

# 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 2021 Report

		October 31, 2021	October 31, 2020	Change - %
<b>Available Capital (AC1 +B)</b>	<b>(AC)</b>	<b>2,836,614</b>	<b>2,832,163</b>	<b>0%</b>
Tier 1 Capital	(AC1)	2,349,752	2,395,663	-2%
Tier 2 Capital	B	486,861	436,500	12%
<b>Surplus Allowance and Eligible Deposits</b>	<b>(SA+ED)</b>	<b>1,527,357</b>	<b>1,529,756</b>	<b>0%</b>
<b>Base Solvency Buffer</b>	<b>(BSB)</b>	<b>3,256,093</b>	<b>2,999,315</b>	<b>9%</b>
<b>Total Ratio</b> $([AC+SA+ED] / BSB) \times 100$		<b>134%</b>	<b>145%</b>	<b>-8%</b>
<b>Core Ratio</b> $([AC1+70\% SA + 70\% ED] / BSB) \times 100$		<b>105%</b>	<b>116%</b>	<b>-9%</b>

The reduction in Total Ratio and Core Ratio in 2021 is primarily attributed to rising interest rates and strong growth in new business, partially offset by strong retained earnings growth.