assets by the value of the insurance fund liabilities, as determined by the WSIB using methods and assumptions that are consistent with accepted actuarial practice for going concern valuations. Going concern valuations are based on the assumption that the WSIB will continue to operate in the future indefinitely.

As at December 31, 2024, the Sufficiency Ratio was 121.2% (2023 – 122.5%).

25. 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.

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 OHSA and the regulations made under the OHSA. The WSIB is also required to pay for the operating costs of the

(millions of Canadian dollars)

WSIAT 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 year ended December 31, 2024 was $304 (2023 – $302) and is included in legislated obligations and funding commitments expenses.

In addition to the above, the 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 at December 31, 2024 are $1,831 of marketable fixed income investments issued by the Government of Ontario and related entities (2023 – $1,645).

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

Investment Management Corporation of Ontario

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 provides 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.

Key management remuneration

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the WSIB, directly or indirectly. The remuneration of key management, which includes the Board of Directors, is included in administration and other expenses.

	Appointees to the Board of Directors[1]		Executive personnel[2]		**Total**	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
Salaries and short-term benefits	0.9	1.0	3.7	4.2	4.6	5.2
Long-term employee benefit plans	-	-	0.6	0.7	0.6	0.7
	0.9	**1.0**	**4.3**	**4.9**	**5.2**	**5.9**

1. Includes the Chair and the President and CEO.
2. Includes the Chiefs, General Counsel and Advisor to the President and CEO.

Employee benefit plans

The WSIB's defined benefit pension plans and the other benefit plans are considered related parties. Note 16 provides details of transactions with these employee benefit plans.

26. Subsequent events

To further support Ontario businesses facing ongoing economic uncertainty, on March 11, 2025, the WSIB's Board of Directors approved an additional $2,000 of surplus distribution to be applied to eligible Schedule 1 businesses' accounts during Q2 2025.