

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): **January 31, 2019**

KINGSWAY FINANCIAL SERVICES INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation)

001-15204
(Commission File Number)

Not Applicable
(IRS Employer Identification
No.)

150 E. Pierce Rd., Itasca, IL 60143

(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, Including Area Code: **(416) 848-1171**

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Departure of Named Executive Officer. On January 31, 2019, Hassan R. Baqar, Vice President of Finance and a named executive officer of Kingsway Financial Services Inc. (the “Company”), terminated employment with the Company.

Employment Separation Agreement and Release. The Company entered into an Employment Separation Agreement and Release (the “Separation Agreement”), dated January 31, 2019, with Mr. Baqar. Pursuant to the Separation Agreement, Mr. Baqar received a lump sum payment of \$240,000, less applicable taxes and deductions, and became fully vested in 115,500 restricted shares of the Company’s common stock.

Advisor Agreement. Mr. Baqar will provide consulting and transition support as an advisor pursuant to the terms of an Advisor Agreement (the “Advisor Agreement”), dated January 31, 2019, through the twelve (12) month anniversary of the Advisor Agreement. In accordance with the Advisor Agreement, Mr. Baqar will receive a monthly payment of \$3,333.33.

The foregoing descriptions of the Separation Agreement and Advisor Agreement are qualified in their entirety by reference to the full text of such agreements, which are attached as Exhibits 10.1 and 10.2, respectively, to this Current Report on Form 8-K.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Exhibit Description
<u>10.1</u>	Employment Separation Agreement and Release, dated January 31, 2019, between Kingsway America Inc. and Hassan R. Baqar
<u>10.2</u>	Advisor Agreement, dated January 31, 2019, between Kingsway America Inc. and Sequoia Financial LLC

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

KINGSWAY FINANCIAL SERVICES INC.

February 14, 2019

By: /s/ William A. Hickey, Jr.

William A. Hickey, Jr.

Executive Vice President and
Chief Financial Officer

EXHIBIT INDEX

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<u>10.2</u>	Advisor Agreement, dated January 31, 2019, between Kingsway America Inc. and Sequoia Financial LLC

**EMPLOYMENT SEPARATION AGREEMENT
AND RELEASE**

Kingsway America Inc. (“Employer”) and Hassan R. Baqar (“Employee”) hereby agree as follows:

1. Separate and apart from the payments made pursuant to this Agreement, and irrespective of Employee’s agreement to the terms of this Agreement, Employee will receive payment for his full wages, and earned but unused vacation, through January 31, 2019. Employee’s employment with Employer (and its current or former parent companies, subsidiaries, affiliates, predecessors, successors, insurers, directors, officers, employees, agents, or assigns) is terminated on January 31, 2019 (“Termination Date”). The date of the “qualifying event” for the commencement of COBRA coverage, if applicable, shall be last day of the calendar month in which the Termination Date occurred. This Agreement will not be effective unless signed by Employee on or after the Termination Date.

2. Employee acknowledges and agrees that Employer has satisfied their obligations to Employee under Employer’s June 1, 2016 Amended and Restated Severance Plan (the “Severance Plan”) and that Employee is not entitled to any payments or benefits under the Severance Plan, other than the benefits outlined in this agreement. Employee also, acknowledges and agrees that Employer has satisfied their obligations outlined in the “Enhanced Severance Letter” dated March 4, 2011.

3. Employee recognizes and acknowledges that Employee’s agreement to the terms of this Agreement is required as a condition precedent to Employee’s receipt of any payments. Accordingly, Employee is releasing claims against Employer (stated in Paragraph 8) in exchange for consideration that is in addition to anything of value to which Employee is already entitled.

4. Employer (and its current or former parent companies, subsidiaries, affiliates, predecessors, successors, insurers, directors, officers, employees, agents, or assigns) denies that it is liable to Employee for any reason whatsoever, and the entry into this Agreement shall not constitute any admission or evidence of unlawful discrimination or improper conduct, and should not be construed as an admission of fault, wrongdoing, or liability. In consideration of the mutual promises herein, Employer will provide Employee with 12 months base salary, \$240,000 less applicable taxes and deductions. Payment will be made in a lump sum on the Effective Date. However, no payments described in this paragraph will be made until after Employer receives an executed copy of this Agreement from Employee. Except as otherwise set forth herein, all benefits cease on Employee’s Termination Date.

5. Employer will continue to provide family medical, dental, and vision coverage through the Termination Date. COBRA continuation for coverage under Employer’s Medical/Dental/Vision Plans will become available for election by Employee on the first day of the calendar month following the Termination Date. Employee will be offered COBRA continuation for the medical, dental and vision coverage. Should Employee elect COBRA coverage, Employee will continue to be eligible for coverage under the group medical plans of Employer at active employee rates for a period of 12 months following the Termination Date. Employee understands that as part of the special benefits that Employee will receive by the timely signing and not revoking the

releases set forth herein, Employer will pay the cost of COBRA coverage, in excess of Employee's monthly contribution, for the 12 months following the Termination Date, provided Employee continues to make timely payments in the amount of Employee's required contribution during the foregoing period. Thereafter, Employee shall be responsible for paying the full cost of any continued coverage under COBRA.

6. (a) Employee holds 115,500 shares of restricted stock of Employer (the "Restricted Stock"), which shall become fully vested on the Effective Date. If Employee revokes this Agreement pursuant to Section 22, all shares of Restricted Stock that are not vested as of the date hereof shall be forfeited without any payment by Employer hereunder.

(b) Prior to the delivery of the certificates for any Common Shares upon vesting of the Restricted Stock under Section 6(a), Employee shall have paid all federal, state, local, employment and other taxes that are required to be withheld or paid in connection with the vesting of such award. For avoidance of doubt, as of the date of this Agreement, the minimum statutory required withholding rate for federal income taxes with respect to the taxation of the Restricted Stock awarded is (i) 22% for any taxable amount up to \$1,000,000 and (ii) 37% for any taxable amount in excess of \$1,000,000. Employee has elected to satisfy his withholding obligation by authorizing Employer to withhold from the Restricted Shares deliverable upon vesting the whole number of Common Shares having an aggregate Fair Market Value determined as of the Tax Date (as such terms are defined in the 2013 Equity Incentive Plan, as amended), equal to the amount necessary to satisfy any such obligation. Common Shares to be delivered or withheld may not have an aggregate Fair Market Value in excess of the amount determined by applying the minimum statutory withholding rate. Any fraction of a Common Share that would be required to satisfy such an obligation shall be disregarded and the remaining amount due shall be paid in cash by the holder. Employee will be responsible to pay all taxes due to the vesting of the Restricted Stock in excess of the minimum tax withholding amount.

7. Except as set forth in this Agreement, no further payments will be made to Employee for wages, salary, bonus, expense reimbursement, commissions, benefits, severance, personal days, sick pay or otherwise. More specifically, Employee is not eligible to receive any payment under Employer's 2018 bonus plan. Notwithstanding the foregoing, nothing herein shall reduce or eliminate vested rights or benefits under any retirement plan (qualified or nonqualified). Employee's stock under the employee stock matching program will vest as outlined in that plan.

8. Employee releases, forever discharges and covenants not to sue Employer or its current or former parent companies, subsidiaries, affiliates, predecessors, successors, insurers, directors, officers, employees, agents, or assigns, with respect to any and all claims, causes of action, suits, debts, sums of money, controversies, agreements, promises, damages, and demands whatsoever, including attorneys' fees and court costs, in law or equity or before any federal, state or local administrative agency, whether known or unknown, suspected or unsuspected, which Employee has, had, or may have, based on any event occurring, or alleged to have occurred, to the date of this Agreement. This release includes, but is not limited to, claims under Title VII of the Civil Rights Act of 1964, as amended, the Americans with Disabilities Act, the Rehabilitation Act, the Age Discrimination in

Employment Act, the National Labor Relations Act, the Family and Medical Leave Act, the Employee Retirement Income Security Act, the Illinois Human Rights Act, the Illinois Minimum Wage Law, the Illinois Wage Payment and Collection Act, and any other federal, state or local statute, law, regulation, ordinance, or order, claims for retaliatory discharge, and claims arising under common law, contract, implied contract, public policy or tort. To the extent that any such claim cannot be waived as a matter of law, it is understood that Employee reserves the right to file such claim, but Employee expressly waives Employee's right to any relief of any kind should any person or entity pursue any claim on Employee's behalf. This Agreement does not prevent Employee from filing a charge, testifying, assisting, or cooperating with the EEOC or similar employment law enforcement agency, but Employee waives any right to any relief of any kind should the EEOC or other agency pursue any claim on Employee's behalf. Notwithstanding the foregoing release of all claims, it is understood and agreed that the following claims, if any, are not released: (a) claims for unemployment compensation; (b) claims for workers' compensation benefits; (c) claims for continuing health insurance coverage under COBRA; and (d) claims pertaining to vested benefits under any retirement plan governed by the Employee Retirement Income Security Act (ERISA).

9. Employee expressly waives and relinquishes all rights and benefits provided to Employee by any statute or other law which prohibits release of unspecified claims and acknowledges that this release is intended to include all claims Employee has or may have against Employer (or its current or former parent companies, subsidiaries, affiliates, predecessors, successors, insurers, directors, officers, employees, agents, or assigns), whether Employee is aware of them or not, and that all such claims are released by this Agreement.

10. Employee represents and affirms that Employee has been paid all wages due, has suffered no occupational illness or injury, and has no other claims against Employer (or its current or former parent companies, subsidiaries, affiliates, predecessors, successors, insurers, directors, officers, employees, agents, or assigns). Employee agrees that, unless otherwise required by law or as otherwise provided in this Agreement, he will not in the future file, participate or testify in, encourage or instigate the filing of any complaint or lawsuit, by any party, in any federal, state or local court, against Employer (or its current or former parent companies, subsidiaries, affiliates, predecessors, successors, insurers, directors, officers, employees, agents, or assigns) based upon any event occurring prior to the date of execution of this Agreement.

11. Employee represents that he has not filed any charges, lawsuits or proceedings against Employer (or its current or former parent companies, subsidiaries, affiliates, predecessors, successors, insurers, directors, officers, employees, agents, or assigns).

12. Employee agrees that he will not retain, use, misuse or disclose, directly or indirectly, any of Employer's Confidential Information. Employee understands and agrees that for purposes of this Agreement, "Confidential Information" means the same as defined in the Advisor Agreement. Employee recognizes that such Confidential Information is a unique asset of Employer, developed and perfected over a considerable time and at substantial expense to Employer and the disclosure of which

may cause injury, loss of profits and loss of goodwill to Employer or its subsidiaries or affiliates. Employee represents and warrants that, at all times during his employment with Employer, Employee fully complied with any and all confidentiality agreements executed by him and any and all policies or directives of Employer related to the use and disclosure of Confidential Information. Employee states that he has returned all property of Employer (or its current or former parent companies, subsidiaries, affiliates, predecessors, successors, insurers, directors, officers, employees, agents, or assigns) within his possession and control to Employer, except as otherwise stated in the Advisor Agreement. Employee's return of all property of Employer is a condition precedent to Employee's receipt of the payments set forth in Paragraph 4.

13. Employee agrees to fully cooperate with Employer (and its current or former parent companies, subsidiaries, affiliates, predecessors, successors, insurers, directors, officers, employees, agents, or assigns) as requested by Employer in any matter relating to (i) the transition of business matters handled by Employee during his employment and (ii) any litigation, or other legal or regulatory proceeding, brought by or against Employer (or its current or former parent companies, subsidiaries, affiliates, predecessors, successors, insurers, directors, officers, employees, agents, or assigns) whether now pending or brought in the future.

14. This Agreement is strictly confidential and Employee will not inform any person of any of its terms and conditions or the amount of severance provided herein, except for Employee's attorney, members of his immediate family and those who need to know for Employee's compliance with federal, state, or local law. Employee will instruct any persons advised about this Agreement to keep such information strictly confidential.

15. Employee will direct all requests for references to Yvonne Alfonso Santana, Employer's Vice President - Human Resources. Ms. Santana will respond to any written requests for references from prospective employers of Employee with information as to Employee's dates of employment with Employer and job title.

16. Employee will not: (a) make oral or written statements in any forum, including, without limitation, social networking, blog, or similar internet sites, about Employer (or its current or former parent companies, subsidiaries, affiliates, predecessors, successors, insurers, directors, officers, employees, agents, or assigns) that could reasonably be expected to adversely affect Employer's reputation or business; (b) engage in any conduct that could harm or adversely affect Employer's business, reputation, operations, or employees; or (c) reapply for or accept employment with the Employer. Nothing in this Agreement is intended to prohibit or restrict Employee from: (a) making any disclosure of information required by law (including pursuant to a valid subpoena or other legal process); (b) providing information to, or testifying or otherwise assisting in any investigation or proceeding brought by, any federal regulatory or law enforcement agency or legislative body, or any self-regulatory organization; or (c) filing, testifying, participating in, or otherwise assisting in a proceeding relating to an alleged violation of any federal, state, or municipal law relating to fraud or any rule or regulation of the Securities and Exchange Commission or any self-regulatory organization.

17. Employee understands that this Agreement fully sets forth all separation benefits he will receive from Employer (or its current or former parent companies, subsidiaries, affiliates, predecessors, successors, insurers, directors, officers, employees, agents, or assigns), and it supersedes any offers or promises, whether oral or written, made at any time.

18. In the event of Employee's death during the period in which Employee is receiving payments under this Agreement, Employer will pay to Employee's estate any balance due to Employee.

19. This Agreement will not take effect until after Employee signs it and it is received by Yvonne Alfonso Santana at 150 Pierce Road, 6th Floor Itasca, IL 60143.

20. If for any reason any portion of this Agreement shall be held invalid or unenforceable, this fact shall not affect the validity or enforceability of the remaining portions of this Agreement.

21. Employee acknowledges that he has fully read this Agreement, understands its terms, and is entering into this Agreement knowingly and voluntarily.

22. Employee acknowledges that his waiver of rights or claims arising under the Age Discrimination in Employment Act ("ADEA") is in writing, written in a manner calculated to be understood, and is understood by him.

- a. Employee understands that by signing this document, he does not waive ADEA rights that may arise after the date this Agreement is signed.
- b. Employee acknowledges that the waiver of his ADEA rights is in exchange for the consideration outlined above, which is above and beyond what he is otherwise entitled to receive from Employer.
- c. Employee acknowledges that he has been advised by Employer that he may, but does not have to take, 21 days, which Employee acknowledges is a reasonable period of time, to consider this document and to sign and return this Agreement.
- d. Employee acknowledges that Employer, by this Agreement, is advising him in writing to consult with an attorney of his choosing before signing this document.
- e. Employee may revoke this Agreement at any time during the seven (7) days following his signing. If Employee wishes to revoke this Agreement, he must notify Yvonne Alfonso Santana, in writing, at 150 Pierce Road, 6th Floor Itasca, IL 60143, within seven (7) days after signing this Agreement. This Agreement will not be effective and enforceable and no payments under this Agreement will be made until the seven (7) day revocation period expires (the "Effective Date").
- f. In the event Employee fails to execute and return this Agreement on or before the expiration of the 21 day period, or if Employee timely executes and then elects to revoke this Agreement within the seven (7) day revocation period, this Agreement will be of no further force and effect and neither Employee nor Employer will have any rights or obligations hereunder.

23. This Agreement shall be subject to and governed by and in accordance with the laws of the State of Illinois, without regard to conflict of laws principles.

**THIS DOCUMENT IS A RELEASE OF ALL CLAIMS -
READ CAREFULLY BEFORE SIGNING**

DATED: _____

Hassan R. Baqar

KINGSWAY AMERICA INC.

DATED: _____

By: _____

Its _____

KINGSWAY AMERICA INC.

DATED: _____

By: _____

Its _____

ADVISOR AGREEMENT

THIS AGREEMENT entered into this 31st day of January, 2019

B E T W E E N:

KINGSWAY AMERICA INC.

("Kingsway")

and

SEQUOIA FINANCIAL LLC

("Advisor")

WHEREAS Hassan R. Baqar ("Baqar") has been the Vice President of Finance for Kingsway and Kingsway Financial Services Inc. ("KFS") since January 1, 2010;

AND WHEREAS Kingsway will be eliminating his position effective as of January 31, 2019 (the "Effective Date");

AND WHEREAS Kingsway and Baqar have entered into an Employment Separation Agreement and Release dated January 31, 2019 (the "Separation Agreement");

AND WHEREAS Kingsway and its affiliates wish to retain the services of Baqar through Advisor for a transitional period, in light of Baqar's considerable and valuable skills, experience and institutional knowledge;

AND WHEREAS Kingsway wishes to enter into this Advisor Agreement (the "Agreement") with Advisor for an initial term of twelve months from the date of the Agreement, and Advisor wishes to act as an advisor to Kingsway for such initial term;

AND WHEREAS it is the intention of Kingsway and Advisor (the "Parties") to establish an independent contractor relationship for all purposes and not continue an employee and employer relationship;

ACCORDINGLY, for good and valuable consideration the Parties enter into this Agreement whereby Advisor will provide the advisory services to Kingsway under the following terms:

ADVISORY SERVICES

1. Kingsway hereby retains the advisory services of Advisor in respect of the matters set out in Appendix "A" to this Agreement (the "Services").
2. Advisor agrees that it will devote the necessary time and energy to ensure the Services are carried out to the reasonable satisfaction of Kingsway as set forth in this Agreement.

FEES

3. Immediately following the Effective Date, Advisor shall receive a base consulting fee of USD \$3,333.33 per month, payable in arrears. The first payment will be due on March 1, 2019 and additional payments will be due on the same day of each month thereafter. Advisor shall also be entitled to the reimbursement of reasonable, documented, out of pocket expenses incurred by it in connection with the provision of the Services.

4. After the end of the Term (as defined below) of this Agreement, any subsequent provision of, and compensation for, Services shall be subject to negotiation between the Parties.
5. Kingsway shall make its staff reasonably available to Advisor in support of provision of the Services for the Term of this Agreement.

TERM

6. The term of this Agreement shall commence on the Effective Date, for an initial term of twelve (12) months after the Effective Date (the "Initial Term"), unless terminated earlier or extended as provided by this Agreement. The Parties may mutually agree to extend the Initial Term or any renewal term of this Agreement for subsequent three (3) month terms (the term of this Agreement, as may be extended, the "Term"). For greater certainty, the Term will lapse unextended at the end of such Term unless the Parties mutually agree on the subsequent three (3) month extension.
7. Notwithstanding Section 6 above, Kingsway or Advisor may terminate this Agreement upon a material breach by the other party, which breach is not cured within ten (10) days of written notice. If the Agreement is terminated by Kingsway for any material breach by the Advisor, no further base consulting fee payments shall be due Advisor attributable to any period after the termination date. If the Agreement is terminated by Advisor for any material breach by Kingsway, Advisor will render no further Services to Kingsway for any period after the termination date.
8. Sections 12, 13, 16, General and Arbitration shall survive any termination or expiration of this Agreement.

PROVISION OF SERVICES

9. Except as may be otherwise set forth in this Agreement, Advisor agrees that Kingsway shall not be responsible for providing an office, a vehicle, equipment, tools, licencing fees, or insurance coverage in order for Advisor to provide Services. Kingsway agrees to allow Baqar to take ownership of the Kingsway laptop, monitors, scanner and printer currently assigned to Baqar during his employment.
10. Kingsway agrees that Advisor shall determine its schedule and methodology to ensure that the Services rendered are completed within any reasonable project timetable established by Kingsway after consultation with Baqar.
11. It is agreed that Advisor shall act as an independent contractor in the provision of all Services under this Agreement. Accordingly, Advisor shall bear all liability that results from the provision of Services under this Agreement, including, but not limited to, remittances for any personal or corporate taxes, payroll taxes, insurance premiums or any other duties, levies or taxes. For greater certainty, the Parties agree that nothing in this Agreement creates an employer and employee relationship between the Parties.
12. Advisor agrees to indemnify and save harmless Kingsway from any personal taxes, payroll withholding taxes, FICA, insurance premiums or any other duties, levies or taxes associated with any payment to Advisor under this Agreement.

NON-EXCLUSIVITY

13. Kingsway acknowledges and agrees that Advisor's provision of the Services hereunder is non-exclusive and Advisor/Baqar shall be entitled to enter into contracts for service or employment with other entities from time to time.

CONFIDENTIALITY

14. Advisor and Baqar agree that they will not retain, use, misuse or disclose, directly or indirectly, any of Kingsway's Confidential Information. Advisor and Baqar understand and agree that for purposes of this Agreement, "Confidential Information" includes all confidential information and trade secrets of Kingsway and its parent company, subsidiaries and affiliates to which Baqar had access during his employment, all trade secrets and other information furnished by Kingsway to Baqar and all information to which Baqar gained access during his employment relationship with Kingsway which is either non-public, confidential or proprietary in nature, whether such information is legally privileged or the property of Kingsway (or its parent company, subsidiaries or affiliates). Confidential Information does not include Baqar's general knowledge and know-how that is not proprietary to Kingsway, including, but not limited to, utilization of NOL's to capitalize real estate transactions, and such information concerning insurance backed securities. Confidential Information also does not include: (a) information that was available to the general public at the time it was disclosed or which through no act or omission of Advisor or Baqar, becomes publicly available; (b) information that Advisor or Baqar rightfully possessed independent of any obligation of confidentiality; (c) information that Advisor or Baqar rightfully receives without obligation of confidentiality from any third-party; or (d) information Advisor or Baqar develops

independently without using the Confidential Information. Advisor and Baqar recognize that such Confidential Information is a unique asset of Kingsway, developed and perfected over a considerable time and at substantial expense to Kingsway and the disclosure of which may cause injury, loss of profits and loss of goodwill to Kingsway or its parent company, subsidiaries or affiliates.

15. Advisor and Baqar understand that the nature of Advisor's advisory role with Kingsway and its subsidiaries may give Baqar access to and knowledge of Confidential Information. Advisor and Baqar further understand and acknowledge that Kingsway's and its parent and subsidiaries' ability to protect their respective Confidential Information is of great competitive importance and commercial value to Kingsway and its parent and subsidiaries, and that improper use or disclosure by Advisor or Baqar may result in unfair or unlawful competitive activity.

NO BREACH OF OTHER OBLIGATIONS

16. Baqar and Advisor acknowledge and represent to Kingsway that:
- (a) The performance of the Services for Kingsway by Advisor and any of his employees and/or agents shall not breach any non-competition agreement, non-solicitation agreement or any agreement to keep confidential the proprietary information of any present or prior client, employer or proprietor of Baqar, Advisor or any third party.
 - (b) Baqar and Advisor also acknowledge and represent to Kingsway that Baqar and Advisor shall not use in the performance of the Services any confidential materials or documents of any third party.
 - (c) Baqar and Advisor further acknowledge and represent that they are not a party to any agreement or obligation with any third party, which conflicts with any obligations of Baqar and Advisor under this Agreement.

GENERAL

17. Each of the Parties represents and warrants: (a) it/he has the power, capacity and authority to execute, deliver and carry out the terms and provisions of this Agreement and to consummate the transactions contemplated hereby; and (b) this Agreement has been duly authorized, executed and delivered by it/him and constitutes a legal, valid and binding obligation enforceable against it in accordance with its terms.
18. This Agreement shall be governed by and construed in accordance with the laws of Illinois, without reference to its conflict of laws principles.
19. The invalidity or unenforceability of any provision of the Agreement shall not affect the validity or enforceability of any other provision in this Agreement. Any court is expressly authorized to modify any unenforceable provision of this Agreement instead of severing the unenforceable provision from this Agreement in its entirety, whether by rewriting the offending provision, deleting any or all of the offending provision, adding additional language to the provision, or making any other modifications it deems warranted to carry out the intent and purpose of the Agreement.
20. This Agreement, including any of the rights, duties or obligations herein, is not assignable or transferable by Kingsway or Advisor without the prior written consent of the other party. Any attempt to assign any of the rights, duties or obligations in this Agreement without such written consent is void.
21. Apart from Kingsway and Advisor, no other person shall have any rights under this Agreement.
22. Advisor shall ensure that only Baqar shall provide the Services to Kingsway, unless Kingsway provides written consent to allow another employee or agent of Advisor to provide it services on behalf of Advisor.
23. There shall be no waiver of breach of any term or condition of this Agreement unless the waiver is in writing signed by the party who has not committed the breach.
24. Baqar and Advisor agree that this Agreement represents a new relationship with Kingsway and not a continuation of any pre-existing relationship.
25. This Agreement, including Appendix "A," and the Separation Agreement contain the entire understanding among Kingsway, Advisor and Baqar with respect to the subject matter hereof and thereof, there are no restrictions, agreements, promises, representations, warranties, covenants or other undertakings other than those expressly set forth in this Agreement and the Separation Agreement that pertain to the subject matter of this Agreement and the Separation Agreement; provided, however, that this Agreement does not supersede other agreements between the Parties relating to other matters. This Agreement may be amended only by a written instrument duly executed by all of the Parties or their respective successors or assigns.
26. Advisor acknowledges that it has had the opportunity to receive independent legal advice or such other advice as it has deemed necessary in relation to this Agreement. Advisor further acknowledges that Advisor understands its rights and obligations under this Agreement, is voluntarily signing this Agreement, and accepts the terms of this Agreement.

ARBITRATION

27. The Parties agree that any dispute, controversy, or claim arising out of or related to in any way to this Agreement, or any breach of this Agreement or the Separation Agreement, shall be submitted to and decided by binding arbitration in Chicago, Illinois. Arbitration shall be administered under the laws of the American Arbitration Association (AAA) in accordance with the AAA's Employment Arbitration Rules in effect at the time the arbitration is commenced. The AAA's rules are also available online at www.adr.org. Discovery in any arbitration proceeding shall be conducted according to the AAA's Employment Arbitration Rules. To the extent not provided for in the AAA's Employment Arbitration Rules, the Arbitrator has the power to order discovery upon a showing that discovery is necessary for a party to have a fair opportunity to present a claim or defense.
28. This agreement to arbitrate covers all grievances, disputes, claims, or causes of action that otherwise could be brought in a federal, state, or local court or agency under applicable federal, state, or local laws, including claims Advisor may have against Kingsway or against its officers, directors, supervisors, managers, employees, or agents in their capacity as such or otherwise, or that Kingsway may have against Advisor. The claims covered by this agreement to arbitrate include, but are not limited to, claims for breach of any contract or covenant (express or implied), tort claims, claims for wages, or other compensation due, claims for wrongful termination (constructive or actual), claims for discrimination or harassment (including, but not limited to, harassment or discrimination based on race, age, color, sex, gender, national origin, alienage or citizenship status, ancestry, creed, religion, marital status, partnership status, military status, unfavorable discharge from military service, order of protection status, predisposing genetic characteristics, medical condition, psychological condition, mental condition, criminal accusations and convictions, arrest record, expunged or sealed convictions, disability, pregnancy, sexual orientation, or any other trait or characteristic protected by federal, state, or local law), and claims for violation of any federal, state, local, or other governmental law, statute, regulation, or ordinance relating to the matters set forth in this Agreement.
29. Parties expressly intend and agree that: (a) class action and representative action procedures shall not be asserted, nor will they apply, in any arbitration; (b) each will not assert class action or representative action claims against the other in arbitration or otherwise; and (c) Parties shall only submit their own, individual claims in arbitration and will not seek to represent the interests of any other person. Further, Parties expressly intend and agree that any claims by Advisor and/or Baqar will not be joined, consolidated, or heard together with claims of any other employee of Kingsway.
30. Any arbitral award determination shall be final and binding upon the Parties. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.
31. If any provision of this agreement to arbitrate is adjudged to be void or otherwise unenforceable, in whole or in part, the void or unenforceable provision shall be severed and such adjudication shall not affect the validity of the remainder of this agreement to arbitrate.
32. Any and all notices or other communications hereunder shall be in writing and shall be deemed properly served (i) on the date sent if transmitted by hand delivery with receipt therefore, (ii) on the date of transmittal if sent by email if sent on a business day, if not, on the next succeeding business day, (iii) one business day after the notice is deposited with an overnight courier, or (iv) three (3) days after being sent by registered or certified mail, return receipt requested, first class postage prepaid, addressed as follows (or to such new address as the addressee of such a communication may have notified the sender thereof):

To Kingsway:

Kingsway America Inc.

150 Pierce Road, Suite 600

Itasca, IL 60143

Attn: William A. Hickey, Jr.

Phone: 847-871-6416

Email: whickey@kingswayfinancial.com

To Advisor:

Attention: Hassan R. Baqar

Sequoia Financial LLC

425 Jason Lane, Schaumburg, IL 60173

Phone: 847-791-6817

Email: razabaqar@hotmail.com

33. All costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses.

[Signature page follows.]

[Signature Page to Advisor Agreement]

DATED at Itasca, IL this 31st day of January, 2019.

KINGSWAY AMERICA INC.

Per:

Name:

Title:

DATED at Itasca, IL this 31st day of January, 2019.

Witness

Name: Hassan R. Baqar
Managing Member
Sequoia Financial LLC

APPENDIX "A"

Services Summary: Unless specifically set forth otherwise below, Advisor shall be responsible for providing the following Services to Kingsway and its affiliates in exchange for payment of the base consulting fee as set forth in the attached Agreement:

1. Risk mitigation - cooperate with Kingsway in the truthful and honest investigation, prosecution and/or defense of any claim in which Kingsway or any of its subsidiaries or KFS may have an interest, which may include, without limitation, making himself available on a reasonable basis to participate in any legal or regulatory proceeding involving any of such persons, allowing himself to be interviewed by representatives of Kingsway, participating as requested in interviews and/or preparation by any of such persons of other witnesses, protecting the applicable legal privileges of such persons, appearing for depositions and testimony without requiring a subpoena, and producing and/or providing any documents or names of other persons with relevant information.
2. Value maximization and monetization of investments - assist Kingsway with the review, evaluation, management and monetization of certain investments within the knowledge of Baqar during his tenure with Kingsway and KFS.
3. Audit assistance - engage as requested with Kingsway's auditor, RSM, to facilitate the completion of the 2018 audit.
4. Scope - Advisor will generally make himself available during the Term up to a cumulative number of hours intended to be in the proportion that the fees paid to Advisor are to the base salary that Baqar would have been paid during the same period. Advisor, in his capacity as an independent contractor, will have discretion over when the hours are worked.