FOURTH QUARTER & FULL YEAR 2022 RESULTS

FEBRUARY 16, 2023

Safe harbor statement and non-GAAP measures

This presentation may contain forward-looking statements about our operations, anticipated performance and other similar matters. The Private Securities Litigation Reform Act of 1995 provides a safe harbor under the Securities Act of 1933 and the Securities Exchange Act of 1934 for forward-looking statements. The forward-looking statements are not historical facts and involve risks and uncertainties that could cause actual results to differ from those expected and/or projected. Such forward-looking statements are based on current expectations, estimates, forecasts and projections about the Company, the industry in which we operate, and beliefs and assumptions made by management. Words such as "expect(s)," "anticipate(s)," "intend(s)," "plan(s)," "believe(s)," "continue(s)," "seek(s)," "estimate(s)," "goal(s)," "remain(s) optimistic," "target(s)," "forecast(s)," "project(s)," "predict(s)," "should," "could," "may," "will," "might," "hope," "can" and other words and terms of similar meaning or expression in connection with a discussion of future operations, financial performance or financial condition, are intended to identify forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed in such forward-looking statements. Information concerning factors that could cause actual outcomes and results to differ materially from those expressed in the forward-looking statements is contained in Part I, Item 1A "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the Securities and Exchange Commission ("SEC") on February 25, 2022. The risks identified in our Annual Report on Form 10-K and in our other SEC filings are representative of the risks, uncertainties, and assumptions that could cause actual outcomes and results to differ materially from what is expressed in the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this release or as of the date they are made. Except as required under the federal securities laws and the rules and regulations of the SEC, we do not have any intention or obligation to update publicly any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law.

This presentation also includes certain non-GAAP financial measures within the meaning of Regulation G, including “adjusted operating income (loss)”. Refer to information about the non-GAAP measures contained in this presentation. Additional information as required by Regulation G are available in our Annual Report on Form 10-K and our Form 8-K furnished as of the date of this presentation with the SEC, which are available at www.ir.ufginsurance.com under “Financial Documents”. Investors are cautioned not to place undue reliance on these non-GAAP measures in assessing our overall financial performance.

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Highlights

Fourth quarter 2022

- Net premiums written increased 6.3% compared to the fourth quarter of 2021.
- GAAP combined ratio of 103.6% including an underlying loss ratio of 60.0%, catastrophe loss ratio of 4.9%, and unfavorable non-catastrophe prior period reserve development of 4.9%. Expense ratio was 33.8%.
- Net investment income of $12.9 million decreased 3.5% compared to the fourth quarter of 2021 due to lower other long-term investment income.
- Book value per common share of $29.36, up 5.5% compared to September 30, 2022.

Full Year 2022:

- Net premiums written of $984.2 million, an increase of 4.6% as compared to full year 2021.
- GAAP combined ratio of 101.4% driven by underlying loss ratio of 59.2% and catastrophe loss ratio of 7.7%. Expense ratio was 34.4% for the full year.
- Net investment income declined compared to full year 2021 as increasing fixed income yields were offset by lower other long-term investment income.
- Return on Equity of 1.9%.

Net premiums written is a performance measure reflecting the amount charged for insurance policy contracts issued and recognized on an annualized basis at the effective date of the policy.

Net underlying loss ratio is defined as the net loss ratio less impacts of catastrophes and non-catastrophe prior period reserve development.

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Financial results

Consolidated financial results

(In Millions, Except Per Share Data)	Fourth Quarter 2022	Fourth Quarter 2021	Year to Date 2022	Year to Date 2021
Net premiums written	$235	$221	$984	$941
Net premiums earned	$248	$240	$952	$963
Net underlying loss ratio [1]	60%	56%	59%	64%
Catastrophe Loss Ratio	5%	4%	8%	10%
Reserve development (excl. catastrophe)	5%	(10%)	0%	(7%)
Net loss ratio	70%	49%	67%	68%
Underwriting expense ratio	34%	34%	34%	33%
Combined ratio	104%	83%	101%	100%
Underlying combined ratio [2]	94%	90%	94%	97%
Net investment income	$13	$13	$45	$56
Net investment gains (losses)	$20	$19	($16)	$47
Other income (loss)	($1)	($1)	($3)	($3)
Net income (loss)	$20	$58	$15	$81
Adjusted operating income (loss) [3]	$5	$43	$28	$43
Net income (loss) per diluted share	$0.79	$2.28	$0.59	$3.16
Adjusted operating income (loss) per diluted share	$0.18	$1.69	$1.09	$1.69
Return on equity [4]			2%	10%
Book Value per Share			$29.36	$35.05

- Third consecutive quarter of net written premium growth
- Underlying loss ratio and underlying combined ratio continue to improve on a full year basis
- Q4 combined ratio impacted by elevated catastrophe losses and prior period reserve actions
- Full year expense ratio increased due to one-time favorable items in 2021; excluding non-recurring items from 2021 the expense ratio would have improved in 2022
- Higher interest rate environment sustainably improving fixed maturity investment income
- Rising equity and fixed income values benefitted results in Q4

(1) Net underlying loss ratio is defined as the net loss ratio less impacts of catastrophes and non-catastrophe prior period reserve development.
(2) Underlying combined ratio is defined as the GAAP combined ratio less impacts of catastrophes and non-catastrophe prior period reserve development.
(3) Adjusted operating income (loss) is a non-GAAP financial measure of net income excluding net investment gains and losses, after applicable taxes.
(4) Return on equity is calculated by dividing annualized net income by average year-to-date stockholders' equity.

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P&C results

Results

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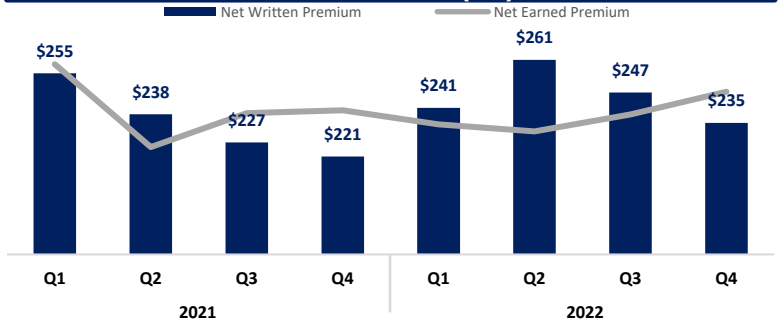
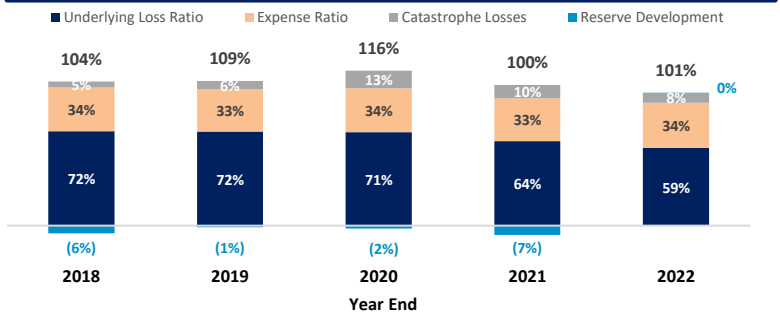
- Q4 written premium growth driven by Specialty, Surety, and Assumed Reinsurance
- Q4 '22 combined ratio impacted by catastrophe losses and prior period reserve development
- Full year underlying loss ratio and underlying combined ratio continue to improve

Premium trend ($M)



Combined ratio trend



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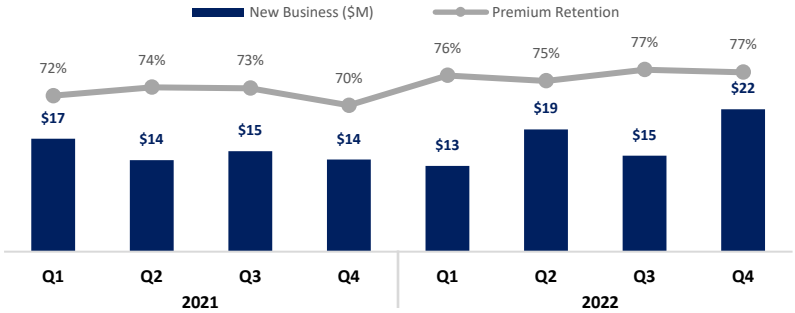
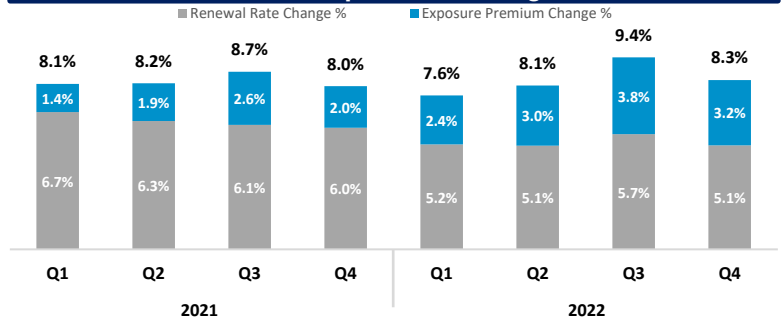
Commercial insurance production

New business & premium retention trend



- Q4 new business increased 55% vs. 2021, retention increased 7 points vs. 2021
- Retention improving while average renewal price change remains elevated

Renewal premium change



- Q4 renewal premium change was 8.3% as rate increases moderated
- Q4 renewal premium change excluding Workers Comp was 9.4%

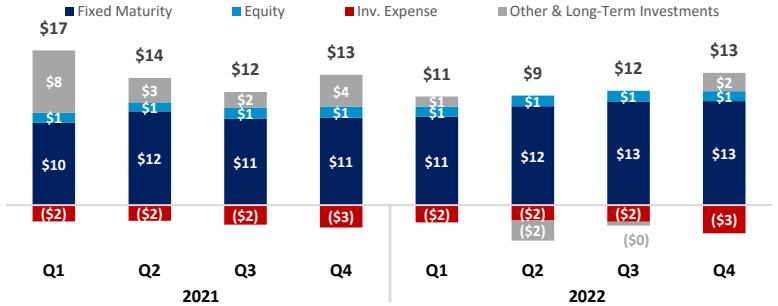
Note: Results exclude Surety, Specialty, Assumed Reinsurance

Investment income

Results

(In Millions)	Fourth Quarter 2022	Fourth Quarter 2021	Year to Date 2022	Year to Date 2021
Investment income:				
Interest on fixed maturities	$13	$11	$49	$43
Dividends on equity securities	$1	$1	$5	$5
Income on other long-term investments	$1	$3	($3)	$14
Other	$1	$1	$4	$2
Total investment income	$16	$16	$54	$65
Less investment expenses	($3)	($3)	($10)	($9)
Net investment income	**$13**	**$13**	**$45**	**$56**
Net investment gains (losses)	**$20**	**$19**	**($16)**	**$47**
Yield (pre-tax):				
Fixed Maturity [1]	3.1%	2.6%	2.9%	2.6%

Net investment income trend ($M)



- Q4 net investment income flat vs. prior year as increasing fixed maturity yields offset by lower long-term investment income
- Fixed maturity income increasing with higher new investment yields
- Q4 fixed maturity new money yields increased to 5.3% from 1.8% in Q4 2021
- Net investment gains primarily relate to valuation change in equity portfolio. Returns exceeded S&P benchmark for Q4 and full year.

(1) Fixed maturity yield excluding unrealized gains/losses and expenses

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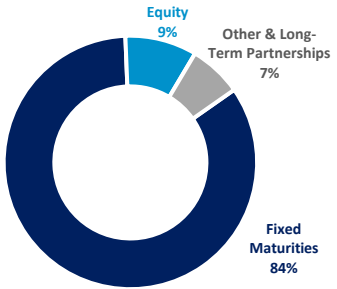
Investment portfolio

Investment portfolio composition & quality

Q3 Portfolio Composition



Fixed Maturity Credit Rating

Rating	% of Portfolio
AAA	35%
AA	31%
A	15%
BBB	18%
Investment Grade	**99%**
Other / Not Rated	1%
Total Fixed Maturity	**100%**

Unrealized Gain / Loss impact on Stockholder's Equity

Fixed Maturity Asset Balance ($M)	Year End 2021	Year End 2022	YTD Change
Book Value	$1,657	$1,663	
Unrealized Gain (Loss)	$63	($111)	($174)
Carried Assets on Balance Sheet	**$1,720**	**$1,551**	
Change in Equity (After-Tax)			*($138)*

- Q4 Invested assets of $1.8B, with 84% of assets in fixed income securities
- High-quality portfolio with 81% of fixed maturity assets rated "A" or better
- Portfolio strategically positioned to reinvest at higher rates with duration of 4.7 years
- Higher rate environment that benefits investment income adversely impacts net unrealized position and stockholder's equity

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