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PRESENTATION

Christopher Campbell - *Keefe, Bruyette, & Woods, Inc., Research Division - Analyst*

Joining us for this fireside chat is Senior Management team from Kemper. Immediately to my right, we have President and CEO, Joe Lacher; and to his right, we have CFO, Jim McKinney. Thank you for joining us this afternoon, gentlemen, we appreciate it.

Joseph Patrick Lacher - *Kemper Corporation - President, CEO & Director*

Thanks for having us.

QUESTIONS AND ANSWERS

Christopher Campbell - *Keefe, Bruyette, & Woods, Inc., Research Division - Analyst*

Great, so I guess let's just get started. Since I'm a P&C analyst, I'll start with Life & Health, right? Just to get out of my comfort zone. So that was obviously, a big topic last earnings, a lot of noise in the results, but to me it just seems like a bunch of minor things that impacted earnings. Nothing like comprehensive or major. So I guess just how should we be thinking about last quarter's results and then Life & Health results going forward?

Joseph Patrick Lacher - *Kemper Corporation - President, CEO & Director*

Yes, it's a great question and maybe Jim and I will tag team the approach. First, it's generally a reminder. Our Life business is very much a core business for the organization. A lot of times we will find folks who -- and I'll tease you a little bit -- will describe themselves as a P&C analyst who think of it as a P&C only story. Our Life business provides a huge strategic benefit to us because of the capital diversification benefits and the ability to really unlock value inside our overall organization. The combined combination of the P&C and the Life business together, if we were to separate them, the organization would require somewhere between $350 million and $500 million of additional capital. So there is a huge plus that having these things together is really inside of our strategy and people miss sometimes. The second piece hops into the earnings issue and a number of things that I would largely describe as nonrecurring or onetime in nature occurred in the quarter. It's unfortunate from a timing perspective that they all seemed to occur there. We tried to describe to folks that really, if you exclude last quarter and look at the prior 4 quarters and average those it gives you a pretty good run rate for what's going on in the business. We can talk a little bit about what the underlying issues were to give you some color on it, but again, they are largely nonrecurring in nature. We very consciously decided to outsource some actuarial functions that we wanted to deal with. We got a fairly vanilla book of business. We thought we could get some additional talent and some additional capabilities by bringing in an outside firm. That work was going on in the quarter. Their processes that they were using to come up with an estimate were modestly different that caused them to look at the reserves a little differently. We went through some -- the traditional experience studies that you would go through on a regular basis. There were doing experience studies. They were helping with some of the components that are inputs that our pricing team uses. A lot of this work was sort of ongoing in the quarter so you had some expense components, you had a very minor change in the reserve balance, which I would describe as not a recurring or ongoing change in mortality. It was a process difference that generated that. So these were items that I don't think fundamentally changed the long-term run rate of that business. Again the prior 4 quarters, sort of a rolling average, gives you a good number.

And we had a couple of onetime items that were related to growth, which are positive items. This has been a business that had been shrinking 2% or 3% for -- a year for 20 or 30 years. We've turned it around to growing a couple of percent, which is a real positive. It adds to the long-term economic value of the organization, but you get 2 issues when that happens, when you start growing the life business in that first year when you put the business on the books, there is a little bit of a charge that runs through in that and you get the earnings over the longer-term piece of the contract going from shrinking 2% to growing 2% causes there to be sort of a onetime adjustment inside of that. We have compensation programs that run through for our field teams. Some of those are based on a per policy commission, some of those are the results of if you hit certain growth targets in aggregate, those trigger a payment. For life accounting, if you can charge the expense to a policy, you can DAC it, if you can't charge it to a policy if it is spread across it, you can't DAC it. So the fact that we hit bigger growth numbers caused the growth bonus to be paid which triggers a onetime payment, it doesn't change -- if you're thinking about it from a pure cigar box accounting it doesn't change the cash of what works through the entire economics, but it came through from an accounting perspective in the quarter. So these are things that I think when you peel through them, aren't things that would cause us at all to have any negative view of where that long-term earnings view of the business is.

James J. McKinney - *Kemper Corporation - Senior VP & CFO*

Yes, I think I would add on, the items that we mentioned, again, kind of hygiene or change in a methodology for -- from an estimate approach and further enhancements that are not run rate, but the real take away as opposed to getting kind of lost in unfortunately that onetime noise is the fact that we are growing that business, that we are having success at doing that and the initiatives that we've had while maybe marginal or modest relative to total dollars that we have put in has actually fundamentally changed the trajectory of the business and now we're actually growing inside there at a rate that's above kind of a market average inside our segment. And so a component that was really something that was out there and we had talked about and we had been making marginal progress, you really got a good proof point of that and you got a good proof point with that with sales being far in excess of what we had really [given], not like what you would have in our Specialty auto book of business, but when you're starting to get up in that 3%, 4%, 4.5% growth for Life business, that's a really good momentum and a great place for us to be and not -- those are dollars that aren't requiring additional capital to come into our system, that's additional margin that will flow through over time without necessarily having more capital because of the overall diversification that it provides for our overall model. So we think that's just a big win and unfortunately in my mind that point was obscured or lost in terms of what actually happened in the quarter.

Christopher Campbell - *Keefe, Bruyette, & Woods, Inc., Research Division - Analyst*

Great. And then within Life & Health, you have 3 businesses, life insurance, accident and health and then property insurance. Are any more core than any others?

Joseph Patrick Lacher - *Kemper Corporation - President, CEO & Director*

The Life business itself drives the biggest bulk of the capital diversification benefit. And inside of that Life business, there's -- the property that's in there is really an ancillary product that goes along with that sale. It's not -- I wouldn't think of it as a separate business, it's a product line that we sell to those households while we're already in selling the life component. We have a modest supplemental health business, which has similar capital diversification benefits similar positive use, has attractive margins, it's just more modest in size.

Christopher Campbell - *Keefe, Bruyette, & Woods, Inc., Research Division - Analyst*

Okay. All right. Do we have any questions from the audience? Yes, please wait for the microphone, thank you.

Unidentified Analyst

Joe, you spoke of the required additional capital if you split up the company, $350 million to $500 million. Can you explain what that is? What would cause that need for additional capital if you were to split the 2 businesses?

Joseph Patrick Lacher - *Kemper Corporation - President, CEO & Director*

Can I explain it maybe in a reverse answer? There is a diversification benefit we get from having the businesses combined and you'd lose that diversification benefit.

Unidentified Analyst

Is that from the rating agencies or...

James J. McKinney - *Kemper Corporation - Senior VP & CFO*

It's rating agencies in terms of what would come in. It's liquidity elements. We, again look at things from a probability of ruin and having about a 0.5% chance. That creates a certain amount of economic capital charge, right, that's inside your business to insure that. Everything that we have inside that Life business both bring it down in terms of the total earnings or the cash flow that it generates so that $100 million plus a year that's coming in from that perspective as well as effectively the other elements that come in from a liquidity perspective. So your ability, if you've got a change in your investment environment or others that provides liquidity for investments that wouldn't otherwise sit there in that time period, right, because the cash flow is going to be very different as well as borrowing capacity and other that sits there and is able to create committed contingent capital facilities that wouldn't be there. So that leads you to a $300 million to $500 million type capital synergy in terms of where we solve for again a target A rating if you will from that perspective and the additional capital that comes out, because of the diversification benefits are in there. A proof point of that and it's really easy to see is Infinity. On day 1, we had $150 million that basically came out and then since then you've seen us actually take out another $100 million to $150 million, I'm estimating it, right, and actually pay down the debt and the other elements that were associated with that transaction. So just the overall diversification that we have because of that life book effectively gives us a lower total amount of capital needed for the risk level, which we consider that went into it pretty well and pretty thoughtful relative to where we're at.

There are additional benefits that come in as well. When you think about an investment horizon, we're effectively at -- we're matching to the expected life of the liability as opposed to having to match our investments. If you took the same A investment and you thought you had a 3-year or a 5-year liability from maybe bodily injury or other things that come out, if you had to book it in 3 years, you're giving up incremental yield in a normal yield environment that you otherwise would not be able to achieve because of that sacrifice that your needing to make for liquidity inside that time period. In addition to that, from a rating agency perspective, not because of the diversification, as you saw with our model, instead of being at a AAA level of capital to reach our target rating, we can be at a AA rating, right? Which is further muting the expectations for natural volatility that happens over time. Those levels have come down. All of those other elements that are additive into that are in addition to the benefits that we get by having $300 million to $500 million less of just total capital in the business for the same risk level that effectively just reduces cost and allows us to provide more earnings to our shareholders and others and a better product at a lower price to our consumers.

Christopher Campbell - *Keefe, Bruyette, & Woods, Inc., Research Division - Analyst*

Do we have any more questions from the audience? Okay. All right, great. So moving on to P&C and specialty auto in particular. I guess can you just describe the nonstandard competitive landscape? How is this changed since you acquired Infinity? And now what's the rate environment look like in that line of business?

Joseph Patrick Lacher - *Kemper Corporation - President, CEO & Director*

Sure. A couple of points underneath that. First, we've been hearing some conversations or people asking different questions. So I'll expand your question a little bit. The standard and preferred market and the specialty auto market really operate very much differently and disconnected. Just because you hear the standard and preferred market is getting more competitive doesn't mean that, that's happening in the specialty auto market. They operate again in that disconnected fashion in terms of the relative competitive pressures. They will often experience similar watch trend dynamics and frequency is going up or frequency is going down, obviously, the cars are on the same roads, they are getting in the same accidents, but you get a different competitor set so the responses are different. If you back up 2.5 years ago, the specialty auto and the whole auto industry had seen rises in frequency as unemployment dropped. And then you saw many competitors responding to that increased frequency with increasing rate actions, tightening underwriting, generally disrupting the marketplace and pushing more consumers into the marketplace to shop. At that time, we were well-positioned from a profitability perspective, we were capitalizing on that, we were growing fairly significantly. What we've seen since that time period is the frequency environment has stabilized, most competitors have gotten themselves to a more reasonable level of profitability so they're not generally being as disruptive in terms of as significant a rate increases or as significant an underwriting tightening and they're not pushing as many customers into a shopping component. It's sort of a more normalized level. It's not what I would describe as a significantly soft market, where people are rushing out and dropping rates and doing crazy things to grow, it's just one that's not particularly hard where people are jacking up prices. That reduces the number of consumer shopping, but it doesn't cause the supply, if you will, the company's writing business to be dramatically doing anything silly, and we're not seeing a great aggressiveness as a result.

From a rate perspective, it very much varies by geography and that's actually one of the things that we find to be an advantage in the specialty auto market. There are a lot of small regional carriers in this marketplace. You'll periodically find one that does something a little aggressive, but just because something -- somebody does something aggressive in South Florida where that's the only place they're doing business, it has no impact on us in California or Texas or Georgia or the other geographies. So we see a muted response when you're seeing somebody deal with that in terms of what it does to our overall book of business. Where we are is we've got very attractive combined ratios right now. We're growing significantly faster than the overall marketplace or in a time period where while now Infinity is part of the organization and has been part of the organization for a little over a year, the benefits of being part of the organization are starting to materialize. We've been able to make different rate filings, deploy different capabilities, operate with a wider set of [arrow] bars in terms of how the product managers are operating and the results of that are starting to bear fruit. As an example, when we closed the transaction in July of '18, the Kemper business was growing in the low teens percentage, the Infinity business was basically flat. So when you just average that, you get something in the mid-single digit range, which is about what we generated this past quarter. What we're starting to see in the results that are coming out and will be more clearly visible to all of you as we report next quarter is that Infinity business is now starting to see a higher growth rate as we're deploying those capabilities and you are going to see that growth overall go up inside of the organization, not back into the teens range, but up from the 6% on a unit count basis that's really demonstrating the strength that the organization has in the marketplace. So a reasonable and thoughtful competitive environment, a stronger organization and stronger set of capabilities that we have and we're starting to see those come to the marketplace and bear fruit.

Christopher Campbell - *Keefe, Bruyette, & Woods, Inc., Research Division - Analyst*

Do we have any question from the audience on nonstandard auto? Okay, we'll dig a little bit more into specialty auto. So I mean, obviously, you did get a benefit from Access going bankrupt. I mean have you started to see that tailwind moderate in terms of the growth that you've gotten from that? And what pockets of in terms of how you segment nonstandard are the most attractive for you to grow?

Joseph Patrick Lacher - *Kemper Corporation - President, CEO & Director*

So 2 pieces to that. The Access issue was a 60-day phenomenon in early 2018. So that moderated long before we closed the Infinity transaction. That was a liquidation all the business came into the market. We saw it, jump in, we wrote the business, and then we took a little while to digest it, the claims activity and other items worked their way through, but that's got not no impact on our growth and hasn't for more than 12 months. When we think about growth opportunities in any particular geography there is always different cells or different types of the marketplace that are more attractive than others and it's almost impossible for me to describe it overall. I can generally describe maybe geographies. We had been growing in 2018 in California far greater than we were growing in the rest of the country. We now -- we talked about it in our last quarterly earnings release, are growing outside of California more than we're growing in California. That is not because we have started to shrink California or we put the brakes on California, we're still at reasonable returns there, we are still going California, but we have increased the growth in other geographies, which we think is an attractive opportunity for us. We are at reasonable returns. We think it actually becomes a very attractive investor opportunity, because we have a size in California and a required capital to be that size. If we can grew -- $200 million as an example outside of California, we wouldn't need incremental capital in order to be able to generate that growth. So it's actually a case where we could write the business at a combined ratio that's worse than we're writing our aggregate book today. But because it didn't require excess capital or extra capital, any incremental return there adds the returns but doesn't add to the E, so the ROE goes up, the EPS goes up and the combined ratio actually deteriorates. So it's a spot where we are very thoughtfully recognizing the best shareholder value answer there is to recognize that all growth dollars are not created equal in terms of the capital required, in terms of the impact on ROE, the impact of an EPS, and growth in tangible book value and we're generating that growth in places that have a greater value to us, because of our geographic diversification.

Christopher Campbell - *Keefe, Bruyette, & Woods, Inc., Research Division - Analyst*

Great. Sorry, are there any questions?

Unidentified Analyst

I was just going to ask just with regards to your nonstandard business. Do have a combined ratio target for that business? And have you in the past?

James J. McKinney - *Kemper Corporation - Senior VP & CFO*

No, I mean the way that we have described that, we try to come at that, because we have several different businesses we come at it from is to think about it from a low double-digit perspective which we've defined from an ROE perspective which we defined in that 10% to 12% range. And that specific you can kind of back into what you might expect then from a combined ratio. Potentially from an industry average you might think about it similar to a Progressive where you might see kind of where they have a 96% or a 96% to 98% would kind of get you to that same point, but it's not one where you incrementally target and try to just drive at that. What you're trying to do is make sure that you've got a very compelling proposition for consumers that, that makes a lot of sense and that you've got the right capabilities and other things behind that to support it. And in every one of those cases, then it becomes grow as fast as you can inside there where those opportunities exist. And so that's kind of the framework and we think about that in terms of the totality of the business model that we have in terms of how we bring those things together to optimize around that.

Joseph Patrick Lacher - *Kemper Corporation - President, CEO & Director*

And what's important to remember when we're actually using it or dealing with it, I'd love to tell you that this is just plain and simple that you said if we're running at a 93% combined now and we lower rates to get to a 96%, that immediately translates to x amount of growth. In reality what happens here is we've got product managers and they're in every geography and they're looking at what's going on. We're taking comparative rater data, we're taking data and information we are picking up from our agency managers and our contact with agents to see where folks are in the market. If we're already in a leading position on a comparative rater, we don't actually need to lower the rate to generate more growth. If we are behind somebody else and we are out of position, then pricing action might be appropriate. We've got other levers other than pure price that we can use to generate growth. So we're using all the tools of the appropriate items in a customer value proposition and how we are working billing plans and fee arrangements and pricing to optimize that growth and optimize the overall economic answer.

So we might say if you did the math that Jim was suggesting and suggested or inferred that there was a target like a 96%. What that is, is it doesn't mean we're always trying to drive to that. It means we're trying to hit or beat that and generate an optimal amount of growth in that spot and we're looking at the trade. If we don't need to spend any more powder to generate the growth, we won't. If we would and it generates a better shareholder answer, we will.

Christopher Campbell - *Keefe, Bruyette, & Woods, Inc., Research Division - Analyst*

I think we have a question back there.

Unidentified Analyst

There's a lot of small competitors in nonstandard, but also I think my understanding is that Progressive's been in there in a big way for a long time. What's kind of, but I'm not familiar with their -- kind of gets lost with all their other growth. Is that still, are they still kind of a majority market share? Is that who you're often bumping into? How's that kind of changed over the last 10, 15 years?

Joseph Patrick Lacher - *Kemper Corporation - President, CEO & Director*

I can tell you my observations on them from an outside perspective. They grew up in nonstandard auto. They did a great job at it. They were clearly far and away the market leader. Got to a certain size in that segment that they were not going to be able to generate the same growth in that space that they had long term. What it appears they did is they said, "Gosh to continue to generate that growth, we've got to expand beyond nonstandard into standard and preferred." They built a direct business and when you build a direct business and you're having all the acquisition cost upfront, you try to drive your retention up so that you can make those -- you get the right return on that investment. To drive your retention up, you usually move out of nonstandard into standard and preferred and you move upmarket. They have been spending time trying to build a Homeowners product to increase the stickiness of those programs. They've got a great commercial auto business, they are trying to figure out how to get into small commercial. They are finding other markets that are very attractive to them that do a great job of building shareholder value to them and when you move into those environments, you've got one claim department and most of us do, you can't in the claim department say hey, before I give you service, can you tell me were you a nonstandard or a preferred customer because I'm going to treat you differently. Not a good market conduct item. So as you move into a different market segment, where the customer value proposition is different and you're providing a different level of service and you might have less fraud and you might have an ability to look at it differently, they are doing things that help them grow that standard and preferred environment, they make them less effective in the nonstandard space. So they're still smart, they can be effective if they wanted to. I think what it would do is, it would start confusing their organization and they would move that direction, they would give up a lot of shareholder value creation somewhere else and they might see their retention drop or they might see something else that hurts the direct business, so they're in the space, they're not just as formidable as they once were. We are finding that we have an ability to be very price competitive with them. We've got enough scale to be effective in our claims process in the geographies we're in. We are in -- we're not spreading our specialty auto business $3 billion spread across the entire U.S. We're in a smaller number of states and we're in urban areas and we're in a segment of the market, so we play above our weight class in those geographies and bring enough scale and enough pricing advantage that we can be every bit as competitive and we're bringing the nonstandard expertise in that so we are in that segment we can be sharper or more effective and a very formidable competitor.

Christopher Campbell - *Keefe, Bruyette, & Woods, Inc., Research Division - Analyst*

Do we have any other questions right now? All right, great. So kind of moving on to the preferred P&C segment. Kind of got lost in all the noise of last quarter, but pretty decent results in terms of the progress that you guys have in that turnaround. So I guess just can you give us an update on where you're at with preferred P&C?

Joseph Patrick Lacher - *Kemper Corporation - President, CEO & Director*

Yes, it continues to be a work in progress. It moves, our primary focus area is enhancing the profitability of that business. It changes and improves at a slower pace and you can deal with in a specialty auto business partly because there is many more 6-month policies in specialty auto. It's pretty much all 12-month policies in a preferred space. It's just slower to make the rate changes, it's slower for them to then move onto the entire book as you have to wait for the entire 12-month cycle for the policies to renew. It just takes a little bit longer to make improvement there, we have continued to focus on that. I think inside of our homeowners business in the last couple of years we've done a very nice job of reducing the earnings volatility that was there. If you back up 4 years ago, the company was making about $100 million a year and had seen a lot of CAT volatility inside of that business. We as a profile and pick whatever number you want now for our earnings number, I'm not trying to give you one, but it's more in line with a $400 million than a $100 million. We've decreased the premium volume in that specialty or in that homeowners business, we have added a catastrophe aggregate policy. So we mitigated the real volatility of what you could see from an earnings perspective, while improving its earnings and improving the earnings of the overall preferred business. So I think it's making progress, it's still a work in progress and we'll continue to get after it, but we're generally pleased with the direction it's headed.

Christopher Campbell - *Keefe, Bruyette, & Woods, Inc., Research Division - Analyst*

Okay, got it. And do you -- like when you're thinking about like preferred auto and then the rate declines we're seeing at an aggregate level in California, Texas, Florida. How is that impacting the timing of the P&C turnaround from your perspective?

Joseph Patrick Lacher - *Kemper Corporation - President, CEO & Director*

We're not chasing growth in that business. We're pushing to get to an appropriate set of returns there so if somebody else wants to be more aggressive then they will put a little growth pressure on us in that business. I think that's the right trade for us. It's not causing us a problem in terms of our overall corporate growth and our ability to grow our top line for our overall business, so it doesn't really concern us, it's not going to distract us from the mission of strengthening the profit profile of that business.

Christopher Campbell - *Keefe, Bruyette, & Woods, Inc., Research Division - Analyst*

Okay, got it. And then if you are just thinking about the scale of that business, I mean you obviously have scale in nonstandard. Where do you look at yourselves in terms of like the size of the personal auto and homeowners book? And just the scale you have there versus nonstandard?

Joseph Patrick Lacher - *Kemper Corporation - President, CEO & Director*

Yes, it's a business that doesn't have the scale we need to have long term, and one of the things we're going to do very consciously in it is focus on enhancing our homeowners capability and the sophistication in that marketplace and the ability to be a real leader in that space. That will take us a little time to get there and we're doing that sort of as a secondary effort underneath the profit enhancements that are going on and believe that we can get there. At the same time, all the work we're doing in our specialty auto business of improving claim capability, pricing sophistication, other items, have a ripple effect that move into and help our preferred auto business. We operate one claim department. Now we recognize that we've got different limit profiles in these different groups, but we'll run similar processes and leverage those scale advantages and we'll have specialized groups that might deal with higher BI limits or higher items, but there is a similar profile so we get some of the scale advantage we get in specialty auto to ripple over, it's not everything we need in that space and will continue to be an issue we'll wrestle with over the next couple of years.

Christopher Campbell - *Keefe, Bruyette, & Woods, Inc., Research Division - Analyst*

Got it. Now would that be one that you would potentially consider in organic growth to add scale within that segment?

Joseph Patrick Lacher - *Kemper Corporation - President, CEO & Director*

I think our issue on inorganic growth Chris is always a similar thought process. We start with the view that we should, in each of our businesses, build businesses that match our strategic thought process, finding an opportunity to serve customers in growing niche specialty opportunities. We should be building systematic, sustainable competitive advantages where we can organically grow the business, and we should be looking at inorganic opportunities that make us better not just bigger. If an inorganic opportunity accelerates our ability to build an advantage, if it adds a capability we don't have, if it brings us into a business that fits in the portfolio what we're doing, those are great things to consider. If it just adds volume or it's just a financial trade, it probably isn't something we're going to think about. So we'll in this business or any other business, we'll put that lens on what we're doing.

Christopher Campbell - *Keefe, Bruyette, & Woods, Inc., Research Division - Analyst*

Okay. And that applies like in nonstandard too?

Joseph Patrick Lacher - *Kemper Corporation - President, CEO & Director*

That applies to every business we're in.

James J. McKinney - *Kemper Corporation - Senior VP & CFO*

And I think what I would highlight there, Chris, is clearly when we look at that preferred auto and home we're saying the way that we think we can make a difference from a market perspective and win long term in a systematic, sustainable way is by starting with the home. And being very thoughtful about what we're doing there. We have to have a certain amount of scale or other things over time in terms of where we would go, but we're not saying that our game inside that business is to have a low-cost model that effectively creates more value. Now we would rather have lower cost there than not, but there are some pretty sizable competitors with the same, if you are doing things the same way out there, it's going to be harder to kind of catch up on that basis, but not if we're different from a home or a product perspective where we're bringing a unique element to the market that is underserved and that is maybe not as desired by others in terms of how we would approach it. When you're thinking about that from our nonstandard or specialty auto perspective, we have both a product advantage there and we have a cost advantage on that front and similar to where you think about our life, we've got a product and distribution capabilities as well as a cost advantage on those markets that again continue to make the potential success that we have, systematic, sustainable and where we can create outsized value for both consumers as well as our other stakeholders, our shareholders of the company.

Christopher Campbell - *Keefe, Bruyette, & Woods, Inc., Research Division - Analyst*

Okay, all right. If I have a chance for one more question from the audience? If anyone. You can ask one more question.

Unidentified Analyst

(inaudible) buyback (inaudible) in the last few months ?

Joseph Patrick Lacher - *Kemper Corporation - President, CEO & Director*

Yes, our view when we think about capital management in general -- the question for folks on the webcast was views on buyback. We start with a view that we ought to be growing our business organically and putting capital to work there. We then look to see is there an inorganic opportunity and where it's not, we look to return capital to shareholders. We start with that framework. Any time we think about a buyback we're looking at what is the return on that transaction and does it generate an appropriate return on capital. Given where the shares are traded in the last month, it does have us thinking about it differently and the economics of that in our mind are different than they were 60 days ago.

Christopher Campbell - *Keefe, Bruyette, & Woods, Inc., Research Division - Analyst*

Any other questions? Okay, great. Well, thank you all for joining us, and thank you, Joe and Jim for this.

James J. McKinney - *Kemper Corporation - Senior VP & CFO*

Thank you.

Joseph Patrick Lacher - *Kemper Corporation - President, CEO & Director*

Appreciate it.