



KINGSWAY ANNOUNCES WARRANTY COMPANY ACQUISITION

Toronto, Ontario (October 12, 2017) - (TSX: KFS, NYSE: KFS) Kingsway Financial Services Inc. ("Kingsway" or the "Company") today announced it has closed on its acquisition of Professional Warranty Services Corporation ("PWSC"), a leading provider of home warranty products and administration services to homebuilders and homeowners across the United States.

PWSC, headquartered in Chantilly, Virginia, is a leading provider of new home warranty products and administration services to the largest tier of domestic residential construction firms in the U.S. For over twenty years, PWSC has addressed the needs of America's top builders through superior risk management, best-in-class customer care and dispute resolution services as well as exceptional sales and marketing tools. PWSC provides its homeowner and homebuilder customers a higher comfort level with home ownership, greater control over unforeseen long-term risk and real estate investments that retain value over time.

Management Comments

John T. Fitzgerald, Kingsway's President and Chief Operating Officer, stated, "As we discussed during our Investor Day presentation in November and reiterated during our Investor Update conference call in August, we have been actively seeking warranty company acquisitions. We are delighted to add PWSC to our growing portfolio of warranty companies. We think highly of Gale Sommers and the PWSC team and feel that, with Kingsway's resources and support, PWSC has attractive business prospects. We expect the transaction will be immediately accretive to our cash flow and adjusted operating income."

Fitzgerald continued, "We believe the warranty industry -- a large, growing and profitable, but fragmented industry -- presents tremendous opportunities for us to pursue acquisitions and initiatives to support our goal of creating shareholder value by compounding our book value per share by 15-20% annually over the long-term."

Gale Sommers, PWSC's President, stated, "We are proud of the business and team we have built at PWSC and appreciate that Kingsway has recognized our potential and is willing to support our efforts to grow our business. We look forward to joining the Kingsway family."

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 subsidiaries primarily in the insurance, extended warranty, asset management and real estate industries and pursues non-control investments and other 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 2016 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 2016 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/kingsway2016>.