2021 THIRD QUARTER EARNINGS CONFERENCE CALL

NOVEMBER 4, 2021

Financial Highlights – 3Q 2021

	3Q2021	3Q2020	YTD2021	YTD2020
Net income (loss) per diluted share	$ (0.38)	$ (1.49)	$ 0.90	$ (4.15)
After-tax net realized investment gains (losses)	$ (0.07)	$ 0.48	$ 0.88	$ (1.97)
Adjusted operating income (loss) per share	$ (0.31)	$ (1.37)	$ 0.02	$ (1.58)
Goodwill impairment	$ -	$ (0.60)	$ -	$ (0.60)
Catastrophe losses per share	$ 1.24	$ 1.75	$ 2.81	$ 3.83
GAAP combined ratio	109.7%	124.4%	106.1%	113.5%
Book value per share			$32.48	$32.77
Return on equity			3.7%	(16.0%)

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Property and Casualty Business Highlights

- **Q3 2021 Results**
  - $238.9M in net premiums earned in Q3 2021– a decrease of 7.8% over Q3 2020 primarily due to our strategic plan in non-renewal of underperforming accounts in commercial auto line of business and exit of the personal lines business which began in September 2020.
  - Catastrophe losses added 16.5 percentage points to the combined ratio in Q3 2021 compared to 21.4 percentage points in Q3 2020. The most significant catastrophe loss in Q3 2021 was Hurricane Ida.
  - Prior year favorable reserve development $11.1M in Q3 2021 compared to favorable reserve development of $6.3M in Q3 2020
    - Favorable reserve development for the current quarter came primarily from our commercial auto line of business.
  - Commercial auto loss ratio in Q3 2021 improved 43.7 percentage points as compared to Q3 2020 due to a decrease in frequency and severity of auto liability claims and reduction in commercial auto exposure units.
  - Core loss ratio improved 10.1 pts in Q3 2021 (12.8 pts excluding Q3 2020 all lines aggregate reinsurance benefit)

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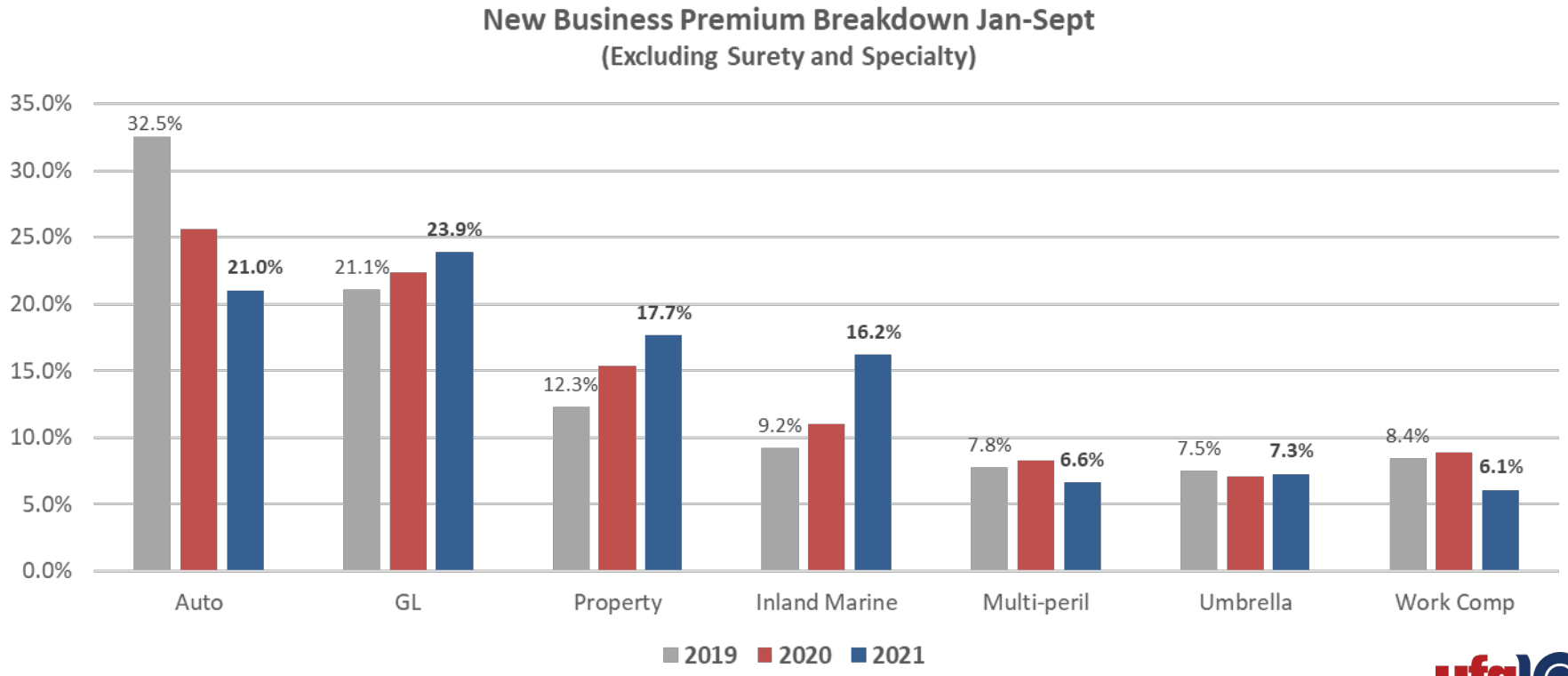
Property and Casualty Business

Strategic Plan: "One UFG boldly forward"

- Several initiatives aimed at long-term profitability, diversified growth, and continuous 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

P & C Market Conditions

- **Renewal rates increases YTD (January 1 – September 30):**
  - Overall rate increase of 6.3% YTD, increase of 7.6% YTD excluding workers' compensation.
    - Rate increases led by commercial auto and commercial property
      - Commercial auto average increase was 9.5%
      - Commercial property average increase was 8.7%.


New Business Premium Breakdown Jan-Sept
(Excluding Surety and Specialty)
35.0%
30.0%
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%
32.5%
25.7%
21.0%
21.1%
22.3%
23.9%
12.3%
15.3%
17.7%
9.2%
11.1%
16.2%
7.8%
8.3%
6.6%
7.5%
7.1%
7.3%
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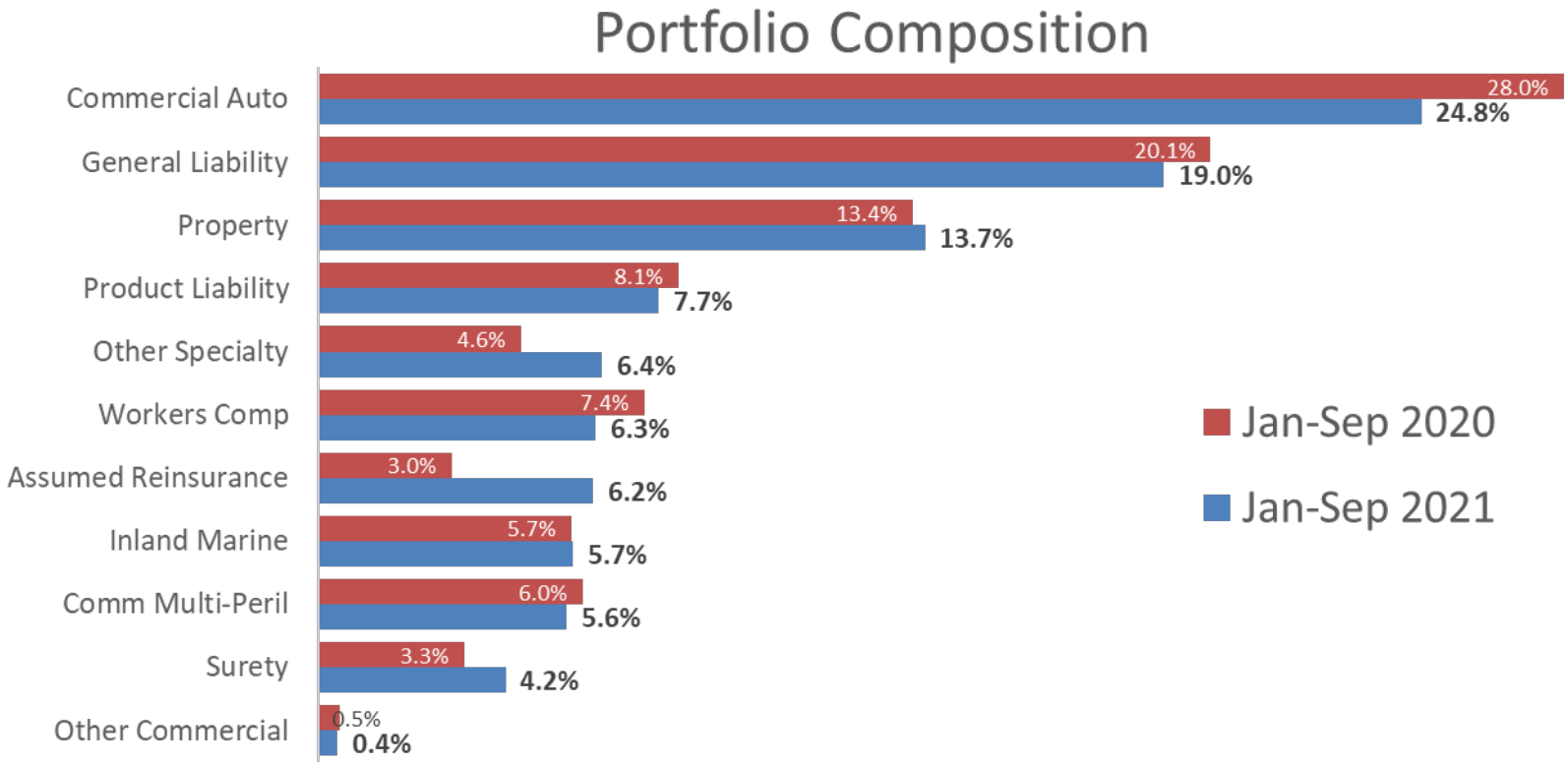
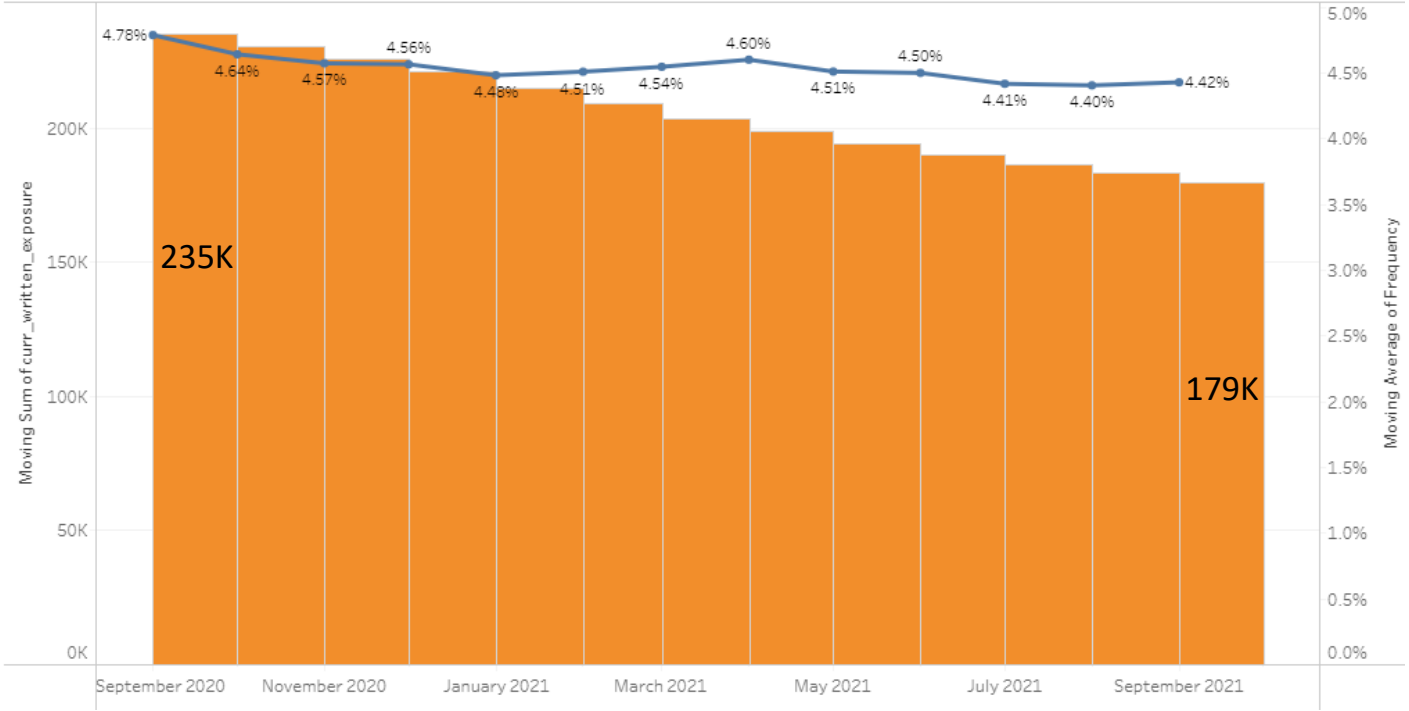
6.1%
Auto
GL
Property
Inland Marine
Multi-peril
Umbrella
Work Comp
2019
2020
2021

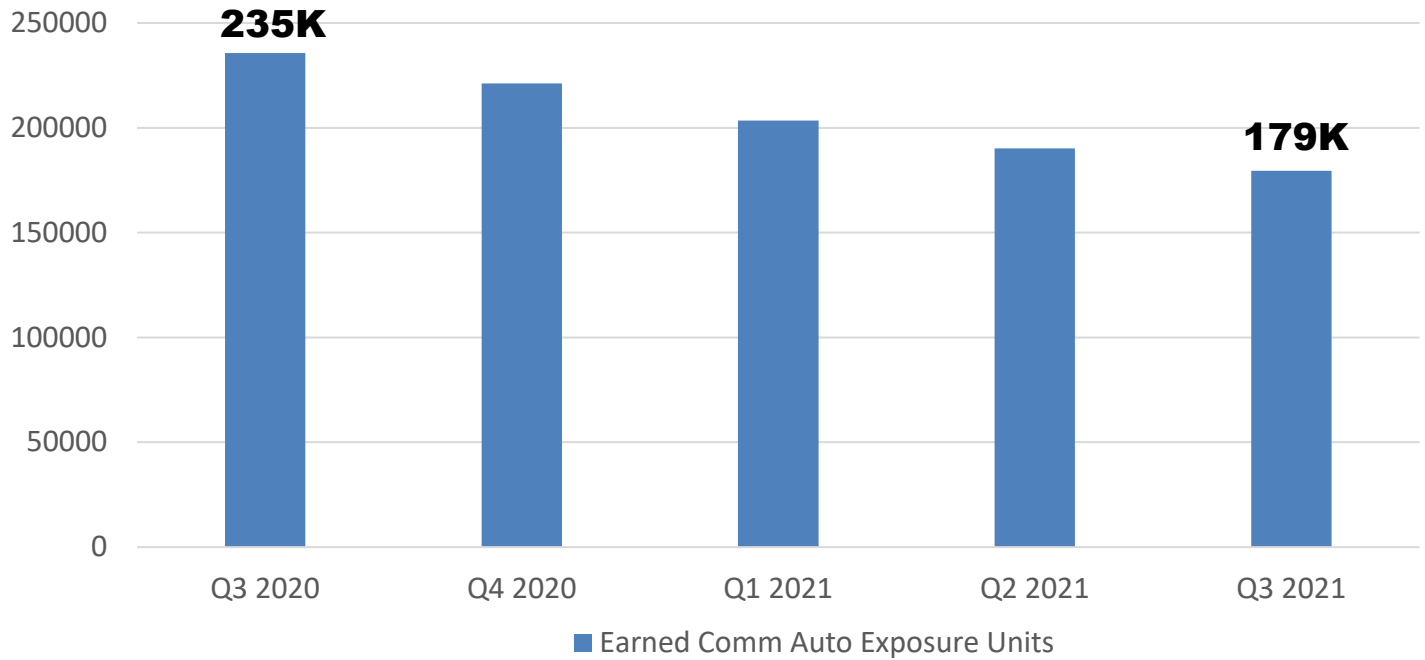

Portfolio Composition
Commercial Auto
28.0%
24.8%
General Liability
20.1%
19.0%
Property
13.4%
13.7%
Product Liability
8.1%
7.7%
Other Specialty
4.6%
6.4%
Workers Comp
7.4%
6.3%
Assumed Reinsurance
3.0%
6.2%
Inland Marine
5.7%
5.7%
Comm Multi-Peril
6.0%
5.6%
Surety
3.3%
4.2%
Other Commercial
0.5%
0.4%
Jan-Sep 2020
Jan-Sep 2021

Commercial Auto Moving Average Frequency and Exposure Units

Frequency down 8%, Exposure down 24%



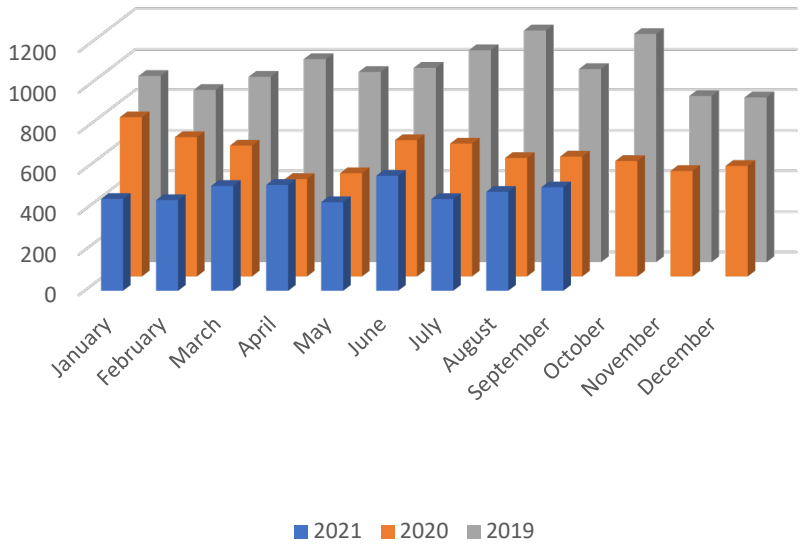
Commercial Auto Exposure – by Quarter



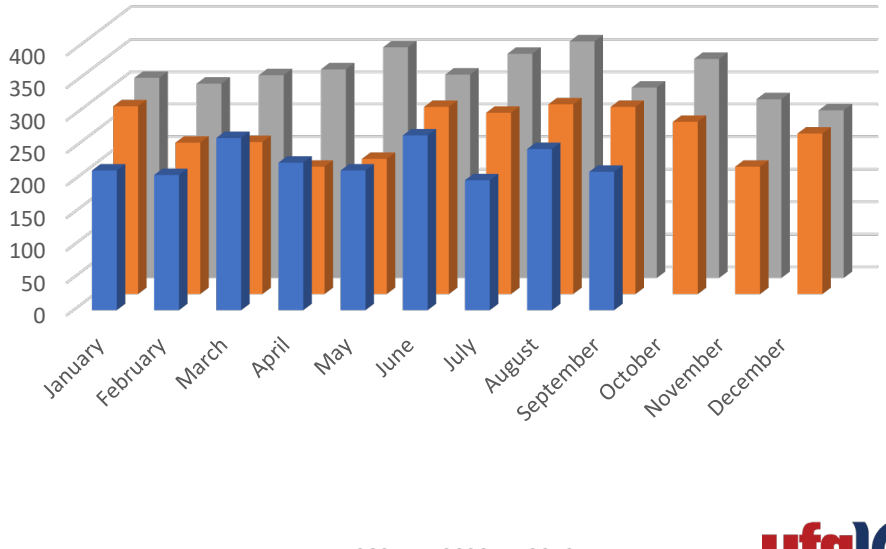
Note: Bars represent a rolling 12 month view of written exposure.

Claim Counts of Major Commercial Casualty Lines

CA BI+PD Liability Claims Counts
Claims down 22% Sep YTD 2021 vs Sep YTD 2020

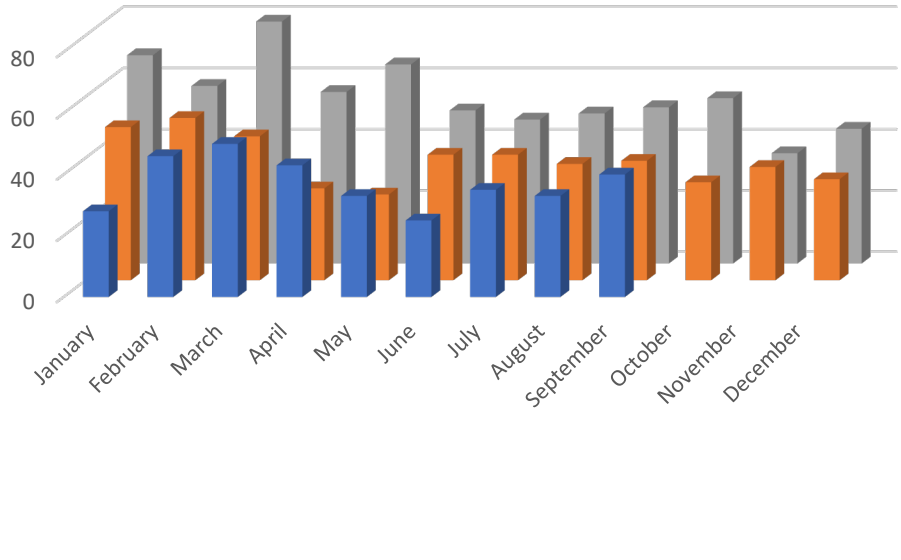


CGL BI+PD Liability Claims Counts
Claims down 11% Sep YTD 2021 vs Sep YTD 2020

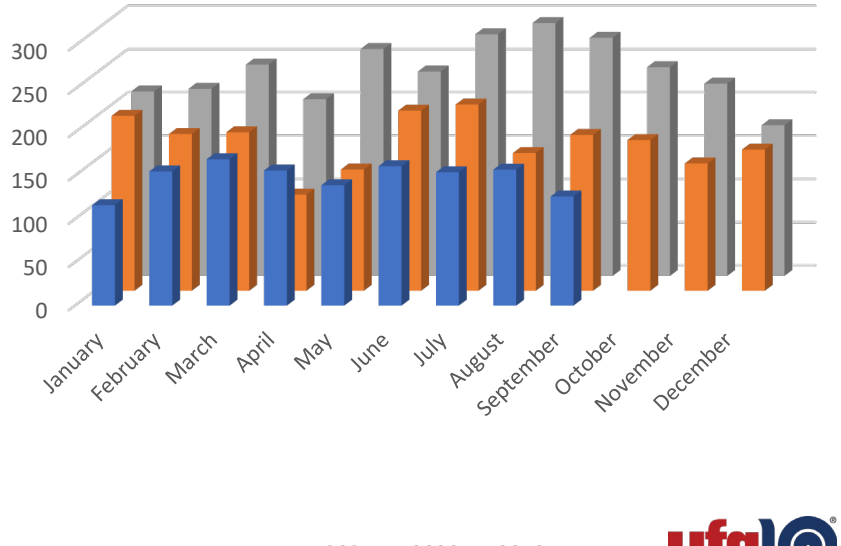


Claim Counts of Major Commercial Casualty Lines

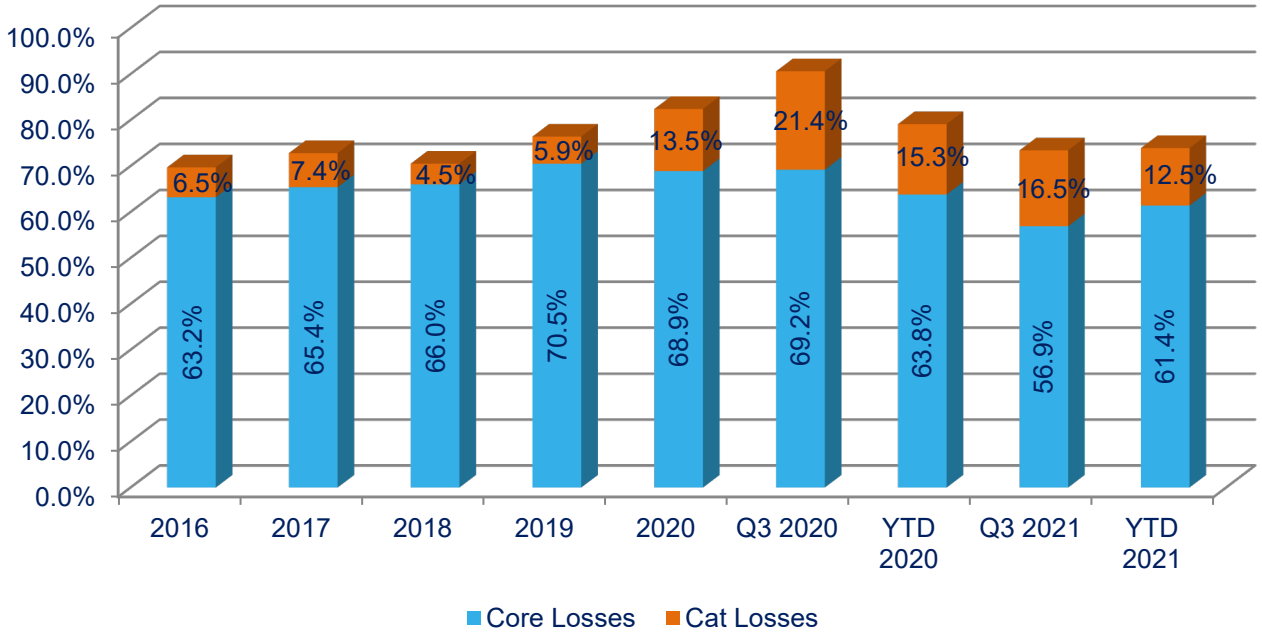
BOP Liability Claims Counts
Claims down 9% Sep YTD 2021 vs Sep YTD 2020



Work Comp Claim Counts
Claims down 16% Sep YTD 2021 vs Sep YTD 2020



Core Loss Ratio vs. Catastrophe Losses



Cat losses in Q3 2021 added 16.5 percentage points to the loss ratio.

Adjusted Loss Ratio

Adjusted Loss Ratio	2021 Q3	2020 Q3		2021 FY	2020 FY	
P&C Loss Ratio (as reported)	73.4%	90.6%		73.9%	79.1%	
Impact of Catastrophes	-16.5%	-21.4%		-12.5%	-15.3%	
Loss Ratio Ex-Catastrophes	56.9%	69.2%		61.4%	63.8%	
Impact of Reserve Development	4.6%	2.4%		3.6%	3.8%	
Loss Ratio Ex-CAT and Ex-Development	***61.5%***	***71.6%***	***-10.1%***	***65.0%***	***67.6%***	***-2.6%***
Impact of all lines aggregate (ALA)	0.0%	2.7%		0.0%	2.9%	
Loss Ratio Ex-CAT, Ex-Development, & Ex-ALA	***61.5%***	***74.3%***	***-12.8%***	***65.0%***	***70.5%***	***-5.5%***

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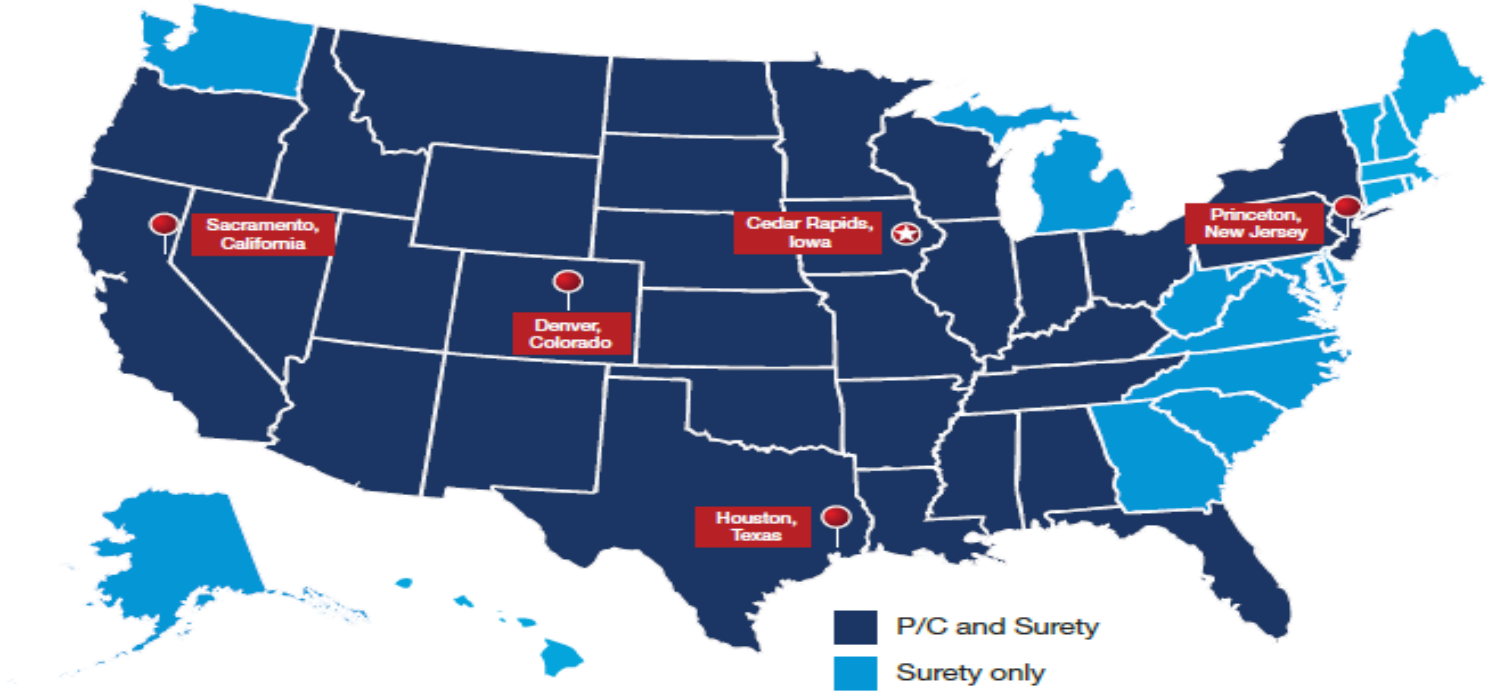
P & C Geographic Footprint



Regional Underwriting Offices in Cedar Rapids, Iowa (corporate headquarters); Denver, Colorado; Houston, Texas; Princeton, New Jersey; and Sacramento, California.

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.
- Named to *The Des Moines Register's* Annual Top Workplace in Iowa list in 2021.