canadian premier™
A Securian Financial company

Life Insurance Capital Adequacy Test (LICAT) ratio

LICAT Ratio Public Disclosure Summary

The LICAT measures the capital adequacy of an insurer and is one of several indicators used by the Office of the Superintendent of Financial Institutions (OSFI) to assess an insurer's financial condition. Capital considerations include elements that contribute to financial strength through periods when an insurer is under stress, as well as elements that contribute to policyholder and creditor protection during wind-up.

There are two capital ratios calculated: Total Ratio and Core Ratio. The Total Ratio focuses on policyholder and creditor protection, while the Core Ratio focuses on financial strength. In general, these ratios measure the company's total available assets relative to the solvency buffer required to withstand adverse events. The required minimum Total Ratio and Core Ratio are 90 percent and 55 percent, respectively. Supervisory target minimums for Total Ratio and Core Ratio are set higher at 100 percent and 70 percent, respectively.

As of December 31, 2021, and December 31, 2020, Canadian Premier Life (CPL) is capitalized well above the guideline minimum and supervisory targets.

The definitions of terms can be found on the OSFI website in Guideline A at: **LICAT - Life Insurance Capital Adequacy Test.**

Canadian Premier Life Insurance Company - LICAT

(Thousands of dollars, except percentages)		**December 31, 2021**	**December 31, 2020**	**Change - %**
Capital Resources				
Available Capital (A + B)		105,962	104,680	1%
Tier 1 Capital	(A)	90,111	86,663	4%
Tier 2 Capital	(B)	15,851	18,017	-12%
Surplus Allowance and Eligible Deposits	(C)	69,282	79,107	-12%
Capital Requirements				
Base Solvency Buffer	(D)	105,985	99,128	7%
Capital Levels				
Core Ratio ([A + 70%C] / D) x 100				
Minimum		55%	55%	
Supervisory Target		70%	70%	
CPL Actual **Core Ratio**		**131%**	**143%**	-9%
Total Ratio ([A + B + C] / D) x 100				
Minimum		90%	90%	
Supervisory Targets		100%	100%	
CPL Actual **Total Ratio**		**165%**	**185%**	-11%

Analysis of change in ratio from 2020 to 2021

The Total Ratio and Core Ratio have decreased slightly over 2021 for the following reasons:

- Decrease in available capital as rising interest rates led to unrealized losses on fixed-income assets
- Decrease in surplus allowance caused by rising interest rates
- Increase in base solvency buffer due to normal business growth and a change in asset mix

Both the Total Ratio and Core Ratio continue to be well above the guideline minimum and supervisory targets.

For more information you can reach us at 1-844-894-0378.

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