Third Quarter 2018 Earnings

November 5, 2018

KEMPER

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. 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.

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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.

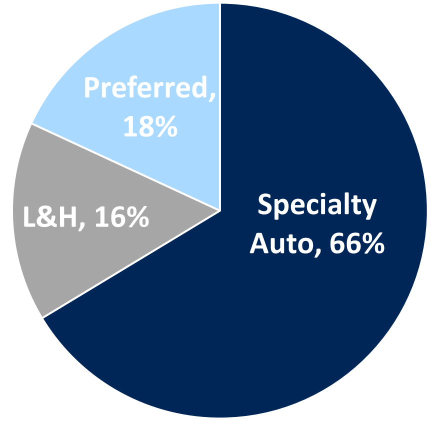
Kemper Is a Leading Specialized Multi-Line Insurer

Taking advantage of the benefits of a diversified platform

- **Multi-line national insurance company**
  - Provide specialty auto and preferred personal insurance (auto, home & umbrella)
  - Provide basic life, accident & health products
  - Founded in 1990 and headquartered in Chicago, with subsidiaries writing policies since 1911
- **Multi-channel distribution network**
  - 2,200 career agents and ~30,000 independent agents
- **Strong balance sheet**
  - Insurance subsidiaries highly rated[1] by A.M. Best
  - ~90% of Kemper's fixed maturity portfolio is investment grade, of which over 65% is rated A or higher
- **Successful execution by proven leadership team**
  - Materially enhanced operating and financial performance
  - Strong momentum from Infinity acquisition
  - Closed acquisition of Infinity in July 2018; meaningful synergies achieved and more to come

Key Metrics – Post Infinity Acquisition	
Market Cap (11/2/18)	$4.9 Billion
Debt-to-Capital Ratio	~27%
A.M. Best Ratings (Kemper/Infinity)[1]	A-/A
Employees	>7,800
In-force policies	~7MM

LTM Pro Forma[2] Business Mix



LTM Earned Premiums: $4.0bn

To create value for all our stakeholders

[1] *Alliance United is not rated*
[2] *Latest twelve months Pro forma for the acquisition of Infinity*

Create Long-Term Shareholder Value

Leverage competitive advantages to grow returns and BVPS over time

Sustainable competitive advantages and build core capabilities

Diversified sources of earnings; Strong capital/liquidity positions; Disciplined approach to capital mgmt

Growing returns and book value per share over time

Strategic focus:

Consumer-related businesses with opportunities that:

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

Deliver low double-digit ROE[1] over time

[1] *Return on Equity*

Kemper's New Brand Identity

Powerful brand is foundational to unlock future value

- **Rationale**
  - Previous architecture had over 20 consumer-facing brands with inconsistent identities hindering ability to leverage brand to enhance performance
  - Unified purpose, brand architecture and positioning increases awareness of Kemper's strength, reach and capabilities
  - Harmonizing brand identity post Infinity acquisition, allows for faster integration and brand recognition
  - Enables ability to optimize value creation

- **Implementation & Transition**
  - Thoughtful transition plans to maximize execution effectiveness
    - Brand dependent transitions to occur over next 6-18 months
    - No material disruption anticipated
  - Implementation costs included in estimated acquisition related transaction and integration costs

KEMPER

KEMPER Auto

KEMPER Personal Insurance

KEMPER Life

KEMPER Health

Clear purpose and values consistently delivered increases brand equity, accelerating stakeholder value creation

Infinity Update – Transaction Rationale

Significant Value Creation Through Combination

In addition to scale benefits of a larger specialty player, each side brings complementary skills to the combined entity

INFINITY PROPERTY & CASUALTY CORPORATION

- ✓ Strong product and claim capabilities
- ✓ Low cost and efficient processes
- ✓ Proven growth track record in core markets
- ✓ Specialized products and services provide meaningful value to the urban and Hispanic communities – extensive bilingual capabilities

KEMPER

- ✓ Strong product and claim capabilities
- ✓ Low cost and efficient processes
- ✓ Proven growth track record in core markets
- ✓ Diversified national product portfolio with stable L&H earnings provides capital to support growth
- ✓ Strong investment capabilities

Additional Benefits of a Larger and Scaled Combined Business

- ✓ Increased scale yields stronger claim capabilities and better distribution breadth
- ✓ Ability to retain best in class capabilities and top talent from both organizations
- ✓ Larger premium base to spread fixed costs and investments into product, service and technology
- ✓ Geographic and product diversification enable improved capital management

Shared core capabilities plus unique strengths and added scale create a dynamic, leading specialty franchise - delivering valuable products at reasonable costs to niche customer segments

Infinity Update – Integration

Focused integration teams charged with delivery of best-in-class capabilities

People & Culture	• Legacy Infinity leadership remains highly involved, adding additional depth and breadth • Retained vast majority of product management, claims, sales and customer service employees • Cultures are aligned and teams are integrating/working together well
Product, Pricing & Underwriting	• Ability to leverage increased data and segmentation into product development and pricing • Realigning product management geographically to better serve customer base and be positioned to benefit from new opportunities in core markets
Claims	• Transitioning to one P&C claims platform to improve operational efficiencies and data analytics • Using best practices to refine approach to claim operations
Systems/Operation Integration	• Executing comprehensive systems integration plan • Continue to identify strengths and weaknesses of current systems and platforms • Elimination of duplicate systems over time to reduce expenses and gain efficiencies
Synergies	• Estimate of $55mm of fully phased in p/t synergies to be realized by 2Q 2020 remains unchanged • Realization of synergies on-track; do not anticipate straight-line realization of benefits; some lumpiness will occur as investments made to capture ultimate synergies

Integration remains on track with meaningful benefits achieved and more expected

Third Quarter 2018 Highlights

Specialty Auto growth is driving the strong performance

3Q18 vs 3Q17 Operating Results	• Net Income increased from \$47.7 million to \$92.2 million, as reported, or \$131.7 million, as adjusted[1], resulting in EPS of \$0.92, \$1.40 and \$2.01, respectively • Adj Consolidated Net Operating EPS[1] increased from \$0.85 to \$1.59, as reported • Earned Premiums increased \$454.7 million, or 76 percent, as reported; on an as adjusted[1] basis, Earned Premiums increased \$109.7 million, or 12 percent • Specialty Auto increased Earned Premiums by 166 percent, as reported; on an as adjusted[1] basis, Earned Premiums increased \$101.4 million, or 18 percent • Life & Health net operating income increased \$3.2 million • Net Investment Income of \$92.0 million continues to provide a consistent income stream
Balance Sheet	• Ample liquidity at holding company post Infinity acquisition • Approximately \$400 million of available and contingent liquidity • Debt-to-capital ratio of approximately 26.8 percent
Other	• Closed acquisition of Infinity P&C on July 2, 2018 • Received a \$35.7 million payment related to the partial satisfaction of an arbitration judgment • Received a \$26.0 million tax benefit as a result of an updated analysis of certain provisional amounts recorded for the effect of the Tax Cuts and Jobs Act on deferred income taxes • Announced a Brand refresh to elevate focus on strength, stability and transformation

[1] *Non-GAAP financial measure; Please see reconciliation in the appendix*

Third Quarter Highlights

Strong financial results on both an as reported and as adjusted basis

(Dollars in millions, except per share amounts)	Three Months Ended, as Reported			Three Months Ended, as Adjusted [1]		
	Sep. 30, 2018	Sep. 30, 2017	Variance	Sep. 30, 2018	Sep. 30, 2017	Variance
Net Income	$ 92.2	$ 47.7	$ 44.5	$ 131.7	$ 62.7	$ 69.0
Net Income Per Share - Diluted	$ 1.40	$ 0.92	$ 0.48	$ 2.01	$ 0.96	$ 1.05
Adj. Consolidated Net Operating Income Per Share - Diluted[1]	**$ 1.59**	**$ 0.85**	**$ 0.74**	**$ 2.20**	**$ 0.91**	**$ 1.29**
Earned Premiums	**$ 1,052.9**	**$ 598.2**	**$ 454.7**	**$ 1,052.9**	**$ 943.2**	**$ 109.7**
Net Investment Income	**92.0**	**85.9**	**6.1**	**92.0**	**95.7**	**(3.7)**
Net Realized Gains & Other Income	50.6	6.2	44.4	50.6	6.1	44.5
Total Revenues	$ 1,195.5	$ 690.3	$ 505.2	$ 1,195.5	$ 1,045.0	$ 150.5
Book Value Per Share	$ 47.33	$ 40.48	$ 6.85			
Book Value Per Share Excluding Net Unrealized Gains on Fixed Maturities[1]	**$ 45.22**	**$ 35.87**	**$ 9.35**			
P&C Policies In Force (in thousands)	2,158	1,165	**993**	2,158	1,949	**209**
P&C Underlying Loss & LAE Ratio	71.9%	70.6%	**1.3%**	71.7%	71.7%	**(0.0%)**
P&C Expense Ratio	26.1%	22.0%	**4.1%**	20.8%	20.6%	**0.2%**
Life Policies In Force (in thousands)	3,429	3,518	**(89)**	3,429	3,518	**(89)**
Life Face Value of In-Force (in millions)	$ 19,475	$ 19,293	$ 182	$ 19,475	$ 19,293	$ 182

3Q18 results led by strong performance in Specialty Auto

[1] *Non-GAAP financial measure; Please see reconciliation in the appendix*

Improving Underlying Operating Performance

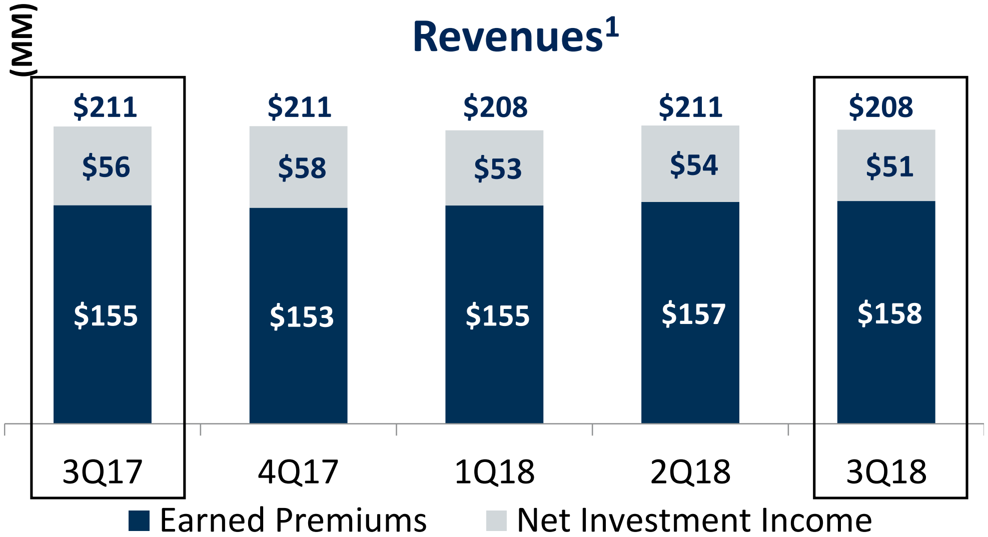
Dollars per Unrestricted Share - Diluted	Sep. 30, 2018	Jun. 30, 2018	Mar. 31, 2018	Dec. 31, 2017	Sep. 30, 2017	Variance QoQ
	Three Months Ended, As Reported					
Income from Continuing Operations	**$ 1.40**	**$ 0.73**	**$ 1.02**	**$ 0.69**	**$ 0.92**	**0.48**
Income from Change in FV of Equity Securities	(0.13)	(0.01)	(0.01)	-	-	(0.13)
Investment Related (Gains)/Losses[1]	(0.04)	(0.06)	(0.04)	(0.14)	(0.10)	0.06
Net Impairment Losses	0.02	-	0.01	0.05	0.03	(0.01)
Acquisition Related Transaction and Integration Costs	0.34	0.04	0.12	-	-	0.34
Adj. Consolidated Net Operating Income[2]	**1.59**	**0.70**	**1.10**	**0.60**	**0.85**	**0.74**
Sources of Volatility:						
Catastrophes	0.24	0.66	0.12	0.64	0.41	(0.17)
Prior-year Reserve Development	(0.04)	0.05	(0.02)	0.01	0.01	(0.05)
Alternative Investment Income	(0.16)	(0.10)	(0.17)	(0.16)	(0.21)	0.05
Tax Reform	(0.40)	-	-	(0.14)	-	(0.40)
Partial Satisfaction of Judgement	(0.43)	-	-	-	-	(0.43)
Impact of Purchase Accounting	0.61	-	-	-	-	0.61
Total from Sources of Volatility	$ (0.18)	$ 0.61	$ (0.07)	$ 0.35	$ 0.21	$ (0.39)
Underlying Operating Performance[2]	**$ 1.41**	**$ 1.31**	**$ 1.03**	**$ 0.95**	**$ 1.06**	**$ 0.35**

Accelerated growth of underlying operating performance;
Up 33 percent compared to 3Q17

[1] Includes Income from change in fair value of equity securities, net realized gains on sales of investments and net impairment losses recognized in earnings
[2] Non-GAAP financial measure; see reconciliation in the appendix

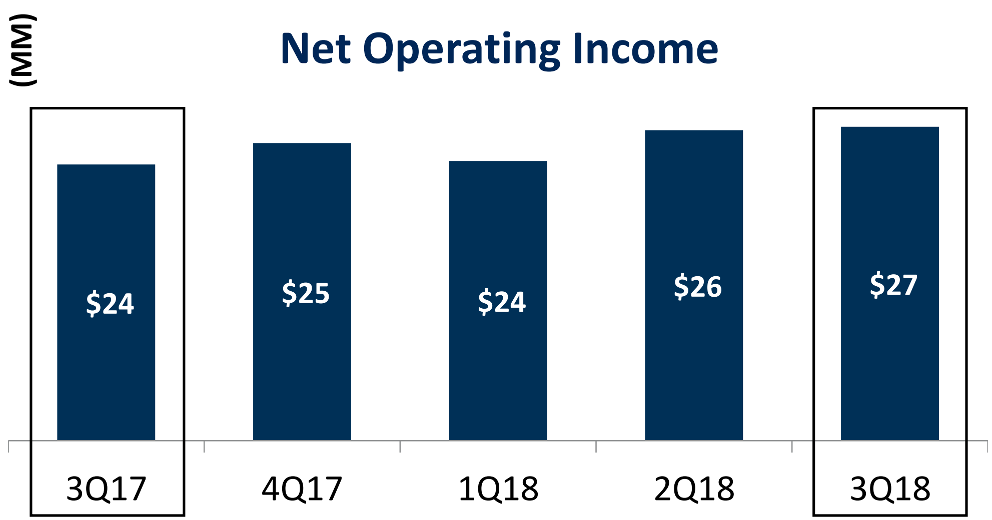
Stable Life & Health Earnings

Life & Health continues to provide a diversification benefit and capital for growth



Revenues

- Earned premiums continued to show modest growth, reversing years of decline
- Investment portfolio delivered a consistent source of cash flow resulting in net investment income of $51 million



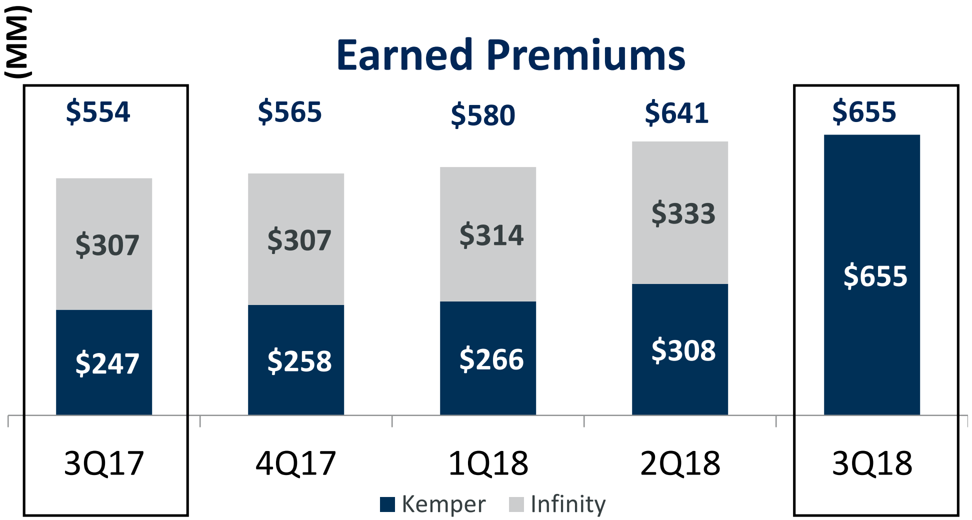
Net Operating Income

- L&H continues to provide stable and diversified cash flows

[1] *Excludes other income*

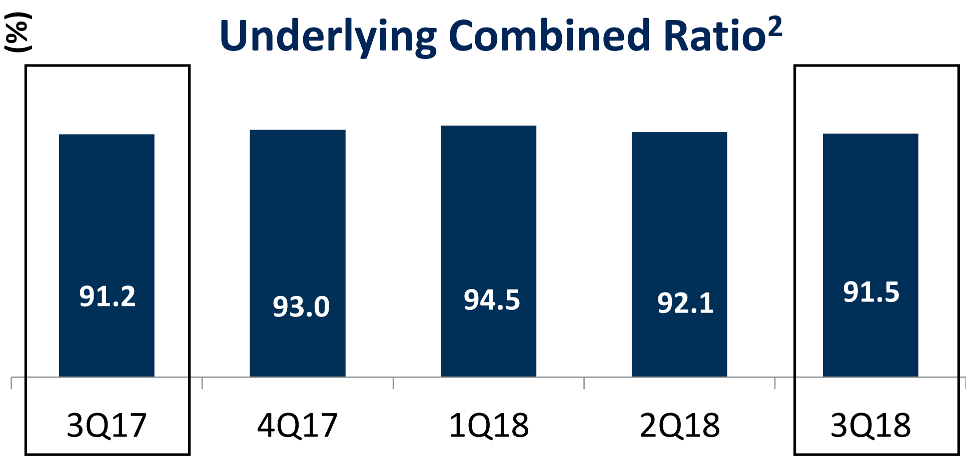
Profitably Growing Specialty Auto[1]

Strong Specialty Auto franchise continues to deliver significant profitable growth



Revenues

- Earned premiums grew $101 million or 18 percent compared to an as adjusted 3Q17; results highlight the combined strength of our specialty auto franchise
- 3Q18 to 3Q17, earned premium growth was driven primarily by a 15 percent increase in policies in force



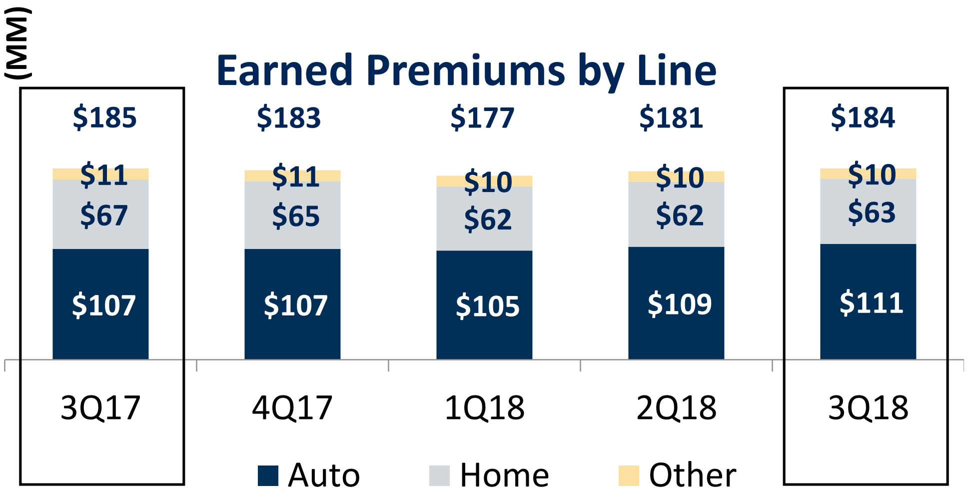
Underwriting Results

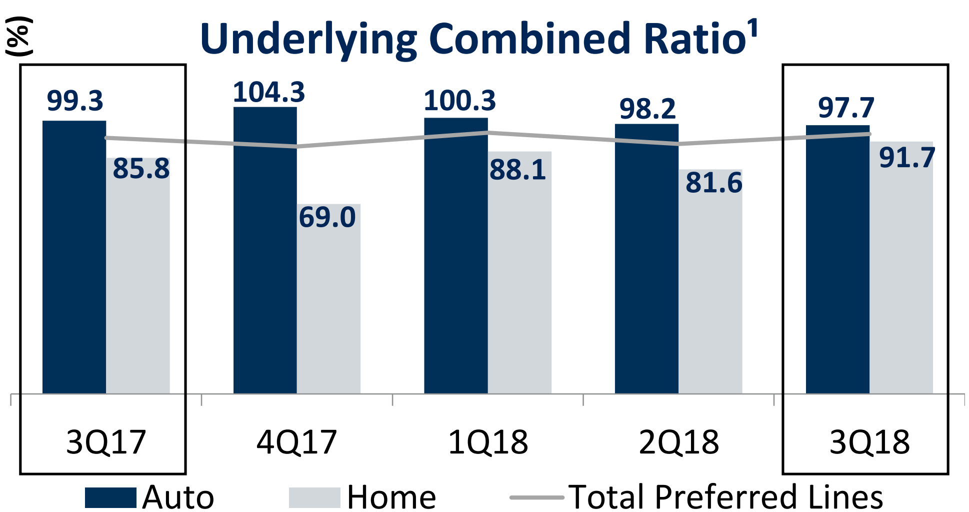
- Underlying combined ratio remained strong, driven by moderating market loss trends, scale benefits and rate actions
- Underwriting margin exceeded target profitability ranges; focusing on continued profitable growth

[1] *Includes Non-standard auto and classic car; Legacy Infinity included in all prior periods*
[2] *Non-GAAP financial measure; see reconciliation in the appendix; excludes impact of purchase accounting*

Preferred Lines Showing Improvement

Continued progress on improving underlying profitability in Auto





Preferred Auto

- Current year non-cat loss ratio improved 2.5 percentage points due to increased rate and flat to moderate frequency trends
- Underwriting results improving but work remains to bring to target profitability
- Focused on improving profitability through product management and claims actions

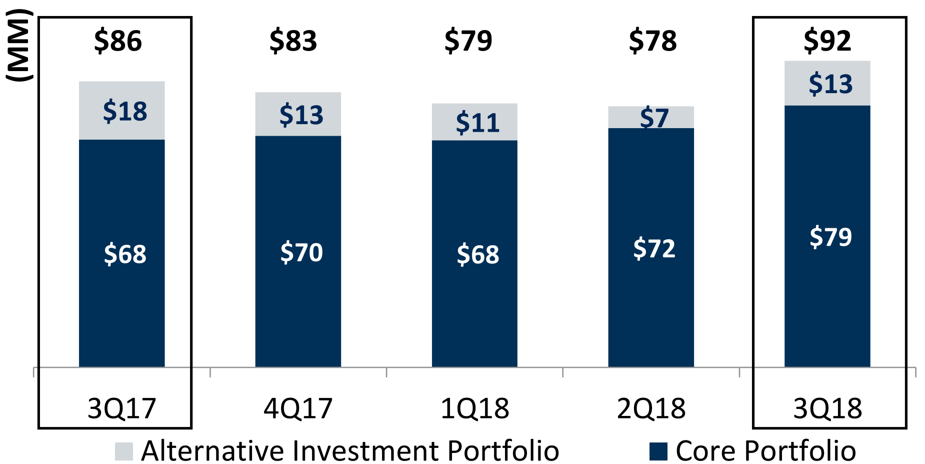
Preferred Homeowners

- Underlying combined ratio increased by 5.9 percentage points primarily due to a large fire loss (~5 pts) and the aggregate catastrophe treaty (~3 pts)
- Financial results remain below target margins
- Continued focus on profitability with product management and claims actions

[1] *Non-GAAP financial measure; Please see reconciliation in the appendix*

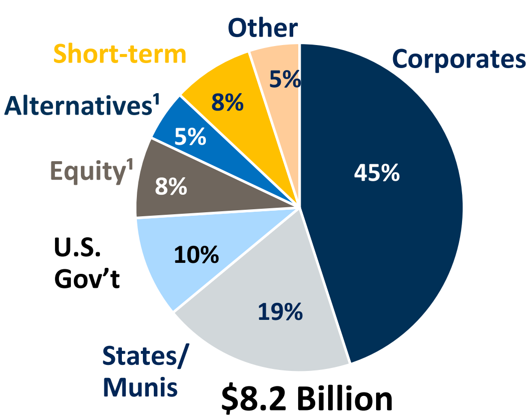
Consistent Portfolio Returns: High Quality, Moderate Risk

Strong Investment Income Despite Low Rates

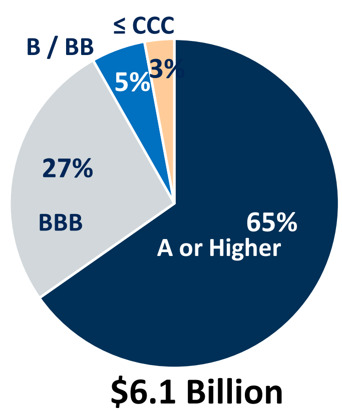


Diversified & Highly-Rated Portfolio

Portfolio Composition



Fixed Maturity Ratings



Overview

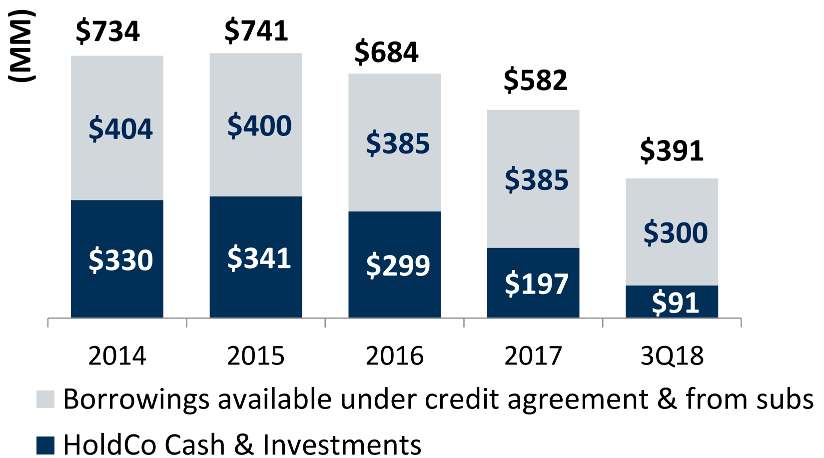
- Investment portfolio produced pre-tax equivalent annualized book yield of 5.2 percent in 3Q18 compared to 5.8 percent in 3Q17
  - Reduction primarily due to mix shift created through addition of Infinity's portfolio
- Alternative investment income slightly above expectations
- Increase in core portfolio investment income generated primarily from addition of Infinity's portfolio
- Portfolio repositioned: 80 percent remains fixed maturity and short-term securities, of which over 90 percent are investment grade

[1] *Equity Securities excludes $231 million of Other Equity Interests of LP/LLC's that have been reclassified into Alternative Investments*

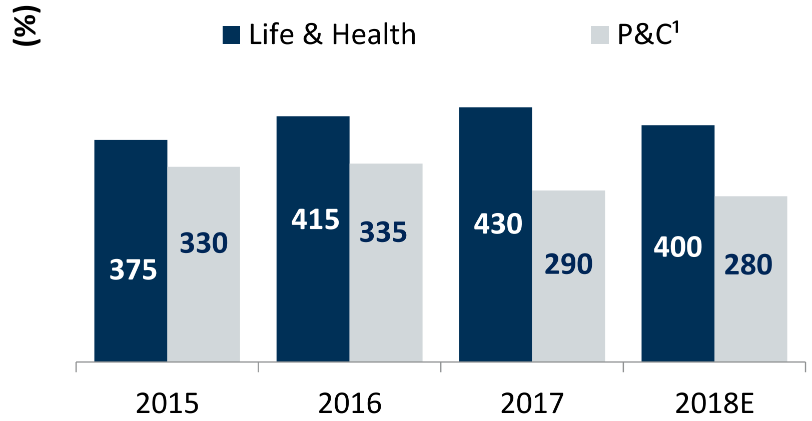
Strong Current Capital Position with Ample Liquidity

Capital position and liquidity resources provide significant financial flexibility

Strong Parent Company Liquidity

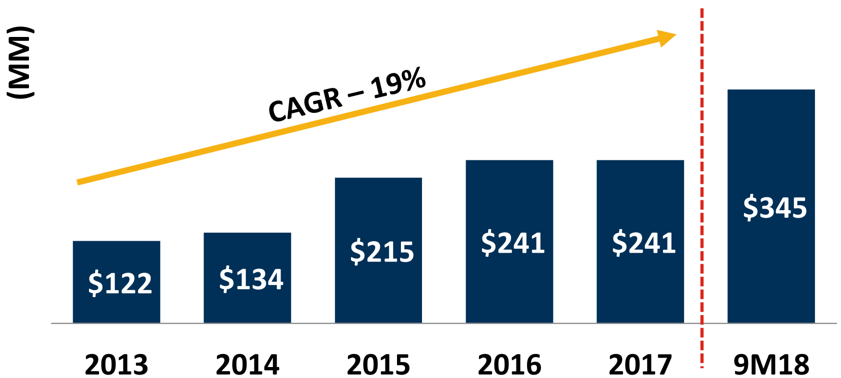


Risk-Based Capital Ratios

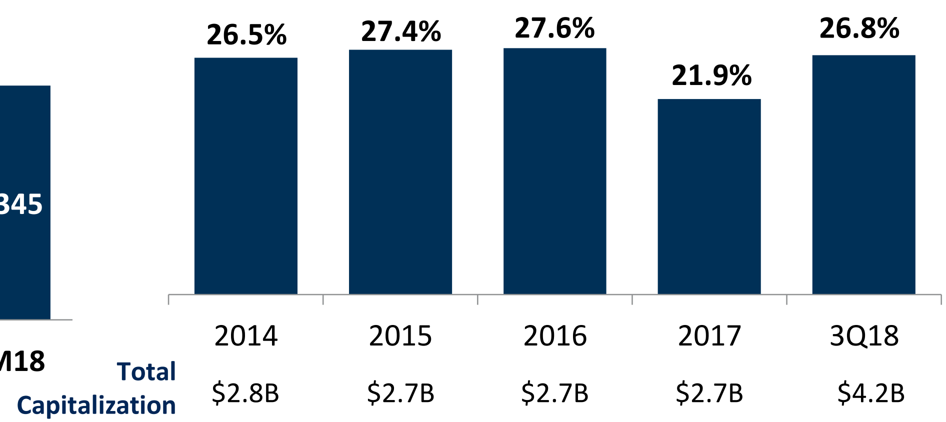


[1]Excludes Alliance United

Cash Flow from Operating Activities



Debt-to-Capital <30%



Appendix

Non-GAAP Financial Measures

Underlying Operating Performance is a non-GAAP financial measure that is computed by excluding from the Diluted Income (Loss) from Continuing Operations Per Unrestricted Share the after-tax per unrestricted share impact of 1) income (loss) from change in fair value of equity securities, 2) net realized gains on sales of investments, 3) net impairment losses recognized in earnings related to investments, 4) acquisition related transaction and integration costs, 5) loss from early extinguishment of debt, and 6) significant non-recurring or infrequent items that may not be indicative of ongoing operations. The most directly comparable GAAP financial measure is Diluted Income (Loss) from Continuing Operations Per Unrestricted Share.

Kemper believes Underlying Operating Performance provides investors with a valuable measure of its ongoing performance because it reveals underlying operational trends that otherwise might be less apparent if the items were not excluded. Underlying Operating Performance should not be considered a substitute for the Diluted Income (Loss) from Continuing Operations Per Unrestricted Share and does not reflect the overall profitability of our business.

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.

	For the Periods Ended	
	Sep. 30, 2018	Sep. 30, 2017
Book Value Per Share	$ 47.33	$ 40.48
Less: Net Unrealized Gains on Fixed Maturities Per Share	(2.11)	(4.61)
Book Value Per Share Excluding Net Unrealized Gains on Fixed Maturities	$ 45.22	$ 35.87

Non-GAAP Financial Measures

Adjusted Consolidated Net Operating Income (Loss) is an after-tax, non-GAAP financial measure computed by excluding from Income (Loss) from Continuing Operations the after-tax impact of 1) income (loss) from change in fair value of equity securities, 2) net realized gains on sales of investments, 3) net impairment losses recognized in earnings related to investments, 4) acquisition related transaction and integration 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.

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 securities, net realized gains on sales of investments and net impairment losses recognized in earnings related to investments included in the Company's results may vary significantly between periods and are generally driven by business decisions and external economic developments such as capital market conditions that impact the values of the Company's investments, the timing of which is unrelated to the insurance underwriting process. Loss from early extinguishment of debt is driven by the Company's financing and refinancing decisions and capital needs, as well as external economic developments such as debt market conditions, the timing of which is unrelated to the insurance underwriting process. Acquisition related transaction 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. 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 Income (Loss) from Continuing Operations 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 securities, net realized gains on sales of investments and net impairment losses recognized in earnings related to investments 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	3Q18	2Q18	1Q18	4Q17	3Q17
Adj. Consolidated Net Operating Income - Diluted	$ 1.59	$ 0.70	$ 1.10	$ 0.60	$ 0.85
Net Income From:					
Income from Change in Fair Value of Equity Securities	0.13	0.01	0.01	-	-
Net Realized Gains on Sales of Investments	0.04	0.06	0.04	0.14	0.10
Net Impairment Losses Recognized in Earnings	(0.02)	-	(0.01)	(0.05)	(0.03)
Acquisition Related Transaction and Integration Costs	(0.34)	(0.04)	(0.12)	-	-
Income from Continuing Operations - Diluted	$ 1.40	$ 0.73	$ 1.02	$ 0.69	$ 0.92

Non-GAAP Financial Measures

Underlying Combined Ratio is a non-GAAP financial measure that is computed by excluding the current year catastrophe and LAE ratio and the prior-year reserve development ratio (both non-catastrophe and catastrophes) from the combined ratio. The most directly comparable GAAP financial measure is the combined ratio, which is computed by adding the total incurred loss and LAE ratio, including the impact of catastrophe losses and loss and LAE reserve development from prior years, with the insurance expense ratio.

Kemper believes the underlying combined ratio is useful to investors and is used by management to reveal the trends in Kemper's property and casualty insurance businesses that may be obscured by catastrophe losses and prior-year reserve development. These catastrophe losses may cause loss trends to vary significantly between periods as a result of their incidence of occurrence and magnitude, and can have a significant impact on incurred losses and LAE and the combined ratio. Prior-year reserve development is caused by unexpected loss development on historical reserves. Because reserve development relates to the re-estimation of losses from earlier periods, it has no bearing on the performance of the company's insurance products in the current period. Kemper believes it is useful for investors to evaluate these components separately and in the aggregate when reviewing its underwriting performance. The underlying combined 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

Specialty Auto

	For the Three Months Ended				
	3Q17	**4Q17**	**1Q18**	**2Q18**	**3Q18 [1]**
Earned Premiums:					
Kemper NSA - As Reported	$ 246.5	$ 257.8	$ 266.2	$ 307.5	$ 655.4
Infinity Personal Auto & Classic Car	307.4	307.2	314.2	332.6	-
As Adjusted Earned Premiums	$ 553.9	$ 565.0	$ 580.4	$ 640.1	$ 655.4
Current Year Non-CAT Losses and LAE:					
Kemper NSA - As Reported	$ 185.5	$ 204.6	$ 202.8	$ 237.8	$ 485.6
Infinity Personal Auto & Classic Car	222.7	219.0	242.3	244.5	(2.0)
As Adjusted Current Year Non-CAT Losses and LAE	$ 408.2	$ 423.6	$ 445.1	$ 482.3	$ 483.6
Insurance Expenses					
Kemper NSA - As Reported	$ 39.7	$ 41.5	$ 45.2	$ 46.7	$ 160.8
Infinity Personal Auto & Classic Car	57.8	60.2	58.3	60.8	(45.1)
As Adjusted Insurance Expenses	$ 97.5	$ 101.7	$ 103.5	$ 107.5	$ 115.7
Underlying Combined Ratio:					
Kemper NSA - As Reported	91.3%	95.4%	93.2%	92.5%	98.6%
Infinity Personal Auto & Classic Car	91.2%	90.9%	95.7%	91.8%	(7.1%)
As Adjusted Underlying Combined Ratio	91.2%	93.0%	94.5%	92.1%	91.5%

[1] *Infinity line removes the impact of purchase accounting*

Non-GAAP Financial Measures

Underlying Combined Ratio – Continued

	For the Three Months Ended				
	3Q17	4Q17	1Q18	2Q18	3Q18
Preferred Personal Auto					
Underlying Combined Ratio	99.3%	104.3%	100.3%	98.2%	97.7%
Current Year Catastrophe Loss and LAE Ratio	2.6%	(0.1%)	0.6%	3.6%	2.1%
Prior Years Non-Catastrophe Losses and LAE	0.8%	1.2%	0.5%	(1.3%)	(2.3%)
Prior Years Catastrophe Losses and LAE Ratio	0.0%	0.0%	0.0%	(0.1%)	0.0%
Combined Ratio as Reported	102.7%	105.4%	101.4%	100.4%	97.5%
Homeowners					
Underlying Combined Ratio	85.8%	69.0%	88.1%	81.6%	91.7%
Current Year Catastrophe Loss and LAE Ratio	37.2%	75.6%	10.5%	57.7%	25.6%
Prior Years Non-Catastrophe Losses and LAE	1.3%	2.5%	9.1%	4.3%	2.9%
Prior Years Catastrophe Losses and LAE Ratio	(1.2%)	(0.8%)	(8.3%)	(2.1%)	(0.2%)
Combined Ratio as Reported	123.1%	146.3%	99.4%	141.5%	120.0%

Non-GAAP Financial Measures

As Adjusted for Acquisition amounts are non-GAAP financial measures. For three months ended September 30, 2018, as adjusted amounts are computed by subtracting the impact of purchase accounting adjustments from the comparable consolidated GAAP financial measure reported by Kemper. For the three months ended September 30, 2017, as adjusted amounts are computed by adding the historical results of Infinity reported on a GAAP basis to the comparable consolidated GAAP financial measure reported by Kemper. Per share amounts on an acquisition-adjusted basis for the three months ended September 30, 2017 are computed by adjusting the denominator used in the calculation of diluted net income per share by adding the number of shares issued by Kemper on July 2, 2018 in connection with the acquisition to the diluted weighted-average shares outstanding reported by Kemper on a GAAP basis for the three months ended September 30, 2017. 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

(Dollars in millions, except per share amounts)	Consolidated			
	Three Months Ended			
	30-Sep-18			30-Sep-17
	As Reported	Purchase Accounting Adjustments	As Adjusted [1]	As Adjusted [1]
Revenues:				
Earned Premiums	$ 1,052.9	$ -	$ 1,052.9	$ 943.2
Net Investment Income	92.0	-	92.0	95.7
Other Income	37.8	-	37.8	1.3
Income from Change in Fair Value of Equity Securities	11.0	-	11.0	-
Net Realized Gains on Sales of Investments	3.6	-	3.6	7.7
Other-than-temporary Impairment Losses:				
Total Other-than-temporary Impairment Losses	(1.8)	-	(1.8)	(2.9)
Portion of Losses Recognized in Other Comprehensive Income	-	-	-	-
Net Impairment Losses Recognized in Earnings	(1.8)	-	(1.8)	(2.9)
Total Revenues	1,195.5	-	1,195.5	1,045.0
Expenses:				
Policyholders' Benefits and Incurred Losses and Loss Adjustment	757.3	2.5	754.8	703.3
Insurance Expenses	296.0	47.9	248.1	228.7
Interest and Other Expenses	61.7	(0.4)	62.1	23.0
Total Expenses	1,115.0	50.0	1,065.0	955.0
Income (Loss) from Continuing Operations before Income Taxes	80.5	(50.0)	130.5	90.0
Income Tax Benefit (Expense)	11.8	10.5	1.3	(27.2)
Income (Loss) from Continuing Operations	92.3	(39.5)	131.8	62.8
Discontinued Operations:				
Income (Loss) from Discontinued Operations before Income	(0.2)	-	(0.2)	(0.1)
Income Tax Expense	0.1	-	0.1	-
Income (Loss) from Discontinued Operations	(0.1)	-	(0.1)	(0.1)
Net Income (Loss)	$ 92.2	$ (39.5)	$ 131.7	$ 62.7
Net Income (Loss) Per Unrestricted Share				
Diluted	$ 1.40		$ 2.01	$ 0.96

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

Non-GAAP Financial Measures

As Adjusted for Acquisition – Continued

(Dollars in millions, except per share amounts)	Property & Casualty Insurance Segment				Specialty Auto			
	Three Months Ended				Three Months Ended			
	30-Sep-18			30-Sep-17	30-Sep-18			30-Sep-17
	As Reported	Purchase Accounting Adjustments	As Adjusted [1]	As Adjusted [1]	As Reported	Purchase Accounting Adjustments	As Adjusted [1]	As Adjusted [1]
Results of Operations								
Net Premiums Written	$ 931.0	$ -	$ 931.0	$ 825.7	$ 679.1	$ -	$ 679.1	$ 581.5
Earned Premiums	895.3	-	895.3	788.5	655.4	-	655.4	553.9
Net Investment Income	34.0	-	34.0	35.4	15.9	-	15.9	15.0
Other Income	0.8	-	0.8	0.8	0.8	-	0.8	0.3
Total Revenues	930.1	-	930.1	824.7	672.1	-	672.1	569.2
Incurred Losses and LAE related to:								
Current Year:								
Non-catastrophe Losses and LAE	644.2	2.5	641.7	565.4	485.6	2.0	483.6	408.2
Catastrophe Losses and LAE	19.7	-	19.7	44.8	1.3	-	1.3	15.5
Prior Years:								
Non-catastrophe Losses and LAE	(3.5)	-	(3.5)	(2.6)	(1.1)	-	(1.1)	(3.0)
Catastrophe Losses and LAE	(0.2)	-	(0.2)	(1.2)	-	-	-	(0.2)
Total Incurred Losses and LAE	660.2	2.5	657.7	606.4	485.8	2.0	483.8	420.6
Insurance Expenses	234.0	47.9	186.1	162.7	160.8	45.1	115.7	97.5
Other Expenses	1.7	-	1.7	0.4	1.6	-	1.6	-
Operating Profit (Loss)	34.2	(50.4)	84.6	55.2	23.9	(47.1)	71.0	51.1
Income Tax Benefit (Expense)	(6.0)	10.6	(16.6)	(15.6)	(4.5)	9.9	(14.4)	(16.2)
Segment Net Operating Income (Loss)	$ 28.2	$ (39.8)	$ 68.0	$ 39.6	$ 19.4	$ (37.2)	$ 56.6	$ 34.9
Ratios Based On Earned Premiums								
Current Year Non-catastrophe Losses and LAE Ratio	71.9%		71.7%	71.7%	74.1%		73.8%	73.6%
Current Year Catastrophe Losses and LAE Ratio	2.2%		2.2%	5.7%	0.2%		0.2%	2.8%
Prior Years Non-catastrophe Losses and LAE Ratio	(0.4%)		(0.4%)	(0.3%)	(0.2%)		(0.2%)	(0.5%)
Prior Years Catastrophe Losses and LAE Ratio	0.0%		(0.0%)	(0.2%)	0.0%		0.0%	(0.0%)
Total Incurred Loss and LAE Ratio	73.7%		73.5%	76.9%	74.1%		73.8%	75.9%
Insurance Expense Ratio	26.1%		20.8%	20.6%	24.5%		17.7%	17.6%
Combined Ratio	99.8%		94.3%	97.5%	98.6%		91.5%	93.5%
Underlying Combined Ratio								
Current Year Non-catastrophe Losses and LAE Ratio	71.9%		71.7%	71.7%	74.1%		73.8%	73.6%
Insurance Expense Ratio	26.1%		20.8%	20.6%	24.5%		17.7%	17.6%
Underlying Combined Ratio	98.0%		92.5%	92.3%	98.6%		91.5%	91.2%

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