

The Economical Mutual Insurance Company Welcomes Court Decisions On Annual Meeting of Mutual Policyholders

Ontario Superior Court of Justice Provides Clarity and Protects Mutual Policyholder Privacy

WATERLOO, ON, April 6, 2011 – The Economical Mutual Insurance Company, one of Canada’s largest property and casualty insurance companies, today announced that the Ontario Superior Court of Justice has provided its decisions on the Company’s application for rulings seeking clarity on procedures related the Company’s Annual Meeting on May 26, 2011.

The Court ruled that two of three proposals from dissident mutual policyholders led by VC & Co. Advisory Limited can be considered at the Company’s Annual Meeting. The first of these dissident proposals calls for a vote in which mutual policyholders will be asked to remove the current Board of Directors. The other proposal is for a vote to replace the current Board with so-far unnamed individuals nominated by the dissidents. The Board opposes the dissident proposals as not being in the best interests of the Company.

The Court ruled that the dissident proposal to amend the Company’s by-law providing for the staggered election of directors would violate the Insurance Companies Act and cannot be considered. The by-law calls for the annual election of a portion of the Board whose three-year terms as directors have been completed.

The Court also rejected, in whole, a cross-application from the dissidents which sought changes to the procedures used for the Annual Meeting, including requiring the Company to provide personal information about all mutual policyholders to the dissident group, which the Court found would violate the privacy rights of those individuals.

“We sought a Court ruling to ensure all parties were clear on the legality of the dissident proposals, which were unprecedented in our industry. We welcome the clarity the Court has provided and its timely decisions which will allow us to proceed with our scheduled Annual Meeting date of May 26th,” said Gerald Hooper, Chairman of the Board of Economical. “The Company is particularly pleased that it has been able to protect the privacy of our mutual policyholders. We have no intention of appealing the Court’s decisions.”

With the Court's determination completed, the Company expects to mail a Proxy Circular and related materials to all mutual policyholders shortly. The Circular will describe the Company’s progress in its planned demutualization and will set out the reasons why the Board believes

mutual policyholders should reject the remaining dissident proposals and support the current Board.

About The Economical Insurance Group

Founded in 1871, The Economical Insurance Group (TEIG) is one of Canada's leading property and casualty insurers, with over \$4.6 billion in assets and policyholders' equity of approximately \$1.3 billion. Canadian-owned and operated, TEIG provides a wide range of insurance products throughout North America. TEIG Member Companies include Economical Mutual Insurance Company (including Western General Farm Division), Waterloo Insurance Company, Perth Insurance Company, The Missisquoi Insurance Company, Federation Insurance Company of Canada, Family Insurance Solutions and The Mattei Companies.

A mutual insurance company since it was founded, The Economical Insurance Group, announced its intention demutualize in December, 2010, making it the first to take this step under current Canadian legislation. It is currently developing a demutualization plan for approval by regulators and the Group's mutual policyholders.

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