

***FOR IMMEDIATE RELEASE***

**TSE SYMBOL: KFS**

**KINGSWAY FINANCIAL COMPLETES U.S. \$43.8 MILLION ACQUISITION OF  
WALSHIRE ASSURANCE COMPANY**

**Toronto, Ontario (December 14, 1998)** – Kingsway Financial Services Inc. (“Kingsway”) announced today that it has received all required approvals and completed the acquisition of Walshire Assurance Company (“Walshire”), for a purchase price of approximately U.S. \$43.8 million.

Under the terms of the transaction, Kingsway paid Walshire shareholders U.S.\$8.25 per share in cash for all of the 4,491,138 outstanding common shares, and U.S. \$50.00 per share in cash for all of the 128,100 outstanding preferred shares. Kingsway also paid all accrued and unpaid preferred share dividends through to the closing date. Walshire’s shares, currently listed on NASDAQ under the trading symbol ‘WALS’, will cease trading effective immediately.

“The acquisition of Walshire provides us with access to the long-haul trucking insurance market in the United States, as well as the 39 states in which Walshire is currently licensed,” says Bill Star, President and Chief Executive Officer of Kingsway. “The acquisition significantly strengthens our distribution capabilities in the United States, and provides an excellent base from which to grow our operations in this important market.”

Walshire is an insurance holding company, headquartered in York, Pennsylvania. Its principal business is commercial property and casualty insurance, primarily to the trucking industry, which it provides through Lincoln General Insurance Company (“Lincoln”), its main insurance subsidiary. Lincoln is rated “A” Excellent by A.M. Best.

Walshire wrote approximately U.S. \$57 million (approximately Cdn. \$86 million) in gross premiums in 1997, and approximately U.S. \$39 million (approximately Cdn. \$59 million) for the first nine months of 1998. At September 30, 1998, Walshire’s total assets were approximately U.S. \$128 million (approximately Cdn \$192 million). On a pro forma basis, this transaction will increase Kingsway’s total assets to over Cdn. \$1 billion.

Following this transaction, Kingsway will operate Walshire as an autonomous subsidiary under Kingsway America Inc. Kingsway intends to keep Walshire’s management team and retain all existing employees at Walshire’s current head office.

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 seven wholly-owned insurance subsidiaries in Canada and the United States.

Canadian subsidiaries include Kingsway General Insurance Company, York Fire & Casualty Insurance Company and Jevco Insurance Company. A.M. Best recently reaffirmed the "A" Excellent ratings for both Kingsway General Insurance and York. U.S. subsidiaries include Universal Casualty Company, American Service Insurance Company, Southern United Fire Insurance Company and Walshire Assurance Company. Kingsway anticipates that it will complete the previously announced acquisition of Hamilton Investments, Inc. in early 1999. The common shares of Kingsway Financial Services Inc. are listed on the Toronto Stock Exchange, under the trading symbol "KFS".

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