Third Quarter 2022 Earnings

November 2, 2022

KEMPER

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. We caution investors that these forward-looking statements are not guarantees of future performance, and actual results may differ materially. Such statements involve known and unknown risks, uncertainties, and other factors, including but not limited to:

- changes in the frequency and severity of insurance claims;
- claim development and the process of estimating claim reserves;
- the impacts of inflation;
- supply chain disruption;
- product demand and pricing;
- effects of governmental and regulatory actions;
- litigation outcomes;
- investment risks;
- cybersecurity risks;
- impact of catastrophes; and
- other risks and uncertainties detailed in Kemper's Annual Report on Form 10-K and subsequent filings with the Securities and Exchange Commission ("SEC").

The COVID-19 outbreak and subsequent global pandemic ("Pandemic") is an extraordinary catastrophe that creates unique uncertainties and risks. Kemper cannot provide any assurances as to the impacts of the Pandemic and related economic conditions on Kemper's operating and financial results.

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, including any such statements related to the Pandemic.

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.

Leading Insurer Empowering Specialty and Underserved Markets

Enabled by a dynamic, diverse and innovative team who act like owners

KEMPER

KEMPER Auto

Specialty auto insurance for underserved markets; Latino, Hispanic and urban areas

Delivering appropriate and affordable insurance and financial solutions

KEMPER Life

Life insurance for low/modest income customers

Target Markets	Require unique expertise	Have limited or unfocused competition	Enable systematic, sustainable competitive advantages
Differentiated Capabilities	• Product sophistication • Loss cost management	• Ease of use • Distribution	• Capital management • Cost management • Organization development

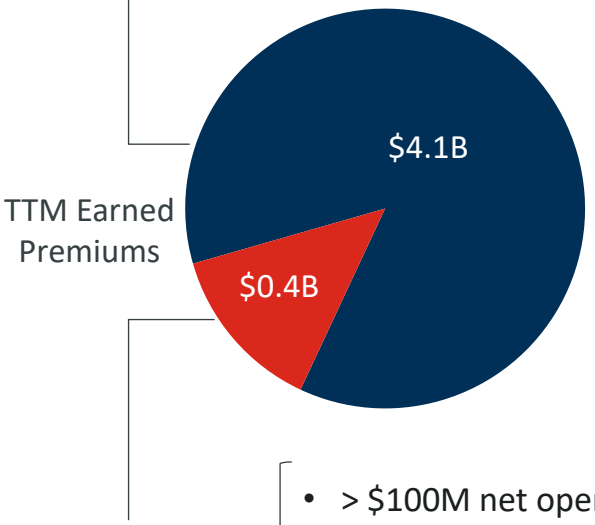
Target top quartile value creation for customers, employees and shareholders

Go Forward Strategy to Maximize Value Creation

Strengthening capabilities in our core businesses

KEMPER Auto

- $92.8% average, underlying combined ratio pre-pandemic[1]
- 12.5 pts combined ratio improvement since 4Q'21[2]



TTM Earned Premiums

KEMPER Life

- > $100M net operating income pre-pandemic
- Mortality trending towards pre-pandemic levels

Executing On-Plan

1. Improving Combined Ratio – 12.5 pt. improvement since 4Q'21
2. Streamlining Operating Model
   1. Greater than $150M reduction in annual expense savings
   2. Initiated strategic review of Personal Insurance business
   3. Complete divestiture of Kemper Health in 4Q'22
3. Optimizing Capital Structure - $300M release of trapped capital

Levers for Future

1. Reciprocal structure – Transitioning P&C personal lines underwriting to fee-based, lower capital model
2. Bermuda optimization – ~$100M release of additional trapped capital
3. Flexibility to redeploy capital to the highest value opportunities

Operating model enhancements to enable productivity and growth

[1] *Represents average underlying combined ratio for specialty P&C from 2018 – 2020.*
[2] *Improvement in specialty P&C's underlying combined ratio from 4Q'21 – 3Q'22.*

Third Quarter 2022 Highlights

Lower incremental severity combined with profit actions drove sequential improvement

Macroeconomic Environment	***Inflation pressures continued to impact the insurance sector*** • Elevated severity trend continued to impact auto insurers, albeit at a slower rate of change • New money yields increasing long-term spread margin – new rates exceeding yield maturities by ~140 bps

Actions Taken	***Ongoing profit restoration actions; aggressively pursuing all improvement opportunities***
	• Rate-taking activities exceeded forecast;
	  • Specialty P&C Personal Auto - Filed an additional 16% increase on 7% of the book
	  • Preferred P&C Personal Auto - Filed an additional 18% increase on 40% of the book
	• Cumulative written rate benefits will continue to earn in at an accelerated rate
	  • Specialty P&C Personal Auto – 37 points of rate on 43% of the book since Q2'21
	  • Preferred P&C Personal Auto – 13 points of rate on 69% of the book since Q2'21

3rd Quarter Results	***Higher earned rates and non-rate actions drove profit improvement sequentially*** • Net loss of $76M (-$1.19/sh), as reported, or $73M (-$1.14/sh), as adjusted[1] • Adjusted consolidated net operating loss[2] of $31M (-$0.48/sh), as reported, or $27M (-$0.42/sh), as adjusted[1] • -10% ROAE[2,3], -17% ROAE[2,3], excluding net unrealized (gain)/loss on fixed maturities and goodwill[1]
Balance Sheet Strength	***Strong capital and liquidity enable us to navigate environmental challenges*** • Holding company remains a source of strength for subsidiaries with nearly $1.4B of liquidity • Capital efficiency enhancements to strengthen financial flexibility

[1] *As adjusted for acquisition; see reconciliation on pages 28-30*
[2] *Non-GAAP financial measure; please see reconciliation in appendix on pages 22-27*
[3] *Return on average shareholders' equity (5-point average)*

Third Quarter 2022 Financial Highlights

Improvement driven by ongoing profit restoration actions

($ in millions, except per share amounts)	Quarter Ended Sep 30, 2022	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021
Net Income (Loss) – Per Diluted Share	$(1.19)	$(1.17)	$(1.49)	$(1.66)	$(1.18)
Adj. Consolidated Net Op. Income (Loss) – Per Diluted Share[1]	$(0.48)	$(0.62)	$(0.94)	$(2.05)	$(1.19)
Tangible BV Per Common Share excluding unrealized gains[1]	$30.08	$31.48	$32.86	$34.44	$36.33
Return on Avg. Tangible Common Equity[1]	(16.7)%	(15.9)%	(14.4)%	(4.9)%	3.2%
Dividend Paid to Shareholders Per Share	$0.31	$0.31	$0.31	$0.31	$0.31
Life Face Value of In-Force Growth	0.0%	1.0%	2.1%	2.9%	3.2%
Specialty Earned Premium Growth[2]	(2.7%)	3.4%	5.8%	6.0%	6.7%
Specialty PIF Growth / (Decline)	(14.2%)	(9.1%)	(0.9)%	4.5%	4.3%
	As Adjusted[2]				
Net Income (Loss) – Per Diluted Share	$(1.14)	$(1.12)	$(1.43)	$(1.59)	$(1.08)
Adj. Consolidated Net Op. Income (Loss) – Per Diluted Share[1]	$(0.42)	$(0.57)	$(0.89)	$(1.98)	$(1.08)

Actions taking hold and earning in at an accelerated rate

[1] *Non-GAAP financial measure; see reconciliation in appendix on pages 22-27; excludes impact of purchase accounting*
[2] *As adjusted for acquisition; see reconciliation on pages 28-30*

Third Quarter 2022 – Key Updates

Increasing capital flexibility and growing liquidity positions

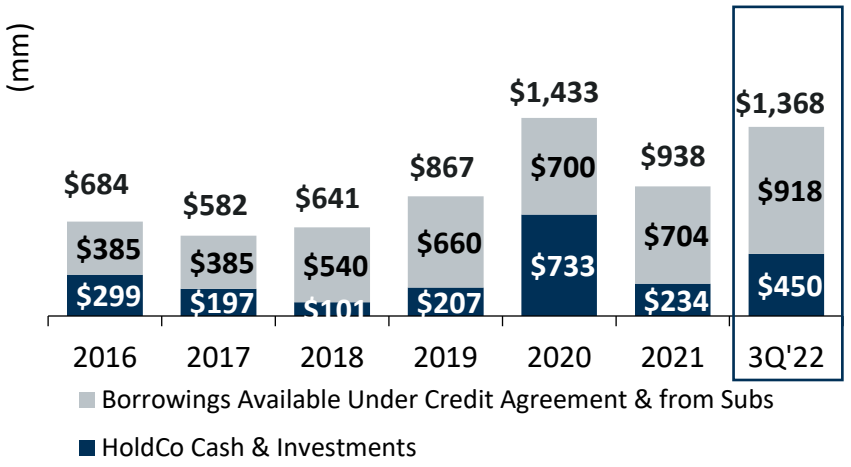
1. **Offshore captive**
   - Completed the cessation of 80% of Kemper's Life business to Kemper Bermuda Ltd.
   - Enabled $300M extraordinary dividend to the parent
2. **Capital deployment actions**
   - Focused on deleveraging to return to our long-term target of 17 – 22% debt-to-capital range
   - Earmarked $150M for debt paydown
3. **Long Duration Targeted Improvements (LDTI)**
   - New guidance effective as of January 1, 2023, with a transition date of January 1, 2021
   - Using the discount rates as of September 30, 2022, the after-tax transition impact on Shareholders' Equity is estimated to be an increase of $175 to $275M
4. **Asset Liability Management (ALM)**
   - Evaluate Life liabilities using both an economic and accounting view to mitigate long-term economic risk and short-term valuation mismatches
   - Rate risk managed to less than $15M annually; short-term valuation volatility managed to less than $100M
   - Q3'22 rate and short-term valuation volatility impact from LDTI was a gain of ~$20M after-tax

Initiatives intended to further strengthen balance sheet and mitigate risk

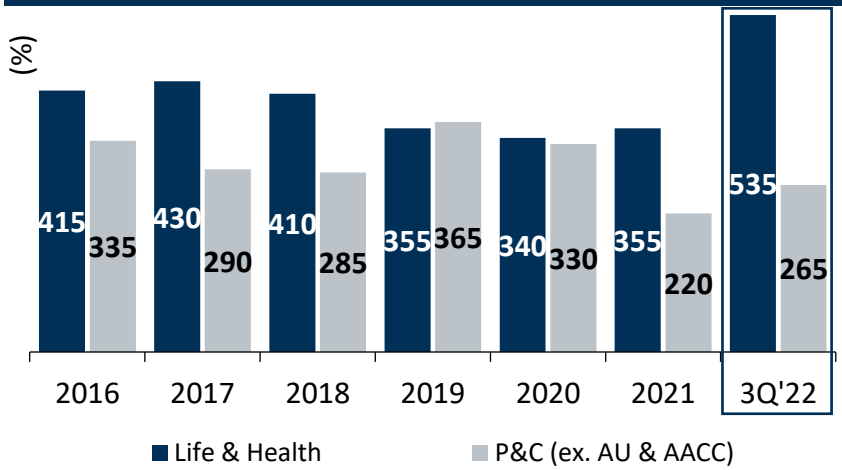
Strong Balance Sheet with Well-Funded Insurance Entities

Significant capital and liquidity positions

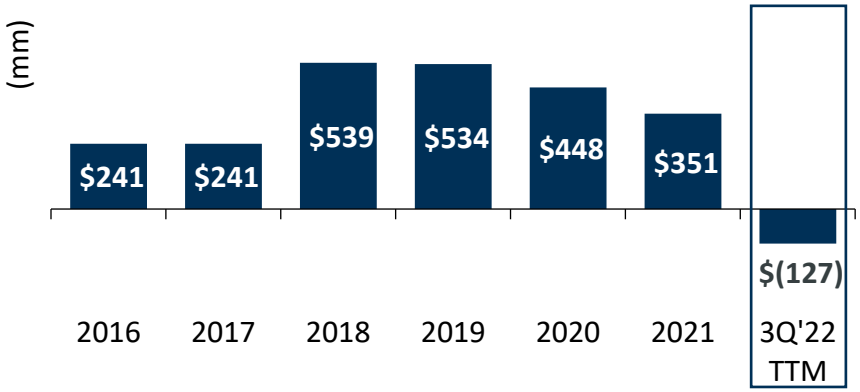
Parent Company Liquidity



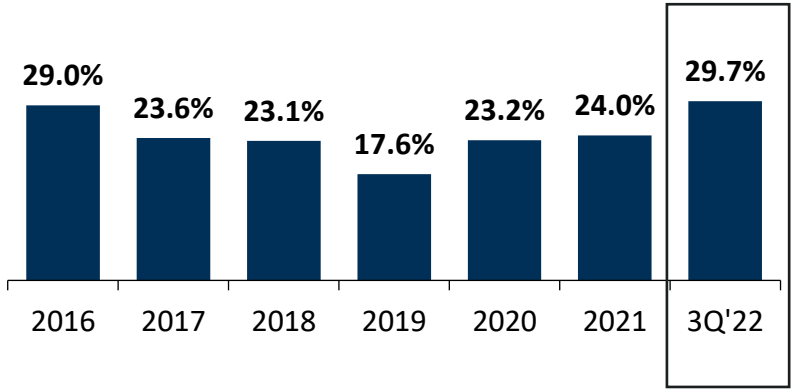
Risk-Based Capital Ratios[1]



Cash Flow from Operating Activities



Debt-to-Capital[2]



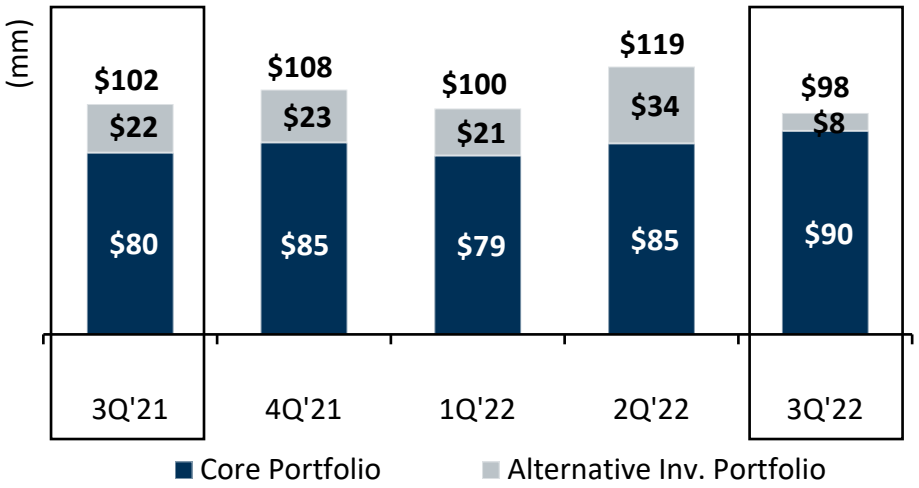
Positioned to navigate this environment and restore the business to profitability

[1] *The 3Q'22 Risk-Based Capital Ratios are calculated at the Company Action Level and are estimated. Actual RBC levels are likely to differ materially from these estimates, as they will be affected by numerous market inputs, none of which will be known prior to September 30, 2022.*

[2] *Excludes AOCI: closely aligns with rating agencies and post LDTI implementation*

Diversified Investment Portfolio with Consistent Returns

Net Investment Income

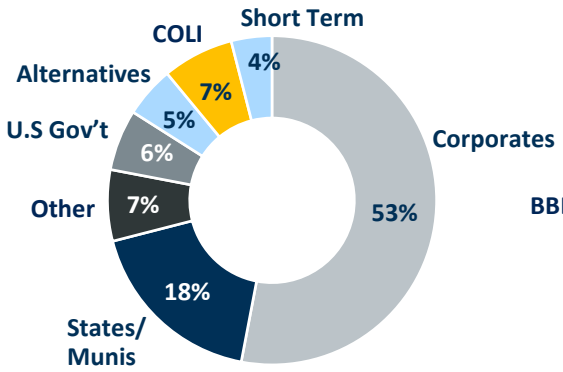


Highlights

- High quality and liquid portfolio provides safety and opportunity in volatile markets
- New investment yields at 10-year highs[2] up 250-275 bps over prior-year
- 4.2% PTE annualized book yield, core portfolio income reflective of rising rate environment
- ~$275-$325M of Fixed Income portfolio subject to reinvestment in 2023

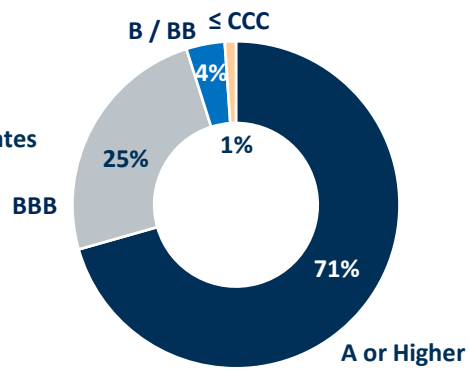
Diversified & Highly-Rated Portfolio

Portfolio Composition[1]



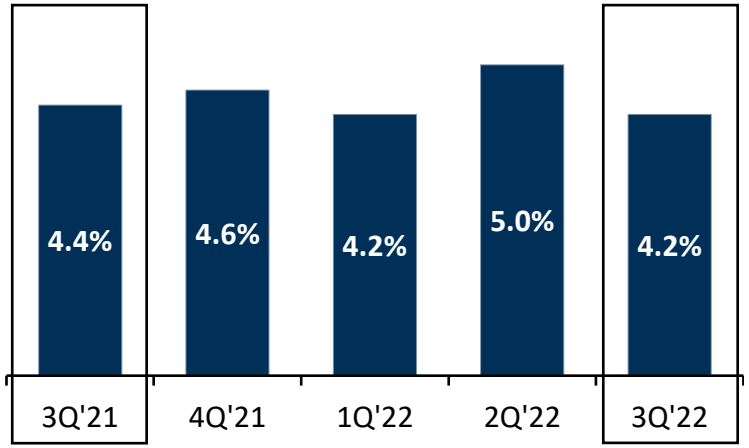
$8.7 Billion

Fixed Maturity Ratings



$6.7 Billion

Pre-Tax Equiv. Annualized Book Yield



[1] *Includes securities classified as Held-for-Sale Assets on the Condensed Consolidated Balance Sheets; Other category includes Equities securities which excludes $217M of Other Equity Interests of LP/LLC's that have been reclassified into Alternative Investments; COLI represents* Company Owned Life Insurance. [2]*Bloomberg single-A rated corporate credit index, September 2022*

Specialty Property & Casualty Insurance Segment[1]

Margins impacted by broad inflation pressures

Highlights

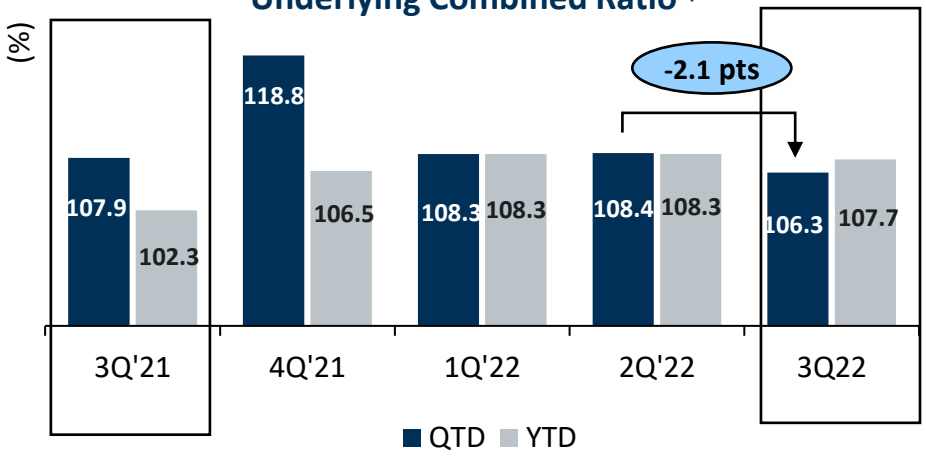
- Earned rate and non-rate actions exceeded incremental severity
- Filed rate actions outpaced projections and earned rate continues to accelerate
- No prior year adverse development
- Commercial Vehicle continued strong year-over-year momentum:
  - Net written premium growth of 34%
  - Policies in-force growth of 16%
  - Year-to-date underlying combined ratio of 92.7%

Metrics *($ in millions)*	3Q'22	3Q'21	Change vs. 3Q'21
Earned Premiums	$1,000	$1,028	(2.7%)
Underlying Loss & LAE Ratio[2]	86.8%	89.9%	(3.1pts)
Underlying Expense Ratio[2]	19.5%	18.0%	1.5pts
Policies In-Force (000)	1,922	2,239	(14.2%)

Specialty PPA (Rate Change Activity Since 2Q'21)

	Rate Actions[3]				Overall Impact	
	Filed		Effective[4]		Written	Earned
	% Prem Impacted	*Wtd Avg Rate*	*% Prem Impacted*	*Wtd Avg Rate*	Cumulative Impact on Specialty Personal Auto Book	
2Q'22	30%	19%	33%	19%	9.1%	2.4%
3Q'22	7%	16%	6%	15%	13.7%	4.7%
4Q'22	~14%	~5%	~14%	~5%	~14.6%	~7.8%

Underlying Combined Ratio[1,2]



Business on track for underwriting profitability in 2023

[1] *As adjusted for acquisition; see reconciliation on pages 28-30;*
[2] *Non-GAAP financial measure; see reconciliation in appendix on pages 22-27; excludes impact of purchase accounting;*
[3] *Represents the percent of total book impacted in the quarter and the weighted average rate of actual filings;* [4] *Period rate goes into effect*

Preferred Property & Casualty Insurance Segment

Margin improvement impacted by seasonality during the quarter

Highlights

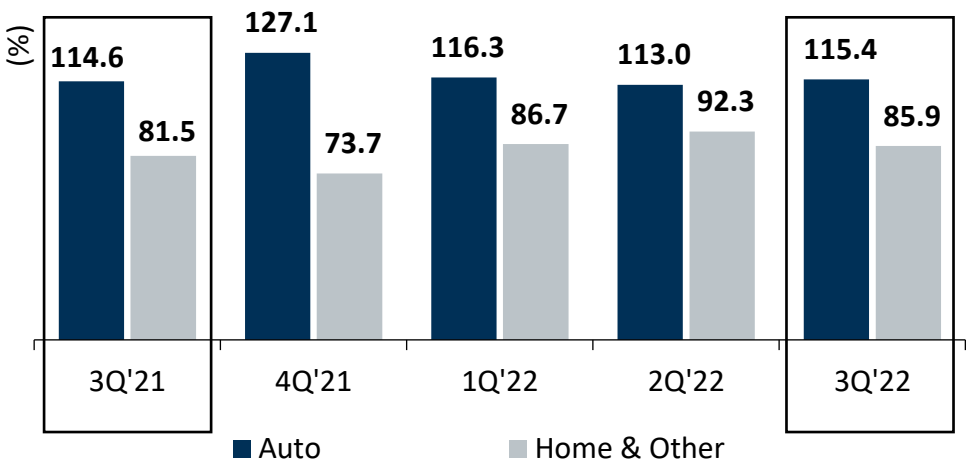
- Higher earned rates and non-rate actions reduced the impact of incremental severity
- Filed rate activity exceeded expectations
- Notable post quarter rate approvals:
  - 14.9% NY Prime auto
  - 6.8% CA property
- Catastrophe losses lower vs prior year; Hurricane Ian pre-tax losses ~$2M

Metrics *($ in millions)*	3Q'22	3Q'21	Change vs. 3Q'21
Auto			
Earned Premiums	$90	$103	(12.6)%
Policies In-Force (000)	170	208	(18.3)%
Home & Other			
Earned Premiums	$60	$61	(1.6)%
Policies In-Force (000)	181	216	(16.2)%

Preferred Personal Auto (Rate Change Activity Since 2Q21)

	Rate Actions[2]				Overall Impact	
	Filed		Effective[3]		Written	Earned
	% Prem Impacted	*Wtd Avg Rate*	*% Prem Impacted*	*Wtd Avg Rate*	Cumulative Impact on Preferred Personal Auto Book	
2Q'22	33%	7%	18%	9%	6.6%	1.3%
3Q'22	40%	18%	33%	7%	9.2%	2.5%
4Q'22	~9%	~15%	~22%	~14%	~11.9%	~4.0%

Underlying Combined Ratio[1]



Focus remains on profitability improvement and inflation mitigation

[1] *Non-GAAP financial measure; please see reconciliation in appendix on pages 22-27*
[2] *Represents the percent of total book impacted in the quarter and the weighted average rate of actual filings;*
[3] *Period rate goes into effect*

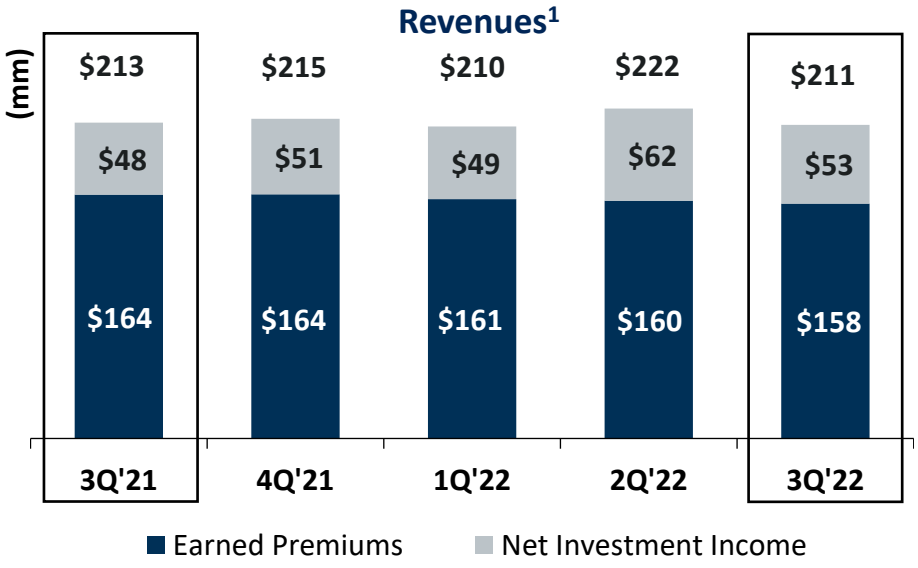
Life & Health Insurance Segment

On path to return to pre-pandemic profitability as COVID-related headwinds subside

Highlights

- Annualized Life new business sales at pre-Pandemic levels
- Excess mortality continues to moderate
  - Pre-tax profitability improvement driven by subsiding COVID-related headwinds
- New money yields increasing long-term spread margin – new rates exceeding yield maturities by ~100 bps
- On track to complete the divestiture of Kemper Health in 4Q'22

Metrics *($ in millions, except per policy amounts)*	3Q'22	3Q'21	Change vs. 3Q'21
L&H			
Net Operating Income	$13	$3	333%
Life			
Face Value of In-Force	$20,408	$20,415	0.0%
Avg. Face per Policy	$6,292	$6,148	2.3%
Avg. Premium per Policy Issued[2]	$575	$531	8.3%



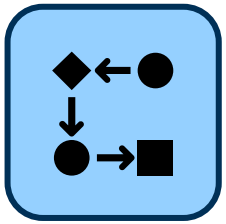
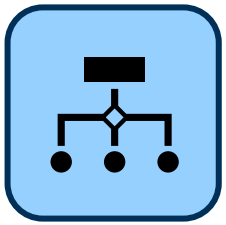
Profitability improving as mortality normalizes towards pre-Pandemic levels

Note: Chart may not balance due to rounding
[1] *Excludes other income and solar credit impairment*
[2] *Annual basis*

Operating Model Enhancements to Enable Productivity & Growth

Advancing differentiated capabilities strengthen systematic, sustainable competitive advantages

- Restructuring and integration to produce annualized savings of greater than $150M
- Over the next three years, expect to incur pre-tax charges of $150-$200M

	Initiative Overview	Timing	Run-Rate Impact
	• Loss Adjustment Expense (LAE) Improvements	• 50% savings by YE'23 • 75% savings by YE'24 • 100% savings by YE'25	2.5 - 3.0 pts
	• Enterprise Expense Initiatives (ex-Real Estate & LAE)	• Ongoing	$60-$70M[1]
	• Real Estate Optimization	• 25% savings by YE'22 • 100% savings by YE'23	$10M[1]

Initiatives accelerate return to profitability and enhance long-term value creation

[1]*Enterprise expense initiatives and real estate optimization run-rate impact on a pre-tax basis*

Corporate Structure Initiatives

Offshore Captive has been established, Reciprocal Structure set-up is underway

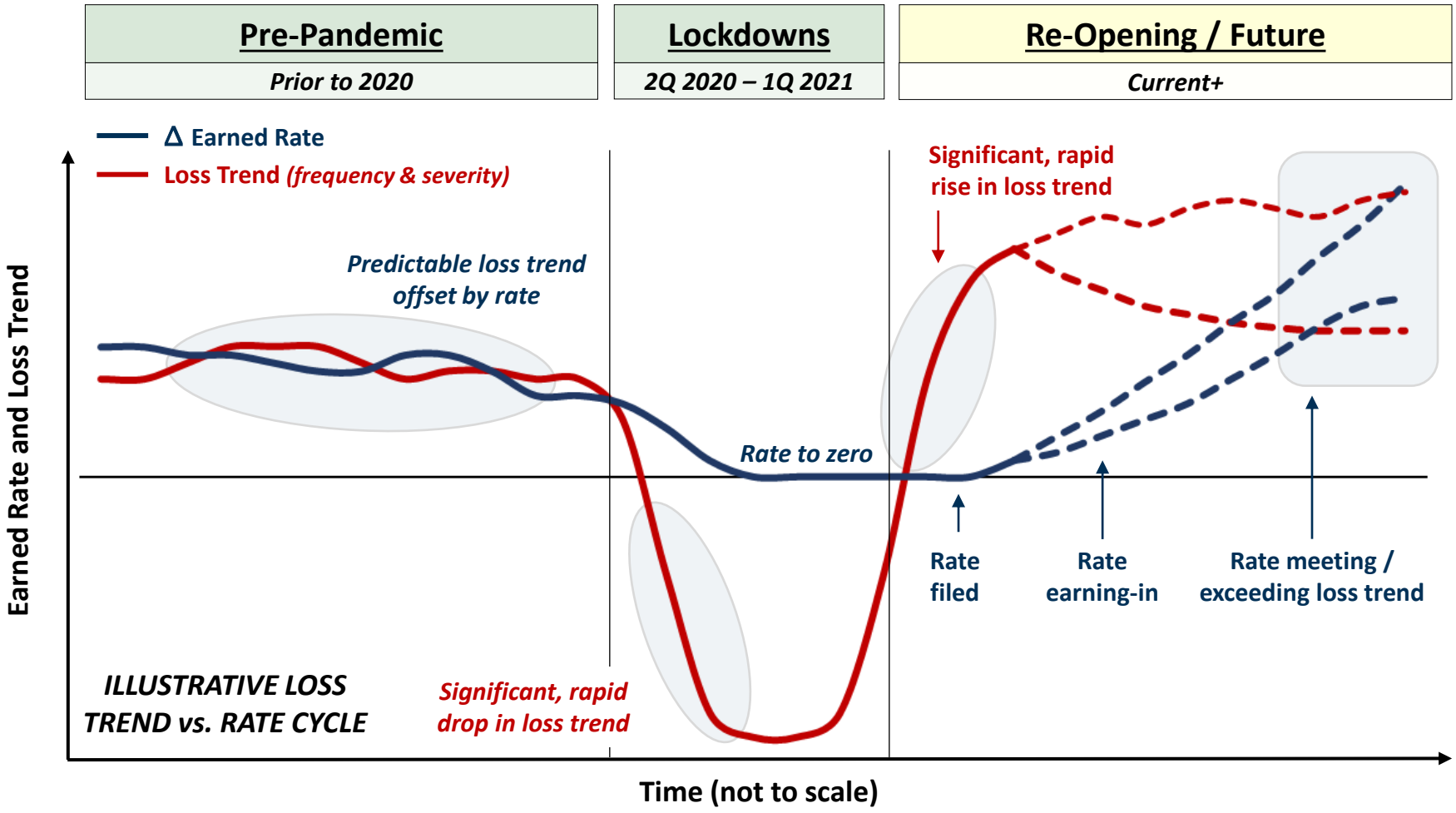
1. **Offshore captive improves short and long-term capital efficiency**
   - Established Bermuda captive as a wholly-owned subsidiary
   - Reinsured 80% of existing Life business to the captive, unlocking substantial trapped capital
   - Initiative resulted in $300M of additional liquidity and capital availability
2. **Establishing a reciprocal structure for P&C personal lines underwritings**
   - Benefits
     - Converts P&C personal lines underwriting to a fee-based service model
     - Anticipated reduction in capital requirements by over 50%
     - Transition will take ~5-7 years
     - Capital release will be largely back ended, dependent on the time it takes for the exchange to become self-sufficient, allowing for subsequent deconsolidation
   - Next steps
     - In advanced stage of the planning process and intend to submit our plan to regulators in 4Q‘22
     - Expect to begin writing business within the reciprocal during 3Q'23

Corporate structure initiatives help maximize Kemper’s capital efficiency

Appendix

Implementing Pricing and Underwriting Actions to Combat Trend

*Actions take time to earn into financials | **illustrative** earned rate vs. loss trend comparison*



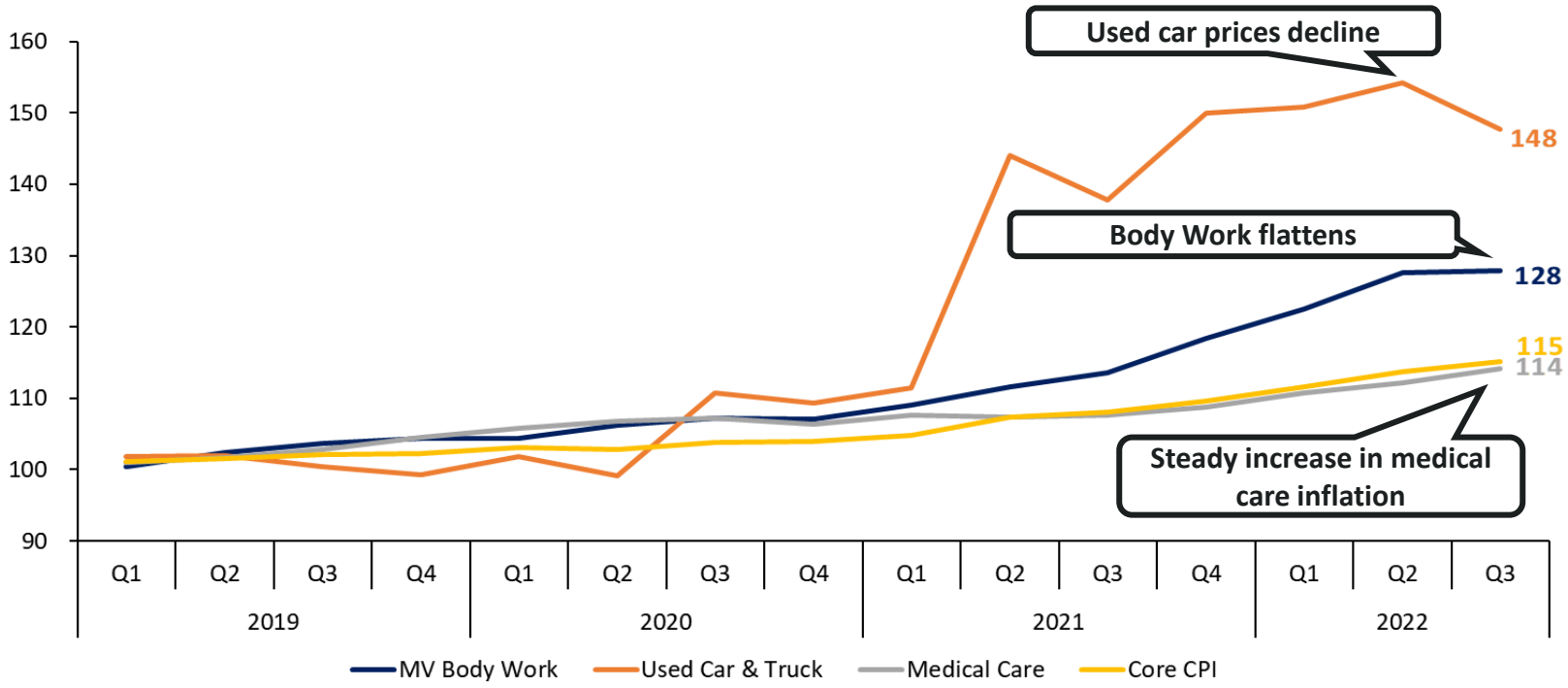
Target margins return when combination of earned rate and other underwriting actions exceed loss trend

Inflationary Pressures Remain Persistent

Subcomponents of inflation continue to disproportionately impact insurers

- Physical damage severity increased due to higher used car values, replacement parts, and labor costs
  - Body Work-related costs moderated in 3Q, but have grown at approximately double the rate of US Core Inflation
  - Value of used cars dropped in 3Q, but has significantly outpaced other severity inputs since the start of 2021
- Casualty severity increased due to more severe injuries, medical inflation and greater attorney representation

Price Indices (Indexed to Q4 2018)



Inflation trends continued to be elevated

Capital Deployment Priorities

Dedicated to being good stewards of capital

1. **Investment in the business**
   - Fund profitable organic growth at appropriate risk-adjusted returns
   - Strategic investments and acquisitions that enhance the business and meet or exceed our ROE targets over time
2. **Return capital to shareholders**
   - Repurchase shares opportunistically
   - Maintain competitive dividends

Management and capital deployment priorities focused on maximizing shareholder value

Solar Energy Investment: In Line with Environmental Impact Goals

$100 million commitment to solar energy investment generating attractive returns

- In conjunction with Sunrun, invested in a diversified group of residential solar energy projects
- Opportunity to provide renewable energy solutions for homeowners that benefits the environment
- Expect to earn an attractive return that will primarily be recognized as tax credits / deductions as well as operating cash flows
  - Due to tax profile of transaction, this investment needs to be evaluated on after-tax basis
- Majority of financial benefits will be recognized over the next two years
  - Will reduce our Effective Tax Rate over next two years
  - Largest impact is expected to have taken place in 1Q21

Reporting on Income Statement Line Items

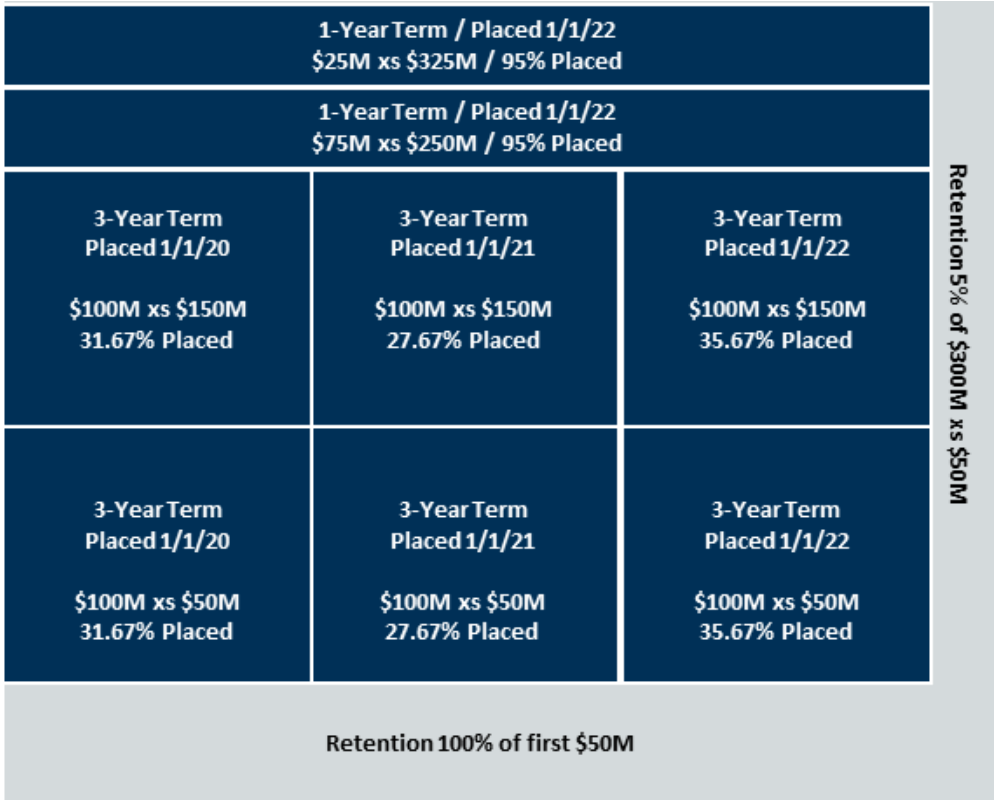
Key Metrics *($ in millions, except per share data)*	**4Q20**	**1Q21**	**2Q21**	**3Q21**	**4Q21**	**1Q22**	**2Q22**	**3Q22**	**Cumulative**
Revenue loss/(income)	$ --	$15.4	$7.7	$23.8	$14.3	$16.7	$4.9	$(0.4)	**$82.40**
Per Share	$ --	*$(0.23)*	*$(0.12)*	*$(0.37)*	*$(0.22)*	*$(0.26)*	*$(0.08)*	*$0.01*	***$(1.27)***
Tax Credit / (Expense)	$3.2	$28.6	$8.6	$30.6	$11.2	$7.0	$1.1	$(0.1)	**$90.20**
Per Share	*$0.05*	*$0.43*	*$0.13*	*$0.48*	*$0.18*	*$0.11*	*$0.02*	*$ --*	***$1.40***
Net Benefit (Loss)	$3.2	$13.2	$0.9	$6.8	$(3.1)	$(9.7)	$(3.8)	$0.3	**$7.80**
Per Share	*$0.05*	*$0.20*	*$0.01*	*$0.11*	*$(0.05)*	*$(0.15)*	*$(0.06)*	*$ --*	***$0.11***

Continue to optimize our capital management through investments with attractive returns and cash flows

2022 Reinsurance Program

Renewed programs and upsized our catastrophe reinsurance program

Catastrophe Reinsurance Program (Multi-Year)



- Policy placed at 1/1/22 upsized relative to prior four years
  - New limit aligned with risk-appetite to cover 1-in-200 occurrence
  - Minimizes rating agency cost of capital
- Total coverage: 95% of $300M in excess of $50M

Aggregate Catastrophe Program

- Increased retention vs. 2021 program
  - Intended to reduce volatility from high-frequency, low severity events
- Coverage
  - $50M in excess of $65M
  - $500K deductible per storm
  - Perils: All perils, excluding named storms (e.g., hurricanes) and earthquakes
  - Covered Line: Property, Fire and Dwelling

2022 Aggregate Catastrophe Reinsurance Program



Net Operating Income Review

Financial results continue to be pressured by environmental challenges

Dollars per Unrestricted Share - Diluted	Three Months Ended, As Reported					
	Sep. 30, 2022	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021	Variance YoY
Net Income (Loss)	**$ (1.19)**	**$ (1.17)**	**$ (1.49)**	**$ (1.66)**	**$ (1.18)**	**$ (0.01)**
(Income) Loss from Change in FV of Equity & Convertible Securities	0.14	0.50	0.35	(0.27)	0.01	0.13
Net Investment Related (Gains)/Losses	0.15	(0.13)	(0.02)	(0.27)	(0.13)	0.28
Net Impairment Losses	0.10	0.06	0.11	0.04	0.01	0.09
Acquisition Related Transaction, Integration & Other Costs	0.32	0.12	0.06	0.11	0.10	0.22
Debt Extinguishment, Pension and Other Charges	-	-	0.05	-	-	-
Adj. Consolidated Net Operating Income (Loss)[1]	**(0.48)**	**(0.62)**	**(0.94)**	**(2.05)**	**(1.19)**	**0.71**
Sources of Volatility:						
Income (Loss) After-Tax From:						
Catastrophes	(0.33)	(0.38)	(0.17)	(0.16)	(0.40)	0.07
Solar Investment	0.00	(0.06)	(0.15)	(0.05)	0.11	(0.11)
Prior-year Reserve Development	0.09	0.16	0.03	0.01	(0.31)	0.40
Alternative Investment Income	0.10	0.42	0.26	0.29	0.27	(0.17)
Impact of Purchase Accounting	(0.05)	(0.05)	(0.06)	(0.07)	(0.10)	0.05
Total from Sources of Volatility	$ (0.19)	$ 0.09	$ (0.09)	$ 0.02	$ (0.43)	$ 0.24

Earned impact of profit improvement actions will continue to increase throughout 2022 and 2023

[1] *Non-GAAP financial measure; see reconciliation in appendix pages 22-27*

Non-GAAP Financial Measures

Book Value Per Share Excluding Net Unrealized (Gains) Losses on Fixed Maturities is a ratio that uses a non-GAAP financial measure. It is calculated by dividing shareholders' equity after excluding the after-tax impact of net unrealized gains on fixed income securities by total Common Shares Issued and Outstanding. Book value per share is the most directly comparable GAAP financial measure. The Company uses the trend in book value per share, excluding the after-tax impact of net unrealized gains on fixed income securities in conjunction with book value per share to identify and analyze the change in net worth attributable to management efforts between periods. The Company believes the non-GAAP financial measure is useful to investors because it eliminates the effect of items that can fluctuate significantly from period to period and are generally driven by economic developments, primarily capital market conditions, the magnitude and timing of which are generally not influenced by management. The Company believes it enhances understanding and comparability of performance by highlighting underlying business activity and profitability drivers.

Book Value Per Share Excluding Net Unrealized (Gains) Losses on Fixed Maturities and Goodwill is a calculation that uses a non-GAAP financial measure. It is calculated by dividing shareholders' equity after excluding the after-tax impact of net unrealized gains on fixed income securities and goodwill by total Common Shares Issued and Outstanding. Book value per share is the most directly comparable GAAP financial measure. The Company uses the trends in book value per share excluding the after-tax impact of net unrealized gains on fixed income securities and goodwill in conjunction with book value per share to identify and analyze the change in net worth excluding goodwill attributable to management efforts between periods. The Company believes the non-GAAP financial measure is useful to investors because it eliminates the effect of items that can fluctuate significantly from period to period and are generally driven by economic developments, primarily capital market conditions, the magnitude and timing of which are not influenced by management. The Company believes it enhances understanding and comparability of performance by highlighting underlying business activity and profitability drivers.

Kemper believes that **Adjusted Consolidated Net Operating Income (Loss)** provides investors with a valuable measure of its ongoing performance because it reveals underlying operational performance trends that otherwise might be less apparent if the items were not excluded. Income (Loss) from Change in Fair Value of Equity and Convertible Securities, Net Realized Investment Gains (Losses) and Impairment Losses related to investments included in the Company's results may vary significantly between periods and are generally driven by business decisions and external economic developments such as capital market conditions that impact the values of the Company's investments, the timing of which is unrelated to the insurance underwriting process. Acquisition Related Transaction and Integration Costs may vary significantly between periods and are generally driven by the timing of acquisitions and business decisions which are unrelated to the insurance underwriting process. Debt Extinguishment, Pension and Other Charges relate to (i) loss from early extinguishment of debt, which is driven by the Company's financing and refinancing decisions and capital needs, as well as external economic developments such as debt market conditions, the timing of which is unrelated to the insurance underwriting process; (ii) settlement of pension plan obligations which are business decisions are made by the Company, the timing of which is unrelated to the underwriting process; and (iii) other charges that are non-standard, not part of the ordinary course of business, and unrelated to the insurance underwriting process. Significant non-recurring items are excluded because, by their nature, they are not indicative of the Company's business or economic trends.

Non-GAAP Financial Measures

Underlying Combined Ratio is a non-GAAP financial measure. It is computed by adding the Current Year Non-catastrophe Losses and LAE Ratio with the Insurance Expense Ratio. The most directly comparable GAAP financial measure is the Combined Ratio, which is computed by adding total incurred losses and LAE, including the impact of catastrophe losses and loss and LAE reserve development from prior years, with the Insurance Expense Ratio.

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

As Adjusted for Acquisition amounts are non-GAAP financial measures. Subsequent to the applicable acquisitions, the As Adjusted for Acquisitions amounts are computed by subtracting the impact of purchase accounting adjustments from the comparable consolidated GAAP financial measure reported by Kemper. The Company believes computing and presenting results on an adjusted basis are useful to investors and are used by management to provide meaningful and comparable year-over-year comparisons.

Non-GAAP Financial Measures

Book Value

	For the Periods Ended				
	3Q'22	2Q'22	1Q'22	4Q'21	3Q'21
Book Value Per Share	$ 38.16	$ 44.64	$ 53.21	$ 62.93	$ 65.22
Less: Net Unrealized (Gains) Losses on Fixed Maturities Per Share	12.25	7.39	0.21	(7.89)	(8.28)
Book Value Per Share Excluding Net Unrealized (Gains) Losses on Fixed Maturities	$ 50.41	$ 52.03	$ 53.42	$ 55.04	$ 56.94
Less: Goodwill	(20.33)	(20.55)	(20.56)	(20.60)	(20.61)
Book Value Per Share Excluding Net Unrealized (Gains) Losses on Fixed Maturities and Goodwill	$ 30.08	$ 31.48	$ 32.86	$ 34.44	$ 36.33

	For the Periods Ended					
	2021	2020	2019	2018	2017	2016
Book Value Per Share	$ 62.93	$ 69.74	$ 59.59	$ 47.10	$ 41.11	$ 38.52
Less: Net Unrealized (Gains) Losses on Fixed Maturities Per Share	(7.89)	(11.07)	(6.51)	(1.70)	(5.54)	(3.52)
Book Value Per Share Excluding Net Unrealized (Gains) Losses on Fixed Maturities	$ 55.04	$ 58.67	$ 53.08	$ 45.40	$ 35.57	$ 35.00
Less: Goodwill	(20.60)	(17.02)	(16.72)	(17.18)	(6.28)	(6.30)
Book Value Per Share Excluding Net Unrealized (Gains) Losses on Fixed Maturities and Goodwill	$ 34.44	$ 41.65	$ 36.36	$ 28.22	$ 29.29	$ 28.70

Non-GAAP Financial Measures

Return on Equity

	For the Periods Ended				
	3Q'22	2Q'22	1Q'22	4Q'21	3Q'21
Rolling 12 Month Return on Average Shareholders' Equity (5 Point Avg)	(10.4)%	(9.4)%	(8.4)%	(2.8)%	1.9%
Less: Net Unrealized (Gains) Losses on Fixed Maturities	0.1%	(0.6)%	(0.9)%	(0.4)%	0.3%
Rolling 12 Month Return on Average Shareholders' Equity Excluding Net Unrealized (Gains) Losses on Fixed Maturities (5 Point Avg)	(10.3)%	(10.0)%	(9.3)%	(3.2)%	2.2%
Excluding: Net Unrealized (Gains) Losses on Fixed Maturities (5 Point Avg)	(6.4)%	(5.9)%	(5.1)%	(1.7)%	1.0%
Excluding: Net Unrealized (Gains) Losses on Fixed Maturities and Goodwill (5 Point Avg)	(16.7)%	(15.9)%	(14.4)%	(4.9)%	3.2%

	For the Periods Ended					
	2021	2020	2019	2018	2017	2016
Rolling 12 Month Return on Average Shareholders' Equity (5 Point Avg)	(2.8)%	9.8%	14.8%	7.7%	5.9%	0.8%
Less: Net Unrealized (Gains) Losses on Fixed Maturities	(0.4)%	1.5%	1.5%	0.6%	0.7%	0.1%
Rolling 12 Month Return on Average Shareholders' Equity Excluding Net Unrealized (Gains) Losses on Fixed Maturities (5 Point Avg)	(3.2)%	11.3%	16.3%	8.3%	6.6%	0.9%
Excluding: Net Unrealized (Gains) Losses on Fixed Maturities (5 Point Avg)	(1.7)%	5.0%	8.4%	3.1%	1.4%	0.2%
Excluding: Net Unrealized (Gains) Losses on Fixed Maturities and Goodwill (5 Point Avg)	(4.9)%	16.3%	24.7%	11.4%	8.0%	1.1%

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 Net Income (Loss) Per Unrestricted Share.

Kemper believes that Diluted Adjusted Consolidated Net Operating Income (Loss) Per Unrestricted Share provides investors with a valuable measure of its ongoing performance because it reveals underlying operational performance trends that otherwise might be less apparent if the items were not excluded. Income from change in fair value of equity and convertible securities, net realized investment gains (losses), impairment losses related to investments, acquisition related transaction, integration and other costs and loss from early extinguishment of debt 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.

	For the Three Months Ended				
Per Unrestricted Share	3Q22	2Q22	1Q22	4Q21	3Q21
Net Income (Loss) - Diluted	$ (1.19)	$ (1.17)	$ (1.49)	$ (1.66)	$ (1.18)
Net (Income) Loss From:					
Change in Fair Value of Equity & Convertible Securities	0.14	0.50	0.35	(0.27)	0.01
Net Realized Investment Gains (Losses)	0.15	(0.13)	(0.02)	(0.27)	(0.13)
Impairment Losses	0.10	0.06	0.11	0.04	0.01
Acquisition Related Transaction, Integration and Other Costs	0.32	0.12	0.06	0.11	0.10
Debt Extinguishment, pension and other charges	-	-	0.05	-	-
Adj. Consolidated Net Operating Income (Loss) - Diluted	$ (0.48)	$ (0.62)	$ (0.94)	$ (2.05)	$ (1.19)

Non-GAAP Financial Measures

Underlying Combined Ratio – Continued

	For the Three Months Ended				
	3Q22	2Q22	1Q22	4Q21	3Q21
Specialty P&C Insurance					
Combined Ratio as Reported	107.6%	108.0%	108.6%	118.9%	111.6%
Current Year Catastrophe Loss and LAE Ratio	(1.5)%	(0.6)%	(0.2)%	(0.2)%	(0.3)%
Prior Years Non-Catastrophe Losses and LAE Ratio	0.7%	1.4%	0.4%	0.7%	(2.4)%
Prior Years Catastrophe Losses and LAE Ratio	0.0%	0.0%	(0.1)%	0.0%	0.0%
Underlying Combined Ratio	106.8%	108.8%	108.7%	119.4%	108.9%
Preferred P&C Insurance					
Combined Ratio as Reported	110.1%	121.7%	111.6%	115.5%	116.6%
Current Year Catastrophe Loss and LAE Ratio	(7.2)%	(15.7)%	(7.3)%	(4.6)%	(14.3)%
Prior Years Non-Catastrophe Losses and LAE Ratio	0.2%	(1.2)%	(1.3)%	(5.2)%	0.0%
Prior Years Catastrophe Losses and LAE Ratio	0.5%	0.5%	2.1%	1.2%	(0.1)%
Underlying Combined Ratio	103.6%	105.3%	105.1%	106.9%	102.2%
Preferred Auto					
Combined Ratio as Reported	116.9%	114.7%	118.5%	135.5%	117.4%
Current Year Catastrophe Loss and LAE Ratio	(1.2)%	(1.7)%	(0.5)%	(1.3)%	(2.6)%
Prior Years Non-Catastrophe Losses and LAE Ratio	(0.2)%	0.0%	(1.6)%	(7.2)%	(0.1)%
Prior Years Catastrophe Losses and LAE Ratio	(0.1)%	0.0%	(0.1)%	0.1%	(0.1)%
Underlying Combined Ratio	115.4%	113.0%	116.3%	127.1%	114.6%
Preferred Home & Other					
Combined Ratio as Reported	100.0%	133.3%	100.5%	82.5%	115.2%
Current Year Catastrophe Loss and LAE Ratio	(16.2)%	(39.2)%	(18.3)%	(10.1)%	(33.9)%
Prior Years Non-Catastrophe Losses and LAE Ratio	0.8%	(3.2)%	(1.0)%	(1.8)%	0.2%
Prior Years Catastrophe Losses and LAE Ratio	1.3%	1.4%	5.5%	3.1%	0.0%
Underlying Combined Ratio	85.9%	92.3%	86.7%	73.7%	81.5%

Non-GAAP Financial Measures

As Adjusted for Acquisition – Continued

Consolidated Financial Highlights

($ in millions, except per share data)	Three Months Ended				
	30-Sep-22	30-Jun-22	31-Mar-22	31-Dec-21	30-Sep-21
Earned Premiums					
Kemper - GAAP As Reported	$ 1,307.0	$ 1,353.7	$ 1,338.6	$ 1,359.1	$ 1,356.1
AAC - Prior to Acquisition	-	-	-	-	-
As Adjusted [1]	$ 1,307.0	$ 1,353.7	$ 1,338.6	$ 1,359.1	$ 1,356.1
Net Income (Loss)					
Kemper - GAAP As Reported	$ (76.2)	$ (74.7)	$ (94.8)	$ (105.8)	$ (75.3)
AAC - Prior to Acquisition	-	-	-	-	-
Less: Impact of Purchase Accounting	(3.5)	(3.4)	(3.5)	(4.5)	(6.7)
As Adjusted [1]	$ (72.7)	$ (71.3)	$ (91.3)	$ (101.3)	$ (68.6)
As Adjusted [1] - Per Diluted Share	*$ (1.14)*	*$ (1.12)*	*$ (1.43)*	*$ (1.59)*	*$ (1.08)*
Adjusted Consolidated Net Operating Income (Loss)					
Kemper - GAAP As Reported	$ (30.5)	$ (39.7)	$ (60.1)	$ (130.8)	$ (75.8)
AAC - Prior to Acquisition	-	-	-	-	-
Less: Impact of Purchase Accounting	(3.5)	(3.4)	(3.5)	(4.5)	(6.7)
As Adjusted [1]	$ (27.0)	$ (36.3)	$ (56.6)	$ (126.3)	$ (69.1)
As Adjusted [1] - Per Diluted Share	*$ (0.42)*	*$ (0.57)*	*$ (0.89)*	*$ (1.98)*	*$ (1.08)*

[1] As Adjusted is a non-GAAP measure, which is comprised by excluding impact of purchase accounting in 2021 and 2022 and including historical results of Kemper and AAC in periods prior to acquisition date of April 1, 2021.

Non-GAAP Financial Measures

As Adjusted for Acquisition – Continued

Specialty P&C Insurance Segment

($ in millions)	Three Months Ended					
	30-Sep-22	30-Jun-22	31-Mar-22	31-Dec-21	30-Sep-21	30-Jun-21
Earned Premiums						
Kemper Specialty P&C - GAAP As Reported	$ 999.5	$ 1,043.7	$ 1,021.6	$ 1,032.3	$ 1,028.3	$ 1,010.3
AAC - Prior to Acquisition			-	-	-	-
As Adjusted [1]	$ 999.5	$ 1,043.7	$ 1,021.6	$ 1,032.3	$ 1,028.3	$ 1,010.3
Current Year Non-CAT Losses and LAE						
Kemper Specialty P&C - GAAP As Reported	$ 868.0	$ 930.2	$ 911.7	$ 1,028.5	$ 924.4	$ 877.4
AAC - Prior to Acquisition	-	-	-	-	-	-
Less: Impact of Purchase Accounting						
Amortization of Fair Value Adjustment to Unpaid Loss and LAE	0.1	0.1	0.3	0.2	0.3	0.3
As Adjusted [1]	$ 867.9	$ 930.1	$ 911.4	$ 1,028.3	$ 924.1	$ 877.1
Insurance Expenses						
Kemper Specialty P&C - GAAP As Reported	$ 198.8	$ 205.4	$ 199.3	$ 204.4	$ 194.2	$ 205.6
AAC - Prior to Acquisition	-	-	-	-	-	-
Less: Impact of Purchase Accounting	4.3	4.2	4.7	5.9	8.6	12.9
As Adjusted [1]	$ 194.5	$ 201.2	$ 194.6	$ 198.5	$ 185.6	$ 192.7
As Adjusted [1] Underlying Combined Ratio						
As Adjusted [1] Underlying Loss & LAE Ratio	86.8%	89.1%	89.2%	99.6%	89.9%	86.8%
As Adjusted [1] Expense Ratio	19.5%	19.3%	19.1%	19.2%	18.0%	19.2%
As Adjusted [1] Underlying Combined Ratio	106.3%	108.4%	108.3%	118.8%	107.9%	105.9%

[1] As Adjusted is a non-GAAP measure, which is comprised by excluding impact of purchase accounting in 2021 and 2022 and including historical results of Kemper and AAC in periods prior to acquisition date of April 1, 2021.

Non-GAAP Financial Measures

As Adjusted for Acquisition – Continued

Specialty Personal Automobile Insurance

($ in millions)

	Three Months Ended					
	30-Sep-22	30-Jun-22	31-Mar-22	31-Dec-21	30-Sep-21	30-Jun-21
Earned Premiums						
Kemper Specialty P&C - GAAP As Reported	$ 858.8	$ 905.8	$ 901.7	$ 918.1	$ 920.6	$ 909.6
AAC - Prior to Acquisition	-	-	-	-	-	-
As Adjusted [1]	$ 858.8	$ 905.8	$ 901.7	$ 918.1	$ 920.6	$ 909.6
Current Year Non-CAT Losses and LAE						
Kemper Specialty P&C - GAAP As Reported	$ 757.8	$ 828.6	$ 827.7	$ 938.5	$ 843.9	$ 805.1
AAC - Prior to Acquisition	-	-	-	-	-	-
Less: Impact of Purchase Accounting						
Amortization of Fair Value Adjustment to Unpaid Loss and LAE	0.1	-	0.3	0.2	0.3	0.2
As Adjusted [1]	$ 757.7	$ 828.6	$ 827.4	$ 938.3	$ 843.6	$ 804.9
Insurance Expenses						
Kemper Specialty P&C - GAAP As Reported	$ 172.9	$ 179.7	$ 177.3	$ 184.3	$ 176.0	$ 187.7
AAC - Prior to Acquisition	-	-	-	-	-	-
Less: Impact of Purchase Accounting	3.8	3.8	4.3	5.5	8.1	12.4
As Adjusted [1]	$ 169.1	$ 175.9	$ 173.0	$ 178.8	$ 167.9	$ 175.3
As Adjusted [1] Underlying Combined Ratio						
As Adjusted [1] Underlying Loss & LAE Ratio	88.2%	91.5%	91.8%	102.2%	91.6%	88.5%
As Adjusted [1] Expense Ratio	19.7%	19.4%	19.2%	19.5%	18.2%	19.3%
As Adjusted [1] Underlying Combined Ratio	107.9%	110.9%	110.9%	121.7%	109.9%	107.8%

[1] As Adjusted is a non-GAAP measure, which is comprised by excluding impact of purchase accounting in 2021 and 2022 and including historical results of Kemper and AAC in periods prior to acquisition date of April 1, 2021.