Munich Reinsurance Company Canada Branch (Life)

LIMAT Ratios Public Disclosure Summary as of December 31, 2021

NOT IF, BUT HOW

Munich RE

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Branches are required, at minimum, to maintain a Total Ratio of 90%. OSFI has established supervisory target level of 100% for Total margin. Definition of terms can be found in Guideline A at [LICAT – Life Insurance Capital Adequacy Test].

(thousands of dollars, except percentages)		Dec 31, 2021	Dec 31, 2020	Change #	Change %
Available Margin	C = A-B	-72,954	-521,043 *	448,089	-86.0%
Assets Available	A	7,420,683	7,765,219		
Assets Required	B	7,493,637	8,286,262		
Surplus Allowance and Eligible Deposits	D	6,916,688	7,631,091	-714,403	-9.4%
Required Margin	E	6,229,220	6,370,291	-141,071	-2.2%
LIMAT Total Ratio	([C+D]÷E) x 100	109.9%	111.6%		-1.6%

* restatement of Dec 31, 2020 Available Margin and LIMAT Total Ratio to allow negative Available Margin, previously the OFSI form prevented negative values.

Qualitative Analysis

- The LIMAT Total Ratio of Munich Reinsurance Company's Canada Branch (Life) ("Munich Re") decreased by 1.6% from December 2020 to December 2021. Munich Re's total margin remains above OSFI's established supervisory target level and is well capitalized to support its business model in Canada and the Caribbean.
- The decrease in Assets Available (A), Assets Required (B), Surplus Allowance and Eligible Deposits (D) were primarily due to increase in interest rate and changes in year-end assumption.
- The decrease in Required Margin (E) was primarily due to year-end assumption changes.
- Munich Re maintains an internal operating target capital level by managing capital transfers through a well-established, streamlined process injecting capital to support new business when needed and repatriating excess capital back to the head office when warranted.