KEMPER

Investor Supplement
First Quarter 2017

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
First Quarter 2017
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Kemper Corporation
Consolidated Financial Highlights
(Dollars in Millions, Except Per Share Amounts)
(Unaudited)

	Three Months Ended				
	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016
For Period Ended					
Earned Premiums	$ 563.4	$ 561.4	$ 558.9	$ 553.7	$ 546.0
Net Investment Income	81.6	79.9	77.7	73.7	67.0
Net Investment Gains (Losses) and Other Income	6.4	1.4	4.1	(0.2)	(1.7)
Total Revenues	$ 651.4	$ 642.7	$ 640.7	$ 627.2	$ 611.3
Consolidated Net Operating Income (Loss) [1]	$ (3.9)	$ 28.8	$ (20.4)	$ 4.6	$ (0.6)
Income (Loss) from Continuing Operations	$ (0.4)	$ 29.1	$ (18.3)	$ 4.1	$ (2.2)
Net Income (Loss)	$ (0.3)	$ 31.2	$ (16.3)	$ 4.0	$ (2.1)
Per Unrestricted Common Share Amounts:					
Basic:					
Consolidated Net Operating Income (Loss) [1]	$ (0.08)	$ 0.56	$ (0.40)	$ 0.09	$ (0.01)
Income (Loss) from Continuing Operations	$ (0.01)	$ 0.56	$ (0.36)	$ 0.08	$ (0.04)
Net Income (Loss)	$ (0.01)	$ 0.60	$ (0.32)	$ 0.08	$ (0.04)
Diluted:					
Consolidated Net Operating Income (Loss) [1]	$ (0.08)	$ 0.56	$ (0.40)	$ 0.09	$ (0.01)
Income (Loss) from Continuing Operations	$ (0.01)	$ 0.56	$ (0.36)	$ 0.08	$ (0.04)
Net Income (Loss)	$ (0.01)	$ 0.60	$ (0.32)	$ 0.08	$ (0.04)
Dividends Paid to Shareholders Per Share	$ 0.24	$ 0.24	$ 0.24	$ 0.24	$ 0.24
At Period End					
Total Assets	$ 8,306.8	$ 8,210.5	$8,390.3	$ 8,305.9	$ 8,169.7
Insurance Reserves	$ 4,473.4	$ 4,406.7	$4,382.2	$ 4,293.6	$ 4,258.8
Debt	$ 751.8	$ 751.6	$ 751.3	$ 751.1	$ 750.9
Shareholders' Equity	$ 1,983.6	$ 1,975.2	$2,073.6	$ 2,105.2	$ 2,041.1
Shareholders' Equity Excluding Goodwill	$ 1,660.6	$ 1,652.2	$1,750.6	$ 1,782.2	$ 1,718.1
Common Shares Issued and Outstanding (In Millions)	51.295	51.271	51.185	51.133	51.133
Book Value Per Share [2]	$ 38.67	$ 38.52	$ 40.51	$ 41.17	$ 39.92
Book Value Per Share Excluding Goodwill [1,2]	$ 32.37	$ 32.22	$ 34.20	$ 34.85	$ 33.60
Book Value Per Share Excluding Net Unrealized Gains on Fixed Maturities [1,2]	$ 34.81	$ 35.00	$ 34.27	$ 34.78	$ 34.97
Debt to Total Capitalization [2]	27.5%	27.6%	26.6 %	26.3%	26.9%
Rolling 12 Months Return on 5-point Average Shareholders Equity [2,3]	0.9%	0.8%	(0.5)%	2.2%	3.4%

[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				
	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016
Revenues:					
Earned Premiums	$ 563.4	$ 561.4	$ 558.9	$ 553.7	$ 546.0
Net Investment Income	81.6	79.9	77.7	73.7	67.0
Other Income	0.9	1.0	0.8	0.6	0.8
Net Realized Gains on Sales of Investments	10.5	9.1	11.6	5.6	6.8
Other-than-temporary Impairment Losses:					
Total Other-than-temporary Impairment Losses	(5.2)	(8.7)	(8.3)	(6.4)	(9.6)
Portion of Losses Recognized in Other Comprehensive Income	0.2	—	—	—	0.3
Net Impairment Losses Recognized in Earnings	(5.0)	(8.7)	(8.3)	(6.4)	(9.3)
Total Revenues	651.4	642.7	640.7	627.2	611.3
Expenses:					
Policyholders' Benefits and Incurred Losses and Loss Adjustment Expenses	477.4	418.3	490.2	436.1	436.2
Insurance Expenses	158.0	158.5	161.7	167.8	159.3
Interest and Other Expenses	19.5	25.3	22.0	20.7	22.3
Total Expenses	654.9	602.1	673.9	624.6	617.8
Income (Loss) from Continuing Operations before Income Taxes	(3.5)	40.6	(33.2)	2.6	(6.5)
Income Tax Benefit (Expense)	3.1	(11.5)	14.9	1.5	4.3
Income (Loss) from Continuing Operations	(0.4)	29.1	(18.3)	4.1	(2.2)
Discontinued Operations:					
Income (Loss) from Discontinued Operations before Income Taxes	0.1	3.2	3.1	(0.1)	0.1
Income Tax Expense	—	(1.1)	(1.1)	—	—
Income (Loss) from Discontinued Operations	0.1	2.1	2.0	(0.1)	0.1
Net Income (Loss)	$ (0.3)	$ 31.2	$ (16.3)	$ 4.0	$ (2.1)
Income (Loss) from Continuing Operations Per Unrestricted Share:					
Basic	$ (0.01)	$ 0.56	$ (0.36)	$ 0.08	$ (0.04)
Diluted	$ (0.01)	$ 0.56	$ (0.36)	$ 0.08	$ (0.04)
Net Income (Loss) Per Unrestricted Share:					
Basic	$ (0.01)	$ 0.60	$ (0.32)	$ 0.08	$ (0.04)
Diluted	$ (0.01)	$ 0.60	$ (0.32)	$ 0.08	$ (0.04)
Dividends Paid to Shareholders Per Share	$ 0.24	$ 0.24	$ 0.24	$ 0.24	$ 0.24
Weighted Average Unrestricted Common Shares Outstanding (in Millions)	51.273	51.203	51.123	51.108	51.192

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

	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016
Assets:					
Investments:					
Fixed Maturities at Fair Value	$ 5,240.3	$ 5,124.9	$ 5,170.1	$ 5,084.3	$ 4,917.4
Equity Securities at Fair Value	497.4	481.7	504.9	509.6	501.3
Equity Method Limited Liability Investments at Cost Plus Cumulative Undistributed Earnings	157.4	175.9	181.1	182.7	190.5
Fair Value Option Investments	90.5	111.4	126.1	134.1	161.9
Short-term Investments at Cost which Approximates Fair Value	244.6	273.7	324.2	365.2	367.4
Other Investments	437.7	439.9	438.8	440.8	443.8
Total Investments	6,667.9	6,607.5	6,745.2	6,716.7	6,582.3
Cash	120.0	115.7	171.1	159.8	160.4
Receivables from Policyholders	347.9	336.5	348.1	337.2	341.1
Other Receivables	206.1	198.6	197.9	192.7	193.9
Deferred Policy Acquisition Costs	339.9	332.0	328.2	321.9	319.3
Goodwill	323.0	323.0	323.0	323.0	323.0
Current Income Tax Assets	10.1	15.5	28.5	20.9	15.5
Deferred Income Tax Assets	26.4	25.8	—	—	—
Other Assets	265.5	255.9	248.3	233.7	234.2
Total Assets	$ 8,306.8	$ 8,210.5	$ 8,390.3	$ 8,305.9	$ 8,169.7
Liabilities and Shareholders' Equity:					
Insurance Reserves:					
Life and Health	$ 3,489.0	$ 3,475.3	$ 3,461.5	$ 3,376.2	$ 3,358.4
Property and Casualty	984.4	931.4	920.7	917.4	900.4
Total Insurance Reserves	4,473.4	4,406.7	4,382.2	4,293.6	4,258.8
Unearned Premiums	640.1	618.7	637.0	622.6	621.6
Current Income Tax Liabilities	—	—	—	—	—
Deferred Income Tax Liabilities	—	—	29.5	38.6	6.5
Liability for Unrecognized Tax Benefits	6.9	5.1	3.7	3.8	3.7
Long-term Debt, Current and Non-current, at Amortized Cost	751.8	751.6	751.3	751.1	750.9
Accrued Expenses and Other Liabilities	451.0	453.2	513.0	491.0	487.1
Total Liabilities	6,323.2	6,235.3	6,316.7	6,200.7	6,128.6
Shareholders' Equity:					
Common Stock	5.1	5.1	5.1	5.1	5.1
Paid-in Capital	663.7	660.3	656.9	654.6	652.6
Retained Earnings	1,160.7	1,172.8	1,155.5	1,184.4	1,192.7
Accumulated Other Comprehensive Income	154.1	137.0	256.1	261.1	190.7
Total Shareholders' Equity	1,983.6	1,975.2	2,073.6	2,105.2	2,041.1
Total Liabilities and Shareholders' Equity	$ 8,306.8	$ 8,210.5	$ 8,390.3	$ 8,305.9	$ 8,169.7

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

	Three Months Ended	
	Mar 31, 2017	Mar 31, 2016
Operating Activities:		
Net Income (Loss)	$ (0.3)	$ (2.1)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:		
Amortization of Intangible Assets Acquired	1.2	1.6
Equity in Earnings of Equity Method Limited Liability Investments	(6.8)	4.3
Distribution of Accumulated Earnings of Equity Method Limited Liability Investments	5.1	5.4
Decrease (Increase) in Value of Fair Value Option Investments Reported in Net Investment Income	(1.1)	2.6
Amortization of Investment Securities and Depreciation of Investment Real Estate	4.8	4.3
Net Realized Gains on Sales of Investments	(10.5)	(6.8)
Net Impairment Losses Recognized in Earnings	5.0	9.3
Depreciation of Property and Equipment	3.2	4.0
Increase in Receivables	(22.2)	(10.1)
Increase in Deferred Policy Acquisition Costs	(7.9)	(2.9)
Increase in Insurance Reserves	66.6	54.6
Increase in Unearned Premiums	21.4	8.5
Change in Income Taxes	(2.3)	(4.6)
Increase (Decrease) in Accrued Expenses and Other Liabilities	(6.9)	5.1
Other, Net	(1.0)	4.0
Net Cash Provided by Operating Activities (Carryforward to page 7)	48.3	77.2

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

	Three Months Ended	
	Mar 31, 2017	Mar 31, 2016
Net Cash Provided by Operating Activities (Carryforward from page 6)	48.3	77.2
Investing Activities:		
Sales, Paydowns and Maturities of Fixed Maturities	89.7	142.0
Purchases of Fixed Maturities	(176.5)	(102.7)
Sales of Equity Securities	53.9	41.6
Purchases of Equity Securities	(59.5)	(19.0)
Return of Investment of Equity Method Limited Liability Investments	25.5	5.5
Acquisitions of Equity Method Limited Liability Investments	(5.3)	(15.0)
Sales of Fair Value Option Investments	22.0	—
Decrease (Increase) in Short-term Investments	29.3	(111.7)
Improvements of Investment Real Estate	(0.6)	(0.9)
Sales of Investment Real Estate	2.8	—
Increase in Other Investments	(0.8)	(1.0)
Acquisition of Software	(10.0)	(1.3)
Other, Net	(3.2)	(0.5)
Net Cash Used by Investing Activities	(32.7)	(63.0)
Financing Activities:		
Net Proceeds from Issuances of Debt	—	10.0
Repayments of Debt	—	(10.0)
Common Stock Repurchases	—	(3.8)
Dividends and Dividend Equivalents Paid	(12.3)	(12.2)
Cash Exercise of Stock Options	0.9	—
Other, Net	0.1	0.5
Net Cash Used by Financing Activities	(11.3)	(15.5)
Increase (Decrease) in Cash	4.3	(1.3)
Cash, Beginning of Year	115.7	161.7
Cash, End of Period	$ 120.0	$ 160.4

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

	Three Months Ended				
	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016
Book Value Per Share					
Numerator					
Shareholders' Equity	$ 1,983.6	$ 1,975.2	$ 2,073.6	$ 2,105.2	$ 2,041.1
Less: Goodwill	(323.0)	(323.0)	(323.0)	(323.0)	(323.0)
Shareholders' Equity Excluding Goodwill	$ 1,660.6	$ 1,652.2	$ 1,750.6	$ 1,782.2	$ 1,718.1
Shareholders' Equity	$ 1,983.6	$ 1,975.2	$ 2,073.6	$ 2,105.2	$ 2,041.1
Less: Net Unrealized Gains on Fixed Maturities	(198.2)	(180.6)	(319.3)	(327.0)	(253.0)
Shareholders' Equity Excluding Net Unrealized Gains on Fixed Maturities	$ 1,785.4	$ 1,794.6	$ 1,754.3	$ 1,778.2	$ 1,788.1
Denominator					
Common Shares Issued and Outstanding	51.295	51.271	51.185	51.133	51.133
Book Value Per Share	$ 38.67	$ 38.52	$ 40.51	$ 41.17	$ 39.92
Book Value Per Share Excluding Goodwill	$ 32.37	$ 32.22	$ 34.20	$ 34.85	$ 33.60
Book Value Per Share Excluding Unrealized on Fixed Maturities	$ 34.81	$ 35.00	$ 34.27	$ 34.78	$ 34.97
Return on Shareholders' Equity					
Numerator					
Rolling 12 Months Net Income	$ 18.6	$ 16.8	$ (9.8)	$ 44.4	$ 70.1
Denominator (5-point Average)					
5-point Average Shareholders' Equity	$ 2,035.7	$ 2,037.5	$ 2,047.4	$ 2,035.1	$ 2,036.1
Rolling 12 Months Return on Average Shareholders' Equity (5-point Average)	0.9%	0.8%	(0.5)%	2.2%	3.4%
Debt and Total Capitalization					
Debt	$ 751.8	$ 751.6	$ 751.3	$ 751.1	$ 750.9
Shareholders' Equity	1,983.6	1,975.2	2,073.6	2,105.2	2,041.1
Total Capitalization	$ 2,735.4	$ 2,726.8	$ 2,824.9	$ 2,856.3	$ 2,792.0
Ratio of Debt to Shareholders' Equity	37.9%	38.1%	36.2 %	35.7%	36.8%
Ratio of Debt to Total Capitalization	27.5%	27.6%	26.6 %	26.3%	26.9%
Parent Company Liquidity					
Kemper Holding Company Cash and Investments	$ 288.2	$ 298.7	$ 310.3	$ 344.2	$ 295.7
Borrowings Available Under Credit Agreement	225.0	225.0	225.0	225.0	225.0
Parent Company Liquidity	$ 513.2	$ 523.7	$ 535.3	$ 569.2	$ 520.7
Capital Returned to Shareholders					
Common Stock Repurchased	$ —	$ —	$ —	$ —	$ 3.8
Cash Dividends Paid	12.3	12.3	12.4	12.3	12.2
Total Capital Returned to Shareholders	$ 12.3	$ 12.3	$ 12.4	$ 12.3	$ 16.0

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

	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016
Kemper Corporation:					
Notes Payable under Revolving Credit Agreement	$ —	$ —	$ —	$ —	$ —
Senior Notes at Amortized Cost:					
6.00% Senior Notes due May 15, 2017	359.9	359.8	359.6	359.4	359.3
4.35% Senior Notes due February 15, 2025	247.8	247.7	247.6	247.6	247.5
7.375% Subordinated Debentures due February 27, 2054 at Amortized Cost	144.1	144.1	144.1	144.1	144.1
Debt Outstanding	$ 751.8	$ 751.6	$ 751.3	$ 751.1	$ 750.9
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				
	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016
Revenues:					
Property & Casualty Insurance:					
Earned Premiums:					
Personal Automobile	$ 320.7	$ 317.2	$ 313.8	$ 310.3	$ 303.3
Homeowners	66.3	67.7	68.5	67.6	68.1
Other Personal	10.7	11.1	11.3	11.3	11.3
Total Personal	397.7	396.0	393.6	389.2	382.7
Commercial Automobile	12.7	13.1	13.3	13.4	13.5
Total Earned Premiums	410.4	409.1	406.9	402.6	396.2
Net Investment Income	24.1	20.4	20.4	19.7	11.9
Other Income	0.2	0.1	0.1	0.1	0.2
Total Property & Casualty Insurance	434.7	429.6	427.4	422.4	408.3
Life & Health Insurance:					
Earned Premiums:					
Life	95.7	95.9	95.8	95.5	94.4
Accident and Health	39.1	38.2	37.6	36.7	36.9
Property	18.2	18.2	18.6	18.9	18.5
Total Earned Premiums	153.0	152.3	152.0	151.1	149.8
Net Investment Income	53.0	53.6	54.5	50.1	55.0
Other Income	0.6	0.9	0.7	0.6	0.6
Total Life & Health Insurance	206.6	206.8	207.2	201.8	205.4
Total Segment Revenues	641.3	636.4	634.6	624.2	613.7
Net Realized Gains on Sales of Investments	10.5	9.1	11.6	5.6	6.8
Net Impairment Losses Recognized in Earnings	(5.0)	(8.7)	(8.3)	(6.4)	(9.3)
Other	4.6	5.9	2.8	3.8	0.1
Total Revenues	$ 651.4	$ 642.7	$ 640.7	$ 627.2	$ 611.3

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

	Three Months Ended				
	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016
Segment Operating Profit (Loss):					
Property & Casualty Insurance	$ (37.2)	$ 7.2	$ 15.6	$ (17.2)	$ (22.8)
Life & Health Insurance	32.6	35.1	(45.7)	25.3	31.0
Total Segment Operating Profit (Loss)	(4.6)	42.3	(30.1)	8.1	8.2
Corporate and Other Operating Loss	(4.4)	(2.1)	(6.4)	(4.7)	(12.2)
Total Operating Profit (Loss)	(9.0)	40.2	(36.5)	3.4	(4.0)
Net Realized Gains on Sales of Investments	10.5	9.1	11.6	5.6	6.8
Net Impairment Losses Recognized in Earnings	(5.0)	(8.7)	(8.3)	(6.4)	(9.3)
Income (Loss) from Continuing Operations before Income Taxes	$ (3.5)	$ 40.6	$ (33.2)	$ 2.6	$ (6.5)
Segment Net Operating Income (Loss):					
Property & Casualty Insurance	$ (22.1)	$ 7.0	$ 12.1	$ (8.9)	$ (13.1)
Life & Health Insurance	21.5	23.0	(29.4)	16.4	20.3
Total Segment Net Operating Income (Loss)	(0.6)	30.0	(17.3)	7.5	7.2
Corporate and Other Net Operating Loss	(3.3)	(1.2)	(3.1)	(2.9)	(7.8)
Consolidated Operating Income (Loss)	(3.9)	28.8	(20.4)	4.6	(0.6)
Net Income (Loss) From:					
Net Realized Gains on Sales of Investments	6.8	5.9	7.5	3.7	4.4
Net Impairment Losses Recognized in Earnings	(3.3)	(5.6)	(5.4)	(4.2)	(6.0)
Income (Loss) from Continuing Operations	$ (0.4)	$ 29.1	$ (18.3)	$ 4.1	$ (2.2)

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

	Three Months Ended				
	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016
Earned Premiums by Product:					
Personal Automobile	$ 320.7	$ 317.2	$ 313.8	$ 310.3	$ 303.3
Homeowners	66.3	67.7	68.5	67.6	68.1
Other Personal Property and Casualty Insurance	28.9	29.3	29.9	30.2	29.8
Commercial Automobile	12.7	13.1	13.3	13.4	13.5
Life	95.7	95.9	95.8	95.5	94.4
Accident and Health	39.1	38.2	37.6	36.7	36.9
Total Earned Premiums	$ 563.4	$ 561.4	$ 558.9	$ 553.7	$ 546.0
Net Investment Income by Segment:					
Property & Casualty Insurance:					
Equity Method Limited Liability Investments	$ 4.6	$ 2.6	$ 3.0	$ 2.9	$ (3.9)
All Other Net Investment Income	19.5	17.8	17.4	16.8	15.8
Net Investment Income	24.1	20.4	20.4	19.7	11.9
Life & Health Insurance:					
Equity Method Limited Liability Investments	1.7	0.9	1.7	(0.5)	0.1
All Other Net Investment Income	51.3	52.7	52.8	50.6	54.9
Net Investment Income	53.0	53.6	54.5	50.1	55.0
Total Segment Net Investment Income	77.1	74.0	74.9	69.8	66.9
Unallocated Net Investment Income:					
Equity Method Limited Liability Investments	0.5	0.3	0.5	0.4	(0.5)
All Other Net Investment Income	4.0	5.6	2.3	3.5	0.6
Unallocated Net Investment Income	4.5	5.9	2.8	3.9	0.1
Net Investment Income	$ 81.6	$ 79.9	$ 77.7	$ 73.7	$ 67.0

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

	Three Months Ended Mar 31, 2017					
	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	12	$ 20.7	10	$ 1.8	12	$ 22.4
$5 - $10	—	—	—	—	—	—
$10 - $15	—	—	—	—	—	—
$15 - $20	—	—	—	—	—	—
$20 - $25	—	—	—	—	—	—
Greater Than $25	1	43.2	—	—	1	43.3
Total	13	$ 63.9	10	$ 1.8	13	$ 65.7

	Three Months Ended Mar 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	12	$ 10.9	8	$ 1.7	12	$ 12.6
$5 - $10	—	—	—	—	—	—
$10 - $15	—	—	—	—	—	—
$15 - $20	—	—	—	—	—	—
$20 - $25	—	—	—	—	—	—
Greater Than $25	1	26.6	—	—	1	26.6
Total	13	$ 37.5	8	$ 1.7	13	$ 39.2

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

	Three Months Ended				
	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016
Results of Operations					
Net Premiums Written	$ 428.9	$ 390.1	$ 422.7	$ 404.7	$ 403.4
Earned Premiums	410.4	409.1	406.9	402.6	396.2
Net Investment Income	24.1	20.4	20.4	19.7	11.9
Other Income	0.2	0.1	0.1	0.1	0.2
Total Revenues	434.7	429.6	427.4	422.4	408.3
Incurred Losses and LAE related to:					
Current Year:					
Non-catastrophe Losses and LAE	302.6	310.6	306.7	309.2	297.4
Catastrophe Losses and LAE	63.9	11.7	11.3	49.1	37.5
Prior Years:					
Non-catastrophe Losses and LAE	11.8	6.2	3.1	(9.1)	4.7
Catastrophe Losses and LAE	(1.2)	(3.0)	(3.9)	(9.6)	(2.7)
Total Incurred Losses and LAE	377.1	325.5	317.2	339.6	336.9
Insurance Expenses	94.8	96.9	94.6	100.0	94.2
Operating Profit (Loss)	(37.2)	7.2	15.6	(17.2)	(22.8)
Income Tax Benefit (Expense)	15.1	(0.2)	(3.5)	8.3	9.7
Segment Net Operating Income (Loss)	$ (22.1)	$ 7.0	$ 12.1	$ (8.9)	$ (13.1)
Ratios Based On Earned Premiums					
Current Year Non-catastrophe Losses and LAE Ratio	73.7%	75.9%	75.4%	76.9%	75.0%
Current Year Catastrophe Losses and LAE Ratio	15.6	2.9	2.8	12.2	9.5
Prior Years Non-catastrophe Losses and LAE Ratio	2.9	1.5	0.8	(2.3)	1.2
Prior Years Catastrophe Losses and LAE Ratio	(0.3)	(0.7)	(1.0)	(2.4)	(0.7)
Total Incurred Loss and LAE Ratio	91.9	79.6	78.0	84.4	85.0
Insurance Expense Ratio	23.1	23.7	23.2	24.8	23.8
Combined Ratio	115.0%	103.3%	101.2%	109.2%	108.8%
Underlying Combined Ratio [1]					
Current Year Non-catastrophe Losses and LAE Ratio	73.7%	75.9%	75.4%	76.9%	75.0%
Insurance Expense Ratio	23.1	23.7	23.2	24.8	23.8
Underlying Combined Ratio	96.8%	99.6%	98.6%	101.7%	98.8%
Non-GAAP Measure Reconciliation					
Underlying Combined Ratio	96.8%	99.6%	98.6%	101.7%	98.8%
Current Year Catastrophe Losses and LAE Ratio	15.6	2.9	2.8	12.2	9.5
Prior Years Non-catastrophe Losses and LAE Ratio	2.9	1.5	0.8	(2.3)	1.2
Prior Years Catastrophe Losses and LAE Ratio	(0.3)	(0.7)	(1.0)	(2.4)	(0.7)
Combined Ratio as Reported	115.0%	103.3%	101.2%	109.2%	108.8%

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

	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016
Insurance Reserves:					
Automobile	$ 764.0	$ 754.1	$ 729.9	$ 709.6	$ 678.8
Homeowners	133.6	88.9	95.4	105.9	115.4
Other Personal	40.3	41.1	41.9	44.1	46.1
Insurance Reserves	$ 937.9	$ 884.1	$ 867.2	$ 859.6	$ 840.3
Insurance Reserves:					
Loss Reserves:					
Case	$ 599.7	$ 598.0	$ 596.6	$ 589.1	$ 563.3
Incurred but Not Reported	204.8	158.2	147.6	150.1	157.9
Total Loss Reserves	804.5	756.2	744.2	739.2	721.2
LAE Reserves	133.4	127.9	123.0	120.4	119.1
Insurance Reserves	$ 937.9	$ 884.1	$ 867.2	$ 859.6	$ 840.3

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

	Three Months Ended				
	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016
Results of Operations					
Net Premiums Written	$ 100.1	$ 102.5	$ 114.1	$ 109.8	$ 99.7
Earned Premiums	$ 104.3	$ 106.6	$ 106.6	$ 105.3	$ 106.1
Net Investment Income	6.6	5.6	5.8	5.7	3.4
Other Income	—	—	—	—	—
Total Revenues	110.9	112.2	112.4	111.0	109.5
Incurred Losses and LAE related to:					
Current Year:					
Non-catastrophe Losses and LAE	76.9	85.7	74.0	75.0	73.3
Catastrophe Losses and LAE	4.7	0.3	1.2	5.2	4.9
Prior Years:					
Non-catastrophe Losses and LAE	10.8	4.1	(0.4)	(0.7)	1.9
Catastrophe Losses and LAE	—	—	—	(0.1)	(0.2)
Total Incurred Losses and LAE	92.4	90.1	74.8	79.4	79.9
Insurance Expenses	32.2	33.1	32.8	32.3	32.0
Operating Profit (Loss)	(13.7)	(11.0)	4.8	(0.7)	(2.4)
Income Tax Benefit (Expense)	5.3	4.6	(1.2)	0.8	1.4
Total Product Line Net Operating Income (Loss)	$ (8.4)	$ (6.4)	$ 3.6	$ 0.1	$ (1.0)
Ratios Based On Earned Premiums					
Current Year Non-catastrophe Losses and LAE Ratio	73.7%	80.4%	69.5%	71.3%	69.1%
Current Year Catastrophe Losses and LAE Ratio	4.5	0.3	1.1	4.9	4.6
Prior Years Non-catastrophe Losses and LAE Ratio	10.4	3.8	(0.4)	(0.7)	1.8
Prior Years Catastrophe Losses and LAE Ratio	—	—	—	(0.1)	(0.2)
Total Incurred Loss and LAE Ratio	88.6	84.5	70.2	75.4	75.3
Insurance Expense Ratio	30.9	31.1	30.8	30.7	30.2
Combined Ratio	119.5%	115.6%	101.0%	106.1%	105.5%
Underlying Combined Ratio [1]					
Current Year Non-catastrophe Losses and LAE Ratio	73.7%	80.4%	69.5%	71.3%	69.1%
Insurance Expense Ratio	30.9	31.1	30.8	30.7	30.2
Underlying Combined Ratio	104.6%	111.5%	100.3%	102.0%	99.3%
Non-GAAP Measure Reconciliation					
Underlying Combined Ratio	104.6%	111.5%	100.3%	102.0%	99.3%
Current Year Catastrophe Losses and LAE Ratio	4.5	0.3	1.1	4.9	4.6
Prior Years Non-catastrophe Losses and LAE Ratio	10.4	3.8	(0.4)	(0.7)	1.8
Prior Years Catastrophe Losses and LAE Ratio	—	—	—	(0.1)	(0.2)
Combined Ratio as Reported	119.5%	115.6%	101.0%	106.1%	105.5%

[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
Non-standard Personal Automobile Insurance - Results of Operations and Selected Financial Information
(Dollars in Millions)
(Unaudited)

	Three Months Ended				
	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016
Results of Operations					
Net Premiums Written	$ 245.2	$ 204.1	$ 211.4	$ 197.6	$ 219.5
Earned Premiums	$ 216.4	$ 210.6	$ 207.2	$ 205.0	$ 197.2
Net Investment Income	8.2	7.3	6.3	5.8	4.0
Other Income	0.2	0.1	—	0.1	0.1
Total Revenues	224.8	218.0	213.5	210.9	201.3
Incurred Losses and LAE related to:					
Current Year:					
Non-catastrophe Losses and LAE	176.4	174.3	179.7	187.0	173.3
Catastrophe Losses and LAE	1.7	(0.1)	1.8	2.3	1.7
Prior Years:					
Non-catastrophe Losses and LAE	(0.8)	(0.1)	2.1	(3.1)	7.9
Catastrophe Losses and LAE	(0.1)	—	(0.1)	—	—
Total Incurred Losses and LAE	177.2	174.1	183.5	186.2	182.9
Insurance Expenses	35.5	35.7	33.4	39.6	34.7
Operating Income (Loss)	12.1	8.2	(3.4)	(14.9)	(16.3)
Income Tax Benefit (Expense)	(3.4)	(2.1)	2.0	6.1	6.2
Total Product Line Net Operating Income (Loss)	$ 8.7	$ 6.1	$ (1.4)	$ (8.8)	$ (10.1)
Ratios Based On Earned Premiums					
Current Year Non-catastrophe Losses and LAE Ratio	81.5%	82.7%	86.7%	91.2%	87.8%
Current Year Catastrophe Losses and LAE Ratio	0.8	—	0.9	1.1	0.9
Prior Years Non-catastrophe Losses and LAE Ratio	(0.4)	—	1.0	(1.5)	4.0
Prior Years Catastrophe Losses and LAE Ratio	—	—	—	—	—
Total Incurred Loss and LAE Ratio	81.9	82.7	88.6	90.8	92.7
Insurance Expense Ratio	16.4	17.0	16.1	19.3	17.6
Combined Ratio	98.3%	99.7%	104.7%	110.1%	110.3%
Underlying Combined Ratio [1]					
Current Year Non-catastrophe Losses and LAE Ratio	81.5%	82.7%	86.7%	91.2%	87.8%
Insurance Expense Ratio	16.4	17.0	16.1	19.3	17.6
Underlying Combined Ratio	97.9%	99.7%	102.8%	110.5%	105.4%
Non-GAAP Measure Reconciliation					
Underlying Combined Ratio	97.9%	99.7%	102.8%	110.5%	105.4%
Current Year Catastrophe Losses and LAE Ratio	0.8	—	0.9	1.1	0.9
Prior Years Non-catastrophe Losses and LAE Ratio	(0.4)	—	1.0	(1.5)	4.0
Prior Years Catastrophe Losses and LAE Ratio	—	—	—	—	—
Combined Ratio as Reported	98.3%	99.7%	104.7%	110.1%	110.3%

[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				
	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016
Results of Operations					
Net Premiums Written	$ 345.3	$ 306.6	$ 325.5	$ 307.4	$ 319.2
Earned Premiums	$ 320.7	$ 317.2	$ 313.8	$ 310.3	$ 303.3
Net Investment Income	14.8	12.9	12.1	11.5	7.4
Other Income	0.2	0.1	—	0.1	0.1
Total Revenues	335.7	330.2	325.9	321.9	310.8
Incurred Losses and LAE related to:					
Current Year:					
Non-catastrophe Losses and LAE	253.3	260.0	253.7	262.0	246.6
Catastrophe Losses and LAE	6.4	0.2	3.0	7.5	6.6
Prior Years:					
Non-catastrophe Losses and LAE	10.0	4.0	1.7	(3.8)	9.8
Catastrophe Losses and LAE	(0.1)	—	(0.1)	(0.1)	(0.2)
Total Incurred Losses and LAE	269.6	264.2	258.3	265.6	262.8
Insurance Expenses	67.7	68.8	66.2	71.9	66.7
Operating Profit (Loss)	(1.6)	(2.8)	1.4	(15.6)	(18.7)
Income Tax Benefit	1.9	2.5	0.8	6.9	7.6
Total Product Line Net Operating Income (Loss)	$ 0.3	$ (0.3)	$ 2.2	$ (8.7)	$ (11.1)
Ratios Based On Earned Premiums					
Current Year Non-catastrophe Losses and LAE Ratio	79.0%	81.9%	80.8%	84.4%	81.3%
Current Year Catastrophe Losses and LAE Ratio	2.0	0.1	1.0	2.4	2.2
Prior Years Non-catastrophe Losses and LAE Ratio	3.1	1.3	0.5	(1.2)	3.2
Prior Years Catastrophe Losses and LAE Ratio	—	—	—	—	(0.1)
Total Incurred Loss and LAE Ratio	84.1	83.3	82.3	85.6	86.6
Insurance Expense Ratio	21.1	21.7	21.1	23.2	22.0
Combined Ratio	105.2%	105.0%	103.4%	108.8%	108.6%
Underlying Combined Ratio [1]					
Current Year Non-catastrophe Losses and LAE Ratio	79.0%	81.9%	80.8%	84.4%	81.3%
Insurance Expense Ratio	21.1	21.7	21.1	23.2	22.0
Underlying Combined Ratio	100.1%	103.6%	101.9%	107.6%	103.3%
Non-GAAP Measure Reconciliation					
Underlying Combined Ratio	100.1%	103.6%	101.9%	107.6%	103.3%
Current Year Catastrophe Losses and LAE Ratio	2.0	0.1	1.0	2.4	2.2
Prior Years Non-catastrophe Losses and LAE Ratio	3.1	1.3	0.5	(1.2)	3.2
Prior Years Catastrophe Losses and LAE Ratio	—	—	—	—	(0.1)
Combined Ratio as Reported	105.2%	105.0%	103.4%	108.8%	108.6%

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

	Three Months Ended				
	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016
Results of Operations					
Net Premiums Written	$ 14.7	$ 11.0	$ 12.5	$ 13.3	$ 14.2
Earned Premiums	$ 12.7	$ 13.1	$ 13.3	$ 13.4	$ 13.5
Net Investment Income	1.5	1.2	1.4	1.2	0.7
Other Income	—	—	0.1	—	0.1
Total Revenues	14.2	14.3	14.8	14.6	14.3
Incurred Losses and LAE related to:					
Current Year:					
Non-catastrophe Losses and LAE	9.6	12.2	10.4	10.5	10.9
Catastrophe Losses and LAE	0.1	(0.1)	0.4	0.4	0.1
Prior Years:					
Non-catastrophe Losses and LAE	1.8	2.4	4.2	(1.7)	(2.4)
Catastrophe Losses and LAE	—	—	(0.1)	—	—
Total Incurred Losses and LAE	11.5	14.5	14.9	9.2	8.6
Insurance Expenses	3.0	3.2	3.4	3.6	3.1
Operating Profit (Loss)	(0.3)	(3.4)	(3.5)	1.8	2.6
Income Tax Benefit (Expense)	0.2	1.3	1.3	(0.5)	(0.8)
Total Product Line Net Operating Income (Loss)	$ (0.1)	$ (2.1)	$ (2.2)	$ 1.3	$ 1.8
Ratios Based On Earned Premiums					
Current Year Non-catastrophe Losses and LAE Ratio	75.6%	93.2%	78.2%	78.4%	80.8%
Current Year Catastrophe Losses and LAE Ratio	0.8	(0.8)	3.0	3.0	0.7
Prior Years Non-catastrophe Losses and LAE Ratio	14.2	18.3	31.6	(12.7)	(17.8)
Prior Years Catastrophe Losses and LAE Ratio	—	—	(0.8)	—	—
Total Incurred Loss and LAE Ratio	90.6	110.7	112.0	68.7	63.7
Insurance Expense Ratio	23.6	24.4	25.6	26.9	23.0
Combined Ratio	114.2%	135.1%	137.6%	95.6%	86.7%
Underlying Combined Ratio [1]					
Current Year Non-catastrophe Losses and LAE Ratio	75.6%	93.2%	78.2%	78.4%	80.8%
Insurance Expense Ratio	23.6	24.4	25.6	26.9	23.0
Underlying Combined Ratio	99.2%	117.6%	103.8%	105.3%	103.8%
Non-GAAP Measure Reconciliation					
Underlying Combined Ratio	99.2%	117.6%	103.8%	105.3%	103.8%
Current Year Catastrophe Losses and LAE Ratio	0.8	(0.8)	3.0	3.0	0.7
Prior Years Non-catastrophe Losses and LAE Ratio	14.2	18.3	31.6	(12.7)	(17.8)
Prior Years Catastrophe Losses and LAE Ratio	—	—	(0.8)	—	—
Combined Ratio as Reported	114.2%	135.1%	137.6%	95.6%	86.7%

[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 Automobile Insurance - Results of Operations and Selected Financial Information
(Dollars in Millions)
(Unaudited)

	Three Months Ended				
	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016
Results of Operations					
Net Premiums Written	$ 360.0	$ 317.6	$ 338.0	$ 320.7	$ 333.4
Earned Premiums	$ 333.4	$ 330.3	$ 327.1	$ 323.7	$ 316.8
Net Investment Income	16.3	14.1	13.5	12.7	8.1
Other Income	0.2	0.1	0.1	0.1	0.2
Total Revenues	349.9	344.5	340.7	336.5	325.1
Incurred Losses and LAE related to:					
Current Year:					
Non-catastrophe Losses and LAE	262.9	272.2	264.1	272.5	257.5
Catastrophe Losses and LAE	6.5	0.1	3.4	7.9	6.7
Prior Years:					
Non-catastrophe Losses and LAE	11.8	6.4	5.9	(5.5)	7.4
Catastrophe Losses and LAE	(0.1)	—	(0.2)	(0.1)	(0.2)
Total Incurred Losses and LAE	281.1	278.7	273.2	274.8	271.4
Insurance Expenses	70.7	72.0	69.6	75.5	69.8
Operating Profit (Loss)	(1.9)	(6.2)	(2.1)	(13.8)	(16.1)
Income Tax Benefit	2.1	3.8	2.1	6.4	6.8
Total Product Line Net Operating Income (Loss)	$ 0.2	$ (2.4)	$ —	$ (7.4)	$ (9.3)
Ratios Based On Earned Premiums					
Current Year Non-catastrophe Losses and LAE Ratio	78.9%	82.5%	80.8%	84.2%	81.4%
Current Year Catastrophe Losses and LAE Ratio	1.9	—	1.0	2.4	2.1
Prior Years Non-catastrophe Losses and LAE Ratio	3.5	1.9	1.8	(1.7)	2.3
Prior Years Catastrophe Losses and LAE Ratio	—	—	(0.1)	—	(0.1)
Total Incurred Loss and LAE Ratio	84.3	84.4	83.5	84.9	85.7
Insurance Expense Ratio	21.2	21.8	21.3	23.3	22.0
Combined Ratio	105.5%	106.2%	104.8%	108.2%	107.7%
Underlying Combined Ratio [1]					
Current Year Non-catastrophe Losses and LAE Ratio	78.9%	82.5%	80.8%	84.2%	81.4%
Insurance Expense Ratio	21.2	21.8	21.3	23.3	22.0
Underlying Combined Ratio	100.1%	104.3%	102.1%	107.5%	103.4%
Non-GAAP Measure Reconciliation					
Underlying Combined Ratio	100.1%	104.3%	102.1%	107.5%	103.4%
Current Year Catastrophe Losses and LAE Ratio	1.9	—	1.0	2.4	2.1
Prior Years Non-catastrophe Losses and LAE Ratio	3.5	1.9	1.8	(1.7)	2.3
Prior Years Catastrophe Losses and LAE Ratio	—	—	(0.1)	—	(0.1)
Combined Ratio as Reported	105.5%	106.2%	104.8%	108.2%	107.7%

[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
Homeowners Insurance - Results of Operations and Selected Financial Information
(Dollars in Millions)
(Unaudited)

	Three Months Ended Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016
Results of Operations					
Net Premiums Written	$ 59.2	$ 62.2	$ 73.1	$ 72.2	$ 59.9
Earned Premiums	$ 66.3	$ 67.7	$ 68.5	$ 67.6	$ 68.1
Net Investment Income	6.5	5.3	5.9	5.9	3.2
Other Income	—	—	—	—	—
Total Revenues	72.8	73.0	74.4	73.5	71.3
Incurred Losses and LAE related to:					
Current Year:					
Non-catastrophe Losses and LAE	33.8	32.6	36.8	30.9	35.2
Catastrophe Losses and LAE	56.5	11.3	7.8	40.0	29.9
Prior Years:					
Non-catastrophe Losses and LAE	0.7	0.6	(0.6)	(0.5)	(2.7)
Catastrophe Losses and LAE	(0.6)	(2.5)	(3.5)	(8.4)	(2.4)
Total Incurred Losses and LAE	90.4	42.0	40.5	62.0	60.0
Insurance Expenses	21.0	21.6	21.7	21.4	21.3
Operating Profit (Loss)	(38.6)	9.4	12.2	(9.9)	(10.0)
Income Tax Benefit (Expense)	14.0	(2.7)	(3.8)	4.1	4.0
Total Product Line Net Operating Income (Loss)	$ (24.6)	$ 6.7	$ 8.4	$ (5.8)	$ (6.0)
Ratios Based On Earned Premiums					
Current Year Non-catastrophe Losses and LAE Ratio	50.9%	48.1%	53.7%	45.6%	51.7%
Current Year Catastrophe Losses and LAE Ratio	85.2	16.7	11.4	59.2	43.9
Prior Years Non-catastrophe Losses and LAE Ratio	1.1	0.9	(0.9)	(0.7)	(4.0)
Prior Years Catastrophe Losses and LAE Ratio	(0.9)	(3.7)	(5.1)	(12.4)	(3.5)
Total Incurred Loss and LAE Ratio	136.3	62.0	59.1	91.7	88.1
Insurance Expense Ratio	31.7	31.9	31.7	31.7	31.3
Combined Ratio	168.0%	93.9%	90.8%	123.4%	119.4%
Underlying Combined Ratio [1]					
Current Year Non-catastrophe Losses and LAE Ratio	50.9%	48.1%	53.7%	45.6%	51.7%
Insurance Expense Ratio	31.7	31.9	31.7	31.7	31.3
Underlying Combined Ratio	82.6%	80.0%	85.4%	77.3%	83.0%
Non-GAAP Measure Reconciliation					
Underlying Combined Ratio	82.6%	80.0%	85.4%	77.3%	83.0%
Current Year Catastrophe Losses and LAE Ratio	85.2	16.7	11.4	59.2	43.9
Prior Years Non-catastrophe Losses and LAE Ratio	1.1	0.9	(0.9)	(0.7)	(4.0)
Prior Years Catastrophe Losses and LAE Ratio	(0.9)	(3.7)	(5.1)	(12.4)	(3.5)
Combined Ratio as Reported	168.0%	93.9%	90.8%	123.4%	119.4%

[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				
	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016
Results of Operations					
Net Premiums Written	$ 9.7	$ 10.3	$ 11.6	$ 11.8	$ 10.1
Earned Premiums	$ 10.7	$ 11.1	$ 11.3	$ 11.3	$ 11.3
Net Investment Income	1.3	1.0	1.0	1.1	0.6
Other Income	—	—	—	—	—
Total Revenues	12.0	12.1	12.3	12.4	11.9
Incurred Losses and LAE related to:					
Current Year:					
Non-catastrophe Losses and LAE	5.9	5.8	5.8	5.8	4.7
Catastrophe Losses and LAE	0.9	0.3	0.1	1.2	0.9
Prior Years:					
Non-catastrophe Losses and LAE	(0.7)	(0.8)	(2.2)	(3.1)	—
Catastrophe Losses and LAE	(0.5)	(0.5)	(0.2)	(1.1)	(0.1)
Total Incurred Losses and LAE	5.6	4.8	3.5	2.8	5.5
Insurance Expenses	3.1	3.3	3.3	3.1	3.1
Operating Profit	3.3	4.0	5.5	6.5	3.3
Income Tax Expense	(1.0)	(1.3)	(1.8)	(2.2)	(1.1)
Total Product Line Net Operating Income	$ 2.3	$ 2.7	$ 3.7	$ 4.3	$ 2.2
Ratios Based On Earned Premiums					
Current Year Non-catastrophe Losses and LAE Ratio	55.1%	52.2%	51.4%	51.3%	41.6%
Current Year Catastrophe Losses and LAE Ratio	8.4	2.7	0.9	10.6	8.0
Prior Years Non-catastrophe Losses and LAE Ratio	(6.5)	(7.2)	(19.5)	(27.4)	—
Prior Years Catastrophe Losses and LAE Ratio	(4.7)	(4.5)	(1.8)	(9.7)	(0.9)
Total Incurred Loss and LAE Ratio	52.3	43.2	31.0	24.8	48.7
Insurance Expense Ratio	29.0	29.7	29.2	27.4	27.4
Combined Ratio	81.3%	72.9%	60.2%	52.2%	76.1%
Underlying Combined Ratio [1]					
Current Year Non-catastrophe Losses and LAE Ratio	55.1%	52.2%	51.4%	51.3%	41.6%
Insurance Expense Ratio	29.0	29.7	29.2	27.4	27.4
Underlying Combined Ratio	84.1%	81.9%	80.6%	78.7%	69.0%
Non-GAAP Measure Reconciliation					
Underlying Combined Ratio	84.1%	81.9%	80.6%	78.7%	69.0%
Current Year Catastrophe Losses and LAE Ratio	8.4	2.7	0.9	10.6	8.0
Prior Years Non-catastrophe Losses and LAE Ratio	(6.5)	(7.2)	(19.5)	(27.4)	—
Prior Years Catastrophe Losses and LAE Ratio	(4.7)	(4.5)	(1.8)	(9.7)	(0.9)
Combined Ratio as Reported	81.3%	72.9%	60.2%	52.2%	76.1%

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

	Three Months Ended				
	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016
Results of Operations					
Earned Premiums	$ 153.0	$ 152.3	$ 152.0	$ 151.1	$ 149.8
Net Investment Income	53.0	53.6	54.5	50.1	55.0
Other Income	0.6	0.9	0.7	0.6	0.6
Total Revenues	206.6	206.8	207.2	201.8	205.4
Policyholders' Benefits and Incurred Losses and LAE	100.3	92.8	173.0	96.5	99.3
Insurance Expenses	73.7	78.9	79.9	80.0	75.1
Operating Profit (Loss)	32.6	35.1	(45.7)	25.3	31.0
Income Tax Benefit (Expense)	(11.1)	(12.1)	16.3	(8.9)	(10.7)
Segment Net Operating Income (Loss)	$ 21.5	$ 23.0	$ (29.4)	$ 16.4	$ 20.3

	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016
Insurance Reserves:					
Future Policyholder Benefits	$ 3,325.2	$ 3,311.5	$ 3,298.5	$ 3,310.3	$ 3,294.4
Incurred Losses and LAE Reserves:					
Life	141.7	141.9	142.1	43.8	42.1
Accident and Health	22.1	21.9	20.9	22.1	21.9
Property	4.6	4.5	5.5	5.4	6.0
Total Incurred Losses and LAE Reserves	168.4	168.3	168.5	71.3	70.0
Insurance Reserves	$ 3,493.6	$ 3,479.8	$ 3,467.0	$ 3,381.6	$ 3,364.4

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

	Three Months Ended				
	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016
Results of Operations					
Earned Premiums	$ 95.7	$ 95.9	$ 95.8	$ 95.5	$ 94.4
Net Investment Income	51.4	51.7	52.7	48.4	53.5
Other Income	0.5	0.7	0.6	0.5	0.5
Total Revenues	147.6	148.3	149.1	144.4	148.4
Policyholders' Benefits and Incurred Losses and LAE	72.1	68.0	146.5	70.5	71.3
Insurance Expenses	48.4	53.1	54.9	53.2	50.1
Operating Profit (Loss)	27.1	27.2	(52.3)	20.7	27.0
Income Tax Benefit (Expense)	(9.2)	(9.4)	18.6	(7.3)	(9.4)
Total Product Line Operating Income (Loss)	$ 17.9	$ 17.8	$ (33.7)	$ 13.4	$ 17.6

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

	Three Months Ended				
	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016
Results of Operations					
Earned Premiums	$ 39.1	$ 38.2	$ 37.6	$ 36.7	$ 36.9
Net Investment Income	1.3	1.4	1.4	1.3	1.3
Other Income	0.1	0.2	0.1	0.1	0.1
Total Revenues	40.5	39.8	39.1	38.1	38.3
Policyholders' Benefits and Incurred Losses and LAE	21.2	19.6	19.9	20.3	20.5
Insurance Expenses	17.3	17.3	16.4	17.1	16.8
Operating Profit	2.0	2.9	2.8	0.7	1.0
Income Tax Expense	(0.7)	(0.9)	(1.0)	(0.3)	(0.3)
Total Product Line Net Operating Income	$ 1.3	$ 2.0	$ 1.8	$ 0.4	$ 0.7

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

	Three Months Ended				
	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016
Results of Operations					
Earned Premiums	$ 18.2	$ 18.2	$ 18.6	$ 18.9	$ 18.5
Net Investment Income	0.3	0.5	0.4	0.4	0.2
Other Income	—	—	—	—	—
Total Revenues	18.5	18.7	19.0	19.3	18.7
Incurred Losses and LAE related to:					
Current Year:					
Non-catastrophe Losses and LAE	4.7	4.2	5.6	4.6	5.2
Catastrophe Losses and LAE	1.8	0.9	1.4	1.6	1.6
Prior Years:					
Non-catastrophe Losses and LAE	0.2	—	(0.3)	(0.1)	0.4
Catastrophe Losses and LAE	0.3	0.1	(0.1)	(0.4)	0.3
Total Incurred Losses and LAE	7.0	5.2	6.6	5.7	7.5
Insurance Expenses	8.0	8.5	8.6	9.7	8.2
Operating Profit	3.5	5.0	3.8	3.9	3.0
Income Tax Expense	(1.2)	(1.8)	(1.3)	(1.3)	(1.0)
Total Product Line Net Operating Income	$ 2.3	$ 3.2	$ 2.5	$ 2.6	$ 2.0
Ratios Based On Earned Premiums					
Current Year Non-catastrophe Losses and LAE Ratio	25.9%	23.2%	30.1%	24.3%	28.1%
Current Year Catastrophe Losses and LAE Ratio	9.9	4.9	7.5	8.5	8.6
Prior Years Non-catastrophe Losses and LAE Ratio	1.1	—	(1.6)	(0.5)	2.2
Prior Years Catastrophe Losses and LAE Ratio	1.6	0.5	(0.5)	(2.1)	1.6
Total Incurred Loss and LAE Ratio	38.5	28.6	35.5	30.2	40.5
Insurance Expense Ratio	44.0	46.7	46.2	51.3	44.3
Combined Ratio	82.5%	75.3%	81.7%	81.5%	84.8%
Underlying Combined Ratio [1]					
Current Year Non-catastrophe Losses and LAE Ratio	25.9%	23.2%	30.1%	24.3%	28.1%
Insurance Expense Ratio	44.0	46.7	46.2	51.3	44.3
Underlying Combined Ratio	69.9%	69.9%	76.3%	75.6%	72.4%
Non-GAAP Measure Reconciliation					
Underlying Combined Ratio	69.9%	69.9%	76.3%	75.6%	72.4%
Current Year Catastrophe Losses and LAE Ratio	9.9	4.9	7.5	8.5	8.6
Prior Years Non-catastrophe Losses and LAE Ratio	1.1	—	(1.6)	(0.5)	2.2
Prior Years Catastrophe Losses and LAE Ratio	1.6	0.5	(0.5)	(2.1)	1.6
Combined Ratio as Reported	82.5%	75.3%	81.7%	81.5%	84.8%

[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				
	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016
Net Investment Income					
Interest on Fixed Income Securities	$ 60.1	$ 61.5	$ 61.4	$ 59.8	$ 60.0
Dividends on Equity Securities Excluding Alternative Investments	2.1	2.8	2.7	3.5	2.8
Alternative Investments:					
Equity Method Limited Liability Investments	6.8	3.8	5.2	2.8	(4.3)
Fair Value Option Investments	1.1	2.0	(1.4)	0.1	(2.6)
Limited Liability Investments Included in Equity Securities	7.4	5.4	5.7	3.6	7.3
Total Alternative Investments	15.3	11.2	9.5	6.5	0.4
Short-term Investments	0.3	0.1	0.2	0.1	0.1
Real Estate	2.9	2.9	3.0	2.9	3.0
Loans to Policyholders	5.5	5.5	5.4	5.3	5.4
Other	—	0.3	—	—	—
Total Investment Income	86.2	84.3	82.2	78.1	71.7
Investment Expenses:					
Real Estate	2.6	2.6	2.9	2.8	2.7
Other Investment Expenses	2.0	1.8	1.6	1.6	2.0
Total Investment Expenses	4.6	4.4	4.5	4.4	4.7
Net Investment Income	$ 81.6	$ 79.9	$ 77.7	$ 73.7	$ 67.0
Net Realized Gains on Sales of Investments					
Fixed Maturities:					
Gains on Sales	$ 1.4	$ 2.9	$ 2.7	$ 4.3	$ 7.1
Losses on Sales	(0.2)	(3.5)	(0.8)	—	(0.3)
Equity Securities:					
Gains on Sales	8.9	10.1	9.3	0.5	—
Losses on Sales	—	(0.2)	—	(0.1)	—
Real Estate:					
Gains on Sales	0.1	0.1	0.1	0.9	—
Losses on Sales	—	—	—	—	—
Other Investments:					
Losses on Sales	—	(0.1)	—	(0.1)	—
Trading Securities Net Gains (Losses)	0.3	(0.2)	0.3	0.1	—
Net Realized Gains on Sales of Investments	$ 10.5	$ 9.1	$ 11.6	$ 5.6	$ 6.8
Net Impairment Losses Recognized in Earnings					
Fixed Maturities	$ (4.7)	$ (4.8)	$ (8.3)	$ (5.7)	$ (7.8)
Equity Securities	(0.3)	(3.4)	—	(0.7)	(1.5)
Real Estate	—	(0.5)	—	—	—
Net Impairment Losses Recognized in Earnings	$ (5.0)	$ (8.7)	$ (8.3)	$ (6.4)	$ (9.3)

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

	Mar 31, 2017		Dec 31, 2016		Dec 31, 2015	
	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	$ 362.5	5.4%	$ 336.3	5.1%	$ 320.6	5.0%
States and Political Subdivisions	1,743.3	26.1	1,714.9	26.0	1,622.6	25.2
Foreign Governments	4.5	0.1	3.4	0.1	—	—
Corporate Securities:						
Bonds and Notes	3,004.4	45.1	2,944.8	44.6	2,812.8	43.7
Redeemable Preferred Stocks	0.2	—	0.6	—	3.8	0.1
Collaterized Loan Obligations	123.4	1.9	122.8	1.9	87.3	1.4
Other Mortgage- and Asset-backed	2.0	—	2.1	—	5.2	0.1
Subtotal Fixed Maturities Reported at Fair Value	5,240.3	78.6	5,124.9	77.7	4,852.3	75.5
Equity Securities Reported at Fair Value:						
Preferred Stocks	80.9	1.2	82.5	1.2	103.9	1.6
Common Stocks	21.8	0.3	45.2	0.7	36.7	0.6
Other Equity Interests:						
Exchange Traded Funds	192.3	2.9	144.4	2.2	177.1	2.8
Limited Liability Companies and Limited Partnerships	202.4	3.0	209.6	3.2	205.5	3.2
Subtotal Equity Securities Reported at Fair Value	497.4	7.5	481.7	7.3	523.2	8.2
Equity Method Limited Liability Investments	157.4	2.4	175.9	2.7	190.6	3.0
Fair Value Option Investments	90.5	1.4	111.4	1.7	164.5	2.6
Short-term Investments at Cost which Approximates Fair Value	244.6	3.7	273.7	4.1	255.7	4.0
Other Investments:						
Loans to Policyholders at Unpaid Principal	294.9	4.4	294.2	4.5	288.4	4.5
Real Estate at Depreciated Cost	136.9	2.1	140.2	2.1	149.8	2.3
Trading Securities at Fair Value	5.7	0.1	5.3	0.1	4.7	0.1
Other	0.2	—	0.2	—	0.3	—
Subtotal Other Investments	437.7	6.6	439.9	6.7	443.2	6.9
Total Investments	$ 6,667.9	100.0%	$ 6,607.5	100.0%	$ 6,429.5	100.0%
S&P Equivalent Rating for Fixed Maturities						
AAA, AA, A	$ 3,328.0	63.5%	$ 3,280.4	64.0%	$ 3,222.5	66.4%
BBB	1,404.4	26.8	1,338.2	26.1	1,149.0	23.7
BB, B	317.8	6.1	321.6	6.3	222.4	4.6
CCC or Lower	190.1	3.6	184.7	3.6	258.4	5.3
Total Investments in Fixed Maturities	$ 5,240.3	100.0%	$ 5,124.9	100.0%	$ 4,852.3	100.0%
Duration (in Years)						
Total Investments in Fixed Maturities	6.2		6.3		6.5	

[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	Mar 31, 2017 Amount	Mar 31, 2017 Percent of Total Investments	Dec 31, 2016 Amount	Dec 31, 2016 Percent of Total Investments	Dec 31, 2015 Amount	Dec 31, 2015 Percent of Total Investments
Manufacturing	$ 1,241.5	18.6%	$ 1,227.8	18.6%	$ 1,160.4	18.0%
Finance, Insurance and Real Estate	763.5	11.5	742.6	11.2	707.4	11.0
Services	397.8	6.0	391.6	5.9	374.4	5.8
Transportation, Communication and Utilities	377.6	5.7	364.1	5.5	334.4	5.2
Mining	155.2	2.3	157.2	2.4	139.7	2.2
Retail Trade	104.3	1.6	101.9	1.5	91.1	1.4
Wholesale Trade	69.7	1.0	69.2	1.0	80.6	1.3
Agriculture, Forestry and Fishing	14.4	0.2	14.4	0.2	20.6	0.3
Other	6.0	0.1	1.5	—	0.5	—
Total Fair Value of Non-governmental Fixed Maturities	$ 3,130.0	47.0%	$ 3,070.3	46.3%	$ 2,909.1	45.2%

Ten Largest Investment Exposures [1]	Mar 31, 2017 Fair Value	Mar 31, 2017 Percent of Total Investments
Fixed Maturities:		
States and Political Subdivisions:		
Texas	$ 102.8	1.5%
Georgia	90.6	1.4
Michigan	86.4	1.3
Ohio	83.2	1.2
Louisiana	78.0	1.2
Virgina	65.7	1.0
Colorado	65.4	1.0
Florida	63.7	1.0
Wisconsin	57.4	0.9
New York	55.7	0.8
Total	$ 748.9	11.3%

[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 March 31, 2017.

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

	Mar 31, 2017					
	State General Obligation	Political Subdivision General Obligation	Revenue	Total Fair Value	Percent of Total Muni Bond[1]	Percent of Total Investments[1]
Texas	$ 9.1	$ 23.6	$ 70.1	$ 102.8	5.9%	1.5%
Georgia	51.6	9.0	30.0	90.6	5.2	1.4
Michigan	37.6	—	48.8	86.4	5.0	1.3
Ohio	38.8	5.1	39.3	83.2	4.8	1.2
Louisiana	44.5	6.9	26.6	78.0	4.5	1.2
Virginia	25.7	19.1	20.9	65.7	3.8	1.0
Colorado	—	15.3	50.1	65.4	3.8	1.0
Florida	48.7	—	15.0	63.7	3.7	1.0
Wisconsin	49.0	7.0	1.4	57.4	3.3	0.9
New York	6.1	2.7	46.9	55.7	3.2	0.8
Washington	16.9	0.3	35.0	52.2	3.0	0.8
Arkansas	50.7	—	—	50.7	2.9	0.8
Minnesota	25.6	0.4	24.5	50.5	2.9	0.8
North Carolina	18.1	3.1	28.5	49.7	2.9	0.7
Indiana	—	—	45.9	45.9	2.6	0.7
Massachusetts	2.7	2.5	40.2	45.4	2.6	0.7
Oregon	37.0	—	3.5	40.5	2.3	0.6
California	0.3	—	39.7	40.0	2.3	0.6
Utah	16.6	1.5	18.6	36.7	2.1	0.6
Nevada	28.2	7.0	—	35.2	2.0	0.5
Arizona	—	0.8	32.0	32.8	1.9	0.5
Pennsylvania	11.5	2.7	18.1	32.3	1.9	0.5
Maryland	2.7	21.2	6.2	30.1	1.7	0.5
Mississippi	28.7	—	0.5	29.2	1.7	0.4
Connecticut	24.1	—	5.0	29.1	1.7	0.4
Delaware	17.1	—	9.6	26.7	1.5	0.4
Tennessee	7.9	7.2	10.6	25.7	1.5	0.4
New Jersey	—	5.3	19.6	24.9	1.4	0.4
South Carolina	19.1	3.1	2.3	24.5	1.4	0.4
New Mexico	—	—	24.1	24.1	1.4	0.4
Illinois	—	2.5	19.8	22.3	1.3	0.3
Alaska	4.2	2.9	14.7	21.8	1.3	0.3
Alabama	9.4	—	10.9	20.3	1.2	0.3
Iowa	—	—	19.7	19.7	1.1	0.3
Missouri	—	—	18.7	18.7	1.1	0.3
Rhode Island	5.0	—	13.6	18.6	1.1	0.3
Idaho	—	10.4	7.7	18.1	1.0	0.3
District of Columbia	—	4.9	12.0	16.9	1.0	0.3
Kentucky	—	1.0	15.9	16.9	1.0	0.3
All Other States	21.9	6.9	66.1	94.9	5.4	1.4
Total	$ 658.8	$ 172.4	$ 912.1	$ 1,743.3	100.0%	26.1%

[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 Mar 31, 2017	Reported Value Mar 31, 2017	Reported Value Dec 31, 2016
Reported as Equity Method Limited Liability Investments at Cost Plus Cumulative Undistributed Earnings:			
Mezzanine Debt	$ 63.2	$ 61.1	$ 63.2
Distressed Debt	—	55.1	65.4
Secondary Transactions	19.5	23.2	27.3
Senior Debt	0.5	5.2	6.6
Leveraged Buyout	0.1	4.2	—
Growth Equity	—	4.0	4.6
Other	0.1	4.6	8.8
Total Equity Method Limited Liability Investments	83.4	157.4	175.9
Reported as Other Equity Interests at Fair Value:			
Mezzanine Debt	76.2	100.1	97.6
Senior Debt	33.5	35.9	36.4
Distressed Debt	4.3	18.9	18.8
Secondary Transactions	10.5	11.2	11.9
Leveraged Buyout	0.9	6.5	6.5
Other	—	29.8	38.4
Total Reported as Other Equity Interests at Fair Value	125.4	202.4	209.6
Reported as Fair Value Option Investments:			
Hedge Funds	—	90.5	111.4
Total Investments in Limited Liability Companies and Limited Partnerships	$ 208.8	$ 450.3	$ 496.9

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				
Dollars in Millions (Unaudited)	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016
Consolidated Net Operating Income (Loss)	$ (3.9)	$ 28.8	$ (20.4)	$ 4.6	$ (0.6)
Net Income (Loss) From:					
Net Realized Gains on Sales of Investments	6.8	5.9	7.5	3.7	4.4
Net Impairment Losses Recognized in Earnings	(3.3)	(5.6)	(5.4)	(4.2)	(6.0)
Income (Loss) from Continuing Operations	$ (0.4)	$ 29.1	$ (18.3)	$ 4.1	$ (2.2)

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				
(Unaudited)	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016
Consolidated Net Operating Income (Loss) Per Unrestricted Share	$ (0.08)	$ 0.56	$ (0.40)	$ 0.09	$ (0.01)
Net Income (Loss) Per Unrestricted Share From:					
Net Realized Gains on Sales of Investments	0.13	0.11	0.15	0.07	0.09
Net Impairment Losses Recognized in Earnings	(0.06)	(0.11)	(0.11)	(0.08)	(0.12)
Income (Loss) from Continuing Operations Per Unrestricted Share	$ (0.01)	$ 0.56	$ (0.36)	$ 0.08	$ (0.04)

Underlying Combined Ratio is a non-GAAP financial measure. It is computed by adding the Current Year Non-catastrophe Losses and LAE Ratio with the Insurance Expense Ratio. The most directly comparable GAAP financial measure is the Combined Ratio, which is computed by adding total incurred losses and LAE, including the impact of catastrophe losses and loss and LAE reserve development from prior years, with the Insurance Expense Ratio. The Company believes the underlying combined ratio is useful to investors and is used by management to reveal the trends in the Company's property and casualty insurance businesses that may be obscured by catastrophe losses and prior-year reserve development. These catastrophe losses cause loss trends to vary significantly between periods as a result of their incidence of occurrence and magnitude, and can have a significant impact on the combined ratio. Prior-year reserve developments are caused by unexpected loss development on historical reserves. Because reserve development relates to the re-estimation of losses from earlier periods, it has no bearing on the performance of our insurance products in the current period. The Company believes it is useful for investors to evaluate these components separately and in the aggregate when reviewing the Company's underwriting performance. The underlying combined ratio should not be considered a substitute for the combined ratio and does not reflect the overall underwriting profitability of our business.