



simple solutions for complex times®

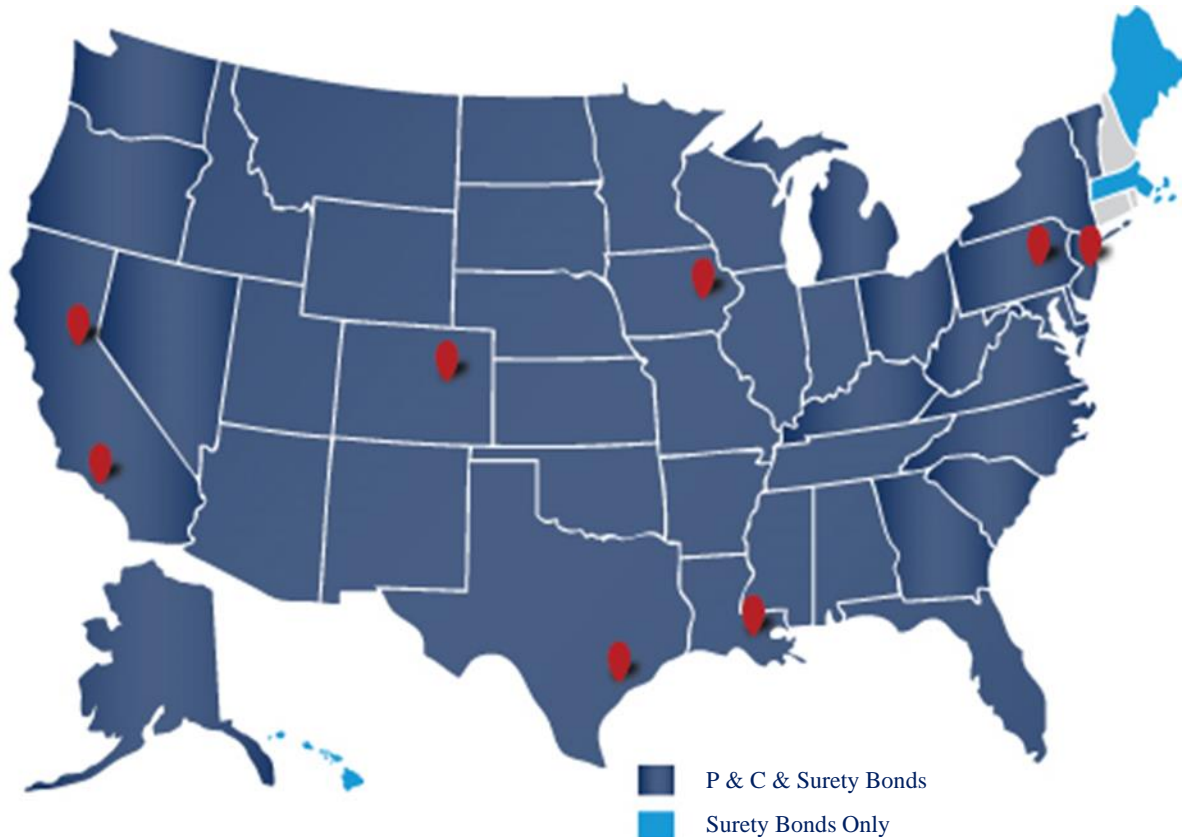
2016 FIRST QUARTER EARNINGS CONFERENCE CALL

FINANCIAL HIGHLIGHTS – 1Q2016

	<u>1Q2016</u>	<u>1Q2015</u>
Operating Gain Per Share	\$ 0.83	\$ 0.92
Net Income per Diluted Share	\$ 0.88	\$ 0.94
Net Realized Investment Gains per Share	\$ 0.05	\$ 0.02
Catastrophe Losses per Share	\$ 0.11	\$ 0.01
GAAP Combined Ratio	92.3%	89.7%
Book Value per Share	\$36.69	\$33.76
Return on Equity	9.9%	11.4%



EXPANDING OUR GEOGRAPHIC FOOTPRINT



Offices in Cedar Rapids, Iowa (corporate headquarters); Denver, Colorado; Houston, Texas; Pennington, New Jersey; Lock Haven, Pennsylvania; New Orleans, Louisiana; Rocklin, California and Los Angeles, California.

*Licensed in 47 states plus the District of Columbia and are currently licensed for P & C or P & C and Surety Bonds in the states shaded dark blue. The states shaded light blue are currently licensed for Surety Bonds only. *Note Delaware is licensed for life insurance 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

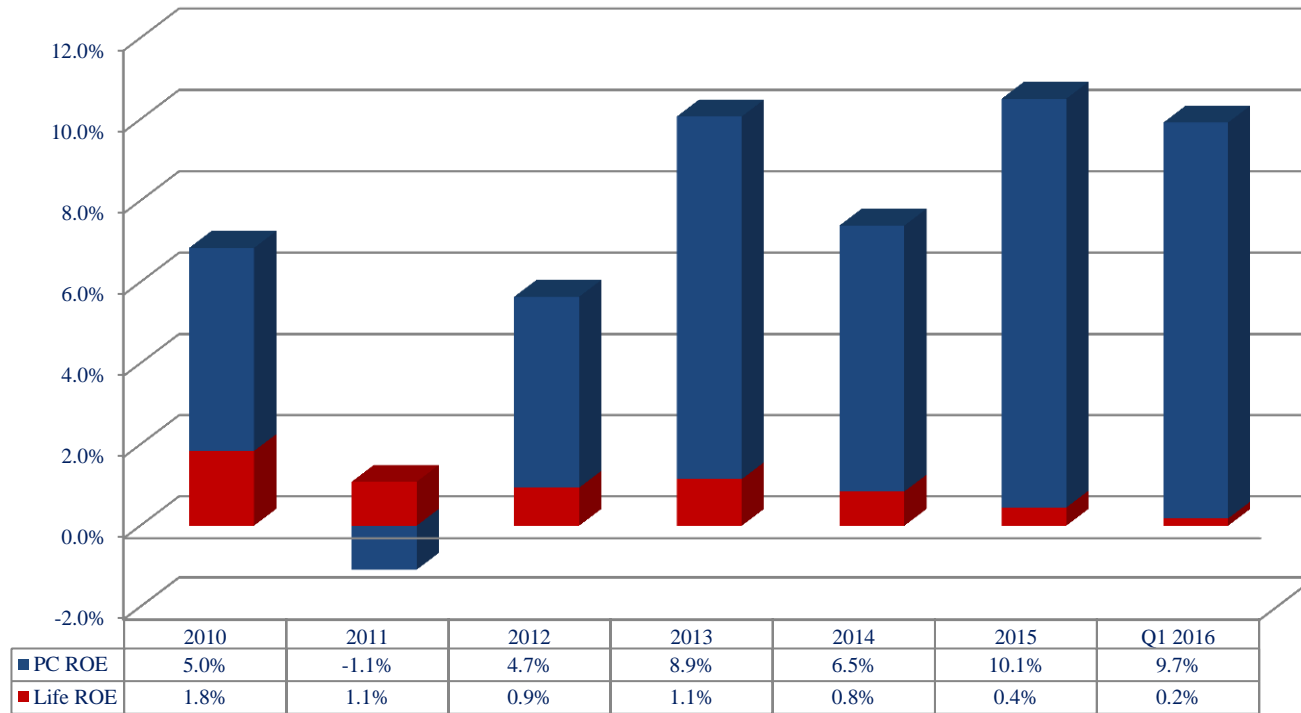
■ Strategies

- › 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 3/31/16)

ROE by Segment



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



ECONOMY / P&C MARKET CONDITIONS

- Positive P&C rate environment for 18 quarters
- Rate increases on commercial lines was up slightly in the quarter and personal lines improved to mid-single digits
- Positive audit premium for the last 18 quarters
- Our insureds continue to add exposures at renewal
- Policy count growth opportunities

1Q2016 P&C PREMIUM GROWTH & RETENTION

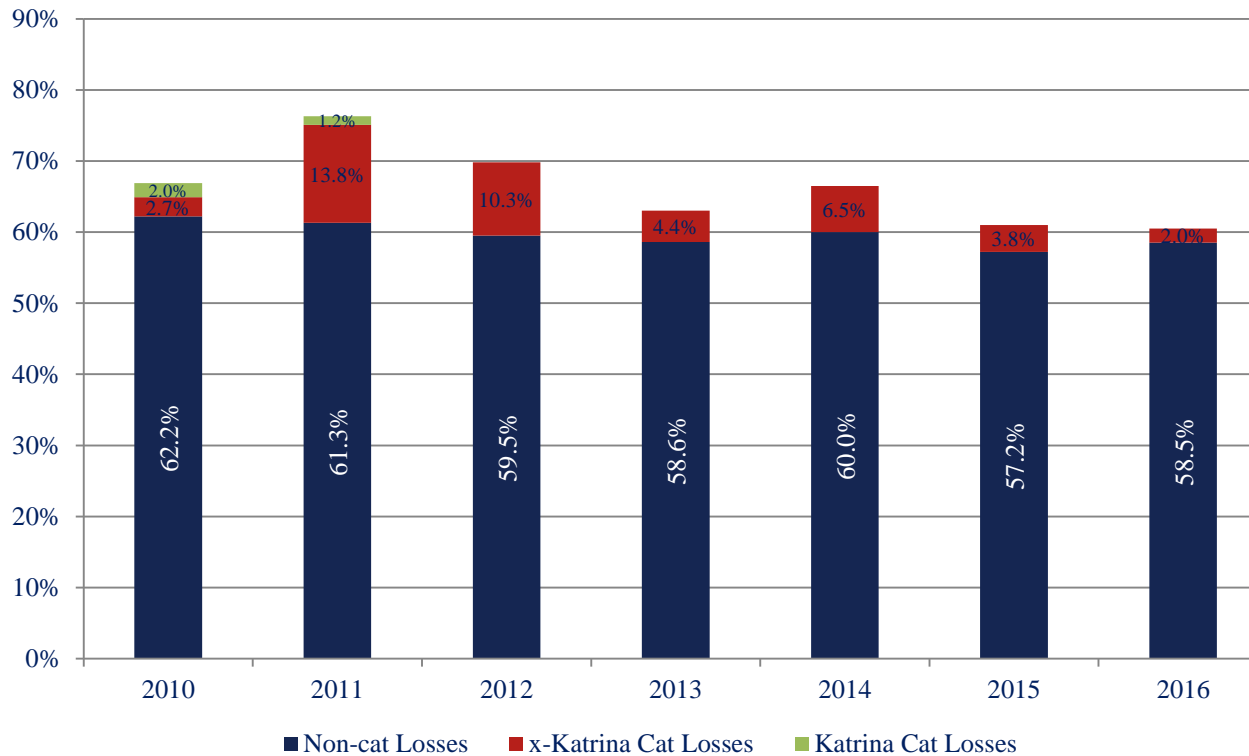
■ P&C written premium growth

› Commercial lines	11.0%
› Personal lines	1.4%
› Group (all lines)	10.3%

■ Retention

› Premium retention	83.9%
› Policy retention	83.4%

CORE LOSS RATIO vs. CATASTROPHE LOSSES



Cat losses in Q1 2016 were slightly less than we would normally expect historically in a first quarter, adding 2.0 percentage points to the combined ratio.

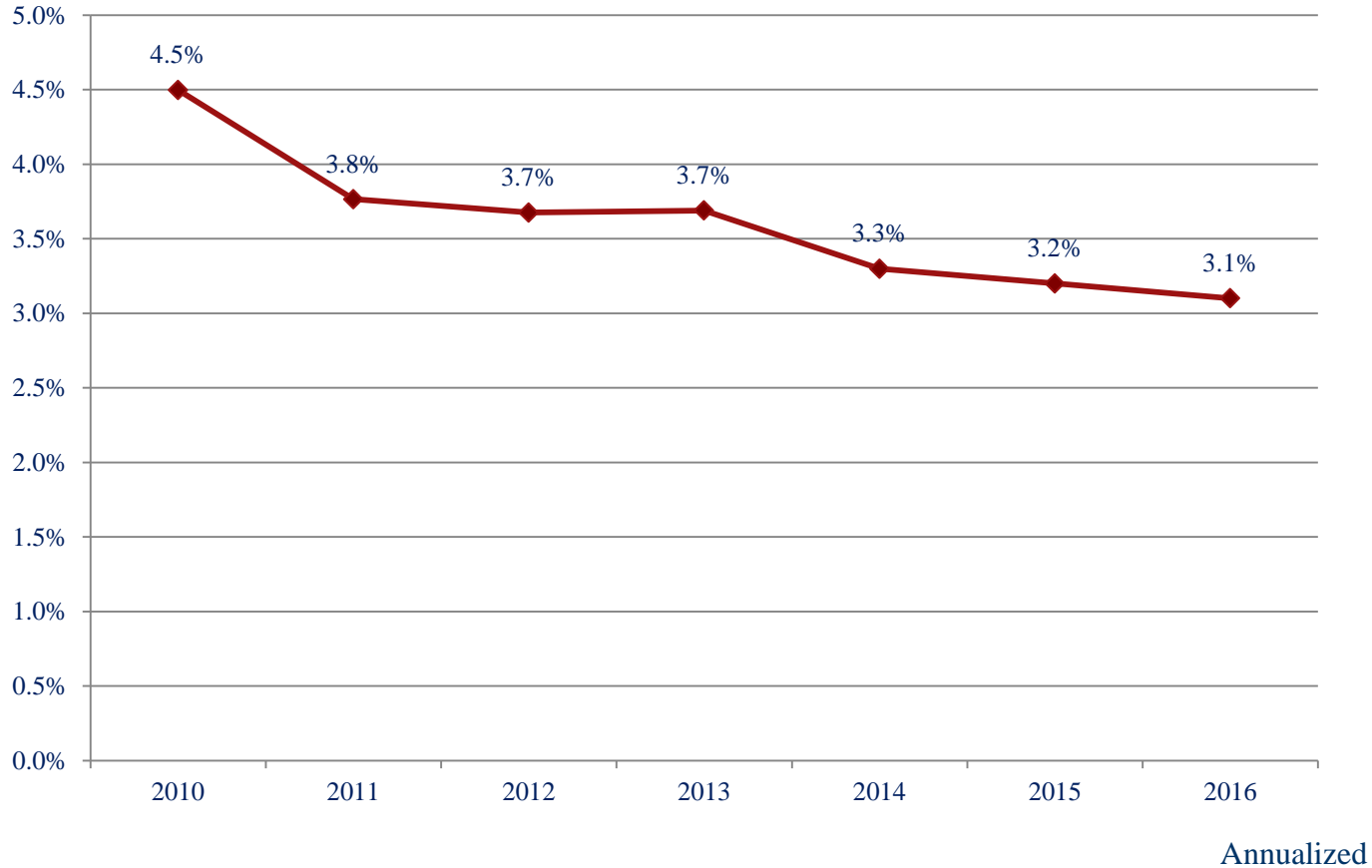


LIFE COMPANY

- 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 4.40
- Premium growth of 62% in 1st Qtr compared to 1st Qtr of 2015– driven by Single Premium Whole Life Sales
- Increased spreads on annuity products by 32 basis points as compared to the same period of 2015
- \$25 million dividend to parent in the last two years



INCOME YIELD

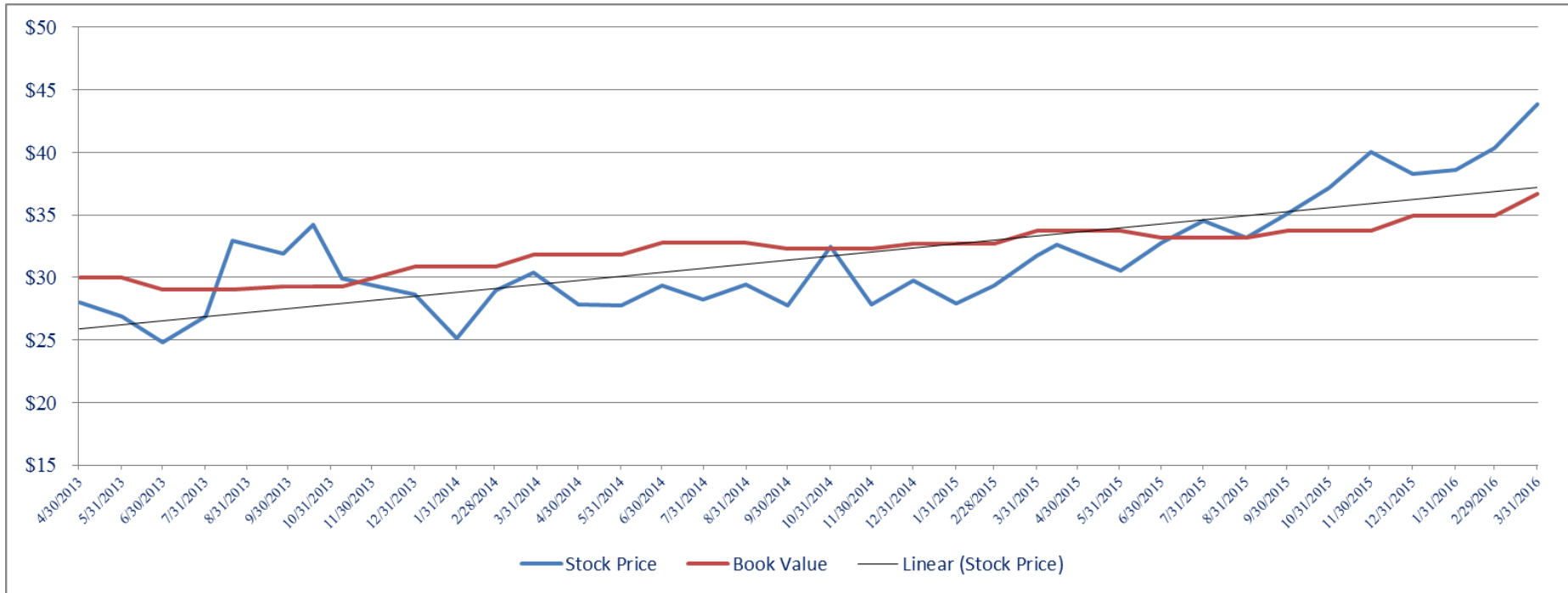


NOTE: Total Invested Assets excludes Cash and Cash Equivalents



STOCK PRICE

4/30/2013 – 3/31/2016



52 Week High: \$44.43 --- 52 Week Low: \$29.31



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" for two years
- 2015 Recipient of the Better Business Bureau's Integrity Award

