



EGI Financial Reports 2010 Third Quarter Results and CEO Succession Plan

TORONTO, November 8, 2010 - EGI Financial Holdings Inc. ("EGI Financial") (TSX: EFH) today announced its results for the three and nine-months ended September 30, 2010. It also announced plans for succession of its Chief Executive Officer.

Q3 Financial Highlights

- Total comprehensive income of \$8.2 million from \$7.9 million in the third quarter of 2009
- Net income of \$0.8 million, compared to \$2.3 million in the third quarter of 2009
- Net income per fully diluted share of \$0.06, compared to \$0.18 in the third quarter of 2009
- Direct written premiums increased by 9% over the third quarter of 2009
- Net earned premium of \$42.1 million, compared to \$35.9 million in the third quarter of 2009
- Investment income increased to \$4.0 million from \$3.4 million in the third quarter of 2009
- Book value per share increased to \$11.69 during the quarter from \$11.01
- Total fair value of the investment portfolio (including premium finance receivables) increased by 12% to \$368.5 million during the quarter

"We are pleased to report our second consecutive profitable quarter. Market conditions continue to tighten, contributing to the ongoing growth of our core business and the continued improvement of our underwriting results. Company-wide, we experienced a 10% increase in premium volume during the quarter, with our Personal Lines division posting the strongest growth, at nearly 15%. On a year-to-date basis, our direct written premiums have now increased by 19% over the same period last year," said Douglas McIntyre, Chief Executive Officer of EGI Financial.

"This is EGI's third consecutive quarter of improved underwriting results," continued Mr. McIntyre. "Our Niche Products division posted an underwriting profit for the quarter. In our Personal Lines division, we continue to face difficult conditions in the Ontario automobile insurance market, particularly in the Greater Toronto Area. However, we are pleased to see that the drastic actions we have taken to restore profitability are starting to take effect. We expect this trend toward profitability to continue for the next 6 to 12 months, as we realize the impact of recently approved rate increases, the new Ontario automobile insurance reforms and other remedial actions, including withdrawing producer representation in the worst performing areas of the Province."

"We continue to build our market share in Quebec and the Maritime provinces," added Mr. McIntyre. "In the U.S., our expansion has been more gradual than anticipated as that market recovers from the

impacts of the global recession. We continue to believe that tremendous opportunities exist in the Southeastern U.S., but our entry into this market will be appropriately gradual and cautious.”

Financial Summary

\$000s (except per share amounts)	3-months ended Sept. 30, 2010	3-months ended Sept. 30, 2009	%	9-months ended Sept. 30, 2010	9-months ended Sept. 30, 2009	%
			Change			Change
Direct written premiums	48,636	44,455	9.4	148,617	124,558	19.3
Net earned premiums	42,149	35,881	17.5	120,752	112,940	6.9
Underwriting income (loss)	(2,897)	284	(1,120)	(11,885)	115	(10,435)
Interest expense	-	306	(100)	568	910	(37.6)
Investment income	4,044	3,403	18.8	13,863	11,294	22.7
Net income	779	2,261	(65.5)	910	6,862	(86.7)
Total comprehensive income	8,206	7,911	3.7	6,976	19,164	(63.6)
Net income per diluted share	0.06	0.18	(66.7)	0.07	0.54	(87.0)
Book value per share	11.69	11.62	0.6	11.69	11.62	0.6

Third Quarter Highlights

In the third quarter of 2010, direct written premiums increased by 9% to \$48.6 million compared to the same period in 2009. The majority of the increase was recorded in the Personal Lines division which grew by 15% during the quarter, with most of the growth coming from the non-standard automobile line of business. This growth provides further evidence of the tightening of the Ontario auto insurance market and our success in other markets. In the Niche Products division, direct written premiums decreased by 4% to \$12.6 million.

In the International division, the Company’s cautious entry into the U.S. market led to lower than expected premium growth during the third quarter, with \$0.1 million in written premiums.

Net earned premiums totaled \$42.1 million, an increase of 18% from \$35.9 million in the third quarter of 2009. Growth in net earned premiums is higher than the increase in net written premiums during the quarter, due to the positive impact on earned premiums resulting from higher written premiums in the first half of the year.

Operating Results

Underwriting Income (loss) \$millions	3-months ended Sept. 30, 2010	3-months ended Sept. 30, 2009	9-months ended Sept. 30, 2010	9-months ended Sept. 30, 2009
Personal Lines	\$(2.6)	\$0.8	\$(8.0)	\$3.8
Niche Products	\$0.3	\$0.4	\$(1.8)	\$0.2
International	\$(0.1)	\$(0.7)	\$(1.1)	\$(2.9)
Corporate	\$(0.5)	\$(0.2)	\$(1.0)	\$(1.0)
Total	\$(2.9)	\$0.3	\$(11.9)	\$0.1

Underwriting losses for the third quarter of 2010 were \$2.9 million. This is primarily due to high claims costs for the motorcycle line of business and for automobiles in the Greater Toronto Area. In Ontario, rural and small urban territories, which comprise 85% of private passenger premiums, remain profitable. The Personal Lines business in Quebec and Nova Scotia is also profitable and growing well.

The Niche Products division reported an underwriting profit in the third quarter. This was due to improved results in commercial property and other previously reported problem areas. The Niche Products division is restoring profitability by cancelling small or unprofitable programs and rehabilitating other programs through rate increases, restricted underwriting and/or improved claims handling.

Loss Ratio	3-months ended Sept. 30, 2010	3-months ended Sept. 30, 2009	9-months ended Sept. 30, 2010	9-months ended Sept. 30, 2009
Personal Lines	80.7%	67.1%	80.5%	66.2%
Niche	55.9%	48.7%	66.6%	58.1%
International	N/A	133.8%	N/A	113.1%

The loss ratio in Personal Lines was 80.7% for the quarter ended September 30, 2010, compared to 67.1% for the same period in 2009. Escalating claims costs, particularly in the Ontario automobile and motorcycle lines of business, continue to negatively impact this result. Partially offsetting the adverse current year claims experience was favourable prior year loss development related to

Personal Lines claims reserves in the third quarter of 2010, totaling \$1.5 million compared to positive development of \$0.2 million in the same period in 2009.

The Niche Products division loss ratio was 55.9% in the third quarter of 2010 compared to 48.7% for the same period in 2009. The commercial automobile lines of business experienced a higher than expected loss ratio, however, other lines showed significant improvement during the quarter, resulting in an overall 14.3% improvement in the division's loss ratio when compared to the second quarter of 2010.

Investment income increased to \$4.0 million during the third quarter of 2010 from \$3.4 million earned in the same period last year. Realized gains were recorded in both years, with \$1.1 million recorded in the third quarter of 2010 compared to \$1.4 million in 2009.

Nine Month Review

For the nine months ended September 30, 2010, the Company recorded net income of \$0.9 million, compared with net income of \$6.9 million in the same period of 2009. During the first nine months of 2010, an underwriting loss of \$11.9 million was incurred, an increase of \$11.8 million from the first nine months of 2009. Partially offsetting the underwriting loss for the period was an increase in investment income to \$13.9 million from \$11.3 million in the prior year.

Direct written premiums increased by 19% to \$148.6 million during the first nine months of 2010 compared to 2009. Direct written premiums for the Personal Lines division increased 19% to \$90.2 million for the nine-month period. The non-standard auto business grew by 21% to \$89.8 million, while the motorcycle line recorded a 3.0% increase over the same period in 2009. The Niche Products division reported a 17% increase to \$41.0 million for the period compared to the first nine months of 2009.

The total Company loss ratio was 76.6% for the first nine months of 2010 compared to 66.1% during the first nine months of the prior year. Higher than expected loss ratios were incurred in both the Personal Lines and Niche Products divisions.

The combined ratio for the first nine months of 2010 was 109.9% compared to 99.9% for the first nine months of 2009.

For the nine months ended September 30, 2010, shareholders' equity increased by \$7.4 million from December 31, 2009, to \$140.8 million.

As at September 30, 2010, Echelon's Minimum Capital Test (MCT) ratio was 239% compared to 314% as at December 31, 2009, significantly exceeding the minimum regulatory capital level required by the Office of the Superintendent of Financial Institutions. The main reason for the reduction in the MCT ratio from December 2009 is because of a \$13 million dividend from Echelon General to EGI Financial during the second quarter of 2010.

EGI Financial remains well capitalized with a Net Premiums Written to Equity ratio of 1.2:1.

Full Financial Statements and Management's Discussion and Analysis (MD&A) will be available at a later time today on SEDAR and on the Company's web site at: www.egi.ca.

CEO Succession

EGI Financial also announced that, effective January 1, 2011, Steve Dobronyi, currently the President & Chief Operating Officer of the Company, will be appointed as Chief Executive Officer of EGI Financial. Douglas McIntyre will become the Vice Chair of EGI Financial. Mr. McIntyre will continue as Executive Chairman of Echelon General Insurance Company, while Mr. Dobronyi will continue as Chief Executive Officer of Echelon. As an ongoing member of the management team and of the Board, Mr. McIntyre will continue to contribute the benefits of his many years of experience to advancing the Company's interests.

This change implements the Company's long-standing executive succession plan. "I am delighted that Steve will be carrying on the work of advancing our Company to greater levels of success in the future and I look forward to assisting him in that effort," said Mr. McIntyre. "I'm very excited to be taking on this expanded role. EGI has a proud history of success and I know that the best is yet to come," said Mr. Dobronyi.

About EGI Financial

Founded in 1997, EGI Financial operates in the property and casualty insurance industry in Canada and the United States, primarily focusing on non-standard automobile insurance and other niche and specialty general insurance products. EGI Financial's common shares are traded on the Toronto Stock Exchange under the symbol EFH.

Non-GAAP Financial Measures

EGI Financial uses both Canadian generally accepted accounting principles (GAAP) and certain non-GAAP measures to assess performance. Readers are cautioned that non-GAAP measures do not have a standardized meaning under GAAP and may not be comparable to similar measures used by other companies. EGI Financial analyzes performance based on underwriting ratios such as combined, expense and loss ratios as defined in regulations established under the Insurance Companies Act (Canada).

Forward-looking Information

This news release contains forward-looking information based on current expectations. This information includes, but is not limited to, statements about the operations, business, financial

condition, priorities, targets, ongoing objectives, strategies and outlook of EGI Financial for 2010 and subsequent periods.

This information is based upon certain material factors or assumptions that were applied in drawing a conclusion or making a projection as reflected in the forward-looking information. By its nature, this information is subject to inherent risks and uncertainties that may be general or specific. A variety of material factors, many of which are beyond EGI Financial's control, affect the operations, performance and results of EGI Financial and its business and could cause actual results to differ materially from the expectations expressed in any of this forward-looking information.

EGI Financial does not undertake to update any forward-looking information. Additional information about the risks and uncertainties about EGI Financial's business is provided in its disclosure materials, including its annual information form, filed with the securities regulatory authorities in Canada, available at www.sedar.com.

Conference Call

A conference call for analysts and interested listeners will be held Monday, November 8, 2010, at 2:00 p.m. (ET). The call-in numbers for participants are 647-427-7450 or toll free, 1-888-231-8191, Conference ID 15958656. A live audio feed of the call will be broadcast on the internet through the Company's website at www.egi.ca, or directly at <http://www.newswire.ca/en/webcast/viewEvent.cgi?eventID=3250940>

A replay of the call will be available from 5:00 p.m. (ET) on November 8, 2010, until 11:59 p.m. on November 15, 2010. To access the replay, call 416-849-0833 or toll free, 1-800-642-1687, enter password number 15958656. The replay can also be accessed over the Internet at the above address.

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