



# BEST'S COMPANY REPORT

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## 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](http://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](http://www.foresters.com)



**Best's Credit Rating Effective Date**

August 04, 2022

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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)**

<p><b>A</b></p> <p><b>Excellent</b></p>
<p>Outlook: <b>Stable</b></p> <p>Action: <b>Affirmed</b></p>

**Issuer Credit Rating (ICR)**

<p><b>a+</b></p> <p><b>Excellent</b></p>
<p>Outlook: <b>Stable</b></p> <p>Action: <b>Affirmed</b></p>

**Assessment Descriptors**

Balance Sheet Strength	<b>Strongest</b>
Operating Performance	<b>Adequate</b>
Business Profile	<b>Neutral</b>
Enterprise Risk Management	<b>Appropriate</b>

**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 overall good credit quality of invested assets, manageable financial leverage and moderate use of reinsurance.
- Favorable liquidity profile supported by strong liquidity ratios.
- A portion of liabilities are dependent on interest rates and equity markets but with no guarantees. 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 the equity markets on fair value accounting adds a measure of volatility to earnings.
- Diversified earnings profile by line of business and geographic regions.
- 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.
- In recent years, Foresters Financial narrowed its focus to market life insurance to its members while disposing of business that it considers non-core.
- 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 their 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 maintain stable operating performance over the intermediate term.

**Rating Drivers**

- Negative rating action may occur if the group's risk-adjusted capitalization declines significantly.
- Negative rating action may occur if there is a decline 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	56.9	37.1	29.3	27.9

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

Year End - December 31

**Key Financial Indicators CAD (000)**

	2021	2020	2019	2018	2017
<b>Assets:</b>					
General Account	9,948,758	10,085,523	12,724,594	10,149,365	9,850,695
Segregated Funds	8,775,254	8,000,491	5,795,825	7,635,014	7,832,864
Total Assets	18,724,012	18,086,014	18,520,419	17,784,379	17,683,559
<b>Liabilities:</b>					
Actuarial Liabilities:					
Non-Participating Life	836,371	747,102	706,131	903,976	836,065
Non-Participating Annuity	447,115	494,285	501,593	1,520,745	1,297,202
Non-Participating Accident & Sickness	26,895	29,057	22,434	25,729	26,362
Participating	4,869,356	4,931,010	4,345,097	3,962,617	3,885,538
Other	727,614	821,802	905,850	985,361	1,083,616
Other Contract Liabilities	462,181	370,004	340,572	363,072	353,969
Other Liabilities, including Segregated Funds	9,381,394	8,641,321	9,612,707	8,004,424	8,170,229
Total Liabilities	16,750,926	16,034,581	16,434,384	15,765,924	15,652,981
Total Equity	1,973,086	2,051,433	2,086,035	2,018,455	2,030,578
Net Income	-71,281	-1,231	92,749	-116,931	38,077
Net Premiums	986,098	980,195	1,028,952	1,168,611	1,055,161
Net Investment Income	72,824	882,521	997,095	-129,618	541,657

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

Year End - December 31

**Key Financial Ratios (%)**

	2021	2020	2019	2018	2017	Weighted Average
Operating Return on Net Premiums	-12.0	-6.1	9.8	55.4	7.7	12.5
Operating Return on Equity	-5.9	-2.9	4.9	32.0	3.9	6.4
Pre-Tax Investment Total Return	0.3	9.4	10.0	-1.8	6.2	5.1

Source: BestLink® - Best's Financial Suite

Year End - December 31

**Leverage**

	2021	2020	2019	2018	2017
General Account Liabilities to Equity	4.0	3.9	5.1	4.0	3.9
Non-Investment Grade Bonds to Equity (%)	6.0	3.1	1.2	3.2	4.0
Mortgages and Investment Properties to Equity (%)	5.6	1.5	...	...	...

Source: BestLink® - Best's Financial Suite

Year End - December 31

**Liquidity Analysis (%)**

	2021	2020	2019	2018	2017
Current Liquidity	105.2	108.4	73.1	105.7	106.6

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 declined modestly over

## Balance Sheet Strength (Continued...)

the last two years to slightly under \$2 billion CAD at year-end 2021 due to new business strain, higher mortality related to COVID-19, and volatility in the market.

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				
	2021	2020	2019	2018	2017
Beginning Equity	2,051,433	2,086,035	2,018,455	2,030,578	2,118,768
Pre-Tax Operating Income	40,989	-633,777	-564,492	255,380	-143,605
Net Realized Capital Gains (Losses)	131,258	238,700	99,037	42,559	129,480
Income Taxes	-28,957	-11,063	35,009	-6,280	46,263
Net Unrealized Capital Gains (Losses)	-321,800	478,800	651,722	-450,560	104,603
Other Changes in Equity	42,249	-129,388	-83,678	134,218	-132,405
Net Change in Equity	-78,347	-34,602	67,580	-12,123	-88,190
<b>Ending Equity</b>	<b>1,973,086</b>	<b>2,051,433</b>	<b>2,086,035</b>	<b>2,018,455</b>	<b>2,030,578</b>
Net Change in Equity (%)	-3.8	-1.7	3.3	-0.6	-4.2
Net Change in Equity (5 Yr CAGR)	-1.4	...	...	...	...

Source: BestLink® - Best's Financial Suite

Local Currency: Canadian Dollar

## Asset Liability Management - Investments

At year-end 2021, invested assets by segment are as follows: IOF US Branch (61.7%); Foresters Life (12.1%); Canada Branch (12.7%) and United Kingdom (13.5%). Each segment, with the exception of the UK, hold at least 75% of invested assets in bonds, while the UK holds 44%. Below investment grade bond exposure is modest at less than 2% 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 2021 are comprised of about 88% 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 81% in fixed income, 9% in equities, 3% in other invested assets with the rest in cash & short-term, and policy loans. Bond holdings are 50% in corporates, with allocations in the Financial, Utilities and Industrial sectors.

UK's allocations consist of 44% of bonds and 49% of equities, with the remainder in cash & short-term and policy loans. A majority of bond holdings are allocated to governments and corporates.

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.

**Balance Sheet Strength (Continued...)**

Composition of Cash and Invested Assets	Year End - December 31				
	2021	2020	2019	2018	2017
Total Cash and Invested Assets CAD (000)	8,772,518	8,943,517	11,900,667	9,173,915	8,883,592
<b>Composition Percentages (%)</b>					
<b>Unaffiliated:</b>					
Cash and Short Term Investments	2.2	4.3	2.6	3.0	3.3
Bonds	78.4	80.5	55.6	82.1	81.1
Stocks	10.8	9.8	7.0	8.2	8.7
Mortgage Loans	1.3	0.3	...	...	...
Other Invested Assets	7.3	5.1	34.8	6.7	6.8
<b>Total Unaffiliated</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: BestLink® - Best's Financial Suite

Local Currency: Canadian Dollar

Bonds - Distribution by Issuer	Year End - December 31				
	2021	2020	2019	2018	2017
Bonds CAD (000)	6,879,150	7,197,895	6,616,543	7,528,999	7,208,479
Government (%)	25.8	26.5	31.4	28.5	30.7
Municipal, Public Authority (%)	8.6	8.3	6.7	8.8	8.0
<b>Corporate:</b>					
Investment Grade (%)	63.9	64.4	61.6	61.8	60.2
Below Investment Grade (%)	1.7	0.9	0.4	0.9	1.1

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 twenty percent of total reserves.

Foresters Financial put up additional mortality reserves related to the COVID-19 pandemic in 2021.

**Operating Performance**

Foresters Financial's earnings profile is evolving 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 FLIAC in July, 2020.

Total Comprehensive Income/(Loss) (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.

Enterprise net investment income/(loss) for 2021 and 2020 was \$73 million CAD and \$883 million CAD, driven market movements. In 2021, Foresters Financial reported (\$275) in fair value losses, primarily within its bond portfolio.

**Operating Performance (Continued...)**

Premium growth has been relatively flat since 2016, fluctuating between \$1-1.2 billion CAD. Gross premiums increased modestly in 2021 due to strong sales in the US branch and UK. Sales in the UK increased significantly with the resumption of face-to-face and online sales, accounting for lost sales from the prior year where the salesforce was furloughed throughout most of the year. Sales in Canada were down slightly, but this experience has been across the industry.

	Year End - December 31				
Net Premiums by Line of Business CAD (000)	2021	2020	2019	2018	2017
<b>Non-Participating Life:</b>					
Individual	193,607	180,095	169,656	148,283	128,617
Group	2,502	2,763	2,657	3,196	4,012
<b>Non-Participating Annuity:</b>					
Individual	...	3,281	71,104	228,806	160,078
Group	1,083	1,307	1,835	2,428	3,271
<b>Non-Participating Accident and Sickness:</b>					
Individual	7,021	4,870	3,394	3,062	2,476
Group	26	237	1,026	1,683	2,190
Participating	750,840	749,898	738,133	732,647	695,355
<b>Other</b>	31,019	37,744	41,147	48,506	59,162
<b>Total</b>	986,098	980,195	1,028,952	1,168,611	1,055,161

Source: BestLink® - Best's Financial Suite

Local Currency: Canadian Dollar

	Year End - December 31				
Total Revenue By Line of Business CAD (000)	2021	2020	2019	2018	2017
<b>Non-Participating Life:</b>					
Individual	172,076	241,024	257,404	198,724	206,673
Group	2,499	2,798	2,682	3,209	4,075
<b>Non-Participating Annuity:</b>					
Individual	-5	65,257	224,614	232,976	211,480
Group	-1,844	53,687	53,770	4,716	37,885
<b>Non-Participating Accident and Sickness:</b>					
Individual	6,919	5,358	3,493	3,266	2,807
Group	22	272	1,053	1,709	2,253
Participating	809,123	1,457,085	1,374,664	623,601	975,455
Other	188,617	221,367	241,513	370,885	537,447
<b>Total</b>	1,177,407	2,046,848	2,159,193	1,439,086	1,978,075

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				
	2021	2020	2019	2018	2017
<b>Non-Participating Life:</b>					
Individual	274,276	15,405	-2,512	-26,282	50,762
Group	-98	1,369	3,200	-1,463	2,749
<b>Non-Participating Annuity:</b>					
Individual	49	26,094	41,443	-17,479	6,800
Group	3,765	14,771	6,469	1,482	11,419
<b>Non-Participating Accident and Sickness:</b>					
Individual	2,623	-3,323	-2,024	46	-857
Group	-272	-313	-139	2,140	624
Participating	-257,390	-106,805	-6,684	-26,200	-130,150
Other	-97,043	54,147	50,016	-49,175	96,730
<b>Total</b>	<b>-74,090</b>	<b>1,345</b>	<b>89,769</b>	<b>-116,931</b>	<b>38,077</b>

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, 2021, 68% of gross premiums were generated from the United States, 29% from Canada and 3% from the UK.

Over the past couple of 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.

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, independent agents and career 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 or customer initiation. 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 attain age 18, and Foresters believes they can establish long-term relationships with them. At year-end, 2021, assets under management is about \$5.7 billion GBP.

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.

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...)**

2021 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)	%	%
<b>Non-Participating Life:</b>									
Individual	253,333	21.4	...	...	59,726	29.9	193,607	19.6	76.4
Group	2,531	0.2	...	...	29	...	2,502	0.3	98.9
<b>Non-Participating Annuity:</b>									
Group	1,083	0.1	...	...	...	...	1,083	0.1	100.0
<b>Non-Participating Accident and Sickness:</b>									
Individual	9,343	0.8	...	...	2,322	1.2	7,021	0.7	75.1
Group	33	...	...	...	7	...	26	...	78.8
Participating	888,009	74.9	...	...	137,169	68.6	750,840	76.1	84.6
<b>Other</b>	31,593	2.7	...	...	574	0.3	31,019	3.1	98.2
<b>Total</b>	1,185,925	100.0	...	...	199,827	100.0	986,098	100.0	83.2

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

**Enterprise Risk Management**

The COVID-19 pandemic has impacted the group's operations and business, and have 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. The mortality impact is expected to have a more modest impact. For new business, the group is working with reinsurers, adding COVID questions to the applications, and reviewing its permanent life products.

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 focuses 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.

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.

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

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

Foresters Financial has created the position of Chief Actuary, who would also assume the duties as Chief Risk Officer (CRO). Each of the CROs of each segment report to this individual. The 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.

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.

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.

Risk-adjusted capitalization is monitored by Corporate Capital Management on a quarterly basis, using the Best Capital Adequacy Ratio, Risk Based Capital Ratio, Life Insurance Capital Adequacy Test and the U.K. Solvency II requirements. Actual results are compared to

## Enterprise Risk Management (Continued...)

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.

## 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.

## Financial Statements

	Year End - December 31			
	2021		2020	
<b>Balance Sheet</b>	<b>CAD (000)</b>	<b>%</b>	<b>CAD (000)</b>	<b>%</b>
Cash and Short Term Investments	194,615	1.0	385,292	2.1
Bonds	6,879,150	36.7	7,197,895	39.8
Preferred and Common Stock	946,939	5.1	875,885	4.8
Other Invested Assets	751,814	4.0	484,445	2.7
Total Cash and Invested Assets	8,772,518	46.9	8,943,517	49.4
Accounts Receivable	88,988	0.5	50,230	0.3
Reinsurance Recoverables	796,340	4.3	655,765	3.6
Goodwill and Other Intangible Assets	136,057	0.7	205,692	1.1
Other Assets	154,855	0.8	230,319	1.3
Total General Account Assets	9,948,758	53.1	10,085,523	55.8
Segregated Funds Assets	8,775,254	46.9	8,000,491	44.2
<b>Total Assets</b>	<b>18,724,012</b>	<b>100.0</b>	<b>18,086,014</b>	<b>100.0</b>
Gross Actuarial Liabilities	6,907,351	36.9	7,023,256	38.8
Other Contract Liabilities	462,181	2.5	370,004	2.0
Other Liabilities	606,140	3.2	640,830	3.5
Total General Account Liabilities	7,975,672	42.6	8,034,090	44.4
Segregated Funds Liabilities	8,775,254	46.9	8,000,491	44.2
<b>Total Liabilities</b>	<b>16,750,926</b>	<b>89.5</b>	<b>16,034,581</b>	<b>88.7</b>
Other Capital and Equity	1,973,086	10.5	2,051,433	11.3
<b>Total Equity</b>	<b>1,973,086</b>	<b>10.5</b>	<b>2,051,433</b>	<b>11.3</b>
<b>Total Liabilities and Equity</b>	<b>18,724,012</b>	<b>100.0</b>	<b>18,086,014</b>	<b>100.0</b>

Source: BestLink® - Best's Financial Suite

Local Currency: Canadian Dollar

<b>Income Statement CAD (000)</b>	<b>Year End - December 31</b>	
	<b>2021</b>	<b>2020</b>
Net Premiums Earned	986,098	980,195
Net Investment Income	72,824	882,521
Other Revenue	118,485	184,132
<b>Total Revenue</b>	<b>1,177,407</b>	<b>2,046,848</b>
Net Policy and Contract Benefits	841,863	881,341
Net Changes to Actuarial and Contract Liabilities	-132,491	608,812
Commissions	211,079	217,696
General and Other Expenses	360,003	350,451
Net Transfers to (from) Segregated Funds	...	-1,734
<b>Total Benefits and Expenses</b>	<b>1,280,454</b>	<b>2,056,566</b>
Pre-Tax Income	-103,047	-9,718
Income Taxes Incurred	-28,957	-11,063
Income before Attribution to Participating Policyholders and Other Funds	-71,281	-1,231
<b>Net Income</b>	<b>-71,281</b>	<b>-1,231</b>

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:** Career Agent

**Last Update**

August 18, 2022

**Identifiers**

**AMB #:** 067409

**Contact Information**

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

**Web:** [www.foresters.com](http://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**

**CEO:** Latinka Pilipovic (UK (Interim))

**President and CEO:** Louis Gagnon

**President:** Henry Auyeung (Foresters Canadian Division)

**President:** Matt M. Berman (Foresters US)

**COO:** Louis Gagnon

**CFO:** Alvin Sharma (Global)

**Chief Risk Officer and Chief Actuary:** Gaurav Upadhyia

**Chief Marketing Officer:** David Longfritz (Global)

**SVP and Chief Information Officer:** Mehul Kapadia (Global)

**SVP:** Pat Colavita

**Officers (Continued...)**

**Vice President and Chief Investment Officer:** Clark D. Wagner

**Vice President:** J. Stephen McDonald

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

**Chief Officer:** Nicole Gourley (Membership)

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

**Directors**

Daniel J. Fortin (Chair)

Katherine A. Bardswick

Sonia A. Baxendale

James R. Boyle

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

## 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:** Career Agent  
**Financial Size:** XIV (\$1.5 Billion to \$2 Billion)

**Last Update**

August 18, 2022

**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](http://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.

### 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:

Best's Financial Strength Ratings				Best's Long-Term Issuer Credit Ratings		
Effective Date	Rating	Outlook	Action	Rating	Outlook	Action
<b>Current -</b>						
<b>Aug 4, 2022</b>	<b>A</b>	<b>Stable</b>	<b>Affirmed</b>	<b>a+</b>	<b>Stable</b>	<b>Affirmed</b>
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
Aug 2, 2018	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 2019 is about 2.1 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!, Ronald McDonald House Charities, 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:** James R. Boyle

**CFO:** Alvin Sharma (Global)

**President:** Matt M. Berman (Foresters US)

**President:** Henry Auyeung (Foresters Canadian Division)

**CEO:** Latinka Pilipovic (UK (Interim))

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

**COO:** Louis Gagnon

**SVP and Chief Information Officer:** Mehul Kapadia (Global)

**Chief Marketing Officer:** David Longfritz (Global)

**Chief Officer:** Nicole Gourley (Membership)

**SVP:** Pat Colavita

**Vice President:** J. Stephen McDonald

**Chief Risk Officer and Chief Actuary:** Gaurav Upadhya

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

**Vice President and Chief Investment Officer:** Clark D. Wagner

### Directors

Daniel J. Fortin (Chair)

Katherine A. Bardswick

Sonia A. Baxendale

James R. Boyle

## Directors (Continued...)

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

## 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**

	2021		2020	
	CAD (000)	%	CAD (000)	%
<b>Balance Sheet</b>				
Cash and Short Term Investments	270,991	3.5	109,260	1.6
Bonds	5,489,068	71.3	4,957,912	73.0
Preferred and Common Stock	261,048	3.4	180,641	2.7
Other Invested Assets	1,205,349	15.7	1,145,064	16.9
<b>Total Cash and Invested Assets</b>	<b>7,226,456</b>	<b>93.8</b>	<b>6,392,877</b>	<b>94.1</b>
Accounts Receivable	30,778	0.4	32,636	0.5
Reinsurance Recoverables	258,371	3.4	195,353	2.9
Goodwill and Other Intangible Assets	12,132	0.2	5,903	0.1
Other Assets	106,456	1.4	97,673	1.4
<b>Total General Account Assets</b>	<b>7,634,193</b>	<b>99.1</b>	<b>6,724,442</b>	<b>99.0</b>
Segregated Funds Assets	66,253	0.9	67,516	1.0
<b>Total Assets</b>	<b>7,700,446</b>	<b>100.0</b>	<b>6,791,958</b>	<b>100.0</b>
Gross Actuarial Liabilities	4,896,393	63.6	4,311,988	63.5
Other Contract Liabilities	171,489	2.2	154,851	2.3
Other Liabilities	423,976	5.5	171,568	2.5
<b>Total General Account Liabilities</b>	<b>5,491,858</b>	<b>71.3</b>	<b>4,638,407</b>	<b>68.3</b>
Segregated Funds Liabilities	66,253	0.9	67,516	1.0
<b>Total Liabilities</b>	<b>5,558,111</b>	<b>72.2</b>	<b>4,705,923</b>	<b>69.3</b>
Other Capital and Equity	2,142,335	27.8	2,086,035	30.7
<b>Total Equity</b>	<b>2,142,335</b>	<b>27.8</b>	<b>2,086,035</b>	<b>30.7</b>
<b>Total Liabilities and Equity</b>	<b>7,700,446</b>	<b>100.0</b>	<b>6,791,958</b>	<b>100.0</b>

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

**Year End - December 31**

**Income Statement CAD (000)**

	2021	2020
Net Premiums Earned	747,300	734,095
Net Investment Income	674,999	627,093
Other Revenue	144,504	250,464
<b>Total Revenue</b>	<b>1,566,803</b>	<b>1,611,652</b>
Net Policy and Contract Benefits	571,909	504,006
Net Changes to Actuarial and Contract Liabilities	616,390	546,128
Commissions	113,166	132,991
General and Other Expenses	175,667	183,331
<b>Total Benefits and Expenses</b>	<b>1,477,132</b>	<b>1,366,456</b>
Pre-Tax Income	89,671	245,196
Income Taxes Incurred	...	-498
Income before Attribution to Participating Policyholders and Other Funds	89,671	92,749
<b>Net Income</b>	<b>89,671</b>	<b>92,749</b>

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)**

	2021	2020	2019	2018	2017
<b>Assets:</b>					
General Account	7,634,193	6,724,442	6,217,997	6,105,894	6,054,717
Segregated Funds	66,253	67,516	68,018	80,056	79,701
Total Assets	7,700,446	6,791,958	6,286,015	6,185,950	6,134,418
<b>Liabilities:</b>					
Actuarial Liabilities:					
Participating	815,449	704,670	611,361	608,679	578,881
Total Canada	815,449	704,670	611,361	608,679	578,881
Out of Canada	4,080,944	3,607,318	3,258,107	3,165,923	3,062,653
Other Contract Liabilities	171,489	154,851	162,503	145,925	143,778
Other Liabilities, including Segregated Funds	490,229	239,084	235,589	234,845	230,338
Total Liabilities	5,558,111	4,705,923	4,267,560	4,155,372	4,015,650
Equity	2,142,335	2,086,035	2,018,455	2,030,578	2,118,768
Net Income	89,671	92,749	-116,931	38,077	-75,332
Net Premiums	747,300	734,095	728,536	691,170	627,836
Net Investment Income	674,999	627,093	-116,546	344,557	224,816

Source: BestLink® - Best's Financial Suite

Local Currency: Canadian Dollar

Year End - December 31

**Key Financial Ratios (%)**

	2021	2020	2019	2018	2017	Weighted Average
Operating Return on Net Premiums	12.0	12.6	-16.1	5.5	-12.0	0.8
Operating Return on Equity	4.2	4.5	-5.8	1.8	-3.4	0.3
Pre-Tax Investment Total Return	9.9	10.3	-2.0	6.1	4.0	6.2

**Leverage**

General Account Liabilities to Equity	2.6	2.2	2.1	2.0	1.9	...
Mortgages and Investment Properties to Equity	1.4	...	...	...	...	...

**Liquidity Analysis**

Current Liquidity	118.5	114.0	115.4	115.8	120.7	...
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Source: BestLink® - Best's Financial Suite

**Balance Sheet Highlights**

Year End - December 31

**Capital Generation Analysis CAD  
(000)**

	2021	2020	2019	2018	2017
Beginning Equity	2,086,035	2,018,455	2,030,578	2,118,768	2,290,747
Net Income	89,671	92,749	-116,931	38,077	-75,332
Net Unrealized Capital Gains (Losses) in AOCI	66,021	51,536	-26,110	7,260	12,841
Other Changes in Equity	-99,392	-77,122	133,191	-134,527	-109,488
Net Change in Equity	56,300	67,580	-12,123	-88,190	-171,979
<b>Ending Equity</b>	<b>2,142,335</b>	<b>2,086,035</b>	<b>2,018,455</b>	<b>2,030,578</b>	<b>2,118,768</b>
Net Change in Equity (%)	2.7	3.3	-0.6	-4.2	-7.5
Net Change in Equity (5 Yr CAGR)	-1.3	...	...	...	...

Source: BestLink® - Best's Financial Suite

Local Currency: Canadian Dollar

**Balance Sheet Highlights**

**Asset Liability Management | Investments**

	Year End - December 31				
	2021	2020	2019	2018	2017
<b>Composition of Cash and Invested Assets</b>					
Total Cash and Invested Assets CAD (000)	7,226,456	6,392,877	5,790,159	5,693,518	5,657,458
<b>Composition Percentages (%)</b>					
<b>Unaffiliated:</b>					
Cash and Short Term Investments	3.7	1.7	0.7	1.6	2.5
Bonds	76.0	77.6	79.5	76.8	76.6
Stocks	3.6	2.8	3.0	3.7	4.3
Mortgage Loans	0.4	...	...	...	...
Other Invested Assets	6.8	5.1	5.6	5.9	5.7
<b>Total Unaffiliated</b>	<b>90.6</b>	<b>87.2</b>	<b>88.8</b>	<b>88.0</b>	<b>89.1</b>
Investments in Affiliates	9.4	12.8	11.2	12.0	10.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

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

**Operating Performance Highlights**

	Year End - December 31				
	2021	2020	2019	2018	2017
<b>Net Premiums by Line of Business CAD (000)</b>					
<b>Life:</b>					
Individual	740,492	726,662	720,589	683,957	620,683
<b>Annuity:</b>					
Individual	579	661	1,026	1,302	2,155
<b>Accident and Sickness:</b>					
Individual	6,229	6,772	6,921	5,911	4,998
<b>Total</b>	<b>747,300</b>	<b>734,095</b>	<b>728,536</b>	<b>691,170</b>	<b>627,836</b>

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)	%	%
<b>2021 By Line Business</b>									
<b>Life:</b>									
Individual	834,365	99.2	17,665	100.0	111,538	100.0	740,492	99.1	86.9
<b>Annuity:</b>									
Individual	579	0.1	...	...	...	...	579	0.1	100.0
<b>Accident and Sickness:</b>									
Individual	6,229	0.7	...	...	...	...	6,229	0.8	100.0
<b>Total</b>	<b>841,173</b>	<b>100.0</b>	<b>17,665</b>	<b>100.0</b>	<b>111,538</b>	<b>100.0</b>	<b>747,300</b>	<b>100.0</b>	<b>87.0</b>

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

**Business Profile Highlights**

**Historical Market Presence**

**Geographic Breakdown by Direct Premiums Written CAD (000)**

	2021	2020	2019	2018	2017
Out of Canada	805,980	785,639	746,174	724,142	684,039
Ontario	36,465	32,742	30,313	27,630	25,148
Quebec	13,372	10,331	8,373	6,365	4,023
British Columbia	5,670	5,427	5,328	4,958	4,545
Alberta	4,920	4,812	4,619	4,455	4,319
Manitoba	1,190	1,001	935	858	900
Saskatchewan	489	532	551	554	560
Nova Scotia	389	426	457	439	448
New Brunswick	178	176	178	177	176
Newfoundland and Labrador	76	74	67	62	73
All Other	13	13	13	11	3
<b>Total</b>	<b>868,742</b>	<b>841,173</b>	<b>797,008</b>	<b>769,651</b>	<b>724,234</b>

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.

In arriving at a rating decision, AM Best relies on third-party audited financial data and/or other information provided to it. While this information is believed to be reliable, AM Best does not independently verify the accuracy or reliability of the information. Any and all ratings, opinions and information contained herein are provided "as is," without any express or implied warranty.

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