

Primerica Life Insurance Company of Canada

Life Insurance Capital Adequacy Test (LICAT) Ratio

December 31, 2018

Qualitative Analysis of Solvency Ratio

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 2018, PLICC has satisfied regulatory requirements.

Definition of terms can be found on the OSFI website in Guideline A at:

[Life Insurance Capital Adequacy Test](#)

(thousands of dollars, except percentages)

	<u>31-Dec-18</u>		
<u>Capital Resources:</u>			
Available Capital (A+B)	\$515,620		
Tier 1 Capital (A)			
Tier 2 Capital (B)			
Surplus Allowance and Eligible Deposits (C)	\$674,667		
<u>Capital Requirements:</u>			
Base Solvency Buffer (D)	\$735,707		
		<u>Total LICAT</u>	<u>Core LICAT</u>
<u>Capital Levels:</u>		<u>Ratio</u>	<u>Ratio</u>
Minimums		90%	55%
Supervisory Targets		100%	70%
PLICC Actuals		162%	101%

Calculations

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