Teachers Life

LICAT Public Disclosure Summary Table

(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 - %
Capital Resources:				
Available Capital (AC1 + B)	**(AC)**	32,754	25,775	27.1%
Tier 1 Capital	**(AC1)**	29,987	24,074	24.6%
Tier 2 Capital	**B**	2,767	1,701	62.6%
Surplus Allowance and Eligible Deposits	**(SA + ED)**	3,258	2,824	15.4%
Capital Requirements:				
Base Solvency Buffer	**(BSB)**	15,359	12,791	20.1%
Ratios:				
Total Ratio - Minimum		90%	90%	-
Total Ratio - Supervisory Target		100%	100%	-
Total Ratio - Actual ([AC + SA + ED] / BSB) x 100		234.5%	223.6%	4.9%
Core Ratio - Minimum		55%	55%	-
Core Ratio - Supervisory Target		70%	70%	-
Core Ratio - Actual ([AC1 + 70%SA + 70%ED) / BSB) x 100		210.1%	203.7%	3.2%

Qualitative Analysis of Solvency Ratio

The Office of the Superintendent of Financial Institutions (OSFI) uses the Life Insurance Capital Adequacy Test (LICAT) to assess whether a federally regulated life insurer maintains adequate capital to support the risks specific to their life insurance business.

The LICAT produces two results by which companies are evaluated, one being the Total Ratio and the second 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) (Teachers Life) 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 of December 31, 2024, Teachers Life has satisfied the above regulatory requirements, with a Total Ratio of 234.5% and a Core Ratio of 210.1%. Both ratios are above the OSFI supervisory target levels of 100% and 70% respectively. The December 31, 2023 Total and Core Ratios were 223.6% and 203.7% respectively.

The 4.9% increase in the Total Ratio from December 31, 2023 to December 31, 2024 is the result of a 27.1% increase in Available Capital and a 15.4% increase in Surplus Allowance, partially offset by a 20.1% increase in Base Solvency Buffer. The increase in Surplus allowance is due to higher risk adjustments. Available capital increased primarily due to higher retained earnings and negative reserves. The increase in Base Solvency Buffer was the result of higher credit, market and insurance risks.