

(thousands of dollars, except percentages)

Companies 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 at: [LICAT - Life Insurance Capital Adequacy Test](#)

		Current Period	Prior Period	Change - %
<b>Capital Resources</b>				
Available Capital (AC1 + B)	(AC)	19,591	N/A	N/A
Tier 1 Capital	(AC1)	18,736		-
Tier 2 Capital	B	855		-
Surplus Allowance and Eligible Deposits	(SA + ED)	13,897	N/A	N/A
<b>Capital Requirements</b>				
Base Solvency Buffer	(BSB)	16,005	N/A	N/A
<b>Ratios</b>				
Total Ratio - Actual $([AC + SA + ED] / BSB) \times 100$		209.2%	N/A	N/A
<b>Core Ratios</b>				
Core Ratio - Actual $([AC1 + 70\%SA + 70\%ED] / BSB) \times 100$		177.8%	N/A	N/A

### Qualitative Analysis of Solvency Ratio

This is the first year in which insurance companies report their results under the Life Insurance Capital Adequacy Test (LICAT). The Office of the Superintendent of Financial Institutions (OSFI) uses the LICAT ratios to assess whether a federally regulated life insurer maintains adequate capital to support risks specific to the life insurance business.

The LICAT produces 2 results by which companies are evaluated, one being the Total Ratio and the other being the Core Ratio. The Capital Guidelines define and establish criteria and limits for determining an insurer's Capital Resources and Capital Requirements. Teachers Life Insurance Society (Fraternal) (TL) is required, at a minimum, to maintain a Total Ratio of at least 90% and Core Ratio of at least 55%. In addition, in order to provide for corrective action, OSFI requires companies to set internal target levels of capital sufficiency to provide for all risks of the insurer, including risks specified in OSFI's Capital Guidelines.

As at December 31, 2018, TL has satisfied the above regulatory requirements, with a Total Ratio of 209.2% and a Core Ratio of 177.8%. Both ratios are above the OSFI supervisory target levels of 100% and 70% respectively.