

# 3rd Quarter Earnings Conference Call

## November 3, 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

	<b>Three Months Ended September 30, 2016</b>	<b>Nine Months Ended September 30, 2016</b>
Gross Written Premium Growth	7.5%	(0.5%)
Statutory Accident Year Combined Ratio <sup>(1)</sup>		98.9%
GAAP Adjustments		0.9%
GAAP Accident Year Combined Ratio		99.8%
Impact of Favorable Reserve Development		(1.8%)
GAAP Calendar Year Combined Ratio	100.2%	98.0%
Net Earnings per Diluted Share	\$0.25	\$1.93
Operating Earnings per Diluted Share	\$0.17	\$1.86
Return on Equity	1.6%	4.1%
Book Value per Share		\$63.56

# UPDATE BY STATE

State / Product	Q3 2016 GWP Growth (Decline)	Filed Rate Increases		Statutory (incl bad debt)		
		YTD 9/2016	Projected Q4 2016	2016 Accident YTD Combined	2015 Accident YTD Combined <sup>(1)</sup>	2015 Accident Year Combined <sup>(2)</sup>
California PPA	6.9%	5.3%	6.9% <sup>(3)</sup>	99.2%	94.6%	97.9%
Florida PPA	2.8%	12.8%	-	99.2%	99.4%	96.3%
Texas PPA	78.1%	5.6%	3.6%	98.8%	95.1%	94.2%
Arizona PPA	14.2%	8.3%	-	93.3%	97.0%	101.3%
Commercial Vehicle	13.5%	7.1%	5.4%	98.5%	99.5%	101.6%
Total Focus Markets	9.2%	7.9%	0.8%	99.0%	96.7%	97.5%
All Other Markets	(26.6%)			95.2%	99.6%	96.5%
Total Company	7.5%			98.9%	96.8%	97.5%
Total Company – GAAP Accident Year Combined Ratio				99.8%	97.6%	98.4%

(1) Developed through 9/30/15

(2) Developed through 9/30/16

(3) Filed for 6.9% rate increase in May 2016. Expected to be approved in late 2016 / early 2017.

# FINANCIAL SUMMARY

(\$ in millions, except per share amounts)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2016	2015	Change	2016	2015	Change
Gross Written Premium <sup>(1)</sup>	\$359.4	\$334.2	7.5%	\$1,072.3	\$1,077.4	(0.5%)
Total Revenues	\$378.1	\$372.4	1.5%	\$1,123.4	\$1,114.1	0.8%
Underwriting (Loss) Income <sup>(2)</sup>	(\$0.8)	\$19.7	(104.1%)	\$20.4	\$47.9	(57.4%)
Loss & LAE Ratio	82.1%	75.6%	6.5 pts	79.5%	76.6%	2.9 pts
Expense Ratio	18.2%	18.5%	(0.3) pt	18.5%	18.7%	(0.2) pt
Calendar Year Combined Ratio	100.2%	94.2%	6.0 pts	98.0%	95.3%	2.7 pts
GAAP Accident Year-to-Date Combined Ratio (As Reported)				99.8%	97.6%	2.2 pts
Net Earnings	\$2.8	\$15.7	(82.5%)	\$21.5	\$40.4	(46.8%)
Operating Earnings <sup>(2)</sup>	\$1.9	\$16.0	(88.0%)	\$20.7	\$39.8	(48.0%)
Net Earnings Per Diluted Share	\$0.25	\$1.38	(81.9%)	\$1.93	\$3.52	(45.2%)
Operating Earnings Per Diluted Share <sup>(2)</sup>	\$0.17	\$1.41	(87.9%)	\$1.86	\$3.46	(46.2%)
Return on Average Equity <sup>(3)</sup>	1.6%	9.0%	(7.4 pts)	4.1%	7.7%	(3.6 pts)
Operating Return on Average Equity (ex FAS 115) <sup>(3)</sup>	1.1%	9.4%	(8.3 pts)	4.1%	7.8%	(3.7 pts)
Book Value per Share (ex FAS 115)				\$61.16	\$60.63	0.9%

(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.

# FINANCIAL SUMMARY

- Revenues are Up 1.5%
  - Earned Premium Increased 1.1%
- Decrease in Operating Earnings
- Increase in Combined Ratio
  - 2016 Accident Year Combined Ratio of 99.8%
  - \$0.6 million of Favorable Prior Accident Year Reserve Development in Q3 2016 Compared with \$11.3 million in Q3 2015

# FINANCIAL SUMMARY

- Net Investment Income Decreased 18.5% or \$1.8 million
- Investment Portfolio

Total Return (not annualized)	QTD
Book Income	0.53%
Realized and Decrease in Unrealized Gains	0.31%
Total	0.84%

- Average Credit Quality of AA-
- Duration of 2.6 years
- Fixed Income Book Yield at 9/30/16 = 2.4%

# FINANCIAL SUMMARY

- Debt-to-Capital Ratio of 28.1%
- Book Value per Share has Increased 3.0% since 9/30/2015
  - Book Value per Share Excluding Unrealized Gains has Increased 0.9% since 9/30/2015
- Repurchased 7,100 Shares