



4Q2014 EARNINGS CONFERENCE CALL
February 17, 2015

FORWARD-LOOKING STATEMENTS

This presentation may contain forward-looking statements about our operations, anticipated performance and other similar matters. The Private Securities Litigation Reform Act of 1995 provides a safe harbor under the Securities Act of 1933 and the Securities Exchange Act of 1934 for forward-looking statements. The forward-looking statements are not historical facts and involve risks and uncertainties that could cause actual results to differ materially from those expected and/or projected. Such forward-looking statements are based on current expectations, estimates, forecasts and projections about our company, the industry in which we operate, and beliefs and assumptions made by management. Words such as “expect(s),” “anticipate(s),” “intend(s),” “plan(s),” “believe(s),” “continue(s),” “seek(s),” “estimate(s),” “goal(s),” “remain optimistic,” “target(s),” “forecast(s),” “project(s),” “predict(s),” “should,” “could,” “may,” “will continue,” “might,” “hope,” “can” and other words and terms of similar meaning or expression in connection with a discussion of future operating, financial performance or financial condition, are intended to identify forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed in such forward-looking statements. Information concerning factors that could cause actual results to differ materially from those in the forward-looking statements is contained in Part I Item 1A “Risk Factors” of our annual report on Form 10-K for the year ended December 31, 2013, filed with the Securities and Exchange Commission (“SEC”) on March 5, 2014 and any subsequent quarterly reports on Form 10-Q. The risks identified on Form 10-K are representative of the risks, uncertainties, and assumptions that could cause actual outcomes and results to differ materially from what is expressed in forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this release or as of the date they are made. Except as required under the federal securities laws and the rules and regulations of the SEC, we do not have any intention or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Reconciliations of non-GAAP measures are available in our quarterly news releases, which are available on the Investors Relations page of our website www.UnitedFireGroup.com.

FINANCIAL HIGHLIGHTS – 4Q2014

| | <u>4Q14</u> | <u>YTD</u> |
|---|-------------|------------|
| Operating Gain Per Share | \$ 1.34 | \$ 2.13 |
| Net Income per Diluted Share | \$ 1.38 | \$ 2.32 |
| Net Realized Investment Gains per Share | \$ 0.04 | \$ 0.19 |
| Catastrophe Losses per Share | \$ 0.06 | \$ 1.27 |
| GAAP Combined Ratio | 83.6% | 97.8% |
| Book Value per Share | | \$32.67 |
| Return on Equity | | 7.4% |

2014 P&C PREMIUM GROWTH

P&C premium growth

- 13 consecutive quarters of rate increases
- Commercial lines (4Q) 12.5%
- Personal lines (4Q) 0.5%
- Group (all lines) (YTD) 11.3%
 - Renewal increases 7.7%
 - New business 3.0%
 - Endorsement/Audit 0.6%

Retention

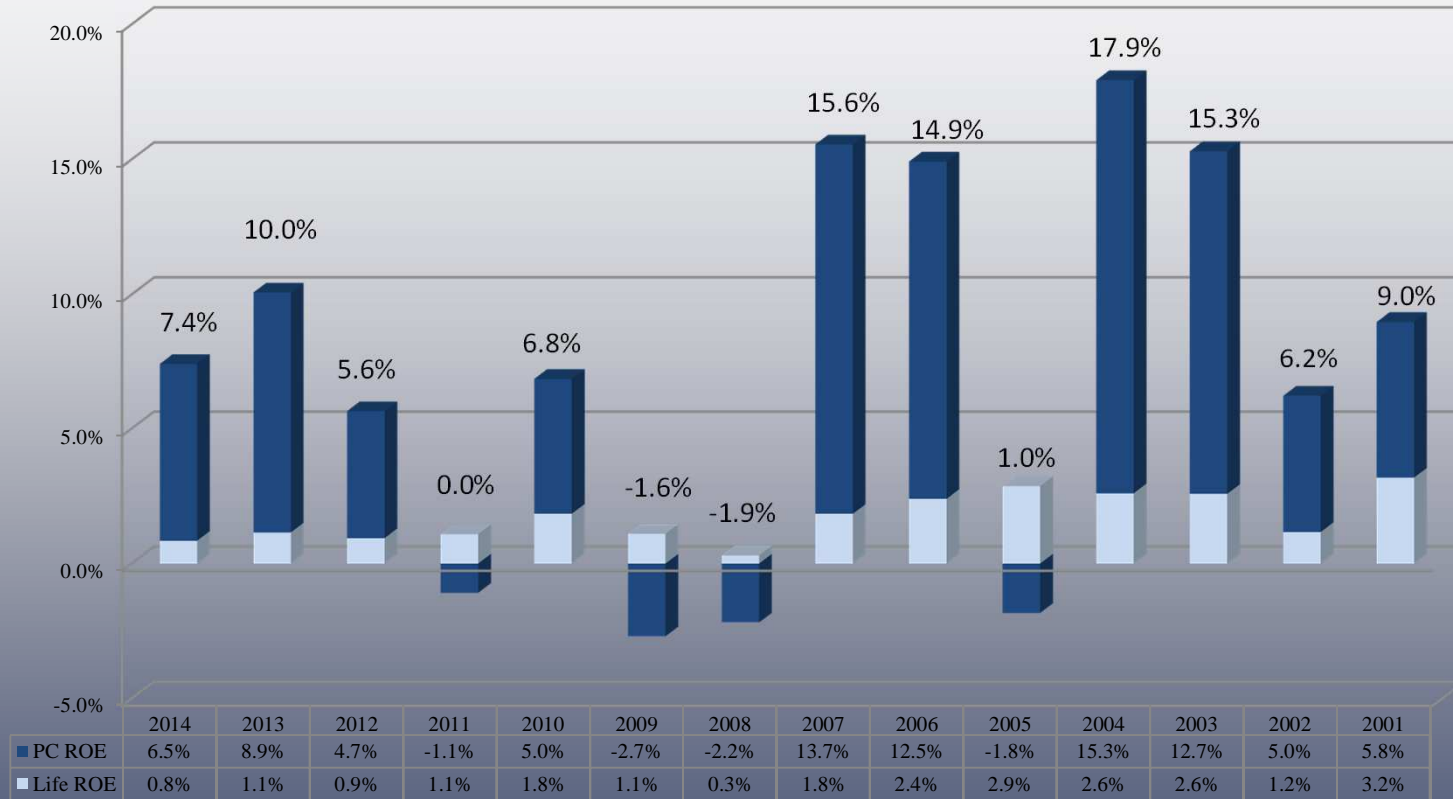
- Premium retention (down) 85.9%
- Policy retention (up) 82.8%

2014 Large Losses Mitigation

Strategies to mitigate large losses trend

- Initiated detailed loss studies
- Conducted underwriting audits
- Directed regions to reinforce tactics for improving property lines performance
- Focus on appropriate pricing in commercial accounts
- Focus on appropriate risk selection
- Enforce compliance with loss control recommendations

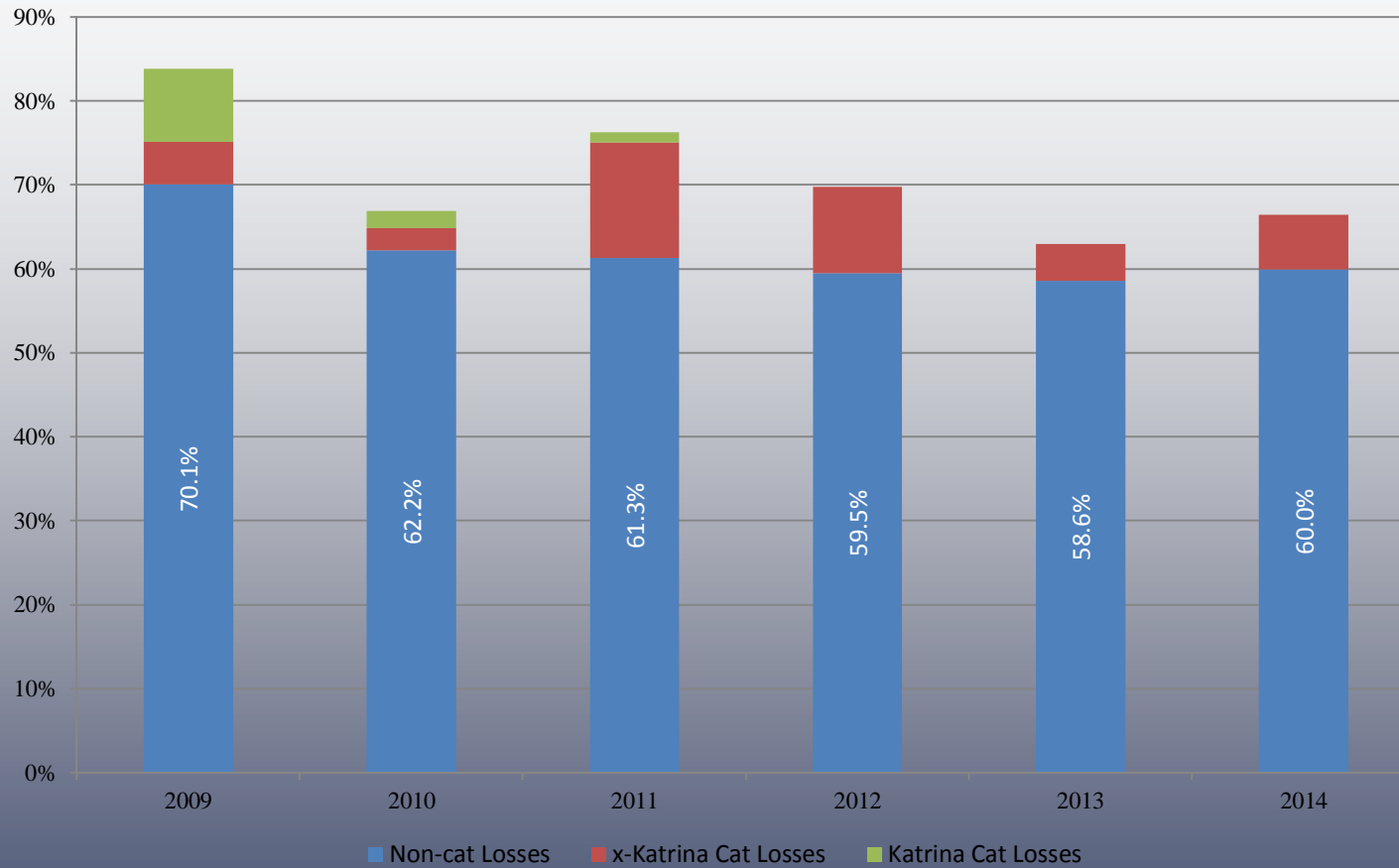
ROE by Segment



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



CORE LOSS RATIO vs. CATASTROPHE LOSSES



Core loss ratio deteriorated slightly due to an increase in large losses in 2014

CAPITAL MANAGEMENT

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2010-2014 |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|
| Total Shares O/S | 26,195,552 | 25,505,350 | 25,227,463 | 25,360,893 | 25,019,415 | |
| Shares Repurchased | 343,328 | 702,947 | 340,159 | 59,603 | 461,835 | 1,907,872 |
| Average Repurchase Price/share | \$ 18.29 | \$ 17.69 | \$ 21.46 | \$ 27.58 | \$ 28.02 | \$ 22.61 |
| Total Repurchased | \$ 6,280,042 | \$ 12,433,158 | \$ 7,300,724 | \$ 1,643,645 | \$ 12,941,886 | \$ 40,599,455 |
| Dividend Payments | \$ 15,773,889 | \$ 15,507,401 | \$ 15,269,472 | \$ 17,483,803 | \$ 19,680,192 | \$ 83,714,757 |
| Total Capital Returned to SH | \$22,053,931 | \$27,940,559 | \$22,570,196 | \$19,127,448 | \$32,622,078 | \$ 124,314,212 |

Current Quarterly Dividend \$0.20 per share
 2014 Annual Dividend \$0.78 per share
 Repurchase Authorization 1,608,282 shares (program expires August 31, 2016)