



Annual General Meeting

June 12, 2018

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.



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Stock ticker
EFH

Market capitalization
\$146M

Book value
\$149M

Gross Written Premium
\$79.3M

**As at March 31, 2018*

2017 Financial Overview

	2017	2016	Change
Book Value Per Share	\$12.01	\$11.70	↑ 3.0%
Direct Written Premium	\$285.7M	\$217.5M	↑ 31.0%
Personal Lines Combined Ratio	105.5%	102.3%	↑ 3.2%
Commercial Lines Combined Ratio	93.5%	75.9%	↑ 17.6%
Total Company Combined Ratio	102.3%	96.2%	↑ 6.1%
Total Return on Invested Assets	2.1%	2.0%	↑ 0.1%
Net Operating Income	\$0.6M	\$10.4M	↓ 94.0%

Committed to continued profitability

Our profitability deteriorated in the third and fourth quarters of 2017, driven by wildfires in British Columbia, and increased severity of claims in Atlantic Canada.

We have taken a number of actions to ensure that our results are profitable moving forward:

- We increased rates across all regions and most of our product lines, and reviewed our underwriting criteria on unprofitable products
- We continued to focus on and invest in our Passport system to increase automation and create efficiencies
- We expanded and strengthened our actuarial team to increase our focus on proactive rating and risk modelling



Q1 2018 Highlights

	Q1 2018	Q1 2017	Change
Book Value Per Share	\$12.47	\$12.10	↑ 3.0%
Direct Written Premium	\$79.3M	\$54.6M	↑ 45.0%
Personal Lines Combined Ratio	95.7%	94.9%	↑ 0.8%
Commercial Lines Combined Ratio	95.1%	91.7%	↑ 3.4%
Total Company Combined Ratio	95.5%	94.1%	↑ 1.4%
Total Return on Invested Assets	0.23%	1.45%	↓ 1.2%
Net Operating Income	\$3.5M	\$2.3M	↑ 53.0%

Solid balance sheet

Echelon's balance sheet is solid, with ***no debt, consistently redundant reserves (an average of 8% from 2014-2017)*** and ***minimal level 3 assets.***

235%*

Echelon MCT

335%*

ICPEI MCT

B++

A.M. Best Rating
(Stable)

\$21M

Excess capital

*Q1, 2018



Conservative and diversified portfolio



77% Fixed income
10% Preferred shares
2% Common shares
11% Cash & Short-term deposits



43% AAA
17% AA
28% A
10% BBB
2% BB or lower

Average rating

AA

Average duration

2.7



2017 Accomplishments & 2018/19 Overview

Serge Lavoie, President & CEO

Ongoing Focus on Technology

We continue to invest in our system, which we recently rebranded from GIS to ***Passport***. Moving forward, the *Passport* brand will form the foundation on which our continued investments in technology and connectivity are made.



Our Passport System is used to manage 15 of our 18 insurance products, and supports the direct upload of business.

*In Q1, **60%** of new personal lines business was loaded into our system directly by brokers, simplifying the policy issuance process.*



Echelon's Passport Portal currently offers our Ontario brokers instant access to their customer's policy information and other useful resources.

Before the end of Q3, our Passport Portal will allow for policy and customer information changes to be made by brokers at their convenience.



Our Passport Analytics platform is being designed to consolidate all of our policy and broker details in a centralized database.

By the end of Q3, this consolidated database which will support enhanced, efficient reporting and detailed actuarial analysis.

Personal Lines

Launching *Passport* to support broker connectivity

- *We saw a significant increase in the volume of applications being uploaded by Brokers*
- *We launched the first phase of our Passport Portal, allowing brokers to see the current status of their client's policies*
- *All of our Ontario private passenger policies are expected to be transitioned to our Passport System by mid-2018*

Evaluating new products and refreshing existing offerings

- *We continue to work to standardize our products across all provinces*
- *We introduced an enhanced watercraft product in Quebec and British Columbia, which will be launched across other provinces in mid-2018*

Enhancing our segmentation and reviewing our pricing

- *We implemented rate increases on several Ontario, Quebec and Atlantic Province products, and additional increases are planned*
- *We are working to utilize risk sharing pools in Quebec and Atlantic Canada, and credit scoring where permitted*



Commercial Property and Casualty

Aligning and strengthening our commercial offerings

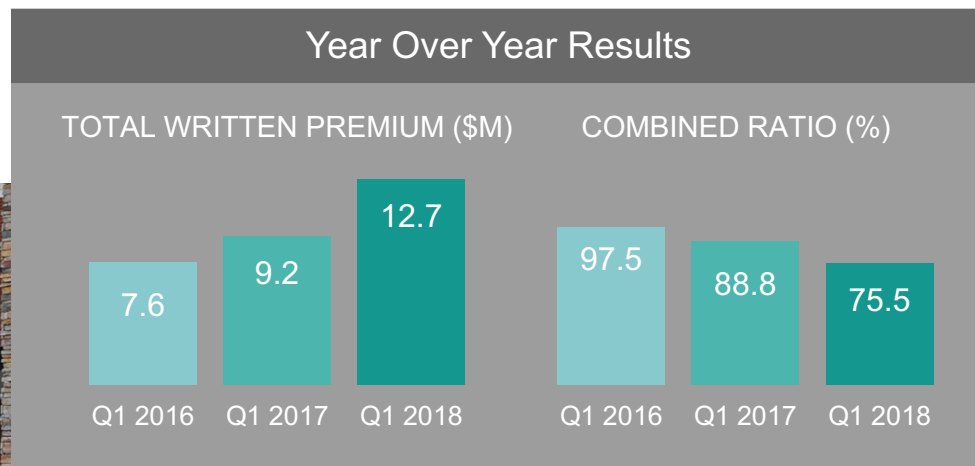
- *Commercial property, Commercial automobile and Surety products are all being proposed to our broker network and we are optimizing cross-selling where possible*
- *Increased capacity from \$15M to \$25M in 2017-2018*
- *We continue to enhance our product offering, recently launching a Data Compromise coverage Canada-wide*

Pursuing a variety of market opportunities and strategies

- *We continue to write small-to mid-sized accounts*
- *We continue to subscribe on larger accounts, and leverage limited MGA partnerships*
- *We are growing our specialty and warranty programs to increase revenue streams*

Strengthening our risk modelling processes

- *We are improving our risk modelling to include flood zones and risk mapping across the country*



Commercial Auto & Long Haul Trucking

Increasing rates and reducing our exposure

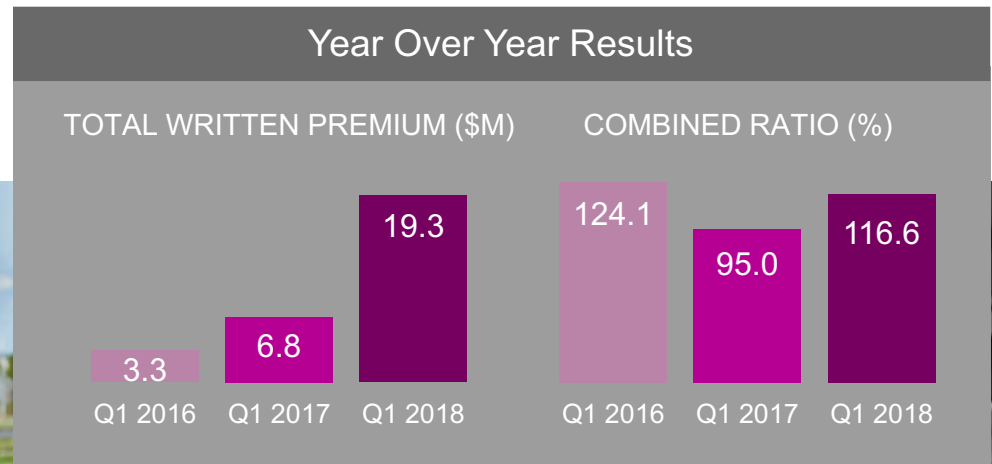
- *In response to a hardening market, we increased our rates in late 2017 by 40%*
- *We reduced our exposure from \$5M to \$2M*
- *We are pricing our Long Haul Trucking and Commercial Auto business at an 85% combined ratio*

Extending in-demand products to new regions

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

Investing in systems and teams to service our brokers

- *We have built a team of 28 employees to service our growing business across Canada*
- *We plan to transition our Trucking and Commercial Automobile business to our Passport system to support more responsive quoting*



Surety & Warranty

Expanding our focus to Increase our market share

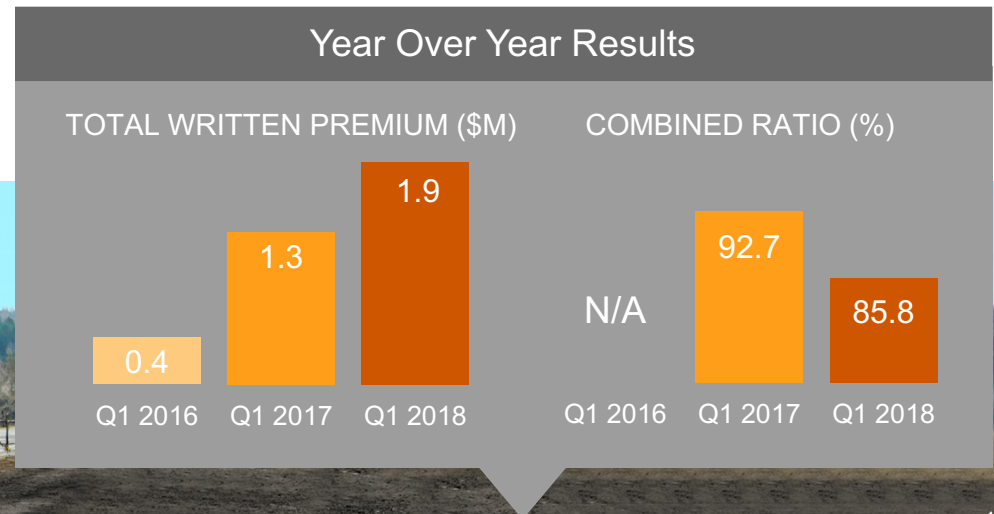
- *Our goal is to attain 2% market share within 24 months, and 4% market share within five years*
- *To achieve this, we are offering solutions for our brokers' larger accounts following recent reinsurance changes*

Staffing to better service our brokers across Canada

- *By the end of 2018, we will have a team of 15 staff to provide responsive, local service to our brokers across the country*
 - *3 in Burnaby, BC*
 - *8 in Mississauga, ON*
 - *5 in Montreal, QC*

Capitalizing on our synergies with Warranty

- *We're leveraging synergies across our Warranty and Surety divisions to introduce new product options*
- *Providing multiple coverage solutions for construction accounts, starting with HUB Progressive*



Conclusion

Over the past two years, we took key steps to put the *people*, *products*, *technology* and *partnerships* in place to execute on our plan to deliver sustainable, profitable growth.

Building on this strong foundation, we're now working to leverage our strengths, and refine our approach. We're focusing on expanding our actuarial expertise, ensuring that our broad suite of products are profitable, and continuing technology investments to support connectivity and efficiency in our business.





Questions?

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