

**FOURTH QUARTER 2018
INVESTOR CONFERENCE CALL**

February 28, 2019

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 most recently filed Annual Report on Form 10-K/A and our Quarterly Report on Form 10-Q for the quarter ended September 30, 2018, 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.



CONTINUED GROWTH IN
CORE COMMERCIAL
BUSINESS

Commercial Lines
gross written premium
increased 6% over 2017

SUCCESSFUL PUBLIC DEBT
OFFERING

Recently completed offering
of \$25M in 6.75%
Senior Unsecured Notes,
lowering annual
interest expenses

SHARE BUYBACK PROGRAM

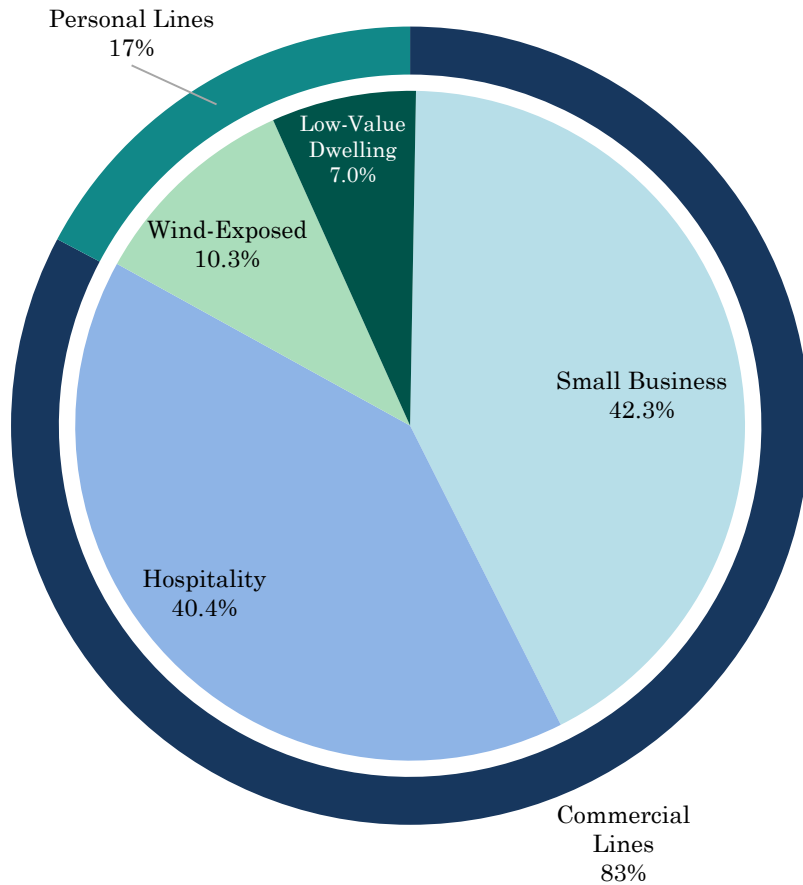
Implemented Share
Repurchase Plan in
December 2018

FOCUS: STRIVE FOR CONTINUED GROWTH AND PROFITABILITY

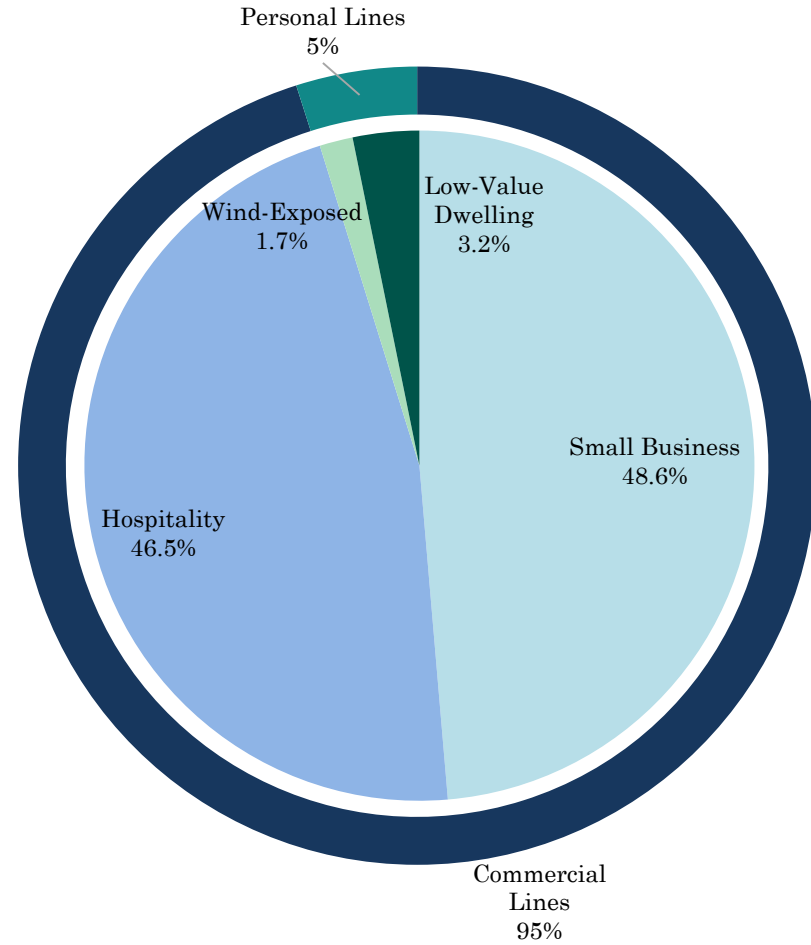
BUSINESS MIX: SHIFT TOWARD COMMERCIAL LINES



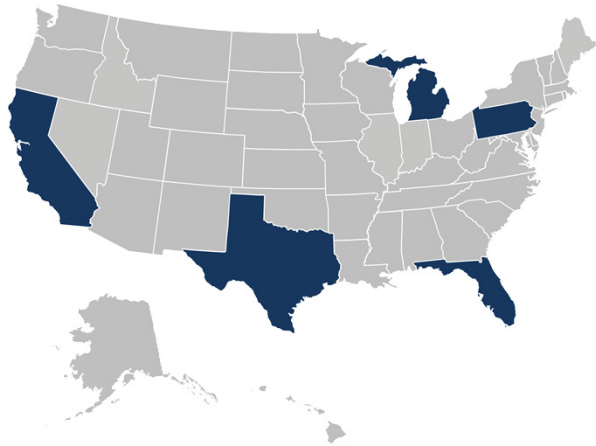
GROSS WRITTEN PREMIUM FOR Q4 2017



GROSS WRITTEN PREMIUM FOR Q4 2018

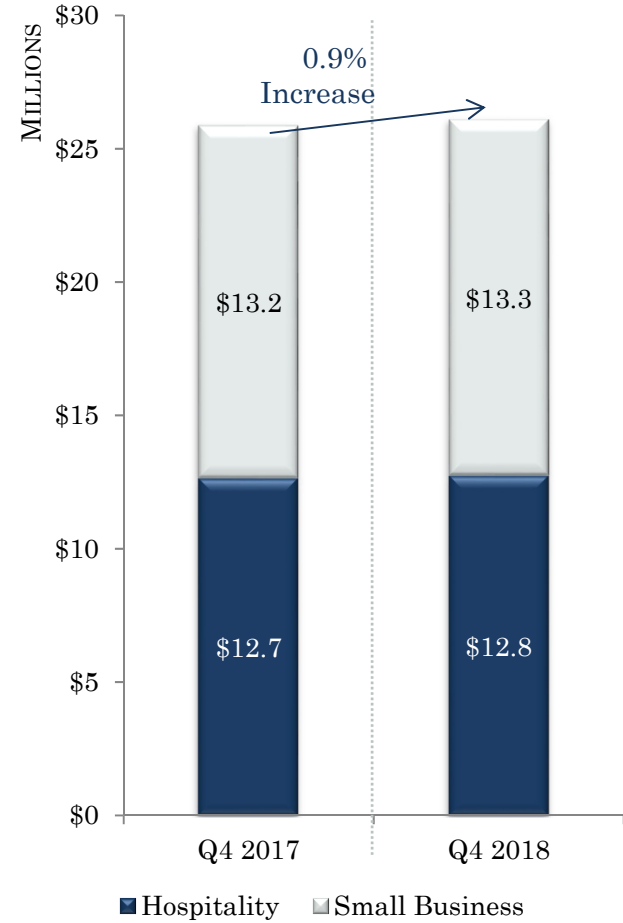


COMMERCIAL LINES OVERVIEW



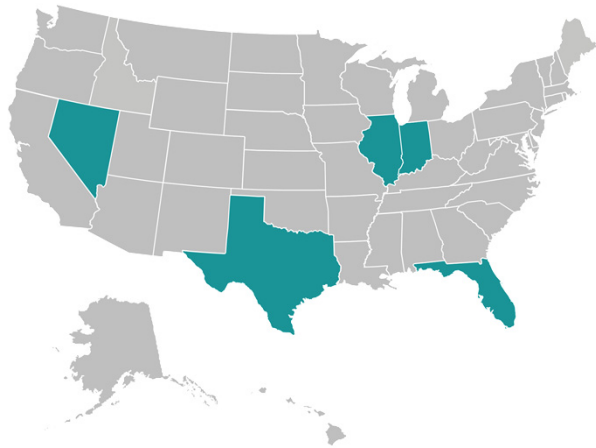
YTD December 31, 2018 Top Five States	Gross Written Premium \$ in thousands	
Florida	\$ 21,870	22.4%
Michigan	19,822	20.3%
Pennsylvania	6,339	6.5%
California	5,691	5.8%
Texas	5,344	5.5%
All Other	38,628	39.5%
Total	\$ 97,694	100.0%

GROSS WRITTEN PREMIUM



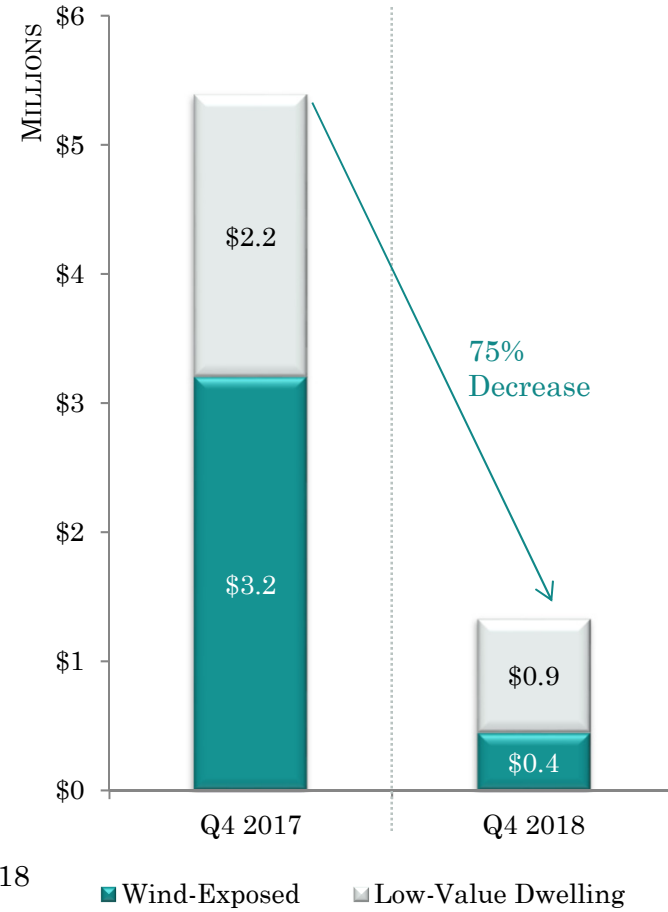
- Commercial Lines represented roughly 95% of the premium written in Q4 2018, compared to 83% in the same period 2017
- Quarter over quarter, Commercial Lines gross written premium increased slightly in Q4 2018
- Conifer continues to write Commercial Lines in all 50 states

PERSONAL LINES OVERVIEW



YTD December 31, 2018 Top Five States	Gross Written Premium \$ in thousands	
Indiana	\$ 2,190	32.8%
Florida	1,518	22.8%
Texas	1,165	17.5
Illinois	539	8.1%
Nevada	459	6.9%
All Other	803	11.9%
Total	6,674	100.0%

GROSS WRITTEN PREMIUM



- Personal Lines production was approximately 5% of total premium in Q4 2018
- Gross written premium in Personal Lines decreased 75% in the fourth quarter
- Continuing efforts to reduce wind exposure overall:
 - Decrease in wind-exposed homeowners, down 86% in Q4 2018
 - Florida assumption business non-renewal was completed in February 2019

Q4 2018 RESULTS OVERVIEW: REFLECTS CONTINUED LOB REPOSITIONING



Gross Written Premium:

- GWP was \$27.4M in Q4 2018
 - Commercial Lines GWP increased 0.9% from Q4 2017
 - Small Business segment performed well in the period
 - Commercial Lines accident year combined ratio was 102.0% before impact of hurricanes
 - Personal Lines GWP decreased 75% from Q4 2017 – aligned with the Company’s plan to focus on core lines of business
 - Florida homeowners business was down 81%

Net Earned Premium:

- NEP was \$22.6M in Q4 2018, a decrease due to lower written premiums in personal lines
 - Commercial Lines NEP remained relatively flat at \$21.1 million for Q4 2018, compared to \$21.3 million in Q4 2017
 - Personal Lines NEP decreased 62.3% in Q4 2018

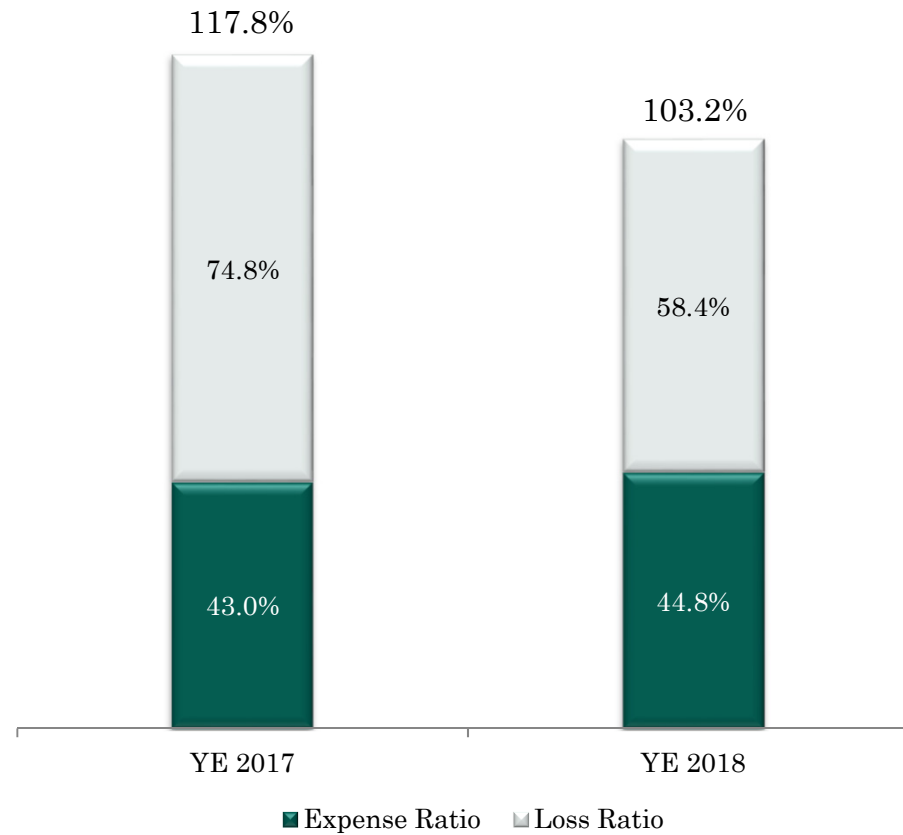
GROSS WRITTEN PREMIUM



RESULTS OVERVIEW: COMBINED RATIO*



- Continued focus on core commercial lines will help drive overall combined ratio improvement
 - 94% of total premiums in 2018 were from core commercial business
 - Expecting growth in both hospitality and small business programs in 2019

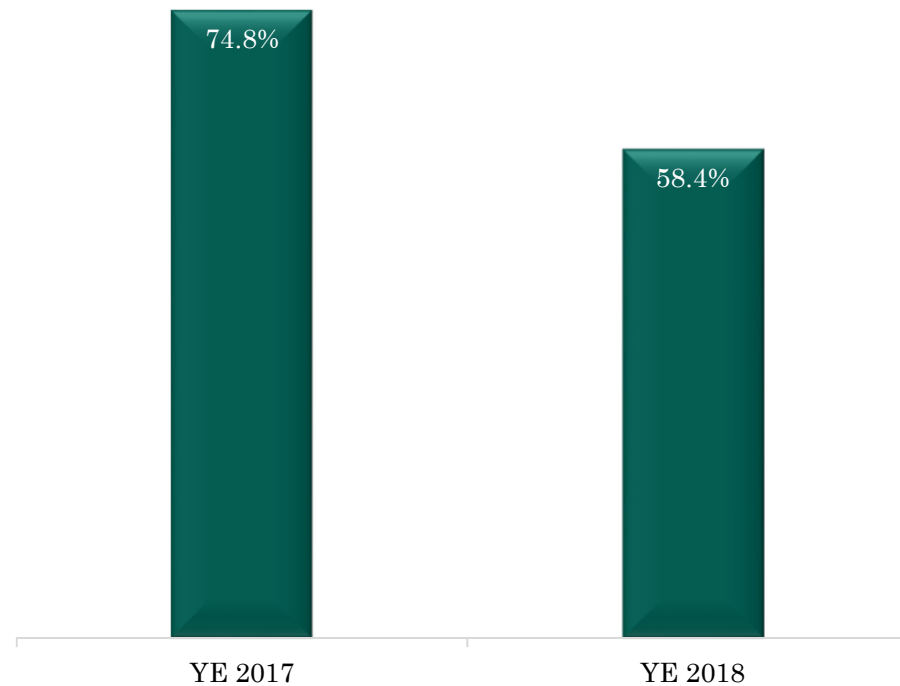


*before deferred gain on ADC & hurricane costs



RESULTS OVERVIEW: LOSS RATIO*

- For year ended 2018, Commercial Lines loss ratio was 63.2% (Personal Lines was 84.2%)
- In 2018, the consolidated loss ratio was 58.4% (before deferred gain on ADC and hurricane costs)
- Continued focus on solidly performing core Commercial Lines
- Ongoing trend of shifting away from wind-exposed Personal Lines premium

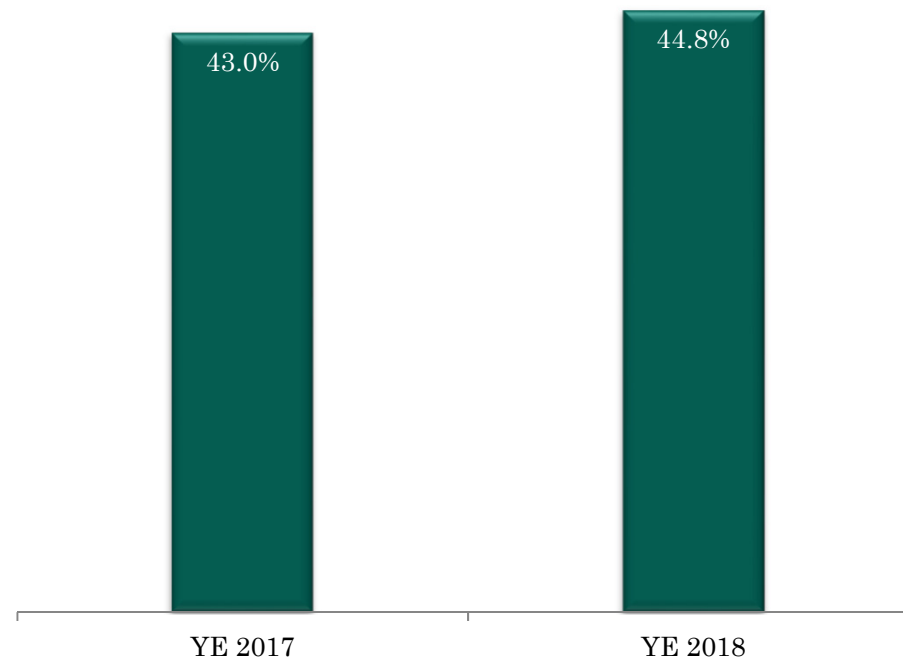


*before deferred gain on ADC & hurricane costs



RESULTS OVERVIEW: EXPENSE RATIO*

- Quarterly expense ratio impacted by repositioning / lower premiums on Personal Lines
- Expense ratio in 2018 before deferred gain on ADC & hurricane costs was 44.8%
- Slight increase due to lower NEP in 2018 from the Company's strategic business mix redistribution



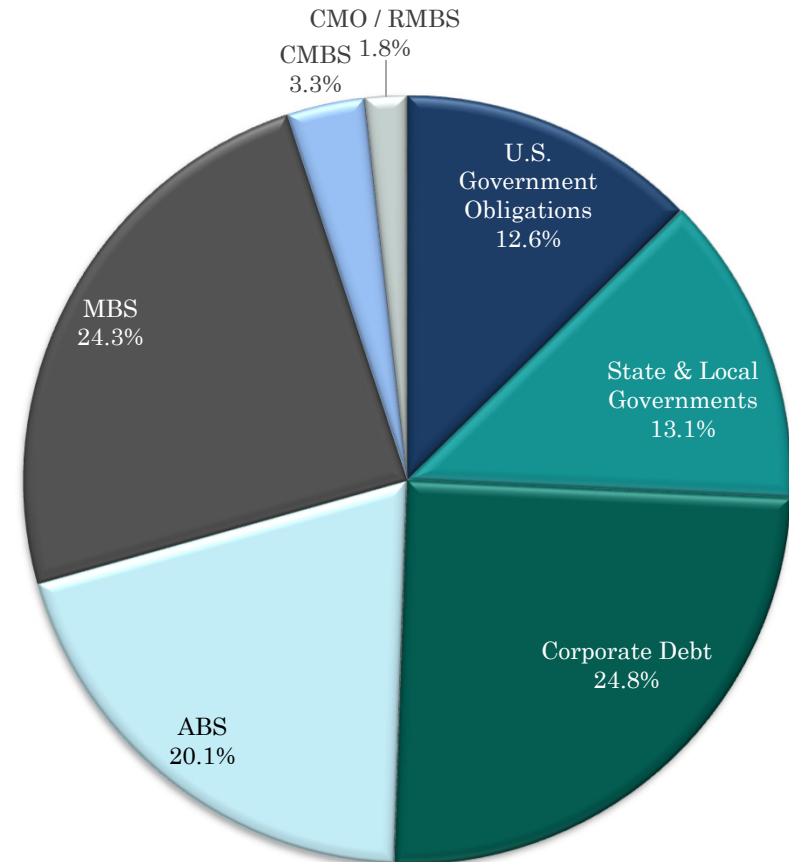
*before deferred gain on ADC & hurricane costs

Q4 2018 INVESTMENT PORTFOLIO



- Maintain a highly liquid portfolio of investment grade debt securities
- Total cash & investment securities of \$150.9M at December 31, 2018:
 - Average duration: 3.1 years
 - Average tax-equivalent yield: ~2.8%
 - Average credit quality: AA

DEBT SECURITY PORTFOLIO ALLOCATION



DEBT SECURITY PORTFOLIO CREDIT RATING

\$ in thousands

December 31, 2018

	Fair Value	% of Total
AAA	29,785	24.7%
AA	59,609	49.5%
A	15,429	12.8%
BBB	14,882	12.4%
BB	730	0.6%
NR	5	--
TOTAL DEBT SECURITIES	\$ 120,440	100.0%

FINANCIAL RESULTS: Q4 2018 INCOME STATEMENT



- Operating loss reflects the impact of the Company's decision to implement an adverse development cover in Q3 2017 (see table in appendix)
- Company reported net loss of \$4.8 million, or \$0.56 per share for Q4 2018
- For Q4 2018, adjusted operating loss was \$4.2 million, or \$0.49 per share

(\$ in thousands, except per share data)	Three Months Ended December 31,	
	2018	2017
Gross Written Premium	\$27,440	\$31,247
Net Written Premium	23,800	27,439
Net Earned Premium	22,623	25,433
Net Income (Loss)	(4,776)	221
EPS, Basic and Diluted	\$(0.56)	\$0.03
Adjusted Operating Income (Loss)	(4,178)	161
Adjusted Operating Income (Loss) per share	\$(0.49)	\$0.02

FINANCIAL RESULTS: CONSOLIDATED BALANCE SHEET



- Shareholders' equity of \$42.2 million
- \$2.02 not reflected in book value:
 - \$1.49 per share full valuation allowance against deferred tax assets
 - \$0.53 per share deferred gain on ADC, net of tax
- Book value of \$4.97 as of quarter ended December 31, 2018

SUMMARY BALANCE SHEET		
	December 31, 2018	December 31, 2017
\$ in thousands		
Cash and Invested Assets	\$ 150,894	\$ 169,518
Reinsurance Recoverables	34,745	24,539
Goodwill and Intangible Assets	985	987
Total Assets	\$ 232,752	\$ 239,032
Unpaid Losses and Loss Adjustment Expenses	92,807	87,896
Unearned Premiums	52,852	57,672
Debt	33,502	29,027
Total Liabilities	\$ 190,589	\$ 186,206
Total Shareholders' Equity	\$ 42,163	\$ 52,826



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APPENDIX



**Conifer
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SUMMARY FINANCIAL STATEMENTS: INCOME STATEMENT



OPERATING RESULTS	Three Months Ended December 31,	
	2018	2017
\$ in thousands, except per share data		
Gross Written Premiums	27,440	31,247
Ceded Written Premiums	(3,640)	(3,808)
Net Written Premiums	23,800	27,439
Net Earned Premiums	22,623	25,433
Net Investment Income	911	720
Net Realized Investment Gains (Losses)	(91)	39
Change in Fair Value of Equity Securities	237	--
Other Income	370	357
Total Revenue	24,050	26,549
Losses and Loss Adjustment Expenses, Net	17,565	15,042
Policy Acquisition Costs	6,097	6,690
Operating Expenses	4,407	3,993
Interest Expense	810	616
Total Expenses	28,879	26,341
Income (Loss) before Equity Earnings and Income Taxes	(4,829)	208
Equity Earnings of Affiliates, Net of Tax	53	(23)
Income Tax (Benefit) Expense	--	(36)
Net Income (Loss)	(4,776)	221
Earnings (Loss) per Common Share, Basic and Diluted	(0.56)	0.03
Weighted Average Common Shares Outstanding, Basic and Diluted	8,580,466	8,519,648

ADJUSTED OPERATING EPS



	Three Months Ended December 31,		Year Ended December 31,	
	2018	2017	2018	2017
	(dollars in thousands, except share and per share amounts)			
Net income (loss)	\$ (4,776)	\$ 221	\$ (9,227)	\$ (21,542)
Less:				
Net realized investment gains (losses) and other gains, net of tax	(91)	39	61	820
Effect of tax law change	-	63	-	63
Tax effect of unrealized gains and losses on investments	-	(42)	-	356
Change in fair value of equity securities, net of tax	237	-	121	-
Net (increase) in deferred gain on losses ceded to ADC, net of tax	(744)	-	(5,677)	-
Adjusted operating income (loss)	<u>\$ (4,178)</u>	<u>\$ 161</u>	<u>\$ (3,732)</u>	<u>\$ (22,781)</u>
Weighted average common shares, diluted	8,580,466	8,519,648	8,543,876	7,867,344
Diluted income (loss) per common share:				
Net income (loss)	\$ (0.56)	\$ 0.03	\$ (1.08)	\$ (2.74)
Less:				
Net realized investment gains (losses) and other gains, net of tax	(0.01)	-	0.01	0.10
Effect of tax law change	-	0.01	-	0.01
Tax effect of unrealized gains and losses on investments	-	-	-	0.05
Change in fair value of equity securities, net of tax	0.02	-	0.01	-
Net (increase) in deferred gain on losses ceded to ADC, net of tax	(0.08)	-	(0.66)	-
Adjusted operating income (loss) per share	<u>\$ (0.49)</u>	<u>\$ 0.02</u>	<u>\$ (0.44)</u>	<u>\$ (2.90)</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.