THIRD QUARTER 2024 RESULTS

NOVEMBER 6, 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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Financial highlights

Consolidated financial results

(In Millions, Except Per Share Data)	Third Quarter 2024	Third Quarter 2023	Third Quarter Change	Year to Date 2024	Year to Date 2023	Year to Date Change
Net premiums written	$306	$248	23%	$953	$820	16%
Net premiums earned	$300	$259	16%	$869	$770	13%
GAAP Ratios:						
Net loss ratio	62.3%	66.6%	(4.3) pts	65.4%	77.7%	(12.3) pts
Underwriting expense ratio	35.9%	35.4%	0.5 pts	35.5%	35.0%	0.5 pts
Combined ratio	98.2%	102.0%	(3.8) pts	100.9%	112.7%	(11.8) pts
Loss Ratios:						
Net loss ratio	62.3%	66.6%	(4.3) pts	65.4%	77.7%	(12.3) pts
Catastrophe loss ratio [1]	4.4%	5.9%	(1.5) pts	6.7%	7.8%	(1.1) pts
Reserve development (excl. catastrophe) [1]	0.0%	0.2%	(0.2) pts	0.0%	7.0%	(7.0) pts
Underlying loss ratio [1]	57.9%	60.5%	(2.6) pts	58.7%	62.9%	(4.2) pts
Underlying combined ratio [2]	93.8%	95.9%	(2.1) pts	94.2%	97.9%	(3.7) pts
Net investment income	$24	$16		$59	$41	
Net investment gains (losses)	($2)	($2)		($4)	($3)	
Other income (loss)	($3)	($1)		($10)	($4)	
Net income (loss)	$20	$6		$31	($49)	
Adjusted operating income (loss) [3]	$21	$8		$34	($47)	
Net income (loss) per diluted share	$0.76	$0.25		$1.18	($1.95)	
Adjusted operating income (loss) per diluted share [3]	$0.81	$0.31		$1.30	($1.87)	
Return on equity [4]				5.4%	(9.5%)	
Book Value per Share				$31.01		
Adjusted Book Value per Share [5]				$32.42		

- Net income of $20 million improved $14 million from prior year with increased investment and underwriting income
- Net written premium growth continued with Q3 23% above prior year
- GAAP combined ratio of 98.2% improved 3.8 points compared to prior year with all loss ratio components below prior year
- Underlying combined ratio of 93.8% improved 2.1 points from prior year
- Q3 catastrophe loss ratio below prior year and five- and 10-year historical averages
- Net investment income benefitted from higher interest rate environment and portfolio management actions
- Book value per common share increased to $31.01
- Adjusted book value per share excluding net after-tax unrealized gains and losses was $32.42

(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.
(5) Adjusted book value per share is a non-GAAP financial measure calculated by dividing shareholders' equity, excluding net unrealized investment gains and losses, after applicable federal and state income taxes, by the number of common shares outstanding.

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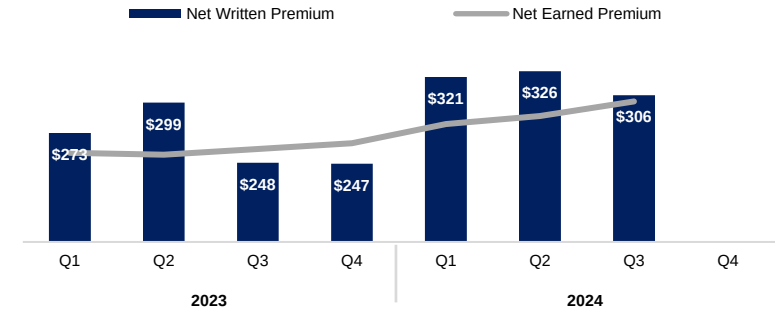
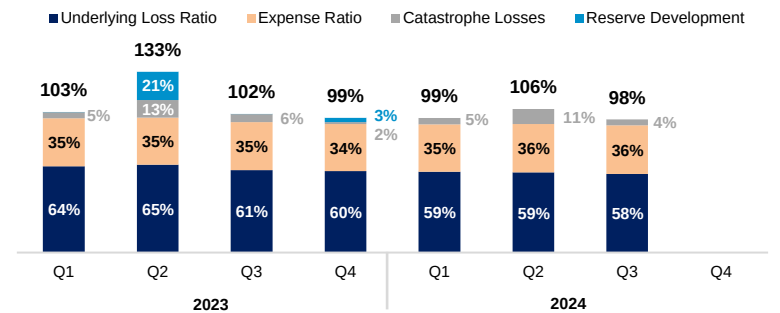
P&C trends

Premium trend ($M)



Combined ratio trend



- Third quarter net written premium growth with all business units contributing
- Total combined ratio improved vs. prior year with stable reserving and decreased catastrophe and underlying combined ratios
- Underlying combined ratio continued to improve as underwriting and expense management strategies increasingly benefit financial results
- Total cost base declined compared to prior year; strategic investments increasing near-term underwriting expense ratio with larger benefits to loss adjusting expense ratio
- Underlying loss ratio trended down reflecting benefits of underwriting actions, higher earned rate achievement, and lower level of property large loss activity
- Q3 catastrophe loss ratio below prior year and five- and 10-year historical averages
- Prior period reserve development neutral overall, with favorable development in property and commercial auto enabling precautionary increases in liability lines to guard against future inflation uncertainty

(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.

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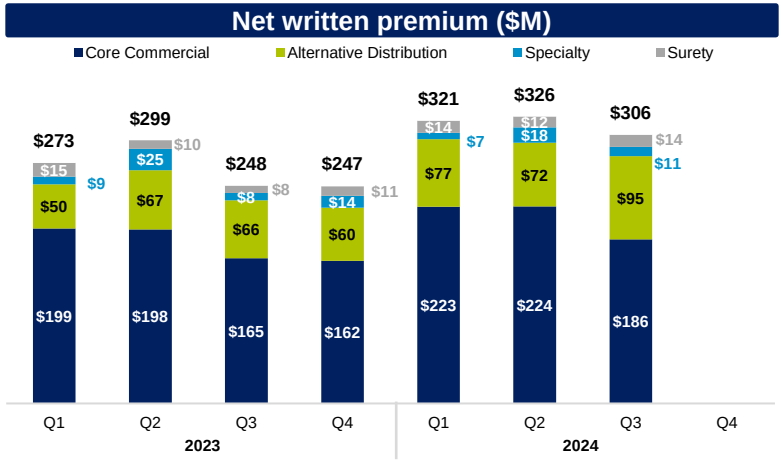
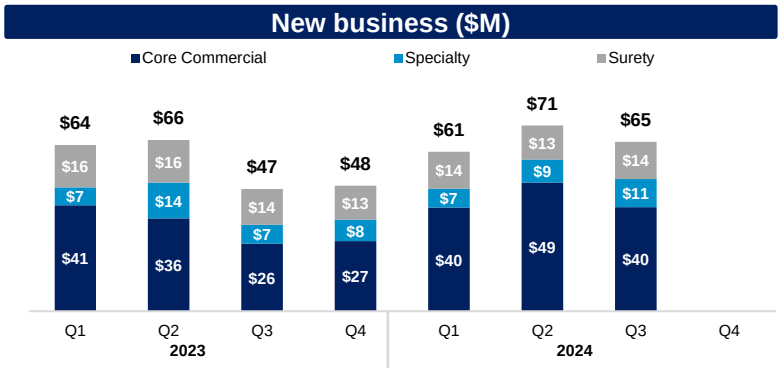
P&C portfolio production





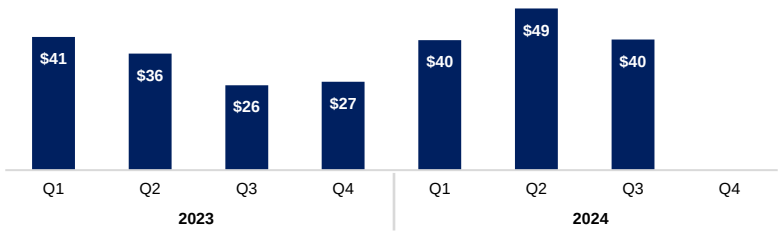
- Core Commercial net written premium growth supported by accelerating average renewal premium increases, increased new business volume, and stable retention
- Alternative Distribution, Specialty and Surety businesses delivering diversified growth with ongoing focus on consistent profitability

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

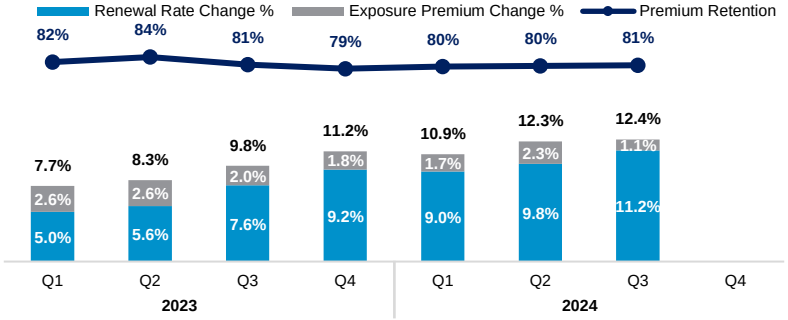
Core Commercial: Admitted commercial lines business sold through approximately 1,000 independent agents
Specialty: Excess & Surplus lines distributed through wholesale market
Surety: Contract and commercial surety bonds
Alternative Distribution: Includes assumed reinsurance, delegated underwriting authority,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

Core commercial lines production detail

New business ($M)



Renewal premium change & retention



- Core Commercial new business volume improved vs. prior year
- Retention stable reflecting continued focus on profitability
- Total Q3 renewal premium change accelerated to 12.4%, excluding workers' compensation result is 13.4%
- Property renewal premium change remained strong at 19% with all liability lines near or exceeding double digits
- Rate achievement continued to outpace net loss trends, which remain elevated but stable in the mid-single digits

Note: Results exclude Surety, Specialty, Alternative Distribution

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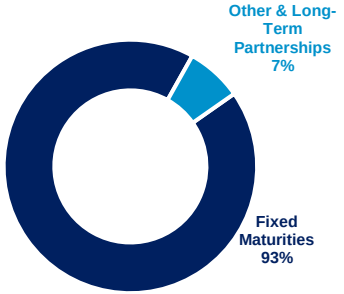
Investment portfolio

Investment portfolio composition & quality

Portfolio Composition



Fixed Maturity Credit Rating

Rating	% of Portfolio
AAA	49%
AA	16%
A	20%
Baa / BBB	14%
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)	Q3 2024	Year End 2023	YTD Change
Book Value	$1,899	$1,771	
Unrealized Gain (Loss)	($46)	($85)	$38
Carried Assets on Balance Sheet	**$1,853**	**$1,687**	
Change in Equity (After-Tax)			*$30*

Note: Totals impacted by rounding

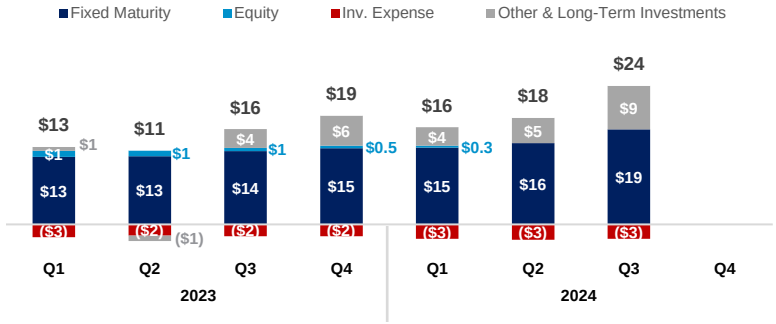
- Q3 invested assets of $2.0B, with 93% of invested assets in fixed income securities
- High-quality portfolio with average rating AA-
- Portfolio strategically positioned to reinvest at higher rates with duration approximately four years
- Unrealized loss reduced significantly in Q3

Investment income

Results

(In Millions)	Third Quarter 2024	Third Quarter 2023	Third Quarter Change	Year to Date 2024	Year to Date 2023	Year to Date Change
Investment income:						
Interest on fixed maturities	$19	$14	29%	$50	$41	21%
Dividends on equity securities	$0	$1	(100%)	$0	$3	(89%)
Income on other long-term investments	$5	$1	395%	$6	($3)	NM
Other	$3	$3	23%	$11	$7	64%
Total investment income	$27	$19	45%	$67	$48	41%
Less investment expenses	($3)	($2)	23%	($8)	($7)	18%
Net investment income	**$24**	**$16**	**49%**	**$59**	**$41**	**45%**
Net investment gains (losses)	**($2)**	**($2)**		**($4)**	**($3)**	
Yield (pre-tax):						
Fixed Maturity [1]	4.0%	3.4%		3.6%	3.2%	

Net investment income trend ($M)



- Net investment income increased 49% vs. prior year with growth in fixed maturity income and improved third quarter limited partnership valuations
- Fixed maturity income increased 29% from prior year, supported by ongoing reinvestment and portfolio management actions that have increased pre-tax fixed maturity yield to 4.0%
- Current and future earnings benefitting from Q3 new money yield of 5.2% that continued to outpace portfolio yield by more than 100 basis points
- Q3 ending portfolio expected to generate $78.0M annualized fixed maturity investment income going forward, with additional increases possible from future reinvestment at higher rates

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

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