

Via Facsimile and U.S. Mail  
Mail Stop 6010

December 22, 2006

Kent G. Baker  
Vice President and Chief Financial Officer  
United Fire & Casualty Company  
118 Second Avenue SE  
Cedar Rapids, Iowa 52407

**Re: United Fire & Casualty Company  
Form 10-K for the Fiscal Year Ended December 31, 2005  
Filed March 1, 2006  
File Number: 002-39621**

Dear Mr. Baker:

We have limited our review of your filing to the issues we have addressed in our comments. In our comments, we ask you to provide us with additional information so we may better understand your disclosures. After reviewing this information, we may raise additional comments.

Please understand that the purpose of our review process is to assist you in your compliance with the applicable disclosure requirements and to enhance the overall disclosure in your filing. We look forward to working with you in these respects. We welcome any questions you may have about our comments or on any other aspect of our review. Feel free to call us at the telephone numbers listed at the end of this letter.

Management's Discussion and Analysis of Financial Condition and Results of Operations, page 16

Contractual Obligations and Commitments, page 30

1. The amounts disclosed in this table related to your life segments reserves under "Future policy benefit reserves" agree with the balance sheet. Since this liability is reflected on the balance sheet at net present value of the benefits to be paid less the net present value of future net premiums, it would not appear to represent the cash outflows that will be required. Please provide us a revised table that presents cash outflows related to these liabilities. Please include a footnote to the table that explains why the amounts in the table do not agree to the balance sheet.

Critical Accounting Policies, page 30

Deferred Policy Acquisition Costs – Property and Casualty Insurance Segment and Life Insurance Segment, page 31

2. Please provide to us in disclosure type format the dollar impact that changes in these estimates have had in the periods presented. Quantify preferably in tabular form the sensitivity of these estimates to reasonably likely changes in the critical assumptions.

Loss and Loss Settlement Expenses – Property and Casualty Insurance Segment, page 32

3. We believe your disclosure in the Critical Accounting Estimates section of MD&A regarding the estimation of the reserve for loss and loss adjustment expenses could be improved to better explain the judgments and uncertainties surrounding this estimate and the potential impact on your financial statements. We believe in order to meet the principal objectives of MD&A this disclosure should enable the investor to understand 1) management's method for establishing the estimate; 2) whether and if so to what extent and why management has adjusted their assumptions used to determine the estimate from the assumptions used in the immediately preceding period and 3) the potential variability in the most recent estimate and the impact this variability may have on reported results, financial condition and liquidity. Please keep these points in mind in providing us your responses to comments listed below. Please provide us, in disclosure-type format, the following information for each material line of business and also consider providing any additional information, in disclosure-type format, to achieve this objective.
  - a. Please describe in greater detail the methods you used to determine your reserve for loss and loss adjustment expense. Please ensure this description:
    1. Explains how the methods you use for your short-tail business differ from the methods you use for your long-tail business.
    2. Identifies the unique development characteristics of each material short-tail and long-tail line of business.
    3. Describes the method you use to calculate the IBNR reserve for each material line of business. For example, we understand that some companies may calculate this reserve by estimating the ultimate unpaid liability first and then reducing that amount by cumulative paid claims and by case reserves, but there may be other methods as well.
    4. Describes the extent of your procedures for determining the reserve for loss and loss adjustment expense on both an annual and interim reporting basis.
  - b. Describe management's policy, if any, for adjusting the liability for unpaid claims and claim adjustment expenses to an amount that is different than the amount determined by its actuaries.

1. If such a policy exists, describe the method used by management to determine the adjustment and the extent to which it relies on objective versus subjective determinations. Such adjustments may include, but not be limited to, an incremental provision, a reduction in the liability, or a reversal of a previously recorded adjustment.
  2. When such adjustments or reversals are made, include MD&A disclosure that identifies the amount of the adjustment or reversal, the method used by management to determine it, and the specific underlying reasons that explain why management believes the adjustment or reversal is necessary.
- c. It appears that you have significantly revised your provision for losses of insured events of prior years. For instance you discuss on page 20 the “additional information” that you obtained related to the individual claims. Please provide the following to explain the reasons for your change in estimate for these claims as well as any material adjustments made to any specific reserves by line of business:
1. Identify and describe in reasonable specificity the nature and extent of a) new events that occurred or b) additional experience/information obtained since the last reporting date that led to the change in estimates.
  2. Ensure your disclosure clarifies the timing of the change in estimate such as why recognition occurred in the periods that it did and why recognition in earlier periods was not required.
- d. Please identify and describe those key assumptions that materially affect the estimate of the reserve for loss and loss adjustment expenses. In addition please disclose the following:
1. For each of your key assumptions quantify and explain what caused them to change from the assumptions used in the immediately preceding period. Please note that this discussion should supplement, rather than duplicate the disclosure provided responsive to Industry Guide 6.
  2. Explicitly identify and discuss key assumptions as of December 31, 2005 that are premised on future emergence that are inconsistent with historical loss reserve development patterns and explain why these assumptions are now appropriate given the inconsistency identified.
- e. In order to show investors the potential variability in the most recent estimate of your loss reserve, quantify and present preferably in a tabular format the impact that reasonably likely changes in the key assumptions identified may have on reported results, financial position and liquidity. Explain why management believes the scenarios quantified are reasonably likely.
- f. We note that your discussion here as well as in other portions of the document makes references to the use of an “independent actuarial firm” in connection

with your reserve balances. Please provide us with the name of the firm. Please confirm that if you reference an independent actuarial consulting firm in future filings that you will name the firm within the document.

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Please provide us the additional information requested within 10 business days or tell us when you will provide us with a response. Please furnish a cover letter with your response that keys your response to our comments. Detailed cover letters greatly facilitate our review. Please furnish your letter on EDGAR under the form type label CORRESP.

We urge all persons who are responsible for the accuracy and adequacy of the disclosure in the filing to be certain that the filing includes all information required under the Securities Exchange Act of 1934 and that they have provided all information investors require for an informed investment decision. Since the company and its management are in possession of all facts relating to a company's disclosure, they are responsible for the accuracy and adequacy of the disclosures they have made.

In connection with responding to our comments, please provide, in your letter, a statement from the company acknowledging that:

- the company is responsible for the adequacy and accuracy of the disclosure in the filing;
- staff comments or changes to disclosure in response to staff comments do not foreclose the Commission from taking any action with respect to the filing; and
- the company may not assert staff comments as a defense in any proceeding initiated by the Commission or any person under the federal securities laws of the United States.

In addition, please be advised that the Division of Enforcement has access to all information you provide to the staff of the Division of Corporation Finance in our review of your filing or in response to our comments on your filing.

You may contact Vanessa Robertson, Staff Accountant, at (202) 551-3649 or Jim Atkinson, Accounting Branch Chief, at (202) 551-3674 if you have any questions regarding the comments. In this regard, do not hesitate to contact me, at (202) 551-3679.

Sincerely,

Jim B. Rosenberg  
Senior Assistant Chief  
Accountant