



Conifer  
Holdings  
Inc.

INVESTOR PRESENTATION  
DECEMBER 2017



## SAFE HARBOR STATEMENT

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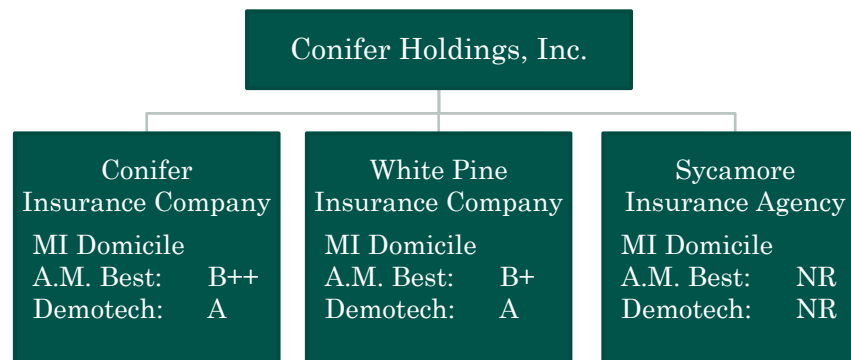
This presentation contains “forward-looking” statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that are based on our management’s beliefs and assumptions and on information currently available to 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.

# CONIFER: AT A GLANCE



Exchange / Ticker	Nasdaq: CNFR
Share Price (at 11/30/2017):	\$ 6.00
Shares Outstanding*:	8.5M
Market Capitalization:	\$ 68M
GAAP Equity*:	\$ 52.5M
Book Value per Share*:	\$ 6.16



## COMPANY HISTORY



\* as of 09/30/2017

## CONIFER: STATE OF THE BUSINESS

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Executed an Adverse Development Cover for accident years 2005-2016

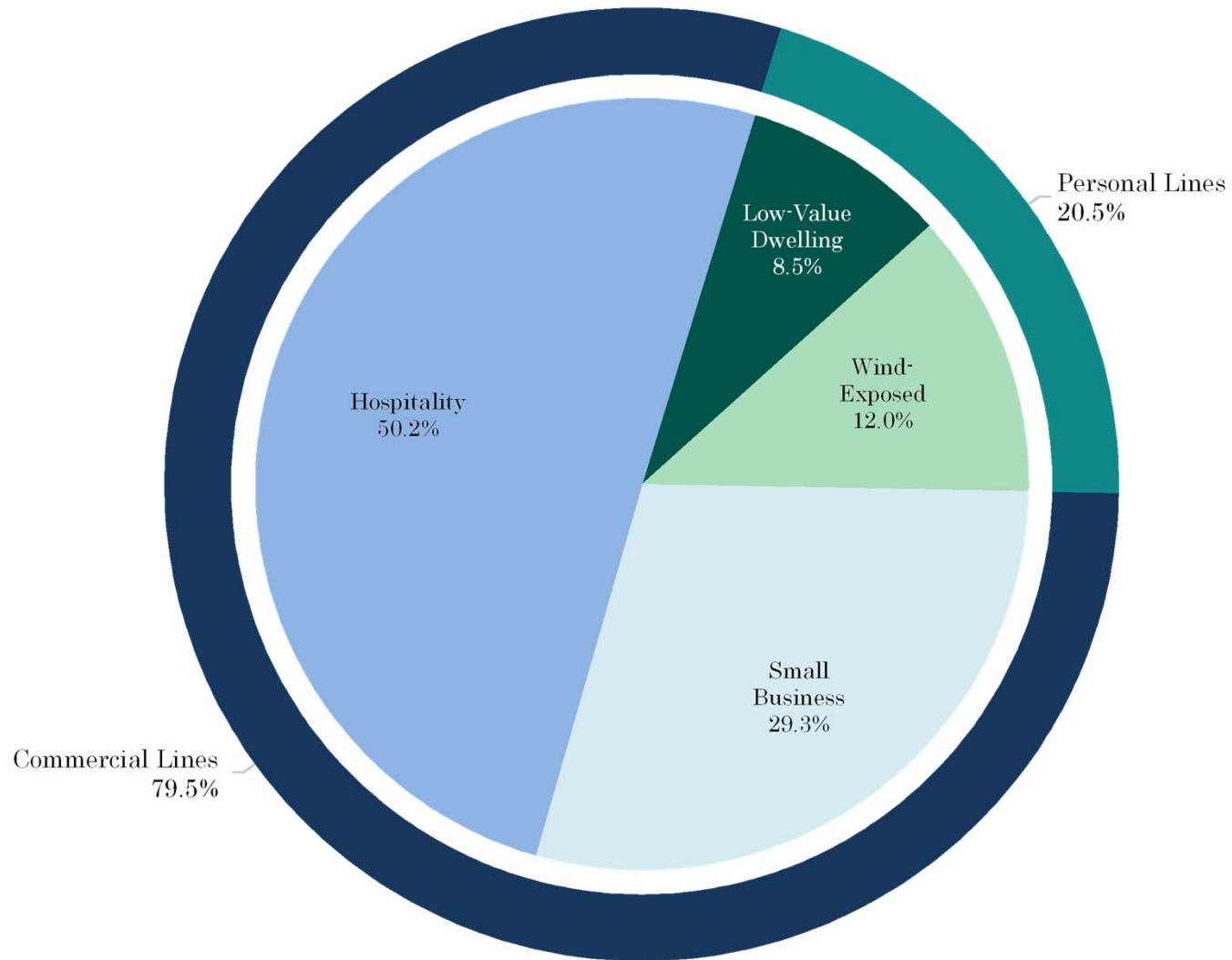
Raised \$30 million in sub debt (to pay for ADC and remove senior lender facility)

Completed private placement of \$5 million in common stock with management / Board

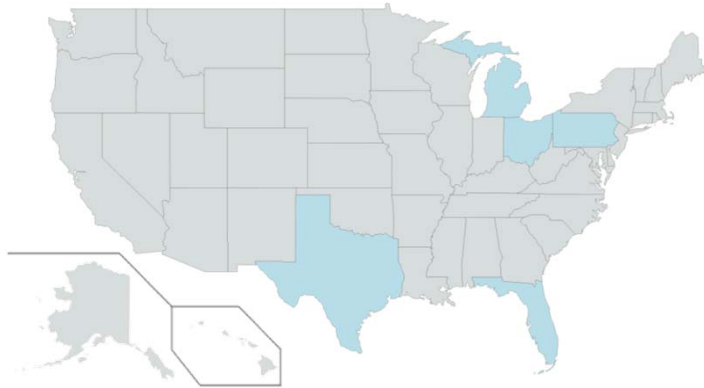
Strengthened 2017 reserves and announced storm losses for Harvey and Irma

Poised to generate operating profits in Q4 and beyond

# BUSINESS MIX: GROSS WRITTEN PREMIUM FOR Q3 2017

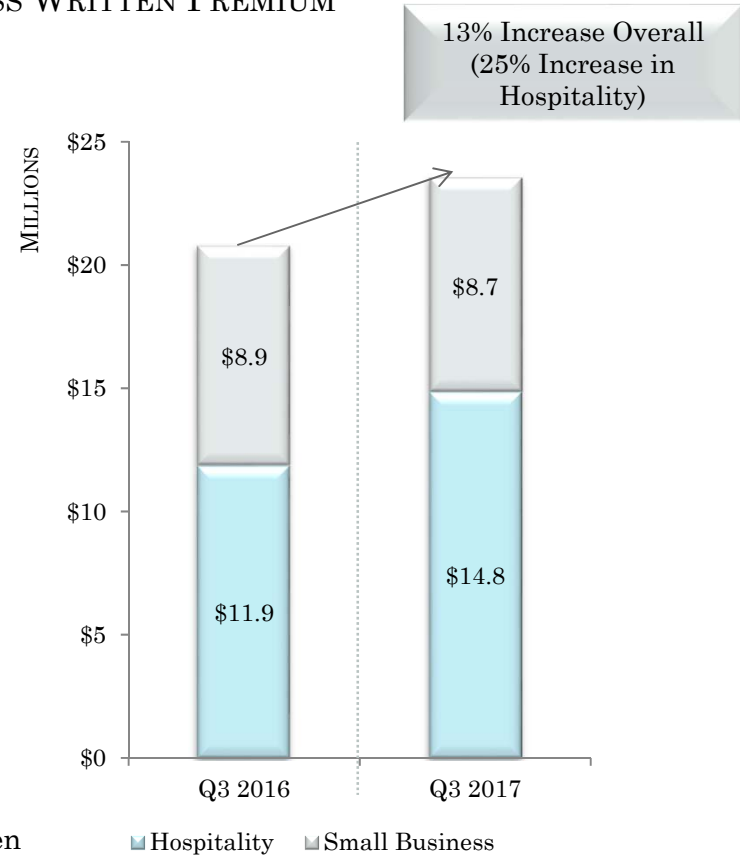


# COMMERCIAL LINES OVERVIEW



As of September 30, 2017 Top Five States	GROSS WRITTEN PREMIUM \$ in thousands	
Florida	\$ 15,105	22.8%
Michigan	13,418	20.3%
Pennsylvania	6,309	9.5%
Texas	4,289	6.5%
Ohio	3,124	4.7%
All Other	24,014	36.2%
<b>Total</b>	<b>\$ 66,258</b>	<b>100.0%</b>

## GROSS WRITTEN PREMIUM

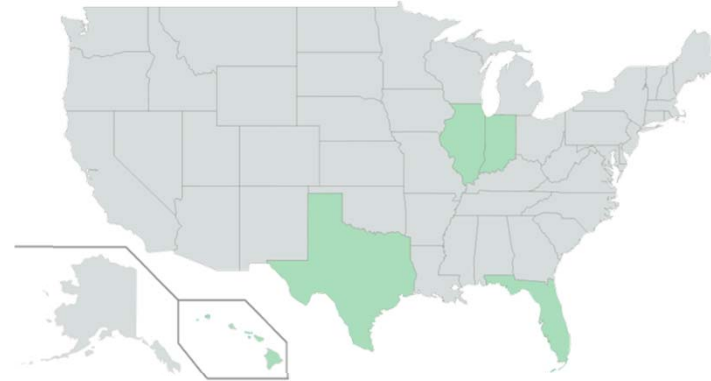
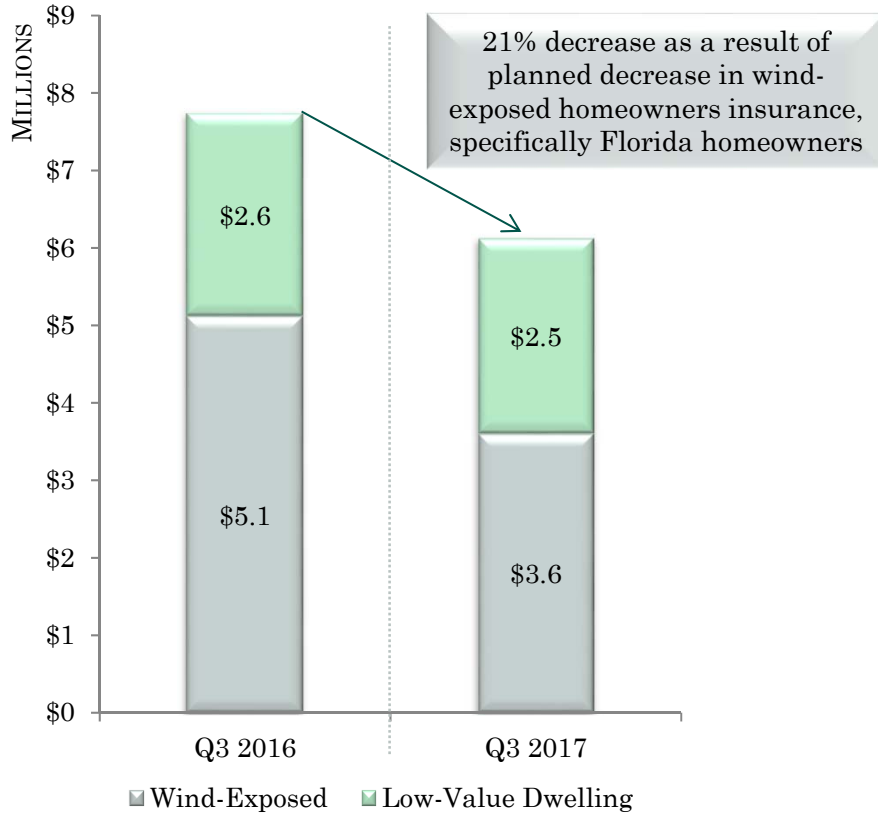


- Commercial Lines represented roughly 80% of the premiums written in the third quarter
- Quarter over quarter, Commercial gross written premiums were up 13% in Q3 2017
- The premium increase was mainly led by a 25% increase in Hospitality business in the third quarter
- Conifer continues to write Commercial Lines in all 50 states

# PERSONAL LINES OVERVIEW



## GROSS WRITTEN PREMIUM



GROSS WRITTEN PREMIUM \$ in thousands	As of September 30, 2017 Top Five States	
Texas	5,562	33.2%
Florida	4,828	28.8%
Hawaii	3,548	21.1%
Indiana	2,006	12.0%
Illinois	520	3.1%
All Other	314	1.8%
<b>Total</b>	<b>16,778</b>	<b>100.0%</b>

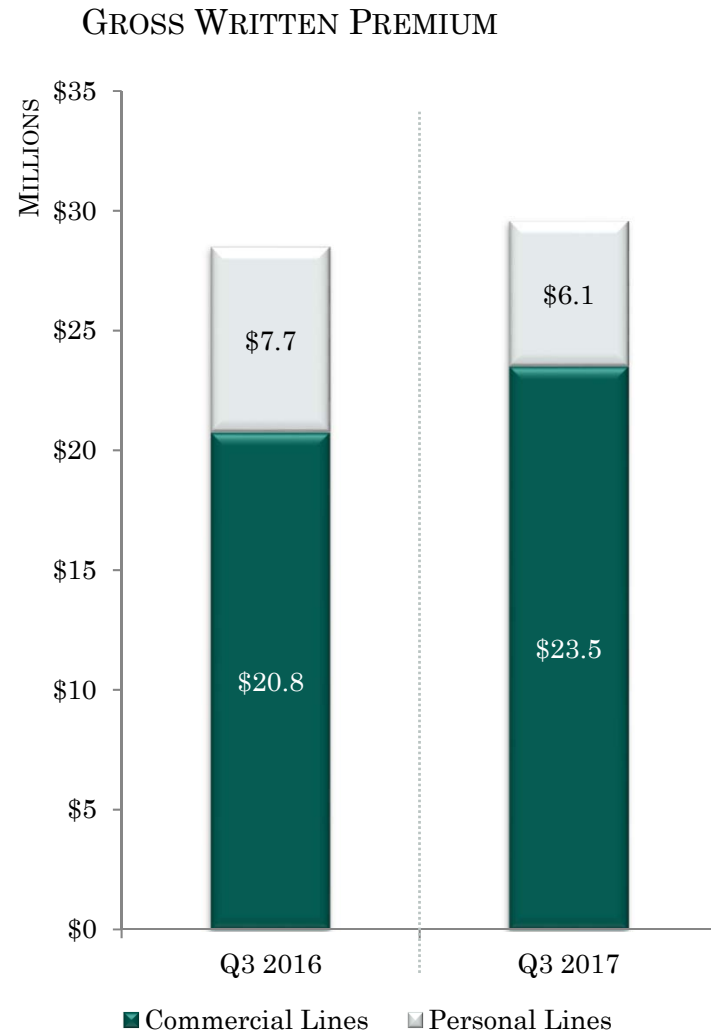
- Personal Lines was approximately 20% of premium production in the third quarter
- Gross written premiums in wind-exposed business decreased 31% quarter over quarter
- Continuing efforts to reduce wind exposure & and non-renew Florida assumption business

## Q3 2017 RESULTS OVERVIEW



### Gross Written Premium increase:

- GWP increased roughly 4% in the third quarter:
  - Strong commercial lines performance led by our hospitality lines of business
- As a result of the Adverse Development Cover and hurricane costs, net earned premium was down to \$17.7 million for Q3 2017
  - Before the impacts of the ADC and hurricane costs, net earned premium was up 9% against same period last year
- Again, directly as a result of the ADC and hurricane costs, the Expense Ratio was up in the quarter
  - Excluding the impacts of the ADC and hurricane costs, the expense ratio ticked down in the third quarter
  - Quarter over quarter, the expense ratio, before ADC and hurricane costs was 42.9% in Q3 2017 versus 46.3% in Q3 2016
  - Before the ADC and hurricanes, the expense ratio declined 340 basis points quarter over quarter



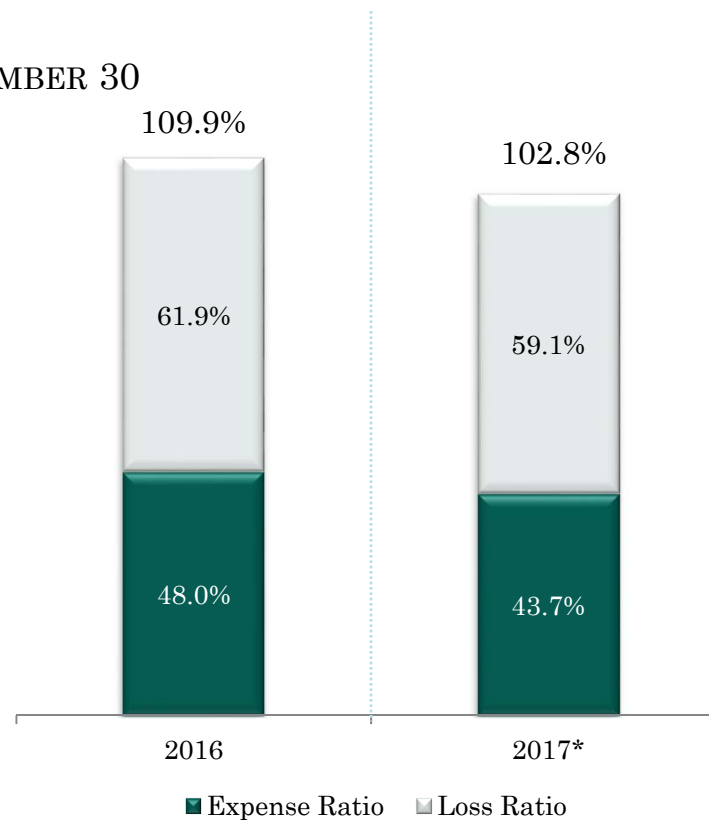




## RESULTS OVERVIEW: COMBINED RATIO

- As a result of the Adverse Development Cover and hurricane costs in general, the Combined ratio spiked significantly in the third quarter and for the nine month period
- For the nine month period ended September 30, 2017, and excluding the affects of the ADC and hurricanes, the Accident Year loss ratio was 59%.

### NINE MONTHS ENDED SEPTEMBER 30

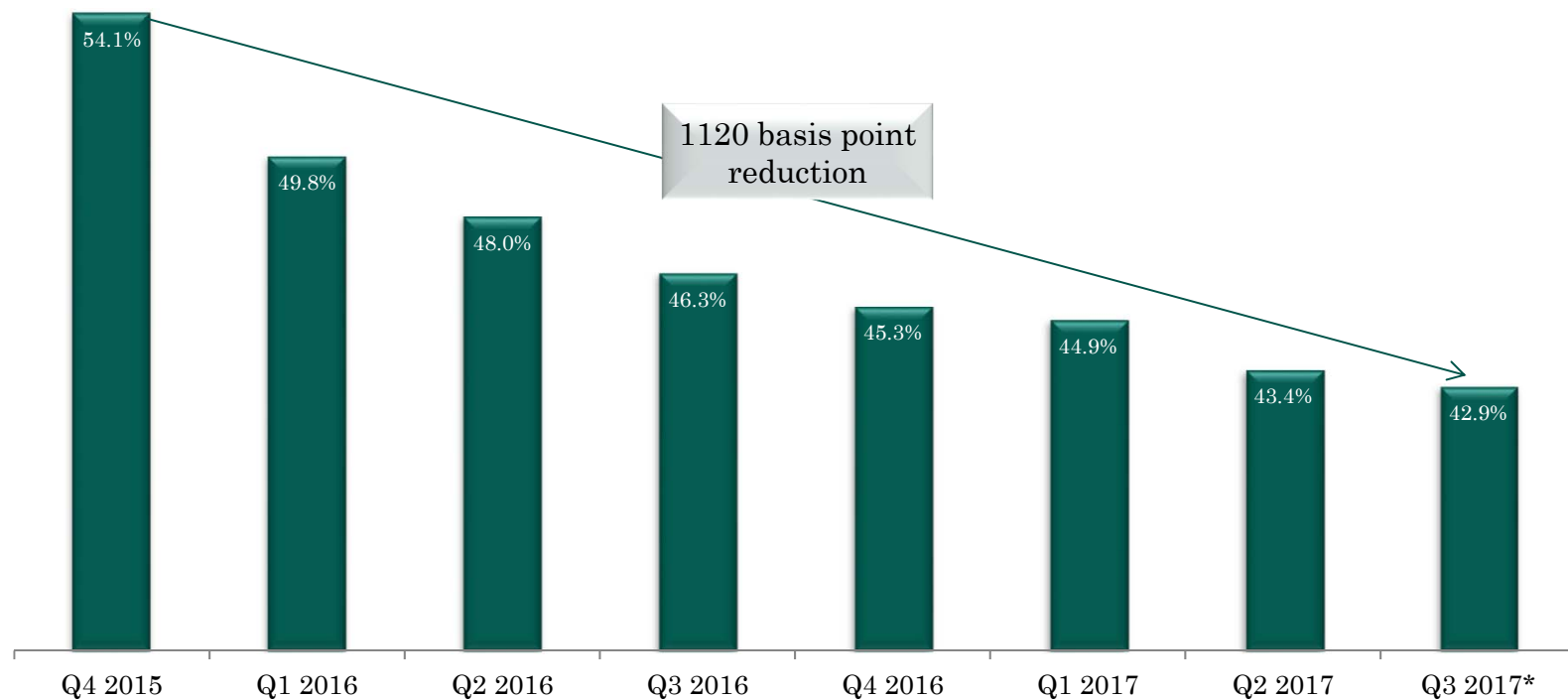


\*before impact of ADC and Q3 2017 hurricane activity



## RESULTS OVERVIEW: Q3 2017 EXPENSE RATIO

- Total expense ratio of 61.4% in Q3 2017
  - Before impact of ADC and hurricane activity, expense ratio was 42.9%
- Sequential expense ratio improvement quarter to quarter
- 1120 basis point improvement overall since Q4 2015
- Continuing downward trend reflects commitment to streamlining expenses on all levels



\*before impact of ADC and Q3 2017 hurricane activity

## BALANCE SHEET STRENGTHENING

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### ADVERSE DEVELOPMENT COVERAGE PURCHASE

COVERAGE AMOUNT:	\$19,500,000 xs \$38,050,000 (\$17,550,000 after co-participation)
COVERAGE YEARS:	Accident dates from January 1, 2005 through December 31, 2016, paid subsequent to June 30, 2017
PREMIUM:	\$7,200,000
CO-PARTICIPATION:	10% of development retained
PROFIT SHARING:	35% profit commission paid at commutation

### SWISS RE CLAIMS AUDIT

- Results of Swiss Re claims audit as part of ADC transaction:
  - The Swiss Re team brought 7 auditors to review our claims department and files. In the follow up meeting, they were universally positive about our claims operation, structure and management. They reviewed some 10% (roughly 300 files) of our total outstanding claims universe and were within \$64,000 of our reserve estimates on those same 300 files that they reviewed. Our claims operation overall was one of the best that they had reviewed / audited.

### CATASTROPHE LOSSES

- Current estimated total loss of \$5.6 million associated with Hurricanes Harvey and Irma
- Exposure to California wildfires limited to Quick Service Restaurant segment – no claims filed



## CAPITAL RAISE: TRANSACTION SUMMARY

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### SUBORDINATED DEBT PLACEMENT

ISSUER:	Conifer Holdings, Inc.
INVESTOR:	Affiliates of Elanus Capital Management, LLC
DEAL SIZE:	\$30 million in subordinated notes
MATURITY:	September 29, 2032 (15 Years)
ANNUAL INTEREST RATE:	8.0% Fixed
INTEREST DEFERRAL PERIOD:	Up to four quarters
ISSUER CALL OPTIONS:	100% of par from July 31, 2018 through October 31, 2018; 105% of par after September 29, 2020
COVENANTS:	Standard affirmative, financial, and negative covenants

### COMMON EQUITY PRIVATE PLACEMENT

ISSUER:	Conifer Holdings, Inc.
INVESTORS:	Officers & Directors of the Company
DEAL SIZE:	\$5.0 million in common equity
ISSUE PRICE:	\$6.25 per share

## Q3 2017 INCOME STATEMENT



- Company reported a net loss of \$18.9 million, or \$2.46 per share for Q3 2017
- \$1.80 per share for valuation allowance against deferred tax assets not reflected in book value
- Book value per share of \$6.16, or \$52.5 million of shareholders' equity

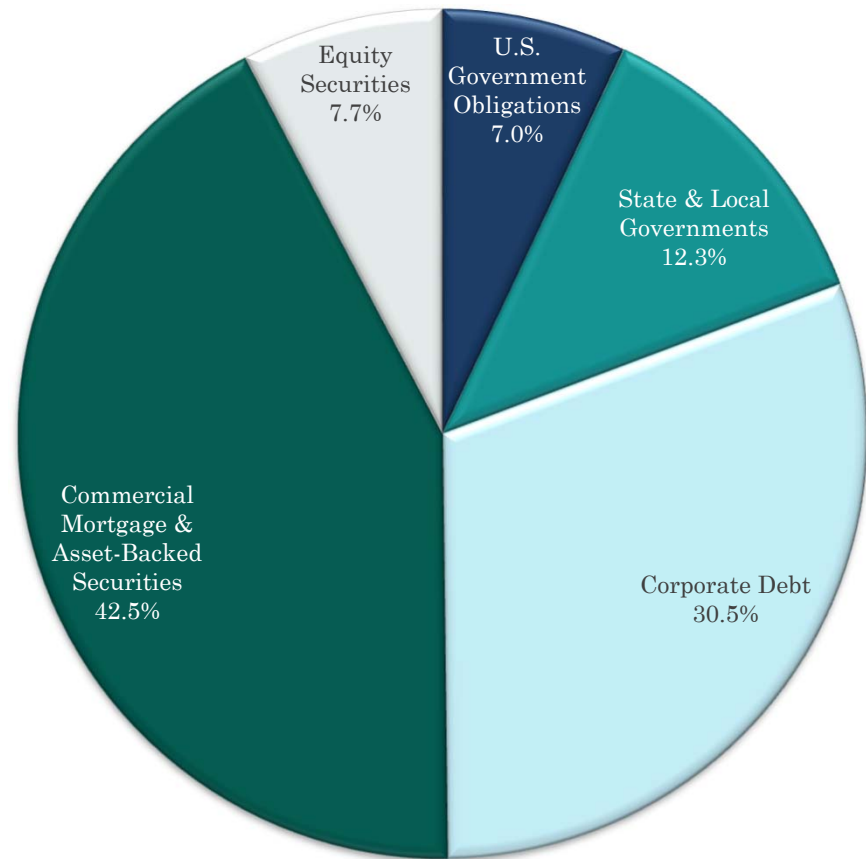
(\$ in thousands, except per share data)	Three Months Ended September 30,	
	2017	2016
Gross Written Premium	\$29,581	\$28,497
Net Written Premium	18,395	24,634
Net Earned Premium	17,659	23,380
Net Income (Loss)	(18,898)	(1,475)
EPS, Basic and Diluted	\$(2.46)	\$(0.19)
Adjusted Operating Income (Loss)	(19,054)	(1,523)
Adjusted Operating Income (Loss) per share	\$(2.48)	\$(0.20)

# CONSERVATIVE INVESTMENT STRATEGY



- Investment philosophy is to maintain a highly liquid portfolio of investment-grade fixed income securities
- Total cash & investment securities of \$176.7M at September 30, 2017:
  - Average duration: 2.9 years
  - Average tax-equivalent yield: ~2.3%
  - Average credit quality: AA

PORTFOLIO ALLOCATION



## FIXED INCOME PORTFOLIO CREDIT RATING

\$ in thousands	September 30, 2017	
	Fair Value	% of Total
AAA	\$ 32,299	26.5%
AA	48,875	40.1%
A	23,889	19.6%
BBB	14,748	12.1%
BB	731	0.6%
NR	1,341	1.1%
<b>TOTAL FIXED INCOME INVESTMENTS</b>	<b>\$ 121,883</b>	<b>100.0%</b>

# APPENDIX



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



SUMMARY BALANCE SHEET		
	September 30, 2017	December 31, 2016
\$ in thousands		
Cash and invested assets	\$ 176,701	\$ 141,023
Reinsurance recoverables	15,772	7,498
Goodwill and intangible assets	992	1,007
<b>Total assets</b>	<b>\$ 236,309</b>	<b>\$ 203,701</b>
Unpaid losses and loss adjustment expenses	82,756	54,651
Unearned premiums	55,669	58,126
Senior debt	29,010	17,750
<b>Total Liabilities</b>	<b>\$ 183,815</b>	<b>\$ 135,907</b>
<b>Total Shareholders' Equity</b>	<b>\$ 52,494</b>	<b>\$ 67,794</b>



## SUMMARY FINANCIAL STATEMENTS: INCOME STATEMENT



OPERATING RESULTS \$ in thousands, except per share data	Three Months Ended September 30,	
	2017	2016
Gross Written Premiums	29,581	28,497
Ceded Written Premiums	11,186	3,863
Net Written Premiums	18,395	24,634
Net Earned Premiums	17,659	23,380
Net investment income	768	560
Net realized investment gains	39	71
Other gains	0	0
Other income	477	303
Total revenue	18,943	24,314
Losses and loss adjustment expenses, net	26,468	14,582
Policy acquisition costs	6,655	6,266
Operating expenses	4,474	4,710
Interest expense	303	168
Total expenses	37,900	25,726
Income (loss) before equity earnings and income taxes	(18,957)	(1,412)
Equity earnings (losses) of affiliates, net of tax	(76)	(47)
Income tax (benefit) expense	(135)	16
Net income (loss)	(18,898)	(1,475)
Earnings (loss) per common share, basic and diluted	(2.46)	(0.19)
Weighted average common shares outstanding, basic and diluted	7,675,952	7,608,284

## CAPITAL RAISE: SOURCES & USES



### SOURCES AND USES

#### Sources:

Subordinated Debt	\$	30,000
New Common Equity		5,000
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Total Sources	\$	35,000

#### Uses:

Repayment of Current Debt	\$	16,375
Estimated Transaction Costs		1,000
Contributions to Subsidiaries		17,300
* to support ADC, reserve strengthening, hurricane losses and growth		
CHI (holdco)		325
		<hr/>
Total Uses	\$	<u>35,000</u>



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