FOURTH QUARTER 2024 RESULTS

FEBRUARY 12, 2025

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)	Fourth Quarter 2024	Fourth Quarter 2023	Fourth Quarter Change	Year to Date 2024	Year to Date 2023	Year to Date Change
Net premiums written	$279	$247	13%	$1,231	$1,067	15%
Net premiums earned	$308	$264	17%	$1,177	$1,035	14%
GAAP Ratios:						
Net loss ratio	57.3%	64.8%	(7.5) pts	63.3%	74.4%	(11.1) pts
Underwriting expense ratio	37.1%	34.4%	2.7 pts	35.9%	34.9%	1.0 pts
Combined ratio	94.4%	99.2%	(4.8) pts	99.2%	109.3%	(10.1) pts
Loss Ratios:						
Net loss ratio	57.3%	64.8%	(7.5) pts	63.3%	74.4%	(11.1) pts
Catastrophe loss ratio [1]	1.6%	1.5%	0.1 pts	5.4%	6.2%	(0.8) pts
Reserve development (excl. catastrophe) [1]	0.0%	3.3%	(3.3) pts	0.0%	6.0%	(6.0) pts
Underlying loss ratio [1]	55.7%	60.0%	(4.3) pts	57.9%	62.2%	(4.3) pts
Underlying combined ratio [2]	92.8%	94.4%	(1.6) pts	93.8%	97.1%	(3.3) pts
Net investment income	$23	$19		$82	$60	
Net investment gains (losses)	($1)	$4		($5)	$1	
Other income (loss)	$0	($1)		($9)	($5)	
Net income (loss)	$31	$20		$62	($30)	
Adjusted operating income (loss) [3]	$32	$17		$66	($31)	
Net income (loss) per diluted share	$1.21	$0.77		$2.39	($1.18)	
Adjusted operating income (loss) per diluted share [3]	$1.25	$0.65		$2.56	($1.22)	
Return on equity [4]				8.2%	(4.0%)	
Book Value per Share				$30.80	$29.04	
Adjusted Book Value per Share [5]				$33.64	$31.69	

- Full year net income of $62M with ROE exceeding 8%
- Net written premium growth of 13% in the quarter resulted in record annual net written premium exceeding $1.2B
- Achieved underwriting profit for the fourth quarter and full year on continued underlying margin improvement, neutral prior year reserve development, and catastrophe losses below historical averages
- Fourth quarter underlying combined ratio of 92.8% improved 1.6 points from prior year; full year underlying combined ratio of 93.8% improved 3.3 points
- Catastrophe loss ratio below five- and 10-year historical averages for the fourth quarter and full year
- Net investment income benefited from higher interest rate environment, portfolio management actions, and improved limited partnership valuations
- Book value per common share increased to $30.80
- Adjusted book value per share of $33.64 improved $1.95 from 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.
(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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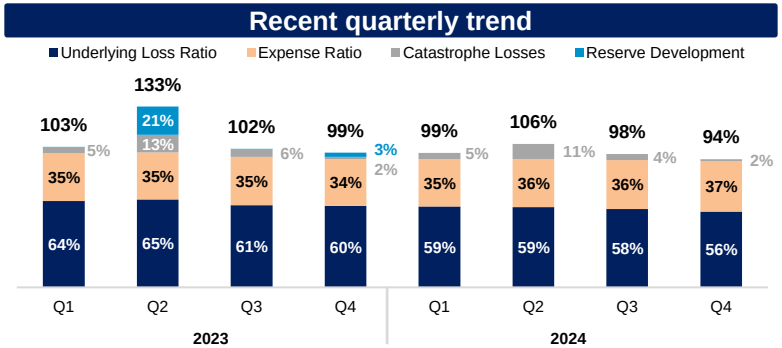
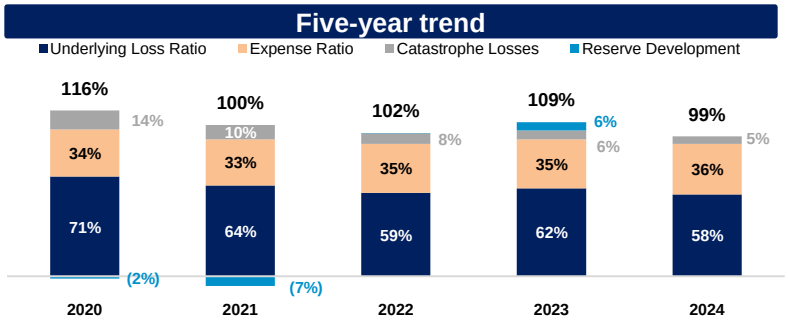
Combined ratio trend





- 2024 fourth quarter combined ratio of 94.4% best in 11 quarters; full year combined ratio of 99.2% best since 2015
- 2024 underlying loss ratio improved from benefits of underwriting actions, higher earned rate achievement, and improved frequency
- Prior year reserve development remained neutral in total, with catastrophe losses well below historical averages
- Expense ratio elevated in fourth quarter and full year due to strategic investments in talent and technology and increased performance-based incentive compensation
- Annual combined ratio significantly improved due to disciplined underwriting, rates exceeding loss trends, catastrophe management actions, and stable reserving

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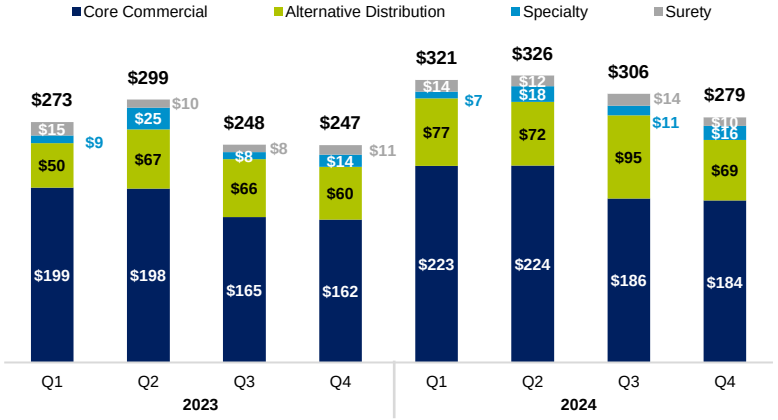
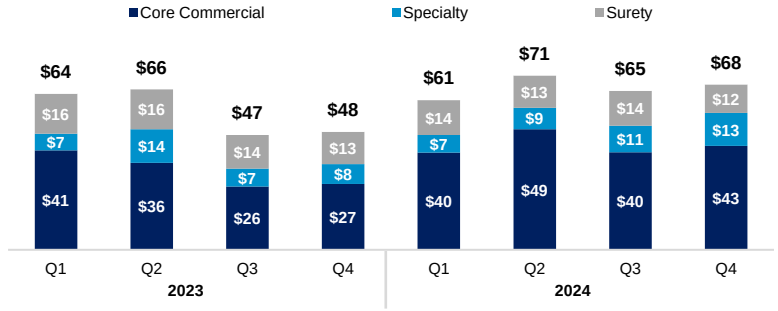
P&C portfolio production

Net written premium ($M)

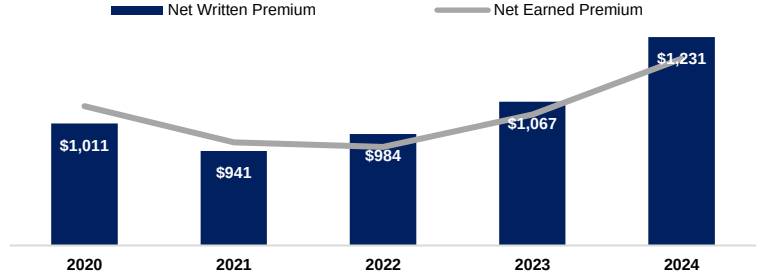


New business ($M)



- Net written premium grew over prior year in each quarter of 2024, making for three consecutive years of annual net written premium growth
- Net written premium achieved all-time highs for fourth quarter and full year
- Core Commercial growth in the fourth quarter and full year remained steady at +13% over prior year
- Alternative Distribution continued delivering profitable diversifying growth
- Specialty and Surety businesses performed as expected, prioritizing consistent profitability before growth

Five-year trend



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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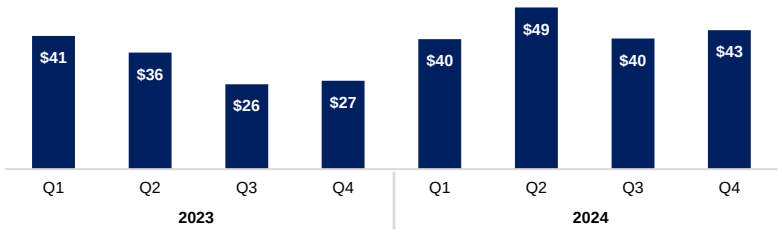
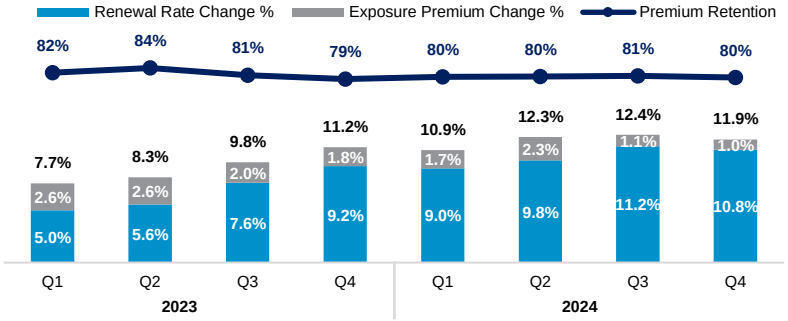
Core Commercial lines production detail

New business ($M)



Renewal premium change & retention



- Core Commercial new business significantly increased over prior year
- Retention stable reflecting continued focus on profitability
- Total Q4 renewal premium change strong at 11.9%, excluding workers' compensation result is 12.9%
- Property rates moderated slightly in Q4 while liability rates remained strong
- Total rate achievement continued to outpace net loss trends, which remained elevated but stable in the mid-single digits

Note: Results exclude Surety, Specialty, Alternative Distribution

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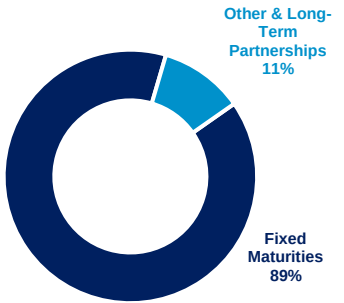
Investment portfolio

Investment portfolio composition & quality

Portfolio Composition



Fixed Maturity Credit Rating

Rating	% of Portfolio
AAA	54%
AA	13%
A	20%
Baa / BBB	13%
Investment Grade	**100%**
Other / Not Rated	0%
Total Fixed Maturity	**100%**

Note: Totals impacted by rounding

- Q4 invested assets of $2.1B, with 89% of invested assets in fixed income securities
- High-quality portfolio with average rating AA
- Portfolio strategically positioned to reinvest at higher rates with duration of approximately four years
- Unrealized loss increased in Q4 as interest rates rose

Unrealized gain / loss impact on stockholders' equity

Fixed Maturity Asset Balance ($M)	Q4 2024	Year End 2023	YTD Change
Book Value	$1,962	$1,771	
Unrealized Gain (Loss)	($93)	($85)	($9)
Carried Assets on Balance Sheet	**$1,868**	**$1,687**	
Change in Equity (After-Tax)			*($7)*

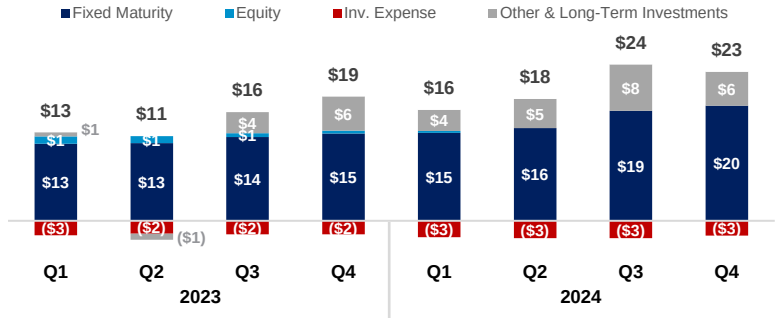
Note: Totals impacted by rounding

Investment income

Results

(In Millions)	Fourth Quarter 2024	Fourth Quarter 2023	Fourth Quarter Change	Year to Date 2024	Year to Date 2023	Year to Date Change
Investment income:						
Interest on fixed maturities	$20	$15	32%	$70	$56	24%
Dividends on equity securities	$0	$0	(100%)	$0	$4	(90%)
Income on other long-term investments	$2	$3	(38%)	$8	($0)	NM
Other	$4	$2	50%	$15	$9	60%
Total investment income	$26	$21	20%	$93	$69	35%
Less investment expenses	($3)	($2)	9%	($11)	($9)	15%
Net investment income	**$23**	**$19**	**21%**	**$82**	**$60**	**38%**
Net investment gains (losses)	**($1)**	**$4**		**($5)**	**$1**	
Yield (pre-tax):						
Fixed Maturity [1]	4.2%	3.4%		3.7%	3.3%	

Net investment income trend ($M)



- Q4 net investment income of $23M is 21% above prior year, supported by continued improvement in fixed maturity portfolio economics
- Q4 fixed maturity yield of 4.2% up ~80 basis points over prior year driven by ongoing reinvestment and portfolio management actions
- Current and future earnings benefiting from Q4 new money yield of 5.4% that continued to outpace portfolio yield by more than 100 basis points
- Full year limited partnership portfolio income recorded within “Other & Long-Term Investments” significantly improved over 2023
- Fixed maturity portfolio expected to generate $80M 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
NM = not meaningful