



## Kingsway Financial Services Inc.

*FOR IMMEDIATE RELEASE - APRIL 25, 1996*

**TSE SYMBOL: KFS**

### **KINGSWAY REPORTS FIRST QUARTER 1996 EARNINGS OF \$ 1,592,000**

**Toronto, Ontario.** Kingsway Financial Services Inc. today announced its results for the quarter ended March 31, 1996. For the first quarter, the Company reported consolidated net income of \$1,592,000 which exceeded forecast earnings of \$1,235,000 and 1995 first quarter earnings of \$549,000.

Earnings per Common Share were 32 cents for the quarter on 4,986,700 shares, the weighted average number outstanding. This exceeded forecast earnings of 26 cents per share for the first quarter contained in the Company's initial public offering prospectus, and 18 cents for the first quarter of 1995 based on 4,816,500 shares and 3,000,000 shares outstanding, respectively.

Fully diluted earnings per share were 31 cents (on 5,185,200 shares) compared to the forecast of 25 cents (on 4,881,000 shares) and 1995 first quarter earnings of 18 cents (on 3,000,000 shares).

"The strong earnings for the first quarter, provide an excellent start to 1996", said Bill Star, President and Chief Executive Officer. "Earnings from Kingsway General Insurance Company ("Kingsway") were in excess of the amounts forecast. We are particularly pleased with the earnings of \$262,000 or 5 cents per share that York Fire and Casualty Insurance Company ("York") contributed subsequent to its acquisition on February 29, 1996".

Gross premiums written for the quarter ended March 31, 1996 were \$21,856,000 which exceeded the forecast for the quarter of \$20,425,000, and \$10,569,000 for the first quarter of 1995. Gross premiums written for the quarter include \$2,548,000 written by York subsequent to its acquisition on February 29, 1996.

Net premiums written were \$26,336,000 for the quarter which exceeded the forecast of \$17,194,000 for the quarter and \$8,501,000 for the first quarter of 1995. Net premiums written by York in the quarter amounted to \$8,563,000 as a result of the restructuring of its reinsurance program. Effective March 31, 1996 York's reinsurance program was restructured and it now operates with the same protection as Kingsway, which limits the group's exposure to \$200,000 per occurrence.

Net earned premiums for the first quarter were \$15,655,000 compared to the forecast of \$16,878,000 for the quarter, and \$10,614,000 for the first quarter of 1995. York's net premiums earned for the quarter amounted to \$1,562,000.

The claims ratio for the first quarter was 64.7%, which was better than the forecast of 67% and the claims ratio of 68.6% reported in the first quarter of 1995. The combined ratio was 94.0% which was better than the forecast of 94.7% and 99.2% for the first quarter of 1995.

In accordance with the new Canadian accounting standard "Financial Instruments", which is effective for 1996, certain comparative financial statement amounts have been restated. Deferred policy acquisition costs, unpaid claims and unearned premiums included in the Consolidated Balance Sheets were previously shown net of the amounts ceded to reinsurers.

Kingsway Financial Services Inc.'s shares are listed on the Toronto Stock Exchange under the trading symbol 'KFS'. The Company operates through two wholly owned insurance subsidiaries, Kingsway and York. Kingsway's primary business is the insuring of automobile risks for drivers who do not meet the criteria for coverage by insurers in the standard market as well as commercial automobile, property and other specialty insurance products. York is licenced in Ontario and offers traditional property and casualty insurance products including specialty programs such as the Abstainers Program.

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