

NEWS RELEASE TRANSMITTED BY CANADIAN CORPORATE NEWS

FOR: KINGSWAY FINANCIAL SERVICES INC.

TSE SYMBOL: KFS

JULY 29, 1997

Kingsway Files Preliminary Short-Form Prospectus For \$100 Million Issue

TORONTO, ONTARIO--Kingsway Financial Services Inc. today announced that it had filed a preliminary short-form prospectus with the securities commissions in all of the Provinces of Canada. The underwriting syndicate for the proposed public offering of the company's common shares is led by First Marathon Securities Limited, and also comprises CIBC Wood Gundy Securities Inc., Scotia McLeod Inc. and HSBC James Capel Canada Inc. The offering is expected to comprise a treasury issue of common shares amounting to approximately \$100 million. In addition, the Company's principal shareholder, Intercargo Corporation, is expected to effect a secondary offering amounting to approximately \$12.5 million.

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

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, 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 insurer which was acquired on March 20th 1997. Jevco's head office is in Montreal and its primary business is the insuring of motorcycle risks.

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FOR FURTHER INFORMATION PLEASE CONTACT:

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INDUSTRY: FIS  
SUBJECT: STK

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