

Funding Fairness: Workers' Compensation Funding in 2026

Introduction

Over the past year, several workers' compensation boards have returned surplus funds to employers, while others still hold large employer-funded balances with no firm commitment to give them back. At the same time, growing psychological injury claims are adding new pressure on system costs.

Both issues matter for small businesses already facing rising costs. Owners say fuel, tax and regulatory, and wage costs are hitting them hardest,[1] and workers' compensation premiums add to those existing cost pressures. When deciding whether to invest, the challenge they cite most often is the high cost of doing business, including taxes and payroll taxes.[2]

Employers fund workers' compensation in Canada through the premiums they pay and the investment income those premiums earn. Each provincial and territorial board sets a funding target, usually expressed as a ratio of assets to liabilities. When a board's assets climb well above that target, the excess is an employer-funded balance that is not needed to fund workers' benefits. Whether and how boards return it has a direct effect on small businesses' cost of employing workers.

This snapshot reviews the funding position of each provincial and territorial board at the end of 2025, estimates how much overfunded boards could return to employers, and tracks the latest rebate decisions. It finds that eight of 12 boards are

Key takeaways

- Eight overfunded workers' compensation boards hold $4.5 billion above the upper limits of their funding targets, money that could be returned to employers.
- The number of overfunded boards rose from seven last year to eight. Nova Scotia is the newest addition.
- Eight of 12 boards have a policy to return surplus funds to employers.
- 84% of small business owners support legislation requiring boards to return surplus funds to employers. Ontario is the only province with such a law.
- Manitoba, New Brunswick, Prince Edward Island, and Yukon have announced nearly $270 million in new surplus distributions since last year's snapshot.
- Psychological injury claims are a growing cost pressure. For example, in British Columbia, accepted claims rose 51% between 2021 and 2025.

[1] CFIB, Monthly Business Barometer®, September 2026, n = 581, September 10-16, 2026.
[2] CFIB, Your Voice Survey – June 2026, final results, June 4-29, 2026, n = 1,359.

overfunded and could return $4.5 billion to employers. New this year, the snapshot looks at the growth of psychological injury claims and what it means for system costs.

Funding positions

Each board sets a target funding ratio, comparing its total assets (investments, property, cash, and cash equivalents) with its total liabilities (benefit liabilities, employee benefits, and long-term debt). Targets are usually set above 100% to provide a buffer against market swings and unexpected costs. When a board's funding ratio exceeds the upper limit of its target, it has a surplus: more money than it needs to meet its obligations, including unforeseen costs. CFIB defines that surplus as the assets that exceed the upper limit of the target.

As of December 31, 2025, eight boards are overfunded: British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Prince Edward Island, Quebec, and Yukon (Figure 1). That is the most since CFIB began its current series of annual funding snapshots in 2022. All seven boards identified as overfunded in CFIB's 2025 snapshot remain above target.[3] Nova Scotia joins them after its funding ratio rose from 106.7% to 117.1% in 2025, above the 115% upper threshold of its approved rate range.[4,5] Together, the eight overfunded boards hold $13.9 billion more in assets than liabilities, $4.5 billion of which is above the upper limits of their targets (Table 2). British Columbia, Manitoba, Prince Edward Island, and Yukon have been overfunded in each of the last five CFIB annual reports on workers' compensation funding. Of those four, only British Columbia has not returned surplus directly to employers.

Ontario's Workplace Safety and Insurance Board (WSIB) ended 2025 with a $6.13 billion surplus and a funding ratio of 117.1% (within its 110% to 120% target range),[6] after it had distributed $4 billion in surplus rebates in February/March and October 2025.[7] Ontario showed how a legislated framework should work: surplus funds went back to the employers who paid them, and the board was still well within its target range. In addition to returning surpluses in the form of rebates in 2025, the WSIB lowered the average premium rate and announced a further reduction for 2026, to $1.23 per $100 of insurable payroll, the seventh decrease in 10 years.[8]

Alberta (109.4%) remains below its target range, and the board for the Northwest Territories and Nunavut (114.0%) is below its long-term target of 125%,[9] while Saskatchewan (123.5%) is within its range.

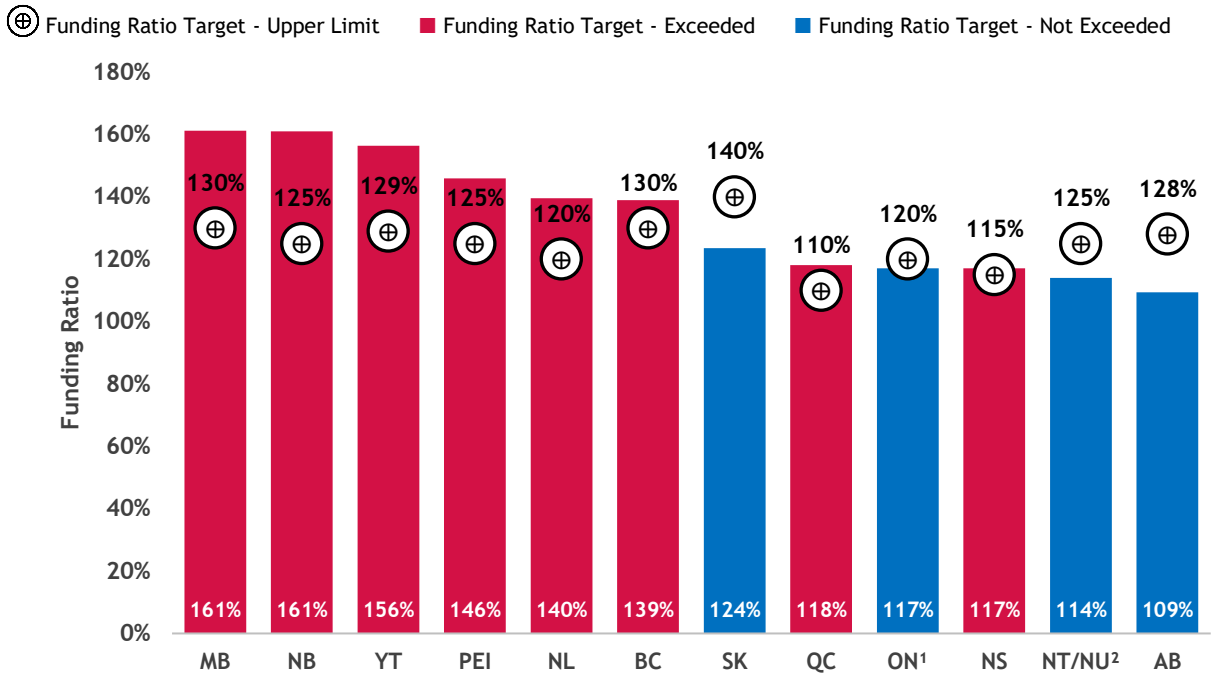
[3] CFIB, Funding Fairness: Workers' Compensation Funding and Payroll Rules in 2025, November 2025.
[4] WCB Nova Scotia, Annual Report 2025, p. 63.
[5] WCB Nova Scotia, WCB's Approved Rate Range. Accessed: October 5, 2026.
[6] WSIB, Corporate reports, Q4 2025 results. Accessed: October 5, 2026.
[7] WSIB, WSIB returns another $2 billion in surplus funds to eligible safe Ontario businesses, November 3, 2025.
[8] WSIB, WSIB reduces average premium rate for Ontario businesses, September 26, 2025.
[9] Workers' Safety and Compensation Commission, 2024 Annual Report, pp. 18 and 25-26. The 2025 annual report had not been published at the time of writing. The WSCC's target for 2024 was 110.7%; its long-term target is 125%.

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Figure 1

Eight boards are funded above the upper limit of their target

Funding ratio at December 31, 2025, workers' compensation boards, by jurisdiction



Funding ratio target %	130	115-125	121-129	100-125	100-120	≥130	100-140	100-110	110-120	90-115	125	114-128

Source: Workers' compensation board 2025 annual reports; WSIB, Q4 2025 results; WSCC, 2024 Annual Report. CFIB calculations.

Notes: Funding ratio is total assets to total liabilities on each board's funding basis, as reported by the board. British Columbia smooths investment returns over five years; Saskatchewan and Ontario call this a sufficiency ratio. New Brunswick's ratio excludes non-controlling interests, and Newfoundland and Labrador's counts reserves with liabilities. Quebec's capitalization policy aims for full (100%) funding but allows a surplus of up to 10% of actuarial liabilities to build up from investment gains, so 110% is used as its upper limit, as in previous CFIB snapshots. Column labels are rounded to the nearest percentage point; the marker shows the upper limit of each board's target.

1. Unaudited Q4 2025 results provided by the WSIB. The 2025 Annual Sufficiency Report had not been publicly released at the time of writing. Even though Ontario's WSIB is not considered overfunded in this report, its Q4 2025 funding ratio of 117.1% places it at the high end of its funding ratio target and above 115%, the level where the WSIB is allowed under legislation to return surpluses.

2. Latest available data (December 31, 2024).

Managing overfunded positions: Surplus distribution policies

Several factors can lead to surpluses: conservative forecasting of future claims, safer workplaces, successful return-to-work outcomes, sound financial management, and favourable investment returns. Depending on their distribution policies, overfunded boards can return surplus funds through rebates, lower premiums, or both, to bring their funding positions back in line with their targets.

Ontario is the only province with legislation that requires surplus funds to be returned to employers. Under the *Workplace Safety and Insurance Act* and its regulations, the WSIB must distribute surpluses once its funding ratio reaches 125%. It may also do so when the ratio is between 115% and 125%, an

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option the board has used in recent years, including twice in 2025.[10] Other jurisdictions have policies or discretionary mechanisms but are not required to issue rebates. As a result, practices vary widely, and some boards have gone years without a rebate. British Columbia has been above its funding target for 10 consecutive years and did not propose returning surplus directly to employers until its preliminary 2027 rates. Instead, WorkSafeBC has held its average base rate at $1.55 since 2018 and projects that $3.2 billion of surplus will have been used between 2018 and 2026 to keep premiums stable and below the cost of the system.[11]

Table 1

Eight of 12 boards have a policy to return surplus funds to employers

Surplus distribution policies, workers' compensation boards, by jurisdiction

	Rebate policy	Funding ratio for rebate	Set in
MB	Yes	Above 130%	Policy
NB	Yes	Above 140% (mandatory above 150%)	Policy
YT	Yes	Above 129%	Policy
PEI	Yes	Above 140%	Policy
NL	Yes[1]	Above 140%	Policy
BC	No[2]	N/A	N/A
SK	No[3]	N/A	N/A
QC	No[4]	N/A	N/A
ON	Yes	115% or more (mandatory at 125%)	Legislation
NS	No[5]	N/A	N/A
NT/NU	Yes	Above 135% for two successive years	Policy
AB	Yes	Above 128%[6]	Policy

Source: Workers' compensation board funding policies and 2025 annual reports.

Notes: Except in Ontario, and in New Brunswick above 150%, boards decide at their discretion whether to issue a rebate and how much. 1. Between 120% and 140%, surplus is returned through rate discounts; above 140%, half of the excess can fund one-time expenditures, including an assessment rebate, and the other half further reduces rates. 2. Surplus is used to set premium rates below cost; preliminary 2027 rates include one-time assessment credits for some industry groups. 3. If the funding ratio is outside its 100% to 140% range, the board will act to return to the range within three years, at its discretion. 4. Surpluses above 10% of actuarial liabilities are amortized into premium rates over the next five years. 5. Above 115%, the board lowers the average assessment rate and recommends benefit improvements. 6. WCB-Alberta's 2026 funding policy review proposes lowering the upper limit to 126%.

While not written in legislation like in Ontario, the boards in Yukon, the Northwest Territories and Nunavut, Alberta, Manitoba, New Brunswick, Prince Edward Island, and Newfoundland and Labrador have a policy to return funds to employers (Table 1). The threshold differs from board to board. New Brunswick, Prince Edward Island, and Newfoundland and Labrador set the highest rebate threshold (above 140%), while Ontario sets the lowest (115%). New Brunswick's amended policy, in effect since September 2024, now requires a distribution when the funding ratio exceeds 150%.[12] Apart from

[10] Ontario Regulation 141/12 under the *Workplace Safety and Insurance Act*, 1997, as amended by O. Reg. 864/21; WSIB, 2024 Annual Sufficiency Report, April 23, 2025.

[11] WorkSafeBC, 2025 Annual Report and 2026-2028 Service Plan, p. 49.

[12] WorkSafeNB, Annual Report 2025, pp. 43 and 98.

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Ontario, New Brunswick is the only board that commits to returning surpluses above a set level, although that commitment sits in board policy rather than in law.

Saskatchewan's funding policy does not commit to returning excess funds. If its funding ratio moves outside its 100% to 140% range, the Workers' Compensation Board will "act to replenish or regulate the Injury Fund" and return to the range within a target time frame of three years, keeping full discretion over the timing, amount, and method.[13] Saskatchewan was within its range at the end of 2025. Its ratio fell from 137.5% to 123.5% during the year, partly because the board set aside $136.0 million in a new Strategic Initiative Reserve, which reduced the assets counted toward the ratio.[14] Reserves like this one can fund rate reductions or other initiatives, but they also keep surplus employer funds out of the measure used to determine whether a board is overfunded.

Alberta is reviewing its funding policy. WCB-Alberta has proposed calculating its funding ratio with five-year asset smoothing and lowering the upper limit of its target range from 128% to 126%.[15] In its June 2026 submission, CFIB recommended a narrower range of 114% to 120% and a guaranteed surplus distribution, with a set timeline to return excess funds to employers.[16]

Potential rebates for 2026

Table 2

Returning excess funds would give employers a $4.5 billion boost

Potential total rebate, overfunded boards only, by jurisdiction

	Funding ratio (%)	Assets minus liabilities ($ millions)	Upper limit of target (%)	Potential rebate at upper limit ($ millions)
MB[1]	161.2%	$881	130%	$359
NB[2]	161.0%	$834	125%	$471
YT[3]	156.4%	$120	129%	$48
PEI	145.9%	$85	125%	$39
NL[4]	139.5%	$569	120%	$281
BC	138.9%	$7,512	130%	$1,716
QC[5]	118.1%	$3,437	110%	$1,542
NS	117.1%	$463	115%	$57
CAN	**142.3%**	**$13,900**	**N/A**	**$4,513**

Source: Workers' compensation board 2025 annual reports; CFIB calculations.

Notes: Potential rebate equals total assets minus (total liabilities × upper limit of the target range), on each board's funding basis, less distributions made since year end. The upper limit of the target range is used, not the board's rebate trigger, which may be higher (see Table 1). Figures are rounded and may not add to the total. CAN is the total for the eight overfunded boards. The CAN funding ratio is the simple average of the eight boards' ratios. 1. Adjusted for the $90 million surplus distribution credited in May 2026. 2. Excludes non-controlling interests. Liabilities include the $130.1 million mandatory distribution payable in 2026. WorkSafeNB announced a $151.2 million performance refund in October 2026 that exceeds that payable by

[13] Saskatchewan Workers' Compensation Board, 2025 Annual Report, p. 82.
[14] Saskatchewan Workers' Compensation Board, 2025 Annual Report, p. 34.
[15] WCB-Alberta, Policy 01-01 Funding Policy – Consultation, February 2026.
[16] CFIB, Small Business Perspective on WCB-Alberta Funding Policy Review, submission, June 2026.

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$21.1 million; only the difference is deducted. 3. Adjusted for the $10 million rebate announced in May 2026. 4. Liabilities include reserves. 5. 110% is used as the upper limit; see Figure 1 notes.

Direct rebates would give small businesses immediate, targeted relief they could use to pay down debt, invest in their business, improve workplace safety, or raise wages. If the eight overfunded boards returned all funds above the upper limit of their target ranges, employers would receive $4.5 billion (Table 2). That is down from $4.9 billion in last year's snapshot, mainly because funding ratios fell in British Columbia and Quebec, partly offset by larger surpluses in New Brunswick and Newfoundland and Labrador.[17] British Columbia and Quebec account for 72% of the total potential rebate.

Potential rebates per employee

Table 3

Yukon, Newfoundland and Labrador, and New Brunswick have the highest potential rebate per employee

Potential rebate by number of employees, overfunded boards only, by jurisdiction

	Workers covered	Potential rebate, one employee ($)	Potential rebate, five employees ($)
MB[1]	575,000	$624	$3,122
NB[2]	396,358	$1,188	$5,940
YT	28,010	$1,725	$8,626
PEI[3]	92,900	$418	$2,092
NL[4]	230,000	$1,220	$6,100
BC	2,730,000	$628	$3,142
QC	4,300,000	$359	$1,793
NS[1]	426,000	$134	$672
CAN	**8,778,268**	**$514**	**$2,571**

Source: Workers' compensation board 2025 annual reports; Statistics Canada, Table 14-10-0327-01; CFIB calculations.

Notes: Potential rebate divided by workers covered. Amounts are averages and assume equal premiums per worker; actual rebates depend on an employer's payroll, industry rate group, and claims history. Five employees is shown for illustration purposes. CAN is the total number of workers covered and the weighted average for the eight overfunded boards. 1. CFIB estimate: the board's reported share of the labour force covered (Manitoba 73.6%, Nova Scotia 76%) multiplied by the 2025 provincial labour force, rounded to the nearest thousand. 2. Full-time equivalent workers. 3. As reported by the board ("over 92,900 workers"), which also gives this as the estimated size of Prince Edward Island's workforce. 4. Approximate, as reported by WorkplaceNL.

The rebate an employer receives depends on its size and safety record, but the averages in Table 3 show the amounts could be substantial for small businesses. An employer with five employees could receive about $8,600 in Yukon and $6,100 in Newfoundland and Labrador. Surplus rebates would not be limited to the private sector; public sector employers covered by workers' compensation would also be eligible.

[17] CFIB, Funding Fairness: Workers' Compensation Funding and Payroll Rules in 2025, November 2025.

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Follow the lead: Setting the precedent for employer rebates

Several boards have returned surplus funds since CFIB's 2025 snapshot. In December 2025, WorkSafeNB began paying out the $53.2 million performance refund it announced in October, by cheque or as a credit on 2026 premiums. In October 2026, after ending 2025 above the 150% level at which its policy requires a distribution, it announced a further $151.2 million performance refund, expected to equal 92% to 95% of eligible employers' 2025 net premiums.[18] Prince Edward Island's board announced an $18 million surplus distribution in November 2025, to be paid in December.[19] Manitoba credited eligible employers with $90 million in May 2026, equal to 35% of their 2025 premiums, following a $122 million distribution in 2025.[20] Yukon announced a $10 million rebate in May 2026, its seventh since 2015.[21] Together, the distributions announced since last year's snapshot total nearly $270 million.

In 2025, Ontario returned $4 billion in surplus funds to employers in two rounds, the second of which was credited to eligible businesses' accounts in October.[22] In Ontario, once a credit is applied to a WSIB account, the business may request a cheque and receive it within 45 days.[23] With its funding ratio still at the high end of its target range and above 115%, the WSIB announced an average premium rate reduction for 2027 on October 22.[24] CFIB has also continued to advocate for another round of surplus rebates in Ontario as a tariff relief measure.

British Columbia may be starting to change course. WorkSafeBC's preliminary 2027 rates include $283 million in direct assessment credits for about 31,000 employers in 15 industry groups, on top of an estimated $677 million used to set rates below cost. WorkSafeBC describes the two measures together as returning $960 million of surplus.[25] CFIB welcomed the credits as a more visible way to return surplus funds, while noting that they reach only some employers and that 48% of BC employers face a base rate increase in 2027, even though WorkSafeBC ended 2025 $1.7 billion above its funding target.[26] At the time of writing, the 2027 rates and credits were still preliminary.

In Nova Scotia, the board will cut its average assessment rate by 15% in 2027, from $2.65 to $2.25, which it says will return about $75 million to the provincial economy.[27] It is the board's first rate reduction in more than 40 years.[28]

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[18] WorkSafeNB, WorkSafeNB maintains lowest assessment rate and announces $151.2 million performance refund for New Brunswick employers, October 6, 2026; WorkSafeNB, Performance Refund 2026. Accessed: October 9, 2026; WorkSafeNB, WorkSafeNB maintains lowest assessment rate and announces $53 million Performance Refund for eligible employers, October 2, 2025; WorkSafeNB, Annual Report 2025, pp. 43 and 98.

[19] Workers Compensation Board of PEI, The Workers Compensation Board of PEI announces surplus distribution and 2026 rates, November 28, 2025.

[20] Workers Compensation Board of Manitoba, WCB invests in a safer and stronger Manitoba, May 11, 2026; Workers Compensation Board of Manitoba, 2026 Distribution of Excess Funds FAQs. Accessed: October 19, 2026; Workers Compensation Board of Manitoba, WCB distributes $122 million in surplus funds to Manitoba employers, May 1, 2025.

[21] Yukon Workers' Safety and Compensation Board, Workers' Safety and Compensation Board announces $10 million rebate, May 13, 2026.

[22] WSIB, WSIB returns another $2 billion in surplus funds to eligible safe Ontario businesses, November 3, 2025.

[23] WSIB, Surplus rebate for businesses. Accessed: October 26, 2026.

[24] WSIB, 2027 premium rates, updated October 22, 2026. Accessed: October 26, 2026.

[25] WorkSafeBC, WorkSafeBC holding the average base rate flat in 2027 for 10th consecutive year, July 13, 2026.

[26] CFIB, Small business feedback on WorkSafeBC's 2027 preliminary premium rates and surplus return, letter to the WorkSafeBC Board of Directors, August 17, 2026; WorkSafeBC, 2027 premium rates. Accessed: October 5, 2026.

[27] WCB Nova Scotia, Accountability delivers: WCB Nova Scotia announces first rate cut in a generation, June 10, 2026; WCB Nova Scotia, Rate Reduction Announcement Media Backgrounder. Accessed: October 19, 2026.

[28] WCB Nova Scotia, Annual Report 2025, pp. 25-26.

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Surplus rebates preferred over premium reductions

The most effective way to ensure transparency and fairness is for governments to legislate mandatory rebates when funding exceeds a board's target range. Small business owners agree: 84% support legislation requiring workers' compensation boards to return surplus funds to employers when they exceed their funding targets.[29] CFIB continues to encourage all boards with surplus funds to return them through a clear, predictable process, so that employer-funded surpluses go back to those who paid them.

Not all boards have funding policies that allow surplus funds to be returned directly to employers. In British Columbia, Nova Scotia, and Quebec, surplus amounts go mainly to lower premium rates (and, in Nova Scotia, to benefit improvements) rather than to direct rebates. Newfoundland and Labrador has applied a temporary $0.21 discount to its base rate since 2019 instead of issuing a rebate.[30]

Rebates are more transparent and give immediate relief, while premium reductions are harder to track and may not feel tangible to business owners. Pricing premiums below cost can also mask rising system costs. WorkSafeBC's $1.55 average base rate for 2027 is 18% below its projected average cost rate of $1.88.[31] When the surplus runs out, employers could face a sharp increase. Rates are already rising in Quebec, where the Commission des normes, de l'équité, de la santé et de la sécurité du travail (CNESST) raised its 2027 average rate by 11%, to $1.71, even though its funding ratio for rate-setting purposes is close to 120%.[32] In a joint release, CFIB and two other Quebec employer groups estimated the increase will cost employers about $400 million.[33]

Psychological injury claims and prevention

Psychological injuries, such as post-traumatic stress and harm caused by workplace harassment, make up a growing share of workers' compensation claims across Canada. What a board covers shapes what it costs, and employers pay those costs. This section looks at the trend, why it concerns small businesses, and what New Brunswick's focus on prevention offers other provinces.

A growing trend across Canada

Workers' compensation boards across Canada report a steady rise in psychological injury claims. Where boards publish several years of data, psychological injury claims have grown by roughly half or more in recent years.[34] Boards report that these claims are harder to assess than physical injuries, take longer to resolve, and cost more than their share of total claims would suggest.

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[29] CFIB, Your Voice Survey – June 2026, final results, June 4–29, 2026, n = 1,261.

[30] WorkplaceNL, Annual Performance Report 2025, p. 30.

[31] WorkSafeBC, WorkSafeBC holding the average base rate flat in 2027 for 10th consecutive year, July 13, 2026.

[32] CNESST, La CNESST fixe le taux moyen de cotisation pour l'année 2027, June 16, 2026.

[33] CPQ, FCCQ, and CFIB, CNESST : les employeurs paient aujourd'hui le prix d'une réforme qui devait être à coût nul, joint news release, June 17, 2026.

[34] WorkSafeBC, Psychological Injury Claims (Mental Disorder Claims) 2021 to 2025, June 2026, p. 2; CNESST, Statistiques sur les risques psychosociaux liés au travail 2020-2024, April 2026, pp. 6–7; WCB-Alberta, 2025 Annual Report – Our results. Accessed: October 9, 2026; Workers Compensation Board of Manitoba, 2025 Annual Report and Five Year Plan, p. 49.

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In British Columbia, accepted psychological-injury-only claims rose 51% between 2021 and 2025, from 1,736 to 2,613. Claims accepted under presumptive coverage rose from 654 to 1,128 over the same period.[35] Claims involving chronic pain and psychological injuries grew from 10% of all WorkSafeBC claims in 2019 to 14% in 2025.[36]

In Manitoba, psychological injuries made up 2.8% of accepted claims in 2025 but 16.7% of claim costs.[37] Saskatchewan's board reported 808 psychological injury claims in 2025, accepted 44% of them, and recorded $31.3 million in related costs.[38] WCB-Alberta reports that these claims are increasing and are more likely to lead to long-term income replacement payments.[39]

Provinces are also widening what qualifies for compensation. Since 2024, several have expanded, or are preparing to expand, coverage to include gradual onset psychological injury, chronic stress, and harm caused by workplace harassment.[40] Prince Edward Island, for example, began covering psychological injuries caused by work-related harassment on January 1, 2025.[41] In some cases, boards committed to measuring the impact only after the change took effect. Nova Scotia began covering gradual onset psychological injury on September 1, 2024, and its annual report for that year said the volume and impact of the new claims "will be monitored."[42]

Supporting workers with legitimate injuries is essential. But employers fund these changes, often without knowing what they will cost.

Why small businesses are concerned

Public reporting is inconsistent across the country. Some boards publish detailed annual statistics on psychological injury claims, while others publish limited information. None of the board reports reviewed show how the trend affects businesses of different sizes. A strong funding position also offers limited comfort, as a board's finances can swing from a gain to a significant loss within a single year.[43]

Small businesses have the least capacity to respond to this growing risk. Owners often work alongside their employees and care about their wellbeing, but they rarely have the in-house HR or occupational health staff that large employers rely on to prevent psychological injuries or manage a claim. In a September 2026 CFIB survey of BC members, 96% said their business already takes at least one measure to protect employee mental health, most often informal support (82%), regular check-ins (67%), or flexible scheduling (67%).[44]

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[35] WorkSafeBC, Psychological Injury Claims (Mental Disorder Claims) 2021 to 2025, June 2026, pp. 2 and 4.
[36] WorkSafeBC, 2025 Annual Report and 2026–2028 Service Plan, p. 14.
[37] Workers Compensation Board of Manitoba, 2025 Annual Report and Five Year Plan, p. 49.
[38] Saskatchewan Workers' Compensation Board, 2025 Annual Report, pp. 26–27.
[39] WCB-Alberta, 2025 Annual Report, p. 13.
[40] WCB Nova Scotia, Annual Report 2024, pp. 15–16; WorkplaceNL, Annual Performance Report 2025, pp. 17 and 19.
[41] Workers Compensation Board of PEI, Enhanced Compensation for Psychological Injuries, July 8, 2024; Workers Compensation Board of PEI, Update on the expansion of psychological injury coverage starting January 1, 2025, November 27, 2024.
[42] WCB Nova Scotia, Annual Report 2024, pp. 15–16.
[43] CNESST, Statistiques annuelles 2025, July 2026, p. 24.
[44] CFIB, BC Flash Survey on Proposed WorkSafeBC Psychological Health and Safety Requirements, final results, September 10–21, 2026, n = 299.

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In British Columbia, WorkSafeBC has proposed new psychological health and safety requirements that would apply to every employer.[45] Employers would have to identify psychosocial hazards, including those arising from how work is designed and managed, prepare a written risk assessment, reduce the risk of psychological injury "to the lowest level practicable," consult workers, provide ongoing training, and review their risk assessment at least once a year. Among BC members surveyed, 81% said formally assessing and documenting psychological risks would be impractical for their business, and 70% said complying with the proposal would be very or extremely challenging.[46]

> *"Having strict roles and responsibilities defined in a small business of under 10 employees goes against the essence of a small business."*
>
> *Professional services business owner, BC*

New Brunswick: Leading on prevention

New Brunswick offers the clearest Canadian example of what prevention can achieve. After four straight years of increases, WorkSafeNB's traumatic psychological injury claims fell 26% in 2025.[47] The board links the drop to more prevention and mental health supports, delivered through a dedicated three-year strategy.

Partners play a central role. WorkSafeNB formed the first strategic alliance between a Canadian workers' compensation board and Wounded Warriors Canada.[48] It also works with the Paramedic Association of New Brunswick and the University of Regina's Psychological Trauma and Stress Systems Lab on new mental health supports for trauma-exposed workers.[49] In June 2026, it launched an online resource centre with practical tools for employers.[50]

WorkSafeNB applies the same approach to its own workplace. In September 2026, it earned national recognition from OHS Canada for building psychological health and safety into its organization, and it is sharing that experience with New Brunswick employers.[51]

The results are encouraging but early. One year of data cannot confirm what drove the decline. Even so, prevention offers common ground: it helps workers, employers, and boards without anyone having to take a side on who should qualify for compensation.

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[45] WorkSafeBC, Psychological health and safety. Accessed: October 9, 2026; WorkSafeBC, Part 4.1, Psychological Health and Safety, Harassment and Violence – Psychological Health and Safety, discussion paper, August 10, 2026.

[46] CFIB, BC Flash Survey on Proposed WorkSafeBC Psychological Health and Safety Requirements, final results, September 10–21, 2026, n = 306 to 311.

[47] WorkSafeNB, WorkSafeNB Releases 2025 Annual Report Highlighting Strong Performance, Safer Workplaces and Continued Modernization, July 9, 2026; WorkSafeNB, Annual Report 2025, pp. 8–9 and 23–24.

[48] WorkSafeNB, WorkSafeNB teams up with Wounded Warriors Canada to strengthen mental health supports for Trauma-Exposed Professionals, September 22, 2025.

[49] WorkSafeNB, WorkSafeNB and partners pilot new technology to strengthen mental health support for trauma-exposed professionals, November 27, 2025; WorkSafeNB, Annual Report 2025, pp. 8–9.

[50] WorkSafeNB, WorkSafeNB launches new psychological health and safety resource centre, June 9, 2026.

[51] WorkSafeNB, WorkSafeNB earns national award for psychological health and safety, September 26, 2026.

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What governments and boards should do about psychological injury

CFIB recommends that workers' compensation boards and provincial governments:

- Make prevention a priority, building on New Brunswick's approach, with free and practical tools designed for small employers.
- Publish consistent annual data on psychological injury claims, including how they affect businesses of different sizes.
- Assess the premium impact of any coverage expansion before it takes effect.
- Apply clear and objective criteria when adjudicating psychological injury claims.

Conclusion and recommendations

Workers' compensation systems must operate efficiently, keep costs reasonable, and maintain the trust of the businesses that fund them. Strong funding is essential so injured workers receive timely benefits and services, but boards should not hold excess funds well above their targets for years without a clear plan to return them. Eight boards are now above target, holding $4.5 billion more than the upper limits of their target ranges (110% for Quebec, as in previous CFIB snapshots). Employers should not have to rely on ad hoc announcements to know whether, when, and how those funds will be returned. Timely reporting matters too: at the time of writing, the 2025 funding results for Ontario and for the Northwest Territories and Nunavut were not publicly available. At the same time, the growth of psychological injury claims calls for transparent reporting of costs and their effect on premiums, so the system stays fair to both injured workers and the employers who pay for it.

CFIB recommends that provincial and territorial governments and workers' compensation boards:

- **Return surplus funds to employers** or lower employer premiums where the funding ratio exceeds the board's funding target, preferably through direct rebates to eligible employers.
- **Legislate the return of workers' compensation surplus funds to eligible employers**, as Ontario has done.
- **Implement mandatory distribution policies** with set thresholds and payment timelines, so surplus funds are returned on a regular basis.
- **Enhance workers' compensation board transparency and accessibility** by setting dates to publicly release board funding levels.
- **Publicly report the number and cost of psychological injury claims** and assess the premium impact of any coverage expansion before it takes effect.

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About CFIB

CFIB is a non-partisan organization exclusively representing the interests of 103,000 small and medium-sized businesses in all sectors across Canada. CFIB's research capacity is second-to-none because it is able to gather timely and concrete information from members about business issues that affect their day-to-day operation and bottom line. In this capacity, CFIB is an excellent source of up-to-date information for governments to consider when developing policies impacting Canada's small business community.

Additional resources

Questions or data requests:

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