

**Intact Financial Corporation
And its P&C Insurance Companies
(jointly called the “Company”)**

Mandate of the Audit Committee

I. Purpose

The Audit Committee (the “Committee”) is a committee of the Board of Directors (the “Board”) of the Company including its pension funds that is responsible for reviewing the Financial Statements and financial information of the Company. The Committee is responsible for overseeing the accounting and financial reporting process and, in this regard, reviews, evaluates and oversees such processes; it is also responsible for evaluating the integrity of the Financial Statements and for overseeing the quality and integrity of internal controls.

II. Membership

1. Number

The Board will appoint no fewer than three of its members to the Committee.

2. Composition and Qualifications

The Committee consists of Directors who are “independent” as that term is defined from time to time in relevant legislation, and who are non-executives of the Company or its subsidiaries.

All Committee members must be financially literate as that term is defined in applicable legislation. In addition, the composition of the Committee, and qualifications of its members, will comply with such additional requirements as may be imposed by applicable legislation and Best Practices.

3. Chair

The Board will appoint the Chair of the Committee annually, to be selected from the members of the Committee. If, in any year, the Board does not make such appointment, the incumbent Chair will continue in office until the Chair’s successor is appointed. In the event the Chair is not able or willing to act as Chair of the Committee for any reason, the Board may appoint another Chair on an interim or permanent basis. The Chair is bound to act in accordance with his or her mandate and this Mandate.

4. Tenure

Each member of the Committee will hold office at the will of the Board or until his or her successor is appointed.

5. Removal and Vacancies

Any member of the Committee may be removed and replaced at any time by the Board and will also automatically cease to be a member of the Committee as soon as such member ceases to be a Director. The Board may fill vacancies by appointing members from among the members of the Board. If and whenever a vacancy exists, the remaining members may exercise all the powers of the Committee as long as a quorum remains in office.

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III. Process and Operations

1. Meetings

The Committee meets at least four times per year and otherwise as needed. The External Auditors are entitled to receive notice of, attend and be heard at each meeting of the Committee.

The Committee shall also meet periodically with the Risk Management Committee of the Company in furtherance of their respective mandates.

2. Private Meeting of the Committee and Private Meetings With Members of Management

Following each regular meeting, the Committee meets privately without the presence of Management. The Committee may meet in private at its discretion following each non-regular meeting.

Following each regular meeting, the Committee meets in private with the Chief Financial Officer, the Appointed Actuary, the Chief Internal Auditor and the External Auditors and any other members of Management required in respect of this Mandate. The Committee may meet members of Management in private after each non-regular meeting. The Committee may also meet with any other employees of the Company or otherwise request access to Company records.

3. Quorum

A quorum at any meeting shall be a simple majority of the members of the Committee.

4. Report to the Board

Following each meeting, the Committee reports to the Board on matters reviewed by the Committee.

IV. Mandate: Duties and Responsibilities of the Audit Committee

The Committee is responsible for compliance with financial regulatory requirements and ongoing assessment, monitoring, effectiveness, performance and objectivity of accounting and actuarial practices of the Company to ensure they are appropriate and within the bounds of acceptable practice.

1. Internal Controls and Procedures

The Committee oversees the quality and integrity of the Company's internal controls and procedures, including its pension funds. The Committee requires Management to design, implement and maintain internal controls and procedures appropriate to the Company and to make periodic reports to the Committee on the status of such controls and procedures. The Committee receives Management's reports on such controls and procedures, and it reviews, evaluates and approves them periodically.

The Committee also establishes procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters;

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it also establishes procedures for the confidential, anonymous submissions by employees of the Company regarding questionable accounting or auditing matters.

2. Chief Internal Auditor and Internal Audit Function

The Committee oversees the internal audit function. It reviews and recommends to the Board for approval, the annual internal audit plan. The Committee ensures that the scope of the internal audit plan is appropriate, risk-based and addresses all the relevant activities over a cycle determined by the Committee with a view towards ensuring sound internal controls, and ensures that the work of internal and external auditors is co-ordinated.

The Committee regularly meets with the Chief Internal Auditor, and with Management to discuss the effectiveness of the internal controls and procedures established for the Company. The Committee reviews and discusses the findings and reports of the Chief Internal Auditor.

3. External Auditors and Other Experts

The External Auditors report directly to the Committee. The Committee oversees the work of the External Auditors engaged in preparing or issuing an auditor report or related work; the Committee oversees the resolution of disagreements between Management and the External Auditors regarding financial reporting. The Committee meets with Management and External Auditors to discuss overall audit results and audit report, annual and quarterly financial statements and related documents, the quality of financial statements and any related concerns.

The Committee reviews and assesses key areas of risk and obtains assurances from the External Auditors that the financial statements, including the tax positions implicit therein, fairly present the financial position, the results of operations and the cash flows of the Company, and that estimated data are reasonable.

The Committee proposes to the Board for recommendation to the Shareholders the appointment of the External Auditors responsible for preparing and issuing an auditor report or performing other audit or review or attest services provided to the Company.

The Committee is responsible for assessing the skills, resources and independence of the External Auditors periodically, including the audit firm's internal policies and practices for quality control and reports to the Board annually regarding the effectiveness of the External Auditors.

The Committee establishes criteria for the types of non-audit services the External Auditors can and cannot provide and pre-approves all non-audit related services with fees to be provided to the Company by the External Auditors; however, this pre-approval function may be delegated to one or more independent members of the Committee. Where such pre-approval function is delegated to a member of the Committee, that member will present such pre-approval at the next scheduled meeting of the Committee.

The Committee reviews and approves the Company's policies for hiring partners, employees and former partners and employees of the Company's present and former External Auditors.

The Committee recommends to the Board for approval the compensation of the External Auditors.

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4. Appointed Actuary

The Appointed Actuary presents his reports directly to the Committee. The Committee discusses the adequacy of the Company's reserving and reporting practices with the Appointed Actuary. At the end of every quarter, actuarial and other policy liabilities and reserves, and any other matters specified at law, are assessed by the Appointed Actuary in accordance with accepted actuarial practice. Material changes, if any, are reviewed and reported quarterly. The Committee discusses the Appointed Actuary's Report and the Dynamic Capital Adequacy Test peer review with the Appointed Actuary.

5. Financial Statements, Filings, Returns and Disclosures

The Committee is responsible for reviewing the financial performance of all the operations of the Company including its pension funds and in this regard it reviews all the financial statements, and financial and business information publicly issued by the Company.

The Committee meets with the Internal and the External Auditors, the Chief Financial Officer and the Appointed Actuary of the Company to discuss the Financial Statements and returns and the financial or business information documents mentioned above, and it approves them or recommends them to the Board for approval before their publication.

The Committee also approves the Financial Statements of the pension funds, after their review with Management and after receiving the related external auditor and internal auditor reports.

6. Disclosure Overview

With regards to the Committee's financial disclosure oversight function, the Committee reviews and approves the policies and procedures in place for the review of financial disclosures prior to their public release, as required by applicable legislation. The Committee also reviews and satisfies itself with the certification process, and reviews the certifications of the CEO and CFO as required by applicable legislation.

In executing its responsibilities, the Committee also oversees the Company's compliance with legal and regulatory requirements related to financial reporting and disclosure.

7. Access to Management and all Oversight Functions

In order to facilitate the Committee's oversight function with respect to the Company's financial reporting and disclosure and internal controls and procedures, the Committee has direct access to all oversight functions and other internal and external experts, and may have private meetings with any of them or any member of Management at its discretion.

8. Oversight of the Chief Financial Officer, Chief Internal Auditor and Appointed Actuary Functions

The Committee reviews and recommends to the Board for approval the appointment, assessment or termination (if applicable) of the Chief Financial Officer, the Chief Internal Auditor and the Appointed Actuary. The Committee periodically reviews and approves the mandate of each of these functions and annually obtains the assurances that each function has the necessary budget, independence and resources to meet its mandate and reports to the Board any issue in relation thereto before the Board approves the budget and plans of the Company.

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The Committee annually reviews the objectives and assesses the effectiveness of the referred Oversight Functions and reports to the Board in this regard.

V. Independent Consultants

Regarding audit services, the Committee may retain or appoint, at the Company's expense, such consultants, experts and advisors as it deems necessary or advisable to carry out its duties.

Regarding non-audit services, the Committee may retain or appoint, at the Company's expense, consultants, experts and advisors, including the External Auditors as it deems necessary or advisable to carry out its duties.

In case of differences of opinion between the members of the Committee or with Management in relation to the hiring of such consultants, experts and advisors, the Board may decide on the issue or delegate the review of such issue to the Compliance Review and Corporate Governance Committee.

VI. Delegation

The Committee may designate a sub-committee or individual(s) to review any matter the Committee can delegate by law.

VII. Self-Assessment

On an annual basis, the Committee evaluates and reviews the assessment reports on the adequacy of the Committee, its Chair and each of its members.

VIII. Committee Mandate

On an annual basis, the Committee reviews this Mandate and recommends any changes, if any, to the Board.

Approved by the Board of Directors of Intact Financial Corporation and its P&C Subsidiaries on November 1, 2016.