



# 2007 Second Quarter Financial and Operating Results

August 8, 2007

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Claude Dussault, President & Chief Executive Officer  
Charles Brindamour, Chief Operating Officer  
Mark Tullis, Chief Financial Officer

# 2007 Q2 Highlights

## Financial Summary

	<b>Q2 07</b>	<b>Q2 06</b>	<b>Change</b>
Direct premiums written (excluding pools, in millions)	\$1,209.8	\$1,166.4	3.7%
Written insured risks (in thousands)	1,399.7	1,356.2	3.2%
Net income (in millions)	\$ 194.3	\$ 206.0	(5.7)%
Net operating income (in millions)	\$ 158.7	\$ 182.6	(13.1)%
Earnings per share – basic and diluted (in dollars)	\$ 1.56	\$ 1.54	1.3%
Net operating income per share (in dollars)	\$ 1.27	\$ 1.37	(7.3)%
Return on equity	18.3%	27.5%	(9.2) pts
Combined ratio	90.6%	82.7%	7.9 pts
Debt to equity ratio	0.0%	3.8%	---
	<b>Q2 07</b>	<b>Q1 07</b>	<b>Change</b>
Book value per share (in dollars)	\$ 25.55	\$ 25.05	2.0%

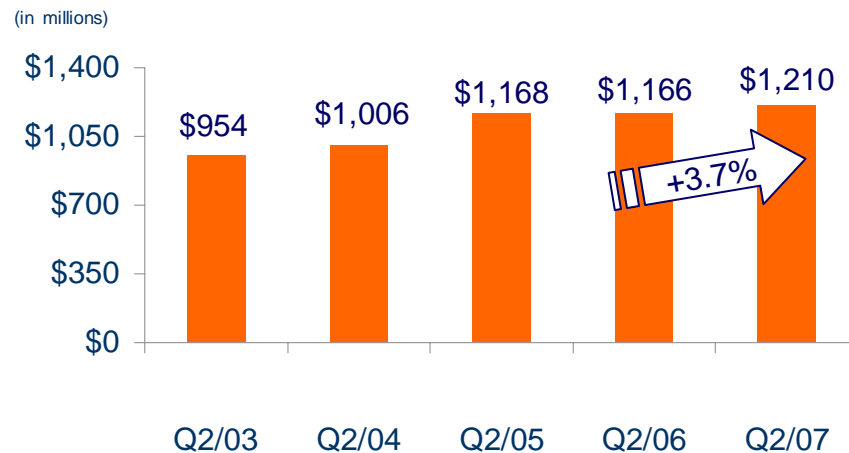
Higher earnings per share reflected the effect of the substantial issuer bid in the first quarter.

# Income Before Income Taxes - Reconciliation

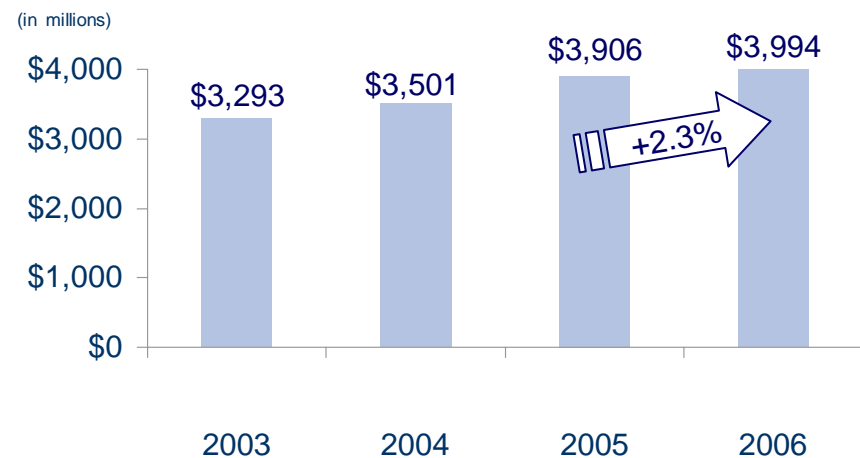
		(in millions)
2006 Q2 Income before income taxes		\$295.7
Lower favourable prior year claims development	\$ (1.9)	
Current accident year:		
Higher losses from catastrophes	(15.3)	
Lower results from Facility Association	(11.0)	
Lower underwriting income	(45.2)	
Change in net underwriting income		(73.4)
Higher net gains on invested assets and other gains		18.8
Higher interest and dividend income, net of expenses		5.5
Corporate and distribution		4.2
2007 Q2 Income before income taxes		\$250.8

# Direct Premiums Written<sup>1)</sup>

## Quarterly



## Annually

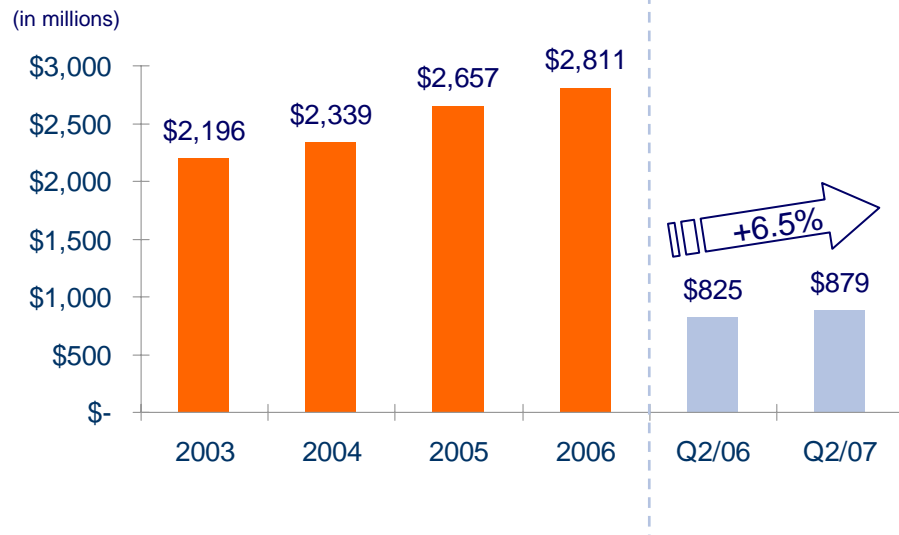


Strong growth in direct premiums written in the second quarter was driven by an increase in the number of written insured risks and average amount insured.

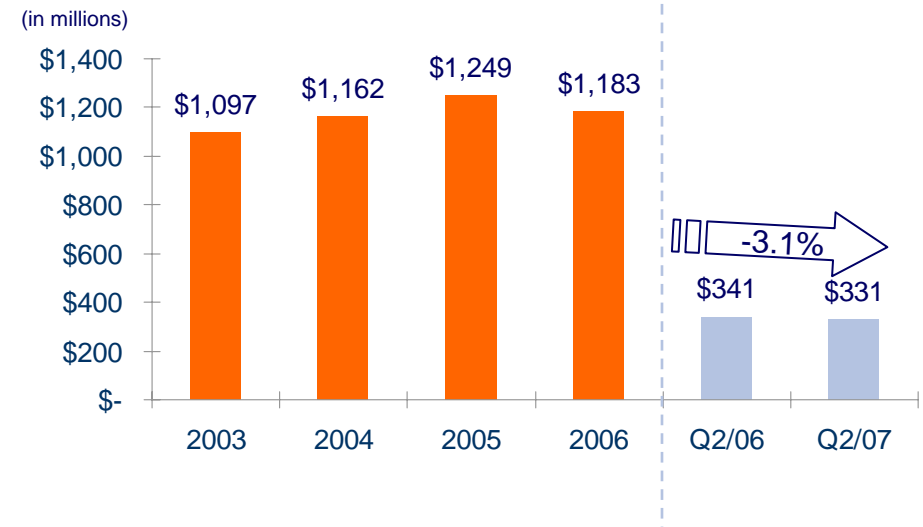
1) Excluding pools

# Direct Premiums Written<sup>1)</sup> – by Lines

## Personal Lines



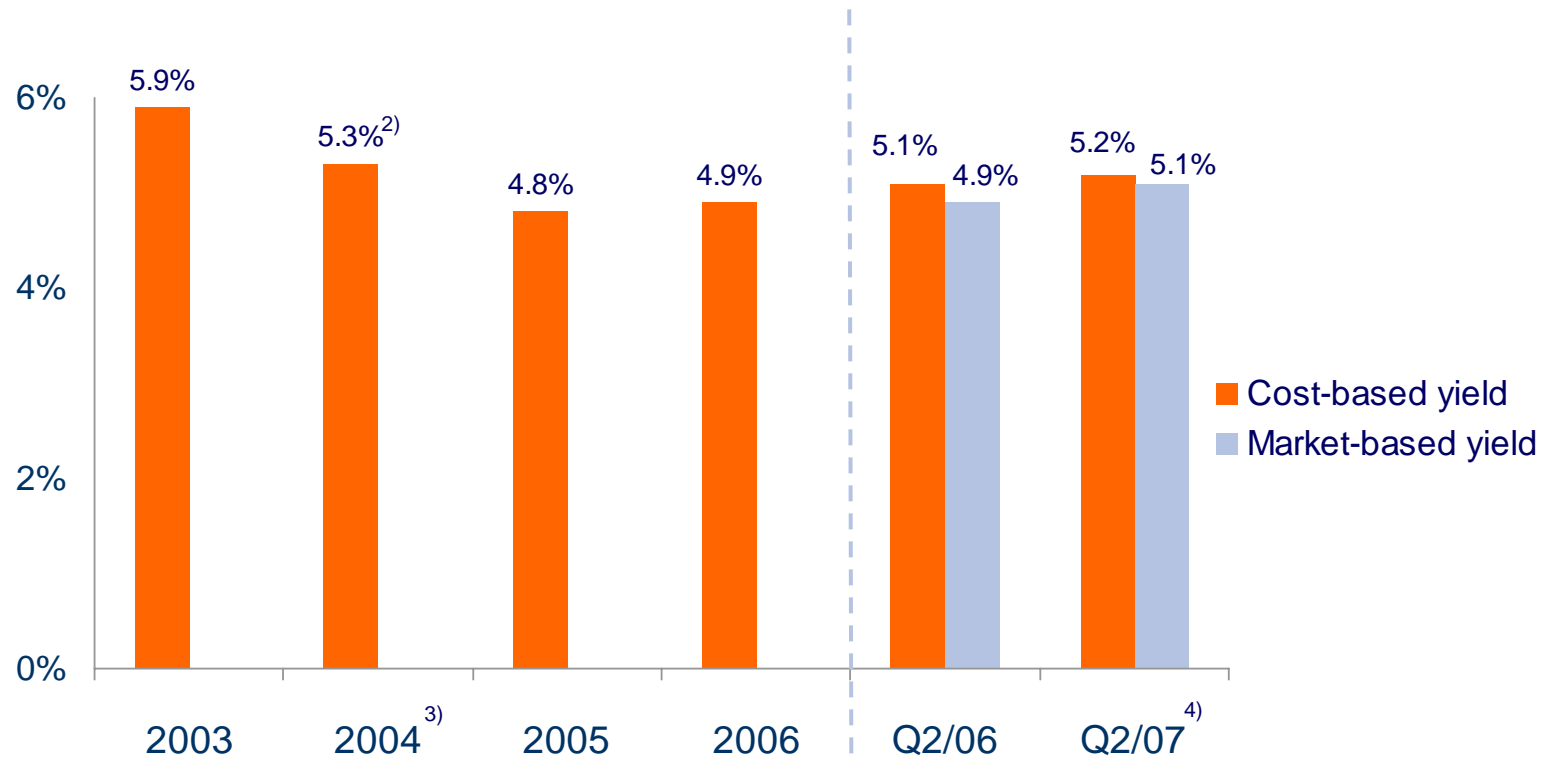
## Commercial Lines



Personal lines continued to experience strong premium growth despite rate decreases of 2.9% in personal auto in the second quarter. Lower direct premiums written in commercial lines reflected a shift in the portfolio mix toward smaller commercial accounts.

1) Excluding pools

# Invested Assets Yield<sup>1)</sup>



Invested assets yield increased due to higher dividend and interest income.

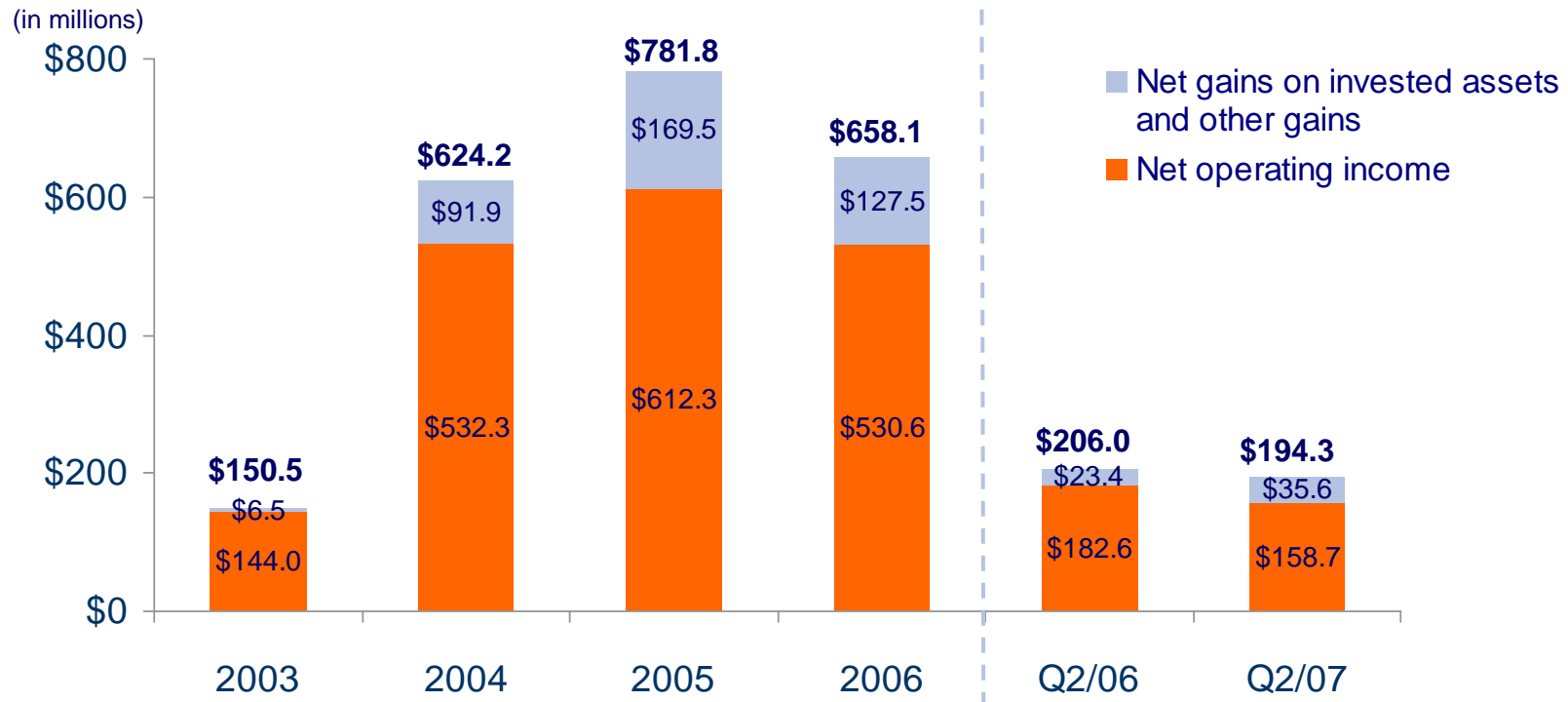
1) Pre-tax.

2) Calculation based on adjusted book value reflecting January 2004 quota share commutation; excluding this adjustment the yield is 5.7%

3) Calculations for 2004 and prior years include bank overdraft balances and miscellaneous income; subsequent yields exclude these items

4) Since Q107, the yield is consolidated data, previous data are for P&C subsidiaries only

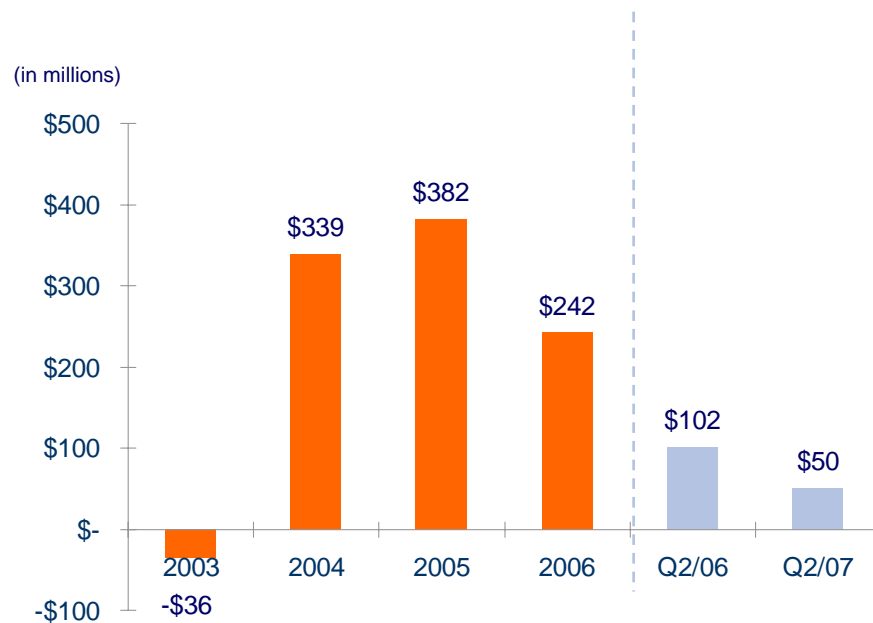
# Sources of Earnings



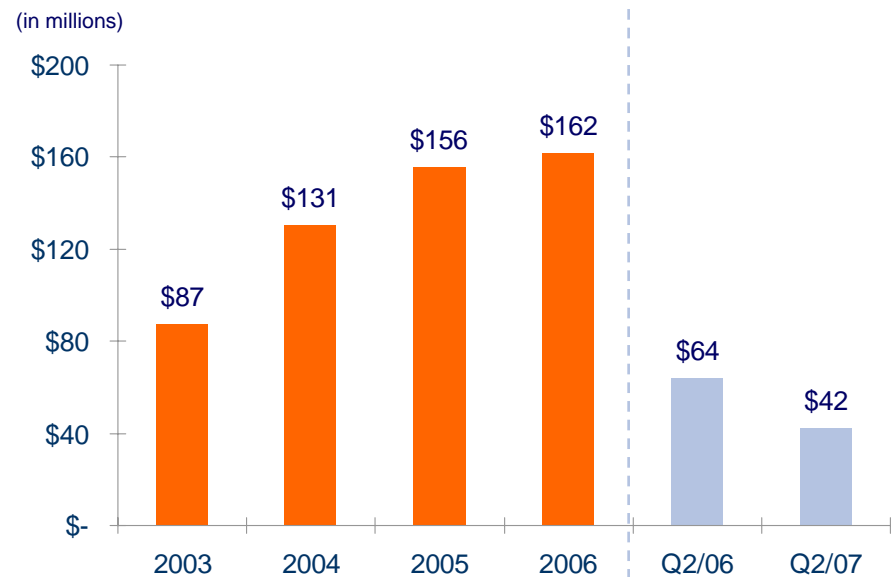
Higher gains on invested assets, an increase in dividend income and higher corporate and distribution income were offset by lower underwriting results.

# Net Underwriting Income - by Lines

## Personal Lines

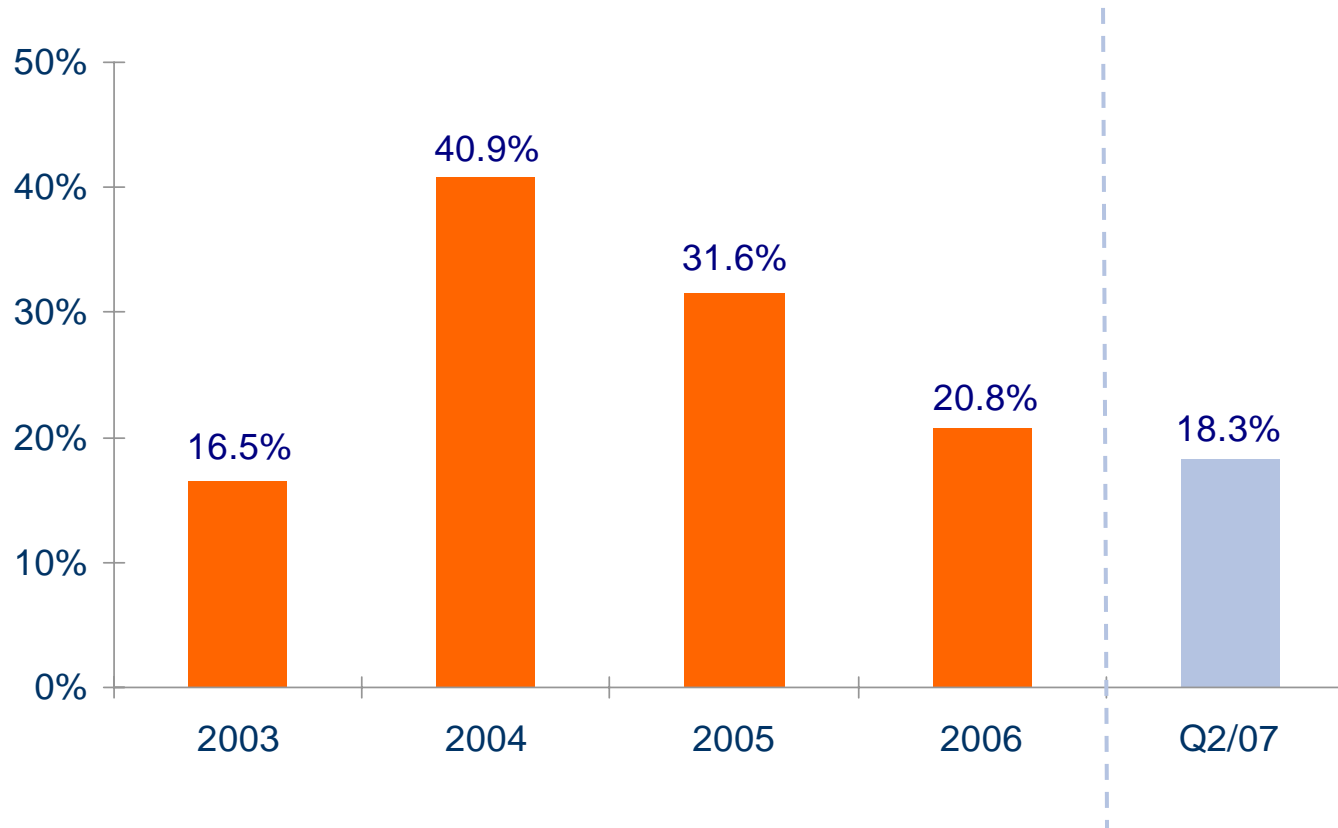


## Commercial Lines



Underwriting income in personal lines was lower due to an increase in current year claims severity in personal property, rate decreases and higher severity in personal auto and lower favourable prior year development. In commercial lines, higher severity in commercial non-auto led to lower underwriting income.

# Return on Equity<sup>1)</sup>



Return on equity remained healthy for the twelve months ended June 2007. The share buyback in the first quarter had a positive impact on return on equity.

1) Net income over the last 12 months divided by the average shareholders' equity during that same period.



Coming: November 7, 2007 at 10:00 a.m.  
Q3 07 Earnings Conference Call

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