



simple solutions for complex times®

2016 THIRD QUARTER EARNINGS CONFERENCE CALL

FINANCIAL HIGHLIGHTS – 3Q2016

	<u>3Q2016</u>	<u>3Q2015</u>
Net Income per Diluted Share	\$ 0.48	\$ 0.77
Net Realized Investment Gains per Share	\$ 0.07	\$ 0.02
Operating Income Per Share	\$ 0.41	\$ 0.75
Catastrophe Losses per Share	\$ 0.32	\$ 0.18
GAAP Combined Ratio	100.9%	94.1%
Book Value per Share	\$37.83	\$33.73
Return on Equity	5.5%	9.3%



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 33 states shaded dark blue. The 9 states shaded light blue plus the District of Columbia are currently licensed and able to write Surety Bonds only.



2020 VISION

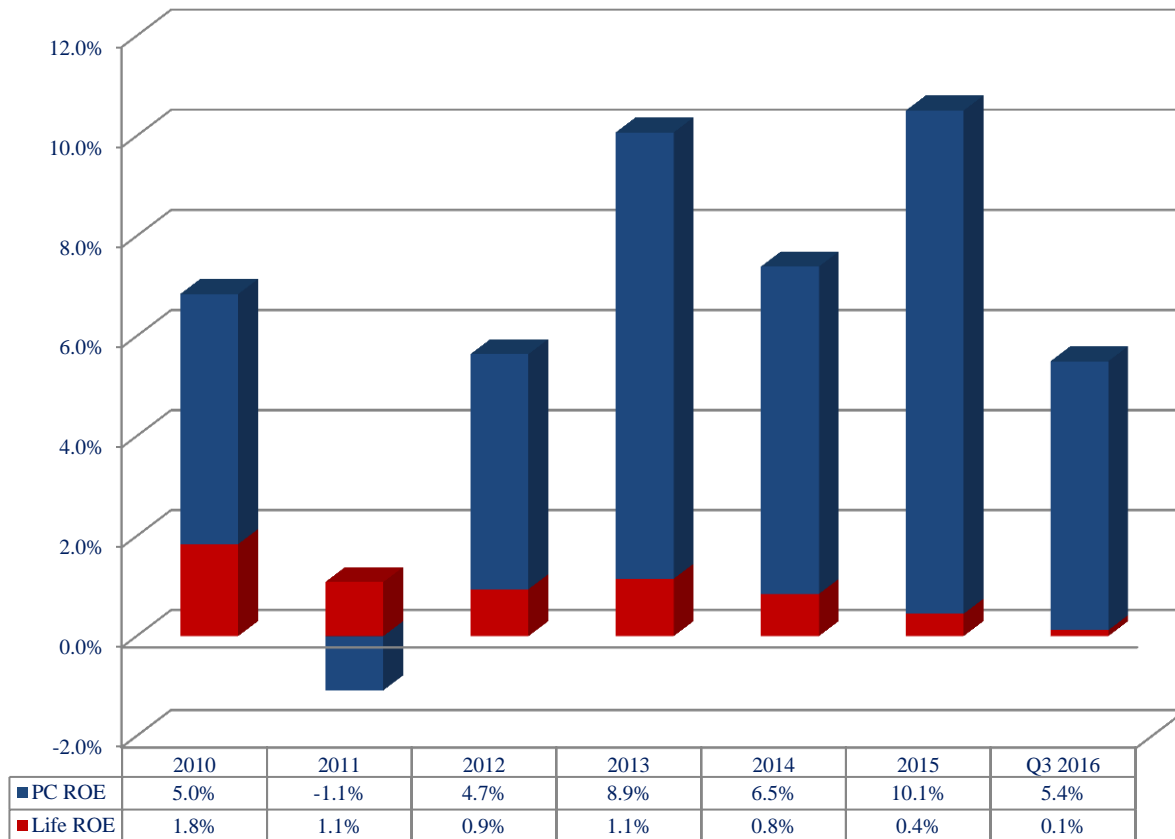
■ Goals

- › 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 9/30/16)



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



ECONOMY / P&C MARKET CONDITIONS

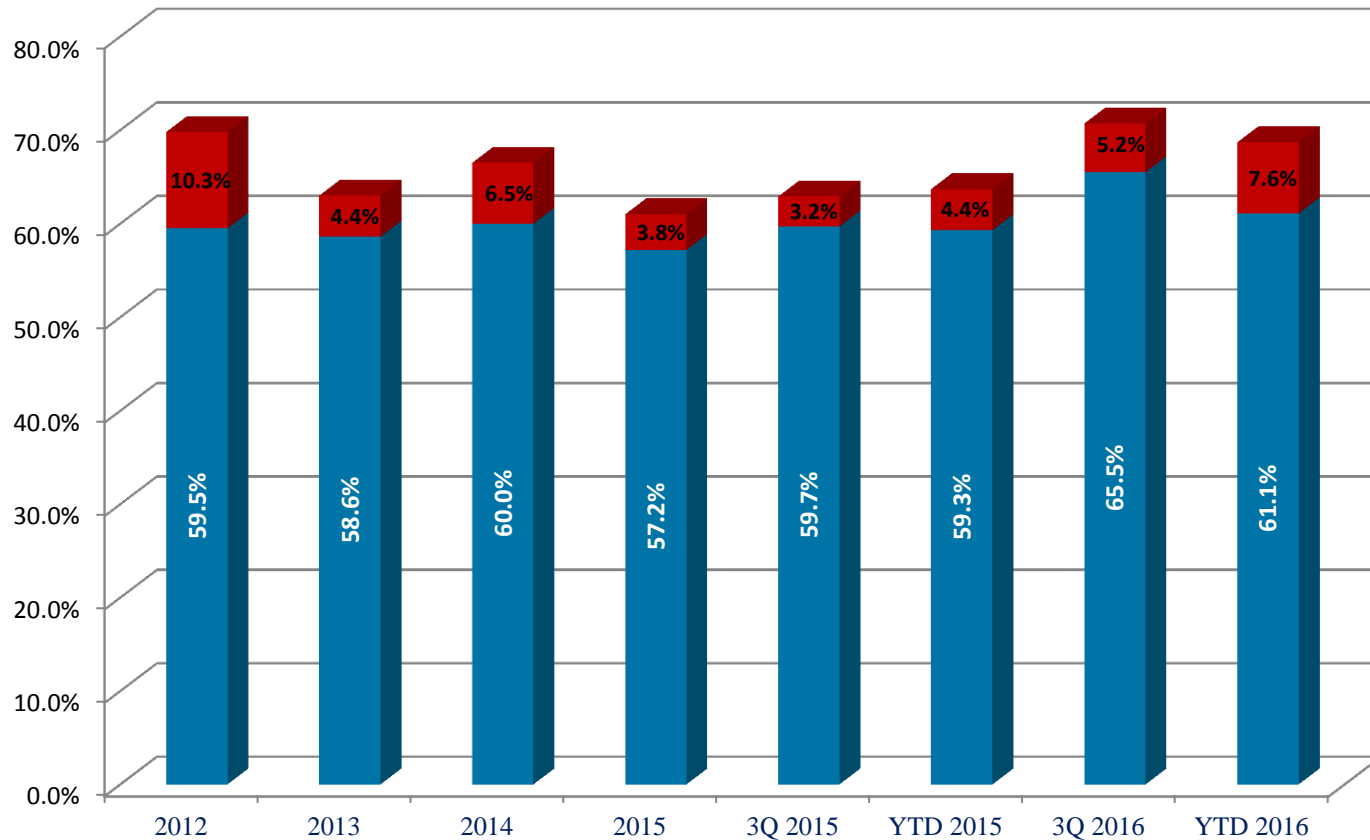
- Positive P&C rate environment for 20 quarters
- Renewal rate increases on both commercial and personal lines averaged in the low-single digits for the quarter
- Positive audit premium for the last 20 quarters
- Our insureds continue to add exposures at renewal
- Policy count growth opportunities

3Q2016 P&C GROSS PREMIUM GROWTH & RETENTION

- P&C gross written premium growth
 - › Commercial lines 10.7%
 - › Personal lines 1.7%
 - › Group (all lines) 10.0%

- Retention
 - › Premium retention 85.0%
 - › Policy retention 82.7%

CORE LOSS RATIO vs. CATASTROPHE LOSSES



Cat losses in 3Q 2016 added 5.2 percentage points to the combined ratio.

ADJUSTED COMBINED RATIO

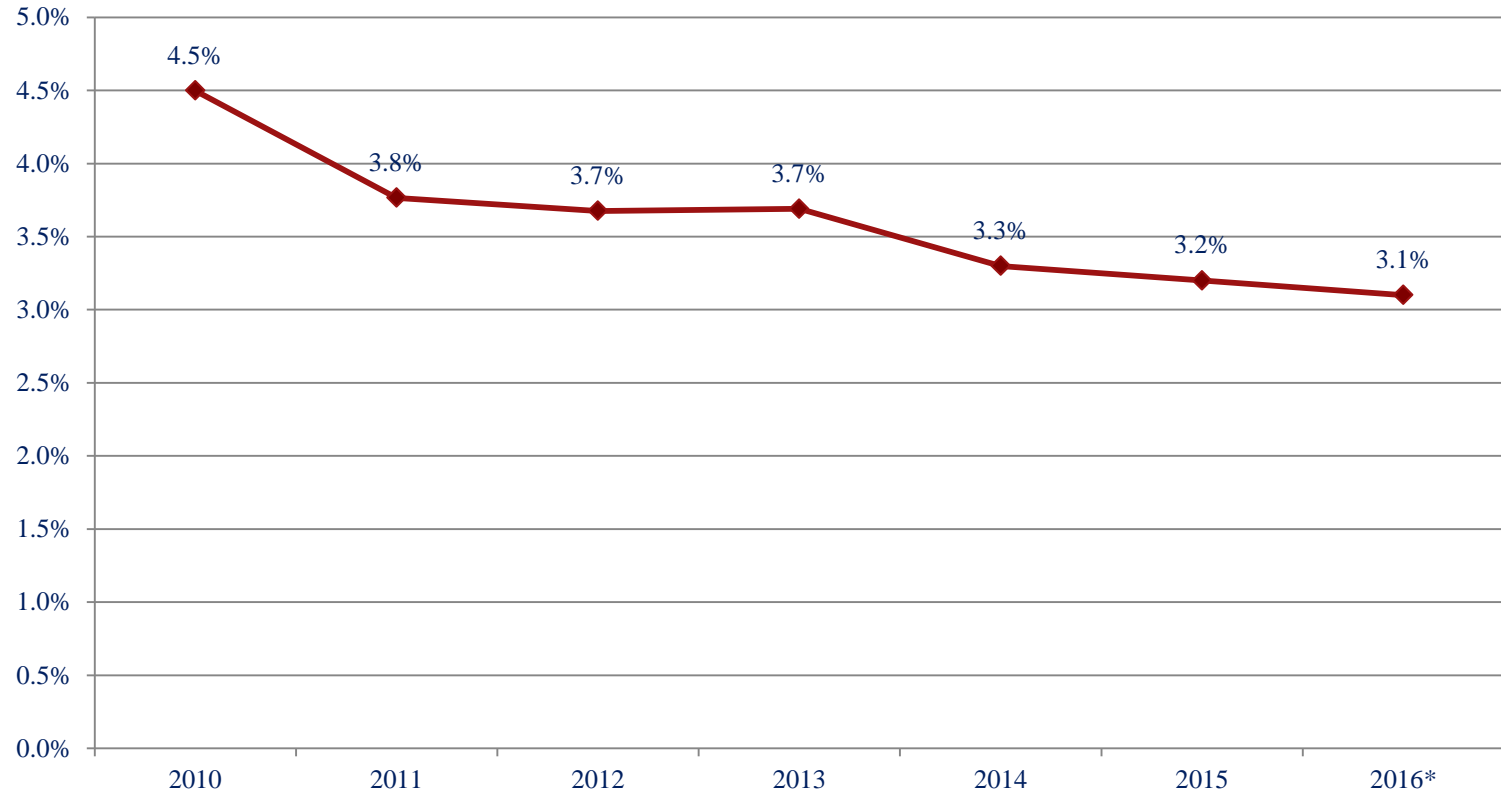
Adjusted Combined Ratio	2016		2015	
	3Q2016	YTD	3Q2015	YTD
P&C Loss Ratio (as reported)	70.7%	68.7%	62.9%	63.7%
Impact of Catastrophes	-5.2%	-7.6%	-3.2%	-4.4%
Loss Ratio Ex-Catastrophes	65.5%	61.1%	59.7%	59.3%
Impact of Reserve Development	0.3%	3.9%	0.3%	3.8%
Loss Ratio Ex - CAT and Ex-Development	65.8%	65.0%	60.0%	63.1%
P&C Expense Ratio	30.2%	30.8%	31.2%	30.2%
<i>Adjusted Combined Ratio</i>	96.0%	95.8%	91.2%	93.3%

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 0.8% in 3rd Qtr compared to 3rd Qtr of 2015– driven by Single Premium Whole Life Sales
- Increased spreads on annuity products by 20 basis points as compared to the same period of 2015
- \$25 million dividend to parent in the last two years



INCOME YIELD



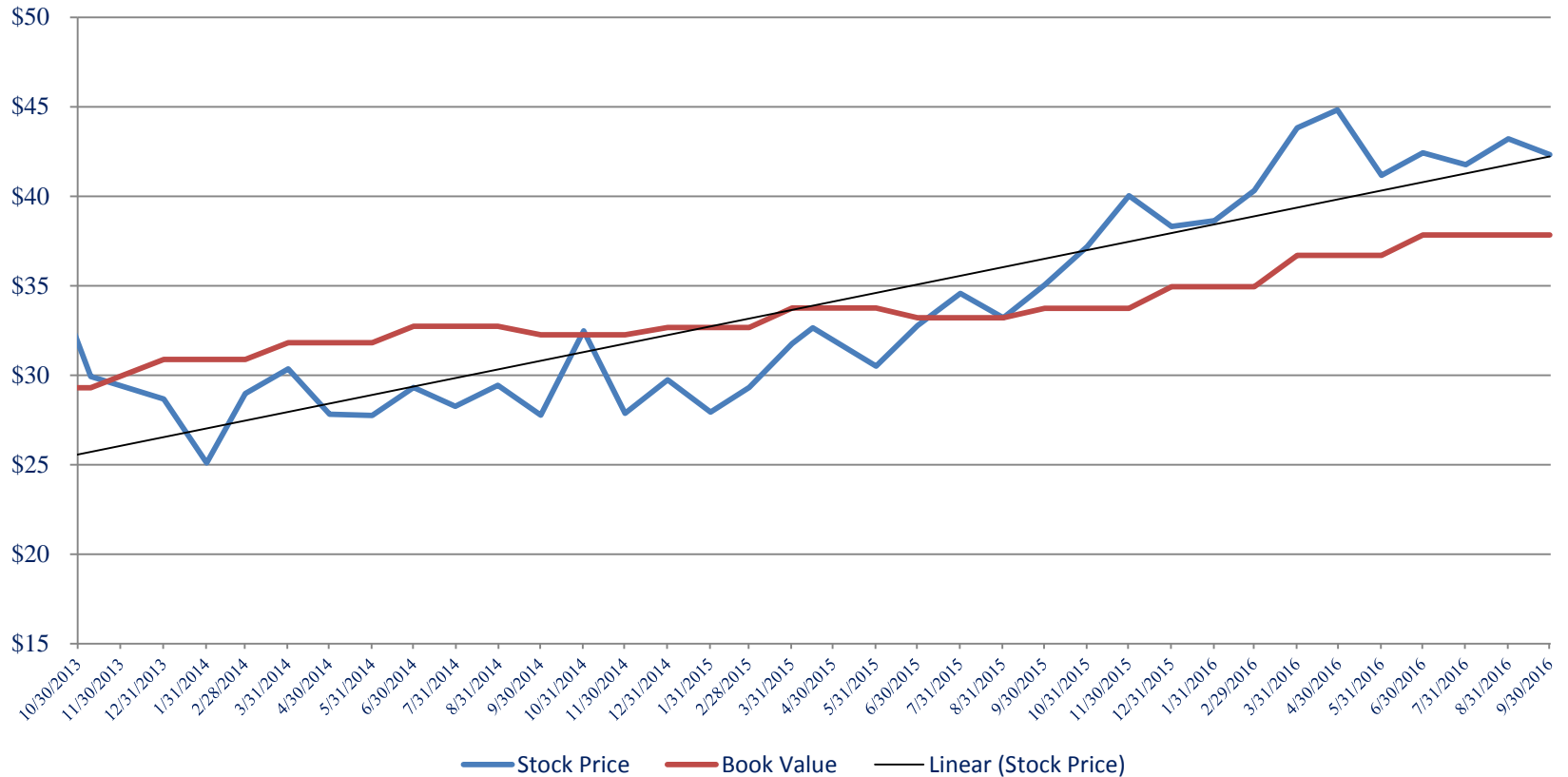
*Annualized

NOTE: Total Invested Assets excludes Cash and Cash Equivalents



STOCK PRICE

9/30/2013-9/30/2016



52 Week High: \$45.75 --- 52 Week Low: \$33.70



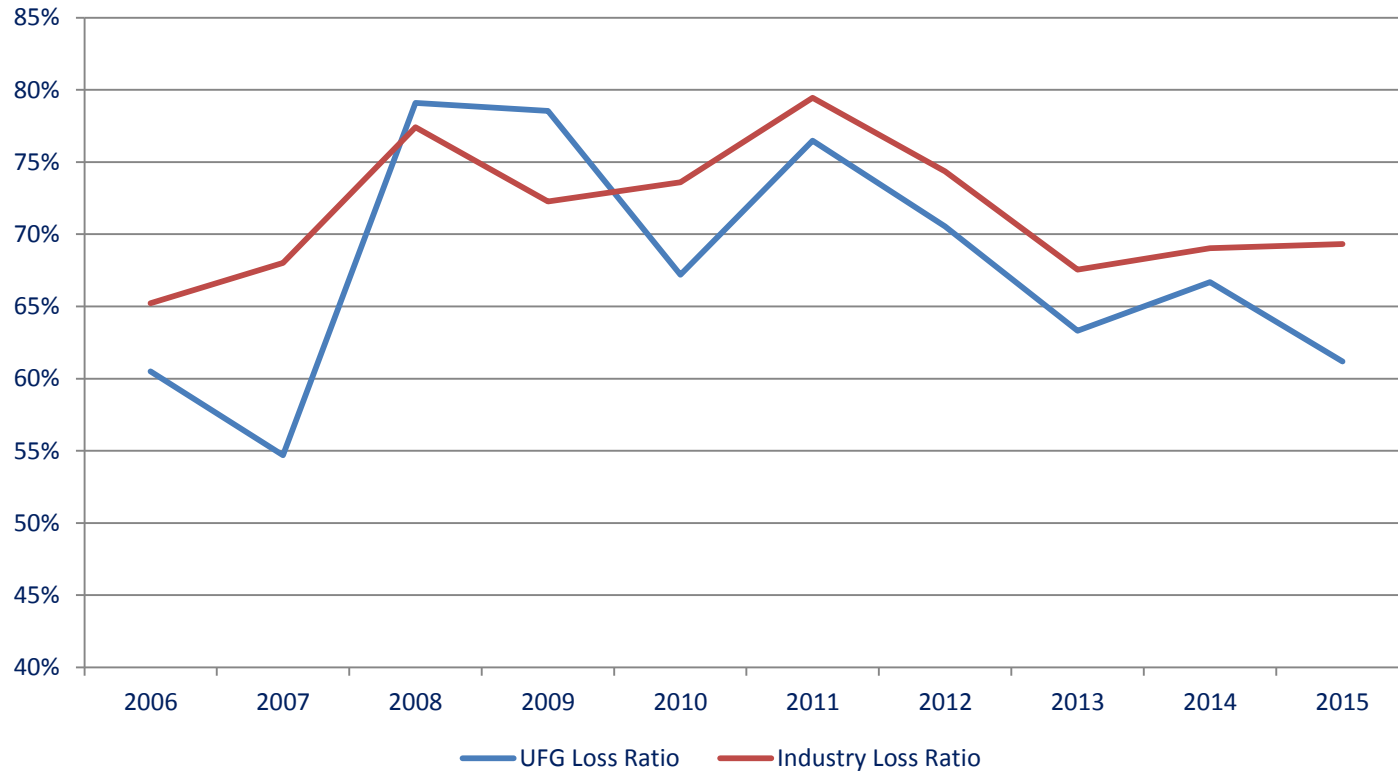
RECOGNITION

- United Fire & Casualty Group rated A (Excellent) by A.M. Best Company
- Named a Super Regional Property/Casualty Insurer™ every year since 2006 by *Insurance Journal* magazine
- Placed on *National Underwriter's* 2014 list of Top 100 insurance groups in property and casualty premium rankings for the fifth year in a row.
- Received the 2014 Interface Partner Award from Applied Systems™ (sixth consecutive year)
- Placed on *Forbes'* 2016 list of “America’s 50 Most Trustworthy Financial Companies”
- Placed on July 2016 *Best's Review* list of Top 200 U.S. Property/Casualty Underwriters
- Recipient of the 2015 Iowa Better Business Bureau’s Integrity Award
- Placed on Iowa’s list of Top 150 Workplaces for 2016 by the *Des Moines Register*
- Named a Five-Star Carrier by *Insurance Business America* for 2016
- Named one of Sandler O’Neill’s 2016 Insurance Premium Players



APPENDIX

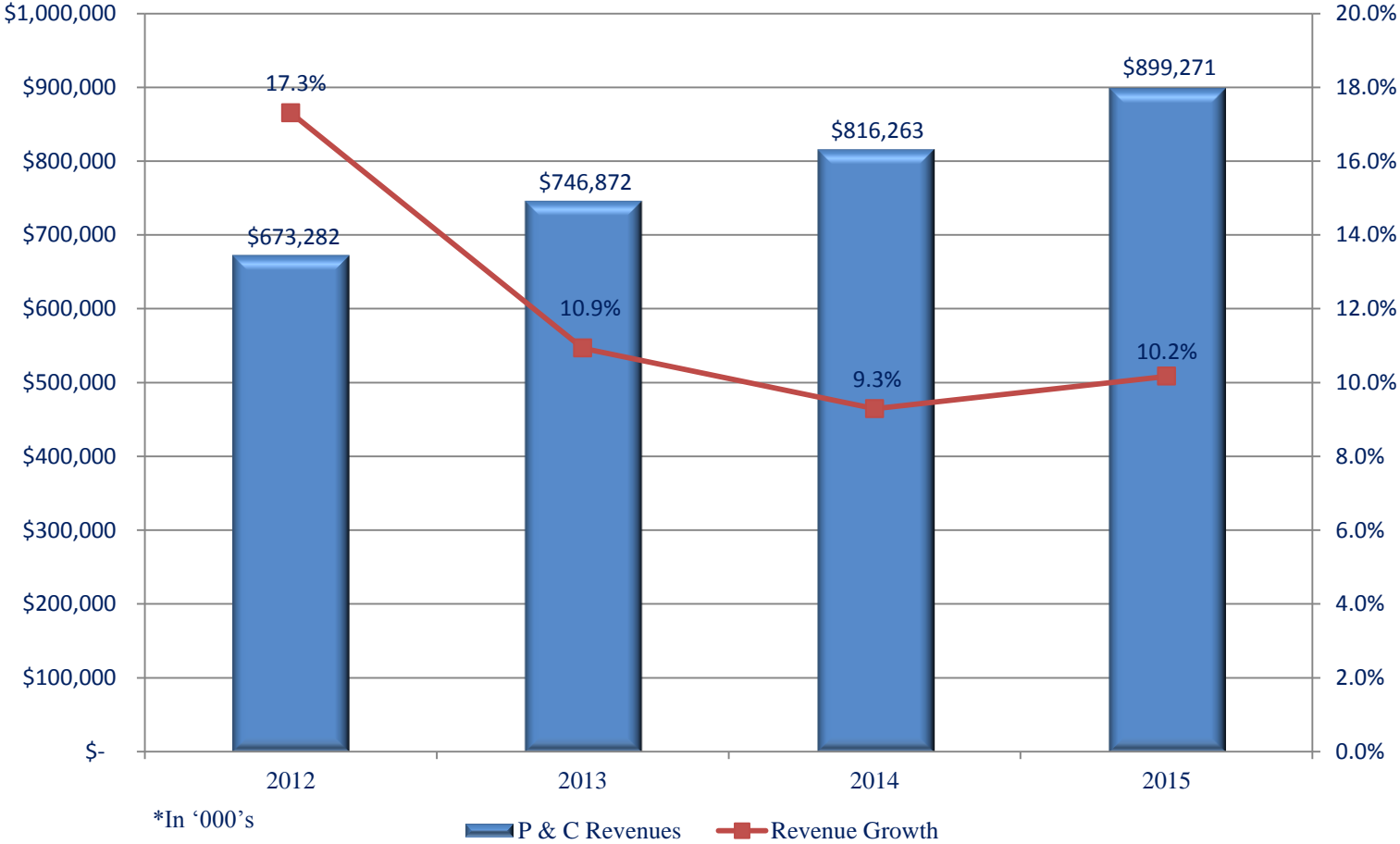
UFG LOSS RATIO VS. INDUSTRY LOSS RATIO



*Industry Loss Ratio data from SNL



P & C REVENUES & REVENUE GROWTH



UFG NWP GROWTH

