

IFC expands direct operations in Western Canada through acquisition of Canadian Direct Insurance Inc.

- **Addition of Canadian Direct Insurance extends direct operations from coast to coast**
- **Acquisition expected to be internally financed and immediately accretive**
- **Simplifying the insurance experience for customers**

TORONTO, Feb. 10, 2015 /CNW/ - Intact Financial Corporation (TSX: IFC) ("IFC") announced today that it has entered into a definitive agreement with Canadian Western Bank (TSX: CWB) to acquire Canadian Direct Insurance Inc. ("CDI") for \$197 million, thereby extending its direct-to-consumer operations from coast to coast. The acquisition is expected to be financed exclusively with excess capital and provide accretion of 2% in the near term to net operating income per share. Annual synergies amounting to \$10 million after tax are expected from a combination of reinsurance cost reductions, systems-related cost savings and claims efficiencies. IFC expects to maintain its strong capital position on closing with an estimated MCT above 200%.

CDI wrote approximately \$140 million in home and auto premiums in 2014, and was the winner of the 2014 Consumer Choice award for Home and Auto Insurance in Vancouver and the surrounding area. The transaction has been approved by the boards of both companies and is expected to close in mid-2015, subject to the receipt of the required regulatory approvals and customary closing conditions. CDI will bring greater scale to IFC's direct operations in Western Canada, an experienced local team and a track record of strong underwriting performance.

"Growth and innovation are continuing priorities for IFC, which is why I am excited about bringing CDI into the IFC family. In recent years, the acquisitions of AXA Canada, Jevco and Metro General have helped us to build one of the broadest product and service offerings and facilitated increased support and innovation for our brokers and their customers. The CDI acquisition presented an opportunity to grow our direct-to-consumer distribution channel. In conjunction with this acquisition, we are rebranding Grey Power to belairdirect to consolidate our brands. Together, these changes will expand and simplify our direct operations while improving our ability to respond to evolving customer expectations," said Louis Gagnon, President Service & Distribution.

Grey Power has been providing insurance solutions to Canadians over the age of 50 in Alberta, Ontario, New Brunswick, Prince Edward Island and Nova Scotia. Going forward, Grey Power customers will benefit from all that belairdirect has to offer while continuing to be rewarded for their years of driving experience. In addition, belairdirect will inherit and enhance some of the Grey Power products that have been uniquely tailored for the 50+ demographic and make them available to existing belairdirect customers.

belairdirect has been providing complete car and home insurance solutions to Canadians for 60 years and was the first property and casualty insurer in North America to sell insurance products online. Today, belairdirect customers have 24/7 access to enhanced online tools. Extended contact centre hours mean customers can also speak to knowledgeable licensed insurance agents by telephone. belairdirect is currently ranked "Highest in Customer Satisfaction among Auto Insurers in Ontario" by J.D. Power*.

About Intact Financial Corporation

Intact Financial Corporation (www.intactfc.com) is the largest provider of property and casualty insurance in Canada with \$7.3 billion in premiums. With over 11,000 employees, the company insures more than five million individuals and businesses through its insurance subsidiaries and is the largest private sector provider of P&C insurance in British Columbia, Alberta, Ontario, Québec and Nova Scotia. The company distributes insurance under the Intact Insurance brand through a wide network of brokers, including its wholly owned subsidiary, BrokerLink, and directly to consumers through belairdirect.

Forward Looking Statements

Certain statements included in this press release, including without limitation, the timing for completion of the proposed acquisition, IFC's financing of the proposed acquisition and management's estimates and expectations in relation to resulting accretion, net operating income per share, annual synergies and MCT, are forward looking statements. The words "will", "expected to" and 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, the terms and conditions of, and regulatory approvals relating to, the proposed acquisition, timing for completion of the proposed acquisition and various other actions to be taken or requirements to be met in connection with the proposed acquisition and the factors discussed in IFC's most recently filed Annual Information Form and annual Management's

Discussion & Analysis. These factors are not intended to represent a complete list of the factors that could affect IFC. These factors should, however, be considered carefully. All of the forward looking statements included in this press release are qualified by these cautionary statements. Although the forward looking statements are based upon what management believes to be reasonable assumptions, IFC cannot assure investors that actual results will be consistent with these forward looking statements and the reader should not place undue reliance on these assumptions and such forward looking statements. IFC 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.

** belairdirect received the highest numerical score among auto insurance providers in Ontario in the proprietary J.D.*

Power 2014 Canadian Auto Insurance Customer Satisfaction StudySM. Study based on 9,910 total responses measuring 18 providers in Ontario and measures consumer satisfaction with auto insurance providers. Proprietary study results are based on experiences and perceptions of consumers surveyed in January-February 2014. Your experiences may vary. Visit jdpower.com.

SOURCE Intact Financial Corporation

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