



simple solutions for complex times®

**2017 FIRST QUARTER EARNINGS CONFERENCE CALL**

## FINANCIAL HIGHLIGHTS – 1Q2017

	<u>1Q2017</u>	<u>1Q2016</u>
Net Income per Diluted Share	\$ 0.77	\$ 0.88
Net Realized Investment Gains per Share	\$ 0.10	\$ 0.05
Operating Income Per Share	\$ 0.67	\$ 0.83
Catastrophe Losses per Share	\$ 0.24	\$ 0.11
GAAP Combined Ratio	96.5%	92.3%
Book Value per Share	\$37.90	\$36.69
Return on Equity	8.4%	9.9%



# P&C SEGMENT HIGHLIGHTS

## ■ 1Q 2017 Results

- \$254M in net premiums earned in 1Q 2017– an increase of 5.2% over 1Q 2016
- Catastrophe losses added 4.1 percentage points to the combined ratio; higher than our historical 10-year average of 2.6 percentage points for first quarter
- Core loss ratio deterioration –
  - Driven primarily due to an increase in losses in our commercial and personal automobile lines of business

## ■ 2017 Strategies

- Improved profitability in our commercial auto, commercial property and personal auto lines
  - Rate increases
  - Implementation of loss control initiatives
  - Increased use of analytics

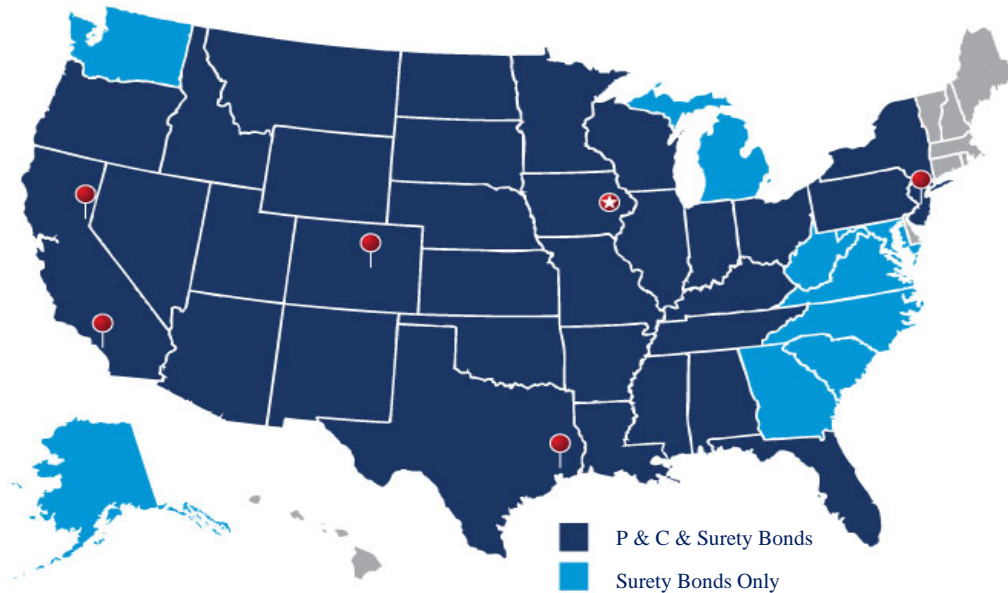


# ECONOMY / P&C MARKET CONDITIONS

- **Softening Market cycle** – increasing competition
- **Commercial renewal rate increases** - overall, increases on commercial lines were nearly flat
  - Commercial property and Commercial auto filed rate increases continue to be in the mid to upper single digits
  - Other casualty lines and workers' compensation saw rate decreases
- **Personal lines renewal rate increases** - slightly higher than the past few quarters

# P & C SEGMENT GEOGRAPHIC FOOTPRINT

## P&C & Surety Bonds

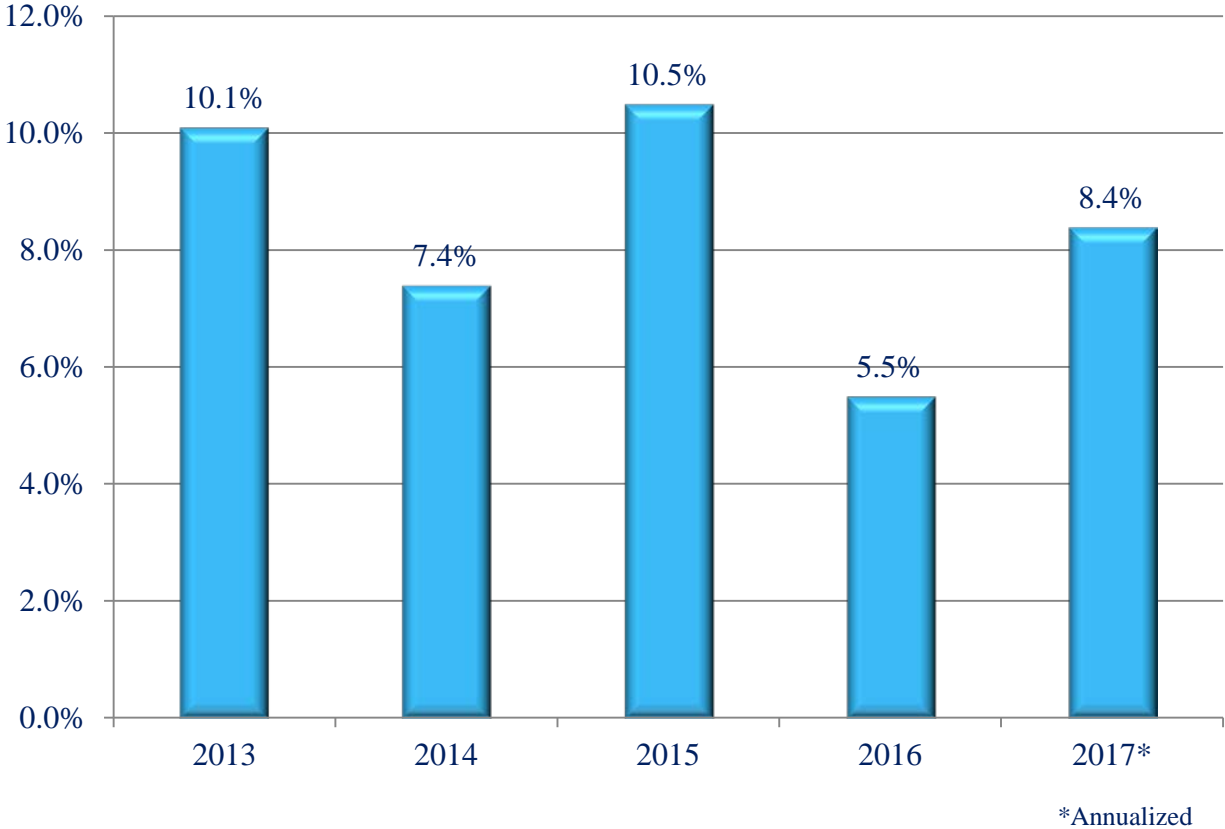


*Regional Underwriting Offices in Cedar Rapids, Iowa (corporate headquarters); Denver, Colorado; Houston, Texas; Pennington, New Jersey; Rocklin, California and Los Angeles, California.*

*Currently licensed and actively writing 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.*



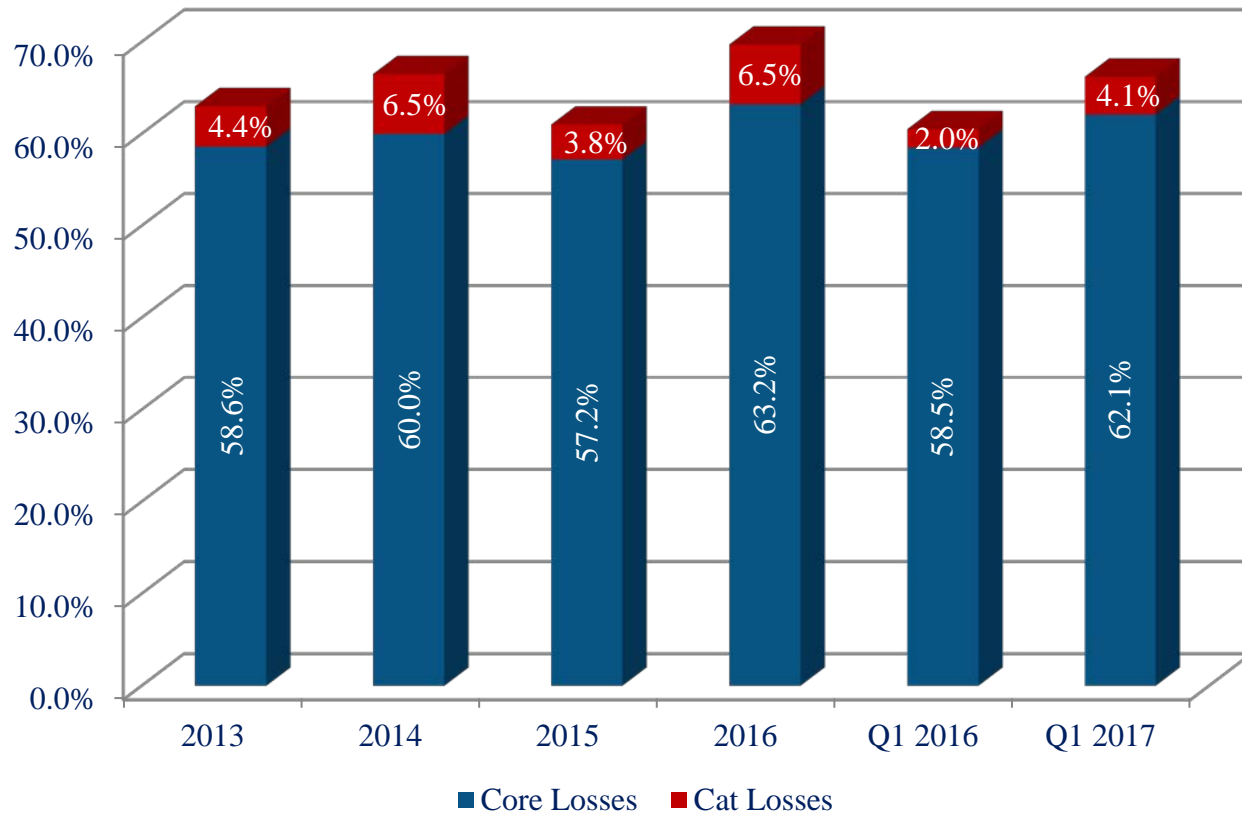
# CONSOLIDATED GAAP ROE



# 4Q 2016 P&C GROSS PREMIUM GROWTH & RETENTION

- P&C Gross gross written premium growth
  - Commercial lines 8.7%
  - Personal lines 0.9%
  - Group (all lines) 8.2%
  
- Retention
  - Premium retention 84.0%
  - Policy retention 81.2%

# CORE LOSS RATIO vs. CATASTROPHE LOSSES



Cat losses in 1Q 2017 added 4.1 percentage points to the loss ratio.



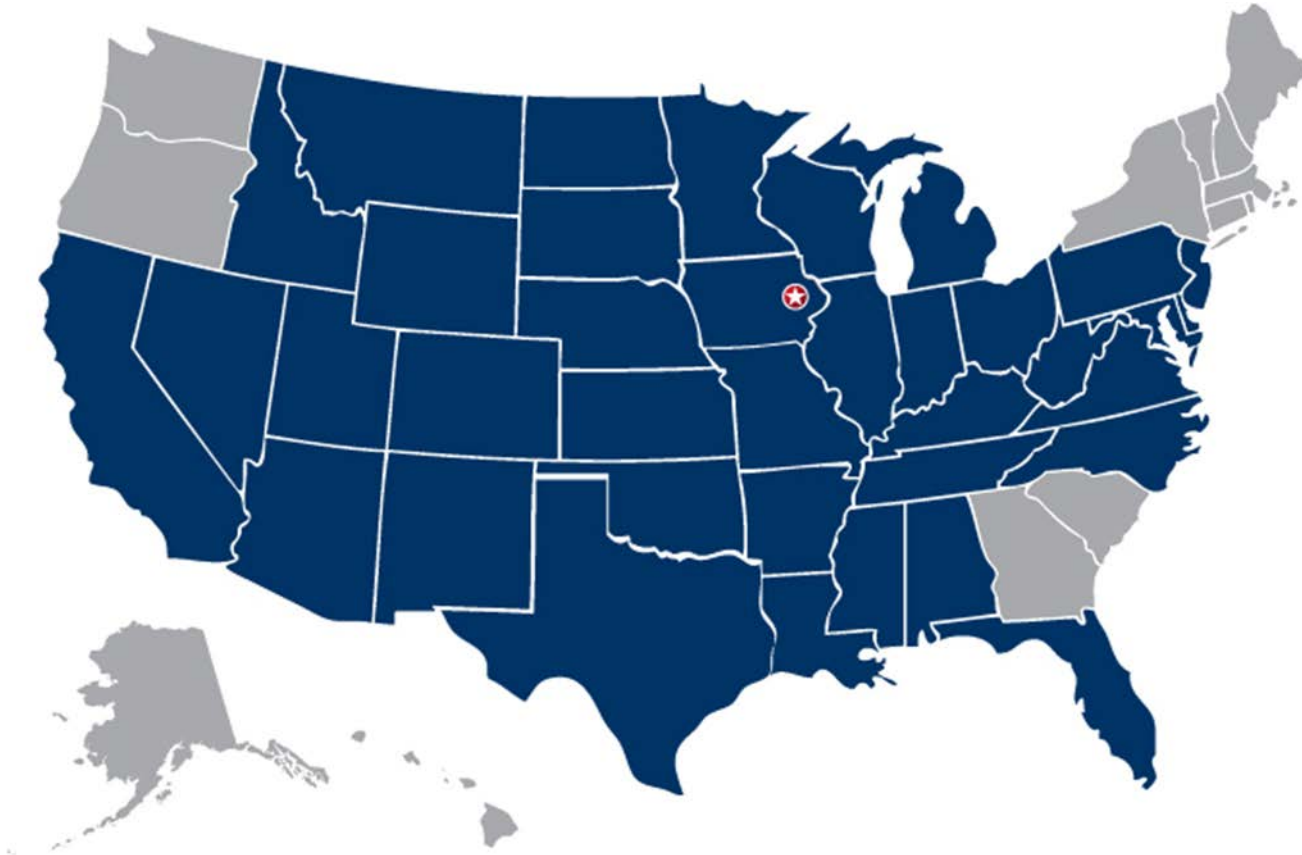
# ADJUSTED COMBINED RATIO

	<b>2017</b>	<b>2016</b>
<b>Adjusted Combined Ratio</b>	<b>1Q2017</b>	<b>1Q2016</b>
P&C Loss Ratio (as reported)	66.2%	60.5%
Impact of Catastrophes	<b>-4.1%</b>	<b>-2.0%</b>
Loss Ratio Ex-Catastrophes	62.1%	58.5%
Impact of Reserve Development	10.6%	10.9%
<b>Loss Ratio Ex - CAT and Ex-Development</b>	<b>72.7%</b>	<b>69.4%</b>
P&C Expense Ratio	30.3%	31.8%
<b><i>Adjusted Combined Ratio</i></b>	<b>103.0%</b>	<b>101.2%</b>

# LIFE SEGMENT

- **Life Segment Initiatives**
  - Improve profitability in 2017
    - › Repricing traditional life products
    - › Restructure commission schedule
    - › Reviewing product mix and researching new products
    - › Increased profitability on annuity products
    - › Expense reduction
- Strong capitalization according to A.M. Best
- Lapse ratio of 4.5
- Net premiums earned decreased by 17.3% in 1Q 2017 compared to 1Q 2016 mainly due to a decline in sales of single premium whole life policies

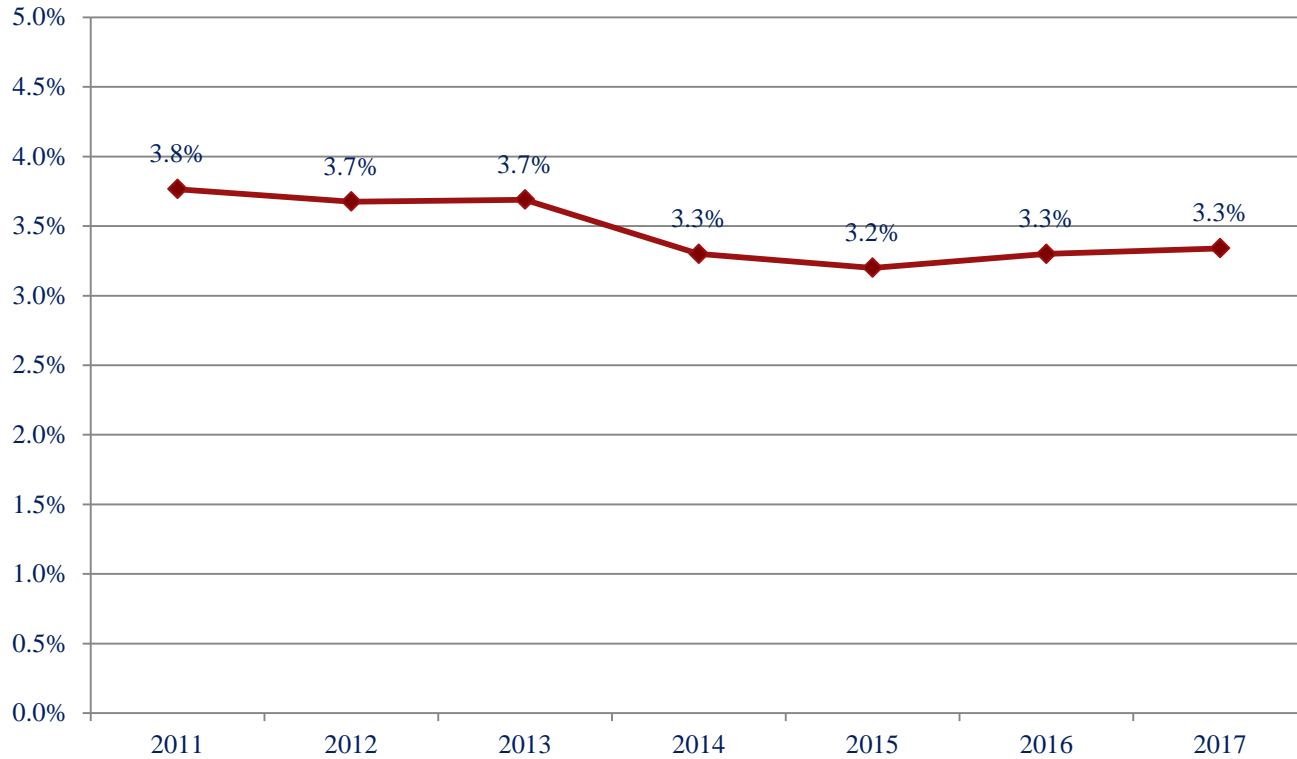
# LIFE SEGMENT GEOGRAPHIC FOOTPRINT



*Currently licensed for Life & Annuity business in 37 states throughout the country which are shaded dark blue. United Life Insurance Company operates out of our Corporate Headquarters in Cedar Rapids, IA.*



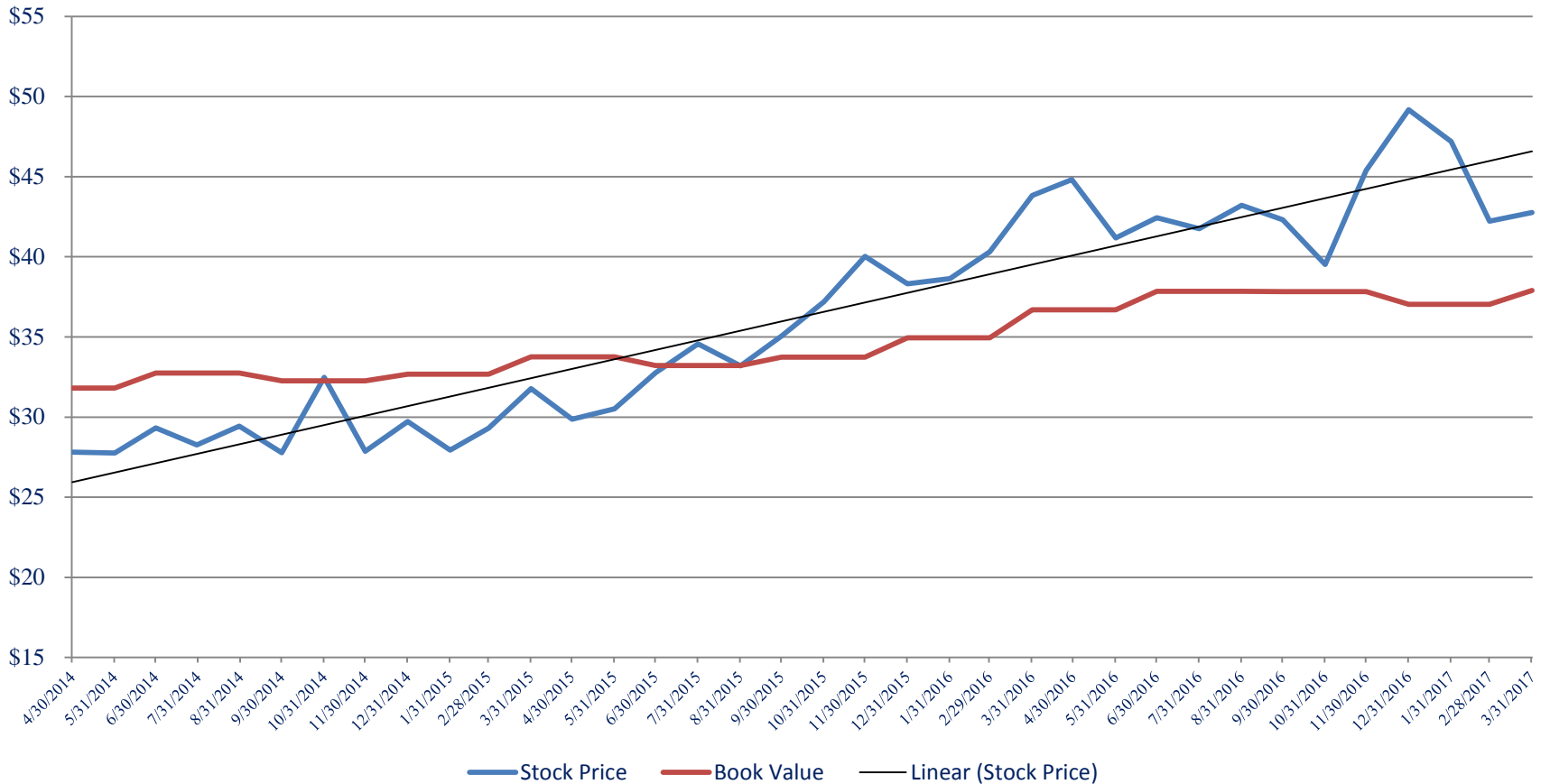
# CONSOLIDATED INCOME YIELD



NOTE: Total Invested Assets excludes Cash and Cash Equivalents



# UFCS STOCK PRICE 4/30/2014-3/31/2017



52 Week High: \$50.75 --- 52 Week Low: \$37.54



# 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 *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

