



Intact Financial Corporation (IFC)

March 2011





Forward-looking statements


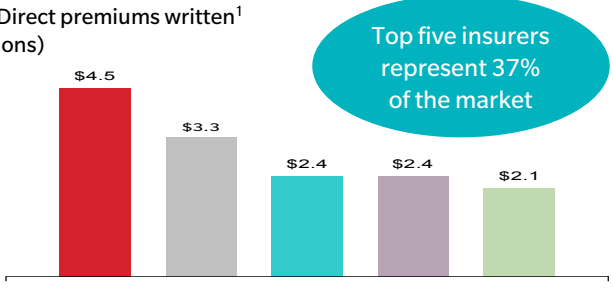
Certain of the statements in this document about the company's current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements. The words "may", "will", "would", "should", "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, are intended to identify 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, including, without limitation, the following factors: 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 investments 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; 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 strategy; its ability to execute its business strategy; 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 (including credit risk related to the financial health of reinsurers); 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 volatility of the stock market and other factors affecting the company's share price; and future sales of a substantial number of its common shares. All of the forward-looking statements included in this document are qualified by these cautionary statements. These factors are not intended to represent a complete list of the factors that could affect the company; however, these factors should be considered carefully, and readers should not place undue reliance on forward-looking statements made 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.

Important notes:

- All references to direct premiums written ("DPW") in this document exclude industry pools, unless otherwise noted.
- All references to "excess capital" in this document include excess capital in the P&C insurance subsidiaries at 170% minimum capital test ("MCT") plus liquid assets in the holding company, unless otherwise noted.
- Catastrophe claims are any one claim, or group of claims, equal to or greater than \$5.0 million, related to a single event.
- All underwriting results and related ratios exclude the MYA, except if noted otherwise.



Canada's leader in auto, home and business insurance

<h3>Who we are</h3> <ul style="list-style-type: none"> • Largest P&C insurer in Canada • \$4.5 billion in direct premiums written • #1 in Ontario, Quebec, Alberta, Nova Scotia • Substantial size and scale advantage • 11 successful acquisitions since 1988 • \$8.7 billion cash and invested assets 	<h3>Distinct brands</h3> 																																
<h3>Scale advantage</h3>	<h3>Industry outperformer</h3>																																
<p>2010 Direct premiums written¹ (\$ billions)</p>  <table border="1"> <thead> <tr> <th>Rank</th> <th>Insurer</th> <th>Direct Premiums (\$ billions)</th> <th>Market Share</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Intact</td> <td>\$4.5</td> <td>11.4%</td> </tr> <tr> <td>2</td> <td>#2</td> <td>\$3.3</td> <td>8.4%</td> </tr> <tr> <td>3</td> <td>#3</td> <td>\$2.4</td> <td>6.1%</td> </tr> <tr> <td>4</td> <td>#4</td> <td>\$2.4</td> <td>6.0%</td> </tr> <tr> <td>5</td> <td>#5</td> <td>\$2.1</td> <td>5.3%</td> </tr> </tbody> </table> <p>Top five insurers represent 37% of the market</p>	Rank	Insurer	Direct Premiums (\$ billions)	Market Share	1	Intact	\$4.5	11.4%	2	#2	\$3.3	8.4%	3	#3	\$2.4	6.1%	4	#4	\$2.4	6.0%	5	#5	\$2.1	5.3%	<p>10-year performance – IFC vs. P&C industry¹</p> <table border="1"> <thead> <tr> <th></th> <th>IFC outperformance</th> </tr> </thead> <tbody> <tr> <td>Premium growth</td> <td>1.8 pts</td> </tr> <tr> <td>Combined ratio²</td> <td>3.8 pts</td> </tr> <tr> <td>Return on equity³</td> <td>7.7 pts</td> </tr> </tbody> </table>		IFC outperformance	Premium growth	1.8 pts	Combined ratio ²	3.8 pts	Return on equity ³	7.7 pts
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¹ Industry data source: MSA Research excluding Lloyd's, ICBC, SGI, SAF, MPI and Genworth
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

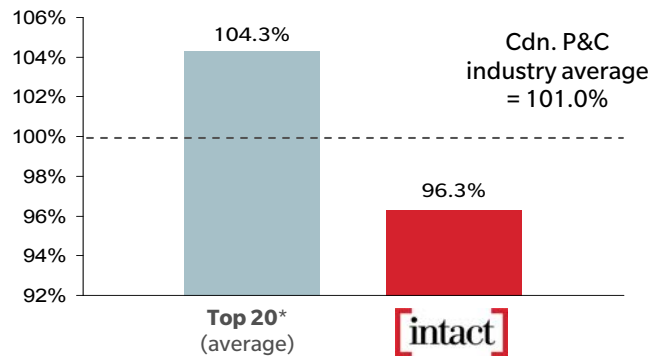


Multi-channel distribution

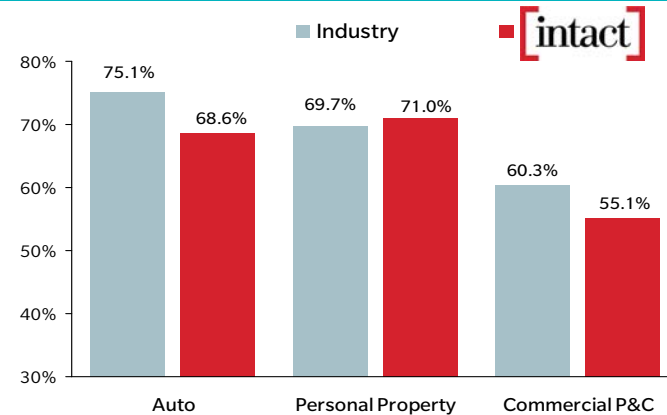


Proven acquisition strategy

2010 combined ratios



Five-year average loss ratios



Industry data source: MSA Research excluding Lloyd's, ICBC, SGI, SAF, MPI and Genworth
 Data in both charts is for the year ended December 31, 2010
 Includes market yield adjustment (MYA)
 * Top 20 excludes Lloyd's and IFC

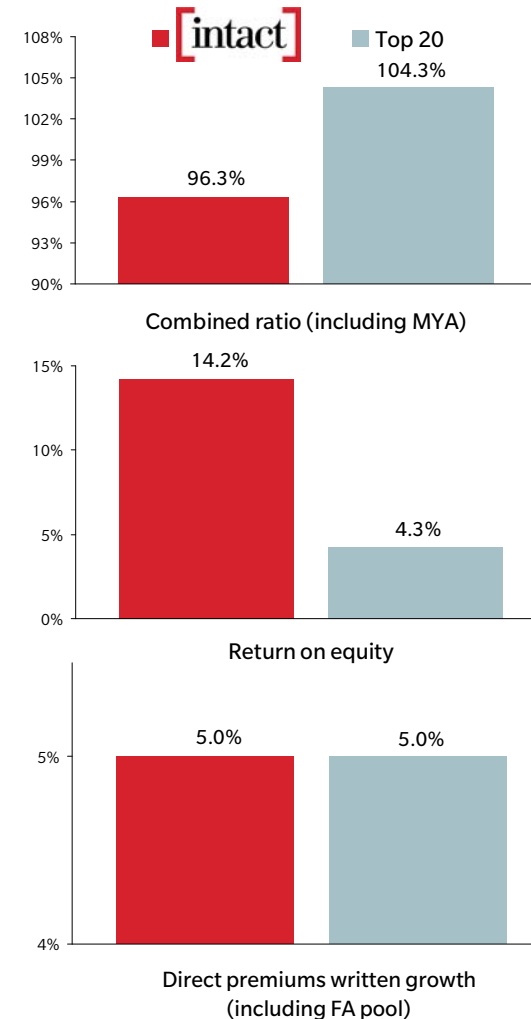


We continue to outperform the industry

Operating highlights: Full year 2010 results

- Net operating income per share of \$3.47 or 47.7% higher than 2009 due to improved underwriting performance
- Solid overall combined ratio of 95.4%
- Growth of 5.2% based on contributions from all lines of business
- Book value per share growth of 10.0% during the past 12 months
- Return on equity of 13.9% in 2010
- Quarterly dividend increased for the sixth consecutive year; up 8.8% to \$0.37 per share

Comparison with Canadian P&C industry¹ benchmark



1. Industry data source: MSA Research, excluding Lloyd's and Intact, full year 2010 results
For comparison purposes, ROE in chart is for Intact's P&C insurance subsidiaries

Q4 and FY-2010 Financial highlights

(in \$ millions, except as otherwise noted)

	Q4-2010	Q4-2009	Change	2010	2009	Change
Direct premiums written	\$1,060.2	\$1,011.4	4.8%	\$4,498.1	\$4,274.9	5.2%
Net underwriting income	\$21.8	\$56.0	(61.1)%	\$193.8	\$54.0	258.9%
Combined ratio	98.0%	94.6%	3.4 pts	95.4%	98.7%	(3.3) pts
Net operating income per share (in dollars)	\$0.70	\$0.82	(14.6)%	\$3.47	\$2.35	47.7%
Earnings per share (in dollars)	\$0.87	\$0.81	7.4%	\$3.65	\$1.06	244.3%
Trailing 12-month operating ROE	13.2%	9.2%	4.0 pts			

- 98.0% combined ratio for the quarter primarily reflects the increased level of catastrophe losses; relating to both current and prior period events
- Operating ROE of 13.2% (ROE of 13.9%) with 10% increase in book value per share in 2010
- Premium growth continued at a steady pace; 4.8% for the quarter and 5.2% for the full year

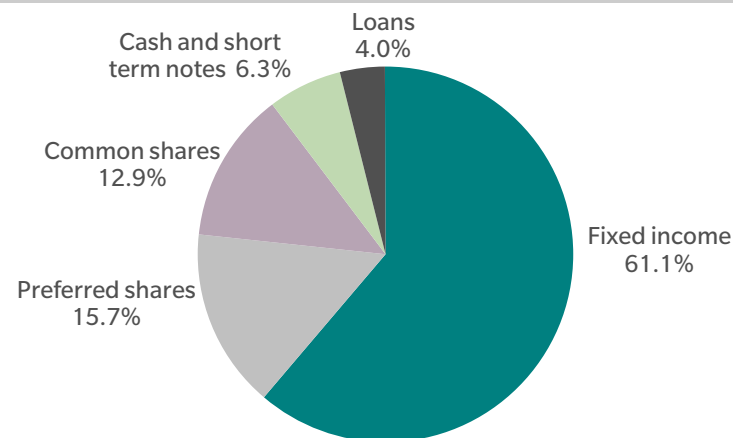


Strong financial position and excess capital

Strong balance sheet

- Excess capital of \$809 million, based on 170% MCT
- As at December 31, 2010, the debt to total capital ratio was 13.9%. Based on a debt to total capital ratio of 20%, approximately \$271.4 million of additional debt capacity remains
- Solid ratings from A.M. Best, Moody's and DBRS
- Adequate claims reserves evidenced by consistent favourable development

\$8.7 billion in cash and invested assets



Note: Invested asset mix is net of hedging positions

Acquisition capacity (\$ millions)

Excess capital at December 31, 2010 ¹	\$809
Remaining debt capacity ²	\$271
Total acquisition capacity (without issuing equity)	Approx. \$1.1 b

High-quality investment portfolio

- 98.6% of bonds are rated A or better
- 80.0% of preferred shares are rated P1 or P2
- Minimal U.S. exposure
- No leveraged investments

All figures as at December 31, 2010 unless otherwise noted

¹ Excess capital over MCT of 170%

² At 20% debt-to-total capital. Remaining debt capacity at December 31, 2010



12-month industry outlook

We remain well-positioned to continue outperforming the Canadian P&C insurance industry in the current environment

Premium growth

- Industry premiums are likely to increase at a similar pace as in 2010, with mid-single digit growth in personal auto (driven by Ontario); upper-single digit growth in personal property (reflecting the impact of water-related losses and more frequent and/or severe storms); and low single digit growth in commercial lines (with no acceleration from 2010)
- As a result of IFC's disciplined pricing strategy, we are well-positioned to grow organically as other companies reduce their appetite for new business and market pricing becomes more rational

Underwriting

- Despite the potential combined ratio improvement (driven by personal lines), we do not expect the industry to earn an underwriting profit in the next 12 months
- Our scale and pricing strategy have historically translated into a combined ratio advantage versus the industry

Return on equity

- We do not expect improvement in industry ROEs in the near term (~7% in 2010), as low yields could offset potential CR improvement
- We believe the IFC is likely to outperform the industry's ROE by at least 500 basis points in the next 12 months



Four distinct avenues for growth

Benefit from firming market conditions	Develop existing platforms
<p>Personal lines</p> <ul style="list-style-type: none"> Industry premiums remain inadequate in ON auto Home insurance premiums also on the rise <p>Commercial lines</p> <ul style="list-style-type: none"> Evidence of price firming in the past year Opportunity to gain share in mid-market 	<div data-bbox="1119 477 1367 574"> </div> <ul style="list-style-type: none"> Continue to expand support to our broker partners <div data-bbox="1119 605 1367 764"> </div> <ul style="list-style-type: none"> Expand and grow belairdirect and Grey Power <div data-bbox="1136 789 1350 873"> </div> <ul style="list-style-type: none"> Transform BrokerLink by leveraging scale
Consolidate Canadian P&C market	Expand beyond existing markets
<p>Capital</p> <ul style="list-style-type: none"> Approx. \$1.1 billion of total acquisition capacity <p>Strategy</p> <ul style="list-style-type: none"> Grow areas where IFC has a competitive advantage <p>Opportunities</p> <ul style="list-style-type: none"> Global capital requirements becoming more stringent Industry underwriting results remain challenged Continued difficulties in global capital markets 	<p>Principles</p> <ul style="list-style-type: none"> Financial guideposts: long-term customer growth, IRR>20% Stepped approach with limited near-term capital outlay Build growth pipeline with meaningful impact in 5+ years <p>Strategy</p> <ul style="list-style-type: none"> Enter new market in auto insurance by leveraging strengths: 1) pricing, 2) claims and 3) online expertise <p>Opportunities</p> <ul style="list-style-type: none"> Emerging markets or unsophisticated targets in mature markets

Strong organic growth potential through multi-channel distribution

#1 Broker insurance company in Canada



- Network of more than 1,800 brokers coast-to-coast
- 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

Growth opportunity: expand support to our broker partners

Targeting 25+ years of good driving

Good Driving Habits Program™ by Grey Power



- Operating in Alberta, Ontario and the Maritimes
- 20% + growth since 2008
- Via the Internet and call centre

Growth opportunity: expand market share

1/3 Canadians to buy insurance online¹

belairdirect.

- #1 in brand awareness
- Growing at ~10% a year
- Operating in Ontario and Quebec
- Leveraging the explosive growth of the Internet



¹ World Insurance Report, Capgemini. 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

Growth opportunity: geographic expansion potential

10

Leveraging scale in distribution



- BrokerLink is a proprietary brokerage with \$500 million in direct premiums written and over 200,000 customers
- More than 50 offices and 700 employees in Ontario and Alberta

Growth opportunity: leverage scale in sales, marketing and technology

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 pricing conditions continue to improve





Appendices

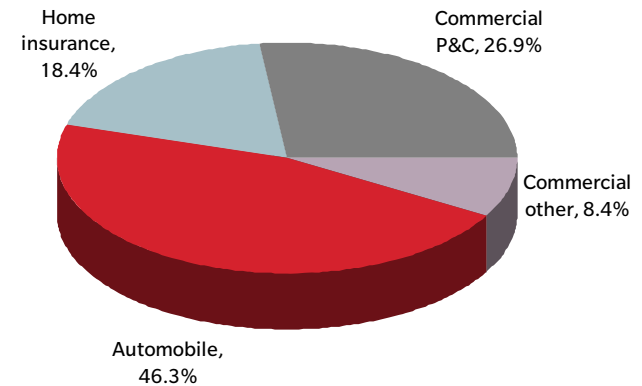


P&C insurance is a \$39 billion market in Canada

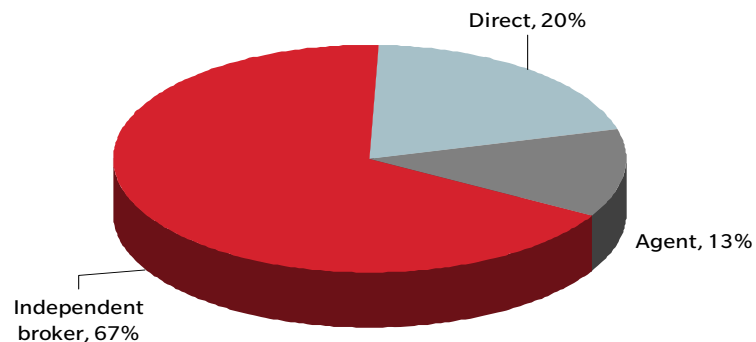
3% of GDP in Canada

- Fragmented market, top five 37%, versus 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%

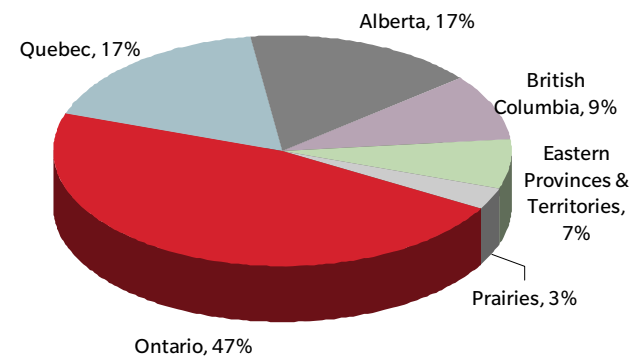
Industry DPW by line of business



Brokers dominate; direct growing¹



Industry – premiums by province



OSFI = Office of the Superintendent of Financial Institutions

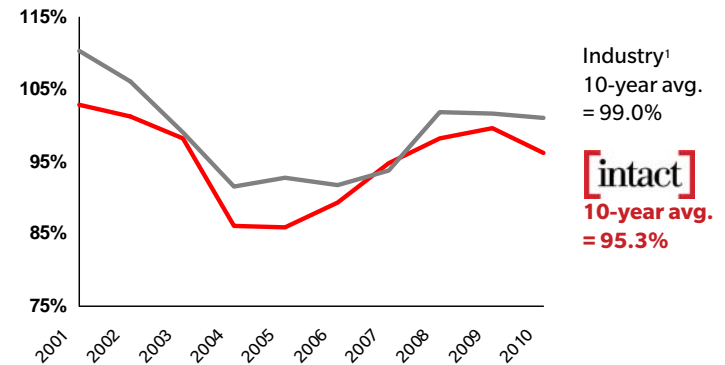
¹ Industry data source: MSA data excluding Lloyd's, ICBC, SAF, SGI, MPIC, Genworth, Promutual Re and Mutuels in Quebec. All data as at the end of 2009.

P&C industry 10-year performance versus IFC

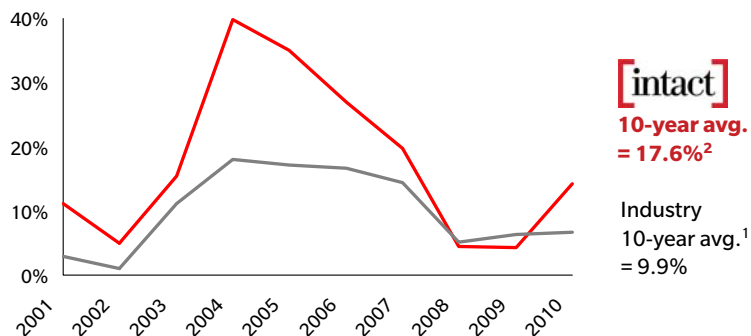
IFC's competitive advantages

- Significant scale advantage
- Sophisticated pricing and underwriting discipline
- In-house claims expertise
- Broker relationships
- Solid investment returns
- Proven acquisition strategy
- Strong organic growth potential

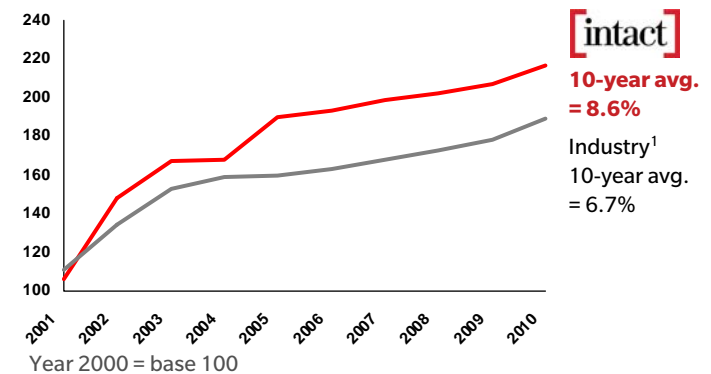
Combined ratio



Return on equity



Direct premiums written growth



¹Industry data source: MSA Research. excluded Lloyd's, ICBC, SGI, SAF, MPI and Genworth

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

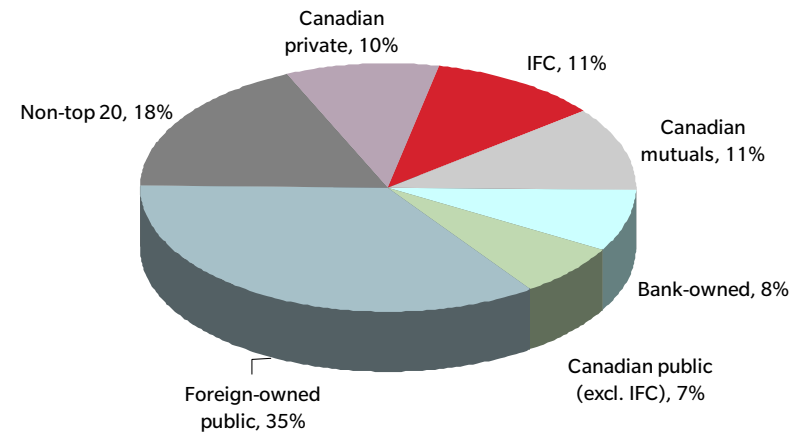
Further consolidation in Canadian P&C market likely

Acquisition strategy

- Targeting large-scale acquisitions of \$500 million or more (direct premiums written)
- 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 within 18 to 24 months
 - Bring expense ratio to 2 pts 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 = 82% of market



Source: MSA Research; excluding Lloyd's and Genworth (based on 2009 DWP)

M&A environment

Environment more conducive to acquisitions now than in recent years:

- Industry ROEs, although improved from trough levels of mid-2009, are well below prior peak
- Foreign parent companies are generally in less favourable capital position

Historical financials

	2010	2009	2008	2007	2006
Income statement highlights					
Direct written premiums (excluding pools)	\$4,498	\$4,275	\$4,146	\$4,109	\$3,994
Underwriting income (excluding MYA*)	194	54	117	189	404
Net operating income (excluding MYA*)	399	282	361	457	531
Net operating EPS (excluding MYA*)	3.47	2.35	2.96	3.61	3.97
Balance sheet highlights					
Total invested assets	\$8,515	\$7,997	\$6,094	\$7,223	\$7,227
Debt	496	398	0	0	0
Total shareholders' equity (ex-AOCI)	2,983	3,047	3,079	3,290	3,421
Performance metrics					
Loss ratio (excluding MYA*)	65.4%	70.0 %	68.2 %	66.2 %	59.1 %
Expense ratio	30.0%	28.7 %	28.9 %	29.0%	30.3%
Combined ratio (excluding MYA*)	95.4%	98.7%	97.1%	95.2%	89.4%
Net operating ROE (excl. AOCI)	13.2%	9.2%	11.3%	13.6%	16.8%
Debt / Capital	13.9%	11.8%	0.0%	0.0%	0.0%
Combined ratios by line of business (excl. MYA)					
Personal auto	98.1%	94.9%	95.9%	94.5%	87.3%
Personal property	96.5%	109.0%	113.6%	102.2%	100.0%
Commercial auto	86.0%	79.8%	87.2%	93.7%	86.9%
Commercial P&C	90.7%	104.1%	85.3%	90.1%	85.2%

* 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

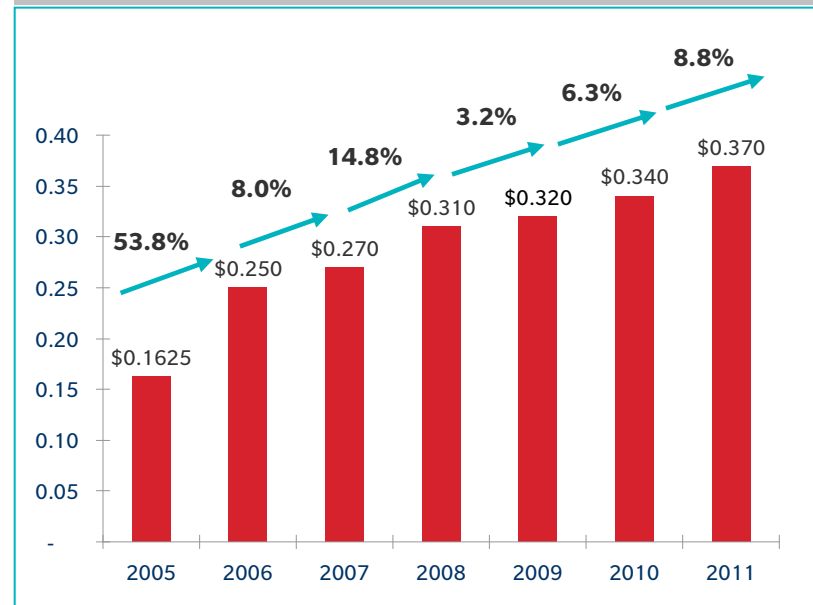
- Acquisitions
- Dividends
- Share buybacks

Share buyback history

- 2011 – Board authorized renewal of NCIB for an additional 5%
- 2010* – Repurchased 9.7 million shares for a total of \$433 million
- 2008 – Repurchased 4.6 million shares for a total of \$176 million
- 2007 – Completed a \$500 million Substantial Issuer Bid

* Feb. 22, 2010 – Feb. 21, 2011

Quarterly dividend



Cash and invested assets

Asset class

Fixed income

Federal government and agency	32.7%
Corporate	30.4%
Cdn. Provincial and municipal	27.8%
Supranational and foreign	7.9%
ABS/MBS	1.1%
Private placements	0.1%
TOTAL	100%

Canadian	88%
United States	1%
Int'l (excl. U.S.)	11%
TOTAL	100%

Quality: 98.6% of bonds rated A or better

Preferred shares

Fixed perpetual	44%
Perpetual and callable floating and reset	38%
Fixed callable	19%
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

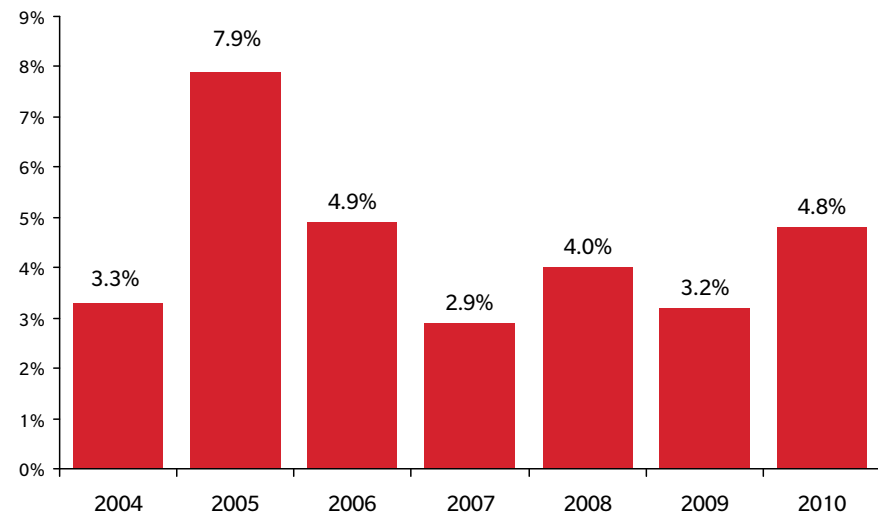
100% Canadian

As of December 31, 2010

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



Experienced and united leadership team

		<u>Years In Industry</u>	<u>Years With IFC</u>
Brindamour, Charles	President & CEO	18	18
Beaulieu, Martin	SVP, Personal Lines	23	23
Black, Susan	SVP, Chief HR Officer	3	3
Blair, Alan	SVP, Atlantic Canada	27	27
Coull-Cicchini, Debbie	SVP, Ontario	6	6
Désilets, Claude	Chief Risk Officer	29	21
Gagnon, Louis	President, Intact Insurance	18	4
Garneau, Denis	SVP, Quebec	22	8
Guénette, Françoise	SVP, Corporate & Legal Services	22	13
Guertin, Denis	President, Direct to Consumers Distribution	26	26
Hindle, Byron	SVP, Commercial Lines	32	10
Iles, Derek	SVP, Western Canada	38	20
Lincoln, David	SVP, Corporate Audit Services (Canada)	32	14
Ott, Jack	SVP, Chief Information Officer	29	14
Pontbriand, Marc	Executive Vice President	13	13
Provost, Marc	SVP & Managing Director IIM and Chief Investment Officer	27	13
Tullis, Mark	Chief Financial Officer	32	12
Weightman, Peter	President, BrokerLink	24	15





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