



KINGSWAY GENERAL INSURANCE COMPANY
THE SPECIALTY INSURER

Broker Bulletin

January 23, 2009

Dear Kingsway General Broker,

Yesterday, AM Best changed its financial rating of Kingsway General Insurance Company ("Kingsway General") from B+ (Good) to B (Fair). We are disappointed with AM Best's decision to change Kingsway General's rating at this time as it ignores the progress made by the Company to improve financial results during the course of 2008. In certain sectors, most materially Ontario private passenger automobile, we increased premium rates in response to escalating claims costs while doubling efforts to control costs and fight fraud. We believe the combination of these efforts have begun to change the trend line of our results in a positive direction.

Irrespective of the AM Best rating change, Kingsway General continues to maintain capital in excess of regulatory levels as of the date of this letter. We are confident that the proactive programs to improve results enacted by Kingsway General and other Kingsway Financial Services Inc. Group companies will bear fruit in 2009 with the effect of increasing excess capital levels and improving financial ratings including those rendered by AM Best.

We recognize that the difficult economic conditions elevate risk levels for all financial service organizations and we respect the need to do what is prudent to protect capital and effectively service you and your customers. Kingsway General management and staff are committed to delivering the highest level of policyholder service and support as we deliver on our promise to pay legitimate claims.

I ask for your continued support as Kingsway General works through its issues with AM Best to restore its financial ratings.

Sincerely,

John L. McGlynn
President & CEO

Our operating principles.....Fair, Accurate, Courteous, Timely

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