The Liverside Letter

An *Executive Briefing* on Emerging Workplace Safety and Insurance Issues

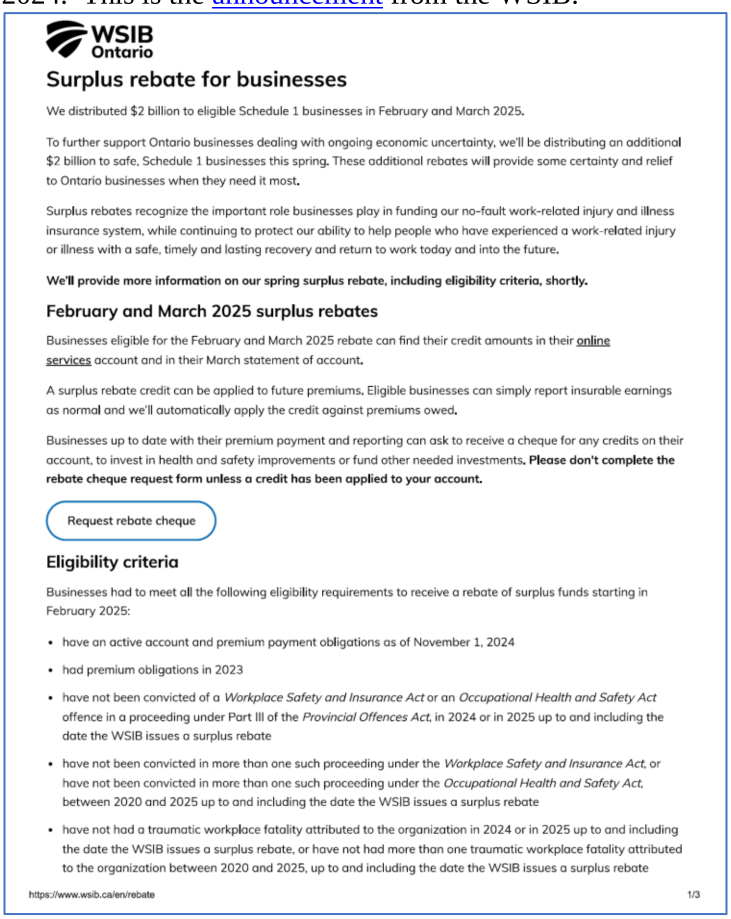
April 22, 2025 An ongoing policy discussion for the clients of L.A. Liversidge, LL.B. 2 pages

Government announces *another* $2 billion surplus distribution!

Part 2: What does the distribution of $4.0 billion in funding surplus do to the WSIB's bottom line? What is the funding ratio?

The public does not know – remarkably no information has been released

As set out in the April 16, 2025 issue of **The Liversidge Letter**, on April 7, 2025 the government announced that the WSIB will be releasing a $2.0 billion "rebate" in addition to the earlier $2.0 billion rebate announced on November 21, 2024. This is the announcement from the WSIB:



WSIB Ontario

Surplus rebate for businesses

We distributed $2 billion to eligible Schedule 1 businesses in February and March 2025.

To further support Ontario businesses dealing with ongoing economic uncertainty, we'll be distributing an additional $2 billion to safe, Schedule 1 businesses this spring. These additional rebates will provide some certainty and relief to Ontario businesses when they need it most.

Surplus rebates recognize the important role businesses play in funding our no-fault work-related injury and illness insurance system, while continuing to protect our ability to help people who have experienced a work-related injury or illness with a safe, timely and lasting recovery and return to work today and into the future.

We'll provide more information on our spring surplus rebate, including eligibility criteria, shortly.

February and March 2025 surplus rebates

Businesses eligible for the February and March 2025 rebate can find their credit amounts in their online services account and in their March statement of account.

A surplus rebate credit can be applied to future premiums. Eligible businesses can simply report insurable earnings as normal and we'll automatically apply the credit against premiums owed.

Businesses up to date with their premium payment and reporting can ask to receive a cheque for any credits on their account, to invest in health and safety improvements or fund other needed investments. **Please don't complete the rebate cheque request form unless a credit has been applied to your account.**

Request rebate cheque

Eligibility criteria

Businesses had to meet all the following eligibility requirements to receive a rebate of surplus funds starting in February 2025:

- have an active account and premium payment obligations as of November 1, 2024
- had premium obligations in 2023
- have not been convicted of a *Workplace Safety and Insurance Act* or an *Occupational Health and Safety Act* offence in a proceeding under Part III of the *Provincial Offences Act*, in 2024 or in 2025 up to and including the date the WSIB issues a surplus rebate
- have not been convicted in more than one such proceeding under the *Workplace Safety and Insurance Act*, or have not been convicted in more than one such proceeding under the *Occupational Health and Safety Act*, between 2020 and 2025 up to and including the date the WSIB issues a surplus rebate
- have not had a traumatic workplace fatality attributed to the organization in 2024 or in 2025 up to and including the date the WSIB issues a surplus rebate, or have not had more than one traumatic workplace fatality attributed to the organization between 2020 and 2025, up to and including the date the WSIB issues a surplus rebate

https://www.wsib.ca/en/rebate 1/3

The WSIB repeats the sentiments of the government's announcement that this is a *de facto* economic stimulus:

> To further support Ontario businesses dealing with ongoing economic uncertainty, we'll be distributing an additional $2 billion to safe, Schedule 1 businesses this spring. These additional rebates will provide some certainty and relief to Ontario businesses when they need it most.

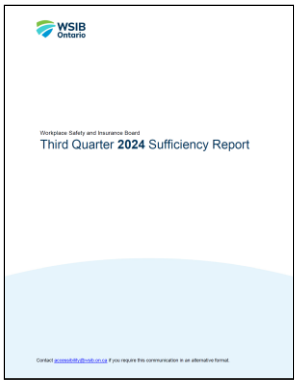
In the April 16, 2025 issue of **The Liversidge Letter** I express my view why it is wrong to use the Schedule 1 accident fund for government driven economic stimulus. The sole criteria for distributing a funding surplus must be the funding status of the WSIB. Nothing more. Nothing less. The WSIA, the regulations and WSIB policy make that clear.

In this issue, I am concerned with the lack of financial disclosure surrounding the recent announcement. This is equally egregious. Readers will recall that an element of my four-part **The Liversidge Letter** series, "***Is WSIB Accountability FADING AWAY?"*** (October 8, 15, 25 and December 4, 2024) was focused on the lack of timely disclosure of critical WSIB financial information, specifically, the perplexing cancellation of the posting of detailed quarterly financial and sufficiency reports. See **Part 3** of the series where I comment:

> **In 2009 the WSIB advised quarterly reports would strengthen accountability and increase oversight**
>
> In the **2009 WSIB Annual Report**, the Board (at p. 28) advised that quarterly statements were being provided "*in the interest of openness and transparency*" to convey "*financial progress on a more regular and timely basis*" and to "*help strengthen accountability and increase transparency and oversight of WSIB operations*." Similar sentiments were expressed in the 2010 (p. 28), 2013 (p. 99), 2014 (p.25), and 2015 (p. 29, 102) annual reports. Commencing in 2013, the WSIB also publicly posted quarterly sufficiency reports, a practice which also ceased in 2022.

How do the $4.0 billion surplus distributions impact WSIB finances?

The Board last published financial information with data as at September 30, 2024, which is now almost seven (7) months old. Since then, the Board has announced $4.0 billion in surplus distribution, has disbursed $2.0 billion of that and plans on releasing details on the remaining $2.0 billion distribution, "shortly" (according to the WSIB's recent announcement). As at September 30, 2024, the Board had a "sufficiency ratio" of 123.4% with net assets of $7.8 billion.



While the WSIB does not publicly post detailed quarterly statements, these are available upon request (although recently, we have been forced to advance **Freedom of Information** requests). The last sufficiency report I have received is Q3 2024. Based on this, I make a few projections. From the report:

Workplace Safety and Insurance Board
Third Quarter **2024** Sufficiency Report

Sufficiency Ratio Statement
September 30, 2024
(millions of Canadian dollars)

Sufficiency Ratio Statement

	Note(s)	September 30 2024	December 31 2023
Total assets under IFRS	1,2	41,303	38,164
Add: Asset adjustments	2,3	116	1,846
Less: Sufficiency Ratio non-controlling interests	3	(274)	(294)
Sufficiency Ratio assets		41,145	39,716
Total liabilities under IFRS	1,2	33,773	33,050
Less: Liability adjustments	2,4	(430)	(637)
Sufficiency Ratio liabilities		33,343	32,413
Sufficiency Ratio (assets divided by liabilities)		**123.4%**	**122.5%**

Observations

- Total assets on an IFRS basis (International Financial Reporting Standards or cash or wind-up basis), grew a massive $3.139 billion (+8.2%) during the three-quarters of 2024 from $38.164 billion to $41.303 billion.
- Total assets on a sufficiency basis (unexpected gains/ losses amortized over a five-year period) grew $1.430 billion from $39.716 billion to $41.145 billion (+3.6%).
- Contrasted with the WSIB 2022 Annual Report, on an IFRS basis WSIB assets have appreciated from $36.351 billion as at December 31, 2022 to $41.303 as at Q3 2024, an increase of $4.952 billion, or 13.6%.
- On an IFRS basis, WSIB liabilities have grown from $32.728 billion as at December 31, 2022 to $33.773 billion Q3 2024, an increase of $1.045 billion, or 3.2%.

Assuming liabilities are constant, and using September 30, 2024 as a base comparator, the two $2.0 billion surplus distributions will reduce WSIB assets on a sufficiency basis from $41.145 billion to $37.145 billion, reducing the sufficiency ratio to 111.4%, reducing net assets by over 50% to $3.8 billion. These calculations do not take into account any investment losses the Board likely experienced from September 30, 2024 to now, which are likely in the 2.0^+$ billion range. Readers may wish to refer to the January 15, 2025 issue of **The Liversidge Letter** where I discuss the term "sufficiency ratio" and explain the differences between the IFRS and sufficiency basis for calculating the WSIB funding status. As the $4.0 billion surplus distributions are expenditures and not unexpected losses, the $4.0 billion should be deducted from both means of calculation. Investment losses will be amortized going forward over five years.

With the surplus distributions *and* investment losses, the Board's sufficiency ratio is likely resting around the 110% margin. **This is significant**. According to the **WSIB Funding and pricing policy (June 09, 2023)**, the WSIB "**target funding range**" is 110% to 120%. While the WSIB is statutorily forbidden to allow funding to fall below 100% (**WSIA, s. 100 (c)** and **O. Reg. 141/12, s. 1 (2)**), and while the Board enjoys wide administrative discretion when funding is between 100% and 125%, WSIB policy advises a top priority is to take "*action to achieve high level of confidence in returning the Sufficiency Ratio to the mid-point of the Target Funding Range should it fall below the Target Funding Range*."

What this may mean to future premium rates

So, with the $4.0 billion in surplus distributions and the recent market fluctuations, the risk of the sufficiency ratio falling below the target zone is heightened. The policy advises that "*Should the Sufficiency Ratio be at high risk of falling below or exceeding the Target Funding Range over the next five years, the WSIB will take necessary action, intended to maintain the Sufficiency Ratio within the Target Funding Range, over a period of up to five years*." Current funding is likely close to 110%, the lower threshold of the "target funding range." This may be an important factor in future premium rate determinations by the WSIB. Over the last few years, premium rate hikes weren't a serious worry. Funding levels were too high. Over the next few years, this may change. Time will tell. While a rate hike is unlikely for 2026 (my opinion), for 2027 and beyond they may at least be a consideration. Story to be continued once up-to-date WSIB financial information is released.

In the next issue of **The Liversidge Letter**, I will introduce readers to a soon to be released study by Drew Fagan and David Jones, "**Fast Forward: How the WSIB transformed its finances and itself**." To the worrying "history-repeats" crowd, it's a must-read. Well timed.

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