

KINGSWAY GROUP “A” EXCELLENT RATING REAFFIRMED BY A.M. BEST

Toronto, Ontario (January 12, 2001) – Kingsway Financial Services Inc. (TSE: KFS) is pleased to announce that A.M. Best has reaffirmed the “A” Excellent rating of the Company and its Canadian group members, Kingsway General Insurance Company, York Fire & Casualty Insurance Company and Jevco Insurance Company, in recognition of their financial stability and strength. The “A” Excellent rating has also been extended and assigned to the Company’s captive reinsurer, Kingsway Reinsurance (Bermuda) Ltd.

A.M. Best stated that “the rating reflects the group’s lead market position as the largest provider of non-standard auto and motorcycle capacity in the Canadian Market. The group’s Canadian operations have historically recorded underwriting and operating profits, while maintaining excellent liquidity and financial flexibility. This rating also reflects the group’s strong management team and the effective use of reinsurance among the group’s members.”

A.M. Best has reaffirmed or upgraded the ratings for Kingsway’s American group members. The “A-” Excellent rating for Lincoln General was reaffirmed, while the financial strength rating for Universal Casualty Company was upgraded to “B++” Very Good, reflecting the company’s favourable underwriting and capital results. American Service Insurance Company was also upgraded to “B+” Very Good, to reflect the company’s improved operating results and loss control management. A.M. Best reaffirmed the ratings for Kingsway’s other U.S. subsidiaries, Southern United Fire Insurance Company and U.S. Security Insurance Company.

“We are extremely pleased to continue to be recognized for profitability and underwriting excellence by the world’s leading insurance rating authority,” said Bill Star, President & Chief Executive Officer of Kingsway Financial. “We are particularly pleased to obtain the Excellent rating for Kingsway Reinsurance (Bermuda) Ltd., and the upgraded ratings for both of our Chicago based companies, reflecting their strong market position.”

A.M. Best, established in 1899, is the world’s oldest and most authoritative insurance rating and information source. Best’s Ratings represent the current and independent opinion of a company’s financial strength, operating performance, and ability to meet its obligations to policyholders. A.M. Best’s rating is assigned after an extensive quantitative and qualitative evaluation of a company’s financial condition and operating performance.

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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, Jevco and Kingsway Reinsurance (Bermuda) 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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