

# 2021 LICAT Disclosure

Amounts in \$CDN (000s)		Foresters Financial		
		Current Period	Prior Period	Change %
<b>Available Capital (AC1+B)</b>	(AC)	2,012,482	2,078,348	(3.2%)
<i>Tier 1 Capital</i>	(AC1)	1,284,989	1,440,348	(10.8%)
<i>Tier 2 Capital</i>	B	727,493	638,000	14.0%
<b>Surplus Allowance and Eligible Deposits</b>	(SA+ED)	1,117,014	1,043,627	7.0%
<b>Base Solvency Buffer</b>	(BSB)	1,775,140	1,621,808	9.5%
<b>Total Ratio ([AC + SA + ED] / BSB) x 100</b>		176.3%	192.5%	-16.2 pts
<b>Core Ratio ([AC1 + 70% SA + 70% ED] / BSB) x 100</b>		116.4%	133.9%	-17.5 pts

The Office of the Superintendent of Financial Institutions ("OSFI") introduced the Life Insurance Capital Adequacy Test (LICAT) as the regulatory capital standard for life insurers effective January 1st, 2018. LICAT replaces the former life insurance capital test, the Minimum Continuing Capital and Surplus Requirements Guideline (MCCSR), in place since 1992. Under LICAT, the Total Ratio is subject to a supervisory target of 100% and a minimum ratio of 90%. The Core Ratio is subject to a supervisory target of 70% and a minimum ratio of 55%.

The Total Ratio for Foresters Financial ("IOF") as at December 31, 2021 was 176.3%, compared with 192.5% as at December 31, 2020. The 16.2 percentage point decrease was primarily driven by an increase in liabilities for updated actuarial assumptions which were partially offset by the earnings benefit from business growth.

The Core Ratio as at December 31, 2021 was 116.4%, compared with 133.9% as at December 31, 2020. The 17.5 percentage point decrease was primarily driven by similar factors.



Foresters Financial, Foresters, and Helping is Who We Are are trade names and trademarks of The Independent Order of Foresters (a fraternal benefit society) and its subsidiaries.

Amounts in \$CDN (000s)		Foresters Life Insurance Company		
		Current Period	Prior Period	Change %
<b>Available Capital (AC1+B)</b>	(AC)	298,024	388,975	(23.4%)
<i>Tier 1 Capital</i>	(AC1)	262,494	269,259	(2.5%)
<i>Tier 2 Capital</i>	B	35,530	119,716	(70.3%)
<b>Surplus Allowance and Eligible Deposits</b>	(SA+ED)	46,803	319,114	(85.3%)
<b>Base Solvency Buffer</b>	(BSB)	181,577	508,814	(64.3%)
<b>Total Ratio ([AC + SA + ED] / BSB) x 100</b>		189.9%	139.2%	50.7 pts
<b>Core Ratio ([AC1 + 70% SA + 70% ED] / BSB) x 100</b>		162.6%	96.8%	65.8 pts

The LICAT ratio of the Canadian subsidiary, Foresters Life Insurance Company ("FLIC"), is managed to a lower capital ratio than the overall organization, recognizing the capital support of the parent.

The Total Ratio for FLIC as at December 31, 2021 was 189.9%, compared with 139.2% as at December 31, 2020. The 50.7 percentage point increase was primarily driven by a reinsurance agreement which was partially offset by an increase in liabilities for updated actuarial assumptions.

The Core Ratio as at December 31, 2021 was 162.6%, compared with 96.8% as at December 31, 2020. The 65.8 percentage point increase was primarily driven by similar factors.



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