



ANNUAL GENERAL MEETING  
MAY 13, 2014





# COMPANY OVERVIEW

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Steve Dobronyi  
Chief Executive Officer

# Forward-looking Statements

This presentation contains “forward-looking statements” which reflect the current expectations of the Company. These statements reflect management’s current beliefs with respect to future events and are based on information currently available to management.

Forward-looking statements involve significant known and unknown risks, uncertainties and assumptions. Many factors could cause actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements including, without limitation, those listed under the heading “Risk Factors” in the Company’s Annual Information Form and other filings. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements could vary materially from those expressed or implied by the forward-looking statements in this presentation.

All forward-looking statements presented herein should be considered in conjunction with such filings. Except as required by Canadian securities laws, the Company does not undertake to update any forward-looking statements; such statements speak only as of the date made.

# EGI Financial

CANADIAN SPECIALTY INSURER OPERATING IN CANADA AND EUROPE



STOCK TICKER:

**EFH**

MARKET  
CAPITALIZATION:

**\$158 M**

BOOK VALUE:

**\$177 M**



# Lines of Business



## PERSONAL LINES

46%

Broker-sold specialty auto insurance

Non-standard auto, motorcycles, antique cars, trailers, motorhomes and recreational vehicles



## SPECIALTY PROGRAMS

19%

Specialized insurance programs distributed through managing general agencies

Warranty, creditor, commercial property and liability, and legal expense



## INTERNATIONAL

35%

Specialized insurance programs distributed through managing general agencies, mostly in the UK and Denmark

Motorcycles, taxis, non-standard auto, home warranty

# HOW WE DIFFERENTIATE OURSELVES

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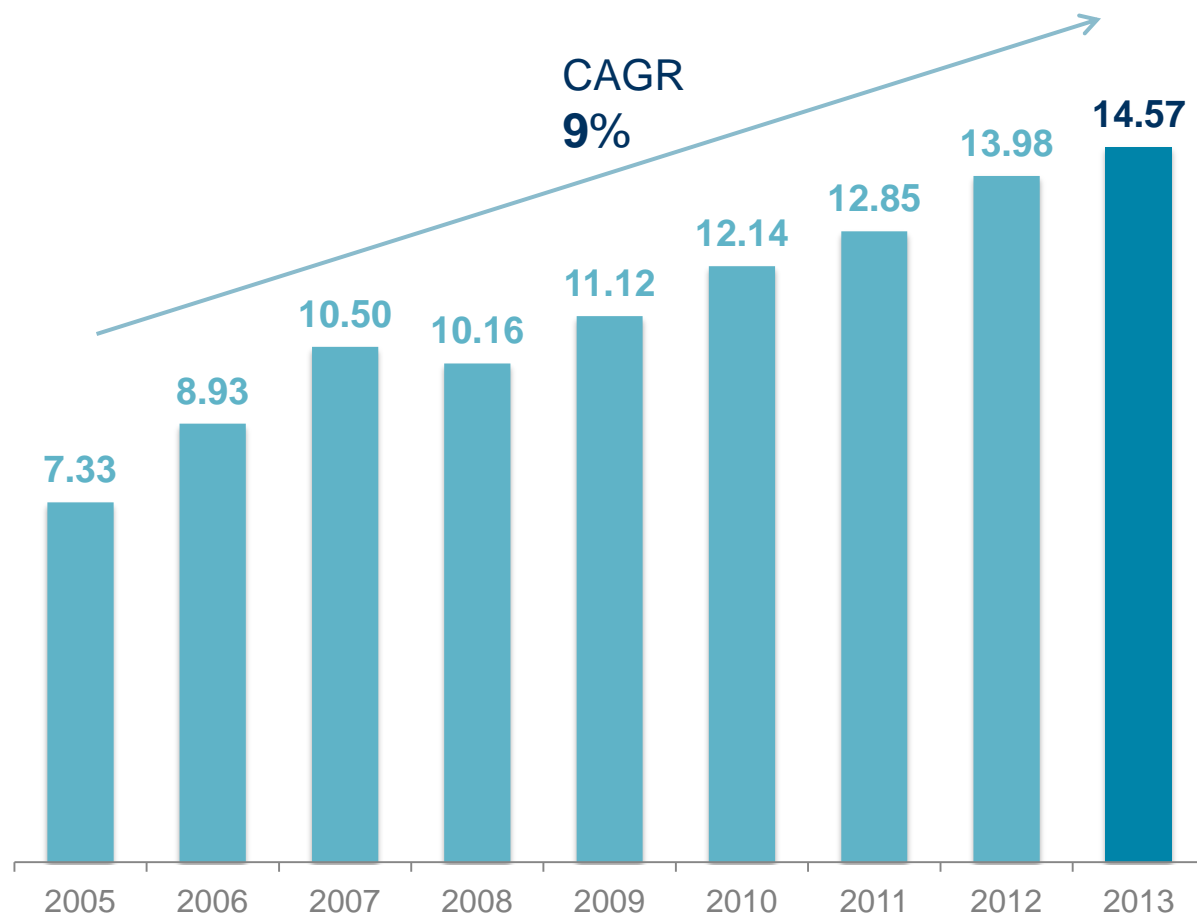
**SPECIALIZED**  
UNDERWRITING

**PERSONALIZED**  
SERVICE

**SOPHISTICATED**  
PRICING OF  
SPECIAL RISKS

# Consistent Growth in Shareholder Value

BOOK VALUE  
(PER SHARE \$CAN)

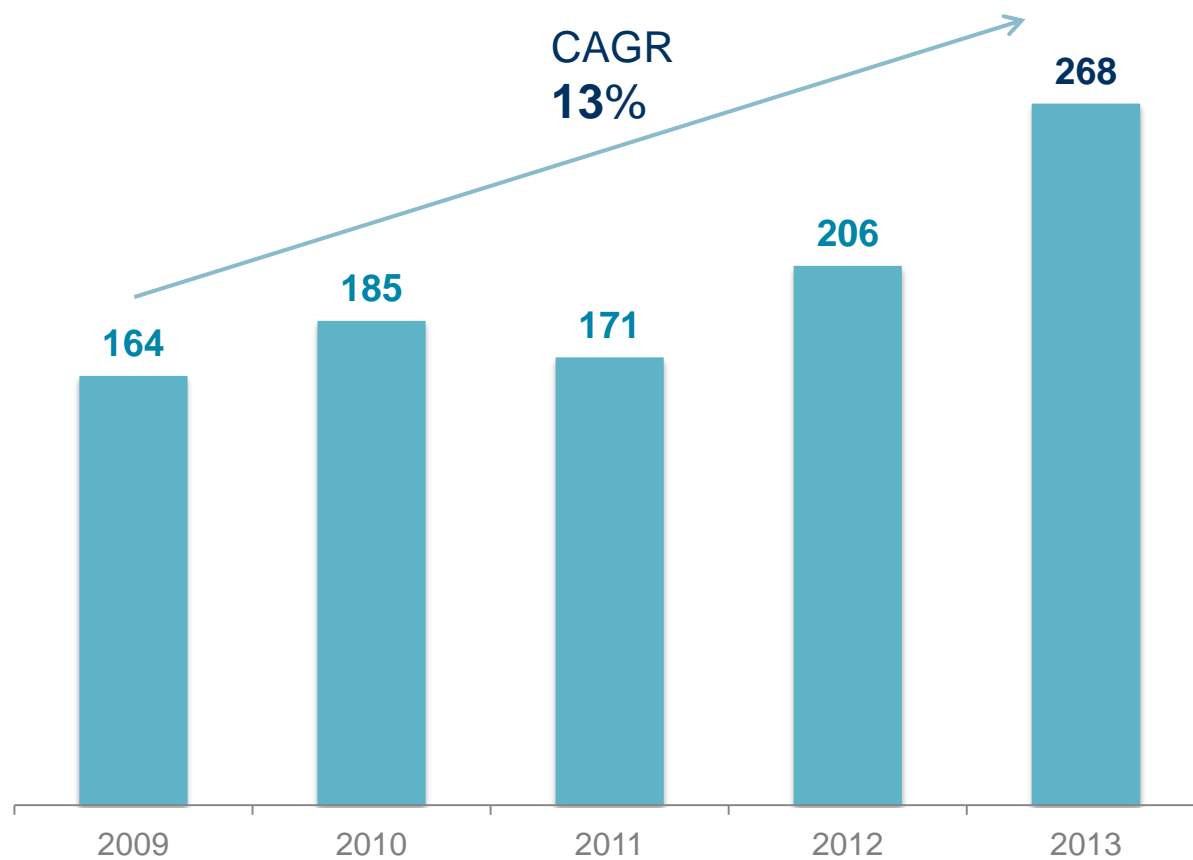


ANNUAL INCREASE  
IN SHAREHOLDER  
VALUE SINCE IPO

**10%**

# Strong Top Line Growth

DIRECT WRITTEN PREMIUMS  
(\$CAN MILLIONS)





# Deep Organizational Capabilities

**SCALABLE**

INSURANCE PLATFORM

**SEASONED**

MANAGEMENT TEAM



# THE YEAR IN REVIEW

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## **STRONG**

PERFORMANCE IN  
PERSONAL LINES

## **PROFITABLE**

GROWTH IN  
INTERNATIONAL

## **EXIT**

FROM THE  
UNITED STATES

## **DIVIDENDS**

REINSTATED

# Insurance Industry Update

**ONTARIO**  
AUTO

**WEATHER**  
RELATED EVENTS





# THE Insurance Company of Prince Edward Island

*People you know you can trust*







# FINANCIAL HIGHLIGHTS

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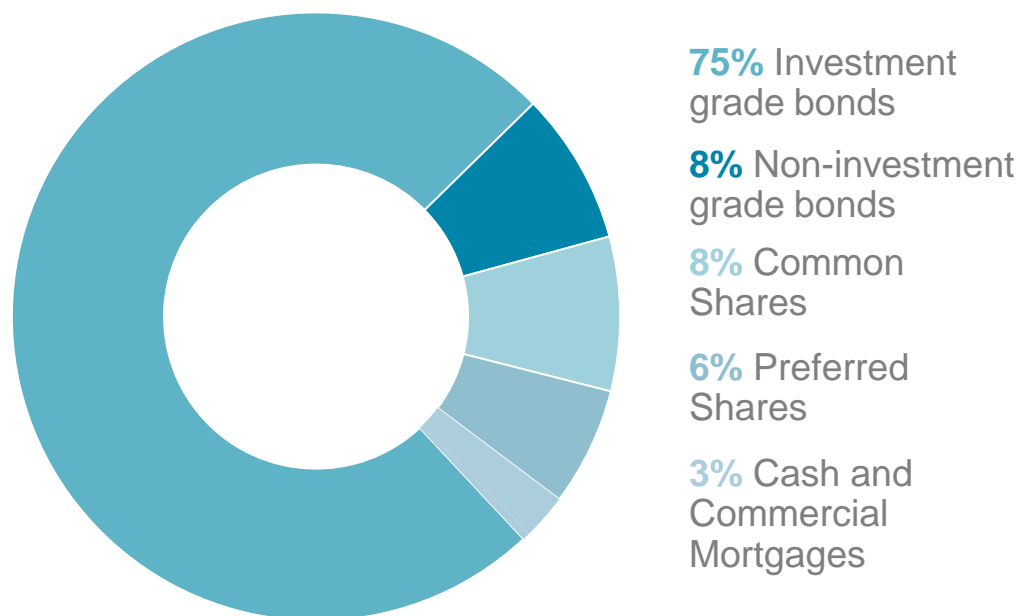
Alvin Sharma  
Chief Financial Officer

# 2013 Financial Overview

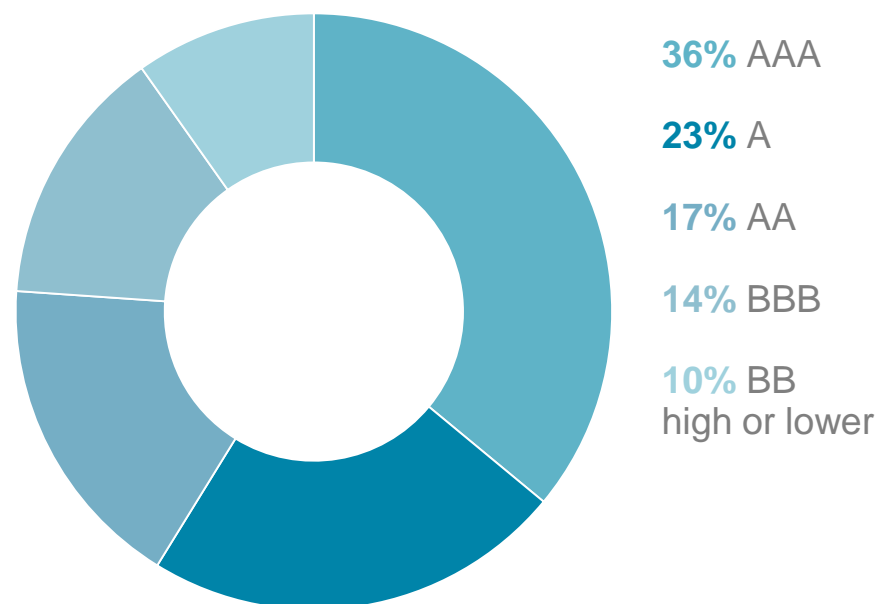
BVPS	\$14.57	<b>+4%</b>
Direct Written Premium	\$268 M	<b>+30%</b>
Combined Ratio	101.2%	<b>-2.5% pt</b>
Total Return on Invested Assets	3.2%	<b>-1.7% pt</b>
Net Operating Income	\$10.6 M	<b>-20%</b>
Quarterly Common Share Dividend	\$0.10	

# Conservative & Diversified Investment Portfolio

INVESTMENT PORTFOLIO - 2013  
(%)



BOND RATINGS - 2013  
(%)



# Solid Balance Sheet

MCT RATIO\*

**219%**

EXCESS CAPITAL

**\$30 Million**

A.M. BEST FINANCIAL  
STRENGTH RATING\*

**B++**

CONSISTENTLY REDUNDANT  
RESERVES 3-5% RANGE  
FROM 2002 TO 2013

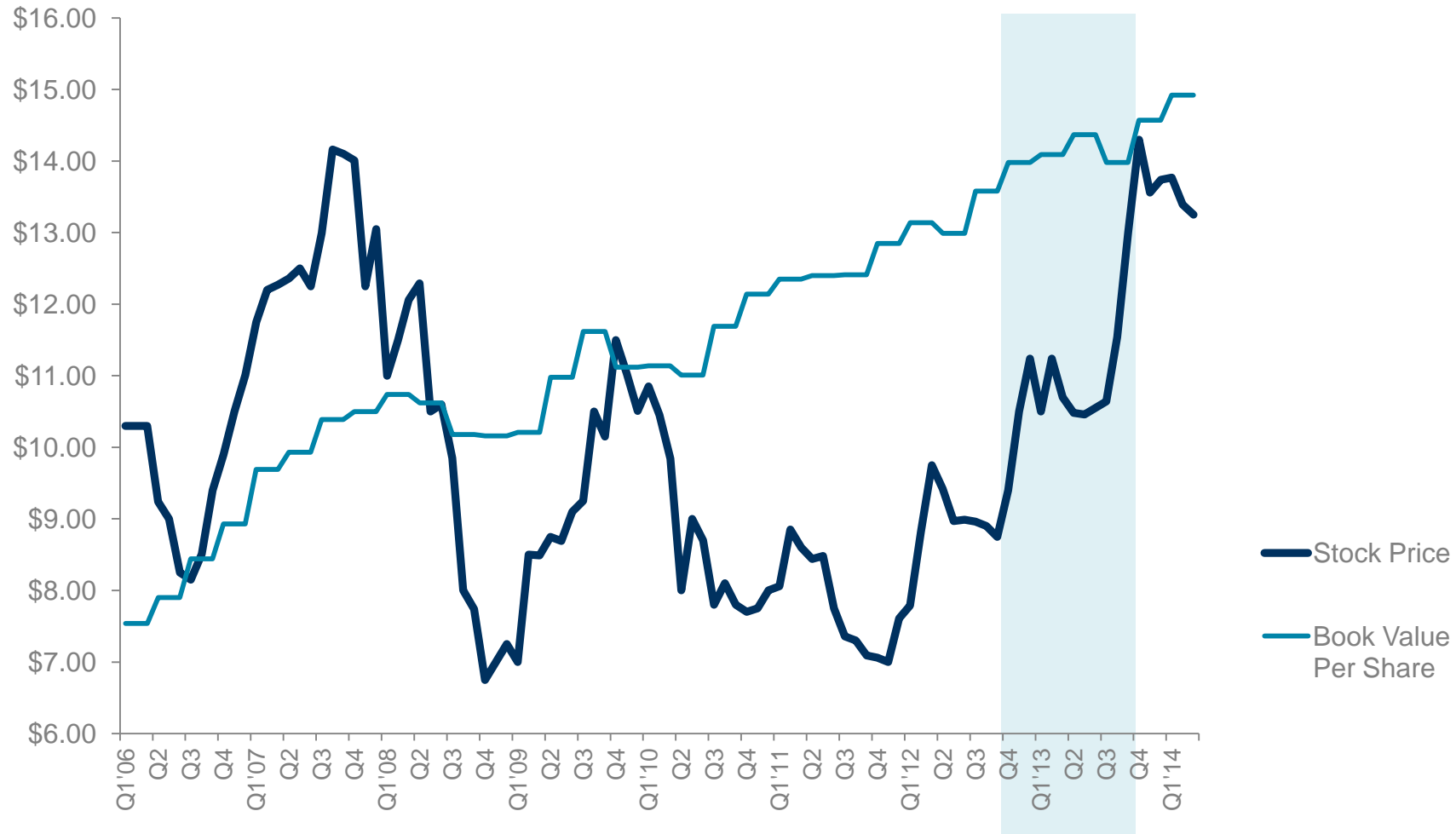
NO DEBT

NEGLIGIBLE LEVEL 3 ASSETS

\* Echelon General Insurance Company



# EFH: Undervalued



# 2014 Q1 Highlights

BVPS	\$14.92	<b>+6%</b>
Direct Written Premium	\$80 M	<b>+50%</b>
Combined Ratio	99.1%	<b>+8.8% pt</b>
Total Return on Invested Assets (annualized)	8.0%	<b>+1.6% pt</b>
Net Operating Income	\$3.7 M	<b>+\$3.7 M</b>

A large, weathered stone cross stands prominently on a snow-covered mountain peak. The cross is constructed from several large, rectangular stone blocks. The horizontal arms of the cross are thick and flat, with a layer of snow resting on top. The vertical stem is also made of stone blocks, with a small, square stone cap on top. The cross is set against a backdrop of a vast, rugged mountain range. The mountains in the distance are covered in patches of snow and dense evergreen forests. The sky is a clear, pale blue. The overall scene conveys a sense of enduring strength and resilience in a natural setting.

# BUILDING FOR THE FUTURE

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# Focused Strategy

PRIMARY FOCUS IS ON BROKER-SOLD AUTO INSURANCE IN CANADA



Non-standard  
Auto

Standard Auto  
in Underserved  
Markets

Recreational  
Vehicles

Homeowners

Small  
Commercial

PERSONAL LINES BROKERS



# Focused Strategy

SUPPLEMENTED BY SPECIALTY INSURANCE PROGRAMS IN EUROPE



Motor Cycle

Taxi

Non-standard Auto

Home Warranty

SPECIALTY MGAs



# 2014 GOALS

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## **DEVELOP INITIATIVES**

TO GROW PERSONAL LINES INSURANCE

## **ENSURE**

STRONG RISK MANAGEMENT AND  
PROFITABILITY IN EUROPE

## **SEAMLESSLY INTEGRATE**

THE INSURANCE COMPANY OF  
PRINCE EDWARD ISLAND

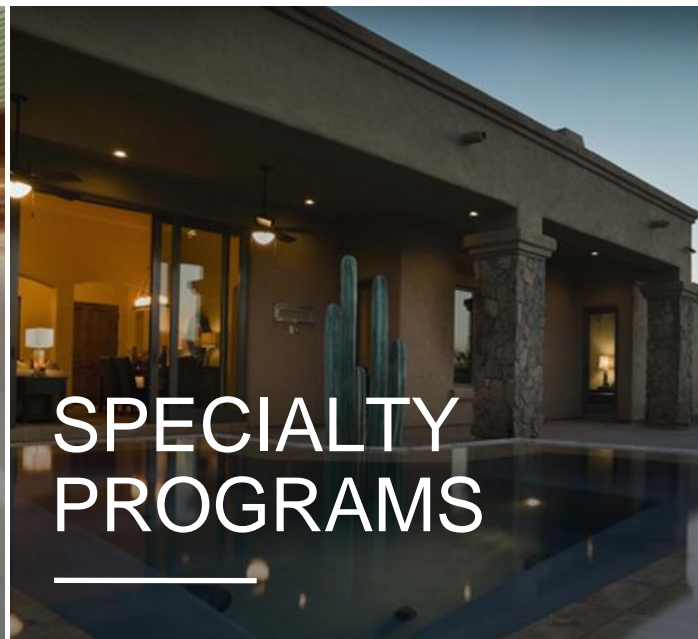
## **CONTINUE TO INVEST**

IN ORGANIZATIONAL INFRASTRUCTURE,  
PARTICULARLY IN THE AREAS OF PEOPLE,  
SYSTEMS AND THE SOPHISTICATED  
MANAGEMENT OF DATA

## **PRODUCE**

A COMBINED RATIO OF 100%, OR BETTER,  
FOR SPECIALTY PROGRAMS

# Underwriting Goals for 2014



Full  
Profitability

Breakeven

Improve  
Profitability





VALUE

GROWTH

INCOME

STRONG  
BALANCE SHEET

DEMONSTRATED  
PROFITABILITY

SCALABLE  
INSURANCE PLATFORM

SEASONED  
MANAGEMENT TEAM





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