

Aetna Life Insurance Company - Canadian Branch

LIMAT Ratio Public Disclosure Summary Template

(thousands of dollars, except percentages)

Branches are required, at minimum, to maintain a Total Ratio of 90%. OSFI has established supervisory target level of 100% for Total margin.

Definition of terms can be found in Guideline A at: LICAT – Life Insurance Capital Adequacy Test

		Current Period 12/31/2022	Prior Period 12/31/2021	
Available Margin (A-B)	C	58,178	66,623	
Assets Available	A	69,379	79,836	
Assets Required	B	11,201	13,213	
Surplus Allowance and Eligible Deposits	D	719	1,012	
Required Margin	E	14,896	11,989	
LIMAT Total Ratio $[(C+D) / E] \times 100$		395%	564%	

Qualitative Analysis of Solvency Ratio

- The 2022 year-end LIMAT is 395% which saw a year-over-year decrease of 171%. Aetna's capital position continues to be strong although sensitive to interest rates due to large volumes of surplus assets that has no corresponding liability to offset. The medium and long dated bonds added to the portfolio during the year amplified this behaviour as seen from the jump in market risk. Continued growth in the group business also requires additional capital support evident from the increase in insurance risk buffer. Another adverse factor is the mark-to-market losses on vested bonds as market yields have risen substantially since last year-end.
- The total ratio is well in excess of OSFI's supervisory target level.