



simple solutions for complex times®

2016 SECOND QUARTER EARNINGS CONFERENCE CALL

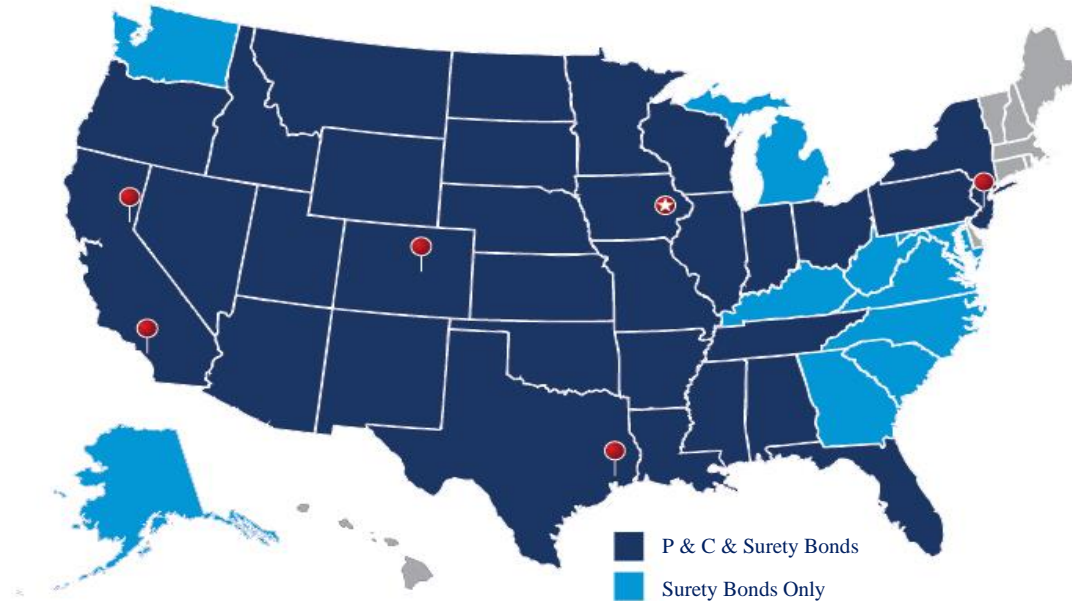
FINANCIAL HIGHLIGHTS – 2Q2016

| | <u>2Q2016</u> | <u>2Q2015</u> |
|---|---------------|---------------|
| Net Income per Diluted Share | \$ 0.12 | \$ 0.59 |
| Net Realized Investment Gains per Share | \$ 0.04 | \$ 0.02 |
| Operating Gain Per Share | \$ 0.08 | \$ 0.57 |
| Catastrophe Losses per Share | \$ 0.90 | \$ 0.52 |
| GAAP Combined Ratio | 104.8% | 97.7% |
| Book Value per Share | \$37.84 | \$33.21 |
| Return on Equity | 5.6% | 9.4% |



EXPANDING OUR GEOGRAPHIC FOOTPRINT

P&C & Surety Bonds



Regional Underwriting Offices in Cedar Rapids, Iowa (corporate headquarters); Denver, Colorado; Houston, Texas; Pennington, New Jersey; Rocklin, California and Los Angeles, California.

Currently licensed and able to write P & C and Surety Bonds in the 32 states shaded dark blue. The 10 states shaded light blue plus the District of Columbia are currently licensed and able to write Surety Bonds only.



2020 VISION

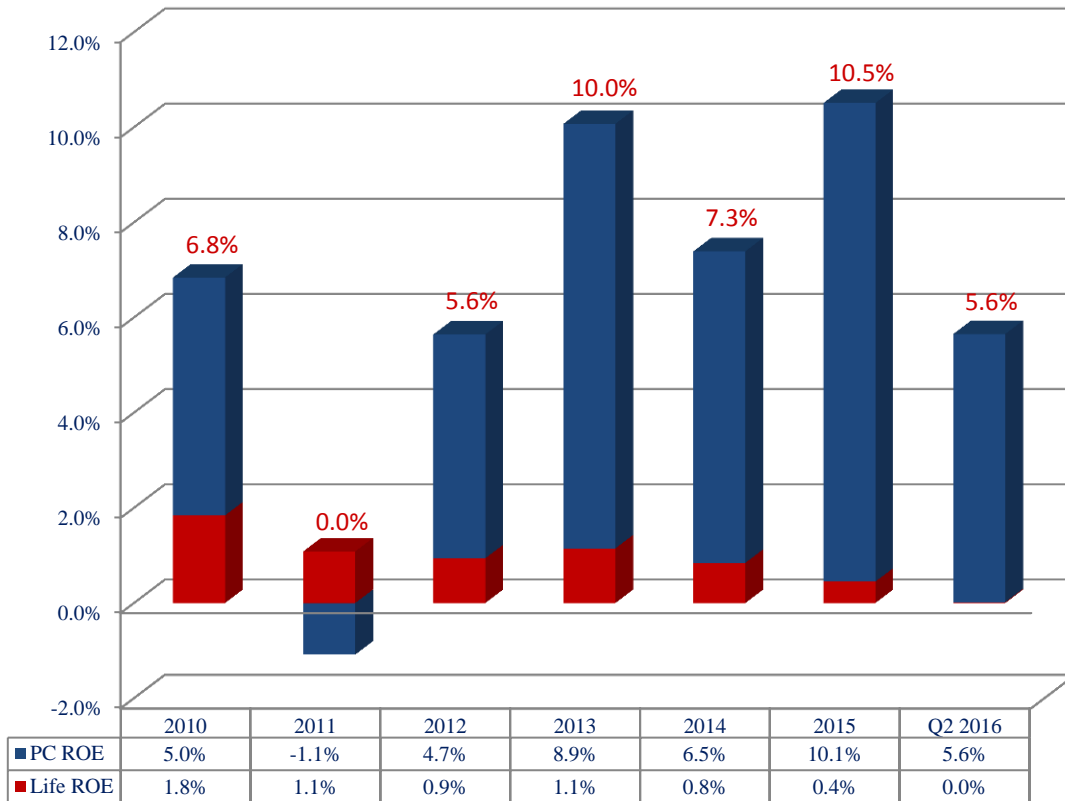
■ Goals

- › Increase ROE
- › Increase Written Premium
- › Provide best-in-class service
- › Be a “best place to work” so as to recruit and retain the best employees

■ Strategies

- › Expand our agency plant and geographic footprint
- › Leverage our existing product portfolio
- › Excess & Surplus Branch continued growth
- › Opportunities in Small Business Market
- › Continue to capitalize on strategic growth opportunities

ROE BY SEGMENT (as of 6/30/16)



NOTE: Totals may vary slightly from reported ROE figures due to rounding



ECONOMY / P&C MARKET CONDITIONS

- Positive P&C rate environment for 19 quarters
- Rate increases on both commercial and personal lines were low-single digits for the quarter
- Positive audit premium for the last 19 quarters
- Our insureds continue to add exposures at renewal
- Policy count growth opportunities

2Q2016 P&C PREMIUM GROWTH & RETENTION

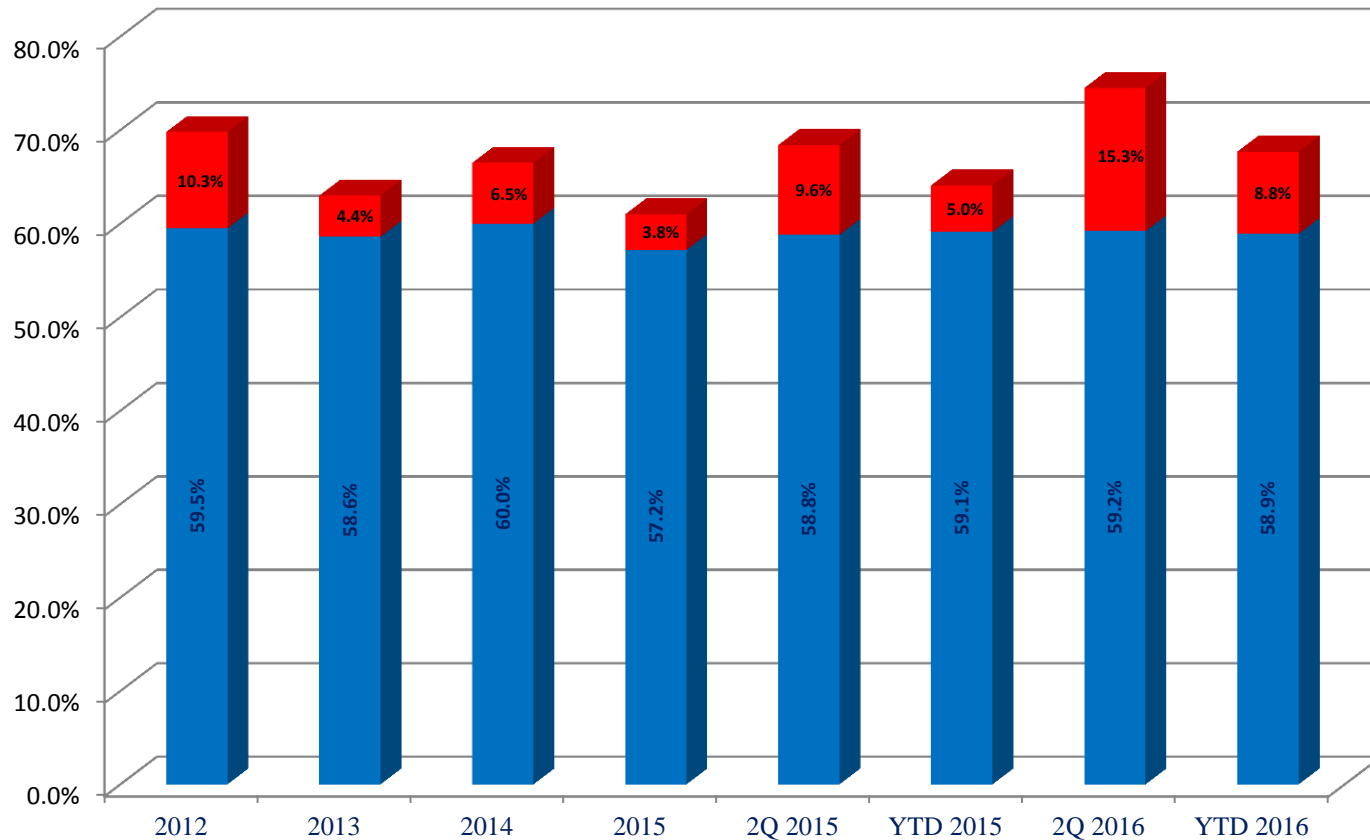
■ P&C written premium growth

| | |
|---------------------|-------|
| › Commercial lines | 11.9% |
| › Personal lines | 1.5% |
| › Group (all lines) | 11.1% |

■ Retention

| | |
|---------------------|-------|
| › Premium retention | 84.6% |
| › Policy retention | 83.1% |

CORE LOSS RATIO vs. CATASTROPHE LOSSES



Cat losses in 2Q 2016 added 15.3 percentage points to the combined ratio.

2Q 2016 CATASTROPHE SNAPSHOT

- 13 CAT events compared to 15 during the same quarter in 2015
- 5 events accounted for a majority of the total CAT activity
- CAT losses up ~75% from 2Q 2015
- The San Antonio, TX area had the most significant losses
- Other areas impacted included MO, NE, MT & other areas in TX
- Hail was the most common peril

ADJUSTED COMBINED RATIO

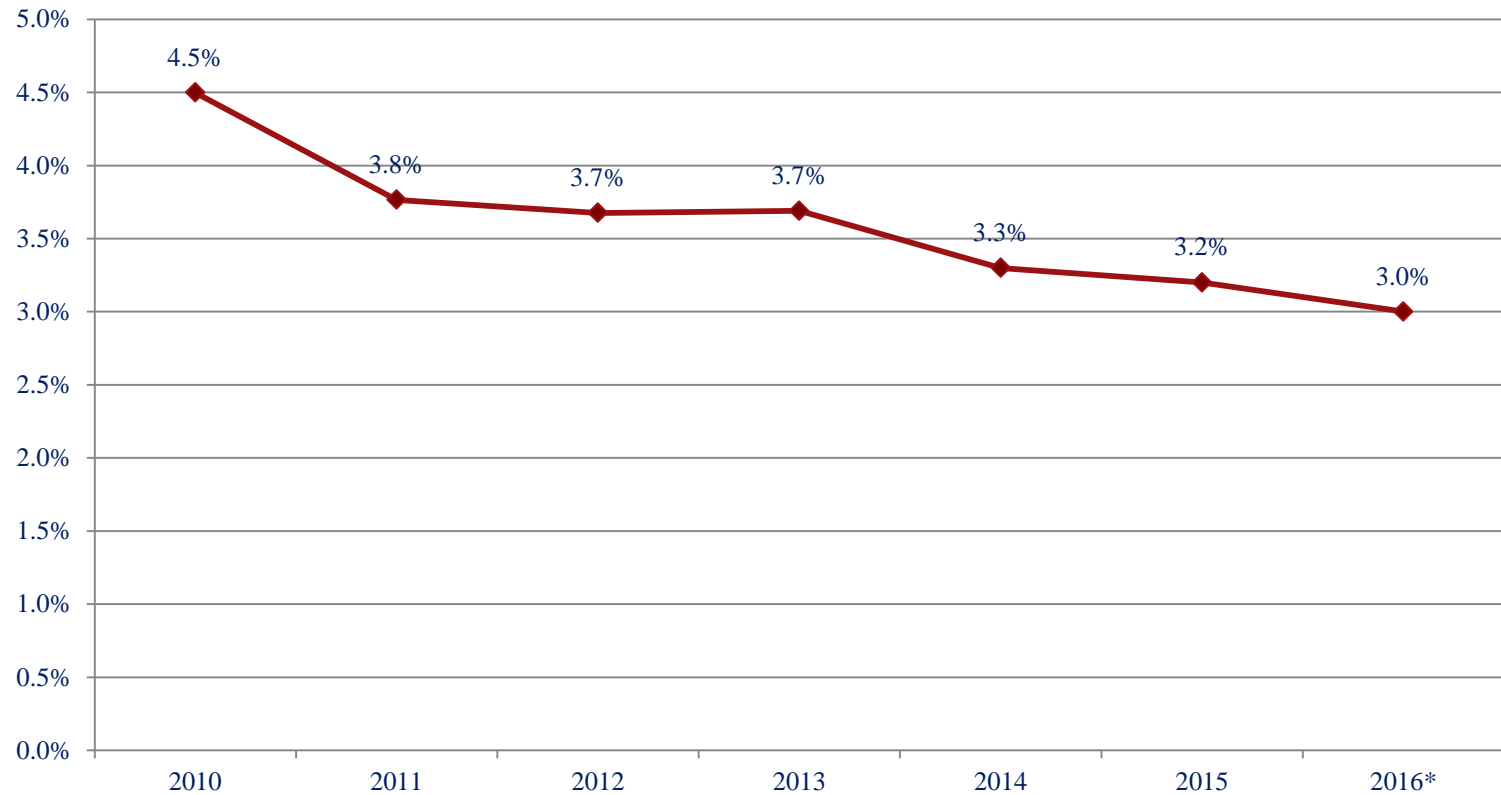
| Adjusted Combined Ratio | 2016 | | 2015 | |
|---|--------------|--------------|--------------|--------------|
| | 2Q2016 | YTD | 2Q2015 | YTD |
| P&C Loss Ratio (as reported) | 74.5% | 67.7% | 68.4% | 64.1% |
| Impact of Catastrophes | -15.3% | -8.8% | -9.6% | -5.0% |
| Loss Ratio Ex-Catastrophes | 59.2% | 58.9% | 58.8% | 59.1% |
| Impact of Reserve Development | 1.1% | 5.8% | 3.2% | 5.7% |
| Loss Ratio Ex - CAT and Ex-Development | 60.3% | 64.7% | 62.0% | 64.8% |
| P&C Expense Ratio | 30.3% | 31.0% | 29.3% | 29.7% |
| <i>Adjusted Combined Ratio</i> | 90.6% | 95.7% | 91.3% | 94.5% |

LIFE COMPANY

- Life Company Initiatives
 - › Writing more traditional life insurance products
 - › Geographic Expansion
 - › Increased profitability on annuity products
 - › Expense reduction
- Strong capitalization according to A.M. Best
- Lapse ratio of 4.5
- Premium growth of 6.2% in 2nd Qtr compared to 2nd Qtr of 2015– driven by Single Premium Whole Life Sales
- Increased spreads on annuity products by 42 basis points as compared to the same period of 2015
- \$25 million dividend to parent in the last two years



INCOME YIELD



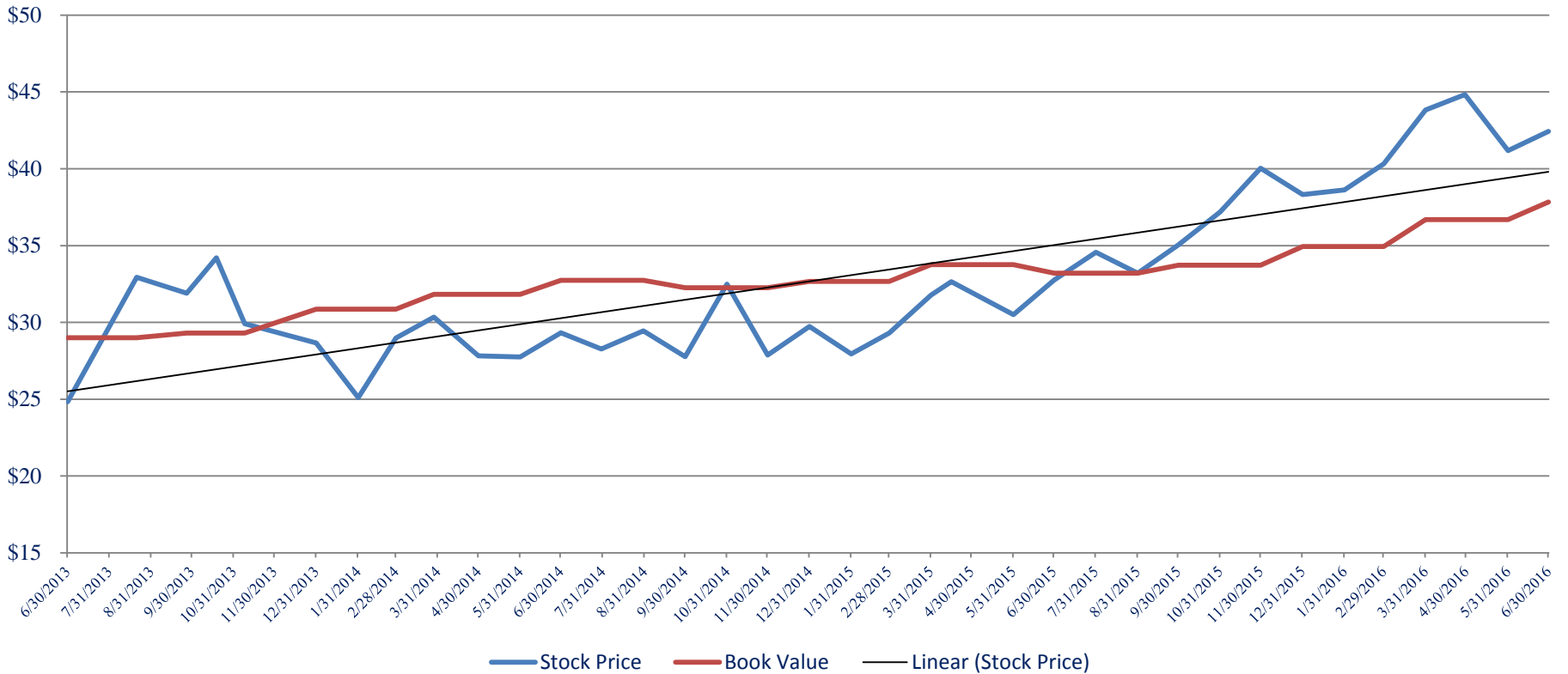
*Annualized

NOTE: Total Invested Assets excludes Cash and Cash Equivalents



STOCK PRICE

6/30/2013 – 6/30/2016



52 Week High: \$45.75 --- 52 Week Low: \$31.68



5 STAR CARRIER AWARD RECEIVED IN 2016

UFG has been awarded a Five Star Carrier rating in the following categories:

- Carrier Reputation and Financial Stability
- Claims Processing
- Underwriting Expertise
- Range of Products



RECOGNITION

- Placed on Iowa's list of 150 Top Workplaces for 2015 by the *Des Moines Register*
- Rated A (Excellent) by A.M. Best Company
- Named a *Super Regional Property/Casualty Insurer*[™] every year since 2006 by *Insurance Journal* magazine
- Received the 2014 Interface Partner Award from Applied Systems[®] (sixth consecutive year)
- Placed on *Forbes*' 2015 list of "America's 50 Most Trustworthy Financial Companies"
- 2015 Recipient of the Iowa Better Business Bureau's Integrity Award
- Named one of Sandler O'Neill's 2016 Insurance Premium Players

