

ING Canada reports third quarter and nine-month results

- Robust growth in direct premiums written
- Strong overall performance despite rate reductions

ING Canada Inc. (TSX: IIC) reported net income of \$156.8 million for the three months ended September 30, 2006, down \$46.0 million or 22.7% from the \$202.8 million reported for the three months ended September 30, 2005. Earnings per share for the quarter amounted to \$1.17, compared to \$1.52 for the same quarter in 2005.

The decline from an exceptionally strong third quarter in 2005 reflects lower realized investment gains as well as a reduction in underwriting income driven by lower favourable prior year claims development.

Net income for the first nine months of 2006 was \$548.7 million, down 6.2% or \$36.2 million from the \$584.9 million reported for the first nine months of 2005. Earnings per share for the first nine months of 2006 were \$4.10, down from the \$4.38 reported for the first nine months of 2005.

Claude Dussault, President and CEO, said: “We continue to experience solid earnings with a return on equity of 24.6%. Our insurance businesses performed very well and the various initiatives launched over the last twelve months resulted in strong organic growth as demonstrated by the increase in direct premiums written and the number of risks insured during the quarter. “

“Furthermore, our ability to once again deliver robust underwriting income in an environment characterized by lower personal and commercial insurance rates reflects our disciplined underwriting and pricing capabilities. In addition, our investment activities continue to deliver solid returns.”

ING Canada also declared a quarterly dividend of 25.0 cents per share on its outstanding common shares, payable on December 29, 2006 to shareholders of record on December 15, 2006.

Current Outlook

Our outlook for the industry for the next 12 months remains unchanged.

Top line growth for the property and casualty insurance industry continues to remain below historical levels. However, we believe underwriting results should continue to exceed historical averages.

Automobile insurance reforms adopted by various provinces have continued to be effective at containing and stabilizing claims costs. Furthermore, automobile claims frequency remains low and we believe frequency will either increase or continued low frequency will lead to premium reductions. Sustainability of the cost containment measures, as well as potential rate reductions, will continue to be key performance drivers.

Commercial insurance markets remain highly competitive, and although prices are continuing to soften, returns are expected to be above historical levels.

Financial Summary

	2006 Q3	2005 Q3	Change	2006 9-month	2005 9-month	Change
Direct Premiums Written (\$ million)	1,038.1	1,006.5	3.1%	3,026.8	2,999.9	0.9%
Underwriting Income (\$ million)	95.9	116.7	(17.8)%	341.5	411.4	(17.0)%
Net income (\$ million)	156.8	202.8	(22.7)%	548.7	584.9	(6.2)%
Earnings per share (in dollars) Basic and diluted	1.17	1.52	(23.0)%	4.10	4.38	(6.4)%
Return on equity for last 12 months	24.6%	36.5%	(11.9)			
Combined ratio	89.9%	87.7%	2.2	88.0%	85.7%	2.3

- Net income for the quarter remained robust at \$156.8 million, although down \$46.0 million from the historically high level reported in the third quarter of last year. The decline reflects lower realized investment gains as well as lower underwriting income driven by lower favourable prior year claims development.
- Revenues for the third quarter of 2006 amounted to \$1,080.2 million, compared to \$1,123.3 million for the previous year. Net premiums earned remained unchanged at \$954 million despite an overall reduction in insurance rates and lower premiums from industry pools. Investment activities remained solid and continued to generate strong but somewhat lower revenue. Investment income from insurance subsidiaries decreased by \$6.9 million. Reduced trading of fixed income instruments was a significant factor in the \$31.0 million decline in realized investment and other gains. Unrealized gains increased by \$101.9 million to reach \$135.6 million. Total income before income taxes for the quarter decreased 18.8% to \$218.7 million.
- For the first nine months of the year, revenues decreased by less than 1% to \$3,310.6 million partially as a result of a 1.1% decline in net premiums earned. Investment income from insurance subsidiaries remained strong despite a slight decrease of \$2.1 million to \$232.7 million, after adjusting for non-recurring interest in 2005 related to a 2001 portfolio purchase. Realized investment and other gains increased \$21.9 million to \$178.2 million. Total income before income taxes decreased \$38.8 million to \$782.8 million. For the first nine months of 2006, net income was a very healthy \$548.7 million, down only 6.2% from the \$584.9 million reported for the same period in 2005.
- Shareholders' equity increased since the beginning of the year by \$451.4 million, or 15.6%, to \$3,344.0 million by the end of the third quarter. During the quarter, the company repaid its remaining debt obligations and is now debt free.

Business Highlights

- Direct premiums written for the quarter totalled \$1,038.1 million, an increase of \$49.8 million, or 4.9%, from the third quarter of 2005 after excluding AGR and industry pool premiums. The number of insured risks continued to grow during the quarter, increasing by 4%, fuelled by strong growth in personal lines.
- Direct premiums written for our personal lines activities increased by \$55.7 million, or 7.7% after excluding industry pool adjustments. The growth in direct premiums was achieved despite an average reduction in rates of 2.9%. The number of insured risks in personal lines increased by a healthy 4.5% driven mainly by a 5.4% increase in the number of automobiles insured.
- Direct premiums written in commercial insurance decreased by \$5.7 million after adjusting for AGR premiums. The number of risks insured also declined by 1.0%.
- Underwriting income for the quarter was solid at \$95.9 million, down \$20.8 million from the unusually high level of the previous year. The decline reflects lower favourable prior year claims development. Current accident year results remain comparable to the same period from last year despite overall rate decreases.
- Underwriting income from personal automobile and property decreased by \$14.9 million during the third quarter despite a \$6.1 million increase in income from personal property. Underwriting income from personal automobile insurance declined mainly as a result of rate decreases. Underwriting income from the commercial lines business decreased \$5.9 million during the quarter as a result of a \$22.5 million decrease in prior year claims development. However, current accident year results have improved.
- Direct premiums written during the first nine months of 2006 totalled \$3,026.8 million, an increase of \$65.7 million, or 2.2%, from the same period a year ago after excluding AGR premiums in 2005 and reduced premiums from industry pools in the current year. The total number of insured risks for the first nine months also increased by 3.2% from the corresponding period in 2005. Underwriting income for the first nine months was \$341.5 million, down \$69.9 million or 17% from the \$411.4 million reported for the same period in 2005.

Conference Call

ING Canada will host a conference call to review its earnings results today at 10:00 a.m. ET. To listen to the call via live audio webcast and to view the presentation slides, visit our website at www.ingcanada.com and click on "Investor Relations".

The conference call is also available by dialling 617-614-3474 or 1-800-706-7749 (toll-free in North America). The passcode is 51957322. Please dial in ten minutes before the start of the call.

A playback of the call will be available starting at 1:00 p.m. ET on November 9 through 5:00 p.m. ET on November 16. To listen to the replay, call 617-801-6888 or 1-888-286-8010 (toll-free in North America). The passcode is 50158293. A transcript of the call will also be available on ING Canada's website.

About ING Canada

ING Canada is the largest provider of property and casualty insurance in the country, offering automobile, property and liability insurance to individuals and businesses through its insurance subsidiaries.

Media enquiries:

Bryan Seaton – Manager, External Communications

Tel: 416-341-1464 Ext. 43142

Email: bryan.seaton@ingcanada.com

Investor enquiries:

Brian Lynch – Director, Investor Relations

Tel: 416-941-5181

Email: brian.lynch@ingcanada.com

[Click here](#) for the complete earnings release, including the Management Discussion & Analysis and Consolidated Financial Statements.

<https://newsroom.intactfc.com/2006-11-09-ING-Canada-reports-third-quarter-and-nine-month-results>