



June 21, 2011

ECONOMICAL MUTUAL INSURANCE APPOINTS KAREN GAVAN AS PRESIDENT AND CEO

Economical Mutual Insurance Company today announced that the Board of Directors has named Karen Gavan as President and Chief Executive Officer.

Ms. Gavan has more than 25 years experience in the Canadian financial services industry, has served on the Board of Economical since 2008, and was re-elected as a director at the Company's Annual and Special Meeting on May 26th, 2011. She has also served as Chair of the Special Committee of the Board responsible for overseeing the demutualization

of Economical announced in December 2010. Karen replaces Kathy Mabe who has resigned for personal reasons.

"We are extremely pleased to have Karen Gavan take on the leadership of the Company's management team. Her background in the insurance industry is unparalleled and she has been outstanding in her role as Chair of the Special Committee. She knows the Company well, is recognized by our employees as a leader, and has established solid relationships with our vital broker network," said Gerald Hooper, Chairman of the Board of Economical. "We accepted the resignation of Kathy Mabe with regret and wish her the best for the future; however, the Company is fortunate to have an executive of Karen Gavan's calibre within its ranks and ready to lead Economical through its demutualization and into the future."

Karen Gavan was formerly the Chief Operating Officer and Chief Financial Officer of Transamerica Life and AEGON Fund Management Inc. Prior to that, she held senior management positions with Imperial Life Assurance Company and with Canada Life Assurance Company during its demutualization. She is a Chartered Accountant, a Fellow of the Institute of Chartered Accountants of Ontario and holds the ICD.D designation from the Institute of Corporate Directors.

"Through my experience with Economical over the past several years, I know the strength and dedication of the management team and our skilled employees. I am gratified to have the opportunity to work even more closely with them and our brokers, especially during the challenging and exciting demutualization process which will help position Economical as an even stronger Company in the P&C industry," Ms. Gavan said.

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.