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**Conifer Holdings Reports Third-Quarter and Year-to-Date 2015 Results**

**Birmingham, MI, November 10, 2015 – Conifer Holdings, Inc. (Nasdaq: CNFR)** today announced results for the third quarter and nine months ended September 30, 2015.

**Third-Quarter and Year-to-Date 2015 Highlights**

- Operating income of \$0.19 and \$0.32 per diluted share, respectively
- Combined ratios of 96.4% and 97.7%, respectively; 19.8 and 20.8 percentage point improvements compared to the same periods in 2014
- Net income of \$0.21 and \$0.40 per diluted share, respectively
- Gross written premiums up 28.2% to \$24.2 million and up 23.3% to \$68.5 million, respectively, compared to the same periods in 2014
- Book value per share of \$10.49 with shareholders' equity of \$80.2 million

James Petcoff, Chairman, commented, "Conifer Holdings was formed to focus on insurance markets that traditionally have been underserved and the opportunity remains compelling. The capital we raised in our third-quarter initial public offering allows us to move ahead and fully execute our business plan. We feel our nine month results offer important insight into the trajectory of the business, with gross written premiums up 23.3% and the combined ratio at 97.7%."

Petcoff further commented, "As we look into 2016, we will continue to expand our platform, support our people to deliver specialty niche classes to the marketplace, and spread a higher level of premiums across our existing infrastructure. We believe we can profitably grow, which should lead to higher operating income, book value growth and double-digit returns on equity for our shareholders."

## Third-Quarter and Year-to-Date 2015 Results

|  | At and for the<br>Three Months Ended September 30,         |               |          | At and for the<br>Nine Months Ended September 30, |               |          |
|--|--|---------------|----------|---|---------------|----------|
|  | 2015   | 2014          | % Change | 2015  | 2014          | % Change |
|  | (dollars in thousands, except share and per share amounts) |               |          |   |               |          |
| Gross written premiums                                 | \$ 24,242  | \$ 18,912     | 28.2%    | \$ 68,505   | \$ 55,580     | 23.3%    |
| Net written premiums                                   | 28,599   | 16,217        | 76.4%    | 58,207  | 49,618        | 17.3%    |
| Net earned premiums                                    | 17,883   | 14,571        | 22.7%    | 47,491  | 41,203        | 15.3%    |
| Net investment income                                  | 505  | 321           | 57.3%    | 1,460   | 823           | 77.4%    |
| Net realized investment gains                          | 6  | 94            | **       | 238   | 266           | -10.5%   |
| Net income (loss)                                      | 1,145  | (2,252)       | **       | 2,287   | (6,971)       | **       |
| Net income (loss) attributable to Conifer              | 1,326  | (2,234)       | **       | 2,368   | (6,999)       | **       |
| Net income (loss) allocable to common shareholders     | 1,212  | (2,250)       | **       | 1,828   | (7,042)       | **       |
| Net income (loss) per share, basic and diluted         | \$ 0.21  | \$ (0.89)     |          | \$ 0.40   | \$ (3.02)     |          |
| Operating income allocable to commons shareholders*    | 1,102  | (2,312)       | **       | 1,486   | (7,218)       | **       |
| Operating income (loss) per share, basic and diluted*  | \$ 0.19  | \$ (0.92)     |          | \$ 0.32   | \$ (3.09)     |          |
| Book value per common share outstanding                | \$ 10.49   | \$ 11.05      |          | \$ 10.49  | \$ 11.05      |          |
| Weighted average shares outstanding, basic and diluted | 5,701,794  | 2,514,229     |          | 4,603,451   | 2,335,315     |          |
| GAAP underwriting ratios:                              |  |               |          |   |               |          |
| Loss ratio (1)   | 53.3%  | 68.3%         |          | 55.9%   | 71.5%         |          |
| Expense ratio (2)                                      | <u>43.1%</u>   | <u>47.9%</u>  |          | <u>41.8%</u>                                      | <u>47.0%</u>  |          |
| Combined ratio (3)                                     | <u>96.4%</u>   | <u>116.2%</u> |          | <u>97.7%</u>                                      | <u>118.5%</u> |          |

\* The "Definitions of Non-GAAP Measures" section of this release defines and reconciles data that are not based on generally accepted accounting principles.

\*\* Percentage is not meaningful

(1) The loss ratio is the ratio, expressed as a percentage, of net losses and loss adjustment expenses to net earned premiums and other income.

(2) The expense ratio is the ratio, expressed as a percentage, of policy acquisition costs and operating expenses to net earned premiums and other income.

(3) The combined ratio is the sum of the loss ratio and the expense ratio. A combined ratio under 100% indicates an underwriting profit. A combined ratio over 100% indicates an underwriting loss.

## Performance Overview

Operating income per diluted share was \$0.19 and \$0.32, for the quarter and nine months ended September 30, 2015, respectively, compared to operating losses per diluted share of \$0.92 and \$3.09 for the same periods in 2014. The Company defines operating income, a non-GAAP measure, as net income (loss) allocable to common shareholders excluding after-tax realized gains and losses.

The increase in profitability during the year was largely attributable to a significant reduction in weather-related losses in both the commercial multi-peril and the low-value dwelling lines written in the Midwest. These reductions resulted in 15.0 and 15.6 percentage point decreases to our loss ratios for the quarter and nine months ended September 30, 2015, respectively. In addition, our expense ratio decreased 4.8 and 5.2 percentage points in the quarter and nine months ended September 30, 2015, respectively. This decline was the result of our ongoing efforts to leverage our fixed costs related to our infrastructure. Our premium volume continues to grow while our operating costs are remaining relatively stable.

Our results for the three and nine months ended September 30, 2015, also reflect the continued expansion of our commercial lines and repositioning of our personal lines. Our overall mix of business improved during 2015 with growth in our more profitable lines of business, including the wind-exposed homeowners, commercial multi-peril and other liability lines, and reductions in our personal automobile line, which is in run off, and the homeowners business written in the Midwest.

### Commercial Lines Operational Review

|  | <u>Three Months Ended September 30,</u> |             |                 | <u>Nine Months Ended September 30,</u> |             |                 |
|--|---|-------------|-----------------|--|-------------|-----------------|
|  | <u>2015</u>                             | <u>2014</u> | <u>% Change</u> | <u>2015</u>                            | <u>2014</u> | <u>% Change</u> |
|  | (dollars in thousands)                  |             |                 |  |             |                 |
| Gross written premiums   | \$ 16,655                               | \$ 13,265   | 25.6%           | \$ 50,723                              | \$ 37,713   | 34.5%           |
| Net written premiums   | 20,786                                  | 11,193      | 85.7%           | 43,164                                 | 33,006      | 30.8%           |
| Net earned premiums  | 13,621                                  | 9,658       | 41.0%           | 33,779                                 | 24,410      | 38.4%           |
| GAAP underwriting ratios:  |   |             |                 |  |             |                 |
| Loss ratio   | 50.3%                                   | 48.3%       |                 | 51.2%                                  | 59.7%       |                 |
| Expense ratio  | 33.9%                                   | 37.4%       |                 | 31.8%                                  | 39.5%       |                 |
| Combined ratio   | 84.2%                                   | 85.7%       |                 | 83.0%                                  | 99.2%       |                 |
| Contribution to combined ratio from net adverse prior year development | -1.0%                                   | -2.4%       |                 | -0.8%                                  | -5.8%       |                 |
| Accident year combined ratio   | 85.2%                                   | 88.1%       |                 | 83.8%                                  | 105.0%      |                 |

Commercial lines gross written premiums grew by 25.6% and 34.5% for the three and nine months ended September 30, 2015, respectively, compared to the same periods in 2014. The majority of the year-to-date growth came from the commercial multi-peril and other liability lines, which grew by 33.7% during the year, largely from expansion in the hospitality and security services product lines.

### Personal Lines Operational Review

|  | <u>Three Months Ended September 30,</u> |             |                 | <u>Nine Months Ended September 30,</u> |             |                 |
|--|---|-------------|-----------------|--|-------------|-----------------|
|  | <u>2015</u>                             | <u>2014</u> | <u>% Change</u> | <u>2015</u>                            | <u>2014</u> | <u>% Change</u> |
|  | (dollars in thousands)                  |             |                 |  |             |                 |
| Gross written premiums   | \$ 7,587                                | \$ 5,647    | 34.4%           | \$ 17,782                              | \$ 17,867   | -0.5%           |
| Net written premiums   | 7,813                                   | 5,024       | 55.5%           | 15,043                                 | 16,612      | -9.4%           |
| Net earned premiums  | 4,262                                   | 4,913       | -13.3%          | 13,712                                 | 16,793      | -18.3%          |
| GAAP underwriting ratios:  |   |             |                 |  |             |                 |
| Loss ratio   | 63.3%                                   | 106.3%      |                 | 67.7%                                  | 88.2%       |                 |
| Expense ratio  | 53.4%                                   | 41.7%       |                 | 32.3%                                  | 35.3%       |                 |
| Combined ratio   | 116.7%                                  | 148.0%      |                 | 100.0%                                 | 123.5%      |                 |
| Contribution to combined ratio from net adverse prior year development | 1.6%                                    | -1.1%       |                 | 2.8%                                   | 1.1%        |                 |
| Accident year combined ratio   | 115.1%                                  | 149.1%      |                 | 97.2%                                  | 122.4%      |                 |

Personal lines gross written premiums grew by 34.4% for the three months ended September 30, 2015, compared to the same period in 2014. This growth was the result of the strategic underwriting and marketing changes we implemented in late 2014 to our homeowners line. These changes impacted our

personal lines mix of business and resulted in increased premiums in our more profitable wind-exposure business; this line more than tripled in the third quarter of 2015 compared to the same period in 2014.

For the nine months ended September 30, 2015, the personal lines gross written premiums remained relatively stable with a 0.5% decrease from the same period in 2014. This decrease was the net result of increased premiums from the change in the mix of business, discussed above, and decreased premiums from the termination of our personal automobile line in 2015. The year-to-date 2015 gross written premiums in our homeowners business increased \$5.8 million compared to the same period in 2014 as a result of our strategic underwriting and marketing changes and was driven by our wind-exposure business. The year-to-date 2015 gross written premiums in our personal auto business decreased \$5.9 million compared to the same period in 2014 as the result of the terminated product.

### Balance Sheet/Investment Overview

|  | September 30,<br>2015                     | December 31,<br>2014 |
|--|---|----------------------|
|  | (Unaudited)                               |                      |
|  | (dollars in thousands, except share data) |                      |
| Cash and invested assets                                   | \$ 121,714                                | \$ 123,726           |
| Reinsurance recoverables on paid and unpaid losses         | 7,271                                     | 5,139                |
| Goodwill and intangible assets                             | 1,432                                     | 2,275                |
| <b>Total assets</b>  | <b>172,625</b>                            | <b>163,738</b>       |
| Unpaid losses and loss adjustment expenses                 | 32,595                                    | 31,531               |
| Unearned premiums  | 45,683                                    | 43,381               |
| Senior debt  | 9,750                                     | 27,562               |
| <b>Total liabilities</b>                                   | <b>92,461</b>                             | <b>113,460</b>       |
| Redeemable preferred stock                                 | -   | 6,119                |
| <b>Total shareholders' equity *</b>                        | <b>80,164</b>                             | <b>44,159</b>        |
| Net written premium-to-statutory capital and surplus ratio | 1.2                                       | 1.0                  |
| Debt-to-total capitalization ratio                         | 0.1                                       | 0.4                  |
| Average tax-equivalent book yield                          | 2.2                                       | 1.7                  |
| Average fixed maturity duration                            | 3.4                                       | 3.1                  |

\* In March 2015, the Company reclassified the carrying amount of its preferred stock from temporary equity to permanent equity as the redemption of the preferred stock was changed to be within the Company's control.

Conifer maintains a prudent investment approach with 96% of the portfolio invested in short-term investments and fixed-income securities, with an average credit quality of AA, and 4% invested in equities.

Conifer completed its initial public offering in August 2015, selling 3.3 million shares of common stock at a price of \$10.50 per share. The company received proceeds, net of expenses, of approximately \$30.7 million. A portion of the proceeds was used to pay down \$17.0 million of senior debt and buy back

all of the outstanding preferred shares for \$6.3 million. Conifer also issued and sold 294,450 shares outside of the IPO to preferred shareholders who chose to reinvest their proceeds from the buy-back into the common stock at the IPO price. As of September 30, 2015, the Company has \$17.5 million of availability on a line of credit available to support future growth and general corporate purposes.

### **Conference Call and Supplemental Material**

Management will hold an investor conference call/webcast to discuss the results for the third quarter and nine months ended September 30, 2015, and other relevant topics on Wednesday, November 11, at 8:30 a.m. EST. Investors can access the webcast of the call on the Company's website at [ir.CNFRH.com](http://ir.CNFRH.com) or by dialing 888-243-4451 (domestic) or 412-542-4135 (international). Prior to the webcast, a slide presentation pertaining to the results will be available on the Company's website. A replay will be posted to the website after the call.

### **About the Company**

Conifer Holdings, Inc. is a Michigan-based insurance holding company formed in 2009. Through its subsidiaries, Conifer offers insurance coverage in both specialty commercial and specialty personal product lines marketing through independent agents in all 50 states. The Company completed its initial public offering in August 2015 and is traded on the Nasdaq Global Market [Nasdaq: CNFR]. Additional information is available on the Company's website at [www.CNFRH.com](http://www.CNFRH.com).

### **Definitions of Non-GAAP Measures**

Conifer prepares its public financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Statutory data is prepared in accordance with statutory accounting rules as defined by the National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures Manual, and therefore is not reconciled to GAAP data.

We believe that investors' understanding of Conifer's performance is enhanced by our disclosure of operating income. Our method for calculating this measure may differ from that used by other companies and therefore comparability may be limited. We define operating income as net income excluding net realized investment gains and losses and other gains, after-tax. We use operating income as an internal performance measure in the management of our operations because we believe it gives our management and other users of our financial information useful insight into our results of operations and our underlying business performance.

## Reconciliations of operating income and operating income per share:

|  | Three Months Ended<br>September 30,                       |                   | Nine Months Ended<br>September 30, |                   |
|--|---|-------------------|------------------------------------|-------------------|
|  | 2015  | 2014              | 2015                               | 2014              |
|  | (dollar in thousands, except share and per share amounts) |                   |                                    |                   |
| Net income (loss) allocable to common shareholders       | \$ 1,212  | \$ (2,250)        | \$ 1,828                           | \$ (7,042)        |
| Net realized gains, net of tax                           | 110   | 62                | 342                                | 176               |
| Operating income (loss) allocable to common shareholders | <u>\$ 1,102</u>   | <u>\$ (2,312)</u> | <u>\$ 1,486</u>                    | <u>\$ (7,218)</u> |
| Weighted average common shares basic and diluted         | 5,701,794   | 2,514,229         | 4,603,451                          | 2,335,315         |
| Basic and diluted income (loss) per common share:        |   |                   |                                    |                   |
| Net income (loss) per share                              | \$ 0.21   | \$ (0.89)         | \$ 0.40                            | \$ (3.02)         |
| Net realized gains, net of tax, per share                | 0.02  | 0.03              | 0.08                               | 0.07              |
| Operating income (loss) per share                        | <u>\$ 0.19</u>  | <u>\$ (0.92)</u>  | <u>\$ 0.32</u>                     | <u>\$ (3.09)</u>  |

**Forward-Looking Statement**

This press release contains forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements give current expectations or forecasts of future events or our future financial or operating performance, and include Conifer's expectations regarding premiums, earnings, its capital position, expansion and growth strategies. The forward-looking statements contained in this press release are based on management's good-faith belief and reasonable judgment based on current information, and these statements are qualified by important risks and uncertainties, many of which are beyond our control, that could cause our actual results to differ materially from those forecasted or indicated by such forward-looking statements. These risks and uncertainties include the occurrence of severe weather conditions and other catastrophes, the cyclical nature of the insurance industry, future actions by regulators, our ability to obtain reinsurance coverage at reasonable rates, the effects of competition and the additional factors set forth in "Risk Factors" in the prospectus included in our registration statement on Form S-1 filed with the Securities and Exchange Commission (the "SEC") on August 12, 2015, and in subsequent reports filed with or furnished to the SEC. Except as may be required by any applicable laws, Conifer assumes no obligation to publicly update such forward-looking statements, which are made as of the date hereof or the earlier date specified herein, whether as a result of new information, future developments or otherwise.

**Conifer Holdings, Inc. and Subsidiaries**  
**Consolidated Balance Sheets**  
(In thousands, except share data)

|   | <b>September 30,</b>     | <b>December 31,</b>      |
|---|--------------------------|--------------------------|
|   | <b>2015</b>              | <b>2014</b>              |
|   | <b>(Unaudited)</b>       |                          |
| <b>Assets</b>   |                          |                          |
| Investment securities:  |                          |                          |
| Fixed maturity securities, at fair value (amortized cost of \$96,983 and \$83,768, respectively)  | \$ 97,566                | \$ 84,405                |
| Equity securities, at fair value (cost of \$3,324 and \$2,965, respectively)  | 4,030                    | 4,084                    |
| Short-term investments, at cost or amortized cost (approximates fair value)   | 6,537                    | 16,749                   |
| Total investments   | <u>108,133</u>           | <u>105,238</u>           |
| Cash  | 13,581                   | 18,488                   |
| Premiums and agents' balances receivable, net   | 17,323                   | 14,478                   |
| Receivable from affiliate   | 1,599                    | -                        |
| Reinsurance recoverables on unpaid losses   | 5,069                    | 3,224                    |
| Reinsurance recoverables on paid losses   | 2,202                    | 1,915                    |
| Ceded unearned premiums   | 8,293                    | 9,510                    |
| Deferred policy acquisition costs   | 11,582                   | 5,679                    |
| Intangible assets, net  | 947                      | 1,171                    |
| Goodwill  | 485                      | 1,104                    |
| Other assets  | 3,411                    | 2,931                    |
| <b>Total assets</b>   | <b><u>\$ 172,625</u></b> | <b><u>\$ 163,738</u></b> |
| <b>Liabilities and Shareholders' Equity</b>   |                          |                          |
| <b>Liabilities:</b>   |                          |                          |
| Unpaid losses and loss adjustment expenses  | \$ 32,595                | \$ 31,531                |
| Unearned premiums   | 45,683                   | 43,381                   |
| Reinsurance premiums payable  | 998                      | 7,069                    |
| Senior debt   | 9,750                    | 27,562                   |
| Accounts payable and accrued expenses   | 2,762                    | 2,521                    |
| Other liabilities   | 673                      | 1,396                    |
| <b>Total liabilities</b>  | <u>92,461</u>            | <u>113,460</u>           |
| <b>Redeemable preferred stock</b> (0 and 1,000,000 shares authorized; 0 and 60,600 shares issued and outstanding, respectively)         | -                        | 6,119                    |
| <b>Shareholders' equity:</b>  |                          |                          |
| Common stock, no par value (100,000,000 and 12,240,000 shares authorized; 7,644,492 and 3,995,013 issued and outstanding, respectively) | 80,199                   | 46,119                   |
| Accumulated deficit   | (727)                    | (3,095)                  |
| Accumulated other comprehensive income  | 692                      | 1,158                    |
| Total shareholders' equity attributable to Conifer  | <u>80,164</u>            | <u>44,182</u>            |
| Noncontrolling interest   | -                        | (23)                     |
| <b>Total shareholders' equity</b>   | <u>80,164</u>            | <u>44,159</u>            |
| <b>Total liabilities and shareholders' equity</b>   | <b><u>\$ 172,625</u></b> | <b><u>\$ 163,738</u></b> |

**Conifer Holdings, Inc. and Subsidiaries**  
**Consolidated Statements of Operations (Unaudited)**  
(In thousands, except share and per share data)

|  | <b>Three Months Ended</b> |                   | <b>Nine Months Ended</b> |                   |
|--|---------------------------|-------------------|--------------------------|-------------------|
|  | <b>September 30,</b>      |                   | <b>September 30,</b>     |                   |
|  | <b>2015</b>               | <b>2014</b>       | <b>2015</b>              | <b>2014</b>       |
| <b>Revenue</b>   |                           |                   |                          |                   |
| Premiums   |                           |                   |                          |                   |
| Gross earned premiums  | \$ 23,042                 | \$ 17,248         | \$ 66,203                | \$ 47,868         |
| Ceded earned premiums  | (5,159)                   | (2,677)           | (18,712)                 | (6,665)           |
| Net earned premiums  | 17,883                    | 14,571            | 47,491                   | 41,203            |
| Net investment income  | 505                       | 321               | 1,460                    | 823               |
| Net realized investment gains                                  | 6                         | 94                | 238                      | 266               |
| Other gains  | 104                       | -                 | 104                      | -                 |
| Other income   | 523                       | 387               | 1,492                    | 1,424             |
| Total revenue  | 19,021                    | 15,373            | 50,785                   | 43,716            |
| <b>Expenses</b>  |                           |                   |                          |                   |
| Losses and loss adjustment expenses, net                       | 9,813                     | 10,215            | 27,359                   | 30,477            |
| Policy acquisition costs                                       | 4,605                     | 3,738             | 9,839                    | 10,488            |
| Operating expenses   | 3,325                     | 3,433             | 10,636                   | 9,540             |
| Interest expense   | 181                       | 108               | 664                      | 360               |
| Total expenses   | 17,924                    | 17,494            | 48,498                   | 50,865            |
| Income (loss) before income taxes                              | 1,097                     | (2,121)           | 2,287                    | (7,149)           |
| Income tax (benefit) expense                                   | (48)                      | 131               | -                        | (178)             |
| <b>Net income (loss)</b>                                       | 1,145                     | (2,252)           | 2,287                    | (6,971)           |
| Less net (loss) income attributable to noncontrolling interest | (181)                     | (18)              | (81)                     | 28                |
| <b>Net income (loss) attributable to Conifer</b>               | <u>\$ 1,326</u>           | <u>\$ (2,234)</u> | <u>\$ 2,368</u>          | <u>\$ (6,999)</u> |
| Net income (loss) allocable to common shareholders             | <u>\$ 1,212</u>           | <u>\$ (2,250)</u> | <u>\$ 1,828</u>          | <u>\$ (7,042)</u> |
| <b>Earnings (loss) per common share,</b>                       |                           |                   |                          |                   |
| <b>basic and diluted</b>                                       | \$ 0.21                   | \$ (0.89)         | \$ 0.40                  | \$ (3.02)         |
| <b>Weighted average common shares outstanding,</b>             |                           |                   |                          |                   |
| <b>basic and diluted</b>                                       | 5,701,794                 | 2,514,229         | 4,603,451                | 2,335,315         |

The accompanying notes are an integral part of the Consolidated Financial Statements.