

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT  
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934



Date of Report (Date of earliest event reported): September 19, 2012

**United Fire Group, Inc.**  
(Exact name of registrant as specified in its charter)

<u>Iowa</u> (State or other jurisdiction of incorporation)	<u>001-34257</u> (Commission File Number)	<u>45-2302834</u> (IRS Employer Identification No.)
<u>118 Second Avenue, S.E., Cedar Rapids, Iowa</u> (Address of principal executive offices)		<u>52407</u> (Zip Code)

Registrant's telephone number, including area code: **(319) 399-5700**

\_\_\_\_\_  
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

### **Item 7.01. Regulation FD Disclosure.**

The management of United Fire Group, Inc. gave an investor presentation to several institutional investors on September 18 and September 19, 2012. Randy A. Ramlo, president and chief executive officer, Michael T. Wilkins, executive vice president, and Dianne M. Lyons, vice president and chief financial officer, presented to the investors.

Exhibit 99.1 is a copy of the presentation materials used in management's presentation to the institutional investors. A copy of the presentation materials will be posted in the Investor Relations section of our website ([www.unitedfiregroup.com](http://www.unitedfiregroup.com)) under *Presentations*, for a period of 14 days following the presentation. The presentation materials are being furnished pursuant to Item 7.01, and the information contained therein shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liabilities under that Section. Furthermore, the information contained in Exhibit 99.1 shall not be deemed to be incorporated by reference into our filings under the Securities Act of 1933.

#### **Disclosure of forward-looking statements**

This release 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 materially from those expected and/or projected. Such forward-looking statements are based on current expectations, estimates, forecasts and projections about our 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)," "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 operating, 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. Information concerning factors that could cause actual results to differ materially from those 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, 2011, filed with the SEC on March 15, 2012; and in our report on Form 10-Q for the quarter ended June 20, 2012, filed with the SEC on August 8, 2012. The risks identified on Form 10-K 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 release or as of the date they are made.

### **Item 8.01. Other Events.**

The management of United Fire Group, Inc. gave an investor presentation to several institutional investors on September 18 and September 19, 2012. Randy A. Ramlo, president and chief executive officer, Michael T. Wilkins, executive vice president, and Dianne M. Lyons, vice president and chief financial officer, presented to the investors.

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**Item 9.01. Financial Statements and Exhibits.**

- (a) Not applicable.
- (b) Not applicable.
- (c) Not applicable.
- (d) Exhibits.

Exhibit Number	Description of Exhibit
99.1	Presentation materials used by management at institutional investor presentations on September 18 and September 19, 2012.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

UNITED FIRE & CASUALTY COMPANY

Date: September 19, 2012

By: /s/ Randy A. Ramlo

Name: Randy A. Ramlo

Title: President and Chief Executive Officer

## EXHIBIT INDEX

Exhibit Number	Description of Exhibit
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Exhibit 99.1



## **Investor Presentation**

Randy Ramlo, President and Chief Executive Officer

Mike Wilkins, Executive Vice President

Dianne Lyons, Vice President and Chief Financial Officer

September 18-19, 2012

## Forward-Looking Statements

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 materially from those expected and/or projected. Such forward-looking statements are based on current expectations, estimates, forecasts and projections about our 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),” “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 operating, 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. Information concerning factors that could cause actual results to differ materially from those 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, 2011, filed with the SEC on March 15, 2012, and in our report on Form 10-Q for the quarter ended June 30, 2012, filed with the SEC on August 8, 2012. The risks identified on Form 10-K 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 release or as of the date they are made. Except as required under the federal securities laws and the rules and regulations of the Securities and Exchange Commission, 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. Reconciliations of non-GAAP measures are on Page 33 of this presentation and also available in our quarterly news release, which are available on the Investors Relations page of our website [www.UnitedFireGroup.com](http://www.UnitedFireGroup.com).

## Company Overview

### United Fire Group (NASDAQ:UFCS)

- Regional provider of a complete line of insurance products
- Based in Cedar Rapids, Iowa
- Founded in 1946
- \$735 million in shareholders' equity
- Six regional offices
- Approximately 900 employees



## Company Overview

### **P/C Cos. Rated “A” by A.M. Best**

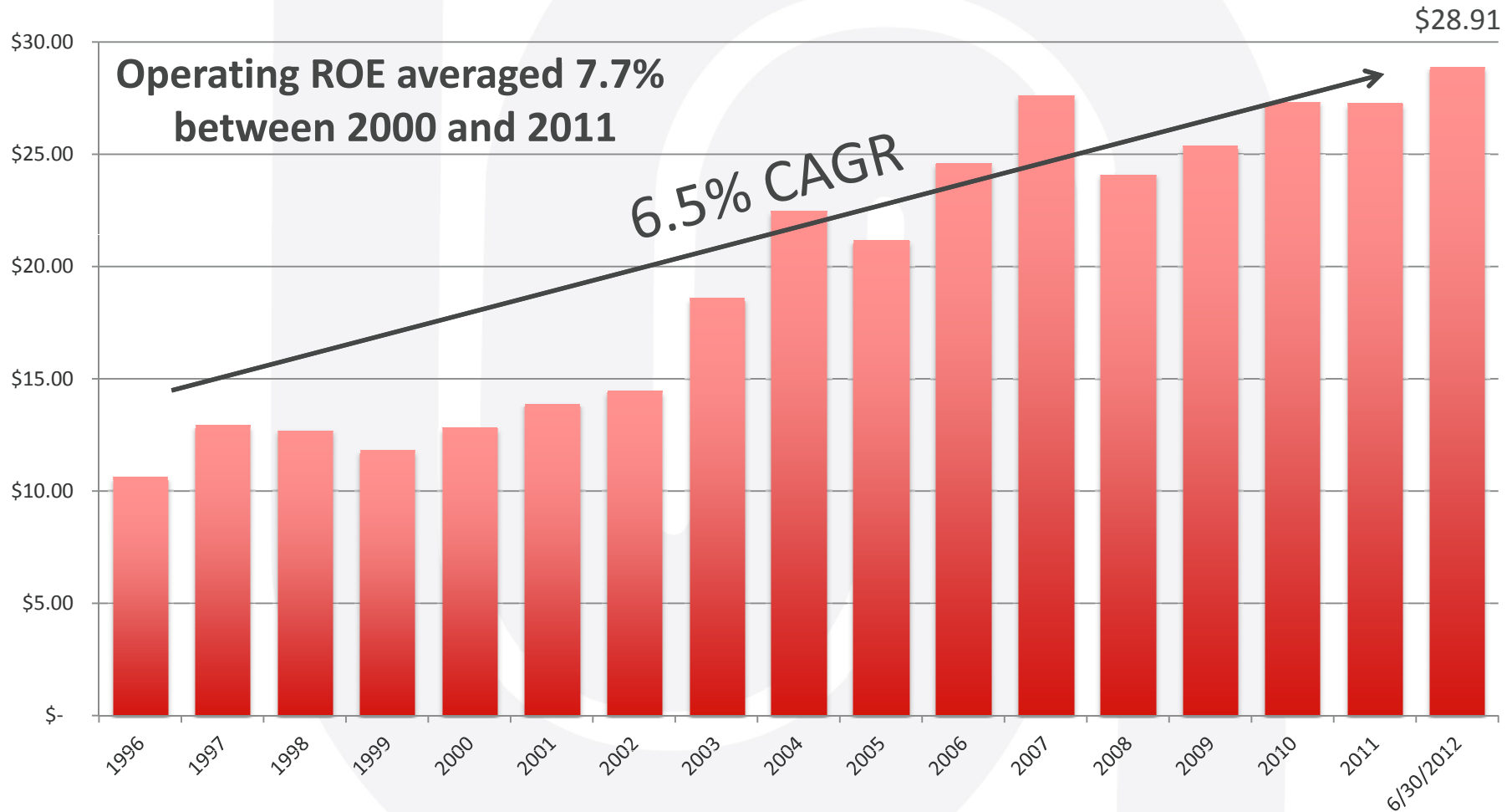
- \$627 million in annual net written premiums
- 90% commercial lines/10% personal lines
- Represented by more than 1,200 independent agencies
- Licensed in 43 states and Washington DC, active in 33

### **United Life Ins. Co. Rated “A-” by A.M. Best**

- \$4 billion of life insurance in force
- 65% annuities/35% traditional life insurance products
- Represented by more than 940 independent agencies
- Licensed in 36 states, active in 28

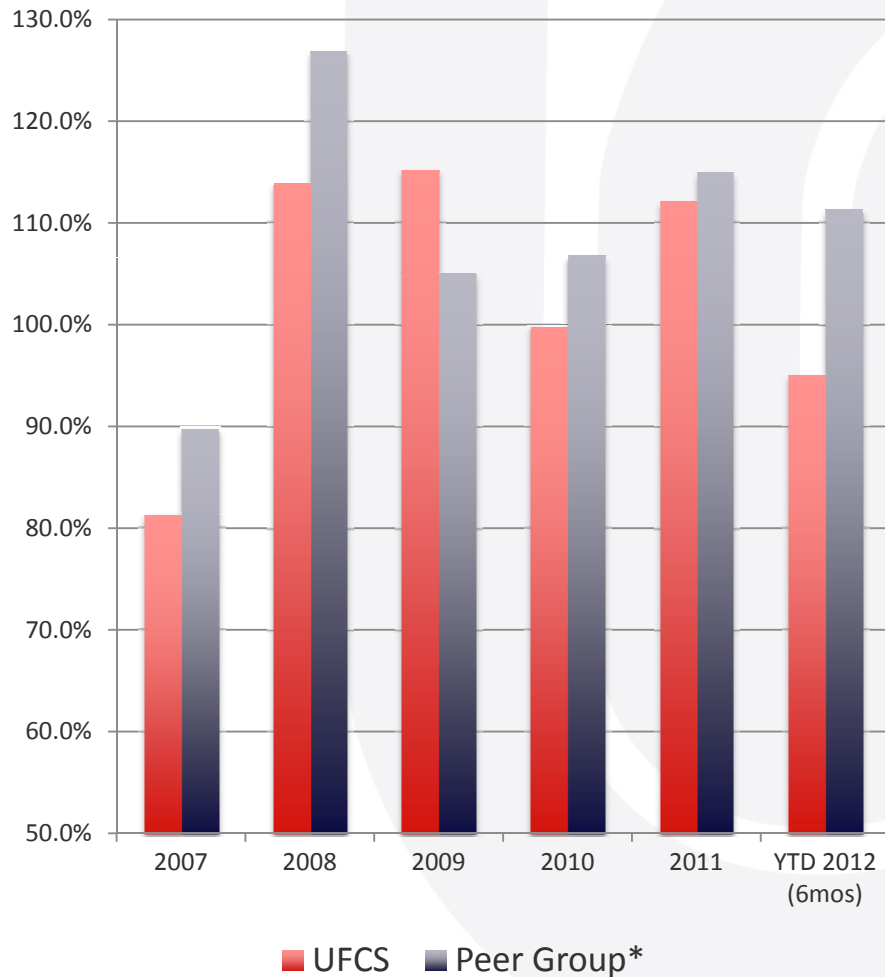
# Historical Financial Performance

## Book Value Per Share

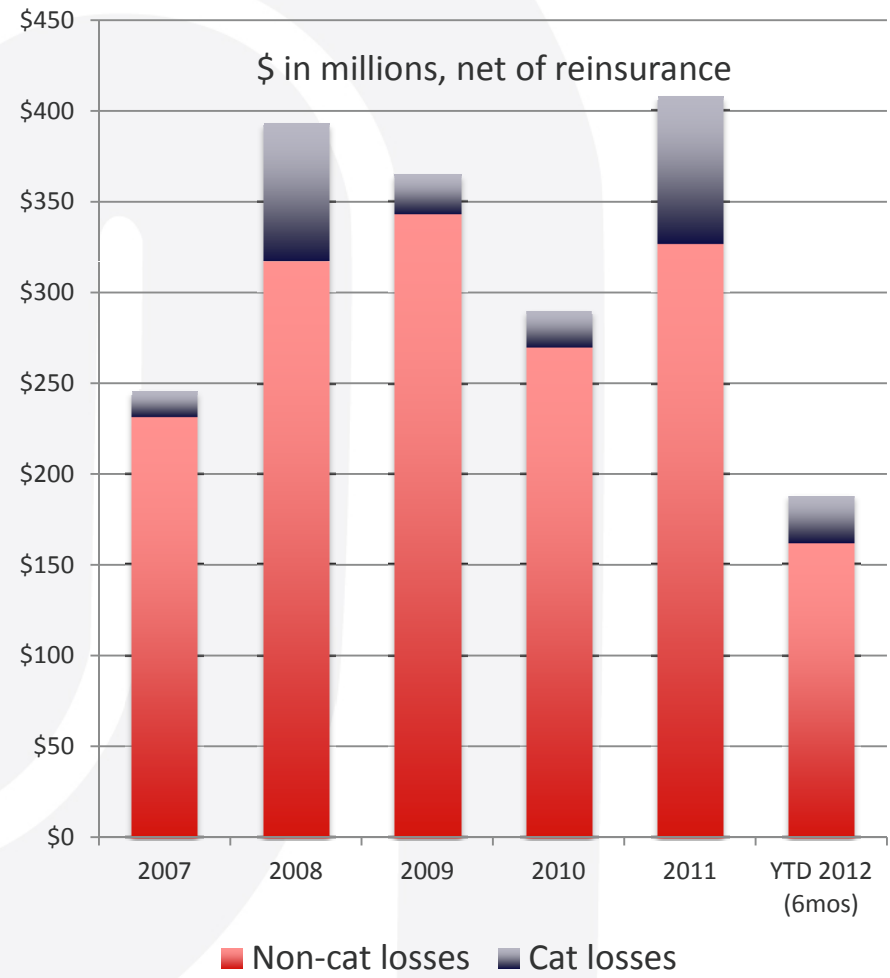


# Historical Underwriting Performance

## GAAP Combined Ratio



## Catastrophe Loss Contribution



\* SNL Small Cap U.S. Insurance Index (Average)

# Recent Results

## Second-Quarter Highlights

- Double-digit top-line growth:
  - 12% organic growth
  - Low- to mid-single digit rate increases
  - 82% commercial lines retention
- 95% combined ratio:
  - Continued favorable prior-year reserve development
  - Significantly lower catastrophe losses
- Offset by 2 percentage point increase in expense ratio due to DAC accounting change
  - Expect full-year impact on net income in range of \$14-17 million
- Life insurance net written premiums increased more than 22%

## 2012 Interim Results

<i>(\$ in millions)</i>	2Q 2012	% Chng	1H 2012	% Chng
Net written premiums	\$196.4	14.1%	\$375.8	27.2%
Net investment income	28.7	3.6	57.9	5.6
Realized gains or losses	0.6	(49.8)	3.4	(11.1)
Net income	14.7	182.1	33.9	NM
Operating income	14.3	177.0	31.7	NM
Net income per share	\$0.58	184.1	\$1.33	NM
Operating income per share	\$0.56	178.9	\$1.24	NM
Book value per share	n/a		\$28.91	6.2

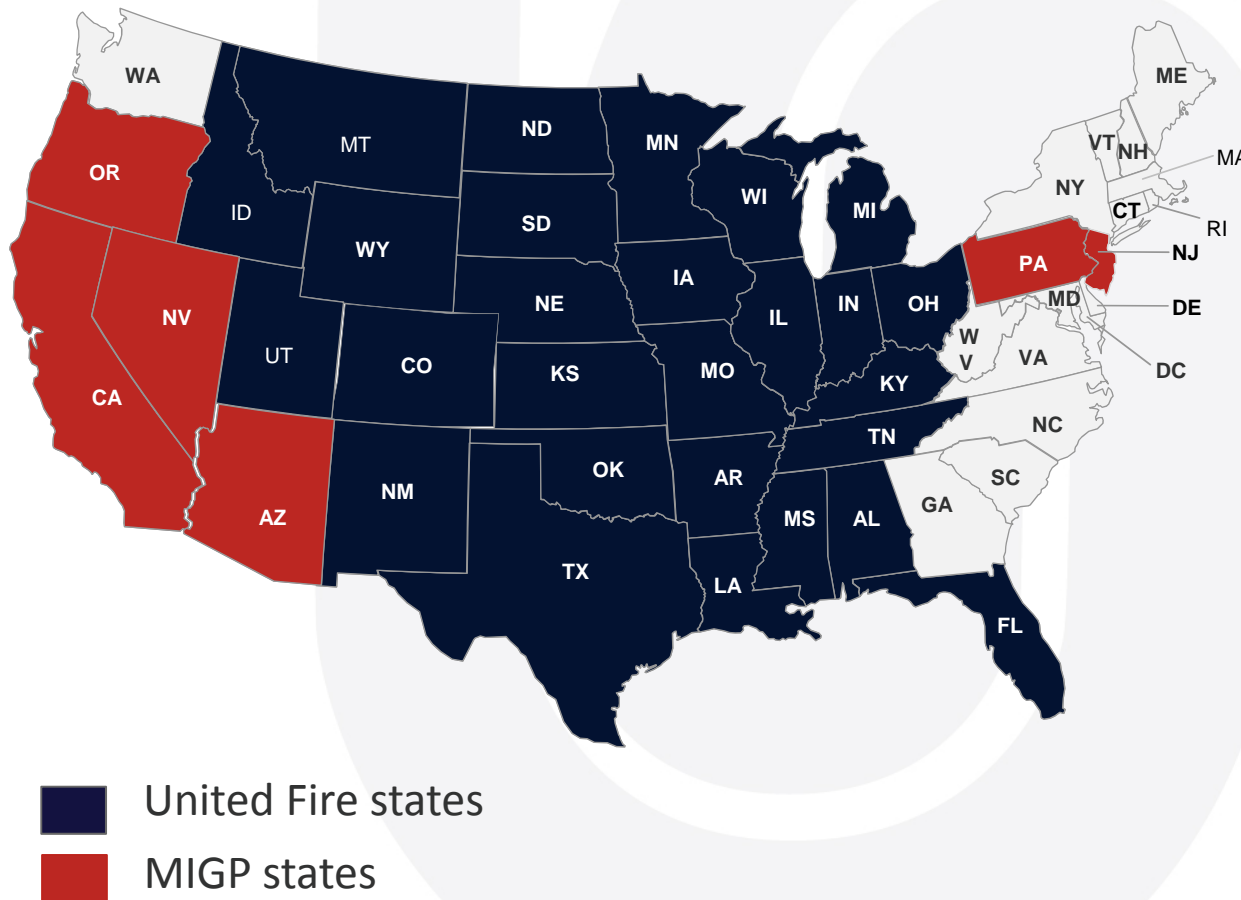
## Key Investment Considerations

- Expanded geographic presence through MIGP acquisition
- Growth opportunities:
  - Capitalizing on transaction
  - Organic growth in existing markets
- Decentralized underwriting and marketing
- Opportunities for efficiencies
- Reserving
  - Historically reported loss redundancies
- Exposure management
  - Reduction of probable maximum loss
- Conservative investment philosophy
- Strong balance sheet with proactive capital management
  - Paid dividend since 1968
  - Current dividend yield of 2.6%
- Experienced senior management

# Expanded Geographic Presence Through Acquisition

## Expanded Scope in 2011 with MIGP Acquisition

- All-cash transaction valued at approximately \$191 million
- Common business approach that diversified geographic risk
- Since closing:
  - Generating savings through administrative and support consolidating and elimination of duplicate public company expenses and management salaries
  - Consolidated reinsurance programs
  - Transition to UFCS IT underway (imaging, claims, policy processing), substantial cost savings anticipated
  - Retained MIGP agent force, saw 4.2% production increase in 2Q12 vs. 2Q11



# Growth Opportunities

## Growth Strategies

- Improve BOP product
- Increase property business
- Increase workers' compensation business
- Market to larger accounts (over \$100,000)
- Appoint new agents in cities where we are under-represented

# Growth Opportunities

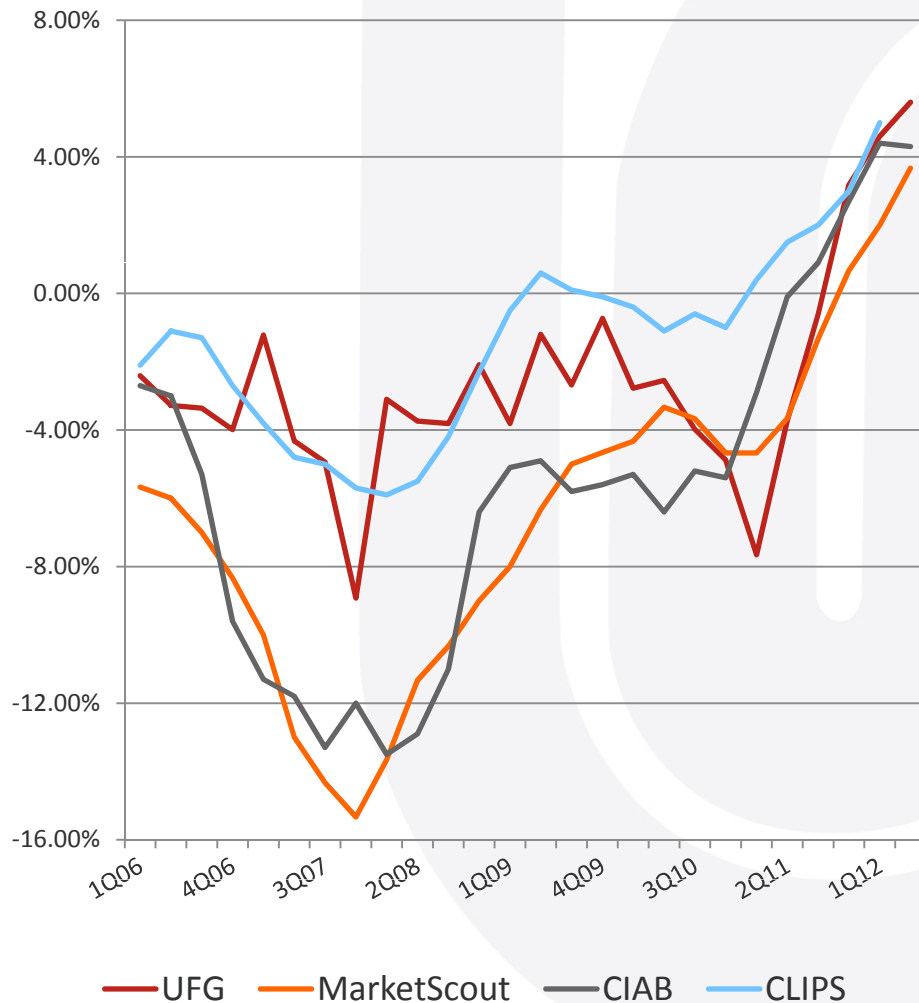
## Pricing Sophistication

- Multiple tools support pricing analysis
  - CATography
  - Predictive analytics
  - Loss control
  - Walk-away pricing
  - Credit scoring
  - Rating tiers
- Advanced automated renewal screening



# Growth Opportunities

## Rate Change Comparison



## Notes on Rate Change Data

- MarketScout** is the nation's largest on-line insurance exchange with a distribution system to over 50,000 retail insurance agencies. The composite average includes all commercial lines and sizes of accounts. Website: [marketscout.com](http://marketscout.com)
- Council of Insurance Agents & Brokers (CIAB)** asks its members each quarter to provide up-to-date information on pricing trends, underwriting practices and availability of all commercial property/casualty lines for its Commercial Insurance Market Index. Website: [ciab.com](http://ciab.com)
- CLIPS** is Towers Watson's U.S. commercial lines pricing and profitability survey. Quarterly information comes directly from carriers. Website: [towerswatson.com](http://towerswatson.com)

# Expertise with “Main Street” Businesses

## Net Written Premiums by Product Line

<i>Property/Casualty</i>	<i>Percent of total NPW</i>
<b>Commercial lines:</b>	
Other liability	32%
Automobile	22
Fire & allied lines	21
Workers’ compensation	12
Fidelity & surety	3
<b>Total commercial lines</b>	<b>90%</b>
<b>Personal lines:</b>	
Fire & allied lines	6%
Automobile	3
<b>Total personal lines</b>	<b>9%</b>
Reinsurance assumed	1%
<b>Total</b>	<b>100%</b>

## Top 15 Classes Show Main Street Focus

<i>Property/Casualty</i>	<i>Percent of total DPW</i>
Concrete construction	8%
Carpentry – residential	7
Excavation	7
Lessors’ risk	6
Carpentry – commercial	4
Land grading/earth moving	4
Automobile repair or service shops	4
Electrical work	4
Metal goods manufacturing/machine shops	4
Plumbing – commercial	3
Plumbing – residential	3
Roofing – commercial	3
Landscape gardening	3
Heating and air conditioning	2
Restaurants	2
<b>Total of top 15 classes</b>	<b>65%</b>

# Decentralized Underwriting and Marketing

## Direct Written Premiums by State

<i>Property/Casualty</i>	<i>Percent of total DPW</i>
Iowa	13%
Texas	12
California	11
New Jersey	7
Missouri	7
All Other	49

## Competitive Advantages

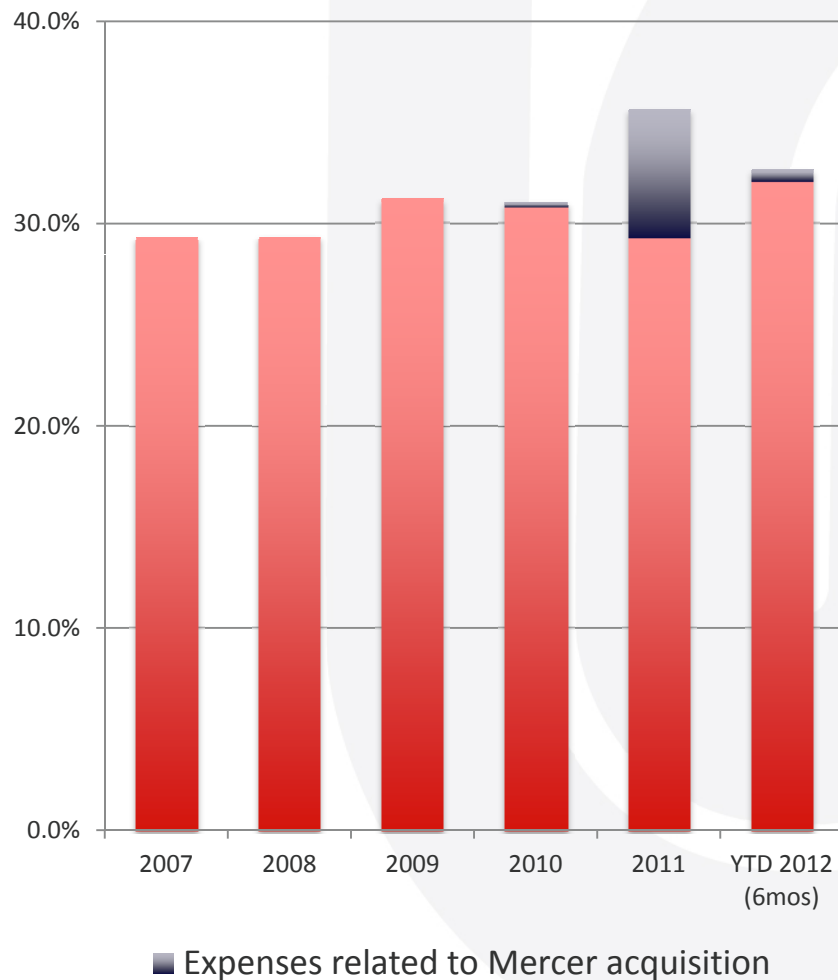
- Local market knowledge
- Strong agency relationships
- Disciplined underwriting
- Service center
- Exceptional customer service
- Superior loss control services
- Fair and ethical claims handling
- Efficient and effective technology

## Agency Philosophy

- Continually monitor agencies for compatibility
- Criteria: loss ratio, volume, relationship
- Seek “top three” position (as measured by direct premiums written)
- Competitive performance-based compensation
- More than 1,200 independent agencies
- Average agency size: over \$500,000
- Size of largest agency: \$7.5 million
- Premium from top 20: \$90.1 million
- Premium from top 100: \$219.4 million of \$627 million

# Opportunities for Efficiency

## Expense Ratio



## Technology

- Streamline how our agencies transact business with us
- Enable producers to efficiently provide their clients with a high level of service
- Enhance agency online inquiry capabilities
- Provide agencies with online reporting
- Feedback from agent technology board

# Reserving

## Loss Cost Analysis

- Monitor inflationary trends
- Exposure basis rating (including payroll- and sales-based rating)
- Inflation factors applied to property values annually (buildings and contents)
- Automobile symbol rating to accurately rate for autos based on cost new and repair costs
- Monitor medical cost inflation and consider implication for auto, liability and workers' compensation lines of business

## Reserving Philosophies

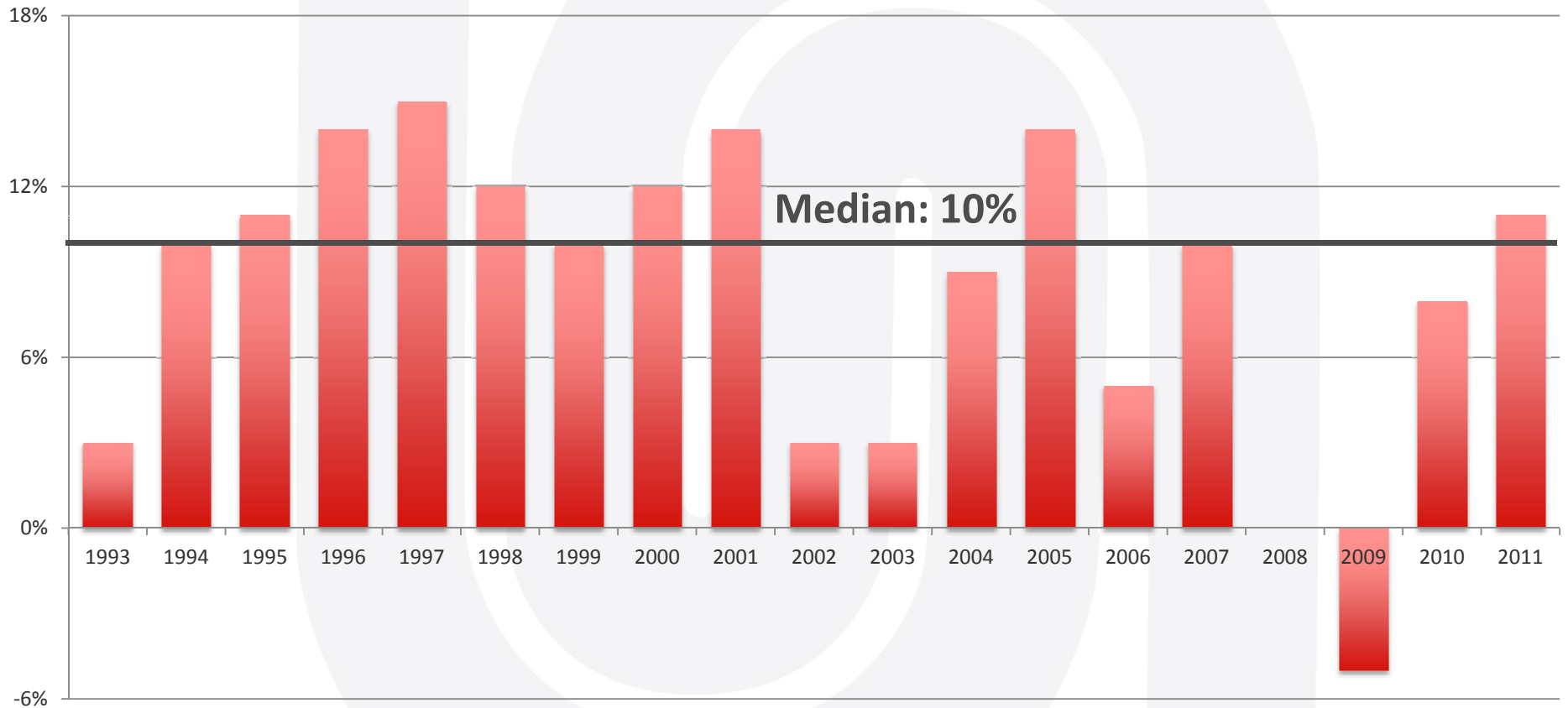
- Historically reported loss redundancies
- Conservative reserving practices
- Reserve on a case basis with some pessimism
- Reserve for IBNR and LAE using actuarial methods

## Claims Handling Philosophies

- FAIR claims service
- FAST claims service
- Use of outside adjusters is infrequent, allowing us to more closely control the adjusting function
- Employ top industry fraud predictive analytics technology

# Reserving

## Net Reserve Redundancy (Deficiency)



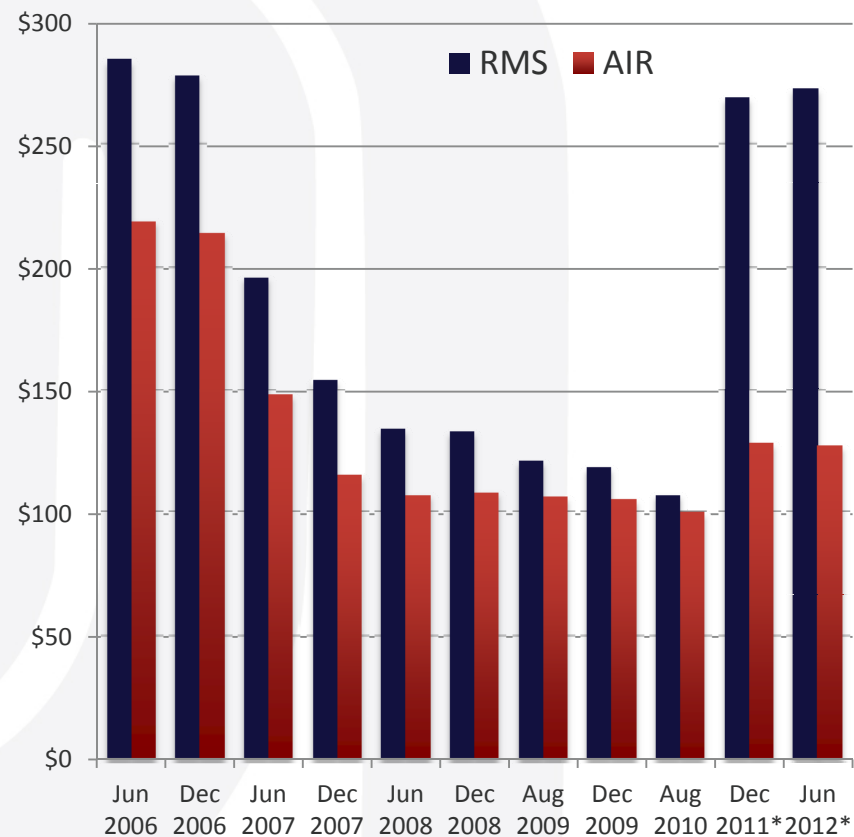
# Exposure Management

## Managing Catastrophe Exposure

- 100-year PMLs below 2006 levels despite expanded portfolio due to Mercer transaction
- Managing geographic exposures to reduce coastal and other risks
- Updated policy terms and conditions
  - Policies written ex-wind
  - Policies written with wind deductible

## Exposure Reductions Post-Katrina

100-Year PMLs (\$ in millions)



\* Based on RMS v11 and AIR v12, includes Mercer's June 2010 portfolio



# Exposure Management

## Modeled vs. Actual Losses from Historical Storms

<i>(\$ in millions)</i>	Average Modeled Gross Loss	Actual to Average Model Miss %	Actual Loss
Katrina	\$483.7	32%	\$367.3
Rita	49.2	45	33.9
Gustav	19.1	32	14.5
Ike	64.1	147	26.0

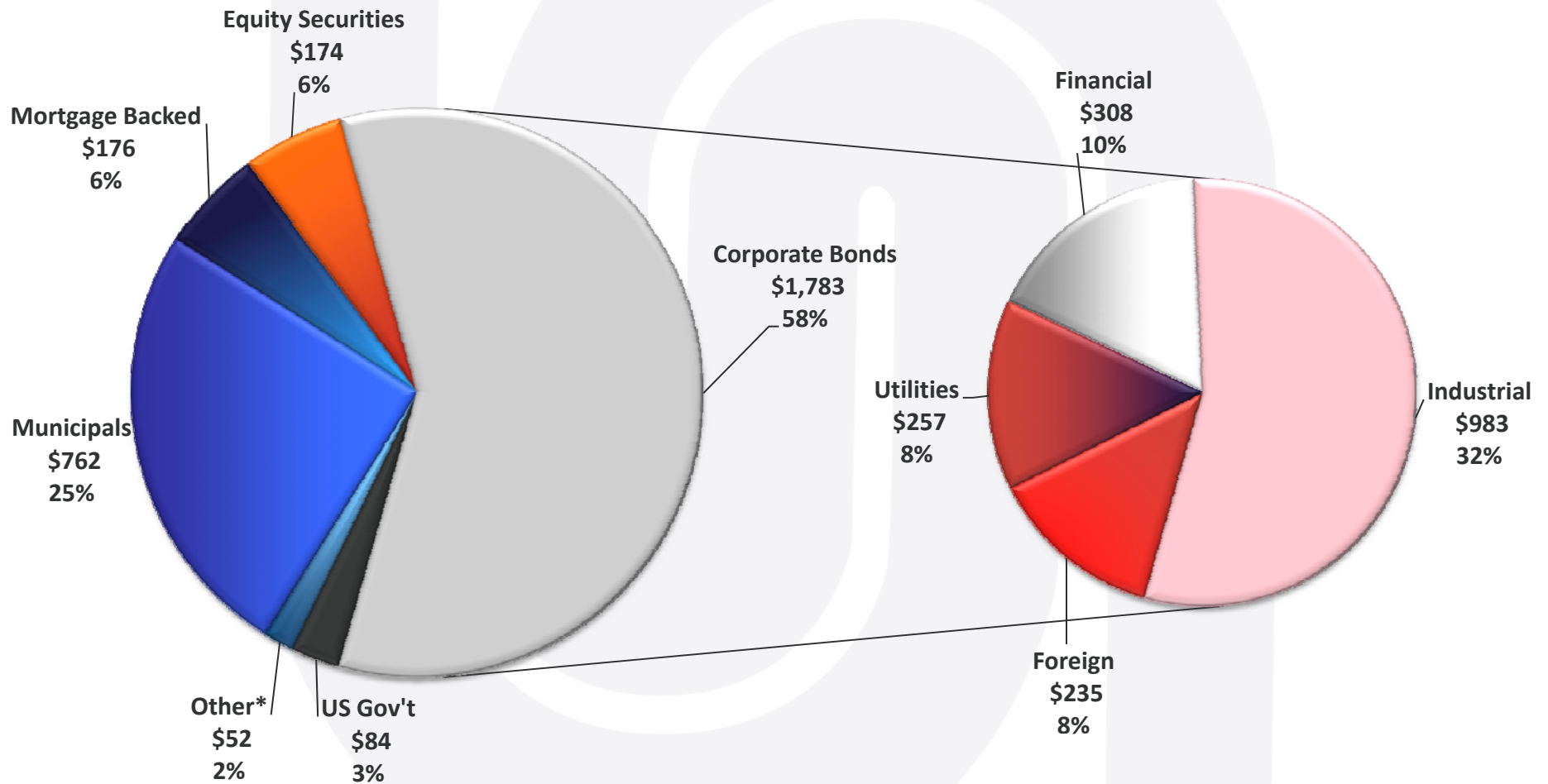
# Exposure Management

## 2012 Reinsurance Programs

- Catastrophe program
  - \$180 million excess of \$20 million retention
  - 5% co-participation on losses between \$20 million and \$200 million
- Core program
  - \$2 million retention
  - \$13 million per risk property coverage
  - \$38 million per occurrence casualty coverage

# Conservative Investment Portfolio (at June 30, 2012)

## \$3.0 Billion Investment Portfolio (\$ in millions)



\* Other includes trading securities, mortgage loans, policy loans and other long-term investments.

# Conservative Investment Portfolio (at June 30, 2012)

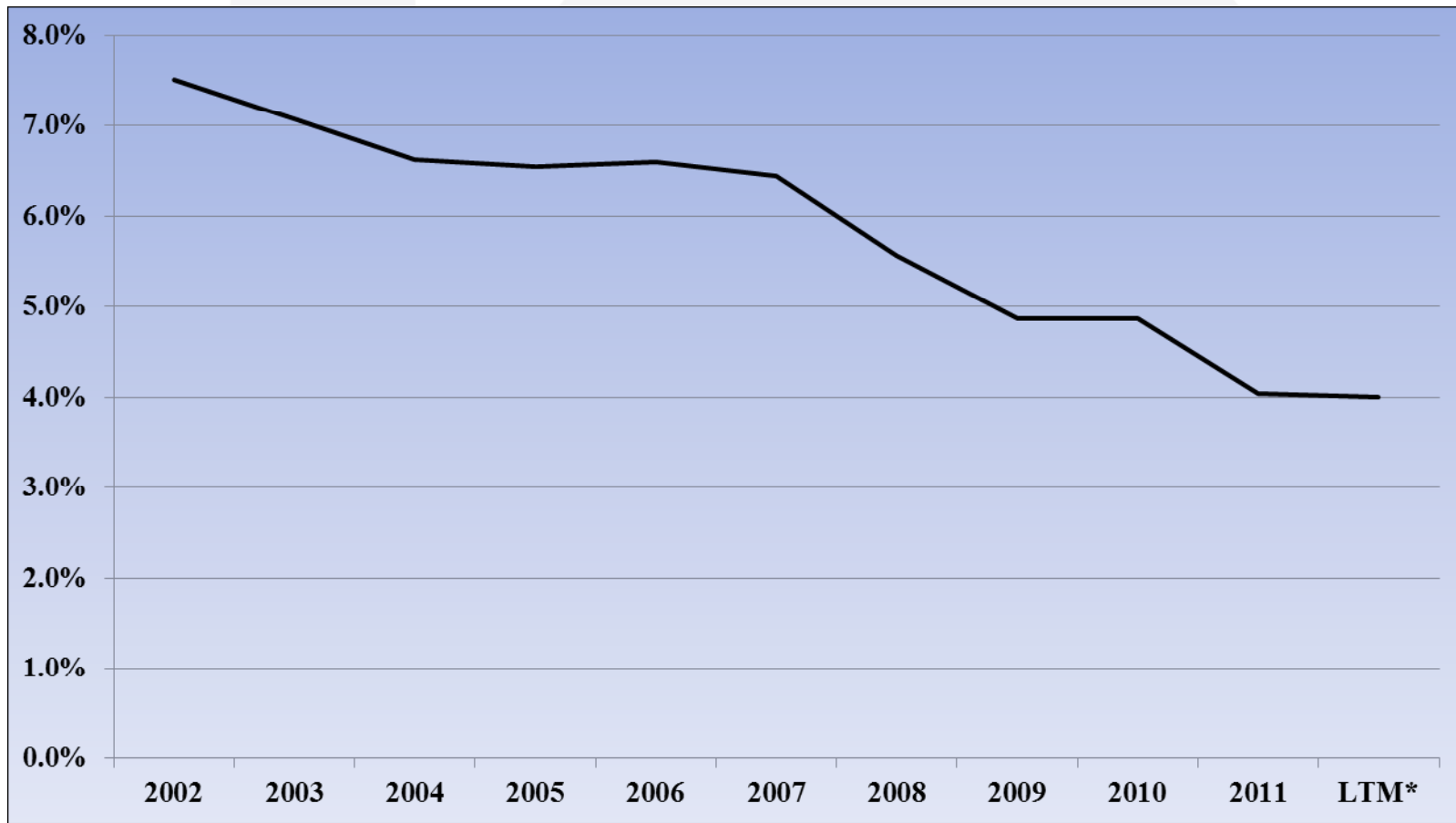
## Portfolio Management

- Manage our own portfolios
  - Maintain a fixed-to-equity ratio of 90/10
- Addressing low interest rate environment by:
  - Purchasing quality investments rated investment grade or better
  - Matching duration of our investment portfolio to liabilities
- Portfolio yield of 4.34%
- Duration of 4 years
- International corporate bond holdings account for 8% of portfolio

## Highly Rated Fixed Income Portfolio

	\$ (in millions)	%
AAA	\$397	14%
AA	640	23
A	684	24
Baa/BBB	1,010	36
Other/Not Rated	88	3
<b>Total</b>	<b>\$2,819</b>	<b>100</b>

# Investment Yield



# Financially Strong

## Capital Management Philosophy

- Strong economic capital position
- Prudent reinsurance programs
- Outstanding debt paid off in July 2012
- History of consistently conservative reserves
- Acquisition of Mercer Insurance Company

## Enterprise Risk Management

- ERM management committee meets quarterly
- Board of Directors risk committee
- Management reviews risk metrics with risk management committee
- Risk appetite statement developed
- Economic capital modeling used to assess risk

## Share Repurchase

	Ave. Price Per Share	Number of Shares Repurchased	Total Price (\$ in millions)
Six Months Ended 6/30/2012	\$20.94	101,901	\$2.1
12 Months Ended 12/31/2011	17.69	702,947	12.4
12 Months Ended 12/31/2010	18.29	343,328	6.3



## Investor Presentation

Questions



**UNITED FIRE  
GROUP<sup>®</sup>**

**Appendix**



## 2011 Product Niches

- Religious Institutions – Churches
- Auto Service and Repair Garages
- Garbage Refuse haulers
- Condominiums
- Small Artisan Service and Repair Contractors
- Retail Small business (Business Owners Program)
- Land Improvement Contractors (Excavation, Land Grading)
- Commercial Output Program (Manufacturing)
- Contractors E & O
- Mechanical Contractors
- Plumbing & Heating Contractors
- Metal Goods Fabricators
- Machine Shops
- Restaurants
- Golf Courses
- Winery Program
- Aggregate Truckers (Sand and Gravel Haulers)
- Peripheral Oil Field Contractors
- Inland Marine
- Micro Brewers
- Water Well Drillers
- Agriculture Service Contractors
- Program Business
- Commercial Roofers
- Hardware Stores

## Foreign Investment Exposure\*

<i>(\$ in Millions)</i> Sector	Market Value	% Market Value	% Total Portfolio
Industrials	\$67	41%	2.33%
Energy	59	36	2.03
Financials	36	23	1.27
Total	162	100	5.63

<i>(\$ in Millions)</i> Region	Market Value	% Market Value	% Total Portfolio
Europe	\$133	82%	4.62%
Pan-Asia	22	13	0.75
Middle East	7	5	0.26
Total	162	100	5.63

\* Non-Canadian

# Experienced Senior Management



**RANDY A. RAMLO**  
 President/Chief Executive Officer  
 Years at UFG: 28  
 Years in industry: 28

- Directs and monitors the business operations of all offices and business segments
- Oversees the implementation of corporate policies on a day-to-day basis
- 1984: Joined company as an underwriter
- 1996 to 2001: Commercial underwriter
- 2001: Named VP, Surety
- 2004: Appointed EVP, United Fire Group
- 2007: Appointed president and CEO
- BA from University of Northern Iowa
- Professional designations: ARM, CPCU, AIM and AFSB
- Board member: United Way of East Central Iowa
- Member: CPCU Society and Surety Assoc. of Iowa



**MICHAEL T. WILKINS**  
 Executive Vice President  
 Years at UFG: 27  
 Years in industry: 27

- Responsible for development of information technology
- Directs company's reinsurance and personal lines segments
- 1985: joined UFG as computer programmer
- 1990 to 1998: Product support manager
- 1998: Named VP of Central Plains regional office
- 2002: Named VP of administration
- 2007: appointed EVP
- BS and MBA from University of Iowa
- Professional designations: ARP, CPCU
- Board member: United Way of East Central Iowa and Four Oaks
- Member: CPCU Society



**DIANNE M. LYONS**  
 Vice President/Chief Financial Officer  
 Years at UFG: 28  
 Years in industry: 28

- Directs the company's financial goals, objectives and budgets
- Oversees investor relations
- Oversees regulatory filings
- 1983: Joined UFG as records librarian
- 1984 to 1985: Accounting general clerk
- 1986 to 2000: Accountant
- 2000: Promoted to controller and accounting manager
- 2003: Named vice president of United Fire
- 2006: Appointed chief financial officer
- BA from Coe College
- Professional designations: AIAF, AAM, CPCU, LOMA LEVEL
- Board member: Young Parents Network
- Member: CPCU Society



**DAVID E. CONNER**  
 VP/CCO  
 Years at UFG: 14  
 Years in industry: 31



**BARRIE W. ERNST**  
 VP/CIO  
 Years at UFG: 10  
 Years in industry: 32



**NEAL R. SCHARMER**  
 VP/General Counsel  
 Years at UFG: 17  
 Years in industry: 22

# Financial Summary

(GAAP, \$ in thousands except per share values)	2011	2010	2009	6 mos. 2012	6 mos. 2011
<b>Selected Income Statement Items</b>					
Net Premiums Written	\$604,867	\$463,892	\$467,427	\$375,775	\$295,355
Net Income / (Loss)	11	47,513	(10,441)	33,900	(12,104)
Realized Gains / (Loss), net of tax	4,186	5,518	(8,566)	2,183	2,455
Operating Earnings / (Loss), net of tax	(4,175)	41,995	(1,875)	31,717	(14,559)
<b>Selected Balance Sheet Items</b>					
Cash and Investments	\$3,052,535	\$2,662,955	\$ 2,542,693	\$3,132,698	\$3,044,824
Total Assets	3,618,924	3,007,439	2,902,544	3,741,263	3,621,934
Shareholders' Equity	696,141	716,424	672,735	735,362	704,773
Capital & Surplus	565,843	594,308	556,265	596,391	575,201
<b>Per Share Analysis</b>					
Operating Income / (Loss) per Diluted Share	\$(0.16)	\$1.60	\$(0.07)	\$1.24	\$(0.56)
Net Income / (Loss) per Diluted Share	-	1.80	(0.39)	1.33	(0.46)
Dividends per Share	0.60	0.60	0.60	0.30	0.30
Book Value per Share	27.29	27.35	25.35	28.91	27.23
<b>Profitability Analysis</b>					
Loss and Loss Settlement Expense Ratio	76.4%	68.9%	83.9%	62.4%	83.8%
Expense Ratio	35.7	31.0	31.3	32.7	37.2
Combined Ratio	112.1	99.9	115.2	95.1	121.0
Combined Ratio (ex. CATs & Hurricane Katrina Litigation)	97.0	93.2	101.4	86.4	99.0
ROAE	0.0	6.8	(1.6)	9.5	(3.4)
Operating ROAE	(0.6)	6.0	(0.3)	8.9	(4.1)

## Property/Casualty Operating Segment Financial Highlights

(GAAP, \$ in thousands except per share values)	2011	2010	2009	6 mos. 2012	6 mos. 2011
<b>Commercial</b>					
Net Premiums Written	\$481,519	\$363,806	\$380,727	\$308,465	\$239,548
Net Premiums Earned	464,942	370,479	394,000	264,560	211,114
Loss and Loss Settlement Expenses	331,320	271,184	338,094	163,769	161,805
Loss and Loss Settlement Expense Ratio	71.3%	73.2%	85.8%	61.9%	76.6%
<b>Personal</b>					
Net Premiums Written	57,134	40,807	38,208	31,201	25,589
Net Premiums Earned	55,568	39,731	35,735	30,873	25,043
Loss and Loss Settlement Expenses	51,725	25,576	23,641	18,428	25,582
Loss and Loss Settlement Expense Ratio	93.1%	64.4%	66.2%	59.7%	102.2%
<b>Assumed</b>					
Net Premiums Written	13,270	10,295	5,892	5,204	4,616
Net Premiums Earned	13,261	10,163	5,942	5,237	4,616
Loss and Loss Settlement Expenses	24,786	(7,323)	3,986	5,333	14,402
Loss and Loss Settlement Expense Ratio	186.9%	-72.1%	67.1%	101.8%	NM
<b>Total</b>					
Net Premiums Written	551,923	414,908	424,827	344,870	269,753
Net Premiums Earned	533,771	420,373	435,677	300,670	240,773
Loss and Loss Settlement Expenses	407,831	289,437	365,721	187,530	201,789
Loss and Loss Settlement Expense Ratio	76.4%	68.9%	83.9%	62.4%	83.8%
Segment Net Income / (Loss)	(7,639)	34,726	(17,677)	29,991	(16,224)

## Definitions and Reconciliations of Data Not Prepared in Accordance With U.S. GAAP

(GAAP, \$ in thousands)	2007	2008	2009	2010	2011	6 mos. 2011	6 mos. 2012	3 mos. 2011	3 mos. 2012
Net income (loss)	\$111,392	\$(13,064)	\$(10,441)	\$47,513	\$11	\$(12,104)	\$33,900	\$(17,914)	\$14,716
After-tax realized investment (gains) losses	(6,286)	6,749	8,566	(5,518)	(4,186)	(2,455)	(2,183)	(731)	(367)
Operating income (loss)	\$105,107	\$(6,315)	\$(1,875)	\$41,995	\$(4,175)	\$(14,559)	\$31,717	\$(18,645)	\$14,349
Diluted earnings (loss) per share	\$4.03	\$(0.48)	\$(0.39)	\$1.80	\$0.00	\$(0.46)	\$1.33	\$(0.69)	\$0.58
Diluted operating earnings (loss) per share	3.80	(0.23)	(0.07)	1.60	(0.16)	(0.57)	1.24	(0.72)	0.56
Return on equity	15.6%	-1.9%	-1.6%	6.8%	0.0%	(3.4)%	9.5%	--	--
After-tax realized investment (gains) losses	-0.9	1.0	1.3	-0.8	-0.6	(0.3)	(0.3)	--	--
Operating return on equity	14.7	-0.9	-0.3	6.0	-0.6	(3.8)	9.2	--	--

**Operating income** is a commonly used Non-GAAP financial measure of net income excluding realized capital gains and losses and related federal income taxes. Because our calculation may differ from similar measures used by other companies, investors should be careful when comparing our measure of operating income to that of other companies. Management evaluates this measurement and ratios derived from this measurement because we believe it better represents the normal, ongoing performance of our businesses.



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