

## **KINGSWAY FINANCIAL SERVICES INC.**

### **COMPENSATION & MANAGEMENT RESOURCES COMMITTEE CHARTER**

#### **I. Purpose**

The primary purpose of the Compensation & Management Resources Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of Kingsway Financial Services Inc. (the “**Company**”) is to:

- (i) Assist the Board in discharging its responsibilities in respect of compensation of the Company's Senior Officers (as defined below) and Subsidiary Presidents (as defined below);
- (ii) Provide recommendations to the Board in connection with directors' compensation;
- (iii) Provide recommendations to the Board in connection with succession planning for senior management of the Company; and
- (iv) Produce an annual report for inclusion in the Company's annual management information circular on executive compensation and for inclusion in the Company's proxy statement and Annual Report on Form 10-K.

#### **II. Organization**

The Committee shall consist of two or more directors, each of whom shall satisfy the applicable independence requirements of the Toronto Stock Exchange, the New York Stock Exchange and any other regulatory requirements. At least two members of the Committee also shall qualify as “outside” directors within the meaning of U.S. Internal Revenue Code Section 162(m) and as “non-employee” directors within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended.

Committee members shall be elected by the Board annually at the first meeting of the Board following the annual general shareholders meeting; members shall serve until their successors are duly elected and qualified. The Committee's chairperson shall be designated by the full Board or, if it does not do so, the Committee members shall elect a chairperson by vote of a majority of the full Committee.

The Committee may form and delegate authority to subcommittees when appropriate.

#### **III. Structure and Meetings**

The chairperson of the Committee will preside at each meeting of the Committee and, in consultation with the other members of the Committee, shall set the frequency and length of each meeting.

#### IV. Duties and Responsibilities

The Committee shall have the power and authority of the Board to perform the following duties and to fulfill the following responsibilities:

- (i) Annually develop guidelines, review and set the compensation and performance goals of the senior officers of the Company; namely the President and Chief Executive Officer (“**CEO**”), the Chief Financial Officer, the Chief Operating Officer, and the other senior officers of the Company (collectively, the “**Senior Officers**”) and the President of each of the Company's insurance subsidiaries (the “**Subsidiary Presidents**”); and determine and approve the compensation of the CEO based on an evaluation of the performance of the CEO in light of these goals;
- (ii) Review and approve recommendations from the CEO with respect to compensation for the Senior Officers and the Subsidiary Presidents including benefits and perquisites, incentive compensation plans and equity-based plans and review and approve any employment agreements, severance arrangements, and change in control agreements for the Senior Officers and Subsidiary Presidents;
- (iii) Review criteria from time to time for the granting of options and other long term incentives to the Company's officers and other employees and review and approve the granting of options in accordance with such criteria;
- (iv) Consider the impact of the Company’s compensation plans and incentives on the Company’s risk profile;
- (v) Review and discuss the Compensation Discussion and Analysis (the “**CD&A**”) required to be included in the Company’s proxy statement and annual report on Form 10-K by the rules and regulations of the U.S. Securities and Exchange Commission (the “**SEC**”) with management, and, based on such review and discussion, determine whether or not to recommend to the Board that the CD&A be so included;
- (vi) Produce an annual report on executive compensation for inclusion in the Company's management information circular and the Company’s proxy statement and Annual Report on Form 10-K, in accordance with applicable rules and regulations of Canadian and U.S. regulatory authorities;
- (vii) Oversee the Company’s compliance with SEC rules and regulations regarding shareholder approval of certain executive compensation matters, including advisory votes on executive compensation and the frequency of such votes, and the requirement under the rules of the New York Stock Exchange that, with limited exceptions, shareholders approve equity compensation plans;
- (viii) Review, approve and revise plans for managerial succession of the Company;

- (ix) Review director compensation levels, and recommend, from time to time, changes in such compensation levels to the Board with equity ownership in the Company encouraged;
- (x) Report regularly to the Board with respect to (a) such matters as are relevant to the Committee's discharge of its responsibilities and (b) such recommendations as the Committee may deem appropriate.
- (xi) Annually review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval;
- (xii) Annually evaluate the performance of the Committee; and
- (xiii) Perform such other duties and responsibilities, consistent with this Charter, the Company's bylaws, governing law, the rules and regulations of the New York Stock Exchange and the Toronto Stock Exchange, the U.S. and Canada federal securities laws and such other requirements applicable to the Company, delegated to the Committee by the Board.

#### **V. Committee Resources**

The Committee shall have the sole authority to retain and terminate (or obtain the advice of) any adviser to assist it in the performance of its duties, but only after taking into consideration all factors relevant to the adviser's independence from management, including those specified in Section 303A.05(c) of the New York Stock Exchange Listed Company Manual. The Committee shall evaluate and determine whether any compensation consultant retained or to be retained by it has any conflict of interest in accordance with Item 407(e)(3)(iv) of Regulation S-K under the rules and regulations of the SEC. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any adviser retained by the Committee, and shall have sole authority to approve the adviser's fees and the other terms and conditions of the adviser's retention. The Company must provide funding, as determined by the Committee, for payment of reasonable compensation to any adviser retained by the Committee.

**Adopted by the Board on March 17, 2017.**