



Annual General Meeting

May 9, 2017

echelon
Insurance



Financial Highlights

Alvin Sharma, CFO

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.

About us

Echelon is a Canadian Property and Casualty insurer, offering Personal and Commercial products exclusively through insurance brokers.



echelon
Insurance



Stock ticker
EFH

Market capitalization
\$156M

Book value
\$143M

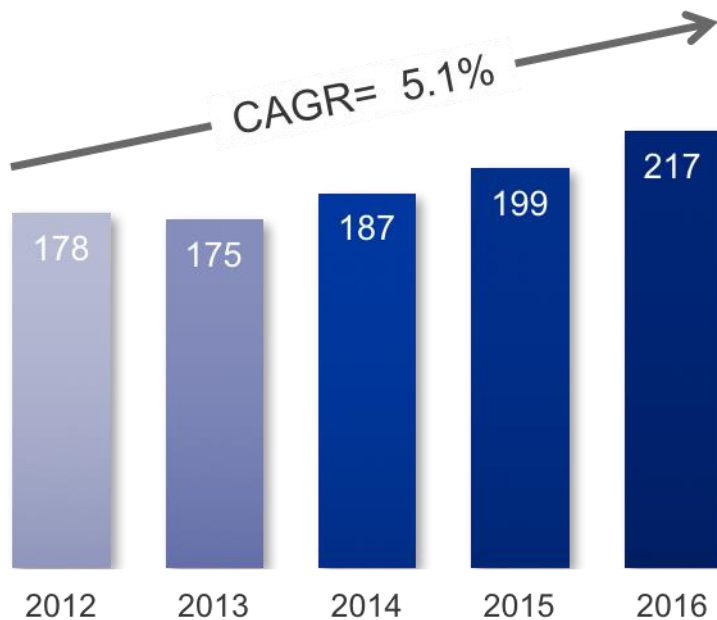
*As at May 5, 2017

2016 Financial Overview

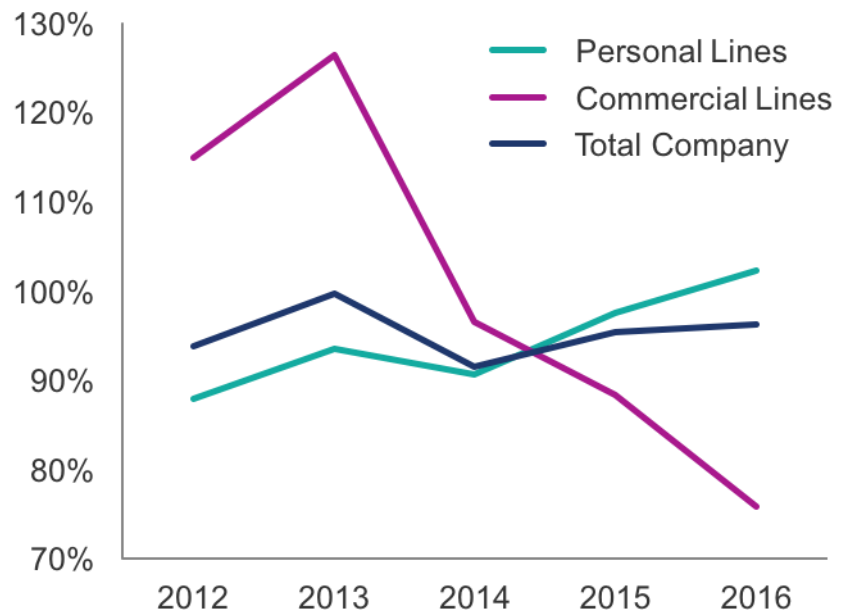
	2016	2015	Change
BVPS – <i>Including Qudos</i>	\$11.70	\$15.75	↓ (26%)
BVPS – <i>Excluding Qudos</i>	\$16.13	\$16.25	↓ (1%)
Direct Written Premium	\$217M	\$199M	↑ 9%
Personal Lines Combined Ratio	102.3%	97.5%	↑ 4.8%
Commercial Lines Combined Ratio	75.9%	88.3%	↓ (12.4%)
Total Company Combined Ratio*	96.2%	95.4%	↑ 0.8%
Total Return on Invested Assets	2.00%	1.40%	↑ 0.6%
Net Operating Income	\$10.4M	\$9.9M	↑ 5%

Strong growth and consistent profitability

Gross Written Premiums | \$ millions



Combined Ratio



Personal Lines performance has been consistently profitable, while Commercial Lines has improved following actions taken in 2013

Solid balance sheet

Echelon's balance sheet is solid, with ***no debt, consistently redundant reserves (3-5% from 2002-2016)*** and ***no level 3 assets***.

258%

Echelon MCT

354%

ICPEI MCT

B++

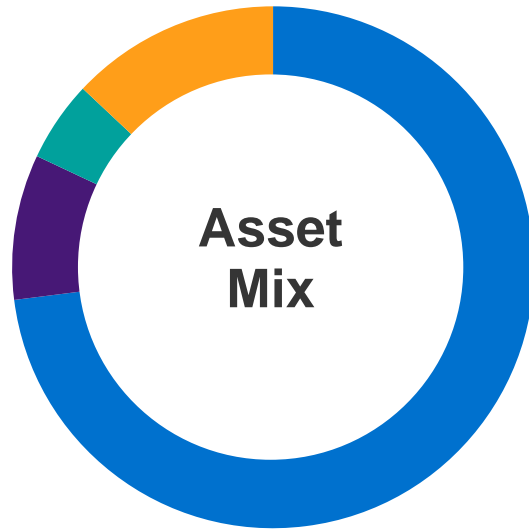
A.M. Best Rating
(Stable)

\$10M

Excess capital



Conservative and diversified portfolio



73% Fixed income
9% Preferred shares
5% Commercial mortgages
13% Cash & Short-term deposits



40% AAA
20% AA
25% A
15% BBB

Average rating
AA

Average duration
3



2016 Accomplishments & 2017/18 Overview

Serge Lavoie, President & CEO

European divestiture

Until 2016, Echelon operated in Europe through a subsidiary company, Qudos Insurance.

- The sale of our European subsidiary was finalized on March 7th, 2017
- Clean break - no residual insurance risk
- Gross proceeds ~\$22M, net proceeds \$18-\$19M
 - \$5M upfront with \$17M due prior to December 31st, 2017
 - \$17M in form of a vendor loan note
- The completion of this sale allows management and capital to be focused on growing our Canadian business profitably

With the sale of Qudos complete, Echelon's focus is solely on our core Canadian business.

Q1 2017 Highlights

	Q1 2017	Q1 2016	Change
Book Value Per Share*	\$12.10	\$11.70	↑ 3.4%
Direct Written Premium	\$54.6M	\$42.1M	↑ 29.7%
Personal Lines Combined Ratio	94.9%	97.8%	↓ (2.9%)
Commercial Lines Combined Ratio	91.7%	107.6%	↓ (15.9%)
Total Company Combined Ratio*	94.1%	100.0%	↓ (5.9%)
Total Return on Invested Assets	1.45%	-0.14%	↑ 1.6%
Net Operating Income	\$2.3M	\$1.0M	↑ 130.0%

*Book Value Per Share Comparison is to Q4, 2016

2016 Accomplishments

We shifted our focus to Canada



We divested Qudos, our European subsidiary to refocus our time and resources on our core Canadian broker-based business

We expanded our product offering



We launched Surety Long Haul Trucking, Commercial Property products, and built an experienced leadership team to support them

We strengthened our partnerships



We strengthened our relationships with our broker partners, and affirmed our steadfast commitment to the broker channel

We introduced new technology



We launched our new policy management system to support new and existing products and provide a better broker experience

2016 was a year of transformation for Echelon, as we embraced a new strategy to increase market share and regain profitability.

Personal Lines

Transitioning to our new system to support broker connectivity

- *Launching our new system to support new business upload in Ontario and Alberta*
- *Converting existing policies to our new system*

Evaluating new products and refreshing our existing offering

- *Introducing habitation and standard automobile products in Quebec*
- *Evaluating the feasibility of an auto product in Alberta*

Enhancing our segmentation and reviewing our pricing

- *Introduction of new territories for Ontario to provide greater segmentation across the GTA*

Year Over Year Results

TOTAL WRITTEN
PREMIUM (\$M)

30.8

Q1
2016

37.3

Q1
2017

COMBINED
RATIO (%)

97.8

Q1
2016

94.9

Q1
2017



Commercial Property

Aligning our commercial teams and strengthening our value proposition

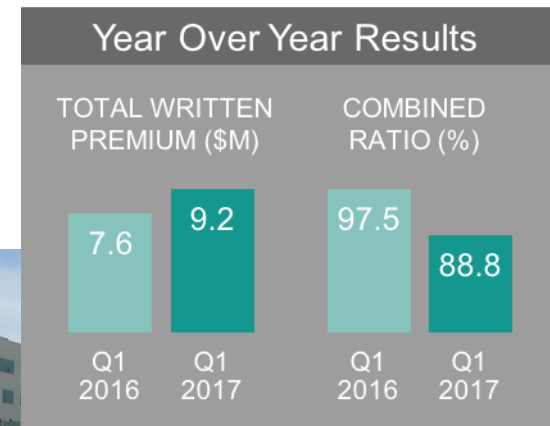
- *Formed a national team to support larger brokers and accounts*
- *Communicating our commitment to Commercial Lines*
- *Clarifying our appetite and target risks*

Pursuing a variety of market opportunities and strategies

- *Continuing to write small- to mid-size accounts*
- *Subscribing on larger accounts, following market-leading insurers*
- *Limited MGA partnerships*
- *Evolving our specialty and warranty programs to increase revenue streams*

Increasing our capacity and strengthening our risk modelling

- *Increased capacity from \$5M to \$15M in 2016/17*
- *Improving our risk modelling, including flood zones*



Commercial Auto & Long Haul Trucking

Entering new regions and markets with in-demand products

- *Standard commercial auto product is available in Ontario, Alberta and Quebec*
- *Garage product is available in Ontario, Alberta*

Putting an experienced team in place to support superior broker service

- *We have built a team of 18 employees to service our growing business across Canada*

Adopting new systems to write business more efficiently

- *We plan to transition our Trucking and Commercial Automobile business to our new policy management system, which will support more responsive quoting*



Surety

Increasing our capacity to provide solutions for mid-sized accounts

- *Offering solutions for our brokers' larger accounts following recent reinsurance changes*

Growing geographically to better service our brokers across Canada

- *In 2016, we established three offices across Canada:*
 - *Burnaby, British Columbia*
 - *Mississauga, Ontario*
 - *Montreal, Quebec*

Cross-selling on commercial property and trucking accounts

- *Providing complete coverage solutions for accounts that streamline broker workflow, making it easy for them to serve and retain their clients*

Year Over Year Results

TOTAL WRITTEN
PREMIUM (\$M)

COMBINED
RATIO (%)

0.4

1.3

92.7

Q1
2016

Q1
2017

Q1
2016

Q1
2017



Conclusion

Moving into 2017, Echelon has the right ***people, products, technology*** and ***partnerships*** in place to deliver profitable growth for our shareholders.

This solid foundation that we have built will pave the way for our future success as a broker-centric, solutions-focused Canadian insurer, where we'll be known as a friendly, flexible alternative to larger markets.





Questions?