KEMPER

March 2017

Investor Update

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, Kemper cautions readers not to place undue reliance on such statements. Kemper bases these statements on current expectations and the current economic environment as of the date of this presentation. They involve a number of risks and uncertainties that are difficult to predict. These statements are not guarantees of future performance; actual results could differ materially from those expressed or implied in the forward-looking statements. Forward-looking statements can be affected by inaccurate assumptions or by known or unknown risks and uncertainties that may be important in determining the company's actual future results and financial condition. 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. Kemper advises the reader to consult any further disclosures Kemper makes on related subjects in its filings with the SEC.

This presentation contains non-GAAP financial measures that the company believes are meaningful to investors. Non-GAAP financial measures are defined and reconciled to the most comparable GAAP financial measure at the end of this report.

All data in this presentation is as of and for the period ending December 31, 2016 unless otherwise stated.

Create Long-term Shareholder Value

Core capabilities and sustainable competitive advantages

Diversified sources of earnings; Strong capital & liquidity positions

Disciplined approach to capital management and growing returns and book value per share over time

Deliver high single digit/low double digit ROEs[1] over time

[1] Return on Equity

Leverage Competitive Advantages & Build Core Capabilities

Competitive Advantages

Strong capital position
- More than $200MM of excess capital
- Steady capital creation from life businesses

Distinguished brand
- Recognized in market
- Positive impression yet undefined

Flexible regulatory foundation
- Broadly licensed (multiple products) in 50 states

Broad business portfolio
- Diversified product platforms
- Non-correlated risks
- Leverageable growth opportunities

Strong investments function
- Outperform similarly sized peers

Core Capabilities

Analytic superiority
- Run the business by the numbers
- Probe the foundation
- Critical thinking

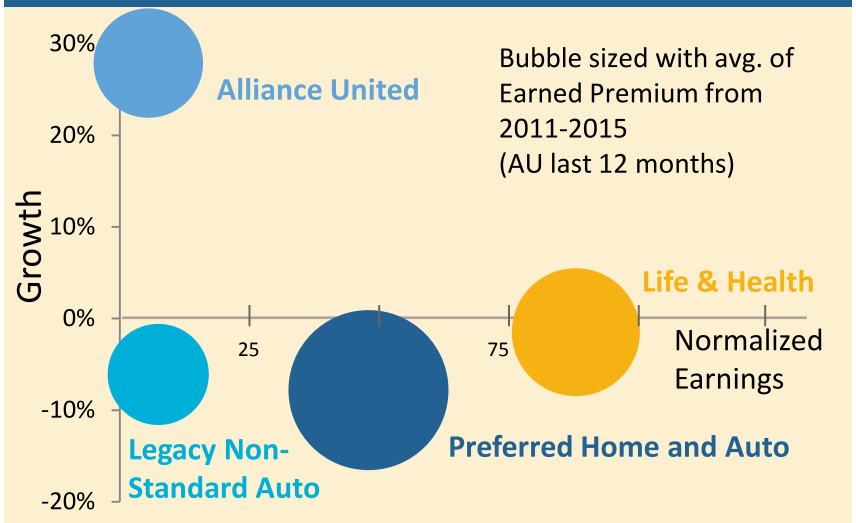
Pervasive intellectual curiosity
- Bias for urgency
- Constructive dissatisfaction
- Meritocracy

World-class operators
- Execution excellence
- Efficient expense structure
- Nimble

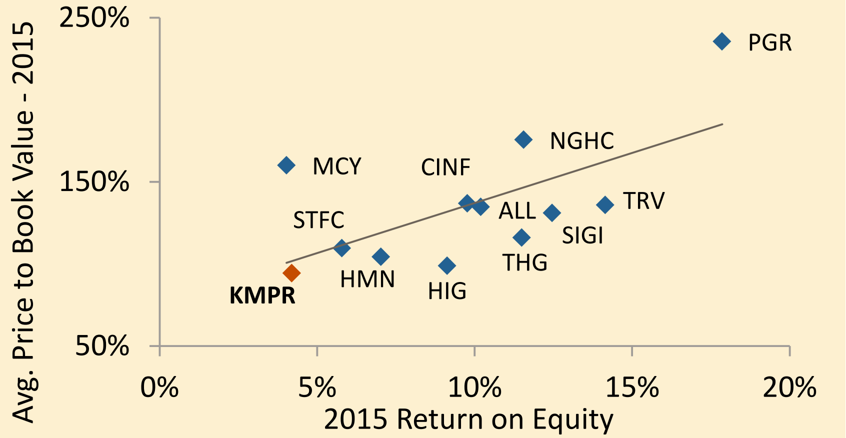
Baseline: Year End 2015

- Unclear strategic framework & focus
  - Limited external focus
  - Constrained analytical curiosity
- Culture of complacency
  - Diffusion of accountability
  - Collaboration impeded
- Poor Execution
- Significant "deferred maintenance"
  - Aging IT infrastructure
  - Dated processes
- Financial underperformance
  - Low earnings & ROE
  - Declining revenue
  - Heavy expense base

Average Normalized Earnings from 2011-2015[1]

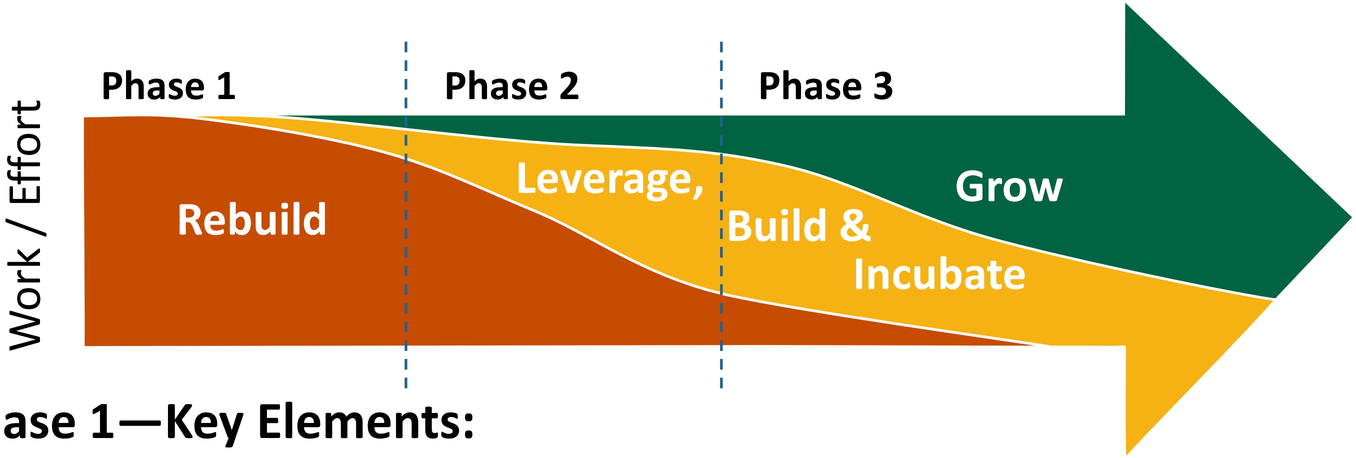


Price to Book Value versus ROE-2015[2]



[1] See Non-GAAP Financial Measures in Appendix
[2] Source: SNL Financial

Path Forward to Unlock Embedded Value



Phase 1—Key Elements:

Specific

- Assemble top quality leadership team
- Resolve life insurance regulatory issue
- Refocus & strengthen Nonstandard 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

Broader

- Reinvigorate culture
- Focus on relentlessly delivering execution excellence
- Expand and fully leverage business intelligence & analytics capabilities

Path Forward: Significant Progress Made During 2016

Historical Challenge	Actions
• **Poor execution/culture of complacency**	• Senior leadership team established
• **Limited strategic focus**	• Redefined and communicated in September
• **Financial underperformance**	• **Revenues:** Stabilized preferred lines new business production and retention • **Expenses:** Base reset underway; on track to improve FY17 run-rate by $20 million pre-tax • **Alliance United:** Rate, underwriting and agency management actions; increased claims staffing • **P&C Claims:** Initiated redesigned service delivery model; enhanced focus on shorter cycle times
• **Weak technology infrastructure**	• **L&H IT:** System upgrade reset and on track • **Preferred P&C IT:** System re-platforming (agency front-end, policy admin, rating & billing) on track
• **Life Claims Initiation**	• Voluntary resolution defined and being executed

Path Forward to Unlock Embedded Value

Near-term: 2017

Turnaround of Core Businesses & Build Capabilities
- Restore profit 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

Long-term: 2019+

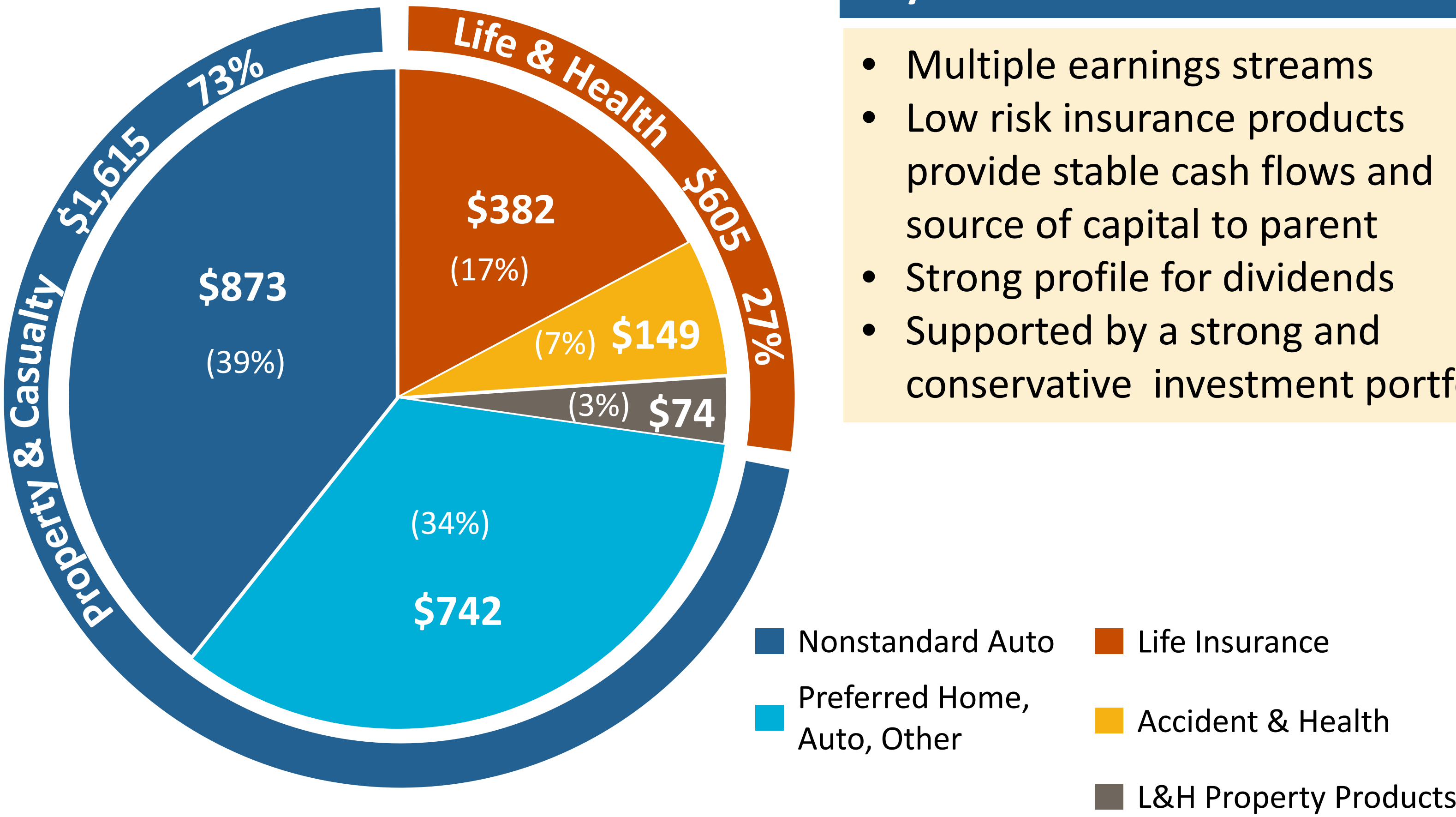
Leverage Competitive Advantages & Core Capabilities to Grow
- Scale business platforms
- Optimize data and analytics capabilities
- Expand product platform and markets served

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

Business Overview

Diversified Non-correlated Earnings Base

2016 Earned Premiums (MM)



Key Elements

- Multiple earnings streams
- Low risk insurance products provide stable cash flows and source of capital to parent
- Strong profile for dividends
- Supported by a strong and conservative investment portfolio

Diverse product portfolio with significant potential

Life & Health

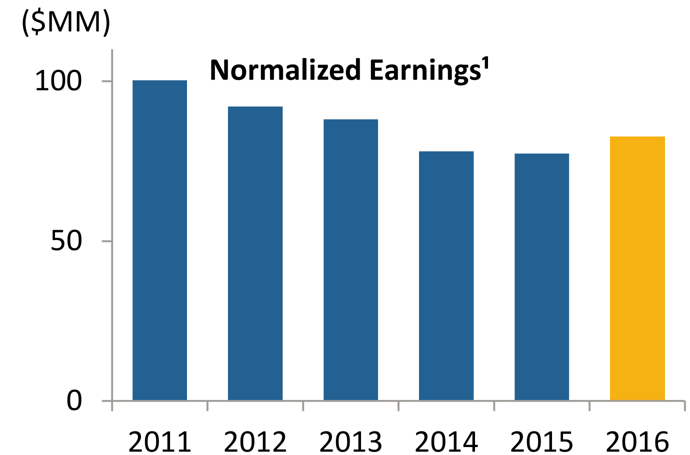
Life Insurance

Market & consumer focus
- Modest income consumers
- Simple “final expense” type life product
- Limited, diffused, smaller competition
- Consistently profitable segment

Keys to success
- Efficient and consistent pricing, underwriting and claim functions
- Strong and cost-conscious distribution

Priorities
- Finalize the replacement of policy administration system
- Expand current distribution model; evaluate new distribution sources

Our Results

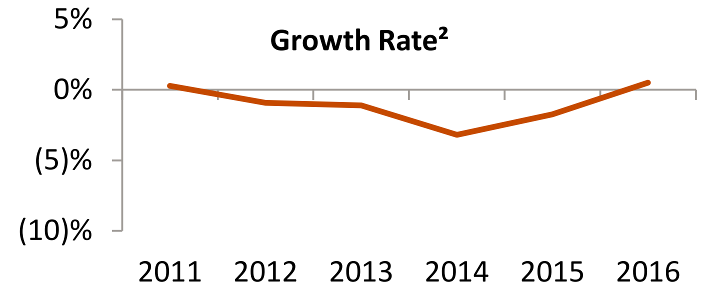


Health Insurance

Market & consumer focus
- Indemnity medical supplemental products
- Rural and dissatisfied ACA consumers
- Limited larger or sophisticated players

Keys to success
- Being opportunistic and nimble when addressing market gaps
- Efficient distribution of product

Priorities
- Evaluate new products to take advantage of market disruption
- Higher-yielding distribution capabilities



[1] See Non-GAAP Financial Measures in Appendix
[2] 2015 normalized for deferred premium adjustment

Property & Casualty

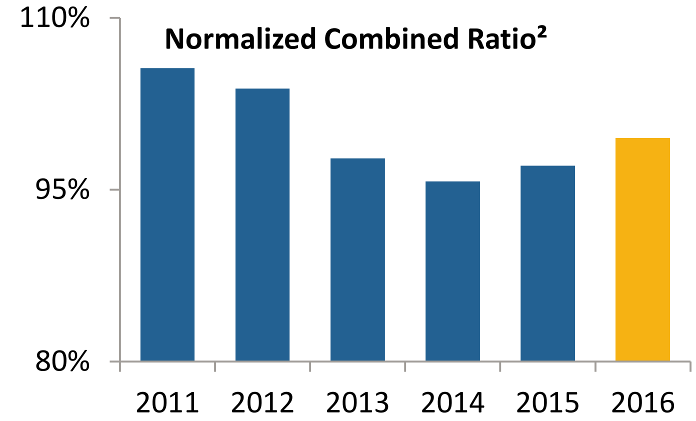
Preferred Personal Lines[1]

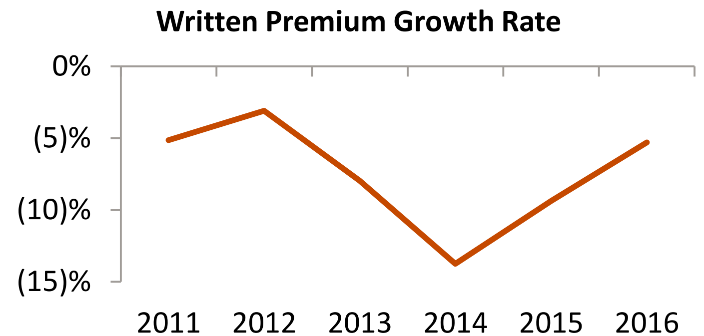
Market & consumer focus
- Regional independent agency player
- Main Street consumer focus
- Historically leveraged package product strength

Keys to success
- Product/pricing sophistication
- Claims effectiveness
- Ease of doing business

Priorities
- Finish program to replace policy administration and agency interface systems
- Overhaul claim capabilities
- Expand homeowners capability
- Lead with homeowners strength; deliver auto at parity
- Intensify business intelligence and analytics competency

Our Results





[1] Includes Preferred Personal Automobile, Homeowners and Other Personal Lines Insurance
[2] See Non-GAAP Financial Measures in Appendix

Property & Casualty

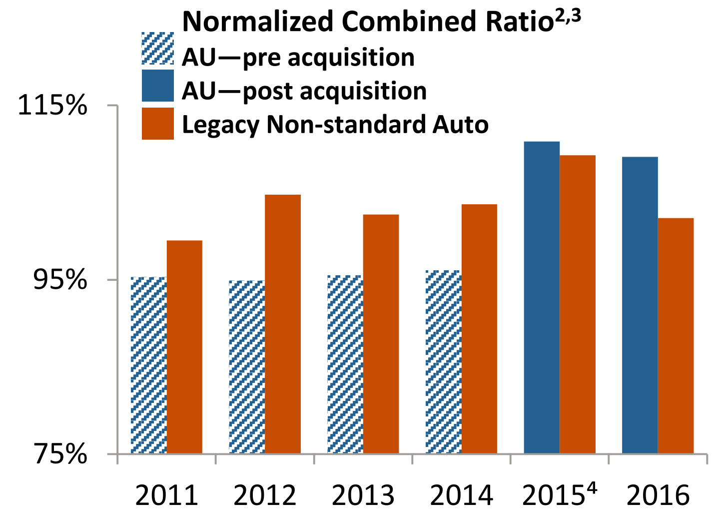
Non-standard Auto[1]

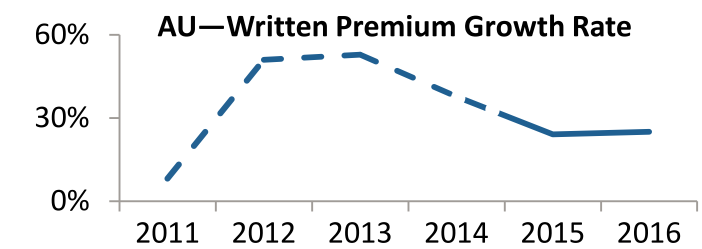
Market & consumer focus
- Major competition is smaller/regional carriers; limited and often ineffective results from large carriers
- Specialized expertise is essential

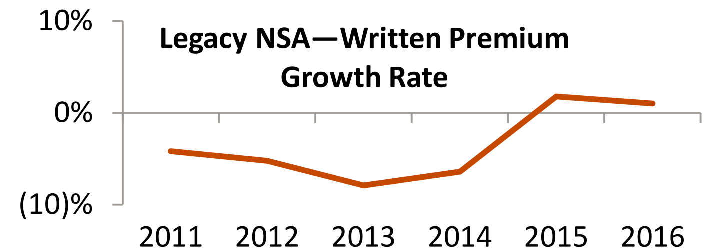
Keys to success
- Relentless nimble execution of fundamental pricing, underwriting and claim capabilities
- Avoid linking preferred and non-standard processes
- Enhanced sophistication of fundamentals

Priorities
- Refocused and dedicated claim, pricing and underwriting resources
- Claim staffing and specialization
- Alliance United profit restoration

Our Results

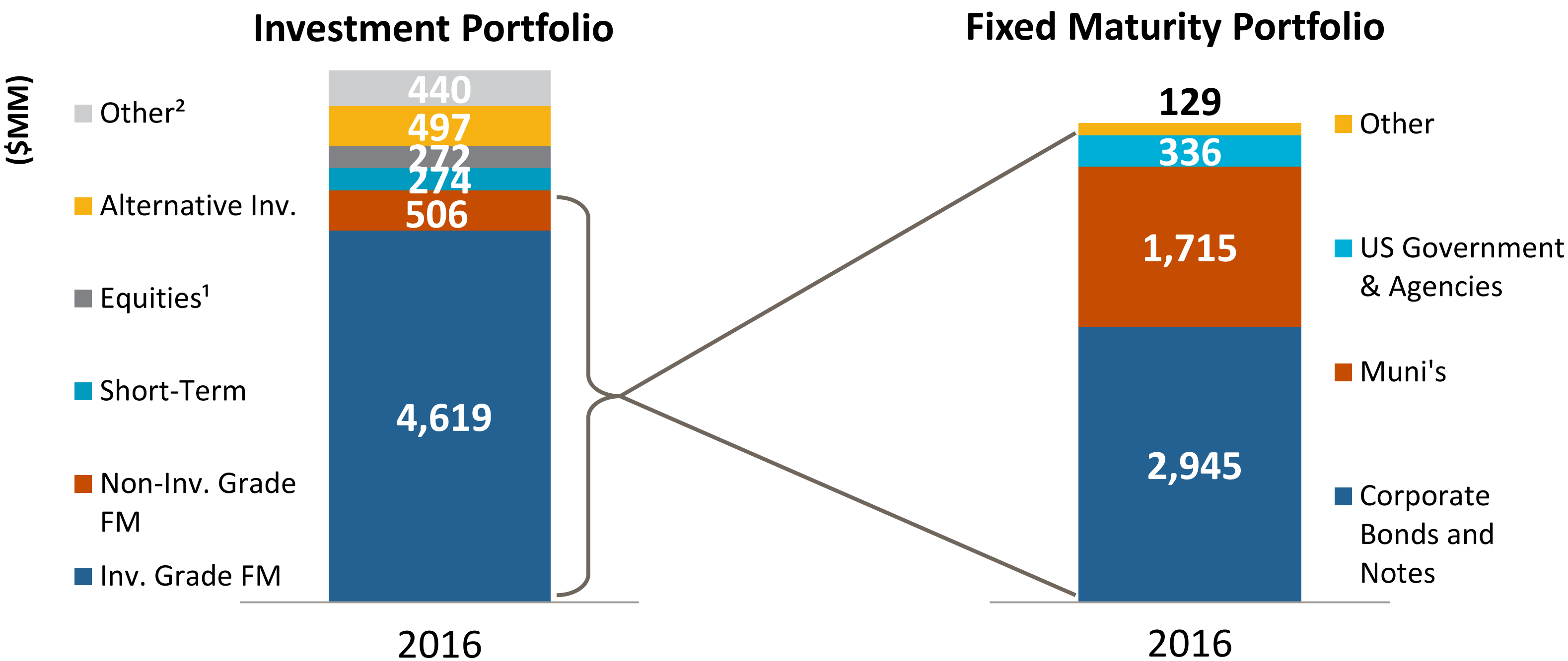






[1] Also includes Commercial Automobile Insurance
[2] Alliance United was acquired April 30, 2015
[3] See Non-GAAP Financial Measures in Appendix
[4] 2015 Alliance United Combined Ratio for post acquisition period only (May-Dec 2015)

Disciplined Investment Approach; Superior Returns



Total Investments: $6,608MM

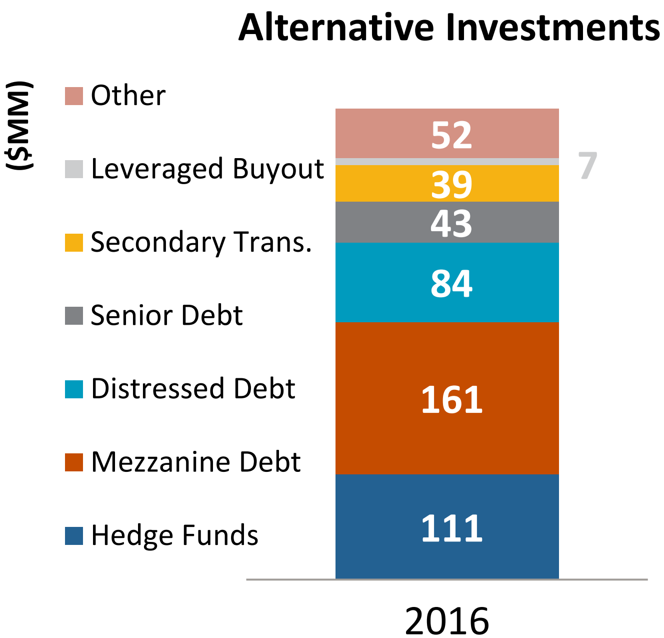
Total Fixed Maturities: $5,125MM

- Balance risk and return to maximize portfolio's after-tax yield and total return
- Centralized investment function designed to take advantage of multi-line organization
- Use size as advantage to adapt to the constantly evolving investment landscape

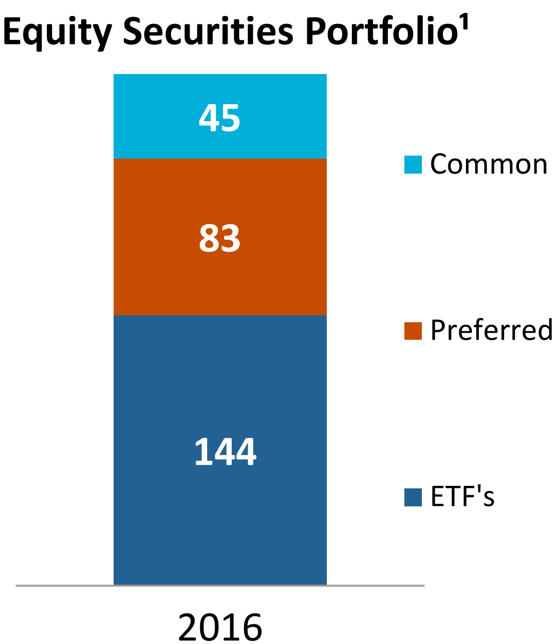
- 90% investment grade municipal, corporate and agency bonds
- Average duration is 6.3 years
- Pre-tax equivalent book yield of 5.1 percent in 2016 and 5.3 percent in 2015
- Unrealized gain of $278MM

[1] Excludes $210MM of Alternative Investments at Fair Value
[2] Includes $294MM of policyholder loans, $140MM of Real Estate and $6MM of other investments

LLC/LP's & Equities: Attractive Returns, Manageable Risk



Alternative Investments: $497MM



Equity Securities: $272MM

- Managed through long-term relationships with general partners
- Hedge funds are focused on liquidity
- Excluding hedge funds, underlying fund investments are mainly US centric private placement debt with contractual payments
- Reducing Distressed Debt & Secondary Transactions; focus on Senior/Mezz Debt

- Exchange Traded Funds provide low cost financial market exposure
- Preferred stocks mostly consist of dividend paying financial services companies
- Common stocks mostly consist of co-investments with LLC/LP's general partners and provide upside potential for successful investments

[1] Excludes $210MM of Alternative Investments at Fair Value

Ample Liquidity & Strong Capital Position

Committed to:

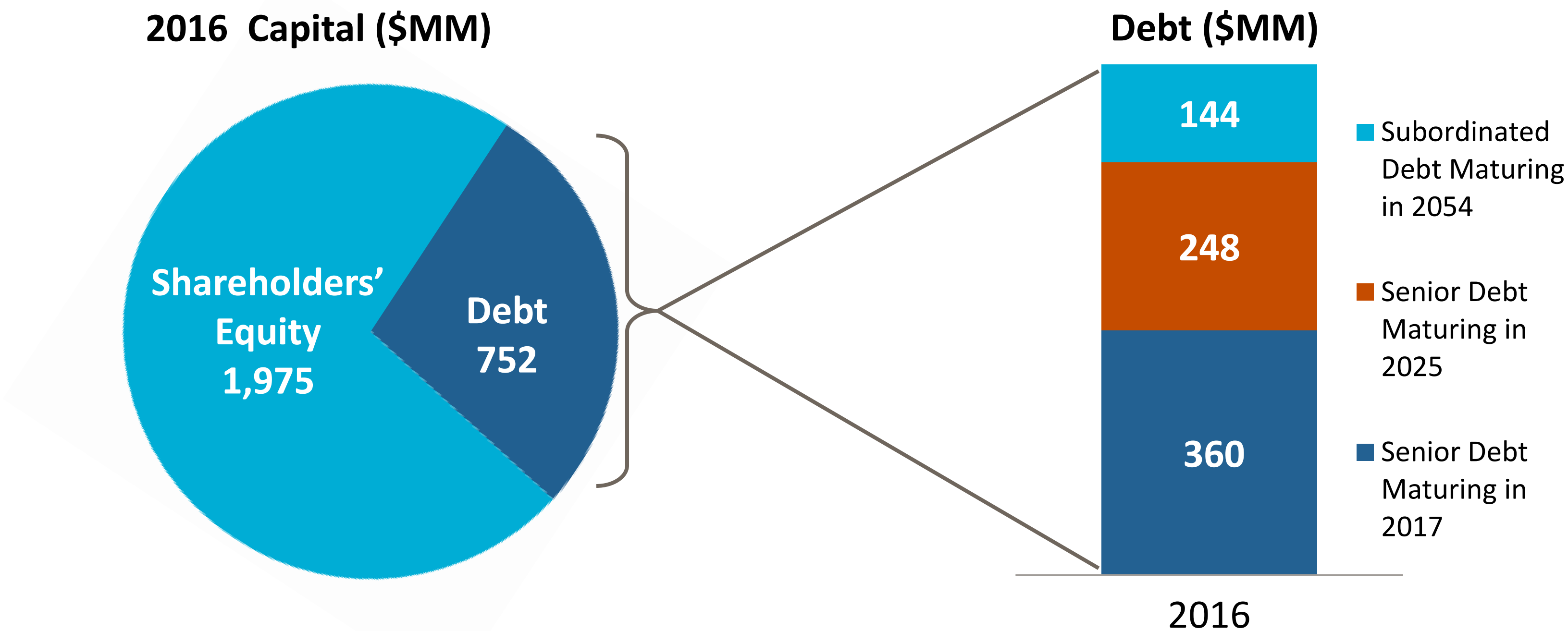
- Maintaining Op & Hold Co existing credit ratings
- Operating debt to capital ratio ≤ 35%
- Hold Co liquidity in excess of one year's dividends and interest

Capital	2014	2015	2016
Life & Health Risk Based Capital (%)	420	375	395
Property & Casualty Risk Based Capital (%)	335	330	325

Liquidity	2014	2015	2016
Parent Company Cash & Investments ($MM)	330	341	299
Undrawn Parent Company Facility ($MM)	225	225	225
Interest Coverage	10x	11x	11x

[1] Calculated as the greater of 10% of insurance statutory surplus or insurance statutory net income from the prior year
[2] Total liquidity is the sum of parent company cash & investments and the undrawn parent company facility

Flexibility for Upcoming Debt Maturity



Total Capital: $2,727MM **Total Debt: $752MM**

Senior Debt Maturing May 15, 2017

- Anticipate refinancing at least $250 MM (Exploring Index Eligibility Change Implications)
- Parent company held approximately $300 MM of cash and investments at year-end
- Life & Health continues to be a stable source of capital with predictable cash flows
- Improving Property & Casualty fundamentals
- Entered into a Treasury lock during the fourth quarter of 2016; locked the interest rate portion for $250MM of debt
- Enhanced Risk Management Program

The Case for Kemper

- **Superior Platform to leverage**
  — Distinguished brand
  — Strong capital position
  — Diversified business portfolio
  — Strong investment function
  — Proven executive team
- **Fixable weaknesses — significant actions underway**
  — Issues largely self-inflicted/deferred maintenance
- **Rehabilitating critical areas & building core capabilities for long-term success**
- **Positioning for organic and inorganic growth across range of niche business**

KEMPER

Appendix

Consolidated Statements of Income

Kemper Corporation & Subsidiaries

($MM)	Years Ended 2015	2016	Change	Comments
Revenues:				
Earned Premiums:				
Property & Casualty	$ 1,415	$ 1,615	14.1%	Alliance United acquisition April 30, 2015
Life & Health	594	605	1.9%	Deferred Profit Reserve in 1Q15 and
Net Investment Income	303	298	-1.7%	A&H growth in 2016
Other Income	4	3	NM	
Net Realized Investment Gains	25	1	-96.0%	Lower gains on sales of equity securities
Total Revenues	**2,341**	**2,522**	7.7%	
Expenses:				
Benefits, Incurred Losses and LAE:				
Property & Casualty	1,086	1,319	21.5%	Alliance United and increased cat losses
Life & Health	382	462	20.9%	Additional voluntary outreach efforts
Insurance Expenses	645	647	0.3%	
Write-off of Long-lived Asset	11	-	-100.0%	
Loss from Early Extinguishment of Debt	9	-	-100.0%	Debt refinancing in 1Q15
Interest and Other Expenses	108	90	-16.7%	Primarily lower pension expense
Total Expenses	**2,241**	**2,518**	12.4%	
Income Tax (Expense) Benefit	(20)	9	NM	
Net Income from Continuing Ops.	**$ 80**	**$ 13**	-83.8%	
Total Net Income	**$ 86**	**$ 17**	-80.2%	

Consolidated Balance Sheets

Kemper Corporation & Subsidiaries

($MM)	2015	2016	Change	Comments
Assets:				
Cash and Investments:				
Fixed Maturities at Fair Value	$ 4,852	$ 5,125	5.6%	
Equity Securities	523	482	-7.8%	
Equity Method LLC/LP	191	176	-7.9%	Intentionally reducing portfolio
Fair Value Option Investments	165	111	-32.7%	Reduced concentration at parent company
Other Investments	443	440	-0.7%	
Cash & Short-term Inv.	417	389	-6.7%	Lower cash holdings
Total Cash & Investments	6,591	6,723	2.0%	
Receivables from Policyholders	332	337	1.5%	
Other Receivables	193	199	3.1%	
Deferred Acquisition Costs	317	332	4.7%	
Goodwill	323	323	0.0%	
Other Assets	280	297	6.1%	
Total Assets	**$ 8,036**	**$ 8,211**	**2.2%**	
Liabilities & Shareholders' Equity:				
Insurance Reserves	$ 4,204	$ 4,407	4.8%	
Unearned Premiums	613	619	1.0%	
Debt	751	752	0.1%	
Other Liabilities	476	458	-3.8%	
Total Liabilities	6,044	6,236	3.2%	
Shareholders' Equity	1,992	1,975	-0.9%	
Total Liabilities & Shareholders' Equity	**$ 8,036**	**$ 8,211**	**2.2%**	

Our History

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

1990
Spun-off from Teledyne with operations in:
- Standard auto and home
- Non-standard auto
- Commercial liability and property
- Workers' compensation
- Home service life & health
- Major medical
- Worksite products
- Consumer finance

1995
Acquired Milwaukee Insurance Group (Personal and Commercial lines))

1998
Acquired Reliable Life (home service) and Reserve National (A&H)

1999
Acquired Valley Group (Nonstandard personal and commercial auto)

2000
- Launched Unitrin Direct (personal auto, renters)
- Sold Pyramid Life (major medical)

2002
Acquired rights to Kemper personal lines (auto, home and other personal)

2005
Consolidated Home Service operations

2007
Acquired Merastar Insurance (direct and affinity; personal auto, home)

2008
- Acquired Primesco, Inc. (home service);
- Sold Unitrin Business Insurance (commercial lines)

2009
- Acquired Direct Response (direct-to-consumer personal auto)
- Wind down of Fireside Bank (consumer finance)

2011
Rebranded to Kemper Corporation from Unitrin, Inc.

2012
Ceased direct-to-consumer marketing at Kemper Direct; placed in run-off

2015
Acquired Alliance United (Non-standard auto)

1990 — **Today**

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 Segment or Product Line Net Operating Income. For the company's Life & Health business, Normalized Earnings is calculated by 1) 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, 2) excluding investment income in 2014 from one company that had sold substantially all of its operations, 3) excluding an adjustment recorded in 2015 to correct deferred premium reserves on certain limited pay life insurance policies and 4) excluding the initial impact in 2016 of voluntarily using death verification databases in the company's operation for life insurance products. For the company's Preferred Personal Lines and Legacy Non-standard Auto businesses, Normalized Earnings is computed by 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. No adjustments were necessary to compute Normalized Earnings for the Alliance United business. The Preferred Personal Lines business consists of Preferred Personal Automobile Insurance, Homeowners Insurance and Other Personal Insurance product lines. The Legacy Non-standard Auto business consists of Non-standard Personal Automobile Insurance, excluding Alliance United, and Commercial Automobile Insurance product lines.

	Year Ended December 31,					
(Dollars in Millions)	2011	2012	2013	2014	2015	2016
Life & Health						
Net Operating Income	$ 98.9	$ 90.8	$ 89.3	$ 91.8	$ 71.7	$ 30.3
Adjustments, After-tax:						
Normalize Catastrophe Losses and LAE:						
Remove: Catastrophe Losses and LAE Including Development, as Reported	4.9	4.0	1.0	2.0	2.5	3.5
Add: Catastrophe Losses and LAE at Planned Load	(3.6)	(2.7)	(2.3)	(1.8)	(1.8)	(1.8)
Remove: Special Dividend From One Investment	-	-	-	(13.9)	-	-
Remove: Deferred Premium Reserve Adjustment	-	-	-	-	4.9	-
Remove: Initial Impact of Voluntarily Using Death Verification Databases	-	-	-	-	-	50.6
Total Adjustments, After-tax	1.3	1.3	(1.3)	(13.7)	5.6	52.3
Normalized Earnings	$ 100.2	$ 92.1	$ 88.0	$ 78.1	$ 77.3	$ 82.6

Non-GAAP Financial Measures

Normalized Earnings (continued)

(Dollars in Millions)	2011	2012	2013	2014	2015	2016
	Year Ended December 31,					
Preferred Personal Lines						
Net Operating Income (Loss)	$ (45.1)	$ (12.1)	$ 90.4	$ 57.3	$ 55.2	$ 12.5
Adjustments, After-Tax:						
Normalize Catastrophe Losses and LAE:						
Remove: Catastrophe Losses and LAE Including Development, as Reported	94.8	69.7	20.1	50.1	34.3	54.7
Add: Catastrophe Losses and LAE at Planned Load	(33.9)	(35.9)	(43.0)	(40.3)	(35.0)	(31.1)
Total Adjustments, After-tax	60.9	33.8	(22.9)	9.8	(0.7)	23.6
Normalized Earnings	$ 15.8	$ 21.7	$ 67.5	$ 67.1	$ 54.5	$ 36.1
Legacy Non-standard Auto						
Net Operating Income (Loss)	$ 19.8	$ 1.2	$ 10.4	$ 3.1	$ (9.1)	$ 5.6
Adjustments, After-Tax:						
Normalize Catastrophe Losses and LAE:						
Remove: Catastrophe Losses and LAE Including Development, as Reported	2.5	3.2	2.4	2.4	2.5	4.0
Add: Catastrophe Losses and LAE at Planned Load	(1.8)	(1.8)	(2.4)	(2.1)	(2.1)	(1.9)
Total Adjustments, After-tax	0.7	1.4	-	0.3	0.4	2.1
Normalized Earnings	$ 20.5	$ 2.6	$ 10.4	$ 3.4	$ (8.7)	$ 7.7

Non-GAAP Financial Measures

Normalized Combined Ratio is a non-GAAP financial measure that is most directly comparable to the GAAP financial measure of the Combined Ratio. The Combined Ratio is computed by dividing the sum of total incurred losses and LAE and insurance expenses by earned premiums. The Normalized Combined Ratio is computed by normalizing incurred losses and LAE by removing the GAAP-reported amounts for catastrophe losses and LAE (including development) and including the Company's planned load for catastrophe losses and LAE. No adjustments were necessary to compute the Normalized Combined Ratio for the Alliance United business.

	Year Ended December 31,					
	2011	2012	2013	2014	2015	2016
Preferred Personal Lines						
Combined Ratio, GAAP-basis	114.3%	108.8%	94.2%	97.5%	96.9%	104.4%
Remove: Impact on Ratio from Catastrophe Losses and LAE Including Development, as Reported	(13.5%)	(10.2%)	(3.1%)	(8.6%)	(6.7%)	(11.3%)
Add: Impact on Ratio from Catastrophe Losses and LAE at Planned Load Ratio	4.8%	5.3%	6.6%	7.0%	6.9%	6.5%
Normalized Combined Ratio	105.6%	103.8%	97.7%	95.8%	97.0%	99.5%
Legacy Non-standard Auto						
Combined Ratio, GAAP-basis	99.8%	105.3%	102.5%	103.8%	109.4%	103.0%
Remove: Impact on Ratio from Catastrophe Losses and LAE Including Development, as Reported	(0.9%)	(1.2%)	(0.9%)	(1.0%)	(1.1%)	(1.7%)
Add: Impact on Ratio from Catastrophe Losses and LAE at Planned Load Ratio	0.6%	0.6%	0.9%	0.9%	0.9%	0.8%
Normalized Combined Ratio	99.5%	104.7%	102.5%	103.7%	109.3%	102.1%