

Letter of Transmittal

Regina, Saskatchewan
July, 2018

The Honourable W. Thomas Molloy, O.C., S.O.M.
Lieutenant Governor of Saskatchewan

Your Honour,

I am pleased to submit herewith the annual report of SGI CANADA for the 12-month period ended March 31, 2018, including the financial statements in the form required by the Treasury Board and in accordance with *The Saskatchewan Government Insurance Act*.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Joe Hargrave". The signature is stylized with a large initial "J" and a long horizontal stroke.

Joe Hargrave
Minister Responsible for Saskatchewan Government Insurance

Minister's Message

I am pleased to report that SGI CANADA achieved another profitable year, generating a dividend of \$35.8 million to the people of Saskatchewan. The company is on track to continue on its growth trajectory, gaining customers and partnering with brokers throughout the country. It is in a position to provide profitable returns into the future.

The insurance industry is a major part of the social and economic fabric of Canada, and insurance brokerages are among the most active and influential businesses within the communities they serve. They work with their customers to ensure the right protection is in place should something go wrong. If it does go wrong, they're among the first there, along with insurers like SGI CANADA, to help those recovering from large disasters as well as smaller scale losses. SGI CANADA's commitment to independent insurance brokers is unwavering.

Brokers also provide employment, engagement and financial support to their communities through local sponsorships and donations. In the same spirit, SGI CANADA continues to support communities through sponsorships, including minor hockey and flag football teams across Saskatchewan, partnering with brokers to sponsor events outside of Saskatchewan, and timely donations to the Red Cross assisting communities in crisis. In the past year this included supplies for evacuation centres established in Prince Albert and Saskatoon to assist people fleeing northern forest fires.

SGI CANADA is committed to its values of integrity, caring and innovation. As Minister responsible, I thank the company's staff and broker partners for their continued dedication, and the Board of Directors for their thoughtful oversight over the past fiscal year.

I am pleased to submit the 2017-18 SGI CANADA Annual Report.



Joe Hargrave
Minister Responsible for Saskatchewan Government Insurance

Chair's Message

It's an honour to reflect on another profitable year at SGI CANADA.

This past year, the Board of Directors and staff moved the company closer to its goals of \$1 billion in direct premium written by 2020, with a healthy geographic spread of business. We achieved this through focus on markets and customer segments that offer the greatest opportunities for profitable growth. Critical to achieving those goals are strong partnerships with independent brokers, including leveraging technology to streamline business processes and offer great service to policyholders, and we've made excellent progress in all those areas too.

Capitalizing on innovation and strong partnerships with independent insurance brokers has positioned SGI CANADA well to remain successful through industry change, extreme weather events and economic highs and lows.

I thank the management and staff of SGI CANADA and our brokers throughout Saskatchewan, B.C., Alberta, Manitoba and Ontario for your hard work and dedication to SGI CANADA's success. I also thank my fellow directors for their commitment and leadership throughout 2017-18.



Arlene Wiks
Chair, SGI Board of Directors

President's Message

Robust growth was the highlight of SGI CANADA's 2017-18 fiscal year, as the company expanded in scale, increased direct premium written and broadened the spread of risk across five provinces - making substantial gains towards our goal to achieve \$1 billion in direct written premium by 2020.

Premium growth, combined with an underwriting profit of \$10.9 million and strong investment earnings, resulted in a net profit of \$59.4 million for SGI CANADA for the year.

SGI CANADA's year-over-year growth rate of 9.2% is significantly higher than industry standard, and resulted in \$810.9 million in direct premium written, providing insurance for over 890,000 customers in B.C, Alberta, Saskatchewan, Manitoba and Ontario.

Notably, 35.2% of the company's premium was written outside of Saskatchewan. This reflects a growth strategy to spread risk across the country, so that losses in one province can be offset by profits in another. Geographic diversification is critical to SGI CANADA's continued success, and remains a priority as extreme weather events continue to escalate and contribute to claims losses.

With growth in mind, SGI CANADA launched home, condo, tenant and personal auto insurance in July 2017 in Ontario. This market was previously served by SGI CANADA's subsidiary company, Coachman Insurance, which specializes in insurance for high-risk drivers. Coachman continues to focus on those customers, while SGI CANADA now serves the standard personal auto and property market in Ontario. We are excited to see positive results in Ontario and look forward to future growth in the province.

SGI CANADA worked with insurance brokers to develop new technology in 2017-18, to provide better service to consumers who want to research and purchase insurance online. The Application Program Interfaces (APIs) we're developing will enable real-time data exchange between SGI CANADA, brokers and customers, resulting in fast and efficient online transactions. This new technology will be available to our broker partners in 2018, ensuring SGI CANADA and the brokers we partner with remain competitive and meet the expectations of online consumers.

A highlight in 2017-18 was the creation of SGI CANADA's Farm Business Unit. Striving to be the insurer of choice for agricultural insurance customers across the Prairie provinces, we've brought together a team of product developers, underwriters, claims adjustors and technical advisors with specialized knowledge in farming and ranching operations, livestock and equipment. This team is providing improved service for existing customers and helping to attract new farming and ranching customers to SGI CANADA throughout Saskatchewan, Alberta and Manitoba.

SGI CANADA partnered with 413 insurance brokers in 2017-18, operating out of approximately 1,300 offices across Canada. The company's success is a direct result of the positive partnerships that have been built with these independent business owners. Our 2017 broker survey results reveal 93% of them are satisfied with SGI CANADA and proud to do business with us. We are also proud of those partnerships and remain committed to selling our products exclusively through insurance brokers - caring for, covering and connecting with the people they serve.



Andrew Cartmell
President and CEO