

THIRD QUARTER 2018
INVESTOR CONFERENCE CALL

November 8, 2018

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 5.5% over Q3 2017

SUCCESSFUL PUBLIC DEBT
OFFERING

Recently completed offering
of \$25.3M in 6.75%
Senior Unsecured Notes,
lowering annual
interest expenses

OPPORTUNITIES
FOR GROWTH

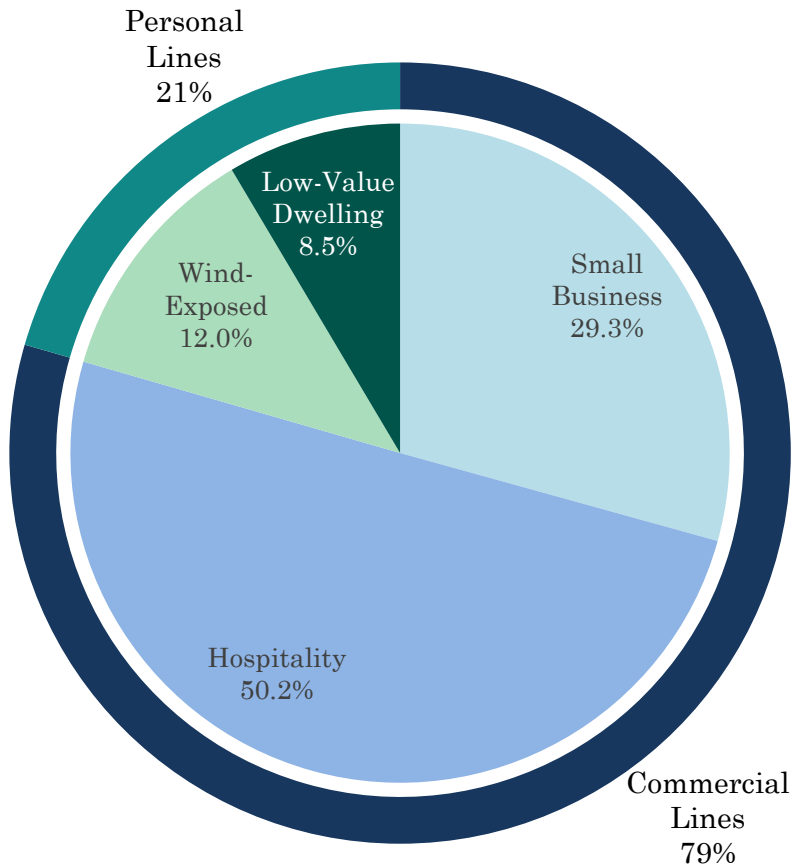
Committed to
disciplined growth in
specialty markets
to generate positive
underwriting results

FOCUS: STRIVE FOR CONTINUED GROWTH AND PROFITABILITY

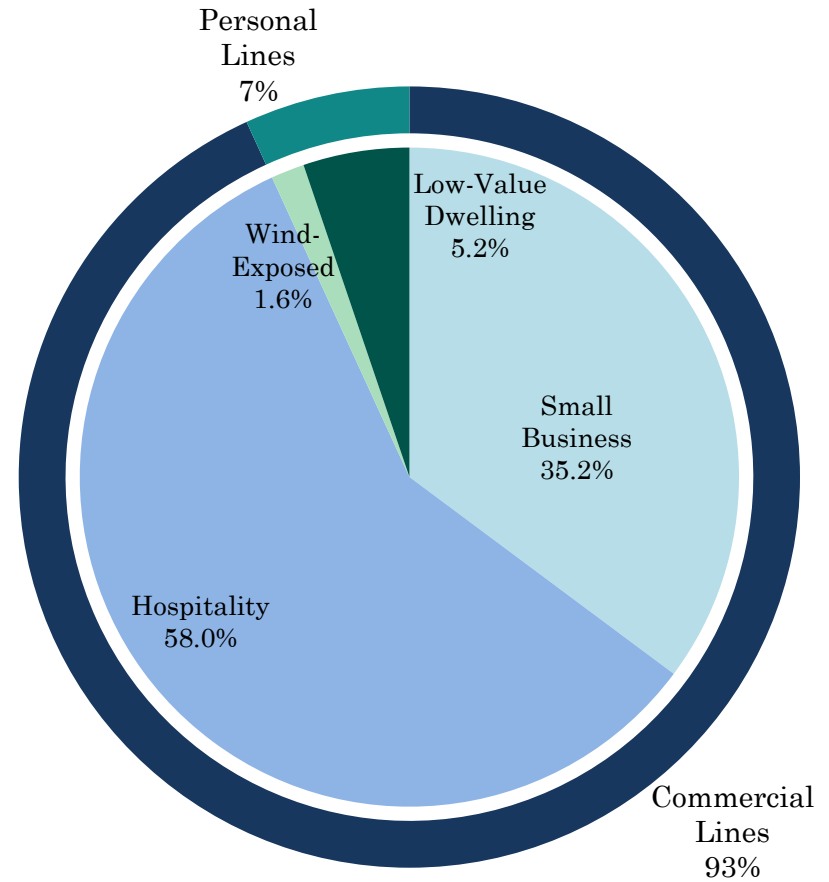
BUSINESS MIX: SHIFT TOWARD COMMERCIAL LINES



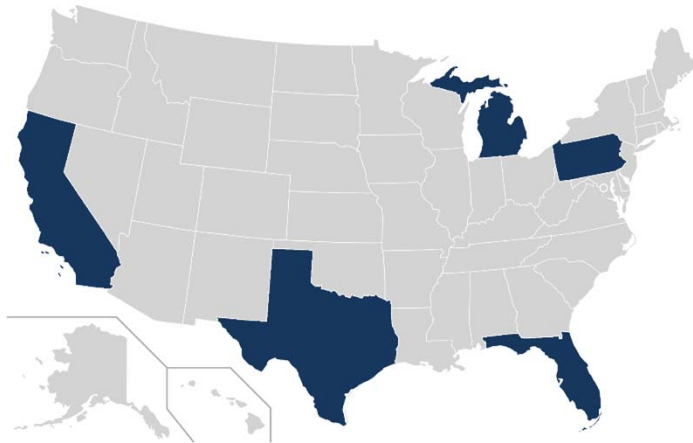
GROSS WRITTEN PREMIUM FOR Q3 2017



GROSS WRITTEN PREMIUM FOR Q3 2018

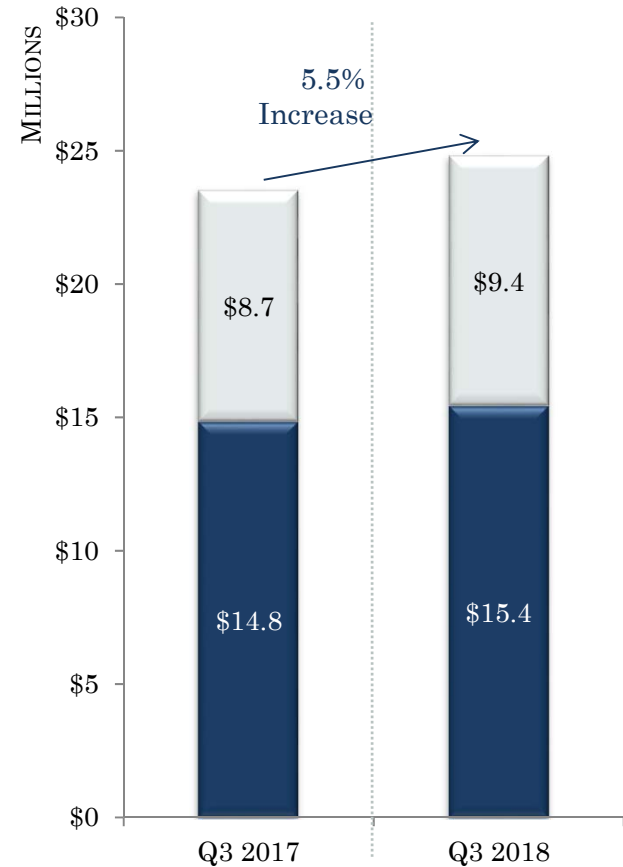


COMMERCIAL LINES OVERVIEW



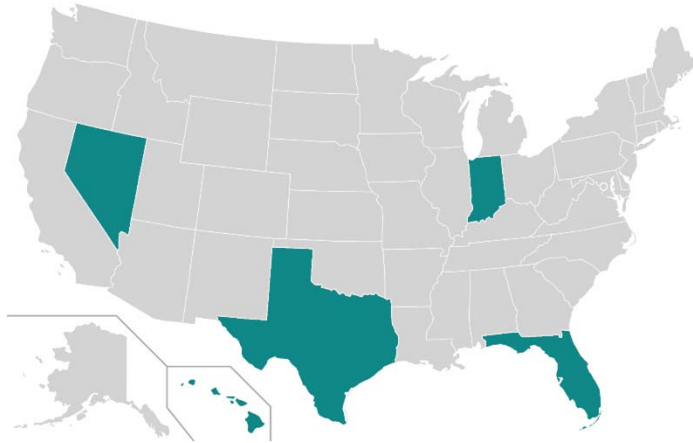
YTD September 30, 2018 Top Five States	Gross Written Premium \$ in thousands	
Florida	\$ 17,682	24.7%
Michigan	13,267	18.5%
Pennsylvania	4,480	6.3%
California	4,149	5.8%
Texas	3,689	5.2%
All Other	28,335	39.5%
Total	\$ 71,602	100.0%

GROSS WRITTEN PREMIUM



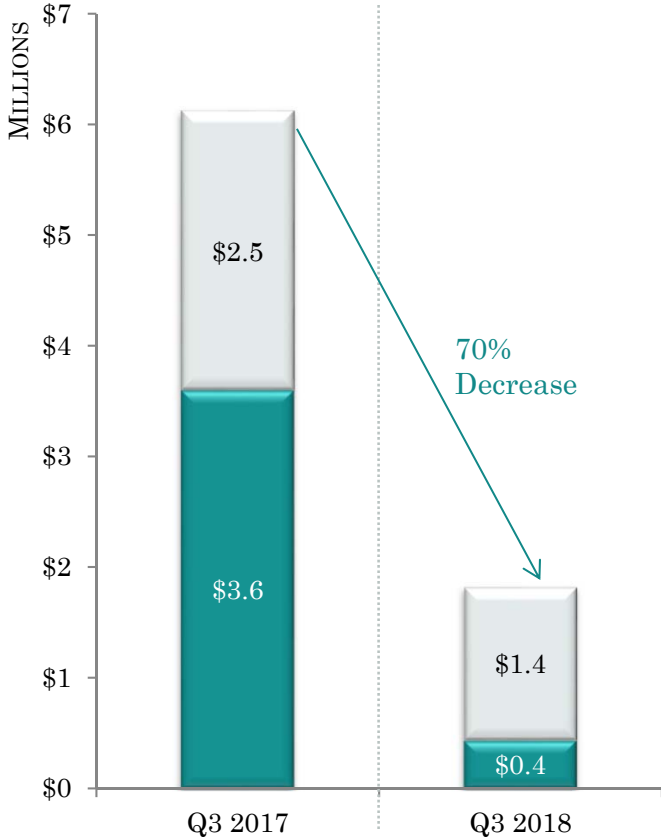
- Commercial Lines represented roughly 93% of the premium written in Q3 2018, compared to 79% in the same period 2017
- Quarter over quarter, Commercial Lines gross written premium increased 5.5% in Q3 2018
- Conifer continues to write Commercial Lines in all 50 states

PERSONAL LINES OVERVIEW



YTD September 30, 2018 Top Five States	Gross Written Premium \$ in thousands	
Indiana	\$ 1,686	31.7%
Florida	1,143	21.5%
Texas	856	16.1%
Nevada	485	9.1%
Hawaii	437	8.2%
All Other	718	13.4%
Total	\$ 5,326	100.0%

GROSS WRITTEN PREMIUM



- Personal Lines production was approximately 7% of total premium in Q3 2018
- Gross written premium in Personal Lines decreased 70% in the third quarter
- Planned decrease in wind-exposed homeowners, specifically Florida homeowners, which was down 88% in Q3 2018
- Florida assumption business started non-renewing February 9th
- Continuing efforts to reduce wind exposure overall

Q3 2018 RESULTS OVERVIEW: REFLECTS CONTINUED LOB REPOSITIONING



Gross Written Premium:

- GWP was \$26.6M in Q3 2018
 - Commercial Lines GWP increased 5.5% from Q3 2017
 - Hospitality and Small Business segments both performed well in the period
 - Commercial Lines accident year combined ratio was 97.6%
 - Personal Lines GWP decreased 70% from Q3 2017 – aligned with the Company's plan to focus on core lines of business
 - Florida homeowners and other wind-exposed business was down 88%

Net Earned Premium:

- Overall NEP increased 33% to \$23.5M in Q3 2018, mainly due to higher earned premiums from Commercial Lines
 - Commercial Lines NEP increased 36% in Q3 2018, primarily due to the impact of the ADC on prior quarter's ceded premium
 - Personal Lines NEP increased 9% in Q3 2018

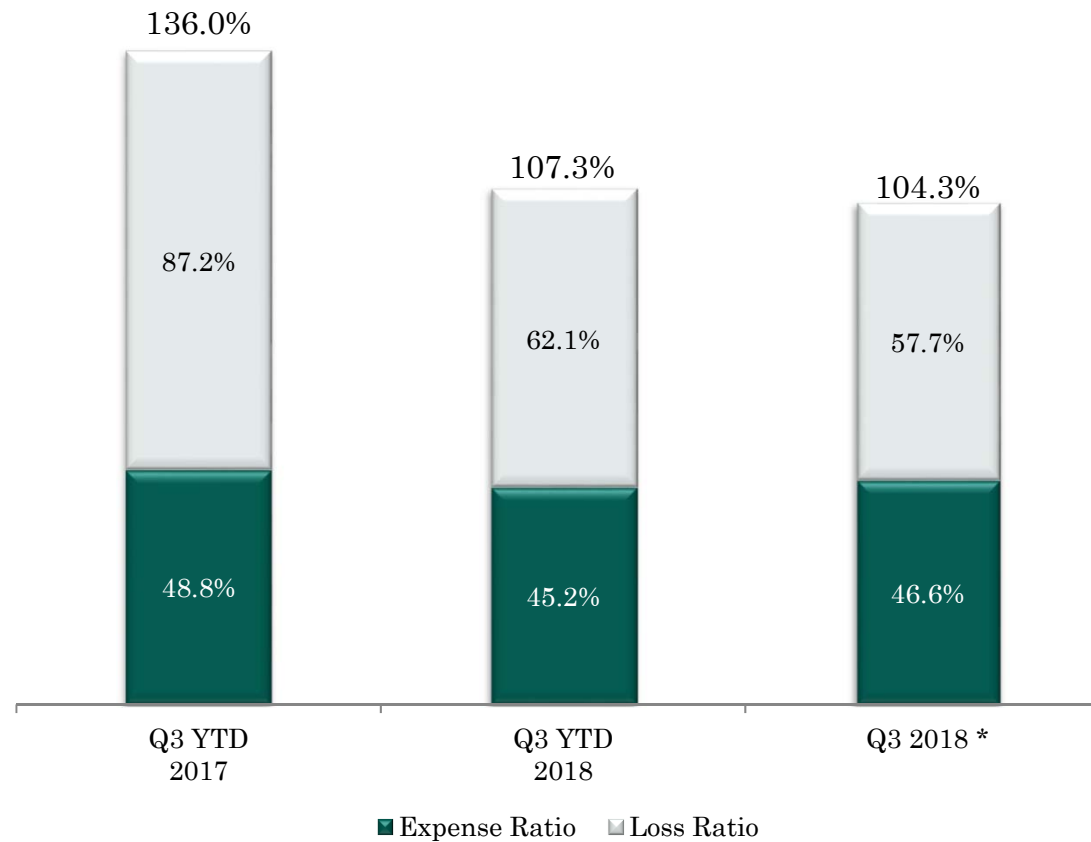
GROSS WRITTEN PREMIUM



RESULTS OVERVIEW: COMBINED RATIO



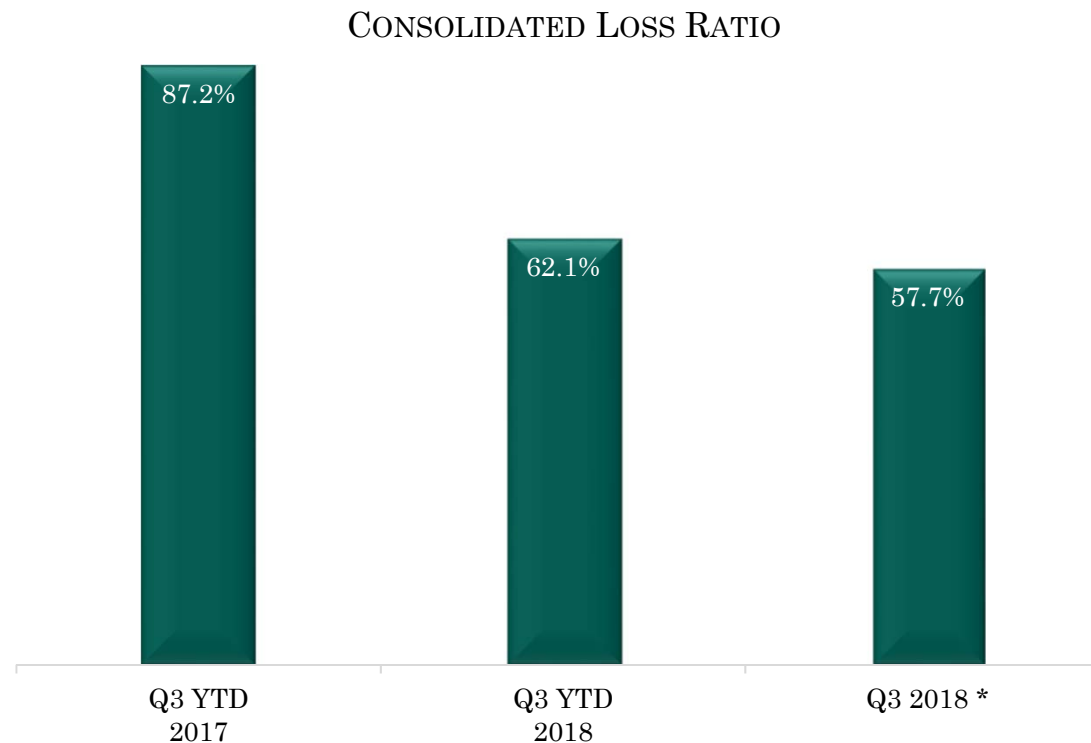
- Continued focus on core commercial lines will help drive overall combined ratio improvement
 - 93% of total premiums in Q3 were from our core commercial business
 - Combined ratio for Q3 2018 improved significantly over Q3 2017
 - Q3 2018 combined ratio was 104.3% before deferred gain on ADC and hurricane costs



RESULTS OVERVIEW: LOSS RATIO



- Consolidated loss ratio for the nine months ended September 30, 2018 improved significantly over the same period in 2017
- For Q3 2018, Commercial Lines loss ratio was 67.3% (Personal Lines was 88.6%)
- Continued focus on solidly performing core Commercial Lines business
- Ongoing trend of shifting away from wind-exposed Personal Lines premium
- Q3 2018 consolidated loss ratio was 57.7% before deferred gain on ADC and hurricane costs

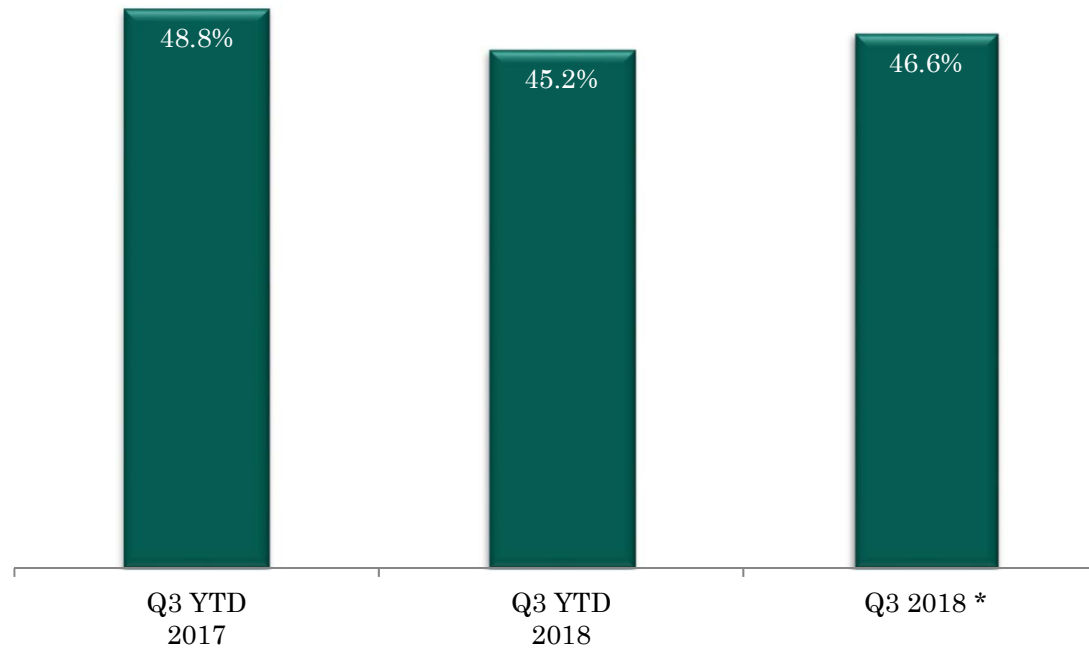


RESULTS OVERVIEW: EXPENSE RATIO



- Quarterly expense ratio impacted by repositioning / lower premiums on Personal Lines
- Overall downward trend reflects commitment to focused expense management
- As repositioned premium mix ramps up, expect expense ratio to continue downward trend

EXPENSE RATIO

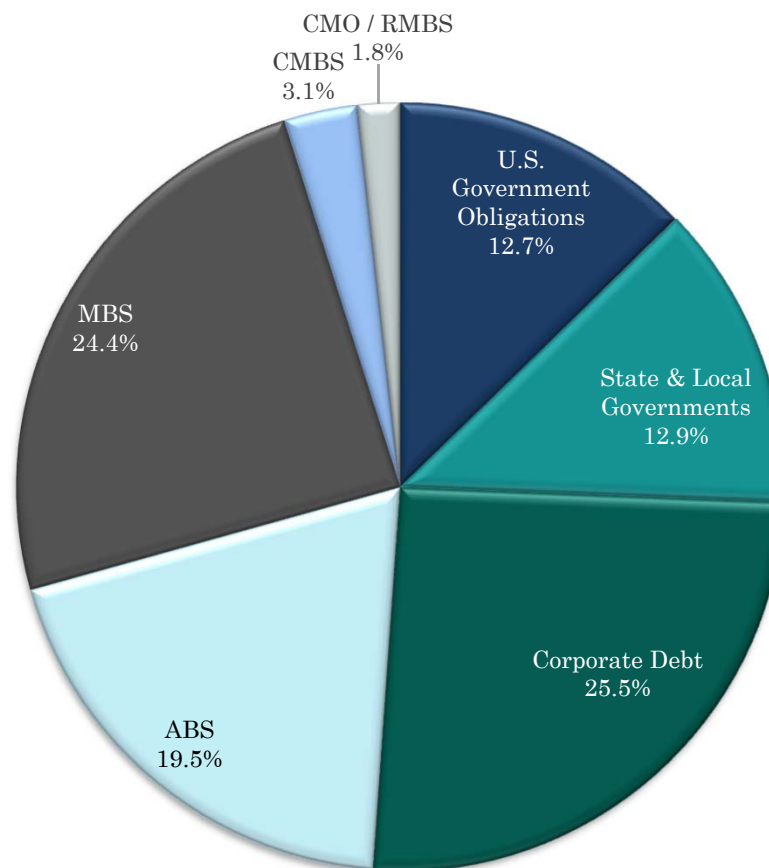




Q3 2018 INVESTMENT PORTFOLIO

- Maintain a highly liquid portfolio of investment grade debt securities
- Total cash & investment securities of \$158.2M at September 30, 2018:
 - Average duration: 3.0 years
 - Average tax-equivalent yield: ~2.7%
 - Average credit quality: AA

DEBT SECURITY PORTFOLIO ALLOCATION



DEBT SECURITY PORTFOLIO CREDIT RATING

\$ in thousands

September 30, 2018

	Fair Value	% of Total
AAA	35,013	28.7%
AA	57,582	47.2%
A	16,347	13.4%
BBB	12,322	10.1%
BB	732	0.6%
NR	--	--
TOTAL DEBT SECURITIES	\$ 121,996	100.0%

FINANCIAL RESULTS: Q3 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 \$3.6 million, or \$0.42 per share for Q3 2018
- For Q3 2018, adjusted operating loss was \$1.2 million, or \$0.14 per share

(\$ in thousands, except per share data)	Three Months Ended September 30,	
	2018	2017
Gross Written Premium	\$26,629	\$29,581
Net Written Premium	22,846	18,395
Net Earned Premium	23,450	17,659
Net Income (Loss)	(3,551)	(18,898)
EPS, Basic and Diluted	\$(0.42)	\$(2.46)
Adjusted Operating Income (Loss)	(1,160)	(19,054)
Adjusted Operating Income (Loss) per share	\$(0.14)	\$(2.48)

FINANCIAL RESULTS: CHI CONSOLIDATED BALANCE SHEET



- Shareholders' equity of \$46.5 million
- \$1.78 not reflected in book value:
 - \$1.21 per share full valuation allowance against deferred tax assets
 - \$0.57 per share deferred gain on ADC
- Book value of \$5.41 as of quarter ended September 30, 2018

SUMMARY BALANCE SHEET		
	September 30, 2018	December 31, 2017
\$ in thousands		
Cash and Invested Assets	\$ 158,188	\$ 169,518
Reinsurance Recoverables	29,658	24,539
Goodwill and Intangible Assets	985	987
Total Assets	\$ 232,997	\$ 239,032
Unpaid Losses and Loss Adjustment Expenses	91,046	87,896
Unearned Premiums	51,701	57,672
Debt	29,750	29,027
Total Liabilities	\$ 186,458	\$ 186,206
Total Shareholders' Equity	\$ 46,539	\$ 52,826



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APPENDIX



**Conifer
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SUMMARY FINANCIAL STATEMENTS: INCOME STATEMENT



OPERATING RESULTS	Three Months Ended September 30,	
	2018	2017
\$ in thousands, except per share data		
Gross Written Premiums	26,629	29,581
Ceded Written Premiums	(3,783)	(11,186)
Net Written Premiums	22,846	18,395
Net Earned Premiums	23,450	17,659
Net Investment Income	786	768
Net Realized Investment Gains (Losses)	(21)	39
Change in Fair Value of Equity Securities	151	--
Other Income	405	477
Total Revenue	24,771	18,943
Losses and Loss Adjustment Expenses, Net	16,554	26,468
Policy Acquisition Costs	6,452	6,655
Operating Expenses	4,786	4,474
Interest Expense	598	303
Total Expenses	28,390	37,900
Income (Loss) before Equity Earnings and Income Taxes	(3,619)	(18,957)
Equity Earnings of Affiliates, Net of Tax	93	(76)
Income Tax (Benefit) Expense	25	(135)
Net Income (Loss)	(3,551)	(18,898)
Earnings (Loss) per Common Share, Basic and Diluted	(0.42)	(2.46)
Weighted Average Common Shares Outstanding, Basic and Diluted	8,553,613	7,675,952

ADJUSTED OPERATING EPS



	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
	(dollar in thousands, except share and per share amounts)			
Net income (loss)	\$ (3,551)	\$ (18,898)	\$ (4,451)	\$ (21,763)
Less:				
Net realized gains (losses) and other gains, net of tax	(21)	39	152	781
Change in fair value of equity securities, net of tax	151	-	(116)	-
Tax effect of investment unrealized gains and losses	-	117	-	398
Net (Increase) in deferred gain on losses ceded to ADC, net of tax	(2,521)	-	(4,933)	-
Adjusted operating income (loss)	\$ (1,160)	\$ (19,054)	\$ 446	\$ (22,942)
Weighted average common shares, diluted	8,553,613	7,675,952	8,531,545	7,647,520
Diluted income (loss) per common share:				
Net income (loss)	\$ (0.42)	\$ (2.46)	\$ (0.52)	\$ (2.85)
Less:				
Net realized gains (losses) and other gains, net of tax	-	0.01	0.02	0.10
Change in fair value of equity securities, net of tax	0.01	-	(0.01)	-
Tax effect of investment unrealized gains and losses, per share	-	0.01	-	0.05
Net (Increase) in deferred gain on losses ceded to ADC, net of tax	(0.29)	-	(0.58)	-
Adjusted operating income (loss), per share	(0.14)	\$ (2.48)	\$ 0.05	\$ (3.00)

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.