UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the Quarterly Period Ended 3/31/2024

OR

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the Transition Period from______ to______

Commission file number 001-18298

Kemper Corporation

(Exact name of registrant as specified in its charter)

DE	**95-4255452**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

200 E. Randolph Street

Suite 3300

Chicago	**IL**	**60601**
(Address of principal executive offices)		**(Zip Code)**

(312) 661-4600

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.10 per share	KMPR	NYSE
5.875% Fixed-Rate Reset Junior Subordinated Debentures due 2062	KMPB	NYSE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, non-accelerated filer, smaller reporting company, or an emerging growth company. See definition of "large accelerated filer," " accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐	Non-accelerated filer	☐
Smaller reporting company	☐	Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No x

64,375,352 shares of common stock, $0.10 par value, were outstanding as of April 29, 2024.

KEMPER CORPORATION

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Caution Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q, including, but not limited to, Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"), Risk Factors and the accompanying unaudited Condensed Consolidated Financial Statements (including the notes thereto) of Kemper Corporation ("Kemper") and its subsidiaries (individually and collectively referred to herein as the "Company"), as well as a variable interest entity ("VIE") in which the Company is considered the primary beneficiary, may contain or incorporate by reference information that includes or is based on forward-looking statements within the meaning of the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995.

Forward-looking statements give expectations or forecasts of future events. The reader can identify these statements by the fact that they do not relate strictly to historical or current facts. They use words such as "believe(s)," "goal(s)," "target(s)," "estimate(s)," "anticipate(s)," "forecast(s)," "project(s)," "plan(s)," "intend(s)," "expect(s)," "might," "may," "could" and other terms of similar meaning. Forward-looking statements, in particular, include statements relating to future actions, prospective services or products, future performance or results of current and anticipated services or products, sales efforts, expenses, the outcome of contingencies such as legal proceedings, trends in operations and financial results.

Any or all forward-looking statements may turn out to be wrong, and, accordingly, Kemper cautions readers not to place undue reliance on such statements. Kemper bases these statements on current expectations and the current economic environment as of the date of this Quarterly Report on Form 10-Q. They involve a number of risks and uncertainties that are difficult to predict. These statements are not guarantees of future performance, and actual results could differ materially from those expressed or implied in the forward-looking statements. Forward-looking statements can be affected by inaccurate assumptions or by known or unknown risks and uncertainties that may be important in determining the Company's actual future results and financial condition.

In addition to the factors discussed under Item 1A., "Risk Factors," of Part I of Kemper's Annual Report on Form 10-K, filed with the U.S. Securities and Exchange Commission (the "SEC"), for the year ended December 31, 2023 (the "2023 Annual Report"), the reader should consider the following list of factors that, among others, could cause the Company's actual results and financial condition to differ materially from estimated results and financial condition.

Factors related to the legal and regulatory environment in which Kemper and its subsidiaries operate

- Evolving policies, practices and interpretations by regulators and courts that increase operating costs and potential liabilities, particularly any that involve retroactive application of new requirements;
- Adverse outcomes in litigation or other legal or regulatory proceedings involving Kemper or its subsidiaries or affiliates, including proceedings related to its business practices or business practices in the insurance industry;
- Governmental actions, including, but not limited to, implementation of new laws and regulations, and court decisions interpreting existing and future laws and regulations or policy provisions;
- Uncertainties related to regulatory approval of insurance rates, policy forms, insurance products, license applications, business withdrawals, dividends from insurance subsidiaries, acquisitions of businesses or strategic initiatives and other matters within the purview of insurance regulators;
- Increased costs and initiatives required to address new legal and regulatory requirements; liabilities, costs and other impacts arising from developments related to cybersecurity, privacy and data governance, including, without limitation, cyber incidents that have occurred or could occur;

Factors relating to insurance claims and related reserves in the Company's insurance businesses

- The incidence, frequency and severity of catastrophes occurring in any particular reporting period or geographic area, including natural disasters, pandemics and terrorist attacks or other man-made events;
- The frequency and severity of insurance claims (including those associated with catastrophe losses and pandemics);
- The interest rate environment, including proposed rate changes by the U.S. Federal Reserve, which may cause material fluctuations in our life policyholder benefit reserves;
- Changes in facts and circumstances affecting assumptions used in determining loss and loss adjustment expenses ("LAE") reserves, including, but not limited to, the frequency and severity of insurance claims, changes in claims handling procedures and closure patterns, development patterns and the impacts of technological and other environmental conditions;
- The impact of inflation on insurance claims, including, but not limited to, the effects on material costs, personal injury claims of increasing medical costs and the severity of claims resulting from a catastrophe;

- The effects on property claims attributed to supply chain disruption and scarcity of resources available to rebuild damaged structures, including labor and materials and the amount of salvage value recovered for damaged property;
- The rising costs of insurance claims from increased and more targeted litigation, higher jury awards, broader definitions of liability, and other effects of legal system abuse and societal trends referred to as social inflation or legal system abuse;
- Developments related to insurance policy claims and coverage issues, including, but not limited to, interpretations, pronouncements or decisions by courts or regulators that may govern or influence losses incurred in connection with hurricanes and other catastrophes;
- Orders, interpretations or other actions by regulators that impact the reporting, adjustment and payment of claims;
- Changes in the pricing or availability of reinsurance, or in the financial condition of reinsurers and amounts recoverable therefrom;

Factors related to the Company’s ability to compete

- Changes in the ratings of Kemper and/or its insurance company subsidiaries by rating agencies with regard to credit, financial strength, claims paying ability and other areas on which the Company is rated;
- The level of success and costs incurred in realizing or maintaining economies of scale, integrating acquired businesses and implementing significant business initiatives and the timing of the occurrence or completion of such events, including, but not limited to, those related to expense and claims savings, the establishment and operation of Kemper Reciprocal, consolidations, reorganizations and technology;
- Absolute and relative performance of the Company’s products and services, including, but not limited to, the level of success achieved in designing and introducing new insurance products and services;
- Difficulties with technology, data and network security (including as a result of cyber attacks that have occurred or could occur), outsourcing relationships or cloud-based technology that could negatively impact the Company’s ability to conduct business, a heightened risk when substantial numbers of employees utilize work from home arrangements;
- The ability of the Company and its third-party service providers to maintain the availability and required performance of critical systems and manage technology initiatives cost-effectively to address insurance industry developments and regulatory requirements;
- Heightened competition, including, with respect to pricing, consolidations of existing competitors or entry of new competitors and alternate distribution channels, introduction of new technologies, use and enhancements of telematics, refinements of existing products and development of new products by current or future competitors;
- Expected benefits and synergies from mergers, acquisitions, divestitures and/or strategic initiatives that may not be realized to the extent anticipated, within expected time frames or at all, due to a number of factors including, but not limited to, the loss of key agents/brokers, customers or employees, increased costs, fees, expenses and related charges and delays caused by unanticipated developments or factors outside of the Company’s control;
- The successful formulation and execution of the Company’s plan with regard to corporate strategy and significant operational changes;
- Increase in competition as a result of new competitors to the property and casualty insurance industry or existence of competitors that receive substantial infusion of capital or access to third-party capital;

Factors related to the business environment in which Kemper and its subsidiaries operate

- Changes in general economic conditions, including those related to, without limitation, performance of financial markets, interest rates, inflation, unemployment rates, significant global catastrophes and/or pandemics, and fluctuating values of particular investments held by the Company;
- Absolute and relative performance of investments held by the Company;
- Changes in insurance industry trends and significant industry developments;
- Changes in consumer trends, including changes in number of miles driven by automobile insurance policyholders, and significant consumer or product developments;
- Changes in capital requirements, including the calculations thereof, used by regulators and rating agencies;
- Regulatory, accounting or tax changes that may affect the Company’s earnings, the cost of, or demand for, the Company’s products or services or after-tax returns from the Company’s investments;
- The impact of required participation in state windpools and joint underwriting associations, residual market assessments and assessments for insurance industry insolvencies;

- Changes in distribution channels, methods or costs resulting from changes in laws or regulations, legal proceedings or market forces;
- Increasing competition and higher costs for executive talent and employees with necessary skills and industry experience;
- Increased costs and risks related to cybersecurity that could materially affect the Company's operations including, but not limited to, data breaches, cyber attacks, virus or malware attacks, or other infiltrations or incidents affecting system integrity, availability and performance, and actions taken to minimize and remediate the risks of such events that have occurred or could occur;

Other risks and uncertainties described from time to time in Kemper's filings with the U.S. Securities and Exchange Commission ("SEC")

Kemper cannot provide any assurances that the results and outcomes contemplated in any forward-looking statements will be achieved or will be achieved in any particular timetable or that future events or developments will not cause such statements to be inaccurate. Kemper assumes no obligation to correct or update any forward-looking statements publicly for any changes in events or developments or in the Company's expectations or results subsequent to the date of this Quarterly Report on Form 10-Q. Kemper advises the reader, however, to consult any further disclosures Kemper makes on related subjects in its filings with the SEC.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

KEMPER CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)
(Dollars in millions, except per share amounts)
(Unaudited)

	Three Months Ended	
	Mar 31, 2024	Mar 31, 2023
Revenues:		
Earned Premiums (Changes in Deferred Profit Liability for the Three Months Ended: 2024 - $ 19.7; 2023 - $19.2)	$ 1,031.9	$ 1,180.9
Net Investment Income	100.4	101.8
Change in Value of Alternative Energy Partnership Investments	0.4	0.7
Other Income	1.8	1.2
Change in Fair Value of Equity and Convertible Securities	3.4	1.7
Net Realized Investment Gains	6.6	6.4
Impairment Losses	(1.5)	2.1
Total Revenues	1,143.0	1,294.8
Expenses:		
Policyholders' Benefits and Incurred Losses and Loss Adjustment Expenses (Changes in Liability for Future Policyholder Benefits for the Three Months Ended: 2024 - $6.0 ; 2023 - $1.9)	756.0	1,052.0
Insurance Expenses	240.7	269.3
Interest and Other Expenses	59.7	77.4
Total Expenses	1,056.4	1,398.7
Income (Loss) before Income Taxes	86.6	(103.9)
Income Tax (Expense) Benefit	(16.4)	23.8
Net Income (Loss)	70.2	(80.1)
Less: Net (Loss) Income attributable to Noncontrolling Interest	(1.1)	—
Net Income (Loss) attributable to Kemper Corporation	$ 71.3	$ (80.1)
Net Income (Loss) attributable to Kemper Corporation per Unrestricted Share:		
Basic	$ 1.11	$ (1.25)
Diluted	$ 1.10	$ (1.25)

The Notes to the Condensed Consolidated Financial Statements are an integral part of these financial statements.

KEMPER CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Dollars in millions)
(Unaudited)

	Three Months Ended	
	Mar 31, 2024	Mar 31, 2023
Net Income (Loss)	$ 70.2	$ (80.1)
Other Comprehensive Income Before Income Taxes		
Changes in Net Unrealized Holding (Losses) Gains on Investment Securities with:		
No Credit Losses Recognized in Condensed Consolidated Statements of Income (Loss)	(109.0)	187.2
Credit Losses Recognized in Condensed Consolidated Statements of Income (Loss)	1.3	—
Change in Net Unrecognized Postretirement Benefit Costs	(0.9)	(0.5)
Change in Discount Rate on Future Life Policyholder Benefits	141.1	(109.8)
Other Comprehensive Income Before Income Taxes	32.5	76.9
Other Comprehensive Income Tax Expense	(6.7)	(16.7)
Other Comprehensive Income, Net of Taxes	25.8	60.2
Total Comprehensive Income (Loss)	96.0	(19.9)
Less: Total Comprehensive Loss attributable to Noncontrolling Interest	(1.1)	—
Comprehensive Income (Loss) attributable to Kemper Corporation	$ 97.1	$ (19.9)

The Notes to the Condensed Consolidated Financial Statements are an integral part of these financial statements.

KEMPER CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in millions, except per share amounts)
(Unaudited)

	Mar 31, 2024	Dec 31, 2023
Assets:		
Investments:		
Fixed Maturities at Fair Value (Amortized Cost: 2024 - $ 7,562.1; 2023 - $7,565.8 Allowance for Credit Losses: 2024 - $ 7.7; 2023 - $8.2)	$ 6,771.6	$ 6,881.9
Equity Securities at Fair Value (Cost: 2024 - $ 210.2; 2023 - $209.3)	230.1	225.8
Equity Method Limited Liability Investments	215.2	221.7
Alternative Energy Partnership Investments	17.2	17.3
Short-term Investments at Cost which Approximates Fair Value	520.7	520.9
Company-Owned Life Insurance	515.7	513.5
Loans to Policyholders	280.5	281.2
Other Investments	213.6	241.9
Total Investments	8,764.6	8,904.2
Cash	125.9	64.1
Receivables from Policyholders (Allowance for Credit Losses: 2024 - $ 6.4; 2023 - $13.9)	953.1	959.5
Other Receivables	195.4	200.5
Deferred Policy Acquisition Costs	595.3	591.6
Goodwill	1,250.7	1,250.7
Current Income Tax Assets	52.6	64.5
Deferred Income Tax Assets	199.1	210.4
Other Assets	479.1	492.6
Assets of Consolidated Variable Interest Entity		
Fixed Maturities at Fair Value (Amortized Cost: 2024 - $1.7; 2023 - $1.7 Allowance for Credit Losses: 2024 - $ —; 2023 - $—)	1.7	1.7
Cash	0.8	—
Short-term Investments at Cost which Approximates Fair Value	4.0	2.0
Receivables from Policyholders (Allowance for Credit Losses: 2024 - $ —; 2023 - $—)	2.7	0.7
Deferred Policy Acquisition Costs	0.6	0.1
Other Assets	0.3	0.1
Total Assets	$ 12,625.9	$ 12,742.7

The Notes to the Condensed Consolidated Financial Statements are an integral part of these financial statements.

KEMPER CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (Continued)
(Dollars in millions, except per share amounts)
(Unaudited)

	Mar 31, 2024	Dec 31, 2023
Liabilities and Shareholders’ Equity:		
Insurance Reserves:		
Life and Health	$ 3,294.3	$ 3,422.4
Property and Casualty	2,597.2	2,680.5
Total Insurance Reserves	5,891.5	6,102.9
Unearned Premiums	1,274.1	1,300.8
Policyholder Obligations	660.9	655.7
Deferred Income Tax Liabilities	61.7	50.6
Accrued Expenses and Other Liabilities	754.8	737.7
Long-term Debt, Current, at Amortized Cost (Fair Value: 2024 - $ 443.4; 2023 - $—)	449.7	—
Long-term Debt, Non-Current, at Amortized Cost (Fair Value: 2024 - $ 803.4; 2023 - $1,213.4)	940.1	1,389.2
Liabilities of Consolidated Variable Interest Entity		
Insurance Reserves	0.7	—
Unearned Premiums	3.1	0.5
Accrued Expenses and Other Liabilities	0.6	0.3
Total Liabilities	10,037.2	10,237.7
Kemper Corporation Shareholders’ Equity:		
Common Stock, $0.10 Par Value, 100,000,000 Shares Authorized; 64,357,521 Shares Issued and Outstanding at March 31, 2024 and 64,111,555 Shares Issued and Outstanding at December 31, 2023	6.4	6.4
Paid-in Capital	1,852.3	1,845.3
Retained Earnings	1,066.1	1,014.3
Accumulated Other Comprehensive Loss	(335.0)	(360.8)
Total Kemper Corporation Shareholders’ Equity	2,589.8	2,505.2
Noncontrolling Interest	(1.1)	(0.2)
Total Shareholders’ Equity	2,588.7	2,505.0
Total Liabilities and Shareholders’ Equity	$ 12,625.9	$ 12,742.7

The Notes to the Condensed Consolidated Financial Statements are an integral part of these financial statements.

KEMPER CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in millions)
(Unaudited)

	Three Months Ended	
	Mar 31, 2024	Mar 31, 2023
Cash Flows from Operating Activities:		
Net Income (Loss)	$ 70.2	$ (80.1)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities		
Net Realized Investment Gains	(6.6)	(6.4)
Impairment Losses	1.5	(2.1)
Depreciation and Amortization of Property, Equipment and Software	11.4	11.9
Amortization of Intangibles Assets Acquired	3.2	4.3
Change in Accumulated Undistributed Earnings of Equity Method Limited Liability Investments	6.0	0.8
Income from Change in Value of Alternative Energy Partnership Investments	(0.4)	(0.7)
Income from Change in Value of Equity and Convertible Securities	(3.4)	(1.7)
Changes in:		
Receivables from Policyholders	4.4	(57.4)
Reinsurance Recoverables	1.8	4.1
Deferred Policy Acquisition Costs	(4.2)	(15.9)
Insurance Reserves	(69.0)	(21.8)
Unearned Premiums	(24.1)	73.6
Income Taxes	26.9	106.2
Other Assets and Liabilities	25.3	(9.6)
Net Cash Provided by Operating Activities	43.0	5.2
Cash Flows from Investing Activities:		
Proceeds from the Sales, Calls and Maturities of Fixed Maturities	323.2	154.0
Proceeds from the Sales or Paydowns of Investments:		
Equity Securities	13.4	19.5
Mortgage Loans	34.1	18.6
Other Investments	3.5	2.6
Purchases of Investments:		
Fixed Maturities	(286.9)	(293.3)
Equity Securities	(3.1)	(13.2)
Real Estate Investments	(0.2)	(0.2)
Mortgage Loans	(27.4)	(13.3)
Other Investments	(9.6)	(4.7)
Net Sales of Short-term Investments	2.4	0.7
Acquisition of Software and Long-lived Assets	(15.3)	(10.0)
Settlement Proceeds from Company-Owned Life Insurance	4.9	—
Other	0.3	1.1
Net Cash Provided by (Used in) Investing Activities	39.3	(138.2)

The Notes to the Condensed Consolidated Financial Statements are an integral part of these financial statements.

KEMPER CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(Dollars in millions)
(Unaudited)

	Three Months Ended	
	Mar 31, 2024	Mar 31, 2023
Net Cash Provided by (Used in) Investing Activities (Carryforward from page 8)	39.3	(138.2)
Cash Flows from Financing Activities:		
Proceeds from Policyholder Contract Obligations	25.5	89.3
Repayment of Policyholder Contract Obligations	(20.6)	(90.0)
Proceeds from Shares Issued under Employee Stock Purchase Plan	0.9	1.0
Dividends Paid	(19.5)	(19.4)
Other	(6.0)	0.3
Net Cash Used in Financing Activities	(19.7)	(18.8)
Net increase (decrease) in cash[1]	62.6	(151.8)
Cash, Beginning of Year[1]	64.1	212.4
Cash, End of Period[1]	$ 126.7	$ 60.6

[1]Includes amounts attributable to Kemper Reciprocal reported as non-controlling interest.

The Notes to the Condensed Consolidated Financial Statements are an integral part of these financial statements.

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION
(Dollars in millions)
(Unaudited)

	Three Months Ended	
	Mar 31, 2024	Mar 31, 2023
Cash (paid) received during the year for:		
Interest	$ (20.0)	$ (24.8)
Taxes	10.4	124.7
Operating Leases	(5.7)	(6.1)
Non-Cash Activities:		
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	$ 0.9	$ 1.4

KEMPER CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In millions, except per share amounts)
(Unaudited)

	Three Months Ended March 31, 2024						
	Number of Shares	Common Stock	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total Shareholders' Equity
Balance, December 31, 2023	64.1	$ 6.4	$ 1,845.3	$ 1,014.3	$ (360.8)	$ (0.2)	$ 2,505.0
Net Income	—	—	—	71.3	—	(1.1)	70.2
Other Comprehensive Income, Net of Taxes (Note 12)	—	—	—	—	25.8	—	25.8
Cash Dividends and Dividend Equivalents to Shareholders ($0.31 per share)	—	—	—	(19.5)	—	—	(19.5)
Shares Issued Under Employee Stock Purchase Plan (Note 13)	—	—	0.9	—	—	—	0.9
Equity-based Compensation Cost	—	—	12.2	—	—	—	12.2
Equity-based Awards, Net of Shares Exchanged	0.3	—	(6.1)	—	—	—	(6.1)
Other Changes in Non-Controlling Interest	—	—	—	—	—	0.2	0.2
Balance, March 31, 2024	64.4	$ 6.4	$ 1,852.3	$ 1,066.1	$ (335.0)	$ (1.1)	$ 2,588.7

	Three Months Ended March 31, 2023						
	Number of Shares	Common Stock	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total Shareholders' Equity
Balance, December 31, 2022	63.9	$ 6.4	$ 1,812.7	$ 1,366.4	$ (514.9)	$ —	$ 2,670.6
Net Loss	—	—	—	(80.1)	—	—	(80.1)
Other Comprehensive Income, Net of Taxes (Note 12)	—	—	—	—	60.2	—	60.2
Cash Dividends and Dividend Equivalents to Shareholders ($0.31 per share)	—	—	—	(19.4)	—	—	(19.4)
Shares Issued Under Employee Stock Purchase Plan (Note 13)	—	—	1.0	—	—	—	1.0
Equity-based Compensation Cost	—	—	15.6	—	—	—	15.6
Equity-based Awards, Net of Shares Exchanged	0.1	—	(0.4)	(0.6)	—	—	(1.0)
Balance, March 31, 2023	64.0	$ 6.4	$ 1,828.9	$ 1,266.3	$ (454.7)	$ —	$ 2,646.9

The Notes to the Condensed Consolidated Financial Statements are an integral part of these financial statements.

Note 1 - Basis of Presentation and Accounting Policies

The unaudited Condensed Consolidated Financial Statements include the accounts of Kemper Corporation ("Kemper") and its subsidiaries which include property and casualty insurance subsidiaries, life insurance subsidiaries (collectively referred to herein as the "Company"), and a variable interest entity ("VIE") in which the Company is considered the primary beneficiary.

The unaudited Condensed Consolidated Financial Statements included herein have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") on a basis consistent with reporting interim financial information pursuant to the rules and regulations for Form 10-Q and Article 10 of Regulation S-X of the Securities and Exchange Commission ("SEC") and include the accounts of Kemper Corporation and its subsidiaries, and a VIE in which the Company is considered the primary beneficiary. All intercompany accounts and transactions have been eliminated.

Certain financial information that is included in the annual financial statements, including certain financial statement footnote disclosures, prepared in accordance with GAAP is not required by the rules and regulations of the SEC for interim financial reporting and has been condensed or omitted. In the opinion of the Company's management, the Condensed Consolidated Financial Statements include all adjustments necessary to fairly present the financial position, results of operations and cash flows for the periods presented. The preparation of financial statements requires significant management estimates. Due to this factor and other factors, such as the seasonal nature of some portions of the insurance business, annualizing the results of operations for the three months ended March 31, 2024 would not necessarily be indicative of the results expected for the full fiscal year. The accompanying Condensed Consolidated Financial Statements should be read in conjunction with the Company's Consolidated Financial Statements and related notes included in Kemper's Annual Report for the year ended December 31, 2023.

Adoption of New Accounting Guidance

The Company has adopted all recently issued accounting pronouncements with effective dates prior to March 31, 2024.

<u>*Guidance Adopted in 2024*</u>

In March 2023, the FASB issued ASU 2023-02 *Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method*, which expands the use of the proportional amortization method of accounting to equity investments in other tax credit structures that meet certain criteria. The proportional amortization method results in the tax credit investment being amortized in proportion to the allocation of tax credits and other tax benefits in each period, and a net presentation within the income tax line item. ASU 2023-02 is effective for annual periods beginning after December 15, 2023 and interim periods within those annual periods. The Company adopted the new standard on January 1, 2024. The adoption did not have a material impact on the Company's Condensed Consolidated Financial Statements.

<u>*Guidance Not Yet Adopted*</u>

In October 2023, the FASB issued ASU 2023-06 *Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative.* This ASU amends the disclosure or presentation requirements related to various subtopics in the FASB Accounting Standards Codification. For SEC registrants, the effective date for each amendment will be the date on which the SEC's removal of that related disclosure requirement from Regulation S-X or Regulation S-K becomes effective, with early adoption prohibited. The Company will monitor the removal of various requirements from the current regulations in order to determine when to adopt the related amendments, but does not anticipate the adoption of the new guidance will have a material impact on the Company's Condensed Consolidated Financial Statements. The Company will continue to evaluate the impact of this guidance on its consolidated financial statements.

In November 2023, the FASB issued ASU 2023-07 *Improvements to Reportable Segment Disclosures*, which enhances disclosures about significant segment expenses. The new standard does not change the definition or aggregation of operating segments but will add required disclosures of significant expenses for each reportable segment as well as certain other disclosures to help financial statement users understand how the chief operating decision maker evaluates segment expenses and operating results. ASU 2023-07 is effective for annual periods beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

Note 1 - Basis of Presentation and Accounting Policies (Continued)

In December 2023, the FASB issued ASU 2023-09 *Improvements to Income Tax Disclosures*, which improves the transparency of income tax disclosures by requiring companies to use consistent categories and greater disaggregation of information in the tax rate reconciliation as well as requiring disaggregation of income taxes paid by jurisdiction. ASU 2023-09 is effective for annual periods beginning after December 15, 2024, with early adoption permitted for annual financial statements that have not yet been issued or made available for issuance. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

In March 2024, the SEC adopted a final rule requiring registrants to disclose certain climate-related information in their registration statements and annual reports. The rule requires the disclosure of qualitative and quantitative information, with certain information, such as financial statement effects of severe weather events, included in the notes to the audited financial statements. Other disclosure requirements include material climate-related risks, processes to manage and govern those risks, disclosure of targets if the targets materially affect or are reasonably likely to materially affect the Company, and, if material, disclosure of certain greenhouse gas emissions. On April 4, 2024, the SEC issued a voluntary stay of the final rule, pending the outcome of pending litigation. The requirements will be applied prospectively and have phased-in effective dates. For the Company, the Form 10-K for the year ended December 31, 2025, will be the first annual report with new climate-related disclosures. The Company is currently evaluating the impact of adopting the final rule.

Note 2 - Net Income (Loss) Per Unrestricted Share

A reconciliation of the numerator and denominator used in the calculation of Basic Net Income (Loss) Per Unrestricted Share and Diluted Net Income (Loss) Per Unrestricted Share for the three months ended March 31, 2024 and 2023 is presented below.

	Three Months Ended	
(Dollars in Millions, except per share amounts)	**Mar 31, 2024**	**Mar 31, 2023**
Net Income (Loss) attributable to Kemper Corporation	$ 71.3	$ (80.1)
Shares in Thousands		
Weighted-average Unrestricted Shares Outstanding	64,254.5	63,946.6
Equity-based Compensation Equivalent Shares	518.3	—
Weighted-average Unrestricted Shares and Equivalent Shares Outstanding Assuming Dilution	64,772.8	63,946.6
Net Income (Loss) attributable to Kemper Corporation per Unrestricted Share:		
(Per Unrestricted Share in Whole Dollars)		
Basic Net Income (Loss) Per Unrestricted Share	$ 1.11	$ (1.25)
Diluted Net Income (Loss) Per Unrestricted Share	$ 1.10	$ (1.25)

The number of shares of Kemper common stock that were excluded from the calculations of Equity-based Compensation Equivalent Shares and Weighted-average Unrestricted Shares and Equivalent Shares Outstanding Assuming Dilution because the effect of inclusion would be anti-dilutive was 1.7 million and 2.5 million for the three months ended March 31, 2024 and 2023, respectively.

Note 3 - Business Segments

The Company is engaged, through its subsidiaries, in the property and casualty insurance and life and health insurance businesses. The Company conducts its operations through two operating segments: Specialty Property & Casualty Insurance, and Life Insurance.

The Specialty Property & Casualty Insurance segment’s principal products are specialty automobile and commercial automobile insurance. These products are distributed primarily through independent agents and brokers. The Life Insurance segment’s principal products are individual life, accident, supplemental health and property insurance. Career agents employed by the Company distribute these products. Corporate and Other operations include interest expense, board of directors fees, and

Note 3 - Business Segments (Continued)

general corporate expenses incurred by the Company which are not allocated to other businesses. Non-Core Operations includes the results of our Preferred Insurance business which we expect to fully exit.

Segment Adjusted Operating Income (Loss)

The Company analyzes the operating performance of each segment using segment adjusted operating income (loss). Segment adjusted operating income (loss) does not equate to "income (loss) before income taxes" or "net income (loss)" as determined in accordance with U.S. GAAP but is the measure of segment profit or loss used by the Company's Chief Operating Decision Maker ("CODM") to evaluate segment performance and allocate resources, and consistent with authoritative guidance, is the measure of segment performance presented below. Segment adjusted operating income (loss) is calculated by adjusting each segment's income (loss) before income taxes for the following items:

(i) Change in Fair Value of Equity and Convertible Securities ;
(ii) Net Realized Investment Gains;
(iii) Impairment Losses;
(iv) Acquisition and Disposition Related Transaction, Integration, Restructuring and Other Costs;
(v) Debt Extinguishment, Pension Settlement and Other Charges;
(vi) Goodwill Impairment Charge;
(vii) Non-Core Operations; and
(viii) Significant non-recurring or infrequent items that may not be indicative of ongoing operations

These items are important to an understanding of overall results of operations. Segment adjusted operating income (loss) is not a substitute for income determined in accordance with U.S. GAAP, and the Company's definition of segment adjusted operating income (loss) may differ from that used by other companies. The Company, however, believes that the presentation of segment adjusted consolidated operating income (loss) as measured for management purposes enhances the understanding of results of operations by highlighting the results from ongoing operations and the underlying profitability factors of its businesses.

Earned Premiums by product line, including a reconciliation to Total Earned Premiums, for the three months ended March 31, 2024 and 2023 were:

	Three Months Ended	
(Dollars in Millions)	**Mar 31, 2024**	**Mar 31, 2023**
Specialty Property & Casualty Insurance:		
Personal Automobile	$ 675.3	$ 787.9
Commercial Automobile	164.7	156.3
Life Insurance:		
Life	80.6	82.2
Accident and Health	5.6	5.9
Property	11.1	11.2
Total Segment Earned Premiums	937.3	1,043.5
Non-Core Operations	94.6	137.4
Total Earned Premiums	$ 1,031.9	$ 1,180.9

Note 3 - Business Segments (Continued)

Segment Revenues, including a reconciliation to Total Revenues, for the three months ended March 31, 2024 and 2023 were:

(Dollars in Millions)	Three Months Ended Mar 31, 2024	Three Months Ended Mar 31, 2023
Segment Revenues:		
Specialty Property & Casualty Insurance:		
Earned Premiums	$ 840.0	$ 944.2
Net Investment Income	41.1	38.5
Change in Value of Alternative Energy Partnership Investments	0.3	0.4
Other Income	1.1	0.9
Total Specialty Property & Casualty Insurance	882.5	984.0
Life Insurance:		
Earned Premiums	97.3	99.3
Net Investment Income	44.3	49.8
Change in Value of Alternative Energy Partnership Investments	0.1	0.2
Other Income (Loss)	0.2	(0.4)
Total Life Insurance	141.9	148.9
Total Segment Revenues	1,024.4	1,132.9
Change in Fair Value of Equity and Convertible Securities	3.4	1.7
Net Realized Investment Gains	6.6	6.4
Net Impairment Losses Recognized in Earnings	(1.5)	2.1
Non-Core Operations	106.2	148.0
Other	3.9	3.7
Total Revenues	$ 1,143.0	$ 1,294.8

Note 3 - Business Segments (Continued)

Adjusted Consolidated Operating Income (Loss), including a reconciliation to Income (Loss) before Income Taxes attributable to Kemper Corporation, for the three months ended March 31, 2024 and 2023 was:

(Dollars in Millions)	Three Months Ended Mar 31, 2024	Three Months Ended Mar 31, 2023
Segment Adjusted Operating Income (Loss):		
Specialty Property & Casualty Insurance	$ 86.5	$ (74.7)
Life Insurance	14.0	14.8
Total Segment Adjusted Operating Income (Loss)	100.5	(59.9)
Corporate and Other Adjusted Operating Loss	(15.6)	(12.9)
Less: (Loss) Income before Income Taxes attributable to Noncontrolling Interest	(1.4)	—
Adjusted Consolidated Operating Income (Loss)	86.3	(72.8)
Income (Loss) From:		
Change in Fair Value of Equity and Convertible Securities	3.4	1.7
Net Realized Investment Gains	6.6	6.4
Impairment Losses	(1.5)	2.1
Acquisition and Disposition Related Transaction, Integration, Restructuring and Other Costs	(12.8)	(29.1)
Non-Core Operations	6.0	(12.2)
Income (Loss) before Income Taxes attributable to Kemper Corporation	$ 88.0	$ (103.9)

Adjusted Consolidated Net Operating Income (Loss), including a reconciliation to Net Income (Loss) attributable to Kemper Corporation, for the three months ended March 31, 2024 and 2023 was:

(Dollars in Millions and Net of Income Taxes)	Three Months Ended Mar 31, 2024	Three Months Ended Mar 31, 2023
Segment Adjusted Net Operating Income (Loss):		
Specialty Property & Casualty Insurance	$ 69.2	$ (58.4)
Life Insurance	11.9	13.2
Total Segment Adjusted Net Operating Income (Loss)	81.1	(45.2)
Corporate and Other Adjusted Net Operating Loss	(12.5)	(10.5)
Less: Net (Loss) Income attributable to Noncontrolling Interest	(1.1)	—
Adjusted Consolidated Net Operating Income (Loss)	69.7	(55.7)
Net Income (Loss) From:		
Change in Fair Value of Equity and Convertible Securities	2.7	1.3
Net Realized Investment Gains	5.2	5.1
Impairment Losses	(1.2)	1.7
Acquisition and Disposition Related Transaction, Integration, Restructuring and Other Costs	(10.1)	(23.0)
Non-Core Operations	5.0	(9.5)
Net Income (Loss) attributable to Kemper Corporation	$ 71.3	$ (80.1)

Note 4 - Property and Casualty Insurance Reserves

Property and Casualty Insurance Reserve activity for the three months ended March 31, 2024 and 2023 was:

	Three Months Ended	
(Dollars in Millions)	**Mar 31, 2024**	**Mar 31, 2023**
Property and Casualty Insurance Reserves:		
Gross of Reinsurance at Beginning of Year	$ 2,680.5	$ 2,756.9
Less Reinsurance Recoverables at Beginning of Year	27.8	39.6
Property and Casualty Insurance Reserves, Net of Reinsurance at Beginning of Year	2,652.7	2,717.3
Incurred Losses and LAE related to:		
Current Year	686.1	944.0
Prior Years	8.8	41.9
Total Incurred Losses and LAE	694.9	985.9
Paid Losses and LAE related to:		
Current Year	213.9	325.5
Prior Years	562.9	690.9
Total Paid Losses and LAE	776.8	1,016.4
Property and Casualty Insurance Reserves, Net of Reinsurance at End of Period	2,570.8	2,686.8
Plus Reinsurance Recoverables at End of Period	26.4	34.3
Property and Casualty Insurance Reserves, Gross of Reinsurance at End of Period	$ 2,597.2	$ 2,721.1

Property and Casualty Insurance Reserves are estimated based on historical experience patterns and current economic trends. Actual loss experience and loss trends may differ from these historical experience patterns and economic conditions. Loss experience and loss trends emerge over several years from the dates of loss inception. The Company monitors such emerging loss trends on a quarterly basis. Changes in such estimates are included in the Condensed Consolidated Statements of Income (Loss) in the period of change. Additionally, the Company reviews if any premium revisions are appropriate as a result of any incurred losses and loss adjustment expenses ("LAE") related to prior years recorded in the current period. For the three months ended March 31, 2024 and 2023, no additional premiums or return premiums were recorded.

For the three months ended March 31, 2024, the Company increased its Property and Casualty Insurance Reserves by $ 8.8 million to recognize adverse development of loss and LAE reserves from prior accident years. Specialty Personal Automobile insurance loss and LAE reserves developed adversely by $7.1 million due primarily to higher than expected settlements for extra-contractual demands related to prior year claims. Commercial Automobile insurance loss and LAE reserves developed favorably by $1.1 million due to favorable emergence in loss patterns related to policy years 2022 and 2023 bodily injury coverages. Non-Core personal automobile insurance loss and LAE reserves developed favorably by $2.9 million. Homeowners insurance loss and LAE reserves developed adversely by $3.6 million due to higher than expected losses associated with third quarter of 2023 catastrophe events and a higher than expected large loss emergence. Other personal lines loss and LAE reserves developed adversely by $2.2 million.

For the three months ended March 31, 2023, the Company increased its Property and Casualty Insurance Reserves by $ 41.9 million to recognize adverse development of loss and LAE reserves from prior accident years. Specialty Personal Automobile insurance loss and LAE reserves developed adversely by $22.9 million due primarily to higher than expected emergence in loss patterns related to third and fourth accident quarters of 2022 within the bodily injury and physical damage coverages. Commercial Automobile insurance loss and LAE reserves developed adversely by $8.2 million due to higher than expected emergence in loss patterns related to 2021 and 2022 bodily injury coverages. Non-Core personal automobile insurance loss and LAE reserves developed adversely by $3.4 million due to higher than expected emergence in loss patterns related to the third and fourth accident quarters of 2022 within the physical damage coverages. Homeowners insurance loss and LAE reserves developed adversely by $5.5 million. Other personal lines loss and LAE reserves developed adversely by $1.9 million due to higher than expected loss patterns related to fourth quarter 2022 non-weather and weather related losses.

Note 4 - Property and Casualty Insurance Reserves (Continued)

The Company cannot predict whether loss and LAE reserves will develop favorably or unfavorably from the amounts reported in the Condensed Consolidated Financial Statements. The Company believes that any such development will not have a material effect on the Company’s Condensed Consolidated Shareholders’ Equity, but could have a material effect on the Company’s consolidated financial results for a given period.

Note 5 - Liability for Future Policyholder Benefits

The Company’s Life Insurance Reserves are reported using the Company’s estimate of its liability for future policyholder benefits.

The liability for future policyholder benefits is grouped by contract type and issue year into cohorts consistent with the grouping used in estimating the associated liability. Significant assumption inputs to the calculation of the liability for future policyholder benefits include mortality, lapses, and discount rates (both accretion and current). The Company’s actuaries review assumptions used to measure the liability for future policyholder benefits for nonparticipating traditional and limited pay long-duration contracts at least annually. If there is a change, assumptions are updated with the recognition and remeasurement recorded in the Company’s Condensed Consolidated Statements of Income (Loss). The Company’s actuaries use a variety of generally accepted actuarial methodologies, in accordance with Actuarial Standards of Practice, in determining the assumptions.

A key assumption in these estimation methodologies is that patterns observed in prior periods are indicative of how policyholder benefits are expected to develop in the future and that such historical data can be used to predict and estimate future losses. However, changes in the Company’s business processes and the macroeconomic environment, by their very nature, are likely to affect the actual to expected experience which generally results in the historical experience factors becoming less reliable over time in predicting how cash flows will ultimately develop. The Company’s actuaries use professional judgment in determining how much weight to place on the actual to expected experience based on the older historical data and how much weight to place on more recent experience data. In some cases, the Company’s actuaries make adjustments to the assumptions to estimate losses. These assumptions are reviewed by the Company’s actuaries and corporate management who apply their collective judgment and determine the appropriate assumptions to adopt for the underlying business. Numerous factors are considered in this determination process, including, but not limited to, the assessed reliability of key assumptions that may be significantly influencing the current actuarial indications, changes in pricing and product offerings, changes in customer base, changes in agency operations or other changes that affect the timing of payments, the policyholder behaviors observed over the recent past, the level of volatility within a particular line of business, and the improvement or deterioration of actuarial indications in the current period as compared to prior periods. Changes in the Company’s assumptions underlying these liabilities over time will occur and may be material.

Note 5 - Liability for Future Policyholder Benefits (Continued)

The following tables summarize balances and changes in the present value of expected net premiums, present value of expected future policyholder benefits and net liability for future policyholder benefits as of and for the three months ended March 31, 2024 and 2023:

		Three Months Ended	
(Dollars in Millions)		Mar 31, 2024	Mar 31, 2023
Present Value of Expected Net Premiums	Balance, Beginning of Year	$ 675.4	$ 688.6
	Beginning Balance at Original Discount Rate	$ 694.7	$ 728.9
	Effect of Changes in Cash Flow Assumptions	—	—
	Effect of Actual Variances from Expected Experience	5.3	0.7
	Adjusted Beginning of Year Balance	700.0	729.6
	Issuances	38.2	31.8
	Interest Accrual	7.6	7.0
	Net Premiums Collected	(22.7)	(23.9)
	Ending Balance at Original Discount Rate	723.1	744.5
	Effect of Changes in Discount Rate Assumptions	(33.0)	(22.1)
	Balance, End of Period	$ 690.1	$ 722.4
Present Value of Expected Future Policyholder Benefits	Balance, Beginning of Year	$ 3,613.2	$ 3,561.0
	Beginning Balance at Original Discount Rate	$ 3,835.9	$ 3,906.2
	Effect of Changes in Cash Flow Assumptions	—	—
	Effect of Actual Variances From Expected Experience	5.5	0.3
	Adjusted Beginning of Year Balance	3,841.4	3,906.5
	Issuances	38.2	31.8
	Interest Accrual	42.6	42.4
	Benefit Payments	(56.5)	(63.8)
	Ending Balance at Original Discount Rate	3,865.7	3,916.9
	Effect of Changes in Discount Rate Assumptions	(377.5)	(217.4)
	Balance, End of Period	$ 3,488.2	$ 3,699.5
	Net Liability for Future Policyholder Benefits	$ 2,798.1	$ 2,977.1
	Less: Reinsurance Recoverable	—	—
	Net Liability for Future Policyholder Benefits, After Reinsurance Recoverable	$ 2,798.1	$ 2,977.1

The weighted-average liability duration of the liability for future policyholder benefits as calculated under current rates is as follows:

	Mar 31, 2024	Mar 31, 2023
Weighted-Average Liability Duration of the Liability for Future Policyholder Benefits (Years)	14.6	14.9

The reconciliation of the net liability for future policyholder benefits to Life and Health Insurance Reserves in the Condensed Consolidated Balance Sheets is as follows:

(Dollars in Millions)	Mar 31, 2024	Mar 31, 2023
Net Liability for Future Policyholder Benefits	$ 2,798.1	$ 2,977.1
Deferred Profit Liability	357.5	272.6
Other[1]	138.7	149.9
Total Life and Health Insurance Reserves	$ 3,294.3	$ 3,399.6

[1]Other primarily consists of Accident and Health and Universal Life reserves

Note 5 - Liability for Future Policyholder Benefits (Continued)

The amounts of expected undiscounted future benefit payments, expected undiscounted future gross premiums and expected discounted future gross premiums, is as follows:

(Dollars in Millions)	Mar 31, 2024	Mar 31, 2023
Expected Future Benefit Payments, undiscounted	$ 10,225.9	$ 10,177.7
Expected Future Gross Premiums, undiscounted	$ 4,136.0	$ 4,464.2
Expected Future Gross Premiums, discounted	$ 2,758.3	$ 2,931.1

The amount of revenue and interest recognized in the Condensed Consolidated Statements of Income (Loss) is as follows:

	Three Months Ended	
(Dollars in Millions)	Mar 31, 2024	Mar 31, 2023
Gross Premiums or Assessments	$ 101.3	$ 103.8
Interest Expense	$ 35.0	$ 35.4

The weighted-average interest rate is as follows:

	Mar 31, 2024	Mar 31, 2023
Interest Accretion Rate	4.55 %	4.55 %
Current Discount Rate	5.40 %	5.05 %

Significant assumption inputs to the calculation of the liability for future policyholder benefits include mortality, lapses, and discount rates (both accretion and current). The Company did not make any changes to mortality and lapse assumptions during the three months ended March 31, 2024 and 2023. Market data that underlies current discount rates was updated from December 31, 2023.

The balances of and changes in Deferred Profit Liability as of and for the periods indicated are as follows:

	Three Months Ended	
(Dollars in Millions)	Mar 31, 2024	Mar 31, 2023
Balance, Beginning of Year	$ 337.8	$ 253.6
Profits Deferred	41.8	43.0
Interest Accrual	4.0	3.0
Amortization	(25.9)	(27.0)
Effect of Actual Variances from Expected Experience and Other Changes	(0.2)	—
Balance, End of Period	$ 357.5	$ 272.6

Note 6 - Investments

Fixed Maturities

The amortized cost and fair values of the Company's Investments in Fixed Maturities at March 31, 2024 were:

(Dollars in Millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Expected Credit Losses	Fair Value
U.S. Government and Government Agencies and Authorities	$ 582.3	$ 1.0	$ (94.9)	$ —	$ 488.4
States and Political Subdivisions	1,552.3	9.9	(205.8)	(0.5)	1,355.9
Foreign Governments	5.2	—	(0.6)	—	4.6
Corporate Securities:					
Bonds and Notes	4,077.8	13.0	(448.0)	(7.2)	3,635.6
Redeemable Preferred Stocks	9.0	0.1	(1.1)	—	8.0
Collateralized Loan Obligations	952.5	1.1	(15.4)	—	938.2
Other Mortgage- and Asset-backed	383.0	0.2	(42.3)	—	340.9
Investments in Fixed Maturities	$ 7,562.1	$ 25.3	$ (808.1)	$ (7.7)	$ 6,771.6

The amortized cost and fair values of the Company's Investments in Fixed Maturities at December 31, 2023 were:

(Dollars in Millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Expected Credit Losses	Fair Value
U.S. Government and Government Agencies and Authorities	$ 594.1	$ 1.9	$ (84.5)	$ —	$ 511.5
States and Political Subdivisions	1,575.9	16.3	(189.8)	(0.5)	1,401.9
Foreign Governments	4.4	—	(0.6)	—	3.8
Corporate Securities:					
Bonds and Notes	4,046.8	35.5	(383.8)	(7.7)	3,690.8
Redeemable Preferred Stocks	9.0	0.1	(0.8)	—	8.3
Collateralized Loan Obligations	973.6	0.7	(24.5)	—	949.8
Other Mortgage- and Asset-backed	362.0	0.1	(46.3)	—	315.8
Investments in Fixed Maturities	$ 7,565.8	$ 54.6	$ (730.3)	$ (8.2)	$ 6,881.9

Other Receivables included $6.0 million and $0.9 million of unsettled sales of Investments in Fixed Maturities at March 31, 2024 and December 31, 2023, respectively. There were $21.7 million of unsettled purchases of Investments in Fixed Maturities included in Accrued Expenses and Other Liabilities as of March 31, 2024. There were no unsettled purchases of Investments in Fixed Maturities included in Accrued Expenses and Other Liabilities as of December 31, 2023.

Note 6 - Investments (Continued)

The amortized cost and estimated fair values of the Company's Investments in Fixed Maturities at March 31, 2024 by contractual maturity were:

(Dollars in Millions)	Amortized Cost	Fair Value
Due in One Year or Less	$ 195.2	$ 190.8
Due after One Year to Five Years	896.7	867.5
Due after Five Years to Ten Years	1,062.2	924.1
Due after Ten Years	3,604.5	3,125.0
Mortgage- and Asset-backed Securities Not Due at a Single Maturity Date	1,803.5	1,664.2
Investments in Fixed Maturities	$ 7,562.1	$ 6,771.6

The expected maturities of the Company's Investments in Fixed Maturities may differ from the contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

Investments in Mortgage- and Asset-backed Securities Not Due at a Single Maturity Date at March 31, 2024 consisted of securities issued by the Government National Mortgage Association with a fair value of $227.4 million, securities issued by the Federal National Mortgage Association with a fair value of $95.3 million, securities issued by the Federal Home Loan Mortgage Corporation with a fair value of $ 62.5 million and securities of other non-governmental issuers with a fair value of $1,279.1 million.

An aging of unrealized losses on the Company's Investments in Fixed Maturities at March 31, 2024 is presented below.

	Less Than 12 Months		12 Months or Longer		Total	
(Dollars in Millions)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Fixed Maturities:						
U.S. Government and Government Agencies and Authorities	$ 46.5	$ (1.6)	$ 393.0	$ (93.3)	$ 439.5	$ (94.9)
States and Political Subdivisions	165.0	(3.3)	962.0	(202.5)	1,127.0	(205.8)
Foreign Governments	0.9	—	1.7	(0.6)	2.6	(0.6)
Corporate Securities:						
Bonds and Notes	432.3	(11.5)	2,801.7	(436.5)	3,234.0	(448.0)
Redeemable Preferred Stocks	—	—	7.6	(1.1)	7.6	(1.1)
Collateralized Loan Obligations	231.6	(0.8)	246.7	(14.6)	478.3	(15.4)
Other Mortgage- and Asset-backed	14.9	(0.1)	292.5	(42.2)	307.4	(42.3)
Total Fixed Maturities	$ 891.2	$ (17.3)	$ 4,705.2	$ (790.8)	$ 5,596.4	$ (808.1)

Investment-grade fixed maturity investments comprised $788.7 million and below-investment-grade fixed maturity investments comprised $19.4 million of the unrealized losses on investments in fixed maturities at March 31, 2024. For below-investment-grade fixed maturity investments in an unrealized loss position, the unrealized loss amount, on average, was approximately 6.4% of the amortized cost basis of the investment.

Note 6 - Investments (Continued)

An aging of unrealized losses on the Company's Investments in Fixed Maturities at December 31, 2023 is presented below.

	Less Than 12 Months		12 Months or Longer		Total	
(Dollars in Millions)	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**
Fixed Maturities:						
U.S. Government and Government Agencies and Authorities	$ 52.0	$ (0.8)	$ 401.6	$ (83.7)	$ 453.6	$ (84.5)
States and Political Subdivisions	112.9	(2.3)	928.3	(187.5)	1,041.2	(189.8)
Foreign Governments	—	—	1.9	(0.6)	1.9	(0.6)
Corporate Securities:						
Bonds and Notes	198.4	(5.5)	2,813.0	(378.3)	3,011.4	(383.8)
Redeemable Preferred Stocks	—	—	7.9	(0.8)	7.9	(0.8)
Collateralized Loan Obligations	38.8	(0.4)	747.7	(24.1)	786.5	(24.5)
Other Mortgage- and Asset-backed	15.7	(0.1)	287.3	(46.2)	303.0	(46.3)
Total Fixed Maturities	$ 417.8	$ (9.1)	$ 5,187.7	$ (721.2)	$ 5,605.5	$ (730.3)

Investment-grade fixed maturity investments comprised $704.8 million and below-investment-grade fixed maturity investments comprised $25.5 million of the unrealized losses on investments in fixed maturities at December 31, 2023. For below-investment-grade fixed maturity investments in an unrealized loss position, the unrealized loss amount, on average, was approximately 8.8% of the amortized cost basis of the investment.

Fixed Maturities - Expected Credit Losses

The following table sets forth the change in allowance for credit losses on fixed maturities available-for-sale by major security type for three months ended March 31, 2024. Accrued interest excluded from the amortized cost of fixed income securities total $74.8 million and $77.0 million as of March 31, 2024 and December 31, 2023, respectively, and is reported within the Other Receivables line of the Condensed Consolidated Balance Sheets. The Company monitors accrued interest and writes off amounts when they are not expected to be received.

(Dollars in Millions)	**States and Political Subdivisions**	**Corporate Bonds and Notes**	**Total**
Balance, Beginning of Year	$ 0.5	$ 7.7	$ 8.2
Reductions Due to Sales	—	(0.2)	(0.2)
Net Decrease in Allowance on Securities for which Expected Credit Losses were Previously Recognized	—	(0.3)	(0.3)
Balance, End of Period	$ 0.5	$ 7.2	$ 7.7

Note 6 - Investments (Continued)

The following table sets forth the change in allowance for credit losses on fixed maturities available-for-sale by major security type for the three months ended March 31, 2023.

(Dollars in Millions)	States and Political Subdivisions	Corporate Bonds and Notes	Total
Balance, Beginning of Year	$ 0.7	$ 8.9	$ 9.6
Additions for Securities for which No Previous Expected Credit Losses were Recognized	—	0.3	0.3
Reductions Due to Sales	—	(1.9)	(1.9)
Net Increase (Decrease) in Allowance on Securities for which Expected Credit Losses were Previously Recognized	0.1	(0.7)	(0.6)
Balance, End of Period	$ 0.8	$ 6.6	$ 7.4

Equity Securities

Investments in Equity Securities at Fair Value were $230.1 million and $225.8 million at March 31, 2024 and December 31, 2023, respectively. Net unrealized gains arising during the three months ended March 31, 2024 and 2023 and recognized in earnings, related to such investments still held as of March 31, 2024 and March 31, 2023, were $3.9 million and $4.4 million, respectively.

There were no unsettled purchases of Investments in Equity Securities at Fair Value at March 31, 2024 or December 31, 2023. There were $ 0.1 million and $0.1 million in unsettled sales of Investments in Equity Securities at Fair Value at March 31, 2024 and December 31, 2023, respectively.

Equity Method Limited Liability Investments

Equity Method Limited Liability Investments include investments in limited liability investment companies and limited partnerships in which the Company's interests are not deemed minor and are accounted for under the equity method of accounting. The Company's investments in Equity Method Limited Liability Investments are generally of a passive nature in that the Company does not take an active role in the management of the investment entity.

The Company's maximum exposure to loss at March 31, 2024 is limited to the total carrying value of $ 215.2 million. In addition, the Company had outstanding commitments totaling approximately $84.5 million to fund Equity Method Limited Liability Investments at March 31, 2024. At March 31, 2024, 2.9% of Equity Method Limited Liability Investments were reported without a reporting lag. Of the total carrying value, 4.8% were reported with a one-month lag, and the remainder were reported with a greater than one-month but less than three-month lag.

There were no unsettled purchases or sales of Equity Method Limited Liability Investments at March 31, 2024 or December 31, 2023. Unsettled purchases and sales of Equity Method Limited Liability Investments are carried within Accrued Expenses and Other Liabilities and Other Receivables, respectively, on the Condensed Consolidated Balance Sheets.

Alternative Energy Partnership Investments

Alternative Energy Partnership Investments include partnerships formed to invest in newly installed residential solar leases and power purchase agreements. As a result of this investment, the Company has the right to certain investment tax credits and tax depreciation benefits, and to a lesser extent, cash flows generated from the installed solar systems leased to individual consumers for a fixed period of time. The Hypothetical Liquidation Book Value ("HLBV") equity method of accounting is used for the Company's investments in Alternative Energy Partnership Investments.

The Company's maximum exposure to loss at March 31, 2024 is limited to the total carrying value of $ 17.2 million. The Company has no outstanding commitments to fund Alternative Energy Partnership Investments as of March 31, 2024. Alternative Energy Partnership Investments are reported on a three-month lag.

Note 6 - Investments (Continued)

Loans to Policyholders

Loans to Policyholders represents funds loaned to policyholders up to the cash surrender value of the associated insurance policies and are carried at the unpaid principal balances due to the Company from the policyholders. Interest income on policy loans is recognized in Net Investment Income at the contract interest rate when earned. Policy loans are fully collateralized by the cash surrender value of the associated insurance policies.

The carrying values of the Company's Loans to Policyholders at Unpaid Principal investment at March 31, 2024 and December 31, 2023 were $ 280.5 million and $281.2 million, respectively.

Other Investments

The carrying values of the Company's Other Investments at March 31, 2024 and December 31, 2023 were:

(Dollars in Millions)	Mar 31, 2024	Dec 31, 2023
Equity Securities at Modified Cost	$ 24.7	$ 32.6
Real Estate at Depreciated Cost	93.9	94.7
Mortgage Loans	93.1	99.8
Other	1.9	14.8
Total Other Investments	$ 213.6	$ 241.9

Investments in Equity Securities at Modified Cost were $ 24.7 million and $32.6 million at March 31, 2024 and December 31, 2023, respectively. The Company performs a qualitative impairment analysis on a quarterly basis consisting of various factors such as earnings performance, current market conditions, changes in credit ratings, changes in the regulatory environment and other factors. If the qualitative analysis identifies the presence of impairment indicators, the Company estimates the fair value of the investment. If the estimated fair value is below the carrying value, the Company records an impairment in the Condensed Consolidated Statements of Loss to reduce the carrying value to the estimated fair value. When the Company identifies observable transactions of the same or similar securities to those held by the Company, the Company increases or decreases the carrying value to the observable transaction price. The Company did not recognize any changes in carrying value due to observable transactions for the three months ended March 31, 2024 and 2023. The Company recognized an impairment of $0.4 million on Equity Securities at Modified Cost for three months ended March 31, 2024 as a result of the Company's impairment analysis. The Company did not recognize any impairments on Equity Securities at Modified Cost for three months ended March 31, 2023. The Company recognized no cumulative increases or decreases in the carrying value due to observable transactions and $7.1 million of cumulative impairments on Equity Securities at Modified Cost held as of March 31, 2024.

Note 6 - Investments (Continued)

Net Investment Income

Net Investment Income for the three months ended March 31, 2024 and 2023 was:

(Dollars in Millions)	Three Months Ended Mar 31, 2024	Three Months Ended Mar 31, 2023
Investment Income:		
Interest on Fixed Income Securities[1,2]	$ 79.8	$ 81.5
Dividends on Equity Securities Excluding Alternative Investments	2.8	1.0
Alternative Investments:		
Equity Method Limited Liability Investments	(2.1)	1.1
Limited Liability Investments Included in Equity Securities	3.4	2.6
Total Alternative Investments	1.3	3.7
Short-term Investments	7.3	2.3
Loans to Policyholders	5.2	5.4
Real Estate	2.3	2.4
Company-Owned Life Insurance	7.1	8.8
Other	2.5	3.0
Total Investment Income	108.3	108.1
Investment Expenses:		
Real Estate	2.2	2.1
Other Investment Expenses[1,2]	5.7	4.2
Total Investment Expenses	7.9	6.3
Net Investment Income	$ 100.4	$ 101.8

[1]In the first quarter of 2024, the Company changed its presentation of the details of investment performance to report interest expense incurred on Federal Home Loan Bank ("FHLB") borrowings as an offset to interest on fixed income securities since FHLB borrowings are used for spread lending purposes. The interest expense incurred on FHLB borrowings was previously reported within Other Investment Expenses. The prior period amounts presented above have been updated to reflect this change in presentation.

[2]Reduced by interest expense incurred on FHLB borrowings used for spread lending purposes of $5.2 million and $4.7 million, for the three months ended March 31, 2024 and 2023, respectively.

Gross gains and losses on sales of investments in fixed maturities and gains and losses associated with Ultra-Long Treasury Futures for the three months ended March 31, 2024 and 2023 were:

(Dollars in Millions)	Three Months Ended Mar 31, 2024	Three Months Ended Mar 31, 2023
Fixed Maturities:		
Gains on Sales	$ 12.8	$ 1.1
Losses on Sales	(2.3)	(3.3)
(Losses) Gains on Hedging Activity	(7.9)	8.4

Note 7 - Derivatives

The Company’s earnings, cash flows, and financial position are subject to fluctuations due to changes in prevailing interest rates.

The Company entered into derivative agreements with maturity dates throughout 2024. Derivative instruments are carried at fair value on the Condensed Consolidated Balance Sheets. Derivative instruments in a gain position are presented within Other Investments and those in a loss position are included in Accrued Expenses and Other Liabilities. Changes in the fair values of

Note 7 - Derivatives (Continued)

derivatives are recorded on the Condensed Consolidated Statements of Income (Loss) within Net Realized Investment Gains or Accumulated Other Comprehensive Loss along with the corresponding change in the designated hedge assets.

Interest Rate Risk

The Company's debt securities valuations utilize the Treasury designated benchmark rate, exposing the Company to variability due to changes in interest rates.

Ultra-Long Treasury Futures

The Company enters into exchange-traded ultra-long Treasury futures ("Treasury Futures") in order to manage exposure to upcoming changes in the benchmark (Treasury) interest rate of forecasted transactions. These derivatives expire quarterly. As of March 31, 2024, all Treasury Futures held by the Company qualified for hedge accounting as a cash flow hedge. There were treasury futures that expired during the three months ended March 31, 2024, that did not qualify for hedge accounting. These positions are shown in the Treasury Futures section below.

Primary Risks Managed by Derivatives

The following table presents the derivative instruments, primary underlying risk exposure, gross notional amount, and estimated fair value of the Company's derivatives:

(Dollars in Millions)		March 31, 2024			December 31, 2023		
			Estimated Fair Value			Estimated Fair Value	
Derivative Instrument	Primary Underlying Risk Exposure	Gross Notional Amount	Assets	Liabilities	Gross Notional Amount	Assets	Liabilities
Derivatives Designated as Hedging Instruments:							
Treasury Futures	Interest Rate Risk	$ 74.9	$ 1.2	$ —	$ —	$ —	$ —
Derivatives Not Designated or Not Qualifying as Hedging Instruments:							
Treasury Futures	Interest Rate Risk	$ —	$ —	$ —	$ 149.7	$ 14.7	$ —

Effects of Derivatives on the Statements of Income (Loss) and Comprehensive Income (Loss)

Cash Flow Hedges

The below table reflects the amounts of Gains (Losses) deferred into AOCI, net changes in amounts in AOCI associated with current hedging transactions, amounts subsequently reclassified into Net Income (Loss) through Net Realized Investment Gains (Losses) for derivatives qualifying as cash flow hedges for the three months ended March 31, 2024 and 2023.

(Dollars in Millions)	Three Months Ended Mar 31, 2024	Three Months Ended Mar 31, 2023
Beginning of Year	$ —	$ (0.4)
Gains (Losses) Deferred in AOCI	1.5	(0.4)
Net Change in AOCI with Current Period Hedging Transactions	(1.3)	—
Gains (Losses) Reclassified into Income	—	(0.5)
Net Comprehensive Gains (Losses) from Cash Flow Hedges	$ 0.2	$ (1.3)

Note 8 - Fair Value Measurements

The Company classifies its Investments in Fixed Maturities as available-for-sale and reports these investments at fair value. The Company reports equity investments with readily determinable fair values as Equity Securities at Fair Value. Certain investments that are measured at fair value using the net asset value practical expedient are not required to be classified using the fair value hierarchy, but are presented in the following two tables to permit reconciliation of the fair value hierarchy to the amounts presented in the Condensed Consolidated Balance Sheets.

The valuation of assets and liabilities measured at fair value in Company's Condensed Consolidated Balance Sheets at March 31, 2024 is summarized below. The Company had no material liabilities that are measured and reported at fair value.

	Fair Value Measurements				
(Dollars in Millions)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Measured at Net Asset Value	Total Fair Value
Assets:					
Fixed Maturities:					
U.S. Government and Government Agencies and Authorities	$ 85.4	$ 403.0	$ —	$ —	$ 488.4
States and Political Subdivisions	—	1,354.5	1.4	—	1,355.9
Foreign Governments	—	4.6	—	—	4.6
Corporate Securities:					
Bonds and Notes	—	3,455.1	180.5	—	3,635.6
Redeemable Preferred Stock	—	5.8	2.2	—	8.0
Collateralized Loan Obligations	—	938.2	—	—	938.2
Other Mortgage and Asset-backed	—	335.8	5.1	—	340.9
Total Investments in Fixed Maturities	85.4	6,497.0	189.2	—	6,771.6
Equity Securities at Fair Value:					
Preferred Stocks:					
Finance, Insurance and Real Estate	—	15.9	—	—	15.9
Other Industries	—	7.8	2.2	—	10.0
Common Stocks:					
Finance, Insurance and Real Estate	0.6	—	—	—	0.6
Other Industries	0.3	—	0.5	—	0.8
Other Equity Interests:					
Exchange Traded Funds	8.7	—	—	—	8.7
Limited Liability Companies and Limited Partnerships	—	—	—	194.1	194.1
Total Investments in Equity Securities at Fair Value	9.6	23.7	2.7	194.1	230.1
Other Investments:					
Derivative Instrument Classified as Cash Flow Hedge	—	1.2	—	—	1.2
Total Assets	$ 95.0	$ 6,521.9	$ 191.9	$ 194.1	$ 7,002.9

Within the Condensed Consolidated Balance Sheets, the Company discloses the fair value of its Long-term Debt. This fair value is determined using broker/dealer quotes of similar securities, and as such, would be included in Level 2 of the fair value hierarchy.

Note 8 - Fair Value Measurements (Continued)

The valuation of assets and liabilities measured at fair value in the Company's Consolidated Balance Sheets at December 31, 2023 is summarized below. The Company had no material liabilities that are measured and reported at fair value.

	Fair Value Measurements				
(Dollars in Millions)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Measured at Net Asset Value	Total Fair Value
Assets:					
Fixed Maturities:					
U.S. Government and Government Agencies and Authorities	$ 98.8	$ 412.7	$ —	$ —	$ 511.5
States and Political Subdivisions	—	1,401.8	0.1	—	1,401.9
Foreign Governments	—	3.8	—	—	3.8
Corporate Securities:					
Bonds and Notes	—	3,513.7	177.1	—	3,690.8
Redeemable Preferred Stocks	—	1.2	7.1	—	8.3
Collateralized Loan Obligations	—	949.8	—	—	949.8
Other Mortgage and Asset-backed	—	310.6	5.2	—	315.8
Total Investments in Fixed Maturities	98.8	6,593.6	189.5	—	6,881.9
Equity Securities at Fair Value:					
Preferred Stocks:					
Finance, Insurance and Real Estate	—	15.6	—	—	15.6
Other Industries	—	7.5	2.4	—	9.9
Common Stocks:					
Finance, Insurance and Real Estate	0.6	—	—	—	0.6
Other Industries	0.2	—	0.4	—	0.6
Other Equity Interests:					
Exchange Traded Funds	7.7	—	—	—	7.7
Limited Liability Companies and Limited Partnerships	—	—	—	191.4	191.4
Total Investments in Equity Securities at Fair Value	8.5	23.1	2.8	191.4	225.8
Other Investments:					
Derivative Instruments Not Designated as Hedges	—	14.7	—	—	14.7
Total Assets	$ 107.3	$ 6,631.4	$ 192.3	$ 191.4	$ 7,122.4

The Company's investments in Fixed Maturities that are classified as Level 1 primarily consist of U.S. Treasury Bonds and Notes. The Company's investments in Equity Securities at Fair Value that are classified as Level 1 consist of either investments in publicly-traded common stocks or exchange traded funds. The Company's investments in Fixed Maturities that are classified as Level 2 primarily consist of investments in corporate bonds, obligations of states and political subdivisions, collateralized loan obligations, and mortgage-backed securities of U.S. government agencies. The Company's investments in Equity Securities at Fair Value that are classified as Level 2 primarily consist of investments in preferred stocks. The Company's Derivative Instruments Designated as Cash Flow Hedges that are classified as Level 2 primarily consist of hedges to manage exposure to upcoming changes in the benchmark (Treasury) interest rate of forecasted transactions. The Company uses a leading, nationally recognized provider of market data and analytics to price the vast majority of the Company's Level 2 measurements. The provider utilizes evaluated pricing models that vary by asset class and incorporate available trade, bid and other market information. Because many fixed maturity securities do not trade on a daily basis, the provider's evaluated pricing

Note 8 - Fair Value Measurements (Continued)

applications apply available information through processes such as benchmark curves, benchmarking of like securities, sector groupings and matrix pricing to prepare evaluations. In addition, the provider uses model processes to develop prepayment and interest rate scenarios. The pricing provider’s models and processes also take into account market convention. For each asset class, teams of its evaluators gather information from market sources and integrate relevant credit information, perceived market movements and sector news into the evaluated pricing applications and models. The Company generally validates the measurements obtained from its primary pricing provider by comparing them with measurements obtained from one additional pricing provider that provides either prices from recent market transactions, quotes in inactive markets or evaluations based on its own proprietary models.

The Company investigates significant differences related to the values provided. On completion of its investigation, management exercises judgment to determine the price selected and whether adjustments, if any, to the price obtained from the Company’s primary pricing provider would warrant classification of the price as Level 3. In instances where a measurement cannot be obtained from either pricing provider, the Company generally will evaluate bid prices from one or more binding quotes obtained from market makers to value investments in inactive markets and classified by the Company as Level 2. The Company generally classifies securities when it receives non-binding quotes or indications as Level 3 securities unless the Company can validate the quote or indication against recent transactions in the market.

The table below presents quantitative information about the significant unobservable inputs utilized by the Company in determining fair values for fixed maturity investments classified as Level 3 at March 31, 2024. Valuations for assets presented in the tables below are primarily based on broker/dealer quotes for which there is a lack of transparency as to inputs used to develop the valuations. The quantitative detail of these unobservable inputs is neither provided nor reasonably available to the Company. The weighted average yield is calculated based on fair value.

(Dollars in Millions)	Unobservable Input	Total Fair Value	Range of Unobservable Inputs			Weighted-average Yield
Investment-grade	Market Yield	$ 55.3	1.8 %	-	13.5 %	7.9 %
Non-investment-grade:						
Senior Debt	Market Yield	31.7	7.0	-	48.0	13.0
Junior Debt	Market Yield	35.8	11.0	-	25.5	13.2
Other	Various	66.4				
Total Level 3 Fixed Maturity Investments		$ 189.2				

The table below presents quantitative information about the significant unobservable inputs utilized by the Company in determining fair values for fixed maturity investments classified as Level 3 at December 31, 2023. Valuations for assets presented in the tables below are primarily based on broker/dealer quotes for which there is a lack of transparency as to inputs used to develop the valuations. The quantitative detail of these unobservable inputs is neither provided nor reasonably available to the Company. The weighted average yield is calculated based on fair value.

(Dollars in Millions)	Unobservable Input	Total Fair Value	Range of Unobservable Inputs			Weighted-average Yield
Investment-grade	Market Yield	$ 60.0	4.2 %	-	15.8 %	8.7 %
Non-investment-grade:						
Senior Debt	Market Yield	32.6	9.2	-	36.7	13.5
Junior Debt	Market Yield	32.5	11.8	-	22.5	13.8
Other	Various	64.4				
Total Level 3 Fixed Maturity Investments		$ 189.5				

Note 8 - Fair Value Measurements (Continued)

For an investment in a fixed maturity security, an increase in the yield used to determine the fair value of the security will decrease the fair value of the security. A decrease in the yield used to determine fair value will increase the fair value of the security, but for callable securities the fair value increase is generally limited to par, unless security is currently callable at a premium.

Information by security type pertaining to the changes in the fair value of the Company's investments classified as Level 3 for the three months ended March 31, 2024 is presented below.

	Fixed Maturities				Equity Securities	
(Dollars in Millions)	Corporate Bonds and Notes	States and Political Sub-divisions	Redeemable Preferred Stocks	Other Mortgage- and Asset-backed	Preferred and Common Stocks	Total
Balance, Beginning of Year	$ 177.1	$ 0.1	$ 7.1	$ 5.2	$ 2.8	$ 192.3
Total (Losses) Gains:						
Included in Condensed Consolidated Statements of Income (Loss)	(0.2)	—	—	—	(0.1)	(0.3)
Included in Other Comprehensive Income	2.3	(0.4)	—	(0.1)	—	1.8
Purchases	13.2	—	—	—	—	13.2
Sales	(3.7)	—	—	—	—	(3.7)
Transfers into Level 3	—	1.7	—	—	—	1.7
Transfers out of Level 3	(8.2)	—	(4.9)	—	—	(13.1)
Balance, End of Period	$ 180.5	$ 1.4	$ 2.2	$ 5.1	$ 2.7	$ 191.9

The transfers into and out of Level 3 were due primarily to changes in the availability of market observable inputs.

Information by security type pertaining to the changes in the fair value of the Company's investments classified as Level 3 for the three months ended March 31, 2023 is presented below.

	Fixed Maturities			Equity Securities	
(Dollars in Millions)	Corporate Bonds and Notes	Redeemable Preferred Stocks	Other Mortgage- and Asset-backed	Preferred and Common Stocks	Total
Balance, Beginning of Year	$ 216.0	$ 6.8	$ 5.1	$ 2.1	$ 230.0
Total Gains (Losses):					
Included in Condensed Consolidated Statements of Income (Loss)	0.4	—	—	(0.5)	(0.1)
Included in Other Comprehensive Income	1.5	—	0.2	—	1.7
Purchases	19.4	—	—	—	19.4
Sales	(41.2)	—	—	—	(41.2)
Transfers into Level 3	—	—	—	0.4	0.4
Balance, End of Period	$ 196.1	$ 6.8	$ 5.3	$ 2.0	$ 210.2

The transfers into and out of Level 3 were due primarily to changes in the availability of market observable inputs.

Note 8 - Fair Value Measurements (Continued)

The table below shows investments reported at fair value using NAV and their unfunded commitments by asset class as of March 31, 2024 and December 31, 2023.

(Dollars in Millions)	March 31, 2024		December 31, 2023	
Asset Class	Fair Value Using NAV	Unfunded Commitments	Fair Value Using NAV	Unfunded Commitments
Reported as Equity Method Limited Liability Investments:				
Mezzanine Debt	$ 123.2	$ 42.6	$ 125.4	$ 43.1
Real Estate	42.0	—	41.9	—
Senior Debt	19.2	39.5	19.0	39.9
Leveraged Buyout	8.5	0.6	8.6	0.6
Secondary Transactions	6.8	1.6	7.9	1.7
Distressed Debt	6.1	—	7.9	—
Growth Equity	0.8	—	1.2	—
Hedge Fund	0.1	—	0.1	—
Other	8.5	0.2	9.7	—
Total Equity Method Limited Liability Investments	215.2	84.5	221.7	85.3
Reported as Other Equity Interests at Fair Value:				
Mezzanine Debt	127.7	66.3	124.0	67.0
Senior Debt	24.7	10.8	24.8	10.6
Leveraged Buyout	19.7	9.5	19.0	10.0
Distressed Debt	12.9	13.0	12.4	13.0
Growth Equity	6.3	6.5	6.4	6.5
Secondary Transactions	2.7	3.1	2.8	3.1
Hedge Funds	—	—	1.9	—
Real Estate	0.1	0.2	0.1	0.2
Total Reported as Other Equity Interests at Fair Value	194.1	109.4	191.4	110.4
Reported as Equity Securities at Modified Cost:				
Other	4.6	—	4.8	—
Total Reported as Equity Securities at Modified Cost	4.6	—	4.8	—
Total Investments in Limited Liability Companies and Limited Partnerships	$ 413.9	$ 193.9	$ 417.9	$ 195.7

The fund investments included above (excluding Hedge Funds) are not redeemable, because distributions from the funds will be received when underlying investments of the funds are liquidated. The funds are generally expected to have approximately 10 year lives at their inception, but these lives may be extended at the fund manager’s discretion, typically in one or two-year increments.

The hedge fund investments included above, which are carried at fair value, are generally redeemable subject to the redemption notices period. The majority of the hedge fund investments are redeemable monthly or quarterly.

Note 8 - Fair Value Measurements (Continued)

The following table includes information related to the Company’s investments in certain private equity funds or hedge funds that calculate a net asset value per share:

Asset Class	Investment Category Includes
Mezzanine Debt	Funds with investments in junior or subordinated debt and potentially minority equity securities issued by private companies.
Senior Debt	Funds with investments in senior or first lien debt and potentially minority equity securities typically issued by private companies.
Distressed Debt	Funds with debt or minority equity investments that are made opportunistically in companies that are in or near default or under financial strain with potential to have an active role in restructuring company.
Secondary Transactions	Funds that focus on purchasing third party fund interests from investors seeking liquidity within their own portfolio.
Hedge Fund	Funds that focus primarily on investing in public securities with strategy of generating uncorrelated returns to the public markets.
Leveraged Buyout	Funds with control equity investments in more mature, positive cash flowing, private companies that are typically purchased with the use of financial leverage.
Growth Equity	Funds that invest in early or venture stage companies with high growth potential with view towards generating realizations through sale or initial public offering (“IPO”) of company.
Real Estate	Funds with investments in multi-family housing properties.
Other	Consists of direct investments of preferred equity or minority common equity investments into private companies structured as limited partnerships or limited liability companies.

Presented below are the carrying values and fair value estimates of financial instruments not carried at fair value.

	March 31, 2024		December 31, 2023	
(Dollars in Millions)	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
Financial Assets:				
Loans to Policyholders	$ 280.5	$ 280.5	$ 281.2	$ 281.2
Short-term Investments	520.7	520.7	520.9	520.9
Mortgage Loans	93.1	93.1	99.8	99.8
Company-Owned Life Insurance	515.7	515.7	513.5	513.5
Equity Securities at Modified Cost	24.7	24.7	32.6	32.6
Financial Liabilities:				
Long-term Debt	$ 1,389.8	$ 1,246.8	$ 1,389.2	$ 1,213.4
Policyholder Obligations	563.2	563.2	557.4	557.4

Loans to policyholders are carried at unpaid principal balance which approximates fair value and are categorized as Level 3 within the fair value hierarchy. The nature of policy loans is to have a negligible default risk as the loans are fully collateralized by the value of the policy. Policy loans do not have a stated maturity and the balances and accrued interest are repaid either by the policyholder or with proceeds from the policy. Due to the collateralized nature of policy loans and unpredictable timing of payments, the Company believes the carrying value of policy loans approximates fair value. The fair value measurement of Short-term Investments is estimated using inputs that are considered either Level 1 or Level 2 measurements. The Mortgage Loans fair value measurement is considered equal to amortized cost given the short-term nature of the investments. The fair value measurement of Equity Securities at Modified Cost is estimated using inputs that are considered Level 3 measurements. The cash surrender value of Company-Owned Life Insurance approximates fair value and is considered to be a Level 2 investment. The fair value of Long-term Debt is estimated using quoted prices for similar liabilities in markets that are not active. The inputs used in the valuation are considered Level 2 measurements. Policyholder Obligations presented in the preceding table consist of advances from the FHLB of Chicago, and the inputs used in the valuation are considered Level 2 measurements.

Note 9 - Variable Interest Entities

A VIE is a legal entity that does not have sufficient equity at risk to finance its activities without additional subordinated financial support or is structured such that equity investors lack the ability to make significant decisions relating to the entity's operations through voting rights or do not substantively participate in the gains and losses of the entity. The Company consolidates VIEs in which the Company is deemed the primary beneficiary. The primary beneficiary is the entity that has both (1) the power to direct the activities of the VIE that most significantly affect that entity's economic performance and (2) the obligation to absorb losses or the right to receive benefits that could be potentially significant to the VIE.

Reciprocal Exchange

The Company has formed a management company that acts as attorney-in-fact (“AIF”) for Kemper Reciprocal (the “Reciprocal Exchange” or “Exchange”), an Illinois-domiciled reciprocal insurance exchange. The Exchange principally writes specialty personal automobile policies sold to subscribers of the Exchange. The establishment of Kemper Reciprocal was completed in the third quarter of 2023.

The Company consolidates the Exchange since (1) the AIF manages the business operations of the Exchange and therefore has the power to direct the activities that most significantly impact the economic performance of the Exchange and (2) the Company has provided capital to the Exchange and would absorb any expected losses that could potentially be significant to the Exchange. The Exchange’s anticipated economic performance is the product of its underwriting and investment results. The AIF receives a management fee for the services provided to the Reciprocal Exchange. The management fee revenues are based upon all premiums written or assumed by the Exchange. The AIF determines the management fee rate to be paid by the Exchange. This rate cannot exceed 30% of the Exchange’s gross written and assumed premiums.

The assets of the Reciprocal Exchange can be used only to settle the obligations of the Reciprocal Exchange for which creditors and other beneficial owners have no recourse to the Company. The Company has no obligation related to any underwriting and/or investment losses experienced by the Exchange. As of December 31, 2023, the Company had contributed $4.0 million of surplus to the Reciprocal Exchange. During the first quarter of 2024, the Company contributed an additional $2.0 million of surplus to the Reciprocal Exchange, resulting in a total contributed surplus of $ 6.0 million as of March 31, 2024. The effects of the transactions between the Company and the Reciprocal Exchange are eliminated in consolidation to derive consolidated Net Income (Loss). However, the management fee income earned by the AIF is reported in Net Income (Loss) attributable to Kemper Corporation and is included in the basic and diluted earnings per share.

Noncontrolling interest is the portion of equity (net assets) not attributable, directly or indirectly, to a parent. Since the Company has no ownership interest in Kemper Reciprocal, the difference between the carrying value of the Exchange’s assets and liabilities represents noncontrolling interest and any income or loss generated by the net assets of the Exchange is presented as income or loss attributable to noncontrolling interest.

Alternative Energy Partnership

The Company invests in an Alternative Energy Partnership formed to provide sustainable energy projects that are designed to generate a return primarily through the realization of federal tax credits. This entity was formed to invest in newly installed residential solar leases and power purchase agreements. As a result of this investment, the Company has the right to certain investment tax credits and tax depreciation benefits, and to a lesser extent, cash flows generated from the installed solar systems leased to individual consumers.

The Company’s interest in the Alternative Energy Partnership Investment is considered an investment in a VIE. The Company has determined that it is not the primary beneficiary as it does not have the power to direct the activities that most significantly impact the economic performance of the entity and therefore is not required to consolidate the VIE. The project sponsor governs the entity and the Company only has consent rights that have been deemed protective in nature and does not participate in key economic decisions of the entity.

The investment is accounted for using the equity method of accounting and included in Alternative Energy Partnership Investments in the Condensed Consolidated Balance Sheets. The Company uses the HLBV equity method to account for earnings and losses. This method provides an earnings allocation that appropriately reflects the substantive economics of the investment. Earnings and losses on the investment are reported in Change in Value of Alternative Energy Partnership Investments and investment tax credits are recognized in Income Tax Benefit on the Condensed Consolidated Statements of Income (Loss).

Note 9 - Variable Interest Entities (Continued)

The following table presents information regarding activity in the Company's Alternative Energy Partnership Investments for the three months ended March 31, 2024 and 2023.

	Three Months Ended	
(Dollars in Millions)	**Mar 31, 2024**	**Mar 31, 2023**
Cash distribution from Investment	0.5	0.5
Income on Investments in Alternative Energy Partnership	0.4	0.7
Income Tax Credits (Recaptures) Recognized	—	(0.1)
Tax Expense Recognized from Alternative Energy Partnership	(0.1)	(0.2)

The following table represents the carrying value of the associated assets and liabilities and the associated maximum loss exposure of the Alternative Energy Partnership Investments as of March 31, 2024 and December 31, 2023.

(Dollars in Millions)	**Mar 31, 2024**	**Dec 31, 2023**
Cash	$ 2.7	$ 2.7
Equipment, Net of Depreciation	255.0	256.2
Other Assets	7.5	7.5
Total Unconsolidated Assets	265.2	266.4
Maximum Loss Exposure	17.2	17.3

The Company's maximum loss exposure in the event that all of the assets in the Alternative Energy Partnership are deemed worthless is $ 17.2 million and $17.3 million, which is the carrying value of the investment at March 31, 2024 and December 31, 2023, respectively.

Note 10 - Deferred Policy Acquisition Costs

The following table presents the balances and changes in Deferred Policy Acquisition Costs for the Property and Casualty and Life and Health and business for the three months ended March 31, 2024 and 2023:

	March 31, 2024			March 31, 2023		
	Property and Casualty	**Life and Health**	**Total**	**Property and Casualty**	**Life and Health**	**Total**
Balance, Beginning of Year	$ 164.9	$ 426.7	$ 591.6	$ 231.1	$ 404.5	$ 635.6
Capitalizations	120.0	15.8	135.8	149.5	15.4	164.9
Amortization Expense	(125.4)	(5.3)	(130.7)	(142.3)	(5.6)	(147.9)
Experience Adjustment	—	(1.4)	(1.4)	—	(1.1)	(1.1)
Balance, End of Period	$ 159.5	$ 435.8	$ 595.3	$ 238.3	$ 413.2	$ 651.5

Costs directly associated with the successful acquisition of business, principally commissions and certain premium taxes and policy issuance costs, are deferred. Costs deferred on property and casualty insurance contracts are amortized over the period in which premiums are earned. Costs deferred on traditional life insurance products and other long-duration insurance contracts are amortized on a constant level basis over the expected life of the contracts in accordance with the assumptions used to estimate the liability for future policyholder benefits for nonparticipating traditional and limited-payment contracts. The underlying assumptions for deferred policy acquisition costs and the liability for future policyholder benefits are updated concurrently.

The Company did not make any changes to future assumptions for the three months ended March 31, 2024 and 2023.

Note 11 - Receivables from Policyholders - Allowance for Expected Credit Losses

The following tables present the balances of Receivables from Policyholders, net of the allowance for expected credit losses, as of March 31, 2024 and 2023, and a rollforward of changes in the allowance for expected credit losses for the three months ended March 31, 2024 and 2023.

	Three Months Ended March 31, 2024				
(Dollars in Millions)	Specialty	Life	Total Segments	Non-Core Operations	Total Allowance for Expected Credit Losses
Balance, Beginning of Year	$ 12.9	$ —	$ 12.9	$ 1.0	$ 13.9
Provision for Expected Credit Losses	6.2	0.1	6.3	0.2	6.5
Write-offs of Uncollectible Receivables from Policyholders	(13.7)	(0.1)	(13.8)	(0.2)	(14.0)
Balance, End of Period	$ 5.4	$ —	$ 5.4	$ 1.0	$ 6.4
Receivable Balance, End of Period	$ 892.8	$ 10.5	$ 903.3	$ 49.8	$ 953.1

	Three Months Ended March 31, 2023				
(Dollars in Millions)	Specialty	Life	Total Segments	Non-Core Operations	Total Allowance for Expected Credit Losses
Balance, Beginning of Year	$ 12.3	$ —	$ 12.3	$ 0.8	$ 13.1
Provision for Expected Credit Losses	10.3	0.3	10.6	0.4	11.0
Write-offs of Uncollectible Receivables from Policyholders	(12.0)	(0.3)	(12.3)	(0.5)	(12.8)
Balance, End of Period	$ 10.6	$ —	$ 10.6	$ 0.7	$ 11.3
Receivable Balance, End of Period	$ 1,232.7	$ 9.7	$ 1,242.4	$ 101.6	$ 1,344.0

Note 12 - Other Comprehensive Income and Accumulated Other Comprehensive Loss

The tables below display the changes in Accumulated Other Comprehensive Loss by component for the three months ended March 31, 2024 and 2023.

(Dollars in Millions)	Net Unrealized Losses on Other Investments	Net Unrealized Losses on Investments with an Allowance for Credit Losses	Net Unrecognized Postretirement Benefit Income	Gain on Cash Flow Hedges	Change in Discount Rate on Future Life Policyholder Benefits	Total
Balance as of January 1, 2024	$ (530.9)	$ (2.5)	$ 9.5	$ 2.5	$ 160.6	(360.8)
Other Comprehensive (Loss) Income Before Reclassifications	(96.1)	1.6	—	—	111.5	17.0
Amounts Reclassified from Accumulated Other Comprehensive Loss Net of Tax (Expense) Benefit of $(2.6), $0.2, $0.1, $0.0, $0.0 and $(2.3)	9.8	(0.2)	(0.8)	—	—	8.8
Other Comprehensive (Loss) Income Net of Tax Benefit (Expense) of $22.7, $0.1, $0.1, $0.0, $(29.6), and $(6.7)	(86.3)	1.4	(0.8)	—	111.5	25.8
Balance as of March 31, 2024	$ (617.2)	$ (1.1)	$ 8.7	$ 2.5	$ 272.1	$ (335.0)

(Dollars in Millions)	Net Unrealized Losses on Other Investments	Net Unrealized Losses on Investments with an Allowance for Credit Losses	Net Unrecognized Postretirement Benefit Costs	Gain (Loss) on Cash Flow Hedges	Change in Discount Rate on Future Life Policyholder Benefits	Total
Balance as of January 1, 2023	$ (719.4)	$ (2.2)	$ (37.2)	$ 2.8	$ 241.1	$ (514.9)
Other Comprehensive Income (Loss) Before Reclassifications	147.5	1.4	—	—	(86.7)	62.2
Amounts Reclassified from Accumulated Other Comprehensive Loss Net of Tax Benefit (Expense) of $0.0, $0.4, $(0.1), $0.1, $0.0 and $0.4	(0.1)	(1.4)	(0.4)	(0.1)	—	(2.0)
Other Comprehensive Income (Loss) Net of Tax (Expense) Benefit of $(39.8), $(0.4), $0.0, $0.0, $23.1, and $(17.1)	147.4	—	(0.4)	(0.1)	(86.7)	60.2
Balance as of March 31, 2023	$ (572.0)	$ (2.2)	$ (37.6)	$ 2.7	$ 154.4	$ (454.7)

Amounts reclassified from Accumulated Other Comprehensive Loss shown above are reported in Net Income (Loss) as follows:

Components of AOCI	Condensed Consolidated Statements of Income (Loss) Line Item Affected by Reclassifications
Net Unrealized Losses on Other Investments and Net Unrealized Losses on Investments with an Allowance for Credit Losses	Net Realized Investment Gains and Impairment Losses
Net Unrecognized Postretirement Benefit Income (Costs)	Policyholders' Benefits and Incurred Losses and Loss Adjustment Expenses, Insurance Expenses, and Interest and Other Expenses
Gain (Loss) on Cash Flow Hedges	Interest and Other Expenses

Note 13 - Shareholders' Equity

Common Stock Repurchases

On May 6, 2020, Kemper's Board of Directors authorized the repurchase of up to an additional $ 200.0 million of Kemper common stock, in addition to the $133.3 million remaining under the August 6, 2014 authorization, bringing the remaining

Note 13 - Shareholders' Equity (Continued)

share repurchase authorization to approximately $333.3 million. As of March 31, 2024, the remaining share repurchase authorization was $ 171.6 million under the repurchase program.

During the three months ended March 31, 2024 and 2023, Kemper did not repurchase any of its common stock.

Employee Stock Purchase Plan

During the three months ended March 31, 2024 and 2023, the Company issued 15,000 and 18,000 shares under the Kemper Employee Stock Purchase Plan ("ESPP"), respectively, at an average discounted price of $52.63 and $46.46 per share. Compensation costs charged against income were $0.1 million and $0.2 million for the three months ended March 31, 2024 and 2023, respectively.

Note 14 - Policyholder Obligations

Policyholder Obligations at March 31, 2024 and December 31, 2023 were as follows:

(Dollars in Millions)	Mar 31, 2024	Dec 31, 2023
FHLB Funding Agreements	$ 563.2	$ 557.4
Universal Life-type Policyholder Account Balances	97.7	98.3
Total	$ 660.9	$ 655.7

FHLB Funding Agreements

Kemper's subsidiary, United Insurance Company of America ("United Insurance") has entered into funding agreements with the FHLB of Chicago in exchange for cash, which it uses for spread lending purposes. During the three months ended March 31, 2024, United Insurance received advances of $25.0 million from the FHLB of Chicago and made repayments of $ 19.2 million under the spread lending program.

When a funding agreement is issued, United Insurance is then required to post collateral in the form of eligible securities including mortgage-backed, government, and agency debt instruments for each of the advances that are entered. The fair value of the collateral pledged must be maintained at certain specified levels above the borrowed amount, which can vary depending on the assets pledged. If the fair value of the collateral declines below these specified levels of the amount borrowed, United Insurance would be required to pledge additional collateral or repay outstanding borrowings. Upon any event of default by United Insurance, the FHLB's recovery on the collateral is limited to the amount of United Insurance's liability under the funding agreements to the FHLB of Chicago.

United Insurance's liability under the funding agreements with the FHLB of Chicago, the amount of collateral pledged under such agreements and FHLB of Chicago common stock owned by United Insurance at March 31, 2024 and December 31, 2023 is presented below.

(Dollars in Millions)	Mar 31, 2024	Dec 31, 2023
Liability under Funding Agreements	$ 563.2	$ 557.4
Fair Value of Collateral Pledged	712.1	629.3
FHLB of Chicago Common Stock Owned at Cost	16.3	16.6

Universal Life-type Policyholder Account Balances

The Company's weighted-average crediting rate for Universal Life-type Policyholder Account Balances was 5.1% as of March 31, 2024 and 2023. Guaranteed minimum benefit amounts in excess of the current account balances for these contracts were $289.2 million and $294.1 million as of March 31, 2024 and December 31, 2023, respectively. The cash surrender value of the Company's policyholder obligations for these contracts was $97.7 million and $98.2 million as of March 31, 2024 and December 31, 2023, respectively.

Note 15 - Debt

Amended and Extended Credit Agreement

On March 15, 2022, the Company entered into an amended and extended credit agreement. The amended and extended credit agreement increased the borrowing capacity of the existing unsecured credit agreement to $600.0 million and extended the maturity date to March 15, 2027. Furthermore, the amended and extended credit agreement provides for an accordion feature whereby the Company can increase the revolving credit borrowing capacity by an additional $200.0 million for a total maximum capacity of $ 800.0 million.

Financial covenants within the agreement limit the Company from accessing the maximum capacity. The amount available as of March 31, 2024 was $424.0 million. There were no outstanding borrowings under the credit agreement at either March 31, 2024 or December 31, 2023.

Long-term Debt

The Company designates debt obligations as either short-term or long-term based on maturity date at issuance. Total amortized cost of Long-term Debt, Current and Non-Current, outstanding at March 31, 2024 and December 31, 2023 was:

(Dollars in Millions)	Mar 31, 2024	Dec 31, 2023
Senior Notes:		
Current:		
4.350% Senior Notes due February 15, 2025	$ 449.7	$ —
Non-Current:		
4.350% Senior Notes due February 15, 2025	—	449.6
2.400% Senior Notes due September 30, 2030	397.1	397.0
3.800% Senior Notes due February 23, 2032	396.1	396.0
5.875% Fixed-Rate Reset Junior Subordinated Debentures due 2062	146.9	146.6
Total Long-term Debt Outstanding	$ 1,389.8	$ 1,389.2

4.350% Senior Notes Due 2025

Kemper has $450.0 million aggregate principal of 4.350% senior notes due February 15, 2025 (the “2025 Senior Notes”). Kemper initially issued $ 250.0 million of the notes in February of 2015 and issued an additional $200.0 million of the notes in June of 2017. The additional notes are fungible with the initial notes issued in 2015, and together are treated as part of a single series for all purposes under the indenture governing the 2025 Senior Notes. The 2025 Senior Notes are unsecured and may be redeemed in whole at any time or in part from time to time at Kemper’s option at specified redemption prices. As of March 31, 2024, the 2025 Senior Notes have been classified as Current due to the notes reaching maturity within 12 months of the financial statement date.

2.400% Senior Notes Due 2030

Kemper has $400.0 million aggregate principal of 2.400% senior notes due September 30, 2030 (the “2030 Senior Notes”). The net proceeds of issuance were $395.8 million, net of discount and transaction costs for an effective yield of 2.52%. The 2030 Senior Notes are unsecured and may be redeemed in whole at any time or in part from time to time, at Kemper’s option, at specified redemption prices.

3.800% Senior Notes Due 2032

On February 15, 2022, Kemper offered and sold $400.0 million aggregate principal of 3.800% senior notes due February 23, 2032 (the “2032 Senior Notes”). The net proceeds of issuance were $395.1 million, net of discount and transaction costs, for an effective yield of 3.950%. The 2032 Senior Notes are unsecured and may be redeemed in whole at any time or in part from time to time, at Kemper’s option, at specified redemption prices.

In anticipation of the issuance of the 2032 Senior Notes and for risk management purposes, the Company entered into a derivative transaction to hedge the risk of changes in the debt cash flows attributable to changes in the benchmark U.S.

Note 15 - Debt (Continued)

Treasury interest rate during the period leading up to the debt issuance (“Treasury Lock”). The effective portion of the gain on the derivative instrument upon discontinuance was $5.9 million before taxes, and is reported as a component of Accumulated Other Comprehensive Loss. Beginning with the issuance of the 2032 Senior Notes described in the preceding paragraph, such gain is being amortized into earnings and reported in Interest and Other Expenses in the same periods that the hedged items affect earnings. Amortization, reported in Interest and Other Expenses, was $0.1 million for the three months ended March 31, 2024 and 2023. The Company expects to reclassify $0.5 million of net gain on derivative instruments from AOCI to earnings for the twelve months ended March 31, 2025 as interest expense on the debt is recognized.

5.875% Fixed-Rate Reset Junior Subordinated Debentures Due 2062

On March 10, 2022, Kemper issued $150.0 million aggregate principal amount of 5.875% Fixed-Rate Reset Junior Subordinated Debentures due March 15, 2062 (the “2062 Junior Debentures”). The net proceeds from issuance were $144.7 million, net of discount and transaction costs. The 2062 Junior Debentures will bear interest from and including the date of original issue to, but excluding, March 15, 2027 (the “First Reset Date”) at the fixed rate of 5.875% per annum. The interest rate on the First Reset Date, and subsequent Reset Dates, will be equal to the Five-Year Treasury Rate as of the most recent Reset Date plus 4.140% to be reset on each Reset Date. Interest is due quarterly in arrears beginning on June 15, 2022. The Company has the option to defer interest payments for one or more optional deferral periods of up to five consecutive years, provided that no optional deferral period shall extend beyond March 15, 2062, or any earlier accelerated maturity date arising from an event of default or any earlier redemption of the 2062 Junior Debentures.

The 2062 Junior Debentures are unsecured and may be redeemed in whole or in part on the First Reset Date or any time thereafter, at a redemption price equal to the principal amount of the debentures being redeemed plus any accrued and unpaid interest.

Short-term Debt

Kemper’s subsidiaries, United Insurance, Trinity Universal Insurance Company (“Trinity”) and American Access Casualty Company (“AAC”), are members of the FHLBs of Chicago, Dallas and Chicago, respectively. As a requirement of membership in the FHLBs, United Insurance, Trinity, and AAC maintain a certain level of investment in FHLB stock. The Company periodically uses short-term FHLB borrowings for cash management and risk management purposes, in addition to long-term FHLB borrowings for the spread lending program. There were no short-term debt advances from the FHLBs of Chicago or Dallas outstanding at March 31, 2024 or December 31, 2023. For information on United Insurance’s funding agreement with the FHLB of Chicago in connection with the spread lending program, see Note 14, “Policyholder Obligations,” to the Condensed Consolidated Financial Statements.

Interest Expense and Interest Paid

Interest Expense, including facility fees, accretion of discount, amortization of premium and amortization of issuance costs, was $ 14.0 million three months ended March 31, 2024. Interest paid, including facility fees, was $20.0 million for the three months ended March 31, 2024. Interest Expense, including facility fees, accretion of discount and amortization of issuance costs, was $14.1 million for the three months ended March 31, 2023. Interest paid, including facility fees, was $24.8 million for the three months ended March 31, 2023 .

Note 16 - Leases

The Company leases certain office space under non-cancelable operating leases, with initial terms typically ranging from one to fifteen years, along with options that permit renewals for additional periods. The Company also leases certain vehicles and equipment under non-cancelable operating leases, with initial terms typically ranging from one to five years. Minimum rent is expensed on a straight-line basis over the term of the lease.

The following table presents operating lease right-of-use assets and lease liabilities.

(Dollars in Millions)	Mar 31, 2024	Dec 31, 2023
Operating Lease Right-of-Use Assets	$ 36.1	$ 38.4
Operating Lease Liabilities	58.3	62.3

Note 16 - Leases (Continued)

Lease expenses are primarily included in insurance expenses in the Condensed Consolidated Statements of Income (Loss). Additional information regarding the Company's operating leases is presented below.

(Dollars in Millions)	Three Months Ended Mar 31, 2024	Three Months Ended Mar 31, 2023
Lease Cost:		
Operating Lease Cost	$ 3.9	$ 4.1
Variable Lease Cost	1.1	0.1
Short-Term Lease Cost[1]	—	—
Total Lease Expense	$ 5.0	$ 4.2
Total Lease Cost	$ 5.0	$ 4.2

[1] Leases with an initial term of twelve months or less are not recorded on the Condensed Consolidated Balance Sheets.

Other Information on Operating Leases

Significant judgments and assumptions for determining lease asset and liability at March 31, 2024 and 2023 are presented below.

	Three Months Ended Mar 31, 2024	Three Months Ended Mar 31, 2023
Weighted-average Remaining Lease Term - Operating Leases	5.5 years	5.6 years
Weighted-average Discount Rate - Operating Leases	4.3 %	3.6 %

Most of the Company's leases do not provide an implicit rate. Accordingly, the Company uses its incremental borrowing rate based on the information available at the commencement date to determine its lease payments' present value.

Future minimum lease payments under operating leases at March 31, 2024 are presented below.

(Dollars in Millions)	March 31, 2024
Remainder of 2024	$ 15.0
2025	15.7
2026	9.7
2027	7.4
2028	4.7
2029 and Thereafter	15.2
Total Future Payments	$ 67.7
Less: Discount	9.4
Present Value of Minimum Lease Payments	$ 58.3

As of March 31, 2024 and December 31, 2023, the Company did not have any finance leases.

Note 17 - Income Taxes

The statute of limitations related to Kemper and its eligible subsidiaries' consolidated Federal income tax returns is closed for all tax years up to and including 2011 as well as 2018 and 2019. As a result of the Company filing amended federal income tax returns, tax years 2012 and 2013 are under limited examination with respect to carryback adjustments associated with the amended returns. The statute of limitations related to tax years 2014, 2015, 2016 and 2017 has been extended to December 31, 2024. Tax years 2020, 2021 and 2022 are subject to a statute of three years from the extended due dates of October 15, 2021, 2022 and 2023, respectively.

Note 17 - Income Taxes (Continued)

The expiration of the statute of limitations related to the various state income tax returns that Kemper and its subsidiaries file varies by state.

The interim period tax expense or benefit is the difference between the year-to-date income tax provision and the amounts reported for the previous interim periods of the fiscal year. For the three months ended March 31, 2024 the income tax expense attributable to Kemper Corporation was $16.8 million, or 19.1% of income before income taxes, compared to an income tax benefit of $ 23.8 million, or 22.9% of loss before income taxes for the three months ended March 31, 2023.

There were no Unrecognized Tax Benefits at March 31, 2024, or December 31, 2023. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits in Income Tax (Expense) Benefit. There were no liabilities for accrued interest and penalties for the three months ended March 31, 2024 and 2023.

For the three months ended March 31, 2024 and 2023, federal income tax refunds received, net of income taxes paid, were $ 10.4 million and $124.7 million, respectively.

For the three months ended March 31, 2024 and 2023, state income taxes paid, net of refunds received, were negligible. No foreign income taxes were paid or refunded for the three months ended March 31, 2024 and March 31, 2023, respectively.

Note 18 - Commitments and Contingencies

In the ordinary course of its businesses, the Company is involved in legal proceedings including lawsuits, arbitration, regulatory examinations, audits and inquiries. Based on currently available information, the Company does not believe that it is reasonably possible that any of its pending legal proceedings will have a material effect on the Company’s Condensed Consolidated Financial Statements and Notes to the Condensed Consolidated Financial Statements.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Non-GAAP Financial Measures

In this report, the Company presents certain measures of its performance on a consolidated and segment basis that are not calculated in accordance with GAAP. We believe that these non-GAAP financial measures enhance the understanding for the Company and our investors of our performance by highlighting the results of operations and the underlying profitability drivers of our business. Segment-specific financial measures are calculated using only the portion of consolidated results attributable to that specific segment.

Adjusted Consolidated Net Operating Income (Loss)

The Company believes that the non-GAAP financial measure of Adjusted Consolidated Net Operating Income (Loss) provides investors with a valuable measure of its ongoing performance because it reveals underlying operational performance trends that otherwise might be less apparent if the items were not excluded. The most directly comparable GAAP financial measure is Net Income (Loss) attributable to Kemper Corporation.

Adjusted Consolidated Net Operating Income (Loss) is an after-tax, non-GAAP financial measure and is computed by excluding from Net Income (Loss) attributable to Kemper Corporation the after-tax impact of

(i) Change in Fair Value of Equity and Convertible Securities;

(ii) Net Realized Investment Gains;

(iii) Impairment Losses;

(iv) Acquisition and Disposition Related Transaction, Integration, Restructuring and Other Costs;

(v) Debt Extinguishment, Pension Settlement and Other Charges;

(vi) Goodwill Impairment Charges;

(vii) Non-Core Operations; and

(viii) Significant non-recurring or infrequent items that may not be indicative of ongoing operations

Significant non-recurring items are excluded when (a) the nature of the charge or gain is such that it is reasonably unlikely to recur within two years, and (b) there has been no similar charge or gain within the prior two years. The most directly comparable GAAP financial measure is Net Income (Loss) attributable to Kemper Corporation. There were no applicable significant non-recurring items that the Company excluded from the calculation of Adjusted Consolidated Net Operating Income (Loss) for the three months ended March 31, 2024 or 2023.

Change in Fair Value of Equity and Convertible Securities, Net Realized Investment Gains and Impairment Losses related to investments included in the Company’s results may vary significantly between periods and are generally driven by business decisions and external economic developments such as capital market conditions that impact the values of the Company’s investments, the timing of which is unrelated to the insurance underwriting process. Acquisition and Disposition Related Transaction Costs, Integration Costs, and Restructuring and Other Costs may vary significantly between periods and are generally driven by the timing of acquisitions and business decisions which are unrelated to the insurance underwriting process. Debt Extinguishment, Pension Settlement and Other Charges relate to (i) loss from early extinguishment of debt, which is driven by the Company’s financing and refinancing decisions and capital needs, as well as external economic developments such as debt market conditions, the timing of which is unrelated to the insurance underwriting process; (ii) settlement of pension plan obligations which are business decisions made by the Company, the timing of which is unrelated to the underwriting process; and (iii) other charges that are non-standard, not part of the ordinary course of business, and unrelated to the insurance underwriting process. Goodwill Impairment Charges are excluded because they are infrequent and non-recurring charges. Non-Core Operations includes the results of our Preferred Insurance business which we expect to fully exit. These results are excluded because they are irrelevant to our ongoing operations and do not qualify for Discontinued Operations under GAAP. Significant non-recurring items are excluded because, by their nature, they are not indicative of the Company’s business or economic trends.

Non-GAAP Financial Measures (Continued)

Underlying Losses and Loss Adjustment Expenses ("LAE") and Underlying Combined Ratio

The following discussion uses the non-GAAP financial measures of (i) Underlying Losses and LAE and (ii) Underlying Combined Ratio. Underlying Losses and LAE (also referred to in the discussion as "Current Year Non-catastrophe Losses and LAE") exclude the impact of catastrophe losses and loss and LAE reserve development from prior years from the Company's Incurred Losses and LAE, which is the most directly comparable GAAP financial measure.

The Underlying Combined Ratio is computed by adding the Current Year Non-catastrophe Losses and LAE Ratio with the Insurance Expense Ratio. The most directly comparable GAAP financial measure is the Combined Ratio, which is computed by adding Total Incurred Losses and LAE Ratio, including the impact of catastrophe losses and loss and LAE reserve development from prior years, with the Insurance Expense Ratio.

The Company believes Underlying Losses and LAE and the Underlying Combined Ratio are useful to investors and uses these financial measures to reveal the trends in the Company's Property & Casualty Insurance segment that may be obscured by catastrophe losses and prior-year reserve development. These catastrophe losses may cause the Company's loss trends to vary significantly between periods as a result of their incidence of occurrence and magnitude and can have a significant impact on incurred losses and LAE and the Combined Ratio. Prior-year reserve developments are caused by unexpected loss development on historical reserves. Because reserve development relates to the re-estimation of losses from earlier periods, it has no bearing on the performance of the Company's insurance products in the current period. The Company believes it is useful for investors to evaluate these components separately and in the aggregate when reviewing the Company's underwriting performance.

The preceding non-GAAP financial measures should not be considered a substitute for the comparable GAAP financial measures, as they do not fully recognize the overall profitability of the Company's businesses.

Summary of Results

Net Income (Loss) attributable to Kemper Corporation was $71.3 million ($1.11 per unrestricted common share) for the three months ended March 31, 2024, compared to Net Loss attributable to Kemper Corporation of $80.1 million ($(1.25) per unrestricted common share) for the same period in 2023.

A reconciliation of Net Income (Loss) attributable to Kemper Corporation to Adjusted Consolidated Net Operating Income (Loss) (a non-GAAP financial measure) for the three months ended March 31, 2024 and 2023 is presented below.

	Three Months Ended		
(Dollars in Millions)	**Mar 31, 2024**	**Mar 31, 2023**	**Change**
Net Income (Loss) attributable to Kemper Corporation	$ 71.3	$ (80.1)	$ 151.4
Less:			
Change in Fair Value of Equity and Convertible Securities	2.7	1.3	1.4
Net Realized Investment Gains	5.2	5.1	0.1
Impairment Losses	(1.2)	1.7	(2.9)
Acquisition and Disposition Related Transaction, Integration, Restructuring and Other Costs	(10.1)	(23.0)	12.9
Non-Core Operations	5.0	(9.5)	14.5
Adjusted Consolidated Net Operating Income (Loss)	$ 69.7	$ (55.7)	$ 125.4
Components of Adjusted Consolidated Net Operating Income (Loss):			
Segment Adjusted Net Operating Income (Loss):			
Specialty Property & Casualty Insurance	$ 69.2	$ (58.4)	$ 127.6
Life Insurance	11.9	13.2	(1.3)
Total Segment Adjusted Net Operating Income (Loss)	81.1	(45.2)	126.3
Corporate and Other Adjusted Net Operating Loss	(12.5)	(10.5)	(2.0)
Less: Net (Loss) Income attributable to Noncontrolling Interest	(1.1)	—	(1.1)
Adjusted Consolidated Net Operating Income (Loss)	$ 69.7	$ (55.7)	$ 125.4

Summary of Results (Continued)

Net Income (Loss) attributable to Kemper Corporation

Net Income (Loss) attributable to Kemper Corporation increased by $151.4 million for the three months ended March 31, 2024, compared to the same period in 2023, due primarily to higher Adjusted Consolidated Net Operating Income (Loss), an increase in net income from Non-Core Operations and lower Acquisition and Disposition Related Transaction, Integration, Restructuring and Other Costs from the completion of certain strategic initiatives and lower costs in connection with the 2023 cost structure optimization initiatives.

Adjusted Consolidated Net Operating Income (Loss) increased by $125.4 million for the three months ended March 31, 2024, compared to the same period in 2023, due primarily to an improvement in the Specialty Property & Casualty Insurance segment profitability driven by higher average earned premiums per exposure, lower underlying claim frequency and moderating increases in claim severity.

The income from Non-Core Operations increased by $14.5 million for the three months ended March 31, 2024 compared to the same period in 2023 primarily due to an improvement in the underlying combined ratio driven by higher average earned premiums per exposure resulting from rate increases and a lower frequency of claims, lower catastrophe losses and a reduction in prior accident year losses due to normalization of loss patterns.

Corporate and Other Adjusted Net Operating Loss increased for the three months ended March 31, 2024 compared to the same periods in 2023, due primarily to increased overhead expenses.

Revenues

Total Revenues decreased by $151.8 million to $1,143.0 million for the three months ended March 31, 2024, compared to $1,294.8 million for the same period in 2023. The decrease was primarily driven by a reduction in earned premiums.

Earned Premiums decreased by $149.0 million to $1,031.9 million for the three months ended March 31, 2024, compared to $1,180.9 million for the same period in 2023, primarily driven by a $104.2 million decrease from the Specialty Property & Casualty Insurance segment due to continued lower new business volumes resulting from targeted actions to improve profitability, partially offset by higher average earned premium per exposure resulting from rate increases. The decrease was also due to $42.8 million in lower premiums from our Preferred Insurance business, reported as Non-Core Operations, due primarily to lower volumes resulting from the decision to exit and run-off the business as well as ongoing profit improvement actions.

Net Investment Income was $100.4 million for the three months ended March 31, 2024, compared to $101.8 million for the same period in 2023.

Specialty Property & Casualty Insurance

Selected financial information for the Specialty Property & Casualty Insurance segment is presented below.

(Dollars in Millions)	Three Months Ended Mar 31, 2024	Three Months Ended Mar 31, 2023
Net Premiums Written	$ 864.6	$ 1,022.1
Earned Premiums	$ 840.0	$ 944.2
Net Investment Income	41.1	38.5
Change in Value of Alternative Energy Partnership Investments	0.3	0.4
Other Income	1.1	0.9
Total Revenues	882.5	984.0
Incurred Losses and LAE related to:		
Current Year:		
Non-catastrophe Losses and LAE	609.0	825.4
Catastrophe Losses and LAE	4.1	8.4
Prior Years:		
Non-catastrophe Losses and LAE	5.3	31.6
Catastrophe Losses and LAE	0.7	(0.5)
Total Incurred Losses and LAE	619.1	864.9
Insurance Expenses	176.9	193.8
Segment Adjusted Operating Income (Loss)	86.5	(74.7)
Income Tax (Expense) Benefit	(17.3)	16.3
Total Segment Adjusted Net Operating Income (Loss)	$ 69.2	$ (58.4)
Ratios Based On Earned Premiums		
Current Year Non-catastrophe Losses and LAE Ratio	72.5 %	87.5 %
Current Year Catastrophe Losses and LAE Ratio	0.5	0.9
Prior Years Non-catastrophe Losses and LAE Ratio	0.6	3.3
Prior Years Catastrophe Losses and LAE Ratio	0.1	(0.1)
Total Incurred Loss and LAE Ratio	73.7	91.6
Insurance Expense Ratio	21.1	20.5
Combined Ratio	94.8 %	112.1 %
Underlying Combined Ratio		
Current Year Non-catastrophe Losses and LAE Ratio	72.5 %	87.5 %
Insurance Expense Ratio	21.1	20.5
Underlying Combined Ratio	93.6 %	108.0 %
Non-GAAP Measure Reconciliation		
Combined Ratio	94.8 %	112.1 %
Less:		
Current Year Catastrophe Losses and LAE Ratio	0.5	0.9
Prior Years Non-catastrophe Losses and LAE Ratio	0.6	3.3
Prior Years Catastrophe Losses and LAE Ratio	0.1	(0.1)
Underlying Combined Ratio	93.6 %	108.0 %

Specialty Property & Casualty Insurance (Continued)

Insurance Reserves

(Dollars in Millions)	Mar 31, 2024	Dec 31, 2023
Insurance Reserves:		
Personal Automobile	$ 1,633.1	$ 1,711.9
Commercial Automobile	618.1	596.8
Total Insurance Reserves	$ 2,251.2	$ 2,308.7
Insurance Reserves:		
Loss and Allocated LAE Reserves:		
Case and Allocated LAE	$ 965.7	$ 999.9
Incurred But Not Reported	1,114.8	1,132.8
Total Loss and LAE Reserves	2,080.5	2,132.7
Unallocated LAE Reserves	170.7	176.0
Total Insurance Reserves	$ 2,251.2	$ 2,308.7

See MD&A, "Critical Accounting Estimates," of the 2023 Annual Report for additional information pertaining to the Company's process of estimating property and casualty insurance reserves for losses and LAE, development of property and casualty insurance losses and LAE from prior accident years, also referred to as "reserve development" in the discussion of segment results, estimated variability of property and casualty insurance reserves for losses and LAE, and a discussion of some of the variables that may impact development of property and casualty insurance losses and LAE and the estimated variability of property and casualty insurance reserves for losses and LAE.

Overall

Three Months Ended March 31, 2024 Compared to the Same Period in 2023

The Specialty Property & Casualty Insurance segment reported Total Segment Adjusted Net Operating Income of $69.2 million for the three months ended March 31, 2024, compared to Total Segment Adjusted Net Operating Loss of $58.4 million for the same period in 2023. Segment adjusted net operating results improved by $127.6 million that included a $105.0 million and $22.6 million increase from personal automobile and commercial vehicle insurance, respectively, due primarily to higher average earned premiums per exposure resulting from rate increases, lower underlying claim frequency and moderating increases in claim severity.

Earned Premiums in the Specialty Property & Casualty Insurance segment decreased by $104.2 million for the three months ended March 31, 2024, compared to the same period in 2023, due to continued lower new business volumes resulting from targeted actions to improve profitability, partially offset by higher average earned premium per exposure resulting from rate increases.

Net Investment Income in the Specialty Property & Casualty Insurance segment increased by $2.6 million for the three months ended March 31, 2024, compared to the same period in 2023, due primarily to higher rates on and levels of Short-term Investments.

Incurred losses and LAE were $619.1 million, or 73.7% of earned premiums for the three months ended March 31, 2024, compared to $864.9 million, or 91.6% of earned premiums, for the same period in 2023. Incurred losses and LAE as a percentage of earned premiums decreased primarily due to an improvement in the underlying loss and LAE ratio and lower adverse prior year development. Underlying losses and LAE as a percentage of earned premiums were 72.5% for the three months ended March 31, 2024, an improvement of 15.0 percentage points, compared to the same period in 2023, driven by higher average earned premium per exposure (25.6% increase year over year) resulting from rate increases and lower underlying claims frequency, partially offset by moderating higher claims average severity trends from elevated inflation. Underlying losses and LAE exclude the impact of catastrophes and loss and LAE reserve development. Adverse loss and LAE reserve development (including catastrophe reserve development) was $6.0 million for the three months ended March 31, 2024, compared to adverse development of $31.1 million for the same period in 2023, an improvement of $25.1 million due primarily to normalization in loss patterns. Catastrophe losses and LAE (excluding reserve development) were $4.1 million for the three months ended March 31, 2024 compared to $8.4 million for the same period in 2023, an improvement of $4.3 million due to lower wind and hail losses.

Insurance Expenses were $176.9 million, or 21.1% of earned premiums, for the three months ended March 31, 2024, compared to $193.8 million, or 20.5% of earned premiums for the same period in 2023. Insurance Expenses decreased $16.9 million due to lower new business volumes as discussed above. As a percentage of earned premiums, Insurance Expenses increased 0.6% as earned premium decreases outpaced expense decreases.

The Specialty Property & Casualty Insurance segment’s first quarter of 2024 effective income tax rate was 19.9% compared to 21.9% for the same period in 2023. The effective income tax rate for the first quarters of 2024 and 2023 differs from the federal statutory income tax rate due primarily to investments in Company-Owned Life Insurance, tax-exempt investment income and dividends received deductions. The decrease in the effective tax rate from the first quarter of 2023 is due primarily to an increased benefit from tax preferred investment income.

Specialty Personal Automobile Insurance

Selected financial information for the specialty personal automobile insurance product line is presented below.

	Three Months Ended	
(Dollars in Millions)	**Mar 31, 2024**	**Mar 31, 2023**
Net Premiums Written	$ 672.5	$ 842.4
Earned Premiums	$ 675.3	$ 787.9
Incurred Losses and LAE related to:		
Current Year:		
Non-catastrophe Losses and LAE	$ 485.7	$ 697.6
Catastrophe Losses and LAE	3.5	7.7
Prior Years:		
Non-catastrophe Losses and LAE	6.5	23.4
Catastrophe Losses and LAE	0.6	(0.5)
Total Incurred Losses and LAE	$ 496.3	$ 728.2
Ratios Based On Earned Premiums		
Current Year Non-catastrophe Losses and LAE Ratio	71.9 %	88.5 %
Current Year Catastrophe Losses and LAE Ratio	0.5	1.0
Prior Years Non-catastrophe Losses and LAE Ratio	1.0	3.0
Prior Years Catastrophe Losses and LAE Ratio	0.1	(0.1)
Total Incurred Loss and LAE Ratio	73.5 %	92.4 %
Insurance Expense Ratio	21.6 %	20.6 %
Combined Ratio	95.1 %	113.0 %
Underlying Combined Ratio		
Current Year Non-catastrophe Losses and LAE Ratio	71.9 %	88.5 %
Insurance Expense Ratio	21.6	20.6
Underlying Combined Ratio	93.5 %	109.1 %
Non-GAAP Measure Reconciliation		
Combined Ratio	95.1 %	113.0 %
Less:		
Current Year Catastrophe Losses and LAE Ratio	0.5	1.0
Prior Years Non-catastrophe Losses and LAE Ratio	1.0	3.0
Prior Years Catastrophe Losses and LAE Ratio	0.1	(0.1)
Underlying Combined Ratio	93.5 %	109.1 %

Specialty Property & Casualty Insurance (Continued)

Three Months Ended March 31, 2024 Compared to the Same Period in 2023

Earned Premiums on personal automobile insurance decreased by $112.6 million for the three months ended March 31, 2024, compared to the same period in 2023, due to continued lower new business volumes driven by targeted underwriting actions to improve profitability, partially offset by higher average earned premium per exposure resulting from rate increases. Incurred losses and LAE were $496.3 million, or 73.5% of earned premiums for the three months ended March 31, 2024, compared to $728.2 million, or 92.4% of earned premiums, for the same period in 2023. Incurred losses and LAE as a percentage of earned premiums decreased primarily due to an improvement in the underlying loss and LAE ratio and lower adverse prior year development. Underlying losses and LAE as a percentage of related earned premiums were 71.9% for the three months ended March 31, 2024, compared to 88.5% for the same period in 2023, an improvement of 16.6 percentage points driven by higher average earned premiums per exposure resulting from rate increases and a lower frequency of claims. Adverse loss and LAE reserve development was $7.1 million for the three months ended March 31, 2024, compared to adverse development of $22.9 million for the same period in 2023, an improvement of $15.8 million due primarily to normalization of loss patterns. Catastrophe losses and LAE (excluding reserve development) were $3.5 million for the three months ended March 31, 2024, compared to $7.7 million for the same period in 2023, an improvement of $4.2 million mainly due to lower wind and hail losses.

Specialty Property & Casualty Insurance (Continued)

Commercial Automobile Insurance

Selected financial information for the commercial automobile insurance product line is presented below.

	Three Months Ended	
(Dollars in Millions)	Mar 31, 2024	Mar 31, 2023
Net Premiums Written	$ 192.1	$ 179.7
Earned Premiums	$ 164.7	$ 156.3
Incurred Losses and LAE related to:		
Current Year:		
Non-catastrophe Losses and LAE	$ 123.3	$ 127.8
Catastrophe Losses and LAE	0.6	0.7
Prior Years:		
Non-catastrophe Losses and LAE	(1.2)	8.2
Catastrophe Losses and LAE	0.1	—
Total Incurred Losses and LAE	$ 122.8	$ 136.7
Ratios Based On Earned Premiums		
Current Year Non-catastrophe Losses and LAE Ratio	74.8 %	81.9 %
Current Year Catastrophe Losses and LAE Ratio	0.4	0.4
Prior Years Non-catastrophe Losses and LAE Ratio	(0.7)	5.2
Prior Years Catastrophe Losses and LAE Ratio	0.1	—
Total Incurred Loss and LAE Ratio	74.6 %	87.5 %
Insurance Expense Ratio	19.0 %	20.3 %
Combined Ratio	93.6 %	107.8 %
Underlying Combined Ratio		
Current Year Non-catastrophe Losses and LAE Ratio	74.8 %	81.9 %
Insurance Expense Ratio	19.0	20.3
Underlying Combined Ratio	93.8 %	102.2 %
Non-GAAP Measure Reconciliation		
Combined Ratio	93.6 %	107.8 %
Less:		
Current Year Catastrophe Losses and LAE Ratio	0.4	0.4
Prior Years Non-catastrophe Losses and LAE Ratio	(0.7)	5.2
Prior Years Catastrophe Losses and LAE Ratio	0.1	—
Underlying Combined Ratio	93.8 %	102.2 %

Three Months Ended March 31, 2024 Compared to the Same Period in 2023

Earned Premiums from commercial automobile insurance increased by $8.4 million for the three months ended March 31, 2024, compared to the same period in 2023, due primarily to higher average earned premium per exposure resulting from rate increases. Incurred losses and LAE were $122.8 million, or 74.6% of earned premiums in 2024, compared to $136.7 million, or 87.5% of earned premiums in 2023. Incurred losses and LAE as a percentage of earned premiums decreased primarily due to an improvement in the underlying loss ratio and lower adverse prior year development. Underlying losses and LAE as a percentage of earned premiums were 74.8% for the three months ended March 31, 2024, compared to 81.9% during the same time period in 2023, an improvement of 7.1 percentage points due primarily to higher average earned premiums per exposure resulting from rate increases and a lower frequency of claims. Favorable loss and LAE reserve development was $1.1 million for the three months ended March 31, 2024, compared to adverse development of $8.2 million for the same period in 2023, an improvement of $9.3 million due primarily to normalization of loss patterns.

Life Insurance

Selected financial information for the Life Insurance segment is presented below.

(Dollars in Millions)	Three Months Ended Mar 31, 2024	Three Months Ended Mar 31, 2023
Earned Premiums (Changes in Deferred Profit Liability for the Three Months Ended: 2024 - $19.7; 2023 - $19.2)	$ 97.3	$ 99.3
Net Investment Income	44.3	49.8
Change in Value of Alternative Energy Partnership Investments	0.1	0.2
Other Income (Loss)	0.2	(0.4)
Total Revenues	141.9	148.9
Policyholders' Benefits and Incurred Losses and LAE (Changes in Liability for Future Policyholder Benefits for the Three Months Ended: 2024 - $6.0 ; 2023 - $1.9)	63.0	69.9
Insurance Expenses	64.9	64.2
Segment Adjusted Operating Income	14.0	14.8
Income Tax Expense	(2.1)	(1.6)
Total Segment Adjusted Net Operating Income	$ 11.9	$ 13.2

Insurance Reserves

(Dollars in Millions)	Mar 31, 2024	Dec 31, 2023
Insurance Reserves:		
Future Policyholder Benefits	$ 3,248.8	$ 3,375.6
Incurred Losses and LAE Reserves:		
Life	40.7	42.1
Accident and Health	4.7	4.7
Property	2.5	2.9
Total Incurred Losses and LAE Reserves	47.9	49.7
Total Insurance Reserves	$ 3,296.7	$ 3,425.3

Overall

Three Months Ended March 31, 2024 Compared to the Same Period in 2023

The Life Insurance segment reported Total Segment Adjusted Net Operating Income of $11.9 million for the three months ended March 31, 2024, compared to $13.2 million for the same period in 2023. The decrease in segment net operating results was primarily due to a reduction in net investment income, partially offset by changes in mortality experience from life insurance products.

Earned Premiums decreased $2.0 million for the three months ended March 31, 2024, compared to the same period in 2023, due primarily to lower volume on life insurance.

Net investment income decreased by $5.5 million for the three months ended March 31, 2024, compared to the same period in 2023, due to lower levels of fixed income securities and Company-Owned Life Insurance.

Policyholders' Benefits and Incurred Losses and LAE decreased by $6.9 million for the three months ended March 31, 2024, compared to the same period in 2023, due to changes in mortality experience in life insurance products.

The Life Insurance segment's first quarter 2024 effective income tax rate was 15.2% compared to 11.7% for the same period in 2023. The effective income tax rate for the first quarters of 2024 and 2023 differs from the federal statutory income tax rate due primarily to investments in Company-Owned Life Insurance, tax-exempt investment income and dividends received deductions. The increase in the effective tax rate from the first quarter of 2023 is due primarily to a decreased benefit from tax preferred investment income.

Investment Results

Net Investment Income

Net Investment Income for the three months ended March 31, 2024 and 2023 is presented below:

(Dollars in Millions)	Three Months Ended Mar 31, 2024	Three Months Ended Mar 31, 2023
Investment Income:		
Interest on Fixed Income Securities[1,2]	$ 79.8	$ 81.5
Dividends on Equity Securities Excluding Alternative Investments	2.8	1.0
Alternative Investments:		
Equity Method Limited Liability Investments	(2.1)	1.1
Limited Liability Investments Included in Equity Securities	3.4	2.6
Total Alternative Investments	1.3	3.7
Short-term Investments	7.3	2.3
Loans to Policyholders	5.2	5.4
Real Estate	2.3	2.4
Company-Owned Life Insurance	7.1	8.8
Other	2.5	3.0
Total Investment Income	108.3	108.1
Investment Expenses:		
Real Estate	2.2	2.1
Other Investment Expenses[1,2]	5.7	4.2
Total Investment Expenses	7.9	6.3
Net Investment Income	$ 100.4	$ 101.8

[1]In the first quarter of 2024, the Company changed its presentation of the details of investment performance to report interest expense incurred on Federal Home Loan Bank ("FHLB") borrowings as an offset to interest on fixed income securities since FHLB borrowings are used for spread lending purposes. The interest expense incurred on FHLB borrowings was previously reported within Other Investment Expenses. The prior period amounts presented above have been updated to reflect this change in presentation.

[2]Reduced by interest expense incurred on FHLB borrowings used for spread lending purposes of $5.2 million and $4.7 million, for the three months ended March 31, 2024 and 2023, respectively.

Net Investment Income was $100.4 million and $101.8 million for the three months ended March 31, 2024 and 2023, respectively. Net Investment Income decreased by $1.4 million in 2024 due primarily to lower returns from equity method limited liability investments, lower levels of fixed income securities and a reduction in income from investments in company owned life insurance partially offset by an increase in income from higher rates on and levels of short-term investments.

Income and distributions on alternative investments can fluctuate significantly between periods as they are influenced by operating performance of the underlying investments, changes in market or economic conditions or the timing of asset sales.

Investment Results (Continued)

Total Comprehensive Investment (Losses) Gains

The components of Total Comprehensive Investment (Losses) Gains for the three months ended March 31, 2024 and 2023 are presented below:

	Three Months Ended	
(Dollars in Millions)	Mar 31, 2024	Mar 31, 2023
Recognized in Condensed Consolidated Statements of Income (Loss):		
Change in Fair Value of Equity and Convertible Securities	$ 3.4	$ 1.7
Gains on Sales	16.9	1.3
Losses on Sales	(2.4)	(3.3)
(Losses) Gains on Hedging Activity	(7.9)	8.4
Impairment Losses	(1.4)	2.1
Net Gains Recognized in Condensed Consolidated Statements of Income (Loss)	8.6	10.2
Recognized in Other Comprehensive Income	(106.7)	179.8
Total Comprehensive Investment (Losses) Gains	$ (98.1)	$ 190.0

Total Comprehensive Investment Losses were $98.1 million for the three months ended March 31, 2024, compared to Total Comprehensive Investment Gains of $190.0 million for the three months ended March 31, 2023. The decrease of $288.1 million in comprehensive investment results was primarily due to an increase in the Company’s unrealized loss position on the fixed income securities portfolio in the first quarter of 2024 as compared to a decrease in the Company's unrealized loss position on the fixed income securities portfolio in the first quarter of 2023.

Change in Fair Value of Equity and Convertible Securities

The components of Change in Fair Value of Equity and Convertible Securities for the three months ended March 31, 2024 and 2023 are presented below:

	Three Months Ended	
(Dollars in Millions)	Mar 31, 2024	Mar 31, 2023
Preferred Stocks	$ 0.2	$ 0.1
Common Stocks	0.1	(0.5)
Other Equity Interests:		
Exchange Traded Funds	—	0.1
Limited Liability Companies and Limited Partnerships	3.1	1.7
Total Other Equity Interests	3.1	1.8
Change in Fair Value of Equity Securities	3.4	1.4
Change in Fair Value of Convertible Securities	—	0.3
Change in Fair Value of Equity and Convertible Securities	$ 3.4	$ 1.7

Investment Results (Continued)

Net Realized Gains on Sales of Investments

The components of Net Realized Investment Gains for the three months ended March 31, 2024 and 2023 are presented below:

(Dollars in Millions)	Three Months Ended Mar 31, 2024	Three Months Ended Mar 31, 2023
Fixed Maturities:		
Gains on Sales	$ 12.8	$ 1.1
Losses on Sales	(2.3)	(3.3)
(Losses) Gains on Hedging Activity	(7.9)	8.4
Equity Securities:		
Gains on Sales	4.1	—
Losses on Sales	(0.1)	—
Other:		
Gains on Sales	—	0.2
Net Realized Investment Gains	$ 6.6	$ 6.4
Gross Gains on Sales	$ 16.9	$ 1.3
Gross Losses on Sales	(2.4)	(3.3)
(Losses) Gains on Hedging Activity	(7.9)	8.4
Net Realized Investment Gains	$ 6.6	$ 6.4

Fixed Maturities

Net realized gains and losses on sales of fixed maturities for the three months ended March 31, 2024 and 2023 primarily relate to normal portfolio management. The net realized gains and losses on hedging activity for the three months ended March 31, 2024 and 2023 are related to treasury futures that did not qualify for hedge accounting treatment.

Impairment Losses

The Company regularly reviews its investment portfolio to determine whether a decline in the fair value of an investment has occurred from credit or other, non-credit related factors. If the decline in fair value is due to credit factors and the Company does not expect to receive cash flows sufficient to support the entire amortized cost basis, the credit loss is reported in the Condensed Consolidated Statements of Income (Loss) in the period that the declines are evaluated. Conversely, an increase in the fair value or disposal of an investment with a previously established credit allowance will result in the reversal of impairment losses reported in the Condensed Consolidated Statements of Income (Loss) in the period.

The components of Impairment Losses in the Condensed Consolidated Statements of Income (Loss) for the three months ended March 31, 2024 and 2023 were:

	Three Months Ended			
	Mar 31, 2024		Mar 31, 2023	
(Dollars in Millions)	Amount	Number of Issuers	Amount[2]	Number of Issuers
Fixed Maturities	$ (1.0)	16	$ 2.1	14
Equity Securities at Modified Cost	(0.4)	1	—	—
Other	(0.1)	7	—	—
Impairment Losses[1]	$ (1.5)		$ 2.1	

[1] Includes losses from intent-to-sell securities and direct write-down securities of $1.5 million and $0.1 million for the three months ended March 31, 2024 and 2023, respectively.

[2]This amount was primarily related to a reversal on a previously impaired security.

Investment Quality and Concentrations

The Company's fixed maturity investment portfolio is comprised primarily of high-grade corporate, municipal and agency bonds. At March 31, 2024, approximately 95.8% of the Company's fixed maturity investment portfolio was rated investment-grade, which the Company defines as a security issued by a high quality obligor with at least a relatively stable credit profile and where it is highly likely that all contractual payments of principal and interest will timely occur and carry a rating from the National Association of Insurance Commissioners ("NAIC") of 1 or 2. Securities with a rating of 1 or 2 from the NAIC typically are rated by one or more Nationally Recognized Statistical Rating Organizations and either have a rating of AAA, AA, A or BBB from Standard & Poor's ("S&P"); a rating of Aaa, Aa, A or Baa from Moody's Investors Service ("Moody's"); or a rating of AAA, AA, A or BBB from Fitch Ratings.

The following table summarizes the credit quality of the Company's fixed maturity investment portfolio at March 31, 2024 and December 31, 2023:

(Dollars in Millions)		Mar 31, 2024			Dec 31, 2023		
NAIC Rating	Rating	Amortized Cost	Fair Value	Percentage of Total	Amortized Cost	Fair Value	Percentage of Total
1	AAA, AA, A	$ 5,478.9	$ 4,884.1	72.1 %	$ 5,471.8	$ 4,962.0	72.1 %
2	BBB	1,779.4	1,604.4	23.7	1,803.7	1,657.3	24.1
3-4	BB, B	241.1	225.5	3.3	227.1	204.4	3.0
5-6	CCC or Lower	62.6	57.6	0.9	63.2	58.2	0.8
Total Investments in Fixed Maturities		$ 7,562.0	$ 6,771.6	100.0 %	$ 7,565.8	$ 6,881.9	100.0 %

Gross unrealized losses on the Company's investments in below-investment-grade fixed maturities were $19.4 million and $25.5 million at March 31, 2024 and December 31, 2023, respectively.

The following table summarizes the fair value of the Company's investments in governmental fixed maturities at March 31, 2024 and December 31, 2023:

	Mar 31, 2024		Dec 31, 2023	
(Dollars in Millions)	Fair Value	Percentage of Total Investments	Fair Value	Percentage of Total Investments
U.S. Government and Government Agencies and Authorities	$ 488.4	5.6 %	$ 511.5	5.7 %
States and Political Subdivisions:				
Revenue Bonds	1,193.3	13.6	1,235.2	13.9
States	95.5	1.1	99.8	1.1
Political Subdivisions	67.1	0.8	66.9	0.8
Foreign Governments	4.6	0.1	3.8	—
Total Investments in Governmental Fixed Maturities	$ 1,848.9	21.2 %	$ 1,917.2	21.5 %

Investment Quality and Concentrations (Continued)

The following table summarizes the fair value of the Company's investments in non-governmental fixed maturities by industry at March 31, 2024 and December 31, 2023.

	Mar 31, 2024		Dec 31, 2023	
(Dollars in Millions)	**Fair Value**	**Percentage of Total Investments**	**Fair Value**	**Percentage of Total Investments**
Finance, Insurance and Real Estate	$ 2,084.8	23.8 %	$ 2,070.5	23.3 %
Manufacturing	1,064.8	12.1	1,077.6	12.1
Transportation, Communication and Utilities	816.5	9.3	807.3	9.1
Services	620.0	7.1	639.4	7.2
Mining	165.0	1.9	174.3	2.0
Retail Trade	131.3	1.5	156.0	1.8
Construction	6.2	0.1	4.4	—
Other	34.1	0.4	35.2	0.4
Total Investments in Non-governmental Fixed Maturities	$ 4,922.7	56.2 %	$ 4,964.7	55.9 %

The following table summarizes the fair value of the Company's investments in non-governmental fixed maturities by range of amounts invested at March 31, 2024.

(Dollars in Millions)	**Number of Issuers**	**Aggregate Fair Value**
Below $5	691	$ 1,420.8
$5 -$10	187	1,390.0
$10 - $20	103	1,409.1
$20 - $30	21	491.1
Greater Than $30	6	211.7
Total	1,008	$ 4,922.7

The Company's short-term investments primarily consist of money market funds and short-term bonds. At March 31, 2024, the Company had $226.6 million invested in money market funds, which primarily invest in U.S. Treasury securities and $294.1 million invested in U.S. Treasury bills and short-term bonds.

Investment Quality and Concentrations (Continued)

The following table summarizes the fair value of the Company’s ten largest investment exposures in a single issuer, excluding investments in U.S. Government and Government Agencies and Authorities and Short-term Investment, at March 31, 2024:

(Dollars in Millions)	Fair Value	Percentage of Total Investments
Fixed Maturities:		
States including their Political Subdivisions:		
California	$ 133.5	1.5 %
Texas	113.3	1.3
Michigan	78.9	0.9
New York	76.7	0.9
Georgia	72.4	0.8
Louisiana	60.0	0.7
Pennsylvania	57.5	0.7
Florida	55.2	0.6
Colorado	48.2	0.5
Missouri	39.4	0.4
Total	$ 735.1	8.3 %

Investments in Limited Liability Companies and Limited Partnerships

The Company owns investments in various limited liability investment companies and limited partnerships that primarily invest in mezzanine debt, distressed debt, real estate and senior debt. The Company's investments in these limited liability investment companies and limited partnerships are reported either as Equity Method Limited Liability Investments, Other Equity Interests and included in Equity Securities at Fair Value, or Equity Securities at Modified Cost, depending on the accounting method used to report the investment. Additional information pertaining to these investments at March 31, 2024 and December 31, 2023 is presented below.

(Dollars in Millions)	Unfunded Commitment	Reported Value	
Asset Class	Mar 31, 2024	Mar 31, 2024	Dec 31, 2023
Reported as Equity Method Limited Liability Investments:			
Mezzanine Debt	$ 42.6	$ 123.2	$ 125.4
Senior Debt	39.5	19.2	19.0
Secondary Transactions	1.6	6.8	7.9
Leveraged Buyout	0.6	8.5	8.6
Real Estate	—	42.0	41.9
Distressed Debt	—	6.1	7.9
Growth Equity	—	0.8	1.2
Hedge Fund	—	0.1	0.1
Other	0.2	8.5	9.7
Total Equity Method Limited Liability Investments	84.5	215.2	221.7
Alternative Energy Partnership Investments	—	17.2	17.3
Reported as Other Equity Interests at Fair Value:			
Mezzanine Debt	66.3	127.7	124.0
Distressed Debt	13.0	12.9	12.4
Senior Debt	10.8	24.7	24.8
Leveraged Buyout	9.5	19.7	19.0
Growth Equity	6.5	6.3	6.4
Secondary Transactions	3.1	2.7	2.8
Real Estate	0.2	0.1	0.1
Hedge Funds	—	—	1.9
Other	—	—	—
Total Reported as Other Equity Interests at Fair Value	109.4	194.1	191.4
Reported as Equity Securities at Modified Cost:			
Other	—	4.6	4.8
Total Reported as Equity Securities at Modified Cost	—	4.6	4.8
Total Investments in Limited Liability Companies and Limited Partnerships	$ 193.9	$ 431.1	$ 435.2

The Company expects that it will be required to fund its commitments over the next several years. The Company expects that the proceeds from distributions from these investments will be the primary source of funding of such commitments.

Insurance, Interest, and Other Expenses

Expenses for the three months ended March 31, 2024 and 2023 were:

	Three Months Ended	
(Dollars in Millions)	Mar 31, 2024	Mar 31, 2023
Insurance Expenses:		
Commissions	$ 139.9	$ 166.9
General Expenses	85.3	94.2
Taxes, Licenses and Fees	19.1	23.6
Total Costs Incurred	244.3	284.7
Net Policy Acquisition Costs Deferred	(4.1)	(15.9)
Amortization of Value of Business Acquired (“VOBA”)	0.5	0.5
Insurance Expenses	240.7	269.3
Interest and Other Expenses:		
Interest Expense	14.0	14.1
Other Expenses:		
Acquisition and Disposition Related Transaction, Integration, Restructuring and Other Costs	12.8	29.1
Other	32.9	34.2
Other Expenses	45.7	63.3
Interest and Other Expenses	59.7	77.4
Total Expenses	$ 300.4	$ 346.7

Insurance Expenses

Insurance Expenses were $240.7 million for the three months ended March 31, 2024, compared to $269.3 million for the same period in 2023. Insurance Expenses decreased by $28.6 million in 2024 due primarily to lower expenses from less business being written.

Other Expenses

Other Expenses decreased by $17.6 million for the three months ended March 31, 2024, compared to the same period in 2023, due primarily to lower Acquisition and Disposition Related Transaction, Integration, Restructuring and Other Costs from the completion of certain strategic initiatives and lower costs in connection with the 2023 cost structure optimization initiatives. These expenses for the three months ended March 31, 2024 were primarily driven by $12.1 million of integration expenses due to continued investments in information technology. These expenses for the three months ended March 31, 2023, were primarily driven by $19.5 million of integration expenses due to continued investments in information technology, $3.2 million of real estate exit costs resulting from impairments on operating leases and $2.8 million of accrued severance.

Income Taxes

The federal corporate statutory income tax rate was 21% for the three months ended March 31, 2024 and March 31, 2023. The Company’s effective income tax rate, which was 19.1% and 22.9% for the three months ended March 31, 2024 and 2023, respectively, differs from the federal corporate income tax rate due primarily to (1) the effects of tax-exempt investment income, (2) nontaxable income associated with the change in cash surrender value on Company-Owned Life Insurance, (3) Alternative Energy Partnership Investment and general business tax credits, (4) a permanent difference between the amount of long-term equity-based compensation expense recognized under GAAP and the amount deductible in the computation of Federal taxable income, (5) a permanent difference associated with nondeductible executive compensation, (6) impact of deferred taxes in foreign jurisdictions, and (7) a change in valuation allowance.

On December 27, 2023, legislation implementing a corporate income tax (“CIT”) in Bermuda was enacted into law. The CIT imposes a 15% income tax that applies to Bermuda businesses which are part of multinational enterprise groups with annual revenue of €750 million or more and will be effective for fiscal years beginning on or after January 1, 2025, with a five-year deferred effective date for certain groups with a limited international footprint. The Company will continue to monitor guidance as it is released from the Government of Bermuda.

Income Taxes (Continued)

The Inflation Reduction Act (the "Law") was signed into law on August 16, 2022 and became generally effective on January 1, 2023. Included in the provisions of the Law are various changes to the tax code, including the establishment of a Corporate Alternative Minimum Tax (“CAMT”). The Company, at this time, is not subject to the CAMT.

Tax-exempt investment income and dividends received deductions were $5.8 million for the three months ended March 31, 2024, compared to $7.7 million for the same period in 2023.

The nontaxable increase in cash surrender value on Company-Owned Life Insurance was $7.1 million for the three months ended March 31, 2024, compared to $8.9 million for the same period in 2023.

The Company realized investment tax credits and other federal income tax credits of $0.3 million for the three months ended March 31, 2024, compared to recaptured investment tax credits and other federal tax credits of $0.1 million for the same period in 2023.

The amount of expense recognized for long-term equity-based compensation expense under GAAP was $0.7 million lower than the amount that would be deductible under the IRC for the three months ended March 31, 2024, compared to the amount of expense recognized for long-term equity-based compensation expense under GAAP not differing from the amount that would be deductible under the IRC for the same period in 2023.

The amount of nondeductible executive compensation was $4.2 million for the three months ended March 31, 2024, compared to $4.9 million for the same period in 2023.

As a result of recently enacted tax legislation in foreign jurisdictions in which the Company operates, a tax benefit of $12.8 million was recorded for the three months ended March 31, 2024. No tax expense or benefit was recorded for the same period in 2023.

The Company recorded a increase in valuation allowance of $12.8 million for the three months ended March 31, 2024, for those foreign deferred tax assets it determined were not more-likely-than-not to be realized. No valuation allowance was recorded for the same period in 2023.

Recently Issued Accounting Pronouncements

The Company has adopted all recently issued accounting pronouncements with effective dates prior to March 31, 2024.

There were no adoptions of such accounting pronouncements during the three months ended March 31, 2024 that had a material impact on the Company’s Condensed Consolidated Financial Statements.

Liquidity and Capital Resources

Amended and Extended Credit Agreement

On March 15, 2022, the Company entered into an amended and extended credit agreement. The amended and extended credit agreement increased the borrowing capacity of the existing unsecured credit agreement to $600.0 million and extended the maturity date to March 15, 2027. Furthermore, the amended and extended credit agreement provides for an accordion feature whereby the Company can increase the revolving credit borrowing capacity by an additional $200.0 million for a total of maximum capacity of $800.0 million. Financial covenants within the agreement limit the Company from accessing the maximum capacity. The amount available as of March 31, 2024 was $424.0 million. There were no outstanding borrowings under the credit agreement on either March 31, 2024 or December 31, 2023.

Liquidity and Capital Resources (Continued)

Long-term Debt

The Company designates debt obligations as either short-term or long-term based on maturity date at issuance. Total amortized cost of Long-term Debt, Current and Non-Current, outstanding on March 31, 2024 and December 31, 2023 was:

(Dollars in Millions)	Mar 31, 2024	Dec 31, 2023
Senior Notes:		
Current:		
4.350% Senior Notes due February 15, 2025	$ 449.7	$ —
Non-Current:		
4.350% Senior Notes due February 15, 2025	—	449.6
2.400% Senior Notes due September 30, 2030	397.1	397.0
3.800% Senior Notes due February 23, 2032	396.1	396.0
5.875% Fixed-Rate Reset Junior Subordinated Debentures due 2062	146.9	146.6
Total Long-term Debt Outstanding	$ 1,389.8	$ 1,389.2

See Note 15, “Debt,” to the Condensed Consolidated Financial Statements for more information regarding the Company’s long-term debt.

Federal Home Loan Bank Agreements

Kemper’s subsidiaries, United Insurance Company of America (“United Insurance”), Trinity Universal Insurance Company (“Trinity”), and AAC are members of the Federal Home Loan Banks (“FHLBs”) of Chicago, Dallas and Chicago, respectively. AAC became a member of the FHLB of Chicago in May 2022. United Insurance and Trinity became members of the FHLBs of Chicago and Dallas, respectively, in 2013. Under their memberships, United Insurance, Trinity and AAC may borrow through the advance program of their respective FHLB. As a requirement of membership in the FHLB, United Insurance, Trinity and AAC must maintain certain levels of investment in FHLB common stock and additional amounts based on the level of outstanding borrowings. The Company’s investments in FHLB common stock are reported at cost and included in Other Investments. The carrying value of FHLB of Chicago common stock was $16.3 million and $16.6 million at March 31, 2024 and December 31, 2023, respectively. The carrying value of FHLB of Dallas common stock was $3.6 million and $3.6 million at March 31, 2024 and December 31, 2023, respectively. The Company periodically uses short-term FHLB borrowings for a combination of cash management and risk management purposes, in addition to long-term FHLB borrowings for spread lending purposes.

During the first three months of 2024, United Insurance received advances of $25.0 million from the FHLB of Chicago and made repayments of $19.2 million. United Insurance had outstanding advances from the FHLB of Chicago totaling $563.2 million at March 31, 2024. These advances were made in connection with the Company’s spread lending program. The proceeds related to these advances were used to purchase fixed maturity securities to earn incremental net investment income.

For these advances, United Insurance held pledged securities in a custodial account with the FHLB of Chicago with a fair value of $712.1 million at March 31, 2024. The fair value of the collateral pledged must be maintained at certain specified levels above the borrowed amount, which can vary depending on the assets pledged. If the fair value of the collateral declines below these specified levels of the amount borrowed, United Insurance would be required to pledge additional collateral or repay outstanding borrowings. See Note 14, “Policyholder Obligations,” to the Condensed Consolidated Financial Statements for additional information about the United Insurance advances and related funding agreements.

Common Stock Repurchases

On May 6, 2020, Kemper’s Board of Directors authorized the repurchase of up to an additional $200.0 million of Kemper common stock, in addition to the $133.3 million remaining under the previous authorization. The Company did not repurchase any of its common stock for the three months ended March 31, 2024 or 2023, respectively. As of March 31, 2024, the remaining share repurchase authorization was $171.6 million under the repurchase program. The amount and timing of any future share repurchases under the authorization will depend on various factors, including market conditions, the Company’s financial condition, results of operations, available liquidity, particular circumstances and other considerations.

Liquidity and Capital Resources (Continued)

Dividends to Shareholders

Kemper paid a quarterly dividend of $0.31 per common share in the first quarter of 2024. Dividends and dividend equivalents paid were $19.5 million for the three months ended March 31, 2024.

Subsidiary Dividends

Various insurance laws restrict the ability of Kemper's insurance subsidiaries to pay dividends without regulatory approval. Such insurance laws applicable to the Company's US based insurance subsidiaries generally restrict the amount of dividends paid in an annual period to the greater of statutory net income from the previous year or 10% of statutory capital and surplus. Kemper's insurance subsidiaries did not pay any dividends to Kemper during the first three months of 2024. Kemper's US based insurance subsidiaries capacity to pay without prior regulatory approval is estimated to be zero as of the filing date.

Sources and Uses of Funds

The Company directly held cash and investments totaling $395.6 million at March 31, 2024, compared to $464.5 million at December 31, 2023.

The primary sources of funds available for repayment of Kemper's indebtedness, repurchases of common stock, future shareholder dividend payments, and the payment of interest on Kemper's senior notes, include cash and investments directly held by Kemper, receipt of dividends from Kemper's insurance subsidiaries and borrowings under the credit agreement and from subsidiaries.

The primary sources of funds for Kemper's insurance subsidiaries are premiums, investment income, proceeds from the sales and maturity of investments, advances from the FHLBs of Chicago and Dallas, and capital contributions from Kemper. The primary uses of funds are the payment of policyholder benefits under life insurance contracts, claims under property and casualty insurance contracts and accident and health insurance contracts, the payment of commissions and general expenses, the purchase of investments and repayments of advances from the FHLBs of Chicago and Dallas.

Generally, there is a time lag between when premiums are collected and when policyholder benefits and insurance claims are paid. During periods of growth, property and casualty insurance companies typically experience positive operating cash flows and can invest a portion of their operating cash flows to fund future policyholder benefits and claims. During periods in which premium revenues decline, insurance companies may experience negative cash flows from operations and may need to sell investments to fund payments to policyholders and claimants. In addition, if the Company's property and casualty insurance subsidiaries experience several significant catastrophic events over a relatively short period of time, investments may be sold to fund payments, which could result in investment gains or losses. Management believes that its property and casualty insurance subsidiaries maintain adequate levels of liquidity in the event that they were to experience several future catastrophic events over a relatively short period of time.

Information about the Company's cash flows for three months ended March 31, 2024 and 2023 is presented below.

(Dollars in Millions)	Mar 31, 2024	Mar 31, 2023
Net Cash Provided by Operating Activities	$ 43.0	$ 5.2
Net Cash Provided by (Used in) Investing Activities	39.3	(138.2)
Net Cash Used in Financing Activities	(19.7)	(18.8)

Cash available for investment activities is dependent on cash flow from Operating Activities and Financing Activities and the level of cash the Company elects to maintain.

Net Cash Provided by Operating Activities

Net cash provided by Operating Activities was $43.0 million for the three months ended March 31, 2024, compared to $5.2 million for the same period in 2023. The increase in cash provided by Operating Activities was primarily due to the impact of rate increases on premium collections as well as lower frequency and timing of paid claims within our Property and Casualty operations. Additionally, cash from operations for 2023 included a $124.7 million federal income tax refund received.

Liquidity and Capital Resources (Continued)

Net Cash Provided by (Used in) Investing Activities

Net cash provided by Investing Activities for the three months ended March 31, 2024 was $39.3 million, compared to net cash used of $138.2 million for the same period in 2023. The increase in cash provided by Investing Activities was primarily driven by the ongoing management of our investment portfolio that was impacted by timing of claim payments from our Property and Casualty operations.

Net Cash Used in Financing Activities

Net cash used in Financing Activities for the three months ended March 31, 2024 was $19.7 million, compared to net cash used of $18.8 million for the same period in 2023, an increase of $0.9 million.

Critical Accounting Estimates

Kemper's subsidiaries conduct their operations in two industries: property and casualty insurance and life insurance. Accordingly, the Company is subject to several industry-specific accounting principles under GAAP. The preparation of financial statements in accordance with GAAP requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The process of estimation is inherently uncertain. Accordingly, actual results could ultimately differ materially from the estimated amounts reported in a company's financial statements. Different assumptions are likely to result in different estimates of reported amounts.

The Company's critical accounting policies most sensitive to estimates include the valuation of investments, the valuation of life insurance reserves, the valuation of reserves for property and casualty insurance incurred losses and LAE, the assessment of recoverability of goodwill, and the recoverability of deferred tax assets. The Company's critical accounting policies are described in the MD&A included in the 2023 Annual Report. There have been no material changes to the information disclosed in the 2023 Annual Report with respect to these critical accounting estimates and the Company's significant accounting policies.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes to the Company's disclosures about market risk in Item 7A, "Quantitative and Qualitative Disclosures About Market Risk of Part II of the 2023 Annual Report. Accordingly, no disclosures about market risk have been made in Item 3 of this Form 10-Q.

Item 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures.

The Company's management, with the participation of Kemper's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), as of the end of the period covered by this report. Based on such evaluation, Kemper's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures are effective in ensuring that information required to be disclosed by Kemper in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified by the SEC's rules and forms, and accumulated and communicated to the Company's management, including Kemper's Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in internal control over financial reporting.

There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Items not listed here have been omitted because they are inapplicable or the answer is negative.

Item 1. Legal Proceedings

Information concerning pending legal proceedings is incorporated herein by reference to Note 18, “Commitments and Contingencies,” to the Condensed Consolidated Financial Statements in Part I of this Form 10-Q.

Item 1A. Risk Factors

For a discussion of the Company’s significant risk factors, see Item 1A. of Part I of the 2023 Annual Report. Readers are also advised to consider other factors not presently known by, or considered material to, the Company that could materially affect the Company’s business, financial condition and results of operations, along with other information disclosed in the 2023 Annual Report and this Quarterly Report on Form 10-Q, including the factors set forth under the caption “Caution Regarding Forward-Looking Statements” beginning on page 1 of the 2023 Annual Report and on page 1 of this Quarterly Report on Form 10-Q, and to consult any further disclosures Kemper makes on related subjects in its filings with the SEC.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On May 6, 2020, Kemper’s Board of Directors authorized the repurchase of up to an additional $200.0 million of Kemper common stock, in addition to the $133.3 million remaining under the August 6, 2014 authorization, bringing the remaining share repurchase authorization to approximately $333.3 million. As of December 31, 2023, the remaining share repurchase authorization was $171.6 million under the repurchase program. During the quarter ended March 31, 2024, Kemper did not repurchase any shares. As of March 31, 2024, the remaining share repurchase authorization was $171.6 million under the repurchase program.

All purchases were made in the open market in accordance with applicable federal securities laws, including Rule 10b-18 and Rule 10b5-1 of the Securities Exchange Act of 1934.

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Securities Trading Plans of Executive Officers and Directors

The Company’s Insider Trading Policy permits executive officers and directors to enter into trading plans designed to comply with Rule 10b5-1 under the Exchange Act. During the three months ended March 31, 2024, none of the Company’s executive officers or directors adopted, modified or terminated a Rule 10b5-1 trading plan or adopted or terminated a non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K).

Item 6. Exhibits

The Exhibit Index that follows has been filed as part of this report. Exhibit numbers correspond to the numbering system in Item 601 of Regulation S-K.

Exhibit Index

The following exhibits are either filed as a part hereof or are incorporated by reference. Exhibit numbers followed by an asterisk (*) indicate exhibits that are management contracts or compensatory plans or arrangements.

		Incorporated by Reference				
Exhibit Number	Exhibit Description	Form	File Number	Exhibit	Filing Date	Filed or Furnished Herewith
10.1	Separation and Release Agreement	8-K	001-18298	10.1	January 25, 2024	
10.2	Form of Restricted Stock Unit Award Agreement (ELT Retention) as of February 6, 2024 under the 2023 Omnibus Plan					X
31.1	Certification of Chief Executive Officer Pursuant to SEC Rule 13a-14(a)					X
31.2	Certification of Chief Financial Officer Pursuant to SEC Rule 13a-14(a)					X
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
101.1	XBRL Instance Document					X
101.2	XBRL Taxonomy Extension Schema Document					X
101.3	XBRL Taxonomy Extension Calculation Linkbase Document					X
101.4	XBRL Taxonomy Extension Label Linkbase Document					X
101.5	XBRL Taxonomy Extension Presentation Linkbase Document					X
101.6	XBRL Taxonomy Extension Definition Linkbase Document					X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)					X

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Kemper Corporation

Date:	May 1, 2024	/s/ JOSEPH P. LACHER, JR.
		Joseph P. Lacher, Jr.
		President and Chief Executive Officer **(Principal Executive Officer)**
Date:	May 1, 2024	/s/ BRADLEY T. CAMDEN
		Bradley T. Camden
		Executive Vice President and Chief Financial Officer (Principal Financial Officer)
Date:	May 1, 2024	/s/ JAMES A. ALEXANDER
		James A. Alexander
		Senior Vice President and Chief Accounting Officer **(Principal Accounting Officer)**

Kemper Corporation 2023 Omnibus Plan

<u>RESTRICTED STOCK UNIT AWARD AGREEMENT</u>

(2024 Performance Awards)

This RESTRICTED STOCK UNIT AWARD AGREEMENT (“Agreement”) is made as of this ______ day of ________________, 20__ (“Grant Date”) between KEMPER CORPORATION, a Delaware corporation (“Company”), and «name» (“Participant”) for an Award of restricted stock units (“RSUs”), each representing the right to receive one share of the Company’s common stock (“Common Stock”) on the terms and conditions set forth in this Agreement.

<u>SIGNATURES</u>

As of the date set forth above, the parties have accepted the terms of this Agreement by signing this Agreement by an electronic signature, and each party agrees that such signature shall not be denied legal effect, validity or enforceability solely because it was submitted or executed electronically.

KEMPER CORPORATION	**PARTICIPANT**
By: ________________________________	________________________________
«CEO Signature and Title»	«name»

<u>RECITALS</u>

A. The Board of Directors of the Company (“Board”) has adopted the Kemper Corporation 2023 Omnibus Plan (“Plan”), including all amendments to date, to be administered by the Compensation Committee of the Board or any subcommittee thereof, or any other committee designated by the Board to administer the Plan (“Committee”). Capitalized terms that are not defined herein shall be defined in accordance with the Plan.

B. The Plan authorizes the Committee to grant to selected Employees, Directors and Third Party Service Providers awards of various types, including restricted stock units providing the right to receive shares of Common Stock under specified terms and conditions.

C. Pursuant to the Plan, the Committee has determined that it is in the best interests of the Company and its shareholders to grant an Award of RSUs to the Participant under the terms and conditions specified in this Agreement as an inducement to remain in the service of the Company and an incentive for increased effort during such service.

NOW, THEREFORE, the parties hereto agree as follows:

1. **<u>Grant.</u>** The Company grants an aggregate of «shares» RSUs, which represent the Company’s unfunded and unsecured promise to issue shares of Common Stock, to the Participant, subject to the terms and conditions set forth in this Agreement. The RSUs shall not entitle the Participant to any rights of a shareholder of Common Stock and the Participant has no rights with respect to the Award other than rights as a general creditor of the Company.

2. **Governing Plan**. This Award is granted pursuant to the Plan, which is incorporated herein for all purposes. The Participant agrees to be bound by the terms and conditions of the Plan, which controls in case of any conflict with this Agreement, except as otherwise provided for in the Plan. No amendment of the Plan shall adversely affect this Award in any material way without the written consent of the Participant.

3. **Restrictions on Transfer**. The RSUs shall be restricted during a period ("Restriction Period") beginning on the Grant Date and expiring on the applicable Settlement Date (as defined in Section 6 below). During the Restriction Period, neither this Agreement, the RSUs nor any rights and privileges granted hereby may be transferred, assigned, pledged or hypothecated in any way, whether by operation of the law or otherwise (any such disposition being referred to herein as a "Transfer"), except by will or the laws of descent and distribution. Without limiting the generality of the preceding sentence, no rights or privileges granted hereby may be Transferred during the Restriction Period to the spouse or former spouse of the Participant pursuant to any divorce proceedings, settlement or judgment, unless approved by the Committee. Any attempt to Transfer this Agreement, the RSUs or any other rights or privileges granted hereby contrary to the provisions hereof shall be null and void and of no force or effect, and the Company shall not recognize or give effect to any such Transfer on its books and records or recognize the person to whom such purported Transfer has been made as the legal or beneficial holder of such RSUs.

4. **Time and Performance-Based Vesting and Forfeiture**.

(a) Vesting. To the extent not previously forfeited, and except as provided in Section 4(b) below, the RSUs shall vest (if at all) in three (3) equal, annual installments, beginning on the first anniversary of the Grant Date (each date of vesting, a "Vesting Date"), subject to (x) the Participant's continued Service through the applicable Vesting Date and (y) achievement of the following performance goals:

(i) With respect to the first Vesting Date, achievement of an increase in Adjusted Book Value Per Share for the 2024 Performance Period of $2.00;

(ii) With respect to the second and third Vesting Dates, achievement of both an increase in Adjusted Book Value Per Share for the 2025 Performance Period of $2.50 and policies in force growth in excess of the PIF Threshold.

For the avoidance of doubt, if the applicable performance measure is achieved as of the applicable Vesting Date, the applicable portion of the RSUs shall vest on such Vesting Date. If the applicable performance measure is not achieved as of the applicable Vesting Date, the applicable portion of the RSUs shall be forfeited to and cancelled by the Company for no consideration.

(b) Acceleration of Vesting. Notwithstanding the terms of Section 4(a) above, to the extent not previously vested or forfeited:

(i) In the event of the Participant's death or termination by the Company due to Disability, the performance goals set forth in Section 4(a) shall be deemed achieved and the Participant shall vest in a pro-rata portion based on the number of days employed between the Grant Date and the last Vesting Date as compared to the total number of days between the Grant Date and the

Vesting Date, reduced by the number of RSUs that vested in accordance with the terms of this Agreement prior to the Participant's death or termination by the Company due to Disability; or

(ii) the date upon which vesting is accelerated in accordance with Section 11(b) or otherwise by the Committee in its discretion in accordance with the terms of the Plan.

(c) Termination of Service. On the date of the Participant's cessation of Service, any unvested portion of the RSUs held by the Participant that does not vest upon such cessation of Service in accordance with this Agreement shall be forfeited to the Company. If the Participant's Service is terminated, or is deemed to be terminated, for Cause, any outstanding portion of the RSUs held by the Participant (vested or unvested) shall be forfeited to the Company on the date of such termination of Service. For purposes of the preceding sentence, a Participant's Service shall be deemed terminated for Cause if the Participant resigns or is terminated and the Committee determines in good faith, either before, at the time of, or after such termination, that one or more of the events or actions described in the definition of Cause below existed as of the time of such termination.

(d) Certain Definitions.

(i) "2024 Performance Period" means the period commencing January 1, 2024 and ending December 31, 2024.

(ii) "2025 Performance Period" means the period commencing January 1, 2025 and ending December 31, 2025.

(iii) "Actual CAT Losses and LAE" means the actual *Catastrophe Losses and LAE* as reported in the Company's financial statements.

(iv) "Adjusted Book Value Per Share" shall be computed by dividing Adjusted Shareholders' Equity by Adjusted Common Shares Issued and Outstanding.

(v) "Adjusted Common Shares Issued and Outstanding" means the Company's Common Shares issued and outstanding as reported in the Company's financial statements as of December 31, 2023 of 64.11 million shares.

(vi) "Adjusted Shareholders' Equity" means the Kemper Corporation *Shareholders' Equity Excluding Net Unrealized Income or Losses on Fixed Maturities, Changes in the Discount Rate on Future Life Policyholder Benefits and Goodwill* as reported in the Company's financial statements for the respective year, adjusted to take into account the after-tax impacts of the amount of Actual CAT Losses and LAE to equal Expected CAT Losses, the exclusions made to compute *Adjusted Consolidated Net Operating Income* as defined in Company's financial statements from Its Net Income, and any additional significant unusual or nonrecurring items as permitted by the Plan.

(vii) “Cause” means any of the following: (1) the Participant’s theft or falsification of any Company or Affiliate documents, records or property; (2) the Participant’s improper use or disclosure of the Company’s or an Affiliate’s confidential or proprietary information in breach of the Company’s Essential Standards of Conduct or an applicable contractual or other obligation, or using such information for personal gain including, without limitation, by trading in Company securities on the basis of material, non-public information; (3) fraud, misappropriation of or intentional material damage to the property or business of the Company or an Affiliate or other action by the Participant which has a material detrimental effect on the Company’s or an Affiliate’s reputation or business as determined by the Committee; (4) the Participant’s material failure or inability to perform any reasonable assigned and lawful duties after written notice from the Company or Affiliate of such failure or inability, and such failure or inability is not cured by the Participant within ten (10) business days; (5) the Participant’s conviction (including any plea of guilty or nolo contendere) of any felony or any criminal violation involving fraud, embezzlement, misappropriation, dishonesty, the misuse or misappropriation of money or other property or any other crime which has or would reasonably be expected to have an adverse effect on the business or reputation of the Company or an Affiliate or (6) a material breach by the Participant of the policies and procedures of the Company or an Affiliate, including, but not limited to, any breach of the Company’s Essential Standards of Conduct and the requirements of Section 15 below.

(viii) “Disabled” or “Disability” means that the Participant either:

(A) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months and, with respect to a Participant who is an Employee, is receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan (*e.g.*, a long term disability plan) covering Employees of the Company or Affiliate that employs the Participant; or

(B) is determined to be totally disabled by the Social Security Administration or Railroad Retirement Board.

(ix) “Employer” means the Company or Affiliate by whom the Participant is employed, or to whom the Participant provides services.

(x) "Expected CAT Losses” means the amounts specified in the Company’s management reports as “planned” or “expected” for *Catastrophe Losses and LAE*, including catastrophe reserve development.

(xi) “Good Reason” means any action taken by the Employer which results in a material negative change to the Participant in the employment relationship, such as the duties to be performed, the conditions under which such duties are to be performed or the compensation to be received for performing such services. A termination by the Participant shall not constitute termination for Good Reason unless the Participant shall first have delivered to the Employer written notice setting forth with specificity the occurrence deemed to give rise to a right to terminate for Good Reason (which notice must be given no later than ninety (90) days after the occurrence of such event), and there shall have passed a reasonable time (not less than thirty (30) days) within which the Employer may take action to correct, rescind or otherwise substantially reverse the occurrence supporting termination for Good Reason as identified by the Participant and the Participant terminates within ninety (90) days following the expiration of the cure period.

(xii) "PIF Threshold" means that the number of policies in force for the Company's Specialty Property & Casualty Insurance segment at December 31, 2025 exceeds the number of policies in force for the Company's Specialty Property & Casualty Insurance segment at December 31, 2024 by at least one (1) policy.

(xiii) "Service" means the period during which the Participant is an Employee, Director or a Third Party Service Provider; provided, however, that the Participant will not be deemed to be in Service after the Company divests its control in the Affiliate for whom the Participant is exclusively in Service, or if the Company's control of such Affiliate otherwise ceases.

5. **Dividend Equivalents**. If a cash dividend is declared and paid by the Company with respect to the Common Stock during the Restriction Period, the Participant shall be eligible to receive a cash payment equal to the total cash dividend the Participant would have received had the RSUs been actual shares of Common Stock, provided that the Participant vests in the RSUs for which the cash payment (or portion thereof) relates. Any such cash payment(s) shall be made on the Settlement Date(s) (as defined below) of the applicable RSUs, and they shall be subject to applicable tax withholding obligations as described in Section 8.

6. **Conversion of RSUs; Issuance of Common Stock** Except as otherwise provided in Section 10, the Company shall cause one share of Common Stock to be issued, within the time period provided below, for each RSU that is vesting on the applicable Vesting Date.
Any issuance of Common Stock shall be subject to applicable tax withholding obligations as described in Section 8 and shall be in book-entry form, registered in the Participant's name (or in the name of the Participant's Representative, as the case may be), in payment of whole RSUs. Any fractional shares of Common Stock that would otherwise be issued to the Participant shall instead be paid in the form of cash. Except as otherwise provided in Section 10, in no event shall the date on which Common Stock is issued to the Participant (in each case, a "Settlement Date") occur later than the first to occur of (a) March 15th following the calendar year in which the applicable Vesting Date occurred, or (b) 90 days following the applicable Vesting Date.

7. **Fair Market Value of Common Stock**. The fair market value ("Fair Market Value") of a share of Common Stock shall be determined for purposes of this Agreement by reference to the closing price of a share of Common Stock as reported by the New York Stock

Exchange (or such other exchange on which the shares of Common Stock are primarily traded) for the applicable date, or if no prices are reported for that day, the last preceding day on which such prices are reported (or, if for any reason no such price is available, the Fair Market Value shall be determined by the Company in its sole discretion in accordance with the Plan).

8. **Withholding of Taxes**. The Participant acknowledges that the vesting of the RSUs will result in the Participant being subject to payroll taxes upon the Vesting Date (if the Participant is an Employee or was an Employee on the Grant Date), except as otherwise determined by the Company and permitted by regulations issued under Section 3121(v)(2) of the Code, and that the issuance of Common Stock pursuant to Section 6 will result in the Participant being subject to income taxes upon the applicable Settlement Date. Upon a required withholding date, the Company will deduct from the shares of Common Stock that are otherwise due to be delivered to the Participant shares of Common Stock having a Fair Market Value not in excess of the tax withholding requirements based on the maximum statutory withholding rates for the Participant for federal, state and local tax purposes (including the Participant's share of payroll or similar taxes) in the applicable jurisdiction, and the Participant shall remit to the Company in cash any and all applicable withholding taxes that exceed the amount available to the Company using shares with respect to which the Settlement Date has occurred.

9. **Section 409A**. The Company intends that the Award hereunder shall either be exempt from the application of, or compliant with, the requirements of Section 409A and this Award Agreement shall be interpreted and administered in accordance with such intent. In no event shall the Company and/or its Affiliates be liable for any tax, interest or penalties that may be imposed on the Participant (or the Participant's estate) under Section 409A. For purposes of Section 409A, each settlement hereunder shall be considered a separate payment. Notwithstanding the foregoing, if the RSUs are considered "deferred compensation" within the meaning of Section 409A and the Participant is a "specified employee" for purposes of Section 409A, no distribution or payment of any amount that is due upon a "separation from service" (as defined in Section 409A without regard to alternative definitions thereunder) will be issued or paid before the date that is six months following the date of such Participant's "separation from service" (as defined in Section 409A without regard to alternative definitions thereunder) or, if earlier, the date of the Participant's death, unless such distribution or payment can be made in a manner that complies with Section 409A, and any amounts so deferred will be paid in a lump sum on the day after such six month period elapses.

10. **Shares to be Issued in Compliance with Federal Securities Laws and Exchange Rules**. No shares issuable upon the vesting of the RSUs shall be issued and delivered unless and until there shall have been full compliance with all applicable requirements of the Securities Act of 1933, as amended ("Act") (whether by registration or satisfaction of exemption conditions), all applicable listing requirements of the New York Stock Exchange (or such other exchange(s) or market(s) on which shares of the same class are then listed) and any other requirements of law or of any regulatory bodies having jurisdiction over such issuance and delivery. The Company shall use its best efforts and take all necessary or appropriate actions to ensure that such full compliance on the part of the Company is made. By signing this Agreement, the Participant represents and warrants that none of the shares to be acquired in settlement of the RSUs will be acquired with a view towards any sale, transfer or distribution of said shares in violation of the Act, and the rules and regulations promulgated thereunder, or any applicable

"blue sky" laws, and that the Participant hereby agrees to indemnify the Company in the event of any violation by the Participant of such Act, rules, regulations or laws. The Company will use its best efforts to complete all actions necessary for such compliance so that settlement can occur within the period specified in Section 6; provided that if the Company reasonably anticipates that settlement within such period will cause a violation of applicable law, settlement may be delayed provided that settlement occurs at the earliest date at which the Company reasonably anticipates that such settlement will not cause a violation of applicable law, all in accordance with Treas. Reg. § 1.409A-2(b)(7)(ii).

11. **Certain Adjustments; Change in Control**.

(a) If, during the term of this Agreement, there shall be any equity restructurings (within the meaning of FASB Accounting Standards Codification® Topic 718) that causes the per share value of a share of Common Stock to change, such as a stock dividend, stock split, spin off, rights offering, or recapitalization through a large, nonrecurring cash dividend, and similar matters, the Committee shall make or cause to be made an equitable adjustment to the number and kind of RSUs subject to the Award. If, during the term of this Agreement, there shall be any other changes in corporate capitalization, the Committee shall make or cause to be made an appropriate and equitable substitution, adjustment or treatment with respect to the RSUs and the performance goals in a manner consistent with Sections 4.3 and 21.2 of the Plan. The Committee's determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. No fractional RSUs shall be issued under the Plan on any such adjustment.

(b) In the event of a Change in Control as defined in Section 20.1 of the Plan, except as prohibited by applicable laws, rules, regulations or stock exchange requirements, if the Service of a Participant is terminated within the two (2)-year period following such Change in Control by the Company or an Affiliate for reasons other than Cause or by the Participant for Good Reason, the performance goals set forth in Section 4(a) shall be deemed achieved and any Restriction Period shall lapse and the RSUs shall immediately vest and be paid out or distributed without further restriction.

12. **Participation by Participant in Other Company Plans**. Nothing herein contained shall affect the right of the Participant to participate in and receive benefits under and in accordance with the then current provisions of any retirement plan or employee welfare benefit plan or program of the Company or of any Affiliate of the Company, subject in each case, to the terms and conditions of any such plan or program.

13. **Not an Employment or Service Contract**. Nothing herein contained shall be construed as an agreement by the Company or any of its Affiliates, expressed or implied, to employ or contract for the services of the Participant, to restrict the right of the Company or any of its Affiliates to discharge the Participant or cease contracting for the Participant's services or to modify, extend or otherwise affect in any manner whatsoever, the terms of any employment agreement or contract for services which may exist between the Participant and the Company or any of its Affiliates.

14. **Death of the Participant**. In the event of the Participant's death prior to the Settlement Date, delivery of shares of Common Stock pursuant to Section 6 shall be made to the duly appointed and qualified executor or other personal representative of the Participant, to be distributed in accordance with the Participant's will or applicable intestacy law.

15. **Confidentiality, Non-Solicitation and Non-Disparagement**. The Participant agrees that the Award to the Participant under the terms and conditions specified in this Agreement is conditioned upon the Participant's compliance with the following confidentiality, non-solicitation and non-disparagement terms and conditions.

(a) Definitions. As used in this Section, the following terms have the meanings set forth below:

(i) "Confidential Information" means any and all confidential information, including without limitation any negotiations or agreements between the Company or its Affiliates and third parties, business and marketing plans and related materials, training materials, financial information, plans, executive summaries, capitalization tables, budgets, unpublished financial statements, costs, prices, licenses, employee, customer, supplier, shareholder, partner or investor lists and/or data, products, technology, know-how, business processes, business data, inventions, designs, patents, trademarks, copyrights, trade secrets, business models, notes, sketches, flow charts, formulas, blueprints and elements thereof, databases, compilations, and other intellectual property, whether written or otherwise. Some or all of the Confidential Information may also be entitled to protection as a "trade secret" under applicable state or federal law. Confidential Information does not include information that the Participant can prove was properly known to the Participant from sources permitted to disseminate the information prior to the Participant's employment by, or provision of services to, the Employer, or that has become publicly known and made generally available through no wrongful act of the Participant.

(ii) "Customer" means any customer of the Company or an Affiliate with which/whom the Participant had material communications for which/whom the Participant performed any services, to which/whom the Participant sold any products, or about which/whom the Participant learned or had access to any Confidential Information, in each case during the twelve (12)-month period immediately preceding the Participant's termination of employment from, or provision of services to, the Employer (whether by Participant or the Employer and whether for any or no reason).

(iii) "Enhanced Restricted Period" means the twenty-four (24)-month period commencing on the day following the last day of the Participant's employment with the Employer (whether by Participant or the Employer and whether for any or no reason).

(iv) "Restricted Employee" means any person who was employed by the Company or an Affiliate and had Material Contact pursuant to the Participant's duties at any point during the period of twelve (12) months immediately preceding the Participant's last day of employment with the Employer. For purposes of this Section, "Material Contact" means interaction between the Participant and another employee of the Employer or an Affiliate: (A) with whom the Participant actually dealt or interacted; or (B) whose employment or dealings with the Employer or services for the Employer were directly or indirectly handled, coordinated, managed, or supervised by the Participant.

(v) "Restricted Period" means the twelve (12)-month period commencing on the day following the last day of the Participant's employment with the Employer (whether by Participant or the Employer and whether for any or no reason).

(b) Confidential Information.

(i) Protection of Confidential Information. At all times during the Participant's employment with, or provision of services to, the Employer, and at all times thereafter, the Participant agrees to: (A) hold the Confidential Information in strictest confidence, and not to directly or indirectly copy, distribute, disclose, divert, or disseminate, in whole or in part, any of such Confidential Information to any person, firm, corporation, association or other entity except (x) to authorized agents of the Employer who have a need to know such Confidential Information for the purpose for which it is disclosed, or (y) to other persons for the benefit of the Employer, in the course and scope of the Participant's employment with or service to the Employer; and (B) refrain from directly or indirectly using the Confidential Information other than as necessary and as authorized in the course and scope of the Participant's employment with, or provision of services to, the Employer. In the event the Participant receives a subpoena or other validly issued administrative or judicial order demanding production or disclosure of Confidential Information, the Participant shall promptly notify the Employer and provide a copy of such subpoena or order and tender to the Employer the defense of any such demand. The Participant may, if necessary, disclose Confidential Information in judicial proceedings relating to the enforcement of the Participant's rights or obligations under this Agreement; provided, however, that the Participant must first enter into an agreed protective order with the Employer protecting the confidentiality of the Confidential Information.

(ii) Notwithstanding the Participant's confidentiality and non-disclosure obligations under this Agreement or otherwise, as provided in the Federal Defend Trade Secret Act, the Participant shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law, or to the Participant's attorney in connection with a lawsuit for retaliation for reporting a suspected violation of law; or (B) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal so that it is not made public. The Participant understands and acknowledges that nothing in this Agreement prohibits the Participant from confidentially or otherwise communicating with or reporting possible violations of federal law or regulation to any governmental agency or entity, including but not limited to the Department of Justice or the Securities and Exchange Commission, or making other disclosures or statements that are protected under the whistleblower, collective bargaining, anti-discrimination and/or anti-retaliation provisions of federal or state law or regulation. The Participant understands that the Participant does not need prior authorization of the Employer to make any such reports or disclosures, and that the Participant is not required to notify the Employer that the Participant has made such reports or disclosures.

(c) Non-Solicitation.

(i) Non-Solicitation of Employees. The Participant agrees and acknowledges that the Company and its Affiliates sustain their operations and the goodwill of the Customers and other business relations through its employees. The Company and its Affiliates have made significant investment in their employees and their ability to establish and maintain relationships with one another and with their Customers, agents, brokers, vendors, suppliers, consultants, partners and/or other business relations in order to further the Company's and its Affiliates' legitimate business interests and operations and to cultivate goodwill. The Participant further agrees and acknowledges that the Company's and its Affiliates' loss of their employees could adversely affect the Company's and its Affiliates' operations and jeopardize the goodwill that has been established through these employees, and that the Company and its Affiliates therefore have a legitimate interest in preventing the solicitation of its employees and/or the interference with the relationships between the Company and its Affiliates and their employees. Accordingly, during the Participant's employment with the Employer and during the Restricted Period, the Participant shall not, directly or indirectly, seek to recruit or solicit, attempt to influence or assist, participate in or promote the solicitation of, or otherwise attempt to interfere with or adversely affect the employment of any Restricted Employees. Without limiting the foregoing restriction, during the Restricted Period, the Participant shall not, on behalf of the Participant or any other person or entity, directly or indirectly hire, employ or engage any Restricted Employee in any capacity that interferes with such Restricted Employee's employment with or engagement by the Company and its Affiliates and shall not engage in the aforesaid conduct through a third party for the purpose of colluding to avoid the restrictions of this subsection(c)(i). Notwithstanding the foregoing, if the Participant's primary residence is located in the State of California, the restrictions set forth in this subsection (c)(i) shall be replaced with those set forth in Appendix I of this Agreement.

(ii) Non-Solicitation of Business. The Participant agrees and acknowledges that by virtue of the Participant's employment with, or service to, the Employer, the Participant has developed or will develop relationships with and/or had or will have access to Confidential Information about Customers and agents, brokers and similar key business partners ("Key Business Partners") and is, therefore, capable of significantly and adversely impacting existing relationships that the Company or an Affiliate has with them. The Participant further agrees and acknowledges that the Company and/or its Affiliates have invested in their and the Participant's relationship with Customers and Key Business Partners and the goodwill that has been developed with them; therefore, the Company and/or its Affiliates have a legitimate business interest in protecting these relationships against solicitation and/or interference by the Participant for a reasonable period of time after the Participant's employment with, or provision of services to, the Employer ends. Accordingly, during the Participant's employment with the Employer and during the Restricted Period, the Participant shall not, directly or indirectly initiate, contact or engage in any contact or communication, of any kind whatsoever, that has the purpose or effect of: (A) inviting, assisting, encouraging or requesting any Customer or Key Business Partner to (1) transfer the Participant's business from the Company or an Affiliate to the Participant, the Participant's subsequent employer or any other third party, or (2) otherwise diminish, divert, discontinue, or terminate Customer's or Key Business Partner's patronage and/or business relationship with the Company or an Affiliate; or (B) inviting, assisting, encouraging or requesting any Customer to purchase any products or services from the Participant, the Participant's subsequent employer or any other third party that are or may be competitive with the products or services of the Company or an Affiliate, or use any products or services of the Participant, the Participant's subsequent employer or of any other third party that are or may be competitive with the products or services of the Company or an Affiliate. In addition to the foregoing restrictions, the Participant agrees that, during the Participant's employment with the Employer and during the Enhanced Restricted Period, the Participant shall not be personally involved in the negotiation, competition for, solicitation or execution of any individual book roll over(s) or other book of business transfer arrangements involving the transfer of business away from the Company or an Affiliate. Notwithstanding the foregoing, if the Participant's primary residence is located in the State of California, the restrictions set forth in this subsection (c)(ii) shall be replaced with those set forth in Appendix I of this Agreement.

(d) Notification to New Employers. During the Restricted Period, the Participant shall notify any subsequent employer of the Participant's obligations under this Section prior to commencing employment. In addition, during the Restricted Period, the Participant shall provide the Employer and his/her prior manager at the Employer fourteen (14) days' advance written notice prior to becoming employed by, or retained to represent or provide services to, any person or entity or engaging in any business of any type or form, with such notice including the identity of the prospective employer or business, the specific division (if applicable) for which the Participant will be performing services, the title or position to be assumed by the Participant, the physical location of the position to be assumed by the Participant, and the responsibilities of the position to be assumed by the Participant. The Participant hereby authorizes the Company and/or any of its Affiliates, at their discretion, to contact the Participant's prospective or subsequent employers and inform them of this Section or any other policy or employment agreement between the Participant and the Company and/or its Affiliates that may be in effect at the termination of the Participant's employment with the Employer.

(e) Non-Disparagement. During the term of Participant's employment and for the two (2)-year period commencing on the day following the last day of the Participant's employment with the Employer (whether by Participant or the Employer and whether for any or no reason), the Participant shall not make or intentionally cause or direct others to make any written or oral statement that disparages or otherwise are slanderous, libelous, or defamatory towards the Company or its Affiliates, or their respective business relations. Without in any way limiting the scope or effect of the preceding sentence, the Participant specifically agrees, represents and warrants that the Participant shall not directly or indirectly disparage the Company's and/or its Affiliates': (i) officers, management, business practices, policies, procedures and/or operations, (ii) employees or other personnel, employment or other personnel-related decisions, staffing, and/or hiring or termination decisions, practices or other personnel-related activities or occurrences, and/or any other employment-related decisions, actions or practices by or relating to the Company or the Affiliates, or (iii) any other policies, procedures or matters concerning or relating to the Company, including but not limited to the Company's business, operations, employees, management, Customers, suppliers, activities, products, services or any other matter relating to the Company or its Affiliates; provided that this non-disparagement provision shall not prohibit any statement, reporting or other action this is permitted by subsection (b)(ii) of this Section. Moreover, unless permitted by applicable law, and subject to subsection (b)(ii) of this Section, the Participant shall not encourage or aid any person or entity in the pursuit of any cause of action, lawsuit or any other claim or dispute of any kind against the Company and/or its Affiliates.

(f) Consideration/Reasonableness of Restrictions.

(i) Consideration. The Participant agrees and acknowledges that the Participant has received valuable and adequate consideration in exchange for the restrictions in this Section, including but not limited to the Award to the Participant under the terms and conditions specified in this Agreement, offer of employment or continued employment with the Employer, training and continued training, access to the Confidential Information, and access to the Customers and Key Business Partners.

(ii) Reasonableness of Restrictions. The Participant understands and acknowledges the importance of the relationships which the Company and its Affiliates have with their Employees, Customers and Key Business Partners, as well as how significant the maintenance of the Confidential Information is to the business and success of the Company and its Affiliates, and acknowledges the steps the Company and its Affiliates have taken, are taking and will continue to take to develop, preserve and protect these relationships and the Confidential Information. Accordingly, the Participant agrees that the scope and duration of the restrictions and limitations described in this Section are reasonable and necessary to protect the legitimate business interests of the Company and its

Affiliates, and the Participant agrees and acknowledges that all restrictions and limitations relating to the period following the end of the Participant's employment or service with the Employer will apply regardless of the reason the Participant's employment or service ends. The Participant agrees and acknowledges that the enforcement of this Section will not in any way preclude the Participant from becoming gainfully employed or engaged as a contractor in such manner and to such extent as to provide the Participant with an adequate standard of living.

(iii) Participant's Notice to Consult An Attorney. The Company hereby advises the Participant to consult with an attorney (chosen by the Participant and at the Participant's cost) prior to signing this Agreement, including with respect to the non-solicitation provisions and other restrictive covenants contained in this Section. The Participant hereby acknowledges receipt of this notice by the Company.

(iv) Review Period. The Participant has at least fourteen (14) calendar days to review this Agreement before agreeing to its terms (although the Participant may elect to voluntarily sign it before the end of this review period).

(v) Tolling. Notwithstanding anything herein to the contrary, if the Participant breaches any of the non-solicitation restrictions in Section 15(c), then the Restricted Period (or the Enhanced Restricted Period, if applicable) shall be tolled (retroactive to the date such breach commenced) until such breach or violation has been duly cured.

(vi) Modification. If any provision or term in this Section is declared invalid or unenforceable by a court of competent jurisdiction, the invalid and unenforceable portion shall be reformed to the maximum time, activity-related restrictions and/or limitations permitted by applicable law, so as to be valid and enforceable. If any such provision cannot be made valid and enforceable, it shall be severed from this Agreement without affecting the remainder of this Agreement.

(vii) Breach/Remedies. Notwithstanding anything to the contrary in this Agreement, the Participant agrees and acknowledges that the breach of this Section would cause substantial loss to the goodwill of the Company and/or its Affiliates, and cause irreparable harm for which there is no adequate remedy at law. Further, because the Participant's employment with the Employer is personal and unique, because damages alone would not be an adequate remedy and because of the Participant's access to the Confidential Information, the Company and/or its Affiliates shall have the right to enforce this Section, including any of its provisions, by injunction, specific performance, or other equitable relief, without having to post bond or prove actual damages, and without prejudice to any other rights and remedies that the Company and/or its Affiliates may have for a breach of this Section, including, without limitation, money damages. The Participant agrees and acknowledges that notwithstanding the arbitration provisions in this Agreement, the Company may elect to file and pursue claims which arise from or relate to the Participant's actual or threatened breaches of this Section in state or federal court of competent jurisdiction. The Participant shall be liable to pay all costs, including reasonable attorneys' and experts' fees and expenses, that the Company and/or its Affiliates may incur in enforcing or defending this Section, whether or not litigation is actually commenced and including litigation of any appeal taken or defended by the Company and/or its Affiliates where the Company and/or its Affiliates succeed in enforcing any provision of this Section.

(viii) Forfeiture and Repayment Provisions. Notwithstanding the terms regarding vesting and forfeiture or any other provision set forth in this Agreement, the Participant agrees that during the Restricted Period (or the Enhanced Restricted Period, if/as applicable), if the Participant breaches any of the terms or conditions in this Section, then in addition to all rights and remedies available to the Company and/or its Affiliates at law and in equity, the Participant shall immediately forfeit any portion of the Award that has not otherwise been previously forfeited under the applicable terms of this Agreement and that has not yet been paid, exercised, settled, or vested. The Company and/or its Affiliates may also require repayment from the Participant of any and all of the compensatory value of the Award that the Participant received during the Restricted Period (or the Enhanced Restricted Period, as applicable), including without limitation the gross amount of any Common Stock distribution or cash payment made to the Participant upon the vesting, distribution, exercise, or settlement of the Award and/or any consideration in excess of such gross amounts received by the Participant upon the sale or transfer of the Common Stock acquired through vesting, distribution, exercise or settlement of the Award. The Participant shall promptly pay the full amount due upon demand by the Company and/or its Affiliates, in the form of cash or shares of Common Stock at current Fair Market Value.

(i) Waiver. The waiver of any breach of the terms of this Section shall not constitute the waiver of any other or further breach hereunder, whether or not of a like nature or kind. No waiver by the Company or any of its Affiliates of the breach of any term contained in a similar agreement between the Company and/or any of its Affiliates and any other employee or participant, whether by conduct or otherwise, in any one or more instances, shall be deemed to be, or construed as, a waiver of the breach of any term of this Section. No waiver of any provision of this Section shall be valid unless in writing and signed by an authorized representative of the Company or one or more of its Affiliates.

(ii) Interpretation. Any reference to "Section" or "subsection" in this Section 15 shall refer to this Section 15 or respective subsection.

16. **Arbitration**. In lieu of litigation by way of court or jury trial, any dispute or controversy arising hereunder shall be settled by arbitration, in accordance with the arbitration agreement currently in effect by separate agreement between the Participant and the Company or any of its Affiliates and which is incorporated herein by reference. In the event that such arbitration agreement is determined to be inapplicable or unenforceable or if no such

arbitration agreement is then in effect, the parties mutually agree to arbitrate any dispute arising out of or related to this Agreement pursuant to the terms of this paragraph. The parties agree that this Agreement provides sufficient consideration for that obligation and the mutual promises to arbitrate also constitutes consideration for this agreement to arbitrate. The following terms and conditions shall apply to such arbitration hereunder. The arbitration shall be conducted before a single arbitrator in accordance with the Employment Arbitration Rules of the American Arbitration Association ("AAA Rules") then in effect, and shall be governed by the Federal Arbitration Act. Judgment may be entered on the award of the arbitrator in any court having jurisdiction. Unless provided otherwise in the arbitrator's award, each party will pay its own attorneys' fees and costs. To the extent required by law or the AAA Rules, all administrative costs of arbitration (including filing fees) and the fees of the arbitrator will be paid by the Company. The Participant and the Company waive the right for any dispute to be brought, heard, decided, or arbitrated as a class and/or collective action (or joinder or consolidation with claims of any other person), and the parties agree that, regardless of anything else in this arbitration provision or the AAA Rules, the interpretation, applicability, enforceability or formation of the class action waiver in this provision may only be determined by a court and not an arbitrator. Regardless of anything else in this Agreement, this arbitration provision may not be modified or terminated absent a writing signed by the Participant and the Company stating an intent to modify or terminate the arbitration provision.

17. **Governing Law**. Except as otherwise provided in the foregoing Section or an Appendix to this Agreement, this Agreement and any disputes hereunder shall be governed by and interpreted in accordance with the laws of the State of Delaware, without application of its conflicts of laws principles.

18. **Miscellaneous**. This Agreement, together with the Plan, is the entire agreement of the parties with respect to the RSUs granted hereby and may not be amended except in a writing signed by both the Company and the Participant or his or her Representative. If any provision of this Agreement is deemed invalid, it shall be modified to the extent possible and minimally necessary to be enforceable, and, in any event, the remainder of this Agreement will be in full force and effect.

19. **Forfeiture and Clawback of Award**. Notwithstanding the terms regarding vesting and forfeiture or any other provision set forth in this Agreement and as a condition to the receipt of this Award, the rights, payments and benefits with respect to this Award and any shares acquired pursuant to the vesting of this Award are subject to reduction, cancellation, forfeiture, or recoupment by the Company if and to the extent permitted by Section 15.3 of the Plan, pursuant to any clawback or recoupment policy in effect as of the Grant Date or any clawback or recoupment policy that the Company may adopt from time to time to comply with applicable law, including the Dodd-Frank Wall Street Reform and Consumer Protection Act and any implementing rules, and regulations ("Forfeiture and Clawback Policy"). Any determination made and action taken under the Forfeiture and Clawback Policy shall be final, binding and conclusive.

20. **Stock Holding Period**. The Participant agrees to hold the shares of Common Stock acquired upon the conversion of the RSUs for a minimum of 12 months following the applicable Settlement Date. This holding period shall not apply to shares of Common Stock

withheld by the Company to settle tax liabilities related to vesting and/or settlement, and as otherwise may be provided under the Company's Stock Ownership Policy.

<u>Appendix I (Employees Whose Primary Residences are Located in California)</u>

If the Participant's primary residence is located in the State of California:

1. Sections 15(c)(i) and (c)(ii) of the foregoing Agreement shall be replaced with the following:

15(c)(i) <u>Non-Solicitation of Employees</u>. The Participant agrees and acknowledges that the Company and its Affiliates sustain their operations and the goodwill of the Customers and other business relations through its employees. The Company and its Affiliates have made significant investment in their employees and their ability to establish and maintain relationships with one another and with their Customers, agents, brokers, vendors, suppliers, consultants, partners and/or other business relations in order to further the Company's and its Affiliates' legitimate business interests and operations and to cultivate goodwill. The Participant further agrees and acknowledges that the Company's and its Affiliates' loss of their employees could adversely affect the Company's and its Affiliates' operations and jeopardize the goodwill that has been established through these employees, and that the Company and its Affiliates therefore have a legitimate interest in preventing the solicitation of its employees and/or the interference with the relationships between the Company and its Affiliates and their employees to the extent that the Participant uses or misuses Confidential Information (as the term is defined in this Section) to so solicit and/or interfere. Accordingly, during the Participant's employment with the Employer and during the Restricted Period, the Participant shall not use or rely in any manner on any Confidential Information to directly or indirectly recruit or solicit, attempt to influence or assist, participate in or promote the solicitation of, or otherwise attempt to interfere with or adversely affect the employment of any Restricted Employees. Without limiting the foregoing restriction, during the Restricted Period, the Participant shall not, on behalf of the Participant or any other person or entity, use or rely in any manner on any Confidential Information to directly or indirectly hire, employ or engage any Restricted Employee in any capacity that interferes with such Restricted Employee's employment with or engagement by the Company and its Affiliates and shall not engage in the aforesaid conduct through a third party for the purpose of colluding to avoid the restrictions of this subsection(c)(i).

15(c)(ii) <u>Non-Solicitation of Business</u>. The Participant agrees and acknowledges that by virtue of the Participant's employment with, or service to, the Employer, the Participant has developed or will develop relationships with and/or had or will have access to Confidential Information about Customers and agents, brokers and similar key business partners ("Key Business Partners") and is, therefore, capable of significantly and adversely impacting existing relationships that the Company or an Affiliate has with them. The Participant further agrees and acknowledges that the Company and/or its Affiliates have invested in its and the Participant's relationship with Customers and Key Business Partners and the goodwill that has been developed with them; therefore, the Company and/or its Affiliates have a legitimate business interest in protecting these relationships against solicitation and/or interference by the Participant for a reasonable period of time after the Participant's employment with, or provision of services to, the Employer ends. Accordingly, during the Participant's employment with the Employer and during the Restricted Period, the Participant shall not use or rely in any manner on any Confidential Information to directly or indirectly initiate, contact or engage in any contact or communication, of any kind whatsoever, that has the purpose or effect of: (A) inviting, assisting, encouraging or requesting any Customer or Key Business Partner to (1) transfer the Participant's business from the Company or an Affiliate to the Participant, the Participant's subsequent employer or any other third party, or (2) otherwise diminish, divert, discontinue or terminate Customer's patronage and/or business relationship with the Company or an Affiliate; or (B) inviting, assisting, encouraging or requesting any Customer to purchase any products or services from the Participant, the Participant's subsequent employer or any other third party that are or may be competitive with the products or services of the Company or an Affiliate, or use any products or services of the Participant, the Participant's subsequent employer or of any other third party that are or may be competitive with the products or services of the Company or an Affiliate.

2. Any claims relating to Section 15 of the Agreement shall be governed by and interpreted in accordance with the laws of the State of California.

Exhibit 31.1

CERTIFICATIONS

I, Joseph P. Lacher, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kemper Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 1, 2024

/s/ JOSEPH P. LACHER, JR.

Joseph P. Lacher, Jr.

President and Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Bradley T. Camden, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kemper Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 1, 2024

/s/ BRADLEY T. CAMDEN

Bradley T. Camden

Executive Vice President and Chief Financial Officer

Exhibit 32.1

Certification of CEO Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of Kemper Corporation (the “Company”) for the quarterly period ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Joseph P. Lacher, Jr., as Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

	/s/ JOSEPH P. LACHER, JR.
Name:	Joseph P. Lacher, Jr.
Title:	President and Chief Executive Officer
Date:	May 1, 2024

Exhibit 32.2

Certification of CFO Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of Kemper Corporation (the “Company”) for the quarterly period ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Bradley T. Camden, as Executive Vice President and Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

	/s/ BRADLEY T. CAMDEN
Name:	Bradley T. Camden
Title:	Executive Vice President and Chief Financial Officer
Date:	May 1, 2024