PRESS RELEASE

For immediate release
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Desjardins General Insurance Group reports 2014 fourth quarter and year-end results

- ROE of 12.9%, including costs related to the purchase of State Farm's Canadian operations.
- Direct written premiums increased 6.3% in Q4-2014 compared to the same period in 2013, and 5.9% for the full year.
- Net income of $151.3 million, with a combined ratio (excluding MYA[1]) of 93.8%.

Lévis (QC), March 10, 2015 – For the year ended December 31, 2014, Desjardins General Insurance Group (DGIG), a Desjardins Group subsidiary specializing in property and casualty insurance, announced a net income of $151.3 million, a decrease of $43.9 million compared to 2013. Return on equity (ROE) was 12.9%, compared to 19.0% in 2013, still ranking the company among the best in the industry. Excluding costs related to the acquisition of State Farm's Canadian operations[2], net income would have been relatively stable at $197.8 million compared to $204.3 million in 2013. ROE would have been 16.4% compared to 19.8% in 2013, this decline is mainly due to a lower contribution of the investment portfolio and to an increased capital base in preparation for the closing of State Farm's Canadian operations transaction.

Direct written premiums increased by 5.9% to $2,235.7 million and the number of policies in force rose by almost 115,000, reaching 2,284,000. This was achieved entirely through organic growth. The combined ratio (excluding MYA) was 93.8%, slightly higher by 0.7 points compared to 2013.

Fourth quarter results

In the fourth quarter, net income was $22.1 million, compared to $81.8 million for the corresponding period in 2013. ROE was 7.2% compared to 29.6% in the fourth quarter of the previous year. Excluding costs related to the acquisition of State Farm's Canadian operations, net income in the fourth quarter would have been at $36.7 million in 2014 compared to $88.5 million in 2013 and ROE would have been 11.5% compared to 31.9% in 2013. These declines were largely due to a less favourable loss ratio compared to the fourth quarter in 2013 and to a drop in investment income.

As for the direct written premiums, they increased by 6.3% in the quarter, compared to the same period in 2013.

[1] MYA, or market yield adjustment, is the impact on claims liabilities caused by changes in the discount rate.
[2] These costs include fees related to transaction and operations integration as well as transformation fees.

Monique F. Leroux, Chair of the Board, President and CEO, Desjardins Group, and CEO of DGIG, said she was pleased by the solid growth and progress on the strategic goals of the company. “With the State Farm transaction, which almost doubles the size of our P&C insurance business, DGIG has achieved its objective to be in the top three in the industry. It has also made solid progress in improving customer experience and in positioning itself as a partner of choice for our members and clients.”

“Both State Farm in the U.S. and Crédit Mutuel, a major European financial cooperative and long-time partner of Desjardins, have invested in DGIG in conjunction with the acquisition of State Farm’s Canadian operations,” she added. “These are two of the world’s largest and most successful insurance mutuals and financial cooperatives, and their investment is a vote of confidence in Desjardins and State Farm Canada’s combined P&C insurance operations.”

Sylvie Paquette, President and COO of DGIG, said that even with all the work related to the acquisition, DGIG’s existing operations remained focused on the company’s other major priorities. “We continued our record of above market organic growth and profitability in the year, and we have good momentum. In addition, we made solid progress in our goal to lead the industry in customer experience, winning three J. D. Power awards for service quality during the year.”

Although the newly acquired Canadian operations of State Farm are heavily concentrated in the challenging Ontario market, Ms. Paquette is confident about the future.

“Auto insurance rates in Ontario are still way too high, amounting to about five percent of average disposal income, compared to three per cent in the other provinces. That being said, the situation has been improving and recent legislative changes should help drive down loss ratios and fraud costs.”

Ms. Paquette says that much more needs to be done by government and other stakeholders, including insurers, to develop a more affordable and sustainable auto insurance market in Ontario.

Consolidated Highlights
As of December 31, 2014 (In millions of dollars unless otherwise indicated)

	Q4 2014	Q4 2013	YTD 2014	YTD 2013
Direct written premiums	526.2	495.0	2,235.7	2,112.1
Underwriting income excluding MYA	37.5	79.5	122.6	136.0
Net income	22.1	81.8	151.3	195.2
Return on equity	7.2%	29.6%	12.9%	19.0%
Combined ratio excluding MYA	92.6%	83.9%	93.8%	93.1%
Total assets			5,166.5	4,775.7
Policies in force (in thousands)			2,284	2,169

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About Desjardins General Insurance Group

A subsidiary of Desjardins Group, Desjardins General Insurance Group provides home and auto insurance to consumers across the country and commercial insurance to businesses in Quebec. With 4,000 employees across the country, a portfolio of more than 2.2 million policies in force, gross written premiums of $2.2 billion and assets of almost $5.2 billion, DGIG ranks among the largest P&C insurers in Canada.

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