

New year, new initiatives at UFG



PROPERTY & CASUALTY **connections**

WINTER 2017

AS PAPERLESS AS POSSIBLE, AS SOON AS POSSIBLE

United Fire Group (UFG) recently formed a “go paperless” coalition to use technology to increase our electronic delivery options for insurance agents and policyholders and, ultimately, reduce our paper usage by 75 percent.

When you think of all the documents an insurance company prints for its customers—insurance policies, declaration pages, billing statements and claim reports—it’s easy to understand why a company would strive to be paperless. After all, paperless solutions save time, money and the environment.

For UFG, going paperless supports our resolve to be efficient with our resources and streamlined with our processes. For you and your customers, this means better and faster service, as we work to provide you with complete electronic access to the information you need (without the need to print it).

One paperless initiative recently developed at UFG—that was specifically requested by members of our agency force—is also helping reduce confusion related to how we bill your customers.

As part of this enhancement, instead of sending a policyholder’s first bill to the insurance agent to deliver, it is sent directly to the policyholder, allowing them the option to pay

their entire bill, as well as register their policy online, receive electronic billing statements and set up automatic payments from their bank account or debit/credit card. We’re confident this initiative will also result in fewer policy cancellations as a result of missed payments.

“As a company, it is our intent to continue to expand and develop our paperless solutions for insurance agents and policyholders, making doing business with UFG easier and faster,” said Alison Kaster, our vice president and director of project management. “We know that our customers want real-time information that is secure and accessible—and we are committed to giving it to them.”

Though we understand that there may always be a need for some paper in our business, such as to fulfill requests for hard copies for customers or for legal purposes, we know that we can achieve our goal with your support. So, join us, in becoming as paperless as possible as soon as possible at your agency.



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*Alison Kaster, UFG
Vice President and
Director of Project
Management*



Thinking green for policyholders

Are your customers aware of the green options currently available to them at ufgPolicy.com, including viewing their policy online, enrolling in paperless billing and signing up for email billing alerts? In a 2016 survey of our policyholders conducted by Vernon Research Group, UFG learned that the majority of respondents prefer to access information and manage accounts online, which is why we are dedicated to continuing to provide our policyholders with simple, secure and complete access to their account information at ufgPolicy.com—with new features and tools being developed all the time.



Tech Tips and Tricks

For www.ufgAgent.com



GO PAPERLESS WITH US!

Here are some simple ways you can go paperless with UFG:

✓ **Change your preference to paperless at ufgAgent.com**

Agency administrators have the ability to update your Agency Profile at ufgAgent.com and choose how various reports are distributed to your agency, including billing statements, claim notices, declaration pages and more.

✓ **Save copies to your agency management system**

Instead of printing copies of policies, billing statements, client notices and loss runs from our [ufgAgent](http://ufgAgent.com) website, you can simply save copies to your agency management system for fast, easy and secure retrieval.

Need assistance going paperless with UFG? Contact our Agency Training Specialists: Tyra Hamilton Daniels at 832-291-4416 or Jen Menzner at 319-804-5390.



UFG ACHIEVES \$1 BILLION IN DIRECT WRITTEN PREMIUMS

On December 29, 2016, for the first time in our history, UFG achieved \$1 billion in property and casualty direct written premiums—a significant milestone for our company and a positive follow-up to our 2015 achievement of \$1 billion in total revenues, which includes income from both our property and casualty and life insurance segments.

As always, we wouldn't be successful without the support of our insurance agents. We owe you a billion thanks for working with us to provide simple insurance solutions for individuals and businesses across the country.



NEW SITE COMING SOON: MARKETING SOLUTIONS

This spring, watch for the release of Marketing Solutions on our ufgAgent.com website, a new site that gives you quick and direct access to UFG marketing materials. On Marketing Solutions, you'll find everything you need to market our products and services to your customers—flyers and brochures, social media content, marketing videos and info about UFG—all in one convenient location.

Marketing Solutions is full of content, free of clutter and fully responsive, which means that our materials will look great whether they are being displayed on your computer, tablet or mobile device. In addition to viewing our marketing materials electronically, you can download and print items in your office or order printed copies from UFG.



Marketing Solutions was designed entirely for you with one purpose: to help make the sale easier. Watch your inbox for the launch of Marketing Solutions in Spring 2017.

UFG SPECIALTY LOCATED IN LOS ANGELES, CA

Offering customized insurance solutions for businesses



UFG launched our specialty division for excess and surplus lines of insurance in Los Angeles, California, in early 2014, offering customized insurance solutions for businesses. Today, UFG Specialty has a staff of more than 20 employees and is doing business in Arizona, California, Colorado, Nevada, New Mexico, Oregon and Utah with 40 regional and national wholesale

brokers—and those numbers are growing.

Read our Q&A with Robert Rey, vice president and branch manager of UFG Specialty, to learn more about our exciting venture into the excess and surplus market.

How does the specialty division differ from the other regions of UFG?

We work exclusively through wholesale brokers, offering insurance coverage using either our exclusive admitted carrier company, UFG Specialty Insurance Company, or our non-admitted insurance company, Mercer Insurance Company. Both companies carry an A.M. Best rating of A (Excellent) and a financial size category of X (\$500 million to \$750 million).

What types of products does UFG Specialty offer and what types of businesses does it protect?

We currently offer property, package, inland marine, garage and primary general liability, as well as excess general liability, commercial auto, employers' liability and some limited excess professional. The intent is to broaden our product offerings as we grow and expand our business across the country. Our type of businesses covered ranges from manufacturing, retail, distributors, importers, hospitality, lessor's risk, garages, storage, recycling, distilleries, golf courses, drones and special events. If we feel we have a reasonable chance of making a profit, understand and can underwrite the risk assumed, there's a good chance we will consider it. We are not what I would describe as a heavy duty surplus lines market. In other words, we would not be a market for pharmaceuticals, vitamin or supplements manufacturing, aircraft products or invasive medical products to name a few. We are also not a market for primary owned auto coverage.

Are the businesses higher risk than UFG would normally write?

Not necessarily. We consider ourselves generalists—same as the standard lines side of UFG. The advantage we have using our non-admitted company is that we are not bound by the same regulatory issues relative to filed rates and forms that our standard lines sister companies are required to follow. We have the benefit of greater flexibility in our pricing and coverage approach. Accounts that would normally be declined by standard lines of UFG and others due to inability to charge increased premium or modify

coverage due to rate and form filing restrictions can be considered by UFG Specialty using nonstandard pricing and coverage techniques. This flexibility gives us the ability to consider higher risk business, but with the higher risk element, we charge higher nonstandard rates and also attach restrictive limitation endorsements not normally available to the standard lines carrier. As I often tell our brokers, in most cases we can come up with a price and terms for practically any property/casualty risk; whether or not they can sell it is a different discussion.

What does it mean to underwrite risks on both an admitted and non-admitted basis?

UFG Specialty is approached with a high percentage of what would otherwise be considered standard lines business except for the fact that the retailer does not have a direct appointment with an admitted market. Oftentimes, this is because they are primarily a personal lines agent or just don't generate the premium volume that the standard lines markets require for a direct appointment. If the business fits our admitted carrier rate filing and coverage requirements then we can write the account using our admitted company, but if it doesn't, then we have the option of a non-admitted offering at a higher premium with more restrictive coverage.

What sets UFG Specialty apart from competitors?

Service, service, service—and relationship building. We offer quick turnaround time on quotes, typically 48 hours or less. We're a one-stop shop, offering both admitted and non-admitted carrier solutions. We're not open 24/7/365, but it's close.

How can UFG agents take advantage of the products and services available through UFG Specialty?

We are accessible through wholesale brokers and, chances are, we are currently working through a wholesale broker the retailer already has an established relationship with. If they do not have a working relationship through one of our existing wholesalers, we would be happy to offer recommendations in their area.

Are there expansion plans for the specialty division?



Absolutely, but doing so has to take place in an organized, functional and strategic basis.

Our underwriting appetite will broaden or expand depending on the unique underwriting challenges we face as we expand into other geographical areas. Our state expansion plans for 2017 include entering into the states of Idaho and Washington.

HOW ARE WE DOING?

More than 27,000 agency employees offered their valuable feedback on doing business with UFG in a survey conducted by Deep Customer Connections

As part of our ongoing efforts to improve the products and services we offer at UFG, Deep Customer Connections (DCC) conducted a survey of more than 27,000 agency employees in September 2016, giving you the opportunity to rate doing business with us.



Results from the survey showed us areas we're excelling in—the professionalism and accountability of our staff and our overall ease of doing business—as well as areas we could improve on—underwriter response times, billing options and statements, and online rating and quoting.

UFG is especially pleased to have achieved a Top 10 ranking in the survey, affirming that on average we are one of the top 10 companies our insurance agents do business with, among those surveyed.



"We highly value the views and opinions of our insurance agents, who are the foundation of our business and our success," said **Betty Hruska, our assistant vice president and product development manager.** "We are using these survey results to shape our initiatives as a company, with major priorities in the upcoming year being to improve underwriting response times, simplify our billing options and statements, and improve online rating and quoting at ufgAgent.com."

We thank our insurance agents for participating in the DCC survey and for their objectiveness in helping UFG improve the way we do business and serve customers as we continue to be a carrier of choice for our agents.

“UFG is by far our best carrier as far as ease of doing business.”

Deep Customer Connections,
Inc. survey response

“UFG is doing all the right things to help us write business.”

Deep Customer Connections,
Inc. survey response

**\$49.9
million
consolidated
net income**

LATEST FINANCIAL RESULTS

On February 16, UFG reported our financial results for 2016, including consolidated net income of \$49.9 million for the full-year 2016, compared with \$89.1 million for the full-year 2015. In addition, in 2016, we produced a combined ratio of 100.3 percent and a return on equity of 5.5 percent, as well as book value of \$37.04 per share, which is an improvement of 6.0 percent from 2015. "Fourth quarter and full-year 2016 were impacted by an increase in catastrophe losses, as compared to the prior year periods, which had losses below our historical averages, and a deterioration in our core loss ratio, which a portion of this deterioration was driven by an increase in large losses, which we define as losses greater than \$500,000," said UFG President and CEO Randy Ramlo. "The increase in large losses was primarily in our commercial auto and commercial property lines. In 2017, we will be focusing our efforts to improve profitability in these lines of business."

To read the press release in its entirety, visit www.ufgInsurance.com.



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