

Primerica Life Insurance Company of Canada

Life Insurance Capital Adequacy Test (LICAT) Ratio

December 31, 2021

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, 2021 and December 31, 2020, 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-21</u>	<u>31-Dec-20</u>	<u>Change - %</u>		
<u>Capital Resources:</u>					
Available Capital (A+B)	\$527,680	\$644,677	-18.1%		
Tier 1 Capital (A)					
Tier 2 Capital (B)					
Surplus Allowance and Eligible Deposits (C)	\$704,327	\$748,174	-5.9%		
<u>Capital Requirements:</u>					
Base Solvency Buffer (D)	\$810,888	\$787,183	3.0%		
	<u>Total</u>	<u>Core</u>	<u>Total</u>	<u>Core</u>	Total
	<u>LICAT</u>	<u>LICAT</u>	<u>LICAT</u>	<u>LICAT</u>	Ratio
<u>Capital Levels:</u>	<u>Ratio</u>	<u>Ratio</u>	<u>Ratio</u>	<u>Ratio</u>	Change
Minimums	90%	55%	90%	55%	-
Supervisory Targets	100%	70%	100%	70%	-
PLICC Actuals	151.93%	93.34%	176.94%	114.37%	-14.1%
					-18.4%

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 decreased due to dividends paid during the year in excess of normal growth in earnings. Surplus Allowance was negatively impacted by market conditions over the period. The Base Solvency Buffer has increased due to normal growth in the business, resulting in a net decrease in both the Total and Core LICAT Ratios over the prior year.