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**INTACT FINANCIAL CORPORATION REPORTS
THIRD QUARTER RESULTS**

- **Net operating income per share of \$0.97, driven by underwriting results in auto insurance**
- **Combined ratio of 94.2%, despite \$53 million in catastrophe losses**
- **Operating ROE of 14.0% with a 13% increase in book value per share in the last 12 months**
- **Integration well under way: AXA Canada policies now written on Intact's systems**

Intact Financial Corporation (TSX: IFC) today reported net operating income for the quarter ended September 30, 2011 of \$111 million, up \$21 million from the same quarter of last year. On a per share basis, net operating income increased 23% to \$0.97. The increase was driven by improved underwriting performance in personal auto insurance. The combined ratio improved by 2.4 percentage points year-over-year to 94.2%, despite elevated catastrophe losses due to Tropical Storm Irene and a number of wind and hailstorms. Direct premiums written increased 2% over the same quarter a year ago to reach \$1,226 million. Net income was \$101 million, or \$0.87 per share, compared to \$109 million, or \$0.96 per share, for the same period last year. The decrease reflects \$29 million of integration-related costs recorded in the quarter.

Net operating income for the first nine months was \$308 million compared to \$322 million last year, despite a \$107 million increase in catastrophe losses. Net income decreased by 3% to \$381 million from a year earlier. Net operating income per share and earnings per share were \$2.75 and \$3.41 respectively. The combined ratio remained relatively unchanged compared to last year at 95.2% for the first nine months of the year. Direct premiums written for the same period were \$3,523 million, up 2% year-over-year. The book value per share increased by 13% to \$28.97.

CEO's Comments

"Our underwriting performance continued to be strong this quarter as personal auto results improved significantly," said Charles Brindamour, Chief Executive Officer of Intact Financial Corporation. "We are increasingly optimistic that the initiatives adopted by the Ontario government in curbing the inflation of medical costs will be effective over time and will result in a more stable environment for consumers."

"For the second consecutive quarter, severe weather conditions brought greater volatility to our results. In the quarter, Tropical Storm Irene and a number of wind and hailstorms impacted our performance. Despite the unpredictable weather patterns that continue to challenge personal property, we remain committed to making this a profitable business."

“With the closing of the AXA Canada transaction behind us, the integration is well under way as our new team is now in place and ready to deliver on our strategic initiatives and as AXA policies renew on our systems. With our combined skills, energy and talent, I am confident that we will accelerate our efforts towards building a world-class P&C insurance company.”

Dividends

The Board of Directors declared a quarterly dividend of 37 cents per share on the Company’s outstanding common shares. The Board also declared a quarterly dividend of 26.25 cents per share on the Company’s Class A Series 1 and Class A Series 3 shares. All dividends are payable on December 30, 2011 to shareholders of record on December 15, 2011.

Current Outlook

Industry premiums are likely to increase in the next 12 months at a pace similar to last year. It is expected that percentage growth in personal auto will be in the mid single digits, driven by rate inadequacies in Ontario auto insurance. Percentage growth is expected to be in the upper single digits in personal property, due to the impact of water-related losses and more frequent and severe storms. Commercial line premiums are expected to grow at a low single digit rate.

At an industry level, loss ratios are expected to improve in personal auto. In home insurance, loss ratios should benefit from continued premium increases. Loss ratios are expected to remain stable in commercial lines but pricing conditions may improve at a moderate pace over time. The industry’s return on equity was approximately 7% in 2010 and 8% in the first half of 2011. The profitability of the industry is unlikely to improve materially in the near term, as any increase in underwriting income will be largely offset by a decline in investment income, resulting from lower yields.

The company is well-positioned to continue outperforming the P&C insurance industry in the current environment due to its pricing and underwriting discipline, claims management capabilities, prudent investment and capital management practices and strong financial position. Given these attributes, the company strongly believes that it will outperform the industry’s ROE by at least 500 basis points in the next 12 months.

Consolidated Highlights

In millions of dollars, except as otherwise noted	Q3-2011	Q3-2010	Change	YTD 2011	YTD 2010	Change
Direct premiums written (excluding pools)	1,226	1,206	2%	3,523	3,438	2%
Underwriting income ¹	65	37	76%	155	172	(10)%
Net operating income ²	111	90	23%	308	322	(4)%
Net income	101	109	(7)%	381	391	(3)%
Earnings per share						
Basic and diluted (dollars)	0.87	0.96	(9)%	3.41	3.37	1%
Adjusted earnings per share						
Basic and diluted (dollars) ^{3,4}	1.11	0.98	13%	3.69	3.42	8%
Net operating income per share (dollars)	0.97	0.79	23%	2.75	2.78	(1)%
ROE for the last 12 months / YTD annualized ⁴	16.8%			17.2%	18.0%	(0.8) pts
Adjusted ROE for the last 12 months / YTD annualized ^{3,4}	17.8%			18.5%	18.2%	0.3 pts
Operating ROE for the last 12 months / YTD annualized ⁴	14.0%			14.6%	16.1%	(1.5) pts
Combined ratio (excluding MYA)	94.2%	96.6%	(2.4) pts	95.2%	94.5%	0.7 pts
Book value per share (dollars)	28.97	25.61	13%			

¹ Underwriting income is defined as underwriting income excluding market yield adjustment (MYA). The MYA is the impact on claims liabilities due to movement in discount rates.

² Net operating income is defined as the sum of underwriting income, interest and dividend income and other income, after tax.

³ Adjusted earnings to common shareholders per share and adjusted return on common shareholders equity exclude the impact of integration and restructuring costs, as well as the amortization of intangible assets recognized in business combinations. The company believes that these metrics more accurately reflect its underlying business performance.

⁴ Return on common shareholders' equity (ROE) is defined as net income for a 12-month period less preferred share dividends divided by the average shareholders' equity net of preferred shares. Operating ROE is defined as net operating income for a 12-month period less preferred share dividends divided by the average shareholders' equity excluding accumulated other comprehensive income and preferred shares. The average shareholders' equity is calculated by adding the beginning balance and the ending balance and dividing by two. In Q3-2011, the average equity calculation has been adjusted on a pro-rata basis to account for the \$921 million of common shares issued as at September 23, 2011. There were no impacts to prior comparative figures due to this adjustment. The Q3-2010 comparative ratio has been omitted from the table as the 2009 results were not restated to IFRS. ROE, adjusted ROE and Operating ROE as reported in Q3-2010 under Canadian GAAP were 14.2%, 14.3% and 14.1% respectively.

Operating Highlights

- **Net operating income** for the quarter was \$111 million, up \$21 million from the same quarter in 2010 as a result of improved personal auto underwriting results. The operating ROE for the last 12 months was 14.0%.

Net operating income for the first nine months of the year was \$308 million down from \$322 million during the same period last year due to elevated weather-related losses which reached \$176 million.

- **Direct premiums written** increased 2% in the third quarter to \$1,226 million. Commercial insurance premiums were up 5% as a result of improving unit growth in both auto and P&C, while personal insurance premiums grew by 1% reflecting slower growth in our direct businesses.

For the first three quarters of the year, total direct premiums written increased by 2% to \$3,523 million compared to the same period in 2010.

- **Underwriting income** in the quarter increased 76% to \$65 million compared to the same period a year ago. Overall, the combined ratio improved by 2.4 percentage points to 94.2% as a result of significant improvements in personal auto and favourable prior year claims development. The improvement took place despite \$53 million in catastrophe losses associated with Tropical Storm Irene and numerous wind and hail storms across the country in the quarter. The underlying performance of our portfolio, which excludes catastrophes and prior year claims development, improved by 2.5 percentage points during the quarter.

Personal auto underwriting income increased to \$76 million from \$20 million recorded in the same period last year as the combined ratio decreased 9.9 percentage points to 86.4% given the meaningful improvement notably in Ontario and Alberta.

Home insurance incurred a \$27 million net underwriting loss, down \$12 million from the same period last year. Losses from catastrophes in the quarter resulted in a combined ratio of 110.3%. Excluding the impact of the catastrophes and prior year claims development, the loss ratio for home insurance worsened by 1.3 percentage points year-over-year.

Overall, commercial insurance generated a \$15 million underwriting profit. Commercial auto results continued to be strong with a combined ratio of 82.8% while the combined ratio in commercial P&C insurance deteriorated by 8 percentage points to 100.0%.

Total underwriting income for the first nine months of the year was \$155 million, down from \$172 million in the corresponding period of 2010.

- **Investment income** of \$74 million was in line with the same period last year, but included an incremental \$2.1 million related to AXA Canada. Our market-based yield declined more than 30 basis points as the low yield environment continued to impact our investment income. Total investment income for the first nine months remained unchanged at \$223 million.

Investment Gains

Net gains on invested assets, excluding fair-value-through-profit-or-loss bonds, were down \$14 million to \$19 million mainly due to impairment losses. Since the beginning of the year, the company has had investment gains of \$147 million compared to \$111 million for the same period last year. Cash and invested assets amounted to \$11.8 billion at the end of the quarter, including \$3.6 billion from the addition of AXA Canada's investment portfolio, up \$3.2 billion from a year ago.

Capital Management

The company's book value per share at the end of the quarter rose 13% over the last 12 months to \$28.97. The company's financial position remains strong with a minimum capital test of 202% and \$534 million in excess capital.

Since the announcement of the acquisition of AXA Canada, IFC secured long-term financing at attractive rates, despite a volatile capital market environment. The \$2.6 billion acquisition was financed with proceeds from the issuance of subscription receipts, preferred shares and medium term notes in an aggregate amount of approximately \$1.8 billion under five separate financings. The balance was funded from the company's excess capital and \$400 million drawn down under the terms of a credit facility.

AXA Canada Acquisition

The company expects the deal to be accretive to net operating income per share in 2012 and provide 15% accretion annually in the mid-term. It also continues to expect annual synergies amounting to \$100 million after-tax.

In the quarter, a \$3.8 million benefit from the addition of AXA Canada's underwriting results for the week ended September 30 has been reflected in other income (net), while net investment income for the quarter includes \$2.1 million related to AXA Canada. In subsequent quarters, the AXA Canada acquisition underwriting results will be included as part of the company's underwriting results. We recorded \$29 million of integration-related expenses in the current quarter as part of net income.

During the quarter, the company entered into a share purchase agreement to sell AXA Canada's life insurance business to SSQ, Life Insurance Company Inc. for \$300 million. The company intends to allocate a portion of the \$300 million proceeds from the sale of AXA Canada's life insurance business towards the term loan facility used to partially finance the acquisition. As a result, the debt to total capital ratio of the company is expected to be back in line with its target of 20% once the transaction closes in early 2012.

Analysts' Estimates

Earnings per share and net operating income per share for the third quarter amounted to \$0.87 and \$0.97 respectively compared to average estimates of \$1.10 and \$1.01 respectively among the analysts who follow the company.

Conference Call

Intact Financial Corporation will host a conference call to review its earnings results later today at 11:00 a.m. ET. To listen to the call via live audio webcast and to view the company's Financial Statements, Management's Discussion & Analysis, presentation slides, the statistical supplement and other information not included in this press release, visit our website at www.intactfc.com and link to "Investor Relations." All of these documents are available on our website.

The conference call is also available by dialling (647) 427-7450 or 1 (888) 231-8191 (toll-free in North America). Please call 10 minutes before the start of the call.

A replay of the call will be available later today at 2:00 p.m. ET through 11:59 p.m. ET on Wednesday, November 9. To listen to the replay, call 1 (855) 859-2056, passcode 15915238. A transcript of the call will also be available on Intact Financial Corporation's website.

About Intact Financial Corporation

Intact Financial Corporation (www.intactfc.com) is the largest provider of property and casualty insurance in Canada. Intact offers home, auto and business insurance through Intact Insurance, Novex Group Insurance, belairdirect, GP Car and Home and BrokerLink.

Media Inquiries:

Gilles Gratton
Vice President, Corporate Communications
+1 (416) 217-7206
gilles.gratton@intact.net

Investor Inquiries:

Dennis Westfall
Director, Investor Relations
+1 (416) 341-1464 ext. 45122
dennis.westfall@intact.net

Forward Looking Statements

This document may contain forward looking statements that involve risks and uncertainties. The company's actual results could differ materially from these forward looking statements as a result of various factors, including those discussed in the company's most recently filed Annual Information Form and annual Management's Discussion & Analysis. Please read the cautionary note at the end of the MD&A.