



Charles Brindamour, CEO

Intact Financial Corporation

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\$2.2 billion deal one of the largest non-government offerings in Canadian history

Secondary offering

- \$2.2 billion total from private and public offering
- Investors mainly Canadian mutual funds and pension plans
- Oversubscribed – more investor demand than supply

Benefits

- Greater financial and strategic flexibility
- Net savings reinvested in new Intact broker insurance brand

Minimal impact

- Positioned strategically, financially, operationally as independent business since 2004
- No change in strategy or management
- No impact on capital
- Well established consumer brands: belair, Grey Power and Canada BrokerLink



Transition complete in less than 6 months

Re-branding



- Consumer outreach
- Nationwide employee and broker roadshows
- Launch of internal “Customer driven culture”
- National advertising including primetime TV, print and online placements

Successful transition

- Customer retention rates remained strong in 2009
- Total DWP growth picking up speed
- Strong broker acceptance of new brand which is consistent with broker value proposition

[intact]



Dominant in auto, home and small business insurance

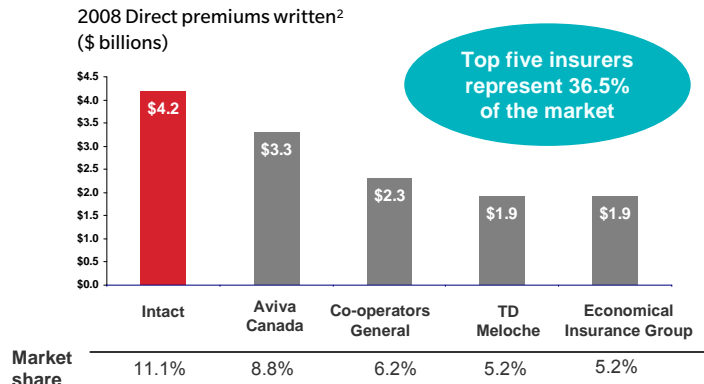
Who we are

- Dominant P&C insurer in Canada
- Over \$4 billion in direct premiums written
- #1 in Ontario, Québec, Alberta, Nova Scotia
- 11 successful acquisitions in 20 years
- Strong financial position with \$466 million of excess capital¹

Distinct brands



Scale advantage



Industry outperformer

10-year performance – IFC vs. P&C Industry²

IFC Outperformance

Premium growth

2.8 pts

Combined ratio³

3.8 pts

Return on equity⁴

7.8 pts

¹ As at June 30, 2009

² Industry data source: MSA Research excluding Lloyds, ICBC, SGI, SAF, MPI, Genworth and Mutuals in Quebec

³ Combined ratio includes the market yield adjustment (MYA)

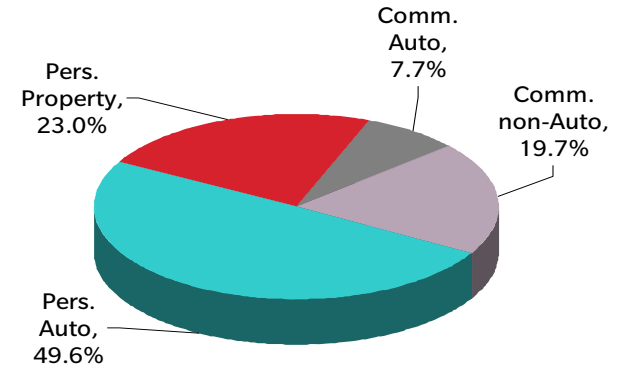
⁴ ROE is for Intact's P&C insurance subsidiaries.

Focused on lines of business where we have expertise

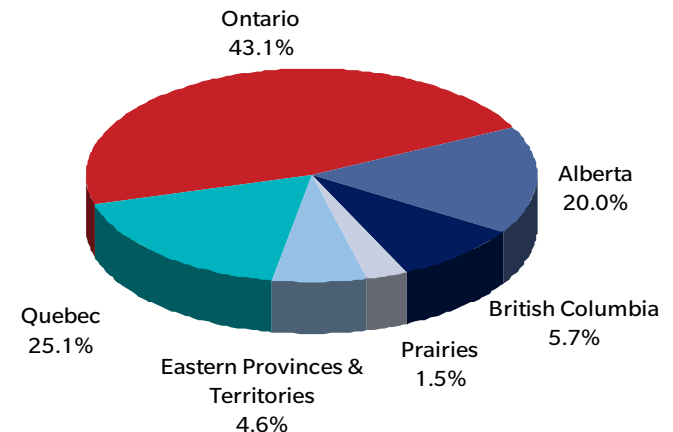
- 73% personal lines; 27% commercial
- Standard business in personal lines
- Mainly small-medium business risks which are less complex and more profitable
- Substantially all 100% Canadian risks

Short-tail claims:
Average duration of 2.2 years

Premiums by line of business



Premiums by province



Size/scale used to lower risk and average claims cost, and to create a segmentation advantage



Significant scale advantage



Sophisticated pricing and underwriting



In-house claims expertise



Broker relationships

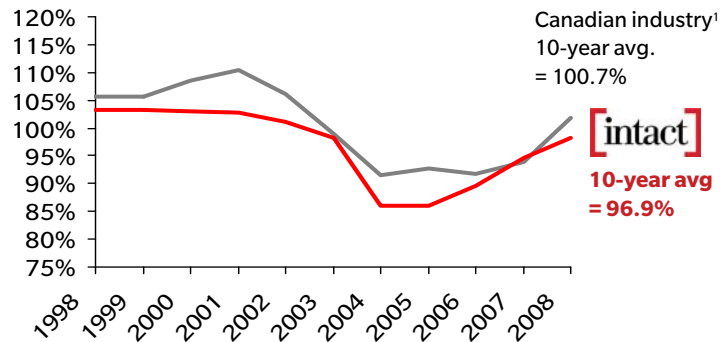


Multi-channel distribution

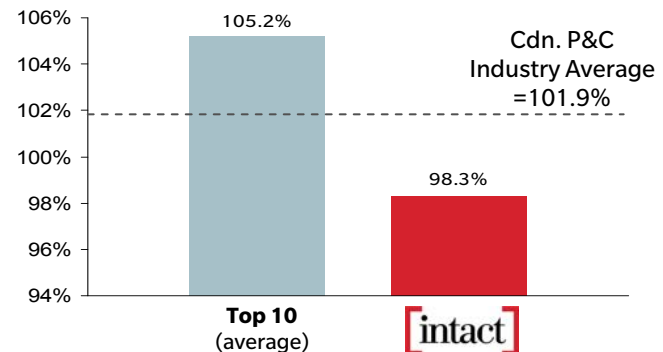


Proven acquisition track record

10-year combined ratios



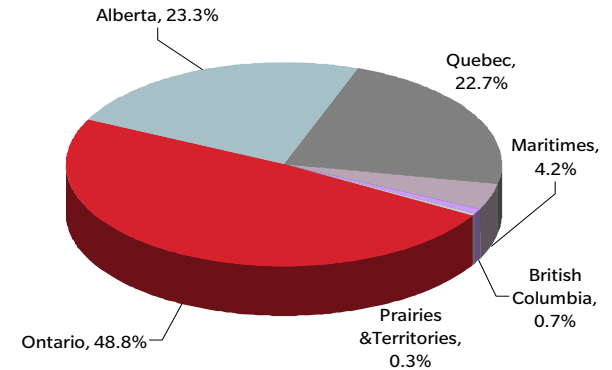
2008 combined ratios



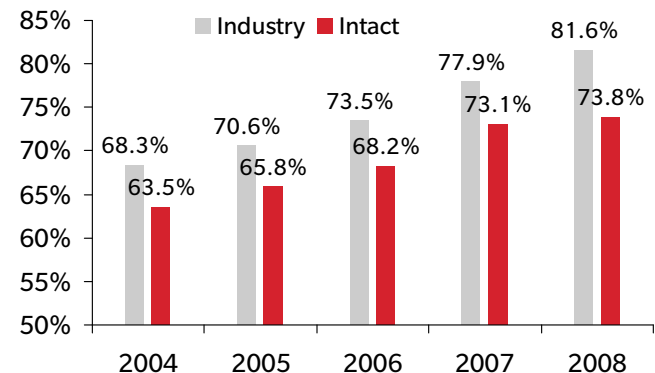
Superior results in our largest business, personal auto

- Superior risk selection, claims handling, pricing and discipline
- 60% of IFC auto claims managed through preferred suppliers
 - Priority service = shorter claims duration
 - Quality guarantees for customers
 - Lower average cost per claim
- Moving up supply chain
 - Priority access to materials and labour at lower cost:
 - National auto parts program
 - Preferred DentWizard relationship
 - Paint supply agreements

Personal auto DWP by province



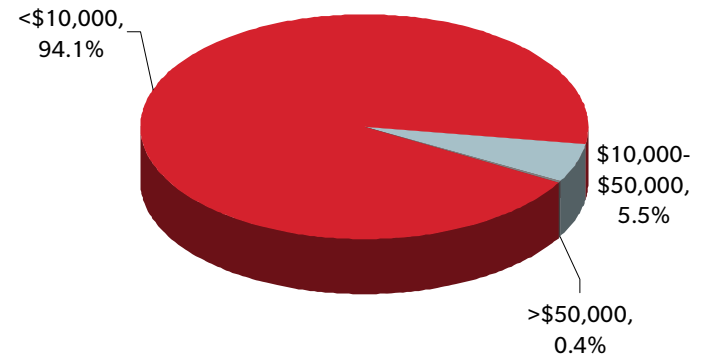
Superior automobile¹ CAY results



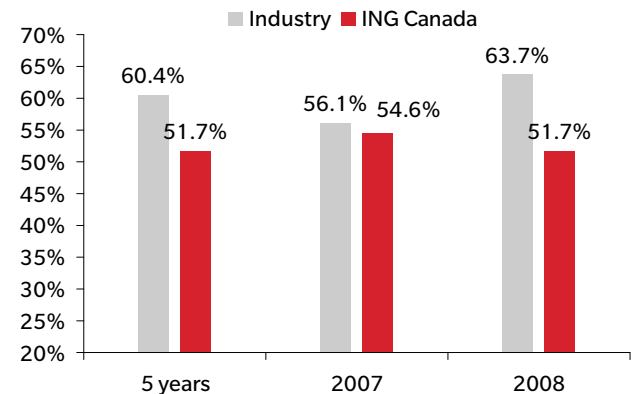
Lower risk, small-medium commercial book consistently more profitable than the industry

- Dominant player in small-medium commercial
- Disciplined underwriting and focus on smaller, less complex risks
- Virtually 100% Canadian risks
- Proprietary pricing controls and monitoring systems to maximize growth in most profitable segments

94% are small business risks (WIR)



Commercial non-auto loss ratio



Robust plan to create industry advantage in home insurance over 18-24 months

Industry claims environment

- Historically, home insurance products designed to cover fire and theft
- Now water makes up half of claims
- Other factors: Aging city infrastructure; high-value basement renos and content

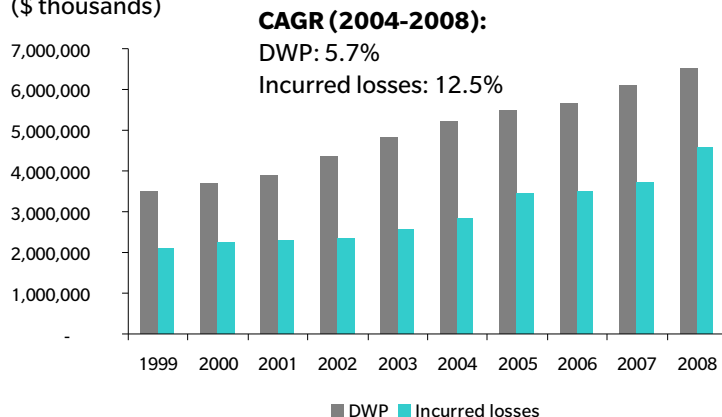
IFC Action Plan

- Enhancement of segmentation
- Claims / supply chain review
- Loss prevention and education
- Product review

Industry premiums have not kept pace with claims

IFC Target combined ratio improvement

(\$ thousands)



Premiums

10 pts

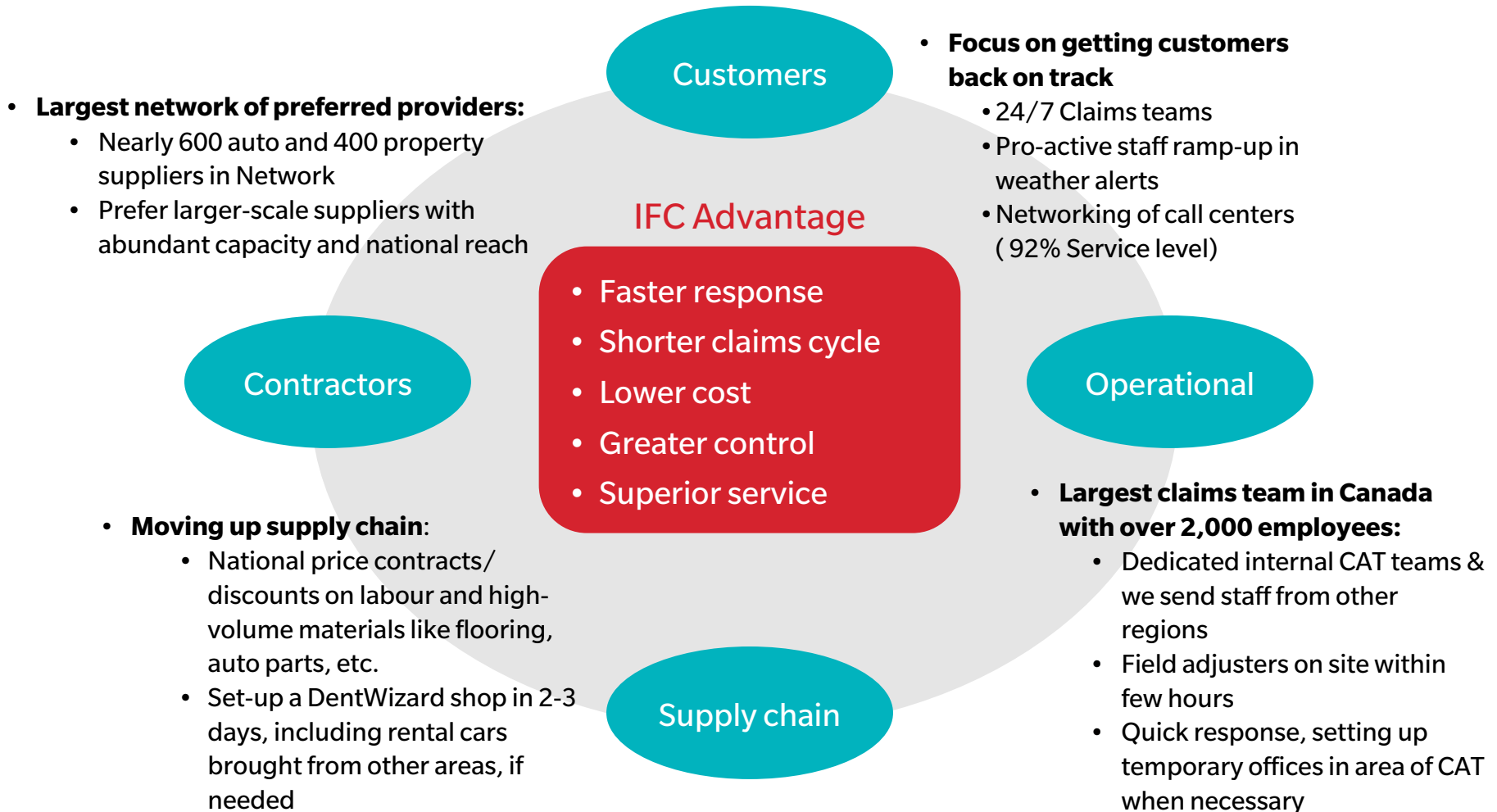
Claims

5 pts

Combined ratio improvement

15 pts

Scale translates into superior CAT management capabilities and faster speed-of-response

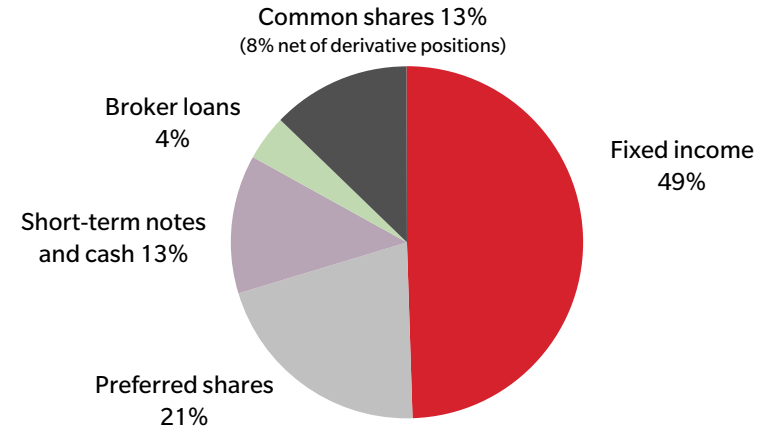


Strong financial position and excess capital

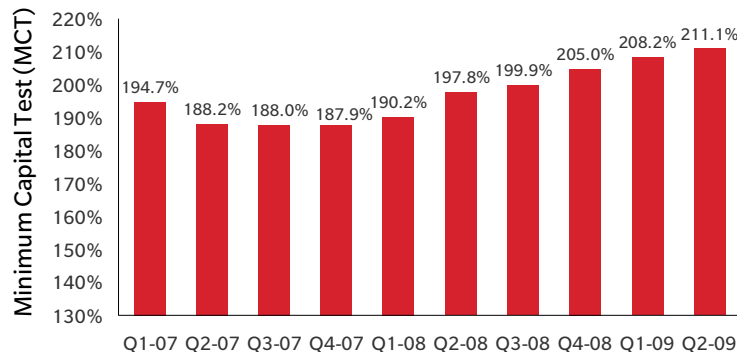
Strong balance sheet

- 211.1% MCT (minimum capital test)
- \$466 million excess capital over MCT of 170%
- Additional \$250 million raised through MTN offering in August; over \$400 million in remaining debt capacity¹
- \$150 million unsecured committed credit facility
- Solid financial strength ratings from A.M. Best, Moody's and DBRS

\$7.0 billion in cash and invested assets



Strong capital position



Quality investment portfolio

- 98.1% of bonds are rated A or better
- 80.2% of preferred shares are rated P1 or P2
- Minimal US exposure
- No leveraged investments
- Investment income of more than \$145 million in the first half of 2009

All figures as at June 30, 2009 unless otherwise noted

¹ At 20% debt-to-total capital. Remaining debt capacity at August 30, 2009

Industry macro-environment points to higher premiums, reduced capacity and industry consolidation

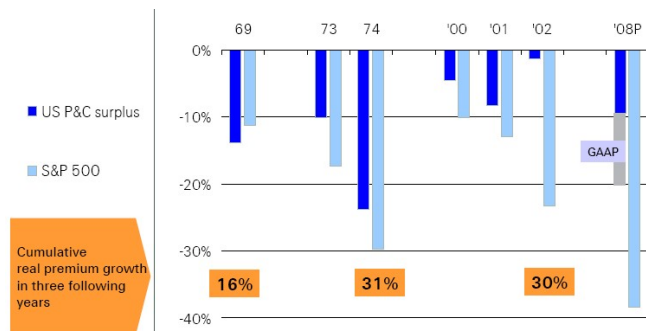
Industry environment

- Industry capital depleted by nearly 30% in 2008
- Significant deterioration in underwriting results in 2008
- Lower investment yields
- Conditions conducive to industry consolidation

IFC well positioned

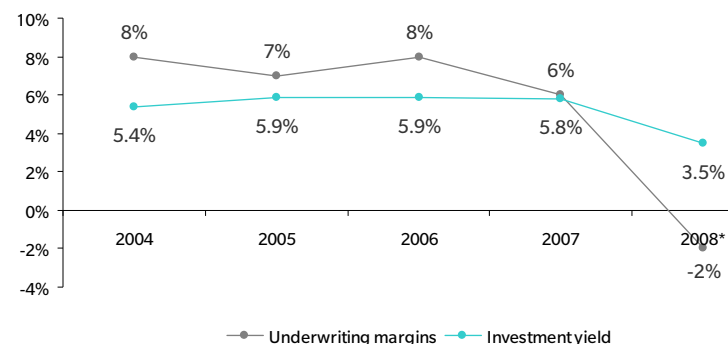
- Ahead of the curve in pricing
- Sharp focus on risk selection and cost reduction
- Potential for more robust growth as industry capacity shrinks
- Excess capital and remaining debt capacity to participate in consolidation

Capital erosion influenced cycle recovery in past¹



2008 was only the third time in over 30 years that capital has decreased in the industry in Canada.

Underwriting margins and investment yields deteriorated in 2008



¹ Source: Thomson Financial, A.M. Best, Towers Perrin, Swiss Re Economic Research and Consulting

Multi-channel distribution strategy to maximize growth

#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, 40% of the Canadian population will be 50yrs+

1/3 Canadians to buy insurance online¹

belairdirect.

- #1 in customer satisfaction²
- 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, 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

² Ranked #1 in JD Power study, September 2009

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

Conclusion

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

- Strong, stable P&C company with substantial scale advantage
- Focused on lines of business where we have expertise and can leverage size
- Organic growth opportunities in Canada through multi-channel distribution
- Strong financial position to take advantage of consolidation opportunities
- Well-positioned as industry conditions continue to firm up

