

**THIRD QUARTER 2016**  
**INVESTOR CONFERENCE CALL**

November 10, 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: Q3 2016

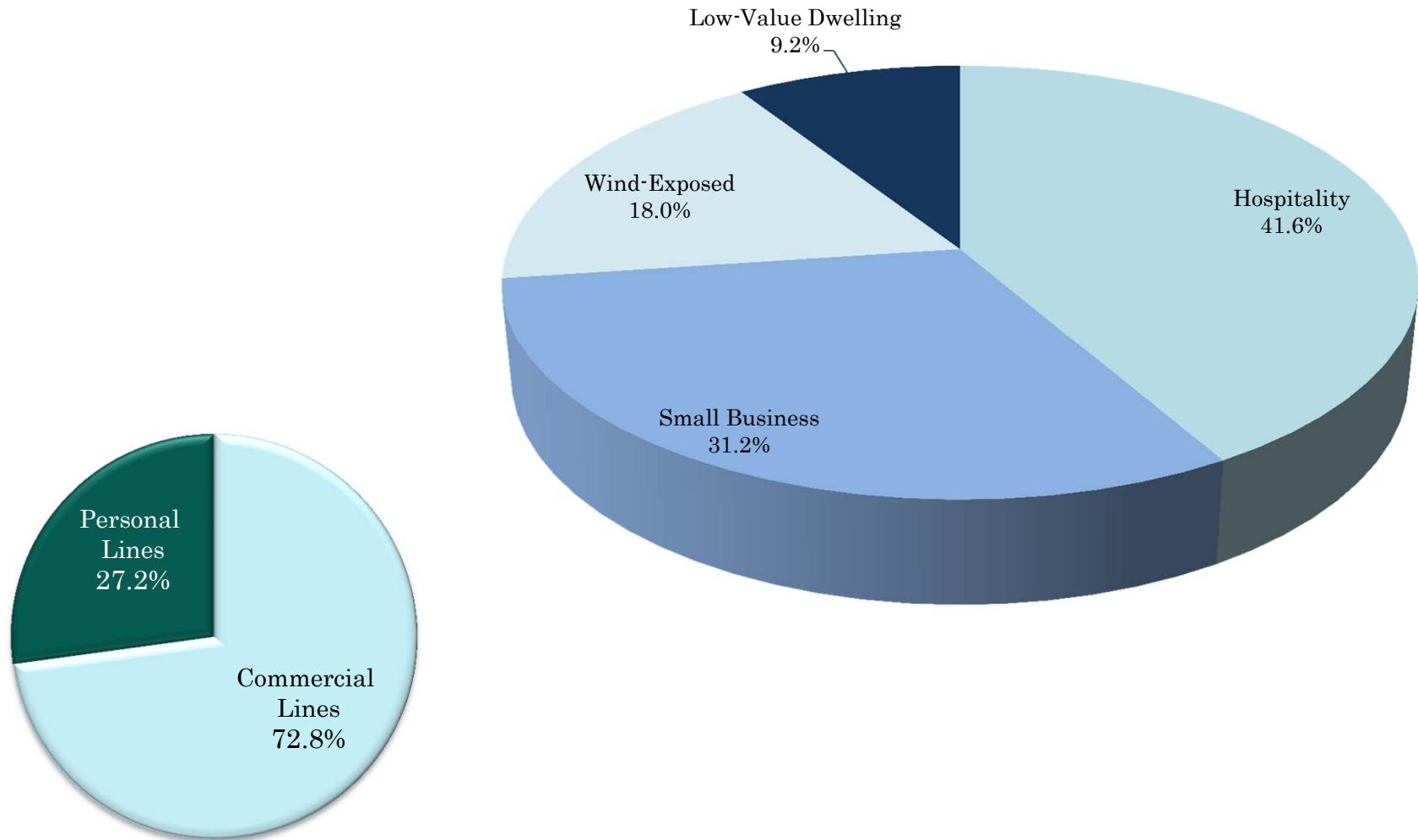


Significant top line growth:

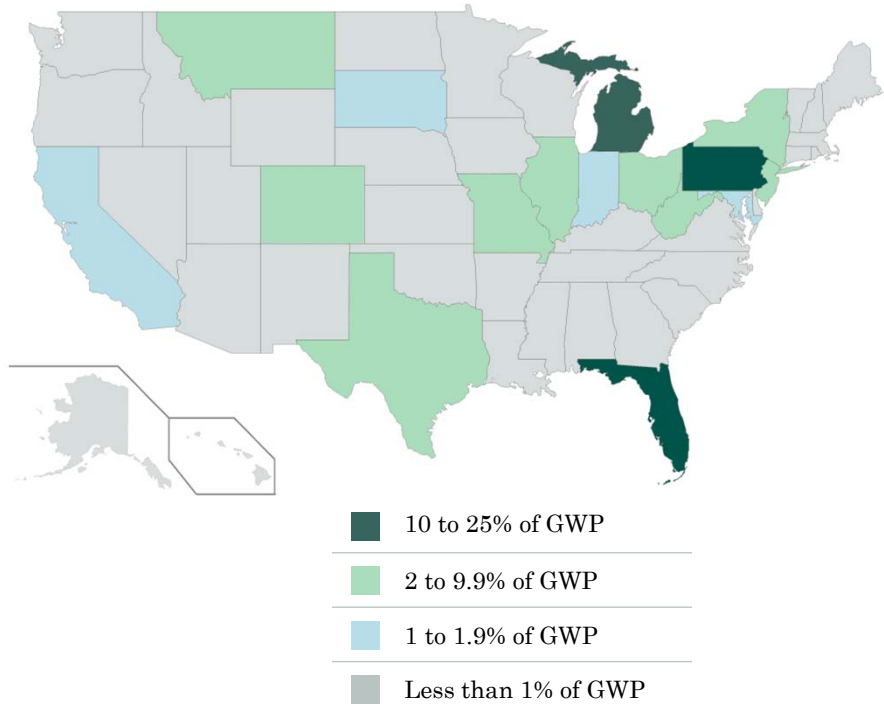
- Total gross written premium was \$28.5 million for Q3 2016
  - Up 17.6% over the same period in 2015
  - Net earned premium was up 30.7% for the same period
- Factors driving premium growth include:
  - Strong commercial lines experience in hospitality & small business accounts, particularly in commercial multi-peril and workers' compensation lines
  - Personal lines focus on low-value dwellings and wind-exposed homeowners
- Active claims management
  - Select reserve strengthening in the quarter (added roughly 11 points to the loss ratio)
  - Still generated a loss ratio of 61.6% in Q3 2016
- Expense ratio showing improvement
  - Sequential quarterly reduction
    - 170 basis point improvement over Q2 2016
    - 780 basis point improvement over Q4 2015
  - Expect continued downward trend as earned premiums ramp up
- Book Value of \$9.76 per share, or \$74.5 million, of shareholders' equity



# BUSINESS MIX – GROSS WRITTEN PREMIUM

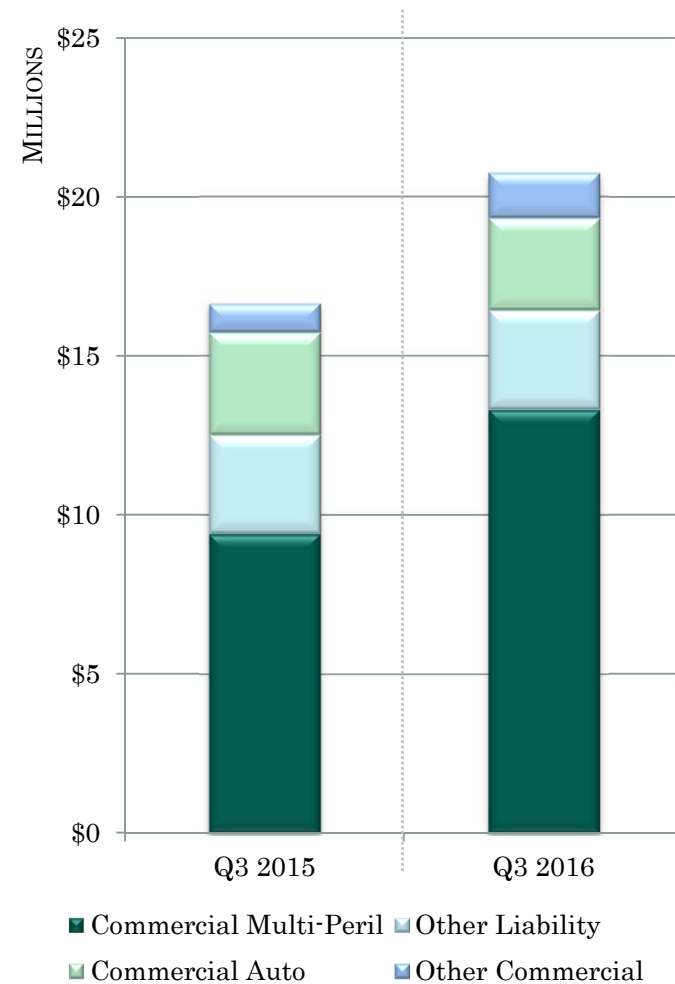


# COMMERCIAL LINES OVERVIEW



- Seek leading position in niche markets we write
- Focused on small to medium sized owner operators
- 24.6% growth in commercial gross written premium to \$20.8 million for the third quarter of 2016
- Writing commercial lines in all 50 states

GROSS WRITTEN PREMIUM



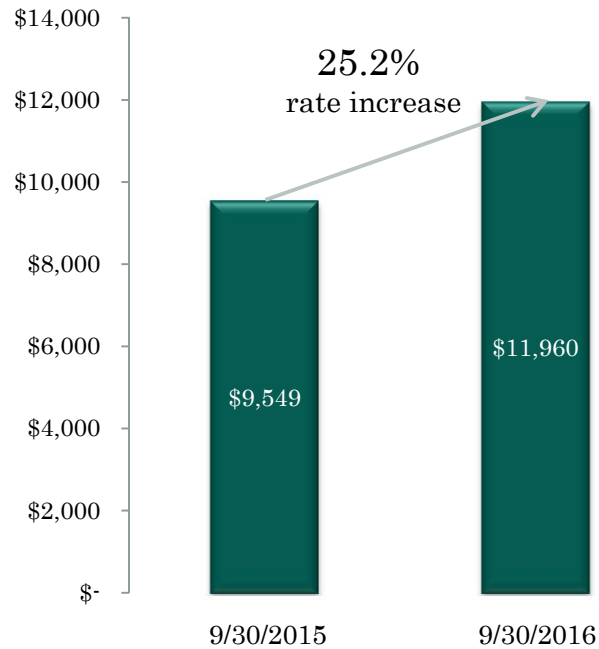
# REPOSSESSION & TOWING COMMERCIAL AUTO: Q3 2016



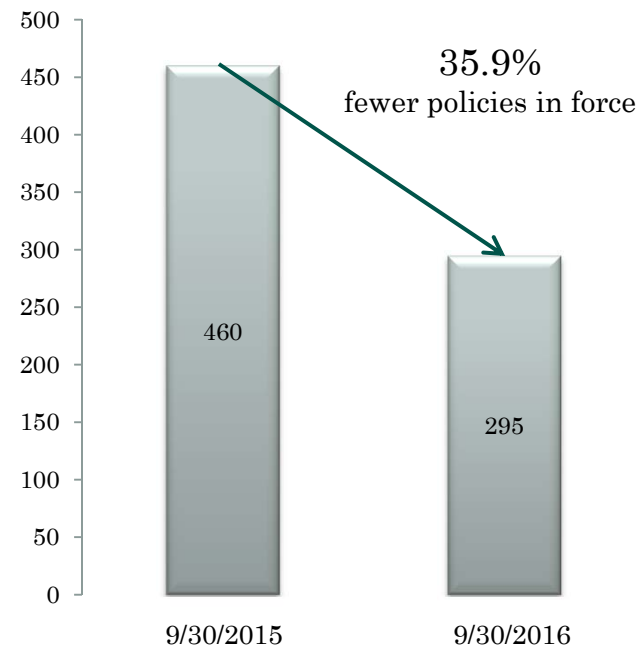
## UNDERWRITING ENHANCEMENTS & POLICIES IN FORCE REDUCTION

- Increased rates an average of 25%
- Curtailed new business in select geographies
- Focus on smaller operators (1-3 vehicles)
- Total repo policies in force down almost 36%

AVERAGE PREMIUM PER POLICY



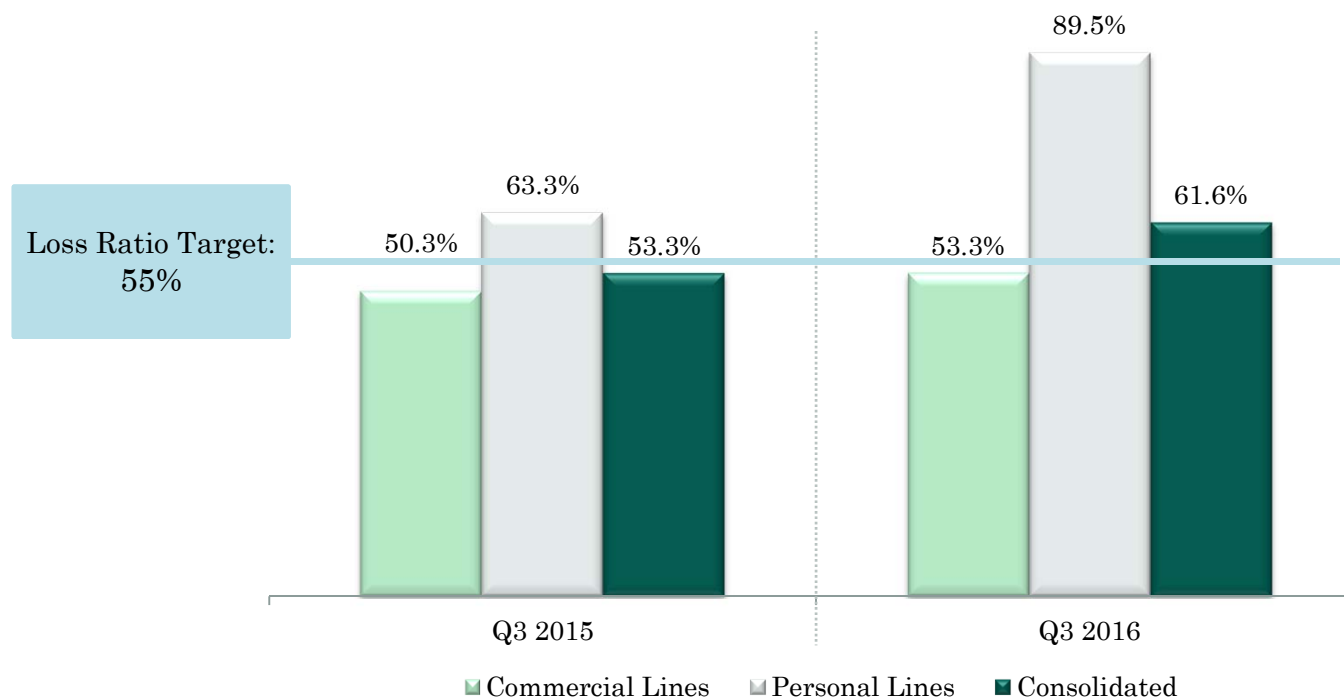
POLICIES IN FORCE





## RESULTS OVERVIEW: Q3 2016 LOSS RATIO

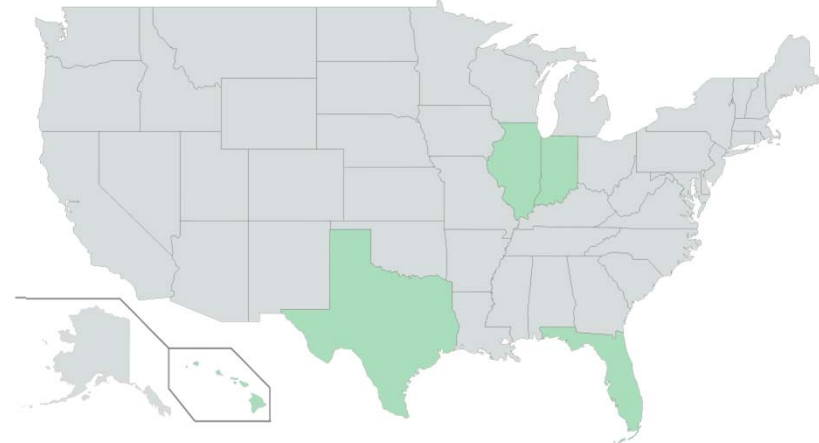
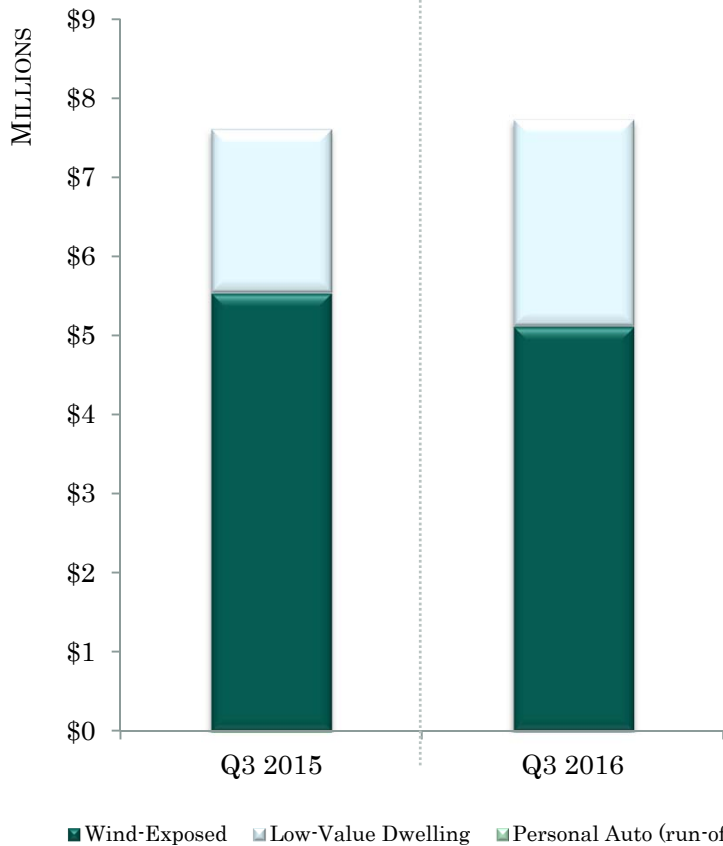
- Reserve strengthening impact: added 11 percentage points to Q3 2016 loss ratio (50.6% without impact) – largest impact from:
  - Florida homeowners: 3.2 percentage points
  - Commercial auto: 2.5 percentage points
  - Commercial multi-peril: 4.0 percentage points (favorable for the 9 months)
- Even with full impact of reserve strengthening, loss ratio was 61.6% for Q3 2016



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



GROSS WRITTEN PREMIUM



GROSS WRITTEN PREMIUM \$ in thousands	Q3 2016 Top Five States	
Texas	\$ 3,211	41.5%
Florida	2,430	31.4%
Hawaii	1,018	13.2%
Indiana	834	10.8%
Illinois	173	2.2%
All Other	72	1.1%
<b>Total</b>	<b>\$ 7,738</b>	<b>100.0%</b>

- Gross written premium was up 2.0% during the third quarter
- Increase in wind-exposed homeowners focusing on coastal exposures in Hawaii, Texas and Florida
- Low-value dwelling ramp up primarily in southern states, such as Texas and northern Louisiana

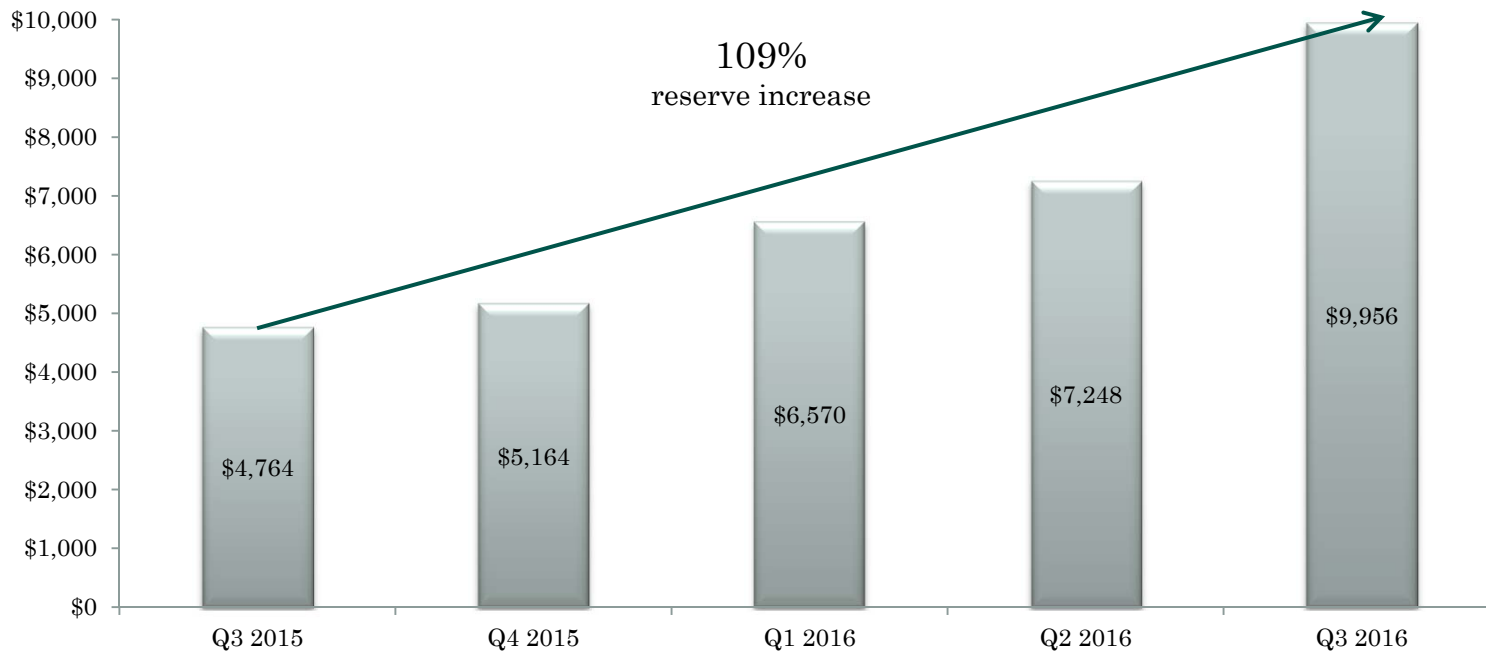




## CLAIMS ENHANCEMENTS & INCREASED CASE RESERVES

- Added experienced claims staff – Florida based property managers and adjusters
- Implemented improved policy wording previously adopted by Citizens
- Increased average case reserves by 109% since third quarter 2015

AVERAGE FLORIDA HOMEOWNERS CASE RESERVE





## Q3 2016 INCOME STATEMENT

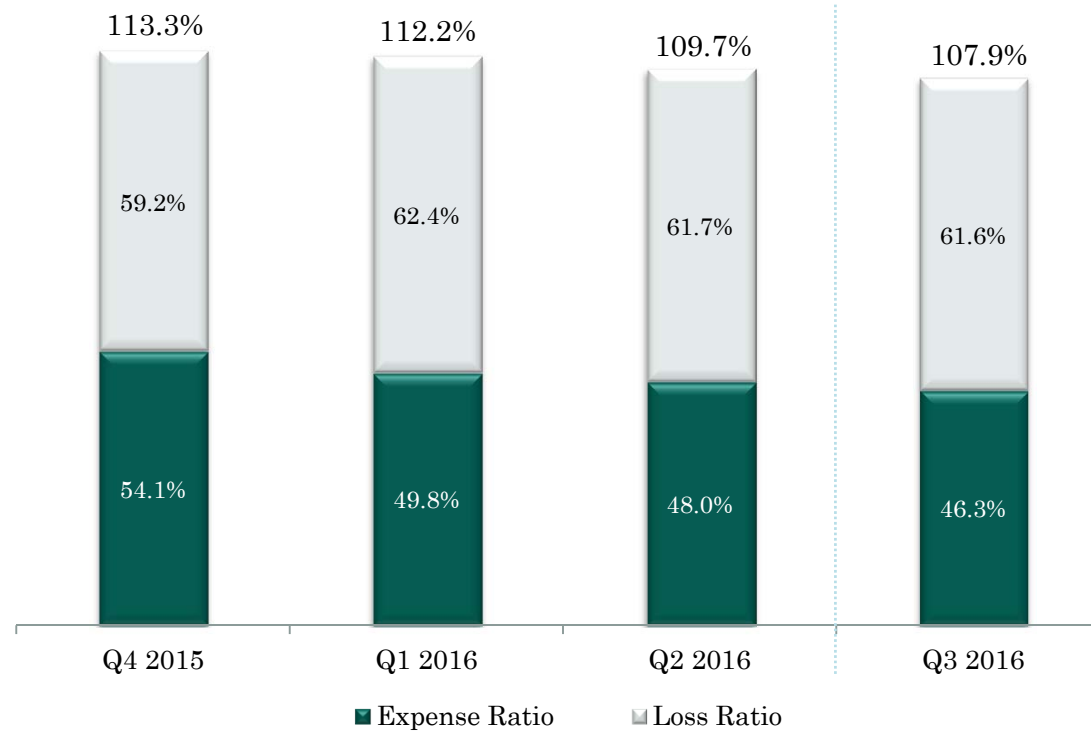
- Increased production in hospitality, small business, security services and select homeowners lines of business
- 2015 investments in experienced underwriting teams are driving organic growth
- Operating loss of \$0.20 per diluted share for Q3 2016
- \$9.76 per share, or \$74.5 million, of shareholders' equity

(\$ in thousands, except per share data and ratios)	Three Months Ended September 30,	
	2016	2015
Gross Written Premium	\$28,497	\$24,242
Net Written Premium	24,634	28,599
Net Earned Premium	23,380	17,883
Net Income (Loss)	(1,475)	1,145
Net Income (Loss) Allocable to Common Shareholders	(1,475)	1,212
EPS, Basic and Diluted	(0.19)	0.21
Operating Income (Loss)	(1,546)	1,102
Operating Income (Loss) per share	(0.20)	0.19



## COMBINED RATIO REFLECTS CLAIMS MANAGEMENT/IMPROVED EXPENSE RATIO

- Changing the mix of business (reduced Florida exposure) should yield positive results
- Continued premium growth can help drive on-going combined ratio improvement
  - 72.8% commercial business with continuing solid loss ratios
  - Commercial lines loss ratio of 53.3% in the third quarter





## RESERVING PHILOSOPHY

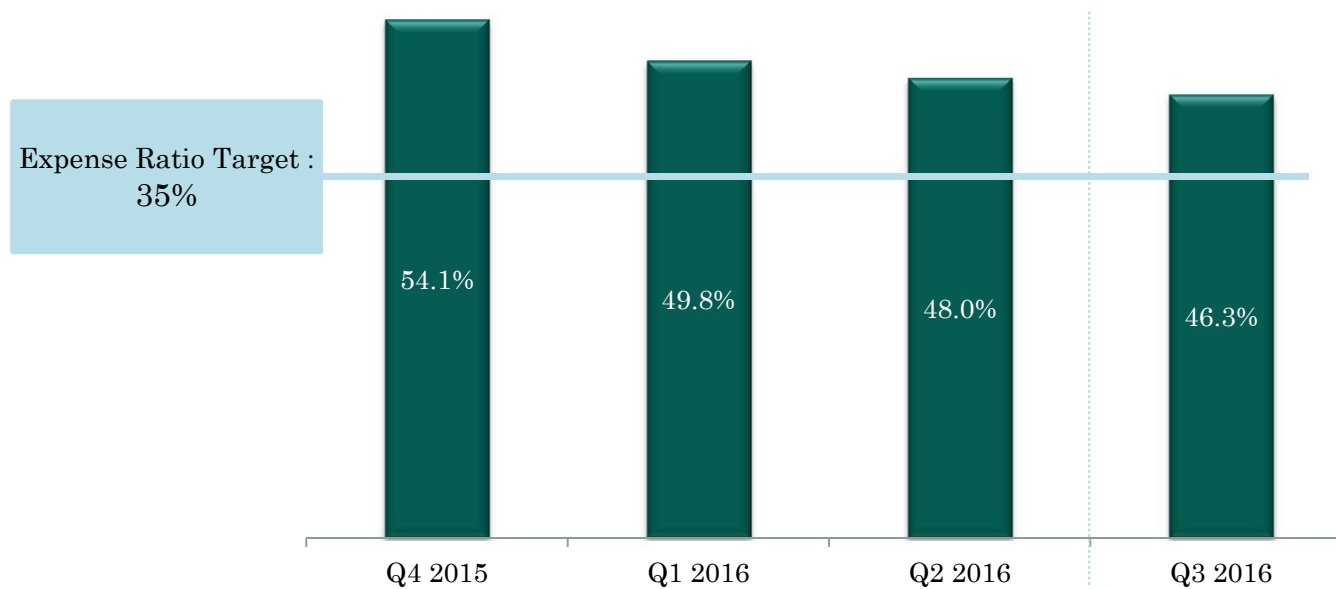
- Conservative reserving practices
  - Based on experience and industry-standard actuarial methods
  - Consistent favorable reserve development for each of the years 2011 to 2014
  - Cumulative redundancy since 2011 - \$5.6 million
- The table below represents the prior year reserve development from 2011 to date by entity. Adverse development in 2016 is mostly due to greater than expected claim frequency and severity in our commercial auto and Florida homeowners lines of business:

TOTAL RESERVE REDUNDANCY							
\$ in thousands							
(Favorable) / Unfavorable Development Reported in:							
COMPANY SUBSIDIARIES	2011	2012	2013	2014	2015	YTD 2016	Total
CIC	(151)	(1,615)	(1,521)	(61)	1,633	2,044	329
WPIC	(2,579)	(3,852)	(3,639)	(367)	(345)	830	(9,952)
ACIC	-	-	-	(723)	417	2,664	2,358
CHI CONSOLIDATED	(2,223)	(4,356)	(5,021)	(1,193)	1,458	5,687	(5,648)



## EXPENSE RATIO: TRENDING DOWNWARD

- Total expense ratio of 46.3% in Q3 2016
  - Versus 54.1% in Q4 2015
  - Versus 49.8% in Q1 2016
  - Versus 48.0% in Q2 2016
- Sequential expense ratio improvement quarter to quarter
  - 780 basis point improvement overall since Q4 2015
- Expect continuing downward trend as earned premiums grow quarter to quarter

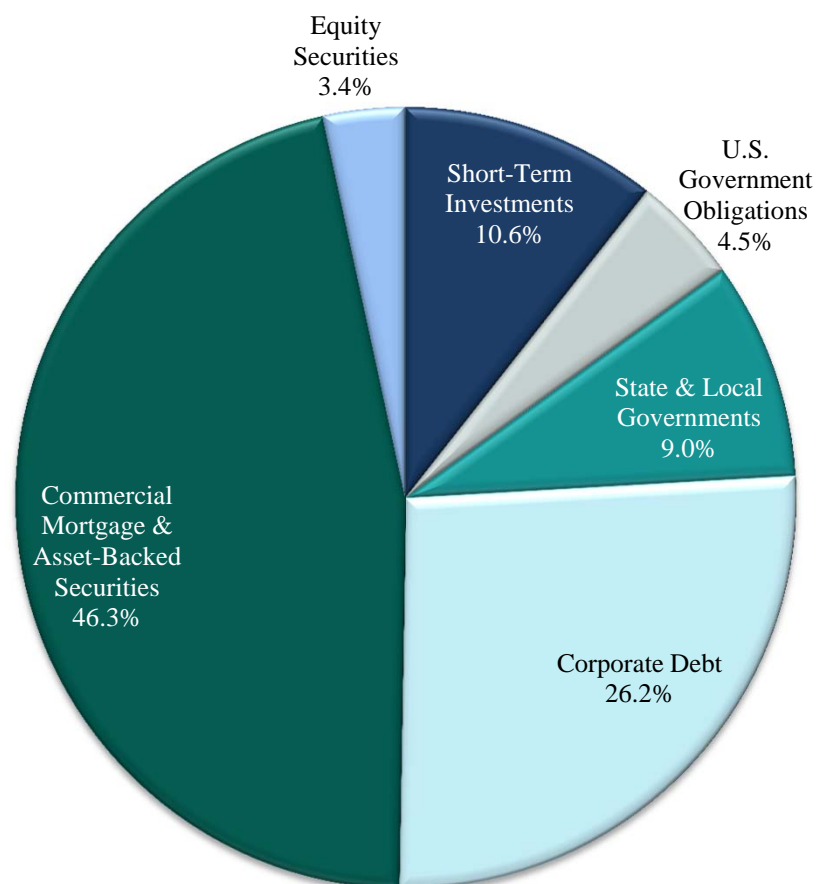


## CONSERVATIVE INVESTMENT STRATEGY



- Investment philosophy is to maintain a highly liquid portfolio of investment-grade fixed income securities
- Total cash & investment securities of \$140.9M at September 30, 2016:
  - Average duration to worst: 3.0 years
  - Average tax-equivalent yield: ~2%
  - Average credit quality: AA

### PORTFOLIO ALLOCATION



### FIXED INCOME PORTFOLIO CREDIT RATING

\$ in thousands	September 30, 2016	
	Fair Value	% of Total
AAA	\$ 33,014	29%
AA	48,952	43%
A	17,076	15%
BBB	13,661	12%
BB	1,138	1%
<b>TOTAL FIXED INCOME INVESTMENTS</b>	<b>\$ 113,841</b>	<b>100%</b>



**Conifer  
Holdings  
Inc.**

# APPENDIX



**Conifer  
Holdings  
Inc.**



## FINANCIAL RESULTS: CHI CONSOLIDATED BALANCE SHEET



SUMMARY BALANCE SHEET		
\$ in thousands	September 30, 2016	December 31, 2015
Cash and invested assets	\$ 140,934	\$ 130,427
Reinsurance recoverables	9,953	7,044
Goodwill and intangible assets	1,412	1,427
<b>Total assets</b>	<b>\$ 195,919</b>	<b>\$ 177,927</b>
Unpaid losses and loss adjustment expenses	45,994	35,422
Unearned premiums	55,475	47,916
Senior debt	14,250	12,750
<b>Total Liabilities</b>	<b>\$ 121,415</b>	<b>\$ 100,665</b>
<b>Total Shareholders' Equity</b>	<b>\$ 74,504</b>	<b>\$ 77,262</b>

## SUMMARY FINANCIAL STATEMENTS: INCOME STATEMENT



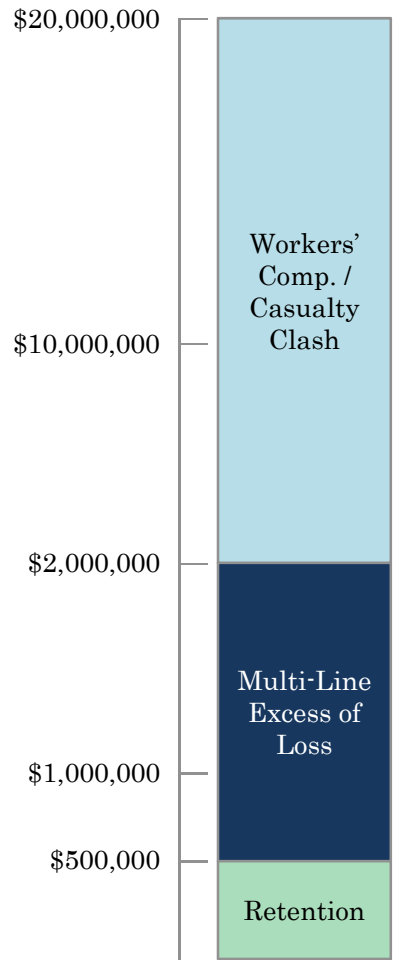
OPERATING RESULTS	Three Months Ended September 30,	
	2016	2015
\$ in thousands, except per share data		
Gross Written Premiums	\$ 28,498	\$ 24,242
Ceded Written Premiums	(3,863)	4,357
Net Written Premiums	\$ 23,380	\$ 28,599
Net Earned Premiums	23,380	17,883
Net investment income	560	505
Net realized investment gains	71	6
Other gains	--	104
Other income	303	523
Total revenue	24,314	19,021
Losses and loss adjustment expenses, net	14,582	9,813
Policy acquisition costs	6,266	4,605
Operating expenses	4,710	3,325
Interest expense	168	181
Total expenses	25,726	17,924
Income (loss) before equity earnings and income taxes	(1,412)	1,097
Equity earnings (losses) of affiliates, net of tax	(47)	--
Income tax (benefit) expense	16	(48)
Net income (loss)	(1,475)	1,145
Less net (loss) income attributable to non-controlling interest	--	(181)
Net income (loss) attributable to Conifer	\$ (1,475)	\$ 1,326
Net income (loss) allocable to common shareholders	\$ (1,475)	\$ 1,212
Earnings (loss) per common share, basic and diluted	\$ (0.19)	\$ 0.21
Weighted average common shares outstanding, basic and diluted	7,608,284	5,701,794

## REINSURANCE: PRUDENT RISK MANAGEMENT TO PROTECT CAPITAL

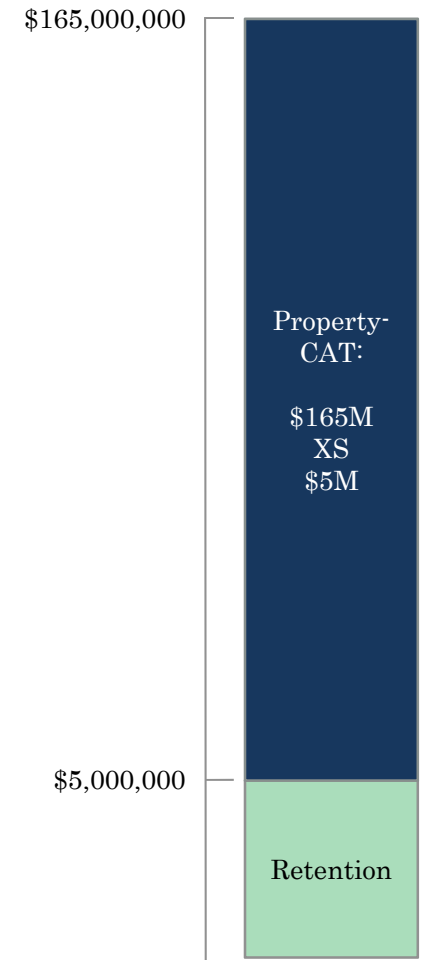


- Retain first \$500,000 of each specific loss/risk
  - Reinsurance coverage in excess of \$500,000 up to policy limits
- Catastrophe (CAT) reinsurance program provides \$165M of protection
  - All providers are rated minimum A-
  - Corresponds to the estimated 1-in-200 year probable maximum loss (PML)
  - 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 01/01/2016 to 01/01/2017



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

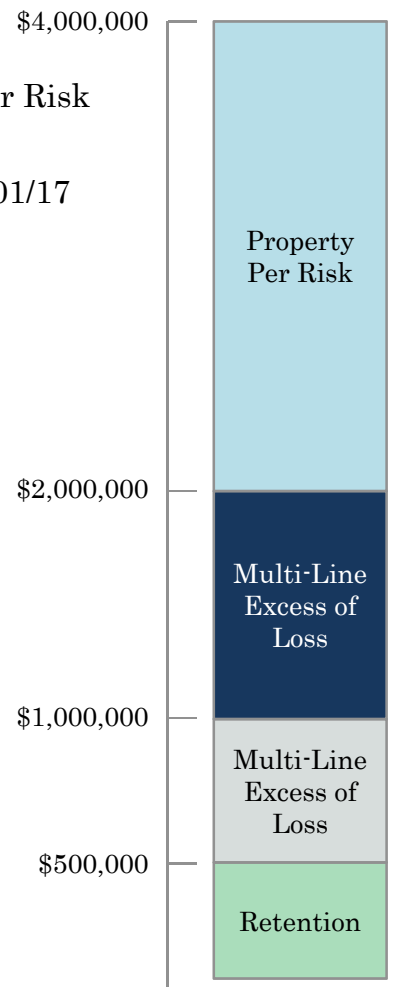


# REINSURANCE: PRUDENT RISK MANAGEMENT TO PROTECT CAPITAL



## Commercial Property Per Risk Reinsurance Treaty

Effective 07/01/16 to 07/01/17



## Homeowners Property Per Risk Reinsurance Treaty

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



# ORGANIZATION STRUCTURE: CORPORATE OVERVIEW

