

## **EGI Financial Announces Agreement to Sell U.S. Insurance Operations**

**TORONTO, August 8, 2013** - EGI Financial Holdings Inc. (“EGI” or “the Company”) (TSX: EFH), which operates in the property and casualty insurance industry in Canada, the United States and Europe, today reported that it has entered into a definitive stock purchase agreement with White Pine Insurance Company (“White Pine”), a Michigan-based specialty insurance company, to sell its United States non-standard automobile insurance operations.

EGI announced that the transaction will result in a pre-tax \$5.7 million reduction in book value, which will be reflected in its third quarter financial statements.

“The results of our U.S. business were not tracking to profitability as quickly as originally planned”, commented Steve Dobronyi, Chief Executive Officer. “The exit from the U.S. is expected to add \$0.30 per share to our annual 2014 earnings and will allow management to concentrate its time and resources on our profitable Canadian and European businesses.”

“I would like to recognize the extraordinary effort that our U.S. team has put into this business”, Mr. Dobronyi continued. “They have completely built the entire operations from the ground up – the systems, products, agency plant and the entire infrastructure. They should be very proud of their accomplishments and excited to be working with a new shareholder that will invest strategically in the business.”

White Pine President Brian J. Roney adds, “EGI US fits well with our goal of growing through the addition of niche specialty insurance companies that complement our overall diversification strategy. We are pleased to welcome a new group of agents, insureds and employees to our organization.”

Under the terms of the agreement, White Pine will purchase EGI Insurance Services, Inc. (“EGI US”) and all subsidiary companies, including American Colonial Insurance Company (“American Colonial”), a Florida domiciled insurance company and EGI Insurance Services (Florida), Inc., a Florida based managing general agency. The transaction is expected to close in the fall, subject to regulatory approval.

American Colonial wrote US\$10 million of direct premiums in 2012. It is currently writing new and renewal non-standard automobile insurance in Florida and also has insurance licenses in Georgia, Louisiana and Alabama.

EGI will remain responsible for the run-off of its discontinued Texas operations.

Philo Smith & Co. acted as exclusive advisor and agent to EGI. McKenna Long & Aldridge LLP (MLA) acted as legal counsel.

## **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 specialty general insurance products. EGI's common shares are traded on the Toronto Stock Exchange under the symbol EFH.

## **About White Pine**

White Pine Insurance Company is Michigan-domiciled and a wholly-owned subsidiary of Conifer Holdings, Inc. Conifer is an insurance holding company serving the needs of specialized property and casualty risks, and for the industry groups it serves, provides customized insurance products tailored to create long-term partnerships.

## **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 2013 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](http://www.sedar.com).

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