Desjardins

PRESS RELEASE

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Desjardins General Insurance Group reports solid fourth quarter and year-end results in 2013

- *Direct written premiums increased by 6.7% to pass the $2 billion mark in 2013*
- *Net income rose by 7.8% to $195.2 million for the year*
- *Return on equity for the full year of 19.0%*

Lévis (Québec), March 13, 2014 – For the year ended December 31, 2013, Desjardins General Insurance Group (DGIG), a Desjardins Group subsidiary specializing in property and casualty insurance, posted a net income of $195.2 million, compared to $181.1 million in 2012, an increase of 7.8%.

Return on equity (ROE) was 19.0%, ranking the company among the best in the industry.

Direct written premiums increased by 6.7% to $2,112.1 million, and the number of policies in force rose by more than 63,500, reaching 2.169 million. These increases were achieved entirely through organic growth.

The combined ratio improved by 2.9 percentage points to 91.7%, compared to 94.6% in 2012. This was largely due to the 3.8 percentage point improvement in loss ratio.

Fourth quarter results

The fourth quarter was very positive, with net income of $81.8 million, an increase of 35.2% compared to the same period in 2012. In addition, direct written premiums increased by 8.1% from the corresponding quarter in 2012 due to increased marketing activity and the impact of the Ajusto and Intelauto usage based insurance programs.

“DGIG had an outstanding year, particularly considering the major flooding and other weather-related catastrophic events across the country,” said Monique F. Leroux, Chair of the Board, President and CEO, Desjardins Group, and CEO of DGIG. “I am very proud that our P&C insurance companies were there for our members and clients when they needed us most, whether it was with the flooding in the Calgary area or Toronto, or the tragic rail disaster in Lac-Mégantic, Québec.”

“DGIG had a strong fourth quarter both in terms of growth and profitability, and this gave a boost to our overall results for the year,” said Sylvie Paquette, President & COO, Desjardins General Insurance Group. “We have significant growth momentum with our existing operations and are in a solid financial position.”

Ms. Leroux also commented on the recent announcement concerning the agreement to purchase State Farm Canada's businesses in property and casualty and life insurance, as well as its Canadian mutual fund, loan and living benefits companies. Under the agreement, State Farm in the U.S. and Crédit Mutuel, a major European financial cooperative and partner of Desjardins, will each make a substantial investment in DGIG.

"Once completed, this transaction between three major cooperative and mutual organizations will almost double DGIG's premium volume across the country. As a result, our P&C insurance group will jump from the seventh to the second spot in the industry, with close to $4 billion in direct written premium volume."

Ms. Paquette says the biggest challenge over the next several years will be planning for and integrating State Farm Canada's businesses. The ongoing involvement and significant financial investment by U.S.-based State Farm in DGIG once the acquisition is finalized will help contribute to a smooth transition and the longer-term success of the combined organization.

Longer term, Ms. Paquette would like to see the P&C insurance industry work with government and other stakeholders to develop a more stable, sustainable and affordable auto insurance market in Ontario and to address the major earthquake and the increasing overland flooding risks in Canada.

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 Canada, a portfolio of more than 2 million policies in force, gross written premiums of $2 billion and assets of over $4 billion, DGIG ranks among the largest P&C insurers in Canada.

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