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TSE SYMBOL: KFS

KINGSWAY REPORTS Q1 2000 FINANCIAL RESULTS

Toronto, Ontario (May 2, 2000) – Kingsway Financial Services Inc. today announced financial results for the quarter ended March 31, 2000.

Q1 2000 Summary

- Earnings per share (fully diluted and basic) of 9 cents, and 13 cents before goodwill
- Net income of \$3.2 million
- Gross premiums written increased 8% to \$134 million; Canadian operations increased 27%
- Combined ratio of 105.8%
- Return on equity was 5.2%.

Consolidated net income for the first quarter was \$3,196,000, compared to \$6,497,000 reported in the same quarter last year. Net income before goodwill was \$4,471,000 compared to \$7,502,000 the previous year.

Fully diluted and basic earnings per share were 9 cents for the quarter, compared to 18 cents for the first quarter of 1999. Earnings per share before goodwill amortization were 13 cents, compared to 21 cents for the first quarter of 1999.

“It is pleasing to report a profit this quarter after a loss for the first time in the previous quarter”, said Bill Star, President & Chief Executive Officer. “We continue to see substantial growth in our non-standard automobile business in Canada, and improved pricing in several markets. We feel very positive that the higher level of premiums will help us reach our full potential in the next quarter and return us to an underwriting profit for the year.”

Solid Premium Growth

During the first quarter of 2000, gross premiums written increased by 8% to a quarterly record of \$134,002,000, compared to \$124,548,000 last year. Net premiums written increased 16% to \$127,075,000 compared to \$109,875,000 for the first quarter of last year.

For the quarter, written premiums from Canadian operations grew 27% to \$56,009,000. Written premiums from U.S. operations decreased slightly to \$77,993,000 compared to \$80,425,000 due to declines in the production in the southern U.S., particularly in Florida and Louisiana.

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Net premiums earned increased 4% to a record \$108,382,000 for the quarter, compared to \$104,420,000 for the first quarter last year. Net premiums earned from Canadian operations increased by 12% to \$47,836,000 compared to \$42,818,000 last year. For U.S. operations, net premiums earned were \$60,546,000 compared to \$61,602,000 last year. As the company experiences growth in written premiums, the benefit of earning these premiums will accrue in subsequent quarters.

Underwriting Profit & Combined Ratio

The combined ratio of 105.8% for the first quarter produced an underwriting loss of \$6,307,000, compared to an underwriting profit of \$1,796,000 reported in the first quarter of 1999.

The combined ratio for the Company's Canadian operations was 110.1% compared to 98.9% for the first quarter last year, and was 102.5% compared to 97.8% for the U.S. operations. The Canadian results were affected by losses from commercial automobile lines, where the Company has recently increased its premium rates substantially.

Investment and Premium Finance Income

Investment income was \$9,691,000 compared to \$9,727,000 for the first quarter of 1999. Realized gains amounted to \$1,677,000 compared with \$106,000 in the first quarter of 1999.

Strong Balance Sheet

Total assets as at March 31, 2000 grew slightly to \$1.1 billion. The investment portfolio increased to \$691 million (market value \$667 million), compared to \$676 million a year ago. The investment portfolio represents \$20.30 per common share, an increase of 8% over \$18.81 reported for the previous year. Unearned premium reserves as at March 31, 2000 grew to \$217,294,000, an increase of 12% over the \$194,738,000 reported at the end of the first quarter of 1999.

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 nine wholly-owned subsidiaries in Canada and the U.S. 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. The Company also operates reinsurance subsidiaries in Barbados and Bermuda. Kingsway Financial, Kingsway General, York Fire and Jevco are all 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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KINGSWAY FINANCIAL SERVICES INC.
CONSOLIDATED STATEMENT OF OPERATIONS
For the three months ended March 31, 2000 and 1999
(\$ in Thousands, except for per share amounts)

	2000	1999
	(unaudited)	
Gross premiums written	\$134,002	\$124,548
Net premiums written	\$127,075	\$109,875
Net premiums earned	\$108,382	\$104,420
Investment income	9,691	9,727
Net realized gains	1,677	106
	119,750	114,253
Net claims incurred	78,450	66,973
Commissions & premium taxes	20,191	21,177
General expenses & other	16,049	14,474
Interest expense	2,473	1,843
	117,163	104,467
Income before income taxes	2,587	9,786
Income taxes	(1,884)	2,284
Net income before goodwill	4,471	7,502
Amortization of goodwill, net of income taxes	1,275	1,005
Net income	\$3,196	\$6,497
Earnings per share before goodwill:		
Basic:	\$0.13	\$0.21
Fully diluted:	\$0.13	\$0.21
Earnings per share:		
Basic:	\$0.09	\$0.18
Fully diluted:	\$0.09	\$0.18
Claims ratio	72.4%	64.1%
Expense ratio	33.4%	34.2%
Combined ratio	105.8%	98.3%
Underwriting profit (loss)	\$(6,307)	\$1,796
Return on equity (annualized)	5.2%	10.3%
Book value per share	\$7.22	\$7.08

KINGSWAY FINANCIAL SERVICES INC.
CONSOLIDATED BALANCE SHEET
As at March 31, 2000 and 1999
(\$ in Thousands)

	2000	1999
	(unaudited)	
ASSETS		
Cash	\$ 4,227	\$ 7,948
Investments and financed premiums receivable	678,422	661,363
Accrued investment income	7,857	7,100
Accounts receivable and other assets	89,089	87,061
Due from reinsurers and other insurers	122,523	144,519
Deferred policy acquisition costs	44,327	41,465
Income taxes recoverable	8,073	6,738
Future income taxes	21,058	13,753
Capital assets	26,657	28,432
Goodwill	79,068	67,535
	<u>\$1,081,301</u>	<u>\$1,065,914</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Bank indebtedness	\$ 148,686	\$ 152,984
Accounts payable & other liabilities	24,635	21,987
Unearned premiums	217,294	194,738
Unpaid claims	433,037	440,134
Other	12,248	1,691
	<u>835,900</u>	<u>811,534</u>
SHAREHOLDERS' EQUITY		
Share capital	148,462	164,259
Currency translation adjustment	1,033	4,512
Retained earnings	95,906	85,609
	<u>245,401</u>	<u>254,380</u>
	<u>\$1,081,301</u>	<u>\$1,065,914</u>

KINGSWAY FINANCIAL SERVICES INC.
SUPPLEMENTARY INFORMATION TO PRESS RELEASE
For the three months ended March 31, 2000
(\$ in Thousands)

1. Investments and financed premiums receivable:

	March 31, 2000	
	Carrying Amount	Fair value
Term deposits	\$ 94,590	\$ 94,592
Bonds:		
Government	274,733	265,413
Corporate	165,693	160,512
Preferred shares	13,198	11,822
Common shares	69,449	61,653
Financed premiums	60,759	60,759
	\$ 678,422	\$ 654,751

KINGSWAY FINANCIAL SERVICES INC.
CONSOLIDATED STATEMENT OF CASHFLOWS
For the three months ended March 31, 2000 and 1999
(\$ in Thousands)

	2000	1999
	(unaudited)	
Operating activities:		
Net income	\$3,196	\$6,497
Items not involving cash:		
Amortization	3,826	1,744
Future income taxes	66	1,324
Net realized (gains) on sale of investments	(1,677)	(106)
Amortization of bond premiums & discounts	(454)	9
	4,957	9,468
 Net change in non-cash balances:	 (3,078)	 (24,526)
	1,879	(15,058)
 Financing activities:		
(Cancellation) of share capital, net	-	(250)
Increase (decrease) in bank indebtedness	(4,735)	41,579
	(4,735)	41,329
 Investing activities:		
Purchase of investments	(225,863)	(353,948)
Proceeds from sales of investments	223,825	340,071
Financed premiums receivable, net	(2,309)	8,688
Purchase of subsidiaries	-	(22,846)
Cash acquired on purchase of subsidiaries	-	3,660
Additions to capital assets	(632)	(1,127)
	(4,979)	(25,502)
 Increase (decrease) in cash during period	 (7,835)	 769
 Cash, beginning of period	 12,062	 7,179
 Cash, end of period	 \$4,227	 \$7,948

KINGSWAY FINANCIAL SERVICES INC.
SUMMARY OF KEY DATA

(\$'000's)	1998					1999					2000
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year	Q1
Gross premiums written	\$95,901	\$123,801	\$100,760	\$88,738	\$409,200	\$124,548	\$138,895	\$126,888	\$118,264	\$508,595	\$134,002
Net premiums written	66,041	97,673	81,234	75,448	320,396	109,875	131,875	119,687	107,437	468,874	127,075
Net premiums earned	61,940	81,499	92,545	78,667	314,651	104,420	110,998	120,105	110,034	445,557	108,382
Total investment income	10,452	10,018	9,346	7,783	37,599	9,833	12,389	10,324	6,202	38,748	11,368
Total revenues	72,392	91,517	101,891	86,450	352,250	114,253	123,387	130,429	116,236	484,305	119,750
Income before income taxes	13,645	11,236	16,127	13,632	54,640	9,786	15,486	14,995	(23,534)	16,733	2,587
Net income	7,456	6,432	9,328	7,795	31,011	6,497	9,695	10,027	(12,621)	13,598	3,196
Underwriting profit	3,298	1,510	7,187	7,080	19,075	1,796	6,021	6,913	(26,188)	(11,458)	(6,307)
Total assets	724,671	804,487	821,349	1,012,776	1,012,776	1,065,914	1,069,602	1,064,443	1,070,626	1,070,626	1,081,301
Unearned premiums	153,183	178,031	163,618	188,810	188,810	194,738	205,060	199,182	193,375	193,375	217,294
Shareholders' equity	219,504	229,805	243,495	250,065	250,065	254,380	259,785	266,221	242,117	242,117	245,401
Claims ratio	62.5%	66.0%	61.5%	56.4%	61.6%	64.1%	62.1%	61.0%	86.6%	68.4%	72.4%
Expense ratio	32.1%	32.1%	30.7%	34.6%	32.3%	34.2%	32.5%	33.2%	37.2%	34.2%	33.4%
General expense ratio	16.8%	13.6%	11.4%	10.0%	12.7%	13.9%	12.9%	13.3%	15.3%	13.8%	14.8%
Combined ratio	94.6%	98.1%	92.2%	91.0%	93.9%	98.3%	94.6%	94.2%	123.8%	102.6%	105.8%
Return on equity	13.8%	11.5%	15.8%	12.6%	13.4%	10.3%	15.1%	15.3%	(19.9)%	5.5%	5.2%
Earnings per share											
Basic	\$0.21	\$0.18	\$0.26	\$0.21	\$0.86	\$0.18	\$0.27	\$0.28	\$(0.35)	\$0.38	\$0.09
Fully diluted	\$0.21	\$0.18	\$0.26	\$0.21	\$0.86	\$0.18	\$0.27	\$0.28	\$(0.35)	\$0.38	\$0.09
Average shares O/S ('000)											
Basic	35,847	35,882	35,954	35,932	35,904	35,976	35,879	35,689	34,850	35,595	34,010
Fully diluted	36,348	36,461	36,526	36,504	36,443	36,596	36,727	36,533	35,684	36,375	35,122
Book value per share	\$6.12	\$6.40	\$6.76	\$6.96	\$6.96	\$7.08	\$7.27	\$7.52	\$7.12	\$7.12	\$7.22