KEMPER

May 2016

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.

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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 March 31, 2016 unless otherwise stated.

Kemper Overview

Multi-line national insurer

- Provide personal and commercial auto, home and umbrella in more than 40 states
- Provide basic life, accident and health products in 48 states
- Multi-channel distribution network

Strong capital and liquidity

- $2.0B shareholders' equity
- 27% debt-to-capital ratio
- 90% of fixed maturity portfolio rated investment grade
- Insurance subs rated "Excellent" by A.M. Best[1]

Experienced management team

[1]Alliance United Insurance Company is not rated

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 L&H 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

2014
- Consolidated Preferred, Specialty and Direct into one P&C segment
- Expanded shared services

2015
Acquired Alliance United (Non-standard auto)

1990 **2016**

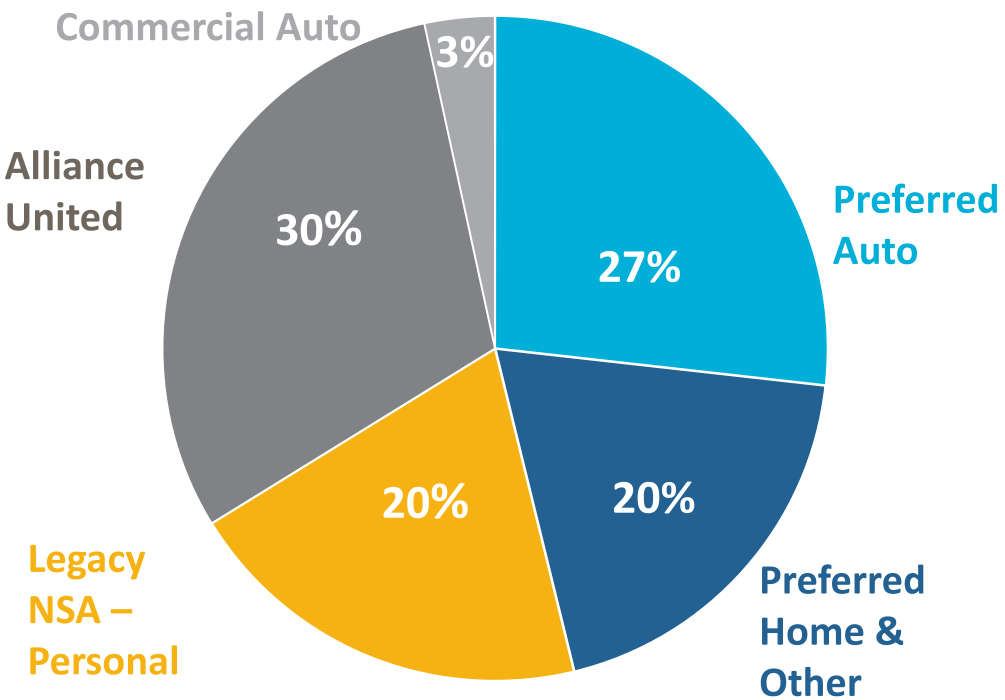
Lines of Business

Property & Casualty Insurance $964MM[1] statutory surplus	Life & Health Insurance $408MM statutory surplus	Overall
Distribution: • Independent agents	**Distribution:** • Captive home service agents • Independent agents/brokers • Employer-sponsored voluntary benefit programs	• 20,000+ independent agents • 2,200 employee agents
Typical Customer: • Preferred—People with assets to protect; value the advice of agents • Nonstandard—Individuals ineligible for preferred or standard coverage	**Typical Customer:** • Life insurance for modest income consumers • Accident & Health for rural markets • Life and A&H for those at or near retirement age • A&H for employees of small to mid sized businesses	~6MM policies
Product Offerings: • Preferred & nonstandard personal auto • Nonstandard commercial auto • Homeowners and renters • Other personal insurance	**Product Offerings:** • Basic protection products • Life, limited benefit A&H, supplemental A&H, accident and contents	

[1]P&C includes $8MM from Capitol County Mutual Fire Insurance Company, an affiliated mutual insurance company owned by its policyholders.

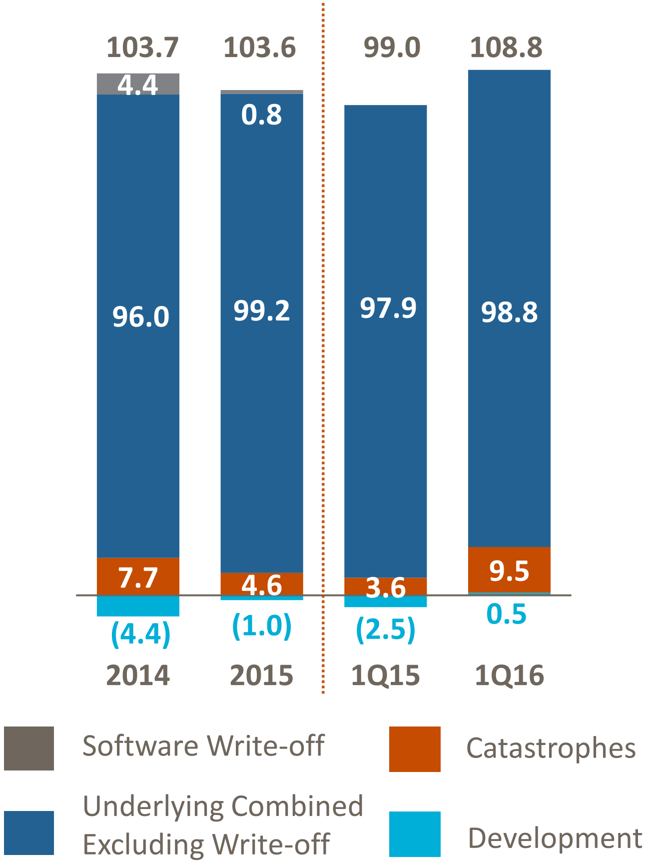
Kemper Property & Casualty Financial Highlights

Earned Premiums



1Q16: $396MM
2015: $1,415MM

GAAP Combined Ratio

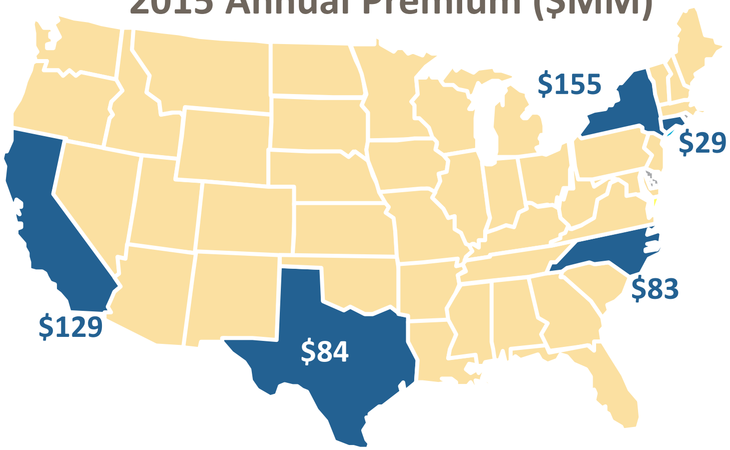


- Acquired Alliance United April 30, 2015; added $273 MM of Nonstandard Auto (NSA) earned premiums in 2015 and $120 million in 1Q16
- NSA experienced adverse frequency and severity trends in 2015 and 1Q16
- Legacy P&C's underlying loss & LAE ratio improved 1.8 points in 1Q16

Preferred Lines (Auto, Home & Other)

Top five states comprise approximately 60 percent of earned premiums

2015 Annual Premium ($MM)



($MM)	2014	2015	1Q15	1Q16
Total Written Premiums	$831	$756	$180	$170
Total Earned Premiums	$889	$783	$200	$186
Underlying Loss & LAE Ratio	**63.2%**	**62.3%**	**64.1%**	**61.0%**
Expense Ratio[1]	29.7%	30.4%	30.4%	30.4%
Underlying Combined Ratio[1]	92.9%	92.7%	94.5%	91.4%

[1]Excludes software write-off

Overview

- National writer; concentrated in top 5 states
- Offer packaged policies (more than 50 percent of home policies are packaged with auto)
- Distributed by more than 5,100 independent agents
- Direct to consumer business is in run-off (accounts for more than 25% of the top line decline)

Observations

- Auto: 1Q16 agency retention improved 4 points to 84 percent; new business up 7 percent
- Home: 1Q16 agency retention improved 4 points to 83 percent ; new business up 13.5 percent

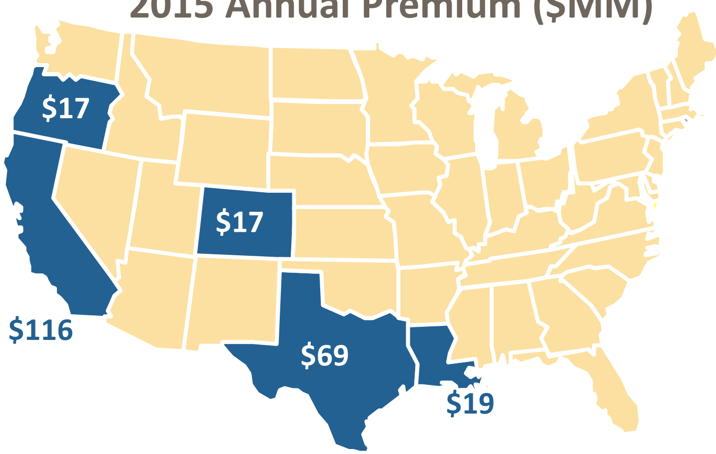
Actions

- Increased focus on IT systems; partnered with Guidewire for policy and billing systems
- Enhancing segmentation capabilities and actively engaging with agents

Legacy Nonstandard Auto

Top five states comprise approximately 80 percent of earned premiums

2015 Annual Premium ($MM)



($MM)	2014	2015	1Q15	1Q16
Total Written Premiums	$303	$311	$86	$93
Total Earned Premiums	$306	$305	$74	$77
Underlying Loss & LAE Ratio	**78.1%**	**81.2%**	**80.2%**	**79.5%**
Expense Ratio[1]	24.3%	25.2%	25.0%	23.0%
Underlying Combined Ratio[1]	102.4%	106.4%	105.2%	102.5%

[1]Excludes software write-off

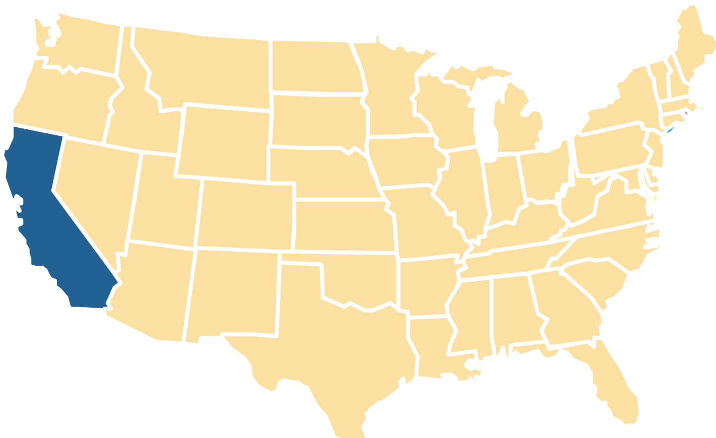
Overview
- Seasoned writer, providing insurance to this market for more than 65 years
- California and Texas comprise more than 60 percent of earned premiums

Observations
- Higher frequency throughout the industry is driving up loss cost trends

Actions
- Addressing elevated frequency with increased rate filings
- Placing more emphasis on specialized claims functions to address markets needs
- Growing new business with products with increased segmentation

Alliance United

California only



($MM)	2014	2015[1]	1Q15	1Q16
Total Written Premiums	$ -	$285	$ -	$127
Total Earned Premiums	$ -	$273	$ -	$120
Underlying Loss & LAE Ratio	**- %**	**92.8%**	**- %**	**93.3%**
Expense Ratio	- %	14.1%	- %	14.1%
Underlying Combined Ratio	- %	106.9%	- %	107.4%

[1]Since acquisition; 8 month period

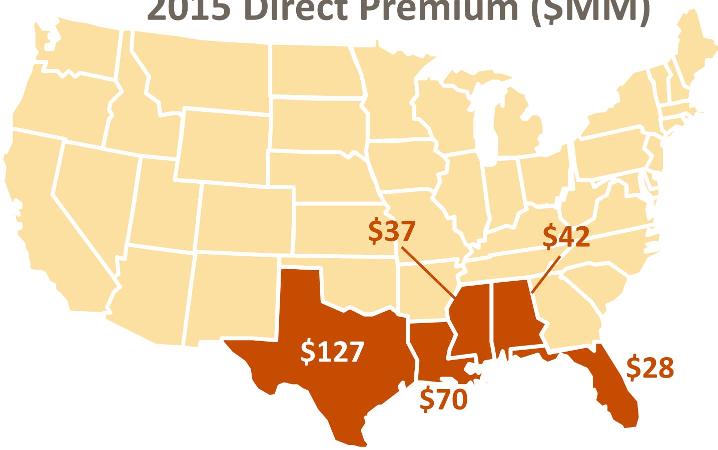
Overview
- Acquired April 30, 2015
- Focused on the growing Hispanic and urban markets in California
- Complements our legacy nonstandard auto book

Observations
- Higher frequency throughout the industry is driving up loss cost trends
- Understaffed claims department and growing topline pressuring severity

Actions
- Implemented rate increase and new class plan on 50 percent of the book starting April 1, 2016
- Filing for additional rate increases to be implemented in second half of 2016
- Aggressively adding claims personnel to reduce claims cycle times and severity pressure

Kemper Life & Health

Top five states comprise approximately 50 percent of earned premiums



($MM)	2014	2015[1]	1Q15[1]	1Q16
Earned Premiums:				
Life	$388	$374	$88	$94
Accident & Health	$149	$145	$37	$37
Property	$76	$75	$19	$19
Total Earned Premiums	$613	$594	$144	$150
Net Operating Income	**$92**	**$72**	**$16**	**$20**

[1]Amounts include $8MM adjustment to earned premiums and $5MM adjustment to net operating income

Operating Businesses

- Kemper Home Service Companies predominantly write low face life insurance and complement this offering with property insurance and accident & health insurance
- Reserve National has adapted its business model due to healthcare reform; moving from hospitalization plans to supplemental products and increasing its distribution channels

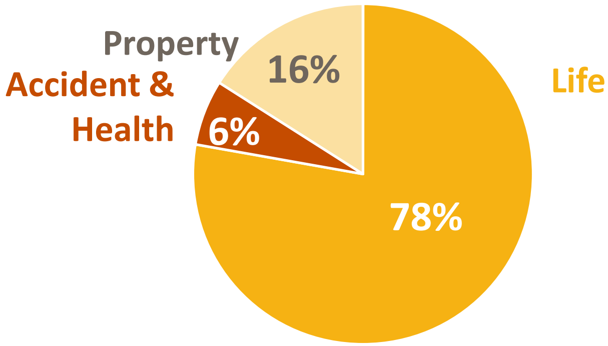
Overview

- Stable earned premiums and cash flows provide diversification for our P&C operations
- Low interest rate environment continues to pressure earnings
- 2015 results include deferred premium reserve adjustment and increased legal costs

Life & Health Businesses—Stable Base + Growth Areas

Kemper Home Service Companies

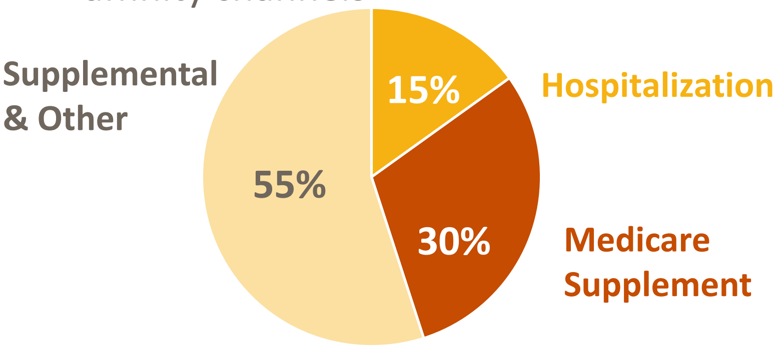
- 2,200 career agents in 25 states serving 5MM policies
- Low face amount protection for individuals and families
- Lead product: ordinary life insurance, including permanent & term insurance
- Limited sensitivity to interest rate or stock market volatility
- Simple products with stable cash flows
- No fixed or variable annuity exposure



Net Earned Premiums: 1Q16 $116MM
2015 $461MM

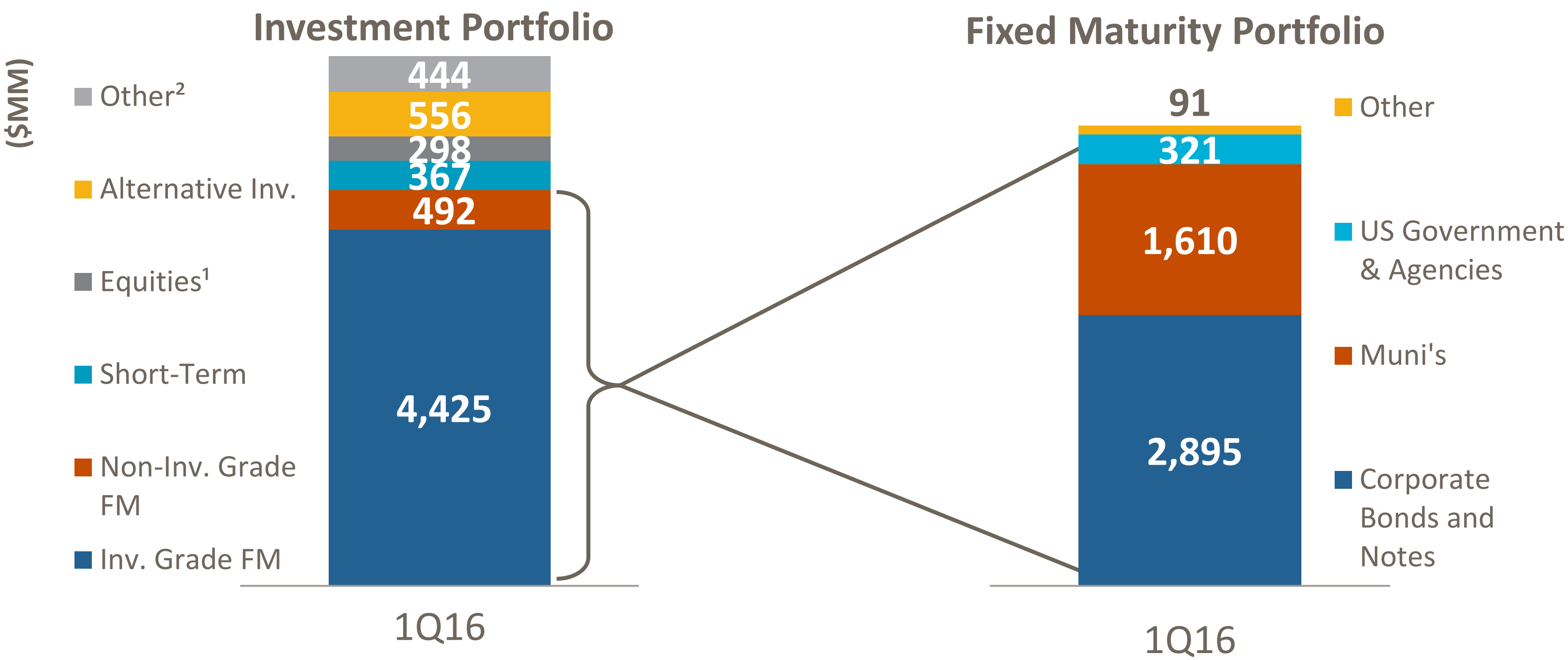
Reserve National

- 5,000+ independent agents
- Historically served rural markets:
  - Individuals, self-employed & employers
  - Licensed in 48 states
- Moving toward supplemental products
- Key growth initiatives and products
  - Kemper Senior Solutions: small face life and limited home health care for those at or near retirement age
  - Kemper Benefits: critical illness and accident insurance offered through worksite and affinity channels



Net Earned Premiums: 1Q16 $34MM
2015 $133MM

Kemper Investment Portfolio Overview



Total Investments: $6,582MM

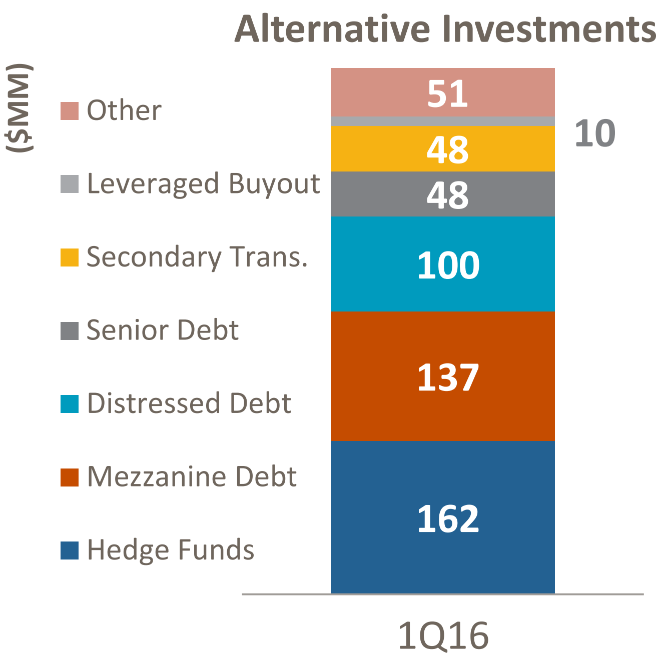
Total Fixed Maturities: $4,917MM

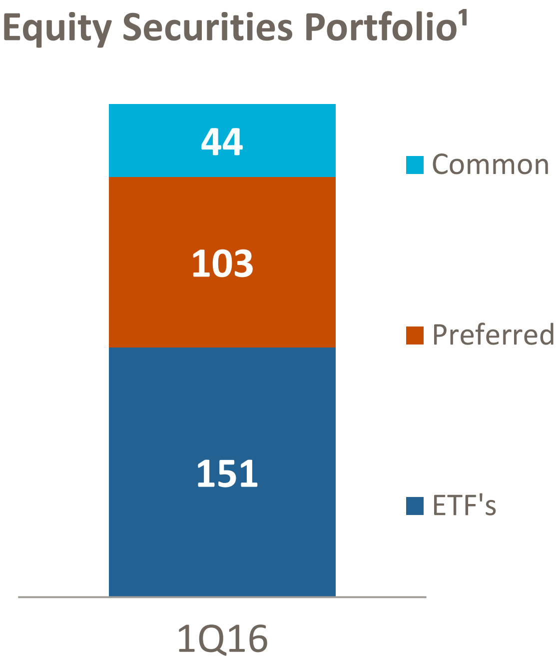
- Total return investment strategy with an emphasis on yield
- Limited direct exposure to non-investment grade securities in the energy sector
- Centralized investment function

- Fixed Maturities:
  - 90% investment grade municipal, corporate and agency bonds
  - Average duration is 6.3 years
  - Pre-tax book yield of 5.3 percent in 2015 and 1Q16
  - Unrealized gain of $390MM

[1] Excludes $203MM of Alternative Investments at Fair Value
[2] Includes $289MM policyholder loans, $150MM of Real Estate and $5MM other investments

LLC/LP's and Equity Securities Details





Alternative Investments

- 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 and Secondary Transactions and focusing on Senior and Mezzanine Debt

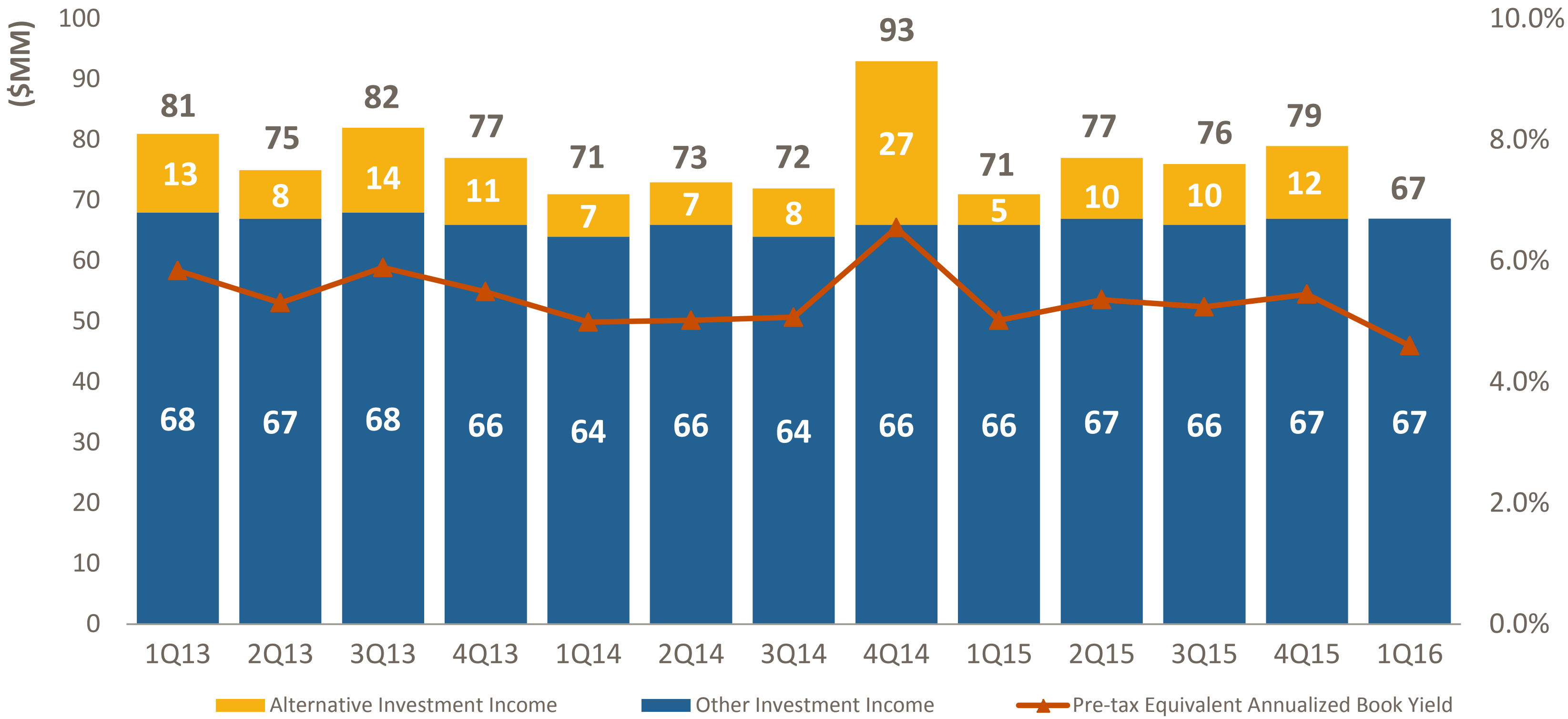
Equity Securities

- 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 $203MM of Alternative Investments at Fair Value

Investment Portfolio Metrics

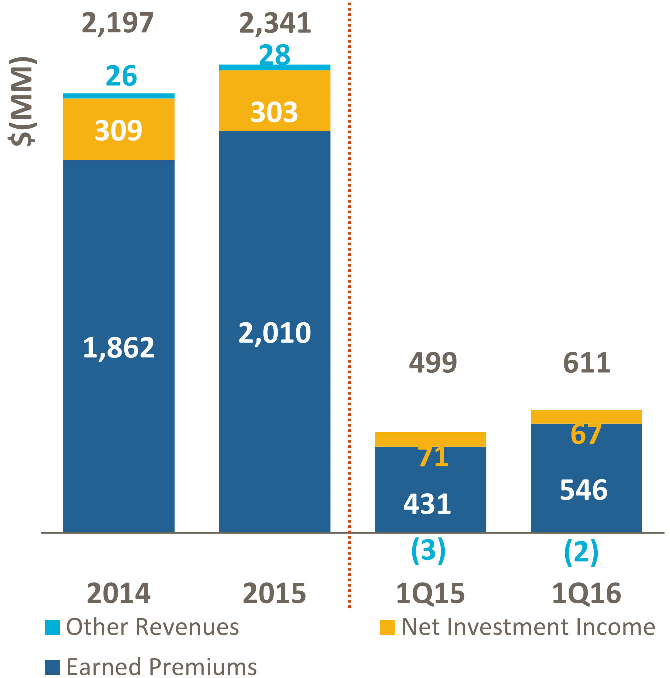
Total net investment income and yield



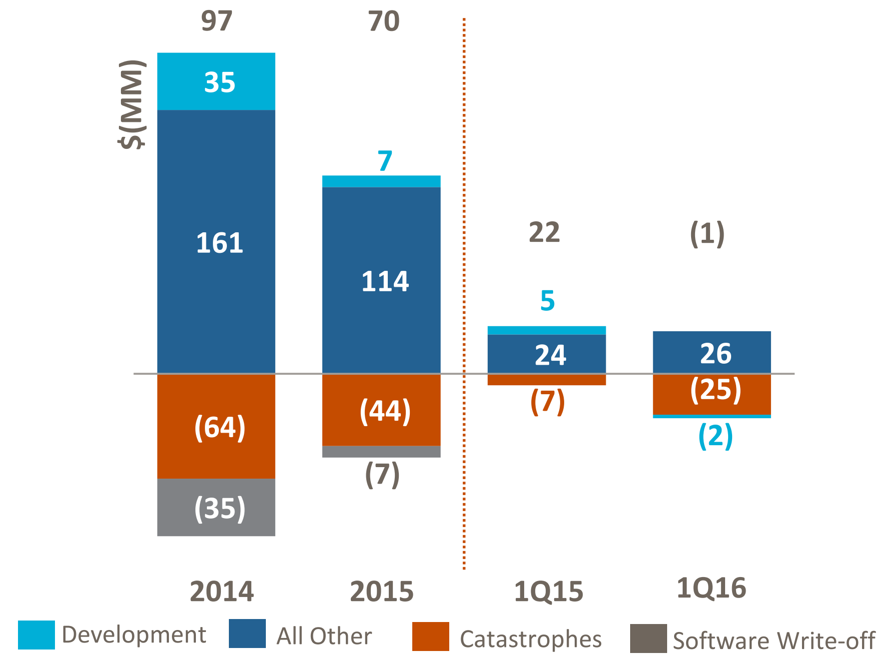
- Relatively stable income and yield
- Alternative investments provide above average yields but come with volatility
- Portfolio is well positioned over the medium term to handle low interest rate environment

Kemper Corporation Consolidated Financial Highlights

Total Revenues



Consolidated Net Operating Income



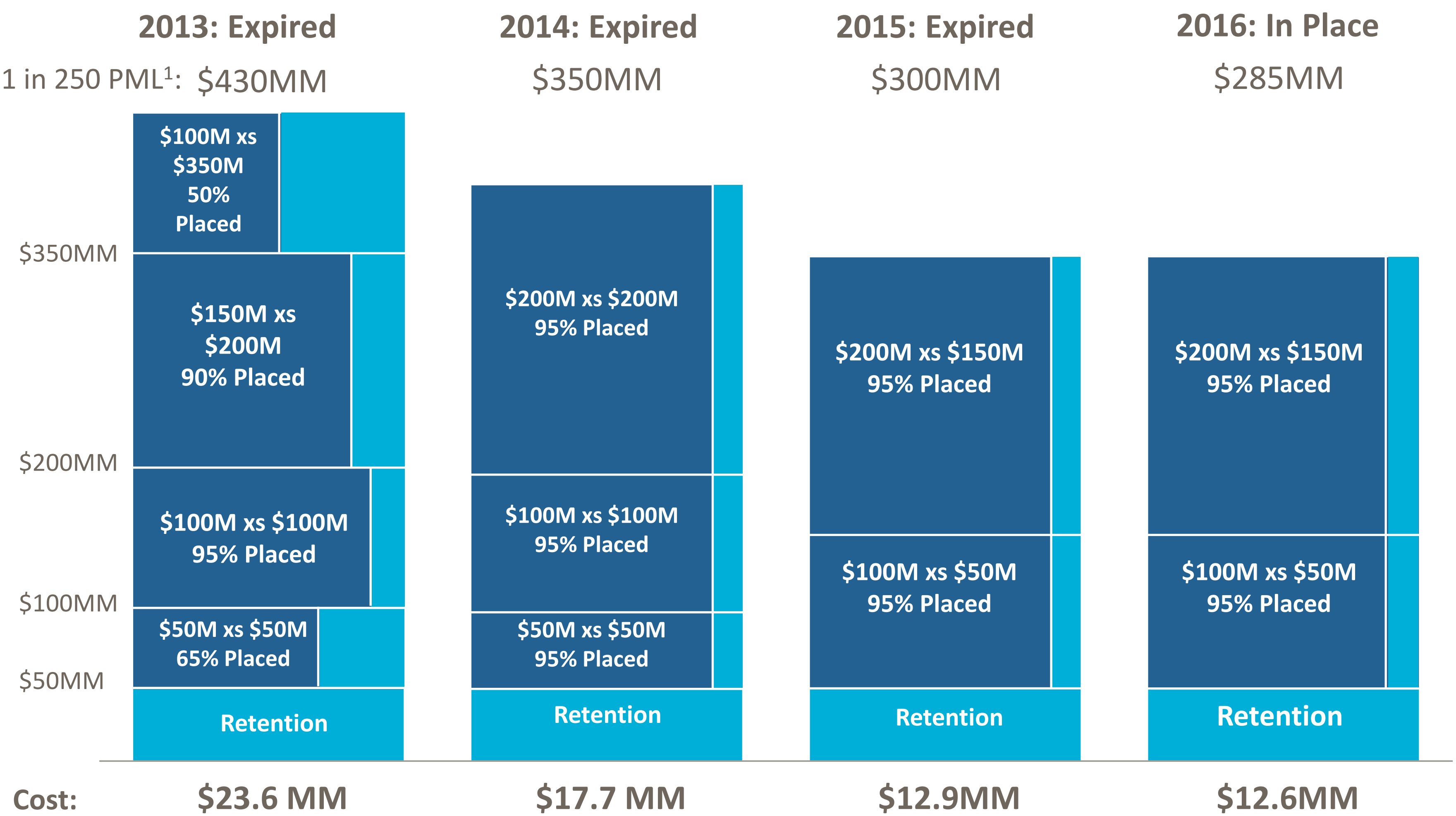
Net Operating EPS[1] Details ($)	2014	2015	1Q15	1Q16
Catastrophes	(1.19)	(0.85)	(0.13)	(0.49)
Prior Year Reserve Development	0.64	0.15	0.09	(0.03)
Equity Method Investments	0.11	0.24	(0.01)	(0.05)
Software Write-off	(0.66)	(0.14)	-	-
All Other	2.89	1.95 *	0.47	0.56
Total	**1.79**	**1.35**	**0.42**	**(0.01)**

***Drivers of 2015 Decline:**

- NII special div. in 2014
- Alliance United and legacy nonstandard frequency trends
- L&H deferred premium reserve adjustment and legal expenses
- Higher pension expense

[1] Consolidated net operating income per diluted share

Catastrophe Risk Management



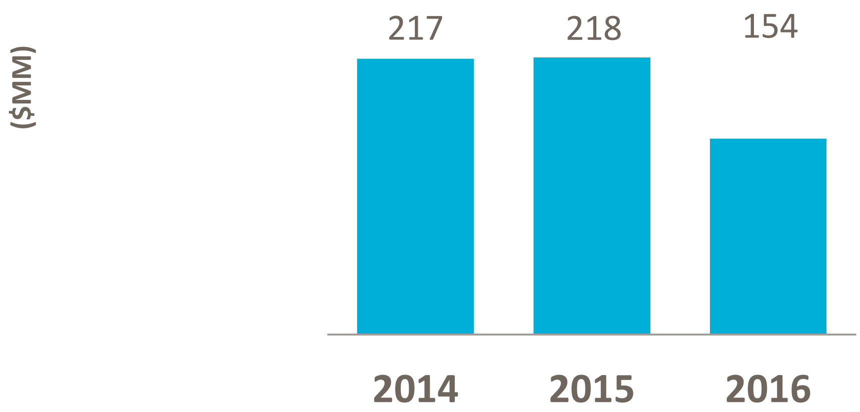
- PML's decreased as we moved away from the coast and reduced premiums
- 2013 -2014 Increased reinsurance coverage within the layers
- 2015 & 2016 locked in historically low rates with multi-year agreements

[1] Probable Maximum Loss

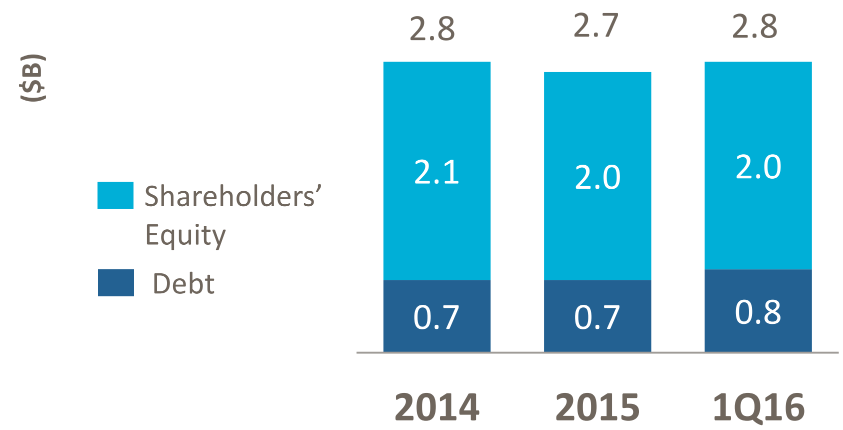
Liquidity & Capital Overview

Max ordinary dividend capacity[1]

(Insurance Companies)



Stable capital profile



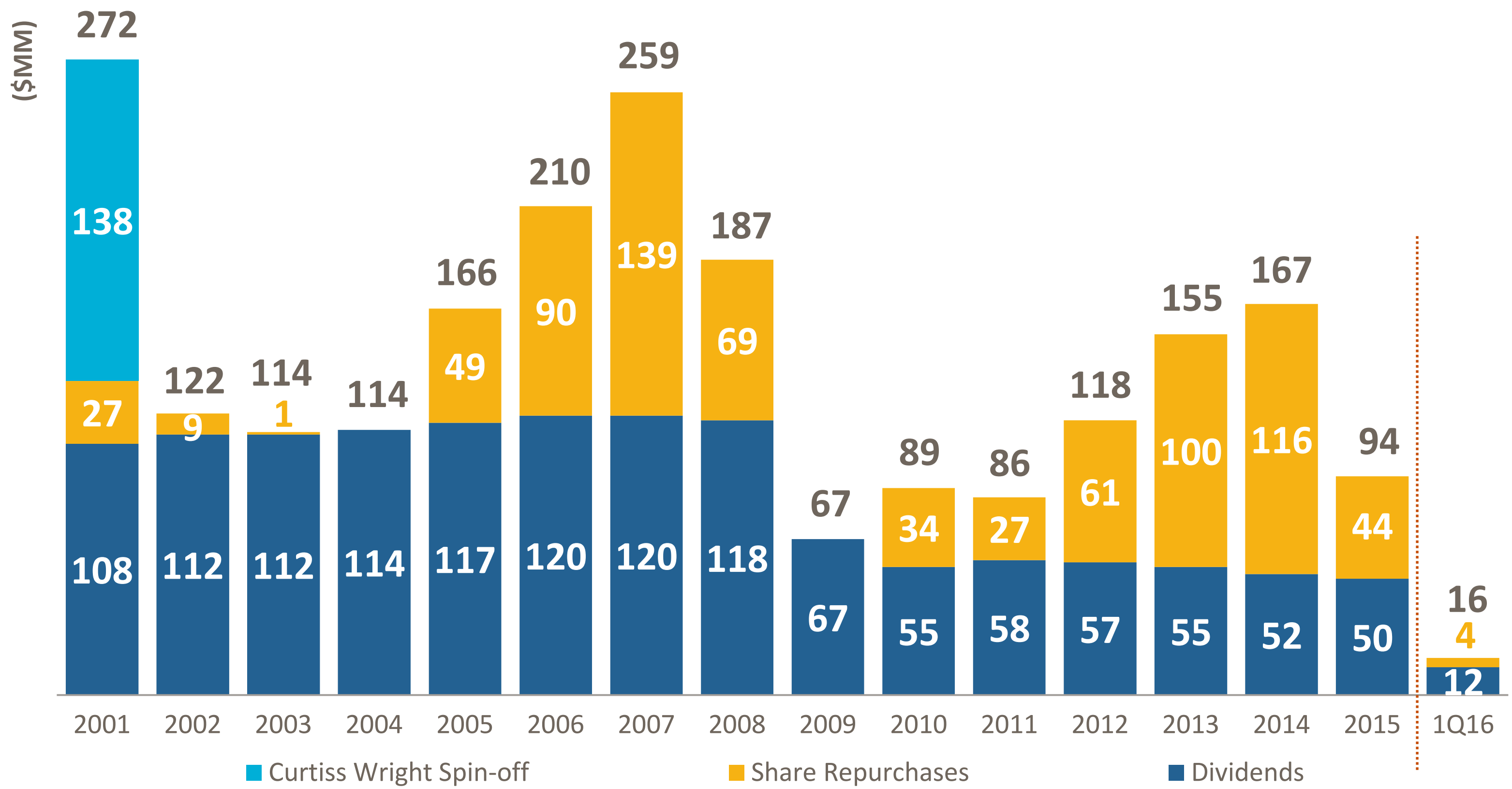
Dividends paid to Kemper Corporation ($MM)[2]		
Insurance subs	217	285

Risk-based Capital (%)		
Life & Health	420	375
Property & Casualty	335	330

Key Metrics			
Debt to Total Capital	26%	27%	27%
Undrawn Parent Credit Facility (PCF) ($MM)	225	225	225
Allowed Sub. Borrowings from FHLB[3] under PCF ($MM)	250	500	500

[1] Calculated as the greater of 10% of insurance statutory surplus or insurance statutory net income from the prior year
[2] Kemper P&C paid an extraordinary dividend to Kemper Corporation in 2015
[3] Federal Home Loan Bank; subject to PCF restrictions

Capital Returned to Shareholders



- Strong history of returning capital to shareholders
- Despite reducing dividend during financial crisis, remained at competitive level
- Repurchased shares opportunistically

Note: components may not sum to totals due to rounding

The Case for Kemper

- Businesses with uncorrelated risks provide stable cash flow to parent company
- Strong capital and liquidity position
- History of returning capital to shareholders
- Upside potential from property & casualty operations
- Experienced management team

KEMPER

Appendix

Consolidated Statements of Operations

Kemper Corporation & Subsidiaries

($MM)	Three Months Ended 1Q15	1Q16	Change	Comments
Revenues:				
Earned Premiums:				
Property & Casualty	$ 287	$ 396	38.0%	Addition of Alliance United
Life & Health	144	150	4.2%	Deferred Profit Reserve in 1Q15
Net Investment Income	71	67	-5.6%	
Other Income	1	1	NM	
Net Realized Investment Gains	(4)	(3)	-25.0%	
Total Revenues	**499**	**611**	22.4%	
Expenses:				
Benefits, Incurred Losses and LAE:				
Property & Casualty	201	337	67.7%	Alliance United and increased cat losses
Life & Health	96	99	3.1%	
Insurance Expenses	145	159	9.7%	Addition of Alliance United
Loss from Early Extinguishment of Debt	9	-	100.0%	Debt refinancing in 1Q15
Interest and Other Expenses	30	23	-23.3%	
Total Expenses	**481**	**618**	28.5%	
Income Tax (Expense) Benefit	(4)	5	NM	
Net Income (Loss) from Continuing Ops.	**$ 14**	**$ (2)**	-114.3%	
Total Net Income (Loss)	**$ 14**	**$ (2)**	-114.3%	

Consolidated Balance Sheets

Kemper Corporation & Subsidiaries

($MM)	2015	1Q16	Change	Comments
Assets:				
Cash and Investments:				
Fixed Maturities at Fair Value	$ 4,852	$ 4,917	1.3%	
Equity Securities	523	501	-4.2%	
Equity Method LLC/LP	191	191	0.0%	
Fair Value Option Investments	165	162	-1.8%	
Other Investments	443	444	0.2%	
Cash & Short-term Inv.	417	528	26.6%	
Total Cash & Investments	6,591	6,743	2.3%	
Receivables from Policyholders	332	341	2.7%	
Other Receivables	193	194	0.5%	
Deferred Acquisition Costs	317	319	0.6%	
Goodwill	323	323	0.0%	
Other Assets	280	250	-10.7%	Lower income tax assets
Total Assets	**$ 8,036**	**$ 8,170**	**1.7%**	
Liabilities & Shareholders' Equity:				
Insurance Reserves	$ 4,204	$ 4,259	1.3%	
Unearned Premiums	613	622	1.5%	
Debt	751	751	0.0%	
Other Liabilities	476	497	4.4%	
Total Liabilities	6,044	6,129	1.4%	
Shareholders' Equity	1,992	2,041	2.5%	
Total Liabilities & Shareholders' Equity	**$ 8,036**	**$ 8,170**	**1.7%**	

Non-GAAP Financial Measures

Underlying Combined Ratio The discussion for the Property & Casualty Insurance segment uses the non-GAAP financial measures of (i) Underlying Losses and LAE and (ii) Underlying Combined Ratio. Underlying Losses and LAE (also referred to as "Current Year Non-catastrophe Losses and LAE") exclude the impact of catastrophe losses and loss and LAE reserve development from prior years from the Company's Incurred Losses and LAE, which is the most directly comparable GAAP financial measure. The Underlying Combined Ratio is computed by adding the Current Year Non-catastrophe Losses and LAE Ratio with the Insurance Expense (including write-offs of long-lived assets) Ratio. The most directly comparable GAAP financial measure is the Combined Ratio, which is computed by adding total incurred losses and LAE ratio, including the impact of catastrophe losses and loss and LAE reserve development from prior years, with the Insurance Expense (including write-offs of long-lived assets) Ratio. The Company believes Underlying Losses and LAE and the Underlying Combined Ratio are useful to investors and are used by management to reveal the trends in the Company's Property & Casualty Insurance business that may be obscured by catastrophe losses and prior year reserve development.

The components of the Underlying Combined Ratio and a reconciliation of the Underlying Combined Ratio to the GAAP combined ratio is presented below:

Underlying Combined Ratio	2014	2015	1Q15	1Q16
Current Year Non-catastrophe Losses and LAE Ratio	67.7%	73.2%	69.0%	75.0%
Insurance Expense Ratio, Excluding Write-off of Long-lived Asset	28.3%	26.0%	28.9%	23.8%
Impact on Ratio from Write-off of Long-lived Asset	4.4%	0.8%	—	—
Underlying Combined Ratio	100.4%	100.0%	97.9%	98.8%
Non-GAAP Measure Reconciliation				
Underlying Combined Ratio	100.4%	100.0%	97.9%	98.8%
Current Year Catastrophe Losses and LAE Ratio	7.7%	4.6%	3.6%	9.5%
Prior Years Non-catastrophe Losses and LAE Ratio	-3.1%	-0.4%	-1.7%	1.2%
Prior Years Catastrophe Losses and LAE Ratio	-1.3%	-0.6%	-0.8%	-0.7%
Combined Ratio as Reported	103.7%	103.6%	99.0%	108.8%

[1] Accounting principles generally accepted in the United States

Non-GAAP Financial Measures - Continued

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) net realized gains on sales of investments, 2) net impairment losses recognized in earnings related to investments, 3) loss from early extinguishment of debt and 4) significant non-recurring or infrequent items that may not be indicative of ongoing operations. Significant nonrecurring 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.

A reconciliation of Consolidated Net Operating Income (Loss) to Income (Loss) from Continuing Operations is presented below:

Dollars in Millions	2014	2015	1Q15	1Q16
Consolidated Net Operating Income (Loss)	$ 97.1	$ 69.9	$ 21.8	$ (0.6)
Net Income (Loss) From:				
Net Realized Gains on Sales of Investments	25.4	33.9	2.2	4.4
Net Impairment Losses Recognized in Earnings	(9.9)	(17.7)	(4.6)	(6.0)
Loss from Early Extinguishment of Debt	-	(5.9)	(5.9)	-
Income (Loss) from Continuing Operations	$ 112.6	$ 80.2	$ 13.5	$ (2.2)

Diluted Net Operating Earnings (Loss) Per Share (EPS) is a non-GAAP financial measure, that is computed by dividing Consolidated Net Operating Income (Loss) by the weighted-average unrestricted shares and equivalent shares outstanding assuming dilution. The most directly comparable GAAP financial measure is income (loss) from continuing operations per unrestricted share - diluted.

A reconciliation of Diluted Net Operating EPS to Income (Loss) from Continuing Operations Per Unrestricted Share – Diluted is presented below:

	2014	2015	1Q15	1Q16
Diluted Net Operating EPS	$1.79	$1.35	$ 0.42	$ (0.01)
Diluted Earnings Per Share From:				
Net Realized Gains on Sales of Investments	0.47	0.65	0.04	0.09
Net Impairment Losses Recognized in Earnings	(0.18)	(0.34)	(0.09)	(0.12)
Loss from Early Extinguishment of Debt	-	(0.11)	(0.11)	-
Income (Loss) from Continuing Operations Per Unrestricted Share - Diluted	$2.08	$1.55	$ 0.26	$ (0.04)