

TSE SYMBOL: KFS

KINGSWAY ANNOUNCES COMPLETION OF U.S. \$100 MILLION DEBT FUNDING, PROPOSED SHAREHOLDERS' RIGHTS PLAN AND INVESTOR RELATIONS AWARD

Toronto, Ontario (March 10, 1999) – Kingsway Financial Services Inc. (“Kingsway”) today announced the following:

Debt Funding

On February 23, 1999, the Company entered into a U.S. \$100 million unsecured credit facility with a syndicate of four banks: The Bank of Nova Scotia, Canadian Imperial Bank of Commerce, LaSalle National Bank and First Union National Bank. The facility is for a fixed term of five years and one day from March 5, 1999. The proceeds from the facility were used to repay all existing credit facilities and also are for general corporate purposes.

Under this facility, the Company has the option to borrow at a floating rate equivalent to the banks' prime rate or for a fixed term at a fixed rate of LIBOR plus a spread commensurate with the company's credit rating. Kingsway recently received a senior debt investment grade rating of BBB- from Standard and Poor's. The Company has entered into interest rate swap transactions whereby it has swapped the LIBOR base rate for a fixed rate of 5.91% for the period of the facility.

“We are extremely pleased to have secured fixed rate financing for the next five years. Fixing our borrowing costs at the current low rates should benefit the return for our shareholders”, said Bill Star, Chairman and Chief Executive Officer.

Shareholders' Rights Plan

The Board of Directors has, subject to regulatory approval, adopted a Shareholders' Rights Plan which is designed to ensure the fair treatment of shareholders in connection with any potential takeover offer for the Company.

The Rights Plan will be triggered when a person or group acquires 20% or more of the shares, except in the event of a Permitted Bid. A Permitted Bid, under the Rights Plan, must, among other things, be made to all shareholders for all shares and remain open for no fewer than 60 days.

Kingsway is not currently aware of any effort to acquire control of the Company and the Rights Plan was not adopted in response to any such effort. Kingsway believes that its Rights Plan is generally consistent with the terms and conditions of other recently adopted Shareholders' Rights Plans. The details of the Rights Plan will be fully described in the Management Information Circular which will be sent to all shareholders prior to the upcoming Annual and Special Meeting of Shareholders.

The Rights Plan is designed to give the Board sufficient time to fully consider any unsolicited takeover bid for the Corporation, and to maximize value for Kingsway shareholders.

Prior to adoption, the Board of Directors expressed its interest in having the Rights Plan address shareholders' concerns. Accordingly, the Rights Plan was submitted to Fairvest Securities Inc. for their consideration and comment.

The Rights Plan will come into effect upon regulatory approval and is subject to confirmation by the shareholders of Kingsway at the Annual and Special Meeting of the Shareholders, scheduled for April 22, 1999. The Rights Plan will expire at the annual shareholders' meeting held after the year 2002 unless reconfirmed by the shareholders at or prior to that meeting.

Investor Relations Award

On February 25, 1999, Kingsway Financial Services Inc. was awarded the Investor Relations Magazine's 1999 award for excellence in investor relations in the category "Best Use of Conferencing" in the under C\$1 billion market cap.

"It is gratifying to receive this award in recognition of the efforts that we have made to inform and educate shareholders and the investment community about our company and our industry", said Bill Star.

About the Company

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, York and Lincoln General Insurance Company. 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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