



Infinity Property & Casualty Corporation

1ST QUARTER EARNINGS CONFERENCE CALL

MAY 5, 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

	Three Months Ended March 31, 2016
Gross Written Premium Growth	(3.8%)
Statutory Accident Year Combined Ratio ⁽¹⁾	98.4%
GAAP Adjustments	1.0%
GAAP Accident Year Combined Ratio	99.4%
Impact of Favorable Reserve Development	(1.7%)
GAAP Calendar Year Combined Ratio	97.7%
Net Earnings per Diluted Share	\$0.69
Operating Earnings per Diluted Share	\$0.68
Return on Equity	4.5%
Book Value per Share	\$62.60

(1) Including bad debt



UPDATE BY STATE

State / Product	% of Total Q1 2016 GWP	Q1 2016 GWP Growth (Decline)	Statutory (incl bad debt)		
			2016 Accident YTD Combined	2015 Accident Year Combined ⁽¹⁾	2015 Accident Year Combined ⁽²⁾
California PPA	49.2%	(3.9%)	97.9%	93.2%	97.7%
Florida PPA	31.9%	(7.5%)	99.0%	99.2%	98.0%
Texas PPA	4.8%	23.0%	100.2%	95.2%	93.5%
Arizona PPA	1.3%	3.9%	95.3%	92.0%	101.4%
Commercial Vehicle	9.4%	12.7%	99.3%	98.6%	98.1%
Total Focus Markets	96.5%	(2.6%)	98.5%	95.8%	97.7%
All Other Markets	3.5%	(27.7%)	98.2%	96.1%	98.1%
Total Company	100.0%	(3.8%)	98.4%	95.7%	97.7%
Total Company – GAAP Accident Year Combined Ratio			99.4%	97.0%	98.3%

(1) Developed through 3/31/15

(2) Developed through 3/31/16



FINANCIAL SUMMARY

(\$ in millions, except per share amounts)	Three Months Ended March 31,		
	2016	2015	Change
Gross Written Premium ⁽¹⁾	\$376.0	\$390.6	(3.8%)
Total Revenues	\$370.2	\$367.0	0.9%
Underwriting Income ⁽²⁾	\$7.8	\$12.2	(36.0%)
Loss & LAE Ratio	78.9%	77.0%	1.9 pts
Expense Ratio	18.8%	19.4%	(0.6) pt
Calendar Year Combined Ratio	97.7%	96.3%	1.3 pts
GAAP Accident Year-to-Date Combined Ratio (As Reported)	99.4%	97.0%	2.4 pts
Net Earnings	\$7.7	\$11.2	(30.9%)
Operating Earnings ⁽²⁾	\$7.6	\$10.4	(26.7%)
Net Earnings Per Diluted Share	\$0.69	\$0.97	(28.9%)
Operating Earnings Per Diluted Share ⁽²⁾	\$0.68	\$0.90	(24.4%)
Return on Average Equity ⁽³⁾	4.5%	6.4%	(1.9 pts)
Operating Return on Average Equity (ex FAS 115) ⁽³⁾	4.5%	6.1%	(1.6 pts)
Book Value Per Share (ex FAS 115)	\$61.05	\$59.28	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 0.9%
 - Earned Premium Increased 1.2%
 - Decrease in Operating Earnings
 - Lower Underwriting Income
 - 2016 Accident Year Combined Ratio of 99.4%
 - Development of Prior Accident Year Reserves
 - Favorable Q1 2016 = \$5.9 million pre-tax (\$0.34 per share after-tax)
 - Primarily due to decreases in severity estimates and loss adjustment expenses related to Florida and California bodily injury coverages as well as a decrease in severity estimates in Florida personal injury protection
 - Related to accident years 2014 and prior
 - Favorable Q1 2015 = \$2.1 million pre-tax (\$0.12 per share after-tax)
 - Effective Operating Tax Rate of 28.4% in Q1 2016
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FINANCIAL SUMMARY

- Net Investment Income Decreased 7.7% or \$0.7 million

- Investment Portfolio

Total Return (not annualized)	QTD
Book Income	0.53%
Realized and Decrease in Unrealized Gains	1.02%
Total	1.55%

- Average Credit Quality of AA-
- Duration of 3.0 years
- Fixed Income Book Yield at 3/31/16 = 2.5%



FINANCIAL SUMMARY

- Debt-to-Capital Ratio of 28.5%
- Book Value per Share has Increased 1.4% since 3/31/2015
 - Book Value per Share Excluding Unrealized Gains has Increased 3.0% since 3/31/2015
- Repurchased 106,766 Shares