



2018 THIRD QUARTER EARNINGS CONFERENCE CALL

NOVEMBER 7, 2018

Financial Highlights – 3Q 2018 & YTD 2018

	<u>3Q2018</u>	<u>3Q2017</u>	<u>YTD2018</u>	<u>YTD2017</u>
Net income (loss) per diluted share	\$ 0.43	\$ (0.72)	\$ 2.23	\$ 0.20
Gain on sale of discontinued operations, net of tax	\$ -	-	\$ 1.07	-
After-tax net realized investment gains	\$ 0.43	\$ 0.01	\$ 0.20	\$ 0.18
Adjusted operating income (Loss) per share	\$ 0.00	\$ (0.73)	\$ 0.96	\$ 0.02
Catastrophe losses per share	\$ 0.38	\$ 0.80	\$ 0.95	\$ 1.74
GAAP Combined Ratio	105.5%	118.1%	102.5%	107.6%
Book Value per Share			\$35.27	\$37.99
Return on Equity			7.3%	0.7%

Property and Casualty Business Highlights

■ 3Q 2018 Results

- \$265M in net premiums earned in 3Q 2018– an increase of 3.5% over 3Q 2017
- Catastrophe losses added 4.6 percentage points to the combined ratio; lower than our historical 10-year average of 7.5 percentage points for third quarters and lower than 3Q 2017 which added 12.0 percentage points to the combined ratio
- Increase in severity of non-catastrophe losses (losses greater than in \$500,000) \$2 million to \$3.5 million increase across all of our major commercial lines of business
- Prior year unfavorable reserve development – \$0.7M in 3Q 2018 compared to unfavorable reserve development of \$3.2M in 3Q 2017
 - Two lines contributing to unfavorable development were commercial liability (\$7.5) and commercial automobile (\$6.6) partially offset by favorable development in reinsurance assumed \$6.5 and workers compensation \$5.4.

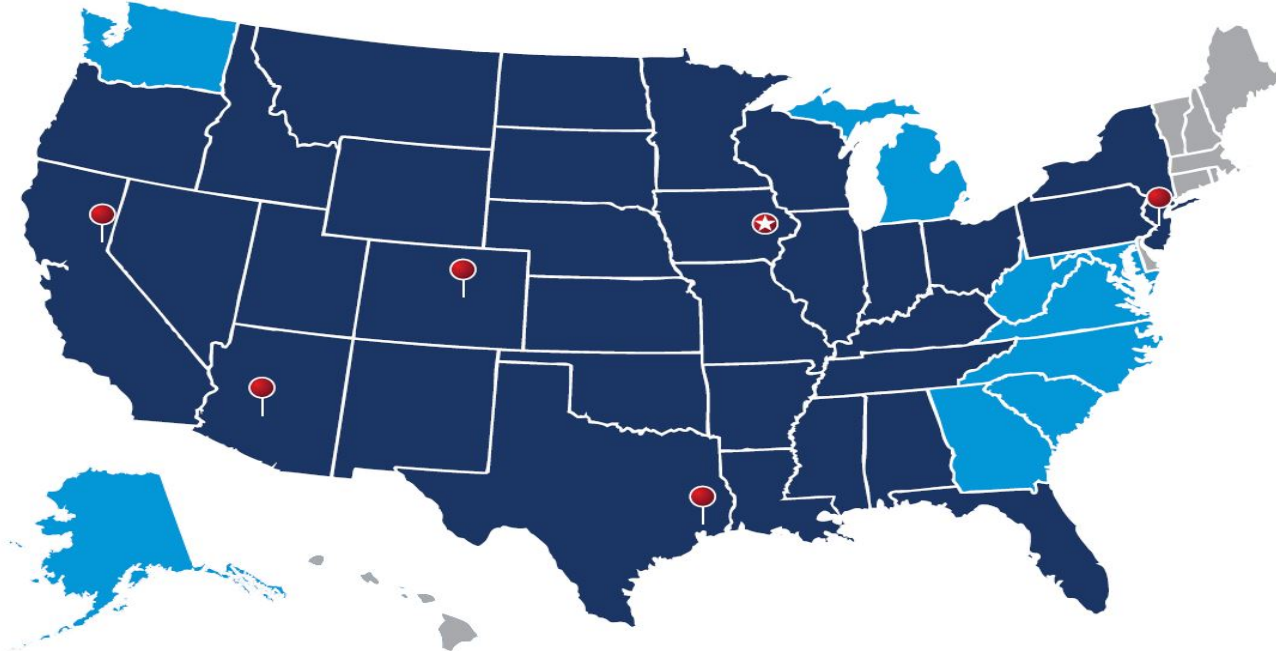
■ 2018 Strategies

- Focus on profitability
- Targeted organic growth (3-4% overall)
- Continue strategic initiatives with commercial automobile book of business
- Increased utilization of our Enterprise Analytics group
- Progress with our OASIS Project (underwriting technology platform)

P & C Market Conditions

- **Soft market cycle** – competitive market conditions continued during the quarter for both renewals and new business
- **Commercial lines renewal rates increases averaged mid-single digits**
- **Commercial lines filed rate increases averaged mid-single digits**
 - Highest average filed rate increase in last 10 years
 - Commercial auto filed rate increases averaged in the low-double digits
- **Personal lines renewal rate increases** – mid-single digit increases

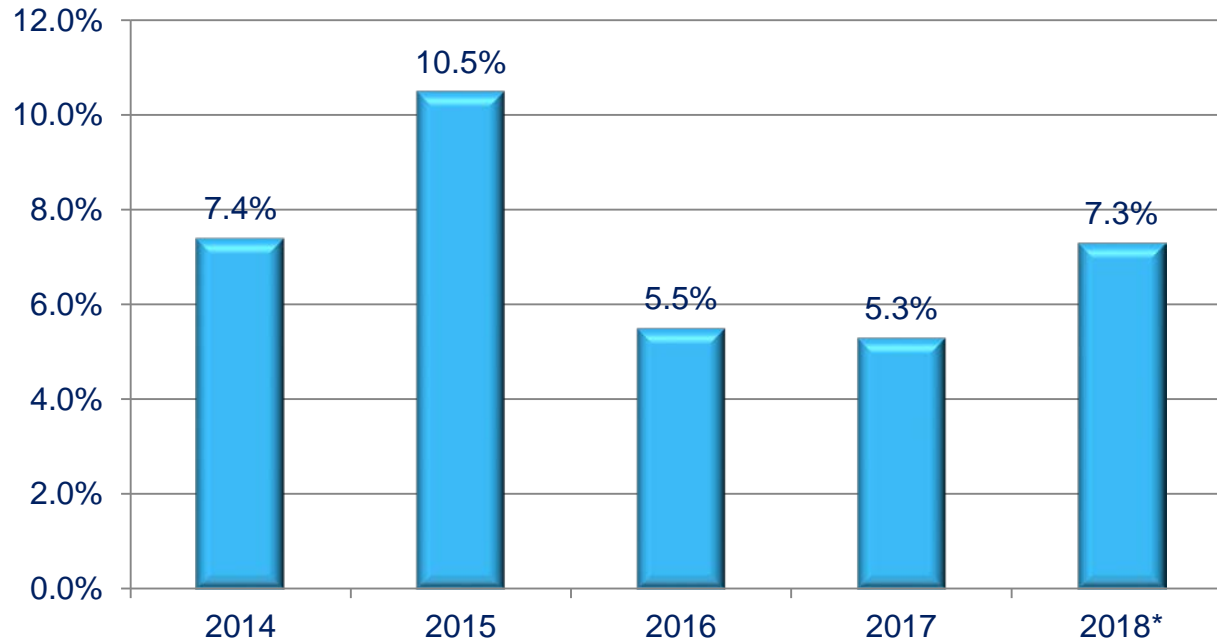
P & C Geographic Footprint



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

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



*YTD

3Q 2018 P & C Net Written Premium Change & Retention

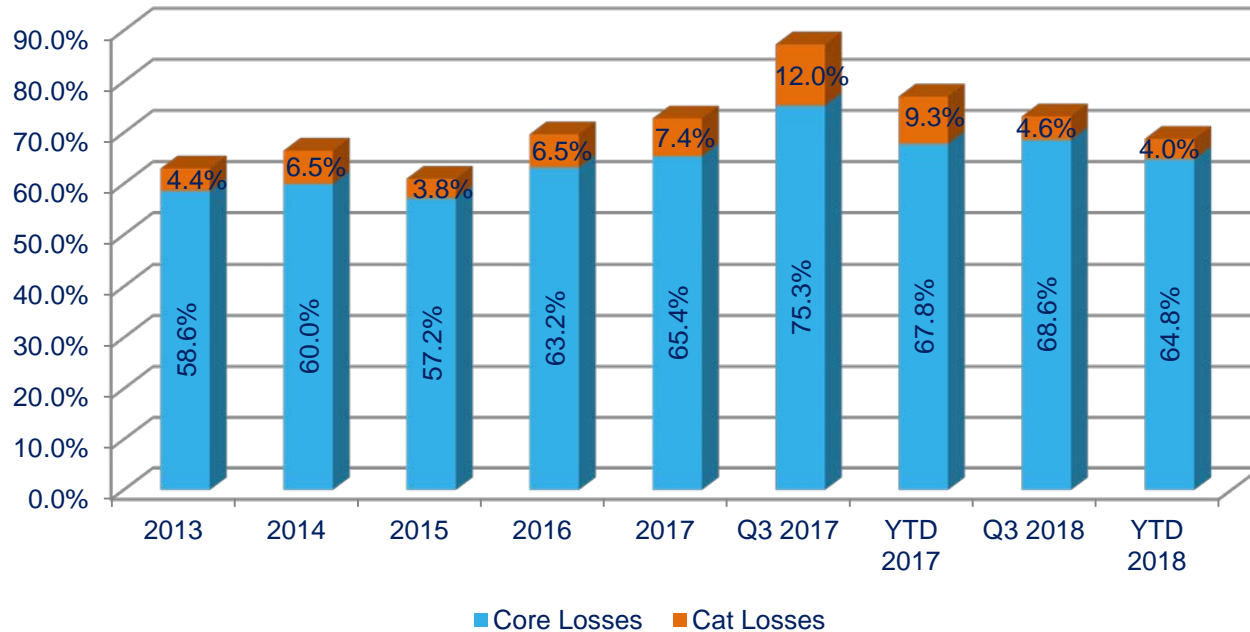
■ P & C Net written premium change

‣ Commercial lines	4.8%
‣ Personal lines	0.2%
‣ Group (all lines)	4.5%

■ P & C Retention

‣ Premium retention	84.1%
‣ Policy retention	80.7%

Core Loss Ratio vs. Catastrophe Losses

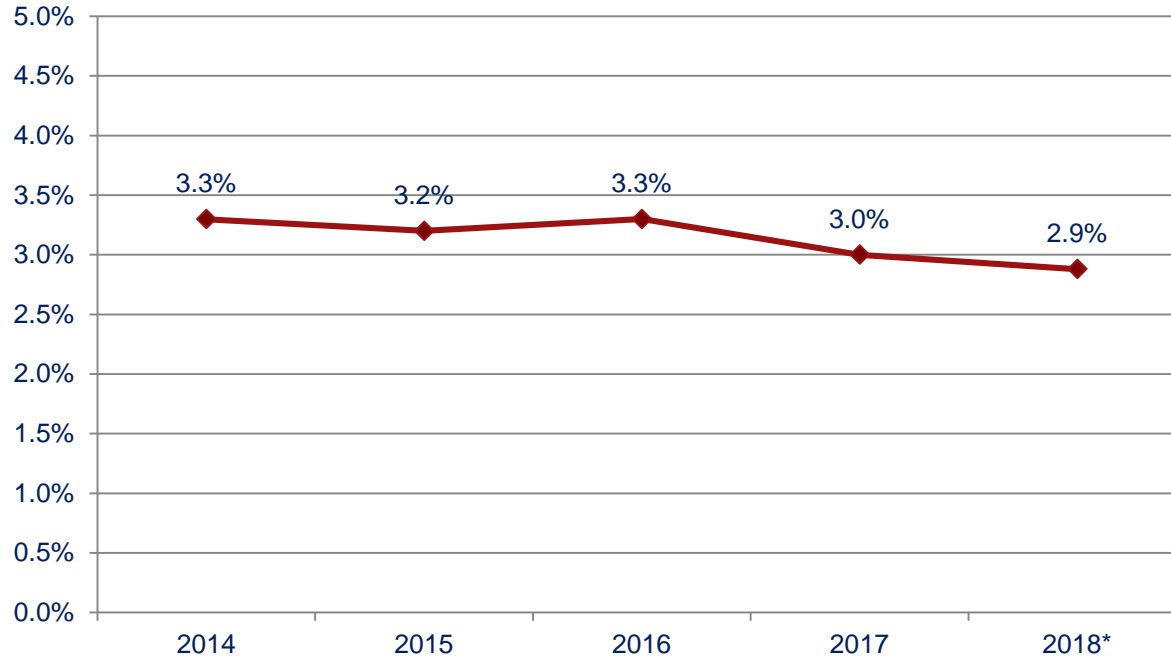


Cat losses in 3Q 2018 added 4.6 percentage points to the loss ratio.

Adjusted Combined Ratio

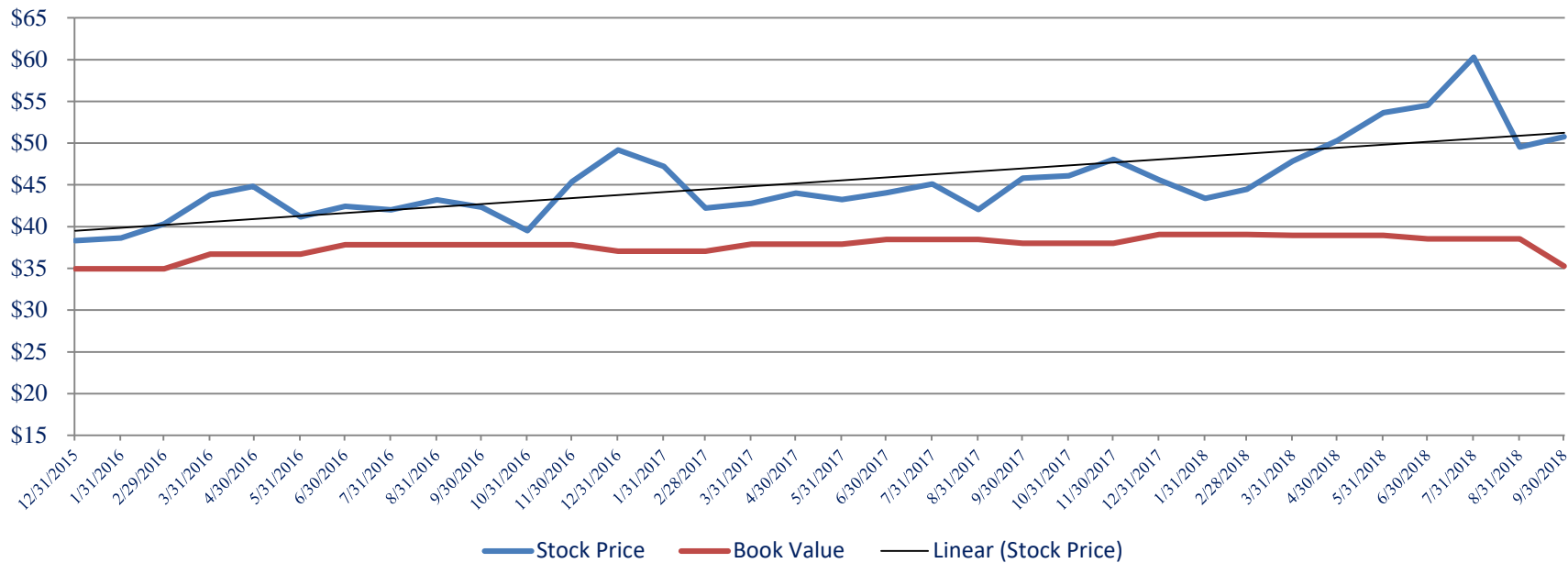
Adjusted Combined Ratio	3Q2018	3Q2017	2018 YTD	2017 YTD
P&C Loss Ratio (as reported)	73.2%	87.3%	68.8%	77.1%
Impact of Catastrophes	-4.6%	-12.0%	-4.0%	-9.3%
Loss Ratio Ex-Catastrophes	68.6%	75.3%	64.8%	67.8%
Impact of Reserve Development	-0.3%	-1.2%	6.2%	5.2%
Loss Ratio Ex - CAT and Ex-Development	68.3%	74.1%	71.0%	73.0%
P&C Expense Ratio	32.3%	30.8%	33.7%	30.5%
<i>Adjusted Combined Ratio</i>	100.6%	104.9%	104.7%	103.5%

Consolidated Income Yield



NOTE: Total Invested Assets excludes Cash & Cash Equivalents and *=YTD

UFCS Stock Price (12/31/15 – 9/30/18)



52 Week High: \$61.56 --- 52 Week Low: \$38.95

Recognition

- Rated A (Excellent) by A.M. Best Company.
- Named Super Regional Property/Casualty Insurer™ every year since 2006 by *Insurance Journal* magazine.
- Placed on *Forbes*' list of "America's 50 Most Trustworthy Financial Companies" every year since 2014.
- Placed on July 2018 *Best's Review* list of Top 200 U.S. Property/Casualty Writers.
- Recipient of the 2015 Iowa Better Business Bureau Integrity Award
- Placed on Iowa's list of Top Workplaces in Iowa for 2018 by *The Des Moines Register*.
- Named a Five-Star Carrier by *Insurance Business America* for 2018.
- Named one of Sandler O'Neill's 2016 Insurance Premium Players.

