

NEWS RELEASE

IA American Agrees to Assume Golden State In-force Policies and Contracts

Scottsdale, Arizona, May 26, 2010 - IA American Life Insurance Company has entered into an agreement with Golden State Mutual Life Insurance Company to transfer all of its in-force insurance policies to IA American subject to court approval.

"This agreement supports the strategic growth plan for IA American and Industrial Alliance in North America," said Mike Stickney, President of IA American. "Golden State's history and presence in this market complements our efforts as we continue to expand our footprint in the U.S."

According California Insurance Commissioner Steve Poizner, the deal was arranged by the California Department of Insurance (CDOI) to protect policyholders of Golden State Mutual. Golden State Mutual, the largest minority-owned life insurance company in California, was placed into conservatorship by the CDOI when its surplus dropped below the minimum required by the state.

Commissioner Poizner described IA American as "a highly-rated insurance company that has the finances to pay claims and whose offer could greatly benefit the creditors" of Golden Mutual. Poizner said IA American was selected after considering bids from more than 40 life insurers and was the only bidder that satisfied all key components of the DOI's selection criteria. These criteria included whether the bidder seeks to acquire all of Golden State's insurance business, and whether the company had the experience and infrastructure to administer the types of business to be assumed from Golden State.

About IA American

IA American Life Insurance Company (IAA) and Industrial Alliance Pacific Insurance and Financial Services Inc. (IAP), are subsidiaries of Industrial Alliance Insurance and Financial Services Inc. (IA), a Canadian life and health insurance company. Headquartered in Scottsdale, Arizona, IA American and IAP are committed to providing financial security and peace of mind to American families.

IA American's Strategic Growth

Acquisition is an important part of the growth plan for Industrial Alliance Insurance and Financial Services Inc. (IA) in North America. In 2008, IA acquired a U.S. based domestic life insurance company called United Family Life (UFL) for approximately \$30 million. UFL was renamed IA American Life Insurance Company which is licensed in 49 states.

In 2009, IA American acquired World Service Life Insurance Company (WSL) and entered into an indemnity reinsurance transaction with the Freedom Life Insurance Company of America (FLICA). WSL was acquired and subsequently merged into IA American. The company had approximately 2,000 paid up whole life policies and approximately \$6 million in liabilities. IA American entered into an indemnity reinsurance agreement with FLICA, a Texas domiciled company, to reinsure approximately 20,000 critical illness policies with approximately \$5 million of annual premiums.

In April, 2010, IA American Life Insurance Company announced the signing of an agreement to acquire all the outstanding shares of American-Amicable Holding, Inc. ("American-Amicable") for a cash consideration of approximately \$145 million.

Ten Years of Progress for IA

Since its listing on the Toronto Stock Exchange in 2000, Industrial Alliance has made steady progress. It has gone from a mutual company to a stock company, from a Quebec company to a North American company and from an insurance company to a financial institution. Between February 3, 2000 and February 2, 2010, the Company's stock grew 309%, compared to 31% for the S&P/TSX index. During this time, assets under management and administration grew 348%, from \$13 billion to \$58 billion.

Over the past decade, Industrial Alliance has made major breakthroughs: entry into the wealth management sector through sixteen acquisitions, opening of new offices from the Atlantic to the Pacific, and entry in new markets, namely through IA American Life Insurance Company. This history of controlled development and sustained financial strength is at the foundation of its plans for future growth.

About Industrial Alliance

Founded in 1892, Industrial Alliance Insurance and Financial Services Inc. is a life and health insurance company that offers a wide range of financial products and services. The company has operations across North America. IA contributes to the financial wellbeing of over three million individuals, employs more than 3,400 people and manages and administers over \$58 billion in assets.

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