

FOR IMMEDIATE RELEASE

TSE SYMBOL: KFS

**KINGSWAY ANNOUNCES INVESTMENT IN MANAGING GENERAL
UNDERWRITER IN THE UNITED STATES**

Toronto, Ontario (August 12, 1999) – Kingsway Financial Services Inc. (“Kingsway”) today announced that it has acquired a 25% interest in USA Insurance Group, headquartered in Melbourne, Florida.

USA Insurance Group is a managing general underwriter for several insurance companies in the U.S. and is a major provider of insurance to the trucking, transportation and bus industries. It owns nine insurance agencies situated throughout the U.S. and is active in 47 states. In 1998, the Company’s premium volume was in excess of US \$110 million. Kingsway provides insurance to the trucking industry in Canada through Kingsway General Insurance, and in the United States through Lincoln General Insurance Company.

“We believe the relationship between USA Insurance Group and Kingsway will be of great value in developing additional business for our companies in the U.S. and Canada,” said Bill Star, Chairman and Chief Executive Officer. “It will also assist Avalon Risk Management, the agency operation we formed last year, in expanding into more of the transportation lines related to its current business of providing insurance and bonds to custom brokers and freight forwarders.”

The 25% interest in USA Insurance Group will be held as part of the investment portfolio for Kingsway’s U.S. subsidiaries.

About the Company

Kingsway’s primary business is the insuring of automobiles for drivers who do not meet the criteria for coverage by standard automobile insurers. The Company currently operates through nine 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. U.S. subsidiaries include Universal Casualty Company, American Service Insurance Company, Southern United Fire Insurance Company, Walshire Assurance Company, Hamilton Investments, Inc. and Avalon Risk Management, Inc. Kingsway General, York Fire are both rated “A” Excellent by A.M. Best. The common shares of Kingsway Financial Services Inc. are listed on the Toronto Stock Exchange, under the trading symbol “KFS”.

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