

Intact Financial Corporation Completes AXA Canada Acquisition And Announces Executive Appointments

TORONTO, Sept. 26, 2011 /CNW/ - Intact Financial Corporation (TSX: IFC) today announced that it has completed its \$2.6 billion acquisition of AXA Canada, the 6th largest provider of home, auto and business insurance in the country. The acquisition will accelerate Intact's effort towards building a world-class P&C insurer.

"The completion of this transaction represents a defining milestone in the history of our organization," said Charles Brindamour, Chief Executive Officer. "The benefits of combining the knowledge, competencies and talent of two best-in-class P&C insurers are compelling. We will strengthen our product offerings, improve our capabilities to support insurance brokers, expand our distribution platform, reinforce competencies in risk selection and deepen the quality of our management team."

For the past three months, IFC and AXA have been working together to review activities, processes and systems, and to develop prospective action plans. Since the integration planning is nearly complete, IFC anticipates a smooth transition and expects to reap the benefits of the transaction as the formal integration starts in earnest.

"We are acquiring a quality organization with a skilled, committed and experienced team. We know them well, value their strengths and recognize their solid track record," added Brindamour.

Intact also announced today the appointment of Louis Gagnon to the position of President and Chief Operating Officer of Intact Financial Corporation and Jean-François Blais to the position of President of Intact Insurance. Both will report directly to the Chief Executive Officer.

In his new role as President and Chief Operating Officer, Louis Gagnon will oversee the claims and information technology functions, two areas that are key touch points in our brokers' and customers' experience. He will also lead Intact's efforts in expanding its proprietary distribution network in Canada and its growth initiatives abroad, and will be responsible for strategy, communications and audit. Mr. Gagnon joined Intact in 2007 after a successful career in financial services and insurance distribution. Until today's appointment, Mr. Gagnon was President of Intact Insurance. Under his tenure, Intact Insurance solidified its leadership position among insurance brokers across the country.

As President of Intact Insurance, Jean-François Blais will assume the leadership of IFC's largest insurance operation with more than \$5.5 billion in premiums and an expanded brokerage network. In his new role, Mr. Blais will be responsible for accelerating the growth of Intact Insurance and for building closer relationships with brokerages across the country. Prior to his new appointment at Intact, Mr. Blais had assumed the leadership of AXA Canada as its President and Chief Executive Officer and as a Board member for the last seven years. During that period, Mr. Blais was the architect and the driving force behind the success of AXA in Canada.

Upon completion of the integration, IFC will enhance its leading position in Canada by increasing its market share to approximately 16.5 per cent and its premiums to \$6.5 billion. The company will solidify its top market positions in Alberta, Ontario, Quebec and Nova Scotia and expand its presence in British Columbia, New Brunswick and Newfoundland. It is expected that the acquisition will ultimately allow IFC to expand its growth potential, solidify its industry outperformance and, through greater product and geographic diversification, increase the stability of its earnings.

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

As a result of the closing of the acquisition, the escrow release conditions for the 20,125,000 subscription receipts issued in June 2011 have been met and the subscription receipts will be automatically exchanged in accordance with their terms on a one-for-one basis for common shares of IFC through the facilities of CDS Clearing and Depositary Services Inc. In addition, a dividend equivalent payment of \$0.74 per subscription receipt will also be payable to holders of subscription receipts as a result of IFC having declared a dividend of \$0.37 per common share payable to common shareholders of record on June 15, 2011 and a dividend of \$0.37 per common share payable to common shareholders of record on September 15, 2011. Trading in the subscription receipts will be halted effective immediately and the subscription receipts will be delisted as at the close of business on September 26, 2011.

The subscription receipt conversion will increase the number of outstanding common shares to 129.6 million, resulting in the average outstanding number of common shares being 111.2 million for the third quarter 2011 and 110.5 million for the first nine months of 2011.

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.

Forward-Looking Statements

Certain of the statements included in this press release about IFC'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 in light of our 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 IFC'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, synergies arising from and IFC's integration plans relating to the acquisition of AXA Canada (the "Acquisition") and various other actions to be taken or requirements to be met in connection with integrating IFC and AXA Canada after completion of the Acquisition. Other factors include those discussed in IFC's most recently filed Annual Information Form and annual Management's Discussion & Analysis (MD&A). Please read the cautionary note at the end of the MD&A.

<https://newsroom.intactfc.com/2011-09-26-Intact-Financial-Corporation-Completes-AXA-Canada-Acquisition-And-Announces-Executive-Appointments>