

# 1st Quarter Earnings Conference Call May 4th, 2017



# FORWARD-LOOKING STATEMENT DISCLOSURE

- This webcast contains certain “forward-looking statements” which anticipate results based on our estimates, assumptions and plans that are subject to uncertainty. These statements are made subject to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. All statements in this webcast not dealing with historical results or current facts are forward-looking and are based on estimates, assumptions, and projections. Statements which include the words “assumes,” “believes,” “seeks,” “expects,” “may,” “should,” “intends,” “likely,” “targets,” “plans,” “anticipates,” “estimates” or the negative version of those words and similar statements of a future or forward-looking nature identify forward-looking statements. Examples of such forward-looking statements include statements relating to expectations concerning market conditions, premium growth, earnings, investment performance, expected losses, rate changes and loss experience.
- The primary events or circumstances that could cause actual results to differ materially from those expected by Infinity include determinations with respect to reserve adequacy, realized gains or losses on the investment portfolio (including other-than-temporary impairments for credit losses), loss cost trends, and competitive conditions in our key states. Infinity undertakes no obligation to publicly update or revise any of the forward-looking statements. For a more detailed discussion of some of the foregoing risks and uncertainties which could cause actual results to differ from those contained in the forward-looking statements, see Infinity’s filings with the Securities and Exchange Commission.

# OVERVIEW

	<b>Three Months Ended March 31, 2017</b>
Gross Written Premium Growth	(1.4%)
Statutory Accident Year Combined Ratio <sup>(1)</sup>	98.0%
GAAP Adjustments	0.4%
GAAP Accident Year Combined Ratio <sup>(2)</sup>	98.4%
Impact of Favorable Reserve Development	(1.8%)
GAAP Calendar Year Combined Ratio	96.6%
Net Earnings per Diluted Share	\$0.96
Operating Earnings per Diluted Share	\$0.93
Return on Equity	6.0%
Book Value per Share	\$64.16

(1) Including bad debt

(2) Includes earned premium adjustment of 1.0 point

# UPDATE BY STATE

State / Product	Q1 2017 GWP Growth (Decline)	Filed Rate Increases	Statutory (incl bad debt)		
		YTD 3/2017	2017 Accident YTD Combined	2016 Accident YTD Combined <sup>(1)</sup>	2016 Accident Year Combined <sup>(2)</sup>
California PPA	(6.2%)	(3)	99.7% <sup>(4)</sup>	97.9%	97.3%
Florida PPA	(20.1%)	7.1%	96.9%	99.0%	98.3%
Texas PPA	121.4%	-	94.1%	100.2%	96.1%
Arizona PPA	86.6%	8.0%	92.7%	95.3%	98.0%
Commercial Vehicle	21.4%	0.2%	94.3%	99.3%	96.0%

(1) Developed through 3/31/16

(2) Developed through 3/31/17

(3) Filing for 6.9% rate increase is pending.

(4) Includes earned premium adjustment impact of 2.3 points.

# FINANCIAL SUMMARY

(\$ in millions, except per share amounts)	Three Months Ended March 31,		
	2017	2016	Change
Gross Written Premium <sup>(1)</sup>	\$370.7	\$376.0	(1.4%)
Total Revenues	\$377.8	\$370.2	2.1%
Underwriting Income <sup>(2)</sup>	\$11.7	\$7.8	49.8%
Loss & LAE Ratio	79.3%	78.9%	0.4 pt
Expense Ratio	17.3%	18.8%	(1.5) pts
Calendar Year Combined Ratio	96.6%	97.7%	(1.1) pts
GAAP Accident Year-to-Date Combined Ratio (As Reported)	98.4%	99.4%	(1.0) pt
Net Earnings	\$10.6	\$7.7	38.1%
Operating Earnings <sup>(2)</sup>	\$10.3	\$7.6	35.4%
Net Earnings Per Diluted Share	\$0.96	\$0.69	39.1%
Operating Earnings Per Diluted Share <sup>(2)</sup>	\$0.93	\$0.68	36.8%
Return on Average Equity <sup>(3)</sup>	6.0%	4.5%	1.5 pts
Operating Return on Average Equity (ex FAS 115) <sup>(3)</sup>	5.9%	4.5%	1.4 pts
Book Value per Share (ex FAS 115)	\$62.19	\$61.05	3.0%

(1) Gross Written Premium, a Non-GAAP measure, is defined and reconciled to Earned Premium, the most comparable GAAP measure, in the supplemental package available on Infinity's website.

(2) Underwriting Income and Operating Earnings, both Non-GAAP measures, are defined and reconciled to Net Earnings, the most comparable GAAP measure, in the supplemental package available on Infinity's website.

(3) Annualized.

# FINANCIAL SUMMARY

- Revenues are Up 2.1%
  - Earned Premium Increased 1.5%
- Increase in Operating Earnings
- Decrease in Combined Ratio
  - 2017 Accident Year Combined Ratio of 98.4%
    - 97.4% Excluding Earned Premium Adjustment of \$3.8 million
  - \$6.4 million of Favorable Prior Accident Year Reserve Development in Q1 2017 Compared with \$5.9 million in Q1 2016

# FINANCIAL SUMMARY

- Net Investment Income Increased 7.8% or \$0.6 million
- Investment Portfolio

Total Return (not annualized)	QTD
Book Income	0.56%
Realized and Decrease in Unrealized Gains	0.68%
Total	1.24%

- Average Credit Quality of AA-
- Duration of 3.5 years
- Fixed Income Book Yield at 3/31/17 = 2.5%

# FINANCIAL SUMMARY

- Debt-to-Capital Ratio of 27.9%
- Book Value per Share has Increased 2.5% since 3/31/2016
  - Book Value per Share Excluding Unrealized Gains has Increased 3.0% since 3/31/2016
- Repurchased 8,756 Shares