



2020 THIRD QUARTER EARNINGS CONFERENCE CALL

NOVEMBER 4, 2020

Financial Highlights – 3Q 2020

	<u>3Q2020</u>	<u>3Q2019</u>	<u>YTD2020</u>	<u>YTD2019</u>
Net income (loss) per diluted share	\$ (1.49)	\$ (0.09)	\$ (4.15)	\$ 1.48
After-tax net realized investment gains (losses)	\$ 0.48	\$ 0.31	\$ (1.97)	\$ 1.54
Goodwill impairment	\$ (0.60)	\$ 0.00	\$ (0.60)	\$ 0.00
Adjusted operating income (loss) per share	\$ (1.37)	\$ (0.40)	\$ (1.58)	\$ (0.06)
Catastrophe losses per share	\$ 1.75	\$ 0.61	\$ 3.83	\$ 1.38
GAAP combined ratio	124.4%	110.0%	113.5%	106.0%
Book value per share			\$32.77	\$38.44
Return on equity			(16.0%)	5.5%

Property and Casualty Business Highlights

■ Q3 2020 Results

- \$259.1M in net premiums earned in 3Q 2020— a decrease of 5.8% over 3Q 2019 primarily due to strategic plan in non-renewal of underperforming accounts in commercial auto line of business. We also paid \$9.0 million of reinstatement premium as a result of the August Midwest derecho catastrophe exceeding the reinsurance contract stated retention.
- Catastrophe losses added 21.4 percentage points to the combined ratio; higher than our historical 10-year average of 8.9 percentage points for 3rd quarters. The increase is primarily from 25 events in 3Q 2020 with the most notable losses being the August Midwest derecho and Hurricane Laura.
- Prior year favorable reserve development \$6.3M in 3Q 2020 compared to favorable reserve development of \$5.5M in 3Q 2019
 - Favorable reserve development for the current quarter came primarily from favorable development in workers' compensation and commercial liability lines of business.
- Impact from COVID-19 pandemic on operations is manageable. Nearly all of the policies we have issued contain contract language which specifically excludes business interruption coverage losses attributable to viruses such as COVID-19 pandemic.

Property and Casualty Business

2020 Strategies

- Strategy to improve profitability includes underwriting initiatives, claims initiatives, analytics initiatives, portfolio management initiatives and innovation initiatives.
- Portfolio management initiatives include diversifying book of business and targeting attractive markets and products.
 - Includes reducing size of commercial auto book by non renewing underperforming accounts and reducing the number of commercial auto exposure units.
- Underwriting initiatives include rate increases and focusing on consistency across regional branches.
- Claims initiatives include shorting cycle time, reducing legal expenses and the impact of litigation.

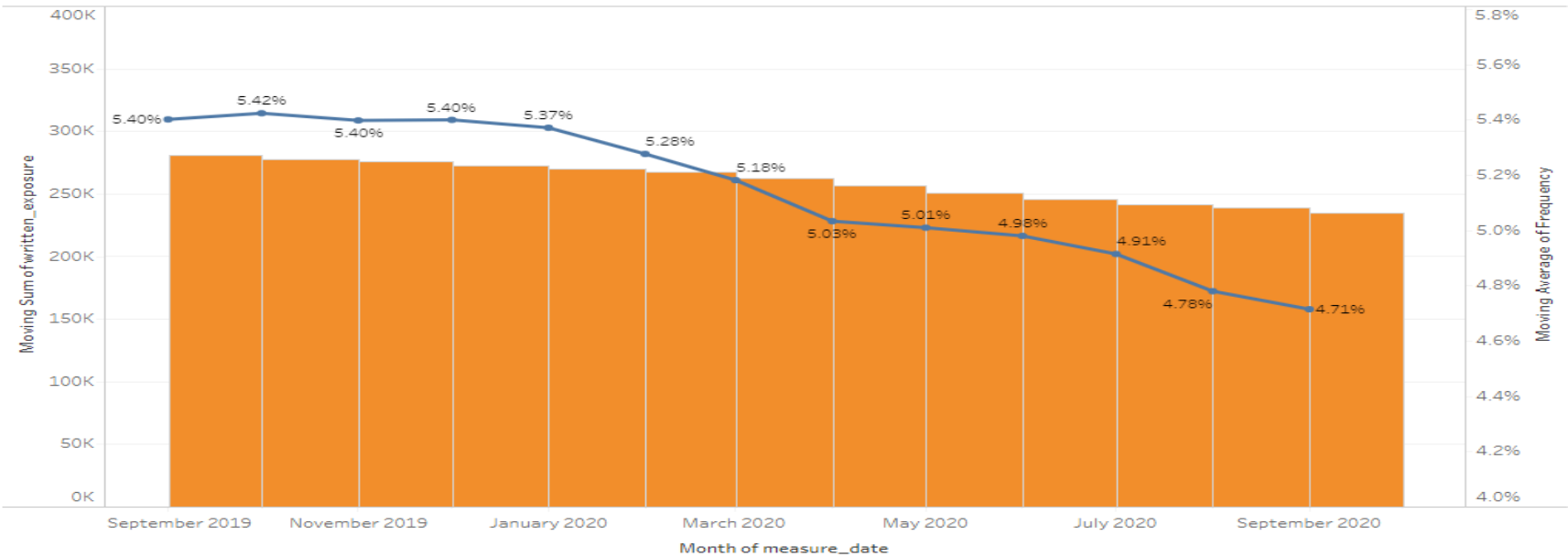
P & C Market Conditions

- **Average renewal rates increases:**
 - Renewal rate increases led by commercial auto and commercial property
 - Commercial auto average renewal rate increase remained in the low double-digits at 11.5%
 - Commercial property average renewal rate increase was 5.8%, remaining in the mid-single digits.

Commercial Auto Moving Average Frequency and Exposure Units

Frequency down 13%

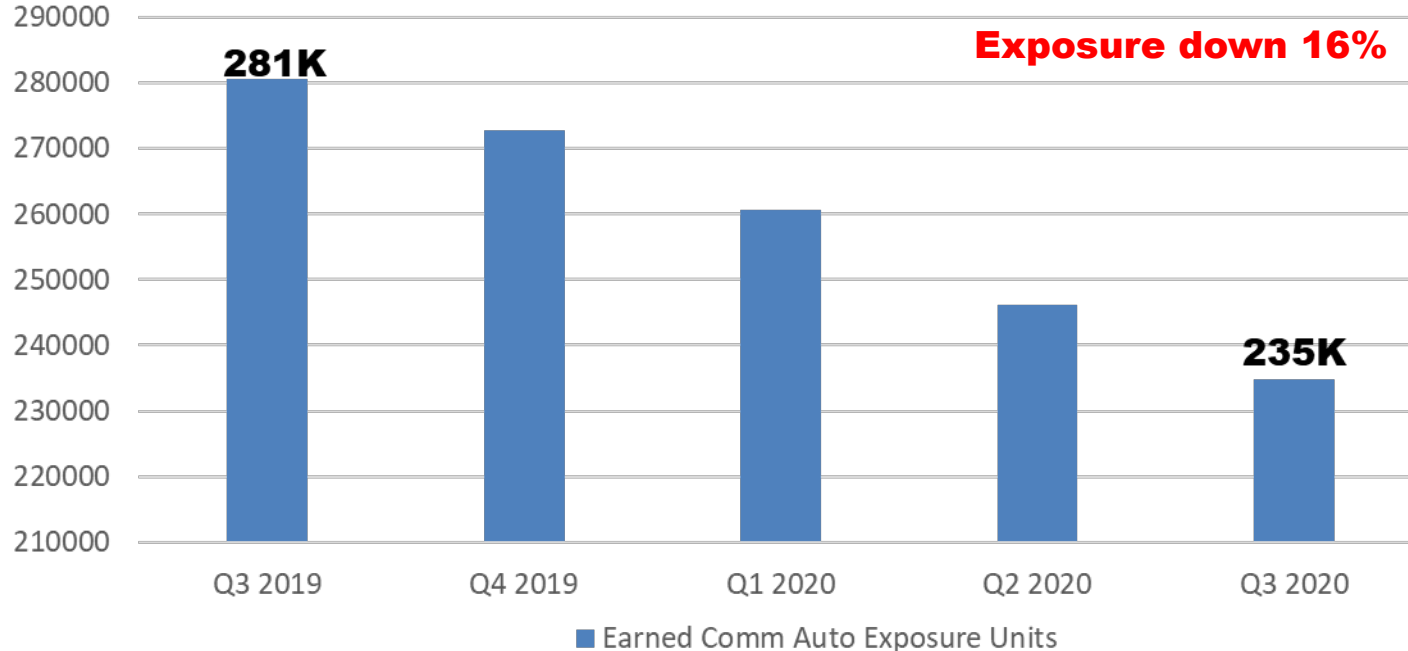
Exposure & Frequency MMA



■ Moving Average of Claims Frequency

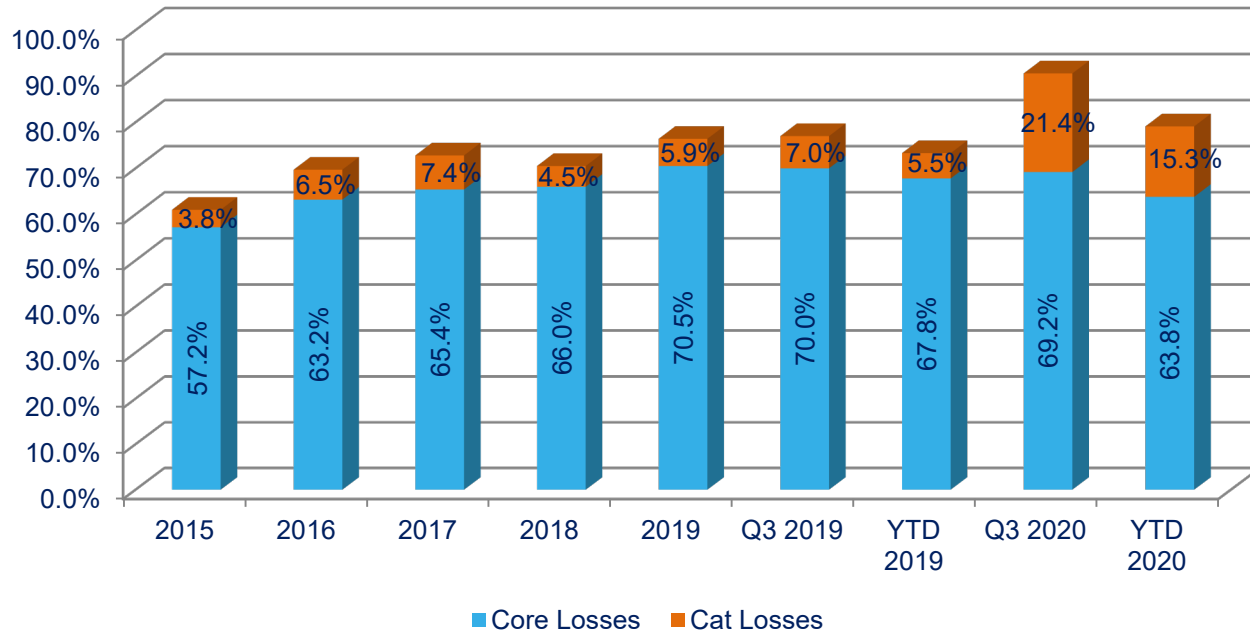
■ Moving Average of Exposure Units

Commercial Auto Exposure – by Quarter



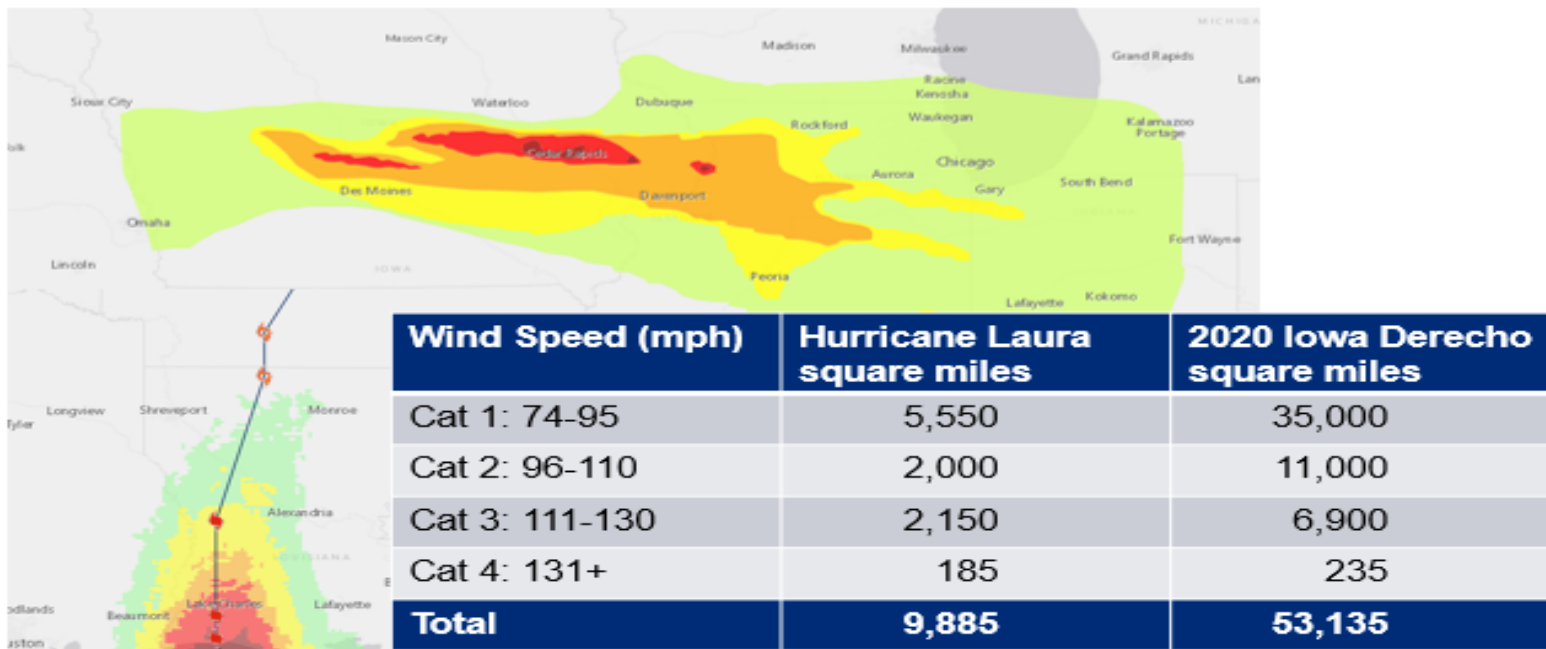
Note: Bars represent a rolling 12 month view of written exposure.

Core Loss Ratio vs. Catastrophe Losses



Cat losses in Q3 2020 added 21.4 percentage points to the loss ratio.

2020 Iowa Derecho (gusts) vs. Cat 4 Hurricane Laura (sustained) Geographic Area Comparison

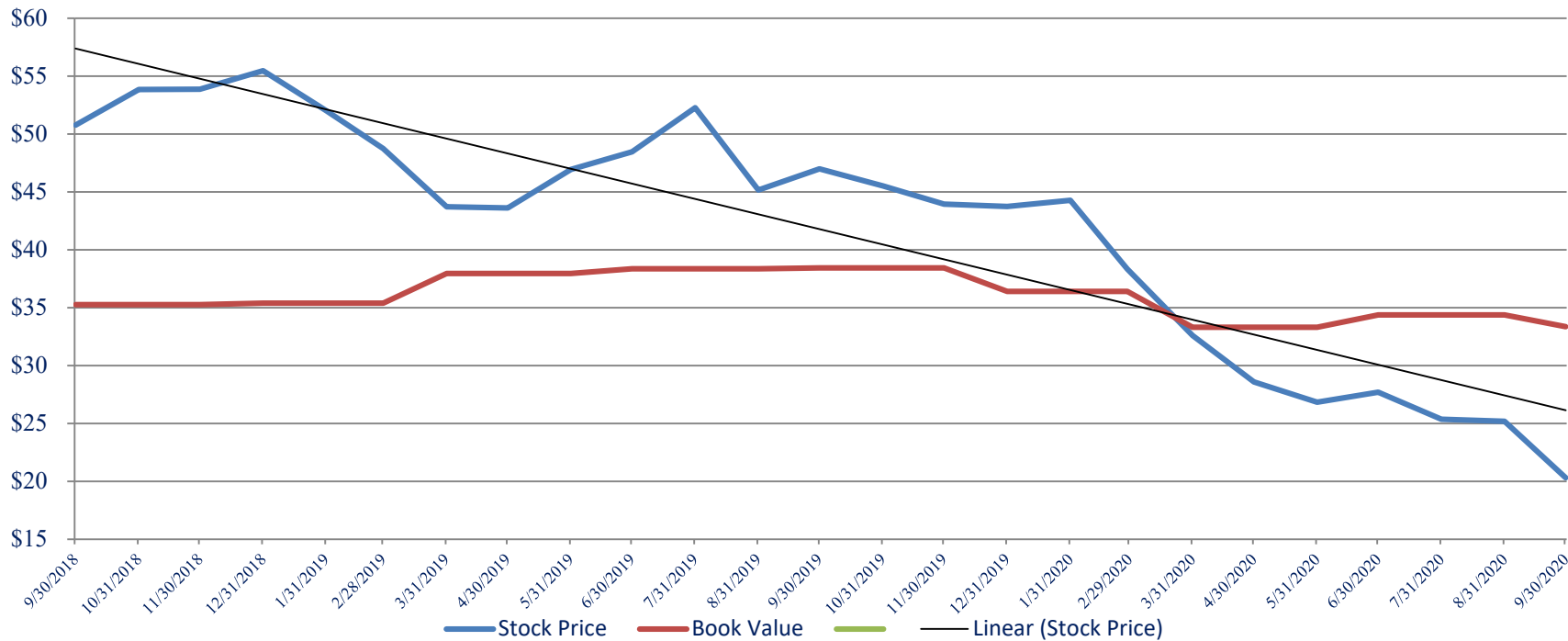


Note: Wind speeds are sustained for Hurricane Laura and peak gust for the Iowa Derecho. The Iowa derecho footprint highlights the extent of severe peak wind gusts based on storm reports and damage surveys.

Adjusted Combined Ratio

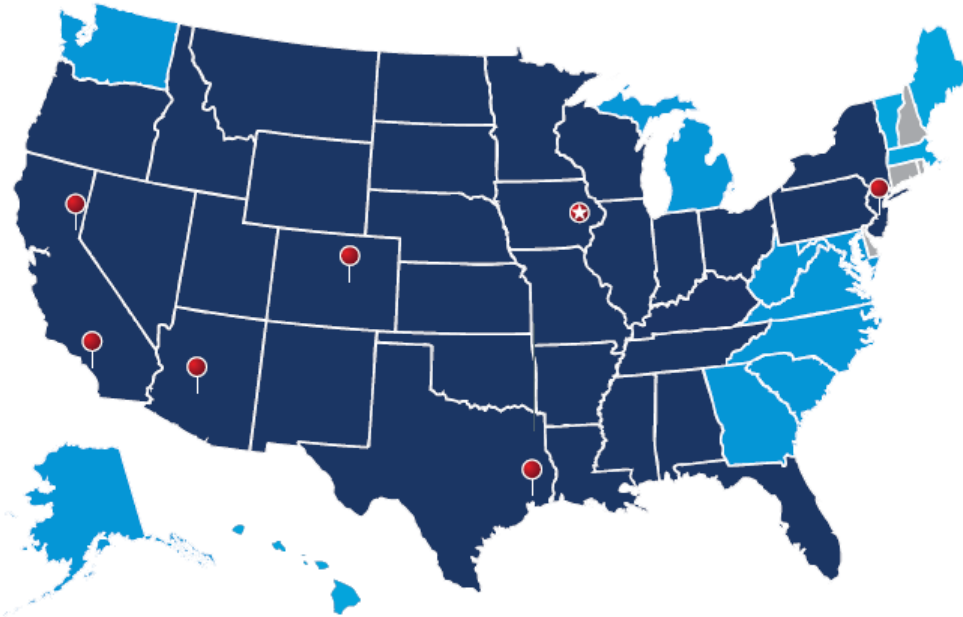
Adjusted Combined Ratio	3Q2020	3Q2019	2020 YTD	2019 YTD
P&C Loss Ratio (as reported)	90.6%	77.0%	79.1%	73.3%
Impact of Catastrophes	-21.4%	-7.0%	-15.3%	-5.5%
Loss Ratio Ex-Catastrophes	69.2%	70.0%	63.8%	67.8%
Impact of Reserve Development	2.4%	2.0%	3.8%	0.1%
Loss Ratio Ex - CAT and Ex-Development	71.6%	72.0%	67.6%	67.9%
P&C Expense Ratio	33.8%	33.0%	34.4%	32.7%
<i>Adjusted Combined Ratio</i>	105.4%	105.0%	102.0%	100.6%

UFCS Stock Price (09/30/18 – 09/30/20)



52 Week High: \$47.06 --- 52 Week Low: \$19.47

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.

Headquartered in Cedar Rapids, Iowa, we are represented by independent agents throughout the country in 48 states, plus the District of Columbia. The states shaded light blue, plus the District of Columbia, are currently licensed and able to write surety bonds only.

Recognition

- Rated A (Excellent) by A.M. Best Company in December 2019 for the 26th consecutive year.
- United Fire & Casualty Co. has been named a Super Regional Property/Casualty Insurer™ every year since 2007 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* in 2019.
- Named to *Business Insurance's* Annual Best Places to Work in Insurance list in 2019.

