



**KINGSWAY ANNOUNCES PUBLIC OFFERING OF PREFERRED UNITS OF AN
INVESTMENT TRUST**

Toronto, Ontario (June 30, 2005)--Kingsway Financial Services Inc. (TSX:KFS, NYSE:KFS) announced today that it has entered into an agreement with a syndicate of underwriters led by Scotia Capital Inc., and including CIBC World Markets Inc., Desjardins Securities Inc. and HSBC Securities (Canada) Inc., under which the underwriters have agreed to buy and sell to the public in Canada \$75 million of 5.00% Kingsway Linked Return of Capital Preferred Units ("LROC Preferred Units") due June 30, 2015 from Kingsway Linked Return of Capital Trust. The issuer filed a final prospectus with the Canadian securities regulatory authorities today. Kingsway is a promoter of the offering. The LROC Preferred Units will be listed on the TSX under the symbol KSP.UN.

The net proceeds of the offering are to be used for a series of investments that will include the purchase of an approximately \$71.2 million senior note due June 30, 2015 to be 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.

The underwriters have an option, exercisable in whole or in part, until 48 hours prior to the closing of this Offering, to offer and sell up to an additional \$50 million of LROC Preferred Units on substantially the same terms and conditions, which are described in the prospectus. The offering is expected to close on or about July 14, 2005.

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 -

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