

# LIMAT Public Disclosure Summary

## Hannover Re (Ireland) DAC – Canadian Life Branch

### Life Insurance Margin Adequacy Test (LIMAT)

As at December 31, 2021

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 has been 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)				
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Definition of terms can be found in Guideline A at <a href="#">LICAT - Life Insurance Capital Adequacy Test</a> .				
		Current Period	Prior Period	Change %
Available Margin ( A – B )	C	29,528	29,185	1%
<i>Assets Available</i>	A	112,784	99,937	13%
<i>Assets Required</i>	B	83,256	70,752	18%
Surplus Allowance and Eligible Deposits	D	769,303	629,882	22%
Required Margin	E	524,206	408,228	28%
LIMAT Total Ratio: ( [ C + D ] / E ) x 100		152%	161%	-9%

#### Qualitative details

- The LIMAT Total Ratio was 152% as of 31 December 2021, compared to 161% for the same period in 2020.
- The Available Margin (C) of \$29.5 million was the difference between Assets Available (A) of \$112.8 million and Assets Required (B) of \$83.3 million.
- The Surplus Allowance includes provisions for adverse deviations (PfADs). New business written in 2021 has increased this value. The Eligible Deposits represent collateral deposits in excess of liabilities ceded.
- The Required Margin (E) of \$524.2 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. The increase in Required Margin in 2021 is due to new business.