



GENERAL INSURANCE COMPANY

Echelon announces extension of Co-operators Distribution and Services Agreement

Toronto, Ontario (January 2, 2008) – Echelon General Insurance Company (“Echelon”) today announced that it has entered into a five-year extension and amendment to its existing distribution and services agreement with Co-operators General Insurance Company (“Co-operators”).

The Echelon Co-operators Services Agreement was originally entered into on October 1, 2003 and subsequently amended. Under the agreement, Co-operators provides distribution for Echelon’s non-standard auto policies through Co-operators’ insurance agents and also provides certain technical support services to Echelon in connection with the run-off of insurance portfolios that pre-date EGI Financial Holdings Inc.’s (“EGI”) ownership of Echelon. In addition, Co-operators collects premiums on behalf of Echelon for Echelon policies sold by insurance agents engaged by Co-operators.

The Echelon Co-operators Services Agreement has been extended to now expire on December 31, 2012, and may be automatically renewed thereafter for periods of one year each. Any party may terminate the agreement upon 180 days written notice to the other party. Under the agreement, Echelon pays to Co-operators a fee of 11.5% of gross written premiums received for Co-operators’ agency-originated business placed with Echelon. Co-operators has agreed, so long as the agreement is in force (i) to use reasonable efforts to encourage its agents to provide non-standard auto business to Echelon (subject to legal requirements and Co-operators always acting in the best interest of its customers), and (ii) not to establish or invest in any non-standard automobile insurance company that competes with Echelon in Canada.

“We are pleased to announce the extension of this important distribution agreement with Co-operators”, said Douglas McIntyre, Chief Executive Officer of EGI. “We look forward to building upon our strong relationship with Co-operators and working in partnership with their executives in realizing on the potential of mutually beneficial opportunities in the future.”

