



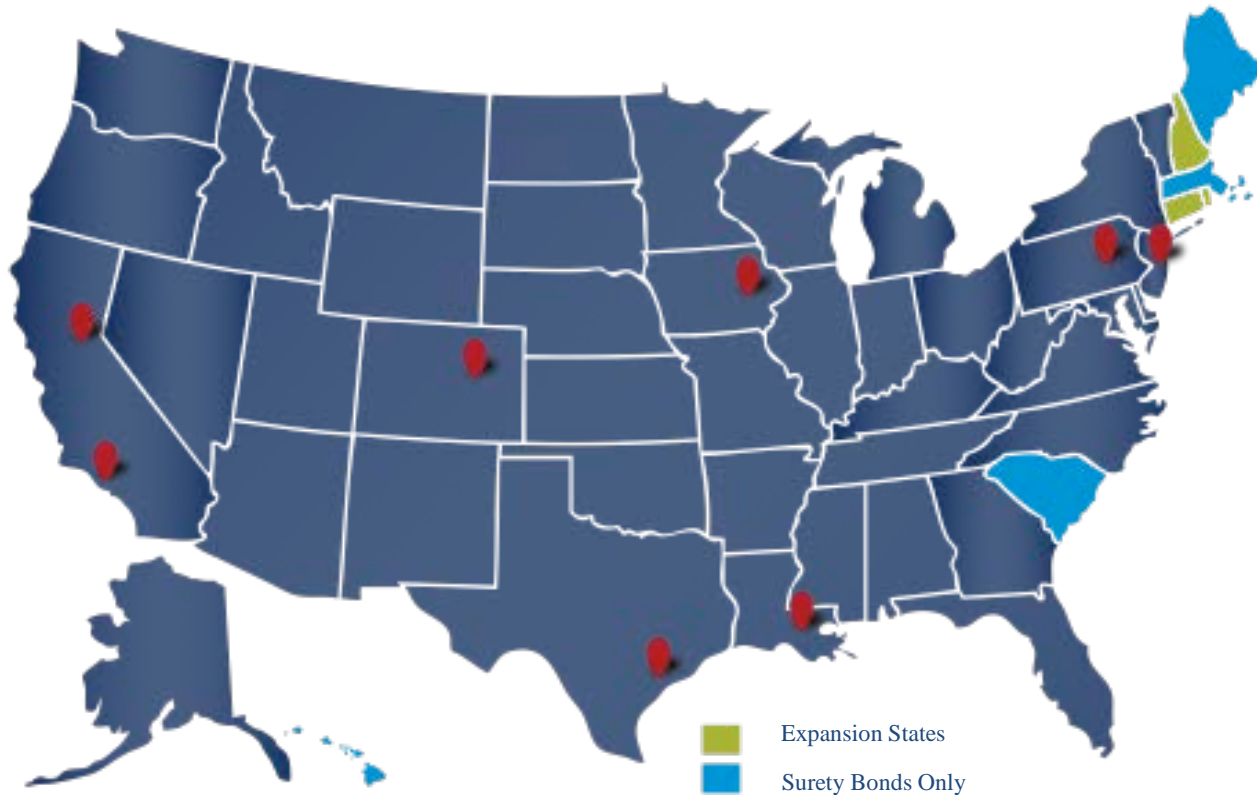
**UNITED FIRE GROUP, INC.
2015 YEAR-END
EARNINGS CONFERENCE CALL**

**simple solutions
for complex times**

FINANCIAL HIGHLIGHTS – 4Q2015

	<u>4Q2015</u>	<u>YTD</u>
Operating Gain Per Share	\$ 1.21	\$ 3.46
Net Income per Diluted Share	\$ 1.21	\$ 3.53
Net Realized Investment Gains per Share	\$ —	\$ 0.07
Catastrophe Losses per Share	\$ 0.13	\$ 0.83
GAAP Combined Ratio	86.8%	92.0%
Book Value per Share		\$34.94
Return on Equity		10.5%

EXPANDING OUR GEOGRAPHIC FOOTPRINT



Offices in Cedar Rapids, Iowa (corporate headquarters); Denver, Colorado; Houston, Texas; Pennington, New Jersey; Lock Haven, Pennsylvania; New Orleans, Louisiana; Rocklin, California and Los Angeles, California.

*Licensed in 47 states plus the District of Columbia and we have agency appointments in the states shaded dark blue. *Note Delaware is licensed for life insurance only. Expansion applications are pending for 2016 in the states shaded green. The states shaded light blue are currently writing surety only.*

2020 VISION

Goals

- ✓ Increase ROE
- ✓ Increase Written Premium
- ✓ Provide best-in-class service
- ✓ Be a “best place to work” so as to recruit and retain the best employees

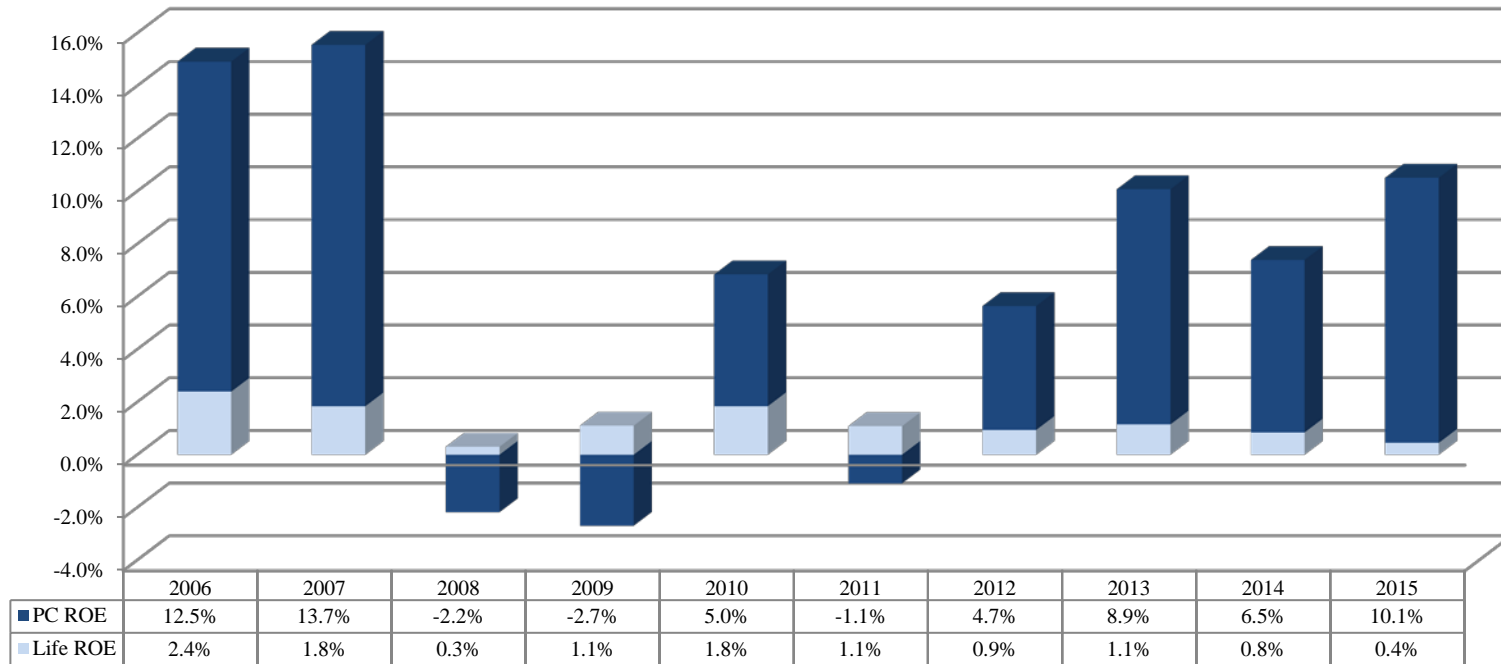
Strategies

- ❖ Expand our agency plant and geographic footprint
- ❖ Leverage our existing product portfolio
- ❖ Excess & Surplus Branch continued growth
- ❖ Opportunities in Small Business Market
- ❖ Continue to capitalize on strategic growth opportunities



ROE BY SEGMENT (as of 12/31/2015)

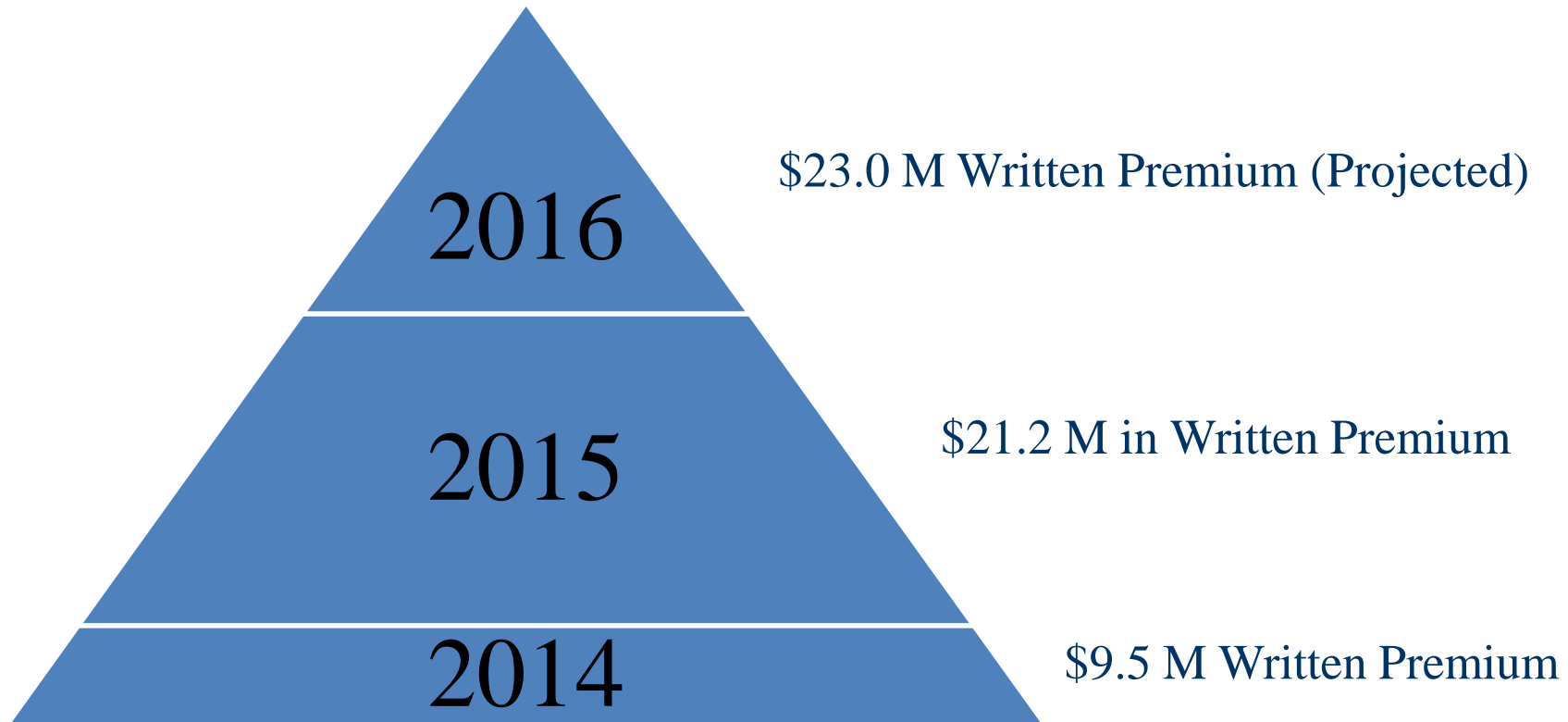
ROE by Segment



NOTE: Totals may vary slightly from reported ROE figures due to rounding



UFG SPECIALTY INSURANCE COMPANY



Branch office opened in Los Angeles on February 1, 2014. First policy issued by the end of February. Currently in the states of AZ, CA, CO, ID, NM, NV, OR, UT. 2016 Plans include adding new broker appointments in current states.

LIFE COMPANY

- New/Expanded products
 - Graded Benefit Whole Life
 - Long Term Care rider (Qualified Care Accelerated Death Benefit)
- Strong capitalization according to A.M. Best
- Lapse ratio of 4.27
- Premium growth of 54.1% in 4th Qtr and 29% for the full year 2015 compared to 2014 – driven by Single Premium Whole Life Sales
- Increased spreads on annuity products by 32 basis points in 2015
- \$25 million dividend to parent in the last two years
- OTT Impairment charge of \$1.3 M before tax on a fixed maturity security in the energy & resource sector

ECONOMY / P&C MARKET CONDITIONS

- Positive P&C rate environment for 17 quarters
- Rate increases in the very low single digits on smaller accounts and flat to low single digit decreases on larger accounts
- Positive audit premium for the last 17 quarters
- Our insureds continue to add exposures at renewal
- Policy count growth opportunities

4Q2015 P&C PREMIUM GROWTH

P&C written premium growth

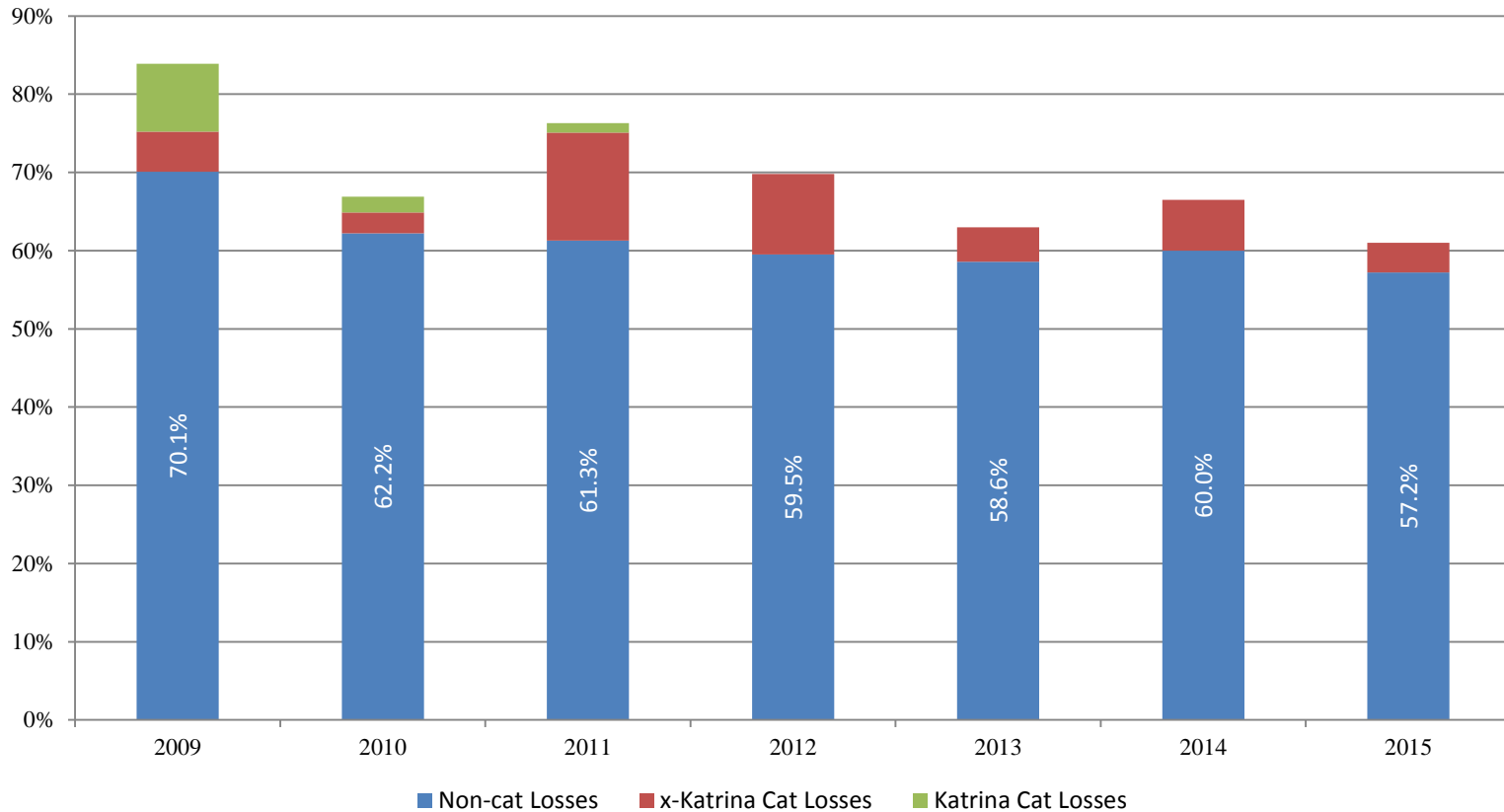
➤ 17 consecutive quarters of rate increases

Commercial lines (4Q)	11.2%
Personal lines (4Q)	(1.7%)
Group (all lines)	8.7%

Retention

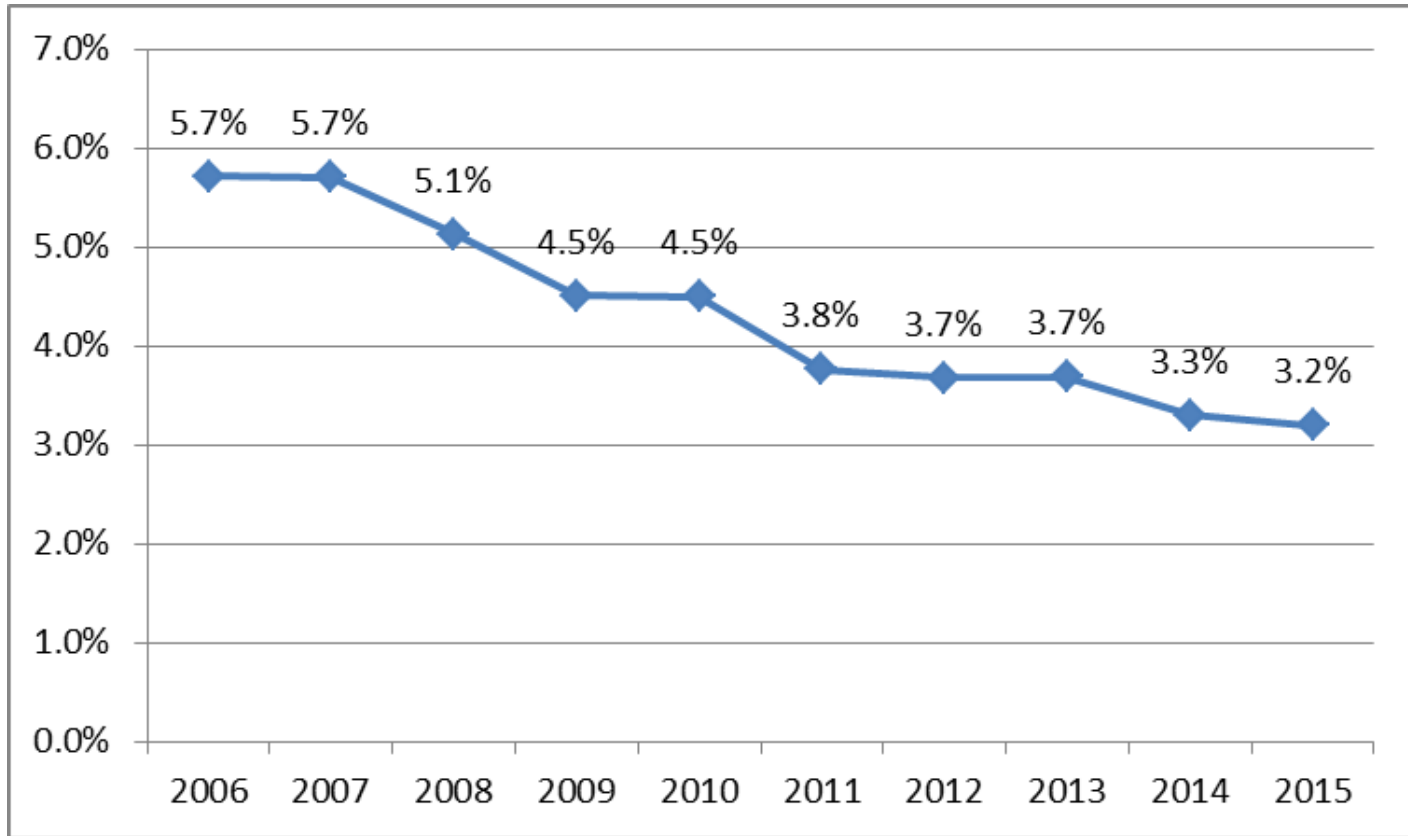
Premium retention (up)	84.5%
Policy retention (up)	83.1%

CORE LOSS RATIO vs. CATASTROPHE LOSSES



Cat losses in 2015 lower than we would normally expect adding 3.8 percentage points to the combined ratio

INVESTMENT YIELD



Annualized

NOTE: Total Invested Assets excludes Cash and Cash Equivalents



CAPITAL MANAGEMENT

	2010	2011	2012	2013	2014	2010-2014	2015
Total Shares O/S	26,195,552	25,505,350	25,227,463	25,360,893	25,019,415		25,235,996
Shares Repurchased	343,328	702,947	340,159	59,603	461,835	1,907,872	79,396
Average Repurchase Price/share	\$ 18.29	\$ 17.69	\$ 21.46	\$ 27.58	\$ 28.02	\$ 22.61	\$ 30.51
Total Repurchased (<i>In Millions</i>)	\$ 6.3	\$ 12.4	\$ 7.3	\$ 1.6	\$ 12.9	\$ 40.5	\$ 2.4
Dividend Payments (<i>In Millions</i>)	\$ 15.8	\$ 15.5	\$ 15.3	\$ 17.5	\$ 19.7	\$ 83.8	\$ 21.7
Total Capital Returned to SH (<i>In Millions</i>)	\$ 22.1	\$ 27.9	\$ 22.6	\$ 19.1	\$ 32.6	\$ 124.3	\$ 24.1

December 31, 2015

Current Quarterly Dividend

\$0.22 per share

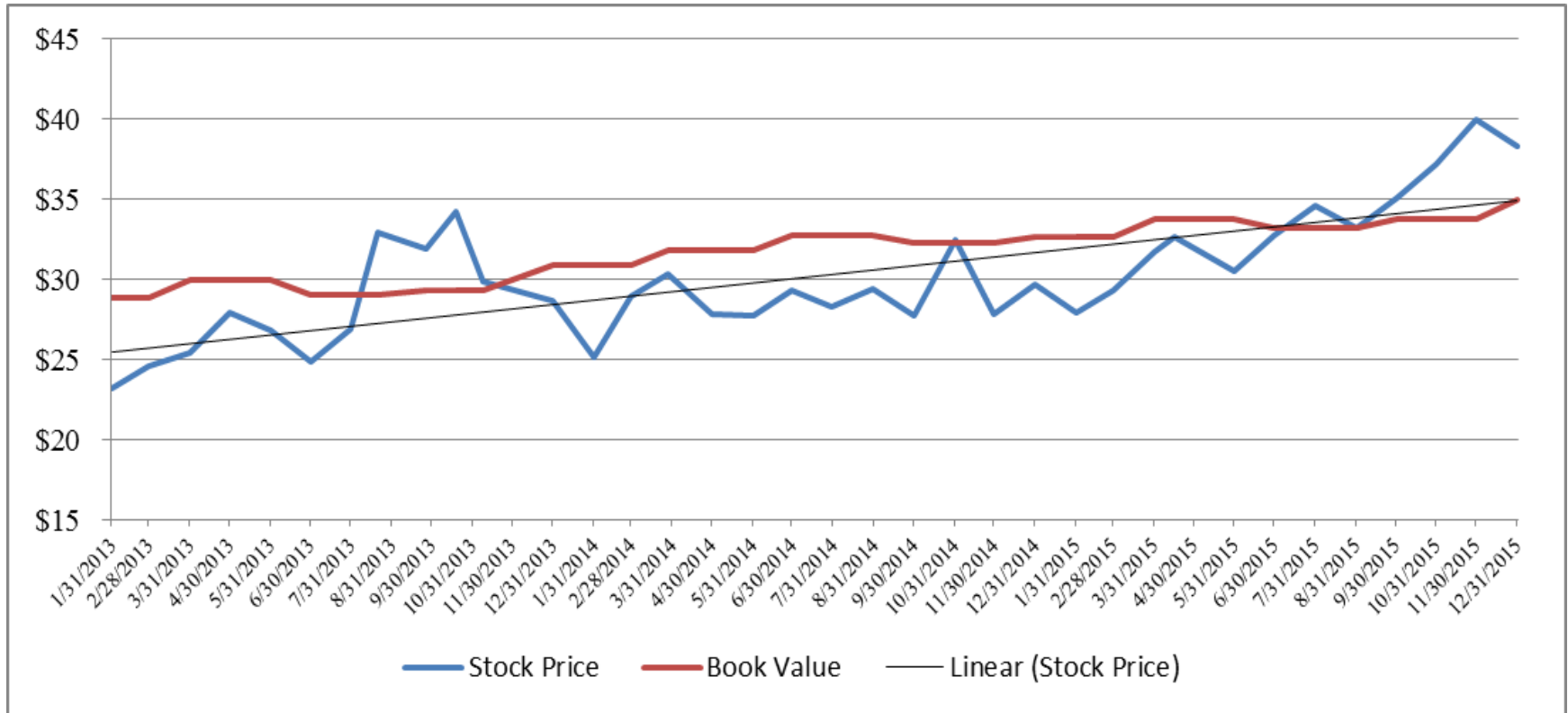
2015 Dividend

\$0.86 per share (as of December 31, 2015)

Repurchase Authorization

1,528,886 shares (program expires August 31, 2016)

STOCK PRICE



52 Week High: \$40.64 --- 52 Week Low: \$27.57

RECOGNITION

- Placed on Iowa's list of 150 Top Workplaces for 2015 by the *Des Moines Register*
- Rated A (Excellent) by A.M. Best Company
- Named a *Super Regional Property/Casualty Insurer*[™] every year since 2006 by *Insurance Journal* magazine
- Received the 2014 Interface Partner Award from Applied Systems[®] (sixth consecutive year)
- Placed on *Forbes*' 2015 list of "America's 50 Most Trustworthy Financial Companies" for two years
- 2015 Recipient of the Better Business Bureau's Integrity Award

