

First Quarter 2022 Earnings



May 2, 2022



Preliminary Matters

Cautionary Statements Regarding Forward-Looking Information

This presentation 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. We caution investors that these forward-looking statements are not guarantees of future performance, and actual results may differ materially. Such statements involve known and unknown risks, uncertainties, and other factors, including but not limited to:

- changes in the frequency and severity of insurance claims;
- claim development and the process of estimating claim reserves;
- the impacts of inflation;
- supply chain disruption;
- product demand and pricing;
- effects of governmental and regulatory actions;
- litigation outcomes;
- investment risks;
- cybersecurity risks;
- impact of catastrophes; and
- other risks and uncertainties detailed in Kemper's Annual Report on Form 10-K and subsequent filings with the Securities and Exchange Commission ("SEC").

The COVID-19 outbreak and subsequent global pandemic ("Pandemic") is an extraordinary catastrophe that creates unique uncertainties and risks. Kemper cannot provide any assurances as to the impacts of the Pandemic and related economic conditions on Kemper's operating and financial results.

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 presentation, including any such statements related to the Pandemic.

Non-GAAP Financial Measures

This presentation contains non-GAAP financial measures that the company believes are meaningful to investors. Non-GAAP financial measures have been reconciled to the most comparable GAAP financial measure.

Create Long-Term Shareholder Value

Leverage competitive advantages to grow returns and BVPS¹ over time



Strategic focus:

Consumer-related businesses with opportunities that:

- Target specialty markets
- Have limited, weak or unfocused competition
- Require unique expertise (underwriting, claim, distribution, analytics and other)

Deliver low double-digit ROE² over time

First Quarter 2022 Highlights

Auto margins improved despite persistent environmental challenges

Macroeconomic Environment

Environmental challenges continued to impact segments of the insurance market

- Broad market inflation due to supply chain issues and labor shortages continue to drive up loss costs
- Geopolitical and inflationary concerns negatively impacted financial asset valuations

Actions Taken

Restoration actions taking hold; continue to aggressively pursue all improvement opportunities

- Initiatives more than offset environmental headwinds; rate taking activity exceeded expectations
- Specialty P&C Personal Auto rate actions: Filed an additional 8% rate increase on 59% of the book
- Preferred P&C Personal Auto rate actions: Filed an additional 12% rate increase on 69% of the book, ongoing repositioning of the book to improve profitability

1st Quarter Results

Significant sequential improvement in results; auto underlying combined ratio improved 11pts, auto frequency below 2019 levels

- Net loss of \$95 million (\$1.49) per share, as reported, or \$91 million (\$1.43) per share, as adjusted³
- Adjusted consolidated net operating loss¹ of \$60 million (\$0.94) per share, as reported, or \$57 million (\$0.89) per share, as adjusted³
- (9)% ROAE², (14)% ROAE² excluding net unrealized (gain) loss on fixed maturities and goodwill¹

Balance Sheet Strength

Strong capital and liquidity enable us to navigate environmental challenges

- Holding company remains a source of strength for subsidiaries, with more than \$1.2B of liquidity
- 1Q debt offerings at attractive rates provide additional flexibility and diversifies capital structure

First Quarter Financial Highlights

Key business metrics improving, but still impacted by environmental challenges

	As Reported		As Adjusted ¹	
	Quarter Ended		Quarter Ended	
	Mar 31, 2022	Mar 31, 2021	Mar 31, 2022	Mar 31, 2021
(Dollars in millions, except per share amounts)				
Net Income (Loss) – Per Diluted Share	\$(1.49)	\$1.85	\$(1.43)	\$1.97
Adj. Consolidated Net Op. Income (Loss) – Per Diluted Share ¹	\$(0.94)	\$1.31	\$(0.89)	\$1.52
Tangible Book Value Per Common Share excluding unrealized gains ¹	\$32.86	\$42.87	AAC goodwill diluted TBVPS by \$3.11	
Return on Avg. Tangible Common Equity ¹	(14.4)%	18.1%		
Dividend Paid to Shareholders Per Share	\$0.31	\$0.31		
Life Face Value of In-Force Growth	2.1%	1.6%		
Specialty PIF growth	12.0%	0.1%	(0.9)%	0.1%

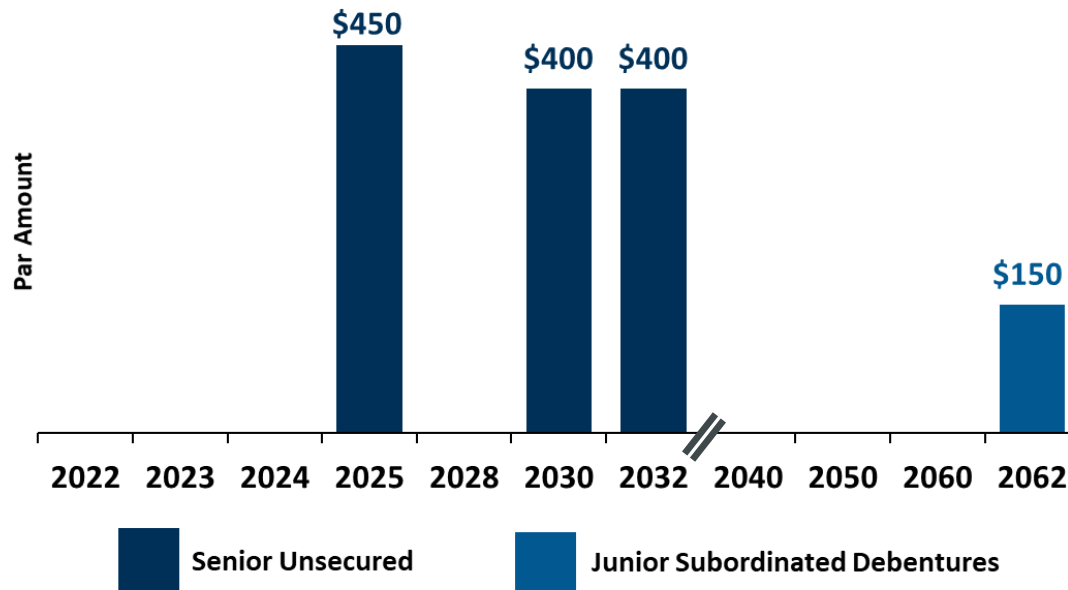
Focus on restoring profitability and positioning businesses for growth

First Quarter Debt Offerings

Refinanced 2022 maturity and diversified capital structure at attractive rates

Highlights

Debt Maturity



1Q22 debt offerings:

- Raised \$400M of 3.80% Senior Notes due in 2032
- Raised \$150M of 5.875% Fixed Rate Reset Junior Subordinated Debentures due in 2062
- Upsized credit facility from \$400M to \$600M

Use of proceeds:

- Redeemed \$275M Infinity 5.00% Senior Notes due September 2022¹
- Incremental working capital

Note 1: Infinity Property and Casualty Corporation is a subsidiary of Kemper.

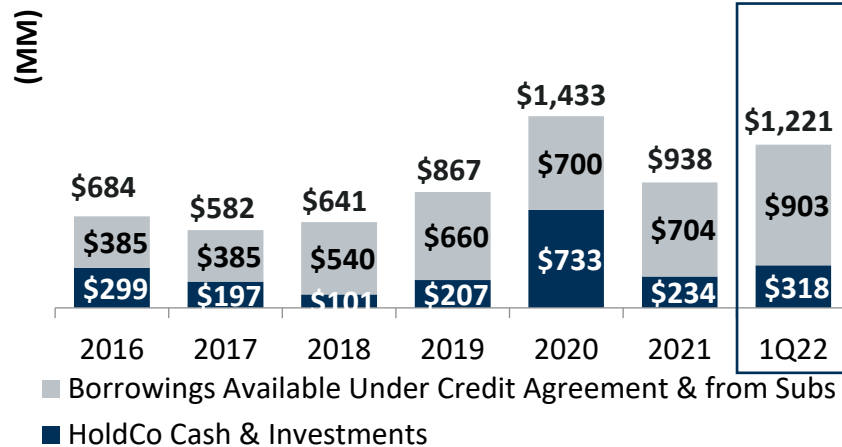
Infinity's liabilities at the acquisition date included \$275.0 million principal amount, 5.000% Senior Notes due September 19, 2022; notes were redeemed on March 25th.

Actions taken provide additional flexibility with no near-term maturities

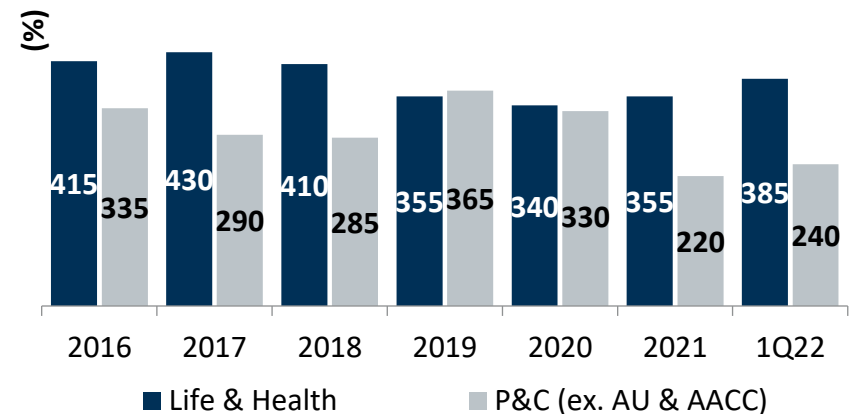
Strong Balance Sheet with Well-Funded Insurance Entities

Significant capital and liquidity positions

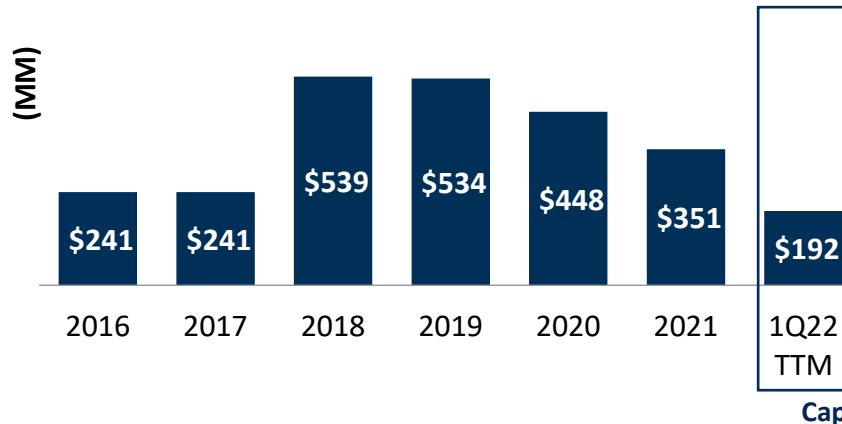
Parent Company Liquidity



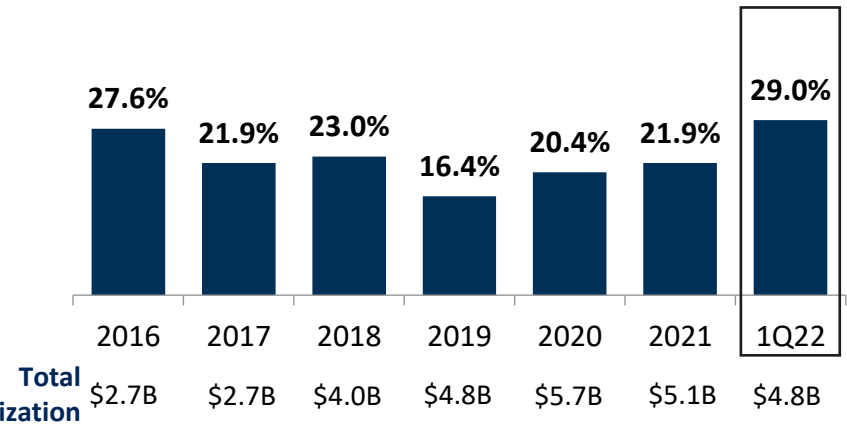
Risk-Based Capital Ratios¹



Cash Flow from Operating Activities



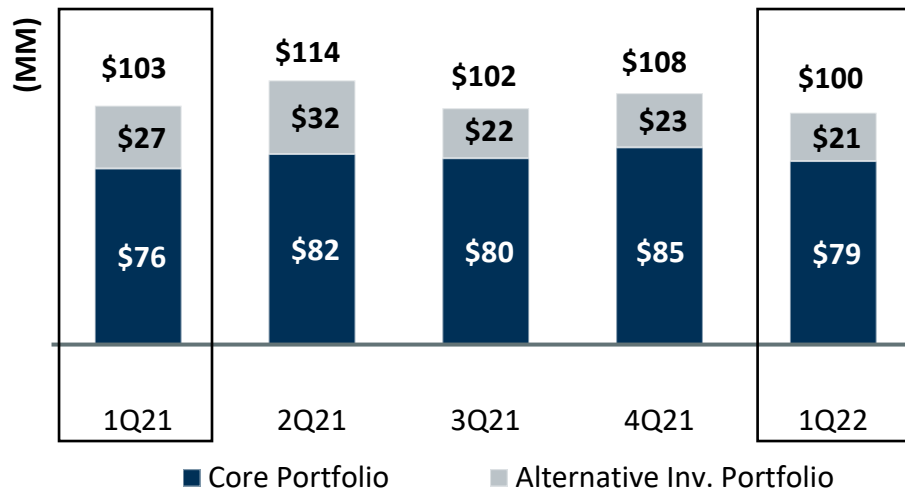
Debt-to-Capital <30%



Well-positioned to navigate the uncertain environment and position businesses for success

Diversified Investment Portfolio with Consistent Returns

Net Investment Income¹

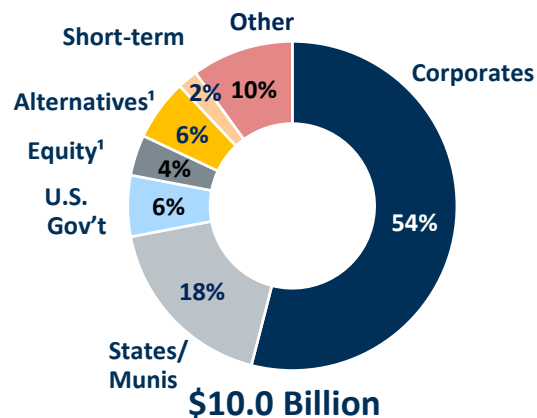


Overview

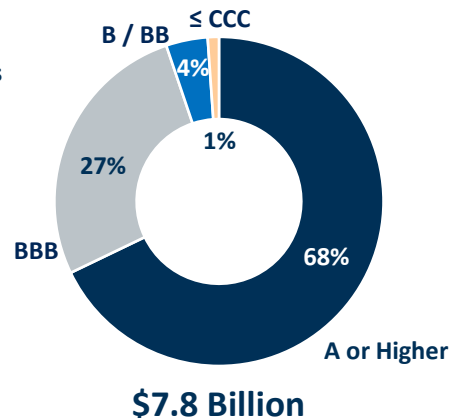
- 4.2% PTE annualized book yield
- New investment yields up ~100 bps relative to prior-year
- The quality of our Fixed Maturity portfolio remains very high
- Investment exposure to Russia is less than \$1.5M

Diversified & Highly-Rated Portfolio

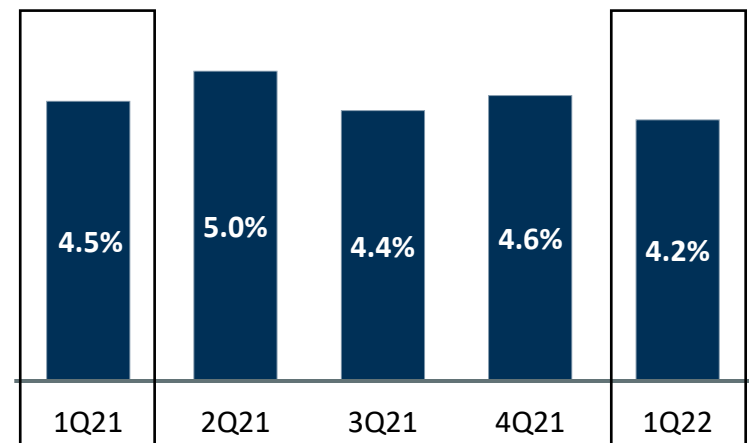
Portfolio Composition



Fixed Maturity Ratings



Pre-Tax Equiv. Annualized Book Yield



Specialty Property & Casualty Insurance Segment¹

Significant sequential quarter-over-quarter combined ratio improvement

Highlights

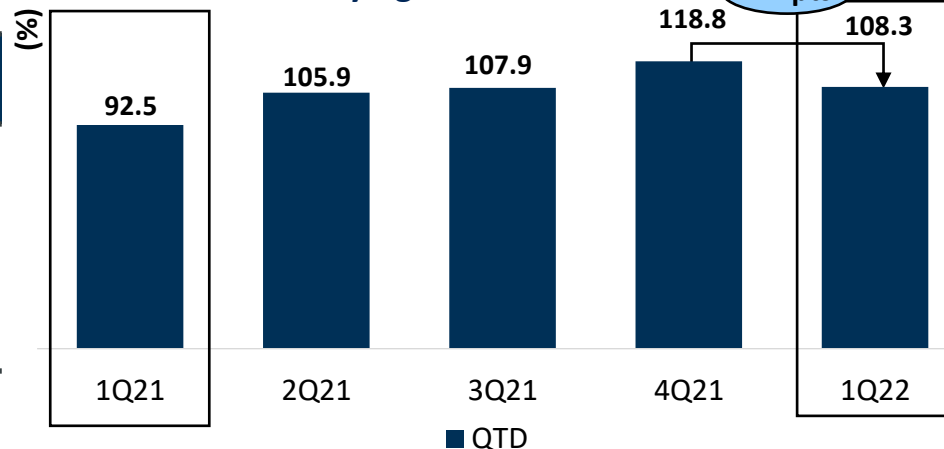
- Profit restoration actions led to a significant improvement in underlying combined ratio
- Frequency remained below 2019 levels
- Broad-based inflation continued to pressure severity despite moderation in used car prices
- 1Q22 rate actions exceeded projections

Specialty PPA (Rate Change Activity Since 2Q21)

	Rate Actions ³				Overall Impact	
	Filed		Effective ⁴		Written	Earned
	% Prem Impacted	Wtd Avg Rate	% Prem Impacted	Wtd Avg Rate	Cumulative Impact on Specialty Personal Auto Book	
4Q 2021	57%	8%	37%	9%	3.6%	0.3%
1Q 2022	59%	8%	21%	10%	6.1%	1.0%
2Q 2022	~9%	~5%	~10%	~7%	~7.8%	~2.3%

Metrics (\$ in millions)	1Q22	1Q21	Change vs 1Q21
Earned Premiums ²	\$1,022	\$966	5.8%
Underlying Loss & LAE Ratio ²	89.2%	73.7%	15.5pts
Underlying Expense Ratio ²	19.1%	18.8%	0.3pts
Policies In-Force (000)	2,146	2,165	(0.9%)

Underlying Combined Ratio¹



Profit improvement actions taking hold, more than offsetting inflation

Preferred Property & Casualty Insurance Segment

Profitability actions taking hold

Highlights

- Performance improved sequentially
- Margins continued to be impacted by environmental pressures
- Filed rate actions increased in 1Q22 and outpaced projections
- Repositioning and focus to core states continues

Preferred Personal Auto (Rate Change Activity Since 2Q21)

	Rate Actions ²				Overall Impact	
	Filed		Effective ³		Written	Earned
	% Prem Impacted	Wtd Avg Rate	% Prem Impacted	Wtd Avg Rate	Cumulative Impact on Preferred Personal Auto Book	
4Q 2021	23%	12%	21%	6%	2.9%	0.1%
1Q 2022	69%	12%	17%	13%	5.2%	0.6%
2Q 2022	~6%	~11%	~17%	~9%	~5.9%	~1.3%

Metrics (\$ in millions)

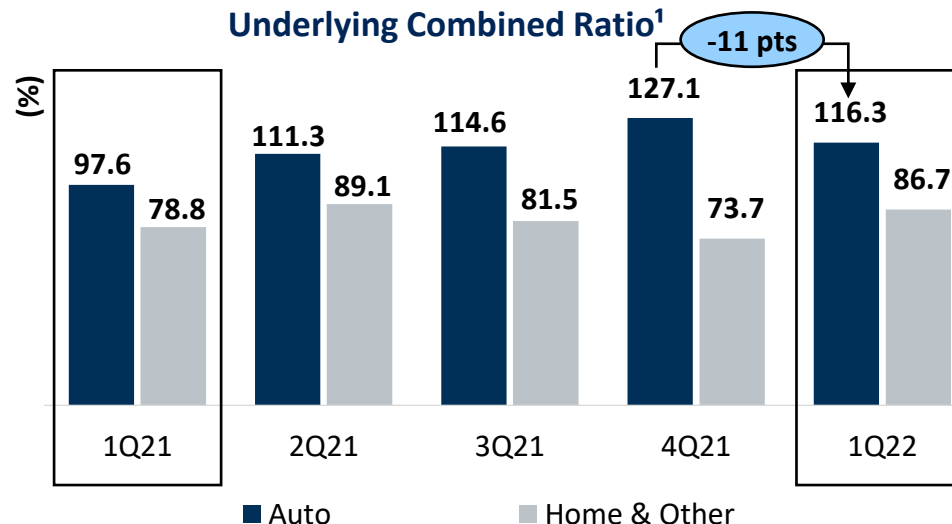
Auto

	1Q22	1Q21	Change vs 1Q21
Earned Premiums	\$96	\$103	(6.8)%
Policies In-Force (000)	195	215	(9.3)%

Home & Other

Earned Premiums	\$60	\$59	1.7%
Policies In-Force (000)	204	210	(2.9)%

Underlying Combined Ratio¹



Focus remains on profitability improvement and inflation mitigation

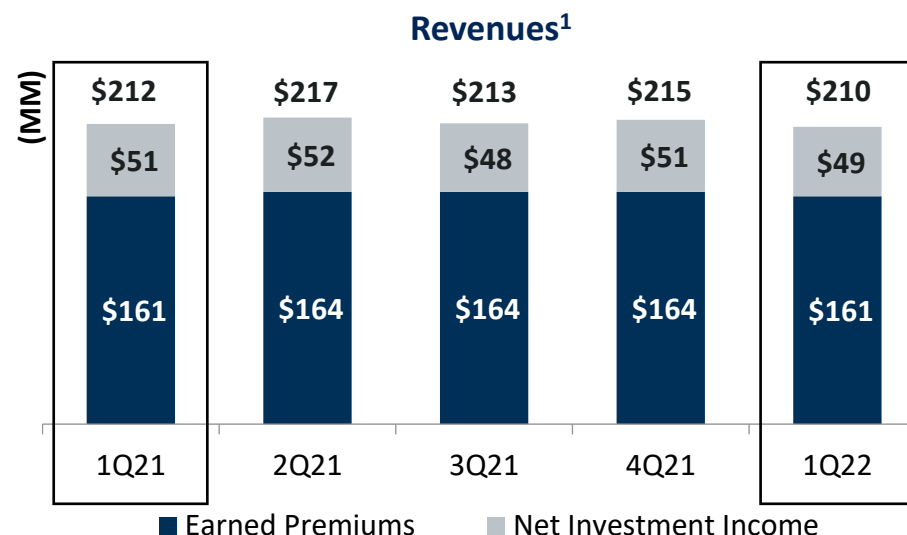
Life & Health Insurance Segment

In line with national mortality trends, Pandemic continued to impact operating income

Highlights

- Life Earned Premium increased by \$3.2 million or 3.3% in Q122 to \$101.3 million
 - Persistency increased over pre-Pandemic levels (2017-2019)
- Annualized Life new business sales remain above historical levels
- Business to benefit from improved interest rate environment

Metrics (\$ in millions except per policy amounts)	1Q22	1Q21	Change vs 1Q21
L&H			
Net Operating Income	\$3	\$7	(57.1)%
Life			
Face Value of In-Force	\$20,473	\$20,046	2.1%
Avg. Face per Policy	\$6,238	\$5,998	4.0%
Avg. Premium per Policy Issued	\$559	\$494	13.2%



Profitability expected to materially improve as mortality normalizes

Appendix

A Leading Specialized Insurer

Taking advantage of a diversified portfolio of niche businesses....

KEMPER

Founded in 1990 and headquartered in Chicago,
with subsidiaries writing policies since 1911



~\$15B

Assets



~6.4M

Policies



~35,500

Agents/Brokers



~10,400

Employees

KEMPER Auto

Specialty P&C insurance providing
personal and commercial
automobile insurance products

KEMPER Personal Insurance

Preferred personal lines insurance
providing preferred automobile,
homeowners and other personal
insurance products

KEMPER Life & Health

Life and health insurance
providing life, supplemental
benefits, and other property
insurance products

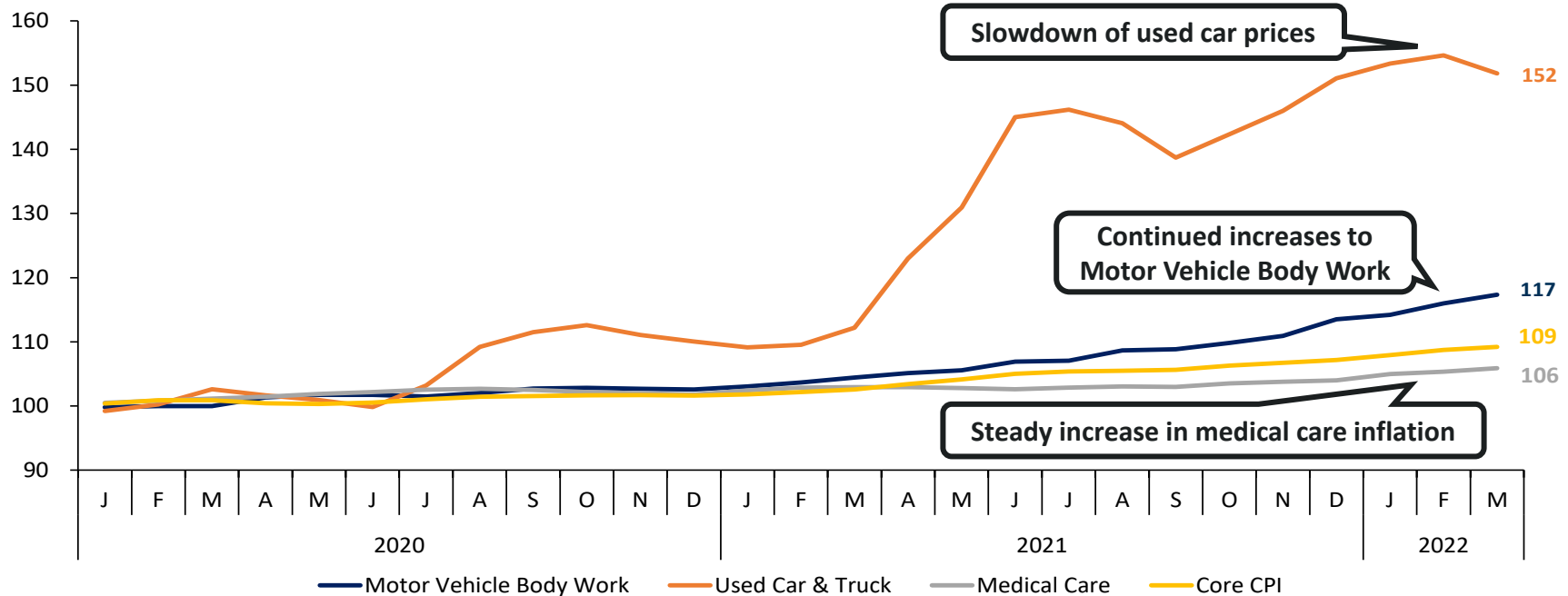
....to create value for all our stakeholders

Inflationary Pressures Remain Persistent

Subcomponents of inflation continue to disproportionately impact insurers, driving up loss costs

- Insurers continue to face increased auto body work prices due to labor shortage and supply chain issues
 - Auto body work prices rose by 3.4% from last quarter; up 12.4% YoY
- Used car and truck prices rose 35% over the past year; pace of increase slowed compared to last quarter
- Medical care costs increased 1.8% from last quarter; up 2.9% YoY

Price Indices (Indexed to Q418)



Inflation trends continue to be dynamic and trending upward

Capital Deployment Priorities

Dedicated to being good stewards of capital

1. Investment in the business

- Fund profitable organic growth at appropriate risk-adjusted returns
- Strategic investments and acquisitions that enhance the business and meet or exceed our ROE targets over time

2. Return capital to shareholders

- Repurchase shares opportunistically
- Maintain competitive dividends

Management and capital deployment priorities focused on maximizing shareholder value

Solar Energy Investment: In Line with Environmental Impact Goals

\$100 million commitment to solar energy investment generating attractive returns

- In conjunction with Sunrun, invested in a diversified group of residential solar energy projects
- Opportunity to provide renewable energy solutions for homeowners that benefits the environment
- Expect to earn an attractive return that will primarily be recognized as tax credits / deductions as well as operating cash flows
 - Due to tax profile of transaction, this investment needs to be evaluated on after-tax basis
- Majority of financial benefits will be recognized over the next two years
 - Will reduce our Effective Tax Rate over next two years
 - Largest impact is expected to have taken place in 1Q21

Reporting on Income Statement Line Items

Key Metrics (\$ in millions, except per share data)	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	Cumulative
Revenue Reduction	\$ --	\$15.4	\$7.7	\$23.8	\$14.3	\$16.7	\$77.90
Per Share	\$ --	\$(0.23)	\$(0.12)	\$(0.37)	\$(0.22)	\$(0.26)	\$(1.20)
Tax Credit / Deductions	\$3.2	\$28.6	\$8.6	\$30.6	\$11.2	\$7.0	\$89.2
Per Share	\$0.05	\$0.43	\$0.13	\$0.48	\$0.18	\$0.11	\$1.38
Net Benefit (Loss)	\$3.2	\$13.2	\$0.9	\$6.8	\$(3.1)	\$(9.7)	\$11.30
Per Share	\$0.05	\$0.20	\$0.01	\$0.11	\$(0.05)	\$(0.15)	\$0.17

Continue to optimize our capital management through investments
with attractive returns and cash flows

2022 Reinsurance Program

Renewed programs and upsized our catastrophe reinsurance program

Catastrophe Reinsurance Program (Multi-Year)

1-Year Term / Placed 1/1/22 \$25M xs \$325M / 95% Placed			Retention 5% of \$300M xs \$50M
1-Year Term / Placed 1/1/22 \$75M xs \$250M / 95% Placed			
3-Year Term Placed 1/1/20 \$100M xs \$150M 31.67% Placed	3-Year Term Placed 1/1/21 \$100M xs \$150M 27.67% Placed	3-Year Term Placed 1/1/22 \$100M xs \$150M 35.67% Placed	
3-Year Term Placed 1/1/20 \$100M xs \$50M 31.67% Placed	3-Year Term Placed 1/1/21 \$100M xs \$50M 27.67% Placed	3-Year Term Placed 1/1/22 \$100M xs \$50M 35.67% Placed	
Retention 100% of first \$50M			

- Policy placed at 1/1/22 upsized relative to prior four years
 - New limit aligned with risk-appetite to cover 1-in-200 occurrence
 - Minimizes rating agency cost of capital
- Total coverage: 95% of \$300 million in excess of \$50 million

Aggregate Catastrophe Program

- Increased retention vs. 2021 program
 - Intended to reduce volatility from high-frequency, low severity events
- Coverage
 - \$50 million in excess of \$65 million
 - \$500K deductible per storm
 - Perils: All perils, excluding named storms (e.g., hurricanes) and earthquakes
 - Covered Line: Property, Fire and Dwelling

2022 Aggregate Catastrophe Reinsurance Program



Net Operating Income Review

Financial results continue to be pressured by environmental challenges

	Three Months Ended, As Reported					
	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021	Jun. 30, 2021	Mar. 31, 2021	Variance YoY
<i>Dollars per Unrestricted Share - Diluted</i>						
Net Income (Loss)	\$ (1.49)	\$ (1.66)	\$ (1.18)	\$ (0.97)	\$ 1.85	(3.34)
(Income) Loss from Change in FV of Equity & Convertible Securities	0.35	(0.27)	0.01	(0.50)	(0.62)	0.97
Investment Related (Gains)/Losses	(0.02)	(0.27)	(0.13)	(0.24)	(0.16)	0.14
Net Impairment Losses	0.11	0.04	0.01	0.04	0.05	0.06
Acquisition Related Transaction, Integration & Other Costs	0.06	0.11	0.10	0.13	0.19	(0.13)
Debt Extinguishment, Pension and Other Charges	0.05	-	-	-	-	-
Adj. Consolidated Net Operating Income (Loss)¹	(0.94)	(2.05)	(1.19)	(1.54)	1.31	(2.30)
<i>Sources of Volatility:</i>						
Income (Loss) After-Tax From:						
Catastrophes	(0.17)	(0.16)	(0.40)	(0.43)	(0.33)	0.16
Solar Investment	(0.15)	(0.05)	0.11	0.01	0.20	(0.35)
Prior-year Reserve Development	0.03	0.01	(0.31)	(1.01)	-	0.03
Alternative Investment Income	0.26	0.29	0.27	0.38	0.32	(0.06)
Impact of Purchase Accounting	(0.06)	(0.07)	(0.10)	(0.15)	(0.03)	(0.03)
Total from Sources of Volatility	\$ (0.09)	\$ 0.02	\$ (0.43)	\$ (1.20)	\$ 0.16	\$ (0.25)

Earned impact of profit improvement actions will continue to increase throughout 2022

Non-GAAP Financial Measures

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

Book Value Per Share Excluding 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.

	For the Periods Ended						
	<u>1Q'22</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Book Value Per Share	\$ 53.21	\$ 62.93	\$ 69.74	\$ 59.59	\$ 47.10	\$ 41.11	\$ 38.52
Less: Net Unrealized (Gains) Losses on Fixed Maturities Per Share	<u>0.21</u>	<u>(7.89)</u>	<u>(11.07)</u>	<u>(6.51)</u>	<u>(1.70)</u>	<u>(5.54)</u>	<u>(3.52)</u>
Book Value Per Share Excluding Net Unrealized (Gains) Losses on Fixed Maturities	\$ 53.42	\$ 55.04	\$ 58.67	\$ 53.08	\$ 45.40	\$ 35.57	\$ 35.00
Less: Goodwill	<u>(20.56)</u>	<u>(20.60)</u>	<u>(17.02)</u>	<u>(16.72)</u>	<u>(17.18)</u>	<u>(6.28)</u>	<u>(6.30)</u>
Book Value Per Share Excluding Net Unrealized (Gains) Losses on Fixed Maturities and Goodwill	<u>\$ 32.86</u>	<u>\$ 34.44</u>	<u>\$ 41.65</u>	<u>\$ 36.36</u>	<u>\$ 28.22</u>	<u>\$ 29.29</u>	<u>\$ 28.70</u>

Non-GAAP Financial Measures

Return on Equity

	For the Periods Ended						
	<u>1Q'22</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Rolling 12 Month Return on Average Shareholders' Equity (5 Point Avg)	(8.4)%	(2.8)%	9.8%	14.8%	7.7%	5.9%	0.8%
Less: Net Unrealized (Gains) Losses on Fixed Maturities	(0.9)%	(0.4)%	1.5%	1.5%	0.6%	0.7%	0.1%
Rolling 12 Month Return on Average Shareholders' Equity Excluding Net Unrealized (Gains) Losses on Fixed Maturities (5 Point Avg)	(9.3)%	(3.2)%	11.3%	16.3%	8.3%	6.6%	0.9%
Excluding: Net Unrealized (Gains) Losses on Fixed Maturities (5 Point Avg)	(5.1)%	(1.7)%	5.0%	8.4%	3.1%	1.4%	0.2%
Excluding: Net Unrealized (Gains) Losses on Fixed Maturities and Goodwill (5 Point Avg)	(14.4)%	(4.9)%	16.3%	24.7%	11.4%	8.0%	1.1%

Non-GAAP Financial Measures

Kemper 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. Income (Loss) from Change in Fair Value of Equity and Convertible Securities, Net Realized Gains on Sales of Investments and Impairment Losses 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. Acquisition Related Transaction and Integration 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. Debt Extinguishment, Pension and Other Charges relate to (i) loss from early extinguishment of debt, which 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; (ii) settlement of pension plan obligations which are business decisions made by the Company, the timing of which is unrelated to the underwriting process; and (iii) other charges that are non-standard, not part of the ordinary course of business, and 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.

Non-GAAP Financial Measures

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

Kemper believes that Diluted Adjusted Consolidated Net Operating Income (Loss) Per Unrestricted Share 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. Income from change in fair value of equity and convertible securities, net realized gains on sales of investments, impairment losses related to investments, acquisition related transaction, integration and other costs and loss from early extinguishment of debt included in Kemper'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.

	For the Three Months Ended				
Per Unrestricted Share	1Q22	4Q21	3Q21	2Q21	1Q21
Net Income (Loss) - Diluted	\$ (1.49)	\$ (1.66)	\$ (1.18)	\$ (0.97)	\$ 1.85
Net (Income) Loss From:					
Change in Fair Value of Equity & Convertible Securities	0.35	(0.27)	0.01	(0.50)	(0.62)
Net Realized Gains on Sales of Investments	(0.02)	(0.27)	(0.13)	(0.24)	(0.16)
Impairment Losses	0.11	0.04	0.01	0.04	0.05
Acquisition Related Transaction, Integration and Other Costs	0.06	0.11	0.10	0.13	0.19
Debt Extinguishment, pension and other charges	0.05	-	-	-	-
Adj. Consolidated Net Operating Income (Loss) - Diluted	<u>\$ (0.94)</u>	<u>\$ (2.05)</u>	<u>\$ (1.19)</u>	<u>\$ (1.54)</u>	<u>\$ 1.31</u>

Non-GAAP Financial Measures

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.

Non-GAAP Financial Measures

Underlying Combined Ratio – Continued

	1Q22	4Q21	3Q21	2Q21	1Q21
Specialty P&C Insurance					
Combined Ratio as Reported	108.6%	118.9%	111.6%	116.1%	93.5%
Current Year Catastrophe Loss and LAE Ratio	(0.2)%	(0.2)%	(0.3)%	(0.8)%	(0.2)%
Prior Years Non-Catastrophe Losses and LAE	0.4%	0.7%	(2.4)%	(8.0)%	0.2%
Prior Years Catastrophe Losses and LAE Ratio	(0.1)%	0.0%	0.0%	0.0%	0.0%
Underlying Combined Ratio	108.7%	119.4%	108.9%	107.3%	93.5%
Preferred P&C Insurance					
Combined Ratio as Reported	111.6%	115.5%	116.6%	118.9%	105.4%
Current Year Catastrophe Loss and LAE Ratio	(7.3)%	(4.6)%	(14.3)%	(14.8)%	(14.8)%
Prior Years Non-Catastrophe Losses and LAE	(1.3)%	(5.2)%	0.0%	(3.1)%	(0.1)%
Prior Years Catastrophe Losses and LAE Ratio	2.1%	1.2%	(0.1)%	2.1%	0.2%
Underlying Combined Ratio	105.1%	106.9%	102.2%	103.1%	90.7%
Preferred Auto					
Combined Ratio as Reported	118.5%	135.5%	117.4%	117.3%	99.5%
Current Year Catastrophe Loss and LAE Ratio	(0.5)%	(1.3)%	(2.6)%	(2.7)%	(0.6)%
Prior Years Non-Catastrophe Losses and LAE	(1.6)%	(7.2)%	(0.1)%	(3.5)%	(1.2)%
Prior Years Catastrophe Losses and LAE Ratio	(0.1)%	0.1%	(0.1)%	0.2%	(0.1)%
Underlying Combined Ratio	116.3%	127.1%	114.6%	111.3%	97.6%
Preferred Home & Other					
Combined Ratio as Reported	100.5%	82.5%	115.2%	121.8%	115.7%
Current Year Catastrophe Loss and LAE Ratio	(18.3)%	(10.1)%	(33.9)%	(35.8)%	(39.5)%
Prior Years Non-Catastrophe Losses and LAE	(1.0)%	(1.8)%	0.2%	(2.3)%	1.9%
Prior Years Catastrophe Losses and LAE Ratio	5.5%	3.1%	0.0%	5.4%	0.7%
Underlying Combined Ratio	86.7%	73.7%	81.5%	89.1%	78.8%

Non-GAAP Financial Measures

As Adjusted for Acquisition amounts are non-GAAP financial measures. Subsequent to the applicable acquisitions, the As Adjusted for Acquisitions amounts are computed by subtracting the impact of purchase accounting adjustments from 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.

Non-GAAP Financial Measures

As Adjusted for Acquisition – Continued

(\$ in millions, except per share data)

	Three Months Ended				
	31-Mar-22	31-Dec-21	30-Sep-21	30-Jun-21	31-Mar-21
Earned Premiums					
Kemper - GAAP As Reported	\$ 1,338.6	\$ 1,359.1	\$ 1,356.1	\$ 1,337.7	\$ 1,200.8
AAC - Prior to Acquisition	-	-	-	-	87.9
As Adjusted ¹	\$ 1,338.6	\$ 1,359.1	\$ 1,356.1	\$ 1,337.7	\$ 1,288.7
Net Income (Loss)					
Kemper - GAAP As Reported	\$ (94.8)	\$ (105.8)	\$ (75.3)	\$ (62.6)	\$ 123.2
AAC - Prior to Acquisition	-	-	-	-	6.1
Less: Impact of Purchase Accounting	(3.5)	(4.5)	(6.7)	(10.1)	(1.8)
As Adjusted ¹	\$ (91.3)	\$ (101.3)	\$ (68.6)	\$ (52.5)	\$ 131.1
As Adjusted ¹ - Per Diluted Share	\$ (1.43)	\$ (1.59)	\$ (1.08)	\$ (0.82)	\$ 1.97
Adjusted Consolidated Net Operating Income (Loss)					
Kemper - GAAP As Reported	\$ (60.1)	\$ (130.8)	\$ (75.8)	\$ (99.4)	\$ 87.2
AAC - Prior to Acquisition	-	-	-	-	12.3
Less: Impact of Purchase Accounting	(3.5)	(4.5)	(6.7)	(10.1)	(1.8)
As Adjusted ¹	\$ (56.6)	\$ (126.3)	\$ (69.1)	\$ (89.3)	\$ 101.3
As Adjusted ¹ - Per Diluted Share	\$ (0.89)	\$ (1.98)	\$ (1.08)	\$ (1.39)	\$ 1.52

Non-GAAP Financial Measures

As Adjusted for Acquisition – Continued

Specialty P&C Insurance Segment

(\$ in millions)

	Three Months Ended				
	31-Mar-22	31-Dec-21	30-Sep-21	30-Jun-21	31-Mar-21
Earned Premiums					
Kemper Specialty P&C - GAAP As Reported	\$ 1,021.6	\$ 1,032.3	\$ 1,028.3	\$ 1,010.3	\$ 877.6
AAC - Prior to Acquisition	-	-	-	-	87.9
As Adjusted ¹	\$ 1,021.6	\$ 1,032.3	\$ 1,028.3	\$ 1,010.3	\$ 965.5
Current Year Non-CAT Losses and LAE					
Kemper Specialty P&C - GAAP As Reported	\$ 911.7	\$ 1,028.5	\$ 924.4	\$ 877.4	\$ 650.0
AAC - Prior to Acquisition	-	-	-	-	62.0
Less: Impact of Purchase Accounting					
Amortization of Fair Value Adjustment to Unpaid Loss and LAE	0.3	0.2	0.3	0.3	0.4
As Adjusted ¹	\$ 911.4	\$ 1,028.3	\$ 924.1	\$ 877.1	\$ 711.6
Insurance Expenses					
Kemper Specialty P&C - GAAP As Reported	\$ 199.3	\$ 204.4	\$ 194.2	\$ 205.6	\$ 170.3
AAC - Prior to Acquisition	-	-	-	-	13.1
Less: Impact of Purchase Accounting	4.7	5.9	8.6	12.9	2.3
As Adjusted ¹	\$ 194.6	\$ 198.5	\$ 185.6	\$ 192.7	\$ 181.1
As Adjusted ¹ Underlying Combined Ratio					
As Adjusted ¹ Underlying Loss & LAE Ratio	89.2%	99.6%	89.9%	86.8%	73.7%
As Adjusted ¹ Expense Ratio	19.1%	19.2%	18.0%	19.2%	18.8%
As Adjusted ¹ Underlying Combined Ratio	108.3%	118.8%	107.9%	105.9%	92.5%

Non-GAAP Financial Measures

As Adjusted for Acquisition – Continued

Specialty Personal Automobile Insurance					
(\$ in millions)	Three Months Ended				
	31-Mar-22	31-Dec-21	30-Sep-21	30-Jun-21	31-Mar-21
Earned Premiums					
Kemper Specialty P&C - GAAP As Reported	\$ 901.7	\$ 918.1	\$ 920.6	\$ 909.6	\$ 785.4
AAC - Prior to Acquisition	-	-	-	-	87.9
As Adjusted ¹	\$ 901.7	\$ 918.1	\$ 920.6	\$ 909.6	\$ 873.3
Current Year Non-CAT Losses and LAE					
Kemper Specialty P&C - GAAP As Reported	\$ 827.7	\$ 938.5	\$ 843.9	\$ 805.1	\$ 586.4
AAC - Prior to Acquisition	-	-	-	-	62.0
Less: Impact of Purchase Accounting					
Amortization of Fair Value Adjustment to Unpaid Loss and LAE	0.3	0.2	0.3	0.2	0.3
As Adjusted ¹	\$ 827.4	\$ 938.3	\$ 843.6	\$ 804.9	\$ 648.1
Insurance Expenses					
Kemper Specialty P&C - GAAP As Reported	\$ 177.3	\$ 184.3	\$ 176.0	\$ 187.7	\$ 155.3
AAC - Prior to Acquisition	-	-	-	-	13.1
Less: Impact of Purchase Accounting	4.3	5.5	8.1	12.4	1.8
As Adjusted ¹	\$ 173.0	\$ 178.8	\$ 167.9	\$ 175.3	\$ 166.6
As Adjusted ¹ Underlying Combined Ratio					
As Adjusted ¹ Underlying Loss & LAE Ratio	91.8%	102.2%	91.6%	88.5%	74.2%
As Adjusted ¹ Expense Ratio	19.2%	19.5%	18.2%	19.3%	19.1%
As Adjusted ¹ Underlying Combined Ratio	110.9%	121.7%	109.9%	107.8%	93.3%