



2020 FIRST QUARTER EARNINGS CONFERENCE CALL

MAY 6, 2020

Financial Highlights – 1Q 2020

	<u>1Q2020</u>	<u>1Q2019</u>
Net income (loss) per diluted share	\$ (2.90)	\$ 1.74
After-tax net realized investment gains(losses)per share	\$ (2.95)	\$ 0.83
Adjusted operating income per share	\$ 0.05	\$ 0.91
Catastrophe losses per share	\$ 0.48	\$ 0.11
GAAP combined ratio	105.2%	95.6%
Book value per share	\$ 33.30	\$ 37.95
Return on equity	(33.3)%	19.3%

Property and Casualty Business Highlights

■ Q1 2020 Results

- \$268.8M in net premiums earned in 1Q 2020– an increase of 2.5% over 1Q 2019 primarily due to rate increases
- Catastrophe losses added 5.7 percentage points to the combined ratio; higher than our historical 10-year average of 2.9 percentage points for 1st quarters. The increase is primarily from two events in the 1Q 2020.
- The increase in losses and loss settlement expenses in 1Q 2020 compared to 1Q 2019 was primarily driven by an increase in severity of catastrophe and non-catastrophe losses in other liability, commercial fire and allied and workers' compensation lines of business.
- Prior year favorable reserve development \$13.7M in 1Q 2020 compared to favorable reserve development of \$4.6M in 1Q 2019
 - Favorable reserve development for the current quarter came primarily from favorable development in workers' compensation and commercial fire and allied lines of business, partially offset by other liability lines of 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

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

Q1 2020 P & C Written Premium Change & Retention

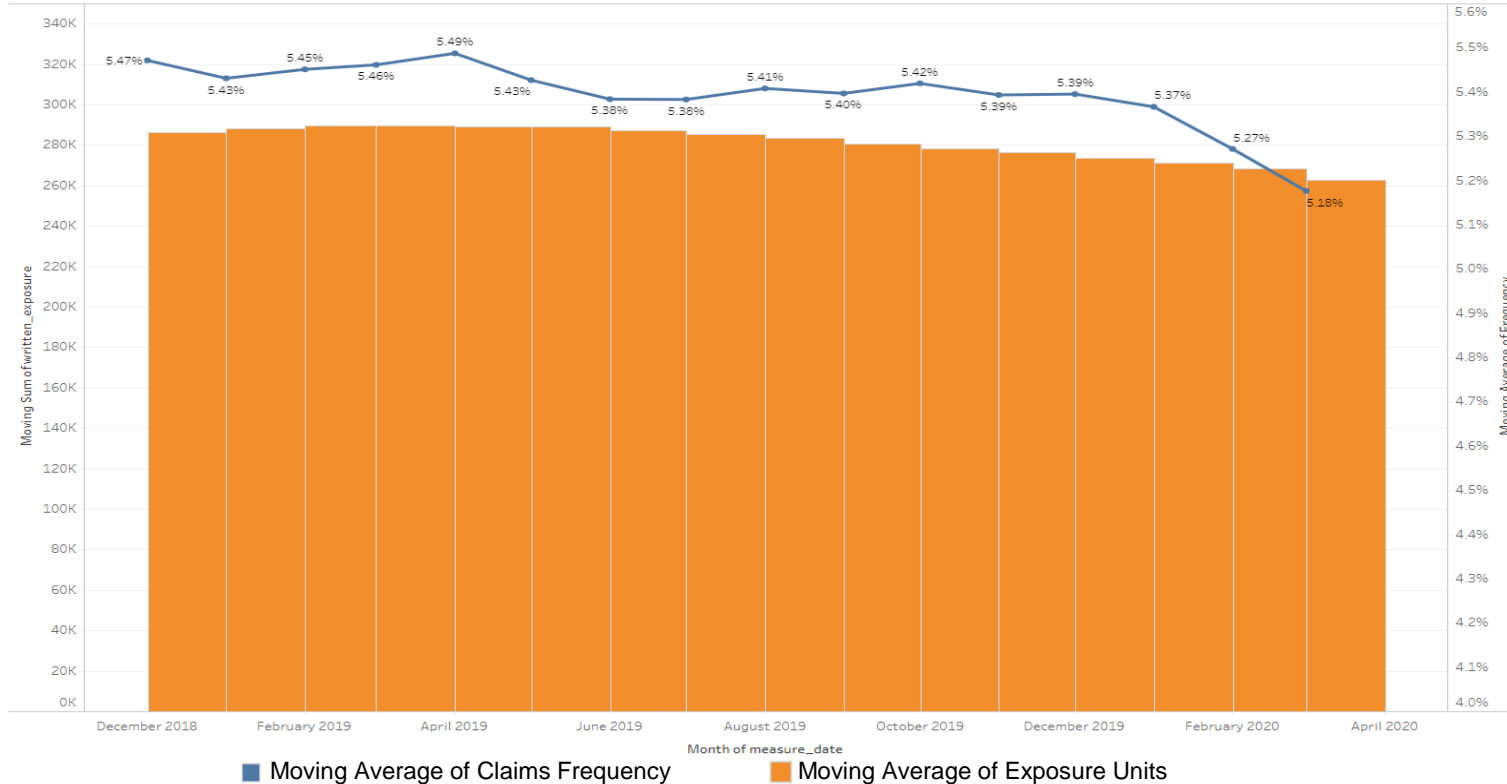
■ P & C Written premium change

‣ Commercial lines	1.2%
‣ Personal lines	(4.2%)
‣ Group (all lines)	1.2%

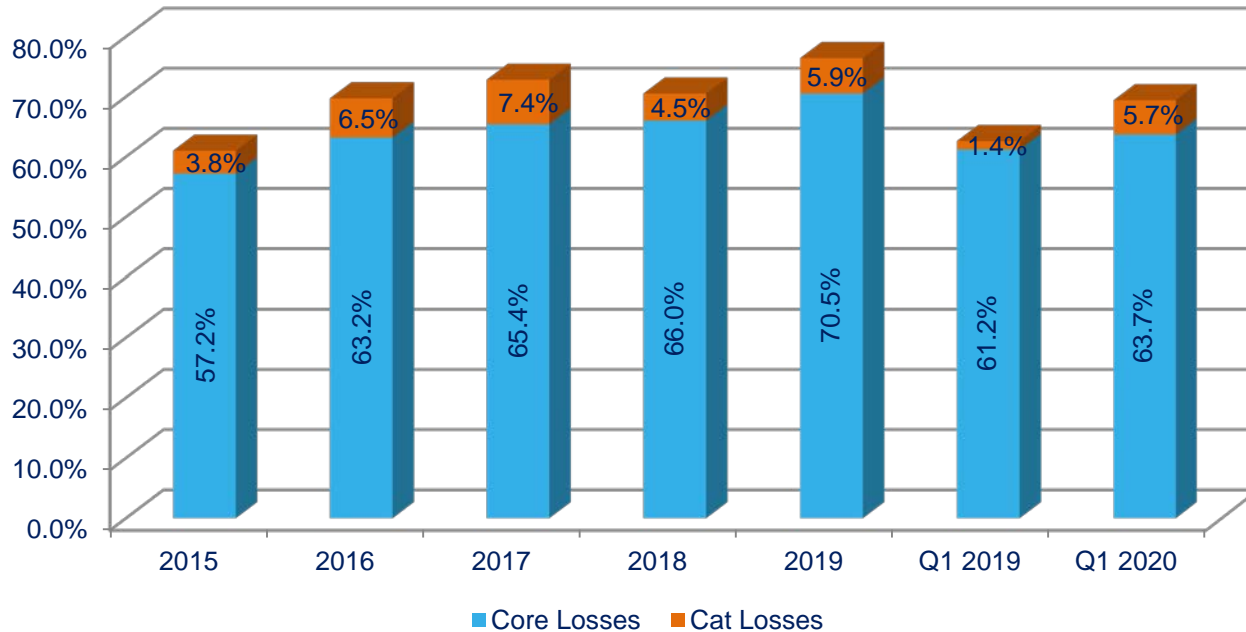
■ P & C Retention

‣ Premium retention	81.9%
‣ Policy retention	80.6%

Commercial Auto Moving Average Frequency and Exposure Units



Core Loss Ratio vs. Catastrophe Losses

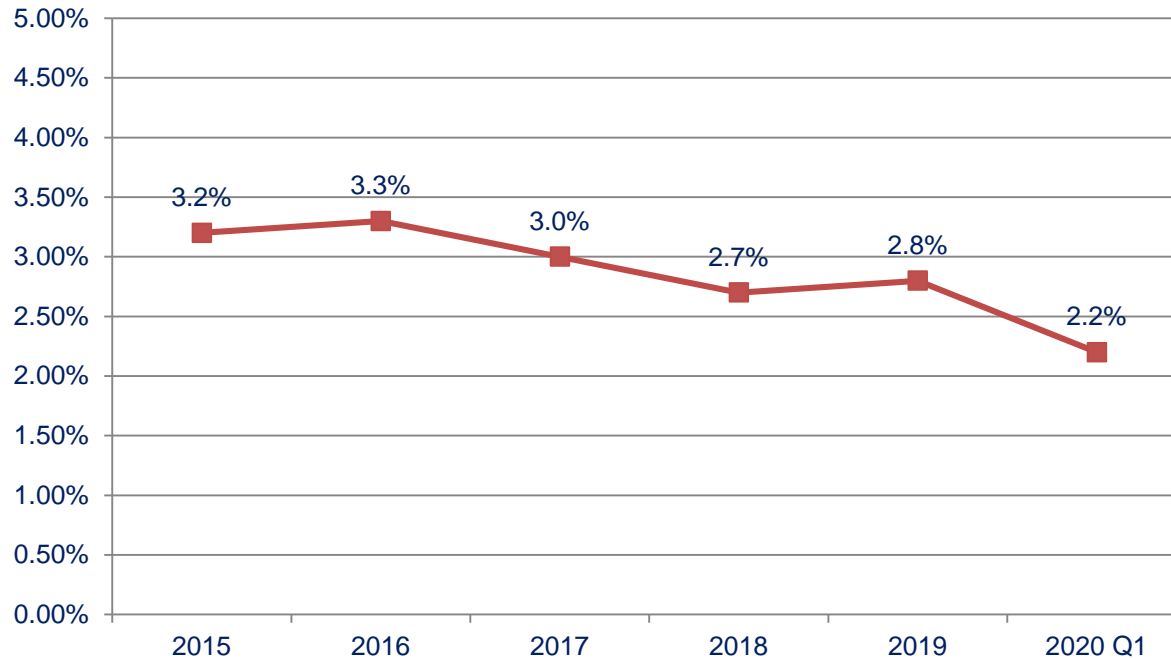


Cat losses in Q1 2020 added 5.7 percentage points to the loss ratio.

Adjusted Combined Ratio

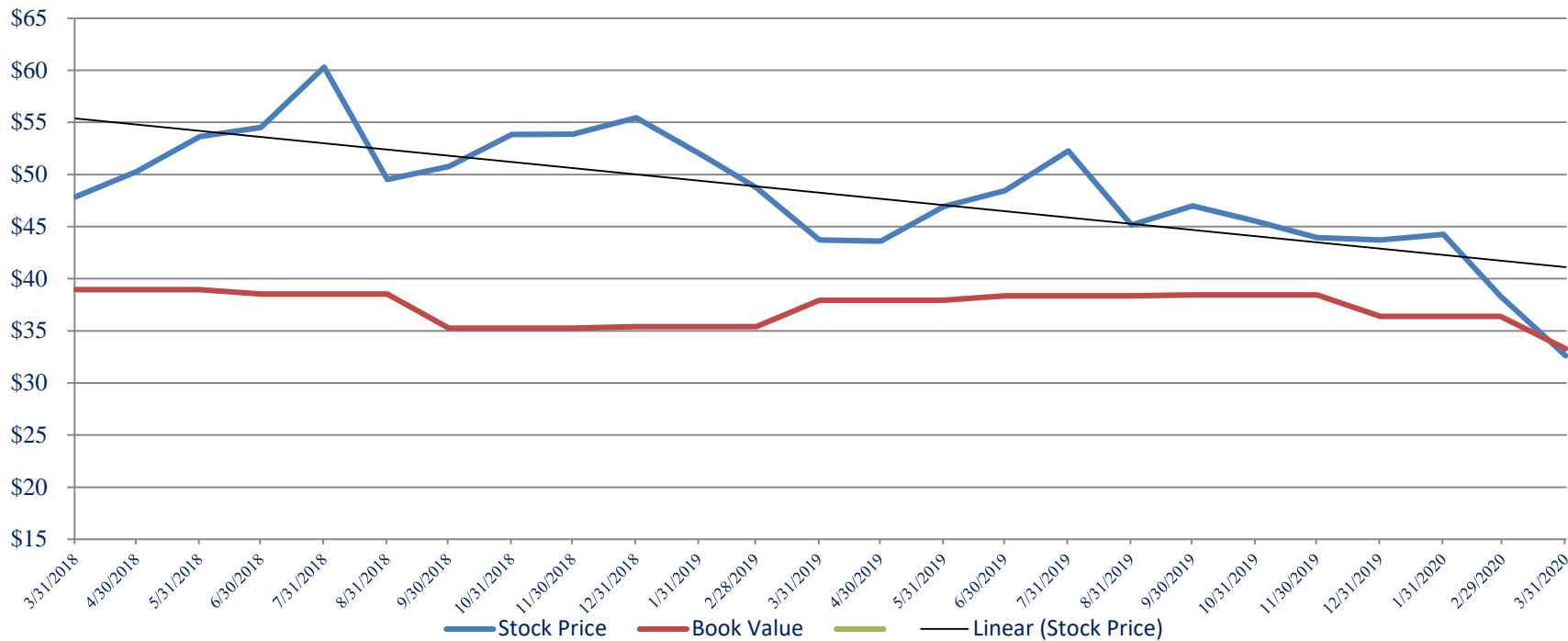
Adjusted Combined Ratio	1Q2020	1Q2019
P&C Loss Ratio (as reported)	69.4%	62.6%
Impact of Catastrophes	-5.7%	-1.4%
Loss Ratio Ex-Catastrophes	63.7%	61.2%
Impact of Reserve Development	5.1%	1.8%
Loss Ratio Ex - CAT and Ex-Development	68.8%	63.0%
P&C Expense Ratio	35.8%	33.0%
<i>Adjusted Combined Ratio</i>	104.6%	96.0%

Consolidated Income Yield



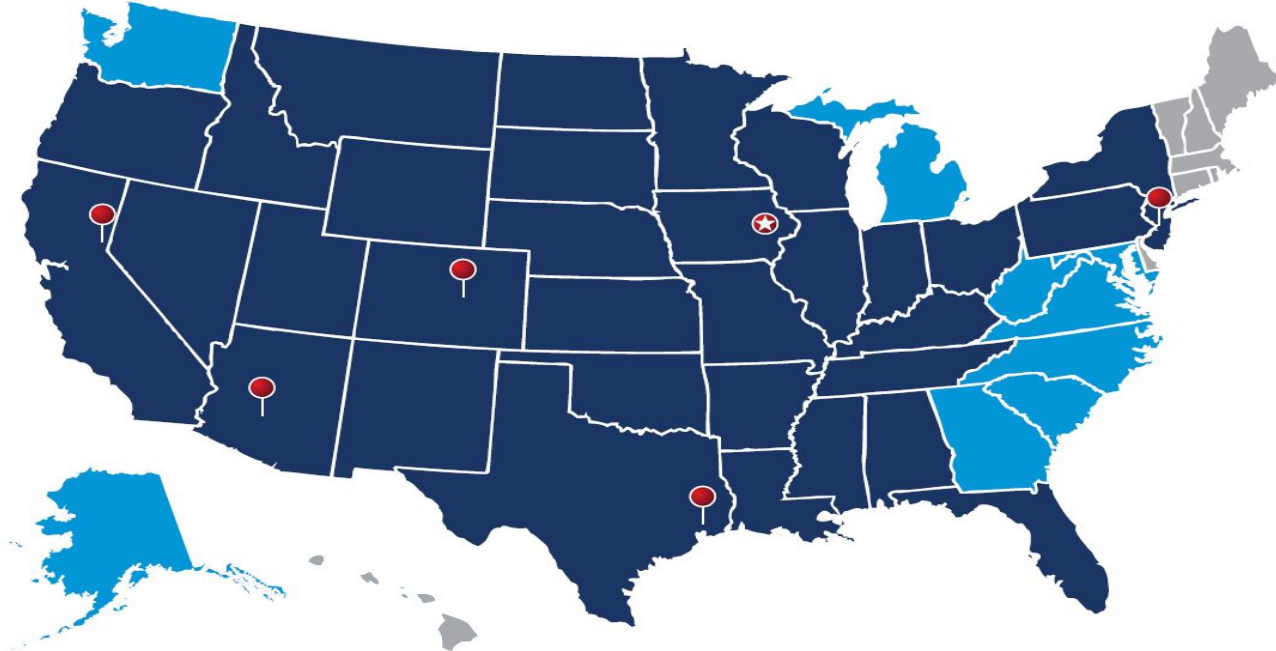
NOTE: Total Invested Assets excludes Cash & Cash Equivalents

UFCS Stock Price (03/31/18 – 03/31/20)



52 Week High: \$53.68 --- 52 Week Low: \$25.00

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.

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 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.
- *Business Insurance*, an industry news and information source, has named UFG in its annual list of Best Places to Work in Insurance

