



# 2019 SECOND QUARTER EARNINGS CONFERENCE CALL

**AUGUST 7, 2019**

## Financial Highlights – 2Q 2019 & YTD 2019

	<u>2Q2019</u>	<u>2Q2018</u>	<u>YTD2019</u>	<u>YTD2018</u>
Net income (loss) per diluted share	\$ (0.17)	\$ 0.01	\$ 1.57	\$ 1.80
Gain on sale of discontinued operations, net of tax	\$ -	\$ -	\$ -	\$ 1.07
After-tax net realized investment gains (losses)	\$ 0.42	\$ 0.04	\$ 1.24	\$ (0.23)
Adjusted operating income (loss) per share	\$ (0.59)	\$ (0.03)	\$ 0.33	\$ 0.96
Catastrophe losses per share	\$ 0.69	\$ 0.47	\$ 0.79	\$ 0.57
GAAP combined ratio	111.7%	107.9%	103.9%	100.9%
Book value per share			\$38.36	\$38.52
Return on equity			8.7%	6.9%

# Property and Casualty Business Highlights

## ■ Q2 2019 Results

- \$276M in net premiums earned in 2Q 2019 – an increase of 7.6% over 2Q 2018 primarily due to rate increases
- Catastrophe losses added 8.0 percentage points to the combined ratio; lower than our historical 10-year average of 10.9 percentage points for 2<sup>nd</sup> quarters and up 2.1 percentage points compared to 2Q 2018.
- Prior year unfavorable reserve development \$9.4M in 2Q 2019 compared to favorable reserve development of \$10.3M in 2Q 2018
  - Decrease driven by reserve strengthening in Gulf Coast region on commercial liability and commercial auto lines of business
- Core loss ratio improvement of 3.5 points after removing the impact of catastrophe losses and unfavorable reserve development

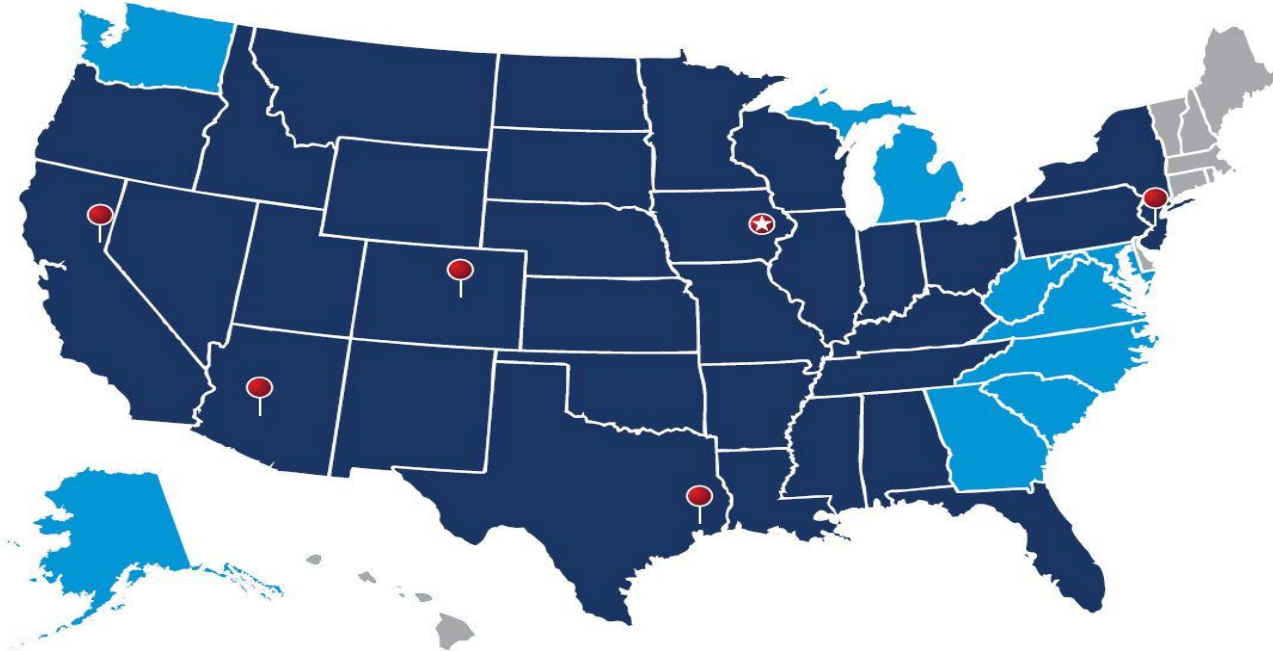
## ■ 2019 Strategies

- 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

## 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**

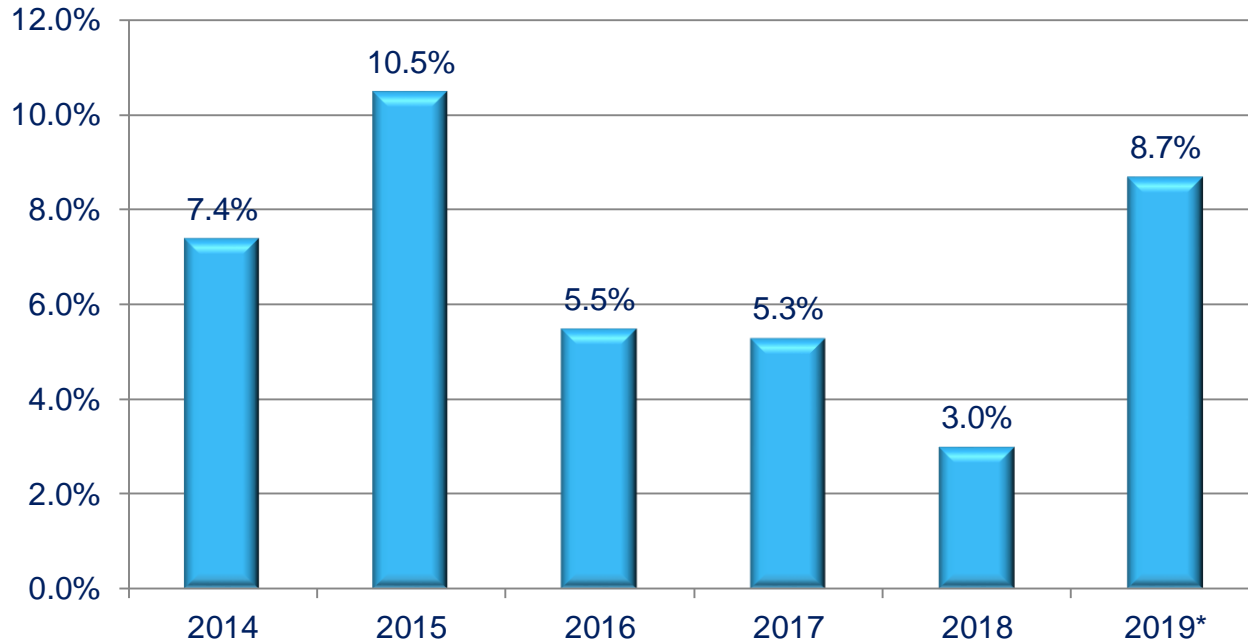
## P & C Geographic Footprint



*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



\*Second quarter 2019 annualized

## Q2 2019 P & C Written Premium Change & Retention

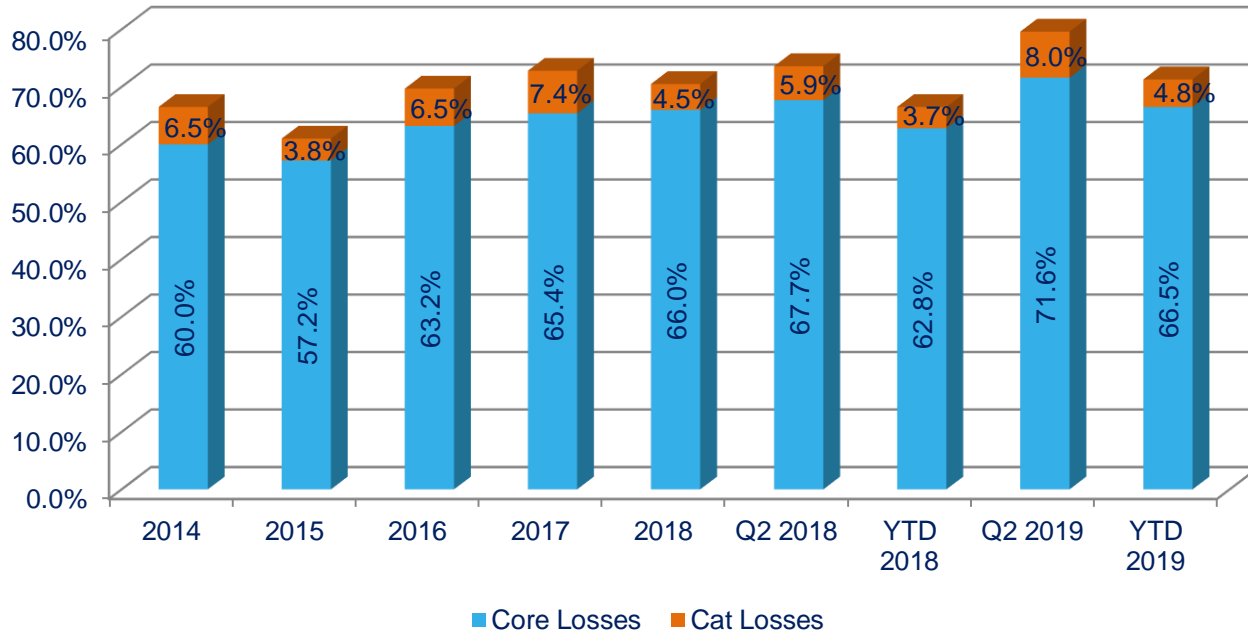
### ■ P & C Written premium change

› Commercial lines	4.0%
› Personal lines	0.7%
› Group (all lines)	3.6%

### ■ P & C Retention

› Premium retention	84.5%
› Policy retention	80.9%

## Core Loss Ratio vs. Catastrophe Losses



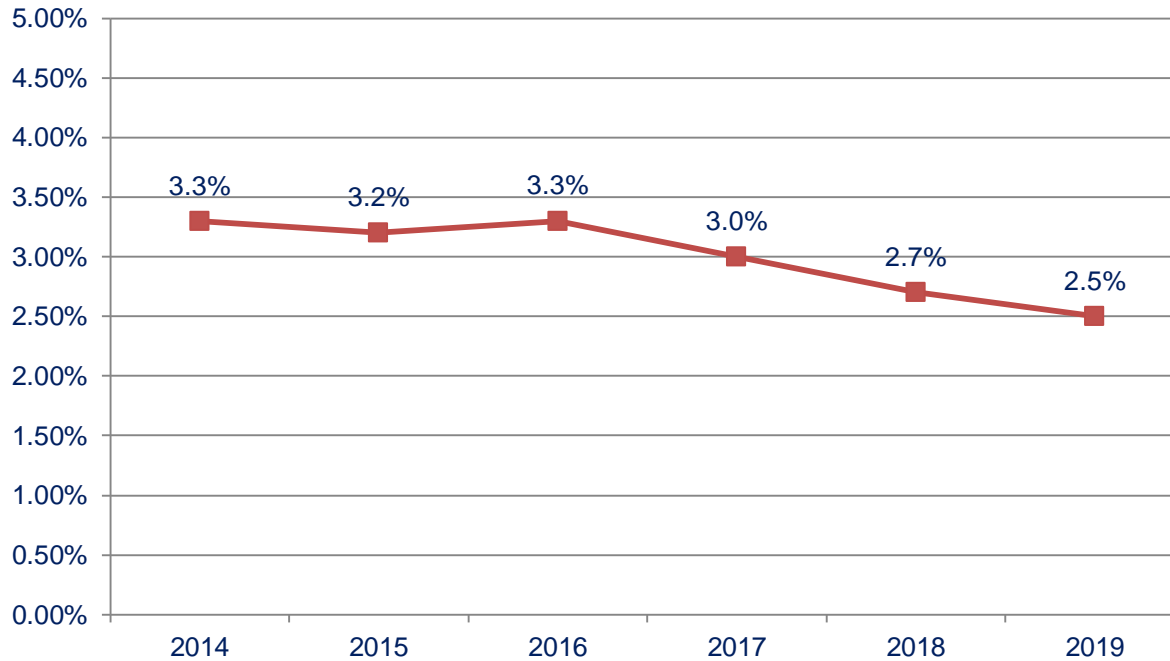
Cat losses in Q2 2019 added 8.0 percentage points to the loss ratio.



## Adjusted Combined Ratio

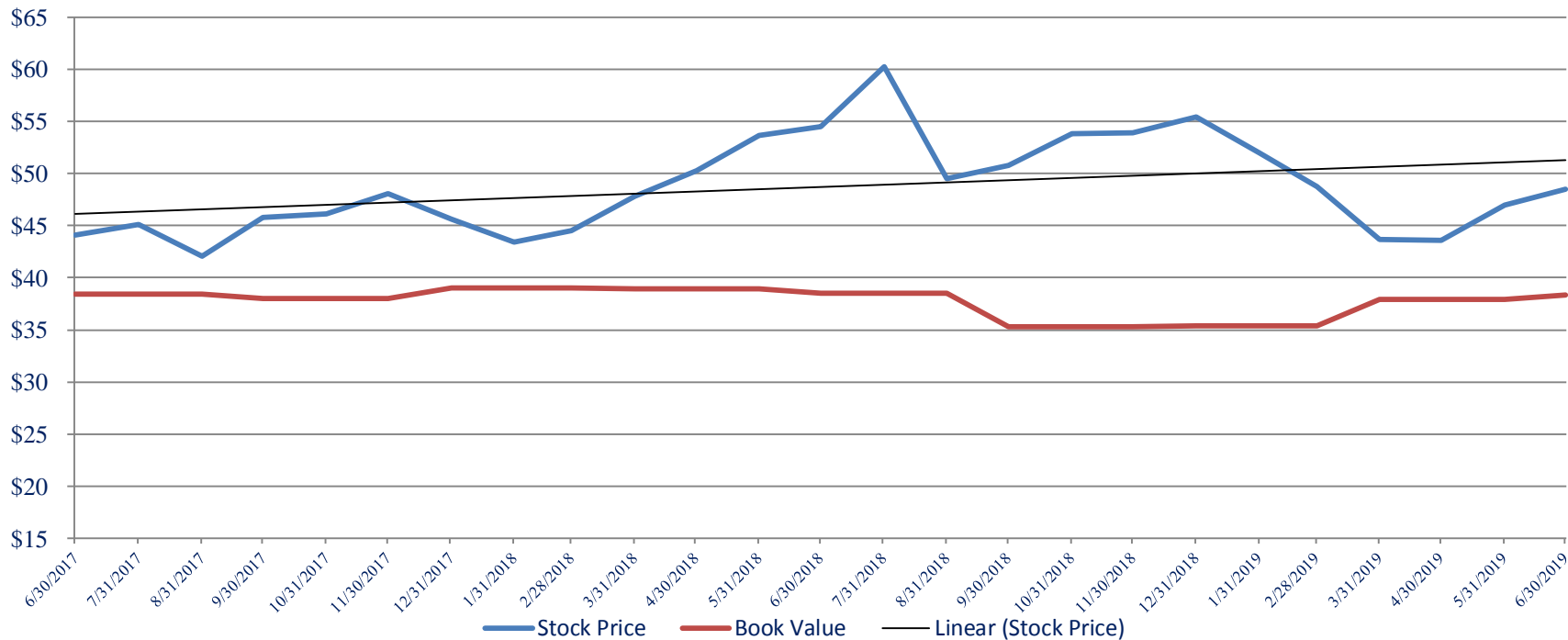
<b>Adjusted Combined Ratio</b>	<b>2Q2019</b>	<b>2Q2018</b>	<b>2019 YTD</b>	<b>2018 YTD</b>
P&C Loss Ratio (as reported)	79.6%	73.6%	71.3%	66.5%
Impact of Catastrophes	-8.0%	-5.9%	-4.8%	-3.7%
Loss Ratio Ex-Catastrophes	71.6%	67.7%	66.5%	62.8%
Impact of Reserve Development	-3.4%	4.0%	-0.9%	9.6%
<b>Loss Ratio Ex - CAT and Ex-Development</b>	<b>68.2%</b>	<b>71.7%</b>	<b>65.6%</b>	<b>72.4%</b>
P&C Expense Ratio	32.1%	34.3%	32.6%	34.4%
<b><i>Adjusted Combined Ratio</i></b>	<b>100.3%</b>	<b>106.0%</b>	<b>98.2%</b>	<b>106.8%</b>

## Consolidated Income Yield



NOTE: Total Invested Assets excludes Cash & Cash Equivalents

## UFCS Stock Price (06/30/17 – 06/30/19)



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 2019.
- Named one of Sandler O'Neill's 2016 Insurance Premium Players.

