



May 4, 2017

First Quarter 2017 Earnings



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 report. 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 report. 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 period ending March 31, 2017 unless otherwise stated.

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 high single digit/low double digit ROE¹ over time

¹ Return on Equity

First Quarter 2017 Highlights

Three Months Ended

(Dollars in millions, except per share amounts)

	Mar. 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	Mar. 31, 2016
Net Income (Loss) Per Share	\$ (0.01)	\$ 0.60	\$ (0.32)	\$ 0.08	\$ (0.04)
Net Operating Income (Loss) Per Share¹	\$ (0.08)	\$ 0.56	\$ (0.40)	\$ 0.09	\$ (0.01)
Earned Premiums	\$ 563.4	\$ 561.4	\$ 558.9	\$ 553.7	\$ 546.0
Net Investment Income	\$ 81.6	\$ 79.9	\$ 77.7	\$ 73.7	\$ 67.0
Book Value Per Share	\$ 38.67	\$ 38.52	\$ 40.51	\$ 41.17	\$ 39.92
Book Value Per Share Excluding Net Unrealized Gains on Fixed Maturities¹	\$ 34.81	\$ 35.00	\$ 34.27	\$ 34.78	\$ 34.97

¹Non-GAAP financial measure; Please see reconciliation in the appendix

Improving Underlying Operating Performance

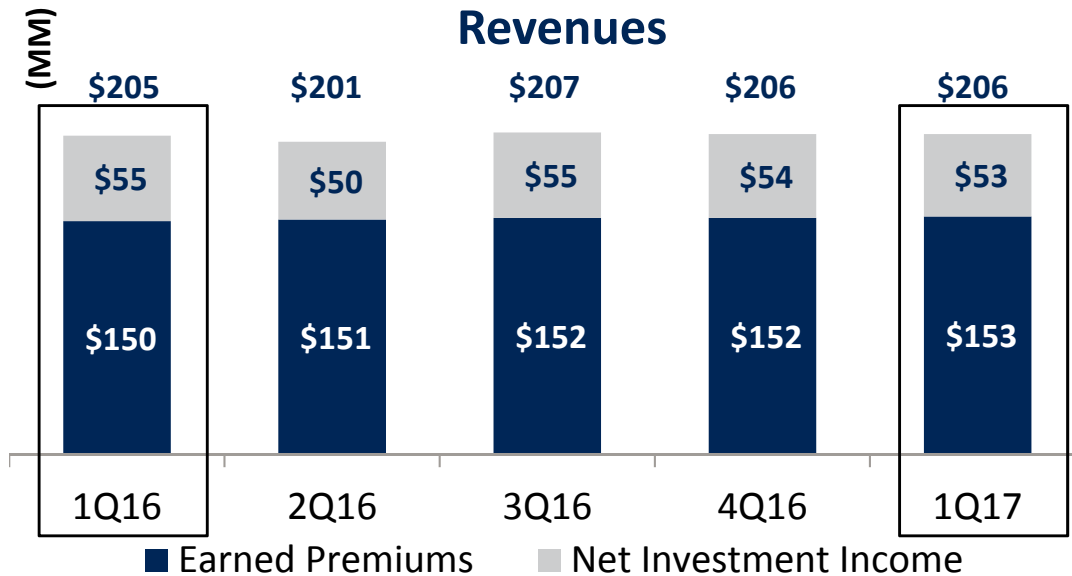
Three Months Ended

Dollars per Unrestricted Share - Diluted	Mar. 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	Mar. 31, 2016	Variance QoQ
Income (Loss) from Continuing Operations	\$ (0.01)	\$ 0.56	\$ (0.36)	\$ 0.08	\$ (0.04)	0.03
Net Realized Gains and Impairments	0.07	-	0.04	(0.01)	(0.03)	0.10
Net Operating Income (Loss)¹	(0.08)	0.56	(0.40)	0.09	(0.01)	(0.07)
<i>Sources of Volatility:</i>						
Catastrophes	(0.83)	(0.16)	(0.16)	(0.64)	(0.49)	(0.34)
Alternative Investment Income	0.19	0.14	0.12	0.08	0.01	0.18
Prior Year Reserve Development	(0.14)	(0.04)	0.02	0.24	(0.03)	(0.11)
Voluntary Outreach Efforts	-	-	(0.98)	-	-	-
Total from Sources of Volatility	\$ (0.78)	\$ (0.06)	\$ (1.00)	\$ (0.32)	\$ (0.51)	\$ (0.27)
Underlying Operating Performance¹	\$ 0.70	\$ 0.62	\$ 0.60	\$ 0.41	\$ 0.50	\$ 0.20

- Catastrophe losses significantly impacted 1Q16 and 1Q17 results. Loss expectations remain in-line with long-term pricing expectations.
- Alternative investments performance exceeded expectations and prior year
- 2017 included adverse prior year reserve development primarily from the Preferred Auto line
- 2017 nonstandard auto results showed significant improvement
- Preferred auto continued to be challenged; team is addressing with claims, rate and underwriting actions

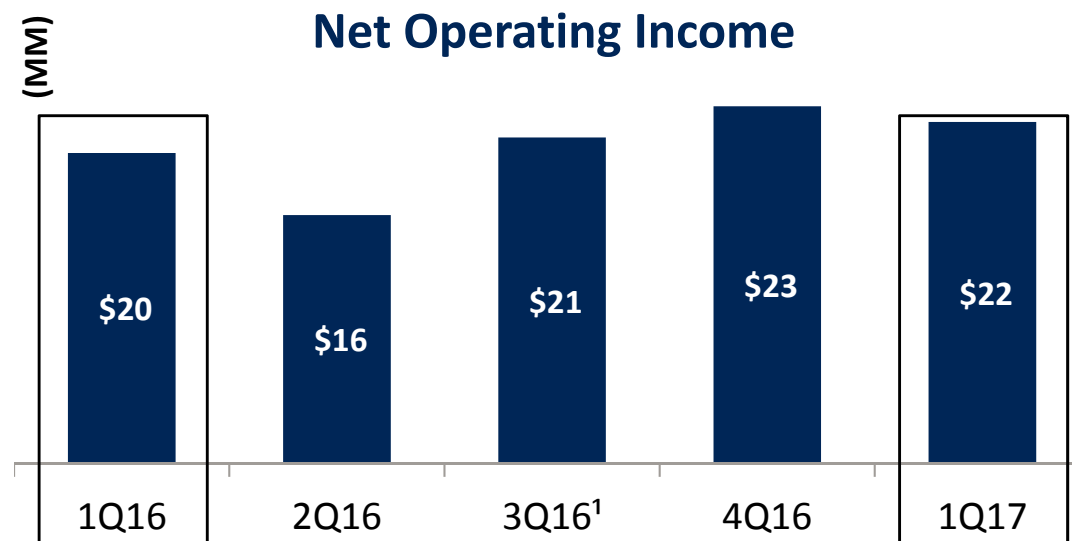
¹Non-GAAP financial measure; Please see appendix for more information

Stable and Predictable Life & Health Earnings



Revenues

- Earned premiums increased \$3.2 million over 1Q16
- Life increased \$1.3 million, driven by increased volume at Reserve National; Home Service premiums increased slightly as agent productivity increased
- A&H increased \$2.2 million

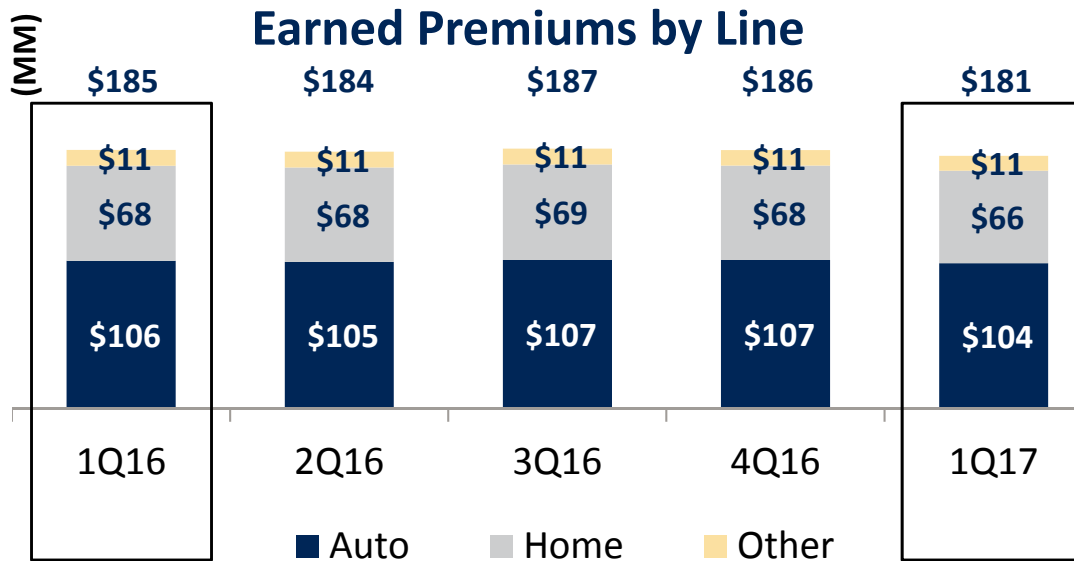


Net Operating Income

- Comparing 1Q16 to 1Q17, net income increased \$2 million to \$22 million
- Results remain stable and continue to provide strong predictable cash flows
- Continue to focus on increasing distribution capabilities
- Low interest rate environment continues to pressure investment results

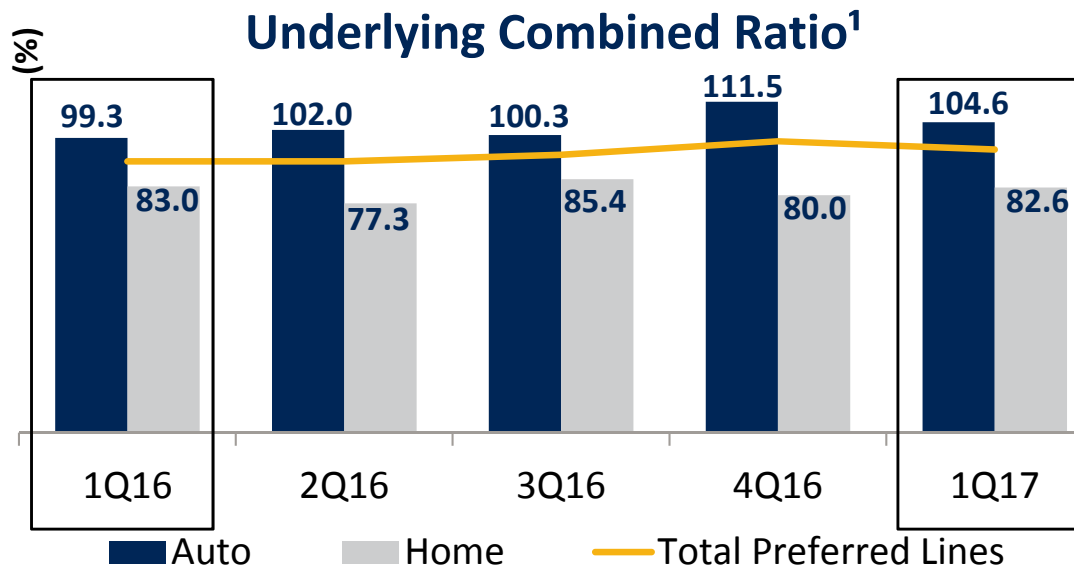
¹Excludes \$50.6 million after-tax charge from implementing voluntary use of death verification databases

Preferred Auto Challenged—Taking Actions



Preferred Auto

- 1Q17 underlying combined ratio increased 5.3 percentage points
- Preferred auto remains challenged by adverse loss cost trends and claims
- Team focused on claims, rate and underwriting actions
- New business increased with retention roughly flat

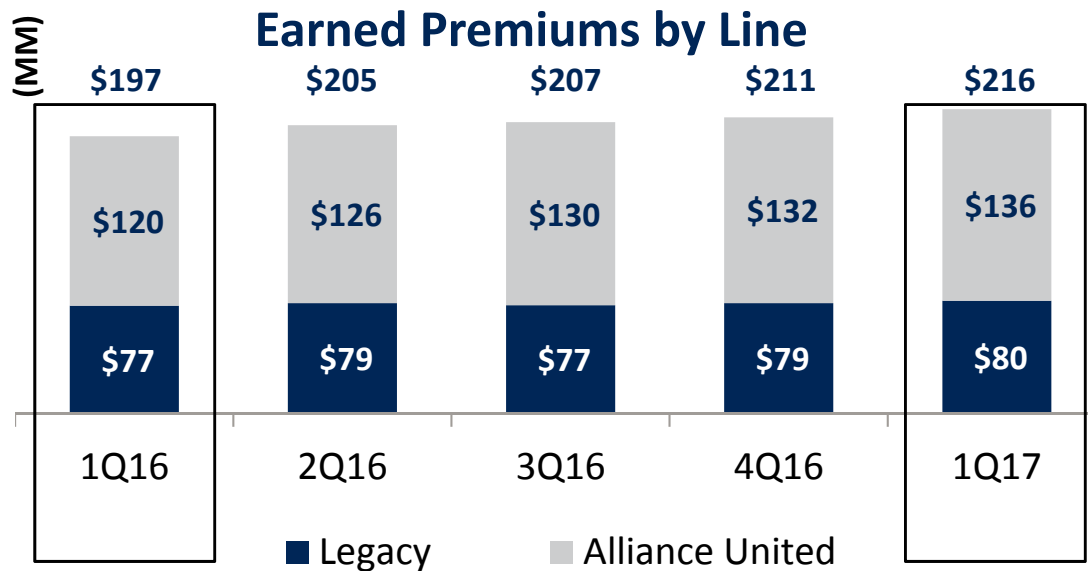


Homeowners

- Underlying combined ratio improved a half a point
- Net written premiums decreased \$1 million, in line with expectations while retention increased 2 percent
- Catastrophe loss expectations remain in line with long-term pricing expectations

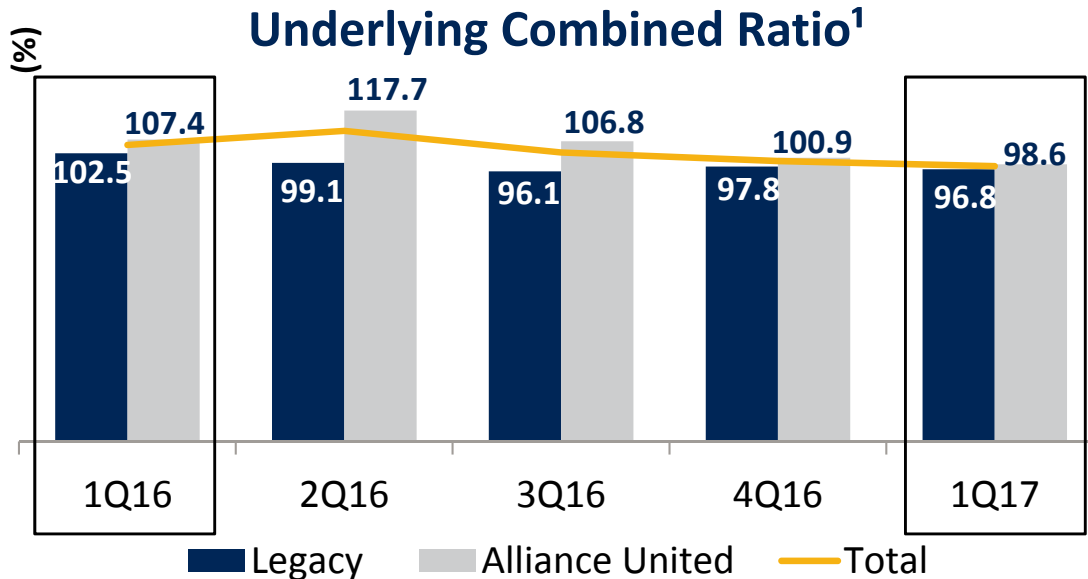
¹Non-GAAP financial measure; Please see reconciliation in the appendix

Improving Trends in Nonstandard Personal Auto



Legacy Personal Auto

- 1Q17 underlying combined ratio improved 5.7 percentage points, primarily from higher average earned premiums
- Net written premiums increased 5 percent over 1Q16
- Appropriately balancing continued profit improvement actions and growth



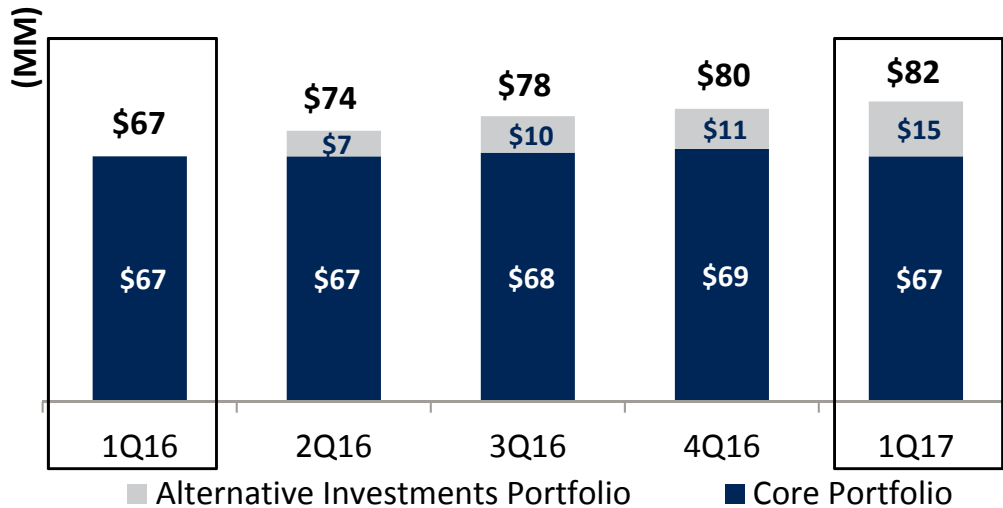
Alliance United

- Underlying combined ratio improved 8.8 points, driven by rate and underwriting actions taken in 2016
- Average earned premiums increased 13 percent; implemented a 6.9 percent rate increase on roughly half the book starting March 1, 2017
- Net written premiums increased 17 percent over 1Q16

¹Non-GAAP financial measure; Please see reconciliation in the appendix

Consistent Portfolio Returns: High Quality, Moderate Risk

Strong Performance Despite Low Rates

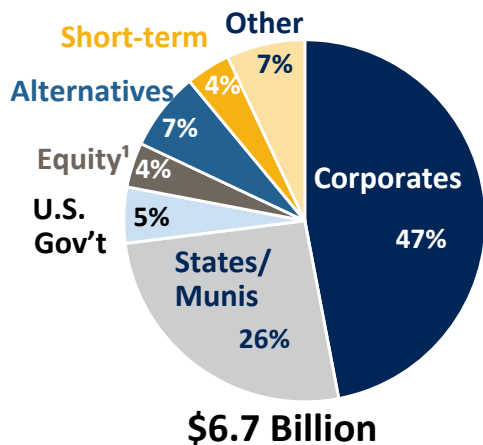


Overview

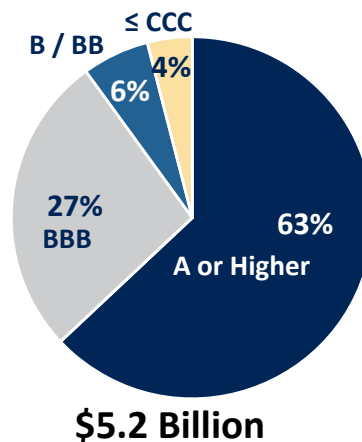
- Investment portfolio produced an annualized pre-tax equivalent book yield of 5.4 percent in 1Q17, compared to 4.6 percent in 1Q16
- More than 75 percent of the total investment portfolio is comprised of fixed maturity securities, of which 90 percent is rated investment grade by S&P
- Equity securities are primarily preferred stocks and ETF's
- Core portfolio produces stable net investment income results
- Alternative investment portfolio is designed to provide enhanced returns over time and primarily consists of
 - Funds whose underlying investments tend to be in fixed income securities
 - Hedge funds that focus on liquidity

Diversified & Highly Rated Portfolio

Portfolio Composition



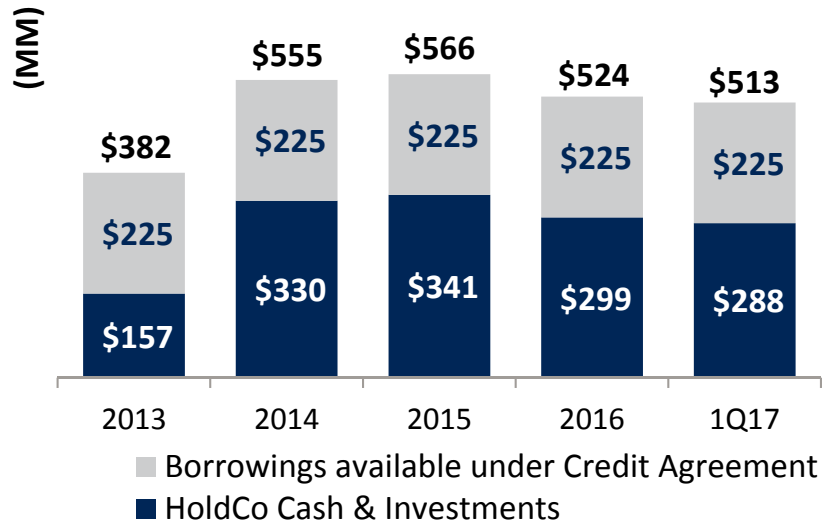
Fixed Maturity Ratings



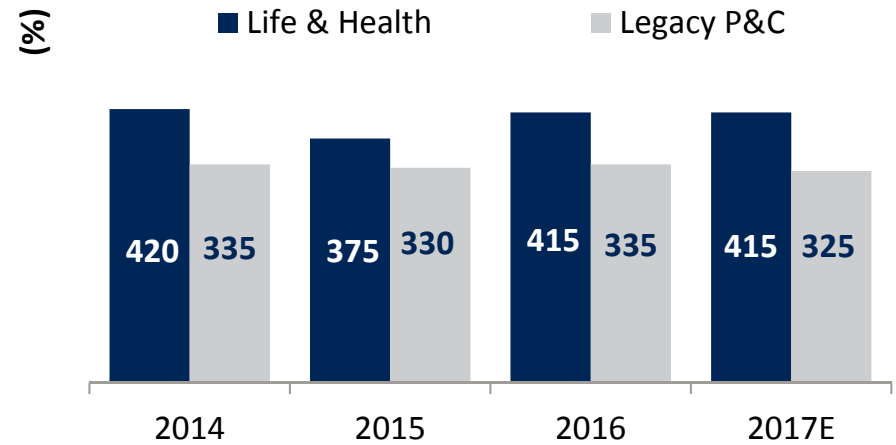
¹ Excludes \$202 million of Other Equity Interests of LP/LLC's

Strong Current Capital Position with Ample Liquidity

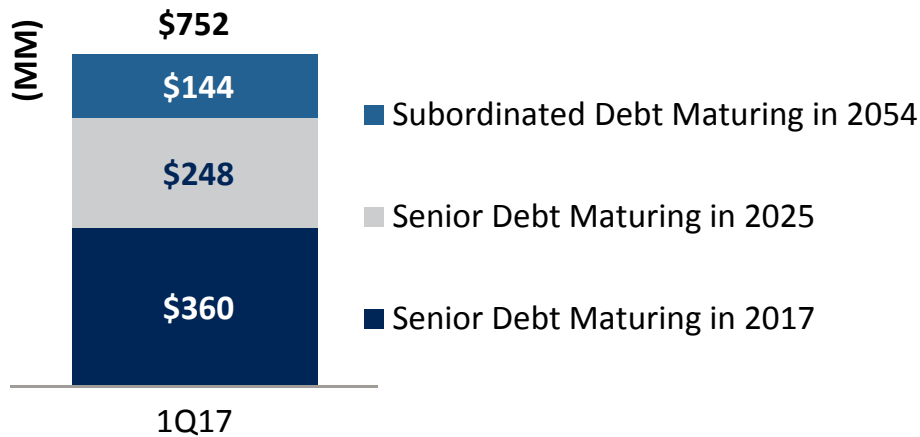
Strong Parent Company Liquidity



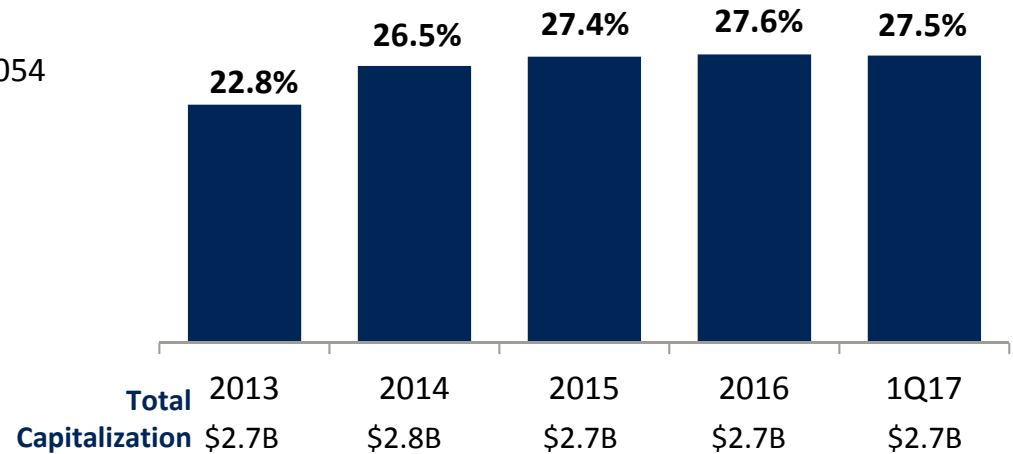
Risk-Based Capital Ratios



Debt



Debt-to-Capital Historically <30%





KEMPER

Appendix

Non-GAAP Financial Measures

Diluted Consolidated Net Operating Income (Loss) Per Unrestricted Share is an after-tax, non-GAAP financial measure computed by excluding from Diluted Income (Loss) from Continuing Operations Per Unrestricted Share the after-tax per unrestricted share impact of net realized gains on sales of investments and net impairment losses recognized in earnings related to investments. The most directly comparable GAAP financial measure is Diluted Income (Loss) from Continuing Operations Per Unrestricted Share.

Kemper believes that Diluted Consolidated Net Operating Income (Loss) Per Unrestricted Share provides investors with a valuable measure of its ongoing performance because it reveals underlying operational performance trends that otherwise might be less apparent if the items were not excluded. Net realized gains on sales of investments and net impairment losses recognized in earnings related to investments included in Kemper's results may vary significantly between periods and are generally driven by business decisions and external economic developments such as capital market conditions that impact the values of the company's investments, the timing of which is unrelated to the insurance underwriting process.

Per Unrestricted Share	For the Three Months Ended				
	1Q17	4Q16	3Q16	2Q16	1Q16
Consolidated Net Operating Income (Loss) - Diluted Net Income (Loss) From:	\$ (0.08)	\$ 0.56	\$ (0.40)	\$ 0.09	\$ (0.01)
Net Realized Gains on Sales of Investments	0.13	0.11	0.15	0.07	0.09
Net Impairment Losses Recognized in Earnings	(0.06)	(0.11)	(0.11)	(0.08)	(0.12)
Income (Loss) from Continuing Operations	<u>\$ (0.01)</u>	<u>\$ 0.56</u>	<u>\$ (0.36)</u>	<u>\$ 0.08</u>	<u>\$ (0.04)</u>

Non-GAAP Financial Measures

Underlying Operating Performance is a non-GAAP financial measure that is computed by excluding from the Diluted Income (Loss) from Continuing Operations Per Unrestricted Share the after-tax per unrestricted share impact of 1) net realized gains on sales of investments, 2) net impairment losses recognized in earnings related to investments, 3) current year catastrophe losses and LAE, 4) net investment income from alternative investments, 5) prior-year reserve development (both catastrophe and non-catastrophe), and 6) the initial impact of voluntary outreach efforts regarding life claims recorded in the third quarter of 2016. The most directly comparable GAAP financial measure is Diluted Income (Loss) from Continuing Operations Per Unrestricted Share.

Kemper believes Underlying Operating Performance 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. Underlying Operating Performance should not be considered a substitute for the Diluted Income (Loss) from Continuing Operations Per Unrestricted Share and does not reflect the overall profitability of our business.

Book Value Per Share Excluding Net Unrealized Gains on Fixed Maturities, is a ratio that uses a non-GAAP financial measure. It is calculated by dividing shareholders' equity after excluding the after-tax impact of net unrealized gains on fixed income securities by total Common Shares Issued and Outstanding. Book value per share is the most directly comparable GAAP financial measure. The Company uses the trend in book value per share, excluding the after-tax impact of net unrealized gains on fixed income securities in conjunction with book value per share to identify and analyze the change in net worth attributable to management efforts between periods. The Company believes the non-GAAP financial measure is useful to investors because it eliminates the effect of items that can fluctuate significantly from period to period and are generally driven by economic developments, primarily capital market conditions, the magnitude and timing of which are generally not influenced by management. The Company believes it enhances understanding and comparability of performance by highlighting underlying business activity and profitability drivers.

	For the Period Ended				
	1Q17	4Q16	3Q16	2Q16	1Q16
Book Value Per Share	\$ 38.67	\$ 38.52	\$ 40.51	\$ 41.17	\$ 39.92
Less: Net Unrealized Gains on Fixed Maturities Per Share	(3.86)	(3.52)	(6.24)	(6.39)	(4.95)
Book Value Per Share Excluding Net Unrealized Gains on Fixed Maturities	<u>\$ 34.81</u>	<u>\$ 35.00</u>	<u>\$ 34.27</u>	<u>\$ 34.78</u>	<u>\$ 34.97</u>

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.

For the Three Months Ended

	1Q16	2Q16	3Q16	4Q16	1Q17
Preferred Personal Automobile					
Underlying Combined Ratio	99.3%	102.0%	100.3%	111.5%	104.6%
Current Year Catastrophe Loss and LAE Ratio	4.6%	4.9%	1.1%	0.3%	4.5%
Prior Years Non-Catastrophe Losses and LAE Ratio	1.8%	(0.7%)	(0.4%)	3.8%	10.4%
Prior Years Catastrophe Losses and LAE Ratio	(0.2%)	(0.1%)	0.0%	0.0%	0.0%
Combined Ratio as Reported	<u>105.5%</u>	<u>106.1%</u>	<u>101.0%</u>	<u>115.6%</u>	<u>119.5%</u>
Homeowners					
Underlying Combined Ratio	83.0%	77.3%	85.4%	80.0%	82.6%
Current Year Catastrophe Loss and LAE Ratio	43.9%	59.2%	11.4%	16.7%	85.2%
Prior Years Non-Catastrophe Losses and LAE Ratio	(4.0%)	(0.7%)	(0.9%)	0.9%	1.1%
Prior Years Catastrophe Losses and LAE Ratio	(3.5%)	(12.4%)	(5.1%)	(3.7%)	(0.9%)
Combined Ratio as Reported	<u>119.4%</u>	<u>123.4%</u>	<u>90.8%</u>	<u>93.9%</u>	<u>168.0%</u>

Non-GAAP Financial Measures

Underlying Combined Ratio – Continued

	For the Three Months Ended				
	1Q16	2Q16	3Q16	4Q16	1Q17
Legacy Nonstandard Personal Automobile					
Underlying Combined Ratio	102.5%	99.1%	96.1%	97.8%	96.8%
Current Year Catastrophe Loss and LAE Ratio	2.2%	2.9%	2.2%	(0.1%)	1.4%
Prior Years Non-Catastrophe Losses and LAE Ratio	1.8%	(3.4%)	4.4%	(0.5%)	3.7%
Prior Years Catastrophe Losses and LAE Ratio	0.0%	0.0%	(0.1%)	0.0%	(0.1%)
Combined Ratio as Reported	<u>106.5%</u>	<u>98.6%</u>	<u>102.6%</u>	<u>97.2%</u>	<u>101.8%</u>
Alliance United					
Underlying Combined Ratio	107.4%	117.7%	106.8%	100.9%	98.6%
Current Year Catastrophe Loss and LAE Ratio	0.0%	0.0%	0.1%	0.0%	0.4%
Prior Years Non-Catastrophe Losses and LAE Ratio	5.4%	(0.3%)	(1.0%)	0.2%	(2.8%)
Prior Years Catastrophe Losses and LAE Ratio	0.0%	0.0%	0.0%	0.0%	0.0%
Combined Ratio as Reported	<u>112.8%</u>	<u>117.4%</u>	<u>105.9%</u>	<u>101.1%</u>	<u>96.2%</u>
Total Nonstandard Personal Automobile					
Underlying Combined Ratio	105.4%	110.5%	102.8%	99.7%	97.9%
Current Year Catastrophe Loss and LAE Ratio	0.9%	1.1%	0.9%	0.0%	0.8%
Prior Years Non-Catastrophe Losses and LAE Ratio	4.0%	(1.5%)	1.0%	0.0%	(0.4%)
Prior Years Catastrophe Losses and LAE Ratio	0.0%	0.0%	0.0%	0.0%	0.0%
Combined Ratio as Reported	<u>110.3%</u>	<u>110.1%</u>	<u>104.7%</u>	<u>99.7%</u>	<u>98.3%</u>