Workplace Safety and Insurance Board

Third Quarter 2015 Report to Stakeholders

Management's Responsibility for Financial Reporting

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") and accompanying unaudited condensed interim consolidated financial statements, as approved by the Board of Directors of the Workplace Safety and Insurance Board (the "WSIB"), are prepared by management as at and for the three and nine months ended September 30, 2015.

The accompanying unaudited condensed interim consolidated financial statements as at and for the three and nine months ended September 30, 2015 have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting,* using accounting policies consistent with International Financial Reporting Standards ("IFRS").

In this MD&A, "WSIB," or the words "our," "us" or "we" refer to the WSIB. This MD&A is dated September 30, 2015, 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 projections in cases in which future events and circumstances do not occur as expected.

I. David Marshall
President and Chief Executive Officer
December 9, 2015
Toronto, Ontario

Pamela Steer
Chief Financial Officer

Management's Discussion and Analysis

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1. Quarter in Review

Highlights of our performance for the three and nine months ended September 30, 2015 compared to 2014.

The following MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements of the WSIB as at and for the three and nine months ended September 30, 2015 (the "interim consolidated financial statements").

Financial highlights for the three months ended September 30, 2015 compared to the three months ended September 30, 2014:

- We generated a total comprehensive loss of $114 million, the first such loss experienced after 10 consecutive quarters of favourable total comprehensive income results. The total comprehensive loss in the third quarter of 2015 reflects a net investment loss in the quarter, which was driven by lower equity and commodity markets, partially offset by continued strong operating performance resulting from growth in premium revenues.

- Premium revenues increased $51 million or 4.6%, primarily reflecting a 3.1% increase in insurable earnings due to modest growth in the manufacturing and services industries, and a slight increase in the average premium rate charged to employers in 2015 as a result of shifts in industry sector mix and expanded coverage under the presumptive legislation for firefighters.

- The WSIB investment portfolio had a net investment loss of $528 million representing a negative return of 2.1% in the third quarter, a decrease of $673 million compared to the same period last year. Multi-asset (negative 2.5%), Public equity securities (negative 4.7%) and Fixed income (flat 0.0%) strategies were negatively impacted by investors' concerns about weaker than expected growth in the Chinese and other emerging market economies drove markets lower. Real estate and Infrastructure returns of 1.7% and 3.8%, respectively, were driven by income distributions and a rebound in valuations from the first quarter of 2015.

- Benefit payments decreased $12 million or 2.0%, reflecting 1,104 or 2.9% fewer prior year claims including locked-in claims, as well as 562 or 4.6% fewer current injury year claims compared to the third quarter of 2014.

- Administration and other expenses, before allocation to benefit costs, increased $14 million or 8.3%, reflecting $7 million of higher systems development and integration expenses, $6 million of higher long-term employee benefit expenses, $4 million of higher equipment and maintenance expenses, and $5 million of higher other operating expenses, partially offset by $8 million of lower bad debts expense. Please refer to page 13 under Section 2 – Operating Results for further details.

- Other comprehensive income was $15 million primarily attributed to a 15 basis point increase in the interest rate used to value our employee benefit liabilities compared to June 30, 2015, partly offset by losses due to returns on plan assets being lower than interest income.

Financial highlights for the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014:

- We generated $1,506 million of total comprehensive income, reflecting continued strong operating performance resulting from growth in premium revenues and improved return to work outcomes resulting in lower benefit payments.

- Premium revenues increased $167 million or 5.0%, primarily reflecting a 2.5% increase in insurable earnings due to modest growth in the construction, health care, manufacturing and services industries, and a slight increase in the average premium rate charged to employers in 2015 as a result of shifts in industry sector mix and expanded coverage under the presumptive legislation for firefighters, offset by higher net mandatory employer incentive programs expenses reflecting favourable claims experience. We continue to generate positive cash flows in our business as our premium revenues exceeded our operating expenses, thereby allowing us to transfer $1,020 million of cash generated from operating activities to our investment fund by the end of the third quarter.

- Total fund returns year-to-date remained positive due to a boost to foreign asset values from a falling Canadian dollar and positive private market and bond returns. Overall investment return was 2.5% compared to 7.4% in the same period last year. The investment portfolio increased to $25.3 billion at September 30, 2015, representing a $1.6 billion increase from December 31, 2014. Investment returns have been strong in recent years and have exceeded expectations. However, those results should not be extrapolated to the future, and we continue to target a 6.0% per annum rate of return on our investments over a rolling 10 to 15 year period.

- Benefit payments decreased $69 million or 3.8%, reflecting 2,142 or 4.5% fewer prior year claims including locked-in claims, as well as 1,262 or 4.9% fewer current injury year claims compared to the same period in prior year.

- Administration and other expenses, before allocation to benefit costs, increased $47 million or 9.0%, reflecting $18 million of higher long-term employee benefit expenses, $12 million of higher equipment and maintenance expenses, $9 million of higher salaries and short-term benefit expenses, and $8 million of higher other operating expenses. Please refer to page 13 under Section 2 – Operating Results for further details.

- Other comprehensive income was $84 million primarily attributed to a 15 basis point increase in the interest rate used to value our employee benefit liabilities compared to December 31, 2014.

- Our unfunded liability was $6,659 million as at September 30, 2015, a decrease of $1,439 million or 17.8% since December 31, 2014.

Operational highlights for the nine months ended September 30, 2015:

Slight decline in claim volumes. The number of claims registered in the third quarter of 2015 was 0.4% lower compared to the third quarter of 2014, a decrease from 50,874 to 50,676 claims. The difference was due to a 0.8% decrease in lost-time claims, which decreased from 14,168 to 14,053, and a 0.2% decline in no-lost-time claims, which decreased from 36,706 to 36,623.

With fewer registered claims and higher year-to-date insurable earnings, the lost-time injury rate improved by 5.8% to 0.85 (from 0.90).

Ongoing improvement in outcomes for injured workers. Injured workers in the Province of Ontario (the "Province") are recovering and returning to work sooner than ever previously. All short and long-term durations have improved compared to 2014 including several that have decreased to historically low levels. During the third quarter of 2015, only 3.6% of workers remained on benefits 12 months after their injury compared to 4.1% last year.

Contributing to improved durations is the WSIB's ongoing emphasis on early, specialized treatment for injuries and illnesses. During the third quarter of 2015, 39.2% of claims were treated through the WSIB's integrated health care programs, up from 35.4% in 2014. Positive Work Transition outcomes are another factor behind strong duration results, as 80.5% of injured workers completing a Work Transition plan were successful in finding employment this year to-date compared to 77% for the same period in 2014.

Consistently high levels of customer satisfaction. The majority of customers is once again satisfied with the level of service they receive from the WSIB as positive results have continued throughout 2015.

For claims management, 85% of registered employers who had claims in the past three months are satisfied with how they were handled by the WSIB. This level is consistent with the third quarter of 2014 (86%). Among injured workers, 76% were satisfied, consistent with the third quarter of 2014 (75%).

For service related to account management, 89% of employers were satisfied, unchanged from last year. Employers particularly appreciate the courteousness of staff (92%) and the flexibility offered to them to interact with the WSIB through the channel of their choice (90%).

Reduced volume of appeals. In the third quarter of 2015, the WSIB internal appeals service received a total of 1,883 new appeals which is 17% fewer than last year and 7% fewer than last quarter. With fewer appeals coming in and ongoing timeliness of appeals decisions, the active inventory of appeals has decreased by 4% since the last quarter to 2,251.

In terms of timeliness of appeals decisions, the percentage of appeals resolved within six months has fallen slightly, from 88.9% last quarter to 85.0% in the third quarter of 2015. The decline is partially explained by seasonality; appeals submissions by the parties may be delayed during peak vacation periods such as summer, which can negatively impact decision timeliness.

2. Operating Results

A more detailed discussion of our financial performance for the three and nine months ended September 30, 2015 compared to 2014.

Financial highlights

All amounts herein are in millions of Canadian dollars, unless otherwise specified. The following table sets forth our operating results for the three and nine months ended September 30:

	Three months ended September 30		Nine months ended September 30	
(millions of Canadian dollars)	**2015**	**2014**	**2015**	**2014**
Revenues				
Premiums	1,216	1,162	3,621	3,441
Net mandatory employer incentive programs	(45)	(42)	(114)	(101)
	1,171	1,120	3,507	3,340
Net investment income (loss)				
Investment income (loss)	(488)	185	608	1,500
Investment expenses	(40)	(40)	(135)	(127)
	(528)	145	473	1,373
	643	**1,265**	**3,980**	**4,713**
Expenses				
Benefit costs				
Benefit payments	574	586	1,741	1,810
Claim administration costs	99	100	296	295
Change in actuarial valuation of benefit liabilities	(65)	(216)	(10)	(7)
	608	470	2,027	2,098
Loss of Retirement Income Fund contributions	15	14	43	44
Administration and other expenses	87	68	286	227
Legislated obligations and funding commitments	62	72	202	220
	772	624	2,558	2,589
Excess (deficiency) of revenues over expenses	**(129)**	**641**	**1,422**	**2,124**
Other comprehensive income (loss)				
Remeasurements of employee defined benefit plans	15	(75)	84	(330)
Total comprehensive income (loss)	**(114)**	**566**	**1,506**	**1,794**
Total comprehensive income (loss) attributable to:				
WSIB stakeholders	(57)	545	1,439	1,619
Non-controlling interests	(57)	21	67	175
	(114)	**566**	**1,506**	**1,794**
Other measures				
Core Earnings[1]	334	280	939	744
Return on investments[2]	(2.1%)	0.8%	2.5%	7.4%
			Sep. 30 2015	**Dec. 31 2014**
Unfunded liability[3]			(6,659)	(8,098)
Unfunded liability - Sufficiency basis[4]			(6,792)	(8,905)
Sufficiency Ratio[4]			77.8%	70.9%

1. Core Earnings is calculated as total comprehensive income, excluding the impacts of net investment income, changes in actuarial valuation and any items that are considered as material and exceptional in nature. See Section 8 – Non-IFRS Financial Measure.
2. Return on investments is calculated as the change in the fair value of the total investment portfolio, taking into account capital contributions and withdrawals prior to investment expenses.
3. Unfunded liability represents the deficiency of net assets attributable to WSIB stakeholders as at the end of the reporting period. The total deficiency of assets of $3,942 million as at September 30, 2015 (December 31, 2014 – $5,454 million) is allocated between the WSIB stakeholders and the non-controlling interests (“NCI”) on the basis of their proportionate interests in the net assets of the WSIB. NCI represent the proportionate interest of the net assets and total comprehensive income of subsidiaries in which the WSIB directly or indirectly owns less than 100% interest. NCI of $2,717 million as at September 30, 2015 (December 31, 2014 – $2,644 million) exclude benefit liabilities since the holders of NCI, the WSIB Employees’ Pension Plan and other investors are not liable for those obligations. The proportionate share of the total deficiency of assets attributable to WSIB stakeholders as at September 30, 2015 was $6,659 million (December 31, 2014 – $8,098 million) which includes benefit liabilities. Refer to the interim consolidated statements of financial position for further details.
4. Refer to Section 4 – Reconciliation of the Unfunded Liability on a Sufficiency Basis for further details

Premiums

A summary of premiums for the three and nine months ended September 30 is as follows:

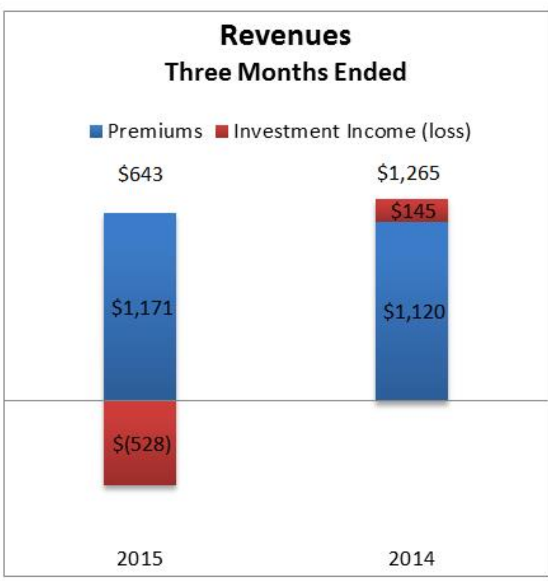
(millions of Canadian dollars)	Three months ended September 30 2015	2014	Change $	Change %	Nine months ended September 30 2015	2014	Change $	Change %
Schedule 1 employer premiums								
Gross Schedule 1 premiums	1,187	1,131	56	5.0	3,528	3,351	177	5.3
Interest and penalties	13	13	-	-	42	36	6	16.7
	1,200	1,144	56	4.9	3,570	3,387	183	5.4
Schedule 2 employer administration fees	16	18	(2)	(11.1)	51	54	(3)	(5.6)
	1,216	1,162	54	4.6	3,621	3,441	180	5.2
Net mandatory employer incentive programs	(45)	(42)	(3)	(7.1)	(114)	(101)	(13)	(12.9)
	1,171	**1,120**	**51**	**4.6**	**3,507**	**3,340**	**167**	**5.0**

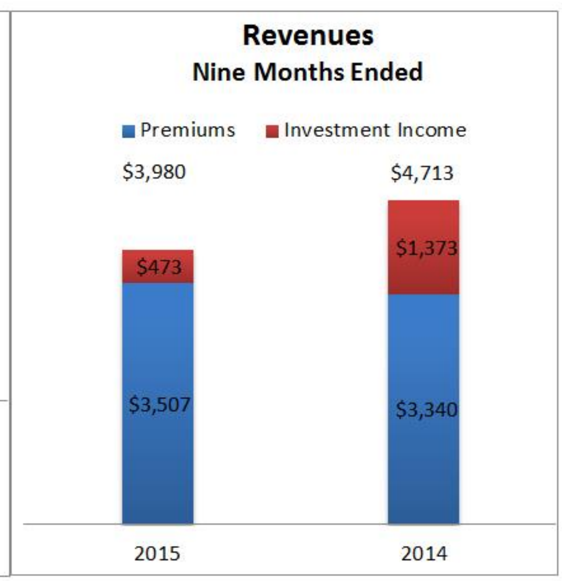
For the three months ended September 30, 2015, gross premiums increased $56 million or 5.0%, reflecting $36 million attributed to a 3.1% increase in insurable earnings and $20 million attributed to the slight increase in the average premium rate charged to employers in 2015, as a result of shifts in industry sector mix and expanded coverage under the presumptive legislation for firefighters.

For the nine months ended September 30, 2015, gross premiums increased $177 million or 5.3%, reflecting $88 million attributed to a 2.5% increase in insurable earnings and $89 million attributed to the slight increase in the average premium rate charged to employers in 2015, as a result of shifts in industry sector mix and expanded coverage under the presumptive legislation for firefighters.

For the three and nine months ended September 30, 2015, payouts in net mandatory employer incentive programs increased due to higher refunds available under the retrospective experience-rating programs, principally the New Experimental Experience Rating program (the “NEER”), reflecting favourable claims experience.

The following charts display the different components of revenues for the three and nine months ended September 30, 2015 and 2014:





Net investment income

A summary of investment income (loss), segmented by asset class, for the three and nine months ended September 30 is as follows:

Asset Class	Three months ended September 30							
	2015				2014			
(millions of Canadian dollars)	Investment income (loss)	Return %	Net asset value[1]	%	Investment income (loss)	Return %	Net asset value[1]	%
Public equity securities	(414)	(4.7)	8,956	35.4	68	0.8	8,317	36.1
Fixed income	-	-	6,285	24.8	60	1.1	5,722	24.8
Multi-asset	(153)	(2.5)	5,834	23.1	(2)	-	5,283	22.9
Real estate	42	1.7	2,076	8.2	40	1.5	1,953	8.5
Infrastructure	36	3.8	1,053	4.2	18	5.0	585	2.5
Cash and cash equivalents	1	-	1,019	4.0	1	-	1,129	4.9
Other	-	-	68	0.3	-	-	70	0.3
Investment income (loss)	**(488)**	**(2.1)**	**25,291**	**100.0**	**185**	**0.8**	**23,059**	**100.0**
Investment expenses	(40)				(40)			
Net investment income (loss)	**(528)**				**145**			

1. Total net asset value includes investment cash, investment receivables and payables, and investment derivatives.

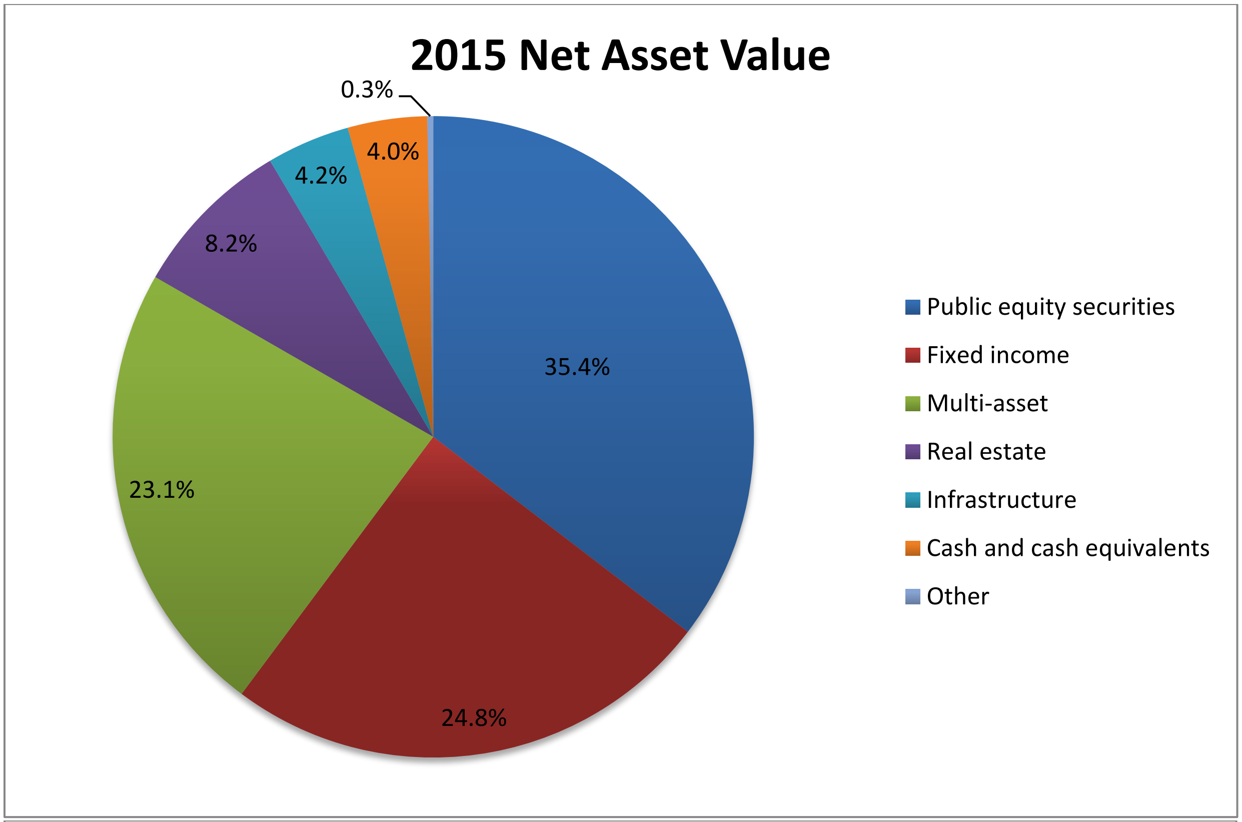
For the three months ended September 30, 2015, net investment income decreased by $673 million over the same period last year, reflecting an overall negative return of 2.1% or net investment loss of $528 million for the third quarter. Returns from Public equity securities (negative 4.7%), Multi-asset (negative 2.5%) strategies and Fixed income (flat 0.0%) were lower. Public equities fell in the third quarter driven by lower equity and commodity markets. The indication that interest rates would be rising also hurt sentiment, and bond returns were negligible. Real estate and Infrastructure returns of 1.7% and 3.8%, respectively, were driven primarily by income returns.

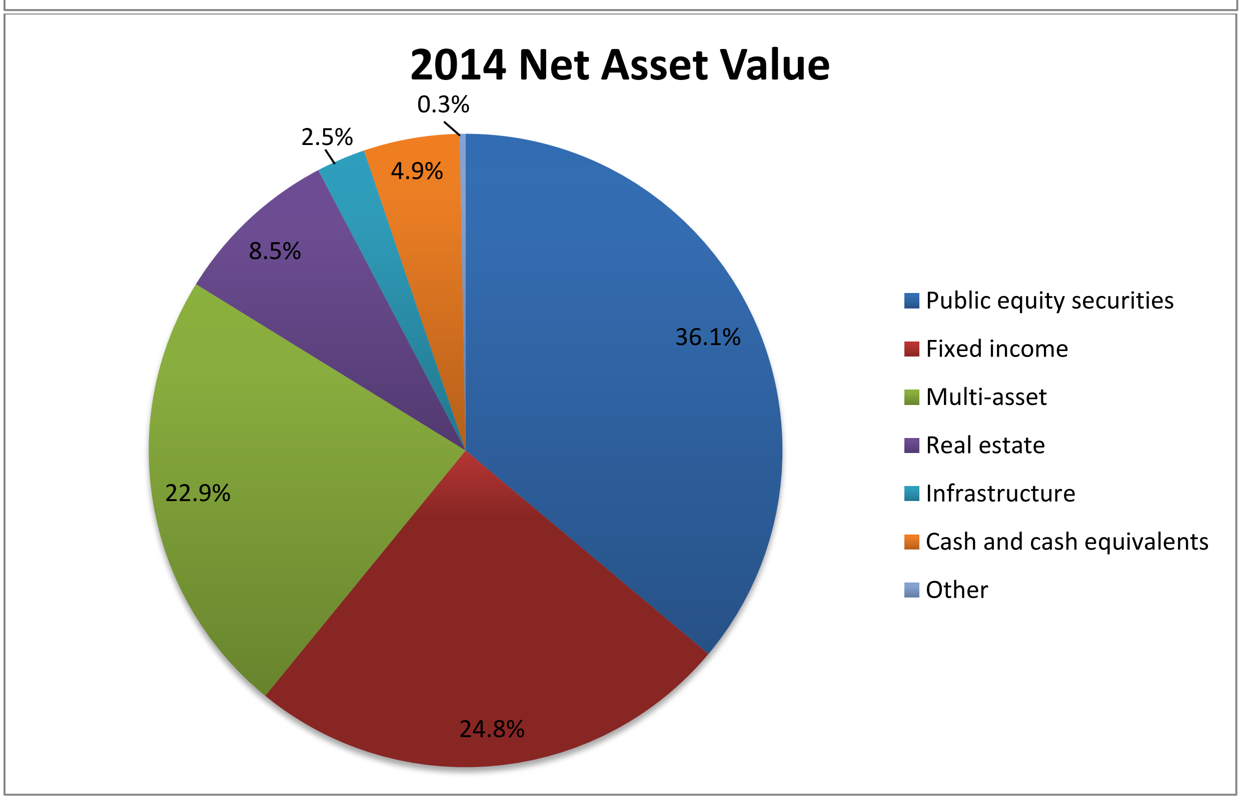
Asset Class	Nine months ended September 30							
	2015				2014			
(millions of Canadian dollars)	Investment income	Return %	Net asset value[1]	%	Investment income	Return %	Net asset value[1]	%
Public equity securities	274	3.1	8,956	35.4	613	8.0	8,317	36.1
Fixed income	145	2.5	6,285	24.8	295	6.1	5,722	24.8
Multi-asset	41	0.6	5,834	23.1	426	8.7	5,283	22.9
Real estate	90	3.3	2,076	8.2	120	4.7	1,953	8.5
Infrastructure	55	4.8	1,053	4.2	42	9.7	585	2.5
Cash and cash equivalents	3	-	1,019	4.0	4	-	1,129	4.9
Other	-	-	68	0.3	-	-	70	0.3
Investment income	**608**	**2.5**	**25,291**	**100.0**	**1,500**	**7.4**	**23,059**	**100.0**
Investment expenses	(135)				(127)			
Net investment income	**473**				**1,373**			

1. Total net asset value includes investment cash, investment receivables and payables, and investment derivatives.

For the nine months ended September 30, 2015, net investment income decreased by $900 million over the same period last year, reflecting an overall return of 2.5% year-to-date. Total fund returns year-to-date remained positive due to a boost to foreign asset values from a falling Canadian dollar and positive Real estate (positive 3.3%), Infrastructure (positive 4.8%) and Fixed income (positive 2.5%) returns.

The following charts display the different components of net asset value as at September 30, 2015 and 2014:





Benefit costs

Benefit costs consist of: (i) benefit payments to or on behalf of injured workers; (ii) claim administration costs, which represent an estimate of our administration costs necessary to support benefit programs; and (iii) the change in the actuarial valuation of our benefit liabilities, which represents an adjustment to the actuarially determined estimates for future claim costs existing at the date of the interim consolidated statements of financial position.

A summary of benefit costs for the three and nine months ended September 30 is as follows:

	Three months ended September 30				Nine months ended September 30			
			Change				Change	
(millions of Canadian dollars)	**2015**	**2014**	**$**	**%**	**2015**	**2014**	**$**	**%**
Benefit payments	574	586	(12)	(2.0)	1,741	1,810	(69)	(3.8)
Claim administration costs	99	100	(1)	(1.0)	296	295	1	0.3
Change in actuarial valuation of benefit liabilities	(65)	(216)	151	69.9	(10)	(7)	(3)	(42.9)
Total benefit costs	**608**	**470**	**138**	**29.4**	**2,027**	**2,098**	**(71)**	**(3.4)**

Benefit payments

Benefit payments represent cash paid during the three and nine months ended September 30 to or on behalf of injured workers. Benefit payments are comprised of the following:

	Three months ended September 30				Nine months ended September 30			
			Change				Change	
(millions of Canadian dollars)	**2015**	**2014**	**$**	**%**	**2015**	**2014**	**$**	**%**
Loss of earnings	206	211	(5)	(2.4)	618	645	(27)	(4.2)
Workers' pensions	143	149	(6)	(4.0)	436	450	(14)	(3.1)
Health care	104	106	(2)	(1.9)	331	340	(9)	(2.6)
Future economic loss	53	58	(5)	(8.6)	161	174	(13)	(7.5)
Survivor benefits	47	46	1	2.2	140	134	6	4.5
External providers	8	10	(2)	(20.0)	26	34	(8)	(23.5)
Non-economic loss	10	12	(2)	(16.7)	32	36	(4)	(11.1)
Other	3	(6)	9	100+	(3)	(3)	-	-
Total benefit payments	**574**	**586**	**(12)**	**(2.0)**	**1,741**	**1,810**	**(69)**	**(3.8)**

A summary of the significant changes in benefit payments for the three months ended September 30, 2015 is as follows:

- Loss of earnings benefits decreased primarily due to improved claims management through better recovery and return to work outcomes, reflecting 2,746 or 12.4% fewer non-locked-in claims as at September 30, 2015.
- Future economic loss and Workers' pensions benefits decreased reflecting the natural reduction in the number of claimants due to mortality or reaching age 65, the age at which these benefits cease. These programs have been discontinued.
- External providers' expense decreased primarily due to fewer lost-time injuries and a more targeted approach to return to work.

A summary of the significant changes in benefit payments for the nine months ended September 30, 2015 is as follows:

- Loss of earnings benefits decreased primarily due to improved claims management through better recovery and return to work outcomes, reflecting 4,484 or 10.2% fewer non-locked-in claims as at September 30, 2015. The lost-time injury rate decreased by 5.8% to 0.85 injuries per 100 workers, which also contributed to the decrease in loss of earnings benefits.
- Future economic loss and Workers' pensions benefits decreased reflecting the natural reduction in the number of claimants due to mortality or reaching age 65, the age at which these benefits cease. These programs have been discontinued.
- External providers' expense decreased primarily due to fewer lost-time injuries and a more targeted approach to return to work.

Claim administration costs

Claim administration costs reflect the portions of administration and other expenses and legislated obligations and funding commitments expenses allocated to benefit costs. A summary of claim administration costs for the three and nine months ended September 30 is as follows:

	Three months ended September 30				Nine months ended September 30			
			Change				Change	
(millions of Canadian dollars)	**2015**	**2014**	**$**	**%**	**2015**	**2014**	**$**	**%**
Allocation from administration and other expenses	95	100	(5)	(5.0)	283	295	(12)	(4.1)
Allocation from legislated obligations and funding commitments expenses	4	-	4	100+	13	-	13	100+
Total claim administration costs	**99**	**100**	**(1)**	**(1.0)**	**296**	**295**	**1**	**0.3**

For the three and nine months ended September 30, 2015, a higher allocation percentage of claim administration costs from legislated obligations and funding commitments was applied as compared to the prior year, while overall Total claim administration costs were consistent with 2014.

Changes in actuarial valuation of benefit liabilities

	Three months ended September 30		Nine months ended September 30	
(millions of Canadian dollars)	**2015**	**2014**	**2015**	**2014**
Change in actuarial valuation of benefit liabilities	(65)	(216)	(10)	(7)

For the three months ended September 30, 2015, the change in actuarial valuation of benefit liabilities primarily reflects a smaller decrease in New Claims Cost compared to 2014.

For the nine months ended September 30, 2015, the change in actuarial valuation of benefit liabilities primarily reflects favourable experience in loss of earnings.

Change in actuarial valuation of benefit liabilities for the nine months ended September 30, 2015 is detailed as follows:

(millions of Canadian dollars)	
Benefit liabilities as at December 31, 2014	**26,800**
Payments made in 2015 for prior injury years	(1,869)
Interest accretion[1]	917
Liabilities incurred for the 2015 injury year	1,178
Experience gains[2]	(236)
Benefit liabilities as at September 30, 2015	**26,790**
Change in actuarial valuation of benefit liabilities	**(10)**

1. Accretion represents the estimated interest cost of the benefit liabilities, considering the discount rate, benefit liabilities at the beginning of the period and payments made during the period.
2. The majority of experience gains are related to loss of earnings benefits.

Administration and other expenses

	Three months ended September 30				Nine months ended September 30			
			Change				Change	
(millions of Canadian dollars)	**2015**	**2014**	**$**	**%**	**2015**	**2014**	**$**	**%**
Salaries and short-term benefits	102	100	2	2.0	306	297	9	3.0
Long-term employee benefit plans	38	32	6	18.8	114	96	18	18.8
Bad debts	(2)	6	(8)	(100+)	25	25	-	-
Communications	2	2	-	-	8	7	1	14.3
Depreciation and amortization	4	3	1	33.3	9	9	-	-
Equipment and maintenance	16	12	4	33.3	46	34	12	35.3
Facilities	10	9	1	11.1	29	28	1	3.6
Systems development and integration	1	(6)	7	100+	3	3	-	-
Termination benefits	2	1	1	100.0	4	1	3	100+
Other	9	9	-	-	25	22	3	13.6
	182	168	14	8.3	569	522	47	9.0
Claim administration costs allocated to benefit costs	(95)	(100)	5	5.0	(283)	(295)	12	4.1
Total administration and other expenses	**87**	**68**	**19**	**27.9**	**286**	**227**	**59**	**26.0**

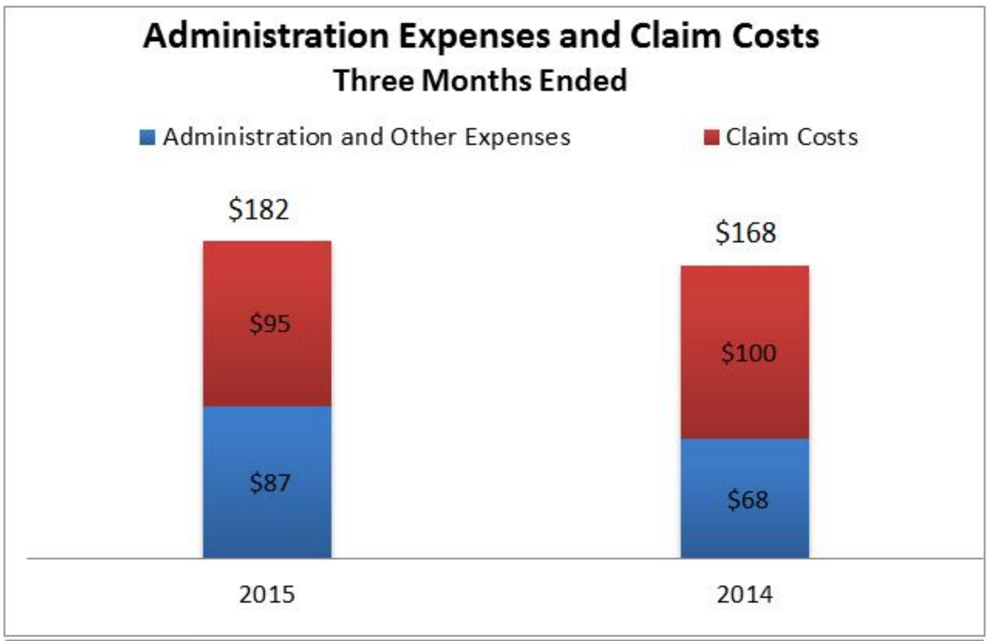
A summary of the significant changes in administration and other expenses, before allocation to benefit costs, for the three months ended September 30, 2015 is as follows:

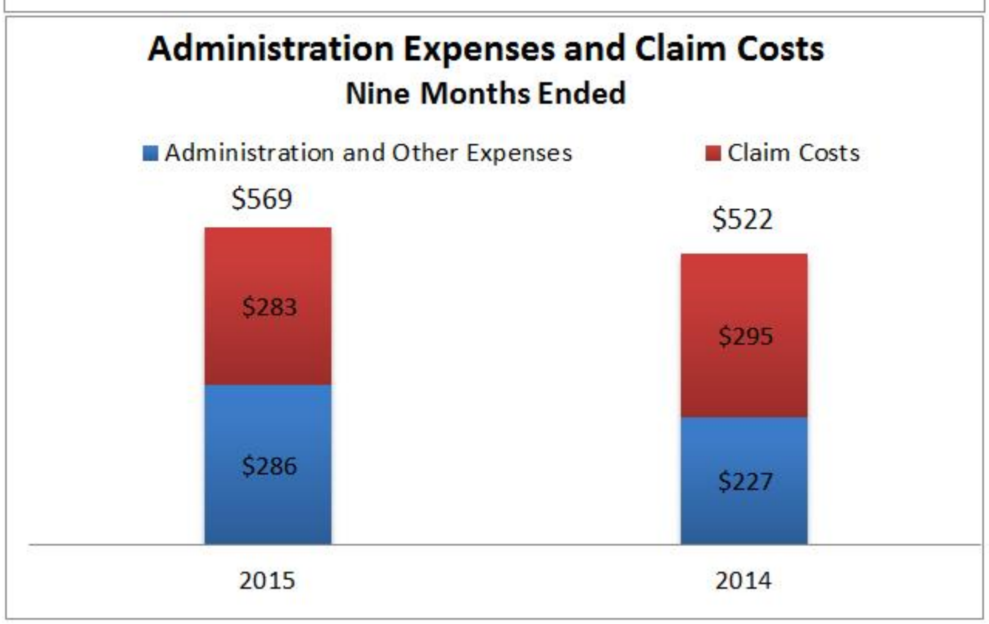
- Long-term employee benefit plans increased primarily reflecting a 70 basis point decrease (from 4.7% to 4.0%) in interest rates used to value our pension and other post-retirement obligations, which include life insurance, dental and extended health coverage.
- Bad debts decreased primarily due to better collectability and fewer accounts being sent to collection agencies.
- Equipment and maintenance expenses increased, reflecting higher infrastructure support costs.
- Systems development and integration expenses increased primarily due to the capitalization of eligible development costs in the prior year.

A summary of the significant changes in administration and other expenses, before allocation to benefit costs, for the nine months ended September 30, 2015 is as follows:

- Salaries and short-term benefits increased reflecting inflationary pressures and higher costs for temporary staff to support our business transformation efforts.
- Long-term employee benefit plans increased primarily due to a 70 basis point decrease (from 4.7% to 4.0%) in interest rates used to value our pension and other post-retirement obligations, which include life insurance, dental and extended health coverage.
- Equipment and maintenance expenses increased, reflecting higher infrastructure support costs.

The following charts display administration and other expenses and claim costs for the three and nine months ended September 30, 2015 and 2014:





Legislated obligations and funding commitments expenses

	Three months ended September 30				Nine months ended September 30			
			Change				Change	
(millions of Canadian dollars)	**2015**	**2014**	**$**	**%**	**2015**	**2014**	**$**	**%**
Legislated obligations								
Occupational Health and Safety Act	24	25	(1)	(4.0)	71	72	(1)	(1.4)
Ministry of Labour Prevention Costs	27	28	(1)	(3.6)	82	82	-	-
	51	53	(2)	(3.8)	153	154	(1)	(0.6)
Workplace Safety and Insurance Appeals Tribunal	5	5	-	-	15	15	-	-
Workplace Safety and Insurance Advisory Program								
Office of the Worker Adviser	3	2	1	50.0	9	9	-	-
Office of the Employer Adviser	1	1	-	-	3	3	-	-
	4	3	1	33.3	12	12	-	-
Total legislated obligations	**60**	**61**	**(1)**	**(1.6)**	**180**	**181**	**(1)**	**(0.6)**
Funding commitments								
Grants	-	-	-	-	1	1	-	-
Safety program rebates	6	11	(5)	(45.5)	34	38	(4)	(10.5)
Total funding commitments	**6**	**11**	**(5)**	**(45.5)**	**35**	**39**	**(4)**	**(10.3)**
	66	**72**	**(6)**	**(8.3)**	**215**	**220**	**(5)**	**(2.3)**
Claim administration costs allocated to benefit costs	(4)	-	(4)	(100+)	(13)	-	(13)	(100+)
Total legislated obligations and funding commitments	**62**	**72**	**(10)**	**(13.9)**	**202**	**220**	**(18)**	**(8.2)**

For the three months and nine months ended September 30, 2015, legislated obligations and funding commitments expenses, before allocation to benefit costs, decreased $6 million or 8.3% and $5 million or 2.3%, respectively, reflecting lower Safety program rebates.

3. Financial Condition

A discussion of the significant changes in our September 30, 2015 unaudited condensed interim consolidated statements of financial position.

Changes in our interim consolidated statements of financial position are as follows:

(millions of Canadian dollars)	Sep. 30 2015	Dec. 31 2014	Change $	Change %	Commentary
Assets					
Cash and cash equivalents	1,348	1,473	(125)	(8.5)	Refer to the interim consolidated statements of cash flows in the interim consolidated financial statements for details.
Receivables	1,447	1,303	144	11.1	Higher experience rating surcharge provision.
Public equity securities	9,381	9,136	245	2.7	Net increase primarily due to changes in fair values and contributions. Refer to Section 2 – Operating Results for details.
Bonds	6,690	6,307	383	6.1	
Derivative assets	61	158	(97)	(61.4)	
Other invested assets	7,934	6,960	974	14.0	
Property and equipment	121	124	(3)	(2.4)	No significant changes.
Intangible assets	150	110	40	36.4	Increase due to implementation of a new system.
Liabilities					
Payables and accruals	1,228	1,186	42	3.5	No significant changes.
Derivative liabilities	149	97	52	53.6	Increase primarily reflects changes in our currency hedge position within our investment portfolio.
Long-term debt	52	52	-	-	No significant changes.
Loss of Retirement Income Fund liability	1,679	1,663	16	1.0	No significant changes.
Employee benefit plans liability	1,176	1,227	(51)	(4.2)	No significant changes.
Benefit liabilities	26,790	26,800	(10)	-	No significant changes. Refer to Section 2 – Operating Results for details.
Unfunded liability	(6,659)	(8,098)	1,439	17.8	Total comprehensive income attributable to WSIB stakeholders.
Unfunded liability - Sufficiency basis	(6,792)	(8,905)	2,113	23.7%	The unfunded liability on a Sufficiency basis decreased due to continued operating improvements resulting from growth in premium revenues and lower benefit payments. Refer to the Funding and Capital Management Note in the annual audited consolidated financial statements for more information.
Sufficiency Ratio	77.8%	70.9%		6.9%	

4. Reconciliation of the Unfunded Liability on a Sufficiency Basis

An explanation and discussion about the changes to the September 30, 2015 Unfunded Liability on a Sufficiency Basis.

The Sufficiency Ratio is calculated by comparing total assets to total liabilities, with certain assets and liabilities measured on a different basis than that required under IFRS. For the purpose of the Sufficiency Ratio calculation, the amounts of total assets, as presented on the consolidated statements of financial position, are adjusted to reflect measurement on a going concern basis.

On a going concern basis, investment assets are valued at fair value adjusted for the unamortized gains or losses relative to the long-term expected rate of return on those assets, less the interests in those assets held by third parties (non-controlling interests). Investment gains and losses that differ from the long-term expected rate of return are amortized over a five-year period. The values of the obligations of the Employee Benefit Plans are determined through an actuarial valuation using the going concern basis, rather than the market basis.

As at September 30, 2015, the Sufficiency Ratio, as defined in *Ontario Regulation 141/12* and amended by *Ontario Regulation 338/13* (collectively, the "Ontario Regulations"), was 77.8% (December 31, 2014 – 70.9%). Set forth below is the reconciliation of the Unfunded Liability ("UFL") between the IFRS and Sufficiency Ratio basis:

(millions of Canadian dollars)	**September 30 2015**	**December 31 2014**
UFL attributable to WSIB stakeholders on an IFRS basis	6,659	8,098
Add/ (Less): Adjustments per Ontario Regulations:		
Change in valuation of investment assets	652	1,407
Change in valuation of Employees benefit plans liability	(414)	(417)
Change in valuation of investment assets attributable to non-controlling interests	(105)	(183)
UFL attributable to WSIB stakeholders on a Sufficiency basis	**6,792**	**8,905**
Sufficiency Ratio	**77.8%**	**70.9%**

5. Summary of Quarterly Results

A summary view of our quarterly financial performance.

Selected financial information for the eight consecutive quarters ended September 30, 2015 is as follows:

	2015			2014				2013
(millions of Canadian dollars)	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**
Net premiums	1,171	1,202	1,134	1,127	1,120	1,093	1,127	1,034
Net investment income (loss)	(528)	(308)	1,309	554	145	519	709	894
Benefit costs								
Benefit payments	574	575	592	610	586	612	612	629
Claim administration costs	99	98	99	68	100	93	102	92
Change in actuarial valuation of benefit liabilities	(65)	(7)	62	(153)	(216)	111	98	(330)
	608	666	753	525	470	816	812	391
Loss of Retirement Income Fund contributions	15	14	14	15	14	15	15	15
Administration and other expenses	87	115	84	131	68	84	75	144
Legislated obligations and funding commitments	62	66	74	56	72	72	76	52
Excess (deficiency) of revenues over expenses	(129)	33	1,518	954	641	625	858	1,326
Remeasurements of employee defined benefit plans (Other comprehensive income (loss))	15	193	(124)	34	(75)	(114)	(141)	308
Total comprehensive income (loss)	(114)	226	1,394	988	566	511	717	1,634
Total comprehensive income (loss) attributable to WSIB stakeholders	(57)	258	1,238	921	545	445	629	1,523
Other measures								
Core Earnings[1]	334	334	271	247	280	217	247	102
Return on investments (%)[2]	(2.1)	(1.2)	6.0	2.7	0.8	2.6	3.8	5.0
Unfunded liability[3]	6,659	6,602	6,860	8,098	9,019	9,564	10,009	10,638
Unfunded liability - Sufficiency basis[4]	6,792	7,539	8,313	8,905	9,537	10,457	10,905	11,325

Our quarterly revenues and expenses are impacted by a number of trends and recurring factors such as seasonality as well as general economic and market conditions. Our premium revenues are also impacted by insurable earnings, which rise and fall with the employment levels in the industries we insure. The decline in net investment income in the third quarter reflects weakness, which was driven by lower equity and commodity markets.

1. Core Earnings is calculated as total comprehensive income, excluding the impacts of net investment income, changes in actuarial valuation and any items that are considered as material and exceptional in nature. See Section 8 – Non-IFRS Financial Measure.
2. Return on investments is calculated as the change in the fair value of the total investment portfolio, taking into account capital contributions and withdrawals prior to investment expenses. Does not equal annual figures due to rounding.
3. Unfunded liability represents the deficiency of net assets attributable to WSIB stakeholders as at the end of the reporting period. The total deficiency of assets of $3,942 million as at September 30, 2015 (December 31, 2014 – $5,454 million) is allocated between the WSIB stakeholders and the non-controlling interests (“NCI”) on the basis of their proportionate interests in the net assets of the WSIB. NCI represent the proportionate interest of the net assets and total comprehensive income of subsidiaries in which the WSIB directly or indirectly owns less than 100% interest. NCI of $2,717 million as at September 30, 2015 (December 31, 2014 – $2,644 million) exclude benefit liabilities since the holders of NCI, the WSIB Employees’ Pension Plan and other investors are not liable for those obligations. The proportionate share of the total deficiency of assets attributable to WSIB stakeholders as at September 30, 2015 was $6,659 million (December 31, 2014 – $8,098 million) which includes benefit liabilities. Refer to the interim consolidated statements of financial position for further details.
4. Refer to Section 4 – Reconciliation of the Unfunded Liability on a Sufficiency Basis for further details.

6. Outlook

The outlook for our business.

Original 2015 Expectation	Current 2015 Outlook
Premiums. Modest increase reflecting a 3.0% increase in insurable earnings and no increase in the published premium rates, offset by $8 million of higher net mandatory employer incentive programs expense.	*Premiums.* Decreased to 2.5% insurable earnings growth to reflect current trends, offset by $20 million of higher net mandatory employer incentive programs expenses.
Net investment income. We anticipate annual investment income will approximate 6.0% over the long-term.	*Net investment income.* Decreased to 4.0% for 2015 reflecting current market conditions.
Benefit costs. Continued downward trend reflecting improved operating results.	*Benefit costs.* No significant change.
Administration and other expenses. Modest increase reflecting increases to the pension liability and higher systems development and integration expenses.	*Administration and other expenses.* No significant change.
Legislated obligations. Modest growth in this area reflecting an increase in Safety program rebates.	*Legislated obligations.* Decrease reflecting lower Safety program rebates.
Unfunded liability. Based on current funding and benefit levels and as measured under current accounting and actuarial standards, we believe the unfunded liability will decrease in 2015 and beyond, reflecting continued improved operating performance.	*Unfunded liability.* No significant change.

7. Internal Control over Financial Reporting

A statement of responsibilities regarding internal control over financial reporting.

Management is responsible for the accuracy, integrity and objectivity of the interim consolidated financial statements within reasonable limits of materiality. The WSIB's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of interim 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 interim consolidated financial statements.

8. Non-IFRS Financial Measure

A *definition* of our non-IFRS financial measure.

Core Earnings

The WSIB utilizes "Core Earnings," a non-IFRS financial measure, to help stakeholders better understand our underlying operating performance. This measure is relevant in how we manage our operations and offers a consistent methodology in evaluating our underlying performance. Core Earnings are defined as total comprehensive income excluding the impacts of investment income, changes in actuarial valuation and any items that are considered as material and exceptional in nature. This measure does not have any standard meaning prescribed by IFRS and is not necessarily comparable to similarly titled measures of other organizations.

Set forth below is the reconciliation of Core Earnings and total comprehensive income (loss), the most directly comparable financial measure calculated and presented in consistent with IFRS:

	Three months ended September 30		Nine months ended September 30	
(millions of Canadian dollars)	**2015**	**2014**	**2015**	**2014**
Total comprehensive income (loss) for the period	(114)	566	1,506	1,794
Add/(Less): Net investment income (loss)	528	(145)	(473)	(1,373)
Less: Change in actuarial valuation of benefit liabilities	(65)	(216)	(10)	(7)
Add/(Less): Change in actuarial valuation of employee benefit plans	(15)	75	(84)	330
Core Earnings	**334**	**280**	**939**	**744**

9. Forward-looking Statements

Caution regarding forward-looking statements.

This MD&A constitutes "forward-looking statements," within the meaning of applicable Canadian securities laws. Forward-looking statements can be identified by the use of words such as "anticipates," or "believes," "budget," "estimates," "expects," or "is expected," "forecasts," "intends," "plans," "scheduled," or variations of such words and phrases or state that certain actions, events or results "could," "may," "might," "will," "would," or be taken, occur or be achieved. These forward-looking statements are based on current expectations, various assumptions and analyses, expected future developments and other factors we believe are appropriate in the circumstances. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in our forward-looking statements.

We believe that the expectations represented by our forward-looking statements are reasonable, yet there can be no assurance that such expectations will prove to be correct. The purpose of the forward-looking statements is to provide the reader with a description of management's expectations regarding our anticipated financial performance and may not be appropriate for other purposes. Furthermore, unless otherwise stated, the forward-looking statements contained in this report are made as of the date of this report and we do not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise unless required by applicable legislation or regulation.

WORKPLACE SAFETY AND INSURANCE BOARD

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

	Note	September 30 2015	December 31 2014
Assets			
Cash and cash equivalents	7	1,348	1,473
Receivables		1,447	1,303
Public equity securities	3	9,381	9,136
Bonds	3	6,690	6,307
Derivative assets	3	61	158
Other invested assets	3	7,934	6,960
Property and equipment		121	124
Intangible assets		150	110
Total assets		**27,132**	**25,571**
Liabilities			
Payables and accruals		1,228	1,186
Derivative liabilities		149	97
Long-term debt		52	52
Loss of Retirement Income Fund liability		1,679	1,663
Employee benefit plans liability	4	1,176	1,227
Benefit liabilities	5	26,790	26,800
Total liabilities		**31,074**	**31,025**
Deficiency of assets			
Unfunded liability attributable to WSIB stakeholders		(6,659)	(8,098)
Non-controlling interests		2,717	2,644
Total deficiency of assets		**(3,942)**	**(5,454)**
Total liabilities and deficiency of assets		**27,132**	**25,571**

Commitments and contingent liabilities (note 6)

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

WORKPLACE SAFETY AND INSURANCE BOARD

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

	Note	Three months ended September 30 2015	Three months ended September 30 2014	Nine months ended September 30 2015	Nine months ended September 30 2014
Revenues					
Premiums		1,216	1,162	3,621	3,441
Net mandatory employer incentive programs		(45)	(42)	(114)	(101)
		1,171	1,120	3,507	3,340
Net investment income (loss)					
Investment income (loss)	3	(488)	185	608	1,500
Investment expenses	3	(40)	(40)	(135)	(127)
Total net investment income (loss)		(528)	145	473	1,373
Total revenues		**643**	**1,265**	**3,980**	**4,713**
Expenses					
Benefit costs					
Benefit payments		574	586	1,741	1,810
Claim administration costs		99	100	296	295
Change in actuarial valuation of benefit liabilities		(65)	(216)	(10)	(7)
		608	470	2,027	2,098
Loss of Retirement Income Fund contributions		15	14	43	44
Administration and other expenses		87	68	286	227
Legislated obligations and funding commitments		62	72	202	220
Total expenses		**772**	**624**	**2,558**	**2,589**
Excess (deficiency) of revenues over expenses		**(129)**	**641**	**1,422**	**2,124**
Other comprehensive income (loss)					
Remeasurements of employee defined benefit plans	4	15	(75)	84	(330)
Total comprehensive income (loss)		**(114)**	**566**	**1,506**	**1,794**

	Three months ended September 30 2015	Three months ended September 30 2014	Nine months ended September 30 2015	Nine months ended September 30 2014
Excess (deficiency) of revenues over expenses attributable to:				
WSIB stakeholders	(72)	620	1,355	1,949
Non-controlling interests	(57)	21	67	175
	(129)	**641**	**1,422**	**2,124**
Total comprehensive income (loss) attributable to:				
WSIB stakeholders	(57)	545	1,439	1,619
Non-controlling interests	(57)	21	67	175
	(114)	**566**	**1,506**	**1,794**

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

WORKPLACE SAFETY AND INSURANCE BOARD

Condensed Interim Consolidated Statements of Changes in Deficiency of Assets
Unaudited (millions of Canadian dollars)

	Note	Deficiency of assets		
		Unfunded liability attributable to WSIB stakeholders	**Non-controlling interests**	**Total**
Balance as at December 31, 2013		(10,638)	2,394	(8,244)
Excess of revenues over expenses		1,949	175	2,124
Remeasurements of employee defined benefit plans	4	(330)	-	(330)
Change in ownership share in investments		-	(4)	(4)
Balance as at September 30, 2014		(9,019)	2,565	(6,454)
Excess of revenues over expenses		887	67	954
Remeasurements of employee defined benefit plans		34	-	34
Change in ownership share in investments		-	12	12
Balance as at December 31, 2014		(8,098)	2,644	(5,454)
Excess of revenues over expenses		1,355	67	1,422
Remeasurements of employee defined benefit plans	4	84	-	84
Change in ownership share in investments		-	6	6
Balance as at September 30, 2015		**(6,659)**	**2,717**	**(3,942)**

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

WORKPLACE SAFETY AND INSURANCE BOARD

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

	Three months ended September 30		Nine months ended September 30	
	2015	**2014**	**2015**	**2014**
Operating activities:				
Total comprehensive income (loss)	(114)	566	1,506	1,794
Adjustments:				
Amortization of net premium on investments	1	-	2	3
Depreciation and amortization of property, equipment and intangible assets	5	4	12	12
Changes in fair value of investments	702	(37)	(143)	(1,085)
Changes in fair value of investment properties	(2)	(1)	16	(14)
Dividend income from public equity securities	(90)	(63)	(252)	(232)
Income from associates and joint ventures	(11)	(13)	(26)	(27)
Interest income	(56)	(56)	(165)	(164)
Interest expense	1	3	8	10
Total comprehensive income after adjustments	436	403	958	297
Changes in non-cash balances related to operations:				
Receivables, excluding those related to investing activities	(13)	14	(111)	(48)
Payables and accruals, excluding those related to investing and financing activities	60	144	78	147
Loss of Retirement Income Fund liability	(37)	7	16	87
Employee benefit plans liability	(5)	80	(51)	345
Benefit liabilities	(65)	(216)	(10)	(7)
Total changes in non-cash balances related to operations	(60)	29	(78)	524
Net cash provided by operating activities	**376**	**432**	**880**	**821**
Investing activities:				
Dividends received from public equity securities, associates and joint ventures	101	72	269	245
Interest received	32	33	141	140
Purchases of property, equipment and intangible assets	(13)	(32)	(48)	(70)
Purchases of investments	(2,554)	(1,875)	(8,733)	(7,470)
Proceeds on sales and maturities of investments	2,026	1,550	7,475	6,922
Additions to investment properties	(18)	(6)	(38)	(22)
Acquisitions of associates and joint ventures	(2)	(25)	(12)	(68)
Proceeds on disposition of associates and joint ventures	-	-	-	1
Business acquisitions	-	-	-	(184)
Business dispositions	4	-	4	-
Net cash required by investing activities	**(424)**	**(283)**	**(942)**	**(506)**
Financing activities:				
Disposition of non-controlling interests	5	29	56	57
Distributions paid by subsidiaries to non-controlling interests	(16)	(16)	(50)	(61)
Net repayment of debt	(54)	(23)	(61)	(23)
Interest paid on debt	(2)	(3)	(8)	(10)
Net cash required by financing activities	**(67)**	**(13)**	**(63)**	**(37)**
Net increase (decrease) in cash and cash equivalents	**(115)**	**136**	**(125)**	**278**
Cash and cash equivalents, beginning of period	1,463	1,416	1,473	1,274
Cash and cash equivalents, end of period	**1,348**	**1,552**	**1,348**	**1,552**

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

WORKPLACE SAFETY AND INSURANCE BOARD
Notes to Condensed Interim Consolidated Financial Statements
September 30, 2015
Unaudited (millions of Canadian dollars)

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"). As a trust agency of the Government of Ontario, 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 workers who experience workplace injuries or illnesses.

The WSIB promotes workplace health and safety in the Province and provides a workplace compensation system for Ontario based employers and workers. The WSIB is funded entirely by employer premiums and does not receive any government funding or assistance. Revenues are also earned from a diversified investment portfolio held to meet future obligations on existing claims.

The WSIB's registered office is located at 200 Front Street West, Toronto, Ontario, M5V 3J1.

2. Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting,* using accounting policies consistent with International Financial Reporting Standards ("IFRS"), which have been adopted by the Accounting Standards Board of Canada as Canadian generally accepted accounting principles for public interest entities.

These condensed interim consolidated financial statements were authorized for issuance by the WSIB's Board of Directors on December 9, 2015.

3. Invested Assets and Net Investment Income

The following provides a summary of the nature of the invested assets by asset strategy:

	Public equities	Fixed income	Multi-asset	Real estate	Infra-structure	Other	Sep. 30 2015	Dec. 31 2014
Public equity securities (note 7)	**8,963**	**-**	**418**	**-**	**-**	**-**	**9,381**	**9,136**
Bonds (note 7)	**-**	**6,230**	**460**	**-**	**-**	**-**	**6,690**	**6,307**
Derivative assets (note 7)	**2**	**-**	**57**	**-**	**2**	**-**	**61**	**158**
Alternative investments (note 7)[1]	-	-	4,738	452	923	69	6,182	5,239
Investment properties (note 7)	-	-	-	1,212	-	-	1,212	1,194
Investments in associates and joint ventures	-	-	-	407	133	-	540	527
Other invested assets	**-**	**-**	**4,738**	**2,071**	**1,056**	**69**	**7,934**	**6,960**

1. Alternative investments include private market investments, pooled funds and annuities.

Unaudited (millions of Canadian dollars)

Net investment income

Net investment income (loss) is as follows:

	Three months ended September 30		Nine months ended September 30	
	2015	**2014**	**2015**	**2014**
Public equity securities	(304)	77	601	724
Bonds	23	80	211	351
Alternative investments	282	233	788	468
Income from investment properties	28	27	61	90
Income from associates and joint ventures	11	13	26	27
Derivatives	(559)	(235)	(1,044)	(66)
Cash and cash equivalents	1	1	2	2
Less: Investment expenses	(40)	(40)	(135)	(127)
Less: Loss (income) attributable to Loss of Retirement Income Fund	30	(11)	(37)	(96)
Net investment income (loss)	**(528)**	**145**	**473**	**1,373**

Net investment income (loss) is comprised of the following:

	Three months ended September 30		Nine months ended September 30	
	2015	**2014**	**2015**	**2014**
Net gains (losses) on financial instruments	(702)	37	143	1,086
Interest and dividend income	145	119	415	393
Income from investment properties	28	27	61	90
Income from associates and joint ventures	11	13	26	27
Less: Loss (income) attributable to Loss of Retirement Income Fund	30	(11)	(37)	(96)
Investment income (loss)	**(488)**	**185**	**608**	**1,500**
Investment expenses	(40)	(40)	(135)	(127)
Net investment income (loss)	**(528)**	**145**	**473**	**1,373**

Unaudited (millions of Canadian dollars)

4. Employee Benefit Plans

Remeasurements of the employee defined benefit plans recognized in other comprehensive income (loss) are as follows:

	Three months ended September 30		Nine months ended September 30	
	2015	**2014**	**2015**	**2014**
Actuarial gains (losses) arising from changes in financial assumptions	97	(68)	97	(367)
Actuarial losses arising from changes in demographic assumptions	-	-	-	(51)
Actuarial losses arising from demographic and other experience	-	-	(2)	(1)
Excess (deficiency) of actual return on plan assets over interest income	(82)	(7)	(11)	89
Total remeasurements of employee defined benefit plans	**15**	**(75)**	**84**	**(330)**

Remeasurements are never reclassified to expenses; other comprehensive income (loss) related to the remeasurements is immediately transferred to the unfunded liability.

Employee benefit plans liability

The employee benefit plans liability is comprised of the following:

	September 30 2015	December 31 2014
Present value of wholly or partly funded obligations	3,141	3,118
Present value of unfunded obligations	705	708
Total present value of obligations	3,846	3,826
Fair value of plan assets	(2,670)	(2,599)
Employee benefit plans liability	**1,176**	**1,227**

Unaudited (millions of Canadian dollars)

5. Benefit Liabilities

Benefit liabilities are comprised of the following:

	September 30 2015	December 31 2014
Loss of earnings	9,159	9,015
Workers' pensions	5,858	6,115
Health care	3,964	3,849
Survivor benefits	2,729	2,687
Future economic loss	1,480	1,608
External providers	249	239
Non-economic loss	260	253
Long latency occupational diseases	1,924	1,886
Claim administration costs	1,167	1,148
Benefit liabilities	**26,790**	**26,800**

A summary of the changes in benefit liabilities is as follows:

	September 30 2015	December 31 2014
Benefit liabilities, beginning of period	26,800	26,960
Benefit costs	2,027	2,623
Benefit costs paid during the period	(2,037)	(2,783)
Benefit liabilities, end of period	**26,790**	**26,800**

6. Commitments and Contingent Liabilities

Investment commitments

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

	September 30 2015	December 31 2014
Real estate, multi-asset and infrastructure investments	921	948
Investments in associates and joint ventures	110	127
Purchases or development of investment properties	74	8
	1,105	**1,083**

Legislated obligations and funding commitments

Known commitments related to legislated obligations and funding commitments as at September 30, 2015 are approximately $254 for the period from October 1, 2015 to September 30, 2016.

Legal actions

The WSIB is engaged in various legal proceedings and claims that have arisen in the ordinary course of business, the outcome of which is subject to future resolution. Based on information currently known to the WSIB, management believes the probable ultimate resolution of all existing legal proceedings and claims will not have a material effect on the WSIB's financial position.

Unaudited (millions of Canadian dollars)

7. Fair Value Measurement and Disclosures

During the nine months ended September 30, 2015 and the year ended December 31, 2014, there were no changes in the levels of classification of financial instruments. Transfers between levels within the hierarchy are recognized at the end of the reporting period.

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

	September 30, 2015				December 31, 2014			
	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]	385	963	-	1,348	658	815	-	1,473
Public equity securities	9,342	39	-	9,381	9,097	39	-	9,136
Bonds	-	6,690	-	6,690	-	6,307	-	6,307
Alternative investments	-	5,730	452	6,182	-	4,867	372	5,239
Investment properties	-	-	1,212	1,212	-	-	1,194	1,194
Derivative assets	-	61	-	61	-	158	-	158
Derivative liabilities	-	(149)	-	(149)	-	(97)	-	(97)
Liabilities for which fair value is disclosed								
Long-term debt	-	(62)	-	(62)	-	(64)	-	(64)

1. Cash and cash equivalents include cash of $385 and short-term money market securities of $963 (December 31, 2014 – $658 and $815, respectively).

The table below provides a general description of the valuation methods used for fair value measurements.

Hierarchy level	**Valuation method**
Level 1	Fair value is measured as the closing bid price for identical assets in an active public market at the reporting date.
Level 2	Where bid prices in an active public market are not available, observable inputs are used to estimate fair value using a market approach or an income approach. When using a market approach, fair value is estimated by adjusting the market price of a similar asset or liability, using inputs such as quoted interest or currency rates. Estimated fair value using an income approach is based on fixed future cash flows discounted using market interest rates for similar assets or liabilities.
Level 3	*Alternative investments* The fair value of alternative investments in real estate entities is estimated using valuations of the underlying investment properties, with the same methods as noted below for investment properties. *Investment properties* Fair values of investment properties are estimated based on valuations performed by qualified appraisers. The valuations of the investment properties are primarily based on discounted expected future cash flows of each property, using discount

Unaudited (millions of Canadian dollars)

Hierarchy level	Valuation method
	and terminal capitalization rates reflective of the characteristics, location and market of the property. The future cash flows are based on, among other things, rental income from current leases and assumptions about rental income from future leases reflecting current conditions, less future cash outflows relating to such current and future leases. At least one valuation per year for each property is based on an independent appraisal.

Alternative investments in real estate entities (Level 3 fair value measurements)

The table below provides a reconciliation of the fair value of alternative investments in real estate entities:

	September 30 2015	December 31 2014
Balance, beginning of period	372	371
Purchases	68	3
Sales	-	(8)
Net gains recognized in net investment income	12	6
Balance, end of period	**452**	**372**

The following discount and terminal capitalization rates were used in the discounted cash flow estimates of fair value:

	September 30 2015	December 31 2014
Real estate entities		
Discount rates	5.5% - 8.3%	5.5% - 8.3%
Terminal capitalization rates	4.8% - 7.3%	4.8% - 7.8%

	Increase (decrease) in the fair value of real estate entities	
Change in assumption	**September 30 2015**	**December 31 2014**
50 basis point increase in the discount rate and terminal capitalization rate	(36)	(37)
50 basis point decrease in the discount rate and terminal capitalization rate	45	43
5 percent increase in the expected future cash flows of underlying properties	21	21
5 percent decrease in the expected future cash flows of underlying properties	(21)	(21)

Unaudited (millions of Canadian dollars)

Investment properties (Level 3 fair value measurements)

The table below provides a reconciliation of the fair value of investment properties:

	September 30 2015	December 31 2014
Balance, beginning of period	1,194	970
Asset acquisitions	7	-
Business combinations	-	184
Capital expenditures	31	32
Net gains (losses) from changes in fair value	(16)	16
Disposals	(4)	-
Other	-	(8)
Balance, end of period	**1,212**	**1,194**

8. Related Party Transactions

Government of Ontario and related entities

The WSIB is a trust agency of the Government of Ontario, 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 its controlled ministries, agencies, and Crown corporations.

Pursuant to the WSIA, the WSIB is required to reimburse the Government of Ontario for all administrative costs of the *Occupational Health and Safety Act*. The WSIB is also required to fund costs associated with the Ministry of Labour's prevention activities, the Workplace Safety and Insurance Appeals Tribunal and the offices of the Worker and Employer Adviser. These reimbursements and associated amounts charged to employers are determined and approved by the Minister of Labour. The total funding provided under these legislated obligations and funding commitments for grants for the three and nine months ended September 30, 2015 were $60 and $181, respectively (2014 – $61 and $182).

In addition to legislated obligations and funding commitments for grants, which the WSIB collectively presents in legislated obligations and funding commitments expenses, the condensed interim consolidated financial statements include amounts resulting from transactions conducted in the normal course of operations with various controlled ministries, agencies, and Crown corporations of the Government of Ontario.

The WSIB is required to reimburse the Ministry of Health and Long-Term Care ("MOHLTC") for physicians' fees for services to injured workers, as well as an administrative fee to the MOHLTC. Amounts paid to the MOHLTC for physicians' fees and administrative services for the three and nine months ended September 30, 2015 were $9 and $27, respectively (2014 – $9 and $28).

Included in investments are $1,455 of marketable fixed income securities issued by the Government of Ontario and related entities (December 31, 2014 – $1,394).

Post-employment benefit plans

The WSIB's two employee defined benefit pension plans and other long-term employee benefit plans which include life insurance, dental and extended health coverage, are considered related parties. Note 4 provides details of transactions with these post-employment benefit plans.