



## REMARKS FROM THE BOARD CHAIR

Definity's growth story continues to unfold — and much has been achieved over the last year to support our ambition to be one of Canada's five largest P&C insurers.

Definity continues to demonstrate resilience and a commitment to excellence, with financial growth built on sound fundamentals and disciplined financial management, value capture from investments, and focused execution that generates robust shareholder returns.

In 2024, catastrophe losses reached an all-time high for the Canadian property and casualty insurance industry, exceeding \$9 billion dollars for the first time. Despite the industry impact, Definity met or exceeded all financial targets and continued to be there for our clients and our communities in the moment of truth.

Advanced risk management, including proactive underwriting, mapping information technology capabilities, and peril models, helped us effectively manage our exposure to the year's elevated catastrophe levels, resulting in lower losses than predicted by market share.

Definity's ability to demonstrate resilience throughout these historic impacts shows that we deliver on our commitments, under the guidance of an experienced and high-performing leadership team. We are making tremendous progress towards our strategic objectives, with a resilient business model and an operating mindset that anticipates and adapts to dynamic market conditions. We have a track record of generating consistent and predictable outcomes across market cycles, which we intend to continue.

Time and again, we have proven ourselves as business builders. We have demonstrated success across our business in the following ways:

- Executing turnarounds, such as the work done on our Commercial Insurance portfolio, where we improved the combined ratio by more than 20 percentage points since 2017;
- Establishing new business organically, with Sonnet the leading digital direct platform and having now achieved run-rate profitability;
- Delivering major, multi-year transformations while achieving business objectives;
- Despite growing faster than the industry and experiencing a period of elevated catastrophe losses, we have consistently delivered on our profitability objectives;
- Deploying capital into broker acquisitions that have resulted in our national broker platform having a top ten market position in Canada;
- And we have created a structured, enterprise approach for M&A readiness.

On behalf of our entire Board of Directors, I can say with confidence that the team and capabilities built at Definity have real potential to pursue the ambitious growth agenda ahead of us and achieve our long-term vision.

Throughout our storied journey, we have never forgotten who we are. Our purpose is at the heart of everything that we do.

We are making significant strides regarding our environmental, social, and governance goals to position Definity as a purpose-driven sustainability leader, supporting long-term value creation for all stakeholders.

In 2024, we achieved a Morgan Stanley Capital International ESG rating of AAA, placing Definity among the overall leaders in the MSCI coverage universe, which is a testament to excellence in our sustainability practices.

We continued our focus on employee engagement and our award-winning culture, proudly becoming the first Canadian P&C insurer to sign the UN Women's Empowerment Principles. This reinforces our commitment to inclusion, diversity, equity, and accessibility.

Reflecting on 2024, one of the things I'm most proud of is that we had our largest charitable giving year in our history of more than 150 years – we contributed more than \$4 million in donations. These contributions support charitable organizations in the following ways:

- addressing systemic barriers to enable underserved communities to achieve their economic potential;
- and helping Canadian communities, households, and businesses understand, prepare for, and respond to climate-related risks.

Our strong leadership, organizational resilience, deep bench strength of talent, and solutions-driven approach to delivering results have been instrumental to our Canadian success story.

My confidence in Definity's future has never been stronger, and I am excited for the opportunities that lie ahead. We are well positioned to build on our impressive track record as we continue to demonstrate a remarkable commitment to excellence.



**JOHN BOWEY**  
Board Chair



## REMARKS FROM THE CEO

While 2024 brought another challenging year to the insurance industry, it underscored once again the expertise, capability, and resilience that we've built at Definity to respond effectively to market dynamics while delivering for our customers and shareholders. We have a track record of continually outperforming against expectations and delivering on our commitments.

I'd like to take a moment to reflect on the results of 2024, and our recently shared Q1 earnings. As John mentioned, we met or exceeded all financial targets last year and reported record full year operating earnings per share of \$2.66, an increase of nearly 25% over 2023.

Other overall results for the year include:

- We generated top line growth of 11.1%, a combined ratio of 94.5%, and an operating ROE of 10.6%;
- Our book value per share increased by 17.6%; and
- We ended the year in a strong financial position, with financial capacity of approximately \$1.7 billion.

Let's focus more on each of our key lines of business, starting with personal insurance:

- In personal auto, we reported a full year combined ratio of 96.7% — 1.6 points better than the prior year, driven by an improvement in the core accident year claims ratio which benefitted from higher earned rates, stabilized loss cost trends, and improved Sonnet performance;
- For the year, the personal property combined ratio of 96.3% improved due to higher favourable claims development and a decrease in the expense ratio. Our focus on disciplined underwriting and proactive rate actions enabled us to achieve our mid-90s objective despite 15.7 points of catastrophe losses;
- I also want to note that as the impacted customers and communities work to rebuild and recover from the significant catastrophes during the year, our CAT response capabilities delivered outstanding support. Also, our focus on accumulation management and risk selection enabled us to mitigate losses such that the impact was well below what our market share would otherwise indicate.

In our commercial insurance business, our excellent results reflect attractive market conditions, our underwriting capabilities, and a comprehensive value proposition that is supported by our broker partners across Canada.

- We saw a year of robust growth of 13.1%, as GWP for commercial insurance approached \$1.4 billion, with a strong combined ratio of 89.4%;
- Definity is positioned well for ongoing growth in our main three Commercial Insurance segments: small and medium enterprise, middle market, and specialty;
- In small business, our SME pathway capability remains a valuable tool that allows our broker partners to quote and bind more than 50% of their business digitally and automatically.

Net investment income reached \$198 million for the year, due to increases in both interest and dividend income. We expect that investment income in 2025 will be at a similar level to 2024, as market yields have fallen below book yields.

Our national broker platform has been generating strong margins and earnings diversification. For the year, distribution income of \$54 million was right in line with our expectation. That was driven primarily by the contributions from acquisitions combined with solid underlying organic growth. We expect results from this business to grow approximately 15% in 2025.

Just last week we shared our first quarter financial results, and I am quite pleased with the encouraging start to the year. We delivered a 94.5% combined ratio in the quarter, and generated significant growth as premiums increased 9.6%. Firm market conditions in personal insurance, continued favourable conditions overall in commercial

insurance, our strong broker proposition, and proactive rate actions combined with continued expense efficiencies all contributed to these strong results as we continue to deliver value for shareholders.

Taking a step back, since our landmark IPO in 2021, we have moved our market position from the seventh largest to the sixth largest P&C insurance company in Canada, delivering consistent underwriting profits despite challenging conditions. Additionally, we have developed an impressive track record of delivery for our investors, reflected in our shares providing a total return, including dividends, of close to 200% since our IPO.

This performance is remarkable. I look ahead with optimism and confidence as we continue Definity's impressive growth strategy. We continue to execute our strategy with confidence, combining sound fundamentals with industry-leading agility and productivity through innovation and scalable platforms. We are strengthening our presence in distribution, augmenting organic growth and diversification inorganically, and empowering top talent with an inclusive culture that delivers on our brand.

We are also maintaining our digital leadership in the industry. We have been leveraging AI and machine learning tools to create business and customer value in a safe and ethical way for more than a decade, generating tens of millions of dollars of annual benefits for Definity's bottom line. We have multiple generative AI-enabled use cases now in production and are exploring many more through strategic partnerships with Google and Guidewire.

As I look ahead, we have some key financial targets:

- Grow Gross Written Premiums annually at a rate of upper single digit to 10%;
- Achieve a sub-95% full year combined ratio;
- Generate a full year operating ROE in the range of 10% to below teens.

We must also acknowledge the headwinds ahead in the industry. While the rate of inflation has stabilized, tariff risk could produce a return to a more acute inflationary environment. Meanwhile, climate change continues to drive frequency and severity of claims, putting upward pressure on pricing. Heightened customer and broker expectations and generational shifts are driving the need for technology-enabled solutions that improve carrier response times, connectivity, and efficiency.

But with challenge comes opportunity. And Definity has repeatedly demonstrated the resilience of our organization and proved our potential to become a Canadian champion and a top five P&C insurer. We are well positioned with the capabilities, performance, and balance sheet to manage through environments of increased uncertainty and are firmly grounded in our long-term commitment to grow our business.

We have strong momentum, with achievable targets through our partnership with valued brokers across Canada and our engaged and high-performing teams. We are actively shaping our future and are committed to our ambition. I believe in our success story, and our ability to forge a clear path forward as a leading, Canadian insurer.

Thank you very much.



**ROWAN SAUNDERS**  
President and CEO