Desjardins

PRESS RELEASE

2012 International Year of Co-operatives

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Desjardins General Insurance Group posts strong growth and profitability in 2011

- Premium growth of over 11% in 2011
- 19th consecutive year generating an underwriting profit
- 17.4% return on equity
- Net income of $128.2 million

Lévis (Québec), March 21, 2012 – For the year ended December 31, 2011, Desjardins General Insurance Group, a Desjardins Group subsidiary specializing in property and casualty insurance, posted a net income of $128.2 million, compared to $132.8 million in 2010, reflecting an increase in commercial and weather-related claims costs.

Direct written premiums increased by 11.1% to $1,830 million, and the number of policies in force surpassed 2 million. All business areas contributed to this growth — individual home and auto insurance, group insurance, white label partnerships, and commercial lines (in Québec only).

The combined ratio increased to 98.3% compared to 94.8% in 2010, mostly due to loss ratio increases from claims in Québec and the Maritime Provinces associated with Hurricane Irene, and from higher commercial loss reserves. Although Ontario auto ABBI claims remain high, the trend did show some improvement through the year as the Ontario Government's auto insurance reforms continued to take effect.

Return on equity was 17.4% and for the nineteenth consecutive year DGIG generated an underwriting profit.

Ms. Monique F. Leroux, Chair of the Board, President and CEO of Desjardins Group and CEO of Desjardins General Insurance Group, said she was pleased with these results. "I'm very happy to see that Desjardins General Insurance Group is expanding its sales across the country. Combined with Desjardins' purchase of Western Financial Group in 2011, this gives us an increasingly strong position in Canada's P&C insurance sector."

Ms. Sylvie Paquette, President and Chief Operating Officer of Desjardins General Insurance Group, said that growth has exceeded expectations. "Two years ago we launched a growth strategy and since then we've surpassed all of our sales targets, while maintaining a high level of profitability. All of our main brands are doing well: Desjardins General Insurance, The Personal, and ScotiaLife Financial Home and Auto Insurance, which we underwrite for ScotiaLife Financial.

“I am particularly pleased that we grew in markets across the country, but particularly in Ontario and Alberta. Clearly, our direct distribution approach is continuing to gain traction right across Canada.”

2011 Highlights

- The number of policies in force grew by 117,000 and surpassed the 2 million mark, 15 months ahead of target.

- The Personal, Canada’s second largest group insurer, signed agreements with 18 new group partners, including the Canadian Bar Insurance Association (CBIA), which represents 100,000 lawyers and legal staff across the country. Recent partnership agreements with the CBIA, Ontario Medical Association and The Canadian Dentists' Insurance Program have positioned The Personal as a leader in the professional association group market in addition to its long-standing leadership as a group insurance provider to large employers and unions.

- The ScotiaLife Financial white label program continues to grow rapidly, and sales of ScotiaLife Home and Auto policies have exceeded expectations. The partnership was launched in late 2009.

- In September 2011, DGIG and Western Financial Group jointly launched the white label brand, Western Direct Insurance, targeted initially at consumers in Alberta’s large urban markets.

- In commercial insurance, which is offered only in Québec, new business grew by almost 20%, boosting the number of policies in force by 11% and direct premiums written by 12%.

“Overall, 2011 was an excellent year and we are taking steps to ensure this success continues despite the challenges of a competitive market and a low interest rate environment,” said Ms. Paquette. “Going forward, we are confident that because of the strength of our direct distribution model we can continue to outperform the industry across the country both in terms of growth and profitability.”

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 Québec. With over 3,700 employees across Canada, a portfolio of more than 2 million policies in force, a business volume of $1.9 billion and assets of more than $3.5 billion, DGIG ranks among the largest property and casualty (P&C) insurers in Canada.

About Desjardins Group

Desjardins Group www.desjardins.com is the leading cooperative financial group in Canada with assets of $190 billion. Drawing on the strength of its caisse network in Québec and Ontario, and its subsidiaries across Canada, it offers a full range of financial products and services to its 5.8 million members and clients. Desjardins specializes in Wealth Management and Life and Health Insurance, in Property and Casualty Insurance, in Personal Services, in Business and Institutional Services. As one of the largest employers in the country and among Canada's Top 100 Employers for 2012™, Desjardins is supported by the skills of its 44,645 employees and the commitment of nearly 5,400 elected officers. A new education and cooperation program is now available to Desjardins members and the general public. For more information, visit www.desjardins.com/co-opme.

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