2021 FIRST QUARTER EARNINGS CONFERENCE CALL

MAY 5, 2021

Financial Highlights – 1Q 2021

	1Q2021	1Q2020
Net income (loss) per diluted share	$ 0.74	$ (2.90)
After-tax net realized investment gains (losses)	$ 0.77	$ (2.95)
Adjusted operating income (loss) per share	$ (0.03)	$ 0.05
Catastrophe losses per share	$ 0.91	$ 0.48
GAAP combined ratio	107.2%	105.2%
Book value per share	$32.79	$33.30
Return on equity	9.1%	(33.3%)

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Property and Casualty Business Highlights

- **Q1 2021 Results**
  - $259.2M in net premiums earned in Q1 2021– a decrease of 3.6% over 1Q 2020 primarily due to strategic plan in non-renewal of underperforming accounts in commercial auto line of business.
  - Catastrophe losses added 11.3 percentage points to the combined ratio in 1Q 2021 compared to 5.7 percentage points in 1Q 2020
  - Prior year favorable reserve development $13.3M in 1Q 2021 compared to favorable reserve development of $13.7M in 1Q 2020
    - Favorable reserve development for the current quarter came primarily from favorable development in commercial fire and allied and personal lines of business offset by unfavorable development in commercial liability.
  - 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

Strategic Plan: "One UFG boldly forward"

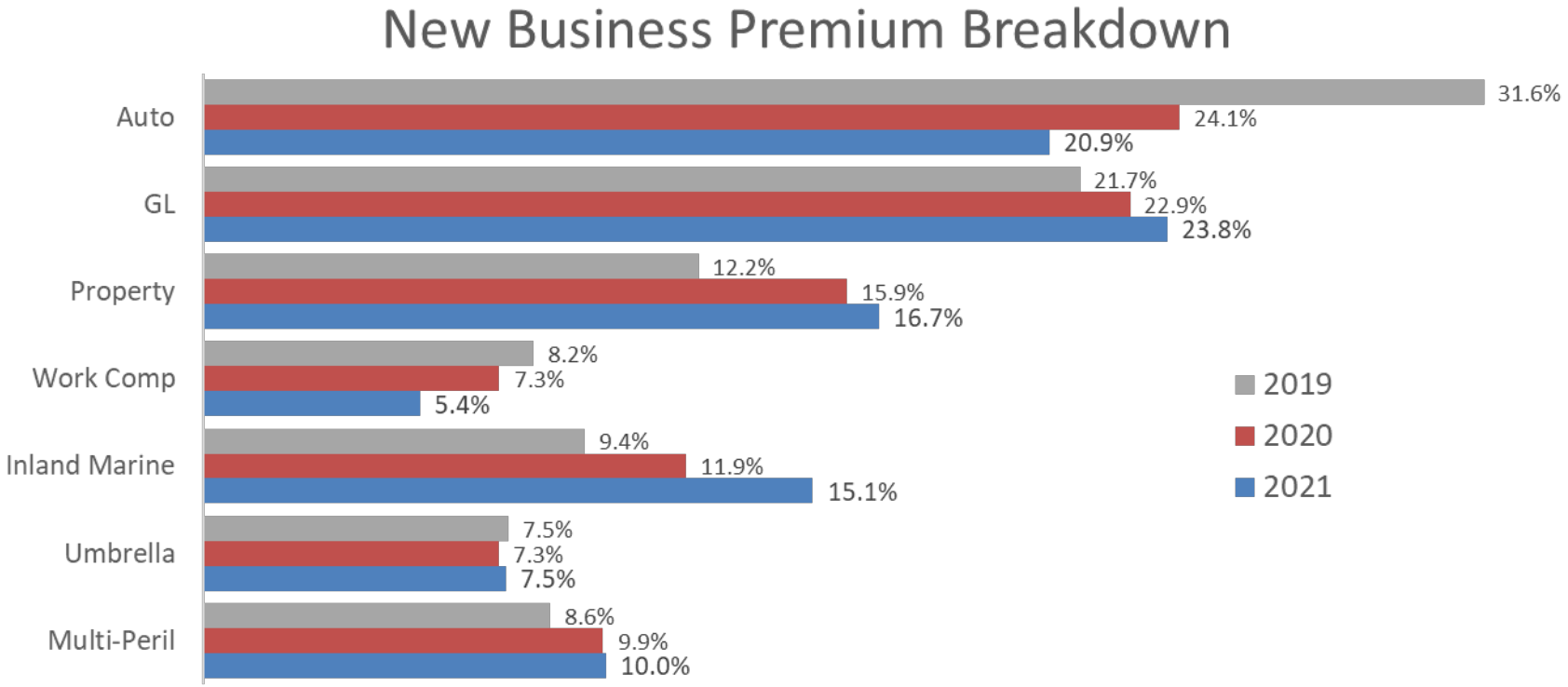
- Several initiatives aimed at long-term profitability, diversification and growth in profitable lines, and innovation.
- Portfolio management initiatives include diversifying our book of business and targeting attractive markets and products.
  - Includes reducing size of commercial auto book by non renewing underperforming accounts and reducing the number of commercial auto exposure units.
  - Growth in profitable lines: E&S, surety and assumed reinsurance.
- 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.
- Expansion of analytics capabilities

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P & C Market Conditions

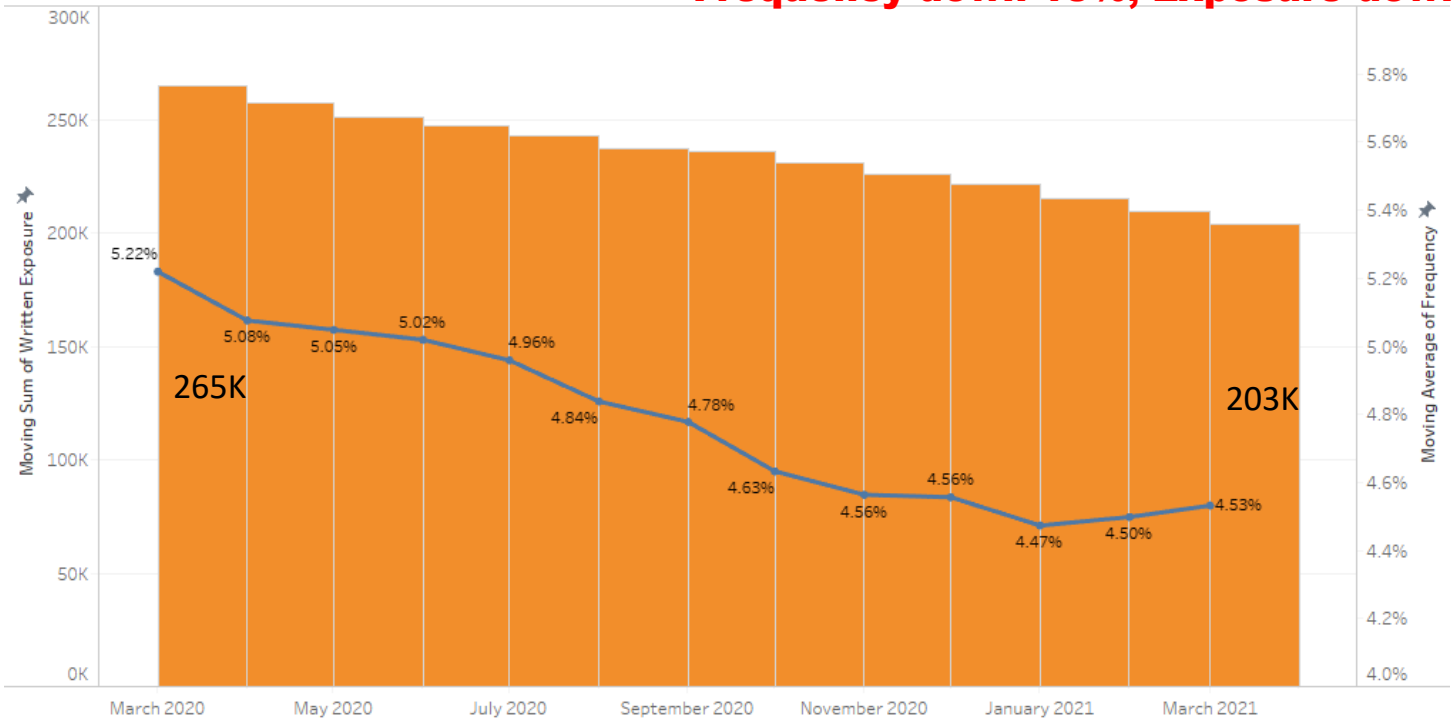
- **Average renewal rates increases in Q1:**
  - Renewal rate increases led by commercial auto and commercial property
    - Commercial auto average renewal rate increase remained in the low double-digits at 10.8%
    - Commercial property average renewal rate increase was 7.9%, remaining in the mid-single digits.

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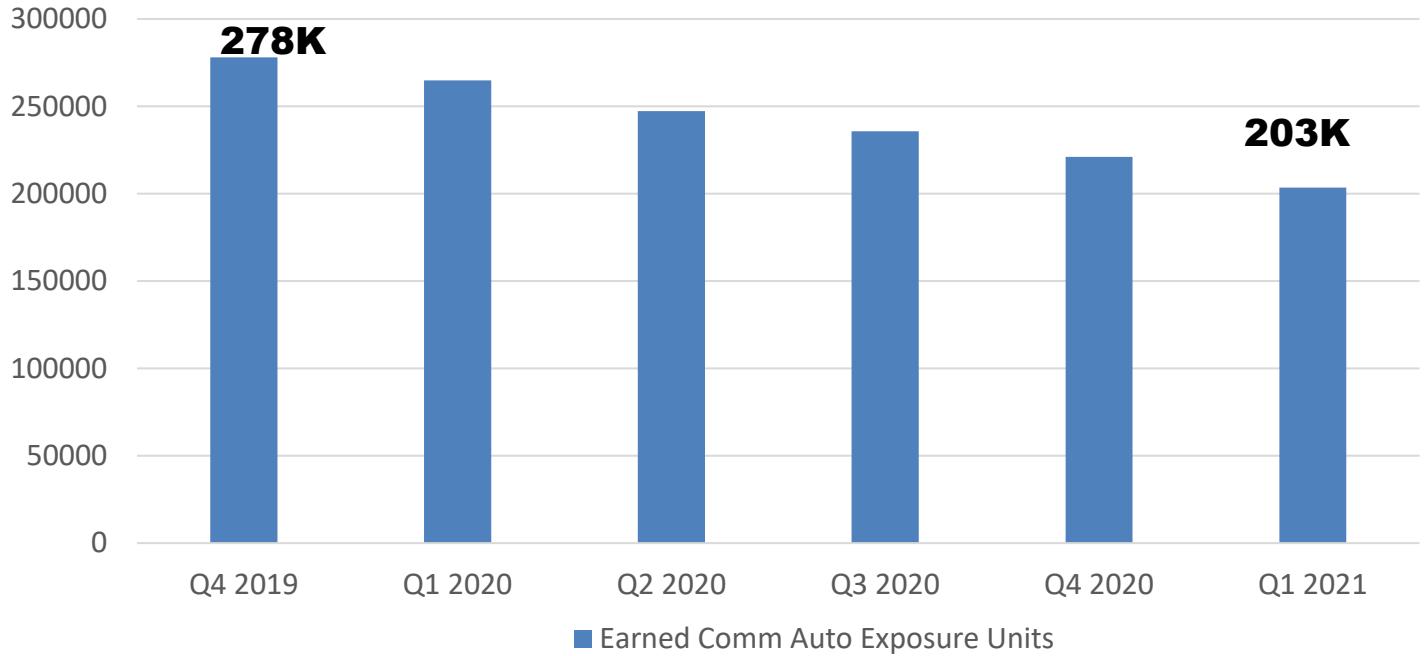

New Business Premium Breakdown
Auto
GL
Property
Work Comp
Inland Marine
Umbrella
Multi-Peril
31.6%
24.1%
20.9%
21.7%
22.9%
23.8%
12.2%
15.9%
16.7%
8.2%
7.3%
5.4%
9.4%
11.9%
15.1%
7.5%
7.3%
7.5%
8.6%
9.9%
10.0%
2019
2020
2021

Commercial Auto Moving Average Frequency and Exposure Units

Frequency down 13%, Exposure down 23%



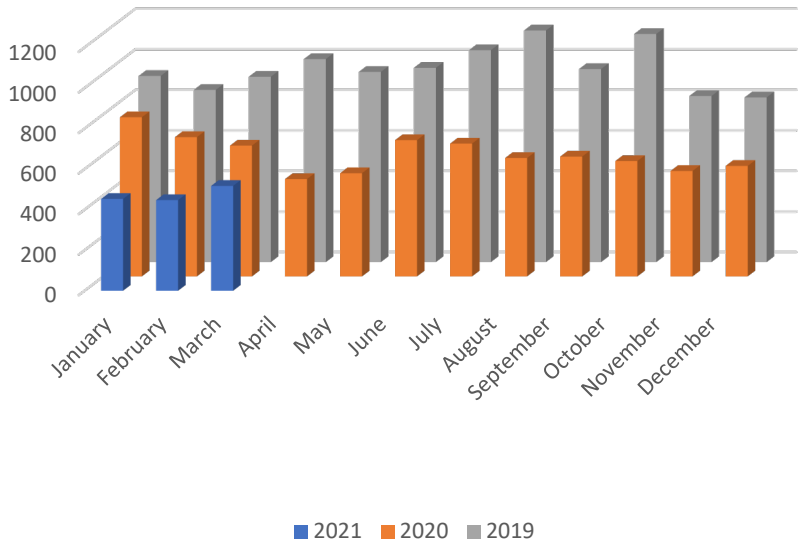
Commercial Auto Exposure – by Quarter



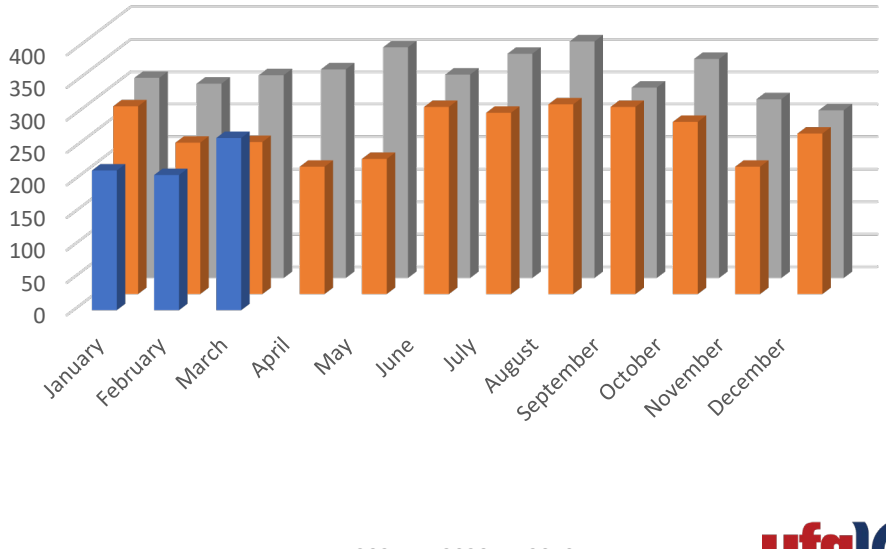
Note: Bars represent a rolling 12 month view of written exposure.

Claim Counts of Major Commercial Casualty Lines

CA BI+PD Liability Claims Counts
Claims down 33% Mar YTD 2021 vs Mar YTD 2020

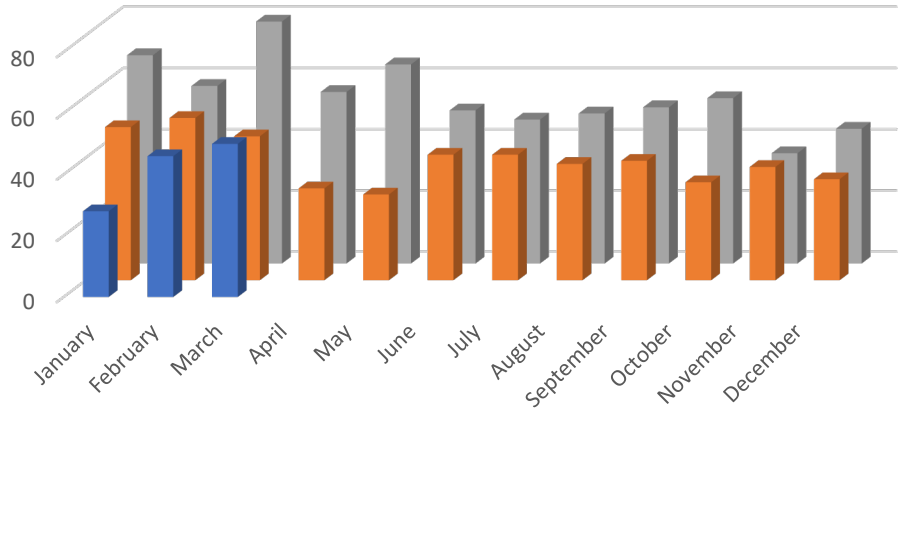


CGL BI+PD Liability Claims Counts
Claims down 9% Mar YTD 2021 vs Mar YTD 2020

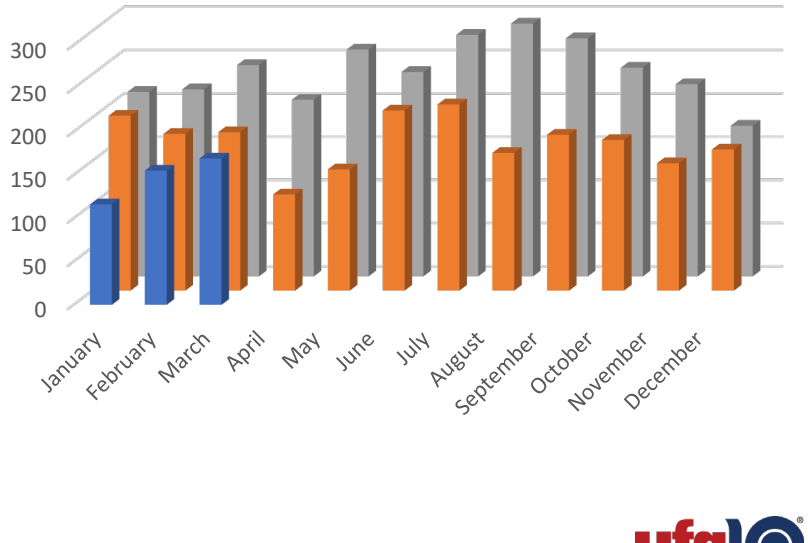


Claim Counts of Major Commercial Casualty Lines

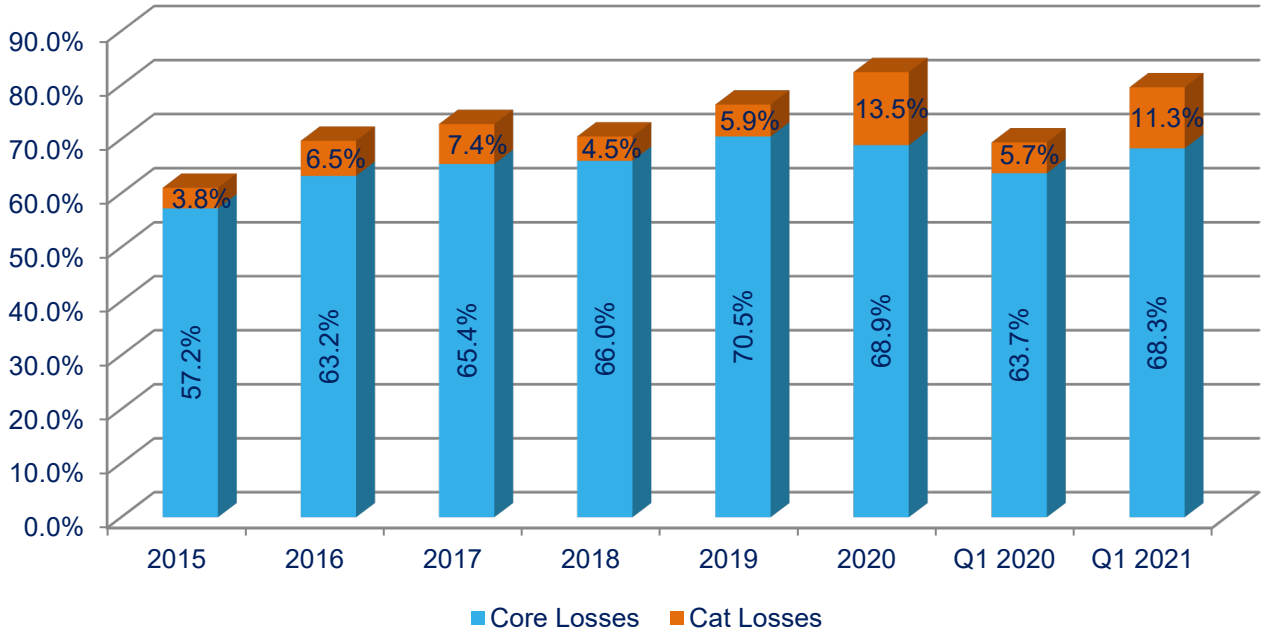
BOP Liability Claims Counts
Claims down 29% Mar YTD 2021 vs Mar YTD 2020



Work Comp Claim Counts
Claims down 22% Mar YTD 2021 vs Mar YTD 2020



Core Loss Ratio vs. Catastrophe Losses



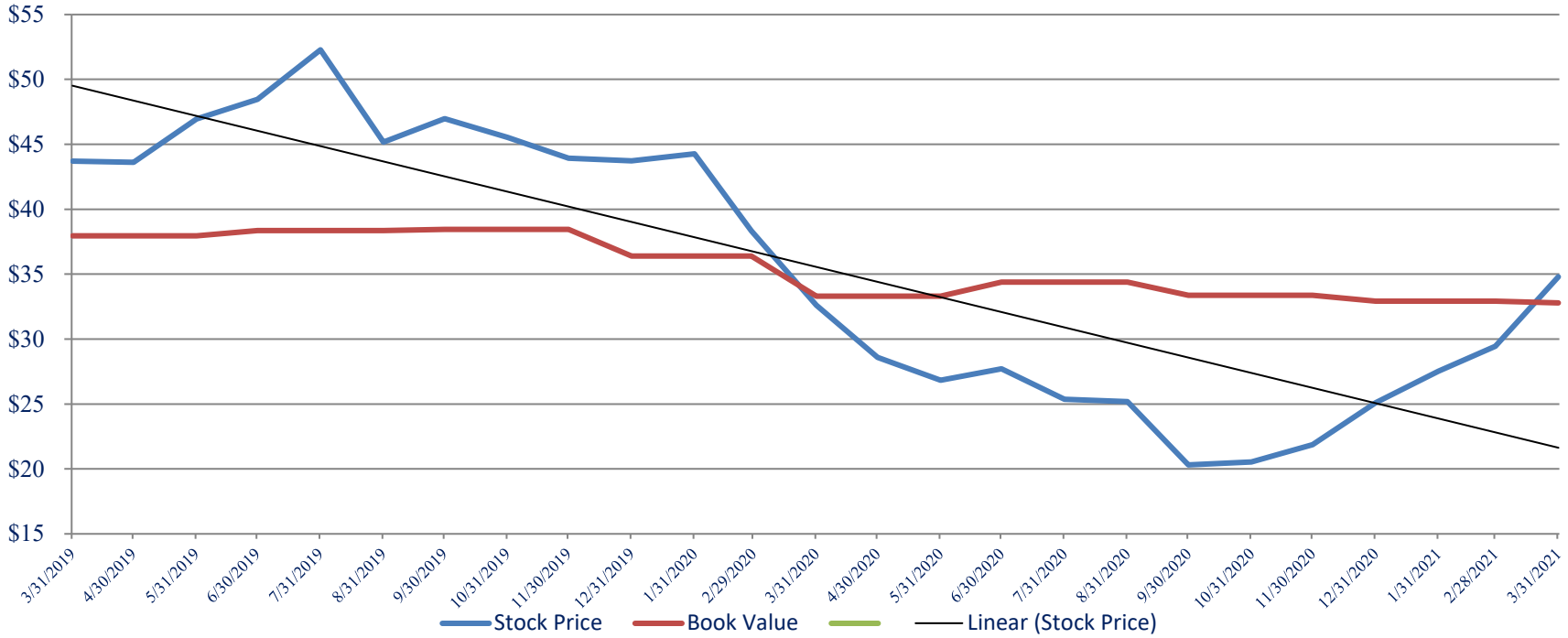
Cat losses in Q1 2021 added 11.3 percentage points to the loss ratio.

Adjusted Combined Ratio

Adjusted Combined Ratio	1Q2021	1Q2020	
P&C Loss Ratio (as reported)	79.6%	69.4%	
Impact of Catastrophes	-11.3%	-5.7%	
Loss Ratio Ex-Catastrophes	68.3%	63.7%	
Impact of Reserve Development	5.1%	5.1%	
Loss Ratio Ex - CAT and Ex-Development	**73.4%**	**68.8%**	**4.6%**
P&C Expense Ratio	27.6%	35.8%	
Adjusted Combined Ratio	**101.0%**	**104.6%**	

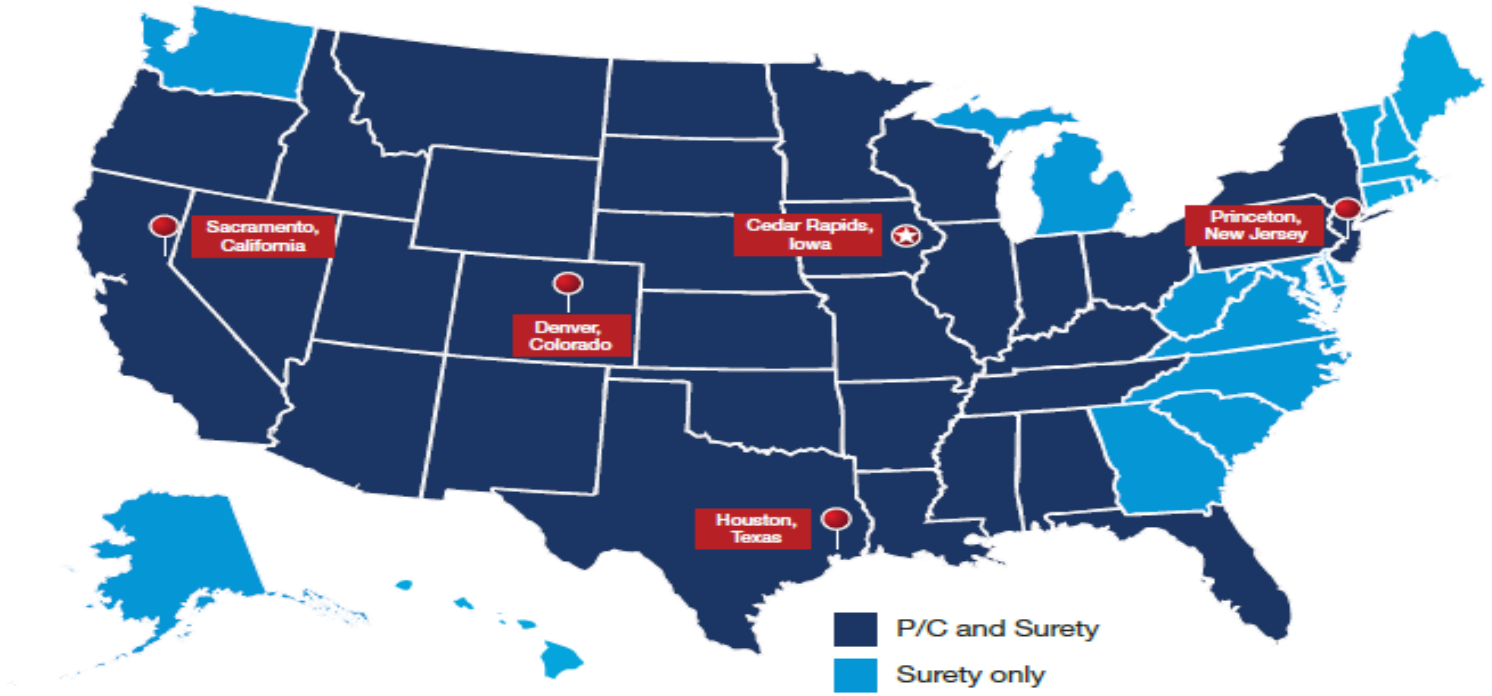
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UFCS Stock Price (03/31/19 – 03/31/21)



52 Week High: $36.40 --- 52 Week Low: $18.83

P & C Geographic Footprint



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Headquartered in Cedar Rapids, Iowa, UFG is represented by independent agents throughout the country. UFG is licensed and actively writing P&C and surety bonds in the 33 states shaded dark blue. The 17 states shaded light blue, plus the District of Columbia, are currently licensed and able to write surety bonds only.

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Recognition

- Rated A (Excellent) by A.M. Best Company in December 2020 for the 27th 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* in 2019.
- Named to *Business Insurance*'s Annual Best Places to Work in Insurance list in 2019.