



Infinity Property & Casualty Corporation

4TH QUARTER EARNINGS CONFERENCE CALL

FEBRUARY 25, 2016



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 Focus 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 OF 2015

	<u>Focus Markets⁽¹⁾</u>	<u>All Other States/Products</u>	<u>Total IPCC</u>
Gross Written Premium Growth - YTD	5.0%	(35.6%)	2.0%
Statutory Accident Year Combined Ratio - YTD ⁽²⁾	97.0%	98.7%	97.1%
GAAP Adjustments			0.7%
GAAP Accident Year Combined Ratio			97.8%
Impact of Favorable Reserve Development			(2.2%)
GAAP Calendar Year Combined Ratio - YTD			95.6%
Return on Equity – YTD			7.4%
Book Value per Share			\$61.66

(1) Includes Personal Auto in the states of CA, FL, TX, AZ and countrywide Commercial Vehicle

(2) Including bad debt



4th QUARTER 2015 HIGHLIGHTS

- Net Earnings Per Diluted Share of \$0.99
- Operating Earnings Per Diluted Share of \$0.88
- 2015 GAAP Accident Year Combined Ratio of 97.8%
- Gross Written Premium Increase of 2.7%



4th QUARTER 2015 UPDATE BY STATE

State / Product	% of Total Q4 2015 GWP	Q4 2015 GWP Growth	2015 GWP Growth	2014 GWP Growth	Statutory (incl bad debt)	
					2015 Accident Year Combined	2014 Accident Year Combined ⁽¹⁾
California PPA	45.8%	6.3%	9.4%	4.1%	95.9%	93.3%
Florida PPA	33.7%	2.3%	(0.8%)	3.3%	98.9%	97.7%
Texas PPA	4.4%	(3.8%)	(13.2%)	17.4%	94.9%	101.5%
Arizona PPA	1.4%	8.2%	(5.4%)	(25.5%)	98.6%	93.1%
Commercial Vehicle	10.1%	16.3%	16.0%	27.4%	96.5%	96.0%
Total Focus Markets	95.4%	5.3%	5.0%	5.5%	97.0%	95.5%
All Other Markets	4.6%	(32.7%)	(35.6%)	(30.6%)	98.7%	95.8%
Total Company	100.0%	2.7%	2.0%	1.6%	97.1%	95.5%
Total Company – GAAP Accident Year Combined Ratio					97.8%	96.4%

(1) 2014 developed through 12/31/14



2016 OUTLOOK

- Gross Written Premium Growth of -2.0% to 2.0%
- Accident Year Combined Ratio of 95.5% to 97.5%

4th QUARTER FINANCIAL SUMMARY

(\$ in millions, except per share amounts)	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2015	2014	Change	2015	2014	Change
Gross Written Premium ⁽¹⁾	\$310.5	\$302.5	2.7%	\$1,387.9	\$1,360.9	2.0%
Total Revenues	\$369.9	\$366.0	1.1%	\$1,484.0	\$1,461.7	1.5%
Underwriting Income ⁽²⁾	\$11.1	\$27.2	(59.1%)	\$59.1	\$65.0	(9.1%)
Loss & LAE Ratio	78.0%	73.0%	5.0 pts	76.9%	75.5%	1.4 pts
Expense Ratio	18.7%	18.8%	(0.1) pt	18.7%	19.6%	(0.9) pt
Calendar Year Combined Ratio	96.7%	91.8%	4.9 pts	95.6%	95.1%	0.5 pt
GAAP Accident Year-to-Date Combined Ratio (As Reported)				97.8%	96.4%	1.4 pts
Net Earnings	\$11.1	\$21.4	(48.0%)	\$51.5	\$57.2	(10.0%)
Operating Earnings ⁽²⁾	\$9.9	\$20.8	(52.5%)	\$49.7	\$54.4	(8.8%)
Net Earnings Per Diluted Share	\$0.99	\$1.85	(46.5%)	\$4.51	\$4.95	(8.9%)
Operating Earnings Per Diluted Share ⁽²⁾	\$0.88	\$1.81	(51.4%)	\$4.35	\$4.71	(7.6%)
Return on Average Equity ⁽³⁾	6.4%	12.4%	(6.0 pts)	7.4%	8.4%	(1.0 pt)
Operating Return on Average Equity (ex FAS 115) ⁽³⁾	5.8%	12.5%	(6.7 pts)	7.3%	8.3%	(1.0 pt)
Book Value Per Share (ex FAS 115)				\$61.01	\$58.72	3.9%

(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.



4th QUARTER FINANCIAL SUMMARY

- Revenues are Up 1.1%
 - Earned Premium Increased 0.9%
 - Decrease in Operating Earnings
 - Lower Underwriting Income
 - 2015 Accident Year Combined Ratio of 97.8%
 - Development of Prior Accident Year Reserves
 - Favorable Q4 2015 = \$5.0 million pre-tax (\$0.29 per share after-tax)
 - Primarily due to decreases in severity related to Florida bodily injury coverages and loss adjustment expenses in California bodily injury coverages
 - Related to accident years 2013 and 2014
 - Favorable Q4 2014 = \$8.8 million pre-tax (\$0.50 per share after-tax)
 - Effective Operating Tax Rate of 30.6% in Q4 2015
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4th QUARTER FINANCIAL SUMMARY

- Net Investment Income Decreased 0.8% or \$0.1 million

- Investment Portfolio

Total Return (not annualized)	QTD	YTD
Book Income	0.57%	2.34%
Realized and Decrease in Unrealized Gains	(0.37%)	(1.39%)
Total	0.20%	0.95%

- Average Credit Quality of AA-
- Fixed Income Book Yield at 12/31/15 = 2.5%



4th QUARTER FINANCIAL SUMMARY

- Debt-to-Capital Ratio of 28.6%
- Book Value per Share has Increased 1.5% since 12/31/2014
 - Book Value per Share Excluding Unrealized Gains has Increased 3.9% since 12/31/2014
- Repurchased 154,271 Shares