



Kemper Corporation
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Press Release

November 5, 2015

Kemper Corporation Reports Third Quarter 2015 Earnings

- Delivered net income of \$38 million in the quarter, up from \$5 million in the prior year
- Increased earned premiums by \$74 million in the quarter
- Investment portfolio generated a strong pre-tax equivalent book yield of 5.2 percent
- Returned \$30 million of capital to shareholders through share repurchases and dividends; \$79 million year-to-date

CHICAGO - (Business Wire) - Kemper Corporation (NYSE: KMPR) reported today net income of \$37.9 million, or \$0.73 per diluted share, for the third quarter of 2015, compared to \$4.7 million, or \$0.09 per share, for the third quarter of 2014. Consolidated net operating income¹ was \$36.6 million, or \$0.70 per diluted share, for the third quarter of 2015, compared to \$2.1 million, or \$0.04 per share, for the third quarter of 2014. The prior year's third quarter results included a \$35.5 million after-tax software write-off. Excluding the software write-off, net operating income for the third quarter of 2014 was \$37.6 million, or \$0.71 per share.

(Dollars in Millions, Except Per Share Amounts) (Unaudited)	Three Months Ended		Nine Months Ended	
	Sep 30, 2015	Sep 30, 2014	Sep 30, 2015	Sep 30, 2014
Consolidated Net Operating Income ¹	\$ 36.6	\$ 2.1	\$ 65.1	\$ 43.2
Income from Continuing Operations	38.0	4.8	78.9	49.3
Net Income	37.9	4.7	81.1	49.1
<i>Impact of Catastrophe Losses and Related Loss Adjustment Expense (LAE) on Net Income</i>	<i>\$ (3.1)</i>	<i>\$ (9.2)</i>	<i>\$ (34.0)</i>	<i>\$ (60.9)</i>
Diluted Net Income Per Share From:				
Consolidated Net Operating Income ¹	\$ 0.70	\$ 0.04	\$ 1.26	\$ 0.79
Continuing Operations	0.73	0.09	1.52	0.90
Net Income	0.73	0.09	1.56	0.90
<i>Impact of Catastrophe Losses and Related LAE on Net Income Per Share</i>	<i>\$ (0.06)</i>	<i>\$ (0.17)</i>	<i>\$ (0.65)</i>	<i>\$ (1.12)</i>

"Kemper had a solid third quarter and delivered \$38 million of net income, up from \$5 million last year," commented Donald G. Southwell, Kemper's Chairman, President and Chief Executive Officer. "Net operating income increased 16 percent in our Life & Health segment, as higher net investment income and lower expenses more than offset an uptick in policyholder benefits.

"Alliance United contributed substantially to our Property & Casualty segment's earned premiums, leading to an increase of \$76 million. Although earned premiums from our legacy lines declined, we are encouraged to see continuing improvement in the new business and retention.

"We repurchased \$18 million of common stock during the quarter, bringing our total through September to \$41 million. Additionally, in the quarter we returned \$13 million of capital to shareholders through dividends, bringing our total to \$38 million for the first nine months," concluded Southwell.

¹ Consolidated net operating income is an after-tax, non-GAAP financial measure. See "Use of Non-GAAP Financial Measures" for additional information.

Capital

During the third quarter of 2015, Kemper repurchased nearly 500,000 shares of its common stock at a total cost of \$17.6 million, or \$35.39 per share, and paid dividends of \$12.5 million. For the first nine months of 2015, total capital returned to shareholders was \$78.6 million, which consisted of \$41.3 million from repurchases and \$37.3 million from dividends. Additionally, in the second quarter, Kemper deployed roughly \$150 million of capital with the acquisition of Alliance United Group.

Kemper ended the quarter with a book value per share excluding net unrealized gains on fixed maturities of \$35.04, up 2 percent from \$34.50 at the end of 2014, primarily from net operating income, partially offset by dividends. Book value per share was \$39.45, down 1 percent from \$39.88 at the end of 2014, largely from the impact of higher yields on the fixed maturities portfolio and dividends, partially offset by net operating income.

Revenues

Total revenues for the third quarter of 2015 increased \$75.6 million, or 14 percent, to \$615.4 million, driven by \$76.4 million higher earned premiums from the Property & Casualty Insurance segment. Earned premiums in the Property & Casualty Insurance segment increased \$99.6 million from the Alliance United acquisition. Excluding the Alliance United acquisition, earned premiums in the Property & Casualty segment decreased \$23.2 million, primarily from the impact of profit improvement actions taken over the past couple of years. The company continued to see improved new business sales and retention ratios on its legacy business.

Net investment income was \$75.9 million in the third quarter of 2015, compared to \$72.3 million in 2014. The increase was primarily the result of higher income from equity method investments and interest and dividends on fixed maturities, partially offset by lower dividends on equity securities and returns on fair value option investments.

The investment portfolio in total generated a pre-tax equivalent annualized book yield of 5.2 percent for the third quarter of 2015, up from 5.1 percent in 2014.

Segment Results

Kemper completed its acquisition of Alliance United on April 30, 2015. The results of Alliance United's operations since the acquisition date are included in the Property & Casualty Insurance segment.

Unless otherwise noted, (i) the segment results discussed below are presented on an after-tax basis, (ii) prior-year development includes both catastrophe and non-catastrophe losses and LAE, (iii) catastrophe losses and LAE exclude the impact of prior-year development (iv) underlying loss ratio includes loss and LAE, and (v) all comparisons are made to the prior year quarter.

(Dollars in Millions) (Unaudited)	Three Months Ended		Nine Months Ended	
	Sep 30, 2015	Sep 30, 2014	Sep 30, 2015	Sep 30, 2014
Segment Net Operating Income (Loss):				
Property & Casualty Insurance	\$ 21.0	\$ (13.6)	\$ 31.8	\$ (0.4)
Life & Health Insurance	23.5	20.3	53.9	58.3
Total Segment Net Operating Income	44.5	6.7	85.7	57.9
Corporate and Other Net Operating Loss	(7.9)	(4.6)	(20.6)	(14.7)
Consolidated Net Operating Income	36.6	2.1	65.1	43.2
Net Income (Loss) From:				
Net Realized Gains on Sales of Investments	3.5	5.2	27.8	11.8
Net Impairment Losses Recognized in Earnings	(2.1)	(2.5)	(8.1)	(5.7)
Loss from Early Extinguishment of Debt	—	—	(5.9)	—
Income from Continuing Operations	<u>\$ 38.0</u>	<u>\$ 4.8</u>	<u>\$ 78.9</u>	<u>\$ 49.3</u>

The Property & Casualty Insurance segment reported net operating income of \$21.0 million in the third quarter of 2015, compared to a net operating loss of \$13.6 million in 2014. Results in the third quarter of 2014 included a \$35.5 million software write-off. Excluding the write-off, results decreased slightly, primarily from \$5.0 million less favorable reserve development and a higher underlying loss and LAE ratio, mostly offset by \$6.2 million lower catastrophes and a lower expense ratio.

The underlying loss and LAE ratio increased 6.5 percentage points in the third quarter of 2015, to 73.3 percent, driven by the change in mix of business from the Alliance United acquisition. Non-standard auto insurance tends to have a higher loss and LAE ratio and a lower expense ratio, net of fees. Excluding the Alliance United acquisition, the underlying loss and LAE ratio increased 1.2 percentage points, primarily from higher frequency and severity in the non-standard auto line and higher frequency in the commercial auto line, mostly offset by lower frequency in the preferred auto line. Excluding the impact from the 2014 write-off, the Property & Casualty Insurance segment's expense ratio decreased 3.7 percentage points to 24.4 percent in the third quarter of 2015, largely from the impact of the Alliance United acquisition. Excluding the Alliance United acquisition and the software write-off, the expense ratio increased slightly primarily from a lower premium base.

The Life & Health Insurance segment reported net operating income of \$23.5 million for the third quarter of 2015, compared to \$20.3 million in 2014. Results increased primarily from higher net investment income and lower expenses, partially offset by higher policyholder benefits.

Corporate and Other net operating loss increased \$3.3 million compared to the third quarter of 2014, largely from higher employee retirement benefits, primarily from the impacts of low interest rates on the pension liability, and lower net investment income on fair value option investments.

Unaudited condensed consolidated statements of income for the three and nine months ended September 30, 2015 and 2014 are presented below:

	Three Months Ended		Nine Months Ended	
	Sep 30, 2015	Sep 30, 2014	Sep 30, 2015	Sep 30, 2014
(Dollars in Millions, Except Per Share Amounts)				
Revenues:				
Earned Premiums	\$ 536.7	\$ 462.8	\$ 1,468.1	\$ 1,410.7
Net Investment Income	75.9	72.3	223.2	216.0
Other Income	0.8	0.5	2.3	0.8
Net Realized Gains on Sales of Investments	5.3	8.0	42.7	18.1
Other-than-temporary Impairment Losses:				
Total Other-than-temporary Impairment Losses	(3.3)	(3.8)	(12.5)	(8.7)
Portion of Losses Recognized in Other Comprehensive Income	—	—	—	—
Net Impairment Losses Recognized in Earnings	(3.3)	(3.8)	(12.5)	(8.7)
Total Revenues	615.4	539.8	1,723.8	1,636.9
Expenses:				
Policyholders' Benefits and Incurred Losses and Loss Adjustment Expenses.	378.8	300.5	1,051.6	975.9
Insurance Expenses	161.1	158.6	468.1	472.0
Write-offs of Long-lived Assets	—	54.6	11.1	54.6
Loss from Early Extinguishment of Debt	—	—	9.1	—
Interest and Other Expenses	25.7	22.1	82.0	67.3
Total Expenses	565.6	535.8	1,621.9	1,569.8
Income from Continuing Operations before Income Taxes.....	49.8	4.0	101.9	67.1
Income Tax Benefit (Expense)	(11.8)	0.8	(23.0)	(17.8)
Income from Continuing Operations	38.0	4.8	78.9	49.3
Income (Loss) from Discontinued Operations	(0.1)	(0.1)	2.2	(0.2)
Net Income	\$ 37.9	\$ 4.7	\$ 81.1	\$ 49.1
Income from Continuing Operations Per Unrestricted Share:				
Basic	\$ 0.73	\$ 0.09	\$ 1.52	\$ 0.90
Diluted	\$ 0.73	\$ 0.09	\$ 1.52	\$ 0.90
Net Income Per Unrestricted Share:				
Basic	\$ 0.73	\$ 0.09	\$ 1.56	\$ 0.90
Diluted	\$ 0.73	\$ 0.09	\$ 1.56	\$ 0.90
Weighted-average Outstanding (Shares in Thousands):				
Unrestricted Shares - Basic	51,611.8	52,605.3	51,737.6	54,245.7
Unrestricted Shares and Equivalent Shares - Diluted	51,672.0	52,699.9	51,815.8	54,356.2
Dividends Paid to Shareholders Per Share	\$ 0.24	\$ 0.24	\$ 0.72	\$ 0.72

Unaudited business segment revenues for the three and nine months ended September 30, 2015 and 2014 are presented below:

(Dollars in Millions)	Three Months Ended		Nine Months Ended	
	Sep 30, 2015	Sep 30, 2014	Sep 30, 2015	Sep 30, 2014
REVENUES:				
Property & Casualty Insurance:				
Earned Premiums:				
Personal Automobile	\$ 288.5	\$ 205.1	\$ 730.9	\$ 633.4
Homeowners	72.1	77.9	216.3	236.6
Other Personal	11.8	12.6	35.2	38.7
Total Personal	372.4	295.6	982.4	908.7
Commercial Automobile	13.7	14.1	40.7	40.8
Total Earned Premiums	386.1	309.7	1,023.1	949.5
Net Investment Income	18.3	18.5	51.7	55.6
Other Income	0.1	0.1	0.5	0.4
Total Property & Casualty Insurance	404.5	328.3	1,075.3	1,005.5
Life & Health Insurance:				
Earned Premiums:				
Life	95.5	96.8	279.5	291.6
Accident and Health	36.2	37.1	108.7	112.1
Property	18.9	19.2	56.8	57.5
Total Earned Premiums	150.6	153.1	445.0	461.2
Net Investment Income	55.1	49.2	159.0	147.4
Other Income	0.7	0.4	1.7	0.4
Total Life & Health Insurance	206.4	202.7	605.7	609.0
Total Segment Revenues	610.9	531.0	1,681.0	1,614.5
Net Realized Gains on Sales of Investments	5.3	8.0	42.7	18.1
Net Impairment Losses Recognized in Earnings	(3.3)	(3.8)	(12.5)	(8.7)
Other	2.5	4.6	12.6	13.0
Total Revenues	<u>\$ 615.4</u>	<u>\$ 539.8</u>	<u>\$ 1,723.8</u>	<u>\$ 1,636.9</u>

KEMPER CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in Millions)

	Sep 30, 2015	Dec 31, 2014
	(Unaudited)	
Assets:		
Investments:		
Fixed Maturities at Fair Value	\$ 4,844.9	\$ 4,777.6
Equity Securities at Fair Value	535.7	632.2
Equity Method Limited Liability Investments at Cost Plus Cumulative Undistributed Earnings...	179.4	184.8
Fair Value Option Investments	166.1	53.3
Short-term Investments at Cost which Approximates Fair Value.....	295.9	342.2
Other Investments	451.0	449.6
Total Investments	<u>6,473.0</u>	<u>6,439.7</u>
Cash	147.1	76.1
Receivables from Policyholders	347.9	295.3
Other Receivables	198.9	187.0
Deferred Policy Acquisition Costs	325.8	303.3
Goodwill	323.0	311.8
Current and Deferred Income Tax Assets.....	22.3	—
Other Assets	237.6	220.2
Total Assets	<u>\$ 8,075.6</u>	<u>\$ 7,833.4</u>
Liabilities and Shareholders' Equity:		
Insurance Reserves:		
Life and Health	\$ 3,327.8	\$ 3,273.7
Property and Casualty	852.9	733.9
Total Insurance Reserves	<u>4,180.7</u>	<u>4,007.6</u>
Unearned Premiums	629.4	536.9
Liabilities for Income Taxes	3.7	36.5
Debt at Amortized Cost	750.4	752.1
Accrued Expenses and Other Liabilities	486.8	409.6
Total Liabilities	<u>6,051.0</u>	<u>5,742.7</u>
Shareholders' Equity:		
Common Stock	5.1	5.2
Paid-in Capital	651.9	660.1
Retained Earnings	1,218.6	1,202.7
Accumulated Other Comprehensive Income	149.0	222.7
Total Shareholders' Equity	<u>2,024.6</u>	<u>2,090.7</u>
Total Liabilities and Shareholders' Equity	<u>\$ 8,075.6</u>	<u>\$ 7,833.4</u>

Unaudited selected financial information for the Property & Casualty Insurance segment follows:

(Dollars in Millions)	Three Months Ended		Nine Months Ended	
	Sep 30, 2015	Sep 30, 2014	Sep 30, 2015	Sep 30, 2014
Results of Operations				
Net Premiums Written	\$ 403.6	\$ 307.0	\$1,031.5	\$ 920.0
Earned Premiums	\$ 386.1	\$ 309.7	\$1,023.1	\$ 949.5
Net Investment Income	18.3	18.5	51.7	55.6
Other Income	0.1	0.1	0.5	0.4
Total Revenues	404.5	328.3	1,075.3	1,005.5
Incurred Losses and LAE related to:				
Current Year:				
Non-catastrophe Losses and LAE	283.2	206.8	727.2	646.6
Catastrophe Losses and LAE	4.7	14.2	50.4	92.1
Prior Years:				
Non-catastrophe Losses and LAE	(0.9)	(3.3)	(7.3)	(30.5)
Catastrophe Losses and LAE	(1.9)	(7.2)	(6.5)	(15.0)
Total Incurred Losses and LAE	285.1	210.5	763.8	693.2
Insurance Expenses, Excluding Write-off of Long-lived Asset	94.4	87.1	265.8	266.6
Write-offs of Long-lived Assets	—	54.6	11.1	54.6
Operating Profit (Loss)	25.0	(23.9)	34.6	(8.9)
Income Tax Benefit (Expense)	(4.0)	10.3	(2.8)	8.5
Segment Net Operating Income (Loss)	\$ 21.0	\$ (13.6)	\$ 31.8	\$ (0.4)
Ratios Based On Earned Premiums				
Current Year Non-catastrophe Losses and LAE Ratio	73.3%	66.8%	71.1%	68.1%
Current Year Catastrophe Losses and LAE Ratio	1.2	4.6	4.9	9.7
Prior Years Non-catastrophe Losses and LAE Ratio	(0.2)	(1.1)	(0.7)	(3.2)
Prior Years Catastrophe Losses and LAE Ratio	(0.5)	(2.3)	(0.6)	(1.6)
Total Incurred Loss and LAE Ratio	73.8	68.0	74.7	73.0
Insurance Expense Ratio, Excluding Write-off of Long-lived Asset	24.4	28.1	26.0	28.1
Impact on Ratio from Write-offs of Long-lived Assets	—	17.6	1.1	5.8
Combined Ratio	98.2%	113.7%	101.8%	106.9%
Underlying Combined Ratio				
Current Year Non-catastrophe Losses and LAE Ratio	73.3%	66.8%	71.1%	68.1%
Insurance Expense Ratio	24.4	28.1	26.0	28.1
Impact on Ratio from Write-offs of Long-lived Assets	—	17.6	1.1	5.8
Underlying Combined Ratio	97.7%	112.5%	98.2%	102.0%
Non-GAAP Measure Reconciliation				
Underlying Combined Ratio	97.7%	112.5%	98.2%	102.0%
Current Year Catastrophe Losses and LAE Ratio	1.2	4.6	4.9	9.7
Prior Years Non-catastrophe Losses and LAE Ratio	(0.2)	(1.1)	(0.7)	(3.2)
Prior Years Catastrophe Losses and LAE Ratio	(0.5)	(2.3)	(0.6)	(1.6)
Combined Ratio as Reported	98.2%	113.7%	101.8%	106.9%

Unaudited selected financial information for the Life & Health Insurance segment follows:

(Dollars in Millions)	Three Months Ended		Nine Months Ended	
	Sep 30, 2015	Sep 30, 2014	Sep 30, 2015	Sep 30, 2014
<u>Results of Operations</u>				
Earned Premiums:				
Life	\$ 95.5	\$ 96.8	\$ 279.5	\$ 291.6
Accident and Health	36.2	37.1	108.7	112.1
Property	18.9	19.2	56.8	57.5
Total Earned Premiums	150.6	153.1	445.0	461.2
Net Investment Income	55.1	49.2	159.0	147.4
Other Income	0.7	0.4	1.7	0.4
Total Revenues	206.4	202.7	605.7	609.0
Policyholders' Benefits and Incurred Losses and LAE	93.7	89.9	287.8	282.7
Insurance Expenses	77.3	81.4	235.5	235.6
Operating Profit	35.4	31.4	82.4	90.7
Income Tax Expense	(11.9)	(11.1)	(28.5)	(32.4)
Segment Net Operating Income	<u>\$ 23.5</u>	<u>\$ 20.3</u>	<u>\$ 53.9</u>	<u>\$ 58.3</u>

Use of Non-GAAP Financial Measures

Consolidated Net Operating Income

Consolidated Net Operating Income is an after-tax, non-GAAP financial measure computed by excluding from income 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 non-recurring items are excluded when (a) the nature of the charge or gain is such that it is reasonably unlikely to recur within two years and (b) there has been no similar charge or gain within the prior two years. The most directly comparable GAAP financial measure is income from continuing operations.

Kemper believes that Consolidated Net Operating Income 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. 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. Loss from Early Extinguishment of Debt is driven by the company's financing and refinancing decisions and capital needs, as well as external economic developments such as debt market conditions, the timing of which is unrelated to the insurance underwriting process. Significant non-recurring items are excluded because, by their nature, they are not indicative of Kemper's business or economic trends.

A reconciliation of Consolidated Net Operating Income to Income from Continuing Operations for the three and nine months ended September 30, 2015 and 2014 is presented below:

(Dollars in Millions) (Unaudited)	Three Months Ended		Nine Months Ended	
	Sep 30, 2015	Sep 30, 2014	Sep 30, 2015	Sep 30, 2014
Consolidated Net Operating Income	\$ 36.6	\$ 2.1	\$ 65.1	\$ 43.2
Net Income (Loss) From:				
Net Realized Gains on Sales of Investments	3.5	5.2	27.8	11.8
Net Impairment Losses Recognized in Earnings.....	(2.1)	(2.5)	(8.1)	(5.7)
Loss from Early Extinguishment of Debt	—	—	(5.9)	—
Income from Continuing Operations	<u>\$ 38.0</u>	<u>\$ 4.8</u>	<u>\$ 78.9</u>	<u>\$ 49.3</u>

Diluted Consolidated Net Operating Income Per Unrestricted Share

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

A reconciliation of Diluted Consolidated Net Operating Income Per Unrestricted Share to Diluted Income from Continuing Operations Per Unrestricted Share for the three and nine months ended September 30, 2015 and 2014 is presented below:

(Unaudited)	Three Months Ended		Nine Months Ended	
	Sep 30, 2015	Sep 30, 2014	Sep 30, 2015	Sep 30, 2014
Diluted Consolidated Net Operating Income Per Unrestricted Share.....	\$ 0.70	\$ 0.04	\$ 1.26	\$ 0.79
Net Income (Loss) Per Unrestricted Share From:				
Net Realized Gains on Sales of Investments	0.07	0.10	0.53	0.21
Net Impairment Losses Recognized in Earnings.....	(0.04)	(0.05)	(0.16)	(0.10)
Loss from Early Extinguishment of Debt	—	—	(0.11)	—
Diluted Income from Continuing Operations Per Unrestricted Share.....	<u>\$ 0.73</u>	<u>\$ 0.09</u>	<u>\$ 1.52</u>	<u>\$ 0.90</u>

Book Value Per Share Excluding Net Unrealized Gains on Fixed Maturities

Book Value Per Share Excluding Net Unrealized Gains on Fixed Maturities is a ratio that uses a non-GAAP financial measure. It is calculated by dividing shareholders' equity after excluding the after-tax impact of net unrealized gains on fixed income securities by total Common Shares Issued and Outstanding. Book Value Per Share is the most directly comparable GAAP financial measure. Kemper 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. Kemper 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. Kemper believes it enhances understanding and comparability of performance by highlighting underlying business activity and profitability drivers.

A reconciliation of the numerator used in the computation of Book Value Per Share Excluding Net Unrealized Gains on Fixed Maturities and Book Value Per Share at September 30, 2015 and December 31, 2014 is presented below:

(Dollars in Millions) (Unaudited)	Sep 30, 2015	Dec 31, 2014
Shareholders' Equity Excluding Net Unrealized Gains on Fixed Maturities	\$ 1,798.4	\$ 1,808.5
Net Unrealized Gains on Fixed Maturities	226.2	282.2
Shareholders' Equity	<u>\$ 2,024.6</u>	<u>\$ 2,090.7</u>

Underlying Combined Ratio

Underlying Combined Ratio is a non-GAAP financial measure, that 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, 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.

Conference Call

Kemper will discuss its third quarter 2015 results in a conference call on Friday, November 6, at 11 a.m. Eastern Time. Kemper's conference call will be accessible via the internet and by telephone. The phone number for Kemper's conference call is **866.393.1565**. To listen via webcast, register online at the investor section of kemper.com at least 15 minutes prior to the webcast to download and install any necessary software.

A replay of the call will be available through November 20, 2015 at **855.859.2056** using conference ID number **55394638**.

More detailed financial information can be found in Kemper's Investor Financial Supplement for the third quarter of 2015, which is available at the investor section of kemper.com.

About Kemper

The Kemper family of companies is one of the nation's leading insurers. With \$8 billion in assets, Kemper is improving the world of insurance by offering personalized solutions for individuals, families and businesses. Kemper's businesses collectively:

- Offer insurance for home, auto, life, health and valuables
- Service six million policies
- Are represented by more than 20,000 independent agents and brokers
- Employ 6,000 associates dedicated to providing exceptional service
- Are licensed to sell insurance in 50 states and the District of Columbia

Learn more about Kemper.

Caution Regarding Forward-Looking Statements

This press release 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 press release. 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 with the Securities and Exchange Commission (the “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 press release. The reader is advised, however, to consult any further disclosures Kemper makes on related subjects in its filings with the SEC.

Source: Kemper Corporation

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