

# 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 2022 Report

		October 31, 2022	October 31, 2021	Change - %
<b>Available Capital (AC1 +B)</b>	<b>(AC)</b>	<b>3,302,561</b>	<b>2,836,614</b>	<b>16%</b>
Tier 1 Capital	(AC1)	2,848,637	2,349,752	21%
Tier 2 Capital	B	453,923	486,861	-7%
<b>Surplus Allowance and Eligible Deposits</b>	<b>(SA+ED)</b>	<b>1,190,139</b>	<b>1,527,357</b>	<b>-22%</b>
<b>Base Solvency Buffer</b>	<b>(BSB)</b>	<b>3,421,244</b>	<b>3,256,093</b>	<b>5%</b>
<b>Total Ratio</b> $([AC+SA+ED] / BSB) \times 100$		<b>131%</b>	<b>134%</b>	<b>-2%</b>
<b>Core Ratio</b> $([AC1+70\% SA + 70\% ED] / BSB) \times 100$		<b>108%</b>	<b>105%</b>	<b>2%</b>

The reduction in Total Ratio in 2022 is primarily attributed to rising interest rates and strong growth in new business, partially offset by capital transfer from other RBC Insurance legal entities and strong retained earnings growth.