



## Kingsway Financial Services Inc.

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TSE SYMBOL: KFS

### KINGSWAY REPORTS RECORD EARNINGS FOR 1996

**Toronto, Ontario.** Kingsway Financial Services Inc. today announced its results for the three months and year ended December 31, 1996. Earnings for the fourth quarter and for the year exceeded both the 1996 forecast and the comparative periods in 1995.

For the fourth quarter, consolidated net income was \$3,893,000, which exceeded 1995 fourth quarter earnings of \$1,211,000 by 221%. Consolidated net income was \$11,162,000 for the year, exceeding 1995 earnings of \$3,767,000 by 196%. Return on equity was 21.2% for the year (19.6% for the quarter) which exceeded the 19.8% (21.9% for the quarter) for 1995.

Earnings per common share (basic) were 32 cents for the quarter on 12,682,900 shares, the weighted average number outstanding, which exceeded the 18 cents reported for the fourth quarter of 1995, (based on 6,518,000 shares). Earnings per share for 1996 were \$1.04 (on 10,724,000 shares), compared to the 1995 earnings of 61 cents (on 6,130,480 shares). Fully diluted earnings per share were 31 cents (on 13,402,200 shares) for the quarter compared to 18 cents (on 6,518,000 shares) for the fourth quarter of 1995. Fully diluted earnings per share for 1996 were 99 cents (on 11,293,000 shares), compared to the 1995 earnings of 62 cents (on 6,130,480 shares). Book value per share increased to \$6.57 at December 31, 1996 which is an increase of 72% for 1996.

"1996 was a very exciting year for our company," said Bill Star, President and Chief Executive Officer. "We experienced substantial internal growth which was very profitable. With the completion of the secondary offering of \$35.5 million we have established a solid capital base. The outlook for 1997 appears to be very positive and the introduction of new programs have been well received".

Gross premiums written for the fourth quarter of 1996 were \$37,776,000, which exceeded the \$19,308,000 reported in the fourth quarter of 1995 by 96%. Gross premiums written for the quarter include \$7,453,000 (\$28,525,000 year to date) written by York Fire which were not included in the prior year amounts. Gross premiums written for the year ended December 31, 1996 were \$140,610,000, which exceeded the \$60,049,000 reported in 1995 by 134%.

Net premiums written were \$34,009,000 for the quarter (\$134,121,000 year to date) which exceeded the \$16,363,000 (\$50,440,000 year to date) reported in the fourth quarter of 1995 by 108%. Net premiums written for the quarter included \$7,246,000 written by York (\$33,149,000 year to date).

Net earned premiums for the fourth quarter were \$33,642,000 (\$107,679,000 year to date) which exceeded the \$12,757,000 reported in the fourth quarter (\$46,063,000 year to date) of 1995 by 164%. York's net premiums earned for the quarter amounted to \$8,388,000 (\$27,188,000 year to date). York Fire contributed net income of \$2,177,000 (\$3,243,000 year to date) or 18 cents per share (30 cents year to date) for the fourth quarter of 1996.

The claims ratio for the year was 64.9% which was an improvement from the claims ratio of 66.5% reported in 1995. The combined ratio for the year was 95.6%, an improvement from 96.6% for 1995. Higher than anticipated claims increased the claims ratio for the fourth quarter of 1996 to 70.7%. Underwriting profit for the year was \$4,707,000 which exceeded the underwriting profit of \$1,560,000 reported in 1995 by 202%.

Investment income was \$4,538,000 (\$9,181,000 year to date) during the quarter compared to the \$956,000 (\$3,615,000 year to date) earned in the fourth quarter of 1995. At December 31, 1996 the market value of the investment portfolio exceeded the carrying value by \$3,285,000 compared to a surplus of \$514,000 at December 31, 1995.

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 Seniors and Abstainers programs.

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