



KINGSWAY ENTERS AGREEMENT WITH SYNDICATE OF UNDERWRITERS

TORONTO, ONTARIO (July 5, 2001) - Kingsway Financial Services Inc. (TSE:KFS) has entered into an agreement with a syndicate of underwriters comprising HSBC Securities (Canada) Inc., CIBC World Markets Inc. and Scotia Capital Inc. to issue 5,000,000 common shares from treasury at \$12.50 per share, for gross proceeds of \$62,500,000. Closing of this transaction is expected to occur on or about July 12, 2001.

Kingsway will also grant the underwriters an option to buy up to an additional 750,000 shares at the offering price, for a period of 30 days from the closing of the offering.

The net proceeds from this offering will be used to augment the company's capital and for general corporate purposes.

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, 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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