

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): **February 27, 2020**

KINGSWAY FINANCIAL SERVICES INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware (State or Other Jurisdiction of Incorporation)	001-15204 (Commission File Number)	98-0475673 (IRS Employer Identification No.)
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150 Pierce Rd., Itasca, IL 60143
(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, Including Area Code: **(416) 848-1171**

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	KFS	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

ITEM 2.02 Results of Operations and Financial Condition.

On February 27, 2020, Kingsway Financial Services Inc. (the “Company”) issued a press release announcing its results for the fourth quarter and year ended December 31, 2018 (the “Press Release”). The Press Release corrects and replaces the press release relating to such results issued by the Company on March 14, 2019. A copy of the Press Release is furnished as Exhibit 99.1 to this Form 8-K.

The information in this Current Report on Form 8-K provided under this Item 2.02 and Exhibit 99.1 attached hereto is being furnished to, and shall not be deemed “filed” with, the U.S. Securities and Exchange Commission or incorporated by reference into the Company’s filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

ITEM 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Chief Financial Officer Transition.

On February 28, 2020, Mr. William A. Hickey, Jr., the Company’s Chief Financial Officer and principal accounting officer, submitted his resignation to the Company’s Board of Directors (the “Board”). Following the Board’s acceptance of such resignation, the Board appointed Mr. Kent A. Hansen to succeed Mr. Hickey as Chief Financial Officer and principal accounting officer.

Mr. Hansen, 48, joined the Company’s indirect, wholly-owned subsidiary, Kingsway America Inc. (“KAI”), as its Chief Financial Officer in December 2019. Prior to joining KAI, Mr. Hansen worked for LSC Communications, Inc. (“LSC”), most recently as its Chief Accounting Officer and Controller, from September 2016. Before LSC, Mr. Hansen served as Vice President, Assistant Controller, of Baxalta, Incorporated from 2015 to 2016, after serving in various finance and accounting roles (including Director of Accounting and SEC Reporting, Assistant Controller, and Group Chief Financial Officer) with Scientific Games Corporation (formerly WMS Industries, Inc.) from 2006 to 2015. Mr. Hansen’s previous experience includes roles in accounting and financial reporting at Accenture and as an auditor at Ernst and Young LLP. Mr. Hansen holds a BBA from University of Michigan - Ann Arbor and an MBA from Northwestern University’s Kellogg School of Business. A copy of the press release announcing such transition is attached as Exhibit 10.1 to this Current Report on Form 8-K.

There are no relationships, transactions, arrangements or understandings involving Mr. Hansen or any of his immediate family members that would be required to be disclosed pursuant to Items 401(b), (d), or (e) or Item 404(a) of Regulation S-K.

Offer Letter. On February 28, 2020, in connection with his promotion, the Board reaffirmed the terms of Mr. Hansen’s prior Employment Offer Letter (the “Offer Letter”). Pursuant to the Offer Letter, Mr. Hansen: (a) will receive an annual base salary of \$360,000; (b) will be eligible to receive an annual discretionary bonus of up to 40% of his base salary; (c) will receive, in lieu of other bonus payment for such year, a one-time bonus of \$50,000 in 2020; (d) will be eligible to receive equity incentives, subject to approval of an equity incentive plan by the Company’s stockholders; and (e) will be eligible to receive enhanced severance benefits if his employment is terminated under certain circumstances after the one (1) year anniversary of his employment by KAI.

Agreements with William A. Hickey, Jr. KAI entered into an Employment Separation Agreement and Release (the “Separation Agreement”) with Mr. Hickey on February 28, 2020, pursuant to which KAI will pay Mr. Hickey a one-time, lump sum severance of \$360,000 and will vest 135,787 restricted shares of the Company’s Common Stock, \$0.01 per share, held by Mr. Hickey, with the balance of Mr. Hickey’s restricted shares being forfeited. Mr. Hickey will provide consulting and transition support pursuant to the terms of a Consulting Agreement (the “Consulting Agreement”) through at least April 30, 2020, subject to renewal thereafter by agreement of the parties. In accordance with the Consulting Agreement, Mr. Hickey will receive a monthly payment of \$30,000 for the months of March and April 2020 and an hourly consulting fee of \$165 for time worked in subsequent months.

The foregoing descriptions of the Offer Letter, Separation Agreement and Consulting Agreement are qualified in their entirety by reference to the full text of such agreements, which are attached as Exhibits 10.2 through 10.4, respectively, to this Current Report on Form 8-K.

ITEM 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Exhibit Description</u>
<u>99.1</u>	Press Release Titled “Kingsway Provides Further Update on 2018 Form 10-K Filings”
<u>10.1</u>	Press Release Titled “Kingsway Announces Executive Transition”
<u>10.2</u>	Employment Offer Letter, dated as of October 23, 2019, by and between Kent A. Hansen and Kingsway America Inc.
<u>10.3</u>	Employment Separation Agreement and Release, dated as of February 28, 2020, by and between Kingsway America Inc. and William A. Hickey, Jr.
<u>10.4</u>	Consulting Agreement, dated as of February 28, 2020, by and between Kingsway America Inc. and William A. Hickey, Jr.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

KINGSWAY FINANCIAL SERVICES INC.

February 28, 2020

By: /s/ Paul R. Hogan
Paul R. Hogan, Secretary and General Counsel



KINGSWAY ANNOUNCES EXECUTIVE TRANSITION

Itasca, Illinois (February 28, 2020) - (NYSE: KFS) Kingsway Financial Services Inc. (“Kingsway” or the “Company”) announced today that Kent A. Hansen has been named Chief Financial Officer of the Company, effective immediately, following the Board’s acceptance of the resignation of William A. Hickey, Jr.

“We are excited that Kent has agreed to expand his role within the Kingsway family of companies,” said John T. Fitzgerald, the Company’s President and Chief Executive Officer. “Kent brings with him a wealth of experience that we expect to be invaluable as we continue to grow our business.”

Mr. Hickey has agreed to remain with the Company in a consulting capacity at least through April 30, 2020 to ensure a smooth and successful transition of his role and responsibilities. Mr. Fitzgerald further remarked, “On behalf of myself and the board, I would like to extend my sincere appreciation for Bill’s years of dedicated service to Kingsway. We wish him well in all his future endeavors.”

Mr. Hansen joined the Company’s indirect, wholly-owned subsidiary, Kingsway America Inc. (“KAI”), as its Chief Financial Officer in December 2019. Prior to joining KAI, Mr. Hansen worked for LSC Communications, Inc. (“LSC”), most recently as its Chief Accounting Officer and Controller, from September 2016. Before LSC, Mr. Hansen served as Vice President, Assistant Controller, of Baxalta, Incorporated from 2015 to 2016, after serving in various finance and accounting roles (including Director of Accounting and SEC Reporting, Assistant Controller, and Group Chief Financial Officer) with Scientific Games Corporation (formerly WMS Industries, Inc.) from 2006 to 2015. Mr. Hansen’s previous experience includes roles in accounting and financial reporting at Accenture and as an auditor at Ernst and Young LLP. Mr. Hansen holds a BBA from University of Michigan - Ann Arbor and an MBA from Northwestern University’s Kellogg School of Business.

About the Company

Kingsway is a holding company that owns or controls subsidiaries primarily in the extended warranty, asset management and real estate industries. The common shares of Kingsway are listed on 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 Annual Report on Form 10-K for the fiscal year ended December 31, 2018. 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 2018 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.

October 23, 2019

Mr. Kent A. Hansen

KentHansenCPA@gmail.com

RE: Employment Offer Letter

Dear Kent:

It is with great pleasure that I write to you today to extend this offer to join the team as an employee of Kingsway America Inc. (the “Company”). The following is a summary of the terms of the offer, which is contingent upon satisfactory completion of the pre-employment requirements listed below. It is our understanding that you are not subject to any non-competition contract or any other agreement that would otherwise restrict your employment opportunities or your ability to discharge your duties as an employee of the Company. Should this not be the case, please let me know immediately.

- Your position will be Chief Financial Officer, reporting to John T. Fitzgerald, President of the Company, beginning on December 1, 2019 or such other date as we may agree upon.
- Your annual base pay will be \$360,000, payable in equal, semi-monthly installments.
- You will be eligible for an annual discretionary bonus of up to 40% of base salary. In lieu of bonus eligibility with respect to the 2019 fiscal year, you will be eligible to receive a cash bonus of \$50,000 with respect to such fiscal year, payable in accordance with the Company’s past practices with respect to senior management cash bonuses.
- You will be included in all benefit programs available to regular, full time employees of the Company, and will be eligible to take up to five (5) weeks of vacation and six (6) days of personal time annually.
- The board of directors of Kingsway Financial Services Inc. (“KFS”), the Company’s publicly traded parent company, views equity ownership as a key performance incentive for the Company’s senior management team. Accordingly, when the plan is ultimately approved by KFS’ shareholders, the Company anticipates that you will be eligible to receive annual equity incentive grants under the Company’s equity incentive plan. At this time it is expected that annual grants will be subject to vesting in accordance with the terms of the plan and the applicable grant agreements and will have an aggregate grant date value of approximately 50% of your base salary.
- The Company is committed to providing its employees with a safe and drug-free environment and, therefore, all employment offers are contingent upon successful completion of a pre-employment drug screen. Failure to schedule and complete this drug screen may result in the rescission of your employment offer.
- Your employment is also contingent upon the successful completion of a background check, which does not reveal any item in your past that, in the sole opinion of the Company, would prevent you from being successful at your job.
- While it is our sincere hope that our working relationship will be a long and fulfilling one, we remind you that the Company is an “at will” employer. As such, the Company does not offer employment on a fixed term basis. Your employment will be “at will”, meaning that you will not have a contract for a specific duration. Either you or the Company can terminate the employment relationship at any time for any non-discriminatory reason, with or without cause. Without limitation of the foregoing, in the event your employment with the Company is terminated by the Company without “cause” after the first anniversary of the commencement of your employment, you will be entitled to receive as severance a lump sum payment equal to 100% of your then-current base salary, subject to your execution of a separation and release agreement in a form reasonably acceptable to the Company.

By signing this offer letter, you acknowledge and agree that (a) you have not relied, and are not relying, on any oral or written statements, promises or representations made by any employee, agent or representative of the Company that are not expressly set forth in this offer letter, and (b) you are not bound by any agreement or obligation (including, without limitation, any confidentiality, non-competition or non-solicitation covenant or agreement) that could restrict you from performing the functions of your position to the best of your ability.

We are delighted that you have entertained this opportunity and will be very pleased to have you join the Company and participate in its anticipated success. Please acknowledge your understanding of the foregoing by signing and dating a copy of this letter in the space provided below and returning this letter to John T. Fitzgerald by Friday, October 25, 2019. In the meantime, please do not hesitate to contact me with any questions or concerns you may have.

Sincerely,

KINGSWAY AMERICA INC.

/s/ John T. Fitzgerald

John T. Fitzgerald, President

I have carefully read, and I understand, acknowledge and agree to, all of the terms and conditions set forth in this offer letter, and I hereby accept employment with the Company on those terms and subject to those conditions. I understand that this is an employment-at-will relationship. I understand that this offer letter is the sole component of this offer of employment.

/s/ Kent A. Hansen

Kent A. Hansen

Date: October 30, 2019

EMPLOYMENT SEPARATION AGREEMENT AND RELEASE

This **EMPLOYMENT SEPARATION AGREEMENT AND RELEASE** ("Agreement") is made and entered into by and between Kingsway America Inc., a Delaware corporation ("Employer"), and William A. Hickey, Jr., an individual residing in the State of Illinois ("Employee").

WITNESSETH:

WHEREAS, Employee and Employer have agreed that Employee's employment with Employer will terminate on the date hereof ("Termination Date"); and

WHEREAS, Employer and Employee desire to set forth certain benefits that Employee will be entitled to receive following such termination;

NOW, THEREFORE, in consideration of the foregoing premises, the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

AGREEMENT

1. Separate and apart from the payments made pursuant to this Agreement, and irrespective of Employee's agreement to the terms of this Agreement, Employee will receive payment for his full wages, and earned but unused vacation, through the Termination Date. Employee's employment with Employer (and its current or former parent companies, subsidiaries, affiliates, predecessors, successors, insurers, directors, officers, employees, agents, or assigns) is terminated on the Termination Date. The date of the "qualifying event" for the commencement of COBRA coverage, if applicable, shall be the last day of the calendar month in which the Termination Date occurred. This Agreement will not be effective unless signed by Employee on or after the Termination Date.

2. Employee acknowledges and agrees that Employer has satisfied their obligations to Employee under Employer's June 1, 2016 Amended and Restated Severance Plan (the "Severance Plan") and that Employee is not entitled to any payments or benefits under the Severance Plan, other than the benefits outlined in this Agreement. Employee also acknowledges and agrees that Employer, upon satisfaction of its obligations hereunder, will have satisfied its obligations outlined in that certain letter agreement, dated as of March 4, 2011, by and between Employer and Employee (the "Enhanced Severance Letter").

3. Employee recognizes and acknowledges that Employee's agreement to the terms of this Agreement is required as a condition precedent to Employee's receipt of any payments under the Enhanced Severance Letter. Accordingly, Employee is releasing claims against Employer (stated in Section 8) in exchange for consideration that is in addition to anything of value to which Employee is already entitled.

4. Employer (and its current or former parent companies, subsidiaries, affiliates, predecessors, successors, insurers, directors, officers, employees, agents, or assigns) denies that it is liable to Employee for any reason whatsoever, and the entry into this Agreement shall not constitute any admission or evidence of unlawful discrimination or improper conduct, and should not be construed as an admission of fault, wrongdoing, or liability. In consideration of the mutual promises herein, Employer will provide Employee with twelve (12) months base salary, \$360,000, less applicable taxes and deductions. Payment will be made in a lump sum on the Effective Date (as defined below). However, no payments described in this Section 4 will be made until after Employer receives an executed copy of this Agreement from Employee. Except as otherwise set forth herein, all benefits cease on Employee's Termination Date.

5. Employer will continue to provide family medical, dental, and vision coverage through the Termination Date. COBRA continuation for coverage under Employer's Medical/Dental/Vision Plans will become available for

election by Employee on the first (1st) day of the calendar month following the Termination Date. Employee will be offered COBRA continuation for the medical, dental and vision coverage. Should Employee elect COBRA coverage, Employee will continue to be eligible for coverage under the group medical plans of Employer at active employee rates for a period of twelve (12) months following the Termination Date. Employee understands that as part of the special benefits that Employee will receive by the timely signing and not revoking the releases set forth herein, Employer will pay the cost of COBRA coverage, in excess of Employee's monthly contribution, for the twelve (12) months following the Termination Date, provided that Employee continues to make timely payments in the amount of Employee's required contribution during the foregoing period. Thereafter, Employee shall be responsible for paying the full cost of any continued coverage under COBRA.

6. (a) Employee holds 229,500 shares of restricted stock common stock of Kingsway Financial Services Inc., a Delaware corporation and the publicly-traded ultimate parent company of Employer ("KFS"), pursuant to that certain Restricted Stock Agreement, dated as of March 28, 2014, by and between KFS and Employee (such agreement is referred to as the "Restricted Stock Agreement" and such shares of restricted common stock are referred to, collectively, as the "Restricted Stock"), 135,787 of which shares of Restricted Stock shall become fully vested on the Termination Date and all other shares of Restricted Stock shall be forfeited and cancelled without payment therefor. If Employee revokes this Agreement pursuant to Section 22, all shares of Restricted Stock that are not vested as of the date hereof shall be forfeited without any payment by Employer hereunder.

(b) Prior to the delivery of the certificates for any shares of Common Stock, \$0.01 par value per share, of KFS ("Common Stock") upon vesting of the Restricted Stock under Section 6(a), Employee shall have paid all federal, state, local, employment and other taxes that are required to be withheld or paid in connection with the vesting of such award. For avoidance of doubt, as of the date of this Agreement, the minimum statutory required withholding rate for federal income taxes with respect to the taxation of the Restricted Stock being vested is (i) 22% for any taxable amount up to \$1,000,000 and (ii) 37% for any taxable amount in excess of \$1,000,000. Employee has elected to satisfy his withholding obligation by authorizing Employer to withhold from the shares of Common Stock deliverable upon vesting of the Restricted Stock the whole number of shares of Common Stock having an aggregate Fair Market Value determined as of the Tax Date (as such terms are defined in the Kingsway Financial Services Inc. 2013 Equity Incentive Plan, as amended), equal to the amount necessary to satisfy any such obligation. Common Stock to be delivered or withheld may not have an aggregate Fair Market Value in excess of the amount determined by applying the minimum statutory withholding rate. Any fraction of a share of Common Stock that would be required to satisfy such an obligation shall be disregarded and the remaining amount due shall be paid in cash by the holder. Employee will be responsible to pay all taxes due to the vesting of the Restricted Stock in excess of the minimum tax withholding amount.

7. Except as set forth in this Agreement, no further payments will be made to Employee for wages, salary, bonus, expense reimbursement, commissions, benefits, severance, personal days, sick pay or otherwise. More specifically, Employee is not eligible to receive any payment under Employer's bonus plan. Notwithstanding the foregoing, nothing herein shall reduce or eliminate vested rights or benefits under any retirement plan (qualified or nonqualified). Employee's stock under the employee stock matching program will vest as outlined in that plan.

8. Employee releases, forever discharges and covenants not to sue Employer or its current or former direct or indirect parent companies, subsidiaries, affiliates, predecessors, successors, insurers, directors, officers, employees, agents, or assigns (collectively with Employer, the "Employer Parties"), with respect to any and all claims, causes of action, suits, debts, sums of money, controversies, agreements, promises, damages, and demands whatsoever, including attorneys' fees and court costs, in law or equity or before any federal, state or local administrative agency, whether known or unknown, suspected or unsuspected, which Employee has, had, or may have, based on any event occurring, or alleged

to have occurred, through the Termination Date. This release includes, but is not limited to, claims under Title VII of the Civil Rights Act of 1964, as amended, the Americans with Disabilities Act, the Rehabilitation Act, the Age Discrimination in Employment Act, the National Labor Relations Act, the Family and Medical Leave Act, the Employee Retirement Income Security Act, the Illinois Human Rights Act, the Illinois Minimum Wage Law, the Illinois Wage Payment and Collection Act, and any other federal, state or local statute, law, regulation, ordinance, or order, claims for retaliatory discharge, and claims arising under common law, contract, implied contract, public policy or tort. To the extent that any such claim cannot be waived as a matter of law, it is understood that Employee reserves the right to file such claim, but Employee expressly waives Employee's right to any relief of any kind should any person or entity pursue any claim on Employee's behalf. This Agreement does not prevent Employee from filing a charge, testifying, assisting, or cooperating with the EEOC or similar employment law enforcement agency, but Employee waives any right to any relief of any kind should the EEOC or other agency pursue any claim on Employee's behalf. Notwithstanding the foregoing release of all claims, it is understood and agreed that the following claims, if any, are not released: (a) claims for unemployment compensation; (b) claims for workers' compensation benefits; (c) claims for continuing health insurance coverage under COBRA; (d) claims pertaining to vested benefits under any retirement plan governed by the Employee Retirement Income Security Act (ERISA); and (e) claims for indemnification to which Employee would otherwise be entitled pursuant to the governing documents of any of the Employer Parties and/or that certain Indemnification Agreement, dated as of August 30, 2010, by and between Kingsway Financial Services Inc. and Employee.

9. Employee expressly waives and relinquishes all rights and benefits provided to Employee by any statute or other law which prohibits release of unspecified claims and acknowledges that this release is intended to include all claims Employee has or may have against any of the Employer Parties, whether Employee is aware of them or not, and that all such claims are released by this Agreement.

10. Employee represents and affirms that Employee has been paid all wages due, has suffered no occupational illness or injury, and has no other claims against any of the Employer Parties. Employee agrees that, unless otherwise required by law or as otherwise provided in this Agreement, he will not in the future file, participate or testify in, encourage or instigate the filing of any complaint or lawsuit, by any party, in any federal, state or local court, against any of the Employer Parties based upon any event occurring prior to the date of execution of this Agreement.

11. Employee represents that he has not filed any charges, lawsuits or proceedings against any of the Employer Parties.

12. Employee agrees that he will not retain, use, misuse or disclose, directly or indirectly, any of Employer's Confidential Information. For purposes of this Agreement, "Confidential Information" shall mean and include any and all confidential, proprietary, sensitive or other information of or about any of the Employer Parties, howsoever and whensoever obtained by Employee, whether or not protected or protectable under intellectual property, trade secret or other applicable laws, and whether or not labeled as such, including, without limitation: information relating to any of the Employer Parties' financial condition and projections; business, marketing or strategic plans; customer lists; price lists; databases; trade secrets; product prototypes; formulas; business strategies and methodologies, technologies, processes, know-how, procedures, software programs (including any and all source code), techniques, specifications, revenue models, manuals, confidential reports, and other similar proprietary information relating to the Employer Parties' business operations; and all reports, analyses, compilations, memoranda, notes, studies or other documents or records or electronic media prepared by Employee that contain or otherwise reflect or are generated from any such information. Employee recognizes that such Confidential Information is a unique asset of Employer (or the applicable Employer Party), developed and perfected over a considerable time and at substantial expense to Employer (or the applicable

Employer Party) and the disclosure of which may cause injury, loss of profits and loss of goodwill to the Employer Parties. Employee represents and warrants that, at all times during his employment with Employer, Employee fully complied with any and all confidentiality agreements executed by him and any and all policies or directives of Employer related to the use and disclosure of Confidential Information. Employee states that he has returned all property of the Employer Parties within his possession and control to Employer. Employee's return of all property of the Employer Parties is a condition precedent to Employee's receipt of the payments set forth in Section 4.

13. Employee agrees to fully cooperate with the Employer Parties as requested by Employer in any matter relating to (a) the transition of business matters handled by Employee during his employment and (b) any litigation, or other legal or regulatory proceeding, brought by or against any of the Employer Parties whether now pending or brought in the future. Any work required to be performed in connection with this Section 13 shall, to the extent reasonably practicable under the circumstances, be scheduled in advance at a time or times mutually convenient to Employer and Employee and Employee shall be entitled to reimbursement for reasonable expenses incurred, and reasonable compensation for his time and effort expended, in connection therewith, in each case, in accordance with, and subject to the terms and conditions of, that certain Consulting Agreement being entered into by and between Employer and Employee on the date hereof.

14. INTENTIONALLY DELETED.

15. Employee will direct all requests for references to Yvonne Alfonso Santana, Employer's Vice President - Human Resources. Ms. Santana will respond to any written requests for references from prospective employers of Employee with information as to Employee's dates of employment with Employer and job title.

16. Employee will not: (a) make oral or written statements in any forum, including, without limitation, social networking, blog, or similar internet sites, about any of the Employer Parties that could reasonably be expected to adversely affect any of the Employer Parties' reputation or business; (b) engage in any conduct that could harm or adversely affect any of the Employer Parties' business, reputation, operations, or employees; or (c) reapply for or accept employment with the Employer. Nothing in this Agreement is intended to prohibit or restrict Employee from: (x) making any disclosure of information required by law (including pursuant to a valid subpoena or other legal process) or the disclosure of which may not be limited or restricted pursuant to Section 1-10(a) of the Illinois Workplace Transparency Act or other applicable law; (y) providing information to, or testifying or otherwise assisting in any investigation or proceeding brought by, any federal regulatory or law enforcement agency or legislative body, or any self-regulatory organization; or (z) filing, testifying, participating in, or otherwise assisting in a proceeding relating to an alleged violation of any federal, state, or municipal law relating to fraud or any rule or regulation of the Securities and Exchange Commission or any self-regulatory organization. Employer, Employer's executive officers and Employer's affiliated entities will not: (i) make oral or written statements in any forum, including, without limitation, social networking, blog, or similar internet sites, about Employee that could reasonably be expected to adversely affect Employee's reputation or business; or (ii) engage in any conduct that could harm or adversely affect Employee's business, reputation, operations, or employees. Nothing in this Agreement is intended to prohibit or restrict any of the Employer Parties from: (1) making any disclosure of information required by law (including pursuant to a valid subpoena or other legal process); (2) providing information to, or testifying or otherwise assisting in any investigation or proceeding brought by, any federal regulatory or law enforcement agency or legislative body, or any self-regulatory organization; or (3) filing, testifying, participating in, or otherwise assisting in a proceeding relating to an alleged violation of any federal, state, or municipal law relating to fraud or any rule or regulation of the Securities and Exchange Commission or any self-regulatory organization.

17. Employee understands that this Agreement fully sets forth all separation benefits he will receive from any of the Employer Parties, and it supersedes any offers or promises, whether oral or written, made at any time, including, without limitation, the Enhanced Severance Letter, the Restricted Stock Agreement, and that certain Stock Option Agreement, dated as of March 28, 2014, by and between KFS and Employee.

18. In the event of Employee's death during the period in which Employee is receiving payments under this Agreement, Employer will pay to Employee's estate any balance due to Employee.

19. This Agreement will not take effect until after Employee signs it and it is received by Yvonne Alfonso Santana at 150 Pierce Road, 6th Floor Itasca, IL 60143.

20. If for any reason any portion of this Agreement shall be held invalid or unenforceable, this fact shall not affect the validity or enforceability of the remaining portions of this Agreement.

21. Employee acknowledges that he has fully read this Agreement, understands its terms, and is entering into this Agreement knowingly and voluntarily.

22. Employee acknowledges that his waiver of rights or claims arising under the Age Discrimination in Employment Act ("ADEA") is in writing, written in a manner calculated to be understood, and is understood by him.

(a) Employee understands that by signing this document, he does not waive ADEA rights that may arise after the date this Agreement is signed.

(b) Employee acknowledges that the waiver of his ADEA rights is in exchange for the consideration outlined above, which is above and beyond what he is otherwise entitled to receive from Employer.

(c) Employee acknowledges that he has been advised by Employer that he may, but does not have to take, twenty-one (21) days, which Employee acknowledges is a reasonable period of time, to consider this document and to sign and return this Agreement.

(d) Employee acknowledges that Employer, by this Agreement, is advising him in writing to consult with an attorney of his choosing before signing this document.

(e) Employee may revoke this Agreement at any time during the seven (7) days following his signing. If Employee wishes to revoke this Agreement, he must notify Yvonne Alfonso Santana, in writing, at 150 Pierce Road, 6th Floor Itasca, IL 60143, within seven (7) days after signing this Agreement. This Agreement will not be effective and enforceable and no payments under this Agreement will be made until the seven (7) day revocation period expires (the "Effective Date").

(f) In the event Employee fails to execute and return this Agreement on or before the expiration of the twenty-one (21) day period, or if Employee timely executes and then elects to revoke this Agreement within the seven (7) day revocation period, this Agreement will be of no further force and effect and neither Employee nor Employer will have any rights or obligations hereunder; provided, however, the provisions of Section 6 hereof shall not be effected thereby.

23. This Agreement shall be subject to and governed by and in accordance with the laws of the State of Illinois, without regard to conflict of laws principles.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the latest date set forth below to be effective as of the Effective Date.

**THIS DOCUMENT IS A RELEASE OF ALL CLAIMS;
READ CAREFULLY BEFORE SIGNING**

/s/ William A. Hickey, Jr.
William A. Hickey, Jr.

KINGSWAY AMERICA INC.

By: /s/ John T. Fitzgerald

Printed: John T. Fitzgerald

Title: President

Date: February 28, 2020

KINGSWAY AMERICA INC.

By: /s/ Paul R. Hogan

Printed: Paul R. Hogan

Title: General Counsel

Date: February 28, 2020

CONSULTING AGREEMENT

This **CONSULTING AGREEMENT** (“Agreement”), dated as of the 28th day of February 2020 (the “Effective Date”), is made and entered into by and between William A. Hickey, Jr., an individual residing in the State of Illinois (“Consultant”), and Kingsway America Inc., a Delaware corporation (the “Company”).

RECITALS

WHEREAS, Consultant was previously employed by the Company, which employment terminated on the Effective Date;

WHEREAS, Consultant and the Company wish to memorialize the terms upon which Consultant may, from time to time, perform certain services for and on behalf of the Company from and after the Effective Date, which services are described in more detail on Exhibit A attached hereto (the “Services”); and

WHEREAS, it is the intention of Consultant and the Company to establish an independent contractor relationship for all purposes and not continue an employee and employer relationship;

NOW, THEREFORE, in consideration of the foregoing premises, the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

AGREEMENT

1. **Engagement of Consultant; Performance of the Services.** The Company hereby engages Consultant to provide the Services, and Consultant hereby accepts such engagement and agrees to perform the Services, on the terms and subject to the conditions set forth herein. Consultant will determine the method, details, and means of performing the Services; provided, however, Consultant shall perform the Services in a diligent and professional manner in accordance with the highest standards of professional conduct and in strict compliance with all applicable laws, rules, regulations and professional standards.

2. **Consulting Fee; Payment.** During the Initial Term (as defined below), Consultant shall be entitled to receive a consulting fee of Thirty Thousand Dollars (\$30,000) per month, payable in arrears in semi-monthly installments of Fifteen Thousand Dollars (\$15,000) each in accordance with the Company’s normal payroll schedule for its employees. During any Renewal Term (as defined below), Consultant shall be entitled to receive a consulting fee equal to One Hundred Sixty-Five Dollars (\$165) per hour worked (rounded to the nearest quarter (1/4) hour). Consultant shall also be entitled to the reimbursement of reasonable, documented, out of pocket expenses incurred by him in connection with the provision of the Services and approved in advance by the Company. Within five (5) business days after the end of each month during any Renewal Term in which Services are provided, Consultant shall submit an invoice to the Company. Each invoice must summarize all work performed during the month and include the number of hours spent performing the Services. The Company shall pay all such invoices within fifteen (15) days of receipt. In the event of a disputed charge, the Company shall notify Consultant in writing of the disputed amount within thirty (30) days after receipt of the invoice, specifically identify the reason for the dispute, and pay all undisputed amounts owed while the dispute is being resolved.

3. **Term and Termination.** The initial term of this Agreement shall commence on the Effective Date and end on April 30, 2020 (the “Initial Term”). The Initial Term may be renewed for additional periods of one (1) month each by mutual agreement of the parties (each such one (1) month period being referred to as a “Renewal Term”, and all such Renewal Terms, collectively with the Initial Term, the “Term”). This Agreement may be terminated only as follows: (a) the Company may terminate this Agreement at any time by providing written notice of termination to Consultant; (b) Consultant may terminate this Agreement at any time during the Initial Term by providing written notice of termination to the Company, only if the Company has breached this Agreement; and (c) Consultant may terminate this Agreement at any time during a Renewal Term by providing not less than five (5) business days’ prior written notice of termination to the Company, provided that such advance notice shall not be required in the event the Company has breached any material provision of this Agreement.

4. **Effect of Termination.** If this Agreement is terminated by the Company during the Initial Term other than as a result of a material breach of this Agreement by Consultant, Consultant shall continue to be entitled to receive

the consulting fee for the remainder of the Initial Term, but no other consulting fee shall thereafter be due and payable. If this Agreement is terminated by the Company, except as described in the immediately preceding sentence, or by Consultant at any time, Consultant shall only be entitled to receive that portion of the consulting fee earned prior to the date notice of termination has been given (pro-rated through such date in the event of a termination during the Initial Term). Upon termination for any reason at any time, Consultant shall be entitled to reimbursement for all approved expenses incurred by him prior to the date notice of termination has been given.

5. **Relationship of Parties; Taxes.** The parties intend that an independent contractor relationship be created by this Agreement. Consultant agrees that Consultant will not be or become an agent, employee, partner or joint venturer of the Company or any of its Affiliates (as defined below) (collectively with the Company, the “Group Companies”) and will have no authority to act on behalf of any of the Group Companies or to bind any of the Group Companies to any contract or otherwise. Consultant will not imply or state the contrary to third parties. Consultant shall not be entitled to any of the rights or benefits that any of the Group Companies provides to their respective employees. Consultant acknowledges and agrees that Consultant will not be entitled to worker’s compensation insurance benefits or unemployment compensation insurance benefits from any of the Group Companies as a result of this Agreement or any work performed by Consultant under this Agreement. It is agreed that Consultant shall act as an independent contractor in the provision of all Services under this Agreement. Accordingly, Consultant shall bear all liability for Taxes (as defined below) that results from the provision of Services under this Agreement, including, without limitation, remittances for any personal taxes, payroll taxes, insurance premiums or any other duties, levies or taxes (collectively, “Taxes”) and shall indemnify, defend and save the Group Companies, and their respective officers, directors, employees and agents, harmless from and against any and all liability, loss, cost or expense (including reasonable attorneys’ fees and costs of enforcement) incurred by any of them as a result of any failure, or alleged failure, of Consultant to pay, collect or remit any such Taxes. For purposes of this Agreement, the term “Affiliate” means, with respect to any person, any other person directly or indirectly controlling, controlled by or under common control with such person. Notwithstanding the foregoing, or anything else contained herein to the contrary, Consultant has agreed to remain as an officer and director of Kingsway Amigo Insurance Company (“Amigo”) until the earlier of the following to occur: (a) his successor(s) has/have been duly appointed and qualified; or (b) the termination of this Agreement. Accordingly, Consultant shall retain the rights, responsibilities, powers and privileges necessary and appropriate to discharge his duties as an officer and director of Amigo during his tenure as such, including, without limitation, coverage under the Company’s directors’ and officers’ liability insurance policies.

6. **Confidentiality.** Consultant agrees that he will not (a) use any Confidential Information (as defined below) for any purpose other than as necessary to perform the Services in accordance with the terms of this Agreement, (b) disclose, copy, reproduce, reveal, publish or disseminate in any manner whatsoever any Confidential Information, or give access thereto, to any individual or entity, or (c) create any derivative works based on the Confidential Information or reverse engineer, decompile or disassemble any of such Confidential Information. For purposes of this Agreement, “Confidential Information” shall mean and include any and all confidential, proprietary, sensitive or other information of or about any of the Group Companies, howsoever and whensoever obtained by Consultant, whether or not protected or protectable under intellectual property, trade secret or other applicable laws, and whether or not labeled as such, including, without limitation: information relating to the financial condition and projections of any of the Group Companies; business, marketing or strategic plans; customer lists; price lists; databases; trade secrets; product prototypes; formulas; business strategies and methodologies, technologies, processes, know-how, procedures, software programs (including any and all source code), techniques, specifications, revenue models, manuals, confidential reports, and other similar proprietary information relating to the business operations of the Group Companies; and all reports, analyses, compilations, memoranda, notes, studies or other documents or records or electronic media prepared by Consultant that contain or otherwise reflect or are generated from any such information. Notwithstanding anything contained herein to the contrary, “Confidential Information” shall not include any information which is now or subsequently becomes generally available to the public through no fault or breach of this Agreement on Consultant’s part. Without limitation of the foregoing, Consultant (x) understands that an Affiliate of the Company is a publicly traded company on the New York Stock Exchange, and (y) acknowledges that he is aware that United States securities laws prohibit any person who has material, non-public information concerning a company (i) from purchasing or selling securities of that company, (ii) from communicating such information to any other person when it is reasonably foreseeable that the person is likely to purchase or sell such securities and (iii) from otherwise permitting another to make an investment decision with such information.

7. **Work Product Ownership.** Subject to any third party rights in licensed elements approved by the Company, all written materials, documentation, electronic files, data, models, spreadsheets, work papers, memoranda, media, designs, inventions and/or other work product, including any adaptations thereof (collectively, “Work Product”) developed by Consultant on the Company’s behalf, or developed using the Company’s Confidential Information, are and

shall be the sole and exclusive property of the Company. Consultant agrees that the Work Product is specially ordered or commissioned by the Company and constitutes works made for hire authored by the Company under 17 U.S.C. §101. To the extent that any of the Work Product is not works made for hire, Consultant hereby conveys, grants, and assigns to the Company all right, title and interest worldwide in and to such Work Product, all physical elements thereof, all intangible rights thereto, and all contractual rights and obligations relating thereto, for all uses and purposes whether now known or hereafter created. Consultant agrees that Consultant shall have no proprietary interest in any such Work Product. Consultant represents, warrants and covenants that no Work Product produced by Consultant under this Agreement or methods or processes used by Consultant in performing services under this Agreement, will infringe the rights of any third party under the intellectual property and similar laws of the United States, any state or any foreign country (including without limitation rights and laws related to copyrights, patents, trademarks, service marks, trade secrets and rights of publicity).

8. **Delivery of Work Product and Return of Confidential Information.** At any time upon written demand therefor (and at any rate not later than five (5) business days following termination of this Agreement), Consultant shall promptly return all Confidential Information and all Work Product in his possession, including any Confidential Information and Work Product that is in electronic (including digital media) or written or other physical form, including all copies, reproductions, or extracts thereof. Consultant shall not retain any copies of any Confidential Information or Work Product, except as necessary to comply with applicable laws, rules, regulations and court orders.

9. **Survival.** The provisions of Sections 4 through 17 of this Agreement (and any defined terms used therein) shall survive the termination of this Agreement indefinitely.

10. **Advice of Counsel.** Consultant acknowledges that it has had the opportunity to receive independent legal advice or such other advice as it has deemed necessary in relation to this Agreement. Consultant further acknowledges that Consultant understands its rights and obligations under this Agreement, is voluntarily signing this Agreement and accepts the terms of this Agreement.

11. **Successors and Assigns; Assignment.** This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and permitted assigns. Notwithstanding the foregoing, this Agreement may not be assigned (in whole or in part) by Consultant, nor may any of Consultant's duties hereunder be delegated, without the prior written consent of the Company.

12. **Entire Agreement.** This Agreement constitutes the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes any and all prior or contemporaneous agreements and understandings (whether written or oral) with respect to such subject matter. There are no representations, warranties, covenants or agreements regarding the subject matter hereof (whether written or oral), except as set forth herein.

13. **Amendment, Modification and Waiver.** This Agreement may not be amended or modified, nor may any provision hereof be waived, except pursuant to a written instrument that has been signed by the party against whom enforcement of such amendment, modification or waiver is sought.

14. **Severability.** If any provision or portion of this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable for any reason, in whole or in part, the remaining provisions of this Agreement shall be unaffected thereby and shall remain in full force and effect to the fullest extent permitted by applicable law, and this Agreement shall be reformed, construed and enforced in such jurisdiction so as to best give effect to the intent of the parties under this Agreement.

15. **Notices.** Any and all notices or other communications required or permitted to be given hereunder shall be in writing and shall be deemed properly served (a) on the date sent if transmitted by hand delivery with receipt therefore, (b) on the date of transmittal if sent by email on a business day during the hours of 9:00 a.m. and 6:00 p.m. Central time or, if not, on the next succeeding business day, (c) one business day after the notice is deposited with an overnight courier, or (d) three (3) days after being sent by registered or certified mail, return receipt requested, first class postage prepaid. All such notices and other communications shall be addressed to the party to receive such notice as follows: in the case of the Company, to the attention of the Company's General Counsel at the Company's principal executive offices; and, in the case of Consultant, to the last known address (physical or electronic) for Consultant in the Company's records. Either party may change its address or other contact information for notice by giving notice to the other party in accordance with this Section 15.

16. **Governing Law.** This Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of Illinois, without reference to any jurisdiction's principles of conflicts of laws to the contrary.

17. **Counterparts.** This Agreement may be executed in multiple original, facsimile or electronic counterparts, each of which will be deemed an original, all of which when taken together shall constitute one and the same document.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the Effective Date.

“COMPANY”

KINGSWAY AMERICA INC.

By: /s/ John T. Fitzgerald

Printed: John T. Fitzgerald

Title: President

“CONSULTANT”

/s/ William A. Hickey, Jr.

William A. Hickey, Jr.

EXHIBIT A**Description of the Services**

At the request of the Company, Consultant shall provide the following services from time to time during the Term:

1. Provide a comprehensive report of Consultant's former duties and responsibilities within the Company;
2. Provide support and advice in connection with the Company's financial reporting, including, without limitation, required filings with the Securities and Exchange Commission;
3. Assist with the transition of duties to the Company's newly appointed Chief Financial Officer;
4. Provide insight and information regarding the Company's historic strategic transactions;
5. Provide support, assistance and advice, including testimony as may be appropriate, in connection with litigation matters that the Company may be involved in from time to time; and
6. Other matters as may be agreed on by the parties after the execution of this Agreement during the Term.



KINGSWAY PROVIDES FURTHER UPDATE ON 2018 FORM 10-K FILING

Itasca, Illinois (February 27, 2020) - (NYSE: KFS) Kingsway Financial Services Inc. (“Kingsway” or the “Company”) today filed its Annual Report on Form 10-K for the fiscal year ended December 31, 2018. The Company also filed today amended Forms 10-Q/A for the quarters ended March 31, 2018, June 30, 2018, and September 30, 2018 that have been restated to reflect adjustments identified during the course of its 2018 audit.

The Company originally issued a press release dated March 14, 2019 reporting certain unaudited 2018 fourth quarter and year-end financial results. The Company subsequently issued press releases dated April 16, 2019 and May 30, 2019 announcing that its outside independent auditors required more time to complete their work and describing certain adjustments it had identified during the course of its ongoing audit. Since its May 30, 2019 press release, the Company identified additional adjustments to its previously reported financial results. The adjustments identified and the effect of such adjustments on the Company’s previously reported financial results are described in more detail below.

Cumulative Impact of Adjustments Identified Since March 14, 2019

Summarized below is the cumulative impact on the Company’s previously reported consolidated statement of operations and consolidated balance sheet as of and for the year ended December 31, 2018 of the adjustments recorded since its March 14, 2019 press release (inclusive of those announced on April 16, 2019 and May 30, 2019).

Kingsway Financial Services Inc.								
Consolidated Statement of Operations for the year ended December 31, 2018								
Amounts in thousands								
	Per March 14, 2019 Press Release	Adjustments due to Consolidation of Limited Liability Investments	Adjustments to Redeemable Class A Preferred Stock	Adjustments to Extended Warranty Segment	Adjustment to Carrying Values of Investments	Other Adjustments	Total Adjustments	Per February 27, 2020 Press Release
Revenues:								
Service fee and commission income	38,849	-	-	(563)	-	-	(563)	38,286
Rental income	13,376	-	-	-	-	-	-	13,376
Other income	416	-	-	-	-	-	-	416
Total revenues	52,641	-	-	(563)	-	-	(563)	52,078
Operating expenses:								
Claims authorized on vehicle service agreements	5,711	-	-	-	-	-	-	5,711
Loss and loss adjustment expenses	1,631	-	-	-	-	-	-	1,631
Commissions	3,756	-	-	-	-	-	-	3,756
Cost of services sold	7,315	-	-	55	-	-	55	7,370
General and administrative expenses	29,367	69	(33)	149	-	183	368	29,732
Leased real estate segment interest expense	6,171	-	-	-	-	-	-	6,171
Total operating expenses	53,951	69	(33)	203	-	183	422	54,371
Operating loss	(1,310)	(69)	33	(766)	-	(183)	(985)	(2,293)
Other revenues (expenses), net:								
Net investment income	(8,876)	1,840	-	-	94	9,899	11,833	2,957
Net realized (losses) gains	(405)	388	-	-	-	-	388	(17)
Gain on change in fair value of equity investments	250	130	-	-	-	-	130	381
(Loss) gain on change in fair value of limited liability investments, at fair value	-	2,715	-	-	-	(10,108)	(7,393)	(7,393)
Net change in unrealized loss on private company investments	-	(1,629)	-	-	-	-	(1,629)	(1,629)
Non-operating other income	1,032	(69)	-	-	-	(932)	(1,001)	30
Interest expense not allocated to segments	(6,091)	(1,316)	-	-	-	-	(1,316)	(7,407)
Amortization of intangible assets	(2,442)	-	-	-	-	66	66	(2,376)
Loss on change in fair value of debt	(1,720)	-	-	-	-	-	-	(1,720)
Gain on disposal of subsidiary	17	-	-	-	-	-	-	17
Equity in net (loss) income of investee	(817)	-	-	-	(1,682)	-	(1,682)	(2,499)
Total other revenues (expenses), net	(19,052)	2,059	-	-	(1,588)	(1,075)	(604)	(19,656)
Loss from continuing operations before income tax expense (benefit)	(20,362)	1,990	33	(766)	(1,588)	(1,258)	(1,589)	(21,949)
Income tax expense (benefit)	358	-	-	(53)	-	10	(43)	315
(Loss) income from continuing operations	(20,720)	1,990	33	(713)	(1,588)	(1,268)	(1,546)	(22,264)
Loss on liquidation of subsidiary, net of taxes	-	-	-	-	-	-	-	-
Income (loss) from discontinued operations, net of taxes	1,738	(673)	-	-	-	-	(673)	1,064
(Loss) gain on disposal of discontinued operations, net of taxes	(7,136)	-	-	-	-	-	-	(7,136)
Net loss	(26,118)	1,317	33	(713)	(1,588)	(1,268)	(2,219)	(28,336)
Less: net income attributable to noncontrolling interests in consolidated subsidia	468	1,317	-	(21)	-	-	1,295	1,765
Less: dividends on preferred stock, net of tax	96	-	524	-	-	-	524	620
Net loss attributable to common shareholders	(26,682)	(0)	(491)	(692)	(1,588)	(1,268)	(4,039)	(30,721)

Kingsway Financial Services Inc. Consolidated Balance Sheet as of December 31, 2018 Amounts in thousands								
	Per March 14, 2019 Press Release	Adjustments due to Consolidation of Limited Liability Investments	Adjustments to Redeemable Class A Preferred Stock	Adjustments to Extended Warranty Segment	Adjustment to Carrying Values of Investments	Other Adjustments	Total Adjustments	Per February 27, 2020 Press Release
Assets								
Investments:								
Fixed maturities, at fair value (amortized cost of \$12,432)	12,260	-	-	-	-	-	-	12,260
Equity investments, at fair value (cost of \$2,274)	856	-	-	-	-	-	-	856
Limited liability investments	21,456	(16,065)	-	(699)	94	-	(16,670)	4,790
Limited liability investments, at fair value	206	25,809	-	-	-	-	25,809	26,015
Investments in private companies, at adjusted cost	-	2,391	-	699	-	-	3,090	3,090
Real estate investments, at fair value (cost of \$10,225)	-	10,662	-	-	-	-	10,662	10,662
Other investments, at cost which approximates fair value	2,079	-	-	-	-	-	-	2,079
Short-term investments, at cost which approximates fair value	152	-	-	-	-	-	-	152
Total Investments	37,009	22,798	-	-	94	-	22,892	59,904
Cash and cash equivalents	31,914	443	-	(779)	-	(16,959)	(17,295)	14,619
Restricted Cash	-	-	-	-	-	16,959	16,959	16,959
Investment in investee	2,633	-	-	-	(1,682)	-	(1,682)	951
Accrued investment income	203	219	-	-	-	-	219	420
Service fee receivable, net of allowance for doubtful accounts of \$191	4,570	-	-	(1,136)	-	-	(1,136)	3,434
Other receivables, net of allowance for doubtful accounts of \$184	8,748	(8)	-	967	-	(183)	776	9,523
Deferred acquisition costs, net	6,904	-	-	-	-	-	-	6,904
Property and equipment, net of accumulated depreciation of \$15,958	103,142	-	-	-	-	-	-	103,142
Goodwill	73,928	-	-	-	-	731	731	74,659
Intangible assets, net of accumulated amortization of \$10,594	83,816	-	-	-	-	(550)	(550)	83,266
Other assets	4,472	-	-	(15)	-	-	(15)	4,459
Assets held for sale	-	-	-	-	-	-	-	-
Total Assets	357,339	23,452	-	(963)	(1,588)	(2)	20,899	378,240
Liabilities and Shareholders' Equity								
Liabilities:								
Accrued expenses and other liabilities	17,007	461	(1,706)	(914)	-	(61)	(2,220)	14,786
Income taxes payable	2,431	-	-	(31)	-	-	(31)	2,400
Deferred service fees	46,016	-	-	1,114	-	-	1,114	47,130
Unpaid loss and loss adjustment expenses	2,073	-	-	-	-	-	-	2,073
Bank loan	3,917	-	-	-	-	-	-	3,917
Notes payable	182,548	16,768	-	-	-	-	16,768	199,316
Subordinated debt, at fair value	50,023	-	-	-	-	-	-	50,023
Net deferred income tax liabilities	28,532	-	-	(23)	-	28	5	28,537
Liabilities held for sale	-	-	-	-	-	-	-	-
Total Liabilities	332,547	17,229	(1,706)	145	-	(33)	15,636	348,182
Shareholders' Equity:								
Class A preferred stock, no par value; 1,000,000 and unlimited number authorized at December 31, 2018; 222,876 issued and outstanding at December 31, 2018	5,494	-	306	-	-	-	306	5,800
Additional paid-in capital	354,360	-	(470)	-	-	-	(470)	353,890
Accumulated deficit	(381,203)	-	1,870	(1,048)	(1,588)	(229)	(995)	(382,196)
Accumulated other comprehensive income (loss)	40,507	-	-	-	-	260	260	40,768
Shareholders' equity attributable to common shareholders	13,664	-	1,400	(1,048)	(1,588)	31	(1,204)	12,462
Noncontrolling interests in consolidated subsidiaries	5,634	6,223	-	(60)	-	-	6,162	11,796
Total Shareholders' Equity	19,298	6,223	1,400	(1,108)	(1,588)	31	4,958	24,258
Total Liabilities, Class A preferred stock and Shareholders' Equity	357,339	23,452	-	(963)	(1,588)	(2)	20,899	378,240

Certain of the adjustments identified above affect years prior to 2018, which results in a different impact to 2018 net loss than to 2018 shareholders' equity. The Company has restated its 2017 financial statements for those adjustments, as appropriate, which are described in Note 3 to the consolidated financial statements within its Annual Report on Form 10-K for the year ended December 31, 2018.

Summary Description of Adjustments Identified Since March 14, 2019

Adjustments due to Consolidation of Limited Liability Investments

The Company identified five limited liability investments, previously accounted for under the equity method of accounting, that are now accounted for on a consolidated basis. The Company now reports the gross assets and related non-recourse liabilities carried on the balance sheets of these limited liability investments and, in some cases, records noncontrolling interests in the consolidated limited liability investments.

Adjustments to Redeemable Class A Preferred Stock

The Company determined that some of the proceeds from its redeemable Class A Preferred Stock issued on February 3, 2014 should have been allocated to the Series C warrants issued on such date and to a beneficial conversion feature related to the embedded conversion option in the redeemable Class A Preferred Stock. The allocated proceeds should have been recorded as additional paid in capital in shareholders' equity with an offsetting discount to the carrying value of the redeemable Class A Preferred Stock, which discount would then have been amortized as dividend expense and reported as part of net loss attributable to common shareholders through the mandatory redemption date of April 1, 2021.

Adjustments to Extended Warranty Segment

The Company increased deferred service fees by \$0.6 million, with offsetting reductions of \$0.5 million to service fee and commission income recorded for the year ended December 31, 2018 and \$0.1 million to accumulated deficit, for adjustments due

to the adoption, effective January 1, 2018, of Accounting Standards Update 2014-09, *Revenue from Contracts with Customers*. The Company also identified several adjustments within the consolidated balance sheet, which had no effect on shareholders' equity, primarily including to (i) reclassify \$0.7 million from limited liability investments to investments in private companies, at adjusted cost to conform to current presentation; (ii) reclassify \$0.8 million from cash and cash equivalents to service fee receivable; and (iii) record offsetting reductions of \$1.3 million to service fee receivable and accrued expenses and other liabilities.

Adjustments to Carrying Values of Investments

The Company adjusted the carrying values of some of the underlying investments held by its limited liability investments that will now be accounted for on a consolidated basis. In addition, the Company concluded that the carrying value of its investment in investee, which is accounted for using the equity method, had an other than temporary impairment as of December 31, 2018. As such, the Company decreased the carrying value of its investment in investee as of December 31, 2018 by \$1.7 million to reflect the published closing common stock price of the investee, Itasca Capital Ltd.

Other Adjustments

The Company recorded other adjustments that were identified in the course of the Company's continued review or as a result of further audit procedures performed by the Company's external auditors, including:

- Reclassifying to prior periods \$1.0 million of non-operating other income recorded during 2018 due to the reversal of escheat liabilities related to the Company's voluntary runoff property-casualty insurance operation;
- Reclassifying \$10.1 million of net investment loss to loss on change in fair value of limited liability investments, at fair value in order to conform to the current presentation of the Company's investment in 1347 Investors LLC;
- A \$17.0 million reclassification from cash and cash equivalents into restricted cash; and
- A \$0.7 million increase to goodwill, with offsetting decreases to intangible assets, amortization of intangible assets and accumulated deficit, related to the Company's acquisition of Argo Management in 2016, including the related tax impact of these adjustments, resulting in an increase to net deferred income tax liabilities, with offsetting decreases to income tax benefit and accumulated deficit.

About the Company

Kingsway is a holding company that owns or controls subsidiaries primarily in the extended warranty, asset management and real estate industries. The common shares of Kingsway are listed on 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 2018 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 2018 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.