

**SECOND QUARTER 2019  
INVESTOR CONFERENCE CALL**

August 8, 2019

**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 and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2019, 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.



**DISCIPLINED  
UNDERWRITING IN  
CORE COMMERCIAL  
BUSINESS**

Maintaining focus on  
writing premium in  
profitable lines of business

**PERSONAL LINES  
PREMIUM SHIFT TO  
PROFITABLE PROGRAMS**

Low-value dwelling  
loss ratios align with  
Company targets

**BOOK VALUE OF  
\$4.89 PER SHARE**

Does not include \$1.32 of  
DTA or \$0.05 of deferred gain  
on ADC

Adjusted Total Book Value:  
\$6.26 per share

**STRIVE FOR TOP LINE GROWTH AND INCREASED PROFITABILITY**

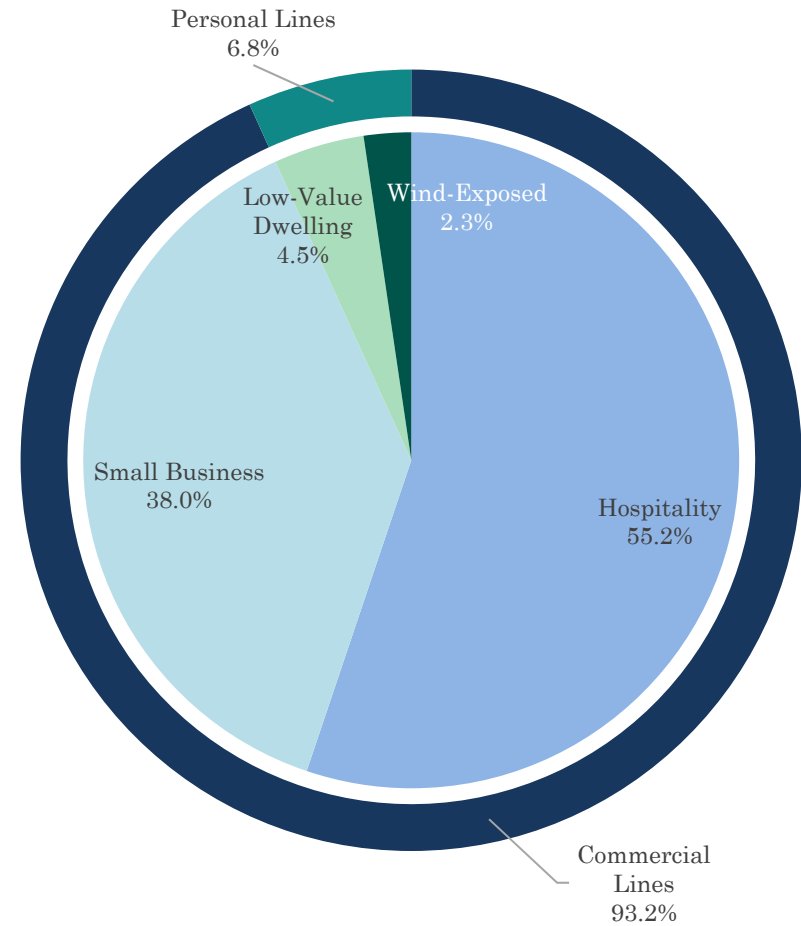
# BUSINESS MIX



- Progress to Date:
  - Infrastructure in place to handle anticipated growth in core lines
  - Implementing steady rate increases wherever possible
  - Further refinement of Commercial Lines distribution: reducing exposure to select markets in Florida commercial lines
  - Expense management on-going
- Runway to grow in current niche Commercial Lines markets
- GWP down 5% in Q2 2019 – largely on loss of one work comp account
- Commercial Lines current accident year combined ratio was 100.5%

OUR FOCUS: GENERATE A CONSISTENT UNDERWRITING PROFIT

### GROSS WRITTEN PREMIUM FOR Q2 2019



## Q2 2019 RESULTS OVERVIEW: REFLECTS DISCIPLINED UNDERWRITING



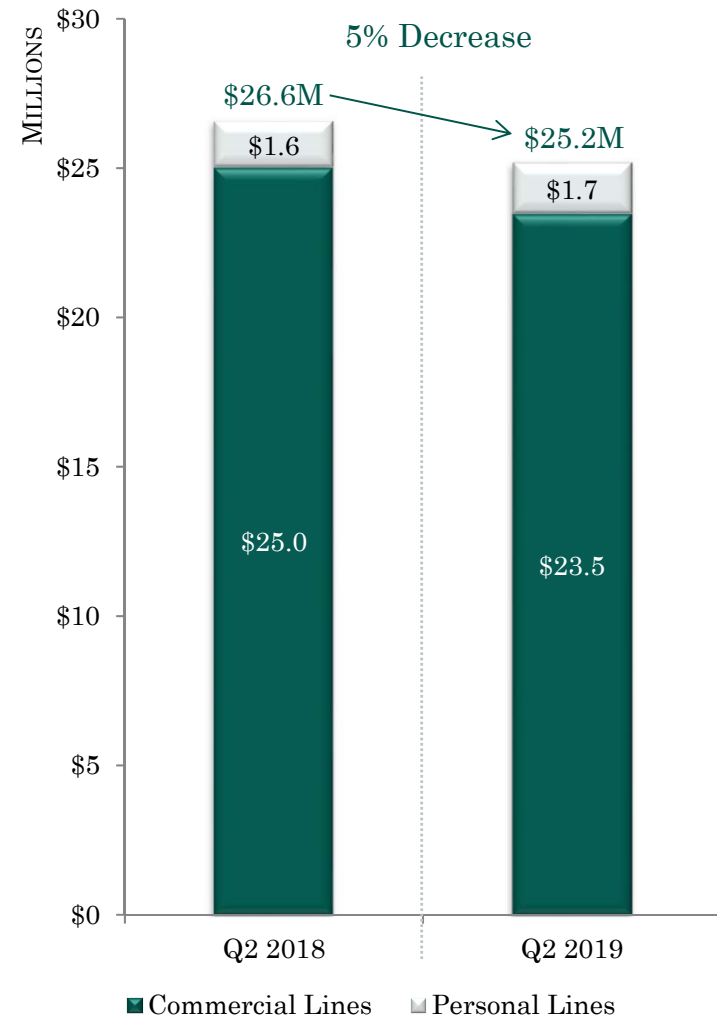
### Gross Written Premium:

- GWP was \$25.2M in Q2 2019
  - Commercial Lines accident year combined ratio was 100.5%
    - Small Business segment performed well in the period
    - Commercial Lines GWP increased sequentially approximately 4% over Q1 2019
  - Commercial Lines AY combined ratio for the six months ended June 30, 2019 was 98.5%
  - Personal Lines GWP increased 10% over Q2 2018, in historically profitable business lines
  - Florida homeowners premium was down 16.6% from Q2 2018
- Overall GWP decrease of 5.2% from Q2 2018

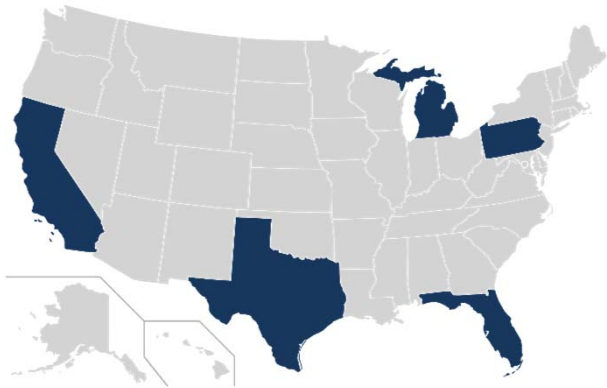
### Net Earned Premium:

- NEP was \$21.3M in Q2 2019, down from \$23.9M in Q2 2018
  - Commercial Lines NEP saw a slight decrease to \$20.2M for Q2 2019, compared to \$20.9M in Q2 2018
  - Personal Lines NEP decreased \$1.9 million or 61% from Q2 2018

### GROSS WRITTEN PREMIUM

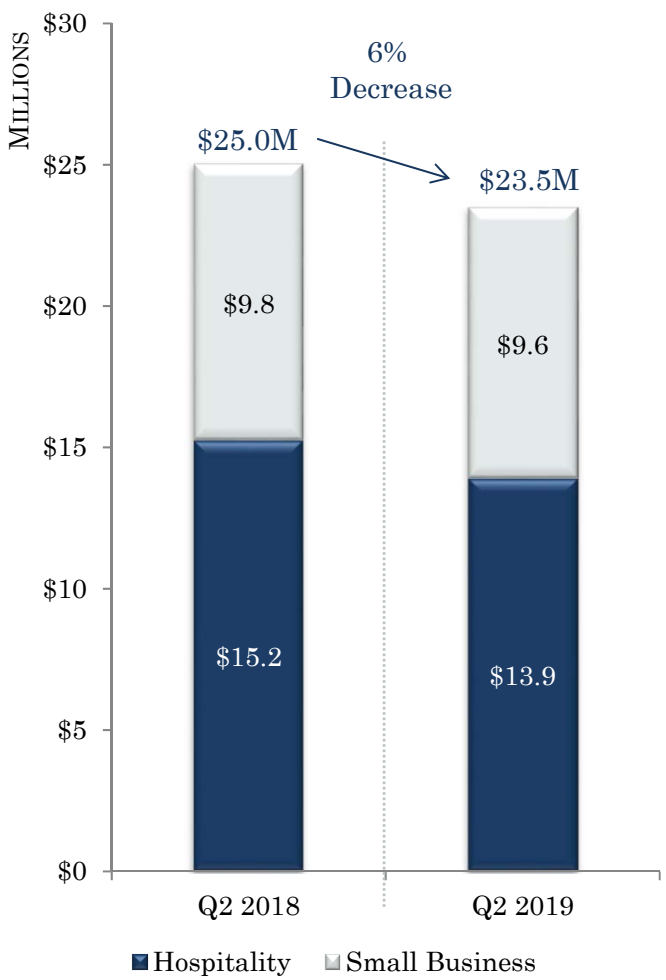


# COMMERCIAL LINES OVERVIEW



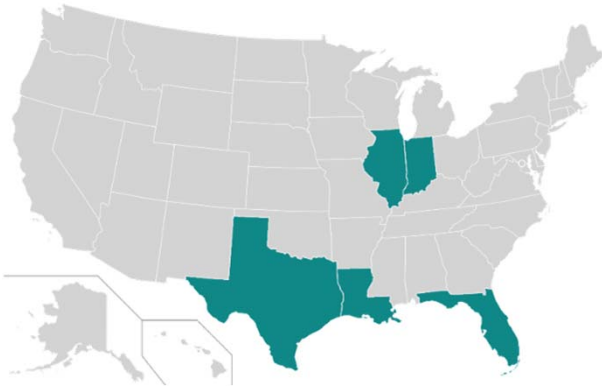
YTD June 30, 2019 Top Five States	Gross Written Premium \$ in thousands	
Florida	\$ 9,455	20.5%
Michigan	9,249	20.1%
Texas	3,162	6.9%
Pennsylvania	2,905	6.3%
California	2,643	5.7%
All Other	18,629	40.5%
<b>Total</b>	<b>\$ 46,043</b>	<b>100.0%</b>

## GROSS WRITTEN PREMIUM



- Commercial Lines represented roughly 93% of the premium written in Q2 2019
- Quarter over quarter, Commercial Lines gross written premium decreased approximately 6% in Q2 2019
  - Further refinement of distribution – reducing FL Commercial exposure
- Michigan state exposure increasing as Florida exposure decreases
- Conifer continues to write Commercial Lines in all 50 states

# PERSONAL LINES OVERVIEW



YTD June 30, 2019 Top Five States	Gross Written Premium \$ in thousands	
Texas	\$ 1,240	37.1%
Indiana	947	28.3%
Florida	668	20.0%
Illinois	268	8.0%
Louisiana	116	3.5%
All Other	103	3.1%
<b>Total</b>	<b>\$ 3,342</b>	<b>100.0%</b>

## GROSS WRITTEN PREMIUM

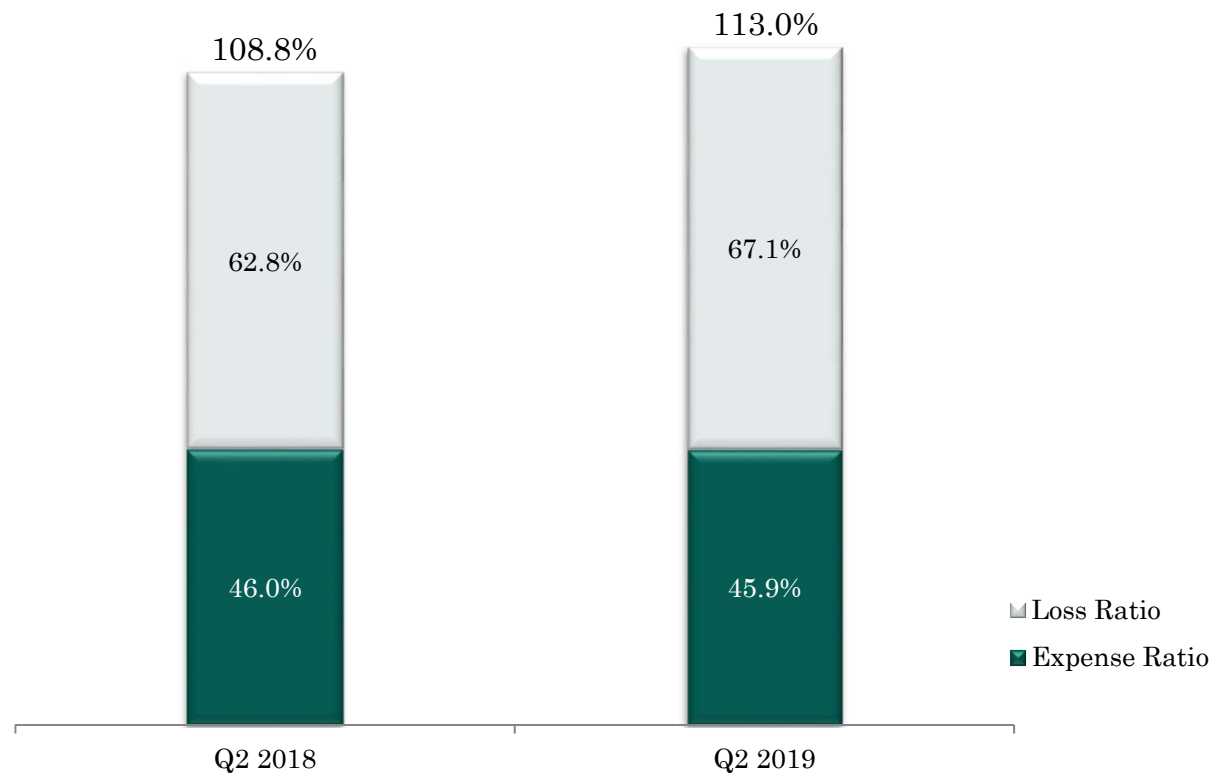


- Personal Lines production was approximately 7% of total premium in Q2 2019
- Continuing efforts to reduce / refine wind exposure overall
- Florida assumption business non-renewal was completed in February 2019
- Growth in low-value dwelling segment with Texas as largest state



## RESULTS OVERVIEW: COMBINED RATIO

- Continued focus on disciplined underwriting will help drive overall combined ratio improvement
  - Commercial Lines combined ratio was 107.7% in Q2 2019 (AY combined ratio of 100.5%)
  - Personal Lines combined ratio was 197.9% in Q2 2019 (AY combined ratio of 123.1%)
- Expecting growth in both hospitality and small business programs in 2019
- Continuing to reduce Florida Commercial lines exposure – especially in the tri-country area
- 93% of total premiums in Q2 2019 were from core commercial business



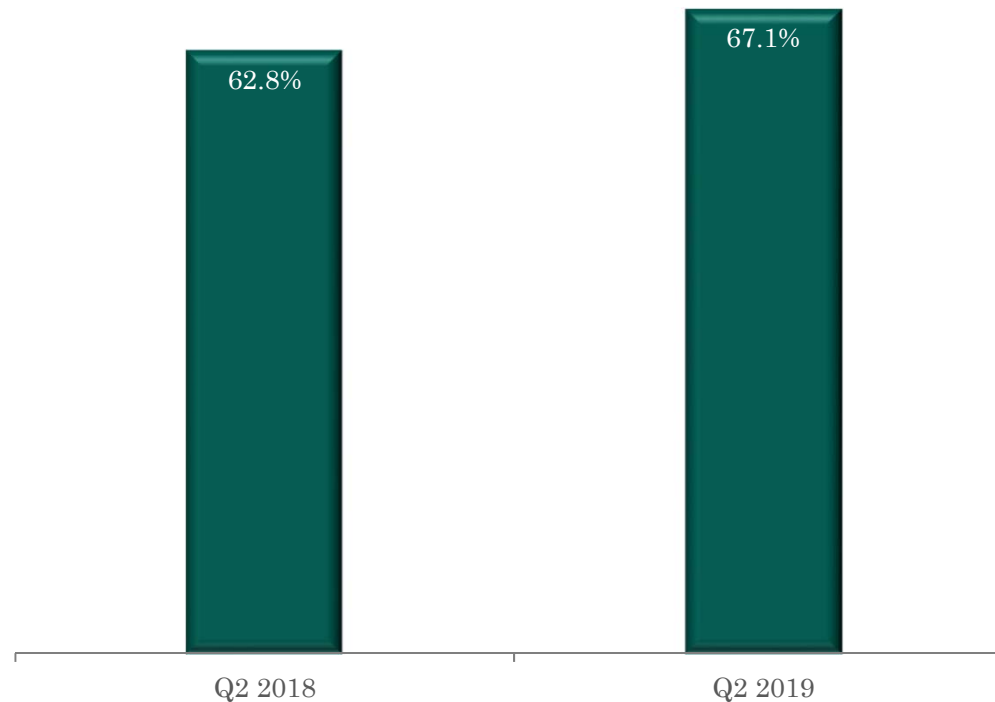




## RESULTS OVERVIEW: LOSS RATIO

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- For Q2 2019, the consolidated loss ratio was 67.1% (on lower absolute losses but lower NEP too)
  - Commercial Lines loss ratio was 62.1% (coming more and more into line over time)
  - Personal Lines loss ratio was 147.8% (decreasing impact but still a large percentage on \$1.2M of NEP)
- Ongoing trend of shifting away from wind-exposed Personal Lines premium
- Continued focus on disciplined underwriting in solidly performing core Commercial lines of business

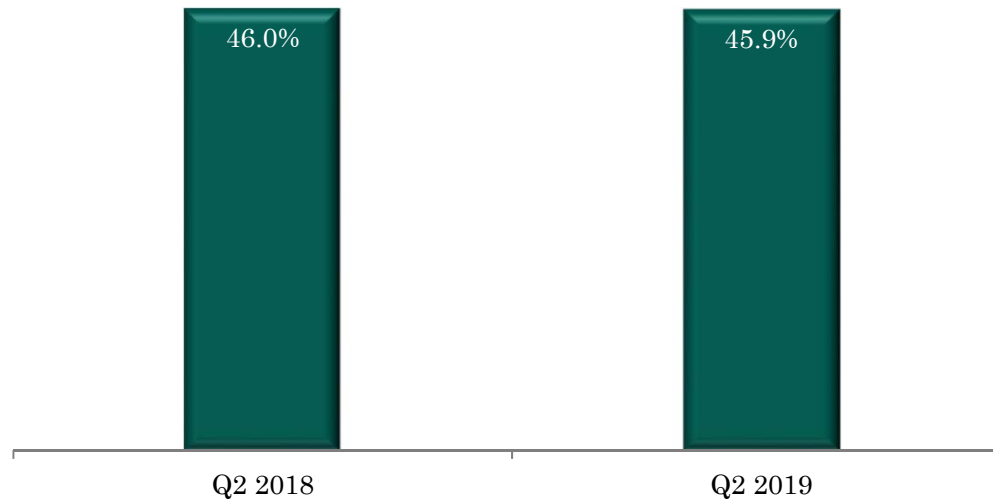




## RESULTS OVERVIEW: EXPENSE RATIO

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- Ongoing efforts to reduce expense ratio and implement expense management
- NEP was down in the quarter, but Expense ratio still saw small improvement
- Expense ratio dropped slightly in Q2 2019 was 45.9%
- 10 basis point improvement from Q2 2018

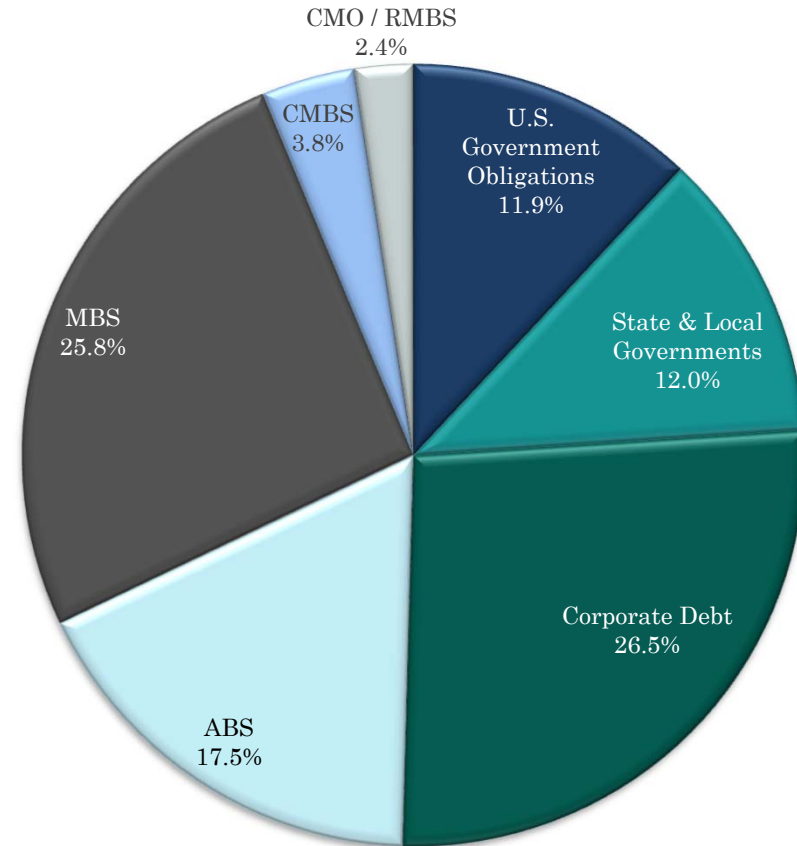


## Q2 2019 INVESTMENT PORTFOLIO



- Net Investment Income for Q2 2019: \$1.1M
  - 25.4% increase over Q2 2018
- Highly liquid portfolio of investment grade debt securities
- Total cash & investment securities of \$161M at June 30, 2019:
  - Average duration: 3 years
  - Average tax-equivalent yield: ~2.9%
  - Average credit quality: AA

### DEBT SECURITY PORTFOLIO ALLOCATION



### DEBT SECURITY PORTFOLIO CREDIT RATING

	June 30, 2019	
	Fair Value	% of Total
AAA	\$ 33,512	27%
AA	65,783	53%
A	8,688	7%
BBB	14,894	12%
BB	1,241	1%
NR	--	--
<b>TOTAL DEBT SECURITIES</b>	<b>\$ 124,118</b>	<b>100%</b>

## FINANCIAL RESULTS: Q2 2019 INCOME STATEMENT



- Company reported net loss of \$2.9 million or \$0.34 per share for Q2 2019
- For Q2 2019, adjusted operating loss was \$5.6 million, or \$0.67 per share

(\$ in thousands, except per share data)	Three Months Ended June 30,	
	2019	2018
Gross Written Premium	\$25,169	\$26,562
Net Written Premium	21,434	22,595
Net Earned Premium	21,349	23,938
Net Income (Loss)	(2,884)	(1,113)
EPS, Basic and Diluted	\$(0.34)	\$(0.13)
Adjusted Operating Income (Loss)	(5,597)	(173)
Adjusted Operating Income (Loss) per share	\$(0.67)	\$(0.02)

## FINANCIAL RESULTS: CONSOLIDATED BALANCE SHEET



- Shareholders' equity of \$46.5 million – book value of \$4.89 a share
- \$1.37 not reflected in book value:
  - \$1.32 per share full valuation allowance against deferred tax assets
  - \$0.05 per share deferred gain on ADC, net of tax
- Total adjusted book value of \$6.26 as of quarter ended June 30, 2019

SUMMARY BALANCE SHEET		
	June 30, 2019	December 31, 2018
\$ in thousands		
Cash and Invested Assets	\$ 161,009	\$ 150,894
Reinsurance Recoverables	31,231	34,745
Goodwill and Intangible Assets	985	985
<b>Total Assets</b>	<b>\$ 243,396</b>	<b>\$ 232,752</b>
Unpaid Losses and Loss Adjustment Expenses	97,981	92,807
Unearned Premiums	51,606	52,852
Debt	34,658	33,502
<b>Total Liabilities</b>	<b>\$ 196,887</b>	<b>\$ 190,589</b>
<b>Total Shareholders' Equity</b>	<b>\$ 46,509</b>	<b>\$ 42,163</b>



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# APPENDIX



**Conifer  
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## SUMMARY FINANCIAL STATEMENTS: INCOME STATEMENT



OPERATING RESULTS	Three Months Ended June 30,	
	2019	2018
\$ in thousands, except per share data		
Gross Written Premiums	25,169	26,562
Ceded Written Premiums	(3,735)	(3,967)
Net Written Premiums	21,434	22,595
Net Earned Premiums	21,349	23,938
Net Investment Income	1,051	838
Net Realized Investment Gains	715	12
Change in Fair Value of Equity Securities	(915)	29
Other Income	581	450
Total Revenue	22,781	25,267
Losses and Loss Adjustment Expenses, Net	14,382	15,067
Policy Acquisition Costs	6,210	6,472
Operating Expenses	4,340	4,303
Interest Expense	725	617
Total Expenses	25,657	26,459
Income (Loss) before Equity Earnings and Income Taxes	(2,876)	(1,192)
Equity Earnings of Affiliates, Net of Tax	(8)	89
Income Tax (Benefit) Expense	--	10
Net Income (Loss)	(2,884)	(1,113)
Earnings (Loss) per Common Share, Basic and Diluted	(0.34)	(0.13)
Weighted Average Common Shares Outstanding, Basic and Diluted	8,370,782	8,520,328



## ADJUSTED OPERATING EPS



	<b>Three Months Ended</b>	
	<b>June 30,</b>	
	<b>2019</b>	<b>2018</b>
	<b>(dollar in thousands, except share and per share amounts)</b>	
Net income (loss)	\$ (2,884)	\$ (1,113)
Less:		
Net realized gains (losses) and other gains, net of tax	715	12
Change in fair value of equity securities, net of tax	(915)	29
Net decrease (Increase) in deferred gain on losses ceded to ADC, net of tax	2,913	(981)
Adjusted operating income (loss)	<u>\$ (5,597)</u>	<u>\$ (173)</u>
Weighted average common shares, diluted	8,370,782	8,520,328
Diluted income (loss) per common share:		
Net income (loss)	\$ (0.34)	\$ (0.13)
Less:		
Net realized gains (losses) and other gains, net of tax	0.09	-
Change in fair value of equity securities, net of tax	(0.11)	-
Net decrease (increase) in deferred gain on losses ceded to ADC, net of tax	0.35	(0.11)
Adjusted operating income (loss), per share	<u>\$ (0.67)</u>	<u>\$ (0.02)</u>

### Definitions of Non-GAAP Measures

Conifer prepares its public financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Statutory data is prepared in accordance with statutory accounting rules as defined by the National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures Manual, and therefore is not reconciled to GAAP data.

We believe that investors' understanding of Conifer's performance is enhanced by our disclosure of adjusted operating income. Our method for calculating this measure may differ from that used by other companies and therefore comparability may be limited. We define adjusted operating income (loss), a non-GAAP measure, as net income (loss) excluding net realized investment gains and losses, and other gains and losses, after-tax, and excluding the tax impact of changes in unrealized gains and losses. Beginning in 2018, the change in fair value of equity securities, net of tax, and the deferred gain on losses ceded to the ADC are also excluded from net income to arrive at adjusted operating income. We use adjusted operating income as an internal performance measure in the management of our operations because we believe it gives our management and other users of our financial information useful insight into our results of operations and our underlying business performance.