

**Combined Insurance Company of America, Canadian branch
Year-End 2023 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-23	31-Dec-22	Change(%)
Available Margin	A	521,657	365,228	42.8%
Other Admitted Assets	B	107,255	92,924	15.4%
Surplus Allowance and Eligible Deposits	C	257,179	323,106	-20.4%
Required Margin	D	471,690	508,954	-7.3%
LIMAT Core Ratio: (A + 70%C - B)/D		126.0%	97.9%	28.7%
LIMAT Total Ratio: (A+C)/D		165.1%	135.2%	22.1%

	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 135.2% (December 31, 2022) to 165.1% (December 31, 2023). Mainly due to the transition to IFRS17.
- The 2023 change in the Available Margin (C) , due to the contractual service margin being deducted and the increase in the head office account at the transition date.
- The 2023 Change in the Surplus Allowance (D), due to the yield curve update and exclusion of the financial risk provisions.
- The 2023 Change in the Required Margin (E) , mostly due to the removal of the 5% scalar
- The Total Ratio remains above the Branch's operational target level and well above the supervisory target level.

Note 1:

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