

**ECONOMICAL MUTUAL INSURANCE APPOINTS PHILIP MATHER
AS SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER**

WATERLOO, ON, August 5, 2011 – Economical Mutual Insurance Company today announced the appointment of Philip Mather as Senior Vice President and Chief Financial Officer.

The appointment, announced by Economical's President and Chief Executive Officer Karen Gavan, is effective October 1, 2011.

Mr. Mather is currently a partner in the Audit and Assurance Group of PricewaterhouseCoopers LLP, specializing in the Financial Services practice. Mr. Mather has more than 16 years' financial consulting experience and has provided audit and assurance services to a wide range of global insurers, Canadian listed companies and Canadian federally regulated banks and insurance companies. He has also worked on numerous assurance and advisory engagements with a variety of financial services clients, focusing on the areas of Sarbanes Oxley compliance, accounting advice, risk management and governance.

Karen Gavan, President and Chief Executive Officer, said, "Phil Mather has been outstanding in the role of interim Chief Financial Officer over the past seven months. His extensive financial experience and his knowledge of our financial and accounting operations make him the ideal choice as Senior Vice President and Chief Financial Officer. He is a significant addition to our senior management team, and we all look forward to working together to meet the challenges and opportunities ahead."

Prior to joining the Toronto office of PricewaterhouseCoopers LLP, Mr. Mather worked for PwC in the United Kingdom, where he focused on the provision of audit and assurance services to clients in a wide range of industries. He is a chartered accountant and a member of the both the Institute of Chartered Accountants of Ontario and the Institute of Chartered Accountants in England and Wales.

About The Economical Insurance Group

Founded in 1871, The Economical Insurance Group[□] is one of Canada's leading property and casualty insurers with \$4.5 billion in assets and policyholders' equity of approximately \$1.3 billion. Canadian owned and operated, Economical provides a wide range of insurance products throughout North America. The Group's 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 to demutualize in December, 2010, making it the first property and casualty insurer 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.

For further information, contact:

Katherine Kipper
Vice President, Marketing and Communications

The Economical Insurance Group
519.570.8500 ext. 48589
katherine.kipper@teig.com