QUEENSWAY FINANCIAL HOLDINGS LIMITED

MATERIAL CHANGE REPORT

Item 1 - Reporting Issuer

Queensway Financial Holdings Limited ("Queensway")
90 Adelaide Street West
Suite 500
Toronto, Ontario
M5H 3V9

Item 2 - Date of Material Change

December 5, 2000

Item 3 - Press Release

A copy of the press release issued on December 5, 2000 is attached to this material change report.

Item 4 - Summary of Material Change

On December 5, 2000, Queensway announced that A.M. Best Company has downgraded the financial strength rating of the following Queensway insurance subsidiaries to B (Fair): North Pointe Insurance Company, North Pointe Insurance Company of Illinois, Hermitage Insurance Company, Kodiak Insurance Company, Consolidated Property and Casualty Insurance Company and Coachman Insurance Company. A.M. Best Company's rating action was as a result of concerns regarding Queensway's debt structure and has advised that they will continue to review the developments at Queensway. The B+ rating of Atlantic Alliance Fidelity and Surety Company ("Atlantic Alliance") has not been downgraded due to the pending sale of Atlantic Alliance, which remains subject to regulatory approval and other customary closing conditions.

Item 5 - Full Description of Material Change

A full description of the material change is set forth in the attached press release.

Item 6 - Confidentiality

Not applicable.

Item 7 - Omitted Information

Not applicable

Item 8 - Senior Officer

The following senior officer of Queensway is knowledgeable about the material change and this report:

Harold Meloche
Chief Financial Officer and Vice President
Tel: (416) 955-0244

Item 9 - Statement of Senior Officer

The foregoing accurately discloses the material change referred to herein.

DATED at Toronto, Ontario, this 12th day of December, 2000.

QUEENSWAY FINANCIAL HOLDINGS LIMITED

"Harold Meloche"

Harold Meloche
Chief Financial Officer and Vice President

NEWS RELEASE TRANSMITTED BY CCN - A NEWSWIRE SERVICE OF ITG

FOR: QUEENSWAY FINANCIAL HOLDINGS LIMITED

TSE SYMBOL: QFH

DECEMBER 5, 2000 - 10:55 EST

Queensway Financial Holdings Limited Company Announcement

TORONTO, ONTARIO--QUEENSWAY FINANCIAL HOLDINGS LIMITED ("Queensway") today announced that A.M. Best Company has downgraded the financial strength rating of the following Queensway insurance subsidiaries to B (Fair): North Pointe Insurance Company, North Pointe Insurance Company of Illinois, Hermitage Insurance Company, Kodiak Insurance Company, Consolidated Property and Casualty Insurance Company and Coachman Insurance Company. The ratings have been placed under review with developing implications. In addition, the B+ rating of Atlantic Alliance Fidelity and Surety Company ("Atlantic Alliance") has been placed under review with developing implications. The rating has not been downgraded due to the pending sale of Atlantic Alliance, which remains subject to regulatory approval and other customary closing conditions. A.M. Best Company's rating action was not precipitated by any change in the financial condition or profitability of these subsidiaries, but rather as a result of concerns regarding Queensway's debt structure. A.M. Best Company has advised that they will continue to review the developments at Queensway and, should Queensway secure the necessary financing for its debt restructuring, will consider reinstating secure ratings on these subsidiaries. Queensway is a specialty insurance group that provides a range of individual and commercial insurance coverages. Queensway operates through a number of subsidiaries located in the United States and Canada.

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FOR FURTHER INFORMATION PLEASE CONTACT:
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