



Intact Financial Corporation (TSX: IFC)
Investor Presentation
November 2011



Canada's leader in auto, home and business insurance

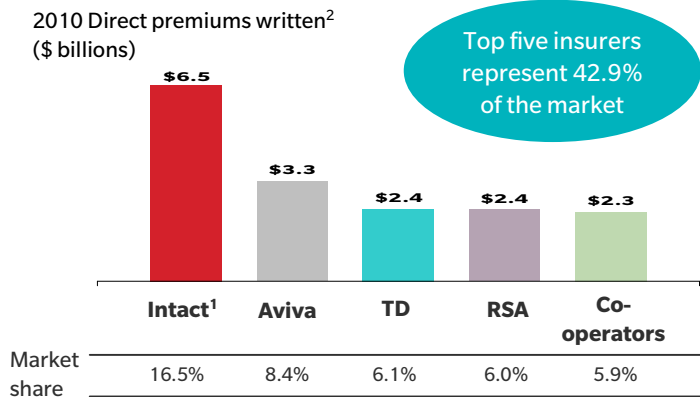
Who we are¹

- Largest P&C insurer in Canada
- 6.5 billion in direct premiums written
- #1 in Ontario, Quebec, Alberta, Nova Scotia
- \$11.8 billion cash and invested assets
- Proven industry consolidator

Distinct brands



Scale advantage



Industry outperformer

10-year performance – IFC vs. P&C industry ²	IFC outperformance
Premium growth	1.8 pts
Combined ratio ³	3.8 pts
Return on equity ⁴	7.7 pts

¹ Pro forma acquisition of AXA Canada, excluding assets related to the life insurance business

² Industry data source: MSA Research excluding Lloyd's, ICBC, SGI, SAF, MPI and Genworth. All data as at the end of 2010.

³ Combined ratio includes the market yield adjustment (MYA)

⁴ 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

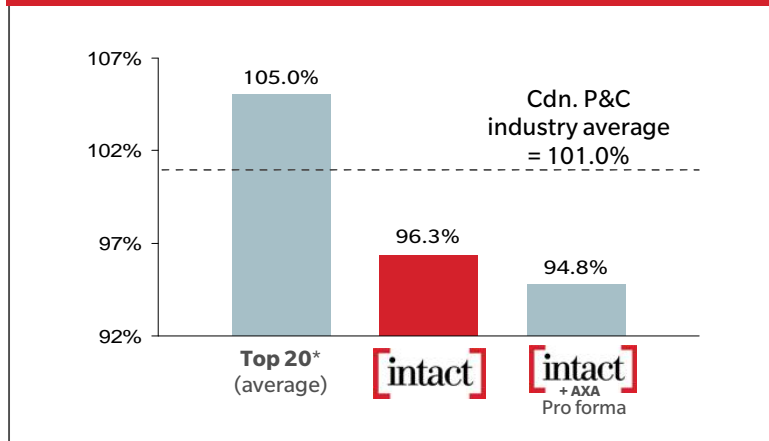


Multi-channel distribution

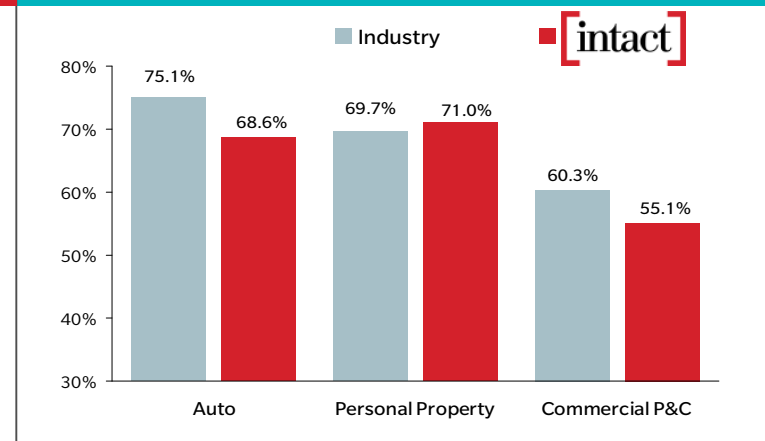


Proven acquisition strategy

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, Genworth, AXA, and IFC



A strong base from which to build

Enhanced Business Mix		
Line of Business	IFC	Pro Forma
Personal Auto	50%	46%
Personal Property	24%	22%
Commercial	26%	32%
Geography	IFC	Pro Forma
Ontario	46%	41%
Quebec	25%	30%
Alberta	18%	16%
Rest of Canada	11%	13%

Note: Business mix based on 2010 direct premiums written

Stronger Capacity To Outperform		
Combined Ratio	2010	H1 2011
IFC*	94.8%	94.9%
Top 20 Industry*	105.0%	100.4%
Outperformance	10.2 pts	5.5 pts
Return on Equity	2010	H1 2011
IFC*	14.9%	20.0%
Top 20 Industry*	3.2%	6.2%
Outperformance	11.7 pts	13.8 pts

* AXA Canada included in IFC and excluded from Top 20



Strong financial position and excess capital

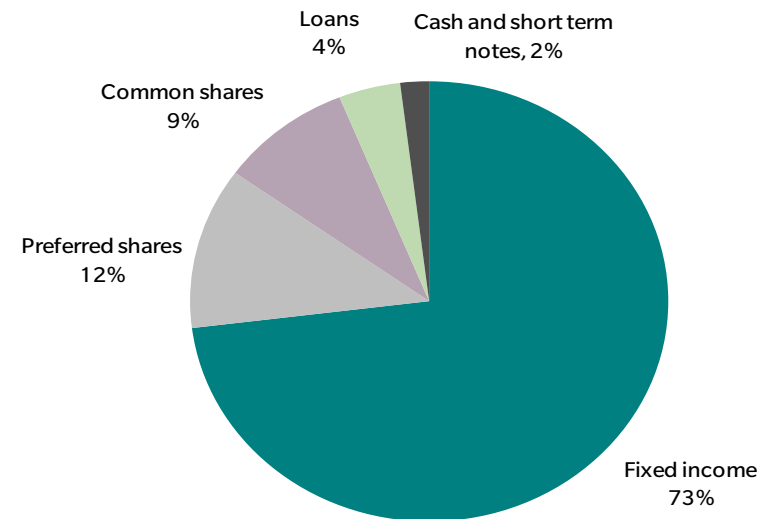
Strong balance sheet

- Strong financial position with \$534 million in excess capital; despite allocating ~\$400 million toward the AXA acquisition. We ended the quarter with an MCT of 202%.
- Debt to total capital ratio above our target level:
 - We intend to allocate a portion of the \$300 million proceeds from life sale to reduce the term loan facility used to partially finance the acquisition
 - Ratio back in line with our target of 20% once the transaction closes in early 2012.
- Operating return on equity of 14.0%, while book value per share increased 13% from a year earlier to \$28.97.

High-quality investment portfolio

- Approx. 95.6% of bonds are rated A or better
- 84.2% of preferred shares are rated P1 or P2
- \$74 million in net investment income includes \$2 million from AXA Canada
- Market-based yield of 3.8%, down 30 basis points from Q3-2010

\$11.8 billion in cash and invested assets

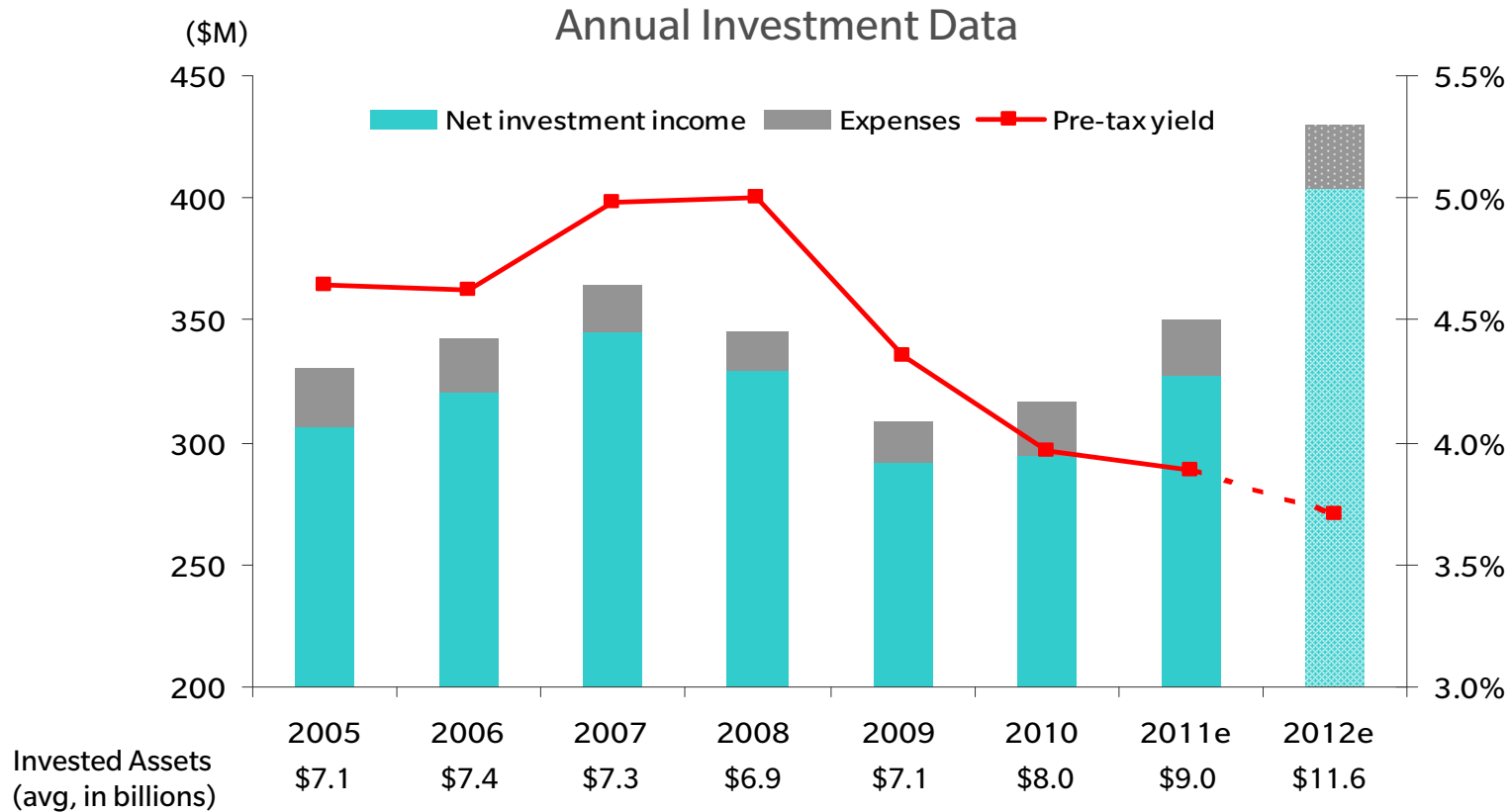


Note: Invested asset mix is net of hedging positions

All figures as of September 30, 2011 unless otherwise noted



Declining yields impacting investment income



- Investment income up on higher assets from acquisition, but...
... a more conservative asset allocation and declining yields are putting downward pressure on income
- Investment management expenses reduced from 23 bps to 21 bps



Industry growth outlook

We expect growth in the next 12 months at a pace similar to 2010 and the first half of 2011

Personal auto

2010 growth*:

Industry	4.7%
IFC	4.8%

- Despite ~27% increase in Ontario auto rates since January 2008, the industry's combined ratio at June 2011 was approximately 110%
- Should results continue to improve, the pace of future rate increases could potentially diminish

Personal property

2010 growth:

Industry	8.9%
IFC	7.9%

- Premiums in personal property are increasing to reflect the impact of water related losses and more frequent and/or severe storms
- The increased level of catastrophe losses in the past two quarters is further evidence that pricing will remain firm in the coming period

Commercial P&C

2010 growth:

Industry	2.3%
IFC	3.7%

- Pricing conditions remain soft for new business
- Over the last 12-18 months, pricing has begun to firm up in segments where we operate

* Growth includes commercial auto



Ontario auto: reforms & claims initiatives

Components of Our Action Plan

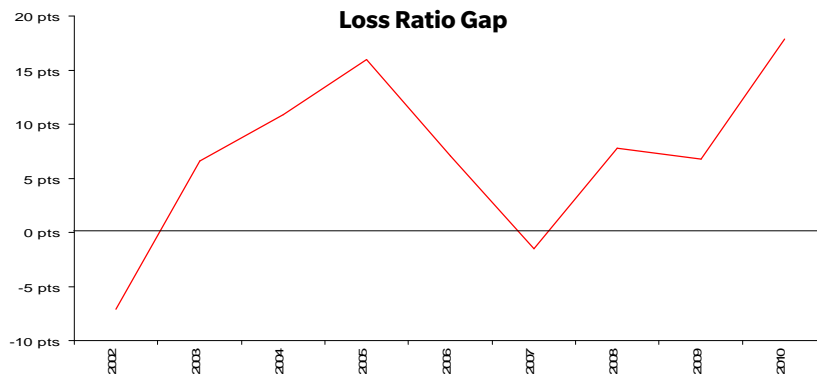
- Increased capacity of Accident Benefit handling team
- Strengthening our controls
 - Tighter acceptance of treatment plans
 - Centralized payment team
- Creation of Special Handling Units and Special Investigations Unit
- System improvements
 - Better cost controls
 - Increased efficiencies

Reform Savings Improving

- >50% reduction in assessments and treatment plan requests since January, 2011
- >40% reduction in invoices since January, 2011
- MIG penetration > 55%
- MIG forms increased from 5% in January, 2011 to 15% in August

We expect to reach a total of 12 points of loss ratio improvement within the next 6 months

IFC Outperformance vs. Industry



Outperformance Provides Flexibility

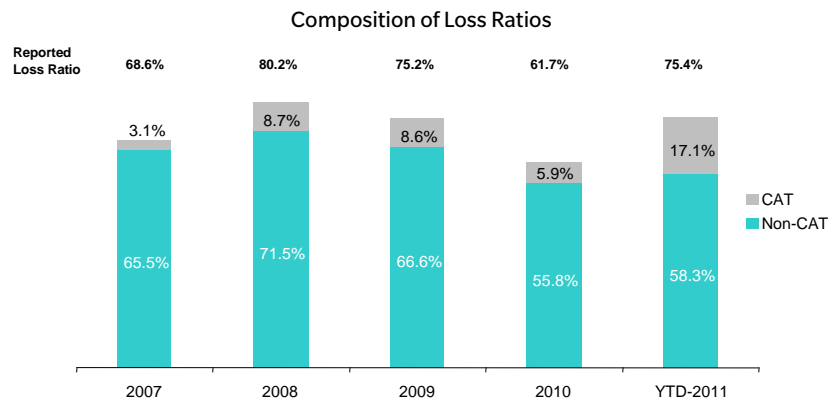
- Loss ratio gap versus the industry at a peak level even prior to the beneficial inclusion of AXA Canada
- Early action on rates (2007) proved the beginning of an outperformance run
- Current gap affords us the flexibility to consider actions to improve growth

Source: MSA Research, excluding Lloyd's, Genworth, ICBC, SGI, SAF and MPI

Note: MIG - Minor Injury Guideline

Ensuring profitability in personal property

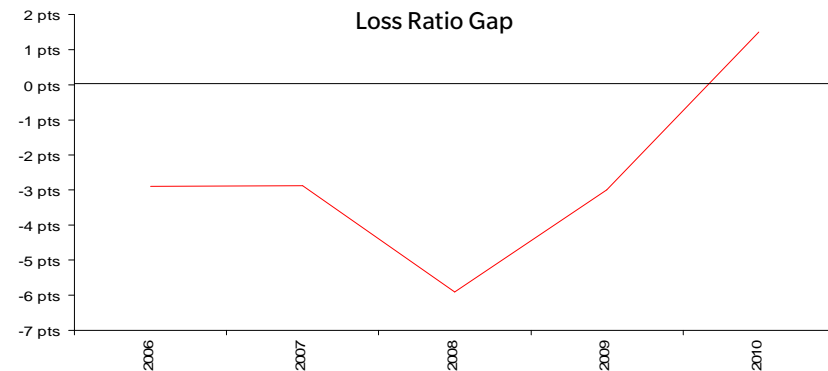
Loss Ratios Impacted by Cats



Home Improvement Plan to Date

- YTD-2011 impacted by double normal Cat activity
- CAY results trending towards 15pts improvement
- Current rate change indication in mid to high single digit increase including prudent Cat loading that had been reviewed in 2009
- Renewals being issued at ~ 9%
- Segmentation by kind of loss
- Claims initiatives on-going
- Product design evolving (e.g. \$2k water ded. in ON)

IFC Now Outperforming Industry



Still to Come

- More rates
- More product design (water/hail higher deductibles in other provinces)
- More claims initiatives
- Prevention & education (University of Waterloo, municipal infrastructure grades, collecting more data from clients)

Source: MSA Research, excluding Lloyd's, Genworth, ICBC, SGI, SAF and MPI

Now the largest player in Commercial P&C

Commercial Lines Value Proposition

- Industry leading commercial lines offering
- Broader new product suite and appetite
- Maintaining the outer boundary of the current Intact and AXA appetite
- Regional structure will continue to provide local underwriting expertise with faster, more efficient service

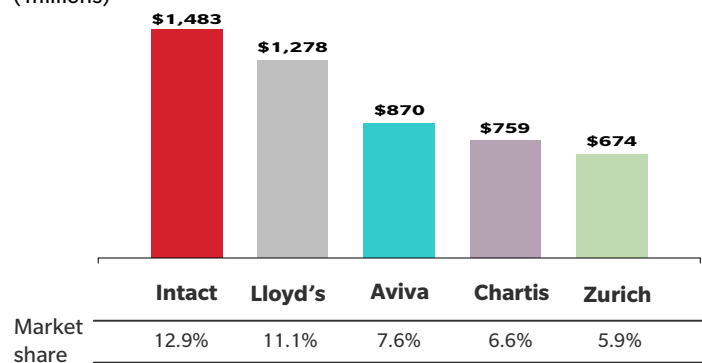
Added Benefits of Specialty Lines

Our extensive specialty lines product offering provides many benefits:

- Diversification of risks
- Historically a very profitable book of business
- Bolsters offering for existing brokers and expands list of potential brokers
- Impact on mid-market capacity retention and growth

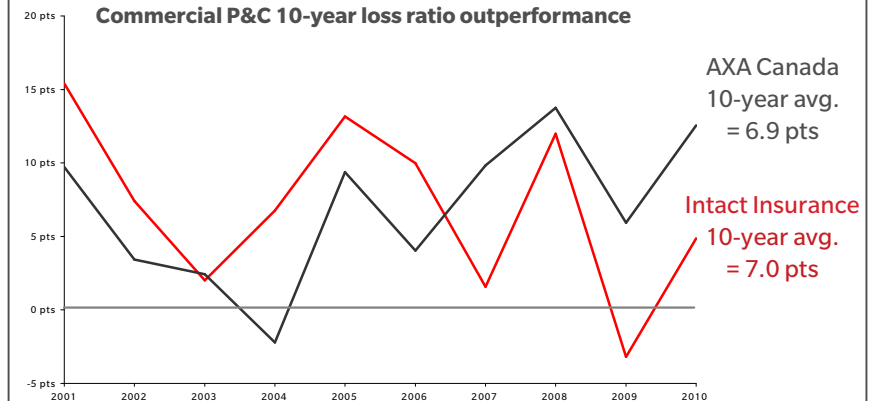
Top Commercial P&C Insurer

Direct premiums written (millions)



Two Impressive Track Records

Commercial P&C 10-year loss ratio outperformance

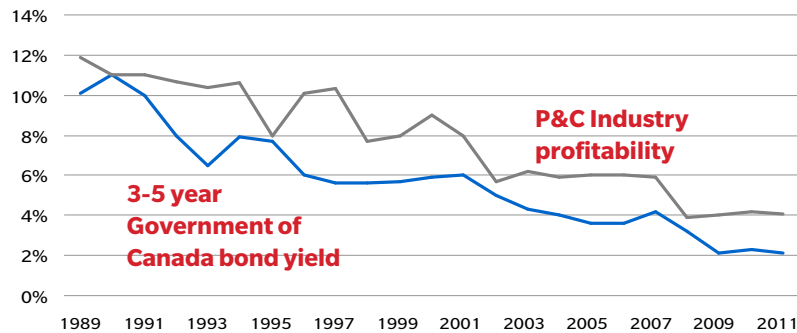


Note: Commercial P&C for the above chart includes commercial property, liability and surety
Source: MSA Research, as at Dec. 31, 2010

Source: MSA Research, excluding Lloyd's, Genworth, ICBC, SGI, SAF and MPI

Near-term themes to monitor

Impact on Industry from Low Yields

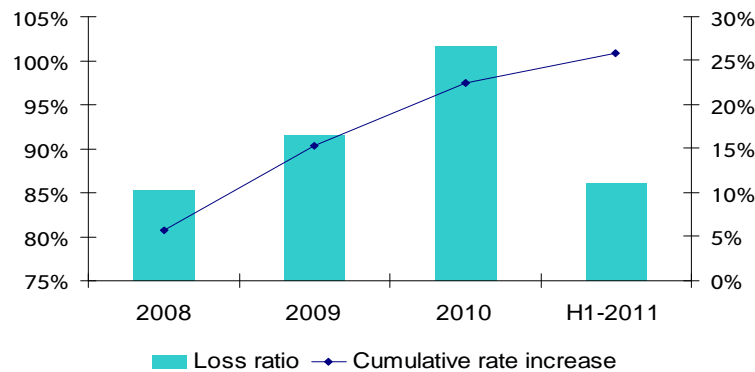


Source: Insurance Bureau of Canada

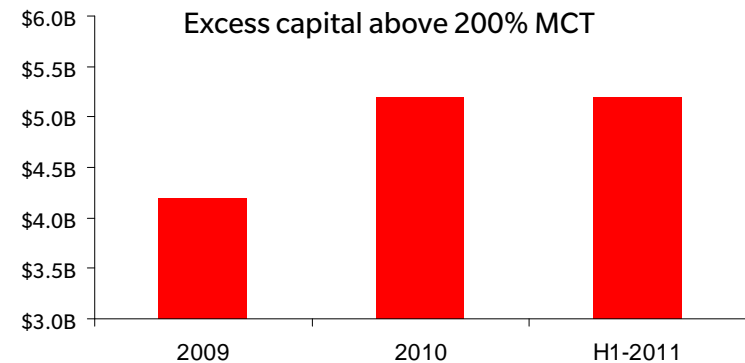
Reinsurance

- Major catastrophes in the world in 2011 have impacted reinsurer's capital levels
- The Canadian industry one of the most conservative markets in the world in terms of earthquake coverage required by regulators
- IFC's B.C. earthquake exposure increased due to the acquisition of AXA Canada



Ontario Auto Industry Results



Industry Capital Levels



Four distinct avenues for growth

Firming market conditions (0-24 months)	Develop existing platforms (0-3 years)
<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 Leverage acquired expertise to expand product offer and gain share in the mid-market 	<div data-bbox="1189 459 1440 560">  </div> <ul style="list-style-type: none"> Continue to expand support to our broker partners <div data-bbox="1189 587 1440 632">  </div> <div data-bbox="1189 651 1440 746">  </div> <ul style="list-style-type: none"> Expand and grow belairdirect and GP Car and Home <div data-bbox="1189 772 1440 863">  </div> <ul style="list-style-type: none"> Build a broker offer better able to compete with direct writers
Consolidate Canadian market (0-5 years)	Expand beyond existing markets (5+ years)
<p>Capital</p> <ul style="list-style-type: none"> Strong financial position <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

Conclusion

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

- Largest P&C insurance company in Canada
- Consistent track record of industry outperformance
- Strong financial position
- Excellent long-term earnings power
- Organic growth platforms easily expandable
- AXA Canada acquisition should further improve our financial results





Appendices

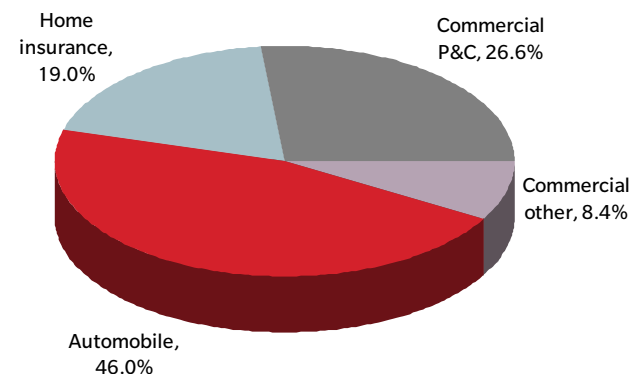


P&C insurance is a \$40 billion market in Canada

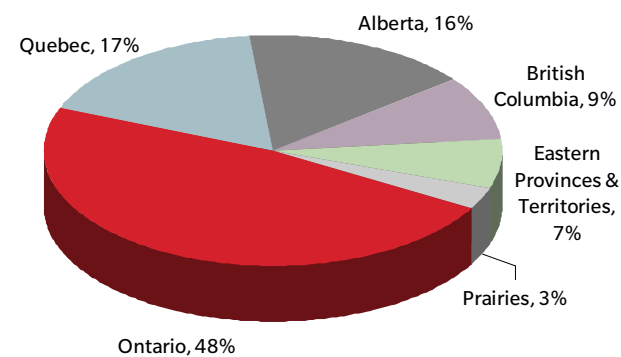
3% of GDP in Canada

- Fragmented market¹:
 - Top five represent 43%, versus bank/lifeco markets which are closer to 65-75%
 - IFC is largest player with 16.5% market share, versus largest bank/lifeco with 22-25% market share
 - P&C insurance shares the same regulator as the banks and lifecos
- Barriers to entry: scale, regulation, manufacturing capability, market knowledge
- Home and commercial insurance rates unregulated; personal auto rates regulated in some provinces
- Capital is regulated nationally by OSFI
- Brokers continue to own commercial lines and a large share of personal lines in Canada; direct-to-consumer channel is growing (distribution = brokers 67% and direct 33%)
- 30-year return on equity for the industry is approximately 10%

Industry DPW by line of business



Industry – premiums by province



¹ Pro forma IFC's acquisition of AXA Canada

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

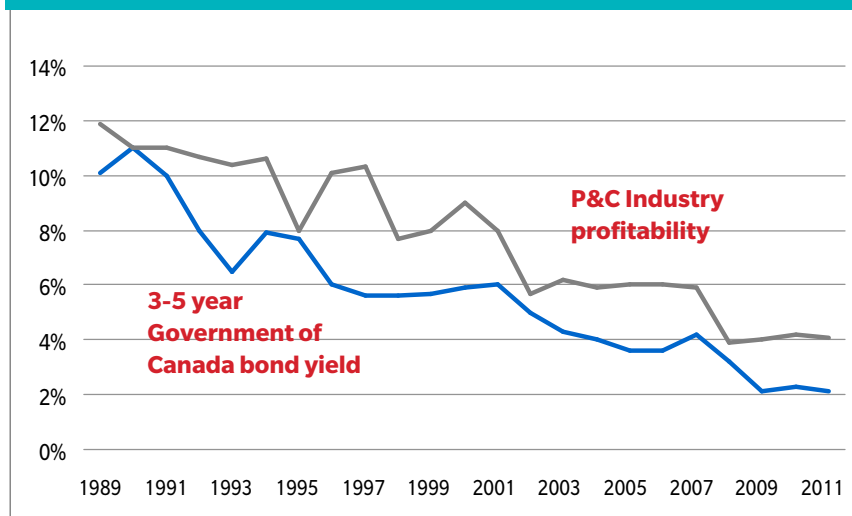
OSFI = Office of the Superintendent of Financial Institutions Canada

Data as at the end of 2010.

Economic uncertainties will affect industry profitability

- Slow global recovery with significant downside risks
- Continued volatility in financial, currency and commodity markets
- Financial systems still somewhat vulnerable to downside shocks
- Uncertainties will put pressure on financial institutions' capital worldwide
- Interest rates to remain low for the next 18 to 24 months
- A drop of 1% in investment income is equivalent to a 2 to 3 point increase in the combined ratio

The Canadian P&C industry can no longer count on high investment income



Source: Insurance Bureau of Canada

P&C industry 10-year performance versus IFC

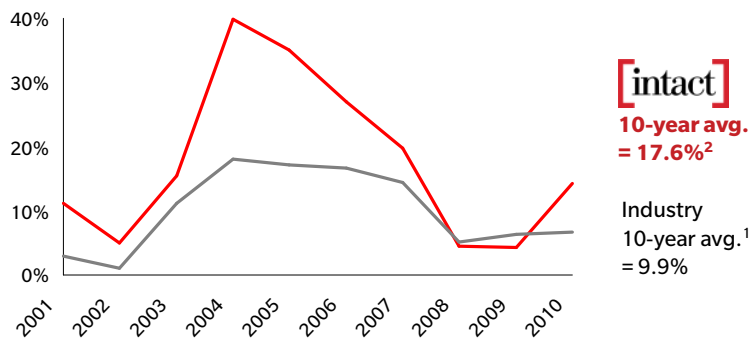
IFC's competitive advantages

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

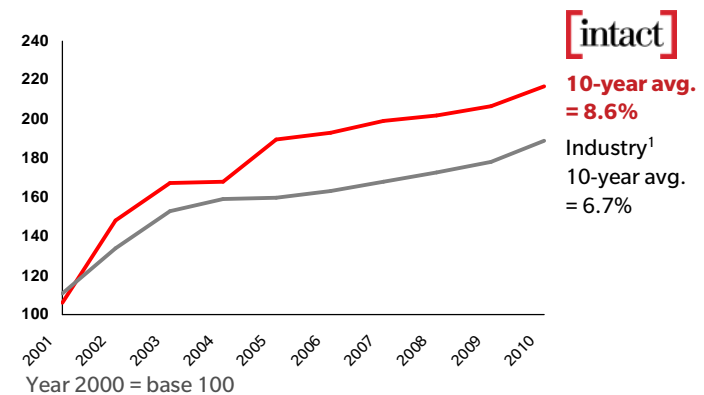
Combined ratio



Return on equity



Direct premiums written growth



¹Industry data source: MSA Research. excluded Lloyd's, ICBC, SGI, SAF, MPI and Genworth. All data up to the end of 2010.

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

Historical financials

(in \$ millions, except as otherwise noted)

	IFRS	Canadian GAAP			
	2010	2009	2008	2007	2006
Income statement highlights					
Direct written premiums	\$4,498	\$4,275	\$4,146	\$4,109	\$3,994
Underwriting income	194	54	117	189	404
Net operating income	402	282	361	457	531
Net operating income per share (in dollars)	3.50	2.35	2.96	3.61	3.97
Balance sheet highlights					
Total investments	\$8,653	\$8,057	\$6,605	\$7,231	\$7,353
Debt	496	398	-	-	-
Total shareholders' equity (excl. AOCI)	2,686	3,047	3,079	3,290	3,421
Performance metrics					
Loss ratio	65.4%	70.0%	68.2%	66.2%	59.1%
Expense ratio	30.0%	28.7%	28.9%	29.0%	30.3%
Combined ratio	95.4%	98.7%	97.1%	95.2%	89.4%
Net operating ROE (excl. AOCI)	15.0%	9.2%	11.3%	13.6%	16.8%
Debt / Capital	14.3%	11.8%	-	-	-
Combined ratios by line of business					
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%



Strategic capital management

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

Capital priorities

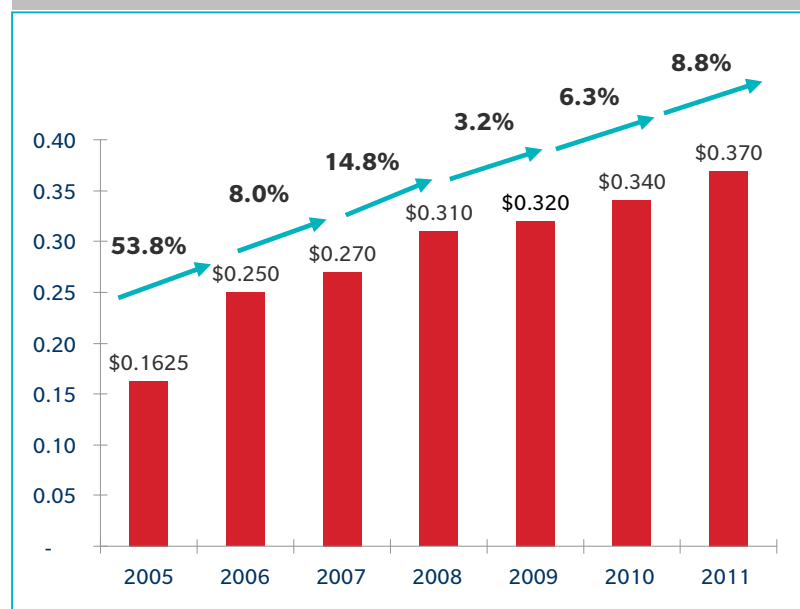
- Acquisitions
- Dividends
- Share buybacks

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



Further industry consolidation ahead

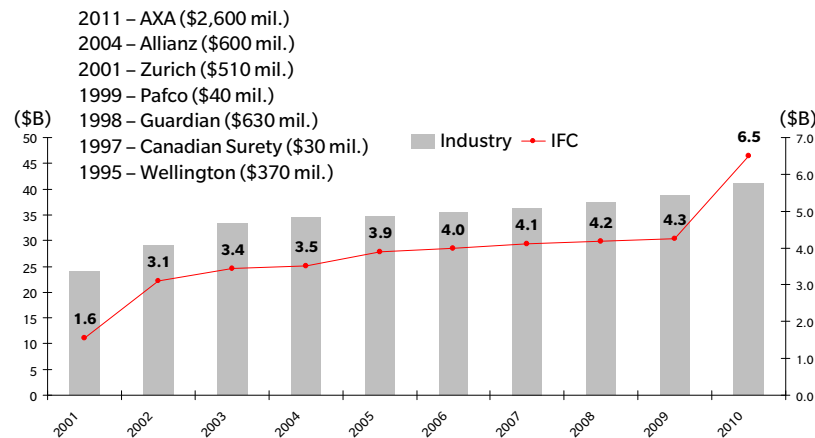
Our acquisition strategy

- Targeting large-scale acquisitions of \$500 million or more in 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

Canadian M&A environment

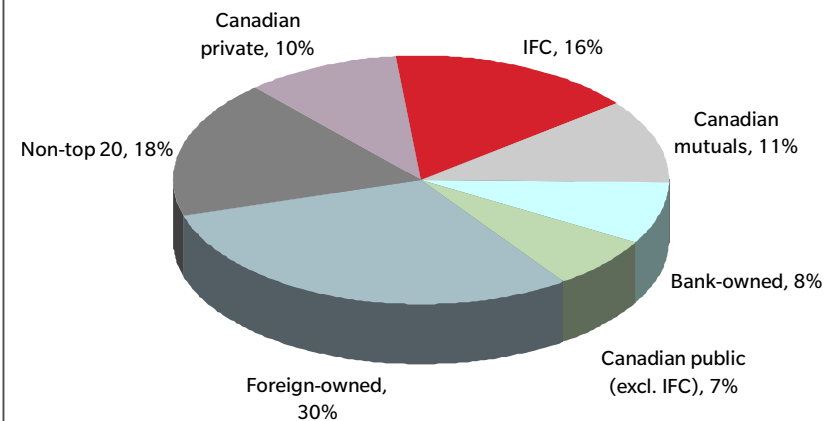
- Environment more conducive to acquisitions now than in recent years:
- Industry ROEs, although slightly improved from trough levels of mid-2009, are well below prior peak
 - Foreign parent companies are generally in less favourable capital position
 - Demutualization likely for P&C insurance industry

Our track record of acquisitions



Source: MSA Research; excluding Lloyd's and Genworth (based on 2010 DPW); IFC's 2010 DPW includes AXA Canada

Top 20 P&C insurers = 82% of market



Source: MSA Research; excluding Lloyd's and Genworth (based on 2010 DPW)

Cash and invested assets

Asset class

Fixed income

Corporate	37.3%
Federal government and agency	26.3%
Cdn. Provincial and municipal	27.8%
Supranational and foreign	6.8%
ABS/MBS	1.9%
Private placements	0.0%
TOTAL	100%
Canadian	89%
United States	1%
Int'l (excl. U.S.)	10%
TOTAL	100%

Quality: 95.6% of bonds rated A or better

Preferred shares

Perpetual and callable floating and reset	58.0%
Fixed perpetual	24.5%
Fixed callable	17.5%
TOTAL	100%

Quality:

Approx. 84.2% rated P1 or P2

100% Canadian

Common shares

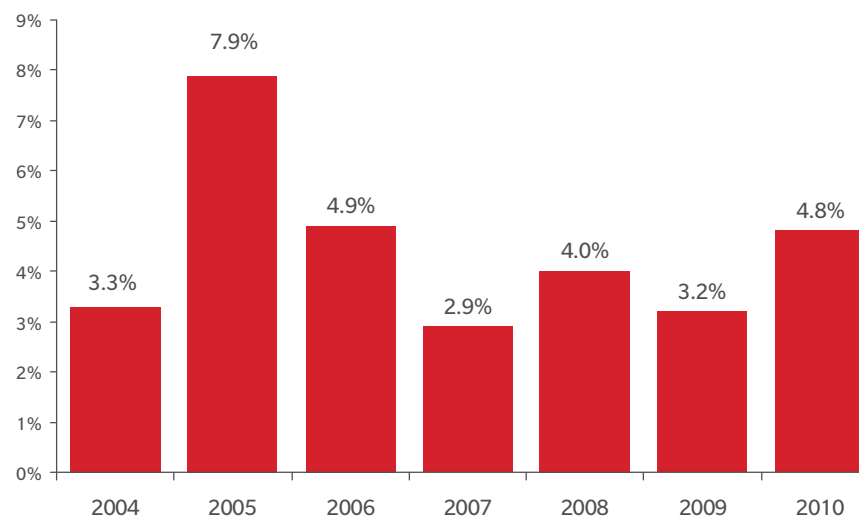
High-quality, dividend paying Canadian companies. Objective is to capture non-taxable dividend income

100% Canadian

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





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[www.intactfc.com/Investor Relations](http://www.intactfc.com/Investor_Relations)





Forward-looking statements and disclaimer

Certain of the statements included in this presentation 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", "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 designed to protect policyholders and creditors rather than investors; 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 to clients; the Company's ability to successfully pursue its acquisition strategy; the Company's ability to execute its business strategy; the terms and conditions of, and regulatory approvals relating to, the sale of AXA Canada's life insurance business to SSQ, Life Insurance Company Inc. (the "Sale"); timing for completion of the Sale; various other actions to be taken or requirements to be met in connection with the Sale and its completion; synergies arising from, and the Company's integration plans relating to the AXA Canada acquisition; management's estimates and expectations in relation to resulting accretion, internal rate of return and debt to capital position after closing of the AXA Canada acquisition; various other actions to be taken or requirements to be met in connection with the AXA Canada acquisition and integrating the Company and AXA Canada; the Company's participation in the Facility Association (a mandatory pooling arrangement among all industry participants) and similar mandated risk-sharing pools; 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 presentation are qualified by these cautionary statements and those made in the "Risk Management" section of our presentation for the year ended December 31, 2010. These factors are not intended to represent a complete list of the factors that could affect the Company. These factors should, however, be considered carefully. Although the forward-looking statements are based upon what management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. When relying on forward-looking statements to make decisions, investors should ensure the preceding information is carefully considered. Undue reliance should not be placed 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.





Forward-looking statements and disclaimer

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Important Notes:

- All references to direct premiums written 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 Market Yield Adjustment (“MYA”), except if noted otherwise.

Disclaimer

The Company uses both International Financial Reporting Standards (“IFRS”) and certain non-IFRS measures to assess performance. Non-IFRS measures do not have any standardized meaning prescribed by IFRS and are unlikely to be comparable to any similar measures presented by other companies. Management of Intact Financial Corporation analyzes performance based on underwriting ratios such as combined, general expenses and claims ratios as well as other performance measures such as return on equity (“ROE”) and operating return on equity. These measures and other insurance related terms are defined in the Company’s glossary available on the Intact Financial Corporation web site at www.intactfc.net in the “Investor Relations” section. Additional information about Intact Financial Corporation, including the Annual Information Form, may be found online on SEDAR at www.sedar.com.

