LIMAT Public Disclosure Summary

somewhat different

Hannover Re (Ireland) DAC – Canadian Life Branch
Life Insurance Margin Adequacy Test (LIMAT)
As at December 31, 2018

The Life Insurance Margin Adequacy Test (LIMAT) is a risk-based measure established by OSFI for all federally regulated foreign life insurance companies operating in Canada on a branch basis.

The LIMAT formula is designed to measure the adequacy of margin of assets over liabilities of a branch and is one of several indicators that OSFI uses to assess a branch's financial condition.

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

LIMAT Ratios Public Disclosure Summary
(in thousands of CAD dollars, except percentages)

Branches are required, at minimum, to maintain a Total Ratio of 90%. OSFI has established a 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	Prior Period	Change %
Available Margin (A – B)	C	42,730	Regulation effective January 1, 2018 therefore data prior to 1/1/2018 is not available.	
Assets Available	A	68,033		
Assets Required	B	25,303		
Surplus Allowance and Eligible Deposits	D	64,231		
Required Margin	E	48,932		
LIMAT Total Ratio: ([C + D] / E) x 100		219%		

Qualitative details

- The LIMAT Total Ratio was 219% as of 31 December 2018.
- The Available Margin (C) of $42.7 million was the difference between Assets Available (A) of $68 million and Assets Required (B) of $25.3 million.
- The Surplus Allowance of $64 million included provisions for adverse deviations (PfADs). The Eligible Deposits represent collateral deposits in excess of liabilities ceded.
- The Required Margin (E) of $48.9 million was the sum of Solvency Buffers for Credit, Market, Insurance and Operational risk components, net of Diversification Credits, multiplied by a scalar of 1.05 in accordance with the OSFI LICAT Guideline.