

Annual Meeting of Shareholders



May 8, 2008

→ Comprehensive Specialized Insurance Offering



International Division

- + Established in fall of 2007 to facilitate expansion into U.S.
- + Employs a small group of experts in niche specialty insurance lines
- + Underwritten by CIM Re



Personal Lines

- + 3rd largest in non-standard auto in Canada
- + Underwritten by Echelon



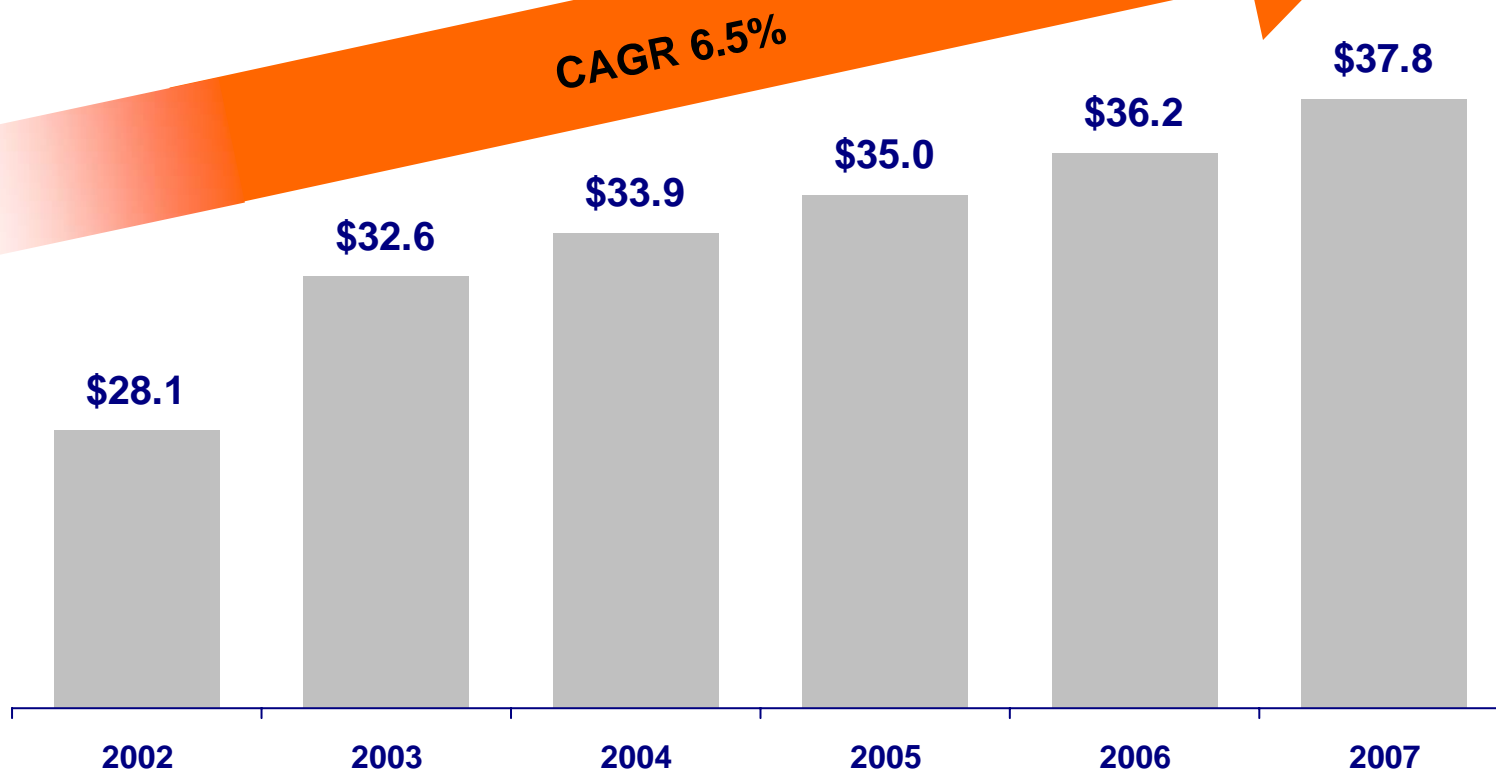
Niche Products

- + Rapidly growing
- + Underwritten by Echelon

→ Steady Industry Growth

Direct Written Premiums

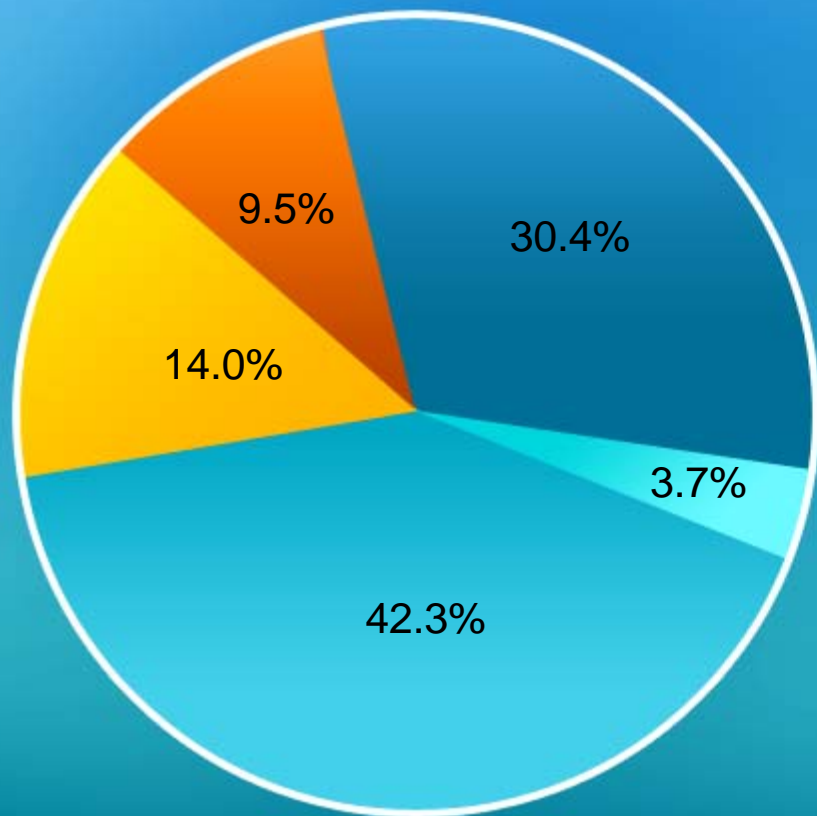
(\$ Billions)



Sources: Canadian Underwriter, IBC and EGI estimates.

→ Automobile Segment Drives Industry

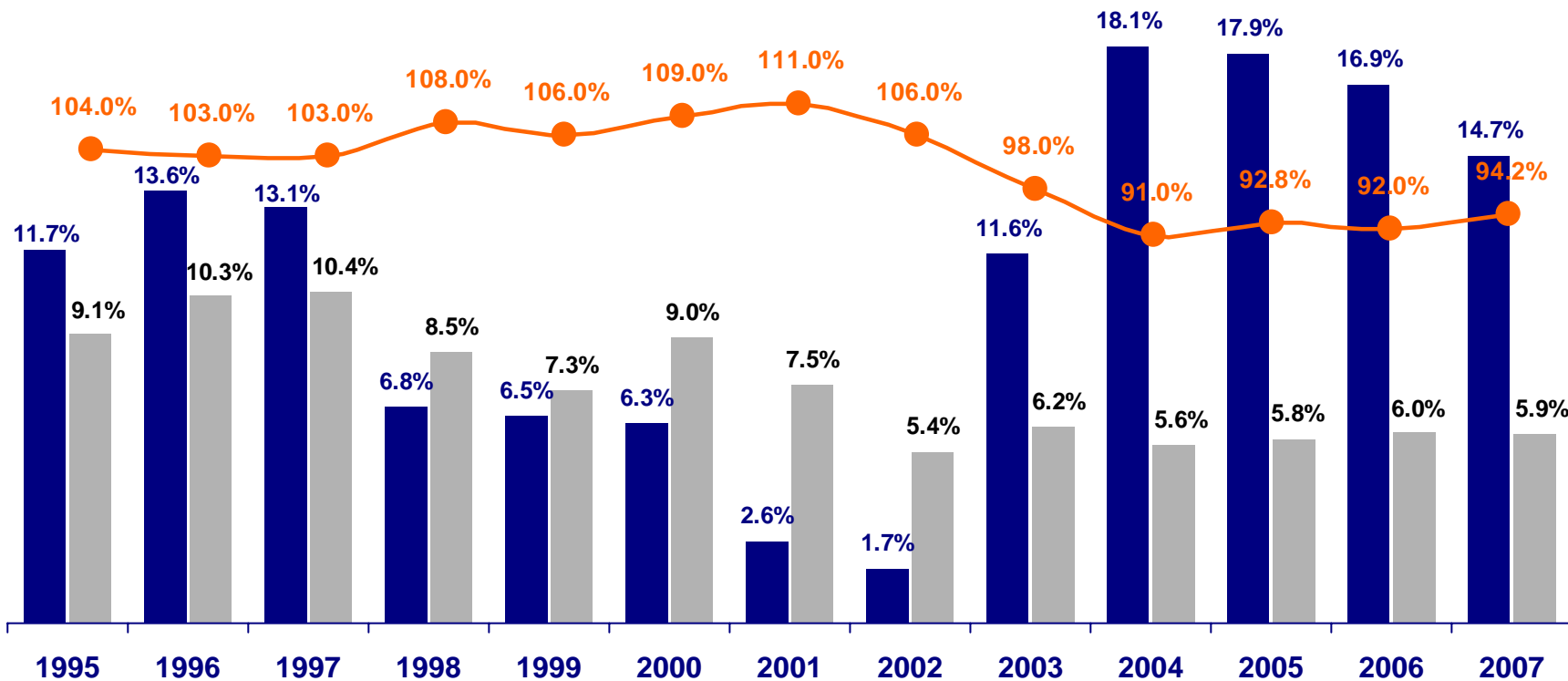
2007 Direct Written Premiums by Line of Business (\$ Billions)



Automobile	\$17.4
Standard auto	\$16.0
Non-standard auto	\$1.4
Property	\$11.5
Liability	\$5.3
Other	\$3.6

→ Improved Industry Performance

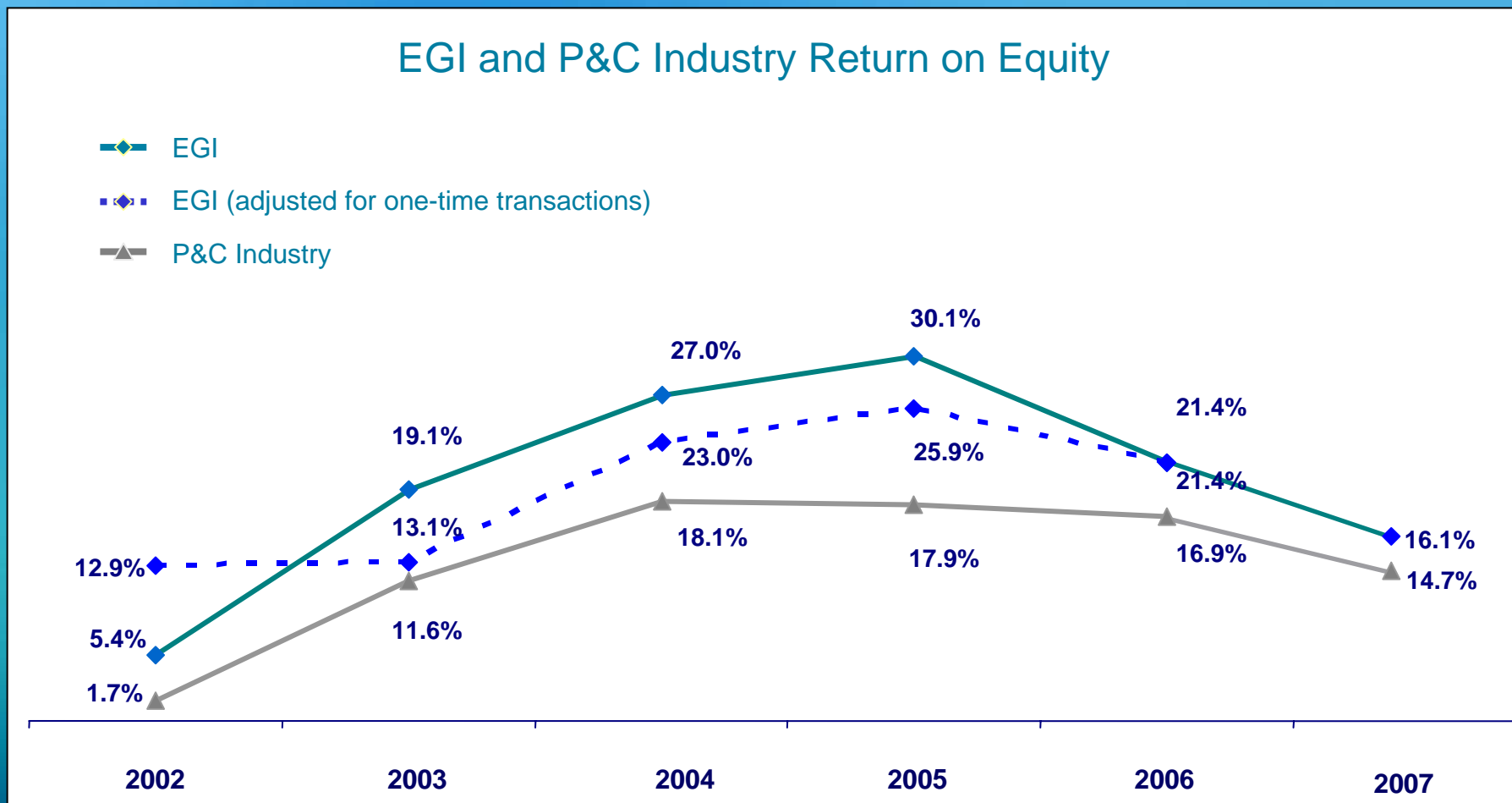
Combined Ratios, Investment Yield and ROE %



■ ROE ■ Investment Yield —●— Combined Ratio

Source: IBC

→ Strategic Objective: Superior Return on Equity



Source: IBC.

→ Growing Income from Continuing Operations



**Antique
Automobiles**



**Non-standard
Automobile
(includes US)**



**Non-standard
Habitational**



Motorcycles



Snowmobiles

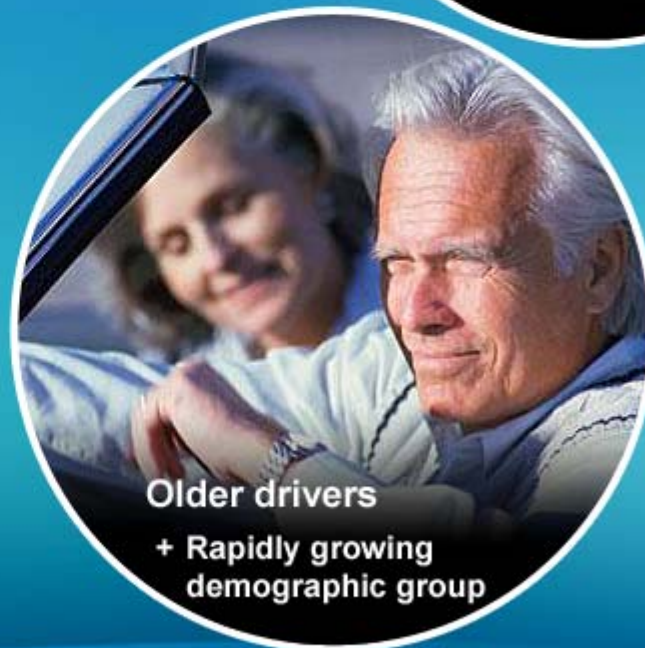
→ Focus on Non-Standard Auto Insurance

**In Canada
8%-10% of total
licensed drivers**

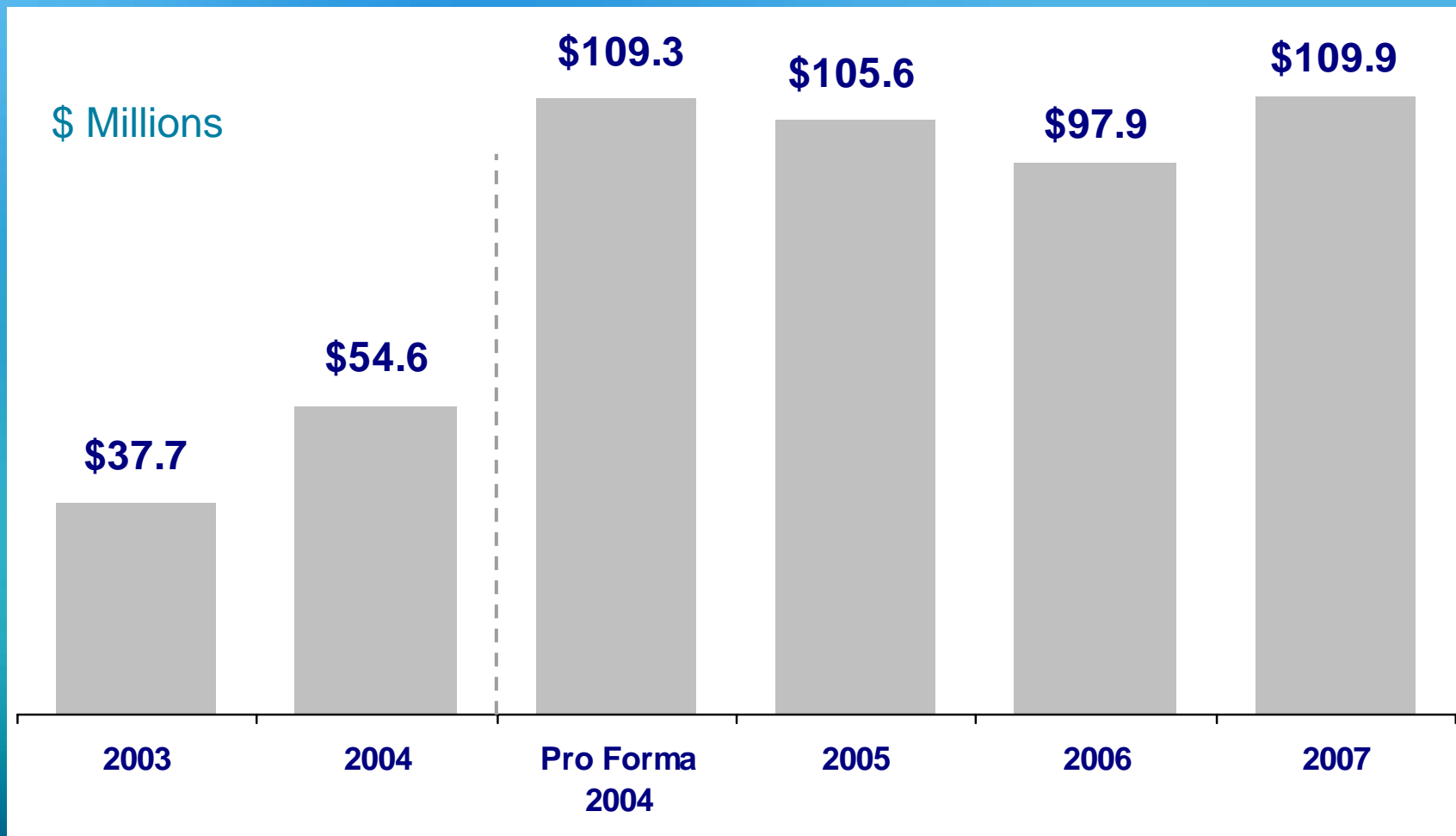
**45% Private
Carriers**
including

eCHELON
GENERAL INSURANCE COMPANY

**55% Facility/
Groupement**



→ Personal Lines – Direct Written Premiums



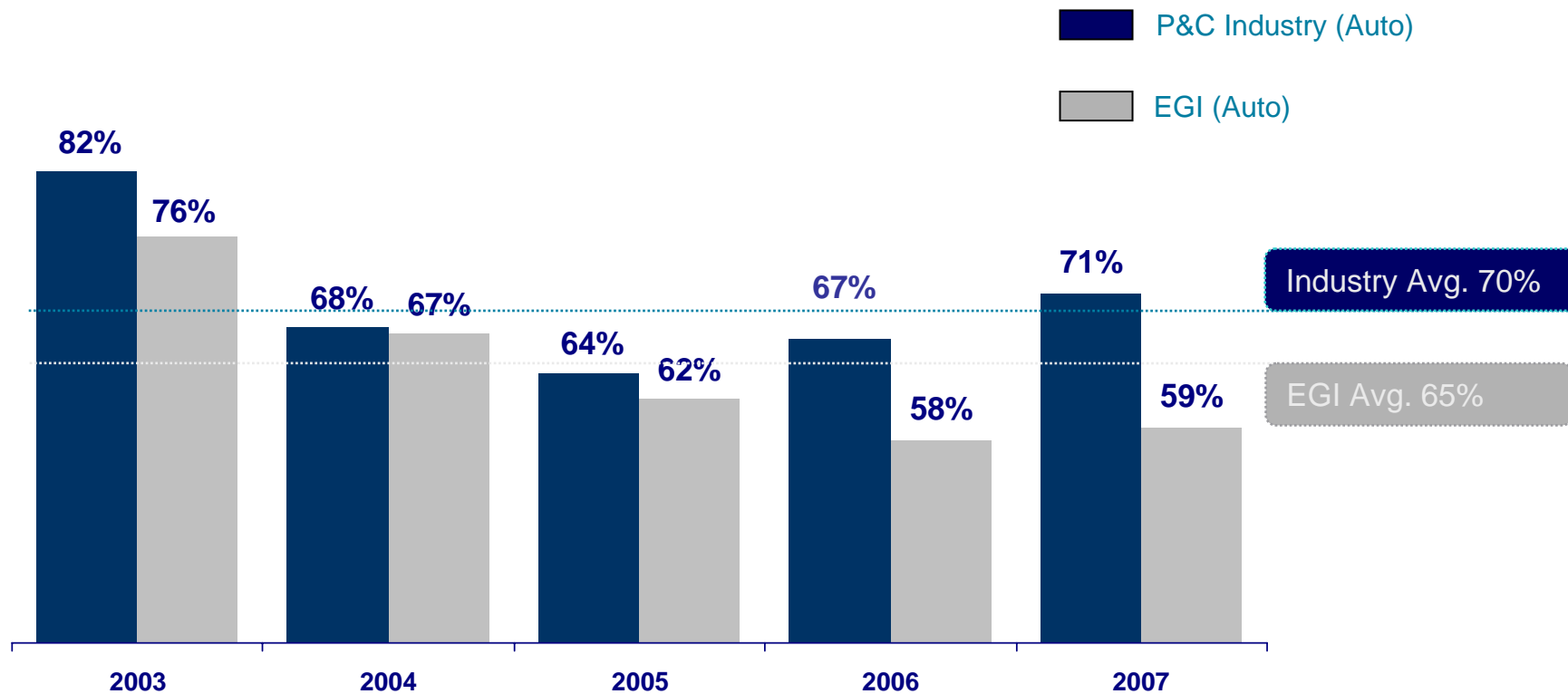
→ Underwriting Discipline & Claims Expertise

- + Focus on 'reformers', not 'repeaters'
- + Final underwriting decision with Echelon: each application reviewed individually
- + Focus on unique, non-standard needs/histories
- + Segment less price-competitive
- + Loss ratios (non-standard auto) outperform industry



→ Outperformed Industry Auto Loss Ratios

EGI and Industry Auto Loss Ratios (Since New Management)



Sources: Canadian Underwriter and IBC.

→ Personal Lines Operating Highlights

<u>Year ended December 31 (\$000s)</u>	<u>2007</u>	<u>2006</u>
Direct written premiums	\$109,820	\$97,932
Underwriting revenue	\$95,705	\$91,016
Underwriting income*	\$10,812	\$15,141
Loss ratio	60.4%	57.9%
Expense ratio	28.3%	25.5%
Combined ratio	88.7%	83.4%

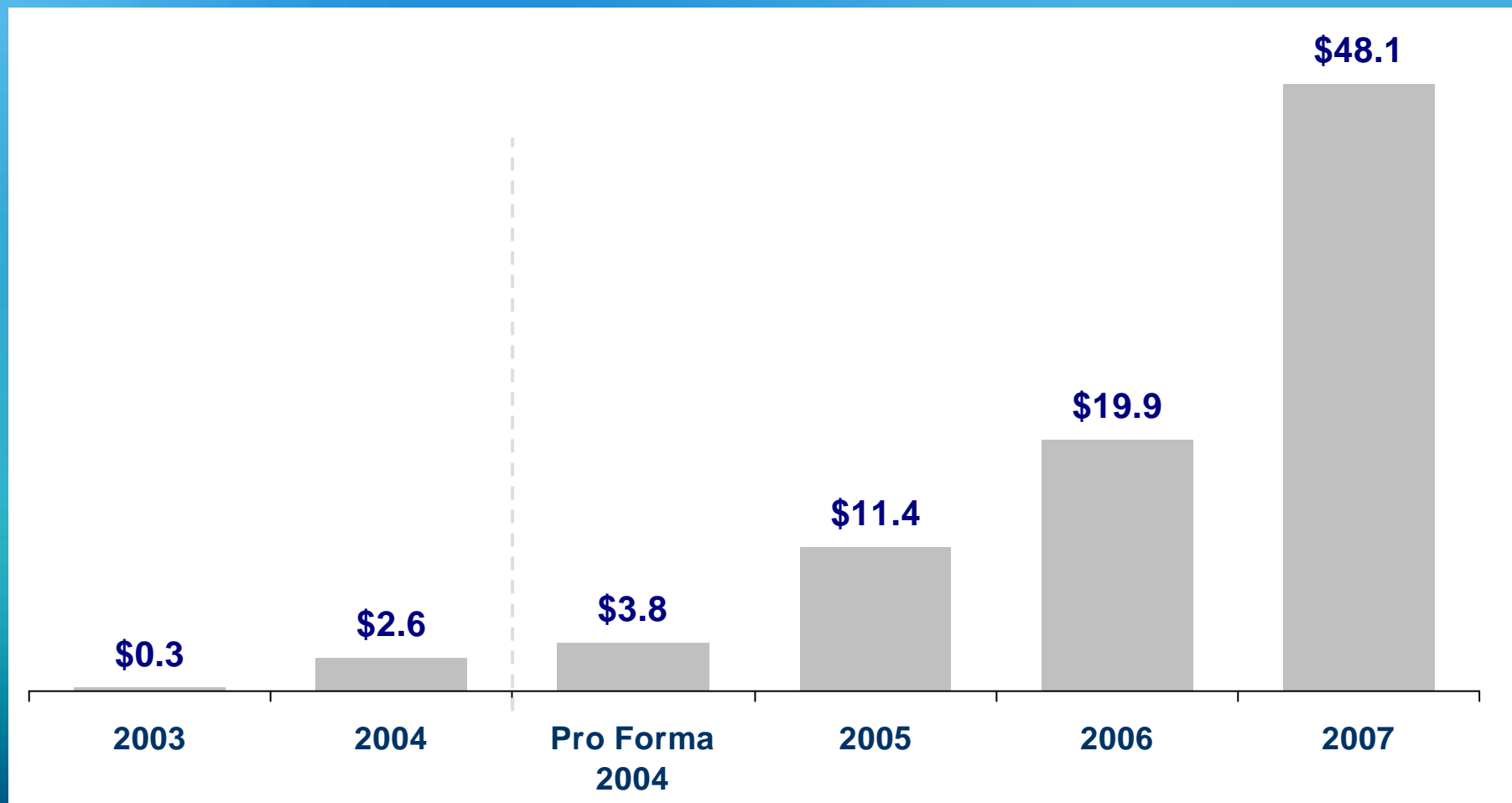
*Before unallocated corporate expenses

→ Robust Niche Products Division

- + Insurance coverage not provided by standard markets
 - + Higher-premium property
 - + Primary and excess liability
 - + Legal expense
 - + Accident and health insurance
 - + Extended warranty programs for consumer products and homes
 - + Specialized coverage – business interruption for truckers
 - + Emergency travel health



→ Niche Products – Direct Written Premiums

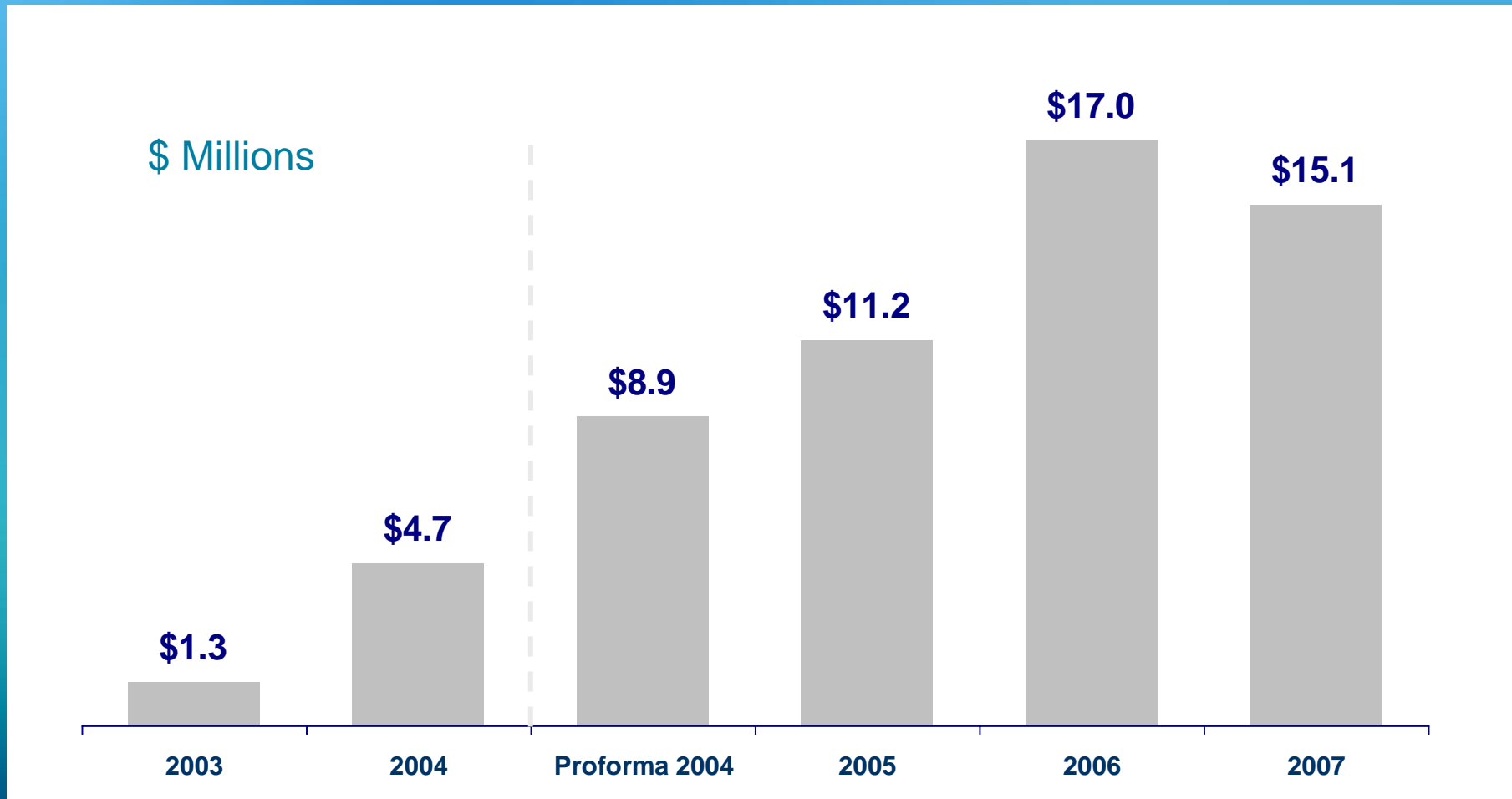


→ Niche Products Operating Highlights

<u>Year ended December 31 (\$000)</u>	<u>2007</u>	<u>2006</u>
Direct written premiums	\$48,065	\$19,902
Underwriting revenue	\$23,900	\$12,927
Underwriting income*	\$297	\$248
Loss ratio	56.1%	52.6%
Expense ratio	42.7%	45.5%
Combined ratio	98.8%	98.1%

*Before unallocated corporate expenses

→ Growing Income from Continuing Operations



Note: Includes results of both underwriting and investing.

→ Income Statement Highlights

Year ended December 31 (\$000 except per share amts.)	2007	2006	%Change
Direct written premiums	\$ 157,935	\$ 117,834	34.0%
Net earned premiums	\$ 119,606	\$ 103,942	15.1%
Underwriting income	\$ 9,982	\$ 14,510	(31.2%)
Investment income	\$ 12,954	\$ 11,033	17.4%
Net income before extraordinary gain	\$ 15,065	\$ 16,981	(11.3%)
Diluted EPS before extraordinary gain	\$ 1.45	\$ 1.67	(13.2%)

2008

First Quarter Financial Results

→ 2008 First Quarter Income Statement Highlights

Quarter ended March 31	2008	2007	% Change
(\$000 except per share amts.)			
Direct written and assumed premiums	\$ 34,936	\$ 30,196	15.7%
Net earned premiums	\$ 45,559	\$ 24,790	83.8%
Underwriting income (Loss)	(\$ 397)	\$ 1,304	(130.4%)
Investment income	\$ 4,587	\$ 2,601	72.9%
Net income	\$ 2,586	\$ 2,527	2.3%
Net income per diluted share	\$ 0.25	\$ 0.24	4.2%

→ 2008 First Quarter Segmented Highlights

<u>Quarter ended March 31</u> (\$000)	<u>Personal Lines</u>		<u>Niche Products</u>		<u>International</u>	
	2008	2007	2008	2007	2008	2007
Underwriting revenue	\$23,081	19,531	\$19,695	\$4,382	\$2,783	\$876
Underwriting income*	\$834	\$742	(\$678)	\$778	(\$277)	\$3
Loss ratio	68.8%	64.9%	66.7%	40.8%	77.0%	75.4%
Expense ratio	27.5%	31.3%	36.7%	41.4%	32.9%	24.2%
Combined ratio	96.3%	96.2%	103.4%	82.2%	109.9%	99.6%

* Before corporate expenses (2008 - \$0.3 million; 2007 - \$0.2 million) and income taxes, which are not allocated by division

→ Balance Sheet Strength (As of March 31, 2008)

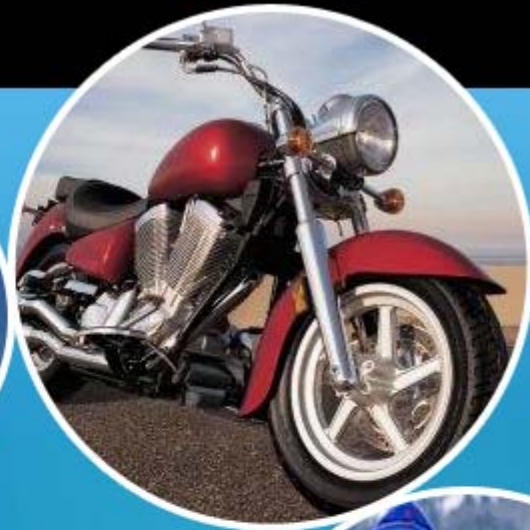
+ Minimum Capital Test Ratio

+ Minimum Requirement:	150%	
+ Industry average:	235%*	
+ Echelon:	312%	<input checked="" type="checkbox"/>

* At Dec. 31, 2007

→ Expand Core Personal Lines Business Growth Strategies

- + Establish non-standard business in new markets
- + Build personal and commercial auto lines in Quebec
- + Expand product line to cover additional vehicles
 - + Motorcycles in Alberta, all terrain vehicles, pleasure craft, recreational vehicles
- + Strategically position company to be opportunistic with Canadian acquisition opportunities that may arise from consolidation within Canadian P&C industry.
- + Acquire MGAs with specialized vehicle books of business



→ United States Growth Strategies

- + Established EGI Insurance Services, Inc. in the Fall of 2007 to facilitate further expansion into the US Marketplace.
- + Staffed by a small group of experts in niche and specialty insurance lines
- + Performs initial due diligence and ongoing monitoring of potential and existing reinsurance clients on behalf of its sister company CIM Re
- + Addition of Expert staff in the U.S. broadens EGI's ability to vet additional reinsurance opportunities and acquisition referrals in the U.S.
- + Provides platform for future acquisitions of companies with proven management team in place to oversee, operate and grow our U.S. operations
- + Having expert and proven management in place prior to making business commitments further reduces risk associated with expansion into the U.S. Marketplace

→ Expand Specialty Niche Programs

Growth Strategies

- + Growth opportunities:
 - + Extended health insurance
 - + Higher-risk property insurance
 - + Excess general liability insurance
 - + Warranty insurance
- + Broaden awareness with qualified MGAs
- + Maintain unique expertise and superior service
- + Consider acquisitions of books of business, MGAs or an insurance company
- + Offer MGAs risk-sharing arrangements



→ Invest in Technology

Growth Strategies

- + ADAPT™ system streamlines Niche Products division
 - + Imports and analyzes data directly
 - + Manages thousands of certificates with small premiums
 - + Represents a competitive advantage
- + Make it easier for producers to do business
- + MGAs now on our system
- + Exploring potential with auto claims



→ Focus on Industry-leading Service Growth Strategies

Brokers

Agents

MGAs



eCHELON

GENERAL INSURANCE COMPANY

- + Handle policy paperwork efficiently, process claims fairly
- + Enhanced producer satisfaction – stability and growth
- + Ranked #1 by Ontario brokers

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