

MANAGEMENT'S DISCUSSION AND ANALYSIS

November 9, 2006

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our interim consolidated financial statements (unaudited) and accompanying notes at the end of this report, as well as the management's discussion and analysis and the consolidated financial statements in the Company's 2005 Annual Report to Shareholders.

The Company uses both generally accepted accounting principles (GAAP) and certain non-GAAP measures to assess performance. Non-GAAP measures do not have any standardized meaning prescribed by GAAP and are unlikely to be comparable to any similar measures presented by other companies. ING Canada analyzes performance based on underwriting ratios such as combined, expense and loss ratios. These terms are defined in the glossary of terms found on the Investor Relations section of our web site at www.ingcanada.com and appear with a footnote description whenever the term first appears in the management's discussion and analysis.

This discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from these forward-looking statements as a result of various factors, including those discussed below or in our Annual Information Form. Certain totals, subtotals and percentages may not agree due to rounding. Additional information about ING Canada, including the Annual Information Form, may be found online on SEDAR at www.sedar.com.

Current Outlook

Several key factors will affect the property and casualty ("P&C") insurance industry over the coming twelve months.

- **Industry growth and underwriting income:** We expect the industry's top-line growth rate to be below historical levels, and underwriting results should exceed historical returns.
- **Claims costs in automobile insurance:** Automobile insurance reforms adopted by various provinces have continued to be effective at containing and stabilizing claims costs. Furthermore, automobile claims frequency remains low and we believe frequency will either increase or continued low frequency will lead to premium reductions. Sustainability of the cost containment measures, as well as potential rate reductions, will continue to be key performance drivers.
- **Commercial insurance competition:** Commercial insurance continues to be competitive: prices are softening but continue to yield returns above historical levels. We remain disciplined in pricing and underwriting and committed to superior service to our brokers and commercial customers.
- **Non-residential construction cost:** Non-residential construction cost increases are putting pressure on commercial insurance underwriting margins. We continue working with our brokers to ensure that our commercial customers retain sufficient coverage.

ING Canada, with its scale advantage, underwriting discipline and pricing sophistication, is well positioned to capitalize on the above conditions and continue to outperform the industry's return on equity for the foreseeable future. Our distinct product and service proposition delivered through a multi-channel distribution network will be a key driver in fuelling organic growth.

Overall Performance

Net income for the three months ended September 30, 2006, was \$156.8 million, down 22.7% from last year's level. The two largest contributors to this decrease were lower realized investment and other gains and lower prior year claims development. Direct premiums written totalled \$1,038.1 million, an increase of 4.9%, after excluding industry pools and AGR premiums. This increase was driven by a 4.0% increase in the number of written insured risks.

Net Income

Net income for the three months ended September 30, 2006, was \$156.8 million, down \$46.0 million, or 22.7%, from \$202.8 million for the three months ended September 30, 2005. Net income for the nine months ended September 30, 2006, was \$548.7 million, a decrease of \$36.2 million, or 6.2%, from \$584.9 million for the nine months ended September 30, 2005.

Quarterly results were driven by lower underwriting income and lower realized investment gains. Underwriting results were fairly strong for the quarter, although less favourable than last year's level.

- Our combined ratio for the quarter was 89.9% (YTD 06: 88.0%). While personal property suffered as a result of heavy storms activity (combined ratio of 107.3%), the remaining lines of business performed strongly, with combined ratios ranging from 84.6% to 88.0%. Favourable prior year claims development, although above historical levels, was \$24.5 million below Q3 05.
- Pre-tax realized investment and other gains were \$35.8 million in the quarter, down from \$66.8 million in Q3 05. Fixed income gains dropped \$17.8 million from Q3 05, reflective of market conditions, and other gains dropped \$18.6 million, as explained in "Realized Investment and Other Gains" below.
- Q3 06 to Q3 05 comparisons are also affected by a one-time favourable tax item in Q3 05 that improved results by \$9.8 million in the prior period due to the recovery of a tax asset not previously recorded.

Pre-tax income was \$218.7 million in Q3 06, down from \$269.4 million in Q3 05, and was \$782.8 million YTD 06, down from \$821.6 million in YTD 05. The following table presents the major changes in pre-tax income.

(in millions of dollars)	Three months ended September 30	Nine months ended September 30
2005 Pre-tax income	\$ 269.4	\$ 821.6
Prior year claims development	(24.5)	(83.0)
Current accident year *	0.3	(28.2)
Facility Association residual market	(4.9)	(4.2)
Catastrophes	<u>8.3</u>	<u>45.5</u>
Underwriting income	(20.8)	(69.9)
Realized investment and other gains	(31.0)	21.9
Other	<u>1.1</u>	<u>9.2</u>
2006 Pre-tax income	<u>\$ 218.7</u>	<u>\$ 782.8</u>

* excludes Facility Association residual market and catastrophes

Shareholders' Equity

Shareholders' equity increased by \$451.4 million, or 15.6%, to \$3,344.0 million at September 30, 2006 from December 31, 2005. This increase reflects YTD 06 net income of \$548.7 million less \$100.3 million in dividends (\$0.75 per share) paid year to date plus a \$3.0 million charge for stock-based compensation.

Summary of Results

The financial data in the following tables was prepared using Canadian generally accepted accounting principles (GAAP) and is taken from our interim consolidated financial statements (unaudited) for the three and nine months ended September 30, 2006 and 2005.

(in millions of dollars, except per share data)	Three months ended		Nine months ended	
	September 30		September 30	
	2006	2005	2006	2005
Direct premiums written	\$ 1,038.1	\$ 1,006.5	\$ 3,026.8	\$ 2,999.9
Total revenue	1,080.2	1,123.3	3,310.6	3,334.5
Underwriting income	95.9	116.7	341.5	411.4
Net income	156.8	202.8	548.7	584.9
Earnings per share				
Basic and diluted	1.17	1.52	4.10	4.38
			As at September 30	As at December 31
			2006	2005
Cash and cash equivalents			\$ 12.8	\$ 341.1
Investments			7,263.8	6,721.0
Total assets			10,280.9	9,926.5
Debt outstanding			-	127.0
Total shareholders' equity			3,344.0	2,892.6

The following table shows selected non-GAAP financial ratios and return on equity (ROE) data.

	Three months ended		Nine months ended	
	September 30		September 30	
	2006	2005	2006	2005
Claims ratio ⁽¹⁾	60.4%	58.8%	57.3%	56.4%
Expense ratio ⁽²⁾	<u>29.5%</u>	<u>28.9%</u>	<u>30.7%</u>	<u>29.3%</u>
Combined ratio ⁽³⁾	89.9%	87.7%	88.0%	85.7%
			Twelve months ended	
			September 30	
ROE ⁽⁴⁾			24.6%	36.5%
ROE of our P&C insurance subsidiaries ⁽⁵⁾			30.8%	35.2%

- (1) Claims and loss adjustment expenses incurred, net of reinsurance, during a defined period and expressed as a percentage of net premiums earned for the same period. The financial numbers are determined in accordance with GAAP but the ratio is a non-GAAP measure.
- (2) Underwriting expenses including commissions, premium taxes and all general and administrative expenses incurred in operating the business during a defined period and expressed as a percentage of net premiums earned for the same period. Components of the expense ratio - commissions, premium taxes and general expenses - are individual ratios expressed as a percentage of net premiums earned. The financial numbers used to determine these ratios are determined in accordance with GAAP but the ratio is a non-GAAP measure.

- (3) The sum of the claims ratio and the expense ratio. A combined ratio below 100% indicates a profitable underwriting result. A combined ratio over 100% indicates an unprofitable result. The financial numbers that comprise the ratio are determined in accordance with GAAP but the ratio is a non-GAAP measure.
- (4) Return on equity is a non-GAAP measure which represents our net income for the twelve months ended on the date indicated divided by the average shareholders' equity over the same twelve-month period. Net income and shareholders' equity are determined in accordance with GAAP.
- (5) Return on equity of our P&C insurance subsidiaries is a non-GAAP measure which represents net income of our P&C insurance subsidiaries for the twelve months ended on the date indicated divided by the average shareholders' equity of our P&C insurance subsidiaries over the same twelve-month period. Net income and shareholders' equity are determined in accordance with GAAP. Our P&C insurance subsidiaries consist of Belair Insurance Company Inc., ING Insurance Company of Canada, ING Novex Insurance Company of Canada, The Nordic Insurance Company of Canada, Trafalgar Insurance Company of Canada, along with our warranty company, Wellington Warranty Company Inc. Allianz Insurance Company of Canada and The Nordic Insurance Company of Canada amalgamated under the name of The Nordic Insurance Company of Canada on April 1, 2006.

Direct Premiums Written

Direct premiums written increased by \$49.8 million, or 4.9%, in Q3 06 over Q3 05 (\$65.7 million, or 2.2%, for YTD 06 over YTD 05) after excluding the AGR¹ premiums of (\$12.2) million for Q3 05 and \$20.0 million for YTD 05 and decreases in premiums from industry pools of \$30.4 million in the quarter and \$18.8 million for the year to date. Including AGR and industry pool premiums, direct premiums written increased by \$31.6 million, or 3.1%, in Q3 06 over Q3 05 and \$26.9 million, or 0.9%, for YTD 06 over YTD 05.

A key non-GAAP measure of our growth is the number of written insured risks, defined as the number of vehicles in automobile insurance, the number of premises in personal property insurance and the number of policies in commercial insurance, excluding commercial auto insurance. The number of written insured risks increased 4.0% in Q3 06 over Q3 05 and 3.2% YTD 06 over YTD 05.

Premiums from industry pools were lower in Q3 06 compared to Q3 05 by \$30.4 million (\$18.8 million for YTD 06 compared to YTD 05). Of this decrease, \$21.6 million is due to lower premiums from Facility Association residual market primarily due to market share adjustments of approximately \$18.0 million. Net transfers from the Risk Sharing Pool account for the remainder of the drop in industry pool premiums.

¹ The "AGR business", related to insurance coverage of industrial risks for large Canadian companies and multi-national clients of Allianz AG, was not part of the Allianz acquisition and was subject to a 100% quota-share agreement with Allianz Global Risks R chversicherungs AG pending the re-transfer of this business to the Canadian branch of Allianz Global Risks US Insurance Company in September 2005. At the time of the transfer, ING Canada paid a reinsurance premium to AGR due to transfer of the unearned premiums, hence there was a net premium credit, or negative AGR premium in Q3 05.

Revenue

Revenue was \$1,080.2 million in the quarter, down \$43.1 million, or 3.8% from \$1,123.3 million in Q3 05. YTD 06 revenue decreased by \$23.9 million, or 0.7%, to \$3,310.6 million compared to \$3,334.5 million YTD 05.

The following table presents the major changes in revenue between 2006 and 2005.

(in millions of dollars)	Three months ended September 30	Nine months ended September 30
Net premiums earned	\$ (0.5)	\$ (31.8)
Investment segment income	(6.9)	(16.6)
Corporate and other revenue	(4.7)	2.6
Realized investment and other gains	<u>(31.0)</u>	<u>21.9</u>
Decrease in revenue	<u>\$ (43.1)</u>	<u>\$ (23.9)</u>

As the table below indicates, direct premiums earned increased in Q3 06 by \$7.0 million, but decreased for YTD 06 by \$23.3 million. Earned premium growth was impacted by earned rate reductions of 2.7% for the quarter, and 3.0% YTD. Earned premiums from industry pools were down \$17.5 million in Q3 06 compared to Q3 05, and \$37.4 million lower YTD 06 than YTD 05 due to lower premiums from the residual market and the Alberta Risk-Sharing Pool. Ceded premiums earned were lower in Q3 06 than Q3 05 by \$10.0 million, (YTD 06: \$28.9 million) due to non-recurring reinstatement premiums related to the 2005 catastrophes and generally lower ceded premiums in 2006 due to increased retention.

The following table presents the major changes in earned premiums between 2006 and 2005.

(in millions of dollars)	Three months ended September 30	Nine months ended September 30
Direct premiums earned	\$ 7.0	\$ (23.3)
Pools premiums earned	(17.5)	(37.4)
Ceded premiums earned	<u>10.0</u>	<u>28.9</u>
Decrease in net premiums earned	<u>\$ (0.5)</u>	<u>\$ (31.8)</u>

Pre-tax realized investment and other gains were \$35.8 million in Q3 06, down from \$66.8 million in Q3 05.

- Equity gains were \$43.8 million for the quarter, up from \$38.4 million in Q3 05. These gains were a result of our investment strategy which results in regular trading activities in our high dividend yield common share portfolio as discussed below under "Realized Investment and Other Gains".
- Fixed income gains were \$3.9 million, down from \$21.7 million in Q3 05, reflective of less trading activity.
- Other losses of \$11.9 million represent primarily losses from derivatives, and are described further under "Realized Investment and Other Gains" below.

Pre-tax realized investment and other gains were \$178.2 million YTD 06, up from \$156.3 million YTD 05. Net unrealized gains of \$135.6 million at September 30, 2006 were \$168.7 million less than at December 31, 2005. Unrealized gains have decreased as a result of the higher interest rate environment, lower equity markets and the impact of previously realized gains.

Underwriting Income

Underwriting income (the difference between net premiums earned and the sum of net claims incurred and underwriting expenses including commissions, premium taxes and general expenses) was \$95.9 million in Q3 06, down from \$116.7 million in Q3 05. The Q3 06 claims ratio of 60.4% is 1.6 percentage points higher than in Q3 05. The expense ratio increased from 28.9% to 29.5%, resulting in a combined ratio of 89.9% for Q3 06, up from 87.7% in Q3 05.

Underwriting income was \$341.5 million YTD 06, down \$69.9 million from YTD 05. The YTD 06 claims ratio of 57.3% is 0.9 percentage point higher than YTD 05. The expense ratio increased from 29.3% to 30.7%, resulting in a combined ratio of 88.0% for YTD 06, up from 85.7% YTD 05.

The major changes in underwriting income were shown previously in the table under “Overall Performance”.

Favourable prior year claims development was \$69.1 million in Q3 06, a decrease of \$24.5 million from Q3 05. YTD 06 favourable prior year claims development was \$145.6 million, \$83.0 million less YTD 06 than YTD 05. The Q3 06 development is somewhat higher than historical levels, but below the exceptional level experienced in 2005.

Current accident year underwriting income, excluding Facility Association residual market and catastrophes, improved by \$0.3 million in Q3 06 over Q3 05 despite average earned premium rate reductions of 2.7%. Current accident year underwriting income, excluding Facility Association residual market and catastrophes, decreased by \$28.2 million in YTD 06 over YTD 05.

General expenses were \$5.4 million higher in Q3 06 compared to Q3 05 primarily due to lower fees from our service carrier operation of \$7.6 million and were \$28.8 million higher in YTD 06 compared to YTD 05 primarily due to lower fees from our service carrier operated on behalf of Facility Association of \$14.4 million and higher advertising expenses of \$7.8 million.

Industry pools consist of the so-called “residual market”, as well as risk-sharing pools (RSP), in Alberta, Ontario, Quebec and New Brunswick. These pools are managed by the Facility Association except for the Quebec RSP. Transfers in and out of these pools, on balance, resulted in underwriting income for the current accident year that was \$11.6 million higher in Q3 06 than in Q3 05 and \$0.7 million lower in YTD 06 than YTD 05.

Several storm related catastrophes (defined as events resulting in expected net claims incurred of \$5.0 million or more) occurred in Q3 06, totalling \$27.4 million and \$32.7 million for YTD 06. This compares to \$35.8 million in Q3 05 and \$78.2 million for YTD 05.

Summary of Quarterly Results

(in millions of dollars, except per share data)	2006			2005				2004	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Direct premiums written	\$ 1,038.1	\$ 1,176.2	\$ 812.5	\$ 905.0	\$ 1,006.5	\$ 1,171.4	\$ 821.9	\$ 883.0	\$ 921.6
Total revenues	1,080.2	1,096.7	1,133.8	1,111.6	1,123.3	1,112.3	1,098.8	1,004.7	919.7
Underwriting income	95.9	165.6	79.9	126.3	116.7	179.8	114.9	118.4	133.7
Income before income taxes	218.7	295.7	268.4	269.3	269.3	323.6	228.6	229.7	217.1
Net income	156.8	205.9	185.9	196.9	202.8	223.6	158.5	173.1	163.6
Combined ratio (%)	89.9	82.7	91.5	86.9	87.7	81.2	88.1	86.7	83.9
Earnings per share									
Basic	1.17	1.54	1.39	1.47	1.52	1.67	1.19	1.69	1.75
Diluted	1.17	1.54	1.39	1.47	1.52	1.67	1.19	1.67	1.75
Earnings per adjusted share ⁽¹⁾									
Basic pro forma	1.17	1.54	1.39	1.47	1.52	1.67	1.19	1.35	1.27
Diluted pro forma	1.17	1.54	1.39	1.47	1.52	1.67	1.19	1.29	1.22

(1) To facilitate comparison of performance between quarters, management has calculated basic earnings per adjusted share, a non-GAAP measure, on a pro-forma basis as if the 128.5 million common shares outstanding after our reorganization and completion of the initial public offering were outstanding at the beginning of each of the quarters prior to 2005. Diluted earnings per adjusted share, another non-GAAP measure, is calculated as if the 133.7 million common shares, the difference being the shares issued in January 2005 as part of the over-allotment granted to the underwriters, had been outstanding during each of the quarters prior to 2005. Net income used for the pro-forma earnings per adjusted share calculations has not been adjusted for interest income and expense that would have been realized by the Company from investing the net proceeds of the initial public offering and reducing the debt outstanding.

Seasonal Indicator	2005	2004	2003	3-year average
Q1	1.02	1.10	1.06	1.06
Q2	0.94	0.92	0.95	0.94
Q3	1.02	0.98	0.96	0.98
Q4	1.01	1.01	1.04	1.02

The seasonal indicator is a non-GAAP measure which represents the ratio of the quarterly combined ratio to the annual combined ratio. Historically, the seasonal indicator pattern shows that Q2 is the lowest loss quarter and Q1 is the highest loss quarter.

Segmented Information

We report our results on the basis of five segments comprised of: the three segments of our property and casualty insurance business (personal insurance, commercial insurance and the investment results of our P&C insurance subsidiaries), corporate and other, and realized investment and other gains.

The following table presents selected information on our business segments.

(in millions of dollars)	Three months ended		Nine months ended	
	September 30		September 30	
	2006	2005	2006	2005
Revenue				
Net premiums earned				
Personal insurance	\$ 672.5	\$ 668.6	\$ 1,997.7	\$ 2,009.8
Commercial insurance	<u>282.0</u>	<u>286.4</u>	<u>849.4</u>	<u>869.1</u>
Total net premiums earned	954.5	955.0	2,847.1	2,878.9
Investments	<u>77.8</u>	<u>84.7</u>	<u>232.7</u>	<u>249.3</u>
Total P&C insurance	<u>\$ 1,032.3</u>	<u>\$ 1,039.7</u>	<u>\$ 3,079.8</u>	<u>\$ 3,128.2</u>
Corporate and other	12.1	16.8	52.6	50.0
Realized investment and other gains	<u>35.8</u>	<u>66.8</u>	<u>178.2</u>	<u>156.3</u>
Total revenue	<u>\$ 1,080.2</u>	<u>\$ 1,123.3</u>	<u>\$ 3,310.6</u>	<u>\$ 3,334.5</u>
Income before income taxes				
Underwriting income				
Personal insurance	\$ 58.5	\$ 73.5	\$ 200.0	\$ 268.8
Commercial insurance	<u>37.4</u>	<u>43.2</u>	<u>141.5</u>	<u>142.6</u>
Total underwriting income	95.9	116.7	341.5	411.4
Investments	<u>74.0</u>	<u>79.0</u>	<u>217.2</u>	<u>232.4</u>
Total P&C insurance	<u>\$ 169.9</u>	<u>\$ 195.7</u>	<u>\$ 558.7</u>	<u>\$ 643.8</u>
Corporate and other	13.0	6.8	45.9	21.5
Realized investment and other gains	<u>35.8</u>	<u>66.8</u>	<u>178.2</u>	<u>156.3</u>
Total income before income taxes	<u>\$ 218.7</u>	<u>\$ 269.3</u>	<u>\$ 782.8</u>	<u>\$ 821.6</u>

Personal Insurance

The following table presents the direct premiums written and underwriting income of our personal insurance segment.

(in millions of dollars)	Three months ended		Nine months ended	
	September 30		September 30	
	2006	2005	2006	2005
Direct premiums written				
Personal automobile	\$ 519.3	\$ 514.0	\$ 1,508.4	\$ 1,474.7
Personal property	<u>241.5</u>	<u>221.7</u>	<u>637.9</u>	<u>592.5</u>
Total direct premiums written	<u>\$ 760.8</u>	<u>\$ 735.7</u>	<u>\$ 2,146.3</u>	<u>\$ 2,067.2</u>
Net premiums earned	\$ 672.5	\$ 668.6	\$ 1,997.7	\$ 2,009.8
Expenses				
Claims and loss adjustment expenses	427.8	411.3	1,217.1	1,184.1
Commissions	103.2	104.7	326.2	323.9
Premium taxes	23.5	23.0	68.6	69.1
General expenses	<u>59.4</u>	<u>56.1</u>	<u>185.8</u>	<u>163.9</u>
Total expenses	<u>613.9</u>	<u>595.1</u>	<u>1,797.7</u>	<u>1,741.0</u>
Underwriting income	<u>\$ 58.6</u>	<u>\$ 73.5</u>	<u>\$ 200.0</u>	<u>\$ 268.8</u>
Ratios				
Claims ratio	63.6%	61.5%	60.9%	58.9%
Commissions ratio	15.3%	15.7%	16.3%	16.1%
Premium taxes ratio	3.5%	3.4%	3.4%	3.4%
General expense ratio	<u>8.8%</u>	<u>8.4%</u>	<u>9.3%</u>	<u>8.2%</u>
Combined ratio	<u>91.2%</u>	<u>89.0%</u>	<u>89.9%</u>	<u>86.6%</u>

Direct Premiums Written

Direct premiums written increased by \$55.7 million, or 7.7%, in Q3 06 over Q3 05 (\$98.7 million, or 4.8%, for YTD 06 over YTD 05) after excluding premiums from industry pools which decreased by \$30.6 million (\$19.5 million decrease YTD 06). This premium growth occurred despite average rate changes which decreased written premiums by 2.9% in the current quarter and 3.1% for the year to date. Including written premiums from industry automobile pools, direct premiums written increased by \$25.1 million, or 3.4%, in Q3 06 over Q3 05 (YTD 06: \$79.1 million, or 3.8%) including written premiums.

The number of written insured risks for personal property increased by 3.3% in Q3 06 over Q3 05 (YTD 06: 2.9%) while the number of written insured risks for personal auto increased by 5.4% in Q3 06 over Q3 05 (YTD 06: 4.1%). The total number of written insured risks in personal insurance increased by 4.5% in Q3 06 over Q3 05 (YTD 06: 3.6%).

Net Premiums Earned

Net premiums earned increased by \$3.9 million, or 0.6%, in Q3 06 over Q3 05 (YTD 06: 0.6% decrease). These figures reflect lower year-over-year earned premiums from industry automobile pools which reduced premiums by \$17.8 million in the quarter and \$38.4 million YTD. Premium rate reductions for personal automobile also impacted direct premiums earned for this line of business for the quarter by 5.0% (YTD 06: 5.6%).

Underwriting Income

Underwriting income from personal automobile and property in total decreased by \$14.9 million in Q3 06 over Q3 05 (YTD 06: \$68.8 million) as the combined ratio increased by 2.2 percentage points (YTD 06: 3.3 percentage points). Favourable prior year claims development at \$53.0 million, was down from \$55.0 million in Q3 05 (YTD 06: \$107.0 million, down from \$164.8 million).

Underwriting income from personal property increased by \$6.1 million in Q3 06 (YTD 06: an increase of \$56.8 million) on a decrease in the combined ratio of 4.0 percentage points (YTD 06: 10.2 percentage points decrease). Underwriting income from personal automobile decreased by \$21.1 million in the third quarter on an increase in the combined ratio of 4.0 percentage points (YTD 06: \$125.6 million on an increase of 8.2 percentage points). The decline in underwriting income from personal automobile in the quarter reflects an increase of prior year claims development of \$4.7 million in Q3 06 compared to Q3 05, and a reduction by \$43.8 million in YTD 06 compared to YTD 05, as well as earned premium rate reductions and increases in severity for the current accident year. Underwriting income from industry pools increased \$11.6 million Q3 06 over Q3 05.

The current accident year loss ratio in personal insurance, excluding catastrophes for Q3 06 is 1.3 percentage points higher than that of Q3 05 and 0.5 percentage point higher for YTD 06 than YTD 05, primarily because of earned premium rate reductions for auto. The current accident year loss ratio is defined as claims and loss adjustment expenses incurred for only the current year excluding all other claims and loss adjustment expenses incurred during the calendar year expressed as a percentage of net premium earned.

Our personal insurance expense ratio was 27.6% in Q3 06 compared to 27.5% in Q3 05 (YTD 06: 29.0% compared to 27.7%). The commission ratio was 15.3% in Q3 06, a decrease of 0.4 percentage point (YTD 06: 16.3%, an increase of 0.2 percentage point). The general expense ratio increased by 0.4 percentage point to 8.8% in Q3 06 (YTD 06: increase of 1.1 percentage points to 9.3%).

Commercial Insurance

The following table presents the direct premiums written and underwriting income of our commercial insurance segment.

(in millions of dollars)	Three months ended		Nine months ended	
	September 30		September 30	
	2006	2005	2006	2005
Direct premiums written				
Commercial automobile	\$ 74.9	\$ 73.6	\$ 245.6	\$ 245.8
Commercial other	<u>202.3</u>	<u>197.2</u>	<u>634.8</u>	<u>686.9</u>
Total direct premiums written	<u>\$ 277.2</u>	<u>\$ 270.8</u>	<u>\$ 880.4</u>	<u>\$ 932.7</u>
Net premiums earned	\$ 282.0	\$ 286.4	\$ 849.4	\$ 869.1
Expenses				
Claims and loss adjustment expenses	148.8	150.7	414.8	438.4
Commissions	57.4	56.1	177.0	177.6
Premium taxes	10.4	10.5	30.6	31.9
General expenses	<u>28.1</u>	<u>25.9</u>	<u>85.5</u>	<u>78.6</u>
Total expenses	<u>244.7</u>	<u>243.2</u>	<u>707.9</u>	<u>726.5</u>
Underwriting income	<u>\$ 37.3</u>	<u>\$ 43.2</u>	<u>\$ 141.5</u>	<u>\$ 142.6</u>
Ratios				
Claims ratio	52.7%	52.6%	48.8%	50.4%
Commissions ratio	20.3%	19.6%	20.8%	20.5%
Premium taxes ratio	3.7%	3.7%	3.6%	3.7%
General expense ratio	<u>10.0%</u>	<u>9.0%</u>	<u>10.1%</u>	<u>9.0%</u>
Combined ratio	<u>86.7%</u>	<u>84.9%</u>	<u>83.3%</u>	<u>83.6%</u>

Direct Premiums Written

Direct premiums written decreased by \$5.7 million, or 2.0%, in Q3 06 over Q3 05 after excluding the AGR business of \$(12.2) million (YTD 06: \$32.3 million decrease, or 3.5%, after excluding AGR of \$20.0 million). The number of written insured risks decreased 1.0% from Q3 05 (YTD 06: 0.5% decrease).

Net Premiums Earned

Net premiums earned decreased by \$4.4 million, or 1.6%, in Q3 06 over Q3 05 (YTD 06: decrease of \$19.7 million, or 2.3%).

Underwriting Income

Underwriting income from commercial insurance decreased \$5.9 million in Q3 06 over Q3 05, and the combined ratio rose by 1.8 percentage points (YTD 06: \$1.1 million decrease despite a 0.3 percentage point improvement). The current accident year loss ratio, excluding catastrophes, for Q3 06 is 4.8 percentage points lower than that of Q3 05 due primarily to commercial non auto, which experienced lower severity compared to Q3 05. This improvement in current accident year results was more than offset by a \$22.5 million decrease in favourable prior year claims development in Q3 06 compared to Q3 05. While prior year claims development for commercial insurance was at historical levels, it was below the extraordinary level of Q3 05. The lower current accident year loss ratio for YTD 06 of 2.8 percentage points is more than offset by a \$25.3 million year over year decrease in favourable prior year claims development.

Our commercial insurance expense ratio was 10.0% in Q3 06 compared to 9.0% in Q3 05 (YTD 06: 10.1%, up from 9.0%). The commission ratio increased to 20.3% in Q3 06 from 19.6% in Q3 05 (YTD 06: 20.8%, up from 20.5%).

Personal and Commercial Insurance

For convenience, the following table presents the direct premiums written and underwriting income of both the personal and commercial insurance segment.

(in millions of dollars)	Three months ended		Nine months ended	
	September 30		September 30	
	2006	2005	2006	2005
Direct premiums written				
Automobile	\$ 594.2	\$ 587.6	\$ 1,754.0	\$ 1,720.5
Personal property and commercial other	<u>443.9</u>	<u>418.9</u>	<u>1,272.8</u>	<u>1,279.4</u>
Total direct premiums written	<u>\$ 1,038.1</u>	<u>\$ 1,006.5</u>	<u>\$ 3,026.8</u>	<u>\$ 2,999.9</u>
Net premiums earned	\$ 954.4	\$ 955.0	\$ 2,847.1	\$ 2,878.9
Expenses				
Claims and loss adjustment expenses	576.5	562.0	1,631.9	1,622.5
Commissions	160.6	160.8	503.2	501.5
Premium taxes	33.9	33.5	99.2	101.0
General expenses	<u>87.5</u>	<u>82.0</u>	<u>271.3</u>	<u>242.5</u>
Total expenses	<u>858.5</u>	<u>838.3</u>	<u>2,505.6</u>	<u>2,467.5</u>
Underwriting income	<u>\$ 95.9</u>	<u>\$ 116.7</u>	<u>\$ 341.5</u>	<u>\$ 411.4</u>
Ratios				
Claims ratio	60.4%	58.8%	57.3%	56.4%
Commissions ratio	16.8%	16.8%	17.7%	17.4%
Premium taxes ratio	3.5%	3.5%	3.5%	3.5%
General expense ratio	<u>9.2%</u>	<u>8.6%</u>	<u>9.5%</u>	<u>8.4%</u>
Combined ratio	<u>89.9%</u>	<u>87.7%</u>	<u>88.0%</u>	<u>85.7%</u>

Investment Income

The following table presents the results of our investment segment.

(in millions of dollars)	Three months ended		Nine months ended	
	September 30		September 30	
	2006	2005	2006	2005
Interest income	\$ 41.2	\$ 47.3	\$ 127.6	\$ 157.2
Dividend income	37.3	34.5	107.8	90.4
Other	<u>(0.7)</u>	<u>2.9</u>	<u>(2.7)</u>	<u>1.7</u>
Investment income from P&C subsidiaries	<u>\$ 77.8</u>	<u>\$ 84.7</u>	<u>\$ 232.7</u>	<u>\$ 249.3</u>
Investment expenses	(3.8)	(5.6)	(15.5)	(16.9)
Investment income from P&C subsidiaries after investment expenses	<u>\$ 74.0</u>	<u>\$ 79.1</u>	<u>\$ 217.2</u>	<u>\$ 232.4</u>

Investment income decreased \$6.9 million in Q3 06 over Q3 05 (YTD 06: \$2.1 million decrease). The YTD 06 figure excludes the non-recurring interest in Q2 05 of \$14.5 million related to the 2001 Portfolio Purchase.

Average pre-tax yield on invested assets was 4.9% for Q3 06 compared to 5.1% Q3 05 (YTD 06: 4.9%, compared to YTD 05: 5.0%). This yield is calculated using the investment income of the P&C companies for the period excluding primarily realized gains and losses divided by the average invested assets of the P&C companies calculated monthly including cash equivalents but excluding cash balances.

Investment expenses totalled \$3.8 million in Q3 06, down \$1.8 million from Q3 05 (YTD 06: \$15.5 million, down \$1.4 million). Investment expenses of \$1.4 million were charged to Corporate & Other in Q3 06. These expenses are primarily asset management charges paid to our in-house investment operations, with an equivalent amount reported as a negative expense in the corporate and other segment; both entries are eliminated on consolidation of the financial statements.

Our investment income segment and the above analysis only includes income on investments in our P&C subsidiaries. Income on investments at the holding company is included in the corporate and other segment.

Corporate and Other

The following table presents the results of our corporate and other segment including the results of our brokerage operations (Canada Brokerlink, Grey Power and Equisure), our investment management company and inter-company eliminations, primarily commissions and general expenses.

(in millions of dollars)	Three months ended		Nine months ended	
	September 30		September 30	
	2006	2005	2006	2005
Investment income	\$ 8.5	\$ 3.4	\$ 24.9	\$ 10.7
Commissions and advisory fees	<u>3.6</u>	<u>13.4</u>	<u>27.7</u>	<u>39.3</u>
Revenue	<u>12.1</u>	<u>16.8</u>	<u>52.6</u>	<u>50.0</u>
Commissions	(21.4)	(4.4)	(45.8)	(13.3)
General expenses	19.2	12.4	47.2	35.9
Interest on debt	<u>1.3</u>	<u>2.0</u>	<u>5.3</u>	<u>6.0</u>
Expenses	<u>(0.9)</u>	<u>10.0</u>	<u>6.7</u>	<u>28.6</u>
Income before income taxes	<u>\$ 13.0</u>	<u>\$ 6.8</u>	<u>\$ 45.9</u>	<u>\$ 21.4</u>

Corporate and other revenue increased \$2.6 million in YTD 06 compared to YTD 05 due to increased investment income resulting primarily from higher interest income on larger cash balances in the holding company, offset by lower mutual fund advisory fees and lower commissions. The commission revenue for the quarter is lower due to a reclassification to commissions expense relating to Q2 06.

Commissions expense is negative due to the inter-company eliminations of commissions paid by our insurance companies to our brokerage companies.

Realized Investment and Other Gains

The following table presents realized investment and other gains.

(in millions of dollars)	Three months ended		Nine months ended	
	September 30		September 30	
	2006	2005	2006	2005
Realized investment and other gains				
Fixed income	\$ 3.9	\$ 21.7	\$ 17.0	\$ 57.8
Equities	43.8	38.4	150.9	90.8
Other	<u>(11.9)</u>	<u>6.7</u>	<u>10.3</u>	<u>7.7</u>
Total	<u>\$ 35.8</u>	<u>\$ 66.8</u>	<u>\$ 178.2</u>	<u>\$ 156.3</u>
After-tax total	<u>\$ 24.5</u>	<u>\$ 57.3</u>	<u>\$ 119.9</u>	<u>\$ 118.6</u>

Realized investment and other gains decreased \$31.0 million in Q3 06 over Q3 05 (YTD 06: \$21.9 million increase). Fixed income gains dropped primarily as a result of less trading activity. Other gains of \$(11.9) million in Q3 06 (YTD 06: \$10.3 million) are primarily due to gains and losses on interest related and total return derivatives. The total return derivatives are marked to market through the income statement while the associated investments are carried at

cost. These derivatives had a gain of \$2.0 million in YTD 06 while the associated investments had an unrealized loss at September 30, 2006, of \$1.5 million. During the quarter, these derivatives had a loss of \$8.8 million, and an unrealized gain in the associated investments of \$10.4 million.

Balance Sheet Analysis

Premiums and Other Receivables

Premiums written are either billed to brokers or billed to policyholders directly. As at September 30, 2006, premium receivables from brokers stood at \$128.8 million and \$1,248.0 million from policyholders. As at December 31, 2005, premium receivables from brokers stood at \$129.0 million and \$1,120.0 million from policyholders.

Other receivables comprised \$204.7 million (December 31, 2005: \$195.0 million) from the Facility Association and other industry pools, \$31.2 million (December 31, 2005: \$31.3 million) from other insurers and \$36.0 million (December 31, 2005: \$43.2 million) from other.

Investments

The book value of cash and cash equivalents and investments increased by \$214.5 million, or 3.0%, to \$7.3 billion at September 30, 2006, compared to December 31, 2005.

The following table presents our cash and invested assets as at September 30, 2006 and December 31, 2005.

(in millions of dollars)	As at September 30, 2006			As at December 31, 2005		
	Book value (BV)	% of BV	Fair value	BV	% of BV	Fair value
Cash and cash equivalents	\$ 12.8	0.2%	\$ 12.8	\$ 341.1	4.8%	\$ 341.1
Short-term notes	763.5	10.5%	763.5	440.4	6.2%	440.4
Fixed income securities	3,260.6	44.8%	3,297.9	3,520.8	49.9%	3,595.8
Commercial mortgages	60.3	0.8%	62.3	70.4	1.0%	73.1
Preferred shares	1,395.5	19.2%	1,439.3	1,257.3	17.8%	1,319.9
Common shares	1,612.2	22.1%	1,664.7	1,266.5	17.9%	1,430.4
Other investments	171.7	2.4%	171.7	165.6	2.4%	165.6
Total investments and cash	<u>\$ 7,276.6</u>	<u>100%</u>	<u>\$ 7,412.2</u>	<u>\$ 7,062.1</u>	<u>100.0%</u>	<u>\$ 7,366.3</u>

Our investment objectives remain generally consistent with the objectives presented in the 2005 Annual Information Form. The Company uses derivative financial instruments for hedging purposes, and for the purpose of modifying the risk profile of the investment portfolio, as long as the resulting exposures are within the investment policy guidelines. Beginning in 2006, we broadened our investment strategy by expanding our equity portfolio, entering into total return swap transactions, investing in investment grade international bonds and using other derivatives to support the management of our fixed-income portfolio.

In Q3 06, \$127.0 million of our cash was used to pay off our outstanding debt, owed to an affiliate. Additionally, cash of \$14.5 million in the quarter (YTD 06: \$49.7 million) was used for net acquisitions of brokerages and books of business which resulted in an increase in goodwill of \$9.6 million (YTD 06: \$30.1 million) and intangible assets of \$6.3 million (YTD 06: \$27.0 million).

As at September 30, 2006, the weighted average rating of our fixed-income portfolio was AA and the weighted average rating of our preferred share portfolio was P2 (ratings are by Standard & Poor's ("S&P") or Dominion Bond Rating Services). Approximately, \$36.9 million of securities with a rating below investment grade were included in the fixed income and preferred share portfolios at September 30, 2006, compared to \$16.1 million as at December 31, 2005.

Other investments consist of loans to brokers with a book value of \$156.6 million as at September 30, 2006 (\$151.4 million as at December 31, 2005), and investments in brokerages with a book value of \$15.1 million as at September 30, 2006 (\$14.2 million as at December 31, 2005). In addition, there are long-term investments related to investment in brokers which are equity accounted for \$44.3 million as at September 30, 2006 (\$41.6 million as at December 31, 2005).

Unpaid Claims and Loss Adjustment Expenses

Unpaid claims and loss adjustment expenses, net of reinsurers' share ("claim liabilities") increased by \$28.7 million during the first nine months of 2006 to \$3,519.8 million at September 30, 2006.

Claim liabilities, which are measured using accepted actuarial practice, take into account the time value of money and provisions for adverse deviation. Changes in these estimates will affect the valuation of the claim liabilities. Discount rates are consistent with those used at year-end 2005. The provisions for adverse deviation were also set on a basis consistent with those used at year-end 2005.

The claim liabilities used in the tables below are taken from the financial statements, are discounted and include a provision for adverse deviation. The cumulative payments are not discounted and do not include a provision for adverse deviation. The net effect of the discount rates and the provision for adverse deviation is that booked claim liabilities are slightly higher than undiscounted best estimates (by approximately 2.0% at year-end 2005).

We have taken the positive claims development for both the current and prior accident years into account in arriving at our best estimate of claim liabilities. The favourable claims development largely results from cost containment associated with the automobile reforms which appear to be sustainable, and continued low frequency of claims. Both factors have been more favourable than previously anticipated.

Claims Development

The favourable claims development of all prior accident years during the first nine months of 2006 was \$145.6 million, or 4.2%, (Q3 06: \$69.1 million) compared to \$228.6 million YTD 05 (Q3 05: \$93.6 million) with every accident year being favourable. This development came mainly from automobile insurance in the amount of \$126.8 million, including \$11.8 million from assumed pools. It includes favourable development on known cases as well as the favourable impact resulting from the quarterly reserve analysis. The remaining favourable development came from commercial other in the amount of \$30.1 million. Conversely, we experienced \$11.2 million of unfavourable development in personal property.

The following table shows the development of the claim liabilities for the 10 most recent accident years with subsequent development estimated for each accident year up to September 30, 2006. The original reserve estimates are re-evaluated over time for redundancy or deficiency. This re-evaluation is based on actual payments in full or partial settlement of claims as well as on current estimates of claim liabilities for claims still open or claims still unreported.

(in millions of dollars)	Accident year									
	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996 & prior-
Reserve originally estimated	\$1,118.8	\$1,117.7	\$973.2	\$838.6	\$729.0	\$655.5	\$587.0	\$548.1	\$557.2	\$1,121.2
Reserve re-estimated as of *										
One year later	\$1,070.8	\$ 977.2	\$908.4	\$848.3	\$790.4	\$655.4	\$580.6	\$524.5	\$433.9	\$1,069.6
Two years later		929.6	818.3	848.2	804.2	696.2	607.9	525.7	417.1	1,097.8
Three years later			801.8	834.7	803.2	712.0	637.2	521.1	431.5	1,078.5
Four years later				826.3	791.5	705.1	642.8	535.6	431.9	1,037.9
Five years later					782.3	694.7	644.3	537.0	430.9	1,028.0
Six years later						690.4	630.1	534.4	436.3	1,028.7
Seven years later							626.5	541.3	434.6	1,027.2
Eight years later								538.8	433.5	1,032.4
Nine years later									429.6	1,029.5
Ten years later										1,027.8
Cumulative deficiency (redundancy)	(48.0)	(188.2)	(171.4)	(12.4)	53.3	34.9	39.5	(9.3)	(127.6)	(93.4)
	(4.3)%	(16.8)%	(17.6)%	(1.5)%	7.3%	5.3%	6.7%	(1.7)%	(22.9)%	(8.3)%
Development during Q3 of \$(69.1) million	\$(27.1)	\$(19.4)	\$(8.5)	\$(3.4)	\$(4.3)	\$(2.8)	\$(3.3)	\$(0.9)	\$(1.0)	\$1.7
	(2.4)%	(1.7)%	(0.9)%	(0.4)%	(0.6)%	(0.4)%	(0.6)%	(0.2)%	(0.2)%	(0.1)%
Development during 2006 of \$(145.6) million	\$(48.0)	\$(47.6)	\$(16.4)	\$(8.4)	\$(9.2)	\$(4.3)	\$(3.6)	\$(2.5)	\$(3.9)	\$(1.7)
	(4.3)%	(4.3)%	(1.7)%	(1.0)%	(1.3)%	(0.7)%	(0.6)%	(0.5)%	(0.7)%	(0.2)%
*last diagonal as of September 2006										

Cumulatively, we have experienced favourable development for accident years 2005, 2004, 2003, 2002, 1998, 1997, 1996 and prior years and unfavourable development for accident years 2001, 2000 and 1999. In the years in which unfavourable development occurred, the overall P&C insurance industry had similarly poor development. This negative development was mainly caused by unexpected changes in claim patterns, in particular in automobile insurance claims in Ontario.

Reinsurance

Policy liabilities ceded to reinsurers were \$292.4 million at September 30, 2006 and \$347.8 million at December 31, 2005. Policy liabilities include unearned premiums and unpaid claims and adjustment expenses. At September 30, 2006, 14.5% (December 31, 2005: 17.7%) of the reinsured policy liabilities were to ING Re, an affiliate. We also have reinsurance treaties with a number of unaffiliated reinsurers of which substantially all meet our financial strength rating requirements.

In 2006, for multi-risk events or catastrophes, our retention is \$25.0 million with a reinsurance coverage limit of \$1.25 billion. We retain 20.25% of the exposure between \$25.0 million and \$50.0 million, 10% of the exposure between \$50.0 million and \$100.0 million, and 9.5% of the exposure between \$100.0 million and \$600.0 million. For 2005, our retention was \$17.5 million with a coverage limit of \$1.2 billion and 10% retention of the exposure between \$25.0 million and \$600.0 million.

Following industry practice, our reinsurance recoverables with licensed Canadian reinsurers (September 30, 2006: \$226.0 million; December 31, 2005: \$264.5 million) are generally unsecured because Canadian regulations require these reinsurers to maintain minimum asset and capital balances in Canada to meet their Canadian obligations, and policy liabilities take priority over the reinsurer's subordinate creditors.

Reinsurance recoverables with non-licensed reinsurers are secured with cash, letters of credit and/or assets held in trust accounts. The Company was the assigned beneficiary of such trust accounts from unlicensed reinsurers totalling \$85.3 million at September 30, 2006 (December 31, 2005: \$98.4 million) in support of policy liabilities of \$66.4 million at this same date (December 31, 2005: \$83.3 million). At September 30, 2006, these amounts included \$58.2 million (December 31, 2005: \$74.3 million) from an affiliated reinsurer which related to policy liabilities of \$42.4 million (December 31, 2005: \$61.6 million). We can use these trust accounts if the reinsurers are unable to meet their obligations.

Share Capital

As of November 9, 2006, there were 133.7 million common shares and one Special Share issued and outstanding. The Special Share is convertible into one common share. ING Groep N.V. (ING Groep) holds approximately 70% of the issued and outstanding common shares and the Special Share.

A Long-Term Incentive Plan (LTIP) was implemented for certain employees commencing in 2005. Under this plan, these employees are awarded performance units as a portion of their compensation. Each award vests at the end of a three-year performance cycle. The actual award varies based on a performance target driven by comparing the Company's three-year average return on equity relative to that of the Canadian property and casualty insurance industry. The actual award may only be in common shares. Accordingly, this type of compensation is recognized as an expense with a corresponding increase to contributed surplus. The Company re-estimates the number of performance units that are expected to vest at each reporting period. The estimate at September 30, 2006 was 199,731 units for the 2006-2008 performance cycle with a per unit fair value at grant date of 36 dollars and 79 cents and 347,030 units for the 2005-2007 performance cycle with a per unit fair value at grant date of 26 dollars and 30 cents. At the time of the actual award, the Company intends to purchase shares in the market in an amount equal to the number of vested shares.

Effective July 1, 2006, employees who are not eligible for the LTIP are entitled to make contributions in accordance with a voluntary employee share purchase plan (ESPP). Under the ESPP, eligible employees can contribute up to 10% of their base earnings through payroll deduction. As an incentive for participation in the plan, the Company will contribute an amount corresponding to 50% of the employee contribution. The shares are bought on the market by an independent broker and are held by a custodian on behalf of the employees. The shares bought with the Company's contributions are subject to certain restrictions for a period of twelve months.

Liquidity and Capital Resources

We continue to enjoy high liquidity and a strong capital base.

Liquidity

Net cash provided by operating activities was \$196.0 million in Q3 06 compared to \$175.4 million in Q3 05 (YTD 06: \$327.0 million; YTD 05: \$451.2 million). Our total cash and cash equivalents were \$12.8 million at September 30, 2006.

No significant capital expenditures are currently planned other than on-going software projects for which costs of \$11.3 million were capitalized in YTD 06.

We have an uncommitted revolving credit facility of \$50.0 million with the Royal Bank of Canada, which was undrawn at September 30, 2006.

Our outstanding debt of \$127.0 million, owed to an affiliate, was repaid in August 2006.

Capital

The Company has sufficient capital to support business growth with our insurance subsidiaries having capital of \$672.6 million in excess of the minimum supervisory target of 150%, as calculated under the Minimum Capital Test (MCT) at September 30, 2006 (December 31, 2005: \$718.0 million). The decrease in the MCT is primarily due to the decrease in net unrealized gains. Because we manage our companies as a group, we report our combined capital position but we also ensure that each insurance company meets all regulatory requirements including the MCT. Our insurance companies are parties to a participation agreement which combines the underwriting results of all the companies with the outcome that each company has a proportion of underwriting results, and the loss ratio and expense ratio are the same for each company.

The following table presents the minimum capital test (MCT) of our insurance subsidiaries with a total for all companies.

MINIMUM CAPITAL TEST (MCT) – P&C COMPANIES							
(in millions of dollars)		ING Insurance	Nordic Insurance *	ING Novex Ins	Belair Insurance	Trafalgar Insurance	Total
At September 2006							
Total capital available	[a]	\$ 1,073.1	\$ 977.4	\$ 48.0	\$ 267.6	\$ 59.8	\$ 2,426.0
Total capital required	[b]	559.8	486.3	14.2	90.5	18.1	1,168.9
Excess capital	[a] – [b]	\$ 513.3	\$ 491.1	\$ 33.8	\$ 177.2	\$ 41.7	\$ 1,257.1
MCT %	[a] / [b]	191.7%	201.0%	338.3%	295.8%	330.8%	207.5%
Excess at 150%		\$ 233.4	\$ 247.9	\$ 26.7	\$ 131.9	\$ 32.7	\$ 672.6
At December 2005							
Total capital available	[a]	\$ 1,028.7	\$ 997.0	\$ 43.0	\$ 233.4	\$ 51.9	\$ 2,354.0
Total capital required	[b]	546.6	429.8	14.2	82.6	17.4	1,090.6
Excess capital	[a] – [b]	\$ 482.1	\$ 567.2	\$ 28.7	\$ 150.8	\$ 34.5	\$ 1,263.3
MCT %	[a] / [b]	188.2%	232.0%	302.2%	282.6%	298.5%	215.8%
Excess at 150%		\$ 208.8	\$ 352.3	\$ 21.6	\$ 109.5	\$ 25.8	\$ 718.0

* Allianz Insurance Company of Canada and The Nordic Insurance Company of Canada amalgamated under the name of The Nordic Insurance Company of Canada on April 1, 2006. The above information has been presented as if the amalgamation had occurred on January 1, 2005.

The total amount of dividends available for payment from our subsidiaries during 2006 is \$112.3 million plus any 2006 earnings. This amount is calculated based on dividend restrictions under applicable insurance laws but is subject to MCT limitations.

The Board of Directors of the Company declared quarterly cash dividends of 25 cents per common share for a cumulative amount of \$100.3 million in 2006.

In September 2005, ING Canada filed a short-form base shelf prospectus allowing the Company to offer a total of up to \$1.0 billion in any combination of debt, preferred or common shares securities over a 25-month period. No debt, preferred, or common shares have been issued under this prospectus.

ING Canada's insurance subsidiaries have a financial strength and long-term counterparty credit rating of A+ from Standard & Poor's. The ING Canada group of companies enjoy a financial strength rating of A+ from A.M. Best and ING Canada Inc. holds a senior unsecured debt rating of A (low) from Dominion Bond Rating Service.

Transactions with Related Parties

We have ongoing transactions with related parties. These transactions consist mostly of (1) management and advisory services provided by ING Groep and affiliated companies, (2) reinsurance by an affiliated company and (3) financing by ING Groep. These transactions are carried out in the normal course of operations and are measured at the amount of consideration paid or received as established and agreed by the related parties. We believe that such exchange amounts approximate fair value.

In addition, we have related party transactions with investees accounted for as long-term investments. These transactions consist of loans and commission expenses.

Note 5 to the accompanying interim consolidated financial statements (unaudited) provides additional information on related party transactions.

Risk Management

As a provider of insurance products, risk management is necessary to protect the interests of both our customers and our shareholders. We are exposed to potential loss from various market risks, including interest rate risk, equity market fluctuation risk, credit risk, liquidity risk, and to a lesser extent, foreign currency risk and derivative risk. We described these risks on pages 36 to 38 of our 2005 Annual Report. These risks remain the same in 2006.

Critical Accounting Estimates and Assumptions

Our critical accounting estimates and assumptions were disclosed on pages 38 to 40 of our 2005 Annual Report. There are no new critical accounting estimates or assumptions. These estimates and assumptions are mainly about (1) reserves for claims and expenses, (2) impairments of investment securities, (3) amounts recoverable from our reinsurers, (4) goodwill and (5) income taxes. The above noted estimates and assumptions (1), (3) and (4) will impact the personal insurance and commercial insurance segments, (2) will impact the realized investment and other gains and (4) will also impact the corporate and other segment.

These estimates and assumptions may be updated based on new information and could therefore change and affect future results.

Accounting Policies Update

The Company now applies hedge accounting for certain new hedging instruments, as described in note 1 to the accompanying interim consolidated financial statements (unaudited).

Effective January 1, 2007, the Company will apply the new provisions of the Canadian Institute of Chartered Accountants handbook on accounting for financial instruments. The new sections will affect the accounting for financial instruments and hedges and will introduce the new comprehensive income statements. Under the new rules, most of the financial assets previously recorded at cost will then be marked to market. Consequently, the claim liabilities will then be discounted using a market rate instead of a book rate. These changes are not expected to have a significant impact on the MCT.

The Company expects to classify the majority of its investments as available for sale. The corresponding changes in market value will be reflected in other comprehensive income. The unrealized gains and losses as at January 1, 2007, will be accounted for as an adjustment in accumulated other comprehensive income.

To reduce income statement volatility, the Company intends to classify at fair value through income a portion of its investments to back actuarial liabilities. The unrealized gains and losses as at January 1, 2007, will be accounted for as an adjustment to retained earnings.

Recent Developments

There have been no notable developments subsequent to September 30, 2006.

Cautionary Note Regarding Forward-Looking Statements

Certain statements in this report about our current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments are forward-looking statements. The words "may," "will," "would," "should," "could," "expects," "plans," "intends," "anticipates," "believes," "estimates," "predicts," "likely" or "potential" or the negative or other variations of these words or other similar words or phrases identify such forward-looking statements.

Forward-looking statements are based on estimates and assumptions made by us based on our experience and view of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate in the circumstances. Many factors could cause our actual results, performance or achievements or future events or developments to differ materially from the forward-looking statements. These factors include, without limitation, the following: our ability to implement our strategy or operate our business as we expect; our ability to accurately assess the risks associated with the insurance policies that we write; unfavourable capital market developments or other factors which could affect our investments; the cyclical nature of the P&C insurance industry; our ability to accurately predict future claims frequency; government regulations; litigation and regulatory actions; periodic negative publicity regarding the insurance industry; intense competition; our reliance on brokers and third parties to sell our products; our ability to successfully pursue our acquisition strategy; the significant influence of ING Groep; our participation in the Facility Association (a mandatory pooling arrangement among all industry participants); terrorist attacks and ensuing events; the occurrence of catastrophic events; our ability to maintain our financial strength ratings; our ability to alleviate risk through reinsurance; our ability to successfully manage credit risk; our reliance on information technology and telecommunications systems; our dependence on key employees; general economic, financial and political conditions; our dependence on the results of operations of our subsidiaries; the limited trading history of our common shares; the volatility of the stock market and other factors affecting our share price; and future sales of a substantial number of our common shares. These factors should be considered carefully, and readers should not place undue reliance on our forward-looking statements. We have no intention and accept no responsibility to update or revise any forward-looking statements as a result of new information, future events or otherwise, except as required by law.