

2023 LICAT Disclosure

Amounts in \$CDN (000s)		Foresters Financial		
		December 31, 2023	December 31, 2022	Change %
Available Capital (AC1+B)	(AC)	2,778,623	2,220,064	25.2%
<i>Tier 1 Capital</i>	(AC1)	2,011,263	1,469,582	36.9%
<i>Tier 2 Capital</i>	B	767,360	750,481	2.2%
Surplus Allowance and Eligible Deposits	(SA+ED)	627,956	917,992	(31.6%)
Base Solvency Buffer	(BSB)	1,748,076	1,895,454	(7.8%)
Total Ratio ([AC + SA + ED] / BSB) x 100		194.9%	165.6%	29.3 pts
Core Ratio ([AC1 + 70% SA + 70% ED] / BSB) x 100		140.2%	111.4%	28.8 pts

The Office of the Superintendent of Financial Institutions (“OSFI”) introduced the Life Insurance Capital Adequacy Test (LICAT) 2023 as the new regulatory capital standard for life insurers effective January 1st, 2023 to coincide with the transition to International Financial Reporting Standard 17 (IFRS 17). LICAT 2023 replaces the former life insurance capital test, LICAT 2019, in place since 2018. Under both LICAT guidelines, 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 the Independent Order of Foresters (“IOF”) as at December 31, 2023 was 194.9%, compared with 165.6% as at December 31, 2022. The 29.3 percentage point increase was primarily driven by the transition to IFRS 17 and LICAT 2023 in Q1 2023, improved earnings, and market movements and actions taken that reduced the interest rate volatility.

The Core Ratio as at December 31, 2023 was 140.2%, compared with 111.4% as at December 31, 2022. The 28.8 percentage point increase was primarily driven by similar factors.

2023 LICAT Disclosure

Amounts in \$CDN (000s)		Foresters Life Insurance Company		
		December 31, 2023	December 31, 2022	Change %
Available Capital (AC1+B)	(AC)	340,752	280,804	21.3%
<i>Tier 1 Capital</i>	(AC1)	246,372	213,975	15.1%
<i>Tier 2 Capital</i>	B	94,380	66,829	41.2%
Surplus Allowance and Eligible Deposits	(SA+ED)	64,465	67,182	(4.0%)
Base Solvency Buffer	(BSB)	205,397	229,138	(10.4%)
Total Ratio ([AC + SA + ED] / BSB) x 100		197.3%	151.9%	45.4 pts
Core Ratio ([AC1 + 70% SA + 70% ED] / BSB) x 100		141.9%	113.9%	28.0 pts

The Total Ratio for Foresters Life Insurance Company ("FLIC"), as at December 31, 2023 was 197.3%, compared with 151.9% as at December 31, 2022. The 45.4 percentage point increase was primarily driven by the transition to IFRS 17 and LICAT 2023 in Q1 2023, improved earnings, and market movements and actions taken that reduced the interest rate volatility.

The Core Ratio as at December 31, 2023 was 141.9%, compared with 113.9% as at December 31, 2022. The 28.0 percentage point increase was primarily driven by similar factors.