EXAMINATION REPORT OF

UNITED FIRE & CASUALTY COMPANY

CEDAR RAPIDS, IOWA

AS OF DECEMBER 31, 2023

Cedar Rapids, Iowa
April 2, 2025

HONORABLE DOUG OMMEN
Commissioner of Insurance
State of Iowa
Des Moines, Iowa

Commissioner,

In accordance with your authorization and pursuant to Iowa statutory provisions, an examination has been made of the records, business affairs and financial condition of

UNITED FIRE & CASUALTY COMPANY

CEDAR RAPIDS, IOWA

AS OF DECEMBER 31, 2023

at its headquarters at 118 2nd Ave SE, Cedar Rapids, Iowa 52401.

INTRODUCTION

United Fire & Casualty Company, hereinafter referred to as the “Company” or “UFC”, was last examined, as of December 31, 2018. The examination reported herein was conducted as a coordinated examination of the United Fire Group, Inc. with the Insurance Division of Iowa acting as the Lead State. Representatives from the California Department of Insurance, Louisiana Department of Insurance, New Jersey Department of Banking and Insurance, Pennsylvania Insurance Department, and Texas Department of Insurance also participated.

The following insurance entities were examined as part of the coordinated examination, with separate examination reports prepared for each entity.

United Fire & Casualty Company (UFC)	IA
Addison Insurance Company (ADD)	IA
UFG Specialty Insurance Company (UFGS)	IA
Financial Pacific Insurance Company (FPIC)	CA
Lafayette Insurance Company (LAF)	LA
Mercer Insurance Company of NJ, Inc. (MNJ)	NJ
Franklin Insurance Company (FIC)	PA
Mercer Insurance Company (MIC)	PA
United Fire & Indemnity Company (UFI)	TX
United Fire Lloyds (UFL)	TX

SCOPE OF EXAMINATION

This is the regular comprehensive financial examination of the Company covering the intervening period from January 1, 2019, to the close of business on December 31, 2023, including any material transactions and/or events occurring and noted subsequent to the examination period.

The examination was conducted in accordance with the National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook. The Handbook requires that the Division plan and perform the examination to evaluate the financial condition, identify current and prospective risks of the company and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles.

The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

The examination report includes significant findings of fact and general information about the insurer and its financial condition.

HISTORY

The Company was incorporated under a perpetual charter as the United Casualty Company on January 2, 1946. An amendment to the Articles of Incorporation, adopted in January of 1950, changed the corporate name to United Fire & Casualty Company and authorization was obtained to write multiple lines of insurance under the provisions of Chapter 515, Code of Iowa.

In 1962, the United Life Insurance Company was formed to offer life insurance facilities to the Company's fire and casualty agents. On March 30, 2018, United Life Insurance Company was sold to Kuvare US Holdings, Inc.

In September 1979, the Company purchased all the outstanding common stock shares of the Lafayette Insurance Company of New Orleans, Louisiana.

In June 1990, the Company acquired all of the common stock shares of Addison Farmers' Insurance Company of Lombard, Illinois. March 1997, Addison Farmers' Insurance Company changed its name to Addison Insurance Company.

On August 10, 1999, the Company acquired American Indemnity Financial Corporation (AIFC) as a wholly owned subsidiary. AIFC, domiciled in Delaware and based in Texas, was a holding company that was made up of the following regional property and casualty insurance companies: American Indemnity Company (AIC) domiciled in Texas, United Fire & Indemnity Company, Texas General Indemnity Company, and United Fire Lloyds.

On March 28, 2011, the Company purchased Mercer Insurance Group (Mercer). Mercer offered commercial and personal lines of insurance to businesses and individuals through its insurance subsidiaries: Mercer Insurance Company, Mercer Insurance Company of New Jersey, Inc., Franklin Insurance Company, and Financial Pacific Insurance Company.

On February 1, 2012, a reorganization of United Fire & Casualty Company and all the subsidiary/affiliated companies was completed. United Fire Group, Inc. (UFG), an Iowa corporation, replaced UFC as the publicly held corporation. The holders of UFC common stock were issued the same number of shares and same ownership percentage of UFG as they held immediately prior to the reorganization. On February 2, 2012, shares of UFG common stock commenced trading on the NASDAQ Global Select Market under the symbol "UFCS". The directors and executive officers remained the same.

On April 1, 2015, Texas General Indemnity Company re-domesticated from Westminster, Colorado to Cedar Rapids, Iowa and the company was renamed UFG Specialty Insurance Company on July 1, 2015.

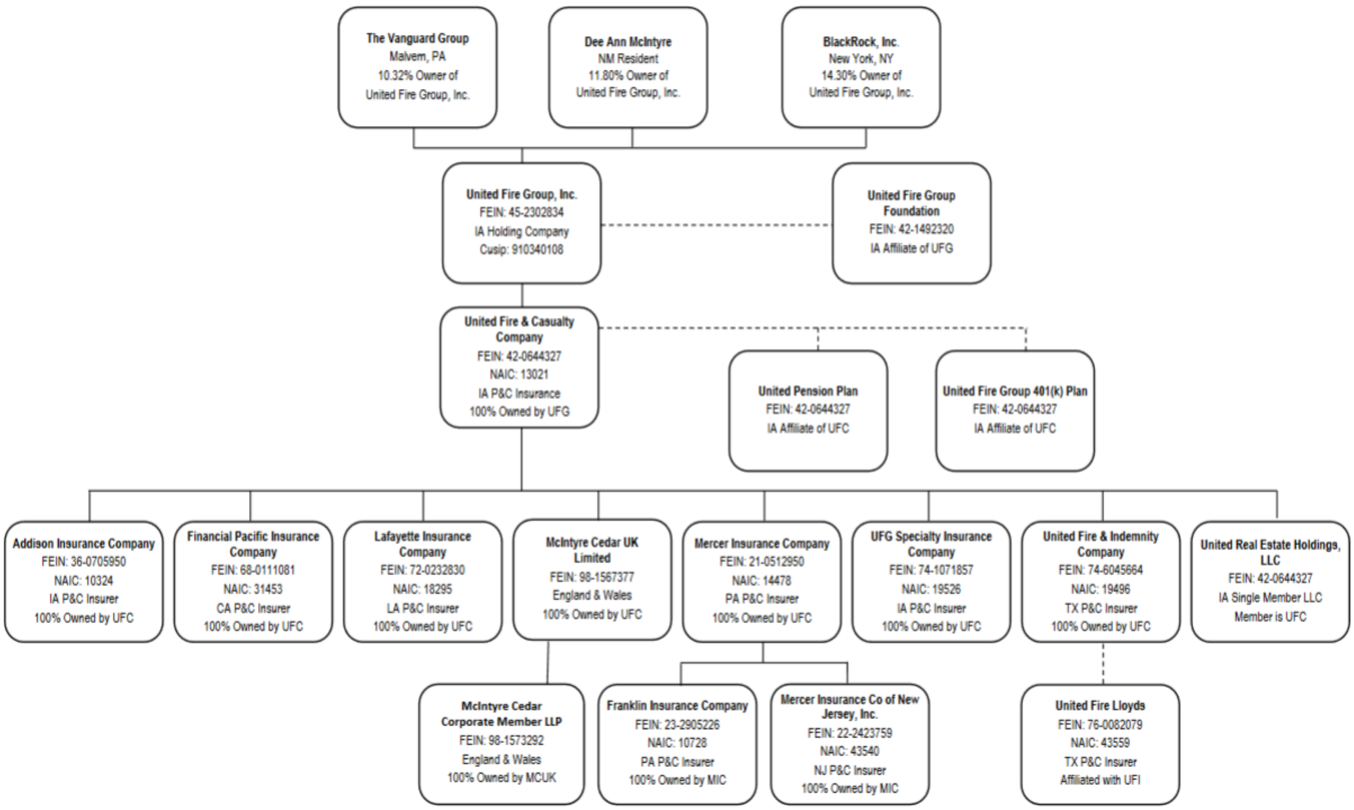
In 2015, the Company dissolved three of its holding companies in order to flatten their organizational chart. The companies dissolved were American Indemnity Financial Corporation, Mercer Insurance Group, Inc. and Financial Pacific Insurance Group, Inc.

On September 25, 2020, McIntyre Cedar UK Limited and McIntyre Cedar Corporate Member LLP were formed as subsidiaries to the Company to participate in the Funds of Lloyds. McIntyre Cedar UK Limited is an England and Wales stock company and holds 100% interest in McIntyre Cedar Corporate Member LLP, an England and Wales limited liability partnership.

INSURANCE HOLDING COMPANY SYSTEM

United Fire Group, Inc. (UFG), the Ultimate Parent, is a member of a Holding Company System as defined by Chapter 521A, Code of Iowa. The authorized capital stock of UFG is 75,000,000 shares of common stock having a par value of $.001, and 10,000,000 shares of serial preferred stock having no par value per share. At December 31, 2023, 25,269,842 common shares were outstanding and stockholders' equity totaled $733,745,000.

An organizational chart identifying the Holding Company System as of December 31, 2023, is as follows:



CAPITAL STOCK AND DIVIDENDS THEREON

The authorized capital stock of the Company consisted of 75,000,000 shares of common stock with a par value of $3.33 1/3 per share and 10,000,000 shares of preferred stock with no par value per share. Issued and outstanding capital, as of December 31, 2023, consists of 2,100,000 shares of common stock. Capital paid up and gross paid in and contributed surplus totaled $7,000,000 and $206,986,808, respectively. Cash dividends paid to stockholder during the examination period under review are as follows:

2019 –	$ 57,000,000
2020 –	4,000,000
2021 –	10,000,000
2022 –	12,000,000
2023 –	13,200,000

MANAGEMENT AND CONTROL

SHAREHOLDERS

The annual shareholders meeting, for the election of directors and for the transaction of such other business as may properly come before the meeting, shall be held on the third Wednesday in the month of May in each year, provided the Board may fix some other date which is within 30 days before or after said date. If such day shall be a legal holiday, the meeting shall be held on the following day. The place of meetings shall be held at the corporate office or within the State of Iowa.

BOARD OF DIRECTORS

The Bylaws provide that the business and affairs of the Company are managed by a Board of Directors consisting of at least five and no greater than nine in number. Each director shall hold office until the next annual meeting of shareholders and until the director's successor has been elected and qualified.

A regular meeting of the Board of Directors shall be held without other notice than as prescribed in the Bylaws immediately after, and at the same place as the annual meeting of shareholders.

Elected and qualified directors serving at December 31, 2023 were as follows:

Name	Principal Business Affiliation	Term Expires
Kevin J. Leidwinger Cedar Rapids, IA	President and Chief Executive Officer United Fire & Casualty Company	2024
Sarah E. Madsen North Liberty, IA	Vice President, Chief Legal Officer and Corporate Secretary United Fire & Casualty Company	2024
Eric J. Martin Marion, IA	Executive Vice President and Chief Financial Officer United Fire & Casualty Company	2024
James W. Noyce West Des Moines, IA	UFG Director, Chairman Former CEO & Director of FBL Financial Group, Inc.	2024
Corey L. Ruehle Cedar Rapids,IA	Vice President & Chief Claims Officer United Fire & Casualty Company	2024
Julie A. Stephenson Midlothian, TX	Executive Vice President and Chief Operating Officer United Fire & Casualty Company	2024

OFFICERS

The Bylaws provide that the Board of Directors shall annually elect a President, a Vice President, a Secretary, and a Treasurer. The Board of Directors may appoint other officers or assistant officers as it deems necessary.

Officers serving as of December 31, 2023, were as follows:

Name	Title
Kevin J. Leidwinger	President and Chief Executive Officer, Principal Executive Officer
Eric J. Martin	Executive Vice President, Chief Financial Officer, Principal Financial Officer
Julie A. Stephenson	Executive Vice President and Chief Operating Officer
Jeremy J. Bahl	Vice President, Field Operations
Robert F. Cataldo*	Vice President and Chief Investment and Strategy Officer
Sarah E. Madsen	Vice President, Chief Legal Officer and Corporate Secretary
Corey L. Ruehle	Vice President and Chief Claims Officer
Micah G. Wollstenhulme	Vice President and Chief Risk Officer
Kelly A. Walsh	Vice President and Chief Underwriting Officer
Lindsay E. Lovvorn	Vice President and Chief Administrative Officer

*Robert Cataldo ceased to serve as Vice President and Chief Investment and Strategy Officer on April 30, 2024.

In addition to the above, the Company has fourteen named assistant officers. The salaries of the above officers are shown in Exhibit A, found immediately following the signature page of this report.

CONFLICT OF INTEREST

The Company has a documented conflict of interest policy and an established procedure for the annual disclosure to its Board of Directors and Audit Committee of any material interest or affiliation on the part of its directors, officers or key employees which is in, or likely to, conflict with the official duties of such person. While conflicts were disclosed, none were found to have a material impact on the Company, and all were addressed by the Audit Committee.

CORPORATE RECORDS

The Articles of Incorporation and Bylaws were not amended during the period under review. The recorded minutes of the Shareholders and Board of Directors meetings were read and noted.

The minutes of the Action Without Meeting by Consent of Directors held during the third quarter of 2020, acknowledged the review and receipt of the Iowa Insurance Division Financial Examination Reports for the period from January 1, 2014, through December 31, 2018.

AFFILIATED COMPANY AGREEMENTS

Agents’ Balances Payment and Reimbursement Agreement

United Fire & Casualty Company makes all payments to and receives all payments from appointed agents and insureds on behalf of the other insurance entities in the United Fire Group. All amounts due from agents are recorded as agents' receivables on the books of United Fire & Casualty Company. A corresponding 'payable to affiliate' is recorded by United Fire & Casualty Company for agents' receivables related to the other agreement members. Affiliated members record a 'receivable from affiliate' for the amounts due for their direct premiums written, less the direct commissions paid. Settlement of amounts payable for agents' balances shall be within 30 days following the end of each month. Any uncollected intercompany balances more than 60 days past due shall accrue interest at the rate of .25 percent. All non-admitted amounts and amounts collected which are considered 'unallocated remittances' are recorded on the books of United Fire & Casualty Company.

Intercompany Investment Apportionment Agreement

Under the terms of the agreement UFC will provide investment management services for itself and for the benefit of its subsidiary/affiliate companies. Each company to this Agreement will pay a proportionate share of the projected investment expenses incurred by UFC on a monthly basis. In exchange, UFC will charge each subsidiary/affiliate a pro-rata share of consolidated investment expenses based on the sum of the par value of its bonds and market value of its nonaffiliated securities in relation to that of the consolidated group. The projected investment expenses are calculated on an annual basis.

Intercompany Credit Agreements

UFC as the "Lender" - This Agreement allows each other group member to borrow a maximum of $5 million from UFC on a short-term basis and at prevailing interest rates. Settlement of all minimum principal payments, interest, fees or other liabilities due under any of the Loan Documents will occur within 30 days from the end of the month in which they are incurred. Promissory notes issued as part of any Loan Documents will contain a duration no longer than one year.

UFC as the "Borrower" - This Agreement allows UFC to borrow funds, on a short-term basis and at prevailing interest rates from other member companies of the group. UFC may borrow up to 10% of any individual member company's statutory surplus, up to an aggregate amount of $50,000,000. This will enable UFC to fund its own working capital requirements. Borrowers' obligation to repay advances under the Line of Credit shall be evidenced by a promissory note subject to the terms and conditions stated in the Agreement. Settlement of all minimum principal payments, interest, fees or other liabilities due under any of the Loan Documents will occur within 30 days from the end of the month in which they are incurred. Promissory notes issued as part of any Loan Documents will contain a duration no longer than one year.

Tax Allocation Agreement

The United Fire Group, Inc. files a consolidated Federal income tax return with the method of allocation between the companies subject to a written agreement approved by the Board of Directors. The allocated tax liability for each insurer will not be greater than the tax liability it would have incurred if it had been filing separate tax returns. Intercompany balances are settled within 30 days after the filing of a return, an amendment, or receipt of a refund.

FIDELITY BOND AND OTHER INSURANCE

The Company and its affiliates are protected by an insurance company’s fidelity bond in the amount of $2,000,000 single limit and $4,000,000 aggregate limit which meets the NAIC recommended minimum amount. Other coverages in place appear to adequately protect the interests of the Company. All policies are written with companies authorized to write in Iowa.

EMPLOYEES' WELFARE

The United Fire & Casualty Company provides eligible employees a core of health-related benefits which include:

Medical insurance	Life insurance
Dental insurance	Long-term care
Vision insurance	Wellness program
Short- and long-term disability	

The United Fire & Casualty Company provides eligible employees retirement related benefits which include:

Employee Stock Purchase Plan
Pension Plan
401(k) Plan

REINSURANCE

INTER-COMPANY POOLING

All insurance affiliates belong to an intercompany reinsurance pooling arrangement whereby the companies cede all insurance business to United Fire & Casualty Company. The business that is ceded, plus the direct, assumed and ceded business of United Fire & Casualty Company is accumulated for pooling. Each subsidiary records their allocation from the pool as assumed business. Direct and net pooled premiums totaled $1,014,277,155 and $1,034,005,513, respectively, for 2023.

Pooling participation at December 31, 2023 is as follows:

United Fire & Casualty Company	**64%**
Mercer Insurance Company	9
Financial Pacific Insurance Company	8
Lafayette Insurance Company	7
Addison Insurance Company	4
Mercer Insurance Company of New Jersey	3
United Fire & Indemnity Company	2
UFG Specialty Insurance Company	1
Franklin Insurance Company	1
United Fire Lloyds	1

ASSUMED REINSURANCE

United Fire & Casualty Company assumes a small participation of 5% or less in property quota share treaties placed through a reinsurance broker. The aggregate business assumed is not to exceed $20,000,000.

CEDED REINSURANCE

The United Fire Group utilizes reinsurance brokers to place external cover. Business ceded to external reinsurers for the pooled group is recorded on behalf of the pooled group by United Fire & Casualty Company. The following is the summary of each ceded treaty as of January 1, 2023.

Multiple Line Excess of Loss

This Contract is to indemnify the Company in respect of the liability that may accrue to the Company as a result of loss or losses under Policies in force at the inception of this Contract, or written or renewed during the term of this Contract by or on behalf of the Company, and classified by the Company as Property Business and Casualty Business including, but not limited to, Personal Umbrella, Commercial Umbrella, Employment Practices Liability, Workers' Compensation and Employers' Liability, subject to the terms and conditions herein contained.

Section A - Property – the reinsurer shall be liable in respect of each and every risk, each and every loss, for 100% of the ultimate net loss in excess of $3,000,000 retention, subject to a maximum limit of liability to the reinsurer of $8,000,000, each and every risk, each and every loss and $24,000,000 of ultimate net loss in any one loss occurrence.

Section B - Casualty, Umbrella and Employment Practice Liability – the reinsurer shall be liable in respect of each and every loss occurrence, for 100% of the ultimate net loss in excess of $3,000,000 retention, subject to a maximum limit of liability to the reinsurer of $8,000,000, each and every loss occurrence. On business classified as Railroad Protective or Owners' and Contractors' Protective, a maximum of $5,000,000 of each policy limit and any one loss occurrence shall apply, subject to a maximum limit of liability to the reinsurer of $10,000,000 of ultimate net loss in the aggregate.

Section C – Basket (Applies to Sections A and B) - in the event a loss occurrence involves losses to both Section A and Section B business, irrespective of whether such losses exceed the applicable retentions provided under Section A and Section B above, the reinsurer shall be liable for 100% of the ultimate net loss in excess of $3,000,000 each and every loss occurrence, subject to a limit of $3,000,000 each and every loss occurrence.

Section D – Terrorism – in no event shall the Reinsurer's liability exceed $24,000,00 of ultimate net loss in the aggregate for covered terrorism losses during the term of this contract.

Property Second Per Risk Excess of Loss

The Reinsurer shall be liable in respect of each and every risk, each and every loss, for one hundred percent (100%) of the amount of the Company's Ultimate Net Loss in excess of an initial Ultimate Net Loss of $11,000,000, each and every risk, each and every loss; subject to a maximum limit of liability to the Reinsurer of $14,000,000, each and every risk, each and every loss. However, in no event shall the Reinsurer's liability exceed $14,000,000 on Ultimate Net Loss as respects all risks in any one Loss Occurrence. Notwithstanding the above, as respects Act of Terrorism, the Reinsurer's liability shall be limited to $14,000,000 of Ultimate Net Loss.

Casualty Second Excess of Loss

The Reinsurers shall be liable in respect of each and every Loss Occurrence for one hundred percent (100%) of the amount of the Company's Ultimate Net Loss in excess of an initial Ultimate Net Loss of $11,000,000, each and every Loss Occurrence; subject to a maximum limit of liability to the Reinsurers of $9,000,000, each and every Loss Occurrence. Notwithstanding the above, as respects Acts of Terrorism, the Reinsurer's liability shall be limited to $9,000,000 for all Loss Occurrence.

Casualty Third Excess of Loss

The Reinsurers shall be liable in respect of each and every Loss Occurrence for one hundred percent (100%) of the amount of the Company's Ultimate Net Loss in excess of an initial Ultimate Net Loss of $20,000,000, each and every Loss Occurrence; subject to a maximum limit of liability to the Reinsurers of $20,000,000, each and every Loss Occurrence. Notwithstanding the above, as respects Acts of Terrorism, the Reinsurer's liability shall be limited to $20,000,000 for all Loss Occurrences.

Casualty Fourth Excess of Loss

The Reinsurers shall be liable in respect of each and every Loss Occurrence for one hundred percent (100%) of the amount of the Company's Ultimate Net Loss in excess of an initial Ultimate Net Loss of $40,000,000, each and every Loss Occurrence; subject to a maximum limit of liability to the Reinsurers of $20,000,000, each and every Loss Occurrence. Notwithstanding the above, as respects Acts of Terrorism, the Reinsurer's liability shall be limited to $20,000,000 for all Loss Occurrences

Pillar Occurrence Excess of Loss

This contract applies to losses arising from Covered Perils under Policies classified by the company as follows: Property Policies that are in force at the inception of this Contract, or written or renewed during the term of this Contract by or on behalf of the Company; and Difference in Conditions and Earthquake that are in force at the inception of this Contract, written or renewed by or through Arrowhead General Insurance Agency, Inc., San Diego, California, (the "MGA"), for and on behalf of the Company.

The Company shall retain and be liable for the first $6,000,000 of Net Loss arising out of any one Loss Occurrence, and the Reinsurer shall then be liable for the amount by which such Net Loss exceeds the Company's retention, but the liability of the Reinsurer hereunder shall not exceed $10,000,000 as respects any one Loss Occurrence, nor shall it exceed $30,000,000 as respects all Loss Occurrences commencing during the term of this Contract. Notwithstanding the provisions of paragraph above, no claim shall be recoverable hereunder unless and until paid Subject Excess Losses arising out of Loss Occurrences commencing during the term of this Contract exceed $10,000,000 in the aggregate. This treaty is 90% placed.

Property Catastrophe Excess of Loss

This contract applies to losses arising from Covered Perils under Policies classified by the company as follows: Property Policies that are in force at the inception of this Contract, or written or renewed during the term of this Contract by or on behalf of the Company; and Difference in Conditions and Earthquake that are in force at the inception of this Contract, written or renewed by or through Arrowhead General Insurance Agency, Inc., San Diego, California, (the "MGA"), for and on behalf of the Company.

First Layer - The reinsurer shall be liable to indemnify the company for each and every loss occurrence, for 100% of the excess net loss above an initial net loss to the company of $20,000,000 each and every loss occurrence; but the reinsurers shall not be liable for more than $10,000,000 of net loss for each and every loss occurrence. The reinsurers' liability in respect of excess net loss for the contract period shall be limited to $20,000,000 in all as respects all net loss on business covered as a result of all loss occurrences taking place during the contract. The First Layer is 71.50% placed.

Second Layer - The reinsurer shall be liable to indemnify the company for each and every loss occurrence, for 100% of the excess net loss above an initial net loss to the company of $30,000,000 each and every loss occurrence; but the reinsurers shall not be liable for more than $30,000,000 of net loss for each and every loss occurrence. The reinsurers' liability in respect of excess net loss for the contract period shall be limited to $60,000,000 in all as respects all net loss on business covered as a result of all loss occurrences taking place during the contract. The Second Layer is 100% placed.

Third Layer - The reinsurer shall be liable to indemnify the company for each and every loss occurrence, for 100% of the excess net loss above an initial net loss to the company of $60,000,000 each and every loss occurrence; but the reinsurers shall not be liable for more than $70,000,000 of net loss for each and every loss occurrence. The reinsurers' liability in respect of excess net loss for the contract period shall be limited to $140,000,000 in all as respects all net loss on business covered as a result of all loss occurrences taking place during the contract. The Third layer is 100% placed.

Fourth Layer - The Reinsurer shall be liable to indemnify the Company for each and every Loss Occurrence, for 100% of the excess Net Loss above an initial Net Loss to the Company of $130,000,000 each and every Loss Occurrence; but the Reinsurer shall not be liable for more than $70,000,000 of Net Loss for each and every Loss Occurrence. The Reinsurer’s liability in respect of excess Net Loss hereunder for the Contract period shall be limited to $140,000,000 in all as respects all Net Loss on Business Covered hereunder as a result of all Loss Occurrences taking place during the Contract. The Fourth Layer is 30% placed.

Private Fourth Layer - The Reinsurer shall be liable to indemnify the Company for each and every Loss Occurrence, for 100% of the excess Net Loss above an initial Net Loss to the Company of $130,000,000 each and every Loss Occurrence; but the Reinsurer shall not be liable for more than $50,000,000 of Net Loss for each and every Loss Occurrence. The Reinsurer’s liability in respect of excess Net Loss hereunder for the Contract period shall be limited to $100,000,000 in all as respects all Net Loss on Business Covered hereunder as a result of all Loss Occurrences taking place during the Contract. The Private Fourth Layer is 70% placed.

Earthquake Quota Share

This Contract applies to all Policies written by the Company and produced by Arrowhead General Insurance Agency, Inc., San Diego, California, and classified by the Company as Difference in Conditions Earthquake business in force at the inception of the term of this Contract or written with a Policy period (new or renewal) effective during the term of this Contract.

Quota Share – As respects to business covered, the Reinsurer shall be liable to, indemnify and reinsure the Company for its proportionate signed share of a one hundred percent (100%) quota share of the Company’s net liability. In no event shall the Reinsurer’s liability (including Extra-Contractual Obligations, Loss Excess of Policy Limits, and Loss Adjustment Expenses) for any one Loss Occurrence exceed its proportionate signed share of the lesser of One Hundred Seventy Million Dollars ($170,000,000) or six hundred eighty percent (680%) of the in-force gross written premium determined as of June 30, 2023. In no event shall the Reinsurer’s liability (including Extra-Contractual Obligations, Loss Excess of Policy Limits, and Loss Adjustment Expenses) exceed its proportionate signed share of the lesser of Three Hundred Forty Million Dollars ($340,000,000) or one thousand three hundred sixty percent (1360%) of the in-force gross written premium determined as of June 30, 2023 for all Loss Occurrences during the term of this Contract. The quota share inures to the benefit of the Property Catastrophe Excess of Loss. The quota share is 33.25% placed.

Surety Excess of Loss

This contract is to indemnify the Company in respect of the liability that may accrue to the Company as a result of loss or losses under Bonds classified as surety business by The Surety & Fidelity Association of America.

The reinsurer shall be liable in respect of any one Principal, any one loss discovered for the ultimate net loss over and above the initial ultimate net loss retention(s) set forth in the schedule below for any one Principal, any one loss discovered, subject to a limit of liability to the reinsurer as set forth in the schedule below for any one principal, any one loss discovered. Furthermore, the reinsurer’s liability for all losses discovered during the term of this contract shall not exceed the aggregate limit amounts set forth in the schedule below:

Layer	Company's Retention	Reinsurer's Limits of Liability	
	Ultimate Net Loss in respect of any one Principal, any one Loss Discovered	Ultimate Net Loss in respect of any one Principal, any one Loss Discovered	Aggregate Limit- Ultimate Net Loss in respect of all Losses Discovered subject hereto
First	$ 2,000,000	$ 8,000,000	$32,000,000
Second	$10,000,000	$15,000,000	$30,000,000
Third	$25,000,000	$25,000,000	$50,000,000

Specialty Casualty Variable Quota Share

This Contract is to indemnify the Company in respect of the liability that may accrue to the Company as a result of loss or losses under Policies classified by the Company as Umbrella Liability and Excess Liability business written by the Company's Specialty Division, written or renewed during the term of this Contract by or on behalf of the Company, subject to the terms and conditions herein contained.

The Company shall cede, and the Reinsurer shall accept as reinsurance, a variable quota share of all business reinsured hereunder, per the limits indicated in the chart below.

Policy Limit	Variable Cession Percentage
$ 0 - $3,000,000	20.0%
$ 3,000,001 - $4,000,000	25.0%
$ 4,000,001 - $5,000,000	40.0%

Professional Liability Quota Share

By this Contract the Company obligates itself to cede to the Reinsurer and the Reinsurer obligates itself to accept quota share reinsurance of the Company's Net Liability, Loss Adjustment Expense, Extra Contractual Obligations and/or Loss in Excess of Policy Limits under policies, contracts and binders of insurance or reinsurance issued, accepted or held covered provisionally or otherwise (hereinafter referred to as "Policies") issued or renewed at or after the effective time and date hereof, covering business classified by the Company as Professional Liability and related coverages produced and underwritten by Tango Specialty Insurance Services, LLC (hereinafter referred to as "Tango Specialty").

Quota Share - As respects business subject to this Contract, the Company shall cede to the Reinsurer and the Reinsurer agrees to accept a 100% share of the Company's Net Liability hereunder.

B. The maximum Policy limit subject to this Contract shall be $3,000,000, or so deemed, per Claim Made or Occurrence, per insured, as applicable. The Company may issue one or more Policies to the same insured, for the same insured coverage so long as the total limits per insured for the same insured coverage do not exceed $3,000,000, or so deemed, per Claim Made or Occurrence, per insured, as applicable. Notwithstanding the foregoing, the maximum Policy limits hereunder shall be further defined as follows:

1. As respects Senior Living Policies, $2,000,000, or so deemed, per Claim Made or Occurrence, per insured, as applicable;
2. As respects Security Guard Policies, $2,000,000, or so deemed, per Claim Made or Occurrence, per insured, as applicable.
3. As respects Actuarial Professional Liability Policies, $2,000,000, or so deemed, per Claim Made or Occurrence, per insured, as applicable.
4. As respects Architects and Engineers Policies with structural or geotechnical engineers, as defined by the Company, $1,000,000, or so deemed, per Claim Made or Occurrence, per insured, as applicable.
5. As respects Sexual Molestation Liability, as defined by the Company, $1,000,000 sublimit on a primary basis and $3,000,000 sublimit on an excess basis, or so deemed, per Claim Made or Occurrence, per insured, as applicable. Further, as respects Allied Health business, any Sexual Molestation Liability not written on an aggregated basis is hereby excluded from this Contract.

C. Notwithstanding the above, the Company may cede not greater than 15 Policies hereunder with limits excess of $3,000,000, or so deemed, per Claim Made or Occurrence, per insured, as applicable, being the first 15 Policies with limits excess of $3,000,000 bound by the Company and ceded to this Contract in chronological order per the date the Policy was bound. Such Policies with limits in excess of $3,000,000 shall not exceed a limit of $5,000,000 on a standalone or ventilated basis per Claim Made or Occurrence, per insured, as applicable, or $5,000,000 in Net Written Premium.

D. Further notwithstanding the above, as respects Policies written on an Occurrence basis only, the Company may cede: (i) not greater than 15 Security Guard Professional Liability Policies with limits of $2,000,000 or less, or so deemed, per Occurrence, per insured, as applicable, hereunder, being the first 15 Security Guard Policies bound by the Company and ceded to this Contract in chronological order per the date the Policy was bound, and/or (ii) not greater than 15 Policies for all other classes of business hereunder, being the first 15 Policies bound by the Company, ceded to this Contract in chronological order per the date the Policy was bound, with limits of $2,000,000 or less, or so deemed, per Occurrence, per insured, as applicable. In addition, Claims-Made E&O coverage written by the Company that is packaged with General Liability Occurrence coverage is allowed hereunder and will not impact the Policy limitations expressed in this Paragraph D.

Marine Quota Share

By this Contract the Company obligates itself to cede to the Reinsurer and the Reinsurer obligates itself to accept quota share reinsurance of the Company's Net Liability under policies, contracts and binders of insurance or reinsurance issued, accepted or held covered provisionally or otherwise (hereinafter referred to as "Policies") issued or renewed at or after the effective time and date hereof, covering business classified by the Company as Marine Specialty-related coverages including Marine Liability, Marine Excess Liability/Bumbershoot, Hull & Machinery ("H&M"), Protection and Indemnity ("P&I") and Cargo produced and underwritten by Tango Specialty Insurance Services LLC ("Tango Specialty").

Quota Share - As respects business subject to this Contract, the Company shall cede to the Reinsurer and the Reinsurer agrees to accept a 100% share of the Company's Net Liability hereunder.

B. The maximum Policy limit subject to this Contract shall be $5,000,000, or so deemed, per insured, as applicable, except for those Policies described in paragraph C below. Notwithstanding the foregoing, the maximum Policy limits hereunder shall be further defined as follows:

1. As respects Primary Marine Liability, $5,000,000, or so deemed, per insured, as applicable;
2. As respects Excess Marine Liability and Bumbershoot, $5,000,000, or so deemed, per insured, as applicable;
3. As respects Primary P&I, $1,000,000, or so deemed, per insured, as applicable;
4. As respects Excess P&I, $5,000,000, or so deemed, per insured, as applicable;
5. As respects Craft Hull, $5,000,000, or so deemed, per insured and scheduled vessel, as applicable;
6. As respects Cargo, $5,000,000, or so deemed, per insured, as applicable.

C. In addition, the maximum aggregate per event limit subject to this Contract as respects all Policies ceded hereunder shall not exceed $20,000,000, or so deemed, per event, as applicable.

D. Notwithstanding anything to the contrary, the Company may cede no more than 25 Policies hereunder with limits in excess of $5,000,000 per insured, being the first 25 policies with limits in excess of $5,000,000 bound by the Company and ceded to this Contract in chronological order per the date the Policy was bound. However, the maximum Policy limit as respects such Policies is $10,000,000 and no Policy with limits above $10,000,000 shall be ceded to this Contract.

STATUTORY DEPOSIT

The book/adjusted carrying value of special deposits held in trust, which are not held for the protection of all policyholders of the Company, totaled $3,125,749 and are as follows:

California	$ 25,000
Delaware	100,000
Georgia	133,196
Massachusetts	160,452
Missouri	1,551,033
Nevada	332,612
New Mexico	411,470
Oregon	411,470
Total	$ 3,125,749

The book/adjusted carrying value of special deposits held in trust for the protection of all policyholders is $4,663,535 as of December 31, 2023.

TERRITORY AND PLAN OF OPERATION

The Company holds certificates of authority and is authorized to transact business in 50 states plus the District of Columbia.

UFG's operations are managed from its corporate headquarters in Cedar Rapids, Iowa. The headquarters house the following mutual service departments/operations: Accounting, Administration, Corporate Underwriting, Business Enablement, Premium Audit and Direct Bill, Information Technology Services, Enterprise Analytics, Corporate Marketing, Reinsurance, Internal Audit, Legal, Human Resources, and Training.

Property and casualty insurance business for UFG is produced by approximately 1,000 independent agencies and underwritten through six regional offices:

Denver Branch	Westminster, Colorado
Princeton Branch	Ewing, New Jersey
Cedar Rapids Branch	Cedar Rapids, Iowa
Houston Branch	Webster, Texas
UFG Specialty Branch	Phoenix, Arizona
Sacramento Branch	Rocklin, California

Each branch office is staffed with administrative, claims, loss control, marketing and underwriting personnel to service the policies written. A claims office is also maintained in New Orleans, Louisiana.

The Company primarily writes commercial lines property and casualty insurance, including surety bonds. In 2020, the Company announced its intent to withdraw as a direct writer of personal lines insurance with the last exposures expected to this business expected to lapse by 2025.

GROWTH OF COMPANY

The following significant data, as taken from the office copies of the Company's filed annual statements for the years indicated, reflects the growth of the Company:

Year	Admitted Assets	Surplus to Policyholders	Net Premiums Earned	Net Losses Incurred	Investment Income Earned
2019	$ 2,054,447,759	$ 707,571,458	$ 695,662,318	$ 433,128,921	$ 36,548,775
2020	2,015,558,353	671,599,321	675,252,617	465,138,815	86,917,496
2021	1,993,756,993	754,410,788	606,908,762	346,421,375	23,849,035
2022	1,938,878,906	717,708,543	584,420,491	365,765,982	25,987,582
2023	1,971,185,314	635,474,303	629,692,530	424,607,791	26,495,927

ACCOUNTS AND RECORDS

The Company's general ledgers are maintained on an electronic, accrual basis. Trial balances were prepared for the examination years under review. Amounts from the general ledger accounts were reconciled and found to be in agreement with balances reported on the filed annual statements for assets, liabilities, income or disbursements.

SUBSEQUENT EVENTS

No significant subsequent events were noted.

F I N A N C I A L   S T A T E M E N T S

A N D   C O M M E N T S   T H E R E O N

Note: The following financial statements are based on the statutory financial statements filed by the Company with the Iowa Insurance Division and present the financial condition of the Company for the period ending December 31, 2023.

STATEMENT OF ASSETS AND LIABILITIES

ASSETS

	Ledger	Not Admitted	Admitted
Bonds	$ 780,057,261	$	$ 780,057,261
Preferred stocks			
Common stocks	385,310,556		385,310,556
Mortgage loans on real estate:			
First liens	45,420,129		45,420,129
Real estate:			
Properties occupied by the Company	39,821,051		39,821,051
Cash and short-term investments	49,088,946		49,088,946
Other invested assets (Schedule BA)	178,202,306		178,202,306
Receivables for securities	9,400		9,400
Investment income due and accrued	7,585,605		7,585,605
Uncollected premiums and agents' balances in the course of collection	81,729,458	7,715,814	74,013,644
Deferred premiums and agents' balances and installments book but deferred and not yet due	270,346,697		270,346,697
Amounts recoverable from reinsurers	65,553,114		65,553,114
Funds held by or deposited with reinsured companies	14,039,775		14,039,775
Current federal and foreign income tax recoverable and interest thereon	18,635,226		18,635,226
Net deferred tax asset	30,720,656	8,067,069	22,653,587
Guaranty funds receivable or on deposit	978,054		978,054
EDP equipment and software	44,347,157	43,234,325	1,112,832
Furniture and equipment	4,807,219	4,807,219	
Receivables from parent; subsidiaries and affiliates	5,291,752		5,291,752
Life Insurance Cash Surrender Value	105,934,198	92,868,819	13,065,379
Miscellaneous	11,913,355		11,913,355
Investments	921,853		921,853
Louisiana Surcharge – State Assessment	41,378		41,378
Rec from Employees	2,218		2,218
Florida Surcharge – State Assessment	1,012		1,012
Pension Overfunded	54,025,915	54,025,915	
Prepaid pension Expense	33,030,037	33,030,037	
Prepaid Software	2,509,664	2,509,664	
Prepaid Maintenance	1,828,074	1,828,074	
Prepaid Insurance	1,475,129	1,475,129	
Total assets	$ 2,127,878,560	$ 156,693,246	$ 1,971,185,314

LIABILITIES, SURPLUS AND OTHER FUNDS

Losses	$ 748,120,555
Reinsurance payable on paid losses and loss adjustment expenses	33,183,669
Loss adjustment expenses	140,167,017
Commissions payable; contingent commissions and other similar charges	19,955,150
Other expenses (excluding taxes; licenses and fees)	12,912,554
Taxes; licenses and fees (excluding federal and foreign income taxes)	3,746,083
Unearned premiums	314,174,089
Advance premium	3,936,483
Ceded reinsurance premiums payable (net of ceding commissions)	52,001,501
Funds held by Company under reinsurance treaties	431,916
Amounts withheld or retained by company for account of others	1,758,815
Remittances and items not allocated	34,535
Provision for reinsurance	802,000
Net adjustments in assets and liabilities due to foreign exchange rates	166,277
Payable to parent, subsidiaries and affiliates	3,000,000
Aggregate write-in for liabilities	1,320,367
Total liabilities	$ 1,355,711,011
Common capital stock	7,000,000
Surplus Notes	50,000,000
Gross paid in and contributed surplus	206,986,808
Unassigned funds (surplus)	371,487,495
Surplus as regards policyholders	635,474,303
Total liabilities and surplus	$ 1,971,185,314

STATEMENT OF INCOME

Underwriting Income		
Premiums earned		$ 629,692,530
Deductions		
Losses incurred	$ 424,607,791	
Loss adjustment expenses incurred	61,646,187	
Other underwriting expenses incurred	236,617,539	
Total underwriting deductions		722,871,517
Net underwriting gain (loss)		$ (93,178,987)
Investment Income		
Net investment income earned	$ 26,495,927	
Net realized capital gains (losses) less capital gains tax	44,170,716	
Net investment income		70,666,643
Other Income		
Net (loss) gain from agents or premium balance charged off	$ (1,528,130)	
Finance and service charges not included in premiums	519,136	
Miscellaneous Income/(Expense)	3,498,801	
Total other income		2,489,807
Net income before dividend to policyholder		$ (20,022,537)
Dividend to policyholder		2,005,341
Net income before federal income tax		$ (22,027,878)
Federal and foreign income taxes incurred		(10,904,529)
Net income		$ (11,123,349)

CAPITAL AND SURPLUS ACCOUNT

Surplus as regards policyholders, December 31, prior year	$	717,708,543
Gain and (Losses in Surplus		
Net Income	$	(11,123,349)
Change in net unrealized capital gains or losses		(54,832,383)
Change in net unrealized foreign exchange capital		(1,089,176)
Change in net deferred income tax		3,277,506
Change in non-admitted assets		(41,061,788)
Change in provision for reinsurance		21,697
Cumulative effect of changes in accounting principle		8,885,514
Surplus adjustments		
Paid in		886,507
Dividend to stockholders		(13,200,000)
Aggregate write-ins for gains and losses in surplus		26,001,232
Change in surplus as regards policyholders for the year	$	(82,234,240)
Surplus as regards policyholders, December 31, 2023	$	635,474,303

CASH FLOW STATEMENT

Cash from Operations

Premiums collected net of reinsurance	$ 647,472,287	
Net investment income	30,300,310	
Miscellaneous income	3,342,970	
Total		$ 681,115,567
Benefit and loss related payments	$ 375,177,097	
Commissions, expenses paid and aggregate write-ins for deductions	295,633,816	
Dividends paid to policyholders	2,005,341	
Federal and foreign income taxes paid (recovered)	(14,672,540)	
Total		$ 658,143, 714
Net cash from operations		$ 22,971,852

Cash from Investments

Proceeds from investments sold, matured or repaid:		
Bonds	$ 90,454,048	
Stocks	97,872,971	
Mortgage loans	668,411	
Other invested assets	3,671,909	
Net gains (losses) on cash; cash equivalents and short-term investments	152	
Miscellaneous proceeds	2,001,765	
Total investment proceeds		194,669,256
Cost of investments acquired (long-term only):		
Bonds	$ 145,883,467	
Stocks	1,248,500	
Mortgage	8,136,630	
Real estate	490,280	
Other invested assets	19,609,099	
Total investments acquired		$ 175,367,976
Net cash from investments		$ 19,301,280

Cash from Financing and Miscellaneous Sources

Capital and paid in surplus; less treasury stock	$ 886,507	
Dividends to stockholders	13,200,000	
Other cash provided (applied)	(21,049,666)	
Net cash from financing and miscellaneous sources		$ (33,363,159)

RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS

Net gain in cash and short-term investments	$ 8,909,974
Cash and short-term investments:	
Beginning of year	40,178,972
End of year	$ 49,088,946

CONCLUSION

The cooperation and assistance extended by the officers and employees of the Company during the course of this examination is hereby acknowledged.

In addition to the undersigned, examiners from the Iowa Insurance Division, and information specialists and actuarial specialists from and INS Regulatory Insurance Services, Inc. participated in the examination and preparation of this report.

Respectfully submitted,

/s/ Bob Wong ______
Bob Wong, CFE, CISA
Examiner-in-Charge
Insurance Division
State of Iowa