



Make it Intact

INTACT FINANCIAL CORPORATION
ANNUAL INFORMATION FORM 2021
February 8, 2022



A photograph of a man and a woman smiling and looking at a laptop screen. The man is in the foreground, wearing a pink shirt, and the woman is behind him, wearing a yellow sweater and glasses. The image is partially covered by a teal overlay.

Our Purpose and Core Belief

We are here to help people, businesses and society
prosper in good times and be resilient in bad times.

People are at the heart of our organization – and of our success.

How we do things is just as important as what we achieve. We are a purpose-driven company based on values and a belief that insurance is about people, not things.

Our Values Guide Us



Integrity

Be honest, open and fair
Set high standards
Stand up for what is right



Respect

Be kind
See diversity as a strength
Be inclusive and collaborate



Customer-driven

Listen to our customers
Make it easy, find solutions
Deliver second-to-none experiences



Excellence

Act with discipline and drive to outperform
Embrace change, improve every day
Celebrate success, yet remain humble



Generosity

Help others
Protect the environment
Make our communities more resilient

What we aim to achieve

Our customers are our **ADVOCATES**

3 out of 4 customers are our advocates

4 out of 5 brokers value our specialized expertise

Our people are **ENGAGED**

We are a **best employer**

Our employees and leaders are **representative of the communities we serve**

Our company is one of the **MOST RESPECTED**

3 out of 4 stakeholders recognize us as leaders in building resilient communities

Achieve **Net Zero by 2050**, and halve our operations emissions by 2030

Exceed industry **ROE by 5pts**

Grow NOIPS **10% yearly over time**

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and list of information incorporated by reference

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Cautionary Note Regarding Forward-Looking Statements

Certain of the statements included or incorporated by reference in this AIF about the Company'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. Unless otherwise indicated, all forward-looking statements directly included in this AIF are made as at February 8, 2022, and all forward-looking statements incorporated by reference are made as at February 8, 2022 and are subject to change after these dates. This AIF also contains forward-looking statements with respect to the acquisition (the "RSA Acquisition") and integration of RSA Insurance Group plc. ("RSA") and the sale (the "Sale") of Codan Forsikring A/S's Danish business ("Codan DK") to Alm. Brand A/S group ("Alm.Brand"), the separation and transfer of the businesses in Sweden and Norway from Codan DK (the "Separation"), the receipt of all requisite approvals or clearances of the Separation and the Sale in a timely manner and on terms acceptable to the Company, the realization of the expected strategic, financial and other benefits of the Sale and with respect to the impact of COVID-19 and related economic conditions on the Company's operations and financial performance.

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. In addition to other estimates and assumptions which may be identified herein, estimates and assumptions have been made regarding, among other things, the realization of the expected strategic, financial and other benefits of the RSA Acquisition, the Separation and the Sale, and economic and political environments and industry conditions. However, the completion of the Sale is subject to customary closing conditions, termination rights and other risks and uncertainties, including, without limitation, the Separation, regulatory approvals and clearances, and there can be no assurance that the Sale will be completed in a timely manner, or at all. There can also be no assurance that the strategic and financial benefits expected to result from the RSA Acquisition, the Separation or the Sale will be realized. 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:

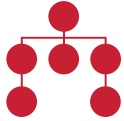
- expected regulatory processes and outcomes in connection with its business;
- government regulations designed to protect policyholders and creditors rather than investors;
- the occurrence and frequency of catastrophe events, including a major earthquake;
- catastrophe losses caused by severe weather and other weather-related losses, as well as the impact of climate change;
- intense competition and disruption;
- unfavourable capital market developments or other factors, including the impact of the COVID-19 pandemic and related economic conditions, which may affect the Company's investments, floating rate securities and funding obligations under its pension plans;
- 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;
- the Company's ability to otherwise complete the integration of the business acquired within anticipated time periods and at expected cost levels, as well as its ability to operate in new jurisdictions relating to the RSA Acquisition;
- the Company's ability to achieve synergies arising from successful integration plans relating to acquisitions;
- the Company's reliance on information technology and telecommunications systems and potential failure of or disruption to those systems, including in the context of the impact on the ability of our workforce to perform necessary business functions remotely, as well as in the context of evolving cybersecurity risk;
- the impact of developments in technology and use of data on the Company's products and distribution;
- the Company's ability to contain fraud and/or abuse;
- periodic negative publicity regarding the insurance industry;
- the Company's reliance on brokers and third parties to sell its products to clients and provide services to the Company and the impact of COVID-19 and related economic conditions on such brokers and third parties;
- the occurrence of and response to public health crises including epidemics, pandemics or outbreaks of new infectious diseases, including, most recently, the COVID-19 pandemic and ensuing events;
- the volatility of the stock market and other factors affecting the trading prices of the Company's securities, including in the context of the COVID-19 crisis;
- litigation and regulatory actions, including with respect to the COVID-19 pandemic;
- changes in laws or regulations, including those adopted in response to COVID-19 that would, for example, require insurers to cover business interruption claims irrespective of terms after policies have been issued, and could result in an unexpected increase in the number of claims and have a material adverse impact on the Company's results;
- COVID-19 related coverage issues and claims, including certain class actions and related defence costs, could negatively impact our claims reserves;
- terrorist attacks and ensuing events;

- the Company's ability to maintain its financial strength and issuer credit ratings;
- the Company's access to debt and equity financing;
- 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 dependence on and ability to retain key employees;
- the cyclical nature of the P&C insurance industry;
- management's ability to accurately predict future claims frequency and severity;
- the Company's ability to successfully pursue its acquisition strategy;
- the Company's ability to execute its business strategy;
- management's estimates and expectations in relation to future economic and business conditions and other factors in relation to the Separation, the Sale and resulting impact on growth and accretion in various financial metrics;
- unfavourable capital markets developments or other factors that may adversely affect Alm.Brand's ability to complete the Sale;
- the Company's ability to improve its combined ratio, retain existing and attract new business, attract and retain key employees with the in-depth knowledge and necessary skills, maintain market position arising from successful integration plans relating to the RSA Acquisition, as well as management's estimates and expectations in relation to future economic and business conditions and other factors in relation to the RSA Acquisition and resulting impact on growth and accretion in various financial metrics;
- the Company's participation in the Facility Association (a mandatory pooling arrangement among all industry participants) and similar mandated risk-sharing pools;
- 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 Company's ability to hedge exposures to fluctuations in foreign exchange rates;
- the Company's ability to meet its net zero carbon emission targets;
- 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.

All of the forward-looking statements included or incorporated by reference in this AIF are qualified by these cautionary statements and those made in the section entitled *Risk Management* on pages 72 to 97 of our 2021 MD&A, in Notes 10 and 13 on pages 37 to 44 and 48 to 50 of our 2021 Consolidated Financial Statements and those made in our other filings with the securities commissions or similar authorities in Canada that are incorporated by reference in this AIF, as well as the risk factors described on [page 15](#) of this AIF. 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 herein or in the documents incorporated herein by reference. The Company 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.



- Unless otherwise specified, this AIF presents information as at December 31, 2021 and all amounts are in Canadian dollars.
- Capitalized terms used in this AIF are defined in the glossary provided on [page 35](#) of this AIF.



Corporate Structure

Name, Address and Incorporation

Intact Financial Corporation is a holding company incorporated under the *Canada Business Corporations Act* and is designated as an IAIG by OSFI.

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 U.S., 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.

Outside of North America, the company provides personal, commercial and specialty insurance solutions across the UK, Ireland, Europe and the Middle East through the RSA brands.

Our registered and principal business office is located at 700 University Avenue, Suite 1500-A (Legal), Toronto, Ontario M5G 0A1.

Intercompany Relationships

Information about the intercompany relationships among the Company and its principal subsidiaries as at February 8, 2022 is provided in Schedule A to this AIF.



General Development of the Business

Our business was founded in 1809, with the formation of The Halifax Fire Insurance Association, which later became our first predecessor company: The Halifax Insurance Company, incorporated in 1819. A proven industry consolidator, the Company has a track record of 18 successful P&C acquisitions since 1988, including the RSA Acquisition.

The Company is the largest provider of P&C insurance in Canada, a leading specialty lines insurer with international expertise, and a leader in personal and commercial lines in the UK and Ireland. The Company has a global team of more than 26,000 employees across Canada, the U.S., the UK, Ireland, Europe and the Middle East.

Three-Year History

On August 6, 2019, the Company announced that it had entered into an agreement to acquire On Side Developments, Ltd., the parent company of On Side Restoration, a national restoration firm. The Company completed the acquisition of On Side on October 1, 2019 and obtained 100% ownership on December 2, 2020.

On August 15, 2019, the Company announced that it had entered into a definitive agreement pursuant to which it had agreed to acquire The Guarantee, a specialty lines insurer in Canada and the U.S., and Intact Public Entities (previously Frank Cowan Company Limited), an MGA focused on specialty insurance, for an aggregate consideration of \$1 billion. The acquisition was completed on December 2, 2019, and a material change report describing the acquisition was filed on August 19, 2019.

On August 19, 2019, the Company filed a supplement to its short form base shelf prospectus dated November 15, 2017, pursuant to which the Company offered 3,829,500 subscription receipts (including the exercised over-allotment option) (the “2019 Subscription Receipts”) at a price of \$120.45 per subscription receipt (the “2019 Receipt Offering”) for gross proceeds to the Company of \$461 million. The 2019 Receipt Offering closed on August 26, 2019. Each 2019 Subscription Receipt entitled the holder to receive, upon closing of the acquisition of The Guarantee and Intact Public Entities, one Common Share of the Company plus an amount equal to the dividend paid on the Common Shares by the Company on September 30, 2019. Upon closing of the acquisition, the 2019 Subscription Receipts were automatically exchanged in accordance with their terms on a one-for-one basis for Common Shares. The material change report as well as the prospectus supplement filed on August 19, 2019 contain a detailed description of the terms of the 2019 Subscription Receipts and the 2019 Receipt Offering.

On September 3, 2019, the Company repaid at maturity the \$250 million principal amount of its Series 1 Notes.

On February 18, 2020, the Company announced the closing of its bought deal offering of 6,000,000 Series 9 Preferred Shares for aggregate gross proceeds of \$150 million, pursuant to a prospectus supplement filed on February 10, 2020.

On March 24, 2020, the Company completed an offering of \$300 million principal amount of Series 8 Notes pursuant to its medium-term note program and to a pricing supplement filed on March 23, 2020.

On November 12, 2020, the Company announced a private placement of subscription receipts, pursuant to which subsidiaries of the Caisse de dépôt et placement du Québec (“CDPQ”), Canada Pension Plan Investment Board (“CPPIB”) and the Ontario Teachers’ Pension Plan (“OTPP”) subscribed for 11,152,417, 8,921,934 and 3,717,473 subscription receipts, respectively (together, the “2020 Cornerstones Subscription Receipts”), at a price of \$134.50 per subscription receipt (the “2020 Cornerstones Subscription Receipt Private Placement”) for total gross proceeds to the Company of \$3,200,000,328. The 2020 Cornerstones Subscription Receipt Private Placement closed on November 25, 2020. Each subscription receipt entitles the holder to receive, upon closing of the RSA Acquisition, one Common Share of the Company.

On November 12, 2020, the Company announced a private placement of subscription receipts, pursuant to which a syndicate of underwriters subscribed for 9,272,000 subscription receipts at a price of \$134.50 per subscription receipt (the “2020 Underwriters Subscription Receipt Private Placement”) for gross proceeds to the Company of \$1,247,084,000. The 2020 Underwriters Subscription Receipt Private Placement closed on December 3, 2020. Each subscription receipt entitles the holder to receive, upon closing of the RSA Acquisition, one Common Share of the Company.

On November 18, 2020, the Company announced that the boards of Bidco, a wholly-owned subsidiary of the Company, Tryg and RSA had reached agreement on the terms of a recommended cash offer to be made by Bidco for the entire issued and to be issued share capital of RSA, and the associated separation of RSA’s Scandinavian business following closing of the RSA Acquisition. Intact would retain RSA’s Canadian, UK and international operations, Tryg would retain RSA’s Swedish and Norwegian businesses, and Intact and Tryg would co-own RSA’s Danish business on a 50/50 economic basis. RSA shareholders would be entitled to receive 685 pence per share as well as the originally announced dividend of 8 pence per RSA share, constituting an aggregate consideration of approximately \$12.3 billion.

On December 16, 2020, the Company completed the private placement of \$300 million principal amount of Series 9 Notes bearing interest at a fixed annual rate of 1.928% until maturity on December 16, 2030. The Series 9 Notes were offered on a best efforts basis through a syndicate co-led by CIBC World Markets Inc., TD Securities Inc. and National Bank Financial Inc. The Series 9 Notes are direct unsecured obligations of Intact and rank equally with all other unsecured and unsubordinated indebtedness of the Company.

On December 16, 2020, the Company completed the private placement of \$300 million principal amount of Series 10 Notes bearing interest at a fixed annual rate of 2.954% until maturity on December 16, 2050. The Series 10 Notes were offered on a best efforts basis through a syndicate co-led by CIBC World Markets Inc., TD Securities Inc. and National Bank Financial Inc. The Series 10 Notes are direct unsecured obligations of Intact and rank equally with all other unsecured and unsubordinated indebtedness of the Company.

On March 31, 2021, the Company completed the private placement of \$250 million principal amount of Hybrid Series 1 Notes bearing interest at a fixed annual rate of 4.125% until March 31, 2026, and the interest rate will reset on that date and on every fifth anniversary of such date until maturity on March 31, 2081 at a fixed interest rate per annum equal to the Government of Canada Yield on the business day prior to such interest reset day plus 3.196%. The Hybrid Series 1 Notes were offered on an underwritten basis through a syndicate co-led by CIBC Capital Markets Inc., National Bank Financial Markets Inc. and TD Securities Inc. The Hybrid Series 1 Notes will be direct unsecured obligations of the Company and will be subordinated to all senior indebtedness of the Company and effectively subordinated to all indebtedness and obligations of its subsidiaries.

On May 18, 2021, the Company completed the private placement of \$375 million principal amount of Series 11 Notes bearing interest at a fixed annual rate of 1.207% until maturity on May 21, 2024. The Series 11 Notes were offered on a best efforts basis through a syndicate co-led by CIBC World Markets Inc., TD Securities Inc. and BMO Nesbitt Burns Inc. The Series 11 Notes are direct unsecured obligations of Intact and rank equally with all other unsecured and unsubordinated indebtedness of the Company.

On May 18, 2021, the Company completed the private placement of \$375 million principal amount of Series 12 Notes bearing interest at a fixed annual rate of 2.179% until maturity on May 18, 2028. The Series 12 Notes were offered on a best efforts basis through a syndicate co-led by CIBC World Markets Inc., TD Securities Inc. and BMO Nesbitt Burns Inc. The Series 12 Notes are direct unsecured obligations of Intact and rank equally with all other unsecured and unsubordinated indebtedness of the Company.

On May 18, 2021, the Company completed the private placement of \$250 million principal amount of Series 13 Notes bearing interest at a fixed annual rate of 3.765% until maturity on May 20, 2053. The Series 13 Notes were offered on a best efforts basis through a syndicate co-led by CIBC World Markets Inc., TD Securities Inc. and BMO Nesbitt Burns Inc. The Series 13 Notes are direct unsecured obligations of Intact and rank equally with all other unsecured and unsubordinated indebtedness of the Company.

On June 1, 2021, the Company, together with the Scandinavian P&C leader Tryg, completed the acquisition of RSA. Pursuant to the RSA Acquisition, Intact retained RSA's Canadian, UK and international entities, Tryg retained RSA's Swedish and Norwegian businesses, and Scandi JV Co 2 A/S, which is co-owned by Intact and Tryg, owned RSA's Danish business.

On June 11, 2021, the Company announced that Scandi JV Co 2 A/S had entered into a definitive agreement to sell RSA's Danish business to Alm.Brand for a total cash consideration of approximately DKK 12.6 billion (approximately \$2.52 billion). Intact will receive 50% of the proceeds, being approximately DKK 6.3 billion (approximately \$1.26 billion), from the sale pursuant to the agreement with Tryg. The transaction is expected to close in the first half of 2022.

On June 17, 2021, the Company repaid prior to maturity the \$300 million principal amount of its Series 4 Notes.

On September 20, 2021, the Company proceeded with the partial redemption of RSA's £400 million Tier 2 subordinated notes. £240 million Tier 2 subordinated notes were redeemed at a purchase price of 114.531% for a total redemption amount of approximately £275 million (\$469 million). The Tier 2 partial redemption was funded using the credit facility prior to the launch of the Company's commercial paper program.

On October 7, 2021, the Company launched a Canadian commercial paper program, whereby it may issue short-term promissory notes ("Commercial Paper") up to an aggregate principal amount of \$500 million. This program, which is backed by the credit facility, represents an effective short-term funding vehicle that is expected to be partially repaid following the receipt of the proceeds from the sale of the Denmark operations, in Q2-2022. As of December 31, 2021 we had \$439 million outstanding, with weighted average maturity of 78 days and weighted average annual rate of 0.28%.

On February 8, 2022, following the Board of Directors authorization, the Company announced its intention to proceed with a normal course issuer bid ("NCIB") to purchase, for cancellation, up to 5,828,458 common shares during the next 12 months, representing approximately 3% of the Company's issued and outstanding shares.

All prospectus supplements, pricing supplements and material change reports mentioned above are available on the Company's profile on SEDAR (www.sedar.com).

Reorganizations

On December 2, 2019, 11572857 Canada Inc., the holding company containing the assets acquired as part of the acquisition of The Guarantee and Intact Public Entities, was wound up into 11554280 Canada Inc. (“AcquisitionCo”), the acquisition vehicle created by the Company for the purpose of the acquisition. Subsequently, Intact Public Entities was transferred from AcquisitionCo to 866295 Alberta Ltd.

On January 1, 2020, The Guarantee amalgamated with AcquisitionCo, with The Guarantee as the resulting insurance company. The Guarantee subsequently transferred its U.S. operations under our U.S. insurance group structure. Finally, The Guarantee became a subsidiary of Intact Insurance Company through a sale and purchase agreement between Intact Insurance Company and 8658471 Canada Inc.

On April 1, 2021, The Guarantee amalgamated with Intact Insurance Company, with Intact Insurance Company as the resulting insurance company.

On June 1, 2021, Roins Holding Limited, the holding company of the Canadian assets acquired as part of the acquisition of RSA was transferred from Regent Bidco Limited to the Company and subsequently transferred to 12747031 Canada Inc (“RSA Holdco”).



Description of our Business

Canada, UK&I and US Business Segments

Descriptions of our Canada, UK&I and U.S. segments, as well as Group Reinsurance, Corporate and Other activities and related information are provided in the section entitled *Segments and lines of business* on pages 6 and 12 to 25 of our 2021 MD&A, which sections are incorporated herein by reference.

Distribution Methods

We are evolving our products and services to ensure that we continue to meet customers' changing needs and maximize growth while serving the needs of a broader customer demographic. By leveraging technology, we have made it easier for customers to connect with us in the way they prefer, be it online, over the phone or in person through a broker.

We distribute and market our products in our Canada, UK&I and U.S. segments through the distribution channels described on pages 12 to 25 of our 2021 MD&A, which sections are incorporated herein by reference.

Pricing and Underwriting

We believe that pricing and underwriting are inextricably linked. The sophistication of pricing segmentation has a direct influence on the quality of risks that we will assume. Similarly, the sophistication of the risk selection process has a direct impact on the experience that is reflected in our pricing and hence on our ability to segment and be competitive.

Our artificial intelligence and machine learning expertise combined with our data advantage allows us to create sophisticated algorithms and then choose and price risk more accurately.

Product pricing is generally developed to provide for expected claims frequency and severity in the period when the rates will be in effect, it also takes into account the expenses associated with writing business as well as claims administration and settlement expenses. In the personal business lines, it also takes into account the costs of distribution channels through which the business is written.

We have a disciplined approach to underwriting and risk management in all our lines of business. In personal lines, the process is highly automated in order to enable brokers, underwriters and agents to apply our underwriting guidelines as consistently as possible. In commercial and specialty insurance, we put an emphasis on risk quality and profitability as adequate pricing and risk selection are critical components to achieve profitability.

Furthermore, to achieve better profitability, over the years, we have implemented several actions to manage the potential impact of changing weather patterns including improved risk selection, pricing, product changes, supply chain enhancements and a greater emphasis and investment on prevention.

Claims Management

Our claims management objective is to provide a claims experience that is second to none, while controlling claims administration costs and reducing the incidence of fraud. We believe that this can best be achieved by having our internal claims staff, who are trained to apply our claims management practices, handle the majority of our claims.

We are also insourcing part of our claim supply chain process to differentiate ourselves from a cost perspective and customer experience. With the acquisition of On Side, we have now vertically integrated an important supply chain vendor in Canada. We established innovative service centres in major Canadian cities to provide an unmatched customer experience in auto repair. We have also deployed digital tools to accelerate claims settlement and enhance communication with our customers. The majority of liability defense cases is also handled in house by our internal claims legal team on behalf of our insureds, which reduced defense costs and improved outcomes for our clients.

The key elements of our management process are our numerous technical training programs and our interim and closed files review process. We have designed systems and processes that ensure ongoing monitoring, measurement and control of all aspects of the claims resolution process from the time we receive the notice of loss to the final claim settlement. The magnitudes of claims that our adjusters are qualified to process – commensurate with the adjusters’ respective level of experience. These authority limits are reviewed on a regular basis and adjusted if warranted. This ensures that resources with the appropriate level of expertise it appointed to handle claims involving complex issues.

Our claims departments throughout our business segments establish and, where necessary, adjust reserves for claims in partnership with our actuaries, maintain a paperless claim file system and use an online claims system to record reserves, payments and adjuster activity. The system also helps claim handlers identify recovery potential, estimate property damage, evaluate claims and identify fraud. The claims and reserves are reviewed by our internal and external auditors and our finance departments, with the support of internal and external legal advice, where appropriate. If these claims are derived from insurance policies that are covered by reinsurance treaties, the risk to us is limited to the net retention of the insurance risks and the credit rating of the reinsurer.

Furthermore, our digital tools allowed clients to file their claim online, track the progress of their claim, upload documents and pictures of their damage and get electronic payments. These tools accelerate the claims process, and we are applying the same level of internal controls to this process.

All these measures provide an opportunity for simpler, faster and superior experience for the customer. It also results in operational efficiencies such as consistent application of our claims policies and procedures, lower aggregate claims costs and related claims administration costs.

Innovation

We are focused on being at the forefront of digital innovation and technological change as it applies to the P&C insurance industry, on continuing to address customer needs and improving our customer experience. Information on the progress of our activities regarding innovation is available in the section entitled *Progress on our strategic roadmap* on pages 44 and 45 of our 2021 MD&A, which section is incorporated herein by reference.

We continue to develop innovative products to better serve the needs of our customers. We also continue to use our venture vehicle to invest in new technology and adjacent businesses to better understand the market environment and allow the Company to better position itself as things evolve and insurance needs change.

Risk-Sharing Industry Pools

Information on risk-sharing industry pools in which our Canadian, UK&I and U.S. insurance subsidiaries are required to participate can be found in section 11.6 of Note 11 on page 47 of our 2021 Consolidated Financial Statements, which section is incorporated herein by reference.

Regulatory Matters

Information on the regulatory capital requirements for our insurance subsidiaries can be found in the section entitled *Capital management* on pages 62 to 70 of our 2021 MD&A and in Note 23 on pages 66 and 67 of our 2021 Consolidated Financial Statements, which section and Note are incorporated herein by reference. See also the section entitled *Governmental and/or regulatory intervention* on pages 86 and 87 of our 2021 MD&A for a description of strategic risk with respect to regulatory matters, which section is incorporated herein by reference.

Our insurance subsidiaries are subject to regulation and supervision by the insurance regulatory authorities of the jurisdictions in which they are incorporated and licensed to conduct business. Such regulation and supervision are designed to protect policyholders and creditors rather than investors, and relate to various matters, including rate setting, risk-based capital and solvency standards, restrictions on types of invested assets, the maintenance of adequate reserves for unearned premiums and unpaid claims, the examination of insurance companies by regulatory authorities (including periodic financial and market conduct examinations), consumer protection, conduct of business, the filing of annual and other reports and returns, the licensing of insurers, agents and brokers, limitations on transactions with affiliates, restrictions on shareholder dividends and capital transactions, restrictions on ownership and regulation of the form of insurance contracts and the sale and marketing of insurance products. We believe that our insurance subsidiaries are in material compliance with all applicable regulatory requirements.

Competitive Conditions

Information regarding our lines of business is provided in the sections entitled *P&C insurance industry outlook* and *Insurance industry at a glance*, respectively, on pages 30 to 36 of our 2021 MD&A, which sections are incorporated herein by reference. See also the section entitled *Building sustainable competitive advantages* on page 7 of our 2021 MD&A, which section is incorporated herein by reference, for a description of our advantages enabling us to be a leading P&C insurer.

All our lines of business are highly competitive, and we believe that they will remain so for the foreseeable future. In each business line, the market is highly fragmented and there are typically numerous industry participants competing.

In Canada, our competitors include both foreign and domestic insurers as well as large national insurers, government automobile insurers, smaller local insurers, and mutual and co-operative insurers.

In the UK our competitors are large national and international, monoline and specialist niche insurers in personal lines, and multi-national composite insurers, domestic mutuals and specialty insurers in commercial lines.

In the U.S., we are competing with most of the large multi-line insurance companies, specialty companies, various local and regional insurers, and new companies formed to enter the insurance markets.

In Canada, as well as in the U.S., the regional competitive landscape varies slightly from the national picture, whereas in the UK&I, the competitive landscape varies depending on the types of risks. New actors continue to enter the market, including firms using technology as a disruptive force.

A discussion of the risk we face with respect to increased competition and disruption can be found in the section entitled *Increased competition and disruption* on page 82 of our 2021 MD&A, which section is incorporated herein by reference.

Cycles and Seasonality

Information on the seasonality of our business can be found in the section entitled *Seasonality of our P&C insurance business* on page 42 of our 2021 MD&A, which section is incorporated herein by reference.

The P&C insurance business is seasonal in nature. We further believe that industry performance is driven by supply, not demand.

When capital in the industry is in abundance, companies may underprice business to gain market share rapidly. These periods will show severe price competition and less selective underwriting standards (soft markets). Inadequate pricing reduces underwriting margins. Ultimately, prices need to rise again and underwriting standards need to be more selective to recover losses (hard markets), repeating the cycle.

There can be a time lag of several years between when a policy is priced and when the full cost of a claim is known. In jurisdictions where insurance rates are regulated, rate change approvals can take months due to the complexity of the regulatory process, thereby delaying the reflection of the true claims costs in the premium rates. In commercial insurance, individual underwriters and brokers generally have the ability to negotiate premiums, particularly for large accounts, which can cause delays in the recognition of the true claims costs.

Underwriting performance is also subject to seasonal fluctuations driven by weather conditions which may vary significantly between quarters. The entire P&C insurance industry is now facing more unpredictable weather and increasingly severe storms in the context of climate change.

The adequacy of premium rates is affected mainly by the severity and frequency of claims, which are influenced by many factors, including natural disasters, regulatory measures and court decisions that define and expand the extent of coverage and the effects of economic inflation on the amount of compensation due for injuries or losses. In addition, investment rates of return may impact rate adequacy.

These factors can have a significant impact on ultimate profitability because a P&C insurance policy is priced before its costs are known, as premiums are usually determined long before claims are reported. These factors could produce results that would have a negative impact on the Company's operations and financial condition.

Group Reinsurance, Corporate and Other

Group Reinsurance, Corporate and Other is comprised of the following activities, which are managed centrally at the Corporate level: investment management activities, treasury and capital management, corporate reinsurance, and other corporate activities. In 2021, it also includes RSA's Canadian and UK&I underwriting results for the month of June, given the timing of the RSA acquisition (June 1, 2021).

Information regarding our Group Reinsurance, Corporate and Other activities is available in the section entitled *Corporate* on page 25 of our 2021 MD&A, and in the sections entitled *Acquisition of RSA's Canadian, UK and International operations*, *Investments and capital markets* and *Capital management*, respectively, on pages 45 and 46, 54 to 57 and 62 to 70 of our 2021 MD&A and Note 14 on pages 51 to 53 of our 2021 Consolidated Financial Statements, which sections are incorporated herein by reference.

With respect to investment management, our invested assets portfolio is mostly managed in-house. Our wholly-owned subsidiary Intact Investment Management Inc. provides investment management services to the majority of our employee pension plans and also to certain third parties. In-house management provides greater flexibility in support of our insurance operations at competitive costs.



Environmental, Social and Governance Activities

The Company publishes a Social Impact Report annually, which provides details on our approach with respect to certain social, environmental and governance related issues and highlights the activities undertaken in support of customers, employees, community members and governments. The Social Impact Report also details the Company's commitments toward our core values, sound corporate governance, social responsibility and environmental sustainability. This document is available in the "In the Community" section of the Company's website at www.intactfc.com.

Information on the Company's social responsibility activities can also be found in the sections entitled *Progress on our strategic roadmap* and *Climate Change* on pages 44 and 48 to 52 of our 2021 MD&A, which sections are incorporated herein by reference. More information on the Company's Social Impact & ESG performance will be available in our 2021 Social Impact Report released in April 2022.



Risk Factors

The risk factors related to the Company and our activities are described in the section entitled *Risk Management* on pages 72 to 97 of our 2021 MD&A, Notes 10 and 13 on pages 37 to 44 and 48 to 50 of our 2021 Consolidated Financial Statements and the risk factors included in Schedule D of the Company's Business Acquisition Report dated June 16, 2021, which section, Notes and risk factors respectively are incorporated herein by reference.



Description of Capital Structure

Our authorized share capital currently consists of an unlimited number of Common Shares and an unlimited number of Class A Shares. The following summary of share capital is qualified in its entirety by the Company's articles of incorporation, by-laws, and the actual terms and conditions of such shares.

On August 31, 2021, the Company announced that it did not intend to exercise its right to redeem its Series 3 Preferred Shares or its Series 4 Preferred Shares on September 30, 2021. Holders of the Series 3 and Series 4 Preferred Shares could elect to convert their shares into Series 4 and Series 3 shares, respectively. As a result of the conversion, less than 1,000,000 Series 4 Preferred Shares remained outstanding. Therefore, the remaining Series 4 Preferred Shares were automatically converted into Series 3 Preferred Shares on a one-to-one basis, on September 30, 2021, and were subsequently delisted on the same day.

As at January 31, 2022, 176,081,958 Common Shares, 10,000,000 Series 1 Preferred Shares, 10,000,000 Series 3 Preferred Shares, 6,000,000 Series 5 Preferred Shares, 6,000,000 Series 6 Preferred Shares, 10,000,000 Series 7 Preferred Shares and 6,000,000 Series 9 Preferred Shares were issued and outstanding. The Company has authorized but not issued the Series 2 Preferred Shares, the Series 4 Preferred Shares, the Series 8 Preferred Shares and the Series 10 Preferred Shares.

Common Shares

Holders of Common Shares are entitled to receive dividends as and when declared by our Board of Directors and, unless otherwise provided by legislation, are entitled to one vote per Common Share on all matters to be voted on at all meetings of shareholders. Upon our voluntary or involuntary liquidation, dissolution or winding-up, the holders of Common Shares are entitled to share rateably in the remaining assets available for distribution, after payment of liabilities. The Common Shares are listed on the TSX.

Class A Shares

The Class A Shares are issuable from time to time in one or more series. Our Board of Directors is authorized to fix before issue the number of, the consideration per share of, the designation of, and the provisions attaching to, the Class A Shares of each series, which may include voting rights. The Class A Shares of each series rank equally with the Class A Shares of every other series and rank in priority to the Common Shares with respect to dividends and return of capital in the event of our liquidation, dissolution or winding-up. Each issued series of Class A Shares is listed on the TSX.

In addition to the rights, privileges, restrictions and conditions attaching to the Class A Shares as a class, the Class A Shares of Series 1 to 10 have the following rights, privileges, restrictions and conditions:

- Except for specific situations as provided for in the articles of incorporation and by legislation, the holders of the Class A Shares of each series are not entitled to receive notice of or to attend or to vote at any meeting of shareholders of the Company, unless and until the first time at which the Board of Directors has not declared the dividend in full on the Class A Shares of such series.
- In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company for the purpose of winding up its affairs, the holders of the Class A Shares of each series will be entitled to receive \$25.00 for each Class A Share held by them plus any dividends declared and unpaid. After payment of those amounts, the holders of Class A Shares of each series are not entitled to share in any further distribution of the property or assets of the Company.
- Any approval to be given by the holders of the Class A Shares of each series may be given by a resolution signed by all holders of such shares outstanding or by a resolution passed at a meeting of the holders at which holders of at least 25% of the outstanding shares are present or represented by proxy and carried by the affirmative vote of not less than 66 2/3% of the votes cast by the holders, except that at an adjourned meeting there is no quorum requirement.

Additional information on our Common Shares and Class A Shares can be found in Note 21 on pages 62 to 64 of our 2021 Consolidated Financial Statements, which Note is incorporated herein by reference.

The complete terms and conditions of the Common Shares, of the Class A Shares (as a class), of the Series 1 Preferred Shares, of the Series 2 Preferred Shares, of the Series 3 Preferred Shares, of the Series 4 Preferred Shares, of the Series 5 Preferred Shares, of the Series 6 Preferred Shares, of the Series 7 Preferred Shares, of the Series 8 Preferred Shares, of the Series 9 Preferred Shares and of the Series 10 Preferred Shares are available electronically on SEDAR at www.sedar.com.

Restrictions on Ownership and Transfers of Shares

Insurance Companies Act (Canada)

The *Insurance Companies Act* (“ICA”) contains restrictions and requirements relating to the shares of insurance companies incorporated under the ICA.

In general, no person is permitted to acquire shares of an insurance company incorporated under the ICA, or to acquire control of an entity such as the Company that holds any such shares, if the acquisition would cause the person to have a “significant interest” in any class of shares of the insurance company or to acquire control, including control in fact, directly or through a person controlled by the person, of the company, unless the prior written approval of the Minister of Finance (Canada) is obtained. A person has a significant interest in a class of shares of a federal insurance company where the aggregate of any shares of that class beneficially owned by that person, by an entity controlled by that person and by any person acting jointly or in concert with that person, exceeds 10% of all outstanding shares of that class. The Company owns all of the shares of, and therefore controls, Intact Insurance, Novex Insurance Company, The Nordic Insurance Company of Canada, Trafalgar Insurance Company of Canada, Jevco, Royal & Sun Alliance Insurance Company of Canada, Quebec Assurance Company, Unifund Assurance Company, Western Assurance Company, Ascentus Insurance Ltd. and Canadian Northern Shield Insurance Company. Accordingly, an approval would be required under the ICA for a person to acquire more than 50% of the voting securities of, or control in fact over, the Company.

If a person contravenes these ownership restrictions, the person, and any entity controlled by the person, may not exercise any voting rights attached to the shares of the insurance company owned by them. Moreover, the person, and any person controlled by that person, may be required to dispose of all or any portion of those shares or to otherwise cease to control, directly or indirectly, the insurance company.

Additionally, the ICA contains a requirement that an insurance company with equity of \$2 billion or more must have, and continue to have, voting shares that carry at least 35% of the voting rights attached to all of its outstanding voting shares and that are: (a) shares of one or more classes of shares listed or posted for trading on a recognized stock exchange in Canada; and (b) shares which none is beneficially owned by a person who is a major shareholder of such insurance company or by any entity that is controlled by a person who is a major shareholder of such insurance company in respect of such shares.

Under the ICA, a person is a major shareholder if the aggregate of shares in any class of voting shares beneficially owned by that person and by any entity controlled by that person exceeds 20% of the outstanding shares of that class, or, for a class of non-voting shares, beneficial ownership exceeds 30% of that class.

The insurance subsidiaries of the Company incorporated under the ICA are subject to the public holding requirement described above and Intact Insurance has equity exceeding \$2 billion. However, an exemption order has been obtained for Intact Insurance such that this requirement applies to the Company itself as the ultimate parent company. Such exemption will expire if: (x) in the opinion of the Minister of Finance, the activities of the Company, whether carried on directly or through entities that it controls, are no longer primarily financial; (y) the Company ceases to control Intact Insurance; or (z) if the Company ceases to have voting shares that carry at least 35% of the voting rights attached to all of its outstanding voting shares that respect conditions (a) and (b) above.

Insurers Act (Québec)

The *Insurers Act* in Québec contains restrictions and requirements relating to the shares of insurance companies regulated under Title III of the *Insurers Act* that is a business corporation (hereafter “Québec regulated insurance company”).

Pursuant to these restrictions, no person is permitted (i) to become the “holder of a significant interest” in a Québec regulated insurance company or (ii) if already the holder of such an interest, but not the holder of control of such Québec regulated insurance company, to become its “holder of control”, unless the prior written approval of the Minister of Finance (Québec) is obtained. A person is a holder of a significant interest in a Québec regulated insurance company if it (i) exercises 10% or more of the voting rights attached to the shares issued by the Québec regulated insurance company; or (ii) holds shares issued by the Québec regulated insurance company representing 10% or more of its equity capital, and in the case of a Québec regulated insurance company, “holder of control” means the holder of shares conferring more than 50% of the voting rights or who can otherwise choose the majority of the directors.

The Company owns all the shares of, and therefore is both the holder of a significant interest and the holder of control of Belair Insurance Company Inc. Accordingly, an approval would be required under the *Insurers Act* for a person to acquire more than 50% of the voting securities, or to be in a position to elect a majority of the directors, of the Company.

If a person contravenes these ownership restrictions, the AMF may order that the voting rights conferred by the shares of the Québec regulated insurance company that were allotted or transferred and registered unlawfully be exercised by an administrator of the property of others appointed by the AMF. The AMF could also revoke or suspend the Québec registered insurance company’s authorization to carry on business or attach conditions or restrictions to such authorization.

UK Laws

The Company's regulated insurance company subsidiaries in the UK are regulated by the UK Prudential Regulation Authority (the "PRA") and the Company's regulated insurance intermediaries are regulated by the UK Financial Conduct Authority ("FCA") and are subject to the Financial Services and Markets Act 2000 ("FSMA"). FSMA contains restrictions and requirements relating to the change of control of the shares in both insurance companies and insurance intermediaries.

In general, no person is permitted to acquire shares or to acquire control in an insurance company or insurance intermediary if the acquisition would cause the person to have a controlling interest in such company without the approval of the PRA or FCA (as the case may be). Under FSMA, control includes control directly or indirectly through a person controlled by that person. A person has a controlling interest in an insurance company where the aggregate of the shares or voting power of that person, by an entity controlled by that person and by any person acting jointly or in concert with that person, exceeds 10% of the outstanding shares or voting rights. A firm is also a controller if it owns shares or voting securities in the parent undertaking of a regulated insurance company or intermediary. The relevant threshold for an insurance intermediary is 20% but otherwise the rules remain the same.

The Company owns all of the shares and is therefore a controller and parent undertaking of the following insurance companies: Royal & Sun Alliance Insurance Limited, Royal & Sun Alliance Reinsurance Limited and the Marine Insurance Company Limited; and the following insurance intermediary: RSA Northern Ireland Insurance Limited. Therefore, the prior approval of the PRA would be required to acquire more than 10% of the shares or voting securities in the Company and, additionally, the approval of the FCA, to acquire more than 20% of such shares or voting securities.

In addition, the Company is the parent of RSA Law Limited, which is regulated by the Solicitors Regulation Authority ("SRA"). SRA's prior approval would be required for the acquisition of 10% or more of the shares or voting securities in the Company.

U.S. State Laws

The Company's U.S. business is subject to regulation under certain state insurance holding company acts. These regulations contain reporting requirements relating to capital structure, ownership, financial condition and general business operations. Since the Company is an insurance holding company, the domiciliary states of its insurance subsidiaries impose regulatory application and approval requirements on acquisitions of the Company's common shares which may be deemed to confer control over those subsidiaries, as that concept is defined under the applicable state laws. Acquisition of 10% of the Company's common shares may be deemed to confer control under the insurance laws of some jurisdictions, and the approval requirements may therefore apply to such an acquisition.

Other jurisdictions

The Company is an insurance holding company with regulated insurance subsidiaries in several other jurisdictions. In each of Luxembourg, Republic of Ireland, Guernsey and Bahrain, the local law imposes regulatory application and approval requirements on acquisitions of the Company's common shares which may be deemed to confer control over those insurance subsidiaries, as that concept is defined under the applicable national laws. In each of Luxembourg, Republic of Ireland and Bahrain, an acquisition of 10% of the Company's common shares may be deemed to confer control under their respective insurance laws and, in Guernsey, the relevant threshold is 15%. As a result, approval requirements in each of these jurisdictions may therefore apply to such an acquisition.

In some jurisdictions where there are insurance subsidiaries, the regulations do not strictly require a regulatory change of control approval to acquisition of the Company's common shares – however, it is conventional to notify regulators in these jurisdictions and obtain non-objection notices. The jurisdictions that are relevant to the Company for these purposes include Isle of Man, United Arab Emirates and the Kingdom of Saudi Arabia.

Debt Securities

As at February 8, 2022, the Company had issued unsecured medium-term notes in Series 2, 3, 5, 6, 7, 8, 9, 10, 11, 12 and 13 (the "Notes"). The Notes are not listed on the TSX.

On September 3, 2019, the Company repaid at maturity its Series 1 unsecured medium-term notes. For more information about the redemption of the Series 1 unsecured medium-term notes, please see the Three-Year History section of this AIF on [pages 7 and 8](#).

On June 17, 2021, the Company repaid, prior to maturity, its Series 4 unsecured medium-term notes. For more information about the redemption of the Series 4 unsecured medium-term notes, please see the Three-Year History section of this AIF on [pages 7 and 8](#).

If the Company becomes insolvent or bankrupt, consents to the institution of bankruptcy or insolvency proceedings against it, resolves to wind-up or liquidate, is ordered wound-up or liquidated or a receiver is appointed in respect of a substantial portion of its property, Computershare Trust Company of Canada (the “Trustee” or “Computershare”) may, in its discretion and shall, upon request of holders of not less than 25% of the principal amount of the affected series of Notes, declare the principal of and interest on all outstanding Notes of the affected series to be immediately due and payable. However, the holders of a majority in principal amount of the affected series of Notes by written notice to the Trustee may, under certain circumstances, instruct the Trustee to waive such event and/or to cancel any such declaration.

The Company also has 2012 U.S. senior notes (the “Senior Notes”). The Senior Notes are not listed on any exchange and are fully and unconditionally guaranteed as to the payment of principal and interest by the Company.

The Company also has fixed-to-fixed rate subordinated notes in Series 1 (the “Hybrid Series 1 Notes”).

The Company also has in place a Canadian commercial paper program.

As part of the RSA Acquisition, the Company now also has USD-denominated subordinated bonds (the “Subordinated Guaranteed U.S. Bonds”) and GBP-denominated subordinated notes (the “Guaranteed Subordinated Notes”). Both the Subordinated Guaranteed U.S. Bonds and the Guaranteed Subordinated Notes are not listed on any exchange and are contractually subordinated to all other creditors such that in the event of a winding up or bankruptcy. They are able to be repaid only after the claims of all other creditors have been met. The Company has the option to defer interest payment but has not exercised this right to date.

For information about the Company’s debt securities, please see Note 20 on pages 59 to 62 of our 2021 Consolidated Financial Statements, which Note is incorporated herein by reference. The complete terms and conditions of the Company’s Notes and Hybrid Series 1 Notes are available electronically on SEDAR at www.sedar.com.

Shareholder Rights Plan

The Company has had a shareholder rights plan in place since February 9, 2011.

The Amended and Restated Shareholder Rights Plan Agreement dated April 19, 2017 that the Company entered into with Computershare Investor Services Inc. was adopted by the shareholders of the Company at the annual and special meeting of shareholders held on May 3, 2017. On February 4, 2020, the Board of Directors adopted the Amended and Restated Rights Plan without any change. The Amended and Restated Rights Plan was reconfirmed at the May 6, 2020 Annual and Special Meeting of Shareholders. A summary of the Amended and Restated Rights Plan is attached as Schedule B to this AIF. The aforementioned summary is qualified in its entirety by reference to the actual provisions of the Amended and Restated Rights Plan. A copy of the Amended and Restated Rights Plan is available on the SEDAR website at www.sedar.com and upon request from the Office of the Corporate Secretary of the Company.

Ratings

As is customary, the Company paid fees to DBRS, Moody’s, Fitch and A.M. Best to obtain its ratings and expects to pay similar fees in the future.

The Company has, or may have, paid fees over the past two years for certain other services offered by these credit rating agencies in the ordinary course of business.

A credit rating or a stability rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the credit rating organization.

The following table sets out ratings the Company has received for its outstanding securities from approved rating organizations as at February 8, 2022:

Security \ Approved Rating organization	Rating, Trend/Outlook and Rank ⁽¹⁾ (*Descriptions below)			
	Dominion Bond Rating Service (“DBRS”)	Moody’s Investors Service, Inc. (“Moody’s”)	Fitch Ratings Inc. (“Fitch”)	A.M. Best Ratings Services, Inc. (“A.M. Best”)
Unsecured medium-term notes (Series 2, 3, 5, 6, 7, 8, 9, 10, 11, 12 and 13)	A / Stable 3 of 10	Baa1 / Stable 4 of 9	A- / Stable 3 of 11	a- / Stable 3 of 9
Class A Shares (Series 1, 3, 5, 6, 7 and 9)	Pfd-2 / Stable 2 of 6	–	BBB / Stable 4 of 11	bbb / Stable 4 of 9
Hybrid Series 1 Notes	BBB / Stable	Baa3 / Stable	BBB / Stable	–

⁽¹⁾ Rank refers to the relative rank of each rating within the rating organization’s overall classification system for each debt and share class.

DBRS Ratings

The DBRS long-term debt rating scale provides an opinion on the risk that an issuer will fail to satisfy its financial obligations in accordance with the terms under which an obligation has been issued. According to DBRS, debt securities rated “A” are of good credit quality and the capacity for the payment of financial obligations is substantial, but of lesser credit quality than the rating “AA”.

The DBRS preferred share rating scale is used in the Canadian securities market and gives an indication of the risk that a borrower will not fulfill its full obligations in a timely manner, with respect to both dividend and principal commitments. According to DBRS, preferred shares rated “Pfd-2” are of satisfactory credit quality and the protection of dividends and principal is still substantial, but the earnings, balance sheet and coverage ratios are not as strong as “Pfd-1” rated companies.

For both DBRS long-term debt ratings and DBRS preferred share ratings, a reference to “high” or “low” reflects the relative strength within the rating category. The absence of either a “high” or “low” designation indicates the rating is in the middle of the category.

Moody’s Ratings

Moody’s long-term debt ratings indicate the relative credit risk of fixed-income obligations with an original maturity of one year or more. They address the possibility that a financial obligation will not be honoured as promised. Obligations rated “Baa” are subject to moderate credit risk. They are considered medium grade and as such may possess certain speculative characteristics. The numerical modifier “1” in the “Baa” rating reflects a ranking in the higher end of the “Baa” category, where such numerical modifiers range from 1 in the higher end of the category to 3 at the lower end.

Fitch Ratings

Fitch’s credit ratings are an opinion on the relative ability of an entity to meet financial commitments, such as interest, preferred dividends, repayment of principal, insurance claims or counterparty obligations. According to Fitch, debt securities rated “A” denote expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.

According to Fitch, preferred shares rated “BBB” indicate that expectations of credit risk are currently low. The capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.

The modifiers “+” or “-” may be appended to a rating to denote relative status within the major rating category.

A.M. Best Ratings

A.M. Best’s ratings provide an opinion of an entity’s ability to meet the ongoing financial obligations to security holders when due. According to A.M. Best, issues rated “a” denote an excellent ability to meet the terms of the obligation.

According to A.M. Best, issues rated “bbb” denote a good ability to meet the terms of the obligation; however, the issue is more susceptible to changes in economic or other conditions.

A.M. Best’s Long Term Issuer Credit Rating categories from “aa” to “ccc” include rating notches that reflect a gradation within the category to indicate whether credit quality is near the top or bottom of a particular rating category. Rating notches are expressed with a “+” or “-”.

Additional information about ratings and the risk of credit downgrade is provided in the sections entitled *Ratings* and *Credit downgrade risk*, respectively, on pages 67, 94 and 95 of our 2021 MD&A, which sections are incorporated herein by reference.



Dividends

As a holding company with no direct operations, we rely on cash dividends and other permitted payments from our subsidiaries and our own cash balances to pay dividends to our shareholders. The amount of dividends payable by our subsidiaries may be limited by applicable corporate and insurance law restrictions. Please see the section entitled *Limit on dividend and capital distribution risk* on page 95 of our 2021 MD&A, which section is incorporated herein by reference, for more details.

The following table sets forth the dividends paid per share on the Common Shares and the Class A Shares in each of the three most recently completed fiscal years and the dividends declared to date in the current fiscal year:

Type of Shares	Dividend amount per share			
	2019	2020	2021	Q1-2022
Common Shares	\$ 3.04	\$ 3.32	\$ 3.40	\$ 1.00
Series 1 Preferred Shares	\$ 0.849	\$ 0.849	\$ 0.849	\$ 0.21225
Series 3 Preferred Shares	\$ 0.833	\$ 0.833	\$ 0.8415625	\$ 0.2160625
Series 4 Preferred Shares ⁽¹⁾	\$ 1.08495	\$ 0.89489	\$ 0.5155225	–
Series 5 Preferred Shares	\$ 1.30	\$ 1.30	\$ 1.30	\$ 0.325
Series 6 Preferred Shares	\$ 1.325	\$ 1.325	\$ 1.325	\$ 0.33125
Series 7 Preferred Shares	\$ 1.225	\$ 1.225	\$ 1.225	\$ 0.30625
Series 9 Preferred Shares	–	\$ 1.1656	\$ 1.35	\$ 0.3375

⁽¹⁾ On September 30, 2021, all outstanding Series 4 Preferred Shares were automatically converted into Series 3 Preferred Shares on a one-to-one basis and were subsequently delisted on the same day.

The 2019, 2020 and 2021 dividends on the Common Shares and Class A Shares were paid quarterly in March, June, September and December. Additional information on the payment of dividends by the Company can be found on our website at www.intactfc.com in the “Investors” section.

Common Share Dividend Increases

The payment of dividends on Common Shares is subject to the discretion of our Board of Directors and depends on, among other things, our financial condition, general business conditions, restrictions regarding the payment of dividends to us by our subsidiaries and other factors that our Board of Directors may in the future consider to be relevant.

With a strong financial position and confidence in earnings growth, we will continue to protect our people, support our customers and advance our strategic objectives. We also increased our dividend for 2022, marking the seventeenth consecutive annual increase in the Company’s dividend since its IPO. For more information on the previous dividend increases, see the section entitled *Common shareholder dividends* on page 67 of our 2021 MD&A, which section is incorporated herein by reference.



Market for Securities

As at January 31, 2022, the symbol and closing sale price on the TSX of our Common Shares, Series 1 Preferred Shares, Series 3 Preferred Shares, Series 5 Preferred Shares, Series 6 Preferred Shares, Series 7 Preferred Shares and Series 9 Preferred Shares are set forth in the following table:

	Common Shares	Preferred Shares					
		Series 1	Series 3	Series 5	Series 6	Series 7	Series 9
Symbol	IFC	IFC.PR.A	IFC.PR.C	IFC.PR.E	IFC.PR.F	IFC.PR.G	IFC.PR.I
Closing sale price (per share)	\$172.23	\$21.39	\$24.76	\$25.80	\$25.76	\$25.12	\$26.24

Trading Price and Volume

The volume of trading and the price ranges on the Toronto Stock Exchange (“TSX”) of the Common Shares, the Series 1 Preferred Shares, the Series 3 Preferred Shares, the Series 4 Preferred Shares¹, the Series 5 Preferred Shares, the Series 6 Preferred Shares, the Series 7 Preferred Shares and the Series 9 Preferred Shares for the periods indicated below are set forth in the following tables:

	Common Shares	Preferred Shares						
		Series 1	Series 3	Series 4	Series 5	Series 6	Series 7	Series 9
2022								
January								
– High Price	\$172.43	\$22.16	\$25.29	–	\$26.16	\$26.12	\$25.63	\$26.83
– Low Price	\$159.89	\$21.07	\$24.57	–	\$25.62	\$25.54	\$24.75	\$26.08
– Volume	6,694,476	54,234	402,136	–	50,874	25,622	70,115	24,875

¹ On September 30, 2021, all outstanding Series 4 Preferred Shares were automatically converted into Series 3 Preferred Shares on a one-to-one basis and were subsequently delisted on the same day.

		Preferred Shares						
		Series 1	Series 3	Series 4	Series 5	Series 6	Series 7	Series 9
Common Shares								
2021								
December								
– High Price	\$ 166.00	\$21.55	\$25.20	–	\$26.63	\$26.30	\$25.56	\$26.96
– Low Price	\$158.75	\$19.51	\$24.21	–	\$25.60	\$25.55	\$24.61	\$26.20
– Volume	4,191,856	122,324	165,003	–	39,692	15,156	70,032	10,785
November								
– High Price	\$173.03	\$22.40	\$25.00	–	\$26.81	\$26.50	\$25.75	\$26.99
– Low Price	\$158.00	\$20.90	\$24.35	–	\$26.00	\$25.41	\$25.06	\$26.55
– Volume	6,851,123	68,589	184,887	–	53,417	27,211	229,955	19,695
October								
– High Price	\$170.18	\$21.76	\$25.30	–	\$27.00	\$26.78	\$26.08	\$27.87
– Low Price	\$162.88	\$20.93	\$24.70	–	\$26.25	\$26.07	\$25.35	\$26.50
– Volume	4,538,592	77,460	651,825	–	31,369	250,126	97,470	249,333
September								
– High Price	\$175.93	\$21.28	\$25.05	\$24.97	\$27.35	\$27.02	\$25.65	\$28.29
– Low Price	\$166.36	\$20.30	\$24.59	\$24.35	\$26.45	\$26.35	\$25.25	\$27.24
– Volume	5,812,141	48,179	149,507	12,440	70,883	26,760	222,300	29,474
August								
– High Price	\$178.28	\$21.36	\$25.00	\$24.88	\$27.61	\$27.25	\$25.94	\$28.74
– Low Price	\$166.60	\$20.34	\$24.65	\$24.20	\$26.00	\$26.15	\$25.50	\$26.80
– Volume	6,436,664	143,860	164,236	9,660	59,223	35,547	166,538	37,439
July								
– High Price	\$173.72	\$21.80	\$24.98	\$24.75	\$26.68	\$26.74	\$26.01	\$27.37
– Low Price	\$164.82	\$19.93	\$24.35	\$24.16	\$26.00	\$26.00	\$25.25	\$26.55
– Volume	5,960,745	215,313	183,196	28,050	48,164	32,138	319,559	42,631
June								
– High Price	\$172.24	\$21.13	\$24.96	\$24.20	\$27.24	\$27.60	\$25.66	\$28.50
– Low Price	\$161.77	\$19.49	\$23.78	\$23.52	\$25.59	\$25.97	\$24.77	\$26.51
– Volume	7,036,632	211,535	131,000	43,730	50,291	47,619	398,886	51,518
May								
– High Price	\$167.81	\$20.35	\$24.62	\$24.00	\$26.65	\$26.76	\$25.20	\$28.00
– Low Price	\$156.61	\$18.49	\$23.70	\$23.54	\$25.66	\$25.99	\$23.44	\$26.42
– Volume	6,386,626	171,475	74,063	14,677	45,902	48,704	203,239	64,044
April								
– High Price	\$164.64	\$18.88	\$23.91	\$23.00	\$26.09	\$26.39	\$23.93	\$26.82
– Low Price	\$154.29	\$17.74	\$22.83	\$22.50	\$25.56	\$25.40	\$22.82	\$26.20
– Volume	4,416,526	259,005	105,998	12,582	50,686	68,753	116,979	47,277
March								
– High Price	\$157.36	\$19.01	\$23.44	\$22.90	\$25.80	\$26.05	\$23.50	\$26.81
– Low Price	\$142.59	\$17.54	\$22.46	\$22.11	\$25.20	\$25.60	\$22.48	\$25.85
– Volume	5,902,184	295,909	165,347	22,099	86,712	54,492	193,107	70,087
February								
– High Price	\$153.35	\$18.10	\$22.95	\$22.50	\$26.39	\$26.23	\$23.42	\$27.03
– Low Price	\$140.50	\$15.35	\$20.01	\$19.99	\$25.40	\$25.52	\$20.59	\$26.15
– Volume	5,468,815	602,994	378,950	4,812	215,511	71,109	144,822	136,838
January								
– High Price	\$146.46	\$15.54	\$18.95	\$19.01	\$24.76	\$24.99	\$19.76	–
– Low Price	\$140.19	\$14.39	\$17.65	\$18.00	\$24.14	\$24.44	\$18.64	–
– Volume	4,874,649	101,835	138,747	22,090	97,030	48,327	240,670	–



Directors and Executive Officers

The following tables set out, for each of our directors and executive officers, their name, municipality of residence, respective position and office held within the Company, principal occupation and, if a director, the date on which the person became a director.

Directors of the Company

Each of the directors of the Company in the table below will serve until the Meeting.

Name and residence	Position with the Company	Principal occupation during five preceding years	Director of the Company or predecessors since
Claude Dussault Québec, Canada	Independent Director and Chair	President, ACVA Investing Corporation (a private investment company)	March 28, 2000
Charles Brindamour Ontario, Canada	Director and Chief Executive Officer	Chief Executive Officer, Intact Financial Corporation	January 1, 2008
Emmanuel Clarke ^{(1), (4)} Zurich, Switzerland	Independent Director	Corporate Director Chief Executive Officer, Partner Re (until 2020)	July 22, 2021
Janet De Silva ^{(1), (4)} Ontario, Canada	Independent Director	President and CEO, Toronto Region Board of Trade (a chamber of commerce)	May 8, 2013
Jane Kinney ^{(1), (2)} Ontario, Canada	Independent Director	Corporate Director Partner and Vice Chair, Deloitte LLP (1994–2019)	May 8, 2019
Robert G. Leary ^{(3), (4)} Florida, USA	Independent Director	Corporate Director Global CEO, Olayan Group (an international investor and diverse commercial and industrial group with global operations) (2017–2019) CEO, Nuveen (formerly TIAA Global Asset Management) (2013–2017)	May 6, 2015
Sylvie Paquette ^{(3), (4)} Québec, Canada	Independent Director	Corporate Director	May 3, 2017
Timothy H. Penner ^{(2), (3)} Ontario, Canada	Independent Director	Corporate Director	May 5, 2010
Stuart J. Russell ^{(3), (4)} California, USA	Independent Director	Professor of Electrical Engineering and Computer Sciences at University of California at Berkeley	May 6, 2020
Indira Samarasekera ^{(2), (3)} British Columbia, Canada	Independent Director	Corporate Director Senior Advisor, Bennett Jones LLP	May 13, 2021
Frederick Singer ^{(1), (2)} Virginia, USA	Independent Director	Corporate Director Chairman, Echo360 Chief Executive Officer, Echo360 (a company providing an educational software platform in many countries) (2007–2021)	May 8, 2013
Carolyn A. Wilkins ^{(1), (4)} Ontario, Canada	Independent Director	Corporate Director Senior Deputy Governor, Bank of Canada (2014–2020)	February 1, 2021
William L. Young ^{(1), (2)} Massachusetts, USA	Independent Director	Corporate Director Chair, Magna International (a vehicle technology and manufacturing company) Chair, SNC-Lavalin Group Inc. (an engineering and construction services company) Partner at Monitor Clipper Partners (a private equity firm) (1998–2018)	May 9, 2018

Notes

⁽¹⁾ Denotes member of the Audit Committee

⁽²⁾ Denotes member of the Compliance Review and Corporate Governance Committee

⁽³⁾ Denotes member of the Human Resources and Compensation Committee

⁽⁴⁾ Denotes member of the Risk Management Committee

Executive Officers of the Company

Each executive officer listed, other than the Chief Executive Officer whose details are provided in the table above, held the indicated position with the Company as at February 8, 2022 unless otherwise indicated and has held the principal occupation indicated during the past five years, except as otherwise indicated hereunder.

Name and Residence	Position with the Company	Principal occupation during five preceding years (within the Company unless otherwise stated)
Ken Anderson Québec, Canada	Chief Financial Officer and Executive Director, RSA UK&I ²	Chief Financial Officer and Executive Director, RSA UK&I (2022) Executive Vice President, Corporate Development & Investor Relations (2021–2022) Senior Vice President, Corporate Development & Investor Relations (2020–2021) Deputy Senior Vice President, Investor Relations & Group Treasurer (2019–2020) Vice President, Investor Relations & Treasurer (2017–2019) Vice President, Finance & Treasurer (2012–2017)
Patrick Barbeau Québec, Canada	Executive Vice President & Chief Operating Officer	Executive Vice President & Chief Operating Officer (2021–present) Senior Vice President, Claims (2016–2021) Senior Vice President, Personal Lines (2013–2016)
Sonya Côté Québec, Canada	Senior Vice President and Group Chief Internal Auditor	Senior Vice President and Group Chief Internal Auditor (2021–present) Senior Vice President and Chief Internal Auditor (2015–2021)
Frédéric Cotnoir Québec, Canada	Executive Vice President & Chief Legal Officer and Secretary	Executive Vice President & Chief Legal Officer and Secretary (2021–present) Senior Vice President, Corporate and Legal Services and Secretary (2016–2021) Senior Vice President, Legal Services (2016)
Debbie Coull-Cicchini Ontario, Canada	Executive Vice President, Intact Insurance (excluding Québec)	Executive Vice President, Intact Insurance Company (excl. Québec) (2018–present) Senior Vice President, Ontario (2005–2017)
Anne Fortin Québec, Canada	Executive Vice President, Direct Distribution and Chief Marketing and Communications Officer	Executive Vice President, Direct Distribution and Chief Marketing and Communications Officer (2021–present) Senior Vice President, Direct Distribution and Chief Marketing Officer (2019–2021) Senior Vice President, Direct Distribution (2018–2019) Senior Vice President, Sales and Marketing, Direct to Consumer Distribution (2016–2018) Senior Vice President, Marketing and Strategic Relationships, Direct to Consumer Distribution (2013–2016)
Louis Gagnon Ontario, Canada	Chief Executive Officer, Canada	Chief Executive Officer, Canada (2021–present) President, Canadian Operations (2018–2021) President, Service and Distribution (2013–2018)
Darren Godfrey Alberta, Canada	Executive Vice President, Global Specialty Lines	Executive Vice President, Global Specialty Lines (2021–present) Senior Vice President, Commercial Lines, Intact Insurance (2020–2021) Senior Vice President, Personal Lines, Intact Insurance (2016–2020) Regional Vice President, Calgary (2013–2016)
Charlotte Jones London, England	Chief Financial Officer, UK & International	Chief Financial Officer, UK & International (2021–present) Chief Financial Officer, RSA Insurance Group plc (2019–2021) Chief Financial Officer, Jupiter Fund Management plc (2016–2019)
Louis Marcotte Québec, Canada	Executive Vice President & Chief Financial Officer	Executive Vice President & Chief Financial Officer (2021–present) Senior Vice President and Chief Financial Officer (2013–2021)
Timothy Michael Miller Minnesota, USA	Chief Executive Officer, Global Specialty Lines	Chief Executive Officer, Global Specialty Lines (2021–present) President, US and Specialty Solutions (2017–2021) President and Chief Executive Officer, OneBeacon Insurance Group (2005–2017)

² Mr. Anderson is expected to start in his role in 2022, following a transition period and receipt of regulatory approval.

Name and Residence	Position with the Company	Principal occupation during five preceding years (within the Company unless otherwise stated)
Benoit Morissette Ontario, Canada	Executive Vice President, Chief Risk & Actuarial Officer	Executive Vice President, Chief Risk & Actuarial Officer (2021–present) Senior Vice President and Chief Risk and Actuarial Officer (2020–2021) Senior Vice President and Group Chief Actuary (2018–2020) Senior Vice President and Chief Risk Officer (2016–2018)
Werner Muehleemann Québec, Canada	Executive Vice President & Managing Director, Intact Investment Management Inc.	Executive Vice President & Managing Director, Intact Investment Management Inc. (2021–present) Senior Vice President and Managing Director, Intact Investment Management Inc. (2014–2021)
Ken Norgrove ³ London, England	CEO, UK & International	CEO, UK & International (2022–present) CEO, RSA Group Scandinavia Region (2019–2021) CEO, RSA Insurance Ireland (2014–2019)
Carla Smith Ontario, Canada	Executive Vice President & Chief People, Strategy and Climate Officer	Executive Vice President & Chief People, Strategy and Climate Officer (2021–present) Senior Vice President, Specialty Solutions, Canada (2020–2021) Senior Vice President, Corporate Development (2017–2020) Deputy Senior Vice President, Claims Ontario (2016–2017) Deputy Senior Vice President, Sales and Operations, Direct to Consumer Distribution (2015–2016)

Committees of the Board of Directors

Our Board of Directors has established four committees to which it delegates some of its functions: the Audit Committee, the Compliance Review and Corporate Governance Committee, the Human Resources and Compensation Committee, and the Risk Management Committee. They, along with the Board of Directors and the boards of directors of our P&C insurance subsidiaries, ensure that the composition of the committees meets applicable statutory independence requirements as well as any other applicable legal and regulatory requirements.

Information on the Audit Committee

The Audit Committee is composed of Jane E. Kinney as Chair, Emmanuel Clarke, Janet De Silva, Frederick Singer, Carolyn A. Wilkins and William L. Young, each of whom is independent and financially literate. The education and experience of each member is described as part of their respective biographies attached as Schedule C to this AIF.

It assists the Board in its oversight of the integrity, fairness and completeness of the Company's financial statements and financial information; the accounting and financial reporting process; the qualifications, performance and independence of the external auditors; the performance of the internal audit function; the quality and integrity of internal controls; and the actuarial practices of the Company. It has also been designated by each of the U.S. P&C insurance companies as its audit committee. The full Mandate of the Audit Committee is attached as Schedule D to this AIF.

As part of the Company's corporate governance practices, the Audit Committee has adopted a policy restricting non-audit services that may be provided by EY to the Company or its subsidiaries. Prior to the engagement of the External Auditor for non-audit services, the Audit Committee must pre-approve the provision of such services with due consideration to avoiding an impact on auditor independence. This includes consideration of applicable regulatory requirements and guidance and the Company's own internal policies. Fees paid to the External Auditor for 2020 and 2021 are as follows:

³ Mr. Norgrove was appointed to succeed Mr. Egan as CEO, UK & international effective January 10, 2022, subject to receipt of regulatory approval.

External Auditor Service Fees

(in thousands of dollars)	2021	2020
Audit fees ⁽¹⁾	6,368	4,385
Audit-related fees ⁽²⁾	514	1,649
Tax fees ⁽³⁾	163	371
All other fees ⁽⁴⁾	1,543	–
Total	8,588	6,405

⁽¹⁾ Audit fees are for professional services provided by the External Auditor for the audit and review of the Company's financial statements or services that are normally provided by the External Auditor in connection with statutory and regulatory filings or engagements. Audit fees include fees in relation to the audit of the Company's annual financial statements and those of its subsidiaries, review of the Company's interim financial statements, consultations concerning financial accounting and reporting standards, prospectus services, as well as translation services related to financial statements and prospectuses.

⁽²⁾ Audit-related fees are for assurance and related services performed by the External Auditor not reported as audit fees and include due diligence services, accounting consultation related to future accounting standards, employee benefit plan audits and translation services of information other than financial statements and prospectuses. Audit-related fees for 2020 include those related to the RSA Acquisition.

⁽³⁾ Tax fees are mainly related to assistance on tax audit matters and tax advisory services.

⁽⁴⁾ Other fees include services other than audit, audit-related and tax services. These fees relate to services such as compliance with regulatory requirements and industry benchmarks.

Other Committees

Our Board of Directors has also established other committees composed of members of senior management that report to our Board of Directors or one of its committees. Additional information about these committees is provided in the section entitled *Risk management structure* on page 73 of our 2021 MD&A, which section is incorporated herein by reference.

Shareholdings of Directors and Executive Officers

To the knowledge of the Company, as at February 8, 2022, as a group, our directors and executive officers beneficially owned, directly or indirectly, or exercised control or direction over 685,464 of the outstanding Common Shares, representing 0.39% of the total number of Common Shares of the Company issued and outstanding at that date.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Company, no director or executive officer of the Company, is, or has been in the last 10 years, a director, chief executive officer or chief financial officer of any company that was subject to a cease trade order or similar order or an order that denied the issuer access to any exemptions under Canadian securities legislation, for a period of more than 30 consecutive days, (a) while that person was acting as a director, chief executive officer or chief financial officer or (b) after that person ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting as a director, chief executive officer or chief financial officer.

Further, to the knowledge of the Company, no director or executive officer of the Company, or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company is, or has been within the last 10 years, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, except for the following:

- William L. Young, a director of the Company, served as a director of Pharmetics (2011) Inc., a private company, until he resigned in connection with its sale in September 2017. Approximately five months after the sale, in February 2018, Pharmetics filed a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act* (Canada) and was subsequently declared bankrupt as of March 16, 2018.

To the knowledge of the Company, no director or executive officer of the Company, or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company has, within the last 10 years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold their assets.

Conflicts of Interest

To the knowledge of the Company, no director or executive officer of the Company has an existing or potential material conflict of interest with the Company or any of its subsidiaries.



Legal Proceedings and Regulatory Actions

In the normal course of carrying on our business, we become the subject of claims and are involved in various legal proceedings, including lawsuits, regulatory examinations, investigations, audits and reassessments by various parties including customers, suppliers, and government or regulatory agencies and authorities.

The effects of the COVID-19 pandemic related to emerging coverage issues and claims, including certain class actions relating to business interruption coverage and related defence costs, as well as other indirect claims, could negatively impact our claims reserves. Regarding the class actions relating to business interruption coverage, most commercial policies, except in very limited instances, do not provide for business interruption coverage in the context of a closure due to COVID-19 since direct physical damage is required to trigger this coverage.

The Company plans to contest these class actions vigorously. In the event that these cases result in a significant judgment against the Company, the resulting liability could be material. Based on information currently known, the Company does not believe that the outcome of these cases will have a material impact on its consolidated financial condition, cash flows, or results of operations.

We are not currently involved in any other material legal proceedings, nor are we aware of any other pending or threatened proceedings or claims for damages, where we believe the amount would exceed 10% of the current assets of the Company or would have a material adverse effect upon our financial condition or results of operations. We believe we have established adequate reserves in respect of legal proceedings to which we are a party. A discussion on the risk we face with respect to legal proceedings and regulatory actions can be found in the section entitled *Legal risk* on page 93 of our 2021 MD&A, which section is incorporated herein by reference.



Interest of Management and Others in Material Transactions

To the knowledge of the Company, no director or officer of the Company, no subsidiary, no insider, no nominee for election as director, or shareholder holding more than 10% of the voting shares of the Company had any interest in transactions within the three most recently completed financial years or during the current financial year that has or could reasonably have a material effect on the Company or on any of its subsidiaries.



Transfer Agent and Registrar

The transfer agent and registrar for all existing classes of securities of the Company (Common Shares, Class A Shares and medium-term notes) is Computershare Investor Services Inc., at its offices in Vancouver, Calgary, Winnipeg, Toronto, Montréal and Halifax.



Material Contracts

Except for the following and for the contracts described in the section entitled Three-Year History on **pages 7 and 8**, there are no contracts, other than contracts entered into in the ordinary course of business, that are material to the Company and that were entered into in the most recently completed financial year, or before the most recently completed financial year but that are still in effect:

The Company entered into a trust indenture dated May 21, 2009 (as amended, the “Trust Indenture”) with Computershare setting out the terms of unsecured indebtedness that may be issued by the Company. The aggregate principal amount of unsecured indebtedness that may be authorized, issued and certified under the Trust Indenture is unlimited.

The Company entered into a second supplemental trust indenture to the Trust Indenture dated November 23, 2009 with Computershare providing for the issue of up to \$250,000,000 principal amount of Series 2 Notes and setting out their terms.

The Company entered into a third supplemental trust indenture to the Trust Indenture dated July 8, 2011 with Computershare providing for the issue of up to \$200,000,000 principal amount of Series 3 Notes and setting out their terms.

The Company entered into a fourth supplemental trust indenture to the Trust Indenture dated August 18, 2011 with Computershare providing for the issue of up to \$400,000,000 principal amount of Series 4 Notes and setting out their terms.

The Company entered into a fifth supplemental trust indenture to the Trust Indenture dated June 15, 2012 with Computershare providing for the issue of up to \$250,000,000 principal amount of Series 5 Notes and setting out their terms.

The Company entered into a sixth supplemental trust indenture to the Trust Indenture dated March 1, 2016 with Computershare providing for the issue of up to \$250,000,000 principal amount of Series 6 Notes and setting out their terms.

The Company entered into a seventh supplemental trust indenture to the Trust Indenture dated June 7, 2017 with Computershare providing for the issue of up to \$425,000,000 principal amount of Series 7 Notes and setting out their terms.

The Company entered into an Amended and Restated Credit Agreement dated December 18, 2020 and amended as of May 20, 2021 with a major financial institution as administrative agent and a syndicate of lenders to (i) provide a revolving credit facility in the amount of \$1,500,000,000 (of which a tranche of \$750,000,000 was made available to the Company upon completion of the RSA Acquisition) and which may be increased up to \$2,000,000,000 as provided therein; (ii) include Intact U.S. Holdings, Inc., Intact Services USA LLC and Intact U.S. Financial Services, Inc. as U.S. borrowers; (iii) include certain subsidiaries of the Company as material subsidiaries as provided therein. The term of such agreement ends on May 20, 2026.

The Company also entered, as Guarantor, into an Amended and Restated Credit Agreement dated December 18, 2020 and amended as of May 17, 2021 with Intact U.S. Financial Services Inc. as borrower and a major financial institution as administrative agent and a syndicate of lenders to provide a term loan in the amount of U.S.\$165,000,000 as provided therein to Intact U.S. Financial Services Inc. The term of such agreement ends on November 17, 2022.

The Company entered into an eighth supplemental trust indenture to the Trust Indenture dated March 24, 2020 with Computershare providing for the issue of up to \$300,000,000 principal amount of Series 8 Notes and setting out their terms.

The Company entered into a ninth supplemental trust indenture to the Trust Indenture dated December 16, 2020 with Computershare providing for the issue of up to \$300,000,000 principal amount of Series 9 Notes and setting out their terms.

The Company entered into a tenth supplemental trust indenture to the Trust Indenture dated December 16, 2020 with Computershare providing for the issue of up to \$300,000,000 principal amount of Series 10 Notes and setting out their terms.

The Company entered into a Bridge and Term Loan Credit Agreement dated November 18, 2020 and amended as of May 20, 2021, with two major financial institutions as joint lead arrangers and bookrunners on behalf of the lenders, as part of the financing of the RSA Acquisition and in order to provide funds for the RSA Acquisition.

The Company entered into a Subscription Agreement with CPP Investment Board PMI-2 Inc. dated November 11, 2020 for the issuance of 8,921,934 subscription receipts. The Company entered into a Subscription Agreement with CDPQ Marchés Boursiers Inc. dated November 11, 2020 for the issuance of 11,152,417 subscription receipts. The Company entered into a Subscription Agreement with 2380162 Ontario Limited dated November 11, 2020 for the issuance of 3,717,473 subscription receipts. The Company entered into a Subscription Receipt Agreement with CPP Investment Board PMI-2 Inc., CDPQ Marchés Boursiers Inc. and 2380162 Ontario Limited dated November 18, 2020, with Computershare as subscription receipt agent, for the issuance of 23,791,823 subscription receipts.

The Company entered into an Underwriting Agreement with CIBC World Markets Inc. and Barclays Capital Canada Inc. dated November 19, 2020 for the issuance of 9,272,000 subscription receipts. The Company entered into a Subscription Receipt Agreement with CIBC World Markets Inc. and Barclays Capital Canada Inc. on behalf of a syndicate of underwriters dated November 18, 2020, with Computershare as subscription receipt agent, for the issuance of 9,272,000 subscription receipts.

The Company entered into a Collaboration Agreement with Bidco and Tryg dated November 18, 2020.

The Company entered into a Co-operation Agreement with Bidco, RSA and Tryg dated November 18, 2020.

The Company entered into a Separation Agreement with Bidco, Tryg, Scandi JV CO A/S and Scandi JV CO 2 A/S dated November 18, 2020.

The Company entered into a Guarantee Agreement relating to the Royal Insurance Group Pension Scheme with RIGPS Pension Trustee Limited dated November 18, 2020.

The Company entered into a Guarantee Agreement relating to the SAL Pension Scheme with SAL Pension Fund Limited dated November 18, 2020.

The Company entered into a Guarantee Agreement relating to the Royal & Sun Alliance UK Pension Scheme 2002 with Dalriada Trustees Limited dated November 18, 2020.

The Company entered into a base trust indenture dated March 31, 2021 (as amended, the “2021 Trust Indenture”) with Computershare setting out the terms of unsecured indebtedness that may be issued by the Company. The aggregate principal amount of unsecured indebtedness that may be authorized, issued and certified under the 2021 Trust Indenture is unlimited.

The Company entered into a first supplemental trust indenture to the 2021 Trust Indenture dated March 31, 2021 with Computershare providing for the issue of up to \$250,000,000 principal amount of Hybrid Series 1 Notes and setting out their terms.

The Company entered into an eleventh supplemental trust indenture to the Trust Indenture dated May 18, 2021 with Computershare providing for the issue of up to \$375,000,000 principal amount of Series 11 Notes and setting out their terms.

The Company entered into a twelfth supplemental trust indenture to the Trust Indenture dated May 18, 2021 with Computershare providing for the issue of up to \$375,000,000 principal amount of Series 12 Notes and setting out their terms.

The Company entered into a thirteenth supplemental trust indenture to the Trust Indenture dated May 18, 2021 with Computershare providing for the issue of up to \$250,000,000 principal amount of Series 13 Notes and setting out their terms.

The Company entered into a Letter of Credit Facility Agreement dated July 30, 2021 and amended as of November 11, 2021 with a major financial institution as lender to establish a letter of credit facility in favour of the Company for the general corporate purposes of the Company and its subsidiaries, including the issuance of letters of credit required by OSFI. The term of such agreement ends on July 30, 2022.

The Company entered into an agreement for the sale and purchase of Chopin Newco A/S with Scandi JV CO A/S, Tryg and Alm.Brand dated June 11, 2021.

Copies of these documents are available on SEDAR at www.sedar.com.



Interests of Experts

EY is the External Auditor of the Company. The Company's consolidated financial statements as at December 31, 2021 and 2020 have been filed under National Instrument 51-102 – *Continuous Disclosure Obligations* along with the auditor's report from EY.

KPMG was the external auditor of RSA Insurance Group plc. The Company's business acquisition report has been filed on June 16, 2021 under National Instrument 51-102 – *Continuous Disclosure Obligations* contained RSA Insurance Group plc's consolidated financial statements as at December 31, 2020 along with the auditor's report from KPMG.

EY has confirmed to the Company that it is independent within the meaning of the CPA Code of Professional Conduct of the *Chartered Professional Accountants of Ontario*. These rules are equivalent or similar to Rules of Professional Conduct applicable to chartered professional accountants in the other provinces of Canada.

KPMG has confirmed to IFC that since the acquisition of RSA by IFC on June 1, 2021, it is independent within the meaning of the International Ethics Standards Board for Accountants Code and the CPA Code of Professional Conduct of the *Chartered Professional Accountants of Ontario*, or, where stricter, those of the Financial Reporting Council Ethical Standard, as they apply to KPMG's statutory audit of RSA.



Additional Information

Additional information on the Company, including the documents mentioned below, may be obtained from our website at www.intactfc.com and from the SEDAR website at www.sedar.com.

Additional information, including the remuneration and indebtedness of directors and executive officers, is contained in the Company's Management Proxy Circular for its most recent annual meeting of shareholders.

Financial information is provided in the Company's 2021 MD&A and 2021 Consolidated Financial Statements, both of which are contained in the 2021 Annual Report.

To obtain a copy of the aforementioned documents as well as this AIF, at no cost, please contact the Investor Relations Department of the Company at 700 University Avenue, Suite 1500, Toronto, Ontario M5G 0A1, by telephone toll-free within North America at 1-866-778-0774 ((416) 941-5336 outside North America), by fax at (416) 941-0006 or by email at ir@intact.net.

Glossary of Terms

“2021 Consolidated Financial Statements”

means our Consolidated Financial Statements for the year ended December 31, 2021;

“2021 MD&A”

means Management’s Discussion and Analysis for the year ended December 31, 2021;

“2021 Trust Indenture”

means the trust indenture dated March 31, 2021, as amended;

“AcquisitionCo”

means 11554280 Canada Inc.;

“AIF”

means the Company’s Annual Information Form dated February 8, 2022, in respect of the financial year ended December 31, 2021;

“Alm.Brand”

means Alm. Brand A/S group;

“Amended and Restated Rights Plan”

means the amended and restated shareholder rights plan approved by the Board of Directors on February 4, 2020;

“AMF”

means the *Autorité des marchés financiers*;

“Audit Committee”

means the Audit Committee of the Board of Directors;

“Bidco”

means Regent Bidco Limited;

“Board of Directors” or “Board”

refers to the board of directors of the Company;

“Codan DK”

means Codan Forsikring A/S’s Danish business;

“Commercial Paper”

means the short-term promissory notes issued by the Company;

“Common Shares”

means the common shares of the Company;

“Company”, “Intact”, “we” or “us”

means Intact Financial Corporation;

“Directors”

means members of the Board of Directors of the Company;

“ESG”

means environmental, social and governance;

“External Auditor” or “EY”

means Ernst & Young LLP, the external auditor of the Company;

“FCA”

means the UK Financial Conduct Authority;

“Guaranteed Subordinated Notes”

means the GBP-denominated subordinated notes;

“Hybrid Series 1 Notes”

means the Series 1 fixed-to-fixed rate subordinated notes;

“IAIG”

means internationally active insurance group;

“Intact Insurance”

means Intact Insurance Company;

“Intact Public Entities”

means Intact Public Entities Inc.;

“IPO”

means initial public offering;

“Jevco”

means Jevco Insurance Company;

“MGA”

means managing general agent;

“Meeting”

means the annual meeting of shareholders of the Company to be held in May 2022;

“NCIB”

means normal course issuer bid;

“On Side”

means collectively, On Side Developments Ltd. and On Side Restoration;

“OSFI”

means Office of the Superintendent of Financial Institutions;

“P&C”

means property and casualty insurance;

“PRA”

means the UK Prudential Regulation Authority;

“RSA”

means RSA Insurance Group plc.;

“RSA Acquisition”

means the acquisition of RSA by the Company and Tryg;

“RSA Holdco”

means 12747031 Canada Inc.;

“Sale”

means the sale of Codan DK;

“Senior Notes”

means the 2012 U.S. senior notes;

“Separation”

means the separation and transfer of the businesses in Sweden and Norway from Codan DK;

“Series 1 Notes”

means the Series 1 unsecured medium-term notes;

“Series 2 Notes”

means the Series 2 unsecured medium-term notes;

“Series 3 Notes”

means the Series 3 unsecured medium-term notes;

“Series 4 Notes”

means the Series 4 unsecured medium-term notes;

“Series 5 Notes”

means the Series 5 unsecured medium-term notes;

“Series 6 Notes”

means the Series 6 unsecured medium-term notes;

“Series 7 Notes”

means the Series 7 unsecured medium-term notes;

“Series 8 Notes”

means the Series 8 unsecured medium-term notes;

“Series 9 Notes”

means the Series 9 unsecured medium-term notes;

“Series 10 Notes”

means the Series 10 unsecured medium-term notes;

“Series 11 Notes”

means the Series 11 unsecured medium-term notes;

“Series 12 Notes”

means the Series 12 unsecured medium-term notes;

“Series 13 Notes”

means the Series 13 unsecured medium-term notes;

“Series 1 Preferred Shares”

means Non-cumulative Rate Reset Class A Shares Series 1;

“Series 2 Preferred Shares”

means the Non-cumulative Floating Rate Class A Shares Series 2;

“Series 3 Preferred Shares”

means the Non-cumulative Rate Reset Class A Shares Series 3;

“Series 4 Preferred Shares”

means the Non-cumulative Floating Rate Class A Series 4;

“Series 5 Preferred Shares”

means the Non-cumulative Class A Shares Series 5;

“Series 6 Preferred Shares”

means the Non-cumulative Class A Shares Series 6;

“Series 7 Preferred Shares”

means the Non-cumulative Rate Reset Class A Shares Series 7;

“Series 8 Preferred Shares”

means the Non-cumulative Floating Rate Class A Shares Series 8;

“Series 9 Preferred Shares”

means the Non-cumulative Class A Shares Series 9;

“Series 10 Preferred Shares”

means the Non-cumulative Class A Shares Series 10;

“SRA”

means the UK Solicitors Regulation Authority;

“Subordinated Guaranteed U.S. Bonds”

means the USD-denominated subordinated bonds;

“The Guarantee”

means The Guarantee Company of North America;

“Trust Indenture”

means the trust indenture dated May 21, 2009, as amended;

“Tryg”

means Tryg A/S;

“TSX”

means Toronto Stock Exchange;

“UK&I”

means the Company’s UK and international segment.

Schedule A

Intercompany Relationships

The following is a list of the principal subsidiaries of IFC and include any subsidiary representing more than 10% of the Company's consolidated assets or more than 10% of the Company's consolidated revenues. The other subsidiaries of the Company, not listed, represent together 20% or less of the Company's consolidated assets and 20% or less of the Company's consolidated revenues. Unless otherwise indicated herein, each subsidiary is directly or indirectly owned 100% by us.

Significant Subsidiaries	Jurisdiction of incorporation	% of ownership
Intact Insurance Company	Canada	
Belair Insurance Company Inc.	Québec (Canada)	
Jevco Insurance Company	Canada	
Novex Insurance Company	Canada	
The Nordic Insurance Company of Canada	Canada	
Trafalgar Insurance Company of Canada	Canada	
Royal & Sun Alliance Insurance Company of Canada	Canada	
Quebec Assurance Company	Canada	
Unifund Insurance Company	Canada	
Canadian Northern Shield Insurance Company	Canada	
Western Assurance Company	Canada	
Intact Investment Management Inc.	Canada	
Brokerlink Inc.	Ontario (Canada)	
Johnson Inc.	Newfoundland and Labrador (Canada)	
Intact Public Entities	Ontario (Canada)	
OnSide Developments Ltd.	British Columbia (Canada)	
IB Reinsurance Inc.	Barbados	
Royal & Sun Alliance Insurance Limited	England	
RSA Insurance Ireland DAC	Ireland	
123 Money Limited	Ireland	
RSA Northern Ireland Insurance Limited	Ireland	
RSA Luxembourg S.A.	Luxembourg	
Al Ahlia Insurance Company SOAG	Oman	26.25%
Al Alamiya for Cooperative Insurance Company	Saudi Arabia	25%
Atlantic Specialty Insurance Company	New York	
OBI America Insurance Company	Pennsylvania	
Homeland Insurance Company of Delaware	Delaware	
OBI National Insurance Company	Pennsylvania	
Homeland Insurance Company of New York	New York	
The Guarantee Company of North America USA	Michigan	

Schedule B

Summary of Amended and Restated Rights Plan

Issue of Rights

One right (a “Right”) has been issued in respect of each Common Share outstanding immediately following the close of business on February 9, 2011 (the “Record Time”) and one Right has been and shall be issued in respect of each Common Share issued after the Record Time and prior to the earlier of the Separation Time and the Expiration Time.

The Rights

Each Right will entitle the holder, subject to the terms and conditions of the Amended and Restated Rights Plan, to purchase additional Common Shares after the Separation Time.

Exercise of Rights

The Rights may not be exercised before the Separation Time.

After the Separation Time and before the Expiration Time, each Right entitles the holder to acquire one Common Share for an exercise price equal to four times the market price of the Common Shares as determined at the Separation Time (subject to certain anti-dilution adjustments).

If a Flip-in Event occurs before the Expiration Time, each Right (other than the Rights held by an Acquiring Person which become null and void on the occurrence of the Flip-in Event) may be exercised to purchase that number of Common Shares having an aggregate market price equal to twice the exercise price for an amount in cash equal to the exercise price (subject to certain anti-dilution adjustments).

Redemption of Rights

All (but not less than all) of the Rights may be redeemed by the Company with the prior approval of the shareholders at any time before a Flip-in Event occurs at a redemption price of \$0.00001 per Right (subject to adjustment). In addition, if a Permitted Bid, a Competing Permitted Bid or a bid in respect of which the Board of Directors has waived the operation of the Amended and Restated Rights Plan is completed, the Company will immediately, and without further formality, redeem the Rights at the redemption price.

Waiver

The Board of Directors may, at any time before an acquisition of Common Shares under a take-over bid made by a take-over bid circular to all registered holders of Common Shares that would trigger a Flip-in Event, waive the application of the “Flip-in” provisions of the Amended and Restated Rights Plan to the acquisition.

The Board of Directors may, with the prior approval of the shareholders, at any time before any other acquisition of Common Shares that would trigger a Flip-in Event, waive the application of the “Flip-in” provisions of the Amended and Restated Rights Plan to the acquisition.

Term of the Amended and Restated Rights Plan

Unless otherwise terminated, the Amended and Restated Rights Plan will expire at the Expiration Time.

Fiduciary Duties of the Board of Directors

The Amended and Restated Rights Plan will not detract from or lessen the duty of the Board of Directors to act honestly and in good faith with a view to the best interests of the Company and its shareholders. The Board of Directors will continue to have the duty and power to take such actions and make such recommendations to the Company’s shareholders as are considered appropriate.

Amending Power

If the Amended and Restated Rights Plan is reconfirmed by the shareholders of the Company, all amendments to the Amended and Restated Rights Plan, other than amendments to correct clerical or typographical errors and amendments to maintain the validity of the Amended and Restated Rights Plan as a result of a change of applicable legislation or applicable rules or policies of securities regulatory authorities, must be approved by a majority of the votes cast by shareholders, other than an offeror under a take-over bid or an Acquiring Person (or any associate or affiliate of the offeror or the Acquiring Person or any other person acting jointly or in concert with the offeror or the Acquiring Person). In addition, all amendments to the Amended and Restated Rights Plan require the written concurrence of the Rights Agent and prior written consent of the Toronto Stock Exchange (as applicable).

Definitions

Acquiring Person

Subject to certain exceptions, an Acquiring Person is a person who becomes the Beneficial Owner of 20% or more of the outstanding Common Shares.

Beneficial Owner

A person is a Beneficial Owner of Common Shares if the person (or any associate or affiliate of the person or any other person acting jointly or in concert with the person) legally or beneficially owns Common Shares or has the right to acquire (immediately or within 60 days) Common Shares upon the exercise of any convertible securities or pursuant to any agreement, arrangement or understanding.

A person is not a Beneficial Owner of Common Shares if the person is engaged in the management of mutual funds, investment funds or public assets for others (e.g., a fund manager, trust company, pension fund administrator, trustee or a registered broker or dealer administering non-discretionary client accounts), as long as the person:

- (a) holds the Common Shares in the ordinary course of its business for the account of others; and
- (b) is not making a take-over bid or acting jointly or in concert with a person who is making a take-over bid.

Separation Time

The Separation Time occurs on the tenth trading day after the earliest of:

- (a) the first date of a public announcement that a person has become an Acquiring Person;
 - (b) the date of the commencement or announcement of the intent of a person to commence a take-over bid, other than a Permitted Bid or Competing Permitted Bid; and
 - (c) the date on which a take-over bid ceases to be a Permitted Bid or Competing Permitted Bid;
- (or, in the case of (b) or (c), such later date as the Board may determine in good faith).

Expiration Time

If the shareholders reconfirm the Amended and Restated Rights Plan, the Expiration Time will occur on the earliest of:

- (a) the time at which the right to exercise the Rights terminates in accordance with the Amended and Restated Rights Plan;
- (b) immediately after the annual meeting of shareholders to be held in 2023 and every third year thereafter unless the Amended and Restated Rights Plan is reconfirmed at that meeting; and
- (c) the tenth anniversary of the date the Amended and Restated Rights Plan was adopted by the Board of Directors.

Flip-in Event

A Flip-in Event occurs when a person becomes an Acquiring Person. Upon the occurrence of a Flip-in Event, any Rights that are legally or beneficially owned by an Acquiring Person, will become null and void. As a result, the Acquiring Person's ownership interest in Intact Financial Corporation will be greatly diluted if a substantial portion of the Rights are exercised after a Flip-in Event occurs.

Permitted Bid

A Permitted Bid is a take-over bid that satisfies the following conditions:

- (a) the bid is made to all holders of Common Shares (other than the offeror);
- (b) the offeror agrees that no Common Shares will be taken up or paid for under the bid for at least 105 days following the commencement of the bid or such shorter period that a take-over bid must remain open for deposits of securities thereunder pursuant to Canadian securities laws;
- (c) the offeror agrees that no Common Shares will be taken up or paid for under the bid unless, at the time of take-up or payment, more than 50% of the outstanding Common Shares held by shareholders, other than the offeror (or any associate or affiliate of the offeror or any other person acting jointly or in concert with the offeror), have been deposited pursuant to the bid and not withdrawn;
- (d) the offeror agrees that the Common Shares may be deposited to and withdrawn from the bid at any time before Common Shares are taken up and paid for; and
- (e) if, on the date specified for take-up and payment, condition (c) is satisfied, the bid will remain open for an additional period of at least 10 days to permit the remaining shareholders to tender their Common Shares.

Competing Permitted Bid

A Competing Permitted Bid is a take-over bid that satisfies the following conditions:

- (a) the bid is made after the commencement and before the expiry of a Permitted Bid or another Competing Permitted Bid;
- (b) the bid satisfies all the conditions of a Permitted Bid other than Permitted Bid condition (b); and
- (c) the offeror agrees that no Common Shares will be taken up or paid for under the bid before the close of business on a date that is the last day of the minimum initial deposit period that such take-over bid must remain open for deposits of securities thereunder pursuant to Canadian securities laws after the date of the take-over bid constituting the Competing Permitted Bid.

Schedule C

Education and Experience of the Members of the Audit Committee

Jane E. Kinney

With over 30 years of experience in the financial services sector, Ms. Kinney is a recognized leader in governance, risk management, regulatory compliance and internal audit services. Until 2019, she was Vice Chair of Deloitte and she is a former member of its leadership team. Prior to that role, she occupied various positions at Deloitte, including Canadian Managing Partner, Quality & Risk and Global Chief Risk Officer. She is also a former member of Deloitte's board of directors and Risk Committee. Ms. Kinney's governance and risk experience includes numerous reviews and independent evaluations of organizations responding to regulator findings. A substantial portion of her practice has focused on the evolving areas of risk governance and risk appetite.

Ms. Kinney is an active member of the community and has been a member of various boards, and is presently Vice Chair at the Perimeter Institute for Theoretical Physics and Chair of the Finance Committee. She also is a long-time supporter and the current chair of the Patron's Council of the Alzheimer Society of Toronto. Since 2019, she has been a board member of Cenovus Energy Inc., and in February 2021 she was appointed a director and is now Chair of Nautilus Indemnity (Europe) DAC, a private insurance company based in Ireland. She is a leader of her profession and has been recognized as a Fellow of the Chartered Professional Accountants of Ontario, in addition to being a frequent speaker at conferences focusing on regulatory compliance, internal audit, corporate governance and enterprise risk management. Ms. Kinney has a Mathematics degree from the University of Waterloo and was recognized with an Alumni Achievement Award in 2013. She has been an advocate for women throughout her career and was recognized as one of Canada's Most Powerful Women in 2014.

Emmanuel Clarke

Mr. Clarke has had a long and established career in the insurance industry, having spent more than twenty-five years at PartnerRe, most recently serving as President and Chief Executive Officer.

Over his tenure at PartnerRe, a leading global reinsurer, Mr. Clarke held various underwriting leadership roles in the company's property and casualty (P&C), specialty lines, and international divisions. In 2015, he was appointed President of the company and shortly thereafter took on the role of President and Chief Executive Officer, where his leadership was instrumental in building the company's global reinsurance business.

Mr. Clarke serves on various boards, including the Board of Directors of Wakam, Tremor Technologies, and Compré Group.

Janet De Silva

In 2015, Ms. De Silva was named President & CEO of the Toronto Region Board of Trade, one of the largest and most influential business organizations in North America. Prior to this role, she had 14 years of international CEO experience in Asia leading Sun Life Financial's businesses in Hong Kong and mainland China. She co-founded and later sold Retail China Limited, a company that worked with international retail brands operating their retail stores and managing their franchises in China. Ms. De Silva was also Dean of Ivey Asia, leading the Hong Kong campus and mainland China operations of Ivey Business School at Western University. She presently serves as a board member of Blue Umbrella Limited, a global compliance technology company headquartered in Hong Kong. She is a past member of the board of the Asian Corporate Governance Association. She has served terms both as Chair and President of the Canadian Chamber of Commerce in Hong Kong and Chair of the Canada China Business Council, Beijing. In 2019, Ms. De Silva was appointed by Prime Minister Justin Trudeau to represent Canada on the APEC Business Advisory Council. Ms. De Silva holds an MBA from the Ivey Business School at Western University and a Doctor of Law honoris causa from Thompson Rivers University.

Frederick Singer

Mr. Singer is an internet pioneer and entrepreneur whose career and philanthropic accomplishments have spanned a broad range of sectors from media, education, arts, science and veterans affairs. He is currently Chair of the Board of Directors of Echo360, which provides a next-generation educational software platform to help over 1,200 schools in 20 countries deliver better educational outcomes and of which he was CEO until 2021. Previously, Mr. Singer was a Senior Advisor to Masayoshi Son, President and CEO of Softbank Corporation in Japan and was also active as a venture partner at Softbank Capital in the U.S. Prior to Softbank, Mr. Singer held a number of senior roles at AOL including Chief Operating Officer of AOL Studios, Chief Operating Officer for ICQ (instant messaging) and Senior Vice President of Emerging Products. Prior to AOL, he was a founder of the Washington Post Online Service (now WashingtonPost.com) and a consultant with Bain & Company. Mr. Singer has served on a number of business, charitable and educational boards including DoubleClick, Motley Fool Company, Kennedy Center for the Performing Arts (International Committee), Queen's University School of Business, Upper Canada College, The Langley School and "Warrior to Cyber Warrior", which focuses on providing distance learning training in the field of cybersecurity to wounded veterans. He was named one of Washingtonian Magazine's "Tech Titans" in 2013 and 2015. He has also funded pioneering research in autism with the Children's National Medical Center and Stanford University. Mr. Singer holds an MBA from Harvard University, as well as an LLB, MA in Philosophy, BA with Distinction in Philosophy and a Bachelor of Commerce (Honours) from Queen's University in Canada. He is also a recipient of the Tricolour award at Queen's University.

Carolyn A. Wilkins

Carolyn Wilkins joined Princeton University's Griswold Center for Economic Policy as a senior research scholar in January 2022. She also sits on the Bank of England's Financial Policy Committee as an external member and on Intact Financial Corporation's Board of Directors. She is a mentor for the blockchain stream at the Rotman School of Management's Creative Destruction Lab.

Prior to these appointments, Ms. Wilkins had a distinguished twenty-year career at the Bank of Canada, serving as Senior Deputy Governor from 2014 to 2020, setting monetary and financial system policies with Governing Council, and overseeing strategic planning and economic research. Ms. Wilkins led the development of the Bank's market liquidity facilities and large-scale asset purchase program as part of its COVID-19 response. She has made important contributions to international financial policies over her career, including as the Bank of Canada's G20 and G7 Deputy and member of the Financial Stability Board.

Ms. Wilkins holds an Honours BA in Economics from Wilfrid Laurier University and an MA in Economics from Western University. She was named one of Canada's Most Powerful Women: Top 100 Award by the Women's Executive Network in 2016 and 2018.

William L. Young

Mr. Young is a corporate director with extensive public company board experience. He has been a member of the Magna International Board of Directors since 2011 and has chaired that board since 2012. More recently, he was appointed Chair of the Board of Directors of SNC-Lavalin Group Inc. in September 2020. He also has extensive experience in the private equity sector. He co-founded and was a partner of Monitor Clipper Partners, a private equity firm established in 1998. He is also a founding partner of Westbourne Management Group (1988) and was a partner in the European practice of Bain & Company (1981 to 1988). Mr. Young possesses significant operational experience, as well as extensive mergers and acquisitions experience. He is Chair Emeritus of the Board of Trustees of Queen's University, which he chaired from 2006 to 2012 and he is chair of the board of the Canadian Institute for Advanced Research (CIFAR). Mr. Young has significant private company board and board leadership experience over the last 20 years, including a number of European and U.S.-based companies. He is a professional engineer (P.Eng. – Ontario) with a B.Sc (Honours) in chemical engineering (Queen's) and an MBA with distinction (Harvard).

Schedule D

Intact Financial Corporation And its P&C Insurance Companies (jointly called the “Company”)

Mandate of the Audit Committee

I. Purpose

The Audit Committee (the “Committee”) is a committee of the Board of Directors (the “Board”) of the Company, including its pension funds. It assists the Board in its oversight of (i) the integrity, fairness and completeness of the Company and its subsidiaries (the “Group”)’s financial statements and financial information; (ii) the accounting and financial reporting process; (iii) the qualifications, performance and independence of the external auditors; (iv) the performance of the internal audit function; (v) the quality and integrity of internal controls and; (vi) actuarial practices of the Group.

The Committee has been designated by each of the Company’s wholly-owned U.S. P&C insurance companies listed below (collectively, the “U.S. Insurance Companies”)⁴ as its audit committee. Unless otherwise indicated, reference to “Company” or “Group” shall include the U.S. Insurance Companies.

II. Membership

1. Number

The Board will appoint no fewer than three of its members to the Committee on the recommendation of the Compliance Review and Corporate Governance Committee.

2. Composition and Qualifications

The Committee consists of directors who are “independent” as that term is defined from time to time in relevant legislation, and who are non-executives of the Group.

All Committee members must be financially literate as that term is defined in applicable legislation. In addition, the composition of the Committee, and qualifications of its members, will comply with such additional requirements as may be imposed by applicable legislation and best practices as determined by the Board.

3. Chair

The Board will appoint the Chair of the Committee annually, to be selected from the members of the Committee. If, in any year, the Board does not make such appointment, the incumbent Chair will continue in office until a successor is appointed. In the event the Chair is not able or willing to act as Chair of the Committee for any reason, the Board may appoint another Chair on an interim or permanent basis. The Chair is bound to act in accordance with his or her mandate and this mandate.

4. Tenure

Each member of the Committee will be appointed annually by the Board and will hold office at the will of the Board or until his or her successor is appointed.

5. Removal and Vacancies

Any member of the Committee may be removed and replaced at any time by the Board and will also automatically cease to be a member of the Committee as soon as such member ceases to be a director. The Board may fill vacancies by appointing members of the Board to the Committee. If and whenever a vacancy exists, the remaining members may exercise all the powers of the Committee as long as a quorum remains in office.

⁴ U.S. Insurance Companies: Atlantic Specialty Insurance Company, OBI National Insurance Company, OBI America Insurance Company, Homeland Insurance Company of New York, Homeland Insurance Company of Delaware and The Guarantee Company of North America USA.

III. Process and Operations

1. Meetings

The Committee meets at least four times per year and otherwise as needed.

The external auditors are entitled to receive notice of, attend and be heard at each meeting of the Committee.

The Committee shall also meet periodically with the Risk Management Committee of the Company in furtherance of their respective mandates.

The chair of the audit committee of the Company's subsidiaries in the United Kingdom may call a meeting of the Committee at any time.

The Group Chief Financial Officer ("Chief Financial Officer"), the Group Chief Internal Auditor ("Chief Internal Auditor"), the Group Chief Actuarial Officer or the Company's Canadian Appointed Actuary (the "Appointed Actuary") may call a meeting of the Committee at any time.

2. Private Meeting of the Committee and Private Meetings With Members of Management

Following each meeting, the Committee meets privately without the presence of Management.

Following each regular meeting, the Committee meets in private with the Chief Financial Officer, the Chief Actuarial Officer, the Appointed Actuary, the Chief Internal Auditor and the external auditors and any other members of management required in respect of this mandate.

The Committee may meet members of management in private after each non-regular meeting. The Committee may also meet with any other employees of the Group, as it deems appropriate.

3. Quorum

A quorum at any meeting shall be a simple majority of the members of the Committee.

4. Report to the Board

Following each meeting, the Committee reports to the Board on matters reviewed by the Committee.

IV. Mandate: Duties and Responsibilities of the Audit Committee

The Committee is responsible for compliance with financial regulatory requirements and ongoing assessment, monitoring, effectiveness, performance and objectivity of accounting and actuarial practices of the Group to ensure they are appropriate and within the bounds of acceptable practice.

1. Internal Controls and Procedures

The Committee oversees the quality and integrity of the Group's internal controls and procedures, including those of its pension funds. The Committee requires management to design, implement and maintain internal controls and procedures appropriate to the Group and to make periodic reports to the Committee on the status of such controls and procedures. The Committee receives management's reports on such controls and procedures, and it reviews, evaluates and approves them periodically.

The Committee also establishes procedures for the receipt, retention and treatment of complaints received by the Group regarding accounting, internal accounting controls, or auditing matters. It also establishes procedures for the confidential, anonymous submissions by employees of the Group regarding questionable accounting or auditing matters.

2. Chief Internal Auditor and Internal Audit Function

The Committee oversees the internal audit function. It reviews and recommends to the Board for approval, the annual internal audit plan. The Committee ensures that the scope of the internal audit plan is appropriate, risk-based and addresses all the relevant activities over a cycle determined by the Committee with a view towards ensuring sound internal controls, and ensures that the work of internal and external auditors is co-ordinated.

The Committee regularly meets with the Chief Internal Auditor, and with management to discuss the effectiveness of the internal controls and procedures established for the Group. The Committee reviews and discusses the findings and reports of the Chief Internal Auditor.

In addition to the foregoing, the Committee shall be responsible for overseeing the internal audit function within the U.S. Insurance Companies.

3. External Auditors and Other Experts

The external auditors report directly to the Committee. The Committee oversees the work of the external auditors engaged in preparing or issuing an auditor report or related work. The Committee oversees the resolution of disagreements between management and the external auditors regarding financial reporting. The Committee meets with management and external auditors to discuss overall audit results and audit report, annual and quarterly financial statements and related documents, the quality of financial statements and any related concerns.

The Committee reviews and assesses key areas of risk and obtains assurances from the external auditors that the financial statements, including the tax positions implicit therein, fairly present the financial position, the results of operations and the cash flows of the Group, and that estimates and assumptions are reasonable.

The Committee proposes to the Board for recommendation to the shareholders the appointment of the external auditors responsible for preparing and issuing an auditor report or performing other audit or review or attest services provided to the Company.

The Committee is responsible for assessing the skills, resources and independence of the external auditors periodically, including the audit firm's internal policies and practices for quality control and reports to the Board annually regarding the effectiveness of the external auditors.

The Committee establishes criteria for the types of non-audit services the external auditors can and cannot provide and pre-approves all services with fees to be provided to the Company by the external auditors.

The pre-approval function may be delegated to one or more independent members of the Committee. Where such pre-approval function is delegated to a member of the Committee, that member will present such pre-approval at the next scheduled meeting of the Committee.

The Committee reviews and approves the Company's policies for hiring partners, employees and former partners and employees of the Company's present and former external auditors.

The Committee recommends to the Board for approval the compensation of the external auditors.

Notwithstanding the foregoing, the Committee shall be directly responsible for the appointment, compensation and oversight of the work of the external auditors with respect to the U.S. Insurance Companies.

4. Chief Actuarial Officer and Appointed Actuary

The Committee discusses the adequacy of the Group's reserving and reporting practices with the Chief Actuarial Officer and/or the Appointed Actuary. At the end of every quarter, actuarial and other policy liabilities and reserves, and any other matters specified at law, are assessed by the Chief Actuarial Officer and/or the Appointed Actuary in accordance with accepted actuarial practice. Material changes, if any, are reviewed and reported quarterly. The Appointed Actuary presents his reports, at least annually, to the Committee, including in order to discuss the parts of the annual statement and the annual return prepared by the Appointed Actuary and the financial position of the Company in general. The Committee reviews and discusses any relevant peer review of the Appointed Actuary.

5. Financial Statements, Filings, Returns and Disclosures

The Committee is responsible for reviewing the financial performance of all the operations of the Group including its pension funds and in this regard it reviews all the financial statements, and financial and business information publicly issued by the Group and those filed with regulators by the Company.

The Committee meets with the internal and the external auditors, the Chief Financial Officer, the Chief Actuarial Officer and the Appointed Actuary to discuss the financial statements and returns and the financial or business information documents mentioned above, and it approves them or recommends them to the Board for approval before their publication.

The Committee also approves the financial statements of the pension funds, after their review with management and after receiving the related external auditor and internal auditor reports.

6. Disclosure Overview

With regards to the Committee's financial disclosure oversight function, the Committee reviews and approves the policies and procedures in place for the review of financial disclosures prior to their public release, as required by applicable legislation.

The Committee also reviews and satisfies itself with the certification process, and reviews the certifications of the CEO and Chief Financial Officer as required by applicable legislation.

In executing its responsibilities, the Committee also oversees the Group's compliance with legal and regulatory requirements related to financial reporting and disclosure.

7. Access to Management and all Oversight Functions

In order to facilitate the Committee's oversight function with respect to the Group's financial reporting and disclosure and internal controls and procedures, the Committee has direct access to all oversight functions and other internal and external experts, and may have private meetings with any of them, any member of management or any member of a subsidiary's board of directors or audit committee at its discretion.

8. Oversight of the Chief Financial Officer, Chief Internal Auditor, the Chief Actuarial Officer and Appointed Actuary Functions

The Committee reviews and recommends to the Board for approval the appointment, assessment or termination (if applicable) of the Chief Financial Officer, the Chief Internal Auditor, the Chief Actuarial Officer and the Appointed Actuary. The Committee periodically reviews and approves the mandate of each of these functions and annually obtains the assurances that each function has the necessary budget, independence and resources to meet its mandate and reports any related issue to the Board before the Board approves the budget and plans of the Group.

In addition to the foregoing, the Committee shall be responsible for granting the person or persons performing the internal audit function for the U.S. Insurance Companies suitable authority and resources to fulfill their responsibilities.

The Committee annually reviews the objectives and assesses the effectiveness of the referred oversight functions and reports to the Board in this regard.

V. Access to Independent Consultants

Regarding audit services, the Committee may retain and terminate, at the Company's expense, such consultants as it deems necessary or advisable to carry out its duties.

Regarding non-audit services, the Committee may retain and terminate, at the Company's expense, consultants, including the external auditors, as it deems necessary or advisable to carry out its duties.

In case of differences of opinion between the members of the Committee or with management relating to the hiring of such consultants, the Board may decide on the issue or delegate the review of such issue to the Compliance Review and Corporate Governance Committee.

VI. Delegation

The Committee may designate a sub-committee or individual(s) to review any matter the Committee can delegate by law.

VII. Self-Assessment

On an annual basis, the Committee evaluates and reviews the assessment reports on the adequacy of the Committee, its Chair and each of its members.

VIII. Committee Mandate

On an annual basis, the Committee reviews this mandate and recommends any changes to the Board.

Approved by the Board of Directors of Intact Financial Corporation and its Canadian P&C Subsidiaries on July 27, 2021.

