2021 FOURTH QUARTER AND YEAR-END EARNINGS CONFERENCE CALL

FEBRUARY 15, 2022

Consolidated Financial Results – Highlights

Quarter Ended December 31,	2021	2020
Net income (loss) per diluted share	$ 2.28	$ (0.36)
Net realized investment gains per diluted share	$ 0.59	$ 0.94
Adjusted operating income (loss) per diluted share	$ 1.69	$ (1.30)
GAAP combined ratio	83.1%	123.1%

Year Ended December 31,	2021	2020
Net income (loss) per diluted share	$ 3.16	$ (4.50)
Net realized investment gains (losses) per diluted share	$ 1.47	$ (1.02)
Adjusted operating income (loss) per diluted share	$ 1.69	$ (2.88)
GAAP combined ratio	100.3%	115.9%
Goodwill impairment	$ -	$ (0.60)
Book value per share	$ 35.05	$ 32.93
Return on equity	9.5%	-13.0%

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Property and Casualty Business Highlights

- **Q4 2021 Results**
  - Combined ratio of 83.1% is the lowest quarterly combined ratio in over 14 years
  - Core loss ratio improved 24.5 pts in Q4 2021 as compared to Q4 2020.
  - Commercial auto loss ratio in Q4 2021 improved 68.1 percentage points as compared to Q4 2020 due to a decrease in frequency and severity of auto liability claims, reduction in commercial auto exposure units and favorable prior accident year reserve development.
  - Prior accident year favorable reserve development $22.8M in Q4 2021 compared to unfavorable reserve development of $12.4M in Q4 2020
    - Favorable reserve development for the current quarter came primarily from our commercial auto line of business.
  - Catastrophe losses below prior year and historical average, adding 3.5 percentage points to the combined ratio in Q4 2021 compared to 7.9 percentage points in Q4 2020. Historical average for catastrophe losses in fourth quarter is 5.3 percentage points added to the combined ratio.
  - $240M in net premiums earned in Q4 2021– a decrease of 8.9% over Q4 2020 primarily due to our strategic plan in non-renewing underperforming accounts in commercial auto line of business and exit of personal lines business which began in September 2020.

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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 targeted rate increases with continued focus on commercial auto, commercial property and umbrella. Also, a focus on commercial property risk selection and umbrella limits management. Overall, pursuing profitable growth opportunities.
- Claims initiatives include shorting cycle time, reducing legal expenses and the impact of litigation.
- Expansion of analytics and digital capabilities

P & C Market Conditions

- **Renewal rates increases Full Year 2021:**
  - Overall rate increase of 6.4% YTD, increase of 7.7% 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%.

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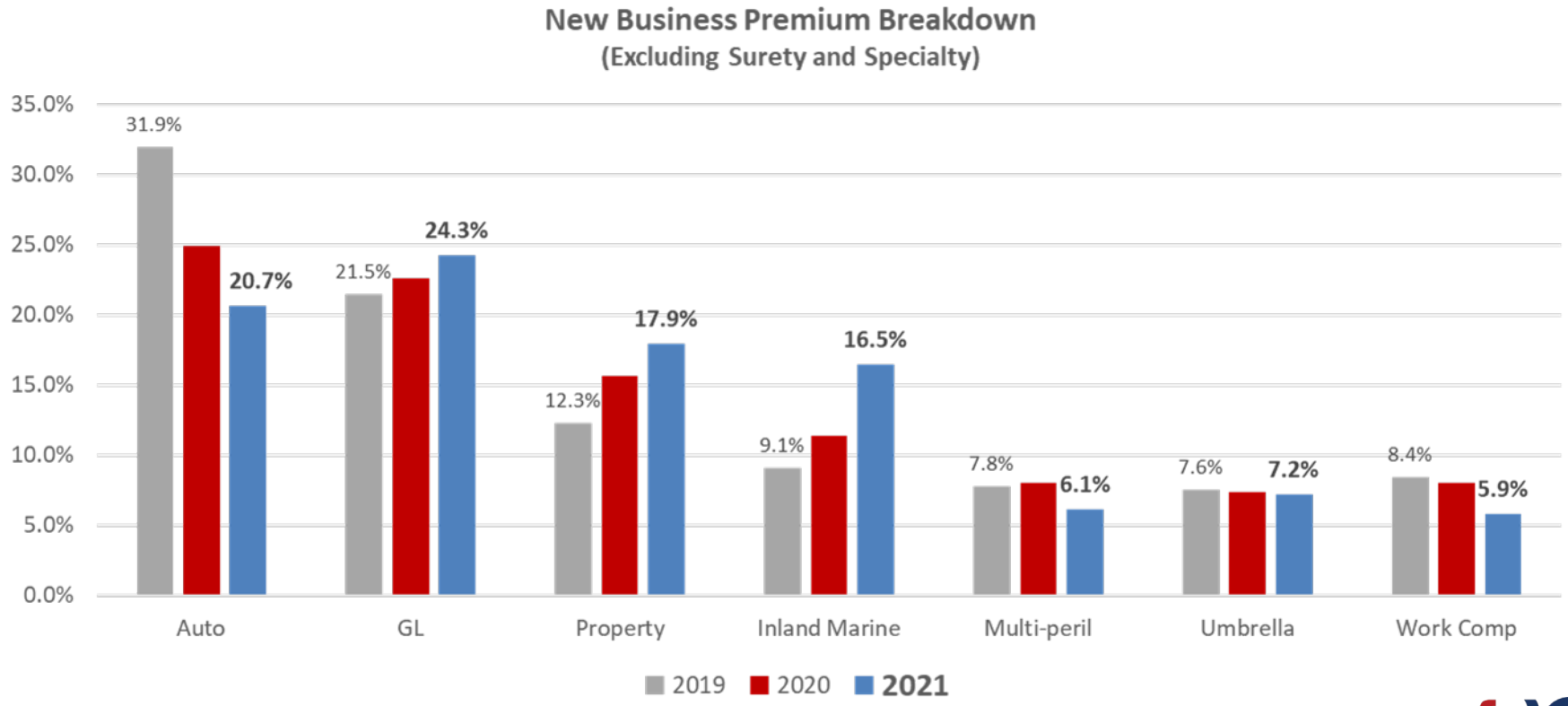
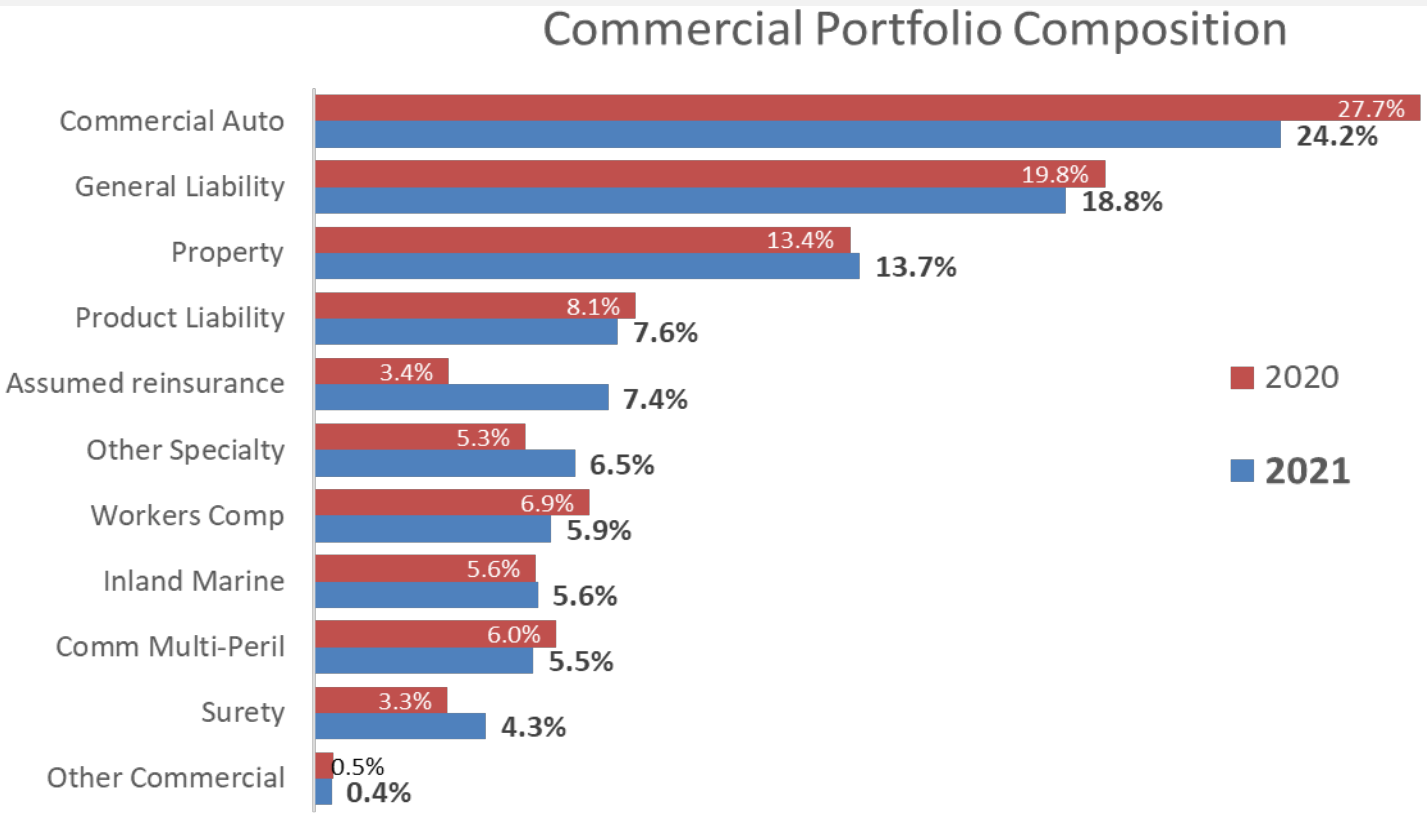
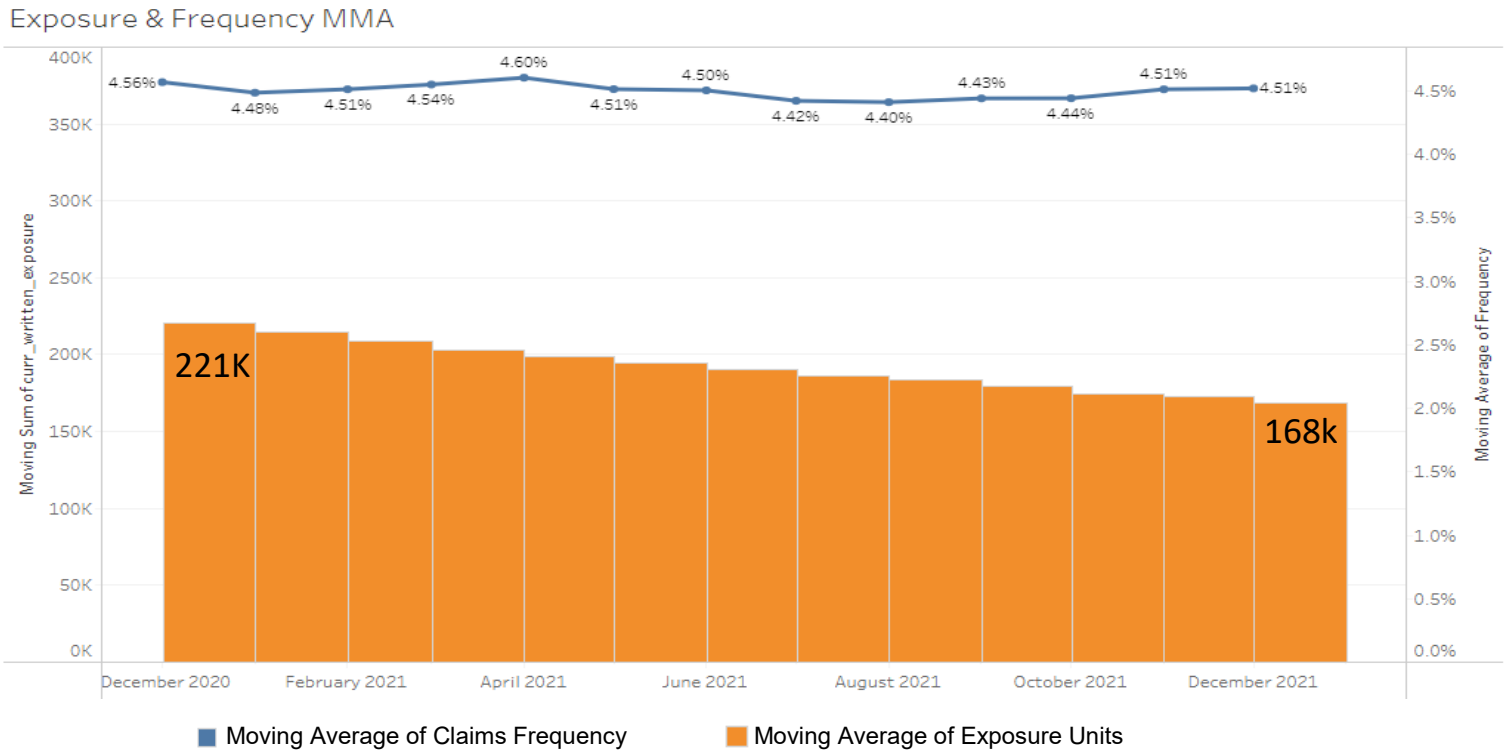

New Business Premium Breakdown
(Excluding Surety and Specialty)
35.0%
30.0%
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%
31.9%
20.7%
21.5%
24.3%
12.3%
17.9%
9.1%
16.5%
7.8%
6.1%
7.6%
7.2%
8.4%
5.9%
Auto
GL
Property
Inland Marine
Multi-peril
Umbrella
Work Comp
2019
2020
2021

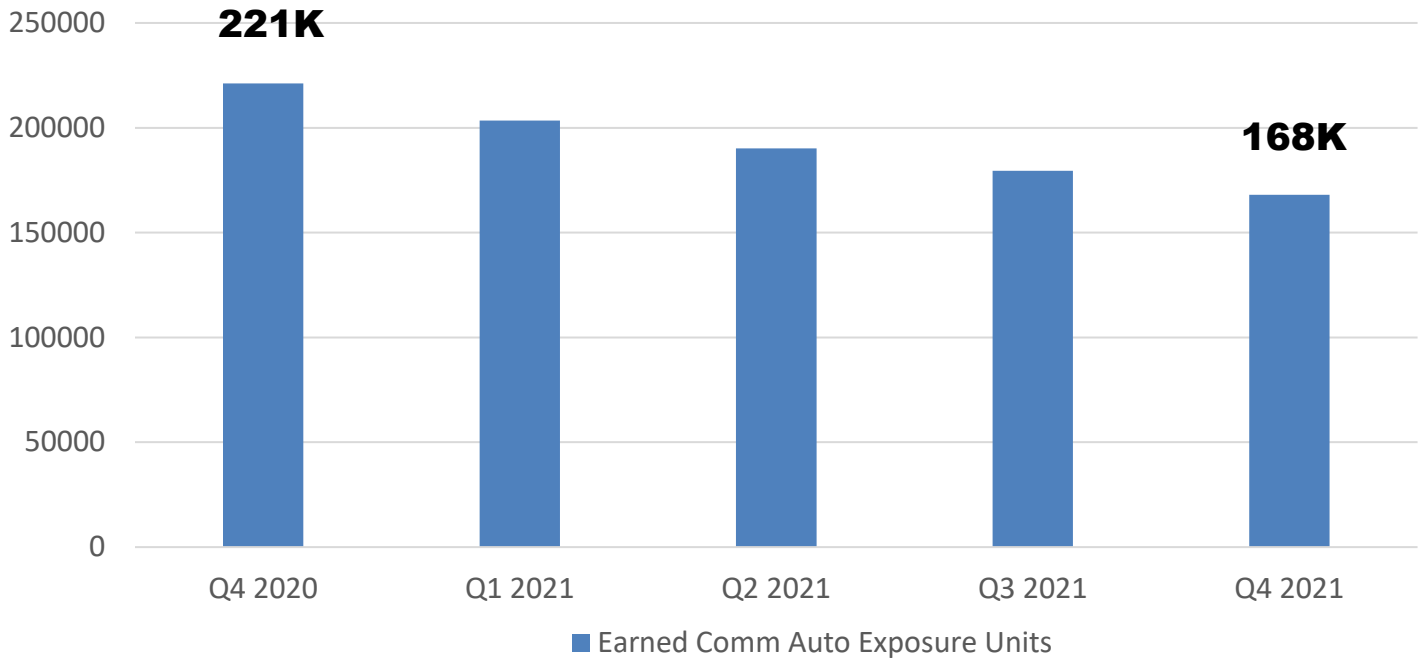

Commercial Portfolio Composition
Commercial Auto
27.7%
24.2%
General Liability
19.8%
18.8%
Property
13.4%
13.7%
Product Liability
8.1%
7.6%
Assumed reinsurance
3.4%
7.4%
Other Specialty
5.3%
6.5%
Workers Comp
6.9%
5.9%
Inland Marine
5.6%
5.6%
Comm Multi-Peril
6.0%
5.5%
Surety
3.3%
4.3%
Other Commercial
0.5%
0.4%
2020
2021

Commercial Auto Moving Average Frequency and Exposure Units

Frequency down 1%, Exposure down 24%



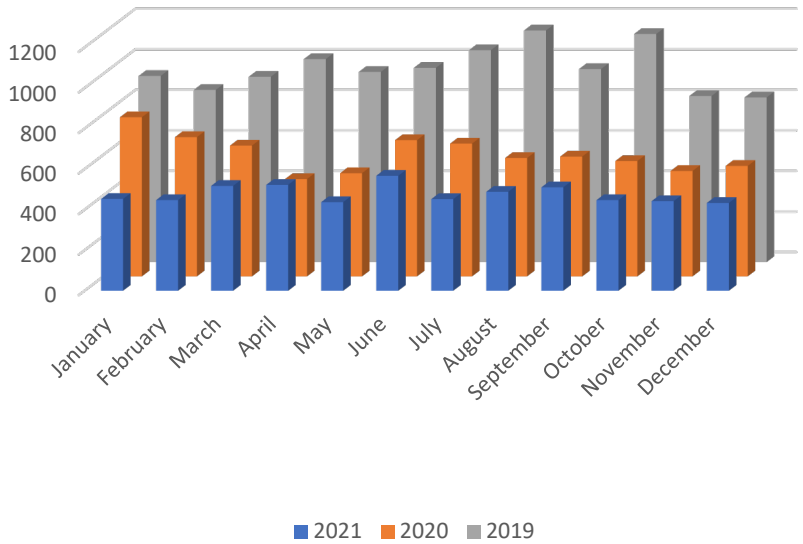
Commercial Auto Exposure – by Quarter



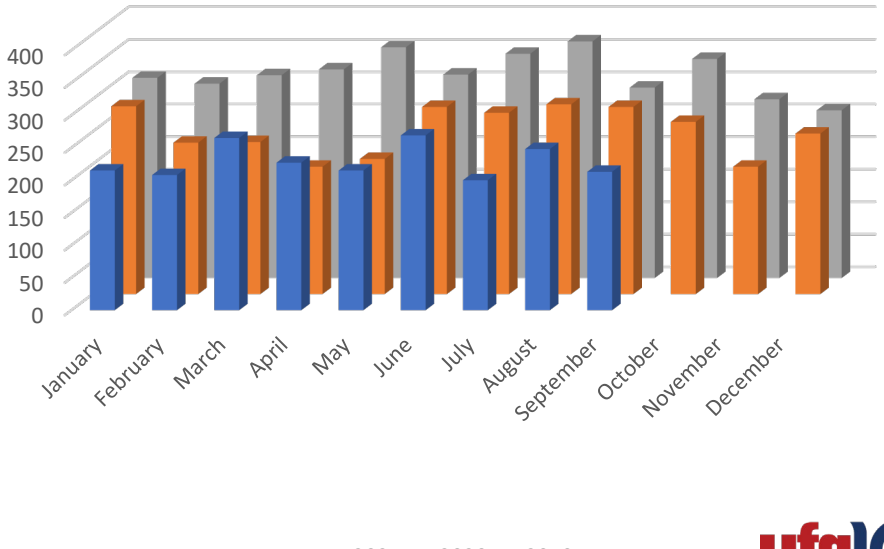
Note: Bars represent a rolling 12 month view of written exposure.

Claim Counts of Major Commercial Casualty Lines

CA BI+PD Liability Claims Counts
Claims down 21% FY 2021 vs FY 2020

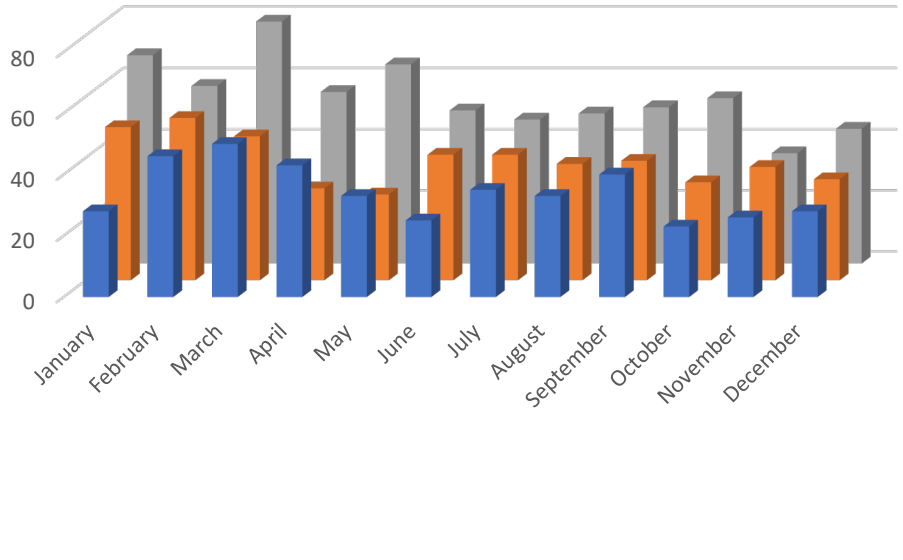


CGL BI+PD Liability Claims Counts
Claims down 13% FY 2021 vs FY 2020

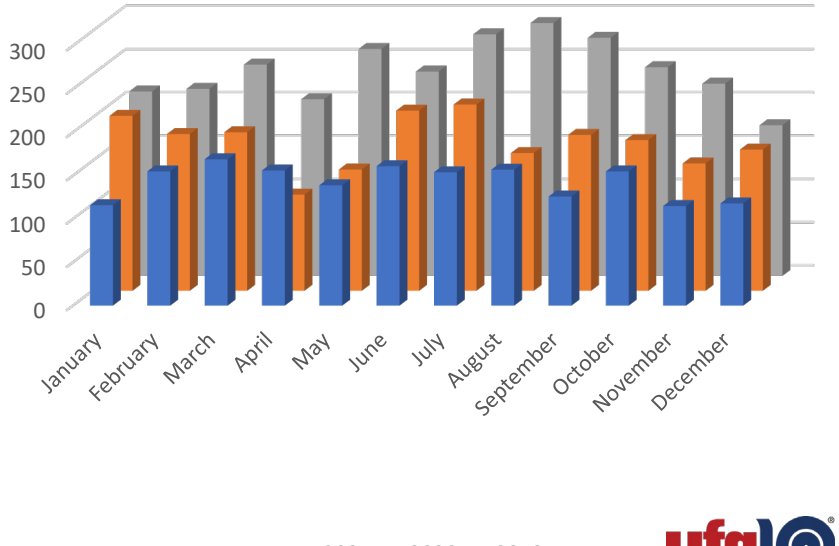


Claim Counts of Major Commercial Casualty Lines

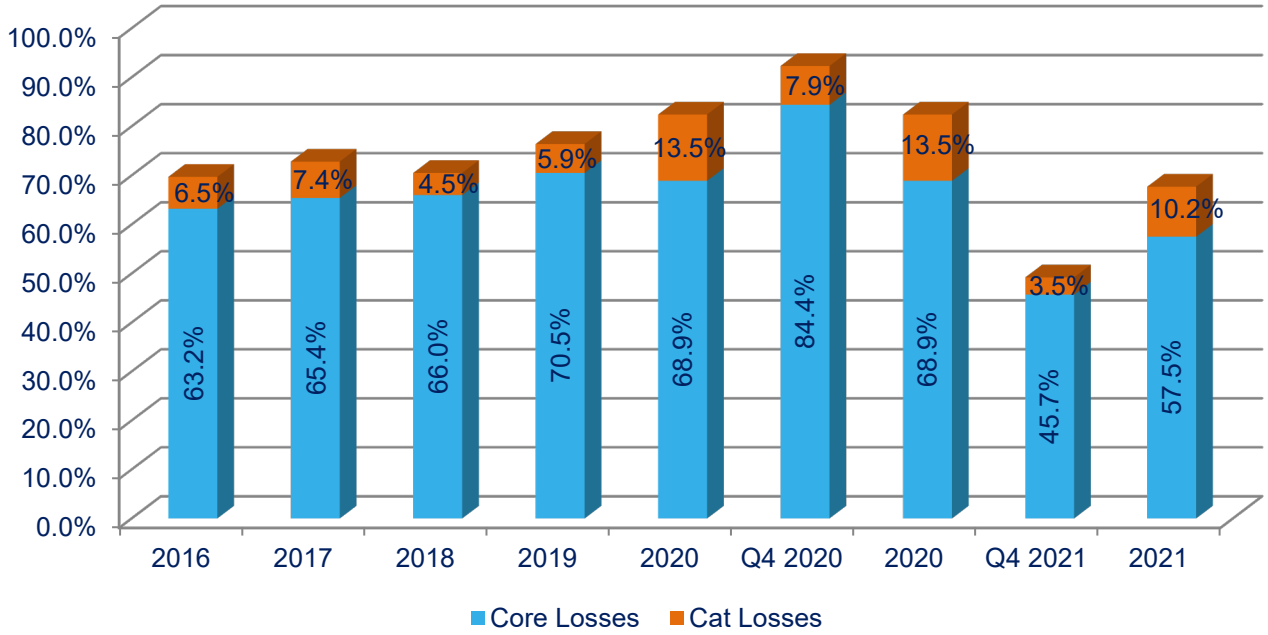
BOP Liability Claims Counts
Claims down 9% FY 2021 vs FY 2020



Work Comp Claim Counts
Claims down 17% FY 2021 vs FY 2020



Core Loss Ratio vs. Catastrophe Losses



Cat losses in Q4 2021 added 3.5 percentage points to the loss ratio.

Adjusted Loss Ratio

Adjusted Loss Ratio	2021 Q4	2020 Q4		2021 FY	2020 FY	
P&C Loss Ratio (as reported)	49.2%	92.3%		67.7%	82.4%	
Impact of Catastrophes	-3.5%	-7.9%		-10.2%	-13.5%	
Loss Ratio Ex-Catastrophes	45.7%	84.4%		57.5%	68.9%	
Impact of Reserve Development	9.5%	-4.7%		5.1%	1.7%	
Loss Ratio Ex-CAT and Ex-Development	***55.2%***	***79.7%***	***-24.5%***	***62.6%***	***70.6%***	***-8.0%***
Impact of all lines aggregate (ALA)	0.0%	0.0%		0.0%	2.9%	
Loss Ratio Ex-CAT, Ex-Development, & Ex-ALA	***55.2%***	***79.7%***	***-24.5%***	***62.6%***	***73.5%***	***-10.9%***

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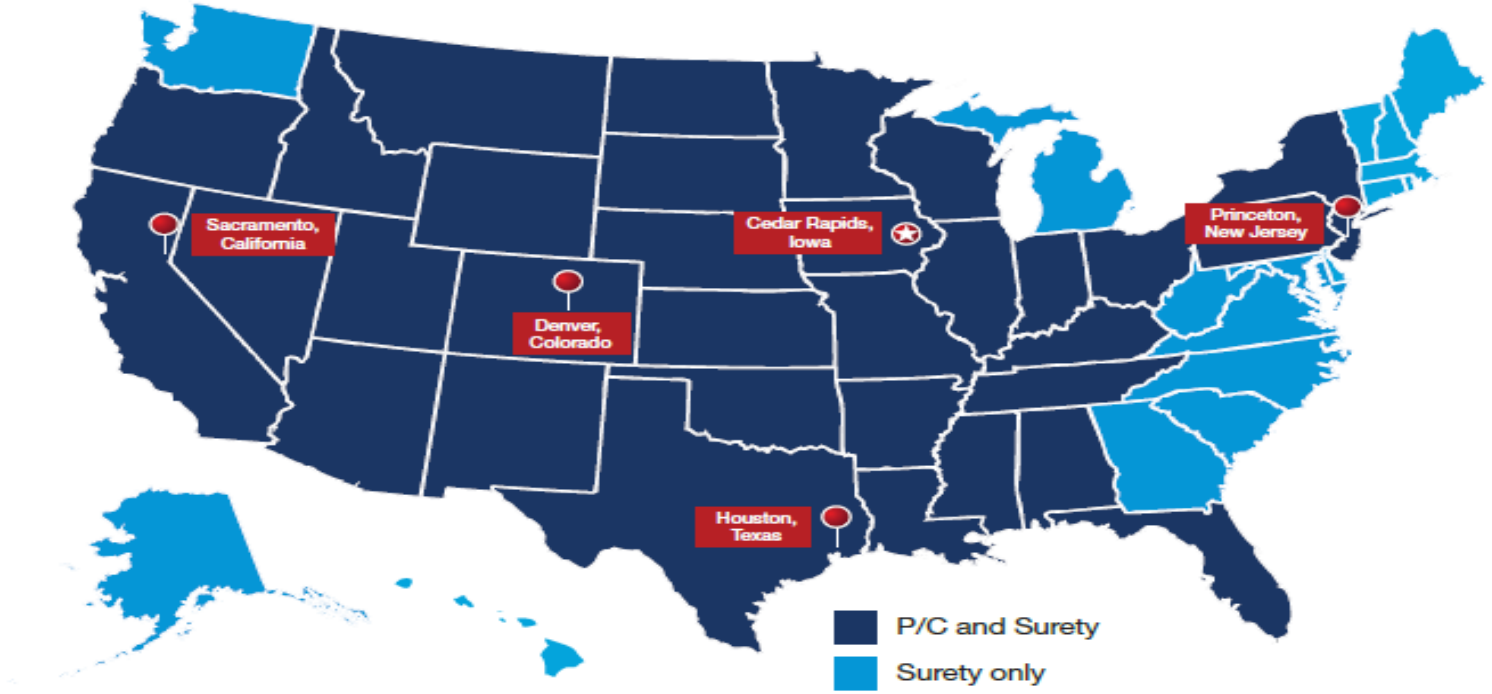
P & C Geographic Footprint



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 2021 for the 28th 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.