



**KINGSWAY FINANCIAL'S 1347 CAPITAL APPOINTS  
FUND MANAGEMENT GROUP CEO GORDON G. PRATT AS CHAIRMAN; LOOKS TO ACCELERATE  
MERCHANT BANKING STRATEGY**

Toronto, Ontario (March 7, 2014) - (TSX: KFS, NYSE: KFS) Kingsway Financial Services Inc. ("Kingsway" or the "Company") announced today that it has appointed Gordon G. Pratt, CEO of Fund Management Group ("FMG"), as Chairman of 1347 Capital LLC ("1347 Capital"), Kingsway's wholly owned merchant bank.

Founded in 2011, 1347 Capital identifies and targets specialty insurance businesses and special-situation investments, which it then acquires or finances with a goal of managing, improving, and growing in order to create value for Kingsway shareholders.

Founders of 1347 Capital have been active in public and private markets using financial tools appropriate for each situation. Together with Kingsway, these efforts to date have included:

- Formation, reverse merger and public stock offering of Atlas Financial Holdings, Inc.
- Founding of 1347 Property Insurance Holdings, Inc.
- Acquisition of three specialty insurance services businesses in private transactions

Kingsway CEO Larry G. Swets, Jr., stated, "Since the recent retirement of Kingsway's Senior Notes, we've expanded our focus on long-term value creation and seeking new opportunities through 1347 Capital. We are pleased that Gordon will help direct these efforts because of his proven track record in identifying and developing specialized investments in the insurance industry with substantial upside. I've worked with Gordon for many years and seen how his insight, experience, and bias for action build value for investors, partners, and people involved in FMG projects."

"Kingsway and 1347 Capital's approach complements FMG's view of the now rapidly-changing insurance industry," said Mr. Pratt. "Since its founding 10 years ago, FMG has operated with a view to 'find, buy, improve, build.' Our projects have proved out successfully, and we look forward to finding and building new opportunities with 1347 Capital for Kingsway and its shareholders. "

**About Fund Management Group**

FMG has sponsored and served as an early investor in both insurance-focused public company stock offerings, including FMG Acquisition Corp., a special purpose acquisition company that merged with United Insurance to form United Insurance Holdings Corp., and in private placements in insurance companies filing to go public, including Atlas Financial Holdings, Inc. and 1347 Property Insurance Holdings. Also active in private company investments, FMG has held controlling interests in Risk Enterprise Management Limited and Avalon Risk Management Insurance Agency LLC while acquiring minority interests in other insurance businesses. FMG subscribed to Kingsway's 2013 rights offering and was a lead investor both in 1347 Property Insurance Holdings' private placement and in Kingsway's recent preferred stock issue.

**About Gordon G. Pratt**

Mr. Pratt currently serves as Chairman of the board of directors for Atlas Financial Holdings, Inc.

(NASDAQ: AFH) and for 1347 Property Insurance Holdings, Inc. (in registration). He is past Chairman of the board for privately-held Risk Enterprise Management Ltd. and for FMG Acquisition Corp. (OTC: FMGQ). He previously served as Vice Chairman of the board for United Insurance Holdings Corp. (NASDAQ: UIHC) and for privately-held Avalon Risk Management Insurance Agency LLC.

Since March 2004, Mr. Pratt has served as Chief Executive Officer of Fund Management Group LLC, a private investment and holding company. From June 2004 to April 2006, he served as the Senior Vice President, Corporate Development of the Willis Group in New York and London, prior to which he was an equity holder and Managing Director of Hales Capital Advisors LLC and the Managing Partner of Distribution Partners Investment Capital L.P., a private equity fund focused on the insurance industry. Before joining Hales, Mr. Pratt was a Senior Vice President and a member of the management committee of Conning & Company, where he helped to raise and invest capital for three Conning Private Equity funds. He began his career at The Chase Manhattan Bank, N.A. in New York. Mr. Pratt holds a bachelor's degree from Cornell University and a Master of Management degree from Northwestern University's Kellogg School of Management.

### **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 the proposed private placement. For information identifying important factors that could cause actual results to differ materially from those anticipated in the forward looking statements, please refer to the section entitled "Risk Factors" in the Company's 2012 Annual Report on Form 10-K and its Quarterly Report on Form 10-Q for the quarter ended September 30, 2013. 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.