

**Combined Insurance Company of America, Canadian branch  
Year-End 2021 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)		12/31/2021	12/31/2020	Change(%)
Available Margin(A-B)	C	316,659	296,340	6.9%
Assets Available	A	935,355	951,758	-1.7%
Assets Required	B	618,696	655,419	-5.6%
Surplus Allowance and Eligible Deposits	D	364,266	364,287	0.0%
Required Margin	E	502,799	506,020	-0.6%
LIMAT Total Ratio: (C + D)/E		135.4%	130.6%	3.7%

	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 130.6% (December 31, 2020) to 135.4% (December 31, 2021). The Total Ratio remains above the Branch's operational target level and well above the supervisory target level.
- The 2021 change in the Available Margin (C) and Required Margin (E) were 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>