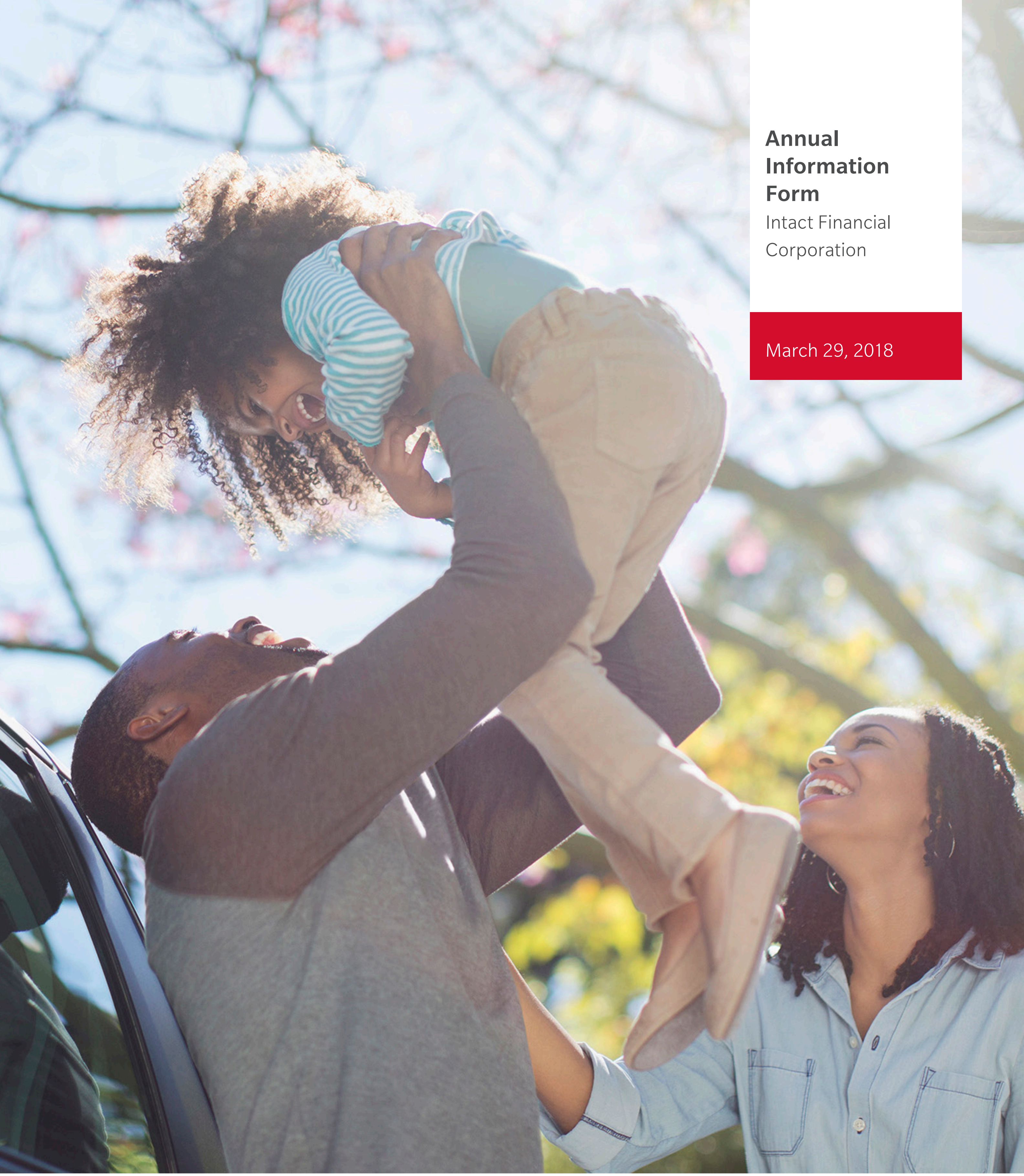


Annual Information Form

Intact Financial Corporation

March 29, 2018

INTACT FINANCIAL CORPORATION

TABLE OF CONTENTS and list of information incorporated by reference

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain of the statements included or incorporated by reference in this Annual Information Form 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. This Annual Information Form contains forward-looking statements with respect to the acquisition (the "Acquisition") of OneBeacon Insurance Group, Ltd. ("OneBeacon") and the integration and future plans relating to the Acquisition.

Forward-looking statements are based on estimates and assumptions made by management based on management's experience and perception of historical trends, current conditions and expected future developments, as well as other factors that management believes are appropriate in the circumstances. Many factors could cause the Company's actual results, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors: the Company's ability to implement its strategy or operate its business as management currently expects; its ability to accurately assess the risks associated with the insurance policies that the Company writes; unfavourable capital market developments or other factors which may affect the Company's investments, floating rate securities and funding obligations under its pension plans; the cyclical nature of the P&C insurance industry; management's ability to accurately predict future claims frequency and severity, including in the Ontario line of business, as well as the evaluation of losses relating to the Fort McMurray wildfires, catastrophe losses caused by severe weather and other weather-related losses; government regulations designed to protect policyholders and creditors rather than investors; litigation and regulatory actions; periodic negative publicity regarding the insurance industry; intense competition; the Company's reliance on brokers and third parties to sell its products to clients and provide services to the Company; the Company's ability to successfully pursue its acquisition strategy; the Company's ability to execute its business strategy; the Company's ability to achieve synergies arising from successful integration plans relating to acquisitions; economic, financial, business and political conditions, as well as their resulting effect on management's estimates and expectations in relation to resulting accretion, equity IRR, net operating income per share, MCT, combined ratio and debt-to-capital ratio and other metrics used in relation to the Acquisition; the terms and conditions of the Acquisition; the Company's participation in the Facility Association (a mandatory pooling arrangement among all industry participants) and similar mandated risk-sharing pools; terrorist attacks and ensuing events; the occurrence and frequency of catastrophe events, including a major earthquake; 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 ability to contain fraud and/or abuse; the Company's reliance on information technology and telecommunications systems and potential failure of or disruption to those systems, including evolving cyber-attack risk; the impact of developments in technology on the Company's products and distribution; the Company's dependence on and ability to retain key employees; changes in laws or regulations; the exercise of the over-allotment option in connection with the Offering; general economic, financial and political conditions; the Company's dependence on the results of operations of its subsidiaries and the ability of the Company's subsidiaries to pay dividends; the volatility of the stock market and other factors affecting the trading prices of the Company's securities; the Company's ability to hedge exposures to fluctuations in foreign exchange rates; future sales of a substantial number of its common shares; 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 Annual Information Form are qualified by these cautionary statements and those made in the section entitled *Risk Management* at pages 54 to 73 of our MD&A for the year ended December 31, 2017, in Notes 9 and 12 at pages 30 to 35 and 39 to 41 of our Consolidated Financial Statements for the year ended December 31, 2017 and those made in our other filings with the securities commissions or similar authorities in Canada that are incorporated by reference in this Annual Information Form. 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 Annual Information Form presents information as at December 31, 2017 and all amounts are in Canadian dollars.

CORPORATE STRUCTURE

Name, Address and Incorporation

Intact Financial Corporation ("we", "us" or the "Company") is a holding company incorporated under the *Canada Business Corporations Act* which, through its operating subsidiaries, provides property and casualty ("P&C") insurance in Canada and specialty insurance in the United States.

As the largest provider of P&C insurance in Canada, we distribute insurance under the Intact Insurance brand through a wide network of brokers, including our wholly owned subsidiary BrokerLink, and directly to customers through belairdirect.

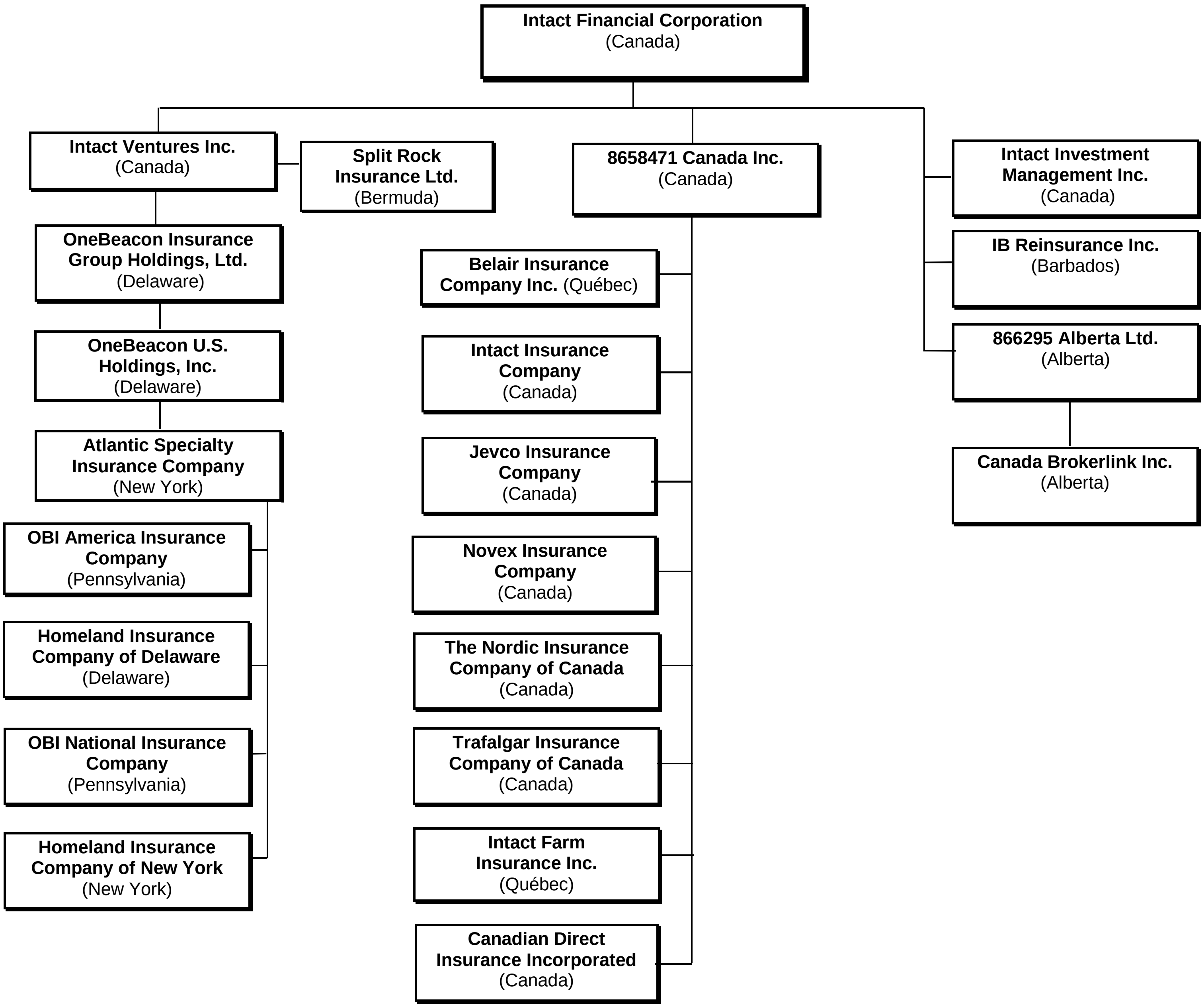
In Canada, Intact Financial Corporation, through its multi-channel distribution model, meets customers' needs through the following subsidiaries: Intact Insurance Company ("Intact Insurance"), Novex Insurance Company, The Nordic Insurance Company of Canada, Trafalgar Insurance Company of Canada, Belair Insurance Company Inc., Intact Farm Insurance Inc., Jevco Insurance Company ("Jevco"), Equisure Financial Network Inc., Canada Brokerlink Inc., Canadian Direct Insurance Inc., IB Reinsurance Inc. and Intact Investment Management Inc.

In the United States, the Company, through independent agencies, brokers, wholesalers and managing general agencies, provides insurance to its customers through the following five underwriting subsidiary companies: Atlantic Specialty Insurance Company, Homeland Insurance Company of Delaware, Homeland Insurance Company of New York, OBI America Insurance Company and OBI National Insurance Company.

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

Intercorporate Relationships

The following chart illustrates our corporate structure as at March 29, 2018, together with the jurisdiction of incorporation of each of our principal subsidiaries. Unless otherwise indicated herein, each subsidiary is directly or indirectly owned 100% by us.



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. Between 1988 and 2017, the Company successfully completed 16 major acquisitions involving the integration of several P&C insurance businesses.

Based on the most current industry statistics, the Company is the largest personal and commercial provider in Canada for 2017 (as measured by direct premiums written). It is also a leading specialty insurance provider in North America.

Three Year History

On February 10, 2015, the Company entered into a share purchase agreement with Canadian Western Bank ("CWB") for the acquisition of all of the issued and outstanding shares of CWB's wholly owned subsidiary, Canadian Direct Insurance Inc., for an adjusted price of $189 million. The transaction closed on May 1, 2015. In conjunction with the transaction, the Company announced that it was rebranding Grey Power to belairdirect to consolidate its brands.

On February 10, 2016 the Company announced its intention to proceed with a normal course issuer bid ("NCIB") which began on February 12, 2016 to purchase for cancellation, during the next 12 months, up to 6,577,156 of its Common Shares, representing approximately 5% of its issued and outstanding Common Shares as of February 1, 2016. The Company received approval from the Toronto Stock Exchange ("TSX") to proceed with the NCIB on February 10, 2016. This NCIB expired on February 11, 2017 and was renewed beginning on February 13, 2017. For more information on the renewal of the NCIB please see below.

On March 1, 2016, the Company completed an offering of $250 million principal amount of unsecured medium term notes pursuant to its medium term note program. The Series 6 unsecured medium term notes bear interest at a fixed annual rate of 3.77%, payable in equal semi-annual instalments on March 2 and September 2 each year, commencing on September 2, 2016 until maturity on March 2, 2026 (the "Series 6 Notes").

On September 30, 2016, 1,594,996 of the Company's Non-cumulative Rate Reset Class A Shares Series 3 (the "Series 3 Preferred Shares") were converted, on a one-for-one basis, into Non-cumulative Floating Rate Class A Shares Series 4 (the "Series 4 Preferred Shares"), further to the exercise, by holders of Series 3 Preferred Shares, of their conversion rights, in accordance with the terms of such shares.

On February 9, 2017, the Company announced its intention to proceed with an NCIB which began on February 13, 2017 to purchase for cancellation, during the next 12 months, up to 6,551,741 of its Common Shares, representing approximately 5% of its issued and outstanding Common Shares as of February 1, 2017. This NCIB expired on February 12, 2018 and was not renewed.

On May 2, 2017, the Company announced that it had entered into a definitive agreement and plan of merger (the "Agreement") pursuant to which it had agreed to acquire OneBeacon Insurance Group, Ltd. (now OneBeacon Insurance Group Holdings, Ltd.) ("OneBeacon"), a leading US Specialty Insurer for an aggregate consideration of $2.3 billion (US$1.7 billion) (the "Acquisition"). The Acquisition was completed on September 28, 2017, and a material change report and a Form 51-102F4 Business Acquisition Report describing the Acquisition were filed on May 4 and October 5, 2017, respectively. Both reports are incorporated by reference into, and are expressly made part of, this Annual Information Form and are available on the Company's profile at www.sedar.com.

On May 4, 2017, the Company filed a supplement to its short form base shelf prospectus dated September 10, 2015, pursuant to which the Company offered 8,210,000 subscription receipts (including the exercised over-allotment option) (the "Subscription Receipts") at a price of $91.85 per Subscription Receipt (the "Receipt Offering") for gross proceeds to the Company of $747 million. 4.5 million Subscription Receipts (including the exercised over-allotment option) were offered by way of a bought deal pursuant to an underwriting agreement dated May 16, 2017 to a syndicate of underwriters and the remaining 3.7 million Subscription Receipts were offered by way of a private placement (the "Private Placement") to the Caisse de dépôt et placement du Québec, the Canada Pension Plan Investment Board and the Ontario Teachers' Pension Plan (collectively, the "Private Placement Subscribers") at a price of $91.85 per Subscription Receipt. The Receipt Offering closed on May 11, 2017. Each Subscription Receipt entitled the holder to receive, upon closing of the Acquisition, one Common Share of the Company plus an amount equal to the dividends paid on the Common Shares by the Company on June 30, 2017 and September 29, 2017. Upon closing of the Acquisition, the Subscription Receipts were automatically exchanged in accordance with their terms on a one-for-one basis for Common Shares. The material change report dated May 4, 2017 as well as the prospectus supplement dated May 4, 2017 contain a detailed description of the terms of the Subscription Receipts and of the Receipt Offering and are available on www.sedar.com.

On May 24, 2017, the Company announced the closing of its bought deal offering of 6,000,000 Non-cumulative Class A Shares Series 5 (the "Series 5 Preferred Shares") at a price of $25.00 per Series 5 Preferred Share and with an annual dividend rate of 5.20%, for aggregate gross proceeds of $150 million. The Series 5 Preferred Shares were offered pursuant to a prospectus supplement dated on May 16, 2017.

On June 7, 2017, the Company completed an offering of $425 million principal amount of unsecured medium term notes pursuant to its medium term note program ("Series 7 Notes"). The Series 7 Notes bear interest at a fixed annual rate of 2.85%, payable in equal semi-annual instalments on June 7 and December 7 in each year, commencing on December 7, 2017 until maturity on June 7, 2027 (the "Series 7 Notes").

On August 18, 2017, the Company announced the closing of its bought deal offering of 6,000,000 Non-cumulative Class A Shares Series 6 (the "Series 6 Preferred Shares") at a price of $25.00 per Series 6 Preferred Share with an annual dividend rate of 5.30%, for aggregate gross proceeds of $150 million. The Series 6 Preferred Shares were offered pursuant to a prospectus supplement filed on August 11, 2017.

Reorganizations

On September 28, 2017, Intact Acquisition Co. Ltd. merged with OneBeacon Insurance Group, Ltd. and continued as OneBeacon Insurance Group, Ltd. OneBeacon Insurance Group, Ltd. then merged with Intact Bermuda Holdings Ltd. and continued as OneBeacon Insurance Group, Ltd. Since then, OneBeacon Insurance Group, Ltd. has been re-domiciled from Bermuda to Delaware in the United States and continued as a corporation organized under the laws of the state of Delaware and has been renamed OneBeacon Insurance Group Holdings, Ltd.

DESCRIPTION OF OUR BUSINESS

Lines of Business

Following the acquisition of OneBeacon on September 28, 2017, we now report our financial results under two reportable segments; Canadian Insurance and U.S. Insurance. The composition of our segments is aligned with our management structure and internal financial reporting based on geography and the nature of our activities.

Canadian Insurance

Our principal insurance products are automobile, home and commercial insurance contracts, which we provide to individuals and businesses across Canada. We distribute our products through several distribution channels and entities: belairdirect and brokers, including our wholly owned subsidiaries, BrokerLink and Anthony Insurance.

Personal Automobile

Our automobile insurance business offers various coverages to our customers for their vehicles including accident benefits, third-party liability and physical damage, depending on where they reside in Canada. Our coverage is also available for motor homes, recreational vehicles, motorcycles, snowmobiles and all terrain vehicles. Non-standard automobile insurance in Ontario is distributed through Jevco.

Personal Property

Our property insurance business provides our customers with protection for their homes and contents from risks such as fire, theft, vandalism, water damage and other damages, as well as personal liability coverage. Property coverage is also available for tenants, condominium owners, non-owner occupied residences and seasonal residences.

Commercial Insurance (including specialty lines)

We provide a broad range of coverages tailored to the needs of a diversified group of small and medium sized businesses including commercial landlords, manufacturers, contractors, wholesalers, retailers, transportation businesses, agriculture businesses and service providers.

Commercial property coverages protect the physical assets of the business and include business interruption insurance. Liability coverages include commercial general liability, product liability, professional liability as well as data breach endorsement.

Commercial vehicle coverages provide protection for commercial auto, fleets, garage operations, light trucks, public vehicles and the transportation needs of the sharing economy.

U.S. Insurance

We provide specialty insurance contracts to small and midsize businesses in the U.S. solving the unique needs of particular customers or industry groups including accident and health, technology, ocean and inland marine, public entities, and entertainment.

We also provide distinct products and tailored coverages to a broad customer base across the U.S. such as healthcare, tuition reimbursement, surety, management liability, financial services, specialty property, environmental and financial institutions.

Each OneBeacon business is managed by an experienced team of specialty insurance professionals focused on a specific customer group or industry segment.

Corporate and Other

Corporate and Other is comprised of the following activities, which are managed at the Corporate level: investment management, treasury and capital management and other corporate activities.

Investment Management

Our invested assets portfolio is primarily managed by our wholly owned subsidiary Intact Investment Management Inc. ("IIM"). IIM also provides investment management services to our employee pension plans and certain third parties. In-house management provides greater flexibility in support of our insurance operations at competitive costs.

Following the acquisition of OneBeacon, our invested assets totalled $16.9 billion as at December 31, 2017, up $2.5 billion from December 31, 2016. Our approach to investment management continues to reflect our objective of maximizing after-tax returns and outperforming our peers' investment returns over the long-term, while ensuring policyholder protection and maintaining strong regulatory capital levels.

We continue to manage our investment portfolio to achieve these objectives via appropriate asset allocation and active management investment strategies, while minimizing the potential for large investment losses with diversification and limits on our investment exposures. Such limits are specified in our investment policies and are designed to be consistent with our overall risk tolerance. Management monitors and ensures compliance with our investment policies.

Our portfolio is still mainly comprised of Canadian securities as well as some U.S. securities and includes a mix of fixed income securities, common and preferred shares, cash and short-term notes while preserving capital, diversifying risk and considering capital requirements in evaluating the attractiveness of different investment alternatives.

Treasury and Capital Management

Our objectives when managing capital consist of maintaining strong regulatory capital levels, while ensuring policyholders are well protected; and maximizing long-term shareholder value by optimizing capital used to operate and grow the Company.

We have a centralized best-in-class treasury management approach that ensures access to funds in multiple currencies and control of global market variable fluctuations on shareholders' equity.

Distribution Activities

Intact Financial Corporation is the largest provider of property and casualty (P&C) insurance in Canada and a leading provider of specialty insurance in North America, with close to $10 billion in total annual premiums.[1]

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, on the phone or in person through a broker. We distribute and market our products through the following distribution channels described below:

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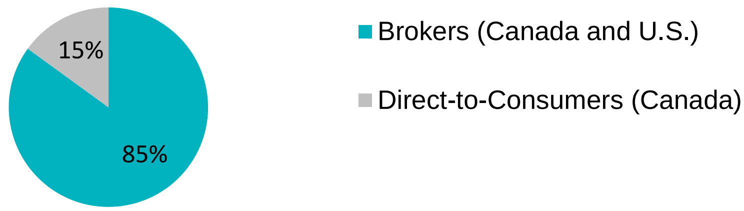
[1] Annual premiums (pro forma) for 2017 are comprised of the annual premiums of P&C Canada and the annual premiums (pro forma) of P&C U.S., using an exchange rate of 1.30.

Distribution Channels



Canadian Distribution

Brokers. We offer Intact Insurance and Jevco products through approximately 2,000 insurance brokerages across Canada. The broker distribution channel includes our wholly owned subsidiaries BrokerLink and Anthony Insurance. Our business success is predicated on continuing to provide competitive rates and products that are best suited for our target customers and to deliver consistently high levels of service to brokers. We provide a technology platform that allows them to easily transact business with us, we train them on our products and we support their growth by promoting our brand and values. In addition, we offer options like the Buy Online tool where consumers can obtain quotes and buy their insurance online with the support of our broker network.

Direct-to-Consumers. belairdirect, our primary brand for direct-to-consumer distributed products, has been providing complete home and auto insurance solutions directly to consumers in Ontario and Québec for over 60 years and most recently in British Columbia and Alberta. With belairdirect, consumers have the option of buying coverage over the phone or digitally. belairdirect is one of the most recognized direct-to-consumer insurance brands in its markets.

U.S. Distribution

In the U.S., we offer a range of products primarily through approximately 1,750 independent agencies, regional and national brokers, wholesalers and managing general agencies. This differentiated, multi-channel distribution approach provides an attractive mix with retail agents and wholesalers.

Reinsurance

We use reinsurance to help manage our exposure to losses and liabilities arising from the insurance risks that we write and to protect our capital resources. In the ordinary course of business, we reinsure certain risks with other reinsurers to limit our maximum loss in the event of catastrophic events or other significant losses. Our objectives related to ceded reinsurance are: capital protection, reduction in the volatility of results, increase in underwriting capacity, and access to the expertise of reinsurers. See the section entitled *Reinsurance* on page 46 of our Management's Discussion and Analysis for the year ended December 31, 2017 and Note 13 on pages 42 and 43 of our Consolidated Financial Statements for the year ended December 31, 2017, which pages are incorporated herein by reference.

The risk factors related to the Company and our activities are described in the section entitled *Risk Management* at pages 54 to 73 of our Management's Discussion and Analysis for the year ended December 31, 2017 and Notes 9 and 12 at pages 30 to 35 and 39 to 41 of our Consolidated Financial Statements for the year ended December 31, 2017, which pages are incorporated herein by reference.

Pricing and Underwriting

Personal Insurance. 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 database and hence on our ability to segment and be competitive.

We maintain a detailed proprietary database of our personal insurance business across the provinces and territories of Canada. We believe that the size of this database allows us to have greater insight in the forecasting of expected claims severity and frequency. Our pricing is derived from frequency of claims, severity of claims, expenses associated with writing business, claims administration and settlement costs, and costs of distribution channels through which the business is written

The selection or underwriting process attempts to quantify the potential risks associated with a customer to determine the eligibility of that customer and the appropriate price that should be charged. This process is highly automated in order to enable brokers and underwriters to apply our underwriting guidelines as consistently as possible. We have developed sophisticated models to identify the relative profitability at the risk or policy level to encourage business with the highest expected profitability.

Commercial Insurance (including specialty lines). As in personal insurance, product pricing in commercial insurance is generally developed to provide for expected claims frequency and severity in the period when the rates will be in effect. Product pricing takes into account the expenses associated with writing business as well as claims administration and settlement expenses.

We have a disciplined approach to underwriting and risk management in commercial and specialty insurance with an emphasis on profitability. We write business in most sectors of economic activity as well as in all lines of insurance with a focus on the small- to medium-size commercial segment. These two segments make up the large majority of our commercial premiums.

In specialty insurance, adequate pricing is a critical component to achieve profitability. We write business to solve the unique needs of particular customers or industry groups and provide distinct products and tailored coverages to a broad customer base across North America and in order to achieve better profitability, we have exited the Programs and Architects & Engineers lines of business and are leveraging our proven analytics and segmentation expertise to take underwriting actions in selected other specialty lines.

Claims Management

Our claims management objective is to provide a claims experience beyond excellence, while controlling claims administration costs and reducing the incidence of fraud. We believe that this can best be achieved by our internal claims staff who are trained to apply our claims management practices.

In 2017, a significant portion of the claims presented were handled to completion by our internal claims personnel, without the involvement of an external claims adjuster. We believe this result is the desired effect of consistent application of our claims policies and procedures, as well as lower aggregate claims costs and related claims administration costs.

In Canada, the claims handling process includes receipt of notice of loss, coverage verification, reserving for the ultimate potential loss, investigation of circumstances surrounding the claim, assessment of damages, settlement as appropriate, payment, completing salvage operations and recuperating under subrogation or reinsurance where applicable. 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.

Most of our claims professionals are regionally based. Their role is to manage the day-to-day operations relating to claims. We believe that this allows us to respond to the customer in a timely manner when a claim situation arises. All of our adjusters have authority limits – magnitudes of claims that they are qualified to process – commensurate with the adjusters' respective level of experience. These authority levels are reviewed on a regular basis and adjusted if warranted.

In the U.S. we have dedicated claims managers and adjusters for many of our specialty businesses. These individuals ensure that we have the appropriate level of expertise to handle claims involving complex issues. Within the claims organization, we use various shared services to both more efficiently manage costs and ensure the delivery of superior claims results. These shared services include non-specialty property and casualty insurance claims adjusters, operational and information technology support, subrogation and recovery support, medical and legal bill review, a special investigation unit to detect insurance fraud, and dedicated legal support. Various metrics are collected and reviewed to analyze claims handling results.

Overall, we handle a large number of insurance claims in the normal course of business which are managed by our claims departments. Our Canadian claims department establishes and, where necessary, adjusts reserves for claims in partnership with our actuaries, while our U.S. claims department maintains a paperless claim file system and uses 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.

Innovation and Ventures

We are focused on being at the forefront of digital innovation to continue addressing customer needs and improving our customer experience.

Intact Ventures Inc. Launched in 2016, Intact Ventures Inc. ("Intact Ventures"), is focused on investing and/or partnering with companies that are redefining the P&C insurance industry landscape with innovative business models and new technology. Building relationships with groundbreaking companies will enable us to accelerate our learning, design smarter products and leverage unique technology. In return, we will support the growth of these companies by providing them with access to our expertise and talent. We want to ensure that we continue to be a leader in a fast paced industry to serve the best interests of our customers, as well as our portfolio of companies and partners.

Big Data. Artificial Intelligence (AI) and machine learning have transformational potential for the insurance industry, the economy and consumers. Our strategic partnerships with academia (such as Montreal's IVADO, Laval University and the Vector

Institute) and the recent creation of the Intact Data Lab position us to harness the potential of these emerging technologies now and into the future. While data has always been integral to assessing risk and determining pricing, these technologies can expand our data advantage to innovate and improve product offerings so we can better serve customers. We are also using them to help increase our understanding of risk (including climate risk), and help reduce and prevent risk for customers.

Intact Lab. We also constantly seek to develop innovative and competitive products. We launched the Intact Lab, our centre for digital excellence, in 2015 to accelerate our digital innovation and expand our customer experiences by exploring advanced technology solutions at the service of our various lines of business in addition to partnering with user experience and digital analytics specialists, project managers, front-end developers, research and development teams, and other digital specialists from across the organization.

Intact Data Lab. The Intact Data Lab is focused on data and information strategy, the exploitation of enterprise data, and research and development on new data sources. It will enhance our abilities to use data in risk and pricing, but also enhance our sales and services abilities in the long-term.

Innovative products. We continue to develop innovative products to address customer needs. In 2017, we launched several new products, including cyber risk and sharing economy coverages and improved our telematics offering for Intact Insurance customers in Alberta, Québec and parts of Ontario by launching a mobile app. Following the acquisition of OneBeacon we have strengthened our capabilities in specialty lines. We are now leveraging OneBeacon’s tailored specialty products and services in Canada with the launch of products for the technology and entertainment sectors. Growth initiatives are underway with underwriting desks now serving our cross-border customers.

Facility Association

As a condition of providing automobile insurance in Canada, our Canadian insurance subsidiaries are required to participate in the Facility Association in Alberta, New Brunswick, Newfoundland & Labrador, the Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island and Yukon. Similar arrangements are in place to varying degrees in the rest of the country. The Facility Association consists of mandatory pooling arrangements with all industry participants and provides automobile insurance coverage to individuals or businesses that are otherwise unable to purchase coverage from private insurers. All underwriting results and interest and dividend income resulting from the business processed by these carriers are then pooled and assumed by all industry participants according to their automobile insurance market share. The size of the Facility Association across jurisdictions varies over time in relation to the profitability of automobile insurance markets as well as the capital available to private insurers.

Regulatory Matters

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 is designed to protect policyholders and creditors rather than investors, and relates 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), 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

The Canadian P&C insurance industry and the U.S. specialty insurance industry are both highly competitive. 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, while 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.

We believe that the Canadian P&C insurance industry and the U.S. specialty insurance industry will remain highly competitive for the foreseeable future. We believe that competition in our business lines is based on price, service, distribution channels, commission structure, product features, financial strength and scale, ability to pay claims, ratings, reputation and name or brand recognition. In Canada as well as in the U.S., the regional competitive landscape varies slightly from the national picture.

Intangible Properties

In the broker distribution channel, the Company's largest insurance subsidiary is Intact Insurance Company and operates under the Intact Insurance brand name. In the direct personal lines distribution channel, belairdirect has developed a strong awareness among consumers in Québec and Ontario and has recently launched its brand in British Columbia and Alberta. Non-standard automobile insurance in Ontario is distributed under the Jevco brand. Our insurance subsidiaries employ branding and marketing strategies to distinguish and promote their respective brands and offers.

Cycles and Seasonality

Over the past 20 years, returns in the Canadian P&C insurance industry have fluctuated substantially. We believe that the cyclical nature of the Canadian P&C insurance industry is driven by a number of factors, including capital management, time lags and pricing, industry regulation and, in the case of commercial insurance, a decentralized decision making process.

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. Inadequate pricing reduces underwriting margins. Ultimately, prices need to rise again to recover losses, 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, related primarily to automobile claims patterns and winter driving conditions. Severe winter storms, such as the Québec ice storm of 1998, as well as wind and hail, or rainstorms and flooding such as that experienced during the Alberta flood in June 2013 and other extreme weather conditions leading to events such as the Fort McMurray wildfires can affect property insurance results.

The results of companies in the U.S. P&C insurance industry historically have been cyclical, experiencing periods of severe price competition and less selective underwriting standards (soft markets) followed by periods of relatively high prices and more selective underwriting standards (hard markets).

We believe the demand for insurance is influenced primarily by general economic conditions in the U.S. and the global economy, while the supply of insurance is often directly related to available capacity or the perceived profitability of the business.

Over the past several years, OneBeacon’s business in the U.S. has faced increased competition, including as a result of an increased flow of capital into the insurance and reinsurance industry, with both new entrants and existing insurers seeking to gain market share. This has resulted in decreased premium rates and at times less favourable contract terms and conditions.

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 property & casualty 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 IFC’s results of operations and financial condition.

Employees

As at December 31, 2017, the Company, including our operational units, had over 13,000 full- and part-time employees across Canada and the U.S.

Environmental, Social and Governance Activities

The Company publishes a Public Accountability Statement annually, which provides details on the Company's approach with respect to certain social, environmental and governance related issues and highlights the activities undertaken by it in support of customers, employees, community members and governments. The statement also details the Company's commitments toward our core values, sound corporate governance, social responsibility and environmental sustainability. This document can be found under the "Public Accountability Statement" heading in the "In the Community" section of the Company's website at www.intactfc.com.

RISK FACTORS

The risk factors related to the Company and our activities are described in the section entitled *Risk Management* at pages 54 to 73 of our Management’s Discussion and Analysis for the year ended December 31, 2017 and Notes 9 and 12 at pages 30 to 35 and 39 to 41 of our Consolidated Financial Statements for the year ended December 31, 2017, which pages 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.

As at March 15, 2018, 139,188,634 Common Shares, 10,000,000 Non-cumulative Rate Reset Class A Shares Series 1 (the "Series 1 Preferred Shares"), 8,405,004 Series 3 Preferred Shares, 1,594,996 Series 4 Preferred Shares, 6,000,000 Series 5 Preferred Shares and 6,000,000 Series 6 Preferred Shares were issued and outstanding.

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.

Series 1 Preferred Shares

The Series 1 Preferred Shares are a series of Class A Shares limited in number to 10,000,000.

In addition to the rights, privileges, restrictions and conditions attaching to the Class A Shares, the following is a summary of rights, privileges, restrictions and conditions attaching to the Series 1 Preferred Shares:

The issue price for each Series 1 Preferred Share is $25.00.

The holders of Series 1 Preferred Shares were entitled to receive fixed non-cumulative preferential cash dividends, as and when declared by our Board of Directors, on a quarterly basis for the initial fixed rate period ending on December 31, 2017, based on an annual rate of 4.20%. The dividend rate was reset to 3.396% on December 31, 2017 and will be reset every five years thereafter at a rate equal to the 5-year Government of Canada bond yield plus 1.72%.

The holders of the Series 1 Preferred Shares had the right, at their option, to convert their Series 1 Preferred Shares into Series 2 Preferred Shares, subject to certain conditions, on December 31, 2017. and will have the right, at their option, to convert their Series 1 Preferred Shares into Series 2 Preferred Shares, subject to certain conditions, on December 31, 2022 and on December 31 every fifth year thereafter on the basis of one Series 2 Preferred Share for each Series 1 Preferred Share.

The Company did not redeem any of the Series 1 Preferred Shares on December 31, 2017. On December 31, 2022 and on December 31 every fifth year thereafter, but subject to certain conditions, the Company may redeem at any time all or from time to time any part of the Series 1 Preferred Shares then outstanding without the consent of the holders.

Except for specific situations as provided in the articles of incorporation and by legislation, the holders of Series 1 Preferred Shares 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 Series 1 Preferred Shares.

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 Series 1 Preferred Shares will be entitled to receive $25.00 for each Series 1 Preferred Share held by them plus any dividends declared and unpaid. After payment of those amounts, the holders of Series 1 Preferred Shares 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 Series 1 Preferred Shares may be given by a resolution signed by all holders of the Series 1 Preferred Shares outstanding or by a resolution passed at a meeting of the holders at which holders of at least 25% of the outstanding Series 1 Preferred Shares are present or represented by proxy and carried by the affirmative vote of not less than 66⅔% of the votes cast by the holders, except that at an adjourned meeting there is no quorum requirement.

The Series 1 Preferred Shares are listed on the TSX.

Series 2 Preferred Shares

The Series 2 Preferred Shares are a series of Class A Shares limited in number to 10,000,000.

In addition to the rights, privileges, restrictions and conditions attaching to the Class A Shares, the following is a summary of rights, privileges, restrictions and conditions attaching to the Series 2 Preferred Shares:

The Series 2 Preferred Shares are issuable upon conversion of the Series 1 Preferred Shares.

The issue price for each Series 2 Preferred Share is $25.00.

The holders of Series 2 Preferred Shares will be entitled to receive floating rate non-cumulative preferential cash dividends, as and when declared by our Board of Directors, at a rate equal to the 90-day Canadian Treasury Bill rate plus 1.72%, on an actual/365 or 366 day count basis, as determined in accordance with the terms of the Series 2 Preferred Shares.

The holders of Series 2 Preferred Shares will have the right, at their option, to convert their Series 2 Preferred Shares into Series 1 Preferred Shares, subject to certain conditions, on December 31, 2022 and on December 31 every fifth year thereafter on the basis of one Series 1 Preferred Share for each Series 2 Preferred Share.

After December 31, 2017, but subject to certain conditions, the Company may redeem at any time all, or from time to time any part of, the Series 2 Preferred Shares then outstanding without the consent of the holders.

Except for specific situations as provided in the articles of incorporation and by legislation, the holders of Series 2 Preferred Shares will not be 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 Series 2 Preferred Shares.

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, the holders of the Series 2 Preferred Shares will be entitled to receive $25.00 for each Series 2 Preferred Share held by them plus any dividends declared and unpaid. After payment of those amounts, the holders of Series 2 Preferred Shares 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 Series 2 Preferred Shares may be given by a resolution signed by all holders of the Series 2 Preferred Shares outstanding or by a resolution passed at a meeting of the holders at which holders of at least 25% of the outstanding Series 2 Preferred Shares are present or represented by proxy and carried by the affirmative vote of not less than 66⅔% of the votes cast by the holders, except that at an adjourned meeting there is no quorum requirement.

Series 3 Preferred Shares

The Series 3 Preferred Shares are a series of Class A Shares limited in number to 10,000,000.

In addition to the rights, privileges, restrictions and conditions attaching to the Class A Shares, the following is a summary of rights, privileges, restrictions and conditions attaching to the Series 3 Preferred Shares:

The issue price for each Series 3 Preferred Share is $25.00.

The holders of Series 3 Preferred Shares were entitled to receive fixed non-cumulative preferential cash dividends, as and when declared by our Board of Directors, on a quarterly basis for the initial fixed rate period ending on September 30, 2016, based on an annual rate of 4.20%. The dividend rate was reset to 3.332% on September 30, 2016 and will be reset every five years thereafter at a rate equal to the 5-year Government of Canada bond yield plus 2.66%.

The holders of Series 3 Preferred Shares had the right, at their option, to convert their Series 3 Preferred Shares into Series 4 Preferred Shares, subject to certain conditions, on September 30, 2016 and will, have the right, at their option, to convert their Series 3 Preferred Shares into Series 4 Preferred Shares, subject to certain conditions, on September 30, 2021 and on September 30 every five years thereafter on the basis of one Series 4 Preferred Share for each Series 3 Preferred Share.

The Company did not redeem any of the Series 3 Preferred Shares on September 30, 2016. On September 30, 2021 and on September 30 every fifth year thereafter, subject to certain conditions, the Company may redeem at any time all or from time to time any part of the Series 3 Preferred Shares then outstanding without the consent of the holders.

Except for specific situations as provided in the articles of incorporation and by legislation, the holders of Series 3 Preferred Shares 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 Series 3 Preferred Shares.

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 Series 3 Preferred Shares will be entitled to receive $25.00 for each Series 3 Preferred Shares held by them, plus any dividends declared and unpaid. After payment of those amounts, the holders of Series 3 Preferred Shares 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 Series 3 Preferred Shares may be given by a resolution signed by all holders of the Series 3 Preferred Shares outstanding or by a resolution passed at a meeting of the holders at which holders of at least 25% of the outstanding Series 3 Preferred Shares are present or represented by proxy and carried by the affirmative vote of not less than 66⅔% of the votes cast by the holders, except that at an adjourned meeting there is no quorum requirement.

The Series 3 Preferred Shares are listed on the TSX.

Series 4 Preferred Shares

The Series 4 Preferred Shares are a series of Class A Shares limited in number to 10,000,000.

In addition to the rights, privileges, restrictions and conditions attaching to the Class A Shares, the following is a summary of rights, privileges, restrictions and conditions attaching to the Series 4 Preferred Shares:

The Series 4 Preferred Shares are issuable upon conversion of the Series 3 Preferred Shares.

The issue price for each Series 4 Preferred Share is $25.00.

The holders of Series 4 Preferred Shares are entitled to receive floating rate non-cumulative preferential cash dividends, as and when declared by our Board of Directors, at a rate equal to the 90-day Canadian Treasury Bill rate plus 2.66%, on an actual/365 or 366 day count basis, as determined in accordance with the terms of the Series 4 Preferred Shares.

The holders of Series 4 Preferred Shares will have the right, at their option, to convert their Series 4 Preferred Shares into Series 3 Preferred Shares, subject to certain conditions, on September 30, 2021 and on September 30 in every fifth year thereafter on the basis of one Series 3 Preferred Share for each Series 4 Preferred Share.

After September 30, 2016, but subject to certain conditions, the Company may redeem at any time all, or from time to time any part of, the Series 4 Preferred Shares then outstanding without the consent of the holders.

Except for specific situations as provided in the articles of incorporation and by legislation, the holders of Series 4 Preferred Shares will not be 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 Series 4 Preferred Shares.

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, the holders of the Series 4 Preferred Shares will be entitled to receive $25.00 for each Series 4 Preferred Share held by them plus any dividends declared and unpaid. After payment of those amounts, the holders of Series 4 Preferred Shares 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 Series 4 Preferred Shares may be given by a resolution signed by all holders of the Series 4 Preferred Shares outstanding or by a resolution passed at a meeting of the holders at which holders of at least 25% of the outstanding Series 4 Preferred Shares are present or represented by proxy and carried by the affirmative vote of not less than 66⅔% of the votes cast by the holders, except that at an adjourned meeting there is no quorum requirement.

The Series 4 Preferred Shares are listed on the TSX.

Series 5 Preferred Shares

The Series 5 Preferred Shares are a series of Class A Shares limited in number to 6,000,000.

In addition to the rights, privileges, restrictions and conditions attaching to the Class A Shares, the following is a summary of rights, privileges, restrictions and conditions attaching to the Series 5 Preferred Shares:

The issue price for each Series 5 Preferred Share is $25.00.

The holders of Series 5 Preferred Shares are entitled to receive fixed non-cumulative preferential cash dividends, as and when declared by our Board of Directors, at a rate equal to $1.30 per share per annum.

On or after June 30, 2022, but subject to certain conditions, the Company may redeem all, or from time to time any, of the Series 5 Preferred Shares then outstanding without the consent of the holders.

Except for specific situations as provided in the articles of incorporation and by legislation, the holders of Series 5 Preferred Shares will not be 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 Series 5 Preferred Shares.

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, the holders of the Series 5 Preferred Shares will be entitled to receive $25.00 for each Series 5 Preferred Share held by them plus any dividends declared and unpaid. After payment of those amounts, the holders of Series 5 Preferred Shares 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 Series 5 Preferred Shares may be given by a resolution signed by all holders of the Series 5 Preferred Shares outstanding or by a resolution passed at a meeting of the holders at which holders of at least 25% of the outstanding Series 5 Preferred Shares are present or represented by proxy and carried by the affirmative vote of not less than 66⅔% of the votes cast by the holders, except that at an adjourned meeting there is no quorum requirement.

The Series 5 Preferred Shares are listed on the TSX.

Series 6 Preferred Shares

The Series 6 Preferred Shares are a series of Class A Shares limited in number to 6,000,000.

In addition to the rights, privileges, restrictions and conditions attaching to the Class A Shares, the following is a summary of rights, privileges, restrictions and conditions attaching to the Series 6 Preferred Shares:

The issue price for each Series 6 Preferred Share is $25.00.

The holders of Series 6 Preferred Shares are entitled to receive fixed non-cumulative preferential cash dividends, as and when declared by our Board of Directors, at a rate equal to $1.325 per share per annum.

On or after September 30, 2022, but subject to certain conditions, the Company may redeem all, or from time to time any, of the Series 6 Preferred Shares then outstanding without the consent of the holders.

Except for specific situations as provided in the articles of incorporation and by legislation, the holders of Series 6 Preferred Shares will not be 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 Series 6 Preferred Shares.

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, the holders of the Series 6 Preferred Shares will be entitled to receive $25.00 for each Series 6 Preferred Share held by them plus any dividends declared and unpaid. After payment of those amounts, the holders of Series 6 Preferred Shares 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 Series 6 Preferred Shares may be given by a resolution signed by all holders of the Series 6 Preferred Shares outstanding or by a resolution passed at a meeting of the holders at which holders of at least 25% of the outstanding Series 6 Preferred Shares are present or represented by proxy and carried by the affirmative vote of not less than 66⅔% of the votes cast by the holders, except that at an adjourned meeting there is no quorum requirement.

The Series 6 Preferred Shares are listed on the TSX.

The 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 and of the Series 6 are available electronically 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 Intact Financial Corporation 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. Intact Financial Corporation owns all of the shares of, and therefor controls, Intact Insurance, Novex Insurance Company, The Nordic Insurance Company of Canada, Trafalgar Insurance Company of Canada, Jevco and Canadian Direct Insurance Inc. 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, Intact Financial Corporation.

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 two billion dollars 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 none of which 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 Company has equity exceeding two billion dollars. However, an exemption order has been obtained for Intact Insurance Company 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 Intact Financial Corporation, whether carried on directly or through entities that it controls, are no longer primarily financial; (y) Intact Financial Corporation ceases to control Intact Insurance Company; or (z) if Intact Financial Corporation 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.

Act Respecting Insurance (Québec)

The *Act respecting insurance* in Québec contains restrictions and requirements relating to the shares of insurance companies incorporated thereunder.

Pursuant to these restrictions, no person is permitted to acquire any voting shares of the an insurance company incorporated under the *Act respecting insurance*, or to acquire control of an entity such as Intact Financial Corporation that holds any such shares, if the acquisition would, directly or indirectly, cause the person and his associates, within the meaning of the *Act respecting insurance*, to hold 10% or more of the voting rights attached to the shares of an insurance company or to acquire control, including by being in a position to elect a majority of its directors, directly or through persons controlled by the person, of the insurance company, unless the prior written approval of the Minister of Finance (Québec) is obtained. Intact Financial Corporation owns all of the shares of, and therefor controls, Belair Insurance Company Inc., Intact Farm Insurance Inc. and InnovAssur, assurances générales inc. Accordingly, an approval would be required under the *Act respecting insurance* 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 Intact Financial Corporation.

If a person contravenes these ownership restrictions, the person and persons it controls may not exercise any voting rights attached to the shares of the insurance company that were allotted or transferred and registered unlawfully.

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 Intact Financial Corporation's common shares may be deemed to confer control under the insurance laws of some jurisdictions, and the approval requirements may therefor apply to such an acquisition.

Debt Securities

As at March 15, 2018, the Company had issued unsecured medium term notes in Series 1 to 7 (the "Notes"). The Notes are not listed on the TSX.

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") 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.

As part of the acquisition of OneBeacon, the Company now 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.

For information about the Company's unsecured medium term notes Series 1 to 7 and the Senior Notes, please see *Note 4 – Business combinations* and *Note 18 – Debt outstanding* on pages 22 and 47-48 of our 2017 Annual Consolidated Financial Statements for the year ended December 31, 2017, which pages are incorporated herein by reference.

Shareholder Rights Plan

The Shareholder Rights Plan Agreement dated as of February 9, 2011 that the Company entered into with Computershare Investor Services Inc. (the "Rights Plan") was adopted by the shareholders of Intact Financial Corporation at the annual and special meeting of shareholders held on May 4, 2011 and reconfirmed at the annual and special meeting of shareholders held on May 7, 2014. On February 7, 2017, the Board of Directors adopted the Rights Plan in an amended and restated form, at the Annual and Special Meeting of Shareholders held on May 3, 2017, the Amended and Restated Shareholder Rights Plan Agreement the Company entered into with Computershare Investor Services Inc. on April 19, 2017 (the "Amended and Restated Rights Plan") was adopted by the shareholders. A copy of the Amended and Restated Rights Plan is available on our SEDAR profile 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 also 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 March 15, 2018.

	Rating and Trend/Outlook *(*Descriptions below)*			
Security \ Approved Rating organization	**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")**
Series 1 Notes	**A / Stable**	**Baa1 / Stable**	**A- / Stable**	**a- / Stable**
Series 2 Notes	**A / Stable**	**Baa1 / Stable**	**A- / Stable**	**a- / Stable**
Series 3 Notes	**A / Stable**	**Baa1 / Stable**	**A- / Stable**	**a- / Stable**
Series 4 Notes	**A / Stable**	**Baa1 / Stable**	**A- / Stable**	**a- / Stable**
Series 5 Notes	**A / Stable**	**Baa1 / Stable**	**A- / Stable**	**a- / Stable**
Series 6 Notes	**A / Stable**	**Baa1 / Stable**	**A- / Stable**	**a- / Stable**
Series 7 Notes	**A / Stable**	**Baa1 / Stable**	**A- / Stable**	**a- / Stable**
Series 1 Preferred Shares	**Pfd-2 / Stable**	-	**BBB / Stable**	**bbb / Stable**
Series 3 Preferred Shares	**Pfd-2 / Stable**	-	**BBB / Stable**	**bbb / Stable**
Series 4 Preferred Shares	**Pfd-2 / Stable**	-	**BBB / Stable**	**bbb / Stable**
Series 5 Preferred Shares	**Pfd-2 / Stable**	-	**BBB / Stable**	**bbb / Stable**
Series 6 Preferred Shares	**Pfd-2 / Stable**	-	**BBB / Stable**	**bbb / Stable**

DBRS Ratings

The rating A is the third highest of the ten rating categories for long term ratings. 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". 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.

The ranking Pfd-2 is the second highest of the six categories for preferred shares ratings. 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, the balance sheet and the coverage ratios are not as strong as "Pfd-1" rated companies. 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

The rating Baa1 is the fourth highest of the nine categories related to long term ratings. 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

The rating A- is the third highest of the eleven rating categories for long term ratings. 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.

The rating BBB is the fourth highest of the eleven rating categories for corporate finance obligations, which, according to Fitch, include the definition for a rating on preferred shares. 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.

A.M. Best

The rating a- is the third highest of the nine rating categories for long term issue ratings. According to A.M. Best, issues rated "a" denote an excellent ability to meet the terms of the obligation.

The rating bbb is the fourth highest of the nine rating categories for long term issue ratings. 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 Issue Credit Rating categories from "aa" to "ccc" include rating notches to 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 "+" (plus) or "-" (minus).

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 71 of our Management's Discussion and Analysis for the year ended December 31, 2017, which pages are incorporated herein by reference, for more details.

Common Shares

During the year ended December 31, 2017, we paid four quarterly dividends in an aggregate amount of $2.56 per Common Share. The payment of dividends 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.

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

	Common Shares	
Announcement date	**Payment date**	**Dividend amount**
	2015	
February 4, 2015	March 31, 2015	$0.53
May 6, 2015	June 30, 2015	$0.53
July 29, 2015	September 30, 2015	$0.53
November 4, 2015	December 31, 2015	$0.53
	2016	
February 10, 2016	March 31, 2016	$0.58
May 4, 2016	June 30, 2016	$0.58
July 26, 2016	September 30, 2016	$0.58
November 1, 2016	December 30, 2016	$0.58
	2017	
February 8, 2017	March 31, 2017	$0.64
May 2, 2017	June 30, 2017	$0.64
August 1, 2017	September 29, 2017	$0.64
November 7, 2017	December 29, 2017	$0.64
	2018	
February 6, 2018	March 29, 2018	$0.70

The most recent decision to increase the dividend announced on February 6, 2018 reflects the Company's objective of returning value to shareholders, the strength of the Company's financial position and its confidence in its ongoing operating earnings and capital generation. The Company has now increased its dividend for the 13th consecutive year.

Series 1 Preferred Shares

The Series 1 Preferred Shares were issued on July 12, 2011 and the first dividend paid was on September 30, 2011. The holders of Series 1 Preferred Shares are entitled to receive fixed non-cumulative preferential cash dividends, as and when declared by our Board of Directors on a quarterly basis for the initial fixed rate period ending on December 31, 2017, based on an annual rate of 4.20%. We paid four quarterly dividends in an aggregate amount of $1.05 per Series 1 Preferred Share during the year ended December 31, 2017.

The following table sets forth the dividends paid per share on the Series 1 Preferred Shares in each of the three most recently completed fiscal years and the dividends declared to date in the current fiscal year:

Series 1 Preferred Shares		
Announcement date	**Payment date**	**Dividend amount**
	2015	
February 4, 2015	March 31, 2015	$0.2625
May 6, 2015	June 30, 2015	$0.2625
July 29, 2015	September 30, 2015	$0.2625
November 4, 2015	December 31, 2015	$0.2625
	2016	
February 10, 2016	March 31, 2016	$0.2625
May 4, 2016	June 30, 2016	$0.2625
July 26, 2016	September 30, 2016	$0.2625
November 1, 2016	December 30, 2016	$0.2625
	2017	
February 8, 2017	March 31, 2017	$0.2625
May 2, 2017	June 30, 2017	$0.2625
August 1, 2017	September 29, 2017	$0.2625
November 7, 2017	December 29, 2017	$0.2625
	2018	
February 6, 2018	March 29, 2018	$0.21225

Series 3 Preferred Shares

The Series 3 Preferred Shares were issued on August 18, 2011 and the first dividend paid was on September 30, 2011. The holders of Series 3 Preferred Shares were entitled to receive fixed non-cumulative preferential cash dividends, as and when declared by our Board of Directors on a quarterly basis for the initial fixed rate period which ended on September 30, 2016, based on an annual rate of 4.20%. As of September 30, 2016, the holders of Series 3 Preferred Shares are entitled to receive fixed non-cumulative preferential cash dividends, as and when declared by our Board of Directors on a quarterly basis for the five-year period ending September 30, 2021, based on an annual rate of 3.332%. We paid four quarterly dividends in an aggregate amount of $0.833 per Series 3 Preferred Share during the year ended December 31, 2017.

The following table sets forth the dividends paid per share on the Series 3 Preferred Shares in each of the three most recently completed fiscal years and the dividends declared to date in the current fiscal year:

Series 3 Preferred Shares		
Announcement date	**Payment date**	**Dividend amount**
	2015	
February 4, 2015	March 31, 2015	$0.2625
May 6, 2015	June 30, 2015	$0.2625
July 29, 2015	September 30, 2015	$0.2625
November 4, 2015	December 31, 2015	$0.2625
	2016	
February 10, 2016	March 31, 2016	$0.2625
May 4, 2016	June 30, 2016	$0.2625
July 26, 2016	September 30, 2016	$0.2625
November 1, 2016	December 30, 2016	$0.20825
	2017	
February 8, 2017	March 31, 2017	$0.20825
May 2, 2017	June 30, 2017	$0.20825
August 1, 2017	September 29, 2017	$0.20825
November 7, 2017	December 29, 2017	$0.20825
	2018	
February 6, 2018	March 29, 2018	$0.20825

Series 4 Preferred Shares

The Series 4 Preferred Shares were issued on September 30, 2016, upon the conversion of 1,594,996 Series 3 Preferred Shares, and the first dividend paid was on December 30, 2016. The holders of Series 4 Preferred Shares are entitled to receive floating rate non-cumulative preferential cash dividends, as and when declared by our Board of Directors on a quarterly basis. The floating quarterly dividend rate will be reset every quarter. We paid four quarterly dividends in an aggregate amount of $0.806385 per Series 4 Preferred Share during the year ended December 31, 2017.

The following table sets forth the dividends paid per share on the Series 4 Preferred Shares since their issuance and the dividends declared to date in the current fiscal year: :

Series 4 Preferred Shares		
Announcement date	**Payment date**	**Dividend amount**
	2016	
November 1, 2016	December 30, 2016	$0.1993325
	2017	
February 8, 2017	March 31, 2017	$0.19535
May 2, 2017	June 30, 2017	$0.1957125
August 1. 2017	September 29, 2017	$0.20095
November 7, 2017	December 29, 2017	$0.2143725
	2018	
February 6, 2018	March 29, 2018	$0.217725

Series 5 Preferred Shares

The Series 5 Preferred Shares were issued on May 16, 2017 and the first dividend paid was on September 29, 2017. The holders of Series 5 Preferred Shares are entitled to receive floating rate non-cumulative preferential cash dividends, as and when declared by our Board of Directors on a quarterly basis. The floating quarterly dividend rate will be reset every quarter.

The following table sets forth the dividends paid per share on the Series 5 Preferred Shares since their issuance and the dividends declared to date in the current fiscal year:

Series 5 Preferred Shares		
Announcement date	**Payment date**	**Dividend amount**
	2017	
August 1, 2017	September 29, 2017	$0.45945
November 7, 2017	December 29, 2017	$0.325
	2018	
February 6, 2018	March 29, 2018	$0.325

Series 6 Preferred Shares

The Series 6 Preferred Shares were issued on August 11, 2017 and the first dividend paid was on November 7, 2017. The holders of Series 6 Preferred Shares are entitled to receive floating rate non-cumulative preferential cash dividends, as and when declared by our Board of Directors on a quarterly basis. The floating quarterly dividend rate will be reset every quarter.

The following table sets forth the dividends paid per share on the Series 6 Preferred Shares since their issuance and the dividends declared to date in the current fiscal year:

Series 6 Preferred Shares		
Announcement date	**Payment date**	**Dividend amount**
	2017	
November 7, 2017	December 29, 2017	$0.49007
	2018	
February 6, 2018	March 29, 2018	$0.33125

MARKET FOR SECURITIES

Our Common Shares are listed for trading on the TSX under the symbol “IFC”. On March 15, 2018, the closing sale price of a Common Share on the TSX was $98.12.

Our Series 1 Preferred Shares are listed for trading on the TSX under the symbol “IFC.PR.A”. On March 15, 2018, the closing sale price of a Series 1 Preferred Share on the TSX was $20.55.

Our Series 3 Preferred Shares are listed for trading on the TSX under the symbol “IFC.PR.C”. On March 15, 2018, the closing sale price of a Series 3 Preferred Share on the TSX was $23.52.

Our Series 4 Preferred Shares are listed for trading on the TSX under the symbol “IFC.PR.D”. On March 15, 2018, the closing sale price of a Series 4 Preferred Share on the TSX was $23.60.

Our Series 5 Preferred Shares are listed for trading on the TSX under the symbol “IFC.PR.E”. On March 15, 2018, the closing sale price of a Series 5 Preferred Share on the TSX was $24.61.

Our Series 6 Preferred Shares are listed for trading on the TSX under the symbol “IFC.PR.F”. On March 15, 2018, the closing sale price of a Series 6 Preferred Share on the TSX was $25.00.

Trading Price and Volume

The volume of trading and the price ranges of the Common Shares, the Series 1 Preferred Shares, the Series 3 Preferred Shares, the Series 4 Preferred Shares, the Series 5 Preferred Shares and the Series 6 Preferred Shares for the periods indicated below are set forth in the following tables.

Common Shares			
	Price Range		
Period	High	Low	Volume
2018			
March (up to and including March 15)	$99.75	$96.56	2,169,549
February	$103.63	$96.04	5,158,135
January	$105.00	$100.87	4,229,839
2017			
December	$108.58	$103.48	4,737,602
November	$109.33	$100.76	5,563,625
October	$106.40	$99.35	5,058,207
September	$104.33	98.95	4,812,452
August	$103.02	$96.58	4,986,705
July	$98.26	$95.14	3,326,382
June	$98.29	$92.28	4,630,037
May	$94.51	$91.41	6,213,248
April	$95.85	$92.22	4,253,625
March	$95.90	$93.39	4,769,821
February	$97.56	$91.40	4,769,821
January	$97.47	$92.68	3,640,281

Series 1 Preferred Shares			
	Price Range		
Period	High	Low	Volume
2018			
March (up to and including March 15)	$20.70	$20.43	25,888
February	$20.99	$20.25	152,799
January	$20.99	$20.14	92,328
2017			
December	$20.20	$19.20	116,197
November	$20.30	$19.96	78,578
October	$20.64	$19.54	211,270
September	$20.11	$19.46	338,676
August	$20.32	$19.49	139,373
July	$20.60	$19.10	60,042
June	$19.11	$16.55	89,009
May	$18.97	$17.84	114,901
April	$19.21	$18.12	729,414
March	$19.70	$18.40	316,203
February	$19.20	$18.21	220,468
January	$18.24	$17.05	166,008

Series 3 Preferred Shares			
	Price Range		
Period	High	Low	Volume
2018			
March (up to and including March 15)	$24.09	$23.45	187,234
February	$24.34	$23.62	78,869
January	$25.00	$23.33	143,359
2017			
December	$23.74	$22.38	79,033
November	$23.88	$23.06	69,332
October	$23.49	$22.55	125,649
September	$22.59	$22.11	69,466
August	$22.79	$21.87	77,200
July	$22.91	$22.20	82,032
June	$22.38	$20.60	83,088
May	$21.98	$21.07	490,230
April	$22.29	$21.55	191,529
March	$22.46	$21.43	363,089
February	$22.13	$21.33	363,089
January	$21.78	$20.71	271,758

Series 4 Preferred Shares			
	Price Range		
Period	High	Low	Volume
2018			
March (up to and including March 15)	$23.79	$23.56	8,060
February	$23.99	$23.50	20,980
January	$24.01	$23.24	10,886
2017			
December	$23.30	$22.81	16,945
November	$23.45	$22.65	22,540
October	$23.12	$22.45	25,371
September	$22.90	$22.20	10,001
August	$22.73	$22.10	17,221
July	$22.85	$22.25	9,650
June	$22.10	$20.50	13,763
May	$21.86	$21.50	6,992
April	$22.00	$21.50	12,040
March	$22.25	$21.40	17,474
February	$21.75	$21.39	12,871
January	$22.39	$21.30	15,136

Series 5 Preferred Shares			
	Price Range		
Period	High	Low	Volume
2018			
March (up to and including March 15)	$24.79	$24.49	22,891
February	$25.00	$24.50	211,676
January	$25.30	$24.61	262,447
2017			
December	$25.38	$24.77	61,626
November	$25.18	$24.68	198,952
October	$24.73	$24.50	126,064
September	$24.97	$24.00	96,807
August	$25.25	$24.54	314,723
July	$25.21	$24.90	184,256
June	$25.20	$25.00	658,926
May	$25.20	$24.90	987,912

Series 6 Preferred Shares			
	Price Range		
Period	High	Low	Volume
2018			
March (up to and including March 15)	$25.15	$24.90	18,264
February	$25.24	$24.68	38,656
January	$25.59	$24.98	182,086
2017			
December	$25.50	$24.80	103,342
November	$25.55	$24.89	327,436
October	$25.00	$24.55	325,389
September	$24.92	$24.41	188,631
August	$24.94	$24.50	697,578

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

Descriptions of the respective principal occupations during the five preceding years for our directors listed hereunder can be found in the section entitled *Nominees* at pages 10 to 22 of our Management Proxy Circular dated March 29, 2018, which pages are incorporated herein by reference. Our Management Proxy Circular is also available in the Investors section of our website (www.intactfc.com) and on SEDAR (www.sedar.com). Unless otherwise noted, each of the directors of the Company will serve until the Annual Meeting, which is scheduled to be held on May 9, 2018.

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	March 28, 2000
Charles Brindamour Ontario, Canada	Director and Chief Executive Officer	Chief Executive Officer, Intact Financial Corporation	January 1, 2008
Robert W. Crispin[(2), (4)] Maine, USA	Independent Director	Corporate Director	October 26, 2004
Janet De Silva[(2), (3)] Ontario, Canada	Independent Director	President and CEO, Toronto Region Board of Trade Dean, Ivey Asia (2011-2014)	May 8, 2013
Robert G. Leary[(1), (4)] Florida, USA	Independent Director	Global CEO, Olayan Group (2017-present) CEO, Nuveen (formerly TIAA Global Asset Management) (2013-2017)	May 6, 2015
Eileen Mercier[(1), (4)] Ontario, Canada	Independent Director	Corporate Director and Chair, Payments Canada Chair and Board Member, Ontario Teachers' Pension Plan (2005-2014)	December 14, 2004
Sylvie Paquette[(1), (4)] Québec, Canada	Independent Director	Corporate Director President and COO, Desjardins General Insurance Group (2008-2016)	May 3, 2017
Timothy H. Penner[(2), (3)] Ontario, Canada	Independent Director	Corporate Director	May 5, 2010

NAME AND RESIDENCE	POSITION WITH THE COMPANY	PRINCIPAL OCCUPATION DURING FIVE PRECEDING YEARS	DIRECTOR OF THE COMPANY OR PREDECESSORS SINCE
Louise Roy(2), (3) Québec, Canada	Independent Director	Chancellor and Chair of the Board, Université de Montréal and invited Fellow and Chair, Center for Interuniversity Research and Analysis on Organizations	December 14, 2004
Frederick Singer(1), (4) Virginia, USA	Independent Director	Chief Executive Officer, Echo360	May 8, 2013
Stephen G. Snyder(1), (3) Alberta, Canada	Independent Director	Corporate Director	May 13, 2009
Carol Stephenson(2), (3) Ontario, Canada	Independent Director	Corporate Director Dean, Ivey Business School (2003-2013)	December 14, 2004

<u>Notes</u>

(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 January 1, 2018 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
Kenneth Anderson Québec, Canada	Vice President, Investor Relations and Treasurer	Vice President, Investor Relations and Treasurer (2017-present) Vice President, Finance and Treasurer, Intact Financial Corporation (2012-2017)
Patrick Barbeau Québec, Canada	Senior Vice President, Claims	Senior Vice President, Claims, Intact Financial Corporation (2016-present) Senior Vice President, Personal Lines, Intact Financial Corporation (2013-2016) Vice President, Personal Lines, Québec, Intact Insurance Company (2011-2013)
Martin Beaulieu Québec, Canada	Senior Vice President and Chief Risk Officer	Senior Vice President and Chief Risk Officer, Intact Financial Corporation (2018-present) Senior Vice President and Chief Operating Officer, Direct to Consumers Distribution, Intact Financial Corporation (2013-2017) Senior Vice President, Personal Lines, Intact Financial Corporation (2006-2013)
Alan Blair Nova Scotia, Canada	Senior Vice President, Atlantic Canada	Senior Vice President, Atlantic Canada, Intact Insurance
Paul Brehm Minnesota, USA	Senior Vice President, Specialty Solutions	Senior Vice President, Specialty Solutions, Intact Financial Corporation (OneBeacon) (2018-present) OneBeacon Executive (2017) Chief Actuary and Chief Risk Officer, OneBeacon Insurance Group (2015-2017) Chief Risk Officer, OneBeacon (2013-2015)
Sonya Côté Québec, Canada	Senior Vice President and Chief Internal Auditor	Senior Vice President and Chief Internal Auditor, Intact Financial Corporation (2015-present) Vice President, Finance & Controller (2011-2015)
Frédéric Cotnoir Québec, Canada	Senior Vice President, Corporate and Legal Services and Secretary	Senior Vice President, Corporate and Legal Services and Secretary, Intact Financial Corporation (2016-present) Partner, McCarthy Tétrault LLP (2011-2016)
Debbie Coull-Cicchini Ontario, Canada	Executive Vice President, Intact Insurance (excl. Québec)	Executive Vice President, Intact Insurance Company (excl. Québec) (2018-present) Senior Vice President, Ontario, Intact Financial Corporation (2005-2017)

NAME AND RESIDENCE	POSITION WITH THE COMPANY	PRINCIPAL OCCUPATION DURING FIVE PRECEDING YEARS
Dennis A. Crosby Jr. Georgia, USA	Senior Vice President, Specialty Solutions (US)	Senior Vice President, Specialty Solutions (US), Intact Financial Corporation (OneBeacon) (2018-present) OneBeacon Executive (2017) Executive Vice President, Specialty Lines, OneBeacon (2010-2017)
Joseph D'Annunzio Ontario, Canada	Senior Vice President, Brokerlink	Senior Vice President, Brokerlink (2018-present) Senior Vice President, Specialty Solutions and Surety (2016-2018) Regional Vice President, Mississauga Region (2007-2016)
Jean-François Desautels Québec, Canada	Senior Vice President, Québec and Digital Distribution	Senior Vice President, Québec and Digital Distribution, Intact Insurance Company (2018-present) Senior Vice President, Québec, Intact Financial Corporation (2014-2018) Vice President, Intact Insurance Company (2009-2014)
Michel Dionne Québec, Canada	Vice President, Corporate Actuarial Services and Appointed Actuary	Vice President, Corporate Actuarial Services and Appointed Actuary, Intact Financial Corporation (2013-present) Vice President, Actuarial Services – Corporate, Intact Financial Corporation (2009-2013)
Monika Federau Ontario, Canada	Senior Vice President and Chief Strategy Officer	Senior Vice President and Chief Strategy Officer, Intact Financial Corporation (2013-present) Senior Vice President, Marketing, Intact Financial Corporation (2011-2013)
Anne Fortin Québec, Canada	Senior Vice President, Direct Distribution	Senior Vice President, Direct Distribution (2018-present) Senior Vice President, Sales and Marketing, Direct to Consumer Distribution (2016-2018) Senior Vice President, Marketing and Strategic Relationships, Direct to Consumer Distribution, Intact Financial Corporation (2013-2016) Deputy Senior Vice President, Marketing, Direct to Consumer Distribution, Intact Financial Corporation (2011-2013)
Don Fox Ontario, Canada	Executive Vice President	Executive Vice President, Intact Financial Corporation (2017-present) Vice Chair, Global Investment Banking CIBC World Markets Inc. (2015-2016) Managing Director, Investment Banking and Head of Financial Institutions, CIBC (2000-2015)

NAME AND RESIDENCE	POSITION WITH THE COMPANY	PRINCIPAL OCCUPATION DURING FIVE PRECEDING YEARS
Louis Gagnon Ontario, Canada	President, Canadian Operations	President, Canadian Operations, Intact Financial Corporation (2018-present) President, Service and Distribution, Intact Financial Corporation (2014-2018) President and Chief Operating Officer, Intact Financial Corporation (2012-2013)
Darren Godfrey Alberta, Canada	Senior Vice President, Personal Lines	Senior Vice President, Personal Lines, Intact Insurance Company (2016-present) Regional Vice President, Calgary (2015-2016) Deputy Senior Vice President, Claims (2013-2015) Vice President, Personal Lines (2012-2013)
Karim Hirji Ontario, Canada	Senior Vice President, International and Ventures	Senior Vice President, International and Ventures, Intact Financial Corporation (2015-present) Regional Vice President, Durham (2009-2015)
Mathieu Lamy Ontario, Canada	Executive Vice President and Chief Operating Officer	Executive Vice President and Chief Operating Officer, Intact Financial Corporation (2018-present) Senior Vice President and Chief Information Officer, Intact Financial Corporation (2016-2018) Senior Vice President, Claims, Intact Financial Corporation (2011-2016)
Alain Lessard Québec, Canada	Senior Vice President, Commercial Lines	Senior Vice President, Commercial Lines, Intact Insurance
Louis Marcotte Québec, Canada	Senior Vice President and Chief Financial Officer	Senior Vice President and Chief Financial Officer, Intact Financial Corporation (2013-present) Senior Vice President, Strategic Distribution, Intact Financial Corporation (2012-2013)
Lucie Martel Québec, Canada	Senior Vice President and Chief Human Resources Officer	Senior Vice President and Chief Human Resources Officer, Intact Financial Corporation
Timothy Michael Miller Minnesota, USA	President, US and Specialty Solutions	President, US and Specialty Solutions, Intact Financial Corporation (OneBeacon) (2017-present) President and Chief Executive Officer, OneBeacon Insurance Group (2005-2017)

NAME AND RESIDENCE	POSITION WITH THE COMPANY	PRINCIPAL OCCUPATION DURING FIVE PRECEDING YEARS
Benoit Morissette Ontario, Canada	Senior Vice President and Group Chief Actuary	Senior Vice President and Group Chief Actuary, Intact Financial Corporation (2018-present) Senior Vice President and Chief Risk Officer (2016-2018) Senior Vice President (2015) Senior Vice President and Chief Internal Auditor, Intact Financial Corporation (2013-2015) Deputy Senior Vice President, Pricing & Underwriting, Direct to Consumers Distribution, Intact Financial Corporation (2010-2013)
Jennie Moushos, British Columbia, Canada	Senior Vice President, Western Canada	Senior Vice President, Western Canada, Intact Insurance Company
Werner Muehlemann Québec, Canada	Senior Vice President and Managing Director, Intact Investment Management Inc.	Senior Vice President and Managing Director, Intact Investment Management Inc. (2014-present) Vice President and Deputy Chief Investment Officer, Intact Investment Management Inc. (2014) Vice President, Senior Portfolio Manager and Head of Equities, Intact Investment Management Inc. (2009-2014)
Carla Smith Ontario, Canada	Senior Vice President, Corporate Development	Senior Vice President, Corporate Development, Intact Financial Corporation (2017-present) Deputy Senior Vice President, Claims, Ontario (2016-2017) Deputy Senior Vice President, Sales and Operations, Direct to Consumer Distribution (2015-2016) Regional Vice President, belairdirect (2009-2015)
Richard Taschereau Québec, Canada	Senior Vice President, Marketing (Canada)	Senior Vice President, Marketing (Canada) (2018-present) Deputy Senior Vice President, Marketing, Communications and Business Development, Direct to Consumer Distribution (2016-2017) Vice President, Marketing and Strategic Distribution, Intact Insurance – Quebec (2011-2016)
David Tremblay Québec, Canada	Deputy Senior Vice President and Chief Investment Officer	Deputy Senior Vice President and Chief Investment Officer, Intact Investment Management Inc. (2014-present) Vice President and Deputy Chief Investment Officer, Intact Investment Management Inc. (2014) Vice President, Head of Asset Allocation, Intact Investment Management Inc. (2012-2014)

NAME AND RESIDENCE	POSITION WITH THE COMPANY	PRINCIPAL OCCUPATION DURING FIVE PRECEDING YEARS
Mark A. Tullis Ontario, Canada	Vice Chairman	Vice Chairman (2017-present) Executive Vice President, Governance and Capital Management, Intact Financial Corporation (2013-2017) Senior Vice President and Chief Financial Officer, Intact Financial Corporation (2006-2013)
Peter Weightman Ontario, Canada	Senior Vice President, Specialty Solutions and Surety (Canada)	Senior Vice President, Specialty Solutions and Surety (Canada), Intact Financial Corporation (2018-present) President, BrokerLink (2010-2017)

Committees of the Board of Directors

Our Board of Directors has established four committees which are described below. 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 meet applicable statutory independence requirements as well as any other applicable legal and regulatory requirements.

Audit Committee

The Audit Committee is composed of Eileen Mercier as Chair, Robert G. Leary, Sylvie Paquette, Frederick Singer and Stephen Snyder, each of whom is independent and financially literate. The education and experience of each member is described as part of their respective biographies in the section entitled *Nominees* at pages 10 to 22 of our Management Proxy Circular dated March 29, 2018, which pages are incorporated herein by reference.

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 under the OneBeacon Group as its audit committee. The full Mandate of the Audit Committee is attached as Appendix A to this Annual Information Form.

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 Ernst & Young LLP ("E&Y" or the "External Auditor") to the Company or its subsidiaries. Prior to the engagement of the External Auditor for non-audit services, the 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 2016 and 2017 are as follows.

External Auditor Service Fees (in thousands of dollars)

	2017	2016
Audit fees[(1)]	3,189	1,922
Audit-related fees[(2)]	1,423	652
Tax fees[(3)]	715	26
All other fees[(4)]	197	81
Total	**5,524**	**2,681**

(1) Audit fees include fees for professional services in relation to the audit of the Company's financial statements and those of its subsidiaries. They also include other services that are normally provided by external auditors in connection with statutory and regulatory filings or engagements, including internal control audit and reviews. Audit fees for 2017 included those related to the audit of OneBeacon acquired in September 2017.

(2) Audit-related fees are for assurance and related services performed by the External Auditor. These services include consultations concerning financial accounting and reporting standards not classified as audit services, as well as due diligence prospectus services and in connection with proposed or completed transactions.

(3) Tax fees are mainly for tax advice related to assistance on tax audit matters. Tax fees for 2017 included those related to advice concerning our operations in the United States.

(4) All other fees include those related to translation services.

Compliance Review and Corporate Governance Committee

The Compliance Review and Corporate Governance committee (the "CRCG Committee") is composed of independent members of our Board of Directors and is chaired by an independent director. It ensures a high standard of governance, compliance and ethics in the Company, including its pension funds and that the Company meets its legal requirements and engages in best practices as determined by the Board of Directors. In this regard, the CRCG Committee oversees the governance framework of the Company and of its pension plans, its compliance framework, the compliance programs of the Company which includes reviewing and approving related party transactions ("RPT"), market conduct programs and policies, as well as the implementation of corporate compliance initiatives.

The CRCG Committee reviews the Company's policy on appointment of Board of Directors and committee members and identifies and recommends candidates for nomination to the Board of Directors. It is also responsible for the implementation and review of the nomination process as well as the implementation and review of orientation and education programs for Board of Directors members. It also assesses the Board of Directors, its members and its committees on an ongoing basis.

It also reviews the Company's practices and approach in relation to Directors' compensation and makes its recommendation to the Board of Directors.

Human Resources and Compensation Committee

The Human Resources and Compensation Committee (the "HRC Committee") is composed of independent members of our Board of Directors. It assists the Board of Directors in fulfilling its governance supervisory responsibilities for strategic oversight of the Company's human capital, including organization effectiveness, succession planning and compensation, and the alignment of compensation with the Company's philosophy and programs consistent with the overall business objectives of the Company. Compensation includes base salaries, benefits, pension plans and incentive programs of the employees, management, executives and senior executives.

The HRC Committee is also responsible for reviewing the Company's Pension and Incentive Plans ("Plans") and recommends them to the Board of Directors for approval. The HRC Committee is also responsible for recommending to the Board of Directors the approval of the actuarial valuations.

The HRC Committee reviews and assesses proposals for major reorganizations of the Company that affect the Senior Executive structure and its composition, and makes recommendations to the Board of Directors in this regard.

Risk Management Committee

The Risk Management Committee (the "Risk Committee") is also composed of independent members of our Board of Directors. It assists the Board of Directors with its oversight role with respect to the management of the Company in order to build a sustainable competitive advantage, by fully integrating the Enterprise Risk Management Policy into all business activities and strategic planning of the Company and its subsidiaries, including OneBeacon, and operations, including its pension funds.

It defines the Company's risk appetite while also monitoring the risk profile and performance of the Company relative to its risk appetite. The Risk Committee also oversees the identification and assessment of the principal risks facing the Company and the development of strategies to manage those risks. The principal risks include strategic risk, insurance risk, financial risk and operational risk.

The Risk Committee monitors compliance with risk management policies implemented by the Company and ensures an appropriate balance of risk and return in pursuit of the company's strategic business objectives.

Other Committees

Our Board of Directors has also established three other committees composed of members of senior management that report to our Board of Directors or one of its committees.

These management committees are: the enterprise risk committee; the pension committee, which reports to the HRC Committee in respect of pension funds benefits, to the Risk Management Committee in respect of the invested assets of the pension funds and to the CRCG Committee in respect of its governance framework; and the disclosure committee, which oversees the Company's disclosure practices and procedures, maintains awareness and understanding of corporate disclosure rules and guidelines, educates and informs employees about the Company's disclosure practices, determines whether corporate developments constitute material information and reviews and approves all material disclosure releases or statements of the Company.

Further information is available with respect to the enterprise risk committee in the section entitled *Risk management structure* on pages 54 and 55 of our Management's Discussion and Analysis for the year ended December 31, 2017, which pages are incorporated herein by reference.

Shareholdings of Directors and Executive Officers

To the knowledge of the Company, as at March 15, 2018, our directors and executive officers as a group, beneficially owned, directly or indirectly, or exercised control or direction over 587,175 of the outstanding Common Shares, representing 0.42% 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 ten 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 ten 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.

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 ten 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. We are not currently involved in any material legal proceedings, nor are we aware of any 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.

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, no shareholder holding more than 10% of the voting shares of the Company had any interest in transactions since the beginning of the last fiscal year of the Company or in any proposed transaction 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 "Three Years History" above, 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 Trust Company of Canada ("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 first supplemental trust indenture to the Trust Indenture dated August 31, 2009 with Computershare providing for the issue of up to $250,000,000 principal amount of Series 1 Notes and setting out their terms.

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 for the purpose of 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 for the purpose of 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 for the purpose of 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 for the purpose of 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 for the purpose of 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 as of August 28, 2017 with a major financial institution as administrative agent and a syndicate of lenders to (i) provide a revolving credit facility in the amount of

$750,000,000 which may be increased up to $1,000,000,000 as provided therein; (ii) include OneBeacon U.S. Holdings, Inc., as US borrower; iii) include certain subsidiaries of Intact Financial Corporation as material subsidiaries as provided therein; and extend the term of such agreement to August 28, 2022.

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

INTERESTS OF EXPERTS

E&Y is the Auditor of the Company. The Company's consolidated financial statements as at December 31, 2016 and December 31, 2017 have been filed under National Instrument 51-102 – *Continuous Disclosure Obligations* in reliance on the report from E&Y, independent Chartered Professional Accountants, given on their authority as experts in auditing and accounting.

E&Y has confirmed to the Company that it is independent within the meaning of the Rules of Professional Conduct of the *Ordre des comptables professionnels agréés du Québec*. These rules are equivalent or similar to Rules of Professional Conduct applicable to chartered professional accountants in the other provinces of Canada.

ADDITIONAL INFORMATION

Additional information on the Company may be obtained from our website at www.intactfc.com and from the SEDAR website at www.sedar.com.

The Management Proxy Circular dated March 29, 2018, enclosed with the Notice of the Annual Meeting of Shareholders dated March 29, 2018 for the meeting scheduled for May 9, 2018, contains additional information including the remuneration and indebtedness of directors and executive officers.

Financial information is provided in the Company's consolidated financial statements and Management's Discussion and Analysis for the fiscal year ended December 31, 2017, both of which are contained in the 2017 Annual Report.

To obtain a copy of the aforementioned documents as well as this Annual Information Form, 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 e-mail at ir@intact.net.

SCHEDULE A

Mandate of the Audit Committee

Intact Financial Corporation and its P&C Insurance Companies (jointly called the "Company")

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'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 Company.

The Committee has been designated by each of the U.S. P&C insurance companies under the OneBeacon Group (collectively, the "OneBeacon Insurance Companies")[2] as its audit committee. Unless otherwise indicated, reference to "Company" shall include the OneBeacon 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 Company or its subsidiaries.

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

[2] **OneBeacon 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, OneBeacon Specialty Insurance Company, OneBeacon Select Insurance Company

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.

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 Chief Financial Officer, the Chief Internal Auditor, the Group Chief Actuary or 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 Group Chief Actuary, 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, 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. <u>Mandate: Duties and Responsibilities of the Audit Committee</u>

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 Company 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 Company'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 Company 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 Company regarding accounting, internal accounting controls, or auditing matters. It also establishes procedures for the confidential, anonymous submissions by employees of the Company 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 Company. 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 OneBeacon 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 Company, 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 OneBeacon Insurance Companies.

4. Group Chief Actuary and Appointed Actuary

The Committee discusses the adequacy of the Company's reserving and reporting practices with the Group Chief Actuary 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 Group Chief Actuary 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 Company including its pension funds and in this regard it reviews all the financial statements, and financial and business information publicly issued by the Company and those filed with regulators.

The Committee meets with the internal and the external auditors, the Chief Financial Officer and the Appointed Actuary of the Company 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 Company'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 Company'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 or any member of management at its discretion.

8. Oversight of the Chief Financial Officer, Chief Internal Auditor, the Group Chief Actuary 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 Group Chief Actuary 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 Company.

In addition to the foregoing, the Committee shall be responsible for granting the person or persons performing the internal audit function for the OneBeacon 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 February 6, 2018.

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