

FOURTH QUARTER 2016  
INVESTOR CONFERENCE CALL

March 2, 2017

**CNFR**  
Nasdaq Listed



**Conifer  
Holdings  
Inc.**



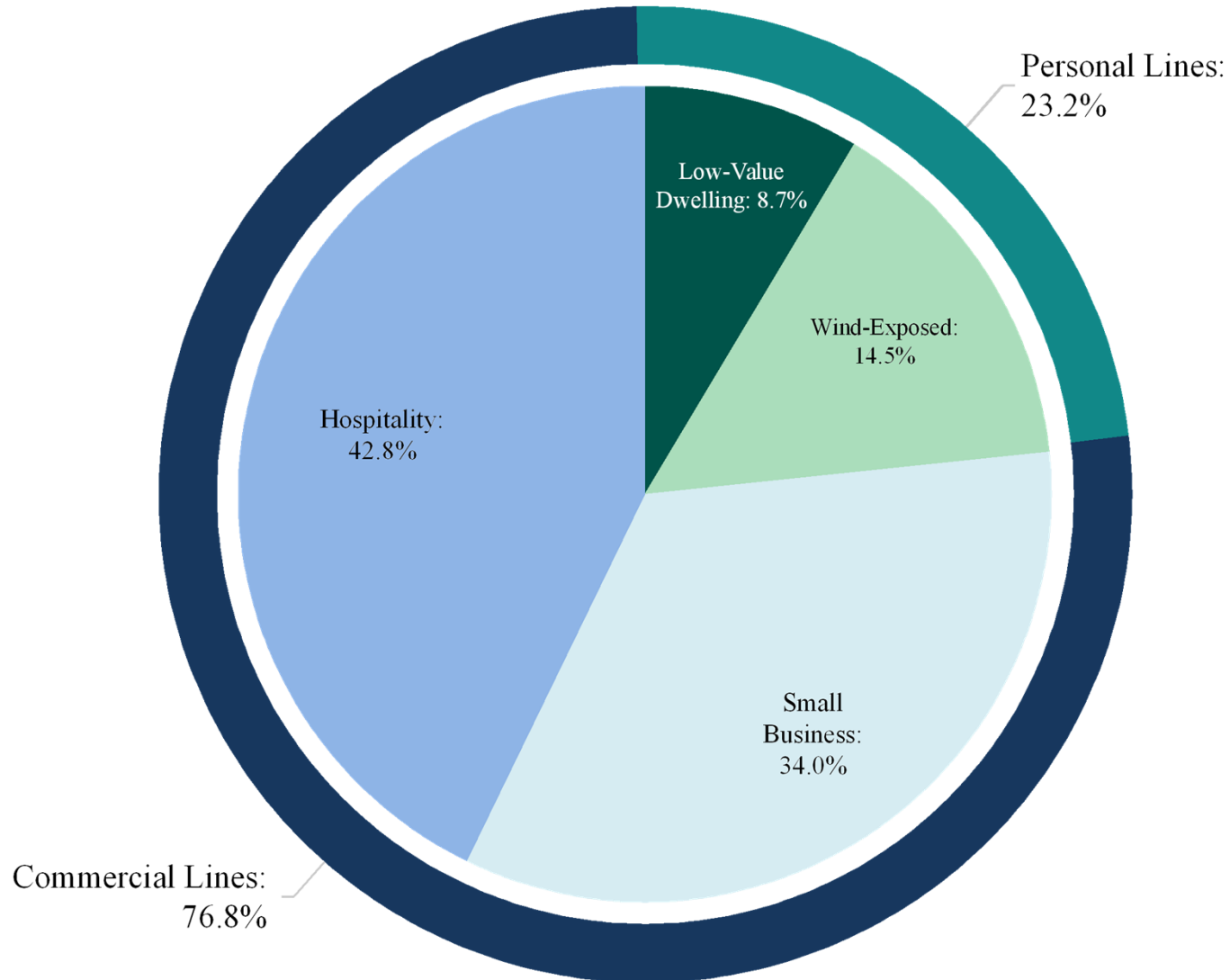
## SAFE HARBOR STATEMENT

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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 most recently filed Annual Report on Form 10-K, 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.

# BUSINESS MIX – GROSS WRITTEN PREMIUM FOR YEAR-END 2016

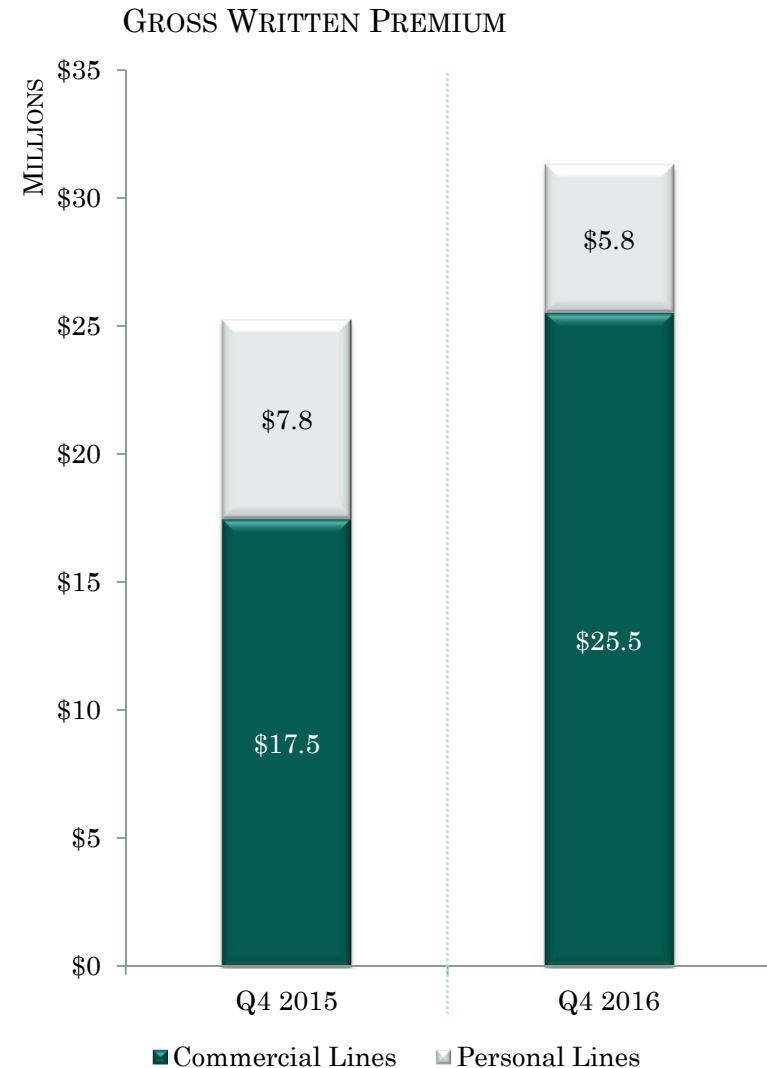


## OPERATING RESULTS OVERVIEW: 2016

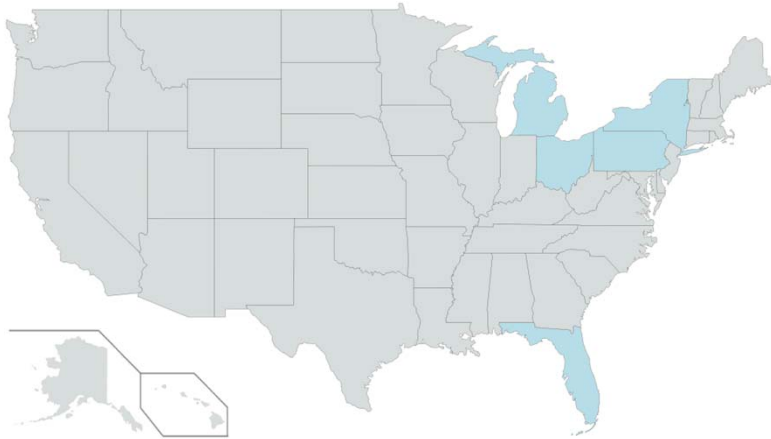


### Significant top line growth:

- Total gross written premium was \$31.3 million for Q4 2016
  - Up 24.0% over the same period in 2015
  - Net earned premium was up 26.9% for the same period
- Factors driving premium growth include:
  - Strong commercial lines experience in hospitality & small business accounts
  - Personal lines focus on low-value dwellings and less so on wind-exposed homeowners
- Active claims management
  - Reserve strengthening in the quarter (added roughly 18 points to the loss ratio)
  - The accident year loss ratio was 55.1% in Q4 2016
- Expense ratio continues to improve: 45.3% for Q4 2016
  - Sequential quarterly reduction
    - 100 basis point improvement over Q3 2016
    - 880 basis point improvement over Q4 2015
  - Expect continued downward trend as earned premiums ramp up
- Book Value of \$8.88 per share, or \$67.8 million, of shareholders' equity
- Deferred tax assets (with 100% valuation allowance) of \$8.4 million or \$1.10 per share

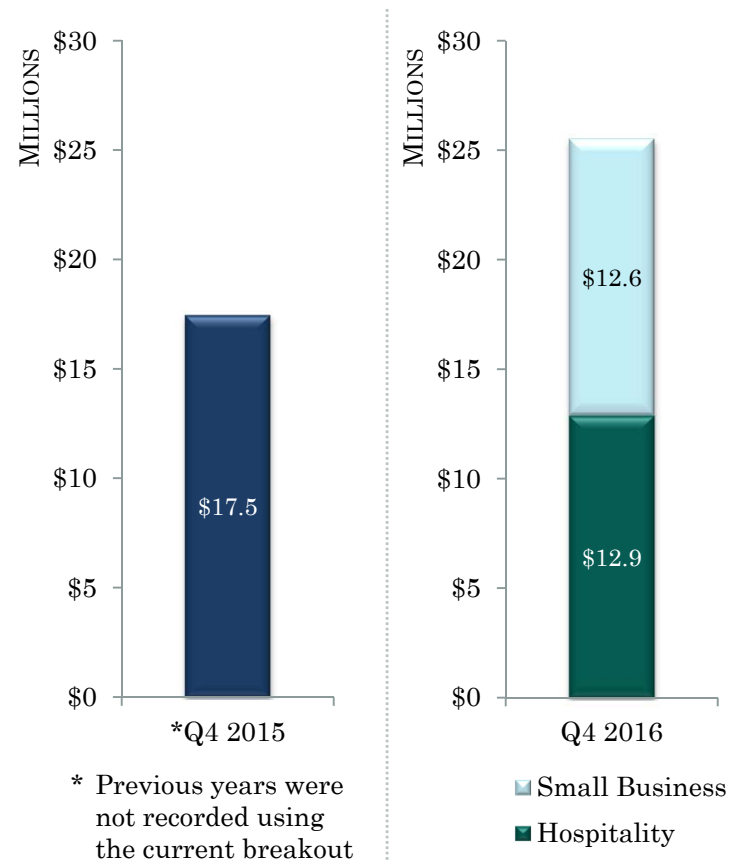


# COMMERCIAL LINES OVERVIEW



YTD 2016 TOP FIVE STATES	GROSS WRITTEN PREMIUM \$ in thousands	
Michigan	\$ 17,572	19.9%
Florida	15,966	18.1%
Pennsylvania	10,497	11.9%
Ohio	3,556	4.0%
Montana	3,041	3.5%
All Other	37,610	42.6%
<b>Total</b>	<b>\$ 88,242</b>	<b>100.0%</b>

## GROSS WRITTEN PREMIUM



- Seek leading position in niche markets we write
- Focused on small to medium sized owner operators
- 46.0% growth in gross written premium to \$25.5 million for Q4 2016
- Writing commercial lines in all 50 states

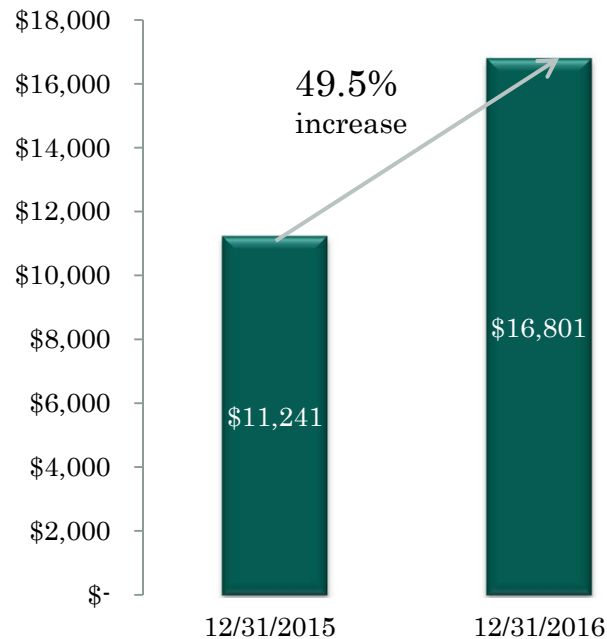
## REPOSSESSION & TOWING COMMERCIAL AUTO: Q4 2016



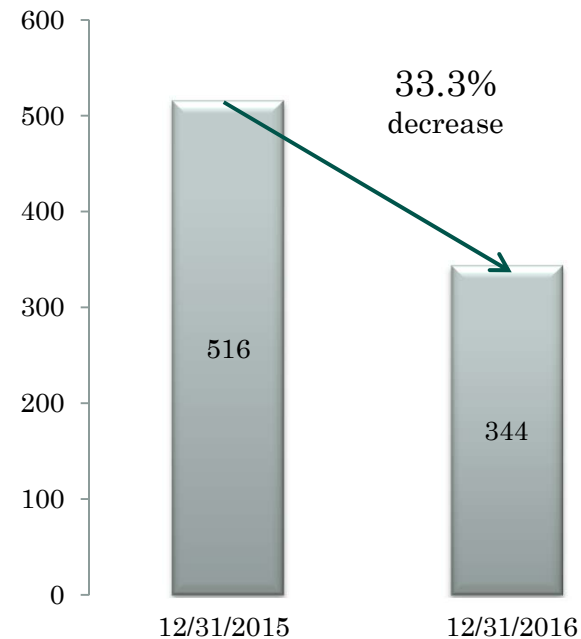
### UNDERWRITING ENHANCEMENTS & POLICIES IN FORCE REDUCTION

- Increase of 49.5% in average premium per policy since Q4 2015
- Curtailed new business in select geographies
- Focus on smaller operators (1-3 vehicles)
- Total repo policies in force reduced by more than 33% since Q4 2015

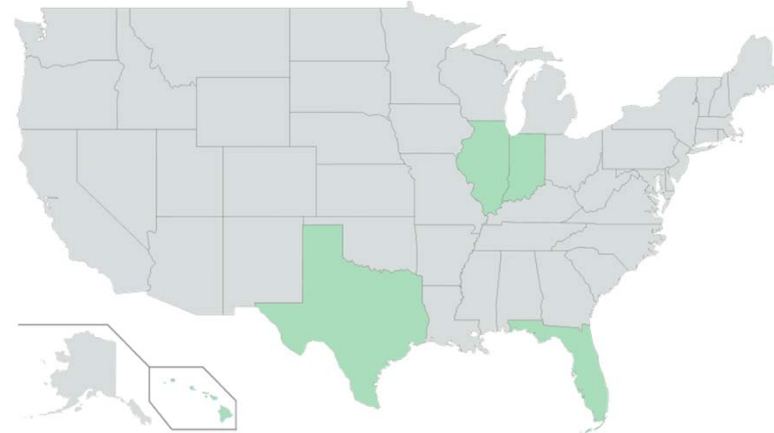
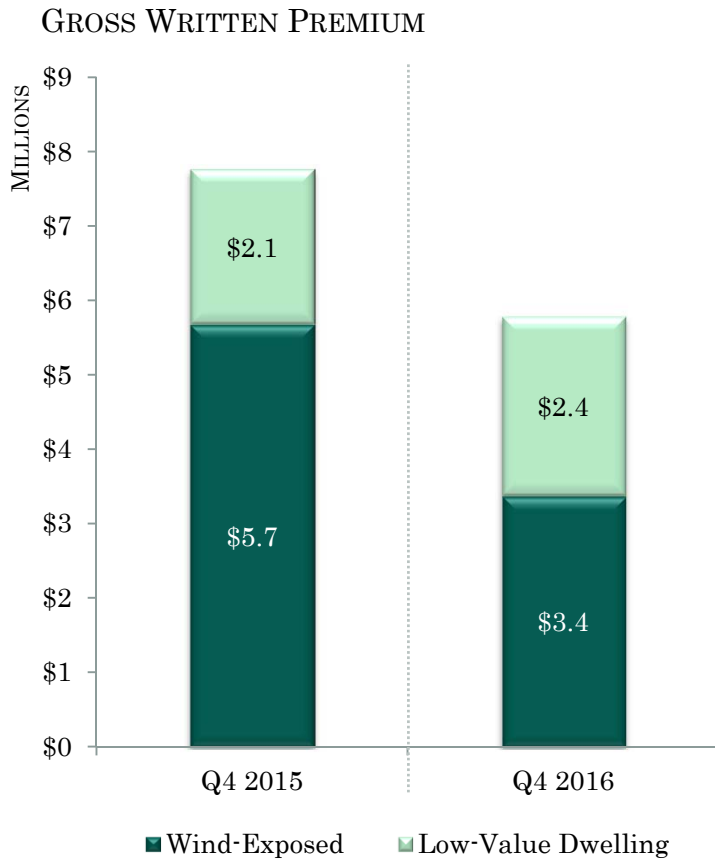
AVERAGE PREMIUM PER POLICY



POLICIES IN FORCE



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



GROSS WRITTEN PREMIUM \$ in thousands	YTD 2016 Top Five States	
Texas	\$ 10,425	39.1%
Florida	7,944	29.8%
Hawaii	3,885	14.6%
Indiana	3,383	12.7%
Illinois	712	2.7%
All Other	330	1.1%
<b>Total</b>	<b>\$ 26,681</b>	<b>100.0%</b>

- Gross written premium was down 25.5% during the fourth quarter
- Decrease in wind-exposed homeowners - specifically Florida homeowners
- Low-value dwelling ramp - up primarily in southern states, such as Texas and northern Louisiana



## Q4 2016 INCOME STATEMENT

- Increased production in hospitality, small business, security services and select homeowners lines of business
- 2015 investments in experienced underwriting teams are driving organic growth
- Adjusted operating loss of \$0.56 per diluted share for Q4 2016
- \$8.88 per share, or \$67.8 million, of shareholders' equity

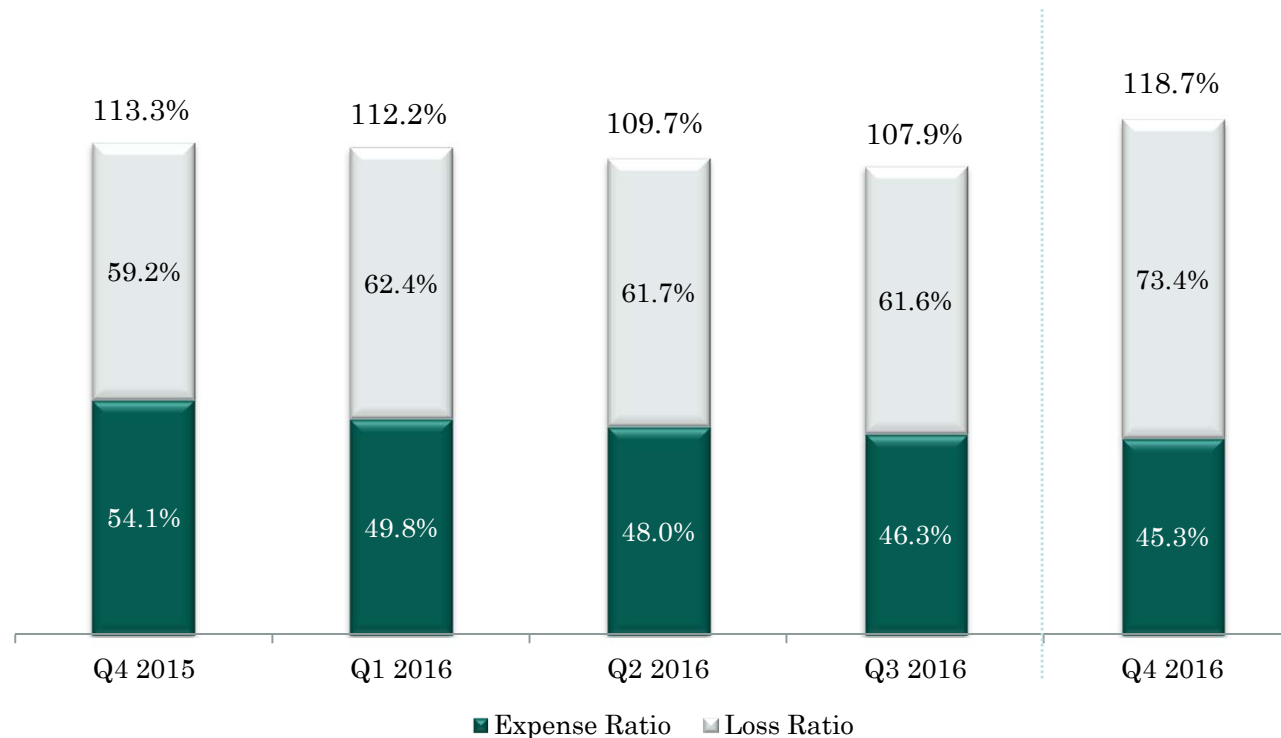
(\$ in thousands, except per share data and ratios)	Three Months Ended December 31,	
	2016	2015
Gross Written Premium	\$31,308	\$25,245
Net Written Premium	27,069	21,467
Net Earned Premium	24,463	19,274
Net Income (Loss)	(4,421)	(2,304)
Net Income (Loss) Allocable to Common Shareholders	(4,421)	(2,304)
EPS, Basic and Diluted	(0.58)	(0.30)
Adjusted Operating Income (Loss)	(4,279)	(2,257)
Adjusted Operating Income (Loss) per share	(0.56)	(0.30)





## COMBINED RATIO REFLECTS IMPROVED EXPENSE RATIO

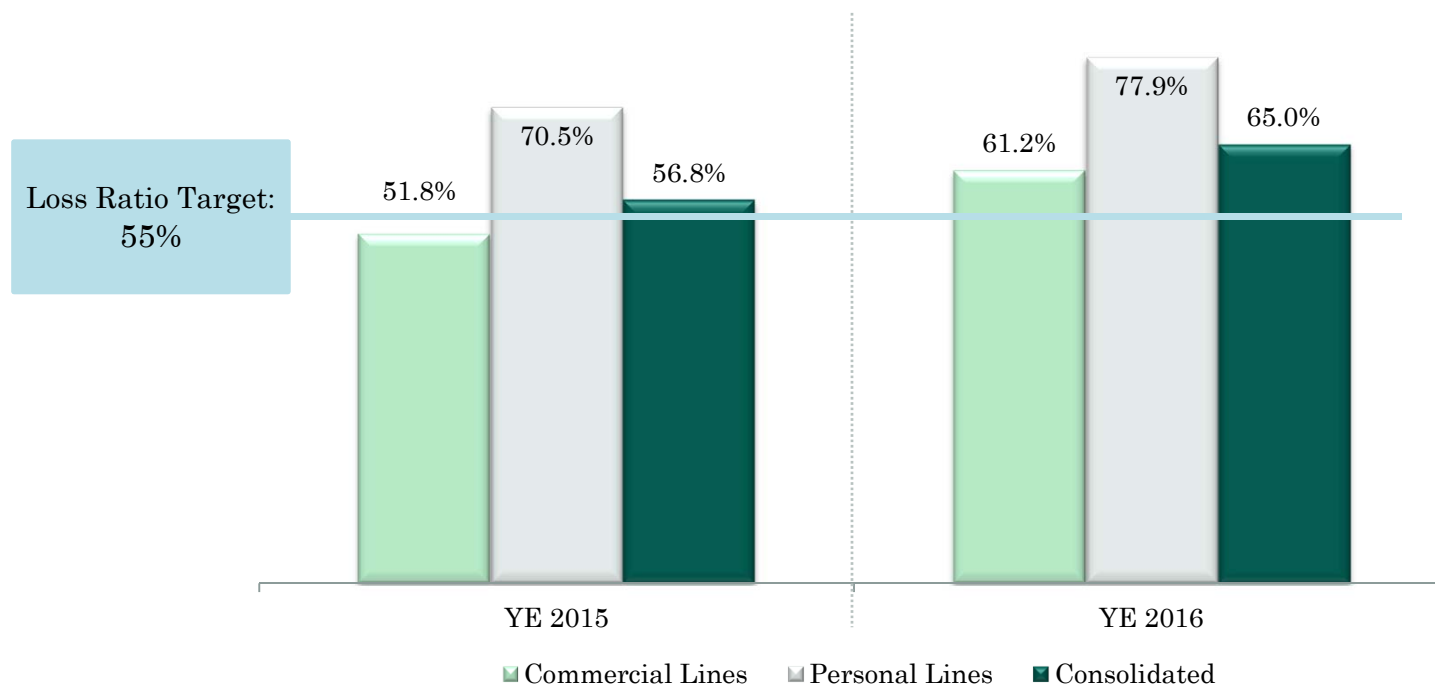
- Changing the mix of business (reduced Florida exposure) expected to yield positive results
- Continued premium growth will help drive ongoing combined ratio improvement as well
  - 82% of total premiums in Q4 were from our core commercial business
  - For all of 2016, commercial lines accident year combined ratio was 88%





## RESULTS OVERVIEW: YEAR-END 2016 LOSS RATIO

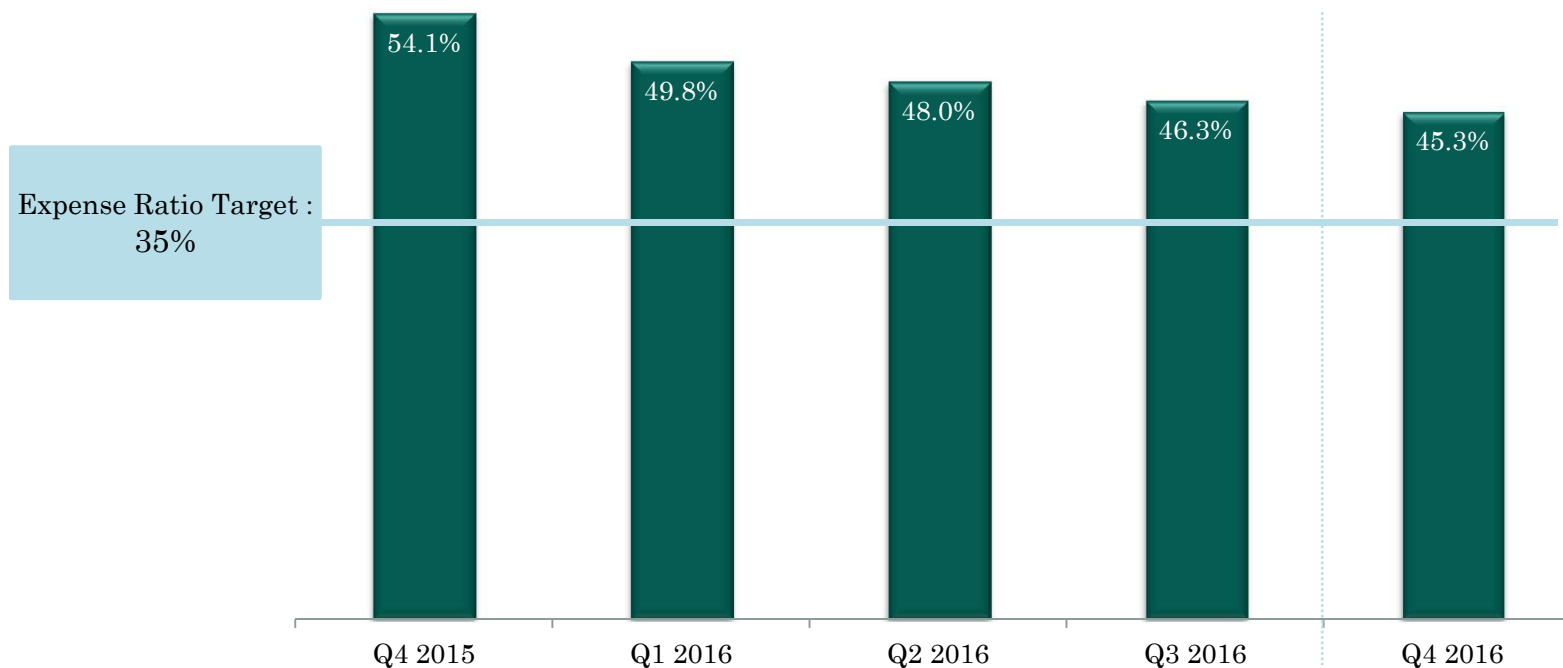
- Reserve strengthening impact: added 11.3 percentage points to the year-end 2016 loss ratio – largest impact from:
  - Florida homeowners: 2.9 percentage points
  - Commercial auto: 2.9 percentage points
  - Commercial liability: 4.0 percentage points
- The accident year loss ratio for year-end 2016 was 53.7%, versus 54.7% for year-end 2015





## EXPENSE RATIO: TRENDING DOWNWARD

- Total expense ratio of 45.3% in Q4 2016
- Sequential expense ratio improvement quarter to quarter
  - Versus 49.8% in Q1 2016
  - Versus 48.0% in Q2 2016
  - Versus 46.3% in Q3 2016
- 880 basis point improvement overall since Q4 2015
- Expect continuing downward trend as earned premiums grow quarter to quarter

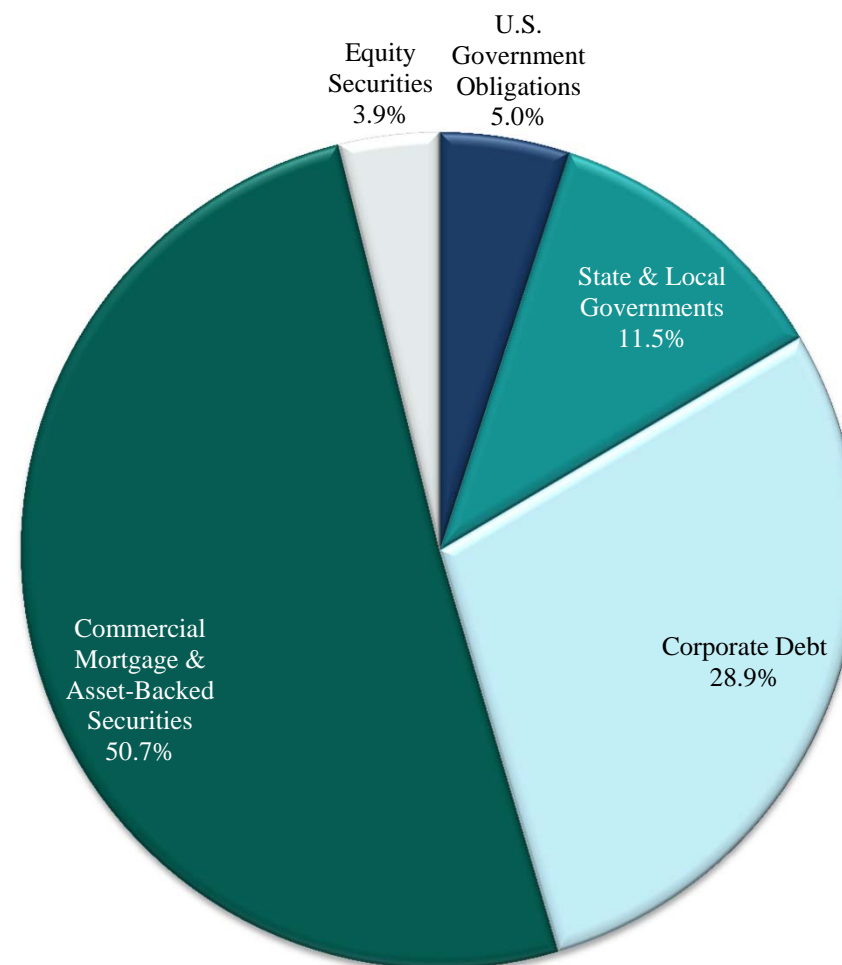


## CONSERVATIVE INVESTMENT STRATEGY



- Investment philosophy is to maintain a highly liquid portfolio of investment-grade fixed income securities
- Total cash & investment securities of \$141.0M at December 31, 2016:
  - Average duration to worst: 3.2 years
  - Average tax-equivalent yield: ~2%
  - Average credit quality: AA

### PORTFOLIO ALLOCATION



### FIXED INCOME PORTFOLIO CREDIT RATING

\$ in thousands	December 31, 2016	
	Fair Value	% of Total
AAA	\$ 24,694	21.8%
AA	50,902	45.0%
A	24,012	21.2%
BBB	12,430	11.0%
BB	1,125	1.0%
<b>TOTAL FIXED INCOME INVESTMENTS</b>	<b>\$ 113,163</b>	<b>100%</b>



**Conifer  
Holdings  
Inc.**

# APPENDIX



**Conifer  
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## FINANCIAL RESULTS: CHI CONSOLIDATED BALANCE SHEET



SUMMARY BALANCE SHEET	December 31, 2016	December 31, 2015
\$ in thousands		
Cash and invested assets	\$ 141,023	\$ 130,427
Reinsurance recoverables	7,498	7,044
Goodwill and intangible assets	1,007	1,427
Total assets	\$ 203,701	\$ 177,927
Unpaid losses and loss adjustment expenses	54,651	35,422
Unearned premiums	58,126	47,916
Senior debt	17,750	12,750
Total Liabilities	\$ 135,907	\$ 100,665
Total Shareholders' Equity	\$ 67,794	\$ 77,262

## SUMMARY FINANCIAL STATEMENTS: INCOME STATEMENT



OPERATING RESULTS	Three Months Ended December 31,	
	2016	2015
\$ in thousands, except per share data		
Gross Written Premiums	\$ 31,308	\$ 25,245
Ceded Written Premiums	4,239	3,778
Net Written Premiums	\$ 27,069	\$ 21,467
Net Earned Premiums	24,463	19,274
Net investment income	548	442
Net realized investment gains	761	47
Other gains	(400)	--
Other income	287	175
Total revenue	25,659	19,938
Losses and loss adjustment expenses, net	18,181	11,523
Policy acquisition costs	6,997	6,344
Operating expenses	4,211	4,170
Interest expense	179	105
Total expenses	29,568	22,142
Income (loss) before equity earnings and income taxes	(3,909)	(2,204)
Equity earnings (losses) of affiliates, net of tax	18	(52)
Income tax (benefit) expense	530	48
Net income (loss)	(4,421)	(2,304)
Less net (loss) income attributable to non-controlling interest	--	--
Net income (loss) attributable to Conifer	\$ (4,421)	\$ (2,304)
Net income (loss) allocable to common shareholders	\$ (4,421)	\$ (2,304)
Earnings (loss) per common share, basic and diluted	\$ (0.58)	\$ (0.30)
Weighted average common shares outstanding, basic and diluted	7,632,390	7,644,492

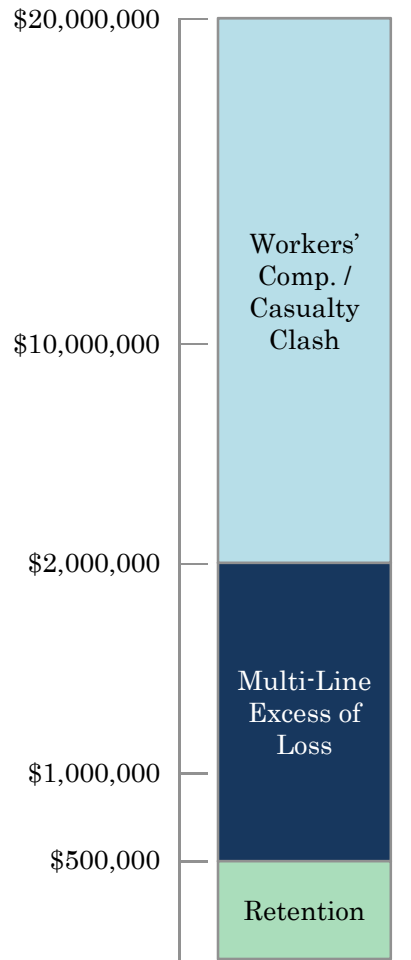


## REINSURANCE: PRUDENT RISK MANAGEMENT TO PROTECT CAPITAL

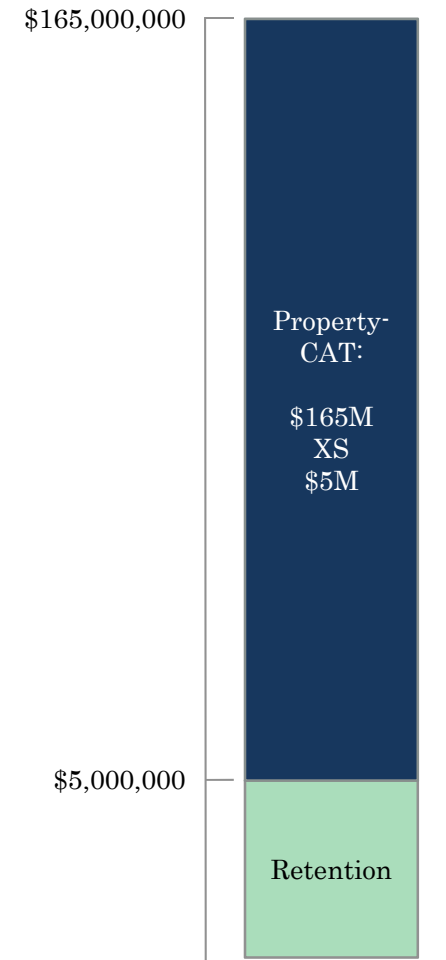


- Retain first \$500,000 of each specific loss/risk
  - Reinsurance coverage in excess of \$500,000 up to policy limits
- Catastrophe (CAT) reinsurance program provides \$165M of protection
  - All providers are rated minimum A-
  - Corresponds to the estimated 1-in-200 year probable maximum loss (PML)
  - Net retention of \$5M 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 01/01/2017 to 01/01/2018



**CIC / WPIC / ACIC**  
Property-CAT Reinsurance Treaties  
All layers 06/01/2016 to 06/01/2017

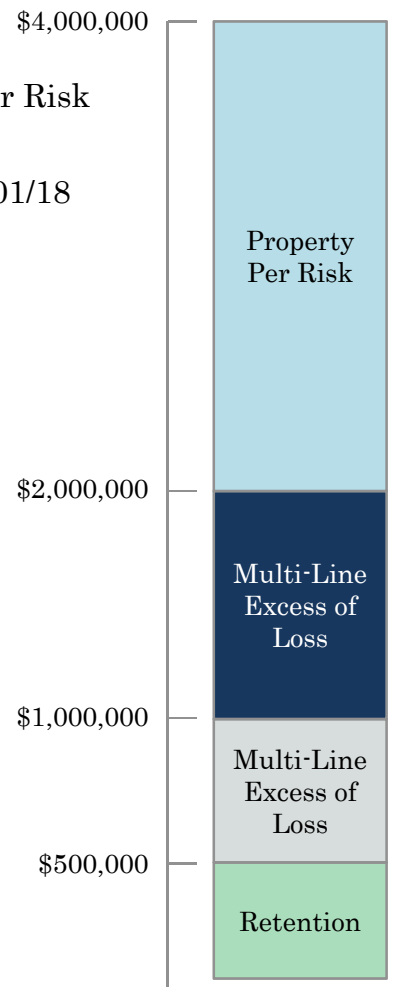


# REINSURANCE: PRUDENT RISK MANAGEMENT TO PROTECT CAPITAL



## Commercial Property Per Risk Reinsurance Treaty

Effective 07/01/16 to 01/01/18



## Homeowners Property Per Risk Reinsurance Treaty

Effective 11/01/14 to 01/01/18



# ORGANIZATION STRUCTURE: CORPORATE OVERVIEW

