KEMPER

Investor Supplement
Fourth Quarter 2016

The financial statements and financial exhibits included herein are unaudited. These financial statements and exhibits should be read in conjunction with the Company's periodic reports on Form 10-K, Form 10-Q and Form 8-K. The results of operations for interim periods should not be considered indicative of results to be expected for the full year.

Non-GAAP Financial Measures

This document contains non-GAAP financial measures to analyze the Company's operating performance for the periods presented. Because the Company's calculation of these measures may differ from similar measures used by other companies, investors should be careful when comparing the Company's non-GAAP financial measures to those of other companies. For detailed disclosures on non-GAAP financial measures please refer to the "Definitions of Non-GAAP Financial Measures" on Page 31.

Kemper Corporation
Investor Supplement
Fourth Quarter 2016
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Kemper Corporation
Consolidated Financial Highlights
(Dollars in Millions, Except Per Share Amounts)
(Unaudited)

	Three Months Ended								Year Ended	
	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2016	Dec 31, 2015
For Period Ended										
Earned Premiums	$ 561.4	$ 558.9	$ 553.7	$ 546.0	$ 541.5	$ 536.7	$ 500.1	$ 431.3	$ 2,220.0	$ 2,009.6
Net Investment Income	79.9	77.7	73.7	67.0	79.4	75.9	76.7	70.6	298.3	302.6
Net Investment Gains (Losses) and Other Income	1.4	4.1	(0.2)	(1.7)	(3.9)	2.8	32.4	(2.7)	3.6	28.6
Total Revenues	$ 642.7	$ 640.7	$ 627.2	$ 611.3	$ 617.0	$ 615.4	$ 609.2	$ 499.2	$ 2,521.9	$ 2,340.8
Consolidated Net Operating Income (Loss) [1]	$ 28.8	$ (20.4)	$ 4.6	$ (0.6)	$ 4.8	$ 36.6	$ 6.7	$ 21.8	$ 12.4	$ 69.9
Income (Loss) from Continuing Operations	$ 29.1	$ (18.3)	$ 4.1	$ (2.2)	$ 1.3	$ 38.0	$ 27.4	$ 13.5	$ 12.7	$ 80.2
Net Income (Loss)	$ 31.2	$ (16.3)	$ 4.0	$ (2.1)	$ 4.6	$ 37.9	$ 29.7	$ 13.5	$ 16.8	$ 85.7
Per Unrestricted Common Share Amounts:										
Basic:										
Consolidated Net Operating Income (Loss) [1]	$ 0.56	$ (0.40)	$ 0.09	$ (0.01)	$ 0.09	$ 0.70	$ 0.13	$ 0.42	$ 0.25	$ 1.35
Income (Loss) from Continuing Operations	$ 0.56	$ (0.36)	$ 0.08	$ (0.04)	$ 0.03	$ 0.73	$ 0.53	$ 0.26	$ 0.25	$ 1.55
Net Income (Loss)	$ 0.60	$ (0.32)	$ 0.08	$ (0.04)	$ 0.09	$ 0.73	$ 0.57	$ 0.26	$ 0.33	$ 1.65
Diluted:										
Consolidated Net Operating Income (Loss) [1]	$ 0.56	$ (0.40)	$ 0.09	$ (0.01)	$ 0.09	$ 0.70	$ 0.13	$ 0.42	$ 0.25	$ 1.35
Income (Loss) from Continuing Operations	$ 0.56	$ (0.36)	$ 0.08	$ (0.04)	$ 0.03	$ 0.73	$ 0.53	$ 0.26	$ 0.25	$ 1.55
Net Income (Loss)	$ 0.60	$ (0.32)	$ 0.08	$ (0.04)	$ 0.09	$ 0.73	$ 0.57	$ 0.26	$ 0.33	$ 1.65
Dividends Paid to Shareholders Per Share	$ 0.24	$ 0.24	$ 0.24	$ 0.24	$ 0.24	$ 0.24	$ 0.24	$ 0.24	$ 0.96	$ 0.96
At Period End										
Total Assets	$ 8,210.5	$8,390.3	$ 8,305.9	$ 8,169.7	$ 8,036.1	$ 8,075.6	$ 8,055.1	$ 7,885.0		
Insurance Reserves	$ 4,406.7	$4,382.2	$ 4,293.6	$ 4,258.8	$ 4,203.8	$ 4,180.7	$ 4,187.2	$ 4,019.6		
Debt	$ 751.6	$ 751.3	$ 751.1	$ 750.9	$ 750.6	$ 750.4	$ 750.2	$ 750.0		
Shareholders' Equity	$ 1,975.2	$2,073.6	$ 2,105.2	$ 2,041.1	$ 1,992.4	$ 2,024.6	$ 2,012.3	$ 2,109.9		
Shareholders' Equity Excluding Goodwill	$ 1,652.2	$1,750.6	$ 1,782.2	$ 1,718.1	$ 1,669.4	$ 1,701.6	$ 1,693.8	$ 1,798.1		
Common Shares Issued and Outstanding (In Millions)	51.271	51.185	51.133	51.133	51.327	51.318	51.803	51.826		
Book Value Per Share[2]	$ 38.52	$ 40.51	$ 41.17	$ 39.92	$ 38.82	$ 39.45	$ 38.85	$ 40.71		
Book Value Per Share Excluding Goodwill[1,2]	$ 32.22	$ 34.20	$ 34.85	$ 33.60	$ 32.52	$ 33.16	$ 32.70	$ 34.69		
Book Value Per Share Excluding Net Unrealized Gains on Fixed Maturities[1,2]	$ 35.00	$ 34.27	$ 34.78	$ 34.97	$ 35.13	$ 35.04	$ 34.71	$ 34.64		
Debt to Total Capitalization[2]	27.6%	26.6 %	26.3%	26.9%	27.4%	27.0%	27.2%	26.2%		
Rolling 12 Months Return on 5-point Average Shareholders Equity[2,3]	0.8%	(0.5)%	2.2%	3.4%	4.2%	7.1%	5.4%	4.4%		

[1] Non-GAAP Measure. See page 31 for definition.

[2] See Capital Metrics on page 8 for detail calculations.

[3] Rolling 12 Months Return on 5-point Average Shareholders Equity is calculated by taking the last 12 months of Net Income (Loss) divided by the 5-point average Shareholders' Equity. The 5-point Average Shareholders' Equity is calculated by using a 5-point quarter average of Shareholders' Equity for the 12 month period.

Kemper Corporation
Consolidated Statements of Operations
(Dollars in Millions, Except Per Share Amounts)
(Unaudited)

	Three Months Ended								Year Ended	
	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2016	Dec 31, 2015
Revenues:										
Earned Premiums	$ 561.4	$ 558.9	$ 553.7	$ 546.0	$ 541.5	$ 536.7	$ 500.1	$ 431.3	$ 2,220.0	$ 2,009.6
Net Investment Income	79.9	77.7	73.7	67.0	79.4	75.9	76.7	70.6	298.3	302.6
Other Income	1.0	0.8	0.6	0.8	1.4	0.8	0.6	0.9	3.2	3.7
Net Realized Gains on Sales of Investments	9.1	11.6	5.6	6.8	9.4	5.3	34.0	3.4	33.1	52.1
Other-than-temporary Impairment Losses:										
Total Other-than-temporary Impairment Losses	(8.7)	(8.3)	(6.4)	(9.6)	(14.9)	(3.3)	(2.2)	(7.0)	(33.0)	(27.4)
Portion of Losses Recognized in Other Comprehensive Income	—	—	—	0.3	0.2	—	—	—	0.3	0.2
Net Impairment Losses Recognized in Earnings	(8.7)	(8.3)	(6.4)	(9.3)	(14.7)	(3.3)	(2.2)	(7.0)	(32.7)	(27.2)
Total Revenues	642.7	640.7	627.2	611.3	617.0	615.4	609.2	499.2	2,521.9	2,340.8
Expenses:										
Policyholders' Benefits and Incurred Losses and Loss Adjustment Expenses	418.3	490.2	436.1	436.2	416.0	378.8	375.1	297.7	1,780.8	1,467.6
Insurance Expenses	158.5	161.7	167.8	159.3	177.0	161.1	162.1	144.9	647.3	645.1
Write-off of Long-lived Asset	—	—	—	—	—	—	11.1	—	—	11.1
Loss from Early Extinguishment of Debt	—	—	—	—	—	—	—	9.1	—	9.1
Interest and Other Expenses	25.3	22.0	20.7	22.3	25.6	25.7	26.6	29.7	90.3	107.6
Total Expenses	602.1	673.9	624.6	617.8	618.6	565.6	574.9	481.4	2,518.4	2,240.5
Income (Loss) from Continuing Operations before Income Taxes	40.6	(33.2)	2.6	(6.5)	(1.6)	49.8	34.3	17.8	3.5	100.3
Income Tax Benefit (Expense)	(11.5)	14.9	1.5	4.3	2.9	(11.8)	(6.9)	(4.3)	9.2	(20.1)
Income (Loss) from Continuing Operations	29.1	(18.3)	4.1	(2.2)	1.3	38.0	27.4	13.5	12.7	80.2
Discontinued Operations:										
Income (Loss) from Discontinued Operations before Income Taxes	3.2	3.1	(0.1)	0.1	5.1	—	3.5	—	6.3	8.6
Income Tax Expense	(1.1)	(1.1)	—	—	(1.8)	(0.1)	(1.2)	—	(2.2)	(3.1)
Income (Loss) from Discontinued Operations	2.1	2.0	(0.1)	0.1	3.3	(0.1)	2.3	—	4.1	5.5
Net Income (Loss)	$ 31.2	$ (16.3)	$ 4.0	$ (2.1)	$ 4.6	$ 37.9	$ 29.7	$ 13.5	$ 16.8	$ 85.7
Income (Loss) from Continuing Operations Per Unrestricted Share:										
Basic	$ 0.56	$ (0.36)	$ 0.08	$ (0.04)	$ 0.03	$ 0.73	$ 0.53	$ 0.26	$ 0.25	$ 1.55
Diluted	$ 0.56	$ (0.36)	$ 0.08	$ (0.04)	$ 0.03	$ 0.73	$ 0.53	$ 0.26	$ 0.25	$ 1.55
Net Income (Loss) Per Unrestricted Share:										
Basic	$ 0.60	$ (0.32)	$ 0.08	$ (0.04)	$ 0.09	$ 0.73	$ 0.57	$ 0.26	$ 0.33	$ 1.65
Diluted	$ 0.60	$ (0.32)	$ 0.08	$ (0.04)	$ 0.09	$ 0.73	$ 0.57	$ 0.26	$ 0.33	$ 1.65
Dividends Paid to Shareholders Per Share	$ 0.24	$ 0.24	$ 0.24	$ 0.24	$ 0.24	$ 0.24	$ 0.24	$ 0.24	$ 0.96	$ 0.96
Weighted Average Unrestricted Common Shares Outstanding (in Millions)	51.203	51.123	51.108	51.192	51.215	51.612	51.728	51.873	51.156	51.607

Kemper Corporation
Consolidated Balance Sheets
(Dollars in Millions)
(Unaudited)

	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015
Assets:								
Investments:								
Fixed Maturities at Fair Value	$ 5,124.9	$ 5,170.1	$ 5,084.3	$ 4,917.4	$ 4,852.3	$ 4,844.9	$ 4,764.0	$ 4,803.1
Equity Securities at Fair Value	481.7	504.9	509.6	501.3	523.2	535.7	562.9	628.6
Equity Method Limited Liability Investments at Cost Plus Cumulative Undistributed Earnings	175.9	181.1	182.7	190.5	190.6	179.4	173.5	168.1
Fair Value Option Investments	111.4	126.1	134.1	161.9	164.5	166.1	160.0	54.2
Short-term Investments at Cost which Approximates Fair Value	273.7	324.2	365.2	367.4	255.7	295.9	338.4	357.3
Other Investments	439.9	438.8	440.8	443.8	443.2	451.0	451.0	450.1
Total Investments	6,607.5	6,745.2	6,716.7	6,582.3	6,429.5	6,473.0	6,449.8	6,461.4
Cash	115.7	171.1	159.8	160.4	161.7	147.1	93.8	87.7
Receivables from Policyholders	336.5	348.1	337.2	341.1	332.4	347.9	335.2	293.1
Other Receivables	198.6	197.9	192.7	193.9	193.2	198.9	267.1	197.0
Deferred Policy Acquisition Costs	332.0	328.2	321.9	319.3	316.4	325.8	317.5	305.6
Goodwill	323.0	323.0	323.0	323.0	323.0	323.0	318.5	311.8
Current Income Tax Assets	15.5	28.5	20.9	15.5	9.5	12.8	20.8	10.9
Deferred Income Tax Assets	25.8	—	—	—	31.9	9.5	13.4	—
Other Assets	255.9	248.3	233.7	234.2	238.5	237.6	239.0	217.5
Total Assets	$ 8,210.5	$ 8,390.3	$ 8,305.9	$ 8,169.7	$ 8,036.1	$ 8,075.6	$ 8,055.1	$ 7,885.0
Liabilities and Shareholders' Equity:								
Insurance Reserves:								
Life and Health	$ 3,475.3	$ 3,461.5	$ 3,376.2	$ 3,358.4	$ 3,341.0	$ 3,327.8	$ 3,312.8	$ 3,299.5
Property and Casualty	931.4	920.7	917.4	900.4	862.8	852.9	874.4	720.1
Total Insurance Reserves	4,406.7	4,382.2	4,293.6	4,258.8	4,203.8	4,180.7	4,187.2	4,019.6
Unearned Premiums	618.7	637.0	622.6	621.6	613.1	629.4	606.2	530.0
Liabilities for Income Taxes	5.1	33.2	42.4	10.2	3.8	3.7	3.6	58.2
Long-term Debt, Current and Non-current, at Amortized Cost	751.6	751.3	751.1	750.9	750.6	750.4	750.2	750.0
Accrued Expenses and Other Liabilities	453.2	513.0	491.0	487.1	472.4	486.8	495.6	417.3
Total Liabilities	6,235.3	6,316.7	6,200.7	6,128.6	6,043.7	6,051.0	6,042.8	5,775.1
Shareholders' Equity:								
Common Stock	5.1	5.1	5.1	5.1	5.1	5.1	5.2	5.2
Paid-in Capital	660.3	656.9	654.6	652.6	654.0	651.9	657.1	655.1
Retained Earnings	1,172.8	1,155.5	1,184.4	1,192.7	1,209.0	1,218.6	1,204.7	1,189.3
Accumulated Other Comprehensive Income	137.0	256.1	261.1	190.7	124.3	149.0	145.3	260.3
Total Shareholders' Equity	1,975.2	2,073.6	2,105.2	2,041.1	1,992.4	2,024.6	2,012.3	2,109.9
Total Liabilities and Shareholders' Equity	$ 8,210.5	$ 8,390.3	$ 8,305.9	$ 8,169.7	$ 8,036.1	$ 8,075.6	$ 8,055.1	$ 7,885.0

Kemper Corporation
Consolidated Statements of Cash Flows
(Dollars in Millions)
(Unaudited)

	Year Ended		
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2014
Operating Activities:			
Net Income	$ 16.8	$ 85.7	$ 114.5
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:			
Increase in Deferred Policy Acquisition Costs	(15.6)	(13.1)	(0.4)
Amortization of Intangible Assets Acquired	5.9	15.4	7.2
Equity in Earnings of Equity Method Limited Liability Investments	(7.5)	(19.0)	(9.0)
Distribution of Accumulated Earnings of Equity Method Limited Liability Investments	15.7	8.6	21.7
Decrease (Increase) in Value of Fair Value Option Investments Reported in Net Investment Income	1.9	(0.3)	0.7
Amortization of Investment Securities and Depreciation of Investment Real Estate	16.2	16.1	15.4
Net Realized Gains on Sales of Investments	(33.1)	(52.1)	(39.1)
Net Impairment Losses Recognized in Earnings	32.7	27.2	15.2
Loss from Early Extinguishment of Debt	—	9.1	—
Depreciation of Property and Equipment	13.6	13.5	16.0
Write-off of Long-lived Asset	—	11.1	54.6
Decrease (Increase) in Receivables	(11.0)	49.6	46.2
Increase in Insurance Reserves	201.8	39.6	(54.7)
Increase in Unearned Premiums	5.6	(9.4)	(62.0)
Change in Income Taxes	(6.5)	(21.8)	11.2
Increase in Accrued Expenses and Other Liabilities	3.3	22.6	(20.3)
Other, Net	0.7	32.2	16.4
Net Cash Provided by Operating Activities (Carryforward to page 7)	240.5	215.0	133.6

Kemper Corporation
Consolidated Statements of Cash Flows
(Dollars in Millions)
(Unaudited)

	Year Ended		
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2014
Net Cash Provided by Operating Activities (Carryforward from page 6)	240.5	215.0	133.6
Investing Activities:			
Sales, Paydowns and Maturities of Fixed Maturities	532.3	627.8	573.7
Purchases of Fixed Maturities	(850.3)	(681.3)	(553.0)
Sales of Equity Securities	158.9	238.4	245.3
Purchases of Equity Securities	(90.1)	(134.0)	(235.2)
Return of Investment of Equity Method Limited Liability Investments	41.0	32.9	55.2
Acquisitions of Equity Method Limited Liability Investments	(34.6)	(32.4)	(21.4)
Sales of Fair Value Option Investments	72.2	—	6.9
Purchases of Fair Value Option Investments	(21.0)	(111.0)	(60.9)
Decrease (Increase) in Short-term Investments	(18.0)	104.9	(63.9)
Improvements of Investment Real Estate	(2.2)	(1.8)	(2.1)
Sales of Investment Real Estate	7.5	7.7	0.9
Acquisition of Business, Net of Cash Acquired	—	(57.6)	—
Increase in Other Investments	(5.7)	(3.2)	(8.0)
Purchase of Corporate-owned Life Insurance	(7.5)	(7.5)	(33.5)
Acquisition of Software	(17.6)	(8.9)	(11.3)
Disposition of Subsidiary, Net of Cash Disposed	—	—	8.9
Other, Net	(3.0)	(2.6)	(5.9)
Net Cash Used by Investing Activities	(238.1)	(28.6)	(104.3)
Financing Activities:			
Net Proceeds from Issuances of Debt	10.0	345.8	144.0
Repayments of Debt	(10.0)	(357.3)	—
Common Stock Repurchases	(3.8)	(45.0)	(114.0)
Dividends and Dividend Equivalents Paid	(49.2)	(49.7)	(51.8)
Cash Exercise of Stock Options	3.5	3.9	0.5
Other, Net	1.1	1.5	1.6
Net Cash Used by Financing Activities	(48.4)	(100.8)	(19.7)
Increase (Decrease) in Cash	(46.0)	85.6	9.6
Cash, Beginning of Year	161.7	76.1	66.5
Cash, End of Period	$ 115.7	$ 161.7	$ 76.1

Kemper Corporation
Capital Metrics
(Dollars and Shares in Millions, Except Per Share Amounts)
(Unaudited)

	Three Months Ended							
	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015
Book Value Per Share								
Numerator								
Shareholders' Equity	$ 1,975.2	$ 2,073.6	$ 2,105.2	$ 2,041.1	$ 1,992.4	$ 2,024.6	$ 2,012.3	$ 2,109.9
Less: Goodwill	(323.0)	(323.0)	(323.0)	(323.0)	(323.0)	(323.0)	(318.5)	(311.8)
Shareholders' Equity Excluding Goodwill	$ 1,652.2	$ 1,750.6	$ 1,782.2	$ 1,718.1	$ 1,669.4	$ 1,701.6	$ 1,693.8	$ 1,798.1
Shareholders' Equity	$ 1,975.2	$ 2,073.6	$ 2,105.2	$ 2,041.1	$ 1,992.4	$ 2,024.6	$ 2,012.3	$ 2,109.9
Less: Net Unrealized Gains on Fixed Maturities	(180.6)	(319.3)	(327.0)	(253.0)	(189.2)	(226.2)	(214.4)	(314.6)
Shareholders' Equity Excluding Net Unrealized Gains on Fixed Maturities	$ 1,794.6	$ 1,754.3	$ 1,778.2	$ 1,788.1	$ 1,803.2	$ 1,798.4	$ 1,797.9	$ 1,795.3
Denominator								
Common Shares Issued and Outstanding	51.271	51.185	51.133	51.133	51.327	51.318	51.803	51.826
Book Value Per Share	$ 38.52	$ 40.51	$ 41.17	$ 39.92	$ 38.82	$ 39.45	$ 38.85	$ 40.71
Book Value Per Share Excluding Goodwill	$ 32.22	$ 34.20	$ 34.85	$ 33.60	$ 32.52	$ 33.16	$ 32.70	$ 34.69
Book Value Per Share Excluding Unrealized on Fixed Maturities	$ 35.00	$ 34.27	$ 34.78	$ 34.97	$ 35.13	$ 35.04	$ 34.71	$ 34.64
Return on Shareholders' Equity								
Numerator								
Rolling 12 Months Net Income	$ 16.8	$ (9.8)	$ 44.4	$ 70.1	$ 85.7	$ 146.5	$ 113.3	$ 92.9
Denominator (5-point Average)								
5-point Average Shareholders' Equity	$ 2,037.5	$ 2,047.4	$ 2,035.1	$ 2,036.1	$ 2,046.0	$ 2,068.4	$ 2,091.2	$ 2,117.7
Rolling 12 Months Return on Average Shareholders' Equity (5-point Average)	0.8%	(0.5)%	2.2%	3.4%	4.2%	7.1%	5.4%	4.4%
Debt and Total Capitalization								
Debt	$ 751.6	$ 751.3	$ 751.1	$ 750.9	$ 750.6	$ 750.4	$ 750.2	$ 750.0
Shareholders' Equity	1,975.2	2,073.6	2,105.2	2,041.1	1,992.4	2,024.6	2,012.3	2,109.9
Total Capitalization	$ 2,726.8	$ 2,824.9	$ 2,856.3	$ 2,792.0	$ 2,743.0	$ 2,775.0	$ 2,762.5	$ 2,859.9
Ratio of Debt to Shareholders' Equity	38.1%	36.2 %	35.7%	36.8%	37.7%	37.1%	37.3%	35.5%
Ratio of Debt to Total Capitalization	27.6%	26.6 %	26.3%	26.9%	27.4%	27.0%	27.2%	26.2%
Parent Company Liquidity								
Kemper Holding Company Cash and Investments	$ 298.7	$ 310.3	$ 344.2	$ 295.7	$ 341.2	$ 343.3	$ 378.8	$ 290.2
Borrowings Available Under Credit Agreement	225.0	225.0	225.0	225.0	225.0	225.0	225.0	225.0
Parent Company Liquidity	$ 523.7	$ 535.3	$ 569.2	$ 520.7	$ 566.2	$ 568.3	$ 603.8	$ 515.2
Capital Returned to Shareholders								
Common Stock Repurchased	$ —	$ —	$ —	$ 3.8	$ 2.2	$ 17.6	$ 1.8	$ 21.9
Cash Dividends Paid	12.3	12.4	12.3	12.2	12.4	12.5	12.5	12.3
Total Capital Returned to Shareholders	$ 12.3	$ 12.4	$ 12.3	$ 16.0	$ 14.6	$ 30.1	$ 14.3	$ 34.2

Kemper Corporation
Debt Outstanding and Ratings
(Dollars in Millions)
(Unaudited)

	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015
Kemper Corporation:								
Notes Payable under Revolving Credit Agreement	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Senior Notes at Amortized Cost:								
6.00% Senior Notes due May 15, 2017	359.8	359.6	359.4	359.3	359.1	358.9	358.8	358.6
4.35% Senior Notes due February 15, 2025	247.7	247.6	247.6	247.5	247.4	247.4	247.3	247.3
7.375% Subordinated Debentures due February 27, 2054 at Amortized Cost	144.1	144.1	144.1	144.1	144.1	144.1	144.1	144.1
Debt Outstanding	$ 751.6	$ 751.3	$ 751.1	$ 750.9	$ 750.6	$ 750.4	$ 750.2	$ 750.0
Subsidiary Debt:								
Federal Home Loan Bank of Dallas	—	—	—	—	—	—	—	—
Federal Home Loan Bank of Chicago	—	—	—	—	—	—	—	—

	A.M. Best	Moody's	S&P	Fitch
As of Date of Financial Supplement				
Kemper Debt Ratings:				
Senior Notes Payable	bbb-	Baa3	BBB-	BBB-
Subordinated Debentures	bb+	Ba1	BB	BB
Insurance Company Financial Strength Ratings:				
Trinity Universal Insurance Company	A-	A3	A-	A-
United Insurance Company of America	A-	A3	A-	A-
Reserve National Insurance Company	A-	NR	NR	NR

NR - Not Rated

Kemper Corporation
Segment Revenues
(Dollars in Millions)
(Unaudited)

	Three Months Ended								Year Ended	
	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2016	Dec 31, 2015
Revenues:										
Property & Casualty Insurance:										
Earned Premiums:										
Personal Automobile	$ 317.2	$ 313.8	$ 310.3	$ 303.3	$ 296.8	$ 288.5	$ 252.6	$ 189.8	$ 1,244.6	$ 1,027.7
Homeowners	67.7	68.5	67.6	68.1	70.0	72.1	71.6	72.6	271.9	286.3
Other Personal	11.1	11.3	11.3	11.3	11.5	11.8	11.7	11.7	45.0	46.7
Total Personal	396.0	393.6	389.2	382.7	378.3	372.4	335.9	274.1	1,561.5	1,360.7
Commercial Automobile	13.1	13.3	13.4	13.5	13.8	13.7	13.5	13.5	53.3	54.5
Total Earned Premiums	409.1	406.9	402.6	396.2	392.1	386.1	349.4	287.6	1,614.8	1,415.2
Net Investment Income	20.4	20.4	19.7	11.9	21.6	18.3	18.6	14.8	72.4	73.3
Other Income	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.3	0.5	0.6
Total Property & Casualty Insurance	429.6	427.4	422.4	408.3	413.8	404.5	368.1	302.7	1,687.7	1,489.1
Life & Health Insurance:										
Earned Premiums:										
Life	95.9	95.8	95.5	94.4	94.6	95.5	96.0	88.0	381.6	374.1
Accident and Health	38.2	37.6	36.7	36.9	36.2	36.2	35.7	36.8	149.4	144.9
Property	18.2	18.6	18.9	18.5	18.6	18.9	19.0	18.9	74.2	75.4
Total Earned Premiums	152.3	152.0	151.1	149.8	149.4	150.6	150.7	143.7	605.2	594.4
Net Investment Income	53.6	54.5	50.1	55.0	55.2	55.1	53.5	50.4	213.2	214.2
Other Income	0.9	0.7	0.6	0.6	0.7	0.7	0.2	0.8	2.8	2.4
Total Life & Health Insurance	206.8	207.2	201.8	205.4	205.3	206.4	204.4	194.9	821.2	811.0
Total Segment Revenues	636.4	634.6	624.2	613.7	619.1	610.9	572.5	497.6	2,508.9	2,300.1
Net Realized Gains on Sales of Investments	9.1	11.6	5.6	6.8	9.4	5.3	34.0	3.4	33.1	52.1
Net Impairment Losses Recognized in Earnings	(8.7)	(8.3)	(6.4)	(9.3)	(14.7)	(3.3)	(2.2)	(7.0)	(32.7)	(27.2)
Other	5.9	2.8	3.8	0.1	3.2	2.5	4.9	5.2	12.6	15.8
Total Revenues	$ 642.7	$ 640.7	$ 627.2	$ 611.3	$ 617.0	$ 615.4	$ 609.2	$ 499.2	$ 2,521.9	$ 2,340.8

Kemper Corporation
Segment Operating Results
(Dollars in Millions)
(Unaudited)

	Three Months Ended								Year Ended	
	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2016	Dec 31, 2015
Segment Operating Profit (Loss):										
Property & Casualty Insurance	$ 7.2	$ 15.6	$ (17.2)	$ (22.8)	$ (10.9)	$ 25.0	$ (8.4)	$ 18.0	$ (17.2)	$ 23.7
Life & Health Insurance	35.1	(45.7)	25.3	31.0	27.3	35.4	22.2	24.8	45.7	109.7
Total Segment Operating Profit (Loss)	42.3	(30.1)	8.1	8.2	16.4	60.4	13.8	42.8	28.5	133.4
Corporate and Other Operating Loss	(2.1)	(6.4)	(4.7)	(12.2)	(12.7)	(12.6)	(11.3)	(12.3)	(25.4)	(48.9)
Total Operating Profit (Loss)	40.2	(36.5)	3.4	(4.0)	3.7	47.8	2.5	30.5	3.1	84.5
Net Realized Gains on Sales of Investments	9.1	11.6	5.6	6.8	9.4	5.3	34.0	3.4	33.1	52.1
Net Impairment Losses Recognized in Earnings	(8.7)	(8.3)	(6.4)	(9.3)	(14.7)	(3.3)	(2.2)	(7.0)	(32.7)	(27.2)
Loss from Early Extinguishment of Debt	—	—	—	—	—	—	—	(9.1)	—	(9.1)
Income (Loss) from Continuing Operations before Income Taxes	$ 40.6	$ (33.2)	$ 2.6	$ (6.5)	$ (1.6)	$ 49.8	$ 34.3	$ 17.8	$ 3.5	$ 100.3
Segment Net Operating Income (Loss):										
Property & Casualty Insurance	$ 7.0	$ 12.1	$ (8.9)	$ (13.1)	$ (5.1)	$ 21.0	$ (2.6)	$ 13.4	$ (2.9)	$ 26.7
Life & Health Insurance	23.0	(29.4)	16.4	20.3	17.8	23.5	14.3	16.1	30.3	71.7
Total Segment Net Operating Income (Loss)	30.0	(17.3)	7.5	7.2	12.7	44.5	11.7	29.5	27.4	98.4
Corporate and Other Net Operating Loss	(1.2)	(3.1)	(2.9)	(7.8)	(7.9)	(7.9)	(5.0)	(7.7)	(15.0)	(28.5)
Consolidated Operating Income (Loss)	28.8	(20.4)	4.6	(0.6)	4.8	36.6	6.7	21.8	12.4	69.9
Net Income (Loss) From:										
Net Realized Gains on Sales of Investments	5.9	7.5	3.7	4.4	6.1	3.5	22.1	2.2	21.5	33.9
Net Impairment Losses Recognized in Earnings	(5.6)	(5.4)	(4.2)	(6.0)	(9.6)	(2.1)	(1.4)	(4.6)	(21.2)	(17.7)
Loss from Early Extinguishment of Debt	—	—	—	—	—	—	—	(5.9)	—	(5.9)
Income (Loss) from Continuing Operations	$ 29.1	$ (18.3)	$ 4.1	$ (2.2)	$ 1.3	$ 38.0	$ 27.4	$ 13.5	$ 12.7	$ 80.2

Kemper Corporation
Segment Operating Results
(Dollars in Millions)
(Unaudited)

	Three Months Ended								Year Ended	
	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2016	Dec 31, 2015
Earned Premiums by Product:										
Personal Automobile	$ 317.2	$ 313.8	$ 310.3	$ 303.3	$ 296.8	$ 288.5	$ 252.6	$ 189.8	$ 1,244.6	$ 1,027.7
Homeowners	67.7	68.5	67.6	68.1	70.0	72.1	71.6	72.6	271.9	286.3
Other Personal Property and Casualty Insurance	29.3	29.9	30.2	29.8	30.1	30.7	30.7	30.6	119.2	122.1
Commercial Automobile	13.1	13.3	13.4	13.5	13.8	13.7	13.5	13.5	53.3	54.5
Life	95.9	95.8	95.5	94.4	94.6	95.5	96.0	88.0	381.6	374.1
Accident and Health	38.2	37.6	36.7	36.9	36.2	36.2	35.7	36.8	149.4	144.9
Total Earned Premiums	$ 561.4	$ 558.9	$ 553.7	$ 546.0	$ 541.5	$ 536.7	$ 500.1	$ 431.3	$ 2,220.0	$ 2,009.6
Net Investment Income by Segment:										
Property & Casualty Insurance:										
Equity Method Limited Liability Investments	$ 2.6	$ 3.0	$ 2.9	$ (3.9)	$ 4.0	$ 4.7	$ 3.0	$ 0.2	$ 4.6	$ 11.9
All Other Net Investment Income	17.8	17.4	16.8	15.8	17.6	13.6	15.6	14.6	67.8	61.4
Net Investment Income	20.4	20.4	19.7	11.9	21.6	18.3	18.6	14.8	72.4	73.3
Life & Health Insurance:										
Equity Method Limited Liability Investments	0.9	1.7	(0.5)	0.1	2.5	3.0	0.9	(1.0)	2.2	5.4
All Other Net Investment Income	52.7	52.8	50.6	54.9	52.7	52.1	52.6	51.4	211.0	208.8
Net Investment Income	53.6	54.5	50.1	55.0	55.2	55.1	53.5	50.4	213.2	214.2
Total Segment Net Investment Income	74.0	74.9	69.8	66.9	76.8	73.4	72.1	65.2	285.6	287.5
Unallocated Net Investment Income:										
Equity Method Limited Liability Investments	0.3	0.5	0.4	(0.5)	0.7	0.6	0.3	0.1	0.7	1.7
All Other Net Investment Income	5.6	2.3	3.5	0.6	1.9	1.9	4.3	5.3	12.0	13.4
Unallocated Net Investment Income	5.9	2.8	3.9	0.1	2.6	2.5	4.6	5.4	12.7	15.1
Net Investment Income	$ 79.9	$ 77.7	$ 73.7	$ 67.0	$ 79.4	$ 75.9	$ 76.7	$ 70.6	$ 298.3	$ 302.6

Kemper Corporation
Catastrophe Frequency and Severity
(Dollars in Millions)
(Unaudited)

	Year Ended Dec 31, 2016					
	Property & Casualty Insurance Segment		Life & Health Insurance Segment		Consolidated	
	Number of Events	Losses and LAE	Number of Events	Losses and LAE	Number of Events	Losses and LAE
Range of Losses and LAE Per Event:						
Below $5	39	$ 33.0	28	$ 5.5	39	$ 37.6
$5 - $10	2	13.2	—	—	2	13.5
$10 - $15	—	—	—	—	—	—
$15 - $20	—	—	—	—	—	—
$20 - $25	—	—	—	—	—	—
Greater Than $25	2	63.4	—	—	2	64.0
Total	43	$ 109.6	28	$ 5.5	43	$ 115.1

	Year Ended Dec 31, 2015					
	Property & Casualty Insurance Segment		Life & Health Insurance Segment		Consolidated	
	Number of Events	Losses and LAE	Number of Events	Losses and LAE	Number of Events	Losses and LAE
Range of Losses and LAE Per Event:						
Below $5	37	$ 40.9	24	$ 3.8	37	$ 43.6
$5 - $10	3	23.6	—	—	3	24.7
$10 - $15	—	—	—	—	—	—
$15 - $20	—	—	—	—	—	—
$20 - $25	—	—	—	—	—	—
Greater Than $25	—	—	—	—	—	—
Total	40	$ 64.5	24	$ 3.8	40	$ 68.3

Kemper Corporation
Property & Casualty Insurance Segment - Results of Operations and Selected Financial Information
(Dollars in Millions)
(Unaudited)

	Three Months Ended								Year Ended	
	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2016	Dec 31, 2015
Results of Operations										
Net Premiums Written	$ 390.1	$ 422.7	$ 404.7	$ 403.4	$ 374.7	$ 403.6	$ 348.2	$ 279.7	$ 1,620.9	$ 1,406.2
Earned Premiums	409.1	406.9	402.6	396.2	392.1	386.1	349.4	287.6	1,614.8	1,415.2
Net Investment Income	20.4	20.4	19.7	11.9	21.6	18.3	18.6	14.8	72.4	73.3
Other Income	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.3	0.5	0.6
Total Revenues	429.6	427.4	422.4	408.3	413.8	404.5	368.1	302.7	1,687.7	1,489.1
Incurred Losses and LAE related to:										
Current Year:										
Non-catastrophe Losses and LAE	310.6	306.7	309.2	297.4	307.4	283.2	245.5	198.5	1,223.9	1,034.6
Catastrophe Losses and LAE	11.7	11.3	49.1	37.5	14.1	4.7	35.4	10.3	109.6	64.5
Prior Years:										
Non-catastrophe Losses and LAE	6.2	3.1	(9.1)	4.7	2.3	(0.9)	(1.4)	(5.0)	4.9	(5.0)
Catastrophe Losses and LAE	(3.0)	(3.9)	(9.6)	(2.7)	(1.4)	(1.9)	(2.4)	(2.2)	(19.2)	(7.9)
Total Incurred Losses and LAE	325.5	317.2	339.6	336.9	322.4	285.1	277.1	201.6	1,319.2	1,086.2
Insurance Expenses, Excluding Write-off of Long-lived Asset	96.9	94.6	100.0	94.2	102.3	94.4	88.3	83.1	385.7	368.1
Write-off of Long-lived Asset[2]	—	—	—	—	—	—	11.1	—	—	11.1
Operating Profit (Loss)	7.2	15.6	(17.2)	(22.8)	(10.9)	25.0	(8.4)	18.0	(17.2)	23.7
Income Tax Benefit (Expense)	(0.2)	(3.5)	8.3	9.7	5.8	(4.0)	5.8	(4.6)	14.3	3.0
Segment Net Operating Income (Loss)	$ 7.0	$ 12.1	$ (8.9)	$ (13.1)	$ (5.1)	$ 21.0	$ (2.6)	$ 13.4	$ (2.9)	$ 26.7
Ratios Based On Earned Premiums										
Current Year Non-catastrophe Losses and LAE Ratio	75.9%	75.4%	76.9%	75.0%	78.4%	73.3%	70.3%	69.0%	75.8%	73.2%
Current Year Catastrophe Losses and LAE Ratio	2.9	2.8	12.2	9.5	3.6	1.2	10.1	3.6	6.8	4.6
Prior Years Non-catastrophe Losses and LAE Ratio	1.5	0.8	(2.3)	1.2	0.6	(0.2)	(0.4)	(1.7)	0.3	(0.4)
Prior Years Catastrophe Losses and LAE Ratio	(0.7)	(1.0)	(2.4)	(0.7)	(0.4)	(0.5)	(0.7)	(0.8)	(1.2)	(0.6)
Total Incurred Loss and LAE Ratio	79.6	78.0	84.4	85.0	82.2	73.8	79.3	70.1	81.7	76.8
Insurance Expense Ratio, Excluding Write-off of Long-lived Asset	23.7	23.2	24.8	23.8	26.1	24.4	25.3	28.9	23.9	26.0
Impact on Ratio from Write-off of Long-lived Asset	—	—	—	—	—	—	3.2	—	—	0.8
Combined Ratio	103.3%	101.2%	109.2%	108.8%	108.3%	98.2%	107.8%	99.0%	105.6%	103.6%
Underlying Combined Ratio [1]										
Current Year Non-catastrophe Losses and LAE Ratio	75.9%	75.4%	76.9%	75.0%	78.4%	73.3%	70.3%	69.0%	75.8%	73.2%
Insurance Expense Ratio, Excluding write-off of Long-lived Asset	23.7	23.2	24.8	23.8	26.1	24.4	25.3	28.9	23.9	26.0
Impact on Ratio from Write-off of Long-lived Asset	—	—	—	—	—	—	3.2	—	—	0.8
Underlying Combined Ratio	99.6%	98.6%	101.7%	98.8%	104.5%	97.7%	98.8%	97.9%	99.7%	100.0%
Non-GAAP Measure Reconciliation										
Underlying Combined Ratio	99.6%	98.6%	101.7%	98.8%	104.5%	97.7%	98.8%	97.9%	99.7%	100.0%
Current Year Catastrophe Losses and LAE Ratio	2.9	2.8	12.2	9.5	3.6	1.2	10.1	3.6	6.8	4.6
Prior Years Non-catastrophe Losses and LAE Ratio	1.5	0.8	(2.3)	1.2	0.6	(0.2)	(0.4)	(1.7)	0.3	(0.4)
Prior Years Catastrophe Losses and LAE Ratio	(0.7)	(1.0)	(2.4)	(0.7)	(0.4)	(0.5)	(0.7)	(0.8)	(1.2)	(0.6)
Combined Ratio as Reported	103.3%	101.2%	109.2%	108.8%	108.3%	98.2%	107.8%	99.0%	105.6%	103.6%

[1] Underlying Combined Ratio is a non-GAAP measure, which is computed as the difference between three operating ratios: the combined ratio, the effect of catastrophes (excluding development of prior-year catastrophes) on the combined ratio and the effect of prior-year reserve development at the reporting date (including development on prior-year catastrophes) on the combined ratio.

[2] The Write-off of Long-lived Asset has not been allocated to product lines. Accordingly, Results of Operations and Selected Financial Information presented on pages 16 to 22 of this Investor Supplement exclude the write-off.

Kemper Corporation
Property & Casualty Insurance Segment - Results of Operations and Selected Financial Information (continued)
(Dollars in Millions)
(Unaudited)

	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015
Insurance Reserves:								
Automobile	$ 754.1	$ 729.9	$ 709.6	$ 678.8	$ 656.3	$ 630.2	$ 631.8	$ 483.4
Homeowners	88.9	95.4	105.9	115.4	98.9	103.1	119.4	108.1
Other Personal	41.1	41.9	44.1	46.1	45.3	50.0	50.3	48.5
Insurance Reserves	$ 884.1	$ 867.2	$ 859.6	$ 840.3	$ 800.5	$ 783.3	$ 801.5	$ 640.0
Insurance Reserves:								
Loss Reserves:								
Case	$ 598.0	$ 596.6	$ 589.1	$ 563.3	$ 537.1	$ 532.1	$ 540.5	$ 426.8
Incurred but Not Reported	158.2	147.6	150.1	157.9	147.6	135.9	142.8	124.1
Total Loss Reserves	756.2	744.2	739.2	721.2	684.7	668.0	683.3	550.9
LAE Reserves	127.9	123.0	120.4	119.1	115.8	115.3	118.2	89.1
Insurance Reserves	$ 884.1	$ 867.2	$ 859.6	$ 840.3	$ 800.5	$ 783.3	$ 801.5	$ 640.0

Kemper Corporation
Property & Casualty Insurance Segment
Preferred Personal Automobile Insurance - Results of Operations and Selected Financial Information
(Dollars in Millions)
(Unaudited)

	Three Months Ended								Year Ended	
	Dec 31 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2016	Dec 31, 2015
Results of Operations										
Net Premiums Written	$ 102.5	$ 114.1	$ 109.8	$ 99.7	$ 102.4	$ 113.4	$ 112.2	$ 106.5	$ 426.1	$ 434.5
Earned Premiums	$ 106.6	$ 106.6	$ 105.3	$ 106.1	$ 109.0	$ 111.6	$ 113.4	$ 115.9	$ 424.6	$ 449.9
Net Investment Income	5.6	5.8	5.7	3.4	6.8	6.2	6.7	5.6	20.5	25.3
Other Income	—	—	—	—	—	—	—	0.2	—	0.2
Total Revenues	112.2	112.4	111.0	109.5	115.8	117.8	120.1	121.7	445.1	475.4
Incurred Losses and LAE related to:										
Current Year:										
Non-catastrophe Losses and LAE	85.7	74.0	75.0	73.3	83.1	76.5	78.1	81.8	308.0	319.5
Catastrophe Losses and LAE	0.3	1.2	5.2	4.9	0.4	0.1	2.3	0.2	11.6	3.0
Prior Years:										
Non-catastrophe Losses and LAE	4.1	(0.4)	(0.7)	1.9	(1.1)	(2.7)	(4.0)	(7.2)	4.9	(15.0)
Catastrophe Losses and LAE	—	—	(0.1)	(0.2)	0.1	(0.1)	(0.1)	(0.1)	(0.3)	(0.2)
Total Incurred Losses and LAE	90.1	74.8	79.4	79.9	82.5	73.8	76.3	74.7	324.2	307.3
Insurance Expenses	33.1	32.8	32.3	32.0	32.6	33.6	33.1	34.4	130.2	133.7
Operating Profit (Loss)	(11.0)	4.8	(0.7)	(2.4)	0.7	10.4	10.7	12.6	(9.3)	34.4
Income Tax Benefit (Expense)	4.6	(1.2)	0.8	1.4	0.3	(3.1)	(2.9)	(3.7)	5.6	(9.4)
Total Product Line Net Operating Income (Loss)	$ (6.4)	$ 3.6	$ 0.1	$ (1.0)	$ 1.0	$ 7.3	$ 7.8	$ 8.9	$ (3.7)	$ 25.0
Ratios Based On Earned Premiums										
Current Year Non-catastrophe Losses and LAE Ratio	80.4%	69.5%	71.3%	69.1%	76.2%	68.5%	68.9%	70.6%	72.6%	70.9%
Current Year Catastrophe Losses and LAE Ratio	0.3	1.1	4.9	4.6	0.4	0.1	2.0	0.2	2.7	0.7
Prior Years Non-catastrophe Losses and LAE Ratio	3.8	(0.4)	(0.7)	1.8	(1.0)	(2.4)	(3.5)	(6.2)	1.2	(3.3)
Prior Years Catastrophe Losses and LAE Ratio	—	—	(0.1)	(0.2)	0.1	(0.1)	(0.1)	(0.1)	(0.1)	—
Total Incurred Loss and LAE Ratio	84.5	70.2	75.4	75.3	75.7	66.1	67.3	64.5	76.4	68.3
Insurance Expense Ratio	31.1	30.8	30.7	30.2	29.9	30.1	29.2	29.7	30.7	29.7
Combined Ratio	115.6%	101.0%	106.1%	105.5%	105.6%	96.2%	96.5%	94.2%	107.1%	98.0%
Underlying Combined Ratio [1]										
Current Year Non-catastrophe Losses and LAE Ratio	80.4%	69.5%	71.3%	69.1%	76.2%	68.5%	68.9%	70.6%	72.6%	70.9%
Insurance Expense Ratio	31.1	30.8	30.7	30.2	29.9	30.1	29.2	29.7	30.7	29.7
Underlying Combined Ratio	111.5%	100.3%	102.0%	99.3%	106.1%	98.6%	98.1%	100.3%	103.3%	100.6%
Non-GAAP Measure Reconciliation										
Underlying Combined Ratio	111.5%	100.3%	102.0%	99.3%	106.1%	98.6%	98.1%	100.3%	103.3%	100.6%
Current Year Catastrophe Losses and LAE Ratio	0.3	1.1	4.9	4.6	0.4	0.1	2.0	0.2	2.7	0.7
Prior Years Non-catastrophe Losses and LAE Ratio	3.8	(0.4)	(0.7)	1.8	(1.0)	(2.4)	(3.5)	(6.2)	1.2	(3.3)
Prior Years Catastrophe Losses and LAE Ratio	—	—	(0.1)	(0.2)	0.1	(0.1)	(0.1)	(0.1)	(0.1)	—
Combined Ratio as Reported	115.6%	101.0%	106.1%	105.5%	105.6%	96.2%	96.5%	94.2%	107.1%	98.0%

[1] Underlying Combined Ratio is a non-GAAP measure, which is computed as the difference between three operating ratios: the combined ratio, the effect of catastrophes (excluding development of prior-year catastrophes) on the combined ratio and the effect of prior-year reserve development at the reporting date (including development on prior-year catastrophes) on the combined ratio.

Kemper Corporation
Property & Casualty Insurance Segment
Non-standard Personal Automobile Insurance - Results of Operations and Selected Financial Information
(Dollars in Millions)
(Unaudited)

	Three Months Ended								Year Ended	
	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2016	Dec 31, 2015
Results of Operations										
Net Premiums Written	$ 204.1	$ 211.4	$ 197.6	$ 219.5	$ 185.8	$ 189.3	$ 135.3	$ 85.6	$ 832.6	$ 596.0
Earned Premiums	$ 210.6	$ 207.2	$ 205.0	$ 197.2	$ 187.8	$ 176.9	$ 139.2	$ 73.9	$ 820.0	$ 577.8
Net Investment Income	7.3	6.3	5.8	4.0	5.8	4.4	3.8	2.6	23.4	16.6
Other Income	0.1	—	0.1	0.1	0.1	0.1	0.1	0.1	0.3	0.4
Total Revenues	218.0	213.5	210.9	201.3	193.7	181.4	143.1	76.6	843.7	594.8
Incurred Losses and LAE related to:										
Current Year:										
Non-catastrophe Losses and LAE	174.3	179.7	187.0	173.3	174.3	151.4	115.9	59.3	714.3	500.9
Catastrophe Losses and LAE	(0.1)	1.8	2.3	1.7	0.5	—	3.0	0.2	5.7	3.7
Prior Years:										
Non-catastrophe Losses and LAE	(0.1)	2.1	(3.1)	7.9	4.8	3.6	2.9	2.2	6.8	13.5
Catastrophe Losses and LAE	—	(0.1)	—	—	—	—	(0.1)	—	(0.1)	(0.1)
Total Incurred Losses and LAE	174.1	183.5	186.2	182.9	179.6	155.0	121.7	61.7	726.7	518.0
Insurance Expenses	35.7	33.4	39.6	34.7	40.2	31.2	25.5	18.5	143.4	115.4
Operating Income (Loss)	8.2	(3.4)	(14.9)	(16.3)	(26.1)	(4.8)	(4.1)	(3.6)	(26.4)	(38.6)
Income Tax Benefit (Expense)	(2.1)	2.0	6.1	6.2	9.8	5.1	2.5	1.5	12.2	18.9
Total Product Line Net Operating Income (Loss)	$ 6.1	$ (1.4)	$ (8.8)	$ (10.1)	$ (16.3)	$ 0.3	$ (1.6)	$ (2.1)	$ (14.2)	$ (19.7)
Ratios Based On Earned Premiums										
Current Year Non-catastrophe Losses and LAE Ratio	82.7%	86.7%	91.2%	87.8%	92.7%	85.6%	83.2%	80.2%	87.1%	86.8%
Current Year Catastrophe Losses and LAE Ratio	—	0.9	1.1	0.9	0.3	—	2.2	0.3	0.7	0.6
Prior Years Non-catastrophe Losses and LAE Ratio	—	1.0	(1.5)	4.0	2.6	2.0	2.1	3.0	0.8	2.3
Prior Years Catastrophe Losses and LAE Ratio	—	—	—	—	—	—	(0.1)	—	—	—
Total Incurred Loss and LAE Ratio	82.7	88.6	90.8	92.7	95.6	87.6	87.4	83.5	88.6	89.7
Insurance Expense Ratio	17.0	16.1	19.3	17.6	21.4	17.6	18.3	25.0	17.5	20.0
Combined Ratio	99.7%	104.7%	110.1%	110.3%	117.0%	105.2%	105.7%	108.5%	106.1%	109.7%
Underlying Combined Ratio [1]										
Current Year Non-catastrophe Losses and LAE Ratio	82.7%	86.7%	91.2%	87.8%	92.7%	85.6%	83.2%	80.2%	87.1%	86.8%
Insurance Expense Ratio	17.0	16.1	19.3	17.6	21.4	17.6	18.3	25.0	17.5	20.0
Underlying Combined Ratio	99.7%	102.8%	110.5%	105.4%	114.1%	103.2%	101.5%	105.2%	104.6%	106.8%
Non-GAAP Measure Reconciliation										
Underlying Combined Ratio	99.7%	102.8%	110.5%	105.4%	114.1%	103.2%	101.5%	105.2%	104.6%	106.8%
Current Year Catastrophe Losses and LAE Ratio	—	0.9	1.1	0.9	0.3	—	2.2	0.3	0.7	0.6
Prior Years Non-catastrophe Losses and LAE Ratio	—	1.0	(1.5)	4.0	2.6	2.0	2.1	3.0	0.8	2.3
Prior Years Catastrophe Losses and LAE Ratio	—	—	—	—	—	—	(0.1)	—	—	—
Combined Ratio as Reported	99.7%	104.7%	110.1%	110.3%	117.0%	105.2%	105.7%	108.5%	106.1%	109.7%

[1] Underlying Combined Ratio is a non-GAAP measure, which is computed as the difference between three operating ratios: the combined ratio, the effect of catastrophes (excluding development of prior-year catastrophes) on the combined ratio and the effect of prior-year reserve development at the reporting date (including development on prior-year catastrophes) on the combined ratio.

Kemper Corporation
Property & Casualty Insurance Segment
Total Personal Automobile Insurance - Results of Operations and Selected Financial Information
(Dollars in Millions)
(Unaudited)

	Three Months Ended								Year Ended	
	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2016	Dec 31, 2015
Results of Operations										
Net Premiums Written	$ 306.6	$ 325.5	$ 307.4	$ 319.2	$ 288.2	$ 302.7	$ 247.5	$ 192.1	$ 1,258.7	$ 1,030.5
Earned Premiums	$ 317.2	$ 313.8	$ 310.3	$ 303.3	$ 296.8	$ 288.5	$ 252.6	$ 189.8	$ 1,244.6	$ 1,027.7
Net Investment Income	12.9	12.1	11.5	7.4	12.6	10.6	10.5	8.2	43.9	41.9
Other Income	0.1	—	0.1	0.1	0.1	0.1	0.1	0.3	0.3	0.6
Total Revenues	330.2	325.9	321.9	310.8	309.5	299.2	263.2	198.3	1,288.8	1,070.2
Incurred Losses and LAE related to:										
Current Year:										
Non-catastrophe Losses and LAE	260.0	253.7	262.0	246.6	257.4	227.9	194.0	141.1	1,022.3	820.4
Catastrophe Losses and LAE	0.2	3.0	7.5	6.6	0.9	0.1	5.3	0.4	17.3	6.7
Prior Years:										
Non-catastrophe Losses and LAE	4.0	1.7	(3.8)	9.8	3.7	0.9	(1.1)	(5.0)	11.7	(1.5)
Catastrophe Losses and LAE	—	(0.1)	(0.1)	(0.2)	0.1	(0.1)	(0.2)	(0.1)	(0.4)	(0.3)
Total Incurred Losses and LAE	264.2	258.3	265.6	262.8	262.1	228.8	198.0	136.4	1,050.9	825.3
Insurance Expenses	68.8	66.2	71.9	66.7	72.8	64.8	58.6	52.9	273.6	249.1
Operating Profit (Loss)	(2.8)	1.4	(15.6)	(18.7)	(25.4)	5.6	6.6	9.0	(35.7)	(4.2)
Income Tax Benefit (Expense)	2.5	0.8	6.9	7.6	10.1	2.0	(0.4)	(2.2)	17.8	9.5
Total Product Line Net Operating Income (Loss)	$ (0.3)	$ 2.2	$ (8.7)	$ (11.1)	$ (15.3)	$ 7.6	$ 6.2	$ 6.8	$ (17.9)	$ 5.3
Ratios Based On Earned Premiums										
Current Year Non-catastrophe Losses and LAE Ratio	81.9%	80.8%	84.4%	81.3%	86.8%	79.0%	76.8%	74.4%	82.1%	79.7%
Current Year Catastrophe Losses and LAE Ratio	0.1	1.0	2.4	2.2	0.3	—	2.1	0.2	1.4	0.7
Prior Years Non-catastrophe Losses and LAE Ratio	1.3	0.5	(1.2)	3.2	1.2	0.3	(0.4)	(2.6)	0.9	(0.1)
Prior Years Catastrophe Losses and LAE Ratio	—	—	—	(0.1)	—	—	(0.1)	(0.1)	—	—
Total Incurred Loss and LAE Ratio	83.3	82.3	85.6	86.6	88.3	79.3	78.4	71.9	84.4	80.3
Insurance Expense Ratio	21.7	21.1	23.2	22.0	24.5	22.5	23.2	27.9	22.0	24.2
Combined Ratio	105.0%	103.4%	108.8%	108.6%	112.8%	101.8%	101.6%	99.8%	106.4%	104.5%
Underlying Combined Ratio [1]										
Current Year Non-catastrophe Losses and LAE Ratio	81.9%	80.8%	84.4%	81.3%	86.8%	79.0%	76.8%	74.4%	82.1%	79.7%
Insurance Expense Ratio	21.7	21.1	23.2	22.0	24.5	22.5	23.2	27.9	22.0	24.2
Underlying Combined Ratio	103.6%	101.9%	107.6%	103.3%	111.3%	101.5%	100.0%	102.3%	104.1%	103.9%
Non-GAAP Measure Reconciliation										
Underlying Combined Ratio	103.6%	101.9%	107.6%	103.3%	111.3%	101.5%	100.0%	102.3%	104.1%	103.9%
Current Year Catastrophe Losses and LAE Ratio	0.1	1.0	2.4	2.2	0.3	—	2.1	0.2	1.4	0.7
Prior Years Non-catastrophe Losses and LAE Ratio	1.3	0.5	(1.2)	3.2	1.2	0.3	(0.4)	(2.6)	0.9	(0.1)
Prior Years Catastrophe Losses and LAE Ratio	—	—	—	(0.1)	—	—	(0.1)	(0.1)	—	—
Combined Ratio as Reported	105.0%	103.4%	108.8%	108.6%	112.8%	101.8%	101.6%	99.8%	106.4%	104.5%

[1] Underlying Combined Ratio is a non-GAAP measure, which is computed as the difference between three operating ratios: the combined ratio, the effect of catastrophes (excluding development of prior-year catastrophes) on the combined ratio and the effect of prior-year reserve development at the reporting date (including development on prior-year catastrophes) on the combined ratio.

Kemper Corporation
Property & Casualty Insurance Segment
Commercial Automobile Insurance - Results of Operations and Selected Financial Information
(Dollars in Millions)
(Unaudited)

	Three Months Ended								Year Ended	
	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2016	Dec 31, 2015
Results of Operations										
Net Premiums Written	$ 11.0	$ 12.5	$ 13.3	$ 14.2	$ 12.1	$ 13.5	$ 14.5	$ 14.0	$ 51.0	$ 54.1
Earned Premiums	$ 13.1	$ 13.3	$ 13.4	$ 13.5	$ 13.8	$ 13.7	$ 13.5	$ 13.5	$ 53.3	$ 54.5
Net Investment Income	1.2	1.4	1.2	0.7	1.4	1.2	1.1	1.0	4.5	4.7
Other Income	—	0.1	—	0.1	—	—	—	—	0.2	—
Total Revenues	14.3	14.8	14.6	14.3	15.2	14.9	14.6	14.5	58.0	59.2
Incurred Losses and LAE related to:										
Current Year:										
Non-catastrophe Losses and LAE	12.2	10.4	10.5	10.9	11.6	13.3	10.0	10.8	44.0	45.7
Catastrophe Losses and LAE	(0.1)	0.4	0.4	0.1	—	—	0.2	—	0.8	0.2
Prior Years:										
Non-catastrophe Losses and LAE	2.4	4.2	(1.7)	(2.4)	1.1	1.5	(0.6)	(0.2)	2.5	1.8
Catastrophe Losses and LAE	—	(0.1)	—	—	—	—	—	—	(0.1)	—
Total Incurred Losses and LAE	14.5	14.9	9.2	8.6	12.7	14.8	9.6	10.6	47.2	47.7
Insurance Expenses	3.2	3.4	3.6	3.1	3.6	3.7	3.6	3.8	13.3	14.7
Operating Profit (Loss)	(3.4)	(3.5)	1.8	2.6	(1.1)	(3.6)	1.4	0.1	(2.5)	(3.2)
Income Tax Benefit (Expense)	1.3	1.3	(0.5)	(0.8)	0.5	1.3	(0.4)	0.1	1.3	1.5
Total Product Line Net Operating Income (Loss)	$ (2.1)	$ (2.2)	$ 1.3	$ 1.8	$ (0.6)	$ (2.3)	$ 1.0	$ 0.2	$ (1.2)	$ (1.7)
Ratios Based On Earned Premiums										
Current Year Non-catastrophe Losses and LAE Ratio	93.2%	78.2%	78.4%	80.8%	84.0%	97.1%	74.0%	80.0%	82.6%	83.8%
Current Year Catastrophe Losses and LAE Ratio	(0.8)	3.0	3.0	0.7	—	—	1.5	—	1.5	0.4
Prior Years Non-catastrophe Losses and LAE Ratio	18.3	31.6	(12.7)	(17.8)	8.0	10.9	(4.4)	(1.5)	4.7	3.3
Prior Years Catastrophe Losses and LAE Ratio	—	(0.8)	—	—	—	—	—	—	(0.2)	—
Total Incurred Loss and LAE Ratio	110.7	112.0	68.7	63.7	92.0	108.0	71.1	78.5	88.6	87.5
Insurance Expense Ratio	24.4	25.6	26.9	23.0	26.1	27.0	26.7	28.1	25.0	27.0
Combined Ratio	135.1%	137.6%	95.6%	86.7%	118.1%	135.0%	97.8%	106.6%	113.6%	114.5%
Underlying Combined Ratio [1]										
Current Year Non-catastrophe Losses and LAE Ratio	93.2%	78.2%	78.4%	80.8%	84.0%	97.1%	74.0%	80.0%	82.6%	83.8%
Insurance Expense Ratio	24.4	25.6	26.9	23.0	26.1	27.0	26.7	28.1	25.0	27.0
Underlying Combined Ratio	117.6%	103.8%	105.3%	103.8%	110.1%	124.1%	100.7%	108.1%	107.6%	110.8%
Non-GAAP Measure Reconciliation										
Underlying Combined Ratio	117.6%	103.8%	105.3%	103.8%	110.1%	124.1%	100.7%	108.1%	107.6%	110.8%
Current Year Catastrophe Losses and LAE Ratio	(0.8)	3.0	3.0	0.7	—	—	1.5	—	1.5	0.4
Prior Years Non-catastrophe Losses and LAE Ratio	18.3	31.6	(12.7)	(17.8)	8.0	10.9	(4.4)	(1.5)	4.7	3.3
Prior Years Catastrophe Losses and LAE Ratio	—	(0.8)	—	—	—	—	—	—	(0.2)	—
Combined Ratio as Reported	135.1%	137.6%	95.6%	86.7%	118.1%	135.0%	97.8%	106.6%	113.6%	114.5%

[1] Underlying Combined Ratio is a non-GAAP measure, which is computed as the difference between three operating ratios: the combined ratio, the effect of catastrophes (excluding development of prior-year catastrophes) on the combined ratio and the effect of prior-year reserve development at the reporting date (including development on prior-year catastrophes) on the combined ratio.

Kemper Corporation
Property & Casualty Insurance Segment
Total Automobile Insurance - Results of Operations and Selected Financial Information
(Dollars in Millions)
(Unaudited)

	Three Months Ended								Year Ended	
	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2016	Dec 31, 2015
Results of Operations										
Net Premiums Written	$ 317.6	$ 338.0	$ 320.7	$ 333.4	$ 300.3	$ 316.2	$ 262.0	$ 206.1	$ 1,309.7	$ 1,084.6
Earned Premiums	$ 330.3	$ 327.1	$ 323.7	$ 316.8	$ 310.6	$ 302.2	$ 266.1	$ 203.3	$ 1,297.9	$ 1,082.2
Net Investment Income	14.1	13.5	12.7	8.1	14.0	11.8	11.6	9.2	48.4	46.6
Other Income	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.3	0.5	0.6
Total Revenues	344.5	340.7	336.5	325.1	324.7	314.1	277.8	212.8	1,346.8	1,129.4
Incurred Losses and LAE related to:										
Current Year:										
Non-catastrophe Losses and LAE	272.2	264.1	272.5	257.5	269.0	241.2	204.0	151.9	1,066.3	866.1
Catastrophe Losses and LAE	0.1	3.4	7.9	6.7	0.9	0.1	5.5	0.4	18.1	6.9
Prior Years:										
Non-catastrophe Losses and LAE	6.4	5.9	(5.5)	7.4	4.8	2.4	(1.7)	(5.2)	14.2	0.3
Catastrophe Losses and LAE	—	(0.2)	(0.1)	(0.2)	0.1	(0.1)	(0.2)	(0.1)	(0.5)	(0.3)
Total Incurred Losses and LAE	278.7	273.2	274.8	271.4	274.8	243.6	207.6	147.0	1,098.1	873.0
Insurance Expenses	72.0	69.6	75.5	69.8	76.4	68.5	62.2	56.7	286.9	263.8
Operating Profit (Loss)	(6.2)	(2.1)	(13.8)	(16.1)	(26.5)	2.0	8.0	9.1	(38.2)	(7.4)
Income Tax Benefit (Expense)	3.8	2.1	6.4	6.8	10.6	3.3	(0.8)	(2.1)	19.1	11.0
Total Product Line Net Operating Income (Loss)	$ (2.4)	$ —	$ (7.4)	$ (9.3)	$ (15.9)	$ 5.3	$ 7.2	$ 7.0	$ (19.1)	$ 3.6
Ratios Based On Earned Premiums										
Current Year Non-catastrophe Losses and LAE Ratio	82.5%	80.8%	84.2%	81.4%	86.7%	79.8%	76.6%	74.7%	82.1%	80.1%
Current Year Catastrophe Losses and LAE Ratio	—	1.0	2.4	2.1	0.3	—	2.1	0.2	1.4	0.6
Prior Years Non-catastrophe Losses and LAE Ratio	1.9	1.8	(1.7)	2.3	1.5	0.8	(0.6)	(2.6)	1.1	—
Prior Years Catastrophe Losses and LAE Ratio	—	(0.1)	—	(0.1)	—	—	(0.1)	—	—	—
Total Incurred Loss and LAE Ratio	84.4	83.5	84.9	85.7	88.5	80.6	78.0	72.3	84.6	80.7
Insurance Expense Ratio	21.8	21.3	23.3	22.0	24.6	22.7	23.4	27.9	22.1	24.4
Combined Ratio	106.2%	104.8%	108.2%	107.7%	113.1%	103.3%	101.4%	100.2%	106.7%	105.1%
Underlying Combined Ratio [1]										
Current Year Non-catastrophe Losses and LAE Ratio	82.5%	80.8%	84.2%	81.4%	86.7%	79.8%	76.6%	74.7%	82.1%	80.1%
Insurance Expense Ratio	21.8	21.3	23.3	22.0	24.6	22.7	23.4	27.9	22.1	24.4
Underlying Combined Ratio	104.3%	102.1%	107.5%	103.4%	111.3%	102.5%	100.0%	102.6%	104.2%	104.5%
Non-GAAP Measure Reconciliation										
Underlying Combined Ratio	104.3%	102.1%	107.5%	103.4%	111.3%	102.5%	100.0%	102.6%	104.2%	104.5%
Current Year Catastrophe Losses and LAE Ratio	—	1.0	2.4	2.1	0.3	—	2.1	0.2	1.4	0.6
Prior Years Non-catastrophe Losses and LAE Ratio	1.9	1.8	(1.7)	2.3	1.5	0.8	(0.6)	(2.6)	1.1	—
Prior Years Catastrophe Losses and LAE Ratio	—	(0.1)	—	(0.1)	—	—	(0.1)	—	—	—
Combined Ratio as Reported	106.2%	104.8%	108.2%	107.7%	113.1%	103.3%	101.4%	100.2%	106.7%	105.1%

[1] Underlying Combined Ratio is a non-GAAP measure, which is computed as the difference between three operating ratios: the combined ratio, the effect of catastrophes (excluding development of prior-year catastrophes) on the combined ratio and the effect of prior-year reserve development at the reporting date (including development on prior-year catastrophes) on the combined ratio.

Kemper Corporation
Property & Casualty Insurance Segment
Homeowners Insurance - Results of Operations and Selected Financial Information
(Dollars in Millions)
(Unaudited)

	Three Months Ended								Year Ended	
	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2016	Dec 31, 2015
Results of Operations										
Net Premiums Written	$ 62.2	$ 73.1	$ 72.2	$ 59.9	$ 63.5	$ 75.2	$ 74.2	$ 63.1	$ 267.4	$ 276.0
Earned Premiums	$ 67.7	$ 68.5	$ 67.6	$ 68.1	$ 70.0	$ 72.1	$ 71.6	$ 72.6	$ 271.9	$ 286.3
Net Investment Income	5.3	5.9	5.9	3.2	6.3	5.5	5.9	4.8	20.3	22.5
Other Income	—	—	—	—	—	—	—	—	—	—
Total Revenues	73.0	74.4	73.5	71.3	76.3	77.6	77.5	77.4	292.2	308.8
Incurred Losses and LAE related to:										
Current Year:										
Non-catastrophe Losses and LAE	32.6	36.8	30.9	35.2	32.5	36.3	36.5	39.8	135.5	145.1
Catastrophe Losses and LAE	11.3	7.8	40.0	29.9	12.6	4.8	28.4	9.6	89.0	55.4
Prior Years:										
Non-catastrophe Losses and LAE	0.6	(0.6)	(0.5)	(2.7)	(0.5)	(2.5)	0.1	(0.4)	(3.2)	(3.3)
Catastrophe Losses and LAE	(2.5)	(3.5)	(8.4)	(2.4)	(1.5)	(1.7)	(2.1)	(2.2)	(16.8)	(7.5)
Total Incurred Losses and LAE	42.0	40.5	62.0	60.0	43.1	36.9	62.9	46.8	204.5	189.7
Insurance Expenses	21.6	21.7	21.4	21.3	22.3	22.4	22.9	23.0	86.0	90.6
Operating Profit (Loss)	9.4	12.2	(9.9)	(10.0)	10.9	18.3	(8.3)	7.6	1.7	28.5
Income Tax Benefit (Expense)	(2.7)	(3.8)	4.1	4.0	(3.3)	(5.8)	3.6	(2.1)	1.6	(7.6)
Total Product Line Net Operating Income (Loss)	$ 6.7	$ 8.4	$ (5.8)	$ (6.0)	$ 7.6	$ 12.5	$ (4.7)	$ 5.5	$ 3.3	$ 20.9
Ratios Based On Earned Premiums										
Current Year Non-catastrophe Losses and LAE Ratio	48.1%	53.7%	45.6%	51.7%	46.4%	50.4%	50.9%	54.9%	49.9%	50.7%
Current Year Catastrophe Losses and LAE Ratio	16.7	11.4	59.2	43.9	18.0	6.7	39.7	13.2	32.7	19.4
Prior Years Non-catastrophe Losses and LAE Ratio	0.9	(0.9)	(0.7)	(4.0)	(0.7)	(3.5)	0.1	(0.6)	(1.2)	(1.2)
Prior Years Catastrophe Losses and LAE Ratio	(3.7)	(5.1)	(12.4)	(3.5)	(2.1)	(2.4)	(2.9)	(3.0)	(6.2)	(2.6)
Total Incurred Loss and LAE Ratio	62.0	59.1	91.7	88.1	61.6	51.2	87.8	64.5	75.2	66.3
Insurance Expense Ratio	31.9	31.7	31.7	31.3	31.9	31.1	32.0	31.7	31.6	31.6
Combined Ratio	93.9%	90.8%	123.4%	119.4%	93.5%	82.3%	119.8%	96.2%	106.8%	97.9%
Underlying Combined Ratio [1]										
Current Year Non-catastrophe Losses and LAE Ratio	48.1%	53.7%	45.6%	51.7%	46.4%	50.4%	50.9%	54.9%	49.9%	50.7%
Insurance Expense Ratio	31.9	31.7	31.7	31.3	31.9	31.1	32.0	31.7	31.6	31.6
Underlying Combined Ratio	80.0%	85.4%	77.3%	83.0%	78.3%	81.5%	82.9%	86.6%	81.5%	82.3%
Non-GAAP Measure Reconciliation										
Underlying Combined Ratio	80.0%	85.4%	77.3%	83.0%	78.3%	81.5%	82.9%	86.6%	81.5%	82.3%
Current Year Catastrophe Losses and LAE Ratio	16.7	11.4	59.2	43.9	18.0	6.7	39.7	13.2	32.7	19.4
Prior Years Non-catastrophe Losses and LAE Ratio	0.9	(0.9)	(0.7)	(4.0)	(0.7)	(3.5)	0.1	(0.6)	(1.2)	(1.2)
Prior Years Catastrophe Losses and LAE Ratio	(3.7)	(5.1)	(12.4)	(3.5)	(2.1)	(2.4)	(2.9)	(3.0)	(6.2)	(2.6)
Combined Ratio as Reported	93.9%	90.8%	123.4%	119.4%	93.5%	82.3%	119.8%	96.2%	106.8%	97.9%

[1] Underlying Combined Ratio is a non-GAAP measure, which is computed as the difference between three operating ratios: the combined ratio, the effect of catastrophes (excluding development of prior-year catastrophes) on the combined ratio and the effect of prior-year reserve development at the reporting date (including development on prior-year catastrophes) on the combined ratio.

Kemper Corporation
Property & Casualty Insurance Segment
Other Personal Lines - Results of Operations and Selected Financial Information
(Dollars in Millions)
(Unaudited)

	Three Months Ended								Year Ended	
	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2016	Dec 31, 2015
Results of Operations										
Net Premiums Written	$ 10.3	$ 11.6	$ 11.8	$ 10.1	$ 10.9	$ 12.2	$ 12.0	$ 10.5	$ 43.8	$ 45.6
Earned Premiums	$ 11.1	$ 11.3	$ 11.3	$ 11.3	$ 11.5	$ 11.8	$ 11.7	$ 11.7	$ 45.0	$ 46.7
Net Investment Income	1.0	1.0	1.1	0.6	1.3	1.0	1.1	0.8	3.7	4.2
Other Income	—	—	—	—	—	—	—	—	—	—
Total Revenues	12.1	12.3	12.4	11.9	12.8	12.8	12.8	12.5	48.7	50.9
Incurred Losses and LAE related to:										
Current Year:										
Non-catastrophe Losses and LAE	5.8	5.8	5.8	4.7	5.9	5.7	5.0	6.8	22.1	23.4
Catastrophe Losses and LAE	0.3	0.1	1.2	0.9	0.6	(0.2)	1.5	0.3	2.5	2.2
Prior Years:										
Non-catastrophe Losses and LAE	(0.8)	(2.2)	(3.1)	—	(2.0)	(0.8)	0.2	0.6	(6.1)	(2.0)
Catastrophe Losses and LAE	(0.5)	(0.2)	(1.1)	(0.1)	—	(0.1)	(0.1)	0.1	(1.9)	(0.1)
Total Incurred Losses and LAE	4.8	3.5	2.8	5.5	4.5	4.6	6.6	7.8	16.6	23.5
Insurance Expenses	3.3	3.3	3.1	3.1	3.6	3.5	3.2	3.4	12.8	13.7
Operating Profit	4.0	5.5	6.5	3.3	4.7	4.7	3.0	1.3	19.3	13.7
Income Tax Expense	(1.3)	(1.8)	(2.2)	(1.1)	(1.5)	(1.5)	(0.9)	(0.4)	(6.4)	(4.4)
Total Product Line Net Operating Income	$ 2.7	$ 3.7	$ 4.3	$ 2.2	$ 3.2	$ 3.2	$ 2.1	$ 0.9	$ 12.9	$ 9.3
Ratios Based On Earned Premiums										
Current Year Non-catastrophe Losses and LAE Ratio	52.2%	51.4%	51.3%	41.6%	51.3%	48.3%	42.8%	58.1%	49.1%	50.1%
Current Year Catastrophe Losses and LAE Ratio	2.7	0.9	10.6	8.0	5.2	(1.7)	12.8	2.6	5.6	4.7
Prior Years Non-catastrophe Losses and LAE Ratio	(7.2)	(19.5)	(27.4)	—	(17.4)	(6.8)	1.7	5.1	(13.6)	(4.3)
Prior Years Catastrophe Losses and LAE Ratio	(4.5)	(1.8)	(9.7)	(0.9)	—	(0.8)	(0.9)	0.9	(4.2)	(0.2)
Total Incurred Loss and LAE Ratio	43.2	31.0	24.8	48.7	39.1	39.0	56.4	66.7	36.9	50.3
Insurance Expense Ratio	29.7	29.2	27.4	27.4	31.3	29.7	27.4	29.1	28.4	29.3
Combined Ratio	72.9%	60.2%	52.2%	76.1%	70.4%	68.7%	83.8%	95.8%	65.3%	79.6%
Underlying Combined Ratio [1]										
Current Year Non-catastrophe Losses and LAE Ratio	52.2%	51.4%	51.3%	41.6%	51.3%	48.3%	42.8%	58.1%	49.1%	50.1%
Insurance Expense Ratio	29.7	29.2	27.4	27.4	31.3	29.7	27.4	29.1	28.4	29.3
Underlying Combined Ratio	81.9%	80.6%	78.7%	69.0%	82.6%	78.0%	70.2%	87.2%	77.5%	79.4%
Non-GAAP Measure Reconciliation										
Underlying Combined Ratio	81.9%	80.6%	78.7%	69.0%	82.6%	78.0%	70.2%	87.2%	77.5%	79.4%
Current Year Catastrophe Losses and LAE Ratio	2.7	0.9	10.6	8.0	5.2	(1.7)	12.8	2.6	5.6	4.7
Prior Years Non-catastrophe Losses and LAE Ratio	(7.2)	(19.5)	(27.4)	—	(17.4)	(6.8)	1.7	5.1	(13.6)	(4.3)
Prior Years Catastrophe Losses and LAE Ratio	(4.5)	(1.8)	(9.7)	(0.9)	—	(0.8)	(0.9)	0.9	(4.2)	(0.2)
Combined Ratio as Reported	72.9%	60.2%	52.2%	76.1%	70.4%	68.7%	83.8%	95.8%	65.3%	79.6%

[1] Underlying Combined Ratio is a non-GAAP measure, which is computed as the difference between three operating ratios: the combined ratio, the effect of catastrophes (excluding development of prior-year catastrophes) on the combined ratio and the effect of prior-year reserve development at the reporting date (including development on prior-year catastrophes) on the combined ratio.

Kemper Corporation
Life & Health Insurance Segment - Results of Operations and Selected Financial Information
(Dollars in Millions)
(Unaudited)

	Three Months Ended								Year Ended	
	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2016	Dec 31, 2015
Results of Operations										
Earned Premiums	$ 152.3	$ 152.0	$ 151.1	$ 149.8	$ 149.4	$ 150.6	$ 150.7	$ 143.7	$ 605.2	$ 594.4
Net Investment Income	53.6	54.5	50.1	55.0	55.2	55.1	53.5	50.4	213.2	214.2
Other Income	0.9	0.7	0.6	0.6	0.7	0.7	0.2	0.8	2.8	2.4
Total Revenues	206.8	207.2	201.8	205.4	205.3	206.4	204.4	194.9	821.2	811.0
Policyholders' Benefits and Incurred Losses and LAE	92.8	173.0	96.5	99.3	93.5	93.7	98.0	96.1	461.6	381.3
Insurance Expenses	78.9	79.9	80.0	75.1	84.5	77.3	84.2	74.0	313.9	320.0
Operating Profit (Loss)	35.1	(45.7)	25.3	31.0	27.3	35.4	22.2	24.8	45.7	109.7
Income Tax Benefit (Expense)	(12.1)	16.3	(8.9)	(10.7)	(9.5)	(11.9)	(7.9)	(8.7)	(15.4)	(38.0)
Segment Net Operating Income (Loss)	$ 23.0	$ (29.4)	$ 16.4	$ 20.3	$ 17.8	$ 23.5	$ 14.3	$ 16.1	$ 30.3	$ 71.7

	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015
Insurance Reserves:								
Future Policyholder Benefits	$ 3,311.5	$ 3,298.5	$ 3,310.3	$ 3,294.4	$ 3,278.4	$ 3,267.3	$ 3,255.7	$ 3,238.9
Incurred Losses and LAE Reserves:								
Life	141.9	142.1	43.8	42.1	41.2	39.4	37.5	40.2
Accident and Health	21.9	20.9	22.1	21.9	21.4	21.1	19.6	20.4
Property	4.5	5.5	5.4	6.0	5.2	4.4	5.2	3.7
Total Incurred Losses and LAE Reserves	168.3	168.5	71.3	70.0	67.8	64.9	62.3	64.3
Insurance Reserves	$ 3,479.8	$ 3,467.0	$ 3,381.6	$ 3,364.4	$ 3,346.2	$ 3,332.2	$ 3,318.0	$ 3,303.2

Kemper Corporation
Life & Health Insurance Segment
Life Insurance - Results of Operations and Selected Financial Information
(Dollars in Millions)
(Unaudited)

	Three Months Ended								Year Ended	
	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2016	Dec 31, 2015
Results of Operations										
Earned Premiums	$ 95.9	$ 95.8	$ 95.5	$ 94.4	$ 94.6	$ 95.5	$ 96.0	$ 88.0	$ 381.6	$ 374.1
Net Investment Income	51.7	52.7	48.4	53.5	53.4	53.3	51.7	48.8	206.3	207.2
Other Income	0.7	0.6	0.5	0.5	0.5	0.6	0.1	0.7	2.3	1.9
Total Revenues	148.3	149.1	144.4	148.4	148.5	149.4	147.8	137.5	590.2	583.2
Policyholders’ Benefits and Incurred Losses and LAE	68.0	146.5	70.5	71.3	66.3	66.2	70.6	71.8	356.3	274.9
Insurance Expenses	53.1	54.9	53.2	50.1	60.4	52.8	59.6	48.9	211.3	221.7
Operating Profit (Loss)	27.2	(52.3)	20.7	27.0	21.8	30.4	17.6	16.8	22.6	86.6
Income Tax Benefit (Expense)	(9.4)	18.6	(7.3)	(9.4)	(7.6)	(10.2)	(6.4)	(5.9)	(7.5)	(30.1)
Total Product Line Operating Income (Loss)	$ 17.8	$ (33.7)	$ 13.4	$ 17.6	$ 14.2	$ 20.2	$ 11.2	$ 10.9	$ 15.1	$ 56.5

Kemper Corporation
Life & Health Insurance Segment
Accident & Health Insurance - Results of Operations and Selected Financial Information
(Dollars in Millions)
(Unaudited)

	Three Months Ended								Year Ended	
	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2016	Dec 31, 2015
Results of Operations										
Earned Premiums	$ 38.2	$ 37.6	$ 36.7	$ 36.9	$ 36.2	$ 36.2	$ 35.7	$ 36.8	$ 149.4	$ 144.9
Net Investment Income	1.4	1.4	1.3	1.3	1.4	1.4	1.4	1.3	5.4	5.5
Other Income	0.2	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.5	0.5
Total Revenues	39.8	39.1	38.1	38.3	37.8	37.7	37.2	38.2	155.3	150.9
Policyholders’ Benefits and Incurred Losses and LAE	19.6	19.9	20.3	20.5	20.1	21.2	20.4	19.1	80.3	80.8
Insurance Expenses	17.3	16.4	17.1	16.8	15.9	15.8	15.3	16.8	67.6	63.8
Operating Profit	2.9	2.8	0.7	1.0	1.8	0.7	1.5	2.3	7.4	6.3
Income Tax Expense	(0.9)	(1.0)	(0.3)	(0.3)	(0.6)	(0.3)	(0.5)	(0.8)	(2.5)	(2.2)
Total Product Line Net Operating Income	$ 2.0	$ 1.8	$ 0.4	$ 0.7	$ 1.2	$ 0.4	$ 1.0	$ 1.5	$ 4.9	$ 4.1

Kemper Corporation
Life & Health Insurance Segment
Property Insurance - Results of Operations and Selected Financial Information
(Dollars in Millions)
(Unaudited)

	Three Months Ended								Year Ended	
	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2016	Dec 31, 2015
Results of Operations										
Earned Premiums	$ 18.2	$ 18.6	$ 18.9	$ 18.5	$ 18.6	$ 18.9	$ 19.0	$ 18.9	$ 74.2	$ 75.4
Net Investment Income	0.5	0.4	0.4	0.2	0.4	0.4	0.4	0.3	1.5	1.5
Other Income	—	—	—	—	—	—	—	—	—	—
Total Revenues	18.7	19.0	19.3	18.7	19.0	19.3	19.4	19.2	75.7	76.9
Incurred Losses and LAE related to:										
Current Year:										
Non-catastrophe Losses and LAE	4.3	5.5	4.6	5.2	4.8	5.8	4.5	5.3	19.6	20.4
Catastrophe Losses and LAE	0.9	1.4	1.6	1.6	1.9	0.1	1.7	0.1	5.5	3.8
Prior Years:										
Non-catastrophe Losses and LAE	—	(0.3)	(0.1)	0.4	0.2	0.5	0.7	(0.1)	—	1.3
Catastrophe Losses and LAE	0.1	(0.1)	(0.4)	0.3	0.2	(0.1)	0.1	(0.1)	(0.1)	0.1
Total Incurred Losses and LAE	5.3	6.5	5.7	7.5	7.1	6.3	7.0	5.2	25.0	25.6
Insurance Expenses	8.5	8.6	9.7	8.2	8.2	8.7	9.3	8.3	35.0	34.5
Operating Profit	4.9	3.9	3.9	3.0	3.7	4.3	3.1	5.7	15.7	16.8
Income Tax Expense	(1.8)	(1.3)	(1.3)	(1.0)	(1.3)	(1.4)	(1.0)	(2.0)	(5.4)	(5.7)
Total Product Line Net Operating Income	$ 3.1	$ 2.6	$ 2.6	$ 2.0	$ 2.4	$ 2.9	$ 2.1	$ 3.7	$ 10.3	$ 11.1
Ratios Based On Earned Premiums										
Current Year Non-catastrophe Losses and LAE Ratio	23.7%	29.5%	24.3%	28.1%	25.8%	30.7%	23.7%	28.0%	26.4%	27.2%
Current Year Catastrophe Losses and LAE Ratio	4.9	7.5	8.5	8.6	10.2	0.5	8.9	0.5	7.4	5.0
Prior Years Non-catastrophe Losses and LAE Ratio	—	(1.6)	(0.5)	2.2	1.1	2.6	3.7	(0.5)	—	1.7
Prior Years Catastrophe Losses and LAE Ratio	0.5	(0.5)	(2.1)	1.6	1.1	(0.5)	0.5	(0.5)	(0.1)	0.1
Total Incurred Loss and LAE Ratio	29.1	34.9	30.2	40.5	38.2	33.3	36.8	27.5	33.7	34.0
Insurance Expense Ratio	46.7	46.2	51.3	44.3	44.1	46.0	48.9	43.9	47.2	45.8
Combined Ratio	75.8%	81.1%	81.5%	84.8%	82.3%	79.3%	85.7%	71.4%	80.9%	79.8%
Underlying Combined Ratio [1]										
Current Year Non-catastrophe Losses and LAE Ratio	23.7%	29.5%	24.3%	28.1%	25.8%	30.7%	23.7%	28.0%	26.4%	27.2%
Insurance Expense Ratio	46.7	46.2	51.3	44.3	44.1	46.0	48.9	43.9	47.2	45.8
Underlying Combined Ratio	70.4%	75.7%	75.6%	72.4%	69.9%	76.7%	72.6%	71.9%	73.6%	73.0%
Non-GAAP Measure Reconciliation										
Underlying Combined Ratio	70.4%	75.7%	75.6%	72.4%	69.9%	76.7%	72.6%	71.9%	73.6%	73.0%
Current Year Catastrophe Losses and LAE Ratio	4.9	7.5	8.5	8.6	10.2	0.5	8.9	0.5	7.4	5.0
Prior Years Non-catastrophe Losses and LAE Ratio	—	(1.6)	(0.5)	2.2	1.1	2.6	3.7	(0.5)	—	1.7
Prior Years Catastrophe Losses and LAE Ratio	0.5	(0.5)	(2.1)	1.6	1.1	(0.5)	0.5	(0.5)	(0.1)	0.1
Combined Ratio as Reported	75.8%	81.1%	81.5%	84.8%	82.3%	79.3%	85.7%	71.4%	80.9%	79.8%

[1] Underlying Combined Ratio is a non-GAAP measure, which is computed as the difference between three operating ratios: the combined ratio, the effect of catastrophes (excluding development of prior-year catastrophes) on the combined ratio and the effect of prior-year reserve development at the reporting date (including development on prior-year catastrophes) on the combined ratio.

Kemper Corporation
Details of Investment Performance
(Dollars in Millions)

	Three Months Ended								Year Ended	
	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2016	Dec 31, 2015
Net Investment Income										
Interest on Fixed Income Securities	$ 61.5	$ 61.4	$ 59.8	$ 60.0	$ 60.0	$ 58.4	$ 58.3	$ 59.5	$ 242.7	$ 236.2
Dividends on Equity Securities Excluding Alternative Investments	2.8	2.7	3.5	2.8	3.5	3.4	4.5	3.4	11.8	14.8
Alternative Investments:										
Equity Method Limited Liability Investments	3.8	5.2	2.8	(4.3)	7.2	8.3	4.2	(0.7)	7.5	19.0
Fair Value Option Investments	2.0	(1.4)	0.1	(2.6)	(1.6)	(0.9)	1.8	0.9	(1.9)	0.2
Limited Liability Investments Included in Equity Securities	5.4	5.7	3.6	7.3	6.1	3.0	4.2	4.3	22.0	17.6
Total Alternative Investments	11.2	9.5	6.5	0.4	11.7	10.4	10.2	4.5	27.6	36.8
Short-term Investments	0.1	0.2	0.1	0.1	0.1	0.2	0.1	—	0.5	0.4
Real Estate	2.9	3.0	2.9	3.0	3.0	3.0	3.0	2.9	11.8	11.9
Loans to Policyholders	5.5	5.4	5.3	5.4	5.4	5.3	5.1	5.3	21.6	21.1
Other	0.3	—	—	—	—	—	—	—	0.3	—
Total Investment Income	84.3	82.2	78.1	71.7	83.7	80.7	81.2	75.6	316.3	321.2
Investment Expenses:										
Real Estate	2.6	2.9	2.8	2.7	2.8	2.9	2.9	2.7	11.0	11.3
Other Investment Expenses	1.8	1.6	1.6	2.0	1.5	1.9	1.6	2.3	7.0	7.3
Total Investment Expenses	4.4	4.5	4.4	4.7	4.3	4.8	4.5	5.0	18.0	18.6
Net Investment Income	$ 79.9	$ 77.7	$ 73.7	$ 67.0	$ 79.4	$ 75.9	$ 76.7	$ 70.6	$ 298.3	$ 302.6
Net Realized Gains on Sales of Investments										
Fixed Maturities:										
Gains on Sales	$ 2.9	$ 2.7	$ 4.3	$ 7.1	$ 6.6	$ 3.6	$ 3.9	$ 2.0	$ 17.0	$ 16.1
Losses on Sales	(3.5)	(0.8)	—	(0.3)	(0.4)	(0.1)	(0.5)	(0.1)	(4.6)	(1.1)
Equity Securities:										
Gains on Sales	10.1	9.3	0.5	—	3.5	2.8	31.4	1.5	19.9	39.2
Losses on Sales	(0.2)	—	(0.1)	—	(0.2)	(0.7)	(0.7)	—	(0.3)	(1.6)
Real Estate:										
Gains on Sales	0.1	0.1	0.9	—	—	—	—	—	1.1	—
Losses on Sales	—	—	—	—	(0.2)	—	—	—	—	(0.2)
Other Investments:										
Losses on Sales	(0.1)	—	(0.1)	—	0.1	—	(0.1)	—	(0.2)	—
Trading Securities Net Gains (Losses)	(0.2)	0.3	0.1	—	—	(0.3)	—	—	0.2	(0.3)
Net Realized Gains on Sales of Investments	$ 9.1	$ 11.6	$ 5.6	$ 6.8	$ 9.4	$ 5.3	$ 34.0	$ 3.4	$ 33.1	$ 52.1
Net Impairment Losses Recognized in Earnings										
Fixed Maturities	$ (4.8)	$ (8.3)	$ (5.7)	$ (7.8)	$ (6.3)	$ (1.2)	$ (1.6)	$ (2.4)	$ (26.6)	$ (11.5)
Equity Securities	(3.4)	—	(0.7)	(1.5)	(8.4)	(2.1)	(0.6)	(4.6)	(5.6)	(15.7)
Real Estate	(0.5)	—	—	—	—	—	—	—	(0.5)	—
Net Impairment Losses Recognized in Earnings	$ (8.7)	$ (8.3)	$ (6.4)	$ (9.3)	$ (14.7)	$ (3.3)	$ (2.2)	$ (7.0)	$ (32.7)	$ (27.2)

Kemper Corporation
Details of Invested Assets
(Dollars in Millions)
(Unaudited)

	Dec 31, 2016		Dec 31, 2015		Dec 31, 2014	
	Carrying Value	Percent of Total[1]	Carrying Value	Percent of Total[1]	Carrying Value	Percent of Total[1]
Fixed Maturities Reported at Fair Value:						
U.S. Government and Government Agencies and Authorities	$ 336.3	5.1%	$ 320.6	5.0%	$ 345.5	5.4%
States and Political Subdivisions	1,714.9	26.0	1,622.6	25.2	1,477.1	22.9
Foreign Governments	3.4	0.1	—	—	—	—
Corporate Securities:						
Bonds and Notes	2,944.8	44.6	2,812.8	43.7	2,878.5	44.7
Redeemable Preferred Stocks	0.6	—	3.8	0.1	6.7	0.1
Collaterized Loan Obligations	122.8	1.9	87.3	1.4	64.4	1.0
Other Mortgage- and Asset-backed	2.1	—	5.2	0.1	5.4	0.1
Subtotal Fixed Maturities Reported at Fair Value	5,124.9	77.6	4,852.3	75.5	4,777.6	74.2
Equity Securities Reported at Fair Value:						
Preferred Stocks	82.5	1.2	103.9	1.6	109.5	1.7
Common Stocks	45.2	0.7	36.7	0.6	133.8	2.1
Other Equity Interests:						
Exchange Traded Funds	144.4	2.2	177.1	2.8	202.7	3.1
Limited Liability Companies and Limited Partnerships	209.6	3.2	205.5	3.2	186.2	2.9
Subtotal Equity Securities Reported at Fair Value	481.7	7.3	523.2	8.1	632.2	9.8
Equity Method Limited Liability Investments	175.9	2.7	190.6	3.0	184.8	2.9
Fair Value Option Investments	111.4	1.7	164.5	2.6	53.3	0.8
Short-term Investments at Cost which Approximates Fair Value	273.7	4.1	255.7	4.0	342.2	5.3
Other Investments:						
Loans to Policyholders at Unpaid Principal	294.2	4.5	288.4	4.5	283.4	4.4
Real Estate at Depreciated Cost	140.2	2.1	149.8	2.3	160.9	2.5
Trading Securities at Fair Value	5.3	0.1	4.7	0.1	4.9	0.1
Other	0.2	—	0.3	—	0.4	—
Subtotal Other Investments	439.9	6.7	443.2	6.9	449.6	7.0
Total Investments	$ 6,607.5	100.0%	$ 6,429.5	100.0%	$ 6,439.7	100.0%
S&P Equivalent Rating for Fixed Maturities						
AAA, AA, A	$ 3,280.4	64.0%	$ 3,222.5	66.4%	$ 3,249.3	68.0%
BBB	1,338.2	26.1	1,149.0	23.7	1,156.4	24.2
BB, B	321.6	6.3	222.4	4.6	166.7	3.5
CCC or Lower	184.7	3.6	258.4	5.3	205.2	4.3
Total Investments in Fixed Maturities	$ 5,124.9	100.0%	$ 4,852.3	100.0%	$ 4,777.6	100.0%
Duration (in Years)						
Total Investments in Fixed Maturities	6.3		6.5		6.9	

[1] Sum of percentages for individual lines may not equal subtotals and grand total due to rounding.

Kemper Corporation
Investment Concentration
(Dollars in Millions)
(Unaudited)

Fair Value of Non-governmental Fixed Maturities by Industry	Dec 31, 2016 Amount	Dec 31, 2016 Percent of Total Investments	Dec 31, 2015 Amount	Dec 31, 2015 Percent of Total Investments	Dec 31, 2014 Amount	Dec 31, 2014 Percent of Total Investments
Manufacturing	$ 1,227.8	18.6%	$ 1,160.4	18.0%	$ 1,247.4	19.4%
Finance, Insurance and Real Estate	742.6	11.2	707.4	11.0	785.6	12.2
Services	391.6	5.9	374.4	5.8	305.0	4.7
Transportation, Communication and Utilities	364.1	5.5	334.4	5.2	312.9	4.9
Mining	157.2	2.4	139.7	2.2	139.7	2.2
Retail Trade	101.9	1.5	91.1	1.4	74.5	1.2
Wholesale Trade	69.2	1.0	80.6	1.3	69.7	1.1
Agriculture, Forestry and Fishing	14.4	0.2	20.6	0.3	15.3	0.2
Other	1.5	—	0.5	—	4.9	0.1
Total Fair Value of Non-governmental Fixed Maturities	$ 3,070.3	46.3%	$ 2,909.1	45.2%	$ 2,955.0	46.0%

Ten Largest Investment Exposures [1]	Dec 31, 2016 Fair Value	Dec 31, 2016 Percent of Total Investments
Fixed Maturities:		
States and Political Subdivisions:		
Texas	$ 101.5	1.5%
Michigan	86.0	1.3
Ohio	82.6	1.3
Louisiana	81.7	1.2
Georgia	80.7	1.2
Colorado	65.5	1.0
Virgina	65.3	1.0
Florida	63.5	1.0
Wisconsin	57.2	0.9
Equity Securities - Other Equity Interests:		
Vanguard Total Stock Market ETF	73.4	1.1
Total	$ 757.4	11.5%

[1] Excluding Investments in U.S. Government and Government Agencies and Authorities and Obligations of States and Political Subdivisions pre-refunded with U.S. government and government agencies obligations held in Trust at December 31, 2016.

Kemper Corporation
Municipal Bond Securities
(Dollars in Millions)
(Unaudited)

	Dec 31, 2016					
	State General Obligation	Political Subdivision General Obligation	Revenue	Total Fair Value	Percent of Total Muni Bond[1]	Percent of Total Investments[1]
Texas	$ 9.0	$ 23.6	$ 68.9	$ 101.5	5.9%	1.5%
Michigan	37.4	—	48.6	86.0	5.0	1.3
Ohio	38.6	5.1	38.9	82.6	4.8	1.3
Louisiana	44.4	7.5	29.8	81.7	4.8	1.2
Georgia	51.1	10.8	18.8	80.7	4.7	1.2
Colorado	—	15.5	50.0	65.5	3.8	1.0
Virginia	25.7	19.1	20.5	65.3	3.8	1.0
Florida	48.4	—	15.1	63.5	3.7	1.0
Wisconsin	48.7	7.1	1.4	57.2	3.3	0.9
New York	6.1	2.6	46.7	55.4	3.2	0.8
Washington	17.0	0.3	34.7	52.0	3.0	0.8
Arkansas	50.6	—	—	50.6	3.0	0.8
Minnesota	25.6	0.4	24.6	50.6	3.0	0.8
North Carolina	18.0	3.1	28.5	49.6	2.9	0.8
Indiana	—	—	45.8	45.8	2.7	0.7
Massachusetts	2.7	2.5	40.1	45.3	2.6	0.7
Oregon	35.4	—	3.4	38.8	2.3	0.6
Utah	16.5	1.5	18.6	36.6	2.1	0.6
Nevada	28.3	7.0	—	35.3	2.1	0.5
Arizona	—	0.8	31.7	32.5	1.9	0.5
California	0.3	—	30.5	30.8	1.8	0.5
Pennsylvania	11.5	2.7	15.4	29.6	1.7	0.4
Connecticut	24.3	—	5.1	29.4	1.7	0.4
Mississippi	28.7	—	0.5	29.2	1.7	0.4
Maryland	2.7	21.2	3.6	27.5	1.6	0.4
Delaware	17.1	—	9.5	26.6	1.6	0.4
Tennessee	7.9	7.2	10.6	25.7	1.5	0.4
New Jersey	—	5.3	19.6	24.9	1.5	0.4
South Carolina	19.0	3.0	2.3	24.3	1.4	0.4
New Mexico	—	—	24.2	24.2	1.4	0.4
Illinois	—	2.4	19.6	22.0	1.3	0.3
Alaska	4.1	2.9	14.5	21.5	1.3	0.3
Alabama	9.3	—	10.8	20.1	1.2	0.3
Iowa	—	—	19.5	19.5	1.1	0.3
Missouri	—	—	18.7	18.7	1.1	0.3
Rhode Island	4.9	—	13.6	18.5	1.1	0.3
Idaho	—	10.3	7.6	17.9	1.0	0.3
District of Columbia	—	4.9	11.9	16.8	1.0	0.3
Kentucky	—	1.0	15.6	16.6	1.0	0.3
All Other States	22.0	6.9	65.7	94.6	5.5	1.4
Total (1)	$ 655.3	$ 174.7	$ 884.9	$ 1,714.9	100.0%	26.0%

[1] Sum of percentages for individual lines may not equal total due to rounding.

Kemper Corporation
Investments in Limited Liability
Companies and Limited Partnerships
(Dollars in Millions)
(Unaudited)

Asset Class	Unfunded Commitment Dec 31, 2016	Reported Value Dec 31, 2016	Reported Value Dec 31, 2015
Reported as Equity Method Limited Liability Investments at Cost Plus Cumulative Undistributed Earnings:			
Distressed Debt	$ —	$ 65.4	$ 90.5
Mezzanine Debt	56.2	63.2	38.8
Secondary Transactions	19.6	27.3	38.5
Senior Debt	0.5	6.6	10.8
Growth Equity	—	4.6	4.8
Leveraged Buyout	—	—	2.8
Other	—	8.8	4.4
Total Equity Method Limited Liability Investments	76.3	175.9	190.6
Reported as Other Equity Interests at Fair Value:			
Mezzanine Debt	85.6	97.6	83.8
Senior Debt	33.5	36.4	37.9
Distressed Debt	4.6	18.8	18.9
Secondary Transactions	10.6	11.9	14.2
Leveraged Buyout	0.9	6.5	5.9
Other	—	38.4	44.8
Total Reported as Other Equity Interests at Fair Value	135.2	209.6	205.5
Reported as Fair Value Option Investments:			
Hedge Funds	—	111.4	164.5
Total Investments in Limited Liability Companies and Limited Partnerships	$ 211.5	$ 496.9	$ 560.6

Kemper Corporation
Definitions of Non-GAAP Financial Measures

The Company believes that investors' understanding of Kemper's performance is enhanced by the disclosure of the following non-GAAP financial measures. The methods for calculating these measures may differ from those used by other companies and therefore comparability may be limited.

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. 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 Goodwill, is a ratio that uses a non-GAAP financial measure. It is calculated by dividing shareholders' equity after excluding the recorded Goodwill asset by total Common Shares Issued and Outstanding. Book value per share is the most directly comparable GAAP financial measure. Book Value Per Share Excluding Goodwill, also referred to as Tangible Book Value Per Share, is a common measure used by analysts and investors to compare similar companies.

Consolidated Net Operating Income (Loss) is an after-tax, non-GAAP financial measure and is computed by excluding from Income (Loss) from Continuing Operations the after-tax impact of:

1) Net Realized Gains on Sales of Investments;
2) Net Impairment Losses Recognized in Earnings related to investments;
3) Loss from Early Extinguishment of Debt; and
4) Significant non-recurring or infrequent items that may not be indicative of ongoing operations.

Significant 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 (Loss) from Continuing Operations.

The Company believes that 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. Net Realized Gains on Sales of Investments and Net Impairment Losses Recognized in Earnings 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. 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 the Company's business or economic trends.

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

	Three Months Ended								Year Ended	
Dollars in Millions (Unaudited)	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2016	Dec 31, 2015
Consolidated Net Operating Income (Loss)	$ 28.8	$ (20.4)	$ 4.6	$ (0.6)	$ 4.8	$ 36.6	$ 6.7	$ 21.8	$ 12.4	$ 69.9
Net Income (Loss) From:										
Net Realized Gains on Sales of Investments	5.9	7.5	3.7	4.4	6.1	3.5	22.1	2.2	21.5	33.9
Net Impairment Losses Recognized in Earnings	(5.6)	(5.4)	(4.2)	(6.0)	(9.6)	(2.1)	(1.4)	(4.6)	(21.2)	(17.7)
Loss from Early Extinguishment of Debt	—	—	—	—	—	—	—	(5.9)	—	(5.9)
Income (Loss) from Continuing Operations	$ 29.1	$ (18.3)	$ 4.1	$ (2.2)	$ 1.3	$ 38.0	$ 27.4	$ 13.5	$ 12.7	$ 80.2

Consolidated Net Operating Income (Loss) Per Unrestricted Share is a non-GAAP financial measure. It is computed by dividing Consolidated Net Operating Income (Loss) by the weighted average unrestricted shares outstanding. The most directly comparable GAAP financial measure is Income (Loss) from Continuing Operations Per Unrestricted Share-basic.

A reconciliation of Consolidated Net Operating Income (Loss) Per Unrestricted Share-basic to Income (Loss) from Continuing Operations Per Unrestricted Share-basic is presented below:

	Three Months Ended								Year Ended	
(Unaudited)	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2016	Dec 31, 2015
Consolidated Net Operating Income (Loss) Per Unrestricted Share	$ 0.56	$ (0.40)	$ 0.09	$ (0.01)	$ 0.09	$ 0.70	$ 0.13	$ 0.42	$ 0.25	$ 1.35
Net Income (Loss) Per Unrestricted Share From:										
Net Realized Gains on Sales of Investments	0.11	0.15	0.07	0.09	0.12	0.07	0.43	0.04	0.41	0.65
Net Impairment Losses Recognized in Earnings	(0.11)	(0.11)	(0.08)	(0.12)	(0.18)	(0.04)	(0.03)	(0.09)	(0.41)	(0.34)
Loss from Early Extinguishment of Debt	—	—	—	—	—	—	—	(0.11)	—	(0.11)
Income (Loss) from Continuing Operations Per Unrestricted Share	$ 0.56	$ (0.36)	$ 0.08	$ (0.04)	$ 0.03	$ 0.73	$ 0.53	$ 0.26	$ 0.25	$ 1.55

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 (including write-off of long-lived asset) 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 (including write-off of long-lived asset) 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.