



# Investor Presentation

June 2007

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# Agenda

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1. Goals / Proven track record
2. Key strategies
3. Expanding the ROE gap
4. Superior organic growth
5. Value-creating acquisitions
6. Managing through the P&C cycle
7. Appendices

# Goals: ING Canada

Leveraging our *sustainable competitive advantages* to consistently outperform the Canadian property and casualty (P&C) industry.

## Return on Equity

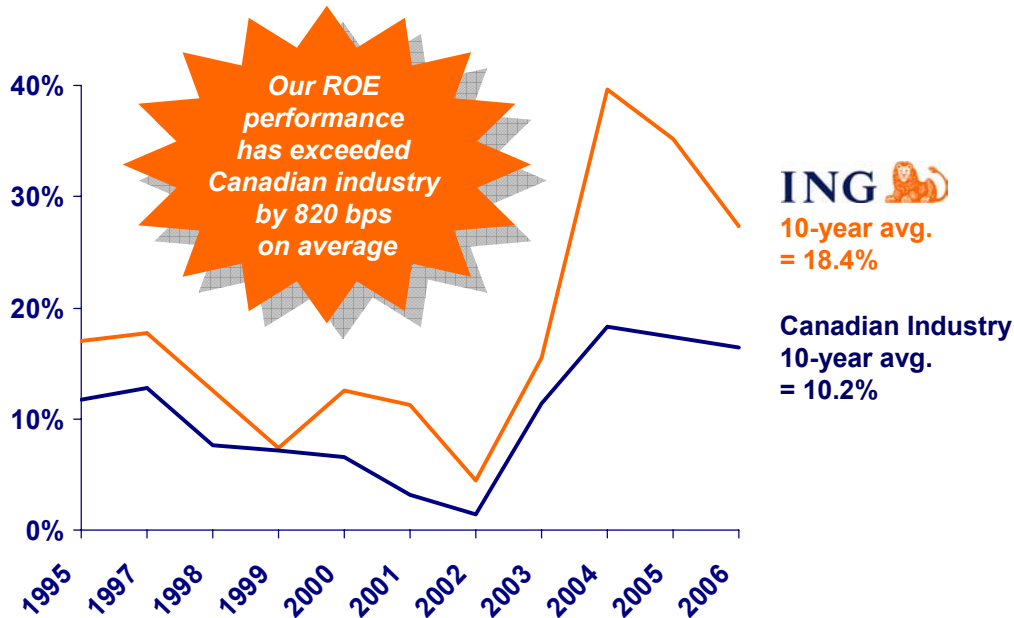
Exceed the Canadian P&C industry by at least **500 basis points** annually

## Organic Growth

Exceed the annual growth rate of the Canadian P&C industry by at least **300 basis points** over time, as measured by direct premiums written

# A track record of ROE outperformance

## ROE Performance of our Insurance Subsidiaries Compared to Canadian P&C Insurance Industry



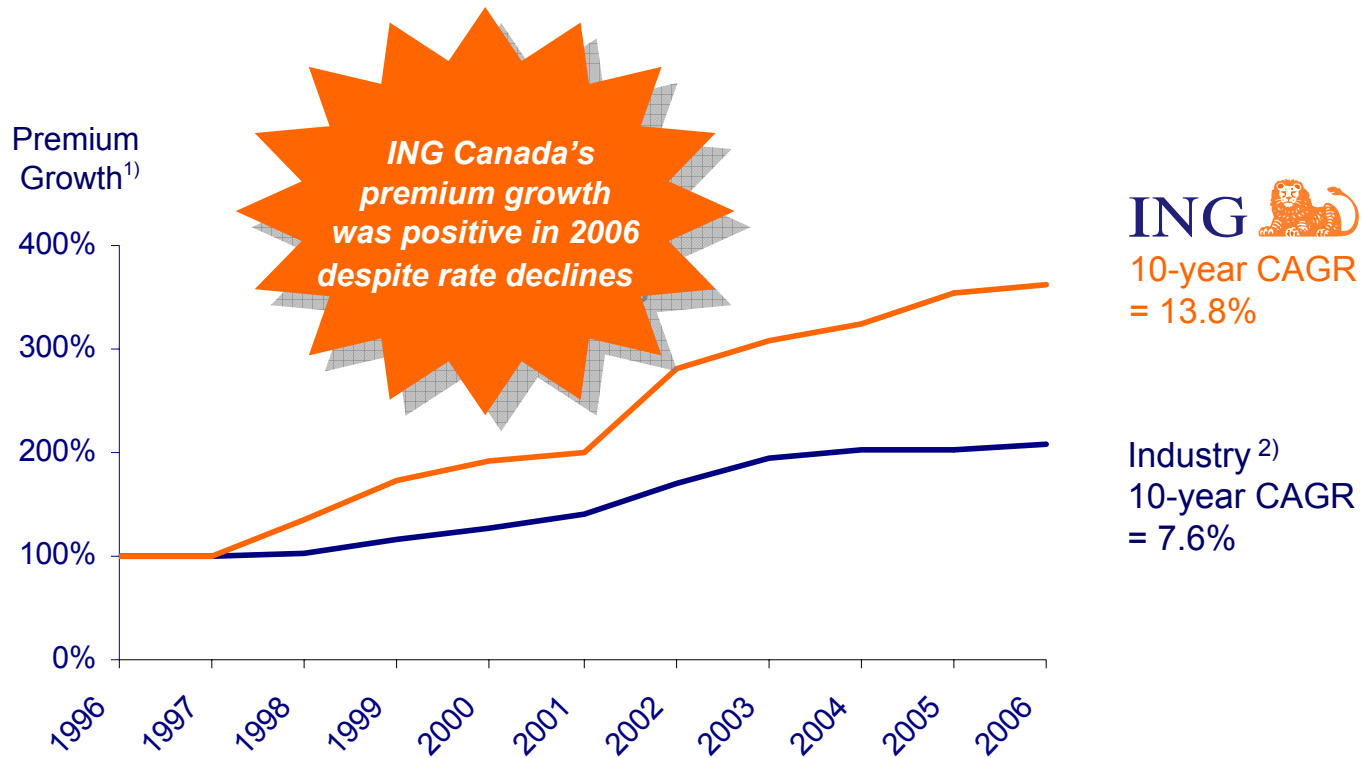
### Key Drivers of ROE Outperformance

- Pricing
- Underwriting
- Claims
- Investments & Capital

Source: MSA Research Software, P&C Industry Statistics includes Reinsurers and excludes Lloyd's and Insurance Corporation of British Columbia (ICBC).

# Industry-leading growth rate

## ING Canada Premium Growth vs. Industry



<sup>1</sup> Based on direct premiums written

<sup>2</sup> Source: MSA Research Software, P&C Industry Statistics includes Reinsurers and excludes Insurance Corporation of British Columbia (ICBC)

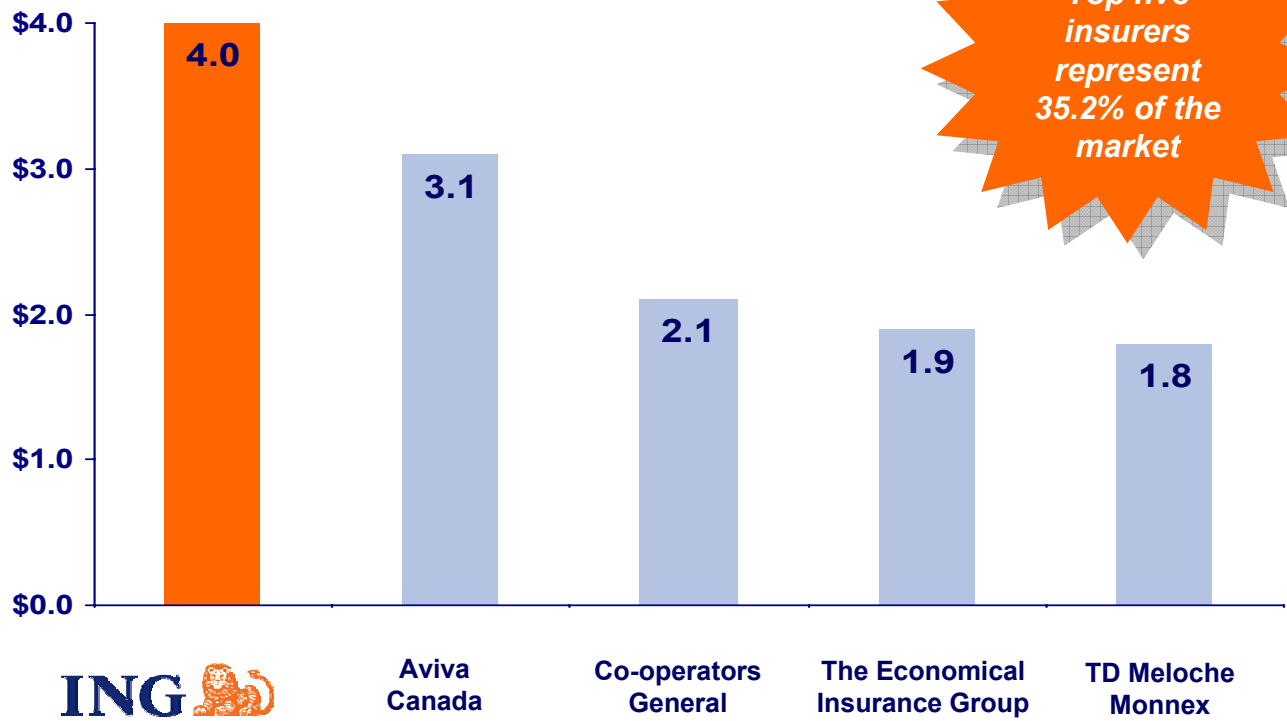
# Key strategies

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- Leverage scale to expand ROE gap with competition
- Strengthen market position through superior organic growth
- Strengthen market position through value-creating acquisitions

# Scale advantage in a fragmented market

Direct Premiums Written (\$ billions)



*Top five insurers represent 35.2% of the market*

Market share	11.0%	8.4%	5.7%	5.2%	4.9%
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Source: MSA Research as of March 20, 2007 for DPW 2006 data.





# Leveraging our scale to generate higher returns

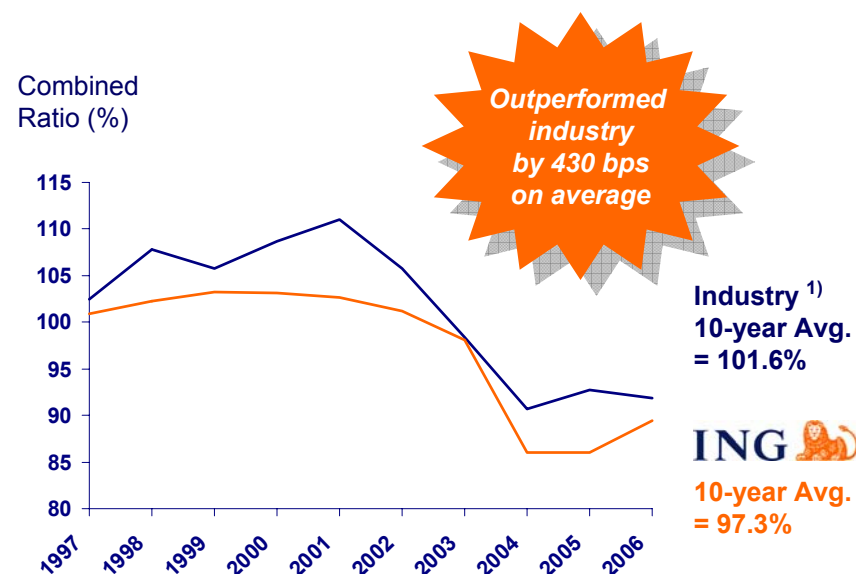
## ■ Pricing and underwriting

- Sophisticated pricing segmentation
- Large proprietary experience database
- Disciplined and automated risk selection process
- Focus on economic value drivers and proprietary tools to exploit market inefficiencies
- Strengthen underwriting knowledge through enhanced data access and training

## ■ Claims and expense management

- Strong in-house claims expertise delivers efficiency and cost savings
  - 94% of claims in 2006 handled by internal claims personnel
  - Preferred provider networks
- Supply chain management and increased use of technology in claims
- Improve efficiencies through common processes throughout operations

## ING Canada Combined Ratio vs. Industry



<sup>1</sup> Source: MSA Research Software, P&C Industry Statistics includes Reinsurers and excludes Lloyd's and Insurance Corporation of British Columbia (ICBC)

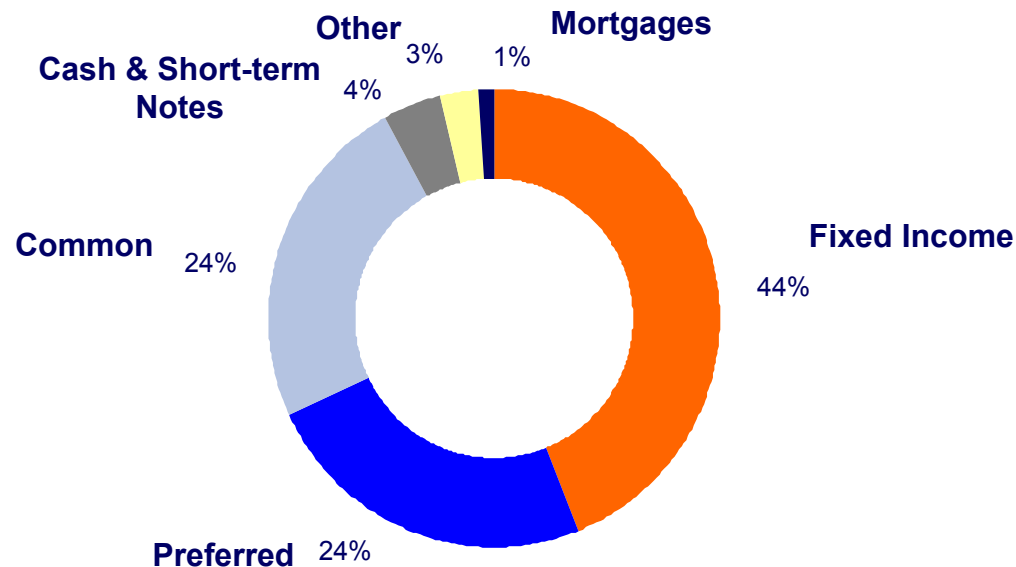
# Superior after-tax investment returns

- **Investments are managed on an after-tax total return basis**
  - Investment returns have outperformed the industry
  - Realized gains can vary from quarter-to-quarter due to timing of asset sales
- **ING Canada has a strong capital position (as at March 31, 2007)**
  - Excess capital at insurance companies of \$283.8 million (at 170% MCT)
  - \$511 million in liquid investments at holding company
  - \$1 billion shelf filing remains untapped
- **We remain focused on utilizing or returning excess capital**
  - Successful acquisition track record
  - Completed a \$500 million share buyback in March 2007

# Portfolio managed on an after-tax return basis

- Investment philosophy
  - Preservation of capital
  - Asset diversification
- Incremental returns through active portfolio management
- High quality fixed income investments - 94% rated 'A' or higher

**ING Canada Invested Assets by Asset Class<sup>1)</sup>**



<sup>1)</sup> Book value, as at March 31, 2007

# Strengthen market position: Organic growth

- Offer increased value to customers

- Product innovation and differentiation (e.g. Responsible Driver Guarantee, Aeroplan, Zero Deductible)
- Renewed customer-centric focus (Client Service Guarantee)

- Strengthen relationships with brokers

- Ease of doing business for distributors
- Services to help brokers grow their business (e.g. marketing programs, training programs)
- Support broker partners in acquisition mode



The support you need.  
**30 MINUTES. GUARANTEED.**



Even a **RESPONSIBLE**  
**DRIVER**  
can have a **bad day.**



# Expansion of multi-channel distribution

## Affiliated Distribution Network

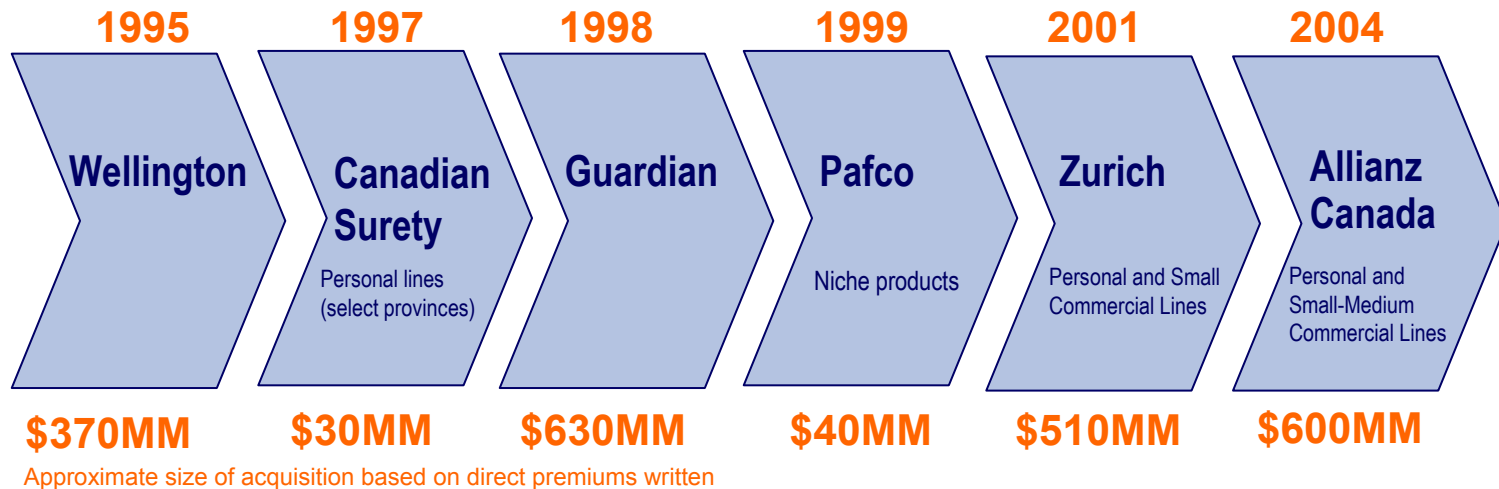
- Expansion of Grey Power – no dominant player in the 50+ segment
- Broker consolidation through acquisitions and joint ventures

## Direct channel

- Belairdirect – become the web insurer of choice
- Enhancing service delivery through improved online transactions, e-delivery of documents
- Providing information and advice to customers builds credibility in the market and develops “leadership brand”

# Strengthen market position: Acquisitions

- History of successful acquisitions
- Proven integration capabilities



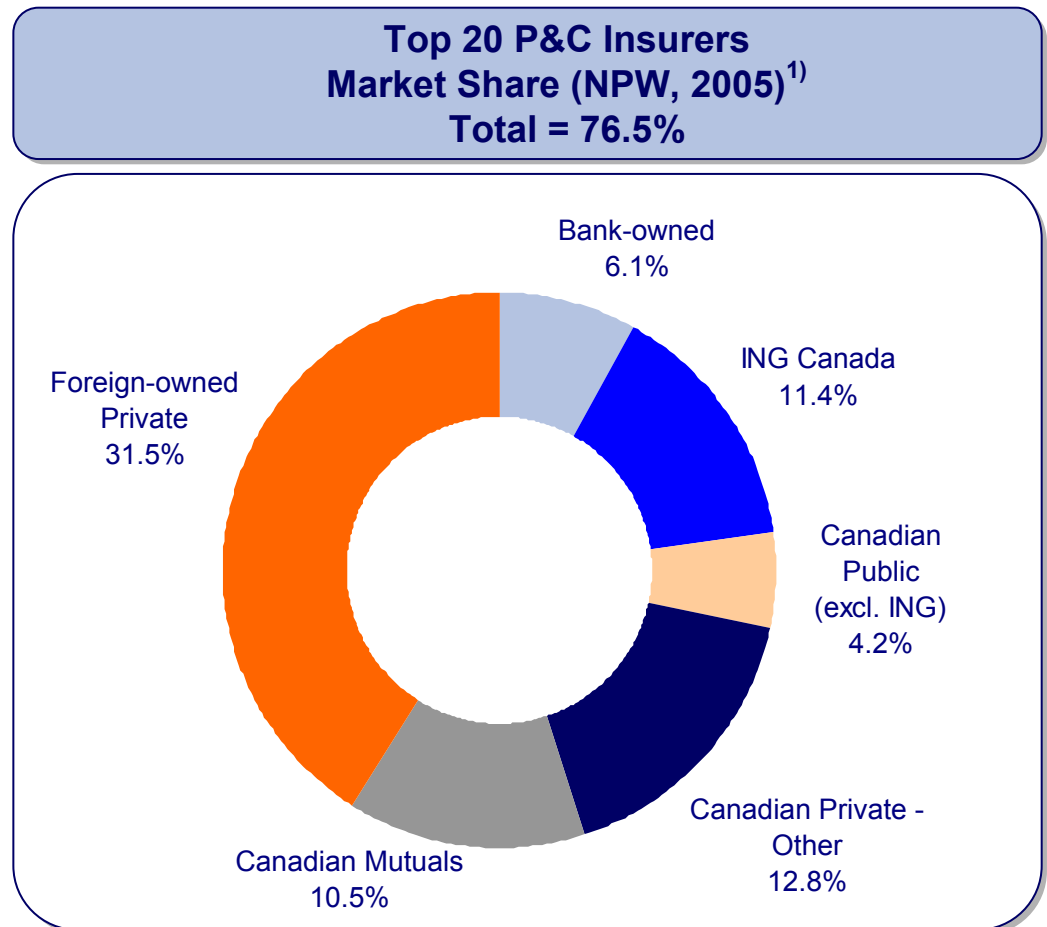
## Acquisitions of broker networks

- 2000 – Equisure
- 2004 – Canada BrokerLink
- 2006 – Grey Power

- What are we looking for?
  - Strategic fit within existing business lines
  - Value creation for investors

# Consolidator in a fragmented P&C industry

- Potential for future acquisitions given fragmented nature of industry
- Capital strength tempered by disciplined, patient approach to acquisitions
- Approx. \$1.5 billion in excess capital and debt capacity available for acquisitions



<sup>1)</sup> Source: Canadian Underwriter, June 2006.

# What drives P&C cyclicality?

**Inefficient industry capital management**

- Supply-driven industry
- Excess capital influences price competition

**Time lag**

- Time lag between pricing, historical data, final confirmation of costs
- Rate adjustments are made after trends develop
- Premiums recognized over the term of the policy

**Regulatory / Political process**

- Increases cycle amplitude
- Reduces pricing flexibility and delays price adjustments (in certain provinces)

**Decentralized decision-making**

- Price negotiations on large accounts



# Delivering superior returns throughout the cycle



## *The ING Advantage*

**Scale**

- Leverage scale to create effective pricing and underwriting models
- Use scale to create claims and expense cost advantage

**Balance**

- Strategically use ROE gap advantage to:
  - Improve returns at industry low points
  - Accelerate growth when markets correct
- Cycle-specific pricing and segmentation strategies

**Discipline**

- Pursue acquisition strategy
- Effective deployment of capital to create value



# Sustainable competitive advantages



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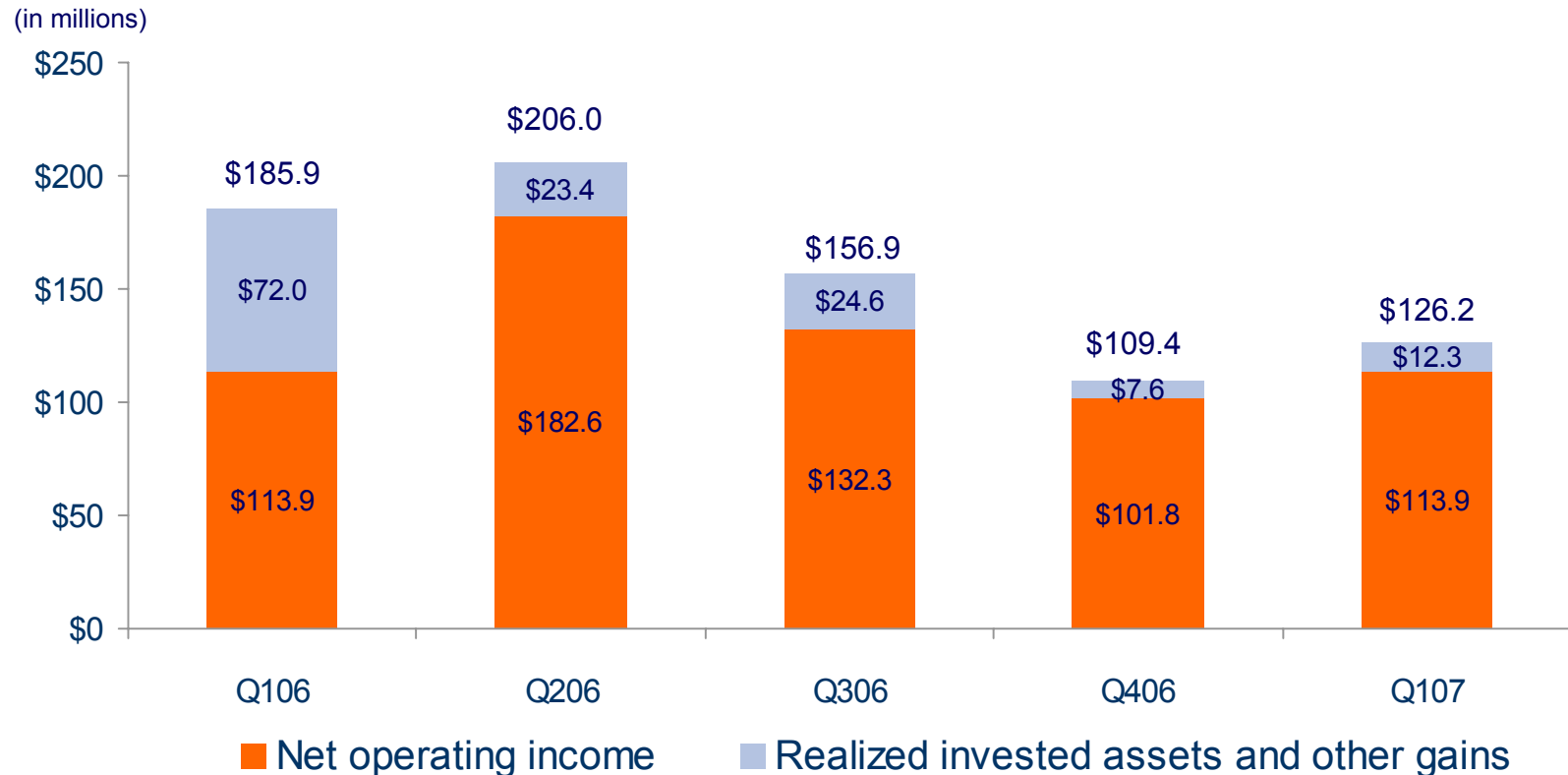
# Appendices

# Q1 2007 highlights

## Financial Summary

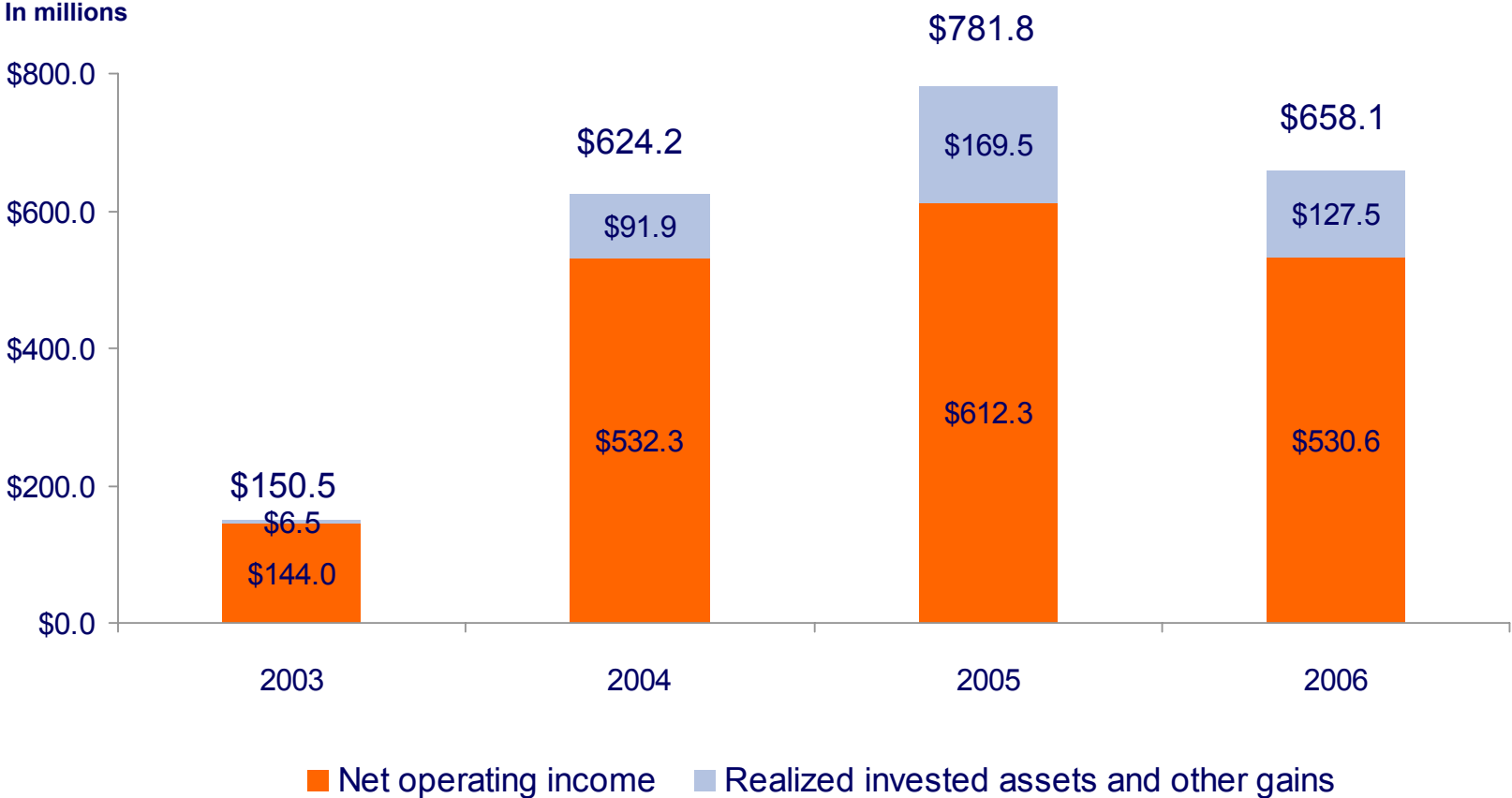
	<b>Q1 07</b>	<b>Q1 06</b>	<b>Change</b>
Direct premiums written (in millions)	\$854.0	\$812.5	5.1%
Direct premiums written (excluding pools, in millions)	\$846.3	\$812.5	4.2%
Written insured risks (in thousands)	950.4	915.0	3.9%
Net income (in millions)	\$126.2	\$185.9	(32.1)%
Net operating income (in millions)	\$113.9	\$113.9	--
Earnings per share – basic and diluted (in dollars)	\$0.95	\$1.39	(31.6)%
Net operating income per share (in dollars)	\$0.85	\$0.85	--
Return on equity	19.4%	30.1%	(10.7) pts
Combined ratio	95.8%	91.5%	4.3 pts
Debt to equity ratio	0.0%	4.0%	(4.0) pts
	<b>Q1 07</b>	<b>Q4 06</b>	<b>Change</b>
Book value per share	\$25.05	\$25.58	(2.1)%

# Sources of earnings - quarterly



Net operating earnings is a more predictive earnings measure due to the variable timing of invested asset sales.

# Net income



# A diversified portfolio

## Business Lines

% of 2006 direct premiums written

