

**FOURTH QUARTER 2017  
INVESTOR CONFERENCE CALL**

March 1, 2018

**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.



Q4 2017: Return to Profitability Validates Initiatives Implemented in Q3 2017

Significantly Improved Combined Ratio Driven by Strong Underwriting Performance

Maintain Focus on Writing Core Lines of Specialty Niche Business

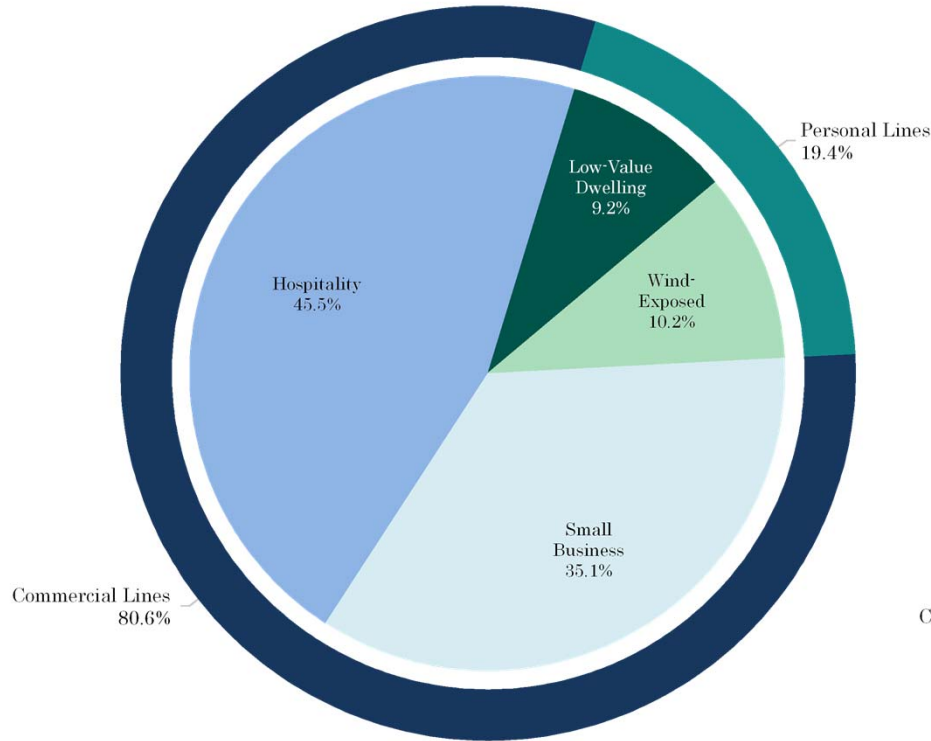
Balance Sheet Remains Well Positioned to Support Companies

2018: Drive Positive Bottom Line

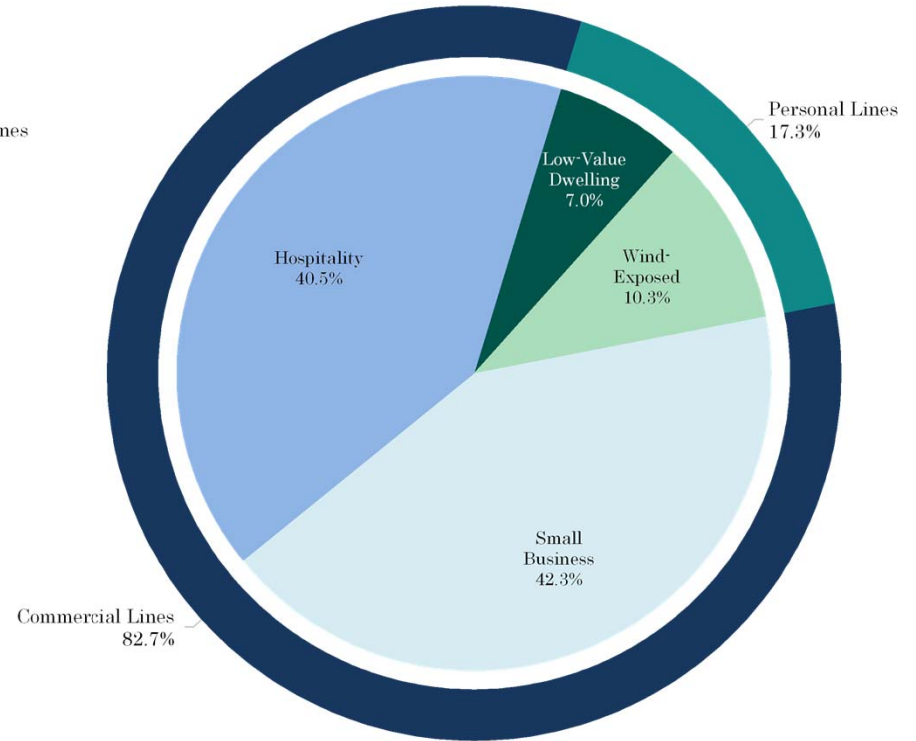
# BUSINESS MIX: GRADUAL SHIFT TOWARD COMMERCIAL LINES



### GROSS WRITTEN PREMIUM FOR 2017



### GROSS WRITTEN PREMIUM FOR Q4 2017



2017 – 80% Commercial / 20% Personal

2018 – Commercial will continue to grow as a percentage as the Company scales back personal lines.

## Q4 2017 RESULTS OVERVIEW



### Gross Written Premium:

- GWP was \$31M in Q4, a 0.2% decrease from the same period in 2016
  - Commercial Lines GWP increased 1.3% from Q4 2016
    - Quick Service Restaurants and Liquor Liability business performed well in the period
  - Personal Lines GWP decreased 6.8% from Q4 2016
    - Florida homeowners was down 15.8%
    - Low value dwelling was down 14.3%

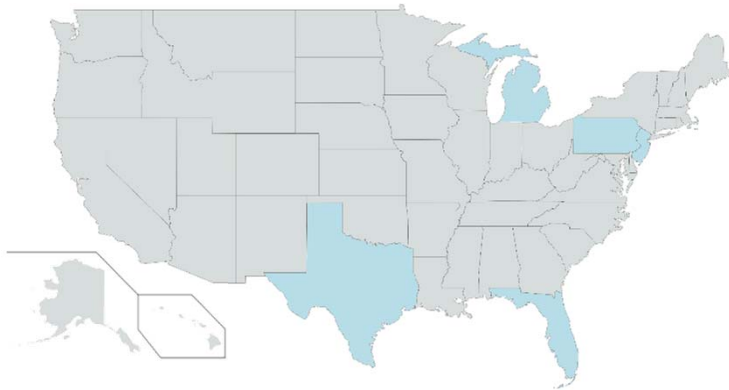
### Net Earned Premium increase:

- Overall NEP increase of 4% to \$25M in Q4 2017
  - Commercial Lines NEP increased more than 10% in Q4 2017
  - Personal Lines NEP decreased almost 20%, consistent with planned shift in business mix

### GROSS WRITTEN PREMIUM



# COMMERCIAL LINES OVERVIEW



As of December 31, 2017 Top Five States	GROSS WRITTEN PREMIUM \$ in thousands	
Michigan	\$ 21,099	22.9%
Florida	19,763	21.5%
Pennsylvania	8,651	9.4%
Texas	5,918	6.4%
New Jersey	3,960	4.3%
All Other	32,721	35.5%
<b>Total</b>	<b>\$ 92,112</b>	<b>100.0%</b>

## GROSS WRITTEN PREMIUM

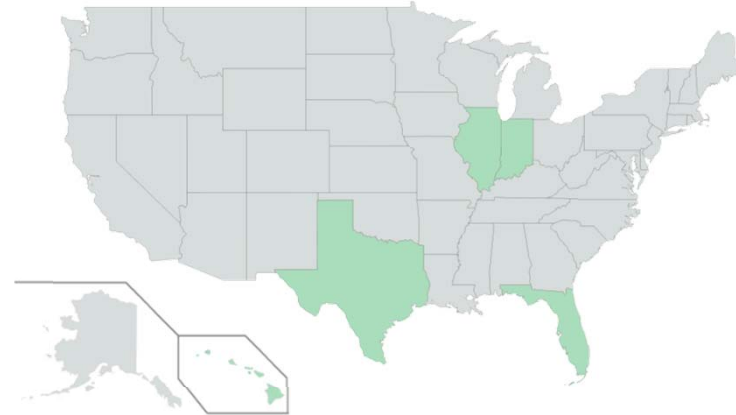
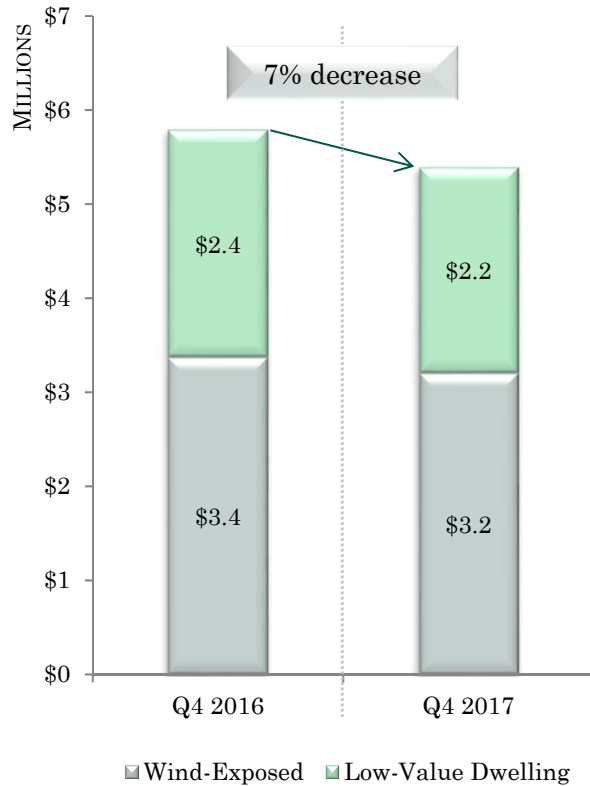


- Commercial Lines represented roughly 83% of the premium written in the fourth quarter – and was 80% for 2017 as a whole
- Quarter over quarter, Commercial gross written premium was up 1.3% in Q4 2017
- Conifer continues to write Commercial Lines in all 50 states

# PERSONAL LINES OVERVIEW



## GROSS WRITTEN PREMIUM



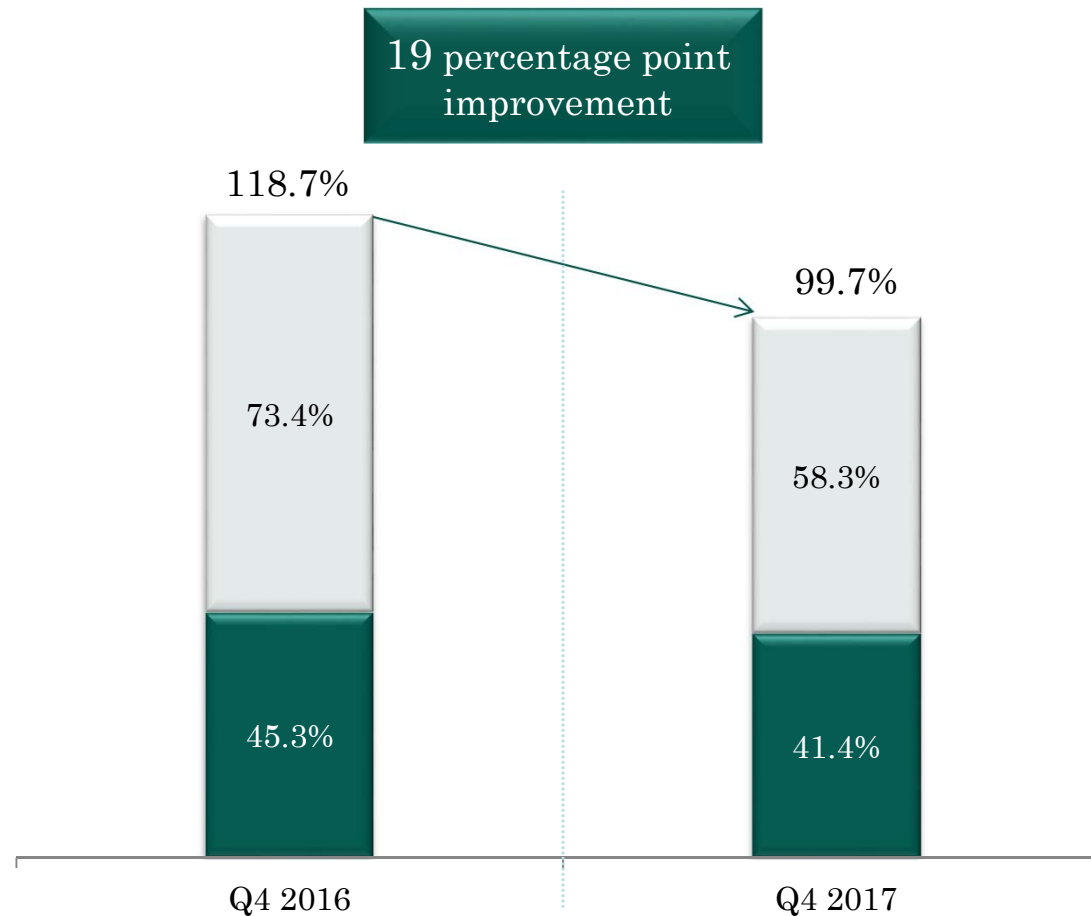
As of December 31, 2017 Top Five States	GROSS WRITTEN PREMIUM \$ in thousands	
Texas	\$ 6,992	31.5%
Florida	6,800	30.7%
Hawaii	4,764	21.5%
Indiana	2,612	11.8%
Illinois	621	2.8%
All Other	383	1.7%
<b>Total</b>	<b>22,172</b>	<b>100.0%</b>

- Personal Lines production was approximately 17% of total premium in Q4 2017
- Net earned premium in personal lines declined almost 20% in the fourth quarter
- Planned decrease in wind-exposed homeowners, specifically Florida homeowners, which was down 16% in Q4
- Florida assumption business started non-renewing February 9<sup>th</sup>
- Continuing efforts to reduce wind exposure overall

## RESULTS OVERVIEW: COMBINED RATIO



- Continued focus on core commercial lines will help drive overall combined ratio improvement
  - 83% of total premiums in Q4 were from our core commercial business
  - Focus on more profitable personal lines such as low value dwelling products

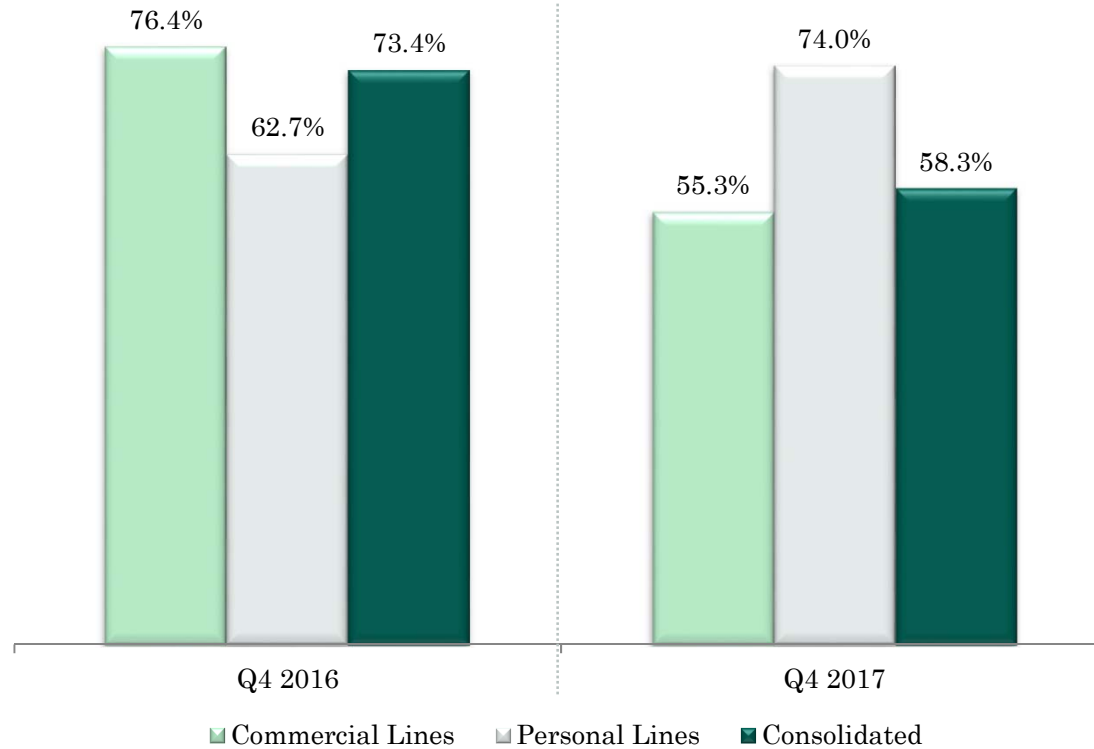




## RESULTS OVERVIEW: Q4 2017 LOSS RATIO



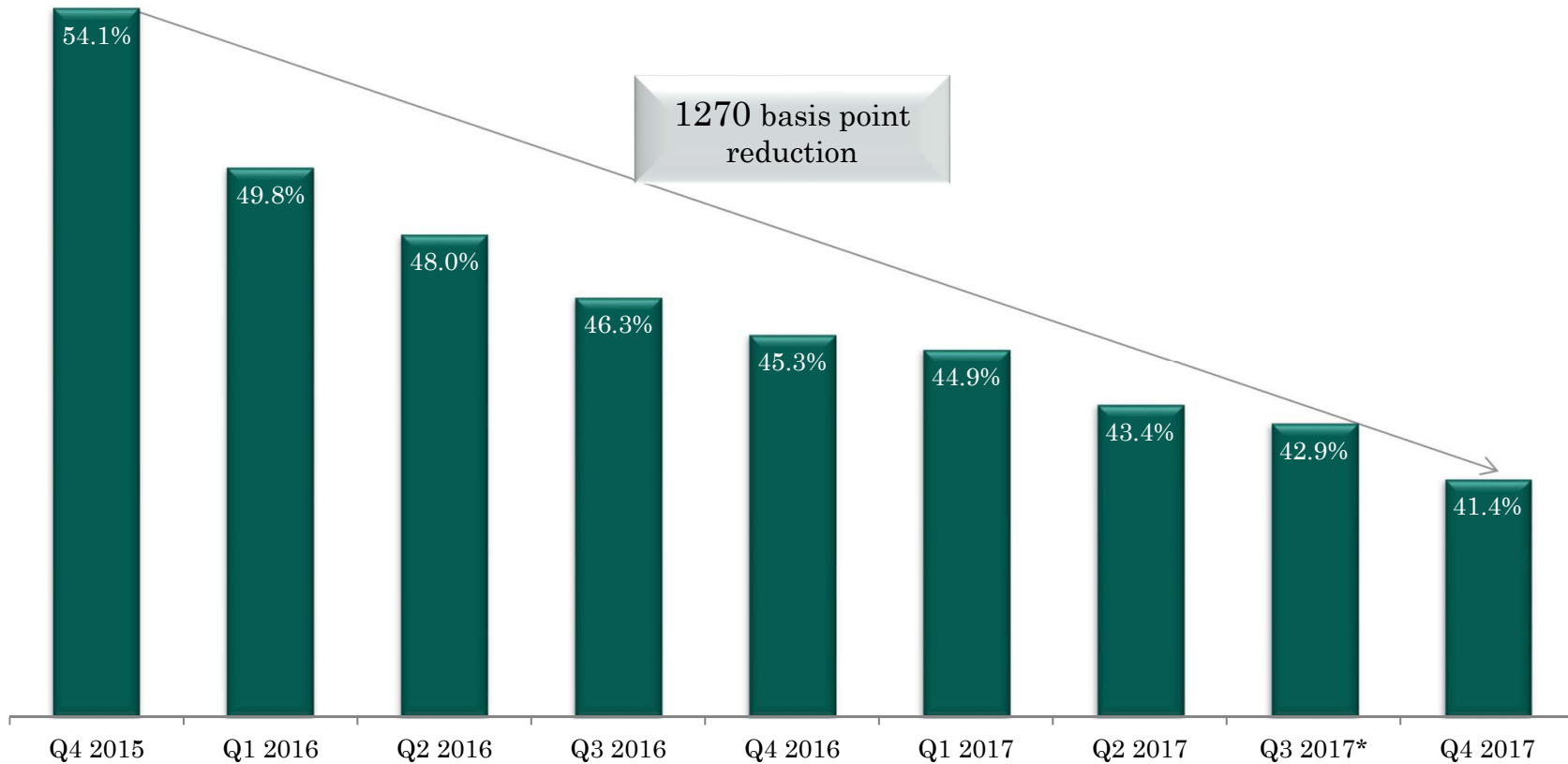
- Consolidated loss ratio improved by 15.1 percentage points from Q4 2016
- For Q4 2017, Commercial Lines loss ratio was 55.3% and Personal Lines was 74.0%
- On going planned trend of shifting away from wind-exposed Personal Lines premium
- Continued focus on core solid performing Commercial Lines business



## RESULTS OVERVIEW: Q4 2017 EXPENSE RATIO



- Continued sequential expense ratio improvement - quarter to quarter
- Almost 1,300 basis point improvement overall since Q4 2015
- Downward expense trend reflects commitment to streamlining on all levels



\*before impact of ADC and Q3 2017 hurricane activity

## FINANCIAL RESULTS: Q4 2017 INCOME STATEMENT



- Company reported net income of \$0.2 million, or \$0.03 per share for Q4 2017
- \$1.16 per share for valuation allowance against deferred tax assets not reflected in book value
- Book value per share of \$6.20, or \$52.8 million of shareholders' equity

(\$ in thousands, except per share data)	Three Months Ended December 31,	
	2017	2016
Gross Written Premium	\$31,247	\$31,308
Net Written Premium	27,439	27,069
Net Earned Premium	25,433	24,463
Net Income (Loss)	221	(4,421)
EPS, Basic and Diluted	\$0.03	\$(0.58)
Adjusted Operating Income (Loss)	161	(4,279)
Adjusted Operating Income (Loss) per share	\$0.02	\$(0.56)

## FINANCIAL RESULTS: CHI CONSOLIDATED BALANCE SHEET



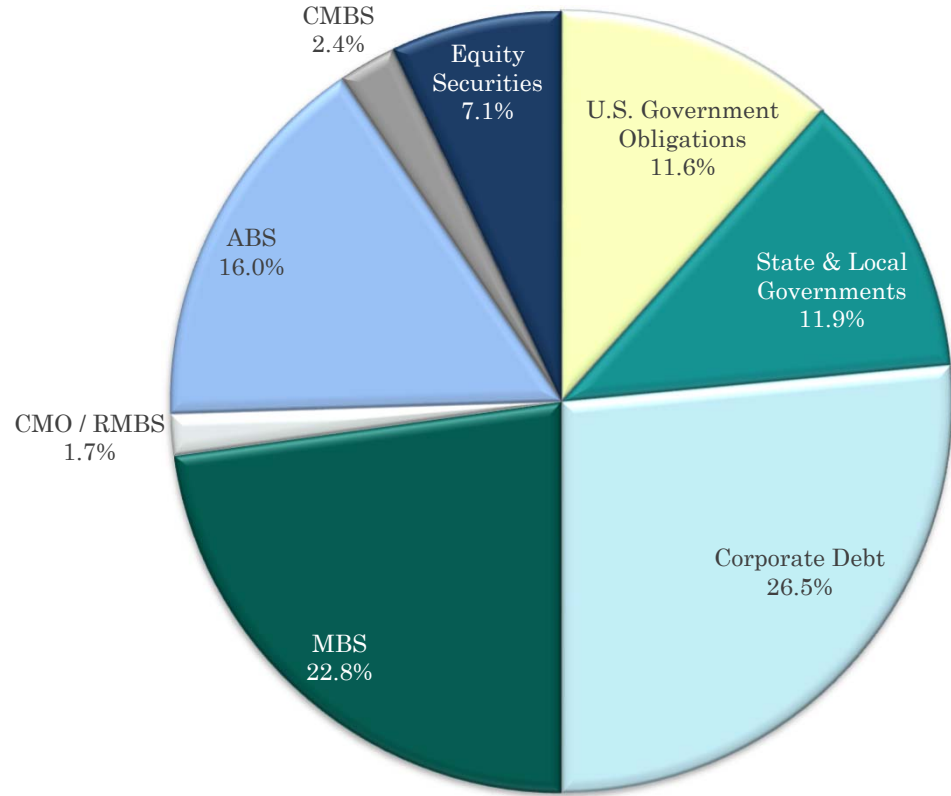
SUMMARY BALANCE SHEET	December 31, 2017	December 31, 2016
\$ in thousands		
Cash and invested assets	\$ 170,343	\$ 141,023
Reinsurance recoverables	24,539	7,498
Goodwill and intangible assets	987	1,007
Total assets	\$ 239,032	\$ 203,701
Unpaid losses and loss adjustment expenses	87,896	54,651
Unearned premiums	57,672	58,126
Senior debt	29,027	17,750
Total Liabilities	\$ 186,206	\$ 135,907
Total Shareholders' Equity	\$ 52,826	\$ 67,794

# Q4 2017 INVESTMENT PORTFOLIO



- Maintain a highly liquid portfolio of investment grade fixed income securities
- Total cash & investment securities of \$170.3M at December 31, 2017:
  - Average duration: 3 years
  - Average tax-equivalent yield: ~2.5%
  - Average credit quality: AA

## PORTFOLIO ALLOCATION



### FIXED INCOME PORTFOLIO CREDIT RATING

\$ in thousands	December 31, 2017	
	Fair Value	% of Total
AAA	\$ 34,680	25.4%
AA	62,397	45.7%
A	25,123	18.4%
BBB	13,107	9.6%
BB	1,229	0.9%
NR	--	--
<b>TOTAL FIXED INCOME INVESTMENTS</b>	<b>\$ 136,536</b>	<b>100.0%</b>



**Conifer  
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# APPENDIX



**Conifer  
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## SUMMARY FINANCIAL STATEMENTS: INCOME STATEMENT



OPERATING RESULTS	Three Months Ended December 31,	
	2017	2016
\$ in thousands, except per share data		
Gross Written Premiums	31,247	31,308
Ceded Written Premiums	3,808	4,239
Net Written Premiums	27,439	27,069
Net Earned Premiums	25,433	24,463
Net investment income	720	548
Net realized investment gains	39	761
Other gains	0	(400)
Other income	357	287
Total revenue	26,549	25,659
Losses and loss adjustment expenses, net	15,042	18,181
Policy acquisition costs	6,690	6,997
Operating expenses	3,993	4,211
Interest expense	616	179
Total expenses	26,341	29,568
Income (loss) before equity earnings and income taxes	208	(3,909)
Equity earnings (losses) of affiliates, net of tax	(23)	18
Income tax (benefit) expense	(36)	530
Net income (loss)	221	(4,421)
Earnings (loss) per common share, basic and diluted	0.03	(0.58)
Weighted average common shares outstanding, basic and diluted	8,519,648	7,632,390

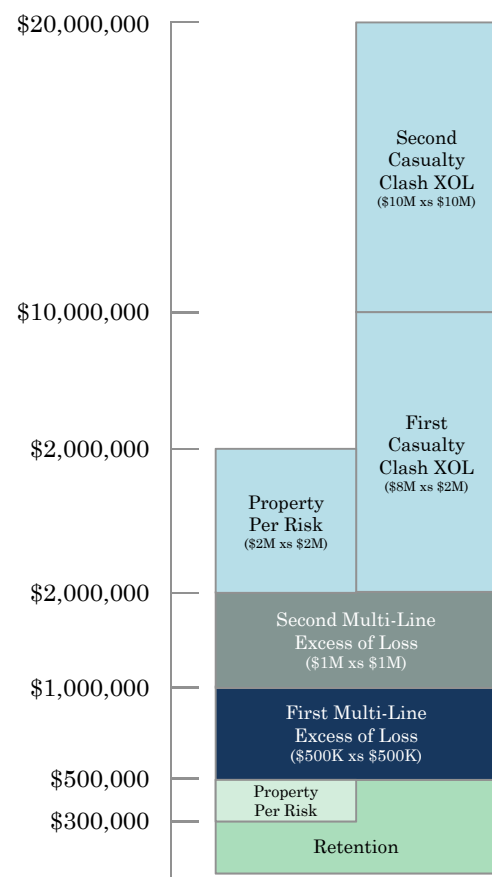




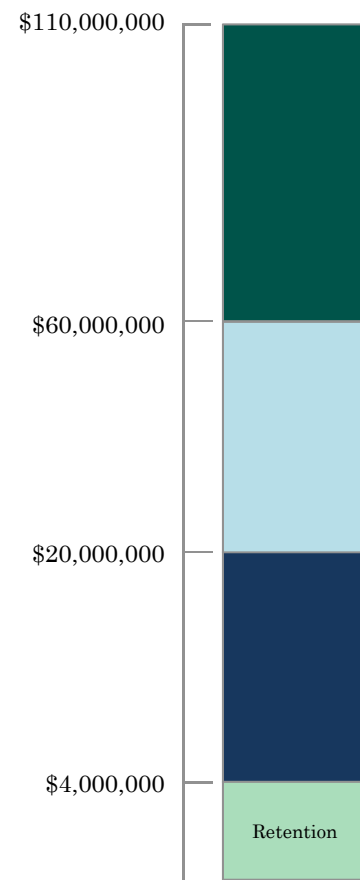
## REINSURANCE: PRUDENT RISK MANAGEMENT TO PROTECT CAPITAL

- 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 \$110M of protection
  - All providers are rated minimum A-
  - Net retention of \$4M for first event

**CIC / WPIC**  
Specific Loss Reinsurance Treaties  
Effective 01/01/2018 to 01/01/2019



**CIC / WPIC**  
Property-CAT Reinsurance Treaties  
All layers 06/01/2017 to 06/01/2018

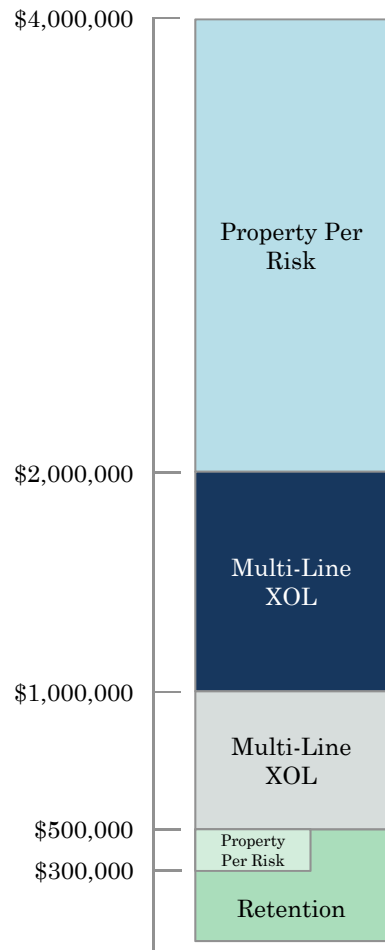


# REINSURANCE: PRUDENT RISK MANAGEMENT TO PROTECT CAPITAL



## Commercial Property Per Risk Reinsurance Treaty

Effective 01/01/18 to 01/01/19



## Homeowners Property Per Risk Reinsurance Treaty

Effective 01/01/18 to 01/01/19

