KEMPER

Investor Supplement
Fourth 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.

Caution Regarding Forward-Looking Statements

This Investor Supplement may contain or incorporate by reference information that includes or is based on forward-looking statements within the meaning of the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements give expectations or forecasts of future events, and can be identified by the fact that they relate to future actions, performance or results rather than strictly to historical or current facts.

Any or all forward-looking statements may turn out to be wrong, and, accordingly, readers are cautioned not to place undue reliance on such statements, which speak only as of the date of this press release. Forward-looking statements involve a number of risks and uncertainties that are difficult to predict, and are not guarantees of future performance. Among the general factors that could cause actual results and financial condition to differ materially from estimated results and financial condition are those listed in periodic reports filed by Kemper with the Securities and Exchange Commission (the "SEC"). No assurances can be given that the results and financial condition contemplated in any forward-looking statements will be achieved or will be achieved in any particular timetable. Kemper assumes no obligation to publicly correct or update any forward-looking statements as a result of events or developments subsequent to the date of this 2017 Investor Supplement. The reader is advised, however, to consult any further disclosures Kemper makes on related subjects in its filings with the SEC.

Kemper Corporation
Investor Supplement
Fourth Quarter 2017
Table of Contents

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

	Three Months Ended								Year Ended	
	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2017	Dec 31, 2016
For Period Ended										
Earned Premiums	$ 605.9	$ 598.2	$ 582.5	$ 563.4	$ 561.4	$ 558.9	$ 553.7	$ 546.0	$ 2,350.0	$ 2,220.0
Net Investment Income	82.6	85.9	77.1	81.6	79.9	77.7	73.7	67.0	327.2	298.3
Net Investment Gains (Losses) and Other Income	8.8	6.2	24.8	6.4	1.4	4.1	(0.2)	(1.7)	46.2	3.6
Total Revenues	$ 697.3	$ 690.3	$ 684.4	$ 651.4	$ 642.7	$ 640.7	$ 627.2	$ 611.3	$ 2,723.4	$ 2,521.9
Consolidated Net Operating Income (Loss) [1]	$ 31.0	$ 44.4	$ 21.0	$ (3.9)	$ 28.8	$ (20.4)	$ 4.6	$ (0.6)	$ 92.5	$ 12.4
Income (Loss) from Continuing Operations	$ 35.9	$ 47.8	$ 36.6	$ (0.4)	$ 29.1	$ (18.3)	$ 4.1	$ (2.2)	$ 119.9	$ 12.7
Net Income (Loss)	$ 36.9	$ 47.7	$ 36.6	$ (0.3)	$ 31.2	$ (16.3)	$ 4.0	$ (2.1)	$ 120.9	$ 16.8
Per Unrestricted Common Share Amounts:										
Basic:										
Consolidated Net Operating Income (Loss) [1]	$ 0.60	$ 0.85	$ 0.41	$ (0.08)	$ 0.56	$ (0.40)	$ 0.09	$ (0.01)	$ 1.79	$ 0.25
Income (Loss) from Continuing Operations	$ 0.69	$ 0.92	$ 0.71	$ (0.01)	$ 0.56	$ (0.36)	$ 0.08	$ (0.04)	$ 2.32	$ 0.25
Net Income (Loss)	$ 0.71	$ 0.92	$ 0.71	$ (0.01)	$ 0.60	$ (0.32)	$ 0.08	$ (0.04)	$ 2.34	$ 0.33
Diluted:										
Consolidated Net Operating Income (Loss) [1]	$ 0.60	$ 0.85	$ 0.41	$ (0.08)	$ 0.56	$ (0.40)	$ 0.09	$ (0.01)	$ 1.78	$ 0.25
Income (Loss) from Continuing Operations	$ 0.69	$ 0.92	$ 0.71	$ (0.01)	$ 0.56	$ (0.36)	$ 0.08	$ (0.04)	$ 2.31	$ 0.25
Net Income (Loss)	$ 0.71	$ 0.92	$ 0.71	$ (0.01)	$ 0.60	$ (0.32)	$ 0.08	$ (0.04)	$ 2.33	$ 0.33
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	$ 8,376.2	$ 8,301.0	$ 8,211.4	$ 8,306.8	$ 8,210.5	$8,390.3	$ 8,305.9	$ 8,169.7		
Insurance Reserves	$ 4,537.8	$ 4,478.3	$ 4,466.7	$ 4,473.4	$ 4,406.7	$4,382.2	$ 4,293.6	$ 4,258.8		
Debt	$ 592.3	$ 592.2	$ 592.1	$ 751.8	$ 751.6	$ 751.3	$ 751.1	$ 750.9		
Shareholders' Equity	$ 2,115.6	$ 2,082.4	$ 2,033.4	$ 1,983.6	$ 1,975.2	$2,073.6	$ 2,105.2	$ 2,041.1		
Shareholders' Equity Excluding Goodwill	$ 1,792.6	$ 1,759.4	$ 1,710.4	$ 1,660.6	$ 1,652.2	$1,750.6	$ 1,782.2	$ 1,718.1		
Common Shares Issued and Outstanding (In Millions)	51.462	51.448	51.294	51.295	51.271	51.185	51.133	51.133		
Book Value Per Share [2]	$ 41.11	$ 40.48	$ 39.64	$ 38.67	$ 38.52	$ 40.51	$ 41.17	$ 39.92		
Book Value Per Share Excluding Goodwill [1,2]	$ 34.83	$ 34.20	$ 33.35	$ 32.37	$ 32.22	$ 34.20	$ 34.85	$ 33.60		
Book Value Per Share Excluding Net Unrealized Gains on Fixed Maturities [1,2]	$ 35.57	$ 35.87	$ 35.13	$ 34.81	$ 35.00	$ 34.27	$ 34.78	$ 34.97		
Debt to Total Capitalization [2]	21.9%	22.1%	22.6%	27.5%	27.6%	26.6 %	26.3%	26.9%		
Rolling 12 Months Return on 5-point Average Shareholders Equity [2,3]	5.9%	5.7%	2.5%	0.9%	0.8%	(0.5)%	2.2%	3.4%		

[1] Non-GAAP Measure. See page 32 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, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2017	Dec 31, 2016
Revenues:										
Earned Premiums	$ 605.9	$ 598.2	$ 582.5	$ 563.4	$ 561.4	$ 558.9	$ 553.7	$ 546.0	$ 2,350.0	$ 2,220.0
Net Investment Income	82.6	85.9	77.1	81.6	79.9	77.7	73.7	67.0	327.2	298.3
Other Income	1.1	1.0	1.0	0.9	1.0	0.8	0.6	0.8	4.0	3.2
Net Realized Gains on Sales of Investments	11.5	8.1	26.4	10.5	9.1	11.6	5.6	6.8	56.5	33.1
Other-than-temporary Impairment Losses:										
Total Other-than-temporary Impairment Losses	(3.7)	(2.9)	(2.6)	(5.2)	(8.7)	(8.3)	(6.4)	(9.6)	(14.4)	(33.0)
Portion of Losses Recognized in Other Comprehensive Income	(0.1)	—	—	0.2	—	—	—	0.3	0.1	0.3
Net Impairment Losses Recognized in Earnings	(3.8)	(2.9)	(2.6)	(5.0)	(8.7)	(8.3)	(6.4)	(9.3)	(14.3)	(32.7)
Total Revenues	697.3	690.3	684.4	651.4	642.7	640.7	627.2	611.3	2,723.4	2,521.9
Expenses:										
Policyholders' Benefits and Incurred Losses and Loss Adjustment Expenses	472.5	440.1	447.4	477.4	418.3	490.2	436.1	436.2	1,837.4	1,780.8
Insurance Expenses	159.1	163.7	163.5	158.0	158.5	161.7	167.8	159.3	644.3	647.3
Interest and Other Expenses	21.5	18.2	21.4	19.5	25.3	22.0	20.7	22.3	80.6	90.3
Total Expenses	653.1	622.0	632.3	654.9	602.1	673.9	624.6	617.8	2,562.3	2,518.4
Income (Loss) from Continuing Operations before Income Taxes	44.2	68.3	52.1	(3.5)	40.6	(33.2)	2.6	(6.5)	161.1	3.5
Income Tax Benefit (Expense)	(8.3)	(20.5)	(15.5)	3.1	(11.5)	14.9	1.5	4.3	(41.2)	9.2
Income (Loss) from Continuing Operations	35.9	47.8	36.6	(0.4)	29.1	(18.3)	4.1	(2.2)	119.9	12.7
Discontinued Operations:										
Income (Loss) from Discontinued Operations before Income Taxes	1.5	(0.1)	—	0.1	3.2	3.1	(0.1)	0.1	1.5	6.3
Income Tax Expense	(0.5)	—	—	—	(1.1)	(1.1)	—	—	(0.5)	(2.2)
Income (Loss) from Discontinued Operations	1.0	(0.1)	—	0.1	2.1	2.0	(0.1)	0.1	1.0	4.1
Net Income (Loss)	$ 36.9	$ 47.7	$ 36.6	$ (0.3)	$ 31.2	$ (16.3)	$ 4.0	$ (2.1)	$ 120.9	$ 16.8
Income (Loss) from Continuing Operations Per Unrestricted Share:										
Basic	$ 0.69	$ 0.92	$ 0.71	$ (0.01)	$ 0.56	$ (0.36)	$ 0.08	$ (0.04)	$ 2.32	$ 0.25
Diluted	$ 0.69	$ 0.92	$ 0.71	$ (0.01)	$ 0.56	$ (0.36)	$ 0.08	$ (0.04)	$ 2.31	$ 0.25
Net Income (Loss) Per Unrestricted Share:										
Basic	$ 0.71	$ 0.92	$ 0.71	$ (0.01)	$ 0.60	$ (0.32)	$ 0.08	$ (0.04)	$ 2.34	$ 0.33
Diluted	$ 0.71	$ 0.92	$ 0.71	$ (0.01)	$ 0.60	$ (0.32)	$ 0.08	$ (0.04)	$ 2.33	$ 0.33
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)	51.456	51.367	51.286	51.273	51.203	51.123	51.108	51.192	51.346	51.156

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

	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016
Assets:								
Investments:								
Fixed Maturities at Fair Value	$ 5,382.7	$ 5,242.8	$ 5,263.9	$ 5,240.3	$ 5,124.9	$ 5,170.1	$ 5,084.3	$ 4,917.4
Equity Securities at Fair Value	526.0	512.1	500.0	497.4	481.7	504.9	509.6	501.3
Equity Method Limited Liability Investments at Cost Plus Cumulative Undistributed Earnings	161.0	160.1	152.8	157.4	175.9	181.1	182.7	190.5
Fair Value Option Investments	77.5	77.1	77.0	90.5	111.4	126.1	134.1	161.9
Short-term Investments at Cost which Approximates Fair Value	235.5	239.0	129.9	244.6	273.7	324.2	365.2	367.4
Other Investments	422.2	420.0	430.0	437.7	439.9	438.8	440.8	443.8
Total Investments	6,804.9	6,651.1	6,553.6	6,667.9	6,607.5	6,745.2	6,716.7	6,582.3
Cash	45.7	137.6	160.9	120.0	115.7	171.1	159.8	160.4
Receivables from Policyholders	366.0	374.8	353.7	347.9	336.5	348.1	337.2	341.1
Other Receivables	194.3	182.4	190.1	206.1	198.6	197.9	192.7	193.9
Deferred Policy Acquisition Costs	365.3	361.7	348.5	339.9	332.0	328.2	321.9	319.3
Goodwill	323.0	323.0	323.0	323.0	323.0	323.0	323.0	323.0
Current Income Tax Assets	6.1	0.9	7.4	10.1	15.5	28.5	20.9	15.5
Deferred Income Tax Assets	—	—	5.4	26.4	25.8	—	—	—
Other Assets	270.9	269.5	268.8	265.5	255.9	248.3	233.7	234.2
Total Assets	$ 8,376.2	$ 8,301.0	$ 8,211.4	$ 8,306.8	$ 8,210.5	$ 8,390.3	$ 8,305.9	$ 8,169.7
Liabilities and Shareholders' Equity:								
Insurance Reserves:								
Life and Health	$ 3,521.0	$ 3,509.8	$ 3,499.7	$ 3,489.0	$ 3,475.3	$ 3,461.5	$ 3,376.2	$ 3,358.4
Property and Casualty	1,016.8	968.5	967.0	984.4	931.4	920.7	917.4	900.4
Total Insurance Reserves	4,537.8	4,478.3	4,466.7	4,473.4	4,406.7	4,382.2	4,293.6	4,258.8
Unearned Premiums	653.9	672.0	650.5	640.1	618.7	637.0	622.6	621.6
Deferred Income Tax Liabilities	14.8	11.9	—	—	—	29.5	38.6	6.5
Liability for Unrecognized Tax Benefits	8.1	6.8	7.0	6.9	5.1	3.7	3.8	3.7
Long-term Debt, Current and Non-current, at Amortized Cost	592.3	592.2	592.1	751.8	751.6	751.3	751.1	750.9
Accrued Expenses and Other Liabilities	453.7	457.4	461.7	451.0	453.2	513.0	491.0	487.1
Total Liabilities	6,260.6	6,218.6	6,178.0	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	5.1	5.1	5.1
Paid-in Capital	673.1	672.1	666.9	663.7	660.3	656.9	654.6	652.6
Retained Earnings	1,243.0	1,218.8	1,184.8	1,160.7	1,172.8	1,155.5	1,184.4	1,192.7
Accumulated Other Comprehensive Income	194.4	186.4	176.6	154.1	137.0	256.1	261.1	190.7
Total Shareholders' Equity	2,115.6	2,082.4	2,033.4	1,983.6	1,975.2	2,073.6	2,105.2	2,041.1
Total Liabilities and Shareholders' Equity	$ 8,376.2	$ 8,301.0	$ 8,211.4	$ 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)

	Year Ended		
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015
Operating Activities:			
Net Income	$ 120.9	$ 16.8	$ 85.7
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Amortization of Intangible Assets Acquired	5.1	5.9	15.4
Equity in Earnings of Equity Method Limited Liability Investments	(24.8)	(7.5)	(19.0)
Distribution of Accumulated Earnings of Equity Method Limited Liability Investments	19.6	15.7	8.6
Decrease (Increase) in Value of Fair Value Option Investments Reported in Net Investment Income	(1.3)	1.9	(0.3)
Amortization of Investment Securities and Depreciation of Investment Real Estate	16.7	16.2	16.1
Net Realized Gains on Sales of Investments	(56.5)	(33.1)	(52.1)
Net Impairment Losses Recognized in Earnings	14.3	32.7	27.2
Depreciation of Property and Equipment	13.1	13.6	13.5
Increase in Receivables	(29.2)	(11.0)	49.6
Increase in Deferred Policy Acquisition Costs	(33.3)	(15.6)	(13.1)
Increase in Insurance Reserves	131.1	201.8	39.6
Increase in Unearned Premiums	35.2	5.6	(9.4)
Change in Income Taxes	28.9	(6.5)	(21.8)
Change in Accrued Expenses and Other Liabilities	2.9	3.3	22.6
Other, Net	(2.1)	0.7	32.2
Net Cash Provided by Operating Activities (Carryforward to page 7)	240.6	240.5	215.0

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

	Year Ended		
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015
Net Cash Provided by Operating Activities (Carryforward from page 6)	240.6	240.5	215.0
Investing Activities:			
Sales, Paydowns and Maturities of Fixed Maturities	528.2	532.3	627.8
Purchases of Fixed Maturities	(710.1)	(850.3)	(681.3)
Sales of Equity Securities	342.0	158.9	238.4
Purchases of Equity Securities	(342.7)	(90.1)	(134.0)
Return of Investment of Equity Method Limited Liability Investments	48.1	41.0	32.9
Acquisitions of Equity Method Limited Liability Investments	(27.9)	(34.6)	(32.4)
Sales of Fair Value Option Investments	42.2	72.2	—
Decrease (Increase) in Short-term Investments	39.4	(18.0)	104.9
Improvements of Investment Real Estate	(1.5)	(2.2)	(1.8)
Sales of Investment Real Estate	26.7	7.5	7.7
Increase in Other Investments	(4.5)	(5.7)	(3.2)
Acquisition of Software	(35.5)	(17.6)	(8.9)
Other, Net	(2.8)	(3.0)	(2.6)
Net Cash Provided (Used) by Investing Activities	(105.4)	(238.1)	(28.6)
Financing Activities:			
Net Proceeds from Issuances of Long-term Debt	200.2	—	247.3
Repayments of Long-term Debt	(360.0)	—	(258.8)
Common Stock Repurchases	—	(3.8)	(45.0)
Dividends and Dividend Equivalents Paid	(49.5)	(49.2)	(49.7)
Cash Exercise of Stock Options	4.0	3.5	3.9
Other, Net	0.1	1.1	1.5
Net Cash Used by Financing Activities	(205.2)	(48.4)	(100.8)
Increase (Decrease) in Cash	(70.0)	(46.0)	85.6
Cash, Beginning of Year	115.7	161.7	76.1
Cash, End of Period	$ 45.7	$ 115.7	$ 161.7

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

	Three Months Ended							
	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016
Book Value Per Share								
Numerator								
Shareholders' Equity	$ 2,115.6	$ 2,082.4	$ 2,033.4	$ 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)	(323.0)	(323.0)	(323.0)
Shareholders' Equity Excluding Goodwill	$ 1,792.6	$ 1,759.4	$ 1,710.4	$ 1,660.6	$ 1,652.2	$ 1,750.6	$ 1,782.2	$ 1,718.1
Shareholders' Equity	$ 2,115.6	$ 2,082.4	$ 2,033.4	$ 1,983.6	$ 1,975.2	$ 2,073.6	$ 2,105.2	$ 2,041.1
Less: Net Unrealized Gains on Fixed Maturities	(285.2)	(237.1)	(231.4)	(198.2)	(180.6)	(319.3)	(327.0)	(253.0)
Shareholders' Equity Excluding Net Unrealized Gains on Fixed Maturities	$ 1,830.4	$ 1,845.3	$ 1,802.0	$ 1,785.4	$ 1,794.6	$ 1,754.3	$ 1,778.2	$ 1,788.1
Denominator								
Common Shares Issued and Outstanding	51.462	51.448	51.294	51.295	51.271	51.185	51.133	51.133
Book Value Per Share	$ 41.11	$ 40.48	$ 39.64	$ 38.67	$ 38.52	$ 40.51	$ 41.17	$ 39.92
Book Value Per Share Excluding Goodwill	$ 34.83	$ 34.20	$ 33.35	$ 32.37	$ 32.22	$ 34.20	$ 34.85	$ 33.60
Book Value Per Share Excluding Unrealized on Fixed Maturities	$ 35.57	$ 35.87	$ 35.13	$ 34.81	$ 35.00	$ 34.27	$ 34.78	$ 34.97
Return on Shareholders' Equity								
Numerator								
Rolling 12 Months Net Income	$ 120.9	$ 115.2	$ 51.2	$ 18.6	$ 16.8	$ (9.8)	$ 44.4	$ 70.1
Denominator (5-point Average)								
5-point Average Shareholders' Equity	$ 2,038.0	$ 2,029.6	$ 2,034.2	$ 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)	5.9%	5.7%	2.5%	0.9%	0.8%	(0.5)%	2.2%	3.4%
Debt and Total Capitalization								
Debt	$ 592.3	$ 592.2	$ 592.1	$ 751.8	$ 751.6	$ 751.3	$ 751.1	$ 750.9
Shareholders' Equity	2,115.6	2,082.4	2,033.4	1,983.6	1,975.2	2,073.6	2,105.2	2,041.1
Total Capitalization	$ 2,707.9	$ 2,674.6	$ 2,625.5	$ 2,735.4	$ 2,726.8	$ 2,824.9	$ 2,856.3	$ 2,792.0
Ratio of Debt to Shareholders' Equity	28.0%	28.4%	29.1%	37.9%	38.1%	36.2 %	35.7%	36.8%
Ratio of Debt to Total Capitalization	21.9%	22.1%	22.6%	27.5%	27.6%	26.6 %	26.3%	26.9%
Parent Company Liquidity								
Kemper Holding Company Cash and Investments	$ 197.3	$ 188.2	$ 188.4	$ 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	225.0	225.0	225.0
Parent Company Liquidity	$ 422.3	$ 413.2	$ 413.4	$ 513.2	$ 523.7	$ 535.3	$ 569.2	$ 520.7
Capital Returned to Shareholders								
Common Stock Repurchased	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 3.8
Cash Dividends Paid	12.4	12.4	12.4	12.3	12.3	12.4	12.3	12.2
Total Capital Returned to Shareholders	$ 12.4	$ 12.4	$ 12.4	$ 12.3	$ 12.3	$ 12.4	$ 12.3	$ 16.0

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

	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	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	448.1	448.1	448.0	247.8	247.7	247.6	247.6	247.5
7.375% Subordinated Debentures due February 27, 2054 at Amortized Cost	144.2	144.1	144.1	144.1	144.1	144.1	144.1	144.1
Debt Outstanding	$ 592.3	$ 592.2	$ 592.1	$ 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								Year Ended	
	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2017	Dec 31, 2016
Revenues:										
Property & Casualty Insurance:										
Earned Premiums:										
Personal Automobile	$ 364.3	$ 353.0	$ 339.1	$ 320.7	$ 317.2	$ 313.8	$ 310.3	$ 303.3	$ 1,377.1	$ 1,244.6
Homeowners	65.2	66.7	66.6	66.3	67.7	68.5	67.6	68.1	264.8	271.9
Other Personal	10.5	10.7	10.8	10.7	11.1	11.3	11.3	11.3	42.7	45.0
Total Personal	440.0	430.4	416.5	397.7	396.0	393.6	389.2	382.7	1,684.6	1,561.5
Commercial Automobile	12.9	13.1	12.7	12.7	13.1	13.3	13.4	13.5	51.4	53.3
Total Earned Premiums	452.9	443.5	429.2	410.4	409.1	406.9	402.6	396.2	1,736.0	1,614.8
Net Investment Income	21.8	27.8	20.6	24.1	20.4	20.4	19.7	11.9	94.3	72.4
Other Income	0.2	0.4	0.3	0.2	0.1	0.1	0.1	0.2	1.1	0.5
Total Property & Casualty Insurance	474.9	471.7	450.1	434.7	429.6	427.4	422.4	408.3	1,831.4	1,687.7
Life & Health Insurance:										
Earned Premiums:										
Life	94.1	94.5	95.4	95.7	95.9	95.8	95.5	94.4	379.7	381.6
Accident and Health	41.1	42.0	39.5	39.1	38.2	37.6	36.7	36.9	161.7	149.4
Property	17.8	18.2	18.4	18.2	18.2	18.6	18.9	18.5	72.6	74.2
Total Earned Premiums	153.0	154.7	153.3	153.0	152.3	152.0	151.1	149.8	614.0	605.2
Net Investment Income	57.7	55.9	54.9	53.0	53.6	54.5	50.1	55.0	221.5	213.2
Other Income	0.7	0.7	0.6	0.6	0.9	0.7	0.6	0.6	2.6	2.8
Total Life & Health Insurance	211.4	211.3	208.8	206.6	206.8	207.2	201.8	205.4	838.1	821.2
Total Segment Revenues	686.3	683.0	658.9	641.3	636.4	634.6	624.2	613.7	2,669.5	2,508.9
Net Realized Gains on Sales of Investments	11.5	8.1	26.4	10.5	9.1	11.6	5.6	6.8	56.5	33.1
Net Impairment Losses Recognized in Earnings	(3.8)	(2.9)	(2.6)	(5.0)	(8.7)	(8.3)	(6.4)	(9.3)	(14.3)	(32.7)
Other	3.3	2.1	1.7	4.6	5.9	2.8	3.8	0.1	11.7	12.6
Total Revenues	$ 697.3	$ 690.3	$ 684.4	$ 651.4	$ 642.7	$ 640.7	$ 627.2	$ 611.3	$ 2,723.4	$ 2,521.9

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

	Three Months Ended								Year Ended	
	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2017	Dec 31, 2016
Segment Operating Profit (Loss):										
Property & Casualty Insurance	$ 0.8	$ 30.8	$ 4.2	$ (37.2)	$ 7.2	$ 15.6	$ (17.2)	$ (22.8)	$ (1.4)	$ (17.2)
Life & Health Insurance	38.7	36.0	31.2	32.6	35.1	(45.7)	25.3	31.0	138.5	45.7
Total Segment Operating Profit (Loss)	39.5	66.8	35.4	(4.6)	42.3	(30.1)	8.1	8.2	137.1	28.5
Corporate and Other Operating Loss	(3.0)	(3.7)	(7.1)	(4.4)	(2.1)	(6.4)	(4.7)	(12.2)	(18.2)	(25.4)
Total Operating Profit (Loss)	36.5	63.1	28.3	(9.0)	40.2	(36.5)	3.4	(4.0)	118.9	3.1
Net Realized Gains on Sales of Investments	11.5	8.1	26.4	10.5	9.1	11.6	5.6	6.8	56.5	33.1
Net Impairment Losses Recognized in Earnings	(3.8)	(2.9)	(2.6)	(5.0)	(8.7)	(8.3)	(6.4)	(9.3)	(14.3)	(32.7)
Income (Loss) from Continuing Operations before Income Taxes	$ 44.2	$ 68.3	$ 52.1	$ (3.5)	$ 40.6	$ (33.2)	$ 2.6	$ (6.5)	$ 161.1	$ 3.5
Segment Net Operating Income (Loss):										
Property & Casualty Insurance	$ 2.1	$ 22.9	$ 4.9	$ (22.1)	$ 7.0	$ 12.1	$ (8.9)	$ (13.1)	$ 7.8	$ (2.9)
Life & Health Insurance	25.3	23.5	20.5	21.5	23.0	(29.4)	16.4	20.3	90.8	30.3
Total Segment Net Operating Income (Loss)	27.4	46.4	25.4	(0.6)	30.0	(17.3)	7.5	7.2	98.6	27.4
Corporate and Other Net Operating Income (Loss) From:										
Effects of Tax Law Changes	7.4	—	—	—	—	—	—	—	7.4	—
Other	(3.8)	(2.0)	(4.4)	(3.3)	(1.2)	(3.1)	(2.9)	(7.8)	(13.5)	(15.0)
Corporate and Other Net Operating Income (Loss)	3.6	(2.0)	(4.4)	(3.3)	(1.2)	(3.1)	(2.9)	(7.8)	(6.1)	(15.0)
Consolidated Operating Income (Loss)	31.0	44.4	21.0	(3.9)	28.8	(20.4)	4.6	(0.6)	92.5	12.4
Net Income (Loss) From:										
Net Realized Gains on Sales of Investments	7.4	5.3	17.2	6.8	5.9	7.5	3.7	4.4	36.7	21.5
Net Impairment Losses Recognized in Earnings	(2.5)	(1.9)	(1.6)	(3.3)	(5.6)	(5.4)	(4.2)	(6.0)	(9.3)	(21.2)
Income (Loss) from Continuing Operations	$ 35.9	$ 47.8	$ 36.6	$ (0.4)	$ 29.1	$ (18.3)	$ 4.1	$ (2.2)	$ 119.9	$ 12.7

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

	Three Months Ended								Year Ended	
	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2017	Dec 31, 2016
Earned Premiums by Product:										
Personal Automobile	$ 364.3	$ 353.0	$ 339.1	$ 320.7	$ 317.2	$ 313.8	$ 310.3	$ 303.3	$ 1,377.1	$ 1,244.6
Homeowners	65.2	66.7	66.6	66.3	67.7	68.5	67.6	68.1	264.8	271.9
Other Personal Property and Casualty Insurance	28.3	28.9	29.2	28.9	29.3	29.9	30.2	29.8	115.3	119.2
Commercial Automobile	12.9	13.1	12.7	12.7	13.1	13.3	13.4	13.5	51.4	53.3
Life	94.1	94.5	95.4	95.7	95.9	95.8	95.5	94.4	379.7	381.6
Accident and Health	41.1	42.0	39.5	39.1	38.2	37.6	36.7	36.9	161.7	149.4
Total Earned Premiums	$ 605.9	$ 598.2	$ 582.5	$ 563.4	$ 561.4	$ 558.9	$ 553.7	$ 546.0	$ 2,350.0	$ 2,220.0
Net Investment Income by Segment:										
Property & Casualty Insurance:										
Equity Method Limited Liability Investments	$ 1.5	$ 7.3	$ 1.8	$ 4.6	$ 2.6	$ 3.0	$ 2.9	$ (3.9)	$ 15.2	$ 4.6
All Other Net Investment Income	20.3	20.5	18.8	19.5	17.8	17.4	16.8	15.8	79.1	67.8
Net Investment Income	21.8	27.8	20.6	24.1	20.4	20.4	19.7	11.9	94.3	72.4
Life & Health Insurance:										
Equity Method Limited Liability Investments	1.3	3.5	2.0	1.7	0.9	1.7	(0.5)	0.1	8.5	2.2
All Other Net Investment Income	56.4	52.4	52.9	51.3	52.7	52.8	50.6	54.9	213.0	211.0
Net Investment Income	57.7	55.9	54.9	53.0	53.6	54.5	50.1	55.0	221.5	213.2
Total Segment Net Investment Income	79.5	83.7	75.5	77.1	74.0	74.9	69.8	66.9	315.8	285.6
Unallocated Net Investment Income:										
Equity Method Limited Liability Investments	0.1	0.3	0.2	0.5	0.3	0.5	0.4	(0.5)	1.1	0.7
All Other Net Investment Income	3.0	1.9	1.4	4.0	5.6	2.3	3.5	0.6	10.3	12.0
Unallocated Net Investment Income	3.1	2.2	1.6	4.5	5.9	2.8	3.9	0.1	11.4	12.7
Net Investment Income	$ 82.6	$ 85.9	$ 77.1	$ 81.6	$ 79.9	$ 77.7	$ 73.7	$ 67.0	$ 327.2	$ 298.3

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

	Year Ended Dec 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	39	$ 57.3	30	$ 5.9	39	$ 61.3
$5 - $10	2	14.7	—	—	1	5.3
$10 - $15	1	10.2	—	—	2	21.4
$15 - $20	—	—	—	—	—	—
$20 - $25	1	24.4	—	—	1	24.4
Greater Than $25	2	72.4	—	—	2	72.5
Total	45	$ 179.0	30	$ 5.9	45	$ 184.9

	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

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

	Three Months Ended								Year Ended	
	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2017	Dec 31, 2016
Results of Operations										
Net Premiums Written	$ 433.3	$ 466.7	$ 440.7	$ 428.9	$ 390.1	$ 422.7	$ 404.7	$ 403.4	$ 1,769.6	$ 1,620.9
Earned Premiums	452.9	443.5	429.2	410.4	409.1	406.9	402.6	396.2	1,736.0	1,614.8
Net Investment Income	21.8	27.8	20.6	24.1	20.4	20.4	19.7	11.9	94.3	72.4
Other Income	0.2	0.4	0.3	0.2	0.1	0.1	0.1	0.2	1.1	0.5
Total Revenues	474.9	471.7	450.1	434.7	429.6	427.4	422.4	408.3	1,831.4	1,687.7
Incurred Losses and LAE related to:										
Current Year:										
Non-catastrophe Losses and LAE	327.0	313.1	308.8	302.6	310.6	306.7	309.2	297.4	1,251.5	1,223.9
Catastrophe Losses and LAE	50.8	29.8	34.5	63.9	11.7	11.3	49.1	37.5	179.0	109.6
Prior Years:										
Non-catastrophe Losses and LAE	1.5	1.6	9.6	11.8	6.2	3.1	(9.1)	4.7	24.5	4.9
Catastrophe Losses and LAE	(0.6)	(1.2)	(2.0)	(1.2)	(3.0)	(3.9)	(9.6)	(2.7)	(5.0)	(19.2)
Total Incurred Losses and LAE	378.7	343.3	350.9	377.1	325.5	317.2	339.6	336.9	1,450.0	1,319.2
Insurance Expenses	95.4	97.6	95.0	94.8	96.9	94.6	100.0	94.2	382.8	385.7
Operating Profit (Loss)	0.8	30.8	4.2	(37.2)	7.2	15.6	(17.2)	(22.8)	(1.4)	(17.2)
Income Tax Benefit (Expense)	1.3	(7.9)	0.7	15.1	(0.2)	(3.5)	8.3	9.7	9.2	14.3
Segment Net Operating Income (Loss)	$ 2.1	$ 22.9	$ 4.9	$ (22.1)	$ 7.0	$ 12.1	$ (8.9)	$ (13.1)	$ 7.8	$ (2.9)
Ratios Based On Earned Premiums										
Current Year Non-catastrophe Losses and LAE Ratio	72.2%	70.6%	72.1%	73.7%	75.9%	75.4%	76.9%	75.0%	72.1%	75.8%
Current Year Catastrophe Losses and LAE Ratio	11.2	6.7	8.0	15.6	2.9	2.8	12.2	9.5	10.3	6.8
Prior Years Non-catastrophe Losses and LAE Ratio	0.3	0.4	2.2	2.9	1.5	0.8	(2.3)	1.2	1.4	0.3
Prior Years Catastrophe Losses and LAE Ratio	(0.1)	(0.3)	(0.5)	(0.3)	(0.7)	(1.0)	(2.4)	(0.7)	(0.3)	(1.2)
Total Incurred Loss and LAE Ratio	83.6	77.4	81.8	91.9	79.6	78.0	84.4	85.0	83.5	81.7
Insurance Expense Ratio	21.1	22.0	22.1	23.1	23.7	23.2	24.8	23.8	22.1	23.9
Combined Ratio	104.7%	99.4%	103.9%	115.0%	103.3%	101.2%	109.2%	108.8%	105.6%	105.6%
Underlying Combined Ratio [1]										
Current Year Non-catastrophe Losses and LAE Ratio	72.2%	70.6%	72.1%	73.7%	75.9%	75.4%	76.9%	75.0%	72.1%	75.8%
Insurance Expense Ratio	21.1	22.0	22.1	23.1	23.7	23.2	24.8	23.8	22.1	23.9
Underlying Combined Ratio	93.3%	92.6%	94.2%	96.8%	99.6%	98.6%	101.7%	98.8%	94.2%	99.7%
Non-GAAP Measure Reconciliation										
Underlying Combined Ratio	93.3%	92.6%	94.2%	96.8%	99.6%	98.6%	101.7%	98.8%	94.2%	99.7%
Current Year Catastrophe Losses and LAE Ratio	11.2	6.7	8.0	15.6	2.9	2.8	12.2	9.5	10.3	6.8
Prior Years Non-catastrophe Losses and LAE Ratio	0.3	0.4	2.2	2.9	1.5	0.8	(2.3)	1.2	1.4	0.3
Prior Years Catastrophe Losses and LAE Ratio	(0.1)	(0.3)	(0.5)	(0.3)	(0.7)	(1.0)	(2.4)	(0.7)	(0.3)	(1.2)
Combined Ratio as Reported	104.7%	99.4%	103.9%	115.0%	103.3%	101.2%	109.2%	108.8%	105.6%	105.6%

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

	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016
Insurance Reserves:								
Automobile	$ 795.9	$ 769.0	$ 768.3	$ 764.0	$ 754.1	$ 729.9	$ 709.6	$ 678.8
Homeowners	139.7	111.8	110.7	133.6	88.9	95.4	105.9	115.4
Other Personal	40.7	41.2	43.5	40.3	41.1	41.9	44.1	46.1
Insurance Reserves	$ 976.3	$ 922.0	$ 922.5	$ 937.9	$ 884.1	$ 867.2	$ 859.6	$ 840.3
Insurance Reserves:								
Loss Reserves:								
Case	$ 602.4	$ 570.9	$ 588.8	$ 599.7	$ 598.0	$ 596.6	$ 589.1	$ 563.3
Incurred but Not Reported	239.3	219.2	201.9	204.8	158.2	147.6	150.1	157.9
Total Loss Reserves	841.7	790.1	790.7	804.5	756.2	744.2	739.2	721.2
LAE Reserves	134.6	131.9	131.8	133.4	127.9	123.0	120.4	119.1
Insurance Reserves	$ 976.3	$ 922.0	$ 922.5	$ 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								Year Ended	
	Dec 31 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2017	Dec 31, 2016
Results of Operations										
Net Premiums Written	$ 103.0	$ 112.6	$ 108.7	$ 100.1	$ 102.5	$ 114.1	$ 109.8	$ 99.7	$ 424.4	$ 426.1
Earned Premiums	$ 106.5	$ 106.5	$ 105.5	$ 104.3	$ 106.6	$ 106.6	$ 105.3	$ 106.1	$ 422.8	$ 424.6
Net Investment Income	5.7	7.8	5.6	6.6	5.6	5.8	5.7	3.4	25.7	20.5
Total Revenues	112.2	114.3	111.1	110.9	112.2	112.4	111.0	109.5	448.5	445.1
Incurred Losses and LAE related to:										
Current Year:										
Non-catastrophe Losses and LAE	81.1	74.2	76.8	76.9	85.7	74.0	75.0	73.3	309.0	308.0
Catastrophe Losses and LAE	(0.1)	2.8	3.9	4.7	0.3	1.2	5.2	4.9	11.3	11.6
Prior Years:										
Non-catastrophe Losses and LAE	1.3	0.8	6.6	10.8	4.1	(0.4)	(0.7)	1.9	19.5	4.9
Catastrophe Losses and LAE	—	—	(0.2)	—	—	—	(0.1)	(0.2)	(0.2)	(0.3)
Total Incurred Losses and LAE	82.3	77.8	87.1	92.4	90.1	74.8	79.4	79.9	339.6	324.2
Insurance Expenses	29.9	31.5	32.0	32.2	33.1	32.8	32.3	32.0	125.6	130.2
Operating Profit (Loss)	—	5.0	(8.0)	(13.7)	(11.0)	4.8	(0.7)	(2.4)	(16.7)	(9.3)
Income Tax Benefit (Expense)	0.5	(3.5)	3.4	5.3	4.6	(1.2)	0.8	1.4	5.7	5.6
Total Product Line Net Operating Income (Loss)	$ 0.5	$ 1.5	$ (4.6)	$ (8.4)	$ (6.4)	$ 3.6	$ 0.1	$ (1.0)	$ (11.0)	$ (3.7)
Ratios Based On Earned Premiums										
Current Year Non-catastrophe Losses and LAE Ratio	76.2%	69.7%	72.8%	73.7%	80.4%	69.5%	71.3%	69.1%	73.0%	72.6%
Current Year Catastrophe Losses and LAE Ratio	(0.1)	2.6	3.7	4.5	0.3	1.1	4.9	4.6	2.7	2.7
Prior Years Non-catastrophe Losses and LAE Ratio	1.2	0.8	6.3	10.4	3.8	(0.4)	(0.7)	1.8	4.6	1.2
Prior Years Catastrophe Losses and LAE Ratio	—	—	(0.2)	—	—	—	(0.1)	(0.2)	—	(0.1)
Total Incurred Loss and LAE Ratio	77.3	73.1	82.6	88.6	84.5	70.2	75.4	75.3	80.3	76.4
Insurance Expense Ratio	28.1	29.6	30.3	30.9	31.1	30.8	30.7	30.2	29.7	30.7
Combined Ratio	105.4%	102.7%	112.9%	119.5%	115.6%	101.0%	106.1%	105.5%	110.0%	107.1%
Underlying Combined Ratio [1]										
Current Year Non-catastrophe Losses and LAE Ratio	76.2%	69.7%	72.8%	73.7%	80.4%	69.5%	71.3%	69.1%	73.0%	72.6%
Insurance Expense Ratio	28.1	29.6	30.3	30.9	31.1	30.8	30.7	30.2	29.7	30.7
Underlying Combined Ratio	104.3%	99.3%	103.1%	104.6%	111.5%	100.3%	102.0%	99.3%	102.7%	103.3%
Non-GAAP Measure Reconciliation										
Underlying Combined Ratio	104.3%	99.3%	103.1%	104.6%	111.5%	100.3%	102.0%	99.3%	102.7%	103.3%
Current Year Catastrophe Losses and LAE Ratio	(0.1)	2.6	3.7	4.5	0.3	1.1	4.9	4.6	2.7	2.7
Prior Years Non-catastrophe Losses and LAE Ratio	1.2	0.8	6.3	10.4	3.8	(0.4)	(0.7)	1.8	4.6	1.2
Prior Years Catastrophe Losses and LAE Ratio	—	—	(0.2)	—	—	—	(0.1)	(0.2)	—	(0.1)
Combined Ratio as Reported	105.4%	102.7%	112.9%	119.5%	115.6%	101.0%	106.1%	105.5%	110.0%	107.1%

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

	Three Months Ended								Year Ended	
	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2017	Dec 31, 2016
Results of Operations										
Net Premiums Written	$ 249.8	$ 259.8	$ 237.5	$ 245.2	$ 204.1	$ 211.4	$ 197.6	$ 219.5	$ 992.3	$ 832.6
Earned Premiums	$ 257.8	$ 246.5	$ 233.6	$ 216.4	$ 210.6	$ 207.2	$ 205.0	$ 197.2	$ 954.3	$ 820.0
Net Investment Income	7.8	8.9	7.2	8.2	7.3	6.3	5.8	4.0	32.1	23.4
Other Income	0.2	0.3	0.3	0.2	0.1	—	0.1	0.1	1.0	0.3
Total Revenues	265.8	255.7	241.1	224.8	218.0	213.5	210.9	201.3	987.4	843.7
Incurred Losses and LAE related to:										
Current Year:										
Non-catastrophe Losses and LAE	204.6	185.5	183.9	176.4	174.3	179.7	187.0	173.3	750.4	714.3
Catastrophe Losses and LAE	(0.8)	1.5	2.4	1.7	(0.1)	1.8	2.3	1.7	4.8	5.7
Prior Years:										
Non-catastrophe Losses and LAE	2.8	2.1	(1.0)	(0.8)	(0.1)	2.1	(3.1)	7.9	3.1	6.8
Catastrophe Losses and LAE	—	(0.1)	—	(0.1)	—	(0.1)	—	—	(0.2)	(0.1)
Total Incurred Losses and LAE	206.6	189.0	185.3	177.2	174.1	183.5	186.2	182.9	758.1	726.7
Insurance Expenses	41.5	39.7	36.9	35.5	35.7	33.4	39.6	34.7	153.6	143.4
Operating Profit (Loss)	17.7	27.0	18.9	12.1	8.2	(3.4)	(14.9)	(16.3)	75.7	(26.4)
Income Tax Benefit (Expense)	(5.4)	(8.5)	(5.7)	(3.4)	(2.1)	2.0	6.1	6.2	(23.0)	12.2
Total Product Line Net Operating Income (Loss)	$ 12.3	$ 18.5	$ 13.2	$ 8.7	$ 6.1	$ (1.4)	$ (8.8)	$ (10.1)	$ 52.7	$ (14.2)
Ratios Based On Earned Premiums										
Current Year Non-catastrophe Losses and LAE Ratio	79.3%	75.2%	78.7%	81.5%	82.7%	86.7%	91.2%	87.8%	78.6%	87.1%
Current Year Catastrophe Losses and LAE Ratio	(0.3)	0.6	1.0	0.8	—	0.9	1.1	0.9	0.5	0.7
Prior Years Non-catastrophe Losses and LAE Ratio	1.1	0.9	(0.4)	(0.4)	—	1.0	(1.5)	4.0	0.3	0.8
Prior Years Catastrophe Losses and LAE Ratio	—	—	—	—	—	—	—	—	—	—
Total Incurred Loss and LAE Ratio	80.1	76.7	79.3	81.9	82.7	88.6	90.8	92.7	79.4	88.6
Insurance Expense Ratio	16.1	16.1	15.8	16.4	17.0	16.1	19.3	17.6	16.1	17.5
Combined Ratio	96.2%	92.8%	95.1%	98.3%	99.7%	104.7%	110.1%	110.3%	95.5%	106.1%
Underlying Combined Ratio [1]										
Current Year Non-catastrophe Losses and LAE Ratio	79.3%	75.2%	78.7%	81.5%	82.7%	86.7%	91.2%	87.8%	78.6%	87.1%
Insurance Expense Ratio	16.1	16.1	15.8	16.4	17.0	16.1	19.3	17.6	16.1	17.5
Underlying Combined Ratio	95.4%	91.3%	94.5%	97.9%	99.7%	102.8%	110.5%	105.4%	94.7%	104.6%
Non-GAAP Measure Reconciliation										
Underlying Combined Ratio	95.4%	91.3%	94.5%	97.9%	99.7%	102.8%	110.5%	105.4%	94.7%	104.6%
Current Year Catastrophe Losses and LAE Ratio	(0.3)	0.6	1.0	0.8	—	0.9	1.1	0.9	0.5	0.7
Prior Years Non-catastrophe Losses and LAE Ratio	1.1	0.9	(0.4)	(0.4)	—	1.0	(1.5)	4.0	0.3	0.8
Prior Years Catastrophe Losses and LAE Ratio	—	—	—	—	—	—	—	—	—	—
Combined Ratio as Reported	96.2%	92.8%	95.1%	98.3%	99.7%	104.7%	110.1%	110.3%	95.5%	106.1%

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

	Three Months Ended								Year Ended	
	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2017	Dec 31, 2016
Results of Operations										
Net Premiums Written	$ 352.8	$ 372.4	$ 346.2	$ 345.3	$ 306.6	$ 325.5	$ 307.4	$ 319.2	$ 1,416.7	$ 1,258.7
Earned Premiums	$ 364.3	$ 353.0	$ 339.1	$ 320.7	$ 317.2	$ 313.8	$ 310.3	$ 303.3	$ 1,377.1	$ 1,244.6
Net Investment Income	13.5	16.7	12.8	14.8	12.9	12.1	11.5	7.4	57.8	43.9
Other Income	0.2	0.3	0.3	0.2	0.1	—	0.1	0.1	1.0	0.3
Total Revenues	378.0	370.0	352.2	335.7	330.2	325.9	321.9	310.8	1,435.9	1,288.8
Incurred Losses and LAE related to:										
Current Year:										
Non-catastrophe Losses and LAE	285.7	259.7	260.7	253.3	260.0	253.7	262.0	246.6	1,059.4	1,022.3
Catastrophe Losses and LAE	(0.9)	4.3	6.3	6.4	0.2	3.0	7.5	6.6	16.1	17.3
Prior Years:										
Non-catastrophe Losses and LAE	4.1	2.9	5.6	10.0	4.0	1.7	(3.8)	9.8	22.6	11.7
Catastrophe Losses and LAE	—	(0.1)	(0.2)	(0.1)	—	(0.1)	(0.1)	(0.2)	(0.4)	(0.4)
Total Incurred Losses and LAE	288.9	266.8	272.4	269.6	264.2	258.3	265.6	262.8	1,097.7	1,050.9
Insurance Expenses	71.4	71.2	68.9	67.7	68.8	66.2	71.9	66.7	279.2	273.6
Operating Profit (Loss)	17.7	32.0	10.9	(1.6)	(2.8)	1.4	(15.6)	(18.7)	59.0	(35.7)
Income Tax Benefit (Expense)	(4.9)	(12.0)	(2.3)	1.9	2.5	0.8	6.9	7.6	(17.3)	17.8
Total Product Line Net Operating Income (Loss)	$ 12.8	$ 20.0	$ 8.6	$ 0.3	$ (0.3)	$ 2.2	$ (8.7)	$ (11.1)	$ 41.7	$ (17.9)
Ratios Based On Earned Premiums										
Current Year Non-catastrophe Losses and LAE Ratio	78.4%	73.6%	76.8%	79.0%	81.9%	80.8%	84.4%	81.3%	76.9%	82.1%
Current Year Catastrophe Losses and LAE Ratio	(0.2)	1.2	1.9	2.0	0.1	1.0	2.4	2.2	1.2	1.4
Prior Years Non-catastrophe Losses and LAE Ratio	1.1	0.8	1.7	3.1	1.3	0.5	(1.2)	3.2	1.6	0.9
Prior Years Catastrophe Losses and LAE Ratio	—	—	(0.1)	—	—	—	—	(0.1)	—	—
Total Incurred Loss and LAE Ratio	79.3	75.6	80.3	84.1	83.3	82.3	85.6	86.6	79.7	84.4
Insurance Expense Ratio	19.6	20.2	20.3	21.1	21.7	21.1	23.2	22.0	20.3	22.0
Combined Ratio	98.9%	95.8%	100.6%	105.2%	105.0%	103.4%	108.8%	108.6%	100.0%	106.4%
Underlying Combined Ratio [1]										
Current Year Non-catastrophe Losses and LAE Ratio	78.4%	73.6%	76.8%	79.0%	81.9%	80.8%	84.4%	81.3%	76.9%	82.1%
Insurance Expense Ratio	19.6	20.2	20.3	21.1	21.7	21.1	23.2	22.0	20.3	22.0
Underlying Combined Ratio	98.0%	93.8%	97.1%	100.1%	103.6%	101.9%	107.6%	103.3%	97.2%	104.1%
Non-GAAP Measure Reconciliation										
Underlying Combined Ratio	98.0%	93.8%	97.1%	100.1%	103.6%	101.9%	107.6%	103.3%	97.2%	104.1%
Current Year Catastrophe Losses and LAE Ratio	(0.2)	1.2	1.9	2.0	0.1	1.0	2.4	2.2	1.2	1.4
Prior Years Non-catastrophe Losses and LAE Ratio	1.1	0.8	1.7	3.1	1.3	0.5	(1.2)	3.2	1.6	0.9
Prior Years Catastrophe Losses and LAE Ratio	—	—	(0.1)	—	—	—	—	(0.1)	—	—
Combined Ratio as Reported	98.9%	95.8%	100.6%	105.2%	105.0%	103.4%	108.8%	108.6%	100.0%	106.4%

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

	Three Months Ended								Year Ended	
	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2017	Dec 31, 2016
Results of Operations										
Net Premiums Written	$ 10.6	$ 12.6	$ 13.3	$ 14.7	$ 11.0	$ 12.5	$ 13.3	$ 14.2	$ 51.2	$ 51.0
Earned Premiums	$ 12.9	$ 13.1	$ 12.7	$ 12.7	$ 13.1	$ 13.3	$ 13.4	$ 13.5	$ 51.4	$ 53.3
Net Investment Income	1.4	1.8	1.4	1.5	1.2	1.4	1.2	0.7	6.1	4.5
Other Income	—	0.1	—	—	—	0.1	—	0.1	0.1	0.2
Total Revenues	14.3	15.0	14.1	14.2	14.3	14.8	14.6	14.3	57.6	58.0
Incurred Losses and LAE related to:										
Current Year:										
Non-catastrophe Losses and LAE	10.0	11.3	9.9	9.6	12.2	10.4	10.5	10.9	40.8	44.0
Catastrophe Losses and LAE	—	0.2	0.4	0.1	(0.1)	0.4	0.4	0.1	0.7	0.8
Prior Years:										
Non-catastrophe Losses and LAE	(1.1)	(1.3)	1.6	1.8	2.4	4.2	(1.7)	(2.4)	1.0	2.5
Catastrophe Losses and LAE	—	(0.1)	—	—	—	(0.1)	—	—	(0.1)	(0.1)
Total Incurred Losses and LAE	8.9	10.1	11.9	11.5	14.5	14.9	9.2	8.6	42.4	47.2
Insurance Expenses	2.6	3.0	2.8	3.0	3.2	3.4	3.6	3.1	11.4	13.3
Operating Profit (Loss)	2.8	1.9	(0.6)	(0.3)	(3.4)	(3.5)	1.8	2.6	3.8	(2.5)
Income Tax Benefit (Expense)	(0.9)	(0.5)	0.3	0.2	1.3	1.3	(0.5)	(0.8)	(0.9)	1.3
Total Product Line Net Operating Income (Loss)	$ 1.9	$ 1.4	$ (0.3)	$ (0.1)	$ (2.1)	$ (2.2)	$ 1.3	$ 1.8	$ 2.9	$ (1.2)
Ratios Based On Earned Premiums										
Current Year Non-catastrophe Losses and LAE Ratio	77.5%	86.3%	78.0%	75.6%	93.2%	78.2%	78.4%	80.8%	79.4%	82.6%
Current Year Catastrophe Losses and LAE Ratio	—	1.5	3.1	0.8	(0.8)	3.0	3.0	0.7	1.4	1.5
Prior Years Non-catastrophe Losses and LAE Ratio	(8.5)	(9.9)	12.6	14.2	18.3	31.6	(12.7)	(17.8)	1.9	4.7
Prior Years Catastrophe Losses and LAE Ratio	—	(0.8)	—	—	—	(0.8)	—	—	(0.2)	(0.2)
Total Incurred Loss and LAE Ratio	69.0	77.1	93.7	90.6	110.7	112.0	68.7	63.7	82.5	88.6
Insurance Expense Ratio	20.2	22.9	22.0	23.6	24.4	25.6	26.9	23.0	22.2	25.0
Combined Ratio	89.2%	100.0%	115.7%	114.2%	135.1%	137.6%	95.6%	86.7%	104.7%	113.6%
Underlying Combined Ratio [1]										
Current Year Non-catastrophe Losses and LAE Ratio	77.5%	86.3%	78.0%	75.6%	93.2%	78.2%	78.4%	80.8%	79.4%	82.6%
Insurance Expense Ratio	20.2	22.9	22.0	23.6	24.4	25.6	26.9	23.0	22.2	25.0
Underlying Combined Ratio	97.7%	109.2%	100.0%	99.2%	117.6%	103.8%	105.3%	103.8%	101.6%	107.6%
Non-GAAP Measure Reconciliation										
Underlying Combined Ratio	97.7%	109.2%	100.0%	99.2%	117.6%	103.8%	105.3%	103.8%	101.6%	107.6%
Current Year Catastrophe Losses and LAE Ratio	—	1.5	3.1	0.8	(0.8)	3.0	3.0	0.7	1.4	1.5
Prior Years Non-catastrophe Losses and LAE Ratio	(8.5)	(9.9)	12.6	14.2	18.3	31.6	(12.7)	(17.8)	1.9	4.7
Prior Years Catastrophe Losses and LAE Ratio	—	(0.8)	—	—	—	(0.8)	—	—	(0.2)	(0.2)
Combined Ratio as Reported	89.2%	100.0%	115.7%	114.2%	135.1%	137.6%	95.6%	86.7%	104.7%	113.6%

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

	Three Months Ended								Year Ended	
	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2017	Dec 31, 2016
Results of Operations										
Net Premiums Written	$ 363.4	$ 385.0	$ 359.5	$ 360.0	$ 317.6	$ 338.0	$ 320.7	$ 333.4	$ 1,467.9	$ 1,309.7
Earned Premiums	$ 377.2	$ 366.1	$ 351.8	$ 333.4	$ 330.3	$ 327.1	$ 323.7	$ 316.8	$ 1,428.5	$ 1,297.9
Net Investment Income	14.9	18.5	14.2	16.3	14.1	13.5	12.7	8.1	63.9	48.4
Other Income	0.2	0.4	0.3	0.2	0.1	0.1	0.1	0.2	1.1	0.5
Total Revenues	392.3	385.0	366.3	349.9	344.5	340.7	336.5	325.1	1,493.5	1,346.8
Incurred Losses and LAE related to:										
Current Year:										
Non-catastrophe Losses and LAE	295.7	271.0	270.6	262.9	272.2	264.1	272.5	257.5	1,100.2	1,066.3
Catastrophe Losses and LAE	(0.9)	4.5	6.7	6.5	0.1	3.4	7.9	6.7	16.8	18.1
Prior Years:										
Non-catastrophe Losses and LAE	3.0	1.6	7.2	11.8	6.4	5.9	(5.5)	7.4	23.6	14.2
Catastrophe Losses and LAE	—	(0.2)	(0.2)	(0.1)	—	(0.2)	(0.1)	(0.2)	(0.5)	(0.5)
Total Incurred Losses and LAE	297.8	276.9	284.3	281.1	278.7	273.2	274.8	271.4	1,140.1	1,098.1
Insurance Expenses	74.0	74.2	71.7	70.7	72.0	69.6	75.5	69.8	290.6	286.9
Operating Profit (Loss)	20.5	33.9	10.3	(1.9)	(6.2)	(2.1)	(13.8)	(16.1)	62.8	(38.2)
Income Tax Benefit (Expense)	(5.8)	(12.5)	(2.0)	2.1	3.8	2.1	6.4	6.8	(18.2)	19.1
Total Product Line Net Operating Income (Loss)	$ 14.7	$ 21.4	$ 8.3	$ 0.2	$ (2.4)	$ —	$ (7.4)	$ (9.3)	$ 44.6	$ (19.1)
Ratios Based On Earned Premiums										
Current Year Non-catastrophe Losses and LAE Ratio	78.4%	74.1%	77.0%	78.9%	82.5%	80.8%	84.2%	81.4%	76.9%	82.1%
Current Year Catastrophe Losses and LAE Ratio	(0.2)	1.2	1.9	1.9	—	1.0	2.4	2.1	1.2	1.4
Prior Years Non-catastrophe Losses and LAE Ratio	0.8	0.4	2.0	3.5	1.9	1.8	(1.7)	2.3	1.7	1.1
Prior Years Catastrophe Losses and LAE Ratio	—	(0.1)	(0.1)	—	—	(0.1)	—	(0.1)	—	—
Total Incurred Loss and LAE Ratio	79.0	75.6	80.8	84.3	84.4	83.5	84.9	85.7	79.8	84.6
Insurance Expense Ratio	19.6	20.3	20.4	21.2	21.8	21.3	23.3	22.0	20.3	22.1
Combined Ratio	98.6%	95.9%	101.2%	105.5%	106.2%	104.8%	108.2%	107.7%	100.1%	106.7%
Underlying Combined Ratio [1]										
Current Year Non-catastrophe Losses and LAE Ratio	78.4%	74.1%	77.0%	78.9%	82.5%	80.8%	84.2%	81.4%	76.9%	82.1%
Insurance Expense Ratio	19.6	20.3	20.4	21.2	21.8	21.3	23.3	22.0	20.3	22.1
Underlying Combined Ratio	98.0%	94.4%	97.4%	100.1%	104.3%	102.1%	107.5%	103.4%	97.2%	104.2%
Non-GAAP Measure Reconciliation										
Underlying Combined Ratio	98.0%	94.4%	97.4%	100.1%	104.3%	102.1%	107.5%	103.4%	97.2%	104.2%
Current Year Catastrophe Losses and LAE Ratio	(0.2)	1.2	1.9	1.9	—	1.0	2.4	2.1	1.2	1.4
Prior Years Non-catastrophe Losses and LAE Ratio	0.8	0.4	2.0	3.5	1.9	1.8	(1.7)	2.3	1.7	1.1
Prior Years Catastrophe Losses and LAE Ratio	—	(0.1)	(0.1)	—	—	(0.1)	—	(0.1)	—	—
Combined Ratio as Reported	98.6%	95.9%	101.2%	105.5%	106.2%	104.8%	108.2%	107.7%	100.1%	106.7%

[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								Year Ended	
	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2017	Dec 31, 2016
Results of Operations										
Net Premiums Written	$ 60.4	$ 70.8	$ 70.1	$ 59.2	$ 62.2	$ 73.1	$ 72.2	$ 59.9	$ 260.5	$ 267.4
Earned Premiums	$ 65.2	$ 66.7	$ 66.6	$ 66.3	$ 67.7	$ 68.5	$ 67.6	$ 68.1	$ 264.8	$ 271.9
Net Investment Income	5.9	7.9	5.7	6.5	5.3	5.9	5.9	3.2	26.0	20.3
Total Revenues	71.1	74.6	72.3	72.8	73.0	74.4	73.5	71.3	290.8	292.2
Incurred Losses and LAE related to:										
Current Year:										
Non-catastrophe Losses and LAE	26.3	36.9	32.5	33.8	32.6	36.8	30.9	35.2	129.5	135.5
Catastrophe Losses and LAE	49.3	24.8	26.7	56.5	11.3	7.8	40.0	29.9	157.3	89.0
Prior Years:										
Non-catastrophe Losses and LAE	1.6	0.9	1.5	0.7	0.6	(0.6)	(0.5)	(2.7)	4.7	(3.2)
Catastrophe Losses and LAE	(0.5)	(0.8)	(1.8)	(0.6)	(2.5)	(3.5)	(8.4)	(2.4)	(3.7)	(16.8)
Total Incurred Losses and LAE	76.7	61.8	58.9	90.4	42.0	40.5	62.0	60.0	287.8	204.5
Insurance Expenses	18.7	20.3	20.6	21.0	21.6	21.7	21.4	21.3	80.6	86.0
Operating Profit (Loss)	(24.3)	(7.5)	(7.2)	(38.6)	9.4	12.2	(9.9)	(10.0)	(77.6)	1.7
Income Tax Benefit (Expense)	8.7	10.5	3.1	14.0	(2.7)	(3.8)	4.1	4.0	36.3	1.6
Total Product Line Net Operating Income (Loss)	$ (15.6)	$ 3.0	$ (4.1)	$ (24.6)	$ 6.7	$ 8.4	$ (5.8)	$ (6.0)	$ (41.3)	$ 3.3
Ratios Based On Earned Premiums										
Current Year Non-catastrophe Losses and LAE Ratio	40.3%	55.4%	48.7%	50.9%	48.1%	53.7%	45.6%	51.7%	48.9%	49.9%
Current Year Catastrophe Losses and LAE Ratio	75.6	37.2	40.1	85.2	16.7	11.4	59.2	43.9	59.4	32.7
Prior Years Non-catastrophe Losses and LAE Ratio	2.5	1.3	2.3	1.1	0.9	(0.9)	(0.7)	(4.0)	1.8	(1.2)
Prior Years Catastrophe Losses and LAE Ratio	(0.8)	(1.2)	(2.7)	(0.9)	(3.7)	(5.1)	(12.4)	(3.5)	(1.4)	(6.2)
Total Incurred Loss and LAE Ratio	117.6	92.7	88.4	136.3	62.0	59.1	91.7	88.1	108.7	75.2
Insurance Expense Ratio	28.7	30.4	30.9	31.7	31.9	31.7	31.7	31.3	30.4	31.6
Combined Ratio	146.3%	123.1%	119.3%	168.0%	93.9%	90.8%	123.4%	119.4%	139.1%	106.8%
Underlying Combined Ratio [1]										
Current Year Non-catastrophe Losses and LAE Ratio	40.3%	55.4%	48.7%	50.9%	48.1%	53.7%	45.6%	51.7%	48.9%	49.9%
Insurance Expense Ratio	28.7	30.4	30.9	31.7	31.9	31.7	31.7	31.3	30.4	31.6
Underlying Combined Ratio	69.0%	85.8%	79.6%	82.6%	80.0%	85.4%	77.3%	83.0%	79.3%	81.5%
Non-GAAP Measure Reconciliation										
Underlying Combined Ratio	69.0%	85.8%	79.6%	82.6%	80.0%	85.4%	77.3%	83.0%	79.3%	81.5%
Current Year Catastrophe Losses and LAE Ratio	75.6	37.2	40.1	85.2	16.7	11.4	59.2	43.9	59.4	32.7
Prior Years Non-catastrophe Losses and LAE Ratio	2.5	1.3	2.3	1.1	0.9	(0.9)	(0.7)	(4.0)	1.8	(1.2)
Prior Years Catastrophe Losses and LAE Ratio	(0.8)	(1.2)	(2.7)	(0.9)	(3.7)	(5.1)	(12.4)	(3.5)	(1.4)	(6.2)
Combined Ratio as Reported	146.3%	123.1%	119.3%	168.0%	93.9%	90.8%	123.4%	119.4%	139.1%	106.8%

[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
Other Personal Lines - Results of Operations and Selected Financial Information
(Dollars in Millions)
(Unaudited)

	Three Months Ended								Year Ended	
	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2017	Dec 31, 2016
Results of Operations										
Net Premiums Written	$ 9.5	$ 10.9	$ 11.1	$ 9.7	$ 10.3	$ 11.6	$ 11.8	$ 10.1	$ 41.2	$ 43.8
Earned Premiums	$ 10.5	$ 10.7	$ 10.8	$ 10.7	$ 11.1	$ 11.3	$ 11.3	$ 11.3	$ 42.7	$ 45.0
Net Investment Income	1.0	1.4	0.7	1.3	1.0	1.0	1.1	0.6	4.4	3.7
Total Revenues	11.5	12.1	11.5	12.0	12.1	12.3	12.4	11.9	47.1	48.7
Incurred Losses and LAE related to:										
Current Year:										
Non-catastrophe Losses and LAE	5.0	5.2	5.7	5.9	5.8	5.8	5.8	4.7	21.8	22.1
Catastrophe Losses and LAE	2.4	0.5	1.1	0.9	0.3	0.1	1.2	0.9	4.9	2.5
Prior Years:										
Non-catastrophe Losses and LAE	(3.1)	(0.9)	0.9	(0.7)	(0.8)	(2.2)	(3.1)	—	(3.8)	(6.1)
Catastrophe Losses and LAE	(0.1)	(0.2)	—	(0.5)	(0.5)	(0.2)	(1.1)	(0.1)	(0.8)	(1.9)
Total Incurred Losses and LAE	4.2	4.6	7.7	5.6	4.8	3.5	2.8	5.5	22.1	16.6
Insurance Expenses	2.7	3.1	2.7	3.1	3.3	3.3	3.1	3.1	11.6	12.8
Operating Profit	4.6	4.4	1.1	3.3	4.0	5.5	6.5	3.3	13.4	19.3
Income Tax Expense	(1.6)	(5.9)	(0.4)	(1.0)	(1.3)	(1.8)	(2.2)	(1.1)	(8.9)	(4.4)
Total Product Line Net Operating Income (Loss)	$ 3.0	$ (1.5)	$ 0.7	$ 2.3	$ 2.7	$ 3.7	$ 4.3	$ 2.2	$ 4.5	$ 14.9
Ratios Based On Earned Premiums										
Current Year Non-catastrophe Losses and LAE Ratio	47.6%	48.6%	52.8%	55.1%	52.2%	51.4%	51.3%	41.6%	51.1%	49.1%
Current Year Catastrophe Losses and LAE Ratio	22.9	4.7	10.2	8.4	2.7	0.9	10.6	8.0	11.5	5.6
Prior Years Non-catastrophe Losses and LAE Ratio	(29.5)	(8.4)	8.3	(6.5)	(7.2)	(19.5)	(27.4)	—	(8.9)	(13.6)
Prior Years Catastrophe Losses and LAE Ratio	(1.0)	(1.9)	—	(4.7)	(4.5)	(1.8)	(9.7)	(0.9)	(1.9)	(4.2)
Total Incurred Loss and LAE Ratio	40.0	43.0	71.3	52.3	43.2	31.0	24.8	48.7	51.8	36.9
Insurance Expense Ratio	25.7	29.0	25.0	29.0	29.7	29.2	27.4	27.4	27.2	28.4
Combined Ratio	65.7%	72.0%	96.3%	81.3%	72.9%	60.2%	52.2%	76.1%	79.0%	65.3%
Underlying Combined Ratio [1]										
Current Year Non-catastrophe Losses and LAE Ratio	47.6%	48.6%	52.8%	55.1%	52.2%	51.4%	51.3%	41.6%	51.1%	49.1%
Insurance Expense Ratio	25.7	29.0	25.0	29.0	29.7	29.2	27.4	27.4	27.2	28.4
Underlying Combined Ratio	73.3%	77.6%	77.8%	84.1%	81.9%	80.6%	78.7%	69.0%	78.3%	77.5%
Non-GAAP Measure Reconciliation										
Underlying Combined Ratio	73.3%	77.6%	77.8%	84.1%	81.9%	80.6%	78.7%	69.0%	78.3%	77.5%
Current Year Catastrophe Losses and LAE Ratio	22.9	4.7	10.2	8.4	2.7	0.9	10.6	8.0	11.5	5.6
Prior Years Non-catastrophe Losses and LAE Ratio	(29.5)	(8.4)	8.3	(6.5)	(7.2)	(19.5)	(27.4)	—	(8.9)	(13.6)
Prior Years Catastrophe Losses and LAE Ratio	(1.0)	(1.9)	—	(4.7)	(4.5)	(1.8)	(9.7)	(0.9)	(1.9)	(4.2)
Combined Ratio as Reported	65.7%	72.0%	96.3%	81.3%	72.9%	60.2%	52.2%	76.1%	79.0%	65.3%

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

	Three Months Ended								Year Ended	
	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2017	Dec 31, 2016
Results of Operations										
Earned Premiums	$ 153.0	$ 154.7	$ 153.3	$ 153.0	$ 152.3	$ 152.0	$ 151.1	$ 149.8	$ 614.0	$ 605.2
Net Investment Income	57.7	55.9	54.9	53.0	53.6	54.5	50.1	55.0	221.5	213.2
Other Income	0.7	0.7	0.6	0.6	0.9	0.7	0.6	0.6	2.6	2.8
Total Revenues	211.4	211.3	208.8	206.6	206.8	207.2	201.8	205.4	838.1	821.2
Policyholders' Benefits and Incurred Losses and LAE	93.8	96.8	96.5	100.3	92.8	173.0	96.5	99.3	387.4	461.6
Insurance Expenses	78.9	78.5	81.1	73.7	78.9	79.9	80.0	75.1	312.2	313.9
Operating Profit (Loss)	38.7	36.0	31.2	32.6	35.1	(45.7)	25.3	31.0	138.5	45.7
Income Tax Benefit (Expense)	(13.4)	(12.5)	(10.7)	(11.1)	(12.1)	16.3	(8.9)	(10.7)	(47.7)	(15.4)
Segment Net Operating Income (Loss)	$ 25.3	$ 23.5	$ 20.5	$ 21.5	$ 23.0	$ (29.4)	$ 16.4	$ 20.3	$ 90.8	$ 30.3

	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016
Insurance Reserves:								
Future Policyholder Benefits	$ 3,357.5	$ 3,345.7	$ 3,335.7	$ 3,325.2	$ 3,311.5	$ 3,298.5	$ 3,310.3	$ 3,294.4
Incurred Losses and LAE Reserves:								
Life	140.0	141.6	141.8	141.7	141.9	142.1	43.8	42.1
Accident and Health	23.5	22.5	22.2	22.1	21.9	20.9	22.1	21.9
Property	4.1	7.3	4.2	4.6	4.5	5.5	5.4	6.0
Total Incurred Losses and LAE Reserves	167.6	171.4	168.2	168.4	168.3	168.5	71.3	70.0
Insurance Reserves	$ 3,525.1	$ 3,517.1	$ 3,503.9	$ 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								Year Ended	
	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2017	Dec 31, 2016
Results of Operations										
Earned Premiums	$ 94.1	$ 94.5	$ 95.4	$ 95.7	$ 95.9	$ 95.8	$ 95.5	$ 94.4	$ 379.7	$ 381.6
Net Investment Income	55.9	54.1	52.9	51.4	51.7	52.7	48.4	53.5	214.3	206.3
Other Income	0.7	0.6	0.6	0.5	0.7	0.6	0.5	0.5	2.4	2.3
Total Revenues	150.7	149.2	148.9	147.6	148.3	149.1	144.4	148.4	596.4	590.2
Policyholders' Benefits and Incurred Losses and LAE	66.8	66.4	68.8	72.1	68.0	146.5	70.5	71.3	274.1	356.3
Insurance Expenses	51.7	53.0	54.8	48.4	53.1	54.9	53.2	50.1	207.9	211.3
Operating Profit (Loss)	32.2	29.8	25.3	27.1	27.2	(52.3)	20.7	27.0	114.4	22.6
Income Tax Benefit (Expense)	(11.1)	(10.3)	(8.7)	(9.2)	(9.4)	18.6	(7.3)	(9.4)	(39.3)	(7.5)
Total Product Line Operating Income (Loss)	$ 21.1	$ 19.5	$ 16.6	$ 17.9	$ 17.8	$ (33.7)	$ 13.4	$ 17.6	$ 75.1	$ 15.1

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, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2017	Dec 31, 2016
Results of Operations										
Earned Premiums	$ 41.1	$ 42.0	$ 39.5	$ 39.1	$ 38.2	$ 37.6	$ 36.7	$ 36.9	$ 161.7	$ 149.4
Net Investment Income	1.2	1.3	1.4	1.3	1.4	1.4	1.3	1.3	5.2	5.4
Other Income	—	0.1	—	0.1	0.2	0.1	0.1	0.1	0.2	0.5
Total Revenues	42.3	43.4	40.9	40.5	39.8	39.1	38.1	38.3	167.1	155.3
Policyholders' Benefits and Incurred Losses and LAE	22.8	22.9	21.8	21.2	19.6	19.9	20.3	20.5	88.7	80.3
Insurance Expenses	19.2	17.6	17.6	17.3	17.3	16.4	17.1	16.8	71.7	67.6
Operating Profit	0.3	2.9	1.5	2.0	2.9	2.8	0.7	1.0	6.7	7.4
Income Tax Expense	(0.1)	(1.2)	(0.5)	(0.7)	(0.9)	(1.0)	(0.3)	(0.3)	(2.5)	(2.5)
Total Product Line Net Operating Income	$ 0.2	$ 1.7	$ 1.0	$ 1.3	$ 2.0	$ 1.8	$ 0.4	$ 0.7	$ 4.2	$ 4.9

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, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2017	Dec 31, 2016
Results of Operations										
Earned Premiums	$ 17.8	$ 18.2	$ 18.4	$ 18.2	$ 18.2	$ 18.6	$ 18.9	$ 18.5	$ 72.6	$ 74.2
Net Investment Income	0.6	0.5	0.6	0.3	0.5	0.4	0.4	0.2	2.0	1.5
Other Income	—	—	—	—	—	—	—	—	—	—
Total Revenues	18.4	18.7	19.0	18.5	18.7	19.0	19.3	18.7	74.6	75.7
Incurred Losses and LAE related to:										
Current Year:										
Non-catastrophe Losses and LAE	4.4	3.9	4.8	4.7	4.2	5.6	4.6	5.2	17.8	19.6
Catastrophe Losses and LAE	—	3.3	0.8	1.8	0.9	1.4	1.6	1.6	5.9	5.5
Prior Years:										
Non-catastrophe Losses and LAE	—	0.1	0.1	0.2	—	(0.3)	(0.1)	0.4	0.4	—
Catastrophe Losses and LAE	(0.2)	0.2	0.2	0.3	0.1	(0.1)	(0.4)	0.3	0.5	(0.1)
Total Incurred Losses and LAE	4.2	7.5	5.9	7.0	5.2	6.6	5.7	7.5	24.6	25.0
Insurance Expenses	8.0	7.9	8.7	8.0	8.5	8.6	9.7	8.2	32.6	35.0
Operating Profit	6.2	3.3	4.4	3.5	5.0	3.8	3.9	3.0	17.4	15.7
Income Tax Expense	(2.2)	(1.0)	(1.5)	(1.2)	(1.8)	(1.3)	(1.3)	(1.0)	(5.9)	(5.4)
Total Product Line Net Operating Income	$ 4.0	$ 2.3	$ 2.9	$ 2.3	$ 3.2	$ 2.5	$ 2.6	$ 2.0	$ 11.5	$ 10.3
Ratios Based On Earned Premiums										
Current Year Non-catastrophe Losses and LAE Ratio	24.7%	21.5%	26.2%	25.9%	23.2%	30.1%	24.3%	28.1%	24.5%	26.4%
Current Year Catastrophe Losses and LAE Ratio	—	18.1	4.3	9.9	4.9	7.5	8.5	8.6	8.1	7.4
Prior Years Non-catastrophe Losses and LAE Ratio	—	0.5	0.5	1.1	—	(1.6)	(0.5)	2.2	0.6	—
Prior Years Catastrophe Losses and LAE Ratio	(1.1)	1.1	1.1	1.6	0.5	(0.5)	(2.1)	1.6	0.7	(0.1)
Total Incurred Loss and LAE Ratio	23.6	41.2	32.1	38.5	28.6	35.5	30.2	40.5	33.9	33.7
Insurance Expense Ratio	44.9	43.4	47.3	44.0	46.7	46.2	51.3	44.3	44.9	47.2
Combined Ratio	68.5%	84.6%	79.4%	82.5%	75.3%	81.7%	81.5%	84.8%	78.8%	80.9%
Underlying Combined Ratio [1]										
Current Year Non-catastrophe Losses and LAE Ratio	24.7%	21.5%	26.2%	25.9%	23.2%	30.1%	24.3%	28.1%	24.5%	26.4%
Insurance Expense Ratio	44.9	43.4	47.3	44.0	46.7	46.2	51.3	44.3	44.9	47.2
Underlying Combined Ratio	69.6%	64.9%	73.5%	69.9%	69.9%	76.3%	75.6%	72.4%	69.4%	73.6%
Non-GAAP Measure Reconciliation										
Underlying Combined Ratio	69.6%	64.9%	73.5%	69.9%	69.9%	76.3%	75.6%	72.4%	69.4%	73.6%
Current Year Catastrophe Losses and LAE Ratio	—	18.1	4.3	9.9	4.9	7.5	8.5	8.6	8.1	7.4
Prior Years Non-catastrophe Losses and LAE Ratio	—	0.5	0.5	1.1	—	(1.6)	(0.5)	2.2	0.6	—
Prior Years Catastrophe Losses and LAE Ratio	(1.1)	1.1	1.1	1.6	0.5	(0.5)	(2.1)	1.6	0.7	(0.1)
Combined Ratio as Reported	68.5%	84.6%	79.4%	82.5%	75.3%	81.7%	81.5%	84.8%	78.8%	80.9%

[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
Insurance Expenses and Interest and Other Expenses
(Dollars in Millions)

	Three Months Ended								Year Ended	
	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2017	Dec 31, 2016
Insurance Expenses:										
Commissions	$ 105.1	$ 109.6	$ 109.0	$ 101.9	$ 97.7	$ 102.9	$ 102.7	$ 95.9	$ 425.6	$ 399.2
General Expenses	46.0	50.2	48.3	49.6	51.9	51.2	54.3	51.6	194.1	209.0
Taxes, Licenses and Fees	12.4	13.8	13.4	13.2	11.3	12.4	12.0	13.1	52.8	48.8
Total Costs Incurred	163.5	173.6	170.7	164.7	160.9	166.5	169.0	160.6	672.5	657.0
Policy Acquisition Costs:										
Deferred	(89.3)	(91.6)	(87.2)	(83.5)	(77.8)	(82.3)	(78.7)	(76.1)	(351.6)	(314.9)
Amortized	83.7	80.4	78.6	75.6	74.0	76.0	76.1	73.2	318.3	299.3
Net Policy Acquisition Costs Deferred	(5.6)	(11.2)	(8.6)	(7.9)	(3.8)	(6.3)	(2.6)	(2.9)	(33.3)	(15.6)
Amortization of Insurance in Force	1.2	1.3	1.4	1.2	1.4	1.5	1.4	1.6	5.1	5.9
Insurance Expenses	159.1	163.7	163.5	158.0	158.5	161.7	167.8	159.3	644.3	647.3
Interest and Other Expenses:										
Interest Expense	8.0	7.8	8.3	10.8	11.0	11.1	11.1	11.2	34.9	44.4
Other Expenses:										
Curtailment Gains, Net	—	—	—	—	—	—	(2.6)	—	—	(2.6)
Loss on Cash Flow Hedge	—	—	1.1	—	—	—	—	—	1.1	—
Other	13.5	10.4	12.0	8.7	14.3	10.9	12.2	11.1	44.6	48.5
Other Expenses	13.5	10.4	13.1	8.7	14.3	10.9	9.6	11.1	45.7	45.9
Interest and Other Expenses	21.5	18.2	21.4	19.5	25.3	22.0	20.7	22.3	80.6	90.3
Total Expenses	$ 180.6	$ 181.9	$ 184.9	$ 177.5	$ 183.8	$ 183.7	$ 188.5	$ 181.6	$ 724.9	$ 737.6

Kemper Corporation
Details of Investment Performance
(Dollars in Millions)

	Three Months Ended								Year Ended	
	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2017	Dec 31, 2016
Net Investment Income										
Interest on Fixed Income Securities	$ 62.6	$ 61.8	$ 62.1	$ 60.1	$ 61.5	$ 61.4	$ 59.8	$ 60.0	$ 246.6	$ 242.7
Dividends on Equity Securities Excluding Alternative Investments	2.3	2.6	2.3	2.1	2.8	2.7	3.5	2.8	9.3	11.8
Alternative Investments:										
Equity Method Limited Liability Investments	2.9	11.1	4.0	6.8	3.8	5.2	2.8	(4.3)	24.8	7.5
Fair Value Option Investments	0.3	0.5	(0.6)	1.1	2.0	(1.4)	0.1	(2.6)	1.3	(1.9)
Limited Liability Investments Included in Equity Securities	9.9	5.9	5.4	7.4	5.4	5.7	3.6	7.3	28.6	22.0
Total Alternative Investments	13.1	17.5	8.8	15.3	11.2	9.5	6.5	0.4	54.7	27.6
Short-term Investments	0.6	0.5	0.2	0.3	0.1	0.2	0.1	0.1	1.6	0.5
Real Estate	2.4	2.6	2.8	2.9	2.9	3.0	2.9	3.0	10.7	11.8
Loans to Policyholders	5.9	4.9	5.3	5.5	5.5	5.4	5.3	5.4	21.6	21.6
Other	0.3	0.1	0.1	—	0.3	—	—	—	0.5	0.3
Total Investment Income	87.2	90.0	81.6	86.2	84.3	82.2	78.1	71.7	345.0	316.3
Investment Expenses:										
Real Estate	2.8	2.6	2.5	2.6	2.6	2.9	2.8	2.7	10.5	11.0
Other Investment Expenses	1.8	1.5	2.0	2.0	1.8	1.6	1.6	2.0	7.3	7.0
Total Investment Expenses	4.6	4.1	4.5	4.6	4.4	4.5	4.4	4.7	17.8	18.0
Net Investment Income	$ 82.6	$ 85.9	$ 77.1	$ 81.6	$ 79.9	$ 77.7	$ 73.7	$ 67.0	$ 327.2	$ 298.3
Net Realized Gains on Sales of Investments										
Fixed Maturities:										
Gains on Sales	$ 1.1	$ 2.4	$ 3.5	$ 1.4	$ 2.9	$ 2.7	$ 4.3	$ 7.1	$ 8.4	$ 17.0
Losses on Sales	(0.5)	—	(0.2)	(0.2)	(3.5)	(0.8)	—	(0.3)	(0.9)	(4.6)
Equity Securities:										
Gains on Sales	10.9	3.9	18.3	8.9	10.1	9.3	0.5	—	42.0	19.9
Losses on Sales	—	—	—	—	(0.2)	—	(0.1)	—	—	(0.3)
Real Estate:										
Gains on Sales	—	1.6	4.7	0.1	0.1	0.1	0.9	—	6.4	1.1
Other Investments:										
Gains on Sales	0.1	—	—	—	—	—	—	—	0.1	—
Losses on Sales	—	—	(0.1)	—	(0.1)	—	(0.1)	—	(0.1)	(0.2)
Trading Securities Net Gains (Losses)	(0.1)	0.2	0.2	0.3	(0.2)	0.3	0.1	—	0.6	0.2
Net Realized Gains on Sales of Investments	$ 11.5	$ 8.1	$ 26.4	$ 10.5	$ 9.1	$ 11.6	$ 5.6	$ 6.8	$ 56.5	$ 33.1
Net Impairment Losses Recognized in Earnings										
Fixed Maturities	$ (2.3)	$ (2.9)	$ (2.2)	$ (4.7)	$ (4.8)	$ (8.3)	$ (5.7)	$ (7.8)	$ (12.1)	$ (26.6)
Equity Securities	(1.5)	—	(0.4)	(0.3)	(3.4)	—	(0.7)	(1.5)	(2.2)	(5.6)
Real Estate	—	—	—	—	(0.5)	—	—	—	—	(0.5)
Net Impairment Losses Recognized in Earnings	$ (3.8)	$ (2.9)	$ (2.6)	$ (5.0)	$ (8.7)	$ (8.3)	$ (6.4)	$ (9.3)	$ (14.3)	$ (32.7)

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

	Dec 31, 2017 Carrying Value	Dec 31, 2017 Percent of Total[1]	Dec 31, 2016 Carrying Value	Dec 31, 2016 Percent of Total[1]	Dec 31, 2015 Carrying Value	Dec 31, 2015 Percent of Total[1]
Fixed Maturities Reported at Fair Value:						
U.S. Government and Government Agencies and Authorities	$ 556.1	8.2%	$ 336.3	5.1%	$ 320.6	5.0%
States and Political Subdivisions	1,701.8	25.0	1,714.9	26.0	1,622.6	25.2
Foreign Governments	3.2	—	3.4	0.1	—	—
Corporate Securities:						
Bonds and Notes	2,980.6	43.8	2,944.8	44.6	2,812.8	43.7
Redeemable Preferred Stocks	0.1	—	0.6	—	3.8	0.1
Collaterized Loan Obligations	139.8	2.1	122.8	1.9	87.3	1.4
Other Mortgage- and Asset-backed	1.1	—	2.1	—	5.2	0.1
Total Fixed Maturities Reported at Fair Value	5,382.7	79.1	5,124.9	77.7	4,852.3	75.5
Equity Securities Reported at Fair Value:						
Preferred Stocks	78.8	1.2	82.5	1.2	103.9	1.6
Common Stocks	24.8	0.4	45.2	0.7	36.7	0.6
Other Equity Interests:						
Exchange Traded Funds	219.5	3.2	144.4	2.2	177.1	2.8
Limited Liability Companies and Limited Partnerships	202.9	3.0	209.6	3.2	205.5	3.2
Total Equity Securities Reported at Fair Value	526.0	7.7	481.7	7.3	523.2	8.2
Equity Method Limited Liability Investments	161.0	2.4	175.9	2.7	190.6	3.0
Fair Value Option Investments	77.5	1.1	111.4	1.7	164.5	2.6
Short-term Investments at Cost which Approximates Fair Value	235.5	3.5	273.7	4.1	255.7	4.0
Other Investments:						
Loans to Policyholders at Unpaid Principal	298.6	4.4	294.2	4.5	288.4	4.5
Real Estate at Depreciated Cost	116.8	1.7	140.2	2.1	149.8	2.3
Trading Securities at Fair Value	6.7	0.1	5.3	0.1	4.7	0.1
Other	0.1	—	0.2	—	0.3	—
Total Other Investments	422.2	6.2	439.9	6.7	443.2	6.9
Total Investments	$ 6,804.9	100.0%	$ 6,607.5	100.0%	$ 6,429.5	100.0%
S&P Equivalent Rating for Fixed Maturities						
AAA, AA, A	$ 3,481.8	64.7%	$ 3,280.4	64.0%	$ 3,222.5	66.4%
BBB	1,335.2	24.8	1,338.2	26.1	1,149.0	23.7
BB, B	357.2	6.6	321.6	6.3	222.4	4.6
CCC or Lower	208.5	3.9	184.7	3.6	258.4	5.3
Total Investments in Fixed Maturities	$ 5,382.7	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	Dec 31, 2017 Amount	Dec 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	$ 1,168.8	17.2%	$ 1,227.8	18.6%	$ 1,160.4	18.0%
Finance, Insurance and Real Estate	780.2	11.5	742.6	11.2	707.4	11.0
Services	453.3	6.7	391.6	5.9	374.4	5.8
Transportation, Communication and Utilities	353.7	5.2	364.1	5.5	334.4	5.2
Mining	163.5	2.4	157.2	2.4	139.7	2.2
Retail Trade	102.6	1.5	101.9	1.5	91.1	1.4
Wholesale Trade	81.3	1.2	69.2	1.0	80.6	1.3
Agriculture, Forestry and Fishing	14.5	0.2	14.4	0.2	20.6	0.3
Other	3.7	0.1	1.5	—	0.5	—
Total Fair Value of Non-governmental Fixed Maturities	$ 3,121.6	46.0%	$ 3,070.3	46.3%	$ 2,909.1	45.2%

Ten Largest Investment Exposures [1]	Dec 31, 2017 Fair Value	Dec 31, 2017 Percent of Total Investments
Fixed Maturities:		
States including their Political Subdivisions:		
Texas	$ 101.4	1.5%
Michigan	87.9	1.3
Georgia	86.6	1.3
Ohio	70.0	1.0
Louisiana	68.2	1.0
Colorado	66.3	1.0
Virginia	64.8	1.0
Florida	62.1	0.9
Wisconsin	56.4	0.8
Equity Securities—Other Equity Interests:		
iShares® Core International Stock ETF	60.5	0.9
Total	$ 724.2	10.7%

[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, 2017.

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

	Dec 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	$ 7.9	$ 23.4	$ 70.1	$ 101.4	6.0%	1.5%
Michigan	38.6	—	49.3	87.9	5.2	1.3
Georgia	49.5	9.2	27.9	86.6	5.1	1.3
Ohio	24.2	5.1	40.7	70.0	4.1	1.0
Louisiana	43.8	7.1	17.3	68.2	4.0	1.0
Colorado	—	15.1	51.2	66.3	3.9	1.0
Virginia	26.1	19.7	19.0	64.8	3.8	1.0
Florida	48.0	—	14.1	62.1	3.6	0.9
Wisconsin	47.8	7.3	1.3	56.4	3.3	0.8
New York	6.2	2.7	47.3	56.2	3.3	0.8
Minnesota	23.7	0.4	31.0	55.1	3.2	0.8
Indiana	1.5	—	46.5	48.0	2.8	0.7
Washington	7.9	0.3	38.2	46.4	2.7	0.7
Massachusetts	2.7	2.5	40.6	45.8	2.7	0.7
Oregon	37.5	—	3.5	41.0	2.4	0.6
California	0.3	—	39.3	39.6	2.3	0.6
Utah	16.1	1.5	19.0	36.6	2.2	0.5
Nevada	28.0	6.9	—	34.9	2.1	0.5
North Carolina	6.9	3.1	24.7	34.7	2.0	0.5
New Mexico	—	—	33.3	33.3	2.0	0.5
Arizona	—	0.8	32.3	33.1	1.9	0.5
Arkansas	33.1	—	—	33.1	1.9	0.5
Pennsylvania	11.5	2.8	18.5	32.8	1.9	0.5
Maryland	2.7	21.3	6.3	30.3	1.8	0.4
South Carolina	18.7	3.0	5.6	27.3	1.6	0.4
Delaware	16.8	—	9.9	26.7	1.6	0.4
Tennessee	7.8	7.6	10.5	25.9	1.5	0.4
New Jersey	—	5.2	20.6	25.8	1.5	0.4
Connecticut	24.1	—	—	24.1	1.4	0.4
District Of Columbia	—	5.0	18.2	23.2	1.4	0.3
Iowa	—	—	22.1	22.1	1.3	0.3
Alaska	4.2	3.0	15.0	22.2	1.3	0.3
Hawaii	20.6	—	—	20.6	1.2	0.3
Alabama	9.6	—	10.9	20.5	1.2	0.3
Illinois	—	—	20.4	20.4	1.2	0.3
Nebraska	—	7.0	12.2	19.2	1.1	0.3
Missouri	—	—	19.1	19.1	1.1	0.3
Rhode Island	4.9	—	13.9	18.8	1.1	0.3
Idaho	—	10.1	7.8	17.9	1.1	0.3
All Other States	23.3	1.0	79.1	103.4	6.1	1.5
Total	$ 594.0	$ 171.1	$ 936.7	$ 1,701.8	100.0%	25.0%

[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	Reported Value	
	Dec 31, 2017	Dec 31, 2017	Dec 31, 2016
Reported as Equity Method Limited Liability Investments at Cost Plus Cumulative Undistributed Earnings:			
Mezzanine Debt	$ 60.4	$ 73.0	$ 63.2
Distressed Debt	—	47.5	65.4
Secondary Transactions	18.9	20.6	27.3
Senior Debt	21.6	4.8	6.6
Leveraged Buyout	0.1	3.3	—
Growth Equity	—	5.7	4.6
Other	—	6.1	8.8
Total Equity Method Limited Liability Investments	101.0	161.0	175.9
Reported as Other Equity Interests at Fair Value:			
Mezzanine Debt	87.1	102.2	97.6
Senior Debt	28.8	35.5	36.4
Distressed Debt	4.7	16.6	18.8
Secondary Transactions	10.4	8.9	11.9
Hedge Fund	—	—	—
Leveraged Buyout	3.3	6.3	6.5
Real Estate	—	—	—
Other	7.0	33.4	38.4
Total Reported as Other Equity Interests at Fair Value	141.3	202.9	209.6
Reported as Fair Value Option Investments:			
Hedge Funds	—	77.5	111.4
Total Investments in Limited Liability Companies and Limited Partnerships	$ 242.3	$ 441.4	$ 496.9

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 trends 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 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, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2017	Dec 31, 2016
Consolidated Net Operating Income (Loss)	$ 31.0	$ 44.4	$ 21.0	$ (3.9)	$ 28.8	$ (20.4)	$ 4.6	$ (0.6)	$ 92.5	$ 12.4
Net Income (Loss) From:										
Net Realized Gains on Sales of Investments	7.4	5.3	17.2	6.8	5.9	7.5	3.7	4.4	36.7	21.5
Net Impairment Losses Recognized in Earnings	(2.5)	(1.9)	(1.6)	(3.3)	(5.6)	(5.4)	(4.2)	(6.0)	(9.3)	(21.2)
Income (Loss) from Continuing Operations	$ 35.9	$ 47.8	$ 36.6	$ (0.4)	$ 29.1	$ (18.3)	$ 4.1	$ (2.2)	$ 119.9	$ 12.7

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, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2017	Dec 31, 2016
Consolidated Net Operating Income (Loss) Per Unrestricted Share	$ 0.60	$ 0.85	$ 0.41	$ (0.08)	$ 0.56	$ (0.40)	$ 0.09	$ (0.01)	$ 1.79	$ 0.25
Net Income (Loss) Per Unrestricted Share From:										
Net Realized Gains on Sales of Investments	0.14	0.10	0.33	0.13	0.11	0.15	0.07	0.09	0.71	0.41
Net Impairment Losses Recognized in Earnings	(0.05)	(0.03)	(0.03)	(0.06)	(0.11)	(0.11)	(0.08)	(0.12)	(0.18)	(0.41)
Income (Loss) from Continuing Operations Per Unrestricted Share	$ 0.69	$ 0.92	$ 0.71	$ (0.01)	$ 0.56	$ (0.36)	$ 0.08	$ (0.04)	$ 2.32	$ 0.25

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.