

NEWS RELEASE TRANSMITTED BY CANADIAN CORPORATE NEWS

FOR: KINGSWAY FINANCIAL SERVICES INC.

TSE SYMBOL: KFS

JANUARY 28, 1998

Kingsway Financial Services Closes Second U.S. Acquisition

TORONTO, ONTARIO--Kingsway Financial Services Inc. today announced that it had completed the acquisition of Southern United Holding, Inc. ("Southern United"). Southern owns all of the shares of Southern United Fire Insurance Company ("SUFU"), Funding Plus of America and Consolidated Insurance Management Corp. All required approvals were received and the transaction closed on January 23, 1998.

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. SUFU has developed a strong presence in the Alabama and Louisiana markets, and wrote U.S. \$72 million of premiums in 1997.

The final purchase price will be determined based on the earnings of Southern United for the fiscal years 1997 through to 2000. The consideration will be payable in cash, part of which was paid at closing, with the remainder to be paid following the completion of the audited financial statements for the fiscal years 1997 to 2000. All existing employees will remain in place, including the President, Mr. Michael Myles.

"The acquisition of Southern United is the second step in the building of our U.S. operations," says Bill Star, President and Chief Executive Officer of Kingsway. "The acquisition further strengthens our management team and will provide Southern United with access to the capital that it needs to realize its exciting growth potential."

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 operates through four wholly owned insurance subsidiaries: Kingsway General Insurance Company, York Fire & Casualty Insurance Company, Jevco Insurance Company and Universal Casualty 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. A.M. Best rates both Kingsway General Insurance and York "A" Excellent. Jevco is a federally licensed insurer, which is the largest writer of motorcycle risks in Canada. Universal is incorporated and licensed to carry on business in Illinois, and is the fifth largest underwriter of non-standard automobile insurance in the metropolitan Chicago market.

Kingsway Financial Services Inc.'s shares are listed on the Toronto Stock Exchange, under the trading symbol "KFS".

-30-

FOR FURTHER INFORMATION PLEASE CONTACT:

Kingsway Financial Services Inc.
Shaun Jackson
Vice President and Chief Financial Officer
(905) 629-7888
(905) 629-5008 (FAX)
Web Site: www.kingsway-financial.com

INDUSTRY: FIS
SUBJECT: NWS

-0-