

KINGSWAY REPORTS RECORD Q3 RESULTS

- Combined Ratio Continues to Significantly Outperform Industry Averages -

Toronto, Ontario (November 9, 2000) – Kingsway Financial Services Inc. (TSE: KFS) today announced its financial results for the third quarter and nine months ended September 30, 2000.

Q3 2000 Highlights

- Record earnings per share of 29 cents (28 cents fully diluted)
- Net income grew to \$9.7 million
- Return on equity was 15%
- Achieved an underwriting profit of \$4.2 million
- Combined ratio improved to 97.2% for the quarter
- Expense ratio improved to 30.4% compared with 33.2% last year
- Record Q3 gross premiums written of \$163.2 million, an increase of 29% over last year

Net income for the third quarter was \$9.7 million, compared with \$7.2 million last quarter and \$10.0 million reported in the third quarter last year. Net income for the nine-month period was \$20.1 million, compared with \$13.6 million for fiscal 1999.

Basic earnings per share were a record 29 cents in the third quarter, compared with 28 cents reported in the same quarter last year. Fully diluted earnings per share were 28 cents, equalling the record level which was set in the same quarter last year. Basic earnings per share for the nine-month period were 59 cents and were 58 cents on a fully diluted basis, compared to 73 cents (basic and fully diluted) for the first nine months of last year, and 38 cents (basic and fully diluted) for fiscal 1999. Earnings per share before goodwill (fully diluted) was 32 cents for the quarter and 69 cents year-to-date. This compares with 31 cents for the quarter, 82 cents year-to-date last year and 52 cents for fiscal 1999.

“I am extremely pleased to report significantly improved earnings and an underwriting profit for the quarter,” said Bill Star, President and Chief Executive Officer. “We continue to experience tremendous growth and improved pricing in our major markets, the benefits of which have yet to be fully realized in our results. We are therefore extremely optimistic about the future.”

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Solid Premium Growth

During the third quarter, gross and net premiums written increased to record third quarter levels, growing by 29% and 27%, respectively. For the first nine months, gross premiums written grew by 20%, and net premiums written increased by 22%, again reaching record levels. This growth was primarily attributable to the Company's core non-standard automobile markets in Canada and the southern United States, and to rate increases on commercial automobile lines.

Gross premiums written for the Company's Canadian operations grew 12% (22% year-to-date), and gross premiums written for U.S. operations grew 47% (19% year-to-date), compared to the third quarter last year. Net premiums earned for the quarter increased 24% to a record \$148.8 million (16% year-to-date to a record \$390.6 million). Net premiums earned for the first nine months represented 88% of net premiums written, reflecting a substantial increase in premiums to be earned during the remainder of the current year and early 2001.

Underwriting Profit & Combined Ratio

The Company achieved an underwriting profit of \$4.2 million in the third quarter and the combined ratio improved to 97.2% (100.8% year-to-date) compared to 100.6% in the previous quarter. The combined ratio for the Company's Canadian operations was 93.8% and the combined ratio for U.S. operations was 100.6% this quarter. The year-to-date combined ratios for Canadian operations and for U.S. operations were 100.2% and 101.3%, respectively. This compares to industry averages of 106.0% for the Canadian industry and 109.2% for the U.S. industry for the first half of 2000.

The expense ratio for the quarter improved to 30.4% (31.6% year-to-date) compared with 33.2% (33.2% year-to-date) last year. The general expense ratio improved to 11.5% (12.7% year-to-date) compared to 13.3% (13.3% year-to-date) last year as a result of the increasing earned premium base.

Investments and Premium Finance Income

Investment income for the quarter increased 15% to \$11.6 million (\$32.6 million year-to-date) from \$10.2 million in the third quarter of 1999. During the quarter, realized gains amounted to \$1.9 million (\$6.0 million year-to-date) compared with \$0.2 million for the third quarter of 1999 (\$2.9 million year-to-date).

Strong Balance Sheet and Cash Flow

Total assets at September 30, 2000 grew to \$1.15 billion. The investment portfolio increased 10% to \$761 million (market value \$752 million), compared with \$693 million (market value \$668 million) at the end of 1999. The investment portfolio represents \$22.43 per common share, representing a 10% increase from the beginning of the year. Unearned premium reserves as at September 30, 2000 grew to \$257.2 million, an increase of 33% from the beginning of the year. Book value per share increased at an annualized rate of 13% to \$7.83 during the first nine months of the year.

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Conference Call

The Company will have a conference call at 10:00 a.m. on November 10, 2000. The conference call will be broadcast live on Kingsway's website at www.kingsway-financial.com and at www.q1234.com where it will be archived for one year.

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 Company's senior debt is rated 'BBB-' (investment grade) by Standard and Poor's. 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 nine months ended September 30, 2000 and 1999
(\$ in Thousands, except for per share amounts)

	Quarter to Sept 30:		9 months to Sept 30:	
	2000	1999	2000	1999
	(unaudited)			
Gross premiums written	\$163,237	\$126,888	\$469,347	\$390,331
Net premiums written	\$152,047	\$119,687	\$442,574	\$361,437
Net premiums earned	\$148,795	\$120,105	\$390,613	\$335,523
Investment income	11,632	10,154	32,571	29,687
Net realized gains	1,928	170	5,950	2,859
	162,355	130,429	429,134	368,069
Net claims incurred	99,387	73,306	270,328	209,222
Commissions & premium taxes	28,162	23,872	73,821	66,785
General expenses & other	17,080	16,014	49,420	44,786
Interest expense	2,568	2,242	7,734	7,009
	147,197	115,434	401,303	327,802
Income before income taxes	15,158	14,995	27,831	40,267
Income taxes	3,960	3,852	3,662	10,822
Net income before goodwill	11,198	11,143	24,169	29,445
Amortization of goodwill, net of income taxes	1,476	1,116	4,068	3,226
Net income	\$9,722	\$10,027	\$20,101	\$26,219
Earnings per share before goodwill:				
Basic:	\$0.33	\$0.31	\$0.71	\$0.82
Fully diluted:	\$0.32	\$0.31	\$0.69	\$0.82
Earnings per share:				
Basic:	\$0.29	\$0.28	\$0.59	\$0.73
Fully diluted:	\$0.28	\$0.28	\$0.58	\$0.73
Claims ratio	66.8%	61.0%	69.2%	62.4%
Expense ratio	30.4%	33.2%	31.6%	33.2%
Combined ratio	97.2%	94.2%	100.8%	95.6%
Underwriting profit (loss)	\$4,167	\$6,913	\$(2,956)	\$14,730
Return on equity (annualized)	15.0%	15.3%	10.6%	13.5%
Book value per share			\$7.83	\$7.52

KINGSWAY FINANCIAL SERVICES INC.
CONSOLIDATED BALANCE SHEETS
As at September 30, 2000 and December 31, 1999
(\$ in Thousands)

	Sept 30, 2000 (unaudited)	Dec. 31, 1999 (audited)
ASSETS		
Cash	\$ 19,845	\$ 12,062
Investments and financed premiums receivable	733,031	674,134
Accrued investment income	8,380	6,808
Accounts receivable and other assets	100,010	68,946
Due from reinsurers and other insurers	113,746	135,526
Deferred policy acquisition costs	51,989	40,185
Income taxes recoverable	698	6,477
Future income taxes	19,529	20,370
Capital assets	27,650	26,719
Goodwill	78,370	80,483
	<u>\$1,153,248</u>	<u>\$1,071,710</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Bank indebtedness	\$ 147,501	\$ 153,270
Accounts payable & other liabilities	33,287	26,470
Unearned premiums	257,169	193,375
Unpaid claims	441,221	444,689
Other	8,414	11,864
	<u>887,592</u>	<u>829,668</u>
SHAREHOLDERS' EQUITY		
Share capital	148,060	148,462
Currency translation adjustment	4,785	870
Retained earnings	112,811	92,710
	<u>265,656</u>	<u>242,042</u>
	<u>\$1,153,248</u>	<u>\$1,071,710</u>

KINGSWAY FINANCIAL SERVICES INC.
SUPPLEMENTARY INFORMATION TO PRESS RELEASE
For the nine months ended September 30, 2000
(\$ in Thousands)

1. Investments and financed premiums receivable:

	September 30, 2000	
	Carrying Amount	Fair value
Term deposits	\$ 121,675	\$ 121,794
Bonds:		
Government	259,185	253,168
Corporate	193,995	190,396
Preferred shares	11,994	10,987
Common shares	76,860	77,839
Financed premiums	69,322	69,322
	<u>\$ 733,031</u>	<u>\$ 723,506</u>

KINGSWAY FINANCIAL SERVICES INC.
CONSOLIDATED STATEMENT OF CASHFLOWS
For the nine months ended September 30, 2000 and 1999
(\$ in Thousands)

	2000	1999
	(unaudited)	
Cash provided by (used in)		
Operating activities:		
Net income	\$20,101	\$26,219
Items not involving cash:		
Amortization	7,584	5,871
Future income taxes	1,737	(3,168)
Net realized (gains) on sale of investments	(5,950)	(2,859)
Amortization of bond premiums (discounts)	(2,185)	17
	21,287	26,080
 Net change in non-cash balances	 31,964	 1,012
	53,251	27,092
 Financing activities:		
(Cancellation) of share capital, net	(402)	(5,548)
Increase (decrease) in bank indebtedness	(2,258)	41,024
	(2,660)	35,476
 Investing activities:		
Purchase of investments	(877,087)	(921,272)
Proceeds from sales of investments	846,670	892,307
Financed premiums receivable, net	(9,974)	(1,253)
Purchase of subsidiaries	-	(28,492)
Cash acquired on purchase of subsidiaries	-	3,660
Additions to capital assets	(2,417)	(2,653)
	(42,808)	(57,703)
 Increase (decrease) in cash during period	 7,783	 4,865
 Cash, beginning of period	 12,062	 7,179
 Cash, end of period	 19,845	 \$12,044