THIRD QUARTER 2023 RESULTS

NOVEMBER 2, 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

Third quarter 2023

- Net income of $6.4 million, or $0.25 per diluted share and adjusted operating income of $0.31 per diluted share
- Net premiums written(1) of $247.7 million
- GAAP combined ratio of 102.1%, including an underlying loss ratio(2) of 60.5% and catastrophe loss ratio of 5.9%. Expense ratio was 35.5%
- Underlying combined ratio of 96.0%
- Net investment income of $16.5 million increased 41.8% compared to the third quarter of 2022
- Book value per common share decreased 13.0% to $25.53 as of September 30, 2023, compared to December 31, 2022
- Annualized year-to-date return on equity of (9.5%)

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)	Third Quarter 2023	Third Quarter 2022	Third Quarter Change	Year to Date 2023	Year to Date 2022	Year to Date Change
Net premiums written	$248	$247	0%	$820	$749	9%
Net premiums earned	$259	$238	9%	$770	$704	9%
Net underlying loss ratio [1]	60.5%	60.4%	0.1 pts	62.9%	58.9%	4.0 pts
Catastrophe loss ratio	5.9%	11.4%	(5.5) pts	7.8%	8.7%	(0.9) pts
Reserve development (excl. catastrophe)	0.2%	4.8%	(4.6) pts	7.0%	(1.6%)	8.6 pts
Net loss ratio	66.6%	76.6%	(10.0) pts	77.7%	66.0%	11.7 pts
Underwriting expense ratio	35.5%	35.1%	0.4 pts	35.3%	34.6%	0.7 pts
Combined ratio	102.1%	111.7%	(9.6) pts	113.0%	100.6%	12.4 pts
Underlying combined ratio [2]	96.0%	95.5%	0.5 pts	98.2%	93.5%	4.7 pts
Net investment income	$16	$12		$41	$32	
Net investment gains (losses)	($2)	($14)		($3)	($36)	
Other income (loss)	($1)	($1)		($2)	($2)	
Net income (loss)	$6	($23)		($49)	($5)	
Adjusted operating income (loss) [3]	$8	($12)		($47)	$23	
Net income (loss) per diluted share	$0.25	($0.91)		($1.95)	($0.20)	
Adjusted operating income (loss) per diluted share	$0.31	($0.47)		($1.87)	$0.92	
Return on equity [4]				(9.5%)	(0.9%)	
Book Value per Share				$25.53		

- Net written premium growth slowed in Q3
- Q3 2023 combined ratio of 102% with improved catastrophe losses and neutral prior year reserve development compared to Q3 2022
- Higher interest rate environment sustainably improving net investment income vs. prior year
- Unrealized loss grew due to increase in interest rates, decreasing book value per common share to $25.53

(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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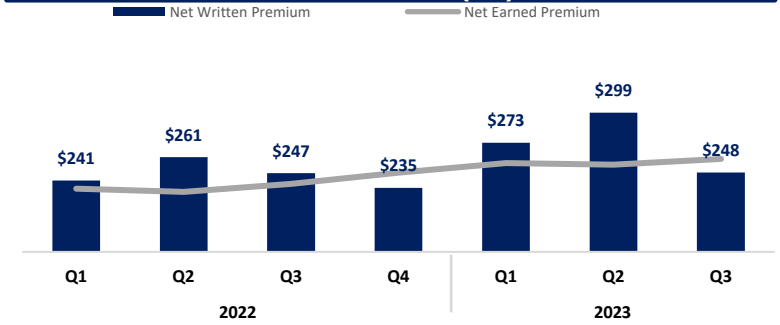
P&C results

Results

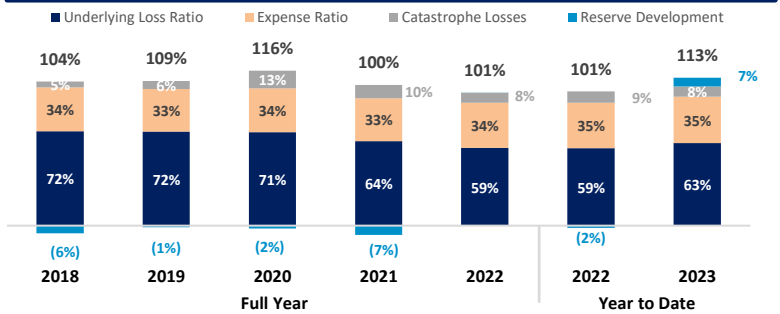
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- Net written premium growth slowed in Q3
- Q3 underlying loss ratio includes 2 points of impact from a small number of large surety losses
- Expense ratio increased due to impact of surety reinsurance reinstatement premiums and conclusion of favorable 2022 impacts
- Q3 catastrophe losses below historic averages

Premium trend ($M)



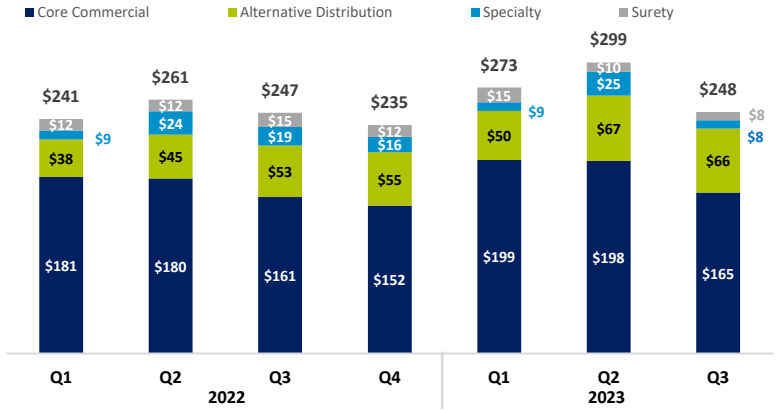
Combined ratio trend



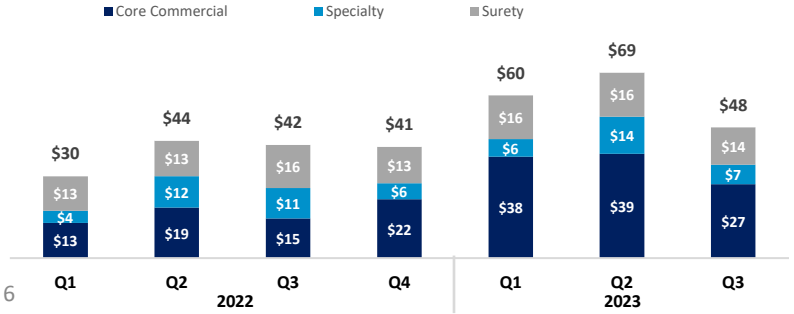
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P&C portfolio production

Net written premium ($M)



New business ($M)



- Core commercial growth continued 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
- Targeted actions on underperforming segments reduced specialty premium in the third quarter
- Surety net written premium impacted by reinsurance reinstatements

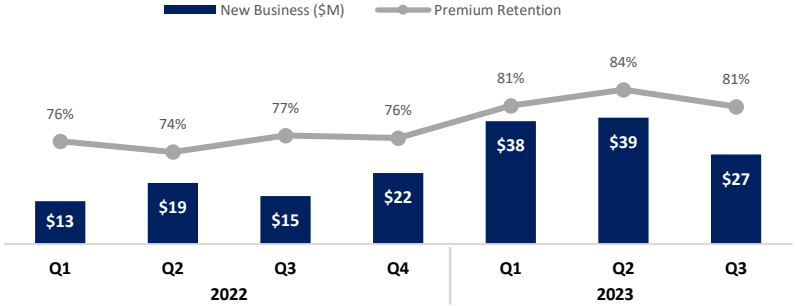
- New business remains above prior year with improved governance in place to support long-term profitability goals

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

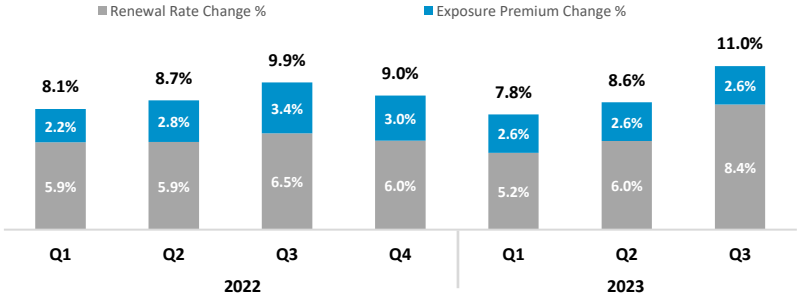
Core commercial lines production detail

New business & premium retention trend



- New business remains strongly above prior year
  - Line of business mix consistent with expectations
  - New business leverages cross-functional strengths
  - Governance in place to support long-term profitability goals
- Premium retention improved 4 points over 3rd quarter prior year

Renewal premium change



- Q3 renewal premium change accelerated to 11%
  - Q3 renewal premium change excluding workers' compensation was 12.4%
  - Average rate increase of 8.4% at highest level in over five years
  - Property renewal premium change exceeded 23% in Q3 to mitigate inflation and higher reinsurance costs

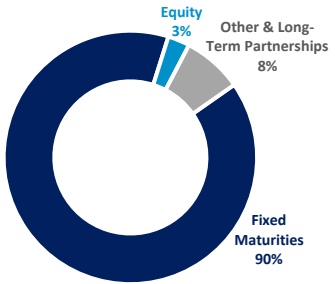
Note: Results exclude Surety, Specialty, Alternative Distribution

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Investment portfolio

Investment portfolio composition & quality

Portfolio Composition



Fixed Maturity Credit Rating

Rating	% of Portfolio
AAA	39%
AA	27%
A	14%
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)	Q3 2023	Year End 2022	YTD Change
Book Value	$1,794	$1,663	
Unrealized Gain (Loss)	($156)	($111)	($44)
Carried Assets on Balance Sheet	**$1,639**	**$1,551**	
Change in Equity (After-Tax)			*($35)*

- Q3 invested assets of $1.8B, with 90% 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 4.1 years
- Continued repositioning public equity portfolio into fixed income
- Unrealized loss increased in Q3, reducing book value per share $1.38 since YE 2022

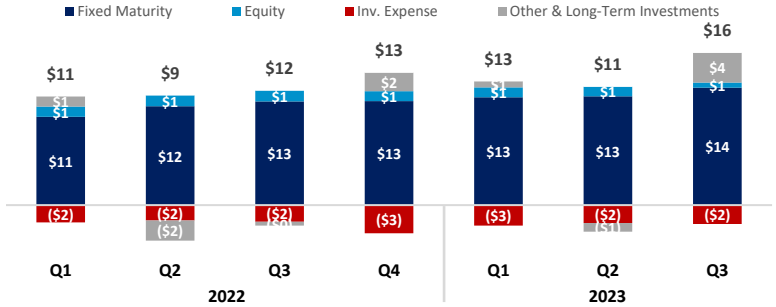
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Investment income

Results

(In Millions)	Third Quarter 2023	Third Quarter 2022	Third Quarter Change	Year to Date 2023	Year to Date 2022	Year to Date Change
Investment income:						
Interest on fixed maturities	$14	$13	13%	$41	$36	15%
Dividends on equity securities	$1	$1	(52%)	$3	$4	(22%)
Income on other long-term investments	$1	($1)	(181%)	($3)	($4)	(12%)
Other	$3	$1	189%	$7	$2	201%
Total investment income	$19	$14	37%	$48	$38	25%
Less investment expenses	($2)	($2)	13%	($7)	($6)	17%
Net investment income	**$16**	**$12**	**42%**	**$41**	**$32**	**26%**
Net investment gains (losses)	**($2)**	**($14)**		**($3)**	**($36)**	
Yield (pre-tax):						
Fixed Maturity [1]	3.4%	3.1%		3.2%	2.9%	

Net investment income trend ($M)



- Q3 Net investment income increased vs. prior year on higher fixed maturity yields and improved LP valuation
- Fixed maturity new money yields increased to 5.6% in Q3 2023
- In Q3 strategically reallocated ~$80M of public equities into fixed maturities improving stability of future earnings and reducing volatility of Q3 realized loss as equity values declined

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