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Press Release

Kemper Reports Strong First Quarter 2019 Operating Results

CHICAGO, April 29, 2019 — Kemper Corporation (NYSE: KMPR) reported net income of \$155.3 million, or \$2.35 per diluted share, for the first quarter of 2019, compared to \$53.8 million, or \$1.02 per diluted share, for the first quarter of 2018. In the first quarter of 2019, net income included a \$50.9 million after-tax gain, or \$0.77 per diluted share, attributable to the change in fair value of equity and convertible securities. As adjusted for the acquisition of Infinity Property and Casualty Corporation¹, net income was \$153.2 million, or \$2.32 per diluted share, for the first quarter of 2019, compared to \$73.9 million, or \$1.13 per diluted share, for the first quarter of 2018.

Adjusted consolidated net operating income¹ was \$98.9 million, or \$1.50 per diluted share, for the first quarter of 2019, compared to \$57.5 million, or \$1.10 per diluted share, for the first quarter of 2018. These results increased primarily from the continued profitable growth in Specialty Property & Casualty Insurance segment.

Highlights of the quarter include:

- Consolidated earned premiums increased by 76 percent, or \$465.0 million in the quarter, as reported, 12 percent, or \$111.0 million, as adjusted¹
- Specialty Property & Casualty Insurance segment's earned premiums increased by 162 percent, or \$450.9 million in the quarter, as reported, or 15 percent, or \$96.9 million, as adjusted¹

"Kemper delivered strong growth and earnings this quarter with solid operating performance in our core businesses, including significant increases in earned premiums, net income, earnings per share and book value per share," said Joseph P. Lacher, Jr., President and CEO. "Our focus on growing, niche and underserved markets and ability to meet the needs of our customers is driving growth in revenues and profitability."

(Dollars in Millions, Except Per Share Amounts) (Unaudited)	Three Months Ended	
	Mar 31, 2019	Mar 31, 2018
Net Income	\$ 155.3	\$ 53.8
Income from Continuing Operations	\$ 155.3	\$ 53.6
Adjusted Consolidated Net Operating Income ¹	\$ 98.9	\$ 57.5
 <i>Impact of Catastrophe Losses and Related Loss Adjustment Expense (LAE) on Net Income</i>	 <i>\$ (13.8)</i>	 <i>\$ (6.1)</i>
Diluted Net Income Per Share From:		
Net Income	\$ 2.35	\$ 1.02
Income from Continuing Operations	\$ 2.35	\$ 1.02
Adjusted Consolidated Net Operating Income ¹	\$ 1.50	\$ 1.10
 <i>Impact of Catastrophe Losses and Related LAE on Net Income Per Share</i>	 <i>\$ (0.21)</i>	 <i>\$ (0.12)</i>

¹ Non-GAAP financial measure. All Non-GAAP financial measures are denoted with footnote 1 throughout this release. See "Use of Non-GAAP Financial Measures" for additional information.

Capital

Total Shareholders' Equity at the end of the quarter was \$3,320.1 million, an increase of \$270.0 million, or 9 percent, since year-end 2018 driven by net income and unrealized gain on fixed maturity portfolio, partially offset by dividends paid to shareholders. Kemper ended the quarter with cash and investments at the holding company of \$118.6 million, and the \$300 million revolving credit agreement was undrawn.

During the first quarter of 2019, Kemper paid dividends of \$16.2 million.

Kemper ended the quarter with a book value per share of \$51.13, an increase of 9 percent from \$47.10 at the end of 2018. Book value per share excluding net unrealized gains on fixed maturities¹ was \$47.41, up 4 percent from \$45.40 at the end of 2018, driven by net income, partially offset by dividends paid to shareholders.

Revenues

Total revenues for the first quarter of 2019 increased \$543.3 million, or 78 percent, to \$1,236.3 million, compared to the first quarter of 2018, driven by \$450.9 million of higher Specialty P&C earned premiums and by \$63.7 million of higher revenues from the increase in the fair values of equity and convertible securities. Net investment income increased \$3.5 million to \$82.7 million in the first quarter of 2019, primarily from a \$14.0 million increase in interest on fixed income securities primarily from the addition of Infinity's investment portfolio, partially offset by a \$12.0 million reduction in net investment income on the alternative investments portfolio. Net realized investment gains were \$16.1 million in the first quarter of 2019, compared to \$2.6 million last year. Other income increased \$0.7 million to \$1.9 million in the first quarter of 2019.

On an as adjusted basis¹, Specialty P&C earned premiums for the first quarter of 2019 increased \$96.9 million, or 15 percent, to \$729.3, compared to the first quarter of 2018, primarily from higher policies in-force.

Segment Results

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

(Dollars in Millions) (Unaudited)	Three Months Ended	
	Mar 31, 2019	Mar 31, 2018
Segment Net Operating Income:		
Preferred Property & Casualty Insurance	\$ 2.8	\$ 13.5
Specialty Property & Casualty Insurance	79.6	23.4
Life & Health Insurance	23.1	24.1
Total Segment Net Operating Income	105.5	61.0
Corporate and Other Net Operating Loss	(6.6)	(3.5)
Adjusted Consolidated Net Operating Income ¹	98.9	57.5
Net Income (Loss) From:		
Change in Fair Value of Equity and Convertible Securities	50.9	0.6
Net Realized Gains on Sales of Investments	12.7	2.1
Net Impairment Losses Recognized in Earnings	(2.8)	(0.4)
Acquisition Related Transaction, Integration and Other Costs	(4.4)	(6.2)
Income from Continuing Operations	<u>\$ 155.3</u>	<u>\$ 53.6</u>

The Preferred Property & Casualty Insurance segment reported net operating income of \$2.8 million for the first quarter of 2019, compared to \$13.5 million in 2018. Results decreased primarily from an elevated level of catastrophe losses, a reduction in net investment income and some above normal large loss activity. The Preferred Property & Casualty Insurance segment's combined ratio increased 4.4 percentage points to 102.7 percent, while the underlying combined ratio¹ increased 1.1 percentage points to 96.0 percent in the first quarter of 2019, driven by an increase in the underlying loss ratio¹ in Homeowners associated with the aforementioned loss activity.

The Specialty Property & Casualty Insurance segment reported net operating income of \$79.6 million for the first quarter of 2019, compared to \$23.4 million in 2018. Results increased primarily from strong Personal Automobile growth and profitability. On an as adjusted basis¹, the segment's net operating income was \$75.9 million in the first quarter of 2019, compared to \$49.8 million in 2018. The segment's underlying combined ratio¹ improved 1.7 percentage points to 91.7 percent in the first quarter of 2019, primarily from an improvement in the underlying loss ratio¹ in both Personal Automobile and Commercial Automobile.

The Life & Health Insurance segment reported net operating income of \$23.1 million for the first quarter of 2019, compared to \$24.1 million in 2018. Income was lower primarily due to a reduction in net investment income. Higher sales volumes in both the Life and Health business lines resulted in increased earned premiums and corresponding variable compensation expense. The benefits ratio also improved relative to the first quarter of 2018 which was negatively impacted by a severe flu season.

Unaudited condensed consolidated statements of income for the three months ended March 31, 2019 and 2018 are presented below.

(Dollars in Millions, Except Per Share Amounts)	Three Months Ended	
	Mar 31, 2019	Mar 31, 2018
Revenues:		
Earned Premiums	\$ 1,074.8	\$ 609.8
Net Investment Income	82.7	79.2
Other Income	1.9	1.2
Income from Change in Fair Value of Equity and Convertible Securities	64.4	0.7
Net Realized Gains on Sales of Investments	16.1	2.6
Other-than-temporary Impairment Losses:		
Total Other-than-temporary Impairment Losses	(3.5)	(0.5)
Portion of Losses Recognized in Other Comprehensive Income	(0.1)	—
Net Impairment Losses Recognized in Earnings	(3.6)	(0.5)
Total Revenues	1,236.3	693.0
Expenses:		
Policyholders' Benefits and Incurred Losses and Loss Adjustment Expenses	765.4	436.9
Insurance Expenses	234.8	160.1
Interest and Other Expenses	41.4	29.0
Total Expenses	1,041.6	626.0
Income from Continuing Operations before Income Taxes	194.7	67.0
Income Tax Expense	(39.4)	(13.4)
Income from Continuing Operations	155.3	53.6
Income from Discontinued Operations	—	0.2
Net Income	\$ 155.3	\$ 53.8
Income from Continuing Operations Per Unrestricted Share:		
Basic	\$ 2.38	\$ 1.03
Diluted	\$ 2.35	\$ 1.02
Net Income Per Unrestricted Share:		
Basic	\$ 2.38	\$ 1.03
Diluted	\$ 2.35	\$ 1.02
Weighted-average Outstanding (Shares in Thousands):		
Unrestricted Shares - Basic	64,815.0	51,502.9
Unrestricted Shares and Equivalent Shares - Diluted	65,606.0	51,868.2

Unaudited business segment revenues for the three months ended March 31, 2019 and 2018 are presented below.

(Dollars in Millions)	Three Months Ended	
	Mar 31, 2019	Mar 31, 2018
REVENUES:		
Preferred Property & Casualty Insurance:		
Earned Premiums:		
Preferred Automobile	\$ 115.4	\$ 104.9
Homeowners	60.3	61.8
Other Personal	9.9	10.1
Total Earned Premiums	185.6	176.8
Net Investment Income	8.3	13.7
Total Preferred Property & Casualty Insurance Revenues	193.9	190.5
Specialty Property & Casualty Insurance:		
Earned Premiums:		
Specialty Personal Automobile	669.6	266.2
Commercial Automobile Insurance	59.7	12.2
Total Earned Premiums	729.3	278.4
Net Investment Income	21.5	9.9
Other Income	0.8	0.3
Total Specialty Property & Casualty Insurance Revenues	751.6	288.6
Life & Health Insurance:		
Earned Premiums:		
Life	95.8	93.7
Accident & Health	46.9	43.3
Property	17.2	17.6
Total Earned Premiums	159.9	154.6
Net Investment Income	51.7	53.7
Other Income	1.1	0.8
Total Life & Health Insurance Revenues	212.7	209.1
Total Segment Revenues	1,158.2	688.2
Income from Change in Fair Value of Equity and Convertible Securities	64.4	0.7
Net Realized Gains on Sales of Investments	16.1	2.6
Net Impairment Losses Recognized in Earnings	(3.6)	(0.5)
Other	1.2	2.0
Total Revenues	\$ 1,236.3	\$ 693.0

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

	Mar 31, 2019	Dec 31, 2018
Assets:		
Investments:		
Fixed Maturities at Fair Value	\$ 6,573.1	\$ 6,424.2
Equity Securities at Fair Value	916.9	684.4
Equity Securities at Modified Cost	39.2	41.5
Equity Method Limited Liability Investments at Cost Plus Cumulative Undistributed Earnings ...	197.8	187.0
Convertible Securities at Fair Value	33.8	31.5
Short-term Investments at Cost which Approximates Fair Value	350.4	286.1
Other Investments	425.6	414.8
Total Investments	<u>8,536.8</u>	<u>8,069.5</u>
Cash	107.0	75.1
Receivables from Policyholders	1,048.6	1,007.1
Other Receivables	254.6	245.4
Deferred Policy Acquisition Costs	499.2	470.0
Goodwill	1,111.5	1,112.4
Current Income Tax Assets	19.7	38.9
Other Assets	604.8	526.5
Total Assets	<u>\$ 12,182.2</u>	<u>\$ 11,544.9</u>
Liabilities and Shareholders' Equity:		
Insurance Reserves:		
Life & Health	\$ 3,568.5	\$ 3,558.7
Property & Casualty	1,868.7	1,874.9
Total Insurance Reserves	<u>5,437.2</u>	<u>5,433.6</u>
Unearned Premiums	1,499.5	1,424.3
Deferred Income Tax Liabilities	82.6	26.2
Liabilities for Unrecognized Tax Benefits	3.9	4.4
Collateralized Investment Borrowings at Cost	187.7	10.0
Debt at Amortized Cost	908.5	909.0
Accrued Expenses and Other Liabilities	742.7	687.3
Total Liabilities	<u>8,862.1</u>	<u>8,494.8</u>
Shareholders' Equity:		
Common Stock	6.5	6.5
Paid-in Capital	1,673.0	1,666.3
Retained Earnings	1,489.7	1,355.5
Accumulated Other Comprehensive Income	150.9	21.8
Total Shareholders' Equity	<u>3,320.1</u>	<u>3,050.1</u>
Total Liabilities and Shareholders' Equity	<u>\$ 12,182.2</u>	<u>\$ 11,544.9</u>

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

(Dollars in Millions)	Three Months Ended	
	Mar 31, 2019	Mar 31, 2018
<u>Results of Operations</u>		
Net Premiums Written	<u>\$ 179.6</u>	<u>\$ 170.5</u>
Earned Premiums	\$ 185.6	\$ 176.8
Net Investment Income	8.3	13.7
Total Revenues	<u>193.9</u>	<u>190.5</u>
Incurred Losses and LAE related to:		
Current Year:		
Non-catastrophe Losses and LAE	120.8	114.2
Catastrophe Losses and LAE	16.6	7.3
Prior Years:		
Non-catastrophe Losses and LAE	(5.1)	4.2
Catastrophe Losses and LAE	1.0	(5.4)
Total Incurred Losses and LAE	<u>133.3</u>	<u>120.3</u>
Insurance Expenses	<u>57.3</u>	<u>53.6</u>
Operating Income	3.3	16.6
Income Tax Expense	(0.5)	(3.1)
Segment Net Operating Income	<u>\$ 2.8</u>	<u>\$ 13.5</u>
<u>Ratios Based On Earned Premiums</u>		
Current Year Non-catastrophe Losses and LAE Ratio	65.1%	64.6%
Current Year Catastrophe Losses and LAE Ratio	8.9	4.1
Prior Years Non-catastrophe Losses and LAE Ratio	(2.7)	2.4
Prior Years Catastrophe Losses and LAE Ratio	0.5	(3.1)
Total Incurred Loss and LAE Ratio	<u>71.8</u>	<u>68.0</u>
Insurance Expense Ratio	<u>30.9</u>	<u>30.3</u>
Combined Ratio	<u>102.7%</u>	<u>98.3%</u>
<u>Underlying Combined Ratio¹</u>		
Current Year Non-catastrophe Losses and LAE Ratio	65.1%	64.6%
Insurance Expense Ratio	30.9	30.3
Underlying Combined Ratio ¹	<u>96.0%</u>	<u>94.9%</u>
<u>Non-GAAP Measure Reconciliation</u>		
Combined Ratio	102.7%	98.3%
Current Year Catastrophe Losses and LAE Ratio	8.9	4.1
Prior Years Non-catastrophe Losses and LAE Ratio	(2.7)	2.4
Prior Years Catastrophe Losses and LAE Ratio	0.5	(3.1)
Underlying Combined Ratio ¹	<u>96.0%</u>	<u>94.9%</u>

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

(Dollars in Millions)	Three Months Ended	
	Mar 31, 2019	Mar 31, 2018
<u>Results of Operations</u>		
Net Premiums Written	\$ 809.1	\$ 318.4
Earned Premiums	\$ 729.3	\$ 278.4
Net Investment Income	21.5	9.9
Other Income	0.8	0.3
Total Revenues	751.6	288.6
Incurred Losses and LAE related to:		
Current Year:		
Non-catastrophe Losses and LAE	544.3	212.3
Catastrophe Losses and LAE	0.6	0.2
Prior Years:		
Non-catastrophe Losses and LAE	(18.3)	(0.5)
Catastrophe Losses and LAE	0.2	(0.3)
Total Incurred Losses and LAE	526.8	211.7
Insurance Expenses	124.8	47.9
Other Expenses	0.6	—
Operating Income	99.4	29.0
Income Tax Benefit	(19.8)	(5.6)
Segment Net Operating Income	\$ 79.6	\$ 23.4
<u>Ratios Based On Earned Premiums</u>		
Current Year Non-catastrophe Losses and LAE Ratio	74.6%	76.2%
Current Year Catastrophe Losses and LAE Ratio	0.1	0.1
Prior Years Non-catastrophe Losses and LAE Ratio	(2.5)	(0.2)
Prior Years Catastrophe Losses and LAE Ratio	—	(0.1)
Total Incurred Loss and LAE Ratio	72.2	76.0
Insurance Expense Ratio	17.1	17.2
Combined Ratio	89.3%	93.2%
<u>Underlying Combined Ratio¹</u>		
Current Year Non-catastrophe Losses and LAE Ratio	74.6%	76.2%
Insurance Expense Ratio	17.1	17.2
Underlying Combined Ratio ¹	91.7%	93.4%
<u>Non-GAAP Measure Reconciliation</u>		
Combined Ratio	89.3%	93.2%
Current Year Catastrophe Losses and LAE Ratio	0.1	0.1
Prior Years Non-catastrophe Losses and LAE Ratio	(2.5)	(0.2)
Prior Years Catastrophe Losses and LAE Ratio	—	(0.1)
Underlying Combined Ratio ¹	91.7%	93.4%

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

(Dollars in Millions)	Three Months Ended	
	Mar 31, 2019	Mar 31, 2018
<u>Results of Operations</u>		
Earned Premiums	\$ 159.9	\$ 154.6
Net Investment Income	51.7	53.7
Other Income	1.1	0.8
Total Revenues	<u>212.7</u>	<u>209.1</u>
Policyholders' Benefits and Incurred Losses and LAE	105.4	104.9
Insurance Expenses	78.0	73.9
Operating Profit	<u>29.3</u>	<u>30.3</u>
Income Tax Expense	(6.2)	(6.2)
Segment Net Operating Income	<u>\$ 23.1</u>	<u>\$ 24.1</u>

Use of Non-GAAP Financial Measures

Adjusted Consolidated Net Operating Income¹

Adjusted Consolidated Net Operating Income¹ is an after-tax, non-GAAP financial measure computed by excluding from Income from Continuing Operations the after-tax impact of 1) loss from change in fair value of equity and convertible securities, 2) net realized gains on sales of investments, 3) net impairment losses recognized in earnings related to investments, 4) acquisition related transaction, integration and other costs, 5) loss from early extinguishment of debt and 6) significant non-recurring or infrequent items that may not be indicative of ongoing operations. Significant non-recurring items are excluded when (a) the nature of the charge or gain is such that it is reasonably unlikely to recur within two years and (b) there has been no similar charge or gain within the prior two years. The most directly comparable GAAP financial measure is Income from Continuing Operations.

Kemper believes that Adjusted Consolidated Net Operating Income¹ 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. Loss from Change in Fair Value of Equity and Convertible Securities, 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. Acquisition Related Transaction, Integration and Other Costs may vary significantly between periods and are generally driven by the timing of acquisitions and business decisions which are unrelated to the insurance underwriting process. 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 Income from Continuing Operations to Adjusted Consolidated Net Operating Income¹ for the three months ended March 31, 2019 and 2018 is presented below.

(Dollars in Millions) (Unaudited)	Three Months Ended	
	Mar 31, 2019	Mar 31, 2018
Income from Continuing Operations	\$ 155.3	\$ 53.6
Less Net Income (Loss) From:		
Income from Change in Fair Value of Equity and Convertible Securities	50.9	0.6
Net Realized Gains on Sales of Investments	12.7	2.1
Net Impairment Losses Recognized in Earnings	(2.8)	(0.4)
Acquisition Related Transaction, Integration and Other Costs	(4.4)	(6.2)
Adjusted Consolidated Net Operating Income ¹	<u>\$ 98.9</u>	<u>\$ 57.5</u>

Diluted Adjusted Consolidated Net Operating Income Per Unrestricted Share¹

Diluted Adjusted Consolidated Net Operating Income Per Unrestricted Share¹ is a non-GAAP financial measure computed by dividing Adjusted Consolidated Net Operating Income¹ attributed to unrestricted shares by the weighted-average unrestricted shares and equivalent shares outstanding. The most directly comparable GAAP financial measure is Diluted Income from Continuing Operations Per Unrestricted Share.

A reconciliation of Diluted Income from Continuing Operations Per Unrestricted Share to Diluted Adjusted Consolidated Net Operating Income Per Unrestricted Share¹ for the three months ended March 31, 2019 and 2018 is presented below.

(Unaudited)	Three Months Ended	
	Mar 31, 2019	Mar 31, 2018
Diluted Income from Continuing Operations Per Unrestricted Share	\$ 2.35	\$ 1.02
Less Net Income (Loss) Per Unrestricted Share From:		
Income from Change in Fair Value of Equity and Convertible Securities	0.77	0.01
Net Realized Gains on Sales of Investments	0.19	0.04
Net Impairment Losses Recognized in Earnings	(0.04)	(0.01)
Acquisition Related Transaction and Integration Costs	(0.07)	(0.12)
Diluted Adjusted Consolidated Net Operating Income Per Unrestricted Share ¹	<u>\$ 1.50</u>	<u>\$ 1.10</u>

Book Value Per Share Excluding Net Unrealized Gains on Fixed Maturities¹

Book Value Per Share Excluding Net Unrealized Gains on Fixed Maturities¹ is a ratio that uses a non-GAAP financial measure. It is calculated by dividing shareholders' equity after excluding the after-tax impact of net unrealized gains on fixed income securities by total Common Shares Issued and Outstanding. Book Value Per Share is the most directly comparable GAAP financial measure. Kemper uses the 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. Kemper believes the non-GAAP financial measure is useful to investors because it eliminates the effect of items that can fluctuate significantly from period to period and are generally driven by economic developments, primarily capital market conditions, the magnitude and timing of which are not influenced by management. Kemper believes it enhances understanding and comparability of performance by highlighting underlying business activity and profitability drivers.

A reconciliation of the numerator used in the computation of Book Value Per Share Excluding Net Unrealized Gains on Fixed Maturities¹ and Book Value Per Share at March 31, 2019 and December 31, 2018 is presented below.

(Dollars in Millions) (Unaudited)	Mar 31, 2019	Dec 31, 2018
Shareholders' Equity	\$ 3,320.1	\$ 3,050.1
Net Unrealized Gains on Fixed Maturities	241.9	110.4
Shareholders' Equity Excluding Net Unrealized Gains on Fixed Maturities ¹	<u>\$ 3,078.2</u>	<u>\$ 2,939.7</u>

Underlying Combined Ratio¹

Underlying Combined Ratio¹ is a non-GAAP financial measure that 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. Kemper believes the underlying combined ratio is useful to investors and is used by management to reveal the trends in Kemper's property and casualty insurance businesses that may be obscured by catastrophe losses and prior-year reserve development. These catastrophe losses may cause loss trends to vary significantly between periods as a result of their incidence of occurrence and magnitude, and can have a significant impact on incurred losses and LAE and the combined ratio. Prior-year reserve development is caused by unexpected loss development on historical reserves. Because reserve development relates to the re-estimation of losses from earlier periods, it has no bearing on the performance of the company's insurance products in the current period. Kemper believes it is useful for investors to evaluate these components separately and in the aggregate when reviewing its underwriting performance. The underlying combined ratio¹ should not be considered a substitute for the combined ratio and does not reflect the overall underwriting profitability of our business.

As Adjusted for Acquisition¹

As Adjusted for Acquisition¹ amounts are non-GAAP financial measures. For three months ended March 31, 2019, as adjusted amounts are computed by subtracting the impact of purchase accounting adjustments from the comparable consolidated GAAP financial measure reported by Kemper. For the three months ended March 31, 2019, as adjusted amounts are computed by adding the historical results of Infinity reported on a GAAP basis to the comparable consolidated GAAP financial measure reported by Kemper. Per share amounts on an acquisition-adjusted basis for the three months ended March 31, 2018 are computed by adjusting the denominator used in the calculation of diluted net income per share by adding the number of shares issued by Kemper on July 2, 2018 in connection with the acquisition to the diluted weighted-average shares outstanding reported by Kemper on a GAAP basis for the three months ended March 31, 2018. The Company believes computing and presenting results on an adjusted basis are useful to investors and are used by management to provide meaningful and comparable year-over-year comparisons.

A reconciliation of the As Adjusted for Acquisition¹ non-GAAP financial measures used in this press release to the comparable GAAP financial measure for the three months ended March 31, 2019 is presented below.

(Dollars in Millions, Except Per Share Amounts) (Unaudited)	Kemper Consolidated GAAP Financial Measure	Less Impact of Purchase Accounting Adjustments	As Adjusted for Acquisition ¹
Net Income	\$ 155.3	\$ 2.1	\$ 153.2
Net Income Per Share - Diluted	<u>\$ 2.35</u>	<u>\$ 0.03</u>	<u>\$ 2.32</u>
Specialty Property & Casualty Insurance Segment:			
Earned Premiums	\$ 729.3	\$ —	\$ 729.3
Segment Net Operating Income	<u>\$ 79.0</u>	<u>\$ 3.1</u>	<u>\$ 75.9</u>

A reconciliation of the As Adjusted for Acquisition¹ non-GAAP financial measures used in this press release to the comparable GAAP financial measure for the three months ended March 31, 2018 is presented below.

(Dollars in Millions) (Unaudited)	Kemper Consolidated GAAP Financial Measure	Infinity Prior to Acquisition	As Adjusted for Acquisition ¹
Net Income	\$ 53.8	\$ 20.1	\$ 73.9
Specialty Property & Casualty Insurance Segment:			
Earned Premiums	\$ 278.4	\$ 354.0	\$ 632.4
Segment Net Operating Income	\$ 23.4	\$ 26.4	\$ 49.8

A computation of Diluted Net Income Per Share - As Adjusted for Acquisition¹ for the three months ended March 31, 2018 is presented below.

(Dollars and Shares in Millions, Except Per Share Amounts) (Unaudited)	As Adjusted for Acquisition ¹
<u>Dollars in Millions</u>	
Net Income - As Adjusted for Acquisition ¹	\$ 73.9
Less Income from Continuing Operations Attributed to Participating Awards - As Reported	0.5
Diluted Net Income Attributed to Unrestricted Shares - As Adjusted for Acquisition ¹	\$ 73.4
<u>Shares in Millions</u>	
Weighted-average Unrestricted Shares and Equivalent Shares Outstanding Assuming Dilution - As Reported	51.9
Shares Issued in Connection with Acquisition of Infinity	13.2
Weighted-average Unrestricted Shares and Equivalent Shares Outstanding Assuming Dilution - As Adjusted for Acquisition ¹	65.1
<u>In Dollars</u>	
Diluted Net Income Per Share - As Adjusted for Acquisition ¹	\$ 1.13

Conference Call

Kemper will discuss its first quarter 2019 results in a conference call on Monday, April 29, at 4:15 p.m. Eastern (3:15 p.m. Central) Time. Kemper's conference call will be accessible via the internet and by telephone. The phone number for Kemper's conference call is **844.826.3041**. To listen via webcast, register online at the investor section of kemper.com at least 15 minutes prior to the webcast to download and install any necessary software.

A replay of the call will be available online at the investor section of kemper.com.

More detailed financial information can be found in Kemper's Investor Financial Supplement and Earnings Call Presentation for the first quarter of 2019, which is available at the investor section of kemper.com.

About Kemper

The Kemper family of companies is one of the nation's leading insurers. With \$12 billion in assets, Kemper is improving the world of insurance by offering personalized solutions for individuals, families and businesses. Through our businesses, Kemper:

- Offers insurance for auto, home, life, health and valuables
- Services 6.3 million policies
- Is represented by 30,000 agents and brokers
- Employs over 8,100 associates dedicated to providing exceptional service
- Is licensed to sell insurance in 50 states and the District of Columbia

Learn more about Kemper.

Cautionary Statements Regarding Forward-Looking Information

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

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

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