Thank you for considering applying for a life insurance or annuity contract with State Farm International Life Insurance Company Ltd. (SFIL).

Please note that SFIL proposes to:

(i) transfer to Desjardins Financial Security Life Assurance Company (“DFS”) assets and non-policy liabilities of SFIL related to its Canadian insurance business; and
(ii) enter into an Assumption Reinsurance Agreement with DFS (the “Agreement”) to reinsure, in Canada, on an assumption basis all of the existing policies of insurance and annuity contracts issued or assumed by the Canadian branch of SFIL.

The transaction is subject to regulatory approval, including sanction by the Office of the Superintendent of Financial Institutions (Canada) and the Supreme Court of Bermuda. Assuming such approval is obtained, the closing date is expected to be on January 1, 2015 (the “Closing Date”).

If you submit an application, your application is approved, and SFIL issues a policy or contract to you before the Closing Date, it will be assumed by DFS on the Closing Date and DFS will send you a Certificate of Assumption that will provide you with formal notice of the completion of the transaction. DFS will then be responsible for paying claims and benefits under those policies and contracts just as if DFS had originally issued them in its own name. If you submit an application, your application is approved, and a policy or contract is issued to you on or after the Closing Date, it will be issued by DFS.

If you submit an application, your application is approved, and a policy or contract is issued to you, the terms of that policy or contract will not change as a result of this transaction. Your relationship with your insurance agent will continue.

More information regarding this transaction can be found at www.statefarm.ca/customer-care/about-desjardins-transaction, including:

- a statement of material facts relative to the Agreement, including information about the parties;
- a summary of the report of the independent actuary; and
- a copy of the Bermuda transfer documentation (necessary because SFIL is a Bermuda-organized life insurer).

The documents listed above (and others that can be found at www.statefarm.ca/customer-care/about-desjardins-transaction) were provided to existing policyholders of SFIL. Use therein of terms such as “you”, “policyholder” or “your policy” does not imply that an application for an insurance policy or annuity contract, if you choose to submit one, will be approved or that a policy or contract will be issued to you.
STATEMENT OF MATERIAL FACTS

Descriptions of State Farm International Life Insurance Company Ltd. and Desjardins Financial Security Life Assurance Company

State Farm International Life Insurance Company Ltd. ("SFIL") is a stock life insurance company, organized and licensed as a long-term (i.e. life) insurer under the laws of Bermuda. SFIL's Canadian head office is located in Aurora, Ontario. SFIL is an indirect subsidiary of State Farm Mutual Automobile Insurance Company ("State Farm"). It is licensed to do business in Canada in the provinces of Alberta, New Brunswick, and Ontario. The company writes individual and group life insurance policies and individual annuity insurance contracts.

Desjardins Financial Security Life Assurance Company ("DFS") is a Québec life insurance company and a subsidiary of Fédération des caisses Desjardins du Québec ("Fédération Desjardins"). It offers life and health insurance policies for individuals, and life, health and disability coverage to employers and their employees. DFS is currently the fourth largest life insurer in Canada and the largest life insurer in Québec in terms of written premiums.

Transfer of SFIL’s Canadian Life Insurance Business to DFS and Assumption Reinsurance by DFS of SFIL Policies

On January 15, 2014, Fédération Desjardins announced that it has, together with certain of its subsidiaries (collectively, the “Desjardins Group”) entered into an agreement with State Farm and certain of its subsidiaries under which Desjardins Group will purchase State Farm’s Canadian insurance and related businesses (the “Acquisition”), including the Canadian life insurance business of SFIL.

In connection with the Acquisition, SFIL proposes (i) to transfer to DFS assets and non-policy liabilities of SFIL related to its Canadian insurance business; and (ii) to enter into an Assumption Reinsurance Agreement with DFS (the “Agreement”) to reinsure, in Canada, on an assumption basis all of the existing policies of insurance and annuity contracts issued or assumed by the Canadian branch of SFIL. Under the Agreement, DFS will acquire from SFIL assets to support the business being acquired.

DFS will offer to all SFIL agents in Canada the opportunity to be agents of DFS. They will remain the primary intermediaries to policyholders. Policyholders will continue to enjoy the same quality of service and customer support they have previously received from their SFIL agent and SFIL.

The Acquisition is expected to close, subject to satisfaction of customary closing conditions as well as obtaining certain regulatory approvals, on January 1, 2015 ("Closing").

On Closing, DFS will assume SFIL’s obligations under your life insurance policies and/or annuity contracts and will be responsible for paying claims and benefits under those policies and contracts just as if DFS had originally issued them in its own name.
Reasons for the Transaction

State Farm has a well-established insurance business in Canada. However, on a going forward basis, State Farm believes that the Canadian business would benefit if operated by a Canadian financial institution focused on the insurance needs of Canadians.

The Desjardins Group is a very experienced and financially strong organization that is committed to and focused on the Canadian market. The Desjardins Group and, in particular, DFS, understand the Canadian insurance business and market and are committed to putting your needs as a policyholder first.

Following the Closing, SFIL will no longer issue new insurance policies and annuity contracts in Canada.

Legal Documentation

DFS will reinsure on an assumption basis the insurance policies and annuity contracts of SFIL’s Canadian branch through the Agreement with SFIL. A copy of the Agreement is available for your inspection at the Chief Agency of the Canadian branch of SFIL located at 333 First Commerce Drive, Aurora, Ontario L4G 8A4 during normal business hours or may be requested by writing to the Chief Agency of SFIL at the above noted address. A copy of the document needed to transfer your policy under Bermuda laws (called a “scheme of transfer”) is enclosed with these materials. Please see our comments below regarding the Bermuda procedure.

Upon receiving all approvals, and shortly after Closing, DFS will issue a Certificate of Assumption to each SFIL policyholder (such as you) whose policies or contracts are assumed under the Agreement. This certificate will set out DFS’s undertaking to honor all obligations under the assumed policies and contracts. The present terms of all assumed policies and contracts will otherwise be unchanged and enforceable as before.

Other Insurance Regulatory Approvals

Before DFS can send to you a Certificate of Assumption notifying you that DFS has assumed your policy and/or annuity contract, a number of insurance related regulatory approvals must be obtained and notifications made. These include approvals of the Minister of Finance (Canada), the Superintendent of Financial Institutions (Canada), the Autorité des marchés financiers (Quebec), the provincial Superintendents of Insurance for Ontario, Alberta, and New Brunswick, the Illinois Department of Insurance, the Bermuda Monetary Authority (“BMA”) and the Supreme Court of Bermuda (the “Bermuda Court”).

Independent Actuary’s Report

Pursuant to Canadian and Bermudian regulatory requirements, SFIL and DFS jointly retained Jacques Tremblay FCIA, MAAA, FSA, an independent senior consultant with the firm Oliver Wyman to assess the fairness of the transaction from the perspective of the policyholders of SFIL (the “Independent Actuary’s Report”). Mr Tremblay has over 25 years of experience in the field of actuarial services. Mr Tremblay has concluded that DFS is a well-capitalized insurer and, based on its current and projected future financial condition, the proposed transaction should have no adverse effect on the security of the
benefits in respect of both its existing policies and all those that it would assume under the proposed transaction. In particular, in the opinion of Mr Tremblay, the proposed transaction will not diminish: A. the quality of service provided in respect of the assumed policies; B. the reasonable future dividend expectations in respect of the dividend paying assumed policies; C. the benefit and cost expectations for the assumed policies with non-fully guaranteed elements (e.g. policies where the cost of insurance is not fully guaranteed for the life of the policy), and D. the voting rights of the assumed policies as they do not currently have voting rights but will have voting rights with DFS in connection with the election of directors and as otherwise provided under applicable laws. Mr Tremblay’s complete report has been submitted to the Office of the Superintendent of Financial Institutions (Canada) and to the BMA as part of the regulatory review process. A copy of the complete Independent Actuary’s Report is available for inspection during regular business hours at the Chief Agency of the Canadian branch of SFIL located at 333 First Commerce Drive, Aurora, Ontario L4G 8A4.

Bermuda Procedure

There will be an application to the Bermuda Court to approve the transfer of SFIL’s life business and your policies to DFS. In considering whether to approve the transfer of SFIL’s life business, the Bermuda Court will ensure that SFIL has complied with section 25 of the Bermuda Insurance Act 1978, and that all policyholders have been notified of the proposed transfer and given sufficient information such that they are in a position to comment on the Agreement. This document and the accompanying materials serve as the notification required by Bermuda law.

The Bermuda Court hearing will take place on October 31, 2014, at the Supreme Court (Commercial Court), 2nd Floor Government Administration Building, Parliament Street, Hamilton, Bermuda. As a policyholder, you are entitled to appear at this hearing to raise any concerns you may have with respect to the Agreement. You will find enclosed a formal Notice to Policyholders of the Bermuda Court hearing, accompanying these materials. Please note that you are not obliged to attend the hearing.

Financial Position of SFIL and DFS

SFIL generated net income of US$47.7 million in 2013 and had total assets of US$1.36 billion as at December 31, 2013. A.M. Best recently placed under review with negative implications SFIL’s financial strength rating of A+. A.M. Best expects to withdraw the ratings of SFIL once the Acquisition closes, as the policyholder obligations as well as the majority of its assets are expected to transfer to DFS.

DFS has generated net income of $382 million in 2013 and had total assets of $26.5 billion as of December 31, 2013. The return on shareholder equity was 21.9% as at December 31, 2013. DFS had assets under management and administration of $36.7 billion as at December 31, 2013. DFS generated net insurance premiums of over $3.3 billion in 2013 and had a capital ratio of 256% as at December 31, 2013. As of December 31, 2013, DFS had 3,923 employees and 9,083 representatives and brokers.

Key financial information on SFIL and DFS is set out in the summary at the end of these materials.
Position of Policyholders

After Closing, DFS will be responsible for all liabilities under your policy and will be entitled to all premiums. The minimization of inconvenience and impact to SFIL policyholders and the continuance of customer support to SFIL policyholders have been important considerations for State Farm in its decision to sell the State Farm Canadian business to the Desjardins Group. DFS will have the support of State Farm and SFIL in ensuring that the assumed policyholders receive the same level of support and service from DFS that they have received from SFIL.

This transaction will not affect the terms of your policy and the premiums payable under the policy, your reasonable expectation of benefits under the policy and is not expected to affect your relationship with your Agent, and requires no action on your part.

SFIL and DFS believe that this transaction is in the best interests of policyholders (such as you) and that the interests of all policyholders have been safeguarded. The independent actuary has concluded in the Independent Actuary’s Report that DFS is a well-capitalized company and that the security of benefits of assumed policyholders will be protected.

INFORMATION ON STATE FARM INTERNATIONAL LIFE INSURANCE COMPANY LTD. AND DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY

*All figures CDN$000*

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<tbody>
<tr>
<td><strong>Assets</strong></td>
<td>1,485,357</td>
<td>26,541,300</td>
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<td>2,310,000</td>
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<tr>
<td><strong>Total insurance in force</strong></td>
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<td>210,842,981</td>
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<td><strong>CAR ratio</strong>¹</td>
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<td>226%</td>
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<td><strong>TAAM ratio</strong>²</td>
<td>378%</td>
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¹ “CAR” is an acronym for “Capital Adequacy Requirements”. The CAR ratio is one element used by the Autorité des marchés financiers to assess if companies subject to An Act respecting insurance (Quebec) maintain an adequate capital to satisfy its liabilities. The minimum CAR ratio required is 100%.

² “TAAM” is an acronym for “Test of Adequacy of Assets In Canada and Margin Requirements”. The TAAM ratio is one element used by the Office of the Superintendent of Financial Institutions to assess if companies operating in Canada on a branch basis maintain an adequate margin of assets in Canada over liabilities in Canada. The minimum TAAM ratio required is 120%.
Notice of Intention to Apply for Superintendent Approval

STATE FARM INTERNATIONAL LIFE INSURANCE COMPANY LTD.

DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY

ASSUMPTION REINSURANCE TRANSACTION

NOTICE IS HEREBY GIVEN pursuant to section 587.1 of the Insurance Companies Act (Canada), that State Farm International Life Insurance Company Ltd. (“SFIL”) intends to make an application to the Superintendent of Financial Institutions (Canada) (the “Superintendent”), on or after October 21, 2014, for the Superintendent’s approval to cause itself to be reinsured, on an assumption basis, against all risks undertaken by SFIL’s Canadian branch in respect of its policies in Canada, by Desjardins Financial Security Life Assurance Company.

A copy of the assumption reinsurance agreement relating to this transaction and the report of the independent actuary pertaining to such assumption reinsurance agreement, will be available for inspection by the policyholders of SFIL during regular business hours at the Chief Agency of the Canadian branch of SFIL (the “Chief Agency”) located at 333 First Commerce Drive, Aurora, Ontario L4G 8A4 for a period of 30 days following publication of this notice.

Any policyholder who wishes to obtain a copy of the assumption reinsurance agreement and a copy of the report of the independent actuary, may do so by writing to the Chief Agency at the above-noted address.

Toronto, September 20, 2014

STATE FARM INTERNATIONAL LIFE INSURANCE COMPANY LTD.

By its Solicitors

GOWLING LAFLEUR HENDERSON LLP
IN THE SUPREME COURT OF BERMUDA

COMMERCIAL COURT

2014: No. 317

IN THE MATTER OF STATE FARM INTERNATIONAL LIFE INSURANCE COMPANY LTD.

AND IN THE MATTER OF DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY

AND IN THE MATTER OF THE INSURANCE ACT 1978, SECTION 25

NOTICE OF APPLICATION FOR SANCTION OF TRANSFER

OF LONG TERM BUSINESS

NOTICE IS HEREBY GIVEN that a Petition was, on 5 September 2014, presented to the Supreme Court of Bermuda (“the Court”) by State Farm International Life Insurance Company Ltd. (“SFIL”), incorporated in Bermuda, authorized to carry on life insurance business from Bermuda and authorized to carry on life insurance business in Canada through its Canada branch, for the sanction of the Court pursuant to section 25 of the Insurance Act 1978 of Bermuda of a scheme of transfer (“the Scheme of Transfer”) providing for the transfer of the whole of the long term business carried on by SFIL to Desjardins Financial Security Life Assurance Company.
A copy of the Petition, the affidavits in support, the statutory financial statements of SFIL and the report of the Independent Actuary is available for inspection at the office of the Chief Agent of the Canadian branch of SFIL at 333 First Commerce Drive, Aurora, Ontario, L4G 8A4, Canada.

The Petition is directed to be heard in the Court at Hamilton, Bermuda, at 9.30 am (Bermuda time) on 31 October 2014 and any policyholder who considers that he or she would be adversely affected by the carrying out of the Scheme of Transfer is entitled to be heard at the hearing and may appear at the hearing in person or by counsel. Any policyholder who intends to appear or who dissents from the Scheme of Transfer but does not intend to appear, should give not less than three (3) clear day’s prior notice in writing of this intention or dissent and the reasons therefore to the attorneys of SFIL, Conyers Dill & Pearman Limited, at Clarendon House, 2 Church Street, Hamilton, Bermuda, HM 11, Attn; Paul Smith/Christian Luthi, email paul.smith@conyersdill.com and christian.luthi@conyersdill.com

Dated this 20th day of September 2014

STATE FARM INTERNATIONAL LIFE INSURANCE COMPANY LTD.

Clarendon House

2 Church Street
Hamilton HM 11

Bermuda
Summary report of the Independent Actuary

State Farm International Life Insurance Company Ltd. ("SFIL") and Desjardins Financial Security Life Assurance Company ("Desjardins") propose a transaction whereby SFIL will transfer to Desjardins on an assumption reinsurance basis all of the Canadian in-force business of SFIL ("the Transferred Policies") to Desjardins (the "Proposed Transaction"), in accordance with section 587.1(2) of the Insurance Companies Act ("ICA") of Canada and section 25 of the Insurance Act 1978 of Bermuda.

I, Jacques Tremblay, FCIA, a Partner with Oliver Wyman, was jointly retained by SFIL and Desjardins to perform the role of Independent Actuary in reviewing the Proposed Transaction, in accordance with ICA section 587.1(6), OSFI’s Guideline E-14 – Role of the Independent Actuary, and section 25 of the Insurance Act 1978 of Bermuda.

Having reviewed:

- The nature and details of this Proposed Transaction and the steps being taken to complete it;
- The amount and nature of the funds and obligations in both SFIL and Desjardins, before and after the Proposed Transaction; and
- The projected future financial position of Desjardins, assuming that the Proposed Transaction takes place,

it is my opinion that

1. Desjardins is a well-capitalized insurer and, based on its current and projected future financial condition, the Proposed Transaction should have no adverse effect on the security of benefits in respect of both its existing policies and all those that it would assume under the Proposed Transaction;

2. SFIL will have no remaining policyholders, and so the protection afforded its remaining policyholders is a moot point;

3. The Proposed Transaction will not diminish
   A. The quality of service provided for the Transferred Policies;
   B. The reasonable future dividend expectations in respect of the dividend-paying Transferred Policies;
   C. The benefit and cost expectations for Transferred Policies with non-fully guaranteed elements (e.g. policies where the cost of insurance is not fully guaranteed for the life of the policy);
D. The voting rights of owners of Transferred Policies, as they had no voting rights at SFIL, and all will gain new voting rights when the policies are joined to Desjardins’s participating account;

4. The Proposed Transaction should be approved by the Superintendent of Financial Institutions of Canada, the Bermuda Monetary Authority and the Supreme Court of Bermuda.

I declare that I have carried out my work objectively, in accordance with generally accepted actuarial practice and without regard for potential gain other than compensation for the work undertaken.

Jacques Tremblay

Fellow Canadian Institute of Actuaries
Partner, Oliver Wyman

July 29, 2014
SCHEME OF TRANSFER

IN THE SUPREME COURT OF BERMUDA

CIVIL JURISDICTION

COMMERCIAL COURT

2014: No. 317

IN THE MATTER OF STATE FARM INTERNATIONAL LIFE INSURANCE COMPANY LTD.

AND IN THE MATTER OF DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY

AND IN THE MATTER OF THE INSURANCE ACT 1978, SECTION 25

_________________________________

SCHEME OF TRANSFER

__________________________________

(A) In this Scheme the following expressions bear the meanings respectively set opposite them:

“Transferor”  State Farm International Life Insurance Company Ltd., a company incorporated under the laws of Bermuda, with its registered office at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

“Transferee”  Desjardins Financial Security Life Assurance Company, a corporation incorporated under the laws of the province of Quebec, Canada, with its registered office at 200 des Commandeurs, Lévis QC, G6V 6R2.

“The Policies”  Any insurance policy, annuity policy, binder, slip, or product issued, assumed or entered into by the Transferor (including all riders, endorsements and additional provisions forming part thereof and all certificates of insurance issued thereunder).

“Closing”  The date on which the Scheme of Transfer shall become operative in accordance with Clause (5) hereof.

“Assumption Agreement”  The Assumption Reinsurance Agreement – Life to be entered into between the Transferor and the Transferee, a draft of which is exhibited to the affidavit in support of the Petition to be presented to the Supreme Court of Bermuda.

(B) The Transferor is an insurance company to which the Insurance Act 1978 applies and is authorised to transact long term business.
(C) It is proposed that the Policies of the Transferor (together with all rights and liabilities arising thereunder) shall be transferred to and assumed by the Transferee with effect from Closing pursuant to the Assumption Agreement. The parties do not intend to make any changes to the material terms of the draft Assumption Agreement.

(D) The Transferee has undertaken to meet all liabilities, obligations, debts and duties in relation to the Policies.

The Scheme of Transfer

(1) The Transferee shall, pursuant to the Assumption Agreement, assume the Policies and all of the Transferor's right, title and interest, risks, liabilities and obligations under or arising out of or relating to the Policies (including all Extra Contractual Obligations as defined in the Assumption Agreement) whether incurred before or after Closing, and agrees to discharge, perform and fulfil all obligations and liabilities of the Transferor in connection therewith and thereunder.

(2) The Transferee shall be responsible to all insureds, policyholders, claimants and beneficiaries under the Policies to the same extent as if the Transferee had issued the Policies and had contracted, incurred or been subject to the liabilities thereunder and the Transferee shall pay all amounts payable under the Policies as they become due, subject to any and all defences, claims, counterclaims, set-offs and actions against or under the Policies which would have been available to the Transferor had the Assumption Agreement not been made.

(3) If on Closing any proceedings shall be pending by or against the Transferor in connection with the Policies, the same shall be continued by or against the Transferee.

(4) The Scheme of Transfer shall be conditional upon (1) an Order of the Supreme Court of Bermuda sanctioning this Scheme having been made and (2) the necessary regulatory approvals for the Assumption Agreement having been obtained under Bermuda and Canadian law.

(5) Subject to the condition in Clause (4), the Scheme of Transfer shall become effective as of the effective time of the Closing of the transactions contemplated in that certain Master Transaction Agreement dated January 15, 2014 entered into between State Farm Mutual Automobile Insurance Company, State Farm Fire and Casualty Company, State Farm International Holding Company, the Transferor, Certas Home and Auto Insurance Company, the Transferee, The Personal Insurance Company, 9294-2150 Québec Inc., Fédération des caisses Desjardins du Québec, Desjardins General Insurance Group Inc. and Desjardins Financial Corporation Inc.