



1Q2014 EARNINGS CONFERENCE CALL
May 6, 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),” “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 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 Securities and Exchange Commission, 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 – 1Q2014

Operating Earnings Per Share	\$ 0.47
Net Income per Diluted Share	\$ 0.52
Net Realized Investment Gains per Share	\$ 0.05
Catastrophe Losses per Share	\$ 0.08
GAAP Combined Ratio	99.6%
Book Value per Share	\$31.82
Return on Equity	6.7%

1Q2014 RESULTS - IMPACT ON COMBINED RATIO AND OEPS

	Combined Ratio	Operating EPS
1Q2013	90.3%	\$ 0.84
Effect of Single Large Claim	3.0%	\$ (0.14)
Change in Favorable Reserve Development	5.1%	\$ (0.23)
Decrease in Catastrophe Losses	-1.0%	\$ 0.04
Effect of Increase in Frequency (due to harsh winter storms) and Other	2.2%	\$ (0.10)
Increase in Other Income/Invest. Income		\$ 0.02
Decrease in Interest to PH Accts.		\$ 0.03
Decrease in Life Liability		\$ 0.01
1Q2014	99.6%	\$ 0.47

P&C PREMIUM GROWTH

P&C premium grows for the 10th consecutive quarter

- Commercial lines 12.4%
- Personal lines 6.3%
- Group (all lines) 11.5%
 - Rate increases 7.3%
 - New business 4.0%
 - Exposure increases 0.2%

Retention

- Premium retention (up) 86.9%
- Policy retention (up) 83.9%

2020 VISION –

Objectives

- Improve ROE
- Increase written premiums
- Provide best-in-class service
- Be a “best place to work”

Initiatives

- Expand our agency plant and penetration
- Leverage our existing product portfolio
- Expand our geographic footprint
- Enter the Excess & Surplus lines
- Continue to capitalize on strategic growth opportunities



MERCER INSURANCE UPDATE

2011

- Purchased Mercer Insurance Group (March 2011)
- Converted all payroll systems

2012

- Converted West Coast/East Coast general ledgers, accounting processes and related history
- West Coast claims conversion
- West Coast premium conversion (as policies renewed)
- Moved West Coast/ East Coast accounting to Cedar Rapids, IA

2013

- East Coast claims conversion
- East Coast premium conversion (as policies renewed)

2014

- Move East Coast customer service to Cedar Rapids, IA (2Q2014)
- Remaining East Coast premium conversion (will likely carry into 2015 as forms are approved and regulatory actions are taken)

Workers' Compensation Line – Addressing Severity

- Underwriter referrals on all renewals with high hazard classes
- New “Cost Control” program with heavy focus on safety and injury management
- Focus on appropriate rate vs. hazard class
- Additional/advanced underwriting training on severity exposures
- Predictive modeling on accounts above \$10k in premium
- Reassigned underwriters and supervisors to more appropriately align underwriting skills
- Increased focus on underperforming agents
- Re-underwriting accounts with large losses

ESTABLISHING A FOUNDATION – NEW E&S UNIT

- Effective February 1, 2014
- Located in Los Angeles, California
- First policies effective in 1Q2014
- Initially write business in states of CA, OR, NV, AZ

CAPITAL MANAGEMENT

	2010	2011	2012	2013	2010-2013	1Q2014
Total Shares O/S	26,195,552	25,505,350	25,227,463	25,360,893		25,396,845
Shares Repurchased	343,328	702,947	340,159	59,603	1,446,037	-
As % of Beginning Net Shares	1.3%	2.7%	1.3%	0.2%	5.4%	0.0%
Average Repurchase Price/share	\$ 18.29	\$ 17.69	\$ 21.46	\$ 27.58	\$ 19.13	
Total Repurchased	\$ 6,280,042	\$ 12,433,158	\$ 7,306,236	\$ 1,645,885	\$ 27,665,321	\$ -
Dividends/share	\$ 0.60	\$ 0.60	\$ 0.60	\$ 0.69	\$ 2.49	\$ 0.18
Dividend Payments	\$ 15,773,889	\$ 15,507,401	\$ 15,269,472	\$ 17,483,803	\$ 64,034,565	\$ 4,567,457
Total Capital Returned to SH	\$22,053,931	\$27,940,559	\$22,575,708	\$19,129,688	\$91,699,886	\$4,567,457
Acquisition of Mercer Insurance	\$ 1,495,598	\$ 37,311,140	\$ 1,673,000	\$ -	\$ 40,479,738	