

Desjardins General Insurance Group reports third quarter results

- Direct premiums written of \$1,063.5 million, an increase of 82.8% compared to the same period last year, mainly reflecting the addition of State Farm's Canadian P&C insurance operations
- Strong underwriting performance with a combined ratio excluding MYA of 92.8%
- Net loss of \$32.0 million and an ROE of -8.6% due to the decline in financial markets

LEVIS (QC), November 25, 2015 – For the quarter ended September 30, 2015, Desjardins General Insurance Group (DGIG), a subsidiary of Desjardins Group specializing in property and casualty insurance, reported direct premiums written of \$1,063.5 million, an important increase compared to \$581.9 million in the third quarter of 2014, reflecting the addition of State Farm's Canadian P&C insurance operations and a dynamic organic growth of 8.4%. The combined ratio excluding market yield adjustment (MYA) for the quarter was 92.8%, an increase of 7.5 percentage points.

For the quarter, a net loss of \$32.0 million was recorded compared to a net income of \$63.0 million for the same period in 2014. This was largely due to the recognition, in the statement of income, of unrealized losses on investments as a result of the decline in financial markets during the quarter.

Year to date results

For the first nine months of the year, net income was \$226.5 million, up 75.3% from the same period in 2014. The ROE for the first nine months was 15.6%, up from 14.6% in 2014. Direct premiums written increased by 81.6% to \$3,105.2 million.

“Despite the impact on our investment results from the decline in financial markets during the third quarter, our results in the first and second quarters allowed us to maintain solid year-to-date results,” said Sylvie Paquette, DGIG's President and COO. “In addition, the integration of State Farm's Canadian operations is progressing smoothly and on schedule, and our other lines of business are continuing to outperform the market, with 7.8% organic growth year to date.”

Ms. Paquette noted that the low interest environment shows no sign of ending any time soon and seems to have become the new normal for P&C insurers.

“Obviously, the historically-low interest rates are a challenge for our industry's profitability given the difficulty of generating investment income in a low yield environment. This is reflected in our company strategies and will require that we generate more underwriting income in the years ahead in order to compensate for the investment income shortfall.”

Consolidated financial results as of September 30, 2015

(in millions of dollars, unless otherwise indicated)

	Q3 2015	Q3 2014	YTD 2015	YTD 2014
Direct premiums written	1,063.5	581.9	3,105.2	1,709.5
Underwriting income excluding MYA	42.5	73.8	233.7	85.1
Investment income (loss)				
(excluding G/L on matched bonds)	(37.8)	7.9	73.9	84.8
Net income (loss)	(32.0)	63.0	226.5	129.2
Return on equity	-8.6%	20.9%	15.6%	14.6%
Combined ratio excluding MYA	92.8%	85.3%	89.6%	94.3%
Total assets			13,410.1	5,192.3

About Desjardins General Insurance Group

A subsidiary of Desjardins Group, [Desjardins General Insurance Group](#) (DGIG) is Canada's third largest provider of property and casualty insurance. The company distributes insurance under the Desjardins Insurance, The Personal, and State Farm Canada brands. DGIG is also a leader in Canada in white label distribution.

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