

4th Quarter Earnings Conference Call February 28, 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

	Three Months Ended December 31, 2016	Twelve Months Ended December 31, 2016
Gross Written Premium Growth	6.0%	1.0%
Statutory Accident Year Combined Ratio ⁽¹⁾		97.5%
GAAP Adjustments		0.9%
GAAP Accident Year Combined Ratio		98.4%
Impact of Favorable Reserve Development		(1.7%)
GAAP Calendar Year Combined Ratio	93.1%	96.7%
Net Earnings per Diluted Share	\$1.95	\$3.88
Operating Earnings per Diluted Share	\$1.84	\$3.70
Return on Equity	12.3%	6.2%
Book Value per Share		\$63.31

UPDATE BY STATE

State / Product	Q4 2016 GWP Growth (Decline)	Filed Rate Increases	Statutory (incl bad debt)		
		YTD 12/2016	2016 Accident YTD Combined	2015 Accident YTD Combined ⁽¹⁾	2015 Accident Year Combined ⁽²⁾
California PPA	10.7%	5.3% ⁽³⁾	97.7%	95.9%	97.9%
Florida PPA	(16.4%)	12.8%	98.7%	98.9%	96.1%
Texas PPA ⁽⁴⁾	119.2%	9.2%	95.5%	94.9%	94.4%
Arizona PPA	29.0%	8.3%	96.1%	98.6%	101.5%
Commercial Vehicle	18.7%	12.8%	95.9%	96.5%	102.9%
Total Focus Markets	7.2%	8.7%	97.7%	97.0%	97.6%
All Other Markets	(20.2%)		94.4%	98.7%	95.9%
Total Company	6.0%		97.5%	97.1%	97.5%
Total Company – GAAP Accident Year Combined Ratio			98.4%	97.8%	98.3%

(1) Developed through 12/31/15

(2) Developed through 12/31/16

(3) Filed for additional 6.9% rate increase in May 2016. Expected to be approved in 1H 2017.

(4) Texas 2016 accident year combined ratio excluding catastrophes was 88.9%.

FINANCIAL SUMMARY

(\$ in millions, except per share amounts)	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2016	2015	Change	2016	2015	Change
Gross Written Premium ⁽¹⁾	\$329.1	\$310.5	6.0%	\$1,401.4	\$1,387.9	1.0%
Total Revenues	\$415.3	\$369.9	12.3%	\$1,538.7	\$1,484.0	3.7%
Underwriting Income ⁽²⁾	\$25.7	\$11.1	130.5%	\$46.1	\$59.1	(22.0%)
Loss & LAE Ratio	77.1%	78.0%	(0.9) pt	78.8%	76.9%	1.9 pts
Expense Ratio	16.1%	18.7%	(2.6) pts	17.9%	18.7%	(0.8) pt
Calendar Year Combined Ratio	93.1%	96.7%	(3.6) pts	96.7%	95.6%	1.1 pts
GAAP Accident Year-to-Date Combined Ratio (As Reported)				98.4%	97.8%	0.6 pt
Net Earnings	\$21.6	\$11.1	94.7%	\$43.1	\$51.5	(16.3%)
Operating Earnings ⁽²⁾	\$20.4	\$9.9	105.8%	\$41.0	\$49.7	(17.3%)
Net Earnings Per Diluted Share	\$1.95	\$0.99	97.0%	\$3.88	\$4.51	(14.0%)
Operating Earnings Per Diluted Share ⁽²⁾	\$1.84	\$0.88	109.1%	\$3.70	\$4.35	(14.9%)
Return on Average Equity ⁽³⁾	12.3%	6.4%	5.9 pts	6.2%	7.4%	(1.2 pts)
Operating Return on Average Equity (ex FAS 115) ⁽³⁾	11.9%	5.8%	6.1 pts	6.0%	7.3%	(1.3 pts)
Book Value per Share (ex FAS 115)				\$62.66	\$61.01	2.7%

(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 12.3%
 - Earned Premium Increased 11.1%
- Increase in Operating Earnings
- Decrease in Combined Ratio
 - 2016 Accident Year Combined Ratio of 98.4%
 - \$5.4 million of Favorable Prior Accident Year Reserve Development in Q4 2016 Compared with \$5.0 million in Q4 2015

FINANCIAL SUMMARY

- Net Investment Income Increased 17.2% or \$1.5 million
- Investment Portfolio

Total Return (not annualized)	QTD
Book Income	0.68%
Realized and Decrease in Unrealized Gains	(1.82%)
Total	(1.14%)

- Average Credit Quality of AA-
- Duration of 3.3 years
- Fixed Income Book Yield at 12/31/16 = 2.4%

FINANCIAL SUMMARY

- Debt-to-Capital Ratio of 28.2%
- Book Value per Share has Increased 2.7% since 12/31/2015
 - Book Value per Share Excluding Unrealized Gains has Increased 2.7% since 12/31/2015
- Repurchased 15,163 Shares