FIRST QUARTER 2024 RESULTS

MAY 8, 2024

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. Some 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, 2023, filed with the Securities and Exchange Commission ("SEC") on February 29, 2024. 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 and disclaim any duty 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.

Non-GAAP Financial Measures

This presentation also includes certain non-GAAP financial measures within the meaning of Regulation G, including “adjusted operating income (loss)),” which are used where management believes them to be helpful in understanding the Company’s results of operations or financial position. 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

First quarter 2024

- Net income of $13.5 million driven by increased underwriting income and higher investment income
- Net premiums written(1) of $321.3 million increased 17.6% compared to the first quarter of 2023
- GAAP combined ratio of 98.9%, including a loss ratio of 64.0% and underwriting expense ratio of 34.9%, improved 4.5 points compared to the first quarter of 2023
- Underlying combined ratio of 94.3%(2)
- Underlying loss ratio(3) of 59.4%, catastrophe loss ratio of 4.6% with no prior year reserve development
- Net investment income of $16.3 million increased 28.5% compared to the first quarter of 2023
- Book value per common share increased $0.09 to $29.13 as of March 31, 2024, compared to December 31, 2023

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) Underlying combined ratio is defined as the GAAP combined ratio less impacts of catastrophes and non-catastrophe prior period reserve development
3) Underlying loss ratio is defined as the net loss ratio less impacts of catastrophes and non-catastrophe prior year reserve development

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Financial results

Consolidated financial results

(In Millions, Except Per Share Data)	First Quarter 2024	2023	Change
Net premiums written	$321	$273	18%
Net premiums earned	$281	$256	10%
GAAP Ratios:			
Net loss ratio	64.0%	68.2%	(4.2) pts
Underwriting expense ratio	34.9%	35.2%	(0.3) pts
Combined ratio	98.9%	103.4%	(4.5) pts
Loss Ratios:			
Net loss ratio	64.0%	68.2%	(4.2) pts
Catastrophe loss ratio [1]	4.6%	4.6%	0.0 pts
Reserve development (excl. catastrophe) [1]	0.0%	0.1%	(0.1) pts
Underlying loss ratio [1]	59.4%	63.5%	(4.1) pts
Underlying combined ratio [2]	94.3%	98.7%	(4.4) pts
Net investment income	$16	$13	
Net investment gains (losses)	($1)	($2)	
Other income (loss)	($2)	($2)	
Net income (loss)	$14	$1	
Adjusted operating income (loss) [3]	$14	$2	
Net income (loss) per diluted share	$0.52	$0.03	
Adjusted operating income (loss) per diluted share [3]	$0.56	$0.08	
Return on equity [4]	7%	0%	
Book Value per Share	$29.13		

- Net written premium growth continued in Q1, with strong rate in commercial lines and growth in alternative distribution
- Combined ratio improved 4.5 points vs. prior year driven by improvement in underlying combined ratio
- Q1 catastrophe loss ratio in line with prior year and slightly below five-year historical average
- Prior period reserve development neutral overall, with adjustments across lines of business to reinforce position against industry inflation risks
- Higher interest rate environment increased net investment income vs. prior year
- Book value per common share increased to $29.13, up from $29.04 at year-end 2023

(1) Underlying loss ratio is a non-GAAP financial measure that is defined as the net loss ratio less impacts of catastrophes and non-catastrophe prior period reserve development.
(2) Underlying combined ratio is a non-GAAP financial measure that 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 stockholders' equity, which is calculated using a simple average of the beginning and ending balances for the period.

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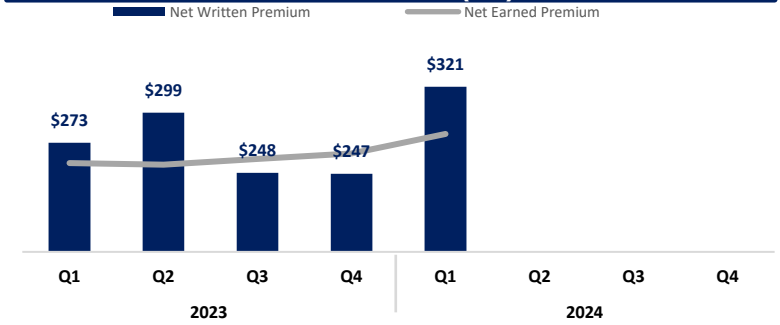
P&C results

Results

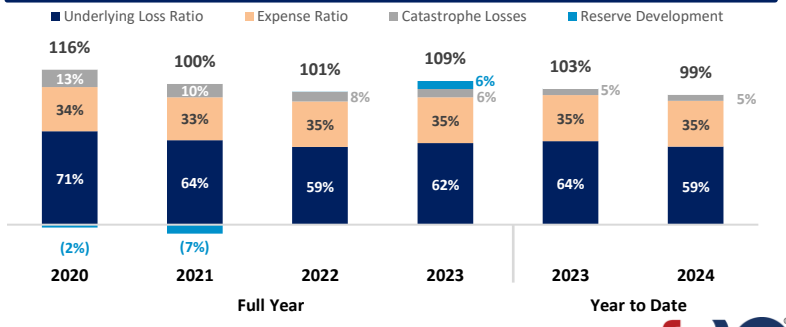
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- First quarter net written premium growth driven by Core Commercial and Alternative Distribution
- Combined ratio improved 4.5 points vs. prior year
- Underlying combined ratio continues to improve as underwriting and expense management strategies impact results
- Q1 catastrophe loss ratio in line with prior year and slightly below five-year historical average
- Prior period reserve development neutral overall, with adjustments across lines of business to reinforce position against industry inflation risks

Premium trend ($M)

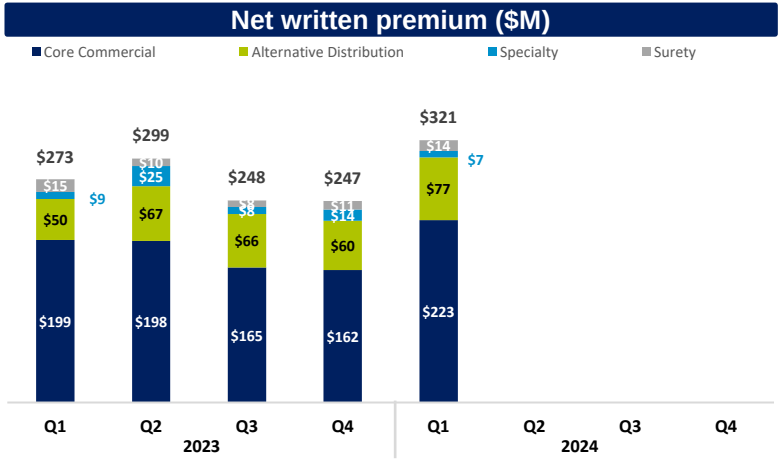


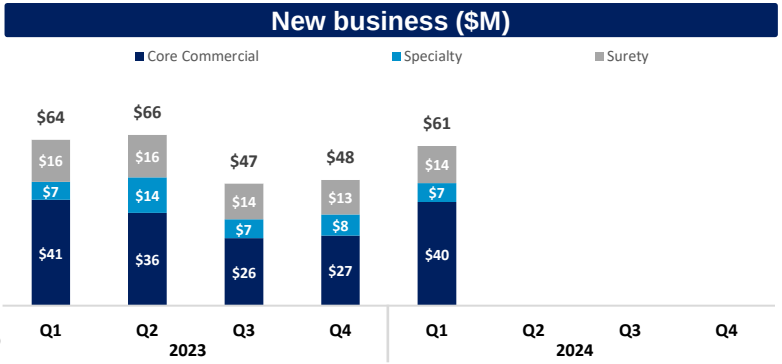
Combined ratio trend



(1) Underlying loss ratio is a non-GAAP financial measure that is defined as the net loss ratio less impacts of catastrophes and non-catastrophe prior period reserve development.
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P&C portfolio production





- First quarter net written premium growth driven by Core Commercial and Alternative Distribution
  - Core Commercial growth fueled by rate increases
  - Alternative Distribution leveraging hard market to deliver diversifying growth targeting ~25% of total portfolio
  - Specialty and Surety businesses performing as expected with ongoing focus on consistent profitability

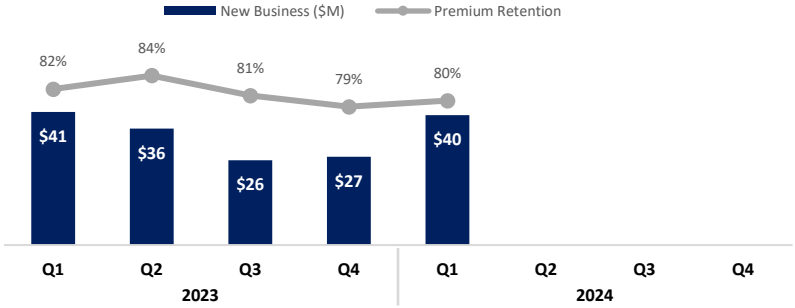
- New business broadly consistent to prior year with ongoing focus on quality of new business being added to portfolio

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

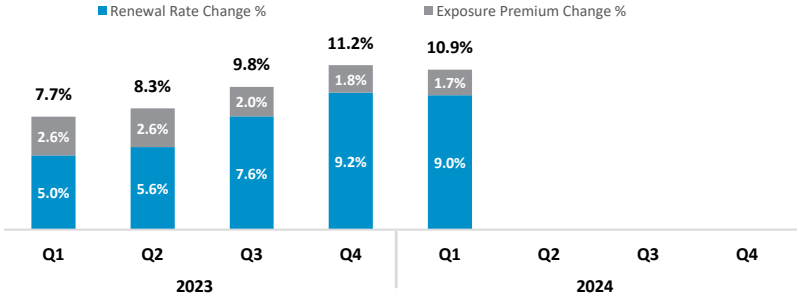
Core commercial lines production detail

New business & premium retention trend



- Steady Core Commercial retention and new business reflect continued focus on profitability

Renewal premium change



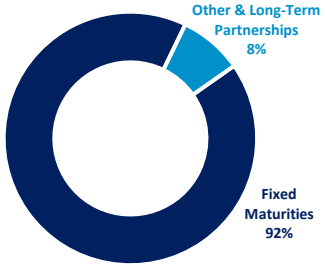
- Q1 renewal premium change remained strong at 10.9%
  - Q1 renewal premium change excluding workers' compensation was 12.2%
  - Property renewal premium change remained strong at nearly 23%
  - Commercial auto and excess umbrella renewal premium change accelerated from fourth quarter of 2023

Note: Results exclude Surety, Specialty, Alternative Distribution

Investment portfolio

Investment portfolio composition & quality

Portfolio Composition



Fixed Maturity Credit Rating

Rating	% of Portfolio
AAA	41%
AA	28%
A	15%
BBB	16%
Investment Grade	**>99%**
Other / Not Rated	<1%
Total Fixed Maturity	**100%**

Note: Totals impacted by rounding

Unrealized gain / loss impact on stockholder's equity

Fixed Maturity Asset Balance ($M)	Q1 2024	Year End 2023	YTD Change
Book Value	$1,683	$1,771	
Unrealized Gain (Loss)	($94)	($85)	($10)
Carried Assets on Balance Sheet	**$1,589**	**$1,687**	
Change in Equity (After-Tax)			*($8)*

- Q1 invested assets and cash equivalents of $1.9B, with 92% of invested assets in fixed income securities
- High-quality portfolio with average rating AA-
- Portfolio strategically positioned to reinvest at higher rates with duration approximately 3.5 years
- Public equities fully exited in Q1
- Unrealized loss increased slightly in Q1

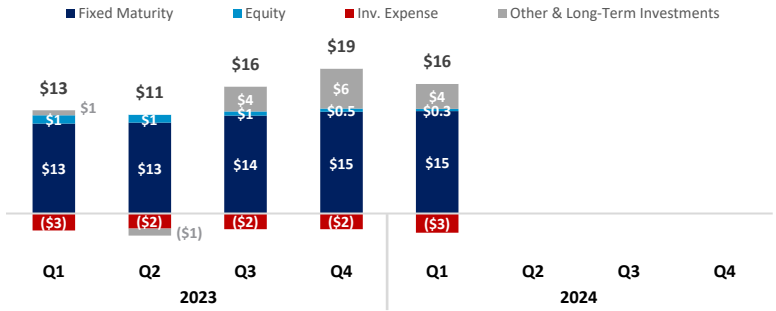
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Investment income

Results

(In Millions)	First Quarter 2024	2023	Change
Investment income:			
Interest on fixed maturities	$15	$13	14%
Dividends on equity securities	$0	$1	(73%)
Income on other long-term investments	($0)	($1)	(78%)
Other	$4	$2	110%
Total investment income	$19	$15	25%
Less investment expenses	($3)	($3)	8%
Net investment income	**$16**	**$13**	**28%**
Net investment gains (losses)	**($1)**	**($2)**	
Yield (pre-tax):			
Fixed Maturity [1]	3.6%	3.3%	

Net investment income trend ($M)



- Q1 net investment income increased +28% vs. prior year as fixed maturity income continues to grow
- Fixed maturity new money yield of 5.5% continues to outpace portfolio yield, increasing future earnings

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