

## **Economical Mutual Announces Settlement of Appeal on Mutual Policyholder Vote**

WATERLOO, ON, May 4 2011 – Economical Mutual Insurance Company today announced the settlement of the appeal of the Superior Court of Justice decision regarding confidential voting by ballot at its Annual and Special Meeting on May 26, 2011.

The Court ruled in favour of Economical on April 6, but that decision was appealed by VC & Co. Advisory Limited, the leader of a group of dissident policyholders. The appeal was to be heard on May 6, 2011.

Economical had already taken steps to provide for a confidential ballot on important resolutions to be considered at the Annual and Special Meeting in its March 1, 2011 service agreement with the independent meeting scrutineer, Computershare Investor Services Inc.. As a result of the settlement announced today, that service agreement will be amended to provide that only the meeting-scrutineer will be able to view the ballots to confirm the voting results of the meeting. Economical believes its mutual policyholders will be satisfied that the settlement ensures the proper validation of votes counted at the Meeting, protects confidential voting by mutual policyholders, and avoids further unnecessary costs and use of management time brought on by the VC & Co. appeal.

Given the minor change required to reach the settlement, and that VC & Co. refused to agree to a joint statement of facts outlining the settlement, Economical's mutual policyholders may question whether VC & Co. launched the appeal primarily in pursuit of further publicity, rather than legal remedy.

### **Proxy Voting Deadline is Approaching**

Mutual policyholders are reminded that the deadline for voting the BLUE management proxy is 1:00 p.m. Monday May 16, 2011. They are advised to discard the yellow proxy from VC & Co. Mutual policyholders seeking further information about the questions to be decided at the Annual and Special Meeting or the procedures for voting the BLUE proxy are invited to call Karen Gavan, Chair of the Special Committee of the Board of Directors at 1-800-265-9996 ex 42997.

### **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 to 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.*

**For Further Information:**

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