

United Fire Group, Inc. Reaches Definitive Agreement to Sell its Subsidiary United Life Insurance Company to Kuvare US Holdings, Inc.

Deal Value: \$280 Million

Sandler O'Neill served as exclusive financial advisor to United Fire Group, Inc.

Since January 1, 2012, Sandler O'Neill has advised on 33 insurance transactions, more than any other full-service investment bank during that time period. Sandler O'Neill has also advised on more life insurance transaction in the last two years than any other full-service investment bank. ¹

Sandler O'Neill conducted a sale process designed to meet United Fire's key transaction objectives and was involved in all aspects of the transaction, including the preparation of marketing materials, the solicitation of definitive proposals and the negotiating of definitive documentation.

Cedar Rapids, Iowa, September 19, 2017 – United Fire Group, Inc. (Nasdaq: UFCS) (the "Company" or "UFG") announced today that its subsidiary, United Fire & Casualty Company ("United Fire"), has entered into a definitive agreement with Kuvare US Holdings, Inc. ("Kuvare") to sell its subsidiary, United Life Insurance Company ("United Life"), for \$280 million in cash, subject to specified adjustments as set forth in the definitive agreement (the "Sale").

The purchase price represents a multiple of 1.2 times GAAP book value and 1.4 times GAAP book value excluding unrealized investment gains. The closing of the Sale, which is currently expected to occur in the first half of 2018, is subject to customary conditions, including regulatory approval. The Company anticipates that proceeds from the Sale will be used for various capital management initiatives which may include continued share repurchases, regular and extraordinary shareholder dividends and potential future acquisitions.

"The decision to sell our life subsidiary to Kuvare was made in the best interest of UFG, its shareholders and United Life, from both a business perspective and a personal perspective," said UFG President and Chief Executive Officer Randy Ramlo. "By selling United Life to Kuvare, we have established a solid future for our life insurance employees, insurance agents and customers, while allowing us to continue to build on the success of our property and casualty operations."

"Kuvare is committed to the growth and profitability of United Life, with the resources and expertise to propel the company forward," continued Ramlo. "We are pleased with Kuvare's desire to maintain a strong presence in Cedar Rapids and retain the United Life brand, ensuring a seamless transition for United Life staff, its agents and policyholders, which made this difficult decision easier to make."

(1) Source: SNL Financial. Full-service investment banks defined as those with an average disclosed deal value of \$25 million or greater. Excludes terminated transactions, self-advisory roles and managed care insurance transactions.

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