



**Investor Supplement
Second Quarter 2019**

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 Forms 10-K, 10-Q and 8-K filed with the U.S. Securities and Exchange Commission (the "SEC"). 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 33.

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 August 5, 2019, the date this Investor Supplement was included as an exhibit to the Company's Current Report on Form 8-K. 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 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 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
Second Quarter 2019
Table of Contents

	Page
Consolidated Financial Highlights	3
Consolidated Statements of Operations	4
Consolidated Balance Sheets	5
Consolidated Statements of Cash Flows	6-7
Capital Metrics	8-9
Debt Outstanding and Ratings	10
Segment Summary Results:	
Revenues	11
Operating Profit (Loss)	12
Net Operating Income (Loss)	12
Catastrophe Frequency and Severity	13
Preferred Property & Casualty Insurance Segment - Results of Operations and Selected Financial Information	14 - 15
Preferred Personal Automobile Insurance	16
Homeowners and Other Personal Insurance	17
Homeowners Insurance	18
Other Personal Insurance	19
Specialty Property & Casualty Insurance Segment - Results of Operations and Selected Financial Information	20
Specialty Personal Automobile Insurance	21
Commercial Automobile Insurance	22
Life & Health Insurance Segment - Results of Operations and Selected Financial Information	23
Life Insurance	24
Accident and Health Insurance	24
Property Insurance	25
Insurance Expenses and Interest and Other Expenses	26
Details of Investment Performance	27
Details of Invested Assets	28 - 29
Investment Concentration	30
Municipal Bond Securities	31
Investments in Limited Liability Companies and Limited Partnerships	32
Definitions of Non-GAAP Financial Measures	33 - 34
As Adjusted for Acquisition	35
As Adjusted - Selected Consolidated Financial Information	36
As Adjusted - Specialty Property & Casualty Insurance Segment Selected Financial Information	37
As Adjusted - Specialty Personal Automobile Insurance Selected Financial Information	38

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

	Three Months Ended						Six Months Ended	
	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018	Jun 30, 2019	Jun 30, 2018
<u>For Period Ended</u>								
Earned Premiums	\$ 1,116.6	\$ 1,074.8	\$ 1,063.6	\$ 1,052.9	\$ 658.1	\$ 609.8	\$ 2,191.4	\$ 1,267.9
Net Investment Income	96.0	82.7	91.3	92.0	78.4	79.2	178.7	157.6
Other Income	22.7	1.9	2.0	37.8	1.2	1.2	24.6	2.4
Income (Loss) from Change in Fair Value of Equity and Convertible Securities	25.5	64.4	(76.4)	11.0	0.4	0.7	89.9	1.1
Net Investment Gains	14.6	12.5	14.2	1.8	3.8	2.1	27.1	5.9
Total Revenues	<u>\$ 1,275.4</u>	<u>\$ 1,236.3</u>	<u>\$ 1,094.7</u>	<u>\$ 1,195.5</u>	<u>\$ 741.9</u>	<u>\$ 693.0</u>	<u>\$ 2,511.7</u>	<u>\$ 1,434.9</u>
Net Income	\$ 122.1	\$ 155.3	\$ 6.5	\$ 92.2	\$ 37.6	\$ 53.8	\$ 277.4	\$ 91.4
Income from Continuing Operations	\$ 122.1	\$ 155.3	\$ 5.0	\$ 92.3	\$ 37.5	\$ 53.6	\$ 277.4	\$ 91.1
Adjusted Consolidated Net Operating Income ¹	\$ 91.5	\$ 98.9	\$ 59.9	\$ 104.5	\$ 36.5	\$ 57.5	\$ 190.4	\$ 94.0
Per Unrestricted Common Share Amounts:								
<u>Basic:</u>								
Net Income	\$ 1.87	\$ 2.38	\$ 0.10	\$ 1.42	\$ 0.73	\$ 1.03	\$ 4.25	\$ 1.77
Income from Continuing Operations	\$ 1.87	\$ 2.38	\$ 0.08	\$ 1.42	\$ 0.73	\$ 1.03	\$ 4.25	\$ 1.76
Adjusted Consolidated Net Operating Income ¹	\$ 1.39	\$ 1.52	\$ 0.92	\$ 1.61	\$ 0.70	\$ 1.11	\$ 2.91	\$ 1.81
<u>Diluted:</u>								
Net Income	\$ 1.84	\$ 2.35	\$ 0.10	\$ 1.40	\$ 0.73	\$ 1.02	\$ 4.20	\$ 1.76
Income from Continuing Operations	\$ 1.84	\$ 2.35	\$ 0.08	\$ 1.40	\$ 0.73	\$ 1.02	\$ 4.20	\$ 1.75
Adjusted Consolidated Net Operating Income ¹	\$ 1.38	\$ 1.50	\$ 0.91	\$ 1.59	\$ 0.70	\$ 1.10	\$ 2.88	\$ 1.80
Dividends Paid to Shareholders Per Share	\$ 0.25	\$ 0.25	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.50	\$ 0.48
<u>At Period End</u>								
Total Assets	\$ 12,616.5	\$ 12,182.2	\$ 11,544.9	\$ 11,772.6	\$ 8,840.5	\$ 8,371.0		
Insurance Reserves	\$ 5,492.9	\$ 5,437.2	\$ 5,433.6	\$ 5,370.5	\$ 4,603.2	\$ 4,539.4		
Debt	\$ 873.3	\$ 908.5	\$ 909.0	\$ 1,123.7	\$ 951.8	\$ 592.3		
Shareholders' Equity	\$ 3,683.7	\$ 3,320.1	\$ 3,050.1	\$ 3,063.8	\$ 2,045.7	\$ 2,063.8		
Shareholders' Equity Excluding Goodwill ^{1,2}	\$ 2,569.7	\$ 2,208.6	\$ 1,937.7	\$ 1,972.6	\$ 1,722.7	\$ 1,740.8		
Common Shares Issued and Outstanding (In Millions)	66.564	64.931	64.757	64.738	51.559	51.533		
Book Value Per Share ²	\$ 55.34	\$ 51.13	\$ 47.10	\$ 47.33	\$ 39.68	\$ 40.05		
Book Value Per Share Excluding Goodwill ^{1,2}	\$ 38.60	\$ 34.01	\$ 29.92	\$ 30.47	\$ 33.41	\$ 33.78		
Book Value Per Share Excluding Net Unrealized Gains on Fixed Maturities ^{1,2}	\$ 49.82	\$ 47.41	\$ 45.40	\$ 45.66	\$ 36.85	\$ 36.35		
Book Value Per Share Excluding Net Unrealized Gains on Fixed Maturities and Goodwill ^{1,2} ...	\$ 33.08	\$ 30.29	\$ 28.22	\$ 28.81	\$ 30.59	\$ 30.08		
Debt to Total Capitalization ²	19.2%	21.5%	23.0%	26.8%	31.8%	22.3%		
Rolling 12 Months Return on 5-point Average Shareholders Equity ^{2,3}	12.4%	10.8%	7.7%	9.7%	8.5%	8.5%		

¹ Non-GAAP Financial Measure. See page 33 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						Six Months Ended	
	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018	Jun 30, 2019	Jun 30, 2018
Revenues:								
Earned Premiums	\$ 1,116.6	\$ 1,074.8	\$ 1,063.6	\$ 1,052.9	\$ 658.1	\$ 609.8	\$ 2,191.4	\$ 1,267.9
Net Investment Income	96.0	82.7	91.3	92.0	78.4	79.2	178.7	157.6
Other Income	22.7	1.9	2.0	37.8	1.2	1.2	24.6	2.4
Income (Loss) from Change in Fair Value of Equity and Convertible Securities	25.5	64.4	(76.4)	11.0	0.4	0.7	89.9	1.1
Net Realized Gains on Sales of Investments	21.3	16.1	16.4	3.6	3.8	2.6	37.4	6.4
Other-than-temporary Impairment Losses:								
Total Other-than-temporary Impairment Losses	(6.7)	(3.5)	(2.2)	(1.8)	—	(0.5)	(10.2)	(0.5)
Portion of Losses Recognized in Other Comprehensive Income	—	(0.1)	—	—	—	—	(0.1)	—
Net Impairment Losses Recognized in Earnings	(6.7)	(3.6)	(2.2)	(1.8)	—	(0.5)	(10.3)	(0.5)
Total Revenues	1,275.4	1,236.3	1,094.7	1,195.5	741.9	693.0	2,511.7	1,434.9
Expenses:								
Policyholders' Benefits and Incurred Losses and Loss Adjustment Expenses	825.4	765.4	772.8	757.3	499.5	436.9	1,590.8	936.4
Insurance Expenses	263.5	234.8	273.2	296.0	171.2	160.1	498.3	331.3
Interest and Other Expenses	38.0	41.4	42.6	61.7	25.7	29.0	79.4	54.7
Total Expenses	1,126.9	1,041.6	1,088.6	1,115.0	696.4	626.0	2,168.5	1,322.4
Income from Continuing Operations before Income Taxes	148.5	194.7	6.1	80.5	45.5	67.0	343.2	112.5
Income Tax Benefit (Expense)	(26.4)	(39.4)	(1.1)	11.8	(8.0)	(13.4)	(65.8)	(21.4)
Income from Continuing Operations	122.1	155.3	5.0	92.3	37.5	53.6	277.4	91.1
Discontinued Operations:								
Income (Loss) from Discontinued Operations before Income Taxes	—	—	2.1	(0.2)	0.1	0.3	—	0.4
Income Tax Benefit (Expense)	—	—	(0.6)	0.1	—	(0.1)	—	(0.1)
Income (Loss) from Discontinued Operations	—	—	1.5	(0.1)	0.1	0.2	—	0.3
Net Income	\$ 122.1	\$ 155.3	\$ 6.5	\$ 92.2	\$ 37.6	\$ 53.8	\$ 277.4	\$ 91.4
Income from Continuing Operations Per Unrestricted Share:								
Basic	\$ 1.87	\$ 2.38	\$ 0.08	\$ 1.42	\$ 0.73	\$ 1.03	\$ 4.25	\$ 1.76
Diluted	\$ 1.84	\$ 2.35	\$ 0.08	\$ 1.40	\$ 0.73	\$ 1.02	\$ 4.20	\$ 1.75
Net Income Per Unrestricted Share:								
Basic	\$ 1.87	\$ 2.38	\$ 0.10	\$ 1.42	\$ 0.73	\$ 1.03	\$ 4.25	\$ 1.77
Diluted	\$ 1.84	\$ 2.35	\$ 0.10	\$ 1.40	\$ 0.73	\$ 1.02	\$ 4.20	\$ 1.76
Dividends Paid to Shareholders Per Share	\$ 0.25	\$ 0.25	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.50	\$ 0.48
Weighted Average Unrestricted Common Shares Outstanding (in Millions)	65.408	64.815	64.748	64.580	51.550	51.503	65.113	51.527

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

	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018
Assets:						
Investments:						
Fixed Maturities at Fair Value	\$ 6,540.2	\$ 6,573.1	\$ 6,424.2	\$ 6,108.6	\$ 5,260.3	\$ 5,301.2
Equity Securities at Fair Value	923.3	916.9	684.4	815.8	514.9	568.2
Equity Securities at Modified Cost	38.1	39.2	41.5	50.9	54.1	59.3
Equity Method Limited Liability Investments at Cost Plus Cumulative Undistributed Earnings	219.7	197.8	187.0	170.0	170.9	168.8
Convertible Securities at Fair Value	34.3	33.8	31.5	—	—	—
Short-term Investments at Cost which Approximates Fair Value	642.5	350.4	286.1	688.5	169.0	188.8
Other Investments	442.8	425.6	414.8	412.8	411.7	413.0
Total Investments	8,840.9	8,536.8	8,069.5	8,246.6	6,580.9	6,699.3
Cash	104.4	107.0	75.1	92.8	649.9	115.4
Receivables from Policyholders	1,095.2	1,048.6	1,007.1	1,029.9	407.5	386.0
Other Receivables	248.1	254.6	245.4	243.1	189.2	187.9
Deferred Policy Acquisition Costs	521.0	499.2	470.0	447.4	388.9	378.0
Goodwill	1,114.0	1,111.5	1,112.4	1,091.2	323.0	323.0
Current Income Tax Assets	41.0	19.7	38.9	58.1	0.9	—
Deferred Income Tax Assets	—	—	—	—	10.6	—
Other Assets	651.9	604.8	526.5	563.5	289.6	281.4
Total Assets	\$12,616.5	\$12,182.2	\$11,544.9	\$11,772.6	\$ 8,840.5	\$ 8,371.0
Liabilities and Shareholders' Equity:						
Insurance Reserves:						
Life and Health	\$ 3,581.0	\$ 3,568.5	\$ 3,558.7	\$ 3,551.4	\$ 3,543.5	\$ 3,534.3
Property and Casualty	1,911.9	1,868.7	1,874.9	1,819.1	1,059.7	1,005.1
Total Insurance Reserves	5,492.9	5,437.2	5,433.6	5,370.5	4,603.2	4,539.4
Unearned Premiums	1,545.6	1,499.5	1,424.3	1,470.9	723.8	690.2
Current Income Tax Liabilities	—	—	—	—	—	0.2
Deferred Income Tax Liabilities	124.1	82.6	26.2	40.4	—	1.1
Liability for Unrecognized Tax Benefits	—	3.9	4.4	4.5	9.2	8.1
Collateralized Investment Borrowings	155.0	187.7	10.0	10.0	10.0	10.0
Long-term Debt, Current and Non-current, at Amortized Cost	873.3	908.5	909.0	1,123.7	951.8	592.3
Accrued Expenses and Other Liabilities	741.9	742.7	687.3	688.8	496.8	465.9
Total Liabilities	8,932.8	8,862.1	8,494.8	8,708.8	6,794.8	6,307.2
Shareholders' Equity:						
Common Stock	6.7	6.5	6.5	6.5	5.2	5.1
Paid-in Capital	1,806.4	1,673.0	1,666.3	1,661.3	681.5	676.9
Retained Earnings	1,593.7	1,489.7	1,355.5	1,365.1	1,289.4	1,264.9
Accumulated Other Comprehensive Income	276.9	150.9	21.8	30.9	69.6	116.9
Total Shareholders' Equity	3,683.7	3,320.1	3,050.1	3,063.8	2,045.7	2,063.8
Total Liabilities and Shareholders' Equity	\$12,616.5	\$12,182.2	\$11,544.9	\$11,772.6	\$ 8,840.5	\$ 8,371.0

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

	Six Months Ended	
	Jun 30, 2019	Jun 30, 2018
Operating Activities:		
Net Income	\$ 277.4	\$ 91.4
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Amortization of Intangible Assets Acquired	16.7	1.8
Equity in Earnings of Equity Method Limited Liability Investments	(1.0)	(8.5)
Distribution of Accumulated Earnings of Equity Method Limited Liability Investments	6.3	5.0
Increase in Value of Equity Securities at Fair Value	(89.9)	(1.1)
Amortization of Investment Securities and Depreciation of Investment Real Estate	5.9	2.9
Net Realized Gains on Sales of Investments	(37.4)	(6.4)
Net Impairment Losses Recognized in Earnings	10.3	0.5
Depreciation of Property and Equipment	14.8	8.2
Increase in Receivables	(95.0)	(38.7)
Increase in Deferred Policy Acquisition Costs	(51.1)	(23.5)
Increase in Insurance Reserves	56.2	65.8
Increase in Unearned Premiums	121.3	69.9
Change in Income Taxes	23.2	18.8
Change in Accrued Expenses and Other Liabilities	(22.5)	0.3
Other, Net	1.3	5.0
Net Cash Provided by Operating Activities (Carryforward to page 7)	236.5	191.4

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

	Six Months Ended	
	Jun 30, 2019	Jun 30, 2018
Net Cash Provided by Operating Activities (Carryforward from page 6)	<u>236.5</u>	<u>191.4</u>
Investing Activities:		
Sales, Paydowns and Maturities of Fixed Maturities	959.0	607.5
Purchases of Fixed Maturities	(721.5)	(633.7)
Sales of Equity Securities	82.7	122.9
Purchases of Equity Securities	(231.7)	(61.9)
Return of Investment of Equity Method Limited Liability Investments	13.7	6.2
Acquisitions of Equity Method Limited Liability Investments	(51.6)	(12.6)
Decrease (Increase) in Short-term Investments	(353.4)	67.6
Improvements of Investment Real Estate	(0.6)	(0.4)
Increase (Decrease) in Other Investments	(29.2)	2.1
Purchase of Corporate-owned Life Insurance	(50.0)	—
Acquisition of Software and Long-lived Assets	(30.7)	(32.8)
Other, Net	(0.3)	3.3
Net Cash Provided (Used) by Investing Activities	<u>(413.6)</u>	<u>68.2</u>
Financing Activities:		
Net Proceeds from Issuances of Long-term Debt	—	249.4
Repayments of Long-term Debt	(35.0)	—
Dividends and Dividend Equivalents Paid	(32.8)	(24.9)
Proceeds from Advances from FHLB	—	110.0
Proceeds from Collateralized Investment Borrowings	259.0	10.0
Repayment of Collateralized Investment Borrowing	(113.9)	—
Proceeds from Issuance of Common Stock, Net of Transaction Costs	127.5	—
Cash Exercise of Stock Options	2.0	0.6
Other, Net	(0.4)	(0.5)
Net Cash Provided by Financing Activities	<u>206.4</u>	<u>344.6</u>
Increase in Cash	<u>29.3</u>	<u>604.2</u>
Cash, Beginning of Year	<u>75.1</u>	<u>45.7</u>
Cash, End of Period	<u>\$ 104.4</u>	<u>\$ 649.9</u>

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

	Three Months Ended					
	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018
<u>Book Value Per Share</u>						
<u>Numerator</u>						
Shareholders' Equity	\$ 3,683.7	\$ 3,320.1	\$ 3,050.1	\$ 3,063.8	\$ 2,045.7	\$ 2,063.8
Less: Goodwill	(1,114.0)	(1,111.5)	(1,112.4)	(1,091.2)	(323.0)	(323.0)
Shareholders' Equity Excluding Goodwill ¹	\$ 2,569.7	\$ 2,208.6	\$ 1,937.7	\$ 1,972.6	\$ 1,722.7	\$ 1,740.8
Shareholders' Equity	\$ 3,683.7	\$ 3,320.1	\$ 3,050.1	\$ 3,063.8	\$ 2,045.7	\$ 2,063.8
Less: Net Unrealized Gains on Fixed Maturities	(367.8)	(241.9)	(110.4)	(107.6)	(145.6)	(190.5)
Shareholders' Equity Excluding Net Unrealized Gains on Fixed Maturities ¹	\$ 3,315.9	\$ 3,078.2	\$ 2,939.7	\$ 2,956.2	\$ 1,900.1	\$ 1,873.3
Less: Goodwill	(1,114.0)	(1,111.5)	(1,112.4)	(1,091.2)	(323.0)	(323.0)
Shareholders' Equity Excluding Net Unrealized Gains on Fixed Maturities and Goodwill ¹	\$ 2,201.9	\$ 1,966.7	\$ 1,827.3	\$ 1,865.0	\$ 1,577.1	\$ 1,550.3
<u>Denominator</u>						
Common Shares Issued and Outstanding	66.564	64.931	64.757	64.738	51.559	51.533
Book Value Per Share	\$ 55.34	\$ 51.13	\$ 47.10	\$ 47.33	\$ 39.68	\$ 40.05
Book Value Per Share Excluding Goodwill ¹	\$ 38.60	\$ 34.01	\$ 29.92	\$ 30.47	\$ 33.41	\$ 33.78
Book Value Per Share Excluding Net Unrealized Gains on Fixed Maturities ¹	\$ 49.82	\$ 47.41	\$ 45.40	\$ 45.66	\$ 36.85	\$ 36.35
Book Value Per Share Excluding Net Unrealized Gains on Fixed Maturities and Goodwill ¹	\$ 33.08	\$ 30.29	\$ 28.22	\$ 28.81	\$ 30.59	\$ 30.08
<u>Return on Shareholders' Equity</u>						
<u>Numerator</u>						
Rolling 12 Months Net Income	\$ 376.1	\$ 291.6	\$ 190.1	\$ 220.5	\$ 176.0	\$ 175.0
<u>Denominator (5-point Average)</u>						
5-point Average Shareholders' Equity	\$ 3,032.7	\$ 2,708.7	\$ 2,467.8	\$ 2,274.3	\$ 2,068.2	\$ 2,055.8
Rolling 12 Months Return on Average Shareholders' Equity (5-point Average)	12.4%	10.8%	7.7%	9.7%	8.5%	8.5%
<u>Return on Shareholders' Equity Excluding Goodwill¹</u>						
<u>Denominator (5-point Average)</u>						
5-point Average Shareholders' Equity Excluding Goodwill ¹	\$ 2,082.3	\$ 1,916.5	\$ 1,833.3	\$ 1,797.6	\$ 1,745.2	\$ 1,732.8
Rolling 12 Months Return on Average Shareholders' Equity Excluding Goodwill (5-point Average) ¹	18.1%	15.2%	10.4%	12.3%	10.1%	10.1%
<u>Return on Shareholders' Equity Excluding Net Unrealized Gains on Fixed Maturities¹</u>						
<u>Denominator (5-point Average)</u>						
5-point Average Shareholders' Equity Excluding Net Unrealized Gains on Fixed Maturities ¹	\$ 2,838.0	\$ 2,549.5	\$ 2,299.9	\$ 2,081.0	\$ 1,850.2	\$ 1,827.3
Rolling 12 Months Return on Average Shareholders' Equity Excluding Net Unrealized Gains on Fixed Maturities (5-point Average) ¹	13.3%	11.4%	8.3%	10.6%	9.5%	9.6%
<u>Return on Shareholders' Equity Excluding Net Unrealized Gains on Fixed Maturities and Goodwill¹</u>						
<u>Denominator (5-point Average)</u>						
5-point Average Shareholders' Equity Excluding Net Unrealized Gains on Fixed Maturities and Goodwill ¹	\$ 1,887.6	\$ 1,757.3	\$ 1,665.4	\$ 1,604.4	\$ 1,527.2	\$ 1,504.3
Rolling 12 Months Return on Average Shareholders' Equity Excluding Net Unrealized Gains on Fixed Maturities and Goodwill (5-point Average) ¹	19.9%	16.6%	11.4%	13.7%	11.5%	11.6%

¹ Non-GAAP financial measure. See definitions beginning on page 33.

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

	Three Months Ended					
	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018
<u>Debt and Total Capitalization</u>						
Debt	\$ 873.3	\$ 908.5	\$ 909.0	\$ 1,123.7	\$ 951.8	\$ 592.3
Shareholders' Equity	3,683.7	3,320.1	3,050.1	3,063.8	2,045.7	2,063.8
Total Capitalization	<u>\$ 4,557.0</u>	<u>\$ 4,228.6</u>	<u>\$ 3,959.1</u>	<u>\$ 4,187.5</u>	<u>\$ 2,997.5</u>	<u>\$ 2,656.1</u>
Ratio of Debt to Shareholders' Equity	<u>23.7%</u>	<u>27.4%</u>	<u>29.8%</u>	<u>36.7%</u>	<u>46.5%</u>	<u>28.7%</u>
Ratio of Debt to Total Capitalization	<u>19.2%</u>	<u>21.5%</u>	<u>23.0%</u>	<u>26.8%</u>	<u>31.8%</u>	<u>22.3%</u>
<u>Parent Company Liquidity</u>						
Kemper Holding Company Cash and Investments	\$ 312.7	\$ 118.6	\$ 100.6	\$ 91.3	\$ 708.6	\$ 184.4
Borrowings Available Under Credit Agreement	400.0	300.0	300.0	300.0	300.0	225.0
Parent Company Liquidity	<u>\$ 712.7</u>	<u>\$ 418.6</u>	<u>\$ 400.6</u>	<u>\$ 391.3</u>	<u>\$ 1,008.6</u>	<u>\$ 409.4</u>
<u>Capital Returned to Shareholders</u>						
Cash Dividends Paid	<u>16.4</u>	<u>16.2</u>	<u>15.6</u>	<u>15.6</u>	<u>12.4</u>	<u>12.5</u>

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

	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018
Kemper Corporation:						
Term Loan due June 29, 2020	—	\$ 34.9	\$ 34.9	\$ 249.4	\$ 249.4	\$ —
Senior Notes at Amortized Cost:						
5.0% Senior Notes due September 19, 2022	280.6	281.0	281.5	281.7	—	—
4.35% Senior Notes due February 15, 2025	448.5	448.4	448.4	448.4	448.2	448.1
7.375% Subordinated Debentures due February 27, 2054 at Amortized Cost	144.2	144.2	144.2	144.2	144.2	144.2
Debt Outstanding	<u>\$ 873.3</u>	<u>\$ 908.5</u>	<u>\$ 909.0</u>	<u>\$ 1,123.7</u>	<u>\$ 841.8</u>	<u>\$ 592.3</u>

Federal Home Loan Bank Advances to Insurance Subsidiaries:

Reported as Collateralized Investment Borrowings:

Federal Home Loan Bank of Chicago	\$ 155.0	\$ 187.7	\$ 10.0	\$ 10.0	\$ 10.0	\$ 10.0
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Reported as Debt Outstanding:

Federal Home Loan Bank of Dallas	\$ —	\$ —	\$ —	\$ —	\$ 55.0	\$ —
Federal Home Loan Bank of Chicago	—	—	—	—	55.0	—

As of Date of Financial Supplement

Kemper Debt Ratings:

5.0% Senior Notes due September 19, 2022	bbb-	Baa3	BBB-	—
4.35% Senior Notes due February 15, 2025	bbb-	Baa3	BBB-	BBB-
7.375% Subordinated Debentures due February 27, 2054 at Amortized Cost	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
Infinity Insurance Company	A-	A3	A-	NR

NR - Not Rated

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

	Three Months Ended						Six Months Ended	
	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018	Jun 30, 2019	Jun 30, 2018
Revenues:								
Preferred Property & Casualty Insurance:								
Earned Premiums:								
Preferred Automobile	\$ 117.9	\$ 115.4	\$ 115.2	\$ 111.4	\$ 108.7	\$ 104.9	\$ 233.3	\$ 213.6
Homeowners	60.8	60.3	63.6	62.5	62.2	61.8	121.1	124.0
Other Personal	9.8	9.9	10.0	10.1	10.2	10.1	19.7	20.3
Total Preferred Property & Casualty Insurance Earned Premium	188.5	185.6	188.8	184.0	181.1	176.8	374.1	357.9
Net Investment Income	12.3	8.3	14.0	20.1	14.0	13.7	20.6	27.7
Total Preferred Property & Casualty Insurance Revenues	200.8	193.9	202.8	204.1	195.1	190.5	394.7	385.6
Specialty Property & Casualty Insurance:								
Earned Premiums:								
Specialty Automobile	703.7	669.6	660.5	655.3	307.5	266.2	1,373.3	573.7
Commercial Automobile	62.3	59.7	57.3	55.9	12.5	12.2	122.0	24.7
Total Specialty Property & Casualty Insurance Earned Premium	766.0	729.3	717.8	711.2	320.0	278.4	1,495.3	598.4
Net Investment Income	28.9	21.5	22.6	20.7	10.2	9.9	50.4	20.1
Other Income	1.0	0.8	0.8	0.9	0.4	0.3	1.8	0.7
Total Specialty Property & Casualty Insurance Revenues	795.9	751.6	741.2	732.8	330.6	288.6	1,547.5	619.2
Life & Health Insurance:								
Earned Premiums:								
Life	97.0	95.8	94.1	95.2	95.4	93.7	192.8	189.1
Accident and Health	47.9	46.9	45.5	44.9	43.8	43.3	94.8	87.1
Property	17.2	17.2	17.4	17.6	17.8	17.6	34.4	35.4
Total Life & Health Insurance Earned Premiums	162.1	159.9	157.0	157.7	157.0	154.6	322.0	311.6
Net Investment Income	53.0	51.7	51.7	51.0	54.5	53.7	104.7	108.2
Other Income	1.6	1.1	1.1	1.2	0.9	0.8	2.7	1.7
Total Life & Health Insurance Revenues	216.7	212.7	209.8	209.9	212.4	209.1	429.4	421.5
Total Segment Revenues	1,213.4	1,158.2	1,153.8	1,146.8	738.1	688.2	2,371.6	1,426.3
Income (Loss) from Change in Fair Value of Equity and Convertible Securities	25.5	64.4	(76.4)	11.0	0.4	0.7	89.9	1.1
Net Realized Gains on Sales of Investments	21.3	16.1	16.4	3.6	3.8	2.6	37.4	6.4
Net Impairment Losses Recognized in Earnings	(6.7)	(3.6)	(2.2)	(1.8)	—	(0.5)	(10.3)	(0.5)
Other	21.9	1.2	3.1	35.9	(0.4)	2.0	23.1	1.6
Total Revenues	\$ 1,275.4	\$ 1,236.3	\$ 1,094.7	\$ 1,195.5	\$ 741.9	\$ 693.0	\$ 2,511.7	\$ 1,434.9

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

	Three Months Ended						Six Months Ended	
	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018	Jun 30, 2019	Jun 30, 2018
<u>Segment Operating Profit (Loss):</u>								
Preferred Property & Casualty Insurance	\$ 6.4	\$ 3.3	\$ 6.6	\$ 14.1	\$ (8.7)	\$ 16.6	\$ 9.7	\$ 7.9
Specialty Property & Casualty Insurance	79.4	99.4	61.5	26.9	28.2	29.0	178.8	57.2
Life & Health Insurance	16.1	29.3	18.3	33.5	33.8	30.3	45.4	64.1
Total Segment Operating Profit	101.9	132.0	86.4	74.5	53.3	75.9	233.9	129.2
Corporate and Other Operating Income(Loss)	7.7	(8.6)	(11.4)	21.4	(8.4)	(5.5)	(0.9)	(13.9)
Total Operating Profit	109.6	123.4	75.0	95.9	44.9	70.4	233.0	115.3
Income (Loss) From:								
Change in Fair Value of Equity and Convertible Securities	25.5	64.4	(76.4)	11.0	0.4	0.7	89.9	1.1
Net Realized Gains on Sales of Investments	21.3	16.1	16.4	3.6	3.8	2.6	37.4	6.4
Net Impairment Losses Recognized in Earnings	(6.7)	(3.6)	(2.2)	(1.8)	—	(0.5)	(10.3)	(0.5)
Acquisition Related Transaction Integration and Other Costs	(1.2)	(5.6)	(6.7)	(28.2)	(3.6)	(6.2)	(6.8)	(9.8)
Income from Continuing Operations before Income Taxes	\$ 148.5	\$ 194.7	\$ 6.1	\$ 80.5	\$ 45.5	\$ 67.0	\$ 343.2	\$ 112.5
<u>Segment Net Operating Income (Loss):</u>								
Preferred Property & Casualty Insurance	\$ 5.2	\$ 2.8	\$ 6.0	\$ 12.2	\$ (6.0)	\$ 13.5	\$ 8.0	\$ 7.5
Specialty Property & Casualty Insurance	62.7	79.6	48.5	21.5	22.4	23.4	142.3	45.8
Life & Health Insurance	13.3	23.1	13.6	27.1	26.7	24.1	36.4	50.8
Total Segment Net Operating Income	81.2	105.5	68.1	60.8	43.1	61.0	186.7	104.1
Corporate and Other Net Operating Income (Loss) From:								
Effects of Tax Law Changes	—	—	0.4	26.0	—	—	—	—
Partial Satisfaction of Legal Judgment	15.9	—	—	28.2	—	—	15.9	—
Other	(5.6)	(6.6)	(8.6)	(10.5)	(6.6)	(3.5)	(12.2)	(10.1)
Corporate and Other Net Operating Income (Loss)	10.3	(6.6)	(8.2)	43.7	(6.6)	(3.5)	3.7	(10.1)
Adjusted Consolidated Net Operating Income	91.5	98.9	59.9	104.5	36.5	57.5	190.4	94.0
Net Income (Loss) From:								
Change in Fair Value of Equity and Convertible Securities	20.1	50.9	(60.4)	8.7	0.3	0.6	71.0	0.9
Net Realized Gains on Sales of Investments	16.8	12.7	13.0	2.8	3.0	2.1	29.5	5.1
Net Impairment Losses Recognized in Earnings	(5.3)	(2.8)	(1.8)	(1.4)	—	(0.4)	(8.1)	(0.4)
Acquisition Related Transaction, Integration and Other Costs	(1.0)	(4.4)	(5.7)	(22.3)	(2.3)	(6.2)	(5.4)	(8.5)
Income from Continuing Operations	\$ 122.1	\$ 155.3	\$ 5.0	\$ 92.3	\$ 37.5	\$ 53.6	\$ 277.4	\$ 91.1

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

Six Months Ended Jun 30, 2019

	Preferred Property & Casualty Insurance Segment		Specialty 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	Number of Events	Losses and LAE
Range of Losses and LAE Per Event:								
Below \$5	25	\$ 21.4	21	\$ 5.0	17	\$ 2.1	24	\$ 16.7
\$5 - \$10	1	5.3	—	—	—	—	3	16.1
\$10 - \$15	1	12.5	—	—	—	—	1	13.5
\$15 - \$20	—	—	—	—	—	—	—	—
\$20 - \$25	—	—	—	—	—	—	—	—
Greater Than \$25	—	—	—	—	—	—	—	—
Total	27	\$ 39.2	21	\$ 5.0	17	\$ 2.1	28	\$ 46.3

Six Months Ended Jun 30, 2018

	Preferred Property & Casualty Insurance Segment		Specialty 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	Number of Events	Losses and LAE
Range of Losses and LAE Per Event:								
Below \$5	24	\$ 22.9	16	\$ 2.2	15	\$ 1.2	23	\$ 21.0
\$5 - \$10	—	—	—	—	—	—	1	5.1
\$10 - \$15	2	24.8	—	—	—	—	2	25.0
\$15 - \$20	—	—	—	—	—	—	—	—
\$20 - \$25	—	—	—	—	—	—	—	—
Greater Than \$25	—	—	—	—	—	—	—	—
Total	26	\$ 47.7	16	\$ 2.2	15	\$ 1.2	26	\$ 51.1

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

	Three Months Ended						Six Months Ended	
	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018	Jun 30, 2019	Jun 30, 2018
Results of Operations								
Net Premiums Written	\$ 197.5	\$ 179.6	\$ 184.7	\$ 195.6	\$ 198.0	\$ 170.5	\$ 377.1	\$ 368.5
Earned Premiums:								
Preferred P&C:								
Earned Premiums	\$ 188.5	\$ 185.6	\$ 188.8	\$ 184.0	\$ 181.1	\$ 176.8	\$ 374.1	\$ 357.9
Net Investment Income	12.3	8.3	14.0	20.1	14.0	13.7	20.6	27.7
Total Revenues	200.8	193.9	202.8	204.1	195.1	190.5	394.7	385.6
Incurred Losses and LAE related to:								
Current Year:								
Non-catastrophe Losses and LAE	119.1	120.8	120.8	116.6	107.8	114.2	239.9	222.0
Catastrophe Losses and LAE	22.6	16.6	21.4	18.3	40.3	7.3	39.2	47.6
Prior Years:								
Non-catastrophe Losses and LAE	(4.3)	(5.1)	(3.0)	(1.9)	0.6	4.2	(9.4)	4.8
Catastrophe Losses and LAE	(0.9)	1.0	(0.8)	(0.2)	(1.8)	(5.4)	0.1	(7.2)
Total Incurred Losses and LAE	136.5	133.3	138.4	132.8	146.9	120.3	269.8	267.2
Insurance Expenses	57.9	57.3	57.8	57.2	56.9	53.6	115.2	110.5
Operating Profit (Loss)	6.4	3.3	6.6	14.1	(8.7)	16.6	9.7	7.9
Income Tax Benefit (Expense)	(1.2)	(0.5)	(0.6)	(1.9)	2.7	(3.1)	(1.7)	(0.4)
Segment Net Operating Income (Loss)	\$ 5.2	\$ 2.8	\$ 6.0	\$ 12.2	\$ (6.0)	\$ 13.5	\$ 8.0	\$ 7.5
Ratios Based On Earned Premiums								
Current Year Non-catastrophe Losses and LAE Ratio	63.2%	65.1%	64.0%	63.4%	59.5%	64.6%	64.1%	62.1%
Current Year Catastrophe Losses and LAE Ratio	12.0	8.9	11.3	9.9	22.3	4.1	10.5	13.3
Prior Years Non-catastrophe Losses and LAE Ratio	(2.3)	(2.7)	(1.6)	(1.0)	0.3	2.4	(2.5)	1.3
Prior Years Catastrophe Losses and LAE Ratio	(0.5)	0.5	(0.4)	(0.1)	(1.0)	(3.1)	—	(2.0)
Total Incurred Loss and LAE Ratio	72.4	71.8	73.3	72.2	81.1	68.0	72.1	74.7
Insurance Expense Ratio	30.7	30.9	30.6	31.1	31.4	30.3	30.8	30.9
Combined Ratio	103.1%	102.7%	103.9%	103.3%	112.5%	98.3%	102.9%	105.6%
Underlying Combined Ratio ¹								
Current Year Non-catastrophe Losses and LAE Ratio	63.2%	65.1%	64.0%	63.4%	59.5%	64.6%	64.1%	62.1%
Insurance Expense Ratio	30.7	30.9	30.6	31.1	31.4	30.3	30.8	30.9
Underlying Combined Ratio	93.9%	96.0%	94.6%	94.5%	90.9%	94.9%	94.9%	93.0%
Non-GAAP Measure Reconciliation								
Combined Ratio as Reported	103.1%	102.7%	103.9%	103.3%	112.5%	98.3%	102.9%	105.6%
Less:								
Current Year Catastrophe Losses and LAE Ratio	12.0	8.9	11.3	9.9	22.3	4.1	10.5	13.3
Prior Years Non-catastrophe Losses and LAE Ratio	(2.3)	(2.7)	(1.6)	(1.0)	0.3	2.4	(2.5)	1.3
Prior Years Catastrophe Losses and LAE Ratio	(0.5)	0.5	(0.4)	(0.1)	(1.0)	(3.1)	—	(2.0)
Underlying Combined Ratio	93.9%	96.0%	94.6%	94.5%	90.9%	94.9%	94.9%	93.0%

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

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

	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018
<u>Insurance Reserves:</u>						
Preferred Automobile	\$ 264.5	\$ 268.0	\$ 270.0	\$ 272.3	\$ 276.3	\$ 278.8
Homeowners	131.6	133.5	147.9	139.4	137.2	124.6
Other Personal	34.0	34.3	35.0	32.6	34.8	35.3
Insurance Reserves	<u>\$ 430.1</u>	<u>\$ 435.8</u>	<u>\$ 452.9</u>	<u>\$ 444.3</u>	<u>\$ 448.3</u>	<u>\$ 438.7</u>
<u>Insurance Reserves:</u>						
Loss Reserves:						
Case	\$ 278.5	\$ 290.2	\$ 312.5	\$ 304.4	\$ 307.7	\$ 313.6
Incurred but Not Reported	120.2	113.0	110.0	109.0	109.6	95.5
Total Loss Reserves	398.7	403.2	422.5	413.4	417.3	409.1
LAE Reserves	31.4	32.6	30.4	30.9	31.0	29.6
Insurance Reserves	<u>\$ 430.1</u>	<u>\$ 435.8</u>	<u>\$ 452.9</u>	<u>\$ 444.3</u>	<u>\$ 448.3</u>	<u>\$ 438.7</u>

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

	Three Months Ended						Six Months Ended	
	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018	Jun 30, 2019	Jun 30, 2018
<u>Results of Operations</u>								
Net Premiums Written	\$ 123.4	\$ 116.5	\$ 115.7	\$ 119.3	\$ 120.9	\$ 106.2	\$ 239.9	\$ 227.1
Earned Premiums	\$ 117.9	\$ 115.4	\$ 115.2	\$ 111.4	\$ 108.7	\$ 104.9	\$ 233.3	\$ 213.6
Net Investment Income	5.8	3.9	6.5	9.3	6.5	6.3	9.7	12.8
Total Revenues	123.7	119.3	121.7	120.7	115.2	111.2	243.0	226.4
Incurred Losses and LAE related to:								
Current Year:								
Non-catastrophe Losses and LAE	82.9	80.2	85.6	74.9	74.7	73.6	163.1	148.3
Catastrophe Losses and LAE	1.7	2.5	0.4	2.3	3.9	0.6	4.2	4.5
Prior Years:								
Non-catastrophe Losses and LAE	(3.7)	(1.2)	(2.2)	(2.6)	(1.4)	0.5	(4.9)	(0.9)
Catastrophe Losses and LAE	—	(0.1)	—	—	(0.1)	—	(0.1)	(0.1)
Total Incurred Losses and LAE	80.9	81.4	83.8	74.6	77.1	74.7	162.3	151.8
Insurance Expenses	35.5	35.0	34.9	34.0	32.1	31.7	70.5	63.8
Operating Profit	7.3	2.9	3.0	12.1	6.0	4.8	10.2	10.8
Income Tax Expense	(1.5)	(0.5)	(0.3)	(2.0)	(1.0)	(0.8)	(2.0)	(1.8)
Total Product Line Net Operating Income (Loss)	\$ 5.8	\$ 2.4	\$ 2.7	\$ 10.1	\$ 5.0	\$ 4.0	\$ 8.2	\$ 9.0
<u>Ratios Based On Earned Premiums</u>								
Current Year Non-catastrophe Losses and LAE Ratio	70.3%	69.4%	74.3%	67.2%	68.7%	70.1%	69.9%	69.4%
Current Year Catastrophe Losses and LAE Ratio	1.4	2.2	0.3	2.1	3.6	0.6	1.8	2.1
Prior Years Non-catastrophe Losses and LAE Ratio	(3.1)	(1.0)	(1.9)	(2.3)	(1.3)	0.5	(2.1)	(0.4)
Prior Years Catastrophe Losses and LAE Ratio	—	(0.1)	—	—	(0.1)	—	—	—
Total Incurred Loss and LAE Ratio	68.6	70.5	72.7	67.0	70.9	71.2	69.6	71.1
Insurance Expense Ratio	30.1	30.3	30.3	30.5	29.5	30.2	30.2	29.9
Combined Ratio	98.7%	100.8%	103.0%	97.5%	100.4%	101.4%	99.8%	101.0%
<u>Underlying Combined Ratio</u>¹								
Current Year Non-catastrophe Losses and LAE Ratio	70.3%	69.4%	74.3%	67.2%	68.7%	70.1%	69.9%	69.4%
Insurance Expense Ratio	30.1	30.3	30.3	30.5	29.5	30.2	30.2	29.9
Underlying Combined Ratio	100.4%	99.7%	104.6%	97.7%	98.2%	100.3%	100.1%	99.3%
<u>Non-GAAP Measure Reconciliation</u>								
Combined Ratio	98.7%	100.8%	103.0%	97.5%	100.4%	101.4%	99.8%	101.0%
Less:								
Current Year Catastrophe Losses and LAE Ratio	1.4	2.2	0.3	2.1	3.6	0.6	1.8	2.1
Prior Years Non-catastrophe Losses and LAE Ratio	(3.1)	(1.0)	(1.9)	(2.3)	(1.3)	0.5	(2.1)	(0.4)
Prior Years Catastrophe Losses and LAE Ratio	—	(0.1)	—	—	(0.1)	—	—	—
Underlying Combined Ratio	100.4%	99.7%	104.6%	97.7%	98.2%	100.3%	100.1%	99.3%

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

	Three Months Ended				Six Months Ended			
	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018	Jun 30, 2019	Jun 30, 2018
Results of Operations								
Net Premiums Written	\$ 74.1	\$ 63.1	\$ 69.0	\$ 76.3	\$ 77.1	\$ 64.3	\$ 137.2	\$ 141.4
Earned Premiums	\$ 70.6	\$ 70.2	\$ 73.6	\$ 72.6	\$ 72.4	\$ 71.9	\$ 140.8	\$ 144.3
Net Investment Income	6.5	4.4	7.5	10.8	7.5	7.4	10.9	14.9
Total Revenues	77.1	74.6	81.1	83.4	79.9	79.3	151.7	159.2
Incurred Losses and LAE related to:								
Current Year:								
Non-catastrophe Losses and LAE	36.2	40.6	35.2	41.7	33.1	40.6	76.8	73.7
Catastrophe Losses and LAE	20.9	14.1	21.0	16.0	36.4	6.7	35.0	43.1
Prior Years:								
Non-catastrophe Losses and LAE	(0.6)	(3.9)	(0.8)	0.7	2.0	3.7	(4.5)	5.7
Catastrophe Losses and LAE	(0.9)	1.1	(0.8)	(0.2)	(1.7)	(5.4)	0.2	(7.1)
Total Incurred Losses and LAE	55.6	51.9	54.6	58.2	69.8	45.6	107.5	115.4
Insurance Expenses	22.4	22.3	22.9	23.2	24.8	21.9	44.7	46.7
Operating Profit (Loss)	(0.9)	0.4	3.6	2.0	(14.7)	11.8	(0.5)	(2.9)
Income Tax Benefit (Expense)	0.3	—	(0.3)	0.1	3.7	(2.3)	0.3	1.4
Total Product Line Net Operating Income (Loss)	\$ (0.6)	\$ 0.4	\$ 3.3	\$ 2.1	\$ (11.0)	\$ 9.5	\$ (0.2)	\$ (1.5)
Ratios Based On Earned Premiums								
Current Year Non-catastrophe Losses and LAE Ratio	51.3%	57.8%	47.9%	57.5%	45.6%	56.5%	54.5%	51.0%
Current Year Catastrophe Losses and LAE Ratio	29.6	20.1	28.5	22.0	50.3	9.3	24.9	29.9
Prior Years Non-catastrophe Losses and LAE Ratio	(0.8)	(5.6)	(1.1)	1.0	2.8	5.1	(3.2)	4.0
Prior Years Catastrophe Losses and LAE Ratio	(1.3)	1.6	(1.1)	(0.3)	(2.3)	(7.5)	0.1	(4.9)
Total Incurred Loss and LAE Ratio	78.8	73.9	74.2	80.2	96.4	63.4	76.3	80.0
Insurance Expense Ratio	31.7	31.8	31.1	32.0	34.3	30.5	31.7	32.4
Combined Ratio	110.5%	105.7%	105.3%	112.2%	130.7%	93.9%	108.0%	112.4%
Underlying Combined Ratio ¹								
Current Year Non-catastrophe Losses and LAE Ratio	51.3%	57.8%	47.9%	57.5%	45.6%	56.5%	54.5%	51.0%
Insurance Expense Ratio	31.7	31.8	31.1	32.0	34.3	30.5	31.7	32.4
Underlying Combined Ratio	83.0%	89.6%	79.0%	89.5%	79.9%	87.0%	86.2%	83.4%
Non-GAAP Measure Reconciliation								
Combined Ratio	110.5%	105.7%	105.3%	112.2%	130.7%	93.9%	108.0%	112.4%
Less:								
Current Year Catastrophe Losses and LAE Ratio	29.6	20.1	28.5	22.0	50.3	9.3	24.9	29.9
Prior Years Non-catastrophe Losses and LAE Ratio	(0.8)	(5.6)	(1.1)	1.0	2.8	5.1	(3.2)	4.0
Prior Years Catastrophe Losses and LAE Ratio	(1.3)	1.6	(1.1)	(0.3)	(2.3)	(7.5)	0.1	(4.9)
Underlying Combined Ratio	83.0%	89.6%	79.0%	89.5%	79.9%	87.0%	86.2%	83.4%

¹Underlying 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
Preferred Property & Casualty Insurance Segment
Homeowners Insurance - Results of Operations and Selected Financial Information
(Dollars in Millions)
(Unaudited)

	Three Months Ended						Six Months Ended	
	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018	Jun 30, 2019	Jun 30, 2018
<u>Results of Operations</u>								
Net Premiums Written	\$ 64.2	\$ 54.1	\$ 59.6	\$ 66.0	\$ 66.6	\$ 55.1	\$ 118.3	\$ 121.7
Earned Premiums	\$ 60.8	\$ 60.3	\$ 63.6	\$ 62.5	\$ 62.2	\$ 61.8	\$ 121.1	\$ 124.0
Net Investment Income	5.6	3.8	6.7	9.3	6.5	6.3	9.4	12.8
Total Revenues	66.4	64.1	70.3	71.8	68.7	68.1	130.5	136.8
Incurred Losses and LAE related to:								
Current Year:								
Non-catastrophe Losses and LAE	31.6	35.8	30.7	36.8	28.8	35.2	67.4	64.0
Catastrophe Losses and LAE	20.6	13.8	16.8	16.0	35.9	6.5	34.4	42.4
Prior Years:								
Non-catastrophe Losses and LAE	0.9	(1.1)	0.3	1.8	2.7	5.6	(0.2)	8.3
Catastrophe Losses and LAE	(1.0)	1.0	(0.7)	(0.1)	(1.3)	(5.1)	—	(6.4)
Total Incurred Losses and LAE	52.1	49.5	47.1	54.5	66.1	42.2	101.6	108.3
Insurance Expenses	19.7	19.6	20.0	20.5	21.9	19.2	39.3	41.1
Operating Profit (Loss)	(5.4)	(5.0)	3.2	(3.2)	(19.3)	6.7	(10.4)	(12.6)
Income Tax Benefit (Expense)	1.2	1.1	(0.3)	1.4	4.4	(1.3)	2.3	3.1
Total Product Line Net Operating Income (Loss)	\$ (4.2)	\$ (3.9)	\$ 2.9	\$ (1.8)	\$ (14.9)	\$ 5.4	\$ (8.1)	\$ (9.5)
<u>Ratios Based On Earned Premiums</u>								
Current Year Non-catastrophe Losses and LAE Ratio	51.9%	59.3%	48.3%	58.9%	46.4%	57.0%	55.7%	51.6%
Current Year Catastrophe Losses and LAE Ratio	33.9	22.9	26.4	25.6	57.7	10.5	28.4	34.2
Prior Years Non-catastrophe Losses and LAE Ratio	1.5	(1.8)	0.5	2.9	4.3	9.1	(0.2)	6.7
Prior Years Catastrophe Losses and LAE Ratio	(1.6)	1.7	(1.1)	(0.2)	(2.1)	(8.3)	—	(5.2)
Total Incurred Loss and LAE Ratio	85.7	82.1	74.1	87.2	106.3	68.3	83.9	87.3
Insurance Expense Ratio	32.4	32.5	31.4	32.8	35.2	31.1	32.5	33.1
Combined Ratio	118.1%	114.6%	105.5%	120.0%	141.5%	99.4%	116.4%	120.4%
<u>Underlying Combined Ratio</u>¹								
Current Year Non-catastrophe Losses and LAE Ratio	51.9%	59.3%	48.3%	58.9%	46.4%	57.0%	55.7%	51.6%
Insurance Expense Ratio	32.4	32.5	31.4	32.8	35.2	31.1	32.5	33.1
Underlying Combined Ratio	84.3%	91.8%	79.7%	91.7%	81.6%	88.1%	88.2%	84.7%
<u>Non-GAAP Measure Reconciliation</u>								
Combined Ratio	118.1%	114.6%	105.5%	120.0%	141.5%	99.4%	116.4%	120.4%
Less:								
Current Year Catastrophe Losses and LAE Ratio	33.9	22.9	26.4	25.6	57.7	10.5	28.4	34.2
Prior Years Non-catastrophe Losses and LAE Ratio	1.5	(1.8)	0.5	2.9	4.3	9.1	(0.2)	6.7
Prior Years Catastrophe Losses and LAE Ratio	(1.6)	1.7	(1.1)	(0.2)	(2.1)	(8.3)	—	(5.2)
Underlying Combined Ratio	84.3%	91.8%	79.7%	91.7%	81.6%	88.1%	88.2%	84.7%

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

	Three Months Ended						Six Months Ended	
	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018	Jun 30, 2019	Jun 30, 2018
<u>Results of Operations</u>								
Net Premiums Written	\$ 9.9	\$ 9.0	\$ 9.4	\$ 10.3	\$ 10.5	\$ 9.2	\$ 18.9	\$ 19.7
Earned Premiums	\$ 9.8	\$ 9.9	\$ 10.0	\$ 10.1	\$ 10.2	\$ 10.1	\$ 19.7	\$ 20.3
Net Investment Income	0.9	0.6	0.8	1.5	1.0	1.1	1.5	2.1
Total Revenues	10.7	10.5	10.8	11.6	11.2	11.2	21.2	22.4
Incurred Losses and LAE related to:								
Current Year:								
Non-catastrophe Losses and LAE	4.6	4.8	4.5	4.9	4.3	5.4	9.4	9.7
Catastrophe Losses and LAE	0.3	0.3	4.2	—	0.5	0.2	0.6	0.7
Prior Years:								
Non-catastrophe Losses and LAE	(1.5)	(2.8)	(1.1)	(1.1)	(0.7)	(1.9)	(4.3)	(2.6)
Catastrophe Losses and LAE	0.1	0.1	(0.1)	(0.1)	(0.4)	(0.3)	0.2	(0.7)
Total Incurred Losses and LAE	3.5	2.4	7.5	3.7	3.7	3.4	5.9	7.1
Insurance Expenses	2.7	2.7	2.9	2.7	2.9	2.7	5.4	5.6
Operating Profit	4.5	5.4	0.4	5.2	4.6	5.1	9.9	9.7
Income Tax Expense	(0.9)	(1.1)	—	(1.3)	(0.7)	(1.0)	(2.0)	(1.7)
Total Product Line Net Operating Income	\$ 3.6	\$ 4.3	\$ 0.4	\$ 3.9	\$ 3.9	\$ 4.1	\$ 7.9	\$ 8.0
<u>Ratios Based On Earned Premiums</u>								
Current Year Non-catastrophe Losses and LAE Ratio	46.9%	48.5%	45.0%	48.5%	42.2%	53.5%	47.7%	47.8%
Current Year Catastrophe Losses and LAE Ratio	3.1	3.0	42.0	—	4.9	2.0	3.0	3.4
Prior Years Non-catastrophe Losses and LAE Ratio	(15.3)	(28.3)	(11.0)	(10.9)	(6.9)	(18.8)	(21.8)	(12.8)
Prior Years Catastrophe Losses and LAE Ratio	1.0	1.0	(1.0)	(1.0)	(3.9)	(3.0)	1.0	(3.4)
Total Incurred Loss and LAE Ratio	35.7	24.2	75.0	36.6	36.3	33.7	29.9	35.0
Insurance Expense Ratio	27.6	27.3	29.0	26.7	28.4	26.7	27.4	27.6
Combined Ratio	63.3%	51.5%	104.0%	63.3%	64.7%	60.4%	57.3%	62.6%
<u>Underlying Combined Ratio</u>¹								
Current Year Non-catastrophe Losses and LAE Ratio	46.9%	48.5%	45.0%	48.5%	42.2%	53.5%	47.7%	47.8%
Insurance Expense Ratio	27.6	27.3	29.0	26.7	28.4	26.7	27.4	27.6
Underlying Combined Ratio	74.5%	75.8%	74.0%	75.2%	70.6%	80.2%	75.1%	75.4%
<u>Non-GAAP Measure Reconciliation</u>								
Combined Ratio	63.3%	51.5%	104.0%	63.3%	64.7%	60.4%	57.3%	62.6%
Less:								
Current Year Catastrophe Losses and LAE Ratio	3.1	3.0	42.0	—	4.9	2.0	3.0	3.4
Prior Years Non-catastrophe Losses and LAE Ratio	(15.3)	(28.3)	(11.0)	(10.9)	(6.9)	(18.8)	(21.8)	(12.8)
Prior Years Catastrophe Losses and LAE Ratio	1.0	1.0	(1.0)	(1.0)	(3.9)	(3.0)	1.0	(3.4)
Underlying Combined Ratio	74.5%	75.8%	74.0%	75.2%	70.6%	80.2%	75.1%	75.4%

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

	Three Months Ended						Six Months Ended	
	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018	Jun 30, 2019	Jun 30, 2018
<u>Results of Operations</u>								
Net Premiums Written	\$ 804.7	\$ 809.1	\$ 674.7	\$ 735.4	\$ 338.9	\$ 318.4	\$ 1,613.8	\$ 657.3
Earned Premiums	\$ 766.0	\$ 729.3	\$ 717.8	\$ 711.2	\$ 320.0	\$ 278.4	\$ 1,495.3	\$ 598.4
Net Investment Income	28.9	21.5	22.6	20.7	10.2	9.9	50.4	20.1
Other Income	1.0	0.8	0.8	0.9	0.4	0.3	1.8	0.7
Total Revenues	795.9	751.6	741.2	732.8	330.6	288.6	1,547.5	619.2
Incurred Losses and LAE related to:								
Current Year:								
Non-catastrophe Losses and LAE	579.2	544.3	530.3	527.6	247.2	212.3	1,123.5	459.5
Catastrophe Losses and LAE	4.4	0.6	1.0	1.4	2.1	0.2	5.0	2.3
Prior Years:								
Non-catastrophe Losses and LAE	(8.6)	(18.3)	—	(1.6)	4.1	(0.5)	(26.9)	3.6
Catastrophe Losses and LAE	(0.1)	0.2	—	—	—	(0.3)	0.1	(0.3)
Total Incurred Losses and LAE	574.9	526.8	531.3	527.4	253.4	211.7	1,101.7	465.1
Insurance Expenses	140.9	124.8	148.0	176.8	49.0	47.9	265.7	96.9
Other Expenses	0.7	0.6	0.4	1.7	—	—	1.3	—
Operating Profit	79.4	99.4	61.5	26.9	28.2	29.0	178.8	57.2
Income Tax Benefit (Expense)	(16.7)	(19.8)	(13.0)	(5.4)	(5.8)	(5.6)	(36.5)	(11.4)
Segment Net Operating Income	\$ 62.7	\$ 79.6	\$ 48.5	\$ 21.5	\$ 22.4	\$ 23.4	\$ 142.3	\$ 45.8
<u>Ratios Based On Earned Premiums</u>								
Current Year Non-catastrophe Losses and LAE Ratio	75.6%	74.6%	73.9%	74.2%	77.2%	76.2%	75.2%	76.8%
Current Year Catastrophe Losses and LAE Ratio	0.6	0.1	0.1	0.2	0.7	0.1	0.3	0.4
Prior Years Non-catastrophe Losses and LAE Ratio	(1.1)	(2.5)	—	(0.2)	1.3	(0.2)	(1.8)	0.6
Prior Years Catastrophe Losses and LAE Ratio	—	—	—	—	—	(0.1)	—	(0.1)
Total Incurred Loss and LAE Ratio	75.1	72.2	74.0	74.2	79.2	76.0	73.7	77.7
Insurance Expense Ratio	18.4	17.1	20.6	24.9	15.3	17.2	17.8	16.2
Combined Ratio	93.5%	89.3%	94.6%	99.1%	94.5%	93.2%	91.5%	93.9%
<u>Underlying Combined Ratio</u> ¹								
Current Year Non-catastrophe Losses and LAE Ratio	75.6%	74.6%	73.9%	74.2%	77.2%	76.2%	75.2%	76.8%
Insurance Expense Ratio	18.4	17.1	20.6	24.9	15.3	17.2	17.8	16.2
Underlying Combined Ratio	94.0%	91.7%	94.5%	99.1%	92.5%	93.4%	93.0%	93.0%
<u>Non-GAAP Measure Reconciliation</u>								
Combined Ratio as Reported	93.5%	89.3%	94.6%	99.1%	94.5%	93.2%	91.5%	93.9%
Less:								
Current Year Catastrophe Losses and LAE Ratio	0.6	0.1	0.1	0.2	0.7	0.1	0.3	0.4
Prior Years Non-catastrophe Losses and LAE Ratio	(1.1)	(2.5)	—	(0.2)	1.3	(0.2)	(1.8)	0.6
Prior Years Catastrophe Losses and LAE Ratio	—	—	—	—	—	(0.1)	—	(0.1)
Underlying Combined Ratio	94.0%	91.7%	94.5%	99.1%	92.5%	93.4%	93.0%	93.0%

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

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

	Three Months Ended						Six Months Ended	
	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018	Jun 30, 2019	Jun 30, 2018
<u>Results of Operations</u>								
Net Premiums Written	\$ 734.5	\$ 742.2	\$ 618.5	\$ 679.1	\$ 325.4	\$ 304.9	\$ 1,476.7	\$ 630.3
Earned Premiums	\$ 703.7	\$ 669.6	\$ 660.5	\$ 655.3	\$ 307.5	\$ 266.2	\$ 1,373.3	\$ 573.7
Net Investment Income	24.6	18.4	19.1	17.2	8.8	8.4	43.0	17.2
Other Income	0.9	0.8	0.7	0.9	0.3	0.3	1.7	0.6
Total Revenues	729.2	688.8	680.3	673.4	316.6	274.9	1,418.0	591.5
Incurred Losses and LAE related to:								
Current Year:								
Non-catastrophe Losses and LAE	537.0	498.8	492.0	485.6	237.8	202.8	1,035.8	440.6
Catastrophe Losses and LAE	4.1	0.5	0.7	1.3	1.7	0.2	4.6	1.9
Prior Years:								
Non-catastrophe Losses and LAE	(3.7)	(14.4)	2.4	(1.1)	4.2	0.2	(18.1)	4.4
Catastrophe Losses and LAE	—	0.1	—	—	—	(0.2)	0.1	(0.2)
Total Incurred Losses and LAE	537.4	485.0	495.1	485.8	243.7	203.0	1,022.4	446.7
Insurance Expenses	128.9	114.7	132.5	160.8	46.7	45.2	243.6	91.9
Other Expenses	0.7	0.6	0.4	1.6	—	—	1.3	—
Operating Profit	62.2	88.5	52.3	25.2	26.2	26.7	150.7	52.9
Income Tax Benefit (Expense)	(13.0)	(17.8)	(10.9)	(4.8)	(5.4)	(5.2)	(30.8)	(10.6)
Total Product Line Net Operating Income	\$ 49.2	\$ 70.7	\$ 41.4	\$ 20.4	\$ 20.8	\$ 21.5	\$ 119.9	\$ 42.3
<u>Ratios Based On Earned Premiums</u>								
Current Year Non-catastrophe Losses and LAE Ratio	76.3%	74.5%	74.5%	74.1%	77.3%	76.2%	75.4%	76.8%
Current Year Catastrophe Losses and LAE Ratio	0.6	0.1	0.1	0.2	0.6	0.1	0.3	0.3
Prior Years Non-catastrophe Losses and LAE Ratio	(0.5)	(2.2)	0.4	(0.2)	1.4	0.1	(1.3)	0.8
Prior Years Catastrophe Losses and LAE Ratio	—	—	—	—	—	(0.1)	—	—
Total Incurred Loss and LAE Ratio	76.4	72.4	75.0	74.1	79.3	76.3	74.4	77.9
Insurance Expense Ratio	18.3	17.1	20.1	24.5	15.2	17.0	17.7	16.0
Combined Ratio	94.7%	89.5%	95.1%	98.6%	94.5%	93.3%	92.1%	93.9%
<u>Underlying Combined Ratio</u>¹								
Current Year Non-catastrophe Losses and LAE Ratio	76.3%	74.5%	74.5%	74.1%	77.3%	76.2%	75.4%	76.8%
Insurance Expense Ratio	18.3	17.1	20.1	24.5	15.2	17.0	17.7	16.0
Underlying Combined Ratio	94.6%	91.6%	94.6%	98.6%	92.5%	93.2%	93.1%	92.8%
<u>Non-GAAP Measure Reconciliation</u>								
Combined Ratio	94.7%	89.5%	95.1%	98.6%	94.5%	93.3%	92.1%	93.9%
Less:								
Current Year Catastrophe Losses and LAE Ratio	0.6	0.1	0.1	0.2	0.6	0.1	0.3	0.3
Prior Years Non-catastrophe Losses and LAE Ratio	(0.5)	(2.2)	0.4	(0.2)	1.4	0.1	(1.3)	0.8
Prior Years Catastrophe Losses and LAE Ratio	—	—	—	—	—	(0.1)	—	—
Underlying Combined Ratio	94.6%	91.6%	94.6%	98.6%	92.5%	93.2%	93.1%	92.8%

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

	Three Months Ended						Six Months Ended	
	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018	Jun 30, 2019	Jun 30, 2018
<u>Results of Operations</u>								
Net Premiums Written	\$ 70.2	\$ 66.9	\$ 56.2	\$ 56.3	\$ 13.5	\$ 13.5	\$ 137.1	\$ 27.0
Earned Premiums	\$ 62.3	\$ 59.7	\$ 57.3	\$ 55.9	\$ 12.5	\$ 12.2	\$ 122.0	\$ 24.7
Net Investment Income	4.3	3.1	3.5	3.5	1.4	1.5	7.4	2.9
Other Income	0.1	—	0.1	—	0.1	—	0.1	0.1
Total Revenues	66.7	62.8	60.9	59.4	14.0	13.7	129.5	27.7
Incurred Losses and LAE related to:								
Current Year:								
Non-catastrophe Losses and LAE	42.2	45.5	38.3	42.0	9.4	9.5	87.7	18.9
Catastrophe Losses and LAE	0.3	0.1	0.3	0.1	0.4	—	0.4	0.4
Prior Years:								
Non-catastrophe Losses and LAE	(4.9)	(3.9)	(2.4)	(0.5)	(0.1)	(0.7)	(8.8)	(0.8)
Catastrophe Losses and LAE	(0.1)	0.1	—	—	—	(0.1)	—	(0.1)
Total Incurred Losses and LAE	37.5	41.8	36.2	41.6	9.7	8.7	79.3	18.4
Insurance Expenses	12.0	10.1	15.5	16.0	2.3	2.7	22.1	5.0
Other Expenses	—	—	—	0.1	—	—	—	—
Operating Profit	17.2	10.9	9.2	1.7	2.0	2.3	28.1	4.3
Income Tax Benefit (Expense)	(3.7)	(2.0)	(2.1)	(0.6)	(0.4)	(0.4)	(5.7)	(0.8)
Total Product Line Net Operating Income	\$ 13.5	\$ 8.9	\$ 7.1	\$ 1.1	\$ 1.6	\$ 1.9	\$ 22.4	\$ 3.5
<u>Ratios Based On Earned Premiums</u>								
Current Year Non-catastrophe Losses and LAE Ratio	67.7%	76.1%	66.9%	75.1%	75.2%	77.8%	71.9%	76.5%
Current Year Catastrophe Losses and LAE Ratio	0.5	0.2	0.5	0.2	3.2	—	0.3	1.6
Prior Years Non-catastrophe Losses and LAE Ratio	(7.9)	(6.5)	(4.2)	(0.9)	(0.8)	(5.7)	(7.2)	(3.2)
Prior Years Catastrophe Losses and LAE Ratio	(0.1)	0.2	—	—	—	(0.8)	—	(0.4)
Total Incurred Loss and LAE Ratio	60.2	70.0	63.2	74.4	77.6	71.3	65.0	74.5
Insurance Expense Ratio	19.3	16.9	27.1	28.6	18.4	22.1	18.1	20.2
Combined Ratio	79.5%	86.9%	90.3%	103.0%	96.0%	93.4%	83.1%	94.7%
<u>Underlying Combined Ratio</u> ¹								
Current Year Non-catastrophe Losses and LAE Ratio	67.7%	76.1%	66.9%	75.1%	75.2%	77.8%	71.9%	76.5%
Insurance Expense Ratio	19.3	16.9	27.1	28.6	18.4	22.1	18.1	20.2
Underlying Combined Ratio	87.0%	93.0%	94.0%	103.7%	93.6%	99.9%	90.0%	96.7%
<u>Non-GAAP Measure Reconciliation</u>								
Combined Ratio	79.5%	86.9%	90.3%	103.0%	96.0%	93.4%	83.1%	94.7%
Less:								
Current Year Catastrophe Losses and LAE Ratio	0.5	0.2	0.5	0.2	3.2	—	0.3	1.6
Prior Years Non-catastrophe Losses and LAE Ratio	(7.9)	(6.5)	(4.2)	(0.9)	(0.8)	(5.7)	(7.2)	(3.2)
Prior Years Catastrophe Losses and LAE Ratio	(0.1)	0.2	—	—	—	(0.8)	—	(0.4)
Underlying Combined Ratio	87.0%	93.0%	94.0%	103.7%	93.6%	99.9%	90.0%	96.7%

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

	Three Months Ended						Six Months Ended	
	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018	Jun 30, 2019	Jun 30, 2018
<u>Results of Operations</u>								
Earned Premiums:								
Life	\$ 97.0	\$ 95.8	\$ 94.1	\$ 95.2	\$ 95.4	\$ 93.7	\$ 192.8	\$ 189.1
Accident and Health	47.9	46.9	45.5	44.9	43.8	43.3	94.8	87.1
Property	17.2	17.2	17.4	17.6	17.8	17.6	34.4	35.4
Earned Premiums	\$ 162.1	\$ 159.9	\$ 157.0	\$ 157.7	\$ 157.0	\$ 154.6	\$ 322.0	\$ 311.6
Net Investment Income	53.0	51.7	51.7	51.0	54.5	53.7	104.7	108.2
Other Income	1.6	1.1	1.1	1.2	0.9	0.8	2.7	1.7
Total Revenues	216.7	212.7	209.8	209.9	212.4	209.1	429.4	421.5
Policyholders' Benefits and Incurred Losses and LAE	113.5	105.4	103.1	97.0	99.2	104.9	218.9	204.1
Insurance Expenses	87.1	78.0	88.4	79.4	79.4	73.9	165.1	153.3
Operating Profit	16.1	29.3	18.3	33.5	33.8	30.3	45.4	64.1
Income Tax Expense	(2.8)	(6.2)	(4.7)	(6.4)	(7.1)	(6.2)	(9.0)	(13.3)
Segment Net Operating Income	\$ 13.3	\$ 23.1	\$ 13.6	\$ 27.1	\$ 26.7	\$ 24.1	\$ 36.4	\$ 50.8

	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018
<u>Insurance Reserves:</u>						
Future Policyholder Benefits	\$ 3,429.4	\$ 3,412.9	\$ 3,400.4	\$ 3,389.4	\$ 3,379.8	\$ 3,366.7
Incurred Losses and LAE Reserves:						
Life	121.4	127.0	130.5	134.3	137.7	142.4
Accident and Health	30.2	28.6	27.8	27.7	26.0	25.2
Property	4.2	3.6	4.4	4.5	3.8	4.1
Total Incurred Losses and LAE Reserves	155.8	159.2	162.7	166.5	167.5	171.7
Insurance Reserves	<u>\$ 3,585.2</u>	<u>\$ 3,572.1</u>	<u>\$ 3,563.1</u>	<u>\$ 3,555.9</u>	<u>\$ 3,547.3</u>	<u>\$ 3,538.4</u>

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

	Three Months Ended						Six Months Ended	
	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018	Jun 30, 2019	Jun 30, 2018
<u>Results of Operations</u>								
Earned Premiums	\$ 97.0	\$ 95.8	\$ 94.1	\$ 95.2	\$ 95.4	\$ 93.7	\$ 192.8	\$ 189.1
Net Investment Income	51.0	49.9	49.6	48.9	52.4	51.7	100.9	104.1
Other Income	1.6	1.0	1.0	0.9	0.9	0.7	2.6	1.6
Total Revenues	149.6	146.7	144.7	145.0	148.7	146.1	296.3	294.8
Policyholders' Benefits and Incurred Losses and LAE	75.9	72.8	69.9	66.7	69.4	73.4	148.7	142.8
Insurance Expenses	56.7	49.9	57.3	51.8	51.2	47.4	106.6	98.6
Operating Profit	17.0	24.0	17.5	26.5	28.1	25.3	41.0	53.4
Income Tax Expense	(3.0)	(5.1)	(5.1)	(4.5)	(6.0)	(5.1)	(8.1)	(11.1)
Total Product Line Operating Income	\$ 14.0	\$ 18.9	\$ 12.4	\$ 22.0	\$ 22.1	\$ 20.2	\$ 32.9	\$ 42.3

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

	Three Months Ended						Six Months Ended	
	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018	Jun 30, 2019	Jun 30, 2018
<u>Results of Operations</u>								
Earned Premiums	\$ 47.9	\$ 46.9	\$ 45.5	\$ 44.9	\$ 43.8	\$ 43.3	\$ 94.8	\$ 87.1
Net Investment Income	1.5	1.5	1.5	1.5	1.6	1.5	3.0	3.1
Other Income	—	0.1	0.1	0.3	—	0.1	0.1	0.1
Total Revenues	49.4	48.5	47.1	46.7	45.4	44.9	97.9	90.3
Policyholders' Benefits and Incurred Losses and LAE	30.6	26.3	26.1	23.5	24.1	25.2	56.9	49.3
Insurance Expenses	22.4	20.8	23.3	19.7	19.7	19.5	43.2	39.2
Operating Profit (Loss)	(3.6)	1.4	(2.3)	3.5	1.6	0.2	(2.2)	1.8
Income Tax Benefit (Expense)	0.8	(0.3)	0.8	(1.0)	(0.3)	(0.1)	0.5	(0.4)
Total Product Line Net Operating Income (Loss)	\$ (2.8)	\$ 1.1	\$ (1.5)	\$ 2.5	\$ 1.3	\$ 0.1	\$ (1.7)	\$ 1.4

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

	Three Months Ended						Six Months Ended	
	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018	Jun 30, 2019	Jun 30, 2018
<u>Results of Operations</u>								
Earned Premiums	\$ 17.2	\$ 17.2	\$ 17.4	\$ 17.6	\$ 17.8	\$ 17.6	\$ 34.4	\$ 35.4
Net Investment Income	0.5	0.3	0.6	0.6	0.5	0.5	0.8	1.0
Total Revenues	17.7	17.5	18.0	18.2	18.3	18.1	35.2	36.4
Incurred Losses and LAE related to:								
Current Year:								
Non-catastrophe Losses and LAE	4.7	5.1	5.0	5.9	4.5	5.1	9.8	9.6
Catastrophe Losses and LAE	1.8	0.3	2.3	0.4	1.1	0.2	2.1	1.3
Prior Years:								
Non-catastrophe Losses and LAE	0.2	0.6	(0.3)	0.6	0.1	0.9	0.8	1.0
Catastrophe Losses and LAE	0.3	0.3	0.1	(0.1)	—	0.1	0.6	0.1
Total Incurred Losses and LAE	7.0	6.3	7.1	6.8	5.7	6.3	13.3	12.0
Insurance Expenses	8.0	7.3	7.8	7.9	8.5	7.0	15.3	15.5
Operating Profit	2.7	3.9	3.1	3.5	4.1	4.8	6.6	8.9
Income Tax Expense	(0.6)	(0.8)	(0.4)	(0.9)	(0.8)	(1.0)	(1.4)	(1.8)
Total Product Line Net Operating Income	\$ 2.1	\$ 3.1	\$ 2.7	\$ 2.6	\$ 3.3	\$ 3.8	\$ 5.2	\$ 7.1
<u>Ratios Based On Earned Premiums</u>								
Current Year Non-catastrophe Losses and LAE Ratio	27.3%	29.7%	28.7%	33.5%	25.2%	29.0%	28.6%	27.1%
Current Year Catastrophe Losses and LAE Ratio	10.5	1.7	13.2	2.3	6.2	1.1	6.1	3.7
Prior Years Non-catastrophe Losses and LAE Ratio	1.2	3.5	(1.7)	3.4	0.6	5.1	2.3	2.8
Prior Years Catastrophe Losses and LAE Ratio	1.7	1.7	0.6	(0.6)	—	0.6	1.7	0.3
Total Incurred Loss and LAE Ratio	40.7	36.6	40.8	38.6	32.0	35.8	38.7	33.9
Insurance Expense Ratio	46.5	42.4	44.8	44.9	47.8	39.8	44.5	43.8
Combined Ratio	87.2%	79.0%	85.6%	83.5%	79.8%	75.6%	83.2%	77.7%
<u>Underlying Combined Ratio</u>¹								
Current Year Non-catastrophe Losses and LAE Ratio	27.3%	29.7%	28.7%	33.5%	25.2%	29.0%	28.6%	27.1%
Insurance Expense Ratio	46.5	42.4	44.8	44.9	47.8	39.8	44.5	43.8
Underlying Combined Ratio	73.8%	72.1%	73.5%	78.4%	73.0%	68.8%	73.1%	70.9%
<u>Non-GAAP Measure Reconciliation</u>								
Combined Ratio	87.2%	79.0%	85.6%	83.5%	79.8%	75.6%	83.2%	77.7%
Less:								
Current Year Catastrophe Losses and LAE Ratio	10.5	1.7	13.2	2.3	6.2	1.1	6.1	3.7
Prior Years Non-catastrophe Losses and LAE Ratio	1.2	3.5	(1.7)	3.4	0.6	5.1	2.3	2.8
Prior Years Catastrophe Losses and LAE Ratio	1.7	1.7	0.6	(0.6)	—	0.6	1.7	0.3
Underlying Combined Ratio	73.8%	72.1%	73.5%	78.4%	73.0%	68.8%	73.1%	70.9%

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						Six Months Ended	
	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018	Jun 30, 2019	Jun 30, 2018
<u>Insurance Expenses:</u>								
Commissions	\$ 183.8	\$ 174.0	\$ 158.7	\$ 166.6	\$ 123.1	\$ 110.3	\$ 357.8	\$ 233.4
General Expenses	75.4	62.4	74.4	66.7	42.9	45.7	137.8	88.6
Taxes, Licenses and Fees	24.5	25.2	19.8	22.8	16.1	14.5	49.7	30.6
Total Costs Incurred	283.7	261.6	252.9	256.1	182.1	170.5	545.3	352.6
Policy Acquisition Costs:								
Deferred	(120.9)	(128.8)	(122.8)	(156.1)	(106.1)	(96.5)	(249.7)	(202.6)
Amortized	99.2	99.8	99.4	98.2	93.7	85.8	199.0	179.5
Net Policy Acquisition Costs Deferred	(21.7)	(29.0)	(23.4)	(57.9)	(12.4)	(10.7)	(50.7)	(23.1)
Amortization of VOBA	1.5	2.2	43.7	97.8	1.5	0.3	3.7	1.8
Insurance Expenses	263.5	234.8	273.2	296.0	171.2	160.1	498.3	331.3
<u>Interest and Other Expenses:</u>								
Interest Expense	11.8	11.5	14.1	13.4	8.0	7.9	23.3	15.9
Other Expenses:								
Loss (Gain) on Cash Flow Hedge	—	—	—	(0.2)	—	0.2	—	0.2
Acquisition Related Transaction, Integration and Other Costs	1.2	5.6	6.7	28.2	3.6	6.2	6.8	9.8
Other	25.0	24.3	21.8	20.3	14.1	14.7	49.3	28.8
Other Expenses	26.2	29.9	28.5	48.3	17.7	21.1	56.1	38.8
Interest and Other Expenses	38.0	41.4	42.6	61.7	25.7	29.0	79.4	54.7
Total Expenses	\$ 301.5	\$ 276.2	\$ 315.8	\$ 357.7	\$ 196.9	\$ 189.1	\$ 577.7	\$ 386.0

Kemper Corporation
Details of Investment Performance
(Dollars in Millions)

	Three Months Ended						Six Months Ended	
	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018	Jun 30, 2019	Jun 30, 2018
<u>Net Investment Income</u>								
Interest on Fixed Income Securities	\$ 75.6	\$ 76.4	\$ 71.5	\$ 70.6	\$ 64.4	\$ 62.4	\$ 152.0	\$ 126.8
Dividends on Equity Securities Excluding Alternative Investments	6.9	2.5	6.6	2.5	2.6	1.9	9.4	4.5
Alternative Investments:								
Equity Method Limited Liability Investments	2.6	(3.6)	2.9	(0.4)	1.4	7.1	(1.0)	8.5
Fair Value Option Investments	—	—	—	—	—	—	—	—
Limited Liability Investments Included in Equity Securities	5.1	2.6	3.6	13.7	5.2	3.9	7.7	9.1
Total Alternative Investments	7.7	(1.0)	6.5	13.3	6.6	11.0	6.7	17.6
Short-term Investments	2.6	1.8	2.7	2.3	1.2	0.8	4.4	2.0
Real Estate	2.2	2.5	2.4	2.4	2.4	2.4	4.7	4.8
Loans to Policyholders	5.7	5.3	6.0	5.5	5.5	5.5	11.0	11.0
Other	0.3	—	0.3	0.2	0.4	—	0.3	0.4
Total Investment Income	101.0	87.5	96.0	96.8	83.1	84.0	188.5	167.1
Investment Expenses:								
Real Estate	2.3	2.4	2.2	2.6	2.6	2.3	4.7	4.9
Other Investment Expenses	2.7	2.4	2.5	2.2	2.1	2.5	5.1	4.6
Total Investment Expenses	5.0	4.8	4.7	4.8	4.7	4.8	9.8	9.5
Net Investment Income	\$ 96.0	\$ 82.7	\$ 91.3	\$ 92.0	\$ 78.4	\$ 79.2	\$ 178.7	\$ 157.6
<u>Net Realized Gains (Losses) on Sales of Investments</u>								
Fixed Maturities:								
Gains on Sales	\$ 22.7	\$ 15.1	\$ 14.1	\$ 5.9	\$ 1.2	\$ 4.1	\$ 37.8	\$ 5.3
Losses on Sales	(1.9)	(2.6)	(4.6)	(2.5)	(1.9)	(2.1)	(4.5)	(4.0)
Equity Securities:								
Gains on Sales	0.7	3.6	6.9	0.2	4.6	0.6	4.3	5.2
Losses on Sales	(0.2)	—	—	—	—	—	(0.2)	—
Other Investments:								
Losses on Sales	—	—	—	—	(0.1)	—	—	(0.1)
Net Realized Gains on Sales of Investments	\$ 21.3	\$ 16.1	\$ 16.4	\$ 3.6	\$ 3.8	\$ 2.6	\$ 37.4	\$ 6.4
<u>Net Impairment Losses Recognized in Earnings</u>								
Fixed Maturities	\$ (6.3)	\$ (3.6)	\$ (1.5)	\$ (0.2)	\$ —	\$ (0.3)	\$ (9.9)	\$ (0.3)
Equity Securities	(0.4)	—	(0.7)	(1.6)	—	(0.2)	(0.4)	(0.2)
Net Impairment Losses Recognized in Earnings	\$ (6.7)	\$ (3.6)	\$ (2.2)	\$ (1.8)	\$ —	\$ (0.5)	\$ (10.3)	\$ (0.5)

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

	Jun 30, 2019		Dec 31, 2018		Dec 31, 2017	
	Carrying Value	Percent of Total ¹	Carrying Value	Percent of Total ¹	Carrying Value	Percent of Total ¹
Fixed Maturities Reported at Fair Value:						
U.S. Government and Government Agencies and Authorities	\$ 854.9	9.7%	\$ 865.7	10.7%	\$ 556.1	8.2%
States and Political Subdivisions	1,516.4	17.2	1,619.1	20.1	1,701.8	25.0
Foreign Governments	15.3	0.2	5.9	0.1	3.2	—
Corporate Securities:						
Bonds and Notes	3,598.4	40.7	3,393.8	42.1	2,980.6	43.8
Redeemable Preferred Stocks	—	—	—	—	0.1	—
Collateralized Loan Obligations	539.0	6.1	524.0	6.5	139.8	2.1
Other Mortgage- and Asset-backed	16.2	0.2	15.7	0.2	1.1	—
Total Fixed Maturities Reported at Fair Value	6,540.2	74.0	6,424.2	79.6	5,382.7	79.1
Equity Securities Reported at Fair Value:						
Preferred Stocks	57.9	0.7	54.2	0.7	78.8	1.2
Common Stocks	12.7	0.1	10.9	0.1	24.8	0.4
Other Equity Interests:						
Exchange Traded Funds	656.2	7.4	427.3	5.3	219.5	3.2
Limited Liability Companies and Limited Partnerships	196.5	2.2	192.0	2.4	202.9	3.0
Total Equity Securities Reported at Fair Value	923.3	10.4	684.4	8.5	526.0	7.7
Equity Securities Reported at Modified Cost:						
Preferred Stocks	9.2	0.1	9.2	0.1	—	—
Common Stocks	10.8	0.1	8.8	0.1	—	—
Limited Liability Companies and Limited Partnerships	18.1	0.2	23.5	0.3	—	—
Total Equity Securities Reported at Modified Cost	38.1	0.4	41.5	0.5	—	—
Convertible Securities at Fair Value	34.3	0.4	31.5	0.4	—	—
Equity Method Limited Liability Investments	219.7	2.5	187.0	2.3	161.0	2.4
Fair Value Option Investments	—	—	—	—	77.5	1.1
Short-term Investments at Cost which Approximates Fair Value	642.5	7.3	286.1	3.5	235.5	3.5
Other Investments:						
Loans to Policyholders at Unpaid Principal	300.8	3.4	300.6	3.7	298.6	4.4
Real Estate at Depreciated Cost	112.8	1.3	114.2	1.4	116.8	1.7
Mortgage Loans	29.2	0.3	—	—	—	—
Trading Securities at Fair Value	—	—	—	—	6.7	0.1
Other	—	—	—	—	0.1	—
Total Other Investments	442.8	5.0	414.8	5.1	422.2	6.2
Total Investments	<u>\$ 8,840.9</u>	<u>100.0%</u>	<u>\$ 8,069.5</u>	<u>100.0%</u>	<u>\$ 6,804.9</u>	<u>100.0%</u>

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

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

	Jun 30, 2019		Dec 31, 2018		Dec 31, 2017	
	Carrying Value	Percent of Total ¹	Carrying Value	Percent of Total ¹	Carrying Value	Percent of Total ¹
<u>S&P Equivalent Rating for Fixed Maturities</u>						
AAA, AA, A	\$ 4,204.6	64.3%	\$ 4,156.6	64.7%	\$ 3,481.8	64.7%
BBB	1,803.9	27.6	1,752.6	27.3	1,335.2	24.8
BB, B	386.1	5.9	333.7	5.2	357.2	6.6
CCC or Lower	145.6	2.2	181.3	2.8	208.5	3.9
Total Investments in Fixed Maturities	<u>\$ 6,540.2</u>	<u>100.0%</u>	<u>\$ 6,424.2</u>	<u>100.0%</u>	<u>\$ 5,382.7</u>	<u>100.0%</u>
<u>Duration (in Years)</u>						
Total Investments in Fixed Maturities	<u>7.2</u>		<u>6.2</u>		<u>6.2</u>	

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)

	Jun 30, 2019		Dec 31, 2018		Dec 31, 2017	
	Amount	Percent of Total Investments	Amount	Percent of Total Investments	Amount	Percent of Total Investments
Fair Value of Non-governmental Fixed Maturities by Industry						
Manufacturing	\$ 1,276.1	14.4%	\$ 1,270.0	15.7%	\$ 1,168.8	17.2%
Finance, Insurance and Real Estate	1,322.2	15.0	1,269.3	15.7	780.2	11.5
Services	561.1	6.3	516.4	6.4	453.3	6.7
Transportation, Communication and Utilities	553.0	6.3	449.0	5.6	353.7	5.2
Retail Trade	182.1	2.1	164.8	2.0	102.6	1.5
Mining	156.1	1.8	158.6	2.0	163.5	2.4
Wholesale Trade	74.5	0.8	78.4	1.0	81.3	1.2
Agriculture, Forestry and Fishing	14.3	0.2	13.7	0.2	14.5	0.2
Other	14.2	0.2	13.3	0.2	3.7	0.1
Total Fair Value of Non-governmental Fixed Maturities	\$ 4,153.6	47.1%	\$ 3,933.5	48.8%	\$ 3,121.6	46.0%

	Jun 30, 2019	
	Fair Value	Percent of Total Investments
Ten Largest Investment Exposures ¹		
Fixed Maturities:		
States including their Political Subdivisions:		
Texas	\$ 125.5	1.4%
Georgia	94.1	1.1
Colorado	76.1	0.9
Louisiana	73.6	0.8
Michigan	69.3	0.8
California	64.7	0.7
Equity Securities at Fair Value—Other Equity Interests:		
Vanguard Long-Term Corp Bond ETF	101.4	1.1
iShares® Core MSCI Total International Stock ETF	76.9	0.9
iShares Long-Term Corporate Bond ETF	66.6	0.8
Vanguard Total Stock Market ETF	65.0	0.7
Total	\$ 813.2	9.2%

¹ Excluding Investments in U.S. Government and Government Agencies and Authorities at June 30, 2019.

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

Jun 30, 2019

	State General Obligation	Political Subdivision General Obligation	Revenue	Total Fair Value	Percent of Total Muni Bond ¹	Percent of Total Investments ¹
Texas	\$ 32.7	\$ 14.2	\$ 78.6	\$ 125.5	8.3%	1.4%
Georgia	58.9	5.3	29.9	94.1	6.2	1.1
Colorado	—	14.5	61.6	76.1	5.0	0.9
Louisiana	48.2	7.3	18.1	73.6	4.9	0.8
Michigan	39.2	—	30.1	69.3	4.6	0.8
California	13.5	4.2	47.0	64.7	4.3	0.7
Ohio	6.3	—	48.0	54.3	3.6	0.6
Washington	15.0	0.3	38.7	54.0	3.6	0.6
New York	6.5	2.7	44.3	53.5	3.5	0.6
Pennsylvania	11.2	2.6	28.7	42.5	2.8	0.5
Virginia	8.0	19.5	14.8	42.3	2.8	0.5
Utah	5.9	—	34.2	40.1	2.6	0.5
Indiana	—	1.5	35.4	36.9	2.4	0.4
Florida	22.7	—	13.7	36.4	2.4	0.4
Minnesota	—	—	34.9	34.9	2.3	0.4
Massachusetts	2.7	1.5	29.7	33.9	2.2	0.4
Oregon	28.0	—	3.5	31.5	2.1	0.4
Wisconsin	17.5	7.2	6.6	31.3	2.1	0.4
South Carolina	22.8	1.9	5.6	30.3	2.0	0.3
District Of Columbia	—	4.9	25.2	30.1	2.0	0.3
Maryland	2.1	20.5	6.6	29.2	1.9	0.3
Nevada	20.1	8.1	—	28.2	1.9	0.3
New Mexico	—	—	26.4	26.4	1.7	0.3
Connecticut	25.8	—	—	25.8	1.7	0.3
New Jersey	—	—	25.0	25.0	1.6	0.3
Illinois	—	—	24.1	24.1	1.6	0.3
Arkansas	22.7	—	—	22.7	1.5	0.3
Tennessee	3.6	7.9	10.6	22.1	1.5	0.2
Missouri	—	—	21.7	21.7	1.4	0.2
Delaware	10.4	—	10.3	20.7	1.4	0.2
Hawaii	20.7	—	—	20.7	1.4	0.2
Nebraska	—	7.5	12.0	19.5	1.3	0.2
Kentucky	—	—	16.9	16.9	1.1	0.2
Mississippi	14.5	—	1.8	16.3	1.1	0.2
Rhode Island	4.6	—	11.3	15.9	1.0	0.2
Alaska	1.9	2.9	10.0	14.8	1.0	0.2
Alabama	—	—	14.0	14.0	0.9	0.2
Iowa	—	—	13.9	13.9	0.9	0.2
Arizona	—	0.8	12.7	13.5	0.9	0.2
All Other States	5.4	1.2	63.1	69.7	4.6	0.8
Total	<u>\$ 470.9</u>	<u>\$ 136.5</u>	<u>\$ 909.0</u>	<u>\$ 1,516.4</u>	<u>100.0%</u>	<u>17.2%</u>

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	
	Jun 30, 2019	Jun 30, 2019	Dec 31, 2018
Reported as Equity Method Limited Liability Investments at Cost Plus Cumulative Undistributed Earnings:			
Mezzanine Debt	\$ 61.5	\$ 126.2	\$ 99.6
Senior Debt	21.3	16.6	15.4
Distressed Debt	—	28.3	34.5
Secondary Transactions	15.5	16.6	21.2
Leveraged Buyout	—	0.1	4.2
Growth Equity	—	5.3	5.4
Real Estate	—	20.0	—
Other	—	6.6	6.7
Total Equity Method Limited Liability Investments	98.3	219.7	187.0
Reported as Other Equity Interests at Fair Value:			
Mezzanine Debt	103.3	120.4	111.7
Senior Debt	20.7	41.3	34.3
Distressed Debt	12.2	14.6	14.5
Secondary Transactions	7.1	5.7	6.7
Hedge Funds	—	3.1	14.7
Leveraged Buyout	2.4	4.6	4.2
Other	5.9	6.8	5.9
Total Reported as Other Equity Interests at Fair Value	151.6	196.5	192.0
Reported as Other Equity Interests at Modified Cost:			
Mezzanine Debt	—	1.5	1.5
Other	0.1	16.6	22.1
Total Reported as Other Equity Interests at Modified Cost	0.1	18.1	23.6
Total Investments in Limited Liability Companies and Limited Partnerships	\$ 250.0	\$ 434.3	\$ 402.6

Kemper Corporation
Definitions of Non-GAAP Financial Measures

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

Book Value Per Share Excluding Goodwill is a calculation that uses a non-GAAP financial measure. It is calculated by dividing shareholders' equity excluding goodwill 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 is a common measure used by analysts and investors to compare similar companies.

Book Value Per Share Excluding Net Unrealized Gains on Fixed Maturities is a calculation 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 Net Unrealized Gains on Fixed Maturities and Goodwill is a calculation 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 and goodwill 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 and goodwill in conjunction with book value per share to identify and analyze the change in net worth excluding goodwill 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.

Adjusted 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) Income (Loss) from Change in Fair Value of Equity and Convertible Securities;
- 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 (Loss) from Continuing Operations.

The Company believes that Adjusted 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, Net Impairment Losses Recognized in Earnings related to investments, and Income (Loss) from Change in Fair Value of Equity and Convertible Securities 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. 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. 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.

Kemper Corporation
Definitions of Non-GAAP Financial Measures (continued)

A reconciliation of Income from Continuing Operations to Adjusted Consolidated Net Operating Income is presented below:

<i>Dollars in Millions (Unaudited)</i>	Three Months Ended						Six Months Ended	
	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018	Jun 30, 2019	Jun 30, 2018
Income from Continuing Operations	\$ 122.1	\$ 155.3	\$ 5.0	\$ 92.3	\$ 37.5	\$ 53.6	\$ 277.4	\$ 91.1
Less Net Income (Loss) From:								
Change in Fair Value of Equity and Convertible Securities	20.1	50.9	(60.4)	8.7	0.3	0.6	71.0	0.9
Net Realized Gains on Sales of Investments	16.8	12.7	13.0	2.8	3.0	2.1	29.5	5.1
Net Impairment Losses Recognized in Earnings	(5.3)	(2.8)	(1.8)	(1.4)	—	(0.4)	(8.1)	(0.4)
Acquisition Related Transaction and Integration Costs	(1.0)	(4.4)	(5.7)	(22.3)	(2.3)	(6.2)	(5.4)	(8.5)
Adjusted Consolidated Net Operating Income	\$ 91.5	\$ 98.9	\$ 59.9	\$ 104.5	\$ 36.5	\$ 57.5	\$ 190.4	\$ 94.0

Adjusted Consolidated Net Operating Income Per Unrestricted Share is a non-GAAP financial measure. It is computed by dividing Adjusted Consolidated Net Operating Income by the weighted average unrestricted shares outstanding. The most directly comparable GAAP financial measure is Income from Continuing Operations Per Unrestricted Share-basic. A reconciliation of Income from Continuing Operations Per Unrestricted Share-basic to Adjusted Consolidated Net Operating Income Per Unrestricted Share-basic is presented below:

<i>(Unaudited)</i>	Three Months Ended						Six Months Ended	
	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018	Jun 30, 2019	Jun 30, 2018
Income from Continuing Operations Per Unrestricted Share	\$ 1.87	\$ 2.38	\$ 0.08	\$ 1.42	\$ 0.73	\$ 1.03	\$ 4.25	\$ 1.76
Less Net Income (Loss) Per Unrestricted Share From:								
Change in Fair Value of Equity and Convertible Securities	0.31	0.78	(0.93)	0.13	0.01	0.01	1.09	0.02
Net Realized Gains on Sales of Investments	0.26	0.19	0.20	0.04	0.06	0.04	0.45	0.10
Net Impairment Losses Recognized in Earnings	(0.08)	(0.04)	(0.02)	(0.02)	—	(0.01)	(0.12)	(0.01)
Acquisition Related Transaction and Integration Costs	(0.01)	(0.07)	(0.09)	(0.34)	(0.04)	(0.12)	(0.08)	(0.16)
Adjusted Consolidated Net Operating Income Per Unrestricted Share	\$ 1.39	\$ 1.52	\$ 0.92	\$ 1.61	\$ 0.70	\$ 1.11	\$ 2.91	\$ 1.81

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.

Kemper Corporation
As Adjusted for Acquisition Non-GAAP Financial Measure

As Adjusted for Acquisition amounts are non-GAAP financial measures. For the periods subsequent to acquisition, the three months ended June 30, 2019, March 31, 2019, December 31, 2018 and September 30, 2018, the 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 periods prior to the acquisition, the three months ended June 30, 2018 and March 31, 2018, as adjusted amounts are computed by adding the historical results of Infinity to the comparable consolidated GAAP financial measure reported by Kemper. 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.

Kemper Corporation
As Adjusted for Acquisition - Consolidated Financial Highlights
(Dollars in Millions)
(Unaudited)

	Three Months Ended						Six Months Ended	
	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018	Jun 30, 2019	Jun 30, 2018
Earned Premiums								
Kemper - GAAP As Reported	\$ 1,116.6	\$ 1,074.8	\$ 1,063.6	\$ 1,052.9	\$ 658.1	\$ 609.8	\$ 2,191.4	\$ 1,267.9
Infinity - Prior to Acquisition	—	—	—	—	374.3	354.0	—	728.3
As Adjusted ¹	\$ 1,116.6	\$ 1,074.8	\$ 1,063.6	\$ 1,052.9	\$ 1,032.4	\$ 963.8	\$ 2,191.4	\$ 1,996.2
Adjusted Consolidated Net Operating Income (Loss)								
Kemper	\$ 91.5	\$ 98.9	\$ 59.9	\$ 104.5	\$ 36.5	\$ 57.5	\$ 190.4	\$ 94.0
Infinity - Prior to Acquisition	—	—	—	—	29.5	23.8	—	53.3
Less: Impact of Purchase Accounting	(4.2)	2.1	(20.5)	(39.5)	—	—	(2.1)	—
As Adjusted ¹	\$ 95.7	\$ 96.8	\$ 80.4	\$ 144.0	\$ 66.0	\$ 81.3	\$ 192.5	\$ 147.3

¹ As Adjusted is a non-GAAP financial measure, which is computed by excluding the impact of purchase accounting and including the historical results of Legacy Kemper and Legacy Infinity in periods prior to the acquisition date of July 2, 2018.

Kemper Corporation
Selected Financial Information
As Adjusted for Acquisition - Specialty Property & Casualty Insurance Segment
(Dollars in Millions)
(Unaudited)

	Three Months Ended						Six Months Ended	
	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018	Jun 30, 2019	Jun 30, 2018
Earned Premiums								
Kemper Specialty P&C - GAAP As Reported	\$ 766.0	\$ 729.3	\$ 717.8	\$ 711.2	\$ 320.0	\$ 278.4	\$1,495.3	\$ 598.4
Infinity - Prior to Acquisition	—	—	—	—	374.3	354.0	—	728.3
As Adjusted ¹	\$ 766.0	\$ 729.3	\$ 717.8	\$ 711.2	\$ 694.3	\$ 632.4	\$1,495.3	\$1,326.7
Current Year Non-CAT Losses and LAE								
Kemper Specialty P&C - GAAP As Reported	\$ 579.2	\$ 544.3	\$ 530.3	\$ 527.6	\$ 247.2	\$ 212.3	\$1,123.5	\$ 459.5
Infinity - Prior to Acquisition	—	—	—	—	277.4	273.3	—	550.7
Less: Impact of Purchase Accounting								
Amortization of Fair Value Adjustment to Infinity's Unpaid Loss and LAE	1.2	1.5	1.9	2.5	—	—	2.7	—
As Adjusted ¹	\$ 578.0	\$ 542.8	\$ 528.4	\$ 525.1	\$ 524.6	\$ 485.6	\$1,120.8	\$1,010.2
Insurance Expenses								
Kemper Specialty P&C - GAAP As Reported	\$ 140.9	\$ 124.8	\$ 148.0	\$ 176.8	\$ 49.0	\$ 47.9	\$ 265.7	\$ 96.9
Infinity - Prior to Acquisition	—	—	—	—	68.1	65.4	—	133.5
Less: Impact of Purchase Accounting								
Amortization of Value of Business Acquired ("VOBA")	0.8	1.5	42.0	97.3	—	—	2.3	—
Amortization of Estimated Legacy Infinity Deferred Policy Acquisition Costs ("DPAC")	(3.1)	(12.1)	(24.2)	(56.2)	—	—	(15.2)	—
Amortization of VOBA, Net of Legacy Infinity DPAC	(2.3)	(10.6)	17.8	41.1	—	—	(12.9)	—
Amortization of Finite Life Intangible Assets Acquired	3.3	3.3	3.3	3.3	—	—	6.6	—
Other	3.4	3.4	3.4	3.4	—	—	6.8	—
Total Purchase Accounting Adjustments	4.4	(3.9)	24.5	47.8	—	—	0.5	—
As Adjusted ¹	\$ 136.5	\$ 128.7	\$ 123.5	\$ 129.0	\$ 117.1	\$ 113.3	\$ 265.2	\$ 230.4
Underlying Combined Ratio¹								
Kemper Specialty P&C Segment	94.0 %	91.7 %	94.5 %	99.1 %	92.5 %	93.4 %	93.0 %	93.0 %
As Adjusted ¹	93.3 %	92.1 %	90.8 %	92.0 %	92.4 %	94.7 %	92.7 %	93.5 %

Kemper Corporation
Selected Financial Information
As Adjusted for Acquisition - Specialty Personal Automobile Insurance
(Dollars in Millions)
(Unaudited)

	Three Months Ended						Six Months Ended	
	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018	Jun 30, 2019	Jun 30, 2018
Earned Premiums								
Kemper Specialty Personal Automobile Insurance - GAAP As Reported	\$ 703.7	\$ 669.6	\$ 660.5	\$ 655.3	\$ 307.5	\$ 266.2	\$1,373.3	\$ 573.7
Infinity - Prior to Acquisition	—	—	—	—	332.6	314.2	—	646.8
As Adjusted ¹	\$ 703.7	\$ 669.6	\$ 660.5	\$ 655.3	\$ 640.1	\$ 580.4	\$1,373.3	\$1,220.5
Current Year Non-CAT Losses and LAE								
Kemper Specialty Personal Automobile Insurance	\$ 537.0	\$ 498.8	\$ 492.0	\$ 485.6	237.8	\$ 202.8	\$1,035.8	\$ 440.6
Infinity - Prior to Acquisition	—	—	—	—	244.5	242.3	—	486.8
Less: Impact of Purchase Accounting								
Amortization of Fair Value Adjustment to Infinity's Unpaid Loss and LAE	0.9	1.3	1.5	2.0	—	—	—	—
As Adjusted ¹	\$ 536.1	\$ 497.5	\$ 490.5	\$ 483.6	\$ 482.3	\$ 445.1	\$1,035.8	\$ 927.4
Insurance Expenses								
Kemper Specialty Personal Automobile Insurance - GAAP As Reported	\$ 128.9	\$ 114.7	\$ 132.5	\$ 160.8	\$ 46.7	\$ 45.2	\$ 243.6	\$ 91.9
Infinity - Prior to Acquisition	—	—	—	—	60.8	58.5	—	119.3
Less: Impact of Purchase Accounting								
Amortization of Value of Business Acquired ("VOBA")	0.7	1.3	37.7	87.8	—	—	2.0	—
Amortization of Estimated Legacy Infinity Deferred Policy Acquisition Costs ("DPAC")	(2.8)	(9.8)	(21.9)	(48.7)	—	—	(12.6)	—
Amortization of VOBA, Net of Legacy Infinity DPAC	(2.1)	(8.5)	15.8	39.1	—	—	(10.6)	—
Amortization of Finite Life Intangible Assets Acquired	3.0	3.0	3.0	3.0	—	—	6.0	—
Other	3.0	3.0	3.0	3.0	—	—	6.0	—
Total Purchase Accounting Adjustments	3.9	(2.5)	21.8	45.1	—	—	1.4	—
As Adjusted ¹	\$ 125.0	\$ 117.2	\$ 110.7	\$ 115.7	\$ 107.5	\$ 103.7	242.2	211.2
Underlying Combined Ratio ¹								
Kemper Specialty Personal Automobile Insurance	94.6%	91.6%	94.6%	98.6%	92.5%	93.2%	93.1%	92.8%
As Adjusted ¹	93.9%	91.8%	91.0%	91.5%	92.1%	94.6%	93.1%	93.3%

¹ As Adjusted is a non-GAAP financial measure, which is computed by excluding the impact of purchase accounting in 2018 and including the historical results of Legacy Kemper and Legacy Infinity in periods prior to the acquisition date of July 2, 2018. See page 35.