



The Certified Employee
Benefit Specialist® Program

GBA¹ Managing Benefit Plans Part 1

Textbook Errata—October 2026

This material is required reading for purposes of the CEBS program and the national exam for the GBA 1 course administered on or after January 15, 2027.

This update covers the textbook *Group Benefits Plan Management*, Third Edition.

A JOINT PROGRAM OF

Textbook Errata

Group Benefits Plan Management, Third Edition

The chapters affected are summarized below.

Chapter 2 Pages 2-25, 2-32 to 2-33 and 2-44

Instructions

There are two types of updates:

1. Minor—Where changes are made to a small section of the text, changes are indicated in **bold**.
2. Major—Entire sections are provided as a replacement.

Textbook, Chapter 2

Page 2-25, Health and Welfare Trusts—Income Tax Folio S2-F1-C1: Delete this paragraph.

Context: The administrative rules of the Canada Revenue Agency (CRA) that allowed certain employer-sponsored health and welfare arrangements to be treated as health and welfare trusts (HWTs) ceased to apply after December 31, 2021. Existing HWTs had to transition to the newer employee life and health trust (ELHT) rules by December 31, 2021 if they wanted to continue receiving that type of tax treatment. From January 1, 2022, an HWT that had not transitioned within the required timeframe was no longer governed by the CRA's special HWT administrative rules. Instead, it became subject to the normal income tax rules for trusts.¹

Pages 2-32 to 2-33, from Adequacy of Capital and Liquidity up to Regulation of Insurers' Market Conduct: Replace text with the following:

Context: OSFI replaced its Minimum Continuing Capital and Surplus Requirements (MCCSR) with the Life Insurance Capital Adequacy Test (LICAT), effective January 1, 2018. The change introduced a more risk-sensitive approach to assessing capital adequacy for life insurers.

- **Adequacy of Capital²**

The Insurance Companies Act requires federally regulated life insurance companies to maintain adequate capital or to maintain an adequate margin of assets in Canada over liabilities in Canada.

OSFI Guideline A: Life Insurance Capital Adequacy Test (LICAT) prescribes the requirements and methodologies insurers use to determine their capital resources and required capital. Applying these requirements produces two key ratios: the Core Ratio and the Total Ratio, referred to collectively as the LICAT ratios. Insurers report these ratios to OSFI to support the assessment of their capital adequacy.

¹Draws from <https://www.canada.ca/en/revenue-agency/services/tax/technical-information/income-tax/income-tax-folios-index/series-2-employers-employees/series-2-employers-employees-folio-1-specific-plans-offered-employers-employees/income-tax-folio-s2-f1-c1-health-welfare-trusts.html>.

²Draws from *OSFI Guideline A: Life Insurance Capital Adequacy Test (LICAT)*.

The purpose of *Guideline A* is to protect policyholders by ensuring that life insurance companies maintain sufficient available capital to meet their financial obligations, including those to policyholders, during periods of financial stress. A key part of this assessment is determining the capital requirements associated with four major categories of risk, as follows.

- 1. Credit risk: The risk of loss if a borrower or other counterparty fails to meet its financial obligations to the insurer
- 2. Market risk: The risk of loss to the insurer arising from changes in interest rates, equity prices, foreign exchange rates and real estate values
- 3. Insurance risk: The risk of loss to the insurer when actual insurance experience is worse than expected, such as higher-than-expected mortality, illness or policy lapses
- 4. Operational risk: The risk of loss to the insurer resulting from inadequate or failed internal processes, people, systems or external events

LICAT Ratios and OSFI Supervisory Targets

Insurers report two key capital adequacy measures: the Core Ratio and the Total Ratio. Each has a regulatory minimum that an insurer must meet and a supervisory target that is the level of capital OSFI expects insurers to maintain.

LICAT Ratios ³	What It Measures— in Plain Language	Regulatory Minimum	Supervisory Target
Core Ratio	Measures Tier 1 capital, the insurer’s highest quality capital, available to absorb losses and remain financially sound during stress	55%	70%
Total Ratio	Measures Tier 1 + Tier 2 capital, providing a broader measure of capital available to absorb losses and support policyholder obligations	90%	100%

³As of the 2025 LICAT guideline, effective January 1, 2025.

Supervisory Response

An insurer whose capital resources approach or fall below the supervisory targets will attract increased supervisory attention.

LICAT Ratio Performance	What It Means	Potential OSFI Supervisory Response
Approaches or falls below supervisory target	Failure to maintain capital resources above the supervisory target indicates material safety and soundness concerns and a vulnerability to adverse business and economic conditions.	Increased supervisory attention, generally including an early-warning intervention status
Approaches or falls below regulatory minimum	Capital resources are approaching or below the minimum levels necessary to cover the risks specified in the Capital Guidelines.	OSFI would be very concerned about the ongoing viability of the insurer and/or the level of risk to policyholders and creditors. The intensity and nature of supervisory intervention depend on the circumstances of the particular insurer, including the level and nature of risks it is exposed to and whether its capital resources are expected to strengthen or weaken.

Example: Insurer Fails to Meet Supervisory Target

The most recent financial and risk report to OSFI by Apex Life Insurance shows a Core Ratio of 72% and a Total Ratio of 95%, representing a five-percentage-point decline in the Total Ratio since the earlier report. Apex's Core Ratio remains above the 70% supervisory target, but its Total Ratio is below the 100% supervisory target while remaining above the 90% regulatory minimum.

What does this mean? Apex's Total Ratio of 95% is below the 100% supervisory target but above the 90% regulatory minimum. Under OSFI's capital framework, falling below the supervisory target can attract increased supervisory attention and generally an early-warning intervention status. The nature and intensity of supervisory action would depend on Apex's circumstances.

Public Disclosure and External Assessments

Insurers publicly disclose their Core and Total Ratios as part of their required capital adequacy disclosures. These ratios may also be considered by credit rating agencies when assessing an insurer's financial strength and creditworthiness.

Page 2-44, Assuris, last paragraph: Replace this paragraph to update for increases in protection provided by Assuris.

Context: Assuris increased its protection limits in 2023. The increases were substantial, reflecting significant growth in life and health benefits and coverage. Higher protection levels were introduced with the support of the industry and regulators to provide greater financial security and maintain confidence in the insurance system.

Assuris protection for key group insurance products includes the following.

- Term life insurance: Up to \$1,000,000 or 90% of the death benefit, whichever is higher
- Disability income: Up to \$5,000/month or 90% of your monthly income benefit, whichever is higher
- Health expenses: Up to \$250,000 or 90% of the benefit amount, whichever is higher