

2019 Financial Leaflet

Desjardins General
Insurance Group (DGIG)

Working together



Members and clients are our top priority

Message from DGIG's president

Protecting property is our business, but helping people has always been our top priority. In 2019, we took the cultural shift to new heights and showed just how committed we are to always doing what's best for our members and clients.

That's why we were up front with our members and clients about the recent industry-wide increases in insurance premiums. The frequency and severity of property and casualty insurance claims is on the rise, and this has been pushing up prices everywhere. We contacted over 80,000 auto insurance policyholders by phone and email to explain why their rates would be going up, and what they could do about it. We did the same thing for our home insurance policyholders late last year. Despite the premium increases, our client retention rate held steady at an impressive 95.7%, which clearly demonstrates that our rates are competitive.

We responded proactively to the major weather events of 2019, making it easier for our policyholders to reach us. We had claims teams on the ground following last spring's flooding in Sainte-Marthe-sur-le-Lac, September's Hurricane Dorian in Atlantic Canada, and the windstorm that lashed Quebec a few weeks later. These 3 weather events alone resulted in nearly 9,000 claims totalling almost \$40 million.

We care about our members and clients, and that's why we're innovating to help them prevent claims and reduce damages. With our Radar™ system, for example, users get an alert when extreme weather is approaching their area. Last year, we added wildfires to the list of alerts. And Ajusto, a telematics program designed to encourage and reward safe driving habits, now takes into account smartphone distractions. New features like Radar and Ajusto, the ongoing improvements to our online services and our efforts to modernize our systems have fast-tracked our digital transformation, which benefits our members and clients.

To continue providing quality service to our members and clients, it's crucial that we maintain our organization's financial health. And on that note, we once again posted excellent results, with an 8.6% return on equity. We also posted steady growth for the year: The Personal renewed 95 accounts with partner groups and our exclusive agent network added 90,000 new policies. And of course, Desjardins Insurance contributed to our stellar performance.

Other successes also helped us end 2019 on a positive note. We finished bringing all agents into the Desjardins Insurance fold following our acquisition of State Farm's Canadian operations 4 years ago. We transitioned a total of 450 agents and 1,900 employees to the Desjardins brand, solidifying our presence across the country.



I'd like to end on a very topical note: our commitment to climate action. In August 2019, we signed the *Principles for Sustainable Insurance* jointly with Desjardins's life and health insurer.

Everything we accomplished in 2019 was made possible by our managers, employees and partners, who are committed to making a real difference for our members and clients. Thank you for another outstanding year!

Valérie Lavoie
President and Chief Operating Officer

DGIG at a glance

DGIG was founded in 1945. Through its subsidiaries, it offers a line of property and casualty insurance products and complementary services to the general public, members of partner groups, and businesses across Canada.

DGIG distributes its products through insurance agents in the Desjardins caisse network in Quebec and in several client care centres, as well as through its network of exclusive agents, its websites and smartphone technology.

2019 Financial Results

Selected financial data

Years ended December 31
(in millions of dollars)

	2019	2018	2017
Gross premiums written	5,536	4,920	4,445
Net premiums earned	4,988	4,402	3,835
Underwriting income (excluding MYA ¹)	193	44	259
Adjusted investment income ² (excluding gains and losses on matched bonds)	278	340	242
Net income	194	185	175
Portion attributable to majority shareholder	148	143	134
Total assets	13,861	13,002	13,142
Shareholder equity	2,646	2,396	2,650

¹ MYA or market yield adjustment: the impact of changes in the discount rate on provisions for claims and adjustment expenses based on the change in the market-based yield of the underlying assets for these provisions.

² Investment income has been adjusted to account for the overlay approach used for the application of IFRS 9, which came into effect on January 1, 2018.

Key indicators

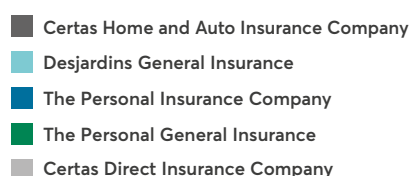
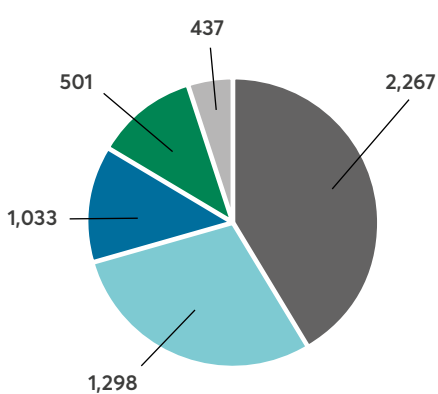
Years ended December 31

	2019	2018	2017
Loss ratio (excluding MYA)	71.8%	73.9%	67.7%
Expense ratio	24.7%	24.9%	26.1%
Combined ratio (excluding MYA)	96.5%	98.8%	93.8%
Total investment yield	5.3%	0.1%	3.3%
Return on equity	8.6%	8.1%	7.1%
Number of policies in force ³	4,612,000	4,483,000	4,335,000
Number of active employees	6,659	6,630	6,346

³ The definition of a policy in force is different for Certas Home and Auto Insurance Company (CHA) than for other subsidiaries. For example, if a policyholder has two vehicles, CHA issues two policies, while other subsidiaries issue only one.

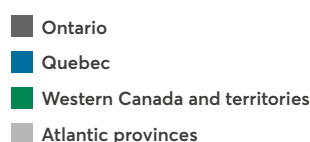
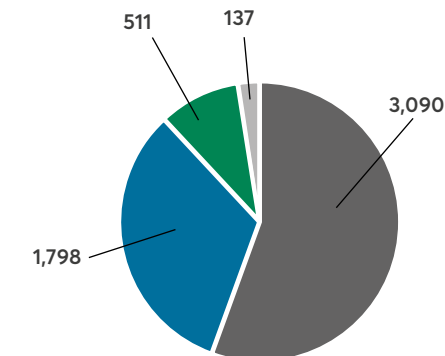
Distribution of gross premiums written

(in millions of dollars)



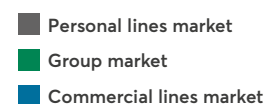
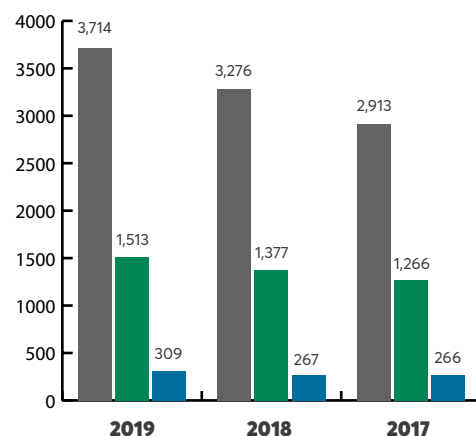
Gross premiums written by geographic area

(in millions of dollars)



Gross premiums written by market

(in millions of dollars)



Desjardins General Insurance Group

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