

Kingsway Announces Acquisition of Vehicle Protection Service Business**Deal Value: Not Disclosed****Sandler O'Neill served as exclusive financial advisor to Kingsway Financial Services Inc.****This is the 30th insurance-related M&A deal in which Sandler O'Neill has served as financial advisor since January 1, 2007.**

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.

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