

Fourth Quarter 2019 Earnings



February 10, 2020



Preliminary Matters

Cautionary Statements Regarding Forward-Looking Information

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.

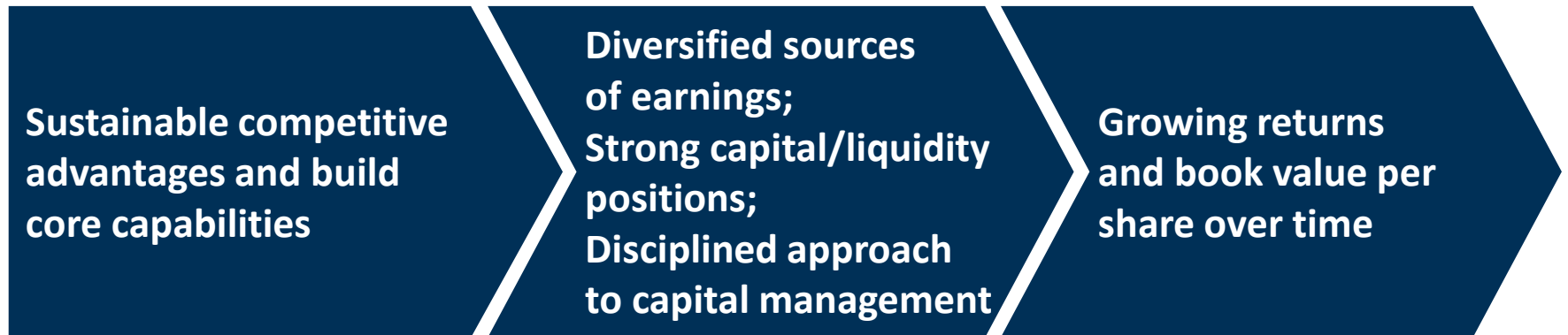
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Non-GAAP Financial Measures

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.

Create Long-Term Shareholder Value

Leverage competitive advantages to grow returns and BVPS¹ over time



Strategic focus:

Consumer-related businesses with opportunities that:

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

Deliver low double-digit ROE² over time

Fourth Quarter 2019 Highlights

Specialty P&C growth and stable Life earnings continue to drive strong results

Shareholder Value Creation

Continued double-digit return on equity and book value per share (BVPS) accretion

- Net Income of \$125 million and adjusted consolidated net operating income of \$98 million
- 27% increase in BVPS and 17% increase in BVPS ex. net unrealized gains on fixed maturities¹ YTD
- 43% growth in TBVPS and 29% increase in TBVPS ex. net unrealized gains on fixed maturities¹ YTD
- 14.8% ROAE² and 24.7% ROAE², ex. net unrealized gains on fixed maturities and goodwill¹
- Earnings per share increased from \$0.10 to \$1.85, on a diluted basis
- Adjusted consolidated net operating EPS¹ increased 59% from \$0.91 to \$1.45

4th Quarter Operating Performance

Strong Specialty P&C performance with continued stable L&H results

- Specialty P&C Insurance underlying combined ratio¹ remained strong at 93.8%, as reported or 93.1%, as adjusted ¹, earned premiums increased by \$82 million, or 11%, benefitting from accelerating diversified geographic growth
- Life & Health results continue to provide stable cash flow and diversification benefits
- Refinement of CEI estimate had a \$5 million after-tax favorable impact on L&H results
- Exceeded all targeted financial synergies forecast with the acquisition of Infinity

Financial Strength

Strong capital position; significant financial flexibility

- Debt-to-capital ratio of 16.4%; \$867 million of available committed contingent liquidity
- In January, Fitch upgraded key financial strength ratings to 'A' and holding company senior debt ratings to 'BBB'; AM Best revised the outlook to positive from stable
- The Board of Directors increased the quarterly dividend to \$0.30 per share, an increase of 7% over the previous quarterly dividend and 20% increase over the February 2019 dividend

Fourth Quarter Highlights

Strategy continuing to yield strong results

	As Reported		As Adjusted for Acquisition ⁽¹⁾	
	Quarter Ended		Quarter Ended	
	Dec 31, 2019	Change from 4Q'18 (%)	Dec 31, 2019	Change from 4Q'18 (%)
(Dollars in millions, except per share amounts)				
Net Income	\$125	1,818%	\$129	378%
Adjusted Consolidated Net Operating Income ⁽¹⁾	\$98	63%	\$102	27%
Per Share				
Net Income - Diluted	\$1.85	1,750%	\$1.92	368%
Adj. Consolidated Net Operating Income - Diluted ⁽¹⁾	\$1.45	59%	\$1.52	24%

27% increase in adjusted consolidated net operating income (adjusted for acquisition)

Operating Performance

Continued to produce strong operating income

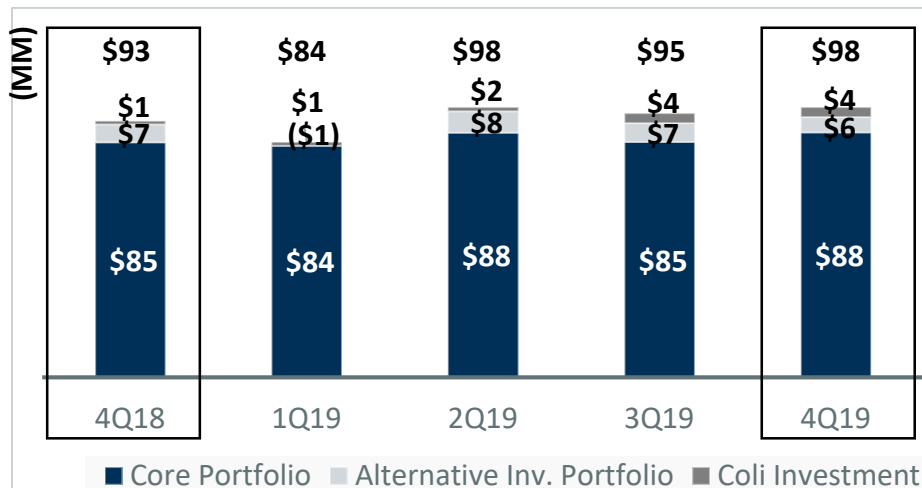
Three Months Ended, As Reported

<i>Dollars per Unrestricted Share - Diluted</i>	Dec. 31, 2019	Sep. 30, 2019	Jun. 30, 2019	Mar. 31, 2019	Dec. 31, 2018	Variance QoQ
Income from Continuing Operations	\$ 1.85	\$ 1.91	\$ 1.84	\$ 2.35	\$ 0.08	1.77
(Income) Loss from Change in FV of Equity & Convertible Securities Investment Related (Gains)/Losses	(0.46)	(0.11)	(0.30)	(0.77)	0.92	(1.38)
Net Impairment Losses	0.02	0.02	0.08	0.04	0.02	-
Acquisition Related Transaction, Integration & Other Costs	0.07	0.06	0.01	0.07	0.09	(0.02)
Loss from Early Extinguishment of Debt	-	0.07	-	-	-	-
Adj. Consolidated Net Operating Income¹	1.45	1.93	1.38	1.50	0.91	0.54
<i>Sources of Volatility:</i>						
Income (Loss) After-Tax From:						
Catastrophes	(0.19)	(0.17)	(0.34)	(0.21)	(0.30)	0.11
Prior-year Reserve Development	0.18	0.24	0.16	0.22	0.05	0.13
Alternative Investment Income	0.07	0.08	0.09	(0.01)	0.08	(0.01)
Partial Satisfaction of Judgment	-	-	0.24	-	-	-
Sale of Classic Collectors Auto Business	-	0.04	-	-	-	-
Refinement of CEI Estimate	0.07	0.18	-	-	-	0.07
Impact of Purchase Accounting	(0.07)	(0.09)	(0.06)	0.03	(0.31)	0.24
Total from Sources of Volatility	\$ 0.06	\$ 0.28	\$ 0.09	\$ 0.03	\$ (0.48)	\$ 0.54

59% increase in adjusted consolidated net operating income per diluted share¹

High Quality & Diversified Portfolio with Consistent Returns

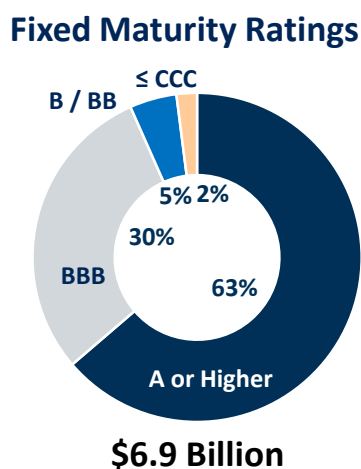
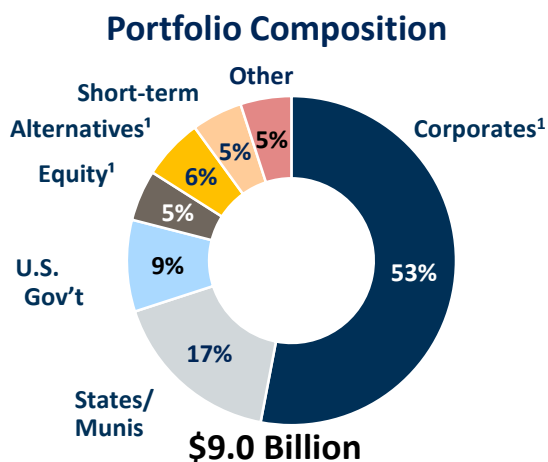
Stable Net Investment Income



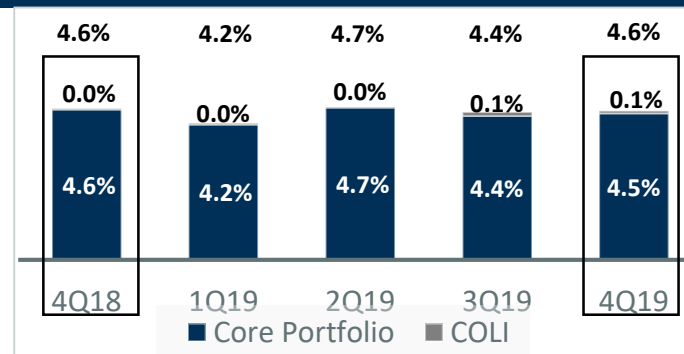
Overview

- Core portfolio investment income largely in line with the previous year, which did not include the impact of investment in Corporate owned life insurance (COLI)
- COLI income, recognized in the other income line, increased to \$3.6 million from \$1.3 million in 4Q'18, reflecting increased investment allocation during the year

Diversified & Highly-Rated Portfolio



Pre-Tax Equiv. Annualized Book Yield

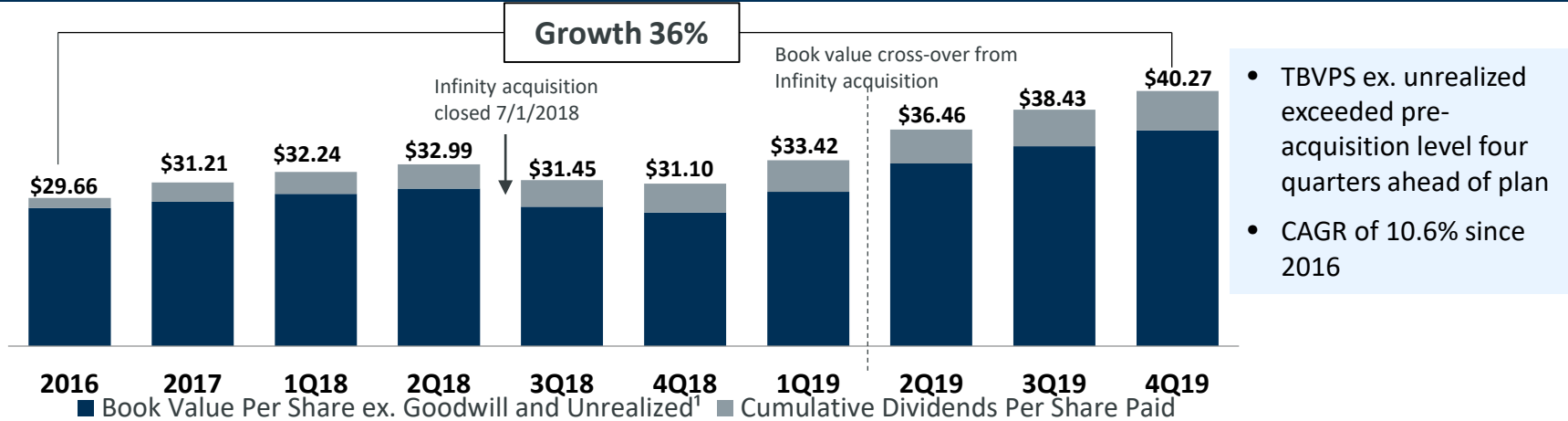


- Portfolio creates consistent yields

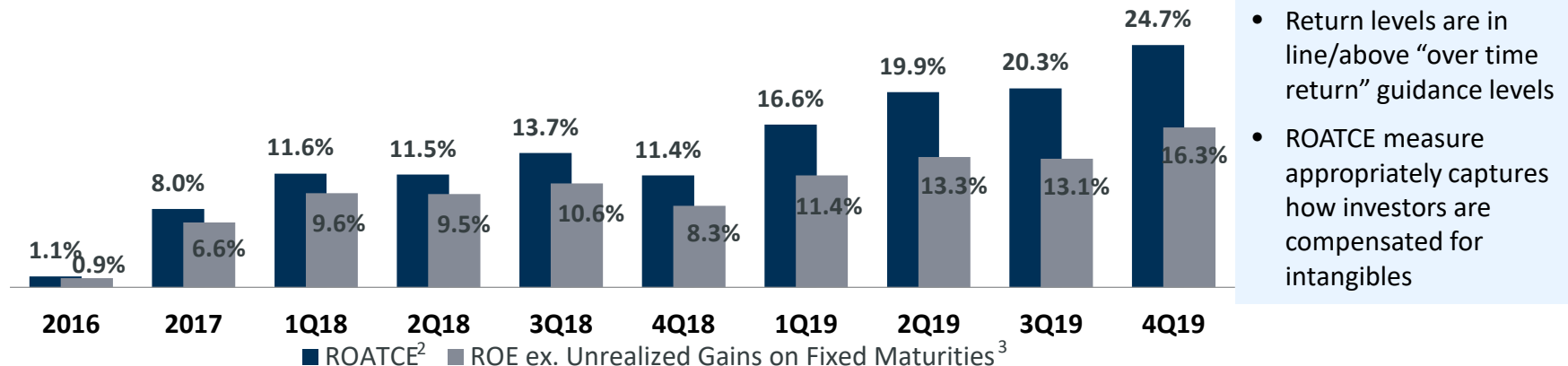
Capital Generation Metrics

Capital generation continues to grow as we deliver on strategic objectives

Total Adjusted Return of BVPS Ex. Unrealized Gains on Fixed Maturities and Goodwill



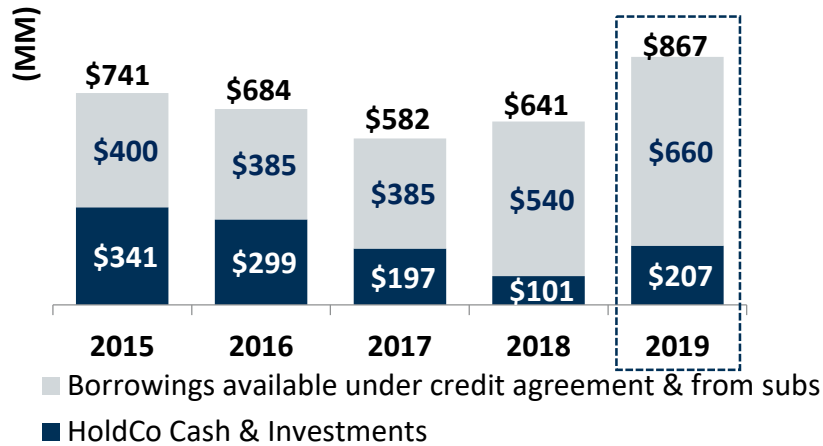
Return on Shareholders' Equity



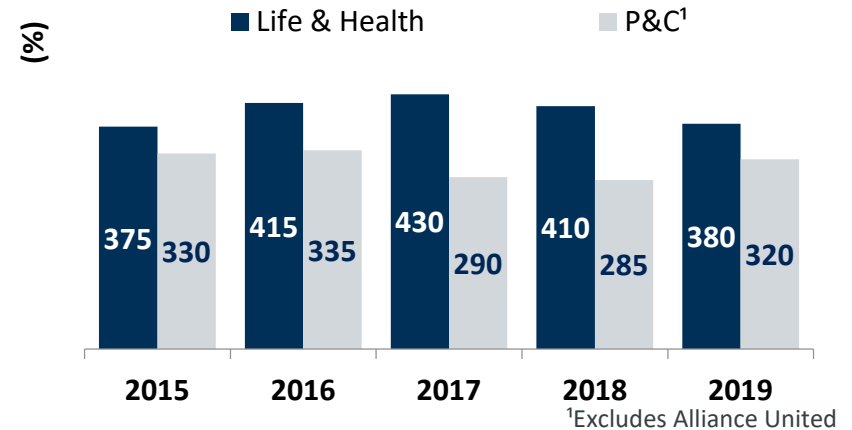
Strong Capital Position with Ample Liquidity

Strong balance sheet with returns and capital generation in excess of long-term targets

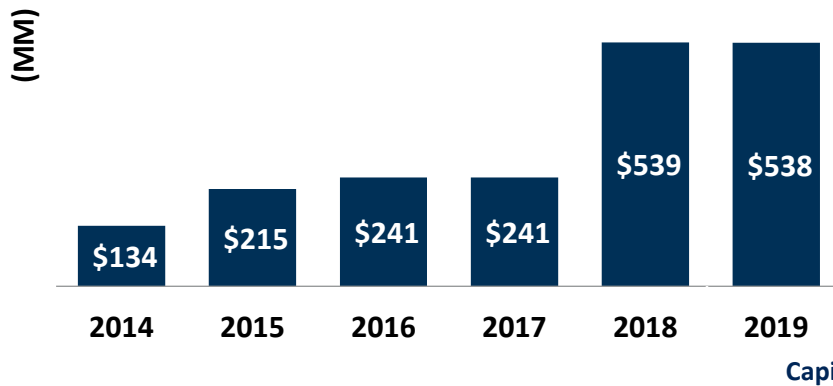
Strong Parent Company Liquidity



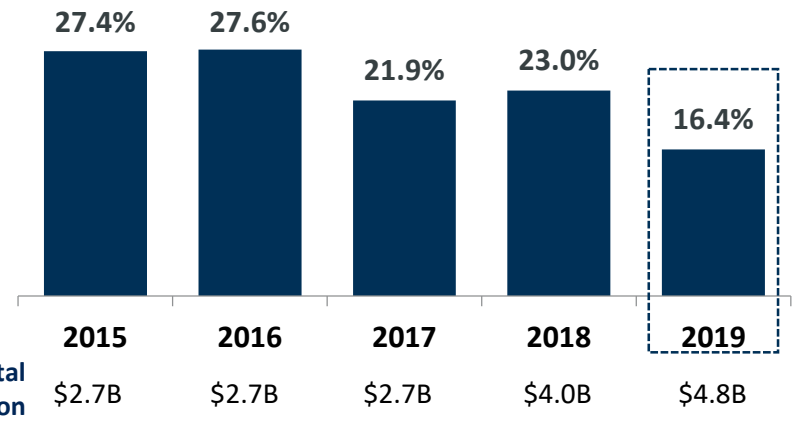
Risk-Based Capital Ratios



Cash Flow from Operating Activities



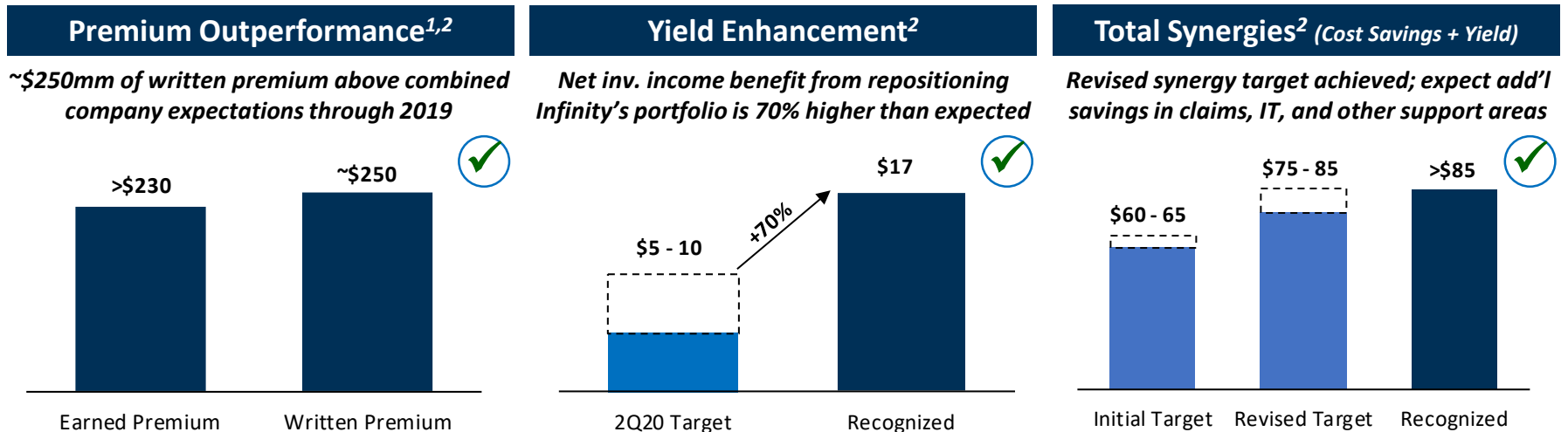
Debt-to-Capital <30%



Balance sheet well positioned to meet operating capital and liquidity needs

Infinity Acquisition a Proven Success

Financial targets achieved with continued upside expected



Key Financial Targets Achieved

Metric	Announced Target	Current Status	Achieved Target
Operating Earnings Accretion	Year 1: accretive (ex. VOBA ³) Year 2: 10%+ accretive	<ul style="list-style-type: none"> Operating earnings accretion greater than 20% Achieving ROE and ROATCE⁴ targets 	✓
Tangible Book Value Earnback	2yr earnback (static method)	<ul style="list-style-type: none"> Tangible book value accretion achieved three quarters after close 	✓
Debt / Total Cap.	~22% by 2Q 2019	<ul style="list-style-type: none"> 3Q 2019 debt / total capitalization ratio of 16.4% 	✓

Infinity acquisition has provided significant value to shareholders

Specialty Property & Casualty Insurance Segment¹

Strong, profitable Specialty P&C growth driven by strong foundations of the operating model

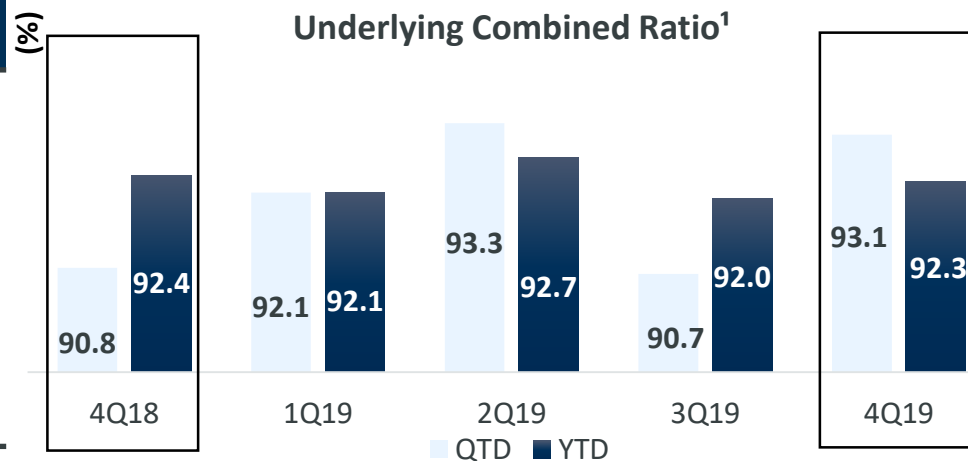
Key Highlights

- 9.0% growth in policies in-force, or 9.3% excluding Classic Collectors, compared to 4Q'18;
 - Growth two points higher than 3Q'19
- 66% of 4Q premium growth outside of California
- YTD As Adj. Underlying Combined ratio of 92.3%
- Commission expense increase drives further premium growth

State Groupings	Written Premium		Population CAGR	
	2019 (\$ million)	Growth y/o/y	'16-'19	Est. '20-'30
California	\$2,011	8%	0.3%	0.8%
Florida / Texas	\$685	13%	1.3%	1.6%
Expansion States	\$176	51%	1.0%	1.1%
Other	\$55	-	0.3%	0.4%
Total	\$2,926	10%		
US				0.6%
Hispanic				1.6%

Key Metrics (\$ in millions)

	4Q'19	Change to 4Q'18
Earned Premiums	\$800	11.4%
U/L Loss & LAE Ratio ²	74.9%	(120 bps)
U/L Expense Ratio ²	18.2%	(100 bps)
Policies In-Force (000)	1,820	9.0%
Policies In-Force ex. Classic Collectors (000)	1,782	9.3%



Strength of franchise creating value for policyholders and shareholders

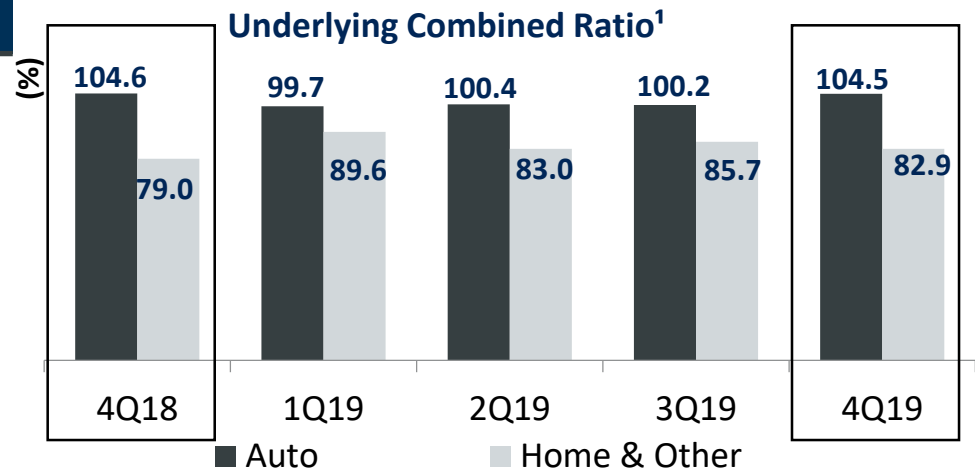
Preferred Property & Casualty Insurance Segment

Efforts to bring the Preferred segment to target profitability are ongoing

Key Highlights

- Underlying combined ratio increased 150 basis points to 95.3% for the year
 - Auto underlying combined ratio remains elevated as we continue to reposition the business to achieve profitability; loss ratio improvement focused on product/underwriting and segmentation enhancements
 - Successful broad repositioning hindered by TX and NY Prime new business through early 4Q'19
 - Home & Other underlying loss ratio increased due to non-catastrophe large losses

Key Metrics (\$ in millions)	4Q'19	Change to 4Q'18
Home & Other		
Earned Premiums	\$68	(7.6%)
Policies In-Force (000)	236	(6.4%)
Auto		
Earned Premiums	\$117	1.7%
Policies In-Force (000)	248	(3.1%)



Business repositioning continues

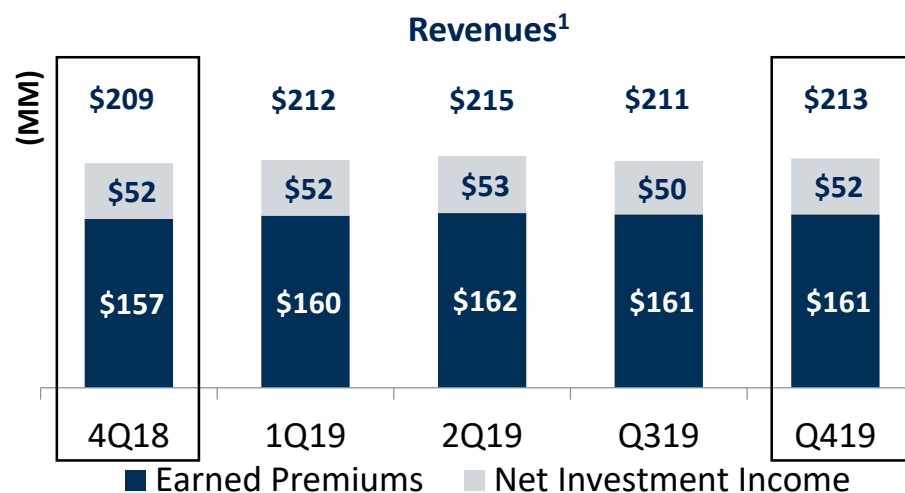
Life & Health Insurance Segment

Life & Health Segment demonstrated stable earnings and continued modest premium growth

Key Highlights

- Earned premiums grew 2.5% driven by continued focus on enhancements to distribution capabilities and process improvements
- Refinement of CEI estimate had a \$5 million after-tax favorable impact on Life results

Key Metrics (\$ in millions)	4Q'19	Change to 4Q'18
L&H		
Net Operating Income	\$28.9	113%
Life		
Face Value of In-Force	\$19,608	0.2%
Policies In-Force (000)	3,448	(2.6%)



Provides diversified cash flow generation

Appendix

A Leading Specialized Insurer

Taking advantage of a diversified portfolio of niche businesses...

KEMPER

Founded in 1990 and headquartered in Chicago,
with subsidiaries writing policies since 1911



~\$13B

Assets



~6.4M

Policies



~30,000

Agents/Brokers



~8,900

Employees

KEMPER Auto

Specialty P&C insurance providing
personal and commercial
automobile insurance products

KEMPER Personal Insurance

Preferred personal lines insurance
providing preferred automobile,
homeowners and other personal
insurance products

KEMPER Life & Health

Life and health insurance
providing life, supplemental
benefits, and other property
insurance products

...to create value for all our stakeholders

Capital Deployment Priorities

Dedicated to being good stewards of capital

1. Investment in the business

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

2. Return capital to shareholders

- Repurchase shares opportunistically
- Maintain competitive dividends

Management and capital deployment priorities focused on maximizing shareholder value

2020 Reinsurance Program

Both programs were renewed with no significant change

Catastrophe Reinsurance Program (Multi-Year)

1-Year Term Placed 1/1/20 \$25M xs \$250M 95% Placed			Retention 5% of \$225M xs \$50M
3-Year Term Placed 1/1/18 \$100M xs \$150M 31.67% Placed	3-Year Term Placed 1/1/19 \$100M xs \$150M 31.67% Placed	3-Year Term Placed 1/1/20 \$100M xs \$150M 31.67% Placed	
3-Year Term Placed 1/1/18 \$100M xs \$50M 31.67% Placed	3-Year Term Placed 1/1/19 \$100M xs \$50M 31.67% Placed	3-Year Term Placed 1/1/20 \$100M xs \$50M 31.67% Placed	
Retention 100% of first \$50M			

- Policy placed at 1/1/20 similar to prior three years
- Total coverage: 95% of \$225 million excess of \$50 million

Aggregate Catastrophe Program

- Same coverage as 2019 program
 - Intended to reduce volatility from high-frequency, low severity events
- Coverage
 - \$50 million in excess of \$60 million
 - \$500k deductible per storm
 - Perils: All perils, excluding named storms (e.g., hurricanes) and earthquakes
 - Covered Line: Property, Fire and Dwelling

2020 Aggregate Catastrophe Reinsurance Program



Non-GAAP Financial Measures

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.

Book Value Per Share Excluding Net Unrealized Gains on Fixed Maturities and Goodwill is a calculation 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 and goodwill by total Common Shares Issued and Outstanding. Book value per share is the most directly comparable GAAP financial measure. The Company uses the trends in book value per share excluding the after-tax impact of net unrealized gains on fixed income securities and goodwill in conjunction with book value per share to identify and analyze the change in net worth excluding goodwill 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 not influenced by management. The Company believes it enhances understanding and comparability of performance by highlighting underlying business activity and profitability drivers.

	For the Periods Ended									
	4Q'19	3Q'19	2Q'19	1Q'19	4Q'18	3Q'18	2Q'18	1Q'18	2017	2016
Book Value Per Share	\$ 59.59	\$ 58.43	\$ 55.34	\$ 51.13	\$ 47.10	\$ 47.33	\$ 39.68	\$ 40.05	\$ 41.11	\$ 38.52
Less: Net Unrealized Gains on Fixed Maturities Per Share	(6.51)	(6.92)	(5.52)	(3.72)	(1.70)	(1.67)	(2.83)	(3.70)	(5.54)	(3.52)
Book Value Per Share Excluding Net Unrealized Gains on Fixed Maturities	\$ 53.08	\$ 51.51	\$ 49.82	\$ 47.41	\$ 45.40	\$ 45.66	\$ 36.85	\$ 36.35	\$ 35.57	\$ 35.00
Less: Goodwill	(16.72)	(16.71)	(16.74)	(17.12)	(17.18)	(16.85)	(6.26)	(6.27)	(6.28)	(6.30)
Book Value Per Share Excluding Net Unrealized Gains on Fixed Maturities and Goodwill	\$ 36.36	\$ 34.80	\$ 33.08	\$ 30.29	\$ 28.22	\$ 28.81	\$ 30.59	\$ 30.08	\$ 29.29	\$ 28.70

Non-GAAP Financial Measures

Return on Equity

	For the Periods Ended									
	<u>4Q'19</u>	<u>3Q'19</u>	<u>2Q'19</u>	<u>1Q'19</u>	<u>4Q'18</u>	<u>3Q'18</u>	<u>2Q'18</u>	<u>1Q'18</u>	<u>2017</u>	<u>2016</u>
Rolling 12 Month Return on Average Shareholders' Equity (5 Point Avg)	14.8%	12.1%	12.4%	10.8%	7.7%	9.7%	8.5%	8.5%	5.9%	0.8%
Less: Net Unrealized Gains on Fixed Maturities	1.5%	1.0%	0.9%	0.6%	0.6%	0.9%	1.0%	1.1%	0.7%	0.1%
Rolling 12 Month Return on Average Shareholders' Equity Excluding Net Unrealized Gains on Fixed Maturities (5 Point Avg)	16.3%	13.1%	13.3%	11.4%	8.3%	10.6%	9.5%	9.6%	6.6%	0.9%
Less: Goodwill	8.4%	7.2%	6.6%	5.2%	3.1%	3.1%	2.0%	2.0%	1.4%	0.2%
Rolling 12 Month Return on Average Shareholders' Equity Excluding Net Unrealized Gains on Fixed Maturities and Goodwill (5 Point Avg)	24.7%	20.3%	19.9%	16.6%	11.4%	13.7%	11.5%	11.6%	8.0%	1.1%

Non-GAAP Financial Measures

Adjusted Consolidated Net Operating Income (Loss) is an after-tax, non-GAAP financial measure computed by excluding from Income (Loss) from Continuing Operations the after-tax impact of 1) income (loss) from change in fair value of equity and convertible securities, 2) net realized gains on sales of investments, 3) net impairment losses recognized in earnings related to investments, 4) acquisition related transaction, integration and other costs, 5) loss from early extinguishment of debt and 6) significant non-recurring or infrequent items that may not be indicative of ongoing operations. Significant non-recurring items are excluded when (a) the nature of the charge or gain is such that it is reasonably unlikely to recur within two years and (b) there has been no similar charge or gain within the prior two years. The most directly comparable GAAP financial measure is Income (Loss) from Continuing Operations.

Kemper believes that Adjusted Consolidated Net Operating Income (Loss) 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. Income (loss) from change in fair value of equity and convertible securities, net realized gains on sales of investments and net impairment losses recognized in earnings related to investments included in the Company'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. Loss from early extinguishment of debt is driven by the Company's financing and refinancing decisions and capital needs, as well as external economic developments such as debt market conditions, the timing of which is unrelated to the insurance underwriting process. Acquisition related transaction, integration and other costs may vary significantly between periods and are generally driven by the timing of acquisitions and business decisions which are unrelated to the insurance underwriting process. Significant non-recurring items are excluded because, by their nature, they are not indicative of the Company's business or economic trends.

Non-GAAP Financial Measures

Diluted Adjusted Consolidated Net Operating Income (Loss) Per Unrestricted Share is a non-GAAP financial measure computed by dividing Adjusted Consolidated Net Operating Income (Loss) attributed to unrestricted shares by the weighted-average unrestricted shares and equivalent shares outstanding. The most directly comparable GAAP financial measure is Diluted Income (Loss) from Continuing Operations Per Unrestricted Share.

Kemper believes that Diluted Adjusted 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. Income from change in fair value of equity and convertible securities, net realized gains on sales of investments, net impairment losses recognized in earnings related to investments, and acquisition related transaction, integration and other costs 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				
	4Q19	3Q19	2Q19	1Q19	4Q18
Income from Continuing Operations - Diluted	\$ 1.85	\$ 1.91	\$ 1.84	\$ 2.35	\$ 0.08
Net (Income) Loss From:					
Change in Fair Value of Equity & Convertible Securities	(0.46)	(0.11)	(0.30)	(0.77)	0.92
Net Realized Gains on Sales of Investments	(0.03)	(0.02)	(0.25)	(0.19)	(0.20)
Net Impairment Losses Recognized in Earnings	0.02	0.02	0.08	0.04	0.02
Acquisition Related Transaction, Integration and Other Costs	0.07	0.06	0.01	0.07	0.09
Loss from Early Extinguishment of Debt	-	0.07	-	-	-
Adj. Consolidated Net Operating Income - Diluted	<u>\$ 1.45</u>	<u>\$ 1.93</u>	<u>\$ 1.38</u>	<u>\$ 1.50</u>	<u>\$ 0.91</u>

Non-GAAP Financial Measures

Underlying Combined Ratio is a non-GAAP financial measure. It is computed by adding the Current Year Non-catastrophe Losses and LAE Ratio with the Insurance Expense Ratio. The most directly comparable GAAP financial measure is the Combined Ratio, which is computed by adding total incurred losses and LAE, 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 the Company's property and casualty insurance businesses that may be obscured by catastrophe losses and prior-year reserve development. These catastrophe losses 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 the combined ratio. Prior-year reserve developments are 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 our insurance products in the current period. The Company believes it is useful for investors to evaluate these components separately and in the aggregate when reviewing the Company's 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

	4Q19	3Q19	2Q19	1Q19	4Q18
Specialty P&C Insurance					
Combined Ratio as Reported	93.8%	91.6%	93.5%	89.3%	94.6%
Current Year Catastrophe Loss and LAE Ratio	(0.5%)	(0.3%)	(0.6%)	(0.1%)	(0.1%)
Prior Years Non-Catastrophe Losses and LAE	0.5%	0.5%	1.1%	2.5%	0.0%
Prior Years Catastrophe Losses and LAE Ratio	0.0%	0.0%	0.0%	0.0%	0.0%
Underlying Combined Ratio	93.8%	91.8%	94.0%	91.7%	94.5%
Preferred P&C Insurance					
Combined Ratio as Reported	97.5%	92.4%	103.1%	102.7%	103.9%
Current Year Catastrophe Loss and LAE Ratio	(6.4%)	(6.2%)	(12.0%)	(8.9%)	(11.3%)
Prior Years Non-Catastrophe Losses and LAE	3.8%	0.6%	2.3%	2.7%	1.6%
Prior Years Catastrophe Losses and LAE Ratio	1.7%	8.1%	0.5%	(0.5%)	0.4%
Underlying Combined Ratio	96.6%	94.9%	93.9%	96.0%	94.6%
Preferred Auto					
Combined Ratio as Reported	103.4%	101.5%	98.7%	100.8%	103.0%
Current Year Catastrophe Loss and LAE Ratio	(1.3%)	(1.8%)	(1.4%)	(2.2%)	(0.3%)
Prior Years Non-Catastrophe Losses and LAE	2.4%	0.4%	3.1%	1.0%	1.9%
Prior Years Catastrophe Losses and LAE Ratio	0.0%	0.1%	0.0%	0.1%	0.0%
Underlying Combined Ratio	104.5%	100.2%	100.4%	99.7%	104.6%
Preferred Home & Other					
Combined Ratio as Reported	87.0%	77.1%	110.5%	105.7%	105.3%
Current Year Catastrophe Loss and LAE Ratio	(15.3%)	(13.7%)	(29.6%)	(20.1%)	(28.5%)
Prior Years Non-Catastrophe Losses and LAE	6.3%	0.8%	0.8%	5.6%	1.1%
Prior Years Catastrophe Losses and LAE Ratio	4.9%	21.5%	1.3%	(1.6%)	1.1%
Underlying Combined Ratio	82.9%	85.7%	83.0%	89.6%	79.0%

Non-GAAP Financial Measures

As Adjusted for Acquisition amounts are non-GAAP financial measures. For the three months ended September 30, 2019, as adjusted amounts are computed by subtracting the impact of purchase accounting adjustments from the comparable consolidated GAAP financial measure reported by Kemper. For the three months ended September 30, 2018, as adjusted amounts are computed by adding the historical results of Infinity reported on a GAAP basis to the comparable consolidated GAAP financial measure reported by Kemper. The Company believes computing and presenting results on an adjusted basis are useful to investors and are used by management to provide meaningful and comparable year-over-year comparisons.

	Three Months Ended	
	<u>31-Dec-19</u>	<u>31-Dec-18</u>
Net Income		
Kemper - GAAP As Reported	\$ 124.7	\$ 6.5
Less: Impact of Purchase Accounting	<u>(4.4)</u>	<u>(20.5)</u>
As Adjusted ¹	\$ 129.1	\$ 27.0
<i>As Adjusted ¹ - Per Diluted Share</i>	\$ 1.92	\$ 0.41
Adjusted Consolidated Net Operating Income (Loss)¹		
Kemper	\$ 97.9	\$ 59.9
Less: Impact of Purchase Accounting	<u>(4.4)</u>	<u>(20.5)</u>
As Adjusted ¹	\$ 102.3	\$ 80.4
<i>As Adjusted ¹ - Per Diluted Share</i>	\$ 1.52	\$ 1.23

Non-GAAP Financial Measures

As Adjusted for Acquisition – Continued

Specialty Personal Automobile Insurance

	Three Months Ended				
	31-Dec-19	30-Sep-19	30-Jun-19	31-Mar-19	31-Dec-18
Earned Premiums					
Kemper Specialty Auto - GAAP As Reported	\$ 733.1	\$ 719.2	\$ 703.7	\$ 669.6	\$ 660.5
Current Year Non-CAT Losses and LAE					
Kemper Specialty Auto - GAAP As Reported	\$ 557.5	\$ 538.2	\$ 537.0	\$ 498.8	\$ 492.0
Less: Impact of Purchase Accounting					
Amortization of Fair Value Adjustment to Infinity's Unpaid Loss and LAE	0.6	0.6	0.9	1.3	1.5
As Adjusted ¹	\$ 556.9	\$ 537.6	\$ 536.1	\$ 497.5	\$ 490.5
Insurance Expenses					
Kemper Specialty Auto - GAAP As Reported	\$ 138.1	\$ 128.4	\$ 128.9	\$ 114.7	\$ 132.5
Less: Impact of Purchase Accounting	4.5	6.4	3.9	(2.5)	21.8
As Adjusted ¹	\$ 133.6	\$ 122.0	\$ 125.0	\$ 117.2	\$ 110.7
As Adjusted ¹ Underlying Combined Ratio					
As Adjusted ¹ Underlying Loss & LAE Ratio	76.0%	74.7%	76.2%	74.3%	74.3%
As Adjusted ¹ Expense Ratio	18.2%	17.0%	17.8%	17.5%	16.8%
As Adjusted ¹ Underlying Combined Ratio	94.2%	91.7%	93.9%	91.8%	91.0%

¹ As Adjusted is a non-GAAP measure, which is comprised by excluding impact of purchase accounting in 2018 and including historical results of Kemper and Infinity in periods prior to acquisition date of July 2, 2018.