

**Combined Insurance Company of America, Canadian branch  
Year-End 2020 LIMAT**

**LIMAT<sup>1</sup>**

Canada's Insurance Companies Act (ICA) requires federally regulated life insurance companies and societies, holding companies and companies operating in Canada on a branch basis, respectively, to maintain adequate capital or to maintain an adequate margin of assets in Canada over liabilities in Canada. OSFI's **Life Insurance Margin Adequacy Test (LIMAT)**, along with OSFI Guideline A-4: Regulatory Capital and Internal Capital Targets, provide the framework within which the OSFI Superintendent assesses whether life insurers operating in Canada on a branch basis (branches) maintain an adequate margin.

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(000's CAD)		12/31/2020	12/31/2019	Change(%)
Available Margin(A-B)	C	296,340	310,598	-4.6%
Assets Available	A	951,758	904,178	5.3%
Assets Required	B	655,419	593,580	10.4%
Surplus Allowance and Eligible Deposits	D	364,287	351,461	3.6%
Required Margin	E	506,020	522,640	-3.2%
LIMAT Total Ratio: (C + D)/E		130.55%	126.7%	3.1%

	Total	Core
OSFI Supervisory Target LIMAT Ratios	100%	70%
OSFI Minimum Target LIMAT Ratios	90%	55%

**Qualitative Analysis of Solvency Ratio (Period over Period):**

- The LIMAT Total Ratio increased from 126.7% (December 31, 2020) to 130.6% (December 31, 2021). The Total Ratio remains above the Branch's operational target level and well above the supervisory target level.
- The 2020 change in the Available Margin (C) was mainly driven by the lower interest rate environment which increased actuarial reserves within Assets Required, and normal course movements in the business.
- The 2020 Change in the Surplus Allowance (D) was mainly driven by the lower interest rate environment.
- The 2020 Change in the Required Margin (E) was mainly driven by the normal course movements in the business including new issues and policyholder terminations.

Note 1:

[https://www.osfi-  
bsif.gc.ca/en/guidance/guidance-  
library/life-insurance-capital-adequacy-test-  
guideline-2024](https://www.osfi-bsif.gc.ca/en/guidance/guidance-library/life-insurance-capital-adequacy-test-guideline-2024)