SECOND QUARTER 2023 RESULTS

AUGUST 8, 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/A for the year ended December 31, 2022, filed with the Securities and Exchange Commission ("SEC") on March 1, 2023. The risks identified in our Annual Report on Form 10-K/A 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 http://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

Second quarter 2023

- Net loss of $56.4 million driven by prior period loss reserve strengthening and elevated catastrophe losses
- Net premiums written(1) of $299.1 million increased 14.6% compared to the second quarter of 2022
- Five consecutive quarters of total net written premium growth with core commercial lines growing for second consecutive quarter
- GAAP combined ratio of 132.9% including an underlying loss ratio(2) of 64.6%, catastrophe loss ratio of 13.0%, unfavorable prior period reserve development(2) of 20.8%, and expense ratio of 34.5%
- Underlying combined ratio of 99.1%
- Net investment income of $11.3 million increased 23.4% compared to the second quarter of 2022
- Book value per common share decreased 8.8% to $26.77 as of June 30, 2023, compared to $29.36 at December 31, 2022
- Return on equity of (15.7%)

1) 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.

2) 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)	Second Quarter 2023	Second Quarter 2022	Second Quarter Change	Year to Date 2023	Year to Date 2022	Year to Date Change
Net premiums written	$299	$261	15%	$572	$502	14%
Net premiums earned	$255	$231	10%	$511	$465	10%
Net underlying loss ratio [1]	64.6%	58.8%	5.8 pts	64.1%	58.2%	5.9 pts
Catastrophe loss ratio	13.0%	12.1%	0.9 pts	8.8%	7.3%	1.5 pts
Reserve development (excl. catastrophe)	20.8%	(5.4%)	26.2 pts	10.4%	(4.9%)	15.3 pts
Net loss ratio	98.4%	65.5%	32.9 pts	83.3%	60.6%	22.7 pts
Underwriting expense ratio	34.5%	35.2%	(0.7) pts	35.1%	34.4%	0.7 pts
Combined ratio	132.9%	100.7%	32.2 pts	118.4%	95.0%	23.4 pts
Underlying combined ratio [2]	99.1%	94.0%	5.1 pts	99.2%	92.7%	6.5 pts
Net investment income	$11	$9		$24	$20	
Net investment gains (losses)	$1	($21)		($1)	($21)	
Other income (loss)	($1)	($1)		($2)	($2)	
Net income (loss)	($56)	($10)		($56)	$18	
Adjusted operating income (loss) [3]	($57)	$6		($55)	$35	
Net income (loss) per diluted share	($2.23)	($0.42)		($2.21)	$0.70	
Adjusted operating income (loss) per diluted share	($2.27)	$0.24		($2.19)	$1.37	
Return on equity [4]				(16%)	4%	

- Net written premium growth continues in Q2, +15% vs. prior year
- Q2 2023 combined ratio of 133% driven by
  - Strengthening of prior period loss reserves
  - Underlying loss ratio reflects increased surety losses of 3 points
  - Catastrophe losses 2 points above 5-year historic mean
  - Expense ratio benefitting from actions to sustainably reduce cost
- Higher interest rate environment sustainably improving net investment income vs. prior year
- Book value per common share decreased to $26.77

(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

(In Millions)	Second Quarter 2023	Second Quarter 2022	Second Quarter Change	Year to Date 2023	Year to Date 2022	Year to Date Change
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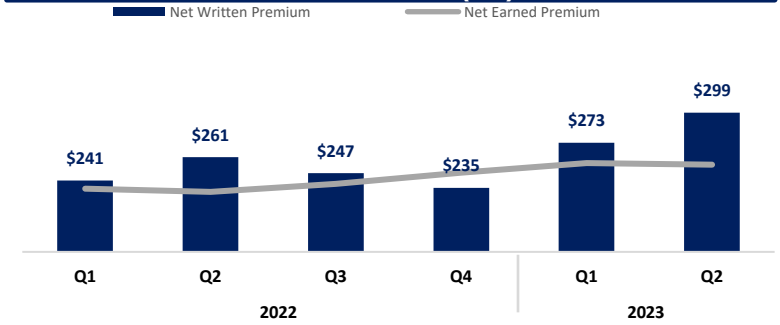
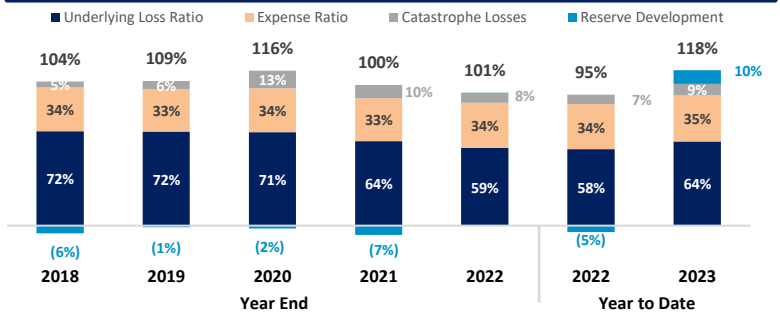
- Five consecutive quarters of year-over-year net written premium growth
- Q2 Underlying loss ratio includes 3 points of impact from a small number of large surety losses
- Q2 Catastrophe losses approximately 2 points above 5-year historic mean
- Expense ratio benefitting from actions to sustainably reduce cost that are beginning to offset impact of investments in talent and technology as well as conclusion of favorable 2022 impacts

Premium trend ($M)



Combined ratio trend



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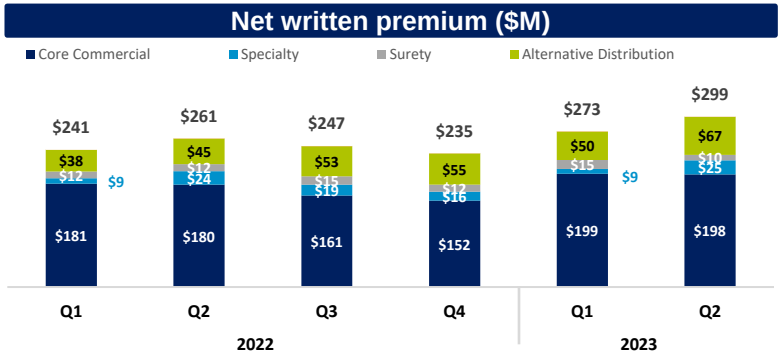
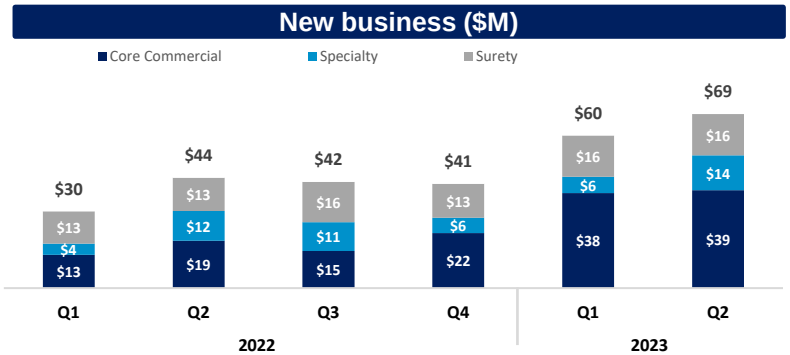
P&C Portfolio production





- Diversifying growth across business portfolio
  - Second consecutive quarter of core commercial growth with all production metrics improved vs. prior year
  - Alternative Distribution leveraging hard market to deliver diversifying growth while reducing catastrophe exposure by non-renewing portion of retro book

- New business increased with governance in place to support long-term profitability goals

New business defined as direct premium written for full policy new to UFG or new coverage line added to existing policy, not applicable to Alternative Distribution

Core commercial: Admitted commercial lines business sold through approximately 1,000 independent agents
Specialty: Excess & Surplus lines distributed through wholesale market
Surety: Contract and commercial surety bonds
Alternative Distribution: Includes assumed reinsurance, delegated underwriting authority, Funds at Lloyd's

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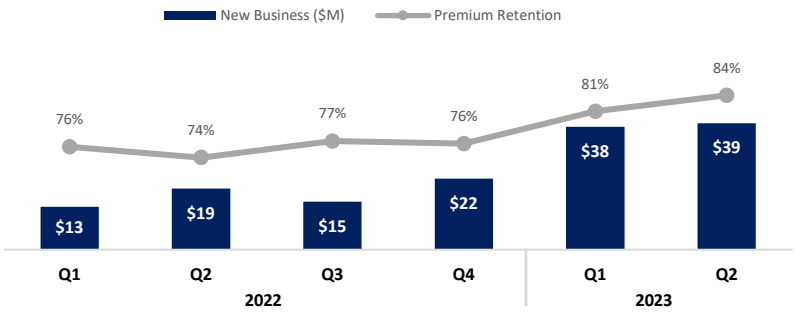
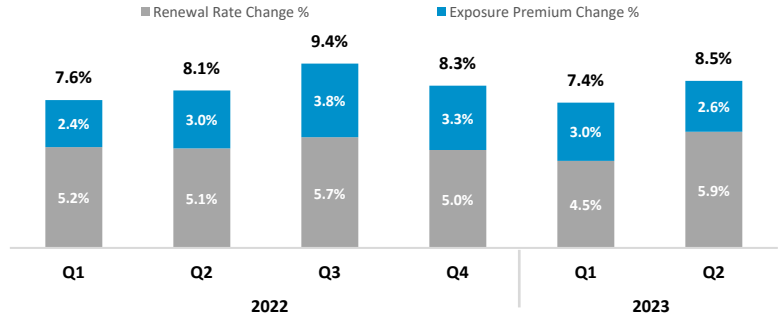
Core Commercial lines production detail

New business & premium retention trend



- New business continues to increase
  - Line of business mix consistent with expectations
  - New business leverages cross-functional strengths
  - Governance in place to support long-term profitability goals
- Retention normalized in Q2 upon conclusion of most disruptive re-underwriting actions

Renewal premium change



- Q2 renewal premium change accelerated to 8.5%
  - Q2 renewal premium change excluding Workers Comp was 9.4%
  - Average rate increase of 5.9% highest in last 6 quarters, all lines increased from Q1 2023
  - Property renewal premium change exceeded 19% in Q2 to mitigate inflation and higher reinsurance costs

Note: Results exclude Surety, Specialty, Alternative Distribution

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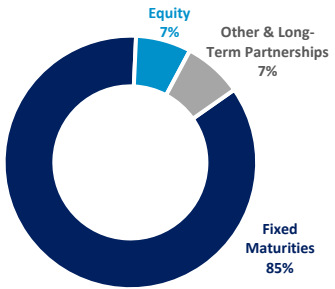
Investment portfolio

Investment portfolio composition & quality

Portfolio Composition



Fixed Maturity Credit Rating

Rating	% of Portfolio
AAA	35%
AA	30%
A	15%
BBB	19%
Investment Grade	**99%**
Other / Not Rated	1%
Total Fixed Maturity	**100%**

Unrealized gain / loss impact on stockholder's equity

Fixed Maturity Asset Balance ($M)	Q2 2023	Year End 2022	YTD Change
Book Value	$1,681	$1,663	
Unrealized Gain (Loss)	($113)	($111)	($1)
Carried Assets on Balance Sheet	**$1,568**	**$1,551**	
Change in Equity (After-Tax)			*($1)*

- Q2 invested assets of $1.8B, with 85% of assets in fixed income securities
- High-quality portfolio with 80% of fixed maturity assets rated "A" or better
- Portfolio strategically positioned to reinvest at higher rates with duration of 4.0 years
- Began repositioning public equity portfolio into fixed income in Q2
- Unrealized loss increased in Q2, reducing book value per share $0.04 since YE 2022

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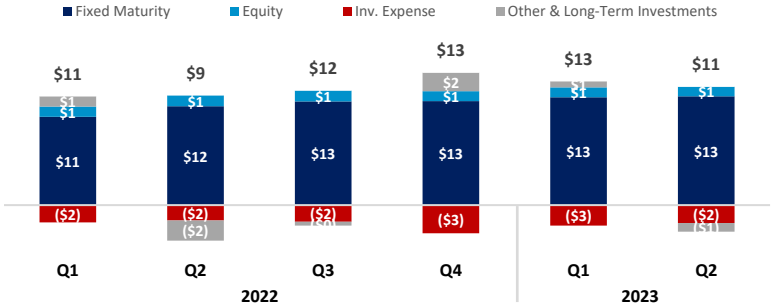
Investment income

Results

(In Millions)	Second Quarter 2023	Second Quarter 2022	Second Quarter Change	Year to Date 2023	Year to Date 2022	Year to Date Change
Investment income:						
Interest on fixed maturities	$13	$12	10%	$27	$23	16%
Dividends on equity securities	$1	$1	(12%)	$2	$3	(7%)
Income on other long-term investments	($4)	($3)	12%	($5)	($3)	76%
Other	$2	$1	257%	$4	$1	209%
Total investment income	$14	$11	22%	$29	$24	18%
Less investment expenses	($2)	($2)	17%	($5)	($4)	20%
Net investment income	**$11**	**$9**	**23%**	**$24**	**$20**	**18%**
Net investment gains (losses)	**$1**	**($21)**		**($1)**	**($21)**	
Yield (pre-tax):						
Fixed Maturity [1]	3.2%	3.0%		3.3%	2.8%	

Net investment income trend ($M)



- Q2 Net investment income increased vs. prior year as increasing fixed maturity yields sustainably improve earnings
  - Q2 +23% vs. prior year
  - YTD +18% vs. prior year
- Fixed maturity new money yields increased to 5.1% from 4.1% in Q2 2022
- LP valuation change of ($3.7M) in Q2 driven by fintech and bank fund investments
- Net investment gain driven by UFG's income-focused equity portfolio valuation that lagged market returns but generated $1.2M of dividend income

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