Press Release

18 October 2009

Launch of new joint venture company: Hardy Arig Insurance Management (W.L.L)

Hardy Underwriting Bermuda Limited (LSE: HDU), the specialist Lloyd's insurer and reinsurer, and Arab Insurance Group (B.S.C) ("Arig") are pleased to announce the formation of Hardy Arig Insurance Management (W.L.L) ("HAIM").

HAIM is a joint venture company based in Bahrain and owned equally by Hardy and Arig. It will develop reinsurance business primarily from the Middle East and North Africa region on behalf of Hardy syndicate 382 and Arig.

As a coverholder for syndicate 382 (Hardy's managed syndicate at Lloyd's), HAIM will have the ability to offer significant line capacity and underwriting expertise. The new company will initially focus on construction and engineering business along with onshore energy risks, and will look to develop further lines in due course.

HAIM will commence writing business incepting in 2010 with effect from Q4 2009, and will operate from Arig's existing offices in Bahrain.

Commenting on the establishment of HAIM, Barbara Merry, Chief Executive of Hardy, said:

"HAIM offers the Hardy Group an exciting opportunity to provide reinsurance in the MENA region in conjunction with an established and well respected local partner. We are delighted to be working alongside the Arig team and look forward to a long term partnership."

Yassir Albaharna, Chief Executive Officer of Arig, said:

"With the combined underwriting expertise and capacity of the two groups, HAIM will be able to make a valuable contribution to the reinsurance market as some of the most dynamic economies in the region are preparing for the future. We are extremely pleased taking this step with Hardy, a company that is so widely recognized for its professionalism and success. HAIM will significantly enhance the palette of services we are able to offer to the regional customer."

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About Hardy:

- Hardy Underwriting Bermuda Limited is a specialist underwriting business operating within Lloyd's of London. It manages the newly merged Syndicate HDU 382, which combined syndicates 382 and 38*Twenty,* in readiness for future development.
- Lloyd's-based underwriting capacity for 2009 is £250million, underwritten through syndicate HDU 382.
- Syndicate 382 has consistently out-performed the Lloyd's market since 1975 over a number of cycles. It underwrites across most of the major classes of commercial insurance business except motor.

Further information on Hardy is available at the Group's website: www.hardygroup.bm

About ARIG:

Arig is one of the largest Arab-owned, professional reinsurance providers in the Middle East and North Africa. Arig is listed on the stock exchanges in Bahrain, Dubai and Kuwait and offers a wide range of reinsurance products and services. Arig's subsidiaries include Takaful Re (Dubai), Gulf Warranties (Bahrain) and ARIMA Insurance Software (Bahrain).

Additional information about Arig can be obtained at www.arig.net

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