

To: Our valued clients

From: Lisa Gelsomino

Re: Important developments at Avalon

Date: October 19, 2009

We've reached an important milestone in the history of Avalon Risk Management, Inc ("Avalon"). I am excited to advise you that members of Avalon's senior management team have reached an agreement to purchase the assets of Avalon from our parent company, Kingsway Financial Services Inc. ("Kingsway").

The transaction is sponsored by Fund Management Group LLC ("FMG"), and I'm pleased to say we will continue to operate under the Avalon banner as a privately held, independent company led by our current management team. You will continue to be supported by our dedicated insurance specialists across our network of offices and our innovative Web-based Merlin technologies. I am honored to continue as President/CEO and serve on the Board of Directors. Representing FMG as our investing entity, James R. Zuhlke has been appointed Executive Chairman and Gordon G. Pratt, Vice Chairman.

Avalon began its brokerage operation in 1998 as a wholly-owned subsidiary of Kingsway, and we will continue to act as a distribution channel for Kingsway's surety and transportation-related programs. Avalon will also continue to represent other A-rated carriers as an independent broker for our logistics clients. We are thankful to Kingsway for launching the company and allowing us to flourish into the national broker we are today. We are also fortunate to be sponsored by FMG because they understand our business and support our mission to be a premier provider for your industry.

Our senior management team has been with Avalon since we first opened our doors and has built the company from the ground up. We are excited to have this opportunity to participate in a management buyout of Avalon. I am pleased that our management and staff will remain intact to continue supporting your specialized needs in the logistics and transportation industry.

We know you will share in our excitement and you will continue to receive the same high-quality service you've relied on since the company was founded. Our employees have a true passion for our business—and for yours—and we are fully committed to building a strong partnership with you long into the future. As always, I thank you for your continued support and encourage you to contact me directly at (847) 700-8192 or lgelsomino@avalonrisk.com if you have any questions.

Sincerely,



Lisa Gelsomino
President/CEO