



KINGSWAY ANNOUNCES PUBLIC OFFERING OF PREFERRED UNITS OF AN INVESTMENT TRUST

Toronto, Ontario (May 18, 2005) – (TSX:KFS, NYSE:KFS) Kingsway Financial Services Inc. today announced that a preliminary prospectus has been filed with securities regulatory authorities in Canada for a proposed public offering of preferred units of an investment trust.

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

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

About the Company

Kingsway Financial Services Inc. is the largest truck insurer in North America and the sixth largest non-standard automobile insurer in North America according to A.M.Best. 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-"(stable) by Standard and Poor's and "BBB" (stable) 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".

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