



Kingsway Financial Services Inc.

FOR IMMEDIATE RELEASE - APRIL 24th 1997

TSE SYMBOL: KFS

KINGSWAY REPORTS RECORD EARNINGS FOR FIRST QUARTER

Toronto, Ontario. Kingsway Financial Services Inc. today announced its results for the three months ended March 31st 1997. Earnings for the first quarter exceeded prior year earnings by 163%.

For the first quarter, consolidated net income was \$4,191,000 compared to 1996 first quarter earnings of \$1,592,000. Underwriting profit for the quarter was \$1,555,000 which exceeded the underwriting profit of \$946,000 reported in the first quarter of 1996 by 64%. Return on equity on an annualized basis was 18.9% for the quarter which was an improvement from the 15.8% for the first quarter of 1996.

Earnings per common share (basic) were 32 cents for the quarter on 13,275,300 shares, the weighted average number outstanding, which exceeded the 16 cents reported for the first quarter of 1996 (based on 9,973,400 shares). Fully diluted earnings per share were 30 cents (on 13,882,400 shares) for the quarter compared to 16 cents (on 10,236,400 shares) for the first quarter of 1996. Book value per share increased to \$6.81 at March 31st 1997 which is an increase of 55% from the previous year.

"We are very pleased with our results for the first quarter," said Bill Star, President and Chief Executive Officer. "The outlook for 1997 appears to be very positive. The introduction of Kingsway General's motorcycle product and the acquisition of Jevco has been extremely well received by the public and by the brokers."

Gross premiums written for the first quarter were \$32,686,000, which exceeded the \$21,856,000 reported in the first quarter of 1996 by 51%. Net premiums written were \$29,392,000 for the quarter which exceeded the \$26,336,000 reported in the first quarter of 1996. Net earned premiums for the first quarter were \$33,318,000 which exceeded the \$15,655,000 reported in the first quarter of 1996 by 113%.

The claims ratio for the quarter was 61.9% which was a significant improvement from the claims ratio of 64.7% reported in the first quarter of 1996. The combined ratio for the quarter was 95.3% compared to 94.0% for the first quarter of 1996.

The general expense ratio was 8.9% for the first quarter compared to 13.2% for the first quarter of 1996. The commissions and premium tax ratio was 24.5% for the first quarter of 1997 compared to 16.1% for the first quarter of 1996, reflecting the increased commission offered to brokers on non-standard automobile policies, the elimination of ceding commissions received on reinsurance premiums ceded and increased provincial health tax charges. Non-recurring commission and health tax charges contributed 2.8% to the expense ratio in the first quarter of 1997.

Investment income was \$2,849,000 during the quarter compared to the \$1,280,000 earned in the first quarter of 1996. At March 31st 1997 the market value of the investment portfolio exceeded the carrying value by \$1,536,000.

Kingsway Financial Services Inc.'s shares are listed on the Toronto Stock Exchange under the trading symbol '**KFS**'. The Company operates through three wholly owned insurance subsidiaries, Kingsway General Insurance Company, York Fire & Casualty Insurance Company and Jevco 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 in Ontario and Alberta offering traditional property and casualty insurance products, including specialty programs such as the Seniors and Abstainers programs. Jevco was acquired on March 20th 1997 and is a federally licensed specialty insurer. Jevco's head office is in Montreal and its primary business is the insuring of motorcycle risks.

You are cordially invited to the Company's Annual Meeting which will be held at 4 p.m. today in the Ontario Room of the Royal York Hotel, Front Street, Toronto.

For further information, please contact:

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