



Middlesea Insurance p.l.c.

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MSI/CF/MSE00610

11 February 2010

The following is a Company Announcement issued by Middlesea Insurance p.l.c., pursuant to the Listing Rules of the Malta Financial Services Authority.

Quote

The Board of Directors of Middlesea Insurance plc refers to the Company Announcement of the 11 January 2010, in which it was stated that preliminary unaudited data for the fourth quarter of 2009 relating to the Italian subsidiary Progress Assicurazioni SpA indicated a marked deterioration in claims experience during the period.

A further detailed examination of the unaudited data as at the 31 December 2009 indicated that it would not be possible for Progress Assicurazioni SpA to continue in business in conformity with Italian regulations without the injection of material further capital support. The Board of Directors of Middlesea Insurance plc has concluded that it is not feasible at this time for Middlesea Insurance plc to provide further capital to Progress Assicurazioni over and above the €45 million that has been injected over the past year.

Accordingly, Progress Assicurazioni has informed the Italian Insurance Regulators (ISVAP) of the situation, and that it wished to take the necessary measures to cease writing business in Italy, and to wind up the company in accordance with procedures to be agreed with ISVAP.

On the 10 February 2010, ISVAP informed the company that it had appointed Professor Avv. Andrea Gemma as Provisional Administrator ("Commissario") of Progress Assicurazioni SpA with immediate effect.

Unquote

By Order of the Board


Carlo Farrugia
Company Secretary