

KINGSWAY ANNOUNCES PUBLIC DEBT OFFERING

Toronto, Ontario (September 9, 2002)--Kingsway Financial Services Inc. (TSE:KFS, NYSE:KFS) today announced that it has filed a preliminary short form prospectus with securities regulatory authorities in Canada for a proposed public offering of senior unsecured debentures.

The debentures will only be qualified with securities regulatory authorities in Canada and will be sold through Scotia Capital Inc. and a syndicate to be formed by it. Kingsway expects to use the net proceeds of this offering to provide additional capital to its operating subsidiaries to support the expected growth of its business and for general corporate purposes, including the repayment of all or a portion of its revolving credit facility.

Kingsway also announced that it intends to offer approximately US\$65 million to US \$75 million of trust preferred securities in U.S. capital markets before the end of 2002, subject to market conditions. The trust preferred securities will rank subordinate to the debentures.

This announcement does not constitute an offer to sell or a solicitation of an offer to buy any securities. Any offering of the securities will only be made by means of a prospectus.

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, Lincoln General Insurance Company, U.S. Security Insurance Company, American Country Insurance Company 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 and Dominion Bond Rating Service. The common shares of Kingsway Financial Services Inc. are listed on the Toronto Stock Exchange and the New York Stock Exchange, under the trading symbol "KFS".

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