



Press Release

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THE UNITED STATES

**Intact Financial Corporation Announces \$1.25 Billion Bought Deal Private
Placement of Subscription Receipts to Finance a Portion of the Purchase Price of
the Possible Offer for RSA Insurance Group PLC (“RSA”)**

November 12, 2020 – Further to the announcement on November 5, 2020 relating to the possible offer for RSA by Intact Financial Corporation (TSX: IFC) (“Intact” or the “Company”) and Tryg A/S (together with Intact, the “Consortium”) (the “Transaction”), Intact announced today that it has entered into an agreement with a group of underwriters, led by CIBC Capital Markets and Barclays Capital Canada Inc., pursuant to which the underwriters have agreed to purchase, on a bought deal basis, 9,272,000 subscription receipts of the Company (the “Subscription Receipts”) at a price of \$134.50 per Subscription Receipt for gross proceeds of \$1.25 billion (the “Offering”). The underwriters intend to arrange for substituted purchasers for the Subscription Receipts. The Subscription Receipts will be offered by way of private placement to accredited investors and other exempt purchasers in all provinces and territories of Canada. The Subscription Receipts will be subject to a four month hold period under applicable securities laws in Canada.

Earlier today, Intact announced that it had entered into subscription agreements with institutional investors for the aggregate issuance of 23.8 million subscription receipts at a price of \$134.50 per subscription receipt for gross proceeds of \$3.2 billion (the “Cornerstone Equity Financing”). The Offering and Cornerstone Equity Financing together provide Intact with all of the equity financing it would require to fund its share of the purchase price for RSA.

The Transaction would generate significant value through loss ratio and expense ratio improvements across the operations of Intact. The acquisition of RSA’s Canadian operations is expected to drive approximately 75% of the value creation, with UK & International operations accounting for approximately 20% and specialty lines accounting for approximately 5%. Over \$250 million of pre-tax annual run rate synergies are expected within 36 months, before any risk selection improvements. Intact intends to apply its expertise in digital, data and AI platforms, pricing and risk selection, claims management, and investment and capital management to RSA’s platform to drive profitability.

Should a firm offer be made for RSA, which is subject to, amongst other things, due diligence and reaching definitive agreements with various stakeholders, Intact estimates the proposed Transaction to complete during the second quarter of 2021.

No firm offer has been made, nor can there be any certainty that an offer will be made, for RSA under the UK Takeover Code.

Each Subscription Receipt will entitle the holder to receive one common share of Intact upon closing of the Transaction. Completion of the Offering is conditional upon the Consortium announcing a firm offer for RSA on or prior to closing. Additional information on the proposed transaction is available at Intact’s website at <https://www.intactfc.com/English/investors/>. The completion of the Offering is also subject to approval of the Toronto Stock Exchange and other customary closing conditions. The offering is expected to close on December 3, 2020

The Subscription Receipts and the common shares of Intact have not been, and will not be, registered under the U.S. Securities Act, or the securities laws of any state of the United States and may not be offered, sold or delivered, directly or indirectly, within the United States, except in certain transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. This press release does not constitute an offer to sell or a solicitation of an offer to buy any of these subscription receipts within the United States.

About Intact

Intact Financial Corporation is the largest provider of property and casualty (P&C) insurance in Canada and a leading provider of specialty insurance in North America, with over \$11 billion in total annual premiums. The Company has approximately 16,000 employees who serve more than five million personal, business and public sector clients through offices in Canada and the U.S.

In Canada, Intact distributes insurance under the Intact Insurance brand through a wide network of brokers, including its wholly-owned subsidiary BrokerLink, and directly to consumers through belairdirect. Frank Cowan Company, a leading MGA, distributes public entity insurance programs including risk and claims management services in Canada.

In the U.S., Intact Insurance Specialty Solutions provides a range of specialty insurance products and services through independent agencies, regional and national brokers, wholesalers and managing general agencies. Products are underwritten by the insurance company subsidiaries of Intact Insurance Group USA, LLC.

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Forward-looking statements

Certain of the statements included in this press release about the Offering and the Cornerstone Equity Financing, the proposed acquisition of RSA (the "Acquisition") or any other future events or developments constitute forward-looking statements. The words "may", "will", "would", "should", "could", "expects", "plans", "intends", "trends", "indications", "anticipates", "believes", "estimates", "predicts", "likely", "potential" or the negative or other variations of these words or other similar or comparable words or phrases, are intended to identify forward-looking statements. Unless otherwise indicated, all forward-looking statements in this press release are made as of November 12, 2020, and are subject to change after that date.

Forward-looking statements are based on estimates and assumptions made by management based on management's experience and perception of historical trends, current conditions and expected future developments, as well as other factors that management believes are appropriate in the circumstances. In addition to other estimates and assumptions which may be identified herein, estimates and assumptions have been made regarding, among other things, the receipt

of all requisite approvals in a timely manner and on terms acceptable to the Company, the realization of the expected strategic, financial and other benefits of the Acquisition, and economic and political environments and industry conditions. However, the completion of the Acquisition is expected to be subject to customary closing conditions, termination rights and other risks and uncertainties, including, without limitation, regulatory approvals, and there can be no assurance that the Acquisition will be completed. There can also be no assurance that if the Acquisition is completed, the strategic and financial benefits expected to result from the Acquisition will be realized. Many factors could cause the Company's actual results, financial performance or condition, or achievements to differ materially from those expressed or implied by the forward-looking statements herein, including, without limitation, the following factors:

- expected regulatory processes and outcomes in connection with the Company's business;
- the Company's ability to implement its strategy or operate its business as management currently expects;
- the Company's ability to accurately assess the risks associated with the insurance policies it writes;
- unfavourable capital market developments or other factors, including the impact of the COVID-19 pandemic and related economic conditions, which may affect the Company's investments, floating rate securities and funding obligations under its pension plans;
- the cyclical nature of the P&C insurance industry;
- management's ability to accurately predict future claims frequency and severity, including in the high net worth and personal auto lines of business;
- government regulations designed to protect policyholders and creditors rather than investors;
- litigation and regulatory actions, including with respect to the COVID-19 pandemic;
- periodic negative publicity regarding the insurance industry;
- intense competition;
- the Company's reliance on brokers and third parties to sell its products to clients and provide services to the Company and the impact of COVID-19 and related economic conditions on such brokers and third parties;
- the Company's ability to successfully pursue its acquisition strategy;
- the Company's ability to execute its business strategy;
- the uncertainty of obtaining in a timely manner, or at all, the regulatory approvals required to complete the Acquisition, the issuance of the subscription receipts and the issuance of the common shares issuable pursuant to the subscription agreements;
- unfavourable capital markets developments or other factors that may adversely affect the Company's ability to finance the Acquisition;
- the Company's ability to improve its combined ratio, retain business and achieve synergies and maintain market position arising from successful integration plans relating to the Acquisition, as well as management's estimates and expectations in relation to future economic and business conditions and other factors in relation to the Acquisition and resulting impact on growth and accretion in various financial metrics;
- its ability to otherwise complete the integration of the business acquired within anticipated time periods and at expected cost levels;
- the Company's dependence on key employees and its ability to attract and retain key employees in connection with the Acquisition;
- the Company's ability to achieve synergies arising from successful integration plans relating to acquisitions generally;
- the Company's profitability and ability to improve its combined ratio in the United States;
- the Company's ability to retain and attract new business in connection with the Acquisition;

- the Company's participation in the Facility Association (a mandatory pooling arrangement among all industry participants) and similar mandated risk-sharing pools;
- terrorist attacks and ensuing events;
- the occurrence and frequency of catastrophe events, including a major earthquake;
- catastrophe losses caused by severe weather and other weather-related losses, as well as the impact of climate change;
- the occurrence of and response to public health crises including epidemics, pandemics or outbreaks of new infectious diseases, including most recently, the coronavirus (COVID-19) pandemic and ensuing events;
- the Company's ability to maintain its financial strength and issuer credit ratings;
- the Company's access to debt and equity financing;
- the Company's ability to compete for large commercial business;
- the Company's ability to alleviate risk through reinsurance;
- the Company's ability to successfully manage credit risk (including credit risk related to the financial health of reinsurers);
- the Company's ability to contain fraud and/or abuse;
- the Company's reliance on information technology and telecommunications systems and potential failure of or disruption to those systems, including in the context of the impact on the ability of our workforce to perform necessary business functions remotely, as well as in the context of evolving cybersecurity risk;
- the impact of developments in technology and use of data on the Company's products and distribution;
- changes in laws or regulations, including those adopted in response to COVID-19 that would, for example, require insurers to cover business interruption claims irrespective of terms after policies have been issued, and could result in an unexpected increase in the number of claims and have a material adverse impact on the Company's results;
- COVID-19 related coverage issues and claims, including certain class actions and related defence costs could negatively impact our claims reserves;
- general economic, financial and political conditions;
- the Company's dependence on the results of operations of its subsidiaries and the ability of the Company's subsidiaries to pay dividends;
- the volatility of the stock market and other factors affecting the trading prices of the Company's securities, including in the context of the COVID-19 crisis;
- the Company's ability to hedge exposures to fluctuations in foreign exchange rates;
- future sales of a substantial number of the Company's common shares; and
- changes in applicable tax laws, tax treaties or tax regulations or the interpretation or enforcement thereof.

All of the forward-looking statements included in this press release are qualified by these cautionary statements and those made in the section entitled Risk Management (Sections 22-27) of our MD&A for the year ended December 31, 2019, the section entitled Risk Management (sections 17-18) of our MD&A for the quarter ended September 30, 2020 and elsewhere in this press release. These factors are not intended to represent a complete list of the factors that could affect the Company. These factors should, however, be considered carefully. Although the forward-looking statements are based upon what management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. Investors should not rely on forward-looking statements to make decisions, and investors should ensure the preceding information is carefully considered when reviewing forward-looking statements contained herein. The Company and management have no intention and undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Disclaimer

This press release does not constitute or form part of any offer for sale or solicitation of any offer to buy or subscribe for any securities nor shall it or any part of it form the basis of or be relied on in connection with, or act as any inducement to enter into, any contract or commitment whatsoever.

The information contained in this press release concerning the Company does not purport to be all-inclusive or to contain all the information that an investor may desire to have in evaluating whether or not to make an investment in the Company. The information is qualified entirely by reference to the Company's publicly disclosed information and the cautionary note regarding forward-looking statements included in this press release.

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