



EGI Financial Reports a \$10 million Improvement in Underwriting Results

TORONTO, November 10, 2011 - EGI Financial Holdings Inc. ("EGI" or the "Company") (TSX: EFH) today reported net operating income of \$2.3 million, or \$0.18 per share for the third quarter ended September 30, 2011. For the first three quarters, EGI recorded a \$10 million improvement in underwriting results over the same period in 2010.

Third Quarter Highlights

- Net operating income of \$2.3 million, a \$2.3 million increase over the third quarter of 2010
- Net loss of \$0.2 million, compared to net income of \$0.7 million in the same period in 2010
- Net earned premiums of \$42 million, unchanged from the prior year comparable period
- A 91% combined ratio in non-standard auto, including the impact of market yield adjustments, compared to 102% in the third quarter of 2010
- An improved overall loss ratio of 66% compared to 74% in the third quarter of 2010
- A decrease in investment income to \$0.9 million from \$3.9 million in the same period in 2010
- A 6% increase in book value per share to \$12.41 from \$11.69 at September 30, 2010

"We are very pleased with the current state of our business", said Steve Dobronyi, Chief Executive Officer of EGI. "We have delivered a \$10 million improvement in underwriting results in the first three quarters of 2011. This success is attributable to actions taken by management and to improving market conditions."

"Our primary goal as an organization is to deliver underwriting income", added Mr. Dobronyi. "We are pleased to see that our core non-standard auto business continues to meet and exceed our profit targets. We have a solid foundation to our business and are implementing plans to accelerate future growth. Our U.S. operation continues to build substantial momentum and is on target to achieving its needed scale."

On October 24, the Company announced the launch of "Qudos" – a European-based property & casualty insurance operation. Qudos will be involved in the underwriting of European niche and specialty insurance programs of the type currently underwritten by EGI's Niche Products division.

"The Qudos investment is consistent with our growth strategy to expand our core business into profitable adjacencies," said Mr. Dobronyi. "Certain management and directors of EGI have long-standing relationships with the minority shareholders of Qudos. The market opportunities are well known to them and the profitability of the business has been demonstrated over many years. EGI has the infrastructure and capacity to support the business. We expect the operation itself to be financially accretive and anticipate additional benefits through the use of our captive reinsurance operation in Barbados."

Financial Summary

\$000s (except per share amounts)	3-months ended Sept. 30, 2011	3-months ended Sept. 30, 2010	% Change	9-months ended Sept. 30, 2011	9-months ended Sept. 30, 2010	% Change
Direct written premiums	46,966	48,636	(3.4)	130,568	148,617	(12.1)
Net earned premiums	41,672	42,149	(1.1)	123,072	120,752	1.9
Underwriting income (loss)	(775)	(2,897)	73.3	(2,110)	(11,885)	82.3
Interest expense	–	–	N/A	–	568	(100.0)
Investment income	939	3,939	(76.2)	8,622	13,825	(37.6)
Net income	(173)	705	(124.5)	4,263	883	382.8
Comprehensive income	56	8,204	(99.3)	3,154	6,976	(54.8)
Net operating income (loss) ⁽¹⁾	2,330	44	5195.5	6,149	(2,343)	362.4
Net income (loss) per diluted share	(\$0.01)	\$0.06	(116.7)	\$0.33	\$0.07	371.4
Net operating income (loss) per diluted share	\$0.18	–	N/A	\$0.48	\$(0.18)	327.8
Book value per share	\$12.41	\$11.69	6.2	\$12.41	\$11.69	6.2

(1) Net operating income (loss) is defined as net income (loss) plus or minus after-tax impact of change in discount rate on unpaid claims, realized losses or gains on sale of investments and unrealized gain value changes on held-for-trading investments.

Beginning with the first quarter of 2011, EGI has prepared its financial statements in accordance with International Financial Reporting Standards (“IFRS”), replacing prior Canadian Generally Accepted Accounting Principles (“GAAP”). The adjustments related to the transition to IFRS had no impact on the total shareholders’ equity of EGI.

Third Quarter Commentary

Net operating income of \$2.3 million was recorded in the quarter compared to \$44 thousand in the third quarter of 2010. Net operating income per fully diluted share was \$0.18.

Underwriting results improved by \$2.1 million over the same period in 2010, as the Company continues to show steady progress toward achieving its target profitability. Excluding the impact of market yield adjustments, EGI reported an underwriting profit of \$0.4 million across the total Company.

Investment income was \$0.9 million, a decrease from \$3.9 million in the third quarter of 2010. The decrease was primarily due to a net realized loss on investments of \$2.4 million versus a gain of \$1.1 million in the same period in 2010. The realized loss is due to an impairment provision of \$4.3 million to account for market value declines in equity holdings during the quarter under the new IFRS standards

that were adopted at the beginning of this year. Interest and dividend income increased slightly to \$3.2 million versus \$3.0 million in the same period in 2010.

The fair value of EGI's investment portfolio, including finance receivables, decreased by 3% to \$387 million from the beginning of the year. Gains on bonds were offset by declines in stocks and lower receivables due to six-month policy terms.

Operating Results

Underwriting Income (Loss)* \$000s	3-months ended Sept. 30, 2011	3-months ended Sept. 30, 2010	9-months ended Sept. 30, 2011	9-months ended Sept. 30, 2010
Personal Lines	592	(2,617)	2,742	(7,970)
Niche Products	(324)	260	(1,609)	(1,797)
International	(696)	(75)	(2,025)	(1,097)

* Excluding head office overhead costs

The performance of the Company's Personal Lines division improved significantly in the third quarter of 2011, recording underwriting income of \$0.6 million, a \$3.2 million increase over the same period last year. Improvements in Ontario auto insurance, as well as the continued profitability of Quebec, Nova Scotia and specialty vehicles all contributed to the favourable results.

The Niche Products division recorded an underwriting loss of \$0.3 million compared to income of \$0.3 million in the third quarter of 2010. Profitability in continuing businesses was offset by claims on previously cancelled programs.

Investments in EGI's start-up operation in the United States resulted in a \$0.7 million loss in the International division.

Loss Ratio	3-months ended Sept. 30, 2011	3-months ended Sept. 30, 2010	9-months ended Sept. 30, 2011	9-months ended Sept. 30, 2010
Personal Lines	68.9%	80.7%	68.2%	80.5%
Niche Products	53.8%	55.9%	59.0%	66.6%
International	68.6%	N/A*	69.2%	N/A*

* Due to the minimal earned premium in the International division, the ratios are not meaningful

The loss ratio for the Company's Personal Lines division improved significantly to 69% compared to 81% during the same period in 2010. The improvement can be attributed largely to remedial actions taken by management to restore underwriting profitability including reducing claims exposure in the Greater Toronto Area and implementing premium rate increases over the past 12 months.

The loss ratio for the Niche Products division improved to 54% from 56% in the same period in 2010.

The loss ratio for the International division was 69%. However, earned premiums are relatively low and the results are not meaningful at this time.

Key Operating Ratios	3-months ended Sept. 30, 2011	3-months ended Sept. 30, 2010	9-months ended Sept. 30, 2011	9-months ended Sept. 30, 2010
Loss ratio	66.0%	73.6%	66.3%	76.6%
Expense ratio	35.9%	33.3%	35.4%	33.3%
Combined ratio	101.9%	106.9%	101.7%	109.9%

The combined ratio for the third quarter of 2011 for all lines of business was 102%, a significant improvement from 107% in the same time period in 2010. The improvement was achieved through a lower loss ratio in the Canadian businesses, offsetting higher expenses recorded primarily in the start-up U.S. operation and through business mix changes in Niche Products.

Excluding the impact of market yield adjustments, the combined operating ratio for the total Company was 99%.

Nine-Month Review

For the nine months ended September 30, 2011, the Company recorded net operating income of \$6.1 million, an improvement of \$8.5 million over the prior year. The increase is the result of significantly improved underwriting results, which showed a \$9.8 million upswing over 2010.

Both Personal Lines and Niche Products generated substantial improvements in loss ratios over the first three quarters of 2011. The loss ratio in Personal Lines improved to 68% from 81%. Niche Products improved to 59% from 67%.

Net earned premiums increased to \$123.1 million from \$120.7 million in the same period of 2010. Net earned premiums in Personal Lines increased to \$96.4 million from \$93.2 million in 2010. Net earned premiums in Niche Products decreased to \$25.4 million from \$29.6 million due to the cancellation of certain unprofitable programs. The International division recorded net earned premiums of \$1.3 million in the nine months ended September 30, 2011.

Investment income decreased to \$8.6 million versus \$13.8 million in the same period last year. This is largely the result of impairment provisions of \$4.7 million in 2011 to account for market value declines in equity holdings under the new IFRS standards that were adopted at the beginning of this year. No impairment provisions were taken in 2010.

Financial Position

For the nine months ended September 30, 2011, shareholders' equity increased by \$3.2 million to \$149.6 million from December 31, 2010, due to net income of \$4.3 million offset by an other comprehensive loss of \$1.1 million.

As at September 30, 2011, Echelon General's Minimum Capital Test (MCT) ratio was 232%, which significantly exceeds the minimum regulatory capital level required by the Office of the Superintendent of Financial Institutions.

At the end of the first nine months of 2011, EGI was debt-free, well capitalized and its Net Written Premiums-to-Capital ratio is a conservative 1.1:1.

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.

About EGI

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

Non-IFRS Financial Measures

EGI uses International Financial Reporting Standards (IFRS) and certain non-IFRS measures to assess performance. Readers are cautioned that non-IFRS measures do not have a standardized meaning under IFRS and may not be comparable to similar measures used by other companies. EGI analyzes performance based on operating income and 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 for 2011 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's control, affect the operations, performance and results of EGI and its business and could cause actual results to differ materially from the expectations expressed in any of this forward-looking information.

EGI does not undertake to update any forward-looking information. Additional information about the risks and uncertainties about EGI's business is provided in its disclosure materials, including its annual information form and Management Discussion & Analysis, 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 Thursday, November 10, 2011, at 11:00 a.m. (ET). The call-in numbers for participants are 647-427-7450 or toll free 888-231-8191, Conference ID 17816286.

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=3696220>

A replay of the call will be available until November 17, 2011. To access the replay, call 416-849-0833 or toll free, 1-855-859-2056, and enter password 17816286.

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