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**AVALON COMPLETES SALE OF ITS BUSINESS ASSETS IN PRIVATE TRANSACTION
SPONSORED BY FUND MANAGEMENT GROUP**

CHICAGO — In a private transaction sponsored by Fund Management Group (“FMG”), the Avalon senior management team reached an agreement with Kingsway Financial Services Inc. (Kingsway) to purchase the business assets of Avalon Risk Management, Inc. We will continue to act as an independent company under the Avalon banner led by its current management team and supported by dedicated insurance specialists throughout our network of offices.

Lisa Gelsomino will continue to head up agency operations and serve on the Board of Directors. Representing FMG and its investors, James R. Zuhlke has been appointed Executive Chairman and Gordon G. Pratt, Vice Chairman, of the purchasing entity.

“We are thankful to Kingsway for launching us as a start-up company in 1998 and allowing us to flourish into the national broker we are today,” Gelsomino said. “We will continue to act as a distribution channel for Kingsway’s surety products in addition to the many A-rated carriers we represent.”

“Our senior management team has been with Avalon since we first opened our doors and has built the company from the ground up,” Gelsomino said. “I am pleased that Avalon’s management and staff will remain intact to continue supporting our specialized focus on the logistics and transportation niche. Our employees have a true passion for our business, and we are fully committed to building the company long into the future.”

About Avalon

Avalon is a premier provider of insurance and surety solutions to the logistics industry. The company is headquartered in Elk Grove Village, Illinois and local service is provided through its network of eleven offices throughout North America including Atlanta, Boston, Charleston, Chicago, Houston, Los Angeles, Miami, New York, San Francisco, Seattle and Toronto. Products include: Surety Bonds, Marine Cargo Insurance, Professional Liability (E&O) Insurance, Commercial Auto for Truckers and Couriers, Business Insurance, and other specialty lines.

About FMG

FMG specializes in managing investments in and providing advice to insurance-related businesses. FMG invests directly and on behalf of partners in transactions ranging from \$5 million to more than \$100 million in value.

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