



2017 Fourth Quarter & Year End Earnings Conference Call

February 14, 2018

Financial Highlights– 4Q 2017 & Year End 2017

	<u>4Q2017</u>	<u>4Q2016</u>	<u>2017</u>	<u>2016</u>
Net Income per diluted share	\$ 1.81	\$ 0.46	\$ 1.99	\$ 1.93
Net Realized Investment Gains per share	\$ 0.03	\$ 0.00	\$ 0.20	\$ 0.15
Adjusted Operating Income per share	\$ 1.78	\$ 0.46	\$ 1.79	\$ 1.78
Catastrophe Losses per share	\$ 0.13	\$ 0.22	\$ 1.88	\$ 1.54
GAAP Combined Ratio	93.8%	102.6%	104.0%	100.3%
Book Value per Share			\$39.06	\$37.04
Return on Equity			5.3%	5.5%

Continuing Operations Highlights

- **4Q 2017 Results**
 - \$260M in net premiums earned in 4Q 2017– an increase of 6.5% over 4Q 2016
 - Catastrophe losses added 2.0 percentage points to the combined ratio; lower than our historical 10-year average of 6.0 percentage points for fourth quarters
 - Core loss ratio improvement –
 - Driven primarily due to an decrease in severity of commercial auto and commercial property losses from our ongoing profit initiatives and rate increases
- **2018 Strategies**
 - Focus on profitability
 - Targeted organic growth (4-6% overall)
 - Continue with auto lines profit initiatives and rate increases
 - Increased utilization of our Enterprise Analytics group

P & C Market Conditions

- **Soft market cycle** – continues to be competitive across all regions for both renewals and new business
- **Commercial lines renewal rate increases** – low single digits
- **Commercial lines filed rate increases** –
 - Commercial fire and allied filed rate increases in the mid single digits and commercial auto filed rate increases averaged in the low double digits
 - Workers' compensation saw rate decreases in the mid single digits
- **Personal lines rate increases** – **renewal:** low single digit increases; **filed:** upper single digit increases in personal auto and homeowners lines

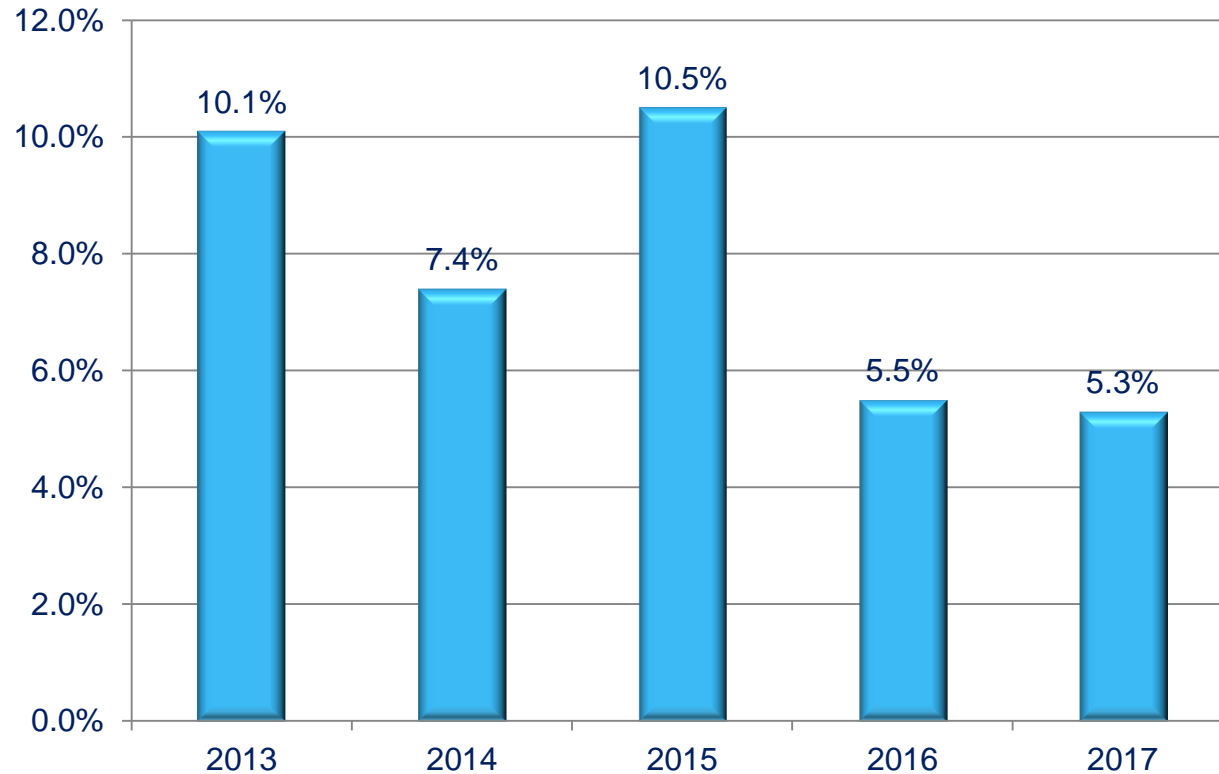
P & C Segment Geographic Footprint



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

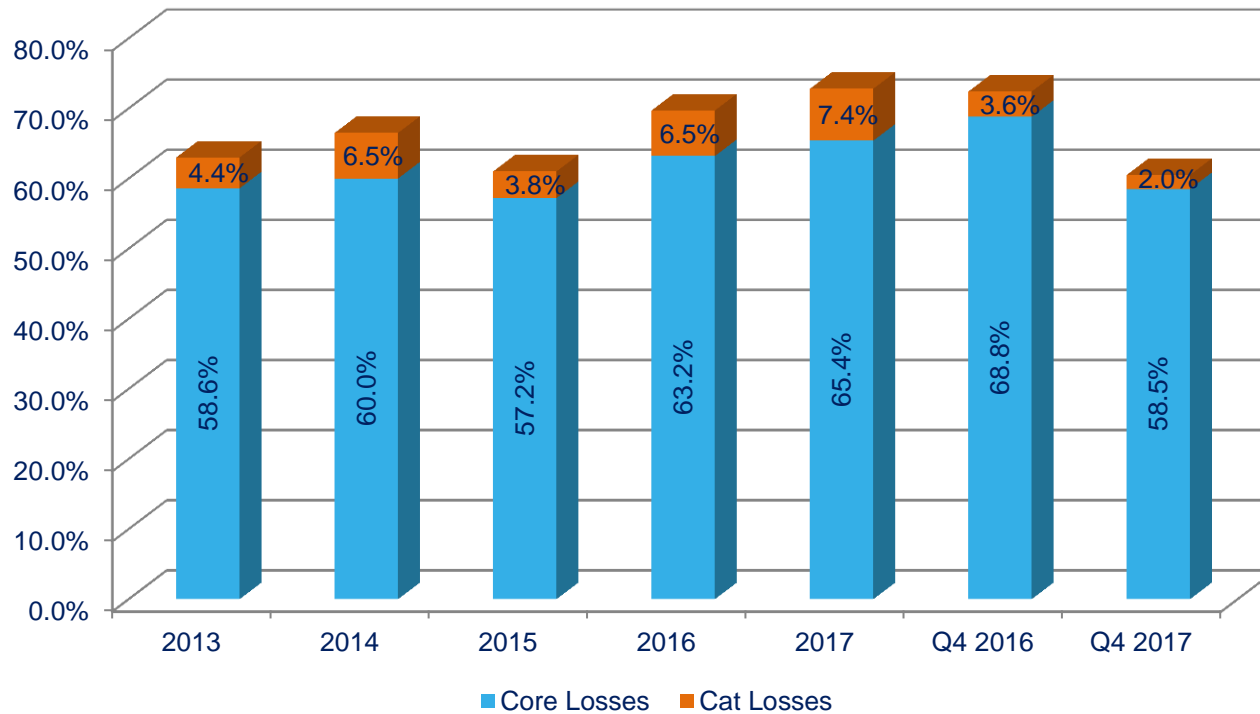


4Q 2017 P & C Gross Premium Growth & Retention

- P&C Gross written premium growth
 - › Commercial lines 6.3%
 - › Personal lines 0.7%
 - › Group (all lines) 5.9%

- Retention
 - › Premium retention 84.1%
 - › Policy retention 81.2%

Core Loss Ratio vs. Catastrophe Losses

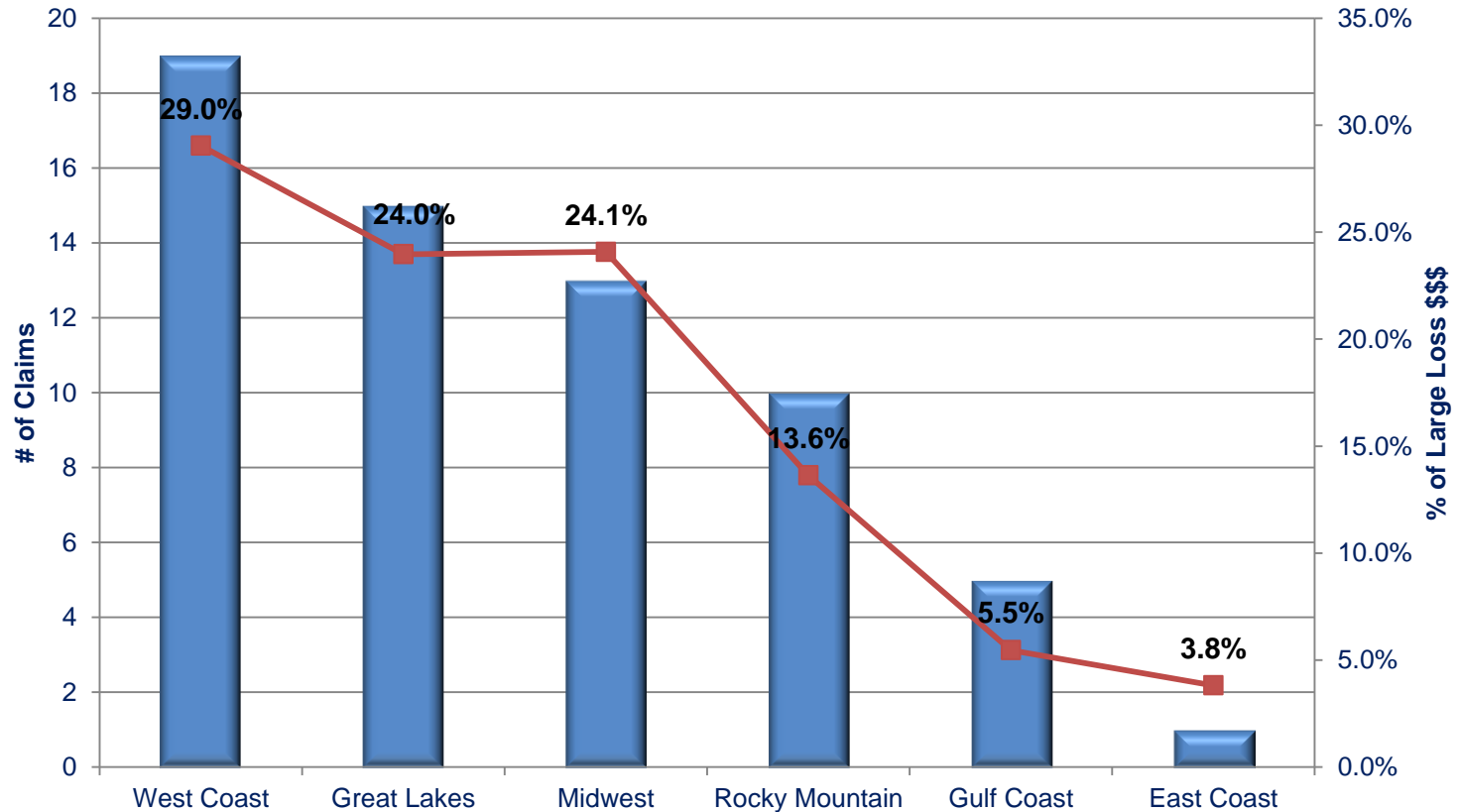


Cat losses in 4Q 2017 added 2.0 percentage points to the loss ratio.

Adjusted Combined Ratio

Adjusted Combined Ratio	4Q2017	4Q2016	2017	2016
P&C Loss Ratio (as reported)	60.5%	72.4%	72.8%	69.7%
Impact of Catastrophes	-2.0%	-3.6%	-7.4%	-6.5%
Loss Ratio Ex-Catastrophes	58.5%	68.8%	65.4%	63.2%
Impact of Reserve Development	6.3%	1.7%	5.4%	3.3%
Loss Ratio Ex - CAT and Ex-Development	64.8%	70.5%	70.8%	66.5%
P&C Expense Ratio	33.3%	30.2%	31.2%	30.6%
<i>Adjusted Combined Ratio</i>	98.1%	100.7%	102.0%	97.1%

Commercial Auto Large Losses* in 2017 By Region



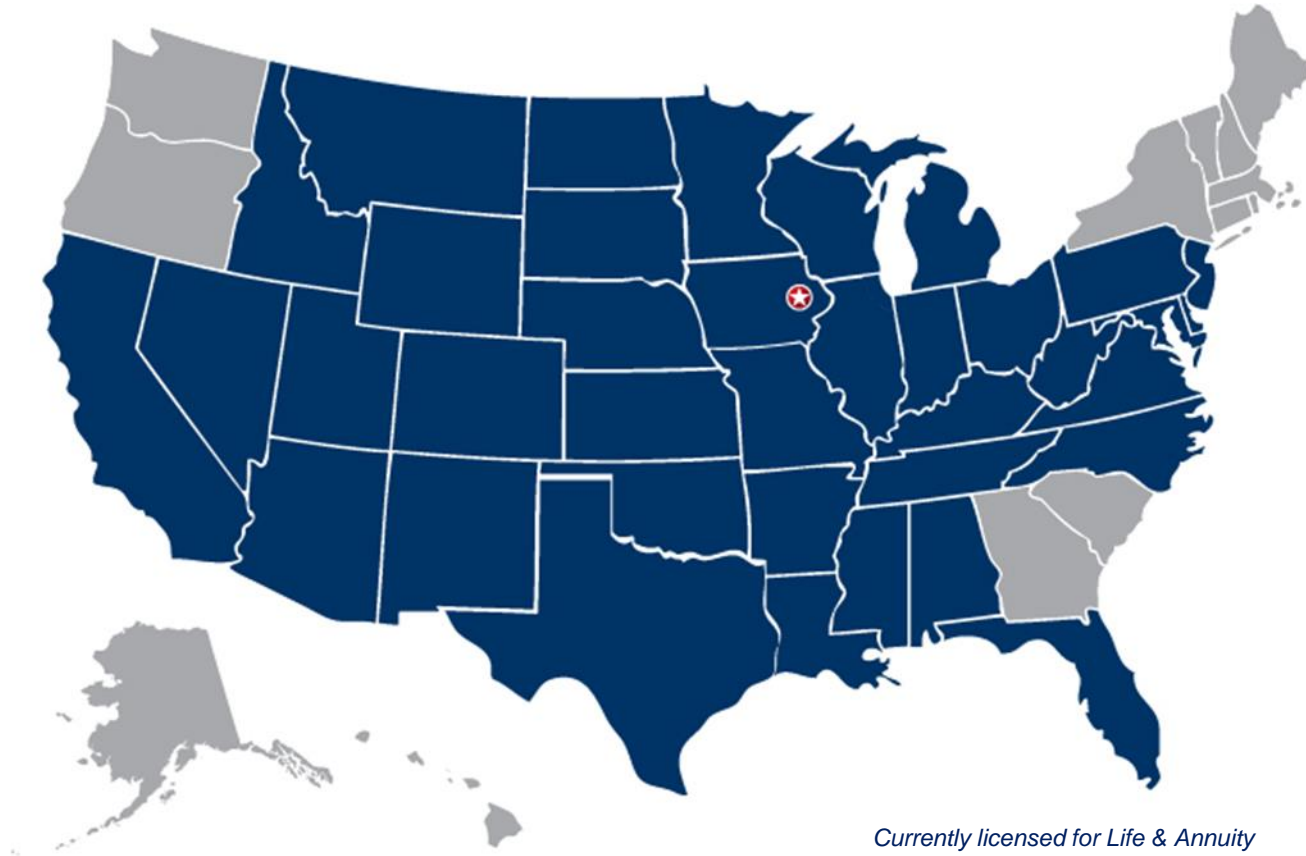
*Large losses are defined as losses greater than \$500 thousand before reinsurance recoveries

Life Business*

- Strong capitalization according to A.M. Best
- Lapse ratio of 4.7
- Net premiums earned decreased by 37.0% in Q4 2017 compared to Q4 2016 mainly due to a decline in sales of single premium whole life policies.
- Net income in Q4 2017 was \$734 thousand compared to a net loss of \$40 thousand in Q4 2016 and net income of \$6.2 million for the full year 2017 compared to \$0.8 million for the same period in 2016.

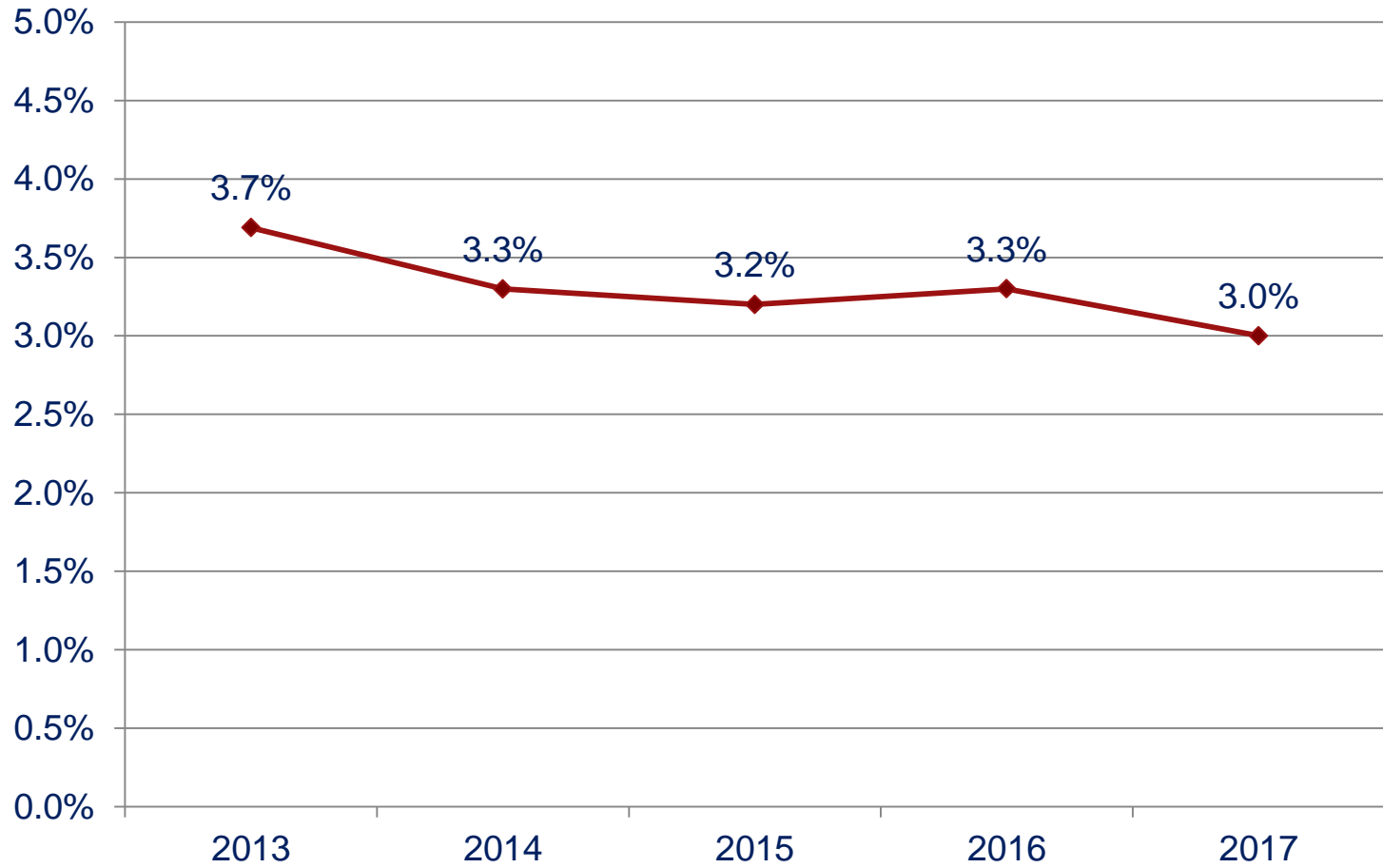
*On September 18, 2017, the Company signed a definitive agreement to sell its subsidiary United Life Insurance Company to Kuvare US Holdings. As a result, our life insurance business is presented as discontinued operations. The sale is expected to close in the first half of 2018, subject to customary conditions, including insurance department regulatory approval.

Discontinued Operations Geographic Footprint



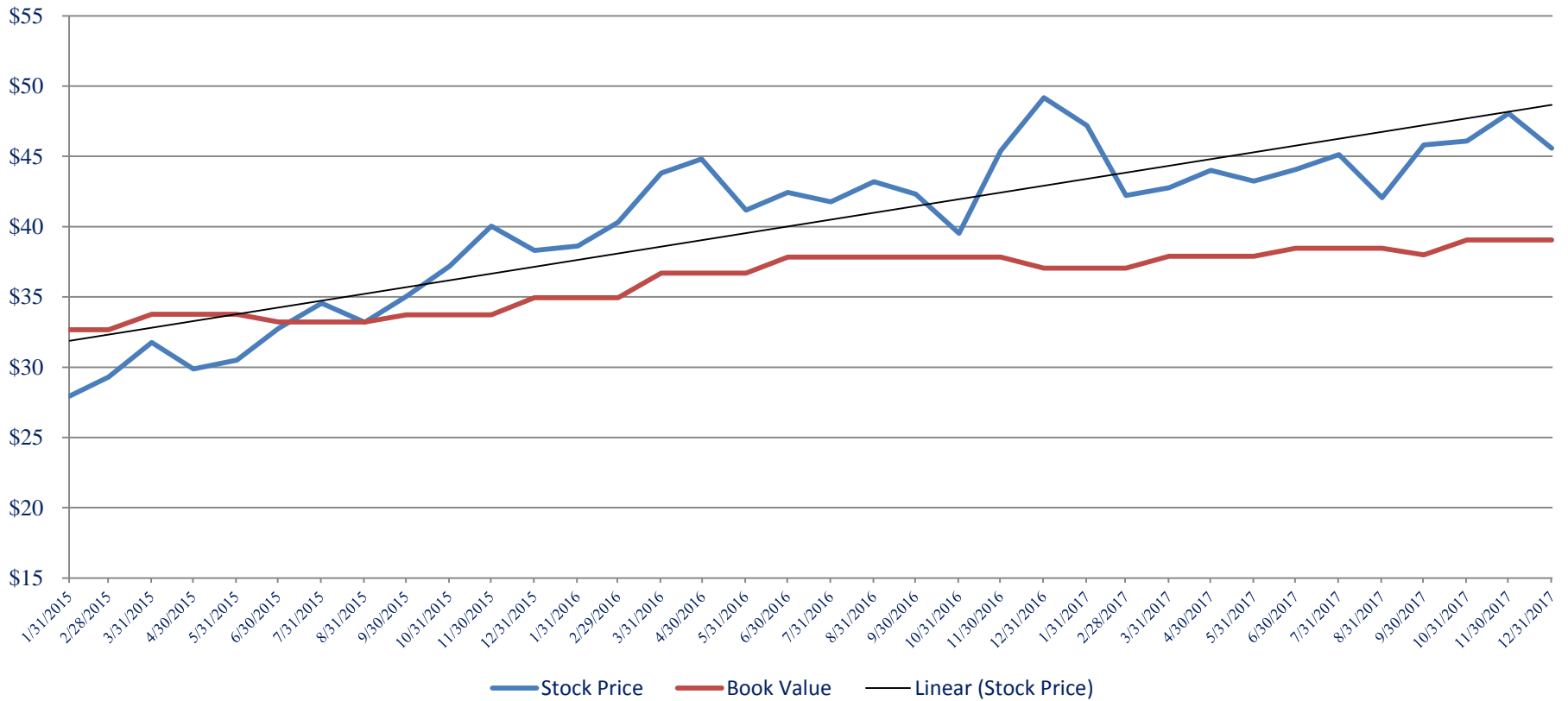
Currently licensed for Life & Annuity business in 37 states throughout the country which are shaded dark blue. United Life Insurance Company operates out of our Corporate Headquarters in Cedar Rapids, IA.

Consolidated Income Yield



NOTE: Total Invested Assets excludes Cash & Cash Equivalents.

UFCS Stock Price (1/31/2015 – 12/31/2017)



52 Week High: \$49.93 --- 52 Week Low: \$38.98



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.

