



2018 FIRST QUARTER EARNINGS CONFERENCE CALL

MAY 9, 2018

Financial Highlights – 1Q 2018

	<u>1Q2018</u>	<u>1Q2017</u>
Net Income per diluted share	\$ 1.80	\$ 0.77
Gain on sale of discontinued operations, net of tax	\$ 1.07	-
After-tax net Realized Investment Gains (Losses)	(\$ 0.27)	\$ 0.10
Adjusted Operating Income per share	\$ 1.00	\$ 0.67
Catastrophe Losses per share	\$ 0.10	\$ 0.24
GAAP Combined Ratio	93.5%	96.5%
Book Value per Share	\$38.96	\$37.90
Return on Equity	11.0%	8.4%

Continuing Operations Highlights

■ 1Q 2018 Results

- \$245M in net premiums earned in 1Q 2018– an increase of 3.7% over 1Q 2017
- Catastrophe losses added 1.4 percentage points to the combined ratio; lower than our historical 10-year average of 2.6 percentage points for first quarters
- Prior year favorable reserve development– \$38.1M in 1Q 2018 compared to \$24.5M in 1Q 2017
 - Primarily in other liability, commercial automobile and commercial fire and allied.

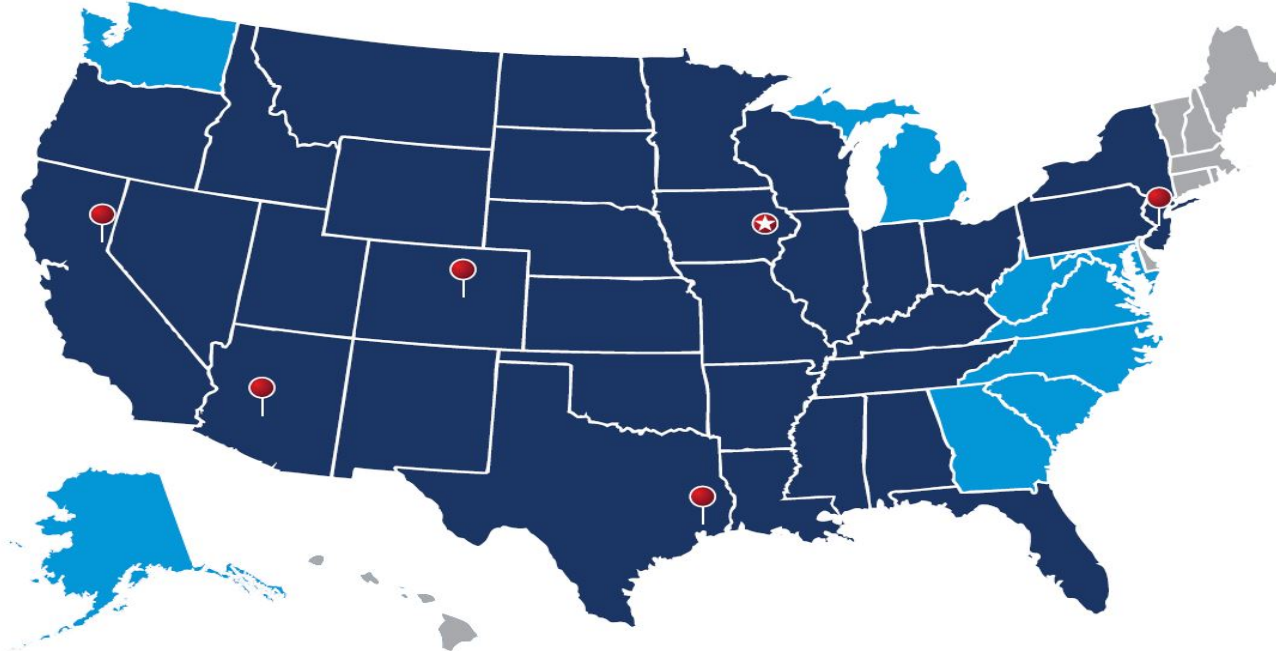
■ 2018 Strategies

- Focus on profitability
- Targeted organic growth (4-6% 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 decreased slightly**
- **Commercial lines filed rate increases**
 - Commercial auto filed rate increases averaged in the high-single digits
 - Workers' compensation saw rate decreases in the mid-single digits
- **Personal lines renewal rate increases** – mid-single digit increases

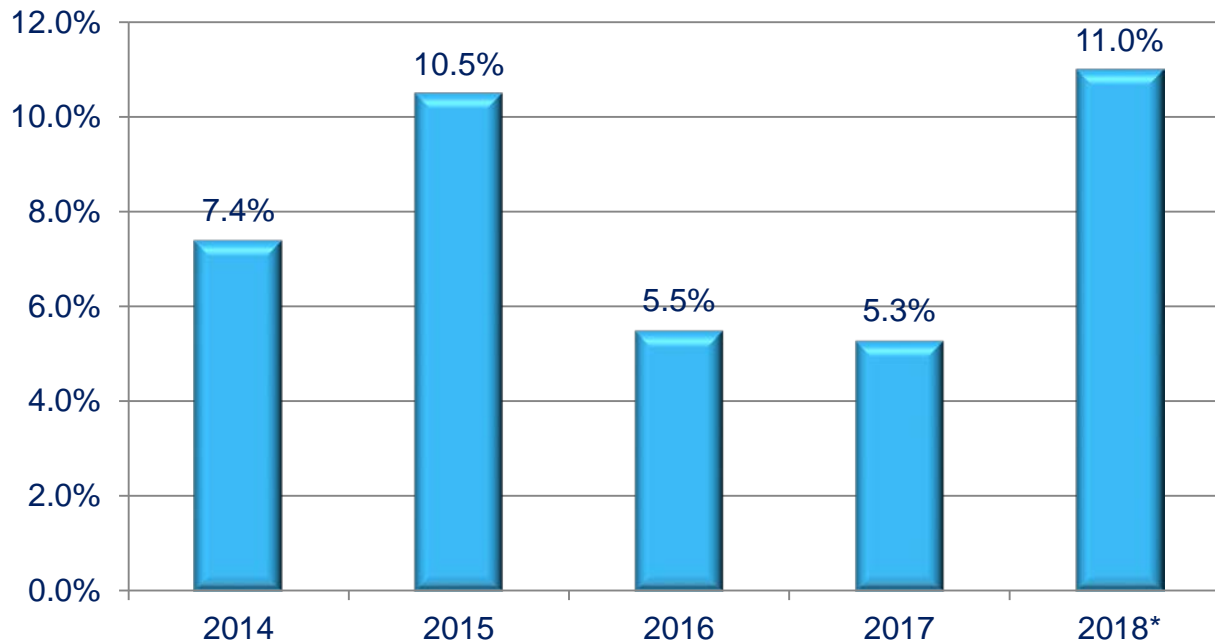
P & C Geographic Footprint



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

1Q 2018 P & C Gross Premium Change & Retention

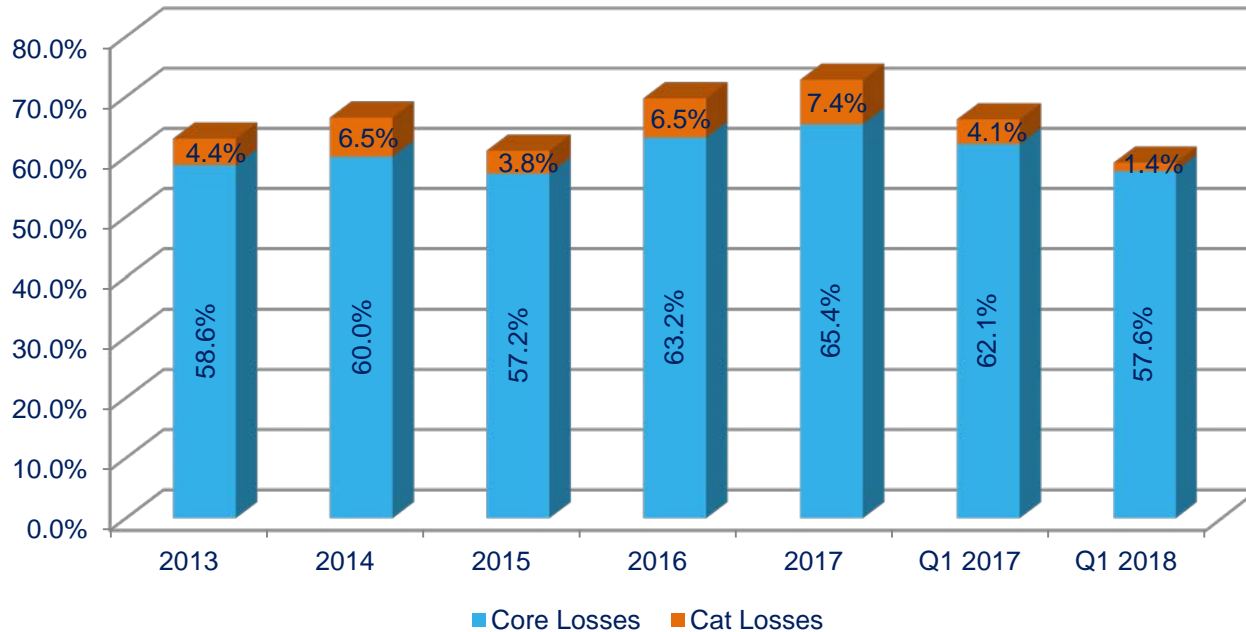
■ P & C Gross written premium change

- › Commercial lines -0.6%
- › Personal lines -0.3%
- › Group (all lines) -0.6%

■ P & C Retention

- › Premium retention 83.5%
- › Policy retention 80.9%

Core Loss Ratio vs. Catastrophe Losses



Cat losses in 1Q 2018 added 1.4 percentage points to the loss ratio.

Adjusted Combined Ratio

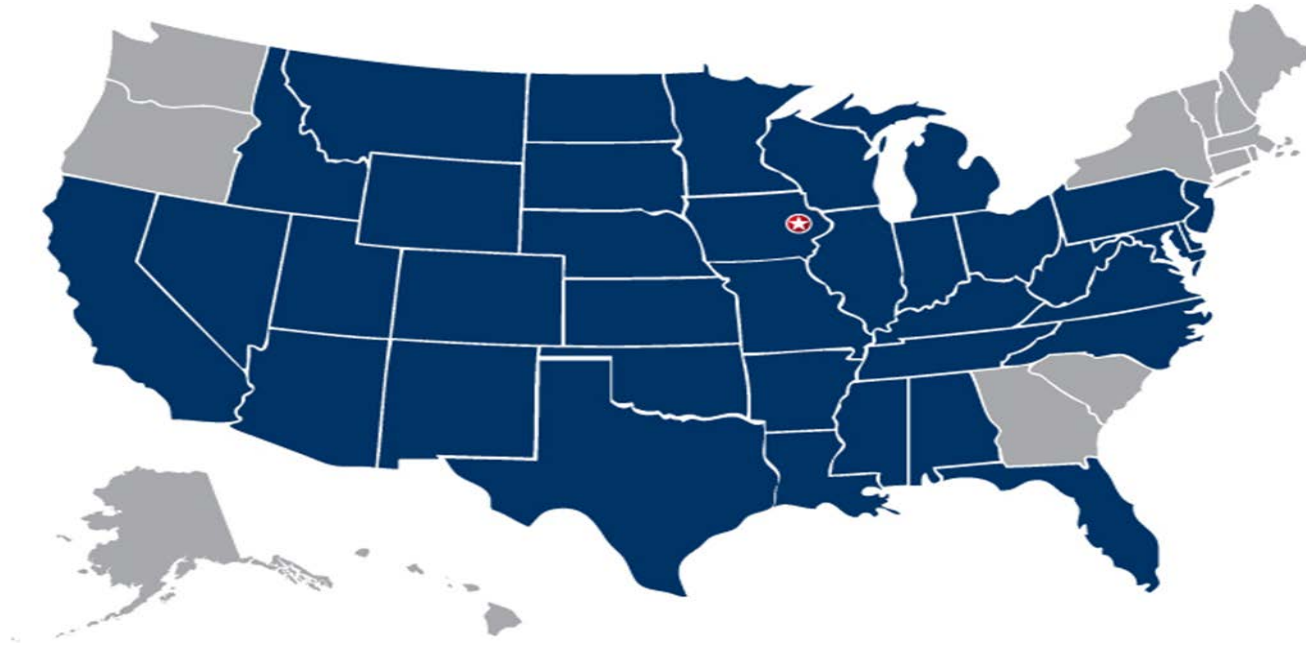
Adjusted Combined Ratio	1Q2018	1Q2017
P&C Loss Ratio (as reported)	59.0%	66.2%
Impact of Catastrophes	-1.4%	-4.1%
Loss Ratio Ex-Catastrophes	57.6%	62.1%
Impact of Reserve Development	15.5%	10.6%
Loss Ratio Ex - CAT and Ex-Development	73.1%	72.7%
P&C Expense Ratio	34.5%	30.3%
<i>Adjusted Combined Ratio</i>	107.6%	103.0%

Life Business*

- Strong capitalization according to A.M. Best
- Lapse ratio of 4.5
- Net premiums earned decreased by 25.4% in Q1 2018 compared to Q1 2017 mainly due to a decline in sales of single premium whole life policies.
- Net loss in Q1 2018 was \$1.9 million compared to net income of \$1.4 million in Q1 2017

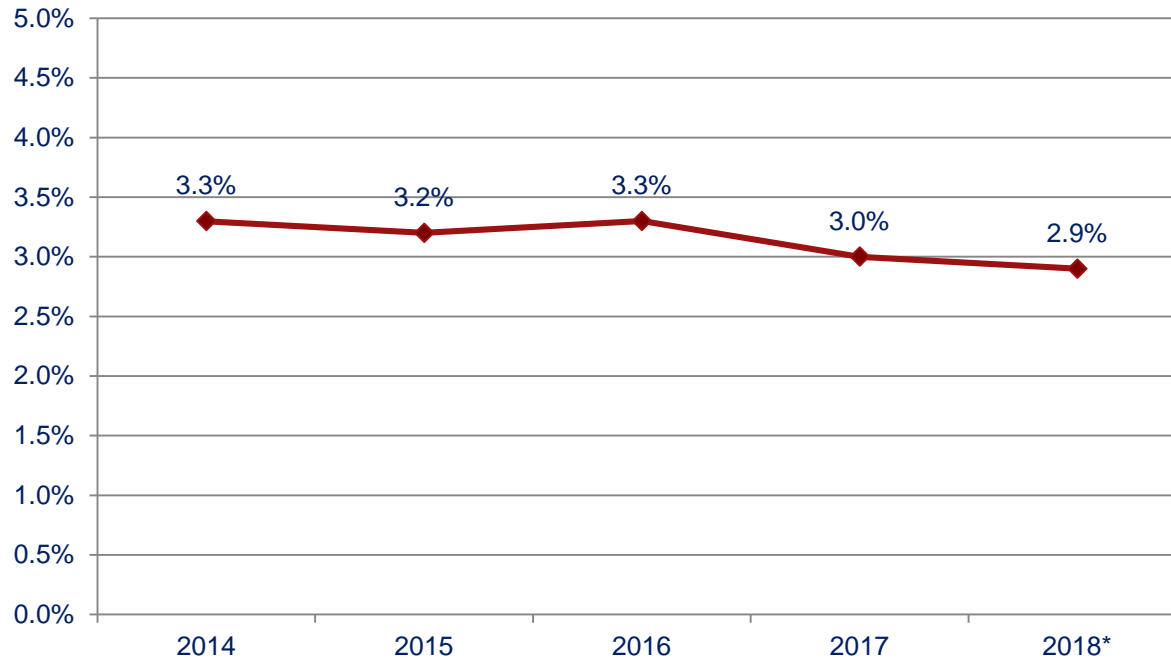
*On September 18, 2017, the Company signed a definitive agreement to sell its subsidiary United Life Insurance Company to Kuvare US Holdings. As a result, our life insurance business is presented as discontinued operations. This transaction was completed on March 30, 2018.

Discontinued Operations Geographic Footprint



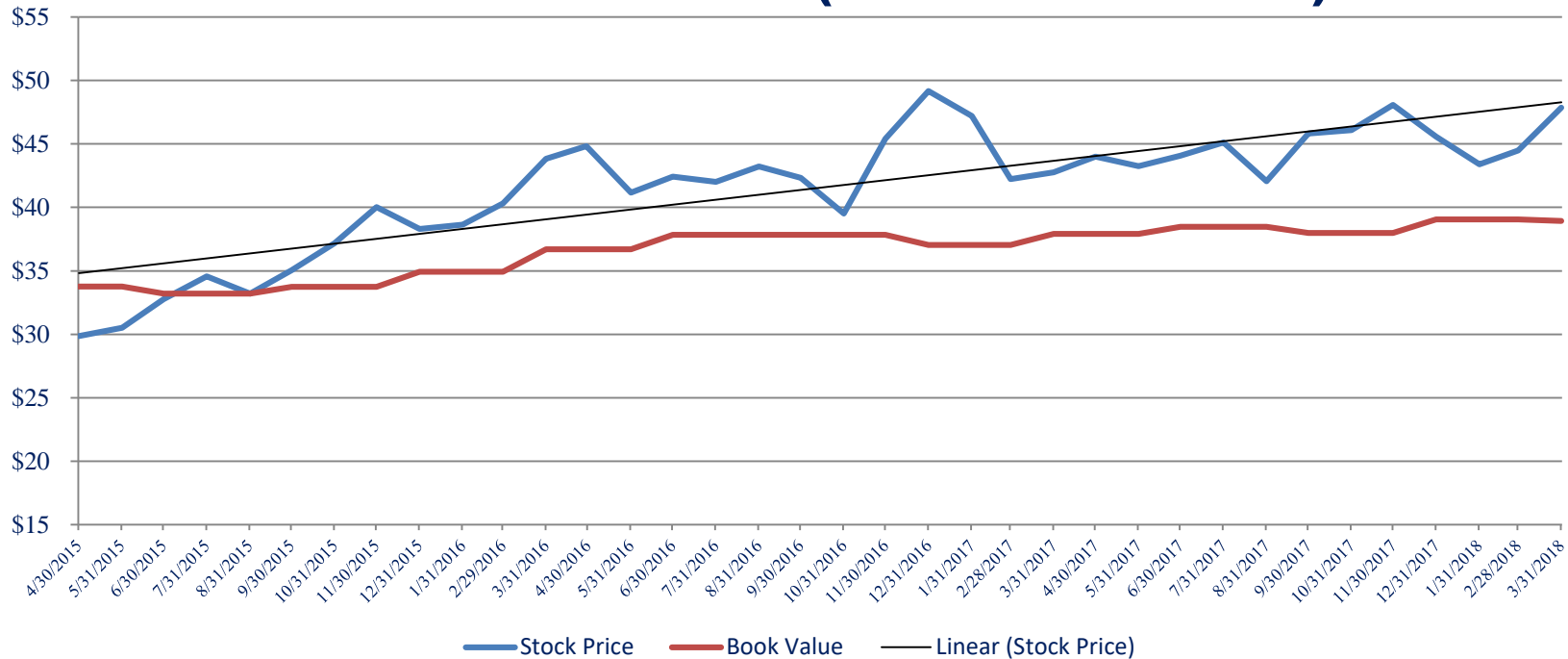
Currently licensed for Life & Annuity business in 37 states throughout the country which are shaded dark blue. United Life Insurance Company operates out of our Corporate Headquarters in Cedar Rapids, IA.

Consolidated Income Yield



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

UFCS Stock Price (4/30/15 – 3/31/18)



52 Week High: \$49.74 --- 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 *National Underwriter's* 2014 list of Top 100 insurance groups in property and casualty premium rankings for the fifth year in a row.
- Received the 2014 Interface Partner Award from insurance technology company, Applied Systems™, for the sixth consecutive year.
- Placed on *Forbes'* 2017 list of “America’s 50 Most Trustworthy Financial Companies.”
- Placed on July 2016 *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 2017 by *The Des Moines Register*.
- Named a Five-Star Carrier by *Insurance Business America* for 2017.
- Named one of Sandler O’Neill’s 2016 Insurance Premium Players.

