

Financial Management

The workers' compensation system is solely funded by employer premiums and returns from the investment of those premiums. WorkSafeBC does not receive any funding from the provincial government.

WorkSafeBC is committed to sound financial management to ensure the long-term financial sustainability of the system for workers and employers.

Below are some key financial highlights from 2023:

- **Financial Results:** WorkSafeBC had a total comprehensive loss of \$333 million in 2023, mainly due to a shortfall in premium income to cover the current year's claim and operating costs. The shortfall in premium income was expected as employer premiums were kept below costs.
- **Investments:** As mandated by legislation, WorkSafeBC maintains an Accident Fund to provide for all present costs and future payments (liabilities) for injuries arising in the current year, as well as those from prior years. The Accident Fund's investments are managed by the B.C. Investment Management Corporation. In 2023, WorkSafeBC's investment return, net of fees, was 8.4 per cent, compared to -2.6 per cent in 2022.
- **Target Funding Level:** To increase financial stability — and avoid rate volatility during economic and investment downturns — WorkSafeBC retains a reasonable level of assets over liabilities. WorkSafeBC's Board of Directors has set a smoothed funded target level of no less than 130 per cent.

WorkSafeBC ended 2023 with a funded ratio of 142 per cent, down from 146 per cent at the end of 2022, but above the 130 per cent target. This represents an accumulated funded position of \$7.2 billion, consisting of \$5.1 billion of required reserves and \$2.1 billion surplus to those requirements.

Claim Costs: Claims make up WorkSafeBC's largest cost. In 2023, total claim costs on the funding basis, including administration, totalled \$3.3 billion. Claim costs were lower in 2023 by \$860 million due to non-recurring changes.¹ Excluding these non-recurring changes, claim costs increased by \$152 million, consistent with the upward trend in claim costs.

- **Premium Rates:** Premiums are intended to cover current-year claim and operating costs. In 2023, premium income was \$2.3 billion, an increase of \$169 million over 2022. This increase is attributed to growth in assessable payroll, reflecting job growth in B.C.

WorkSafeBC's strong financial position in recent years has allowed the average base premium rate to be kept below the average cost of claims. The average base rate of 1.55 per cent for 2024 is less than the expected average cost rate of 1.75 per cent.

- **Administrative Efficiency:** Total administration costs for 2023 were \$618 million, an increase of \$50 million from 2022. WorkSafeBC's measure of administrative efficiency is total administration costs as a percentage of assessable payroll. In 2023, the administration cost was 0.40 per cent of assessable payroll, the same as in 2022.

For more information:

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¹ Non-recurring changes included a \$1.2 billion increase in liabilities in 2022 due to amendments to the *Workers Compensation Act* (Bill 41), as well as changes in discount rates in both 2022 and 2023, and also the first-time recognition of latent occupational disease liability on the funding basis in 2023.