

Meloche Monnex to Acquire Liberty Mutual's Canadian Personal Lines Operations - Acquisition Solidifies Meloche Monnex's Industry-Leading Position

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MONTREAL, Jan. 20 /CNW Telbec/ - Meloche Monnex Inc., a member of TD Bank Financial Group (TDBFG), today announced the signing of an agreement to acquire the Canadian personal lines property and casualty operations (automobile and homeowners insurance) of Boston-based Liberty Mutual Group. The acquisition will make Meloche Monnex Canada's largest direct-response property and casualty insurer and one of the country's top four property and casualty insurers in personal lines, serving more than 1,300,000 policyholders with a total of \$1.4 billion in written premiums. The transaction, which is expected to be slightly accretive to TDBFG's earnings in 2004, is subject to regulatory approvals and is expected to close in April 2004. The financial terms were not disclosed.

"This acquisition will solidify Meloche Monnex's position as an insurance leader through the addition of a broad-based clientele while strengthening our employer group market share," said Alain Thibault, president and CEO of Meloche Monnex. "In addition, it will reinforce our existing presence in strategic markets, particularly Ontario. Liberty Mutual's expertise will also complement that of our own personnel." Thibault added that Meloche Monnex's operating expenses are the lowest in Canada and, with the combination of the two portfolios, the transaction will increase Meloche Monnex's critical mass for investments in technology and other sectors to produce additional efficiencies and enhance client service.

"Liberty Mutual's North American personal lines property/casualty growth strategy is primarily focused on our U.S. operations, where we have the scale to operate most efficiently for our customers - something we do not have to adequately address the complexity of the Canadian insurance market," said J. Paul Condrin III, executive vice president, Personal Market, Liberty Mutual Group. "We expect Meloche Monnex will deliver the same superior service to our customers, and rewarding growth opportunities for our employees that each have been accustomed to from Liberty Mutual."

Condrin also noted that Liberty Mutual continues to provide commercial insurance products and services through Liberty International Underwriters Canada. LIU Canada, headquartered in Toronto, provides tailored insurance solutions across a wide variety of industry sectors including energy, manufacturing, retail and financial services.

About Liberty Mutual

The Liberty Mutual operations covered by this agreement have written premiums of more than \$390 million (US\$264.6 million) for 2003, 350,000 policies and employ 775 people. Headquartered in Markham, Ontario, Liberty Mutual has 24 personal insurance sales offices located in Calgary, Edmonton, the Greater Toronto area, Southern Ontario, Ottawa, Peterborough, Greater Montreal and Saint John, New Brunswick. These Canadian operations are conducted through a branch of Liberty Mutual Insurance Company and a wholly-owned subsidiary, Liberty Insurance Company of Canada. The parent company, Boston-based Liberty Mutual Group, is a diversified international group of insurance companies and one of the largest multi-line insurers in the North-American property and casualty market, and is the eighth-largest writer of personal auto and homeowners insurance in the United States.

About Meloche Monnex

Meloche Monnex Inc. provides home and auto insurance services to individuals, operating under two principal brands - Meloche Monnex and TD Insurance Home and Auto. The company is the leading organization in affinity marketing in Canada offering its services to members of professional and university alumni organizations, employer groups and the public in general. The company operates with a direct-response model, providing services directly to clients through client service centres. With more than 600,000 clients, a portfolio of close to 1 million policies in force and a premium volume exceeding \$1 billion prior to the acquisition announced today, Meloche Monnex employs 1,900 people across Canada. Its offices are strategically located in Calgary, Edmonton, Toronto, Montreal and Halifax.

EDITOR'S NOTE: All financial terms are in Canadian dollars, unless otherwise indicated.

About the transaction

- Meloche Monnex, a member of TD Bank Financial Group, is acquiring the Canadian personal lines property and casualty operations (automobile and homeowners insurance) of Boston-based Liberty Mutual Group. Financial terms of the transaction are not disclosed.
- Liberty Mutual has been selling personal lines of property and casualty products in Canada since 1925. Liberty Mutual's Canadian personal line operation employs 775 people and has written premiums of more than \$390 million for 2003 as well as 350,000 policies in force.
- The acquisition will make Meloche Monnex the largest direct-response property and casualty insurer in Canada. It will be among the top four Canadian property and casualty insurers in personal lines in a fragmented market, with 7% market share, based on 2002 industry data. It will also consolidate Meloche Monnex's position as the Canadian leader in affinity marketing.
- The new company will have a total of \$1.4 billion in written premiums and more than 1,300,000 policyholders.
- The transaction is subject to regulatory approvals and is scheduled to close in April 2004.

Transaction facts

(as of December 2003)

Meloche Monnex	Before the acquisition	After the acquisition
Personnel	1,900	2,700
University alumni and professional organizations	190	215
Employer groups and other associations	300	700
Policy portfolio	1,000,000	1,300,000
Consolidated gross written premiums	\$1 billion	\$1.4 billion

About Meloche Monnex

- Meloche Monnex is the industry leader in affinity marketing in Canada, operating under two principal brands - Meloche Monnex and TD Insurance Home and Auto.
- Founded in 1949 by Jean Meloche in Montreal.
- The affinity market strategy began in 1950, focusing on professional associations and later adding university alumni associations.
- The company entered the national market with an office in Toronto in 1973.
- Offices in Calgary, Edmonton and Halifax followed.
- Became a Canada Trust company in 1997.
- With acquisition of Canada Trust by TD Bank, became a member of the TD Bank Financial Group in 2000.
- Acquired Canada Life Casualty Insurance Company in 2000, renamed TD Insurance Home and Auto. TD Insurance Home and Auto.
- Pre-acquisition of Liberty Mutual Group's Canadian personal lines, Meloche Monnex employs 1,900 people in seven offices in five cities across Canada.