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(208  
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Shareholders' equity attributable to common shareholders

38,682

56,006

Noncontrolling interests in consolidated subsidiaries

5,167

829

Total Shareholders' Equity

43,849

56,835

Total Liabilities, Class A preferred stock and Shareholders' Equity

\$  
51,494

\$  
64,568

See accompanying report of independent registered accounting firm.



KINGSWAY  
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SCHEDULE II. Financial Information of Registrant (Parent Company)

Parent Company Statements of Operations

(in thousands)	Years ended December		
	31, 2017	2016	2015
Revenues:			
Net investment income	\$35	\$6	\$5
Net realized gains	—	47	—
Total revenues	35	53	5
Expenses:			
General and administrative expenses	3,796	2,147	2,715
Foreign exchange (gains) losses, net	(165 )	(58 )	553
Equity in net (income) loss of investee	(2,115 )	74	—
Total expenses	1,516	2,163	3,268
Loss from continuing operations before income tax benefit and equity in (loss) income of subsidiaries	(1,481 )	(2,110 )	(3,263 )
Income tax (benefit) expense	—	—	—
Equity in (loss) income of subsidiaries	(9,651 )	2,632	4,532
Net (loss) income	\$(11,132)	\$522	\$1,269

See accompanying report of independent registered accounting firm.

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SCHEDULE II. Financial Information of Registrant (Parent Company)

Parent Company Statements of Comprehensive (Loss) Income

(in thousands)	Years ended December		
	31, 2017	2016	2015
Net (loss) income	\$(11,132)	\$522	\$1,269
Other comprehensive (loss) income, net of taxes <sup>(1)</sup> :			
Unrealized (losses) gains on fixed maturities and equity investments:			
Unrealized (losses) gains arising during the period	(139 )	588	(588 )
Reclassification adjustment for amounts included in net (loss) income	—	—	—
Foreign currency translation adjustments	—	—	—
Other comprehensive (loss) income - parent only	(139 )	588	(588 )
Equity in other comprehensive (loss) income of subsidiaries	(3,504 )	1,682	748
Other comprehensive (loss) income	(3,643 )	2,270	160
Comprehensive (loss) income	\$(14,775)	\$2,792	\$1,429

(1) Net of income tax (benefit) expense of \$0, \$0 and \$0 in 2017, 2016 and 2015

See accompanying report of independent registered accounting firm.

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SCHEDULE II. Financial Information of Registrant (Parent Company)

Parent Company Statements of Cash Flows

(in thousands)

	Years ended December 31,		
	2017	2016	2015
Cash provided by (used in):			
Operating activities:			
Net (loss) income	\$(11,132)	\$522	\$1,269
Adjustments to reconcile net (loss) income to net cash used in operating activities:			
Equity in net loss (income) of subsidiaries	9,651	(2,632 )	(4,532 )
Equity in net (income) loss of investee	(2,115 )	74	—
Stock-based compensation expense, net of forfeitures	1,186	1,015	802
Net realized gains	—	(47 )	—
Other, net	(368 )	(147 )	1,242
Net cash used in operating activities	(2,778 )	(1,215 )	(1,219 )
Investing activities:			
Purchases of equity investments	(630 )	—	(3,143 )
Net cash used in investing activities	(630 )	—	(3,143 )
Financing activities:			
Proceeds from issuance of common stock, net	(47 )	10,477	—
Repurchase of common stock for cancellation	—	(125 )	—
Capital contributions to subsidiaries	(7,326 )	—	(500 )
Cash dividends received from subsidiaries	—	—	500
Net cash (used in) provided by financing activities	(7,373 )	10,352	—
Net (decrease) increase in cash and cash equivalents	(10,781 )	9,137	(4,362 )
Cash and cash equivalents at beginning of period	11,469	2,332	6,694
Cash and cash equivalents at end of period	\$688	\$11,469	\$2,332

See accompanying report of independent registered accounting firm.

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SCHEDULE III. Supplementary Insurance Information

(in thousands)	December 31,		Years ended December 31,					
	Deferred Acquisition Costs	Unpaid Loss and Adjustment Expenses	Unearned Premiums	Net Premiums Earned	Loss and Loss Adjustment Expenses	Amortization of Deferred Acquisition Costs	Other Operating Expenses	Net Premiums Written
2017								
Insurance Underwriting	\$6,720	\$ 63,652	\$ 36,686	\$ 130,443	\$ 120,791	\$ 24,203	\$ 15,956	\$ 126,959
Amounts not allocated to segments	—	—	—	—	—	—	—	—
Total	\$6,720	\$ 63,652	\$ 36,686	\$ 130,443	\$ 120,791	\$ 24,203	\$ 15,956	\$ 126,959
2016								
Insurance Underwriting	\$7,782	\$ 53,795	\$ 40,176	\$ 127,608	\$ 104,384	\$ 24,154	\$ 17,543	\$ 132,550
Amounts not allocated to segments	—	—	—	—	—	—	—	—
Total	\$7,782	\$ 53,795	\$ 40,176	\$ 127,608	\$ 104,384	\$ 24,154	\$ 17,543	\$ 132,550
2015								
Insurance Underwriting	\$6,696	\$ 55,471	\$ 35,234	\$ 117,433	\$ 87,055	\$ 23,333	\$ 17,130	\$ 116,239
Amounts not allocated to segments	—	—	—	—	—	—	—	—
Total	\$6,696	\$ 55,471	\$ 35,234	\$ 117,433	\$ 87,055	\$ 23,333	\$ 17,130	\$ 116,239

NOTE 1: Net investment income is not allocated to segments, therefore net investment income is not provided in this schedule.

See accompanying report of independent registered accounting firm.

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SCHEDULE IV. Reinsurance

(in thousands,  
except for  
percentages)

Years ended December 31,

	Direct Premiums Written	Premiums Ceded to Other Companies	Premiums Assumed from Other Companies	Net Premiums Written	Percentage of Premiums Assumed to Net	
2017	\$ 105,647	\$ —	\$ 21,312	\$ 126,959	16.8	%
2016	\$ 109,165	\$ 141	\$ 23,526	\$ 132,550	17.7	%
2015	\$ 97,414	\$ 165	\$ 18,990	\$ 116,239	16.3	%

See accompanying report of independent registered accounting firm.

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SCHEDULE V. Valuation and Qualifying Accounts  
(in thousands)

	Balance at Beginning of Year	Charged to Income Tax (Benefit) Expense	Tax Act Rate Change	Disposals and Other	Balance at End of Year
Valuation Allowance for Deferred Tax Assets:					
Year Ended December 31, 2017	\$ 276,590	\$9,092	\$(108,179)	\$ 3,719	\$ 181,222
Year Ended December 31, 2016	\$ 283,636	\$(6,743)	\$—	\$(303 )	\$ 276,590
Year Ended December 31, 2015	\$ 287,151	\$ 1,033	\$—	\$(4,548 )	\$ 283,636

See accompanying report of independent registered accounting firm.



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SCHEDULE VI. Supplemental Information Concerning Property-Casualty Insurance Operations  
(in thousands)

Affiliation with Registrant (1)	Deferred Acquisition Costs	Unpaid Loss and Loss Adjustment Expenses	Unearned Premiums	Net Earned Premiums	Net Investment Income	Current Year	Prior Years	Loss and Loss Adjustment Expenses Related to	Amortization of Deferred Acquisition Costs	Paid Loss and Loss Adjustment Expenses	Net Premiums Written
Year ended December 31, 2017	\$ 6,720	\$ 63,652	\$ 36,686	\$ 130,443	\$ 1,784	\$ 100,097	\$ 20,694	\$ 24,203	\$ 110,427	\$ 126,959	
Year ended December 31, 2016	\$ 7,782	\$ 53,795	\$ 40,176	\$ 127,608	\$ 5,530	\$ 96,289	\$ 8,095	\$ 24,154	\$ 105,534	\$ 132,550	
Year ended December 31, 2015	\$ 6,696	\$ 55,471	\$ 35,234	\$ 117,433	\$ 2,811	\$ 86,439	\$ 616	\$ 23,333	\$ 93,483	\$ 116,239	

(1) Consolidated property-casualty insurance operations  
See accompanying report of independent registered accounting firm.

Item 16. Form 10-K Summary

None.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

KINGSWAY FINANCIAL SERVICES INC.

Date: March 16, 2018 By: /s/ Larry G. Swets, Jr.  
Name: Larry G. Swets, Jr.  
Title: Chief Executive Officer and Director  
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Larry G. Swets, Jr. Larry G. Swets, Jr.	Chief Executive Officer and Director (principal executive officer)	March 16, 2018
/s/ John T. Fitzgerald John T. Fitzgerald	President, Chief Operating Officer and Director	March 16, 2018
/s/ William A. Hickey, Jr. William A. Hickey, Jr.	Executive Vice President and Chief Financial Officer (principal financial and accounting officer)	March 16, 2018
/s/ Terence Kavanagh Terence Kavanagh	Chairman of the Board and Director	March 16, 2018
/s/ Gregory Hannon Gregory Hannon	Director	March 16, 2018
/s/ Gary Schaevitz Gary Schaevitz	Director	March 16, 2018
/s/ Joseph Stilwell Joseph Stilwell	Director	March 16, 2018

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EXHIBIT INDEX

Exhibit Description

- 2.1 Stock Purchase Agreement, dated April 1, 2015, by and between National General Holdings Corp., as Buyer, and Kingsway America Inc. and Mendota Insurance Company, as Sellers (included as Exhibit 2.1 to the Form 8-K, filed April 7, 2015, and incorporated herein by reference).
- 2.2 Stock Purchase Agreement, dated as of May 17, 2016 by and among CMC Acquisition, LLC, CRIC TRT Acquisition LLC and BNSF-Delpres Investments Ltd. (included as Exhibit 2.1 to the Form 8-K, filed July 20, 2016, and incorporated herein by reference).
- 2.3 Amendment to Stock Purchase Agreement, dated as of June 17, 2016, by and among CMC Acquisition, LLC, CRIC TRT Acquisition LLC, and BNSF-Delpres Investments Ltd. (included as Exhibit 2.1 to the Form 8-K, filed June 17, 2016, and incorporated herein by reference).
- 3.1 Certificate of Amendment to the Articles of Incorporation of Kingsway Financial Services Inc. (included as Exhibit 3.1 to the Form 10-Q, filed November 7, 2013, and incorporated herein by reference).
- 3.2 By-law No. 5 of Kingsway Financial Services Inc. (included as Exhibit 3.2 to the Form 10-K, filed March 30, 2012, and incorporated herein by reference).
- 4.1 Indenture dated December 4, 2002 between Kingsway America Inc. and State Street Bank and Trust Company of Connecticut, National Association (included as Exhibit 4.3 to the Form 10-K, filed March 30, 2012, and incorporated herein by reference).
- 4.2 Indenture dated May 15, 2003 between Kingsway America Inc. and U.S. Bank National Association (included as Exhibit 4.4 to the Form 10-K, filed March 30, 2012, and incorporated herein by reference).
- 4.3 Indenture dated October 29, 2003 between Kingsway America Inc. and U.S. Bank National Association (included as Exhibit 4.5 to the Form 10-K, filed March 30, 2012, and incorporated herein by reference).
- 4.4 Indenture dated May 22, 2003 between Kingsway America Inc., Kingsway Financial Services Inc., and Wilmington Trust Company (included as Exhibit 4.6 to the Form 10-K, filed March 30, 2012, and incorporated herein by reference).
- 4.5 Junior Subordinated Indenture dated September 30, 2003 between Kingsway America Inc. and J.P Morgan Chase Bank (included as Exhibit 4.7 to the Form 10-K, filed March 30, 2012, and incorporated herein by reference).
- 4.6 Indenture dated December 16, 2003 between Kingsway America Inc., Kingsway Financial Services Inc., and Wilmington Trust Company (included as Exhibit 4.8 to the Form 10-K, filed March 30, 2012, and incorporated herein by reference).
- 4.7

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Excerpt of the Articles of Amendment to the Articles of Incorporation of the Company (included as Exhibit 4.1 to the Form 8-K, filed December 27, 2013, and incorporated herein by reference).

4.8 Amended and Restated Common Stock Series B Warrant Agreement, dated July 8, 2014 (included as Exhibit 4.1 to the Form 8-K, filed July 10, 2014, and incorporated herein by reference).

10.1 Kingsway Financial Services Inc. 2013 Equity Incentive Plan (included as Schedule B to the Definitive Proxy Statement on Schedule 14A filed with the SEC on April 11, 2013, and incorporated herein by reference). \*

10.2 Form of Subscription Agreement (included as Exhibit 10.1 to the Form 8-K, filed December 27, 2013, and incorporated herein by reference).

10.3 Registration Rights Agreement, dated February 3, 2014, by and among the Company and the other parties signatory thereto (included as Exhibit 10.2 to the Form 8-K, filed February 4, 2014, and incorporated herein by reference).

10.4 Kingsway America Inc. Employee Share Purchase Plan (included as Schedule B to the Definitive Proxy Statement on Schedule 14A filed with the SEC on April 30, 2014 and incorporated herein by reference). \*

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- 10.5 Agreement to Buyout and Release dated February 24, 2015 between 1347 Advisors LLC and 1347 Property Insurance Holdings, Inc. (included as Exhibit 10.1 to the Form 8-K, filed February 27, 2015, and incorporated herein by reference).
- 10.6 Stockholders' Agreement, dated as of July 14, 2016, by and between CMC Industries, Inc., CMC Acquisition LLC and CRIC TRT Acquisition LLC (included as Exhibit 10.1 to Form 8-K, filed July 20, 2016, and incorporated herein by reference).
- 10.7 Management Services Agreement, dated as of July 14, 2016, by and between TRT LeaseCo, LLC and DGI-BNSF Corp. (included as Exhibit 10.2 to Form 8-K, filed July 20, 2016, and incorporated herein by reference).
- 10.8 TRT LeaseCo, LLC 4.07% Senior Secured Note, Due May 15, 2034 (included as Exhibit 10.3 to Form 10-Q, filed August 4, 2016, and incorporated herein by reference).
- 10.9 Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing Statement, dated as of March 12, 2015, from TRT LeaseCo, LLC to Malcolm Morris, as Deed of Trust Trustee for the benefit of Wells Fargo Bank Northwest, N.A., as trustee (included as Exhibit 10.4 to Form 10-Q, filed August 4, 2016, and incorporated herein by reference).
- 10.10 Lease between TRT LeaseCo, LLC, as Landlord, and BNSF Railway Company (f/k/a The Burlington Northern and Santa Fe Railway Company), as Tenant, dated as of June 1, 2014 (included as Exhibit 10.5 to Form 10-Q, filed August 4, 2016, and incorporated herein by reference).
- 10.11 Stock Purchase Agreement, dated as of November 9, 2016 by and between the Company and GrizzlyRock Institutional Value Partners, LP. (included as Exhibit 10.1 to Form 8-K, filed November 16, 2016, and incorporated herein by reference).
- 10.12 Stock Purchase Agreement, dated as of November 9, 2016 by and between the Company and W.H.I. Growth Fund Q.P., L.P. (included as Exhibit 10.2 to Form 8-K, filed November 16, 2016, and incorporated herein by reference).
- 10.13 Stock Purchase Agreement, dated as of November 9, 2016 by and between the Company and Yorkmont Capital Partners, LP. (included as Exhibit 10.3 to Form 8-K, filed November 16, 2016, and incorporated herein by reference).
- 10.14 Registration Rights Agreement, dated as of November 16, 2016 by and among the Company, GrizzlyRock Institutional Value Partners, LP and W.H.I. Growth Fund Q.P., L.P. (included as Exhibit 10.4 to Form 8-K, filed November 16, 2016, and incorporated herein by reference).
- 10.15 Registration Rights Agreement, dated as of November 16, 2016 by and between the Company and Yorkmont Capital Partners, LP. (included as Exhibit 10.5 to Form 8-K, filed November 16, 2016, and incorporated herein by reference).
- 10.16 Right of First Offer Agreement, dated as of November 16, 2016 by and between the Company and GrizzlyRock Institutional Value Partners, LP. (included as Exhibit 10.6 to Form 8-K, filed November 16, 2016, and

incorporated herein by reference).

- Right of First Offer Agreement, dated as of November 16, 2016 by and between the Company and W.H.I. Growth Fund Q.P., L.P. (included as Exhibit 10.7 to Form 8-K, filed November 16, 2016, and incorporated herein by reference).
- 14 Kingsway Financial Services Inc. Code of Business Conduct & Ethics
- 21 Subsidiaries of Kingsway Financial Services Inc.
- 23 Consent of BDO USA, LLP
- 31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act
- 31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act
- 32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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101.INS XBRL Instance Document

101.SCHXBRL Taxonomy Extension Schema

101.CALXBRL Taxonomy Extension Calculation Linkbase

101.DEF XBRL Taxonomy Extension Definition Linkbase

101.LABXBRL Taxonomy Extension Label Linkbase

101.PRE XBRL Taxonomy Extension Presentation Linkbase

\* Management contract or compensatory plan or arrangement.

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