

2018 LICAT Ratio Public Disclosure Summary

As a federally regulated financial institution, Blue Cross Life Insurance Company of Canada (“Blue Cross Life”) is required to comply with the Office of the Superintendent of Financial Institutions (OSFI) Life Insurance Capital Adequacy Test (LICAT). At a minimum, Blue Cross Life therefore needs to maintain a Total LICAT Ratio of 90%, and a Core LICAT Ratio of 55%. In addition, OSFI has established a supervisory target Total LICAT Ratio of 100%, and a corresponding Target Core LICAT Ratio of 70%. Definitions of terms used in this disclosure can be found in the LICAT guideline on OSFI’s website.

As at December 31, 2018, the Blue Cross Life LICAT ratio was 135%, well in excess of both the supervisory target Total LICAT Ratio and Blue Cross Life’s internal target. A breakdown of this solvency ratio by component follows.

	Dec 31, 2018 (\$000,000)
Available Capital	162.9
<i>Tier 1 Capital</i>	128.4
<i>Tier 2 Capital</i>	34.5
Surplus Allowance	109.2
Eligible Deposits	1.8
Total Capital Resources	273.9
Base Solvency Buffer	202.3
Total Ratio	135%
Core Ratio	102%