UNITED FIRE GROUP INC
Form 10-Q
August 04, 2015

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

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

for the quarterly period ended June 30, 2015

Commission File Number 001-34257

UNITED FIRE GROUP, INC.
(Exact name of registrant as specified in its charter)

Iowa	45-2302834
(State of Incorporation)	(IRS Employer Identification No.)

118 Second Avenue, S.E., Cedar Rapids, Iowa 52401
(Address of principal executive offices) (Zip Code)

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

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES R NO o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
YES R NO o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer o Accelerated filer R Non-accelerated filer o Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
YES o NO R
As of July 31, 2015, 25,058,662 shares of common stock were outstanding.

Table of Contents

United Fire Group, Inc.
Index to Quarterly Report on Form 10-Q
June 30, 2015

Table of Contents

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" in our 2014 Annual Report on Form 10-K and Part II, Item 1A "Risk Factors" of this report 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 property and casualty insurance and life insurance segments;
- The potential disruption of our operations 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;
- NASDAQ policies or regulations relating to corporate governance and the cost of compliance;
- Our relationship with and the financial strength of our reinsurers; and
- Competitive, legal, regulatory or tax changes that affect the distribution cost or demand for our products through our independent agent/agency distribution network.

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 Securities and Exchange Commission ("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.

1

Table of Contents

PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

United Fire Group, Inc.
Consolidated Balance Sheets

(In Thousands, Except Share Data)	June 30, 2015 (unaudited)	December 31, 2014
ASSETS		
Investments		
Fixed maturities		
Held-to-maturity, at amortized cost (fair value $359 in 2015 and $404 in 2014)	$356	$397
Available-for-sale, at fair value (amortized cost $2,770,857 in 2015 and $2,773,566 in 2014)	2,811,361	2,843,079
Trading securities, at fair value (amortized cost $14,350 in 2015 and $14,363 in 2014)	16,388	16,862
Equity securities		
Available-for-sale, at fair value (cost $72,157 in 2015 and $71,651 in 2014)	244,547	245,843
Trading securities, at fair value (cost $3,445 in 2015 and $3,708 in 2014)	3,599	4,066
Mortgage loans	4,082	4,199
Policy loans	5,702	5,916
Other long-term investments	50,656	50,424
Short-term investments	175	175
	3,136,866	3,170,961
Cash and cash equivalents	93,382	90,574
Accrued investment income	25,190	25,989
Premiums receivable (net of allowance for doubtful accounts of $804 in 2015 and $618 in 2014)	302,806	249,030
Deferred policy acquisition costs	159,073	139,719
Property and equipment (primarily land and buildings, at cost, less accumulated depreciation of $44,202 in 2015 and $41,492 in 2014)	50,112	49,247
Reinsurance receivables and recoverables	73,892	86,810
Prepaid reinsurance premiums	3,974	3,632
Income taxes receivable	6,042	—
Goodwill and intangible assets	25,893	26,278
Other assets	14,253	14,449
TOTAL ASSETS	$3,891,483	$3,856,689
LIABILITIES AND STOCKHOLDERS’ EQUITY		
Liabilities		
Future policy benefits and losses, claims and loss settlement expenses		
Property and casualty insurance	$999,032	$969,437
Life insurance	1,389,430	1,447,764
Unearned premiums	431,773	378,725
Accrued expenses and other liabilities	224,523	212,577
Income taxes payable	—	5,012
Deferred income taxes	14,785	25,759
TOTAL LIABILITIES	$3,059,543	$3,039,274
Stockholders’ Equity		

Common stock, $0.001 par value; authorized 75,000,000 shares; 25,048,114 and 25,019,415 shares issued and outstanding in 2015 and 2014, respectively	$25	$25
Additional paid-in capital	203,489	202,676
Retained earnings	551,735	523,541
Accumulated other comprehensive income, net of tax	76,691	91,173
TOTAL STOCKHOLDERS' EQUITY	$831,940	$817,415
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$3,891,483	$3,856,689

The Notes to Unaudited Consolidated Financial Statements are an integral part of these statements.

Table of Contents

United Fire Group, Inc.
Consolidated Statements of Income and Comprehensive Income (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(In Thousands, Except Share Data)	2015	2014	2015	2014
Revenues				
Net premiums earned	$229,225	$201,827	$442,396	$395,168
Investment income, net of investment expenses	25,792	27,603	50,155	54,365
Net realized investment gains (includes reclassifications for net unrealized investment gains on available-for-sale securities of $995 and $2,890 in 2015 and $1,606 and $3,088 in 2014; previously included in accumulated other comprehensive income (loss))	769	2,708	1,656	4,902
Other income	132	535	195	1,142
Total revenues	$255,918	$232,673	$494,402	$455,577
Benefits, Losses and Expenses				
Losses and loss settlement expenses	$150,362	$142,716	$276,771	$267,953
Increase in liability for future policy benefits	12,096	8,077	19,719	15,898
Amortization of deferred policy acquisition costs	44,357	40,196	86,829	79,730
Other underwriting expenses (includes reclassifications for employee benefit costs of $1,867 and $3,734 in 2015 and $768 and $1,536 in 2014; previously included in accumulated other comprehensive income (loss))	23,546	20,776	47,080	47,204
Interest on policyholders’ accounts	6,024	7,852	12,639	15,839
Total benefits, losses and expenses	$236,385	$219,617	$443,038	$426,624
Income before income taxes	$19,533	$13,056	$51,364	$28,953
Federal income tax expense (includes reclassifications of ($305) and ($295) in 2015 and $293 and $543 in 2014; previously included in accumulated other comprehensive income (loss))	4,515	2,371	12,667	4,937
Net income	$15,018	$10,685	$38,697	$24,016
Other comprehensive income (loss)				
Change in net unrealized appreciation on investments	$(36,237)	$27,108	$(23,123)	$51,177
Change in liability for underfunded employee benefit plans	—	—	—	—
Other comprehensive income (loss), before tax and reclassification adjustments	$(36,237)	$27,108	$(23,123)	$51,177
Income tax effect	12,682	(9,488)	8,092	(17,913)
Other comprehensive income (loss), after tax, before reclassification adjustments	$(23,555)	$17,620	$(15,031)	$33,264
Reclassification adjustment for net realized investment gains included in income	$(995)	$(1,606)	$(2,890)	$(3,088)
Reclassification adjustment for employee benefit costs included in expense	1,867	768	3,734	1,536
Total reclassification adjustments, before tax	$872	$(838)	$844	$(1,552)
Income tax effect	(305)	293	$(295)	$543
Total reclassification adjustments, after tax	$567	$(545)	$549	$(1,009)

Comprehensive income (loss)	$(7,970)	$27,760	$24,215	$56,271
Weighted average common shares outstanding	25,023,753	25,330,066	25,007,204	25,351,056
Basic earnings per common share	$0.60	$0.42	$1.55	$0.95
Diluted earnings per common share	0.59	0.42	1.54	0.94

The Notes to Unaudited Consolidated Financial Statements are an integral part of these statements.

Table of Contents

United Fire Group, Inc.
Consolidated Statement of Stockholders' Equity (Unaudited)

(In Thousands, Except Share Data)	Six Months Ended June 30, 2015
Common stock	
Balance, beginning of year	$25
Shares repurchased (49,705 shares)	—
Shares issued for stock-based awards (67,582 shares)	—
Balance, end of period	$25
Additional paid-in capital	
Balance, beginning of year	$202,676
Compensation expense and related tax benefit for stock-based award grants	881
Shares repurchased	(1,443)
Shares issued for stock-based awards	1,375
Balance, end of period	$203,489
Retained earnings	
Balance, beginning of year	$523,541
Net income	38,697
Dividends on common stock ($0.42 per share)	(10,503)
Balance, end of period	$551,735
Accumulated other comprehensive income, net of tax	
Balance, beginning of year	$91,173
Change in net unrealized investment appreciation(1)	(16,909)
Change in liability for underfunded employee benefit plans(2)	2,427
Balance, end of period	$76,691
Summary of changes	
Balance, beginning of year	$817,415
Net income	38,697
All other changes in stockholders' equity accounts	(24,172)
Balance, end of period	$831,940

(1) The change in net unrealized appreciation is net of reclassification adjustments and income taxes.
(2) The change in liability for underfunded employee benefit plans is net of reclassification adjustments and income taxes.

The Notes to Unaudited Consolidated Financial Statements are an integral part of these statements.

Table of Contents

United Fire Group, Inc.
Consolidated Statements of Cash Flows (Unaudited)

(In Thousands)	Six Months Ended June 30, 2015	2014
Cash Flows From Operating Activities		
Net income	$38,697	$24,016
Adjustments to reconcile net income to net cash provided by operating activities		
Net accretion of bond premium	7,126	7,601
Depreciation and amortization	3,234	3,757
Stock-based compensation expense	1,200	944
Net realized investment gains	(1,656)	(4,902)
Net cash flows from trading investments	652	(7,481)
Deferred income tax benefit	(2,742)	(1,346)
Changes in:		
Accrued investment income	799	764
Premiums receivable	(53,776)	(49,459)
Deferred policy acquisition costs	(14,557)	(11,143)
Reinsurance receivables	12,918	6,137
Prepaid reinsurance premiums	(342)	(610)
Income taxes receivable	(6,042)	(2,105)
Other assets	196	699
Future policy benefits and losses, claims and loss settlement expenses	43,735	37,769
Unearned premiums	53,048	54,682
Accrued expenses and other liabilities	15,679	(1,083)
Income taxes payable	(5,012)	—
Deferred income taxes	(434)	(72)
Other, net	(1,467)	(2,975)
Total adjustments	$52,559	$31,177
Net cash provided by operating activities	$91,256	$55,193
Cash Flows From Investing Activities		
Proceeds from sale of available-for-sale investments	$8,228	$10
Proceeds from call and maturity of held-to-maturity investments	41	26
Proceeds from call and maturity of available-for-sale investments	374,173	249,251
Proceeds from short-term and other investments	3,833	1,648
Purchase of available-for-sale investments	(384,065)	(270,194)
Purchase of short-term and other investments	(3,583)	(1,938)
Net purchases and sales of property and equipment	(3,711)	(4,154)
Net cash used in investing activities	$(5,084)	$(25,351)
Cash Flows From Financing Activities		
Policyholders' account balances		
Deposits to investment and universal life contracts	$57,340	$96,119
Withdrawals from investment and universal life contracts	(129,814)	(114,096)
Payment of cash dividends	(10,503)	(9,630)
Repurchase of common stock	(1,443)	(5,567)
Issuance of common stock	1,375	1,457
Tax impact from issuance of common stock	(319)	(42)
Net cash used in financing activities	$(83,364)	$(31,759)
Net Change in Cash and Cash Equivalents	$2,808	$(1,917)

Cash and Cash Equivalents at Beginning of Period	90,574	92,193
Cash and Cash Equivalents at End of Period	$93,382	$90,276

The Notes to Unaudited Consolidated Financial Statements are an integral part of these statements.

Table of Contents

UNITED FIRE GROUP, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands, except share amounts or as otherwise noted)

NOTE 1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Nature of Business

United Fire Group, Inc. ("UFG", the "Registrant", the "Company", "we", "us", or "our") and its consolidated subsidiaries and affiliates are engaged in the business of writing property and casualty insurance and life insurance and selling annuities through a network of independent agencies. We report our operations in two business segments: property and casualty insurance and life insurance. Our insurance company subsidiaries are licensed as a property and casualty insurer in 43 states and the District of Columbia, and as a life insurer in 37 states.

Basis of Presentation

The unaudited consolidated interim financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial reporting and with the instructions to Form 10-Q and Regulation S-X promulgated by the SEC. Certain financial information that is included in our Annual Report on Form 10-K, including certain financial statement footnote disclosures, are not required by the rules and regulations of the SEC for interim financial reporting and have been condensed or omitted.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The financial statement categories that are most dependent on management estimates and assumptions include: investments; deferred policy acquisition costs; reinsurance receivables and recoverables; future policy benefits and losses, claims and loss settlement expenses; and pension and postretirement benefit obligations.

In the preparation of the accompanying unaudited Consolidated Financial Statements, we have evaluated all material subsequent events or transactions that occurred after the balance sheet date through the date on which the financial statements were issued for potential recognition or disclosure.

Certain prior year amounts have been reclassified to conform to the current year presentation.

Management of UFG believes the accompanying unaudited Consolidated Financial Statements contain all adjustments (consisting of normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows for the periods presented. All significant intercompany transactions have been eliminated in consolidation. The results reported for the interim periods are not necessarily indicative of the results of operations that may be expected for the year. The unaudited Consolidated Financial Statements should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2014. The review report of Ernst & Young LLP as of June 30, 2015 and for the three- and six-month periods ended June 30, 2015 and 2014 accompanies the unaudited Consolidated Financial Statements included in Part I, Item 1 "Financial Statements."

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash, money market accounts, and non-negotiable certificates of deposit with original maturities of three months or less.

For the six-month periods ended June 30, 2015 and 2014, we made payments for income taxes totaling $27,216 and $9,115, respectively. We did not receive a tax refund during the six-month period ended June 30, 2015. We received a tax refund of $615 during the six-month period ended June 30, 2014.

Table of Contents

For the six-month periods ended June 30, 2015 and 2014, we made no interest payments (excluding interest credited to policyholders' accounts).

Deferred Policy Acquisition Costs ("DAC")

Certain costs associated with underwriting new business (primarily commissions, premium taxes and variable underwriting and policy issue expenses associated with successful acquisition efforts) are deferred. The following table is a summary of the components of DAC, including the related amortization recognized for the six-month period ended June 30, 2015.

	Property & Casualty Insurance	Life Insurance	Total
Recorded asset at beginning of period	$72,861	$66,858	$139,719
Underwriting costs deferred	98,396	2,990	101,386
Amortization of deferred policy acquisition costs	(83,458)	(3,371)	(86,829)
Ending unamortized deferred policy acquisition costs	$87,799	$66,477	$154,276
Impact of unrealized gains and losses on available-for-sale securities	—	4,797	4,797
Recorded asset at June 30, 2015	$87,799	$71,274	$159,073

Property and casualty insurance policy acquisition costs deferred are amortized as premium revenue is recognized. The method followed in computing DAC limits the amount of such deferred costs to their estimated realizable value. This takes into account the premium to be earned, losses and loss settlement expenses expected to be incurred and certain other costs expected to be incurred as the premium is earned. With the completion of the Mercer Insurance Group integration, we determined it was the appropriate time to review our DAC models. After reviewing our DAC model at March 31, 2015, we enhanced our property & casualty insurance segment DAC model by updating our aggregation of certain lines of business in a manner consistent with how the policies are currently being marketed and managed. The impact of these updates to the model resulted in an increase to other underwriting amortization of $149 and an increase to the DAC asset of $2,709 for the six-month period ended June 30, 2015 as compared to what we would have recognized had we not updated our model.

For traditional life insurance policies, DAC is amortized to income over the premium-paying period in proportion to the ratio of the expected annual premium revenue to the expected total premium revenue. Expected premium revenue and gross profits are based on the same mortality and withdrawal assumptions used in determining future policy benefits. These assumptions are not revised after policy issuance unless the recorded DAC asset is deemed to be unrecoverable from future expected profits.

For non-traditional life insurance policies, DAC is amortized over the anticipated terms in proportion to the ratio of the expected annual gross profits to the total expected gross profits. Changes in the amount or timing of expected gross profits result in adjustments to the cumulative amortization of these costs. The effect on amortization of DAC for revisions to estimated gross profits is reported in earnings in the period the estimated gross profits are revised.

The effect on DAC that results from the assumed realization of unrealized gains (losses) on investments allocated to non-traditional life insurance business is recognized with an offset, to net unrealized investment appreciation as of the balance sheet date. The impact of unrealized gains and losses on available-for-sale securities decreased the DAC asset by $8,586 and $13,383 at June 30, 2015 and December 31, 2014, respectively.

Income Taxes

Deferred tax assets and liabilities are established based on differences between the financial statement bases of assets and liabilities and the tax bases of those same assets and liabilities, using the currently enacted statutory tax

Table of Contents

rates. Deferred income tax expense is measured by the year-to-year change in the net deferred tax asset or liability, except for certain changes in deferred tax amounts that affect stockholders' equity and do not impact federal income tax expense.

We reported a federal income tax expense of $12,667 and $4,937 for the six-month periods ended June 30, 2015 and 2014, respectively. Our effective tax rate is different than the federal statutory rate of 35.0 percent due principally to the effect of tax-exempt municipal bond interest income and non-taxable dividend income.

The Company performs a quarterly review of its tax position and makes a determination of whether it is more likely than not that the tax position will be sustained upon examination. If based on review, it appears not more likely than not that the position will be sustained, the Company will calculate any unrecognized tax benefits and, if necessary, calculate and accrue any related interest and penalties. We did not recognize any liability for unrecognized tax benefits at June 30, 2015 or December 31, 2014. In addition, we have not accrued for interest and penalties related to unrecognized tax benefits. However, if interest and penalties would need to be accrued related to unrecognized tax benefits, such amounts would be recognized as a component of federal income tax expense.

We file a consolidated federal income tax return. We also file income tax returns in various state jurisdictions. We are no longer subject to federal or state income tax examination for years before 2009. The Internal Revenue Service is conducting a routine examination of our income tax return for the 2011 tax year.

Subsequent Events

In the preparation of the accompanying financial statements, the Company has evaluated all material subsequent events or transactions that occurred after the balance sheet date through the date on which the financial statements were issued for potential recognition or disclosure in the Company's financial statements.

Recently Issued Accounting Standards

Accounting Standards Adopted in 2015

Troubled Debt Restructuring

In August 2014, the FASB issued updated guidance on the accounting for creditors who are holding receivables with troubled debt restructuring, specifically related to the classification of certain government guaranteed mortgage loans that are in foreclosure. The objective of this update is to provide greater consistency and transparency by addressing the classification of certain foreclosed mortgage loans guaranteed through government programs. The guidance is effective for interim and annual periods beginning after December 15, 2014. The Company adopted the guidance on January 1, 2015. The adoption of the new guidance had no impact on the Company's financial position or results of operations.

Discontinued Operations

In April 2014, the FASB issued new guidance on reporting discontinued operations and disclosures of disposals of components of an entity. The new guidance raises the threshold for a disposal to qualify as a discontinued operation and requires new disclosures of both discontinued operations and certain other disposals that do not meet the definition of a discontinued operation. It is effective for annual periods beginning after December 15, 2014. The Company adopted the guidance on January 1, 2015. The adoption of the new guidance had no impact on the Company's financial position or results of operations.

Pending Adoption of Accounting Standards

Short Duration Contracts

In May 2015, the Financial Accounting Standards Board ("FASB") issued guidance on disclosure requirements for short-duration contracts. The new guidance requires additional disclosures about the liability for unpaid loss and loss

Table of Contents

adjustment expenses and requires disclosure of any information about significant changes in methodologies and assumptions used to calculate the liability. The new guidance is effective for annual periods beginning after December 15, 2015 and interim periods beginning the following year. The Company will adopt the new guidance on January 1, 2016 and is currently evaluating its disclosures for short-duration contracts and the impact on the Company's financial statement disclosures.

Other Internal Use Software

In April 2015, the FASB issued guidance which clarifies customers' accounting for fees paid for cloud computing arrangements. The new guidance provides guidance to customers about whether a cloud computing arrangement includes a software license or whether the arrangement is considered a service contract. The new guidance is effective for annual and interim periods beginning after December 15, 2015. The Company will adopt the new guidance on January 1, 2016 and is currently evaluating its accounting for cloud computing arrangements and the impact on the Company's financial position and results of operations.

Debt Issuance Costs

In April 2015, the FASB issued new guidance on the presentation of debt issuance costs. The new guidance requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of the debt liability. The new guidance is effective for annual and interim periods beginning after December 15, 2015. The Company will adopt the new guidance on January 1, 2016. At this point in time, Management does not expect the adoption of the new guidance to have an impact on the Company's financial position or results of operations.

Consolidation

In February 2015, the FASB issued amendments to the consolidation analysis that a reporting entity performs to determine whether it should consolidate certain legal entities. Specifically, the new guidance modifies the evaluation of whether limited partnerships and similar legal entities are variable interest entities ("VIE"), eliminates the presumption that a general partner should consolidate a limited partnership and affects the consolidation analysis of reporting entities that have VIE's, particularly those with fee arrangements and related party relationships. The new guidance is effective for annual and interim periods beginning after December 15, 2015. The Company will adopt the new guidance on January 1, 2016 and is currently evaluating the impact on the Company's financial position and results of operations.

Going Concern

In August 2014, the FASB issued new guidance on the disclosure of uncertainties about an entity's ability to continue as a going concern. The new guidance requires management to evaluate whether there is substantial doubt about the entity's ability to continue as a going concern and, if so, to disclose the fact and what the entity's plans are to alleviate that doubt. The guidance is effective for annual periods ending after December 15, 2015 and interim periods within annual periods beginning after December 15, 2015. The Company will adopt the guidance on January 1, 2016. Management currently does not expect the adoption of the new guidance to have an impact on the Company's financial position or results of operations.

Share Based Payments

In June 2014, the FASB issued new guidance on the accounting for share based payments when the terms of an award provide that a performance target could be achieved after the requisite service period. The new guidance requires a performance target that affects vesting and that could be achieved after the service period, be treated as a performance condition. The guidance is effective for interim and annual periods beginning after December 15, 2015. The amendments can be applied prospectively or retrospectively and early adoption is permitted. The Company will adopt the guidance on January 1, 2016 and is currently evaluating the impact on the Company's financial position and results of operations.

Table of Contents

Revenue Recognition
In May 2014, the FASB issued comprehensive new guidance on revenue recognition which supersedes nearly all existing revenue recognition guidance under GAAP. The new guidance requires a company to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The standard creates a five-step model that requires companies to exercise judgment when considering the terms of the contract(s) and all relevant facts and circumstances. Insurance contracts are not within the scope of this new guidance. The new guidance is effective for annual and interim periods beginning after December 15, 2017. The Company will adopt the guidance on January 1, 2018 and is currently evaluating the impact on the Company's financial position and results of operations and considering which transition method it will use in implementing the new guidance.

NOTE 2. SUMMARY OF INVESTMENTS
Fair Value of Investments
A reconciliation of the amortized cost (cost for equity securities) to fair value of investments in held-to-maturity and available-for-sale fixed maturity and equity securities as of June 30, 2015 and December 31, 2014, is as follows:
June 30, 2015

Type of Investment	Cost or Amortized Cost	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Fair Value
HELD-TO-MATURITY				
Fixed maturities:				
Bonds				
States, municipalities and political subdivisions				
Special revenue:				
Midwest	$55	$—	$—	$55
Corporate bonds - financial services	200	—	—	200
Mortgage-backed securities	101	3	—	104
Total Held-to-Maturity Fixed Maturities	$356	$3	$—	$359
AVAILABLE-FOR-SALE				
Fixed maturities:				
Bonds				
U.S. Treasury	$20,723	$199	$7	$20,915
U.S. government agency	268,120	2,468	3,275	267,313
States, municipalities and political subdivisions				
General obligations:				
Midwest	161,011	4,801	684	165,128
Northeast	55,662	1,276	293	56,645
South	126,404	2,988	1,077	128,315
West	95,579	2,363	789	97,153
Special revenue:				
Midwest	145,486	4,239	911	148,814
Northeast	19,515	633	242	19,906
South	103,185	3,423	556	106,052
West	77,401	2,518	388	79,531

Table of Contents

Foreign bonds	101,857	3,504	167	105,194
Public utilities	199,769	4,903	936	203,736
Corporate bonds				
Energy	113,766	2,545	721	115,590
Industrials	220,379	5,247	3,022	222,604
Consumer goods and services	180,165	4,007	664	183,508
Health care	93,333	2,602	964	94,971
Technology, media and telecommunications	144,328	2,345	1,339	145,334
Financial services	255,165	7,071	1,069	261,167
Mortgage-backed securities	15,096	485	60	15,521
Collateralized mortgage obligations	368,182	5,493	5,667	368,008
Asset-backed securities	5,731	239	14	5,956
Total Available-for-Sale Fixed Maturities	$2,770,857	$63,349	$22,845	$2,811,361
Equity securities:				
Common stocks				
Public utilities	$7,231	$10,365	$84	$17,512
Energy	5,625	7,494	15	13,104
Industrials	13,252	33,571	153	46,670
Consumer goods and services	10,308	12,445	3	22,750
Health care	7,920	24,433	—	32,353
Technology, media and telecommunications	6,151	7,086	30	13,207
Financial services	17,302	77,254	61	94,495
Nonredeemable preferred stocks	4,368	88	—	4,456
Total Available-for-Sale Equity Securities	$72,157	$172,736	$346	$244,547
Total Available-for-Sale Securities	$2,843,014	$236,085	$23,191	$3,055,908

Table of Contents

December 31, 2014

Type of Investment	Cost or Amortized Cost	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Fair Value
HELD-TO-MATURITY				
Fixed maturities:				
Bonds				
States, municipalities and political subdivisions				
Special revenue:				
Midwest	$55	$—	$—	$55
Corporate bonds - financial services	200	—	—	200
Mortgage-backed securities	142	7	—	149
Total Held-to-Maturity Fixed Maturities	$397	$7	$—	$404
AVAILABLE-FOR-SALE				
Fixed maturities:				
Bonds				
U.S. Treasury	$25,856	$168	$52	$25,972
U.S. government agency	349,747	4,347	2,422	351,672
States, municipalities and political subdivisions				
General obligations:				
Midwest	179,491	6,599	170	185,920
Northeast	59,084	2,120	50	61,154
South	122,055	4,453	288	126,220
West	75,102	3,350	19	78,433
Special revenue:				
Midwest	126,192	5,356	146	131,402
Northeast	11,767	864	—	12,631
South	106,917	4,368	63	111,222
West	68,024	3,285	6	71,303
Foreign bonds	136,487	4,132	446	140,173
Public utilities	206,366	6,479	488	212,357
Corporate bonds				
Energy	135,068	2,858	793	137,133
Industrials	211,256	6,373	2,154	215,475
Consumer goods and services	172,623	4,702	324	177,001
Health care	86,017	3,228	210	89,035
Technology, media and telecommunications	131,465	3,863	799	134,529
Financial services	215,095	8,574	87	223,582
Mortgage-backed securities	17,121	483	46	17,558
Collateralized mortgage obligations	335,092	7,003	4,806	337,289
Asset-backed securities	2,741	277	—	3,018
Total Available-for-Sale Fixed Maturities	$2,773,566	$82,882	$13,369	$2,843,079

Table of Contents

Equity securities:				
Common stocks				
Public utilities	$7,231	$13,103	$44	$20,290
Energy	5,094	8,623	—	13,717
Industrials	13,284	32,299	124	45,459
Consumer goods and services	10,294	13,295	275	23,314
Health care	7,920	22,436	—	30,356
Technology, media and telecommunications	6,207	7,846	58	13,995
Financial services	16,637	77,077	51	93,663
Nonredeemable preferred stocks	4,984	72	7	5,049
Total Available-for-Sale Equity Securities	$71,651	$174,751	$559	$245,843
Total Available-for-Sale Securities	$2,845,217	$257,633	$13,928	$3,088,922

Maturities

The amortized cost and fair value of held-to-maturity, available-for-sale and trading fixed maturity securities at June 30, 2015, by contractual maturity, are shown in the following table. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Asset-backed securities, mortgage-backed securities and collateralized mortgage obligations may be subject to prepayment risk and are therefore not categorized by contractual maturity.

	Held-To-Maturity		Available-For-Sale		Trading	
June 30, 2015	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	$55	$55	$178,468	$180,117	$2,765	$3,667
Due after one year through five years	200	200	793,496	826,094	6,629	6,733
Due after five years through 10 years	—	—	930,136	937,879	2,081	2,611
Due after 10 years	—	—	479,748	477,786	2,875	3,377
Asset-backed securities	—	—	5,731	5,956	—	—
Mortgage-backed securities	101	104	15,096	15,521	—	—
Collateralized mortgage obligations	—	—	368,182	368,008	—	—
	$356	$359	$2,770,857	$2,811,361	$14,350	$16,388

Table of Contents

Net Realized Investment Gains and Losses

Net realized gains on disposition of investments are computed using the specific identification method and are included in the computation of net income. A summary of the components of net realized investment gains (losses) is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net realized investment gains (losses)				
Fixed maturities:				
Available-for-sale	$965	$705	$1,956	$1,352
Trading securities				
Change in fair value	(261)	648	(462)	948
Sales	183	285	699	520
Equity securities:				
Available-for-sale	30	901	934	1,736
Trading securities				
Change in fair value	(148)	169	(204)	346
Sales	—	—	46	—
Other long-term investments	—	—	(1,313)	—
Total net realized investment gains	$769	$2,708	$1,656	$4,902

The proceeds and gross realized gains (losses) on the sale of available-for-sale securities are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Proceeds from sales	$3,211	$10	$8,228	$10
Gross realized gains	57	—	1,030	—
Gross realized losses	—	(56)	—	(56)

There were no sales of held-to-maturity securities during the three- and six-month periods ended June 30, 2015 and 2014.

Our investment portfolio includes trading securities with embedded derivatives. These securities are primarily convertible securities which are recorded at fair value. Income or loss, including the change in the fair value of these trading securities, is recognized currently in earnings as a component of net realized investment gains. Our portfolio of trading securities had a fair value of $19,987 and $20,928 at June 30, 2015 and December 31, 2014, respectively.

Funding Commitment

Pursuant to an agreement with one of our limited liability partnership investments, we are contractually committed through December 31, 2023 to make capital contributions upon request of the partnership. Our remaining potential contractual obligation was $9,360 at June 30, 2015.

Table of Contents

Unrealized Appreciation

A summary of the changes in net unrealized investment appreciation during the reporting period is as follows:

	Six Months Ended June 30,	
	2015	2014
Change in net unrealized investment appreciation		
Available-for-sale fixed maturities	$(29,009)	$56,861
Available-for-sale equity securities	(1,802)	9,148
Deferred policy acquisition costs	4,797	(17,921)
Income tax effect	9,105	(16,831)
Total change in net unrealized investment appreciation, net of tax	$(16,909)	$31,257

We continually monitor the difference between our cost basis and the estimated fair value of our investments. Our accounting policy for impairment recognition requires other-than-temporary impairment ("OTTI") charges to be recorded when we determine that it is more likely than not that we will be unable to collect all amounts due according to the contractual terms of the fixed maturity security or that the anticipated recovery in fair value of the equity security will not occur in a reasonable amount of time. Impairment charges on investments are recorded based on the fair value of the investments at the measurement date. Factors considered in evaluating whether a decline in value is other-than-temporary include: the length of time and the extent to which fair value has been less than cost; the financial condition and near-term prospects of the issuer; our intention to hold the investment; and the likelihood that we will be required to sell the investment.

The tables on the following pages summarize our fixed maturity and equity securities that were in an unrealized loss position at June 30, 2015 and December 31, 2014. The securities are presented by the length of time they have been continuously in an unrealized loss position. It is possible that we could recognize OTTI charges in future periods on securities held at June 30, 2015, if future events or information cause us to determine that a decline in fair value is other-than-temporary.

We have evaluated the near-term prospects of the issuers of our fixed maturity securities in relation to the severity and duration of the unrealized loss, and unless otherwise noted, these losses did not warrant the recognition of an OTTI charge at June 30, 2015 or at June 30, 2014. We believe the unrealized depreciation in value of other securities in our fixed maturity portfolio is primarily attributable to changes in market interest rates and not the credit quality of the issuer. We have no intent to sell, and it is more likely than not that we will not be required to sell, these securities until the fair value recovers to at least equal to our cost basis or the securities mature.

We have evaluated the near-term prospects of the issuers of our equity securities in relation to the severity and duration of the unrealized loss, and unless otherwise noted, these losses do not warrant the recognition of an OTTI charge at June 30, 2015. Our largest unrealized loss greater than 12 months on an individual equity security at June 30, 2015 was $32. We have no intention to sell any of these securities prior to a recovery in value, but will continue to monitor the fair value reported for these securities as part of our overall process to evaluate investments for OTTI recognition.

Table of Contents

June 30, 2015	Less than 12 months			12 months or longer			Total	
Type of Investment	Number of Issues	Fair Value	Gross Unrealized Depreciation	Number of Issues	Fair Value	Gross Unrealized Depreciation	Fair Value	Gross Unrealized Depreciation
AVAILABLE-FOR-SALE								
Fixed maturities:								
Bonds								
U.S. Treasury	2	$3,415	$ 2	2	$1,656	$ 5	$5,071	$ 7
U.S. government agency	43	124,251	2,360	7	21,534	915	145,785	3,275
States, municipalities and political subdivisions								
General obligations								
Midwest	28	27,667	684	—	—	—	27,667	684
Northeast	15	21,479	293	—	—	—	21,479	293
South	25	33,704	769	12	6,429	308	40,133	1,077
West	25	36,157	789	—	—	—	36,157	789
Special revenue								
Midwest	36	39,349	823	1	2,443	88	41,792	911
Northeast	3	7,540	242	—	—	—	7,540	242
South	18	25,118	495	2	1,798	61	26,916	556
West	24	23,266	388	—	—	—	23,266	388
Foreign bonds	5	12,206	167	—	—	—	12,206	167
Public utilities	28	52,883	824	3	2,121	112	55,004	936
Corporate bonds								
Energy	8	22,313	341	3	7,021	380	29,334	721
Industrials	29	60,462	1,189	2	6,197	1,833	66,659	3,022
Consumer goods and services	17	44,538	655	4	2,505	9	47,043	664
Health care	13	34,156	849	2	3,790	115	37,946	964
Technology, media and telecommunications	21	60,661	996	2	9,162	343	69,823	1,339
Financial services	29	58,901	1,069	—	—	—	58,901	1,069
Mortgage-backed securities	8	4,748	59	1	80	1	4,828	60
Collateralized mortgage obligations	58	106,085	2,113	37	75,457	3,554	181,542	5,667
Asset-backed securities	1	986	14	—	—	—	986	14
Total Available-for-Sale Fixed Maturities	436	$799,885	$ 15,121	78	$140,193	$ 7,724	$940,078	$ 22,845
Equity securities:								
Common stocks								
Public utilities	—	$—	$ —	3	$223	$ 84	$223	$ 84
Energy	1	171	15	—	—	—	171	15
Industrials	4	229	121	2	80	32	309	153
Consumer goods and services	—	—	—	2	14	3	14	3
Technology, media and telecommunications	11	536	20	1	10	10	546	30
Financial services	5	252	61	—	—	—	252	61

Total Available-for-Sale Equity Securities	21	$1,188	$ 217	8	$327	$ 129	$1,515	$ 346
Total Available-for-Sale Securities	457	$801,073	$ 15,338	86	$140,520	$ 7,853	$941,593	$ 23,191

16

Table of Contents

December 31, 2014	Less than 12 months			12 months or longer			Total	
Type of Investment	Number of Issues	Fair Value	Gross Unrealized Depreciation	Number of Issues	Fair Value	Gross Unrealized Depreciation	Fair Value	Gross Unrealized Depreciation
AVAILABLE-FOR-SALE								
Fixed maturities:								
Bonds								
U.S. Treasury	4	$2,343	$ 6	4	$5,069	$ 46	$7,412	$ 52
U.S. government agency	11	41,064	70	35	95,198	2,352	136,262	2,422
States, municipalities and political subdivisions								
General obligations								
Midwest	1	3,650	74	14	9,856	96	13,506	170
Northeast	—	—	—	9	7,377	50	7,377	50
South	1	3,085	58	19	13,475	230	16,560	288
West	1	1,023	1	5	2,700	18	3,723	19
Special revenue								
Midwest	9	10,219	41	8	11,631	105	21,850	146
South	6	12,882	11	3	2,137	52	15,019	63
West	—	—	—	4	3,671	6	3,671	6
Foreign bonds	6	17,158	446	—	—	—	17,158	446
Public utilities	10	21,839	194	4	3,611	294	25,450	488
Corporate bonds								
Energy	8	17,416	420	3	7,061	373	24,477	793
Industrials	8	17,103	362	3	9,592	1,792	26,695	2,154
Consumer goods and services	11	28,344	258	7	10,064	66	38,408	324
Health care	3	8,244	36	3	7,104	174	15,348	210
Technology, media and telecommunications	4	8,860	68	4	15,742	731	24,602	799
Financial services	3	5,908	31	2	6,131	56	12,039	87
Mortgage-backed securities	9	425	21	2	1,991	25	2,416	46
Collateralized mortgage obligations	10	20,746	112	56	122,550	4,694	143,296	4,806
Total Available-for-Sale Fixed Maturities	105	$220,309	$ 2,209	185	$334,960	$ 11,160	$555,269	$ 13,369
Equity securities:								
Common stocks								
Public utilities	3	$263	$ 44	—	$—	$ —	$263	$ 44
Industrials	3	280	70	2	58	54	338	124
Consumer goods and services	1	129	272	2	15	3	144	275
Technology, media and telecommunications	4	503	14	5	218	44	721	58
Financial services	1	186	51	—	—	—	186	51
Nonredeemable preferred stocks	—	—	—	1	700	7	700	7
	12	$1,361	$ 451	10	$991	$ 108	$2,352	$ 559

Total Available-for-Sale Equity Securities								
Total Available-for-Sale Securities	117	$221,670	$ 2,660	195	$335,951	$ 11,268	$557,621	$ 13,928

17

Table of Contents

NOTE 3. FAIR VALUE OF FINANCIAL INSTRUMENTS

Current accounting guidance on fair value measurements includes the application of a fair value hierarchy that requires us to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Our financial instruments that are recorded at fair value are categorized into a three-level hierarchy, which is based upon the priority of the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets (i.e., Level 1) and the lowest priority to unobservable inputs (i.e., Level 3). If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the financial instrument.
Financial instruments recorded at fair value are categorized in the fair value hierarchy as follows:

- Level 1: Valuations are based on unadjusted quoted prices in active markets for identical financial instruments that we have the ability to access.
- Level 2: Valuations are based on quoted prices for similar financial instruments, other than quoted prices included in Level 1, in markets that are not active or on inputs that are observable either directly or indirectly for the full term of the financial instrument.
- Level 3: Valuations are based on pricing or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement of the financial instrument. Such inputs may reflect management's own assumptions about the assumptions a market participant would use in pricing the financial instrument.

We review our fair value hierarchy categorizations on a quarterly basis at which time the classification of certain financial instruments may change if the input observations have changed. Transfers between levels, if any, are recorded as of the beginning of the reporting period.

To determine the fair value of the majority of our investments, we utilize prices obtained from independent, nationally recognized pricing services. We obtain one price for each security. When the pricing services cannot provide a determination of fair value for a specific security, we obtain non-binding price quotes from broker-dealers with whom we have had several years experience and who have demonstrated knowledge of the subject security. We request and utilize one broker quote per security.

In order to determine the proper classification in the fair value hierarchy for each security where the price is obtained from an independent pricing service, we obtain and evaluate the vendors' pricing procedures and inputs used to price the security, which include unadjusted quoted market prices for identical securities, such as a New York Stock Exchange closing price, and quoted prices for identical securities in markets that are not active. For fixed maturity securities, an evaluation of interest rates and yield curves observable at commonly quoted intervals, volatility, prepayment speeds, credit risks and default rates may also be performed. We have determined that these processes and inputs result in fair values and classifications consistent with the applicable accounting guidance on fair value measurements.

We estimate the fair value of our financial instruments based on relevant market information or by discounting estimated future cash flows at estimated current market discount rates appropriate to the specific asset or liability. When possible, we use quoted market prices to determine the fair value of fixed maturities, equity securities, trading securities and short-term investments. When quoted market prices do not exist, we base estimates of fair value on market information obtained from independent pricing services and brokers or on valuation techniques that are both unobservable and significant to the overall fair value measurement of the financial instrument. Such inputs may reflect management's own assumptions about the assumptions a market participant would use in pricing the financial instrument. Our valuation techniques are discussed in more detail throughout this section.

Table of Contents

The fair value of our mortgage loans is determined by modeling performed by us based on the stated principal and coupon payments provided for in the loan agreements. These cash flows are then discounted using an appropriate risk-adjusted discount rate to determine the security's fair value, which is a Level 3 fair value measurement.
The fair value of our policy loans is equivalent to carrying value, which is a reasonable estimate of fair value and are classified as Level 2. We do not make policy loans for amounts in excess of the cash surrender value of the related policy. In all instances, the policy loans are fully collateralized by the related liability for future policy benefits for traditional insurance policies or by the policyholders' account balance for non-traditional policies.
Our other long-term investments consist primarily of our interests in limited liability partnerships that are recorded on the equity method of accounting. The fair value of the partnerships is obtained from the fund managers, which is based on the fair value of the underlying investments held in the partnerships. In management's opinion, these values represent a reasonable estimate of fair value. We have not adjusted the net asset value provided by the fund managers.
For cash and cash equivalents and accrued investment income, carrying value is a reasonable estimate of fair value due to the short-term nature of these financial instruments.

Policy reserves are developed and recorded for deferred annuities, which is an interest-sensitive product, and income annuities. The fair value of the reserve liability for these annuity products is based upon an estimate of the discounted pretax cash flows that are forecast for the underlying business, which is a Level 3 fair value measurement. We base the discount rate on the current U.S. Treasury spot yield curve, which is then risk-adjusted for nonperformance risk and, for interest-sensitive business, market risk factors. The risk-adjusted discount rate is developed using interest rates that are available in the market and representative of the risks applicable to the underlying business.

A summary of the carrying value and estimated fair value of our financial instruments at June 30, 2015 and December 31, 2014 is as follows:

	June 30, 2015		December 31, 2014	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Assets				
Investments				
Fixed maturities:				
Held-to-maturity securities	$359	$356	$404	$397
Available-for-sale securities	2,811,361	2,811,361	2,843,079	2,843,079
Trading securities	16,388	16,388	16,862	16,862
Equity securities:				
Available-for-sale securities	244,547	244,547	245,843	245,843
Trading securities	3,599	3,599	4,066	4,066
Mortgage loans	4,388	4,082	4,559	4,199
Policy loans	5,702	5,702	5,916	5,916
Other long-term investments	50,656	50,656	50,424	50,424
Short-term investments	175	175	175	175
Cash and cash equivalents	93,382	93,382	90,574	90,574
Corporate-owned life insurance	1,148	1,148	918	918
Liabilities				
Policy reserves				
Annuity (accumulations) (1)	$783,329	$790,701	$865,802	$863,606
Annuity (benefit payments)	130,123	95,432	176,592	99,121

(1) Annuity accumulations represent deferred annuity contracts that are currently earning interest.

The following tables present the categorization for our financial instruments measured at fair value on a recurring basis in our Consolidated Balance Sheets at June 30, 2015 and December 31, 2014:

Table of Contents

June 30, 2015		Fair Value Measurements		
Description	Total	Level 1	Level 2	Level 3
AVAILABLE-FOR-SALE				
Fixed maturities:				
Bonds				
U.S. Treasury	$20,915	$—	$20,915	$—
U.S. government agency	267,313	—	267,313	—
States, municipalities and political subdivisions				
General obligations				
Midwest	165,128	—	165,128	—
Northeast	56,645	—	56,645	—
South	128,315	—	128,315	—
West	97,153	—	97,153	—
Special revenue				
Midwest	148,814	—	148,384	430
Northeast	19,906	—	19,906	—
South	106,052	—	106,052	—
West	79,531	—	79,531	—
Foreign bonds	105,194	—	105,194	—
Public utilities	203,736	—	203,736	—
Corporate bonds				
Energy	115,590	—	115,590	—
Industrials	222,604	—	222,604	—
Consumer goods and services	183,508	—	182,195	1,313
Health care	94,971	—	94,971	—
Technology, media and telecommunications	145,334	—	145,334	—
Financial services	261,167	—	250,536	10,631
Mortgage-backed securities	15,521	—	15,521	—
Collateralized mortgage obligations	368,008	—	368,008	—
Asset-backed securities	5,956	—	4,645	1,311
Total Available-for-Sale Fixed Maturities	$2,811,361	$—	$2,797,676	$13,685
Equity securities:				
Common stocks				
Public utilities	$17,512	$17,512	$—	$—
Energy	13,104	13,104	—	—
Industrials	46,670	46,668	2	—
Consumer goods and services	22,750	22,750	—	—
Health care	32,353	32,353	—	—
Technology, media and telecommunications	13,207	13,207	—	—
Financial services	94,495	90,440	77	3,978
Nonredeemable preferred stocks	4,456	556	3,900	—
Total Available-for-Sale Equity Securities	$244,547	$236,590	$3,979	$3,978

20

Table of Contents

Total Available-for-Sale Securities	$3,055,908	$236,590	$2,801,655	$17,663
TRADING				
Fixed maturities:				
Corporate bonds				
Industrials	$3,668	$—	$3,668	$—
Consumer goods and services	111	—	111	—
Health care	2,609	—	2,609	—
Technology, media and telecommunications	323	—	323	—
Financial services	5,540	—	5,540	—
Redeemable preferred stocks	4,137	4,137	—	—
Equity securities:				
Energy	378	378	—	—
Consumer goods and services	1,000	1,000	—	—
Health care	328	328	—	—
Technology, media and telecommunications	365	365	—	—
Nonredeemable preferred stocks	1,528	1,528	—	—
Total Trading Securities	$19,987	$7,736	$12,251	$—
Short-Term Investments	$175	$175	$—	$—
Money Market Accounts	$39,693	$39,693	$—	$—
Corporate-Owned Life Insurance	$1,148	$—	$1,148	$—
Total Assets Measured at Fair Value	$3,116,911	$284,194	$2,815,054	$17,663

Table of Contents

December 31, 2014		Fair Value Measurements		
Description	Total	Level 1	Level 2	Level 3
AVAILABLE-FOR-SALE				
Fixed maturities:				
Bonds				
U.S. Treasury	$25,972	$—	$25,972	$—
U.S. government agency	351,672	—	351,672	—
States, municipalities and political subdivisions				
General obligations				
Midwest	185,920	—	185,920	—
Northeast	61,154	—	61,154	—
South	126,220	—	126,220	—
West	78,433	—	78,433	—
Special revenue				
Midwest	131,402	—	130,883	519
Northeast	12,631	—	12,631	—
South	111,222	—	111,222	—
West	71,303	—	71,303	—
Foreign bonds	140,173	—	140,173	—
Public utilities	212,357	—	212,357	—
Corporate bonds				
Energy	137,133	—	137,133	—
Industrials	215,475	—	215,475	—
Consumer goods and services	177,001	—	175,682	1,319
Health care	89,035	—	89,035	—
Technology, media and telecommunications	134,529	—	134,529	—
Financial services	223,582	—	212,589	10,993
Mortgage-backed securities	17,558	—	17,558	—
Collateralized mortgage obligations	337,289	—	337,289	—
Asset-backed securities	3,018	—	1,406	1,612
Total Available-for-Sale Fixed Maturities	$2,843,079	$—	$2,828,636	$14,443
Equity securities:				
Common stocks				
Public utilities	$20,290	$20,290	$—	$—
Energy	13,717	13,717	—	—
Industrials	45,459	45,458	1	—
Consumer goods and services	23,314	23,314	—	—
Health care	30,356	30,356	—	—
Technology, media and telecommunications	13,995	13,995	—	—
Financial services	93,663	89,719	72	3,872
Nonredeemable preferred stocks	5,049	558	4,491	—
Total Available-for-Sale Equity Securities	$245,843	$237,407	$4,564	$3,872
Total Available-for-Sale Securities	$3,088,922	$237,407	$2,833,200	$18,315

Table of Contents

TRADING				
Fixed maturities:				
Bonds				
Corporate bonds				
Industrials	$3,352	$—	$3,352	$—
Health care	2,425	—	2,425	—
Technology, media and telecommunications	338	—	338	—
Financial services	5,997	—	5,997	—
Redeemable preferred stocks	4,750	4,750	—	—
Equity securities:				
Energy	411	411	—	—
Consumer goods and services	1,034	1,034	—	—
Health care	327	327	—	—
Technology, media and telecommunications	411	411	—	—
Nonredeemable preferred stocks	1,883	1,883	—	—
Total Trading Securities	$20,928	$8,816	$12,112	$—
Short-Term Investments	$175	$175	$—	$—
Money Market Accounts	$28,095	$28,095	$—	$—
Corporate-Owned Life Insurance	$918	$—	$918	$—
Total Assets Measured at Fair Value	$3,139,038	$274,493	$2,846,230	$18,315

The fair value of securities that are categorized as Level 1 is based on quoted market prices that are readily and regularly available.

We use a market-based approach for valuing all of our Level 2 securities except for our mortgage-backed securities, collateralized mortgage obligations and asset-backed securities, and submit them primarily to a third party valuation service provider. Any of these securities not valued by this service provider are submitted to a second third party valuation service provider. Both service providers use a market approach to find pricing of similar financial instruments. The market inputs our service providers normally seek to value our securities include the following, listed in approximate order of priority: benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. The method and inputs for these securities classified as Level 2 are the same regardless of industry category, credit quality, duration, geographical concentration or economic characteristics. For our mortgage-backed securities, collateralized mortgage obligations and asset-backed securities, our service providers use additional market inputs to value these securities, including the following: new issue data, periodic payment information, monthly payment information, collateral performance and real estate analysis from third parties. Our service providers prioritize inputs based on market conditions, and not all inputs listed are available for use in the evaluation process for each security evaluation on any given day.

We validate the prices obtained from independent pricing services and brokers prior to their use for reporting purposes by evaluating their reasonableness on a monthly basis. Our validation process includes a review for unusual fluctuations. In our opinion, the pricing obtained at June 30, 2015 and December 31, 2014 was reasonable. Unusual fluctuations outside of our expectations are independently corroborated with secondary third party sources that use similar valuation techniques as discussed above. In addition, we also randomly select securities and independently corroborate the valuations obtained from our third party valuation service providers.

For the three- and six-month periods ended June 30, 2015, the change in our available-for-sale securities categorized as Level 1 and Level 2 is the result of investment purchases that were made using funds held in our money market

23

Table of Contents

accounts, disposals and the change in unrealized gains on both fixed maturities and equity securities. During the three- and six-month periods ended June 30, 2015, there were no securities transferred between Level 1 and Level 2. Securities categorized as Level 3 include holdings in certain private placement fixed maturity and equity securities for which an active market does not currently exist. The fair value of our Level 3 private placement securities is determined by management relying on pricing received from our independent pricing services and brokers consistent with the process to estimate fair value for Level 2 securities. However, securities are categorized as Level 3 if these quotes cannot be corroborated by other market observable data due to the unobservable nature of the brokers' valuation processes. If pricing cannot be obtained from these sources, which occurs on a limited basis, management will perform a discounted cash flow analysis, using an appropriate risk-adjusted discount rate, on the underlying security to estimate fair value.

The following table provides a summary of the changes in fair value of our Level 3 securities for the three-month period ended June 30, 2015:

	States, municipalities and political subdivisions	Corporate bonds	Asset-backed securities	Equities	Total
Balance at March 31, 2015	$519	$12,199	$1,493	$3,978	$18,189
Net unrealized losses[1]	(14)	(32)	(48)	—	(94)
Disposals	(75)	(223)	(134)	—	(432)
Balance at June 30, 2015	$430	$11,944	$1,311	$3,978	$17,663

(1) Unrealized losses are recorded as a component of comprehensive income.

The following table provides a summary of the changes in fair value of our Level 3 securities for the six-month period ended June 30, 2015:

	States, municipalities and political subdivisions	Corporate bonds	Asset-backed securities	Equities	Total
Balance at January 1, 2015	$519	$12,312	$1,612	$3,872	$18,315
Net unrealized gains (losses)[1]	(14)	150	(40)	—	96
Purchases	—	—	—	121	121
Disposals	(75)	(518)	(261)	(15)	(869)
Balance at June 30, 2015	$430	$11,944	$1,311	$3,978	$17,663

(1) Unrealized gains (losses) are recorded as a component of comprehensive income.

The fixed maturities reported as disposals relate to the receipt of principal on calls or sinking fund bonds, in accordance with the indentures.

Corporate-Owned Life Insurance

The Company formed a rabbi trust in 2014 to fund obligations under the United Fire & Casualty Company Non-qualified Deferred Compensation Plan and United Fire Group Supplemental Executive Retirement and Deferral Plan (collectively the "Executive Retirement Plans"). Within the rabbi trust, corporate-owned life insurance ("COLI") policies are utilized as an investment vehicle and source of funding for the Company's Executive Retirement Plans. The COLI policies invest in mutual funds, which are priced daily by independent sources. As of June 30, 2015, the cash surrender value of the COLI policies was $1,148, which is equal to the fair value measured using Level 2 inputs, based on the underlying assets of the COLI policies, and is included in other assets in the Consolidated Balance Sheets.

Table of Contents

NOTE 4. EMPLOYEE BENEFITS

Net Periodic Benefit Cost

The components of the net periodic benefit cost for our pension and postretirement benefit plans are as follows:

	Pension Plan		Postretirement Benefit Plan	
Three Months Ended June 30,	2015	2014	2015	2014
Net periodic benefit cost				
Service cost	$1,669	$1,303	$1,305	$924
Interest cost	1,500	1,468	713	586
Expected return on plan assets	(1,950)	(1,739)	—	—
Amortization of net loss	1,136	544	731	224
Net periodic benefit cost	$2,355	$1,576	$2,749	$1,734

	Pension Plan		Postretirement Benefit Plan	
Six Months Ended June 30,	2015	2014	2015	2014
Net periodic benefit cost				
Service cost	$3,338	$2,606	$2,610	$1,848
Interest cost	3,000	2,936	1,426	1,172
Expected return on plan assets	(3,900)	(3,478)	—	—
Amortization of net loss	2,272	1,088	1,462	448
Net periodic benefit cost	$4,710	$3,152	$5,498	$3,468

Employer Contributions

We previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2014 that we expected to contribute $6,352 to the pension plan in 2015. For the six-month period ended June 30, 2015, we contributed $3,161 to the pension plan. We anticipate that the total contribution in 2015 will not vary significantly from our expected contribution.

NOTE 5. STOCK-BASED COMPENSATION

Non-qualified Employee Stock Award Plan

The United Fire Group, Inc. 2008 Stock Plan (the "2008 Stock Plan") authorized the issuance of restricted and unrestricted stock awards, stock appreciation rights, incentive stock options, and non-qualified stock options for up to 1,900,000 shares of UFG common stock to employees. In May 2014, the Registrant's shareholders approved an additional 1,500,000 shares of UFG common stock issuable at any time and from time to time pursuant to the 2008 Stock Plan, among other amendments, and renamed such plan as the United Fire Group, Inc. Stock Plan (as amended, the "Stock Plan"). At June 30, 2015, there were 1,390,323 authorized shares remaining available for future issuance. The Stock Plan is administered by the Board of Directors, which determines those employees who will receive awards, when awards will be granted, and the terms and conditions of the awards. The Board of Directors may also take any action it deems necessary and appropriate for the administration of the Stock Plan. Pursuant to the Stock Plan, the Board of Directors may, at its sole discretion, grant awards to our employees who are in positions of substantial responsibility with UFG.

Options granted pursuant to the Stock Plan are granted to buy shares of UFG's common stock at the market value of the stock on the date of grant. All outstanding option awards vest and are exercisable in installments of 20.0 percent

Table of Contents

of the number of shares covered by the option award each year from the grant date, unless the Board of Directors authorizes the acceleration of vesting. To the extent not exercised, vested option awards accumulate and are exercisable by the awardee, in whole or in part, in any subsequent year included in the option period, but not later than 10 years from the grant date. Restricted and unrestricted stock awards granted pursuant to the Stock Plan are granted at the market value of our common stock on the date of the grant. Restricted stock awards fully vest after 5 years from the date of issuance, unless accelerated upon the approval of the Board of Directors, at which time UFG common stock will be issued to the awardee. All awards are generally granted free of charge to the eligible employees of UFG as designated by the Board of Directors.

The activity in the Stock Plan is displayed in the following table:

Authorized Shares Available for Future Award Grants	Six Months Ended June 30, 2015	From Inception to June 30, 2015
Beginning balance	1,646,947	1,900,000
Additional shares authorized	—	1,500,000
Number of awards granted	(363,774)	(2,360,283)
Number of awards forfeited or expired	107,150	350,606
Ending balance	1,390,323	1,390,323
Number of option awards exercised	54,505	522,068
Number of unrestricted stock awards granted	920	6,200
Number of restricted stock awards vested	—	18,576

Non-qualified Non-employee Director Stock Option and Restricted Stock Plan

The United Fire Group, Inc. 2005 Non-Qualified Non-Employee Director Stock Option and Restricted Stock Plan (the "Director Plan") authorizes the issuance of restricted stock awards and non-qualified stock options to purchase shares of UFG's common stock to non-employee directors. At June 30, 2015, we had 69,938 authorized shares available for future issuance.

The Board of Directors has the authority to determine which non-employee directors receive awards, when options and restricted stock shall be granted, the option price, the option expiration date, the date of grant, the vesting schedule of options or whether the options shall be immediately vested, the terms and conditions of options and restricted stock (other than those terms and conditions set forth in the Director Plan) and the number of shares of common stock to be issued pursuant to an option agreement or restricted stock agreement (subject to limits set forth in the Director Plan). The Board of Directors may also take any action it deems necessary and appropriate for the administration of the Director Plan.

The activity in the Director Plan is displayed in the following table:

Authorized Shares Available for Future Award Grants	Six Months Ended June 30, 2015	From Inception to June 30, 2015
Beginning balance	87,194	300,000
Number of awards granted	(17,256)	(236,065)
Number of awards forfeited or expired	—	6,003
Ending balance	69,938	69,938
Number of option awards exercised	5,723	10,398
Number of restricted stock awards vested	6,434	17,876

Stock-Based Compensation Expense

For the three-month periods ended June 30, 2015 and 2014, we recognized stock-based compensation expense of $648 and $507, respectively. For the six-month periods ended June 30, 2015 and 2014, we recognized stock-based compensation expense of $1,200 and $944, respectively. Stock-based compensation expense is recognized over the vesting period of the stock options.

26

Table of Contents

As of June 30, 2015, we had $7,159 in stock-based compensation expense that has yet to be recognized through our results of operations. We expect this compensation to be recognized over the remainder of 2015 and subsequent years according to the following table, except with respect to awards that are accelerated by the Board of Directors, in which case we will recognize any remaining compensation expense in the period in which the awards are accelerated.

2015	$1,231
2016	2,093
2017	1,860
2018	1,334
2019	580
2020	61
Total	$7,159

NOTE 6. SEGMENT INFORMATION

We have two reportable business segments in our operations: property and casualty insurance and life insurance. The property and casualty insurance segment has seven domestic locations from which it conducts its business. The life insurance segment operates from our home office in Cedar Rapids, Iowa. Because all of our insurance is sold domestically, we have no revenues from foreign operations.

We evaluate the two segments on the basis of both statutory accounting principles prescribed or permitted by our states of domicile and GAAP. We analyze results based on profitability (i.e., loss ratios), expenses, and return on equity. The basis we use to determine and analyze segments and to measure segment profit or loss have not changed from that reported in our Annual Report on Form 10-K for the year ended December 31, 2014.

We have reconciled the amounts in the following table for the three-month periods ended June 30, 2015 and 2014 to the amounts reported in our unaudited Consolidated Financial Statements, adjusting for intersegment eliminations.

	Property and Casualty Insurance	Life Insurance	Total
Three Months Ended June 30, 2015			
Net premiums earned	$209,266	$20,154	$229,420
Investment income, net of investment expenses	12,139	13,673	25,812
Net realized investment gains (losses)	(177)	946	769
Other income	—	132	132
Total reportable segment	$221,228	$34,905	$256,133
Intersegment eliminations	(20)	(195)	(215)
Total revenues	$221,208	$34,710	$255,918
Net income	$13,297	$1,721	$15,018
Assets	$2,216,690	$1,674,793	$3,891,483
Invested assets	$1,581,176	$1,555,690	$3,136,866
Three Months Ended June 30, 2014			
Net premiums earned	$187,832	$14,127	$201,959
Investment income, net of investment expenses	11,831	15,765	27,596
Net realized investment gains	2,337	371	2,708
Other income	314	221	535
Total reportable segment	$202,314	$30,484	$232,798
Intersegment eliminations	7	(132)	(125)
Total revenues	$202,321	$30,352	$232,673
Net income	$9,540	$1,145	$10,685

Assets	$2,100,863	$1,751,047	$3,851,910
Invested assets	$1,519,110	$1,625,988	$3,145,098

Table of Contents

We have reconciled the amounts in the following table for the six-month periods ended June 30, 2015 and 2014 to the amounts reported in our unaudited Consolidated Financial Statements, adjusting for intersegment eliminations.

	Property and Casualty Insurance	Life Insurance	Total
Six Months Ended June 30, 2015			
Net premiums earned	$409,403	$33,382	$442,785
Investment income, net of investment expenses	22,869	27,289	50,158
Net realized investment gains (losses)	(416)	2,072	1,656
Other income	—	195	195
Total reportable segment	$431,856	$62,938	$494,794
Intersegment eliminations	(3)	(389)	(392)
Total revenues	$431,853	$62,549	$494,402
Net income	$36,400	$2,297	$38,697
Assets	$2,216,690	$1,674,793	$3,891,483
Invested assets	$1,581,176	$1,555,690	$3,136,866
Six Months Ended June 30, 2014			
Net premiums earned	$367,326	$28,107	$395,433
Investment income, net of investment expenses	22,944	31,364	54,308
Net realized investment gains	3,704	1,198	4,902
Other income	794	348	1,142
Total reportable segment	$394,768	$61,017	$455,785
Intersegment eliminations	57	(265)	(208)
Total revenues	$394,825	$60,752	$455,577
Net income	$21,351	$2,665	$24,016
Assets	$2,100,863	$1,751,047	$3,851,910
Invested assets	$1,519,110	$1,625,988	$3,145,098

NOTE 7. EARNINGS PER COMMON SHARE

Basic earnings per share is computed by dividing net income by the weighted-average number of common shares outstanding during the reporting period. Diluted earnings per share gives effect to all dilutive common shares outstanding during the reporting period. The dilutive shares we consider in our diluted earnings per share calculation relate to our outstanding stock options and restricted stock awards.

We determine the dilutive effect of our outstanding stock options using the "treasury stock" method. Under this method, we assume the exercise of all of the outstanding stock options whose exercise price is less than the weighted-average market value of our common stock during the reporting period. This method also assumes that the proceeds from the hypothetical stock option exercises are used to repurchase shares of our common stock at the weighted-average market value of the stock during the reporting period. The net of the assumed stock options exercised and assumed common shares repurchased represents the number of dilutive common shares, which we add to the denominator of the earnings per share calculation.

Table of Contents

The components of basic and diluted earnings per share were as follows for the three-month periods ended June 30, 2015 and 2014:

	Three Months Ended June 30,			
(In Thousands Except Share Data)	2015		2014	
	Basic	Diluted	Basic	Diluted
Net income	$15,018	$15,018	$10,685	$10,685
Weighted-average common shares outstanding	25,023,753	25,023,753	25,330,066	25,330,066
Add dilutive effect of restricted stock awards	—	125,135	—	114,313
Add dilutive effect of stock options	—	138,742	—	112,248
Weighted-average common shares	25,023,753	25,287,630	25,330,066	25,556,627
Earnings per common share	$0.60	$0.59	$0.42	$0.42
Awards excluded from diluted earnings per share calculation(1)	—	431,599	—	904,580

(1) Outstanding awards that are not "in-the-money" are excluded from the diluted earnings per share calculation because the effect of including them would have been anti-dilutive.

The components of basic and diluted earnings per share were as follows for the six-month periods ended June 30, 2015 and 2014:

	Six Months Ended June 30,			
(In Thousands Except Share Data)	2015		2014	
	Basic	Diluted	Basic	Diluted
Net income	$38,697	$38,697	$24,016	$24,016
Weighted-average common shares outstanding	25,007,204	25,007,204	25,351,056	25,351,056
Add dilutive effect of restricted stock awards	—	125,135	—	114,313
Add dilutive effect of stock options	—	—	—	125,889
Weighted-average common shares	25,007,204	25,132,339	25,351,056	25,591,258
Earnings per common share	$1.55	$1.54	$0.95	$0.94
Awards excluded from diluted earnings per share calculation(1)	—	443,596	—	904,580

(1) Outstanding awards that are not "in-the-money" are excluded from the diluted earnings per share calculation because the effect of including them would have been anti-dilutive.

NOTE 8. CREDIT FACILITY

In December 2011, UFG entered into a credit agreement with a syndicate of financial institutions as lenders. KeyBank National Association is the administrative agent, lead arranger, sole book runner, swingline lender, and letter of credit issuer, and Bankers Trust Company is the syndication agent. The four-year credit agreement provides for a $100,000 unsecured revolving credit facility that includes a $20,000 letter of credit subfacility and a swingline subfacility of up to $5,000.

On June 4, 2013, United Fire & Casualty Company, United Fire Group, Inc. and the syndicated lenders entered into an Assignment, Joinder, Assumption, and Release Agreement (the "Joinder Agreement") transferring the obligations under the credit agreement from United Fire & Casualty Company to United Fire Group, Inc. Effective with the execution of the Joinder Agreement, United Fire & Casualty Company was released from any further obligations under the credit agreement.

During the term of this credit agreement, we have the right to increase the total credit facility from $100,000 up to $125,000 if no event of default has occurred and is continuing and certain other conditions are satisfied. The credit facility is available for general corporate purposes, including working capital, acquisitions and liquidity purposes. Any principal outstanding under the credit facility is due in full at maturity, on December 22, 2015. The interest rate is based on our monthly choice of either a base rate or the London Interbank Offered Rate ("LIBOR") plus, in each

Table of Contents

case, a calculated margin amount. A commitment fee on each lender's unused commitment under the credit facility is also payable quarterly.

The credit agreement contains customary representations, covenants and events of default, including certain covenants that limit or restrict our ability to engage in certain activities. Subject to certain exceptions, these activities include restricting our ability to sell or transfer assets or enter into a merger or consolidate with another company, grant certain types of security interests, incur certain types of liens, impose restrictions on subsidiary dividends, enter into leaseback transactions, or incur certain indebtedness. The credit agreement contains certain financial covenants, including covenants that require us to maintain a minimum consolidated net worth, a debt to capitalization ratio and minimum shareholders' equity.

There was no outstanding balance on the credit facility at June 30, 2015 and 2014. For the six-month periods ended June 30, 2015 and 2014, we did not incur any interest expense related to this credit facility. We were in compliance with all covenants for the credit agreement at June 30, 2015.

NOTE 9. ACCUMULATED OTHER COMPREHENSIVE INCOME

The following table shows the changes in the components of our accumulated other comprehensive income (loss), net of tax, for the three-month period ended June 30, 2015:

	Net unrealized appreciation on investments	Liability for underfunded employee benefit costs	Total
Balance as of March 31, 2015	$156,915	$(57,236)	$99,679
Change in accumulated other comprehensive income before reclassifications	(23,555)	—	(23,555)
Reclassification adjustments from accumulated other comprehensive income (loss)	(646)	1,213	567
Balance as of June 30, 2015	$132,714	$(56,023)	$76,691

The following table shows the changes in the components of our accumulated other comprehensive income (loss), net of tax, for the six-month period ended June 30, 2015:

	Net unrealized appreciation on investments	Liability for underfunded employee benefit costs	Total
Balance as of January 1, 2015	$149,623	$(58,450)	$91,173
Change in accumulated other comprehensive income before reclassifications	(15,031)	—	(15,031)
Reclassification adjustments from accumulated other comprehensive income (loss)	(1,878)	2,427	549
Balance as of June 30, 2015	$132,714	$(56,023)	$76,691

Table of Contents

Review Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
United Fire Group, Inc.

We have reviewed the consolidated balance sheet of United Fire Group, Inc. (the "Company") as of June 30, 2015, and the related consolidated statements of income and comprehensive income for the three- and six-month periods ended June 30, 2015 and 2014, the consolidated statements of cash flows for the six-month periods ended June 30, 2015 and 2014, and the consolidated statement of stockholders' equity for the six-month period ended June 30, 2015. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of United Fire Group, Inc. as of December 31, 2014, and the related consolidated statements of income and comprehensive income, stockholders' equity, and cash flows for the year then ended (not presented herein) and we expressed an unqualified audit opinion on those consolidated financial statements in our report dated March 2, 2015. In our opinion, the accompanying consolidated balance sheet of United Fire Group, Inc. as of December 31, 2014 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ Ernst & Young LLP
Ernst & Young LLP

Des Moines, Iowa
August 4, 2015

Table of Contents

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with Part I, Item 1 "Financial Statements."

CRITICAL ACCOUNTING POLICIES

Critical accounting policies are defined as those that are representative of significant judgments and uncertainties and that potentially may result in materially different results under different assumptions and conditions. We base our discussion and analysis of our results of operations and financial condition on the amounts reported in our Consolidated Financial Statements, which we have prepared in accordance with GAAP. As we prepare these Consolidated Financial Statements, we must make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses for the reporting period. We evaluate our estimates on an ongoing basis. We base our estimates on historical experience and on other assumptions that we believe to be reasonable under the circumstances. Actual results could differ from those estimates. Our critical accounting policies are more fully described in our Management's Discussion and Analysis of Financial Condition and Results of Operations presented in our Annual Report on Form 10-K for the year ended December 31, 2014. There have been no changes in our critical accounting policies from December 31, 2014.

INTRODUCTION

The purpose of this Management's Discussion and Analysis is to provide an understanding of our results of operations and consolidated financial position. Our Management's Discussion and Analysis should be read in conjunction with our consolidated financial statements and related notes, including those in our Annual Report on Form 10-K for the year ended December 31, 2014. When we provide information on a statutory basis, we label it as such, otherwise, all other data is presented in accordance with GAAP.

OUR BUSINESS

Founded in 1946 as United Fire & Casualty Company, United Fire Group, Inc. ("UFG", the "Registrant", the "Company", "we", "us", or "our") and its consolidated insurance subsidiaries provide insurance protection for individuals and businesses through several regional offices. Our property and casualty insurance company subsidiaries are licensed in 43 states plus the District of Columbia and are represented by approximately 1,200 independent agencies. Our life insurance subsidiary is licensed in 37 states and is represented by approximately 1,100 independent agencies.

Segments

We operate two business segments, each with a wide range of products:

- property and casualty insurance, which includes commercial lines insurance, personal lines insurance, surety bonds and assumed reinsurance; and
- life insurance, which includes deferred and immediate annuities, universal life products and traditional life (primarily single premium whole life) insurance products.

We manage these business segments separately, as they generally do not share the same customer base, and each has different products, pricing, and expense structures.

For the six-month period ended June 30, 2015, property and casualty insurance business accounted for approximately 92.5 percent of our net premiums earned, of which 91.6 percent was generated from commercial

Table of Contents

lines. Life insurance business accounted for approximately 7.5 percent of our net premiums earned, of which 68.2 percent was generated from traditional life insurance products.

Pooling Arrangement

All of our property and casualty insurance subsidiaries, with the exception of Texas General Indemnity Company, are members of an intercompany reinsurance pooling arrangement. Pooling arrangements permit the participating companies to rely on the capacity of the entire pool's capital and surplus, rather than being limited to policy exposures of a size commensurate with each participant's own surplus level.

Geographic Concentration

For the six-month period ended June 30, 2015, approximately 48.7 percent of our property and casualty premiums were written in Texas, Iowa, California, New Jersey, and Missouri; approximately 75.4 percent of our life insurance premiums were written in Iowa, Wisconsin, Minnesota, Illinois and Nebraska.

Segment Revenue and Expense

We evaluate segment profit or loss based upon operating and investment results. Segment profit or loss described in the following sections of this Management's Discussion and Analysis is reported on a pre-tax basis. Additional segment information is presented in Part I, Item 1, Note 6 "Segment Information" to the unaudited Consolidated Financial Statements.
Our primary sources of revenue are premiums and investment income. Major categories of expenses include losses and loss settlement expenses, future policy benefits, underwriting and other operating expenses and interest on policyholders' accounts.
Profit Factors
Our profitability is influenced by many factors, including price, competition, economic conditions, investment returns, interest rates, catastrophic events and other natural disasters, man-made disasters, state regulations, court decisions, and changes in the law. To manage these risks and uncertainties, we seek to achieve consistent profitability through strong agency relationships, exceptional customer service, fair and prompt claims handling, disciplined underwriting, superior loss control services, prudent management of our investments, appropriate matching of assets and liabilities, effective use of ceded reinsurance and effective and efficient use of technology.

Table of Contents

CONSOLIDATED FINANCIAL HIGHLIGHTS

	Three Months Ended June 30,			Six Months Ended June 30,		
(In Thousands)	2015	2014	%	2015	2014	%
Revenues						
Net premiums earned	$229,225	$201,827	13.6 %	$442,396	$395,168	12.0 %
Investment income, net of investment expenses	25,792	27,603	(6.6)	50,155	54,365	(7.7)
Net realized investment gains	769	2,708	(71.6)	1,656	4,902	(66.2)
Other income	132	535	(75.3)	195	1,142	(82.9)
Total revenues	$255,918	$232,673	10.0 %	$494,402	$455,577	8.5 %
Benefits, Losses and Expenses						
Losses and loss settlement expenses	$150,362	$142,716	5.4 %	$276,771	$267,953	3.3 %
Increase in liability for future policy benefits	12,096	8,077	49.8	19,719	15,898	24.0
Amortization of deferred policy acquisition costs	44,357	40,196	10.4	86,829	79,730	8.9
Other underwriting expenses	23,546	20,776	13.3	47,080	47,204	(0.3)
Interest on policyholders' accounts	6,024	7,852	(23.3)	12,639	15,839	(20.2)
Total benefits, losses and expenses	$236,385	$219,617	7.6 %	$443,038	$426,624	3.8 %
Income before income taxes	$19,533	$13,056	49.6 %	$51,364	$28,953	77.4 %
Federal income tax expense	4,515	2,371	90.4	12,667	4,937	156.6
Net income	$15,018	$10,685	40.6 %	$38,697	$24,016	61.1 %

The following is a summary of our financial performance for the three- and six-month periods ended June 30, 2015:

Consolidated Results of Operations

For the three-month period ended June 30, 2015, net income was $15.0 million compared to $10.7 million for the same period of 2014. The improvement in net income was driven primarily by organic growth from new business and rate increases, offset by a reduction in investment income and net realized investment gains and a proportionately lower increase in losses and loss settlement expenses on a better performing underlying book of business. Consolidated net premiums earned increased to $229.2 million compared to $201.8 million for the same period of 2014. This increase is a result of organic growth with a combination of new business writings and rate increases.

For the six-month period ended June 30, 2015, net income was $38.7 million compared to $24.0 million for the same period of 2014. The improvement in net income was driven primarily by organic growth from new business and rate increases, offset by a reduction in investment income and net realized investment gains and a proportionately lower increase in losses and loss settlement expenses on a better performing underlying book of business. Consolidated net premiums earned increased to $442.4 million compared to $395.2 million for the same period of 2014. This increase is a result of organic growth with a combination of new business writings and rate increases.

Losses and loss settlement expenses increased by $7.6 million during the three-month period ended June 30, 2015 compared to the same period of 2014. Although losses and loss settlement expenses increased, the increase was lower proportionately to the growth in premiums. The net loss ratio decreased by 3.7% percentage points during the three-month period ended June 30, 2015 compared to the same period of 2014. Pre-tax catastrophe losses were flat on a higher premium base totaling $20.2 million compared to $20.6 million in the same period of 2014.

Losses and loss settlement expenses increased by $8.8 million during the six-month period ended June 30, 2015 compared to the same period of 2014. Although losses and loss settlement expenses increased, the increase was lower proportionately to the growth in premiums. The net loss ratio decreased by 5.1 percentage points during the six-month period ended June 30, 2015 compared to the same period of 2014. Pre-tax catastrophe losses for the six-months year-to-date were slightly less on a higher premium base totaling $20.4 million compared to $23.9 million in the same period of 2014.

Investment income decreased by $1.8 million and $4.2 million, respectively, during the three- and six-month periods ended June 30, 2015 compared to the same periods of 2014. The decrease is due to the decline of reinvestment interest rates from the continued low interest rate environment and as a result of a lower asset base due to declining annuity deposits.

Consolidated Financial Condition

At June 30, 2015, the book value per share of our common stock was $33.21. We repurchased 49,705 shares of our common stock at a total cost of $1.4 million and an average share price of $29.04 in the six-month period ended June 30, 2015. Under our share repurchase program, which is scheduled to expire on August 31, 2016, we are authorized to repurchase an additional 1,558,577 shares of our common stock.

Net unrealized investment gains totaled $132.7 million as of June 30, 2015, a decrease of $16.9 million, net of tax, or 11.3 percent, since December 31, 2014. The decrease in net unrealized investment gains resulted from rising interest rates at June 30, 2015 and to a lesser extent, by a decrease in the fair value of our equity investment portfolio.

Our stockholders' equity increased to $831.9 million at June 30, 2015, from $817.4 million at December 31, 2014. The increase was primarily attributable to net income of $38.7 million partially offset by a decrease in net unrealized investment gains of $16.9 million, net of tax, shareholder dividends of $10.5 million and share repurchases of $1.4 million.

Table of Contents

RESULTS OF OPERATIONS

Property and Casualty Insurance Segment Results

	Three Months Ended June 30,		Six Months Ended June 30,	
(In Thousands Except Ratios)	2015	2014	2015	2014
Net premiums written	$242,740	$222,061	$462,118	$421,390
Net premiums earned	$209,266	$187,832	$409,403	$367,326
Losses and loss settlement expenses	(143,053)	(135,493)	(262,391)	(254,149)
Amortization of deferred policy acquisition costs	(42,649)	(38,502)	(83,458)	(76,378)
Other underwriting expenses	(18,716)	(17,104)	(38,120)	(39,364)
Underwriting gain	$4,848	$(3,267)	$25,434	$(2,565)
Investment income, net of investment expenses	12,119	11,838	22,866	23,001
Net realized investment gains (losses)	(177)	2,337	(416)	3,704
Other income	—	315	—	795
Income before income taxes	$16,790	$11,223	$47,884	$24,935
GAAP Ratios:				
Net loss ratio (without catastrophes)	58.8 %	61.1 %	59.1 %	62.7 %
Catastrophes - effect on net loss ratio	9.6	11.0	5.0	6.5
Net loss ratio(1)	68.4 %	72.1 %	64.1 %	69.2 %
Expense ratio(2)	29.3	29.6	29.7	31.5
Combined ratio(3)	97.7 %	101.7 %	93.8 %	100.7 %

(1) The net loss ratio is calculated by dividing the sum of losses and loss settlement expenses by net premiums earned. We use the net loss ratio as a measure of the overall underwriting profitability of the insurance business we write and to assess the adequacy of our pricing. Our net loss ratio is meaningful in evaluating our financial results as reported in our unaudited Consolidated Financial Statements.
(2) The expense ratio is calculated by dividing nondeferred underwriting expenses and amortization of deferred policy acquisition costs by net premiums earned. The expense ratio measures a company's operational efficiency in producing, underwriting and administering its insurance business.
(3) The combined ratio is a commonly used financial measure of property and casualty underwriting performance. A combined ratio below 100.0 percent generally indicates a profitable book of business. The combined ratio is the sum of the net loss ratio and the underwriting expense ratio.

For the three- and six-month periods ended June 30, 2015, our property and casualty segment reported income before taxes of $16.8 million and $47.9 million, respectively, or an increase of $5.6 million and $22.9 million, respectively, compared to the same periods of 2014. The increase in the three- and six-month periods ended June 30, 2015 was driven primarily by organic growth from new business and rate increases, offset by a reduction in investment income and net realized investment gains and a proportionately lower increase in losses and loss settlement expenses on a better performing underlying book of business.

Net premiums earned increased 11.4 percent to $209.3 million in the three-month period ended June 30, 2015, compared to $187.8 million in the same period of 2014. Net premiums earned increased 11.5 percent to $409.4 million in the six-month period ended June 30, 2015, compared to $367.3 million in the same period of 2014. This increase is a result of organic growth and a combination of new business writings and rate increases.

The combined ratio decreased 4.0 percentage points to 97.7 percent for the three-month period ended June 30, 2015, compared to 101.7 percent for the same period of 2014. The decrease in the combined ratio in the three- and six-month periods ended June 30, 2015, as compared to the same period of 2014, was primarily attributable to a decrease in the net loss ratio, actions to improve profitability including more adequate pricing of our products, which has improved our underlying underwriting performance, and improvement in our expense ratio.

The net loss ratio, a component of the combined ratio, decreased by 3.7 percentage points to 68.4 percent and 5.1 percentage points to 64.1 percent in the three- and six-month periods ended June 30, 2015, respectively, as compared

Table of Contents

to the same periods of 2014 primarily due to a better performing underlying book of business. Pre-tax catastrophe losses totaled $20.2 million and $20.4 million for the three- and six-month periods ended June 30, 2015, respectively, as compared to $20.6 million and $23.9 million in the same periods of 2014.

The expense ratio, a component of the combined ratio, was 29.3 percent and 29.7 percent for the three- and six-month periods ended June 30, 2015, a decrease of 0.3 percentage points and 1.8 percentage points, respectively, as compared with the same periods of 2014. The decreases are primarily due to an improvement in the profitability in certain lines of business, which led to an increase in the amount of underwriting expenses eligible for deferral in our deferred acquisition costs, elimination of duplicate costs associated with the Mercer integration, and completion of certain stages of technology projects, all partially offset by an increase in pension and post-retirement benefit costs.

For a detailed discussion of our consolidated investment results, refer to the "Investment Portfolio" section of this item.

Reserve Development

For many liability claims, significant periods of time, ranging up to several years and for certain construction defect claims more than a decade, may elapse between the occurrence of the loss, the reporting of the loss to us and the settlement or other disposition of the claim. As a result, loss experience in the more recent accident years for the long-tail liability coverages has limited statistical credibility in our reserving process because a relatively small proportion of losses in these accident years are reported claims and an even smaller proportion are paid losses. In addition, long-tail liability claims are more susceptible to litigation and can be significantly affected by changing contract interpretations and the legal environment. Consequently, the estimation of loss reserves for long-tail coverages is more complex and subject to a higher degree of variability. Reserves for these long-tail coverages represent a significant portion of our overall carried reserves.

When establishing reserves and monitoring reserve adequacy, we analyze historical data and consider the potential impact of various loss development factors and trends including historical loss experience, legislative enactments, judicial decisions, legal developments in imposition of damages, experience with alternative dispute resolution, results of our medical bill review process, the potential impact of salvage and subrogation and changes and trends in general economic conditions, including the effects of inflation. All of these factors influence our estimates of required reserves and for long-tail lines these factors can change over the course of the settlement of the claim. However, there is no precise method for evaluating the specific dollar impact of any individual factor on the development of reserves.

Our reserving philosophy is to reserve claims to their ultimate expected loss amount as soon as practicable after information about a claim becomes available. This approach tends to produce, on average, prudently conservative case reserves, which we expect to result in some level of favorable development over the course of settlement.

2015 Development

The property and casualty insurance segment experienced $6.7 million and $23.4 million of favorable development in our net reserves for prior accident years for the three- and six-month periods ended June 30, 2015, respectively. Four lines in aggregate accounted for a majority of the favorable development. The largest single contributor was workers' compensation with $5.9 million and $11.6 million, respectively, of favorable development followed by long-tail liability with $1.6 million and $6.4 million, respectively, of favorable development, then commercial auto liability with $0.8 million and $3.8 million, respectively, of favorable development and auto physical damage with $1.5 million and $3.7 million, respectively, of favorable development in the three- and six-month periods ended June 30, 2015. All of these lines of business benefited from reductions in reserves for reported claims as well as reductions in required reserves for incurred but not reported claims primarily due to favorable results from subrogation recoveries and successful management of litigation expenses. These reserve decreases were more than sufficient to offset claim payments. These lines of business more than offset the $4.7 million and $5.9 million, respectively, of adverse development on the assumed property and liability reinsurance lines of business in the three-

Table of Contents

and six-month periods ended June 30, 2015. No other line of business contributed a significant portion of the total development.

2014 Development

The property and casualty insurance segment experienced $11.3 million and $25.8 million of favorable development in our net reserves for prior accident years for the three- and six-month periods ended June 30, 2014, respectively. The significant driver of the favorable reserve development in 2014 was our long-tail liability of commercial business including other liability, workers' compensation and auto liability, which have contributed $9.6 million and$12.7 million, respectively, of the three- and six-month reserve development totals. Commercial auto liability, with $7.6 million of favorable year-to-date reserve development, continues to benefit from loss control and re-underwriting initiatives over the past several years. Also contributing to the favorable development during the six-month period ended June 30, 2014, only to a lesser extent than the long-tail liability lines and commercial auto liability, were workers' compensation and auto physical damage lines which combined for $8.1 million of favorable year-to-date development. Development from all other lines combined provided a partial offset to the favorable development noted above, though no single line of business contributed a significant portion of the total additional development.

Development amounts can vary significantly from quarter-to-quarter and year-to-year depending on a number of factors, including the number of claims settled and the settlement terms, and are subject to reallocation between accident years and lines of business. At June 30, 2015, our total reserves were within our actuarial estimates.

The following tables display our net premiums earned, net losses and loss settlement expenses and net loss ratio by line of business:

Three Months Ended June 30,	2015			2014		
(In Thousands) Unaudited	Net Premiums Earned	Net Losses and Loss Settlement Expenses Incurred	Net Loss Ratio	Net Premiums Earned	Net Losses and Loss Settlement Expenses Incurred	Net Loss Ratio
Commercial lines						
Other liability	$63,466	$36,122	56.9 %	$55,891	$24,192	43.3 %
Fire and allied lines	49,708	40,366	81.2	44,467	42,840	96.3
Automobile	45,447	37,928	83.5	40,391	29,353	72.7
Workers' compensation	23,263	10,423	44.8	20,996	16,129	76.8
Fidelity and surety	4,566	894	19.6	4,099	1,308	31.9
Miscellaneous	675	123	18.2	683	(1)	(0.1)
Total commercial lines	$187,125	$125,856	67.3 %	$166,527	$113,821	68.3 %
Personal lines						
Fire and allied lines	$10,996	$9,066	82.4 %	$11,070	$13,530	122.2 %
Automobile	5,967	4,658	78.1	5,791	6,672	115.2
Miscellaneous	253	(99)	(39.1)	247	(17)	(6.9)
Total personal lines	$17,216	$13,625	79.1 %	$17,108	$20,185	118.0 %
Reinsurance assumed	$4,925	$3,572	72.5 %	$4,197	$1,487	35.4 %
Total	$209,266	$143,053	68.4 %	$187,832	$135,493	72.1 %

Table of Contents

Six Months Ended June 30,	2015				2014			
(In Thousands) Unaudited	Net Premiums Earned	Net Losses and Loss Settlement Expenses Incurred	Net Loss Ratio		Net Premiums Earned	Net Losses and Loss Settlement Expenses Incurred	Net Loss Ratio	
Commercial lines								
Other liability	$123,973	$68,679	55.4	%	$109,044	$54,862	50.3	%
Fire and allied lines	97,819	69,068	70.6		87,354	77,498	88.7	
Automobile	89,126	71,262	80.0		78,841	51,601	65.4	
Workers' compensation	46,503	21,810	46.9		42,026	34,338	81.7	
Fidelity and surety	9,321	2,625	28.2		8,559	995	11.6	
Miscellaneous	1,349	124	9.2		1,347	10	0.7	
Total commercial lines	$368,091	$233,568	63.5	%	$327,171	$219,304	67.0	%
Personal lines								
Fire and allied lines	$21,906	$15,069	68.8	%	$22,102	$20,385	92.2	%
Automobile	11,798	7,855	66.6		11,472	10,966	95.6	
Miscellaneous	499	112	22.4		491	88	17.9	
Total personal lines	$34,203	$23,036	67.4	%	$34,065	$31,439	92.3	%
Reinsurance assumed	$7,109	$5,787	81.4	%	$6,090	$3,406	55.9	%
Total	$409,403	$262,391	64.1	%	$367,326	$254,149	69.2	%

- Commercial fire and allied lines - The net loss ratio improved 15.1 percentage points and 18.1 percentage points in the three- and six-month periods ended June 30, 2015, respectively, compared to the same periods of 2014. The change is primarily attributable to higher losses in the prior year. In 2014, there was an increase in the frequency of claims associated with the harsh winter weather experienced in the United States ("U.S") in the first quarter, an increase in catastrophes from spring storms experienced in regions of the U.S. in the second quarter where we conduct much of our business and an increase in frequency and severity in commercial fire losses.

- Commercial automobile - The net loss ratio deteriorated 10.8 percentage points and 14.6 percentage points in the three- and six-month periods ended June 30, 2015, respectively, compared to the same periods of 2014. The change was due to an increase in severity of claims in 2015 as compared to the prior year.

- Workers' compensation - The net loss ratio improved 32.0 percentage points and 34.8 percentage points in the three- and six-month periods ended June 30, 2015, respectively, compared to the same periods of 2014. The change was due to the combined effects of a decrease in severity and frequency of claims and favorable reserve development in 2015 as compared to the prior year.

- Personal fire and allied lines - The net loss ratio improved 39.8 percentage points and 23.4 percentage points in the three- and six-month periods ended June 30, 2015, respectively, compared to the same period of 2014. The change is primarily attributable to higher losses in the prior year. In 2014, there was an increase in the frequency of claims associated with the harsh winter weather experienced in the U.S. in the first quarter and an increase in catastrophe loss experience from spring storms in the U.S. in the second quarter.

- Personal automobile - The net loss ratio improved 37.1 percentage points and 29.0 percentage points in the three- and six-month periods ended June 30, 2015, respectively, compared to the same period of 2014. The change is primarily attributable to higher losses in the prior year along with favorable reserve development on liability claims in the current year. In 2014, there was an increase in the frequency of claims associated with the harsh winter weather experienced in the U.S. in the first quarter, and an increase in catastrophe loss experience from spring storms in the U.S. in the second quarter.

Table of Contents

Life Insurance Segment Results

	Three Months Ended June 30,		Six Months Ended June 30,	
(In Thousands)	2015	2014	2015	2014
Revenues				
Net premiums earned	$19,959	$13,995	$32,993	$27,842
Investment income, net of investment expenses	13,673	15,765	27,289	31,364
Net realized investment gains	946	371	2,072	1,198
Other income	132	220	195	347
Total revenues	$34,710	$30,351	$62,549	$60,751
Benefits, Losses and Expenses				
Losses and loss settlement expenses	$7,309	$7,223	$14,380	$13,804
Increase in liability for future policy benefits	12,096	8,077	19,719	15,898
Amortization of deferred policy acquisition costs	1,708	1,694	3,371	3,352
Other underwriting expenses	4,830	3,672	8,960	7,840
Interest on policyholders' accounts	6,024	7,852	12,639	15,839
Total benefits, losses and expenses	$31,967	$28,518	$59,069	$56,733
Income before income taxes	$2,743	$1,833	$3,480	$4,018

Income before income taxes increased $0.9 million in the three-month period ended June 30, 2015 as compared to the same period of 2014. The increase in net income is primarily due to an increase in net premiums earned from higher sales of single premium whole life policies and a decrease in interest on policyholders' accounts due to a decline in the amount of expense associated with the payment of interest to policyholders on annuity accounts both partially offset by a decrease in investment income and an increase in the increase in liability for future policy benefits.

Income before income taxes decreased $0.5 million in the six-month period ended June 30, 2015 as compared to the same period of 2014. The decrease in net income is primarily due to a decrease in investment income and an increase in the increase in liability for future policy benefits both partially offset by an increase in net premiums earned from higher sales of single premium whole life policies and a decrease in interest on policyholders' accounts due to a decline in the amount of expense associated with the payment of interest to policyholders on annuity accounts.

Net premiums earned increased 42.6 percent to $20.0 million for the three-month period ended June 30, 2015, compared to $14.0 million in the same period of 2014. In the six-month period ended June 30, 2015, net premiums earned increased 18.5 percent to $33.0 million, compared to $27.8 million in the same period of 2014. The increase in net premiums earned was primarily due to an increase in sales of single premium whole life policies.

Net investment income decreased 13.3 percent to $13.7 million for the three-month period ended June 30, 2015, compared to $15.8 million for the same period of 2014. In the six-month period ended June 30, 2015, investment income decreased 13.0 percent to $27.3 million compared to $31.4 million in the same period of 2014. The decrease is due to the decline of reinvestment rates from the continued low interest rate environment and a lower asset base due to declining annuity deposits.

The increase in liability for future policy benefits increased in the three- and six-month periods ended June 30, 2015, compared to the same periods of 2014 due to an increase in sales of life insurance products.

Deferred annuity deposits decreased 68.1 percent and 49.5 percent, respectively, for the three- and six-month periods ended June 30, 2015 compared to the same periods of 2014. We gradually lowered the credited rate offered on our

Table of Contents

deferred annuity products during the low interest rate environment during the last year, which has resulted in a decrease in deferred annuity deposits for the three- and six-month periods ended June 30, 2015 as compared with the same periods of 2014.

Net cash outflow related to our annuity business was $44.2 million and $79.3 million, respectively, in the three- and six-month periods ended June 30, 2015, compared to a net cash outflow of $15.7 million and $26.8 million, respectively, in the same periods of 2014. We attribute this to the interest rate activity described above.

For a detailed discussion of our consolidated investment results, refer to the "Investment Portfolio" section of this item.

Investment Portfolio

Our invested assets totaled $3.1 billion at June 30, 2015, compared to $3.2 billion at December 31, 2014, a decrease of $34.1 million. At June 30, 2015, fixed maturity securities and equity securities made up 90.2 percent and 7.9 percent of the value of our investment portfolio, respectively. Because the primary purpose of our investment portfolio is to fund future claims payments, we use a conservative investment philosophy, investing in a diversified portfolio of high-quality, intermediate-term taxable corporate bonds, taxable U.S. government bonds and tax-exempt U.S. municipal bonds. Our overall investment strategy is to keep our cash on hand low in the current interest rate environment. If additional cash is needed, we can borrow funds available under our revolving credit facility.

Composition

We develop our investment strategies based on a number of factors, including estimated duration of reserve liabilities, short- and long-term liquidity needs, projected tax status, general economic conditions, expected rates of inflation, regulatory requirements, interest rates and credit quality of assets. We administer our investment portfolio based on investment guidelines approved by management and the investment committee of our Board of Directors that comply with applicable statutory regulations.

The composition of our investment portfolio at June 30, 2015 is presented at carrying value in the following table:

	Property & Casualty Insurance Segment			Life Insurance Segment			Total		
(In Thousands)		Percent of Total			Percent of Total			Percent of Total	
Fixed maturities [1]									
Held-to-maturity	$255	—	%	$101	—	%	$356	—	%
Available-for-sale	1,305,216	82.6		1,506,145	96.8		2,811,361	89.7	
Trading securities	16,388	1.0		—	—		16,388	0.5	
Equity securities									
Available-for-sale	218,982	13.9		25,565	1.6		244,547	7.8	
Trading securities	3,599	0.2		—	—		3,599	0.1	
Mortgage loans	—	—		4,082	0.3		4,082	0.1	
Policy loans	—	—		5,702	0.4		5,702	0.2	
Other long-term investments	36,561	2.3		14,095	0.9		50,656	1.6	
Short-term investments	175	—		—	—		175	—	
Total	$1,581,176	100.0	%	$1,555,690	100.0	%	$3,136,866	100.0	%

(1) Available-for-sale securities and trading fixed maturities are carried at fair value. Held-to-maturity fixed maturities are carried at amortized cost.

At June 30, 2015, we classified $2.8 billion, or 99.4 percent, of our fixed maturities portfolio as available-for-sale, compared to $2.8 billion, or 99.4 percent, at December 31, 2014. We classify our remaining fixed maturities as held-to-maturity or trading. We record held-to-maturity securities at amortized cost. We record available-for-sale securities at fair value, with any changes in fair value recognized in accumulated other comprehensive income. We

Table of Contents

record trading securities, primarily convertible redeemable preferred debt securities, at fair value, with any changes in fair value recognized in earnings.

As of June 30, 2015 and December 31, 2014, we did not have direct exposure to investments in subprime mortgages or other credit enhancement vehicles.

Credit Quality

The following table shows the composition of fixed maturity securities held in our available-for-sale, held-to-maturity and trading security portfolios, by credit rating at June 30, 2015 and December 31, 2014. Information contained in the table is generally based upon the issued credit ratings provided by Moody's, unless the rating is unavailable, in which case we obtain credit ratings from Standard & Poor's.

(In Thousands)	June 30, 2015			December 31, 2014		
Rating	Carrying Value	% of Total		Carrying Value	% of Total	
AAA	$846,865	30.0	%	$896,367	31.4	%
AA	668,058	23.6		637,305	22.3	
A	650,641	23.0		621,293	21.7	
Baa/BBB	593,491	21.0		641,497	22.4	
Other/Not Rated	69,050	2.4		63,876	2.2	
	$2,828,105	100.0	%	$2,860,338	100.0	%

Duration

Our investment portfolio is invested primarily in fixed maturity securities whose fair value is susceptible to market risk, specifically interest rate changes. Duration is a measurement used to quantify our inherent interest rate risk and analyze our ability to match our invested assets to our reserve liabilities. If our invested assets and reserve liabilities have similar durations, then any change in interest rates will have an equal effect on these accounts. The primary purpose for matching invested assets and reserve liabilities is liquidity. With appropriate matching, our investments will mature when cash is needed, preventing the need to liquidate other assets prematurely. Mismatches in the duration of assets and liabilities can cause significant fluctuations in our results of operations.

Group

The weighted average effective duration of our portfolio of fixed maturity securities at June 30, 2015 was 5.2 years compared to 5.0 years at December 31, 2014.

Property and Casualty Insurance Segment

The weighted average effective duration of our portfolio of fixed maturity securities at June 30, 2015 was 5.1 years compared to 4.8 years at December 31, 2014.

Life Insurance Segment

The weighted average effective duration of our portfolio of fixed maturity securities at June 30, 2015 was 5.2 years compared to 5.2 years at December 31, 2014.

Investment Results

We invest the premiums received from our policyholders and annuitants in order to generate investment income, which is an important component of our revenues and profitability. The amount of investment income that we are able to generate is affected by many factors, some of which are beyond our control. Some of these factors are volatility in the financial markets, economic growth, inflation, interest rates, world political conditions, terrorist attacks or threats of terrorism, adverse events affecting other companies in our industry or the industries in which we invest and other unpredictable national or world events. Our net investment income decreased by 6.6 percent and 7.7

Table of Contents

percent in the three- and six-month periods ended June 30, 2015 compared with the same period of 2014. The decrease is due to the decline of reinvestment interest rates from the continued low interest rate environment and a lower asset base due to declining annuity deposits. We are maintaining our investment philosophy of purchasing fixed income investments rated investment grade or better.

We hold certain investments in limited liability partnerships that are recorded on the equity method of accounting, with changes in value of these investments recorded in investment income. In the three- and six-month periods ended June 30, 2015, our investments in limited liability partnerships contributed $2.2 million and $2.9 million, respectively, to investment income as compared to $2.2 million and $3.2 million, respectively, in the same periods of 2014.

Our net realized investment gains were $0.8 million and $1.7 million, respectively, during the three- and six-month periods ended June 30, 2015, as compared with $2.7 million and $4.9 million, respectively, in the same periods of 2014.

We regularly monitor the difference between our cost basis and the estimated fair value of our investments. Our accounting policy for impairment recognition requires other-than-temporary impairment charges to be recorded when we determine that it is more likely than not that we will be unable to collect all amounts due according to the contractual terms of the fixed maturity security or that the anticipated recovery in fair value of the equity security will not occur in a reasonable amount of time. Impairment charges on investments are recorded based on the fair value of the investments at the measurement date. Factors considered in evaluating whether a decline in value is other-than-temporary include: the length of time and the extent to which fair value has been less than cost; the financial condition and near-term prospects of the issuer; our intention to hold the investment; and the likelihood that we will be required to sell the investment.

Changes in unrealized gains and losses on available-for-sale securities do not affect net income and earnings per share but do impact comprehensive income, stockholders' equity and book value per share. We believe that any unrealized losses on our available-for-sale securities at June 30, 2015 are temporary based upon our current analysis of the issuers of the securities that we hold and current market conditions. It is possible that we could recognize impairment charges in future periods on securities that we own at June 30, 2015 if future events and information cause us to determine that a decline in value is other-than-temporary. However, we endeavor to invest in high quality assets to provide protection from future credit quality issues and corresponding other-than-temporary impairment write-downs.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity measures our ability to generate sufficient cash flows to meet our short- and long-term cash obligations. Our cash inflows are primarily a result of the receipt of premiums, annuity deposits, reinsurance recoveries, sales or maturities of investments, and investment income. Cash provided from these sources is used to fund the payment of losses and loss settlement expenses, policyholder benefits under life insurance contracts, annuity withdrawals, the purchase of investments, operating expenses, dividends, pension plan contributions, and in recent years, common stock repurchases.

We monitor our capital adequacy to support our business on a regular basis. The future capital requirements of our business will depend on many factors, including our ability to write new business successfully and to establish premium rates and reserves at levels sufficient to cover losses. Our ability to underwrite is largely dependent upon the quality of our claims paying and financial strength ratings as evaluated by independent rating agencies. In particular, we require (1) sufficient capital to maintain our financial strength ratings, as issued by various rating agencies, at a level considered necessary by management to enable our insurance company subsidiaries to compete and (2) sufficient capital to enable our insurance company subsidiaries to meet the capital adequacy tests performed by regulatory agencies in the U.S.

Cash outflows may be variable because of the uncertainty regarding settlement dates for losses. In addition, the timing and amount of individual catastrophe losses are inherently unpredictable and could increase our liquidity requirements. The timing and amount of reinsurance recoveries may be affected by reinsurer solvency and reinsurance coverage disputes.

Table of Contents

Historically, we have generated substantial cash inflows from operations. It is our policy to invest the cash generated from operations in securities with maturities that, in the aggregate, correlate to the anticipated timing of payments for losses and loss settlement expenses and future policyholder benefits of the underlying insurance policies, and annuity withdrawals. The majority of our assets are invested in available-for-sale fixed maturity securities.

The following table displays a summary of cash sources and uses in 2015 and 2014.

Cash Flow Summary	Six Months Ended June 30,	
(In Thousands)	2015	2014
Cash provided by (used in)		
Operating activities	$91,256	$55,193
Investing activities	(5,084)	(25,351)
Financing activities	(83,364)	(31,759)
Net increase (decrease) in cash and cash equivalents	$2,808	$(1,917)

Operating Activities

Net cash flows provided by operating activities totaled $91.3 million and $55.2 million for the six-month periods ended June 30, 2015 and 2014, respectively. The increase in operating cash flows in the six-month period ended June 30, 2015 reflects an increase in net income and the timing of the settlement of investment purchases. Our cash flows from operations were sufficient to meet our liquidity needs for the six-month periods ended June 30, 2015 and 2014.

Investing Activities

Cash in excess of operating requirements is generally invested in fixed maturity securities and equity securities. Fixed maturities provide regular interest payments and allow us to match the duration of our liabilities. Equity securities provide dividend income, potential dividend income growth and potential appreciation. For further discussion of our investments, including our philosophy and our strategy for our portfolio, see the "Investment Portfolio" section of this item.

In addition to investment income, possible sales of investments and proceeds from calls or maturities of fixed maturity securities also can provide liquidity. During the next five years, $0.9 billion, or 32.8 percent, of our fixed maturity portfolio will mature.

We invest funds required for short-term cash needs primarily in money market accounts, which are classified as cash equivalents. At June 30, 2015, our cash and cash equivalents included $39.7 million related to these money market accounts, compared to $28.1 million at December 31, 2014.

Net cash flows used in investing activities were $5.1 million for the six-month period ended June 30, 2015 compared to net cash flows used in investing activities of $25.4 million for the six-month period ended June 30, 2014. For the six-month periods ended June 30, 2015 and 2014, we had cash inflows from scheduled and unscheduled investment maturities, redemptions, prepayments, and sales of investments of $386.3 million and $250.9 million, respectively. Our cash outflows for investment purchases were $387.6 million for the six-month period ended June 30, 2015, compared to $272.1 million for the same period of 2014.

Financing Activities

Net cash flows used in financing activities were $83.4 million and $31.8 million for the six-month periods ended June 30, 2015 and 2014, respectively. The increase reflects a higher level of net annuity withdrawals in the six-month period ended June 30, 2015, compared to the same period of 2014.

Table of Contents

Credit Facilities

In December 2011, UFG entered into a credit agreement with a syndicate of financial institutions as lenders, KeyBank National Association as administrative agent, lead arranger, sole book runner, swingline lender, and letter of credit issuer, and Bankers Trust Company as syndication agent.

On June 4, 2013, United Fire & Casualty Company, United Fire Group, Inc. and the syndicated lenders entered into an Assignment, Joinder, Assumption, and Release Agreement (the "Joinder Agreement") transferring the obligations under the credit agreement from United Fire & Casualty Company to United Fire Group, Inc. Effective with the execution of the Joinder Agreement, United Fire & Casualty Company was released from any further obligations under the credit agreement. As of June 30, 2015, there were no balances outstanding under this credit agreement. For further discussion of our credit agreement, refer to Part I, Item 1, Note 8 "Credit Facility" to the unaudited Consolidated Financial Statements.

Dividends

Dividends paid to shareholders totaled $10.5 million and $9.6 million in the six-month periods ended June 30, 2015 and 2014, respectively. Our practice has been to pay quarterly cash dividends, which we have paid every quarter since March 1968.

Payments of any future dividends and the amounts of such dividends, however, will depend upon factors such as net income, financial condition, capital requirements, and general business conditions. We will only pay dividends if declared by our Board of Directors out of legally available funds.

As a holding company with no independent operations of its own, United Fire Group, Inc. relies on dividends received from its insurance company subsidiaries in order to pay dividends to its common shareholders. Dividends payable by our insurance subsidiaries are governed by the laws in the states in which they are domiciled. In all cases, these state laws permit the payment of dividends only from earned surplus arising from business operations. For example, under Iowa law, the maximum dividend or distribution that may be paid within a 12-month period without prior approval of the Iowa Insurance Commissioner is generally restricted to the greater of 10 percent of statutory surplus as of the preceding December 31, or net income of the preceding calendar year on a statutory basis, not greater than earned statutory surplus. Other states in which our insurance company subsidiaries are domiciled may impose similar restrictions on dividends and distributions. Based on these restrictions, at June 30, 2015, United Fire Group Inc.'s sole direct insurance company subsidiary, United Fire & Casualty Company, is able to make a maximum of $46.1 million in dividend payments without prior regulatory approval. These restrictions will not have a material impact in meeting our cash obligations.

Stockholders' Equity

Stockholders' equity increased 1.8 percent to $831.9 million at June 30, 2015, from $817.4 million at December 31, 2014. The increase was primarily attributable to net income of $38.7 million partially offset by a decrease in net unrealized investment gains of $16.9 million, net of tax, during the first six months of 2015, shareholder dividends of $10.5 million and share repurchases of $1.4 million. At June 30, 2015, the book value per share of our common stock was $33.21 compared to $32.67 at December 31, 2014.

Funding Commitments

Pursuant to an agreement with one of our limited liability partnership investments, we are contractually committed through December 31, 2023 to make capital contributions upon request of the partnership. Our remaining potential contractual obligation was $9.4 million at June 30, 2015.

45

Table of Contents

MEASUREMENT OF RESULTS

Our consolidated financial statements are prepared on the basis of GAAP. We also prepare financial statements for each of our insurance company subsidiaries based on statutory accounting principles and file them with insurance regulatory authorities in the states where they do business.

Management evaluates our operations by monitoring key measures of growth and profitability. We believe that disclosure of certain non-GAAP financial measures enhances investor understanding of our financial performance. The following section provides further explanation of the key measures management uses to evaluate our results.

Catastrophe losses is a commonly used non-GAAP financial measure that uses the designations of the Insurance Services Office (ISO) and are reported with losses and loss settlement expense amounts net of reinsurance recoverables, unless specified otherwise. According to the ISO, a catastrophe loss is defined as a single unpredictable incident or series of closely related incidents that result in $25.0 million or more in U.S. industry-wide direct insured losses to property and that affect a significant number of insureds and insurers ("ISO catastrophe"). In addition to ISO catastrophes, we also include as catastrophes those events ("non-ISO catastrophes"), which may include U.S. or international losses that we believe are, or will be, material to our operations, either in amount or in number of claims made. Management, at times, may determine for comparison purposes that it is more meaningful to exclude extraordinary catastrophe losses and resulting litigation. The frequency and severity of catastrophic losses we experience in any year affect our results of operations and financial position. In analyzing the underwriting performance of our property and casualty insurance segment, we evaluate performance both including and excluding catastrophe losses. Portions of our catastrophe losses may be recoverable under our catastrophe reinsurance agreements. We include a discussion of the impact of catastrophes because we believe it is meaningful for investors to understand the variability in our periodic earnings.

	Three Months Ended June 30,		Six Months Ended June 30,	
(In Thousands)	2015	2014	2015	2014
ISO catastrophes	$19,823	$20,603	$20,034	$23,878
Non-ISO catastrophes [1]	347	—	347	—
Total catastrophes	$20,170	$20,603	$20,381	$23,878

(1) This number includes international assumed losses.

Table of Contents

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have exposure to market risk arising from potential losses in our investment portfolio due to adverse changes in interest rates and market prices. However, we have the ability to hold fixed maturity investments to maturity. Our investment guidelines define the overall framework for managing our market and other investment risks including accountability and controls. In addition, each of our subsidiaries has specific investment policies that delineate the investment limits and strategies that are appropriate given each entity's liquidity, surplus, product, and regulatory requirements. We respond to market risk by managing the character of investment purchases.

It is our philosophy that we do not utilize financial hedges or derivative financial instruments to manage risks, nor do we enter into any swap, forward or option contracts, but attempt to mitigate our exposure through active portfolio management. In addition, we place the majority of our investments in high-quality, liquid securities and limit the amount of credit exposure to any one issuer. At June 30, 2015, we did not have direct exposure to investments in sub-prime mortgages or other credit-enhancement exposures.

While our primary market risk exposure is to changes in interest rates, we do have limited exposure to changes in equity prices and limited exposure to foreign currency exchange rates.

There have been no material changes in our market risk or market risk factors from what we reported in our Annual Report on Form 10-K for the year ended December 31, 2014.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures
Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures, as of the end of the period covered by this report, were designed and functioning effectively to provide reasonable assurance that the information required to be disclosed by us in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. We believe that a control system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the control system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

Changes in Internal Control Over Financial Reporting

Our management, including our Chief Executive Officer and Chief Financial Officer, has evaluated our internal control over financial reporting to determine whether any changes occurred during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Based on this evaluation, no such change in our internal control over financial reporting occurred during the fiscal quarter to which this report relates.

Table of Contents

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS
We consider all of our litigation pending as of June 30, 2015 to be ordinary, routine, and incidental to our business.
ITEM 1A. RISK FACTORS

Our business is subject to a number of risks, including those identified in Part I, Item 1A "Risk Factors" in our 2014 Annual Report on Form 10-K filed with the SEC on March 2, 2015, that could have a material effect on our business, results of operations, financial condition, and/or liquidity and that could cause our operating results to vary significantly from period to period. The risks described in the above mentioned report are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial could also have a material effect on our business, results of operations, financial condition and/or liquidity.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Under our share repurchase program, first announced in August 2007, we may purchase UFG common stock from time to time on the open market or through privately negotiated transactions. The amount and timing of any purchases will be at our discretion and will depend upon a number of factors, including the share price, general economic and market conditions, and corporate and regulatory requirements.

The following table provides information with respect to purchases of shares of common stock made by or on our behalf or by any "affiliated purchaser," as defined in Rule 10b-18(a)(3) under the Exchange Act, during the three-month period ended June 30, 2015.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as a Part of Publicly Announced Plans or Programs	Maximum Number of Shares that may yet be Purchased Under the Plans or Programs[1]
4/1/2015 - 4/30/2015	—	$—	—	1,570,645
5/1/2015 - 5/31/2015	11,768	29.83	11,768	1,558,877
6/1/2015 - 6/30/2015	300	30.00	300	1,558,577
Total	12,068	$29.84	12,068	

(1) Our share repurchase program was originally announced in August 2007. In August 2014, our Board of Directors authorized the repurchase of up to an additional 1,000,000 shares of common stock through the end of August 2016. This is in addition to the 818,601 shares of common stock remaining under its previous authorization in August 2012.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

Table of Contents

ITEM 6. EXHIBITS

Exhibit number	Exhibit description	Filed herewith
3.1	Articles of Amendment to the Articles of Incorporation of United Fire Group, Inc., dated May 20, 2015, filed with the SEC as Exhibit 3.1 to the Registrant's Current Report on Form 8-K/A on May 26, 2015 and incorporated herein by reference.	
31.1	Certification of Randy A. Ramlo pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X
31.2	Certification of Dawn M. Jaffray pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X
32.1	Certification of Randy A. Ramlo pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X
32.2	Certification of Dawn M. Jaffray pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X
101.1	The following financial information from United Fire Group, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 formatted in XBRL: (i) Consolidated Balance Sheets at June 30, 2015 (unaudited) and December 31, 2014; (ii) Consolidated Statements of Income and Comprehensive Income (unaudited) for the three and six months ended June 30, 2015 and 2014; (iii) Consolidated Statement of Stockholders’ Equity (unaudited) for the six months ended June 30, 2015; (iv) Consolidated Statements of Cash Flows (unaudited) for the three and six months ended June 30, 2015 and 2014; and (v) Notes to Unaudited Consolidated Financial Statements, tagged as a block of text.	X

Table of Contents

SIGNATURES

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

UNITED FIRE GROUP, INC.
(Registrant)

/s/ Randy A. Ramlo Randy A. Ramlo	/s/ Dawn M. Jaffray Dawn M. Jaffray
President, Chief Executive Officer,	Senior Vice President, Chief Financial Officer and
Director and Principal Executive Officer	Principal Accounting Officer
August 4, 2015 (Date)	August 4, 2015 (Date)