

NEWS RELEASE TRANSMITTED BY CANADIAN CORPORATE NEWS

FOR: KINGSWAY FINANCIAL SERVICES INC.

TSE SYMBOL: KFS

AUGUST 12, 1997

Kingsway Filing Final Prospectus for \$98 Million Treasury Offering and \$98.5 Million Secondary Offering

TORONTO, ONTARIO--

NOT FOR DISTRIBUTION TO U.S. WIRE SERVICES OR DISSEMINATION IN THE U.S.

Kingsway Financial Services Inc. today announced that it had received clearance to file its final short form prospectus with the Canadian securities regulatory authorities relating to its public offering of 8,018,180 common shares at a price of \$24.50 per share. Of this amount, the Company is issuing 4,000,000 common shares from treasury and the Company's principal shareholder, Intercargo Corporation, is selling 4,018,180 common shares, representing all of its shareholding in the Company, other than escrowed stock.

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

Kingsway Financial Services Inc.'s common 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, motorcycle 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. Both Kingsway and York are rated "A" (Excellent) by A.M. Best. Jevco is a federally licensed specialty issuer which was acquired on March 20th 1997. Jevco's head office is in Montreal and its primary business is the insuring of motorcycle risks.

-30-

FOR FURTHER INFORMATION PLEASE CONTACT:

Kingsway Financial Services Inc.  
Shaun Jackson  
Vice President and Chief Financial Officer  
(905) 629-7888  
(905) 629-5008 (FAX)

INDUSTRY: FIS  
SUBJECT: FNC

-0-