

**Combined Insurance Company of America, Canadian branch
Year-End 2021 LIMAT**

LIMAT

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)		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.