

Desjardins General Insurance Group reports solid 2015 fourth quarter and year-end results

- Direct premiums written growth of 83.0% in the year, bolstered by the acquisition of State Farm's Canadian P&C insurance operations and strong organic growth
- Net income of \$328.8 million in 2015 and an ROE of 17.0%
- Combined ratio excluding MYA¹ of 88.0% in Q4 and 89.3% for the year
- Completed the acquisition of State Farm's Canadian operations and made significant progress on the integration
- Became the first insurer in North America to offer a 100% mobile telematics insurance program with the launch of the Ajusto app for smartphones

Lévis (QC), March 2, 2016 – Desjardins General Insurance Group (DGIG), a Desjardins Group subsidiary specializing in property and casualty insurance, today announced its financial results for the three months and year ended December 31, 2015. For the fourth quarter, net income was \$102.3 million (\$22.1 million in 2014). ROE was 21.1%, well above the 7.2% recorded in the same period last year. Direct premiums written increased by 87.4% and the combined ratio for the quarter, excluding market yield adjustment (MYA), improved by 4.6 percentage points to 88.0%.

Net income for the year was \$328.8 million, an increase of 117.3% compared to 2014. Return on equity (ROE) was 17.0%, up from 12.9% in 2014. Net income and ROE both benefitted from the business acquired from State Farm, a one-time gain of \$55.1 million related to the transaction (which closed on January 1, 2015), and the absence of catastrophic events this year. These benefits were partially offset by lower return on investments.

Direct premiums written increased by 83.0% to \$4,091.6 million for the year. While the bulk of this increase was due to the State Farm transaction, it also included organic growth of 7.8%, which was achieved despite the slow-growth market. The combined ratio excluding MYA was 89.3%, an improvement of 4.5 percentage points compared to 2014.

“This was a pivotal year for DGIG, thanks to the acquisition of State Farm's Canadian operations,” said Monique F. Leroux, Chair of the Board, President and CEO, Desjardins Group, and CEO of DGIG. “Although the integration is only partially completed, DGIG's solid financial results illustrate the positive benefits from its larger scale and enhanced market reach. In addition, the multiline distribution capabilities of the agency network is aligned with Desjardins' pan-Canadian strategy and it provides important benefits, both in strengthening customer loyalty for our P&C insurance offerings and as a platform for the distribution of our other financial products across the country.

“One of the added benefits of the acquisition has been the strong relationship we've forged with State Farm in the U.S. Through its involvement and cooperation with the integration, and as a partner in our P&C insurance company, State Farm is continuing to play an important role in the success of our combined P&C insurance operations,” noted Mrs. Leroux.

¹ MYA, or market yield adjustment, is the impact on claims liabilities caused by changes in the discount rate.

DGIG President and COO Sylvie Paquette said that despite the integration challenges, DGIG had a very good year. “Our profitability and organic growth are above the market, our integration is on track, and we took a major leap in our multi-network distribution capability with the addition of the State Farm agent network, the largest of its kind in Canada. We also continued to make solid progress with our customer experience strategy and cemented our leadership position in telematics, becoming the first insurer in North America to offer a 100% mobile telematics insurance program with the launch of the Ajusto app for smartphones.”

Ms. Paquette noted two areas of concern for the company.

“Excluding the business acquired from State Farm, our loss ratio for auto insurance compares unfavourably with DGIG’s overall loss ratio and with our auto insurance results in 2014. We are monitoring the trend very closely and will take appropriate action, if needed.

“The other concern is the impact of the prolonged low yield environment on our investment income and profitability. Low interest rates are a growing challenge for all insurers, but DGIG is better positioned than most because of its long history of underwriting discipline. We have generated an underwriting profit for 23 straight years, a remarkable achievement in such a cyclical industry,” she said.

Consolidated Financial Results

As of December 31, 2015 (in millions of dollars unless otherwise indicated)

	Q4 2015	Q4 2014	YTD 2015	YTD 2014
Direct premiums written	986.3	526.2	4,091.6	2,235.7
Underwriting income excluding MYA	73.6	37.5	307.4	122.6
Investment income (excluding G/L on matched bonds)	49.7	2.8	123.6	87.6
Net income	102.3	22.1	328.8	151.3
Return on equity	21.1%	7.2%	17.0%	12.9%
Combined ratio excluding MYA	88.0%	92.6%	89.3%	93.8%
Total assets			13,412.4	5,166.5

Caution concerning forward-looking statements

Certain statements made in this press release may be forward-looking. By their very nature, forward-looking statements involve assumptions, uncertainties and inherent risks, both general and specific. It is therefore possible that, due to a number of factors, the predictions, projections or other forward-looking statements as well as Desjardins Group’s objectives and priorities may not materialize or may prove to be inaccurate and that actual results differ materially. Various factors beyond Desjardins Group’s control could influence the accuracy of the forward-looking statements in this press release. Although Desjardins Group believes that the expectations expressed in these forward-looking statements are reasonable, it can give no assurance or guarantee that these expectations will prove to be correct. Desjardins Group cautions readers against placing undue reliance on forward-looking statements when making decisions. Desjardins Group does not undertake to update any written or verbal forward-looking statements that could be made from time to time by or on behalf of Desjardins Group, except as required under applicable securities laws.

About Desjardins General Insurance Group

A subsidiary of Desjardins Group, Desjardins General Insurance Group is one of Canada’s 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.

- 30 -

For further information (media inquiries only):

Valérie Lamarre
Public Relations, Desjardins Group
514-281-7275 or 1-866-866-7000, ext. 5557275
valerie.lamarre@desjardins.com / media@desjardins.com