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Nasdaq Listed

Conifer Holdings, Inc.

550 West Merrill Street | Suite 200
Birmingham, MI 48009

Phone: (248) 559-0840
Fax: (248) 559-0870

www.cnfrh.com

Conifer Holdings, Inc.
2017 Annual Report

Conifer Insurance Company

White Pine Insurance Company

Sycamore Insurance

Blue Spruce Underwriters

To Our Fellow Shareholders:

2017 was a challenging year for Conifer, as we faced many industry events such as natural disasters including multiple hurricanes, and regional effects such as assignment of benefits ("AOB") issues. Both items had significant impacts on our financial results for the full year, and cumulatively led to an underwriting loss for 2017.

As a result of industry influences like AOB on our underwriting results, we pursued the opportunity to shore up our overall reserve position through a reinsurance contract with a long standing partner. Continued negative underwriting contribution from Florida homeowners specifically, led us to purchase an adverse development cover in the third quarter of last year.

Having purchased the development cover, and raising additional capital to support our overall growth, we positioned ourselves for improved results going forward. In fact, we found ourselves ahead of the industry as many of our competitors faced adverse development of their own, reflected in their significant fourth quarter charges and results, just coming to light now.

Contrary to many in the industry at large, for the fourth quarter of 2017, we were very pleased to post an underwriting profit, and to generate positive return on equity for our shareholders. We firmly feel this reflects the current trend we see in our improving business mix, and expectation for future results. It also reflects the continued commitment and determination of everyone at Conifer to generate sustained operating profits over the long term.

As we continue throughout 2018, we remain dedicated to our specialty niche focus, with commercial hospitality business leading the way. Now, our geographic spread has expanded, and we are writing commercial premium in all 50 states. Yet, we still see significant avenues for future growth as we pursue greater overall market share. For the year, roughly 80% of our total premium came from our specialty commercial markets.

We believe that our flexible underwriting platform allows us to be nimble in serving our select markets. In this way, while our personal lines production is decreasing in the short term, we do still see value in our personal lines business, but with greater emphasis on low value dwelling premium. Our balanced investment thesis suggests that across market cycles, select personal lines production can enhance our returns, lower our projected loss ratios, and drive better results over time.

With this shift in business mix toward our most profitable lines, whether commercial or personal, we are still seeing our overall earned premium growing. And as we proportionately grow our earned premium base, we expect that our expense ratio will continue to decline over time, as we grow to scale, allowing us to generate an underwriting profit for our shareholders.

With a continued strong balance sheet and an experienced management team focused on growing our specialty niche markets, we are excited about Conifer's future prospects.

We thank you for your continued support and the support of our dedicated Conifer employees.

Sincerely,

James G. Petcoff
Chairman and CEO

Management Team

James G. Petcoff
Chief Executive Officer & Chairman of the Board of Directors

Brian J. Roney
President

Nicholas J. Petcoff
Executive Vice President, Secretary & Director

Andrew D. Petcoff
Senior Vice President, Personal Lines

Harold J. Meloche
Chief Financial Officer

Board of Directors

James G. Petcoff
Chairman & Chief Executive Officer

Nicholas J. Petcoff
Secretary, Director & Executive Vice President

Mark R. McCammon
Director

Jorge J. Morales
Director

Isolde O'Hanlon
Director

Joseph D. Sarafa
Director

R. Jamison Williams, Jr.
Director

*Our mission is to exceed our clients' needs
with tailored insurance products
delivered with exceptional customer service.*