



Broker Bulletin

May 7, 2009

Message from Serge Lavoie

To Kingsway General Brokers:

The purpose of this memo is to update you on steps we're taking in Kingsway to become more efficient, more competitive, and easier to deal with.

The first step I took on being named President and Chief Executive Officer of Kingsway in Canada – responsible for both the Jevco and Kingsway General brands – was to analyze all the business being written by Kingsway General and determining where to focus going forward. As a result of that analysis, we are exiting the cross-border trucking business. We will stop writing new cross-border trucking business immediately, and cease renewing these policies with an effective date of July 1. Unfortunately, it is also necessary to reduce staffing levels to align with the volumes we expect to write this year. We announced position eliminations today to the people affected in Mississauga and Edmonton.

These moves allow us to focus our energy and investment on our core non-standard auto and commercial products. I intend to make improving customer/broker service a top priority. We need to improve the execution and consistency of our claims processes. On the technology front, we recently launched a portal that is getting positive reviews from the brokers who are already using it. We plan to continue to roll it out over the coming weeks, at the same time we are investing in enhancing its functionality. The system automates much of our underwriting, allowing you to issue policies speedily. Our goals are to make it easy for brokers to deal with us, provide an excellent customer experience, and increase efficiency for both brokers and Kingsway.

It's no secret that Kingsway Financial as a whole is navigating some turbulent times. You are aware of the problems with the Lincoln General subsidiary in the U.S. that has now been placed into run-off. The loss that the company posted last year is largely, though not entirely, attributable to legacy issues at Lincoln. I want to assure you that Kingsway is taking the necessary steps to maintain financial strength. We have capital in excess of regulatory requirements. We are working across all Kingsway subsidiaries to reduce expenses and further improve both liquidity and our capital base. The company-wide transformation work launched earlier this year is delivering ahead of plan, and we are on track in our efforts to ensure we are well positioned to meet your needs and deliver the value you expect well into the future. You should experience a more responsive Kingsway, with competitive products and excellent service.

Thank you for your continued support.

Serge Lavoie
President & CEO

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