

FIRST QUARTER 2016
INVESTOR CONFERENCE CALL

May 13, 2016

CNFR
Nasdaq Listed



**Conifer
Holdings
Inc.**



SAFE HARBOR STATEMENT

This presentation contains “forward-looking” statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that are based on our management’s beliefs and assumptions and on information currently available to management. These forward-looking statements include, without limitation, statements regarding our industry, business strategy, plans, goals and expectations concerning our market position, product expansion, future operations, margins, profitability, future efficiencies, and other financial and operating information. When used in this discussion, the words “may,” “believes,” “intends,” “seeks,” “anticipates,” “plans,” “estimates,” “expects,” “should,” “assumes,” “continues,” “potential,” “could,” “will,” “future” and the negative of these or similar terms and phrases are intended to identify forward-looking statements.

Forward-looking statements involve known and unknown risks, uncertainties, inherent risks and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements represent our management’s beliefs and assumptions only as of the date of this presentation. Our actual future results may be materially different from what we expect due to factors largely outside our control, including the occurrence of severe weather conditions and other catastrophes, the cyclical nature of the insurance industry, future actions by regulators, our ability to obtain reinsurance coverage at reasonable rates and the effects of competition. These and other risks and uncertainties associated with our business are described under the heading “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2015, which should be read in conjunction with this presentation. The company and subsidiaries operate in a dynamic business environment, and therefore the risks identified are not meant to be exhaustive. Risk factors change and new risks emerge frequently. Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in the forward-looking statements, even if new information becomes available in the future.



Results Overview

Business Mix

Specialty Products

Financial Review

Q1 2016 RESULTS OVERVIEW



Significant top line growth:

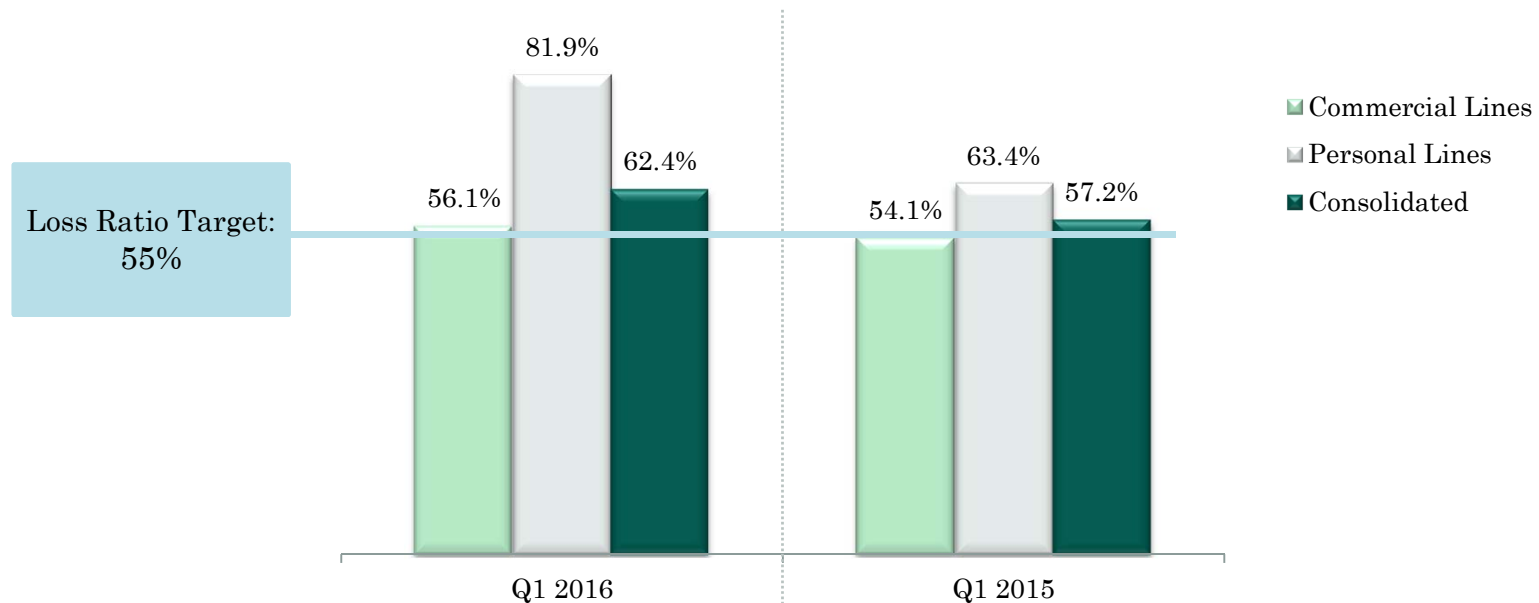
- Total gross written premium was \$25.4 million for Q1 2016
 - Up 20% over the same period in 2015
 - Up 25% excluding Personal Auto
 - Net earned premium was up 39% for the same period
- Factors driving premium growth include:
 - Strong commercial lines experience in hospitality & small business accounts, particularly in commercial multi-peril and other liability lines
 - Personal lines focus on low-value dwellings and wind-exposed homeowners
- Active claims management
 - Select reserve strengthening in the quarter (added roughly 8 points to the loss ratio)
 - Still generated a loss ratio of 62% in Q1 2016
- Expense ratio showing improvement
 - Sequential quarter over quarter reduction – 4.3 percentage point improvement
 - Expect continued downward trend as earned premiums ramp up





SHIFTING BUSINESS MIX TO IMPROVE PROFITABILITY

- Private Passenger Auto impact (in run-off): added 2.8 percentage points to Q1 2016 loss ratio
- Reserve strengthening impact: added 7.9 percentage points to Q1 2016 loss ratio
- Even with full impact of above, loss ratio was 62.4% for Q1 2016





Results Overview

Business Mix

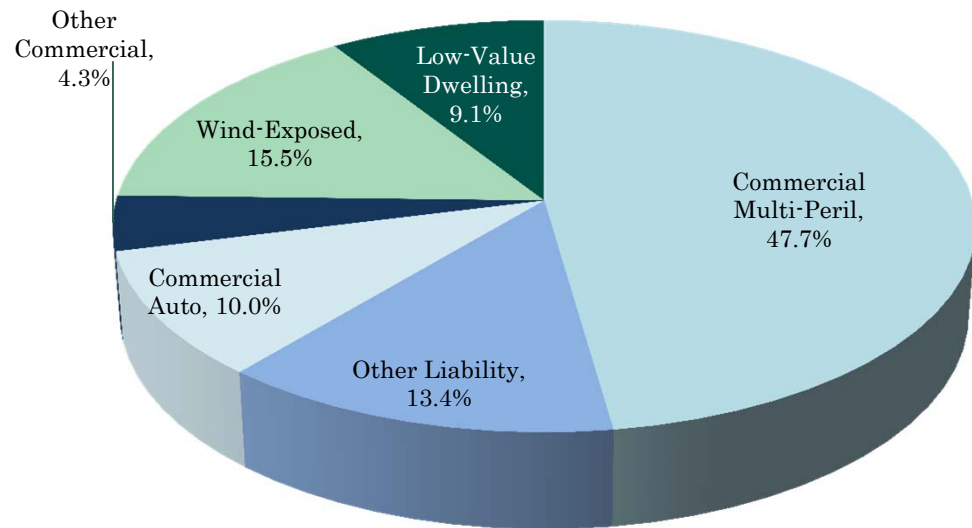
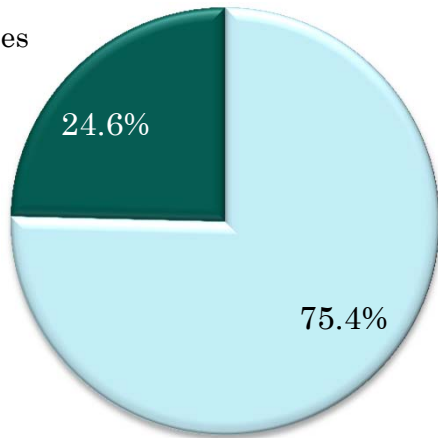
Specialty Products

Financial Review



Gross Written Premium

- Commercial Lines
- Personal Lines





Results Overview

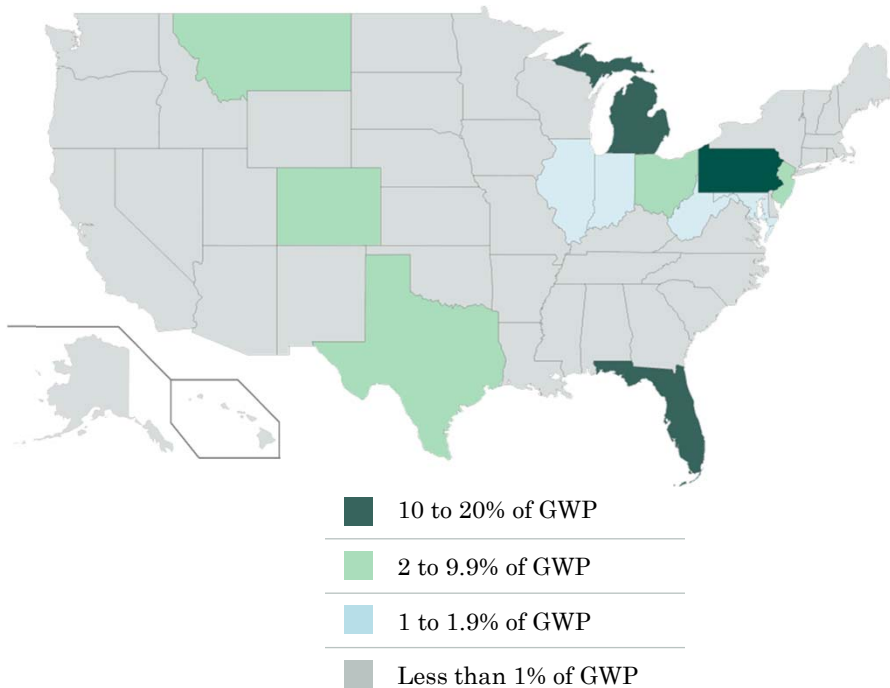
Business Mix

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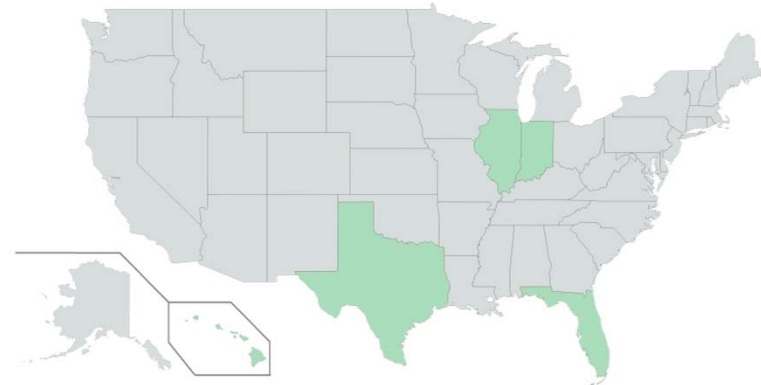
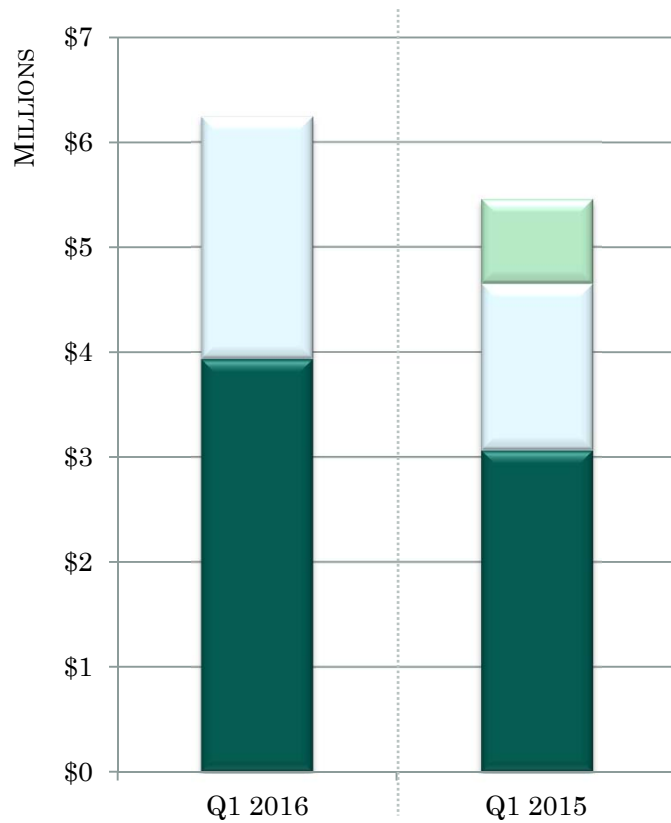
COMMERCIAL LINES OVERVIEW



- Seek leading position in niche markets we write
- 22% growth in commercial gross written premium to \$19.1 million for the first quarter
- Commercial multi-peril and other liability lines grew together by 30% in the quarter
- Writing commercial lines in all 50 states



PERSONAL LINES: LOW-VALUE DWELLING & WIND-EXPOSED HOMEOWNERS



	Q1 2016 Top Five States	
(\$ in thousands)		
Texas	\$ 3,075	12.1%
Florida	1,128	4.4%
Indiana	953	3.8%
Hawaii	847	3.3%
Illinois	214	0.8%
Total	\$ 6,217	24.4 %

■ Wind-Exposed
 ■ Low-Value Dwelling
 ■ Personal Auto (run-off)

- In continuing lines, gross written premium was up 34% during the first quarter
- Increase in wind-exposed homeowners focusing on coastal exposures in Florida, Hawaii and Texas
- Low-value dwelling ramp up primarily in southern states, such as Texas and northern Louisiana



Results Overview

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Q1 2016 INCOME STATEMENT

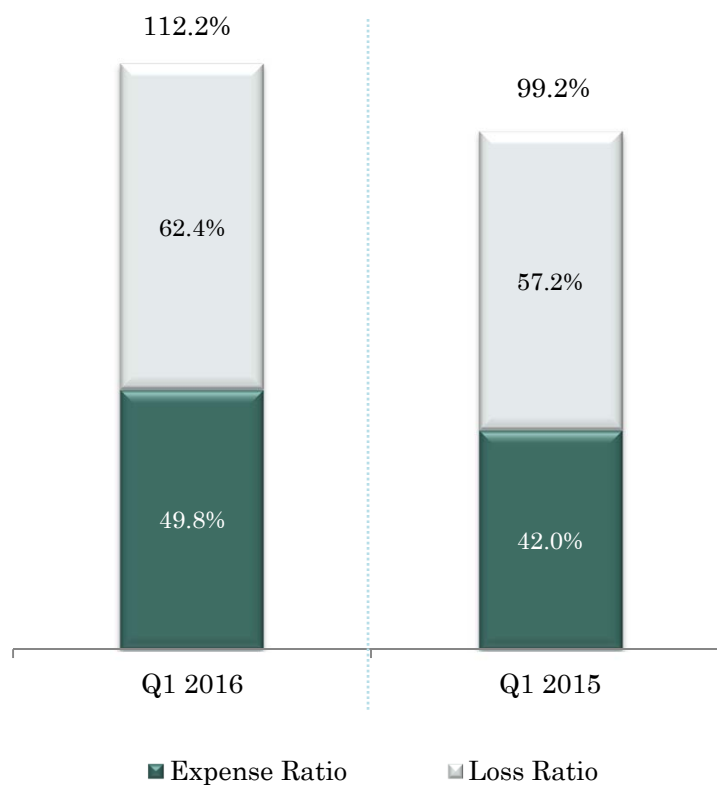
- Increased production in hospitality, small commercial, security services and select homeowners lines of business
- 2015 investments in experienced underwriting teams are driving organic growth
- Operating loss of \$0.27 per diluted share for Q1 2016
- \$10.08 per share, or \$76.7 million, of shareholders' equity

(\$ in thousands, except per share data and ratios)	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Gross Written Premium	\$25,393	\$21,204
Net Written Premium	22,050	13,666
Net Earned Premium	20,109	14,493
Net Income (Loss)	(2,028)	512
Net Income (Loss) Allocable to Common Shareholders	(2,028)	250
EPS, Basic and Diluted	(0.27)	0.06
Operating Income (Loss)	(2,020)	105
Operating Income (Loss) per share	(0.27)	0.02



COMBINED RATIO REFLECTS CLAIMS MANAGEMENT/IMPROVED EXPENSE RATIO

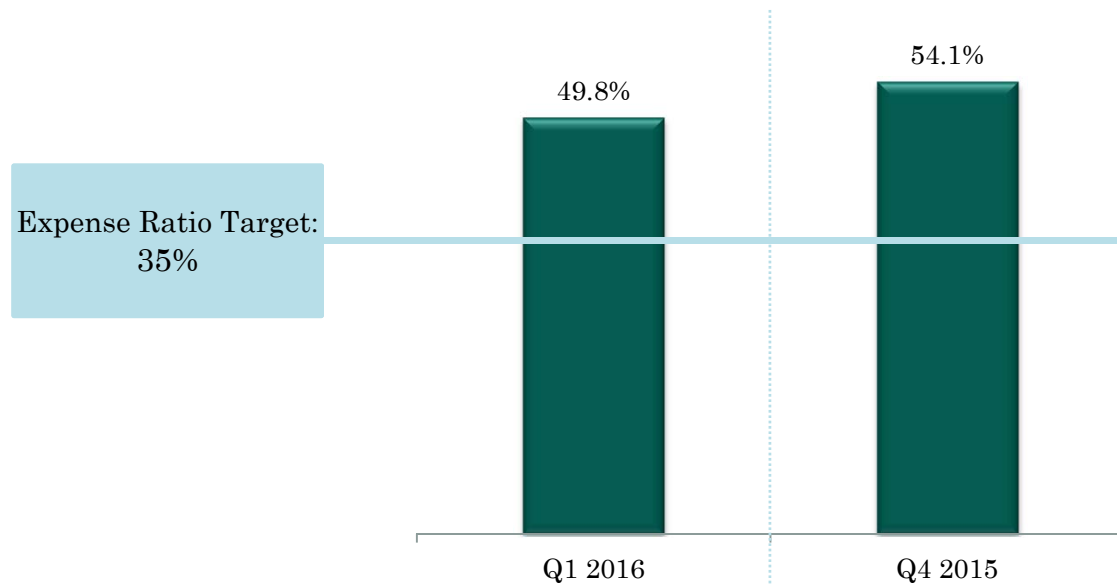
- Reserve strengthening added 8 points to the combined in the quarter – otherwise 104%
- Enhanced mix of business and premium growth will help drive combined ratio improvement
 - 75% commercial business with continuing solid loss ratios
 - Personal lines shift away from auto and into select homeowners should improve results





EXPENSE RATIO: TRENDING DOWNWARD

- Total expense ratio of 49.8% in the Q1 2016 – versus 54.1% in Q4 2015
- Sequential expense ratio improvement quarter to quarter – 4.3 percentage points
- Factors driving expense ratio:
 - Added experienced underwriting teams in 2015 – for both commercial and personal lines
 - Quota share reinsurance impact compared to first quarter in 2015
 - Additional infrastructure associated with being a public company
- Expect continuing downward trend as earned premiums grow – quarter to quarter





LOSS RESERVES: RESERVING PHILOSOPHY

- Conservative reserving practices
 - Based on experience and industry-standard actuarial methods
 - Consistent favorable reserve development for each of the years 2010 to 2014
- The table below represents the prior year reserve development from 2011 through 2015 by entity. Adverse development in 2015 is mostly due to personal automobile business, which is in runoff, and to greater than expected claim frequency and severity in commercial auto:

TOTAL RESERVE REDUNDANCY (\$ in thousands)

Company Subsidiaries	(Favorable) / Unfavorable Development Reported in:						Total
	2011	2012	2013	2014	2015	Q1 2016	
CIC	(151)	(1,615)	(1,521)	(61)	1,633	543	(1,172)
WPIC	(2,579)	(3,852)	(3,639)	(367)	(345)	(187)	(10,969)
ACIC	-	-	-	(723)	417	1,345	1,039
CHI	(2,223)	(4,356)	(5,021)	(1,193)	1,458	1,587	(9,748)
CONSOLIDATED							

CONSERVATIVE INVESTMENT STRATEGY

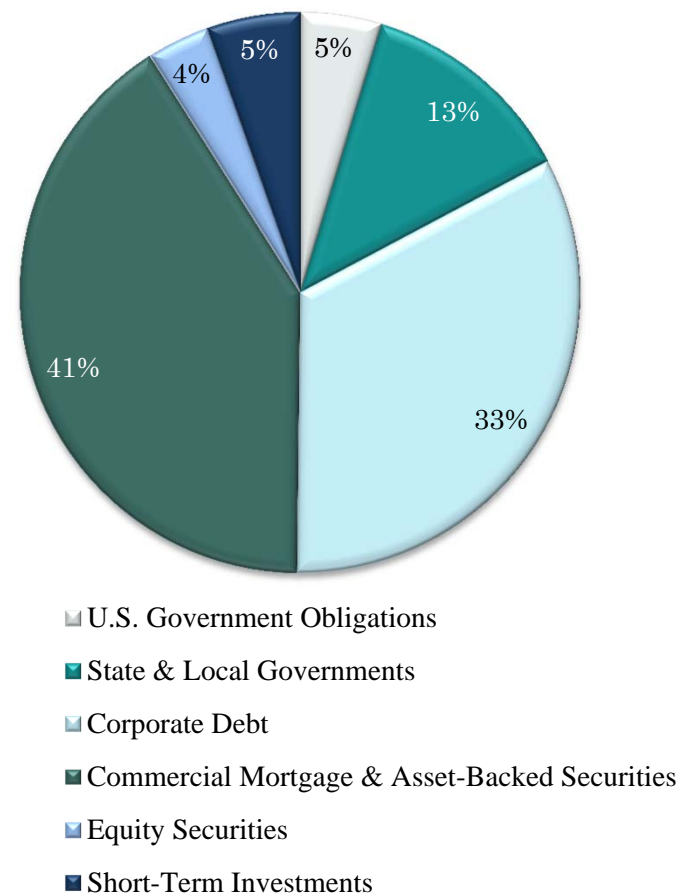


- Investment philosophy is to maintain a highly liquid portfolio of investment-grade fixed income securities
- Total cash & investment securities of \$135M at March 31, 2016:
 - Average duration: 3.1 years
 - Average tax-equivalent yield: ~2%
 - Average credit quality: AA

FIXED INCOME PORTFOLIO CREDIT RATING

(\$ in thousands)	March 31, 2016	
	Fair Value	% of Total
AAA	\$ 31,823	28%
AA	41,556	36%
A	24,585	22%
BBB	15,760	14%
TOTAL FIXED INCOME INVESTMENTS	\$ 114,565	100%

PORTFOLIO ALLOCATION





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APPENDIX



**Conifer
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SUMMARY FINANCIAL STATEMENTS: INCOME STATEMENT



Operating Results	Three Months Ended March 31,	
	2016	2015
(\$ in thousands, except per share data)		
Gross written premiums	\$ 25,393	\$ 21,204
Ceded written premiums	(3,343)	(7,538)
Net written premiums	\$ 22,050	\$ 13,666
Net earned premiums	20,109	14,493
Net investment income	537	486
Net realized investment & other gains	(8)	145
Other income	245	489
Total revenue	\$ 20,883	\$ 15,613
Losses and loss adjustment expenses, net	12,699	8,570
Policy acquisition costs	6,003	2,595
Operating expenses	4,139	3,692
Interest expense	157	244
Total expenses	\$ 22,998	\$ 15,101
Income (loss) before income taxes	(2,028)	512
Income tax expense (benefit)	--	--
Equity earnings	87	--
Net income (loss)	\$ (2,028)	\$ 512
Less net income (loss) attributable to non-controlling interest	--	49
Net income (loss) attributable to Conifer	(2,028)	463
Net income (loss) allocable to common shareholders	\$ (2,028)	\$ 250
Income (loss) per share allocable to common shareholders, basic and diluted	\$ (0.27)	\$ (0.06)
Weighted average common shares outstanding, basic and diluted	7,638,780	4,040,872

FINANCIAL RESULTS: CHI CONSOLIDATED BALANCE SHEET



Summary Balance Sheet (\$ in thousands)	March 31, 2016	March 31, 2015
Cash and invested assets	\$ 135,036	\$ 124,021
Reinsurance recoverables	6,054	6,814
Goodwill and intangible assets	1,422	2,257
Total assets	\$ 184,024	\$ 165,753
Unpaid losses and loss adjustment expenses	38,488	32,987
Unearned premiums	49,763	43,612
Senior debt	13,250	28,212
Total liabilities	\$ 107,275	\$ 113,879
Preferred stock	--	6,180
Total shareholders' equity	\$76,749	\$ 51,874

LINE OF BUSINESS DETAILS: THREE MONTHS ENDED MARCH 31, 2016



Three Months Ended March 31, 2016	Commercial Lines					Personal Lines					
	CMP	Other Liability	Auto	Other	Total	Homeowners			Corporate & Other	Total	
						Low-value Dwelling	Wind- exposed	Auto			
Gross written premiums	\$ 12,121	\$ 3,400	\$ 2,531	\$ 1,092	\$ 19,144	\$ 2,311	\$ 3,937	\$ 1	\$ 6,249	\$ 0	\$ 25,393
Net written premiums	\$ 10,599	\$ 3,084	\$ 2,265	\$ 1,038	\$ 16,986	\$ 2,031	\$ 3,032	\$ 1	\$ 5,064	\$ 0	\$ 22,050
Net earned premiums	\$ 9,438	\$ 2,357	\$ 2,588	\$ 896	\$ 15,279	\$ 1,761	\$ 3,067	\$ 2	\$ 4,830	\$ 0	\$ 20,109
Other income	60	33	5	0	98	112	20	0	132	15	245
Segment revenue	9,498	2,390	2,593	896	15,377	1,873	3,087	2	4,962	15	20,354
Loss and loss adjustment expenses, net	4,402	1,489	2,498	246	8,635	1,140	2,378	546	4,064	0	12,699
Policy acquisition costs	2,843	732	661	152	4,388	582	1,033	0	1,615	0	6,003
Operating expenses	1,247	249	131	107	1,734	355	282	32	669	1,736	4,139
Segment expenses	8,492	2,470	3,290	505	14,757	2,077	3,693	578	6,348	1,736	22,841
Segment underwriting gain (loss)	1,006	\$ (80)	\$ (697)	\$ 391	\$ 620	\$ (204)	\$ (606)	\$ (576)	\$ (1,386)	\$ (1,721)	\$ (2,487)
Underwriting ratios:											
Loss ratio (1)	46.3%	62.3%	96.3%	27.5%	56.2%	60.9%	77.0%	**	81.9%	**	62.4%
Expense ratio (2)	43.1%	41.0%	30.5%	28.9%	39.8%	50.0%	42.6%	**	46.0%	**	49.8%
Combined ratio (3)	89.4%	103.3%	126.8%	56.4%	96.0%	110.9%	119.6%	**	127.9%	**	112.2%

(1) The loss ratio is the ratio, expressed as a percentage, of net losses and loss adjustment expenses to net earned premiums and other income.

(2) The expense ratio is the ratio, expressed as a percentage, of policy acquisition costs and operating expenses to net earned premiums and other income.

(3) The combined ratio is the sum of the loss ratio and the expense ratio. A combined ratio under 100% indicates an underwriting profit. A combined ratio over 100% indicates an underwriting loss.

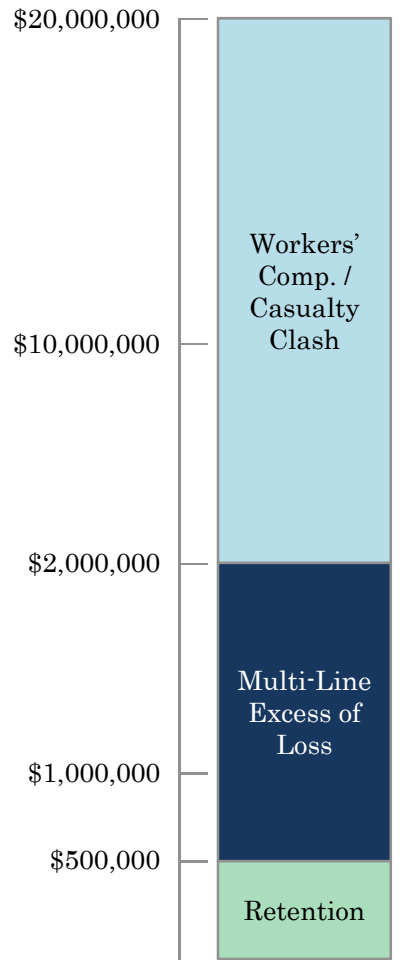
REINSURANCE: PRUDENT RISK MANAGEMENT TO PROTECT CAPITAL



- Retain first \$500,000 of each specific loss/risk
- Reinsurance coverage in excess (XS) of \$500,000 up to policy limits
- Catastrophe (CAT) reinsurance program provides \$100M of protection
 - All providers are rated minimum A-
 - Corresponds to the estimated 1-in-200 year probable maximum loss (PML)
 - Net retention of \$6M for first event
 - Following reinstatement, net retention of \$1M for each of the next two subsequent events
- Equipment Breakdown Reinsurance Treaty
 - 100% Quota Share through Hartford Steam Boiler (A+)
 - \$25M in coverage

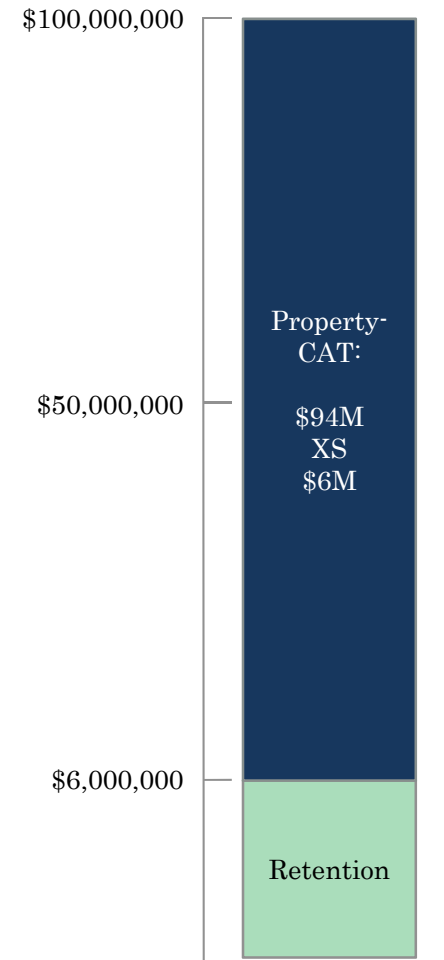
CIC / WPIC

Specific Loss Reinsurance Treaties
Effective 01/01/2016 to 01/01/2017



CIC / WPIC / ACIC

Property-CAT Reinsurance Treaties
All layers 06/01/2015 to 06/01/2016

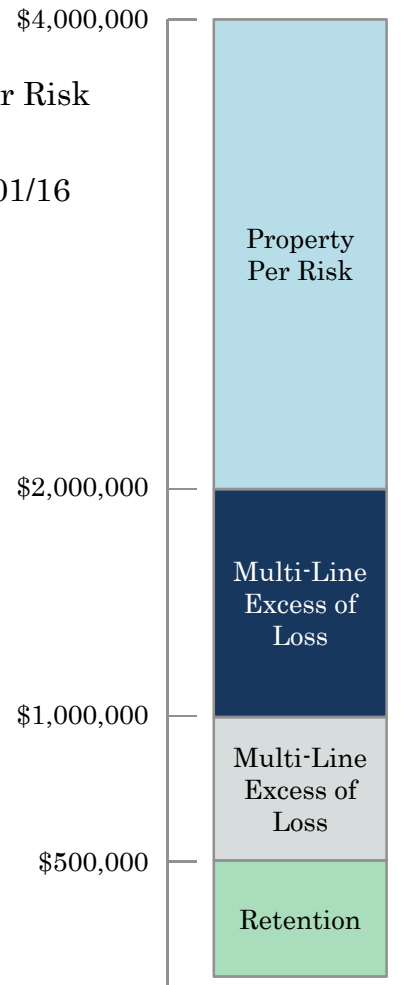


REINSURANCE: PRUDENT RISK MANAGEMENT TO PROTECT CAPITAL



Commercial Property Per Risk Reinsurance Treaty

Effective 07/01/15 to 07/01/16



Homeowners Property Per Risk Reinsurance Treaty

Effective 11/01/14 to 01/01/17



ORGANIZATION STRUCTURE: CORPORATE OVERVIEW

