



**Trisura Group Ltd.**

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Management's Discussion and Analysis

For the quarter ended September 30, 2021

# TRISURA GROUP LTD.

## Management's Discussion and Analysis for the third quarter of 2021

(in thousands of Canadian dollars, except per share numbers and as otherwise noted)

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### 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 three and nine months ended September 30, 2021. This MD&A should be read in conjunction with our unaudited Condensed Interim Consolidated Financial Statements for the quarter ended September 30, 2021 and the audited Consolidated Financial Statements for the year ended December 31, 2020.

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 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, all references to "\$" are to Canadian dollars unless otherwise specified or the context otherwise requires.

This MD&A is dated November 4, 2021. Additional information is available on SEDAR at [www.sedar.com](http://www.sedar.com).

# TRISURA GROUP LTD.

## Management's Discussion and Analysis for the third quarter of 2021

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# TRISURA GROUP LTD.

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### SECTION 1 - OVERVIEW

#### OUR BUSINESS

Our Company is a leading international specialty insurance provider operating in the Surety, Risk Solutions, Corporate Insurance, Fronting and Reinsurance segments of the market. Our operating subsidiaries include a Canadian specialty insurance company, a US specialty insurance company and an international reinsurance company. Our Canadian specialty insurance subsidiary started writing business in 2006 and has a strong underwriting track record over its 15 years of operation. Our US specialty insurance company has participated as a hybrid fronting entity in the non-admitted markets since early 2018 and is licensed as an excess and surplus lines insurer in Oklahoma with the ability to write business across 50 states. Our US specialty insurance company can also write business on an admitted basis in most states, with a newly launched surety platform integrated with our Canadian team. Our international Reinsurance business has been in operation in Barbados for more than 19 years and is managing its in-force run-off portfolio of specialty reinsurance contracts. It recently commenced writing new business in support of our US subsidiary.

Our Company has an experienced management team, strong partnerships with brokers, program administrators and reinsurers, and a specialized underwriting focus. We plan to grow by building our business in the US and through expansion of our Canadian business both organically and through strategic acquisitions. We believe our Company can capitalize on favourable market conditions through our multi-line and multi-jurisdictional platform.

In 2019, the Company closed its acquisition of 21<sup>st</sup> Century Preferred Insurance Company and completed its re-domestication from Pennsylvania to Oklahoma in order to add admitted licenses, which now include 48 states. We continue the process of applying for licenses in the remaining states.

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### SECTION 2 – FINANCIAL HIGHLIGHTS IN Q3

- ✓ GPW of \$404.7 million in Q3 and \$1.1 billion YTD demonstrated continued momentum, led by strong growth in Canada and sustained expansion of US Fronting.
- ✓ Net income of \$16.1 million in the quarter and \$52.3 million YTD increased by greater than 140% compared to the prior year periods, driven by growth in Canada and US, and particularly strong underwriting performance in Canada.
- ✓ EPS of \$0.38 in the quarter and \$1.24 YTD increased by 137.5% and 125.5% respectively.
- ✓ ROE of 20.4% increased from 11.7% at Q3 2020. ROE exceeded our mid-teens target ahead of plan despite continued investment in growth. A significant contributor to this was the strong underwriting performance in the Canadian operations over the last several quarters.
- ✓ BVPS of \$8.49 increased by 26.3% over Q3 2020, the result of strong earnings, as well as unrealized gains in the investment portfolio over the period.
- ✓ Strong performance of our operations in Canada and the US.
  - Canada:
    - GPW growth of 110.3% and NPE growth of 75.7% in the quarter over Q3 2020 reflected increased market share, expansion of distribution relationships, new fronting business and the benefit of hardening market conditions in certain lines of business.
    - NUI growth of 329.8% in the quarter over Q3 2020 was the result of sustained premium growth across all lines and improvements in operational leverage.
    - Net Income of \$11.7 million in the quarter increased 174.7% over Q3 2020, generating a 31.2% ROE.
  - United States:
    - GPW of \$260.5 million in the quarter, as well as \$10.5 million in earned fees reflected strong growth over Q3 2020.
    - Deferred fee income, a precursor to earned fees, grew to \$23.9 million, a 30.6% increase over Q4 2020.
    - Net Income of \$7.0 million in the quarter and continued improvements in operational leverage drove ROE to 14.5% despite a significant increase in capital.
- ✓ Streamlined Reinsurance operations have been achieved through the sale of our structured insurance assets, allowing us to improve efficiency and re-allocate capital to more liquid investments. The sale resulted in a one-time loss of \$1.3 million.

#### **COVID-19 Update**

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 to be a global pandemic. To date, there have been restrictions on the conduct of business in many jurisdictions and the global movement of people and certain goods. We are closely monitoring developments related to COVID-19, including the existing and potential impact on the economy and global financial markets. Although COVID-19 has had minimal impact on our business to date, given the ongoing and dynamic nature of the circumstances surrounding COVID-19 and continuing uncertainty of its magnitude, outcome and duration, the longer-term impact of the COVID-19 pandemic on our Company, our insurance business or our financial results, if any, is difficult to predict. These impacts may differ in magnitude depending on a number of scenarios, which we continue to monitor and take into consideration in our decision making. See Section 7 – Risk Management.

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# TRISURA GROUP LTD.

## Management's Discussion and Analysis for the third quarter of 2021

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### SECTION 3 – FINANCIAL REVIEW

#### INCOME STATEMENT ANALYSIS

Table 3.1

	Q3 2021	Q3 2020	\$ variance	% variance	Q3 2021 YTD	Q3 2020 YTD	\$ variance	% variance
<b>Gross premiums written</b>	404,678	239,607	165,071	68.9%	1,078,466	612,242	466,224	76.2%
Net premiums written	104,631	64,543	40,088	62.1%	282,196	152,924	129,272	84.5%
<b>Net premiums earned</b>	75,489	42,250	33,239	78.7%	195,141	109,593	85,548	78.1%
Fee income	11,358	6,652	4,706	70.8%	37,254	20,060	17,194	85.7%
Net investment income	2,712	7,015	(4,303)	(61.3%)	175	21,857	(21,682)	nm
Net gains	2,123	4,178	(2,055)	(49.2%)	10,758	5,628	5,130	91.2%
<b>Total revenues</b>	91,682	60,095	31,587	52.6%	243,328	157,138	86,190	54.9%
Net claims and loss adjustment expenses	(20,010)	(19,319)	(691)	3.6%	(45,507)	(49,466)	3,959	(8.0%)
Net commissions	(29,527)	(15,060)	(14,467)	96.1%	(74,416)	(38,431)	(35,985)	93.6%
Operating expenses	(19,001)	(16,685)	(2,316)	13.9%	(55,752)	(43,523)	(12,229)	28.1%
Interest expense	(592)	(224)	(368)	164.3%	(1,060)	(891)	(169)	19.0%
<b>Total claims and expenses</b>	(69,130)	(51,288)	(17,842)	34.8%	(176,735)	(132,311)	(44,424)	33.6%
<b>Income before income taxes</b>	22,552	8,807	13,745	156.1%	66,593	24,827	41,766	168.2%
Income tax expense	(6,495)	(2,272)	(4,223)	nm	(14,329)	(3,334)	(10,995)	nm
<b>Net income</b>	16,057	6,535	9,522	145.7%	52,264	21,493	30,771	143.2%
Other comprehensive income (loss)	2,473	(162)	2,635	nm	7,070	(2,704)	9,774	nm
<b>Comprehensive income</b>	18,530	6,373	12,157	190.8%	59,334	18,789	40,545	215.8%
<b>Earnings per common share - diluted - in dollars</b>	0.38	0.16	0.22	137.5%	1.24	0.55	0.69	125.5%
<b>Adjusted earnings per common share - diluted - in dollars <sup>(1)</sup></b>	0.41	0.15	0.26	173.3%	1.16	0.60	0.56	93.3%
<b>Book value per share - in dollars</b>	8.49	6.72	1.77	26.3%	8.49	6.72	1.77	26.3%
<b>ROE <sup>(2)</sup></b>	20.4%	11.7%	n/a	8.7pts	20.4%	11.7%	n/a	8.7pts
<b>Adjusted ROE <sup>(2)</sup></b>	18.9%	13.0%	n/a	5.9pts	18.9%	13.0%	n/a	5.9pts

(1) See Non-IFRS financial measures in Section 8 – Other Information, Table 8.5.2 for further details.

(2) See Non-IFRS financial measures in Section 8 – Other Information, Table 8.6 for further details.

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#### ***Premium Revenue and Fee Income***

Premium momentum continued in the quarter and YTD, driven by significant growth in Canada and continued expansion of US Fronting. NPW growth for the quarter and YTD was also significant, primarily reflecting growth in Canadian business. NPE growth for the quarter and YTD was led by the Canadian operations reflecting increased NPW in Canada across all lines. The increase in fee income in the quarter and YTD was driven primarily by fronting fees from the US, supported by growing fee income in Canada as we expand product offerings in Surety.

#### ***Net Investment Income, Net Gains***

See Section 5 – Investment Performance Review.

#### ***Net Claims***

Net claims in the quarter were comparable to Q3 2020 despite significant growth of the business, reflecting a lower loss ratio in Canada and claims recoveries associated in our life annuity reserves. Net claims YTD were lower than the previous year despite significant growth, as a result of a lower loss ratio in Canada, and significantly lower claims expense in the Reinsurance operations, associated with the discounting of our life annuity reserves. Importantly, a significant portion of the movement in life annuity reserves is offset by investment income (See Section 5 – Investment Performance Review). Net claims expense grew in both Canada and the US, in line with growth of the business, though the loss ratio was lower in 2021 than 2020.

#### ***Net Commissions***

Growth in Net commissions expense in both the quarter and YTD was a result of growth in the business as we distribute our products primarily through agents who receive commission in both Canada and the US. Growth of Net commissions exceeded growth in NPE as a result of the growth of certain programs with higher commission expense, as well as lower ceding commission in Canada as a result of the change in reinsurance structure.

#### ***Operating Expenses***

Operating expenses in the quarter and YTD were greater than 2020 driven primarily by operational costs associated with growth in the business. The growth in operating expenses was also impacted by share-based compensation, as the increasing value of our share price led to an increase in the value of certain outstanding options. Excluding share-based compensation, operating expenses increased 38.1% in the quarter and 29.0% YTD, reflective primarily of growth in the Canadian and US operations. The movement in share-based compensation was mitigated through a hedging program, the movement of which is presented in Net gains. The impact of Corporate costs, net of hedging is shown in Section 4 – Performance Review, Corporate.

#### ***Income Tax Expense***

Income tax expense for Q3 and YTD 2021 was greater than 2020 reflecting growth in net income. On a YTD basis, Income tax expense includes a recovery of approximately \$0.9 million associated with the 2020 tax filings. In 2020 we recognized a Deferred tax asset related to previously unrecognized tax losses, which resulted in a one-time tax recovery. For additional information, see Note 19 of the Condensed Interim Consolidated Financial Statements.

#### ***Net Income***

Net income for the quarter was significantly higher than Q3 2020 as a result of stronger underwriting results and growth in Canada, continued maturation of the US platform and improved asset liability matching in our Reinsurance operations. Net income for the YTD period was significantly higher than the prior year as a result of the same factors as well as improved hedging of share-based compensation costs.

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### Other Comprehensive Income (Loss)

See Section 5 – Investment Performance Review.

### EPS, Adjusted EPS, BVPS, Adjusted ROE and ROE

Quarterly diluted EPS of \$0.38 in Q3 2021 compares favourably to \$0.16 in Q3 2020. The improvement was largely the result of growth, strong underwriting results in Canada, increasing profitability from fronting operations in the US, and improved asset liability matching in our Reinsurance operations. Similar factors drive the increase in diluted EPS for the YTD period. BVPS of \$8.49 was an increase of 26.3% over Q3 2020, a result of an increase in net income and unrealized gains over that time period.

Adjusted EPS is meant to reflect EPS, adjusted for non-recurring items and to normalize earnings of core operations to better reflect our North American specialty operations. A detailed bridge between EPS and Adjusted EPS is included in Section 8 – Other Information, under Non-IFRS financial measures. Adjusted EPS grew by 173.3% in Q3 2021, more than growth in EPS, primarily due to the impact of the sale of our structured insurance assets. Adjusted EPS grew by 93.3% for the YTD period, less than growth in EPS due to the impact of adjustments for Net gains and Net income (loss) from the life annuity.

## BALANCE SHEET ANALYSIS

Table 3.2

As at	September 30, 2021	December 31, 2020	\$ variance
Cash and cash equivalents	245,332	136,519	108,813
Investments	618,670	503,684	114,986
Premiums and accounts receivable, and other assets	286,956	178,883	108,073
Recoverable from reinsurers	1,128,618	676,972	451,646
Deferred acquisition costs	271,815	188,190	83,625
Capital assets and intangible assets	17,577	13,907	3,670
Deferred tax assets	6,645	8,577	(1,932)
<b>Total assets</b>	<b>2,575,613</b>	<b>1,706,732</b>	<b>868,881</b>
Accounts payable, accrued and other liabilities	70,206	57,343	12,863
Reinsurance premiums payable	308,667	151,707	156,960
Unearned premiums	849,311	592,711	256,600
Unearned reinsurance commissions	133,647	100,281	33,366
Unpaid claims and loss adjustment expenses	789,034	487,271	301,763
Debt outstanding	75,000	27,555	47,445
<b>Total liabilities</b>	<b>2,225,865</b>	<b>1,416,868</b>	<b>808,997</b>
<b>Shareholders' equity</b>	<b>349,748</b>	<b>289,864</b>	<b>59,884</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,575,613</b>	<b>1,706,732</b>	<b>868,881</b>

Total assets at September 30, 2021 were \$868.9 million higher than at December 31, 2020 as a result of growth across our Specialty P&C businesses. The growth in the US, as well as growth in certain fronted programs in Canada, has led to increases across a number of categories, particularly Recoverables from reinsurers which has grown alongside growth in premium and ceded premium. The nature of the fronted operations causes it to generate significant Recoverables from reinsurers, which increase alongside an increase in Unearned premiums and Unpaid claims and loss adjustment expenses. These recoverables are monitored in accordance with the Company's reinsurance risk management policies and generally, are owing from reinsurers with A.M. Best ratings of A- or higher or are otherwise collateralized. Investments also increased as additional cash from the debt issuance in Q2 2021 and from operations was deployed to the investment portfolio.



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The main drivers of liability increases were Unearned premiums, and Unpaid claims and loss adjustment expenses primarily as a result of business growth in the US but also related to growth in the Canadian business. These increases are partially offset by an increase in Recoverable from reinsurers. Reinsurance premiums payable also grew significantly reflecting growth in a number of fronted programs in both Canada and the US. Debt outstanding increased as a result of the debt issuance in 2021.

#### 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).

In Q2 2020, the Company completed a \$65.1 million equity raise, to support growth in the US. The Company issued an additional 5,797,000 shares.

As at September 30, 2021, 41,132,939 common shares were issued and outstanding.

#### LIQUIDITY

Both short-term and long-term liquidity sources are available to the Company. Short-term liquidity sources immediately available include: (i) cash and cash equivalents; (ii) our 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 including our revolving credit facility (see Note 14 to the Condensed Interim Consolidated Financial Statements). These funds are used primarily to pay claims and operating expenses, service the Company's debt outstanding and purchase investments to support claims reserves and capital requirements.

#### CAPITAL

The MCT ratio of Trisura Canada was 216% at September 30, 2021 (249% as at December 31, 2020), which comfortably exceeds the 150% regulatory requirements prescribed by OSFI, as well as the Company's internal targets.

Trisura US's capital and surplus of \$162.7 million USD as at September 30, 2021 (\$122.6 million USD as at December 31, 2020) was in excess of the various Company Action Levels of the states in which it is licensed.

Trisura International's capital of \$10.9 million USD as at September 30, 2021 (\$10.3 million USD as at December 31, 2020) was sufficient to meet the FSC's regulatory capital requirement.

The Company's debt-to-capital ratio of 17.7% as at September 30, 2021 (8.7% as at December 31, 2020), was below our long-term target debt-to-capital ratio of 20.0%.

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.

# TRISURA GROUP LTD.

## Management's Discussion and Analysis for the third quarter of 2021

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### SECTION 4 – PERFORMANCE REVIEW

#### SPECIALTY P&C

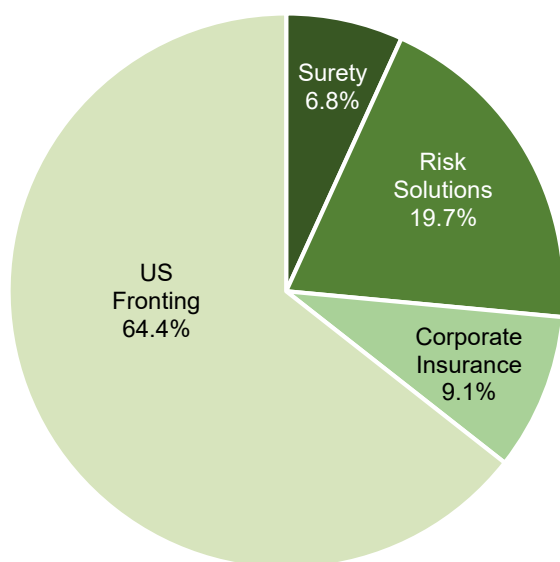
Our Specialty P&C business consists of Surety, Risk Solutions, and Corporate Insurance business lines which we primarily write in Canada and a broad range of admitted and surplus lines in the US written through a fronting model, referred to as US Fronting.

The table and chart below provide a segmentation of our Specialty P&C GPW and NPW for the third quarter and YTD 2021 and 2020, respectively. Although US Fronting comprises the majority of our GPW, premium growth was substantial in Canada, supported by considerable momentum in Risk Solutions and Corporate Insurance, as well as strong performance in Surety.

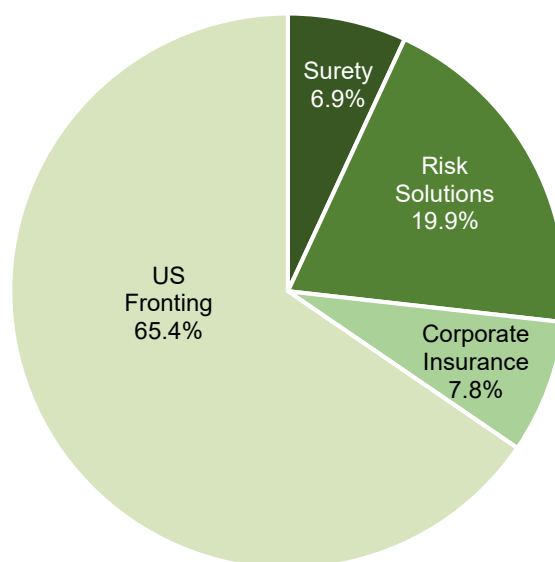
**Table 4.1**

GPW	Q3 2021	Q3 2020	% growth over prior year	Q3 2021 YTD	Q3 2020 YTD	% growth over prior year
Surety	27,676	18,567	49.1%	74,387	53,003	40.3%
Risk Solutions	79,732	31,323	154.5%	214,391	78,285	173.9%
Corporate Insurance	36,710	18,654	96.8%	83,818	44,324	89.1%
US Fronting	260,518	171,028	52.3%	705,790	436,529	61.7%
<b>Total GPW</b>	<b>404,636</b>	<b>239,572</b>	<b>68.9%</b>	<b>1,078,386</b>	<b>612,141</b>	<b>76.2%</b>

**Gross Premiums Written  
Q3 2021**



**Gross Premiums Written  
Q3 2021 YTD**



# TRISURA GROUP LTD.

## Management's Discussion and Analysis for the third quarter of 2021

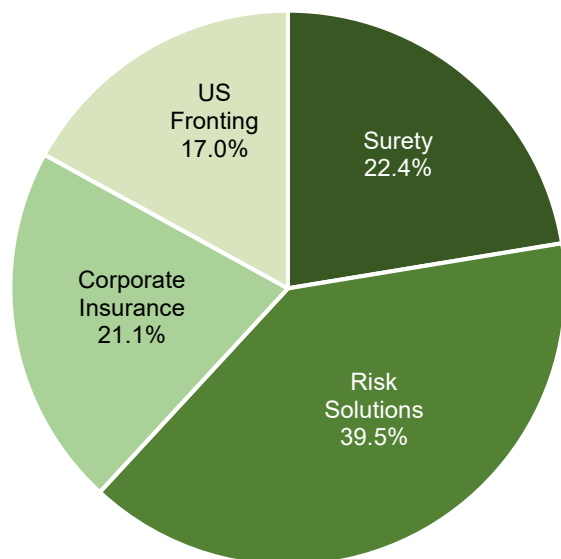
(in thousands of Canadian dollars, except per share numbers and as otherwise noted)

Our US operations continued to cede premium to our Reinsurance business in the quarter, resulting in premium generation for our Reinsurance business. In certain tables, including table 4.2 below, the premiums ceded to the Reinsurance business are grouped with US Fronting to better reflect the result of the business and are identified as such.

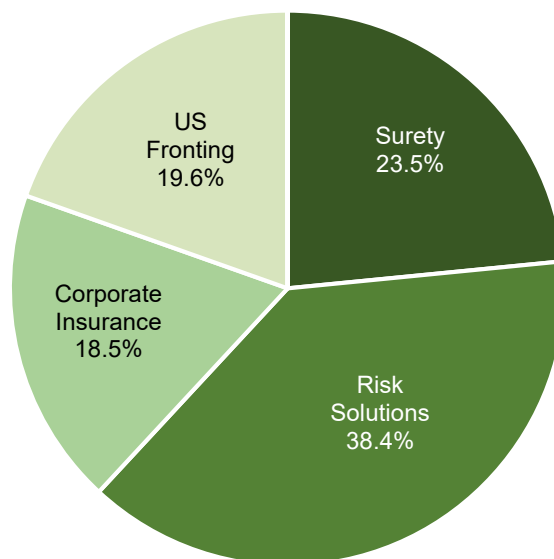
**Table 4.2**

NPW	Q3 2021	Q3 2020	% growth over prior year	Q3 2021 YTD	Q3 2020 YTD	% growth over prior year
Surety	23,470	11,518	103.8%	66,188	32,276	105.1%
Risk Solutions	41,214	30,674	34.4%	108,468	63,293	71.4%
Corporate Insurance	22,127	11,767	88.0%	52,263	30,945	68.9%
US Fronting	17,820	10,584	68.4%	55,277	26,410	109.3%
<b>Total NPW</b>	<b>104,631</b>	<b>64,543</b>	<b>62.1%</b>	<b>282,196</b>	<b>152,924</b>	<b>84.5%</b>

**Net Premiums Written**  
**Q3 2021**



**Net Premiums Written**  
**Q3 2021 YTD**



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### CANADA

The table below presents financial highlights for our Canadian operations.

**Table 4.3**

	Q3 2021	Q3 2020	\$ variance	% variance	Q3 2021 YTD	Q3 2020 YTD	\$ variance	% variance
Gross premiums written	144,118	68,544	75,574	110.3%	372,596	175,612	196,984	112.2%
Net premiums written	86,811	53,959	32,852	60.9%	226,919	126,514	100,405	79.4%
Net premiums earned	61,961	35,261	26,700	75.7%	157,224	92,358	64,866	70.2%
Fee income	819	238	581	244.1%	6,149	3,981	2,168	54.5%
Net underwriting revenue	62,780	35,499	27,281	76.9%	163,373	96,339	67,034	69.6%
Net underwriting income	12,837	2,987	9,850	329.8%	36,296	14,218	22,078	155.3%
Net investment income	2,348	1,886	462	24.5%	6,245	5,979	266	4.4%
Net income	11,718	4,266	7,452	174.7%	31,899	13,900	17,999	129.5%
Loss ratio: current accident year	19.9%	28.7%		(8.8pts)	25.2%	28.6%		(3.4pts)
Loss ratio: prior years' development	(1.5%)	(0.3%)		(1.2pts)	(6.1%)	(5.4%)		(0.7pts)
Loss ratio	18.4%	28.4%		(10.0pts)	19.1%	23.2%		(4.1pts)
Expense ratio	60.9%	63.1%		(2.2pts)	57.8%	61.4%		(3.6pts)
Combined ratio	79.3%	91.5%		(12.2pts)	76.9%	84.6%		(7.7pts)
ROE	31.2%	20.0%		11.2pts	31.2%	20.0%		11.2pts

GPW growth for Q3 and YTD 2021 was substantial across all lines led by Risk Solutions and Corporate Insurance. Risk Solutions continued to benefit from the growth of new and existing programs as well as new fronting business. Corporate insurance has benefitted from a hardening insurance market with improved pricing, growth in programs, and expansion of distribution partnerships. Growth in Surety reflects continued expansion of our market share and product expansion including premiums from our nascent Surety business in the US.

For Q3 2021 and YTD, strong growth in NPW and NPE was the result of the factors discussed above, as well as a change to the company's surety reinsurance program. Beginning in 2021 the company modified its surety reinsurance program to primarily an excess of loss structure, rather than a quota share structure. This modification reduced ceded premium and increased the Company's net retention on surety business. The evolution of our reinsurance program reflects the Company's capacity to retain more risk in attractive business lines, given the increase in our capital base.

Increases in Fee income in the quarter and YTD reflected product expansion into new home warranty products, as well as account growth in existing surety lines.

The loss ratio for Q3 and YTD 2021 was lower than Q3 and YTD 2020, primarily as a result of lower loss ratios in Corporate Insurance and Risk Solutions. The expense ratio decreased both for Q3 2021 and YTD compared to same periods in 2020, as a result of improved operational leverage as the platform continues to grow. We have benefitted this year from a reduction of certain operational costs due to the COVID-19 shutdown. The YTD expense ratio also benefitted from a ceding commission from Surety reinsurers of approximately \$1.8 million associated with the change in reinsurance structure beginning in 2021. The combined ratio for Q3 and YTD 2021 was lower than Q3 and YTD 2020 as a result of the factors discussed above.

Net underwriting income for the quarter and YTD grew significantly, a result of growth across all lines and an improved combined ratio.

See Section 5 – Investment Performance Review for a discussion on Net Investment Income.

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Net Income grew in the quarter and YTD as a result of growth in Net Underwriting Income, and improvements in Net investment income. Strong growth in premium generation combined with disciplined underwriting demonstrated the benefit of our specialty focus and the ability of our platform to perform through volatile markets.

### 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;
- ✓ Developer surety bonds, comprising mainly bonds to secure real estate developers' legislated deposit and warranty obligations on residential projects; and
- ✓ New home warranty insurance for residential homes.

Table 4.4

	Q3 2021	Q3 2020	\$ variance	% variance	Q3 2021 YTD	Q3 2020 YTD	\$ variance	% variance
Gross premiums written	27,676	18,567	9,109	49.1%	74,387	53,003	21,384	40.3%
Net premiums written	23,470	11,518	11,952	103.8%	66,188	32,276	33,912	105.1%
Net premiums earned	19,756	12,059	7,697	63.8%	49,733	29,871	19,862	66.5%
Fee income	789	238	551	231.5%	6,038	3,981	2,057	51.7%
Net underwriting revenue	20,545	12,297	8,248	67.1%	55,771	33,852	21,919	64.7%
Net underwriting income	6,249	3,740	2,509	67.1%	19,151	9,875	9,276	93.9%
Loss ratio: current accident year	14.3%	13.3%		1.0pts	19.7%	16.7%		3.0pts
Loss ratio: prior years' development	(6.0%)	(6.1%)		0.1pts	(9.2%)	(6.8%)		(2.4pts)
Loss ratio	8.3%	7.2%		1.1pts	10.5%	9.9%		0.6pts

Surety GPW grew significantly for the quarter and YTD. Growth has been driven by the expansion of our core products of contract, commercial and developer surety, and enhanced by the addition of home warranty products in western Canada, as well as our new surety operation in the United States.

The growth in NPW and NPE was strong in Q3 and YTD 2021 as a result of growth in GPW and the change in reinsurance structure for our Surety business from primarily a quota share to primarily an excess of loss structure.

For Q3 and YTD 2021 the loss ratio was comparable to 2020, as a result of strong underwriting across both periods.

Net underwriting income for the quarter and YTD increased as a result of growth in the business and the change in reinsurance structure.

## TRISURA GROUP LTD.

### Management's Discussion and Analysis for the third quarter of 2021

(in thousands of Canadian dollars, except per share numbers and as otherwise noted)

#### Risk Solutions

Risk Solutions include specialty insurance contracts which are structured, to meet the specific requirements of program administrators, managing general agents, captive insurance companies, affinity groups and reinsurers. Our Risk Solutions business line consists of warranty programs in the automotive and consumer goods space, and fronting for reinsurers through licensed brokers and MGAs for various insurance risks. Risk Solutions also sells warranty products which serve as complementary products to our insurance policies.

Table 4.5

	Q3 2021	Q3 2020	\$ variance	% variance	Q3 2021 YTD	Q3 2020 YTD	\$ variance	% variance
Gross premiums written	79,732	31,323	48,409	154.5%	214,391	78,285	136,106	173.9%
Net premiums written	41,214	30,674	10,540	34.4%	108,468	63,293	45,175	71.4%
Net premiums earned	25,670	12,718	12,952	101.8%	63,076	33,576	29,500	87.9%
Net underwriting revenue	25,699	12,718	12,981	102.1%	63,186	33,576	29,610	88.2%
Net underwriting income	3,931	768	3,163	411.8%	9,742	4,216	5,526	131.1%
Loss ratio: current accident year	19.1%	25.9%		(6.8pts)	17.8%	24.8%		(7.0pts)
Loss ratio: prior years' development	(1.4%)	(0.2%)		(1.2pts)	(1.0%)	(4.5%)		3.5pts
Loss ratio	17.7%	25.7%		(8.0pts)	16.8%	20.3%		(3.5pts)

Risk solutions GPW and NPW for the quarter and YTD periods increased significantly over comparable periods in 2020 as a result of new programs in the warranty space, which have grown significantly in 2021, as well as revenue from fronting arrangements. In 2021, new fronted premiums in Canada contributed \$46.4 million in the quarter and \$101.9 million YTD, reflecting significant growth in that line of business. It should be noted that GPW in YTD 2020 was impacted by pandemic related shutdowns, and year over year comparisons show particularly strong growth as a result.

Growth in NPE for Q3 and YTD 2021 were driven by maturation of the portfolio resulting in greater earned premiums from programs written in prior years, as well as benefitting from the impact of the new programs.

In Q3 and YTD 2021, the loss ratio was lower than Q3 and YTD 2020 as a result of improved performance in certain warranty programs.

Net underwriting income in Q3 and YTD 2021 increased over 2020 as a result of new warranty programs, a growing contribution from maturing programs that are performing well, and an increase in net underwriting income generated from fronted programs.

## TRISURA GROUP LTD.

### Management's Discussion and Analysis for the third quarter of 2021

(in thousands of Canadian dollars, except per share numbers and as otherwise noted)

#### Corporate Insurance

The main products offered by our Corporate Insurance business line are Directors' & Officers' insurance for public, private and non-profit enterprises, professional liability insurance for both enterprises and professionals, technology and cyber liability insurance for enterprises, commercial package insurance for both enterprises and professionals and fidelity insurance for both commercial enterprises and financial institutions.

Table 4.6

	Q3 2021	Q3 2020	\$ variance	% variance	Q3 2021 YTD	Q3 2020 YTD	\$ variance	% variance
Gross premiums written	36,710	18,654	18,056	96.8%	83,818	44,324	39,494	89.1%
Net premiums written	22,127	11,767	10,360	88.0%	52,263	30,945	21,318	68.9%
Net premiums earned	16,535	10,484	6,051	57.7%	44,416	28,911	15,505	53.6%
Net underwriting revenue	16,535	10,484	6,051	57.7%	44,416	28,911	15,505	53.6%
Net underwriting income (loss)	2,657	(1,521)	4,178	nm	7,403	127	7,276	5729.1%
Loss ratio: current accident year	38.3%	49.8%		(11.5pts)	41.8%	45.2%		(3.4pts)
Loss ratio: prior years' development	(6.8%)	6.2%		(13.0pts)	(9.8%)	(5.0%)		(4.8pts)
Loss ratio	31.5%	56.0%		(24.5pts)	32.0%	40.2%		(8.2pts)

GPW, NPW and NPE continued to demonstrate strong growth in Q3 and YTD 2021. This was due to continued new business growth, stable policy retentions, continued increasing rates and business from new distribution partners.

In Q3 2021, the loss ratio decreased from Q3 2020, as a result of a lower current accident year loss ratio combined with favourable prior years' development. We continue to reserve current accident year business at a higher rate than prior years to reflect the uncertainty related to the current economic environment. Should the economic climate become more certain, our reserving practices may return to previous levels. For YTD 2021, the loss ratio was lower than the prior year due to an improved current accident year loss ratio, as well as more favourable prior years' development.

Net underwriting income increased in Q3 and YTD 2021 as a result of strong growth in the business combined with the decrease in the loss ratio.

# TRISURA GROUP LTD.

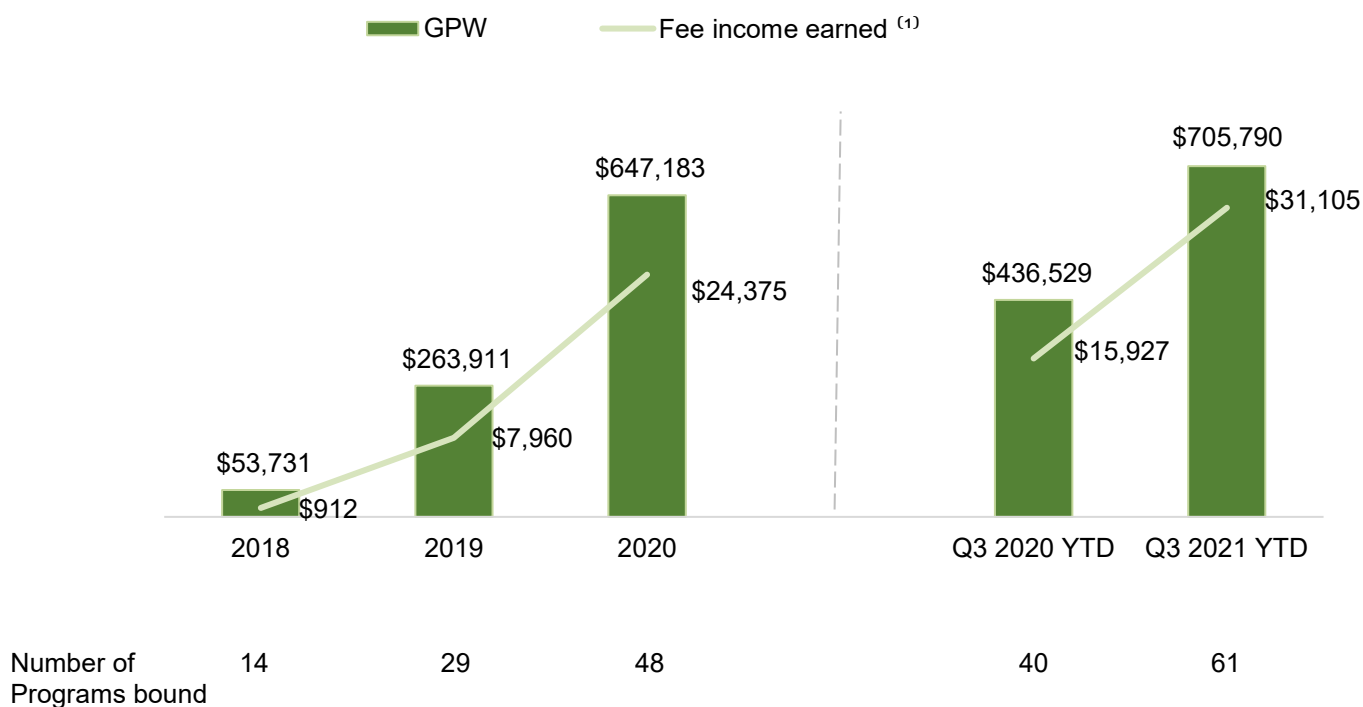
## Management's Discussion and Analysis for the third quarter of 2021

(in thousands of Canadian dollars, except per share numbers and as otherwise noted)

### UNITED STATES

Our US subsidiary operates as a non-admitted surplus line insurer in all states, participating as a hybrid fronting carrier with a fee-based business model. We are actively expanding our admitted licenses, with licenses in 48 states and the intention of gaining admitted licenses across all 50 states in time.

Our US operations continued to grow premium, producing \$260.5 million in the quarter across 61 programs. The graph below shows the evolution of GPW, fee income earned, and the number of programs bound in the US.



(1) Fee income earned excludes fees earned on premiums ceded to Trisura's captive reinsurance operations.



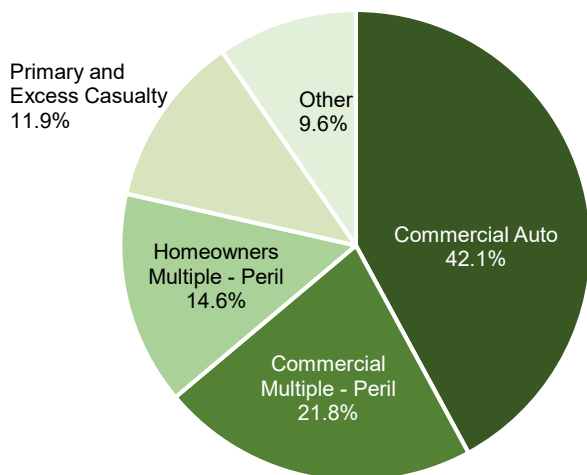
# TRISURA GROUP LTD.

## Management’s Discussion and Analysis for the third quarter of 2021

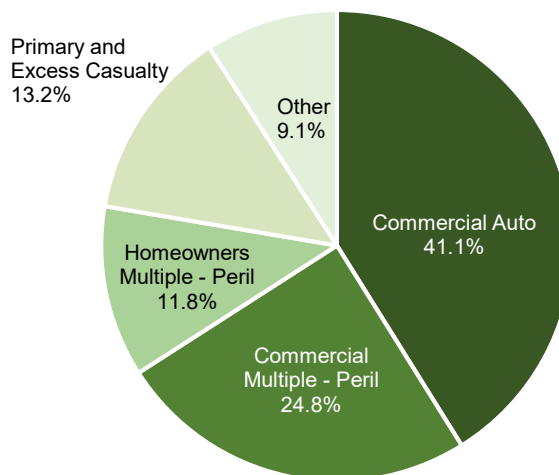
(in thousands of Canadian dollars, except per share numbers and as otherwise noted)

The charts below provide a segmentation by class of business of our US GPW and NPW for Q3 2021 and YTD 2021. The charts include premiums ceded to the captive reinsurance operations.

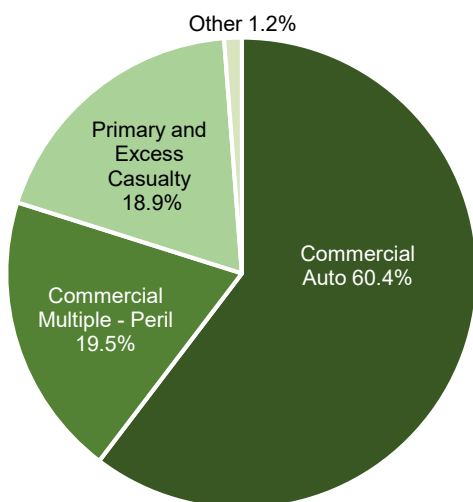
**Gross Premiums Written**  
**Q3 2021 <sup>(1)</sup>**



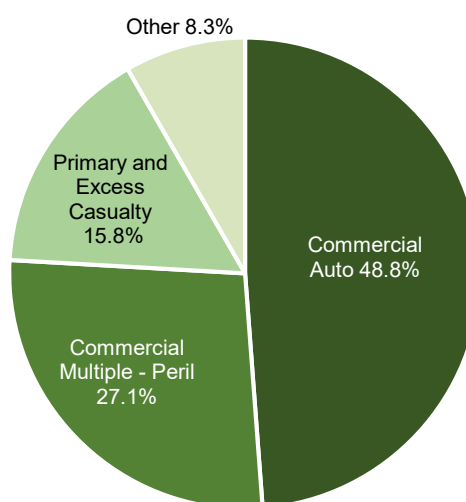
**Gross Premiums Written**  
**Q3 2021 YTD <sup>(1)</sup>**



**Net Premiums Written**  
**Q3 2021 <sup>(1)</sup>**



**Net Premiums Written**  
**Q3 2021 YTD <sup>(1)</sup>**



(1) "Other" includes Auto Physical Damage, Allied Lines – Flood, Boiler and Machinery, Farmowners Multiple - Peril, Homeowners Multiple – Peril, Inland Marine, MonoLine Property, Prepaid Legal, Private Auto, and Medical Professional Liability.

# TRISURA GROUP LTD.

## Management's Discussion and Analysis for the third quarter of 2021

(in thousands of Canadian dollars, except per share numbers and as otherwise noted)

The table below presents financial highlights for our US operations. The table includes any business ceded to Trisura's captive reinsurance operations, and excludes fronting fees received on premiums ceded to the captive reinsurance operations.

**Table 4.7**

	Q3 2021	Q3 2020	\$ variance	% variance	Q3 2021 YTD	Q3 2020 YTD	\$ variance	% variance
Gross premiums written	260,518	171,028	89,490	52.3%	705,790	436,529	269,261	61.7%
Net premiums written	17,820	10,584	7,236	68.4%	55,277	26,410	28,867	109.3%
Net premiums earned	13,485	6,954	6,531	93.9%	37,836	17,135	20,701	120.8%
Fee income	10,539	6,315	4,224	66.9%	31,105	15,927	15,178	95.3%
Net underwriting revenue	24,024	13,269	10,755	81.1%	68,941	33,062	35,879	108.5%
Net underwriting income	6,492	3,318	3,174	95.7%	20,585	9,333	11,252	120.6%
Net investment income	1,301	1,152	149	12.9%	3,456	2,722	734	27.0%
Net income	7,035	3,932	3,103	78.9%	20,337	10,671	9,666	90.6%
Loss ratio	69.4%	79.3%			69.4%	72.9%		
Retention rate	6.9%	6.2%			7.8%	6.0%		
Fees as percentage of ceded premium	5.1%	5.7%			5.6%	5.7%		
Fronting operational ratio	73.0%	75.0%			70.1%	71.8%		
ROE <sup>(1)</sup>	14.5%	9.7%			14.5%	9.7%		

(1) ROE excludes premiums ceded to the captive reinsurance operations.

The table below shows Deferred fee income as at Q3 2021, compared to Q4 2020.

**Table 4.8**

As at	September 30, 2021	December 31, 2020	\$ variance
Deferred fee income	23,909	18,306	5,603

GPW and NPW in the quarter and YTD periods grew significantly over 2020. The increase was a result of the addition of new programs as well as maturation of existing programs. Growth in NPW was higher than growth in GPW in Q3 and YTD 2021 as our US operations wrote more business in the period with a higher retention in 2021 than 2020. In the quarter and YTD, \$19.3 million and \$38.2 million of premiums were generated by admitted programs.

Our US Fronting operations retained 6.9% of GPW in the quarter and 7.8% of GPW YTD, inclusive of premiums ceded to our reinsurance operations. The remainder of premiums were ceded to third party reinsurers. The increase in retention reflects a more mature business mix and selective increased retention on renewed programs, as well as structural nuances on certain new programs whose premiums are grossed up to reflect higher commission rates leading to a higher reported retention rate. We continue to target retention between 5.0% and 10.0% on all new programs, after which we contemplate ceding to our captive reinsurer. Fees as a percentage of ceded premium in the quarter and YTD were lower than 2020, in part as a result of the purchase of additional catastrophe coverage which does not attract fee income.

Quarterly and YTD NPE grew significantly compared to 2020, driven by growth of programs and an increase in retained premium earned in the period from business bound in 2020 and 2021.

Fee income in our US operations reflects fronting fees received from reinsurers which are recognized over the life of the insurance contracts with which they are associated. The earnings pattern of fee income is similar to that of net premium earned. Fee income grew strongly in Q3 and YTD 2021 over the prior year as a result of significant premium growth.

# TRISURA GROUP LTD.

## Management's Discussion and Analysis for the third quarter of 2021

(in thousands of Canadian dollars, except per share numbers and as otherwise noted)

### UNITED STATES (CONTINUED)

The Q3 and YTD 2021 loss ratios improved over the comparable period in 2020 as US property business experienced fewer claims associated with weather events.

The fronting operational ratio in Q3 and YTD 2021 was comparable to prior year periods, improving slightly as the business continues to scale.

See Section 5 – Investment Performance Review for a discussion on Net Investment Income.

Quarterly and YTD Net income increased, primarily as a result of increased fee income as program volume and program partners continued to grow.

US operations continued its trend of growing profitability, achieving a 14.5% ROE, following a significant increase in equity in Q2 2021.

### REINSURANCE

Our Reinsurance business ceased writing third party 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 has commenced writing business in support of our US operations. Business assumed from the US operations is presented with United States results.

The remaining in-force portfolio of third-party reinsurance contracts is dominated by one large life annuity reinsurance contract denominated in Euros. 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 claims expense; 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.

**Table 4.9**

	Q3 2021	Q3 2020	\$ variance	Q3 2021 YTD	Q3 2020 YTD	\$ variance
Net income (loss) from life annuity	633	(128)	761	2,032	(3,996)	6,028
Loss on sale of structured insurance assets	(1,336)	-	(1,336)	(1,336)	-	(1,336)
Operating expenses and other <sup>(1)</sup>	(262)	(1,003)	741	(1,616)	(1,380)	(236)
Net loss from legacy reinsurance <sup>(2)</sup>	(965)	(1,131)	166	(920)	(5,376)	4,456

(1) Includes operating and other expenses, operational income from legacy property casualty business currently in run-off, and certain gains/losses.

(2) Note that the presentation of our Reinsurance table has been updated. See Table 8.8.1 for reconciliation to Note 18 - Segmented Information in the Company's Condensed Interim Consolidated Financial Statements.

Net income (loss) from life annuity was greater in Q3 and YTD 2021 as a result of reserve reductions in Q3 2021 following the identification of a block of dormant policies as well as favourable asset liability mismatch as a result of rising interest rates in 2021. Our objective continues to be to minimize volatility through appropriate asset liability matching, however the program is market-based and can experience volatility quarter to quarter.

During Q3 2021, in order to streamline operations, we disposed of the structured insurance assets, which generated a loss in the period. As a result of this sale, capital can be allocated to more liquid investments.

Operating expenses and other were lower in Q3 2021 compared to 2020 as a result of foreign exchange losses in 2020 and favourable development of certain claims in run off. For the YTD period, Operating expenses and other were greater in 2021 than 2020 as a result of greater commission income from the structure insurance assets during 2020.

## TRISURA GROUP LTD.

### Management's Discussion and Analysis for the third quarter of 2021

(in thousands of Canadian dollars, except per share numbers and as otherwise noted)

#### CORPORATE

Our corporate results represent expenses that do not relate specifically to any one business line of the Company as well as debt servicing costs and certain derivative gains and losses on hedging instruments.

Corporate expenses in the quarter and YTD 2021 periods were comparable to 2020.

Share-based compensation includes payment to directors and senior management and can be impacted by movement in the share price. As a result, we previously introduced a hedging program for Share-based compensation to mitigate volatility. Share-based compensation is presented below net of the impact of hedging instruments. In the quarter and YTD periods, improved hedging reduced the cost of share-based compensation compared to Q3 and YTD 2020.

Debt servicing costs increased in the quarter and YTD periods compared to 2020 as a result of the increase in outstanding principal on our senior unsecured notes in 2021 compared to the amount outstanding with the revolving credit facility, as well as higher interest costs on our unsecured notes compared to the rates on our revolving credit facility which was outstanding for the 2020 period.

**Table 4.10**

	Q3 2021	Q3 2020	\$ variance	Q3 2021 YTD	Q3 2020 YTD	\$ variance
Corporate expenses	(167)	(184)	17	(978)	(869)	(109)
Share-based compensation, net of hedging	(515)	(2,772)	2,257	(432)	(5,004)	4,572
Net expenses <sup>(1)</sup>	(682)	(2,956)	2,274	(1,410)	(5,873)	4,463
Debt servicing	(499)	(127)	(372)	(792)	(543)	(249)
Corporate	(1,181)	(3,083)	1,902	(2,202)	(6,416)	4,214

(1) Refer to Table 8.9.1 for details to reconcile to Note 18 – Segmented Information in the Company's Condensed Interim Consolidated Financial Statements.

# TRISURA GROUP LTD.

## Management's Discussion and Analysis for the third quarter of 2021

(in thousands of Canadian dollars, except per share numbers and as otherwise noted)

### SECTION 5 – INVESTMENT PERFORMANCE REVIEW

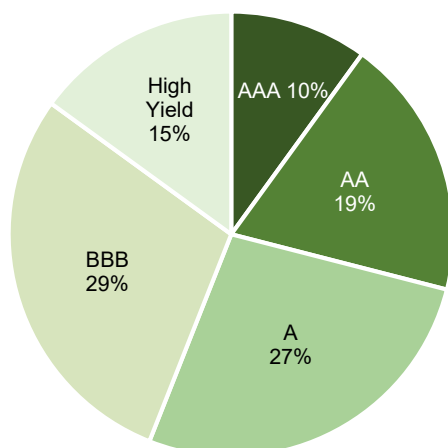
#### OVERVIEW

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 and economic capital levels. We take a centralized investment approach across all subsidiary portfolios and invest with a global posture.

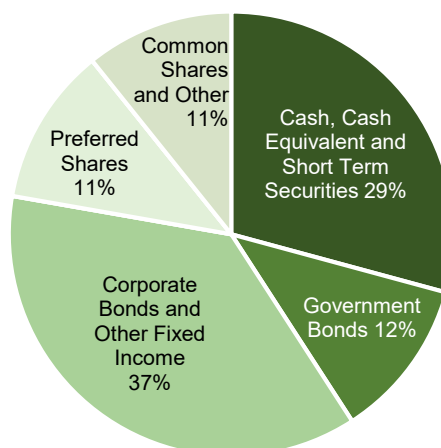
#### SUMMARY OF INVESTMENT PORTFOLIO

Our \$864.0 million investment portfolio consists of cash and cash equivalents, short-term securities, government and corporate bonds, preferred shares, common shares and a small amount of alternative investments. Approximately 85% of our fixed income holdings are highly liquid, investment grade bonds.

**Fixed Income Securities by Rating**



**Investment Portfolio by Asset Class**



# TRISURA GROUP LTD.

## Management's Discussion and Analysis for the third quarter of 2021

(in thousands of Canadian dollars, except per share numbers and as otherwise noted)

### INVESTMENT PERFORMANCE

#### Net Investment Income

Table 5.1

	Q3 2021	Q3 2020	\$ variance	Q3 2021 YTD	Q3 2020 YTD	\$ variance
Canada	2,348	1,886	462	6,245	5,979	266
United States	1,301	1,152	149	3,456	2,722	734
Reinsurance Operations	(1,238)	3,802	(5,040)	(10,195)	12,905	(23,100)
Corporate	301	175	126	669	251	418
Net investment income	2,712	7,015	(4,303)	175	21,857	(21,682)
Net gains <sup>(1)</sup>	1,521	3,218	(1,697)	2,908	3,908	(1,000)
Total investment income	4,233	10,233	(6,000)	3,083	25,765	(22,682)

(1) Net gains exclude derivative gains, which are included in Table 4.10. Refer to Table 8.11 for details to reconcile to Note 18 - Segmented Information in the Company's Condensed Interim Consolidated Financial Statements.

The Company's operations include Specialty P&C insurance in Canada and the US, and international reinsurance. These businesses focus on different market segments, geographies and risks. They can be subject to different regulatory investment requirements and accordingly, hold different assets and currencies to support their liabilities. Consequently, investment returns are most appropriately viewed at a business unit level.

A portion of excess capital is currently maintained and managed at Corporate. Net investment income is driven by interest and dividend income on invested assets. The market-based yield of the Corporate portfolio as at September 30, 2021 was 3.3% (Q3 2020 – 3.9%). We expect to allocate capital from Corporate to the operating platforms as growth continues.

Canadian investment income is driven by interest and dividend income on portfolio assets. Net investment income in the quarter and YTD period grew compared to prior year primarily as a result of strong operational performance, which led to an increase in the size of our investment portfolio. The market-based yield of the Canadian portfolio as at September 30, 2021 was 3.4% (Q3 2020 – 4.0%). The decline in portfolio yield was driven by increased market value of assets versus Q3 2020. We continue to diversify the Canadian portfolio, having introduced additional alternative investments in 2021 which are expected to enhance portfolio yield and grow as a portion of the portfolio going forward.

In the quarter we continued to broaden the US portfolio to include allocations to asset classes beyond investment grade bonds. The market-based yield of the US portfolio as at September 30, 2021 was 3.2% (Q3 2020 – 3.5%). The decline in portfolio yield was driven by increased market value of assets versus Q3 2020. Investment income, which is primarily driven by interest and dividend income, grew in Q3 2021 and YTD, as growth in operations led to an increase in the size of our investment portfolio.

In the Reinsurance portfolio, Euro-denominated bonds supporting the life annuity reserves are held at FVTPL. Investment losses were driven by an increase in interest rates in Q3 2021 and YTD. It is important to note that these losses were offset by a reduction in life annuity reserves which generated a corresponding gain. The loss on the sale of the structured insurance assets in the quarter also impacted net investment income in Q3 2021. The market-based yield of the Reinsurance portfolio as at September 30, 2021 was 1.4% (Q3 2020 – 1.6%), the decline driven by the sale of our structured insurance assets during the quarter.

Net gains include realized gains and losses from sales of investments, the impact of foreign exchange related to the investment portfolio and the operations of the business, and impairments. In Q3 2021 and YTD, net gains were lower as a result of a smaller impact from foreign exchange compared to 2020.

## TRISURA GROUP LTD.

### Management's Discussion and Analysis for the third quarter of 2021

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#### Other Comprehensive Income (Loss) ("OCI")

Table 5.2

	Q3 2021	Q3 2020	\$ variance	Q3 2021 YTD	Q3 2020 YTD	\$ variance
Unrealized (losses) gains in OCI	(3,464)	3,457	(6,921)	5,560	(5,911)	11,471
Cumulative translation gain (loss)	5,937	(3,619)	9,556	1,510	3,207	(1,697)
Other Comprehensive Income (Loss)	2,473	(162)	2,635	7,070	(2,704)	9,774

The Company records unrealized gains and losses on the market value of its AFS assets through OCI. The mark to market impact of these assets on OCI was negative in Q3, driven by unrealized losses in the investment grade, high yield and equity positions in Canada and the US in the quarter. Despite recent volatility, YTD 2021 unrealized gains remain strong, driven by preferred share and equity positions in Canada, the US and Corporate.

Foreign exchange differences arising from the translation of the financial statements of Trisura International and Trisura US to Canadian dollars are recognized as cumulative translation gains or losses, which are also a component of OCI. Cumulative translation gains in Q3 and YTD 2021 were due to the strengthening of the US dollar against the Canadian currency, driving higher Canadian dollar valuations of capital held outside of Canada.

Refer to Notes 7 and 8 in Condensed 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 specialist underwriting knowledge and technical financial and actuarial expertise. Specialty lines are niche segments of the market that tend to involve more complex risks and a more concentrated set of competitors. Consequently, these risks are difficult to place in the standard insurance market where many carriers are unable or unwilling to underwrite them. As a result, specialty insurers have more pricing and policy form flexibility than traditional market insurers whose prices and policy forms are subject to authorization and approval by insurance regulators. Specialty lines are less commoditized areas of the market where relationships, product expertise and product structure are not easily replicated. For this reason, specialty insurers have historically, and are expected to continue to outperform the standard markets by having lower claims ratios and combined ratios than traditional insurance companies.

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 by specialty insurers 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. The agency channel is the primary distribution channel for specialty insurance. Managing general agents often serve an important role in helping carriers distribute specialty insurance products.

The specialty market is more fragmented than the broader P&C industry. In the US, it is estimated that the top ten excess and surplus participants capture less than 40% market share, with the top 25 averaging 2% market share. An estimated \$47.8 billion USD of excess and surplus insurance direct premiums were written in 2020 (excluding Lloyd's), growth of 18% year-on-year, compared with the broader P&C industry which grew by 2% year-on-year to \$728.9 billion USD. From 2011 until 2020, the average combined ratio for US excess and surplus markets was 95.8% versus 100.4% for the P&C industry. In Canada, specialty market <sup>(1)</sup> growth was estimated to be 15% year-on-year to \$6.3 billion in direct written premium, as compared to the P&C industry at 6.0% growth and \$76.6 billion in direct written premium.

*(1) Growth figures for the specialty market in Canada include Boiler and Machinery, Credit, Credit Protection, Fidelity, Hail, Legal Expense, Cyber Liability, Directors and Officers Liability, Excess Liability, Professional Liability, Umbrella Liability, Pollution Liability, Surety and Marine. Market data is based on the latest available data from MSA Research Inc. (FY 2020).*



## TRISURA GROUP LTD.

### Management's Discussion and Analysis for the third quarter of 2021

(in thousands of Canadian dollars, except per share numbers and as otherwise noted)

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#### OUTLOOK AND STRATEGY

Our Company has an experienced management team with strong industry relationships 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 15 years and in the international specialty reinsurance market for over 19 years, establishing a conservative underwriting and investing track record.

In Canada, we have built our brand through serving our clients, brokers and institutional partners as a leading provider of niche specialty insurance products. We will continue to build out our product offerings in existing and new niche segments of the market with suitably skilled underwriters and professionals. We remain committed to our broker distribution channel to promote and sell insurance products. We are selective in partnering with a limited brokerage force, focusing its efforts on 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.

Our US business is now fully operational and demonstrating scale and profitability. It is licensed as a domestic excess and surplus lines insurer in Oklahoma operating as a non-admitted surplus lines insurer in all states, and as an admitted carrier in 48 states. We are in the process of obtaining admitted licenses in the remaining states. It is our belief that conditions are favourable for the continued growth of our US platform, which operates as a hybrid fronting carrier using a fee-based business model. Our focus is to source high quality business opportunities by partnering with a core base of established and well-managed program administrators. From our experience to date these program administrators 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.

Furthermore, we continue to benefit from a strong supply of highly rated international reinsurance capacity keen to partner with us to gain exposure to this business, allowing us to cede the majority of the risk on policies to these reinsurers on commercially favourable terms. This belief has been supported by our experience in the market through 2020 and Q3 2021. We are confident that this platform will generate attractive, stable fee income while maintaining a small risk position, right-sizing underwriting risk and aligning our interests with our program distribution partners and capacity providers. Our US business is the largest component of GPW, and as we continue to grow, we expect that it will become an increasingly significant contributor to profitability.

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 with our partners by providing the support they require to enhance the effectiveness of their sales and marketing efforts.

We also intend to consider acquisitions on an opportunistic basis and pursue those that fit with our strategic plan. 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, or that can expand our licensing. The closing of 21<sup>st</sup> Century Preferred Insurance Company is a demonstration of the willingness and capabilities our team has to pursue these acquisitions. Additionally, our Reinsurance business has commenced writing new business in support of our US operations.

## **SECTION 7 – RISK MANAGEMENT**

### **RISKS AND UNCERTAINTIES**

#### ***Risks Associated with the COVID-19 Pandemic***

The rapid spread of the COVID-19 coronavirus, which was declared by the World Health Organization to be a pandemic on March 11, 2020, and actions taken by government authorities globally in response to COVID-19, have interrupted business activities and supply chains; disrupted travel; contributed to significant volatility in the financial markets; resulted in lower interest rates; impacted social conditions; and adversely impacted local, regional, national and international economic conditions as well as the labour market. As a result of the rapid spread of COVID-19, many companies and various governments have imposed restrictions on business activity and travel which may continue and could expand. The Company has largely transitioned to a remote work environment as a result of the COVID-19 pandemic, with limited impact to the Company's workforce. Governments and central banks around the world have enacted fiscal and monetary stimulus measures to counteract the effects of the COVID-19 pandemic and various other response measures, however, the overall magnitude and long-term effectiveness of these actions remain uncertain. Given the ongoing and dynamic nature of the circumstances surrounding COVID-19, it is difficult to predict how significant the impact of COVID-19, including any responses to it, will be on the global economy and our Company or for how long any disruptions are likely to continue.

The nature and extent of such impacts will depend on future developments, which are highly uncertain, rapidly evolving and difficult to predict, including new information which may emerge concerning the severity of COVID-19. Additional actions may be taken to contain COVID-19 or treat its impact, such as re-imposing previously lifted measures or putting in place additional restrictions. The pace, availability, distribution and acceptance of effective vaccines could also affect the impact of COVID-19. Such developments may result in a material adverse effect on our assets, liquidity, financial condition and the operating results of our insurance business due to its impact on the economy and global financial markets there can be no assurance that strategies to address these risks will mitigate the adverse impacts related to the outbreak.

# TRISURA GROUP LTD.

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### SECTION 8 – OTHER INFORMATION

#### RATINGS

Trisura Canada has been rated A- (Excellent) by A.M. Best since 2012. This rating was reaffirmed with stable outlook by A.M. Best in November 2020. Trisura US obtained an A- (Excellent) rating with stable outlook from A.M. Best in September 2017, which was last reaffirmed in November 2020. A.M. Best increased the financial size category of Trisura US from VII to VIII (US \$50 million to US \$100 million capital) in November 2020.

In March 2021, Trisura Canada and Trisura US were each assigned a financial strength rating of A (low) by DBRS Morningstar, who also assigned an Issuer Rating of BBB to Trisura Group Ltd.

#### CASH FLOW SUMMARY

Table 8.1

	Q3 2021	Q3 2020	\$ variance	Q3 2021 YTD	Q3 2020 YTD	\$ variance
<b>Net income from operating activities</b>	16,057	6,535	9,522	52,264	21,493	30,771
Non-cash items	6,228	(1,205)	7,433	16,020	6,546	9,474
Change in working capital	58,122	43,508	14,614	130,225	57,454	72,771
Realized gains on investments	(354)	(4,245)	3,891	(1,835)	(21,443)	19,608
Income taxes paid	(3,981)	(4,661)	680	(11,168)	(7,948)	(3,220)
Interest paid	(99)	(226)	127	(456)	(921)	465
<b>Net cash from operating activities</b>	<b>75,973</b>	<b>39,706</b>	<b>36,267</b>	<b>185,050</b>	<b>55,181</b>	<b>129,869</b>
Proceeds on disposal of investments	48,066	60,787	(12,721)	108,346	201,051	(92,705)
Purchases of investments	(53,682)	(72,855)	19,173	(228,359)	(281,781)	53,422
Net purchases of capital and intangible assets	(454)	(117)	(337)	(2,979)	(623)	(2,356)
<b>Net cash used in investing activities</b>	<b>(6,070)</b>	<b>(12,185)</b>	<b>6,115</b>	<b>(122,992)</b>	<b>(81,353)</b>	<b>(41,639)</b>
Shares issued	-	-	-	859	65,143	(64,284)
Shares purchased under RSUs plan	(125)	-	(125)	(2,055)	-	(2,055)
Issuance of note payable	-	-	-	75,000	-	75,000
Loans received	-	-	-	26,970	32,700	(5,730)
Loans repaid	-	-	-	(54,525)	(32,700)	(21,825)
Lease payments	(466)	(319)	(147)	(1,154)	(1,197)	43
<b>Net cash (used in) from financing activities</b>	<b>(591)</b>	<b>(319)</b>	<b>(272)</b>	<b>45,095</b>	<b>63,946</b>	<b>(18,851)</b>
Net increase in cash and cash equivalents	69,312	27,202	42,110	107,153	37,774	69,379
Cash and cash equivalents, beginning of period	172,817	99,165	73,652	136,519	85,905	50,614
Currency translation	3,203	(1,492)	4,695	1,660	1,196	464
<b>Cash and cash equivalents, end of period</b>	<b>245,332</b>	<b>124,875</b>	<b>120,457</b>	<b>245,332</b>	<b>124,875</b>	<b>120,457</b>

In Q3 and YTD 2021, the increase in Net cash from operating activities was primarily related to an increase in working capital generated from operating activities at our US and Canadian operations. In both cases the increase was largely related to growth in the business and in the case of the Canadian operations was particularly high as a result of cash received for a number of new fronted programs which has not yet been remitted to reinsurers.

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### CASH FLOW SUMMARY (CONTINUED)

Net cash used in investing activities in Q3 and YTD 2021 reflected the purchase and disposal of portfolio investments in all three principal operating subsidiaries. In Q3 and YTD 2021, purchases of investments was less than Q3 and YTD 2020, as more cash was deployed to the portfolio in 2020 as a result of the equity raise that year. Disposals of investments were fewer in Q3 and YTD 2021 than in Q3 and YTD 2020 as a result of a less rotation of investments in the portfolio than in the prior year.

In Q3 2021 the increase in Net cash from financing activities was similar to Q3 2020. In YTD 2021 Net cash from financing activities increased as a result of \$75.0 million received from the debt issuance, which was partially used to repay the current loan outstanding of \$27.0 million. Net cash from financing activities in YTD 2021 was lower than YTD 2020, as a result of the equity raise in 2020, which was greater than the additional capital generated from the debt issuance in 2021. YTD 2021 included movement in the Loans received and Loans repaid balances as a result of the repayment of the outstanding USD denominated Loan payable, which was replaced with a new Loan payable denominated in CAD. In 2020, there was movement in Loans received and Repayment of loans payable as a result of the repayment of the outstanding CAD denominated Loan payable balance, which was replaced with a new Loan payable balance denominated in USD. Q1 2020 included an additional drawing of \$3.0 million from the credit facility, which was repaid in Q2 2020. A small increase in Shares issued in YTD 2021 was the result of certain options being exercised.

### SEGMENTED REPORTING

Table 8.2

As at	September 30, 2021				
	Trisura Canada	Trisura US	Trisura International	Corporate <sup>(1)</sup>	Total <sup>(2)</sup>
Assets	868,420	1,577,758	109,174	20,261	2,575,613
Liabilities	720,313	1,370,489	95,318	39,745	2,225,865
Shareholders' Equity	148,107	207,269	13,856	(19,484)	349,748
Book Value Per Share, \$	3.60	5.03	0.34	(0.48)	8.49

(1) Corporate includes consolidation adjustments.

(2) Total reflects the Group's Assets, Liabilities, and Book Value Per Share after consolidation adjustments.

Table 8.3

As at	December 31, 2020				
	Trisura Canada	Trisura US	Trisura International	Corporate <sup>(1)</sup>	Total <sup>(2)</sup>
Assets	541,603	1,021,020	121,347	22,762	1,706,732
Liabilities	431,858	864,983	108,295	11,732	1,416,868
Shareholders' Equity	109,745	156,037	13,052	11,030	289,864
Book Value Per Share, \$	2.67	3.80	0.32	0.27	7.06

(1) Corporate includes consolidation adjustments.

(2) Total reflects the Group's Assets, Liabilities, and Book Value Per Share after consolidation adjustments.

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### FINANCIAL INSTRUMENTS

See Notes 4, 5, 6, 7, and 8 in the Company's Condensed Interim Consolidated Financial Statements for financial statement classification of the change in fair value of financial instruments, significant assumptions made in determining the fair values, amounts of income, expenses, gains and losses associated with the instruments.

### SELECTED QUARTERLY RESULTS

Table 8.4

	2021			2020			2019	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Gross premiums written	404,678	363,514	310,274	314,200	239,607	202,683	169,952	143,212
Net premiums written and other revenue	115,989	112,312	91,149	98,059	71,195	52,748	49,041	43,231
Total revenues	91,682	86,721	64,925	69,494	60,095	52,455	44,588	29,325
Net income attributable to shareholders	16,057	16,889	19,318	10,949	6,535	6,587	8,371	4,172
EPS, basic (in dollars)	0.39	0.41	0.47	0.27	0.16	0.17	0.24	0.12
EPS, diluted (in dollars)	0.38	0.40	0.46	0.26	0.16	0.17	0.24	0.12
Distributions or cash dividends per-share	-	-	-	-	-	-	-	0.375
Total assets	2,575,613	2,203,460	1,886,686	1,706,732	1,517,516	1,327,613	1,143,064	978,393
Total non-current financial liabilities	75,000	74,429	16,000	16,096	28,869	29,494	33,704	29,700

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#### OPERATING METRICS

We use operating metrics to assess our operating performance.

Operating Metrics	Definition and Relevance
<b>Combined Ratio</b>	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 NPE, or underwriting margin. <i>A combined ratio under 100% indicates a profitable underwriting result. A combined ratio over 100% indicates an unprofitable underwriting result.</i>
<b>Expense Ratio</b>	Net commission expenses and operating expenses (net of fee income in our Canadian operations) as a percentage of NPE. <i>A measure to evaluate pre-tax underwriting profitability.</i>
<b>Fees as Percentage of Ceded Premium</b>	Written fee income divided by ceded written premium. <i>Illustrates extent to which fee income is generated over the life of the associated insurance contracts.</i>
<b>Fronting Operational Ratio</b>	The sum of net claims and loss adjustment expenses, net commissions and operating expenses divided by the sum of NPE and fronting fees. <i>A measure of pre-tax underwriting profitability.</i>
<b>Loss Ratio</b>	Net claims and loss adjustment expenses incurred as a percentage of NPE. <i>A measure of claims used to evaluate pre-tax underwriting profitability.</i>
<b>ROE</b>	Net income for the twelve month period preceding the reporting date, divided by the average common shareholders' equity over the same period, adjusted for significant capital transactions, if appropriate. <i>A measure of after-tax profitability.</i>
<b>Adjusted ROE</b>	ROE calculated using Adjusted Net Income for the twelve month period preceding the reporting date. <i>A measure of after-tax profitability, adjusted for non-recurring items and normalized earnings to core operations.</i>
<b>Adjusted Net Income</b>	Net income, adjusted to remove impact of certain non-recurring items. <i>A measure used in calculating Adjusted ROE.</i>
<b>MCT</b>	Our regulated Canadian operations report the results of its 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. <i>MCT determines the supervisory regulatory capital levels required by our regulated Canadian operations.</i>
<b>Retained Premium (%)</b>	NPW as a percentage of GPW. <i>A measure of retention rate.</i>
<b>LTM Average Equity</b>	Shareholders' equity over the last twelve month period, adjusted for significant capital transactions, if appropriate. <i>A measure used in calculating Adjusted ROE.</i>
<b>Net Underwriting Revenue</b>	The sum of net premiums earned and fee income. <i>A measure used in calculating Net underwriting income.</i>
<b>Net Underwriting Income</b>	Net underwriting revenue, less net claims and loss adjustment expenses, net commissions, and operating expenses. <i>A measure of pre-tax underwriting profitability.</i>

These operating metrics are operating performance measures that highlight trends in our core business or are required ratios used to measure compliance with OSFI and other regulatory standards. Our Company also believes that securities analysts, investors and other interested parties 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.

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### NON-IFRS FINANCIAL MEASURES

We report certain financial information using non-IFRS financial measures. Non-IFRS financial measures do not have standardized meanings prescribed by IFRS and may not be comparable to similar measures used by other companies in our industry. They are used by management and financial analysts to assess our performance.

Further, they provide users with an enhanced understanding of our results and related trends and increase transparency and clarity into the core results of the business.

**Table 8.5.1 - Adjusted Net Income**

	Q3 2021	Q3 2020	Q3 2021 YTD	Q3 2020 YTD
<b>Net income (see Table 3.1)</b>	<b>16,057</b>	6,535	<b>52,264</b>	21,493
Adjustments				
Add: impact of share-based compensation, see Table 8.9.2	1,117	3,732	8,282	6,724
Add: Loss on sale of structured insurance assets	1,336	-	1,336	-
Less: net gains, see Table 3.1	(2,123)	(4,178)	(10,758)	(5,628)
Less: net loss (income) from life annuity, see Table 4.9	(633)	128	(2,032)	3,996
Less: tax impact of above items	1,272	184	524	(223)
Less: adjustments relating to non-recurring income tax benefits	285	-	(936)	(3,127)
<b>Adjusted net income attributable to shareholders</b>	<b>17,311</b>	6,401	<b>48,680</b>	23,235

**Table 8.5.2 - Adjusted Earnings per Common Share**

	Q3 2021	Q3 2020	Q3 2021 YTD	Q3 2020 YTD
Adjusted net income attributable to shareholders	17,311	6,401	48,680	23,235
Weighted-average number of common shares outstanding – basic (in thousands of shares)	41,194	41,075	41,141	38,209
<b>Adjusted earnings per common share – basic - in dollars</b>	<b>0.42</b>	0.16	<b>1.18</b>	0.61
Adjusted net income attributable to shareholders	17,311	6,401	48,680	23,235
Weighted-average number of common shares outstanding - diluted (in thousands of shares)	42,306	41,863	42,074	38,769
<b>Adjusted earnings per common share – diluted - in dollars</b>	<b>0.41</b>	0.15	<b>1.16</b>	0.60

**Table 8.5.3 - Reconciliation of Earnings per Common Share per Condensed Interim Consolidated Financial Statements to Adjusted Earnings per Common Share**

	Q3 2021	Q3 2020	Q3 2021 YTD	Q3 2020 YTD
Earnings per common share – diluted - in dollars	0.38	0.16	1.24	0.55
Adjustments	0.03	(0.01)	(0.08)	0.05
<b>Adjusted earnings per common share – diluted - in dollars</b>	<b>0.41</b>	0.15	<b>1.16</b>	0.60

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**Table 8.6 - ROE and Adjusted ROE**

	Q3 2021	Q3 2020
LTM net income attributable to shareholders	63,213	25,665
LTM average equity	310,551	218,040
<b>ROE</b>	<b>20.4%</b>	11.7%
LTM net income attributable to shareholders	63,213	25,665
Adjustments		
Add: impact of share-based compensation	9,027	8,143
Add: Loss on sale of structured insurance assets	1,336	-
Less: net gains	(13,580)	(5,536)
Less: net (income) loss from life annuity	(1,440)	3,805
Less: tax impact of above items	1,099	(584)
Less: adjustments relating to non-recurring income tax benefits	(936)	(3,127)
Adjusted LTM net income	58,719	28,366
Less: dividends declared on preferred shares, net of tax	-	(24)
Adjusted LTM net income attributable to shareholders	58,719	28,342
LTM average equity	310,551	218,040
<b>Adjusted LTM ROE</b>	<b>18.9%</b>	13.0%

### US Operations

**Table 8.7.1 - Reconciliation of Note 18 - Segmented information in the Company's Condensed Interim Consolidated Financial Statements to Results including intercompany ceding adjustments (as per MD&A Table 4.7)**

	For the three months ended September 30, 2021			For the period ended September 30, 2021		
	FS Note 18 <sup>(1)</sup>	Elimination entries <sup>(2)</sup>	MD&A Table 4.7 <sup>(3)</sup>	FS Note 18 <sup>(1)</sup>	Elimination entries <sup>(2)</sup>	MD&A Table 4.7 <sup>(3)</sup>
Gross premiums written	263,296	(2,778)	260,518	709,237	(3,447)	705,790
Net premiums written	10,683	7,137	17,820	39,295	15,982	55,277
Net premiums earned	7,748	5,737	13,485	24,973	12,863	37,836
Fee income	10,870	(331)	10,539	31,848	(743)	31,105
Net underwriting revenue	18,618	5,406	24,024	56,821	12,120	68,941
Net underwriting income	6,018	474	6,492	19,346	1,239	20,585
Net investment income	1,301	-	1,301	3,456	-	3,456
Net income	6,561	474	7,035	19,098	1,239	20,337

(1) Financial Results of US operations as presented in Note 18 – Segmented information

(2) Elimination entries reflecting intercompany ceding between the US Operations and Canadian and Reinsurance Operations

(3) Financial Results of US operations as presented in the MD&A Table 4.7



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### US Operations (Continued)

Table 8.7.2

	For the three months ended September 30, 2020			For the period ended September 30, 2020		
	FS Note 18 <sup>(1)</sup>	Elimination entries <sup>(2)</sup>	MD&A Table 4.7 <sup>(3)</sup>	FS Note 18 <sup>(1)</sup>	Elimination entries <sup>(2)</sup>	MD&A Table 4.7 <sup>(3)</sup>
Gross premiums written	171,028	-	171,028	436,529	-	436,529
Net premiums written	6,914	3,670	10,584	17,771	8,639	26,410
Net premiums earned	5,246	1,708	6,954	14,177	2,958	17,135
Fee income	6,414	(99)	6,315	16,079	(152)	15,927
Net underwriting revenue	11,660	1,609	13,269	30,256	2,806	33,062
Net underwriting income	3,105	213	3,318	9,001	332	9,333
Net investment income	1,152	-	1,152	2,722	-	2,722
Net income	3,719	213	3,932	10,339	332	10,671

(1) Financial Results of US operations as presented in Note 18 – Segmented information

(2) Elimination entries reflecting intercompany ceding between the US Operations and Canadian and Reinsurance Operations

(3) Financial Results of US operations as presented in the MD&A Table 4.7

### Reinsurance

Table 8.8.1 - Reconciliation of Note 18 – Segmented Information in the Company's Condensed Interim Consolidated Financial Statements to Section 4 Reinsurance Table 4.9

	Q3 2021	Q3 2020	Q3 2021 YTD	Q3 2020 YTD
Net (loss) income, as presented in Note 18	(491)	(918)	319	(5,044)
Less: Net income from reinsurance assumed from US Fronting, from table 8.7.1 and 8.7.2	(474)	(213)	(1,239)	(332)
Net loss from legacy reinsurance, as presented in Table 4.9	(965)	(1,131)	(920)	(5,376)

### Corporate

Table 8.9.1 - Reconciliation of Note 18 – Segmented Information to Table 4.10

	Q3 2021	Q3 2020	Q3 2021 YTD	Q3 2020 YTD
Total, as presented in Note 18 - Segmented Information	(954)	(3,916)	(8,517)	(7,593)
Less: Consolidation adjustment	(330)	-	(743)	-
Add: Derivative gains from hedging*	602	960	7,850	1,720
Net expenses, as presented in Table 4.10	(682)	(2,956)	(1,410)	(5,873)

\* Derivative gains from hedging are presented in Net gains in the Condensed Interim Consolidated Financial Statements.

Table 8.9.2 – Reconciliation from Share-based compensation, gross of hedging to Share-based compensation, net of hedging

	Q3 2021	Q3 2020	Q3 2021 YTD	Q3 2020 YTD
Share-based compensation, gross of hedging*	(1,117)	(3,732)	(8,282)	(6,724)
Less: Derivative gains from hedging**	(602)	(960)	(7,850)	(1,720)
Share-based compensation, net of hedging, from Table 4.10	(515)	(2,772)	(432)	(5,004)

\* Included in Net expenses in Corporate segment of FS Note 18.

\*\* Derivative gains from hedging are presented in Net gains in the Condensed Interim Consolidated Financial Statements.

### Net gains

Table 8.11 - Reconciliation of Note 18 – Segmented Information to Table 5.1

	Q3 2021	Q3 2020	Q3 2021 YTD	Q3 2020 YTD
Total, as presented in Note 18 – Segmented Information	2,123	4,178	10,758	5,628
Less: Derivative gains from hedging, from Table 8.9.2	(602)	(960)	(7,850)	(1,720)
Net gains, as presented in Table 5.1	1,521	3,218	2,908	3,908

## **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 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: developments related to COVID-19, including the impact of COVID-19 on the economy and global financial markets; 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, hurricanes or pandemics; 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, the Company 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.

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### Management's Discussion and Analysis for the third quarter of 2021

(in thousands of Canadian dollars, except per share numbers and as otherwise noted)

#### GLOSSARY OF ABBREVIATIONS

Abbreviation	Description
AFS	Available for Sale Financial Asset
BVPS	Book Value Per Share
D&O	Directors' and Officers' insurance
E&O	Errors and Omissions Insurance
EPS	Diluted Earnings Per Share
FVTPL	Fair Value Through Profit & Loss
GPW	Gross Premium Written
LTM	Last Twelve Months
MCT	Minimum Capital Test
MGA	Managing General Agent
n/a	not applicable
nm	not meaningful
NPE	Net Premiums Earned
NPW	Net Premium Written
NUI	Net Underwriting Income
OCI	Other Comprehensive Income
pts	Percentage points
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 over the last twelve months
RSUs	Equity-settled restricted share units
USD	United States Dollar
YTD	Year to Date