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Management's report

Role of management

The Sufficiency Ratio and related notes (the "Sufficiency Statement") are the responsibility of the management of the WSIB and have been prepared in accordance with the basis of accounting described in notes 3 and 4, pursuant to *Ontario Regulation 141/12* as amended by *Ontario Regulation 864/21* made under the WSIA. The calculation of the Sufficiency Ratio includes amounts based on management's best estimates and judgment. Management is responsible for the accuracy, integrity and objectivity of the Sufficiency Statement within reasonable limits of materiality and internal controls. Management is also responsible for the preparation and presentation of additional financial information in the Sufficiency discussion and analysis and ensuring its consistency with the Sufficiency Statement.

Management is responsible for the preparation and fair presentation of the Sufficiency Statement and for such internal controls as management determines are necessary to enable the preparation of the Sufficiency Statement to be free from material misstatement, whether due to fraud or error. 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, the internal auditors, and the external auditor to oversee that their responsibilities are properly discharged with respect to the application of critical accounting policies, financial statement presentation, disclosures, and recommendations on internal controls. The Audit and Finance Committee also reports its findings to the Board of Directors for consideration in approving the Sufficiency Statement and its reporting submission to the Minister of Labour, Immigration, Training and Skills Development pursuant to Section 170(1) of the WSIA.

This report should be read in conjunction with the WSIB's audited consolidated financial statements and accompanying notes for the year ended December 31, 2024, and the audited Sufficiency discussion and analysis as at December 31, 2024.

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 Sufficiency Statement 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 their report on the insurance fund 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 independent auditor's report outlines the scope of their audit and their opinion on the Sufficiency Statement of the WSIB.



Jeffery Lang
President and Chief Executive Officer



Karen Bailey
Chief Financial Officer (Interim)

April 23, 2025
Toronto, Ontario

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

We have audited the accompanying Sufficiency Statement of the **Workplace Safety and Insurance Board** [the "WSIB"], which comprise the Sufficiency Ratio Statement as at December 31, 2024 and the notes to the Sufficiency Ratio Statement, including a summary of material accounting policy information [collectively the "Sufficiency Statement"].

In our opinion, the accompanying Sufficiency Statement is in compliance with, in all material respects, the Sufficiency Ratio of the WSIB as at December 31, 2024, in accordance with the basis of accounting described in notes 3 and 4.

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 Sufficiency Statement* section of our report. We are independent of the WSIB in accordance with the ethical requirements that are relevant to our audit of the Sufficiency Statement 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.

Emphasis of matter – Basis of accounting

We draw attention to notes 3 and 4 of the Sufficiency Statement, which describes the basis of accounting. The Sufficiency Statement is prepared to provide information regarding the Sufficiency Ratio of the WSIB. As a result, the Sufficiency Statement may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other information

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

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

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

We obtained Management's Discussion and Analysis and Sufficiency 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 Sufficiency Statement

Management is responsible for the preparation and fair presentation of this Sufficiency Statement in accordance with the basis of accounting described in notes 3 and 4; this includes determining that the basis of accounting is an acceptable basis for the preparation of the Sufficiency Statement in the circumstances, and for such internal control as management determines is necessary to enable the preparation of a Sufficiency Statement that is free from material misstatement, whether due to fraud or error.

In preparing the Sufficiency Statement, 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.

Auditor's responsibilities for the audit of the Sufficiency Statement

Our objectives are to obtain reasonable assurance about whether the Sufficiency Statement as a whole is 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 this Sufficiency Statement.

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 Sufficiency Statement, 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 Sufficiency Statement 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 Sufficiency Statement, including the disclosures, and whether the Sufficiency Statement represents 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

Sufficiency Ratio Statement
December 31, 2024
(millions of Canadian dollars)

Sufficiency Ratio Statement

	Note(s)	December 31 2024	December 31 2023
Total assets under IFRS	1,2	41,774	38,164
Add (Less): Asset adjustments	2,3	(375)	1,846
Less: Sufficiency Ratio non-controlling interests	3	(241)	(294)
Sufficiency Ratio assets		41,158	39,716
Total liabilities under IFRS	1,2	34,933	33,050
Less: Liability adjustments	2,4	(983)	(637)
Sufficiency Ratio liabilities		33,950	32,413
Sufficiency Ratio (assets divided by liabilities)		121.2%	122.5%

The accompanying notes form an integral part of this Sufficiency Ratio Statement.

Notes to Sufficiency Ratio Statement
December 31, 2024
(millions of Canadian dollars)

1. Governing regulation and Sufficiency Ratio calculation

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.

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. The details of the insurance fund assets, known as Sufficiency Ratio assets, are described in note 3 below. The insurance fund liabilities, known as Sufficiency Ratio liabilities, are described in note 4 below.

Notes to Sufficiency Ratio Statement
December 31, 2024
(millions of Canadian dollars)

2. IFRS to Sufficiency Reconciliation

A reconciliation of the assets and liabilities used for the calculation of the Sufficiency Ratio to those under IFRS as at December 31, 2024 is provided below. The consolidated statements of financial position presented on an IFRS basis are from the WSIB's audited consolidated financial statements. Explanatory notes follow the reconciliation below.

		December 31, 2024			December 31, 2023		
			Sufficiency			Sufficiency	
	Note	IFRS Basis	Adjust-ments	Ratio Basis	IFRS Basis	Adjust-ments	Ratio Basis
Assets							
Cash and cash equivalents	3	364	(6)	358	335	(33)	302
Receivables and other assets	3	843	425	1,268	440	450	890
Investments	3	40,378	(794)	39,584	37,149	1,429	38,578
Property, equipment and intangible assets		189	-	189	240	-	240
Total assets		41,774	(375)	41,399	38,164	1,846	40,010
Liabilities							
Payables and other liabilities	4	2,369	339	2,708	305	382	687
Derivative liabilities		139	-	139	24	-	24
Securities sold under repurchase agreements		2,101	-	2,101	1,751	-	1,751
Long-term debt and lease liabilities		92	-	92	159	-	159
Loss of Retirement Income Fund liability		1,940	-	1,940	1,898	-	1,898
Employee benefit plans liability	4	849	(159)	690	1,193	(479)	714
Insurance contract liabilities	4	27,443	(1,163)	26,280	27,720	(540)	27,180
Total liabilities		34,933	(983)	33,950	33,050	(637)	32,413
Net assets							
Reserves		5,082	588	5,670	3,792	2,440	6,232
Accumulated other comprehensive income		1,538	-	1,538	1,071	-	1,071
Net assets attributable to WSIB stakeholders		6,620	588	7,208	4,863	2,440	7,303
Non-controlling interests		221	20	241	251	43	294
Total net assets		6,841	608	7,449	5,114	2,483	7,597
Total liabilities and net assets		41,774	(375)	41,399	38,164	1,846	40,010
Sufficiency Ratio				121.2%			122.5%

Notes to Sufficiency Ratio Statement
December 31, 2024
(millions of Canadian dollars)

3. Sufficiency Ratio assets

Assets for the purposes of the Sufficiency Ratio calculation consist of the total assets of the WSIB (net of certain adjustments¹) less the interests in those assets held by third parties (non-controlling interests). The deduction of assets held by third parties is necessary as the total assets include portions of investments to which third parties ultimately have rights (for example, the assets of the Employees' Pension Plan) and therefore would not be appropriate to include in the Sufficiency Ratio assets.

Summary of material accounting policy information — assets

Investments in the Sufficiency Ratio calculation are valued at fair value. However, only a portion of the investment gains or losses is included in the asset value. Specifically, the current period's investment returns above or below a net long-term annualized return objective are deferred and recognized over the next five years on a straight-line basis. After five years, those past investment gains and losses are fully recognized in the asset value. This procedure moderates the effect of investment market return volatility and is known as the asset adjustment.

As at December 31, 2024, the Sufficiency Ratio assets reflected a total reduction of \$375 (December 31, 2023 – addition of \$1,846) from assets reported under IFRS, comprised of the following:

- A reduction of \$6 (December 31, 2023 – \$33) from cash and cash equivalents to exclude the restricted cash received from the Government of Ontario for the purpose of administering the COVID-19 Worker Income Protection Benefit Program.
- An addition of \$425 (December 31, 2023 – \$450) to receivables and other assets consisting of the add back of the insurance related receivables that were reclassified to insurance contract liabilities upon transition to IFRS 17 *Insurance Contracts* ("IFRS 17") effective January 1, 2023. Under IFRS 17, all insurance related receivables are presented with insurance contract liabilities. However, since the Sufficiency Ratio is determined using methods and assumptions that are consistent with accepted actuarial practice for going concern valuations, these amounts are presented as part of receivables and other assets.
- A reduction of \$794 (December 31, 2023 – addition of \$1,429) from investments representing the cumulative unrecognized investment returns higher than the long-term annualized return objective for the insurance fund, net of investment expenses. Please see table below that outlines how this investment adjustment is calculated.

¹ For the period beginning on or after January 1, 2024, the Loss of Retirement Income ("LRI") Fund investment assets and related returns are excluded from the asset adjustments in the Sufficiency Ratio calculation. This change to the calculation of the Sufficiency Ratio was applied prospectively.

Notes to Sufficiency Ratio Statement
December 31, 2024
(millions of Canadian dollars)

The development of the asset adjustment related to investments is detailed as follows:

	Dec.31 2020	Dec.31 2021	Dec.31 2022	Dec.31 2023	Dec.31 2024
Fair value of invested assets under IFRS ¹	38,271	39,400	34,235	35,869	36,972
Add: Cash transfers in last month of year	12	235	311	142	145
Adjusted fair value of invested assets ²	38,283	39,635	34,546	36,011	37,117
Less: Invested assets at rate of return objective ^{1,3}	38,658	37,329	39,777	34,934	35,103
Investment returns in excess of (lower than) objective, ⁴ gain (loss)	(375)	2,306	(5,231)	1,077	2,014
Add (Less): Unrecognized investment returns at prior year end	1,686	849	2,284	(2,422)	(1,429)
Total unrecognized investment gains (losses)	1,311	3,155	(2,947)	(1,345)	585
Amount recognized from:					
2024 investment gain	-	-	-	-	403
2023 investment gain	-	-	-	215	177
2022 investment loss	-	-	(1,046)	(1,047)	(1,176)
2021 investment gain	-	461	461	462	462
2020 investment loss	(75)	(75)	(75)	(75)	(75)
2019 investment gain	529	529	528	529	-
2018 investment loss	(394)	(394)	(393)	-	-
2017 investment gain	350	350	-	-	-
2016 investment gain	52	-	-	-	-
Less (Add): Total recognized investment gains (losses) in current year¹	462	871	(525)	84	(209)
Total unrecognized investment gains (losses) at end of year⁵	849	2,284	(2,422)	(1,429)	794

1. Beginning January 1, 2024, LRI assets and related returns are no longer included in the asset adjustments of the Sufficiency Ratio calculation. The Sufficiency Ratio calculation as at December 31, 2023 included cumulative unamortized net losses of \$263 related to LRI assets. These unamortized losses have been fully recognized in the Sufficiency Ratio calculation as at March 31, 2024. Excluding the LRI assets from the asset adjustments would have reduced the Sufficiency Ratio at December 31, 2023 by 0.8%.

2. Represents the fair value of invested assets at the end of the year, less the last month's cash contributions (withdrawals), assuming the cash was contributed (withdrawn) at the end of the month.

3. Invested assets at rate of return objective is calculated based on the net long-term annualized return objective on the ending total invested assets balance as of the last reporting period and cash transfers during the year. The net long-term return objective is reviewed annually and has been as follows:

Year	2020	2021	2022	2023	2024
Net long-term return objective, annualized	5.00%	5.00%	5.00%	5.00%	5.25%

4. Calculated as the difference between the invested assets at rate of return objective and actual fair value of invested assets, representing the unrecognized investment returns above (below) the net long-term return objective.

5. Unrecognized investment returns less recognized investment returns in the current year.

Notes to Sufficiency Ratio Statement
December 31, 2024
(millions of Canadian dollars)

The amount of unrecognized investment returns to be recognized in future years is as follows:

Investment returns to be recognized in future years:					
Year earned	Total unrecognized gains (losses) as at Dec. 31, 2024	2025	2026	2027	2028
2024	1,611	(403)	(403)	(403)	(402)
2023	685	(228)	(228)	(229)	-
2022	(1,962)	981	981	-	-
2021	460	(460)	-	-	-
	794	(110)	350	(632)	(402)

A similar asset adjustment is applied on the non-controlling interests, which is deducted from the assets for Sufficiency Ratio purposes:

	December 31 2024	December 31 2023
Fair value of non-controlling interests	221	251
Add: Asset adjustment	20	43
Sufficiency Ratio non-controlling interests	241	294

4. Sufficiency Ratio liabilities

Liabilities for the purposes of the Sufficiency Ratio calculation include all liabilities as shown in the audited consolidated financial statements and adjusted as discussed below.

Summary of material accounting policy information — liabilities

As at December 31, 2024, the Sufficiency Ratio liabilities are \$33,950 (December 31, 2023 – \$32,413), which includes a reduction of \$983 to the total IFRS liabilities (December 31, 2023 – \$637). The Sufficiency Ratio liabilities were prepared under a going concern basis and were calculated as follows:

- Payables and other liabilities reflect an addition of \$339 (December 31, 2023 – \$382) from the IFRS basis, due to the following:
 - Add back of \$8 (December 31, 2023 – \$15) of the employer portion of contribution receivables related to the employee benefit plans liability as they are not part of the insurance fund;
 - Add back of \$337 (December 31, 2023 – \$400) of insurance related payables that were reclassified to insurance contract liabilities upon transition to IFRS 17 effective January 1, 2023. Under IFRS 17, all insurance related payables are presented with insurance contract liabilities. However, since the Sufficiency Ratio is determined using methods and assumptions that are consistent with accepted actuarial practice for going concern valuations, these amounts are presented as part of payables and other assets;

Notes to Sufficiency Ratio Statement
December 31, 2024
(millions of Canadian dollars)

- Elimination of the restricted cash of \$6 (December 31, 2023 – \$33) received from the Government of Ontario for the purpose of administering the COVID-19 Worker Income Protection Benefit Program, which remains unpaid.
- Employee benefit plans liability was determined using methods and assumptions that are consistent with accepted actuarial practice for going concern valuations. Obligations were calculated by an actuarial valuation with a discount rate of 5.10% (December 31, 2023 – 5.10%) per annum. It is based on the expected return on pension plan assets less any explicit margins. This differs from the IFRS basis used in preparing the WSIB's audited annual consolidated financial statements. The IFRS discount rate, a weighted average of 4.75% (December 31, 2023 – 4.65%) per annum, was determined by reference to high-quality corporate bonds and the projected employee benefit payment cash flows. The result was a reduction from the IFRS obligations equal to \$159 (December 31, 2023 – \$479).
- Liabilities for incurred claims, presented as part of insurance contract liabilities, were calculated by an actuarial valuation with a discount rate of 5.25% (December 31, 2023 – 5.00%) per annum, using methods and assumptions that are consistent with accepted actuarial practice for going concern valuations. Upon the adoption of IFRS 17 effective January 1, 2023, the Sufficiency basis differs from the IFRS basis. The valuation under the Sufficiency basis continues to be based on accepted actuarial practices for going concern valuations. The valuation under IFRS 17 was calculated with a single equivalent discount rate of 4.83% (December 31, 2023 – 4.86%) per annum, which reflects the liability characteristics of the WSIB's insurance contracts and early recognition of losses due to onerous contracts. The valuation difference results in a reduction of insurance contract liabilities equal to \$1,163 when compared to insurance contract liabilities under the IFRS basis (December 31, 2023 – \$540).
- All other liabilities were determined in accordance with IFRS.

5. 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.