



Munich Reinsurance Company Canada Branch (Life)

LIMAT Ratios Public Disclosure
Summary as of December 31, 2020

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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, 2020 | Dec 31, 2019 | Change | |
|--|------------------------|-----------|--------------|--------------|---------|---|
| | | | | | # | % |
| Available Margin | C = max(A-B, 0) | - | 447,370 | -447,370 | -100.0% | |
| <i>Assets Available</i> | A | 7,765,219 | 7,486,078 | | | |
| <i>Assets Required</i> | B | 8,286,262 | 7,036,708 | | | |
| Surplus Allowance and Eligible Deposits | D | 7,631,091 | 7,113,026 | 518,065 | 7.3% | |
| Required Margin | E | 6,370,291 | 6,874,389 | -504,098 | -7.3% | |
| LIMAT Total Ratio | $[(C+D)÷E] \times 100$ | 119.8% | 110.0% | | 8.9% | |

Qualitative Analysis

- The LIMAT Total Ratio of Munich Reinsurance Company's Canada Branch (Life) ("Munich Re") increased by 8.9% from December 31, 2019 to December 31, 2020. Munich Re's total margin remains above OSFI's established supervisory target level and is well capitalized to support its business model in Canada, the Caribbean, and surrounding regions.
- The decrease in Available Margin (C) was primarily due to the impact decreasing interest rates had on the Assets Required (B). However, the interest rate movements also resulted in an offsetting increase to Surplus Allowance and Eligible Deposits (D).
- The decrease in Required Margin (E) was primarily due to recapture of a large in-force block.
- 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. During 2020, capital was injected into Munich Re from its head office in Germany as a precautionary response to the market volatility from the onset of the COVID-19 pandemic.