



KEMPER

Kemper Corporation

2024 Annual Report

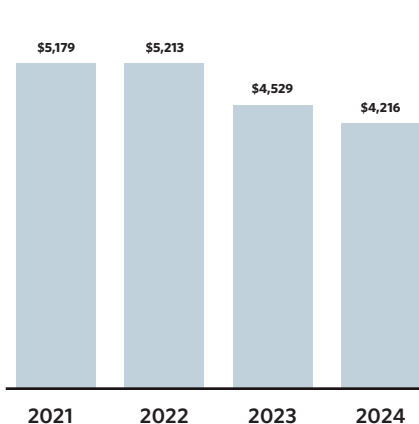
KEMPER AT A GLANCE

The Kemper (NYSE: KMPR) family of companies is one of the nation's leading specialized insurers. With approximately \$13 billion in assets, Kemper is improving the world of insurance by providing affordable and easy-to-use personalized solutions to individuals, families and businesses through its Kemper Auto and Kemper Life brands. Kemper serves over 4.7 million policies, is represented by 22,200 agents and brokers, and has approximately 7,400 associates who are dedicated to meeting the ever-changing needs of its customers.

Financial Highlights

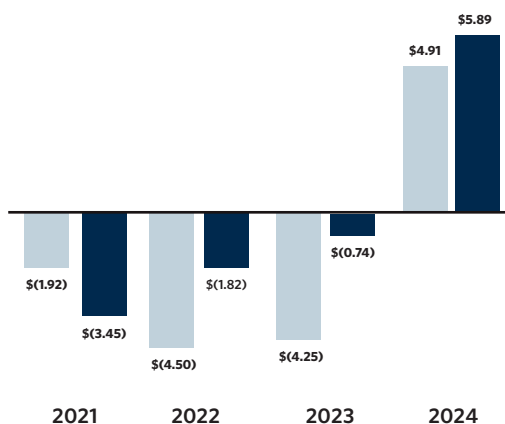
Earned Premiums

\$ in millions



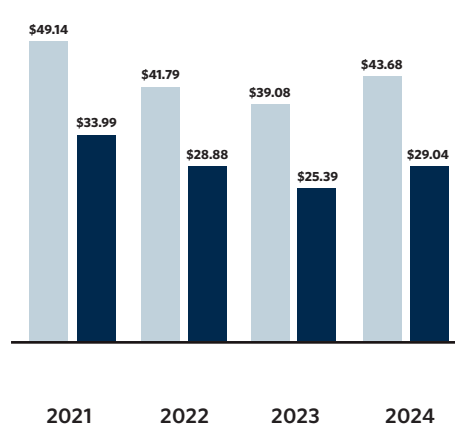
Earnings Per Diluted Share

■ Net Income (Loss) ■ Adj. Net Operating Income (Loss)¹



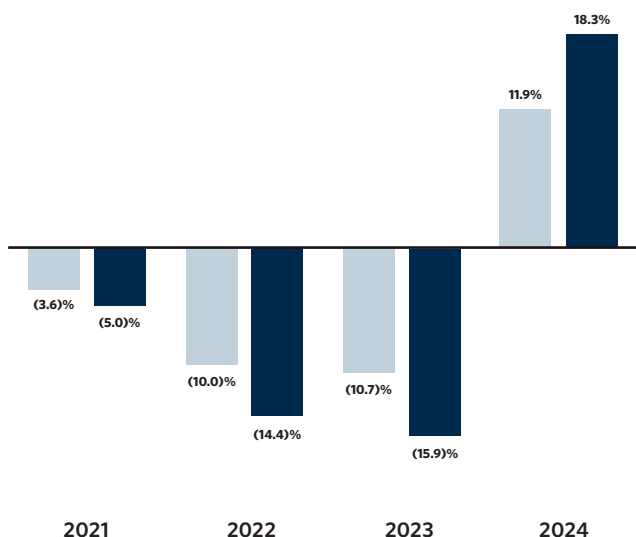
Book Value Per Share

■ BVPS ■ Adj. BVPS¹



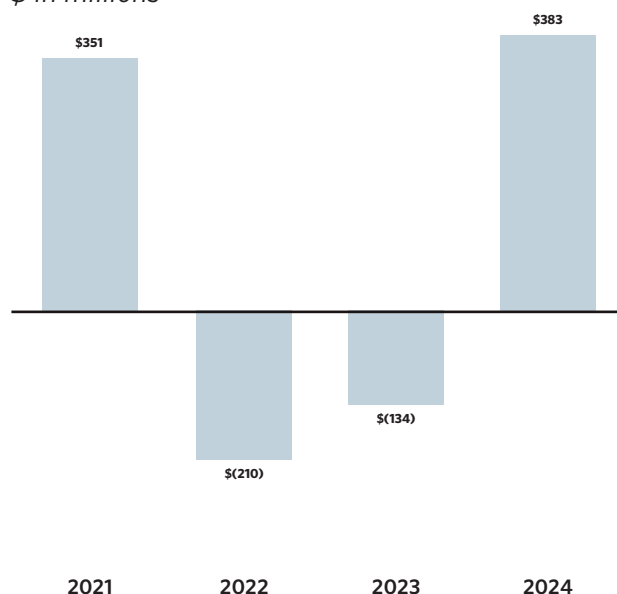
Return on Shareholders' Equity

■ Return on Equity ■ Return on Adj. Equity¹



Cash Flow From Operating Activities

\$ in millions



¹ Adjusted Consolidated Net Operating Income (Loss) Per Unrestricted Share, Book Value Per Share Excluding Net Unrealized Losses on Fixed Maturities and Changes in the Discount Rate on Future Life Policyholder Benefits, and Return on Tangible Shareholders' Equity are non-GAAP measures of performance. Refer to the Investor Supplement for more information.

TO OUR SHAREHOLDERS,

At Kemper, we continue to deliver on our promise to empower growing specialty and underserved markets with affordable and easy-to-use insurance solutions to help meet the needs of our customers while creating long-term value for our shareholders. Our mission is achieved through the creation and cultivation of systematic, sustainable competitive advantages (SSCAs), which have proven resilient in navigating both routine and challenging times.

Delivering on Our Growth Plan

Our return to strong, profitable growth was driven directly by the SSCAs we established. While the three prior years presented significant challenges, with our financial performance impacted by economic and market imbalances caused by the pandemic, we had confidence in the strength of our team and capabilities, knowing we were well positioned to restore balance, even if it would take time. The strategic actions we implemented to address this imbalance culminated in a return to underwriting profitability at the end of 2023, as we had promised.

Following this milestone and with further visibility into future margins, we shifted our focus to driving profitable growth. In 2024, we began selectively removing non-rate actions to accelerate the growth of our Specialty P&C business. This strategy resulted in three consecutive quarters of policy-in-force growth, leading to our first year-over-year increase in policies in force since the fourth quarter of 2021.

“

2024 was a pivotal year, with Kemper returning to strong operating performance.

”



Joseph P. Lacher, Jr.
President and
Chief Executive Officer
Kemper Corporation



\$318
million in
net income

2024 RESULTS

2024 was a pivotal year, with Kemper returning to strong operating performance. We generated net income of \$318 million, or \$4.91 per diluted share, compared to a net loss of \$272 million, or (\$4.25) per diluted share, in 2023. Adjusted consolidated net operating income¹ was \$382 million, or \$5.89 per diluted share, up from an adjusted consolidated net operating loss¹ of \$47 million, or (\$0.74) per diluted share, in 2023. These results led to a

12% increase in book value per share, a 14% increase in adjusted book value per share, a 12% return on shareholders' equity, and an 18% return on adjusted shareholders' equity.

Our insurance companies remain well-capitalized, with substantial sources of liquidity. As of the end of 2024, we held \$1.3 billion in holding company liquidity, ensuring our ability to pay dividends and interest on holding company debt, while also providing support to our operating subsidiaries as needed.

¹Non-GAAP financial measure. All Non-GAAP financial measures are denoted with footnote 1. See "Use of Non-GAAP Financial Measures" within the Investor Supplement for additional information.

BUSINESS PERFORMANCE



5%
increase in
specialty auto
policies in force



Having restored profitability in our Specialty Auto segment, our top priority in 2024 shifted towards profitable growth. Our underlying combined ratio for 2024 was 91.5%, an improvement of 10.9 points year-over-year, while also achieving a 5% increase in policies in force and an 11% increase in net written premium.

In our Life segment, despite ongoing macroeconomic pressures impacting our target customers' disposable income, consumer demand for our products remained steady. Earned premiums held stable and lapse performance remained in line with historical trends.

91.5%
underlying
combined ratio
for 2024



LOOKING FORWARD

As we move through 2025, we will continue to deliver on our promise of empowering growing specialty and underserved markets with affordable, easy-to-use insurance solutions, while creating long-term value for our shareholders.

In Specialty Auto, we are uniquely positioned to drive significant profitable growth in the years ahead by continuing to cultivate our SSCAs. These advantages include our ability to effectively serve a broad range of customers, including the unique needs of Hispanic and Latino drivers. Our deep understanding of this market, coupled with tailored products and responsive service, strengthens our competitive position while allowing us to meet the evolving needs of all the communities we serve.

In the Life segment, we expect to maintain consistent, diversified income and cash flow. What sets us apart is our relationship-driven approach, with a dedicated career agent force that provides personalized service where customers need it most—often in their homes. These agents develop long-standing relationships with policyholders, fostering trust, accessibility and a high level of service that strengthens customer loyalty and reinforces our market position.

Long-term financial stability remains a cornerstone of our strategy. With the announced redemption and retirement in early 2025 of the \$450 million of 4.35% senior notes, we further enhanced our balance sheet and financial flexibility. Our insurance businesses remain well-capitalized, and we maintain a healthy liquidity position.

Creating long-term value for our shareholders goes hand-in-hand with serving our customers and communities with care and integrity. Throughout 2025, we will continue to execute on our strategy with discipline, driving sustainable growth and making a positive impact in the markets we serve.

We are deeply grateful to our shareholders, employees and customers for their trust and support in Kemper, especially through the challenges of recent years. With a strong foundation and strategic focus, we are confident in our ability to deliver significant profitable growth in the years ahead.



Joseph P. Lacher, Jr.

**President and Chief Executive Officer
Kemper Corporation**





Supporting our communities—Kemper Auto team members connected with local residents at the Tweedy Street Fair in South Gate, California, partnering with Griffith Insurance to provide valuable resources.

CORPORATE RESPONSIBILITY

At Kemper, our commitment to responsible business practices is rooted in our ownership culture and dedication to those we serve. We prioritize delivering a strong customer experience, fostering a workplace where employees thrive, and making a meaningful impact in our communities. Through our governance framework, we maintain transparency, accountability, and sound decision-making to ensure the long-term success of our company and stakeholders.

Supporting Our Customers

Our ability deliver on the needs of those in underserved markets is at the heart of our business. We are committed to delivering quality products and services that meet our customers' needs, enhance their financial security, and provide peace of mind. We continually invest in digital solutions, customer support, and operational improvements to create a seamless and reliable experience.

Investing in Our People

Our employees are the foundation of our success. We foster an environment where individuals can grow, develop and contribute meaningfully to our business. Key priorities include:

- **Talent Development:** Providing opportunities for learning, leadership and career advancement.
- **Performance and Recognition:** Encouraging excellence through a strong performance-driven culture.
- **Workplace Connection:** Supporting engagement through purposeful collaboration and a dynamic work environment.

Making a Difference in Our Communities

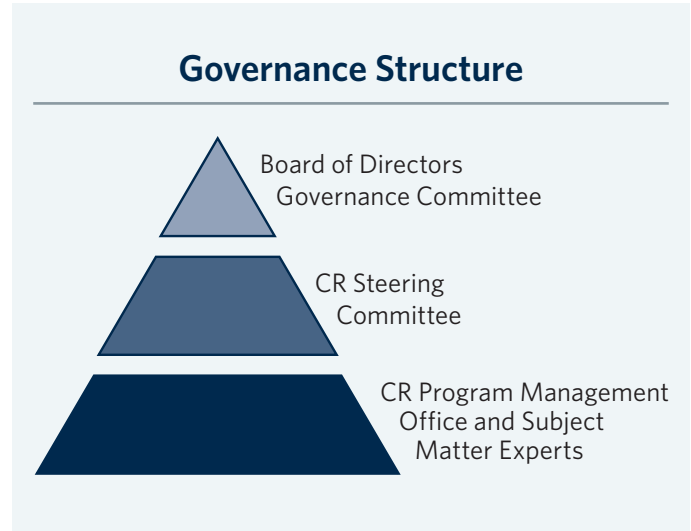
Supporting the communities where we live and work is an essential part of who we are. Through corporate philanthropy, employee volunteerism, and financial contributions, we invest in programs that create lasting positive impact. We focus on initiatives that align with our mission, particularly those that support education, health and community development.

Strong Governance and Accountability

Earning and maintaining trust is fundamental to our business. We uphold rigorous corporate governance standards to ensure ethical conduct, transparency, and sound decision-making.

Oversight of our Corporate Responsibility efforts is provided by the Governance Committee of Kemper's Board of Directors, reinforcing alignment with our strategic priorities.

By maintaining a disciplined approach to governance, investing in our people, and supporting our customers and communities, we continue to build a strong and responsible company that creates lasting value for all those we serve.





Cerritos Wear Red
In Cerritos CA, Kemper employees wear red to show their support for the American Heart Association's Go Red for Women movement.

COMMUNITY SUPPORT

Enriching The Communities We Serve

Kemper is committed to building stronger communities through education, health, and community development. We create lasting impact through our own initiatives, strategic partnerships, charitable contributions, and employee generosity. In 2024, our combined philanthropic efforts with The Kemper Foundation totaled over \$2.27 million, supporting nonprofits through donations, grants, sponsorships, and matching gifts.

2024 Community Impact by the Numbers

-  **\$2.2 million** in donations, grants, scholarships and sponsorships to nonprofit organizations
-  **\$440K** in contributions to our health partners
-  **\$1.4 million** in funding for education-based initiatives
-  **\$435K** in support of community development organizations
-  **\$106K** in the value of volunteer hours contributed by our employees

Our employees contributed more than \$66,000 and volunteered approximately 3,200 hours to support their communities. Giving back is a core part of who we are. We're proud of the positive impact made in 2024 and remain dedicated to driving meaningful change in the years to come.

EDUCATION

Education is key to long-term success. Together with The Kemper Foundation, we are committed to strengthening communities in our largest underserved markets. Through targeted programs, we provide financial support to schools and teachers with the greatest need, while nurturing emerging talent and developing future business leaders.

Kemper Scholars Program

The Kemper Scholars Program provides need-based scholarships, funding for student organizations, and support for academic research through partnerships with 10 colleges and universities, including six Historically Black Colleges and Universities and Hispanic-Serving Institutions. In 2024, the program awarded nearly \$1 million in scholarships, faculty grants, and student organization funding. Additionally, Kemper Corporation partnered with the Foundation to offer year-round internships for Kemper Scholar interns across our offices nationwide.



Read Conmigo Grant Program

The Read Conmigo Grant Program supports Hispanic and Latino students in developing critical biliteracy skills, preparing them for success in an interconnected world. The Read Conmigo Educator Grants provide \$3,000 to public and charter elementary school educators in dual-language (Spanish-English) programs, funding classroom resources and/or professional development. Educators report measurable improvements in students' biliteracy skills through formal and informal assessments.

In 2024, The Kemper Foundation awarded \$297,000 to 99 educators, primarily in Title I schools in the Dallas, Greater Los Angeles, and Miami areas. Since 2022, the program has granted \$750,000 to advance dual-language education for nearly 7,500 bilingual students.

Building on this success, The Kemper Foundation announced in December 2024 the expansion of the Read Conmigo Grant Program. Launching in 2025, the Read Conmigo School Impact Grants will provide \$10,000 grants to Title I elementary schools to support school- or program-wide dual-language initiatives.

HEALTH

To help combat common and challenging diseases, Kemper funds national organizations focused on medical research, health education, and improving patient and caregiver outcomes. Through corporate contributions and employee initiatives, we proudly support programs that positively impact communities nationwide.



American Cancer Society

As a strong advocate for cancer research, education and patient care, Kemper is a proud supporter of the American Cancer Society and its mission to improve the lives of people affected by cancer. In 2024, our employees led fundraisers for cancer awareness events such as Relay For Life, Men Wear Pink and Making Strides Against Breast Cancer. They also

volunteered at Hope Lodges, providing free housing to patients and their families during treatment. Kemper also sponsored ACS' mission driven events, including Taste of Hope, the Discovery Ball, and ResearchHers, a campaign dedicated to innovative women-led cancer research. In total, our collective impact in 2024 exceeded \$123,000.



Breakthrough T1D

Kemper proudly champions Breakthrough T1D, formerly JDRF, the leading global type 1 diabetes (T1D) research and advocacy organization helping make everyday life with T1D better while driving toward cures. In 2024, through charitable contributions and employee volunteerism, we supported Breakthrough T1D's Early Detection Program, expanding access to screening in rural and medically underserved communities in partnership with local clinics. Through this initiative, more than 1,200 individuals received T1D autoantibodies screenings in 2024. We also participated in Breakthrough T1D walks in multiple cities, reinforcing our commitment to raising awareness and funding research. Our collective impact in 2024 was over \$136,000.



Live Fierce™
Take Action

American Heart Association

Kemper is proud to support the American Heart Association's programs in Chicago and its mission to promote longer, healthier lives by combating heart disease and stroke. As part of the AHA's Nation of Lifesavers Initiative, we played a key role in supporting the distribution of CPR Anytime and Anywhere kits to high-risk communities. Kemper's support has allowed the American Heart Association to provide CPR education to over 3,000 individuals in Dallas, Los Angeles, and Miami in 2024. We also supported women's heart health awareness through the AHA's Go Red for Women movement, with employees organizing fundraisers and participating in National Wear Red Day. Additionally, our employees mentored young women through the STEM Goes Red program, inspiring the next

generation of leaders in science, technology, engineering, and math. In 2024, our collective impact exceeded \$108,000, of which \$105,000 came from our support of the Association’s programs and \$3,000 from employee fundraising.

COMMUNITY DEVELOPMENT

At Kemper, we are dedicated to improving the quality of life for our employees, customers, and communities. A large part of our customer base comes from historically underserved groups, including African American and Hispanic/Latino populations, making our partnerships with organizations like the National Urban League (NUL) and UnidosUS especially impactful. In 2024, our support advanced initiatives in economic empowerment, financial education, and homeownership. This included funding UnidosUS’ Financial Empowerment Network and HOME: Home Ownership Means Equity initiative, as well as NUL’s youth entrepreneurship programs. Additionally, we supported Feeding America-affiliated food banks in 11 cities

through employee donation drives, contributing nearly \$118,000 to help distribute 420,000 pounds of food, providing over 447,000 meals. Our efforts continue to create meaningful change and expand opportunities for underserved communities.

KEMPER CARES: Employee Volunteering and Giving

We empower employees to make a difference in their communities through Kemper Cares, our volunteer and giving program. We offer opportunities for both company-sponsored and personal initiatives, enabling employees to contribute their time, skills and resources. To amplify their impact, Kemper provides a 1:1 match for donations and 2:1 match days for events like Giving Tuesday and Hispanic Heritage Month. In 2024, we introduced “Dollars for Doers,” matching volunteer hours with monetary contributions. Employees can participate in virtual and in-person activities, strengthening their connection to causes they care about.



In St. Louis, the Kemper Life Actuary team volunteered with KidSmart’s Push for Pencils/Push for Change program, the largest back-to-school supply drive in Missouri.

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K**

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2024

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: 001-18298

Kemper Corporation

(Exact name of registrant as specified in its charter)

DE
(State or other jurisdiction of
incorporation or organization)

95-4255452
(I.R.S. Employer
Identification No.)

**200 E. Randolph Street
Suite 3300**

Chicago IL
(Address of principal executive offices)

60601
(Zip Code)

(312) 661-4600

(Registrant's telephone number, including area code)

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, \$0.10 par value per share	KMPR	NYSE
5.875% Fixed-Rate Reset Junior Subordinated Debentures due 2062	KMPB	NYSE

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

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 No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large accelerated filer	<input checked="" type="checkbox"/> Accelerated filer	<input type="checkbox"/> Non-accelerated filer	<input type="checkbox"/>
Smaller reporting company	<input type="checkbox"/> Emerging growth company	<input type="checkbox"/>	

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

As of June 30, 2024, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was \$3.8 billion based on the closing sale price as reported on the New York Stock Exchange. Solely for purposes of this calculation, all executive officers and directors of the registrant are considered affiliates.

Registrant had 63,900,557 shares of common stock outstanding as of February 5, 2025.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the 2025 Annual Meeting of Shareholders are incorporated by reference into Part III.

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Caution Regarding Forward-Looking Statements

This 2024 Annual Report on Form 10-K (the “2024 Annual Report”), including, but not limited to, the accompanying consolidated financial statements of Kemper Corporation (“Kemper” or the “Registrant”) 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 and the notes thereto appearing in Item 8 herein (the “Consolidated Financial Statements”), the Management’s Discussion and Analysis of Financial Condition and Results of Operations appearing in Item 7 herein (the “MD&A”) and the other Exhibits and Financial Statement Schedules filed as a part hereof or incorporated by reference herein, 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 2024 Annual Report. 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 below under Item 1A., “Risk Factors,” in this 2024 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, reinsurance arrangements, 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 may 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, the effects on personal injury claims of increasing medical costs and the effects on 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 and repair damaged property, 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 and societal trends referred to as legal system abuse or social inflation;
- 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 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 may occur), outsourcing relationships or cloud-based technology that could negatively impact the Company's ability to conduct business;
- 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, tariffs and international trade policies, and fluctuating values of particular investments held by the Company;
- Absolute and relative performance of investments made 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 2024 Annual Report. Kemper advises the reader, however, to consult any further disclosures Kemper makes on related subjects in its filings with the SEC.

PART I

Item 1. Business.

Kemper is an insurance holding company that offers complementary insurance products, through its subsidiaries, including personal and commercial automobile insurance to consumers in targeted markets and industries. Kemper also offers life and other insurance solutions to customers who desire basic protection for themselves and their families. Kemper's annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments thereto are accessible free of charge through Kemper's website, kemper.com, and as soon as reasonably practicable after such materials are filed with, or furnished to, the SEC, which also maintains an Internet site at sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

Registrant is a holding company incorporated under the laws of the State of Delaware in 1990, with equity securities traded on the New York Stock Exchange (the "NYSE"). On August 25, 2011, Registrant adopted its current name, Kemper Corporation, and changed its NYSE ticker symbol to KMPR. Prior to the name change, the Registrant was known as Unitrin, Inc. and traded under the NYSE ticker symbol UTR.

The Kemper family of companies is one of the nation's leading specialized insurers. With approximately \$12.6 billion in assets, Kemper is improving the world of insurance by providing affordable and easy-to-use personalized solutions to individuals, families and businesses through its Kemper Auto and Kemper Life brands. Kemper serves over 4.7 million policies, is represented by more than 22,200 agents and brokers, and has approximately 7,400 associates dedicated to meeting the ever-changing needs of its customers.

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

Kemper's subsidiaries employ approximately 7,400 associates supporting their operations, of which approximately 2,500 are employed in the Specialty Property & Casualty Insurance Segment, approximately 2,900 are employed in the Life Insurance segment and the remainder are employed in various corporate and other functions.

Property and Casualty Insurance Business

General

The Company's property & casualty insurance business operations are conducted primarily through the Specialty Property & Casualty Insurance segment. The Specialty Property & Casualty Insurance segment distributes these products primarily through independent agents and brokers who are paid commissions for their services, but also distributes a smaller portion of these products through direct to consumer and captive channels. In addition, the Life Insurance segment's career agents also sell contents coverage for personal property to its customers against loss resulting from fire, lightning and other causes. Collectively, these segments provide specialty automobile, fire/contents, and other types of property and casualty insurance to individuals and commercial automobile insurance, and general liability as an endorsement to commercial automobile, to businesses.

Net Written Premiums for the Property and Casualty Business were as follows:

<i>DOLLARS IN MILLIONS</i>	2024	2023	2022
Business Segments:			
Specialty Property & Casualty Insurance Segment:			
Specialty Personal Automobile Insurance	\$ 2,887.7	\$ 2,677.5	\$ 3,305.1
Commercial Automobile Insurance	797.7	627.9	629.3
Life Insurance Segment:			
Fire/Contents Protection	43.3	45.3	50.0
Total Segment Net Written Premiums	3,728.7	3,350.7	3,984.4
Non-Core Operations	108.3	435.5	527.1
Total Property and Casualty Net Written Premiums	\$ 3,837.0	\$ 3,786.2	\$ 4,511.5

Property insurance indemnifies an insured with an interest in physical property for loss of, or damage to, such property. Casualty insurance primarily covers liability for damage to property of, or injury to, a person or entity other than the insured. In most cases, casualty insurance also obligates the insurance company to provide a defense for the insured in litigation arising out of events covered by the policy.

Specialty Property & Casualty Insurance

The Specialty Property & Casualty Insurance segment, based in Chicago, Illinois, conducts business in 16 states under the Kemper Auto brand. As shown in the following table, three states provided 90% of the segment's premium revenues in 2024.

State	Percentage of Total Premiums
California	58 %
Florida	19 %
Texas	13 %

The Specialty Property & Casualty Insurance segment provides personal automobile insurance to consumers who have had difficulty obtaining standard or preferred risk insurance, usually because of their driving records, claims experience or premium payment history. The segment also provides commercial automobile coverage to targeted markets and industries, with a focus on contractors, short-haul delivery, and sales/services that is closely aligned to personal automobile insurance from both a footprint and distribution perspective.

The segment also meets the insurance needs of other specialty automobile markets such as urban and Hispanic consumers. The segment's insurance products accounted for 85%, 80% and 78% of the Company's consolidated insurance premiums in 2024, 2023 and 2022, respectively. The segment's insurance products are marketed through approximately 15,750 independent agents and brokers as well as a smaller portion sold direct to consumer and through captive agents.

In the third quarter of 2023 the Company established Kemper Reciprocal (the "Reciprocal Exchange" or "Exchange"), an Illinois-domiciled reciprocal insurance exchange. The Exchange principally writes specialty automobile policies sold to subscribers of the Exchange. Net written premiums and net earned premiums reported through the Exchange were \$27.6 million and \$17.0 million, respectively, for the year ended December 31, 2024.

The Exchange is operated by a management company owned by Kemper that acts as the attorney-in-fact ("AIF"). 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. The AIF can charge a management fee of up to 30% of the Exchange's gross written and assumed premiums.

Property and Casualty Loss and Loss Adjustment Expense Reserves

The Company's reserves for losses and LAE for property and casualty insurance ("Property and Casualty Insurance Reserves") are reported using the Company's estimate of its ultimate liability for losses and LAE for claims that occurred prior to the end of any given accounting period but have not yet been paid.

Property and Casualty Insurance Reserves at December 31, 2024 and 2023 were:

<i>DOLLARS IN MILLIONS</i>	2024	2023
Business Segments:		
Specialty Property & Casualty Insurance:		
Personal Automobile Insurance ¹	\$ 1,626.0	\$ 1,711.9
Commercial Automobile Insurance	721.9	596.8
Life Insurance:		
Fire/Contents Protection	2.7	2.9
Total Segment Property and Casualty Insurance Reserves	2,350.6	2,311.6
Non-Core Operations	261.7	356.4
Unallocated Reserves	9.0	12.5
Total Property and Casualty Insurance Reserves ¹	<u>\$ 2,621.3</u>	<u>\$ 2,680.5</u>

¹Includes \$9.4 million attributable to Kemper Reciprocal as of December 31, 2024, which is reported as a consolidated variable interest entity.

In estimating the Company's Property and Casualty Insurance Reserves, the Company's actuaries exercise professional judgment and must consider, and are influenced by, many variables that are difficult to quantify. Accordingly, the process of estimating and establishing the Company's Property and Casualty Insurance Reserves is inherently uncertain and the actual ultimate net cost of claims may vary materially from the estimated amounts reserved. See MD&A, "Critical Accounting Estimates," under the caption "Property and Casualty Insurance Reserves for Losses and Loss Adjustment Expenses" for a discussion of the Company's reserving process and the factors considered by the Company's actuaries in estimating the Company's Property and Casualty Insurance Reserves.

The Company's goal is to ensure that its total reserves for property and casualty insurance losses and LAE are adequate to cover all costs, while minimizing variation from the time reserves for losses and LAE are initially estimated until losses and LAE are fully paid. Changes in the Company's estimates of these losses and LAE, also referred to as "development," will occur over time and have been and in the future may be material. Favorable development is recognized and reported in the Consolidated Financial Statements when the Company decreases its previous estimate of ultimate losses and LAE and results in an increase in net income in the period recognized, whereas adverse development is recognized and reported in the Consolidated Financial Statements when the Company increases its previous estimate of ultimate losses and LAE and results in a decrease in net income.

See Note 6, "Property and Casualty Insurance Reserves," to the Consolidated Financial Statements for information about incurred and paid claims development for the 2020 to 2023 accident years as of December 31, 2024, net of reinsurance and indemnification, as well as cumulative claim frequency and the total of incurred but not reported ("IBNR") liabilities, including expected development on reported claims included within the net incurred losses and allocated LAE amounts as of December 31, 2024. See Note 6, "Property and Casualty Insurance Reserves," to the Consolidated Financial Statements for a tabular reconciliation of the three most recent annual periods setting forth the Company's Property and Casualty Insurance Reserves as of the beginning of each year, incurred losses and LAE for insured events of the current year, changes in incurred losses and LAE for insured events of prior years, payments of losses and LAE for insured events of the current year, payments of losses and LAE for insured events of prior years and the Company's Property and Casualty Insurance Reserves at the end of the year and additional information regarding the nature of adjustments to incurred losses and LAE for insured events of prior years.

Catastrophe Losses

Catastrophes and natural disasters are inherent risks of the property and casualty insurance business. These catastrophic events and natural disasters include, without limitation, hurricanes, tornadoes, earthquakes, hailstorms, wildfires, high winds and winter storms. Such events result in insured losses that are, and are expected to be, a material factor in the results of operations and financial position of Kemper's property and casualty insurance companies. Further, because the level of insured losses that

could occur in any one year cannot be accurately predicted, these losses contribute to material year-to-year fluctuations in the results of operations and financial position of these companies. Specific types of catastrophic events are more likely to occur at certain times within the year than others. This factor adds an element of seasonality to property and casualty insurance claims. The occurrence and severity of catastrophic events cannot be accurately predicted in any year. However, some geographic locations are more susceptible to these events than others. The Company has endeavored to manage its direct insurance exposures in certain regions that are prone to naturally occurring catastrophic events through a combination of geographic diversification, restrictions on the amount and location of new business production in such regions, modifications of, and/or limitations to coverages and deductibles for certain perils in such regions and reinsurance. The Company has adopted the industry-wide catastrophe classifications of storms and other events promulgated by Insurance Services Office, Inc. ("ISO") to track and report losses related to catastrophes. ISO classifies a disaster as a catastrophe when the event causes \$25 million or more in direct insured losses to property and affects a significant number of policyholders and insurers. ISO-classified catastrophes are assigned a unique serial number recognized throughout the insurance industry. The discussions throughout this 2024 Annual Report utilize ISO's definition of catastrophes.

The process of estimating and establishing reserves for catastrophe losses is inherently uncertain and the actual ultimate cost of a claim, net of reinsurance recoveries, may vary materially from the estimated amount reserved. See Item 1A., "Risk Factors," under the caption "***Catastrophe losses could materially and adversely affect the Company's results of operations, liquidity and/or financial condition***" for a discussion of catastrophe risk. See Note 26, "Catastrophe Reinsurance," to the Consolidated Financial Statements for a discussion of the factors that influence the process of estimating and establishing reserves for catastrophes.

Reinsurance

The Company manages its exposure to catastrophes and other natural disasters through a combination of geographical diversification, restrictions on the amount and location of new business production in such regions, modifications of, and/or limitations to coverages and deductibles for certain perils in such regions and reinsurance. To limit its exposure to catastrophic events, the Company maintains a catastrophe reinsurance program for its property and casualty insurance companies. Coverage for the catastrophe reinsurance program is provided in various layers within one excess of loss reinsurance contract.

The 2025 catastrophe reinsurance program covering the property and casualty insurance companies is provided by an annual excess of loss reinsurance contract.

Annual Excess of Loss Reinsurance Contract

The 2025 Annual Excess of Loss Contract provides coverage for the annual period of January 1, 2025 through December 31, 2025. The 2025 Annual Excess of Loss Contract provides coverage in two layers for losses on individual catastrophes of \$125 million in excess of \$50 million. The 2025 Annual Excess of Loss Contract provides 95% coverage on the first layer of losses on individual catastrophes of \$60 million in excess of \$50 million. The second layer provides 95% coverage on the losses on individual catastrophes of \$65 million in excess of \$110 million.

Reinstatement of Excess of Loss Reinsurance Contract

In the event that the Company's incurred catastrophe losses and LAE covered by its catastrophe reinsurance program exceed the retention for a particular layer, the program allows for reinstatement of such coverage. In such an instance, the Company must pay a reinstatement premium to the reinsurers to reinstate the full amount of the limit available under such layer. For each amount reinstated the Company shall pay additional premiums equal to the percentage of the reinsurer's loss limit for the excess layer exhausted for the loss occurrence multiplied by 100% of the reinsurance premium paid or payable for the excess layers for the term of the contract.

Other

In addition to the catastrophe loss exposures caused by natural events described above, Kemper's property and casualty insurance companies are exposed to losses from catastrophic events that are not the result of acts of nature, such as acts of terrorism, the nature, occurrence and severity of which in any period cannot be accurately predicted. The companies have reinsurance coverage to address certain exposures to potential future terrorist attacks. The reinsurance coverage for certified events, as designated by the federal government, is from the Terrorist Risk Insurance Act. The coverage for non-certified events is available in the catastrophe reinsurance program for property and casualty insurance companies. However, certain perils, such as biological, chemical, nuclear pollution or contamination, are excluded from the reinsurance coverage for non-certified events.

Under the various reinsurance arrangements, Kemper’s property and casualty insurance companies are indemnified by reinsurers for certain losses incurred under insurance policies issued by the reinsurers. As indemnity reinsurance does not discharge an insurer from its direct obligations to policyholders on risks insured, Kemper’s property and casualty insurance companies remain directly liable. However, provided that the reinsurers meet their obligations, the net liability for Kemper’s property and casualty insurance companies is limited to the amount of risk that they retain. Kemper’s property and casualty insurance companies purchase their reinsurance only from reinsurers rated “A-” or better by A. M. Best Co., Inc. (“A.M. Best”), at the time of purchase. A.M. Best is an organization that specializes in rating insurance and reinsurance companies.

For further discussion of the reinsurance programs, see Note 26, “Catastrophe Reinsurance,” and Note 27, “Other Reinsurance,” to the Consolidated Financial Statements.

Pricing

Pricing levels for property and casualty insurance products are influenced by many factors, including the frequency and severity of claims, state regulation and legislation, competition, general business and economic conditions, including market rates of interest, inflation, expense levels, and judicial decisions. In addition, many state regulators require consideration of investment income when approving or setting rates, which could reduce underwriting margins. Further, some states have regulations that limit the after-tax return on underwriting profit allowed for an insurer and may impact the price charged for premiums or result in premium refunds. The Company derives a significant portion of its earned premiums in two such states, California and Florida. See MD&A under the caption “Specialty Property & Casualty Insurance”.

Competition

Based on the most recent annual data published by A.M. Best, as of the end of 2023, there were 1,104 property and casualty insurance groups in the United States. Kemper’s property and casualty group was among the top 6% of property and casualty insurance groups in the United States as measured by net admitted assets, net written premiums, and capital and surplus in 2023. Among all personal lines automobile insurance writers, Kemper’s property and casualty group was the 15th largest writer as measured by net written premiums in 2023.

Rankings by net admitted assets, net premiums written and capital and surplus were:

Measurement	Ordinal Rank	Percentile Rank
Net Admitted Assets	56	95 %
Net Written Premiums	36	97
Capital and Surplus	67	94

In 2023, the U.S. property and casualty insurance industry’s estimated net premiums written were \$863.6 billion, of which nearly 82% were accounted for by the top 50 groups of property and casualty insurance companies. Kemper’s property and casualty insurance companies wrote less than 1% of the industry’s 2023 premium volume.

The property and casualty insurance industry is highly competitive, particularly with respect to personal automobile insurance. Kemper’s property and casualty insurance companies compete on the basis of, among other measures, (i) using suitable pricing segmentation, (ii) maintaining underwriting discipline, (iii) settling claims timely and efficiently, (iv) offering products in selected markets or geographies, (v) utilizing technological innovations for the marketing and sale of insurance, (vi) controlling expenses, (vii) maintaining adequate ratings from A.M. Best and other ratings agencies and (viii) providing quality services to independent agents and policyholders. See Item 1A., “Risk Factors,” under the caption “*The insurance industry is highly competitive, making it difficult to grow profitability and within expectations of investors.*”

Life Insurance Business

General

The Company’s life & health insurance business operations are conducted primarily through the Life Insurance segment. The Life Insurance segment distributes its products through a network of employee, or “career” agents. These career agents are paid commissions for their services. Earned premiums from the life insurance segment accounted for 8% of the Company’s consolidated insurance premiums earned in 2024 and 7% of the Company’s insurance premium earned in 2023 and 2022.

The Life Insurance segment, primarily based in St. Louis, Missouri, focuses on providing individual life and supplemental accident and health insurance products to customers who desire basic protection for themselves and their families. Their leading product is individual life insurance, including permanent insurance that can be offered on a limited or recurring pay basis, term insurance and guaranteed issue insurance. Individual life insurance is offered primarily on a non-participating, guaranteed-cost basis. Face amounts of these policies are lower than those of policies typically sold to higher income customers by other companies in the life insurance industry. Premiums average approximately \$29 per policy per month with an average face value of \$6,413.

The Life Insurance segment employs nearly 2,200 career agents, operating in 26 states and the District of Columbia. These career agents are full-time employees who call on customers in their homes to sell insurance products, provide services related to policies in force and collect premiums, typically monthly. These career agents also distribute and/or service contents coverage for personal property providing coverage against loss resulting from fire, lightning, and other causes.

As shown in the following table, five states provided 67% of the premium revenues in this segment in 2024.

State	Percentage of Total Premiums
Texas	29 %
Louisiana	15
Alabama	10
Florida	7
Georgia	6

Life Insurance Reserves

The Company's Life Insurance Reserves are reported using the Company's estimate of its liability for future policyholder benefits. Life Insurance Reserves by business segment at December 31, 2024 and 2023 were:

<i>DOLLARS IN MILLIONS</i>	2024	2023
Business Segments:		
Life Insurance:		
Life Insurance	\$ 3,195.1	\$ 3,417.7
Accident & Health Insurance	4.6	4.7
Total Life Insurance Reserves	<u>\$ 3,199.7</u>	<u>\$ 3,422.4</u>

Significant assumption inputs to the calculation of the liability for future policyholder benefits include mortality, lapses, and discount rates (both accretion and current). Kemper groups together policies with similar types of business for its cohorts, which typically vary by issue year. The Company's actuaries use a variety of generally accepted actuarial methodologies, in accordance with Actuarial Standards of Practice, in determining the mortality and lapse assumptions. These assumptions are based on judgments that consider the Company's historical experience, industry data, and other relevant factors. The Company reviews and updates its estimate of cash flows expected over the lifetime of a group of contracts using actual historical experience quarterly and current future cash flow assumptions at least annually to calculate its revised net premium ratio. The revised net premium ratios are then used to calculate an updated liability for future policyholder benefits for the current reporting period, discounted at the original contract issuance discount rate. The Company has elected to use expense assumptions that are locked in at contract inception and are not subsequently reviewed or updated. Resulting changes in the liability due to differences in actual versus expected experience, changes in current cash flow assumptions, and prefunding and payout of benefits compared to the carrying amount of the liability as of that same date are recorded as a separate component of benefit expense in the Consolidated Statements of Income (Loss). The current discount rate assumption is an equivalent spot rate curve of annually compounded rates at monthly increments that is derived based on A-credit rated fixed-income instruments reflecting the duration characteristics of the liability. The discount rate assumption is updated quarterly and used to remeasure the liability at the reporting date, with the resulting change reflected in Accumulated Other Comprehensive Loss on the Consolidated Balance Sheets.

In estimating the Company's Life Insurance Reserves, the Company's actuaries exercise professional judgment and must consider, and are influenced by, many variables that are difficult to quantify. Accordingly, the process of estimating and establishing the Company's Life Insurance Reserves is inherently uncertain. See MD&A, "Critical Accounting Estimates,"

under the caption “Life Insurance Reserves” for more details on the Company’s reserving process and the factors considered by the Company’s actuaries in estimating the Company’s Life Insurance Reserves.

Reinsurance

Consistent with insurance industry practice, the Company’s Life insurance segment utilizes reinsurance arrangements to limit its maximum loss, provide greater diversification of risk and minimize exposures on larger risks. As the face amounts of the Company’s issued policies are relatively small, the ceded risks and corresponding premiums are also relatively small, particularly when compared to other companies in the industry. The segment is also exposed to losses from catastrophes arising from insurance policies for contents coverage for personal property. The Life Insurance segment is a party to the Florida Hurricane Catastrophe Fund (“FHCF”) and the Property & Casualty catastrophe excess of loss reinsurance contract.

Lapse Ratio

The lapse ratio is a measure of a life insurer’s loss of in-force policies. For a given year, this ratio is commonly computed as the total face amount of individual life insurance policies lapsed, surrendered, expired and decreased during such year, less policies increased and revived during such year, divided by the total face amount of policies at the beginning of the year plus the face amount of policies issued and reinsurance assumed in the prior year. The Life Insurance segment’s lapse ratio for individual life insurance was 5%, 5%, and 6% in 2024, 2023 and 2022, respectively.

The customer base served by the Life Insurance segment tends to have a higher incidence of lapse than other demographic segments of the population. Thus, to maintain or increase the level of its business, the Life Insurance segment must write a higher volume of new policies than competitors serving other demographic segments of the population.

Pricing

Premiums for life insurance products are based on assumptions with respect to mortality, morbidity, investment yields, expenses, and lapses and are also affected by state laws and regulations, as well as competition. Pricing assumptions are based on the experience of the Life Insurance segment, as well as the industry in general, depending on the factor being considered. The actual profit or loss produced by a product will vary from the anticipated profit if the actual experience differs from the assumptions used in pricing the product.

Premiums for policies sold by the Life Insurance segment are set at levels designed to cover the relatively high cost of “in-home” servicing of such policies. As a result, the Life Insurance segment premiums have a higher expense load than the life insurance industry average.

Competition

Based on the most recent data published by A.M. Best, as of the end of 2023, there were 384 life and health insurance company groups in the United States. The Company’s Life Insurance segment ranked in the top 30% of life and health insurance company groups, as measured by net admitted assets, net premiums written and capital and surplus. Rankings by net admitted assets, net premiums written and capital and surplus were:

Measurement	Ordinal Rank	Percentile Rank
Net Admitted Assets	102	73 %
Net Written Premiums	115	70
Capital and Surplus	116	70

Kemper’s life and health insurance subsidiaries generally compete by using appropriate pricing, offering products to selected markets or geographies, controlling expenses, maintaining adequate ratings from A.M. Best and providing competitive services to agents and policyholders.

Investments

The quality, nature and amount of the various types of investments that can be made by insurance companies are regulated by state laws. Depending on the state, these laws permit investments in qualified assets, including, but not limited to, municipal, state and federal government obligations, corporate bonds, structured bonds, real estate, preferred and common stocks, investment partnerships, limited liability investment companies and limited partnerships. In addition, the quality, nature,

amount and concentration of the various types of investments held by Kemper and its subsidiaries affect the amount of asset risk calculated by regulators and rating agencies in determining required capital. See “Regulation” immediately following this subsection and Item 1A., “Risk Factors,” under the caption “*The Company’s investment portfolio is exposed to a variety of risks that may negatively impact net investment income, the change in fair value of equity and convertible securities and cause realized and unrealized losses.*”

The Company employs a total return investment strategy, with an emphasis on yield, while maintaining liquidity to meet both its short- and medium-term insurance obligations. See the discussions of the Company’s investments under the headings “Investment Results,” “Investment Quality and Concentrations,” “Investments in Limited Liability Companies and Limited Partnerships,” “Liquidity and Capital Resources” and “Critical Accounting Estimates,” in the MD&A, “Quantitative and Qualitative Disclosures about Market Risk,” in Item 7A and Note 11, “Investments,” Note 12, “Income from Investments,” Note 13, “Derivatives,” and Note 14, “Fair Value Measurements,” to the Consolidated Financial Statements.

Regulation

Overview of State Regulation

Kemper’s insurance subsidiaries are subject to extensive regulation, primarily, but not exclusively, at the state level. Such regulation pertains to a variety of matters, including, but not limited to, policy forms, rate setting, licensing to transact business, market conduct, trade practices, underwriting standards, claims handling practices, transactions with affiliates, payment of dividends, nature and amount of investments, solvency, reserve adequacy, statutory accounting methods, risk management and corporate governance. In addition, insurance regulatory authorities perform periodic examinations of an insurer’s financial condition, market conduct activities and other affairs. Some of these matters are discussed in more detail below.

Approval of Policy Rates and Forms

The majority of Kemper’s insurance operations are in states requiring prior approval by regulators before proposed policy or coverage forms and rates for insurance policies may be implemented and used. The Company’s ability to take actions to address market developments or increased costs can be adversely impacted by lengthy delays in the approval process or the failure to receive the required approval of state regulators.

Restrictions on Withdrawal, Cancellation and Nonrenewal

Many states have laws restricting an insurer’s ability to withdraw from particular markets. Laws that limit an insurer’s ability to cancel or non-renew a block of policies by line of business, or that subject its withdrawal to prior approval requirements, may restrict the ability of our insurance subsidiaries to exit unprofitable markets.

Financial Reports and Standards

Insurance companies are required to report their financial condition and results of operations in accordance with statutory accounting practices prescribed or permitted by state insurance regulators in conjunction with the National Association of Insurance Commissioners (“NAIC”). State insurance regulators also prescribe the form and content of statutory financial statements, set minimum reserve and loss ratio requirements and establish standards for the types and amounts of investments. In addition, state laws and regulations require minimum capital and surplus levels and incorporate risk-based capital (“RBC”) standards developed by the NAIC. Similar reporting obligations and requirements are imposed under Bermuda law on Kemper Bermuda Ltd., Kemper’s offshore subsidiary. RBC standards are intended to enable regulators to assess the level of risk inherent in an insurance company’s business based on asset risk, credit risk, underwriting risk and other business risks relevant to its operations. A company’s requirements are calculated based on an RBC formula and compared to its total adjusted capital to determine whether regulatory intervention is warranted. At December 31, 2024, the total amount of capital held by each of Kemper’s domestic insurance subsidiaries exceeded the minimum levels required under applicable RBC requirements, and the total amount of capital held by Kemper Bermuda Ltd. exceeded the minimum levels required by the Bermuda Monetary Authority’s Enhanced Capital Requirement.

Guaranty Funds and Risk Pools

Kemper’s insurance subsidiaries are required to pay assessments up to prescribed levels to fund policyholder losses or liabilities of insolvent insurance companies under the guaranty fund laws of most states in which they transact business. Kemper’s insurance subsidiaries are also required to participate in various involuntary pools or assigned risk pools, principally involving windstorms and high risk drivers. In most states, the involuntary pool participation of Kemper’s insurance subsidiaries is determined in proportion to their voluntary writings of related lines of business in such states.

Privacy and Cybersecurity Regulation and Oversight

The Company is subject to numerous federal and state laws and state insurance regulations that impose significant requirements and standards for protecting personal and confidential information of insurance company policyholders, employees, and other individuals.

Federal Regulation

The federal Gramm-Leach-Bliley Act requires financial institutions, including insurers, to protect the privacy of non-public information, to restrict use of such information and disclosure to non-affiliated third parties, and to provide notices to customers regarding use of their non-public personal information and an opportunity to “opt out” of certain disclosures. State departments of insurance and certain federal agencies adopted implementing regulations as required by federal law. In addition, SEC rules require disclosure regarding cybersecurity oversight and incidents.

State Laws and Regulations

In recent years, state insurance regulators have focused increasing attention on cybersecurity. For example, insurance companies are required to maintain a cybersecurity program, incident response plan and information technology system safeguards that protect personal and confidential information under extensive cybersecurity regulations implemented by the New York Department of Financial Services and statutes adopted by a number of states based on a model data security law adopted by the NAIC. In addition, state insurance regulators focus significant attention on data security during financial exams, and the NAIC has strengthened and enhanced the cybersecurity guidance included in its handbook for state insurance examiners. Additional state laws outside of the insurance industry impose notification requirements in the event of cybersecurity breaches affecting their residents. On the privacy front, the California Consumer Privacy Act, as amended, by the California Privacy Rights Act (“CPRA”), which went into effect in January 2023, among other things, requires companies to provide privacy notices and respond to any request made to the company by a California resident regarding his or her personal information used or maintained by the company outside the scope of the GLBA privacy laws. Kemper Bermuda Ltd. is subject to Bermuda’s Personal Information Protection Act, which went into effect on January 1, 2025. The Company anticipates a continuing focus on new regulatory and legislative proposals at the state and federal levels that further regulate practices regarding privacy and security of personal and confidential information. In addition, artificial intelligence technologies (AI) and the evolving AI regulatory framework are creating new privacy and security challenges and associated risks.

Holding Company Regulation, Including Enterprise Risk Management and Governance

The Company is regulated as an insurance holding company system and is subject to the insurance holding company acts of the states in which its insurance subsidiaries are domiciled and, in some cases, additional states in which the insurance subsidiary is deemed commercially domiciled. These laws and related regulations contain certain reporting requirements as well as restrictions on transactions between an insurer and its affiliates. They also generally require insurance companies within an insurance holding company system to register with the insurance department of each state where they are domiciled and to file certain reports with those insurance departments describing capital structure, ownership, financial condition, certain intercompany transactions, an enterprise risk report and general business operations. In addition, various notice and reporting requirements generally apply to transactions between insurance companies and their affiliates within the insurance holding company system, depending on the size and nature of the transactions. Some insurance holding company laws and regulations require prior regulatory approval or, in certain circumstances, prior notice of certain material intercompany transfers of assets as well as certain transactions between insurance companies, their parent holding companies and affiliates.

Dividends

As a holding company with no significant business operations of its own, Kemper relies on dividends from its insurance subsidiaries to meet its obligations. Certain dividends and distributions by an insurance subsidiary are subject to prior approval by the insurance regulator in which it is domiciled or commercially domiciled. See Item 1A., “Risk Factors,” under the caption, ***“The ability of Kemper to service its debt, to pay dividends to its shareholders and/or make repurchases of its stock may be materially impacted by lack of timely and/or sufficient dividends received from its subsidiaries.”***

Change in Control Requirements

State insurance laws also impose requirements that must be met prior to a change of control of an insurance company or insurance holding company based on the insurer’s state of domicile and, in some cases, additional states in which the insurance subsidiary is deemed commercially domiciled. These requirements may include the advance filing of specific information with the state insurance regulators, a public hearing on the matter, and the review and approval of the change of control by such

regulators. The Company has insurance subsidiaries domiciled or deemed commercially domiciled in Alabama, California, Florida, Illinois, Indiana, Louisiana, Missouri, New York, Ohio, Oregon, Texas and Wisconsin. In these states, except Alabama, “control” generally is presumed to exist through the direct or indirect ownership of 10% or more of the voting securities of an insurance company. Control is presumed to exist in Alabama with a 5% or more ownership interest in such securities. Any purchase of Kemper’s shares that would result in the purchaser owning Kemper’s voting securities in the foregoing percentages for the states indicated would be presumed to result in the acquisition of control of the Company’s insurance subsidiaries in those states. Therefore, acquisitions subject to the 10% threshold generally would require the prior approval of insurance regulators in each state in which the Company’s insurance subsidiaries are domiciled or deemed commercially domiciled, including those in Alabama, while acquisitions subject to the 5% threshold generally would require the prior approval of only Alabama regulators. Similarly, consistent with the Model Holding Company Act, several of the states in which the Company’s insurance subsidiaries are domiciled have enacted legislation that requires either the divesting and/or acquiring company to notify regulators of, and in some cases to receive regulatory approval for, a change in control.

Many state statutes also require pre-acquisition notification to state insurance regulators of a change of control of an insurance company licensed in the state if specific market concentration thresholds would be triggered by the acquisition. Such statutes authorize the issuance of a cease and desist order with respect to the insurance company if certain conditions, such as undue market concentration, would result from the acquisition. These regulatory requirements may deter, delay or prevent transactions effecting control of Kemper or its insurance subsidiaries, or the ownership of Kemper’s voting securities, including transactions that could be advantageous to Kemper’s shareholders.

Many states have made, or are in the process of making, modifications to their holding company laws. These modifications impose new reporting requirements and substantially expand the oversight and examination powers of state insurance regulators to assess enterprise risks within the entire holding company system that may arise from both insurance and non-insurance subsidiaries. They also impose new reporting requirements on affiliated transactions and divestiture of a controlling interest in an insurance subsidiary.

Other Federal Government Regulation

Dodd-Frank Wall Street Reform and Consumer Protection Act and Other Financial Reform Efforts

As part of an effort to strengthen the regulation of the financial services market, the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”) was enacted in 2010. The Dodd-Frank Act also created the Federal Insurance Office (“FIO”) within the U.S. Department of the Treasury (“Treasury”). The FIO monitors the insurance industry, provides advice to the Financial Stability Oversight Council (“FSOC”), represents the U.S. on international insurance matters, and studies the current regulatory system. The Dodd-Frank Act includes a number of financial reforms and regulations that may affect our business and financial reporting. However, there remains uncertainty regarding the future of the Dodd-Frank Act and how it may impact our business.

Additional regulations or new requirements may emerge from activities of various regulatory entities, including the Federal Reserve Board, FIO, FSOC, NAIC and the International Association of Insurance Supervisors (“IAIS”), that are evaluating solvency and capital standards for insurance company groups. The outcome of these actions is uncertain; however, these actions may result in an increase in the level of capital and liquidity required by insurance holding companies.

Human Capital Management

Company Culture

Kemper proudly serves growing niche and underserved markets through appropriate and affordable insurance and financial solutions. Kemper’s Strategic Intent centers on empowering every team member to Act Like an Owner to deliver on our promises to our stakeholders. This concept highlights one of the most important elements of fulfilling our purpose—our employees—and infuses our ownership culture into everything we do.

Our culture empowers employees at every level to take authority and accountability for their roles, driving high performance. We foster this through a dynamic, diverse, and innovative team of individuals who act like owners, continually driven by intellectual curiosity, analytic superiority, and a commitment to being world class operators.

Commitment to a Strong, Performance-Driven and Inclusive Culture

Our strength comes from a dynamic workforce where different perspectives, experiences and talents drive our success. Kemper is committed to fostering an environment where all employees feel valued, empowered and positioned for growth. This

commitment enables us to attract and retain the strongest possible high-performance workforce from the broadest sources of talent.

- Workplace: Cultivate an “Act Like an Owner” culture where all employees feel they have a voice, a sense of purpose, and contribute to shared success.
- Workforce: Foster an environment where every individual has the opportunity to grow, develop and make meaningful contributions.
- Marketplace: Expand our reach and impact through strategic partnerships and community engagement that reflect the diverse needs of the customers we serve.

Compliance and Ethics

A culture grounded in compliance and ethical behavior is essential for protecting the Company from actions that could negatively impact our reputation and business results. These values are also critical to the sound operation of our business and contribute to a positive work environment for our employees. Kemper provides a variety of tools and resources to ensure these values create an inclusive and welcoming environment for every member of the Kemper community.

Kemper maintains an open communication environment with multiple channels for reporting fraud, theft, violence, and misconduct. Our compliance reporting protocol strengthens our efforts to foster integrity and ethical behavior, while enabling corrective actions to address any identified issues. In addition, Kemper encourages employees to reach out to their direct manager, another manager, the Kemper Corporate Responsibility Hotline, the Kemper Corporate Compliance and Ethics Officer, or Human Resources with any compliance or ethical concerns.

Employee Development

Kemper’s long-term success is closely tied to the development and engagement of our employees. Kemper offers valuable opportunities for personal and professional growth at every career stage, from early career programs like internships and rotational development programs to manager and leadership development. Individual growth and development is supported through various initiatives, including the Own Your Career program, which provides employees with the resources and tools needed to continue advancing toward career success.

Kemper’s commitment to Own Your Career aligns with our Act Like an Owner culture, offering opportunities for skill building, talent development, and connection with peers and managers to support employees on their path forward.

Engagement with Company Culture

Employee engagement is essential to driving the Company’s culture and success. Kemper fosters elevated engagement through various initiatives and programs, recognizing employees who consistently go above and beyond in contributing to the Company’s success.

We measure engagement through an employee survey, giving all team members the opportunity to provide feedback on key drivers of work satisfaction, including career growth and development, company leadership, compensation and benefits, recognition, collaboration, communication, resources, culture, and ethics. This feedback is reviewed by our business, functional and Human Resources leadership teams to assess employees’ emotional commitment to the most critical engagement factors, refine our culture, and address opportunities to enhance the work experience.

Total Rewards

Total rewards represent the investments Kemper makes to recognize and reward employees for their contributions. This includes both benefits and compensation (base salary, short- and long-term incentives). Kemper is committed to offering a robust and market-competitive total rewards package that helps us attract and retain the talent necessary to grow our company and achieve our goals. Our total rewards are a vital component of the employee experience at Kemper, designed to add value to our business while promoting the health and well-being of all employees.

Kemper is focused on investing in the physical, emotional, financial and social well-being of our people by providing a wide range of benefits. These include, but are not limited to:

- Health insurance including medical, dental, vision and prescription drug coverage
- Life and disability insurance
- Tax-advantaged Flexible Spending Accounts for health care and dependent care
- Health Savings Accounts for the High-Deductible Health Plan, including a company match

- 401(k) retirement savings program, including a company match and 100% vesting upon hire
- Employee Stock Purchase Program (ESPP)
- Employee Assistance & Work/Life Program (EAP)
- Tuition reimbursement
- Adoption assistance
- Employee discount programs
- Voluntary benefit programs
- Leave and time off programs
- Flexible work arrangements based on function and role
- Wellness resources, including diabetes, hypertension, weight management and pregnancy support
- Commuter benefits
- Benefits navigation

How We Work

At Kemper, we embrace a thoughtful hybrid work model designed to enhance both flexibility and connection within our workforce. This model prioritizes purposeful time in the office, where in-person collaboration, team meetings, and training sessions are maximized to foster engagement, innovation and relationship-building. We believe that intentional in-office interactions are essential to maintaining a strong sense of community and achieving our collective goals.

Our leadership team plays an active role in keeping employees informed and connected by hosting regular in-person and virtual town hall meetings. These sessions provide updates on key priorities and initiatives, celebrate company and team member achievements, and offer a forum for employees to ask questions and share feedback. By blending remote and in-office work, we ensure that all employees have the flexibility to balance work and life while staying connected to the company's Strategic Intent and culture.

Item 1A. Risk Factors.

Kemper is exposed to numerous risk factors that could cause actual results to differ materially from recent results or anticipated future results. The following discussion details the significant risk factors that are specific to the Company. In addition to those described below, the Company's business, financial condition and results of operations could be materially affected by other factors not presently known or considered material by the Company. Readers are advised to consider all of these factors along with the other information included in this 2024 Annual Report, including the factors set forth under the caption "Caution Regarding Forward-Looking Statements", and to consult any further disclosures Kemper makes on related subjects in its filings with the SEC.

Risks Relating to Estimating Property and Casualty Insurance Losses and Loss Adjustment Expenses and Catastrophes

Estimating losses and LAE for determining property and casualty insurance reserves is inherently uncertain, and the Company's results of operations may be materially impacted if the Company's insurance reserves are insufficient.

The Company establishes loss and LAE reserves to cover estimated liabilities, which remain unpaid as of the end of each accounting period, and to investigate and settle all claims incurred under the property and casualty insurance policies that it has issued. Loss and LAE reserves are established for claims that have been reported to the Company as of the end of the accounting period, as well as for estimated claims that have occurred but have not yet been reported to the Company. The estimates of loss and LAE reserves are based on the Company's assessment of the facts and circumstances known to it at the time, as well as estimates of the impact of future trends in the severity of claims, the frequency of claims and other factors.

These estimates can be inaccurate or may change over time due to many variables, including changes driven by the evolving legal and regulatory landscape and economic, technological, and other environmental conditions in which the Company operates. For example, changes in international trade practices, such as the increase or imposition of tariffs and the resulting inflationary pressure, could lead to our estimates being inaccurate. In addition, these estimates could be impacted by the rising costs of insurance claims from increased litigation (in part as a result of proliferation of class-action suits and growth in third party litigation funding), the increase in so-called "nuclear verdicts" leading to higher jury awards, broader definitions of liability, and other effects of legal and societal trends referred to as legal system abuse or social inflation.

The process of estimating property and casualty insurance reserves is complex and imprecise. The reserves established by the Company are inherently uncertain estimates and could prove to be inadequate to cover its ultimate losses and expenses. The estimate of the ultimate cost of claims for insured events that have occurred must take into consideration many factors that are dependent on the outcome of future events associated with the reporting, investigation and settlement of claims. The impacts on the Company's estimates of property and casualty insurance reserves from these factors are difficult to assess accurately. A change in any one or more of the factors will likely result in a projected ultimate loss that is different than the previous projected ultimate loss and may have a material impact on the Company's estimates. For example, increases in the estimates of ultimate losses and LAE will decrease earnings, while decreases in these estimates will increase earnings, as reported by the Company in the results of its operations for the periods in which the changes to the estimates are made. See MD&A, "Critical Accounting Estimates," under the caption "Property and Casualty Insurance Reserves for Losses and Loss Adjustment Expenses" for a discussion of the Company's reserving process and the factors considered by the Company's actuaries in estimating the Company's Property and Casualty Insurance Reserves.

If the Company is unable to charge competitive yet profitable rates to its customers, the Company's business, results of operations and financial condition could be materially and adversely affected.

The Company considers trends in the severity and frequency of claims and other factors when determining the premium rates to charge for its property and casualty insurance products. An unanticipated change in any one or more of these factors or trends, as well as a change in competitive conditions, may result in inadequate premium rates charged for insurance policies issued by Kemper's property and casualty insurance subsidiaries in the future. Typically there is a time lag between when changes in frequency and severity are identified and when rate changes are approved, implemented and earned in. Material changes in frequency and severity and the time lag between when rates are approved, implemented and earned into the Company's results of operations may have a material adverse impact on the Company's operations. Because of restrictions placed on the Company's ability to increase premium rates in certain states, including California, a pricing inadequacy may continue for a prolonged period. These pricing inadequacies have had a material impact on the Company's operating results in recent periods and may impact operating results in future periods. If the Company overestimates the severity or frequency of claims and other factors in determining the rates to charge for insurance products, the rates for the Company's products could be noncompetitive and result in loss of revenue and market share.

Catastrophe losses could materially and adversely affect the Company's results of operations, liquidity and/or financial condition.

Kemper's property and casualty insurance subsidiaries are subject to claims arising out of catastrophes that may have a significant effect on their results of operations, liquidity and financial condition. Catastrophes can be caused by various events, including, but not limited to, hurricanes, tornadoes, windstorms, earthquakes, hailstorms, explosions, severe winter weather, wildfires and pandemics, and may also include man-made events, such as cyber events, terrorist attacks, and hazardous material spills. The incidence, frequency and severity of catastrophes are inherently unpredictable and may be impacted by the uncertain effects of climate change, which could cause increases in hurricanes, floods, wildfires, and other risks that could produce losses affecting our business. The extent of the Company's losses from a catastrophe is a function of both the total amount of its insured exposure in the geographic area affected by the event and the severity of the event. In recent periods, the Company has experienced significant catastrophe losses relating to tropical storm activity as well as rain and hail events. The effects of inflation could increase the severity of claims resulting from a catastrophe. For example, in recent periods, the effects of inflation, including as a result of post-event damage surge, have increased catastrophe losses, and this could continue in the future. Furthermore, the Company could experience more than one severe catastrophic event in any given period.

The property and casualty insurance subsidiaries use catastrophe modeling tools developed by third parties to project their potential exposure to property damage resulting from certain types of catastrophic events under various scenarios. These models are based on various assumptions and judgments which may turn out to be wrong or materially different than our actual results. The actual impact of one or more catastrophic events could adversely and materially differ from these projections.

Kemper's life insurance subsidiaries are particularly exposed to risks of catastrophic mortality, such as pandemics or other events that result in large numbers of deaths. In addition, the occurrence of a pandemic or other catastrophes in a concentrated geographic area could have a severe disruptive effect on the Company's workforce and business operations. The likelihood and severity of such events cannot be predicted and are difficult to estimate.

Changes in the availability and cost of catastrophe reinsurance and in the ability of reinsurers to meet their obligations could result in Kemper's insurance subsidiaries retaining more risk and could adversely and materially affect the Company's results of operations, financial condition and/or liquidity.

Kemper's property and casualty insurance subsidiaries seek to reduce their exposure to catastrophe losses through the purchase of catastrophe reinsurance. Catastrophe reinsurance does not relieve these subsidiaries of their direct liability to their policyholders. As long as the reinsurers meet their obligations, the net liability for each subsidiary is limited to the amount of risk it retains. While Kemper's subsidiaries' principal reinsurers are each rated "A-" or better by A.M. Best at the time reinsurance is purchased, the Company cannot be certain that reinsurers will pay the amounts due from them either now, in the future, or on a timely basis. A reinsurer's insolvency or inability to make payments under the terms of its reinsurance agreement could materially and adversely affect the Company's financial position, results of operations and liquidity.

In addition, market conditions beyond the Company's control determine the availability and cost of the reinsurance protection that Kemper's property and casualty insurance subsidiaries may purchase. A decrease in the amount of reinsurance coverage that these subsidiaries purchase generally should increase their risk of a more severe loss, and this risk could increase if climate change or other factors results in higher than anticipated losses for reinsurers. As a result, if the amount of available reinsurance is reduced, the cost to obtain reinsurance may increase or Kemper's subsidiaries may be unable to obtain sufficient reinsurance on acceptable terms, which could adversely affect their ability to write future insurance policies or result in their retaining more risk with respect to those policies.

The extent to which Kemper's insurance subsidiaries can manage their catastrophe exposure through underwriting strategies may be limited by law or regulatory action and could adversely and materially affect the Company's results of operations, financial condition and/or liquidity.

Kemper's property and casualty insurance subsidiaries also manage their exposure to catastrophe losses through underwriting strategies such as reducing exposures in, or withdrawing from, catastrophe-prone areas, establishing underwriting guidelines, and setting appropriate rates, deductibles, exclusions and policy limits. The extent to which Kemper's subsidiaries can manage their exposure through these strategies may be limited by law or regulatory action. For example, laws and regulations may limit the rate or timing at which insurers may not renew insurance policies in catastrophe-prone areas. In addition, laws and regulations requiring prior approval of policy forms and premium rates may limit the ability of Kemper's property and casualty insurance subsidiaries to increase rates or deductibles on a timely basis, which may result in additional losses or lower returns than otherwise would have occurred in an unregulated market.

Risks Relating to Estimating Life Insurance Reserves

Estimating future policyholder benefits for determining life insurance reserves is inherently uncertain, and the Company's results of operations may be materially impacted if the Company's Life Insurance Reserves are insufficient.

The estimates of future policyholder benefits are based on the Company's assessment of the facts and circumstances known to it at the time and are estimating losses many years into the future. Significant assumption inputs to the calculation of the liability for future policyholder benefits include mortality, lapses, and discount rates (both accretion and current). These estimates can be inaccurate or may change over time due to many variables, including changes driven by the evolving legal and regulatory landscape and economic, technological, and other environmental conditions in which the Company operates. The process of estimating life insurance reserves is complex and imprecise. The reserves established by the Company are inherently uncertain estimates and could prove to be inadequate. The estimates underlying future policyholder benefits must take into consideration many factors that are dependent on the outcome of future events including, but not limited to, the reporting and settlement of claims and policyholder behavior. Certain events may not occur until many years in the future so the impacts on the Company's estimates of life insurance reserves from these factors are difficult to assess accurately. A change in any one or more of the factors is likely to result in projected future policyholder benefits that are different than the previous projections and may have a material impact on the Company's estimates. Increases in the estimates of future policyholder benefits will decrease earnings, while decreases in these estimates will increase earnings, as reported by the Company in the results of its operations for the periods in which the changes to the estimates are made. See MD&A, "Critical Accounting Estimates," under the caption "Life Insurance Reserves" for a discussion of the Company's reserving process and the factors considered by the Company's actuaries in estimating the Company's Life Insurance Reserves.

Risks Relating to Competition

A downgrade in the ratings of Kemper or its insurance subsidiaries below A- could materially and adversely affect the Company.

Third-party rating agencies assess the financial strength and rate the claims-paying ability of insurance companies based on criteria established by the rating agencies. Third-party ratings are important competitive factors in the insurance industry. Financial strength ratings are used to assess the financial strength and quality of insurers. Ratings agencies may downgrade the ratings of Kemper and/or its insurance subsidiaries or require Kemper to retain more capital in its insurance businesses to maintain existing ratings following developments that they deem negative. This can include factors directly related to the Company, such as an increase in the catastrophic risk retained by Kemper's insurance subsidiaries, or developments in industry or general economic conditions. A downgrade in Kemper's credit rating by Standard & Poor's ("S&P"), Moody's Investors Services ("Moody's") or Fitch Ratings ("Fitch") may reduce Kemper's ability to cost-effectively access the capital markets or may increase the cost to refinance existing debt.

The insurance industry is highly competitive, making it difficult to grow profitability and within expectations of investors.

The Company's insurance businesses face significant competition, and their ability to compete is affected by a variety of issues relative to others in the industry, such as management effectiveness, product pricing, service quality, ease of doing business, innovation, financial strength and name recognition. Additionally, in recent years, various types of investors have increasingly sought to participate in the insurance industry. Well-capitalized new entrants to the property and casualty insurance industry, or existing competitors that receive substantial infusions of capital or access to third-party capital, provide increasing competition, which may adversely impact our business and profitability. Competitive success is based on many factors, including, but not limited to, the following:

- Competitiveness of prices charged for insurance policies;
- Sophistication of pricing segmentation;
- Design and introduction of insurance products to meet emerging consumer trends;
- Ability to attract and retain experienced industry talent;
- Selection and retention of agents and other business partners;
- Compensation paid to agents;
- Underwriting discipline;
- Selectiveness of sales markets;
- Effectiveness of marketing materials and name recognition;
- Product and technological innovation;
- Effectiveness of online servicing platforms;
- Ability to settle claims timely, efficiently, and without incurring extra-contractual liability;

- Ability to detect and prevent fraudulent insurance claims;
- Effectiveness of deployment and use of information technology across all aspects of operations;
- Ability to control operating expenses;
- Financial strength ratings; and
- Quality of services provided to, and ease of doing business with, independent agents, brokers, or policyholders.

The inability to compete effectively in any of the Company's insurance businesses could materially reduce the Company's customer base and revenues and could materially and adversely affect the future results and financial condition of the Company.

See "Competition" in Item 1 of Part I for more information on the competitive rankings in the property and casualty insurance markets and the life insurance markets, respectively, in the United States.

Risks Relating to Legal and Regulatory Environment

Kemper's insurance subsidiaries are subject to significant regulation, and the evolving legal and regulatory landscape in which they operate could result in increased operating costs, reduced profitability and limited growth.

Kemper's insurance subsidiaries operate under an extensive insurance regulatory system. Current laws and regulations affect a wide variety of matters, including policy forms, premium rates, licensing, market conduct, trade practices, claims handling practices, reserve and loss ratio requirements, investment standards, statutory capital and surplus requirements, restrictions on the payment of dividends, approvals of transactions involving a change in control of one or more insurance companies, restrictions on transactions among affiliates, climate change, artificial intelligence, cybersecurity, accounting and consumer privacy and data security. Pre-approval requirements often restrict or delay actions to implement premium rate changes for insurance policies, or to introduce new, or make changes to existing, policy forms and many other actions. These delays can adversely impact Kemper's business, especially where external factors, such as inflation, may result in a pricing imbalance for the Company's insurance products.

Insurance regulators conduct periodic examinations of Kemper's insurance subsidiaries and can suspend or delay operations or licenses, require corrective actions, and impose penalties or other remedies available for compliance failures. For a more detailed discussion of the regulations applicable to Kemper's subsidiaries and related emerging developments, see "Regulation" in Item 1.

These laws and regulations, and their application by regulators and courts, are subject to continuous interpretation and revision. The legal and regulatory landscape within which Kemper's insurance subsidiaries conduct their businesses is often unpredictable. As industry practices and regulatory, judicial, political, social and other conditions change, new issues may emerge. These changes and emerging issues could adversely affect Kemper's business in a variety of ways, including, for example, by expanding coverages beyond the underwriting intent, increasing the number or size of claims increasing the likelihood of class-action suits and other legislative and judicial actions, accelerating the payment of claims, repealing or weakening tort reforms or otherwise adding to operational and compliance costs or adversely affecting the Company's competitive advantages. Practices in the industry or within the Company that were once considered approved, compliant and reasonable may suddenly be deemed unacceptable by virtue of a court or regulatory ruling or changes in regulatory enforcement policies and practices. It is not possible for the Company to predict such shifts in legal or regulatory enforcement or to accurately estimate the impact they may have on the Company and its operations.

In addition, there is increased legislative and regulatory focus on cybersecurity and on amendments to state holding company laws that expand the oversight and examination powers of insurance regulators beyond licensed insurance companies to include non-insurance affiliates and their organizations as a whole, particularly with respect to enterprise risk. See the discussion of these matters under "Regulation" in Item 1.

These developments and significant changes in, or new interpretations of, existing laws and regulations could make it more expensive for Kemper's insurance subsidiaries to conduct and grow their businesses which could materially impact the Company's operating results.

Kemper has a significant concentration of personal automobile insurance business in California and Florida, and negative developments in the regulatory, legal or economic conditions in these states may adversely affect the Company's profitability.

California and Florida represented 80% of the Company's total personal automobile insurance gross written premiums in 2024. Consequently, the dynamic nature of regulatory, legal, competitive and economic conditions in these states affects Kemper's revenues and profitability. Significant legislative changes relating to Florida PIP coverage have recently become effective, but it

is too early to determine the ultimate impact of these changes. Further, both California and Florida have regulations that limit the after-tax return on underwriting profit allowed for an insurer. Changes in any of these conditions could negatively impact the Company's results of operations.

Legal and regulatory proceedings are unpredictable and could produce one or more unexpected outcomes that could materially and adversely affect the Company's financial results for any given period.

Kemper and its subsidiaries are from time to time involved in lawsuits, regulatory inquiries and other legal proceedings arising out of the ordinary course of their businesses. Some of these proceedings may involve matters particular to Kemper or one or more of its subsidiaries, while others may pertain to industry business practices. Some lawsuits may seek class action status that, if granted, could expose the Company to potentially significant liability by virtue of the size of the putative classes. In addition, the Company's insurance subsidiaries are subject to litigation relating to claims handling practices in connection with otherwise routine claims, including actions that make allegations of bad faith and seek extra-contractual damages. These matters often raise difficult factual and legal issues and are subject to uncertainties and complexities. The outcomes of these matters are difficult to predict, and the amounts or ranges of potential loss at particular stages in the proceedings are in most cases difficult or impossible to ascertain. Even where the possibility of an adverse outcome is remote under traditional legal analysis, juries sometimes substitute their subjective views in place of facts and established legal principles. Given the unpredictability of the legal and regulatory landscape in which the Company operates, there can be no assurance that one or more of these matters will not produce a result that could materially and adversely affect the Company's financial results for any given period.

For information about the Company's pending legal proceedings, see Note 29, "Commitments and Contingencies," to the Consolidated Financial Statements.

Changes in the availability of insurance coverage or in the ability of insurers to meet their obligations could result in the Company being exposed to significant losses.

Kemper maintains insurance coverage to limit its risk exposure to certain perils, including cybersecurity, errors and omissions, directors and officers liability insurance, fiduciary, insurance company professional liability and other financial indemnity coverages. The market for certain of these coverages has tightened over recent periods and the availability of these coverages could be significantly reduced in the future. There is no guarantee that if coverage is available it will be in an amount sufficient to cover the losses of one or more covered incidents or on terms that Kemper finds acceptable. An insurer's insolvency or inability to make payments under the insurance coverage it provides to Kemper could also result in Kemper being exposed to significant losses.

The Company could be adversely affected by future changes in U.S. Federal or Bermuda income tax laws.

Changes to tax laws or interpretation of such laws could increase Kemper's corporate tax and reduce earnings. Such events could also reduce the value of Kemper's tax assets. It is possible that tax law could be changed or be interpreted by regulatory authorities in a manner different than the Company's interpretation. It is difficult to predict whether there will be any tax law changes, guidance issued by tax authorities or other interpretations which would have a material adverse effect on our business or financial condition, as the impact of proposals on our business can vary substantially depending upon the specific changes or further guidance made and how the changes or guidance are implemented by the taxing authorities.

If our controls designed to ensure compliance with guidelines, policies and legal and regulatory standards are not effective, the Company could be adversely affected.

Kemper's business is highly dependent on its ability to engage on a real-time basis in a large number of insurance underwriting, claim processing and investment activities, and these are highly sophisticated, complicated and constantly evolving. These activities are frequently subject to internal guidelines and policies, as well as legal and regulatory standards. A control system, no matter how well designed and operated, can provide only reasonable assurance that the control system's objectives will be met. If the Company's controls are not effective (including with respect to the prevention or identification of misconduct by employees or others with whom we do business), it could lead to financial loss, unanticipated risk exposure (including underwriting, credit and investment risk), errors in financial reporting, litigation (including actions seeking extra-contractual damages), regulatory proceedings or damage to our reputation.

Risks Relating to Security of Personal Data, Availability of Critical Systems, and Technology Initiatives

Failure to protect against cyber attacks or other exposures that compromise data, including personal data, held by the Company could result in business interruption, legal and consulting fees, regulatory penalties, litigation, lost business, reputational harm, and other liabilities and expenses.

Kemper's insurance subsidiaries obtain, process and store large amounts of data, including personal data, for various business purposes, including marketing, policy origination, claims and payment processing, and competitive differentiation. The data has significant value and Kemper is regularly targeted by cyber attacks seeking to misappropriate the information. Cyber attacks feature increasing sophistication and frequency and include the use of viruses, ransomware, spyware and other malware and infiltration methods. In addition, the Company has exposure through equipment and system failure and as a result of the conduct of our employees and contractors (through inadvertent error, negligence or intentional misconduct). These exposures can create or increase the Company's vulnerability to the loss or misuse of data. The Company uses an array of security measures, with policies and procedures designed to secure this information and the Company's data systems. Notwithstanding these efforts, the Company's data systems, have been breached or otherwise exposed in the past and remain vulnerable to future security breaches or other exposures. Successful breaches or other exposures could result in data loss, business interruption, reputational damage, ransom demands, investigations and litigation. The Company has been and will continue to be exposed to damages, regulatory penalties and other liabilities, reputational risk and significant increases in compliance and litigation costs as a result of these occurrences, which could have a material adverse impact on our financial condition and results of operations.

Kemper's business operations rely on third parties, which are inherently prone to technology and cybersecurity risks outside of our direct control.

Kemper relies on third parties to provide services that are essential to business operations, such as policy origination, claims processing, procurement, payments, back-office functions, and IT hosting. The software, systems and services provided by our third-party providers (including offshore service providers) may not meet our expectations, contain errors or weaknesses, become compromised or experience breaches or outages. The Company's ability to prevent or remediate such an occurrence is limited. A failure of such third-party providers or their software or systems to perform effectively, maintain information security, or provide uninterrupted service and access to those systems, could materially adversely affect Kemper's business. For example, the Company could be prevented from conducting business functions, including the timely payment and/or processing of claims, or the information of the Company or its customers could be compromised. Any such failures could adversely impact the ability to serve existing customers and attract new business, and could create regulatory and litigation exposure.

We are subject to extensive cybersecurity and privacy regulation through policies and requirements imposed by state and federal authorities. These policies and regulations are complex, difficult to implement and sometimes contradictory. A finding that the Company has breached these regulations could result in litigation, fines, and expenses that materially adversely impact financial condition or results of operations.

Kemper operates under multiple cybersecurity and privacy regulations, imposed at both the state and federal level. While Kemper seeks to comply with each of those mandates, frequent and recent changes in the legal and regulatory environment create a difficulty in implementation, a lack of clarity and some requirements that may be overlapping or inconsistent. These difficulties increase the risk that the Company will be subject to regulatory proceedings, litigation, fines, and other adverse consequences that may have a material impact on the Company's financial condition and results of operations.

Cybersecurity events, business interruptions or other exposures may cause potential deterioration in Kemper's reputation with an adverse impact on the Company's financial condition or results of operations.

Kemper's business depends on its reputation with agents and customers. The Company or its third party services providers may experience cybersecurity or business disruption events beyond our control that could affect our reputation or our corporate or brand image. It may be difficult to control or effectively manage negative publicity or regulatory consequences. Negative events and publicity or regulatory action could quickly and materially damage perceptions of Kemper and its business, which, in turn, could negatively impact the Company through loss of customers or agents, loss of business opportunities, employee retention or other difficulties.

Failure to maintain the availability of critical systems could result in business interruption, lost business, reputational harm, penalties and other costs.

The Company's business operations rely on the continuous availability of its own computer systems, systems and software hosted by vendors, and computer systems used by third party administrators and contractors working on behalf of the Company. Certain technology-based service providers provide a sizable portion of our IT infrastructure, platforms software and related IT services. From time to time these systems have been, and may again be, adversely affected or disrupted by cyber attacks, other data breaches, natural and man-made catastrophes, human action or error or other significant events. The failure of the Company, or its third party administrators or other business partners, to maintain business continuity in the wake of such events may prevent the timely performance of critical processes across its operations, including, for example, insurance policy administration, claims processing, billing, payment processing, treasury and investment operations and payroll and other employer-related functions. These failures could result in significant loss of business, increased costs, fines and other adverse consequences.

If Kemper is unable to send or accept electronic payments, our business and financial results could be adversely affected.

The Company relies increasingly on electronic payments from policyholders, including, but not limited to, payment by credit and debit cards. Kemper's ability to use electronic payments depends on its ability to comply with applicable laws and regulations and with the rules of the various payment networks. Failure to maintain compliance with laws and industry rules and regulations governing such transactions could result in additional costs and damages. For example, in the event of non-compliance with the Payment Card Industry Data Security Standard, an information security framework for organizations that handle cardholder information for the major debit, credit, prepaid, and other payment card methods, Kemper's insurance subsidiaries could be prohibited from collecting premium payments from customers by way of such methods and be subject to significant fines.

Technology initiatives could present significant economic and competitive challenges to the Company. Failure to complete and implement such initiatives in a timely manner could result in the loss of business and incurrence of internal use software development costs that may not be recoverable.

Data and analytics play an increasingly important role in the insurance industry. The Company may periodically initiate multi-year technology projects to enhance operations or replace systems. While technology developments can facilitate the use and enhance the value of data and analytics, streamline business processes and ultimately reduce the cost of operations, technology initiatives can present significant economic and organizational challenges to the Company and potential short-term cost and implementation risks. In addition, projections of expenses and implementation schedules could change materially and costs could escalate over time, while the ultimate utility of a technology initiative could deteriorate over time or system development projects may not deliver the benefits or perform as expected. If the Company does not effectively and efficiently manage and upgrade our technology portfolio, or if the costs of doing so are higher than expected, the Company's ability to provide competitive services to, and conduct business with, new and existing customers in a cost effective manner and the Company's ability to implement our strategic initiatives could be adversely impacted.

Due to the highly-regulated nature of the financial services industry, the Company also faces rising costs and competing time constraints in adapting technology to meet compliance requirements of new and proposed regulations. The costs to develop and implement systems to replace the Company's existing systems and to comply with new regulatory requirements as needed are expected to be material. Due to the complexities involved, there can be no assurances that new system development and implementation projects will be successful, that the costs for such projects will not exceed estimates and that the incurred costs will be recoverable. Furthermore, failure to implement replacement systems in a timely manner could result in loss of business from the Company's delay or inability to design and introduce new insurance products that meet emerging consumer needs and competitive trends.

Risks Relating to Investments

The Company's investment portfolio is exposed to a variety of risks that may negatively impact net investment income, the change in fair value of equity and convertible securities and cause realized and unrealized losses.

The Company maintains a diversified investment portfolio that is exposed to significant financial and capital market risks, including interest rate (risk-free and spread), equity price, and liquidity, as well as risks from changes in tax laws and regulations and other risks from changes in general economic conditions.

The interest rate environment has a significant impact on the Company's financial results and position. An increase in interest rates or credit spreads generally reduces the carrying value of the Company's investment portfolio, particularly fixed maturities,

and limited liability investment companies and limited partnerships accounted for under the equity method of accounting (“Equity Method Limited Liability Investments”) that invest in distressed and mezzanine debt of other companies that exhibit debt-like characteristics. A decline in interest rates would adversely affect the Company’s investment income due to a decline in yield on its fixed maturities that pay floating rate interest or as it invests cash in new investments that may yield less than the portfolio’s average rate. In a declining interest rate environment, borrowers may seek to refinance their borrowings at lower rates and, accordingly, prepay or redeem securities the Company holds as investments more quickly than the Company initially expected. Such prepayment or redemption action may cause the Company to reinvest the redeemed proceeds in lower yielding investments.

Kemper’s Life business writes long duration insurance contracts which are priced in consideration of the interest rate environment. If the Company is not able to purchase investments that match that duration of the liabilities and there is a decline in interest rates, the Company could experience a significant deterioration in results.

The Company invests a portion of its investment portfolio in equity securities, which generally have more volatile returns than fixed maturities and may experience sustained periods of depressed values. There are multiple factors that could negatively impact the performance of the Company’s equity portfolio, including general economic conditions, industry or sector deterioration and issuer-specific concerns. A decline in equity values will result in losses being recognized by the Company in the period such change in fair value occurs, which may be significant. In addition to a decline in equity values, issuer-specific concerns may result in a decrease in dividend income, resulting in a decline in net investment income.

The nature and cash flow needs of the Company present certain liquidity risks that may impact the return of the investment portfolio. For example, if the Company were to experience several significant catastrophic events over a relatively short period of time, investments may have to be sold in advance of their maturity dates to fund payments to claimants, which could result in realized losses. Additionally, increases in illiquidity in the financial markets may increase uncertainty in the valuations of the Company’s investments. This increases the risk that the fair values reported in the Company’s consolidated financial statements may differ from the actual price that may be obtained in an orderly sales transaction.

The Company has also benefited from certain tax laws related to its investment portfolio, including dividends received deductions and tax-exempt investment income. Changes in tax laws may have a detrimental effect on the after-tax return of the Company’s investment portfolio. A reduction in income tax rates could also reduce the demand for tax-preferenced securities and result in a decline in the value of the Company’s investment portfolio of such securities.

The Company’s entire investment portfolio is subject to broad risks inherent in the financial markets, including, but not limited to, inflation, regulatory changes, inactive capital markets, governmental and social stability, economic outlooks, unemployment, and recession. Changes to these risks and how the market perceives them may impact the financial performance of the Company’s investments, and in such cases, more securities may require additional subjectivity and management judgment.

Kemper and its insurance subsidiaries are subject to various capital adequacy measurements that are significantly impacted by various characteristics of their invested assets, including, but not limited to, asset type, class, duration and credit rating. The Company’s insurance subsidiaries are also subject to various limitations on the amounts at which they can invest in individual assets or certain asset classes in the aggregate. Asset risk is one factor used by insurance regulators and rating agencies to determine required capital for Kemper’s insurance subsidiaries. Accordingly, a deterioration in the quality of the investments held by Kemper’s insurance subsidiaries or an increase in the investment risk inherent in their investment portfolios could increase capital requirements. See the risk factor below titled “*The ability of Kemper to service its debt, pay dividends to its shareholders and/or fund targeted transactions may be materially impacted by lack of timely and/or sufficient dividends received from its subsidiaries.*” These factors may inhibit the Company from shifting its investment mix to produce higher returns. The Company is also subject to concentration of investment risk to the extent that the portfolio is heavily invested, at any particular time, in specific asset types, classes, industries, sectors or collateral types, among other defining features. Developments in and the market’s perception of any of these concentrations may exacerbate the negative effects on the Company’s investment portfolio compared to other companies.

The determination of the fair values of the Company’s investments and whether a decline in the fair value of an investment is other-than-temporary are based on management’s judgment and may prove to be materially different than the actual economic outcome.

The Company holds a significant amount of assets without readily available, active, quoted market prices or for which fair value cannot be measured from actively quoted prices. These assets are generally deemed to require a higher degree of judgment in measuring fair value. The assumptions used by management to measure fair values could turn out to be different

than the actual amounts that may be realized in an orderly transaction with a willing market participant could be either lower or higher than the Company's estimates of fair value.

The Company reviews its investment portfolio for factors that may indicate that a decline in the fair value of an investment is other-than-temporary. This evaluation is based on subjective factors, assumptions and estimates and may be materially different than the actual economic outcome, which may result in the Company recognizing additional losses in the future as new information emerges or recognizing losses currently that may never materialize in the future in an orderly transaction with a willing market participant.

Risks Relating to Servicing Debt, Paying Dividends and/or Funding Targeted Transactions

The ability of Kemper to service its debt, pay dividends to its shareholders and/or fund targeted transactions may be materially impacted by lack of timely and/or sufficient dividends received from its subsidiaries.

As a holding company, Kemper depends on the dividend income that it receives from its subsidiaries as a primary source of funds to meet its payment obligations. Kemper's insurance subsidiaries are subject to regulatory restrictions under insurance laws and regulations that limit their ability to declare and pay dividends. These laws and regulations impose minimum solvency and liquidity requirements on dividends between affiliated companies and require prior notice to, and may require approval from, state insurance regulators before dividends can be paid. In addition, third-party rating agencies monitor statutory capital and surplus levels for capital adequacy. Even though a dividend may be payable without regulatory approval, an insurance subsidiary may forgo paying a dividend to Kemper and retain the capital to maintain or improve ratings or to offset increases in required capital from increases in premium volume or investment risk. The inability of one or more of Kemper's insurance subsidiaries to pay sufficient dividends to Kemper may materially affect Kemper's ability to pay its debt obligations on time, pay dividends to its shareholders or undertake funding for targeted transactions.

General Risks Relating to Mergers, Acquisitions, Divestitures, and/or other Strategic Initiatives

The expected benefits and synergies from mergers, acquisitions, divestitures, and/or other strategic initiatives may not be realized to the extent anticipated or within the anticipated time frames.

The Company routinely evaluates opportunities for transactions such as mergers, acquisitions, divestitures, and/or other strategic initiatives that would enhance its business and align with the Company's strategic plans. Kemper's ability to achieve the anticipated financial benefits from transactions may not be realized due to any number of factors, including, but not limited to, integration or execution difficulties or failures that may result in substantial disruptions, costs, or delays and adversely affect the Company's ability to compete, the loss of key agents/brokers, customers or employees, unexpected or underestimated liabilities, increased costs, fees, expenses and charges related to transactions, or may be delayed by factors outside of the Company's control. These adverse events could result in a decrease in the estimated fair value of goodwill or other intangible assets established as a result of such transactions, triggering an impairment. In addition, the Company's strategic initiatives, such as the operation of Kemper Reciprocal, may not perform as expected or deliver the expected benefits to the Company. Failure to successfully and timely realize the anticipated benefits of these transactions or initiatives could have a negative impact on Kemper's financial condition, profitability, and results from operations.

Risks Relating to General Economic and Market Factors

Changes in the global economy and capital markets could adversely impact the Company's results of operations and financial condition.

Significant changes in the economic and capital market environment could adversely affect consumer demands for the Company's products, results of operations, investment returns and financial condition. The following are examples of economic market conditions that could adversely affect the Company's financial condition, liquidity, and results of operations:

- Volatility in debt and equity markets
- Changes in interest rates
- Increases in inflation
- Reduced availability of credit
- Economic downturns
- Increased unemployment and reduced consumer spending
- Changes in government policies
- International trade practices, including tariffs or other excise taxes

Stressed conditions, volatility and disruptions in global capital markets or financial asset classes could adversely affect our investment portfolio and the Company's ability to access the capital markets.

The Company's deferred tax assets could become impaired which would adversely impact the Company's results of operations and financial condition.

The realization of deferred tax assets depends on the recognition of sufficient taxable income and character. If future events differ from our current forecasts, it is possible we could determine that some or all of our gross deferred tax assets cannot be realized and a deferred tax valuation allowance would be recorded as an adverse charge.

Item 1B. Unresolved Staff Comments.

The Company has no unresolved staff comments issued more than 180 days before December 31, 2024, the date of this Annual Report on Form 10-K.

Item 1C. Cybersecurity.

The Company has developed an information security program to assess, identify, and monitor cybersecurity risks. Each year, the Company assesses cybersecurity risks arising from the operating environment. In developing the assessment process, the Company reviews guidance from national standards organizations such as the NIST and the Center for Internet Security. In evaluating the risks identified as a part of this assessment, the Company's information security team considers the likelihood and severity of the risk and the possible impact of the risk on the Company, its customers, and its employees. These risks are then monitored by the Company's information security team.

The Company conducts periodic testing of software, hardware, defensive capabilities, and other information security systems. Tests are conducted by both internal security teams and third-party consultants. In developing the testing procedures, the Company considers its individual risks and industry standards. Testing procedures are supplemented by executive cyber threat exercises and employee training. Executive exercises such as "tabletops" are used to develop and refine the Company's incident response plans. Employees undergo security awareness training annually and upon hire.

As a part of its information security program, the Company addresses cyber risks posed by its relationships with third-party service and application providers. The Company assesses third parties as a part of the procurement process, including through pre-acquisition diligence. Contractual provisions based on regulatory requirements and industry standards are used in the contracting process, and the Company conducts on-going performance monitoring of key vendors. Security audits are also performed on certain vendors to review compliance with contractual requirements and industry standards.

The Company maintains an incident response plan that includes procedures for evaluating and addressing a cybersecurity event. The initial impact of each cybersecurity event is evaluated by a designated team using pre-established risk criteria. If an event meets certain parameters, it is escalated to a cross-functional core team of executives, including the Company's Chief Information Security Officer ("CISO") and designated internal legal counsel. The Company has a cyber incident disclosure committee that evaluates and considers whether public disclosure of an event is required. The incident response plan identifies certain third-party advisors, consultants and legal counsel who have been designated to assist if necessary. The plan contains procedures for escalating cybersecurity incidents to the Board of Directors.

The Company's CISO is primarily responsible for management of the Company's information security program. The Company's current CISO has significant experience in information security, as do members of the information security team. The Company participates in certain industry cybersecurity intelligence, risk sharing organizations and law enforcement organizations.

Kemper's information security program is an element of the Company's broader Enterprise Risk Management (ERM) framework. This framework employs a management committee structure to review technology, compliance, and operational risks. The Company's Enterprise Risk Committee ("ERC"), composed of the Chief Executive Officer, the Chief Risk Officer, all executive vice presidents and the head of internal audit, meets at least quarterly to oversee the Company's ERM framework. This committee monitors the implementation of the ERM framework and makes modifications to the program from time to time as it believes appropriate. The ERC has several subcommittees that oversee particular risks, including cyber and information security.

Through its role in providing oversight for the Company's ERM framework, the Risk Committee of the Kemper Board of Directors (the "Risk Committee") provides oversight of the Company's information security program. On a quarterly basis, management discusses Kemper's information security program, cybersecurity risks, and related developments with the Risk

Committee. The Risk Committee periodically reviews and evaluates information security and cybersecurity risks and provides oversight of events that have been escalated as a part of the incident response plan.

Item 2. Properties.

Owned Properties

Kemper's subsidiaries together own and occupy ten buildings located in seven states consisting of approximately 227,000 square feet in the aggregate. Kemper's subsidiaries hold, solely for investment purposes, additional properties that are not occupied by Kemper or its subsidiaries.

Leased Facilities

The Company leases four floors, or approximately 92,000 square feet, in an 83-story office building in Chicago, Illinois, for its corporate headquarters. The lease expires on December 31, 2033. Kemper's property and casualty insurance subsidiaries lease facilities with an aggregate square footage of approximately 500,000 at 91 locations in twelve states. The latest expiration date of the existing leases is in September 2031. Kemper's life insurance subsidiaries lease facilities with aggregate square footage of approximately 373,000 at 96 locations in 23 states. The latest expiration date of the existing leases is in October 2029.

The properties described above are in good condition. The properties utilized in the Company's operations consist of facilities suitable for general office space, call centers and data processing operations. Leased properties with aggregate square footage of 190,000 are not currently utilized in the Company's operations and are not expected to be utilized by the Company throughout the remainder of their respective lease terms.

Item 3. Legal Proceedings.

Proceedings

Information concerning pending legal proceedings is incorporated herein by reference to Note 29, "Commitments and Contingencies," to the Consolidated Financial Statements.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

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

Market Information

Kemper's common stock is traded on the NYSE under the symbol of "KMPR."

Holders

As of January 31, 2025, the number of record holders of Kemper's common stock was 2,408.

Dividends

Quarterly information pertaining to payment of dividends on Kemper's common stock is presented below.

<i>DOLLARS PER SHARE</i>	Three Months Ended				Year Ended
	Mar 31, 2024	Jun 30, 2024	Sep 30, 2024	Dec 31, 2024	Dec 31, 2024
Cash Dividends Paid to Shareholders (per share)	\$ 0.31	\$ 0.31	\$ 0.31	\$ 0.31	\$ 1.24

<i>DOLLARS PER SHARE</i>	Three Months Ended				Year Ended
	Mar 31, 2023	Jun 30, 2023	Sep 30, 2023	Dec 31, 2023	Dec 31, 2023
Cash Dividends Paid to Shareholders (per share)	\$ 0.31	\$ 0.31	\$ 0.31	\$ 0.31	\$ 1.24

Kemper's insurance subsidiaries are subject to various state insurance laws that may restrict the ability of these insurance subsidiaries to pay dividends without prior regulatory approval. See MD&A, "Liquidity and Capital Resources" and Note 18, "Shareholders' Equity," to the Consolidated Financial Statements for information on Kemper's ability and intent to pay dividends.

Issuer Purchases of Equity Securities

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, 2024, the remaining share repurchase authorization was \$132.8 million under the repurchase program.

Shares repurchased and retired during the three months ended December 31, 2024 were as follows:

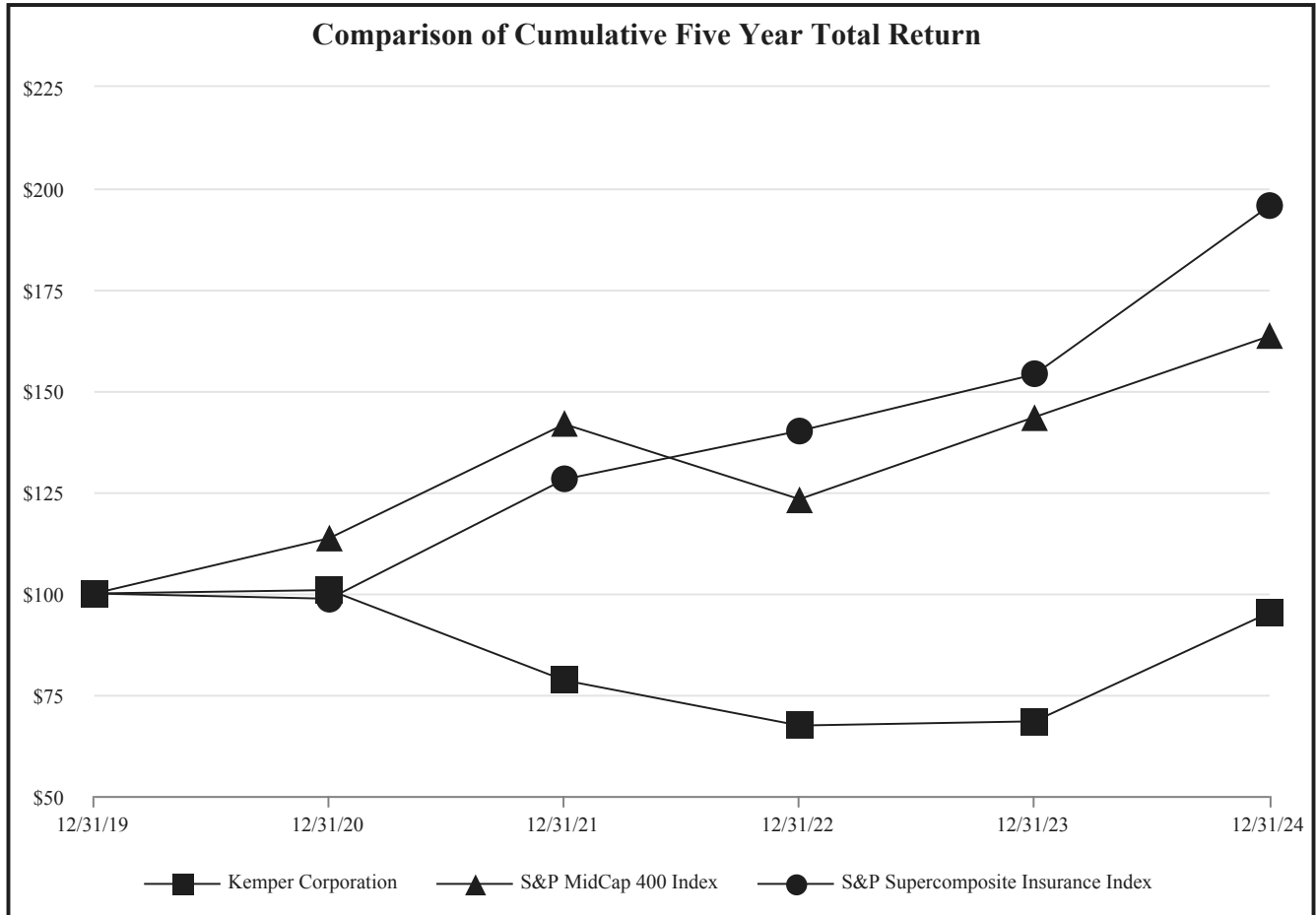
Period	Total Number of Shares Purchased	Average Price Paid per Share	Total	Maximum
			Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (Dollars in Millions)
October 2024	165,511	\$ 60.14	165,511	\$ 136.7
November 2024	63,250	\$ 63.16	63,250	\$ 132.8
December 2024	—	\$ —	—	\$ 132.8

These 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.

Kemper Common Stock Performance Graph

The following graph assumes \$100 invested on December 31, 2019 in (i) Kemper common stock, (ii) the S&P MidCap 400 Index and (iii) the S&P Supercomposite Insurance Index, in each case with dividends reinvested. Kemper is a constituent of each of these two indices.

The comparisons in the graph below are based on historical data and are not intended to forecast the possible future performance of Kemper common stock.



<u>Company / Index</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Kemper Corporation.....	\$ 100.00	\$ 100.84	\$ 78.55	\$ 67.40	\$ 68.44	\$ 95.28
S&P MidCap 400 Index	100.00	113.66	141.80	123.28	143.54	163.54
S&P Supercomposite Insurance Index	100.00	98.70	128.18	140.14	154.07	195.70

Item 6. Selected Financial Data.

[Reserved]

MDA Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

**Index to
Management’s Discussion and Analysis of
Financial Condition and Results of Operations**

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NON-GAAP FINANCIAL MEASURES

Pursuant to the rules and regulations of the SEC, the Company is required to file consolidated financial statements prepared in accordance with the accounting principles generally accepted in the United States (“GAAP”). The Company is permitted to include non-GAAP financial measures in its filings provided that they are defined along with an explanation of their usefulness to investors, are no more prominent than the comparable GAAP financial measures and are reconciled to such 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.

These 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.

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 (Losses);
- (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. There were no applicable significant non-recurring items that the Company excluded from the calculation of Adjusted Consolidated Net Operating Income (Loss) for the years ended December 31, 2024, 2023 or 2022.

Change in Fair Value of Equity and Convertible Securities, Net Realized Investment Gains (Losses) 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

NON-GAAP FINANCIAL MEASURES (Continued)

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.

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

The following discussion of segment results 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 attributable to Kemper Corporation was \$317.8 million (\$4.95 per unrestricted common share) for the year ended December 31, 2024, compared to Net Loss attributable to Kemper Corporation of \$272.1 million (\$(4.25) per unrestricted common share) for the year ended December 31, 2023.

Kemper Corporation and Subsidiaries
Management’s Discussion and Analysis of Financial Condition and Results of Operations—(Continued)

SUMMARY OF RESULTS (Continued)

A reconciliation of Net Income (Loss) attributable to Kemper Corporation to Adjusted Consolidated Net Operating Income (Loss) (a non-GAAP financial measure) for the years ended December 31, 2024, 2023 and 2022 is presented below.

<i>DOLLARS IN MILLIONS</i>	2024	2023	Change from 2023 to 2024	2022	Change from 2022 to 2023
Net Income (Loss) attributable to Kemper Corporation	\$ 317.8	\$ (272.1)	\$ 589.9	\$ (286.6)	\$ 14.5
Less:					
Change in Fair Value of Equity and Convertible Securities ..	\$ (2.1)	\$ 3.7	\$ (5.8)	\$ (63.1)	\$ 66.8
Net Realized Investment Gains (Losses)	10.4	(14.7)	25.1	3.4	(18.1)
Impairment Losses	(4.6)	(0.9)	(3.7)	(20.4)	19.5
Acquisition and Disposition Related Transaction, Integration, Restructuring and Other Costs	(31.8)	(95.0)	63.2	(61.3)	(33.7)
Debt Extinguishment, Pension Settlement and Other Charges	(7.4)	(55.5)	48.1	(2.9)	(52.6)
Goodwill Impairment Charge	—	(45.5)	45.5	—	(45.5)
Non-Core Operations	(28.2)	(17.0)	(11.2)	(25.9)	8.9
Adjusted Consolidated Net Operating Income (Loss)	<u>\$ 381.5</u>	<u>\$ (47.2)</u>	<u>\$ 428.7</u>	<u>\$ (116.4)</u>	<u>\$ 69.2</u>
Components of Adjusted Consolidated Net Operating Income (Loss):					
Segment Adjusted Net Operating Income (Loss):					
Specialty Property & Casualty Insurance	\$ 376.3	\$ (57.1)	\$ 433.4	\$ (147.4)	\$ 90.3
Life Insurance	50.2	51.8	(1.6)	68.8	(17.0)
Total Segment Adjusted Net Operating Income (Loss)	426.5	(5.3)	431.8	(78.6)	73.3
Corporate and Other Adjusted Net Operating Loss	(50.3)	(42.1)	(8.2)	(37.8)	(4.3)
Less: Net Loss attributable to Noncontrolling Interest	(5.3)	(0.2)	(5.1)	—	(0.2)
Adjusted Consolidated Net Operating Income (Loss)	<u>\$ 381.5</u>	<u>\$ (47.2)</u>	<u>\$ 428.7</u>	<u>\$ (116.4)</u>	<u>\$ 69.2</u>

Net Income (Loss) attributable to Kemper Corporation

2024 Compared with 2023

Net Income (Loss) attributable to Kemper Corporation increased by \$589.9 million in 2024, compared to 2023, due primarily to higher Adjusted Consolidated Net Operating Income 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. The increase was also due to the absence of a \$55.5 million after-tax noncash charge related to the settlement of the Company’s pension obligations recorded in 2023, and the absence of a \$45.5 million after-tax charge from the impairment of the goodwill asset related to the Preferred Property & Casualty Insurance business that was also recorded in 2023.

Adjusted Consolidated Net Operating Income (Loss) increased by \$428.7 million in 2024, compared to 2023, due primarily to an improvement in the Specialty Property & Casualty Insurance segment profitability driven by higher average earned premiums per exposure resulting from rate increases, lower underlying claim frequency, and lower adverse prior year development.

The loss from Non-Core Operations increased by \$11.2 million in 2024, compared to 2023, primarily due to reduced earned premiums during the run-off period and increasing claim severity, partially offset by reduced claim frequency and increased average earned premium as a result of rate increases.

Corporate and Other Adjusted Net Operating Loss increased \$8.2 million in 2024, compared to 2023, due primarily to increased overhead expenses, partially offset by increased investment income.

SUMMARY OF RESULTS (Continued)

Revenues

2024 Compared with 2023

Total Revenues decreased by \$305.6 million to \$4,638.6 million in 2024, compared to \$4,944.2 million in 2023. The decrease was primarily driven by a reduction in earned premiums.

Earned Premiums decreased by \$313.5 million to \$4,215.9 million in 2024, compared to \$4,529.4 million in 2023, primarily driven by a \$263.7 million reduction from our Non-Core Operations, due primarily to lower volumes resulting from the exit and run-off of the Preferred Insurance business. The decrease was also due to \$56.1 million lower earned premiums from the Specialty Property & Casualty Insurance segment due to lower average 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 decreased by \$12.2 million in 2024, compared to 2023, mostly driven by lower earnings from equity method investments, which included a \$15.1 million loss from an investment valuation adjustment of one real estate investment in our alternative investment portfolio, and lower levels of fixed income securities, partially offset by higher levels of Short-term Investments.

Net Realized Investment Gains (Losses) increased by \$31.8 million in 2024, compared to 2023, due primarily to the absence of net realized losses on ultra-long treasury future derivative transactions recorded in 2023 and increased gains on sales of fixed maturity investments.

CATASTROPHES

Catastrophes and natural disasters are inherent risks of the property and casualty insurance business. These catastrophic events and natural disasters include, without limitation, hurricanes, tornadoes, earthquakes, hailstorms, wildfires, high winds and winter storms. Such events result in insured losses that are and may be a material factor in the results of operations and financial position of the Company's property and casualty insurance companies. Further, because the level of these insured losses occurring in any one year cannot be accurately predicted, these losses may contribute to material year-to-year fluctuations in the results of operations and financial position of these companies. Specific types of catastrophic events are more likely to occur at certain times within the year than others. This factor adds an element of seasonality to property and casualty insurance claims. The Company has adopted the industry-wide catastrophe classifications of storms and other events promulgated by ISO to track and report losses related to catastrophes. ISO classifies a disaster as a catastrophe when the event causes \$25.0 million or more in direct insured losses to property and affects a significant number of policyholders and insurers. ISO-classified catastrophes are assigned a unique serial number recognized throughout the insurance industry.

CATASTROPHES (Continued)

The number of ISO-classified catastrophic events and catastrophe losses and LAE, net of reinsurance recoveries, (excluding loss and LAE reserve development) by range of loss and business segment for the years ended December 31, 2024, 2023 and 2022 are presented below.

<i>DOLLARS IN MILLIONS</i>	Year Ended					
	Dec 31, 2024		Dec 31, 2023		Dec 31, 2022	
	Number of Events	Losses and LAE	Number of Events	Losses and LAE	Number of Events	Losses and LAE
Range of Losses and LAE Per Event:						
Below \$5	69	\$ 47.7	68	\$ 77.7	59	\$ 54.6
\$5 - \$10	3	17.6	3	19.0	2	10.2
\$10 - \$15	—	—	—	—	1	14.5
\$15 - \$20	—	—	—	—	—	—
\$20 - \$25	—	—	—	—	—	—
Greater Than \$25	—	—	—	—	—	—
Total	<u>72</u>	<u>\$ 65.3</u>	<u>71</u>	<u>\$ 96.7</u>	<u>62</u>	<u>\$ 79.3</u>
Specialty Property & Casualty Insurance		\$ 19.9		\$ 34.5		\$ 23.0
Life Insurance		2.2		2.2		1.8
Non-Core Operations		43.2		60.0		54.5
Total Catastrophe Losses and LAE		<u>\$ 65.3</u>		<u>\$ 96.7</u>		<u>\$ 79.3</u>

Catastrophe Reinsurance

The Company primarily manages its exposure to catastrophes and other natural disasters through a combination of geographical diversification, restrictions on the amount and location of new business production in such regions, modifications of, and/or limitations to coverages and deductibles for certain perils in such regions and a catastrophe reinsurance program for the Company's Property & Casualty Insurance business. Coverage under the catastrophe reinsurance program is provided in various contracts and layers. The Company's Property & Casualty Insurance business also purchase reinsurance from the FHCF for hurricane losses in Florida at retentions lower than its catastrophe reinsurance program.

The Company had no material recoveries under its catastrophe reinsurance treaties for the years ended December 31, 2024, 2023 and 2022. See the "Reinsurance" subsection of the "Property and Casualty Insurance Business" and "Life Insurance Business" sections of Item 1(c), "Description of Business," and Note 26, "Catastrophe Reinsurance," to the Consolidated Financial Statements for additional information on the Company's reinsurance programs.

LOSS AND LAE RESERVE DEVELOPMENT

Increases (decreases) in the Company's property and casualty loss and LAE reserves for the years ended December 31, 2024, 2023 and 2022 to recognize adverse (favorable) loss and LAE reserve development from prior accident years in continuing operations, hereinafter also referred to as "reserve development" in the discussion of segment results, are presented below.

<i>DOLLARS IN MILLIONS</i>	2024	2023	2022
Increase (Decrease) in Total Loss and LAE Reserves Related to Prior Years:			
Non-catastrophe	\$ 23.8	\$ 168.9	\$ (10.5)
Catastrophe	6.0	(9.1)	(4.1)
Increase (Decrease) in Total Loss and LAE Reserves Related to Prior Years	<u>\$ 29.8</u>	<u>\$ 159.8</u>	<u>\$ (14.6)</u>

LOSS AND LAE RESERVE DEVELOPMENT (Continued)

See MD&A, "Specialty Property & Casualty Insurance," MD&A, "Life Insurance," and Note 6, "Property and Casualty Insurance Reserves," to the Consolidated Financial Statements for additional information on the Company's reserve development. See MD&A, "Critical Accounting Estimates," of this 2024 Annual Report for additional information pertaining to the Company's process of estimating property and casualty insurance reserves for losses and LAE, and the estimated variability thereof, development of property and casualty insurance losses and LAE, and a discussion of some of the variables that may impact them.

Kemper Corporation and Subsidiaries
Management's Discussion and Analysis of Financial Condition and Results of Operations—(Continued)

SPECIALTY PROPERTY & CASUALTY INSURANCE

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

<u>(Dollars in Millions)</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Net Premiums Written	\$3,685.4	\$3,305.4	\$3,934.4
Earned Premiums	\$3,576.4	\$3,632.5	\$4,046.4
Net Investment Income	189.6	168.3	140.7
Change in Value of Alternative Energy Partnership Investments	1.4	1.6	(9.9)
Other Income	4.7	4.5	6.0
Total Revenues	<u>3,772.1</u>	<u>3,806.9</u>	<u>4,183.2</u>
Incurred Losses and LAE related to:			
Current Year:			
Non-catastrophe Losses and LAE	2,514.8	2,974.5	3,569.2
Catastrophe Losses and LAE	19.9	34.5	23.0
Prior Years:			
Non-catastrophe Losses and LAE	6.3	135.2	(14.6)
Catastrophe Losses and LAE	0.7	(2.3)	0.6
Total Incurred Losses and LAE	<u>2,541.7</u>	<u>3,141.9</u>	<u>3,578.2</u>
Insurance Expenses	759.5	741.3	801.9
Segment Adjusted Operating Income (Loss)	470.9	(76.3)	(196.9)
Income Tax Expense (Benefit)	94.6	(19.2)	(49.5)
Total Segment Adjusted Net Operating Income (Loss)	<u>\$ 376.3</u>	<u>\$ (57.1)</u>	<u>\$ (147.4)</u>
<u>Ratios Based On Earned Premiums</u>			
Current Year Non-catastrophe Losses and LAE Ratio	70.3 %	82.0 %	88.2 %
Current Year Catastrophe Losses and LAE Ratio	0.6	0.9	0.6
Prior Years Non-catastrophe Losses and LAE Ratio	0.2	3.7	(0.4)
Prior Years Catastrophe Losses and LAE Ratio	—	(0.1)	—
Total Incurred Loss and LAE Ratio	71.1	86.5	88.4
Insurance Expense Ratio	21.2	20.4	19.8
Combined Ratio	<u>92.3 %</u>	<u>106.9 %</u>	<u>108.2 %</u>
<u>Underlying Combined Ratio</u>			
Current Year Non-catastrophe Losses and LAE Ratio	70.3 %	82.0 %	88.2 %
Insurance Expense Ratio	21.2	20.4	19.8
Underlying Combined Ratio	<u>91.5 %</u>	<u>102.4 %</u>	<u>108.0 %</u>
<u>Non-GAAP Measure Reconciliation</u>			
Combined Ratio	92.3 %	106.9 %	108.2 %
Less:			
Current Year Catastrophe Losses and LAE Ratio	0.6	0.9	0.6
Prior Years Non-catastrophe Losses and LAE Ratio	0.2	3.7	(0.4)
Prior Years Catastrophe Losses and LAE Ratio	—	(0.1)	—
Underlying Combined Ratio	<u>91.5 %</u>	<u>102.4 %</u>	<u>108.0 %</u>

SPECIALTY PROPERTY & CASUALTY INSURANCE (Continued)

INSURANCE RESERVES

(Dollars in Millions)	Dec 31, 2024	Dec 31, 2023
Insurance Reserves:		
Personal Automobile	\$ 1,626.0	\$ 1,711.9
Commercial Automobile	721.9	596.8
Total Insurance Reserves	\$ 2,347.9	\$ 2,308.7
Insurance Reserves:		
Loss and Allocated LAE Reserves:		
Case and Allocated LAE	\$ 921.8	\$ 999.9
Incurred But Not Reported	1,250.6	1,132.8
Total Loss and LAE Reserves	2,172.4	2,132.7
Unallocated LAE Reserves	175.5	176.0
Total Insurance Reserves¹	\$ 2,347.9	\$ 2,308.7

¹Includes \$9.4 million attributable to Kemper Reciprocal as of December 31, 2024, which is reported as a consolidated variable interest entity.

See MD&A, “Critical Accounting Estimates,” under the caption “Property and Casualty Insurance Reserves for Losses and Loss Adjustment Expenses” 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

2024 Compared with 2023

The Specialty Property & Casualty Insurance segment reported Total Segment Adjusted Net Operating Income of \$376.3 million for the year ended December 31, 2024, compared to Total Segment Adjusted Net Operating Loss of \$57.1 million in 2023. Segment adjusted net operating results improved by \$433.4 million that included a \$375.5 million and \$57.9 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 lower adverse prior year development.

Earned Premiums in the Specialty Property & Casualty Insurance segment decreased by \$56.1 million in 2024, compared to 2023, due to lower average 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 \$21.3 million in 2024, compared to 2023, due primarily to higher levels of Fixed Income Securities, higher rates earned on and level of Short-term investments and Company-Owned Life Insurance.

Incurred Loss and LAE were \$2,541.7 million or 71.1% of earned premiums for the year ended December 31, 2024 compared to \$3,141.9 million or 86.5% 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 and LAE ratio, lower adverse prior year development and lower catastrophe losses. Underlying losses and LAE as a percentage of earned premiums were 70.3% in 2024, an improvement of 11.7 percentage points, compared to 2023, driven by higher average earned premium per exposure (21.7% increase year over year) resulting from rate increases and lower underlying claims frequency, partially offset by higher claims average severity. 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 \$7.0 million for 2024 compared to adverse development of \$132.9 million for 2023 due primarily to normalization in loss patterns within personal injury protection, physical damage,

SPECIALTY PROPERTY & CASUALTY INSURANCE (Continued)

and bodily injury coverages. Catastrophe losses and LAE (excluding reserve development) were \$19.9 million for 2024 compared to \$34.5 million for 2023, a decrease of \$14.6 million due to lower average severity per catastrophe event.

Insurance Expenses were \$759.5 million, or 21.2% of earned premiums, for the year ended December 31, 2024, compared to \$741.3 million, or 20.4% of earned premiums in 2023. Insurance Expenses increased \$18.2 million due to higher volume-related expenses associated with increased new business volumes. As a percentage of earned premiums, Insurance Expenses increased 0.8% as expense increases outpaced earned premium growth.

The Specialty Property & Casualty Insurance segment's 2024 effective tax rate was 20.1%, compared to 25.3% in 2023. The effective income tax rate for 2024 and 2023 differs from the federal statutory income tax rate primarily due to investments in Company-Owned Life Insurance, Tax-Exempt Investment Income and Dividends Received Deductions. The change in the effective tax rate from 2023 is driven by an increased benefit from Company-Owned Life Insurance.

SPECIALTY PROPERTY & CASUALTY INSURANCE (Continued)*Specialty Personal Automobile Insurance*

Selected financial information for the specialty personal automobile insurance product line for the years ended December 31, 2024, 2023, and 2022 is presented below.

<i>DOLLARS IN MILLIONS</i>	2024	2023	2022
Net Premiums Written	\$ 2,887.7	\$2,677.5	\$3,305.1
Earned Premiums	\$ 2,851.4	\$2,977.8	\$3,496.7
Incurred Losses and LAE related to:			
Current Year:			
Non-catastrophe Losses and LAE	\$ 1,984.7	\$2,464.0	\$3,153.9
Catastrophe Losses and LAE	14.5	29.6	20.7
Prior Years:			
Non-catastrophe Losses and LAE	(0.9)	111.0	(18.1)
Catastrophe Losses and LAE	0.7	(2.3)	0.5
Total Incurred Losses and LAE	\$ 1,999.0	\$2,602.3	\$3,157.0
<u>Ratios Based On Earned Premiums</u>			
Current Year Non-catastrophe Losses and LAE Ratio	69.6 %	82.8 %	90.2 %
Current Year Catastrophe Losses and LAE Ratio	0.5	1.0	0.6
Prior Years Non-catastrophe Losses and LAE Ratio	—	3.7	(0.5)
Prior Years Catastrophe Losses and LAE Ratio	—	(0.1)	—
Total Incurred Loss and LAE Ratio	70.1 %	87.4 %	90.3 %
Insurance Expense Ratio	21.8 %	21.0 %	20.1 %
Combined Ratio	91.9 %	108.4 %	110.4 %
<u>Underlying Combined Ratio</u>			
Current Year Non-catastrophe Losses and LAE Ratio	69.6 %	82.8 %	90.2 %
Insurance Expense Ratio	21.8 %	21.0 %	20.1 %
Underlying Combined Ratio	91.4 %	103.8 %	110.3 %
<u>Non-GAAP Measure Reconciliation</u>			
Combined Ratio as Reported	91.9 %	108.4 %	110.4 %
Less:			
Current Year Catastrophe Losses and LAE Ratio	0.5 %	1.0 %	0.6 %
Prior Years Non-catastrophe Losses and LAE Ratio	— %	3.7 %	(0.5)%
Prior Years Catastrophe Losses and LAE Ratio	— %	(0.1)%	— %
Underlying Combined Ratio	91.4 %	103.8 %	110.3 %

2024 Compared with 2023

Earned Premiums in personal automobile insurance decreased by \$126.4 million in 2024, compared to 2023, due to lower average business volumes driven by targeted pricing and underwriting actions to improve profitability, partially offset by higher average earned premium per exposure resulting from rate increases. Incurred losses and LAE were \$1,999.0 million, or 70.1% of earned premiums, in 2024, compared to \$2,602.3 million, or 87.4% 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 and LAE ratio, lower adverse prior year development, and lower catastrophe losses. Underlying losses and LAE as a percentage of related earned premiums were 69.6% in 2024, compared to 82.8% in 2023, an improvement of 13.2 percentage points driven by higher average earned premiums per exposure resulting from rate increases and a lower frequency of claims, partially offset by higher claims average severity trends. Favorable loss and LAE reserve development was \$0.2 million in 2024, compared to adverse loss and LAE reserve developments of \$108.7 million in 2023, an improvement of \$108.9 million due primarily to stabilization

SPECIALTY PROPERTY & CASUALTY INSURANCE (Continued)

of loss patterns. Catastrophe losses and LAE (excluding reserve development) were \$14.5 million in 2024 compared to \$29.6 million in 2023, an improvement of \$15.1 million mainly due to lower average severity per catastrophe event.

Commercial Automobile Insurance

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

<u>DOLLARS IN MILLIONS</u>	2024	2023	2022
Net Premiums Written	\$ 797.7	\$ 627.9	\$ 629.3
Earned Premiums	\$ 725.0	\$ 654.7	\$ 549.7
Incurred Losses and LAE related to:			
Current Year:			
Non-catastrophe Losses and LAE	\$ 530.1	\$ 510.5	\$ 415.3
Catastrophe Losses and LAE	5.4	4.9	2.3
Prior Years:			
Non-catastrophe Losses and LAE	7.2	24.2	3.5
Catastrophe Losses and LAE	—	—	0.1
Total Incurred Losses and LAE	\$ 542.7	\$ 539.6	\$ 421.2
<u>Ratios Based On Earned Premiums</u>			
Current Year Non-catastrophe Losses and LAE Ratio	73.2 %	78.0 %	75.6 %
Current Year Catastrophe Losses and LAE Ratio	0.7	0.7	0.4
Prior Years Non-catastrophe Losses and LAE Ratio	1.0	3.7	0.6
Prior Years Catastrophe Losses and LAE Ratio	—	—	—
Total Incurred Loss and LAE Ratio	74.9 %	82.4 %	76.6 %
Insurance Expense Ratio	19.1 %	17.6 %	18.2 %
Combined Ratio	94.0 %	100.0 %	94.8 %
<u>Underlying Combined Ratio</u>			
Current Year Non-catastrophe Losses and LAE Ratio	73.2 %	78.0 %	75.6 %
Insurance Expense Ratio	19.1 %	17.6 %	18.2 %
Underlying Combined Ratio	92.3 %	95.6 %	93.8 %
<u>Non-GAAP Measure Reconciliation</u>			
Combined Ratio as Reported	94.0 %	100.0 %	94.8 %
Less:			
Current Year Catastrophe Losses and LAE Ratio	0.7 %	0.7 %	0.4 %
Prior Years Non-catastrophe Losses and LAE Ratio	1.0 %	3.7 %	0.6 %
Prior Years Catastrophe Losses and LAE Ratio	— %	— %	— %
Underlying Combined Ratio	92.3 %	95.6 %	93.8 %

2024 Compared with 2023

Earned premiums from commercial automobile insurance increased by \$70.3 million in 2024, compared to 2023, due primarily to higher average earned premium per exposure resulting from rate increases and targeted mix shifts. Incurred losses and LAE were \$542.7 million, or 74.9% of earned premiums, in 2024, compared to \$539.6 million, or 82.4% 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 73.2% in 2024, compared to 78.0% in 2023, an improvement of 4.8 percentage points due primarily to higher average earned premiums per exposure resulting from rate increases and mix shifts and a lower frequency of claims, partially offset by higher claims average severity trends. Adverse loss and LAE reserve development was \$7.2 million in 2024,

SPECIALTY PROPERTY & CASUALTY INSURANCE (Continued)

compared to adverse development of \$24.2 million in 2023, an improvement of \$17.0 million due primarily to stabilization of loss patterns.

LIFE INSURANCE

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

(Dollars in Millions)	2024	2023	2022
Earned Premiums	\$ 393.9	\$ 387.6	\$ 571.5
Net Investment Income	170.6	193.4	216.5
Change in Value of Alternative Energy Partnership Investments	0.6	0.7	(5.3)
Other Income (Loss)	0.5	(0.2)	(0.6)
Total Revenues	565.6	581.5	782.1
Policyholders' Benefits and Incurred Losses and LAE	234.5	243.4	360.8
Insurance Expenses	272.1	275.8	343.3
Segment Adjusted Operating Income	59.0	62.3	78.0
Income Tax Expense	8.8	10.5	9.2
Total Segment Adjusted Net Operating Income	\$ 50.2	\$ 51.8	\$ 68.8

INSURANCE RESERVES

(Dollars in Millions)	Dec 31, 2024	Dec 31, 2023
Insurance Reserves:		
Future Policyholder Benefits	\$ 3,154.3	\$ 3,375.6
Incurred Losses and LAE Reserves:		
Life	40.8	42.1
Accident and Health	4.6	4.7
Property	2.7	2.9
Total Incurred Losses and LAE Reserves	48.1	49.7
Total Insurance Reserves	\$ 3,202.4	\$ 3,425.3

See Note 2 "Summary of Accounting Policies and Accounting Changes," to the Consolidated Financial Statements under the sub-caption "Insurance Reserves" for additional discussion.

2024 Compared with 2023

The Life Insurance Segment reported Total Segment Adjusted Net Operating Income of \$50.2 million in 2024, compared to \$51.8 million in 2023. The decrease in segment net operating results was primarily due to a reduction in net investment income, partially offset by favorable mortality experience from life insurance products.

Earned Premiums increased by \$6.3 million for the year ended December 31, 2024, compared to 2023, due primarily to changes in assumptions as part of the annual assumption update for Deferred Profit Liability in 2024 (\$4.8 million reduction in Earned Premiums) as compared to 2023 (\$15.0 million reduction in Earned Premiums). Excluding this impact, Earned Premiums decreased by \$3.9 million due primarily to lower volume on life and property insurance.

Net Investment Income decreased by \$22.8 million in 2024, compared to 2023, due primarily to lower earnings from alternative investments, which included a \$15.1 million loss from an investment valuation adjustment of one real estate investment, and lower levels of fixed income securities.

Policyholders' Benefits and Incurred Losses and LAE decreased by \$8.9 million in 2024, compared to 2023. Changes in assumptions from the annual assumption update reduced policyholders' benefits and incurred losses and LAE by \$11.9 million and \$23.3 million in 2024 and 2023, respectively. Excluding this impact, Policyholders' Benefits and Incurred Losses and LAE

Kemper Corporation and Subsidiaries
Management’s Discussion and Analysis of Financial Condition and Results of Operations—(Continued)

LIFE INSURANCE (Continued)

decreased \$20.3 million due primarily to improved mortality experience in life insurance products and lower Policyholders’ Benefits in accident and health products.

The Life Insurance segment’s 2024 effective income tax rate was 14.9% compared to 16.9% in 2023. The effective income tax rate for 2024 and 2023 differs from the federal statutory income tax rate primarily due to investments in Company-Owned Life Insurance and Tax-Exempt Investment Income. The decrease in the effective tax rate from 2023 is driven by an increased benefit from Company-Owned Life Insurance.

INVESTMENT RESULTS

Net Investment Income

Net Investment Income for the years ended December 31, 2024, 2023 and 2022 is presented below.

(Dollars in Millions)	2024	2023	2022
Investment Income:			
Interest on Fixed Income Securities ^{1,2}	\$ 315.3	\$ 323.3	\$ 290.0
Dividends on Equity Securities Excluding Alternative Investments	5.4	4.4	6.3
Alternative Investments:			
Equity Method Limited Liability Investments	(18.2)	10.5	31.3
Limited Liability Investments Included in Equity Securities	24.5	19.0	42.1
Total Alternative Investments	6.3	29.5	73.4
Short-term Investments	33.5	18.0	3.7
Loans to Policyholders	21.0	20.9	21.5
Real Estate	8.8	8.9	10.1
Company-Owned Life Insurance	35.7	29.2	37.9
Other	8.2	12.9	7.7
Total Investment Income	434.2	447.1	450.6
Investment Expenses:			
Real Estate	8.7	8.8	7.9
Other Investment Expenses ¹	18.0	18.6	20.1
Total Investment Expenses	26.7	27.4	28.0
Net Investment Income	\$ 407.5	\$ 419.7	\$ 422.6

¹In 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.

²Reduced by interest expense incurred on FHLB borrowings used for spread lending purposes of \$20.3 million, \$22.7 million and \$10.1 million for the year ended December 31, 2024, 2023, and 2022, respectively.

2024 Compared with 2023

Net Investment Income was \$407.5 million and \$419.7 million for the years ended December 31, 2024 and 2023, respectively. Net Investment Income decreased by \$12.2 million in 2024 mostly driven by lower earnings from equity method securities, which included a \$15.1 million loss from an investment valuation adjustment of one real estate investment in our alternative investment portfolio, and lower levels of fixed income securities, partially offset by higher 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.

Kemper Corporation and Subsidiaries
Management's Discussion and Analysis of Financial Condition and Results of Operations—(Continued)

INVESTMENT RESULTS (Continued)

Change in Unrealized Gains and Losses on Investments

The change in unrealized losses on investments for the year ended December 31, 2024 was an increase of \$200.0 million, primarily attributable to increases in interest rates.

Change in Fair Value of Equity and Convertible Securities

The components of Change in Fair Value of Equity and Convertible Securities for the years ended December 31, 2024 and 2023 are presented below.

(Dollars in Millions)	2024	2023
Preferred Stocks	\$ 1.0	\$ 1.8
Common Stocks	2.2	—
Other Equity Interests:		
Exchange Traded Funds	(0.6)	0.6
Limited Liability Companies and Limited Partnerships	(5.3)	2.3
Total Other Equity Interests	(5.9)	2.9
Change in Fair Value of Equity Securities	(2.7)	4.7
Change in Fair Value of Convertible Securities	—	—
Change in Fair Value of Equity and Convertible Securities	<u>\$ (2.7)</u>	<u>\$ 4.7</u>

Net Realized Gains (Losses) on Sales of Investments

The components of Net Realized Investment Gains (Losses) for the year ended December 31, 2024, 2023 and 2022 are presented below.

(Dollars in Millions)	2024	2023	2022
Fixed Maturities:			
Gains on Sales	\$ 20.2	\$ 5.9	\$ 31.6
Losses on Sales	(3.2)	(10.9)	(31.9)
(Losses) Gains on Hedging Activity	(7.9)	(11.9)	1.7
Equity Securities:			
Gains on Sales	4.2	0.6	9.7
Losses on Sales	(0.1)	(2.5)	(6.8)
Other Investments:			
Gains on Sales	4.2	0.2	—
Losses on Sales	(4.2)	—	—
Net Realized Investment Gains (Losses)	<u>\$ 13.2</u>	<u>\$ (18.6)</u>	<u>\$ 4.3</u>
Gross Gains on Sales	\$ 28.6	\$ 6.7	\$ 41.3
Gross Losses on Sales	(7.5)	(13.4)	(38.7)
(Losses) Gains on Hedging Activity	(7.9)	(11.9)	1.7
Net Realized Investment Gains (Losses)	<u>\$ 13.2</u>	<u>\$ (18.6)</u>	<u>\$ 4.3</u>

Kemper Corporation and Subsidiaries
Management’s Discussion and Analysis of Financial Condition and Results of Operations—(Continued)

INVESTMENT RESULTS (Continued)

Fixed Maturities

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

Net realized gains and losses on sales of fixed maturities for the year ended December 31, 2023 primarily relate to normal portfolio management.

Equity Securities

Net realized gains and losses on sales of equity securities for the year ended December 31, 2024 primarily related to disposals of equity securities and preferred stock.

Net realized gains and losses on sales of equity securities for the year ended December 31, 2023 primarily related to disposals of equity securities and preferred stock.

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 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 Consolidated Statements of Income (Loss) in the period.

The components of Impairment Losses in the Consolidated Statements of Income (Loss) for the year ended December 31, 2024, 2023, 2022 were:

(Dollars in Millions)	2024		2023		2022	
	Amount	Number of Issuers	Amount	Number of Issuers	Amount	Number of Issuers
Fixed Maturities	\$ (4.8)	20	\$ (0.1)	21	\$ (25.8)	57
Equity Securities at Modified Cost.....	(0.4)	3	(0.5)	1	—	—
Real Estate	(0.4)	7	—	—	—	—
Other	(0.2)	1	(0.5)	6	—	—
Impairment Losses¹	\$ (5.8)		\$ (1.1)		\$ (25.8)	

¹Includes losses from intent-to-sell securities and direct write-down securities of \$3.3 million, \$2.0 million and \$23.8 million for the years ended December 31, 2024, 2023 and 2022, respectively.

Fixed Maturities

Impairment Losses recognized in the Consolidated Statements of Income (Loss) for the year ended December 31, 2024 related primarily to investments in securities with direct write-downs and in Fixed Maturities where the Company established an allowance for expected credit losses.

Impairment Losses recognized in the Consolidated Statements of Income (Loss) for the year ended December 31, 2023 related primarily to investments in Intent-to-Sell securities.

Equity Securities

The Company recognized Impairment Losses in the Consolidated Statements of Income (Loss) for the year ended December 31, 2024 primarily related to investments in Equity Securities at Modified Cost where the Company has the intent or requirement to sell.

The Company recognized Impairment Losses in the Consolidated Statements of Income (Loss) for the year ended December 31, 2023 primarily related to investments in Equity Securities at Modified Cost where the Company has the intent or requirement to sell.

Kemper Corporation and Subsidiaries
Management’s Discussion and Analysis of Financial Condition and Results of Operations—(Continued)

INVESTMENT RESULTS (Continued)

Real Estate

The Company recognized Impairment Losses on Real Estate Held for Investment in the Consolidated Statements of Income (Loss) for the year ended December 31, 2024 related to properties held with the intent to sell.

The Company did not recognize any Impairment Losses on Real Estate Held for Investment in the Consolidated Statements of Income (Loss) for the year ended December 31, 2023.

INVESTMENT QUALITY AND CONCENTRATIONS

The Company’s fixed maturity investment portfolio is comprised primarily of high-grade corporate, municipal and agency bonds. At December 31, 2024, approximately 95.7% 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 December 31, 2024 and 2023.

<i>DOLLARS IN MILLIONS</i>		Dec 31, 2024			Dec 31, 2023		
		Amortized Cost	Fair Value	Percentage of Total	Amortized Cost	Fair Value	Percentage of Total
1	AAA, AA, A	\$ 5,253.1	\$ 4,576.4	71.4 %	\$ 5,471.8	\$ 4,962.0	72.1 %
2	BBB	1,749.3	1,557.6	24.3	1,803.7	1,657.3	24.1
3-4	BB, B	233.0	221.7	3.5	227.1	204.4	3.0
5-6	CCC or Lower	59.6	53.9	0.8	63.2	58.2	0.8
Total Investments in Fixed Maturities		\$ 7,295.0	\$ 6,409.6	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 \$14.2 million and \$25.5 million at December 31, 2024 and 2023, respectively.

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

<i>DOLLARS IN MILLIONS</i>	Dec 31, 2024		Dec 31, 2023	
	Fair Value	Percentage of Total Investments	Fair Value	Percentage of Total Investments
U.S. Government and Government Agencies and Authorities	\$ 486.8	5.5 %	\$ 511.5	5.7 %
States and Political Subdivisions:				
Revenue Bonds	1,105.7	12.4	1,235.2	13.9
States	72.4	0.8	99.8	1.1
Political Subdivisions	55.1	0.6	66.9	0.8
Foreign Governments	6.6	0.1	3.8	—
Total Investments in Governmental Fixed Maturities	\$ 1,726.6	19.4 %	\$ 1,917.2	21.5 %

Kemper Corporation and Subsidiaries
Management’s Discussion and Analysis of Financial Condition and Results of Operations—(Continued)

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 December 31, 2024 and 2023.

<i>DOLLARS IN MILLIONS</i>	Dec 31, 2024		Dec 31, 2023	
	Fair Value	Percentage of Total Investments	Fair Value	Percentage of Total Investments
Finance, Insurance and Real Estate	\$ 1,969.1	22.2 %	\$ 2,070.5	23.3 %
Manufacturing	1,014.3	11.4	1,077.6	12.1
Transportation, Communication and Utilities	793.0	8.9	807.3	9.1
Services	582.9	6.6	639.4	7.2
Mining	153.3	1.7	174.3	2.0
Retail Trade	125.7	1.4	156.0	1.8
Construction	11.7	0.1	4.4	—
Other	33.0	0.4	35.2	0.4
Total Investments in Non-governmental Fixed Maturities	\$ 4,683.0	52.7 %	\$ 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 amount invested at December 31, 2024.

<i>DOLLARS IN MILLIONS</i>	Number of Issuers	Aggregate Fair Value
Below \$5	659	\$ 1,330.4
\$5 - \$10	193	1,404.8
\$10 - \$20	98	1,343.9
\$20 - \$30	17	394.5
Greater Than \$30	6	209.4
Total	973	\$ 4,683.0

The Company’s short-term investments primarily consist of U.S. Treasury bills, short-term bonds, and money market funds. At December 31, 2024, the Company had \$834.7 million invested in U.S. Treasury bills and short-term bonds and \$202.4 million invested in money market funds, which primarily invest in U.S. Treasury securities.

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, Government Agencies and Authorities, and Short-term Investments, at December 31, 2024.

<i><u>DOLLARS IN MILLIONS</u></i>	<u>Fair Value</u>	<u>Percentage of Total Investments</u>
Fixed Maturities:		
States including their Political Subdivisions:		
California	\$ 133.2	1.5 %
Texas	101.2	1.1
Michigan	81.7	0.9
Georgia	68.8	0.8
New York	59.8	0.7
Pennsylvania	55.7	0.6
Florida	53.0	0.6
Louisiana	37.4	0.4
Virginia	35.6	0.4
Colorado	35.1	0.4
Total	<u>\$ 661.5</u>	<u>7.4 %</u>

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, senior debt, real estate and leveraged buyouts. 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 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 December 31, 2024 and 2023 is presented below.

Asset Class	Unfunded Commitment in Millions	Reported Value in Millions	
	Dec 31, 2024	Dec 31, 2024	Dec 31, 2023
Reported as Equity Method Limited Liability Investments:			
Senior Debt	\$ 48.2	\$ 19.1	\$ 19.0
Mezzanine Debt	40.8	116.7	125.4
Secondary Transactions	1.6	5.5	7.9
Leveraged Buyout	0.6	7.5	8.6
Growth Equity	—	—	1.2
Hedge Fund	—	0.1	0.1
Distressed Debt	—	4.4	7.9
Real Estate	—	27.3	41.9
Other	0.1	5.7	9.7
Total Equity Method Limited Liability Investments	91.3	186.3	221.7
Alternative Energy Partnership Investments	—	17.6	17.3
Reported as Other Equity Interests at Fair Value:			
Mezzanine Debt	67.0	116.9	124.0
Leveraged Buyout	30.4	19.2	19.0
Distressed Debt	15.0	11.7	12.4
Senior Debt	8.4	26.3	24.8
Growth Equity	8.0	7.0	6.4
Secondary Transactions	1.6	2.4	2.8
Hedge Funds	—	—	1.9
Other	0.2	0.1	0.1
Total Reported as Other Equity Interests at Fair Value	130.6	183.6	191.4
Reported as Equity Securities at Modified Cost:			
Other	—	1.8	4.8
Total Reported as Equity Securities at Modified Cost	—	1.8	4.8
Total Investments in Limited Liability Companies and Limited Partnerships	\$ 221.9	\$ 389.3	\$ 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 year ended December 31, 2024, 2023 and 2022 were:

<i><u>DOLLARS IN MILLIONS</u></i>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Insurance and Other Expenses:			
Insurance Expenses:			
Policy Acquisition Costs	\$ 641.6	\$ 707.6	\$ 838.5
Business Unit Operating Costs	277.4	256.1	282.4
Corporate Overhead Costs	194.9	200.0	207.8
Insurance Expenses	<u>1,113.9</u>	<u>1,163.7</u>	<u>1,328.7</u>
Other Expenses:			
Acquisition and Disposition Related Transaction, Integration, Restructuring and Other Costs	40.3	120.3	62.9
Pension Settlement	(2.6)	70.2	—
Other Corporate Costs	28.5	11.4	12.3
Other Expenses	<u>66.2</u>	<u>201.9</u>	<u>75.2</u>
Insurance and Other Expenses	<u>1,180.1</u>	<u>1,365.6</u>	<u>1,403.9</u>
Interest Expense	56.9	56.1	54.7
Loss from Early Extinguishment of Debt	—	—	3.7
Goodwill Impairment	—	49.6	—
Total Insurance, Interest, and Other Expenses	<u>\$ 1,237.0</u>	<u>\$ 1,471.3</u>	<u>\$ 1,462.3</u>

Insurance and Other Expenses

Insurance Expenses were \$1,113.9 million in 2024 compared to \$1,163.7 million in 2023. Insurance Expenses decreased by \$49.8 million in 2024 due primarily to lower policies in force.

Other Expenses decreased by \$135.7 million in 2024, compared to 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, and lower Pension Settlement costs.

Acquisition and Disposition Related Transaction, Integration, Restructuring and Other Costs for the year ended December 31, 2024 included \$35.9 million of integration expenses due to continued investments in information technology. These expenses for the year ended December 31, 2023 included \$60.4 million of integration expenses due to continued investments in information technology, \$34.6 million of real estate exit costs resulting from impairments on operating leases and real estate owned and \$9.9 million of accrued severance.

Other Corporate Costs for the year ended December 31, 2024 included \$7.3 million of expense related to the reversion of assets within the pension trust. This activity included \$4.7 million distributed to eligible participants in the Company's defined contribution benefit plans and \$2.6 million of excise taxes paid by the Company upon the reversion of the remaining assets.

Interest Expense

Interest expense increased by \$0.8 million in 2024 compared to 2023.

Goodwill Impairment

Goodwill Impairment for the year ended December 31, 2023 was due to the impairment of goodwill related to the decision to exit the Preferred Property & Casualty Insurance segment in the third quarter of 2023. See Note 15 "Goodwill and Intangibles," to the Consolidated Financial Statements for more information.

INCOME TAXES

The federal corporate statutory income tax rate was 21% for the year ended December 31, 2024, 2023 and 2022. The Company's effective income tax rate, which was 19.6%, 21.6% and 22.7% for 2024, 2023, and 2022 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) an impairment of non-tax deductible goodwill, (7) impact of deferred taxes in foreign jurisdictions, and (8) 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. Kemper has recorded, as part of its total income tax provision, the estimated impact of the Bermuda CIT on its Bermuda based reinsurance company at the effective date. The Company will continue to monitor guidance as it is released from the Government of Bermuda.

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 \$16.0 million in 2024, compared to \$22.7 million in 2023.

The nontaxable increase in cash surrender value on Company-Owned Life Insurance was \$35.6 million in 2024, compared to \$29.2 million in 2023.

The Company realized investment tax credits and other federal income tax credits of \$12.0 million in 2024, compared to realized investment tax credits and other federal tax credits of \$3.1 million in 2023.

The amount of expense recognized for long-term equity-based compensation expense under GAAP was \$0.5 million lower than the amount that would be deductible under the IRC in 2024, compared to \$1.4 million higher in 2023.

The amount of nondeductible executive compensation was \$16.8 million in 2024, compared to \$8.5 million in 2023.

The total impairment of non-tax-deductible goodwill was zero in 2024, compared to \$30.0 million in 2023.

As a result of recently enacted tax legislation in jurisdictions in which the Company operates, a tax benefit of \$11.3 million was recorded in 2024, compared to a tax benefit of \$27.4 million in 2023.

The Company recorded an increase in valuation allowance of \$11.3 million in 2024, compared to \$27.4 million in 2023 for those foreign deferred tax assets it determined were not more-likely-than-not to be realized.

LIQUIDITY AND CAPITAL RESOURCES

Shelf Registration Statement

The Company filed a universal shelf registration statement with the Securities and Exchange Commission in the first quarter of 2023. Under this shelf registration, the Company may issue an undetermined amount of securities including common stock, preferred stock, depository shares, debt securities, warrants, subscription rights, purchase contracts, and purchase units. Specific terms of any securities issued under this registration will be included in each applicable prospectus supplement.

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

Kemper Corporation and Subsidiaries
Management’s Discussion and Analysis of Financial Condition and Results of Operations—(Continued)

LIQUIDITY AND CAPITAL RESOURCES (Continued)

maximum capacity. The amount available as of December 31, 2024 was \$512.0 million. There were no outstanding borrowings under the credit agreement on either December 31, 2024 or December 31, 2023.

Common Stock Offering

Kemper is authorized to issue 20 million shares of \$0.10 par value preferred stock and 100 million shares of \$0.10 par value common stock. No preferred shares were issued or outstanding at December 31, 2024 and 2023. There were 63,840,442 shares and 64,111,555 shares of common stock outstanding at December 31, 2024 and 2023, respectively.

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 December 31, 2024 and December 31, 2023 was:

(Dollars in Millions)	Dec 31, 2024	Dec 31, 2023
Senior Notes		
Current:		
4.350% Senior Notes due February 15, 2025	\$ 449.9	\$ —
Non-Current		
4.350% Senior Notes due February 15, 2025	—	449.6
2.400% Senior Notes due September 30, 2030	397.5	397.0
3.800% Senior Notes due February 23, 2032	396.5	396.0
5.875% Fixed-Rate Reset Junior Subordinated Debentures due 2062	147.7	146.6
Total Long-term Debt Outstanding	\$ 1,391.6	\$ 1,389.2

See Note 24, “Debt,” to the 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 American Access Casualty Company (“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. 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 \$16.9 million and \$16.6 million at December 31, 2024 and December 31, 2023, respectively. The carrying value of FHLB of Dallas common stock was \$8.8 million and \$3.6 million at December 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 2024, United Insurance received advances of \$101.7 million from the FHLB of Chicago and made repayments of \$117.8 million. United Insurance had outstanding advances from the FHLB of Chicago totaling \$541.3 million at December 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 \$619.3 million at December 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 23, “Policyholder Obligations,” to the Consolidated Financial Statements for additional information about the United Insurance advances and related funding agreements.

LIQUIDITY AND CAPITAL RESOURCES (Continued)

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 repurchased approximately \$38.9 million in 2024 so that, as of December 31, 2024, the remaining share repurchase authorization was \$132.8 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.

During the year ended December 31, 2024, Kemper repurchased and retired approximately 637,000 shares of its common stock under its share repurchase authorization for an aggregate cost of \$38.9 million and an average cost per share of \$61.12. Kemper did not repurchase any shares during the year ended December 31, 2023.

Dividends to Shareholders

Kemper paid a quarterly dividend of \$0.31 per common share for each quarter of 2024 and \$0.31 per common share for each quarter of 2023, respectively. Dividends and dividend equivalents paid were \$80.1 million, \$80.1 million and \$79.7 million for the years ended December 31, 2024, 2023 and 2022, respectively.

Subsidiary Dividends and Capital Contributions

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 collectively paid \$213.3 million, \$640.9 million and \$311.7 million in dividends to Kemper in 2024, 2023 and 2022, respectively. In 2025, Kemper's US based insurance subsidiaries capacity to pay dividends to Kemper without prior regulatory approval is estimated to be \$211.7 million as of the filing date.

Kemper made capital contributions to insurance subsidiaries of \$18.0 million, \$489.1 million and \$270.0 million during 2024, 2023 and 2022, respectively.

Sources and Uses of Funds

The Company directly held cash and investments totaling \$547.6 million at December 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.

LIQUIDITY AND CAPITAL RESOURCES (Continued)

Information about the Company’s cash flows for the years ended December 31, 2024, 2023 and 2022 is presented below.

(Dollars in Millions)	2024	2023	2022
Net Cash Provided by (Used in) Operating Activities	\$ 382.9	\$ (134.2)	\$ (210.3)
Net Cash (Used in) Provided by Investing Activities	(244.4)	107.9	(108.4)
Net Cash (Used in) Provided by Financing Activities	(137.2)	(122.0)	382.9

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 (Used in) Operating Activities

Net cash provided by Operating Activities was \$382.9 million in 2024, compared to \$134.2 million used in 2023, an increase of \$517.1 million. The increase in cash provided by Operating Activities was primarily driven by increased net income as a result of rate increases, lower paid claims due to lower frequency, and timing of payments within our Property and Casualty operations. Additionally, cash from operations for 2023 included a \$124.7 million federal income tax refund received.

Net Cash (Used in) Provided by Investing Activities

Net cash used in Investing Activities was \$244.4 million in 2024, compared to \$107.9 million provided by in 2023, a year over year decrease of \$352.3 million. The decrease 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 and premium collections from our Property and Casualty operations.

Net Cash (Used in) Provided by Financing Activities

Net cash used in Financing Activities was \$137.2 million in 2024, compared to \$122.0 million used in 2023, an increase of \$15.2 million. This was primarily driven by \$38.9 million of common stock repurchases in 2024, partially offset by lower net repayments under the FHLB spread-lending program.

CONTRACTUAL OBLIGATIONS

Estimated cash disbursements pertaining to the Company’s contractual obligations at December 31, 2024 are presented below.

DOLLARS IN MILLIONS	Jan 1, 2025 to Dec 31, 2025	Jan 1, 2026 to Dec 31, 2027	Jan 1, 2028 to Dec 31, 2029	After Dec 31, 2029	Total
Long Term Debt Obligations	\$ 449.9	\$ —	\$ —	\$ 941.7	\$ 1,391.6
Life and Health Insurance Policy Benefits	245.2	477.1	461.1	8,340.5	9,523.9
Property and Casualty Insurance Reserves	1,493.7	832.4	239.0	56.2	2,621.3
Total Contractual Obligations	<u>\$ 2,188.8</u>	<u>\$ 1,309.5</u>	<u>\$ 700.1</u>	<u>\$ 9,338.4</u>	<u>\$ 13,536.8</u>

Amounts included in Life and Health Insurance Policy Benefits within the contractual obligations table above represent the estimated cash payments to be made to policyholders and beneficiaries. Such cash outflows are based on the Company’s current assumptions for mortality, morbidity and policy lapse, but are undiscounted with respect to interest. Policies must remain in force for the policyholder or beneficiary to receive the benefit under the policy. Depending on the terms of a particular policy, future premiums from the policyholder may be required for the policy to remain in force. The Company estimates that future cash inflows would total \$4.3 billion using the same assumptions used to estimate the cash outflows. The Company’s Life Insurance Reserves in the Company’s Consolidated Balance Sheets are generally based on the historical assumptions for mortality and policy lapse rates and are on a discounted basis. Accordingly, the sum of the amounts presented above for Life and Health Insurance Policy Benefits significantly exceeds the amount of Life and Health Insurance Reserves reported on the Company’s Consolidated Balance Sheets at December 31, 2024.

CONTRACTUAL OBLIGATIONS (Continued)

In addition to the contractual obligations included above, the Company had certain investment commitments totaling \$221.9 million at December 31, 2024. The funding of such investment commitments is dependent on a number of factors, the timing of which is indeterminate. The Company cannot make a reasonably reliable estimate of the amount and period of related future payments, if any, for such liability.

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.

Valuation of Investments

The reported value of the Company’s investments was \$8,884.8 million at December 31, 2024, of which \$6,624.4 million, or 75%, was reported at fair value, \$203.9 million, or 2%, was reported under the equity method of accounting, \$356.0 million, or 4%, was reported at unpaid principal balance and \$1,700.5 million, or 19%, was reported at cost, modified cost or depreciated cost. Investments, in general, are exposed to various risks, such as interest rate risk, credit risk and overall market volatility risk. Accordingly, it is reasonably possible that changes in the fair values of the Company’s investments reported at fair value will occur in the near term and such changes could materially affect the amounts reported in the financial statements. Also, it is reasonably possible that changes in the carrying values of the Company’s Equity Method Limited Liability Investments will occur in the near term and such changes could materially affect the amounts reported in the financial statements because these issuers follow specialized industry accounting principles which require that they report all of their investments at fair value (See Item 1A., “Risk Factors” under the title “The Company’s investment portfolio is exposed to a variety of risks that may negatively impact net investment income and cause realized and unrealized losses”).

As more fully described under the heading, “Fair Value Measurements,” in Note 2, “Summary of Accounting Policies and Accounting Changes,” to the Consolidated Financial Statements, the Company uses a hierarchical framework which prioritizes and ranks the market observability used in fair value measurements.

The fair value of the Company’s investments measured and reported at fair value was \$6,624.4 million at December 31, 2024, of which \$6,231.8 million, or 94%, were investments that were based on quoted market prices or significant fair value inputs that are observable, \$209.0 million, or 3%, were investments where at least one significant fair value inputs was unobservable and \$183.6 million or 3% were investments for which fair value is measured using the net asset value (“NAV”) per share practical expedient. Fair value measurements based on readily available, active, quoted market prices or for which fair value can be measured from actively quoted prices generally are deemed to have a higher degree of market price observability and a lesser degree of judgment, compared to fair value measurements based on significant unobservable inputs used in measuring fair value. The prices that the Company might realize from actual sales of investments are likely to vary from their respective estimated fair values at December 31, 2024 due to changing market conditions and limitations inherent in the estimation process.

The classification of a company’s investment in a financial instrument may affect its reported results. Under GAAP, a company may elect to use the fair value option method of accounting for some or all of its investments in financial instruments. Under the fair value option method of accounting, a company is required to recognize changes in fair values into income for the period reported. The Company has elected the fair value option for investments in fixed maturities with equity conversion features. As of December 31, 2024, the Company no longer holds any investments with equity conversion features. For investments in fixed maturities classified as held to maturity, a company is required to carry the investment at amortized cost, with only amortization occurring during the period recognized into income. None of the Company’s investments in fixed maturities were classified as held to maturity at December 31, 2024. Changes in the fair value of investments in fixed maturities classified as available for sale are not recognized in income during the period, but rather are recognized as a separate component of

CRITICAL ACCOUNTING ESTIMATES (Continued)

Accumulated Other Comprehensive Loss (“AOCI”) until realized. Both the reported and fair values of the Company’s investments in fixed maturities classified as available for sale were \$6,409.6 million at December 31, 2024.

Equity securities with readily determinable fair values are recorded as Equity Securities at Fair Value with changes in fair values recognized into income for the period reported. Accordingly, both the reported and fair values of the Company’s investments in Equity Securities at Fair Value were \$218.5 million at December 31, 2024. The Company holds certain equity investments without readily determinable fair values at cost, less impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for identical or similar investments from the same issuer. Changes in the carrying value of Equity Securities at Modified Cost due to observable price changes are recorded into income for the period reported.

The Company’s portfolio also includes investments in Alternative Energy Partnerships that are accounted for under the Hypothetical Liquidation at Book Value (“HLBV”) method. Under the HLBV method, the amounts of income and loss attributed to investors reflect changes in the amounts the fund investors would hypothetically receive at each balance sheet date under the liquidation provisions of the contractual agreements of these funds. Attributing income and loss under the HLBV method requires the use of significant assumptions and forecasts to calculate the amounts that fund investors would receive upon a hypothetical liquidation. See Note 1 “Basis of Presentation and Significant Estimates” to the Consolidated Financial Statements for additional information.

Had the Company elected the fair value option for all of its investments in financial instruments, the Company’s reported net income for the year ended December 31, 2024, would have decreased by \$162.7 million.

The Company regularly reviews its fixed maturity investment portfolio and holdings in Equity Securities at Modified Cost for factors that may indicate a decline in the fair value of an investment below its amortized cost or modified cost basis. Such reviews are inherently uncertain in that the value of the investment may not fully recover or may decline further in future periods. Some factors considered in evaluating whether or not a decline in fair value of an investment exist include, but are not limited to, the following:

Fixed Maturity Securities

- The financial condition, credit rating and prospects of the issuer;
- The magnitude of the unrealized loss;
- The ability of the issuer to make scheduled principal and interest payments;
- The volatility of the investment;

Equity Securities at Modified Cost

- Opinions of the Company’s external investment managers;
- The financial condition and prospects of the issuer;
- Current market conditions;
- Changes in credit ratings; and
- Changes in the regulatory environment.

Changes in these factors from their December 31, 2024 evaluation date could result in the Company determining that a decline in the fair value exists for an investment held and evaluated at December 31, 2024. Such determination would result in an impairment loss in the period such determination is made.

CRITICAL ACCOUNTING ESTIMATES (Continued)

Life Insurance Reserves

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

Life Insurance Reserves by business segment at December 31, 2024 and 2023 were:

<i>DOLLARS IN MILLIONS</i>	2024	2023
Business Segments:		
Life Insurance:		
Life Insurance	\$ 3,195.1	\$ 3,417.7
Accident & Health Insurance	4.6	4.7
Total Life Insurance Reserves	<u>\$ 3,199.7</u>	<u>\$ 3,422.4</u>

These assumption inputs to the calculation of the liability for future policyholder benefits include mortality, lapses, and discount rates (both accretion and current). Kemper groups together policies with similar types of business for its cohorts, which typically vary by issue year. The Company’s actuaries use a variety of generally accepted actuarial methodologies, in accordance with Actuarial Standards of Practice, in determining the mortality and lapse assumptions. These assumptions are based on judgments that consider the Company’s historical experience, industry data, and other relevant factors. The Company reviews and updates its estimate of cash flows expected over the lifetime of a group of contracts using actual historical experience quarterly and current future cash flow assumptions at least annually to calculate its revised net premium ratio. The revised net premium ratios are then used to calculate an updated liability for future policyholder benefits for the current reporting period, discounted at the original contract issuance discount rate. The Company has elected to use expense assumptions that are locked in at contract inception and are not subsequently reviewed or updated. Resulting changes in the liability due to differences in actual versus expected experience, changes in current cash flow assumptions, and prefunding and payout of benefits compared to the carrying amount of the liability as of that same date are recorded as a separate component of benefit expense in the Consolidated Statements of Loss. The current discount rate assumption is an equivalent spot rate curve of annually compounded rates at monthly increments that is derived based on A-credit rated fixed-income instruments reflecting the duration characteristics of the liability. The discount rate assumption is updated quarterly and used to remeasure the liability at the reporting date, with the resulting change reflected in Accumulated Other Comprehensive Loss on the Consolidated Balance Sheets.

In estimating the Company’s Life Insurance Reserves, the Company’s actuaries exercise professional judgment and must consider, and are influenced by, many variables that are difficult to quantify and are estimating losses many years into the future. Accordingly, the process of estimating and establishing the Company’s Life Insurance Reserves is inherently uncertain. Certain variables, such as policyholder behavior, are difficult to estimate and can have a significant impact on reserves. Experience may develop adversely such that additional reserves must be established. Adverse experience could arise out of a number of factors, including, but not limited to, severe short-term events, such as a pandemic or changes to policyholder behavior during stressed economic periods, or due to misestimation of long-term assumptions such as mortality, interest rates and lapse assumptions. To illustrate the sensitivities of the Company’s Life Insurance Reserves to changes in interest rates, the Company assessed hypothetical changes due to parallel shifts in interest rates to reported amounts related to the Company’s Life Insurance Reserve. If interest rates decreased by 100 basis points, the Company’s liability for future policyholder benefits as of December 31, 2024 would increase by \$420.1 million, and if interest rates increased by 100 basis points, the Company’s liability for future policyholder benefits as of December 31, 2024 would decrease by \$321.7 million.

Property and Casualty Insurance Reserves for Losses and Loss Adjustment Expenses

The Company’s Property and Casualty Insurance Reserves are reported using the Company’s estimate of its ultimate liability for losses and LAE for claims that occurred prior to the end of any given accounting period but have not yet been paid. The Company had \$2,611.9 million and \$2,680.5 million of gross loss and LAE reserves at December 31, 2024 and 2023, respectively.

CRITICAL ACCOUNTING ESTIMATES (Continued)

Property and Casualty Insurance Reserves for the Company’s business segments at December 31, 2024 and 2023 were:

<i>DOLLARS IN MILLIONS</i>	2024	2023
Business Segments:		
Specialty Property & Casualty Insurance ¹	\$ 2,347.9	\$ 2,308.7
Life Insurance	2.7	2.9
Total Business Segments	2,350.6	2,311.6
Non-Core Operations	261.7	356.4
Unallocated Reserves	9.0	12.5
Total Property and Casualty Insurance Reserves ¹	<u>\$ 2,621.3</u>	<u>\$ 2,680.5</u>

¹Includes \$9.4 million attributable to Kemper Reciprocal as of December 31, 2024, which is reported as a consolidated variable interest entity.

In estimating the Company’s Property and Casualty Insurance Reserves, the Company’s actuaries exercise professional judgment and must consider, many variables that are difficult to quantify. Accordingly, the process of estimating and establishing the Company’s Property and Casualty Insurance Reserves is inherently uncertain, and the actual ultimate cost of known and unknown claims may vary materially from the estimated amounts reserved.

The Company’s actuaries conduct a comprehensive quarterly loss reserve review for each product line of business based on a variety of methodologies in accordance with Actuarial Standards of Practice. A reasonable range of unpaid loss estimates is derived from, but not limited to, the following methodologies:

- Incurred Loss Development Methodology;
- Paid Loss Development Methodology;
- Bornhuetter-Ferguson Incurred Loss Methodology;
- Bornhuetter-Ferguson Paid Loss Methodology; and
- Frequency and Severity Methodology.

The actuarial best estimate for each product line of business for ultimate losses and LAE represents an expected value considering a range of reasonable outcomes. The actuarial best estimate includes an offset for expected salvage and subrogation recoveries.

The key assumption in these estimation methodologies is that patterns observed in prior periods are indicative of how losses and LAE are expected to develop in the future and that such historical data can be used to predict and estimate ultimate losses and LAE. However, changes in the Company’s business processes, by their very nature, are likely to affect the development patterns, which means the Company’s actuaries must routinely make assumptions about how changes in business practices would affect historical patterns.

The ultimate impact of a single change in a business process is difficult to quantify and detect, and even more difficult if several changes to business processes occur over several years. Initially after a change is implemented, there are fewer data points, as compared to the historical data, for the Company’s actuaries to analyze. With fewer data points to analyze, the Company’s actuaries cannot be certain that observed differences from the historical data trends are a result of the change in business process or merely a random fluctuation in the data. As the Company’s actuaries observe more data points following the change in business process, the Company’s actuaries can gain more confidence in whether the change in business process is affecting the development pattern. The challenge for the Company’s actuaries is how much weight to place on the development patterns based on the older historical data and how much weight to place on the development patterns based on more recent data.

For each accident quarter or year, the point estimate selected by the Company’s actuaries is not necessarily one of the points produced by any particular one of the methodologies utilized, but often is another point selected by the Company’s actuaries, using their professional judgment, that takes into consideration each of the points produced by the several loss reserving estimation methodologies used. In some cases, for a particular product, the current accident quarter or year may not have enough paid claims data to rely upon, leading the Company’s actuaries to conclude that the incurred loss development methodology provides a better estimate than the paid loss development methodology. Therefore, the Company’s actuaries may give more weight to the incurred loss development methodology for that particular accident quarter or year. As an accident quarter or year ages for that same product, the actuary may gain more confidence in the paid loss development methodology

CRITICAL ACCOUNTING ESTIMATES (Continued)

and begin to give more weight to the paid loss development methodology. The Company's actuaries' quarterly selections are summed by product and/or coverage levels to create the actuarial indication of the ultimate losses. More often than not, the actuarial indication for a particular product line and accident quarter or year is most heavily weighted toward the incurred loss development methodology, particularly for short-tail lines such as personal automobile insurance. Historically, the incurred loss development methodology has been more reliable in predicting ultimate losses for short-tail lines, especially in the more recent accident quarters or years, compared with the paid loss development methodology. However, in some circumstances changes can occur which impact numerous variables, including, but not limited to, those variables identified below that are difficult to quantify and/or impact the predictive value of prior development patterns relied upon in the incurred loss development methodology and paid loss development methodology. In those circumstances, the Company's actuaries must make adjustments to these loss reserving estimation methodologies or use additional generally accepted actuarial estimation methodologies. In those circumstances, the Company's actuaries, using their professional judgment, may place more weight on the adjusted loss reserving estimation methodologies or other generally accepted actuarial estimation methodologies until the newer development patterns fully emerge and the Company's actuaries can fully rely on the unadjusted loss reserving estimation methodologies. In the event of a wide variation among results generated by the different projection methodologies, the Company's actuaries further analyze the data using additional techniques.

Subrogation & salvage recoveries, which predominately impact the material damage coverages, are independently evaluated each quarter using generally accepted actuarial methodologies. Since claim adjusters do not establish case reserves for potential recoveries the methodologies use paid/recovered amounts. Once this is completed, it is combined with the ultimate gross loss and LAE analyses.

In estimating reserves, the Company's actuaries exercise professional judgment and must consider, and are influenced by, many variables that are difficult to quantify, such as:

- Changes in the level of minimum case reserves, and the automatic aging of those minimum case reserves;
- Changes to claims practices, including, but not limited to, changes in the reporting and impact of large losses, timing of reported claims, changes in claims closing and re-opening patterns, adequacy of case reserves.
- Implementation of new systems for handling claims, turnover of claims department staffs, timing and depth of the audit review of claims handling procedures;
- Changes in the mix of business by state, class and policy limit within product line;
- Growth in new lines of business;
- Changes in the attachment points of the Company's reinsurance programs;
- Medical costs, including, but not limited to, the ability to assess the extent of injuries and the impact of inflation;
- Repair costs, including, but not limited to, the impact of inflation and the availability of labor and materials;
- Changes in the judicial environment, including, but not limited to, the interpretation of policy provisions, the impact of jury awards and changes in case law; and
- Changes in state regulatory requirements.

A change in any one or more of the foregoing factors is likely to result in a projected ultimate net loss and LAE that is different from the previously estimated reserve and/or previous frequency and severity trends. Such changes in estimates may be material. For example, the Company's actuaries review frequency (number of claims per policy or exposure), severity (dollars of loss per claim) and average premium (dollars of premium per exposure). Actual frequency and severity experienced will vary depending on changes in mix by class of insured risk. Similarly, the actual frequency and rate of recovery from reinsurance will vary depending on changes in the attachment point for reinsurance. In particular, in periods of high growth or expansion into new markets, there may be additional uncertainty in estimating the ultimate losses and LAE. The contributing factors of this potential risk are changes in the Company's mix by policy limit and mix of business by state or jurisdiction.

Actuaries use historical experience and trends as predictors of how losses and LAE will emerge over time. However, historical experience may not necessarily be indicative of how actual losses and LAE will emerge. Changes in case reserve adequacy, changes in minimum case reserves and changes in internal claims handling procedures could impact the timing and recognition of incurred claims and produce an estimate that is either too high or too low if not adjusted for by the actuary. For example, if, due to changes in claims handling procedures, actual claims are settled more rapidly than they were settled historically, the estimate produced by the paid loss development methodology would tend to be overstated if the actuary did not identify and adjust for the impact of the changes in claims handling procedures. Similarly, if, due to changes in claims handling procedures, actual claim reserves are set at levels higher than past experience, the estimate produced by the incurred loss development methodology would tend to be overstated if the actuary did not identify and adjust for the impact of the changes in claims handling procedures.

CRITICAL ACCOUNTING ESTIMATES (Continued)

The final step in the quarterly loss and LAE reserving process involves a comprehensive review of the actuarial indications by the Company's chief reserving actuary and corporate management who apply their collective judgment and determine the appropriate estimated level of reserves to record. Numerous factors are considered in this determination process, including, but not limited to, the assessed reliability of key loss trends and assumptions that may be significantly influencing the current actuarial indications, changes in claim handling practices or other changes that affect the timing of payment or development patterns, changes in the mix of business, the maturity of the accident quarter or year, pertinent trends observed over the recent past, the level of volatility within a particular line of business, the improvement or deterioration of actuarial indications in the current period as compared to prior periods, and the amount of reserves related to third party pools for which the Company does not have access to the underlying data and, accordingly, relies on calculations provided by such pools.

The Company's goal is to ensure that its total reserves for property and casualty insurance losses and LAE are adequate to cover all costs, while sustaining minimal variation from the time reserves for losses and LAE are initially estimated until losses and LAE are fully paid. Changes in the Company's estimates of these losses and LAE over time, also referred to as "development," will occur and may be material. Favorable development is recognized and reported in the Consolidated Financial Statements when the Company decreases its previous estimate of ultimate losses and LAE and results in an increase in net income in the period recognized, whereas adverse development is recognized and reported in the Consolidated Financial Statements when the Company increases its previous estimate of ultimate losses and LAE and results in a decrease in net income.

Although development will emerge in all of the Company's product lines, development in the Company's specialty personal automobile insurance product line could have the most significant impact due to the relative size of its loss and LAE reserves. To further illustrate the sensitivity of the Company's reserves for specialty personal automobile insurance losses and LAE, the Company measures the standard deviation of the mean reserve estimate using a bootstrapping methodology. The Company believes that one standard deviation of variability is a reasonably likely scenario to measure variability for its loss and LAE reserves for specialty personal automobile insurance. The Company estimates that its specialty personal automobile insurance loss and LAE reserves could have varied by \$41.8 million in either direction at December 31, 2024 for all accident years combined under this scenario. In addition to the factors described above, other factors may also impact loss reserve development in future periods. These factors include governmental actions, including court decisions interpreting existing laws, regulations or policy provisions, developments related to insurance policy claims and coverage issues, adverse or favorable outcomes in pending claims litigation, the number and severity of insurance claims, the impact of inflation on insurance claims and the impact of required participation in windpools and joint underwriting associations and residual market assessments.

Although the Company's actuaries do not make specific numerical assumptions about these factors, changes in these factors from past patterns will impact historical loss development factors and, in turn, future loss reserve development. Significant favorable changes in one or more factors will lead to favorable future loss reserve development, which could result in the actual loss developing closer to, or even below, the lower end of the Company's estimated reserve variability. Significant unfavorable changes in one or more factors will lead to unfavorable loss reserve development, which could result in the actual loss developing closer to, or even above, the higher end of the Company's estimated reserve variability. Accordingly, due to these factors and the other factors enumerated throughout the MD&A and the inherent limitations of the loss reserving estimation methodologies, the estimated and illustrated reserve variability may not necessarily be indicative of the Company's future reserve variability, which could ultimately be greater than the estimated and illustrated variability. In addition, as previously noted, development will emerge in all of the Company's product lines over time. Accordingly, the Company's future reserve variability could ultimately be greater than the illustrated variability. Additional information pertaining to the estimation of, and development of, the Company's Property and Casualty Insurance Reserves is contained in Item 1 of Part I of this 2024 Annual Report under the heading "Property and Casualty Loss and Loss Adjustment Expense Reserves."

Goodwill Recoverability

The Company tests goodwill for recoverability at the reporting unit level on an annual basis, or whenever events or circumstances indicate the fair value of a reporting unit may have declined below its carrying value.

During the second quarter of 2023, the Company identified impairment indicators impacting the fair value of the Preferred Property & Casualty Insurance business in connection with ongoing evaluation of strategic alternatives for the Preferred Insurance business. As a result, the business's fair value was determined using a combination of available market information, market comparisons and a discounted cash flow valuation method based on the present value of future earnings. The fair value calculated in the second quarter of 2023 was lower than the carrying value of the business, resulting in a pre-tax impairment

CRITICAL ACCOUNTING ESTIMATES (Continued)

charge of \$49.6 million and an after-tax impairment charge of \$45.5 million. See Note 15, “Goodwill and Intangibles,” for more information.

The Company performed a qualitative goodwill impairment assessment for all remaining reporting units with goodwill as of October 1, 2024. The qualitative assessment takes into consideration changes in the macroeconomic conditions, industry and market considerations, cost factors, overall financial performance, changes in management or key personnel, changes in strategy, events impacting reporting units, and changes in Kemper’s stock price since the last quantitative assessment, which was performed on October 1, 2022.

Recoverability of Deferred Tax Assets

The evaluation of the recoverability of deferred tax assets and the need for a valuation allowance requires the Company to weigh all positive and negative evidence to reach a conclusion whether it is more likely than not that all or some portion of the deferred tax asset will not be realized. The weight given to the evidence is commensurate with the extent to which it can be objectively verified. The more negative evidence that exists, the more positive evidence is necessary and the more difficult it is to support a conclusion that a valuation allowance is not needed.

When making such determination, the Company considers various factors, including:

- the nature, frequency, and amount of cumulative financial reporting income and losses in recent years;
- the jurisdiction in which the deferred tax asset was generated;
- the length of time that carryforward can be utilized in the relevant taxing jurisdictions;
- future taxable income exclusive of reversing temporary differences and carryforwards;
- future reversals of existing taxable temporary differences;
- taxable income in prior carryback years; and
- availability of tax planning strategies.

As a result of the analysis, the Company determined that a valuation allowance was required as of December 31, 2024 against certain foreign deferred tax assets which had been recorded during 2024.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Except for rules and interpretive releases of the SEC under authority of federal securities laws and a limited number of grandfathered standards, the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) is the sole source of authoritative GAAP recognized by the FASB that is applicable to the Company. The FASB issues Accounting Standards Updates (“ASUs”) to amend the authoritative literature in the FASB ASC.

The Company has adopted all recently issued accounting pronouncements with effective dates prior to January 1, 2025. See Note 2, “Summary of Accounting Policies and Accounting Changes” to the Consolidated Financial Statements for discussion on adoption of these ASUs and impacts to the Company’s financial statements. For all recently issued accounting pronouncements with effective dates after December 31, 2024, the Company is currently evaluating the impact of this guidance on its financial statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Quantitative Information About Market Risk

The Company's consolidated balance sheets include three types of financial instruments subject to the material market risk disclosures required by the SEC:

1. Investments in Fixed Maturities;
2. Investments in Equity Securities at Fair Value; and
3. Debt.

Investments in Fixed Maturities and Debt are subject to material interest rate risk. The Company's Investments in Equity Securities include common and preferred stocks and hedge funds and, accordingly, are subject to material equity price risk and interest rate risk.

For purposes of this disclosure, market risk sensitive financial instruments are divided into two categories: financial instruments acquired for trading purposes and financial instruments acquired for purposes other than trading. The Company's market risk sensitive financial instruments are generally classified as held for purposes other than trading. The Company has no significant holdings of financial instruments acquired for trading purposes. As of December 31, 2024, the Company had \$75.0 million notional amount of derivatives holdings.

The Company measures its sensitivity to market risk by evaluating the change in its financial assets and liabilities relative to fluctuations in interest rates and equity prices. The evaluation is made using instantaneous changes in interest rates and equity prices on a static balance sheet to determine the effect such changes would have on the Company's market value at risk and the resulting pre-tax effect on Shareholders' Equity. The changes chosen represent the Company's view of adverse changes which are reasonably possible over a one-year period. The selection of the changes chosen should not be construed as the Company's prediction of future market events, but rather an illustration of the impact of such possible events.

For the interest rate sensitivity analysis presented below, the Company assumed an adverse and instantaneous increase of 100 basis points in the yield curve at both December 31, 2024 and 2023 for Investments in Fixed Maturities. Such 100 basis point increase in the yield curve may not necessarily result in a corresponding 100 basis point increase in the interest rate for all investments in fixed maturities. For example, a 100 basis point increase in the yield curve for risk-free, taxable investments in fixed maturities may not result in a 100 basis point increase for tax-exempt investments in fixed maturities. For Investments in Fixed Maturities, the Company also anticipated changes in cash flows due to changes in the likelihood that investments would be called or prepaid prior to their contractual maturity. All other variables were held constant. For preferred stock equity securities, the Company assumed an adverse and instantaneous increase of 100 basis points in market interest rates from their levels at both December 31, 2024 and 2023. All other variables were held constant. For Debt, the Company assumed an adverse and instantaneous decrease of 100 basis points in market interest rates from their levels at December 31, 2024 and 2023. All other variables were held constant. The Company measured equity price sensitivity assuming an adverse and instantaneous 30% decrease in the Standard and Poor's Stock Index (the "S&P 500") from its level at December 31, 2024 and 2023, with all other variables held constant. The Company's investments in common stock equity securities were correlated with the S&P 500 using the portfolio's weighted-average beta of 0.34 and 0.35 at December 31, 2024 and 2023, respectively. Beta measures a stock's relative volatility in relation to the rest of the stock market, with the S&P 500 having a beta coefficient of 1.00. The Equity Securities at Fair Value portfolio's weighted-average beta was calculated using each security's assumed forward looking betas based on underlying investment characteristics weighted by the fair value of such securities as of December 31, 2024 and 2023. For equity securities without observable market inputs, the Company assumed a beta of 1.00 at December 31, 2024 and 2023.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk. (Continued)

The estimated adverse effects on the fair value of the Company's financial instruments at December 31, 2024 using these assumptions were:

<i><u>DOLLARS IN MILLIONS</u></i>	Fair Value	Pro Forma Increase (Decrease)		
		Interest Rate Risk	Equity Price Risk	Total Market Risk
ASSETS				
Investments in Fixed Maturities	\$ 6,411.3	\$ (456.2)	\$ —	\$ (456.2)
Investments in Equity Securities	218.5	(0.5)	(19.3)	(19.8)
LIABILITIES				
Debt	\$ 1,278.4	\$ 43.3	\$ —	\$ 43.3

The estimated adverse effects on the fair value of the Company's financial instruments at December 31, 2023 using these assumptions were:

<i><u>DOLLARS IN MILLIONS</u></i>	Fair Value	Pro Forma Increase (Decrease)		
		Interest Rate Risk	Equity Price Risk	Total Market Risk
ASSETS				
Investments in Fixed Maturities	\$ 6,883.6	\$ (513.5)	\$ —	(513.5)
Investments in Equity Securities	225.8	(0.6)	(21.5)	(22.1)
LIABILITIES				
Debt	\$ 1,213.4	\$ 50.6	\$ —	\$ 50.6

The market risk sensitivity analysis assumes that the composition of the Company's interest rate sensitive assets and liabilities, including, but not limited to, credit quality, and the equity price sensitive assets existing at the beginning of the period remains constant over the period being measured. It also assumes that a particular change in interest rates is uniform across the yield curve regardless of the time to maturity. Interest rates on certain types of assets and liabilities may fluctuate in advance of changes in market interest rates, while interest rates on other types may lag behind changes in market interest rates. Also, any future correlation, either in the near term or the long term, between the Company's common stock equity securities and fair value option portfolios and the S&P 500 may differ from the historical correlation as represented by the weighted-average historical beta of the common stock equity securities and fair value option portfolios. Accordingly, the market risk sensitivity analysis may not be indicative of, is not intended to provide, and does not provide, a precise forecast of the effect of changes of market rates on the Company's income or shareholders' equity. Further, the computations do not contemplate any actions the Company may undertake in response to changes in interest rates or equity prices.

To the extent that any adverse 100 basis point change occurs in increments over a period of time instead of instantaneously, the adverse impact on fair values would be partially mitigated because some of the underlying financial instruments would have matured. For example, proceeds from any maturing assets could be reinvested and any new liabilities would be incurred at the then current interest rates.

Qualitative Information About Market Risk

Market risk is a broad term related to economic losses due to adverse changes in the fair value of a financial instrument and is inherent to all financial instruments. SEC disclosure rules focus on only one element of market risk—price risk. Price risk relates to changes in the level of prices due to changes in interest rates, equity prices, foreign exchange rates or other factors that relate to market volatility of the rate, index, or price underlying the financial instrument. The Company's primary market risk exposures are to changes in interest rates and equity prices.

The Company manages its interest rate exposures with respect to Investments in Fixed Maturities by investing primarily in investment-grade securities of moderate effective duration.

Item 8. Financial Statements and Supplementary Data.

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Kemper Corporation and Subsidiaries**

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

<i>DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOUNTS</i>	For the Year Ended December 31,		
	2024	2023	2022
Revenues:			
Earned Premiums ¹	\$ 4,215.9	\$ 4,529.4	\$ 5,213.4
Net Investment Income	407.5	419.7	422.6
Change in Value of Alternative Energy Partnership Investments	2.3	2.9	(19.9)
Other Income	8.2	7.2	9.2
Change in Fair Value of Equity and Convertible Securities	(2.7)	4.7	(79.9)
Net Realized Investment Gains (Losses)	13.2	(18.6)	4.3
Impairment Losses	(5.8)	(1.1)	(25.8)
Total Revenues	4,638.6	4,944.2	5,523.9
Expenses:			
Policyholders' Benefits and Incurred Losses and Loss Adjustment Expenses ²	3,013.1	3,820.0	4,432.6
Insurance and Other Expenses	1,180.1	1,365.6	1,403.9
Loss from Early Extinguishment of Debt	—	—	3.7
Interest Expense	56.9	56.1	54.7
Goodwill Impairment	—	49.6	—
Total Expenses	4,250.1	5,291.3	5,894.9
Income (Loss) before Income Taxes	388.5	(347.1)	(371.0)
Income Tax Expense (Benefit)	76.0	(74.8)	(84.4)
Net Income (Loss)	312.5	(272.3)	(286.6)
Less: Net (Loss) Income attributable to Noncontrolling Interest	(5.3)	(0.2)	—
Net Income (Loss) attributable to Kemper Corporation	\$ 317.8	\$ (272.1)	\$ (286.6)
Net Income (Loss) attributable to Kemper Corporation Per Unrestricted Share:			
Basic	<u>\$ 4.95</u>	<u>\$ (4.25)</u>	<u>\$ (4.50)</u>
Diluted	<u>\$ 4.91</u>	<u>\$ (4.25)</u>	<u>\$ (4.50)</u>

¹ Includes a remeasurement loss related to the deferred profit liability within the Life Insurance business of \$7.2 million for the year ended December 31, 2024, a remeasurement loss of \$19.1 million for the year ended December 31, 2023, and a remeasurement gain of \$13.3 million for the year ended December 31, 2022.

² Includes a remeasurement gain related to the liability for future policyholder benefits within the Life Insurance business of \$19.2 million for the year ended December 31, 2024, a remeasurement gain of \$30.3 million for the year ended December 31, 2023, and a remeasurement loss of \$8.1 million for the year ended December 31, 2022.

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

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

<i><u>DOLLARS IN MILLIONS</u></i>	<u>For The Years Ended December 31,</u>		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
Net Income (Loss).....	\$ 312.5	\$ (272.3)	\$ (286.6)
Other Comprehensive Income (Loss) Before Income Taxes			
Changes in Unrealized (Losses) Gains on Investment Securities with:			
No Credit Losses Recognized in Consolidated Statements of Income (Loss).....	(198.7)	238.8	(1,551.1)
Credit Losses Recognized in Consolidated Statements of Income (Loss).....	(1.3)	(0.5)	1.9
Change in Unrecognized Postretirement Benefit Costs	(1.3)	59.2	18.9
(Loss) Gain on Cash Flow Hedges	(5.4)	(0.2)	5.9
Change in Discount Rate on Future Life Policyholder Benefits	278.0	(101.7)	1,380.7
Other Comprehensive Income (Loss) Before Income Taxes	71.3	195.6	(143.7)
Other Comprehensive Income Tax Expense (Benefit)	15.0	41.5	(30.4)
Other Comprehensive Income (Loss), Net of Taxes	56.3	154.1	(113.3)
Total Comprehensive Income (Loss)	368.8	(118.2)	(399.9)
Less: Net Loss attributable to Noncontrolling Interest	(5.3)	(0.2)	—
Less: Other Comprehensive Income attributable to Noncontrolling Interest	—	—	—
Less: Total Comprehensive Loss attributable to Noncontrolling Interest	(5.3)	(0.2)	—
Comprehensive Income (Loss) attributable to Kemper Corporation	<u>\$ 374.1</u>	<u>\$ (118.0)</u>	<u>\$ (399.9)</u>

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

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

<i>DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOUNTS</i>	December 31,	
	2024	2023
Assets:		
Investments:		
Fixed Maturities at Fair Value (Amortized Cost: 2024 - \$7,295.0; 2023 - \$7,565.8 Allowance for Credit Losses: 2024 - \$10.7; 2023 - \$8.2)	\$ 6,409.6	\$ 6,881.9
Equity Securities at Fair Value (Cost: 2024 - \$197.1; 2023 - \$209.3)	218.5	225.8
Equity Method Limited Liability Investments	186.3	221.7
Alternative Energy Partnership Investments	17.6	17.3
Short-term Investments at Cost which Approximates Fair Value	1,037.1	520.9
Company-Owned Life Insurance	539.2	513.5
Loans to Policyholders	280.7	281.2
Other Investments	199.5	241.9
Total Investments	8,888.5	8,904.2
Cash	64.4	64.1
Receivables from Policyholders (Allowance for Credit Losses: 2024 - \$2.9; 2023 - \$13.9)	977.9	959.5
Other Receivables	185.7	200.5
Deferred Policy Acquisition Costs	628.9	591.6
Goodwill	1,250.7	1,250.7
Current Income Tax Assets	63.4	64.5
Deferred Income Tax Assets	93.3	210.4
Other Assets	436.1	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
Short-term Investments at Cost which Approximates Fair Value	28.0	2.0
Cash	1.0	—
Receivables from Policyholders (Allowance for Credit Losses 2024 - \$—; 2023 - \$—)	8.2	0.7
Deferred Policy Acquisition Costs	1.1	0.1
Deferred Income Tax Assets	1.5	—
Other Assets	—	0.1
Total Assets	\$ 12,630.4	\$ 12,742.7

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

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

<i><u>DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOUNTS</u></i>	December 31,	
	2024	2023
Liabilities and Shareholders' Equity:		
Insurance Reserves:		
Life and Health	\$ 3,199.7	\$ 3,422.4
Property and Casualty	2,611.9	2,680.5
Total Insurance Reserves	5,811.6	6,102.9
Unearned Premiums	1,264.1	1,300.8
Policyholder Obligations	637.7	655.7
Deferred Income Tax Liabilities	14.8	50.6
Accrued Expenses and Other Liabilities	705.2	737.7
Long-term Debt, Current, at Amortized Cost	449.9	—
Long-term Debt, Non-current, at Amortized Cost	941.7	1,389.2
Liabilities of Consolidated Variable Interest Entity:		
Insurance Reserves	9.4	—
Unearned Premiums	11.2	0.5
Accrued Expenses and Other Liabilities	0.5	0.3
Total Liabilities	9,846.1	10,237.7
Kemper Corporation Shareholders' Equity:		
Common Stock, \$0.10 Par Value, 100,000,000 Shares Authorized; 63,840,442 Shares Issued and Outstanding at December 31, 2024 and 64,111,555 Shares Issued and Outstanding at December 31, 2023	6.4	6.4
Paid-in Capital	1,854.9	1,845.3
Retained Earnings	1,231.6	1,014.3
Accumulated Other Comprehensive Loss	(304.5)	(360.8)
Total Kemper Corporation Shareholders' Equity	2,788.4	2,505.2
Noncontrolling Interest	(4.1)	(0.2)
Total Shareholders' Equity	2,784.3	2,505.0
Total Liabilities and Shareholders' Equity	\$ 12,630.4	\$ 12,742.7

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

KEMPER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in Millions)

<i>DOLLARS IN MILLIONS</i>	For The Years Ended December 31,		
	2024	2023	2022
Cash Flows from Operating Activities:			
Net Income (Loss)	\$ 312.5	\$ (272.3)	\$ (286.6)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Net Realized Investment (Gains) Losses	(13.2)	18.6	(4.3)
Impairment Losses	5.8	1.1	25.8
Depreciation and Amortization of Property, Equipment, Software and Intangible Assets Acquired	53.7	58.6	70.9
Settlement Costs Related to Defined Benefit Pension Plan	(2.6)	70.2	—
Loss from Early Extinguishment of Debt	—	—	3.7
Change in Accumulated Undistributed Earnings of Equity Method Limited Liability Investments	31.1	(1.1)	(9.5)
Change in Value of Alternative Energy Partnership Investments	(2.3)	(2.9)	19.9
Change in Fair Value of Equity and Convertible Securities	2.7	(4.7)	79.9
Goodwill Impairment	—	49.6	—
Pension Plan assets reverted to the Company	13.1	—	—
Changes in:			
Receivables from Policyholders	(25.9)	326.4	129.4
Reinsurance Recoverables	7.0	12.1	(1.9)
Deferred Policy Acquisition Costs	(38.3)	43.9	14.2
Insurance Reserves	(2.3)	(30.8)	26.5
Unearned Premiums	(26.0)	(403.1)	(183.5)
Income Taxes	65.3	33.2	(83.6)
Other	2.3	(33.0)	(11.2)
Net Cash Provided by (Used in) Operating Activities	382.9	(134.2)	(210.3)
Cash Flows from Investing Activities:			
Proceeds from the Sales, Calls and Maturities of Fixed Maturities	1,316.5	673.0	1,295.5
Proceeds from the Sales or Paydowns of Investments:			
Equity Securities	37.8	149.0	536.0
Real Estate Investments	3.7	—	—
Mortgage Loans	121.6	95.2	91.3
Other Investments	21.8	18.3	52.1
Purchases of Investments:			
Fixed Maturities	(1,012.5)	(447.4)	(1,815.8)
Equity Securities	(19.4)	(44.4)	(58.9)
Real Estate Investments	(1.6)	(1.0)	(3.1)
Corporate-Owned Life Insurance	(3.5)	—	(110.0)
Mortgage Loans	(109.7)	(104.1)	(81.1)
Other Investments	(51.2)	(19.8)	(13.0)
Net (Purchases) Sales of Short-term Investments	(521.0)	(238.4)	6.1
Sales of Businesses, Net of Cash Disposed	—	—	14.8
Acquisition of Software and Long-lived Assets	(53.2)	(53.8)	(30.8)
Settlement Proceeds from Company-Owned Life Insurance	13.5	102.2	—
Other	12.8	(20.9)	8.5
Net Cash (Used in) Provided by Investing Activities	(244.4)	107.9	(108.4)

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

KEMPER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(Dollars in Millions)

<i>DOLLARS IN MILLIONS</i>	For The Years Ended December 31,		
	2024	2023	2022
Net Cash (Used in) Provided by Investing Activities (Carryforward from page 69)	(244.4)	107.9	(108.4)
Cash Flows from Financing Activities:			
Repayment of Long-term Debt	—	—	(280.0)
Proceeds from Issuance of 3.800% Senior Notes due February 23, 2032	—	—	396.3
Issuance Fees on 3.800% Senior Notes due February 23, 2032	—	—	(1.2)
Proceeds from Issuance of 5.875% Fixed-Rate Reset Junior Subordinated Debentures Due 2062	—	—	145.6
Issuance Fees on 5.875% Fixed-Rate Reset Junior Subordinated Debentures Due 2062	—	—	(0.9)
Proceeds from Policyholder Contract Obligations	102.2	123.3	335.5
Repayment of Policyholder Contract Obligations	(120.6)	(169.0)	(138.2)
Proceeds from Shares Issued under Employee Stock Purchase Plan	3.8	4.3	4.9
Common Stock Repurchases	(38.9)	—	—
Dividends Paid	(80.1)	(80.1)	(79.7)
Other	(3.6)	(0.5)	0.6
Net Cash (Used in) Provided by Financing Activities	(137.2)	(122.0)	382.9
Net increase (decrease) in cash ¹	1.3	(148.3)	64.2
Cash, Beginning of Year ¹	64.1	212.4	148.2
Cash, End of Year ¹	<u>\$ 65.4</u>	<u>\$ 64.1</u>	<u>\$ 212.4</u>

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

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

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION
(Dollars in Millions)

	For The Years Ended December 31,		
	2024	2023	2022
Cash (paid) received during the year for:			
Interest	\$ (54.5)	\$ (54.5)	\$ (51.5)
Taxes	(11.2)	106.7	(0.7)
Operating Leases	(21.6)	(25.4)	(24.0)
Non-Cash Activities:			
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 9.5	\$ 13.8	\$ 9.7
Real estate acquired via mortgage loan foreclosure	10.9	—	—

KEMPER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

For the Year Ended December 31, 2024, 2023 and 2022

<i>DOLLARS AND SHARES IN MILLIONS, EXCEPT PER SHARE AMOUNTS</i>	Number of Shares	Common Stock	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total Shareholders' Equity
BALANCE, JANUARY 1, 2022 ..	63.7	\$ 6.4	\$ 1,790.7	\$ 1,734.2	\$ (401.6)	\$ —	\$ 3,129.7
Net Loss	—	—	—	(286.6)	—	—	(286.6)
Other Comprehensive Loss, Net of Taxes (Note 17)	—	—	—	—	(113.3)	—	(113.3)
Cash Dividends and Dividend Equivalents to Shareholders (\$1.24 per share)	—	—	—	(80.4)	—	—	(80.4)
Shares Issued Under Employee Stock Purchase Plan (Note 18)	0.1	—	4.9	—	—	—	4.9
Equity-based Compensation Cost (Note 22)	—	—	17.7	—	—	—	17.7
Equity-based Awards, Net of Shares Exchanged (Note 22)	0.1	—	(0.6)	(0.8)	—	—	(1.4)
BALANCE, DECEMBER 31, 2022	63.9	\$ 6.4	\$ 1,812.7	\$ 1,366.4	\$ (514.9)	\$ —	\$ 2,670.6
Net Loss	—	—	—	(272.1)	—	(0.2)	(272.3)
Other Comprehensive Income, Net of Taxes (Note 17)	—	—	—	—	154.1	—	154.1
Cash Dividends and Dividend Equivalents to Shareholders (\$1.24 per share)	—	—	—	(80.1)	—	—	(80.1)
Shares Issued Under Employee Stock Purchase Plan (Note 18)	0.1	—	4.3	—	—	—	4.3
Equity-based Compensation Cost (Note 22)	—	—	29.0	—	—	—	29.0
Equity-based Awards, Net of Shares Exchanged (Note 22)	0.1	—	(0.7)	0.1	—	—	(0.6)
BALANCE, DECEMBER 31, 2023	64.1	\$ 6.4	\$ 1,845.3	\$ 1,014.3	\$ (360.8)	\$ (0.2)	\$ 2,505.0
Net Income	—	—	—	317.8	—	(5.3)	312.5
Other Comprehensive Income, Net of Taxes (Note 17)	—	—	—	—	56.3	—	56.3
Cash Dividends and Dividend Equivalents to Shareholders (\$1.24 per share)	—	—	—	(80.1)	—	—	(80.1)
Repurchases of Common Stock (Note 18)	(0.6)	—	(18.5)	(20.4)	—	—	(38.9)
Shares Issued Under Employee Stock Purchase Plan (Note 18)	—	—	3.8	—	—	—	3.8
Equity-based Compensation Cost (Note 22)	—	—	29.2	—	—	—	29.2
Equity-based Awards, Net of Shares Exchanged (Note 22)	0.4	—	(4.9)	—	—	—	(4.9)
Other Changes in Non-Controlling Interest	—	—	—	—	—	1.4	1.4
BALANCE, DECEMBER 31, 2024	<u>63.9</u>	<u>\$ 6.4</u>	<u>\$ 1,854.9</u>	<u>\$ 1,231.6</u>	<u>\$ (304.5)</u>	<u>\$ (4.1)</u>	<u>\$ 2,784.3</u>

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

NOTE 1. BASIS OF PRESENTATION AND SIGNIFICANT ESTIMATES

The Consolidated Financial Statements include the accounts of Kemper Corporation (“Kemper”) and its subsidiaries which include property and casualty insurance subsidiaries, life insurance subsidiaries, a health insurance subsidiary through the date of its sale of December 1, 2022 (collectively referred to herein as the “Company”), and a variable interest entity (“VIE”) in which the Company is considered the primary beneficiary. The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”). All intercompany accounts and transactions have been eliminated.

Periodically, Kemper may acquire an additional company which then becomes one of the various subsidiaries of Kemper. When an acquisition occurs, Kemper will include the results of the acquired company in the consolidated financial results from the date of its acquisition and forward. When a disposition occurs, Kemper will include the results of the disposed subsidiary in the consolidated financial results up to the date of sale.

In 2024, the Company elected to begin displaying Interest Expense as its own line item in the Consolidated Statements of Income (Loss). Other Expenses, previously reported within Interest and Other Expenses, is now combined with Insurance Expenses and reported as Insurance and Other Expenses within the Consolidated Statements of Income (Loss). Prior period amounts in the financial statements have been recasted to reflect the Company’s updated presentation.

Use of Estimates

The preparation of financial statements in conformity 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. Many of these estimates and assumptions are common in the insurance and financial services industries; others are specific to the Company’s business and operations. Actual results could differ materially from those estimates and assumptions.

The fair values of the Company’s Investments in Fixed Maturities, Investments in Convertible Securities at Fair Value, Investments in Equity Securities at Fair Value and Debt are estimated using a hierarchical framework which prioritizes and ranks market price observability of inputs used in fair value measurements. The carrying amounts reported in the Consolidated Balance Sheets approximate fair value for Cash, Short-term Investments and certain other assets and other liabilities because of their short-term nature. The actual value at which financial instruments could be sold or settled with a willing buyer or seller may differ from estimated fair values depending on a number of factors, including, but not limited to, current and future economic conditions, the quantity sold or settled, the presence of an active market and the availability of a willing buyer or seller.

The Company’s portfolio also includes investments in Alternative Energy Partnerships that are accounted for under the Hypothetical Liquidation at Book Value (“HLBV”) method. Under the HLBV method, the amounts of income and loss attributed to investors reflect changes in the amounts the fund investors would hypothetically receive at each balance sheet date under the liquidation provisions of the contractual agreements of these funds. Attributing income and loss under the HLBV method requires the use of significant assumptions and forecasts to calculate the amounts that fund investors would receive upon a hypothetical liquidation.

The process of estimating and establishing reserves for losses and loss adjustment expenses (“LAE”) for property and casualty insurance is inherently uncertain, and the actual ultimate net cost of known and unknown claims may vary materially from the estimated amounts reserved. The reserving process is particularly imprecise for claims involving long-tailed exposures, which may not be discovered or reported until years after the insurance policy period has ended. Management considers a variety of factors, including, but not limited to, past claims experience, current claim trends and relevant legal, economic and social conditions, in estimating reserves. A change in any one or more factors is likely to result in the ultimate net claim costs differing from the estimated reserve. Changes in such estimates may be material and would be recognized in the Consolidated Financial Statements when such estimates change.

The process of determining whether an asset is impaired or recoverable relies on projections of future cash flows, operating results and market conditions. Projections are inherently uncertain, and, accordingly, actual future cash flows and operating results may differ materially from those projected. As a result, the Company’s assessment of the impairment of long-lived assets and recoverability of deferred tax assets is susceptible to the risk inherent in making such projections.

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 2. SUMMARY OF ACCOUNTING POLICIES AND ACCOUNTING CHANGES

Investments

Investments in Fixed Maturities include bonds, notes and redeemable preferred stocks. Investments in Fixed Maturities are classified as available for sale and reported at fair value. Net Investment Income, including amortization of purchased premiums and accretion of market discounts, on Investments in Fixed Maturities is recognized as interest over the period that it is earned using the effective yield method. Unrealized appreciation or depreciation, net of applicable deferred income taxes, on fixed maturities classified as available for sale is reported in Accumulated Other Comprehensive (Loss) Income (“AOCI”) included in Shareholders’ Equity.

Equity investments include common stocks, non-redeemable preferred stocks, exchange traded funds, money market mutual funds and limited liability companies, and investment partnerships in which the Company’s interests are deemed minor. Equity investments with readily determinable fair values are recorded as Equity Securities at Fair Value on the Consolidated Balance Sheets. Equity investments without readily determinable fair values are recorded as Equity Securities at Fair Value on the Consolidated Balance Sheets using the net asset value (“NAV”) per share practical expedient for estimating fair value. The changes in the fair value of such equity securities are reported as Change in Fair Value of Equity and Convertible Securities in the Consolidated Statements of Income (Loss). Dividend income on investments in common and non-redeemable preferred stocks is recognized on the ex-dividend date.

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 whereby changes in net asset values are recorded in Net Investment Income in the Consolidated Statements of Income (Loss). Partnerships for which results are not available on a timely basis are reported on a lag.

Investments in Alternative Energy Partnerships are measured using the HLBV method of equity method accounting whereby changes in the estimated amount the Company would receive upon the liquidation and distribution of the equity investment’s net assets are recorded in Net Investment Income. Tax credits allocated from investments in Alternative Energy Partnerships are recognized using the flow-through method, where credits are recorded as a reduction to tax expense in the period earned. Differences in the basis calculated under tax law and GAAP are recognized using the income statement approach, where basis differences are recorded to Income Tax Expense (Benefit) immediately, rather than deferred as adjustments to the carrying value of the asset. Partnerships for which results are not available on a timely basis are reported on a lag.

Short-term Investments include certificates of deposit and other fixed maturities that mature within one year from the date of purchase, U.S. Treasury bills, money market mutual funds and overnight interest-bearing accounts. Short-term Investments are reported at cost, which approximates fair value.

Company-Owned Life Insurance (“COLI”) is reported at cash surrender value with changes due to cost of insurance and investment experience reported in Net Investment Income in the Consolidated Statements of Income (Loss).

Loans to Policyholders are carried at unpaid principal balance.

Other Investments primarily include Equity Securities at Modified Cost, Convertible Securities at Fair Value, Real Estate, and Mortgage Loans. Equity Securities at Modified Cost do not have readily determinable fair values and are held at cost, less impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or similar investment of the same issuer. Investments in Convertible Securities include fixed maturities with equity conversion features. The Company has elected the fair value option method of accounting for investments in Convertible Securities and records Convertible Securities at fair value on the Consolidated Balance Sheets. Real Estate is carried at cost, net of accumulated depreciation. Real Estate is depreciated over the estimated useful life of the asset using the straight-line method of depreciation. Real Estate is evaluated for impairment when events or circumstances indicate the carrying value may not be recoverable. An impairment loss on real estate is recognized when the carrying value exceeds the sum of undiscounted projected future cash flows as well as the fair value, or, in the case of a property classified as held for sale, when the carrying value exceeds the fair value, net of costs to sell. Mortgage Loans are carried at amortized cost, net of a reserve for expected credit losses as applicable.

Investments in Fixed Maturities - Impairment Losses

For fixed maturity investments that the Company intends to sell or for which it is more likely than not that the Company will be required to sell before an anticipated recovery of value, the full amount of the impairment is reported in Impairment

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 2. SUMMARY OF ACCOUNTING POLICIES AND ACCOUNTING CHANGES (Continued)

Losses. The Company writes down the investment's amortized cost to its fair value, and will not adjust for any subsequent recoveries.

For fixed maturity investments that the Company does not intend to sell or for which it is more likely than not that the Company will not be required to sell before an anticipated recovery of value, the Company will evaluate whether a decline in fair value below the amortized cost basis has occurred from a credit loss or other factors (non-credit related). Considerations in the credit loss assessment include (1) extent to which the fair value has been less than amortized cost, (2) conditions related to the security, an industry, or a geographic area, (3) payment structure of the investment and the likelihood of the issuer's ability to make contractual cash flows, (4) defaults or other collectability concerns related to the issuer, (5) changes in the ratings assigned by a rating agency and (6) other credit enhancements that affect the investment's expected performance.

Any increase or decrease in the expected allowance for credit losses related to investments is recognized in Impairment Losses. The expected allowance for credit losses is limited by the amount that the fair value is less than the amortized cost basis and is adjusted for any additional expected credit losses or subsequent recoveries. The amortized cost basis of the investment is not adjusted for the expected allowance for credit loss. The impairment related to other factors (non-credit related) is reported in Other Comprehensive Income (Loss), net of income taxes.

The Company reports accrued investment income separately for available-for-sale fixed maturity securities and has elected not to measure an allowance for credit losses on accrued investment income. Accrued investment income is written off through Impairment Losses at the time the issuer of the bond defaults or is expected to default on interest payments.

Fair Value Measurements

The Company uses a hierarchical framework which prioritizes and ranks the market observability of inputs used in fair value measurements. Market price observability is affected by a number of factors, including the type of asset or liability and the characteristics specific to the asset or liability being measured. Assets and liabilities with readily available, active, quoted market prices or for which fair value can be measured from actively quoted prices generally are deemed to have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. The Company classifies the inputs used to measure fair value into one of three levels as follows:

- Level 1 — Quoted prices in an active market for identical assets or liabilities;
- Level 2 — Observable inputs other than Level 1, quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, and model-derived prices whose inputs are observable or whose significant value drivers are observable; and
- Level 3 — Significant unobservable inputs for the asset or liability being measured.

Observable inputs are based on market data obtained from independent sources, while unobservable inputs are based on the Company's market assumptions. Unobservable inputs require significant management judgment or estimation. In some cases, the inputs used to measure an asset or liability may fall into different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level of input that is significant to the entire measurement. Such determination requires significant management judgment.

Deferred Policy Acquisition Costs

Costs directly associated with the successful acquisition of business, principally commissions and certain premium taxes and policy issuance costs, are deferred. Commissions for servicing policies are expensed as incurred, rather than deferred and amortized. Costs deferred on property and casualty insurance contracts and short-duration health insurance contracts are amortized over the period in which premiums are earned. Deferred costs on traditional life insurance products and other long duration insurance contracts are grouped by contract type and issue year into cohorts consistent with the grouping used in estimating the associated liability. These deferred costs are amortized on a constant level basis for grouped contracts over the expected term of the related contracts to approximate straight-line amortization. The expected term of the contract used for amortization is determined using mortality and termination assumptions that are based on the Company's experience, industry data, and other factors and are consistent with those used for the liability for future policyholder benefits. If those projected assumptions change in future periods, they will be reflected in the straight-line amortization horizon at that time. Unexpected terminations, due to higher mortality and termination experience than expected, are recognized in the current period as a reduction of the capitalized balances. Amortization of deferred policy acquisition costs is included in Insurance and Other Expenses in the Consolidated Statements of Income (Loss).

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 2. SUMMARY OF ACCOUNTING POLICIES AND ACCOUNTING CHANGES (Continued)

Deferred Profit Liability

For limited-payment life products, gross premiums received in excess of net premiums are deferred at initial recognition as a deferred profit liability (“DPL”). Gross premiums are measured using assumptions consistent with those used in the measurement of the liability for future policyholder benefits, including discount rate, mortality, lapses, and expenses.

The DPL is amortized and recognized as premium revenue in proportion to insurance in force for nonparticipating limited-payment contracts. Interest is accreted on the balance of the DPL using the discount rate determined at contract issuance. The Company reviews and updates its estimates of cash flows for the DPL at the same time as the estimates of cash flows for the liability for future policyholder benefits. When cash flows are updated, the updated estimates are used to recalculate the DPL at contract issuance. The recalculated DPL as of the beginning of the current reporting period is compared to the carrying amount of the DPL as of the beginning of the current reporting period, and any difference is recognized as either an increase or decrease to Earned Premiums.

Goodwill

The cost of an acquired entity over the fair value of net assets acquired is reported as Goodwill. Goodwill is not amortized, but rather is tested for recoverability annually or when certain triggering events require testing.

Insurance Reserves

Reserves for losses and LAE on property and casualty insurance coverage and health insurance coverage represent the estimated claim cost and loss adjustment expense necessary to cover the ultimate net cost of investigating and settling all losses incurred and unpaid at the end of any given accounting period. Such estimates are based on individual case estimates for reported claims and estimates for incurred but not reported (“IBNR”) losses, including expected development on reported claims. These estimates are adjusted in the aggregate for ultimate loss expectations based on historical experience patterns and current economic trends, with any change in the estimated ultimate liabilities being reported in the Consolidated Statements of Income (Loss) in the period of change. Changes in such estimates may be material.

For life insurance products, the liability for future policyholder benefits is the present value of estimated future policyholder benefits to be paid to or on behalf of policyholders and certain related expenses, less the present value of estimated future net premiums to be collected from policyholders. The liability is estimated using current assumptions that include discount rate, mortality, lapses and expenses. These current assumptions are based on judgments that consider the Company’s historical experience, industry data, and other factors. The liability is adjusted for differences between actual and expected experience. The Company reviews and updates its estimate of cash flows expected over the lifetime of a group of contracts using actual historical experience quarterly and current future cash flow assumptions at least annually to calculate its revised net premium ratio. The revised net premium ratios are then used to calculate an updated liability for future policyholder benefits for the current reporting period, discounted at the original contract issuance discount rate. The Company has elected to use expense assumptions that are locked in at contract inception and are not subsequently reviewed or updated. Resulting changes in the liability due to differences in actual versus expected experience, changes in current cash flow assumptions, and prefunding and payout of benefits compared to the carrying amount of the liability as of that same date are recorded as a separate component of benefit expense in the Consolidated Statements of Income (Loss).

When a cohort’s present value of future net premiums exceeds the present value of future benefits, a “flooring” adjustment is required. The flooring adjustment ensures that the liability for future policy benefits for each cohort is not less than zero, and is reported in Net Income (Loss) or Other Comprehensive Income (Loss), depending on whether the flooring relates to the future policy benefits discounted at the locked-in discount rate versus the current upper-medium grade discount rate, respectively.

The current discount rate assumption is an equivalent spot rate curve of annually compounded rates at monthly increments that is derived based on A-credit rated fixed-income instruments reflecting the duration characteristics of the liability. The Company utilizes published corporate yield curves from Bloomberg’s BVAL Investment Grade Corporate Sector curve. The discount rate assumption is updated quarterly and used to remeasure the liability at the reporting date, with the resulting change reflected in Other Comprehensive Income (Loss). For liability cash flows that are projected beyond the maximum observable point on the yield curve, the yield grades to an ultimate forward rate.

Insurance Reserves for life insurance products are comprised of reserves for future policy benefits plus an estimate of the Company’s liability for unpaid life insurance claims and claims adjustment expenses, which includes an estimate for IBNR life insurance claims. The Company utilizes the database of reported deaths maintained by the Social Security Administration or

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 2. SUMMARY OF ACCOUNTING POLICIES AND ACCOUNTING CHANGES (Continued)

other comparable database (a “Death master File” or “DMF”) to identify potential situations where the Company has yet to be notified of an insured’s death and, as appropriate, initiating an outreach process to identify and contact beneficiaries and settle claims.

Policyholder Obligations

Policyholder Obligations include Federal Home Loan Bank (“FHLB”) funding agreements used for spread lending purposes and universal life-type policyholder contracts and are stated at account balances.

Receivables from Policyholders - Allowance for Expected Credit Losses

The allowance for credit losses is a valuation account that is deducted from the receivables from policyholders based on the net amount expected to be collected on the insurance contract. Receivables from policyholders are charged off against the allowance when management believes the receivable is uncollectible. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off.

Management estimates the allowance using relevant available information, from internal and external sources, related to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience on the receivables from policyholders provide the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for differences in current environmental conditions, primarily unemployment rates that could impact an insured’s ability to pay premiums.

Other Receivables

Other Receivables primarily include reinsurance recoverables, accrued investment income, and receivables from limited liability investments and investments in partnerships. Reinsurance Recoverables were \$24.3 million and \$27.8 million at December 31, 2024 and 2023, respectively. Accrued Investment Income was \$81.9 million and \$88.4 million at December 31, 2024 and 2023, respectively. Receivables from limited liability investments and investments in partnerships were \$0.3 million and \$0.0 million at December 31, 2024 and 2023, respectively.

Other Assets

Other Assets primarily include property and equipment, internal use software, right-of-use assets, insurance licenses acquired in business combinations, other intangible assets acquired in a business combination and prepaid expenses. Property and equipment is depreciated over the useful lives of the assets, generally using the straight-line or double declining balance methods of depreciation depending on the asset involved. Internal use software is amortized over the useful life of the asset using the straight-line method of amortization and is evaluated for recoverability upon identification of impairment indications. Insurance licenses acquired in business combinations and other indefinite life intangibles are not amortized, but rather tested periodically for recoverability.

The Company accounts for the value of business acquired (“VOBA”) based on actuarial estimates of the present value of future cash flows embedded in insurance in force as of an acquisition date. VOBA was \$12.1 million and \$13.8 million at December 31, 2024 and 2023, respectively. VOBA is amortized over the expected profit emergence period of the policies in force as of the acquisition date. The Company evaluates VOBA assets for recoverability annually.

The Company accounts for the future profits embedded in customer relationships (“Customer Relationships”) acquired based on the present value of estimated future cash flows from such relationships. Customer Relationships were \$1.5 million and \$1.7 million at December 31, 2024 and 2023, respectively, and are amortized on a straight-line basis over the estimated useful life of the relationship. Customer Relationships are tested for recoverability using undiscounted projections of future cash flows and are written down to estimated fair value if the carrying value exceeds the sum of such projections of undiscounted cash flows.

The Company accounts for the present value of the future profits embedded in broker or agent relationships acquired (“Agent Relationships”) based on the present value of estimated future cash flows from such acquired relationships or, using the cost recovery method, which estimates the ultimate cost to build a comparable distribution network. Agent Relationships were \$37.7 million and \$43.4 million at December 31, 2024 and 2023, respectively, and are amortized on a straight-line basis over the estimated useful life of the relationship. Agent Relationships are tested for recoverability using undiscounted projections of

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 2. SUMMARY OF ACCOUNTING POLICIES AND ACCOUNTING CHANGES (Continued)

future cash flows and are written down to estimated fair value if the carrying value exceeds the sum of such projections of undiscounted cash flows.

Accrued Expenses and Other Liabilities

Accrued Expenses and Other Liabilities primarily include drafts payable, accrued salaries and commissions, postretirement medical benefits, lease liability and accrued taxes, licenses and fees.

Recognition of Earned Premiums and Related Expenses

Property and casualty insurance and short-duration health insurance premiums are deferred when written and recognized and earned ratably over the periods to which the premiums relate. Unearned Premiums represent the portion of the premiums written related to the unexpired portion of policies in force which has been deferred and is reported as a liability. The Company performs a premium deficiency analysis typically at a business level, namely Specialty Property & Casualty Insurance and Non-Core Operations, which is consistent with the manner in which the Company acquires and services policies and measures profitability. Anticipated investment income is included in this analysis. A premium deficiency is recognized when the sum of expected claim costs, claim adjustment expenses, unamortized deferred policy acquisition costs and maintenance costs exceeds the related unearned premiums by first reducing related deferred policy acquisition costs to an amount, but not below zero, at which the premium deficiency would not exist. If a premium deficiency remains after first reducing deferred policy acquisition costs, a premium deficiency reserve is established and reported as a liability in the Consolidated Financial Statements.

Traditional life insurance premiums are recognized as revenue when due. Policyholders' benefits are associated with related premiums to result in recognition of profits over the periods for which the benefits are provided using the net level premium method.

Policyholders' Benefits and Incurred Losses and Loss Adjustment Expenses include provisions for future policy benefits under life and certain accident and health insurance contracts and provisions for reported claims, estimates for IBNR claims and loss adjustment expenses. Benefit payments in excess of policy account balances are expensed.

Reinsurance

In the normal course of business, Kemper's insurance subsidiaries reinsure certain risks above certain retention levels with other insurance enterprises. These reinsurance agreements do not relieve Kemper's insurance subsidiaries of their legal obligations to the policyholder. Amounts recoverable from reinsurers are included in Other Receivables.

Gains related to long-duration reinsurance contracts are deferred and amortized over the life of the underlying reinsured policies. Losses related to long-duration reinsurance contracts are recognized immediately. Any gain or loss associated with reinsurance agreements for which Kemper's insurance subsidiaries have been legally relieved of their obligations to the policyholder is recognized in the period of relief.

Income Taxes

Deferred income tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. A valuation allowance, if any, is maintained for the portion of deferred income tax assets that the Company does not expect to recover. Increases, if any, in the valuation allowance for deferred income tax assets are recognized as Income Tax Expense (Benefit). Decreases, if any, in the valuation allowance for deferred income tax assets are generally recognized as income tax benefit. The effect on deferred income tax assets and liabilities of a change in tax law including a change in tax rates is recognized in income from operations in the period in which the change is enacted.

The Company reports a liability for unrecognized tax benefits, if any, resulting from uncertain tax positions taken, or expected to be taken, in an income tax return, if any. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits in Income Tax Expense (Benefit).

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 2. SUMMARY OF ACCOUNTING POLICIES AND ACCOUNTING CHANGES (Continued)

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.

Noncontrolling Interests

Noncontrolling interest is the portion of equity (net assets) not attributable, directly or indirectly, to a parent. The Company has no ownership interest in Kemper Reciprocal, but consolidates it as the Company is considered the primary beneficiary.

Adoption of New Accounting Guidance

The Company has adopted all recently issued accounting pronouncements with effective dates prior to January 1, 2025.

Guidance Adopted in 2024

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 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 adopted this ASU and has included all required information in the Notes to the Consolidated Financial Statements.

Guidance Not Yet Adopted

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 Consolidated Financial Statements. The Company will continue to evaluate the impact of this guidance on its consolidated financial statements.

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,

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 2. SUMMARY OF ACCOUNTING POLICIES AND ACCOUNTING CHANGES (Continued)

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 ending 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.

In November 2024, the FASB issued ASU 2024-03 *Disaggregation of Income Statement Expenses*, which requires companies to disclose, within the financial statement footnotes, the amount of inventory purchases, employee compensation, depreciation, intangible asset amortization and depreciation, depletion, and amortization recognized as part of oil- and gas-producing activities that contribute to each income statement expense line item, as well as the amount of selling expenses incurred during each reporting period. ASU 2024-03 is effective for annual periods beginning after December 15, 2026 and interim periods within fiscal years beginning after December 15, 2027. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

NOTE 3. 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 years ended December 31, 2024, 2023 and 2022 is presented below.

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<i>DOLLARS IN MILLIONS</i>			
Net Income (Loss) attributable to Kemper Corporation	\$ 317.8	\$ (272.1)	\$ (286.6)
<i>SHARES IN THOUSANDS</i>			
Weighted-average Unrestricted Shares Outstanding	64,179.5	64,025.6	63,825.5
Equity-based Compensation Equivalent Shares	596.5	—	—
Weighted-average Unrestricted Shares and Equivalent Shares Outstanding Assuming Dilution	<u>64,776.0</u>	<u>64,025.6</u>	<u>63,825.5</u>
Net Income (Loss) attributable to Kemper Corporation per Unrestricted Share:			
<i>PER UNRESTRICTED SHARE IN WHOLE DOLLARS</i>			
Basic Net Income (Loss) Per Unrestricted Share	<u>\$ 4.95</u>	<u>\$ (4.25)</u>	<u>\$ (4.50)</u>
Diluted Net Income (Loss) Per Unrestricted Share	<u>\$ 4.91</u>	<u>\$ (4.25)</u>	<u>\$ (4.50)</u>

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 1.4 million, 3.6 million, and 2.4 million for the years ended December 31, 2024, 2023, and 2022, respectively.

NOTE 4. DISPOSITIONS

Disposition of Reserve National Insurance Company

In July 2022, the Company entered into a definitive agreement to sell Reserve National Insurance Company and its wholly-owned subsidiaries (collectively, “Reserve National”) to Medical Mutual of Ohio for approximately \$90.0 million in total consideration. The sale closed on December 1, 2022 and a loss of \$1.6 million, net of income tax, was recorded for the year ended December 31, 2022. The Company reported Reserve National’s results of operations in the Life Insurance segment through December 1, 2022.

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NOTE 4. DISPOSITIONS (Continued)

The following table summarizes the assets and liabilities included in the sale on December 1, 2022:

(Dollars in millions)	Dec 1, 2022
Assets:	
Investments:	
Fixed Maturities at Fair Value (Amortized Cost: \$43.3)	\$ 36.7
Short-term Investments at Cost which Approximates Fair Value	0.7
Loans to Policyholders	0.7
Total Investments	38.1
Cash	81.0
Receivables from Policyholders	2.6
Other Receivables	1.6
Deferred Policy Acquisition Costs	38.7
Goodwill	0.3
Other Assets	3.1
Investment in Subsidiaries	0.2
Total Assets	<u>\$ 165.6</u>
Liabilities:	
Insurance Reserves:	
Health Insurance Reserves	\$ 48.2
Unearned Premiums	10.8
Deferred Income Tax Liabilities	1.8
Accrued Expenses and Other Liabilities	13.8
Total Liabilities	<u>\$ 74.6</u>

NOTE 5. 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 personal 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 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 the Company expects to fully exit.

Segment Adjusted Net Operating Income (Loss)

The Company analyzes the operating performance of each segment using segment adjusted net operating income (loss). Segment adjusted net operating income (loss) does not equate to "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"), our President and CEO, to evaluate segment performance and allocate resources, and consistent with authoritative guidance, is the measure of segment performance presented below. Segment adjusted net operating income (loss) is calculated by adjusting each segment's income (loss) after income taxes for the following items:

- (i) Change in Fair Value of Equity and Convertible Securities;
- (ii) Net Realized Investment Gains (Losses);
- (iii) Impairment Losses;

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 5. BUSINESS SEGMENTS (Continued)

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

The Company's earned premiums are derived in the United States. The accounting policies of the segments are the same as those described in Note 2, "Summary of Accounting Policies and Accounting Changes," to the Consolidated Financial Statements. Capital expenditures for long-lived assets by operating segment are immaterial.

It is the Company's management practice to allocate certain corporate expenses, primarily compensation costs for corporate employees and related facility costs, included in Insurance and Other Expenses in the Consolidated Statements of Income (Loss) to its insurance operations. Expenses are allocated based upon specific metrics associated with each business, including but not limited to claim counts, headcount, and budgeted premium. The Company does not allocate (Loss) Income from Change in Fair Value of Equity and Convertible Securities, Net Realized Investment Gains (Losses), Impairment Losses, Acquisition and Disposition Related Transaction, Integration, Restructuring and Other Costs, Debt Extinguishment, Pension Settlement and Other Charges, Goodwill Impairment Charge, Non-Core Operations, and Significant non-recurring or infrequent items that may not be indicative of ongoing operations to its operating segments.

Total Segment, Non-Core Operations, and Corporate and Other assets at December 31, 2024, 2023, and 2022 were:

<i>DOLLARS IN MILLIONS</i>	2024	2023	2022
Segment Assets:			
Specialty Property & Casualty Insurance ¹	\$ 6,352.9	\$ 6,145.9	\$ 6,535.3
Life Insurance	4,731.7	4,898.1	5,008.0
Total Segment Assets	11,084.6	11,044.0	11,543.3
Corporate and Other	774.7	623.7	545.4
Non-Core Operations	771.1	1,075.0	1,224.9
Total Assets ¹	<u>\$12,630.4</u>	<u>\$12,742.7</u>	<u>\$13,313.6</u>

¹Includes \$41.5 million and \$4.6 million attributable to Kemper Reciprocal as of December 31, 2024 and 2023, respectively, which is reported as a consolidated variable interest entity.

Earned Premiums by product line for the years ended December 31, 2024, 2023 and 2022 were:

<i>DOLLARS IN MILLIONS</i>	2024	2023	2022
Specialty Property & Casualty Insurance:			
Personal Automobile	\$ 2,851.4	\$ 2,977.8	\$ 3,496.7
Commercial Automobile	725.0	654.7	549.7
Total Specialty Property & Casualty Insurance	3,576.4	3,632.5	4,046.4
Life Insurance:			
Life	328.1	319.2	352.8
Accident and Health	22.3	23.1	168.2
Property	43.5	45.3	50.5
Total Life Insurance	393.9	387.6	571.5
Total Segment Earned Premiums	3,970.3	4,020.1	4,617.9
Non-Core Operations	245.6	509.3	595.5
Total Earned Premiums	<u>\$ 4,215.9</u>	<u>\$ 4,529.4</u>	<u>\$ 5,213.4</u>

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 5. BUSINESS SEGMENTS (Continued)

Segment Revenues, including a reconciliation to Total Revenues, for the years ended December 31, 2024, 2023 and 2022 were:

<i>DOLLARS IN MILLIONS</i>	2024	2023	2022
Segment Revenues:			
Specialty Property & Casualty Insurance:			
Earned Premiums	\$ 3,576.4	\$ 3,632.5	\$ 4,046.4
Net Investment Income	189.6	168.3	140.7
Change in Value of Alternative Energy Partnership Investments	1.4	1.6	(9.9)
Other Income	4.7	4.5	6.0
Total Specialty Property & Casualty Insurance	<u>3,772.1</u>	<u>3,806.9</u>	<u>4,183.2</u>
Life Insurance:			
Earned Premiums	393.9	387.6	571.5
Net Investment Income	170.6	193.4	216.5
Change in Value of Alternative Energy Partnership Investments	0.6	0.7	(5.3)
Other Income	0.5	(0.2)	(0.6)
Total Life Insurance	<u>565.6</u>	<u>581.5</u>	<u>782.1</u>
Total Segment Revenues	<u>4,337.7</u>	<u>4,388.4</u>	<u>4,965.3</u>
Change in Fair Value of Equity and Convertible Securities	(2.7)	4.7	(79.9)
Net Realized Investment Gains (Losses)	13.2	(18.6)	4.3
Net Impairment Losses Recognized in Earnings	(5.8)	(1.1)	(25.8)
Non-Core Operations	282.4	558.4	640.5
Other	13.8	12.4	19.5
Total Revenues	<u>\$ 4,638.6</u>	<u>\$ 4,944.2</u>	<u>\$ 5,523.9</u>

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 5. BUSINESS SEGMENTS (Continued)

Significant Segment Expenses that were regularly provided to the CODM for the years ended December 31, 2024, 2023 and 2022 were:

<i>DOLLARS IN MILLIONS</i>	2024	2023	2022
Segment Expenses:			
Specialty Property & Casualty Insurance:			
Current Year			
Non-catastrophe Losses and LAE	\$ 2,514.8	\$ 2,974.5	\$ 3,569.2
Catastrophe Losses and LAE	19.9	34.5	23.0
Prior Years			
Non-catastrophe Losses and LAE	6.3	135.2	(14.6)
Catastrophe Losses and LAE	0.7	(2.3)	0.6
Total Incurred Losses and LAE	2,541.7	3,141.9	3,578.2
Policy Acquisition Costs ¹	478.7	496.4	577.8
Business Unit Operating Costs ²	145.0	107.8	81.2
Corporate Overhead Costs ³	135.8	137.1	142.9
Total Insurance Expenses	759.5	741.3	801.9
Income Tax Expense (Benefit)	94.6	(19.2)	(49.5)
Total Specialty Property & Casualty Insurance	3,395.8	3,864.0	4,330.6
Life Insurance:			
Policyholders' Benefits and Incurred Losses and LAE	234.5	243.4	360.8
Policy Acquisition Costs ¹	133.9	140.0	165.1
Business Unit Operating Costs ²	96.9	96.7	137.2
Corporate Overhead Costs ³	41.3	39.1	41.0
Total Insurance Expenses	272.1	275.8	343.3
Income Tax Expense	8.8	10.5	9.2
Total Life Insurance	515.4	529.7	713.3
Total Segment Expenses	<u>\$ 3,911.2</u>	<u>\$ 4,393.7</u>	<u>\$ 5,043.9</u>

¹Policy acquisition costs primarily represents commissions and premium taxes that are incurred by the Company as a result of underwriting insurance policies and reflect the impacts of deferral and amortization of certain of these costs in accordance with the Company's accounting policies. Refer to Footnote 2, "Summary of Accounting Policies and Accounting Changes" for discussion of the Company's accounting policy related to Deferred Policy Acquisition Costs.

²Business unit operating costs are general expenses incurred by the Company's segments as part of ongoing operations and includes employee, IT, and facilities expenses.

³Corporate overhead costs represents general expenses and other shared service expenses which are allocated across the Company.

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 5. BUSINESS SEGMENTS (Continued)

Adjusted Consolidated Net Operating Income (Loss), including a reconciliation to Net Income (Loss) attributable to Kemper Corporation, for the years ended December 31, 2024, 2023 and 2022 was:

<i>DOLLARS IN MILLIONS</i>	2024	2023	2022
Segment Adjusted Net Operating Income (Loss):			
Specialty Property & Casualty Insurance			
Revenues	\$ 3,772.1	\$ 3,806.9	\$ 4,183.2
Expenses	(3,395.8)	(3,864.0)	(4,330.6)
Specialty Property & Casualty Insurance Adjusted Net Operating Income (Loss)	376.3	(57.1)	(147.4)
Life Insurance			
Revenues	565.6	581.5	782.1
Expenses	(515.4)	(529.7)	(713.3)
Life Insurance Adjusted Net Operating Income	50.2	51.8	68.8
Total Segment Adjusted Net Operating Income (Loss)	426.5	(5.3)	(78.6)
Corporate and Other Adjusted Net Operating Loss	(50.3)	(42.1)	(37.8)
Less: Net Loss attributable to Noncontrolling Interest	(5.3)	(0.2)	—
Net (Loss) Income From:			
Change in Fair Value of Equity and Convertible Securities	(2.1)	3.7	(63.1)
Net Realized Investment Gains (Losses)	10.4	(14.7)	3.4
Impairment Losses	(4.6)	(0.9)	(20.4)
Acquisition and Disposition Related Transaction, Integration, Restructuring and Other Costs	(31.8)	(95.0)	(61.3)
Debt Extinguishment, Pension Settlement, and Other Charges	(7.4)	(55.5)	(2.9)
Goodwill Impairment Charges	—	(45.5)	—
Non-Core Operations	(28.2)	(17.0)	(25.9)
Net Income (Loss) Attributable to Kemper Corporation	<u>\$ 317.8</u>	<u>\$ (272.1)</u>	<u>\$ (286.6)</u>

NOTE 6. PROPERTY AND CASUALTY INSURANCE RESERVES

The Company's Property and Casualty Insurance Reserves are reported using the Company's estimate of its ultimate liability for losses and LAE for claims that occurred prior to the end of any given accounting period but have not yet been paid. Such estimates are based on individual case estimates for reported claims and estimates for IBNR losses, including expected development on reported claims. Property and Casualty Insurance Reserves are recorded net of any expected salvage and subrogation recoveries.

The determination of individual case reserves differs by line of business. For personal automobile insurance and commercial automobile insurance, case reserves are set primarily using statistical reserves that are based on studies of historical average paid amounts by state, coverage and product. However, when such reserves exceed certain thresholds they are set manually by adjusters. For preferred homeowners insurance and other personal insurance, case reserves are set by adjusters and are based on the adjusters' estimates of the amount for which the claims will ultimately be paid.

The Company's actuaries estimate ultimate losses and LAE and, therefore, reserves at least quarterly for most product lines and/or coverage levels using accident quarters or years spanning 10 or more years, depending on the size of the product line and/or coverage level or emerging issues relating to them. The Company's actuaries use a variety of generally accepted actuarial loss reserving estimation methodologies to estimate the ultimate losses and LAE for the current accident quarter or year and re-estimate the ultimate losses and LAE for previous accident quarters or years to determine if changes in the previous estimates of the ultimate losses and LAE are indicated by the most recent data.

The key assumption in these estimation methodologies is that patterns observed in prior periods are indicative of how losses and LAE are expected to develop in the future and that such historical data can be used to predict and estimate ultimate losses and LAE. However, changes in the Company's business processes, by their very nature, are likely to affect the development patterns, which generally results in the historical development factors becoming less reliable over time in predicting how losses

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 6. PROPERTY AND CASUALTY INSURANCE RESERVES (Continued)

and LAE will ultimately develop. The Company's actuaries use professional judgment in determining how much weight to place on the development patterns based on the older historical data and how much weight to place on the development patterns based on more recent data. In some cases, the Company's actuaries make adjustments to the loss reserving estimation methodologies to estimate ultimate losses and LAE. The Company's actuaries' quarterly or yearly selections are summed by product and/or coverage levels to create the actuarial indication of the ultimate losses and LAE. Paid amounts are then subtracted from the ultimates to compute the reserves for property and casualty insurance losses and LAE. These results are reviewed by the Company's actuaries and corporate management who apply their collective judgment and determine the appropriate estimated level of reserves to record. Numerous factors are considered in this determination process, including, but not limited to, the assessed reliability of key loss trends and assumptions that may be significantly influencing the current actuarial indications, changes in claim handling practices or other changes that affect the timing of payment or development patterns, changes in the mix of business, the maturity of the accident year, pertinent trends observed over the recent past, the level of volatility within a particular line of business, the improvement or deterioration of actuarial indications in the current period as compared to prior periods, and the amount of reserves related to third party pools for which the Company has limited access to the underlying data and, accordingly, relies on calculations provided by such pools. The Company's goal is to ensure that its total reserves for property and casualty insurance losses and LAE are adequate to cover all costs, while sustaining minimal variation from the time reserves for losses and LAE are initially estimated until losses and LAE are fully developed. Changes in the Company's estimates of these losses and LAE over time, also referred to as "development," will occur and may be material.

The following tables contain information about incurred and paid claims development as of and for the year ended December 31, 2024, net of reinsurance and indemnification, as well as cumulative claim frequency and the total of IBNR liabilities, including expected development on reported claims included within the net incurred losses and allocated LAE amounts. The tables are grouped by major product line and, if relevant, coverage. The information about incurred and paid claims development for the years ended December 31, 2020 through 2023 is presented as supplementary information and is unaudited.

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 6. PROPERTY AND CASUALTY INSURANCE RESERVES (Continued)

Specialty Personal Automobile Insurance—Liability¹

DOLLARS IN MILLIONS, EXCEPT CUMULATIVE INCURRED CLAIMS

Accident Year	Incurred Losses and Allocated LAE, Net of Reinsurance For the Years Ended December 31,					As of December 31, 2024	
	2020	2021	2022	2023	2024	Total of IBNR Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
2020	\$ 1,401.2	\$ 1,406.4	\$ 1,407.8	\$ 1,415.9	\$ 1,417.8	\$ 20.1	476,106
2021		1,856.9	1,824.7	1,844.2	1,861.0	52.8	586,566
2022			1,765.9	1,848.7	1,880.7	98.0	475,177
2023				1,448.7	1,391.7	150.5	304,878
2024					1,224.4	506.0	216,146
Total					7,775.6		

Accident Year	Cumulative Paid Losses and Allocated LAE, Net of Reinsurance For the Years Ended December 31,				
	2020	2021	2022	2023	2024
2020	\$ 555.2	\$ 1,107.6	\$ 1,287.8	\$ 1,350.0	\$ 1,381.3
2021		657.1	1,429.4	1,680.8	1,767.5
2022			738.2	1,463.3	1,700.4
2023				580.4	1,092.8
2024					422.6
Total					6,364.6
Outstanding Loss and Allocated LAE Reserves on Accident Years before 2020, Net of Reinsurance					38.7
Loss and Allocated LAE Reserves, Net of Reinsurance					\$ 1,449.7

¹ Tables retrospectively include American Access Casualty Company's ("AAC") historical incurred and paid accident year claim information for all periods presented.

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 6. PROPERTY AND CASUALTY INSURANCE RESERVES (Continued)

Specialty Personal Automobile Insurance—Physical Damage¹

DOLLARS IN MILLIONS, EXCEPT CUMULATIVE INCURRED CLAIMS

Accident Year	Incurred Losses and Allocated LAE, Net of Reinsurance For the Years Ended December 31,					As of December 31, 2024	
	2020	2021	2022	2023	2024	Total of IBNR Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
2020	\$ 650.5	\$ 659.5	\$ 659.5	\$ 659.0	\$ 659.7	\$ (0.1)	296,478
2021		958.0	967.5	967.2	967.4	(0.1)	361,993
2022			993.5	989.5	990.0	(1.7)	309,091
2023				722.6	715.8	(5.9)	206,366
2024					500.8	7.1	136,921
Total					3,833.7		

Accident Year	Cumulative Paid Losses and Allocated LAE, Net of Reinsurance For the Years Ended December 31,				
	2020	2021	2022	2023	2024
2020	\$ 585.5	\$ 663.8	\$ 659.7	\$ 658.8	\$ 659.4
2021		890.1	977.5	968.3	967.2
2022			921.9	997.8	990.5
2023				699.2	720.7
2024					466.7
Total					3,804.5
Outstanding Loss and Allocated LAE Reserves on Accident Years before 2020, Net of Reinsurance					(2.8)
Loss and Allocated LAE Reserves, Net of Reinsurance					\$ 26.4

¹ Tables retrospectively include AAC's historical incurred and paid accident year claim information for all periods presented.

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 6. PROPERTY AND CASUALTY INSURANCE RESERVES (Continued)

Commercial Automobile Insurance—Liability

DOLLARS IN MILLIONS, EXCEPT CUMULATIVE INCURRED CLAIMS

As of December 31, 2024

Accident Year	Incurred Losses and Allocated LAE, Net of Reinsurance For the Years Ended December 31,					As of December 31, 2024	
	2020	2021	2022	2023	2024	Total of IBNR Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
2020	\$ 140.5	\$ 152.0	\$ 154.0	\$ 155.6	\$ 159.7	\$ 4.1	19,662
2021		225.6	228.6	240.4	250.4	13.9	27,486
2022			305.1	309.1	317.9	34.8	32,476
2023				379.9	361.7	87.1	35,327
2024					406.6	249.0	29,666
Total					1,496.3		

Cumulative Paid Losses and Allocated LAE, Net of Reinsurance and Indemnification
For the Years Ended December 31,

Accident Year	2020	2021	2022	2023	2024
2020	\$ 37.0	\$ 87.6	\$ 111.7	\$ 129.7	\$ 144.5
2021		50.8	128.0	168.6	208.3
2022			72.2	159.0	222.1
2023				87.5	189.6
2024					69.1
Total					833.6
Outstanding Loss and Allocated LAE Reserves on Accident Years before 2020, Net of Reinsurance					9.7
Loss and Allocated LAE Reserves, Net of Reinsurance					\$ 672.4

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 6. PROPERTY AND CASUALTY INSURANCE RESERVES (Continued)

Commercial Automobile Insurance—Physical Damage

DOLLARS IN MILLIONS, EXCEPT CUMULATIVE INCURRED CLAIMS

As of December 31, 2024

Accident Year	Incurred Losses and Allocated LAE, Net of Reinsurance For the Years Ended December 31,					Total of IBNR Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
	2020	2021	2022	2023	2024		
2020	\$ 31.9	\$ 32.2	\$ 32.1	\$ 32.1	\$ 32.3	\$ 0.1	11,041
2021		52.4	51.9	51.6	51.8	0.3	17,703
2022			74.5	74.7	74.8	0.5	21,567
2023				90.0	87.5	0.2	20,202
2024					81.6	7.7	16,312
Total					328.0		

Cumulative Paid Losses and Allocated LAE, Net of Reinsurance and Indemnification
For the Years Ended December 31,

Accident Year	2020	2021	2022	2023	2024
2020	\$ 26.2	\$ 31.9	\$ 32.0	\$ 32.0	\$ 32.1
2021		43.3	51.9	51.4	51.5
2022			66.8	74.6	74.2
2023				80.6	86.9
2024					66.1
Total					310.8
Outstanding Loss and Allocated LAE Reserves on Accident Years before 2020, Net of Reinsurance					(0.1)
Loss and Allocated LAE Reserves, Net of Reinsurance					\$ 17.1

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 6. PROPERTY AND CASUALTY INSURANCE RESERVES (Continued)

Non-Core Personal Automobile Insurance—Liability

DOLLARS IN MILLIONS, EXCEPT CUMULATIVE INCURRED CLAIMS

Accident Year	Incurred Losses and Allocated LAE, Net of Reinsurance For the Years Ended December 31,					As of December 31, 2024	
	2020	2021	2022	2023	2024	Total of IBNR Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
2020	\$ 148.9	\$ 153.6	\$ 151.8	\$ 158.8	\$ 158.4	\$ 1.3	24,701
2021		176.9	179.8	180.6	182.0	3.7	27,243
2022			165.0	172.4	173.5	8.6	24,246
2023				135.0	137.5	17.6	16,796
2024					58.7	19.8	6,666
Total					710.1		

Accident Year	Cumulative Paid Losses and Allocated LAE, Net of Reinsurance For the Years Ended December 31,				
	2020	2021	2022	2023	2024
2020	\$ 44.4	\$ 92.8	\$ 117.7	\$ 141.4	\$ 149.8
2021		50.3	106.1	144.1	161.9
2022			55.0	111.0	139.1
2023				43.7	84.6
2024					19.6
Total					555.0
Outstanding Loss and Allocated LAE Reserves on Accident Years before 2020, Net of Reinsurance					4.5
Loss and Allocated LAE Reserves, Net of Reinsurance					\$ 159.6

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 6. PROPERTY AND CASUALTY INSURANCE RESERVES (Continued)

Non-Core Personal Automobile Insurance—Physical Damage

DOLLARS IN MILLIONS, EXCEPT CUMULATIVE INCURRED CLAIMS

Accident Year	Incurred Losses and Allocated LAE, Net of Reinsurance For the Years Ended December 31,					As of December 31, 2024	
	2020	2021	2022	2023	2024	Total of IBNR Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
2020	\$ 96.1	\$ 98.0	\$ 97.9	\$ 97.5	\$ 97.5	\$ —	47,591
2021		118.5	117.9	117.1	117.1	—	53,490
2022			110.9	113.5	113.6	(0.2)	48,160
2023				86.6	84.7	(0.7)	33,951
2024					31.7	(1.2)	12,556
Total					444.6		

Accident Year	Cumulative Paid Losses and Allocated LAE, Net of Reinsurance For the Years Ended December 31,				
	2020	2021	2022	2023	2024
2020	\$ 90.9	\$ 98.4	\$ 97.6	\$ 97.5	\$ 97.5
2021		113.1	118.1	117.2	117.1
2022			108.7	114.6	113.7
2023				84.8	85.4
2024					32.1
Total					445.8
Outstanding Loss and Allocated LAE Reserves on Accident Years before 2020, Net of Reinsurance					—
Loss and Allocated LAE Reserves, Net of Reinsurance					\$ (1.2)

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 6. PROPERTY AND CASUALTY INSURANCE RESERVES (Continued)

Non-Core Homeowners Insurance

DOLLARS IN MILLIONS, EXCEPT CUMULATIVE INCURRED CLAIMS

Accident Year	Incurred Losses and Allocated LAE, Net of Reinsurance For the Years Ended December 31,					As of December 31, 2024	
	2020	2021	2022	2023	2024	Total of IBNR Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
2020	\$ 157.0	\$ 149.8	\$ 144.6	\$ 141.2	\$ 141.8	\$ 0.2	14,102
2021		149.9	149.8	143.9	144.3	0.5	13,555
2022			142.7	152.7	155.2	1.1	11,526
2023				126.6	135.3	1.6	9,919
2024					80.6	7.2	4,153
Total					657.2		

Accident Year	Cumulative Paid Losses and Allocated LAE, Net of Reinsurance For the Years Ended December 31,				
	2020	2021	2022	2023	2024
2020	\$ 94.6	\$ 130.8	\$ 137.4	\$ 139.8	\$ 140.8
2021		100.6	132.6	139.7	141.3
2022			97.0	141.2	149.3
2023				84.7	127.8
2024					59.2
Total					618.4
Outstanding Loss and Allocated LAE Reserves on Accident Years before 2020, Net of Reinsurance					0.8
Loss and Allocated LAE Reserves, Net of Reinsurance					\$ 39.6

The claim counts in the preceding tables are cumulative reported claim counts as of December 31, 2024 and are equal to the sum of cumulative open and cumulative closed claims, including claims closed without payment. Certain product lines, particularly the Company's specialty personal automobile insurance, tend to have a higher percentage of claims closed without payment.

The Company's claims associated with automobile insurance are counted at the feature level. As such, each claimant and each coverage is counted separately. For example, if for one occurrence, the Company's policyholder is at fault for damage to his/her own vehicle, another party's vehicle and three injured parties, there may be five features—three for bodily injury liability, one for property damage liability and one for first-party collision coverage. There may also be another feature for first-party medical payments.

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 6. PROPERTY AND CASUALTY INSURANCE RESERVES (Continued)

The following table reconciles the net incurred and paid claims development tables presented above to the Company's liability for Property and Casualty Insurance Reserves included in the Consolidated Balance Sheets at December 31, 2024.

<i>DOLLARS IN MILLIONS</i>	2024
Property and Casualty Insurance Reserves, Net of Reinsurance:	
Specialty Personal Automobile Insurance—Liability ¹	\$ 1,449.7
Specialty Personal Automobile Insurance—Physical Damage ¹	26.4
Commercial Automobile Insurance—Liability	672.4
Commercial Automobile Insurance—Physical Damage	17.1
Non-Core Personal Automobile Insurance—Liability	159.6
Non-Core Personal Automobile Insurance—Physical Damage	(1.2)
Non-Core Homeowners Insurance	39.6
Other	35.8
Total	<u>\$ 2,399.4</u>
Reinsurance Recoverables on Unpaid Losses and Allocated LAE:	
Specialty Personal Automobile Insurance—Liability	\$ 5.7
Non-Core Preferred Personal Automobile Insurance—Liability	16.9
Non-Core Homeowners Insurance	—
Other	1.7
Total	<u>24.3</u>
Unallocated LAE	197.6
Property and Casualty Insurance Reserves, Gross of Reinsurance ¹	<u>\$ 2,621.3</u>

¹Includes \$8.8 million and \$0.6 million of Specialty Personal Automobile Liability and Physical Damage Insurance Reserves, respectively, related to Kemper Reciprocal, which is reported as a consolidated variable interest entity.

The following is supplementary information about average historical claims duration as of December 31, 2024.

Average Annual Percentage Payout of Incurred Claims by Age, Net of Reinsurance (Unaudited)					
Years	1	2	3	4	5
Specialty Personal Automobile Insurance—Liability	38.0 %	77.8 %	90.5 %	95.1 %	97.4 %
Specialty Personal Automobile Insurance—Physical Damage	93.0	100.0	100.0	100.0	100.0
Commercial Automobile Insurance—Liability	21.5	52.1	69.1	82.2	90.5
Commercial Automobile Insurance—Physical Damage	85.4	100.0	100.0	100.0	100.0
Non-Core Preferred Personal Automobile Insurance—Liability	30.5	60.6	77.9	89.1	94.6
Non-Core Preferred Personal Automobile Insurance—Physical Damage	97.4	100.0	100.0	100.0	100.0
Non-Core Homeowners Insurance	67.0	92.4	96.6	98.3	99.3

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 6. PROPERTY AND CASUALTY INSURANCE RESERVES (Continued)

Property and Casualty Insurance Reserve activity for the years ended December 31, 2024, 2023 and 2022 was:

<i><u>DOLLARS IN MILLIONS</u></i>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Property and Casualty Insurance Reserves:			
Gross of Reinsurance at Beginning of Year	\$ 2,680.5	\$ 2,756.9	\$ 2,772.7
Less: Reinsurance Recoverables at Beginning of Year	27.8	39.6	41.9
Property and Casualty Insurance Reserves, Net of Reinsurance at Beginning of Year	2,652.7	2,717.3	2,730.8
Incurred Losses and LAE related to:			
Current Year	2,745.9	3,429.9	4,103.3
Prior Years	29.8	159.8	(14.6)
Total Incurred Losses and LAE	2,775.7	3,589.7	4,088.7
Paid Losses and LAE related to:			
Current Year:	1,383.0	1,965.3	2,460.5
Prior Years	1,457.8	1,689.0	1,641.7
Total Paid Losses and LAE	2,840.8	3,654.3	4,102.2
Property and Casualty Insurance Reserves, Net of Reinsurance at End of Year	2,587.6	2,652.7	2,717.3
Plus: Reinsurance Recoverables at End of Year	24.3	27.8	39.6
Property and Casualty Insurance Reserves, Gross of Reinsurance at End of Year	<u>\$ 2,611.9</u>	<u>\$ 2,680.5</u>	<u>\$ 2,756.9</u>

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 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 LAE related to prior years recorded in the current period. For the year ended December 31, 2024, 2023 and 2022, no additional premiums or return premiums were recorded.

In 2024, the Company incurred \$22.6 million of adverse reserve development on prior accident years which was primarily attributable to increased claim severity on homeowners, umbrella, and bodily injury coverages within Non-Core Operations. Additionally, the Company experienced adverse development of \$7.2 million on its Commercial Automobile business within the Specialty Property and Casualty Insurance segment, driven by higher than expected loss emergence on bodily injury coverages.

In 2023, the Company recognized \$108.7 million of unfavorable development within the Specialty Personal Automobile product line, primarily driven by Florida personal injury protection experiencing increased frequency and severity resulting from more litigated claim activity, as well as adverse development from bodily injury and property damage coverages. In addition, the Company experienced \$24.2 million and \$24.8 million of adverse development on the Commercial Automobile product and Non-Core Operations business, respectively, which was primarily attributable to higher than expected emergence on prior accident years within the bodily injury and physical damage coverages.

In 2022, the Company experienced \$14.6 million of favorable prior year development primarily from the Specialty Personal Automobile product line, which developed favorably by \$17.6 million due primarily to more favorable loss patterns for liability and physical damage coverages. This development was partially offset by adverse development on the Commercial Automobile product of \$3.6 million as a result of less favorable emergence on liability coverages.

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

Reinsurance recoverables on property and casualty insurance reserves were \$24.3 million and \$27.8 million at December 31, 2024 and 2023, respectively. These recoverables are concentrated with several reinsurers, the majority of which are highly rated by one or more of the principal investor and/or insurance company rating agencies. While most of these recoverables were

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 6. PROPERTY AND CASUALTY INSURANCE RESERVES (Continued)

unsecured at December 31, 2024 and 2023, the agreements with the reinsurers generally provide for some form of collateralization upon the occurrence of certain events.

NOTE 7. 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 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.

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 7. 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 years ended December 31, 2024, 2023 and 2022:

		Year Ended		
		Dec 31, 2024	Dec 31, 2023	Dec 31, 2022
<i>DOLLARS IN MILLIONS</i>				
Present Value of Expected Net Premiums	Balance, Beginning of Year	\$ 675.4	\$ 688.6	\$ 669.0
	Beginning Balance at Original Discount Rate	\$ 694.7	\$ 728.9	\$ 599.8
	Effect of Changes in Cash Flow Assumptions	(56.6)	(35.7)	68.5
	Effect of Actual Variances from Expected Experience	0.3	(38.5)	(6.4)
	Adjusted Beginning of Period Balance	638.4	654.7	661.9
	Issuances	105.4	105.2	133.2
	Interest Accrual	31.0	29.7	21.9
	Net Premiums Collected	(93.8)	(94.9)	(88.1)
	Ending Balance at Original Discount Rate	681.0	694.7	728.9
	Effect of Changes in Discount Rate Assumptions	(34.9)	(19.3)	(40.3)
Balance, End of Year	\$ 646.1	\$ 675.4	\$ 688.6	
Present Value of Expected Future Policyholder Benefits	Balance, Beginning of Year	\$ 3,613.2	\$ 3,561.0	\$ 4,933.1
	Beginning Balance at Original Discount Rate	\$ 3,835.9	\$ 3,906.2	\$ 3,788.1
	Effect of Changes in Cash Flow Assumptions	(68.5)	(59.0)	77.2
	Effect of Actual Variances From Expected Experience	(7.0)	(45.5)	(7.0)
	Adjusted Beginning of Period Balance	3,760.4	3,801.7	3,858.3
	Issuances	105.5	104.6	133.2
	Interest Accrual	170.5	171.0	164.0
	Benefit Payments	(224.3)	(241.4)	(249.3)
	Ending Balance at Original Discount Rate	3,812.1	3,835.9	3,906.2
	Effect of Changes in Discount Rate Assumptions	(516.2)	(222.7)	(345.2)
Balance, End of Year	\$ 3,295.9	\$ 3,613.2	\$ 3,561.0	
	Net Liability for Future Policyholder Benefits, pre-flooring	\$ 2,649.8	\$ 2,937.8	\$ 2,872.4
	Cumulative impact of flooring the future Policyholder Benefits Reserve	—	—	—
	Net Liability for Future Policyholder Benefits, post-flooring	2,649.8	2,937.8	2,872.4
	Less: Reinsurance Recoverable	—	—	—
	Net Liability for Future Policyholder Benefits, After Reinsurance Recoverable	\$ 2,649.8	\$ 2,937.8	\$ 2,872.4

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

	Dec 31, 2024	Dec 31, 2023	Dec 31, 2022
Weighted-Average Liability Duration of the Liability for Future Policyholder Benefits (Years)	13.9	15.3	14.6

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 7. LIABILITY FOR FUTURE POLICYHOLDER BENEFITS (Continued)

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

<i>DOLLARS IN MILLIONS</i>	Dec 31, 2024	Dec 31, 2023
Net Liability for Future Policyholder Benefits, post-flooring	\$ 2,649.8	\$ 2,937.8
Deferred Profit Liability	412.1	337.8
Other ¹	137.8	146.8
Total Life and Health Insurance Reserves	<u>\$ 3,199.7</u>	<u>\$ 3,422.4</u>

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

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

<i>DOLLARS IN MILLIONS</i>	Dec 31, 2024	Dec 31, 2023
Expected Future Benefit Payments, undiscounted	\$ 10,100.0	\$ 10,185.2
Expected Future Gross Premiums, undiscounted	\$ 3,976.4	\$ 4,107.9
Expected Future Gross Premiums, discounted	\$ 2,628.1	\$ 2,800.6

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

<i>DOLLARS IN MILLIONS</i>	Year Ended		
	Dec 31, 2024	Dec 31, 2023	Dec 31, 2022
Gross Premiums or Assessments	\$ 399.6	\$ 399.0	\$ 392.1
Interest Expense	\$ 139.5	\$ 141.3	\$ 142.1

The weighted-average interest rate is as follows:

	Dec 31, 2024	Dec 31, 2023
Interest Accretion Rate	4.55 %	4.57 %
Current Discount Rate	5.77 %	5.08 %

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 reviewed and updated mortality and lapse assumptions during the fourth quarter of 2024. Market data that underlies current discount rates was updated as of December 31, 2024.

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

<i>DOLLARS IN MILLIONS</i>	Dec 31, 2024	Dec 31, 2023	Dec 31, 2022
Balance, beginning of period	\$ 337.8	\$ 253.6	\$ 193.4
Annual assumption changes	4.8	15.0	(12.7)
Profits deferred	160.7	163.1	164.7
Interest accrual	17.1	13.2	10.4
Amortization	(110.7)	(111.2)	(101.6)
Effect of actual variances from expected experience and other changes	2.4	4.1	(0.6)
Balance, end of period	<u>\$ 412.1</u>	<u>\$ 337.8</u>	<u>\$ 253.6</u>

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 8. DEFERRED POLICY ACQUISITION COSTS

The following table presents the balances and changes in Deferred Policy Acquisition Costs for the Specialty Property and Casualty Insurance segment, Life Insurance segment, and Non-Core Operations business for the years ended December 31, 2024, 2023 and 2022:

<i>DOLLARS IN MILLIONS</i>	Specialty	Life	Segment Total	Non-Core Operations	Total
Balance, January 1, 2022	\$ 219.0	\$ 419.8	\$ 638.8	\$ 49.2	\$ 688.0
Capitalizations ¹	543.4	27.0	570.4	82.4	652.8
Amortization Expense ²	(569.7)	(42.0)	(611.7)	(93.5)	(705.2)
Balance, December 31, 2022	\$ 192.7	\$ 404.8	\$ 597.5	\$ 38.1	\$ 635.6
Capitalizations	446.3	62.1	508.4	54.9	563.3
Amortization Expense ²	(496.4)	(39.9)	(536.3)	(71.0)	(607.3)
Balance, December 31, 2023	\$ 142.6	\$ 427.0	\$ 569.6	\$ 22.0	\$ 591.6
Capitalizations	494.3	68.7	563.0	13.4	576.4
Amortization Expense ²	(474.1)	(32.6)	(506.7)	(31.3)	(538.0)
Balance, December 31, 2024 ³	\$ 162.8	\$ 463.1	\$ 625.9	\$ 4.1	\$ 630.0

¹ Capitalizations for the Life Insurance segment includes a reduction of \$38.7 million related to divested business.

² The Life Insurance segment includes increases to amortization expense related to experience adjustments of \$7.4 million, \$15.6 million, and \$8.7 million for the years ended December 31, 2024, 2023, and 2022, respectively.

³ Includes \$1.1 million attributable to Kemper Reciprocal as of December 31, 2024, which is reported as a consolidated variable interest entity.

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 made changes to future assumptions in the fourth quarter for the Life and Health business for the years ended December 31, 2024, 2023, and 2022.

NOTE 9 - 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 December 31, 2024 and 2023, and a roll forward of changes in the allowance for expected credit losses for the years ended December 31, 2024 and 2023.

(Dollars in Millions)	Year Ended December 31, 2024				
	Specialty	Life	Total Segments	Non-Core Operations	Total Allowance for Expected Credit Losses
Balance at Beginning of Year	\$ 12.9	\$ —	\$ 12.9	\$ 1.0	\$ 13.9
Provision for Expected Credit Losses	38.9	0.3	39.2	0.4	39.6
Write-offs of Uncollectible Receivables from Policyholders	(49.2)	(0.3)	(49.5)	(1.1)	(50.6)
Balance at End of Year	\$ 2.6	\$ —	\$ 2.6	\$ 0.3	\$ 2.9
Receivable Balance at End of Year ¹	\$ 962.8	\$ 11.1	\$ 973.9	\$ 12.2	\$ 986.1

¹ Specialty, Total Segments, and Total includes \$8.2 million attributable to Kemper Reciprocal, which is reported as a consolidated variable interest entity.

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 9 - RECEIVABLES FROM POLICYHOLDERS - ALLOWANCE FOR EXPECTED CREDIT LOSSES
(Continued)

(Dollars in Millions)	Year Ended December 31, 2023				
	Specialty	Life	Total Segments	Non-Core Operations	Total Allowance for Expected Credit Losses
Balance at Beginning of Year	\$ 12.3	\$ —	\$ 12.3	\$ 0.8	\$ 13.1
Provision for Expected Credit Losses	39.3	0.5	39.8	1.8	41.6
Write-offs of Uncollectible Receivables from Policyholders	(38.7)	(0.5)	(39.2)	(1.6)	(40.8)
Balance at End of Year	\$ 12.9	\$ —	\$ 12.9	\$ 1.0	\$ 13.9
Receivable Balance at End of Year ¹	\$ 875.4	\$ 11.3	\$ 886.7	\$ 73.5	\$ 960.2

¹Specialty, Total Segments, and Total includes \$0.7 million attributable to Kemper Reciprocal, which is reported as a consolidated variable interest entity.

NOTE 10. INSURANCE AND OTHER EXPENSES

Insurance and Other Expenses for the years ended December 31, 2024, 2023 and 2022 were:

<i>DOLLARS IN MILLIONS</i>	2024	2023	2022
Insurance and Other Expenses			
Insurance Expenses			
Commissions	\$ 596.3	\$ 584.2	\$ 724.8
Taxes, Licenses and Fees	83.7	79.6	99.5
Policy Acquisition Costs (Deferred) Amortized:			
Deferral of Policy Acquisition Costs	(576.4)	(563.3)	(691.5)
Amortization of Policy Acquisition Costs	538.0	607.1	705.7
Net Policy Acquisition Costs (Deferred) Amortized	(38.4)	43.8	14.2
Policy Acquisition Costs	641.6	707.6	838.5
Business Unit Operating Costs	277.4	256.1	282.4
Corporate Overhead Costs	194.9	200.0	207.8
Insurance Expenses	1,113.9	1,163.7	1,328.7
Other Expenses:			
Acquisition and Disposition Related Transaction, Integration, Restructuring and Other Costs	40.3	120.3	62.9
Pension Settlement	(2.6)	70.2	—
Other Corporate Costs	28.5	11.4	12.3
Other Expenses	66.2	201.9	75.2
Insurance and Other Expenses	\$ 1,180.1	\$ 1,365.6	\$ 1,403.9

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 11. INVESTMENTS

Fixed Maturities

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

(Dollars in Millions)	Amortized Cost	Gross Unrealized		Allowance for Expected Credit Losses	Fair Value
		Gains	Losses		
U.S. Government and Government Agencies and Authorities	\$ 588.6	\$ 0.6	\$ (102.4)	\$ —	\$ 486.8
States and Political Subdivisions	1,457.3	1.6	(225.4)	(0.3)	1,233.2
Foreign Governments	6.5	0.3	(0.2)	—	6.6
Corporate Securities:					
Bonds and Notes	4,038.3	8.9	(518.8)	(8.8)	3,519.6
Redeemable Preferred Stocks	9.8	0.1	(1.0)	—	8.9
Collateralized Loan Obligations	747.8	2.5	(7.2)	(1.6)	741.5
Other Mortgage- and Asset-backed	446.7	0.8	(34.5)	—	413.0
Investments in Fixed Maturities	<u>\$ 7,295.0</u>	<u>\$ 14.8</u>	<u>\$ (889.5)</u>	<u>\$ (10.7)</u>	<u>\$ 6,409.6</u>

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

(Dollars in Millions)	Amortized Cost	Gross Unrealized		Allowance for Expected Credit Losses	Fair Value
		Gains	Losses		
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	<u>\$ 7,565.8</u>	<u>\$ 54.6</u>	<u>\$ (730.3)</u>	<u>\$ (8.2)</u>	<u>\$ 6,881.9</u>

Other Receivables included \$1.8 million and \$0.9 million of unsettled sales of Investments in Fixed Maturities at December 31, 2024 and December 31, 2023, respectively. There were \$11.6 million of unsettled purchases of Investments in Fixed Maturities included in Accrued Expenses and Other Liabilities as of December 31, 2024. There were no unsettled purchases of Investments in Fixed Maturities included in Accrued Expenses and Other Liabilities as of December 31, 2023.

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

(Dollars in Millions)	Amortized Cost	Fair Value
Due in One Year or Less	\$ 337.0	\$ 332.3
Due after One Year to Five Years	773.5	746.3
Due after Five Years to Ten Years	1,021.6	890.0
Due after Ten Years	3,496.9	2,903.7
Mortgage- and Asset-backed Securities Not Due at a Single Maturity Date	1,666.0	1,537.3
Investments in Fixed Maturities	<u>\$ 7,295.0</u>	<u>\$ 6,409.6</u>

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 11. INVESTMENTS (Continued)

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 December 31, 2024 consisted of securities issued by the Government National Mortgage Association with a fair value of \$207.0 million, securities issued by the Federal National Mortgage Association with a fair value of \$99.5 million, securities issued by the Federal Home Loan Mortgage Corporation with a fair value of \$76.3 million and securities of other non-governmental issuers with a fair value of \$1,154.5 million.

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

(Dollars in Millions)	Less Than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Fixed Maturities:						
U.S. Government and Government Agencies and Authorities	\$ 41.7	\$ (0.5)	\$ 383.6	\$ (101.9)	\$ 425.3	\$ (102.4)
States and Political Subdivisions	242.7	(10.3)	933.4	(215.1)	1,176.1	(225.4)
Foreign Governments	—	—	1.4	(0.2)	1.4	(0.2)
Corporate Securities:						
Bonds and Notes	674.3	(40.9)	2,605.7	(477.9)	3,280.0	(518.8)
Redeemable Preferred Stocks	2.0	—	6.6	(1.0)	8.6	(1.0)
Collateralized Loan Obligations	34.2	(0.1)	89.5	(7.1)	123.7	(7.2)
Other Mortgage- and Asset-backed	12.0	(0.1)	261.7	(34.4)	273.7	(34.5)
Total Fixed Maturities	\$ 1,006.9	\$ (51.9)	\$ 4,281.9	\$ (837.6)	\$ 5,288.8	\$ (889.5)

The Company regularly reviews its fixed maturity investment portfolio for factors that may indicate that a decline in fair value of an investment has resulted from an expected credit loss. The portions of the declines in the fair values of fixed maturity investments that are determined to be due to expected credit losses are reported as losses in the Consolidated Statements of Income (Loss) in the periods when such determinations are made.

Investment-grade fixed maturity investments comprised \$875.3 million and below-investment-grade fixed maturity investments comprised \$14.2 million of the unrealized losses on investments in fixed maturities at December 31, 2024. For below-investment-grade fixed maturity investments in an unrealized loss position, the unrealized loss amount, on average, was 4.9% of the amortized cost basis of the investment.

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

(Dollars in Millions)	Less Than 12 Months		12 Months or Longer		Total	
	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)

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 11. INVESTMENTS (Continued)

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.

At December 31, 2024 and 2023, the Company did not have the intent to sell these investments, and it was not more likely than not that the Company would be required to sell these investments before an anticipated recovery of value. The Company evaluated these investments for credit losses at December 31, 2024 and 2023. The Company considers many factors in evaluating whether the unrealized losses were credit related including, but not limited to, the extent to which the fair value has been less than amortized cost, conditions related to the security, industry, or geographic area, payment structure of the investment and the likelihood of the issuer's ability to make contractual cashflows, defaults or other collectability concerns related to the issuer, changes in the ratings assigned by a rating agency, and other credit enhancements that affect the investment's expected performance. The Company determined that the unrealized losses on these securities were due to non-credit related factors at the evaluation date.

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 the year ended December 31, 2024. Accrued interest excluded from the amortized cost of fixed income securities total \$70.9 million and \$77.0 million as of December 31, 2024 and 2023, respectively, and is reported within the Other Receivables line of the Consolidated Balance Sheets. The Company monitors accrued interest and writes off amounts when they are deemed uncollectible.

(Dollars in Millions)	States and Political Subdivisions	Corporate Bonds and Notes	Total
Balance, Beginning of Year	\$ 0.5	\$ 7.7	\$ 8.2
Additions for Securities for which No Previous Expected Credit Losses were Recognized	—	3.4	3.4
Reductions due to Sales	—	(0.8)	(0.8)
Net (Decrease) Increase in Allowance on Securities for which Expected Credit Losses were Previously Recognized	(0.2)	0.1	(0.1)
Balance, End of Year	<u>\$ 0.3</u>	<u>\$ 10.4</u>	<u>\$ 10.7</u>

The following table sets forth the change in allowance for credit losses on fixed maturities available-for-sale by major security type for the year ended December 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	—	2.9	2.9
Reduction due to Sales	—	(2.6)	(2.6)
Net Increase (Decrease) in Allowance on Securities for which Expected Credit Losses were Previously Recognized	0.2	(1.1)	(0.9)
Write-offs Charged Against Allowance	(0.4)	(0.4)	(0.8)
Balance, End of Year	<u>\$ 0.5</u>	<u>\$ 7.7</u>	<u>\$ 8.2</u>

Equity Securities

Equity Securities at Fair Value

Investments in Equity Securities at Fair Value were \$218.5 million and \$225.8 million at December 31, 2024 and 2023, respectively. Net unrealized (losses) gains arising during the year ended December 31, 2024 and 2023 and recognized in

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 11. INVESTMENTS (Continued)

earnings, related to such investments still held as of December 31, 2024 and December 31, 2023 were \$(5.1) million and \$3.0 million, respectively.

There were no unsettled purchases of Investments in Equity Securities at Fair Value at December 31, 2024 or December 31, 2023. There was \$0.3 million and \$0.1 million in unsettled sales of Investments in Equity Securities at Fair Value at December 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 December 31, 2024 is limited to the total carrying value of \$186.3 million. In addition, the Company had outstanding commitments totaling approximately \$91.3 million to fund Equity Method Limited Liability Investments at December 31, 2024. At December 31, 2024, 3.1% of Equity Method Limited Liability Investments were reported without a reporting lag, 4.1% of the total carrying value were reported with a one-month lag, and the remainder were reported with a greater than a one-month but less than or equal to three-month lag.

There were no unsettled purchases of Equity Method Limited Liability Investments as of December 31, 2024 or 2023. There were no unsettled sales of Equity Method Limited Liability Investments as of December 31, 2024 or 2023. Unsettled purchases and sales of Equity Method Limited Liability Investments are carried within the Accrued Expenses and Other Liabilities and Other Receivables, respectively, on the 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 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 December 31, 2024 is limited to the total carrying value of \$17.6 million. The Company has no outstanding commitments to fund Alternative Energy Partnership Investments as of December 31, 2024. Alternative Energy Partnership Investments are reported on a three month lag.

Company-Owned Life Insurance

The carrying values of the Company's COLI investment at December 31, 2024 and 2023 were \$539.2 million and \$513.5 million, respectively.

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 December 31, 2024 and 2023 were \$280.7 million and \$281.2 million, respectively.

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 11. INVESTMENTS (Continued)

Other Investments

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

(Dollars in Millions)	2024	2023
Equity Securities at Modified Cost	\$ 22.5	\$ 32.6
Real Estate at Depreciated Cost	99.5	94.7
Mortgage Loans	75.3	99.8
Other	2.2	14.8
Total Other Investments	\$ 199.5	\$ 241.9

Investments in Equity Securities at Modified Cost were \$22.5 million and \$32.6 million at December 31, 2024 and 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 Consolidated Statements of Income (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 years ended December 31, 2024 and 2023. The Company recognized an impairment of \$0.4 million and \$0.5 million on Equity Securities at Modified Cost for the years ended December 31, 2024 and 2023, respectively, as a result of the Company's impairment analysis. No impairments were recognized for the year ended December 31, 2022 on Equity Securities at Modified Cost. The Company recognized no cumulative increases or decreases in the carrying value due to observable transactions and \$3.2 million of cumulative impairments on Equity Securities at Modified Cost held as of December 31, 2024. The Company recognized no cumulative increases or decreases in the carrying value due to observable transactions and \$8.0 million of cumulative impairments on Equity Securities at Modified Cost held as of December 31, 2023.

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 12. INCOME FROM INVESTMENTS

Net Investment Income for the years ended December 31, 2024, 2023 and 2022 was:

<i>DOLLARS IN MILLIONS</i>	2024	2023	2022
Investment Income:			
Interest on Fixed Income Securities ^{1,2}	\$ 315.3	\$ 323.3	\$ 290.0
Dividends on Equity Securities Excluding Alternative Investments	5.4	4.4	6.3
Alternative Investments:			
Equity Method Limited Liability Investments	(18.2)	10.5	31.3
Limited Liability Investments Included in Equity Securities	24.5	19.0	42.1
Total Alternative Investments	6.3	29.5	73.4
Short-term Investments	33.5	18.0	3.7
Loans to Policyholders	21.0	20.9	21.5
Real Estate	8.8	8.9	10.1
Company-Owned Life Insurance	35.7	29.2	37.9
Other	8.2	12.9	7.7
Total Investment Income	434.2	447.1	450.6
Investment Expenses:			
Real Estate	8.7	8.8	7.9
Other Investment Expenses ¹	18.0	18.6	20.1
Total Investment Expenses	26.7	27.4	28.0
Net Investment Income	<u>\$ 407.5</u>	<u>\$ 419.7</u>	<u>\$ 422.6</u>

¹In 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.

²Reduced by interest expense incurred on FHLB borrowings used for spread lending purposes of \$20.3 million, \$22.7 million and \$10.1 million for the year ended December 31, 2024, 2023, and 2022, respectively.

Other Receivables includes accrued investment income of \$81.9 million and \$88.4 million at December 31, 2024 and 2023, respectively.

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 12. INCOME FROM INVESTMENTS (Continued)

The components of Net Realized Gains (Losses) for the years ended December 31, 2024, 2023 and 2022 were:

<i>DOLLARS IN MILLIONS</i>	2024	2023	2022
Fixed Maturities:			
Gains on Sales	\$ 20.2	\$ 5.9	\$ 31.6
Losses on Sales	(3.2)	(10.9)	(31.9)
(Losses) Gains on Hedging Activity	(7.9)	(11.9)	1.7
Equity Securities:			
Gains on Sales	4.2	0.6	9.7
Losses on Sales	(0.1)	(2.5)	(6.8)
Other Investments:			
Gains on Sales	4.2	0.2	—
Losses on Sales	(4.2)	—	—
Net Realized Investment Gains (Losses)	<u>\$ 13.2</u>	<u>\$ (18.6)</u>	<u>\$ 4.3</u>
Gross Gains on Sales	\$ 28.6	\$ 6.7	\$ 41.3
Gross Losses on Sales	(7.5)	(13.4)	(38.7)
(Losses) Gains on Hedging Activity	(7.9)	(11.9)	1.7
Net Realized Investment Gains (Losses)	<u>\$ 13.2</u>	<u>\$ (18.6)</u>	<u>\$ 4.3</u>

The components of Impairment Losses reported in the Consolidated Statements of Income (Loss) for the years ended December 31, 2024, 2023 and 2022 were:

<i>DOLLARS IN MILLIONS</i>	2024	2023	2022
Fixed Maturities	\$ (4.8)	\$ (0.1)	\$ (25.8)
Equity Securities at Modified Cost	(0.4)	(0.5)	—
Real Estate	(0.4)	—	—
Other	(0.2)	(0.5)	—
Net Impairment Losses Recognized in Earnings ¹	<u>\$ (5.8)</u>	<u>\$ (1.1)</u>	<u>\$ (25.8)</u>

¹ Includes losses from intent-to-sell securities of \$3.3 million, \$2.0 million and \$23.8 million for the years ended December 31, 2024, 2023 and 2022, respectively.

NOTE 13. 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 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 derivatives are recorded on the 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 December 31, 2024, all Treasury Futures held by the Company qualified for hedge accounting as a cash flow hedge. The

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 13. DERIVATIVES (Continued)

Company utilizes a rollover hedging strategy that involves continuously establishing short-term derivatives in consecutive contract months to hedge the underlying risk exposure. Under this strategy, the complete set of derivatives are not acquired at hedge inception; rather, short-term derivatives are acquired throughout the hedging period such that maturing derivatives are replaced with new short-term derivatives.

There were treasury futures that expired during the year ended December 31, 2024, that did not qualify for hedge accounting.

Primary Risks Managed by Derivatives

The following table presents the Company's Ultra-Long Treasury Futures derivatives, primary underlying risk exposure, gross notional amount, and estimated fair value of these derivatives:

(Dollars in Millions)	Derivative Instrument	Primary Underlying Risk Exposure	Dec 31, 2024			Dec 31, 2023		
			Gross Notional Amount	Estimated Fair Value		Gross Notional Amount	Estimated Fair Value	
				Assets	Liabilities		Assets	Liabilities
Derivatives Designated as Hedging Instruments:								
	Treasury Futures	Interest Rate Risk	\$ 75.0	\$ —	\$ (3.7)	\$ —	\$ —	\$ —
Derivatives Not Designated or Not Qualifying as Hedging Instruments:								
	Treasury Futures	Interest Rate Risk	\$ —	\$ —	\$ —	\$ 149.7	\$ 14.7	\$ —

The below table reflects the amounts of Gains (Losses) deferred into AOCI before taxes, net changes in amounts in AOCI associated with current hedging transactions, and amounts subsequently reclassified into Net Income (Loss) through Net Investment Income for Ultra-Long Treasury Futures qualifying as cash flow hedges for the years ended December 31, 2024 and 2023:

(Dollars in Millions)	Year Ended	
	Dec 31, 2024	Dec 31, 2023
Beginning of Year	\$ —	\$ (0.4)
Gains (Losses) Deferred in AOCI	(4.4)	—
Net Change in AOCI with Current Period Hedging Transaction	(3.7)	—
Gains (Losses) Reclassified into Income	1.8	0.4
Net Comprehensive Gains (Losses) from Cash Flow Hedges	\$ (6.3)	\$ —

Treasury Locks

During the fourth quarter of 2016 and the first quarter of 2022, in anticipation of debt issuances shortly thereafter and for risk management purposes, the Company entered into derivative transactions (the "2016 Treasury Lock" and "2022 Treasury Lock," together the "Treasury Locks") to hedge the risk of changes in the debt cash flows attributable to changes in the benchmark U.S. Treasury interest rate during the period leading up to the debt issuance. The Treasury Locks have no remaining gross notional amount or fair value as the hedging relationships have been previously discontinued with the issuance of the associated debt (Senior Notes due February 15, 2025 for the 2016 Treasury Lock and Senior Notes due February 23, 2032 for the 2022 Treasury Lock). The effective portion of the gain (loss) before taxes on the derivative instruments upon discontinuance was \$(4.5) million for the 2016 Treasury Lock and \$5.9 million on the 2022 Treasury Lock. The gain (loss) upon discontinuance is reported as a component of Accumulated Other Comprehensive Loss. Beginning with the issuance of the associated debt, such gain (loss) is amortized into earnings and reported in Interest Expense in the same periods that the hedged items affect earnings. Amortization on the 2016 Treasury Lock was \$(1.5) million and \$(0.5) million for the years ended December 31, 2024 and 2023, respectively. Amortization on the 2022 Treasury Lock was \$0.6 million for the years ended December 31, 2024 and 2023. As of December 31, 2024, the remaining amount of derivative gain (loss) before taxes within AOCI to be amortized into earnings is \$(0.1) million and \$4.2 million on the 2016 Treasury Lock and 2022 Treasury Lock, respectively.

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 14. FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company is responsible for the determination of fair value of financial assets and liabilities, including the supporting assumptions and methodologies, and uses independent third-party valuation service providers, broker quotes and internal pricing methodologies to determine fair values. The Company obtains or estimates only one single quote or price for each financial instrument. The Company uses a hierarchical framework for inputs to determine fair value which prioritizes the use of observable inputs and minimizes the use of unobservable inputs. Additionally, the Company categorizes fair value measurements based on the lowest level of input that is considered to be significant to the entire measurement.

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 Consolidated Balance Sheets.

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 14. FAIR VALUE MEASUREMENTS (Continued)

The valuation of assets and liabilities measured at fair value in the Company's Consolidated Balance Sheets at December 31, 2024 is summarized below.

(Dollars in Millions)	Fair Value Measurements				
	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	\$ 86.8	\$ 400.0	\$ —	\$ —	\$ 486.8
States and Political Subdivisions ...	—	1,231.4	1.8	—	1,233.2
Foreign Governments	—	6.6	—	—	6.6
Corporate Securities:					
Bonds and Notes	—	3,325.4	194.2	—	3,519.6
Redeemable Preferred Stock	—	4.7	4.2	—	8.9
Collateralized Loan Obligations ...	—	741.5	—	—	741.5
Other Mortgage and Asset- backed	—	408.0	5.0	—	413.0
Total Investments in Fixed Maturities ..	86.8	6,117.6	205.2	—	6,409.6
Equity Securities at Fair Value:					
Preferred Stocks:					
Finance, Insurance and Real Estate	—	13.1	—	—	13.1
Other Industries	—	6.7	2.8	—	9.5
Common Stocks:					
Finance, Insurance and Real Estate	0.3	—	—	—	0.3
Other Industries	0.1	—	1.0	—	1.1
Other Equity Interests:					
Exchange Traded Funds	10.9	—	—	—	10.9
Limited Liability Companies and Limited Partnerships	—	—	—	183.6	183.6
Total Investments in Equity Securities at Fair Value	11.3	19.8	3.8	183.6	218.5
Total Assets	\$ 98.1	\$ 6,137.4	\$ 209.0	\$ 183.6	\$ 6,628.1
Liabilities:					
Accrued Expenses and Other Liabilities:					
Derivative Instruments Designated as Cash Flow Hedges	\$ —	(3.7)	\$ —	\$ —	\$ (3.7)
Total Liabilities	\$ —	\$ (3.7)	\$ —	\$ —	\$ (3.7)

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 14. 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.

(Dollars in Millions)	Fair Value Measurements				
	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

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 14. FAIR VALUE MEASUREMENTS (Continued)

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 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 December 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	\$ 59.9	3.4 % - 11.6 %	7.9 %
Non-investment-grade:				
Senior Debt	Market Yield	42.7	7.0 - 24.1	10.0
Junior Debt	Market Yield	35.7	9.5 - 31.0	13.2
Other	Various	66.9		
Total Level 3 Fixed Maturity Investments		<u>\$ 205.2</u>		

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		<u>\$ 189.5</u>		

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 14. 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 year ended December 31, 2024 is presented below.

	Fixed Maturities					Equity Securities	Total
	Corporate Bonds and Notes	States and Political Sub-divisions	Redeemable Preferred Stocks	Collateralized Loan Obligations	Other Mortgage- and Asset-backed	Preferred and Common Stocks	
(Dollars In Millions)							
Balance, Beginning of Year	\$ 177.1	\$ 0.1	\$ 7.1	\$ —	\$ 5.2	\$ 2.8	\$ 192.3
Total Gains (Losses):							
Included in Consolidated Statements of Income (Loss)	0.6	—	—	—	—	2.2	2.8
Included in Other Comprehensive Income	0.8	(0.5)	0.1	—	(0.2)	—	0.2
Purchases	124.2	—	1.9	6.8	—	0.5	133.4
Sales	(104.0)	—	—	—	—	(1.7)	(105.7)
Transfers into Level 3	7.1	3.5	—	—	—	—	10.6
Transfers out of Level 3	(11.6)	(1.3)	(4.9)	(6.8)	—	—	(24.6)
Balance, End of Year	<u>\$ 194.2</u>	<u>\$ 1.8</u>	<u>\$ 4.2</u>	<u>\$ —</u>	<u>\$ 5.0</u>	<u>\$ 3.8</u>	<u>\$ 209.0</u>

The transfers into and out of Level 3 were due 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 year ended December 31, 2023 is presented below.

	Fixed Maturities				Equity Securities	Total
	Corporate Bonds and Notes	States and Political Sub-divisions	Redeemable Preferred Stocks	Other Mortgage- and Asset-backed	Preferred and Common Stocks	
(Dollars in Millions)						
Balance, Beginning of Year	\$ 216.0	\$ —	\$ 6.8	\$ 5.1	\$ 2.1	\$ 230.0
Total Gains (Losses):						
Included in Consolidated Statements of Income (Loss)	(0.7)	—	—	—	(0.8)	(1.5)
Included in Other Comprehensive Income	6.4	—	0.3	0.1	—	6.8
Purchases	50.4	0.1	—	—	1.1	51.6
Sales	(102.6)	—	—	—	—	(102.6)
Transfers into Level 3	7.7	—	—	—	0.4	8.1
Transfers out of Level 3	(0.1)	—	—	—	—	(0.1)
Balance, End of Year	<u>\$ 177.1</u>	<u>\$ 0.1</u>	<u>\$ 7.1</u>	<u>\$ 5.2</u>	<u>\$ 2.8</u>	<u>\$ 192.3</u>

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

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 14. FAIR VALUE MEASUREMENTS (Continued)

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

Asset Class	December 31, 2024		December 31, 2023	
	Fair Value Using NAV	Unfunded Commitments	Fair Value Using NAV	Unfunded Commitments
Reported as Equity Method Limited Liability Investments:				
Mezzanine Debt	\$ 116.7	\$ 40.8	\$ 125.4	\$ 43.1
Real Estate	27.3	—	41.9	—
Senior Debt	19.1	48.2	19.0	39.9
Leveraged Buyout	7.5	0.6	8.6	0.6
Secondary Transactions	5.5	1.6	7.9	1.7
Distressed Debt	4.4	—	7.9	—
Hedge Fund	0.1	—	0.1	—
Growth Equity	—	—	1.2	—
Other	5.7	0.1	9.7	—
Total Equity Method Limited Liability Investments	186.3	91.3	221.7	85.3
Reported as Other Equity Interests at Fair Value:				
Mezzanine Debt	116.9	67.0	124.0	67.0
Senior Debt	26.3	8.4	24.8	10.6
Leveraged Buyout	19.2	30.4	19.0	10.0
Distressed Debt	11.7	15.0	12.4	13.0
Growth Equity	7.0	8.0	6.4	6.5
Secondary Transactions	2.4	1.6	2.8	3.1
Hedge Funds	—	—	1.9	—
Other	0.1	0.2	0.1	0.2
Total Reported as Other Equity Interests at Fair Value	183.6	130.6	191.4	110.4
Reported as Equity Securities at Modified Cost:				
Other	1.8	—	4.8	—
Total Reported as Equity Securities at Modified Cost	1.8	—	4.8	—
Total Investments in Limited Liability Companies and Limited Partnerships	\$ 371.7	\$ 221.9	\$ 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.

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 14. 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.

(Dollars in Millions)	Level	December 31, 2024		December 31, 2023	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets:					
Loans to Policyholders	Level 3	\$ 280.7	\$ 280.7	\$ 281.2	\$ 281.2
Short-term Investments	Level 1 or 2	1,037.1	1,037.1	520.9	520.9
Mortgage Loans	Level 3	75.3	75.3	99.8	99.8
Company-Owned Life Insurance	Level 2	539.2	539.2	513.5	513.5
Equity Securities at Modified Cost	Level 3	22.5	22.5	32.6	32.6
Financial Liabilities:					
Long-term Debt	Level 2	\$ 1,391.6	\$ 1,278.4	\$ 1,389.2	\$ 1,213.4
Policyholder Obligations	Level 2	541.3	541.3	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 from brokers and dealers 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.

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 15. GOODWILL AND INTANGIBLE ASSETS

Goodwill balances by business segment at December 31, 2024 and 2023 were:

<i>DOLLARS IN MILLIONS</i>	2024	2023
Specialty Property & Casualty Insurance	\$ 1,043.0	\$ 1,043.0
Life Insurance	207.7	207.7
Total	<u>\$ 1,250.7</u>	<u>\$ 1,250.7</u>

The Company tests goodwill for recoverability at the reporting unit level on an annual basis, or whenever events or circumstances indicate the fair value of a reporting unit may have declined below its carrying value. The Company performed a qualitative goodwill impairment assessment for all reporting units with goodwill as of October 1, 2024. The qualitative assessment takes into consideration changes in macroeconomic conditions, industry and market considerations, cost factors, overall financial performance, changes in management or key personnel, changes in strategy, events impacting reporting units, and changes in Kemper’s stock price since the last quantitative assessment, which was performed on October 1, 2022. Based on its qualitative assessment, the Company concluded that the associated goodwill was recoverable for each reporting unit.

During the second quarter of 2023, the Company identified impairment indicators impacting the fair value of the Preferred Property & Casualty Insurance business in connection with ongoing evaluation of strategic alternatives for the Preferred Insurance business. As a result, the business’s fair value was determined using a combination of available market information, market comparisons and a discounted cash flow valuation method based on the present value of future earnings. The fair value calculated in the second quarter of 2023 was lower than the carrying value of the business, resulting in a pre-tax impairment charge of \$49.6 million and an after-tax impairment charge of \$45.5 million. A substantial portion of the goodwill that was impaired was not tax deductible. The goodwill impairment charge is reported separately in the Consolidated Statements of Income (Loss) for the year ended December 31, 2023, with a corresponding reduction to goodwill in the Consolidated Balance Sheet as of December 31, 2023.

In 2022, Kemper completed the sale of Reserve National to Medical Mutual of Ohio. As a result of the sale, goodwill attributed to Reserve National was separately tested for recoverability and the Company incurred goodwill impairment of \$11.4 million. The remaining \$0.3 million of goodwill attributable to Reserve National was derecognized at the time of the sale. See Note 4, “Dispositions”, for more information.

The gross carrying amount and accumulated amortization of definite and indefinite life intangible assets at December 31, 2024 and 2023 were:

(Dollars in Millions)	2024			2023		
	Gross Carrying Amount	Accumulated Amortization	Net Amount	Gross Carrying Amount	Accumulated Amortization	Net Amount
Definite Life Intangible Assets:						
Value of Business Acquired	\$ 237.5	\$ 225.4	\$ 12.1	\$ 237.5	\$ 223.7	\$ 13.8
Customer Relationships	43.8	42.3	1.5	43.8	42.1	1.7
Agent Relationships	81.6	43.9	37.7	81.6	38.2	43.4
Trade Names	—	—	—	—	—	—
Internal-Use Software	395.1	180.3	214.8	388.0	178.0	210.0
Total Definite Life Intangible Assets ..	<u>758.0</u>	<u>491.9</u>	<u>266.1</u>	<u>750.9</u>	<u>482.0</u>	<u>268.9</u>
Indefinite Life Intangible Assets:						
Trade Names	5.2	—	5.2	5.2	—	5.2
Insurance Licenses	44.2	—	44.2	44.2	—	44.2
Total Indefinite Life Intangible Assets	<u>49.4</u>	<u>—</u>	<u>49.4</u>	<u>49.4</u>	<u>—</u>	<u>49.4</u>
Total Intangible Assets	<u>\$ 807.4</u>	<u>\$ 491.9</u>	<u>\$ 315.5</u>	<u>\$ 800.3</u>	<u>\$ 482.0</u>	<u>\$ 318.3</u>

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 15. GOODWILL AND INTANGIBLE ASSETS (Continued)

The Company records intangible assets acquired in business combinations and certain costs incurred developing and customizing internal-use software within Other Assets on the Consolidated Balance Sheets. Definite life intangible assets are amortized over the estimated profit emergence period or estimated useful life of the asset. Indefinite life intangible assets are not amortized, but rather tested annually for impairment. In 2024, 2023 and 2022, the Company recognized the following amortization expense on definite life intangible assets:

<i>DOLLARS IN MILLIONS</i>	2024	2023	2022
Specialty Property & Casualty Insurance	\$ 16.6	\$ 17.9	\$ 21.6
Life Insurance	6.0	3.4	3.8
Total Segment Amortization Expense	22.6	21.3	25.4
Corporate and Other	21.8	26.1	26.7
Non-Core Operations	1.9	1.2	1.6
Total Amortization Expense	<u>\$ 46.3</u>	<u>\$ 48.6</u>	<u>\$ 53.7</u>

The amount of amortization expense expected to be recorded in the next five years for definite life intangible assets is as follows:

<i>DOLLARS IN MILLIONS</i>	2025	2026	2027	2028	2029
Definite Life Intangible Assets:					
Value of Business Acquired	\$ 1.6	\$ 1.5	\$ 1.5	\$ 1.4	\$ 1.3
Customer Relationships	0.4	0.4	0.3	0.2	0.2
Agent Relationships	8.6	8.6	4.9	4.9	4.9
Internal-Use Software	35.5	30.9	25.3	22.1	14.7
Total	<u>\$ 46.1</u>	<u>\$ 41.4</u>	<u>\$ 32.0</u>	<u>\$ 28.6</u>	<u>\$ 21.1</u>

NOTE 16. 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 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. The AIF can charge a management fee of up to 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 year ended December 31, 2024, the Company contributed an additional

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 16. VARIABLE INTEREST ENTITIES (Continued)

\$18.0 million of surplus to the Reciprocal Exchange, resulting in a total contributed surplus of \$22.0 million as of December 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 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 Expense (Benefit) on the Consolidated Statements of Income (Loss).

The following table presents information regarding activity in the Company's Alternative Energy Partnership Investments for the years ended December 31, 2024, 2023 and 2022.

(Dollars in millions)	Year Ended		
	Dec 31, 2024	Dec 31, 2023	Dec 31, 2022
Cash distribution from Investment	2.0	2.0	3.3
Income (Loss) on Investments in Alternative Energy Partnership	2.3	2.9	(19.9)
Income Tax Credits Recognized	—	0.2	4.3
Income Tax Expense (Benefit) Recognized from Alternative Energy Partnership	0.5	0.7	(3.7)

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 December 31, 2024 and December 31, 2023.

(Dollars in millions)	Dec 31, 2024	Dec 31, 2023
Cash	\$ 2.7	\$ 2.7
Equipment, Net of Depreciation	253.2	256.2
Other Assets	9.2	7.5
Total Unconsolidated Assets	265.0	266.4
Maximum Loss Exposure	17.6	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 \$17.6 million and \$17.3 million, which is the carrying value of the investment at December 31, 2024 and December 31, 2023, respectively.

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NOTE 17. OTHER COMPREHENSIVE (LOSS) INCOME AND ACCUMULATED OTHER COMPREHENSIVE LOSS

The tables below display the changes in Accumulated Other Comprehensive Loss by component for the years ended December 31, 2024, 2023 and 2022:

(Dollars in Millions)	Net Unrealized Losses on Fixed Maturities	Net Unrealized Losses on Investments with an Allowance for Credit Losses	Net Unrecognized Postretirement Benefit Income (Costs)	(Loss) Gain on Cash Flow Hedges	Change in Discount Rate on Future Life Policyholder Benefits	Total
Balance as of January 1, 2022	\$ 505.8	\$ (3.7)	\$ (52.1)	\$ (1.9)	\$ (849.7)	\$ (401.6)
Other Comprehensive (Loss) Income Before Reclassifications	(1,215.1)	2.0	15.2	4.7	1,090.8	(102.4)
Amounts Reclassified from Accumulated Other Comprehensive Loss Net of Tax Benefit of \$2.7, \$0.1, \$0.1, \$—, \$—, and \$2.9	(10.1)	(0.5)	(0.3)	—	—	(10.9)
Other Comprehensive Income (Loss) Net of Tax Benefit (Expense) of \$325.9, \$(0.4), \$(4.0), \$(1.2), \$(289.9), and \$30.4	(1,225.2)	1.5	14.9	4.7	1,090.8	(113.3)
Balance as of December 31, 2022	\$ (719.4)	\$ (2.2)	\$ (37.2)	\$ 2.8	\$ 241.1	\$ (514.9)
Other Comprehensive Income (Loss) Before Reclassifications	185.0	(0.3)	(6.0)	—	(80.5)	98.2
Amounts Reclassified from Accumulated Other Comprehensive Loss Net of Tax (Expense) Benefit of \$(0.9), \$—, \$(13.8), \$(0.1), \$—, and \$(14.8)	3.5	—	52.7	(0.3)	—	55.9
Other Comprehensive Income (Loss) Net of Tax (Expense) Benefit of \$(50.3), \$0.2, \$(12.5), \$(0.1), \$21.2 and \$(41.5)	188.5	(0.3)	46.7	(0.3)	(80.5)	154.1
Balance as of December 31, 2023	\$ (530.9)	\$ (2.5)	\$ 9.5	\$ 2.5	\$ 160.6	\$ (360.8)
Other Comprehensive (Loss) Income Before Reclassifications	(165.8)	(0.3)	1.4	(5.4)	219.7	49.6
Amounts Reclassified from Accumulated Other Comprehensive Loss Net of Tax (Expense) Benefit of \$(2.3), \$0.3, \$0.6, \$(0.2), \$—, and \$(1.6)	8.9	(0.4)	(2.5)	0.7	—	6.7
Other Comprehensive (Loss) Income Before Reclassifications Net of Tax Benefit (Expense) of \$41.8, \$0.6, \$0.2, \$0.7, \$(58.3), and \$(15.0)	(156.9)	(0.7)	(1.1)	(4.7)	219.7	56.3
Balance as of December 31, 2024	<u>\$ (687.8)</u>	<u>\$ (3.2)</u>	<u>\$ 8.4</u>	<u>\$ (2.2)</u>	<u>\$ 380.3</u>	<u>\$ (304.5)</u>

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 17. OTHER COMPREHENSIVE (LOSS) INCOME AND ACCUMULATED OTHER COMPREHENSIVE LOSS (Continued)

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

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

NOTE 18. SHAREHOLDERS' EQUITY

Common Stock Issuance

Kemper is authorized to issue 20 million shares of \$0.10 par value preferred stock and 100 million shares of \$0.10 par value common stock. No preferred shares were issued or outstanding at December 31, 2024 and 2023. There were 63,840,442 shares and 64,111,555 shares of common stock outstanding at December 31, 2024 and 2023, respectively.

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 share repurchase authorization to approximately \$333.3 million. As of December 31, 2024, the remaining share repurchase authorization was \$132.8 million under the repurchase program.

During the year ended 2024, Kemper repurchased and retired approximately 637,000 shares of its common stock under its share repurchase authorization for an aggregate cost of \$38.9 million and an average cost per share of \$61.12. During the years ended 2023 and 2022, Kemper did not repurchase any of its common stock.

Employee Stock Purchase Plan

During the years ended December 31, 2024, 2023, and 2022, the Company issued 61,000, 89,000, and 102,000 shares under the Kemper Employee Stock Purchase Plan ("ESPP"), respectively, at an average discounted price of \$52.72, \$40.79, and \$40.83 per share. Compensation costs charged against income were \$0.6 million, \$0.6 million, and \$0.7 million for the years ended December 31, 2024, 2023, and 2022, respectively.

Dividends

Kemper issued dividends and dividend equivalents of \$80.1 million, \$80.1 million, and \$80.4 million during 2024, 2023, and 2022, respectively, of which \$80.1 million, \$80.1 million, and \$79.7 million, respectively, was paid to shareholders. Except for certain financial covenants under Kemper's credit agreement or during any period in which Kemper elects to defer interest payments, there are no restrictions on Kemper's ability to pay dividends to its shareholders. Certain financial covenants, namely minimum net worth and a maximum debt to total capitalization ratio, under Kemper's credit agreement could limit the amount of dividends that Kemper may pay to shareholders. Kemper had the ability to pay \$0.6 billion, \$0.5 billion, and \$0.8 billion in dividends without restrictions to its shareholders and still be in compliance with all financial covenants under its credit agreement at December 31, 2024, 2023, and 2022, respectively.

NOTE 19. STATUTORY FINANCIAL INFORMATION AND DIVIDEND LIMITATIONS

Kemper's insurance subsidiaries are required to file financial statements in conformity with accounting practices prescribed or permitted by domestic and foreign insurance regulatory authorities.

Prescribed statutory accounting practices for domestic insurance companies include a variety of publications of the NAIC, as well as state laws, regulations and general administrative rules. All states require domiciled insurance companies to prepare statutory-basis financial statements in conformity with the NAIC Accounting Practices and Procedures Manual, subject to any deviations prescribed or permitted by the applicable insurance commissioner or director. Statutory accounting practices differ from GAAP primarily since they require charging policy acquisition costs to expense as incurred, establishing life insurance

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 19. STATUTORY FINANCIAL INFORMATION AND DIVIDEND LIMITATIONS (Continued)

reserves based on different actuarial assumptions, and valuing certain investments and establishing deferred taxes on a different basis.

Kemper’s foreign subsidiary, Kemper Bermuda Ltd., is required to file with its insurance regulator financial statements prepared in accordance with US GAAP and presented in conformity with the financial reporting provisions of the Insurance Act of 1978, amendments thereto and the Insurance Account Rules 2016 with respect to Condensed Consolidated General Purpose Financial Statements (the “Legislation”).

The estimated combined statutory net income (loss), excluding intercompany dividends and surplus note interest, and estimated combined capital and surplus of the Company’s insurance subsidiaries is as follows:

<i>DOLLARS IN MILLIONS</i>	Year Ended December 31,		
	2024	2023	2022
Property and casualty companies:			
Domestic	\$ 440.7	\$ (150.4)	\$ (226.7)
Life and health companies			
Domestic	17.1	(136.0)	174.4
Foreign	(73.9)	140.0	36.0
Total Life and health companies	(56.8)	4.0	210.4
Total statutory net income (loss)	<u>\$ 383.9</u>	<u>\$ (146.4)</u>	<u>\$ (16.3)</u>

<i>DOLLARS IN MILLIONS</i>	2024	2023
Property and casualty companies		
Domestic	\$ 1,761.2	\$ 1,587.8
Life and health companies		
Domestic	124.3	113.7
Foreign	197.9	111.9
Total Life and health companies	322.2	225.6
Total statutory capital and surplus	<u>\$ 2,083.4</u>	<u>\$ 1,813.4</u>

The Company has non-insurance subsidiaries that are not subject to statutory accounting practices (“SAP”) as described above. The statutory net income and statutory capital and surplus amounts presented above do not include non-insurance subsidiaries in accordance with SAP.

Kemper’s insurance subsidiaries are also required to hold minimum levels of statutory capital and surplus to satisfy regulatory requirements. The minimum statutory capital and surplus for US subsidiaries, or company action level risk-based capital (“RBC”), necessary to satisfy regulatory requirements for the Company’s US based life and health insurance subsidiaries collectively was estimated to be approximately \$31.6 million and \$36.4 million at December 31, 2024 and 2023, respectively. The estimated minimum statutory capital and surplus necessary to satisfy regulatory requirements for the Company’s property and casualty insurance subsidiaries collectively was approximately \$574.9 million and \$574.3 million at December 31, 2024 and 2023, respectively. Company action level RBC is the level at which a US based insurance company is required to file a corrective action plan with its regulators and is equal to 200% of the authorized control level RBC.

Capital and surplus requirements of Kemper Bermuda Ltd. are regulated by the Bermuda Monetary Authority (“BMA”) and differ from those applicable to the US subsidiaries. On July 1, 2022, Kemper entered into an indefinite agreement with its subsidiary, Kemper Bermuda Ltd., that provides financial guarantees of up to \$300.0 million in contributed capital to maintain a minimum target capital ratio of 150% Enhance Capital Requirement, as described in Bermuda’s Insurance Act 1978. As of December 31, 2024 and 2023, Kemper had cumulatively contributed \$40.0 million under this agreement.

At December 31, 2024, all insurance subsidiaries individually are expected to exceed the minimum required statutory capital and surplus requirements.

Various insurance laws restrict the amount that a US based insurance subsidiary may pay in the form of dividends, loans or advances without the prior approval of regulatory authorities. Such insurance laws applicable to the Company’s US based

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 19. STATUTORY FINANCIAL INFORMATION AND DIVIDEND LIMITATIONS (Continued)

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. Also, that portion of a US based insurance subsidiary's net equity which results from differences between statutory insurance accounting practices and GAAP would not be available for cash dividends, loans or advances. Kemper's US based insurance subsidiaries paid dividends of \$213.3 million, \$640.9 million and \$311.7 million to Kemper in 2024, 2023 and 2022, respectively. In 2025, Kemper's US based insurance subsidiaries capacity to pay dividends to Kemper without prior regulatory approval is estimated to be \$211.7 million as of the filing date. Kemper's US based insurance subsidiaries had net assets of approximately \$3.2 billion and \$3.5 billion, determined in accordance with GAAP, that were restricted from payment to Kemper without prior regulatory approval at December 31, 2024 and 2023, respectively.

Additionally, Kemper Bermuda Ltd. is subject to minimum solvency requirements on its statutory and economic capital that limits its ability to declare and pay dividends. Kemper Bermuda Ltd. did not authorize or pay dividends to the Company for the years ended December 31, 2024, 2023 or 2022.

NOTE 20. PENSION BENEFITS

The Company previously sponsored a qualified defined benefit pension plan (the "Pension Plan"). Effective January 1, 2006, the Pension Plan was closed to new hires and, effective June 30, 2016, benefit accruals were frozen for substantially all of the participants under the Pension Plan. The Pension Plan has since been fully terminated.

In the third quarter of 2023, all plan liabilities were settled by either a lump-sum distribution or assumed by a third-party in exchange for a transfer of assets from the pension plan trust fund. After giving effect to these transactions, the Company recorded a \$70.2 million noncash settlement charge (\$55.5 million after-tax) for the unamortized net unrecognized postretirement benefit costs related to the settled obligations.

As of December 31, 2023, \$16.3 million of assets remained in the pension trust and was included within Other Assets in the accompanying Consolidated Balance Sheet. During the second quarter of 2024, the Company received \$2.7 million as a post-settlement adjustment which was recorded in Insurance and Other Expenses in the accompanying Consolidated Statements of Income (Loss). As of September 30, 2024, \$17.8 million of net assets remained in the pension trust after post-settlement adjustment, administrative, and investment activity. During the fourth quarter of 2024, the Company distributed \$4.7 million to eligible participants in the Company's defined contribution benefit plans and reverted the remaining \$13.1 million of assets for general corporate use. As of December 31, 2024, no assets remained in the pension trust.

The Company incurred \$7.3 million of pre- and post-tax expenses related to the reversion of assets within the pension trust, which included \$4.7 million distributed to eligible participants in the Company's defined contribution benefit plans and \$2.6 million of excise taxes paid by the Company on the remaining \$13.1 million made available for general corporate use.

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 20. PENSION BENEFITS (Continued)

Changes in Fair Value of Plan Assets and Changes in Projected Benefit Obligation for the Pension Plan for the years ended December 31, 2024 and 2023 is presented below.

<i><u>DOLLARS IN MILLIONS</u></i>	<u>2024</u>	<u>2023</u>
Fair Value of Plan Assets at Beginning of Year	\$ 16.3	\$ 315.8
Actual Return on Plan Assets	(1.1)	7.1
Benefits Paid	—	(100.9)
Settlement Benefits	2.6	(205.7)
Assets contributed to 401(k) Plan	(4.7)	—
Assets reverted to the Company	(13.1)	—
Fair Value of Plan Assets at End of Year	—	16.3
Projected Benefit Obligation at Beginning of Year	—	292.2
Interest Cost	—	8.4
Benefits Paid	—	(100.9)
Settlement Benefits	—	(205.7)
Actuarial Gains	—	6.0
Projected Benefit Obligation at End of Year	—	—
Funded Status—Plan Assets in Excess of Projected Benefit Obligation	<u>\$ —</u>	<u>\$ 16.3</u>
Unamortized Amount Reported in AOCI at End of Year	<u>\$ —</u>	<u>\$ —</u>
Accumulated Benefit Obligation at End of Year	<u>\$ —</u>	<u>\$ —</u>

The measurement dates of the assets and liabilities at end of year presented in the preceding table under the headings, “2024” and “2023” were December 31, 2024 and December 31, 2023, respectively.

Asset allocations for the Pension Plan at December 31, 2024 and 2023 by asset category were:

<i><u>ASSET CATEGORY</u></i>	<u>2024</u>	<u>2023</u>
Cash and Short-term Investments	— %	100 %
Total	<u>— %</u>	<u>100 %</u>

The fair values of pension plan assets are estimated using the same methodologies and inputs as those used to determine the fair values for the respective asset category of the Company. These methodologies and inputs are disclosed in Note 14, “Fair Value Measurements,” to the Consolidated Financial Statements.

Fair value measurements for the Pension Plan’s assets at December 31, 2023 are summarized below.

<i><u>DOLLARS IN MILLIONS</u></i>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Measured at Net Asset Value</u>	<u>Fair Value</u>
Equity Securities:					
Other Equity Interests:					
Limited Liability Companies and Limited Partnerships	—	—	—	0.1	0.1
Short-term Investments	16.2	—	—	—	16.2
Total	<u>\$ 16.2</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 0.1</u>	<u>\$ 16.3</u>

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NOTE 20. PENSION BENEFITS (Continued)

The components of Comprehensive Pension (Income) Expense for the Pension Plan for the years ended December 31, 2024, 2023 and 2022 were:

<i>DOLLARS IN MILLIONS</i>	2024	2023	2022
Service Cost Earned During the Year	\$ —	\$ —	\$ —
Interest Cost on Projected Benefit Obligation	—	8.4	8.7
Expected Return on Plan Assets	—	(7.9)	(7.4)
Amortization of Prior Service Cost	—	0.4	0.7
Amortization of Actuarial Loss	—	—	1.8
Settlement (Income) Expense	(2.6)	70.2	—
Pension (Income) Expense Recognized in Consolidated Statements of Income (Loss)	(2.6)	71.1	3.8
Unrecognized Pension Loss Arising During the Year	—	—	(12.0)
Prior Service Cost Arising During the Year	—	—	—
Amortization of Prior Service Cost	—	—	(0.7)
Amortization of Accumulated Unrecognized Pension Loss	—	—	(1.8)
Comprehensive Pension (Income) Expense	<u>\$ (2.6)</u>	<u>\$ 71.1</u>	<u>\$ (10.7)</u>

The weighted-average discount rate, service cost discount rate, interest cost discount rate, rate of increase in future compensation levels and expected long-term rate of return on plan assets used to develop the components of Pension Expense for the Pension Plan for the years ended December 31, 2024, 2023 and 2022 were:

	2024	2023	2022
Weighted-average Discount Rate	— %	5.05 %	2.89 %
Interest Cost Discount Rate	—	4.92	2.35
Rate of Increase in Future Compensation Levels	N/A	N/A	3.40
Expected Long Term Rate of Return on Plan Assets	—	3.79	2.08

The Company did not contribute to the Pension Plan in 2022, 2023 or 2024.

The Company also sponsors a non-qualified supplemental defined benefit pension plan (the “Supplemental Plan”). Benefit accruals for all participants in the Supplemental Plan were frozen effective June 30, 2016. The unfunded liability related to the Supplemental Plan was \$20.1 million and \$21.8 million at December 31, 2024 and 2023, respectively. Pension expense for the Supplemental Plan was \$1.0 million, \$1.0 million, and \$0.8 million for the years ended December 31, 2024, 2023 and 2022, respectively. There was a pre-tax actuarial gain of \$0.8 million, loss of \$0.7 million, and gain of \$4.8 million included in Other Comprehensive Income (Loss) for the years ended December 31, 2024, 2023 and 2022, respectively.

The Company also sponsors several defined contribution benefit plans covering most of its employees. The Company made contributions to those plans of \$24.3 million, \$27.5 million and \$30.6 million in 2024, 2023 and 2022, respectively, excluding the \$4.7 million contributed during the fourth quarter of 2024 as part of the reversion of assets remaining in the pension trust.

NOTE 21. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

Kemper and Infinity Property and Casualty Corporation (“Infinity”) sponsor other than pension postretirement employee benefit plans (“OPEB”) that together provide medical, dental and/or life insurance benefits to approximately 400 retired and 500 active employees.

Kemper Corporation and Subsidiaries
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NOTE 21. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS (Continued)

Kemper has historically self-insured the benefits under the Kemper OPEB Plan. The Kemper medical plan generally provides for a limited number of years of medical insurance benefits at retirement based on the participant's attained age at retirement and number of years of service until specified dates and generally has required participant contributions, with most contributions adjusted annually. On December 30, 2016, Kemper amended the Kemper OPEB Plan and, effective December 31, 2016, no longer offers coverage to post-65 Medicare-eligible retirees and Medicare-eligible spouses under the self-insured portion of its coverage. Rather, beginning on January 1, 2017, the Kemper OPEB Plan offers access to a private, third-party Medicare exchange and provides varying levels of a Company-determined subsidy via health reimbursement accounts to certain Medicare-eligible retirees and spouses in order to help fund a portion of the participants' cost. Further, the amendment eliminates the requirement for such participants to contribute to the Kemper OPEB Plan.

In conjunction with the amendment, the Company recorded a pre-tax reduction to its Accumulated Postretirement Benefit Obligation of \$11.0 million through Other Comprehensive Income (Loss). This prior service credit is being amortized into income over the remaining average life of the Kemper OPEB Plan's participants.

Changes in Fair Value of Plans' Assets and Changes in Accumulated Postretirement Benefit Obligation for the years ended December 31, 2024 and 2023 were:

<i>DOLLARS IN MILLIONS</i>	2024	2023
Fair Value of Plans' Assets at Beginning of Year	\$ —	\$ —
Employer Contributions	0.4	1.0
Plan Participants' Contributions	0.1	0.3
Benefits Paid	(0.5)	(1.3)
Fair Value of Plan Assets at End of Year	—	—
Accumulated Postretirement Benefit Obligation at Beginning of Year	7.5	8.1
Service Cost	0.1	0.1
Interest Cost	0.3	0.4
Plan Participants' Contributions	0.1	0.3
Benefits Paid	(0.5)	(1.3)
Actuarial Gain	(1.0)	(0.1)
Accumulated Postretirement Benefit Obligation at End of Year	6.5	7.5
Funded Status—Accumulated Postretirement Benefit Obligation in Excess of Plans' Assets	<u>\$ (6.5)</u>	<u>\$ (7.5)</u>
Unamortized Actuarial Gain Reported in AOCI at End of Year	<u>\$ 12.0</u>	<u>\$ 13.9</u>

The measurement dates of the assets and liabilities at end of year in the preceding table under the headings "2024" and "2023" were December 31, 2024 and December 31, 2023, respectively.

The weighted-average discount rate and rate of increase in future compensation levels used to develop the components of the Accumulated Postretirement Benefit Obligation at December 31, 2024 and 2023 were:

	2024	2023
Discount Rate	5.55 %	4.92 %
Rate of Increase in Future Compensation Levels	2.20	2.20

The assumed health care cost trend rate used in measuring the Accumulated Postretirement Benefit Obligation at December 31, 2024 was 8.3% for 2025, gradually declining to 4.7% in the year 2034 and remaining at that level thereafter for medical benefits and 12.3% for 2025, gradually declining to 4.5% in the year 2034 and remaining at that level thereafter for prescription drug benefits. The assumed health care cost trend rate used in measuring the Accumulated Postretirement Benefit Obligation at December 31, 2023 was 6.7% for 2024, gradually declining to 4.7% in the year 2029 and remaining at that level thereafter for medical benefits and 8.0% for 2024, gradually declining to 4.8% in the year 2030 and remaining at that level thereafter for prescription drug benefits.

Kemper Corporation and Subsidiaries
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NOTE 21. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS (Continued)

The components of Comprehensive OPEB (Income) Expense for the years ended December 31, 2024, 2023 and 2022 were:

<i>DOLLARS IN MILLIONS</i>	2024	2023	2022
Service Cost Earned During the Year	\$ 0.1	\$ 0.1	\$ 0.2
Interest Cost on Accumulated Postretirement Benefit Obligation	0.3	0.4	0.2
Amortization of Prior Service Credit	(1.3)	(1.3)	(1.3)
Amortization of Accumulated Unrecognized OPEB Gain	(1.5)	(1.8)	(1.8)
OPEB Income Recognized in Consolidated Statements of Income (Loss)	(2.4)	(2.6)	(2.7)
Unrecognized OPEB Gain Arising During the Year	(1.0)	(0.1)	(2.5)
Amortization of Prior Service Credit	1.3	1.3	1.3
Amortization of Accumulated Unrecognized OPEB Gain	1.5	1.8	1.8
Comprehensive OPEB (Income) Expense	<u>\$ (0.6)</u>	<u>\$ 0.4</u>	<u>\$ (2.1)</u>

The Company estimates that OPEB Expense for the year ended December 31, 2025 will include income of \$2.1 million resulting from the amortization of the related accumulated actuarial gain and prior service credit included in AOCI at December 31, 2024.

The weighted-average discount rate and rate of increase in future compensation levels used to develop OPEB Expense for the years ended December 31, 2024, 2023 and 2022 were:

	2024	2023	2022
Weighted-average Discount Rate	4.92 %	5.11 %	2.56 %
Service Cost Discount Rate	4.94	5.12	2.79
Interest Cost Discount Rate	4.85	5.03	1.97
Effective Rate for Interest on Service Cost	4.85	5.04	2.54
Rate of Increase in Future Compensation Levels	2.20	2.20	2.20

The Company expects to contribute \$0.9 million, net of the expected Medicare Part D subsidy, to its OPEB Plan to fund benefit payments in 2025.

The following benefit payments (net of participant contributions), which consider expected future service, as appropriate, are expected to be paid:

<i>DOLLARS IN MILLIONS</i>	Years Ending December 31,					
	2025	2026	2027	2028	2029	2030-2034
Estimated Benefit Payments:						
Excluding Medicare Part D Subsidy	\$ 0.9	\$ 0.8	\$ 0.8	\$ 0.7	\$ 0.6	\$ 2.7
Expected Medicare Part D Subsidy	—	—	—	—	—	—
Net Estimated Benefit Payments	<u>\$ 0.9</u>	<u>\$ 0.8</u>	<u>\$ 0.8</u>	<u>\$ 0.7</u>	<u>\$ 0.6</u>	<u>\$ 2.7</u>

NOTE 22. LONG-TERM EQUITY-BASED COMPENSATION

On May 1, 2024 (“2023 A&R Omnibus Plan Effective Date”), Kemper’s shareholders approved the Amended and Restated Kemper Corporation 2023 Omnibus Equity Plan (“2023 A&R Omnibus Plan”). The number of shares of Kemper common stock available for issuance under the 2023 A&R Omnibus Plan is (i) 2,650,000 shares less (ii) one (1) share for every one (1) share granted after February 15, 2024 and prior to the 2023 A&R Omnibus Plan Effective Date (the “Share Authorization”). Since May 3, 2023, no new awards have been granted under the 2020 Omnibus Equity Plan (“2020 Omnibus Plan”) that had been approved by Kemper’s Shareholders on May 6, 2020, but awards previously granted under the 2020 Omnibus Plan remain outstanding in accordance with their original terms. As of December 31, 2024, there were 2,363,941 common shares available for future grants, subject to adjustment in accordance with the plans’ terms and the respective grant agreements.

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Notes to the Consolidated Financial Statements

NOTE 22. LONG-TERM EQUITY-BASED COMPENSATION (Continued)

Outstanding equity-based compensation awards as of December 31, 2024 consisted of time-based Restricted Stock Units that typically vest over three years (“RSU”), stock option and stock appreciation rights (“Tandem Awards”), PSUs and Deferred Stock Units (“DSUs”) that were previously granted to Kemper’s Non-employee Directors under the 2011 Omnibus Equity Plan. In 2024, grants were made of RSUs that had performance vesting conditions (“pRSUs”). Unless otherwise specified in this Note 22, references to RSUs include pRSUs. RSUs, PSUs and DSUs give the recipient the right to receive one share of Kemper common stock for each RSU, PSU or DSU issued. Recipients of DSUs received full dividend equivalents on the same basis as all other outstanding shares of Kemper common stock, but do not receive voting rights until such shares are issued.

For grants under the 2023 A&R Omnibus Plan and the 2020 Omnibus Plan, recipients of RSUs and PSUs receive dividend equivalents on the same basis as all other outstanding shares of Kemper common stock only if, to the extent, and at the time that they vest and on subsequent dividend payment dates after they vest until the awards are settled, and do not receive voting rights until such shares are issued. For awards subject to a performance condition, the Company recognizes compensation expense based upon the probable outcome of the performance condition. The estimate is revised if the actual number of PSUs expected to vest is likely to differ from the previous estimate. Compensation expense for awards is recognized on a straight-line basis over the requisite service period. For equity-based compensation awards with a graded vesting schedule, the Company recognizes compensation expense on a straight-line basis over the requisite service period for each separately-vesting portion of the awards as if each award were, in substance, multiple awards. Compensation expense is recognized only for those awards expected to vest, with forfeitures estimated at the date of grant based on the Company’s historical experience and future expectations. Equity-based compensation expense was \$29.2 million, \$29.0 million and \$17.7 million for the years ended December 31, 2024, 2023 and 2022, respectively. Total unamortized compensation expense related to unvested awards at December 31, 2024 was \$28.0 million, which is expected to be recognized over the next three years ending December 31, 2025, 2026 and 2027.

The Human Resources and Compensation Committee of the Board of Directors, or, in limited circumstances, the CEO as the Board’s authorized designee, has sole discretion to determine the persons to whom awards under the 2023 A&R Omnibus Plan are granted, and the material terms of the awards. For Tandem Awards, material terms include the number of shares covered by such awards and the exercise price, vesting and expiration dates of such awards. Tandem Awards are non-transferable. The exercise price of Tandem Awards is the fair value of Kemper’s common stock on the date of grant. Tandem Awards and RSU awards granted to employees generally vest in three equal annual installments over a period of three years, with the Tandem Awards expiring ten years from the date of grant. Employee PSU awards generally vest over a period of three years, subject to performance results and other restrictions. pRSU vest in three equal installments on the first three anniversaries of the grant date, assuming performance conditions are satisfied prior to each vesting date and that the executive remains employed by the Company. The performance conditions are measured using full-year 2024 results and full-year 2025 results.

Under the Non-employee Director compensation program in effect for 2024, each Non-employee Director elected at the 2024 annual shareholder meeting received an annual RSU award with an aggregate grant date fair value of \$150,000 (“Director RSUs”) at the conclusion of the meeting, and new Non-employee Directors who joined the Board received an initial award of Director RSUs valued at the percentage of the full grant date fair value of \$150,000 that represents the number of quarterly

Board meetings the new director was expected to attend during the remaining portion of the then-current annual compensation period that ends on the date of the next annual shareholder meeting. The Director RSUs vest over a period of one year, enable the award holder to make an election to defer the conversion to shares of common stock in accordance with applicable deferral rules, and include the right to receive dividend equivalents on the same basis as all other outstanding shares of Kemper common stock only if, to the extent, and at the time that they vest and on subsequent dividend payment dates after they vest until the awards are settled. Each Non-employee Director elected at the 2023 annual shareholder meeting received an annual Director RSU award with an aggregate grant date fair value of \$130,000 at the conclusion of the meeting, and, each Non-employee Director elected at the 2022 annual shareholder meeting received an annual Director RSU award with an aggregate grant date fair value of \$130,000 at the conclusion of the meeting, under the Non-employee Director compensation program in effect for the applicable year.

The Company uses the Black-Scholes option pricing model to estimate the fair value of each Tandem Award on the date of grant. The expected terms of Tandem Awards are developed by considering the Company’s historical Tandem Award exercise experience, demographic profiles, historical share retention practices of employees and assumptions about their propensity for early exercise in the future. Expected volatility is estimated using weekly historical volatility over the estimated life of each tranche of the award. The Company believes that historical volatility is currently the best estimate of expected volatility. The dividend yield in 2024, 2023 and 2022 was calculated by taking the natural logarithm of the annualized yield divided by the

Kemper Corporation and Subsidiaries
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NOTE 22. LONG-TERM EQUITY-BASED COMPENSATION (Continued)

Kemper common stock price on the date of grant. The risk-free interest rate was the yield on the grant date of U.S. Treasury zero coupon issues with a maturity comparable to the expected term of the option.

The assumptions used in the Black-Scholes pricing model for Tandem Awards granted during the years ended December 31, 2024, 2023 and 2022 are presented below.

	2024		2023		2022	
<u>RANGE OF VALUATION ASSUMPTIONS</u>						
Expected Volatility	34.49 %	- 38.21 %	35.12 %	- 39.27 %	33.20 %	- 37.67 %
Risk-free Interest Rate	3.83	- 4.02	3.47	- 4.74	1.20	- 4.33
Expected Dividend Yield	1.95	- 2.15	1.55	- 2.39	1.59	- 2.25
<u>WEIGHTED-AVERAGE EXPECTED LIFE IN YEARS</u>						
Employee Grants	4 - 6		4 - 6		4 - 6	

Tandem Award activity for the year ended December 31, 2024 is presented below.

	Shares Subject to Awards	Weighted-average Exercise Price Per Share (\$)	Weighted-average Remaining Contractual Life (in Years)	Aggregate Intrinsic Value (\$ In Millions)
Outstanding at Beginning of the Year	2,373,319	\$ 59.27		
Granted	240,412	57.99		
Exercised	(88,989)	52.47		
Forfeited or Expired	(168,962)	69.93		
Outstanding at December 31, 2024	<u>2,355,780</u>	<u>\$ 58.62</u>	<u>4.91</u>	<u>\$ 24.6</u>
Vested and Expected to Vest at December 31, 2024	<u>2,328,720</u>	<u>\$ 58.66</u>	<u>4.88</u>	<u>\$ 24.3</u>
Exercisable at December 31, 2024	<u>1,874,676</u>	<u>\$ 59.13</u>	<u>4.03</u>	<u>\$ 19.9</u>

The weighted-average grant-date fair values of Tandem Awards granted during 2024, 2023 and 2022 were \$18.80, \$18.85 and \$14.67, respectively. Total intrinsic value of Tandem Awards exercised was \$0.9 million, \$0.6 million and \$0.3 million for the years ended December 31, 2024, 2023 and 2022, respectively. Cash received from exercises of Tandem Awards was \$4.7 million, \$1.9 million and \$0.6 million for the years ended December 31, 2024, 2023 and 2022, respectively. Total tax benefit realized for tax deductions from exercises of Tandem Awards was \$0.2 million, \$0.1 million and \$0.1 million for the years ended December 31, 2024, 2023 and 2022, respectively.

Information pertaining to Tandem Awards outstanding at December 31, 2024 is presented below.

Range of Exercise Prices (\$)	Outstanding			Exercisable	
	Shares Subject to Awards	Weighted-average Exercise Price Per Share (\$)	Weighted-average Remaining Contractual Life (in Years)	Shares Subject to Awards	Weighted-average Exercise Price Per Share (\$)
\$ 20.01 - 30.00	103,731	\$ 27.71	1.16	103,731	\$ 27.71
30.01 - 40.00	64,219	33.11	0.98	64,219	33.11
40.01 - 50.00	326,945	42.62	1.93	320,220	42.52
50.01 - 60.00	1,064,337	56.48	6.50	602,879	56.40
60.01 - 70.00	274,361	68.94	5.69	261,440	69.21
70.01 - 80.00	502,599	76.61	4.33	502,599	76.61
80.01 - 90.00	19,588	83.42	4.77	19,588	83.42
<u>20.01 - 90.00</u>	<u>2,355,780</u>	<u>58.62</u>	<u>4.91</u>	<u>1,874,676</u>	<u>59.13</u>

The grant-date fair values of RSUs are determined using the closing price of Kemper common stock on the date of grant.

Kemper Corporation and Subsidiaries
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NOTE 22. LONG-TERM EQUITY-BASED COMPENSATION (Continued)

Activity related to nonvested RSUs for the year ended December 31, 2024 is presented below.

	Time-based Restricted Stock Unit Awards	
	Number of Restricted Stock Units	Weighted-average Grant-date Fair Value Per Unit
Nonvested Balance at Beginning of the Year	568,316	\$ 54.77
Granted	448,121	57.94
Vested	(359,874)	54.06
Forfeited	(70,831)	57.44
Nonvested Balance at December 31, 2024	<u>585,732</u>	<u>\$ 57.34</u>

The initial number of PSUs awarded to each participant represents the number of Kemper common shares that would vest and be issued if the performance level attained were to be at the “target” performance level. For performance above the target level, each participant would receive a grant of additional shares of stock up to a maximum of 100% of the initial number of PSUs awarded to the participant. The final payout of these awards, and any forfeitures of PSUs for performance below the “target” performance level, will be determined based on the Company’s performance. If, at the end of the applicable performance period, the Company’s performance:

- exceeds the “target” performance level, all of the PSUs will vest and additional shares of stock will be issued to the award recipient;
- is below the “target” performance level, but at or above a “minimum” performance level, only a portion of the PSUs originally issued to the award recipient will vest; or
- is below a “minimum” performance level, none of the PSUs originally issued to the award recipient will vest.

Activity related to nonvested PSU awards for the year ended December 31, 2024 is presented below.

	PSU Awards	
	Number of PSUs	Weighted-average Grant-date Fair Value Per PSU
Nonvested Balance at Beginning of the Year	581,307	\$ 63.82
Granted	208,294	64.83
Vested	—	—
Forfeited	(253,075)	70.69
Nonvested Balance at December 31, 2024	<u>536,526</u>	<u>\$ 60.99</u>

The number of additional shares that would be granted if the Company were to meet or exceed the maximum performance levels related to the outstanding PSU awards for the 2024, 2023 and 2022 three-year performance periods was 192,438 common shares, 169,216 common shares and 174,872 common shares, respectively, (as “full value awards,” the equivalent of 192,438 shares, 169,216 shares, and 174,872 shares, respectively, under the Share Authorization) at December 31, 2024.

The grant date fair values of the PSU awards with a market performance condition are determined using the Monte Carlo simulation method. The Monte Carlo simulation model produces a risk-neutral simulation of the daily returns on the common stock of Kemper and each of the other companies included in the peer group. Returns generated by the simulation depend on the risk-free interest rate used and the volatilities of, and the correlation between, these stocks. The model simulates stock prices and dividend payouts to the end of the three-year performance period. Total shareholder returns are generated for each of these stocks based on the simulated prices and dividend payouts. The total shareholder returns are then ranked, and Kemper’s simulated ranking is converted to a payout percentage based on the terms of the PSU awards. The payout percentage is applied to the simulated stock price at the end of the performance period, reinvested dividends are added back, and the total is

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 22. LONG-TERM EQUITY-BASED COMPENSATION (Continued)

discounted to the valuation date at the risk-free rate. This process is repeated approximately ten thousand times, and the grant date fair value is equal to the average of the results from these trials.

Sixty-seven percent of the PSU awards granted to employees in 2024, sixty-seven percent of the PSU awards granted to employees in 2023 and sixty-seven percent of the PSU awards granted to employees in 2022 are measured using a market performance condition. Fair value for these awards was estimated using the Monte Carlo simulation method described above. Final payout for these awards, and any forfeitures of units for performance below the “target” performance level, will be based on Kemper’s total shareholder return, relative to a peer group comprised of all the companies in the S&P Supercomposite Insurance Index, over a three-year performance period. The three-year performance periods for the 2024, 2023 and 2022 awards end on January 31, 2026, January 31, 2025 and January 31, 2024, respectively. Compensation cost for these awards is recognized ratably over the requisite service period. In the event that the market performance condition is not satisfied, previously recognized compensation cost would not reverse, but it would reverse if the requisite service period is not met.

Thirty-three percent of the PSU awards granted to employees in 2024, thirty-three percent of the PSU awards granted to employees in 2023 and thirty-three percent of the PSU awards granted to employees in 2022 are measured solely using a Company-specific metric. Final payout for these awards, and any forfeitures of shares for performance below the “target” performance level, will be determined based on Kemper’s adjusted return on equity over a three-year performance period. The three-year performance periods for the 2024, 2023 and 2022 awards end on December 31, 2026, December 31, 2025 and December 31, 2024, respectively. Fair value for these awards was determined using the closing price of Kemper common stock on the date of grant. Accruals of compensation cost for these awards are estimated based on the probable outcome of the performance condition.

The total fair value of RSUs and PSUs that vested during the year ended December 31, 2024 was \$21.7 million. The tax benefits for tax deductions realized from such awards was \$4.5 million. The total fair value of RSUs and PSUs that vested during the year ended December 31, 2023 was \$5.2 million. The tax benefits for tax deductions realized from such awards was \$1.1 million. The total fair value of RSUs and PSUs that vested during the year ended December 31, 2022 was \$7.5 million. The tax benefits for tax deductions realized from such awards was \$1.6 million.

The grant-date fair values of DSU awards issued under the 2011 Omnibus Plan granted to Non-employee Directors were determined using the closing price of Kemper common stock on the date of grant. Beginning in 2019 DSU awards are no longer issued to Non-employee Directors. All previously granted shares had vested upon issuance and as such, no DSUs vested during the years ended December 31, 2024, 2023 and 2022.

Activity related to DSU awards for the year ended December 31, 2024 is presented below.

	Number of DSUs	Weighted- average Grant-date Fair Value Per DSU
Vested Balance at Beginning of the Year	28,380	\$ 46.07
Reduction for Shares Issued on Conversion.....	(15,440)	42.94
Vested Balance at December 31, 2024	<u>12,940</u>	<u>\$ 49.80</u>

NOTE 23. POLICYHOLDER OBLIGATIONS

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

<i>DOLLARS IN MILLIONS</i>	December 31,	
	2024	2023
FHLB Funding Agreements	\$ 541.3	\$ 557.4
Universal Life-type Policyholder Account Balances	96.4	98.3
Total	<u>\$ 637.7</u>	<u>\$ 655.7</u>

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. United Insurance received advances of \$101.7 million from the FHLB of Chicago and made repayments of \$117.8 million under the spread lending program in 2024.

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 23. POLICYHOLDER OBLIGATIONS (Continued)

United Insurance received advances of \$122.5 million and made repayments of \$166.1 million from the FHLB of Chicago in 2023 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 December 31, 2024 and 2023 is presented below.

<i>DOLLARS IN MILLIONS</i>	2024	2023
Liability under Funding Agreements	\$ 541.3	\$ 557.4
Fair Value of Collateral Pledged	619.3	629.3
FHLB of Chicago Common Stock Owned at Cost	16.9	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 December 31, 2024 and 2023. Guaranteed minimum benefit amounts in excess of the current account balances for these contracts were \$276.6 million and \$294.1 million as of December 31, 2024 and 2023, respectively. The cash surrender value of the Company's policyholder obligations for these contracts was \$96.4 million and \$98.2 million as of December 31, 2024 and 2023, respectively.

NOTE 24. 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 December 31, 2024 was \$512.0 million. There were no outstanding borrowings under the credit agreement at either December 31, 2024 or December 31, 2023.

The Company incurred \$2.2 million of debt issuance costs in relation to the amended agreement. As of December 31, 2024 there were \$1.1 million of remaining unamortized costs under the credit agreement, which will be amortized under the remaining term of the credit agreement.

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 24. DEBT (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 at December 31, 2024 and 2023 was:

(Dollars in Millions)	Dec 31, 2024	Dec 31, 2023
Senior Notes:		
Current:		
4.350% Senior Notes due February 15, 2025	449.9	—
Non-Current:		
4.350% Senior Notes due February 15, 2025	\$ —	\$ 449.6
2.400% Senior Notes due September 30, 2030	397.5	397.0
3.800% Senior Notes due February 23, 2032	396.5	396.0
5.875% Fixed-Rate Reset Junior Subordinated Debentures due 2062	147.7	146.6
Total Long-term Debt Outstanding	<u>\$ 1,391.6</u>	<u>\$ 1,389.2</u>

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 December 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.

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.

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 24. DEBT (Continued)

Short-term Debt

Kemper’s subsidiaries, United Insurance, Trinity Universal Insurance Company (“Trinity”) and AAC, are members of the FHLBs of Chicago, Dallas and Chicago, respectively. 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. The Company did not receive advances or make repayments of short-term debt during the years ended December 31, 2024 or 2023 for cash and risk management purposes. There were no short-term debt advances from the FHLBs of Chicago or Dallas outstanding at December 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 23, “Policyholder Obligations,” to the 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 \$56.9 million, \$56.1 million and \$54.7 million for the years ended December 31, 2024, 2023 and 2022 respectively. Interest paid, including facility fees, was \$54.5 million, \$54.5 million and \$51.5 million for the years ended December 31, 2024, 2023 and 2022 respectively.

NOTE 25. 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)	Dec 31, 2024	Dec 31, 2023
Operating Lease Right-of-Use Assets	\$ 33.9	\$ 38.4
Operating Lease Liabilities	51.6	62.3

Lease expenses are included in Insurance and Other Expenses in the Consolidated Statements of Income (Loss). Additional information regarding the Company’s operating leases for the year ended December 31, 2024 and 2023 is presented below.

(Dollars in Millions)	2024	2023
Lease Cost:		
Operating Lease Cost	\$ 15.5	\$ 15.7
Variable Lease Cost	4.7	3.2
Short-Term Lease Cost ¹	1.1	0.3
Total Lease Cost	<u>\$ 21.3</u>	<u>\$ 19.2</u>

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

The Company had no expenses during the year ended December 31, 2024 or 2022 associated with lease impairments and other related costs. The Company incurred expenses of \$18.0 million for the year ended December 31, 2023 associated with lease impairments and other related costs.

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 25. LEASES (Continued)

Other Information on Operating Leases

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

	2024	2023
Weighted-average Remaining Lease Term - Operating Leases	4.5 years	5.5 years
Weighted-average Discount Rate - Operating Leases	4.5 %	4.3 %

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 December 31, 2024 are presented below.

(Dollars in Millions)	
2025	\$ 18.2
2026	11.3
2027	9.9
2028	7.1
2029	5.4
2030 and Thereafter	12.9
Total Future Payments	\$ 64.8
Less: Discount	13.2
Present Value of Minimum Lease Payments	\$ 51.6

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

NOTE 26. CATASTROPHE REINSURANCE

Catastrophes and natural disasters are inherent risks of the property and casualty insurance business. These catastrophic events and natural disasters include, without limitation, hurricanes, tornadoes, earthquakes, hailstorms, wildfires, high winds and winter storms. Such events result in insured losses that are, and will continue to be, a material factor in the results of operations and financial position of the Company's property and casualty insurance companies. Further, because the level of these insured losses occurring in any one year cannot be accurately predicted, these losses may contribute to material year-to-year fluctuations in the results of operations and financial position of these companies. Specific types of catastrophic events are more likely to occur at certain times within the year than others. This factor adds an element of seasonality to property and casualty insurance claims. The Company has adopted the industry-wide catastrophe classifications of storms and other events promulgated by the Insurance Services Office ("ISO") to track and report losses related to catastrophes. ISO classifies a disaster as a catastrophe when the event causes \$25.0 million or more in direct insured losses to property and affects a significant number of policyholders and insurers. ISO-classified catastrophes are assigned a unique serial number recognized throughout the insurance industry. The discussions that follow utilize ISO's definition of catastrophes.

The Company manages its exposure to catastrophes and other natural disasters through a combination of geographical diversification, restrictions on the amount and location of new business production in certain regions, and reinsurance. To limit its exposures to catastrophic events, the Company maintains a catastrophe reinsurance program for the property and casualty insurance companies. In 2024, the property business written through the Life segment was included in the catastrophe reinsurance program. Coverage for the catastrophe reinsurance program is provided in various layers through multiple excess of loss reinsurance contracts and an annual aggregate excess property catastrophe reinsurance contract.

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 26. CATASTROPHE REINSURANCE (Continued)

Coverage on individual catastrophes provided under the excess of loss reinsurance contracts effective January 1, 2024 to December 31, 2024 is provided in various layers as presented below.

<i><u>DOLLARS IN MILLIONS</u></i>	Catastrophe Losses and LAE		Percentage of Coverage
	In Excess of	Up to	
Retained	\$ —	\$ 50.0	— %
1st Layer of Coverage	50.0	150.0	85.0
2nd Layer of Coverage	150.0	240.0	95.0
3rd Layer of Coverage	240.0	250.0	31.7

Coverage on individual catastrophes provided under the excess of loss reinsurance contracts effective January 1, 2023 to December 31, 2023 is provided in various layers as presented below.

<i><u>DOLLARS IN MILLIONS</u></i>	Catastrophe Losses and LAE		Percentage of Coverage
	In Excess of	Up to	
Retained	\$ —	\$ 50.0	— %
1st Layer of Coverage	50.0	150.0	95.0
2nd Layer of Coverage	150.0	250.0	95.0
3rd Layer of Coverage	250.0	295.0	95.0
4th Layer of Coverage	295.0	325.0	95.0

Coverage on individual catastrophes provided under the excess of loss reinsurance contracts effective January 1, 2022 to December 31, 2022 is provided in various layers as presented below.

<i><u>DOLLARS IN MILLIONS</u></i>	Catastrophe Losses and LAE		Percentage of Coverage
	In Excess of	Up to	
Retained	\$ —	\$ 50.0	— %
1st Layer of Coverage	50.0	150.0	95.0
2nd Layer of Coverage	150.0	250.0	95.0
3rd Layer of Coverage	250.0	325.0	95.0
4th Layer of Coverage	325.0	350.0	95.0

In the event that the incurred catastrophe losses and LAE covered by the catastrophe reinsurance programs presented in the three preceding tables exceed the retention for that particular layer, each of the programs allow for one reinstatement of such coverage. In such an instance, the Company is required to pay a reinstatement premium to the reinsurers to reinstate the full amount of reinsurance available under such layer.

The aggregate property catastrophe reinsurance contract was discontinued in 2023.

Coverage provided under the 2022 aggregate property catastrophe reinsurance contract is summarized below.

<i><u>DOLLARS IN MILLIONS</u></i>	Aggregate Catastrophe Losses and LAE	
	In Excess of	Up to
Retained	\$ —	\$ 65.0
Coverage	65.0	115.0

The catastrophe reinsurance in 2024, 2023 and 2022 for the property and casualty insurance companies also included reinsurance coverage from the Florida Hurricane Catastrophe Fund (“FHCF”) for hurricane losses in Florida at retentions lower than those described above. The Life Insurance segment also purchases reinsurance from the FHCF for hurricane losses in Florida.

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 26. CATASTROPHE REINSURANCE (Continued)

Reinsurance premiums for the Company’s catastrophe reinsurance programs and the FHCF Program reduced earned premiums for the years ended December 31, 2024, 2023 and 2022 by the following:

<i>DOLLARS IN MILLIONS</i>	2024	2023	2022
Specialty Property & Casualty Insurance	\$ 6.5	\$ 6.1	\$ 8.9
Life Insurance	0.3	0.7	0.6
Non-Core Operations	9.6	9.5	22.5
Total Ceded Catastrophe Reinsurance Premiums	<u>\$ 16.4</u>	<u>\$ 16.3</u>	<u>\$ 32.0</u>

The Company did not pay any reinstatement premiums in 2024, 2023, or 2022.

Catastrophe losses and LAE (including reserve development), net of reinsurance recoveries, for the years ended December 31, 2024, 2023 and 2022 by business segment are presented below.

<i>DOLLARS IN MILLIONS</i>	2024	2023	2022
Specialty Property & Casualty Insurance	\$ 20.6	\$ 32.2	\$ 23.6
Life Insurance	2.1	3.0	3.3
Non-Core Operations	48.6	52.4	48.3
Total Catastrophe Losses and LAE	<u>\$ 71.3</u>	<u>\$ 87.6</u>	<u>\$ 75.2</u>

The Company had no material recoveries under its catastrophe reinsurance treaties for the years ended December 31, 2024 and 2023.

Total prior year catastrophe loss and LAE reserves, net of reinsurance recoverables, developed adversely by \$6.0 million in 2024, favorably by \$9.1 million in 2023 and favorably by \$4.1 million in 2022. The Specialty Property & Casualty Insurance segment reported adverse catastrophe reserve development of \$0.7 million, favorable development of \$2.3 million, and adverse development of \$0.6 million in 2024, 2023 and 2022, respectively. The Life Insurance segment reported favorable catastrophe reserve development of \$0.1 million, adverse development of \$0.8 million and adverse development of \$1.5 million in 2024, 2023 and 2022, respectively. Non-Core Operations reported adverse catastrophe reserve development of \$5.4 million, favorable development of \$7.6 million and favorable development of \$6.2 million in 2024, 2023 and 2022, respectively.

The process of estimating and establishing reserves for catastrophe losses is inherently uncertain and the actual ultimate cost of a claim, net of actual reinsurance recoveries, may vary materially from the estimated amount reserved. The Company’s estimates of direct catastrophe losses are generally based on inspections by claims adjusters and historical loss development experience for areas that have not been inspected or for claims that have not yet been reported. The Company’s estimates of direct catastrophe losses are based on the coverages provided by its insurance policies. The Company’s homeowners and dwelling insurance policies do not provide coverage for losses caused by floods, but generally provide coverage for physical damage caused by wind or wind-driven rain. Accordingly, the Company’s estimates of direct losses for homeowners and dwelling insurance do not include losses caused by flood. Depending on the policy, automobile insurance may provide coverage for losses caused by flood. Estimates of the number and severity of claims ultimately reported are influenced by many variables, including, but not limited to, repair or reconstruction costs and determination of cause of loss that are difficult to quantify and will influence the final amount of claim settlements. All these factors, coupled with the impact of the availability of labor and material on costs, require significant judgment in the reserve setting process. A change in any one or more of these factors is likely to result in an ultimate net claim cost different from the estimated reserve. The Company’s estimates of indirect losses from wind pools and joint underwriting associations are based on a variety of factors, including, but not limited to, actual or estimated assessments provided by or received from such entities, insurance industry estimates of losses, and estimates of the Company’s market share in the assessable states. Actual assessments may differ materially from these estimated amounts.

NOTE 27. OTHER REINSURANCE

In addition to the reinsurance programs described in Note 26, “Catastrophe Reinsurance,” to the Consolidated Financial Statements, Kemper’s insurance subsidiaries utilize other reinsurance arrangements to limit their maximum loss, provide greater diversification of risk and to minimize exposures on larger risks. The ceding of insurance does not discharge the primary

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 27. OTHER REINSURANCE (Continued)

liability of the original insurer. Accordingly, insurance reserve liabilities are reported gross of any estimated recovery from reinsurers in the Consolidated Balance Sheets. Amounts recoverable from reinsurers are estimated in a manner consistent with the insurance reserve liability and are included in Other Receivables in the Consolidated Balance Sheets. Reinsurance Recoverables were \$78.7 million and \$86.5 million at December 31, 2024 and 2023, respectively, of which \$26.0 million and \$34.1 million was related to short-duration policies, respectively, and \$52.7 million and \$52.4 million related to long-duration policies, respectively.

Earned Premiums ceded on long-duration and short-duration policies were \$33.1 million, \$32.7 million and \$42.7 million for the years ended December 31, 2024, 2023 and 2022, respectively, of which \$16.4 million, \$16.3 million and \$32.0 million, respectively, was related to catastrophe reinsurance. See Note 26, "Catastrophe Reinsurance," to the Consolidated Financial Statements for additional information regarding the Company's catastrophe reinsurance programs. Certain insurance subsidiaries assume business from other insurance companies and involuntary pools. Earned Premiums assumed on long-duration and short-duration policies were \$21.8 million, \$42.9 million and \$41.4 million for the years ended December 31, 2024, 2023 and 2022, respectively.

Trinity and Capitol County Mutual Fire Insurance Company ("Capitol") are parties to a quota share reinsurance agreement whereby Trinity assumes 100% of the business written by Capitol, subject to a cap, for ceded losses for dwelling coverage. Earned Premiums assumed by Trinity from Capitol were \$10.5 million, \$10.4 million and \$11.9 million for the years ended December 31, 2024, 2023 and 2022, respectively. Capitol is a mutual insurance company and, accordingly, is owned by its policyholders. Trinity and Old Reliable Casualty Company ("ORCC"), a subsidiary of Capitol, are parties to a quota share reinsurance agreement whereby Trinity assumes 100% of the business written by ORCC, subject to a cap, for ceded losses for dwelling coverage. Earned Premiums assumed by Trinity from ORCC were \$2.3 million, \$2.7 million and \$3.2 million for the years ended December 31, 2024, 2023 and 2022, respectively.

Five employees of the Company serve as directors of Capitol's five member board of directors. Nine employees of the Company also serve as directors of ORCC's nine member board of directors. Kemper's subsidiary, United Insurance, provides claims and administrative services to Capitol and ORCC. In addition, agents appointed by Kemper's subsidiary, The Reliable Life Insurance Company, and who are employed by United Insurance, are also appointed by Capitol and ORCC to sell property insurance products for the Company's Life Insurance segment. The Company also provides certain investment services to Capitol and ORCC.

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 28. INCOME TAXES

The tax effects of temporary differences that give rise to significant portions of the Company’s Net Deferred Income Tax Assets and Deferred Income Tax Liabilities at December 31, 2024 and 2023 were:

<i>DOLLARS IN MILLIONS</i>	2024	2023
Deferred Income Tax Assets:		
Unearned Premium Reserves	\$ 52.8	\$ 54.0
Tax Capitalization of Policy Acquisition Costs	49.5	46.3
Payroll and Employee Benefit Accruals	34.7	34.8
Investments	147.6	103.4
Net Operating Loss and Credit Carryforwards	14.0	114.6
Other	45.9	32.2
Subtotal	<u>344.5</u>	<u>385.3</u>
Valuation Allowance	<u>(38.7)</u>	<u>(27.4)</u>
Total Deferred Income Tax Assets	<u>305.8</u>	<u>357.9</u>
Deferred Income Tax Liabilities:		
Insurance Reserves	39.5	12.7
Deferred Policy Acquisition Costs	132.3	124.3
Goodwill and Other Intangible Assets	35.0	35.8
Depreciable Assets	14.6	19.3
Other	4.4	6.0
Total Deferred Income Tax Liabilities	<u>225.8</u>	<u>198.1</u>
Net Deferred Income Tax Assets ¹	<u>\$ 80.0</u>	<u>\$ 159.8</u>

¹ Includes \$1.5 million attributable to Kemper Reciprocal, which is reported as a consolidated variable interest entity.

Due to jurisdictional differences in which the Company operates, the consolidated net deferred tax asset of \$80.0 million is reported on the Consolidated Balance Sheets as a total deferred tax asset of \$94.8 million and a deferred tax liability of \$14.8 million.

The evaluation of the recoverability of the deferred tax asset and the need for a valuation allowance is based on the weight of all available positive and negative evidence. For the year ended December 31, 2024, a valuation allowance of \$38.7 million was recorded against those deferred tax assets that were determined not to be more likely than not to be realized based on Management’s assessment, an increase of \$11.3 million from the year ended December 31, 2023 when a \$27.4 million valuation allowance was recorded.

The expiration of federal net operating loss (“NOL”) carryforwards and their related deferred income tax assets at December 31, 2024 is presented below by year of expiration.

<i>DOLLARS IN MILLIONS</i>	NOL Carry- forwards	Deferred Tax Asset
Expiring in:		
2043	0.3	0.1
2044	6.0	1.3
No Expiration	<u>60.2</u>	<u>12.6</u>
Total All Years	<u>\$ 66.5</u>	<u>\$ 14.0</u>

The carryforwards relate to federal NOL carryforwards which the Company expects to fully utilize prior to expiration.

There were no Unrecognized Tax Benefits at December 31, 2024, 2023 or 2022. 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 as of December 31, 2024, 2023 or 2022.

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 28. INCOME TAXES (Continued)

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. Tax years 2020 and 2022 are currently under examination. The statute of limitations related to tax years 2014, 2015, 2016, and 2017 has been extended to December 31, 2025. Tax years 2021, 2022 and 2023 are subject to a statute of three years from the extended due dates of October 15, 2022, 2023 and 2024, respectively.

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 components of Income Tax Expense (Benefit) from Operations for the years ended December 31, 2024, 2023 and 2022 were:

<i>DOLLARS IN MILLIONS</i>	2024	2023	2022
Current Income Tax Expense (Benefit)	\$ 11.9	\$ (4.0)	\$ 6.2
Deferred Income Tax Expense (Benefit)	64.1	(70.8)	(90.6)
Income Tax Expense (Benefit)	<u>\$ 76.0</u>	<u>\$ (74.8)</u>	<u>\$ (84.4)</u>

Federal income taxes paid, net of income tax refunds received, were \$9.9 million and \$1.1 million in 2024 and 2022, respectively. Federal income tax refunds received, net of income taxes paid, were \$107.7 million in 2023.

State income taxes paid, net of income tax refunds received, were \$1.3 million and \$1.0 million in 2024 and 2023, respectively. State income taxes refunds received, net of income taxes paid, were \$0.4 million in 2022.

No foreign income taxes were paid or refunded in 2024, 2023, or 2022.

A reconciliation of the Statutory Federal Income Tax Expense (Benefit) and Rate to the Company's Effective Income Tax Expense (Benefit) and Rate from Operations for the years ended December 31, 2024, 2023 and 2022 is presented below.

<i>DOLLARS IN MILLIONS</i>	2024		2023		2022	
	Amount	Rate	Amount	Rate	Amount	Rate
Statutory Federal Income Tax Expense (Benefit)	\$ 81.6	21.0 %	\$ (72.8)	21.0 %	\$ (77.9)	21.0 %
Tax-exempt Income and Dividends Received Deduction	(3.4)	(0.9)	(4.8)	1.4	(5.3)	1.3
Untaxed Earnings on Company-Owned Life Insurance	(7.5)	(1.9)	(6.1)	1.8	(8.0)	2.1
Tax credits	(1.2)	(0.3)	(3.1)	0.9	(6.5)	1.7
Stock-Based Compensation	(0.1)	—	0.3	(0.1)	1.3	(0.3)
Nondeductible Executive Compensation	3.5	0.9	1.8	(0.5)	1.5	(0.4)
Goodwill impairment	—	—	6.3	(1.8)	—	—
Expense on Transactions	—	—	—	—	11.5	(3.0)
Effect of foreign operations	(11.3)	(2.9)	(27.4)	7.9	—	—
Change in valuation allowance	11.3	2.9	27.4	(7.9)	—	—
Other, Net	3.1	0.8	3.6	(1.1)	(1.0)	0.3
Effective Income Tax Expense (Benefit)	<u>\$ 76.0</u>	<u>19.6 %</u>	<u>\$ (74.8)</u>	<u>21.6 %</u>	<u>\$ (84.4)</u>	<u>22.7 %</u>

Kemper Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 28. INCOME TAXES (Continued)

Comprehensive Income Tax Expense (Benefit) included in the Consolidated Financial Statements for the years ended December 31, 2024, 2023 and 2022 was:

<i>DOLLARS IN MILLIONS</i>	2024	2023	2022
Income Tax Expense (Benefit):			
Operations	\$ 76.0	\$ (74.8)	\$ (84.4)
Unrealized (Depreciation) Appreciation on Securities	(42.2)	50.3	(325.5)
Tax Effects from Postretirement Benefit Plans	(0.3)	12.4	4.0
Tax Effects on changes in Discount Rate for Life Reserves	58.3	(21.2)	289.9
Tax Effects from Cash Flow Hedge	(0.8)	—	1.2
Comprehensive Income Tax Expense (Benefit)	<u>\$ 91.0</u>	<u>\$ (33.3)</u>	<u>\$ (114.8)</u>

NOTE 29. 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 Consolidated Financial Statements and Notes to the Consolidated Financial Statements.

NOTE 30. RELATED PARTIES

As described in Note 27, "Other Reinsurance," to the Consolidated Financial Statements, the Company has certain relationships with Capitol, a mutual insurance company that is owned by its policyholders, and ORCC, a subsidiary of Capitol. There were no other material related party transactions during the year ended December 31, 2024.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Kemper Corporation

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Kemper Corporation and subsidiaries (the "Company") as of December 31, 2024 and 2023, the related consolidated statements of income (loss), comprehensive income (loss), shareholders' equity, and cash flows, for each of the three years in the period ended December 31, 2024 and the related notes and the schedules listed in the Index at Item 15 (collectively referred to as the "financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

Basis for Opinions

The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM (Continued)

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Property and casualty insurance reserves – Refer to Notes 2 and 6 to the financial statements.

Critical Audit Matter Description

The estimation of property and casualty insurance reserves for losses and loss adjustment expenses (“property and casualty insurance reserves”), including those claims that are incurred but not reported, requires significant judgment. Estimating property and casualty insurance reserves is inherently uncertain as estimates are generally derived using a variety of actuarial estimation techniques that are dependent on assumptions and expectations about future events, many of which are difficult to quantify. The estimation process, particularly for claims with longer-tailed exposures that may not be discovered or reported immediately, is inherently subjective and modest changes in judgments and assumptions can materially impact the valuation of these reserves.

Given the significant judgments made by management in estimating property and casualty insurance reserves, auditing property and casualty insurance reserves required a high degree of auditor judgment and an increased extent of effort, including the involvement of our actuarial specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to property and casualty insurance reserves included the following, among others:

- We tested the effectiveness of controls related to property and casualty insurance reserves, including those controls related to the estimation of and management’s review of the property and casualty insurance reserves.
- We tested the underlying data, including historical claims, that served as the basis for the actuarial analyses to test that the inputs to the actuarial estimates were accurate and complete.
- With the assistance of our actuarial specialists:
 - We developed a range of independent estimates of the property and casualty insurance reserves and compared our estimates to the recorded reserves.
 - We compared the Company’s prior year estimates of expected incurred losses to actual experience during the most recent year to identify potential bias in the Company’s determination of property and casualty insurance reserves.

Certain fixed maturities at fair value – Refer to Notes 2, 11, and 14 to the financial statements.

Critical Audit Matter Description

Investments in fixed maturity securities classified as available-for-sale are reported at fair value in the financial statements. Fixed maturity securities without readily determinable market values are valued using unobservable inputs, such as market yields, which involve considerable judgment by management.

Given management uses unobservable inputs to estimate the fair value of fixed maturity securities without readily determinable market values, performing audit procedures to evaluate these inputs required a high degree of auditor judgment and an increased extent of effort, including the involvement of our financial instrument valuation specialists.

**Report of Independent Registered
Public Accounting Firm**

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM (Continued)

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the unobservable inputs used by management to estimate the fair value of fixed maturity securities without readily determinable market values included the following, among others:

- We tested the effectiveness of controls related to fixed maturity securities, including those controls related to the determination of fair value.
- We evaluated the reasonableness of the models, methodologies, and unobservable inputs used by management to estimate fair value.
- With the assistance of our financial instrument valuation specialists, we compared management's unobservable inputs to external sources, and for a sample of the investments, developed independent estimates of the fair value and compared our estimates to the Company's estimates.

/s/ Deloitte & Touche LLP

Chicago, Illinois
February 7, 2025

We have served as the Company's auditor since 2002.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

Not Applicable.

Item 9A. Controls and Procedures.

Disclosure Controls and Procedures

The Company's management, with 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.

Changes in Internal Controls 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 ended December 31, 2024 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Management Report on Internal Control Over Financial Reporting

We, as management of the Company, are responsible for establishing and maintaining adequate internal control over financial reporting. Pursuant to the rules and regulations of the SEC, internal control over financial reporting is a process designed by, or under the supervision of, a company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management and other personnel, 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 and includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Management has evaluated the effectiveness of its internal control over financial reporting as of December 31, 2024, based on the control criteria established in a report entitled *Internal Control—Integrated Framework*, issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission. Based on such evaluation, we have concluded that the Company's internal control over financial reporting is effective as of December 31, 2024.

The independent registered public accounting firm of Deloitte & Touche LLP, as auditors of the consolidated financial statements of Kemper and its subsidiaries, has issued an attestation report on the effectiveness of management's internal control over financial reporting based on criteria established in *Internal Control—Integrated Framework*, issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission.

/s/ JOSEPH P. LACHER, JR.

Joseph P. Lacher, Jr.

President and Chief Executive Officer

Kemper Corporation

/s/ BRADLEY T. CAMDEN

Bradley T. Camden

Executive Vice President and Chief Financial Officer

Kemper Corporation

February 7, 2025

Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting

The attestation report of the independent registered public accounting firm, Deloitte & Touche LLP, on the Company's internal control over financial reporting is included in Item 8 under the heading "Report of Independent Registered Public Accounting Firm," and is incorporated herein by reference.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this Item is incorporated herein by reference to the sections captioned “Director Biographies,” “Executive Officers,” “Beneficial Ownership of Common Stock” and “Corporate Governance” in the Proxy Statement for Kemper’s 2025 Annual Meeting of Shareholders. Kemper plans to file such proxy statement within 120 days after December 31, 2024, the end of Kemper’s fiscal year.

Kemper’s code of ethics applicable to its chief executive officer, chief financial officer and principal accounting officer (“Code of Ethics for Senior Financial Executives”) is posted in the “Governance” section of Kemper’s investor relations website, investors.kemper.com. Kemper also intends to disclose any future amendments to, and any waivers from (though none are anticipated), the Code of Ethics for Senior Financial Executives in the “Governance” section of its website. Kemper has also adopted the Insider Trading Policy governing the purchase, sale, and/or other disposition of the Company’s securities by our directors, officers and employees that we believe is reasonably designed to promote compliance with applicable insider trading laws, rules and regulations, and the New York Stock Exchange standards. Copies of the Insider Trading Policy are filed as Exhibit 19.1 and Exhibit 19.2 to our Annual Report on Form 10-K for the year ended December 31, 2024.

Item 11. Executive Compensation.

The information required by this Item is incorporated herein by reference to the sections captioned “Executive Compensation,” “Director Compensation,” “Human Resources & Compensation Committee Interlocks and Insider Participation,” and “Compensation Committee Report” in the Proxy Statement for Kemper’s 2025 Annual Meeting of Shareholders. The Compensation Committee Report to be included in such Proxy Statement shall be deemed to be furnished in this report and shall not be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act as a result of such furnishing in this Item 11.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this Item is set forth in the table below and incorporated herein by reference to the section captioned “Beneficial Ownership of Common Stock” in the Proxy Statement for Kemper’s 2025 Annual Meeting of Shareholders.

Equity Compensation Plan Information

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans or Programs
Equity Compensation Plans Approved by Security Holders	2,355,780	\$ 58.62	2,363,941
Equity Compensation Plans Not Approved by Security Holders	481,104	56.66	—
Total	2,836,884	\$ 115.28	2,363,941

Amended and Restated Kemper’s 2023 Omnibus Plan permits various stock-based awards including, but not limited to, stock options, stock appreciation rights, RSUs, and PSUs.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this Item is incorporated herein by reference to the sections captioned “Related Person Transactions” and “Determination of Independence” in the Proxy Statement for Kemper’s 2025 Annual Meeting of Shareholders.

Item 14. Principal Accounting Fees and Services.

The information required by this Item is incorporated by reference to the section captioned “Proposal 4: Advisory Vote to Ratify the Selection of Deloitte & Touche LLP as the Company’s Independent Registered Public Accounting Firm” in the Proxy Statement for Kemper’s 2025 Annual Meeting of Shareholders.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) Documents filed as part of this Report

1. Financial Statements. The consolidated balance sheets of Kemper and subsidiaries as of December 31, 2024 and 2023, and the consolidated statements of loss, comprehensive loss, cash flows and shareholders' equity for the years ended December 31, 2024, 2023 and 2022, together with the notes thereto and the report of Deloitte & Touche LLP thereon appearing in Item 8 are included in this 2024 Annual Report.
2. Financial Statement Schedules. The following four financial statement schedules are included on the pages immediately following the signature pages hereof. Schedules not listed here have been omitted because they are not applicable or not material or the required information is included in the Consolidated Financial Statements.

Schedule I Investments Other Than Investments in Related Parties

Schedule II Parent Company Financial Statements

Schedule III Supplementary Insurance Information

Schedule IV Reinsurance Schedule

The Report of Independent Registered Public Accounting Firm, Deloitte & Touche LLP, with regards to the Financial Statement Schedules listed above, is incorporated by reference to the Report of Independent Registered Public Accounting Firm included in Item 8.

3. Exhibits. An Exhibit Index has been filed as part of this report on pages 147 through 150.

(b) Exhibits. Included in Item 15(a)3 above

(c) Financial Statement Schedules. Included in Item 15(a)2 above

Item 16. Form 10-K Summary

None.

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.

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	File Number	Exhibit	Filing Date	
3.1	<u>Restated Certificate of Incorporation</u>	8-K	001-18298	3.2	August 8, 2014	
3.2	<u>Amended and Restated Bylaws of Kemper Corporation</u>	8-K	001-18298	3.1	December 6, 2022	
4.1	<u>Indenture, dated as of February 27, 2014, by and between Kemper Corporation and The Bank of New York Mellon Trust Company, N.A., as Trustee</u>	8-K	001-18298	4.1	February 27, 2014	
4.2	<u>Second Supplemental Indenture, dated as of February 24, 2015, to the Indenture, dated as of February 27, 2014, between Kemper Corporation and The Bank of New York Mellon Trust Company, N.A., as Trustee (including the form of 4.350% Senior Notes due 2025)</u>	8-K	001-18298	4.2	February 24, 2015	
4.3	<u>Indenture, dated as of September 29, 2020, by and between the Company and U.S. Bank National Association</u>	8-K	001-18298	4.1	September 29, 2020	
4.4	<u>First Supplemental Indenture, dated as of September 29, 2020, by and between the Company and U.S. Bank National Association (Including the form of 2.400% Senior Notes due 2030)</u>	8-K	001-18298	4.2	September 29, 2020	
4.5	<u>Second Supplemental Indenture, dated as of February 23, 2022, by and between the Company and U.S. Bank Trust Company, National Association (Including the form of 3.800% Senior Notes due 2032)</u>	8-K	001-18298	4.2	February 23, 2022	
4.6	<u>Third Supplemental Indenture, dated as of March 10, 2022, by and between the Company and U.S. Bank Trust Company, National Association (Including the form of 5.875% Fixed-Rate Reset Junior Subordinated Debentures due 2062)</u>	8-K	001-18298	4.2	March 10, 2022	
4.7	<u>Form of Certificate Representing Shares of Kemper Corporation Common Stock</u>	10-K	001-18298	4.7	February 20, 2019	
4.8	<u>Description of Securities Registered Under Section 12 of the Exchange Act</u>					X
10.1	<u>Third Amended and Restated Credit Agreement, dated as of March 15, 2022, by and among the Company, as the borrower, the lenders and issuing banks from time to time party thereto, and JPMorgan Chase Bank, N.A., as administrative agent</u>	8-K	001-18298	10.1	March 17, 2022	
10.2	<u>Advances and Security Agreement and Addendum to Advances and Security Agreement, effective as of December 31, 2013, between Trinity Universal Insurance Company and the Federal Home Loan Bank of Dallas</u>	10-K	001-18298	10.2	February 14, 2014	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	File Number	Exhibit	Filing Date	
10.3	<u>Advances, Collateral Pledge, and Security Agreement, dated as of March 18, 2014, between United Insurance Company of America and the Federal Home Loan Bank of Chicago</u>	8-K	001-18298	10.1	March 21, 2014	
10.4	<u>Advances and Security Agreement, effective August 14, 2020, between Alliance United Insurance Company and the Federal Home Loan Bank of San Francisco</u>	8-K/A	001-18298	10.1	August 20, 2020	
10.5	<u>Advances, Collateral Pledge, and Security Agreement, dated as of May 10, 2022, between American Access Casualty Company and the Federal Home Loan Bank of Chicago</u>	8-K	001-18298	10.1	May 11, 2022	
10.6*	<u>Kemper Pension Equalization Plan, as amended and restated effective August 25, 2011, as amended by Amendment No. 2 effective September 16, 2013</u>	10-K	001-18298	10.3	February 14, 2014	
10.7*	<u>Kemper Supplemental Retirement Plan, as amended and restated effective September 22, 2016</u>	10-K	001-18298	10.5	February 13, 2017	
10.8*	<u>Kemper 2011 Omnibus Equity Plan, as amended and restated effective February 8, 2017</u>	10-K	001-18298	10.17	February 13, 2017	
10.9*	<u>Form of Stock Option and SAR Agreement for Non-employee Directors, as of May 1, 2013, under the Kemper 2011 Omnibus Equity Plan</u>	10-Q	001-18298	10.1	May 2, 2013	
10.10*	<u>Form of Deferred Stock Unit Agreement for Non-employee Directors, as of May 1, 2013, under the Kemper 2011 Omnibus Equity Plan</u>	10-Q	001-18298	10.2	May 2, 2013	
10.11*	<u>Form of Stock Option and SAR Agreement - Installment-Vesting Form, as of February 4, 2014, under the Kemper 2011 Omnibus Equity Plan</u>	10-K	001-18298	10.24	February 14, 2014	
10.12*	<u>Form of Stock Option and SAR Agreement - Installment-Vesting Form, as of February 7, 2017, under the Kemper 2011 Omnibus Equity Plan</u>	10-K	001-18298	10.31	February 13, 2017	
10.13*	<u>Form of Non-Qualified Stock Option and SAR Award Agreement (Installment Vesting), as of February 6, 2018, under the Kemper 2011 Omnibus Equity Plan</u>	10-K	001-18298	10.39	February 13, 2018	
10.14*	<u>Form of individual Indemnification Agreements between Kemper and its directors and executive officers</u>	8-K	001-18298	10.1	February 11, 2020	
10.15*	<u>2020 Omnibus Plan</u>	Schedule 14A	001-18298	Appendix B	March 25, 2020	
10.16*	<u>Form of Non-Employee Director Restricted Stock Unit Award Agreement as of May 5, 2020 under the 2020 Omnibus Equity Plan</u>	8-K	001-18298	10.1	May 11, 2020	
10.17*	<u>Form of Non-Qualified Stock Option and SAR Award Agreement (Cliff-Vesting) as of May 5, 2020 under the 2020 Omnibus Equity Plan</u>	8-K	001-18298	10.2	May 11, 2020	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	File Number	Exhibit	Filing Date	
10.18*	<u>Form of Non-Qualified Stock Option and SAR Award Agreement (Installment-Vesting) as of May 5, 2020 under the 2020 Omnibus Equity Plan</u>	8-K	001-18298	10.3	May 11, 2020	
10.19*	<u>Form of Performance Share Unit Award Agreement (Adjusted ROE) as of May 5, 2020 under the 2020 Omnibus Equity Plan</u>	8-K	001-18298	10.6	May 11, 2020	
10.20*	<u>Form of Performance Share Unit Award Agreement (Relative TSR) as of May 5, 2020 under the 2020 Omnibus Equity Plan</u>	8-K	001-18298	10.7	May 11, 2020	
10.21*	<u>Form of Non-Qualified Stock Option and SAR Award Agreement (Cliff Vesting) as of February 1, 2022 under the 2020 Equity Omnibus Plan</u>					X
10.22*	<u>Form of Non-Qualified Stock Option and SAR Award Agreement (Installment Vesting) as of February 1, 2022 under the 2020 Equity Omnibus Plan</u>					X
10.23*	<u>Form of Restricted Stock Unit Award Agreement (Cliff Vesting) as of February 1, 2022 under the 2020 Equity Omnibus Plan</u>					X
10.24*	<u>Form of Restricted Stock Unit Award Agreement (Installment Vesting) as of February 1, 2022 under the 2020 Equity Omnibus Plan</u>					X
10.25*	<u>Form of Performance Share Unit Award Agreement (Adjusted ROE) as of February 1, 2022 under the 2020 Equity Omnibus Plan</u>					X
10.26*	<u>Form of Performance Share Unit Award Agreement (Relative TSR) as of February 1, 2022 under the 2020 Equity Omnibus Plan</u>					X
10.27*	<u>Form of Special Equity Award Agreement as of February 1, 2022 under the 2020 Omnibus Equity Plan</u>					X
10.28*	<u>Amended and Restated Kemper Corporation 2023 Omnibus Plan</u>	Schedule 14A	001-18298	Appendix A	May 1, 2024	
10.29*	<u>Form of Non-Employee Director Restricted Stock Unit Award Agreement as of May 2, 2023 under the 2023 Omnibus Plan</u>	10-Q	001-18298	10.1	August 7, 2023	
10.30*	<u>Form of Non-Qualified Stock Option and SAR Award Agreement (Cliff-Vesting) as of May 2, 2023 under the 2023 Omnibus Plan</u>	10-Q	001-18298	10.2	August 7, 2023	
10.31*	<u>Form of Non-Qualified Stock Option and SAR Award Agreement (Installment-Vesting) as of May 2, 2023 under the 2023 Omnibus Plan</u>	10-Q	001-18298	10.3	August 7, 2023	
10.32*	<u>Form of Restricted Stock Unit Award Agreement (Cliff-Vesting) as of May 2, 2023 under the 2023 Omnibus Plan</u>	10-Q	001-18298	10.4	August 7, 2023	
10.33*	<u>Form of Restricted Stock Unit Award Agreement (Installment-Vesting) as of May 2, 2023 under the 2023 Omnibus Plan</u>	10-Q	001-18298	10.5	August 7, 2023	
10.34*	<u>Form of Performance Share Unit Award Agreement (Adjusted ROE) as of May 2, 2023 under the 2023 Omnibus Plan</u>	10-Q	001-18298	10.6	August 7, 2023	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	File Number	Exhibit	Filing Date	
10.35*	<u>Form of Performance Share Unit Award Agreement (Relative TSR) as of May 2, 2023 under the 2023 Omnibus Plan</u>	10-Q	001-18298	10.7	August 7, 2023	
10.36*	<u>Form of Restricted Stock Unit Award Agreement (ELT Retention) as of February 6, 2024 under the 2023 Omnibus Plan</u>	10-Q	001-18298	10.2	May 1, 2024	
10.37*	<u>Form of individual change in control severance agreements between Kemper and its executive officers</u>	10-Q	001-18298	10.1	August 5, 2024	
	<u>Each of the agreements is identical except that the multipliers for benefits related to severance payment, life insurance and health insurance are 3 years, 3 years and 36 months, respectively, for the Chief Executive Officer and 2 years, 2 years and 24 months, respectively, for the other officers.</u>					
18.1	<u>Preferability letter from Deloitte & Touche LLP regarding change in accounting principle</u>					X
19.1	<u>Insider Trading Policy - Executive Version</u>					X
19.2	<u>Insider Trading Policy - ESOC Version</u>					X
21	<u>Subsidiaries of Kemper Corporation</u>					X
23	<u>Consent of Deloitte & Touche LLP</u>					X
24	<u>Power of Attorney (included on the signature page hereof)</u>					X
31.1	<u>Certification of Chief Executive Officer Pursuant to SEC Rule 13a-14(a)</u>					X
31.2	<u>Certification of Chief Financial Officer Pursuant to SEC Rule 13a-14(a)</u>					X
32.1	<u>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 (furnished pursuant to Item 601(b)(32) of Regulation S-K)</u>					X
32.2	<u>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 (furnished pursuant to Item 601(b)(32) of Regulation S-K)</u>					X
97.1	<u>Kemper Corporation Policy on Recoupment of Incentive Compensation</u>					X
101.1	XBRL Instance					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

POWER OF ATTORNEY

Each person whose signature appears below on the following page hereby appoints each of Joseph P. Lacher, Jr., President and Chief Executive Officer, Bradley T. Camden, Executive Vice President and Chief Financial Officer, and James A. Alexander, Senior Vice President and Chief Accounting Officer, so long as such individual remains an executive officer of Kemper Corporation, his or her true and lawful attorney-in-fact with authority together or individually to execute in the name of each such signatory, and with authority to file with the SEC, any and all amendments to this 2024 Annual Report of Kemper Corporation, together with any and all exhibits thereto and other documents therewith, necessary or advisable to enable Kemper Corporation to comply with the Securities Exchange Act of 1934, as amended, and any rules, regulations, and requirements of the SEC in respect thereof, which amendments may make such other changes in the 2024 Annual Report as the aforesaid attorney-in-fact executing the same deems appropriate.

SIGNATURES

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, Kemper Corporation has duly caused this 2024 Annual Report on Form 10-K for the fiscal year ended December 31, 2024 to be signed on its behalf by the undersigned, thereunto duly authorized, on February 7, 2025.

KEMPER CORPORATION (Registrant)

By: /s/ JOSEPH P. LACHER, JR.

Joseph P. Lacher, Jr.

President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of Kemper Corporation in the capacities indicated on February 7, 2025.

<u>Signature</u>	<u>Title</u>
<u>/s/ JOSEPH P. LACHER, JR.</u> Joseph P. Lacher, Jr.	President and Chief Executive Officer (Principal Executive Officer)
<u>/s/ BRADLEY T. CAMDEN</u> Bradley T. Camden	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
<u>/s/ JAMES A. ALEXANDER</u> James A. Alexander	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)
<u>/s/ TERESA A. CANIDA</u> Teresa A. Canida	Director
<u>/s/ GEORGE N. COCHRAN</u> George N. Cochran	Director
<u>/s/ JASON N. GOREVIC</u> Jason N. Gorevic	Director
<u>/s/ LACY M. JOHNSON</u> Lacy M. Johnson	Director
<u>/s/ GERALD LADERMAN</u> Gerald Laderman	Director
<u>/s/ ALBERTO PARACCHINI</u> Alberto J. Paracchini	Director
<u>/s/ STUART B. PARKER</u> Stuart B. Parker	Director
<u>/s/ SUZET M. MCKINNEY</u> Suzet M. McKinney	Director
<u>/s/ SUSAN D. WHITING</u> Susan D. Whiting	Director

KEMPER CORPORATION AND SUBSIDIARIES
INVESTMENTS OTHER THAN INVESTMENTS IN RELATED PARTIES
DECEMBER 31, 2024
(Dollars in Millions)

	Amortized Cost	Fair Value	Amount Carried in Balance Sheet
Fixed Maturities:			
Bonds and Notes:			
United States Government and Government Agencies and Authorities	\$ 588.6	\$ 486.8	\$ 486.8
States and Political Subdivisions	1,457.3	1,233.2	1,233.2
Foreign Governments	6.5	6.6	6.6
Corporate Securities:			
Other Bonds and Notes	4,038.3	3,519.6	3,519.6
Redeemable Preferred Stocks	9.8	8.9	8.9
Collateralized Loan Obligations	747.8	741.5	741.5
Other Mortgage- and Asset-backed	446.7	413.0	413.0
Total Investments in Fixed Maturities	7,295.0	6,409.6	6,409.6
Equity Securities at Fair Value:			
Preferred Stocks	22.6	22.6	22.6
Common Stocks	1.4	1.4	1.4
Other Equity Interests	194.5	194.5	194.5
Total Investments in Equity Securities	218.5	218.5	218.5
Equity Method Limited Liability Investments at Cost Plus Cumulative Undistributed Earnings			
	186.3	XXX.X	186.3
Alternative Energy Partnership Investments	17.6	XXX.X	17.6
Short-term Investments	1,037.1	XXX.X	1,037.1
Company-Owned Life Insurance	539.2	XXX.X	539.2
Loans to Policyholders	280.7	XXX.X	280.7
Other Investments	199.5	XXX.X	199.5
Total Investments	\$ 9,773.9		\$ 8,888.5

See Accompanying Report of Independent Registered Public Accounting Firm.

KEMPER CORPORATION
PARENT COMPANY BALANCE SHEETS
(Dollars in Millions)

	December 31,	
	2024	2023
ASSETS		
Investments in Subsidiaries	\$ 3,773.8	\$ 3,594.1
Fixed Maturities at Fair Value (Amortized Cost: 2024 – \$0.5; 2023 - \$177.4)	0.5	174.3
Equity Securities at Fair Value (Cost: 2024 - \$12.8; 2023 - \$11.6)	10.9	9.9
Short-term Investments	453.8	180.2
Other Investments	22.2	18.8
Cash	2.3	1.5
Other Receivables	60.9	38.5
Current Income Taxes	54.3	33.9
Right-of-Use Assets	7.2	7.7
Other Assets	13.1	32.5
Total Assets	<u>\$ 4,399.0</u>	<u>\$ 4,091.4</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Senior Notes Payable, 4.350% due 2025 (Fair Value: 2024 – \$448.1; 2023 – \$440.8)	\$ 449.9	\$ 449.6
Senior Notes Payable, 2.400% due 2030 (Fair Value: 2024 – \$338.9; 2023 – \$313.6)	397.5	397.0
Senior Notes Payable, 3.800% due 2032 (Fair Value: 2024 - \$352.2; 2023 - \$338.4)	396.5	396.0
Fixed-Rate Reset Junior Subordinated Debentures, 5.875% due 2062 (Fair Value: 2024 - \$139.2; 2023 - \$120.6)	147.7	146.6
Deferred Income Tax Liability	137.0	119.5
Liabilities for Benefit Plans	32.1	28.1
Right-of-Use Liabilities	21.3	23.3
Accrued Expenses and Other Liabilities	28.6	26.3
Total Liabilities	<u>1,610.6</u>	<u>1,586.4</u>
Shareholders' Equity:		
Common Stock	6.4	6.4
Additional Paid-in Capital	1,854.9	1,845.3
Retained Earnings	1,231.6	1,014.3
Accumulated Other Comprehensive Loss	(304.5)	(360.8)
Total Shareholders' Equity attributable to Kemper Corporation	<u>2,788.4</u>	<u>2,505.2</u>
Noncontrolling Interest	\$ —	\$ (0.2)
Total Shareholders' Equity	<u>2,788.4</u>	<u>2,505.0</u>
Total Liabilities and Shareholders' Equity	<u>\$ 4,399.0</u>	<u>\$ 4,091.4</u>

See Accompanying Report of Independent Registered Public Accounting Firm.

KEMPER CORPORATION
PARENT COMPANY STATEMENTS OF INCOME (LOSS)
(Dollars in Millions)

	For the Year Ended December 31,		
	2024	2023	2022
Net Investment Income	\$ 15.9	\$ 8.6	\$ 16.6
Change in Fair Value of Equity Securities	(0.2)	(1.5)	(14.8)
Net Realized Investment (Losses) Gains	(10.6)	(11.9)	3.0
Impairment Losses	—	(0.4)	(0.2)
Other Income	—	—	1.1
Total Revenues	5.1	(5.2)	5.7
Interest Expense	58.1	56.7	52.6
Pension Settlement Expense	(2.6)	70.2	—
Other Operating Expenses	12.7	6.1	6.6
Total Operating Expenses	68.2	133.0	59.2
Loss before Income Taxes and Equity in Net Income (Loss) of Subsidiaries	(63.1)	(138.2)	(53.5)
Income Tax Benefit	(8.8)	(28.4)	(14.0)
Loss before Equity in Net Income (Loss) of Subsidiaries	(54.3)	(109.8)	(39.5)
Equity in Net Income (Loss) of Subsidiaries	372.1	(162.5)	(247.1)
Net Income (Loss)	317.8	(272.3)	(286.6)
Less: Net Loss attributable to Noncontrolling Interest	—	(0.2)	—
Net Income (Loss) attributable to Kemper Corporation	<u>\$ 317.8</u>	<u>\$ (272.1)</u>	<u>\$ (286.6)</u>

See Accompanying Report of Independent Registered Public Accounting Firm.

KEMPER CORPORATION
PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Dollars in Millions)

	For the Year Ended December 31,		
	2024	2023	2022
Net Income (Loss)	\$ 317.8	\$ (272.3)	\$ (286.6)
Other Comprehensive Income (Loss):			
Changes in Net Unrealized Gains (Losses) on Investment Securities:			
Having No Credit Losses Recognized in Consolidated Statements of Loss:			
Securities Held by Subsidiaries	(210.5)	235.0	(1,535.7)
Securities Held by Parent	0.6	(0.6)	(2.6)
Having Credit Losses Recognized in Consolidated Statements of Loss:			
Securities Held by Subsidiaries	(0.6)	(0.5)	1.9
Reclassification Adjustment for Securities Having No Credit Losses Included in Net Loss:			
Securities Held by Subsidiaries	8.8	4.5	(12.8)
Securities Held by Parent	2.4	(0.1)	—
Reclassification Adjustment for Securities Having Credit Losses Included in Net Loss:			
Securities Held by Subsidiaries	(0.7)	—	—
Unrecognized Postretirement Benefit Costs Arising During the Year:			
Subsidiaries	0.5	0.1	1.1
Parent	1.3	(7.4)	18.2
Reclassification Adjustment for Postretirement Benefit Costs Arising During the Year:			
Subsidiaries	(0.3)	(0.3)	—
Parent	(2.8)	66.8	(0.4)
Unrecognized Gain (Loss) on Cash Flow Hedges Arising During the Year:			
Subsidiaries	(6.3)	—	—
Reclassification Adjustment for Gain (Loss) on Cash Flow Hedges Arising During the Year:			
Parent	0.9	(0.2)	5.9
Change in Discount Rate on Future Life Policyholder Benefits	278.0	(101.7)	1,380.7
Other Comprehensive Income (Loss) Before Income Taxes	<u>71.3</u>	<u>195.6</u>	<u>(143.7)</u>
Income Tax Expense (Benefit):			
Changes in Net Unrealized (Losses) Gains on Investment Securities:			
Having No Credit Losses Recognized in Consolidated Statements of Loss:			
Securities Held by Subsidiaries	(44.2)	49.5	(322.7)
Securities Held by Parent	0.1	(0.1)	(0.5)
Having Credit Losses Recognized in Consolidated Statements of Loss:			
Securities Held by Subsidiaries	(0.3)	(0.2)	0.4
Reclassification Adjustment for Securities Having No Credit Losses Included in Net Loss:			
Securities Held by Subsidiaries	1.8	1.0	(2.7)
Securities Held by Parent	0.5	(0.1)	—
Reclassification Adjustment for Securities Having Credit Losses Included in Net Loss:			
Securities Held by Subsidiaries	(0.3)	—	—
Unrecognized Postretirement Benefit Costs Arising During the Year:			
Subsidiaries	0.1	—	0.2
Parent	0.3	(1.3)	3.9
Reclassification Adjustment for Postretirement Benefit Costs Arising During the Year:			
Subsidiaries	—	(0.2)	—
Parent	(0.6)	14.0	(0.1)
Unrecognized Gain (Loss) on Cash Flow Hedges Arising During the Year:			
Subsidiaries	(0.9)	—	—
Reclassification Adjustment for Gain (Loss) on Cash Flow Hedges Arising During the Year:			
Parent	0.2	0.1	1.2
Change in Discount Rate on Future Life Policyholder Benefits	58.3	(21.2)	289.9
Income Tax Expense (Benefit)	<u>15.0</u>	<u>41.5</u>	<u>(30.4)</u>
Other Comprehensive Income (Loss)	<u>56.3</u>	<u>154.1</u>	<u>(113.3)</u>
Total Comprehensive Income (Loss)	<u>\$ 374.1</u>	<u>\$ (118.2)</u>	<u>\$ (399.9)</u>
Less: Total Comprehensive Loss attributable to Noncontrolling Interest	—	(0.2)	—
Total Comprehensive Income (Loss) attributable to Kemper Corporation	<u>\$ 374.1</u>	<u>\$ (118.0)</u>	<u>\$ (399.9)</u>

See Accompanying Report of Independent Registered Public Accounting Firm.

KEMPER CORPORATION
PARENT COMPANY STATEMENTS OF CASH FLOWS
(Dollars in Millions)

	For the Year Ended December 31,		
	2024	2023	2022
Operating Activities:			
Net Income (Loss)	\$ 317.8	\$ (272.3)	\$ (286.6)
Adjustment Required to Reconcile Net Income (Loss) to Net Cash Provided by (Used in) Operations:			
Equity in Net Loss (Income) of Subsidiaries	(372.1)	162.5	247.1
Cash Dividends from Subsidiaries	245.4	320.8	25.3
Net Realized Investment Losses (Gains)	10.6	11.9	(3.0)
Settlement Costs Related to Defined Benefit Pension Plan	(2.6)	70.2	—
Impairment Losses	—	0.4	0.2
Income from Change in Fair Value of Equity and Convertible Securities	0.2	1.5	14.8
Other	31.9	(30.6)	(48.9)
Net Cash Provided by (Used in) Operating Activities	231.2	264.4	(51.1)
Investing Activities:			
Capital Contributed to Subsidiaries	—	(177.5)	(537.8)
Contribution to Non-Controlling Interest	(18.0)	(4.0)	—
Proceeds from the Sales, Calls and Maturities of Fixed Maturities	35.3	50.8	0.1
Proceeds from the Sales or Paydowns of Investments:			
Equity Securities	2.7	14.8	71.9
Purchases of Investments:			
Fixed Maturities	—	—	(40.3)
Equity Securities	(3.8)	(2.1)	(5.6)
Net Sales (Purchases) of Short-term Investments	(126.3)	(112.2)	138.9
Other	(0.1)	(23.2)	(3.1)
Net Cash Used in Investing Activities	(110.2)	(253.4)	(375.9)
Financing Activities:			
Notes Payable Proceeds:			
Proceeds from Issuance of 3.800% Senior Notes due February 23, 2032	—	—	396.3
Issuance Fees from Issuance of 3.800% Senior Notes due February 23, 2032	—	—	(1.2)
Proceeds from Issuance of 5.875% Fixed-Rate Reset Junior Subordinated Debentures due 2062	—	—	145.6
Issuance Fees from Issuance of 5.875% Fixed-Rate Reset Junior Subordinated Debentures due 2062	—	—	(0.9)
Proceeds from Shares Issued under Employee Stock Purchase Plan	3.8	4.3	4.9
Common Stock Repurchases	(38.9)	—	—
Dividends and Dividend Equivalents Paid	(80.1)	(79.6)	(79.7)
Other	(5.0)	(0.5)	0.6
Net Cash (Used in) Provided by Financing Activities	(120.2)	(75.8)	465.6
Net increase (decrease) in cash	0.8	(64.8)	38.6
Cash, Beginning of Year	1.5	66.3	27.7
Cash, End of Year	\$ 2.3	\$ 1.5	\$ 66.3

See Accompanying Report of Independent Registered Public Accounting Firm.

KEMPER CORPORATION
 FINANCIAL INFORMATION OF KEMPER CORPORATION
 NOTES TO FINANCIAL INFORMATION
 (Dollars in Millions)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial information of Kemper Corporation (“Kemper” or the “Parent Company”) should be read in conjunction with the Consolidated Financial Statements and Notes thereto included in Item 8 of this Form 10-K. Kemper’s subsidiaries are accounted for using the equity method of accounting. Equity in Net Income (Loss) of Subsidiaries of these subsidiaries is presented on the Statements of Operations as Equity in Net Income (Loss) of Subsidiaries.

NOTE 2. GUARANTEES

On July 1, 2022, Kemper executed an indefinite agreement with its subsidiary, Kemper Bermuda Ltd, which requires Kemper to contribute up to \$300.0 million in contributed capital to maintain its minimum Enhanced Capital Requirement (“ECR”) as required by the Bermuda Monetary Authority as a Class C insurer. As of December 31, 2024 and 2023, Kemper had contributed \$40.0 million under this agreement.

NOTE 3. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Kemper did not receive any non-cash dividends from or make any non-cash capital contributions to subsidiaries during 2024. In 2023, Kemper received \$385.6 million in non-cash dividends from subsidiaries and made non-cash capital contributions of \$336.5 million to subsidiaries.

NOTE 4. LEASES

Kemper leases certain office space for its current and former corporate headquarters under non-cancelable operating leases.

The following table presents operating lease Right-of-Use (“ROU”) assets and lease liabilities at December 31, 2024 and 2023.

<i>DOLLARS IN MILLIONS</i>	2024	2023
Operating Lease Right-of-Use Assets	\$ 7.2	\$ 7.7
Operating Lease Liabilities	21.3	23.3

Supplemental cash flow information related to Kemper’s operating leases for the year-ended December 31, 2024 and December 31, 2023 respectively are presented follows.

<i>DOLLARS IN MILLIONS</i>	2024	2023
Operating Cash Flows from Operating Leases (Fixed Payments)	\$ 3.0	\$ 5.8
Operating Cash Flows from Operating Leases (Liability Reduction)	2.1	4.8

Significant judgments and assumptions for determining lease asset and liability as December 31, 2024 and December 31, 2023 respectively are presented below.

<i>DOLLARS IN MILLIONS</i>	2024	2023
Weighted-average Remaining Lease Term - Operating Leases	9.0 years	10.0 years
Weighted-average Discount Rate - Operating Leases	4.0 %	4.1 %

KEMPER CORPORATION
 FINANCIAL INFORMATION OF KEMPER CORPORATION
 NOTES TO FINANCIAL INFORMATION
 (Dollars in Millions)

NOTE 4. LEASES (Continued)

Kemper’s leases do not provide an implicit rate. Accordingly, Kemper uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of its lease payments.

Future minimum operating lease payments at December 31, 2024 were:

<u>DOLLARS IN MILLIONS</u>	<u>Operating Leases</u>
2025	\$ 2.6
2026	2.6
2027	2.7
2028	2.8
2029	2.8
2030 and Thereafter	12.1
Total Future Payments	<u>\$ 25.6</u>
Less Discount	4.3
Present Value of Minimum Lease Payments	<u>\$ 21.3</u>

NOTE 5. DEBT

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.

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.

KEMPER CORPORATION
FINANCIAL INFORMATION OF KEMPER CORPORATION
NOTES TO FINANCIAL INFORMATION
(Dollars in Millions)

NOTE 5. DEBT (Continued)

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. 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 Expense in the same periods that the hedged items affect earnings. Amortization, reported in Interest Expense, was \$0.6 million for the year ended December 31, 2024. The Company expects to reclassify \$0.5 million of net gain on derivative instruments from AOCI to earnings for the twelve months ended December 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.

KEMPER CORPORATION AND SUBSIDIARIES
 SUPPLEMENTARY INSURANCE INFORMATION
 (Dollars in Millions)

	Year Ended December 31,						At December 31			
	Earned Premiums	Premiums Written	Other Income (Loss)	Net Investment Income ²	Insurance Claims and Policyholders' Benefits	Amortization of Deferred Policy Acquisition Costs	Other Insurance Expenses ³	Deferred Policy Acquisition Costs	Insurance Reserves	Unearned Premiums
2024										
Specialty Property & Casualty Insurance	\$ 3,576.4	\$ 3,685.4	\$ 4.7	\$ 189.6	\$ 2,541.7	\$ 474.1	\$ 285.4	\$ 162.8	\$ 2,347.9	\$ 1,216.8
Life Insurance ¹	393.9	N/A	0.5	170.6	234.5	32.6	239.5	463.1	3,202.4	8.2
Non-Core Operations	245.6	108.3	—	36.4	236.8	31.3	51.0	4.1	261.7	50.3
Corporate and Other	—	N/A	3.0	10.9	0.1	—	66.2	—	9.0	—
Total	\$ 4,215.9	N/A	\$ 8.2	\$ 407.5	\$ 3,013.1	\$ 538.0	\$ 642.1	\$ 630.0	\$ 5,821.0	\$ 1,275.3
2023										
Specialty Property & Casualty Insurance	\$ 3,632.5	\$ 3,305.4	\$ 4.5	\$ 168.3	\$ 3,141.9	\$ 496.2	\$ 245.1	\$ 142.7	\$ 2,308.7	\$ 1,104.5
Life Insurance ¹	387.6	N/A	(0.2)	193.4	243.4	39.9	235.9	426.9	3,425.3	7.6
Non-Core Operations	509.3	435.5	—	48.7	434.6	71.0	75.6	22.0	356.4	188.7
Corporate and Other	—	N/A	2.9	9.3	0.1	—	201.9	—	12.5	—
Total	\$ 4,529.4	N/A	\$ 7.2	\$ 419.7	\$ 3,820.0	\$ 607.1	\$ 758.5	\$ 591.6	\$ 6,102.9	\$ 1,300.8
2022										
Specialty Property & Casualty Insurance	\$ 4,046.4	\$ 3,934.4	\$ 6.0	\$ 140.7	\$ 3,578.2	\$ 569.8	\$ 232.1			
Life Insurance ¹	571.5	N/A	(0.6)	216.5	360.8	42.4	300.9			
Non-Core Operations	595.5	527.1	—	49.7	493.4	93.5	90.0			
Corporate and Other	—	N/A	3.8	15.7	0.2	—	75.2			
Total	\$ 5,213.4	N/A	\$ 9.2	\$ 422.6	\$ 4,432.6	\$ 705.7	\$ 698.2			

¹ The Company's Life Insurance employee-agents also market certain property and casualty insurance products under common management. Accordingly, the Company includes the results of these property and casualty insurance products in its Life Insurance segment.

² The Company reports Net Investment Income based on the attributable source of investable funds. The Specialty Property & Casualty Insurance and Non-Core Operations Net Investment Income is allocated from a shared investment portfolio based on the respective amounts of investable funds contributed by each business. Investable funds is determined based on certain liabilities (net of non-invested assets) and required capital. The Life Insurance segment and Corporate and Other Operations Net Investment Incomes are primarily sourced from dedicated investment portfolios.

³ Expenses are allocated based upon specific metrics associated with each business, including but not limited to claim counts, headcount, and budgeted premium.

See Accompanying Report of Independent Registered Public Accounting Firm.

KEMPER CORPORATION
REINSURANCE SCHEDULE
(Dollars in Millions)

	Gross Amount	Ceded to Other Companies	Assumed from Other Companies	Net Amount	Percentage of Amount Assumed to Net
Year Ended December 31, 2024					
Life Insurance in Force	\$ 19,651.3	\$ 322.5	\$ 123.6	\$ 19,452.4	0.6 %
Premiums:					
Life Insurance	\$ 330.7	\$ 3.1	\$ 0.5	\$ 328.1	0.2 %
Accident and Health Insurance	34.7	12.5	—	22.2	—
Property and Liability Insurance	3,873.1	17.5	10.0	3,865.6	0.3
Total Premiums	\$ 4,238.5	\$ 33.1	\$ 10.5	\$ 4,215.9	0.2 %
Year Ended December 31, 2023					
Life Insurance in Force	\$ 19,750.8	\$ 339.4	\$ 129.9	\$ 19,541.3	0.7 %
Premiums:					
Life Insurance	\$ 322.0	\$ 3.3	\$ 0.5	\$ 319.2	0.2 %
Accident and Health Insurance	34.7	11.6	—	23.1	—
Property and Liability Insurance	4,175.7	17.8	29.2	4,187.1	0.7
Total Premiums	\$ 4,532.4	\$ 32.7	\$ 29.7	\$ 4,529.4	0.7 %
Year Ended December 31, 2022					
Life Insurance in Force	\$ 19,885.1	\$ 354.8	\$ 137.1	\$ 19,667.4	0.7 %
Premiums:					
Life Insurance	\$ 355.8	\$ 3.6	\$ 0.6	\$ 352.8	0.2 %
Accident and Health Insurance	167.9	1.1	1.4	168.2	0.8
Property and Liability Insurance	4,706.1	38.0	24.3	4,692.4	0.5
Total Premiums	\$ 5,229.8	\$ 42.7	\$ 26.3	\$ 5,213.4	0.5 %

See Accompanying Report of Independent Registered Public Accounting Firm.

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KEMPER CORPORATION BOARD OF DIRECTORS



Gerald Laderman
Chairman, Kemper Corporation
Former Executive Vice President and
Chief Financial Officer, United Airlines



Teresa A. Canida
Principal and Portfolio Manager,
Ceeto Capital Group, LLC



George N. Cochran
Former Chairman,
Global Financial Institutions Group
Macquarie Capital



Jason N. Gorevic
Former Chief Executive Officer,
Teladoc Health, Inc.



Lacy M. Johnson
Partner,
Taft Stettinius & Hollister LLP



Joseph P. Lacher, Jr.
President and Chief Executive Officer,
Kemper Corporation



Suzet M. McKinney
Former Principal and
Director of Life Sciences
Sterling Bay



Alberto J. Paracchini
Chief Executive Officer,
President and Director
Byline Bank



Stuart B. Parker
Former President and
Chief Executive Officer
USAA



Susan D. Whiting
Former Vice Chairman,
Nielsen Holdings plc
Director and Trustee

KEMPER CORPORATION SENIOR EXECUTIVES



Joseph P. Lacher, Jr.
President and
Chief Executive Officer



John M. Boschelli
Executive Vice President,
Chief Investment Officer



Charles T. Brooks
Executive Vice President,
Operations and Systems



Bradley T. Camden
Executive Vice President,
Chief Financial Officer



C. Thomas Evans, Jr.
Executive Vice President,
Secretary and General Counsel



Christopher W. Flint
Executive Vice President and
President, Kemper Life



Matthew A. Hunton
Executive Vice President and
President, Kemper Auto



Laura Rock
Executive Vice President,
Chief Human Resources Officer



Duane A. Sanders
Executive Vice President and
Chief Claims Officer,
Property and Casualty

KEMPER CORPORATION INFORMATION

Stock Listing

Kemper Corporation is traded on the New York Stock Exchange under the symbol KMPR.

Common Stock Transfer Agent/Registrar

Please direct questions regarding stock registration, change of address, change of name or transfer to:

Computershare Trust Company, N.A.
P.O. Box 43006
Providence, RI 02940-3006

877-282-1168 (in the United States)
computershare.com/investor

Independent Registered Public Accounting Firm

Deloitte & Touche LLP
111 South Wacker Drive
Chicago, IL 60606

2025 Annual Meeting

Wednesday, May 7, 2025
8:30 a.m. CT
200 East Randolph Street
Aon Center Auditorium, Lower Level 1
Chicago, IL 60601

Investor Relations

Michael Marinaccio
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