KEMPER

Infinity Insurance Company
2018 Statement of Actuarial Opinion

IDENTIFICATION

I, Bradley J. Andrekus, Appointed Actuary for Infinity Insurance Company (the Company), am a Fellow of the Casualty Actuarial Society and a Member in good standing of the American Academy of Actuaries, meeting its qualification standards for signing Statements of Actuarial Opinion regarding property and Insurance company statutory Annual Statements. I was appointed by the Board of Directors of the Company on November 1, 2018 to render this Opinion.

SCOPE

I have examined the reserves listed in Exhibit A, as shown in the Annual Statement of the Company as prepared for filing with state regulatory officials, as of December 31, 2018, and reviewed information provided to me through January 25, 2019. The amounts listed in Exhibit A reflect the Loss Reserve Disclosure items (8) through (13) in Exhibit B.

Kemper Corporation acquired Infinity Property and Casualty Corporation on July 2, 2018. Kemper Corporation is the parent company to a family of insurance companies that serve clients throughout the United States. The Company is the lead company in an intercompany pooling arrangement with other affiliates of the former Infinity Property and Casualty Corporation. The following chart summarizes the companies in the pool, their respective pooling percentages, and their state of domicile. Analysis of the reserve items identified in Exhibit A has been performed for all pool companies combined and allocated to the pool companies based on their pooling percentages. Effective December 1, 2018, 100% of Infinity Insurance Company's loss and loss adjustment expense obligations, net of unaffiliated reinsurance, are ceded to an affiliate of Kemper Corporation, Trinity Universal Insurance Company. This cession occurs prior to the retrocession of loss and loss adjustment expense obligations to all the companies within the pooling arrangement. As such, the Company's net unpaid loss and loss adjustment expense obligations are $0.

Company	NAIC Code	Participation Percentage	State of Domicile
Infinity Insurance Company (Lead)	22268	99.1%	IN
Infinity Assurance Insurance Company	39497	0.1%	OH
Infinity Auto Insurance Company	11738	0.1%	OH
Infinity Casualty Insurance Company	21792	0.1%	OH
Infinity Indemnity Insurance Company	10061	0.1%	IN
Infinity Preferred Insurance Company	10195	0.1%	OH
Infinity Safeguard Insurance Company	16802	0.1%	OH
Infinity Security Insurance Company	38873	0.1%	IN
Infinity Select Insurance Company	20260	0.1%	IN
Infinity Standard Insurance Company	12599	0.1%	IN

In forming my opinion on the loss and loss adjustment expense reserves, the data I relied upon for use in my analysis was prepared under the direction of Bobby Stracener, Vice President of Internal Reporting; and the Annual Statement data I relied upon was prepared under the direction of Nathan Smith, Deputy Controller of Kemper Corporation's Property & Casualty operations. I evaluated the data used directly in my analysis for reasonableness and consistency. The data has been reconciled to Schedule P - Part 1 of the Annual Statement for all pooled companies combined as of December 31, 2018. In other respects, I reviewed the actuarial assumptions and methods used and such tests of the calculations as I considered necessary.

OPINION

In my opinion, the amounts shown in Exhibit A for the sum of items (1) & (2) and the sum of items (3) & (4):

(a) Meet the requirements of the insurance laws of the state of Indiana.

(b) Are computed in accordance with generally accepted actuarial standards and principles.

(c) Make a reasonable provision for all unpaid loss and loss adjustment expense obligations of the Company under the terms of its contracts and agreements.

RELEVANT COMMENTS

a. Risk of Material Adverse Deviation

The Company predominantly provides non-standard private passenger insurance and commercial vehicle coverages, for which reserve variability is generally considered to be relatively modest. There are risk factors associated with these coverages that could impact the variability of the Company's reserves. I have identified the following as risk factors:

1. The integration of the legacy Infinity claims organization with Kemper's claims organization and the potential impact on claims handling processes;
2. The non-standard private passenger auto business is heavily concentrated in four states with one of those states being Florida which has historically had increased uncertainty due to judicial rulings that have impacted treatment of Personal Injury Protection claims; and
3. Unanticipated liabilities emanating from extra-contractual obligations.

The absence of other risk factors from this listing does not imply that additional factors will not be identified in the future as having had a significant influence on the Company's reserves.

As explained in the Scope paragraph, the Company's net unpaid loss and loss adjustment expense obligations are $0; therefore, deviation of the net unpaid loss and loss adjustment expense obligations will also be $0. As such, I have considered a material adverse deviation to be one in which the prospective actual direct and assumed paid loss and loss adjustment expense exceeds the direct and assumed carried reserves for loss and loss adjustment expense by an amount greater than the selected materiality standard. Since the Company has $0 of net reserves, the Company maintains a minimal amount of statutory surplus. Consequently, I have evaluated materiality as 10% of the Company's direct and assumed loss and loss adjustment expense reserves and selected a materiality standard in the amount of $73,014,300. At this time, my assessment is that the Company does not have significant risks that could result in material adverse deviation.

b. Other Disclosures in Exhibit B

1. Salvage and Subrogation

   Anticipated net salvage and subrogation included as a reduction to loss reserves, as reported in Exhibit B and Schedule P - Part 1, Column 23, Line 12, is $0.

2. Discount

   The Company does not discount its loss and loss adjustment expense reserves.

3. Voluntary and Involuntary Underwriting Pools and Associations

   The Company participates in a small number of voluntary and involuntary pooling arrangements. Company practice is to record its share of the reported reserves for these pools and associations without any adjustment for reporting lag. Any adjustment to these reserves for reporting lag is considered immaterial. Reserve exposure with respect to pools is considered to be immaterial.

4. Asbestos and Environmental

   The Company does not have material exposure to either asbestos or environmental impairment liability.

c. Reinsurance

1. Retroactive Reinsurance / Financial Reinsurance

   Management has represented to me that the Company does not currently participate in financial reinsurance or retroactive reinsurance.

2. Reinsurance Collectability

   I have reviewed the Company's ceded loss and loss adjustment expense reserve reinsurance balances of as shown in Schedule F - Part 3. 97.6% of the ceded reserve balances are ultimately ceded to an affiliate, Trinity Universal Insurance Company, which is rated A- by A. M. Best. The remainder is ceded to the Michigan Catastrophic Claims Association (MCCA) or to reinsurers which are rated B++ or better by A.M. Best. The MCCA indemnifies auto insurers for Personal Injury Protection losses that exceed thresholds as prescribed by the State of Michigan. The State of Michigan funds the liabilities for these excess losses with premium charges to all automobile insureds in the state. I believe the collectability risk from the MCCA is low.

   Management has represented to me that there are no disputed balances or uncollectible funds. I have treated the reported reinsurance recoverables as collectible for purposes of this Opinion.

d. IRIS Ratios

The loss and loss adjustment expense reserves shown in Exhibit A did not create any exceptional values for NAIC IRIS tests for One-Year Reserve Development to Surplus or Two-Year Reserve Development to Surplus.

The results of the Estimated Current Reserve Deficiency to Surplus test created an exceptional value. The exceptional value was created by the reinsurance agreement effective December 1, 2018 in which 100% of loss and loss adjustment expense obligations, net of unaffiliated reinsurance, are ceded to Trinity Universal Insurance Company. This results in the Company having $0 of net reserves as of December 31, 2018 but still having net earned premium for the first 11 months of the year. Therefore, when applying the historical reserve to premium ratios to the current calendar year of net earned premium this results in an Estimated

Current Reserve Deficiency to Surplus greater than 25%. This is a one-year anomaly as the net earned premium in future calendar years will be $0 should the reinsurance agreement with Trinity Universal Insurance Company remain in place.

e. Methods and Assumptions

The Company has not made material changes in the actuarial assumptions or methods used to establish the recorded reserves from those used in the previous period.

f. Other

In evaluating whether the reserves make a reasonable provision for unpaid losses and loss adjustment expenses, it was necessary to project the Company's future loss and loss adjustment expense payments. My report provides support and details related to these projections. Actual future losses and loss adjustment expenses may vary significantly from these projections. My estimates make no provision for the future emergence of new classes of losses or types of loss not sufficiently represented in the Company's historical database or which are not yet quantifiable, nor do they make provision for the impact of possible changes in legal interpretation or statutory rules applied on a retroactive basis.

DISTRIBUTION AND USE

An actuarial report and underlying workpapers supporting the findings expressed in this Statement of Actuarial Opinion will be retained for a period of seven years in the administrative offices of the Company and available for regulatory examination.

This Statement of Actuarial Opinion is provided for use in regulatory filings with state authorities and may not be used or distributed for any other purpose.

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Bradley J. Andrekus, FCAS, MAAA
Appointed Actuary
Infinity Insurance Company
200 East Randolph St. Suite 3300
Chicago, IL 60601
(312) 661-4795
bandrekus@kemper.com

February 23, 2019

EXHIBIT A: SCOPE

			Amount
	Loss Reserves		
	Net of Reinsurance		
1.	Reserve for Unpaid Losses (Liabilities, Surplus and Other Funds page, Col 1, Line 1)	$	0
2.	Reserve for Unpaid Loss Adjustment Expenses (Liabilities, Surplus and Other Funds page, Col 1, Line 3)	$	0
	Direct and Assumed		
3.	Reserve for Unpaid Losses (Should equal Schedule P, Part 1, Summary, Totals from Cols 13 and 15, Line 12 * 1000)	$	600,702,000
4.	Reserve for Unpaid Loss Adjustment Expenses (Should equal Schedule P, Part 1, Summary, Totals from Cols 17, 19 and 21, Line 12 * 1000)	$	129,441,000
	Other Reserve Items		
5.	The Page 3 write-in item reserve, "Retroactive Reinsurance Reserve Assumed"	$	0
6.	Other Loss Reserve items on which the Appointed Actuary is expressing an Opinion (list separately)	$	0
	Premium Reserves		
7.	Reserve for Direct and Assumed Unearned Premiums for Long Duration Contracts	$	0
8.	Reserve for Net Unearned Premiums for Long Duration Contracts	$	0
9.	Other Premium Reserve items on which the Appointed Actuary is expressing an Opinion (list separately)	$	0

EXHIBIT B: DISCLOSURES

			Column 1	Column 2	Column 3	Column 4
1.	Name of the Appointed Actuary			Andrekus	Bradley	J
2.	The Appointed Actuary's Relationship to the Company. Enter E or C.				E	
3.	The Appointed Actuary has the following designation:				F	
4.	Type of Opinion, as identified in the OPINION paragraph:				R	
5.	Materiality Standard expressed in US dollars (Used to Answer Question #6)	$	73,014,300			
6.	Are there significant risks that could result in Material Adverse Deviation?			Yes [ ] No [X] Not Applicable [ ]		
7.	Statutory Surplus (Liabilities, Col 1, Line 37)	$	209,061,484			
8.	Anticipated net salvage and subrogation included as a reduction to loss reserves as reported in Schedule P (Should equal Schedule P, Part 1, Summary, Col 23, Line 12 * 1000)	$	0			
9.	Discount included as a reduction to loss reserves and loss expense reserves as reported in Schedule P					
	9.1 Nontabular Discount [Notes Line 32B23, (Amounts 1, 2, 3, & 4)], Electronic Filing Cols 7, 8, 9, & 10	$	0			
	9.2 Tabular Discount [Notes Line 32A23, (Amounts 1& 2)], Electronic Filing Cols 7 & 8	$	0			
10.	The net reserves for losses and expenses for the Company's share of voluntary and involuntary underwriting pools' and associations' unpaid losses and expenses that are included in reserves shown on the Liabilities, Surplus and Other Funds page, Losses and Loss Adjustment Expenses lines	$	0			
11.	The net reserves for losses and loss adjustment expenses that the Company carries for the following liabilities included on the Liabilities, Surplus and Other Funds page, Losses and Loss Adjustment Expenses lines. *					
	11.1 Asbestos, as disclosed in the Notes to Financial Statements (Notes, Line 33A03D ending net asbestos reserves for current year), Electronic Filing Col 5	$	0			
	11.2 Environmental, as disclosed in the Notes to Financial Statements (Notes, Line 33D03D ending net environmental reserves for current year), Electronic Filing Col 5	$	0			
12.	The total claims made extended loss and expense reserve (Greater than or equal to Schedule P Interrogatories)					
	12.1 Amount reported as loss reserves	$	0			
	12.2 Amount reported as unearned premium reserves	$	0			
13.	Other items on which the Appointed Actuary is providing Relevant Comment (list separately)	$	0			

* The reserves disclosed in item 11 above should exclude amounts relating to contracts specifically written to cover asbestos and environmental exposures. Contracts specifically written to cover these exposures include Environmental Impairment Liability (post 1986), Asbestos Abatement, Pollution Legal Liability, Contractor's Pollution Liability, Consultant's Environmental Liability and Pollution and Remediation Legal Liability.