

Combined Insurance Company of America (Canada Branch) 2019 LIMAT Ratios Public Disclosure Summary

Combined Insurance Company of America (Canada Branch) is required to comply with the Office of the Superintendent of Financial Institutions (OSFI) Life Insurance Capital Adequacy Test (LICAT). Branches are required, at minimum, to maintain a Total Ratio of 90%. OSFI has established supervisory target level of 100% for Total margin.

A breakdown of the solvency ratio, by component, is presented in the table below.

Definition of terms can be found in Guideline A: [LICAT - Life Insurance Capital Adequacy Test](#)

		Current Period ('000s)	Prior Period ('000s)	Change %
Available Margin (A-B)	C	310,598	335,408	-7.4%
Assets Available	A	904,178	855,688	5.7%
Assets Required	B	593,580	520,280	14.1%
Surplus Allowance and Eligible Deposits	D	351,461	342,433	2.6%
Required Margin	E	522,640	519,112	0.7%
LIMAT Total Ratio: (C + D)/E		126.7%	130.6%	-3.9%

Qualitative Analysis of Solvency Ratio (Period over Period):

- The LIMAT Total Ratio decreased from 130.6% (December 31, 2018) to 126.7% (December 31, 2019). The Total Ratio remains within the Branch's operational target range and well above the supervisory target level.
- The 2019 change in the Available Margin (C) was mainly driven by the lower interest rate environment which increased actuarial reserves, and normal course movements in the business.
- The 2019 Change in the Surplus Allowance (D) was mainly driven by the lower interest rate environment. At the end of 2019, there were no Excess Deposits.
- The 2019 Change in the Required Margin (E) was mainly driven by the normal course movements in the business including new issues and policyholder terminations.