

FIRST QUARTER 2019
INVESTOR CONFERENCE CALL

May 9, 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 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 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.



CONTINUED GROWTH IN
CORE COMMERCIAL
BUSINESS

Commercial Lines
Gross Written Premium
increased 4% over Q1 2018

SIGNIFICANT REDUCTION
IN WIND-EXPOSED
PERSONAL LINES PREMIUM

Reduced overall wind risk
should lead to greater
earnings stability

BOOK VALUE OF
\$5.14 PER SHARE

Does not include \$1.48 of
DTA or \$0.40 of deferred gain
on ADC

Adjusted Total Book Value:
\$7.02 per share

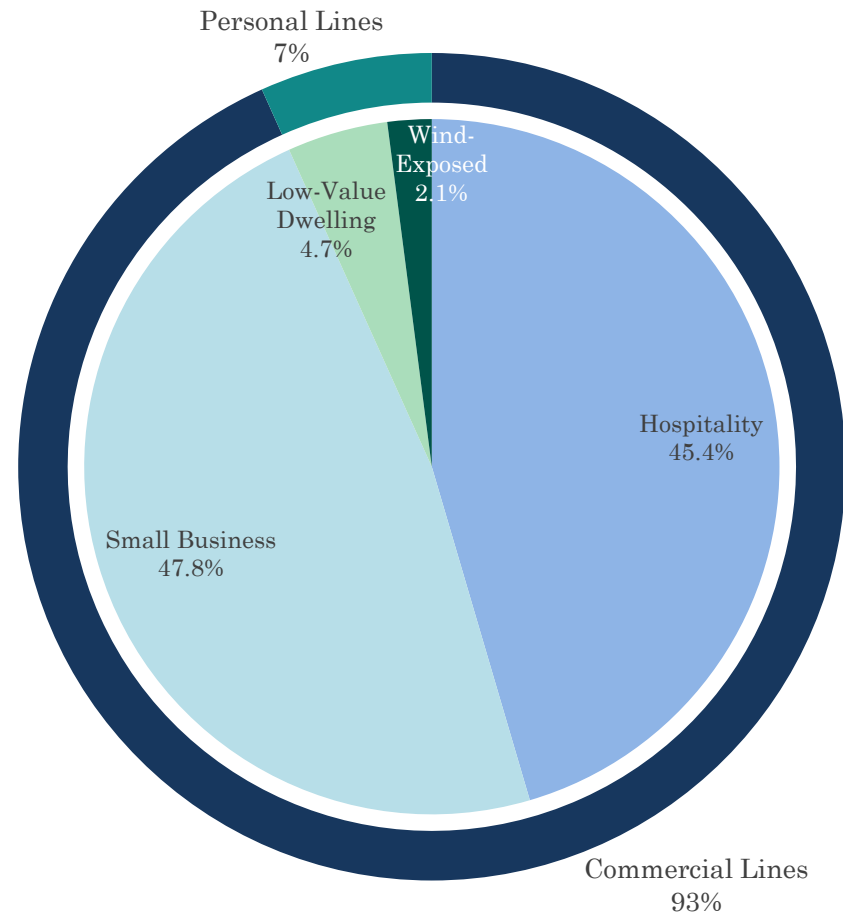
STRIVE FOR TOP LINE GROWTH AND INCREASED PROFITABILITY

BUSINESS MIX: SHIFT TOWARD COMMERCIAL LINES



- Commercial Lines accident year combined ratio was 96.5%
- Substantial runway to grow in current Commercial Lines markets
- Progress to Date:
 - Expense Ratio improvement of 240 bps
 - Infrastructure already in place to handle anticipated growth
 - Disciplined growth: 3.7% in core Commercial Lines for Q1 2019
 - Implementing steady rate increases

GROSS WRITTEN PREMIUM FOR Q1 2019



OUR FOCUS: GENERATE A
CONSISTENT UNDERWRITING PROFIT,
GENERATE FAVORABLE ROE

Q1 2019 RESULTS OVERVIEW: REFLECTS CONTINUED LOB REPOSITIONING



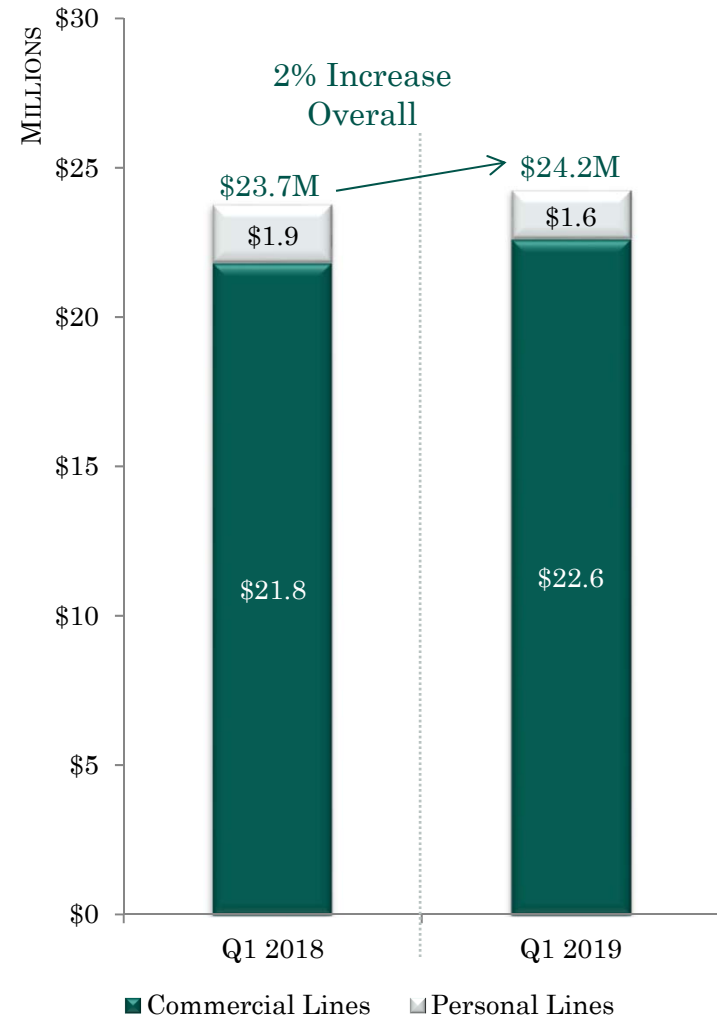
Gross Written Premium:

- GWP was \$24.2M in Q1 2019
 - Commercial Lines GWP increased approximately 4% from Q1 2018
 - Small Business segment performed well in the period
 - Commercial Lines accident year combined ratio was 96.5%
 - Personal Lines GWP decreased 16.3% from Q1 2018 – aligned with the Company’s plan to focus on core lines of business
 - Florida homeowners business was down 21%
- Overall GWP increase of 2% from Q1 2018

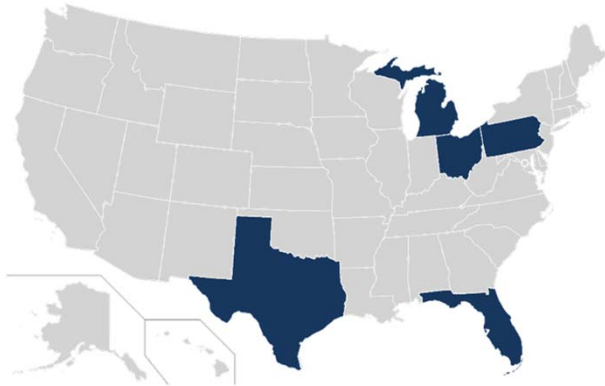
Net Earned Premium:

- NEP was \$21.7M in Q1 2019, a 9% decrease due to lower written premiums in personal lines
 - Commercial Lines NEP saw a slight increase to \$20.7M for Q1 2019, compared to \$20.1M in Q1 2018
 - Personal Lines NEP decreased 73.1% in Q1 2019

GROSS WRITTEN PREMIUM



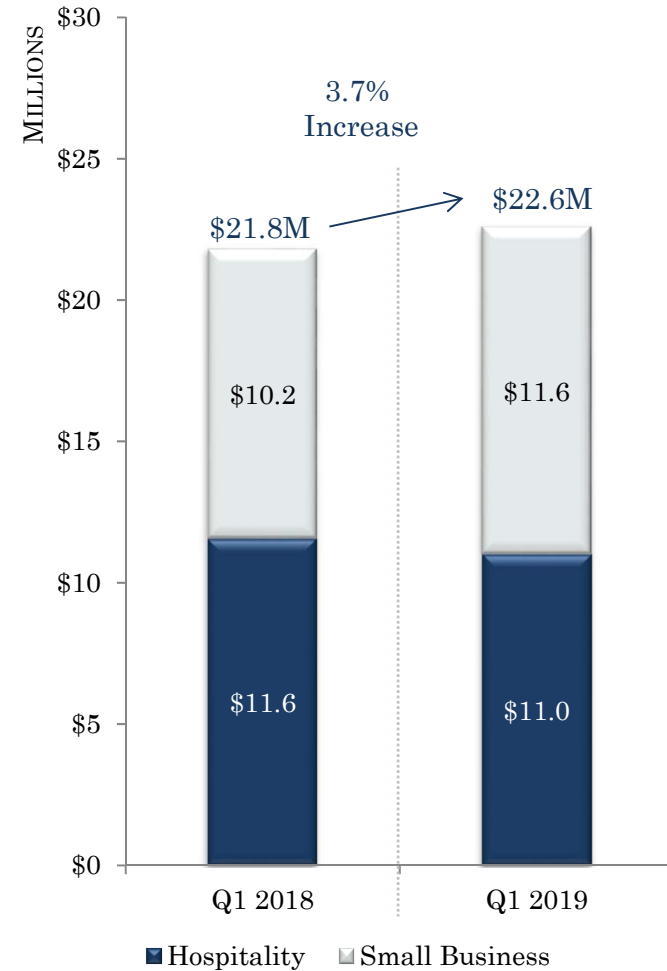
COMMERCIAL LINES OVERVIEW



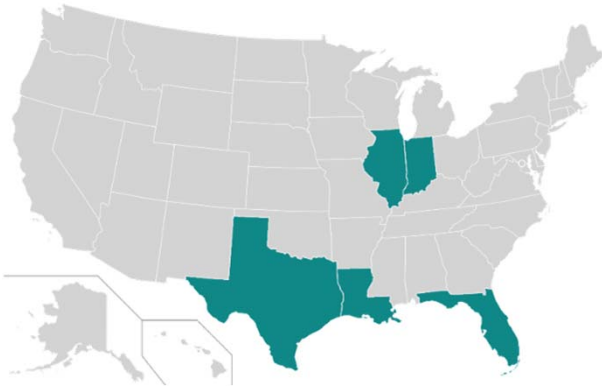
YTD March 31, 2019 Top Five States	Gross Written Premium \$ in thousands	
Michigan	\$ 5,398	23.9%
Florida	4,271	18.9%
Texas	1,540	6.8%
Pennsylvania	1,520	6.7%
Ohio	1,261	5.6%
All Other	8,594	38.1%
Total	\$ 22,584	100.0%

- Commercial Lines represented roughly 93% of the premium written in Q1 2019
- Quarter over quarter, Commercial Lines gross written premium increased approximately 4% in Q1 2019
 - Particularly strong growth in Small Business segment
- Conifer continues to write Commercial Lines in all 50 states, with strong potential for growth in western states

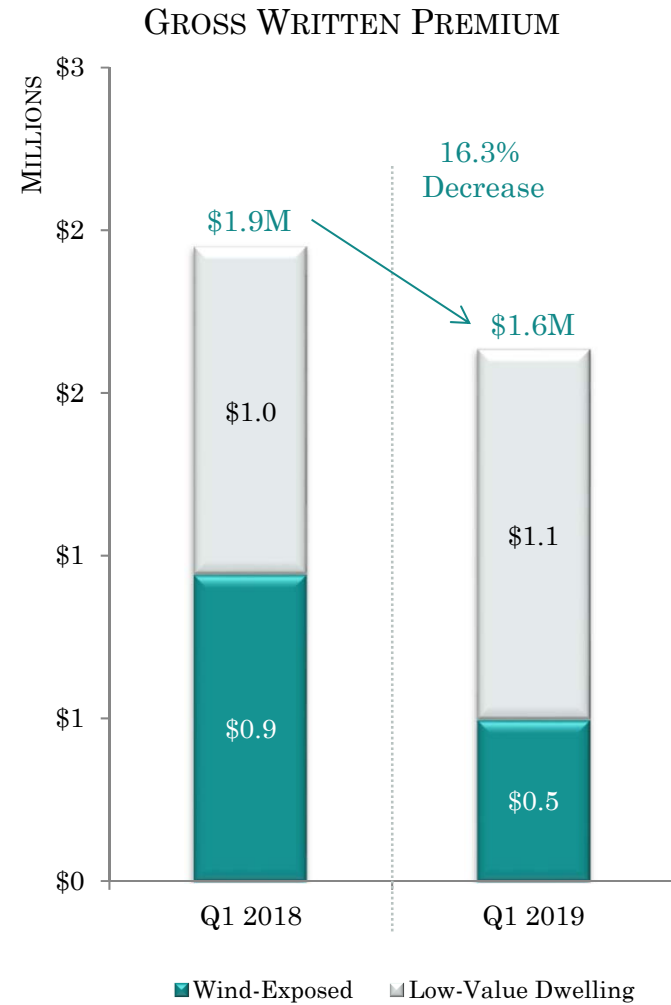
GROSS WRITTEN PREMIUM



PERSONAL LINES OVERVIEW



YTD March 31, 2019 Top Five States	Gross Written Premium \$ in thousands	
Texas	\$ 578	35.4%
Indiana	456	28.0%
Florida	370	22.7%
Illinois	134	8.2%
Louisiana	56	3.4%
All Other	38	2.3%
Total	\$ 1,632	100.0%

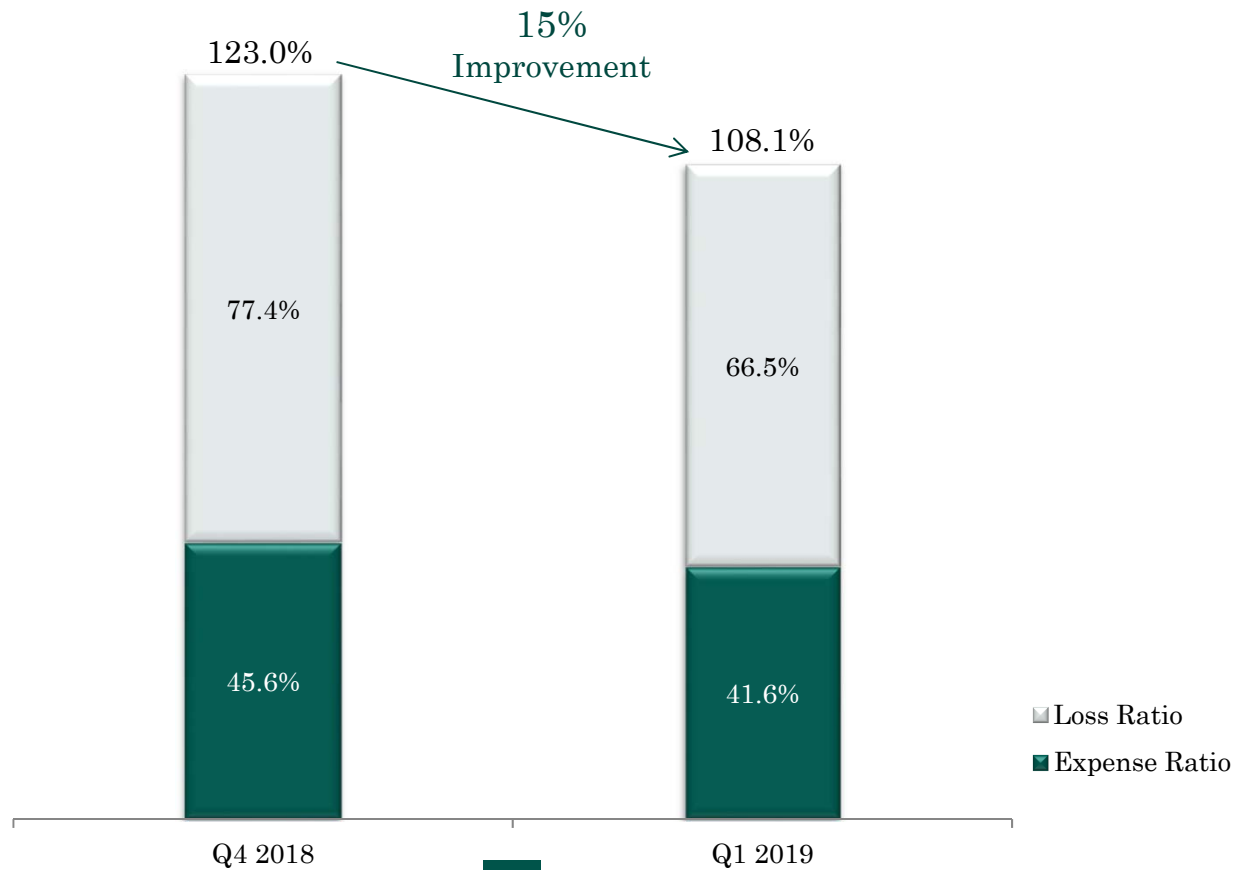


- Personal Lines production was approximately 7% of total premium in Q1 2019
- Continuing efforts to reduce wind exposure overall:
 - Decrease in wind-exposed homeowners, down 47% in Q1 2019
 - Florida assumption business non-renewal was completed in February 2019
- Growth prospects in low-value dwelling segment

RESULTS OVERVIEW: COMBINED RATIO



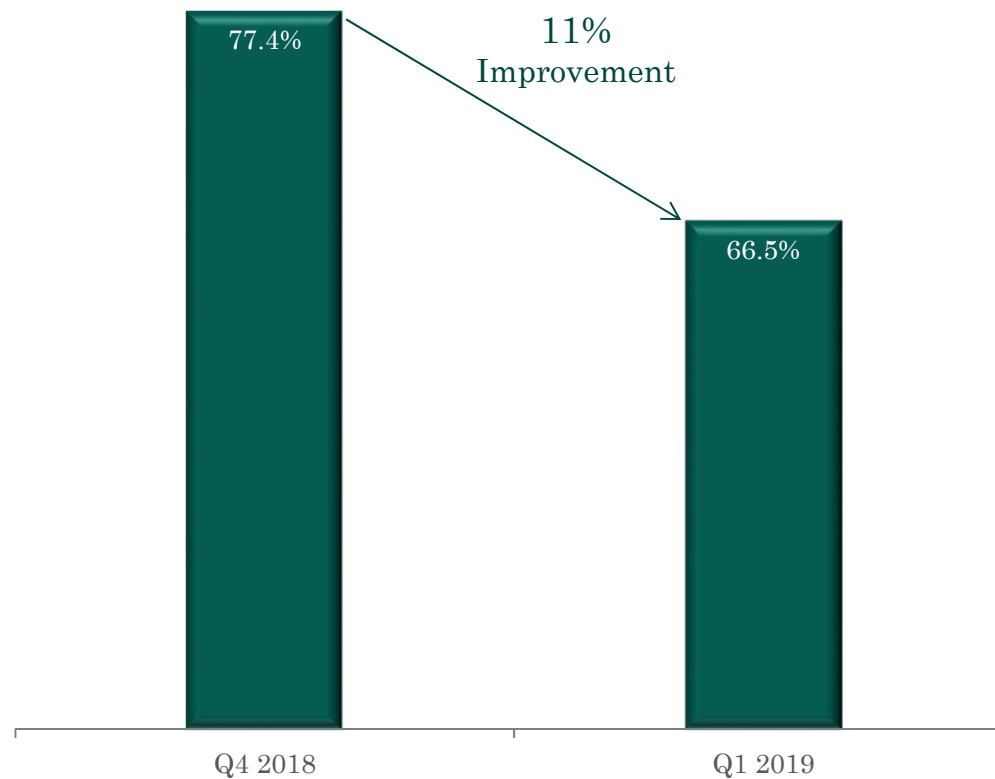
- Continued focus on core commercial lines will help drive overall combined ratio improvement
 - Commercial Lines combined ratio was 100.9% in Q1 2019
 - Personal Lines combined ratio was 253.6% in Q1 2019
 - 93% of total premiums in Q1 2019 were from core commercial business
- Expecting growth in both hospitality and small business programs in 2019





RESULTS OVERVIEW: LOSS RATIO

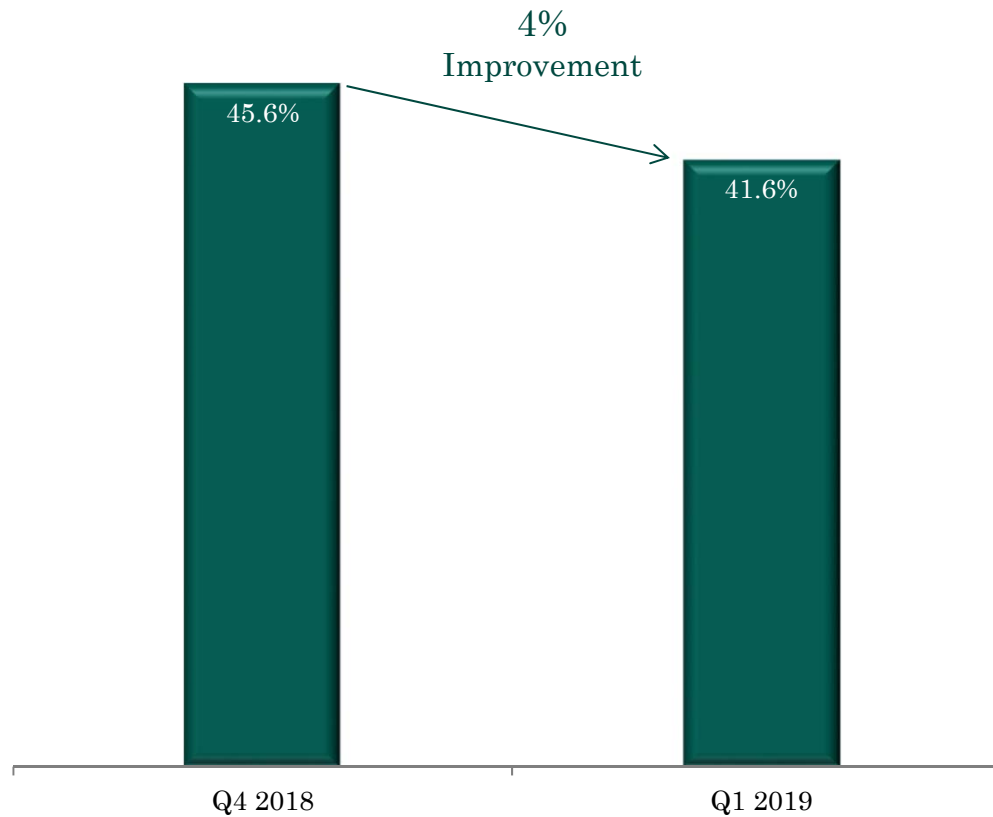
- For Q1 2019, the consolidated loss ratio was 66.5%
 - Commercial Lines loss ratio was 60.5%
 - Personal Lines loss ratio was 187.5%
- Continued focus on solidly performing core Commercial Lines
- Ongoing trend of shifting away from wind-exposed Personal Lines premium





RESULTS OVERVIEW: EXPENSE RATIO

- Ongoing efforts to reduce expense ratio are beginning to show results:
 - Expense ratio in Q1 2019 was 41.6%
 - 400 basis point improvement from Q4 2018

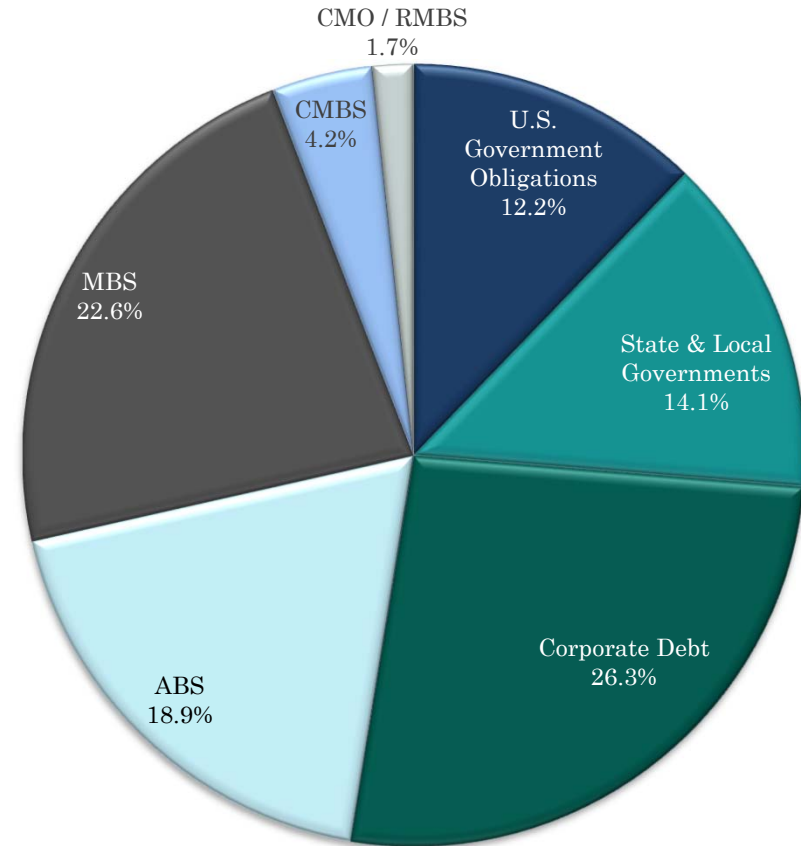


Q1 2019 INVESTMENT PORTFOLIO



- Net Investment Income for Q1 2019: \$910k
 - 13.5% increase over Q1 2018
- Highly liquid portfolio of investment grade debt securities
- Total cash & investment securities of \$154.6M at March 31, 2019:
 - Average duration: 3.4 years
 - Average tax-equivalent yield: ~2.8%
 - Average credit quality: AA

DEBT SECURITY PORTFOLIO ALLOCATION



DEBT SECURITY PORTFOLIO CREDIT RATING

	March 31, 2019	
	Fair Value	% of Total
AAA	\$ 33,495	27.0%
AA	57,066	46.0%
A	17,368	14.0%
BBB	14,887	12.0%
BB	1,241	1.0%
NR	--	--
TOTAL DEBT SECURITIES	\$ 124,057	100%

FINANCIAL RESULTS: Q1 2019 INCOME STATEMENT



- Company reported net loss of \$680k or \$0.08 per share for Q1 2019
- For Q1 2019, adjusted operating loss was \$4.2 million, or \$0.50 per share

(\$ in thousands, except per share data)	Three Months Ended March 31,	
	2019	2018
Gross Written Premium	\$24,216	\$23,737
Net Written Premium	20,322	19,845
Net Earned Premium	21,687	23,800
Net Income (Loss)	(680)	213
EPS, Basic and Diluted	\$(0.08)	\$0.02
Adjusted Operating Income (Loss)	(4,247)	1,780
Adjusted Operating Income (Loss) per share	\$(0.50)	\$0.21

FINANCIAL RESULTS: CONSOLIDATED BALANCE SHEET



- Shareholders' equity of \$42.9 million
- \$1.88 not reflected in book value:
 - \$1.48 per share full valuation allowance against deferred tax assets
 - \$0.40 per share deferred gain on ADC, net of tax
- Book value of \$5.14 as of quarter ended March 31, 2019; up from \$4.97 at 2018 year-end

SUMMARY BALANCE SHEET		
	March 31, 2019	December 31, 2018
\$ in thousands		
Cash and Invested Assets	\$ 154,575	\$ 150,894
Reinsurance Recoverables	34,118	34,745
Goodwill and Intangible Assets	985	985
Total Assets	\$ 238,148	\$ 232,752
Unpaid Losses and Loss Adjustment Expenses	93,966	92,807
Unearned Premiums	51,519	52,852
Debt	34,583	33,502
Total Liabilities	\$ 195,233	\$ 190,589
Total Shareholders' Equity	\$ 42,915	\$ 42,163



**Conifer
Holdings
Inc.**

APPENDIX



**Conifer
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SUMMARY FINANCIAL STATEMENTS: INCOME STATEMENT



OPERATING RESULTS	Three Months Ended March 31,	
	2019	2018
\$ in thousands, except per share data		
Gross Written Premiums	24,216	23,737
Ceded Written Premiums	(3,894)	(3,892)
Net Written Premiums	20,322	19,845
Net Earned Premiums	21,687	23,800
Net Investment Income	910	802
Net Realized Investment Gains	19	161
Change in Fair Value of Equity Securities	1,265	(297)
Other Income	422	357
Total Revenue	24,303	24,823
Losses and Loss Adjustment Expenses, Net	14,456	13,328
Policy Acquisition Costs	5,589	6,513
Operating Expenses	4,323	4,187
Interest Expense	710	619
Total Expenses	25,078	24,647
Income (Loss) before Equity Earnings and Income Taxes	(775)	176
Equity Earnings of Affiliates, Net of Tax	106	55
Income Tax (Benefit) Expense	11	18
Net Income (Loss)	(680)	213
Earnings (Loss) per Common Share, Basic and Diluted	(0.08)	0.02
Weighted Average Common Shares Outstanding, Basic and Diluted	8,453,570	8,520,328

ADJUSTED OPERATING EPS



	Three Months Ended	
	March 31,	
	2019	2018
	(dollars in thousands, except share and per share amounts)	
Net income (loss)	\$ (680)	\$ 213
Less:		
Net realized investment gains (losses), net of tax	19	161
Change in fair value of equity securities, net of tax	1,265	(297)
Net decrease (increase) in deferred gain on losses ceded to ADC, net of tax	<u>2,283</u>	<u>(1,431)</u>
Adjusted operating income (loss)	<u>\$ (4,247)</u>	<u>\$ 1,780</u>
Weighted average common shares, diluted	8,453,570	8,520,328
Diluted income (loss) per common share:		
Net income (loss)	\$ (0.08)	\$ 0.02
Less:		
Net realized investment gains (losses), net of tax	-	0.02
Change in fair value of equity securities, net of tax	0.15	(0.04)
Net decrease (increase) in deferred gain on losses ceded to ADC, net of tax	<u>0.27</u>	<u>(0.17)</u>
Adjusted operating income (loss) per share	<u>\$ (0.50)</u>	<u>\$ 0.21</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.