



KINGSWAY ANNOUNCES LAWSUIT OVER PRE-ACQUISITION RESERVE DEFICIENCIES AT AMERICAN COUNTRY

TORONTO, ONTARIO (July 29, 2003) - Kingsway Financial Services Inc. (TSE:KFS, NYSE:KFS) announced that it has commenced an action against PricewaterhouseCoopers LLP, Miller, Herbers, Lehman & Associates, Inc. and the former Directors of American Country Holdings, Inc. ("American Country") relating to the understatement of the reserves of American Country's insurance subsidiary for the years 1998 through 2001 and associated costs and damages thereon. These reserve deficiencies occurred prior to Kingsway's acquisition of American Country in April, 2002.

These reserve deficiencies have all been recorded in Kingsway's 2002 audited financial statements. The Company has not experienced any material adverse development from American Country's reserves in 2003.

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 and trucking insurance. The Company currently operates through nine wholly-owned insurance 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, Lincoln General Insurance Company, Universal Casualty Insurance Company, 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 by Dominion Bond Rating Services. 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".

-30-

For further information, please contact:

Shaun Jackson

Executive Vice President and Chief Financial Officer

Tel: (905) 629-7888

Fax: (905) 629-5008