

CHARTER
COMPENSATION COMMITTEE
OF THE
BOARD OF DIRECTORS
UNITED FIRE GROUP, INC.

Role

The role of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of United Fire Group, Inc. (the “Company”) is to address the Board’s responsibilities relating to compensation of the Chairman of the Board (if the Chairman is an employee of the Company), the principal executive officer (who is the CEO), the principal financial officer (who is the CFO), the Chief Operating Officer, the General Counsel, the Chief Investment Officer, the Chief Claims Officer (collectively, the “Executive Officers”) and other officers as determined by the Board from time to time and to attend to the other responsibilities of the Committee, as set forth below.

Committee Membership; Qualification for Membership

The membership of the Committee must consist of at least three directors. The Board shall appoint the members of the Committee and the chairperson of the Committee. Compensation Committee members may be replaced by the Board.

Each member of the Committee must be an Independent Director, as that term is defined in Rule 5605(a)(2) of the NASDAQ Stock Market Rules, and must be free of any relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In determining whether a director would constitute an Independent Director, the Board must determine (i) whether the director is affiliated with the Company, a subsidiary of the Company, or an affiliate of a subsidiary of the Company and, if so, (ii) whether such affiliation would impair the director’s judgment as a member of the Committee. As a part of this analysis, the Board must consider all factors specifically relevant to determining whether a director has a relationship to the Company that is material to that director’s ability to be independent from management in connection with the duties of a Committee member, including, but not limited to: (i) the source of compensation of such director, including any consulting, advisory or other compensatory fee paid by the Company to such director; and (ii) whether such director is affiliated with the Company, a subsidiary of the Company or an affiliate of a subsidiary of the Company.

At least two members of the Committee shall also qualify as “outside directors” within the meaning of Internal Revenue Code Section 162(m) and as “non-employee directors” within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934.

No member of the Committee is permitted to accept, directly or indirectly, any consulting, advisory, or other compensatory fee from the Company or any subsidiary thereof. Compensatory fees do not include (i) fees received as a member of the Compensation Committee, the Board or any other Board committee or (ii) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation plans) for prior service with the Company (provided that such compensation is not contingent in any way on continued service).

Operations

Meetings. The Committee shall meet at least two times each calendar year, and shall have such other additional meetings as the Committee or its chairperson deems advisable.

Minutes; Report to Board. The Committee shall keep adequate minutes of all of its proceedings and shall report its actions to the next meeting of the Board. The Committee shall furnish its members with copies of the minutes of each meeting and copies of any action taken without a meeting by unanimous consent.

Rules of Meetings. The Committee is governed by the same rules regarding meetings (including meetings by conference telephone or similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board. The Committee is authorized to adopt its own rules of procedure, provided those rules are not inconsistent with (i) any provisions of this Charter, (ii) any provisions of the Articles of Incorporation or Bylaws of the Company, (iii) the laws of the state of Iowa, or (iv) the applicable rules and regulations of the NASDAQ Stock Market, the Securities and Exchange Commission, or any applicable state or federal agency.

Presence of the Chief Executive Officer and Other Employees. The principal executive officer of the Company, the CEO, may not be present during voting or deliberations on the CEO's compensation. No other employee of the Company whose compensation is determined by the Committee shall be present at the Committee's deliberations or vote on that employee's compensation.

Delegation of Authority. Unless prohibited by applicable law, the Committee may form and delegate authority to subcommittees as it deems appropriate. To the extent permitted by applicable law, the Committee may also delegate to one or more executive officers of the Company the authority, within guidelines established by the Committee, to approve equity compensation awards under established equity compensation plans of the Company to employees other than those subject to Section 16 of the Securities Exchange Act and other officers of the Company. The Committee may also delegate any non-discretionary administrative authority under Company compensation and benefit plans consistent with any limitations specified in the applicable plans.

Authority; Funding

The Committee, in its sole discretion, has the reasonable authority, resources and funds necessary to discharge its duties and responsibilities, including its duties and responsibilities that pertain to Compensation Advisors (as defined below). The Company must provide for appropriate funding, as determined by the Committee, (i) for payment of reasonable compensation to Compensation Advisors and (ii) to permit the Committee to discharge its duties and responsibilities. The Committee may use such funds of the Company as it deems reasonably necessary to discharge its duties and responsibilities.

Compensation Advisors

The Committee, in its sole discretion, has (i) the authority to retain or obtain the advice of compensation advisors, legal counsel and other advisors and experts (“Compensation Advisors”) and (ii) the authority to compensate Compensation Advisors as it deems appropriate. Communications between the Committee and legal counsel in the course of obtaining legal advice will be considered privileged communications of the Company, and the Committee will take all necessary steps to preserve the privileged nature of those communications. The Committee is directly responsible for the appointment, compensation and oversight of the work of any Compensation Advisor retained by the Committee.

Before selecting a Compensation Advisor (other than in-house legal counsel), the Committee must take into consideration all factors relevant to that Compensation Advisor’s independence from management of the Company. The Committee must consider, among such other factors as it deems necessary to consider, the following:

- The provision of other services to the Company by the person that employs the Compensation Advisor;
- The amount of fees received from the Company by the person that employs the Compensation Advisor, as a percentage of the total revenue of the person that employs the Compensation Advisor;
- The policies and procedures of the person that employs the Compensation Advisor that are designed to prevent conflicts of interest;
- Any business or personal relationship of the Compensation Advisor with a member of the Compensation Committee;
- Any stock of the Company owned by the Compensation Advisor; and
- Any business or personal relationship of the Compensation Advisor or the person employing the Advisor with an Executive Officer of the Company.

Responsibilities

The principal responsibilities and functions of the Committee are as follows:

- Review and advise the Board on various policies that govern the Company's compensation programs, including stock and benefit plans;
- Annually review and evaluate corporate goals and objectives relevant to the compensation of the Company's principal executive officer and annually evaluate the principal executive officer's performance in light of those goals and objectives;
- Annually recommend to the Board for approval the compensation of the Company's principal executive officer;
- Consider and take into account relevant factors that affect compensation, including an Executive Officer's performance, when reviewing and approving the salaries, bonus, retirement plans, and other compensation for the Executive Officers;
- Develop and periodically review and modify, if necessary, a compensation philosophy and peer group to be used by the Committee in benchmarking the compensation of Executive Officers with the compensation of executive officers of the Company's peers;
- Annually recommend to the Board for approval the salaries, bonus, retirement plans, and other compensation for the Executive Officers;
- Approve, or recommend to the Board for approval, and grant, or recommend to the Board the granting of, stock options and other types of equity-based compensation in accordance with the terms of stock option and other equity-based plans that the Company has established pursuant to applicable laws and regulations;
- Periodically review and evaluate (including, without limitation, the evaluation of compensation plans for officers of the Company's peers and companies comparable to the Company) and report to the Board concerning the competitiveness of the Company's compensation programs for Executive Officers to ensure (i) the attraction and retention of Executive Officers and (ii) the motivation of Executive Officers to achieve the Company's business objectives;
- Periodically review any severance or change in control agreements or arrangements, and any special or supplemental compensation or benefits that affect Executive Officers of the Company;
- Monitor and administer the Company's incentive compensation recovery policy;

- Periodically review and recommend to the Board for approval the compensation plan for directors of the Company;
- Annually (i) assist the Board in reviewing the results of any shareholder advisory votes, or responding to other shareholder communications, that relate to the compensation of the executive officers of the Company who are named in the Company’s annual proxy statement, (ii) consider such results in the context of making decisions about the Company’s executive compensation programs and (iii) review and recommend to the Board for approval the frequency with which the Company will conduct shareholder advisory votes;
- Periodically assess the Company’s risk relating to its compensation policies and practices and report its assessment to the Board;
- Review and discuss with management the Compensation Discussion and Analysis (“CD&A”) section of the Company’s report on Form 10-K and the Company’s proxy statement, and based on that review and those discussions, approve the CD&A and recommend to the Board that the CD&A be included in the Company’s report on Form 10-K;
- Prepare and approve the Compensation Committee Report for inclusion over the names of the members of the Compensation Committee in the Company’s annual proxy statement for the annual meeting of shareholders and report on Form 10-K in compliance with applicable rules and regulations of the Securities and Exchange Commission, the state of Iowa, and the NASDAQ Stock Market;
- Annually evaluate this Charter and the Committee’s performance and make such reports to the Board as the Committee deems warranted; and
- Assume additional responsibilities as assigned to the Committee by the Board from time to time.



118 Second Avenue SE, P.O. Box 73909
 Cedar Rapids, Iowa 52407-3909

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