

HAPPY ANNIVERSARY!

It was only a year ago – on January 20, 2004, to be exact – that TD Meloche Monnex was delighted to announce the purchase of Liberty Mutual’s Canadian personal property and casualty insurance lines of business. When this acquisition became official on April 1, 2004, we together formed Canada’s largest direct-response insurer and are now among the country’s top three property and casualty insurance companies in personal lines.

Together, we have also earnestly dedicated ourselves to becoming stronger as a team over the past 12 months, moving forward with this transition and building a new culture based on support, understanding and commitment.

We can certainly congratulate ourselves for a job well done! Here’s to many years of achieving greater levels of success and getting stronger together.

ACHIEVING MAJOR MILESTONES

Integration facts and feedback so far point in one direction: we have made significant progress on the integration front.

It’s amazing what happens when people come together and work as a team toward a common goal. These are the times when success and progress are possible. Despite some hurdles and challenges, TD Meloche Monnex is proudly moving ahead, getting stronger and more successful with each passing month.

“Looking at the numerous milestones we have met so far,” said François Lefebvre, Vice President, Integration, “it becomes increasingly evident that we have made significant progress on achieving our targeted goals for the integration.”

We hit the ground running

“Even before we completed the Liberty acquisition, we were hard at work on many projects,” said Paul Chênevert, Vice President, Systems Integration and User Services.

From linking the communication networks of TD Meloche Monnex and Liberty to aligning our communications material from a brand perspective, we have put in place complete solutions for every requirement.

Going forward, March will also be an integral month for getting all our systems ready for integration-with the start of policy conversion. “Beginning in Ontario and ending in Alberta and Québec, we aim to get things up and running with no major problems,” said Mario Hétu, Vice President, Systems Development.

Minimizing the potential impact

Every integration effort, of course, brings with it personnel changes. Understanding how difficult it can be for personnel, we worked rigorously to ensure constant support and offer new opportunities. →

→ “We are thrilled that the vast majority of personnel have chosen to stay with us, despite some disruption to their personal and professional lives”, said Pierre Ménard, Senior Vice President, Change and Resources Management. “It seems that we succeeded so far in minimizing the potential impact on our most valuable asset – our people. And for that, we are proud.”

Determined to keep everyone in the “integration” loop, impacted and non-impacted personnel alike were made aware of any changes to their jobs and location via an official announcement in late May 2004. To mitigate any concerns, impacted personnel met immediately with HR in a series of face to face meetings. For further reassurance and awareness, we also produced and delivered information material on the upcoming transition.

Steps in the right direction: forward

On the sales representative front, we moved forward, achieving great success with our integration efforts. We recently presented our sales representatives with new job descriptions and compensation plans that better reflect their newly-defined roles.

Said Guy Vézina, Senior Vice President, Operations and Business Development: “Were we successful? I think so. Over 20 representatives accepted their new “Business Development Executive” title and role. This is another step in the right direction.”

Getting stronger, office by office

Of course, change takes many forms. Moving – sometimes to a different city – can be a daunting adjustment, yet our office consolidation initiatives so far have been successful. The level of disruptions has been minimal due to a highly skilled integration team and dedicated personnel.

Here are some recent milestones:

- Millwoods office personnel moved to Liberty’s Edmonton facility
- Bowmanville office personnel transferred to the TD Insurance’s Unionville facility
- Québec field offices and sales personnel moved to TD Insurance’s Ville-Saint-Laurent location
- Ontario field offices and sales personnel moved to Burlington, Unionville, Etobicoke or Toronto.

Said Stephanie Brown, Vice President, Business Strategies, TD Insurance Home and Auto: “We efficiently and effectively dealt with both the technical and non-technical challenges of these office consolidations – from overcoming telephone routing problems to adjusting to new managers and roles. With all the lessons we’ve learned along the way, we are confident that the process will go smoothly in Alberta.”

And our accomplishments do not end there. Here are a few others worth mentioning:

- Launch of our TD Insurance Group Services branding
- Updated brand positioning, along with introduction of new advertising and marketing material for both TD Meloche Monnex and TD Insurance Home and Auto
- Start of implementation of legal claims to the TD Meloche Monnex infrastructure
- Implementation of a new claims organizational structure
- Telephone system replacements in Unionville, Saint John, Peterborough and Burlington
- Integration of TD e.Bank’s skilled, experienced personnel into our Saint-John office

“We have achieved many goals and overcome obstacles throughout the integration process,” said François Lefebvre. “And we’re delighted with the results so far.”

MAKING THE CASE

The case for TD Meloche Monnex's acquisition of Liberty is very strong—both strategically and financially.

It's been an interesting past few months. We have come far during this period. We now have new personnel, a higher level of expertise and, most importantly, we have evolved from a strong team to an even stronger one. Of course, along the way, we have encountered challenges, yet we continue to forge ahead, conquering each one.

Said Rick Evans, Senior Vice President, Claims: "The work of everyone involved in the integration cannot be overstated. Actively contributing to this successful project since day one, each member should be congratulated."

And what can we say about the past few months from a strategic and financial perspective? François Faucher, Senior Vice President, Finance, and Chief Financial Officer, only had good things to say. "Upon examining the results since the Liberty acquisition," he said, "it has become clear that this decision has proven to be beneficial – both from a financial and strategic standpoint."

Strategically speaking, we're where we want to be

When you inherit an experienced workforce of people who boast strong underwriting, service and claims functions – including a top-notch sales force now – all focused on the employer group market, you know you're off to a great start, strategically speaking.

"We were delighted to see that, despite the office consolidation announcement, personnel retention is excellent" said Alain Thibault, President and Chief Executive Officer. "We also feel fortunate that most of the Liberty management have decided to stay with us."

From a strategic perspective, this acquisition was exactly what we needed. It has enabled TD Meloche Monnex and TD Insurance to expand its market presence and place greater emphasis on underwriting and rigorous claims settlement. By capitalizing on Peterborough's underwriting excellence and confirm-

ing 20 underwriter positions, we have made great strides in ensuring the profitability of our business.

Added Michael Power, Vice President, Corporate Group Services: "Equally exciting is our new 21-member sales force, recently renamed 'Business Development Executives, Corporate Group Services'".

Jean R. Lachance, Executive Chairman, Affinity Market Group, agrees. "As we intensify our development in the employer market, this capable group of individuals will no doubt help us achieve our long-term strategic goals," he said.

All's sound on the financial front

Although we only completed the acquisition in April 2004, there are already a number of signs that it has been a financially sound decision; both revenue and net income are above our initial projections.

That's not all. The client retention ratio for Liberty's non-group business (now branded TD Insurance) is sitting strong at 87%, a higher rate than we anticipated. And despite the fact that our expense ratio is slightly above our initial projection, we have experienced a better loss ratio than originally forecasted.

Adds François Faucher: "All in all, we are pleased that the acquisition's net return on investment has so far been as projected and, in some areas, exceeded our expectations."

Financial and strategic gains lie ahead

For Daniel Demers, Executive Vice President, the bottom line is extremely positive.

"The success of the past few months is an indication that the acquisition was a good decision," said Daniel. "We think it will definitely result in financial and strategic gains for our company. And, considering the strong results so far, plus the skills, expertise and tremendous team now in place, we are confident that TD Meloche Monnex and TD Insurance will continue to grow and succeed with each passing month and year."

TRAINING AT WORK

Our new training program should help Liberty, TD Meloche Monnex and TD Insurance personnel feel more prepared for the start of policy conversion and better able to adapt to a new culture.

As we move toward a strong and integrated TD Meloche Monnex, we are closer than ever to launching a training program for Liberty, TD Meloche Monnex and TD Insurance personnel – it's set to begin in early 2005.

We're also very excited about the training program. It was developed by business and project leaders who identified the basic information needs for a successful, smooth integration.

Said Carol Gray, Manager, Human Resources, Alberta: "With our new training program, we hope that Liberty personnel will feel more prepared for the start of policy conversion and better able to adapt to their new surroundings. We also hope that the training will help facilitate the transition for our TD Meloche Monnex and TD Insurance colleagues as well."

Taking the right training steps

François Lachapelle, Manager Training, Québec, is eager for the training program to start.

"Successfully introducing Liberty personnel to the TD Meloche Monnex environment involves many steps and procedures," said François. "As we continue on this important path, we expect the new training program to help us forge synergistic relationships."

Liberty personnel will receive general training. Depending on the needs and demands of a particular group, some people may also participate in more specialized training. Training will include courses on telephony, HR policies and procedures, insurance products, computer systems and underwriting, as well as TD Meloche Monnex's culture and history, among other subjects. A comprehensive set of training materials, Q&As and job aids will be provided as "takeaways."

In-class to on-the-job training

The training program will be great in scope. All groups will have their technical training needs met through extensive in-class training – or a combination of in-class and on-the-job training.

By "all groups", we mean...

- CSCs
- Claims
- Corporate Group Services (which maintains, develops and nurtures relationships with employer groups)
- Conversion
- Underwriting
- Client Accounts
- Administrative Services

For everyone to feel comfortable with the technical curriculum, each course will involve a fair amount of practical experience. Right now, training content is undergoing validation. Starting dates for certain regional offices and personnel requirements are still being determined, although you can expect training in some of the larger centres to begin shortly. It will be full steam ahead across the country by February 2005.

Training in the works

Training initiatives have already been launched for the underwriting, Client Accounts and Conversion teams in Peterborough, exposing them to pre-conversion TD Meloche Monnex systems and procedures.

"This gives us a head start where conversion training is concerned," said Evelyne Bundock, Vice President, Training & Organizational Development. "It provides the organization with a group of people who will be familiar and comfortable with TD Meloche Monnex's systems – a pool of 'super users' who can support their colleagues when they complete training." →

→ **Training ahead**

Having witnessed the training program evolve from the beginning, Carol Gray is so far very encouraged by the process. “Of course, we’ll continue to work closely with key stakeholders in the coming months – even until the start of conversion – to ensure the training content remains consistent with the company’s business needs,” she said.

Evelyne Bundock is also thrilled with the training team’s management and execution.

“As a true testament to our being ‘stronger together’, teams across the country joined forces and worked extremely hard to develop an extensive training program,” said Evelyne. “The high level of expertise and enthusiasm of our training managers enabled everyone to meet rigorous training requirements – all within tremendously tight deadlines. They should be very proud of themselves.”

Stay tuned for more details on our progress in the coming months!