



KINGSWAY ANNOUNCES FORMATION OF 1347 WARRANTY HOLDINGS

Toronto, Ontario (April 21, 2016) - (TSX: KFS, NYSE: KFS) Kingsway Financial Services Inc. (“Kingsway” or the “Company”) today announced that it is restructuring its Insurance Services segment with the acquisition of Argo Management Group LLC (“Argo”) and the formation of 1347 Warranty Holdings. John T. (“JT”) Fitzgerald, the Managing Member of Argo, will join Kingsway as an Executive Vice President and will assume the leadership of 1347 Warranty Holdings, a unit formed to manage Kingsway’s warranty businesses, which today comprise IWS Acquisition Corporation and Trinity Warranty Solutions. Argo’s primary business is to act as the Managing Member of Argo Holdings Fund I, LLC, an investment fund organized for purposes of making control-oriented equity investments in established lower middle market companies based in North America, with a focus on search fund investments. Kingsway expects the acquisition of Argo to be accretive to cash flow but not material to earnings.

Larry G. Swets, Jr., President and Chief Executive Officer, stated, “JT brings substantial knowledge and expertise to our team as we continue to build our merchant banking platform. He has significant experience in sourcing, acquiring and running businesses and making passive investments in the kinds of opportunities that are consistent with how we have been working to create shareholder value at Kingsway. We will also look to JT to apply his talents to grow our existing warranty businesses and improve their profitability. We expect JT to immediately contribute to the success of our organization.”

The Company announced that as part of the agreement to purchase Argo, Mr. Fitzgerald will receive 500,000 restricted stock units scheduled to vest on March 28, 2024 with other terms and conditions substantially similar to those pertaining to the Company's executive officers under the 2013 Equity Incentive Plan. The restricted stock units will be issued when certain conditions precedent are met including the purchase for \$1 million by Mr. Fitzgerald of common shares of KFS either in open market purchases or directly from the Company at \$5.50 per share should the market price exceed \$5.50 per share.

Kingsway intends to rely on the exemption set forth in Section 602.1 of the TSX Company Manual which provides that the Toronto Stock Exchange will not apply its standards to certain transactions involving eligible interlisted issuers listed on a recognized exchange, such as the New York Stock Exchange.

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. 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 2015 Annual Report on Form 10-K. 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 2015 Annual Report and filings on Forms 10-Q and 8-K, can be accessed on the Canadian Securities Administrators' website at www.sedar.com, on the EDGAR section of the U.S. Securities and Exchange Commission's website at www.sec.gov or through the Company's website at www.kingsway-financial.com.

For a current review of the Company and a discussion of its plan to create and sustain long-term shareholder value, management invites you to review its Annual Letter to Shareholders, which may be accessed at the Company's website or directly at <http://bit.ly/kfs2014>.