



## **KINGSWAY ANNOUNCES ACQUISITION OF VEHICLE PROTECTION SERVICE BUSINESS**

Toronto, Ontario (November 19, 2012) – (TSX:KFS, NYSE:KFS) Kingsway Financial Services Inc. (“Kingsway” or the “Company”) and its subsidiary, 1347 Capital LLC, today announced that the Company has finalized the purchase of certain tangible and intangible assets and liabilities of Intercontinental Warranty Services, Inc. (“IWS”). IWS, based in Boca Raton, Florida, is a provider of after-market vehicle protection services to credit unions throughout the country. IWS is well-known in the credit union community for providing vehicle service agreements, mechanical breakdown insurance, and guaranteed asset protection to their members in conjunction with their auto loans. The tangible and intangible assets and liabilities of IWS are being acquired in a highly structured transaction for total consideration consisting of cash, future contingent payments and common equity in a newly formed entity. Kingsway expects the business to be immediately accretive to operating income and cash flow. This purchase marks the consummation of the previously announced execution of a definitive agreement, dated February 21, 2012, to acquire a specialty insurance business.

“This acquisition represents the type of opportunity we expect to pursue more frequently as we continue to focus on rebuilding shareholder value at Kingsway. We believe IWS has a unique and compelling value proposition that enhances credit unions’ vehicle loan programs, and we are excited that IWS is joining the Kingsway family,” said Larry G. Swets, Jr., Kingsway’s President and Chief Executive Officer.

Sandler O’Neill + Partners, L.P. acted as exclusive financial advisor to Kingsway, and Updike, Kelly & Spellacy, P.C. acted as legal counsel to Kingsway.

### **About the Company**

Kingsway is a holding company functioning as a merchant bank with a focus on long-term value-creation. The Company owns or controls stakes in several insurance industry assets and utilizes its subsidiaries, 1347 Advisors LLC and 1347 Capital LLC, to pursue opportunities acting as an advisor, an investor and a financier. The common shares of Kingsway are listed on the Toronto Stock Exchange and the New York Stock Exchange under the trading symbol “KFS.”

### **Forward Looking Statements**

This press release includes “forward looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 that are not historical facts, and involve risks and uncertainties that could cause actual results to differ materially from those expected and projected. Words such as “expects”, “believes”, “anticipates”, “intends”, “estimates”, “seeks” and variations and similar words and expressions are intended to identify such forward-looking statements. Such forward looking statements relate to future events or future performance, but reflect Kingsway management’s current beliefs, based on information currently available. A number of factors could cause actual events, performance or results to differ materially from the events, performance and results discussed in the forward looking statements, including, without limitation, our potential inability to complete current or future acquisitions successfully, our inability to successfully implement our restructuring activities, and our inability to adequately estimate and provide for an appropriate level of reserving at our insurance company subsidiaries. For information identifying important factors that could cause actual results to differ materially from those anticipated in the forward looking statements, see Kingsway’s securities filings, including its Annual Report on Form 10-K for the year ended December 31, 2011 (“2011 Annual Report”) and its Quarterly Report on Form 10-Q for the quarter ended

September 30, 2012. Except as expressly required by applicable securities law, the Company disclaims any intention or obligation to update or revise any forward looking statements whether as a result of new information, future events or otherwise.

**Additional Information**

Additional information about Kingsway, including a copy of its 2011 Annual Report and its Quarterly Report on Form 10-Q for the quarter ended September 30, 2012, can be accessed on the Canadian Securities Administrators' website at [www.sedar.com](http://www.sedar.com), on the EDGAR section of the U.S. Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov) or through the Company's website at [www.kingsway-financial.com](http://www.kingsway-financial.com).