

# LICAT Ratios Summary

(Thousands of dollars, except percentages)



Insurance

Life Insurers are required, at minimum, to maintain a Core Ratio of 55% and a Total Ratio of 90%. OSFI has established supervisory target levels of 70% for Core and 100% for Total capital.

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

## Q4 2023 Report

		October 31, 2023	October 31, 2022	Change - %
<b>Available Capital (AC1 +B)</b>	<b>(AC)</b>	<b>3,604,206</b>	<b>3,302,561</b>	<b>9%</b>
Tier 1 Capital	<b>(AC1)</b>	3,224,142	2,848,637	13%
Tier 2 Capital	<b>B</b>	380,064	453,923	-16%
<b>Surplus Allowance and Eligible Deposits</b>	<b>(SA+ED)</b>	<b>1,212,394</b>	<b>1,190,139</b>	<b>2%</b>
<b>Base Solvency Buffer</b>	<b>(BSB)</b>	<b>3,764,844</b>	<b>3,421,244</b>	<b>10%</b>
<b>Total Ratio</b> $([AC+SA+ED] / BSB) \times 100$		<b>128%</b>	<b>131%</b>	<b>-3%</b>
<b>Core Ratio</b> $([AC1+70\% SA + 70\% ED] / BSB) \times 100$		<b>108%</b>	<b>108%</b>	<b>1%</b>

The reduction in Total Ratio in 2023 is primarily attributable to rising interest rates and new business growth, partially offset by strong Retained Earnings growth and capital transfer from other RBC Insurance legal entities.