Combined Insurance Company of America, Canadian branch Year-End 2024 LIMAT

<u>LIMAT</u>

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.

(000's CAD)		31-Dec-24	21 Dec 22	Change (9/)
· · · · ·	-	51-Dec-24	51-Dec-23	Change(%)
Available Margin	Α	622,671	521,657	19.4%
Other Admitted Assets	В	120,416	107,255	12.3%
Surplus Allowance and Eligible Deposits	С	262,736	257,179	2.2%
Required Margin	D	503,567	471,690	6.8%
LIMAT Core Ratio: (A + 70%C - B)/D		136.3%	126.0%	8.1%
LIMAT Total Ratio: (A+C)/D		175.8%	165.1%	6.5%
		Total	Core	
OSFI Supervisory Target LIMAT Ratios		100%	70%	
OSFI Minimum Target LIMAT Ratios		90%	55%	

- The LIMAT Total Ratio increased from 165.1% (December 31, 2023) to 175.8% (December 31, 2024).
- The 2024 change in the Available Margin (A), due to additional assets acquired and decrease in liabilities.
- The 2024 Change in the Surplus Allowance (C), due to the yield curve update.
- The 2024 Change in the Required Margin (D), mostly due to the yield curve and year end model update.
- The Total Ratio remains above the Branch's operational target level and well above the supervisory target level.

Note 1: <u>https://www.osfi-bsif.gc.ca/en/guidance/guidance-library/life-insurance-capital-adequacy-test-guideline-2024</u>