



Kingsway Financial Services Inc.

TSE SYMBOL: KFS FOR IMMEDIATE RELEASE AUGUST 26, 1996

KINGSWAY SIGNS ENGAGEMENT LETTER FOR \$30 MILLION TREASURY ISSUE

Toronto, Ontario. Kingsway Financial Services Inc. today announced that it had signed an engagement letter with a group of underwriters, led by First Marathon Securities Limited, for a proposed public offering of its common shares. The offering is expected to comprise a treasury issue of common shares amounting to approximately \$30 million accompanied by a concurrent secondary offering of upto \$6 million by Intercargo Corporation, the company's largest shareholder. The engagement letter is subject to a number of conditions including the completion of due diligence and the execution of a definitive underwriting agreement.

The proceeds of the issue are expected to be used to increase the regulatory capital for certain of its insurance operations, for working capital and for future strategic acquisitions.

On August 24th 1996 the Directors passed a resolution to subdivide the Company's common stock on a 2 for 1 basis. The ratification of this is subject to shareholder approval at a special meeting to be held in early October. The Directors also accepted the resignation of Lawrence P. Goecking, the former Chief Financial Officer of Intercargo Corporation, as a Director of the company. Michael L. Ryback, the Chief Financial Officer of Intercargo Corporation, was appointed as a Director of the company to hold office until the next Annual Meeting of the shareholders.

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 General Insurance Company and York Fire & Casualty Insurance Company. 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. Kingsway is licensed and operates in every province in Canada. York is licensed and operates in Ontario offering traditional property and casualty insurance products including specialty programs such as the Abstainers Program.

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