TORONTO (TSX:IFC) – November 2, 2016

PRESS RELEASE
Intact Financial Corporation reports Q3-2016 Results

Highlights Q3-2016

- **Net operating income per share of $1.01** despite $0.93 of catastrophe losses from severe weather
- **Solid premium growth of 5%** due to growth initiatives and improved market conditions
- **Combined ratio of 97.0%,** as solid underlying performance was more than offset by 8.1 points of catastrophe losses
- **Operating ROE** of 13.4% and a **10% increase in book value per share** over the last twelve months

Charles Brindamour, Chief Executive Officer, said:

"Our business once again demonstrated its resilience despite higher than expected catastrophe losses from severe weather. We continue to adapt the protection we offer customers to reflect this new climate reality and to support those affected as they recover from the recent storms. Our commercial lines performed very well, thanks to our profitability plans. We are accelerating actions to address cost inflation in personal auto, while our personal property performance remains strong. Our solid growth and financial performance since the beginning of the year reflect our ongoing investment in growth, supported by a strong strategic plan."

Consolidated Highlights

(in millions of dollars except as otherwise noted)	Q3-2016	Q3-2015	Change	YTD 2016	YTD 2015	Change
Direct Premiums Written[1]	**2,193**	2,095	5%	**6,332**	6,014	5%
Underwriting income[1]	**61**	131	(70)	**222**	407	(185)
Combined ratio	**97.0%**	93.2%	3.8 pts	**96.2%**	92.7%	3.5 pts
Net investment income	**102**	105	(3)	**310**	314	(4)
Net distribution income	**30**	28	2	**87**	82	5
Net operating income[1]	**137**	199	(62)	**448**	595	(147)
Net income	**125**	131	(6)	**370**	508	(138)
Earnings per share (in dollars)	**0.91**	0.95	(4)%	**2.70**	3.74	(28)%
Net operating income per share (in dollars)[1]	**1.01**	1.47	(31)%	**3.30**	4.40	(25)%
Operating ROE for the last 12 months[1]	**13.4%**	16.9%	(3.5) pts			
Book value per share (in dollars)	**41.47**	37.84	10%			
Total excess capital	**881**	389	492			
MCT	**215%**	195%	20.0 pts			
Debt-to-capital ratio	**19.0%**	17.3%	1.7 pts			

(1) This is a non-IFRS financial measure, which does not have a standardized meaning prescribed by IFRS and may not be comparable to similar measures used by other companies in the Company's industry. Please refer to Section 14 – *Non-IFRS financial measures* in the Management's Discussion and Analysis for further details.

Industry Outlook

- The Company expects that industry premiums will grow at a low to mid single-digit rate. In **personal auto**, the Company expects claims cost inflation will lead to rate increases in all markets. In **personal property**, the Company expects the current firm market conditions to continue, as companies are adjusting to changing weather patterns. While **commercial lines** remain competitive, the Company believes that continued low interest rates and elevated loss ratios of the past years support firm market conditions.
- Overall, the **industry's ROE** is expected to improve but remain slightly below its long-term average of 10% over the next twelve months.

Dividend

- The Board of Directors approved a quarterly dividend of $0.58 per share on the Company's outstanding common shares. The Board also approved a quarterly dividend of 26.25 cents per share on the Company's Class A Series 1 preferred shares, 20.825 cents per share on the Class A Series 3 preferred shares, and 19.93325 cents per share on the Class A Series 4 preferred shares. The dividends are payable on December 30, 2016 to shareholders of record on December 15, 2016.

Normal Course Issuer Bid

- As at September 30, 2016, the Company had repurchased and cancelled 422,200 common shares for approximately $37 million under its normal course issuer bid ("NCIB"). The NCIB allows for the purchase, for cancellation, of up to 6,577,156 common shares until February 11, 2017, representing approximately 5% of the Company's issued and outstanding common shares as at February 1, 2016.

Underwriting	• **Solid premium growth** of 5% was driven by personal lines and commercial auto, as customers responded positively to new product offerings, improved digital experiences, distribution and branding initiatives. In commercial P&C, growth was impacted by our profitability actions and difficult conditions in Western Canada. For the first nine months of 2016, the Company delivered solid premium growth of 5%. • **Underwriting income** was $61 million, despite absorbing $166 million in catastrophe losses. This result was driven by strong performance in commercial lines following the Company's profitability initiatives. For the first nine months of 2016, the Company generated $222 million of underwriting income as improved underlying underwriting results were outweighed by elevated catastrophe losses due to the Fort McMurray event and severe weather. • Overall, the Company delivered a **combined ratio** of 97.0%, as solid underlying performance was more than offset by 8.1 points of catastrophe losses. Similar factors drove a combined ratio of 96.2% for the first nine months of 2016, which included 6.2 points of catastrophe losses.
Line of Business **Q3 2016**	• **Personal auto** premiums grew 5% on the Company's growth initiatives, including telematics, distribution, branding and improved digital experiences. The combined ratio of 104.3% was impacted by 6.2 points of catastrophe losses, 2.3 points of non-catastrophe weather losses, low favourable prior year claims development and cost inflation. This resulted in an underwriting loss of $41 million compared to income of $51 million last year. The Company is accelerating its initiatives to improve results through rate action and tighter underwriting rules. • **Personal property** premiums grew 8%, as growth initiatives were supported by favourable market conditions. The combined ratio was 99.7%, as strong underlying underwriting results were offset by 18.8 points of catastrophe losses, significantly higher than the catastrophe losses last year. This resulted in underwriting income of $2 million compared to $11 million last year. • **Commercial P&C** premium growth was flat, as rate increases were offset by competitive markets and difficult conditions in Western Canada. The combined ratio was very strong at 81.3%, due to profitability actions and lower catastrophe losses. This resulted in underwriting income of $79 million compared to $64 million last year. • **Commercial auto** premiums grew 7% on the introduction of innovative products for the sharing economy. The combined ratio improved substantially to 88.6%, driven by ongoing profitability actions, favourable prior year claims development and lower large losses. This resulted in underwriting income of $21 million compared to $5 million last year.
Investments	• **Net investment income** of $102 million was $3 million lower than last year as the low rate environment continued to contribute to a mild reduction in income as expected. Net investment gains of $17 million were driven by a rebound in equity markets. For the first nine months of 2016, the Company delivered net investment income of $310 million, $4 million lower than last year. Net investment gains of $25 million were driven by higher equity and bond prices.
Distribution	• **Net distribution income** of $30 million was $2 million higher than last year due to growth in our broker network and improved profitability. Similar factors drove an increase of $5 million in net distribution income to $87 million on a year-to-date basis.
Net Income	• **Net operating income** of $137 million, or $1.01 per share, was impacted by catastrophe losses from severe weather. For the first nine months of 2016, net operating income was $448 million. • **Earnings per share** of $0.91 were lower by 4%, as the impact of higher catastrophe losses was largely offset by net investment gains, compared to net investment losses in the third quarter last year. For the first nine months of 2016, earnings per share were $2.70.
Balance Sheet	• The Company ended the quarter in a very strong financial position, with an **estimated MCT of 215% and $881 million in total excess capital**. The Company's book value per share was $41.47, an increase of 10% from a year ago. • The Company's **debt-to-capital ratio was 19.0%** at September 30, 2016, close to the Company's target level of 20%. • The **operating ROE** for the last 12 months remains healthy at 13.4%.

Analysts' Estimates

- The average estimate of **earnings per share** and **net operating income per share** for the quarter among the analysts who follow the Company was $1.02 and $1.05, respectively.

Management's Discussion and Analysis (MD&A) and Consolidated Financial Statements

This Press Release, which was approved by the Company's Board of Directors on the Audit Committee's recommendation, should be read in conjunction with the Q3-2016 MD&A as well as the Q3-2016 Consolidated Financial Statements, which are available on the Company's website at www.intactfc.com and later today on SEDAR at www.sedar.com.

For the definitions of measures and other insurance-related terms used in this Press Release, please refer to the MD&A and to the glossary available in the "Investor Relations" section of the Company's web site at www.intactfc.com

Conference Call

Intact Financial Corporation will host a conference call to review its earnings results later today at 11:00 a.m. ET. To listen to the call via live audio webcast and to view the Company's Financial Statements, MD&A, presentation slides, the Supplementary financial information and other information not included in this press release, visit the Company's website at www.intactfc.com and link to "Investor Relations".

The conference call is also available by dialing (647) 427-7450 or 1 (888) 231-8191 (toll-free in North America). Please call 10 minutes before the start of the call. A replay of the call will be available later today at 2:00 p.m. ET until midnight on November 9. To listen to the replay, call 1 (855) 859-2056 passcode 95212325. A transcript of the call will also be available on Intact Financial Corporation's website.

About Intact Financial Corporation

Intact Financial Corporation (TSX: IFC) is the largest provider of property and casualty insurance in Canada with $8.0 billion in 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.

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Forward-Looking Statements

Certain statements made in this news release are forward-looking statements. These statements include, without limitation, statements relating to the evaluation of losses relating to the Fort McMurray wildfires as well as catastrophe losses caused by severe weather, the outlook for the property and casualty insurance industry in Canada, the Company's business outlook and the Company's growth prospects. All such forward-looking statements are made pursuant to the 'safe harbour' provisions of applicable Canadian securities laws.

Forward-looking statements, by their very nature, are subject to inherent risks and uncertainties and are based on several assumptions, both general and specific, which give rise to the possibility that actual results or events could differ materially from our expectations expressed in or implied by such forward-looking statements as a result of various factors, including those discussed in the Company's most recently filed Annual Information Form and annual MD&A. As a result, we cannot guarantee that any forward-looking statement will materialize and we caution you against relying on any of these forward-looking statements. Except as may be required by Canadian securities laws, we do not undertake any obligation to update or revise any forward-looking statements contained in this news release, whether as a result of new information, future events or otherwise. Please read the cautionary note at the beginning of the MD&A.