



Intact Financial Corporation (IFC)

Investor Presentation
December 2009



Forward-looking statement disclaimer

Certain statements in this report or included by reference about the company's current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments are forward-looking statements. The words "may", "will", "would", "should", "could", "expects", "plans", "intends", "trends", "indications", "anticipates", "believes", "estimates", "predicts", "likely" or "potential" or the negative or other variations of these words or other similar or comparable words or phrases identify such forward-looking statements. 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. Many factors could cause the company's actual results, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements. These factors include, without limitation, the following: the company's ability to implement its strategy or operate its business as management currently expects; its ability to accurately assess the risks associated with the insurance policies that the company writes; unfavourable capital market developments or other factors which may affect the company's invested assets and its pension plans funding obligations; the cyclical nature of the P&C insurance industry; management's ability to accurately predict future claims frequency; government regulations; litigation and regulatory actions; periodic negative publicity regarding the insurance industry; intense competition; the company's reliance on brokers and third parties to sell its products; the company's ability to successfully pursue its acquisition and business strategies; the company's participation in the Facility Association (a mandatory pooling arrangement among all industry participants); terrorist attacks and ensuing events; the occurrence of catastrophic events; the company's ability to maintain its financial strength ratings; the company's ability to alleviate risk through reinsurance; the company's ability to successfully manage credit risk; the company's reliance on information technology and telecommunications systems; the company's dependence on key employees; general economic, financial and political conditions; the company's dependence on the results of operations of its subsidiaries; the accuracy of analyst earnings estimates or the consensus figure based upon such estimates; the volatility of the stock market and other factors affecting the company's share price; the limited trading history of its common shares; and future sales of a substantial number of its common shares. These factors are not intended to represent a complete list of the factors that could affect the Company and should be considered carefully, by readers who should not place undue reliance on the company's forward-looking statements. The Company and Management have no intention and accept no responsibility to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required by law.



Leader in auto, home and business insurance in Canada

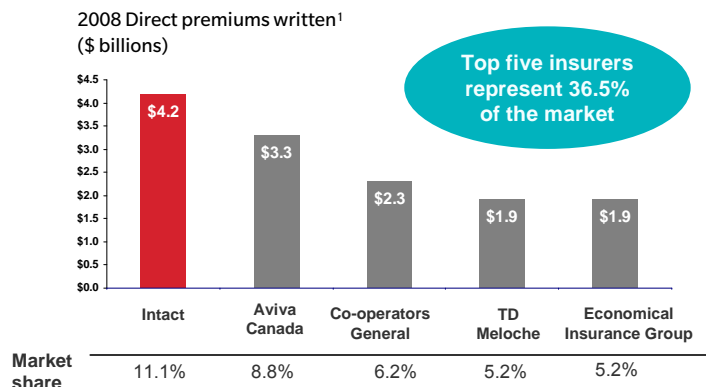
Who we are

- Dominant P&C insurer in Canada
- Over \$4 billion in direct premiums written
- #1 in Ontario, Québec, Alberta, Nova Scotia
- Substantial size and scale advantage
- 11 successful acquisitions in 20 years
- \$7.8 billion cash and invested assets

Distinct brands



Scale advantage



Industry outperformer

10-year performance – IFC vs. P&C Industry¹

IFC Outperformance

Premium growth

2.8 pts

Combined ratio²

3.8 pts

Return on equity³

7.8 pts

¹ Industry data source: MSA Research excluding Lloyds, ICBC, SGI, SAF, MPI, Genworth and Mutuals in Quebec

² Combined ratio includes the market yield adjustment (MYA)

³ ROE is for Intact's P&C insurance subsidiaries.

Consistent industry outperformance



Significant scale advantage



Sophisticated pricing and underwriting



In-house claims expertise



Broker relationships

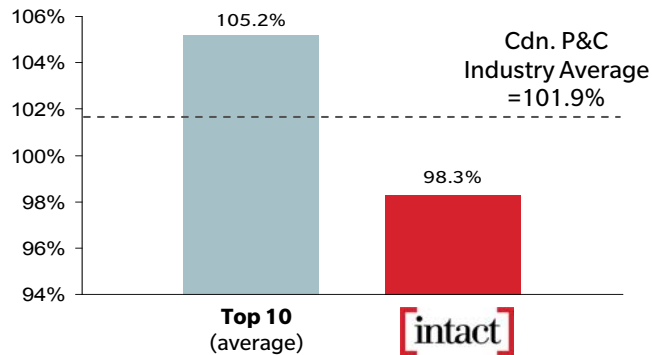


Multi-channel distribution

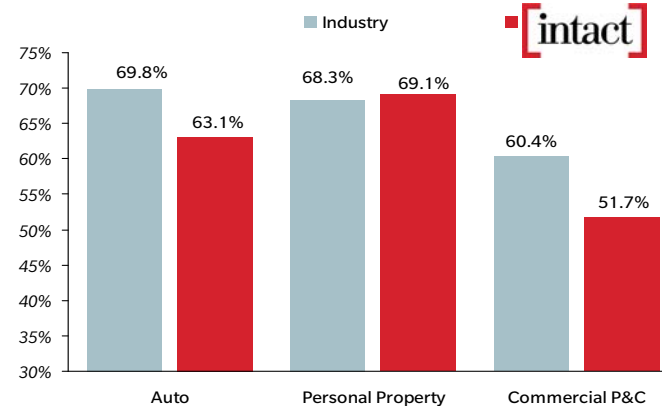


Proven acquisition track record

2008 combined ratios



Five-year average loss ratios



Source: MSA Research 2008

Data in both charts are for the year ended December 31, 2008

Industry results exclude Lloyds, ICBC, SAF, SGI, MPI, Genworth and Mutuels in Quebec

Includes market yield adjustment (MYA)



Strong organic growth potential through multi-channel distribution

#1 Broker insurance company in Canada



- Network of more than 1,800 brokers in Canada
- Brokers in Canada own the commercial market and maintain large share of personal lines
- Many customers prefer the personalized service and choice offered by a broker or agent

Targeting growing 50+ population

GREY POWER

Where Experience Counts.™

- Operating in ON and AB
- Double-digit growth in 2008
- Web and call centers



In 10 yrs, 25% of the Canadian population will be 50yrs+

1/3 Canadians to buy insurance online¹

belairdirect.

- #1 brand awareness in ON and PQ
- Growing at 10%+ per year
- Operating in ON and PQ
- Leveraging explosive growth of the internet
- Geographic expansion potential



Talk to an agent online
Click to chat



¹ World Insurance Report, Caggenini. 1 in 10 customers say they use the internet to buy insurance, 1 in 3 wants to use it to buy insurance within 3 years

Leveraging scale in distribution



CANADA BROKERLINK INC.

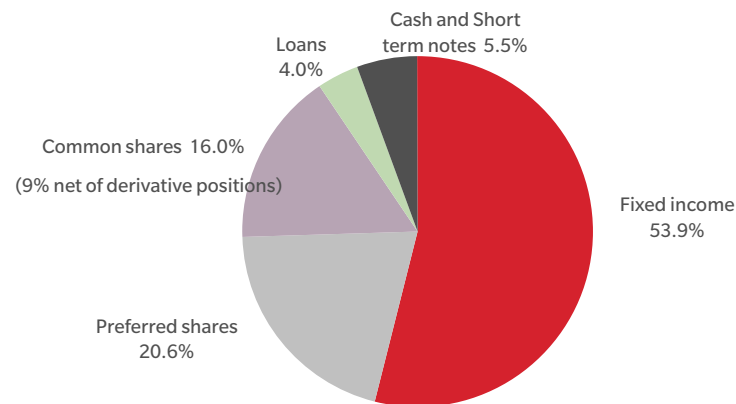
- Proprietary brokers with \$400 million in direct written premiums and approximately 180,000 customers
- More than 50 offices in Ontario and Alberta
- Transforming to leverage scale in sales, marketing and technology

Strong financial position and excess capital

Strong balance sheet

- 219.2% MCT (minimum capital test)
- \$635.2 million excess capital over MCT of 170%
- \$400 million raised through MTN offering in August and November
- \$150 million unsecured committed credit facility
- Solid ratings from A.M. Best, Moody's and DBRS
- Adequate claims reserves evidenced by consistent favourable development

\$7.8 billion in cash and invested assets



Acquisition capacity (\$ millions)

Excess capital at September 30, 2009 ¹	\$635
MTN offering in August and November 2009	\$400
Remaining debt capacity ²	over \$300
Total acquisition capacity (without issuing equity)	> \$1 billion

Quality investment portfolio

- 98% of bonds are rated A or better
- 80% of preferred shares are rated P1 or P2
- Minimal US exposure
- No leveraged investments

All figures as at September 30, 2009 unless otherwise noted

¹ Excess capital over MCT of 170%

² At 20% debt-to-total capital. Remaining debt capacity at November 30, 2009

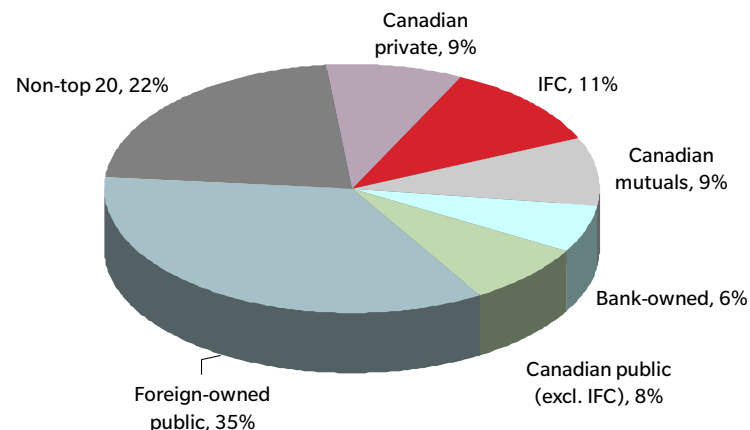
Further consolidation in P&C market likely

Acquisition strategy

- Targeting large-scale acquisitions of \$500 million or more (direct written premiums)
- Pursuing acquisitions in lines of business where we have expertise
- Acquisition target IRR of 15%
- Targets:
 - Bring loss ratio of acquired book of business to our average loss ratio in 18-24 months
 - Bring expense ratio to 2pts below IFC ratio

Acquisition	Year of Acquisition	Approximate Size of Acquisition (DPW) ⁽¹⁾ (\$ millions)
Allianz Canada (Personal and Small to Medium Commercial Lines)	2004	600
Zurich (Personal and Small Commercial Lines)	2001	510
Pafco (Niche Products)	1999	40
Guardian	1998	630
Canada Surety Personal Lines (Selected Provinces)	1997	30
Wellington	1995	370
St. Maurice	1994	30
Constitution	1992	30
Metropolitan General	1991	10
Commerce Group/belair	1989	290
Western Union	1988	60

Top 20 P&C insurers = 80% of market



Source: Scotia Capital, April 2009 report, measured by DPW in 2008

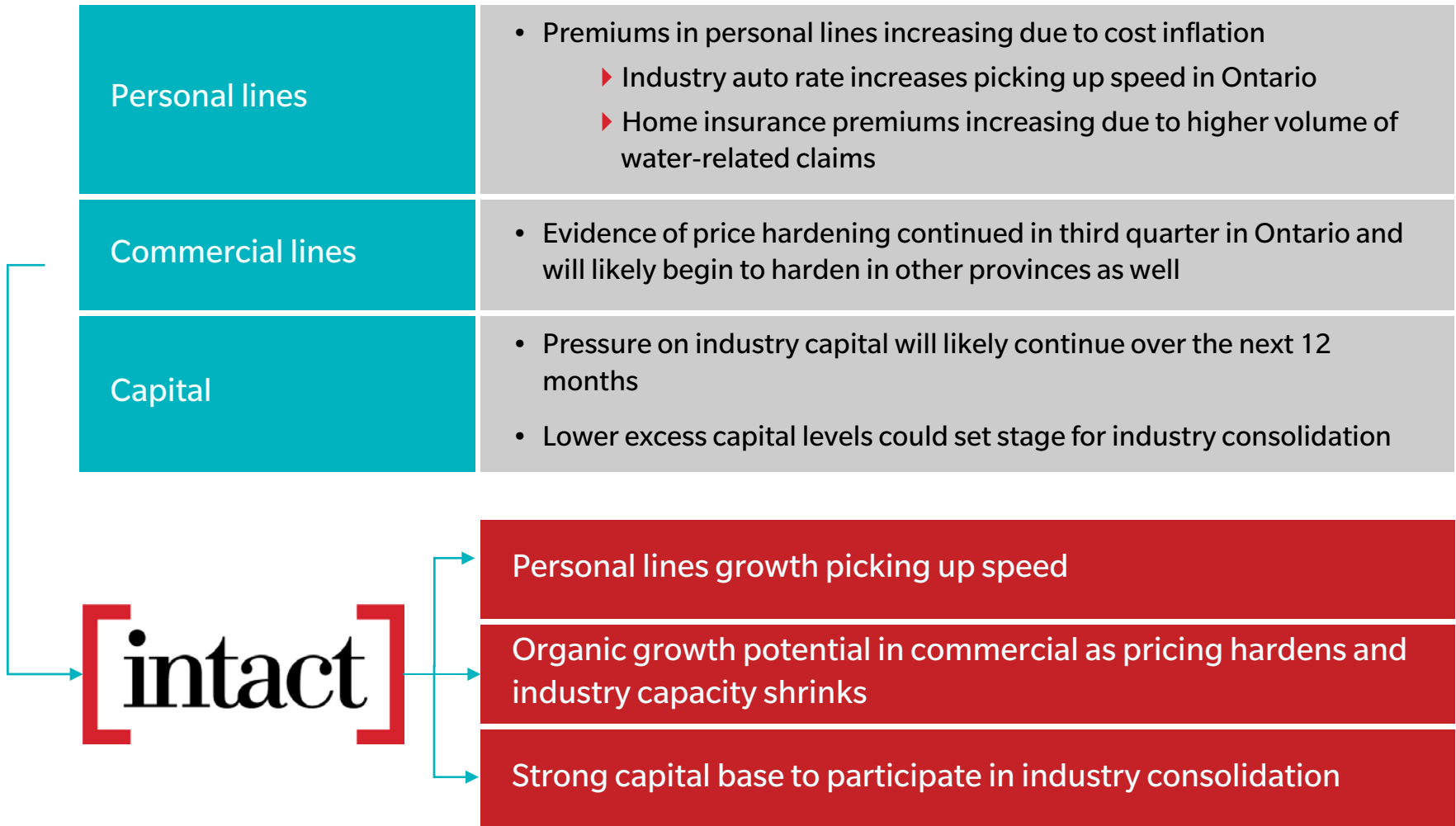
M&A environment

Environment more conducive to acquisitions now than one year ago:

- Industry ROEs are down from recent record highs
- Foreign parent companies are generally in less favourable capital position

12-month outlook:

Industry pricing environment firming up in Canada



Conclusion

Disciplined pricing, underwriting, investment and capital management have positioned us well for the future

- Largest P&C insurance company with substantial scale advantage in the market
- Strong financial position
- Excellent long-term earnings power
- Organic growth platforms easily expandable
- M&A environment more conducive to consolidation
- Well-positioned as industry conditions begin to firm up over the next 12 months



Appendices

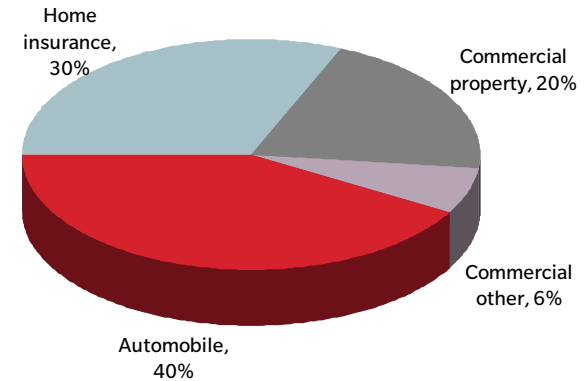


P&C insurance is a \$36 billion market in Canada

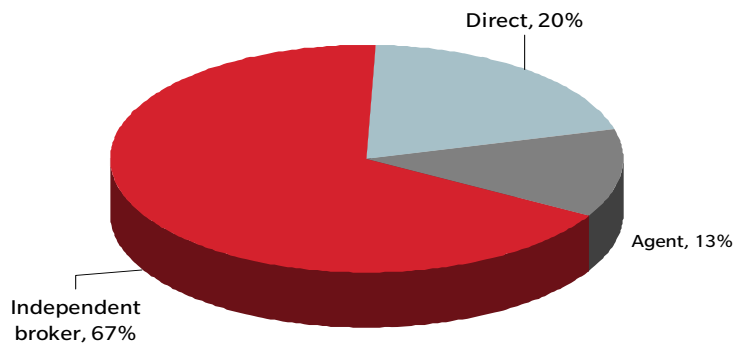
3.8% of GDP in Canada

- Fragmented market – top five less than 37% -- vs. bank/lifeco markets which are closer to oligopoly
- Brokers continue to own commercial lines and large share of personal lines in Canada; direct-to-consumer channel growing
- Barriers to entry – scale, regulation, manufacturing capability, market knowledge
- Home/business insurance rates unregulated; personal auto rates regulated in some provinces
- Capital is regulated nationally by OSFI
- 30-year ROE for the industry is approximately 10%

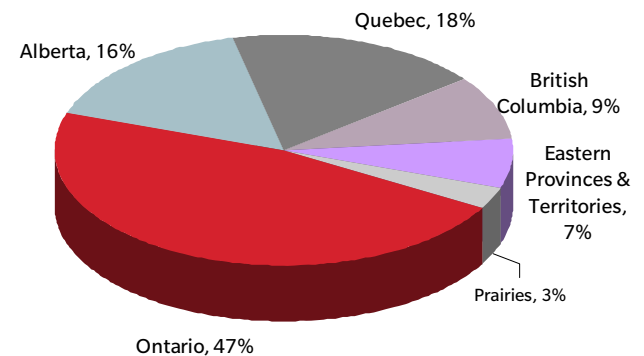
Industry - Personal lines 70% of DWP



Brokers dominate; direct growing¹



Industry - DWP by province



DWP = direct written premiums

OSFI = Office of the Superintendent of Financial Institutions

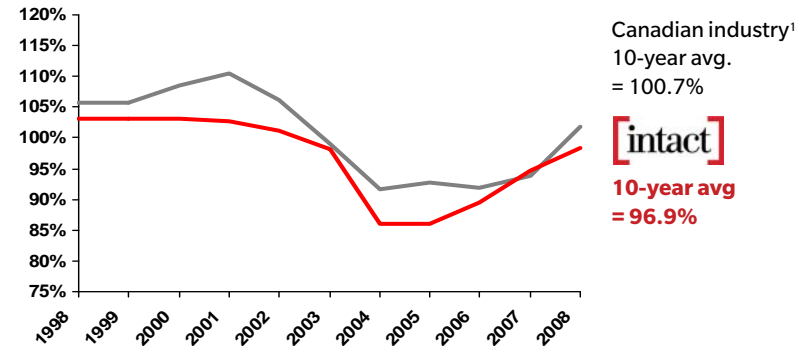
¹ Industry data source: MSA data excluding Lloyds, ICBC, SAF, SGI, MPIC, Genworth, Promutual Re and Mutuels in Quebec.

P&C industry 10-year performance vs. IFC

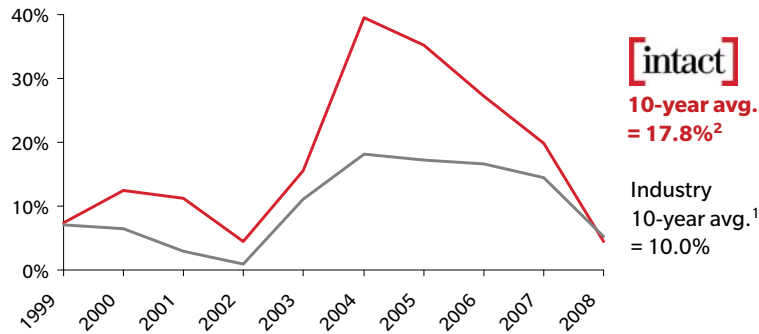
IFC competitive advantages

- Significant scale advantage
- Sophisticated pricing and underwriting
- In-house claims expertise
- Multi-channel distribution
- Broker relationships
- Investment expertise
- Management continuity

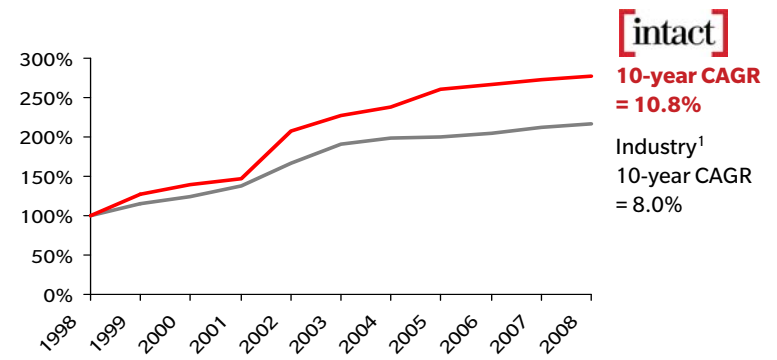
Combined ratio



Return on equity



Direct written premium growth



Data in all charts as at December 31, 2008

DWP = direct written premiums

OSFI = Office of the Superintendent of Financial Institutions

¹Industry data source: MSA Research. excluded Lloyds, ICBC, SGI, SAF, MPI, Genworth and Mutuals in Qc.

²ROE is for Intact's P&C insurance subsidiaries.

Appendix

Historical financial performance



Historical financials

	2008	2007	2006	2005	2004
Income statement highlights					
Direct written premiums (excluding pools)	\$ 4,146	\$ 4,109	\$ 3,994	\$ 3,906	\$ 3,501
Underwriting income (excluding MYA*)	117	189	404	538	470
Net operating Income (excluding MYA*)	361	457	531	612	532
Net operating EPS (excluding MYA*)	2.96	3.61	3.97	4.58	5.55
Balance sheet highlights					
Total invested assets	\$ 6,094	\$ 7,223	\$ 7,227	\$ 6,707	\$ 6,285
Debt	0	0	0	127	256
Total shareholders' equity (ex-AOCI)	3,079	3,290	3,421	2,893	2,060
Performance metrics					
Loss ratio (excluding MYA*)	68.2 %	66.2 %	59.1 %	56.3 %	56.6 %
Expense ratio	28.9 %	29.0%	30.3%	29.7%	29.4%
Combined ratio (excluding MYA*)	97.1%	95.2%	89.4%	86.0%	86.0%
Net operating ROE (excl. AOCI)	11.3%	13.6%	16.8%	24.7%	34.9%
Debt / Capital	0.0%	0.0%	0.0%	4.2%	11.1%
Combined ratios by line of business (excl. MYA)					
Personal auto	95.9%	94.5%	87.3%	78.8%	82.9%
Personal property	113.6%	102.2%	100.0%	104.0%	92.5%
Commercial auto	87.2%	93.7%	86.9%	87.0%	81.2%
Commercial non-auto	85.3%	90.1%	85.2%	86.4%	89.6%

* The market yield adjustment (MYA) reflects the impact of changes in the discount rate applied to the company's claims liabilities, as determined by the market-based yield of the underlying assets.



Strategic capital management

- Strong capital base has allowed us to pursue our growth objectives while returning capital to shareholders

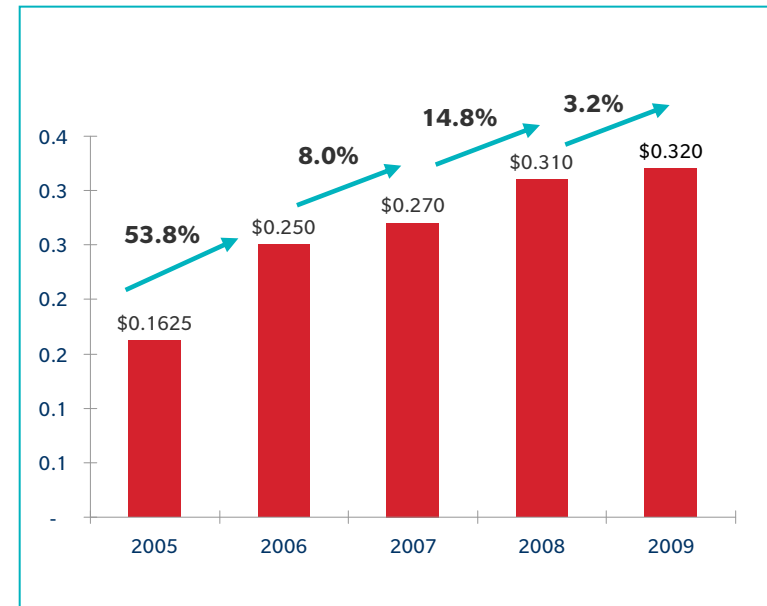
Capital priorities

- Acquisitions
- Dividends

Share buyback history

- 2008 – Repurchased 4.6 million shares for a total of \$176 million
- 2007 – \$500 million Substantial Issuer Bid

Quarterly dividend



Cash and invested assets

Asset class

Fixed income

Federal government and agency	36.1%
Corporate	27.2%
Provincial and municipal	23.1%
Supranational and foreign	8.6%
ABS/MBS	4.4%
Private placements	0.7%
TOTAL	100%

Canadian	87%
United States	1%
Int'l (excl. U.S.)	12%
TOTAL	100%

Quality: 98% rated A or better

Preferred shares

Fixed perpetual	53%
Perpetual and callable floating and reset	24%
Fixed callable	23%
TOTAL	100%

Quality:

Approx. 80% rated P1 or P2

100% Canadian

Common shares

High-quality, dividend paying Canadian companies. Objective is to capture non-taxable dividend income

100% Canadian

Appendix

Leadership team



Experienced and united leadership team

		<u>Years In Industry</u>	<u>Years With IFC</u>
Brindamour, Charles	President & CEO	17	17
Beaulieu, Martin	SVP, Personal Lines	21	21
Black, Susan	SVP, Strategic Planning & Chief HR Officer	2	2
Blair, Alan	SVP, Atlantic Canada	25	14
Coull-Cicchini, Debbie	SVP, Ontario	5	5
Désilets, Claude	Chief Risk Officer	28	20
Gagnon, Louis	President, Intact Insurance	17	3
Garneau, Denis	SVP, Quebec	21	7
Guénette, Françoise	SVP, Corporate & Legal Services	21	12
Guertin, Denis	SVP, belairdirect	24	24
Hindle, Byron	SVP, Commercial Lines	31	10
Iles, Derek	SVP, Western Canada	37	18
Lincoln, David	SVP, Corporate Audit Services (Canada)	31	12
Ott, Jack	SVP, Chief Information Officer	28	13
Pontbriand, Marc	Executive Vice President	11	11
Provost, Marc	SVP & Managing Director IIM and Chief Investment Officer	26	12
Randall, Roger	SVP, Affiliated Distribution Networks	29	19
Tullis, Mark	Chief Financial Officer	31	10
Weightman, Peter	SVP, Claims	23	23



Appendix

Other performance metrics

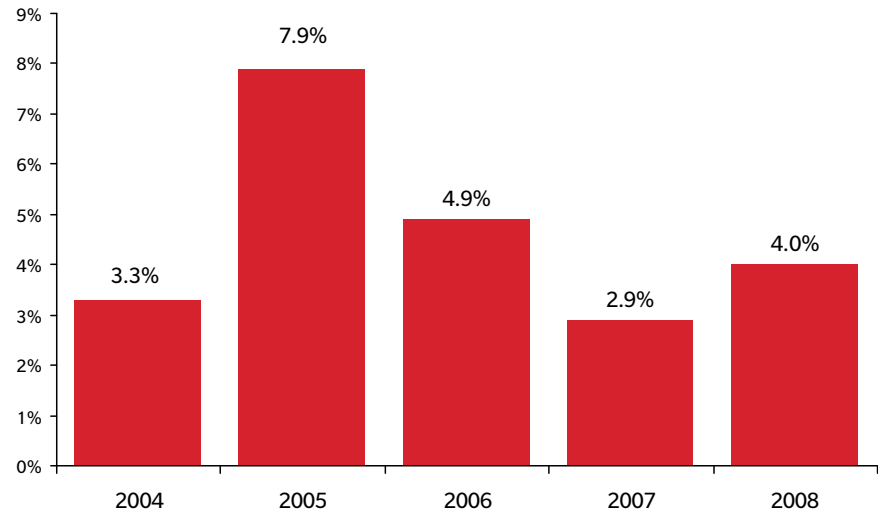


Long-term track record of prudent reserving practices

- Quarterly and annual fluctuations in reserve development are normal
- 2005/2006 reserve development was unusually high due to the favourable effects of certain auto insurance reforms introduced during that time period
- This reflects our preference to take a conservative approach to managing claims reserves

Rate of claims reserve development

(favourable prior year development as a % of opening reserves)



Historical long-term average has been 3% to 4% per year



Value creation opportunity in home insurance

Industry loss ratio advantage* (percentage points)

Favourable gap
(five-year average)

Automobile**	6.7
Personal property	-0.8
Commercial non-auto	8.7
Commercial liability	16.8

Opportunity to create loss ratio advantage similar to other business lines

- Rate increases
- Segmentation
- Insurance-to-Value
- Management of water damage
- Limit exposure to sewer back-up
- Claims review
- Customer education and incentives on loss control and prevention

Target

• Double-digit premium increases through higher rates and insured amounts

+

• Lower indemnity costs by 5%

* Source: MSA Research; as of Dec. 31, 2008

** Includes personal and commercial auto
Based on net loss ratio and includes MYA

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