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Fink & Bornstein Professional Corporation
Workers' Compensation Newsletter

WSIB Financial Statements

HAPPY TIMES ARE HERE AGAIN

Will Employers' Assessment Payments Go to Zero?

The WSIB has paid down the unfunded liability from $14 Billion dollars, to a recently published $4 Billion dollars, in 2016. That is equivalent to a $2 Billion dollar WSIB profit per year, over the last five years- ie. Revenue over Expenses. This amount of profit was not apparent in past years, as the WSIB reported increased actuarial liabilities for benefits, and increased liabilities for WSIB employee pension funds, which have recently melted away. More particularly, as the money was rolling in between 2010 to 2014, the WSIB projected $1.4 Billion dollars in extra benefit costs, which have now been retracted in 2015 and 2016.

In the first Quarter of 2017, the WSIB made a profit of $1.0 Billion dollars. The unfunded liability was reduced to $3.5 Billion dollars. The reason that the unfunded liability did not fall by an equal amount, is that the WSIB is projecting into the future value of past benefits awarded, a lower return on investments in 2017, moving from 5.25% in 2016 to 4.75% in 2017. Nevertheless, there is an annualized profit of $4 Billion dollars per year, from the 2017 financial information. Maybe it's time for the Province to list the WSIB on the stock market, as it's more profitable than Hydro One.

Although in 2016, the WSIB claims the length of time workers are on benefits has increased, benefits paid to workers have decreased in 2016 by 3.4%. Employer premiums increased by 4.1% in 2016, which means that after adjusting for wage increases in 2016, the benefit drop was much greater, as more workers are covered, and the number of claims has increased. Each single percent drop, means the WSIB paid out $23.5 Million dollars less to injured workers.

While the WSIB still maintains it has an unfunded liability, remember that with a projection of a return on investments of only 4.75%, and $2.3 Billion dollars sitting in WSIB coffers earmarked for occupational health claims that have not yet even been filed, in reality the unfunded liability has vanished. If 1,000 workers inflicted with cancer, or their survivors, employed by GE Peterborough, were given $200,000.00 each, the WSIB would still have a surplus of $2.1 Billion dollars sitting on their books for occupational disease.

The WSIB's plan is to have a surplus of funds on hand of up to $10 Billion dollars, within the next few years. Currently the WSIB has invested nearly $2 Billion dollars in Ontario infrastructure, up $300 Million dollars, in the first quarter of 2017. It doesn't take much imagination to see that the Board's profitability, and thus increased future investments in Ontario infrastructure, is a boost directly tied to the political aims of the Province. It is no wonder the Premier has been deaf to complaints of injured workers concerning procedural fairness, the WSIB is a Provincial profit center.

Non-Economic Loss (NEL) Awards decreased from $43 to $40 Million dollars between 2015 to 2016, and down to $36 Million dollars projected for 2017 (based on the First Quarter 2017 Report); compared to 2009, when annual NEL payments were over $100 Million dollars. Part of this decrease continues to be on account of deductions for pre-existing conditions. If the WSIB abandoned this possibly illegal determination, the cost increase to the WSIB would likely be less than $10 Million dollars, or about 0.2% of revenues.

Employer assessments decreased by 6.2% in 2017, plus in 2016 a $181 Million dollar experience rating net kick-back was paid to employers. Employer assessments will go down each year, until a 50% reduction is achieved ($2.5 Billion dollars annually), within the next three years. When the WSIB's assets reach $40 Billion dollars, within the next five years, combined with minimum wage deeming of $15.00 per hour, at a 5% rate of return, employers will not have to pay almost any assessments to the WSIB. WSIB coverage for employers will almost be free!

How is it possible, that with the exception of expanded coverage for post traumatic stress syndrome, injured workers have received only a subtraction from benefit entitlement, and employers are enjoying the fruits of surplus?