



2019 FIRST QUARTER EARNINGS CONFERENCE CALL

MAY 8, 2019

Financial Highlights – 1Q 2019

	<u>1Q2019</u>	<u>1Q2018</u>
Net Income per diluted share	\$ 1.74	\$ 1.80
Gain on sale of discontinued operations, net of tax	\$ -	\$ 1.07
After-tax net Realized Investment Gains (Losses)	\$ 0.83	(\$ 0.27)
Adjusted Operating Income per share	\$ 0.91	\$ 1.00
Catastrophe Losses per share	\$ 0.11	\$ 0.10
GAAP Combined Ratio	95.6%	93.5%
Book Value per Share	\$37.95	\$38.96
Return on Equity	19.3%	11.0%

Property and Casualty Business Highlights

■ Q1 2019 Results

- \$262M in net premiums earned in 1Q 2019– an increase of 7.0% over 1Q 2018 primarily due to rate increases
- Catastrophe losses added 1.4 percentage points to the combined ratio; lower than our historical 10-year average of 2.5 percentage points for 1st quarters and flat compared to 1Q 2018.
- Prior year favorable reserve development \$4.6M in 1Q 2019 compared to favorable reserve development of \$38.1M in 1Q 2018
 - Decrease driven by reserve strengthening in Gulf Coast region
- Core loss ratio improvement of 10.1 points after removing the impact of catastrophe losses and favorable reserve development

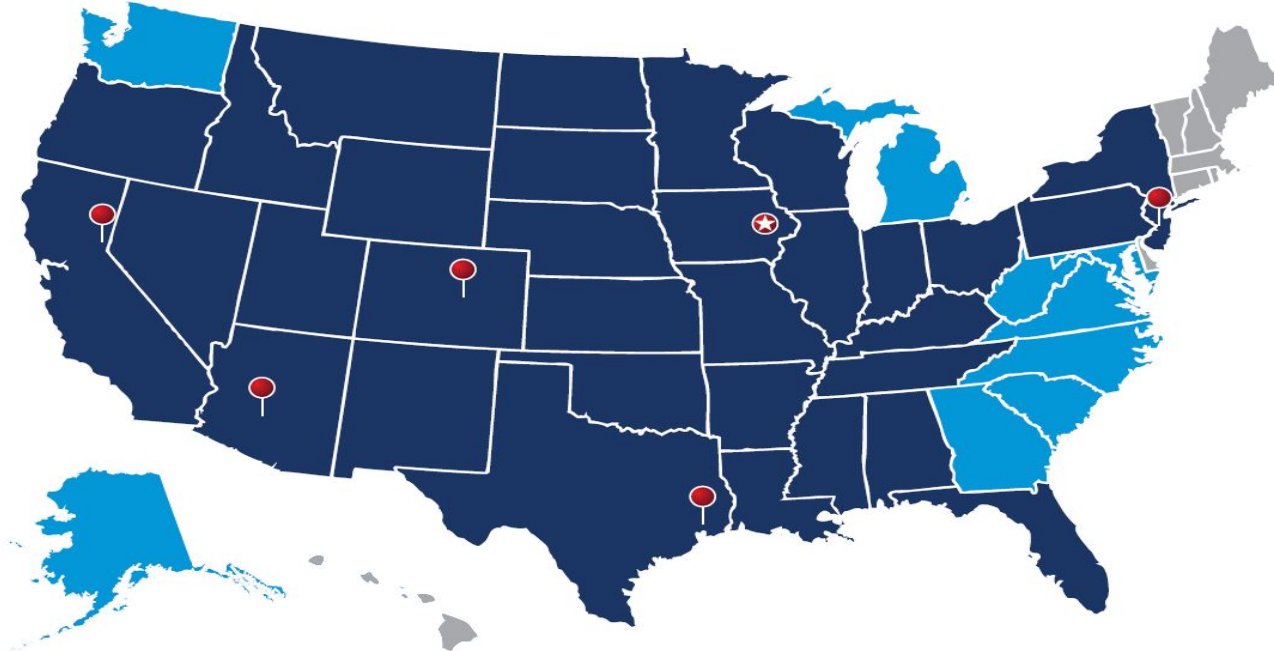
■ 2019 Strategies

- Focus on profitability
- Underwriting action on underperforming accounts
- Continue strategic initiatives with commercial automobile book of business
- Increased utilization of our Enterprise Analytics group and incorporate technical pricing into underwriting
- Claims initiatives by shorting cycle time, reduce claims costs and reduce impact of litigation
- Strategic initiatives in our West Coast operation

P & C Market Conditions

- **Commercial lines renewal rates increases averaged mid-single digits**
 - Renewal rate increases led by commercial auto
 - Commercial auto filed rate increases averaged in the low-double digits
- **Personal lines renewal rate increases** – averaged mid-single digit increases

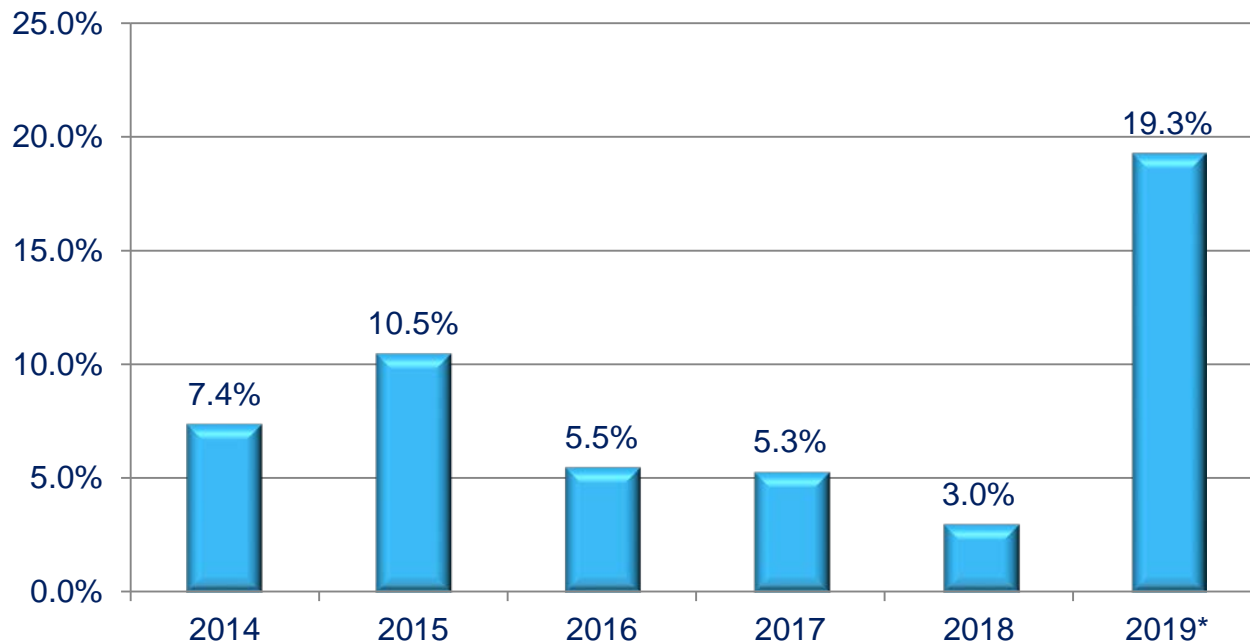
P & C Geographic Footprint



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



*First quarter 2019 annualized

Q1 2019 P & C Written Premium Change & Retention

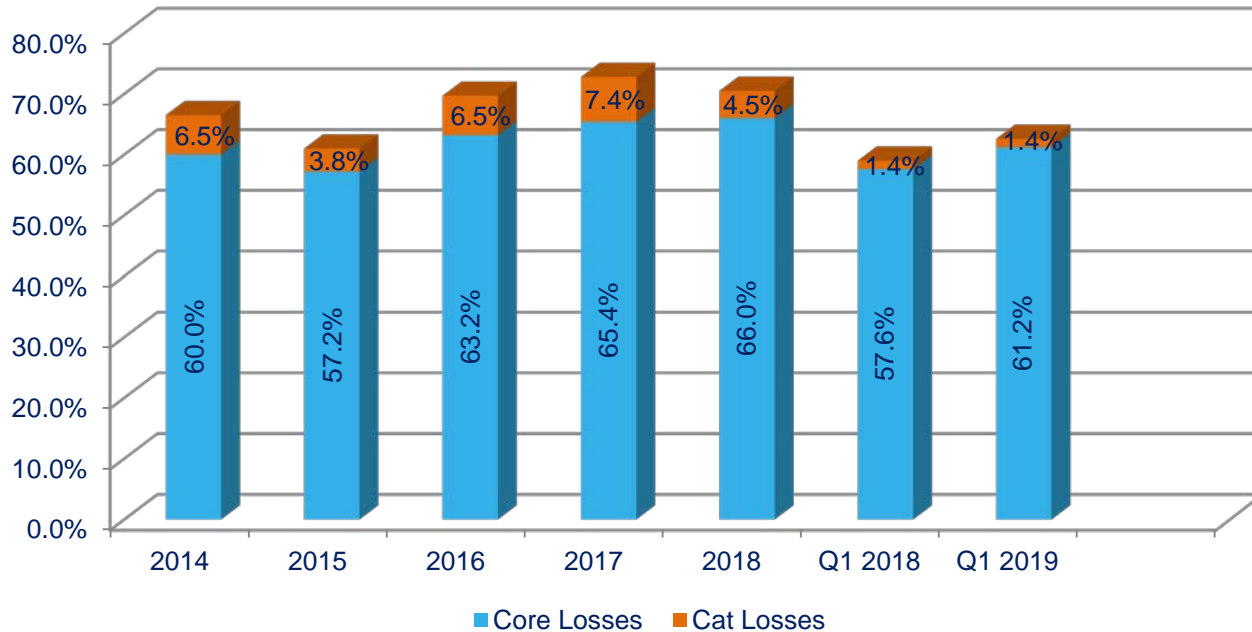
■ P & C Written premium change

- › Commercial lines 7.6%
- › Personal lines 1.8%
- › Group (all lines) 7.1%

■ P & C Retention

- › Premium retention 84.3%
- › Policy retention 81.3%

Core Loss Ratio vs. Catastrophe Losses

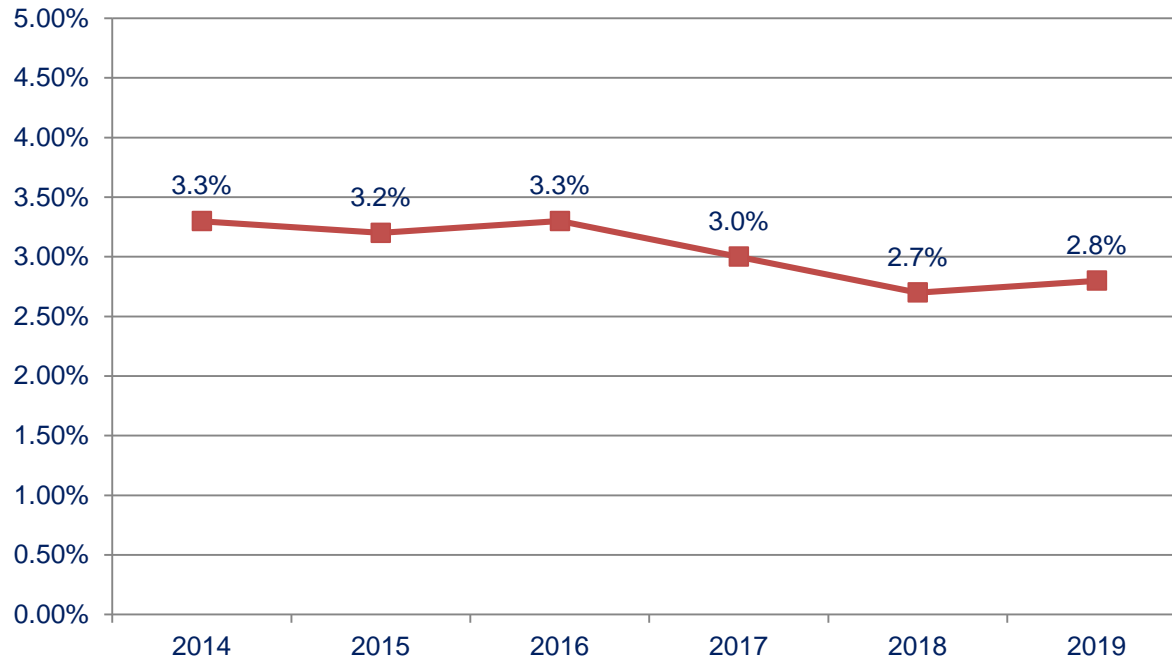


Cat losses in Q1 2019 added 1.4 percentage points to the loss ratio.

Adjusted Combined Ratio

Adjusted Combined Ratio	1Q2019	1Q2018
P&C Loss Ratio (as reported)	62.6%	59.0%
Impact of Catastrophes	-1.4%	-1.4%
Loss Ratio Ex-Catastrophes	61.2%	57.6%
Impact of Reserve Development	1.8%	15.5%
Loss Ratio Ex - CAT and Ex-Development	63.0%	73.1%
P&C Expense Ratio	33.0%	34.5%
<i>Adjusted Combined Ratio</i>	96.0%	107.6%

Consolidated Income Yield



NOTE: Total Invested Assets excludes Cash & Cash Equivalents

UFCS Stock Price (03/31/17 – 03/31/19)



52 Week High: \$61.56 --- 52 Week Low: \$40.86

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 *Forbes*' list of "America's 50 Most Trustworthy Financial Companies" for four consecutive years, beginning in 2014.
- Placed on July 2018 *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 2018 by *The Des Moines Register*.
- Named a Five-Star Carrier by *Insurance Business America* for 2018.
- Named one of Sandler O'Neill's 2016 Insurance Premium Players.

