

## **KINGSWAY, PETHEALTH FORM ALLIANCE TO OFFER PET INSURANCE IN THE UNITED STATES**

**Toronto, Ontario (January 4, 2001)** – Kingsway Financial Services Inc. (TSE: KFS) today announced that it had entered into an agreement with Pethealth Inc. (CDNX:C) to underwrite pet insurance products in the United States through its wholly owned subsidiary, Lincoln General Insurance Company. Pethealth, through its planned U.S. brokerage operation, intends to offer accident and illness insurance products for dogs and cats throughout the United States beginning in spring 2001.

“I am delighted to announce the strategic alliance with Pethealth”, said Bill Star, President and Chief Executive Officer. “We see tremendous potential for this product in the United States. Our platform of multi-state licences together with distribution channels that Pethealth has established, should ensure good distribution of this niche insurance product.”

Pethealth has announced a number of strategic alliances, most recently with The Reader’s Digest Association, Inc. (“Reader’s Digest) whereby Pethealth will market a line of pet insurance products that will be exclusively endorsed by Reader’s Digest. Pethealth plans to target millions of Reader’s Digest customers in the United States through direct mail and advertising in Reader’s Digest magazine and also via the Internet with a new Web site.

“With Kingsway’s proven expertise in niche insurance markets coupled with our U.S. distribution partnership agreements, Pethealth is well positioned to be a dominant player in the U.S. pet insurance market” said Pethealth’s President and Chief Executive officer, Mark Warren.

### **About Kingsway**

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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## **About Pethealth**

Pethealth was founded in February 1998 and is based in Oakville, Ontario.

Pethealth, through its subsidiary PetCare Insurance Brokers Ltd. (“PetCare”), currently offers pet insurance products to owners of dogs and cats in Canada. PetCare has the endorsement of a number of industry leaders, including veterinary medical associations representing approximately four out of five practising veterinarians in Canada.

On December 19, 2000, Pethealth completed an amalgamation with Capital.com Incorporated to form a new company which continued as Pethealth Inc. Prior to receiving final approval and a new trading symbol from CDNX, the shares will continue to trade under the symbol “C”.

The Canadian Venture Exchange Inc. has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

*Not for dissemination in the United States of America or to United States news wire services.*

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