

# Analysis of Results - 2016



**OPTIMUM**<sup>®</sup>

Optimum Re Inc.

Optimum Re Inc. is a holding company that has been active for more than three decades in the life insurance and reinsurance markets.

It holds:

### Optimum Reassurance Inc. (ORE)

has been active for over four decades in the Canadian life reinsurance industry. With offices in Montreal, Toronto and in Barbados, ORE is the only Canadian-owned life reinsurer offering a full range of life reinsurance services. The company has distinguished itself for its expertise in the field of health care outside Canada.

### Optimum Re Insurance Company (ORIC)

has been a US Life reinsurer since 1987, marking 2017 as its 30th anniversary. ORIC is active in all US states and the Caribbean. ORIC offers reinsurance solutions, competitive pricing, full underwriting services, research & development and an individual record administration system. ORIC has solidified itself as a leader in the Critical Illness & Final Expense arena.

### Optimum Vie S.A. (OVIE)

acquired in 1975, remains the only Canadian-owned life insurance company in France. It primarily offers contracts linked to investment, capitalization, savings & retirement funds as well as traditional protection products. OVIE is also works together with clients to develop niche or extended range products, as well as tailored solutions such as affinity contracts and white label products.

## Financial Strength

### Optimum Reassurance Inc. (ORE)

- AM Best Rating of A- Excellent
- \$196M of Written Gross Premiums
- \$9.1B of New Business Production
- 69% Increase in Net Premiums

### Optimum Re Insurance Company (ORIC)

- 2016 RBC Ratio of 732%
- AM Best Rating of A- Excellent
- \$251M of Written Gross Premiums
- \$9.4B of New Business Production
- 25% Increase in Net Premiums

## 2016 Consolidated Financial Highlights

### Gross Premiums

Gross Premiums grew to a record high

**\$528M**

↑  
**28%**

### New Business Volume

ORE saw an impressive 30% increase. The total for ORE & ORIC surpassed

**\$20,7G**

↑  
**22%**

### Assets

Total assets grew to reach a new record level of

**\$2,6G**

↑  
**4%**

### Shareholder Equity

Shareholder equity has continued to increase, reaching

**\$275M**

↑  
**10%**

## Strong Partnerships

### Customer Value Proposition

Optimum thrives to proactively engage and develop compelling collaboration with its clients and help bridge the gap between their aspirations & future achievements.

### Industry Leader

ORE is the industry leader in Out of Country travel insurance in Canada.

### Industry Innovator

ORIC is innovating in the field of living benefits and has been a leader of Critical Illness in the U.S.

### International Partner

OVIE is always focused on innovation and its range of products is constantly evolving, offering its clients tailor-made solutions.

### Relationships built to last

Optimum has been active for 30 years in the US, 41 years in Europe and 44 years in Canada.

### Thank You!

Optimum is grateful to all of its clients, partners, managers & employees for their steadfast and long-lasting support.

# Financial Results

## Presentation of the Summary Consolidated Financial Statements

Prepared in accordance with United States of America generally accepted accounting principles, these summary consolidated financial statements of Optimum Re Inc. were prepared by Management and are derived from the complete audited consolidated financial statements for the year ended December 31, 2016. The Independent Auditors expressed an unmodified audit opinion on those complete consolidated financial statements in their auditors' report dated May 17, 2017. These summary consolidated financial

statements contain certain amounts based on best judgment and estimates as their final determination is dependent upon subsequent events. The summary and the complete audited consolidated financial statements do not reflect the effects of events that occurred subsequent to May 17, 2017, the day the complete audited consolidated financial statements were approved for issuance by the directors. It is the opinion of Management that the accounting policies utilized are appropriate in the circumstances and adequately reflect

the significant aspects of the financial position and the results of operations. These summary consolidated financial statements include the major line items subtotals and totals of the corresponding complete audited consolidated financial statements, and information drawn from the notes to the complete audited consolidated financial statements relating to items that have a generalized effect or another significant impact on the summary consolidated financial statements.

## Summary Consolidated Statement of Income

Revenues (in thousands of Canadian dollars)	2016	2015
Premiums written and assumed	522,444	510,153
Premiums written - unit linked products	5,539	3,623
Interest and other investment income	22,970	21,218
Net realized gains on investments	5,402	6,862
Net investment income - unit linked products	3,157	2,298
Other revenues	2,271	1,889
	561,783	546,043
Premiums ceded	(360,952)	(393,825)
<b>Total revenues</b>	<b>200,831</b>	<b>152,218</b>

Expenses (in thousands of Canadian dollars)	2016	2015
Claims and change in future benefits	140,254	87,272
Claims and acquisition costs - unit linked products	4,950	4,258
Underwriting, acquisition and operating expense	17,071	19,407
Other expenses	3,644	3,986
<b>Total expenses</b>	<b>165,919</b>	<b>114,923</b>
Income before income taxes	34,912	37,295
Total income taxes	13,467	9,911
<b>Net Income</b>	<b>21,445</b>	<b>27,384</b>

## Summary Consolidated Balance Sheet

Assets (in thousands of Canadian dollars)	2016	2015
Fixed-income securities	736,028	731,041
Other investments and cash	202,566	191,911
Amounts receivable from ceding companies	76,611	65,046
Reinsurance ceded balances receivable	180,035	144,674
Future benefits ceded	1,241,457	1,217,836
Deferred acquisitions costs	30,037	20,555
Other assets	19,870	20,445
Unit linked products, held for trading, at a fair value	106,102	104,612
<b>Total assets</b>	<b>2,592,706</b>	<b>2,496,120</b>

Liabilities (in thousands of Canadian dollars)	2016	2015
Future benefits	1,802,465	1,770,751
Claims and benefits	213,477	184,798
Reinsurance ceded payable	107,121	104,254
Deferred income taxes	44,992	42,760
Long-term debt	31,201	31,779
Other liabilities	11,854	6,365
Future benefits - unit linked products	106,102	104,612
<b>Total liabilities</b>	<b>2,317,212</b>	<b>2,245,339</b>
<b>Shareholder's equity</b>	<b>275,494</b>	<b>250,781</b>
	<b>2,592,706</b>	<b>2,496,120</b>

## Summary Consolidated Statement of Shareholders Equity

Actifs (in thousands of Canadian dollars)	2016	2015
Shareholder's equity, at beginning of year	250,781	212,955
Net income	21,445	27,384
Dividends	(3,294)	(2,724)
Unrealized gains on investment securities	10,294	1,710
Cumulative currency translation adjustment	(3,939)	11,471
Other	207	(15)
<b>Shareholder's equity, at end of year</b>	<b>275,494</b>	<b>250,781</b>