



## **KINGSWAY FINANCIAL SETS DATE FOR SPECIAL SHAREHOLDERS' MEETING**

**Toronto, Ontario (December 2, 2008)** – (TSX:KFS, NYSE:KFS) Kingsway Financial Services Inc. (“Kingsway” or the “Company”) announced today that it has called a special shareholders’ meeting to be held on February 10, 2009. This meeting was requisitioned by Joseph Stilwell who together with his associates (“the Stilwell Group”) have advised that they own more than 5% of the Company’s common shares as a result of purchases initiated during the past 90 days. The Stilwell Group have requisitioned the meeting for the stated purpose of removing two existing members of the Board of Directors (the “Board”) – F. Michael Walsh, non-executive Chairman of the Board and W. Shaun Jackson, President and Chief Executive Officer of the Company – and replacing them with two of their own nominees. The record date for this meeting will be January 6, 2009.

Representatives of the Board and the Company met with the Stilwell Group on November 22, 2008 and discussed various matters, including the Stilwell Group’s “non-negotiable” demand for the removal of Mr. Jackson from the Board.

On behalf of the Board, Thomas A. Di Giacomo, stated: "The Board believes that the Stilwell Group’s position with regard to convening a special meeting and the removal of either Mr. Walsh or Mr. Jackson is not in the best interest of all shareholders. The Stilwell Group’s requisition will cost the Company significant time and expense during a period when the Company is in the midst of implementing initiatives which are actually consistent with the recommendations of the Stilwell Group. We will be urging shareholders to vote against the Stilwell Group’s request.”

There is no need for shareholders to take any action at this time. A management information circular, to be provided in advance of the February 10, 2009 special shareholders’ meeting, will provide more detail on the Board’s and the Company’s initiatives and the progress made towards the implementation of the Company’s strategic plans. The Board and the Company encourage all shareholders to read the document carefully.

Mr. Di Giacomo also stated: “As previously disclosed and as will be further described in the upcoming management information circular, the Board and management have taken decisive actions to address the underperforming parts of the Company’s business and achieve operational efficiencies. These actions include the disposition of an underperforming non-core asset, York Fire & Casualty Insurance Company, for C\$95 million (approximately 1.8x book value), the consolidation of two underperforming subsidiaries into two other well performing business units, the termination of a substantial number of underperforming programs, primarily at Lincoln General and the elimination of all bank debt, totaling U\$157.9 million, during the third quarter. All of these actions, as well as others which are in progress, have been taken to enhance shareholder value.”

Questions and requests for assistance about the meeting may be directed to The Laurel Hill Advisory Group, the Proxy Solicitor for the Company, toll-free at 1-866-588-7128.

## **About the Company**

Kingsway Financial Services Inc. is one of the largest non-standard automobile insurers and truck insurers in North America based on A.M. Best data that we have compiled. Kingsway's primary business is the insuring of automobile risks for drivers who do not meet the criteria for coverage by standard automobile insurers and trucking insurance. The Company currently operates through eleven wholly-owned insurance subsidiaries in Canada and the U.S. Canadian subsidiaries include Kingsway General 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, Mendota Insurance Company and Mendakota Insurance Company. The Company also operates reinsurance subsidiaries in Barbados and Bermuda. 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:**

Shelly Gobin

Senior Vice President and Chief Financial Officer

Tel: (905) 677-8889; Fax: (905) 677-5008

Web Site: [www.kingsway-financial.com](http://www.kingsway-financial.com)