

Intact Financial Corporation Announces All Regulatory Approvals Obtained for Acquisition of OneBeacon Insurance Group, Ltd.

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- All regulatory approvals have been obtained
- Acquisition of OneBeacon Insurance Group, Ltd. expected to close on or about September 28, 2017
- Subscription receipts to be exchanged for common shares

TORONTO, Sept. 25, 2017 /CNW/ - Intact Financial Corporation (TSX: IFC) today announced that all regulatory approvals required to complete the previously announced proposed acquisition (Acquisition) of OneBeacon Insurance Group, Ltd. (NYSE:OB) (OneBeacon) have been obtained. The Acquisition is expected to close on or about September 28, 2017 (Acquisition closing date). IFC will acquire OneBeacon for US\$18.10 per OneBeacon common share in cash, resulting in an aggregate purchase price of approximately US\$1.7 billion. Upon completion of the Acquisition, OneBeacon will be an indirect wholly-owned subsidiary of IFC and will continue to operate as OneBeacon Insurance Group, Ltd. in the United States.

Information for Holders of Subscription Receipts

IFC expects that, effective the Acquisition closing date, the subscription receipts issued by IFC on May 11, 2017 (Subscription Receipts) to fund a portion of the purchase price for OneBeacon will automatically be exchanged for IFC common shares in accordance with the terms of the subscription receipt agreement.

IFC expects that trading in the Subscription Receipts will be halted on the Toronto Stock Exchange (TSX) prior to market opening on the Acquisition closing date, that the transfer register maintained by the subscription receipt agent will be closed and that the Subscription Receipts will be delisted by the TSX after close of trading on the Acquisition closing date. The common shares to be issued on the exchange of the Subscription Receipts are expected to begin trading on the TSX on the Acquisition closing date.

Holders of Subscription Receipts as of September 15, 2017 will be entitled to receive a dividend equivalent payment on September 29, 2017 of \$0.64 per Subscription Receipt that they held on September 15, 2017.

About Intact Financial Corporation

Intact Financial Corporation (TSX: IFC) is the largest provider of property and casualty (P&C) insurance in Canada with over \$8.0 billion in annual premiums. Supported by over 12,000 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, Nova Scotia and Newfoundland & Labrador. 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](#).

About OneBeacon Insurance Group

OneBeacon Insurance Group, Ltd. is a Bermuda-domiciled holding company that is currently publicly traded on the New York Stock Exchange under the symbol "OB." OneBeacon's underwriting companies offer a range of specialty insurance products sold through independent agencies, regional and national brokers, wholesalers and managing general agencies. Each business is managed by an experienced team of specialty insurance professionals focused on a specific customer group or industry segment, and providing distinct products and tailored coverages and services. OneBeacon's solutions target group accident and health; architects and engineers; commercial surety; entertainment; environmental; excess property; financial institutions; financial services; healthcare; management liability; ocean and inland marine; public entities; technology; and tuition refund. For further information about OneBeacon products and services visit: Onebeacon.com and to remain up to date on OneBeacon news, follow OneBeacon on Twitter [@OneBeaconIns](#) or visit OneBeacon's online newsroom: www.onebeacon.com/newsroom.

Forward Looking Statements

This press release contains forward-looking statements. When used in this press release, 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. This press release contains forward-looking statements with respect to, among other things, statements with respect to the completion of and timing for completion of the transaction.

Forward-looking statements are based on estimates and assumptions made by management based on management's 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 the Company'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 following factors: the timing and completion of the Acquisition, the conversion of the Subscription Receipts and timing of the subsequent distribution of common shares of IFC; the Company's ability to implement its strategy or operate its business as management currently expects; its ability to accurately assess the risks associated with the insurance policies that the Company writes; unfavourable capital market developments or other factors which may affect the Company's investments, floating rate securities and funding obligations under its pension plans; the cyclical nature of the property and casualty insurance industry; management's ability to accurately predict future claims frequency and severity, including in the Ontario personal auto line of business, as well as the evaluation of losses relating to the Fort McMurray wildfires, catastrophe losses caused by severe weather and other weather-related losses; government regulations designed to protect policyholders and creditors rather than investors; litigation and regulatory actions; periodic negative publicity regarding the insurance industry; intense competition; the Company's reliance on brokers and third parties to sell its products to clients and provide services to the Company; the Company's ability to successfully pursue its acquisition strategy; the Company's ability to execute its business strategy; the Company's ability to achieve synergies arising from successful integration plans relating to acquisitions; the terms and conditions of the Acquisition; management's expectations in relation to synergies, future economic and business conditions and other factors outlined herein and in the prospectus supplements filed in respect of the financing of the Acquisition and resulting effect on accretion, equity IRR, net operating income per share, MCT, debt to total capital, combined ratio and the other metrics used in relation to the Acquisition; various other actions to be taken or requirements to be met in connection with the Acquisition and integrating the Company and OneBeacon after completion of the Acquisition; the Company's participation in the Facility Association (a mandatory pooling arrangement among all industry participants) and similar mandated risk-sharing pools; terrorist attacks and ensuing events; the occurrence of catastrophe events, including a major earthquake; the Company's ability to maintain its financial strength and issuer credit ratings; access to debt financing and the Company's ability to compete for large commercial business; the Company's ability to alleviate risk through reinsurance; the Company's ability to successfully manage credit risk (including credit risk related to the financial health of reinsurers); the Company's ability to contain fraud and/or abuse; the Company's reliance on information technology and telecommunications systems and potential failure of or disruption to those systems, including cyber-attack risk; the Company's dependence on and ability to retain key employees; changes in laws or regulations; general economic, financial and political conditions; the Company's dependence on the results of operations of its subsidiaries and the ability of the Company's subsidiaries to pay dividends; the volatility of the stock market and other factors affecting the trading prices of the Company's securities; the Company's ability to hedge exposures to fluctuations in foreign exchange rates; future sales of a substantial number of its common shares; and changes in applicable tax laws, tax treaties or tax regulations or the interpretation or enforcement thereof.

Certain material factors or assumptions are applied in making these forward-looking statements, including completion of the financing of the Acquisition; that the Acquisition will be completed on September 28, 2017; that the anticipated benefits of the Acquisition to IFC will be realized, including the impact on growth and accretion in various financial metrics; that reserves will be strengthened following closing of the Acquisition; that the protection we have purchased against adverse reserve developments will be sufficient; the accuracy of certain cost assumptions, including with respect to employee retention matters; and the amounts that will be recovered from certain obligations and litigation matters.

All of the forward-looking statements included or incorporated by reference in this press release are qualified by these cautionary statements, those made in the "Risk Management" sections of management's discussion and analysis of operating and financial results for the year ended December 31, 2016 and the three and six months ended June 30, 2017 and those that have been made in the prospectus supplements filed in respect of the financing of the Acquisition. These factors are not intended to represent a complete list of the factors that could affect the Company. These factors should, however, be considered carefully. Although the forward-looking statements are based upon what management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. When relying on forward-looking statements to make decisions, investors should ensure the preceding information is carefully considered. Undue reliance should not be placed on forward-looking statements made in this press release. The Company has no intention and undertakes 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.

Non-IFRS Measures

The Company uses both International Financial Reporting Standards (IFRS) and certain non-IFRS measures to assess performance. Non-IFRS measures do not have any standardized meaning prescribed by IFRS and are unlikely to be comparable to any similar measures presented by other companies. See section 23 of Management's Discussion and Analysis for the year ended December 31, 2016 for the definition and reconciliation to the most comparable IFRS measure. Management analyzes performance based on underwriting ratios such as combined, expense, loss and claims ratios, MCT, and debt-to-capital, as well as other non-IFRS financial measures, namely DPW, Underlying current year loss ratio, Underwriting income, NOI, NOIPS, OROE, ROE, AROE, Non-operating results, AEPS, Cash flow available for investment activities, and Market-based yield. Additional information about the Company, including the Annual Information Form, may be found online on SEDAR at www.sedar.com.

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