

## Desjardins General Insurance Group Reports First Quarter Results

- Net income of \$31.5 million
- Return on equity of 5.6%
- Direct premiums written up 14.8%
- Integration plan for State Farm’s Canadian operations on schedule

**Lévis (QC), May 16, 2016** – For the first quarter ended March 31, 2016, [Desjardins General Insurance Group](#) (DGIG), a subsidiary of Desjardins Group specializing in property and casualty insurance, reported net income of \$31.5 million, compared to \$73.7 million for the same period in 2015. Return on equity was 5.6%, compared to the previous year’s 16.0%. These variations are primarily due to the one-time gain recorded in Q1 2015 following the acquisition of State Farm’s Canadian operations.

Direct premiums written grew by 14.8% to \$1,042.9 million (\$908.7 million in Q1 2015). This organic growth is mainly attributable to the renewal of auto policies acquired from State Farm, whose terms are transitioning from 6 to 12 months, as well as growth initiatives and new features like the Ajusto app.

The combined ratio excluding MYA (market yield adjustment: the impact on claims liabilities caused by changes in the discount rate) remained relatively stable at 101.9% (101.3% in Q1 2015).

Overall, the company’s loss ratio excluding MYA was more favourable than it was for the same quarter in 2015, dropping to 74.4% (79.7% in Q1 2015). However, DGIG is keeping a close eye on the auto insurance markets in Ontario and Alberta:

- In Ontario, the provincial government’s latest series of reforms aimed at bringing down costs will come into effect on June 1, 2016. Policyholders will see lower prices, reflecting the anticipated cost savings.
- In Alberta, where there has been an upward trend in bodily injury claims, the company may have to review its pricing in the short term.

“Our clients that have been affected by the devastating wildfires that occurred in and around Fort McMurray can count on us. From the first moments, our claims advisors have been there to help them get through the crisis and they will keep on helping them through the rest of the subsequent claims process,” highlighted Sylvie Paquette, President and Chief Operating Officer of DGIG.

### Consolidated financial results as at March 31, 2016

(in millions of dollars unless otherwise indicated)

|   | <b>Q1 2016</b> | <b>Q1 2015</b> | <b>Variation</b> |
|---|----------------|----------------|------------------|
| <b>Direct premiums written</b>                            | 1,042.9        | 908.7          | 14.8%            |
| <b>Underwriting income excluding MYA</b>                  | (12.3)         | (9.3)          | -32.3%           |
| <b>Investment income (excluding G/L on matched bonds)</b> | 49.5           | 40.0           | 23.8%            |
| <b>Net income</b>   | 31.5           | 73.7           | -57.3%           |
| <b>Return on equity</b>                                   | 5.6%           | 16.0%          | -10.4 pts        |
| <b>Loss ratio excluding MYA</b>                           | 74.4%          | 79.7%          | -5.3 pts         |
| <b>Combined ratio excluding MYA</b>                       | 101.9%         | 101.3%         | 0.6 pts          |

**About Desjardins General Insurance Group**

A subsidiary of Desjardins Group, Desjardins General Insurance Group is one of Canada's largest providers of property and casualty insurance. The company distributes insurance under the Desjardins Insurance, The Personal, and State Farm Canada brands. DGIG is also a Canadian leader in white label distribution.

**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 many factors, these predictions, forecasts 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.

**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](mailto:valerie.lamarre@desjardins.com) / [media@desjardins.com](mailto:media@desjardins.com)