

NEWS RELEASE TRANSMITTED BY CANADIAN CORPORATE NEWS

FOR: KINGSWAY FINANCIAL SERVICES INC

TSE SYMBOL: KFS

AUGUST 25, 1997

Kingsway Completes \$196 Million Public Offering

TORONTO, ONTARIO--NOT FOR DISSEMINATION OVER U.S. WIRE SERVICES

KINGSWAY FINANCIAL SERVICES INC. announced today that it has completed a public offering of 8,018,180 common shares for gross proceeds of \$196,445,410 consisting of 4,000,000 common shares offered by the Company from treasury and a secondary offering of 4,018,180 common shares by the Company's principal shareholder, Intercargo Corporation, comprising Intercargo's entire non-escrowed shareholding in the Company. The common shares were offered at a price of \$24.50 per share and the offering raised gross proceeds of \$94,080,000 for Kingsway and \$94,507,593 for Intercargo Corporation. First Marathon Securities Limited, CIBC Wood Gundy Securities Inc., Scotia McLeod Inc. and HSBC James Capel Canada Inc. acted as underwriters for the offering.

The estimated net proceeds to the Company will be utilized to fund future acquisitions and to increase the regulatory capital of certain of its insurance operations. The balance of the net proceeds are intended to be used for general corporate purposes.

The common shares of the Company are listed on The Toronto Stock Exchange under the symbol 'KFS'.

The Company, through its subsidiaries, Kingsway General Insurance Company, York Fire & Casualty Insurance Company and Jevco Insurance Company operates in the property and casualty insurance business in Canada.

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FOR FURTHER INFORMATION PLEASE CONTACT:

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INDUSTRY: FIS
SUBJECT: STK

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