



2Q2014 EARNINGS CONFERENCE CALL
August 5, 2014

FORWARD-LOOKING STATEMENTS

This presentation may contain forward-looking statements about our operations, anticipated performance and other similar matters. The Private Securities Litigation Reform Act of 1995 provides a safe harbor under the Securities Act of 1933 and the Securities Exchange Act of 1934 for forward-looking statements. The forward-looking statements are not historical facts and involve risks and uncertainties that could cause actual results to differ materially from those expected and/or projected. Such forward-looking statements are based on current expectations, estimates, forecasts and projections about our company, the industry in which we operate, and beliefs and assumptions made by management. Words such as “expect(s),” “anticipate(s),” “intend(s),” “plan(s),” “believe(s),” “continue(s),” “seek(s),” “estimate(s),” “goal(s),” “remain optimistic,” “target(s),” “forecast(s),” “project(s),” “predict(s),” “should,” “could,” “may,” “will continue,” “might,” “hope,” “can” and other words and terms of similar meaning or expression in connection with a discussion of future operating, financial performance or financial condition, are intended to identify forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed in such forward-looking statements. Information concerning factors that could cause actual results to differ materially from those in the forward-looking statements is contained in Part I Item 1A “Risk Factors” of our annual report on Form 10-K for the year ended December 31, 2013, filed with the Securities and Exchange Commission (“SEC”) on March 3, 2014 and any subsequent quarterly reports on Form 10-Q. The risks identified on Form 10-K are representative of the risks, uncertainties, and assumptions that could cause actual outcomes and results to differ materially from what is expressed in forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this release or as of the date they are made. Except as required under the federal securities laws and the rules and regulations of the SEC, we do not have any intention or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Reconciliations of non-GAAP measures are on Page 38 of this presentation and also available in our quarterly news releases, which are available on the Investors Relations page of our website www.UnitedFireGroup.com.

FINANCIAL HIGHLIGHTS – 2Q2014

	<u>2Q14</u>	<u>YTD</u>
Operating Earnings Per Share	\$ 0.35	\$ 0.82
Net Income per Diluted Share	\$ 0.42	\$ 0.94
Net Realized Investment Gains per Share	\$ 0.07	\$ 0.12
Catastrophe Losses per Share	\$ 0.53	\$ 0.61
GAAP Combined Ratio	101.7%	100.7%
Book Value per Share		\$32.74
Return on Equity		6.0%

2Q2014 P&C PREMIUM GROWTH

P&C premium grows for the 11th consecutive quarter

- Commercial lines 13.1%
- Personal lines 2.2%
- Group (all lines) 11.9%
 - Rate increases 9.9%
 - New business 1.6%
 - Exposure increases 0.4%

Retention

- Premium retention (up) 87.4%
- Policy retention (flat) 83.4%

2Q2014 CATASTROPHE LOSSES

	Est. Loss	Avg. Claim
April	<i>(\$ in thousands)</i>	
CAT 38 (IL, KS, MO, TX: April 2-4)	\$ 800	\$ 16
CAT 39 (IL, TX, WI: April 12-14)	\$ 200	\$ 7
CAT 40 (AL, AR, FL, KS, MO: April 27-30)	\$ 500	\$ 12
May		
CAT 41 (CO, KS, MN, MO, TX: May 7-9)	\$ 400	\$ 5
CAT 42 (IL, IN, KS, MO, NE: May 10-13)	\$ 900	\$ 7
CAT 43 (CO, MT, IA: May 15-23)	\$3,500	\$ 21
CAT 44 (TX: May 24-28)	\$ 200	\$ 17
June		
CAT 45 (NE, IA: June 3-5)	\$7,500	\$ 14
CAT 46 (Sioux Falls, SD: June 5-6)	\$1,000	\$ 5
CAT 47 (Abilene, TX: June 12-13)	\$3,500	\$ 35
CAT 48 (NE: June 16-18)	\$1,000	\$ 4
CAT 50 (IA, IL, IN, MI: June 29-July 1)	\$1,500	

CORE LOSS RATIO vs. CATASTROPHE LOSSES



CAPITAL MANAGEMENT

	2010	2011	2012	2013	2010-2013	1H2014
Total Shares O/S	26,195,552	25,505,350	25,227,463	25,360,893		25,240,105
Shares Repurchased	343,328	702,947	340,159	59,603	1,446,037	201,516
As % of Beginning Net Shares	1.3%	2.7%	1.3%	0.2%	5.4%	0.8%
Average Repurchase Price/share	\$ 18.29	\$ 17.69	\$ 21.46	\$ 27.58	\$ 19.13	\$ 27.63
Total Repurchased	\$ 6,280,042	\$ 12,433,158	\$ 7,306,236	\$ 1,645,885	\$ 27,665,321	\$ 5,567,077
Dividends/share	\$ 0.60	\$ 0.60	\$ 0.60	\$ 0.69	\$ 2.49	\$ 0.38
Dividend Payments	\$ 15,773,889	\$ 15,507,401	\$ 15,269,472	\$ 17,483,803	\$ 64,034,565	\$ 9,630,879
Total Capital Returned to SH	\$22,053,931	\$27,940,559	\$22,575,708	\$19,129,688	\$91,699,886	\$ 15,197,956

Current Quarterly Dividend
Repurchase Authorization

\$0.20 per share
868,601 shares (program expires August 31, 2014)

