2020 FOURTH QUARTER EARNINGS CONFERENCE CALL

FEBRUARY 17, 2021

Financial Highlights – 4Q 2020

	4Q2020	4Q2019	YTD2020	YTD2019
Net income (loss) per diluted share	$ (0.36)	$ (0.93)	$ (4.50)	$ 0.58
After-tax net realized investment gains (losses)	$ 0.94	$ 0.11	$ (1.02)	$ 1.66
Goodwill impairment	$ 0.00	$ 0.00	$ (0.60)	$ 0.00
Adjusted operating income (loss) per share	$ (1.30)	$ (1.04)	$ (2.88)	$ (1.08)
Catastrophe losses per share	$ 0.65	$ 0.61	$ 4.48	$ 1.99
GAAP combined ratio	123.1%	117.9%	115.9%	109.0%
Book value per share			$32.93	$36.40
Return on equity			(13.0%)	1.6%

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Property and Casualty Business Highlights

- **Q4 2020 Results**
  - $263.6M in net premiums earned in 4Q 2020– a decrease of 3.5% over 4Q 2019 primarily due to strategic plan in non-renewal of underperforming accounts in commercial auto line of business. We also paid $2.2 million of reinstatement premium in Q4 2020 as a result of the August Midwest derecho catastrophe exceeding the reinsurance contract stated retention.
  - Catastrophe losses added 7.9 percentage points to the combined ratio in Q4 2020 compared to 7.1 percentage points in Q4 2019
  - Prior year unfavorable reserve development $12.4M in 4Q 2020 compared to favorable reserve development of $4.6M in 4Q 2019
    - Unfavorable reserve development for the current quarter came primarily from unfavorable development in commercial liability and commercial auto 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

Strategic Plan: "One UFG boldly forward"

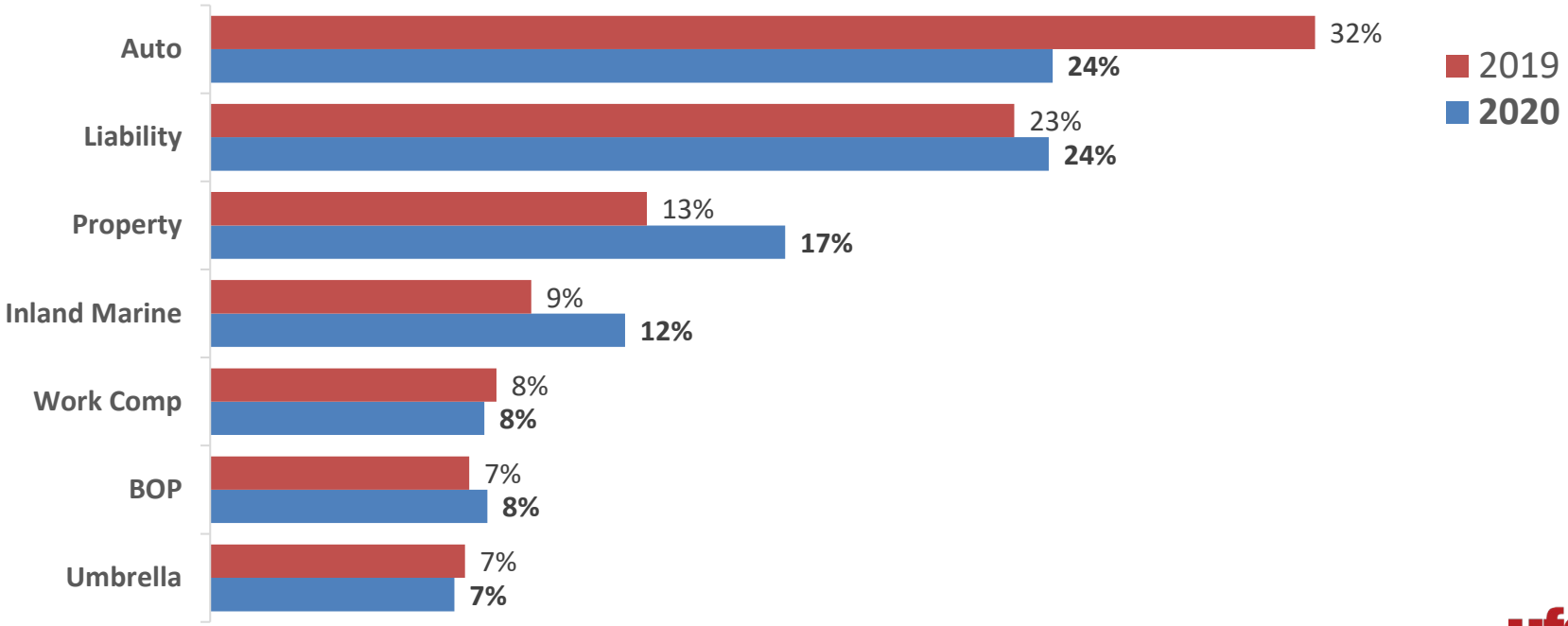
- Several initiatives aimed at long-term profitability, diversification and growth in profitable lines, and innovation.
- Portfolio management initiatives include diversifying our book of business and targeting attractive markets and products.
  - Includes reducing size of commercial auto book by non 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

P & C Market Conditions

- **Average renewal rates increases in Q4:**
  - Renewal rate increases led by commercial auto and commercial property
    - Commercial auto average renewal rate increase remained in the low double-digits at 10.5%
    - Commercial property average renewal rate increase was 7.4%, remaining in the mid-single digits.

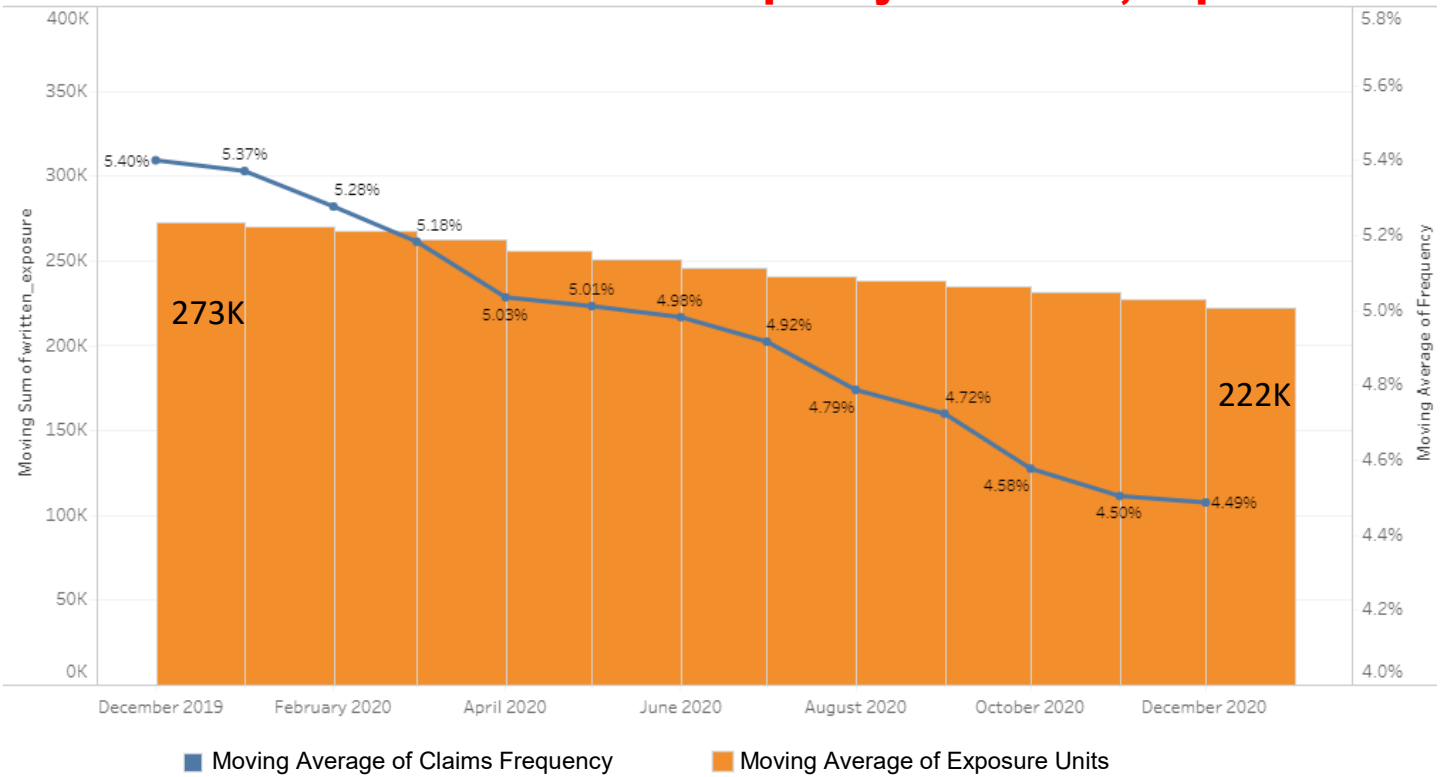
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Commercial Lines New Business Premium Breakdown

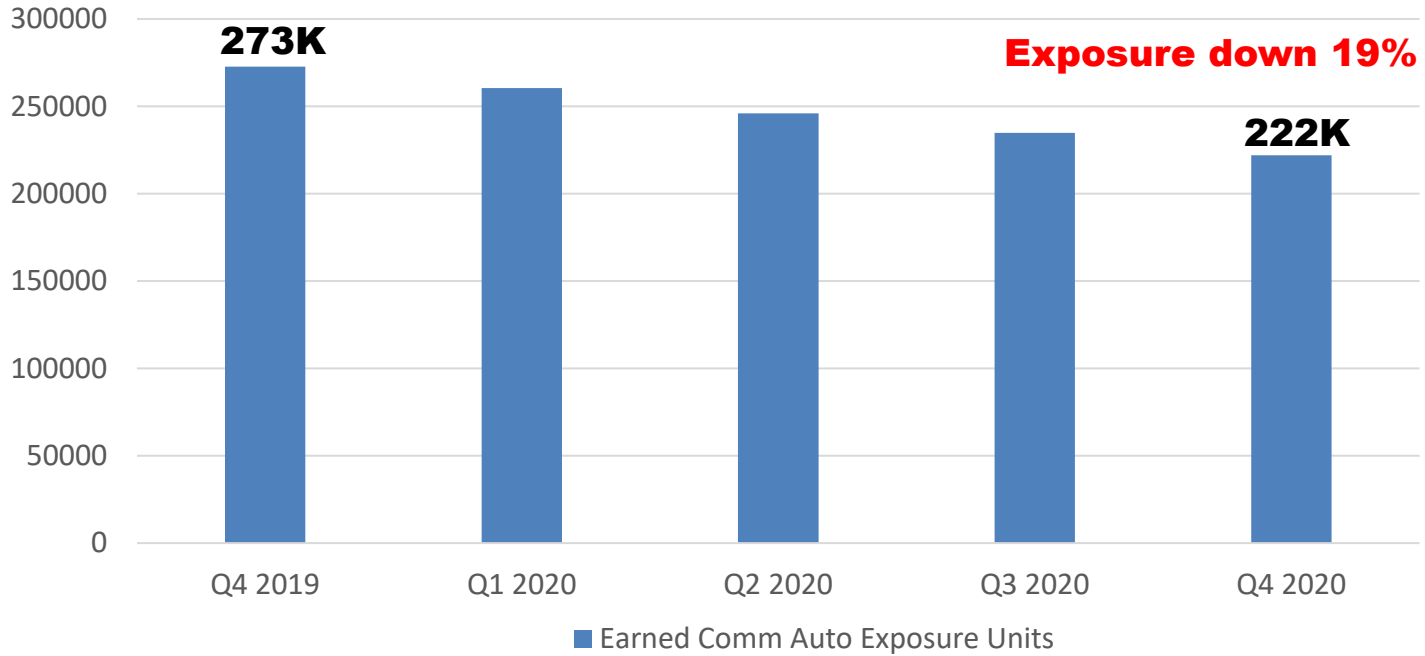


Commercial Auto Moving Average Frequency and Exposure Units

Frequency down 17%, Exposure down 19%

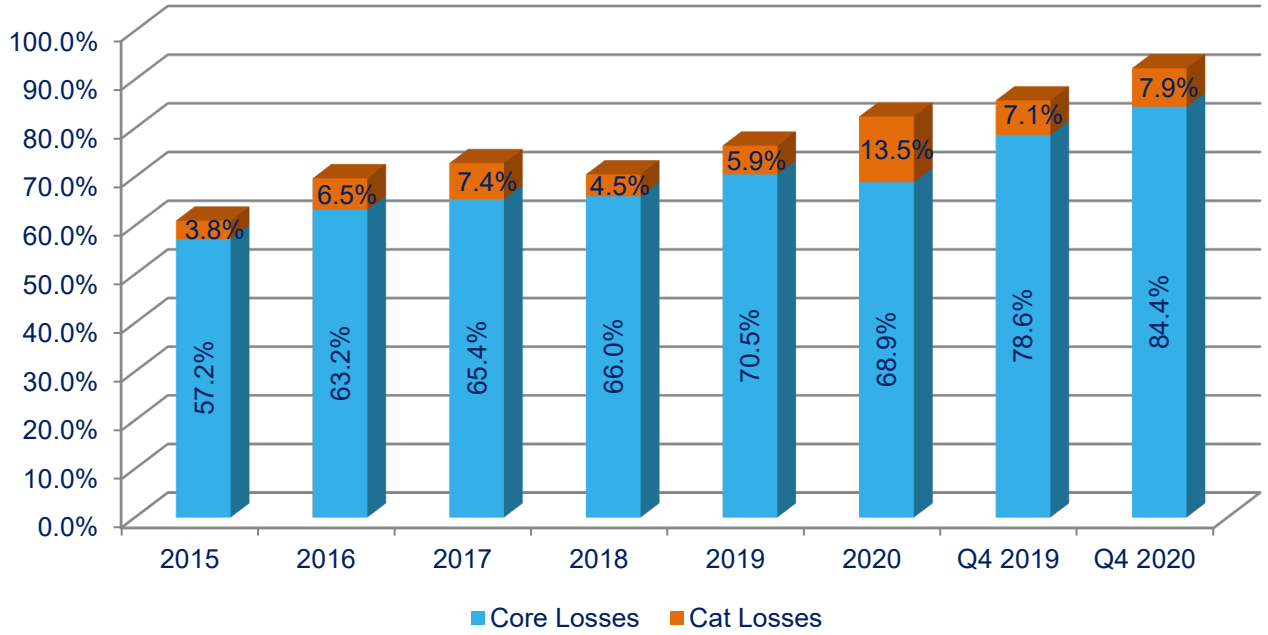


Commercial Auto Exposure – by Quarter



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

Core Loss Ratio vs. Catastrophe Losses



Cat losses added 7.9 percentage points and 13.5 percentage points to the loss ratio in Q4 2020 and full year 2020, respectively.

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Adjusted Combined Ratio

Adjusted Combined Ratio	4Q2020	4Q2019		2020 YTD	2019 YTD	
P&C Loss Ratio (as reported)	92.3%	85.7%		82.4%	76.4%	
Impact of Catastrophes	-7.9%	-7.1%		-13.5%	-5.9%	
Loss Ratio Ex-Catastrophes	84.4%	78.6%		68.9%	70.5%	
Impact of Reserve Development	-4.7%	1.7%		1.7%	0.5%	
Loss Ratio Ex - CAT and Ex-Development	**79.7%**	**80.3%**	**-0.6%**	**70.6%**	**71.0%**	**-0.4%**
P&C Expense Ratio	30.8%	32.2%		33.5%	32.6%	
Adjusted Combined Ratio	**110.5%**	**112.5%**		**104.1%**	**103.6%**	

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Loss Ratio Excluding Personal Lines

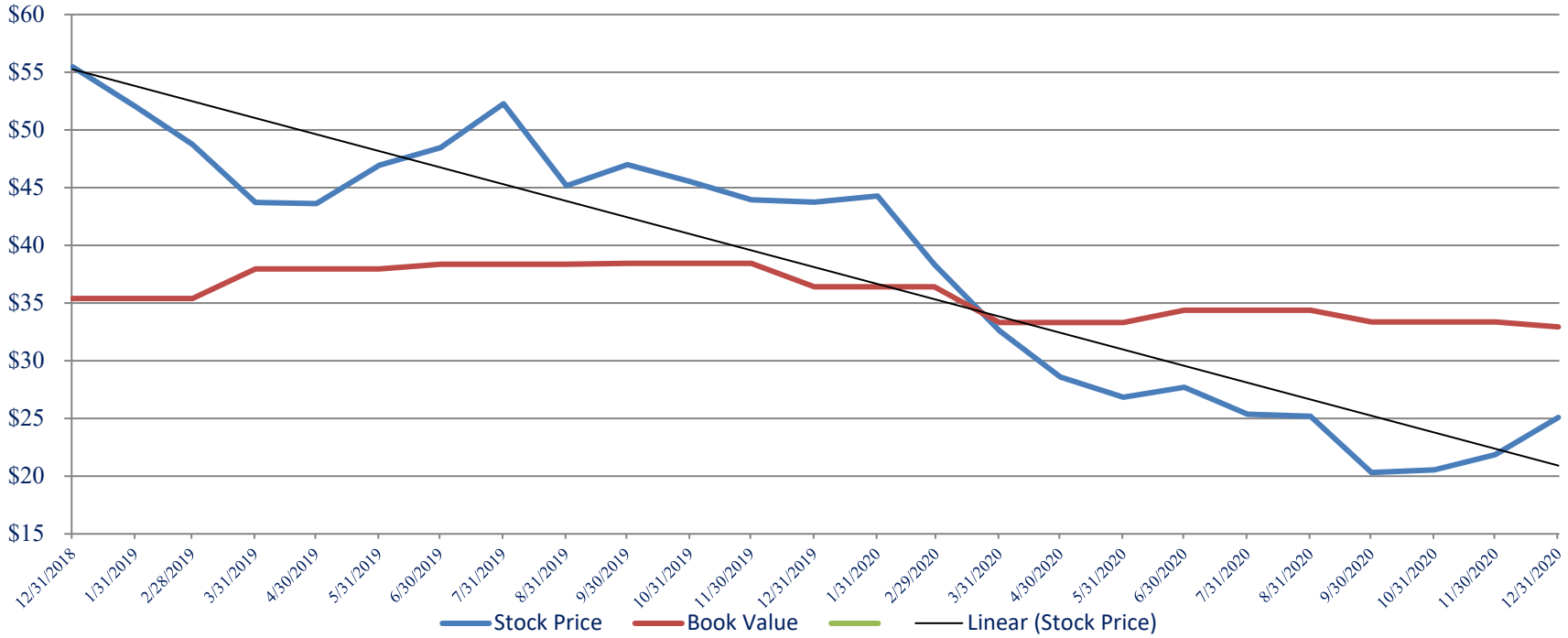
Loss Ratio Excluding Personal Lines	2018 FY	2019 FY	2020 FY
P&C Loss Ratio (as reported)	70.5%	76.4%	82.4%
Impact of Personal Lines Non-CAT	-4.5%	-4.7%	-4.5%
Impact of Personal Lines Catastrophes	-0.9%	-1.3%	-4.0%
Loss Ratio Ex-Personal Lines*	**65.1%**	**70.4%**	**73.9%**

Total impact from Personal Lines on Reported Loss Ratio
2020 = 8.5 pts in 2020
2019 = 6.0 pts in 2019
2018 = 5.4 pts in 2018

**As a percentage of total UFG net premiums earned*

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UFCS Stock Price (12/31/18 – 12/31/20)



52 Week High: $47.52 --- 52 Week Low: $18.83

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, we are represented by independent agents throughout the country in 49 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.

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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 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.