



A.M. BEST UPGRADES AND REAFFIRMS KINGSWAY'S RATINGS

Toronto, Ontario (March 29, 2006) – (TSX:KFS, NYSE:KFS) Kingsway Financial Services Inc. today announced that A.M. Best had upgraded the financial strength ratings of certain of its subsidiaries as well as reaffirming the financial strength ratings of its other subsidiaries.

A.M. Best upgraded the financial strength ratings of American Service to “A-” (Excellent), Southern United Fire Insurance Company to “A-” (Excellent) and U.S. Security to “B+” (Very Good) and they were each assigned a stable outlook. The financial strength ratings of Lincoln General Insurance Company of “A-” (Excellent), Universal Casualty Company “A-” (Excellent), Kingsway General Insurance Company “B++” (Very Good) and York Fire & Casualty Insurance Company “B++” (Very Good) were affirmed and were each assigned a stable outlook. The financial strength ratings of Jevco Insurance Company at “A-” (Excellent), Kingsway Reinsurance (Bermuda) Limited at “A-” (Excellent) and American Country Insurance Company at “B+” (Very Good), were also reaffirmed and were each assigned a negative outlook. Kingsway Reinsurance Corporation of Barbados was assigned an initial financial strength rating of A- (Excellent) with a stable outlook. Previously all of Kingsway’s insurance subsidiary financial strength ratings had been placed under review with negative implications by A.M. Best.

A.M. Best also affirmed the issuer credit rating of “bbb-“ of Kingsway Financial Services Inc. and assigned an issuer credit rating of “bbb-“ to its subsidiary holding company, Kingsway America Inc., for all of the company’s senior indebtedness. A full text of the A.M. Best press release is available through their website at www.ambest.com.

“The strength of the consolidated balance sheet is excellent and continues to improve primarily as a result of improvement in its core property/casualty operating companies,” said A.M. Best. “The ratings reflect Kingsway’s financial flexibility, geographic diversification of risk, experienced management and its niche market leadership position.”

“We are pleased that A.M. Best has recognized the financial strength of our company,” said Bill Star, President and Chief Executive Officer. “We are well capitalized and our diversification and dominant niche market positions provide us with a strong foundation on which we can continue to build”.

About the Company

Kingsway Financial Services Inc. is the largest truck insurer in North America and the seventh 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 eleven 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, Zephyr Insurance Company and Avalon Risk Management, Inc. The Company also operates reinsurance subsidiaries in Barbados and Bermuda.

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Lincoln General Insurance Company, Universal Casualty Insurance Company, American Service Insurance Company, Southern United Fire Insurance Company, Jevco Insurance Company, Kingsway Reinsurance Corporation, Barbados and Kingsway Reinsurance (Bermuda) Ltd. all rated "A-" (Excellent) by A.M. Best. Kingsway General and York Fire are rated "B++" (Very Good) and American Country and U.S. Security are rated "B+" (Very Good) by A.M. Best. The Company's senior debt is rated investment grade "BBB-"(stable) by Standard and Poor's and A.M. Best 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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