



PRELIMINARY LOSS ESTIMATES ON AUGUST STORM ACTIVITY

Toronto, Ontario (September 8, 2005) – Kingsway Financial Services Inc. (TSE:KFS, NYSE:KFS) announces preliminary estimates of aggregate net losses due to Hurricane Katrina and storm activity in southern Ontario in late August. (Note: All dollar amounts in this press release are expressed in Canadian dollars unless otherwise indicated.)

Hurricane Katrina

Due to the magnitude of the storm damage and disruption, Kingsway has received very little actual claim notification. We anticipate that gross losses from the storm will fall well within the limits of our Catastrophe reinsurance protection which will limit our net loss (before taxes) to U\$2 million.

Our subsidiary, Southern United Fire Insurance Company, located in Mobile, Alabama, reports that the office is undamaged and open for business to assist clients in recovering from this tragedy. We are thankful that all of our Kingsway staff located in the storm zone have been accounted for.

Southern Ontario Storm

The August 19th storm has resulted in numerous claims and our preliminary gross loss estimate (before taxes) is in the \$2.5 to \$3.5 million range. Our maximum possible exposure as a result of this storm is \$5 million.

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".

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