

experience  
matters



## OUR VISION

To be the company of choice for independent agents.

## OUR MISSION

We are committed to our promise of exceptional insurance protection and service for businesses, families and individuals. By balancing technology with personal relationships and offering a diverse selection of products and services, we strive to be the clear company of choice for independent agents and their customers.

## Annual meeting

The United Fire Group, Inc. (UFG) annual meeting of shareholders will be held at 10 a.m. CT on Wednesday, May 16, 2018, at Eastbank Venue located at 97 Third Avenue SE in Cedar Rapids, Iowa. The usual notices and proxy material will be mailed to shareholders in advance of the meeting.

Our 2017 Form 10-K is filed with the Securities and Exchange Commission and is available to shareholders, free of charge, upon request to:

Investor Relations	OR	Registrar and Transfer Agent
United Fire Group, Inc.		Computershare
118 Second Avenue SE		P.O. Box 505000
Cedar Rapids, Iowa 52401		Louisville, Kentucky 40233-5000
Telephone: 319-399-5700		

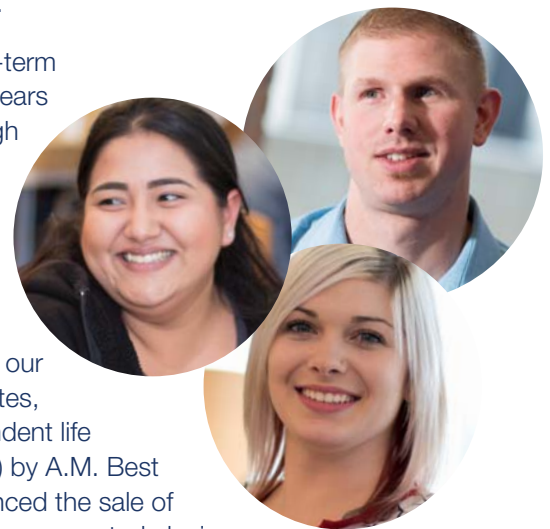
## About UFG

Founded in 1946, UFG is a successful publicly traded and multibillion-dollar-asset insurance company. We offer insurance protection for people's businesses, homes and vehicles, including commercial insurance, personal insurance and surety bonds.

UFG partners with a select group of approximately 1,200 independent insurance agencies across the country. With more than 1,100 employees at our corporate headquarters in Cedar Rapids, Iowa, and five regional offices in Arizona, California, Colorado, New Jersey and Texas, we deliver insurance protection and services to policyholders throughout the U.S.

At UFG, we are committed to achieving long-term financial strength and stability, using our 70 years of experience to successfully guide us through market cycles and industry challenges. Our property and casualty insurers hold a financial strength rating of "A" (Excellent) from A.M. Best Company, which was affirmed in September 2017.

United Life Insurance Company (United Life), our life insurance subsidiary, is licensed in 37 states, represented by approximately 1,600 independent life insurance agencies and rated "A-" (Excellent) by A.M. Best Company. In September of 2017, we announced the sale of United Life to Kuvare US Holdings, Inc., with an expected closing in the first half of 2018, subject to customary conditions, including regulatory approval.



experience  
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**Y**ear after year, insurance companies experience hard markets to soft markets, mild weather conditions to severe weather conditions, rising interest rates to falling interest rates and an endless number of issues, trends and regulations that directly impact the way we do business.

It's simply part of the industry we are in—and dealing with these ups and downs of the insurance industry has only made UFG a more experienced company, better prepared to address them and better positioned to overcome them.

Every day, we draw from our 70 years of experience: when underwriting and issuing new policies; assisting customers in recovering from losses; working with business owners to identify and resolve safety issues; developing new products and services; and planning for the future of UFG, for our employees, insurance agents, policyholders and investors.

Our experience is not without lessons learned and outcomes unpredicted but we've chosen to embrace these experiences to shape us into a smarter and stronger company—one that is always proactive-thinking and forward-looking.

We believe our seven decades of experience give us a competitive edge in the insurance industry, allowing us to quickly adapt to market conditions, promptly respond to shifting customer demands and swiftly react to catastrophes, with storm teams on standby and ready for deployment.

Though 2017 was a challenging year for UFG, it gave us the opportunity to put our experience to good use, fulfilling our insurance commitments, progressing toward our *2020 Vision* goals and moving ahead with initiatives to enhance our profitability, now and in the years to come.

experience  
you can trust



UFG was named one of “America’s 50 Most Trustworthy Financial Companies” by *Forbes* for the fourth consecutive year in 2017. It recognizes us for our transparent accounting practices and solid corporate governance, reinforcing to our customers, partners and investors that they can trust us to demonstrate honesty, integrity and accountability.

## Our experience in 2017

**I**t was not a year without its challenges for UFG, as well as for the entire insurance industry. With damaging hurricanes in Texas, Florida and Puerto Rico, destructive wildfires in California and a continued rise in the frequency and severity of auto losses, insurers dealt with a broad range of challenges in 2017.

According to the National Oceanic and Atmospheric Administration (NOAA), 2017 was the costliest year on record for weather disasters in the U.S., primarily driven by hurricane losses. These disasters brought one extreme after another—with Hurricane Harvey dumping 60 inches of rain on parts of southeastern Texas, Hurricane Irma making landfall in the Florida Keys with maximum sustained winds of 130 mph, Hurricane Maria intensifying from a Category 1 storm to a Category 5 storm in only 15 hours, and wildfires destroying 32,000 homes and 4,300 businesses in California.

Although these weather-related losses were manageable for UFG and in line with our 10-year historical average due to carefully executed risk management strategies, the combination of both elevated catastrophe losses and auto losses took a toll on our financial performance in 2017.

In 2017, we produced net income of \$1.99 per share, a combined ratio of 104 percent and a return on equity (ROE) of 5.3 percent. Our book value at year end was \$39.06 per share, which is an improvement of 5.5 percent from 2016, and our stock price closed at \$45.58 per share.

### HURRICANE LOSSES

UFG was impacted by three hurricanes in the third quarter of 2017—Hurricane Harvey in Texas, Hurricane Irma in Florida and Hurricane Maria in Puerto Rico—with losses totaling \$9.0 million, \$8.9 million and \$4.1 million, respectively. Losses from Hurricanes Harvey and Irma are from a combination of direct losses and assumed reinsurance while all of the losses from Hurricane Maria are from assumed reinsurance.

### Hurricane Harvey

Hurricane Harvey made landfall on Friday, August 25, bringing devastating damage and catastrophic flooding to southeastern Texas—and personally impacting our Gulf Coast regional office in Webster, Texas, and staff members in surrounding communities. Though our Gulf Coast regional office was able to reopen on September 5 without any major damage, 12 employees in the Houston area suffered moderate to severe damage to their homes. To assist employees personally impacted by the storm, UFG established the Hurricane Harvey Employee Relief Fund, with the majority of donations coming from fellow employees.

These hurricanes caused significant damage and destruction for our customers, but within two weeks of each storm, our claims department had inspected 90 percent of the claims received and closed over 60 percent of them—an outstanding testament to the high level of service provided by both our claims employees in the office and our catastrophe response teams on the ground in Texas and Florida in the aftermath of these storms.

With every approaching hurricane, we hope for the best and prepare for the worst. But no matter what a storm brings, we take great pride in being available to our customers after a loss, viewing it as an opportunity to prove to them that they made the right decision by choosing UFG for their insurance protection.

*continued*



**In looking back at all UFG has experienced over the past 70 years—successes, obstacles, milestones, hurdles—I truly couldn't be more proud of where we are at today. Though we face a variety of year-to-year challenges, we pride ourselves on consistent strength and profitability in the long term, using our experience to our advantage in overcoming them.”**

—Randy A. Ramlo  
President and CEO



## AUTO LOSSES

Rising auto losses impacted our financial results in 2017, but we started to see an improvement in our auto lines of business toward the end of the year, which is an encouraging development that we hope will carry forward into 2018.

Our approach to the issue of rising auto losses across our regions included more aggressive underwriting and pricing actions, particularly on marginally performing accounts.

In addition, our risk control consultants refocused their efforts on commercial accounts with a significant auto exposure, ensuring that these businesses have acceptable hiring, driver screening, vehicle use and vehicle maintenance policies in place and that they are being enforced.

Our new enterprise analytics department at UFG, which was formed in late 2016 and is now fully staffed, also continues to assist us by providing acceptability and pricing guidance on our auto lines of business, as well as business intelligence insights to assist underwriters in making better acceptability and pricing decisions.

We expect that with continued rate increases and these other initiatives, we will return our auto lines of business back to our desired level of profitability, but we still have a ways to go.

## OPPORTUNITIES FROM CHALLENGES

Even though our financial experience was not what we had hoped for in 2017, I am proud of the way we responded to the challenges. In claims, our people worked diligently to get customers back in business and back on their feet as quickly as possible after a loss. In underwriting, staff members carefully priced insurance risks and passed on business that was unfavorable or underpriced. And all throughout our company, people worked together, continuously advancing our products, services and technology.

In 2017, the employees of UFG showed that we have the experience needed to overcome the challenges that come our way and even create new opportunities from them, including the development of our OASIS Initiative and our *Worth It* distracted driving program.

### Transforming the way we do business

#### OASIS INITIATIVE

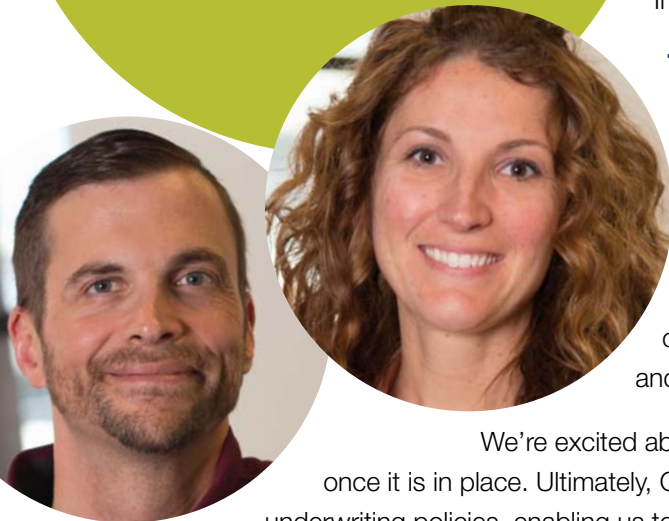
UFG has embarked on a major multi-year initiative to modernize our policy processing system and transform the way we do business.

The initiative, which we've named OASIS (Optimizing Achievement with a Strategic Insurance System), will allow us to issue policies more efficiently for increased productivity, access data more readily for improved decision-making and enhance the ease of doing business for our agents and policyholders.

We're excited about the impact this new system will have on our financial performance once it is in place. Ultimately, OASIS will help us make more informed business decisions when underwriting policies, enabling us to incorporate further data and analytics into our decision-making.

## OASIS

is one of the biggest projects our company has ever undertaken and one that we believe will definitely help our profitability down the road. Currently, our OASIS team includes approximately 90 individuals, including UFG employees from all areas of our company and representatives from our vendors.



## Reducing losses and saving lives

### WORTH IT PROGRAM

Auto losses have been on the rise throughout the insurance industry in recent years. While there doesn't seem to be one specific cause for the rise, we know that distracted driving is a contributing factor. To do our part to stop distracted driving, UFG introduced *Worth It* in 2017, a program aimed specifically at preventing auto losses and saving lives.

At **ufgWorthIt.com**, we've created a variety of tools and resources for agents, policyholders, educators and individuals—all with the important message that life is worth it, driving distracted is not. Our goal behind the program is to not only highlight distracted driving issues that are trending in the insurance industry, but to offer ways to help stop the growing epidemic.

Whether we're helping our business customers create a distracted driving policy for their company or having one of our speakers present at a high school, we believe that *Worth It* has the potential to make a positive and lasting difference, not only in our loss ratios but in the lives of our customers, agents, employees and community members.

### SALE OF UNITED LIFE INSURANCE COMPANY

On September 19, 2017, we announced our decision to sell our life insurance subsidiary, United Life, in Cedar Rapids, Iowa, to Kuvare, based in Chicago, for \$280 million.

United Life has been a part of UFG for more than 55 years, founded by us in 1962 to complement our property and casualty insurance products. Though United Life's growth had slowed in recent years, it was a positive contributor to our success for decades, thanks to the dedication of its staff members and the support of its agency force.

While this decision was one of the most difficult we've ever had to make, it was made in the best interest of both UFG and United Life. By selling United Life to Kuvare, we have established a solid future with new opportunities for our life insurance employees, insurance agents and customers, while allowing us to continue to build on the success of our property and casualty and surety operations.

The closing of this sale is expected to occur in the first half of 2018. Management, in conjunction with a committee of our Board of Directors, is evaluating how to best deploy the proceeds from the sale. We anticipate that the proceeds will be used for various capital management initiatives, including continued share repurchases, regular and possible extraordinary shareholder dividends, investing in property and casualty organic business growth and potential future acquisitions.

### 2018 AND BEYOND

As we look ahead to 2018 and beyond, we plan to continue to put our experience to good use, strengthening our financial performance and enhancing our shareholder value with our *2020 Vision* goals as our guide. In addition to taking steps to bolster our profitability, we will be seeking opportunities for strong growth in our underserved markets and territories. After more than 70 years in business, I know we have the experience needed to accomplish everything we set out to do at UFG.

On behalf of our entire management team, I thank our shareholders for your continued faith and trust in UFG.



## distracted driving

As a senior risk control consultant at UFG, Shawn O'Brien inspects properties and visits jobsites to help make the businesses we insure safer. In 2011, his life changed forever the day he was involved in a deadly three-car accident caused by a distracted driver.

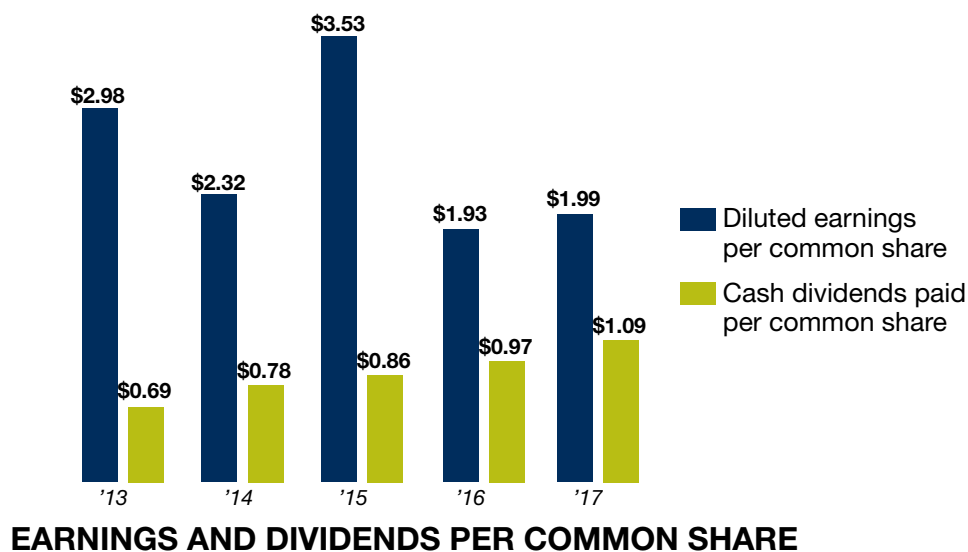


At **ufgWorthIt.com**, Shawn shares his personal experience with us, bringing awareness to the growing epidemic of distracted driving and showing others that it's just not worth it.

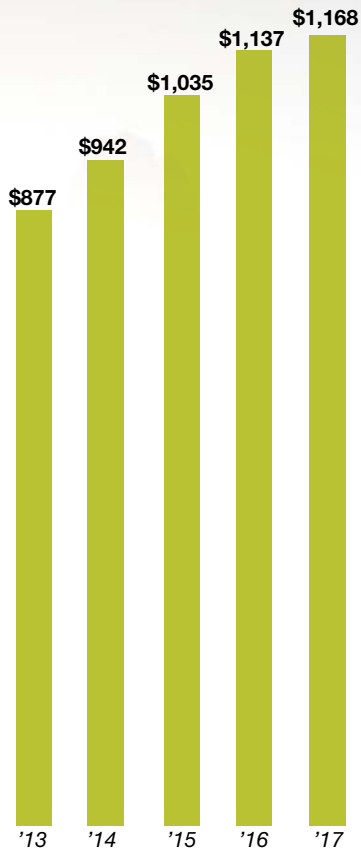
(Dollars in Thousands Except Per Share Data)

Years Ended December 31	2017	2016	2015	2014	2013
Total assets	<b>\$ 4,183,431</b>	\$ 4,054,758	\$ 3,890,376	\$ 3,856,689	\$ 3,720,672
Total stockholders' equity	<b>\$ 973,373</b>	\$ 941,884	\$ 878,897	\$ 817,415	\$ 782,833
Book value per share	<b>\$ 39.06</b>	\$ 37.04	\$ 34.94	\$ 32.67	\$ 30.87
Closing stock price	<b>\$ 45.58</b>	\$ 49.17	\$ 38.31	\$ 29.73	\$ 28.66
Revenues:					
Net premiums earned	<b>\$ 1,058,860</b>	\$ 1,023,401	\$ 930,890	\$ 828,330	\$ 754,846
Investment income, net of investment expenses	<b>100,910</b>	106,822	100,781	104,609	112,799
Total realized investment gains	<b>8,063</b>	6,103	2,846	7,270	8,695
Other income	<b>617</b>	621	401	1,685	702
Total revenues	<b>\$ 1,168,450</b>	\$ 1,136,947	\$ 1,034,918	\$ 941,894	\$ 877,042
Net income	<b>\$ 51,023</b>	\$ 49,904	\$ 89,126	\$ 59,137	\$ 76,140
Basic earnings per common share	<b>\$ 2.03</b>	\$ 1.97	\$ 3.56	\$ 2.34	\$ 3.01
Diluted earnings per common share	<b>\$ 1.99</b>	\$ 1.93	\$ 3.53	\$ 2.32	\$ 2.98
Cash dividends paid per common share	<b>\$ 1.09</b>	\$ 0.97	\$ 0.86	\$ 0.78	\$ 0.69
Combined ratio	<b>104.0%</b>	100.3%	92.0%	97.8%	94.8%

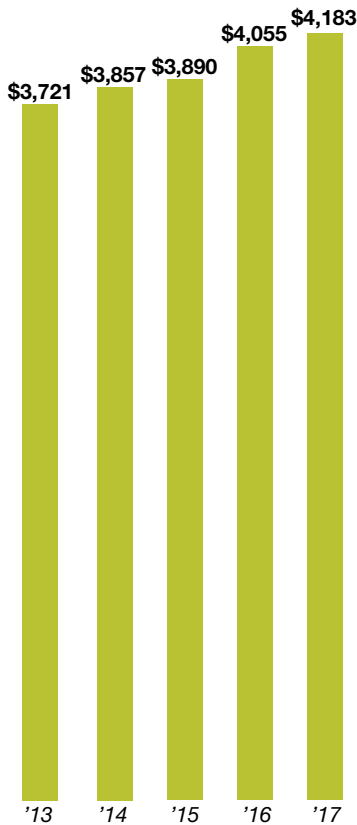
All current and prior periods reflected in this table have been presented on a consolidated basis, including both continuing and discontinued operations. On September 19, 2017, we entered into a definitive agreement to sell our subsidiary, United Life Insurance Company, to Kuvare US Holdings, Inc., for \$280 million in cash, subject to specified adjustments as set forth in the definitive agreement. As a result, our life insurance business (previously reported as a separate segment) has been considered "held for sale" and reported as discontinued operations.







**TOTAL REVENUES**  
(in millions)



**TOTAL ASSETS**  
(in millions)

## building on our experience

UFG is committed to being the best place to work, investing in continuing education for our people and ongoing improvements at our facilities. Here's how we worked toward that end in 2017:

**408**

insurance courses passed by employees

**\$114,100**

in college tuition reimbursement paid to employees

**130**

professional insurance designations earned by employees

**16,000**

square feet of new office space for Rocky Mountain regional office in Westminster, Colorado

**10-story**

building under construction for expansion of corporate headquarters in Cedar Rapids, Iowa





JACK B. EVANS  
CHAIRMAN



JAMES W. NOYCE  
VICE CHAIRMAN



CHRISTOPHER  
R. DRAHOZAL



MARY K.  
QUASS



KYLE D.  
SKOGMAN



GEORGE D.  
MILLIGAN



SCOTT L.  
CARLTON



JOHN-PAUL E.  
BESONG



BRENDA K.  
CLANCY



SUSAN E.  
VOSS



SARAH F.  
GARDIAL



RANDY A.  
RAMLO



The *2020 Vision* at UFG serves as a roadmap to continuous improvement, encompassing all aspects of the insurance business—from financial experience to customer experience to employee experience. The goals clearly reflect the interconnectedness of its operations, as management believes that strong growth cannot happen without strong profits and satisfied customers are not possible without satisfied employees. As the company approaches 2020 and the realization of its goals, our Board of Directors and management are already looking beyond to ensure that UFG remains the resilient and thriving company it is for all stakeholders.”

—Jack B. Evans  
UFG Chairman of the Board

## BOARD OF DIRECTORS

service  
matters

UFG earned the prestigious “Five-Star Carrier” rating from *Insurance Business America* in 2017 for our excellence in all 10 service categories.



**Throughout 2017, UFG continued to set our sights on our 2020 Vision, progressing toward our goals related to profit, service, growth and people, because it all matters to our success.**

## **PROFIT** Maximize our return on equity (ROE)

- We strive to produce ROEs in the top quartile of our peers, which we did not achieve in 2017, producing an ROE of 5.3 percent for the year. This was due primarily to elevated auto losses; however, UFG has executed plans of action intended to improve these lines of business.
- The insurance market remained competitive in 2017. The average renewal pricing change for commercial lines increased by low-single digits, primarily driven by an increase in commercial auto pricing. Personal lines renewal pricing also increased, with average percentage increases in the low-single digits. All regions continued to manage poor-performing accounts through aggressive underwriting actions, including rate increases.

## **SERVICE** Provide exceptional service

- Since the launch of UFG Service Center 10 years ago, our licensed account specialists have assisted thousands of our agents' commercial customers with their day-to-day requests and inquiries, including policy changes, claims reporting, coverage questions, billing inquiries and requests for certificates of insurance and auto ID cards. This highly valued service allows our agents to focus their efforts on growing and developing their business with UFG. To build on the success of our service center, we've begun expanding it into our East Coast region and also launched a service center for personal insurance policyholders in 2017.
- To enhance our position as a small business partner for agents, UFG developed a small business unit (SBU) in late 2016. Through our SBU, we have a dedicated team of specialists providing competitive insurance solutions for small-sized businesses, as well as a new web-quoting platform featuring an online dashboard for insurance agents. In 2017, we enhanced our popular GaragePro® insurance product for small automotive service and repair shops, offering a robust class appetite and streamlined quoting process. We plan to make additional products available on our web-quoting platform for small businesses in 2018, including ArtisanPro® (businessowners policy for contractors), commercial auto and workers compensation.

The 10 categories include: carrier reputation and financial stability, claims processing, competitive rates, underwriting expertise, technology and automation, quick quotes, range of product, marketing support, education and training and commitment to the broker distribution channel.

## profit matters

UFG launched *Worth It* in 2017, a distracted driving program to prevent auto losses and save lives. We strongly encourage the businesses we insure to implement vehicle-use policies that prohibit their employees from using cell phones (including hands-free devices) while driving for work, as our own UFG proprietary research on the commercial driving industry revealed that:

**72%**

of commercial drivers acknowledge "yes," they could possibly cause an accident due to their distracted driving habits

Nearly

**50%**

of commercial drivers say they have read a text while driving and 39% say they have sent a text while driving

**Source:**  
**Magid Research,**  
**August 2017**

## **GROWTH** *Increase our written premiums*

- We produced property and casualty direct premiums written of \$1.0 billion at year-end 2017, an increase of 5.6 percent from year-end 2016. We expect our growth to remain in the 4 percent to 6 percent range in 2018 as we focus on writing profitable business.
- UFG appointed 89 new agencies in 2017 and eight of our 10 target growth states—Alabama, Arizona, Mississippi, Montana, Nevada, North Dakota, Ohio and Tennessee—have now met their premium growth goals.
- UFG Specialty Insurance Company, our specialty division that provides excess and surplus lines of commercial insurance through wholesale brokers, opened a new office in Phoenix in late 2017. This new location will serve as the headquarters for our specialty division going forward, as many of our competitors in the specialty market are domiciled in Arizona and it offers a central location for conducting business. Since its establishment in 2014, UFG Specialty has grown to a staff of 20 employees and is now doing business in Arizona, California, Colorado, Idaho, Nevada, New Mexico, Oregon, Utah and Washington with over 40 regional and national wholesale brokers. In 2018, our specialty division plans to expand into additional states, migrating eastward.

## growth matters

United Fire & Casualty Company was named a Super Regional P/C Insurer™ by *Insurance Journal* in 2017—and has been every year since 2006.

In general, a Super Regional Property/Casualty Insurer™ is an individual company writing multiple lines of insurance.



This year, we ranked

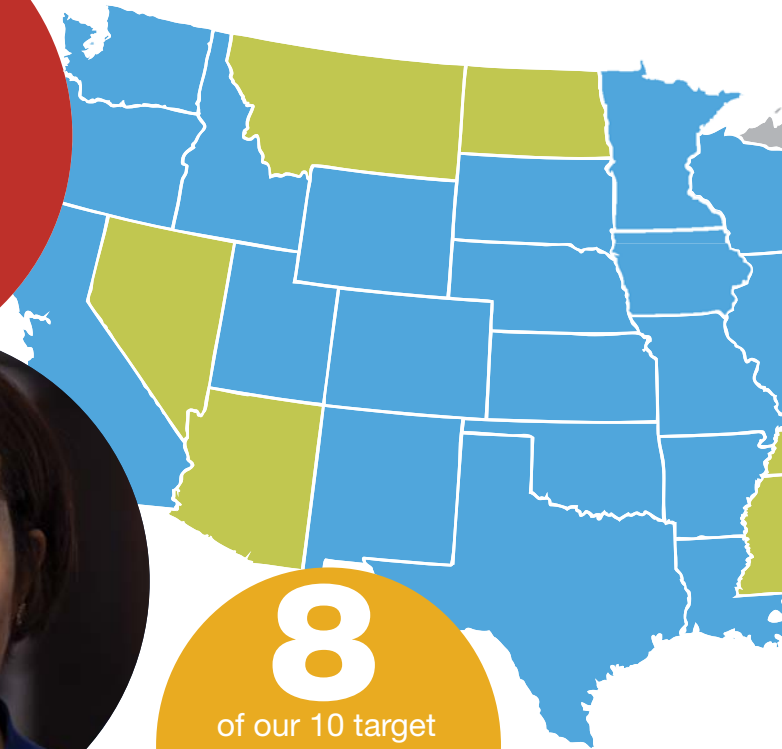
# 28th

among the list of 161 Super Regional P/C Insurers.



# 8

of our 10 target growth states for 2020 have now met their premium growth goals.



## PEOPLE *Be the best place to work*

- To assist us in recruiting and retaining employees, UFG opened our new 6,000 square foot U[Fit] Wellness Center at our corporate headquarters in late 2017, offering state-of-the-art fitness equipment and exercise classes for employees.
- At the request of our employees, UFG implemented *Dress for Your Day* companywide in 2017, offering a new simplified approach to the corporate dress code. With *Dress for Your Day*, employees have the freedom and flexibility to dress appropriately for the workday they have planned while continuing to uphold our professional image in the workplace and throughout our communities.

people  
matter

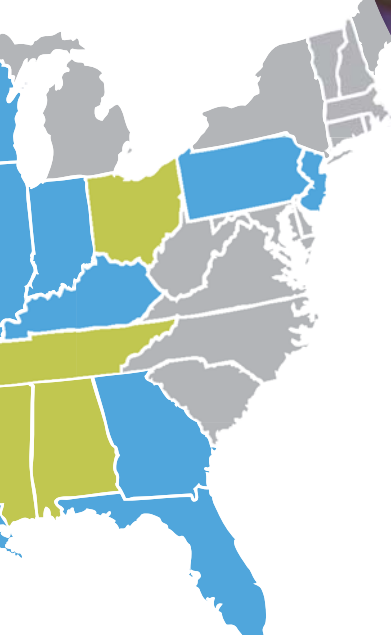
UFG was recognized as a “Top Workplace in Iowa” by *The Des Moines Register* for the fourth time in 2017.

This award is based solely on the results of employee surveys, reflecting our initiatives to offer jobs that are rewarding and fulfilling, a work environment that is positive and productive, training opportunities to learn and grow, and a work-life balance that works with flexible schedules and community service hours.



**TOP  
WORK  
PLACES**  
**2017**

The Des Moines Register



## community matters, too

In addition to building a financially strong and stable company, UFG is committed to making a positive impact—one that reaches beyond our business and into our communities, supporting local education, community and human services organizations.

### community service hours

UFG offers our employees paid time off to participate in community service activities during work hours.

In 2017, 280 employees used over

# 2,235

community service hours, volunteering at various organizations across our regions.

A woman in a green shirt and black pants is working in a field, using a shovel to dig around rebar stakes. Another person is visible in the background, also working in the field. The field is covered with black plastic mulch and has many rebar stakes planted in rows. The background shows a line of trees under a bright sky.

## college scholarships

UFG founded a scholarship program for our employees' children in 2013 and has awarded 98 scholarships over the past five years totaling

**\$380,000.**

**\$5,000**

With the launch of our *Worth It* distracted driving program, UFG is extending a scholarship opportunity to college students across the country, with five \$1,000 *Worth It* scholarships being awarded in May 2018.

## corporate responsibility and sustainability report

At UFG, we align our corporate values to our corporate responsibility, bringing our company vision to light. Read our Corporate Responsibility Report at [ufgInsurance.com](http://ufgInsurance.com) to learn how we support and strengthen our communities, employees and environment.



# GO *beyond*

In 2015, UFG established the Scotty McIntyre, Jr. “Go Beyond” award, named after our late longtime leader, to recognize individuals for their exemplary community service efforts.

Three winners are chosen each year, including a UFG agency employee, United Life agency employee and a UFG employee.

Each recipient is honored with a trophy and a

**\$5,000**

donation to the charity of their choice.



## Congratulations to our 2017 “Go Beyond” winners

- Kevin C. Murphy, president and founder of Sierra Insurance Associates, Inc. in Truckee, California, has been an active member of his community for 25 years, serving and supporting the Truckee Chamber of Commerce, Rotary Club of Truckee, Truckee-Donner Recreation & Park District, Truckee Ice Skating Coalition, E.J. Tegner Golf Foundation for Children and Tahoe-Pyramid Bikeway.
- Sonja Gonzalez, recently retired from Central Financial Group in Johnston, Iowa, is an avid volunteer for several organizations, including Youth Emergency Shelter (YES), Food Bank of Iowa, Habitat for Humanity, Greater Des Moines YWCA, Iowa Colon Cancer Coalition, Above + Beyond Cancer and Susan G. Komen Race for the Cure.
- UFG employee Erica Davis volunteers for UCI Haiti. She participated in a mission trip to the country and continues to support the organization by educating others and organizing a clothing drive.



**Kevin C. Murphy**



**Sonja Gonzalez**



**Erica Davis**

### life-changing experience

Employee Erica Davis joined 15 other volunteers who traveled to Caiman, Haiti, through the United Christians International (UCI) organization. “We are all pieces of a larger puzzle—of a larger, global community—and each one of us can do something, no matter how small, to effect a positive change.”

# recognition matters

Employees featured:



**NYDIA PRICE**  
UNDERWRITING LEAD



**MICKY ACEVEDO**  
COMMERCIAL UNDERWRITER



**BROOKE STANFIELD**  
PREMIUM AUDIT ASSOCIATE



**RAY JIMENEZ**  
SENIOR MARKETING REPRESENTATIVE



**JENNIFER McDONALD**  
BUSINESS SOLUTION ARCHITECT



**DEBBIE SCALETTI**  
UNDERWRITING COORDINATOR



**BRIAN LOWERY**  
RISK CONTROL CONSULTANT



**DAWN BUKER**  
CUSTOMER SERVICE ASSOCIATE



**DANIEL FASSE**  
CLAIMS ADJUSTER



**CORRINA ROMERO**  
UNDERWRITING SPECIALIST



**STEVEN KINNEY**  
ASSOCIATE SURETY UNDERWRITER



**NACONE MARTIN**  
CUSTOMER SERVICE ASSOCIATE



**RYAN GARDNER**  
PROGRAM MANAGER



**CORA DIXON**  
CLAIMS REPRESENTATIVE



**AMANDA LARSON**  
ASSOCIATE BUSINESS ANALYST

## insurance day on the hill

In February 2018, we took our *Worth It* program to the Iowa State Capitol in Des Moines for the Independent Insurance Agents of Iowa (IIAI) Insurance Day on the Hill. This event, which has been deemed the largest grassroots lobbying event of the year, gave us the opportunity to spread our important message on the dangers of distracted driving directly to our legislative leaders.

### Disclosure of Forward-Looking Information

This report 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 (the "Securities Act") and the Securities Exchange Act of 1934, as amended (the "Exchange Act"), 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 United Fire Group, Inc. ("UFG," the "Registrant," the "Company," "we," "us," or "our"), 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)," "target(s)," "forecast(s)," "project(s)," "predict(s)," "should," "could," "may," "will continue," "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. See Part I, Item 1A "Risk Factors" of our Form 10-K for the year ended December 31, 2017, filed with the Securities and Exchange Commission ("SEC") on February 28, 2018, for more information concerning factors that could cause actual results to differ materially from those in the forward-looking statements.

Risks and uncertainties that may affect the actual financial condition and results of the company include but are not limited to the following:

- The frequency and severity of claims, including those related to catastrophe losses and the impact those claims have on our loss reserve adequacy; the occurrence of catastrophic events, including international events, significant severe weather conditions, climate change, acts of terrorism, acts of war and pandemics;
- The adequacy of our reserves for property and casualty insurance losses and loss settlement expenses and our life insurance reserve for future policy benefits;
- Geographic concentration risk in both our property and casualty insurance and life insurance businesses;
- The potential disruption of our operations and reputation due to unauthorized data access, cyber-attacks or cyber-terrorism and other security breaches;



- Developments in general economic conditions, domestic and global financial markets, interest rates and other-than-temporary impairment losses that could affect the performance of our investment portfolio;
- Our ability to effectively underwrite and adequately price insured risks;
- Changes in industry trends, an increase in competition and significant industry developments;
- Litigation or regulatory actions that could require us to pay significant damages, fines or penalties or change the way we do business;
- Lowering of one or more of the financial strength ratings of our operating subsidiaries or our issuer credit ratings and the adverse impact such action may have on our premium writings, policy retention, profitability and liquidity;
- Governmental actions, policies and regulations, including, but not limited to, domestic health care reform, financial services regulatory reform, corporate governance, new laws or regulations or court decisions interpreting existing laws and regulations or policy provisions; laws, regulations and stock exchange requirements relating to corporate governance and the cost of compliance;
- Our relationship with and the financial strength of our reinsurers;
- Competitive, legal, regulatory or tax changes that affect the distribution cost or demand for our products through our independent agent/agency distribution network; and
- The satisfaction of the conditions precedent to the consummation of the sale of our life insurance subsidiary, including the receipt of regulatory approvals.

These are representative of the risks, uncertainties, and assumptions that could cause actual outcomes and results to differ materially from what is expressed in 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 report 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.

At the Iowa State Capitol:  
Senior Risk Control Technical  
Consultant Mark Pierson  
and Marketing Project  
Coordinator Katie Jensen



UNITED FIRE GROUP, INC.

United Fire & Casualty Company

United Life Insurance Company

UFG Specialty Insurance Company

United Fire & Indemnity Company

United Fire Lloyds

Addison Insurance Company

Financial Pacific Insurance Company

Franklin Insurance Company

Lafayette Insurance Company

Mercer Insurance Company

Mercer Insurance Company of New Jersey, Inc.

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