



**KINGSWAY ANNOUNCES COMPLETION OF \$78 MILLION PUBLIC OFFERING OF
PREFERRED UNITS OF AN INVESTMENT TRUST**

Toronto, Ontario (July 14, 2005)--Kingsway Financial Services Inc. (TSX:KFS, NYSE:KFS) and Kingsway Linked Return of Capital Trust (TSX:KSP.UN) announced today that Kingsway Linked Return of Capital Trust has completed the public offering of \$78 million of 5.00% Kingsway Linked Return of Capital Preferred Units ("LROC Preferred Units") due June 30, 2015. The offering was made through a syndicate of underwriters led by Scotia Capital Inc., and included CIBC World Markets Inc., Desjardins Securities Inc. and HSBC Securities (Canada) Inc.

The net proceeds of the offering were used for a series of investments that included the purchase of an approximately \$74.1 million 7.12% senior note due June 30, 2015 issued by a Kingsway affiliate. The proceeds from the sale of this note will be used for general corporate purposes, which will include the payment of a portion of the amounts outstanding under Kingsway's \$150 million revolving credit facility, which portion is estimated to be approximately \$35 million.

Kingsway is a promoter of the offering. The LROC Preferred Units are listed on the TSX under the symbol KSP.UN.

The LROC Preferred Units will not be and have not been registered under the United States Securities Act of 1933 (the "Securities Act") or any state securities laws and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements under the Securities Act.

This news release shall not constitute an offer to sell or a solicitation of an offer to buy any debentures or any other securities, nor will there be any sale of the debentures or any other security in any jurisdiction in which such an offer or sale would be unlawful.

About Kingsway

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 ten 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**