



Investor Update

September 2018



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.

Any or all forward-looking statements may turn out to be wrong, and, accordingly, readers are cautioned not to place undue reliance on such statements, which speak only as of the date of this presentation. Forward-looking statements involve a number of risks and uncertainties that are difficult to predict, and are not guarantees of future performance. Among the general factors that could cause actual results and financial condition to differ materially from estimated results and financial condition are those listed in periodic reports filed by Kemper Corporation with the Securities and Exchange Commission (SEC). No assurances can be given that the results and financial condition contemplated in any forward-looking statements will be achieved or will be achieved in any particular timetable. Kemper assumes no obligation to publicly correct or update any forward-looking statements as a result of events or developments subsequent to the date of this presentation. The reader is advised, however, to consult any further disclosures Kemper makes on related subjects in its filings with the SEC.

Non-GAAP Financial Measures

This presentation contains non-GAAP financial measures that the company believes are meaningful to investors. Non-GAAP financial measures have been reconciled to the most comparable GAAP financial measure.

Kemper is a Leading Specialized Multi-Line Insurer

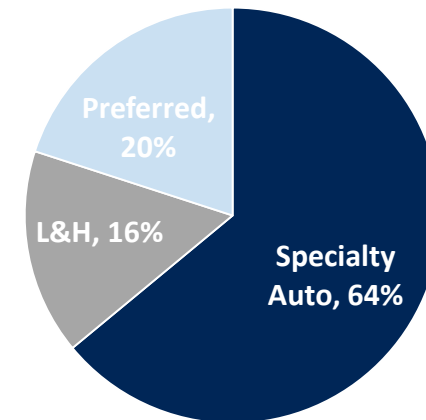
Taking advantage of the benefits of a diversified platform

- **Multi-line national insurance company**
 - Provide specialty auto and preferred personal insurance (auto, home & umbrella)
 - Provide basic life, accident & health products
 - Founded in 1990 and headquartered in Chicago, with subsidiaries writing policies since 1911
- **Multi-channel distribution network**
 - 2,200 career agents
 - Approximately 30,000 independent agents
- **Strong balance sheet**
 - Insurance subsidiaries highly rated¹ by A.M. Best
 - ~90% of Kemper’s fixed maturity portfolio is investment grade
- **Successful execution by proven leadership team**
 - Kemper results have exceeded analysts’ expectations for last 9 quarters
 - Kemper closed acquisition of Infinity P&C in July 2018

Key Metrics – Post Infinity Acquisition

Market Cap (8/31/18)	\$5.3 Billion
Debt-to-Capital Ratio	~27%
A.M. Best Ratings (Kemper/Infinity) ¹	A-/A
Excess Capital	>\$100 MM
Employees	>7,800
In-force policies	~7MM

2017 Pro Forma² Business Mix

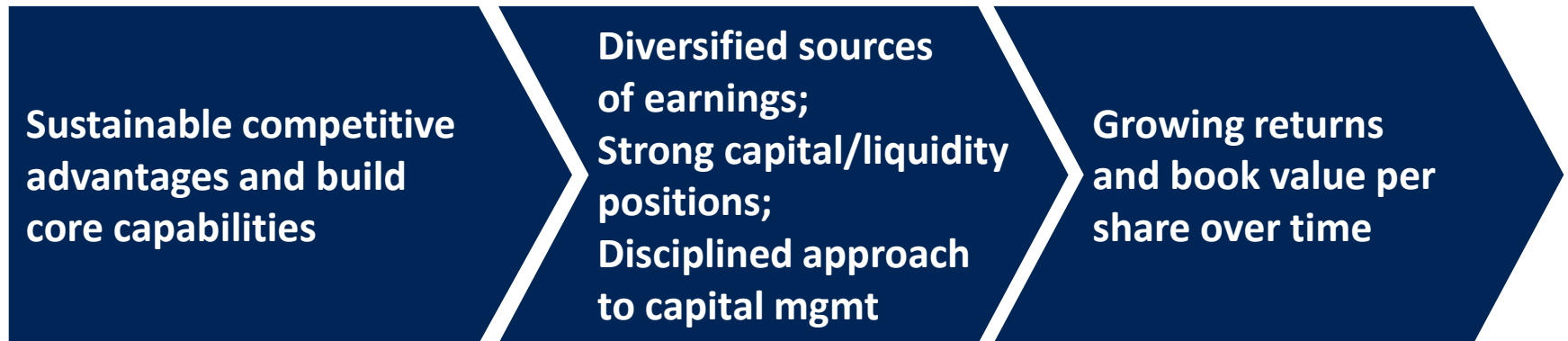


2017 Earned Premium: \$3.7bn

To create value for all of our stakeholders

Create Long-Term Shareholder Value

Leverage competitive advantages to grow returns and BVPS 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, other)

Deliver low double-digit ROE¹ over time

¹ Return on Equity

Key Company Highlights

Experienced Management Team with a History of Delivering Favorable Results

Strong Brand with Three Diversified Businesses Growing Top Line Revenues

Successfully Executing on Strategy to Unlock Embedded Value

Superior Risk Profile and Leading Portfolio Returns

Strong Capitalization and Ample Liquidity with Focused Deployment Priorities



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Experienced Leaders with History of Delivering Results

Increased ability to attract and retain high caliber talent

Joe Lacher

President & Chief Executive Officer

- 25+ years of insurance industry experience; Joined Kemper in 2015;
- Previous experience: Allstate, Travelers

Jim McKinney

SVP & Chief Financial Officer

- 15+ years of finance experience; Joined Kemper in November 2016
- Previous experience: Banc of California, AerCap, RBS Citizens, KPMG

John Boschelli

SVP & Chief Investment Officer

- 25+ years of insurance industry experience; Rejoined Kemper in 1997
- Held various investment, finance and accounting positions

Charles Brooks

SVP, Operations & Systems

- 25+ years of IT and operations experience; Joined Kemper in 2016
- Previous experience: ACE Group, Travelers and Accenture

Tom Evans

SVP, Secretary & General Counsel

- 30+ years of legal experience, majority in the insurance industry
- Joined Kemper in 1992; served in various legal roles

Mark Green

President, Life & Health

- 25+ years of insurance industry experience; Joined Kemper in 2016
- Previous experience: Allstate, AIX Group, Wells Fargo Ins., Chubb

Andy Lau

SVP, Chief Data & Analytics Officer

- 20+ years of data and analytics experience; Joined Kemper in July 2017;
- Previous experience: CNA Insurance, Liberty International

Christine Mullins

SVP, Chief Human Resources Officer

- 25+ years of human resources experience; Joined Kemper in 2016;
- Previous experience: CEO.works, Zurich, Motorola

Duane Sanders

President, P&C

- 30+ years of insurance industry experience; Joined Kemper in 2018
- Previous experience: Travelers, Fortune Financial, Cigna, Progressive

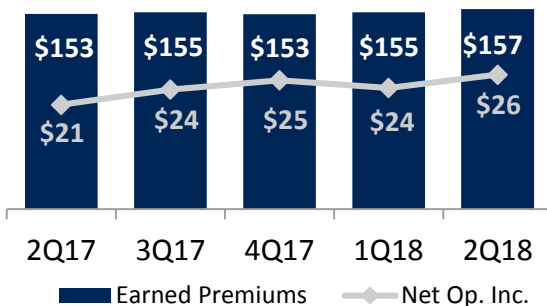
Three Diversified Businesses with Growing Revenues

Stable & predictable L&H cash flow supports P&C growth

Life and Health

16% of LTM Earned Premiums

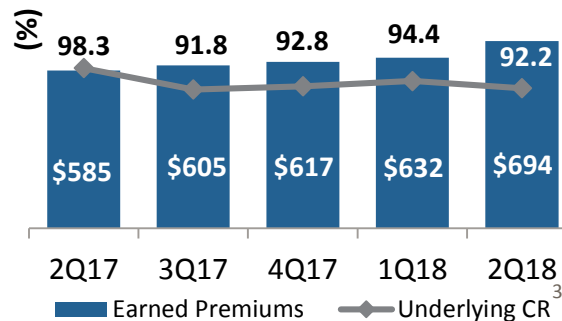
- Provides basic life, accident and health products in 49 states
 - Limited sensitivity to interest rate or stock market volatility
 - Simple products with stable cash flows
- Consists of 2 divisions:
 - Kemper Home Service Companies
 - Reserve National
- Distribution Channels:
 - 2,100 captive home service agents
 - ~3,500 independent agents
 - Employer-sponsored voluntary benefit programs
- Key Risks:
 - Mortality
 - Morbidity



Nonstandard Auto¹

65% of LTM Earned Premiums

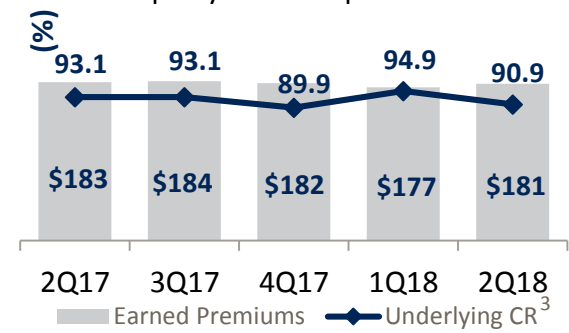
- Seasoned writer providing insurance to this market for more than 65 years
- Acquired Infinity Property & Casualty Corporation in July 2018 and Alliance United in May 2015, both with an emphasis on the Hispanic market
- Emphasis on specialized claims function to address market needs
- Growing new business through products with increased specialization and segmentation
- Distribution Channel:
 - ~25,000 Independent agents
- Key Risks:
 - Auto: Frequency & severity



Preferred Home and Auto²

19% of LTM Earned Premiums

- Offer packaged policies (more than 50 percent of home policies are packaged with auto)
- Distributed by approximately 5,000 independent agents
- Management addressing profitability through claims, rate and underwriting actions
- Catastrophe loss expectations remain in line with long-term pricing expectations
- Obtained reinsurance to reduce volatility from smaller weather events
- Distribution Channel:
 - ~5,000 Independent agents
- Key Risks:
 - Auto: Frequency & severity
 - Property: Catastrophe



¹Pro forma with Infinity Property & Casualty Corporation

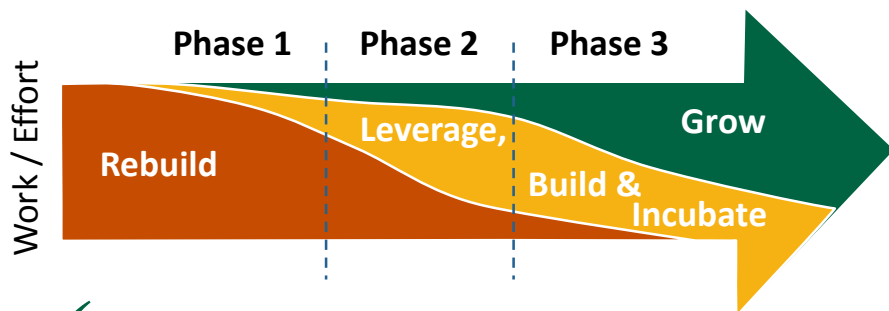
²Includes Home, Preferred Auto and Other Personal Insurance

³Underlying Combined Ratio; Non-GAAP financial measure; see reconciliation in the appendix

Taking the Next Step on Kemper's Journey to Unlock Embedded Value

Acquisition of Infinity increased scale and capabilities in specialty auto

Continued Progress on Specialty Auto Strategic Plan



- ✓ Majority of Phase 1 and Phase 2 initiatives are complete or ahead of schedule
- ✓ Shifting focus towards Phase 3 as a result of improved operating performance
- ➡ Grow and enhance strategic position in key focus markets
- ➡ Scale business platform and enhance product suite
- ➡ Optimize data and analytics capabilities
- ➡ Continue to enhance operational efficiency with claims initiatives

Acquisition of Infinity Accelerates Momentum

- Combines two leading brands in specialty auto insurance
- Increases scale in specialty auto and attractive markets
 - Improves presence in core markets
 - Expands product offering and customer base
 - Deepens agency relationships in urban and Hispanic markets
 - Bolsters growth opportunities
- Better positioned to serve combined customer base
 - Specialization optimizes claims process
 - Efficient expense base enables more competitive pricing
 - Enhanced customer experience
 - Broader product offering enables cross-sell
- Enhances earnings profile and provides significant financial flexibility
 - Improved capital generation capabilities
 - Deploys capital in a strategic acquisition that will meaningfully enhance shareholder value

Combination of two leading specialty businesses improves our ability to provide valuable products at reasonable costs to the combined customer base

Prudent Approach to Risk Management

Multi-line platform enhances risk diversification

Insurance Products

- P&C: Primarily short-tail liabilities allow for flexible repricing to swiftly address frequency and severity trends as they emerge; strong catastrophe and aggregate stop-loss reinsurance programs in place balancing cost and protection
 - L&H: Small face amount limits mortality risk (~\$5,500 per policy in force); no variable annuities or equity-linked products
 - Reduced risk over time by eliminating long-tail commercial lines and major medical products as well as reducing coastal exposures
-

Investments

- Market and interest rate risk is limited as only 12 percent of operating revenues is derived from investments as of year end 2017
 - Approximately 80 percent of portfolio is fixed maturities, of which 90 percent is investment grade
-

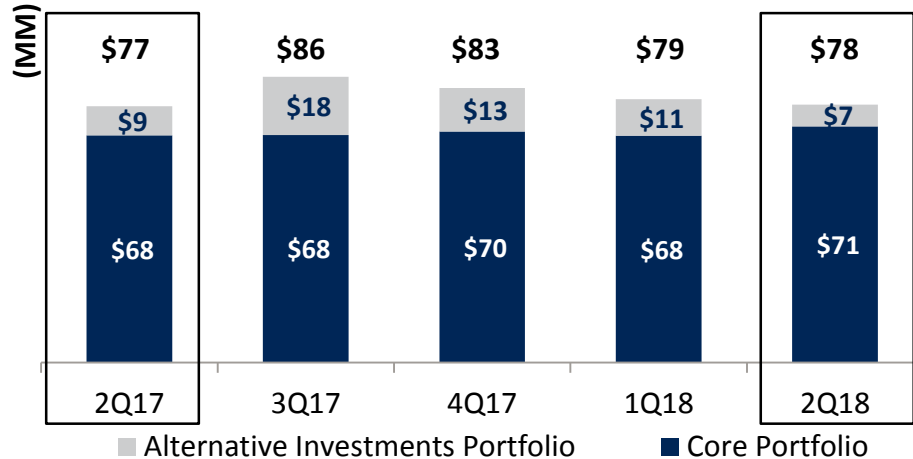
Corporate Profile

- Multi-line operating structure optimizes liquidity, capital, and investment management while enhancing risk diversification through non-correlated distributable cash flows
- Highly rated insurance financial strength ratings (A- Stable or better) demonstrates our commitment to disciplined risk and capital management

Consistent Portfolio Returns: High Quality, Moderate Risk

Core portfolio provides consistent and predictable returns & cash flows

Strong Investment Income Despite Low Rates

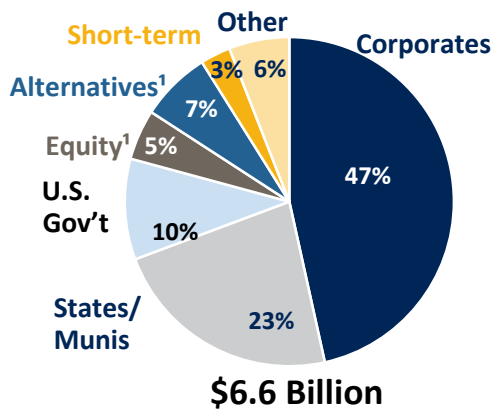


Overview

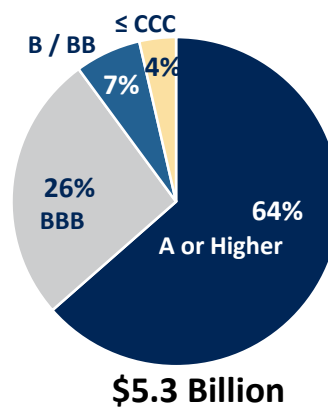
- Investment portfolio produced a pre-tax equivalent annualized book yield of 5.0 percent in 2Q18 compared to 5.2 percent in 2Q17
- After-tax yield increased from 3.4 percent to 3.9 percent due primarily to the tax law change. This resulted in an increase of \$10.5 million after-tax net income
- Alternative investment portfolio, which is designed to provide enhanced returns over time, produced investment income of \$7.0 million in 2Q18
- Core portfolio continues to provide consistent and predictable cash flows; \$3.0 million increase was driven by higher investment base generated by growth in the Life and Specialty books
- More than 80 percent of the total investment portfolio remains comprised of fixed maturity and short-term securities, of which 90 percent is rated investment grade

Diversified & Highly-Rated Portfolio

Portfolio Composition



Fixed Maturity Ratings

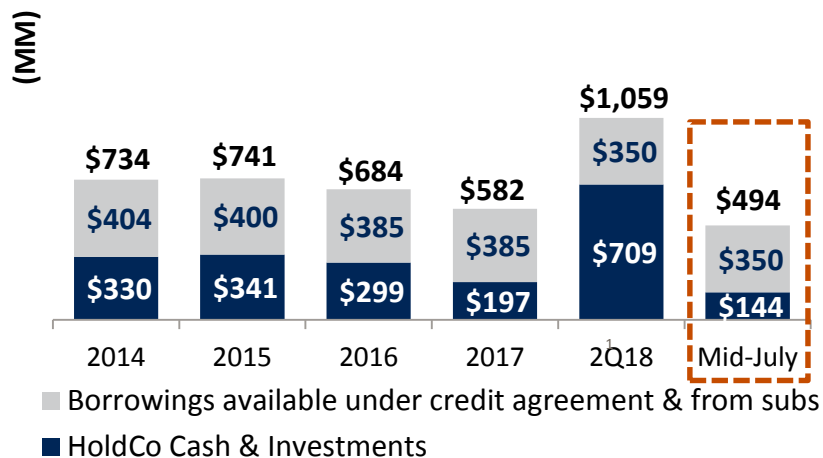


¹ Equity Securities excludes \$260 million of Other Equity Interests of LP/LLC's that have been reclassified into Alternative Investments

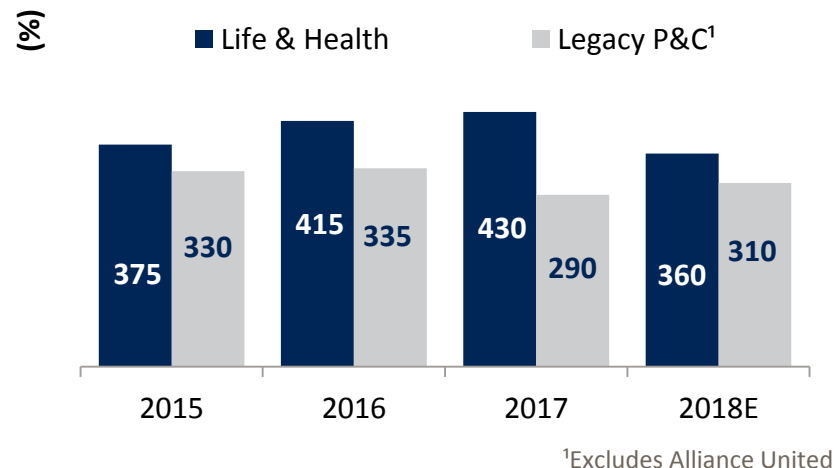
Strong Capital Position with Ample Liquidity

Committed to maintaining debt ratings & optimal financial flexibility

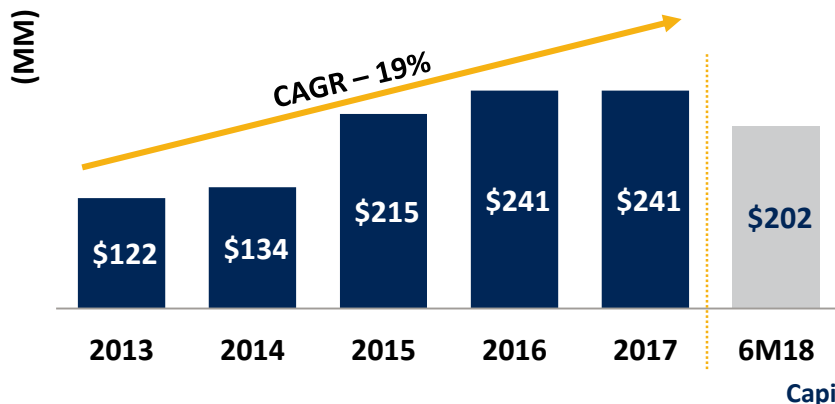
Strong Parent Company Liquidity



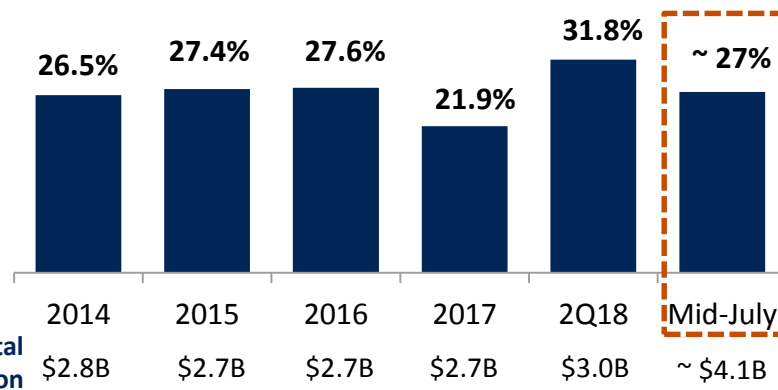
Risk-Based Capital Ratios



Cash Flow from Operating Activities



Debt-to-Capital Historically <30%



Capital position and liquidity resources provide significant financial flexibility

¹ Holdco cash resulted from pre-funding \$564.6 million of cash for the Infinity acquisition

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 our business and meet or exceed our ROE targets over time

2. Return capital to shareholders

- Repurchase shares opportunistically
- Maintain competitive dividends

Capital deployment & management focused on maximizing shareholder value

Infinity Further Enhances the Case for Kemper



Experienced Management Team with a History of Delivering Favorable Results

Enhances Depth and Breadth of Management Team

Strong Brand with Three Diversified Businesses Growing Top Line Revenues

Adds a Powerful Brand, Strengthens Core Capabilities & Improves Geo Diversification

Successfully Executing on Strategy to Unlock Embedded Value

Transaction is 10%+ Accretive to EPS in Year 2 & Immediately Accretive to BVPS

Superior Risk Profile and Leading Portfolio Returns

Similar Risk Philosophies; Investment Portfolio to be Managed by Kemper

Strong Capitalization and Ample Liquidity with Focused Deployment Priorities

PF Debt/Total Cap of Approx. 27%; Normalized to ~22% by 1H 2019





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Appendix

Second Quarter 2018 Highlights

2Q18 vs 2Q17 Operating Results

- Net Income increased from \$36.6 million to \$37.6 million resulting in EPS of \$0.71 and \$0.73, respectively
- Adj Consolidated Net Operating EPS¹ increased from \$0.41 to \$0.70
- Earned Premiums increased \$76 million, or 13 percent; improvements continue to be driven by policies-in-force growth in the Nonstandard Auto business
- Nonstandard Auto increased earned premium by 32 percent and policies in force by 29 percent while improving the Underlying Combined Ratio by 2.0 percentage points
- Life & Health net operating income increased \$6 million
- Net Investment Income of \$78 million continues to provide a consistent income stream

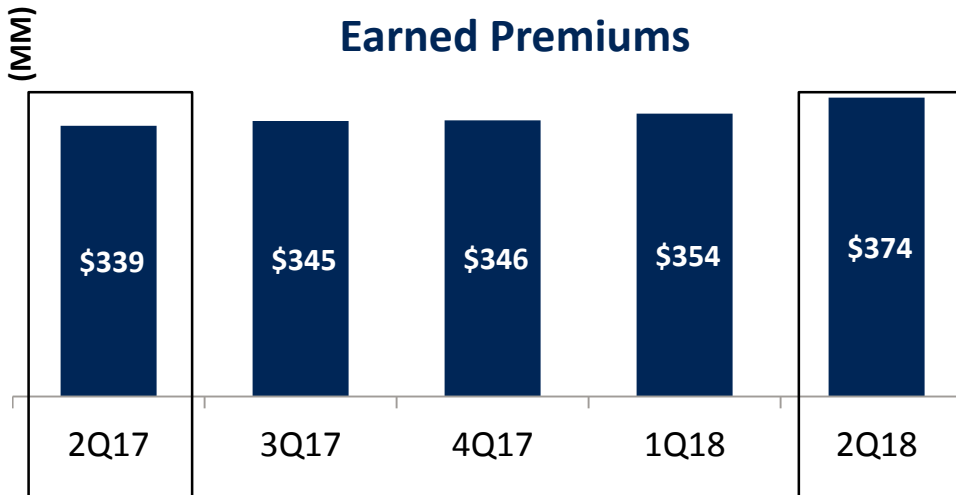
Balance Sheet

- Ample liquidity at holding company post Infinity acquisition
 - Approximately \$500 million of available and contingent liquidity
 - More than \$100 million of excess capital
 - Debt-to-capital ratio of approximately 27 percent

Other

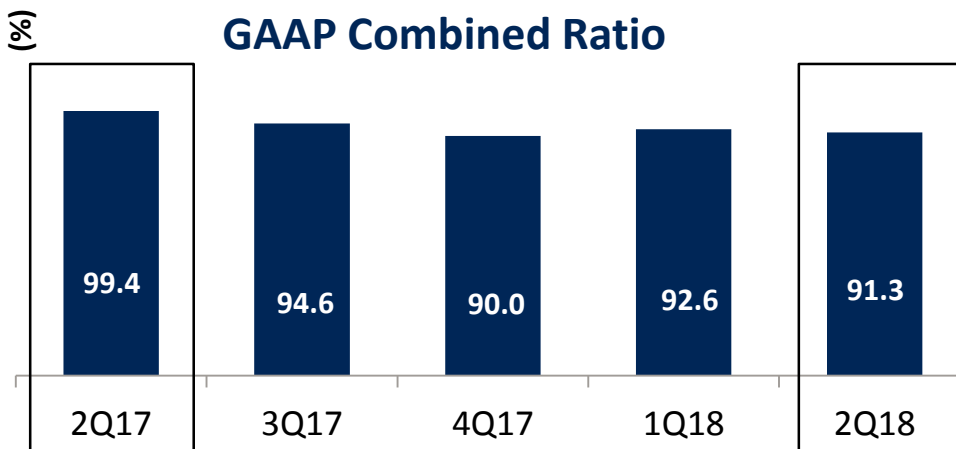
- Amended and extended credit agreement on June 8, 2018
 - Increased revolver capacity to \$300 million
- Closed acquisition of Infinity P&C on July 2, 2018
- Teresa A. Canida elected to Board of Directors effective upon Infinity close

Infinity 2Q 2018 Performance – Not Included in Kemper’s 2Q18 Results



Revenues

- Earned premiums increased 10 percent over the 2Q17, driven by:
 - 5 percent growth of policy-in-force
 - Higher average premiums
- Written premium increased in all states as well as in Commercial Auto



Underwriting Results

- Combined ratio improved by 8.1 percentage points over 2Q17 driven by:
 - Improving loss cost trends in CA & FL
 - Higher average premiums as rate increases earned in
- 2Q17 artificially high by 3.6 percentage points as a result of premium refunds to CA policyholders

Infinity’s strong performance validates our thesis for the acquisition

2018 Reinsurance Program

Aggregate stop-loss program will reduce impact of high-freq, low-severity events

Catastrophe Reinsurance Program (Multi Year)

Placed at 1/1/16	Placed at 1/1/17	Placed at 1/1/18	
	Retention 68.33% of \$100M xs \$250M		
\$200M xs \$150M 2016: 3.00% ROL	\$100M xs \$150M 2017: 3.40% ROL	\$100M xs \$150M 2018: 3.35% ROL	Retention 5% of \$200M xs \$50M
31.67% Placed	31.67% Placed	31.67% Placed	
\$100M xs \$50M 7.00% ROL	\$100M xs \$50M 6.60% ROL	\$100M xs \$50M 6.85% ROL	
31.67% Placed	31.67% Placed	31.67% Placed	
Retention 100% of first \$50M			

- For an event that occurs in 2018, we have coverage of 31.67% of \$300 xs \$50 million from our 1/1/16 treaty.
- We have coverage of 31.67% of \$200 xs \$50 million from our 1/1/17 treaty, and similar coverage from our 1/1/18 treaty.

Aggregate Catastrophe Program

- Coverage
 - \$50 million in excess of \$60 million
 - \$500k deductible per storm
 - Perils: All perils, excluding named storms (i.e. hurricanes) and earthquakes
 - Covered Line: Homeowners
- Pricing
 - \$9 million

2018 Aggregate Catastrophe Reinsurance Program



Review of Infinity Acquisition

Acquisition of Infinity

Consummation of Transaction

- Acquisition of Infinity
 - July 2, 2018, completed acquisition of Infinity
 - Issued 13.2 million shares of Kemper Stock
 - Paid \$564.6 million in cash consideration, partially funded by
 - \$250 million 2-year term loan
 - \$110 million of FHLB borrowings; repaid in full on July 13, 2018

Transaction Economics

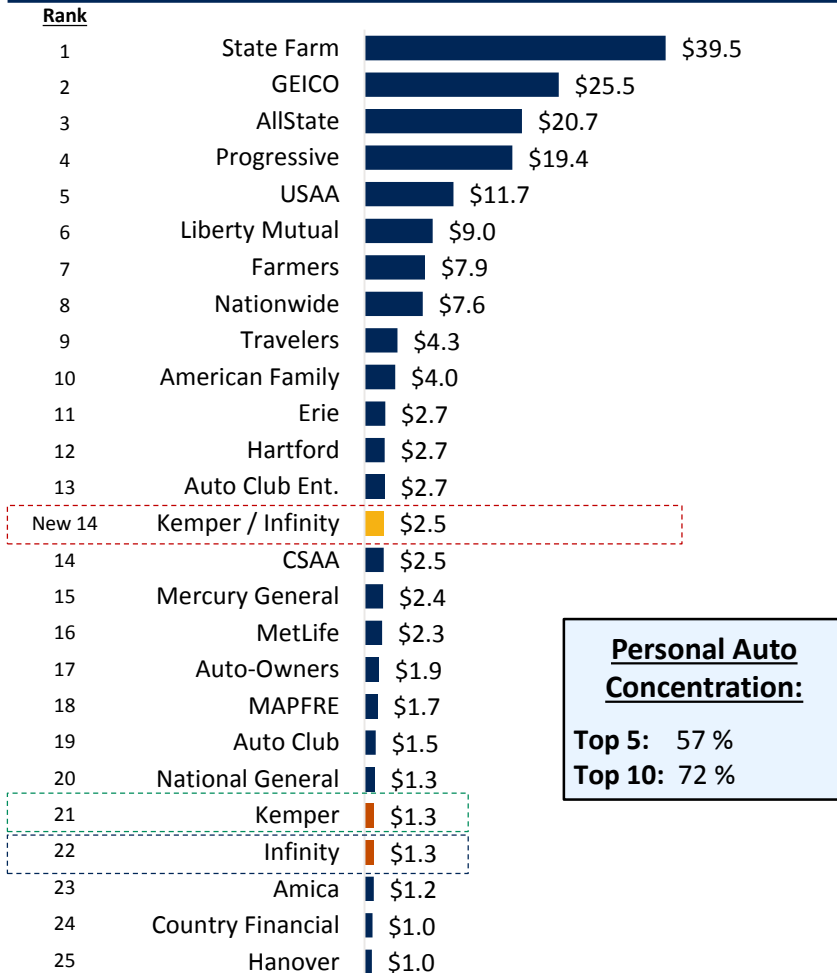
Announcement Date	February 13, 2018
Aggregate Purchase Price Announced (based on 20-Day VWAP of \$64.40 per share)	\$1.4 billion
Closing Date	July 2, 2018
Consideration Paid	
Cash	\$0.6 billion
Stock (based on \$74.525 per share)	<u>\$1.0 billion</u>
Total Consideration Paid	\$1.6 billion

Transaction closed on July 2, 2018; is not included in Kemper 2Q18 results

Industry-Leading Specialty Insurer Focused on Niche Markets

Enhanced Scale in Fragmented Personal Auto Market

2016 NPW (\$bn)



Personal Auto Concentration:
 Top 5: 57 %
 Top 10: 72 %

Scale and Focus to Offer a Valuable Service to Niche Markets

- ✓ Ability to attract and retain key talent
- ✓ Specialized products for specialty customers
- ✓ Improved data and analytical capabilities
- ✓ Claim efficiencies and enhanced repair shop relationships
- ✓ Competitive pricing through lower costs
- ✓ Strengthened agency relationships and expanded urban and Hispanic customer reach

Leading Specialty Brands

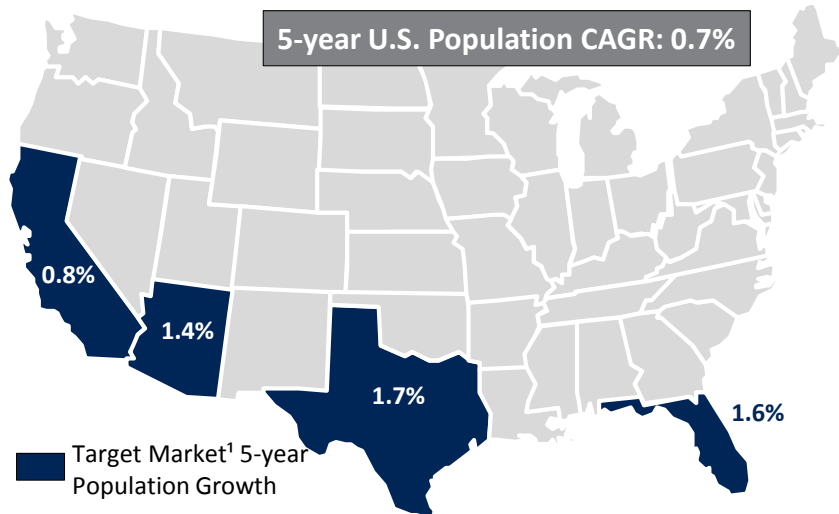


Source: A.M. Best



Infinity's Strong Brand and Capabilities Enhances Service Offering

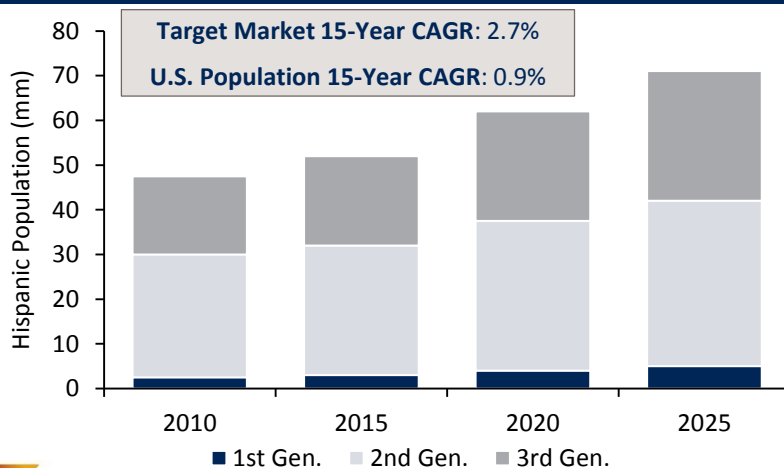
95% of Combined Company Specialty Premiums are Focused in High Growth Markets



Infinity Provides Unique Service Capabilities

- ✓ Specialty insurance represents a historically niche segment with meaningful growth opportunities and further enhances our urban and Hispanic capabilities
- ✓ Infinity's target markets complement Kemper's existing specialty footprint
 - Infinity focused across 15 of the largest urban zones in the U.S.
 - Target markets represent a meaningful percentage of the specialty population and offer a significant premium opportunity
- ✓ Target market¹ total population growth of 1.3% annually over last 5 years (0.7% for U.S.)²
- ✓ The combination with Infinity added unique specialty expertise and service capabilities
 - 550+ repair shop relationships
 - Specialized claims offices in each of the 15 urban zones
 - 85% of service representatives are bilingual
 - 100% of direct sales representatives are bilingual

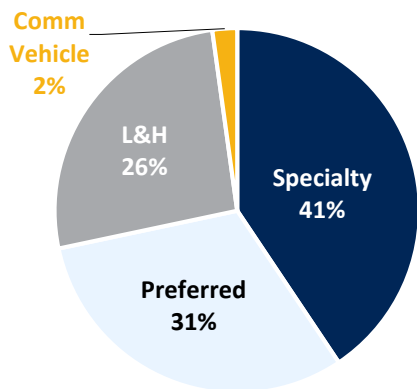
Unique Capabilities to Provide Specialized Products and Services to a Growing Hispanic Community



Strengthens Core Capabilities and Improves Geographic Diversification

Standalone Kemper

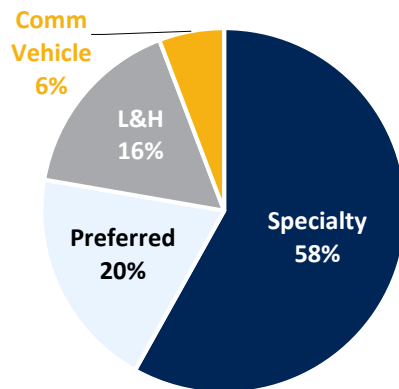
Business Mix



2017 EP: \$2.4bn

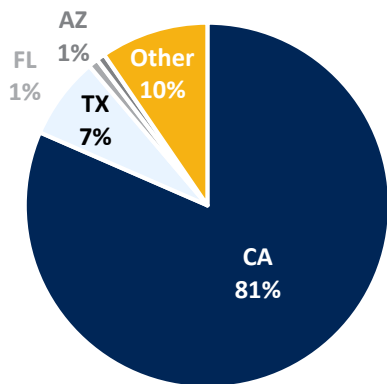
Pro Forma

Business Mix



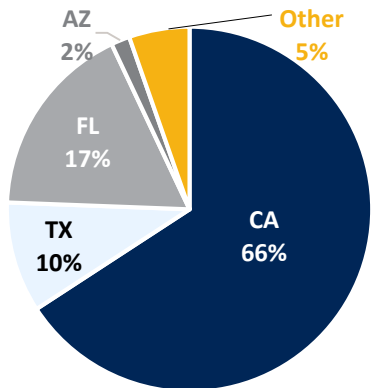
2017 EP: \$3.7bn

Specialty Geographic Distribution



2017 EP: \$1.0bn

Specialty Geographic Distribution



2017 EP: \$2.2bn

- Diversified product offerings focused on niche customers
- Combined entity offers more capital efficiency
- Opportunity to offer life, health, renters products to Infinity customer base
- Commercial auto offers attractive source of growth

- Strengthens specialty premium in key states (i.e., CA, FL, TX)
- Limited agency overlap
- Complementary product offerings

Significant Value Creation Through Combination

In addition to scale benefits of a larger specialty player, each side brings complementary skills to the combined entity



- ✓ Strong product and claim capabilities
- ✓ Low cost and efficient processes
- ✓ Proven growth track record in core markets
- ✓ Specialized products and services provide meaningful value to the urban and Hispanic communities – extensive bilingual capabilities



- ✓ Strong product and claim capabilities
- ✓ Low cost and efficient processes
- ✓ Proven growth track record in core markets
- ✓ Diversified national product portfolio with stable L&H earnings provides capital to support growth
- ✓ Strong investment capabilities

Additional Benefits of a Larger and Scaled Combined Business

- ✓ Increased scale yields stronger claim capabilities and better distribution breadth
- ✓ Ability to retain best in class capabilities and top talent from both organizations
- ✓ Larger premium base to spread fixed costs and investments into product, service and technology
- ✓ Geographic and product diversification enable improved capital management

Shared core capabilities plus unique strengths and added scale create a dynamic, leading specialty franchise - delivering valuable products at reasonable costs to niche customer segments

Financially Compelling & Conservatively Structured Transaction

Financially Compelling	Earned Premium	<ul style="list-style-type: none"> • \$3.7bn of combined earned premiums • ~58% increase in Kemper's 2017 earned premiums
	EPS Accretion	<ul style="list-style-type: none"> • Accretive to EPS (excluding value of business acquired ("VOBA") and one-time items) in Year 1 (first twelve months following close of the transaction) • 10%+ accretive to EPS in Year 2
	ROE Accretion	<ul style="list-style-type: none"> • 30bps+ accretive to return on average common equity ("ROACE") in Year 2 • 400bps+ accretive to return on average tangible common equity ("ROATCE") in Year 2
	Book Value Earnback	<ul style="list-style-type: none"> • Immediately accretive to book value per share • Tangible book value per share returns to its current level in approximately 2 years
	Conservative Capitalization	<ul style="list-style-type: none"> • Pro forma debt to total capitalization of approximately 26.4% - normalized to ~22% by 1H 2019 • Meaningful financial flexibility driven by combined company capital generation capabilities
Meaningful Synergies	Synergies	<ul style="list-style-type: none"> • Estimate \$55mm of fully phased-in pre-tax cost savings to be realized by 2Q 2020 • Approximately \$10-15mm of incremental pre-tax savings related to systems conversions; fully realized by year-end 2022 • An additional \$5-10mm of pre-tax earnings from the repositioning of Infinity's investment portfolio
	One Time and Restructuring	<ul style="list-style-type: none"> • Estimate approximately \$38mm of one-time deal-related expenses and approximately \$72mm of integration expenses • Integration expenses are 1.2x fully phased-in synergies (cost savings plus investment portfolio repositioning)

A strategically and financially compelling transaction meant to create value for both sets of shareholders

Maximizing Execution Certainty – Keys to Success

Created dedicated integration teams to identify and leverage “Best of Breed”

People Integration – IPCC Key Personnel

- Current Infinity leadership remains highly involved post closing
- Expect to retain vast majority of sales, underwriting, claims and customer service employees
- Well-positioned to attract and retain top talent in the specialty segment to increase effectiveness

Culture

- Similar focus on serving niche segments of the personal auto market
- Focus on building brand awareness and bringing new products and services to the segment

Products, Pricing & Underwriting

- Over time leverage increased data and segmentation into product pricing
- Develop additional products that are tailored towards the urban and Hispanic segments

Claims

- Transitioning to one P&C claims platform to improve operational efficiencies and data analytics
- Use best practices to refine approach to claim operations

Systems/Operation Integration

- Executing comprehensive integration plan
- Identifying strengths and weaknesses of current systems and platforms
- Elimination of duplicate systems over time to reduce expenses and gain efficiencies

Experienced integration teams with oversight of Executive Management leads to successful integration

Non-GAAP Financial Measures

Underlying Combined Ratio is a non-GAAP financial measure that is computed by excluding the current year catastrophe and LAE ratio and the prior-year reserve development ratio (both non-catastrophe and catastrophes) from the combined ratio. The most directly comparable GAAP financial measure is the combined ratio, which is computed by adding the total incurred loss and LAE ratio, including the impact of catastrophe losses and loss and LAE reserve development from prior years, with the insurance expense ratio.

Kemper believes the underlying combined ratio is useful to investors and is used by management to reveal the trends in Kemper's property and casualty insurance businesses that may be obscured by catastrophe losses and prior-year reserve development. These catastrophe losses may cause loss trends to vary significantly between periods as a result of their incidence of occurrence and magnitude, and can have a significant impact on incurred losses and LAE and the combined ratio. Prior-year reserve development is caused by unexpected loss development on historical reserves. Because reserve development relates to the re-estimation of losses from earlier periods, it has no bearing on the performance of the company's insurance products in the current period. Kemper believes it is useful for investors to evaluate these components separately and in the aggregate when reviewing its underwriting performance. The underlying combined ratio should not be considered a substitute for the combined ratio and does not reflect the overall underwriting profitability of our business.

Non-GAAP Financial Measures

Underlying Combined Ratio – Continued

	For the Three Months Ended				
	2Q17	3Q17	4Q17	1Q18	2Q18
Kemper Nonstandard Personal Automobile					
Earned Premiums	\$ 233.6	\$ 246.5	\$ 257.8	\$ 266.2	\$ 307.5
Current Year Non-Catastrophe Loss and LAE	183.9	185.5	204.6	202.8	237.8
Current Year Catastrophe Loss and LAE	2.4	1.5	(0.8)	0.2	1.7
Prior Years Non-Catastrophe Losses and LAE	(1.0)	2.1	2.8	0.2	4.2
Prior Years Catastrophe Losses and LAE	-	(0.1)	-	(0.2)	-
Incurred Losses and LAE as Reported	\$ 185.3	\$ 189.0	\$ 206.6	\$ 203.0	\$ 243.7
Insurance Expenses	36.9	39.7	41.5	45.2	46.7
Total Underwriting Losses, LAE & Expenses	\$ 222.2	\$ 228.7	\$ 248.1	\$ 248.2	\$ 290.4
Combined Ratio as Reported	95.1%	92.8%	96.2%	93.3%	94.5%
Current Year Catastrophe Loss and LAE Ratio	(1.0%)	(0.6%)	0.3%	(0.1%)	(0.6%)
Prior Years Non-Catastrophe Losses and LAE Ratio	0.4%	(0.9%)	(1.1%)	(0.1%)	(1.4%)
Prior Years Catastrophe Losses and LAE Ratio	0.0%	0.0%	0.0%	0.1%	0.0%
Underlying Combined Ratio	94.5%	91.3%	95.4%	93.2%	92.5%

	For the Three Months Ended				
	2Q17	3Q17	4Q17	1Q18	2Q18
Kemper Commercial Automobile					
Earned Premiums	\$ 12.7	\$ 13.1	\$ 12.9	\$ 12.2	\$ 12.5
Current Year Non-Catastrophe Loss and LAE	9.9	11.3	10.0	9.5	9.4
Current Year Catastrophe Loss and LAE	0.4	0.2	-	-	0.4
Prior Years Non-Catastrophe Losses and LAE	1.6	(1.3)	(1.1)	(0.7)	(0.1)
Prior Years Catastrophe Losses and LAE	-	(0.1)	-	(0.1)	-
Incurred Losses and LAE as Reported	\$ 11.9	\$ 10.1	\$ 8.9	\$ 8.7	\$ 9.7
Insurance Expenses	2.8	3.0	2.6	2.7	2.3
Total Underwriting Losses, LAE & Expenses	\$ 14.7	\$ 13.1	\$ 11.5	\$ 11.4	\$ 12.0
Combined Ratio as Reported	115.7%	100.0%	89.2%	93.4%	96.0%
Current Year Catastrophe Loss and LAE Ratio	(3.1%)	(1.5%)	0.0%	0.0%	(3.2%)
Prior Years Non-Catastrophe Losses and LAE Ratio	(12.6%)	9.9%	8.5%	5.7%	0.8%
Prior Years Catastrophe Losses and LAE Ratio	0.0%	0.8%	0.0%	0.8%	0.0%
Underlying Combined Ratio	100.0%	109.2%	97.7%	99.9%	93.6%

Non-GAAP Financial Measures

Underlying Combined Ratio – Continued

	For the Three Months Ended				
	2Q17	3Q17	4Q17	1Q18	2Q18
Total Kemper Nonstandard Automobile¹					
Earned Premiums	\$ 246.3	\$ 259.6	\$ 270.7	\$ 278.4	\$ 320.0
Current Year Non-Catastrophe Loss and LAE	193.8	196.8	214.6	212.3	247.2
Current Year Catastrophe Loss and LAE	2.8	1.7	(0.8)	0.2	2.1
Prior Years Non-Catastrophe Losses and LAE	0.6	0.8	1.7	(0.5)	4.1
Prior Years Catastrophe Losses and LAE	-	(0.2)	-	(0.3)	-
Incurred Losses and LAE as Reported	\$ 197.2	\$ 199.1	\$ 215.5	\$ 211.7	\$ 253.4
Insurance Expenses	39.7	42.7	44.1	47.9	49.0
Total Underwriting Losses, LAE & Expenses	\$ 236.9	\$ 241.8	\$ 259.6	\$ 259.6	\$ 302.4
Combined Ratio as Reported	96.2%	93.1%	95.9%	93.2%	94.5%
Current Year Catastrophe Loss and LAE Ratio	(1.1%)	(0.7%)	0.3%	(0.1%)	(0.7%)
Prior Years Non-Catastrophe Losses and LAE Ratio	(0.2%)	(0.3%)	(0.6%)	0.2%	(1.3%)
Prior Years Catastrophe Losses and LAE Ratio	0.0%	0.1%	0.0%	0.1%	0.0%
Underlying Combined Ratio	94.8%	92.3%	95.6%	93.5%	92.6%

	For the Three Months Ended				
	2Q17	3Q17	4Q17	1Q18	2Q18
Infinity					
Earned Premiums	\$ 339.1	\$ 345.0	\$ 345.9	\$ 354.0	\$ 374.3
Current Year Non-Catastrophe Loss and LAE	278.6	252.3	248.4	273.6	277.4
Current Year Catastrophe Loss and LAE	1.7	15.1	(0.9)	(0.1)	1.4
Prior Years Non-Catastrophe Losses and LAE	(6.7)	(4.1)	(1.3)	(8.9)	(3.6)
Prior Years Catastrophe Losses and LAE	-	-	-	-	-
Incurred Losses and LAE as Reported	\$ 273.6	\$ 263.3	\$ 246.2	\$ 264.6	\$ 275.2
Insurance Expenses (Less Install & Other Fee Inc)	63.5	63.3	65.2	63.1	66.5
Total Underwriting Losses, LAE & Expenses	\$ 337.1	\$ 326.6	\$ 311.4	\$ 327.7	\$ 341.7
Combined Ratio as Reported	99.4%	94.6%	90.0%	92.6%	91.3%
Current Year Catastrophe Loss and LAE Ratio	(0.5%)	(4.4%)	0.3%	0.0%	(0.4%)
Prior Years Non-Catastrophe Losses and LAE Ratio	2.0%	1.2%	0.4%	2.5%	1.0%
Prior Years Catastrophe Losses and LAE Ratio	0.0%	0.0%	0.0%	0.0%	0.0%
Underlying Combined Ratio	100.9%	91.4%	90.7%	95.1%	91.9%

Non-GAAP Financial Measures

Underlying Combined Ratio – Continued

	For the Three Months Ended				
	2Q17	3Q17	4Q17	1Q18	2Q18
Total Kemper NSA¹ Pro Forma with Infinity					
Earned Premiums	\$ 585.4	\$ 604.6	\$ 616.6	\$ 632.4	\$ 694.3
Current Year Non-Catastrophe Loss and LAE	472.4	449.1	463.0	485.9	524.6
Current Year Catastrophe Loss and LAE	4.5	16.8	(1.7)	0.1	3.5
Prior Years Non-Catastrophe Losses and LAE	(6.1)	(3.3)	0.4	(9.4)	0.5
Prior Years Catastrophe Losses and LAE	-	(0.2)	-	(0.3)	-
Incurring Losses and LAE as Reported	\$ 470.8	\$ 462.4	\$ 461.7	\$ 476.3	\$ 528.6
Insurance Expenses	103.2	106.0	109.3	111.0	115.5
Total Underwriting Losses, LAE & Expenses	\$ 574.0	\$ 568.4	\$ 571.0	\$ 587.3	\$ 644.1
Combined Ratio as Reported	98.1%	94.0%	92.6%	92.9%	92.8%
Current Year Catastrophe Loss and LAE Ratio	(0.8%)	(2.8%)	0.3%	(0.0%)	(0.5%)
Prior Years Non-Catastrophe Losses and LAE Ratio	1.0%	0.5%	(0.1%)	1.5%	(0.1%)
Prior Years Catastrophe Losses and LAE Ratio	0.0%	0.0%	0.0%	0.0%	0.0%
Underlying Combined Ratio	98.3%	91.8%	92.8%	94.4%	92.2%

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 securities, net realized gains on sales of investments and net impairment losses recognized in earnings related to investments included in Kemper's results may vary significantly between periods and are generally driven by business decisions and external economic developments such as capital market conditions that impact the values of the company's investments, the timing of which is unrelated to the insurance underwriting process.

Per Unrestricted Share	For the Three Months Ended				
	2Q18	1Q18	4Q17	3Q17	2Q17
Adj. Consolidated Net Operating Income - Diluted	\$ 0.70	\$ 1.10	\$ 0.60	\$ 0.85	\$ 0.41
Net Income From:					
Income from Change in Fair Value of Equity Securities	0.01	0.01	-	-	-
Net Realized Gains on Sales of Investments	0.06	0.04	0.14	0.10	0.33
Net Impairment Losses Recognized in Earnings	-	(0.01)	(0.05)	(0.03)	(0.03)
Acquisition Related Transaction and Integration Costs	(0.04)	(0.12)	-	-	-
Income from Continuing Operations - Diluted	<u>\$ 0.73</u>	<u>\$ 1.02</u>	<u>\$ 0.69</u>	<u>\$ 0.92</u>	<u>\$ 0.71</u>