Intact Financial

IFC-TSX 15	Rating	Price: Feb-11	Target ↑	Total Rtn
	Outperform	$276.23	$315.00	16%

BMO Capital Markets

IN Fact

Canadian Insurance

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Solid Q4/24 - Entering 2025 With Momentum - Increasing Estimates/Target Price

Bottom Line:

Increasing go-forward operating EPS 2% and increasing target price to $315 (2.95xQ1/26E BVPS) from $290 (2.85xQ4/25E BVPS). Increased target price multiple reflects increased estimates and a reinforced/continued positive outlook for both top-line growth and underwriting profitability and IFC's continued defensive characteristics in these current uncertain markets. A solid Q4/24 (operating EPS was $4.93 versus our/consensus $4.13/$4.31 on better combined ratio, with other items largely in line) certainly puts IFC in the position of entering 2025 with lots of momentum.

Key Points

Better combined ratio at 86.5% versus our/consensus 90.3%/89.4% with better favourable reserve development (5.8pts, consistent with Q3/24's 5.7pts and better than recent guide of high end of IFC's 2-4pts normal range, and better than our/consensus 3.9pts/3.2pts estimate) and better CAT losses (2.3pts, versus our/consensus 1.9pts/2.8pts estimate) with, versus us, a largely in-line (despite higher incentive comp) expense ratio at 33.6% (versus our/consensus 33.8%/32.6%).

2025 guidance in line. While 2025 CAT loss guidance at $1.2B was higher than our previous $1.1B estimate, it largely reflects higher retention thresholds, which, net net, has no impact on our underwriting income outlook. All other 2025 guidance items in line, with no change in favourable outlook for markets/premium growth. **10% dividend increase in line, consistent medium-term operating EPS growth target.**

Combined ratio beat - solid Canada personal property, Canada/U.S. commercial lines. Canada personal auto and UK&I commercial lines in line. Canada personal property 77.1% CR, versus our/consensus 85.5%/80.7%, Canada commercial lines 78.8% CR versus our/consensus 86.7%/88.1%, U.S. commercial lines 86.1% versus our/consensus 90.4%/87.4%. UK&I and Canada personal auto in line at 94.2% and 92.7%, respectively. **Underlying loss ratio better** (56.4% versus our/consensus 58.5%/57.1%). Points to high-quality underwriting discipline and profitability actions.

Top line better in Canada, reflecting rate/unit growth, up 8.2% versus our/consensus 7.6%/7.6% estimate. Weaker UK&I (down 3%), reflecting previous quarter profitability on DLG portfolio. Weaker U.S. (flat) reflecting corrective actions taken in certain lines.

Potential tariff exposure manageable (~7% of IFC's claims costs is exposed to potential tariffs - which can be passed through by means of price increases), largely relating to supply chain disruptions.

Key Changes

Target	Estimates	Q1 / 25E	2025E	2026E
$315.00↑	Operating EPS	$4.08	$16.29	$17.59
$290.00	*Previous*	*$3.95*	*$16.03*	*$17.28*
	BVPS	$95.30	$103.07	$114.21
	Previous	*$94.77*	*$101.75*	*$111.69*
	Operating ROE		16.6%	
	Previous		*16.5%*	

LHS: Price (C$) / RHS: Volume (mm) Source: FactSet

Company Data			in C$
Dividend	$5.32	Shares O/S (mm)	178.5
Yield	1.9%	Market Cap (mm)	$49,307
P/BV	3.0x	Book Value	$92.67

BMO Estimates (FY-Dec.)	2024A	2025E	2026E
Operating EPS	$14.42	$16.29↑	$17.59↑
BVPS	$92.67	$103.07↑	$114.21↑
Operating ROE	16.5%	16.6%↑	16.2%
EPS	$14.64	$17.77↑	$19.06↑
Combined Ratio	92.2%	91.0%↓	90.8%↓

Consensus Estimates	2024A	2025E	2026E
EPS		$16.25	$17.40

Valuation	2024A	2025E	2026E
P/Op. EPS	19.1x	17.0x	15.7x
P/BVPS	3.0x	2.7x	2.4x

QTR. Op'g EPS	Q1	Q2	Q3	Q4
2024A	$3.63	$4.86	$1.01	$4.93
2025E	$4.08	$4.16	$3.49	$4.56
2026E	$4.14	$4.50	$3.94	$5.01

Combined Ratio : Refers to IFC CR (excl. RSA)

Our Thesis

With superior market positioning, strong defensive characteristics, competitive advantage in data analytics, and a management team that continues to deliver, we expect IFC's multiple to increase, especially as it delivers on the RSA/Direct Line acquisition. We see target multiple appreciation as IFC, a proven acquirer, delivers in these favourable P&C markets.

For disclosure statements, including the Analyst Certification, please refer to page(s) 8 to 12.

Intact Financial - Block Summary Model

Key Financial Metrics	2024A	2025E	2026E
Direct Premiums Written (DPW)	23,725	25,429	27,006
DPW YoY Growth	6.1%	7.2%	6.2%
Net Premiums Earned (NPE)	21,657	23,250	25,162
Loss Ratio	58.6%	58.0%	57.9%
Expense Ratio	33.6%	33.0%	32.9%
Combined Ratio (%)	92.2%	91.0%	90.8%
Combined Ratio Ex. Reserve Dev.	97.7%	94.9%	94.4%
Catastrophe Load as a % of NPE	7.1%	5.2%	5.1%
Loss Ratio Ex. Res. Dev.&CAT Load	56.9%	56.7%	56.5%
Combined Ratio Ex. Reserve Devmts & CAT Load	90.6%	89.7%	89.4%
Interest and Dividends Yield	4.3%	4.5%	4.4%
Realized Gains Yield	-0.0%	0.1%	0.1%
Total Income Statement Yield	4.3%	4.6%	4.5%
Distribution Income	524	594	653
Leverage and Capital Metrics	**2024A**	**2025E**	**2026E**
Invested Assets / Common Equity	2.4x	2.0x	1.9x
Net Prem. Earned/Common Eq.	1.3x	1.3x	1.2x
Senior Debt / Total Capital	19.8%	18.1%	16.6%
EPS, BVPS and Profitability Metrics	**2024A**	**2025E**	**2026E**
ROE (ex. AOCI)	16.7%	18.3%	17.6%
EPS	$14.64	$17.77	$19.06
Operating ROE	16.5%	16.6%	16.2%
Operating ROE (ex. AOCI)	16.5%	16.8%	16.2%
Operating EPS	$14.42	$16.29	$17.59
BVPS (excl. AOCI)	$91.64	$102.61	$114.30
BVPS	$92.67	$103.07	$114.21

Source: BMO Capital Markets, Company Reports

New Scenarios

Valuation

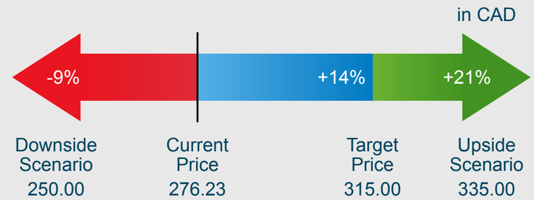
Our target price is based on 2.95x Q1/26E BVPS.

Upside Scenario 335.00

The upside scenario would see IFC beat its mid-90s run-rate CR target in personal auto and its low-90s combined ratio target for specialty business and achieve better-than-expected top-line growth, with perhaps an accretive acquisition to further propel growth. Our upside scenario price is based on a 3.4x Q1/26E P/BV multiple.

Downside Scenario 250.00

The downside scenario would see IFC's underwriting performance decline (likely resulting in a high 97%+ CR), it fail to achieve its targeted RSA expense synergies, its operating ROE decline, and the loss of its premium valuation multiple. Our downside scenario price is based on a 2.55x Q1/26E P/BV multiple.



Key Catalysts

Key catalysts include better-than-expected underwriting income, better-than-expected distribution income, better-than-expected investment income, as well as further tuck-in acquisitions as it augments its global specialty platform.

Company Description

Intact Financial Corp. is the largest property and casualty insurer in Canada, a leading provider of global specialty insurance, and, with RSA, a leader in the U.K. and Ireland. It is focused primarily on personal lines and small- to medium-sized businesses, with the majority of products distributed through its broker channel and the rest through direct distribution.

BMO Top 15 List

BMO Top 15 List Member

Cdn Large Cap

IFC-TSX Research

Glossary

Company Models

Exhibit 1 - Q4/24 Operating Earnings Reconciliation

C$mm, except for % or otherwise stated	Q4/23A	Q3/24A	Q4/24A	BMO Q4/24E	Y/Y Change	Q/Q Change	Actual vs. BMO
Direct Premiums Written	5,408	6,208	5,752	5,882	6%	(7%)	(2%)
Operating Net Underwriting Revenue	**5,260**	**5,505**	**5,661**	**5,767**	8%	3%	(2%)
Operating Net Claims (undiscounted)	(3,029)	(3,934)	(2,994)	(3,258)	(1%)	(24%)	(8%)
Operating Net Underwriting Expenses	(1,715)	(1,786)	(1,901)	(1,949)	11%	6%	(2%)
Underwriting Income (undiscounted)	516	(215)	766	559	49%	(456%)	37%
Operating Investment Income before Expenses	389	407	412	407	6%	1%	1%
Investment Expenses	(13)	(13)	(14)	(13)	8%	8%	9%
Distribution Income	109	132	123	132	13%	(7%)	(7%)
Finance Costs	(59)	(60)	(60)	(53)	2%	0%	12%
Other Operating Income (Expense)	(45)	(39)	(49)	(52)	9%	26%	(5%)
Combined Impact of Discount Build/Unwind	(1)	-	(2)	-	100%	n.a.	n.a.
Pre-Tax Operating Income	896	212	1,176	980	31%	455%	
Operating Taxes	(161)	(9)	(267)	(220)	66%	2867%	21%
Preferred Shares & NCI	(36)	(22)	(28)	(23)	(22%)	27%	22%
Operating Income	**699**	**181**	**881**	**736**	26%	387%	20%
Undiscounted Combined Ratio Analysis							
Claims Ratio	57.6%	71.5%	52.9%	56.5%	(470)bp	(1858)bp	(362)bp
Expense Ratio	32.6%	32.4%	33.6%	33.8%	97bp	113bp	(23)bp
Combined Ratio	90.2%	103.9%	86.5%	90.3%	(373)bp	(1744)bp	(384)bp
CAT Losses	3.8%	22.1%	2.3%	1.9%	(148)bp	(1979)bp	39bp
PY Reserve Dev.	-5.2%	-5.7%	-5.8%	-3.9%	(61)bp	(13)bp	(196)bp
Underlying Combined Ratio	91.6%	87.5%	90.0%	92.3%	(164)bp	247bp	(227)bp
Underlying Current Year Loss Ratio	59.0%	55.1%	56.4%	58.5%	(262)bp	134bp	(205)bp
Operating Tax Rate	18%	4%	23%	23%			
Weighted Avg. Shares (f.d.)	178.3	178.6	178.5	178.4			
Net Operating Income per Share (NOIPS)	**$3.92**	**$1.01**	**$4.93**	**$4.13**	26%	386%	19%
BVPS	$81.71	$90.60	$92.67	$93.15	13%	2%	n.a.

Source: Company reports, BMO Capital Markets estimates

Exhibit 2 - IFC Underlying Combined Ratios by Segment

	2018	2019	2020	2021	2022	2023	Q1/24	Q2/24	Q3/24	Q4/24	2024	2025E
COMBINED RATIO BY SEGMENT												
PERSONAL AUTO CANADA												
Underlying Current Year Loss Ratio	74.7%	71.7%	61.1%	64.4%	73.5%	74.4%	75.4%	68.3%	69.4%	74.3%	71.8%	70.6%
CAT Loss ratio (ex. reinstatement premiums)	0.7%	0.7%	1.0%	0.5%	0.5%	1.1%	0.0%	0.0%	6.9%	(0.5%)	1.6%	0.5%
(Fav)/Unfav. PY Reserve Development (PYD) ratio	1.3%	2.9%	(0.1%)	(3.9%)	(5.4%)	(6.5%)	(3.2%)	(3.3%)	(3.8%)	(4.9%)	(3.8%)	(3.2%)
Total Claims Ratio	76.7%	75.3%	62.0%	60.9%	68.6%	68.9%	72.2%	65.0%	72.5%	68.9%	69.6%	67.9%
Expense Ratio	22.8%	22.4%	24.6%	26.0%	24.5%	25.8%	26.5%	26.4%	25.0%	25.3%	25.8%	26.0%
Reported Combined Ratio	**99.5%**	**97.7%**	**86.6%**	**86.9%**	**93.1%**	**94.7%**	**98.7%**	**91.4%**	**97.6%**	**94.2%**	**95.4%**	**93.9%**
Underlying Combined Ratio	*97.5%*	*94.1%*	*85.7%*	*90.3%*	*98.0%*	*100.2%*	*101.9%*	*94.6%*	*94.4%*	*99.6%*	*97.6%*	*96.6%*
PERSONAL PROPERTY CANADA												
Underlying Current Year Loss Ratio	52.0%	53.7%	46.6%	45.8%	50.1%	49.0%	51.0%	47.0%	45.4%	41.5%	46.1%	46.0%
CAT Loss ratio (ex. reinstatement premiums)	7.6%	9.0%	3.8%	7.1%	9.8%	18.3%	0.0%	1.4%	72.0%	3.9%	19.7%	11.8%
(Fav)/Unfav. PY Reserve Development (PYD) ratio	(3.7%)	(1.7%)	(1.9%)	(3.4%)	(2.1%)	(0.3%)	(4.7%)	(4.9%)	(2.79%)	(2.9%)	(3.8%)	(2.8%)
Total Claims Ratio	55.9%	61.0%	48.5%	49.5%	57.8%	67.0%	46.3%	43.6%	114.6%	42.5%	62.0%	54.9%
Expense Ratio	32.4%	31.4%	33.3%	34.4%	32.5%	33.8%	36.1%	34.5%	33.0%	34.5%	34.5%	34.0%
Reported Combined Ratio	**88.3%**	**92.4%**	**81.7%**	**83.9%**	**90.3%**	**100.7%**	**82.4%**	**78.0%**	**147.6%**	**77.0%**	**96.5%**	**88.9%**
Underlying Combined Ratio	*84.4%*	*85.1%*	*79.8%*	*80.1%*	*82.6%*	*82.7%*	*87.1%*	*81.4%*	*78.4%*	*76.0%*	*80.6%*	*80.0%*
COMMERCIAL LINES CANADA												
Underlying Current Year Loss Ratio	61.3%	60.0%	55.3%	52.3%	53.4%	51.2%	57.1%	49.6%	45.6%	49.2%	50.3%	50.3%
CAT Loss ratio (ex. reinstatement premiums)	4.9%	5.0%	5.5%	4.0%	4.2%	7.1%	1.3%	2.2%	24.2%	0.6%	7.2%	6.8%
(Fav)/Unfav. PY Reserve Development (PYD) ratio	(6.1%)	(2.3%)	(1.1%)	(5.6%)	(5.4%)	(7.4%)	(11.6%)	(6.5%)	(14.0%)	(10.3%)	(10.6%)	(7.7%)
Total Claims Ratio	60.1%	62.8%	59.7%	50.6%	52.1%	50.9%	46.8%	45.2%	55.8%	39.6%	46.9%	49.4%
Expense Ratio	34.4%	33.2%	35.4%	38.0%	36.0%	38.5%	40.5%	38.4%	38.5%	39.2%	39.1%	38.5%
Reported Combined Ratio	**94.5%**	**95.9%**	**95.1%**	**88.6%**	**88.2%**	**89.3%**	**87.3%**	**83.6%**	**94.3%**	**78.8%**	**86.0%**	**87.9%**
Underlying Combined Ratio	*95.7%*	*93.2%*	*90.7%*	*90.3%*	*89.4%*	*89.7%*	*97.6%*	*88.0%*	*84.1%*	*88.4%*	*89.4%*	*88.8%*
COMMERCIAL LINES U.S. (from Q4/17)												
Underlying Current Year Loss Ratio	57.0%	56.1%	54.3%	53.3%	49.1%	47.8%	49.6%	48.0%	49.6%	44.0%	47.7%	48.1%
CAT Loss ratio (ex. reinstatement premiums)	1.6%	0.3%	2.9%	3.3%	1.5%	3.0%	2.8%	5.2%	2.4%	4.3%	3.7%	3.6%
(Fav)/Unfav. PY Reserve Development (PYD) ratio	(0.3%)	(0.7%)	(0.9%)	(1.5%)	(0.7%)	(1.0%)	(3.0%)	(5.6%)	(1.6%)	0.8%	(2.2%)	(1.4%)
Total Claims Ratio	58.3%	55.7%	56.4%	55.1%	49.9%	49.8%	49.4%	47.6%	50.4%	49.1%	49.2%	50.2%
Expense Ratio	36.7%	37.6%	38.4%	37.8%	38.4%	38.9%	38.5%	40.9%	37.0%	36.9%	38.3%	38.5%
Reported Combined Ratio	**94.9%**	**93.2%**	**94.8%**	**92.9%**	**88.3%**	**88.7%**	**87.9%**	**88.5%**	**87.4%**	**86.0%**	**87.4%**	**88.7%**
Underlying Combined Ratio	*93.6%*	*93.7%*	*92.7%*	*91.1%*	*87.6%*	*86.7%*	*88.1%*	*88.9%*	*86.6%*	*80.9%*	*85.9%*	*86.6%*
PERSONAL LINES UK&I (Q3/21 - exit Q4/23)												
Underlying Current Year Loss Ratio				58.5%	64.7%	63.6%	n.a	n.a	n.a	n.a	n.a.	n.a.
CAT Loss ratio (ex. reinstatement premiums)				2.7%	7.6%	0.0%	n.a	n.a	n.a	n.a	n.a.	n.a.
(Fav)/Unfav. PY Reserve Development (PYD) ratio				(1.8%)	(2.8%)	0.4%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total Claims Ratio				59.4%	69.4%	64.0%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Expense Ratio				37.6%	36.6%	36.5%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Reported Combined Ratio				**97.0%**	**106.1%**	**100.5%**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
Underlying Combined Ratio				*96.2%*	*101.3%*	*100.1%*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*
COMMERCIAL LINES UK&I (from Q3/21)												
Underlying Current Year Loss Ratio				52.7%	58.7%	55.7%	57.1%	56.9%	56.1%	58.4%	57.2%	55.4%
CAT Loss ratio (ex. reinstatement premiums)				10.6%	4.9%	7.0%	6.5%	2.7%	6.4%	5.8%	5.4%	5.6%
(Fav)/Unfav. PY Reserve Development (PYD) ratio				(3.5%)	(4.2%)	(2.9%)	(4.8%)	(4.2%)	(4.4%)	(8.5%)	(5.5%)	(3.1%)
Total Claims Ratio				59.7%	59.4%	59.8%	58.9%	55.4%	58.1%	55.7%	57.0%	57.9%
Expense Ratio				30.8%	31.0%	35.2%	35.7%	36.8%	33.8%	37.0%	35.8%	35.0%
Reported Combined Ratio				**90.5%**	**90.5%**	**95.0%**	**94.6%**	**92.2%**	**91.9%**	**92.7%**	**92.8%**	**92.9%**
Underlying Combined Ratio				*83.4%*	*89.7%*	*90.9%*	*92.8%*	*93.8%*	*89.9%*	*95.4%*	*93.0%*	*90.4%*
IFC CONSOLIDATED												
Underlying Current Year Loss Ratio	63.8%	62.4%	55.4%	55.4%	59.8%	58.9%	60.5%	55.9%	55.1%	56.4%	56.9%	56.7%
CAT Loss ratio (ex. reinstatement premiums)	3.4%	3.6%	3.2%	4.2%	4.3%	6.6%	1.9%	1.8%	22.1%	2.3%	7.1%	5.2%
(Fav)/Unfav. PY Reserve Development (PYD) ratio	(1.9%)	0.0%	(0.9%)	(3.7%)	(4.1%)	(4.7%)	(5.7%)	(4.7%)	(5.7%)	(5.8%)	(5.5%)	(3.9%)
Total Claims Ratio	65.3%	66.0%	57.7%	55.9%	60.0%	60.8%	56.7%	53.0%	71.5%	52.9%	58.6%	58.0%
Expense Ratio	29.8%	29.4%	31.3%	32.9%	31.8%	33.4%	34.5%	34.1%	32.4%	33.6%	33.6%	33.0%
Reported Combined Ratio	**95.1%**	**95.4%**	**89.1%**	**88.9%**	**91.7%**	**94.2%**	**91.2%**	**87.2%**	**103.9%**	**86.5%**	**92.2%**	**91.0%**
Underlying Combined Ratio	*93.6%*	*91.8%*	*86.8%*	*88.4%*	*91.6%*	*92.3%*	*95.0%*	*90.0%*	*87.5%*	*90.0%*	*90.6%*	*89.7%*

Source: Company Reports, BMO Capital Markets

BMO Capital Markets

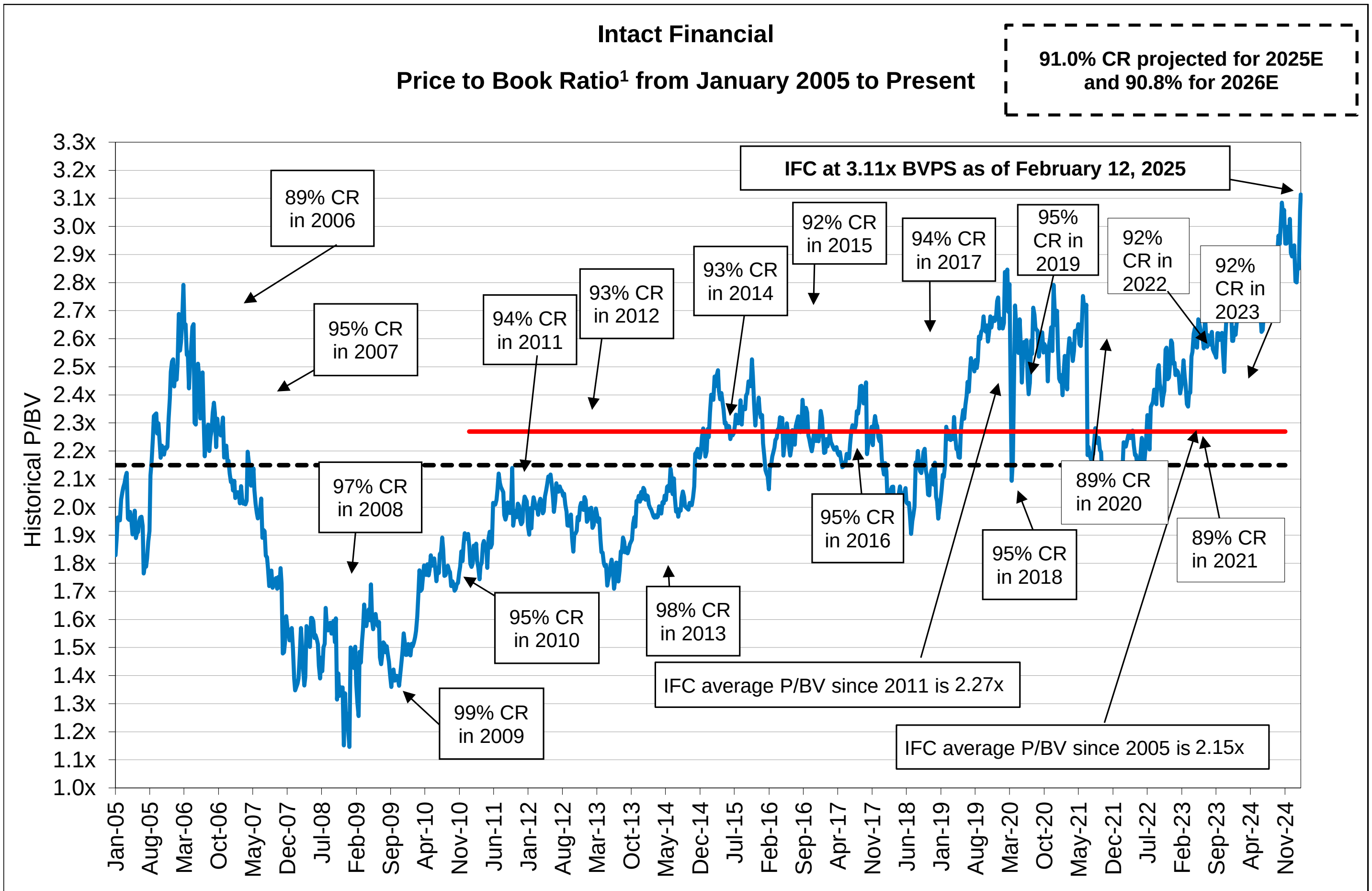
Exhibit 3 - IFC Model Summary

Intact Financial (IFC) Model Summary

C$ millions, unless indicated otherwise	2018	2019	2020	2021	2022	Q1/23	Q2/23	Q3/23	Q4/23	2023	Q1/24	Q2/24	Q3/24	Q4/24	2024	2025E	2026E
SEGMENTED DPW																	
Personal Auto Canada	3,750	4,067	4,322	4,843	5,514	1,169	1,711	1,668	1,408	5,956	1,300	1,892	1,873	1,575	6,640	7,332	7,947
Personal Property Canada	2,186	2,337	2,586	3,104	3,632	760	1,062	1,109	946	3,877	828	1,161	1,203	1,030	4,222	4,583	4,928
Commercial Lines Canada	2,665	2,995	3,308	4,076	4,875	1,067	1,497	1,166	1,328	5,058	1,124	1,510	1,185	1,379	5,198	5,406	5,622
Commercial Lines U.S.	1,489	1,651	1,824	1,990	2,344	577	753	825	614	2,770	612	778	872	628	2,890	3,132	3,184
Personal Lines UK & Intl. (Total RSA prior to Q2/21)	n.a.	n.a.	n.a.	1,833	1,712	355	366	423	0	1,144	0	0	0	0	0	0	0
Commercial Lines UK & Intl. (Total RSA prior to Q2/21)	n.a.	n.a.	n.a.	1,439	2,952	880	836	734	1,112	3,562	1,245	1,315	1,075	1,140	4,775	4,977	5,326
Total IFC	**10,090**	**11,049**	**12,039**	**17,285**	**21,029**	**4,808**	**6,225**	**5,925**	**5,408**	**22,367**	**5,109**	**6,656**	**6,208**	**5,752**	**23,725**	**25,429**	**27,006**
Growth y/y	*15.4%*	*9.5%*	*9.0%*	*43.6%*	*21.7%*	*3.3%*	*7.2%*	*8.9%*	*5.5%*	*6.4%*	*6.3%*	*6.9%*	*4.8%*	*6.4%*	*6.1%*	*7.2%*	*6.2%*
SEGMENTED NPE																	
Personal Auto Canada	3,727	3,818	4,187	4,825	5,505	1,379	1,430	1,475	1,524	5,808	1,511	1,566	1,637	1,678	6,392	7,477	8,263
Personal Property Canada	2,098	2,184	2,444	2,924	3,439	878	898	925	949	3,650	945	969	1,004	1,031	3,949	4,285	4,726
Commercial Lines Canada	2,508	2,773	3,002	3,701	4,446	1,111	1,146	1,186	1,185	4,628	1,186	1,192	1,229	1,236	4,843	4,778	5,034
Commercial Lines U.S.	1,379	1,431	1,581	1,652	1,871	496	497	530	591	2,114	538	534	573	629	2,274	2,376	2,416
Personal Lines UK & Intl. (Total RSA prior to Q2/21)	n.a.	n.a.	n.a.	1,665	1,682	331	345	360	0	1,036	0	0	0	0	0	0	0
Commercial Lines UK & Intl. (Total RSA prior to Q2/21)	n.a.	n.a.	n.a.	1,265	2,444	661	692	743	1,011	3,107	1,010	1,040	1,062	1,087	4,199	4,333	4,722
Total IFC	**9,715**	**10,211**	**11,220**	**16,036**	**19,387**	**4,856**	**5,008**	**5,219**	**5,260**	**20,343**	**5,190**	**5,301**	**5,505**	**5,661**	**21,657**	**23,250**	**25,162**
Growth y/y	*13.9%*	*5.1%*	*9.9%*	*42.9%*	*20.9%*	*2.1%*	*5.4%*	*7.0%*	*5.1%*	*4.9%*	*6.9%*	*5.8%*	*5.5%*	*7.6%*	*6.5%*	*7.4%*	*8.2%*
SEGMENTED COMBINED RATIO (CR)																	
Personal Auto Canada	99.5%	97.7%	86.6%	86.9%	93.1%	97.1%	91.3%	95.5%	95.1%	94.7%	98.7%	91.4%	97.6%	94.2%	95.4%	93.9%	93.4%
Personal Property Canada	88.3%	92.4%	81.7%	83.9%	90.3%	84.5%	119.2%	123.7%	123.5%	100.7%	82.4%	78.0%	147.6%	77.0%	96.5%	88.9%	88.3%
Commercial Lines Canada	94.5%	95.9%	95.1%	88.6%	88.2%	90.8%	89.5%	92.7%	84.4%	89.3%	87.3%	83.6%	94.3%	78.8%	86.0%	87.9%	88.4%
Commercial Lines U.S.	94.9%	93.2%	94.8%	92.9%	88.3%	89.1%	91.3%	88.5%	86.4%	88.7%	87.9%	88.5%	87.4%	86.0%	87.4%	88.7%	88.7%
Personal Lines UK & Intl.	n.a.	n.a.	n.a.	97.0%	106.1%	107.3%	98.0%	96.6%	n.a.	100.5%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Commercial Lines UK & Intl.	n.a.	n.a.	n.a.	90.5%	90.5%	88.2%	92.1%	90.6%	103.9%	95.0%	94.6%	92.2%	91.9%	92.7%	92.8%	92.9%	92.3%
Total IFC (Incl. RSA)	**95.1%**	**95.4%**	**89.1%**	**88.9%**	**91.7%**	**91.9%**	**96.4%**	**98.3%**	**90.1%**	**94.2%**	**91.2%**	**87.2%**	**103.9%**	**86.5%**	**92.2%**	**91.0%**	**90.8%**
COMBINED RATIO BREAKDOWN																	
Underlying Current Year Loss Ratio	63.8%	62.4%	55.4%	55.4%	59.8%	61.0%	58.3%	57.4%	58.9%	58.9%	60.5%	55.9%	55.1%	56.4%	56.9%	56.7%	56.5%
A - CAT Loss ratio (ex. reinstatement premiums)	3.4%	3.6%	3.2%	4.2%	4.3%	2.2%	8.4%	11.7%	3.8%	6.6%	1.9%	1.8%	22.1%	2.3%	7.1%	5.2%	5.1%
B - (Fav)/Unfav. PY Reserve Development (PYD) ratio	(1.9%)	0.0%	(0.9%)	(3.7%)	(4.1%)	(5.3%)	(4.7%)	(3.6%)	(5.2%)	(4.7%)	(5.7%)	(4.7%)	(5.7%)	(5.8%)	(5.5%)	(3.9%)	(3.6%)
Total Claims Ratio	65.3%	66.0%	57.7%	55.9%	60.0%	57.9%	62.1%	65.4%	57.5%	60.8%	56.7%	53.0%	71.5%	52.9%	58.6%	58.0%	57.9%
Expense Ratio	29.8%	29.4%	31.3%	32.9%	31.8%	34.0%	34.4%	32.9%	32.6%	33.4%	34.5%	34.1%	32.4%	33.6%	33.6%	33.0%	32.9%
C - Reported Combined Ratio	**95.1%**	**95.4%**	**89.1%**	**88.9%**	**91.7%**	**91.9%**	**96.4%**	**98.3%**	**90.1%**	**94.2%**	**91.2%**	**87.2%**	**103.9%**	**86.5%**	**92.2%**	**91.0%**	**90.8%**
Underlying Combined Ratio D = C - A - B	*93.6%*	*91.8%*	*86.8%*	*88.4%*	*91.6%*	*95.0%*	*92.7%*	*90.2%*	*91.6%*	*92.3%*	*95.0%*	*90.0%*	*87.5%*	*90.0%*	*90.6%*	*89.7%*	*89.4%*
INVESTMENT YIELD																	
Gross Interest and Dividend Yield	3.4%	3.5%	3.1%	2.5%	3.0%	3.4%	3.8%	4.0%	4.2%	4.1%	4.2%	4.3%	4.3%	4.2%	4.5%	4.6%	4.5%
Investment Expenses	(0.1%)	(0.1%)	(0.1%)	(0.1%)	(0.1%)	(0.1%)	(0.1%)	(0.1%)	(0.1%)	(0.1%)	(0.1%)	(0.1%)	(0.1%)	(0.1%)	(0.1%)	(0.1%)	(0.1%)
Net Investment Gains Yield	0.1%	1.0%	0.9%	0.8%	(1.3%)	1.7%	(3.3%)	(1.5%)	5.8%	0.7%	(0.4%)	0.1%	0.1%	0.1%	(0.0%)	0.1%	0.1%
Total Investment Yield (Excl. RSA prior to Q2/21)	**3.4%**	**4.3%**	**4.0%**	**3.2%**	**1.5%**	**5.0%**	**0.3%**	**2.4%**	**9.9%**	**4.8%**	**3.6%**	**4.3%**	**4.2%**	**4.1%**	**4.3%**	**4.6%**	**4.5%**
DISTRIBUTION EBITA	175	209	275	362	437	105	137	116	109	467	100	169	132	123	524	594	653
Growth y/y	11%	19%	32%	32%	21%	14%	(3%)	5%	17%	7%	(5%)	23%	14%	13%	12%	13%	10%
LEVERAGE & CAPITAL																	
Invested Assets / Common Equity	2.4x	2.3x	2.3x	2.4x	2.5x	2.5x	2.6x	2.5x	2.5x	2.5x	2.3x	2.3x	2.4x	2.4x	2.4x	2.0x	1.9x
NPE / Common Equity	1.4x	1.3x	1.3x	1.1x	1.4x	1.4x	1.5x	1.5x	1.4x	1.4x	1.4x	1.4x	1.4x	1.4x	1.3x	1.3x	1.2x
Debt-to-total Capital Ratio	22.0%	21.3%	24.1%	23.0%	21.2%	22.4%	22.5%	22.7%	22.4%	22.4%	20.5%	19.8%	20.3%	19.4%	19.8%	18.1%	16.6%
PROFITABILITY & EPS																	
Operating EPS (f.d.) - NOIPS	$5.74	$6.16	$9.92	$12.31	$11.69	$3.10	$2.35	$1.95	$3.91	$11.33	$3.63	$4.86	$1.01	$4.93	$14.42	$16.29	$17.59
Adjusted EPS (f.d.) - AEPS	$5.70	$5.75	$8.48	$15.42	$15.81	$2.65	$1.75	$1.36	$3.45	$9.20	$4.31	$4.59	$1.56	$4.17	$14.64	$17.77	$19.06
Reported EPS (f.d.)	$4.79	$5.08	$7.20	$12.55	$13.37	$2.06	$1.31	$0.83	$2.77	$6.97	$3.68	$4.05	$1.06	$3.58	$12.37	$16.22	$17.52
Operating ROE	11.9%	12.0%	17.6%	17.5%	14.0%	15.7%	12.2%	10.2%	19.7%	13.8%	17.4%	22.5%	4.5%	21.5%	16.5%	16.6%	16.2%
Operating ROE (ex. AOCI)	12.1%	12.3%	18.4%	18.2%	14.1%	15.3%	11.7%	9.7%	19.0%	13.5%	17.1%	22.1%	4.5%	21.7%	16.5%	16.8%	16.2%
BVPS	$48.72	$53.97	$58.79	$82.34	$80.24	$77.72	$76.29	$77.24	$81.71	$81.71	$84.76	$88.00	$90.60	$92.67	$92.67	$103.07	$114.21
BVPS (ex. AOCI)	$48.43	$51.71	$55.93	$79.34	$82.29	$80.49	$80.11	$81.54	$83.51	$83.51	$86.39	$89.33	$89.78	$91.64	$91.64	$102.61	$114.30

Source: Company Reports, BMO Capital Markets

Exhibit 4 - Historical P/BV Ratio



Note: [1]Historical P/BV ratio proforma BVPS accretion from OneBeacon acquisition between 05/02/2017-09/30/2017.

Source: BMO Capital Markets, Company Reports

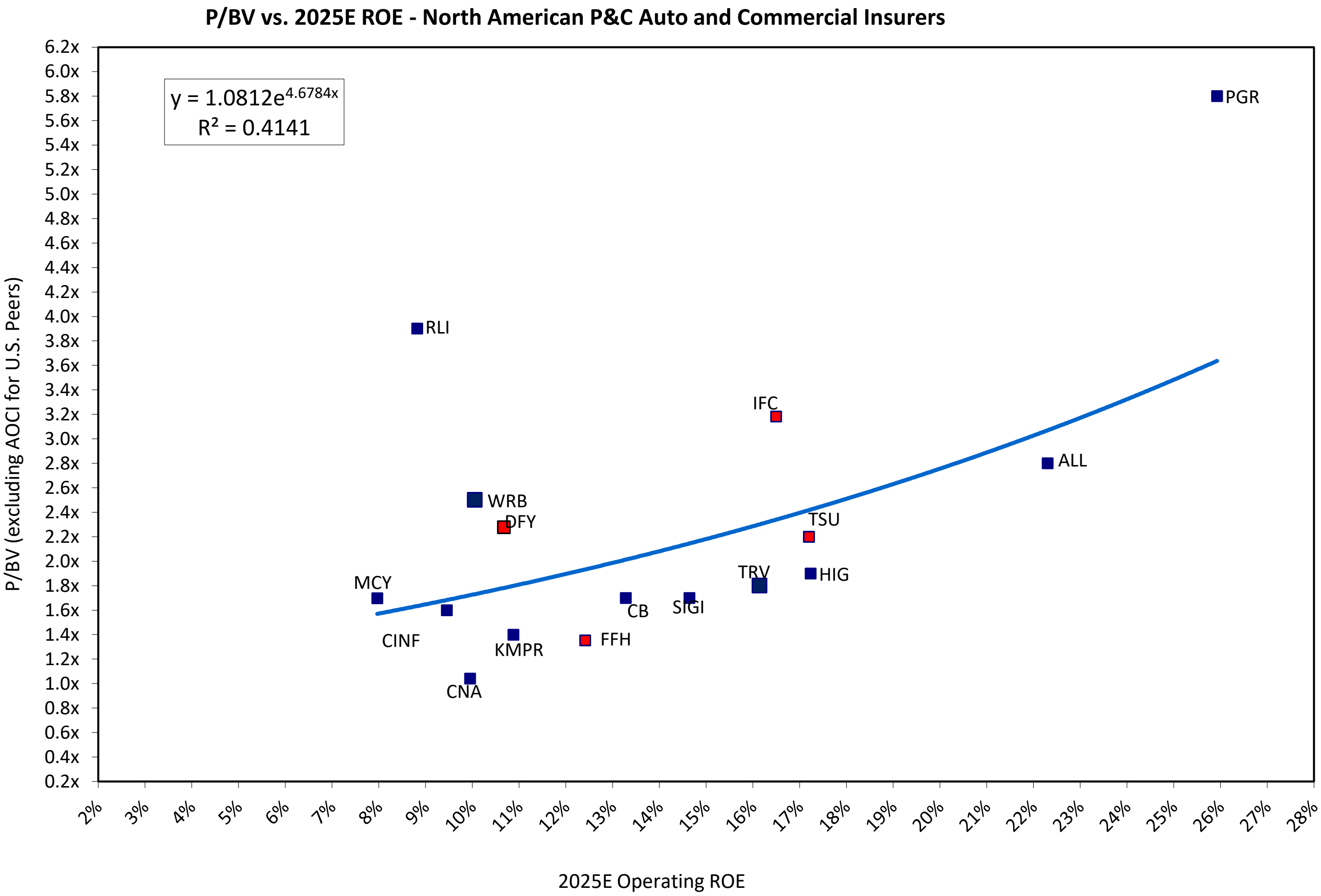
Exhibit 5 - Property & Casualty Insurance Industry - Financial Comparables

PROPERTY & CASUALTY INSURANCE INDUSTRY - NORTH AMERICAN COMPARABLES

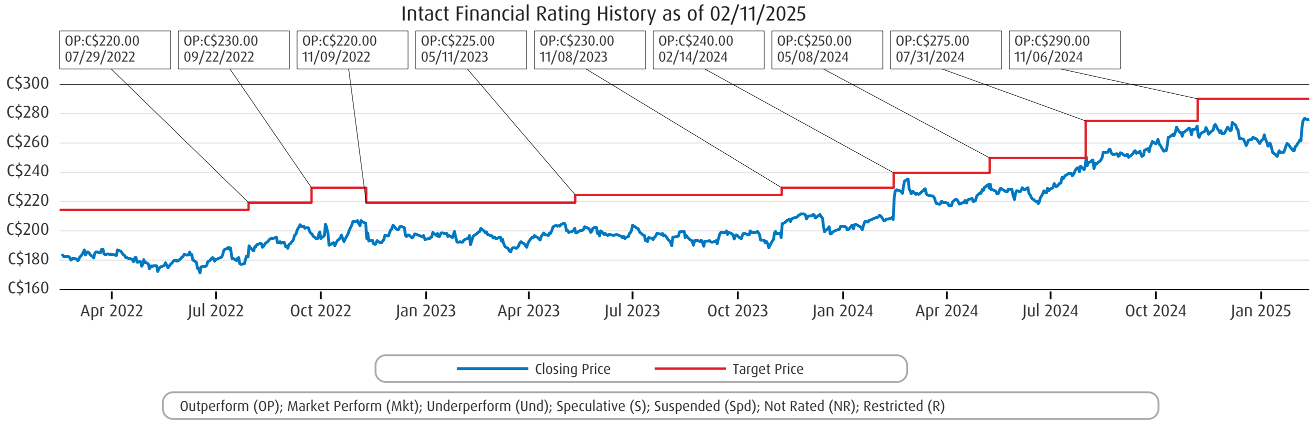
		Size ($M)			Key Statistics			Pricing									
	Ticker	Market	Common	NPW	CR	2024E	Dividend	Price	Percentage Change				P/E Multiples[5]			P/BV	P/BV
Company[2]	Symbol	Cap.	Equity (BV)	2023	2023	ROE[4]	Yield	02/11/25	1 Mo.	3 Mos.	12 Mos.	YTD	2023	2024E	2025E	ex-AOCI	with AOCI
U.S. P&C (US$)																	
Auto / Personal Lines																	
Allstate	ALL	$49,306	$18,179	$50,347	104.5%	26.8%	2.0%	$187.15	3%	-6%	17%	-3%	197.0x	10.5x	8.9x	2.71x	2.56x
Mercury General	MCY	$3,162	$1,862	$4,464	105.4%	17.3%	2.2%	$57.10	17%	-23%	41%	-14%	190.3x	10.3x	16.7x	1.70x	1.62x
Progressive	PGR	$149,544	$26,677	$61,550	94.9%	35.1%	0.2%	$255.68	9%	-1%	43%	9%	41.8x	17.9x	17.0x	5.61x	5.85x
Kemper Corp	KMPR	$4,224	$3,019	$3,305	106.9%	14.7%	1.9%	$66.11	5%	-5%	14%	0%	-89.3x	10.8x	9.9x	1.40x	1.51x
Mkt. Cap. Wtd. Avg.		**$206,236**			**97.6%**	**32.4%**	**0.7%**		**7%**	**-2%**	**36%**	**5%**	**78.5x**	**15.9x**	**14.9x**	**4.77x**	**4.91x**
Commercial																	
AIG	AIG	$57,608	$62,121	$26,719	90.6%	9.7%	2.1%	$74.69	6%	0%	7%	3%	11.0x	11.4x	9.6x	0.93x	1.06x
Chubb	CB	$111,034	$75,963	$47,361	86.5%	13.6%	1.4%	$265.06	3%	-6%	7%	-4%	11.8x	12.5x	10.4x	1.46x	1.66x
Cincinnati Financial	CINF	$20,971	$14,124	$8,046	94.9%	7.9%	2.6%	$132.56	-2%	-12%	20%	-8%	22.0x	21.4x	16.4x	1.48x	1.49x
CNA Financial	CNA	$13,098	$12,597	$9,446	96.0%	12.8%	3.8%	$48.35	5%	0%	9%	0%	10.3x	9.9x	9.5x	1.04x	1.25x
Hartford Financial	HIG	$34,993	$20,393	$15,477	94.9%	20.8%	1.9%	$110.22	4%	-7%	21%	1%	12.4x	9.8x	8.6x	1.72x	-
RLI Corp	RLI	$3,430	$931	$1,428	86.6%	9.6%	0.8%	$74.65	0%	-13%	8%	-9%	15.1x	24.2x	23.1x	3.69x	4.50x
Selective Insurance	SIGI	$4,984	$3,154	$4,135	96.5%	15.7%	1.8%	$82.65	-8%	-17%	-20%	-12%	14.0x	10.8x	9.7x	1.58x	1.72x
Travelers	TRV	$60,300	$36,527	$40,201	97.0%	16.5%	1.8%	$239.19	3%	-7%	11%	-1%	18.2x	12.5x	10.0x	1.65x	1.95x
W.R. Berkley	WRB	$16,895	$6,607	$10,955	89.7%	14.0%	0.5%	$60.58	7%	1%	15%	4%	18.5x	13.9x	12.8x	2.56x	-
Mkt. Cap. Wtd. Avg.		**$323,313**			**91.4%**	**13.8%**	**1.8%**		**3%**	**-5%**	**10%**	**-2%**	**13.9x**	**12.6x**	**10.6x**	**1.50x**	**1.34x**
Reinsurers																	
Arch Capital	ACGL	$33,468	$21,624	$13,468	79.3%	16.4%	0.0%	$89.04	-1%	-7%	13%	-4%	10.5x	10.6x	9.3x	1.55x	1.68x
Everest Re	EG	$13,031	$14,331	$14,730	90.9%	15.5%	2.4%	$331.57	-6%	-10%	-8%	-9%	5.0x	6.6x	5.3x	0.91x	1.03x
Renaissance Re	RNR	$9,943	$8,680	$7,468	77.9%	14.8%	0.7%	$231.70	-7%	-12%	2%	-7%	6.2x	8.8x	6.3x	1.15x	1.23x
Mkt. Cap. Wtd. Avg.		**$56,442**			**81.7%**	**15.9%**	**0.7%**		**-3%**	**-9%**	**6%**	**-5%**	**8.5x**	**9.4x**	**7.8x**	**1.33x**	**1.45x**
Total U.S. P&C																	
Mkt. Cap. Wtd. Avg.		**$585,991**			**83.7%**	**19.6%**	**1.1%**		**3%**	**-5%**	**18%**	**0%**	**35.1x**	**12.3x**	**10.9x**	**2.54x**	**2.50x**
Canadian P&C (C$)																	
Definity Financial Corp.[7]	DFY	$7,200	$3,171	$3,822	95.9%	10.0%	1.0%	$61.38	11%	12%	n.a.	5%	20.4x	13.2x	20.0x	2.27x	2.28x
Fairfax Financial Holdings[1]	FFH	$47,772	$36,778	$22,904	92.9%	14.9%	1.1%	$1,998.10	2%	6%	51%	0%	8.0x	13.3x	14.2x	1.30x	1.35x
Intact Financial[3]	IFC	$51,401	$16,014	$20,987	94.2%	15.2%	1.7%	$288.18	13%	8%	37%	10%	25.4x	20.0x	17.3x	3.21x	3.18x
Trisura Group Ltd.[6]	TSU	$1,641	$760	$597	106.7%	18.1%	0.0%	$33.75	-5%	-17%	-14%	-13%	23.8x	12.7x	11.4x	2.16x	2.20x
Average					**97.4%**	**14.6%**	**0.9%**		**5%**	**2%**	**25%**	**0%**	**17.9x**	**14.8x**	**15.7x**	**2.23x**	**2.25x**

NPW = net premiums written. CR = combined ratio. U.S. P&C Companies are on an "operating earnings basis."
[1] Fairfax NPW in USD. FFH Market Cap and Common Equity are float adjusted using only subordinate voting shares
[2] All U.S. Companies are using Bloomberg estimates
[3] IFC EPS and ROE estimates exclude AXA/JEVCO restructuring costs; IFC BV reflects transition to IFRS 17 (+3% impact) as well as PIC Pension buy-in (-8% impact), for a net -5% impact
[4] Operating ROE calculated using BVPS excluding AOCI for U.S. P&C peers; Operating ROE calculated using BVPS including AOCI for Canadian P&C peers except FFH which is calculated using reported EPS and BVPS including AOCI
[5] P/E multiples use operating EPS; FFH uses reported EPS
[6] TSU reflects split-adjusted information
[7] DFY BV reflects transition to IFRS 17 (+5% impact)
Source: Reuters, Bloomberg, Company reports, BMO Capital Markets estimates

Exhibit 6 - P/BV vs. 2025E ROE - North American P&C Auto and Commercial Insurers



Source: BMO Capital Markets, Company Reports



Source: FactSet, BMO Capital Markets

IMPORTANT DISCLOSURES

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Methodology and Risks to Target Price/Valuation for Intact Financial (IFC-TSX)

Methodology: Our target price is based on 2.95x Q1/26E BVPS.

Risks: Key risks include inadequate product design and pricing; unfavourable provincial regulatory changes to auto insurance; increased claims costs from severe weather events; integration and execution risks associated with the RSA acquisition, changes in interest rates, equity prices, credit spreads, and foreign exchange, affecting investment income and the FV of the investment portfolio; and emergence of autonomous vehicles and crash avoidance technology.

Distribution of Ratings (February 11, 2025)

Rating category	BMO rating	BMOCM US Universe*	BMOCM US IB Clients**	BMOCM US IB Clients***	BMOCM Universe****	BMOCM IB Clients*****	StarMine Universe~
Buy	Outperform	52.1 %	24.6 %	60.0 %	57.2 %	67.7 %	57.7%
Hold	Market Perform	45.0 %	17.6 %	37.1 %	41.1 %	31.1 %	37.5%
Sell	Underperform	2.6 %	15.4 %	1.9 %	1.5 %	0.8 %	4.8%

* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.

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~ As of April 1, 2019.

Ratings Key (as of October 2016)

We use the following ratings system definitions:
OP = Outperform - Forecast to outperform the analyst's coverage universe on a total return basis;
Mkt = Market Perform - Forecast to perform roughly in line with the analyst's coverage universe on a total return basis;
Und = Underperform - Forecast to underperform the analyst's coverage universe on a total return basis;
(S) = Speculative investment;
Spd = Suspended - Coverage and rating suspended until coverage is reinstated;
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