



PRESS RELEASE

TRISURA GROUP REPORTS FOURTH QUARTER AND 2019 ANNUAL RESULTS

TORONTO, February 12, 2020 — Trisura Group Ltd. (“Trisura” or “Trisura Group”) (TSX: TSU), a leading international specialty insurance provider, today announced financial results for the fourth quarter and year ended December 31, 2019.

David Clare, President and CEO of Trisura, stated, “We are pleased with Trisura’s fourth quarter results, generating net income of \$4.2 million driven by strong performance from our specialty platforms in North America.

In Canada, substantial top-line growth, disciplined underwriting and enhanced investment returns sustained our industry leading return on equity. Our U.S. platform continued to build momentum, binding almost \$100 million of quarterly gross premiums, and generating net income of \$1.5 million to add to its first year of profitability.

Importantly, improved asset-liability matching in our international reinsurance operations limited volatility in Q4.”

Highlights

- ✓ Gross and net premiums growth of 109.8% and 27.5% in Q4, and 104.7% and 23.5% for the full year supported by strong momentum in our U.S. business and continued growth in Canada.
- ✓ Net income of \$4.2 million in the quarter, and \$5.1 million in 2019, driven by strong underwriting performance and investment income in Canada and a growing contribution from the U.S.
- ✓ EPS of \$0.47 in Q4 2019 and \$0.69 in 2019, compared to \$0.24 in Q4 2018 and 1.29 in 2018.
- ✓ Book value per share of \$21.58, a 9.9% increase over December 31, 2018.
- ✓ Industry-leading results from our Canadian business, achieving a combined ratio of 82.9% in Q4 2019 and 87.8% in 2019, producing a 19.1% ROE for the year.
- ✓ Continued acceleration in our U.S. business, producing \$95.4 million in GPW in the quarter and \$1.5 million in net income. For the year, GPW of \$263.9 million drove fee income of \$8.0 million and net income of \$3.8 million representing our first year of profitability. This is an outstanding result considering the business commenced last year.
- ✓ In February 2020, A.M. Best assigned a Financial Strength Rating of A- (Excellent) and a Long-Term Issuer Credit Rating of “a-” to Trisura Insurance Company (“TIC”). The ratings of TIC also reflect an intercompany pooling agreement with its immediate parent, Trisura Specialty. TIC will commence writing admitted business in 2020 complementing Trisura Specialty’s non admitted business platform.

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Amounts in C\$ millions	Q4 2019	Q4 2018	Variance	2019	2018	Variance
Gross premiums written	143.2	68.3	109.8%	448.3	219.0	104.6%
Net premiums written	39.7	31.1	27.5%	142.6	115.5	23.5%
Net underwriting income (loss)	10.5	1.0	966.0%	(13.3)	4.3	(411.1%)
Net investment (loss) income	(3.9)	2.2	(279.9%)	16.2	9.0	80.8%
Net income	4.2	1.6	155.8%	5.1	8.6	(41.0%)
EPS – basic, \$	0.47	0.24	95.8%	0.69	1.29	(46.5%)
Book value per share, \$	21.58	19.63	9.9%	21.58	19.63	9.9%
Debt-to-Capital ratio	13.5%	18.6%	(5.1pts)	13.5%	18.6%	(5.1pts)
LTM ROE	3.5%	6.9%	(3.4pts)	3.5%	6.9%	(3.4pts)
Combined ratio – Canada	82.9%	83.9%	(1.0pts)	87.8%	86.3%	1.5pts
LTM ROE – Canada	19.1%	19.1%	0.0pts	19.1%	19.1%	0.0pts

Underwriting

- Disciplined underwriting from our Canadian operations, achieving NPE growth of 19.2% and a combined ratio of 82.9% in the quarter, 14.4% and 87.8% respectively for the full year 2019, supported by strong underwriting across all lines.
- Accelerating growth in our U.S. platform, with GPW of \$95.4 million in Q4 2019 compared to \$71.2 million in Q3 2019. Annual GPW of \$263.9 million increased from \$53.7 million in 2018. Earned fee income in Q4 2019 of \$3.1 million helped support annual earned fee income of \$8.0 million, compared to \$2.4 million in Q3 2019 and \$0.9 million in 2018.
- Weakening interest rates in Europe drove reserve strengthening in our reinsurance subsidiary in the first nine months of 2019; however, the impact to net income in Q4 2019 was muted following an improvement in the asset-liability matching.

Capital

- The minimum capital test (“MCT”) ratio of our Canadian subsidiary was 258% (239% as at December 31, 2018), which comfortably exceeds regulatory requirements of 150%.
- Trisura Specialty’s capital of \$83.3 million USD as at December 31, 2019 (\$48.8 million USD as at December 31, 2018) was in excess of the minimum requirement of the Oklahoma Insurance Department.
- Trisura International’s capital of \$14.2 million USD as at December 31, 2019 (\$21.1 million USD as at December 31, 2018) was sufficient to meet the FSC’s regulatory capital requirement.
- Consolidated debt-to-capital ratio of 13.5% as at December 31, 2019 is below our long-term target of 20%.



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- A.M. Best reaffirmed the Financial Strength Rating A- (Excellent) and the Long-Term Issuer Credit Rating of “a-” of Trisura Guarantee and Trisura Specialty. The outlook of these Credit Ratings remains stable.

Investments

- In 2019, net investment income of \$16.2 million compared to \$9.0 million in 2018, driven by an increase in duration of reinsurance assets, which generated strong results in a declining interest rate environment through the first nine months of 2019.
- In Canada, interest and dividend income increased 8.9% in Q4 2019 and 42.8% for the full year, over the prior period, as we continued to benefit from an improved asset mix in the Canadian portfolio.
- In the U.S., interest and dividend income increased 43.0% in Q4 2019 and 28.2% for the full year, over the prior period, as we benefited both from diversification of the portfolio and increased capital following our equity raise in September.
- We continued to deploy capital into long-dated European government bonds, which has further improved our asset liability matching, as well as increasing our expected interest income. European rates rose in Q4 2019, which resulted in net investment loss of (\$6.6) million in Trisura International, importantly offset by reserve reductions.

Corporate Development

- Following the close of the acquisition of TIC (formerly known as 21st Century Preferred Insurance Company) on November 1, 2019, Trisura continues to grow its capabilities with the intention of securing admitted licenses in all 50 states.



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About Trisura Group

Trisura Group Ltd. is an international specialty insurance provider operating in the surety, risk solutions, corporate insurance and reinsurance segments of the market. Trisura has three principal regulated subsidiaries: Trisura Guarantee Insurance Company in Canada, Trisura Specialty Insurance Company in the U.S. and Trisura International Insurance Ltd. in Barbados. Trisura Group is listed on the Toronto Stock Exchange under the symbol "TSU".

Further information is available at <http://www.trisura.com/group>. Important information may be disseminated exclusively via the website; investors should consult the site to access this information. Details regarding the operations of Trisura Group are also set forth in regulatory filings. A copy of the filings may be obtained on Trisura Group's SEDAR profile at www.sedar.com.

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Trisura Group Ltd.
Consolidated Statements of Financial Position
As at December 31, 2019 and December 31, 2018
(in thousands of Canadian dollars, except as otherwise noted)

As at	December 31, 2019	December 31, 2018
Cash and cash equivalents, and short-term securities	85,905	95,212
Investments	392,617	282,874
Premiums and accounts receivable, and other assets	86,669	46,276
Deferred acquisition costs	104,197	63,715
Recoverable from reinsurers	293,068	109,567
Capital assets and intangible assets	14,477	2,512
Deferred tax assets	1,460	826
Total assets	978,393	600,982
Accounts payable, accrued and other liabilities	40,916	24,167
Reinsurance premiums payable	80,186	41,406
Unearned premiums	328,091	182,623
Unearned reinsurance commissions	51,291	19,137
Unpaid claims and loss adjustment expenses	257,880	173,997
Loan payable	29,700	29,700
Total liabilities	788,064	471,030
Shareholders' equity	190,329	129,952
Total liabilities and shareholders' equity	978,393	600,982



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Trisura Group Ltd.
Consolidated Statements of Comprehensive Income
For the three and twelve months ended December 31
(in thousands of Canadian dollars, except as otherwise noted)

	Q4 2019	Q4 2018	2019	2018
Gross premiums written	143,212	68,274	448,262	219,041
Net premiums written	39,656	31,114	142,628	115,475
Net premiums earned	29,710	22,983	107,504	88,809
Fee income	3,575	675	12,206	4,724
Total underwriting revenue	33,285	23,658	119,710	93,533
Net claims	(687)	(5,920)	(49,936)	(19,402)
Net commissions	(9,677)	(6,545)	(37,516)	(29,903)
Premium taxes	(1,405)	(1,278)	(5,294)	(4,758)
Operating expenses	(11,059)	(8,934)	(40,296)	(35,184)
Net claims and expenses	(22,828)	(22,677)	(133,042)	(89,247)
Net underwriting income (loss)	10,457	981	(13,332)	4,286
Net investment (loss) income	(3,868)	2,150	16,243	8,986
Settlement from structured insurance assets	-	-	8,077	-
Net (losses) gains	(92)	120	1,572	759
Interest expense	(341)	(261)	(1,361)	(970)
Income before income taxes	6,156	2,990	11,199	13,061
Income tax expense	(1,984)	(1,359)	(6,105)	(4,423)
Net income	4,172	1,631	5,094	8,638
Other comprehensive (loss) income	(1,188)	152	808	(316)
Comprehensive income	2,984	1,783	5,902	8,322

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Trisura Group Ltd.
Consolidated Statements of Cash Flows
For the three and twelve months ended December 31
 (in thousands of Canadian dollars, except as otherwise noted)

	Q4 2019	Q4 2018	2019	2018
Net income from operating activities	4,172	1,631	5,094	8,638
Non-cash items to be deducted	11,406	456	9,898	3,374
Stock options granted	138	53	502	224
Change in working capital operating items	9,744	6,081	49,726	13,091
Realized (gains) losses on AFS investments	(60)	96	(2,860)	(686)
Income taxes paid	(114)	(987)	(2,573)	(3,354)
Interest paid	(354)	(270)	(1,410)	(995)
Net cash from operating activities	24,932	7,060	58,377	20,292
Proceeds on disposal of investments	13,805	18,004	55,452	99,729
Purchases of investments	(79,741)	(35,632)	(170,817)	(196,363)
Net purchases of capital and intangible assets	(2,723)	(82)	(3,131)	(666)
Net cash used in investing activities	(68,659)	(17,710)	(118,496)	(97,300)
Dividends paid	(24)	(24)	(96)	(96)
Shares issued	-	-	55,669	-
Preferred shares redeemed	(1,600)	-	(1,600)	-
Issuance of new loan payable	-	-	-	29,700
Repayment of note payable	-	(30)	-	(30)
Repayment of loan payable	-	-	-	(29,700)
Lease payments	(266)	-	(1,026)	-
Net cash (used in) from financing activities	(1,890)	(54)	52,947	(126)
Net decrease in cash	(45,617)	(10,704)	(7,172)	(77,134)
Cash at beginning of the period	131,913	102,688	95,212	165,675
Currency translation	(391)	3,228	(2,135)	6,671
Cash at the end of the period	85,905	95,212	85,905	95,212



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Cautionary Statement Regarding Forward-Looking Statements and Information

Note: This news release contains “forward-looking information” within the meaning of Canadian provincial securities laws and “forward-looking statements” within the meaning of applicable Canadian securities regulations. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, include statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of the Company and its subsidiaries, as well as the outlook for North American and international economies for the current fiscal year and subsequent periods, and include words such as “expects,” “likely,” “anticipates,” “plans,” “believes,” “estimates,” “seeks,” “intends,” “targets,” “projects,” “forecasts” or negative versions thereof and other similar expressions, or future or conditional verbs such as “may,” “will,” “should,” “would” and “could”.

Although we believe that our anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information because they involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, which may cause the actual results, performance or achievements of our Company to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements and information.

Factors that could cause actual results to differ materially from those contemplated or implied by forward-looking statements include, but are not limited to: the impact or unanticipated impact of general economic, political and market factors in the countries in which we do business; the behaviour of financial markets, including fluctuations in interest and foreign exchange rates; global equity and capital markets and the availability of equity and debt financing and refinancing within these markets; strategic actions including dispositions; the ability to complete and effectively integrate acquisitions into existing operations and the ability to attain expected benefits; changes in accounting policies and methods used to report financial condition (including uncertainties associated with critical accounting assumptions and estimates); the ability to appropriately manage human capital; the effect of applying future accounting changes; business competition; operational and reputational risks; technological change; changes in government regulation and legislation within the countries in which we operate; governmental investigations; litigation; changes in tax laws; changes in capital requirements; changes in reinsurance arrangements; ability to collect amounts owed; catastrophic events, such as earthquakes and hurricanes; the possible impact of international conflicts and other developments including terrorist acts and cyberterrorism; and other risks and factors detailed from time to time in our documents filed with securities regulators in Canada.

We caution that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking statements, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Except as required by law, Trisura Group Ltd. undertakes no obligation to publicly update or revise any forward-looking statements or information, whether written or oral, that may be as a result of new information, future events or otherwise.