

Understanding International Financial Reporting Standards (IFRS 17) for WorkSafeNB's Financial Statements

As of Jan 1, 2023, all Canadian insurance companies and workers' compensation boards began using International Financial Reporting Standards for Insurance Contracts (IFRS 17).

This standard changes how WorkSafeNB prepares and reports financial statements. Specifically, it introduces a different approach to determining the discount rates used in valuing claim liabilities and adjusts how revenue and liabilities are recognized. While the fundamental economics of workers' compensation boards remains unchanged, adopting IFRS 17 may result in increased year-over-year volatility in financial statements. WorkSafeNB operations will not be affected by the reporting changes.





Like other workers' compensation boards across Canada, WorkSafeNB began producing two distinct financial valuations on Dec 31, 2023:

- **Funding valuation:** Assesses the long-term health of the workers' compensation system, to determine assessment rates and benefit levels. Under the funding valuation, the discount rate represents the long-term expected investment return of the Accident Fund.
- **Financial statement valuation:** Complying with IFRS 17, the discount rate reflects short-term market expectations and is not related to the investments in the Accident Fund.

Our commitment to you.

- ✓ Our focus on the health and safety of workers remains unwavering.
- ✓ WorkSafeNB continues to prioritize transparency and values stakeholder engagement.
- ✓ The core economic principles of our workers' compensation system remain unchanged.
- ✓ Our board of directors continues to maintain a long-term perspective when managing the finances of the workers' compensation system. The IFRS 17 change does not impact how the board of directors:
 - *determines assessment rates;*
 - *measures funding levels; or*
 - *oversees investments in the Accident Fund.*

