

TSE Symbol: KFS

**KINGSWAY FINANCIAL TO ACQUIRE TWO U.S. BASED
NON-STANDARD AUTOMOBILE INSURERS IN CHICAGO AND ALABAMA**

Toronto, Ontario (December 8, 1997) – Kingsway Financial Services Inc. today announced that it has signed binding share purchase agreements to acquire American Service Investment Corporation (“ASIC”), and Southern United Holding, Inc. (“Southern United”). Closing of each transaction is subject to obtaining necessary regulatory approvals and the satisfaction of other closing conditions.

ASIC is a privately-owned holding company that owns all of the shares of American Service Insurance Company, Inc. (“American Service”) and AOA Payment Plan Inc. (AOA). American Service is a non-standard automobile insurance company, incorporated in Illinois, which is licensed to carry on business in Illinois, Indiana and Missouri. AOA is a company involved in financing insurance premiums for insureds of American Service and other insurance carriers.

American Service is a profitable company, which has developed a strong presence in the Chicago market. It is the sixth largest underwriter of non-standard automobile insurance in the Chicago area, and wrote U.S. \$40 million of premiums in 1996. Kingsway recently announced the acquisition of Universal Casualty Company (“Universal”) which is the fifth largest underwriter of non-standard automobile insurance in the Chicago area, writing U.S.\$51 million of premiums in 1996. Kingsway intends to operate the two companies autonomously and to retain all existing employees of both American Service and Universal.

Southern United is a privately owned holding company that owns all of the shares of Southern United Fire Insurance Company (“SUFU”), Funding Plus of America and Consolidated Insurance Management Corp. SUFU is a non-standard automobile insurance company, incorporated in Alabama, which is licensed to carry on business in Alabama, Louisiana, Georgia, Mississippi and Texas. Most of the company’s business is generated in Alabama and Louisiana. SUFU has developed a strong presence in the Alabama and Louisiana markets, and wrote U.S. \$68 million of premiums in 1996.

With the completion of the acquisitions of Universal, American Service and Southern United, which are expected to close in early 1998, Kingsway will establish a group of non-standard automobile companies in the United States which wrote approximately U.S.\$160 million (C\$227 million) in 1996.

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“The acquisition of American Service and Southern United is a continuation of our U.S. growth strategy of acquiring well managed, profitable companies that will operate autonomously with existing management,” says Bill Star, President and Chief Executive Officer of Kingsway. “The acquisition of American Service and Universal will establish a strong presence in the Chicago area, with two well managed and strongly capitalized companies. By becoming part of the Kingsway group, companies like American Service and Southern United are strengthened through diversification and access to the capital needed to realize their growth potential.”

Upon completion of these U.S. acquisitions in early 1998, Kingsway will effectively double its size. Kingsway expects to write approximately \$450 million of premiums in 1998.

Kingsway’s primary business is the insuring of automobile risks for drivers who do not meet the criteria for coverage by standard automobile insurers. The company currently operates through three wholly-owned insurance subsidiaries: Kingsway General Insurance Company, York Fire & Casualty Insurance Company and Jevco Insurance Company.

Kingsway General Insurance is licensed and operates in every province of Canada. York is licensed in Ontario and Alberta, and offers traditional property and casualty insurance products, including specialty programs such as Seniors and Abstainers programs. Both Kingsway General Insurance and York are rated “A” (Excellent) by A.M. Best. Jevco is a federally licensed insurer, which is the largest writer of motorcycle risks in Canada.

Kingsway Financial Services Inc.’s shares are listed on the Toronto Stock Exchange, under the trading symbol “KFS”.

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