

## 2021 LICAT Ratio Public Disclosure Summary

First Canadian Insurance Corporation is a Canadian life and accident and sickness insurance company whose primary regulator is the Alberta Superintendent of Financial Institutions. The Alberta Superintendent of Financial Institutions adopted the Office of Superintendent of Financial Institutions (OSFI) new regulatory capital framework, the Life Insurance Capital Adequacy Test (LICAT) on January 1, 2018.

Companies are required, at minimum, to maintain a Core Ratio of 55% and a Total Ratio of 90%. The Alberta Superintendent of Financial Institutions has adopted OSFI's established supervisory target levels of 70% for Core and 100% for Total capital.

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

|   |         | 2021<br>(\$'000) | 2020<br>(\$'000) | Change |
|---|---------|------------------|------------------|--------|
| Tier 1 Capital  | (AC1)   | 160,043          | 148,098          | 8.1%   |
| Tier 2 Capital  | (B)     | 4,069            | 4,322            | -5.9%  |
| Available Capital (AC1 + B)                               | (AC)    | 164,112          | 152,420          | 7.7%   |
| Surplus Allowance and Eligible Deposits                   | (SA+ED) | 20,737           | 20,904           | -0.8%  |
| Base Solvency Buffer (includes OSFI scalar of 1.05)       | (BSB)   | 80,578           | 79,687           | 1.1%   |
| Total Ratio $[(AC+SA+ED) / BSB] \times 100$               |         | 229.4%           | 217.5%           | 11.9%  |
| Core Ratio $[(AC1+(70\% SA)+(70\% ED)) / BSB] \times 100$ |         | 216.6%           | 204.2%           | 12.4%  |

The Total Ratio and Core Ratio period changes are mainly due to an increase in available capital due to earnings during the year which was greater than the increase in the base solvency buffer. The base solvency buffer increased due to increases in insurance liabilities, as well as an increase in the credit risk and market risk related to the investment portfolio.