MANAGEMENT'S DISCUSSION AND ANALYSIS

Our Management's Discussion and Analysis ("MD&A") is provided to enable a reader to assess the results of operations and financial condition of Trisura Group Ltd. for the interim period ended September 30, 2017. This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements ("Interim Consolidated Financial Statements") as at and for the three and nine months ended September 30, 2017, and all of the financial statements included in our Prospectus, dated May 12, 2017.

Unless the context indicates otherwise, references in this MD&A to the "Company" refer to Trisura Group Ltd. and references to "us," "we" or "our" refer to the Company and its subsidiaries and consolidated entities.

The Company's Interim Consolidated Financial Statements are in Canadian dollars, and are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. In this MD&A, unless otherwise specified or the context otherwise requires, all references to "$" are to Canadian dollars.

This MD&A is dated November 10, 2017. Additional information is available on SEDAR at www.sedar.com.

MD&A OUTLINE

SECTION 1 – OVERVIEW

OUR BUSINESS

Our Company is a leading international specialty insurance and reinsurance provider operating in the Surety, Risk Solutions, Corporate Insurance and Reinsurance niche segments of the market. Our operating subsidiaries include a Canadian specialty insurance company, an international reinsurance company and a new US specialty insurance company, which recently received its authorization to commence transacting business across the US. Our Canadian specialty insurance subsidiary started writing business in 2006 and has a strong underwriting track record over its more than ten years of operation. Our international reinsurance business has operated as a reinsurance company for more than fifteen years and although we ceased writing new reinsurance business in 2008, we will recommence writing business in the near future. Our reinsurance company will initially act as a multi-line reinsurer in support of our Canadian and US specialty insurance businesses and thereafter in the international reinsurance markets as attractive opportunities arise.

Our Company benefits from an experienced management team, strong distribution partners and a specialized business focus. We plan to grow by building our new business in the US, by growing our Canadian and international businesses organically and through strategic acquisitions. We believe our Company will be able to capitalize on favourable market conditions through our multi-line and multi-jurisdictional platform. Further, we will continue to focus on our existing distribution network, and strive to increase the penetration of our products.

Significant company milestones in 2017 include:

- ✓ Incorporation of the Company in January 2017
- ✓ Spin-off from Brookfield Asset Management Inc. (“Brookfield”) in June 2017
- ✓ Commenced trading on the Toronto Stock Exchange, under the symbol TSU, in June 2017
- ✓ Incorporation in May 2017 and authorisation in July 2017 of our US subsidiary, Trisura Specialty Insurance Company (“Trisura Specialty”)
- ✓ Trisura Specialty obtained an A- (Excellent) rating from the A.M. Best Company Inc. (“A.M. Best”), in September 2017
- ✓ Trisura Specialty has built its infrastructure and is actively pursuing new business opportunities
- ✓ In October 2017, the Company announced the transition of RSA’s $6 million block of contract and commercial surety business in Canada to Trisura’s Canadian subsidiary, Trisura Guarantee Insurance Company

ORGANIZATIONAL STRUCTURE & REGULATORY FRAMEWORK

The Company was incorporated under the *Business Corporations Act* (Ontario) (“OBCA”) in January 2017. We have three regulated insurance subsidiaries:

(i) Trisura Guarantee Insurance Company (“Trisura Guarantee”), is our Canadian specialty insurance company. We have an indirect 60% ownership interest in Trisura Guarantee with the remaining 40% ownership interest held by certain members of the Trisura Guarantee management team. Trisura Guarantee is federally incorporated in Canada, is licensed in all provinces and territories of Canada and is subject to both prudential regulation by the Office of the Superintendent of Financial Institutions (“OSFI”) and market conduct regulation by each of the insurance regulatory authorities of the provinces and territories in which it conducts business.

(ii) Trisura Specialty, is our US specialty insurance company and a wholly-owned subsidiary. Trisura Specialty was incorporated on May 31, 2017 and was licensed by the Oklahoma Insurance Department as a domestic surplus line insurer and can write business as a non-admitted surplus line insurer in all states within the United States.

(iii) Trisura International Insurance Ltd. (“Trisura International”), is our international reinsurance company and a wholly-owned subsidiary. Trisura International is incorporated in Barbados, is licensed to write international reinsurance business and is regulated by the Financial Services Commission (“FSC”) in Barbados.

SECTION 2 – FINANCIAL HIGHLIGHTS

- ✓ Strong growth in both gross and net premiums written in Q3 2017 versus Q3 2016, increasing 14.2% and 16.5%, respectively, compared to the prior year period.
- ✓ Consistently strong underwriting results at Trisura Guarantee with net underwriting income of $2.1 million in Q3 2017 compared to $1.5 million in the prior year period.
- ✓ Combined ratio in Q3 2017 of 91.2% at Trisura Guarantee compared to 93.1% in the prior year period.
- ✓ Began marketing our fronting company services in the U.S. after the receipt of A- (Excellent) A.M. Best rating at Trisura Specialty.
- ✓ Net income totalled $2.0 million compared to a net loss of $1.5 million in the prior year period, as a result of growth in net income of Trisura Guarantee. Q3 2016 net income was also impacted by an impairment loss booked through investment income at Trisura Guarantee in Q3 2016, but which was offset by a corresponding increase in OCI.
- ✓ Shareholders' equity as at September 30, 2017 increased by $33.9 million compared to December 31, 2016 principally due to the Brookfield capital injection in connection with the spin-off.

SECTION 3 – FINANCIAL REVIEW

INCOME STATEMENT ANALYSIS

$ 000	Q3 2017	Q3 2016	$ variance	% variance	Q3 2017 YTD	Q3 2016 YTD	$ variance	% variance
Gross premiums written	36,123	31,631	4,492	14.2%	108,074	91,559	16,515	18.0%
Net premiums written	26,742	22,964	3,778	16.5%	73,176	65,227	7,949	12.2%
Net premiums earned	21,990	20,186	1,804	8.9%	59,567	53,664	5,903	11.0%
Fee income	216	105	111	105.7%	3,273	3,151	122	3.9%
Total underwriting revenue	22,206	20,291	1,915	9.4%	62,840	56,815	6,025	10.6%
Net claims	5,129	8,904	(3,775)	(42.4%)	12,466	23,164	(10,698)	(46.2%)
Net commissions	6,799	6,249	550	8.8%	19,687	17,964	1,723	9.6%
Premium taxes	1,246	1,033	213	20.6%	3,236	2,629	607	23.1%
Operating expenses	7,804	7,270	534	7.3%	23,366	17,742	5,624	31.7%
Net claims and expenses	20,978	23,456	(2,478)	(10.6%)	58,755	61,499	(2,744)	(4.5%)
Net underwriting income (loss)	1,228	(3,165)	4,393	nm	4,085	(4,684)	8,769	nm
Net investment income	2,067	1,818	249	13.7%	4,404	9,849	(5,445)	(55.3%)
Foreign exchange (losses)	(253)	(227)	(26)	11.5%	(138)	(405)	267	(65.9%)
Interest expense	(273)	(329)	56	(17.0%)	(812)	(329)	(483)	146.8%
Change in minority interests	2	3	(1)	(33.3%)	(5,156)	(157)	(4,999)	3184.1%
Income (loss) before income taxes	2,771	(1,900)	4,671	nm	2,383	4,274	(1,891)	(44.2%)
Income tax (expense) recovery	(761)	353	(1,114)	nm	(2,648)	(1,407)	(1,241)	88.2%
Net income (loss)	2,010	(1,547)	3,557	nm	(265)	2,867	(3,132)	nm
Other comprehensive (loss) income	(2,965)	5,625	(8,590)	nm	(5,636)	1,157	(6,793)	nm
Comprehensive (loss) income	(955)	4,078	(5,033)	nm	(5,901)	4,024	(9,925)	nm
Earnings per common share, basic and diluted, in dollars (for Q3 and the period June 22 to September 30, 2017)	0.35	n/a	n/a		0.39	n/a	n/a	
Earnings per common share, basic and diluted, in dollars (for Q3 and the period January 1 to September 30, 2017)	0.35	n/a	n/a		(0.05)	n/a	n/a	
Book value per share $	18.02	n/a	n/a		18.02	n/a	n/a	

Premium Revenue and Fee Income

The 14.2% increase in GPW and 16.5% increase in NPW in Q3 2017 were driven by fronting and program business written through Risk Solutions. This contributed to a 9.4% increase in Q3 2017 total underwriting revenue.

In Q3 2017 YTD, GPW grew 18.0% and NPE grew 12.2%, driven mainly by growth in Risk Solutions supported by Surety. Fee income which is a significant driver of net underwriting income and net income increased by 3.9% over this period. Total underwriting revenue rose 10.6%.

Net Claims and Loss Adjustment Expense

Net claims in Q3 2017 were significantly lower than in Q3 2016 when Reinsurance annuity reserves increased as a result of a significant decrease in European interest rates during that time.

In Q3 2017 YTD, net claims and loss adjustment expense were significantly lower than the prior year period. Net claims in Q3 2016 YTD included large reserve increases on Reinsurance annuity reserves resulting from falls in European interest rates in both Q1 and Q3 2016, which were largely offset by increases in the assets supporting this annuity contract (See Section 5 – Investment Performance Review). In addition, there was strengthening of Reinsurance P&C reserves during Q2 2016.

Operating Expenses

Operating expenses in Q3 2017 and in Q3 2017 YTD increased due to corporate expenses related to the formation and development of the Company and our new US subsidiary, Trisura Specialty. Furthermore, 2016 operating expenses were reduced by a one-off $2.9 million reimbursement of legal expenses following the successful conclusion of a legal dispute in our Reinsurance business.

Net Underwriting Income and Net Income

Net underwriting income in Q3 2017 and Q3 YTD 2017 was significantly greater than in the corresponding periods in 2016 as a result of growth of the business of Trisura Guarantee, as well as higher claims expense in 2016 related to the Reinsurance annuity business.

Minority Interests

Minority interests, which are revalued annually on January 1, increased by $5.2 million in Q3 2017 YTD, compared to an increase of $0.2 million with effect from January 1, 2016.

Net Investment Income and Other Comprehensive Loss

See Section 5 – Investment Performance Review.

BALANCE SHEET ANALYSIS

$ 000, As at	30-Sep-17	31-Dec-16	$ variance
Cash and cash equivalents	156,321	122,096	34,225
Investments	201,036	194,393	6,643
Premiums, accounts receivable and other assets	22,205	22,069	136
Deferred acquisition costs	37,777	30,985	6,792
Recoverable from reinsurers	56,231	47,120	9,111
Fixed and intangible assets	1,865	2,116	(251)
Deferred tax assets	748	622	126
Total assets	476,183	419,401	56,782
Accounts payable, accrued and other liabilities	17,767	25,434	(7,667)
Reinsurance premiums payable	14,250	13,461	789
Unearned premiums	108,339	90,612	17,727
Unearned reinsurance commissions	6,670	4,928	1,742
Unpaid claims and loss adjustment expenses	173,309	163,970	9,339
Loan payable	29,900	34,100	(4,200)
Minority interests	21,200	16,008	5,192
Total liabilities	371,435	348,513	22,922
Shareholders' equity	104,748	70,888	33,860
Total liabilities and shareholders' equity	476,183	419,401	56,782

The Company’s total assets increased by $56.8 million during the nine months ended September 30, 2017 driven primarily by an increase in our cash and cash equivalents arising from the capital injected by Brookfield in connection with and prior to the spin-off. In addition, recoverable from reinsurers increased by $9.1 million due to the increase in ceded premiums and related reserves mainly on the Risk Solutions business.

Total liabilities increased by $22.9 million during the nine months ended September 30, 2017 primarily due to an increase in gross unearned premiums and unpaid claims and loss adjustment expenses. Offsetting these increases were reductions in accounts payable, accrued and other liabilities and the loan payable. See Note 11 to the Interim Consolidated Financial Statements for details on the Company’s bank loan.

Accounting rules require the Company to account for the Trisura Guarantee minority interests as a liability as a result of a puttable feature included within the terms of a shareholder agreement between the Company and management shareholders (the “Shareholder Agreement”). The minority interests are revalued annually each January 1 as required by the Shareholder Agreement. While accounting rules require us to fair value this 40% minority interests, we are not able to record a fair value increase on our 60% ownership interest. Therefore, while the value of our share of Trisura Guarantee has similarly increased, we do not reflect this increase in our financial results.

Shareholders’ equity increased by $33.9 million primarily as a result of the capital injected by Brookfield in connection with and prior to the spin-off.

SHARE CAPITAL

Our authorized share capital consists of: (i) an unlimited number of common shares; (ii) an unlimited number of non-voting shares; and (iii) an unlimited number of preference shares (issuable in series).

As at September 30, 2017, 5,813,352 common shares of the Company were issued and outstanding. No preference shares or non-voting shares were outstanding.

LIQUIDITY

Liquidity sources immediately available to the Company include: (i) existing cash and cash equivalents; (ii) its portfolio of highly rated, highly liquid investments (iii) cash flow from operating activities which include receipt of net premiums, fee income and investment income and; (iv) bank loan facilities. These funds are used primarily to pay claims and operating expenses, service the Company's bank loan and purchase investments to support claims reserves.

We expect to have sufficient liquidity to fund our operations and to meet our current business plans. However, should the need arise, additional liquidity sources include further bank loans and new issuances of debt or shares in the private or public markets.

CAPITAL

The minimum capital test ("MCT") ratio of Trisura Guarantee was 265% as at September 30, 2017 (266% as at June 30, 2017 and 272% as at December 31, 2016), which comfortably exceeds the 150% regulatory requirements prescribed by OSFI.

Trisura International's capital of $25.2 million as at September 30, 2017 was well in excess of FSC's regulatory capital requirement of $0.2 million.

Trisura Specialty's capital and surplus of $56.2 million as at September 30, 2017 was in excess of the $18.7 million minimum capital requirements of the Oklahoma Insurance Department.

We had a debt-to-capital ratio of 22.2% as at September 30, 2017 compared to 22.3% in June 2017 and 32.5% as at December 31, 2016 with the reduction reflecting the continuing repayment of our bank loan and the Brookfield capital injection in connection with the spin-off.

The Company is well-capitalized and we expect to have sufficient capital to meet our regulatory capital requirements, fund our operations and support our current business plans.

SECTION 4 – UNDERWRITING PERFORMANCE REVIEW

We operate through the following four business lines: Surety, Risk Solutions, Corporate Insurance and Reinsurance. Substantially all of our premiums in 2017 and 2016 have been written by Trisura Guarantee, in the Canadian specialty insurance market. Our new U.S. non-admitted insurer, Trisura Specialty, received an A- (Excellent) A.M. Best rating in Q3 2017. We are actively pursuing new business opportunities that are expected to generate U.S. premiums in the coming quarters.

SPECIALTY P&C

The table below presents financial highlights for our Specialty P&C business (which consists of our Surety, Risk Solutions and Corporate Insurance business lines).

$ 000	Q3 2017	Q3 2016	$ variance	% variance	Q3 2017 YTD	Q3 2016 YTD	$ variance	% variance
SPECIALTY P&C								
Gross premiums written	36,049	31,554	4,495	14.2%	107,956	91,431	16,525	18.1%
Net premiums earned	21,915	20,109	1,806	9.0%	59,449	53,536	5,913	11.0%
Fee income	225	105	120	114.3%	3,273	3,151	122	3.9%
Net underwriting revenue	22,140	20,214	1,926	9.5%	62,722	56,687	6,035	10.6%
Net underwriting income	2,132	1,478	654	44.2%	7,593	6,571	1,022	15.6%
Net investment income	960	(2,702)	3,662	nm	3,098	(646)	3,744	nm
Loss ratio: current accident year(1)(3)	24.6%	n/a			26.9%	n/a		
Loss ratio: Prior years' development(2)(3)	0.6%	n/a			(4.3%)	n/a		
Loss ratio(3)	25.2%	26.2%		(1.1%)	22.6%	22.5%		0.1%
Expense ratio(4)	66.0%	66.9%		(0.8%)	68.6%	69.5%		(0.9%)
Combined ratio(4)	91.2%	93.1%		(1.9%)	91.2%	92.0%		(0.8%)
Rolling ROE(5)					8.6%	19.0%		(10.3%)

(1) Net claims and loss adjustment expenses relating to the current accident year as % of net premiums earned
(2) Development on net claims and loss adjustment expenses on prior accident years as % of net premiums earned
(3) The split between the current accident year and development on prior years is not available for Q3 2016 as in 2016 reserve reviews took place as at Q2 2016 and Q4 2016 only.
(4) Excludes fee income and commission expenses incurred in relation to fee income earned.
(5) Return on equity for Trisura Guarantee, calculated on a rolling 12-month basis.

Our Specialty P&C business produced strong growth in GPW in Q3 2017, increasing by 14.2% over Q3 2016, driven mainly by our Risk Solutions and Surety businesses. Net underwriting income of $2.1 million in Q3 2017 was strong and ahead of Q3 2016 by $0.7 million as a result of both growth in NPE and relatively lower net claims and operating expenses. These in turn led to an improvement in the Q3 2017 combined ratio to 91.2% from 93.1% in Q3 2016.

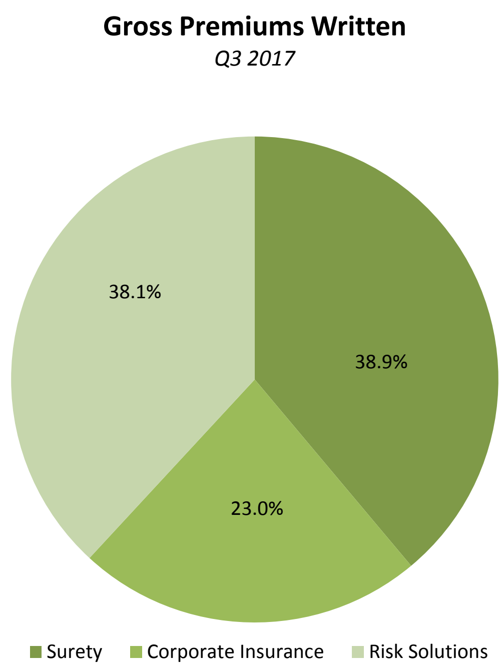
Q3 2017 YTD GPW grew by 18.1%, driven by Risk Solutions and Surety. Q3 2017 YTD net underwriting income of $7.6 million and combined ratio of 91.2% were nicely ahead of the Q3 2016 YTD results of $6.6 million and 92.0% respectively.

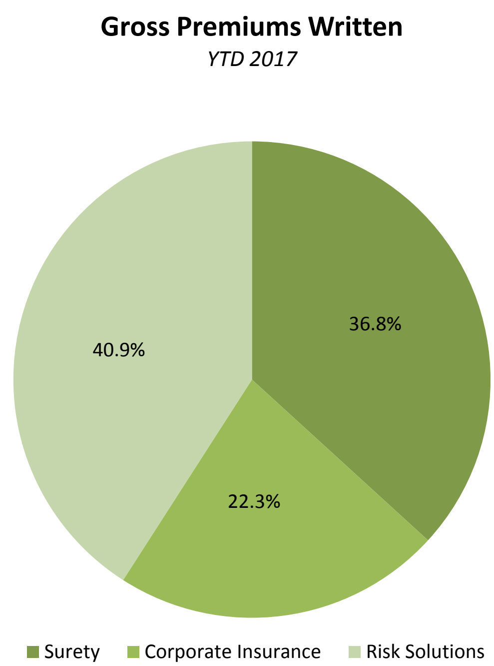
The combined ratio does not reflect fee income of $3.3 million and $3.2 million arising from our Surety business in 2017 and 2016, respectively. This fee income is a significant driver of profitability. Consequently, the combined ratio gives only a partial view of the profitability of our Specialty P&C business. This should be kept in mind when considering performance review and operating metrics.

The table and charts below provide a segmentation of our GPW for the three and nine months ended September 30, 2017 and 2016, respectively.

$ 000	Q3 2017		Q3 2016		Q3 2017 YTD		Q3 2016 YTD	
Surety	14,025	38.9%	12,494	39.6%	39,676	36.8%	35,237	38.5%
Corporate Insurance	8,276	23.0%	7,803	24.7%	24,145	22.3%	23,755	26.0%
Risk Solutions	13,748	38.1%	11,257	35.7%	44,135	40.9%	32,439	35.5%
Total GPW	36,049	100.0%	31,554	100.0%	107,956	100.0%	91,431	100.0%
GPW growth %(1)	14.2%		6.9%		18.1%		18.5%	

(1) % growth relative to prior year period.





Surety

The main products offered by our Surety business line are:

- ✓ Contract surety bonds, such as performance and labour and material payment bonds, primarily for the construction industry;
- ✓ Commercial surety bonds, such as license and permit, tax and excise, and fiduciary bonds, which are issued on behalf of commercial enterprises and professionals to governments, regulatory bodies or courts to guarantee compliance with legal or fiduciary obligations; and
- ✓ Developer surety bonds, comprising mainly bonds to secure real estate developers' legislated deposit and warranty obligations on residential projects.

Surety accounted for 38.9% of our overall GPW in Q3 2017 and 36.8% for Q3 2017 YTD. The increase in Q3 2017 reflected a relatively small quarter for Risk Solutions, which wrote a significant amount of premium from one of its programs in Q2 2017 that had been distributed more evenly in 2016.

$ 000	Q3 2017	Q3 2016	$ variance	% variance	Q3 2017 YTD	Q3 2016 YTD	$ variance	% variance
Gross premiums written	14,025	12,494	1,531	12.3%	39,676	35,237	4,439	12.6%
Net premiums earned	9,969	9,297	672	7.2%	24,381	22,565	1,816	8.0%
Fee income	216	105	111	105.7%	3,258	3,136	122	3.9%
Net underwriting revenue	10,185	9,402	783	8.3%	27,639	25,701	1,938	7.5%
Net underwriting income	1,099	865	234	27.1%	4,884	3,565	1,319	37.0%
Loss ratio: current accident year(1)(3)	18.3%	n/a			18.4%	n/a		
Loss ratio: Prior years' development(2)(3)	3.3%	n/a			(5.2%)	n/a		
Loss ratio(3)	21.5%	24.3%		(2.8%)	13.2%	19.3%		(6.1%)
Expense ratio	69.2%	67.2%		2.0%	76.5%	75.0%		1.5%
Combined ratio(4)	90.7%	91.5%		(0.8%)	89.7%	94.3%		(4.6%)

(1) Net claims and loss adjustment expenses relating to the current accident year as % of net premiums earned
(2) Development on net claims and loss adjustment expenses on prior accident years as % of net premiums earned
(3) The split between the current accident year and development on prior years is not available for Q3 2016 as in 2016 reserve reviews took place as at Q2 2016 and Q4 2016 only.
(4) Excludes fee income and commission expenses incurred in relation to fee income earned.

Q3 2017 GPW grew by 12.3% relative to Q3 2016 and NPE increased by 7.2% over the same period. Q3 2017 combined ratio of 90.7% was an improvement over the 91.5% for Q3 2016. Slightly higher operating costs were more than offset by a lower loss ratio in the quarter, resulting in net underwriting income of $1.1 million compared to $0.9 million in Q3 2016.

Q3 2017 YTD GPW grew by 12.6% relative to Q3 2016 YTD and NPE increased by 8.0% over the same period. Growth in premiums was primarily driven by municipal construction activity in British Columbia and the Eastern provinces. Lower current year claims activity was the driver of increased Q3 2017 YTD net underwriting income compared to Q3 2016 YTD and the improved YTD combined ratio.

Risk Solutions

Risk Solutions includes specialty insurance contracts which are structured to meet the specific requirements of program administrators, managing general agencies, captive insurance companies, affinity groups and reinsurers. Our Risk Solutions business line consists primarily of warranty programs.

Risk Solutions accounted for 38.1% of our overall GPW in Q3 2017 and 40.9% Q3 2017 YTD. This is up significantly from 35.7% and 35.5% for the same periods in 2016 and reflects the strong growth of a number of programs.

$ 000	Q3 2017	Q3 2016	$ variance	% variance	Q3 2017 YTD	Q3 2016 YTD	$ variance	% variance
Gross premiums written	13,748	11,257	2,491	22.1%	44,135	32,439	11,696	36.1%
Net premiums earned	5,675	4,960	715	14.4%	16,545	13,787	2,758	20.0%
Fee income	-	-	-		15	15	-	0.0%
Net underwriting revenue	5,675	4,960	715	14.4%	16,560	13,802	2,758	20.0%
Net underwriting income	1,057	394	663	168.3%	1,988	1,560	428	27.4%
Loss ratio: current accident year(1)(3)	20.0%	n/a			26.6%	n/a		
Loss ratio: Prior years' development(2)(3)	(1.3%)	n/a			(1.2%)	n/a		
Loss ratio(3)	18.7%	30.0%		(11.3%)	25.4%	22.3%		3.1%
Expense ratio	62.7%	62.0%		0.6%	62.7%	66.5%		(3.8%)
Combined ratio	81.4%	92.1%		(10.7%)	88.1%	88.8%		(0.7%)

(1) Net claims and loss adjustment expenses relating to the current accident year as % of net premiums earned

(2) Development on net claims and loss adjustment expenses on prior accident years as % of net premiums earned

(3) The split between the current accident year and development on prior years is not available for Q3 2016 as in 2016 reserve reviews took place as at Q2 2016 and Q4 2016 only.

GPW grew by 22.1% in Q3 2017 and Q3 2017 NPE by 14.4% compared to the previous year. The Q3 2017 loss ratio was 11.3% lower than the prior year period, the variance being attributable to a change of business mix. The Q3 2017 drop in the loss ratio was reflected in net underwriting income, which increased from $0.4 million in Q3 2016 to $1.1 million.

Q3 2017 YTD GPW grew by 36.1% relative to Q3 2016, while Q3 2017 NPE were 20.0% higher. The lower growth rate of net premiums earned reflects the slower earning pattern of the multi-year warranties of many of the programs in Risk Solutions. The Q3 2017 YTD loss ratio of 25.4% was 3.1% higher than Q3 2016 YTD, but this was offset by a reduction in the expense ratio, which decreased from 66.5% in Q3 2016 YTD to 62.7% resulting in the Q3 2017 YTD combined ratio decreasing from 88.8% in Q3 2016 YTD to 88.1%. Q3 2017 YTD net underwriting income was up by $0.4 million compared to Q3 2016 YTD, reflecting the lower expense ratio relative to the increased claims costs.

Corporate Insurance

The main products offered by our Corporate Insurance business line are D&O insurance for public, private and non-profit enterprises, E&O liability insurance for both enterprises and professionals, business office package insurance for both enterprises and professionals and fidelity insurance for both commercial and financial institutions.

Corporate Insurance accounted for 23.0% of our overall GPW in Q3 2017, and 22.3% for Q3 2017 YTD. This compares to 24.7% and 26.0% in Q3 2016 and Q3 2016 YTD, respectively. The decrease reflects the growth of the Risk Solutions and Surety businesses compared with the relatively flat YTD premiums written in Corporate Insurance.

$ 000	Q3 2017	Q3 2016	$ variance	% variance	Q3 2017 YTD	Q3 2016 YTD	$ variance	% variance
Gross premiums written	8,276	7,803	473	6.1%	24,145	23,755	390	1.6%
Net premiums earned	6,271	5,852	419	7.2%	18,523	17,184	1,339	7.8%
Fee income	9	-			-	-		
Net underwriting revenue	6,280	5,852	428	7.3%	18,523	17,184	1,339	7.8%
Net underwriting income	(16)	517	(533)	nm	744	1,758	(1,014)	(57.7%)
Loss ratio: current accident year(1)(3)	38.6%	n/a			38.6%	n/a		
Loss ratio: Prior years' development(2)(3)	(1.9%)	n/a			(6.0%)	n/a		
Loss ratio(3)	36.7%	26.0%		10.7%	32.6%	26.8%		5.8%
Expense ratio	63.8%	65.1%		(1.3%)	63.4%	63.0%		0.4%
Combined ratio	100.5%	91.2%		9.3%	96.0%	89.8%		6.2%

(1) Net claims and loss adjustment expenses relating to the current accident year as % of net premiums earned

(2) Development on net claims and loss adjustment expenses on prior accident years as % of net premiums earned

(3) The split between the current accident year and development on prior years is not available for Q3 2016 as in 2016 reserve reviews took place as at Q2 2016 and Q4 2016 only.

Corporate Insurance includes a number of three-year policies. We are required to recognize the premiums for the full three-year term at the time these policies are written but earn them over the three-year term. This can impact the period-on-period premiums written and premiums earned growth rates as was the case in Q3 2017 YTD when GPW grew by just 1.6% compared to Q3 2016 YTD, but by 7.8% on a NPE basis. Net underwriting income in Q3 2017 fell compared to that for the prior year because of higher claims costs, which was also reflected in the higher Q3 2017 combined ratio of 100.5% compared to 91.2% last year.

As noted above, GPW in Q3 2017 YTD was relatively flat compared to Q3 2016 YTD but grew by 7.8% on a NPE basis. The loss ratio remained high in Q3 2017 YTD as a result of the adverse development of two claims, one in Q1 and the other in Q3. The Q3 2017 YTD underwriting results and combined ratio reflect the impact of these claims.

REINSURANCE

Our international reinsurance business ceased writing new business in 2008 but previously wrote quota share reinsurance (prospective), loss portfolio transfers (retrospective) and niche, specialty contracts covering international risks across multiple commercial lines. Currently our international reinsurance business is managing its remaining portfolio of in-force reinsurance contracts and will shortly recommence writing new business, initially in support of our Canadian and US specialty insurance businesses and thereafter in the international reinsurance markets as attractive opportunities arise.

The remaining in-force portfolio of reinsurance contracts is dominated by one large life annuity reinsurance contract denominated in euros, on which annuity reserves and supporting assets change in response to interest rate changes. As a result, we measure the performance of our reinsurance business by reference to net income in order to capture (i) the change in annuity reserves, which is included in net underwriting income; and (ii) the offsetting change in the value of the supporting assets, which is included in net investment income as these supporting assets are designated FVTPL.

$ 000	Q3 2017	Q3 2016	$ variance	Q3 2017 YTD	Q3 2016 YTD	$ variance
Net underwriting (loss) income	(329)	(4,643)	4,314	(1,020)	(11,255)	10,235
Net investment income	977	4,520	(3,543)	1,176	10,495	(9,319)
Net (loss) income	492	(349)	841	94	(1,164)	1,258

In Q3 2017 net income was $0.5 million compared to a net loss of $0.3 million in Q3 2016, driven mainly by some favourable reserve development on our P&C business and reduced operating expenses.

The offsetting effect of movements in annuity reserves and supporting assets was evident in both Q3 2016 and Q3 2016 YTD when the large net underwriting losses in these periods arose mainly from increases in annuity reserves as a result of a significant decrease in European interest rates during these periods. The fall in European interest rates also significantly increased the value of the assets supporting the annuity reserves resulting in closely matching net investment income in these periods.

Operating expenses have reduced by 29.1% in Q3 2017 and by 33.5% on a year to date basis compared to the same periods in 2016 as the scale and complexity of the in-force portfolio has diminished.

$ 000	Q3 2017	Q3 2016	$ variance	% variance	Q3 2017 YTD	Q3 2016 YTD	$ variance	% variance
Operating expenses (1)	764	1,077	(313)	(29.1%)	2,086	3,138	(1,052)	(33.5%)

(1) Note that the Q3 YTD 2016 operating expenses in the above table have been adjusted to reflect a $2.9 million legal expense reimbursement which arose from the successful conclusion of a legal dispute in Q2 2016. See Management Discussion and Analysis for Q2 2017 for further detail.

CORPORATE

Our corporate results represent operating expenses that do not relate specifically to any one business line of the Company as well as any changes in the valuation of the minority interests.

During Q3 2017 and Q3 2017 YTD, we incurred corporate costs of $0.6 million and $2.5 million respectively. These expenses comprised costs related to the formation and development of the Company and our new US subsidiary, Trisura Specialty including group management compensation and consulting fees. No such costs were incurred in the corresponding periods of 2016.

The minority interests reflect the 40% of Trisura Guarantee owned by Trisura Guarantee management, and are revalued as at January 1 of each year. The valuation of the minority interests increased by $5.2 million in 2017 compared to an increase of $0.2 million in 2016, impacting Q3 2017 YTD and Q3 2016 YTD accordingly.

$ 000	Q3 2017	Q3 2016	$ variance	Q3 2017 YTD	Q3 2016 YTD	$ variance
Corporate expenses	575	-	575	2,488	-	2,488
Increase in minority interests	(2)	(3)	1	5,156	157	4,999
Corporate	573	(3)	576	7,644	157	7,487

SECTION 5 – INVESTMENT PERFORMANCE REVIEW

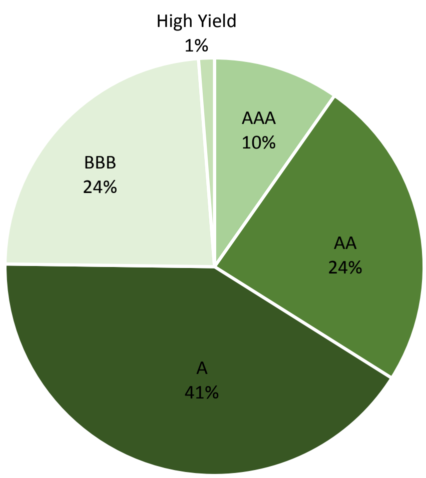
OVERVIEW

The Company's investment policy seeks to achieve attractive total returns without incurring an undue level of investment risk while supporting our liabilities and maintaining strong regulatory capital levels. Currently, we have outsourced a portion of our investment management to third-party managers. As we grow, we intend to develop internal investment management capabilities.

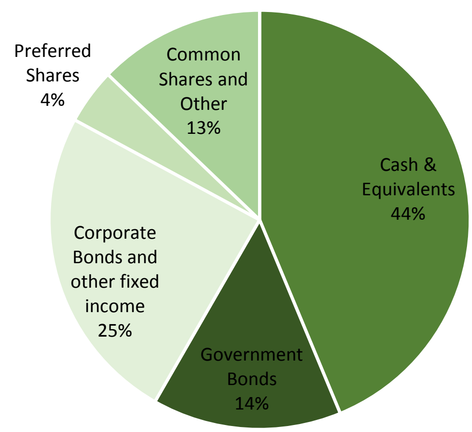
SUMMARY OF INVESTMENT PORTFOLIO

Our $350 million investment portfolio consists of cash and cash equivalents, government and corporate bonds, preferred shares, common shares and a small amount of other asset types. 98% of our fixed income holdings are highly liquid, investment grade bonds.

Fixed Income Securities by Rating



Investment Portfolio by Asset Class



INVESTMENT PERFORMANCE

Net Investment Income

$ 000	Q3 2017	Q3 2016	$ variance	Q3 2017 YTD	Q3 2016 YTD	$ variance
Specialty P&C	960	(2,702)	3,662	3,098	(646)	3,744
Reinsurance	977	4,520	(3,543)	1,176	10,495	(9,319)
Corporate	130	-	130	130	-	130
Net investment income	2,067	1,818	249	4,404	9,849	(5,445)

The Company's operations currently include specialty property and casualty insurance (Surety, Risk Solutions, and Corporate Insurance business lines), underwritten predominantly in Canada by Trisura Guarantee, and international reinsurance business at Trisura International. These businesses focus on different market segments, geographic regions and risks, and accordingly, hold different assets and currencies to support their liabilities. Consequently, investment returns are most appropriately viewed at a business unit level.

Trisura Guarantee's net investment income was driven by interest and dividend income on portfolio assets. 2016 net investment income included a significant impairment on preferred shares, which resulted in negative investment income in both the Q3 and YTD periods. The market based yield of the Specialty P&C portfolio as at September 20, 2017 was 3.0%.

In the Reinsurance business unit, higher net investment income in the 2016 period was attributable to realized gains on the disposal of certain mortgage backed securities and unrealized gains on investments held at FVTPL driven by decreasing interest rates. The strong performance in the first nine months of 2016 was driven by an increase in the valuation of certain Euro-denominated assets designated FVTPL which support the reserves on a Euro-denominated annuity reinsurance contract. Importantly, there was a largely offsetting increase in the reserves held on the same annuity reinsurance contract. The market based yield of the Reinsurance portfolio as at September 30, 2017 was 2.27%.

Other Comprehensive Income ("OCI")

$ 000	Q3 2017	Q3 2016	$ variance	Q3 2017 YTD	Q3 2016 YTD	$ variance
Unrealised gains in OCI	213	4,868	(4,655)	230	4,011	(3,781)
Cumulative translation	(3,178)	757	(3,935)	(5,866)	(2,854)	(3,012)
OCI	(2,965)	5,625	(8,590)	(5,636)	1,157	(6,793)

The Company records changes in the value of its AFS assets through OCI. The mark to market effect of these assets on OCI was a gain of $0.2 million in Q3 2017 driven by mark to market movements in the fixed income portfolio, compared to a $4.9 million gain in Q3 2016, from market value increases on Canadian and US securities. Unrealized market movements on AFS assets were $0.2 million for Q3 2017 YTD compared to a $4.0 million in the same period of 2016, mainly due to market value increases on certain US bonds in 2016.

Foreign exchange differences arising from the translation of the financial statements of Trisura International and Trisura Specialty to Canadian dollars are recognized as cumulative translation gains or losses, which are a constituent part of overall OCI. There were cumulative translation losses in Q3 2017 and Q3 2016 of $3.2 million and $0.8 million respectively. Cumulative translation losses Q3 2017 YTD and Q3 2016 YTD were $5.9 million and $2.9 million respectively. The cumulative translation losses were due to the strengthening of the Canadian dollar against the US dollar, driving lower C$ valuations of capital and securities held outside of Canada.

Refer to Note 3 Investments and Note 14 Other Comprehensive Income in the Interim Consolidated Financial Statements for more detail on the components of investment returns.

SECTION 6 – OUTLOOK & STRATEGY

INDUSTRY

The specialty insurance market offers products and services that are not written by most insurance companies. The risks covered by specialty insurance policies generally require focused, specialist underwriting knowledge and financial expertise and consequently are difficult to place in the standard insurance market.

In contrast to the standard P&C insurance market, which is divided almost evenly between personal and commercial lines, specialty insurers are focused almost exclusively on commercial lines. Even within the commercial sector, the business mix of the specialty insurers can vary significantly from that of the overall P&C industry. Although no standard definition for the specialty insurance market exists, some common examples of business written in specialty include: non-standard insurance, niche market segments (such as Surety, D&O and E&O) and products that require tailored underwriting. Many insurance groups with a specialty focus have several different carriers and licenses and allocate business between these carriers depending on market conditions and regulatory requirements. In general, specialty insurers focus on niche products that other carriers have not focused on or are unable or unwilling to underwrite.

As a result of these non-standard, difficult to place risks, specialty insurers usually have more pricing and policy form flexibility than traditional market insurers. For this reason, specialty insurers have historically, and are expected to continue to, outperform the standard market by having lower claims and operating ratios than traditional insurance companies.

OUTLOOK AND STRATEGY

Our Company has a highly experienced and capable management team with strong industry relationships, and long experience and excellent reputations with rating agencies, insurance regulators and business partners. We have operated in the Canadian specialty P&C insurance market for more than ten years and in the international specialty reinsurance market for over fifteen years establishing a conservative underwriting and investing track record.

In Canada, we have built our brand through Trisura Guarantee to serve our clients, brokers and institutional partners as a leading provider of niche specialty insurance products. Trisura Guarantee will continue to build out its product offerings in existing and new niche segments of the market with suitably qualified underwriters. Trisura Guarantee remains committed to its broker distribution channel to promote and sell its insurance products. Trisura Guarantee is selective in partnering with a limited brokerage force, focusing our efforts on those that are leading brokerage firms in the industry with expertise in specialty lines. This distribution network currently comprises over 150 major international, national and regional brokerage firms operating across Canada in all provinces and territories as well as boutique niche brokers with a focus on specialty lines.

The Company recently announced the transition of RSA's block of contract and commercial surety business in Canada to Trisura Guarantee. The block of business consists of approximately 450 accounts with annual premium in excess of $6 million. This business further strengthens our position in the Canadian marketplace as a market leader in the small to mid-size contractor space.

We have recently launched our US specialty insurance business, Trisura Specialty, which is licensed as a domestic surplus line insurer in Oklahoma and can operate as a non-admitted surplus line insurer in all states within the US. It is our belief that the conditions are favourable for the growth of Trisura Specialty, which will operate primarily as a fronting carrier using a fee based business model. Our focus will be to source high quality business opportunities by partnering with a core base of established and well-managed program administrators that are already known to our management. We are confident that these program administrators will welcome our new capacity as there is currently a lack of fronting carriers and the products and arrangements currently offered to them by the existing market do not always meet the needs of their business and clients.

Trisura Specialty received an A- (Excellent) rating from A.M. Best and is now actively pursuing new business opportunities and we believe that Trisura Specialty is being well-received in the market.

Furthermore, we believe there is a strong supply of highly rated international reinsurance capacity keen to gain exposure to this business, allowing Trisura Specialty to cede most of the risk on its policies to these reinsurers on commercially favourable terms. Again, our management team has strong, established relationships with these reinsurers. We are confident that this fee-based business model will generate attractive, stable fee income while maintaining a small risk position, limiting underwriting risk and aligning our interests with our program distribution partners and reinsurers. As Trisura Specialty grows, we expect that our US operations will become a more significant component of our Company.

We will continue to develop our distribution network, building on our existing partner network in Canada and our core base of program administrators in the US. Our Company will strive to increase the penetration of our products in our partner network by providing the support they require to enhance the effectiveness of their sales and marketing efforts.

We also intend to opportunistically consider acquisitions and pursue those that fit with our long-term strategic plan. We expect the consolidation in the Canadian, US and international specialty insurance and reinsurance markets will continue and in which we may participate. Building on the knowledge and expertise of our existing operations, we intend to initially target businesses in the US that operate in similar niches of the specialty insurance market. Additionally, we expect our reinsurance business to commence writing new reinsurance business as an international multi-line reinsurer, initially in support of our Canadian and US specialty insurance businesses and thereafter where other attractive opportunities arise.

SECTION 7 – OTHER INFORMATION

RATINGS

Trisura Guarantee has been rated A- (Excellent) by A.M. Best since 2012. Trisura Specialty obtained an A- (Excellent) rating from A.M. Best in September 2017.

CASH FLOW SUMMARY

$ 000	Q3 2017	Q3 2016	$ variance	Q3 2017 YTD	Q3 2016 YTD	$ variance
Net income (loss) from operating activities	2,010	(1,547)	3,557	(265)	2,867	(3,132)
Non-cash items to be deducted:						
Depreciation and amortization	244	127	117	534	398	136
Unrealized gains (losses)	629	(176)	805	675	(669)	1,344
Impairment loss on AFS investment	-	3,701	(3,701)	-	3,701	(3,701)
Change in minority interests	(2)	(3)	1	5,156	157	4,999
Change in working capital operating items	12,070	12,157	(87)	20,722	11,053	9,669
Realised losses on AFS investments	(340)	(803)	463	(704)	(1,843)	1,139
Income taxes paid	(968)	-	(968)	(6,123)	(1,797)	(4,326)
Interest paid	(286)	(329)	43	(810)	(333)	(477)
Net cash from operating activities	13,357	13,127	230	19,185	13,534	5,651
Proceeds on disposal of investments	554	3,167	(2,613)	20,386	34,670	(14,284)
Purchases of investments	(12,202)	(13,025)	823	(131,864)	(31,915)	(99,949)
Net purchases of capital and intangible assets	(38)	(44)	6	(145)	(843)	698
Net cash (used in) investing activities	(11,686)	(9,902)	(1,784)	(111,623)	1,912	(113,535)
Dividends paid	-	(16,060)	16,060	-	(17,703)	17,703
Shares issued	-	-	-	140,270	-	140,270
Shares redeemed	-	(19,000)	19,000	-	(21,000)	21,000
Repayment of notes payable	-	(34)	34	(355)	(308)	(47)
Loans received	-	35,000	(35,000)	-	35,000	(35,000)
Repayment of loans payable	(500)	41	(541)	(4,200)	(6,600)	2,400
Net cash (used in) financing activities	(500)	(53)	(447)	135,715	(10,611)	146,326
Net increase in cash	1,171	3,172	(2,001)	43,277	4,835	38,442
Cash at beginning of the period	160,344	97,508	62,836	122,096	101,388	20,708
Currency translation	(5,194)	1,308	(6,502)	(9,052)	(4,235)	(4,817)
Cash at the end of the period	156,321	101,988	54,333	156,321	101,988	54,333

On June 15, 2017, the Company issued approximately 5.8 million common shares to Brookfield for $140 million, as indicated in the Q3 2017 YTD financing activities section above. These funds were used to acquire the Company's interest in Trisura Guarantee and Trisura International from Brookfield for approximately $100 million, as indicated in the Q3 2017 YTD investment activities section above. Additional purchases and disposals of investments, as indicated in the Q3 2017 YTD and Q3 2017 investment activities section, were primarily related to activity in the bond portfolio of Trisura Guarantee as bonds matured and new investments were purchased. The increase in working capital in Q3 2017 YTD and Q3 2017 is primarily attributable to increases in unearned premiums and unpaid claims at Trisura Guarantee.

In Q3 2016, Trisura Guarantee obtained a loan from a Canadian Schedule I bank, and used the proceeds of that loan to redeem $19,000 of Class A common shares, and paid the outstanding value gain associated with those shares of $16.1 million, as indicated in the financing activities section (see Note 11 in the Interim Consolidated Financial Statements).

FINANCIAL INSTRUMENTS

See Note 3 to the Company's Interim Consolidated Financial Statements.

RELATED PARTY TRANSACTIONS

See Note 13 to the Company's Interim Consolidated Financial Statements.

OPERATING METRICS

We use operating metrics to assess our operating performance. The combined ratio is the sum of the loss ratio and the expense ratio. The difference between 100% and the combined ratio represents underwriting income as a percentage of net premiums earned, or underwriting margin. A combined ratio under 100% indicates a profitable underwriting result. A combined ratio over 100% indicates an unprofitable underwriting result. The loss ratio is claims and loss adjustment expenses incurred as a percentage of net premiums earned. The expense ratio is all expenses incurred other than loss adjustment expenses as a percentage of net premiums earned.

We use return on shareholders' equity ("ROE") as a measure of operating performance. ROE is calculated based on net income, divided by the average amount of shareholders' equity of the Company for a given time period.

We report the results of our MCT as prescribed by OSFI's *Guideline A — Minimum Capital Test for Federally Regulated Property and Casualty Insurance Companies*, as amended, restated or supplemented from time to time. MCT determines the supervisory regulatory capital levels required by Trisura Guarantee.

These operating metrics are operating performance measures that highlight trends in our core business or are required ratios used to measure compliance with OSFI standards. Our Company also believes that securities analysts, investors and other interested parties will use these operating metrics to compare our Company's performance against others in the specialty insurance industry. Our Company's management also uses these operating metrics in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and to determine components of management compensation. Such operating metrics should not be considered as the sole indicators of our performance and should not be considered in isolation from, or as a substitute for, analysis of our financial statements prepared in accordance with IFRS.

SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A 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 Trisura Group Ltd. 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," "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 Trisura Group Ltd. 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; 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.

GLOSSARY OF ABBREVIATIONS

Abbreviation	Description
AFS	Available for Sale Financial Asset
CTA	Cumulative Translation Adjustment
D&O	Directors’ and Officers’ insurance
E&O	Errors and Omissions Insurance
EPS	Earnings Per Share
FVTPL	Fair Value Through Profit & Loss
GPW	Gross Premium Written
Minority interests	The liability to participating shareholders
n/a	not available
NII	Net Investment Income
nm	not meaningful
NPE	Net Premium Earned
NPW	Net Premium Written
NUI	Net Underwriting Income
OCI	Other Comprehensive Income
Q1, Q2, Q3, Q4	The three months ended March 31, June 30, September 30 and December 31 respectively
Q2 YTD	The six months ended June 30
Q3 YTD	The nine months ended September 30
Q4 YTD	The twelve months ended December 31
ROE	Return on Shareholders’ Equity
YTD	Year To Date