

Primerica Life Insurance Company of Canada

Life Insurance Capital Adequacy Test (LICAT) Ratio

December 31, 2020

LICAT Ratio Public Disclosure Summary

The Office of the Superintendent of Financial Institutions (OSFI) requires federally-regulated life insurance companies and insurance holding companies to maintain capital ratios in accordance with regulatory Capital Guidelines. The Capital Guidelines define and establish criteria and limits for determining an insurer's Capital Resources and Capital Requirements. Primerica Life Insurance Company of Canada ("PLICC") is required to maintain, at minimum, a Core Ratio of 55% and a Total Ratio of 90%. OSFI has further established supervisory target levels of 70% for Core and 100% for Total capital. In addition, OSFI requires companies to set internal target levels of capital sufficient to provide for all risks of the insurer, including risks specified in OSFI's Capital Guidelines. As at December 31, 2020 and December 31, 2019, PLICC has satisfied regulatory requirements.

Definition of terms can be found on the OSFI website in Guideline A at: [Life Insurance Capital Adequacy Test](#)

(all amounts below are in thousands of dollars, except percentages)

	<u>31-Dec-20</u>	<u>31-Dec-19</u>	<u>Change - %</u>			
<u>Capital Resources:</u>						
Available Capital (A+B)	\$644,677	\$589,657	9.3%			
Tier 1 Capital (A)						
Tier 2 Capital (B)						
Surplus Allowance and Eligible Deposits (C)	\$748,174	\$678,971	10.2%			
<u>Capital Requirements:</u>						
Base Solvency Buffer (D)	\$787,183	\$753,685	4.4%			
	<u>Total</u>	<u>Core</u>	<u>Total</u>	<u>Core</u>	Total	Core
	<u>LICAT</u>	<u>LICAT</u>	<u>LICAT</u>	<u>LICAT</u>	Ratio	Ratio
	<u>Ratio</u>	<u>Ratio</u>	<u>Ratio</u>	<u>Ratio</u>	Change	Change
<u>Capital Levels:</u>						
Minimums	90%	55%	90%	55%	-	-
Supervisory Targets	100%	70%	100%	70%	-	-
PLICC Actuals	176.94%	114.37%	168.32%	108.45%	5.1%	5.5%

Calculations

Total LICAT Ratio $((A+B+C)/D)*100$

Core LICAT Ratio $((A+70%C)/D)*100$

Qualitative Analysis of Solvency Ratio (Period over Period)

Available Capital has increased due to normal growth in earnings. Surplus Allowance and Eligible Deposits were favorably impacted by market conditions over the period. Similarly, the Base Solvency Buffer has also increased due to normal growth in the business and the lower interest rate environment, resulting in an increase in both the Total and Core LICAT Ratios over the prior year.