

TSE SYMBOL: KFS

KINGSWAY FINANCIAL COMPLETES ACQUISITION OF HAMILTON INVESTMENTS, INC.

Toronto, Ontario (January 8, 1999) – Kingsway Financial Services Inc. (“Kingsway”) announced today that it has received all required approvals and completed the acquisition of Hamilton Investments, Inc. (“Hamilton”).

Hamilton is a privately owned holding company that owns all of the shares of U.S. Security Insurance Company (“USSI”), Appco Finance Corporation (“Appco”), Insurance Management Services, Inc. (“IMS”), Corporate Claims Services, Inc. (“CCS”) and Auto Body Tech, Inc. (“ABT”). USSI is a non-standard automobile insurance company, incorporated and licensed to carry on business in Florida. Appco is one of the largest independent premium finance companies in Florida, providing premium financing to a number of insurance companies. IMS, a managing general agent, CCS, a claim service provider, and ABT, an auto body repair facility, provide services for a number of insurance companies.

“Through this acquisition, we have gained entry to the large and growing Florida market, where we will introduce other products through the company’s agents over time,” says Bill Star, President and Chief Executive Officer of Kingsway. “This acquisition further strengthens our distribution capabilities in the United States, where we are now licensed in 40 states and expect to generate approximately two-thirds of our gross premiums in 1999.”

During the first nine months of 1998, USSI wrote U.S. \$24 million (Cdn. \$36 million) in gross premiums and IMS wrote U.S. \$7 million (Cdn. \$11 million) of premiums under a companion facility with another insurance company. *(All U.S. dollar amounts and Canadian dollar equivalents are approximate).* In 1997, USSI wrote U.S. \$34 million (Cdn. \$51 million) in gross premiums and IMS generated U.S. \$11 million (Cdn. \$17 million) of written premiums under the companion facility.

Kingsway will operate Hamilton as an independent subsidiary under Kingsway America Inc. Kingsway intends to keep Hamilton’s management team and retain all existing employees at Hamilton’s head office in Miami, Florida.

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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 eight 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, Walshire Assurance Company, and Hamilton Investments, Inc. The common shares of Kingsway Financial Services Inc. are listed on the Toronto Stock Exchange, under the trading symbol "KFS".

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