

**Combined Insurance Company of America, Canadian branch
Year-End 2023 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)		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%

- 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.