

Section 1: 8-K (8-K)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
Date of Report (Date of earliest event reported): March 30, 2018



United Fire Group, Inc.

(Exact name of registrant as specified in its charter)

Iowa

(State or other jurisdiction
of incorporation)

001-34257

(Commission File Number)

45-2302834

(IRS Employer Identification No.)

118 Second Avenue, S.E.,
Cedar Rapids, Iowa

(Address of principal executive offices)

52401

(Zip Code)

Registrant's telephone number, including area code: (319) 399-5700

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.01. Completion of Acquisition or Disposition of Assets.

On March 30, 2018, United Fire Group, Inc.'s ("UFG") subsidiary, United Fire & Casualty Company, an Iowa corporation ("United Fire"), completed the previously announced sale of its subsidiary, United Life Insurance Company ("United Life") to Kuvare US Holdings, Inc., a Delaware corporation ("Kuvare"), pursuant to the Stock Purchase Agreement, dated as of September 18, 2017, among United Fire, Kuvare and, solely for purposes of Section 14.18 thereof, UFG (the "Stock Purchase Agreement").

Incorporation by Reference

The foregoing description of the Stock Purchase Agreement is qualified in its entirety by reference to the full text of the Stock Purchase Agreement, which was filed as Exhibit 2.1 to the Form 8-K filed by UFG on September 19, 2017 and which is incorporated herein by reference.

Item 8.01. Other Events.

On March 30, 2018, UFG issued a press release with respect to the closing of the sale of United Life. A copy of such press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits

(b) Pro Forma Financial Information

The disposition of United Life was reflected as discontinued operations in UFG's historical audited consolidated statements of operations for each of the three fiscal years ended December 31, 2017, December 31, 2016 and December 31, 2015, and in the audited consolidated balance sheets as of December 31, 2017 and December 31, 2016, each contained in UFG's Annual Report on Form 10-K for the fiscal year ended December 31, 2017 (the "Form 10-K"). The results of operations for United Life for such period, and the major classes of assets and liabilities of United Life as of such date, were included in Note 17 "Discontinued Operations" to UFG's audited consolidated financial statements included in the Form 10-K.

The unaudited pro forma consolidated balance sheet of UFG as of December 31, 2017 and the unaudited pro forma consolidated statements of income of UFG for the year ended December 31, 2017 are attached hereto as Exhibit 99.2 and are incorporated herein by reference.

(d) Exhibits.

	<u>Stock Purchase Agreement, dated as of September 18, 2017, among United Fire & Casualty Company, Kuvare US Holdings, Inc. and United Fire Group, Inc. (solely for purposes of Section 14.18 thereof) (incorporated by reference to Exhibit 2.1 to UFG's Current Report on Form 8-K filed on September 19, 2017).</u>
2.1†	
99.1	<u>Press release of United Fire Group, Inc. dated March 30, 2018.</u>
99.2	<u>UFG Unaudited Pro Forma Consolidated Financial Statements.</u>

† The schedules to this Exhibit have been omitted in accordance with Regulation S-K Item 601(b)(2). The registrant agrees to furnish a copy of all omitted schedules to the Securities and Exchange Commission upon its request.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

United Fire Group, Inc.

(Registrant)

Dated: March 30, 2018

/s/ Randy A. Ramlo

Randy A. Ramlo, Chief Executive Officer

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Section 2: EX-99.1 (EXHIBIT 99.1)

Exhibit 99.1



United Fire Group, Inc. completes the sale of its subsidiary United Life Insurance Company to Kuvare US Holdings, Inc.

CEDAR RAPIDS, IOWA – March 30, 2018 – Today United Fire Group, Inc.'s (Nasdaq: UFCS) ("UFG") subsidiary United Fire & Casualty Company ("United Fire") completed the previously announced sale of its subsidiary United Life Insurance Company to Kuvare US Holdings, Inc. ("Kuvare") for \$280 million in cash, subject to certain post-closing adjustments pursuant to the Stock Purchase Agreement, dated as of September 18, 2017, among United Fire, Kuvare and UFG.

Sandler O'Neill + Partners, L.P. acted as the exclusive financial advisor and Sidley Austin LLP acted as the legal advisor to United Fire in connection with this transaction.

About UFG

Founded in 1946 as United Fire & Casualty Company, UFG, through its insurance company subsidiaries, is engaged in the business of writing property and casualty insurance.

Through our subsidiaries, we are licensed as a property and casualty insurer in 46 states, plus the District of Columbia, and we are represented by approximately 1,200 independent agencies. A.M. Best Company assigns a rating of "A" (Excellent) for members of the United Fire & Casualty Group.

For more information about UFG visit www.ufginsurance.com or contact:

Randy Patten, AVP of Finance and Investor Relations, 319-286-2537 or IR@unitedfiregroup.com

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Section 3: EX-99.2 (EXHIBIT 99.2)

Exhibit 99.2

UNITED FIRE GROUP, INC.

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

The following unaudited pro forma consolidated financial statements of United Fire Group, Inc. (the "Company") are presented to reflect the effect of United Fire & Casualty Company's ("United Fire"), a subsidiary of the Company, sale of its subsidiary, United Life Insurance Company ("United Life") on March 30, 2018 (the "Disposition") as described in Item 1.01 of the Current Report on Form 8-K filed with the Securities and Exchange Commission on September 19, 2017. The unaudited pro forma financial statements should be read in conjunction with the Company's consolidated financial statements and notes contained in the Company's 2017 Annual Report on Form 10-K, filed on February 28, 2018.

The unaudited pro forma Consolidated Balance Sheets as of December 31, 2017 are based on the previously reported statements of the Company as of December 31, 2017 after including the impact of the Disposition as if it had occurred on December 31, 2017. The unaudited pro forma Consolidated Statements of Income for the year ended December 31, 2017 are based on the historical financial statements of the Company after including the impact of the Disposition as if it had occurred on January 1, 2017.

The unaudited pro forma consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. These principles require the use of estimates that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

The unaudited pro forma consolidated financial statements are provided for informational purposes only and do not represent the actual results of operations or the financial position of the Company, nor is it indicative of the Company's future operating results or financial position. The pro forma adjustments reflected in the accompanying unaudited pro forma consolidated financial information reflect estimates and assumptions that the Company's management believes to be reasonable.

The estimated after-tax gain calculated in accordance with accounting principles generally accepted in the United States of America as if the Disposition had occurred on December 31, 2017 is \$4.5 million. This estimated after-tax gain is subject to finalization of accounts as of March 30, 2018 and any post-closing adjustments.

The Company will provide services to United Life through a transition services agreement ("TSA"). The TSA will be put in place to ensure a seamless transfer of the business. The TSA includes, among other services, accounting management, human resources, legal and information technology services, from the closing date for up to 24 months thereafter and therefore the Company is unable to estimate amounts under the TSA and has not included these amounts in the unaudited pro forma consolidated financial statements.

United Fire Group, Inc.
Pro Forma Consolidated Balance Sheets (Unaudited)
As of December 31, 2017

<i>(In Thousands)</i>	As reported	Adjustments	Proforma
Assets			
Investments			
Fixed maturities			
Held-to-maturity, at amortized cost (fair value \$150)	\$ 150	\$ —	\$ 150
Available-for-sale, at fair value (amortized cost \$1,516,610)	1,535,070	—	1,535,070
Trading securities, at fair value (amortized cost \$14,582)	16,842	—	16,842
Equity securities			
Available-for-sale, at fair value (cost \$57,387)	280,913	—	280,913
Trading securities, at fair value (cost \$5,888)	6,431	—	6,431
Other long-term investments	49,352	—	49,352
Short-term investments	175	—	175
	1,888,933	—	1,888,933
Cash and cash equivalents	95,562	269,000 (a)	364,562
Accrued investment income	13,841	—	13,841
Premiums receivable (net of allowance for doubtful accounts of \$1,255)	328,513	—	328,513
Deferred policy acquisition costs	88,102	—	88,102
Property and equipment (primarily land and buildings, at cost, less accumulated depreciation of \$51,603)	68,992	—	68,992
Reinsurance receivables and recoverables	63,194	—	63,194
Prepaid reinsurance premiums	3,749	—	3,749
Income taxes receivable	6,031	—	6,031
Goodwill and net intangible assets	23,971	—	23,971
Other assets	16,409	—	16,409
Assets held for sale	1,586,134	(1,586,134) (b)	—
Total assets	\$ 4,183,431	\$ (1,317,134)	\$ 2,866,297
Liabilities and stockholders' equity			
Liabilities			
Losses and loss settlement expenses	\$ 1,224,183	\$ —	\$ 1,224,183
Unearned premiums	465,391	—	465,391
Accrued expenses and other liabilities	167,396	4,103 (c)	171,499
Deferred income taxes	5,953	21,400 (e)	27,353
Liabilities held for sale	1,347,135	(1,347,135) (b)	—
Total liabilities	\$ 3,210,058	\$ (1,321,632)	\$ 1,888,426
Total stockholders' equity	\$ 973,373	\$ 4,498 (d)	\$ 977,871
Total liabilities and stockholders' equity	\$ 4,183,431	\$ (1,317,134)	\$ 2,866,297

(a) Represents estimated net sales proceeds of \$280 million in cash less various estimated transaction fees and closing costs.

(b) Represents the elimination of the assets and liabilities associated with the Disposition.

(c) Represents United Fire's assumption of the United Life's postretirement and pension benefit liability.

(d) Represents the estimated gain realized, net of estimated taxes, on the Disposition had the transaction closed on December 31, 2017. This estimated gain is subject to finalization of accounts as of March 30, 2018 and any post-closing adjustments. This estimated gain is not included in the adjustments in the unaudited pro forma consolidated income statement as this amount will be included in the consolidated income statement of the Company within the next calendar year following the Disposition.

(e) Estimated taxes on the gain on the sale of United Life.

United Fire Group, Inc.
Pro Forma Consolidated Statements of Income (Unaudited)
For the Year Ended December 31, 2017

<i>(In Thousands, Except Share Data)</i>	As reported	Adjustments	Proforma
Revenues			
Net premiums earned	\$ 997,492	\$ —	\$ 997,492
Investment income, net of investment expenses	51,190	—	51,190
Net realized investment gains	4,055	—	4,055
Total revenues	\$ 1,052,737	\$ —	\$ 1,052,737
Benefits, losses and expenses			
Losses and loss settlement expenses	\$ 725,713	\$ —	\$ 725,713
Amortization of deferred policy acquisition costs	207,746	—	207,746
Other underwriting expenses	103,628	—	103,628
Total benefits, losses and expenses	\$ 1,037,087	\$ —	\$ 1,037,087
Income from continuing operations before income taxes	\$ 15,650	\$ —	\$ 15,650
Federal income tax benefit	(29,220)	—	(29,220)
Net income from continuing operations	\$ 44,870	\$ —	\$ 44,870
Income from discontinued operations, net of taxes	6,153	(6,153) (a)	—
Net income	\$ 51,023	(6,153)	44,870
Weighted average common shares outstanding	25,103,720	—	25,103,720
Earnings per common share:			
Basic	\$ 2.03	\$ (0.24)	\$ 1.79
Diluted	1.99	(0.24)	1.75

(a) Represents the net income of United Life during 2017.

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