



2019 THIRD QUARTER EARNINGS CONFERENCE CALL

NOVEMBER 6, 2019

Financial Highlights – 3Q 2019 & YTD 2019

	<u>3Q2019</u>	<u>3Q2018</u>	<u>YTD2019</u>	<u>YTD2018</u>
Net income (loss) per diluted share	\$ (0.09)	\$ 0.43	\$ 1.48	\$ 2.23
Gain on sale of discontinued operations, net of tax	\$ -	\$ -	\$ -	\$ 1.07
After-tax net realized investment gains	\$ 0.31	\$ 0.43	\$ 1.54	\$ 0.20
Adjusted operating income (loss) per share	\$ (0.40)	\$ 0.00	\$ (0.06)	\$ 0.96
Catastrophe losses per share	\$ 0.61	\$ 0.38	\$ 1.38	\$ 0.95
GAAP combined ratio	110.0%	105.5%	106.0%	102.5%
Book value per share			\$38.44	\$35.27
Return on equity			5.5%	7.3%

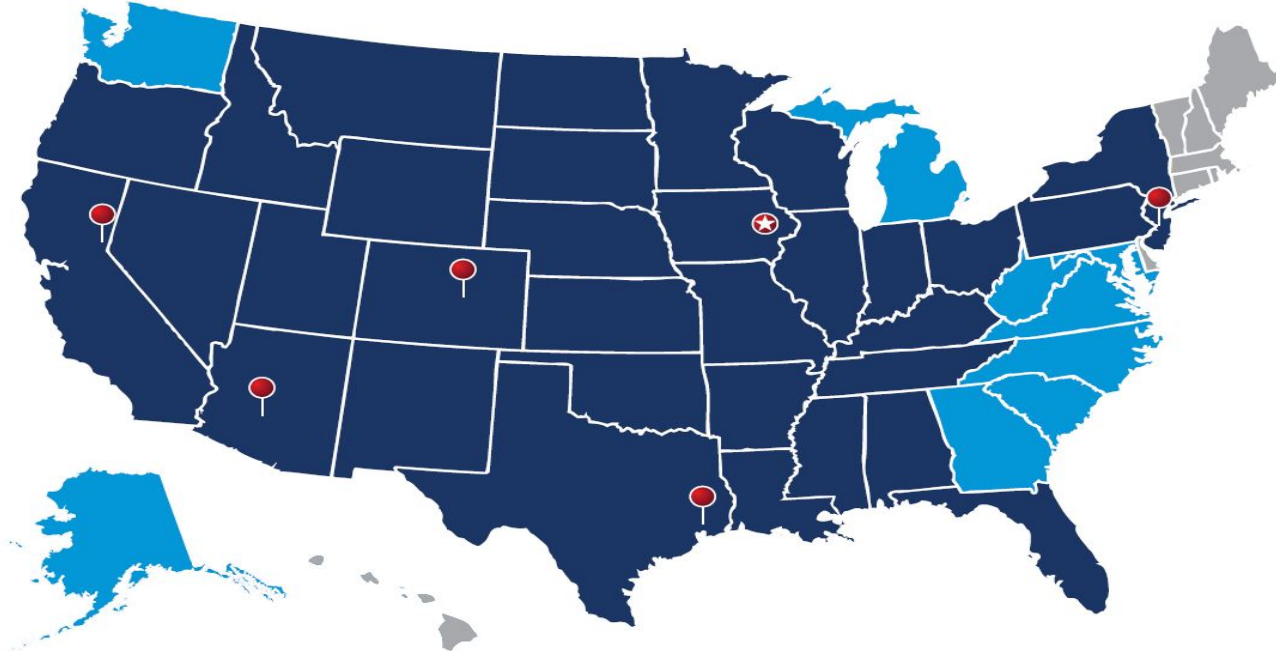
Property and Casualty Business Highlights

- **Q3 2019 Results**
 - \$275M in net premiums earned in 3Q 2019 – an increase of 3.9% over 3Q 2018 primarily due to rate increases
 - Catastrophe losses added 7.0 percentage points to the combined ratio; lower than our historical 10-year average of 7.3 percentage points for 3rd quarters and up 2.4 percentage points compared to 3Q 2018.
 - Prior year favorable reserve development \$5.5M in 3Q 2019 compared to unfavorable reserve development of \$0.7M in 3Q 2018
 - Favorable reserve development for the current quarter driven by workers' compensation offset by prior year reserve strengthening in commercial liability line of business.
 - Favorable reserve development year-to-date driven by reserve strengthening in the Gulf Coast region on commercial liability and commercial auto lines of business offset by favorable workers' compensation.
- **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

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 high-single digits
 - Commercial auto effective rate change in the low double-digits
- **Personal lines renewal rate increases** – averaged mid-single digit increases

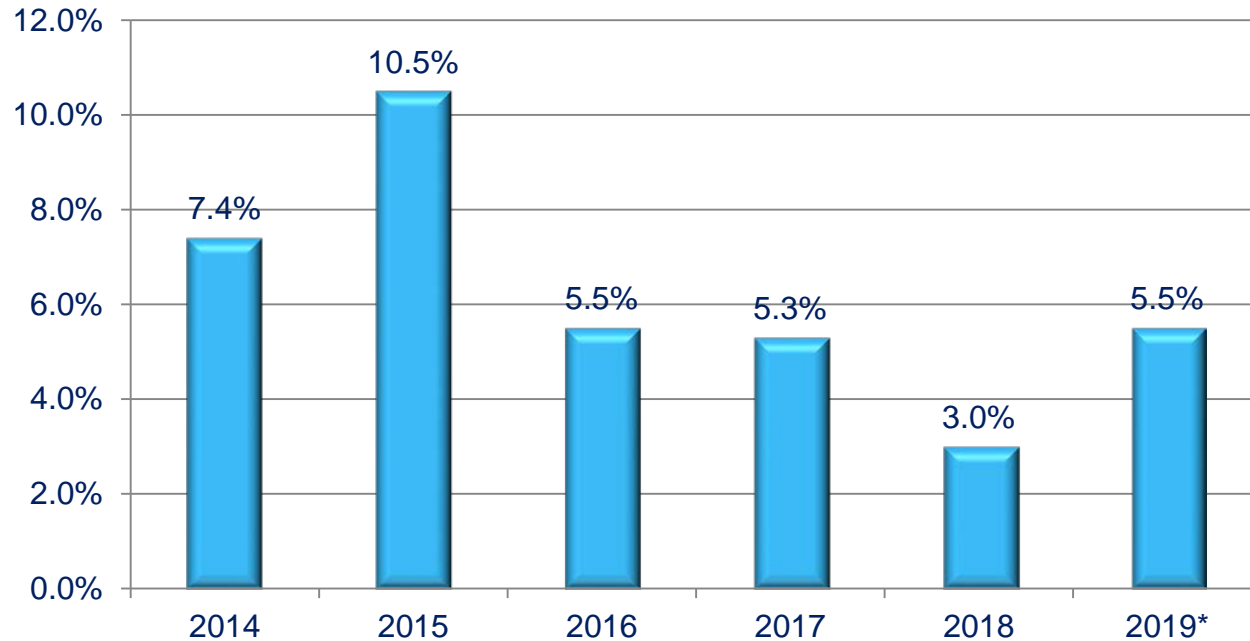
P & C Geographic Footprint



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



*Third quarter 2019 annualized

Q3 2019 P & C Written Premium Change & Retention

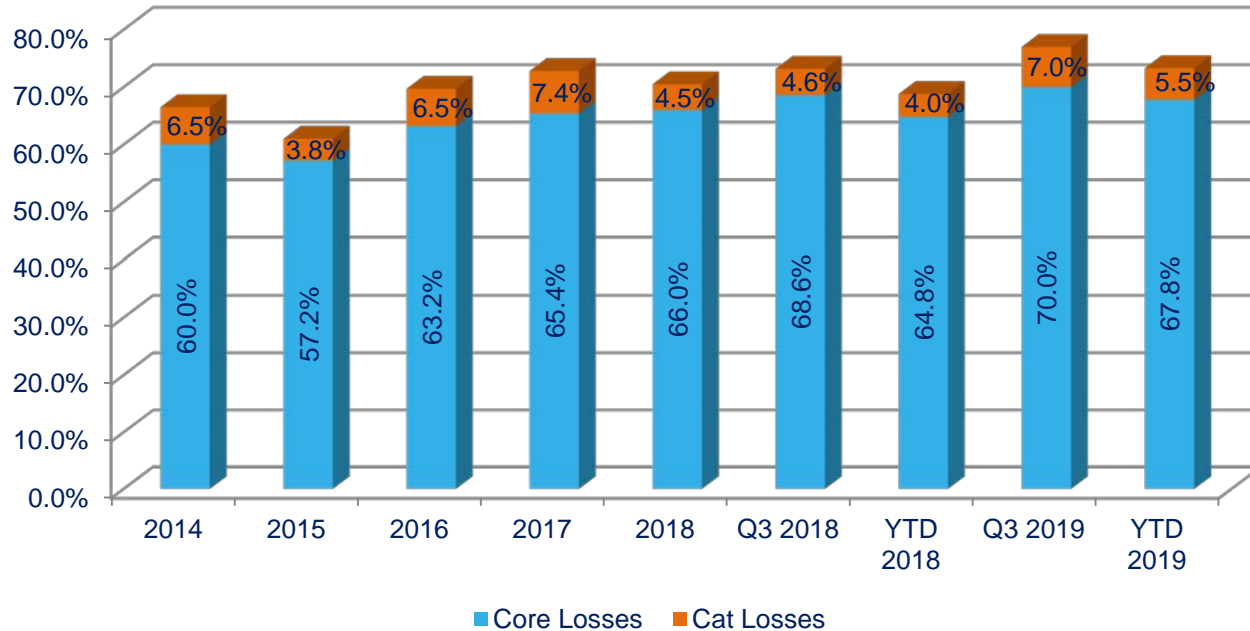
■ P & C Written premium change

‣ Commercial lines	4.0%
‣ Personal lines	2.0%
‣ Group (all lines)	3.7%

■ P & C Retention

‣ Premium retention	85.2%
‣ Policy retention	81.9%

Core Loss Ratio vs. Catastrophe Losses

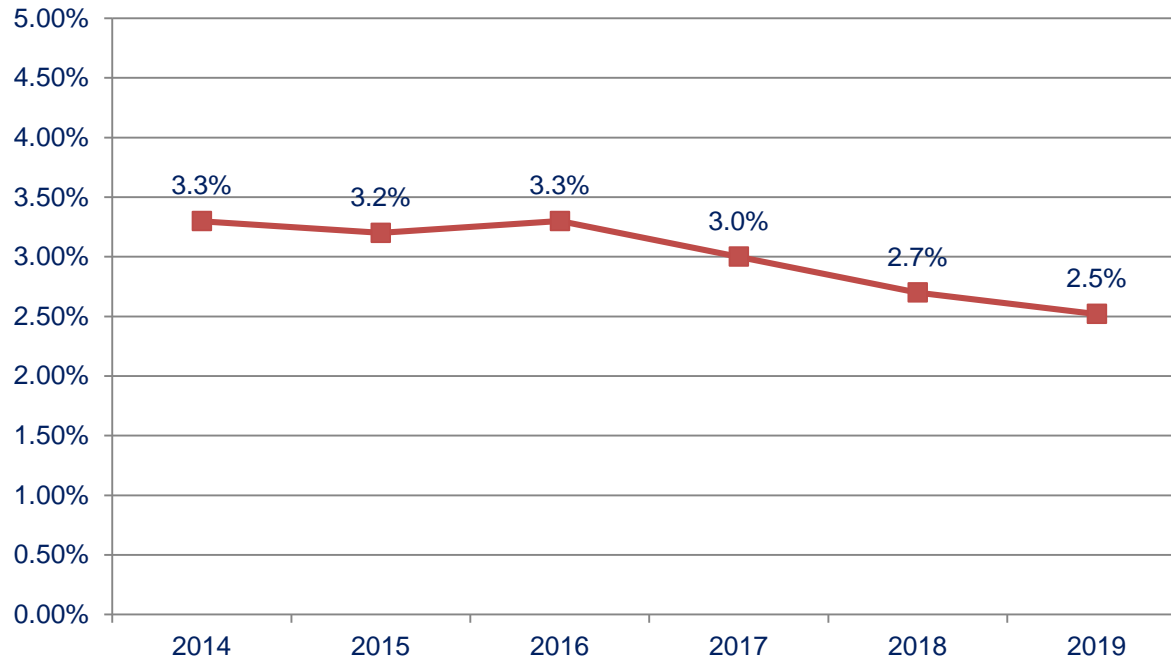


Cat losses in Q3 2019 added 7.0 percentage points to the loss ratio.

Adjusted Combined Ratio

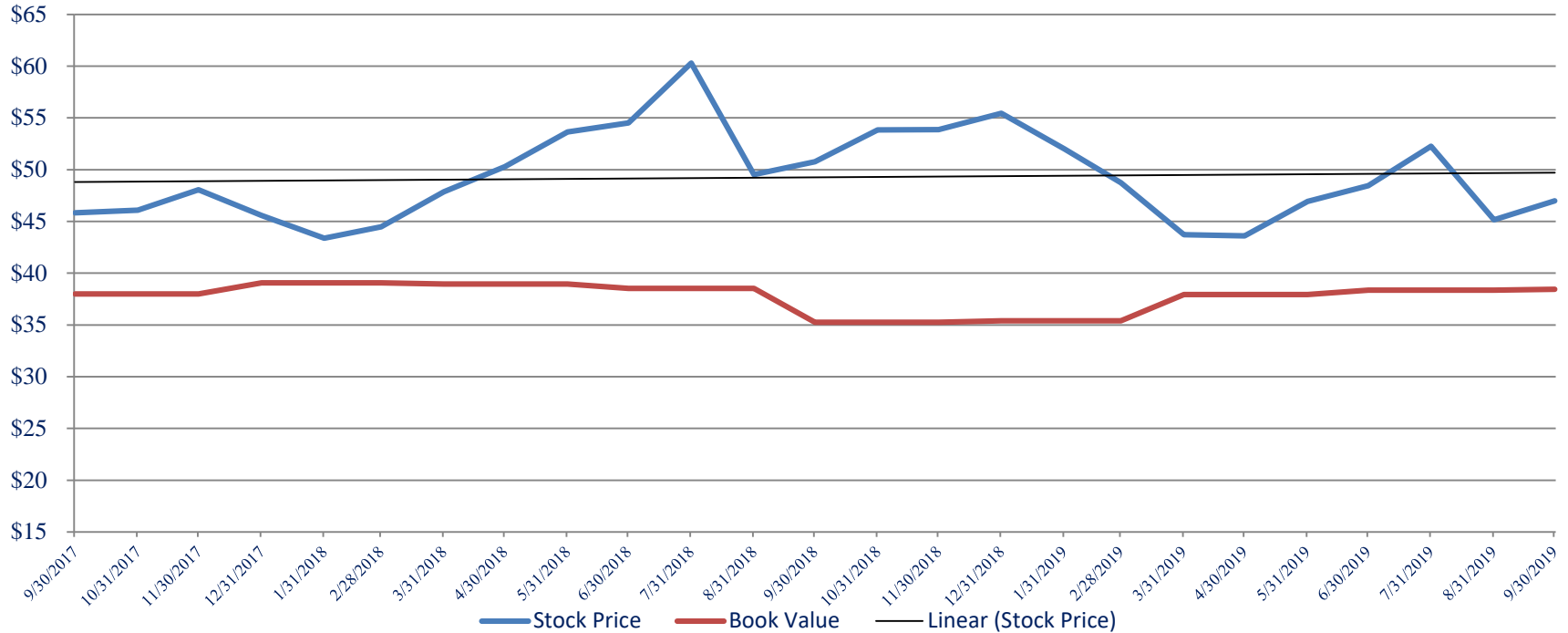
Adjusted Combined Ratio	3Q2019	3Q2018	2019 YTD	2018 YTD
P&C Loss Ratio (as reported)	77.0%	73.2%	73.3%	68.8%
Impact of Catastrophes	-7.0%	-4.6%	-5.5%	-4.0%
Loss Ratio Ex-Catastrophes	70.0%	68.6%	67.8%	64.8%
Impact of Reserve Development	2.0%	-0.3%	0.1%	6.2%
Loss Ratio Ex - CAT and Ex-Development	72.0%	68.3%	67.9%	71.0%
P&C Expense Ratio	33.0%	32.3%	32.7%	33.7%
<i>Adjusted Combined Ratio</i>	105.0%	100.6%	100.6%	104.7%

Consolidated Income Yield



NOTE: Total Invested Assets excludes Cash & Cash Equivalents

UFCS Stock Price (09/30/17 – 09/30/19)



52 Week High: \$56.21 --- 52 Week Low: \$40.86

Recognition

- Rated A (Excellent) by A.M. Best Company.
- United Fire & Casualty Co. has been named a Super Regional Property/Casualty Insurer™ every year since 2006 by *Insurance Journal* magazine.
- Placed on July 2019 *Best's Review* list of Top 200 U.S. Property/Casualty Writers.
- Named a Five-Star Carrier by *Insurance Business America* for 2019.
- Named one of Sandler O'Neill's 2016 Insurance Premium Players.

