



KEMPER

Investor Update

November 2017



Preliminary Matters

Caution Regarding Forward-Looking Statements

This presentation may contain or incorporate by reference information that includes or is based on forward-looking statements within the meaning of the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements give expectations or forecasts of future events, and can be identified by the fact that they relate to future actions, performance or results rather than strictly to historical or current facts.

Any or all forward-looking statements may turn out to be wrong, and, accordingly, readers are cautioned not to place undue reliance on such statements, which speak only as of the date of this presentation. Forward-looking statements involve a number of risks and uncertainties that are difficult to predict, and are not guarantees of future performance. Among the general factors that could cause actual results and financial condition to differ materially from estimated results and financial condition are those listed in periodic reports filed by Kemper Corporation with the Securities and Exchange Commission (SEC). No assurances can be given that the results and financial condition contemplated in any forward-looking statements will be achieved or will be achieved in any particular timetable. Kemper assumes no obligation to publicly correct or update any forward-looking statements as a result of events or developments subsequent to the date of this presentation. The reader is advised, however, to consult any further disclosures Kemper makes on related subjects in its filings with the SEC.

Non-GAAP Financial Measures:

This presentation contains non-GAAP financial measures that the company believes are meaningful to investors. Non-GAAP financial measures have been reconciled to the most comparable GAAP financial measure.

All data in this presentation is as of and for the periods ending September 30, 2017 unless otherwise stated.

Kemper Is A Leading Multi-Line Insurer

- **Multi-line national insurance company**

- Provide nonstandard auto and preferred personal insurance (auto, home & umbrella) in more than 40 states
- Provide basic life, accident and health products in 49 states

- **Multi-channel distribution network**

- 2,200 career agents
- 20,000 independent agents

- **Strong balance sheet**

- Insurance subsidiaries rated¹ 'Excellent' by A.M. Best
- 90% of fixed maturity portfolio rated investment grade

- **Long history of success**

- Founded in 1990 and headquartered in Chicago, IL
- Insurance subsidiaries have been writing policies dating back to 1911

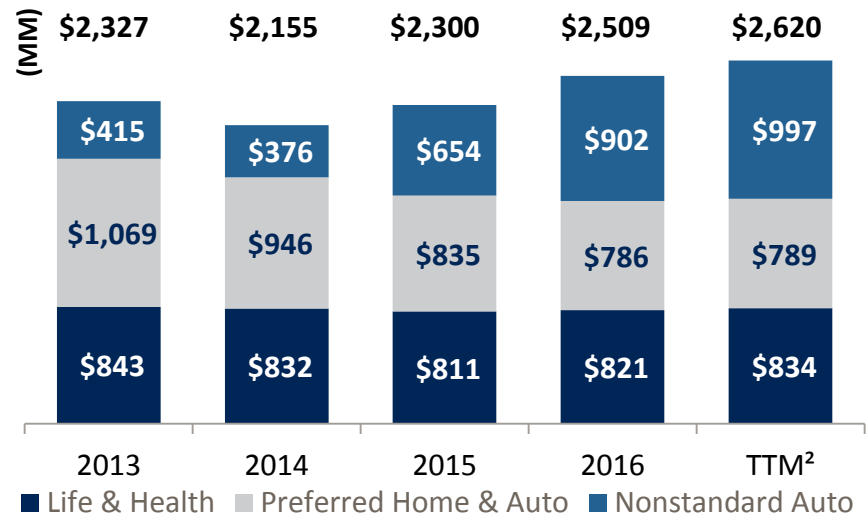
¹Alliance United is not rated

²Trailing Twelve Months

Key Metrics

Market Cap (11/24/17)	\$3.5 Billion
Debt-to-Capital Ratio	22%
A.M. Best Ratings ¹	A-
Excess Capital	>\$200MM
Employees	5,750
In-force policies	6MM

Operating Revenues: Historical Mix



Create Long-term Shareholder Value



Strategic focus:

Consumer-related businesses with niche opportunities that:

- Target underserved markets
- Have limited, weak or unfocused competition
- Require unique expertise (underwriting, claim, distribution, other)

Deliver low double digit ROE¹ over time

¹ Return on Equity

Key Company Highlights

Experienced Management Team with a History of Delivering Favorable Results

Strong Brand with Three Diversified Businesses Growing Top Line Revenues

Successfully Executing on Strategy to Unlock Embedded Value

Superior Risk Profile and Leading Portfolio Returns

Strong Capitalization and Ample Liquidity with Focused Deployment Priorities



KEMPER

Experienced Leaders with History of Delivering Results

Joe Lacher

President & Chief Executive Officer

- 25+ years of insurance industry experience; Joined Kemper in 2015;
- Previous experience: Allstate, Travelers

Jim McKinney

SVP & Chief Financial Officer

- 15+ years of finance experience; Joined Kemper in November 2016
- Previous experience: Banc of California, AerCap, RBS Citizens, KPMG

John Boschelli

SVP & Chief Investment Officer

- 25+ years of insurance industry experience; Rejoined Kemper in 1997
- Held various investment, finance and accounting positions

Charles Brooks

SVP, Operations & Systems

- 25+ years of IT and operations experience; Joined Kemper in 2016
- Previous experience: ACE Group, Travelers and Accenture

Chip Dufala

President, Property & Casualty

- 20+ years of insurance industry experience; Joined Kemper in 2016
- Previous experience: Senior sales and operational roles at Erie Insurance

Tom Evans

SVP, Secretary & General Counsel

- 30+ years of legal experience, majority in the insurance industry
- Joined Kemper in 1992; served in various legal roles

Mark Green

President, Life & Health

- 25+ years of insurance industry experience; Joined Kemper in 2016
- Previous experience: Allstate, AIX Group, Wells Fargo Ins., Chubb

Andy Lau

SVP, Chief Data & Analytics Officer

- 20+ years of data and analytics experience; Joined Kemper in July 2017;
- Previous experience: CNA Insurance, Liberty International

Christine Mullins

SVP, Chief Human Resources Officer

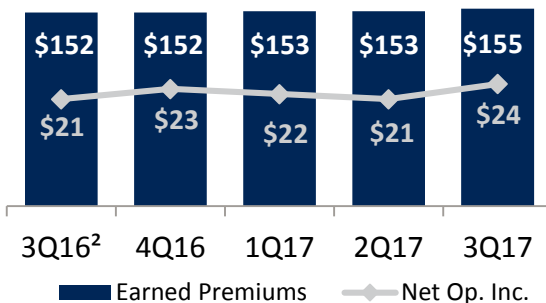
- 25+ years of human resources experience; Joined Kemper in 2016;
- Previous experience: CEO.works, Zurich, Motorola

Three Diversified Businesses with Growing Revenues

Life and Health

27% of 9M17 Earned Premiums

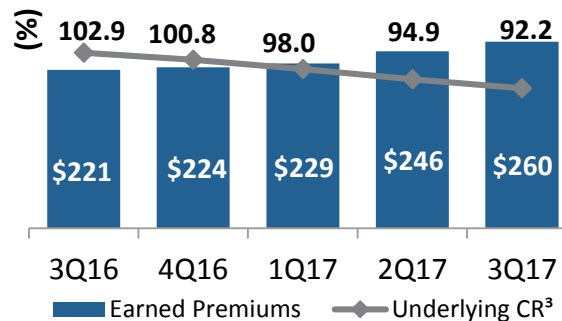
- Provides basic life, accident and health products in 49 states
 - Limited sensitivity to interest rate or stock market volatility
 - Simple products with stable cash flows
- Consists of 2 divisions:
 - Kemper Home Service Companies
 - Reserve National
- Distribution Channels:
 - Captive home service agents
 - Independent agents/brokers
 - Employer-sponsored voluntary benefit programs
- Key Risks:
 - Mortality
 - Morbidity



Nonstandard Auto

41% of 9M17 Earned Premiums

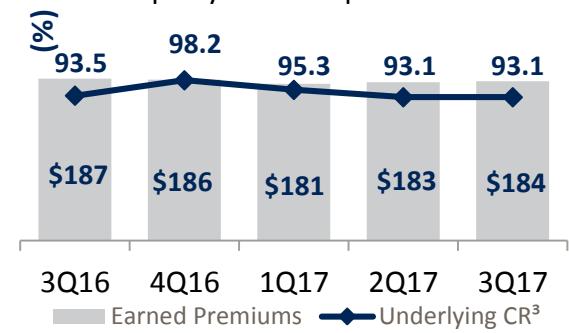
- Seasoned writer providing insurance to this market for more than 65 years
- Acquired Alliance United, a California only auto writer with an emphasis on the Hispanic market place
- Placing more emphasis on specialized claims function address market needs
- Growing new business through products with increased segmentation
- Operating profits improved largely from Alliance United's underlying performance
- Distribution Channel:
 - Independent agents/brokers
- Key Risks:
 - Auto: Frequency & severity



Preferred Home and Auto¹

32% of 9M17 Earned Premiums

- Offer packaged policies (more than 50 percent of home policies are packaged with auto)
- Distributed by approximately 5,000 independent agents
- Management addressing profitability with claims, rate and underwriting actions
- Catastrophe loss expectations remain in line with long-term pricing expectations
- Exploring reinsurance to reduce volatility from smaller weather events
- Distribution Channel:
 - Independent agents
- Key Risks:
 - Auto: Frequency & severity
 - Property: Catastrophe

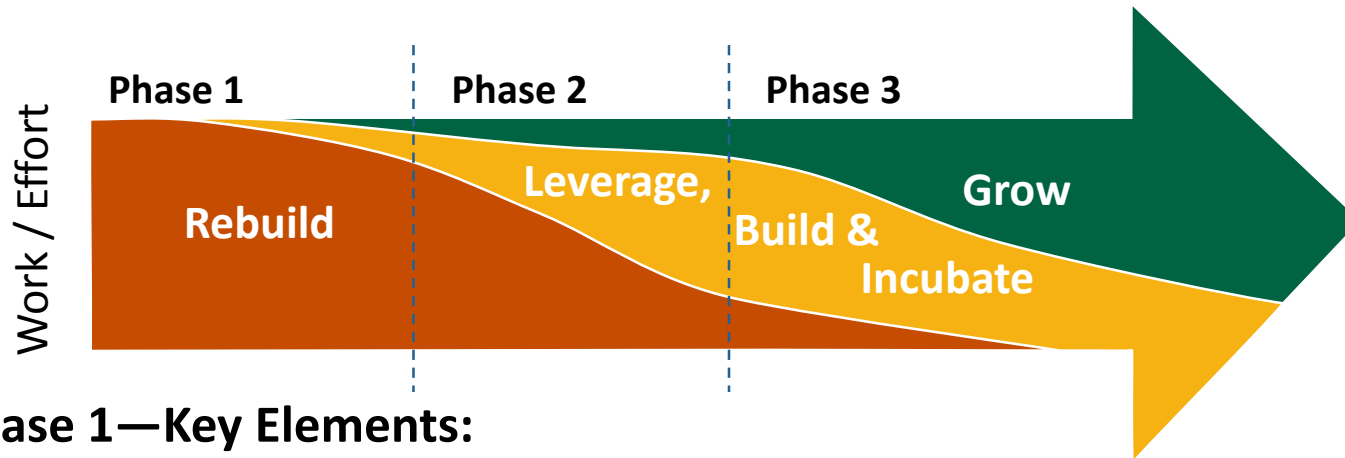


¹Includes Home, Preferred Auto and Other Personal Insurance

²Excludes \$50.5 million after-tax charge to implement use of death verification databases

³Underlying Combined Ratio; Non-GAAP financial measure; see reconciliation in the appendix

Progress on our Strategic Update



Phase 1—Key Elements:

Specific

- Assemble top quality leadership team ✓
- Resolve DMF/UCP issue ✓
- Refocus & strengthen Non-standard Auto competency ✓
- Restore Alliance United profitability ✓
- Redesign P&C claim service delivery model ✓
- Complete IT re-platforming in P&C and Life ✓
- Reset expense base & ongoing expense management ✓

- ✓ On track – Initial results can start to be seen in 2017 run-rate
- ✓ Anticipate achieving year-end 2018 run-rate target

Majority of Phase 1 initiatives are complete or ahead of schedule

Continuing on Journey to Unlock Embedded Value

Near-term: 2017

Turnaround of Core Businesses & Build Capabilities

- Continue profit restoration at Alliance United ✓
- Achieve target 2017 run-rate expense savings goal ✓
- Roll-out first wave of IT platforms ✓

Mid-term: 2018

Continue Turnaround & Development of Capabilities

- Achieve target 2018 run-rate expense savings goal
- Achieve Loss & LAE savings goals
- Product expansion
- Grow & enhance strategic position

Long-term: 2019+

Leverage Competitive Advantages & Core Capabilities to Grow

- Scale business platforms
- Optimize data and analytics capabilities
- Expand product platform and markets served

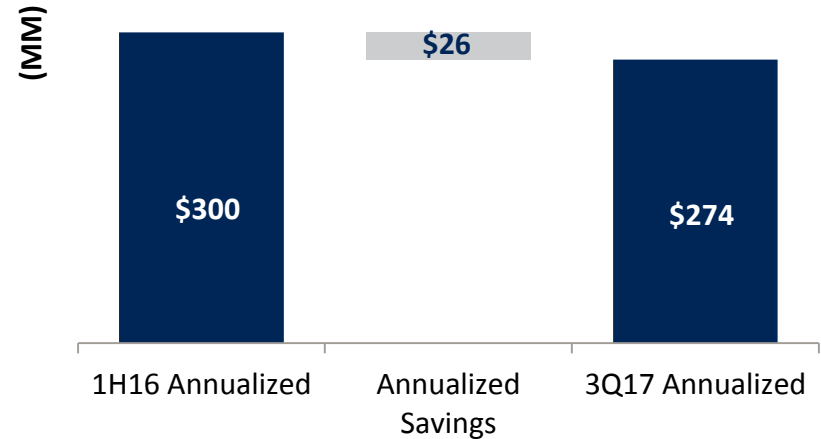
Committed to improving normalized net income ~\$90MM per year by 2019

Achieving Expense Savings Targets

Expense¹ Update

- Committed to removing \$50-\$65MM by year-end 2018 run-rate
- Anticipate cumulative \$40-\$45MM run-rate savings by year-end 2017
- On track to earn \$26 million of savings for 2017
- Continue to streamline and automate processes, while investing for future

Annualized 2017 Savings Achieved YTD



2017 and 2018 Actions

- Increase automation & shared services
- Improve vendor management
- Increase span of control
- Reduced interest expense

Timing of Run-rate Expense Savings

\$20MM	Actions taken in 2016
\$20MM - \$25MM	Savings by YE17
<u>\$10MM - \$20MM</u>	Savings by YE18
\$50MM - \$65MM	Total Savings

On schedule to deliver run-rate expense commitments

Clear Path to Earnings Improvement Targets

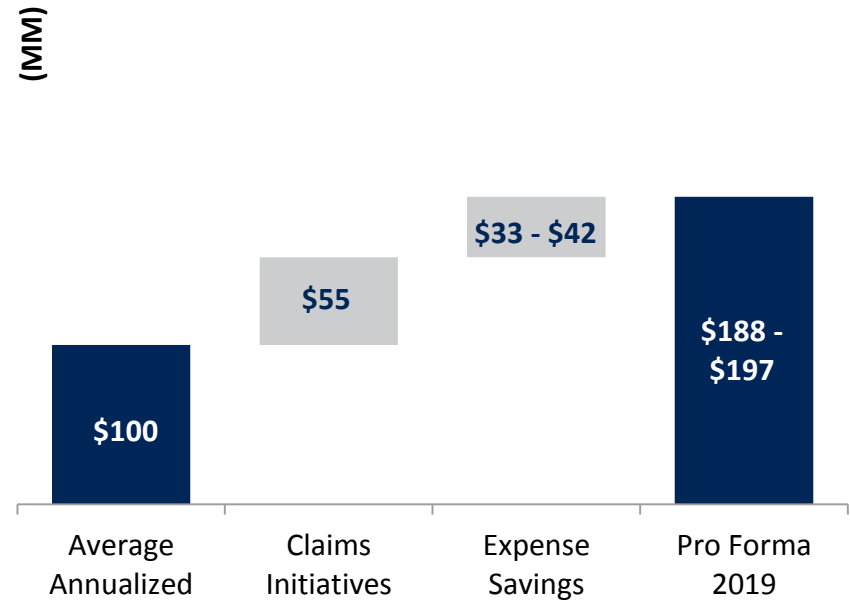
Claims

- Reduce claims cycle times
- Leverage Guidewire Claims capabilities
- Improve workflows/customer service
- Dedicate staff with specialized skills, modernize claims handling practices
- Enhance span of control
- Optimize use of direct repair shops, independent adjusters and internal claims handlers

Expenses

- Expand use of shared services and outsourcing
- Increase automation and consolidated activities
- Improve vendor management
- Enhance span of control

Normalized Operating Earnings¹



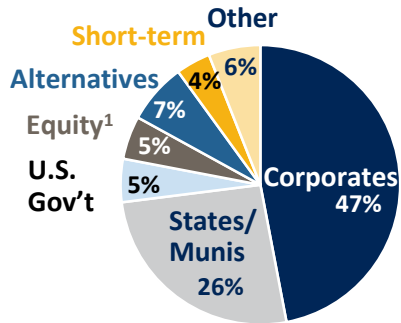
¹Non-GAAP financial measure; Please see appendix for more information

On pace to nearly double normalized earnings run-rate by year-end 2018

Conservative Portfolio with Industry Leading Returns

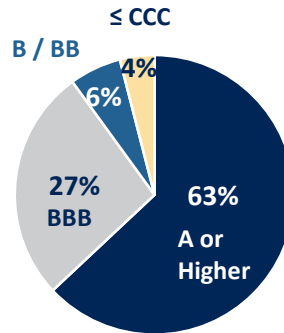
Diversified & Highly Rated Portfolio—3Q17

Portfolio Composition



\$6.7 Billion

Fixed Maturity Ratings

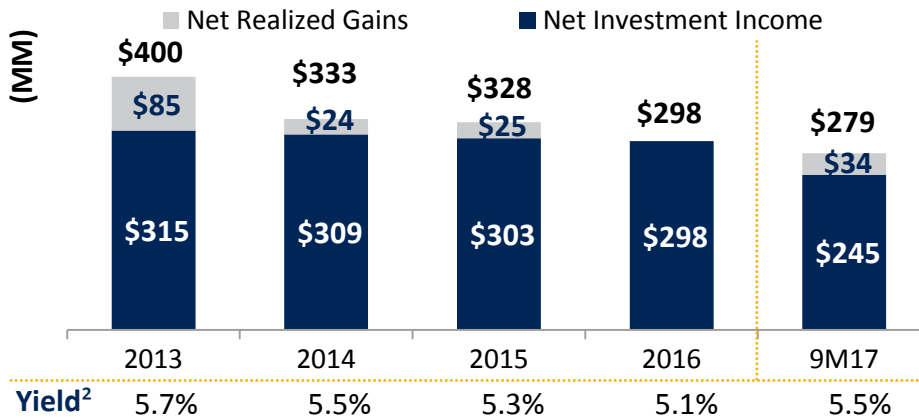


\$5.2 Billion

Overview

- Centralized investment function designed to take advantage of multi-line organization
- Use size as advantage to adapt to the constantly evolving investment landscape
- More than 75 percent of the total investment portfolio is comprised of fixed maturity securities
- Largest single exposure is less than 2 percent of aggregate portfolio³
- Portfolio duration: 6.1 years

Strong Performance Despite Low Rates



¹ Excludes \$203 million of other equity interests of LP/LLC's that have been reclassified into Alternative Investments

² Pre-tax equivalent book yield

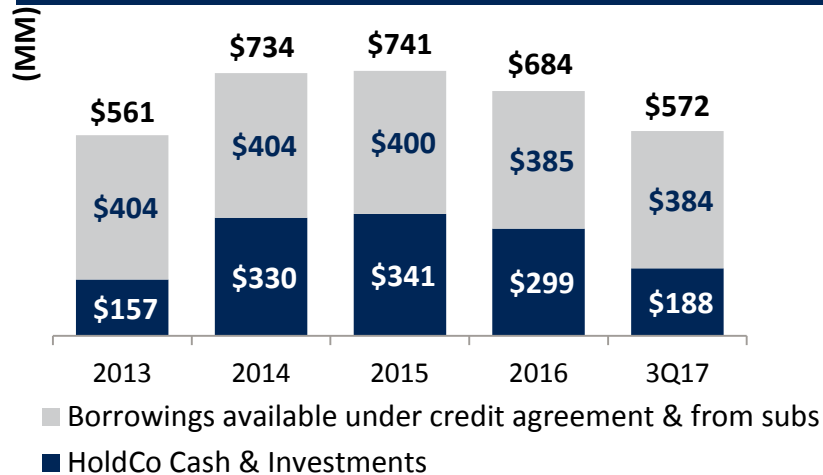
³ Excluding U.S. government and government agency securities

⁴ Source: S&P Global – See appendix for peer group listing

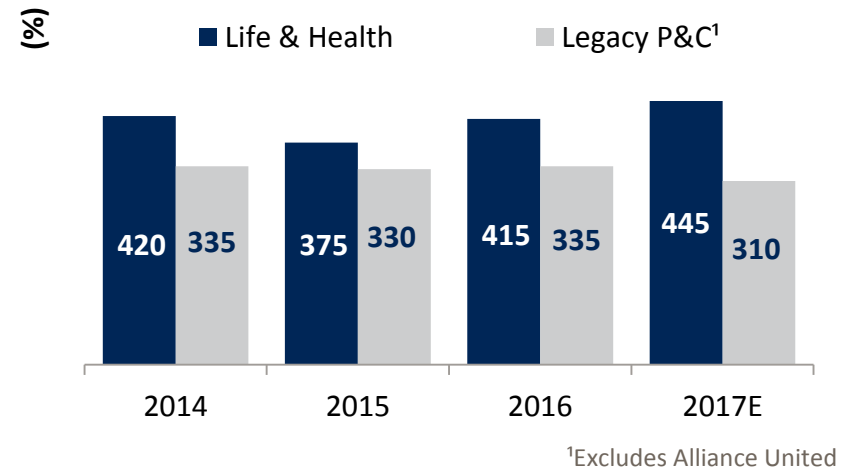
Portfolio yield consistently outperformed peer group⁴ for past 5 years

Strong Current Capital Position with Ample Liquidity

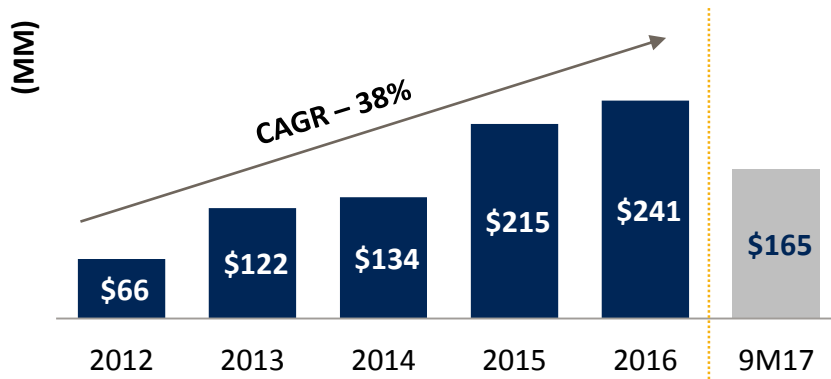
Strong Parent Company Liquidity



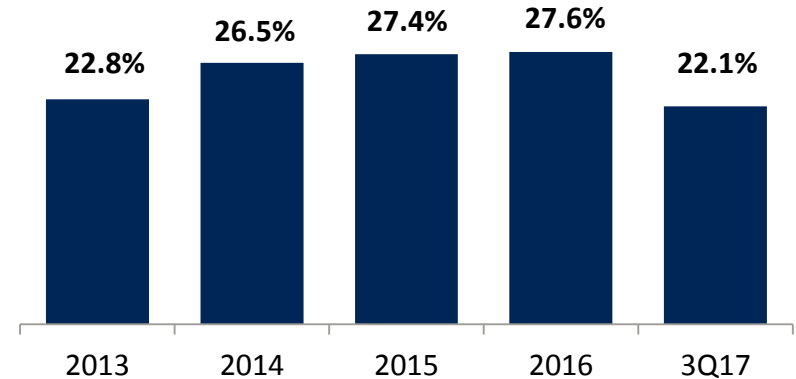
Risk-Based Capital Ratios



Cash Flow from Operating Activities



Debt-to-Capital Historically <30%



Substantial financial flexibility

Capital Deployment Priorities

1. Investment in the business

- Fund profitable organic growth at appropriate risk-adjusted returns
- Strategic investments and acquisitions that enhance our business and meet or exceed our ROE targets over time

2. Return capital to shareholders

- Repurchase shares opportunistically
- Maintain competitive dividends

Capital deployment & management focused on maximizing shareholder value

Key Company Highlights

Experienced Management Team with a History of Delivering Favorable Results

Strong Brand with Three Diversified Businesses Growing Top Line Revenues

Successfully Executing on Strategy to Unlock Embedded Value

Superior Risk Profile and Leading Portfolio Returns

Strong Capitalization and Ample Liquidity with Focused Deployment Priorities



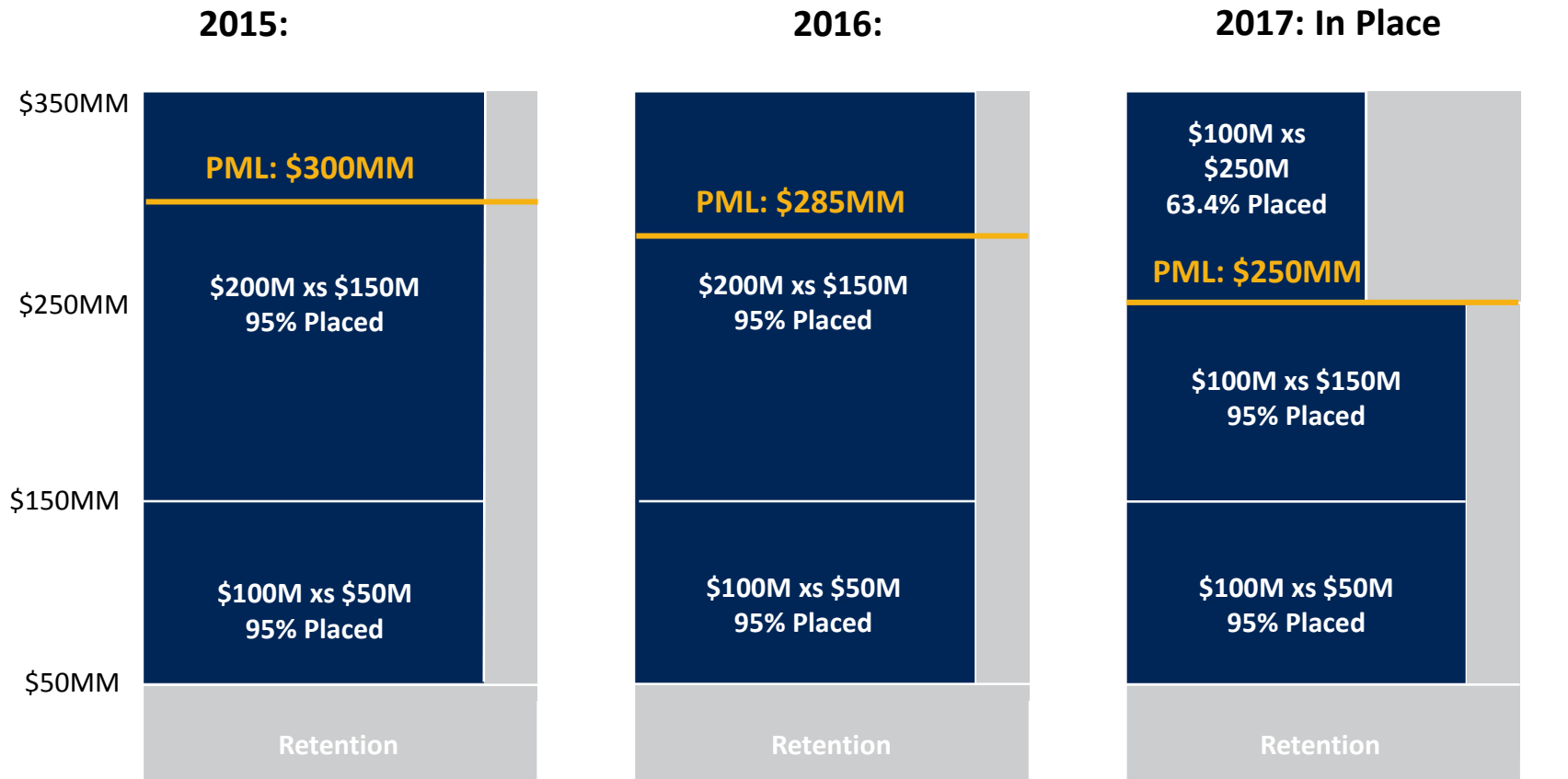
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Appendix

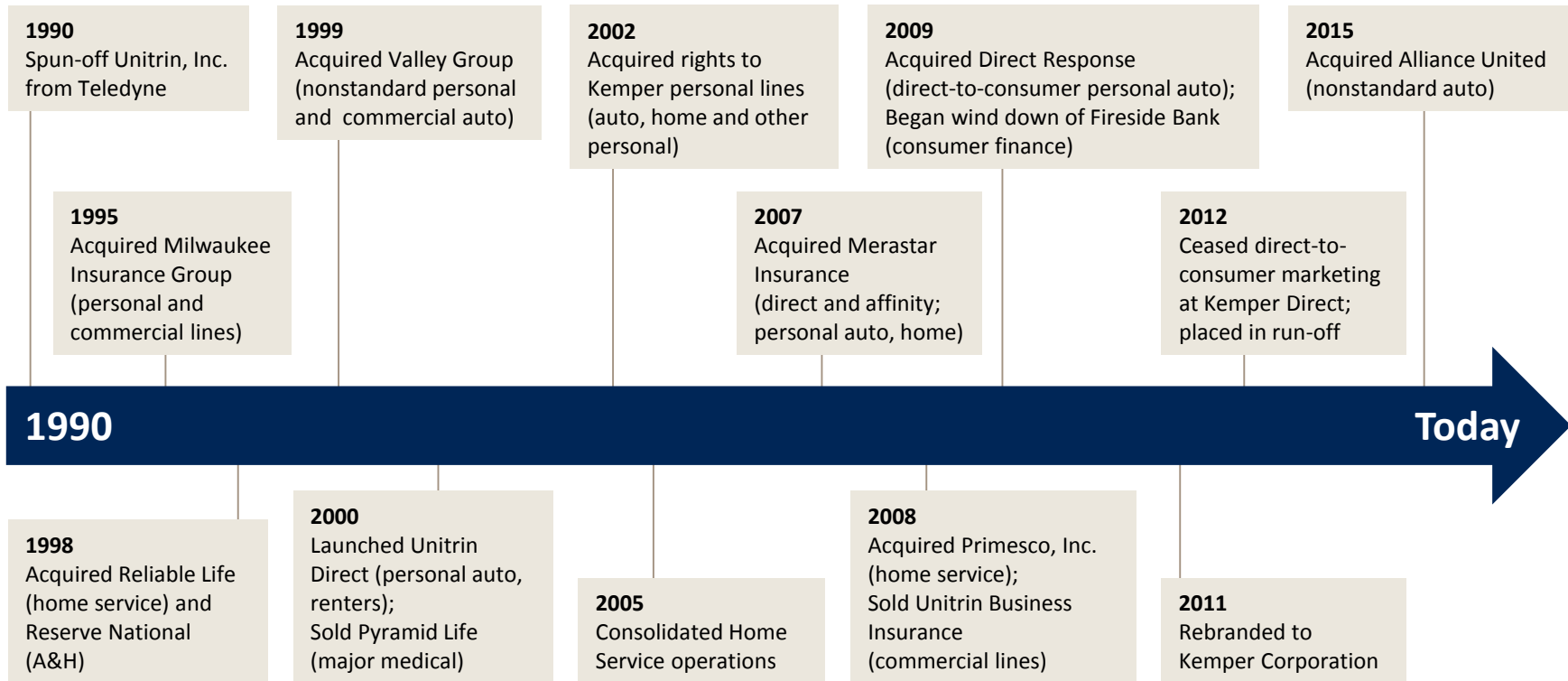
Thoughtful Catastrophe Reinsurance Program



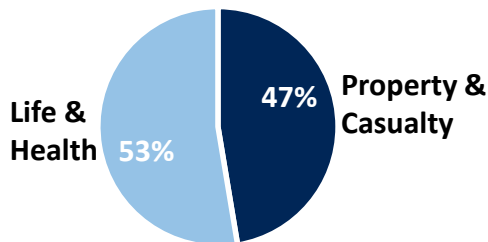
Exploring reinsurance options to reduce volatility from smaller weather events

Kemper's History

Began with a strong heritage; refined portfolio of companies over time



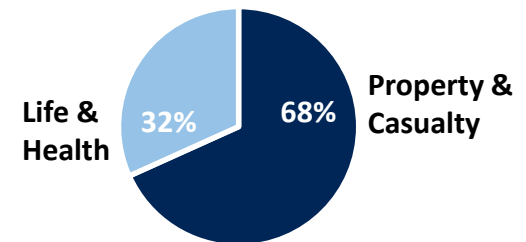
1990 NPE: \$0.9B



Steps to lower risk

- Eliminated long-tailed commercial lines exposure
- Reduced coastal concentration
- Exited major medical

2016 NPE: \$2.2B



Non-GAAP Financial Measures

Underlying Combined Ratio is a non-GAAP financial measure that is computed by excluding the current year catastrophe and LAE ratio and the prior-year reserve development ratio (both non-catastrophe and catastrophes) from the combined ratio. The most directly comparable GAAP financial measure is the combined ratio, which is computed by adding the total incurred loss and LAE ratio, including the impact of catastrophe losses and loss and LAE reserve development from prior years, with the insurance expense ratio.

Kemper believes the underlying combined ratio is useful to investors and is used by management to reveal the trends in Kemper's property and casualty insurance businesses that may be obscured by catastrophe losses and prior-year reserve development. These catastrophe losses may cause loss trends to vary significantly between periods as a result of their incidence of occurrence and magnitude, and can have a significant impact on incurred losses and LAE and the combined ratio. Prior-year reserve development is caused by unexpected loss development on historical reserves. Because reserve development relates to the re-estimation of losses from earlier periods, it has no bearing on the performance of the company's insurance products in the current period. Kemper believes it is useful for investors to evaluate these components separately and in the aggregate when reviewing its underwriting performance. The underlying combined ratio should not be considered a substitute for the combined ratio and does not reflect the overall underwriting profitability of our business.

Non-GAAP Financial Measures

Underlying Combined Ratio – Continued

	For the Three Months Ended				
	3Q16	4Q16	1Q17	2Q17	3Q17
Nonstandard Personal Automobile					
Underlying Combined Ratio	102.8%	99.7%	97.9%	94.5%	91.3%
Current Year Catastrophe Loss and LAE Ratio	0.9%	0.0%	0.8%	1.0%	0.6%
Prior Years Non-Catastrophe Losses and LAE Ratio	1.0%	0.0%	(0.4%)	(0.4%)	0.9%
Prior Years Catastrophe Losses and LAE Ratio	0.0%	0.0%	0.0%	0.0%	0.0%
Combined Ratio as Reported	<u>104.7%</u>	<u>99.7%</u>	<u>98.3%</u>	<u>95.1%</u>	<u>92.8%</u>
Commercial Automobile					
Underlying Combined Ratio	103.8%	117.6%	99.2%	100.0%	109.2%
Current Year Catastrophe Loss and LAE Ratio	3.0%	(0.8%)	0.8%	3.1%	1.5%
Prior Years Non-Catastrophe Losses and LAE Ratio	31.6%	18.3%	14.2%	12.6%	(9.9%)
Prior Years Catastrophe Losses and LAE Ratio	(0.8%)	0.0%	0.0%	0.0%	(0.8%)
Combined Ratio as Reported	<u>137.6%</u>	<u>135.1%</u>	<u>114.2%</u>	<u>115.7%</u>	<u>100.0%</u>
Total Nonstandard Automobile					
Underlying Combined Ratio	102.9%	100.8%	98.0%	94.9%	92.2%
Current Year Catastrophe Loss and LAE Ratio	1.0%	(0.1%)	0.8%	1.1%	0.7%
Prior Years Non-Catastrophe Losses and LAE Ratio	2.9%	1.0%	0.4%	0.2%	0.3%
Prior Years Catastrophe Losses and LAE Ratio	(0.1%)	0.0%	0.0%	0.0%	(0.1%)
Combined Ratio as Reported	<u>106.7%</u>	<u>101.7%</u>	<u>99.2%</u>	<u>96.2%</u>	<u>93.1%</u>

Non-GAAP Financial Measures

Underlying Combined Ratio – Continued

For the Three Months Ended

	3Q16	4Q16	1Q17	2Q17	3Q17
Preferred Personal Automobile					
Underlying Combined Ratio	100.3%	111.5%	104.6%	103.1%	99.3%
Current Year Catastrophe Loss and LAE Ratio	1.1%	0.3%	4.5%	3.7%	2.6%
Prior Years Non-Catastrophe Losses and LAE Ratio	(0.4%)	3.8%	10.4%	6.3%	0.8%
Prior Years Catastrophe Losses and LAE Ratio	0.0%	0.0%	0.0%	(0.2%)	0.0%
Combined Ratio as Reported	<u>101.0%</u>	<u>115.6%</u>	<u>119.5%</u>	<u>112.9%</u>	<u>102.7%</u>
Homeowners					
Underlying Combined Ratio	85.4%	80.0%	82.6%	79.6%	85.8%
Current Year Catastrophe Loss and LAE Ratio	11.4%	16.7%	85.2%	40.1%	37.2%
Prior Years Non-Catastrophe Losses and LAE Ratio	(0.9%)	0.9%	1.1%	2.3%	1.3%
Prior Years Catastrophe Losses and LAE Ratio	(5.1%)	(3.7%)	(0.9%)	(2.7%)	(1.2%)
Combined Ratio as Reported	<u>90.8%</u>	<u>93.9%</u>	<u>168.0%</u>	<u>119.3%</u>	<u>123.1%</u>
Other Personal Insurance					
Underlying Combined Ratio	80.6%	81.9%	84.1%	77.8%	77.6%
Current Year Catastrophe Loss and LAE Ratio	0.9%	2.7%	8.4%	10.2%	4.7%
Prior Years Non-Catastrophe Losses and LAE Ratio	(19.5%)	(7.2%)	(6.5%)	8.3%	(8.4%)
Prior Years Catastrophe Losses and LAE Ratio	(1.8%)	(4.5%)	(4.7%)	0.0%	(1.9%)
Combined Ratio as Reported	<u>60.2%</u>	<u>72.9%</u>	<u>81.3%</u>	<u>96.3%</u>	<u>72.0%</u>
Total Preferred Personal Lines					
Underlying Combined Ratio	93.5%	98.2%	95.3%	93.1%	93.1%
Current Year Catastrophe Loss and LAE Ratio	4.9%	6.4%	34.3%	17.3%	15.3%
Prior Years Non-Catastrophe Losses and LAE Ratio	(1.7%)	2.1%	6.0%	4.9%	0.4%
Prior Years Catastrophe Losses and LAE Ratio	(2.0%)	(1.6%)	(0.6%)	(1.1%)	(0.5%)
Combined Ratio as Reported	<u>94.7%</u>	<u>105.1%</u>	<u>135.0%</u>	<u>114.2%</u>	<u>108.3%</u>

Non-GAAP Financial Measures

Normalized Earnings is an after-tax, non-GAAP financial measure that is most directly comparable to the GAAP financial measure of Income from Continuing Operations. Normalized Earnings is calculated by 1) excluding the after-tax impact of net realized gains on sales of investments, net impairment losses recognized in earnings related to investments and loss from early extinguishment of debt, 2) normalizing catastrophe losses and LAE by removing the GAAP-reported amounts (including development) and including the Company's planned load for catastrophe losses and LAE, 3) excluding investment income in 2014 from one company that had sold substantially all of its operations, 4) excluding an adjustment recorded in 2015 to correct deferred premium reserves on certain limited pay life insurance policies and 5) excluding write-offs of long-lived assets in 2015 and 2014. Kemper believes Normalized Earnings provides investors with a valuable measure of its ongoing performance because it reveals underlying operational trends that otherwise might be less apparent if the items were not excluded or normalized.

Non-GAAP Financial Measures

Normalized Earnings - Continued

(\$ in Millions)	Six Months		Full Year			
	Annualized					
	6/30/2016	2015	2014	2013	2012	2011
Net Income as Reported	\$ 3.8	\$ 85.7	\$ 114.5	\$ 217.7	\$ 103.4	\$ 74.5
Less: Income from Discontinued Operations	-	5.5	1.9	3.2	11.6	12.8
Income from Continuing Operations	3.8	80.2	112.6	214.5	91.8	61.7
<u>Less:</u>						
Net Realized Gains on Sales of Investments	16.2	33.9	25.4	64.4	42.5	21.9
Net Impairment Losses Recognized in Earnings	(20.4)	(17.7)	(9.9)	(9.1)	(4.5)	(7.3)
Loss from Early Extinguishment of Debt	-	(5.9)	-	-	-	-
Consolidated Net Operating Income	8.0	69.9	97.1	159.2	53.8	47.1
<u>Normalizing Adjustments</u>						
Remove: Catastrophe Losses and LAE						
Including Development, as Reported	100.6	39.3	54.5	23.6	76.8	102.3
Add: Catastrophe Losses and LAE at Planned Load	(33.4)	(37.1)	(44.2)	(47.7)	(40.4)	(39.3)
Adjust Catastrophe Losses and LAE to Planned Load	67.2	2.2	10.3	(24.1)	36.4	63.0
Remove: Special Dividend from One Investment	-	-	(14.2)	-	-	-
Remove: Deferred Premium Reserve Adjustment	-	4.9	-	-	-	-
Remove: Write-off of Long-lived Assets	-	7.2	35.5	-	-	-
Total Normalizing Adjustments	67.2	14.3	31.6	(24.1)	36.4	63.0
Normalized Consolidated Net Operating Income	\$ 75.2	\$ 84.2	\$ 128.7	\$ 135.1	\$ 90.2	\$ 110.1

Peer Group Listing

Aflac Incorporated
Allstate Corporation
Aspen Insurance Holdings Limited
Assurant, Inc.
Chubb Limited
CNA Financial Corporation
CNO Financial Corporation
EMC Insurance Group
Erie Indemnity Company
First American Financial Corporation
Hanover Insurance Group, Inc.
Hartford Financial Services Group, Inc.

Lincoln National Corporation
Markel Corporation
Mercury General Corporation
Navigators Group, Inc.
Primerica, Inc.
Principal Financial Group, Inc.
Prudential Financial, Inc.
Reinsurance Group of America, Inc.
Torchmark Corporation
Travelers Companies
Unum Group