

Intact Financial Corporation completes acquisition of JEVCO Insurance Company

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TORONTO, Sept. 5, 2012 /CNW/ - Intact Financial Corporation (TSX: IFC) today announced that it has completed its \$530 million acquisition of The Westaim Corporation's (TSX: WED) wholly-owned subsidiary, JEVCO Insurance Company, a leading provider of specialty and niche insurance products for individuals and businesses in Canada.

The acquisition enhances Intact's position in Canada by increasing its direct premiums written by approximately \$350 million on a pro forma basis and bringing its market share to 17 per cent. The acquisition will enhance the company's product offering to include insurance for recreational vehicles, such as motorcycles, snowmobiles and all-terrain vehicles, as well as commercial, surety and non-standard auto insurance.

"We are pleased to broaden our specialty line offering to individuals and businesses. The acquisition provides us with another opportunity to reinforce our commitment to the broker channel, enrich our customer value proposition and enhance our competitive position," said Charles Brindamour, Chief Executive Officer of Intact Financial Corporation.

Financially compelling transaction

The transaction is expected to generate an internal rate of return (IRR) above 20%, to be accretive to net operating income per share beginning in 2013 and to increase book value per share by 2.6%.

The \$530 million acquisition and transaction-related expenses have been financed with the proceeds from a \$237 million subscription receipt issuance, a medium term note offering and a portion of IFC's excess capital. The company expects to maintain its solid capital position with an estimated Minimum Capital Test ratio above 200% and a debt to total capital ratio below 20%.

Subscription receipt conversion

As a result of the closing of the acquisition, the escrow release conditions for the 3,780,000 subscription receipts issued in May 2012 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 \$0.40 per subscription receipt will also be payable to holders of subscription receipts as a result of IFC having declared a dividend of \$0.40 per common share payable to common shareholders of record on June 15, 2012. 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 5, 2012.

The subscription receipt conversion will increase the total number of outstanding common shares to 133.3 million, resulting in the average outstanding number of common shares being 130.6 million for the third quarter 2012 and 129.9 million for the first nine months of 2012.

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, belairdirect, Grey Power, BrokerLink and JEVCO Insurance Company.

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, management's expectations with respect to the metrics used in this press release in relation to the acquisition and the various actions to be taken or requirements to be met in connection with integrating IFC and JEVCO Insurance Company 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/2012-09-05-Intact-Financial-Corporation-completes-acquisition-of-JEVCO-Insurance-Company>