

Intact Financial Corporation and RSA announce Exit from UK Personal Lines Motor market

- **Agreement with Atlanta Group for MORE THAN direct motor renewals**
- **UK Personal Lines business to continue focusing for performance in Home and Pet**
- **Ongoing technology renewal and simplification to drive efficiency across the platform**
- **UK & International business accelerates its path to deliver a low-90s combined ratio**

TORONTO, March 28, 2023 /CNW/ - Intact Financial Corporation (TSX: IFC) (Intact, IFC or the Company) and its subsidiary RSA, announced today initiatives aimed at improving the strength and sustainability of the UK & International business.

The personal lines motor market in the UK remains extremely competitive and requires significant scale to drive meaningful outperformance. After a thorough review, RSA is exiting the UK personal lines motor market, representing approximately £120 million of annual premium for the company. The exit includes an agreement to introduce MORE THAN direct motor customers to Swinton Insurance, a brand of Atlanta Insurance Intermediaries Limited (Swinton) and part of Ardonagh Retail, upon renewal.

RSA is recognized as a leading provider of personal lines Home and Pet insurance and holds strong positions in these markets. We will continue to optimize our position in Home and Pet by improving segmentation, focusing on growth in the direct business and managing partnerships for value. We also intend to drive cost improvements by leveraging ongoing investments in technology and through further simplification of the business. With these actions, as well as the exit from the UK personal lines motor market, we expect muted top-line growth as we accelerate our path to deliver a low 90s combined ratio for the UK&I.

"When we completed the acquisition of RSA, we were clear that we would take necessary actions to drive sustainable outperformance in UK&I," said Charles Brindamour, Chief Executive Officer, Intact Financial Corporation. "Today's announcement represents a further step in delivering against our strategic roadmap to optimize our footprint around personal lines Home and Pet, and our Commercial and Speciality lines businesses."

"Our primary focus now is on delivering an orderly transition that supports our colleagues and customers," said Ken Norgrove, Chief Executive Officer, RSA UK & International. "We have incredibly talented people working in this business, and we're committed to treating them with fairness and respect."

Financial Impact

- The results of the UK Personal Lines motor portfolio will be reported in Exited lines from Q1 2023 onwards.
- In 2023, we expect the combined ratio of the continuing UK&I business to be in the mid-90s.
- Restructuring costs of approximately £35 million are expected in Q1 2023, mostly related to a one-time write-off of intangibles.
- Proceeds from the agreement with Swinton will be received as policies are renewed and are not expected to be material.
- We expect to release approximately £60 million of capital held against motor-related insurance risk over time as the portfolio runs off.
- All key metrics related to the RSA acquisition remain largely unchanged, including internal rate of return (IRR) above 20% and NOIPS¹ accretion of approximately 20%.

¹ This measure is a non-GAAP ratio, which does not have a standardized meaning prescribed by IFRS and may not be comparable to similar measures used by other companies in our industry. For historical information about these measures, please see Section 36 – Non-GAAP and other financial measures in our Management's Discussion and Analysis for the year ended December 31, 2022 which is available on our web site at www.intactfc.com or on SEDAR at www.sedar.com.

About Intact Financial Corporation

Intact Financial Corporation (TSX: IFC) is the largest provider of property and casualty (P&C) insurance in Canada, a leading provider of global specialty insurance, and, with RSA, a leader in the U.K. and Ireland. Our business has grown organically and through acquisitions to over \$21 billion of total annual premiums.

In Canada, Intact 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. Intact also provides affinity insurance solutions through the Johnson Affinity Groups.

In the US, Intact Insurance Specialty Solutions provides a range of specialty insurance products and services through independent agencies, regional and national brokers, and wholesalers and managing general agencies.

In the U.K., Ireland, and Europe, Intact provides personal, commercial and specialty insurance solutions through the RSA brands.

Forward-Looking Statements

Certain statements made in this press release are forward-looking statements. These statements include, without limitation: statements relating to the anticipated benefits and other impacts of the transaction, the sources of funding for the upfront contribution, and the anticipated effect on OROE, BVPS, NOIPS, debt-to-total capital ratio, IRR and pre-tax annual run-rate synergies. All such forward-looking statements are made pursuant to the 'safe harbour' provisions of applicable Canadian securities laws.

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. In the case of estimated claims and losses, due to the preliminary nature of the information available to prepare estimates, future estimates and the actual amount and categorization of claims and losses associated with events described above may be materially different from current estimates.

All of the forward-looking statements included in this press release are qualified by these cautionary statements and those made in the "Risk Management" sections of our 2022 Management's Discussion and Analysis (Sections 30-34), in Notes 10 and 13 of our Consolidated Financial Statements for the year ended December 31, 2022 and in our Annual Information Form dated February 7, 2023, all of which are available on our web site at www.intactfc.com or on SEDAR at www.sedar.com. The buy-in transaction is also subject to certain risks including that the benefits of the transaction may fail to materialize as anticipated. This may adversely impact the financial performance of Intact. 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.

SOURCE Intact Financial Corporation

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