



BEST'S COMPANY REPORT

Foresters Financial

THE INDEPENDENT ORDER OF FORESTERS

Domiciliary Address: 789 Don Mills Road, Toronto, Ontario M3C 1T9 Canada

AMB #: 067409

NAIC #: N/A

FEIN #: N/A

Phone: 415-429-3000

Fax: 416-467-2526

Website: www.foresters.com

THE INDEPENDENT ORDER OF FORESTERS

A

Domiciliary Address: 789 Don Mills Road, Toronto, Ontario M3C 1T9 Canada

AMB #: 060132

NAIC #: N/A

AIIN #: AA-1560109

Phone: 416-429-3000

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Website: www.foresters.com



Best's Credit Rating Effective Date

August 17, 2023

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Information

- [Best's Credit Rating Methodology](#)
- [Guide to Best's Credit Ratings](#)
- [Market Segment Outlooks](#)

Financial Data Presented

Financial data in this report: (i) includes data of affiliated entities that are not rating unit members where analytics benefit from inclusion; and/or (ii) excludes data of rating unit member entities if they operate in different segments or geographic areas than the Rating Unit generally. See [list of companies](#) for details of rating unit members and any such included and/or excluded entities.

The financial data in this report reflects the most current data available to the Analytical Team at the time of the rating. Updates to the financial exhibits in this report are available here: [Best's Financial Report](#).

The Independent Order of Foresters

AMB #: 067409

Associated Ultimate Parent: AMB # 060132 - The Independent Order of Foresters

Best's Credit Ratings - for the Rating Unit Members

Financial Strength Rating (FSR)

<h2 style="margin: 0;">A</h2> <h3 style="margin: 0;">Excellent</h3>
Outlook: Stable Action: Affirmed

Issuer Credit Rating (ICR)

<h2 style="margin: 0;">a+</h2> <h3 style="margin: 0;">Excellent</h3>
Outlook: Stable Action: Affirmed

Assessment Descriptors

Balance Sheet Strength	Strongest
Operating Performance	Adequate
Business Profile	Neutral
Enterprise Risk Management	Appropriate

Rating Unit - Members

Rating Unit: Independent Order of Foresters | AMB #: 067409

AMB # Rating Unit Members
066847 Foresters Life Insurance Co

AMB # Rating Unit Members
060132 Independent Order of Foresters

Rating Rationale**Balance Sheet Strength: Strongest**

- Strongest level of risk-adjusted capitalization as measured by Best's Capital Adequacy Ratio (BCAR). Capital is also significantly higher than the minimum required capitalization standards across Canada, the United Kingdom and the United States.
- Good quality of capital, with manageable financial leverage and moderate use of reinsurance. Reinsurance profile was optimized through internal reinsurance initiative.
- Overall good credit quality of invested assets, with investments 100% externally managed.
- Favorable liquidity profile supported by strong liquidity ratios.
- A portion of liabilities are dependent on interest rates. While the company's actuarial liabilities are not overly interest or equity market sensitive, they are supported by a relatively high number of provisions for adverse deviations (PFADs).

Operating Performance: Adequate

- Independent Order of Foresters (Foresters Financial) has reported fluctuating earnings in recent years. The impact of markets on fair value accounting adds a measure of volatility to earnings.
- Diversified earnings profile by line of business and geographic regions.
- After incurring losses in 2020 and 2021, Foresters Financial returned to profitability in 2022. This was driven by decreasing death benefits and reduced new business strain, partially offset by unrealized losses.
- Gross premium experienced moderate growth in 2021 compared to 2020, driven by strong sales within its U.S. and U.K. entities. However, premium levels have been relatively flat over the last five years.

Business Profile: Neutral

- Diversified business profile in terms of product offerings, distribution and geographic reach.
- Foresters Financial is engaged in various projects to enhance its systems, infrastructure, and data utilization.
- While Foresters Financial has prominent positions in its target markets, it is not among the market leaders.
- Sales by region show that most of the sales originate in the United States, with some premiums from Canada and a modest percentage from the United Kingdom.

Enterprise Risk Management: Appropriate

- Foresters Financial has a well-developed risk management program, which includes an evaluation of proposed actions and their impact on risk-adjusted capitalization.
- Foresters Financial uses the Life Insurance Capital Adequacy Test (LICAT) as its main barometer of measuring enterprise risk, and it incorporates non-quantitative assessments such as strategic risk, pension plan risk and asset management risk.
- While Foresters Financial's risk management capabilities are appropriate for its risk profile, it faces inherent challenges of managing risk across three different countries, each of which has its own unique economic, financial, legislative and regulatory characteristics.

Outlook

- The stable outlooks reflect the expectation that Foresters Financial will maintain its overall balance sheet strength assessment, supported by risk-adjusted capitalization at the strongest level, as measured by BCAR, while ongoing strategic initiatives implemented by management will promote stable operating performance over the intermediate term.

Rating Drivers

- Negative rating action may occur if the group's balance sheet metrics decline materially.
- Negative rating action may occur if there is a decline in operating performance.
- While AM Best finds it unlikely, positive rating action may occur given a material improvement in operating performance.

Key Financial Indicators

Best's Capital Adequacy Ratio (BCAR) Scores (%)

Confidence Level	95.0	99.0	99.5	99.6
BCAR Score	72.5	59.8	54.8	53.9

Source: Best's Capital Adequacy Ratio Model - L/H, Canada

Year End - December 31

Key Financial Indicators CAD (000)

	2022	2021	2020	2019	2018
Assets:					
General Account	8,652,673	9,948,758	10,085,523	12,724,594	10,149,365
Segregated Funds	7,807,907	8,775,254	8,000,491	5,795,825	7,635,014
Total Assets	16,460,580	18,724,012	18,086,014	18,520,419	17,784,379
Liabilities:					
Actuarial Liabilities:					
Non-Participating Life	663,991	836,371	747,102	706,131	903,976
Non-Participating Annuity	346,070	447,115	494,285	501,593	1,520,745
Non-Participating Accident and Sickness	29,078	26,895	29,057	22,434	25,729
Participating	3,949,609	4,869,356	4,931,010	4,345,097	3,962,617
Other	525,001	727,614	821,802	905,850	985,361
Other Contract Liabilities	461,467	462,181	370,004	340,572	363,072
Other Liabilities, including Segregated Funds	8,396,150	9,381,394	8,641,321	9,612,707	8,004,424
Total Liabilities	14,371,366	16,750,926	16,034,581	16,434,384	15,765,924
Equity	2,089,214	1,973,086	2,051,433	2,086,035	2,018,455
Net Income	218,672	-71,281	-1,231	92,749	-116,931
Net Premiums	1,036,422	986,098	980,195	1,028,952	1,168,611
Net Investment Income	-1,246,882	72,824	882,521	997,095	-129,618

Source: BestLink® - Best's Financial Suite

Local Currency: Canadian Dollar

Year End - December 31

Key Financial Ratios (%)

	2022	2021	2020	2019	2018	Weighted Average
Operating Return on Net Premiums	26.1	-12.0	-6.1	9.8	55.4	16.1
Operating Return on Equity	13.3	-5.9	-2.9	4.9	32.0	8.2
Pre-Tax Investment Total Return	-18.3	0.3	9.4	10.0	-1.8	0.9

Source: BestLink® - Best's Financial Suite

Year End - December 31

Leverage (%)

	2022	2021	2020	2019	2018
General Account Liabilities to Equity	3.1	4.0	3.9	5.1	4.0
Non-Investment Grade Bonds to Equity	7.0	6.0	3.1	1.2	3.2
Mortgages and Investment Properties to Equity	8.1	5.6	1.5	...	...

Source: BestLink® - Best's Financial Suite

Year End - December 31

Liquidity Analysis (%)

	2022	2021	2020	2019	2018
Current Liquidity	108.0	105.2	108.4	73.1	105.7

Source: BestLink® - Best's Financial Suite

Credit Analysis

Balance Sheet Strength

Capitalization

The Independent Order of Foresters (Foresters Financial) risk-adjusted capitalization, as defined by the Best Capital Adequacy Ratio, is assessed as strongest and supportive of its insurance, business, and investment risks. Foresters Financial's risk-adjusted capitalization measures favorably across three countries with different measures: Life Insurance Capital Adequacy Test in Canada, Risk-Based Capital in the US, and Solvency II in the UK. While Foresters Financial has less financial flexibility relative to a stock company, the group showed they can access the capital markets via a debt issuance in October, 2020.

Absolute capitalization is strong, and good liquidity capability which is monitored closely. Quality of capital is good, with organic earnings growth, manageable financial leverage and prudent use of reinsurance. Capital is also impacted by the fair value accounting on assets and liabilities and exchange rate movements, which adds an element of volatility in capital. Capital increased approximately 6% to slightly under \$2.1 billion CAD at year-end 2022 due to strong new business flows and careful management of expenses.

The group has demonstrated its financial flexibility through the issuance of \$250 million in debt in October, 2020. Financial leverage is manageable and within AM Best's guidelines for its ratings.

Capital Generation Analysis CAD (000)	Year End - December 31				
	2022	2021	2020	2019	2018
Beginning Equity	1,973,086	2,051,433	2,086,035	2,018,455	2,030,578
Pre-Tax Operating Income	1,655,313	40,989	-633,777	-564,492	255,380
Net Realized Capital Gains (Losses)	-148,200	131,258	238,700	99,037	42,559
Income Taxes	-31,347	-28,957	-11,063	35,009	-6,280
Net Unrealized Capital Gains (Losses)	-1,547,735	-321,800	478,800	651,722	-450,560
Other Changes in Equity	125,403	42,249	-129,388	-83,678	134,218
Net Change in Equity	116,128	-78,347	-34,602	67,580	-12,123
Ending Equity	2,089,214	1,973,086	2,051,433	2,086,035	2,018,455
Net Change in Equity (%)	5.9	-3.8	-1.7	3.3	-0.6
Net Change in Equity (5 Yr CAGR)	0.6	...	...	...	...

Source: BestLink® - Best's Financial Suite
Local Currency: Canadian Dollar

Asset Liability Management - Investments

At year-end 2022, invested assets by segment are as follows: IOF US Branch (62.2%); Foresters Life (11.1%); Canada Branch (14.3%) and United Kingdom (12.4%).

On a consolidated basis, approximately 75% of invested assets are in bonds. Below investment grade bond exposure is modest at less than 3% of bond holdings. Because its operations span three countries, Foresters Financial is exposed to some foreign exchange risk, as a majority of its business is conducted in the United States. In 2017, a foreign exchange rate hedge was executed with the purpose of insulating the LICAT ratio from currency exchange rate movements.

US Branch allocations in 2022 are comprised of about 84% in bonds, 4% in equities, with the balance in policy loans, real estate, cash & short-term and other invested assets. The bond portfolio is almost entirely composed of investment grade issues.

Foresters Life Insurance Company's invested assets have approximately 76% in fixed income, 8% in equities, 9% in other invested assets with the rest in cash & short-term, and policy loans. Bond holdings are 56% in corporates, with allocations in the Financial, Utilities and Industrial sectors.

UK's allocations consist of 41% of bonds and 53% of equities, with the remainder in cash & short-term and policy loans. A majority of bond holdings are allocated to governments and corporates. The relatively high UK equity allocation reflects the UK product mix.

Liquidity capability is good and is monitored closely, and have strong liquidity metrics for immediate and ongoing scenarios. There is some mismatch in longer duration liabilities, where asset durations are generally shorter, and reflects the challenges of asset/liability management with long dated liabilities. The liquidity profile is supplemented by a \$100 million line of credit, with no amounts drawn as of YE22.

Balance Sheet Strength (Continued...)

Composition of Cash and Invested Assets	Year End - December 31				
	2022	2021	2020	2019	2018
Total Cash and Invested Assets CAD (000)	7,419,798	8,772,518	8,943,517	11,900,667	9,173,915
Composition Percentages (%)					
Unaffiliated:					
Cash and Short Term Investments	3.8	2.2	4.3	2.6	3.0
Bonds	73.5	78.4	80.5	55.6	82.1
Stocks	10.9	10.8	9.8	7.0	8.2
Mortgage Loans	2.3	1.3	0.3	...	...
Other Invested Assets	9.6	7.3	5.1	34.8	6.7
Total Unaffiliated	100.0	100.0	100.0	100.0	100.0
Total	100.0	100.0	100.0	100.0	100.0

Source: BestLink® - Best's Financial Suite

Local Currency: Canadian Dollar

Bonds - Distribution by Issuer	Year End - December 31				
	2022	2021	2020	2019	2018
Bonds CAD (000)	5,452,230	6,879,150	7,197,895	6,616,543	7,528,999
Government (%)	23.7	25.8	26.5	31.4	28.5
Municipal, Public Authority (%)	7.1	8.6	8.3	6.7	8.8
Corporate:					
Investment Grade (%)	66.6	63.9	64.4	61.6	61.8
Below Investment Grade (%)	2.7	1.7	0.9	0.4	0.9

Source: BestLink® - Best's Financial Suite

Reserve Adequacy

Reserves for Foresters Financial are adequately set, as determined by cash flow testing in the US and LICAT and Financial Condition Testing (FCT) capital submissions for Canada. Reserves are also supported by provision for adverse deviations which are nearly 25% of total reserves.

Foresters Financial was able to release a significant amount of reserves in 2022 due to capital efficiency initiatives and reduced excess mortality attributed to COVID.

Operating Performance

Foresters Financial's earnings profile has evolved as the group continues to focus on its core ordinary life insurance and retirement business. The group's exposure to variable business, which is highly correlated to equity market movements, declined significantly as a result of the sale of Foresters Life Insurance and Annuity Company (FLIAC) in July, 2020.

Total Comprehensive Income/(Loss) (TCI) for 2022 was \$116 million, driven by strong underwriting income and changes in insurance contract liabilities, partially offset by unrealized losses. Excess mortality declined significantly in 2022, with the improved outlook resulting in a significant release of reserves from the COVID provision. TCI for 2021 was (\$78) million CAD, primarily due to additional COVID provisions, a basis change in the third quarter, and market movements. In addition, the organization recognized an impairment charge on goodwill and intangibles from its CPP acquisition of \$44.3 million CAD. Foresters Financial reported strong underlying earnings, driven by strong sales within its U.S. and U.K. entities.

TCI for 2020 and 2019 was (\$35) million CAD and \$68 million CAD, largely due to the market impacts on continuing operations due to a decline in interest rates in March, 2020, higher mortality due to the COVID-19 pandemic, a stronger Canadian dollar partially offset by strong equity markets. The North American insurance segment showed good earnings, primarily due to sales in the US Branch. UK earnings were higher due to less new business strain despite lower sales.

Foresters Financial's results are more volatile due to the market impacts of fair value accounting on assets and liabilities. Also, a significant percentage of business is conducted in U.S. dollars, which is subject to foreign currency fluctuations to the Canadian dollar. This is partially mitigated by the use of a foreign currency hedge.

Operating Performance (Continued...)

Enterprise total investment income/(loss) for 2022 and 2021 was (\$1.25) billion CAD and \$73 million CAD, driven market movements. In 2022, Foresters Financial reported (\$1.34) billion in fair value losses, primarily within its bond portfolio.

Premium growth has been relatively flat since 2016, fluctuating between \$1-1.3 billion CAD. Gross premiums increased approximately 8% in 2022 due to strong new business flows in the US branch and UK. Sales in the UK were favorable due to reinvestment of Child Trust Fund policies into Adult Unit Linked Savings plans. New business sales in the US and Canada remain strong despite a decline year over year, driven by a decrease in the company's target market and de-risking of the product portfolio.

	Year End - December 31				
Net Premiums by Line of Business CAD (000)	2022	2021	2020	2019	2018
Non-Participating Life:					
Individual	42,803	193,607	180,095	169,656	148,283
Group	1,729	2,502	2,763	2,657	3,196
Non-Participating Annuity:					
Individual	3	...	3,281	71,104	228,806
Group	953	1,083	1,307	1,835	2,428
Non-Participating Accident and Sickness:					
Individual	8,229	7,021	4,870	3,394	3,062
Group	458	26	237	1,026	1,683
Participating	964,138	750,840	749,898	738,133	732,647
Other	18,109	31,019	37,744	41,147	48,506
Total	1,036,422	986,098	980,195	1,028,952	1,168,611

Source: BestLink® - Best's Financial Suite

Local Currency: Canadian Dollar

	Year End - December 31				
Total Revenue By Line of Business CAD (000)	2022	2021	2020	2019	2018
Non-Participating Life:					
Individual	26,611	172,076	241,024	257,404	198,724
Group	1,748	2,499	2,798	2,682	3,209
Non-Participating Annuity:					
Individual	8	-5	65,257	224,614	232,976
Group	-71,790	-1,844	53,687	53,770	4,716
Non-Participating Accident and Sickness:					
Individual	8,165	6,919	5,358	3,493	3,266
Group	467	22	272	1,053	1,709
Participating	-68,024	809,123	1,457,085	1,374,664	623,601
Other	9,531	188,617	221,367	241,513	370,885
Total	-93,284	1,177,407	2,046,848	2,159,193	1,439,086

Source: BestLink® - Best's Financial Suite

Local Currency: Canadian Dollar

Operating Performance (Continued...)

Net Income by Line of Business CAD (000)	Year End - December 31				
	2022	2021	2020	2019	2018
Non-Participating Life:					
Individual	62,438	274,276	15,405	-2,512	-26,282
Group	654	-98	1,369	3,200	-1,463
Non-Participating Annuity:					
Individual	-41	49	26,094	41,443	-17,479
Group	-6,103	3,765	14,771	6,469	1,482
Non-Participating Accident and Sickness:					
Individual	-209	2,623	-3,323	-2,024	46
Group	-151	-272	-313	-139	2,140
Participating	171,726	-257,390	-106,805	-6,684	-26,200
Other	-5,958	-97,043	54,147	50,016	-49,175
Total	222,356	-74,090	1,345	89,769	-116,931

Source: BestLink® - Best's Financial Suite

Local Currency: Canadian Dollar

Business Profile

Independent Order of Foresters (Foresters Financial) is a fraternal organization which markets life, annuity and savings products in Canada, United States and United Kingdom. IOF is comprised of the North American Insurance and United Kingdom Segments. At year-end, 2022, 70% of gross premiums were generated from the United States, 29% from Canada and 1% from the UK.

The North American Insurance segment is comprised of Foresters Life Insurance Company (FLIC), the Independent Order of Foresters Canada branch and the Independent Order of Foresters US Branch (US Branch). The U.S. Branch markets mainly term insurance and final expense, but also sells whole life and universal life. Distribution is comprised of multi-level marketers and independent agents. FLIC markets life and group savings products in the Canadian market, with most of the distribution through the Canada Protection Plan Program.

The UK segment markets unit-linked savings products as well as pensions, protection products and annuities. The savings oriented products are sold through either direct marketing, customer initiation or career agents. Management believes they have a great opportunity to service children who hold accounts in the Children's Trust Fund. In 2020, Foresters acquired the Halifax Child Trust block of business, with the transfer of plans in April 2020. Children who have these accounts are beginning to reach 18 years of age, and Foresters believes they can establish long-term relationships with them. At year-end 2022, assets under management declined to about \$5.2 billion GBP, driven by significant volatility in financial markets.

While Foresters Financial does hold national rankings in ordinary life insurance sales in the U.S. and Canada, they are not among the market leaders.

As a result of Foresters Financial's geographic spread, it is challenged to manage its business in three different economic, political, legal and regulatory environments. Management is active in various industry groups to stay informed of trends and developments related to Foresters' operating environments. The fraternal also faces the same challenges that other fraternal face, including membership growth and potential regulation changes.

Over the past few years, Foresters Financial has refocused its strategy to emphasize life insurance sales, and no longer considered its asset management as core to their business. On July 1, 2020, Foresters Financial closed the sale of FLIAC to the Nassau Group, which will reduce its exposure to interest-sensitive and variable products. On October 1, 2020, Foresters Financial acquired Canada Protection Plan Inc., which will allow the fraternal to leverage the name recognition and distribution to drive sales in Canada. In August 2019, the group sold its Canadian asset management operation to Fiera Capital, and sold its U.S. asset management operations to Macquarie Investments. Its broker dealer and advisor business was sold to Cetera Group in June 2019.

In 2015, the Independent Order of Foresters rebranded to Foresters Financial to reflect their mission to provide life, annuity and financial services to its members. The rebranding also has allowed the society to adhere to its sense of community and volunteerism since its founding in 1874.

Business Profile (Continued...)

2022 By Line Business	Direct Premiums Written		Reinsurance Premiums Assumed		Reinsurance Premiums Ceded		Net Premiums Written		Business Retention
	CAD (000)	%	CAD (000)	%	CAD (000)	%	CAD (000)	%	%
Non-Participating Life:									
Individual	106,165	8.3	...	...	63,362	25.6	42,803	4.1	40.3
Group	1,735	0.1	...	...	6	...	1,729	0.2	99.7
Non-Participating Annuity:									
Individual	3	...	...	...	...	...	3	...	100.0
Group	953	0.1	...	...	...	...	953	0.1	100.0
Non-Participating Accident and Sickness:									
Individual	10,423	0.8	...	...	2,194	0.9	8,229	0.8	79.0
Group	460	...	...	...	2	...	458	...	99.6
Participating	1,145,510	89.2	...	...	181,372	73.3	964,138	93.0	84.2
Other	18,598	1.4	...	...	489	0.2	18,109	1.7	97.4
Total	1,283,847	100.0	...	...	247,425	100.0	1,036,422	100.0	80.7

Source: BestLink® - Best's Financial Suite
Local Currency: Canadian Dollar

Enterprise Risk Management

The risk management framework works to identify risk areas and establish clear accountability for risk management. Primary risk categories include Strategic, Financial, Operational, and Compliance Risk. Individual risks are identified, measured, mitigated, and monitored at the divisional or operational level. The risk management function, as the next level of defense, oversees risk management and reports to the ERMC monthly and RIC quarterly on the organization's overall risk profile, including any areas of concern for management to monitor.

Risk-adjusted capitalization is monitored by Corporate Capital Management on a quarterly basis, using Risk Based Capital Ratio, Life Insurance Capital Adequacy Test and the U.K. Solvency II requirements. Actual results are compared to prior year and plan, and variances are researched and addressed as they arise. Currency hedges are also used to manage the impact of exchange rates relative to the Canadian dollar. Foresters Financial continually seeks ways to diversify its organization by product, geography and distribution. Spreads and asset/liability management are performed monthly. Scenario and stress testing is performed at least annually and per regulations.

The primary means for evaluating the impact risk on capital and surplus is the LICAT, which is also adjusted for other factors such as strategic risk, pension risk, concentration risk and reinsurance. Sensitivity analysis is also performed in the group's financial condition testing (FCT) submission.

Foresters Financial has been able to foster good diversification in its business model, which included products, geography, distribution, sales and investments.

Foresters Financial has developed their enterprise risk management program as their organization structure has grown. They face challenges in making their ERM program consistent across three different countries, given the different product mix and with each jurisdiction having their own economic, legal, regulatory and judicial environments.

Each of the Chief Risk's Officers of each segment reports to the Global Chief Risk Officer. The Enterprise Risk Management Committee (ERMC) and CRO are overseen by the Board's Risk and Investment Committee (RIC). The Board approves the Risk Management Policy annually which outlines Foresters Financial Risk Appetite and Tolerances, as well as the risk management governance structure, including the Board's and Management's responsibilities in managing risks and the ERMC mandate.

In recent years, Foresters Financial has taken measures to de-risk its overall risk exposure. Its asset management businesses were no longer considered core to the group's strategy and were sold. FLIAC, which had significant variable business, was also sold in 2020 as the group focused on its core life businesses. Another measure taken to minimize risk is the group froze its pension plan liabilities effective December 31, 2021, and replaced it with a defined contribution plan.

The COVID-19 pandemic impacted the group's operations and business over the past few years, and the group has responded positively to the crisis. Two teams were created early in the crisis to monitor internal and external events. Capital ratios were stressed to determine the impact of more extreme events, and liquidity was reviewed for adequacy. For new business, the group is worked with reinsurers, added COVID questions to the applications, and reviewed its permanent life products.

Enterprise Risk Management (Continued...)

Recently, Foresters Financial's management team experienced some prepared changes through succession planning. Foresters Financial has developed a new five-year plan which emphasizes its core life business and promotes earnings growth to coincide with its 150 years of existence in 2024.

Reinsurance Summary

Foresters Financial does not extensively use reinsurance. Retention is \$500 thousand or lower depending on age and ratings. Inforce reinsurance is mostly yearly renewable term designed not to exceed retention. Most prominent reinsurers include Swiss Re, RGA and Munich Re. In 2016, Foresters Financial completed a modified coinsurance transaction on certain U.S. Branch inforce universal life and term life policies. Foresters Financial reviews its reinsurance needs and reinsurers on a regular basis and addresses any issues as they arise.

Environmental, Social & Governance

AM Best considers Foresters Financial's exposure to material environmental, social, and governance (ESG) risks to be low. The organization operates in an environment where its underwriting and operating activities have minimal exposure to climate risk. On the investment side, current allocation contains no large concentration in securities that are backed by assets that could have ESG risk potential, and Foresters Financial's investment managers review ESG risks as part of the due diligence framework. On a forward looking basis, ESG factors are unlikely to impact the credit quality of the organization over the short-term.

Financial Statements

	Year End - December 31			
	2022		2021	
Balance Sheet	CAD (000)	%	CAD (000)	%
Cash and Short Term Investments	279,889	1.7	194,615	1.0
Bonds	5,452,230	33.1	6,879,150	36.7
Preferred and Common Stock	809,104	4.9	946,939	5.1
Other Invested Assets	878,575	5.3	751,814	4.0
Total Cash and Invested Assets	7,419,798	45.1	8,772,518	46.9
Accounts Receivable	118,952	0.7	88,988	0.5
Reinsurance Recoverables	882,279	5.4	796,340	4.3
Goodwill and Other Intangible Assets	86,831	0.5	136,057	0.7
Other Assets	144,813	0.9	154,855	0.8
Total General Account Assets	8,652,673	52.6	9,948,758	53.1
Segregated Funds Assets	7,807,907	47.4	8,775,254	46.9
Total Assets	16,460,580	100.0	18,724,012	100.0
Gross Actuarial Liabilities	5,513,749	33.5	6,907,351	36.9
Other Contract Liabilities	461,467	2.8	462,181	2.5
Other Liabilities	588,243	3.6	606,140	3.2
Total General Account Liabilities	6,563,459	39.9	7,975,672	42.6
Segregated Funds Liabilities	7,807,907	47.4	8,775,254	46.9
Total Liabilities	14,371,366	87.3	16,750,926	89.5
Other Capital and Equity	2,089,214	12.7	1,973,086	10.5
Total Equity	2,089,214	12.7	1,973,086	10.5
Total Liabilities and Equity	16,460,580	100.0	18,724,012	100.0

Source: BestLink® - Best's Financial Suite
Local Currency: Canadian Dollar

Income Statement CAD (000)	Year End - December 31	
	2022	2021
Net Premiums Earned	1,036,422	986,098
Net Investment Income	-1,246,882	72,824
Other Revenue	117,176	118,485
Total Revenue	-93,284	1,177,407
Net Policy and Contract Benefits	803,952	841,863
Net Changes to Actuarial and Contract Liabilities	-1,669,048	-132,491
Commissions	188,135	211,079
General and Other Expenses	392,668	360,003
Net Transfers to (from) Segregated Funds	...	...
Total Benefits and Expenses	-284,293	1,280,454
Pre-Tax Income	191,009	-103,047
Income Taxes Incurred	-31,347	-28,957
Income before Attribution to Participating Policyholders and Other Funds	218,672	-71,281
Net Income	218,672	-71,281

Source: BestLink® - Best's Financial Suite
 Local Currency: Canadian Dollar

The Independent Order of Foresters

Operations

Domiciled: Ontario, Canada

Licensed: (Current since 10/07/2014). The company is licensed in all provinces and territories.

Business Type: Life, Annuity, and Accident
Organization Type: Fraternal
Marketing Type: Other

Last Update

September 07, 2023

Identifiers

AMB #: 067409

Contact Information

Domiciliary Address:
 789 Don Mills Road, Toronto,
 Ontario M3C 1T9
 Canada

Web: www.foresters.com

Phone: 415-429-3000

Fax: 416-467-2526

Financial Data Presented

The financial data in this report reflects the most current data available at the time the report was printed.

Best's Credit Ratings

Rating Relationship

AM Best Rating Unit: [067409 - Independent Order of Foresters](#)

Refer to the [Best's Credit Report for AMB# 067409 - The Independent Order of Foresters](#) for details regarding the rating rationale, credit analysis, and financial exhibits available at the time the credit analysis was performed.

AMB#	Rating Unit Members	Best's Credit Ratings	
		Financial Strength Rating	Long-Term Issuer Credit Rating
066847	Foresters Life Insurance Co	A	a+
060132	Independent Order of Foresters	A	a+

Corporate Structure

Associated Ultimate Parent: AMB # 060132 - The Independent Order of Foresters

Based on AM Best's analysis, AMB# 060132 The Independent Order of Foresters is the AMB Associated Ultimate Parent and identifies the topmost entity of the corporate structure. Access in BestLink this company's current [Corporate Structure](#).

Management

Officers

President and CEO: Rene Zanin (Interim)

President: Nici Audhlam-Gardiner (UK)

President: Matt M. Berman (Foresters US & Canada)

CFO: Alvin Sharma (Global)

Chief Risk Officer: Caroline Rordall (Global)

SVP and Chief Information Officer: Mehul Kapadia (Global)

SVP: Pat Colavita (Global Internal Audit)

Vice President and Chief Investment Officer: Clark D. Wagner

Vice President: Terrence Chan (Finance)

Corporate Secretary, Chief Compliance Officer and Chief Legal Officer: Rene Zanin (Global, CPO, CAML)

Officers (Continued...)

Chief Human Resources Officer: Marcia Mendes-d'Abreu (Global)

Directors

Daniel J. Fortin (Chair)
Katherine A. Bardswick
Sonia A. Baxendale
Linda A. Davis Watters
Michael C. Edge
Shelly A. Herman
Richard P. Hennick
Michael Lombardi
Janice M. Madon
Gino A. Scapillati
Michael P. Stramaglia
Wendy A. Watson
Robert W. Wight
Cynthia L. Worley

Last Update

September 07, 2023

Identifiers

AMB #: 060132

AIIN #: AA-1560109

LEI #: 54930076M746H2DBTP84

Contact Information

Domiciliary Address:
789 Don Mills Road, Toronto,
Ontario M3C 1T9
Canada

Web: www.foresters.com

Phone: 416-429-3000

Fax: 416-467-2526

Financial Data Presented

The financial data in this report reflects the most current data available at the time the report was printed.

The Independent Order of Foresters

Operations

Date Incorporated: July 23, 1881 | **Date Commenced:** July 23, 1881

Domiciled: Ontario, Canada

Licensed: (Current since 01/29/2014). The company is licensed in all provinces and territories. It is also licensed in the United States in the District of Columbia and all states. The company has licensed subsidiaries in Great Britain.

Business Type: Life, Annuity, and Accident

Organization Type: Fraternal

Marketing Type: Other

Best's Financial Size Category: XIV (USD 1.50 Billion to Less than 2.00 Billion)

Best's Credit Ratings

Rating Relationship

AM Best Rating Unit: [067409 - Independent Order of Foresters](#)

Refer to the [Best's Credit Report for AMB# 067409 - The Independent Order of Foresters](#) for details regarding the rating rationale, credit analysis, and financial exhibits available at the time the credit analysis was performed.

Best's Credit Rating History

AM Best has assigned ratings on this company since 1988. In our opinion, the company has an Excellent ability to meet their ongoing insurance obligations and an Excellent ability to meet their ongoing senior financial obligations.

The following are the most recent rating events, for longer history refer to [Rating History](#) in BestLink:

Effective Date	Best's Financial Strength Ratings			Best's Long-Term Issuer Credit Ratings		
	Rating	Outlook	Action	Rating	Outlook	Action
Current -						
Aug 17, 2023	A	Stable	Affirmed	a+	Stable	Affirmed
Aug 4, 2022	A	Stable	Affirmed	a+	Stable	Affirmed
Jul 29, 2021	A	Stable	Affirmed	a+	Stable	Affirmed
Aug 5, 2020	A	Stable	Affirmed	a+	Stable	Affirmed
Aug 14, 2019	A	Stable	Affirmed	a+	Stable	Affirmed

Corporate Structure

Ultimate Parent: AMB # 060132 - The Independent Order of Foresters

Based on AM Best's analysis, AMB# 060132 The Independent Order of Foresters is the AMB Ultimate Parent and identifies the topmost entity of the corporate structure. Access in BestLink this company's current [Corporate Structure](#).

Overview

Foresters Financial is an international financial services provider, marketing to its members and the target middle market a diverse portfolio of life insurance, annuities, mutual funds and other financial and asset management services in Canada, the United States and the United Kingdom. While still retaining its legal name of The Independent Order of Foresters, the group rebranded in 2015 to 'Foresters Financial' to better reflect its mission to its members and the middle market.

Foresters Financial was originally founded in 1874 and organized and registered under the Insurance Companies Act of Canada. To be eligible for membership, an individual can purchase a life insurance or annuity product from Foresters Financial. Non-voting membership is available for junior certificate holders and certain non-proprietary product holders. Membership in 2022 is about 2.4 million individuals.

Foresters Financial measures its success not only through financial strength, but also by the positive impact it has in the community, and strives to enrich the lives of its members as well as their communities. To help achieve this purpose, Foresters Financial partners with other organizations who share the same vision and works closely with Community Partners to provide members with opportunities to improve their communities. These national community partners include: KaBOOM!, the American Red Cross, and Cash4Kids.

As a fraternal organization, Foresters Financial offers various benefits, such as tuition scholarships, community grants, emergency assistance programs, and volunteer and family events. Another feature available to members is Legal Link, which members can consult with local legal professionals regarding a variety of issues, such as home ownership, family law and wills, and estates.

While Foresters Financial has significant operations internationally and domiciled in Canada, a significant portion of its business is in the United States. The wholly owned subsidiaries that comprise Foresters Financial main insurance operations include Forester Holdings (Europe) Ltd., which is the immediate parent company of Forester Life Limited, where all UKSIP life insurance business is written.

In recent years, Foresters Financial has sold off holdings that it no longer considers core to its business. In 2019, Foresters announced the sale of its Canadian asset management operations to Fiera capital, and the sale of its U.S. asset management operations (including First Investors Mutual Funds), to Maquarie Investment Management. Foresters also sold its U.S. broker/dealer and advisor business to Cetera Financial Group. On July 1, 2020, the group sold Foresters Life Insurance and Annuity Company to Nassau Financial Group, LLP.

Foresters Life Insurance Company, formerly Unity Life of Canada, acquired in 2008 to enhance Foresters presence in the Canadian life insurance market.

Management

Officers

President and CEO: Rene Zanin (Interim)

President: Nici Audhlam-Gardiner (UK)

President: Matt M. Berman (Foresters US & Canada)

CFO: Alvin Sharma (Global)

Chief Risk Officer and Chief Actuary: Gaurav Upadhyia

SVP and Chief Information Officer: Mehul Kapadia (Global)

SVP: Pat Colavita (Global Internal Audit)

Vice President and Chief Investment Officer: Clark D. Wagner

Chief Human Resources Officer: Marcia Mendes-d'Abreu (Global)

Vice President: Terrence Chan (Finance)

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Daniel J. Fortin (Chair)

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Michael C. Edge

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Richard P. Hennick

Michael Lombardi

Janice M. Madon

Gino A. Scapillati

Directors (Continued...)

Michael P. Stramaglia
 Wendy A. Watson
 Robert W. Wight
 Cynthia L. Worley

History

Recent M&A Transactions

Announced on	Closed on	Transaction Type	Target	Acquirer	Seller
10/17/2019	07/01/2020	Acquisition	Foresters Finl Hldg	Nassau Life Ins Co	Independent Ord For

Search for this company in [Mergers & Acquisitions](#) in BestLink for additional details and previous transactions.

Mergers

Ancient Order of United Workmen of Ontario, 1926; Order of Canadian Home Circles, 1926; Royal Templars of Temperance, 1931; Modern Brotherhood of America, 1931; Catholic Mutual Benefit Association, 1952; Royal Clan, Order of Scottish Clans, 1971; Canadian Foresters Life Insurance Society, 1992; London Area Mobile Physiotherapy Service Limited. (United Kingdom subsidiary), 1996, Unity Life of Canada, 2008. First Investors Life Insurance Company, 2011.

Financial Statements

Financial Statements reflected were compiled from the most recent company-filed statement available in BestLink - Best's Statement File – L/H, Canada. Access [Statement Pages in Excel](#) available in BestLink.

Currency: CAD

Company's local Currency: Canadian Dollar

Year End - December 31

2022

2021

Balance Sheet

	CAD (000)	%	CAD (000)	%
Cash and Short Term Investments	185,862	2.7	80,390	1.0
Bonds	4,450,372	64.0	5,515,448	70.6
Preferred and Common Stock	261,190	3.8	274,270	3.5
Other Invested Assets	1,340,633	19.3	1,296,196	16.6
Total Cash and Invested Assets	6,238,057	89.8	7,166,304	91.7
Accounts Receivable	106,682	1.5	139,447	1.8
Reinsurance Recoverables	464,226	6.7	305,521	3.9
Goodwill and Other Intangible Assets	34,740	0.5	20,770	0.3
Other Assets	45,074	0.6	115,430	1.5
Total General Account Assets	6,888,779	99.1	7,747,472	99.1
Segregated Funds Assets	60,099	0.9	69,337	0.9
Total Assets	6,948,878	100.0	7,816,809	100.0
Gross Actuarial Liabilities	4,168,719	60.0	5,116,185	65.5
Other Contract Liabilities	209,929	3.0	199,768	2.6
Other Liabilities	426,846	6.1	389,591	5.0
Total General Account Liabilities	4,805,494	69.2	5,705,544	73.0
Segregated Funds Liabilities	60,099	0.9	69,337	0.9
Total Liabilities	4,865,593	70.0	5,774,881	73.9
Other Capital and Equity	2,083,285	30.0	2,041,928	26.1
Total Equity	2,083,285	30.0	2,041,928	26.1
Total Liabilities and Equity	6,948,878	100.0	7,816,809	100.0

Source: BestLink® - Best's Financial Suite

Local Currency: Canadian Dollar

Income Statement CAD (000)

	2022	2021
Net Premiums Earned	962,749	1,032,757
Net Investment Income	-1,053,010	61,903
Other Revenue	-37,277	-122,612
Total Revenue	-127,538	972,048
Net Policy and Contract Benefits	644,638	605,726
Net Changes to Actuarial and Contract Liabilities	-1,327,622	247,686
Commissions	118,582	140,367
General and Other Expenses	222,719	70,552
Total Benefits and Expenses	-341,683	1,064,331
Pre-Tax Income	214,145	-92,283
Income Taxes Incurred	-921	775
Income before Attribution to Participating Policyholders and Other Funds	215,066	-93,058
Net Income	215,066	-93,058

Source: BestLink® - Best's Financial Suite
 Local Currency: Canadian Dollar

Financial Results

Financial exhibits presented in this report provide calculated ratios using the most recent company-filed statements available in BestLink - Best's Statement File – L/H, Canada.

Currency: CAD

Company's local Currency: Canadian Dollar

Key Financial Indicators

Year End - December 31

Key Financial Indicators CAD (000)

	2022	2021	2020	2019	2018
Assets:					
General Account	6,888,779	7,747,472	7,634,193	6,724,442	6,217,997
Segregated Funds	60,099	69,337	66,253	67,516	68,018
Total Assets	6,948,878	7,816,809	7,700,446	6,791,958	6,286,015
Liabilities:					
Actuarial Liabilities:					
Participating	892,103	1,080,453	815,449	704,670	611,361
Total Canada	892,103	1,080,453	815,449	704,670	611,361
Out of Canada	3,276,616	4,035,732	4,080,944	3,607,318	3,258,107
Other Contract Liabilities	209,929	199,768	171,489	154,851	162,503
Other Liabilities, including Segregated Funds	486,945	458,928	490,229	239,084	235,589
Total Liabilities	4,865,593	5,774,881	5,558,111	4,705,923	4,267,560
Equity	2,083,285	2,041,928	2,142,335	2,086,035	2,018,455
Net Income	215,066	-93,058	89,671	92,749	-116,931
Net Premiums	962,749	1,032,757	747,300	734,095	728,536
Net Investment Income	-1,053,010	61,903	674,999	627,093	-116,546

Source: BestLink® - Best's Financial Suite
 Local Currency: Canadian Dollar

Key Financial Indicators

Year End - December 31

Key Financial Ratios (%)

	2022	2021	2020	2019	2018	Weighted Average
Operating Return on Net Premiums	22.3	-9.0	12.0	12.6	-16.1	4.5
Operating Return on Equity	10.4	-4.4	4.2	4.5	-5.8	1.8
Pre-Tax Investment Total Return	-15.8	0.9	9.9	10.3	-2.0	0.2
Leverage						
General Account Liabilities to Equity	2.3	2.8	2.6	2.2	2.1	...
Mortgages and Investment Properties to Equity	8.1	5.5	1.4	...	...	...
Liquidity Analysis						
Current Liquidity	118.2	115.5	118.5	114.0	115.4	...

Source: BestLink® - Best's Financial Suite

Balance Sheet Highlights

Year End - December 31

Capital Generation Analysis CAD (000)

	2022	2021	2020	2019	2018
Beginning Equity	1,970,763	2,142,335	2,086,035	2,018,455	2,030,578
Net Income	215,066	-93,058	89,671	92,749	-116,931
Income Taxes	-921	775	...	-498	472
Net Unrealized Capital Gains (Losses) in AOCI	-184,341	-42,596	66,021	51,536	-26,110
Other Changes in Equity	81,797	35,530	-99,392	-77,122	133,191
Net Change in Equity	41,357	-100,407	56,300	67,580	-12,123
Ending Equity	2,083,285	2,041,928	2,142,335	2,086,035	2,018,455
Net Change in Equity (%)	2.0	-4.7	2.7	3.3	-0.6
Net Change in Equity (5 Yr CAGR)	0.5	...	...	...	...

Source: BestLink® - Best's Financial Suite

Local Currency: Canadian Dollar

Asset Liability Management | Investments

Year End - December 31

	2022	2021	2020	2019	2018
Composition of Cash and Invested Assets					
Total Cash and Invested Assets CAD (000)	6,238,057	7,166,304	7,226,456	6,392,877	5,790,159
Composition Percentages (%)					
Unaffiliated:					
Cash and Short Term Investments	3.0	1.1	3.7	1.7	0.7
Bonds	71.3	77.0	76.0	77.6	79.5
Stocks	4.2	3.8	3.6	2.8	3.0
Mortgage Loans	2.7	1.6	0.4	...	...
Other Invested Assets	12.4	9.0	6.8	5.1	5.6
Total Unaffiliated	93.6	92.4	90.6	87.2	88.8
Investments in Affiliates	6.4	7.6	9.4	12.8	11.2
Total	100.0	100.0	100.0	100.0	100.0

Source: BestLink® - Best's Financial Suite

Local Currency: Canadian Dollar

Operating Performance Highlights

Year End - December 31

**Net Premiums by Line of Business
CAD (000)**

	2022	2021	2020	2019	2018
Life:					
Individual	954,091	1,025,653	740,492	726,662	720,589
Annuity:					
Individual	344	642	579	661	1,026
Accident and Sickness:					
Individual	8,314	6,462	6,229	6,772	6,921
Total	962,749	1,032,757	747,300	734,095	728,536

Source: BestLink® - Best's Financial Suite

Local Currency: Canadian Dollar

Business Profile Highlights

	Direct Premiums Written		Reinsurance Premiums Assumed		Reinsurance Premiums Ceded		Net Premiums Written		Business Retention
	CAD (000)	%	CAD (000)	%	CAD (000)	%	CAD (000)	%	%
2022 By Line Business									
Life:									
Individual	951,740	99.1	183,383	100.0	181,032	99.8	954,091	99.1	84.1
Annuity:									
Individual	344	...	...	...	...	...	344	...	100.0
Accident and Sickness:									
Individual	8,600	0.9	...	...	286	0.2	8,314	0.9	96.7
Total	960,684	100.0	183,383	100.0	181,318	100.0	962,749	100.0	84.2

Source: BestLink® - Best's Financial Suite

Local Currency: Canadian Dollar

Historical Market Presence

Geographic Breakdown by Direct Premiums Written CAD (000)

	2022	2021	2020	2019	2018
Out of Canada	893,913	805,980	785,639	746,174	724,142
Ontario	37,812	36,465	32,742	30,313	27,630
Quebec	15,357	13,372	10,331	8,373	6,365
British Columbia	6,056	5,670	5,427	5,328	4,958
Alberta	5,112	4,920	4,812	4,619	4,455
Manitoba	1,271	1,190	1,001	935	858
Saskatchewan	479	489	532	551	554
Nova Scotia	420	389	426	457	439
New Brunswick	172	178	176	178	177
Newfoundland and Labrador	78	76	74	67	62
Grand Total	14	13	13	13	11
Total	960,684	868,742	841,173	797,008	769,651

Source: BestLink® - Best's Financial Suite

Local Currency: Canadian Dollar

A Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. The ratings are not assigned to specific insurance policies or contracts and do not address any other risk, including, but not limited to, an insurer's claims-payment policies or procedures; the ability of the insurer to dispute or deny claims payment on grounds of misrepresentation or fraud; or any specific liability contractually borne by the policy or contract holder. A Financial Strength Rating is not a recommendation to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser.

A Best's Issue/Issuer Credit Rating is an opinion regarding the relative future credit risk of an entity, a credit commitment or a debt or debt-like security.

Credit risk is the risk that an entity may not meet its contractual, financial obligations as they come due. These credit ratings do not address any other risk, including but not limited to liquidity risk, market value risk or price volatility of rated securities. The rating is not a recommendation to buy, sell or hold any securities, insurance policies, contracts or any other financial obligations, nor does it address the suitability of any particular financial obligation for a specific purpose or purchaser.

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