

**Combined Insurance Company of America, Canadian branch
Year-End 2022 LIMAT**

LIMAT¹

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)		31-Dec-22	12/31/2021	Change(%)
Available Margin(A-B)	C	365,228	316,659	15.3%
Assets Available	A	892,826	935,355	-4.5%
Assets Required	B	527,598	618,696	-14.7%
Surplus Allowance and Eligible Deposits	D	323,106	364,266	-11.3%
Required Margin	E	508,954	502,799	1.2%
LIMAT Total Ratio: (C + D)/E		135.2%	135.4%	-0.1%

	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 decreased from 135.4% (December 31, 2021) to 135.2% (December 31, 2022). The Total Ratio remains above the Branch's operational target level and well above the supervisory target level.
- The 2022 change in the Available Margin (C) was mainly driven by the much higher interest rate environment which decreased actuarial reserves within Assets Required, and normal course movements in the business.
- The 2022 Change in the Surplus Allowance (D) and the Required Margin (E) were mainly driven by the higher interest rate environment.

Note 1:

<https://www.osfi-bsif.gc.ca/en/guidance/guidance-library/life-insurance-capital-adequacy-test-guideline-2024>