

**FOURTH QUARTER 2019
INVESTOR CONFERENCE CALL**

February 27, 2020

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 and our Quarterly Report on Form 10-Q for the quarter ended September 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.



COMMITMENT TO DISCIPLINED
UNDERWRITING PRACTICES

Focus on profitable premium

Achieving considerable rate
increases across many lines

PERSONAL LINES GROWTH
IN PROFITABLE PROGRAMS

Low-value dwelling premium
and performance align with
Company targets

BOOK VALUE OF
\$4.45 PER SHARE

Does not include \$1.41 of DTA

Adjusted Total Book Value:
\$5.86 per share

WELL-POSITIONED FOR PROFITABLE TOP LINE GROWTH

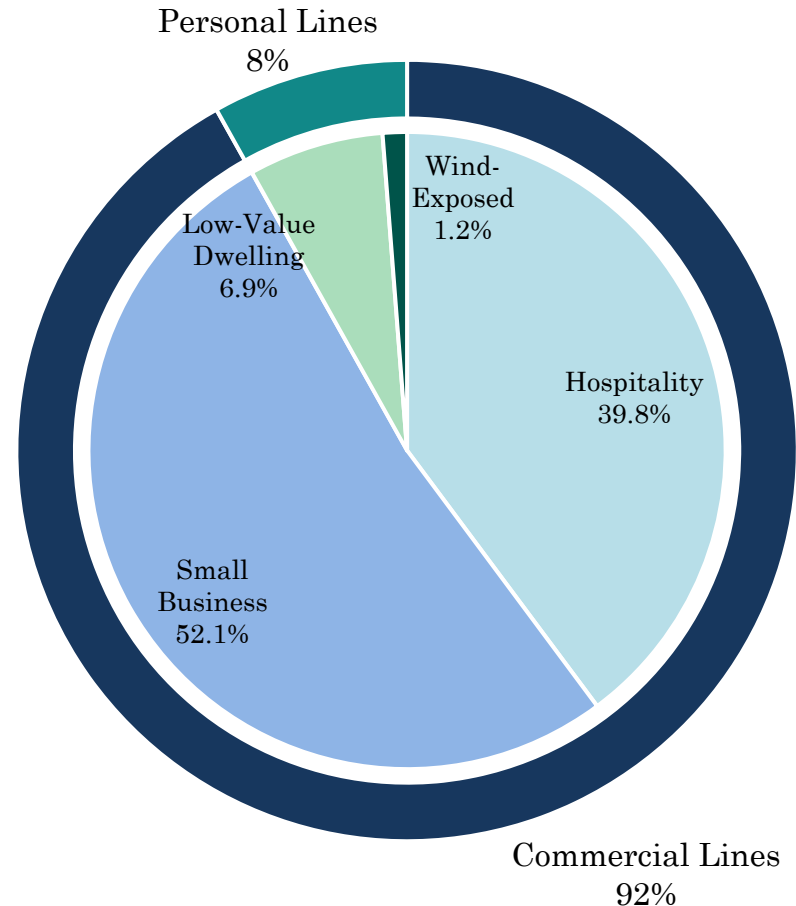
BUSINESS MIX



Driving Top Line Growth in 2020:

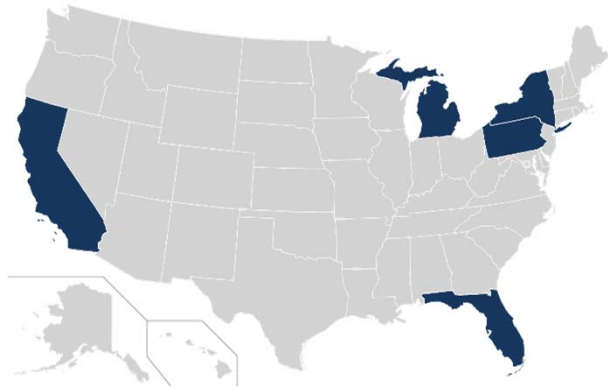
- 1) Strong commercial base provides foundation for repositioned business mix
 - 2) Selective growth in profitable personal lines programs
 - 3) Agency operation generating fee income
- Infrastructure in place to support anticipated double-digit top line growth in 2020
 - Consistent execution of underwriting guidelines & emphasis on achieving long-term rate adequacy
 - Timing of reduction in exposure to underperforming markets proves wise as market peers follow suit
 - Expense ratio will enter an accelerated decline as Net Earned Premiums continue to grow
 - Runway to grow in current niche markets
 - Leverage long-standing relationships
 - Hospitality & Small Business markets hardening
 - Current accident year combined ratios for Q4 2019:
 - Commercial Lines 98% (vs. 104% for Q4 2018)
 - Personal Lines 98.5% (vs. 113.4% for Q4 2018)

GROSS WRITTEN PREMIUM FOR Q4 2019



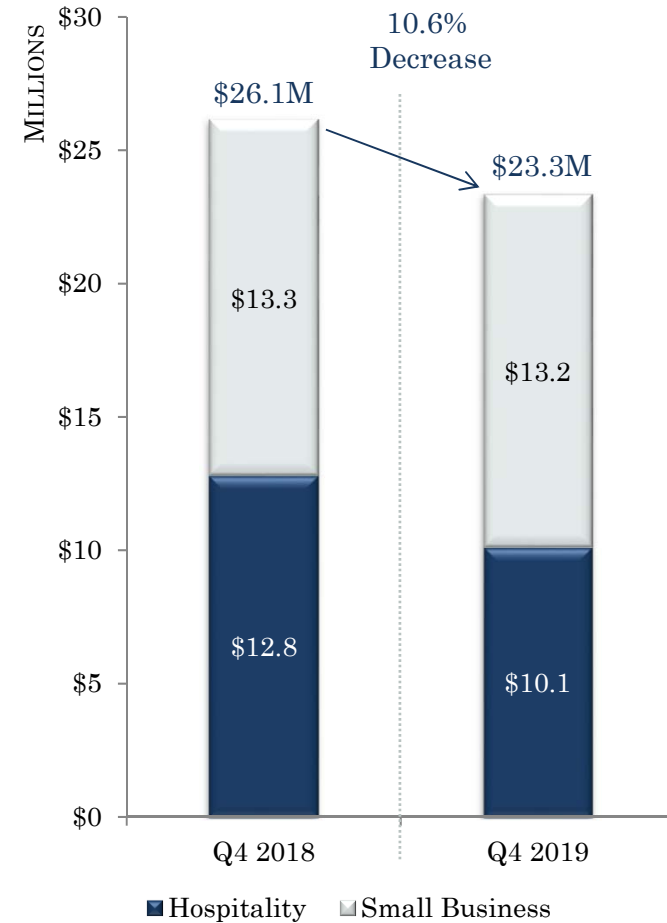
OUR FOCUS:
DISCIPLINED, SUSTAINED, PROFITABLE
TOP LINE GROWTH TO GENERATE
CONSISTENT RETURN ON EQUITY

COMMERCIAL LINES OVERVIEW



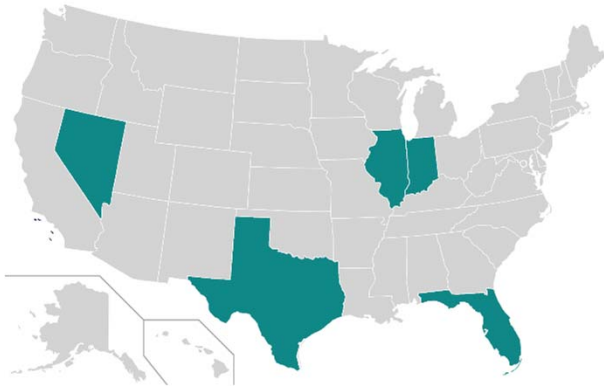
YE December 31, 2019 Top Five States	Gross Written Premium \$ in thousands	
Michigan	\$ 19,338	20.5%
Florida	16,020	17.0%
New York	7,955	8.4%
California	7,037	7.5%
Pennsylvania	5,881	6.2%
All Other	38,160	40.4%
Total	\$ 94,391	100.0%

GROSS WRITTEN PREMIUM



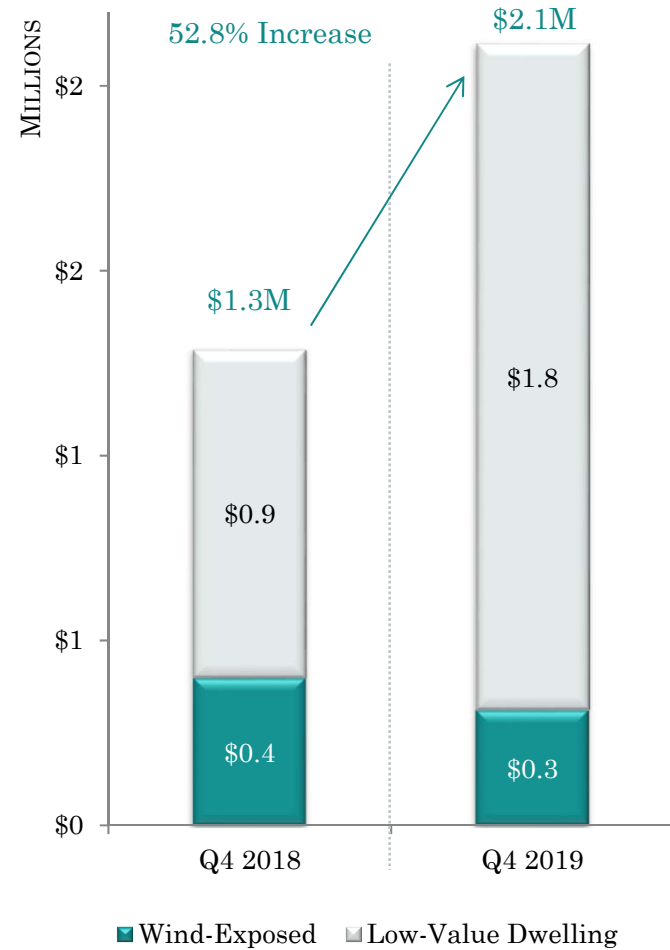
- Commercial Lines represented roughly 92% of the premium written in Q4 2019
- As anticipated, Michigan is our largest state in terms of premium for 2019
- Conifer continues to write Commercial Lines in all 50 states

PERSONAL LINES OVERVIEW



YE December 31, 2019 Top Five States	Gross Written Premium \$ in thousands	
Texas	\$ 2,423	32.5%
Indiana	1,958	26.2%
Nevada	1,321	17.7%
Florida	972	13.0%
Illinois	511	6.8%
All Other	277	3.8%
Total	\$ 7,462	100.0%

GROSS WRITTEN PREMIUM



- Personal Lines production was approximately 8% of total premium in Q4 2019
- Reflects growth in low-value dwelling segment with Texas as largest state
- Continuing efforts to reduce wind exposure overall

Q4 2019 RESULTS OVERVIEW: REFLECTS UNDERWRITING DISCIPLINE



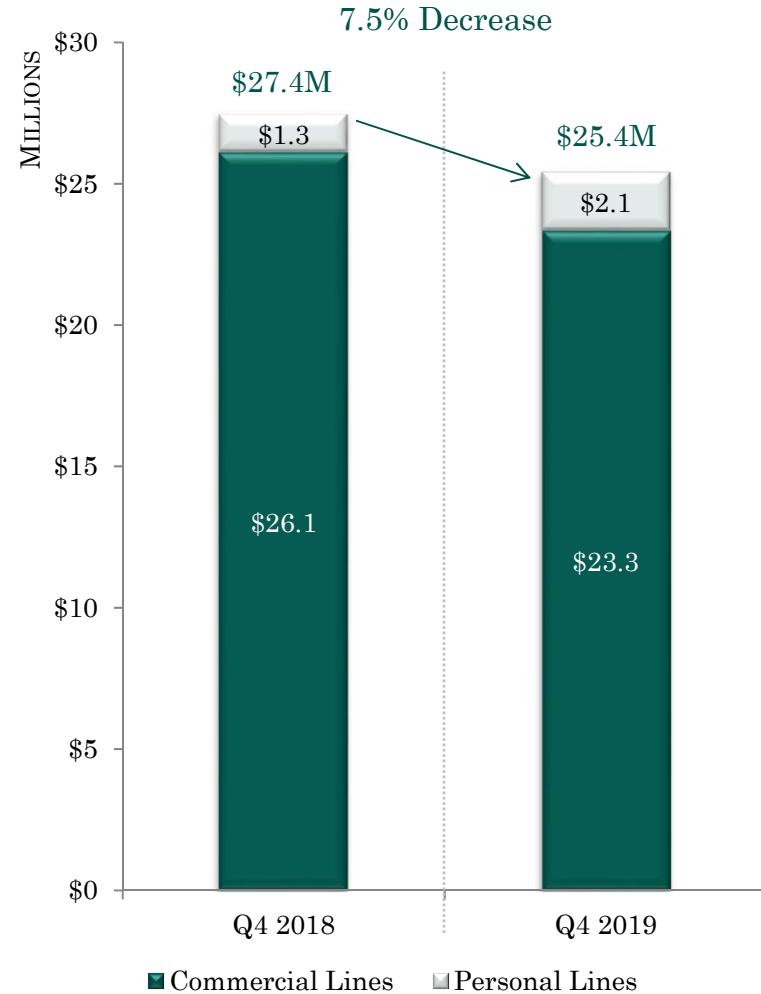
Gross Written Premium:

- GWP was \$25.4M in Q4 2019, and \$101.9M for the full year
 - Commercial Lines GWP decreased approximately 6.7% sequentially from Q3 2019
 - Small Business segment performed well in Q4 2019, delivering a solid combined ratio
 - Commercial Lines accident year combined ratio for Q4 2019 was 98.0%
 - Commercial Lines AY combined ratio for the full year ended December 31, 2019 was 97.6%
 - Personal Lines GWP increased 52.8% over Q4 2018, in historically profitable business lines
 - Personal Lines accident year combined ratio for Q4 2019 was 98.5%
- Overall GWP decreased 7.5% from Q4 2018

Net Earned Premium:

- NEP was \$23.3M in Q4 2019, up 2.9% from \$22.6M in Q4 2018
 - Commercial Lines NEP saw a slight increase to \$21.6M for Q4 2019, up from \$21.1M in Q4 2018
 - Personal Lines NEP was \$1.7M for Q4 2019, an 11% increase over the same period in 2018

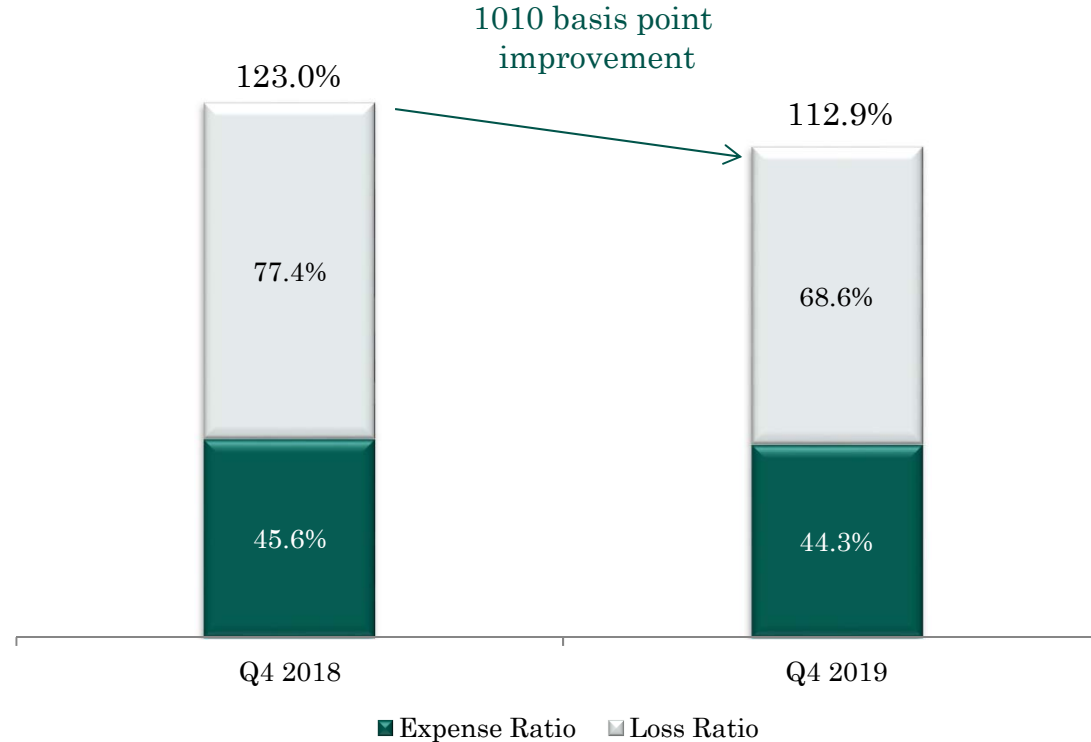
GROSS WRITTEN PREMIUM





RESULTS OVERVIEW: COMBINED RATIO

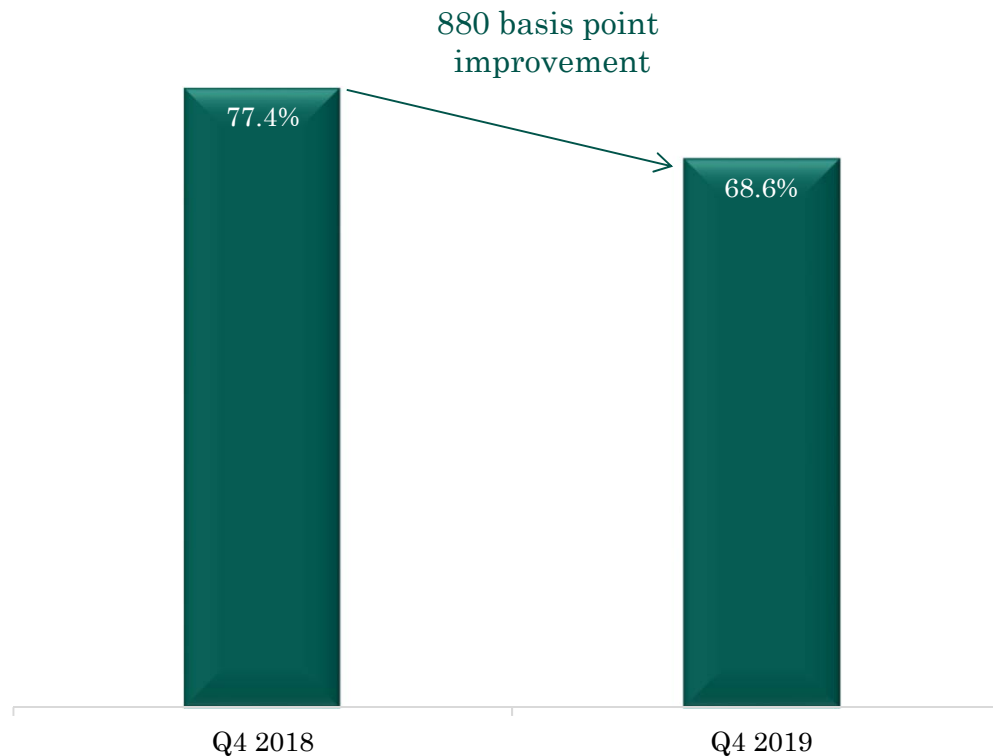
- Continued focus on disciplined underwriting to drive overall combined ratio improvement
 - Commercial Lines combined ratio was 111.3% in Q4 2019 (AY combined ratio of 98.0%)
- 92% of total premiums in Q4 2019 were from core commercial business
- Expecting continued growth in both hospitality and small business programs in 2020
- Continuing to reduce Florida Commercial lines exposure, especially in the tri-country area





RESULTS OVERVIEW: LOSS RATIO

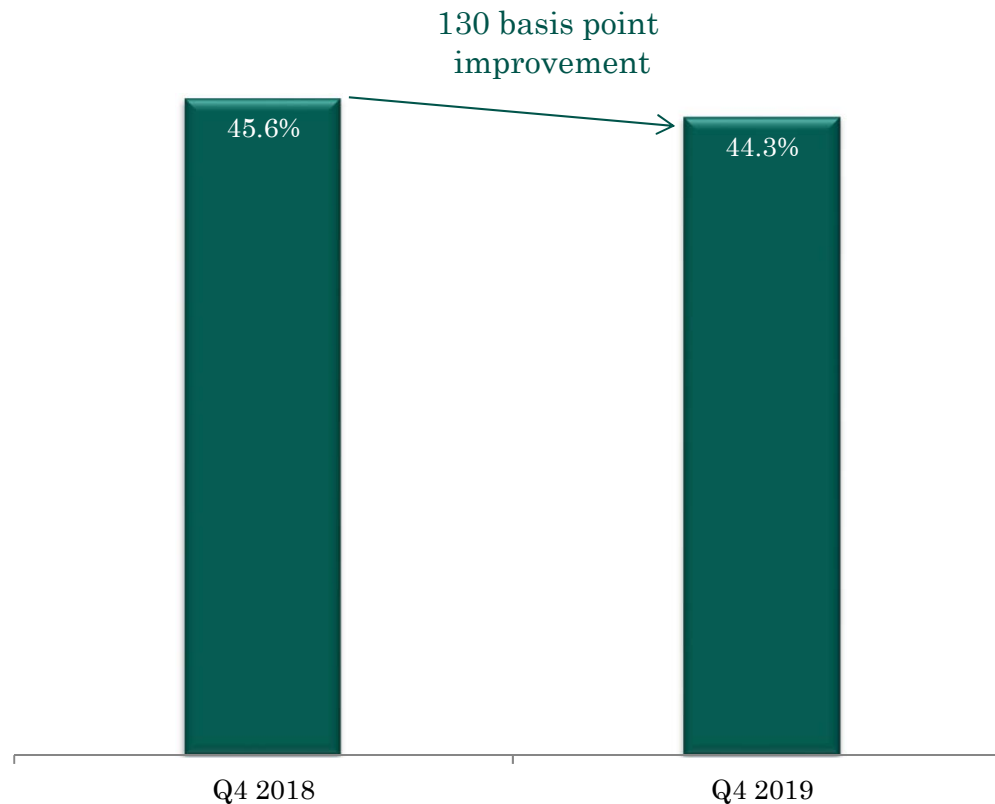
- For Q4 2019, the consolidated loss ratio was 68.6%, down 8.8 percentage points from Q4 2018
 - Commercial Lines loss ratio was 67.7% in Q4 2019 (63.3% for full year 2019)
 - Personal Lines loss ratio was 80.5%
- Ongoing trend of shifting away from wind-exposed Personal Lines premium
- Continued focus on disciplined growth in solidly performing core lines of business





RESULTS OVERVIEW: EXPENSE RATIO

- Ongoing efforts to reduce expense ratio and continued expense management
- As NEP continues to grow, the Expense Ratio will decrease accordingly
- Expense Ratio dropped in Q4 2019 to 44.3%
- 130 basis point improvement from Q4 2018

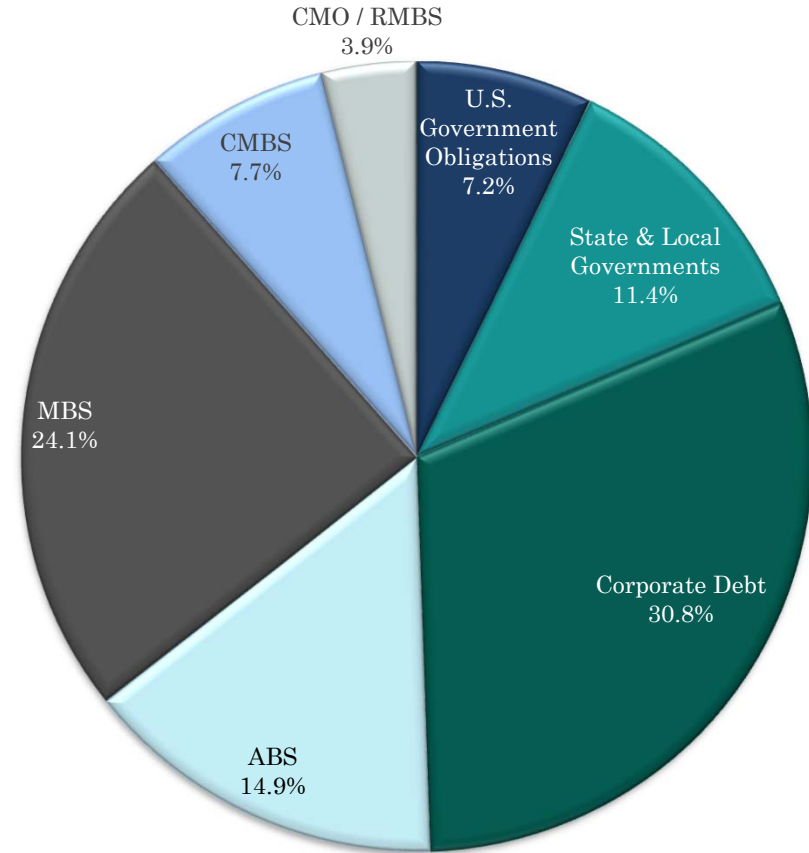


Q4 2019 INVESTMENT PORTFOLIO



- Net Investment Income for YE 2019: \$4.0M
- Net Investment Income for Q4 2019: \$860K
- Highly liquid portfolio of investment grade debt securities
- Total cash & investment securities of \$177M at December 31, 2019:
 - Average duration: 3 years
 - Average tax-equivalent yield: ~2.6%
 - Average credit quality: AA

DEBT SECURITY PORTFOLIO ALLOCATION



DEBT SECURITY PORTFOLIO CREDIT RATING

	December 31, 2019	
	Fair Value	% of Total
AAA	\$ 52,400	40%
AA	44,540	34%
A	18,340	14%
BBB	15,720	12%
TOTAL DEBT SECURITIES	\$ 131,000	100%

FINANCIAL RESULTS: Q4 2019 INCOME STATEMENT



- Company reported net loss of \$3.0 million or \$0.32 per share for Q4 2019
- For Q4 2019, adjusted operating loss was \$3.4 million, or \$0.35 per share

(\$ in thousands, except per share data)	Three Months Ended December 31,	
	2019	2018
Gross Written Premium	\$ 25,391	\$ 27,440
Net Written Premium	22,162	23,800
Net Earned Premium	23,278	22,623
Net Income (Loss)	(3,028)	(4,776)
EPS, Basic and Diluted	\$ (0.32)	\$ (0.56)
Adjusted Operating Income (Loss)	(3,394)	(4,178)
Adjusted Operating Income (Loss) per share	\$ (0.35)	\$ (0.49)

FINANCIAL RESULTS: CONSOLIDATED BALANCE SHEET



- Shareholders' equity of \$42.7 million – book value of \$4.45 a share
- \$1.41 per share full valuation allowance against deferred tax assets not reflected in book value
- Total adjusted book value of \$5.86 as of quarter ended December 31, 2019

SUMMARY BALANCE SHEET	December 31, 2019	December 31, 2018
\$ in thousands		
Cash & Invested Assets	\$ 177,196	\$ 150,894
Reinsurance Recoverables	27,734	34,745
Goodwill and Intangible Assets	985	985
Total Assets	\$ 247,265	\$ 232,752
Unpaid Losses and Loss Adjustment Expenses	107,246	92,807
Unearned Premiums	51,503	52,852
Debt	35,824	33,502
Total Liabilities	\$ 204,540	\$ 190,589
Total Shareholders' Equity	\$ 42,725	\$ 42,163



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SUMMARY FINANCIAL STATEMENTS: INCOME STATEMENT



OPERATING RESULTS	Three Months Ended December 31,	
	2019	2018
\$ in thousands, except per share data		
Gross Written Premiums	\$ 25,391	\$ 27,440
Ceded Written Premiums	(3,229)	(3,640)
Net Written Premiums	22,162	23,800
Net Earned Premiums	23,278	22,623
Net Investment Income	860	911
Net Realized Investment Gains	72	(91)
Change in Fair Value of Equity Securities	288	237
Other Income	542	370
Total Revenue	25,040	24,050
Losses and Loss Adjustment Expenses, Net	16,049	17,565
Policy Acquisition Costs	6,959	6,097
Operating Expenses	4,622	4,407
Interest Expense	727	810
Total Expenses	28,357	28,879
Income (Loss) before Equity Earnings and Income Taxes	(3,317)	(4,829)
Equity Earnings of Affiliates, Net of Tax	167	53
Income Tax (Benefit) Expense	(122)	--
Net Income (Loss)	(3,028)	(4,776)
Earnings (Loss) per Common Share, Basic and Diluted	(0.32)	(0.56)
Weighted Average Common Shares Outstanding, Basic and Diluted	9,591,387	8,580,466

ADJUSTED OPERATING EPS



	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
	(dollar in thousands, except share and per share amounts)			
Net income (loss)	\$ (3,028)	\$ (4,776)	\$ (7,822)	\$ (9,227)
Less:				
Net realized investment gains (losses), net of tax	72	(91)	1,196	61
Tax effect of unrealized gains on investments	6	-	824	-
Change in fair value of equity securities, net of tax	288	237	(427)	121
Net decrease (increase) in deferred gain on losses ceded to ADC, net of tax	-	(744)	5,677	(5,677)
Adjusted operating income (loss)	\$ (3,394)	\$ (4,178)	\$ (15,092)	\$ (3,732)
Weighted average common shares, diluted	9,591,387	8,580,466	8,880,107	8,543,876
Diluted income (loss) per common share:				
Net income (loss)	\$ (0.32)	\$ (0.56)	\$ (0.88)	\$ (1.08)
Less:				
Net realized gains (losses) and other gains, net of tax	-	(0.01)	0.13	0.01
Tax effect of unrealized gains on investments	-	-	0.09	-
Change in fair value of equity securities, net of tax	0.03	0.02	(0.05)	0.01
Net decrease (increase) in deferred gain on losses ceded to ADC, net of tax	-	(0.08)	0.64	(0.66)
Adjusted operating income (loss), per share	\$ (0.35)	\$ (0.49)	\$ (1.69)	\$ (0.44)

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.