



**KINGSWAY ANNOUNCES EXTENSION OF OFFER TO EXCHANGE 7.50% SENIOR NOTES
DUE 2014**

Toronto, Ontario (July 15, 2004) – Kingsway Financial Services Inc. (TSE:KFS, NYSE:KFS) today announced that it is extending until 5:00 p.m. New York City time, on July 28, 2004, the expiration date of the offer (the “Exchange Offer”) by its subsidiary, Kingsway America Inc. (“Kingsway America”), to exchange Kingsway America’s 7.50% Senior Notes Due 2014 (the “Exchange Notes”), which have been registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), for any and all of Kingsway America’s outstanding 7.50% Senior Notes Due 2014 (the “Original Notes”).

The Exchange Offer, previously scheduled to expire at 5:00 p.m., New York City time, on July 14, 2004, will expire at 5:00 p.m., New York City time, on July 28, 2004, unless further extended. All other terms and conditions of the Exchange Offer remain the same. As of 5:00 p.m., New York City time, on July 14, 2004, approximately US\$124,885,000 (out of US\$125,000,000) in aggregate principal amount of the Original Notes had been tendered in exchange for a like principal amount of Exchange Notes. The extension is intended to allow additional time for the holders of the remaining outstanding Original Notes to tender in exchange for the Exchange Notes. As a result of the extension, tenders of the Original Notes, received to date, may continue to be withdrawn at any time on or prior to the new expiration date. There can be no assurance that Kingsway or Kingsway America will further extend the Exchange Offer.

The Original Notes have not been registered under the Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements. This news release is not an offer of the Original Notes or the Exchange Notes for sale or a solicitation of an offer to purchase the Original Notes or the Exchange Notes. The Exchange Offer is subject to all the terms and conditions set forth in the Prospectus dated June 16, 2004, previously distributed to holders of the Original Notes. Copies of the prospectus and the related letter of transmittal may be obtained from the Bank of New York, which is serving as the exchange agent for the Exchange Offer. The Bank of New York’s address, telephone and facsimile numbers are as follows:

The Bank of New York
Corporate Trust Reorganization Unit
101 Barclay Street - 7 East
New York, New York 10286
Telephone: (212) 815-3738
Fax: (212) 298-1915

About the Company

Kingsway's primary business is trucking insurance and 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 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. Lincoln General Insurance Company, Universal Casualty Insurance Company, Jevco and Kingsway Reinsurance (Bermuda) are all rated "A-" Excellent by A.M. Best. Kingsway General and York Fire are rated "B++" (very good). The Company's senior debt is rated investment grade "BBB-" by Standard and Poor's and "BBB" 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

Web Site: www.kingsway-financial.com