



*FOR IMMEDIATE RELEASE*  
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## 10 YEAR ANNIVERSARY

CHICAGO — In January 2008, Avalon Risk Management, Inc. celebrated our 10 year anniversary. First and foremost, we want to thank our clients and business partners for making this possible.

With the support of Kingsway Financial Services Inc., Avalon began as a start-up operation in 1998. Today, we are one of the largest transportation focused insurance brokers in the U.S. with nine offices in major port cities and plans to open additional offices in key cities within and outside of the U.S. in the coming year. People and partners are the key to Avalon's current and future growth.

Thanks to the amazing people working for and with us, we currently provide insurance and surety products, services and technology to approximately one of every four U.S. international logistics providers and a growing number of trucking, distribution, domestic 3PL and other transportation firms.

Avalon will always be a premier provider of innovative insurance and surety solutions as a valued business partner within our selected industries; always maintaining integrity and profitability. We place business with more than eighty insurance companies, allowing us to address the many changing needs of the sophisticated markets we serve. Our goal is to provide the right combination of service, coverage and price to our selected industries based on each client's individual needs and concerns.

During the past ten years, our parent company Kingsway Financial Services Inc. has also experienced tremendous growth. Based on A.M. Best data compiled by Kingsway, the company's subsidiaries were collectively the second largest truck insurer in North America last year. Ten years ago, the Kingsway group wrote US\$276 million in premium, today we write nearly US\$2 billion. Book value per share has increased more than 16% in this same period to more than US\$17 per share. Kingsway Financial has in excess of US\$1.2 billion invested as capital in its insurance subsidiaries. The fair value of the investment portfolio is more than US\$60 per common share and the net premium writings are now at 1.5 times our invested capital compared to a 3.1 times ratio five years ago. This ratio confirms our conservative financial position and ability to grow without the need to raise capital.

Working with our sister company, Lincoln General Insurance Company (LGIC), we developed many exclusive insurance and surety products that truly cater to the changing needs of the



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logistics specialist throughout the past decade. These programs filled a need that was not addressed by other companies. LGIC is rated B++ VIII (Good) by A.M. Best.

The programs that Avalon and our business partners like LGIC developed together are best in class and provide service and coverage not available through any other insurance broker. Together, we have the capability of providing coverage including Customs Bonds, E&O, Marine & Cargo Liability, Property & Casualty and Truck insurance without the need to involve an unrelated party. This is possible as a result of our ten year commitment to infrastructure and technology development and provides the most seamless and cost effective approach for our clients. We also act as a program manager for other major insurers who are not affiliated through ownership. This combination of exclusive programs allows us to deliver the best solution to each client based on their specific needs.

Demonstrating our commitment throughout the last ten years, we are the only insurance brokerage with "preferred" status or endorsements from all of the following: the largest U.S. association of international freight forwarders and customs brokers (NCBFAA), the largest U.S. association of domestic transportation intermediaries (TIA), the largest international association of freight forwarders (FIATA) and the largest association of Foreign-Trade Zones (NAFTZ). We are committed to continuing our work with these and other important transportation and logistics associations to support education and promote professionalism throughout the industries we serve.

The insurance market is cyclical in nature. When coverage is readily available, the market is considered "soft." When it becomes more challenging to obtain insurance, the market is considered "hard." In the past ten years, the industry experienced both hard and soft insurance markets. Today, the market is relatively soft. One of the keys to our success has always been our ability to provide tailored coverage, like our combined E&O and legal liability (CTL) insurance program, in hard markets where most insurance companies choose to cease offering or restrict more challenging lines irrespective of the companies' financial position. In harder markets, and even today, others are forced to utilize non-admitted companies to write these types of risks while we are able to insure them domestically. As with any business, staying power is critical and we and our parent company are committed to continuing to serve the transportation industry as a premier provider into the future. With approximately US\$1 billion in shareholders' equity, we are well capitalized and poised for growth during the next ten years and beyond.

This ten year anniversary is a milestone in our business. It is interesting to look back at the many great accomplishments achieved in the last ten years; and, it is exciting to look forward to the many new things that will be accomplished in the next ten years. If you are one of our clients and business partners, thank you for your support and the integral role you played in our first ten years of success. If you are not, please contact [marketing@avalonrisk.com](mailto:marketing@avalonrisk.com) to learn more about our commitment to the transportation industry.



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**Avalon's 160 employees wish you all the best for a happy and prosperous new year in 2008. Thanks again for making our 10 year anniversary possible.**

Avalon Risk Management, Inc. is a premier provider of insurance and surety solutions to the logistics industry. Local service is provided through nine offices in major U.S. port cities. Products include: Bonds, Marine Cargo Insurance, Professional Liability, Business Insurance and Truck Insurance. Avalon is a wholly-owned subsidiary of Kingsway Financial Services, Inc., publicly traded as "KFS" on the NYSE and TSE.