

UNITED FIRE & CASUALTY CO

Form DEF 14A

November 30, 2011

Table of Contents

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

**SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a part other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Materials under § 240.14a-12

**UNITED FIRE & CASUALTY COMPANY
(Name of registrant as specified in its charter)**

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which the transaction applies:

(2) Aggregate number of securities to which the transaction applies:

(3) Per unit price or other underlying value of the transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement

number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

UNITED FIRE & CASUALTY COMPANY

118 Second Avenue SE

Cedar Rapids, Iowa 52401

Dear United Fire & Casualty Company shareholder:

I cordially invite you to the Special Meeting of Shareholders of United Fire & Casualty Company (the Company), to be held on January 24, 2012, at our corporate headquarters, located at 109 Second Street SE, in Cedar Rapids, Iowa, at 10:00 A.M., local time.

At the Special Meeting, you will be asked to (i) adopt the Agreement and Plan of Reorganization (the Reorganization Agreement) and thereby approve the reorganization (as defined below) and (ii) approve the adjournment of the Special Meeting, if necessary, to solicit additional proxies.

To summarize, the Company has formed a new subsidiary, United Fire Group, Inc. (United Fire Group) as a wholly owned subsidiary. United Fire Group formed UFC MergeCo, Inc. (MergeCo) as its wholly owned subsidiary. United Fire Group and MergeCo were formed in order to effect the reorganization. Prior to the reorganization, neither United Fire Group nor MergeCo will have assets or operations other than those incident to their formation. Under the terms of the Reorganization Agreement, the Company and MergeCo would complete a merger, pursuant to which MergeCo would be merged with and into the Company, with the Company as the surviving entity (the Reorganization).

In the Reorganization, each outstanding share of common stock of the Company will be converted automatically into one share of common stock of United Fire Group. In addition, each outstanding option to purchase shares of the Company common stock, if not exercised before the completion of the Reorganization, will become an option to acquire, at the same exercise price, an identical number of shares of United Fire Group common stock. The Reorganization generally will be tax-free for Company shareholders. Your rights as a shareholder of the Company will be substantially the same as your rights as a shareholder of United Fire Group, including rights as to voting and dividends.

We expect the shares of United Fire Group common stock to trade under the ticker symbol UFCS on the NASDAQ Global Select Market. Shares of the Company's common stock are currently traded under the UFCS symbol on this exchange. On May 24, 2011, the last trading day before the announcement of the Reorganization Proposal, the closing price per share of Company common stock was \$18.85. On November 29, 2011, the most recent trading day for which prices were available, the closing price per share of Company common stock was \$17.44.

In order to implement the Reorganization, we need the Company's shareholders to adopt and approve the Reorganization Agreement. Our Board of Directors has carefully considered the Reorganization Agreement, which provides for the merger of the Company and MergeCo and the related transactions described in this proxy statement/prospectus, and believes that it is advisable, fair to and in the best interest of our shareholders and recommends that you vote **FOR** the Reorganization. Because adoption of the Reorganization Agreement requires the affirmative vote of holders of at least two-thirds of the outstanding shares entitled to vote at the Special Meeting, your vote is important, no matter how many or how few shares you may own.

Whether or not you plan to attend the Special Meeting, we encourage you to sign and return your proxy card in the enclosed postage-paid envelope or use telephone or Internet voting prior to the meeting. This ensures that your shares of the Company's common stock will be represented and voted at the meeting; even if you cannot attend.

The accompanying notice of Special Meeting and proxy statement contain additional information about the meeting and explains the methods you can use to vote your proxy, including by telephone and via the Internet. Please read these materials carefully. **In particular, you should consider the discussion of risk factors beginning on page 8 before voting on the Reorganization Agreement.**

For the Board of Directors,

Jack Evans

Chairman of the Board

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this proxy statement/prospectus or determined if this proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.

This proxy statement/prospectus is dated November 30, 2011 and is being first mailed to United Fire & Casualty Company shareholders on or about December 5, 2011.

Table of Contents

UNITED FIRE & CASUALTY COMPANY

118 Second Avenue SE
Cedar Rapids, Iowa 52401

**NOTICE OF SPECIAL MEETING OF SHAREHOLDER OF
UNITED FIRE & CASUALTY COMPANY**

DATE AND TIME:

January 24, 2012, at 10:00 A.M.

PLACE:

United Fire & Casualty Company
First Floor Conference Room
109 Second Street SE
Cedar Rapids, Iowa

ITEMS OF BUSINESS:

At the meeting, we will ask shareholders to:

- 1) Consider and vote upon a proposal, which we refer to as the Reorganization Proposal, approving the Agreement and Plan of Reorganization, dated as of May 25, 2011, by and between United Fire & Casualty Company, United Fire Group, Inc. and UFC MergeCo, Inc.; and
- 2) To approve the adjournment of the Special Meeting, if necessary, to solicit additional proxies, in the event that there are not sufficient votes at the time of the Special Meeting to approve the foregoing proposal.

WHO CAN VOTE:

You can vote at the Special Meeting and at any adjournments or postponements of the Special Meeting if you were a shareholder of record at the close of business on November 28, 2011.

Our Board of Directors has approved and recommends that you vote FOR each of the foregoing proposals, which are described in more detail in this proxy statement/prospectus.

By Order of the Board of Directors,

Neal R. Scharmer
Corporate Secretary

Dated at Cedar Rapids, Iowa
November 30, 2011

**WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE
COMPLETE, SIGN, DATE AND RETURN THE ACCOMPANYING PROXY CARD OR VOTE YOUR
SHARES BY TELEPHONE OR VIA THE INTERNET.**

Table of Contents

ADDITIONAL INFORMATION

United Fire Group, Inc. has filed a registration statement on Form S-4 to register with the SEC the shares of common stock of United Fire Group, Inc. into which each outstanding share of common stock of the Company will be converted automatically in the Reorganization. This proxy statement/prospectus is part of that registration statement and constitutes a prospectus of United Fire Group, Inc. in addition to being a proxy statement of the Company for the Special Meeting.

The SEC allows us to incorporate by reference information into this proxy statement/prospectus, which means that we can disclose important information to you by referring you to another document filed separately by the Company with the SEC. This proxy statement/prospectus incorporates important business and financial information about the Company from our Annual Report on Form 10-K for the year ended December 31, 2010 and from other documents that are not included in or being delivered with this proxy statement/prospectus. The information incorporated by reference is deemed to be part of this proxy statement/prospectus except for any information superseded by information in this proxy statement/prospectus or in any document subsequently filed with the SEC that is also incorporated by reference. See Documents Incorporated by Reference under Additional Information.

The incorporated information that is not included in or being delivered with this proxy statement/prospectus is available to you without charge upon your written or oral request. You can obtain any document that is incorporated by reference in this proxy statement/prospectus, excluding all exhibits that have not been specifically incorporated by reference, by requesting it in writing or by telephone from us at the following address or telephone number:

United Fire & Casualty Company
118 Second Avenue SE
Cedar Rapids, Iowa 52401
Telephone: (319) 399-5700
Attn: Investor Relations

or by visiting our website at www.unitedfiregroup.com. Information on United Fire & Casualty Company's website is not incorporated by reference into this proxy statement/prospectus or made a part hereof for any purpose.

You may read and copy any of the information on file with the SEC at the SEC's public reference room, located at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room. The Company's SEC filings are also available on the SEC's web site located at <http://www.sec.gov>.

You should rely only on the information contained in this proxy statement/prospectus or that to which we have referred you. We have not authorized anyone to provide you with any additional information. This proxy statement/prospectus is dated as of the date listed on the cover page. You should not assume that the information contained in this proxy statement/prospectus is accurate as of any date other than such date and neither the mailing of this proxy statement/prospectus to shareholders, nor the issuance of shares of United Fire Group, Inc. common stock in the Reorganization, shall create any implication to the contrary.

Table of Contents**Table of Contents**

	Page
<u>Questions and Answers About the Reorganization</u>	1
<u>Summary of the Reorganization Proposal</u>	5
<u>The Principal Parties</u>	5
<u>What You will Receive in the Reorganization</u>	7
<u>Conditions to Completion of the Reorganization</u>	7
<u>Termination of the Reorganization Agreement</u>	7
<u>Board of Directors and Executive Officers of United Fire Group Following the Reorganization</u>	7
<u>Markets and Market Prices</u>	8
<u>Certain Financial Information</u>	8
<u>Risk Factors</u>	8
<u>Special Note Regarding Forward-Looking Statements</u>	9
<u>Proposal One The Reorganization Proposal</u>	9
<u>Reasons for the Reorganization</u>	10
<u>Reorganization Procedure</u>	10
<u>What Company Shareholders Will Receive in the Reorganization</u>	11
<u>Company Stock Options and Other Rights to Receive Company Stock</u>	11
<u>Corporate Name Following the Reorganization</u>	11
<u>No Exchange of Stock Certificates</u>	11
<u>Conditions to Reorganization</u>	12
<u>Effectiveness of Reorganization</u>	12
<u>Termination of Reorganization Agreement</u>	12
<u>Amendment of Reorganization Agreement</u>	12
<u>Material U.S. Federal Income Tax Consequences</u>	12
<u>No compensation related to the Reorganization</u>	14
<u>Anticipated Accounting Treatment</u>	14
<u>Authorized Capital Stock</u>	14
<u>Listing of United Fire Group Common Stock on the NASDAQ Global Select Market; De-listing and De-registration of Company Common Stock</u>	14
<u>Board of Directors and Executive Officers of United Fire Group Following the Reorganization</u>	14
<u>Issuances of United Fire Group Common Stock Under the Company Plans</u>	15
<u>United Fire Group Articles of Incorporation</u>	15
<u>Restrictions on the Sale of United Fire Group Shares</u>	15
<u>Description of United Fire Group Capital Stock</u>	15
<u>General</u>	15
<u>Common Stock</u>	15
<u>Preferred Stock</u>	16
<u>Anti-Takeover Provisions of the Articles of Incorporation and Bylaws</u>	16
<u>Limitation of Director Liability and Indemnification</u>	16
<u>Transfer Agent</u>	17
<u>The NASDAQ Global Select Market Listing</u>	17
<u>Description of Company Capital Stock</u>	17
<u>General</u>	17
<u>Common Stock</u>	17

<u>Preferred Stock</u>	18
<u>Anti-Takeover Provisions of the Articles of Incorporation and Bylaws</u>	18

Table of Contents

	Page
<u>Limitation of Director Liability and Indemnification</u>	18
<u>Transfer Agent</u>	19
<u>The NASDAQ Global Select Market Listing</u>	19
<u>Comparative Rights of Holders of United Fire Group Capital Stock and Company Capital Stock</u>	19
<u>Vote Required and Board Recommendation</u>	25
<u>Proposal Two – Adjournment of the Special Meeting</u>	26
<u>Approval of the Adjournment of the Special Meeting</u>	26
<u>Security Ownership of Certain Beneficial Owners and Management</u>	26
<u>Validity of Shares</u>	28
<u>Experts</u>	28
<u>Delivery of Proxy Statement and Notice of Internet Availability of Proxy Materials</u>	29
<u>Additional Information</u>	29
<u>Registration Statement</u>	29
<u>Documents Incorporated by Reference</u>	30
<u>Annex I – Agreement and Plan of Reorganization</u>	Annex I-1
<u>Annex II – Articles of Incorporation of United Fire Group, Inc.</u>	Annex II-1
<u>Annex III – Bylaws of United Fire Group, Inc.</u>	Annex III-1

Table of Contents

UNITED FIRE & CASUALTY COMPANY

118 Second Avenue SE
Cedar Rapids, Iowa 52401

**PROXY STATEMENT/PROSPECTUS FOR THE
SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON JANUARY 24, 2012**

This solicitation of proxies is made by the Board of Directors of United Fire & Casualty Company (the Company, we, us, or our, as the context requires). Proxies will be used at the Special Meeting of Shareholders of United Fire & Casualty Company (the Special Meeting), an Iowa corporation, to be held on January 24, 2012 at 10:00 A.M., and at any adjournment or postponement thereof. The Special Meeting will be held in the first floor conference room of our building located at 109 Second Street SE, in Cedar Rapids, Iowa. With respect to shares of our common stock held in the United Fire Group Employee Stock Ownership Plan (the ESOP) and the United Fire Group 401(k) Plan (the 401(k) Plan), the Board of Directors is soliciting participants on behalf of the Trustees of those plans to direct the Trustees how to vote the shares held in those plans.

The notice of meeting, proxy statement, and form of proxy is first being mailed to shareholders and participants in the ESOP and 401(k) Plan on or about December 5, 2011.

We will solicit proxies principally by mail, but our directors and employees may also solicit proxies by telephone, facsimile, or e-mail. Our directors and employees may also conduct personal solicitations.

QUESTIONS AND ANSWERS ABOUT THE REORGANIZATION

Why am I receiving this proxy statement/prospectus?

You have received this proxy statement/prospectus and the enclosed proxy card from us because you held shares of our common stock on November 28, 2011.

What will I be voting on at the special meeting?

As a shareholder, you are entitled to and requested to adopt the Agreement and Plan of Reorganization (the Reorganization Agreement) pursuant to which the Company will be merged with and into UFC MergeCo, Inc. (MergeCo), a wholly owned subsidiary of United Fire Group, Inc. (United Fire Group), with the Company as the surviving entity. United Fire Group is a wholly owned subsidiary of the Company. In this transaction, each share of our common stock will be automatically converted into one share of common stock of United Fire Group. This transaction is referred to in this proxy statement/prospectus as the Reorganization. The proposal to consider and vote on the Reorganization is referred to in this proxy statement/prospectus as the Reorganization Proposal. In addition, you are asked to vote to adjourn the Special Meeting, if necessary, to solicit additional proxies in the event that there are not sufficient votes at the time of the Special Meeting to adopt the Reorganization Agreement.

Who is entitled to vote?

Only holders of record of shares of our common stock on the close of business on November 28, 2011 will be entitled to vote at the Special Meeting. On or about December 5, 2011 we will begin mailing this proxy statement/prospectus to all persons entitled to vote at the Special Meeting.

Table of Contents

When and where is the special meeting being held?

The Special Meeting will be held on January 24, 2012, at 10:00 A.M., and at any adjournment or postponement from such date and time. The Special Meeting will be held in the first floor conference room of our building located at 109 Second Street SE, in Cedar Rapids, Iowa.

What is the Reorganization Proposal?

Under the Reorganization Agreement, the Company will merge with MergeCo, an Iowa corporation, with the Company surviving the merger as a wholly owned subsidiary of United Fire Group, an Iowa corporation. Upon completion of the Reorganization, United Fire Group will, in effect, replace the Company as the publicly held corporation. United Fire Group and its subsidiaries will conduct all of the operations we currently conduct. As a result of the Reorganization, the current shareholders of the Company will become shareholders of United Fire Group with the same number and percentage of shares of United Fire Group as they hold of the Company immediately prior to the Reorganization. The Reorganization Agreement, which sets forth the plan of Reorganization and is the primary legal document that governs the Reorganization, is attached as Annex I to this proxy statement/prospectus. We encourage you to read the Reorganization Agreement carefully.

Why are you forming a holding company?

We are forming a holding company to provide us with greater strategic, business, financing and regulatory flexibility. To review the reasons for the Reorganization in greater detail, see *Reasons for the Reorganization*, on page 10 of this proxy statement/prospectus.

What will happen to my stock?

In the Reorganization, your shares of our common stock will automatically be converted into the same number of shares of common stock of United Fire Group. As a result, you will become a shareholder of United Fire Group and will own the same number and percentage of shares of United Fire Group common stock that you now own of our common stock. We expect that United Fire Group common stock will be listed on the NASDAQ Global Select Market under the symbol UFCS.

How will being a United Fire Group shareholder be different from being a Company shareholder?

After the Reorganization, you will own the same number and percentage of shares of United Fire Group common stock that you owned of our common stock immediately prior to the Reorganization. You will own shares of an Iowa holding company that owns our existing operating businesses. Your rights as a shareholder of United Fire Group will be substantially the same as your rights as a shareholder of our Company, including rights as to voting and dividends. For more information, see *Description of United Fire Group Capital Stock*, *Description of Company Capital Stock* and *Comparative Rights of Holders of United Fire Group Capital Stock and Company Capital Stock*, beginning on page 15 of this proxy statement/prospectus.

Will the management or the business of the Company change as a result of the Reorganization?

No. The management and business of our Company will remain the same after the Reorganization.

What will the name of the public company be following the Reorganization?

The name of the public company following the Reorganization will be United Fire Group, Inc.

Will the company's CUSIP number change as a result of the Reorganization?

Yes. Following the Reorganization the company's CUSIP number will be 910340 108.

Table of Contents

Will I have to turn in my stock certificates?

No. Do not turn in your stock certificates. We will not require you to exchange your stock certificates as a result of the Reorganization. After the Reorganization, your Company common stock certificates will represent the same number of shares of United Fire Group common stock.

Will the Reorganization affect my U.S. federal income taxes?

The proposed Reorganization is intended to be a tax-free transaction under U.S. federal income tax laws. We expect that you will not recognize any gain or loss for U.S. federal income tax purposes upon your receipt of United Fire Group common stock in exchange for your shares of Company common stock in the Reorganization; however, the tax consequences to you will depend on your own situation. You should consult your own tax advisors concerning the specific tax consequences of the Reorganization to you, including any state, local or foreign tax consequences of the Reorganization. For further information, see Material U.S. Federal Income Tax Consequences, on page 13 of this proxy statement/prospectus.

How will the Reorganization be treated for accounting purposes?

For accounting purposes, our reorganization into a holding company structure will be treated as a merger of entities under common control. The accounting treatment for such events is similar to the former pooling of interests method. Accordingly, the consolidated financial position and consolidated results of operations of the Company will be included in the consolidated financial statements of United Fire Group on the same basis as currently presented.

What vote is required to approve the Reorganization Proposal?

The required vote is the affirmative vote of holders of at least two-thirds of the outstanding shares entitled to vote at the Special Meeting.

What percentage of the outstanding shares do directors and executive officers hold?

On October 28, 2011, directors, executive officers and their affiliates beneficially owned approximately 7.02 percent of our outstanding shares of common stock.

If the shareholders approve the Reorganization, when will it occur?

We plan to complete the Reorganization on or about January 31, 2012, provided that our shareholders approve the Reorganization and all other conditions to completion of the Reorganization are satisfied.

Do I have dissenters (or appraisal) rights?

No. Holders of Company common stock do not have dissenters' rights under Iowa law as a result of the Reorganization.

Whom do I contact if I have questions about the Reorganization Proposal?

You may contact us at:

United Fire & Casualty Company
118 Second Avenue SE

Cedar Rapids, Iowa 52401
Telephone: (319) 399-5700
Attn: Investor Relations

Brokerage and Other Account Holders

If your shares are held in a brokerage account or by a bank or other nominee, you are considered to be the beneficial owner of shares held in street name. These proxy materials are being forwarded to you by your

Table of Contents

broker or nominee, who is considered to be the holder of record with respect to your shares. As the beneficial owner, you have the right to direct your broker or nominee how to vote your beneficial shares by filling out the voting instruction form provided to you. Telephone and Internet voting options may also be available to beneficial owners. As a beneficial owner, you are invited to attend the Special Meeting, but you must obtain a legal proxy from the record holder of your shares in order to vote in person at the Special Meeting.

ESOP and 401(k) Plan Participants

If you are a participant in either our ESOP or our 401(k) Plan, we have shown on your proxy card the number of shares of common stock held for your benefit in the ESOP or the 401(k) Plan, plus your other holdings. If you hold stock through either of these plans, voting your proxy also serves as confidential voting instructions to the Trustees of the ESOP (Timothy G. Spain and Michael T. Wilkins) and/or to the Trustee of the 401(k) Plan (Charles Schwab & Co.). Those Trustees will vote your shares in accordance with the specific voting instructions that you indicate on your proxy card. If you provide no specific voting instructions, the Trustees of the ESOP will not vote your shares, and the Trustee of the 401(k) Plan will vote your shares in proportion to the voting instructions it receives from those plan participants who do submit voting instructions.

How do I vote my shares?

You may vote in the following ways:

In person: We will distribute paper ballots to anyone who wishes to vote in person at the Special Meeting. However, if you hold your shares in street name, you must request a proxy card from your broker in order to vote in person at the Special Meeting. Holding shares in street name means that you hold them through a brokerage firm, bank, or other nominee in the records maintained by our transfer agent, Computershare Investor Services, LLC, instead of in your individual name.

By mail: Complete and sign your proxy card and return it to us by mail in the enclosed business reply envelope. If you mark your voting instructions on the proxy card, your shares will be voted as you instruct. If an additional proposal comes up for a vote at the Special Meeting that is not on the proxy card, your shares will be voted in the best judgment of the authorized proxies, Jack B. Evans and Neal R. Scharmer.

If you do not mark voting instructions on your proxy card, your shares will be voted **FOR** the Reorganization Proposal and **FOR** the adjournment of the Special Meeting, if necessary, to solicit additional proxies, in the event that there are not sufficient votes at the time of the Special Meeting to approve the foregoing proposal.

By telephone: Call the toll-free telephone number on your proxy card to vote by telephone. You must have a touch-tone telephone to use this voting method. You will need to follow the instructions on your proxy card and the voice prompts to vote your shares.

Via the Internet: If you have Internet access available to you, you may go to the website listed on your proxy card to vote your shares via the Internet. You will need to follow the instructions on your proxy card and the website to vote your shares.

Telephone and Internet voting options are available 24 hours a day, seven days a week. When prompted, you will need to enter the control number shown on your proxy card. You will then be able to vote your shares and confirm that your instructions have been properly recorded. If you vote by telephone or via the Internet, your electronic vote authorizes the proxies in the same manner as if you had signed, dated and returned your proxy card by mail.

Telephone and Internet voting procedures, including the use of control numbers found on the proxy cards, are designed to authenticate shareholders' identities, to allow shareholders to vote their shares of stock and to confirm that their instructions have been properly recorded. If you vote by telephone or via the Internet, you do not need to return your proxy card.

Table of Contents

If you hold your shares in street name, you may vote by telephone or via the Internet only if your bank, broker or other nominee makes those methods available to you, in which case your broker or nominee will enclose specific instructions for using those options along with this proxy statement.

If I hold my shares in a brokerage account and do not return voting instructions, will my shares be voted?

If your shares are held in a brokerage account or by a bank or other nominee, your broker, bank or other nominee will ask you how you want your shares to be voted. If you provide voting instructions, your shares must be voted as you direct. Without client voting instructions, however, brokers are not permitted to cast votes on non-routine matters, such as the Reorganization Proposal. If you do not provide voting instructions, a broker non-vote will occur.

Can I revoke my proxy or change my vote after I return my proxy?

Yes. Even after you submit a proxy, you may revoke your proxy or change your vote at any time before it is exercised by:

Delivering written notice to our transfer agent, Computershare Investor Services, LLC, at its proxy tabulation center at P. O. Box 43126, Providence, Rhode Island 02940-5138;

Delivering written notice to the Corporate Secretary of United Fire & Casualty Company at 118 Second Avenue SE, Cedar Rapids, Iowa 52401;

Executing and delivering a later-dated proxy; or

Appearing and voting in person at the Special Meeting. Attendance at the Special Meeting will not by itself revoke a previously granted proxy.

Who pays for this proxy solicitation?

The Company will pay the total expense of this solicitation of proxies. The expenses may include reimbursement to brokerage firms and others of their cost for forwarding solicitation material to beneficial owners.

SUMMARY OF THE REORGANIZATION PROPOSAL

This section highlights key aspects of the Reorganization Proposal, including the Reorganization Agreement, that are described in greater detail elsewhere in this proxy statement/prospectus. It does not contain all of the information that may be important to you. To better understand the Reorganization Proposal, and for a more complete description of the legal terms of the Reorganization Agreement, you should read this entire document carefully, including the Annexes, and the additional documents to which we refer you. You can find information with respect to these additional documents in Additional Information on page 29 of this proxy statement/prospectus.

THE PRINCIPAL PARTIES

United Fire & Casualty Company

118 Second Avenue SE
Cedar Rapids, Iowa 52401
Telephone: (319) 399-5700

United Fire & Casualty Company (the Company) and its consolidated subsidiaries and affiliate are engaged in the business of writing property and casualty insurance and life insurance and selling annuities. The Company was incorporated in Iowa in January 1946. Our principal executive office is located at 118 Second Avenue SE, P.O. Box 73909, Cedar Rapids, Iowa 52407-3909. Telephone: 319-399-5700. We report our operations in two business segments: property and casualty insurance and life insurance. We market our products through our home office in Cedar Rapids, Iowa, and four regional locations: our Denver Regional

Table of Contents

Office in Westminster, Colorado; our Gulf Coast Regional Office in Galveston, Texas; our East Coast Regional Office in Pennington, New Jersey; and our West Coast Regional Office in Rocklin, California. We maintain other offices in New Orleans, Louisiana and Lock Haven, Pennsylvania.

Our property and casualty insurance segment includes the Company and the following companies (collectively, the Subsidiary Companies), which are wholly owned by the Company, directly or indirectly:

Addison Insurance Company, an Iowa property and casualty insurer;

Lafayette Insurance Company, a Louisiana property and casualty insurer;

United Fire & Indemnity Company, a Texas property and casualty insurer, and its affiliate United Fire Lloyds, a Texas property and casualty insurer;

American Indemnity Financial Corporation, a Delaware holding company, and its subsidiary, Texas General Indemnity Co., a Colorado property and casualty insurer;

Mercer Insurance Group, Inc., a Pennsylvania corporation, and its subsidiaries, Mercer Insurance Co., a Pennsylvania property and casualty insurer, Mercer Insurance Company of New Jersey, Inc., a New Jersey property and casualty insurer, Franklin Insurance Company, a Pennsylvania property and casualty insurer, and BICUS Services Corporation, a Pennsylvania business corporation; and

Financial Pacific Insurance Group, Inc., a California corporation, and its subsidiaries, Financial Pacific Insurance Company, a California property and casualty insurer, Financial Pacific Insurance Agency, a California corporation; and three statutory trusts.

We are licensed as a property and casualty insurer in 43 states plus the District of Columbia. Over 1,300 independent agencies represent us and our property and casualty insurance subsidiaries.

Mercer Insurance Group, Inc. and its property and casualty insurance subsidiaries participate in an inter-company reinsurance pooling agreement. United Fire and its other property and casualty insurance subsidiaries participate in a separate inter-company reinsurance pooling agreement. 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. Under such arrangements, the members share substantially all of the insurance business that is written, and allocate the combined premiums, losses and expenses based on percentages defined in the arrangement.

Our life insurance segment consists of United Life Insurance Company, an Iowa life insurer and wholly owned subsidiary of the Company that is licensed in 29 states, primarily in the Midwest and West, and is represented by more than 900 independent agencies.

Information about us is available on our website at www.unitedfiregroup.com. The contents of our website are not incorporated by reference herein and are not deemed to be part of this proxy statement/prospectus.

United Fire Group, Inc.
118 Second Avenue SE
Cedar Rapids, Iowa 52401
Telephone: (319) 399-5700

The Company formed United Fire Group, Inc. (United Fire Group) as a wholly owned subsidiary in order to effect the Reorganization. Prior to the Reorganization, United Fire Group will have no assets or operations other than those that are incidental to its formation.

Table of Contents

UFC MergeCo, Inc.

118 Second Avenue SE
Cedar Rapids, Iowa 52401
Telephone: (319) 399-5700

UFC MergeCo, Inc. (MergeCo) was formed as a wholly owned subsidiary of United Fire Group in order to effect the Reorganization. Prior to the Reorganization, MergeCo will have no assets or operations other than those that are incidental to its formation.

WHAT YOU WILL RECEIVE IN THE REORGANIZATION (See page 11)

In the Reorganization, each outstanding share of common stock of the Company will be converted automatically into one share of common stock of United Fire Group. In addition, each outstanding option to purchase shares of the Company common stock, if not exercised before the completion of the Reorganization, will become an option to acquire, at the same exercise price, an identical number of shares of United Fire Group common stock. Each outstanding restricted stock award (or any performance award payable in restricted stock) will become an award of restricted stock (or a performance award payable in restricted stock) in an identical number of shares of United Fire Group common stock. Finally, participants in the Company's Employee Stock Purchase Plan will be entitled to receive shares of United Fire Group common stock in accordance with the terms of the plan.

On the Record Date, there were outstanding shares of Company common stock, unvested shares of Company restricted stock and options to acquire shares of Company common stock.

CONDITIONS TO COMPLETION OF THE REORGANIZATION (See page 12)

The completion of the Reorganization depends on the satisfaction or waiver of a number of conditions, including, but not limited to, the following:

absence of any stop order suspending the effectiveness of the registration statement, of which this proxy statement/prospectus forms a part, relating to the shares of United Fire Group common stock to be issued pursuant to the Reorganization and absence of any similar proceeding with respect to this Proxy Statement.

approval and adoption of the Reorganization Agreement by the Company's shareholders;

receipt of approval for listing on the NASDAQ Global Select Market of shares of United Fire Group common stock to be issued pursuant to the Reorganization

the Company shall have made such filings, and obtained such permits, authorizations, consents, approvals or terminations or expirations of waiting periods required by the corporate and insurance laws and regulations of all applicable jurisdictions;

absence of any order or proceeding that would prohibit or make illegal completion of the Reorganization; and

receipt by the Company and United Fire Group of a legal opinion of Bradley & Riley PC with respect to the material U.S. federal income tax consequences of the Reorganization.

TERMINATION OF THE REORGANIZATION AGREEMENT (See page 12)

We may terminate the Reorganization Agreement, even after adoption by our shareholders, if our Board of Directors determines to do so for any reason.

BOARD OF DIRECTORS AND EXECUTIVE OFFICERS OF UNITED FIRE GROUP FOLLOWING THE REORGANIZATION (See page 14)

The Board of Directors of United Fire Group presently consists of the same persons who constitute the Board of Directors of the Company, and it is expected that those directors will remain the same following the

Table of Contents

Reorganization. The executive officers of United Fire Group following the Reorganization will be the same as the executive officers of the Company immediately prior to the Reorganization.

MARKETS AND MARKET PRICES

United Fire Group common stock is not currently traded on any stock exchange. The Company common stock is traded under the symbol UFCS on the NASDAQ Global Select Market, and we expect United Fire Group common stock to trade on the NASDAQ Global Select Market under the symbol UFCS following the Reorganization. On May 24, 2011, the last trading day before the announcement of the Reorganization Proposal, the closing price per share for the Company's common stock was \$18.85. On November 29, 2011, the most recent trading day for which prices were available, the closing price per share of the Company's common stock was \$17.44.

CERTAIN FINANCIAL INFORMATION

We have not included pro forma financial comparative per share information concerning the Company that gives effect to the Reorganization because, immediately after the completion of the Reorganization, the consolidated financial statements of United Fire Group will be the same as the Company's consolidated financial statements immediately prior to the Reorganization, and the Reorganization will result in the conversion of each share of Company common stock into one share of United Fire Group common stock. In addition, we have not provided financial statements of United Fire Group because, prior to the Reorganization, it will have no assets, liabilities or operations other than those incident to its formation. Pro Forma Consolidated Financial Statements for the nine months ended September 30, 2011 for the Company and Mercer Insurance Group, Inc. is attached as Exhibit 99.2 to Amendment No. 1 to United Fire Group's Registration Statement on Form S-4 filed with the SEC on November 4, 2011.

RISK FACTORS

In considering whether to vote in favor of the Reorganization Proposal, you should consider all of the information we have included in this proxy statement/prospectus, including its Annexes, and all of the information included in the documents we have incorporated by reference, including our Annual Report on Form 10-K for the year ended December 31, 2010 and the risk factors described in the other documents incorporated by reference. In addition, you should pay particular attention to the risks described below.

Our Board of Directors may choose to defer or abandon the Reorganization.

Completion of the Reorganization may be deferred or abandoned, at any time, by action of our Board of Directors, whether before or after the Special Meeting. While we currently expect the Reorganization to take place on or about January 31, 2012, assuming that the Reorganization Proposal is approved at the Special Meeting, the Board of Directors may defer completion or may abandon the Reorganization because of any determination by our directors that the Reorganization would not be in the best interests of the Company or its shareholders or that the Reorganization would have material adverse consequences to the Company or its shareholders.

We may not obtain the expected benefits of our Reorganization into a holding company.

We believe our reorganization into a holding company structure will provide us with benefits in the future. These expected benefits may not be obtained if market conditions or other circumstances prevent us from taking advantage of the strategic, business and financing flexibility that it affords us. As a result, we may incur the costs of creating the holding company without realizing the possible benefits.

As a holding company, United Fire Group will depend in large part on dividends from its operating subsidiaries to satisfy its obligations.

After the completion of the Reorganization, United Fire Group will be a holding company with no business operations of its own. Its only significant assets will be the outstanding capital stock of its

Table of Contents

subsidiaries. As a result, it will rely on funds from its current subsidiaries and any subsidiaries that it may form in the future to meet its obligations.

The market for United Fire Group shares may differ from the market for Company shares.

Although it is anticipated that United Fire Group common shares will be authorized for listing on the NASDAQ Global Select Market, the market prices, trading volume and volatility of United Fire Group shares could be different from those of Company shares.

The proposed reorganization into a holding company may result in substantial direct and indirect costs whether or not completed.

The Reorganization may result in substantial direct costs. These costs and expenses are expected to consist primarily of attorneys' fees, accountants' fees, filing fees and financial printing expenses and will be substantially incurred prior to the vote of our shareholders. The Reorganization may also result in certain indirect costs by diverting the attention of our management and employees from our business and by increasing our administrative costs and expenses. These administrative costs and expenses will include keeping separate records and in some cases making separate regulatory filings for United Fire Group and each of its subsidiaries.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Statements in this proxy statement/prospectus and in documents incorporated by reference in this proxy statement/prospectus contain various forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Exchange Act, that represent our management's beliefs and assumptions concerning future events. When used in this proxy statement/prospectus and in documents incorporated herein by reference, forward-looking statements include, without limitation, statements regarding financial forecasts or projections and our expectations, beliefs, intentions or future strategies that are signified by the words expect(s), anticipate(s), intend(s), plan(s), believe(s), continue(s), seek(s), estimate(s), goal(s), forecast(s), project(s), predict(s), should, could, may, will continue, might, hope, can or the negative and other words and terms of similar meaning or expression.

The forward-looking statements are not historical facts and involve risks and uncertainties that could cause actual results to differ materially from those expected and/or projected. Such forward-looking statements are based on current expectations, estimates, forecasts and projections about our company, the industry in which we operate, and beliefs and assumptions made by management. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed in such forward-looking statements.

Potential factors that could affect our results include those described in this proxy statement/prospectus under "Risk Factors," and those identified in our Annual Report on Form 10-K for the year ended December 31, 2010 and in the other documents incorporated by reference. In light of these risks and uncertainties, the forward-looking results discussed or incorporated by reference in this proxy statement/prospectus might not occur.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this proxy statement/prospectus 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 (the "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.

PROPOSAL ONE THE REORGANIZATION PROPOSAL

This section of the proxy statement/prospectus describes the Reorganization Proposal. Although we believe that the description in this section covers the material terms of the Reorganization Proposal, this

Table of Contents

summary may not contain all of the information that is important to you. The summary of the material provisions of the Reorganization Agreement provided below is qualified in its entirety by reference to the Reorganization Agreement, which we have attached as Annex I to this proxy statement/prospectus and which we incorporate by reference into this proxy statement/prospectus. You should carefully read the entire proxy statement/prospectus and the Reorganization Agreement for a more complete understanding of the Reorganization Proposal. Your approval of the Reorganization Proposal will constitute your approval and adoption of the Reorganization Agreement, the Reorganization, the articles of incorporation of United Fire Group and the bylaws of United Fire Group.

REASONS FOR THE REORGANIZATION

At a meeting of the Board of Directors of the Company held on May 18, 2011, the Board of Directors concluded that the Reorganization is advisable, determined that the terms of the Reorganization Agreement are fair to and in the best interest of the Company and its shareholders and adopted and approved the Reorganization Agreement.

During the course of its deliberations, our Board of Directors consulted with management and outside legal counsel and considered a number of positive factors, including the following:

Possible Future Strategic and Business Flexibility of the Holding Company Structure. We believe the holding company structure could facilitate future expansion of our business by providing a more flexible structure for acquiring other businesses or entering into joint ventures, while continuing to keep the operations and risks of our other businesses separate. Although we have no present plans or any arrangements, understandings or agreements to make any acquisitions or enter into any joint ventures, we may do so in the future. Furthermore, implementing a holding company structure may further reduce the risk that liabilities of our core businesses and other businesses, if any, that may be operated in the future by separate subsidiaries would be attributed to each other.

Possible Future Financing Flexibility of the Holding Company Structure. We believe that a holding company structure may be beneficial to shareholders in the future because it would permit the use of financing techniques that are not available to the Company because the Company is a property and casualty insurer.

Possible Future Flexibility because United Fire Group is not an Insurance Company. Because United Fire Group would not be an insurance company, it will not be subject to the insurance laws, rules and regulations of the various states in which we now operate.

In addition to the positive factors described above, our Board of Directors also considered the following potential negative factor associated with the Reorganization Proposal:

Increased Costs and Expenses Associated with Implementing the Reorganization Proposal and Administering a Holding Company Structure. The Reorganization may result in substantial direct costs. These costs and expenses are expected to consist primarily of attorneys fees, accountants fees, filing fees and financial printing expenses associated with the Reorganization and will be substantially incurred prior to the vote of our shareholders. The Reorganization may also result in certain indirect costs by diverting the attention of our management and employees from our business and increasing our administrative costs and expenses. These administrative costs and expenses will include keeping separate records and in some cases making separate regulatory filings for each of United Fire Group and its current and future subsidiaries.

REORGANIZATION PROCEDURE

The Company currently owns all of the issued and outstanding common stock of United Fire Group. United Fire Group currently owns all of the issued and outstanding common stock of MergeCo, the subsidiary formed for purposes of completing the Reorganization. The Company also directly or indirectly owns all of the issued and outstanding common stock of the Subsidiary Companies. Following the approval of the

Table of Contents

Reorganization Agreement by the Company shareholders and the satisfaction or waiver of the other conditions specified in the Reorganization Agreement (which are described below), the Company will merge with MergeCo, the subsidiary of United Fire Group. As a result of this merger:

The Company will be the surviving corporation, and the separate corporate existence of MergeCo will cease.

Each outstanding share of the Company common stock will automatically convert into one share of United Fire Group common stock, as described below, and the current shareholders of the Company will become the shareholders of United Fire Group.

United Fire Group will own all of the Company's common stock, and each share of United Fire Group common stock now held by the Company will be cancelled.

The result of the Reorganization will be that your current company, United Fire & Casualty Company, will be merged with MergeCo and United Fire & Casualty Company will become a subsidiary of United Fire Group. United Fire Group's articles of incorporation are included as Annex II to this proxy statement/prospectus, and a copy of United Fire Group's bylaws are included as Annex III to this proxy statement/prospectus. For more information regarding your rights as a shareholder before and after the Reorganization, see Description of United Fire Group Capital Stock, Description of Company Capital Stock and Comparative Rights of Holders of United Fire Group Capital Stock and Company Capital Stock in this proxy statement/prospectus.

What Company Shareholders Will Receive in the Reorganization

Each share of Company common stock will convert into one share of United Fire Group common stock. After the completion of the Reorganization, you will own the same number and percentage of shares of United Fire Group common stock as you currently own of Company common stock.

Company Stock Options and Other Rights to Receive Company Stock

Each outstanding option to acquire shares of Company common stock will become an option to acquire, on the same terms and conditions as before the Reorganization, an identical number of shares of United Fire Group common stock. Each outstanding restricted stock award for Company stock (or any performance award payable in Company restricted stock) will become an award of restricted stock (or a performance award payable in restricted stock) in an identical number of shares of United Fire Group common stock. As of November 28, 2011, there were outstanding options to acquire an aggregate of 1,205,847 shares of Company common stock and outstanding restricted stock awards representing an aggregate of 50,206 shares of Company common stock. The Company's existing stock-based compensation plans, which include the Company's 2005 Nonqualified Non-Employee Director Stock Option and Restricted Stock Plan, 2008 Stock Plan, Employee Stock Purchase Plan, 401(k) Plan and Employee Stock Ownership Plan, will entitle plan participants to receive shares of United Fire Group common stock rather than shares of Company common stock, on the same terms otherwise provided for in the respective plans.

Corporate Name Following the Reorganization

The name of the public company following the Reorganization will be United Fire Group, Inc.

No Exchange of Stock Certificates

In the Reorganization, your shares of Company common stock will be converted automatically into shares of United Fire Group common stock. Your certificates of Company common stock, if any, will represent, from and after the Reorganization, an equal number of shares of United Fire Group common stock, and no action with regard to stock certificates will be required on your part. We expect to send you a notice after the Reorganization is completed specifying this and other relevant information.

Table of Contents

Conditions to Reorganization

We will complete the Reorganization only if each of the following conditions is satisfied or waived:

The registration statement of United Fire Group shall have been deemed or declared effective by the SEC under the Securities Act and no stop order suspending the effectiveness of the Registration Statement shall have been issued by the SEC and no proceeding for that purpose shall have been initiated or, to the knowledge of United Fire Group or the Company, threatened by the SEC and not concluded or withdrawn. No similar proceeding with respect to the proxy statement shall have been initiated or, to the knowledge of United Fire Group or the Company, threatened, by the SEC and not concluded or withdrawn.

The Agreement and the Merger shall have been approved by the requisite vote of the shareholders of the Company in accordance with the Iowa Business Corporation Act and the amended and restated articles of incorporation of the Company.

The United Fire Group common stock to be issued pursuant to the Reorganization shall have been approved for listing on the NASDAQ Global Select Market by The NASDAQ Stock Market, LLC.

The Company shall have made such filings, and obtained such permits, authorizations, consents, approvals or terminations or expirations of waiting periods required by the corporate and insurance laws and regulations of all applicable jurisdictions.

No order, statute, rule, regulation, executive order, injunction, stay, decree, judgment or restraining order that is in effect shall have been enacted, entered, promulgated or enforced by any court or governmental or regulatory authority or instrumentality that prohibits or makes illegal the consummation of the Reorganization.

The Boards of Directors of the Company and United Fire Group shall have received the legal opinion of Bradley & Riley PC in form and substance reasonably satisfactory to them indicating that holders of Company common stock will not recognize gain or loss for United States federal income tax purposes as a result of the transactions contemplated by the Reorganization Agreement.

Effectiveness of Reorganization

The Reorganization will become effective on the date we file articles of merger with the Secretary of State of the State of Iowa or a later date that we specify therein. We will file the articles of merger when the conditions to the Reorganization described above have been satisfied or waived. Assuming the conditions to the Reorganization have been satisfied, we expect the Reorganization will be effective on or about January 31, 2012.

Termination of Reorganization Agreement

The Reorganization Agreement may be terminated at any time prior to the completion of the Reorganization (even after adoption by our shareholders) by action of the Board of Directors if it determines that for any reason the completion of the transactions provided for therein would be inadvisable or not in the best interest of the Company or our shareholders.

Amendment of Reorganization Agreement

The Reorganization Agreement may, to the extent permitted by the Iowa Business Corporation Act (the IBCA), be supplemented, amended or modified at any time prior to the completion of the Reorganization (even after adoption by our shareholders), by the mutual consent of the parties thereto.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

The following discussion summarizes the material U.S. federal income tax consequences of the Reorganization to U.S. holders of Company common stock. This discussion is based upon current provisions of the

Table of Contents

Internal Revenue Code of 1986, as amended (the Code), current and proposed Treasury regulations, and judicial and administrative decisions and rulings as of the date of this proxy statement/prospectus, all of which are subject to change (possibly with retroactive effect) and all of which are subject to differing interpretation. This discussion does not address all aspects of U.S. federal income taxation that may be relevant to you in light of your particular circumstances or to persons subject to special treatment under U.S. federal income tax laws. In particular, this discussion deals only with shareholders that hold Company common stock as capital assets within the meaning of the Code. In addition, this discussion does not address the tax treatment of special classes of shareholders, such as banks, insurance companies, tax-exempt organizations, financial institutions, broker-dealers, persons holding Company stock as part of a hedge, straddle or other risk reduction, constructive sale or conversion transaction, U.S. expatriates, persons subject to the alternative minimum tax and persons who acquired Company common stock in compensatory transactions. If you are not a U.S. holder (as defined below); this discussion does not apply to you.

As used in this summary, a U.S. holder is:

an individual U.S. citizen or resident alien;

a corporation, partnership or other entity created or organized under U.S. law (federal or state);

an estate whose worldwide income is subject to U.S. federal income tax; or

a trust, if a court within the United States of America is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or certain trusts formed prior to August 20, 1996, if such trust has a valid election in effect to be treated as a domestic trust for U.S. federal income tax purposes.

If a partnership (including, for this purpose, any entity treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of Company common stock, the U.S. federal income tax consequences to a partner in the partnership will generally depend on the status of the partner and the activities of the partnership. A holder of Company common stock that is a partnership, and the partners in such partnership, should consult their own tax advisors regarding the U.S. federal income tax consequences of the Reorganization.

All shareholders are urged to consult with their own tax advisors regarding the tax consequences of the reorganization to their particular situation, including the effects of U.S. Federal, state, local, foreign and other tax laws.

The obligation of the Company to complete the Reorganization is conditioned upon, among other things, the Company and United Fire Group having received a legal opinion from Bradley & Riley PC, dated as of the completion of the Reorganization, that the merger will constitute an exchange of Company common stock for United Fire Group common stock governed by Section 351 of the Code, as well as a Reorganization within the meaning of Section 368(a) of the Code, and, therefore, no gain or loss will be recognized by the shareholders of the Company upon the receipt of United Fire Group common stock pursuant to the merger. The Company has requested a private letter ruling from the Internal Revenue Service as to the tax consequences of the Reorganization. The opinion of counsel will not be binding upon the Internal Revenue Service or any other taxing authority. Assuming the transaction is treated as described in this paragraph, the material U.S. federal income tax consequences of the transactions will be as follows:

No gain or loss will be recognized by United Fire Group or the Company as a result of the merger;

No gain or loss will be recognized by shareholders of Company common stock upon receipt of United Fire Group common stock solely in exchange for Company common stock;

The aggregate tax basis of the shares of United Fire Group common stock that shareholders of Company common stock receive in exchange for Company common stock in the merger will be the same as the aggregate tax basis of the Company common stock exchanged; and

The holding period for shares of United Fire Group common stock received in the merger will include the holding period of the Company common stock exchanged.

Table of Contents

The foregoing discussion is not intended to be a complete analysis or description of all potential U.S. Federal income tax consequences or any other consequences of the Reorganization. In addition, the discussion does not address tax consequences that may vary with, or are contingent on, the circumstances of individual holders of Company common stock. Moreover, the discussion does not address state, local, foreign or non-income tax consequences or tax return reporting requirements. Accordingly, you are strongly urged to consult with your own tax advisor to determine the particular U.S. Federal, state, local or foreign income or other tax consequences to you of the Reorganization.

NO COMPENSATION RELATED TO THE REORGANIZATION

There are no agreements or understandings, whether written or unwritten, between any executive officer and the Company, United Fire Group or MergeCo concerning any type of compensation, whether present, deferred or contingent, that is based on or otherwise relates to the Reorganization.

ANTICIPATED ACCOUNTING TREATMENT

For accounting purposes, our reorganization into a holding company structure will be treated as a merger of entities under common control. The accounting treatment for such events is similar to the former pooling of interests method. Accordingly, the financial position and results of operations of the Company will be included in the consolidated financial statements of United Fire Group on the same basis as currently presented.

AUTHORIZED CAPITAL STOCK

The Company's amended and restated articles of incorporation currently authorize the issuance of 75,000,000 shares of common stock and 10,000,000 shares of preferred stock. United Fire Group's articles of incorporation, which would govern the rights of our shareholders after the Reorganization, currently authorize the issuance of 75,000,000 shares of common stock and 10,000,000 shares of preferred stock. Upon completion of the Reorganization, the number of shares of United Fire Group common stock that will be outstanding will be equal to the number of shares of Company common stock outstanding immediately prior to the Reorganization. As of November 28, 2011, there were 626,837 shares of common stock authorized for issuance under the Company's equity compensation plans. No other shares are presently reserved for any other purpose.

LISTING OF UNITED FIRE GROUP COMMON STOCK ON THE NASDAQ GLOBAL SELECT MARKET; DE-LISTING AND DE-REGISTRATION OF COMPANY COMMON STOCK

The completion of the Reorganization is conditioned on the approval for listing of the shares of United Fire Group common stock issued in the Reorganization (and any other shares to be reserved for issuance in connection with the Reorganization) on the NASDAQ Global Select Market. We expect that the United Fire Group common stock will trade under the ticker symbol UFCS. In addition, United Fire Group will become a reporting company under the Exchange Act. Following the Reorganization, the Company's common stock will no longer be listed on the NASDAQ Global Select Market and will no longer be registered under the Exchange Act. In addition, the Company will cease to be a reporting company under the Exchange Act.

BOARD OF DIRECTORS AND EXECUTIVE OFFICERS OF UNITED FIRE GROUP FOLLOWING THE REORGANIZATION

The United Fire Group Board of Directors and the Company Board of Directors are composed of the same persons.

We expect that the executive officers of United Fire Group following the Reorganization will be the same as those of the Company immediately prior to the Reorganization.

Table of Contents

ISSUANCES OF UNITED FIRE GROUP COMMON STOCK UNDER COMPANY PLANS

The adoption by the holders of Company common stock of the Reorganization Agreement will also constitute approval of the assumption by United Fire Group of the Company's existing stock-based compensation plans, which include the Company's 2005 Nonqualified Non-Employee Director Stock Option and Restricted Stock Plan, 2008 Stock Plan, Employee Stock Purchase Plan, 401(k) Plan and Employee Stock Ownership Plan and, where appropriate, the future issuance of shares of United Fire Group common stock in lieu of shares of Company common stock under those plans, each as amended in connection with the Reorganization without further shareholder action.

UNITED FIRE GROUP ARTICLES OF INCORPORATION

The adoption by the holders of Company common stock of the Reorganization Agreement will also constitute approval of the terms of the United Fire Group articles of incorporation in the form attached to this proxy statement/prospectus as Annex II.

RESTRICTIONS ON THE SALE OF UNITED FIRE GROUP SHARES

The shares of United Fire Group common stock to be issued in the Reorganization will be registered under the Securities Act. These shares will be freely transferable under the Securities Act, subject to existing restrictions on certain affiliates of United Fire Group.

DESCRIPTION OF UNITED FIRE GROUP CAPITAL STOCK

United Fire Group is incorporated in the State of Iowa. The rights of shareholders of United Fire Group will generally be governed by Iowa law and United Fire Group's articles of incorporation and bylaws. The following is a summary of the material provisions of United Fire Group's articles of incorporation and bylaws. This summary is not complete and is qualified by reference to Iowa statutory and common law and the full texts of United Fire Group's articles of incorporation and bylaws, which are attached as Annexes II and III to this proxy statement/prospectus.

General

Upon the completion of the Reorganization, the authorized capital of United Fire Group will be 85,000,000 shares, consisting of 75,000,000 shares of common stock, par value \$0.001 per share, and 10,000,000 shares of preferred stock, no par value per share. All of the shares issued and outstanding upon completion of the Reorganization will be fully paid and nonassessable.

Upon completion of the Reorganization, the number of shares of United Fire Group common stock that will be outstanding will be equal to the number of shares of Company common stock outstanding immediately prior to the Reorganization.

Common Stock

The Board of Directors of United Fire Group may, without further shareholder approval, issue up to 75,000,000 shares of common stock having a par value of \$.001 per share.

Dividends. Subject to preferences applicable to any shares of outstanding United Fire Group preferred stock, the Board of Directors may declare dividends upon the capital stock of United Fire Group, subject to the applicable

provisions, if any, of the IBCA. United Fire Group may pay dividends in cash, in property, or in shares of the capital stock, subject to the provisions of the IBCA. All shares of United Fire Group common stock are entitled to participate ratably with respect to dividends or other distributions.

Liquidation Rights. If United Fire Group is liquidated, dissolved or wound up, voluntarily or involuntarily, holders of United Fire Group common stock are entitled to share ratably in all assets of United Fire Group available for distribution to the United Fire Group shareholders after the payment in full of any preferential amounts to which holders of any United Fire Group preferred stock may be entitled.

Table of Contents

Voting Rights. Holders of United Fire Group common stock are entitled to one vote per share on all matters to be voted upon by shareholders. There are no cumulative voting rights. Shareholders may vote by proxy.

Other. There are no preemption, redemption, sinking fund or conversion rights applicable to the United Fire Group common stock. When issued, outstanding shares of common stock will be fully paid and non-assessable.

Preferred Stock

The Board of Directors of United Fire Group may, without further shareholder approval, issue up to 10,000,000 shares of preferred stock having no par value per share. The preferred stock may be divided into and issued in one or more series. The Board of Directors may establish and designate such series and, within the limitations prescribed by law, fix and determine the designations, powers, preferences, and relative, participating, optional or other special rights, and qualifications, limitations and restrictions of any series. The issuance of United Fire Group preferred stock may have the effect of delaying, deferring or preventing a change of control of United Fire Group without further action by the shareholders, may discourage bids for United Fire Group common stock at a premium over the market price of United Fire Group common stock and may adversely affect the market price of, and the voting and other rights of the holders of, United Fire Group common stock.

Anti-Takeover Provisions of the Articles of Incorporation and Bylaws

United Fire Group's articles of incorporation and bylaws include a number of provisions that may have the effect of deterring or impeding hostile takeovers or changes in control or management. These provisions include:

the authority of the Board of Directors to issue up to 10,000,000 shares of undesignated preferred stock and to determine the rights, preferences and privileges of these shares, without shareholder approval;

a classified board of directors having three classes of directors, with the terms of the members of a different class of directors expiring each year and directors for that class being elected to three-year terms;

elimination of cumulative voting;

requiring the affirmative vote of holders of at least sixty percent (60%) of the outstanding shares of voting stock to approve any plan of merger, consolidation, or sale or exchange of all or substantially all of the assets of United Fire Group;

requiring the affirmative vote of holders of at least sixty percent (60%) of the outstanding shares of voting stock to amend United Fire Group's articles of incorporation; and

permitting a holder or group of holders of United Fire Group common stock who own not less than one-fifth (1/5) but less than a majority of the outstanding shares of common stock to nominate and elect that number of directors, ignoring fractions, which bears the same ratio to the number of directors to be elected as the number of shares of common stock held by such shareholders bears to the total shares of common stock outstanding, but the total number of directors so elected by minority stockholders may not exceed one less than a majority of the aggregate number of directors to be elected.

Such provisions may have the effect of delaying or preventing a change in control.

Limitation of Director Liability and Indemnification

United Fire Group's articles of incorporation and bylaws provide that a director shall not be personally liable to United Fire Group or its shareholders for monetary damages for any action taken, or any failure to

Table of Contents

take any action, as a director, except liability for any of the following: (1) the amount of a financial benefit received by a director to which the director is not entitled; (2) an intentional infliction of harm on United Fire Group or its shareholders; (3) a violation of section 490.833 of the IBCA, which provides that a director may be liable for certain excess distributions in excess of what may be authorized by statute; or (4) an intentional violation of criminal law. If the IBCA is amended to authorize the further elimination or limitation of the personal liability of directors, then, automatically and without any further action, the liability of a director shall be eliminated or limited to the fullest extent permitted by the IBCA. The articles of incorporation and bylaws of United Fire Group further provide that United Fire Group shall indemnify each of its directors for liability to any person for any action taken, or any failure to take any action, as a director, except liability for any of the items (1) through (4), listed above.

United Fire Group's articles of incorporation and bylaws further provide that United Fire Group shall indemnify each of its directors for liability to any person for any action taken, or any failure to take any action, as a director, except liability for any of the items (1) through (4), listed above. Furthermore, any repeal or amendment of the provisions governing limitation of director liability and indemnification shall not adversely affect any right of a director or former director arising at any time with respect to events occurring prior to such repeal or amendment.

Transfer Agent

We expect that the transfer agent for United Fire Group common stock will be Computershare Investor Services, LLC, 2 North LaSalle Street, Chicago, Illinois 60602.

The NASDAQ Global Select Market Listing

We expect that United Fire Group common stock will be listed on the NASDAQ Global Select Market under the trading symbol UFCS.

DESCRIPTION OF COMPANY CAPITAL STOCK

The rights of shareholders of the Company are generally governed by Iowa law and the Company's Fourth Restated Articles of Incorporation, as amended, and bylaws. The following is a summary of the material provisions of the Company's Fourth Restated Articles of Incorporation, as amended, and bylaws. This summary is not complete and is qualified by reference to Iowa statutory and common law and the full texts of the Company's Fourth Restated Articles of Incorporation, as amended, and bylaws. The Company's Fourth Restated Articles of Incorporation, as amended, are incorporated by reference as Exhibits 3.2 through 3.5 to United Fire Group's Registration Statement on Form S-4 filed with the SEC on May 25, 2011. The Company's bylaws are incorporated by reference as Exhibit 3.7 to United Fire Group's Registration Statement on Form S-4 filed with the SEC on May 25, 2011.

General

The Company is authorized to issue 75,000,000 shares of common stock, \$3.331/3 par value per share, and 10,000,000 shares of preferred stock, \$1.00 par value per share.

As of November 28, 2011, the Company had 25,502,667 shares of common stock issued and outstanding. All outstanding shares of the Company's stock are fully paid and nonassessable.

Common Stock

Dividends and Distributions. Subject to preferences applicable to any shares of outstanding preferred stock, the Board of Directors may declare and pay dividends upon Company common stock, share and share alike, out of any earned

surplus or net profits or other fund legally available for the declaration of dividends after making such provision, if any, as the Board of Directors may deem necessary for working capital.

Liquidation Rights. If the Company is liquidated, dissolved or wound up, voluntarily or involuntarily, holders of Company common stock are entitled to share ratably in all net assets of the Company available for

Table of Contents

distribution to the Company shareholders after the payment in full of any preferential amounts to which holders of any Company preferred stock may be entitled.

Voting Rights. Holders of Company common stock are entitled to one vote per share on all matters to be voted upon by shareholders. There are no cumulative voting rights. Shareholders may vote by proxy.

Other. There are no preemption, redemption, sinking fund or conversion rights applicable to Company common stock. All outstanding shares of common stock are fully paid and non-assessable.

Preferred Stock

The Board of Directors has authority to issue 10,000,000 shares of Company preferred stock in one or more series and to provide for the issuance of the shares of preferred stock in series, to establish from time to time the number of shares to be included in each such series and to fix the preferences, limitations and relative rights of the series.

Anti-Takeover Provisions of the Articles of Incorporation and Bylaws

The Company's Fourth Restated Articles of Incorporation, as amended, and bylaws include a number of provisions that may have the effect of deterring or impeding hostile takeovers or changes in control or management. These provisions include:

the authority of the Board of Directors to issue up to 10,000,000 shares of undesignated preferred stock and to determine the rights, preferences and privileges of these shares, without shareholder approval;

a classified board of directors having three classes of directors, with the terms of the members of a different class of directors expiring each year and directors for that class being elected to three-year terms;

elimination of cumulative voting;

requiring the affirmative vote of holders of at least two-thirds (2/3) of the outstanding shares of voting stock to approve any plan of merger, consolidation, or sale or exchange of all or substantially all of the assets of the Company;

requiring the affirmative vote of holders of at least two-thirds (2/3) of the outstanding shares of voting stock to amend the Company's articles of incorporation; and

permitting a holder or group of holders of Company common stock who own not less than one-fifth (1/5) but less than a majority of the outstanding shares of common stock to nominate and elect that number of directors, ignoring fractions, which bears the same ratio to the number of directors to be elected as the number of shares of common stock held by such shareholders bears to the total shares of common stock outstanding, but the total number of directors so elected by minority stockholders may not exceed one less than a majority of the aggregate number of directors to be elected.

Such provisions may have the effect of delaying or preventing a change in control.

Limitation of Director Liability and Indemnification

The Company's Fourth Restated Articles of Incorporation, as amended, and bylaws provide that a director shall not be personally liable to the Company or its shareholders for monetary damages for any action taken, or any failure to take any action, as a director, except liability for any of the following: (1) the amount of a financial benefit received by a director to which the director is not entitled; (2) an intentional infliction of harm on the Company or its shareholders; (3) a violation of section 490.833 of the IBCA, which provides that a director may be liable for certain excess distributions in excess of what may be authorized by statute; or (4) an intentional violation of criminal law. If the IBCA is amended to authorize the further elimination or

Table of Contents

limitation of the personal liability of directors, then, automatically and without any further action, the liability of a director of shall be eliminated or limited to the fullest extent permitted by the IBCA.

The Company’s Fourth Restated Articles of Incorporation, as amended, and bylaws further provide that the Company shall indemnify each of its directors for liability to any person for any action taken, or any failure to take any action, as a director, except liability for any of the items (1) through (4), listed above. Furthermore, any repeal or amendment of the provisions governing limitation of director liability and indemnification shall not adversely affect any right of a director or former director arising at any time with respect to events occurring prior to such repeal or amendment.

Transfer Agent

The transfer agent for Company common stock is Computershare Investor Services, LLC, 2 North LaSalle Street, Chicago, Illinois 60602.

The NASDAQ Global Select Market Listing

Company common stock is listed on the NASDAQ Global Select Market under the trading symbol UFCS.

COMPARATIVE RIGHTS OF HOLDERS OF UNITED FIRE GROUP CAPITAL STOCK AND COMPANY CAPITAL STOCK

At the effective time of the merger, Company common stock will be converted on a one-for-one basis into United Fire Group common stock. As a result, United Fire Group’s articles of incorporation and bylaws will govern the rights of the former holders of Company common stock who receive shares of United Fire Group common stock pursuant to the Reorganization. The rights of Company shareholders are currently governed by the IBCA and common law, the Company’s Fourth Restated Articles of Incorporation, as amended, and the Company’s bylaws. After completion of the Reorganization, the rights of United Fire Group shareholders (i) will continue to be governed by the IBCA and common law and (ii) will be governed by United Fire Group’s articles of incorporation and bylaws.

The following table summarizes and compares the material rights that Company shareholders currently have and the rights that they will have as shareholders of United Fire Group following the Reorganization. This summary is qualified in its entirety by reference to the full text of United Fire Group’s articles of incorporation and bylaws, and the Company’s Fourth Restated Articles of Incorporation, as amended, and bylaws. For detailed descriptions of the capital stock of the Company and United Fire Group, see Description of United Fire Group Capital Stock and Description of Company Capital Stock on pages 15 to 19 of this proxy statement/prospectus.

	Rights of Holders of Company Common Stock	Rights of Holders of United Fire Group, Inc. Common Stock
Capitalization:	The Company is authorized to issue 75,000,000 shares of common stock having a par value of \$3.331/3 per share and 10,000,000 shares of serial preferred stock, having no par value per share.	United Fire Group is authorized to issue 75,000,000 shares of common stock having a par value of \$.001 per share and 10,000,000 shares of serial preferred stock, having no par value per share.
Voting Rights:		

Company common shareholders are entitled to one vote for each share. The Company's articles of incorporation, as amended, do not provide for cumulative voting for the election of directors.

United Fire Group common shareholders are entitled to one vote for each share. United Fire Group's articles of incorporation do not provide for cumulative voting for the election of directors.

Table of Contents

**Rights of Holders of Company
Common Stock**

**Rights of Holders of United Fire
Group, Inc. Common Stock**

Proportionate
Representation:

The holder or holders, jointly or severally, of not less than one-fifth but less than a majority of the shares of Company common stock shall be entitled to nominate directors for election at the annual shareholders meeting. In the event such nomination is made there shall be elected, to the extent that the total number to be elected is divisible, such proportionate number from the persons so nominated as the shares of stock held by persons making such nominations bear to the whole number of shares issued; provided, the holder or holders of the minority shares of stock shall only be entitled to one-fifth (disregarding fractions) of the total number of directors to be elected for each one-fifth of the entire capital stock of the Company held by them. This shall not be construed to prevent the holders of a majority of the Company common stock from electing the majority of the directors to be elected.

The holder or holders, jointly or severally, of not less than one-fifth but less than a majority of the shares of United Fire Group common stock shall be entitled to nominate directors for election at the annual shareholders meeting. In the event such nomination is made there shall be elected, to the extent that the total number to be elected is divisible, such proportionate number from the persons so nominated as the shares of stock held by persons making such nominations bear to the whole number of shares issued; provided, the holder or holders of the minority shares of stock shall only be entitled to one-fifth (disregarding fractions) of the total number of directors to be elected for each one-fifth of the entire capital stock of United Fire Group held by them. This shall not be construed to prevent the holders of a majority of the United Fire Group common stock from electing the majority of the directors to be elected.

Quorum:

A majority of the Company common stock outstanding represented in person or by written proxy shall constitute a quorum for the transaction of business.

A majority of the United Fire Group common stock outstanding represented in person or by written proxy shall constitute a quorum for the transaction of business.

Number of Directors:

The number of directors shall not be fewer than nine nor more than 15 persons, and the size of the Board of Directors shall be established within that range annually by the shareholders at the annual meeting.

The number of directors shall not be fewer than nine nor more than 15 persons. Within that range, the size of the Board of Directors is determined by the shareholders at the annual meeting or by the Board of Directors. The Board of Directors shall not increase the size of the Board of Directors by more than one (1) director in any year. All director nominees must meet the qualifications for directors set from time to time by the Board of Directors.

Nominations of
Directors and
Business at Annual

The Company's articles and bylaws do not specifically provide a process for shareholders to nominate candidates for

United Fire Group's bylaws provide an exclusive process for shareholders to nominate persons for election to the Board

and Special Meetings: director or to propose business to be of Directors and to propose business to be
considered at a meeting of the shareholders. considered by the shareholders at an annual
or special meeting of shareholders. The
bylaws require all board nominees to meet
qualifications specified by the Board of
Directors.

Table of Contents

**Rights of Holders of Company
Common Stock**

**Rights of Holders of United Fire
Group, Inc. Common Stock**

Removal of Directors:	The Company's articles of incorporation and bylaws do not include provisions limiting removal of directors.	United Fire Group's articles of incorporation and bylaws do not include provisions limiting removal of directors.
Classification of Board of Directors:	The Company's articles of incorporation provide for directors to be divided into three classes, as nearly equal in the number of directors as possible, with the directors in each class serving a three-year term.	United Fire Group's articles of incorporation provide for directors to be divided into three classes, as nearly equal in the number of directors as possible, with the directors in each class serving a three-year term.
Filling Vacancies on the Board of Directors:	Vacancies in the Board of Directors occurring between annual meetings may be filled by the Board of Directors for the remainder of the unexpired term of the director whose office is vacated.	Vacancies in the Board of Directors, whether arising through death, resignation or removal of a director, or newly created directorships resulting from any increase in the authorized number of directors, shall be filled by a majority of the directors then in office, or by a sole remaining director. A director so chosen shall hold office for the unexpired portion of the term of the director replaced, provided, however, that in the case of a directorship created by the Board of Directors, the director so chosen shall be assigned to that class of directors the terms of which expire at the next annual meeting of the shareholders.
Compensation:	The Company's bylaws provide that compensation of directors shall be determined by the Board of Directors, with the exception of the Chairman, whose compensation is determined by the Compensation Committee. The basis of such compensation shall be an annual stipend plus a fixed amount for attendance at each directors meeting. With the exception of the annual stipend, no compensation shall be allowed or paid to any director not in attendance at any meeting. No director shall receive a fee for services as such if such director draws a salary from the Company as an officer or employee.	United Fire Group's bylaws provide that subject to the requirements of applicable law and NASDAQ (collectively the Requirements), the directors may be compensated for their service as directors and as members of committees of the board of directors and for chairing the board of any such committee. Such compensation may take the form of board and committee retainer fees, attendance fees, fees for chairing the Board of Directors or any such committees of the Board of Directors, stock awards, stock options, stock appreciation rights and any other lawful form of compensation.

Record Date:

The Company's Board of Directors may fix, in advance, a record date, which shall not be more than 60 or less than 10 days before the date of any shareholder meeting, and not more than 70 days prior to any other action.

United Fire Group's Board of Directors may fix, in advance, a record date, which shall not be more than 60 or less than 10 days before the date of any shareholder meeting, and not more than 70 days prior to any other action.

Table of Contents

**Rights of Holders of Company
Common Stock**

**Rights of Holders of United Fire
Group, Inc. Common Stock**

Notice of Meetings:	Each Company shareholder entitled to vote must be given written notice of each annual or special meeting, stating the place, date, time and purpose(s) of the meeting, not less than 10 nor more than 60 days before the date of the meeting.	Each United Fire Group shareholder entitled to vote must be given written notice of each annual or special meeting, stating the place, date, time and purpose(s) of the meeting, not less than 10 nor more than 60 days before the date of the meeting.
Amendments to Articles:	Amendments to the Company's articles of incorporation shall require the affirmative vote of two-thirds (2/3) of Company common stock issued and outstanding.	Amendments to United Fire Group's articles shall require the affirmative vote of sixty percent (60%) of United Fire Group common stock issued and outstanding.
Amendments to Bylaws:	The bylaws of the Company may be altered, amended or repealed and new bylaws may be adopted at any meeting of the Board of Directors by a majority vote of the directors present at the meeting. The IBCA permits shareholders to amend the bylaws.	United Fire Group's bylaws may be altered, amended or repealed and new bylaws may be adopted at any meeting of the Board of Directors by a majority vote of the directors present at the meeting. The IBCA permits shareholders to amend the bylaws.
Special Shareholders Meetings:	The Company's articles of incorporation provide that special meetings shall be called by the president of the Company or 51% of the shareholders.	United Fire Group's articles of incorporation provide that special meetings shall be called by the Chairman, the Board of Directors, or 30% of the shareholders.
Approval for Business Combinations:	The Company's articles of incorporation require the affirmative vote of two-thirds (2/3) of all outstanding shares of common stock to approve any plan of merger, consolidation, or sale or exchange of all or substantially all of the assets.	United Fire Group's articles of incorporation require the affirmative vote of sixty percent (60%) of all outstanding shares of United Fire Group to approve any plan of merger, consolidation, or sale or exchange of all or substantially all of the assets.

Table of Contents

**Rights of Holders of Company
Common Stock**

**Rights of Holders of United Fire
Group, Inc. Common Stock**

Limitation of Personal
Liability of Directors:

The Company's articles of incorporation and bylaws provide that a director shall not be personally liable to the Company or its shareholders for monetary damages for any action taken, or any failure to take any action, as a director, except liability for any of the following: (1) the amount of a financial benefit received by a director to which the director is not entitled; (2) an intentional infliction of harm on the Company or its shareholders; (3) a violation of section 490.833 of the IBCA, which provides that a director may be liable for certain excess distributions in excess of what may be authorized by statute; or (4) an intentional violation of criminal law. If the IBCA is amended to authorize further elimination or limitation of the personal liability of directors, then, automatically and without any further action, the liability of a director shall be eliminated or limited to the fullest extent permitted by the IBCA.

United Fire Group's articles of incorporation, as amended, and bylaws provide that a director shall not be personally liable to United Fire Group or its shareholders for monetary damages for any action taken, or any failure to take any action, as a director, except liability for any of the following: (1) the amount of a financial benefit received by a director to which the director is not entitled; (2) an intentional infliction of harm on United Fire Group or its shareholders; (3) a violation of section 490.833 of the IBCA, which provides that a director may be liable for certain excess distributions in excess of what may be authorized by statute; or (4) an intentional violation of criminal law. If the IBCA is amended to authorize further elimination or limitation of the personal liability of directors, then, automatically and without any further action, the liability of a director shall be eliminated or limited to the fullest extent permitted by the IBCA.

Indemnification of
Directors and
Officers:

The articles of incorporation of the Company provide that the Company shall indemnify each of its directors for liability to any person for any action taken, or any failure to take any action, as a director, except liability for any of the items (1) through (4), listed under Limitation of Personal Liability of Directors, above. Furthermore, any repeal or amendment of the provisions governing limitation of director liability and indemnification shall not adversely affect any right of a director or former director arising at any time with respect to events occurring prior to such repeal or amendment.

The articles of incorporation and bylaws of United Fire Group provide that United Fire Group shall indemnify each of its directors for liability to any person for any action taken, or any failure to take any action, as a director, except liability for any of the items (1) through (4), listed under Limitation of Personal Liability of Directors, above. Furthermore, any repeal or amendment of the provisions governing limitation of director liability and indemnification shall not adversely affect any right of a director or former director arising at any time with respect to events occurring prior to such repeal or amendment.

Table of Contents

**Rights of Holders of Company
Common Stock**

**Rights of Holders of United Fire
Group, Inc. Common Stock**

Closing Transfer
Books:

The Company's articles of incorporation provide that for the purpose of determining shareholders entitled to notice of, or to vote at, any meeting of shareholders, or any adjournment thereof, or entitled to receive payment of any dividends, or in order to make a determination of shareholders for any other purpose, the Board of Directors may provide that the stock transfer books shall be closed for a stated period, not exceeding sixty (60) days. If the stock transfer books shall be closed for such purpose, such books shall be closed for at least ten (10) days immediately preceding such meeting.

The articles of incorporation of the United Fire Group do not address closing of the stock transfer books. The bylaws of the United Fire Group provide that for the purpose of determining shareholders entitled to notice of, or to vote at, any meeting of shareholders, or any adjournment thereof, or entitled to receive payment of any dividends, or in order to make a determination of shareholders for any other purpose, the Board of Directors may provide that the stock transfer books shall be closed for a stated period, not exceeding sixty (60) days. If the stock transfer books shall be closed for such purpose, such books shall be closed for at least ten (10) days immediately preceding such meeting.

Consideration for
stock:

The Company's articles of incorporation provide (i) that no stock shall be issued until the Company has received the payment in full therefor in cash or property, provided, however, that when stock is to be issued for anything other than money such issue of stock must be approved by the Insurance Commissioner of the State of Iowa and (ii) that without action by or consent of the shareholders, the Board of Directors may issue all or so much of the authorized common stock for such consideration as it shall determine, but not less than par value thereof, and any and all such stock so issued, when the consideration therefor as so fixed by the Board of Directors has been fully paid or delivered, shall be fully paid stock and not liable to any further call or assessment.

The articles of incorporation of United Fire Group do not contain any provisions concerning consideration for stock.

Shareholder's Private
Property Exempt from
Corporate Debts:

The Company's articles of incorporation provide that the private property of the shareholders of the Company shall not be liable for corporate debts.

The articles of incorporation of United Fire Group do not contain any provision expressly excepting a shareholder's private property from corporate debts, as the IBCA

provides these shareholder protections.

Table of Contents

**Rights of Holders of Company
Common Stock**

**Rights of Holders of United Fire
Group, Inc. Common Stock**

Examination of Books
by Shareholders

The Company's bylaws do not have provisions regarding examination of books by shareholders.

United Fire Group's bylaws provide that the Board of Directors shall, subject to the laws of the State of Iowa, have power to determine from time to time, whether and to what extent and under what conditions and regulations the accounts and books of United Fire Group shall be open to the inspection of the shareholders; and no shareholder shall have any right to inspect any book or document of United Fire Group, except as conferred by the laws of the State of Iowa, unless and until authorized so to do by resolution of the Board of Directors or of the shareholders of United Fire Group.

Registered
Shareholders:

The Company's bylaws do not have provisions regarding recognition of registered shareholders.

United Fire Group's bylaws provide that the United Fire Group shall be entitled to treat the holder of record of any shares of stock as the holder in fact of the shares and accordingly, shall not be bound to recognize any equitable or other claims to or interest in such shares on the part of any other person whether or not it shall have express or other notice thereof.

VOTE REQUIRED AND BOARD RECOMMENDATION

Approval of the Reorganization Proposal requires the affirmative vote of two-thirds of the shares (represented either in person or by proxy) entitled to vote in the election at a meeting at which a quorum is present.

After careful consideration, our Board of Directors has determined that creation of a holding company offers a net benefit to our shareholders.

Our Board of Directors has approved the Reorganization Proposal, has determined that the terms of the Reorganization Agreement and the Reorganization are advisable and in the best interest of our shareholders, and has adopted and approved the Reorganization Agreement.

**Our Board of Directors unanimously recommends a vote
FOR
the Reorganization Proposal.**

Your shares will be voted FOR the Reorganization Proposal unless you specifically direct your proxy to vote against or abstain with respect to the Reorganization Proposal.

Table of Contents**PROPOSAL TWO ADJOURNMENT OF THE SPECIAL MEETING****APPROVAL OF THE ADJOURNMENT OF THE SPECIAL MEETING**

Our shareholders are being asked to consider and vote on a proposal to adjourn the Special Meeting, if necessary, in the event that there are not sufficient votes at the time of the Special Meeting to approve the adoption of the Reorganization Agreement. The affirmative vote of the holders of at least a majority of Company common stock represented in person or by proxy at the special meeting and entitled to vote thereat is required to approve the adjournment of the Special Meeting, if necessary, to solicit additional proxies.

**Our Board of Directors recommends a vote
FOR
the approval of the adjournment of the Special Meeting, if necessary,
to solicit additional proxies, in the event that there
are not sufficient votes at the time of the Special Meeting to adopt the Reorganization Agreement.**

**Your shares will be voted FOR the adjournment of the Special Meeting unless you specifically
direct your proxy to vote against or abstain with respect to the Reorganization Proposal.**

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information as of October 28, 2011, with respect to the ownership of the Company's \$3.331/3 par value common stock by principal security holders.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Common	Dee Ann McIntyre 1218 Bishops Lodge Road Santa Fe, New Mexico 87501-1099	3,475,794 ⁽¹⁾	13.52%
Common	Dimensional Fund Advisors LP 1299 Ocean Avenue Santa Monica, California 90401	2,198,188 ⁽²⁾	8.39
Common	BlackRock, Inc. 40 East 52nd Street New York, New York 10022	1,570,204 ⁽³⁾	5.99
Common		1,411,347 ⁽⁴⁾	5.39

EARNEST Partners LLC
75 Fourteenth Street, Suite 2300
Atlanta, Georgia 30309

- (1) The number of securities beneficially owned by Mrs. McIntyre includes: 2,445,256 for which Mrs. McIntyre holds sole voting and investment power; 519,863 for which Mrs. McIntyre holds shared voting and investment power; 449,675 shares owned by the Dee Ann McIntyre Trust of which Mrs. McIntyre is a lifetime beneficiary; and 61,000 stock options that are exercisable by Mrs. McIntyre on or before sixty (60) days from the date of this proxy statement.
- (2) Based on Schedule 13F filed with the SEC on August 8, 2011.
- (3) Based on Schedule 13F filed with the SEC on July 27, 2011.
- (4) Based on Schedule 13F filed with the SEC on August 12, 2011.

Table of Contents

The following table sets forth certain information regarding the beneficial ownership of the Company's \$3.331/3 par value common stock as of October 28, 2011, with respect to each of our directors, its named executive officers, and all of its directors and executive officers as a group.

As of October 28, 2011, we had 25,502,667 shares of \$3.331/3 par value common stock outstanding. Except as otherwise indicated, each of the shareholders listed in the following table has sole voting and investment power over the shares beneficially owned.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership ⁽¹⁾	Percent of Class
Common	Christopher R. Drahozal	910,513 ⁽²⁾	3.57%
Common	Barrie W. Ernst	36,456 ^{(3), (4)}	0.14
Common	Jack B. Evans	37,726 ⁽⁵⁾	*
Common	Thomas W. Hanley	16,481 ⁽⁶⁾	*
Common	Douglas M. Hultquist	6,145 ⁽⁷⁾	*
Common	Dianne M. Lyons	31,532 ^{(4), (8)}	0.12
Common	Casey D. Mahon	19,762 ⁽⁹⁾	*
Common	George D. Milligan	18,463 ⁽¹⁰⁾	*
Common	James W. Noyce	3,545 ⁽¹¹⁾	*
Common	Mary K. Quass	14,478 ⁽¹²⁾	*
Common	Randy A. Ramlo	49,345 ⁽¹³⁾	0.19
Common	John A. Rife	617,846 ⁽¹⁴⁾	2.42
Common	Neal R. Scharmer	16,877 ^{(4), (15)}	0.07
Common	Kyle D. Skogman	24,028 ⁽¹⁶⁾	*
Common	Michael T. Wilkins	459,172 ^{(4), (17)}	1.80
Common	Frank S. Wilkinson Jr.	23,171 ⁽¹⁸⁾	*
Common	All directors and executive officers as a group (includes 18 persons)	1,789,232 ⁽¹⁹⁾	7.02%

* Indicates directors with ownership of less than 1% percent.

(1) Except as otherwise indicated, each person has sole voting and investment power with respect to the number of shares indicated. The inclusion in this table of any shares as beneficially owned does not constitute admission of beneficial ownership for Section 16 of the Securities Exchange Act of 1934 or for any other purpose.

(2) Includes 2,674 shares owned jointly by Mr. Drahozal and his wife; 243,086 shares owned individually by Mr. Drahozal's wife; 74,714 shares owned in accounts for the benefit of Mr. Drahozal's children; 511,863 shares owned by the McIntyre Foundation, for which Mr. Drahozal's wife serves as one of four directors; 66,898 shares

owned by the J. Scott McIntyre Trust FBO the Kaye Drahozal Family, for which Mr. Drahozal and his wife serve as co-trustees; and 11,278 stock options that are exercisable by Mr. Drahozal on or before sixty (60) days from the date of this proxy statement. None of Mr. Drahozal's shares are pledged as security.

- (3) Includes 5,221 shares held in a Company 401(k) account for Mr. Ernst's benefit; 340 shares owned in an ESOP account for Mr. Ernst's benefit; 1,027 shares held individually by Mr. Ernst's wife; and 29,868 stock options that are exercisable by Mr. Ernst on or before sixty (60) days from the date of this proxy statement. None of Mr. Ernst's shares are pledged as security.
- (4) The number of shares indicated as being held in the Company's 401(k) account for the benefit of a specific individual is the approximate number of shares of common stock for which that individual has the right to direct the vote under the 401(k) Plan. Such shares are not directly allocated to the 401(k) Plan participants, but instead are held in a unitized fund consisting primarily of stock, together with a small percentage of short-term investments. 401(k) Plan participants acquire units of this fund.
- (5) Includes 23,950 shares held individually by Mr. Evans; 3,674 shares held in an individual retirement account for Mr. Evans' benefit; 2,024 shares held in an IRA account for the benefit of Mr. Evans' wife; and 8,078 stock options that are exercisable by Mr. Evans on or before sixty (60) days from the date of this proxy statement. None of Mr. Evans' shares are pledged as security.
- (6) Includes 203 shares owned individually by Mr. Hanley; 5,000 shares held in an individual retirement account for Mr. Hanley's benefit; and 11,278 stock options that are exercisable by Mr. Hanley on or before sixty (60) days from the date of this proxy statement. None of Mr. Hanley's shares are pledged as security.
- (7) Includes 2,200 shares owned individually by Mr. Hultquist and 3,945 stock options that are exercisable by Mr. Hultquist on or before sixty (60) days from the date of this proxy statement. None of Mr. Hultquist's shares are pledged as security.

Table of Contents

- (8) Includes 654 shares owned individually by Ms. Lyons; 1,914 shares held in a Company 401(k) account for Ms. Lyons benefit; 1,241 shares held in an ESOP account for Ms. Lyons benefit and 27,723 options that are exercisable by Ms. Lyons on or before sixty (60) days from the date of this proxy statement. None of Ms. Lyons shares are pledged as security.
- (9) Includes 9,484 shares owned individually by Ms. Mahon; 1,000 shares held in an individual retirement account for Ms. Mahon's benefit; and 9,278 stock options that are exercisable by Ms. Mahon on or before sixty (60) days from the date of this proxy statement. None of Ms. Mahon's shares are pledged as security.
- (10) Includes 7,185 shares owned individually by Mr. Milligan and 11,278 options that are exercisable by Mr. Milligan on or before sixty (60) days from the date of this proxy statement. None of Mr. Milligan's shares are pledged as security.
- (11) Includes 2,000 shares owned individually by Mr. Noyce; 1,000 shares held in a revocable trust account for Mr. Noyce's spouse; and 545 options that are exercisable by Mr. Noyce on or before sixty (60) days from the date of this proxy statement. None of Mr. Noyce's shares are pledged as security.
- (12) Includes 2,200 shares owned individually by Ms. Quass and 12,278 options that are exercisable by Ms. Quass on or before sixty (60) days from the date of this proxy statement. None of Ms. Quass's shares are pledged as security.
- (13) Includes 2,317 shares owned individually by Mr. Ramlo; 900 shares owned jointly by Mr. Ramlo and his wife; 350 shares owned individually by Mr. Ramlo's wife; 1,574 shares held in an ESOP account for Mr. Ramlo's benefit; and 44,204 options that are exercisable by Mr. Ramlo on or before sixty (60) days from the date of this proxy statement. None of Mr. Ramlo's shares are pledged as security.
- (14) Includes 25,061 shares owned jointly by Mr. Rife and his wife; 1,256 shares owned individually by Mr. Rife's wife; 4,121 shares held in an individual retirement account for Mr. Rife's benefit; 511,863 shares owned by the McIntyre Foundation, for which Mr. Rife serves as one of four directors; and 75,545 options that are exercisable by Mr. Rife on or before sixty (60) days from the date of this proxy statement. None of Mr. Rife's shares are pledged as security.
- (15) Includes 1,000 shares held individually by Mr. Scharmer; 371 shares held in a Company 401(k) account for Mr. Scharmer's benefit; 723 shares held in an ESOP account for Mr. Scharmer's benefit; and 14,783 options that are exercisable by Mr. Scharmer on or before sixty (60) days from the date of this proxy statement. None of Mr. Scharmer's shares are pledged as security.
- (16) Includes 9,900 shares owned by a trust for Mr. Skogman's benefit; 1,000 shares owned in a trust for the benefit of Mr. Skogman's wife; 200 shares held in an individual retirement account for Mr. Skogman's benefit; 670 shares held in a simplified employee pension account for Mr. Skogman's benefit; 730 shares owned jointly by Mr. Skogman and his wife; 500 shares owned by Mr. Skogman's wife; 150 shares held in an individual retirement account for the benefit of Mr. Skogman's wife; and 10,878 options that are exercisable by Mr. Skogman on or before sixty (60) days from the date of this proxy statement. None of Mr. Skogman's shares are pledged as security.
- (17) Includes 3,373 shares owned individually by Mr. Wilkins; 2,088 shares held in a Company 401(k) account for Mr. Wilkins' benefit; 226,375 shares held in the United Fire Group Employee Stock Ownership Plan for which Mr. Wilkins serves as one of two plan trustees (only 1,652 of these plan shares are held for Mr. Wilkins

benefit); 202,058 shares held in the United Fire Group Pension Plan for which Mr. Wilkins serves as one of two plan trustees (none of these plan shares are held specifically for Mr. Wilkins' benefit); and 25,278 options that are exercisable by Mr. Wilkins on or before sixty (60) days from the date of this proxy statement. Mr. Wilkins disclaims beneficial ownership of any shares owned by either the United Fire Group Employee Stock Ownership Plan or the United Fire Group Pension Plan that are not held specifically for his benefit. None of Mr. Wilkins' shares are pledged as security.

- (18) Includes 10,893 shares owned jointly by Mr. Wilkinson and his wife and 12,278 options that are exercisable by Mr. Wilkinson on or before sixty (60) days from the date of this proxy statement. None of Mr. Wilkinson's shares are pledged as security.
- (19) Because the 511,863 shares owned by the McIntyre Foundation are attributed to both Mr. Drahozal's and Mr. Rife's beneficial ownership total, we have deducted 511,863 shares from the total number of shares owned by all officers and directors to eliminate double counting.

VALIDITY OF SHARES

Bradley & Riley PC, Cedar Rapids, Iowa, will pass upon the validity of the shares of United Fire Group common stock offered by this proxy statement/prospectus.

EXPERTS

Ernst & Young LLP, independent registered public accounting firm, has audited our consolidated financial statements and schedules included in our Annual Report on Form 10-K for the year ended December 31, 2010, and the effectiveness of our internal control over financial reporting as of December 31, 2010, as set forth in their reports, which are incorporated by reference in our proxy statement, which is referred to and made a part of this prospectus and registration statement. Our consolidated financial statements and schedules are incorporated by reference in reliance on Ernst & Young LLP's reports, given on their authority as experts in accounting and auditing.

Table of Contents

With respect to our unaudited consolidated interim financial information included in our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2011, June 30, 2011, and September 30, 2011, respectively, which are incorporated by reference in our proxy statement, which is referred to and made a part of this prospectus and registration statement, Ernst & Young LLP reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate reports dated May 10, 2011, August 5, 2011, and November 4, 2011, which are included in our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2011, June 30, 2011, and September 30, 2011, respectively, and incorporated by reference herein, states that they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied. Ernst & Young LLP is not subject to the liability provisions of Section 11 of the Securities Act of 1933 (the Act) for their report on the unaudited interim financial information because that report is not a report or a part of the registration statement prepared or certified by Ernst & Young LLP within the meaning of Sections 7 and 11 of the Act.

DELIVERY OF PROXY STATEMENT AND NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS

SEC rules permit companies and intermediaries such as brokers to satisfy delivery requirements for proxy statements and annual reports to stockholders with respect to two or more stockholders sharing the same address by delivering a single proxy statement and annual report to stockholders addressed to those stockholders. This process, commonly referred to as householding, provides cost savings for companies. We and some brokers household proxy materials and annual reports to stockholders unless contrary instructions have been received from the affected stockholders. Once you have received notice from us, your broker, or other designated intermediary that they will be householding materials to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement and annual report to stockholders, please notify your broker, or notify us by calling our transfer agent at (800)-542-1061, or write to: Household Department, 51 Mercedes Way, Edgewood, New York 11717, and include your name, the name of your broker or other nominee, and your account number(s).

Stockholders who currently receive multiple copies of the proxy statement or annual report to stockholders at their address and would like to request householding of their communications should contact their broker or, if a stockholder is a registered holder of shares of common stock, he or she should submit a written request to or call Household Department, 51 Mercedes Way, Edgewood, New York 11717, telephone number (800)-542-1061.

Upon written or oral request to us, we will provide you a copy of the proxy statement and annual report to stockholders. If you are currently receiving multiple copies of our proxy statement or annual report to stockholders, and you wish to receive only a single copy, you may make that request by contacting us. Upon written or oral request, we will promptly deliver a separate copy of the proxy statement and annual report to stockholders at a shared address to which a single copy was delivered. To contact us, you may write to or call United Fire Group, Attn: Investor Relations, P.O. Box 73909, Cedar Rapids, Iowa 52407-3909, telephone number (319) 399-5700.

Electronic versions of this proxy statement/prospectus are available to shareholders on our public website, www.unitedfiregroup.com by selecting Investor Relations, then Financial Information then Annual Report and Proxy.

ADDITIONAL INFORMATION

Registration Statement

United Fire Group has filed a registration statement on Form S-4 to register with the SEC the shares of common stock of United Fire Group into which each outstanding share of common stock of the Company will be converted automatically in the Reorganization. This proxy statement/prospectus is part of that registration

Table of Contents

statement and constitutes a prospectus of United Fire Group, in addition to being a proxy statement of the Company for the Special Meeting.

Documents Incorporated by Reference

The SEC allows us to incorporate by reference information into this proxy statement/prospectus, which means that we can disclose important information to you by referring you to another document filed separately by the Company with the SEC. The information incorporated by reference is deemed to be part of this proxy statement/prospectus except for any information superseded by information in this proxy statement/prospectus or in any document subsequently filed with the SEC that is also incorporated by reference. This proxy statement/prospectus incorporates by reference the documents set forth below, including the exhibits that these documents specifically incorporate by reference, that the Company has previously filed with the SEC. These documents contain important information about the Company and its financial performance.

Annual Report on Form 10-K for the year ended December 31, 2010

Quarterly Reports on Form 10-Q for the periods ended March 31, 2011, June 30, 2011, and September 30, 2011

Reports on Form 8-K filed by the Company with the SEC on March 17, 2011, March 28, 2011, March 30, 2011, April 15, 2011, May 2, 2011, May 19, 2011, May 25, 2011, May 31, 2011, June 29, 2011, August 22, 2011, August 30, 2011, September 8, 2011, and October 31, 2011; and the reports on Form 8-K/A filed by the Company with the SEC on July 5, 2011, August 19, 2011, August 22, 2011 and October 7, 2011

All reports and definitive proxy or information statements filed by the Company or United Fire Group pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 after the date of this proxy statement/prospectus and before the date of the Special Meeting.

Following the Reorganization described in this proxy statement/prospectus, United Fire Group will become subject to the same informational requirements as the Company is prior to the Reorganization, and will file annual, quarterly and special reports, proxy statements and other information with the SEC in accordance with the Exchange Act and the NASDAQ Global Select Market pursuant to the Exchange Act and NASDAQ Listing Rules. The Company does not expect to be subject to such requirements following the Reorganization.

The incorporated information that is not included in or being delivered with this proxy statement/ prospectus is available to you without charge upon your written or oral request. You can obtain any document that is incorporated by reference in this proxy statement/prospectus, excluding all exhibits that have not been specifically incorporated by reference, by requesting it in writing or by telephone from us at the following address or telephone number:

United Fire & Casualty Company
118 Second Avenue SE
Cedar Rapids, Iowa 52401
Telephone: (319) 399-5700
Attn: Investor Relations

or by visiting our website at www.unitedfiregroup.com. Information on United Fire & Casualty Company's website is not incorporated by reference into this proxy statement/prospectus or made a part hereof for any purpose.

You may read and copy any of the information on file with the SEC at the SEC's public reference room, located at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800- SEC-0330 for further information on the public reference room. The Company's SEC filings are also available on the SEC's web site located at

<http://www.sec.gov>.

Electronic versions of this proxy statement/prospectus are available to shareholders on our public website, www.unitedfiregroup.com by selecting Investor Relations, then Financial Information then Annual Report and Proxy.

Table of Contents

ANNEX I

Agreement and Plan of Reorganization

This Agreement and Plan of Reorganization (the Agreement) entered into as of the 24th day of May, 2011, by and between United Fire & Casualty Company, an Iowa corporation (UFC), United Fire Group, Inc., an Iowa corporation (HoldingCo) and UFC MergeCo, Inc., an Iowa corporation (MergeCo).

Recitals

- A. As of the date hereof, the authorized capital stock of UFC consists of (i) 75,000,000 shares of common stock, par value \$3.331/3 per share (UFC Common Stock), of which approximately 26,134,933 shares are issued and outstanding, approximately 1,025,191 shares are reserved for issuance under UFC's Plans (as defined below) and upon exercise of outstanding UFC Awards (as defined below) and no shares are held in treasury, and (ii) 10,000,000 shares of preferred stock, no par value per share (UFC Preferred Stock), of which none is outstanding.
- B. As of the date hereof, the authorized capital stock of HoldingCo consists of (i) 75,000,000 shares of common stock, par value \$0.001 per share (HoldingCo Common Stock), of which 100 shares are issued and outstanding, and (ii) 10,000,000 shares of preferred stock, no par value per share (HoldingCo Preferred Stock), of which none is outstanding.
- C. As of the date hereof, all of the issued and outstanding common stock of MergeCo (MergeCo Common Stock) is held by HoldingCo.
- D. HoldingCo and MergeCo are newly formed entities organized for the purpose of participating in the transactions herein contemplated.
- E. The Board of Directors of each of UFC, HoldingCo and MergeCo has unanimously determined that it is advisable and in the best interests of their respective securityholders to reorganize to create a new holding company structure by merging UFC with MergeCo, with UFC being the surviving entity (sometimes hereinafter referred to as the Surviving Company), and converting each outstanding share of UFC Common Stock into one share of HoldingCo Common Stock, all in accordance with the terms of this Agreement.
- F. The Boards of Directors of each of HoldingCo, UFC and MergeCo and the sole shareholder of each of HoldingCo and MergeCo have all approved this Agreement and the merger of UFC with MergeCo upon the terms and subject to the conditions set forth in this Agreement (the Merger).
- G. The Boards of Directors of each of UFC and MergeCo have declared advisable this Agreement and the Merger upon the terms and subject to the conditions set forth in this Agreement, and the Boards of Directors of each of UFC and MergeCo has unanimously determined to recommend to the shareholders of UFC and MergeCo the adoption of this Agreement and the approval of the Merger, subject to the terms and conditions hereof and in accordance with the provisions of the Iowa Business Corporation Act (the IBCA).
- H. The parties intend, by executing this Agreement, to adopt a plan of reorganization within the meaning of Section 368 of the Internal Revenue Code of 1986, as amended (the Code), and to cause the Merger to qualify as a reorganization under the provisions of Section 368(a) of the Code, as well as a transaction to which Section 351(a) of the Code applies.

NOW, THEREFORE, in consideration of the premises and the covenants and agreements contained in this Agreement, and intending to be legally bound hereby, UFC, HoldingCo and MergeCo hereby agree as follows:

1. The Merger.

a. The Merger. In accordance with Section 1102 of the IBCA, and subject to and upon the terms and conditions of this Agreement, UFC shall, at the Effective Time (as defined below), be merged with MergeCo, the separate corporate existence of MergeCo shall cease, and UFC shall continue as the Surviving Company. At the Effective Time, the effect of the Merger shall be as provided in Section 1107 of the IBCA.

Table of Contents

- b. Effective Time. The Merger shall become effective upon the filing of Articles of Merger with the Secretary of State of the State of Iowa or a later date specified therein (the Effective Time).
- c. Organizational Documents of the Surviving Company.
- (i) From and after the Effective Time, the amended and restated articles of incorporation of UFC, as in effect immediately prior to the Effective Time, shall continue in full force and effect as the articles of incorporation of the Surviving Company until thereafter amended as provided therein or by applicable law.
- (ii) From and after the Effective Time, the amended and restated bylaws of UFC, as in effect immediately prior to the Effective Time, shall continue in full force and effect as the bylaws of the Surviving Company (the Surviving Company Bylaws) until thereafter amended as provided therein or by applicable law.
- d. Directors. The directors of UFC immediately prior to the Effective Time shall be the initial directors of the Surviving Company and will hold office from the Effective Time until their successors are duly elected or appointed and qualified in the manner provided in the Surviving Company Bylaws or as otherwise provided by law.
- e. Officers The officers of UFC immediately prior to the Effective Time shall be the initial officers of the Surviving Company and will hold office from the Effective Time until their successors are duly elected or appointed and qualified in the manner provided in the Surviving Company Bylaws or as otherwise provided by law.
- f. Directors and Officers of HoldingCo. Prior to the Effective Time, UFC in its capacity as the sole shareholder of HoldingCo, agrees to take or cause to be taken all such actions as are necessary to cause those persons serving as the directors and executive officers of UFC immediately prior to the Effective Time to be elected or appointed as the directors and executive officers of HoldingCo, each such person to have the same office(s) with HoldingCo (and the same committee memberships in the case of directors) as he or she held with UFC, with the directors serving in the same class that they serve with UFC to serve until the earlier of the next meeting of the HoldingCo shareholders at which an election of directors of such class is held and until their successors are elected or appointed (or their earlier death, disability or retirement).
- g. Additional Actions. Subject to the terms of this Agreement, the parties hereto shall take all such reasonable and lawful action as may be necessary or appropriate in order to effectuate the Merger and to comply with the requirements of the IBCA. If, at any time after the Effective Time, the Surviving Company shall consider or be advised that any deeds, bills of sale, assignments, assurances or any other actions or things are necessary or desirable to vest, perfect or confirm, of record or otherwise, in the Surviving Company its right, title or interest in, to or under any of the rights, properties or assets of either of MergeCo or UFC acquired or to be acquired by the Surviving Company as a result of, or in connection with, the Merger or otherwise to carry out this Agreement, the officers of the Surviving Company shall be authorized to execute and deliver, in the name and on behalf of each of MergeCo and UFC, all such deeds, bills of sale, assignments and assurances and to take and do, in the name and on behalf of each of MergeCo and UFC or otherwise, all such other actions and things as may be necessary or desirable to vest, perfect or confirm any and all right, title and interest in, to and under such rights, properties or assets in the Surviving Company or otherwise to carry out this Agreement.
- h. Conversion of Securities. At the Effective Time, by virtue of the Merger and without any action on the part of HoldingCo, MergeCo, UFC or the holder of any of the following securities:
- (i) Each share of UFC Common Stock issued and outstanding immediately prior to the Effective Time (other than any shares held in treasury, if any, which shall be automatically cancelled and retired without the payment of any consideration therefor) shall be converted into one duly issued, fully paid and nonassessable share of HoldingCo

Common Stock (the Merger Consideration).

(ii) The MergeCo common stock held by HoldingCo will automatically be converted into, and thereafter represent, 100% of the common stock of the Surviving Company.

ANNEX I-2

Table of Contents

(iii) Each share of HoldingCo Common Stock owned by UFC immediately prior to the Merger shall automatically be cancelled and retired and shall cease to exist.

(iv) From and after the Effective Time, holders of certificates formerly evidencing UFC Common Stock shall cease to have any rights as shareholders of UFC, except as provided by law; provided, however, that such holders shall have the rights set forth in Section 1(j), below.

(v) In accordance with Section 490.1302(2)(a) of the IBCA, no appraisal rights shall be available to holders of UFC Common Stock in connection with the Merger.

i. No Surrender of Certificates; Direct Registration of HoldingCo Common Stock. At the Effective Time, each outstanding share of UFC Common Stock (other than any shares of UFC Common Stock to be cancelled in accordance with Section 1(h)(i)) shall automatically represent the same number of shares of HoldingCo Common Stock without any further act or deed by the shareholders of UFC or HoldingCo, and record of such ownership shall be kept in uncertificated, book entry form by HoldingCo's transfer agent. Until thereafter surrendered for transfer or exchange in the ordinary course, each outstanding certificate that, immediately prior to the Effective Time, evidenced UFC Common Stock shall, from and after the Effective Time, be deemed and treated for all corporate purposes to evidence the ownership of the same number of shares of HoldingCo Common Stock.

j. Stock Transfer Books. At the Effective Time, the stock transfer books of UFC shall be closed and thereafter there shall be no further registration of transfers of shares of UFC Common Stock theretofore outstanding on the records of UFC. From and after the Effective Time, the holders of certificates representing shares of UFC Common Stock outstanding immediately prior to the Effective Time shall cease to have any rights with respect to such shares of UFC Common Stock except as otherwise provided in this Agreement or by law. On or after the Effective Time, any certificates presented to the exchange agent or HoldingCo for any reason shall solely represent the right to receive the Merger Consideration issuable in respect of the shares of UFC Common Stock formerly represented by such certificates without any interest thereon.

k. Plan of Reorganization. This Agreement is intended to constitute a plan of reorganization within the meaning of Treasury Regulations Section 1.368-2(g). Each party hereto shall use its commercially reasonable efforts to cause the Merger to qualify, and will not knowingly take any actions or cause any actions to be taken which could reasonably be expected to prevent the Merger from qualifying, as a reorganization within the meaning of Section 368(a) of the Code, as well as a transaction to which Section 351(a) of the Code applies.

l. Successor Issuer. It is the intent of the parties hereto that HoldingCo be deemed a successor issuer of UFC in accordance with Rule 12g-3 under the Securities Exchange Act of 1934, as amended, and Rule 414 under the Securities Act of 1933, as amended. At or after the Effective Time, HoldingCo shall file (i) an appropriate report on Form 8-K describing the Merger and (ii) appropriate pre-effective and/or post-effective amendments, as applicable, to any Registration Statements of UFC on Form S-8.

2. Actions to be Taken in Connection with the Merger.

a. Assumption of UFC Awards. At the Effective Time, all unexercised and unexpired options to purchase UFC Common Stock (UFC Options) or shares of restricted stock (collectively with UFC Options, UFC Awards) then outstanding, including those issued under either the United Fire & Casualty Company 2005 Nonqualified Non-Employee Director Stock Option and Restricted Stock Plan, the United Fire & Casualty Company 2008 Stock Plan or the other rights to acquire UFC Common Stock under the United-Lafayette 401(K) Profit Sharing Plan or The United Fire & Casualty Company Employees Stock Purchase Plan (collectively, the UFC Plans), whether or not then exercisable, will be assumed by HoldingCo. Each UFC Award so assumed by HoldingCo under this Agreement will

continue to have, and be subject to, the same terms and conditions as set forth in the UFC Awards and the applicable UFC Plan and any agreements thereunder immediately prior to the Effective Time (including, without limitation, the vesting schedule (without acceleration thereof by virtue of the Merger and the transactions contemplated hereby) and per share exercise price), except that each UFC Award will be exercisable (or will become exercisable in

ANNEX I-3

Table of Contents

accordance with its terms) for, or shall be denominated with reference to, that number of shares of HoldingCo Common Stock equal to the number of shares of UFC Common Stock that were subject to such UFC Award immediately prior to the Effective Time. The conversion of any UFC Options that are incentive stock options within the meaning of Section 422 of the Code, into options to purchase HoldingCo Common Stock shall be made in a manner consistent with Section 424(a) of the Code so as not to constitute a modification of such UFC Options within the meaning of Section 424 of the Code.

- b. **Assignment and Assumption of Agreements.** Effective as of the Effective Time, UFC hereby assigns to HoldingCo, and HoldingCo hereby assumes and agrees to perform, all obligations of UFC pursuant to the UFC Awards and the UFC Plans, each stock option agreement and restricted stock agreement, including those entered into pursuant to UFC Plans, and each outstanding UFC Award.
- c. **Reservation of Shares.** On or prior to the Effective Time, HoldingCo will reserve sufficient shares of HoldingCo Common Stock to provide for the issuance of HoldingCo Common Stock upon exercise of UFC Awards, including those outstanding under UFC Plans.
- d. **Registration Statement; Proxy/Prospectus.** As promptly as practicable after the execution of this Agreement, UFC shall prepare and file with the Securities and Exchange Commission (the SEC) a proxy statement in preliminary form relating to the Shareholders Meeting (as hereinafter defined) (together with any amendments thereof or supplements thereto, the Proxy Statement) and HoldingCo shall prepare and file with the SEC a registration statement on Form S-4 (together with all amendments thereto, the Registration Statement and the prospectus contained in the Registration Statement together with the Proxy Statement, the Proxy/Prospectus), in which the Proxy Statement shall be included, in connection with the registration under the Securities Act of 1933, as amended (the Securities Act) of the shares of HoldingCo Common Stock to be issued to the shareholders of UFC as the Merger Consideration. Each of HoldingCo and UFC shall use its reasonable best efforts to cause the Registration Statement to become effective and the Proxy Statement to be cleared by the SEC as promptly as practicable, and, prior to the effective date of Registration Statement, HoldingCo shall take all actions reasonably required under any applicable federal securities laws or state blue sky laws in connection with the issuance of shares of HoldingCo Common Stock pursuant to the Merger. As promptly as reasonably practicable after the Registration Statement shall have become effective and the Proxy Statement shall have been cleared by the SEC, UFC shall mail or cause to be mailed or otherwise make available in accordance with the Securities Act and the Securities Exchange Act of 1934, as amended (the Exchange Act), the Proxy/Prospectus to its shareholders; provided, however, that the parties shall consult and cooperate with each other in determining the appropriate time for mailing or otherwise making available to UFC's shareholders the Proxy/Prospectus in light of the date set for the Shareholders Meeting.
- e. **Meeting of UFC Shareholders.** UFC shall take all action necessary in accordance with the IBCA and its amended and restated articles of incorporation and amended and restated bylaws to call, hold and convene a meeting of its shareholders to consider the adoption of this Agreement (the Shareholders Meeting) to be held no less than 10 nor more than 60 days following the distribution of the definitive Proxy/Prospectus to its shareholders. UFC will use its reasonable best efforts to solicit from its shareholders proxies in favor of the adoption of this Agreement and approval of the Merger. UFC may adjourn or postpone the Shareholders Meeting to the extent necessary to ensure that any necessary supplement or amendment to the Proxy/Prospectus is provided to its shareholders in advance of any vote on this Agreement and the Merger or, if as of the time for which the Shareholders Meeting is originally scheduled (as set forth in the Proxy/Prospectus) there are insufficient shares of UFC Common Stock voting in favor of the adoption of this Agreement and approval of the Merger or represented (either in person or by proxy) to constitute a quorum necessary to conduct the business of such Shareholders Meeting.
- f. **Section 16 Matters.** Prior to the Effective Time, the Board of Directors of UFC or an appropriate committee of non-employee directors thereof (as such term is defined for purposes of Rule 16b-3 promulgated under the Exchange

Act) shall adopt a resolution consistent with the interpretive guidance of the SEC so that the receipt by any officer or director of UFC who is a covered person for purposes of Section 16(a) of the Exchange Act of shares of HoldingCo Common Stock in exchange for shares of UFC

ANNEX I-4

Table of Contents

Common Stock or UFC Options pursuant to this Agreement and the Merger is intended to be an exempt transaction pursuant to Section 16b-3 of the Exchange Act. Prior to the Effective Time, the Board of Directors of HoldingCo or an appropriate committee of non-employee directors (as such term is defined for purposes of Rule 16b-3 promulgated under the Exchange Act) shall adopt a resolution consistent with the interpretive guidance of the SEC so that the receipt by any officer or director of UFC or HoldingCo who is a covered person for purposes of Section 16(a) of the Exchange Act of shares of HoldingCo Common Stock or options in exchange for shares of UFC Common Stock or UFC Options pursuant to this Agreement and the Merger is intended to be an exempt transaction for purposes of Section 16b-3 of the Exchange Act.

3. **Conditions of Merger.** The obligations of the parties to this Agreement to consummate the Merger and the transactions contemplated by this Agreement shall be subject to fulfillment or waiver by the parties hereto at or prior to the Effective Time of each of the following conditions:

a. The Registration Statement shall have been deemed or declared effective by the SEC under the Securities Act and no stop order suspending the effectiveness of the Registration Statement shall have been issued by the SEC and no proceeding for that purpose shall have been initiated or, to the knowledge of HoldingCo or UFC, threatened by the SEC and not concluded or withdrawn. No similar proceeding with respect to the Proxy Statement shall have been initiated or, to the knowledge of HoldingCo or UFC, threatened, by the SEC and not concluded or withdrawn.

b. This Agreement and the Merger shall have been approved by the requisite vote of the shareholders of UFC in accordance with the IBCA and the amended and restated articles of incorporation of UFC.

c. The HoldingCo Common Stock to be issued pursuant to the Merger shall have been approved for listing by The NASDAQ Stock Market, LLC (the "NASDAQ").

d. UFC shall have made such filings, and obtained such permits, authorizations, consents, approvals or terminations or expirations of waiting periods required by the corporate and insurance laws and regulations of all applicable jurisdictions.

e. No order, statute, rule, regulation, executive order, injunction, stay, decree, judgment or restraining order that is in effect shall have been enacted, entered, promulgated or enforced by any court or governmental or regulatory authority or instrumentality that prohibits or makes illegal the consummation of the Merger or the transactions contemplated hereby.

f. The Boards of Directors of UFC and HoldingCo shall have received the legal opinion of Bradley & Riley PC in form and substance reasonably satisfactory to them indicating that holders of UFC Common Stock will not recognize gain or loss for United States federal income tax purposes as a result of the transactions contemplated by this Agreement.

4. **Covenants.**

a. **Listing of HoldingCo Common Stock.** HoldingCo will use its best efforts to obtain, at or before the Effective Time, confirmation of listing on NASDAQ of the HoldingCo Common Stock issuable pursuant to the Merger.

b. **UFC Awards.** UFC and HoldingCo will take or cause to be taken all actions necessary or desirable in order to implement the assumption by HoldingCo pursuant to Section 2(b), above, of the UFC Plans, the UFC Awards, each stock option agreement or restricted stock agreement entered into pursuant to the UFC Plans and otherwise, and each UFC Award granted thereunder or otherwise, all to the extent deemed appropriate by UFC and HoldingCo and permitted under applicable law.

c. Insurance. HoldingCo shall procure insurance or cause the execution of the insurance policies of UFC such that, upon consummation of the Merger, HoldingCo shall have insurance coverage that is substantially identical to the insurance coverage held by UFC immediately prior to the Merger.

ANNEX I-5

Table of Contents

5. Termination and Amendment.

a. Termination. This Agreement may be terminated and the Merger contemplated hereby may be abandoned at any time prior to the Effective Time by action of the Board of Directors of UFC if such Board of Directors should determine that for any reason the completion of the transactions provided for herein would be inadvisable or not in the best interest of UFC or its shareholders. In the event of such termination and abandonment, this Agreement shall become void and UFC, HoldingCo, MergeCo, their respective shareholders, members, directors and officers shall not have any liability with respect to such termination and abandonment.

b. Amendment. At any time prior to the Effective Time, this Agreement may, to the extent permitted by the IBCA, be supplemented, amended or modified by the mutual consent of the parties to this Agreement.

6. Miscellaneous Provisions.

a. Governing Law. This Agreement shall be governed by and construed and enforced under the laws of the State of Iowa.

b. Counterparts. This Agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original but all of which shall constitute one and the same agreement.

c. Entire Agreement. This Agreement constitutes the entire agreement and supersedes all other agreements and undertakings, both written and oral, among the parties, or any of them, with respect to the subject matter hereof.

d. Severability. The provisions of this Agreement are severable, and in the event any provision hereof is determined to be invalid or unenforceable, such invalidity or unenforceability shall not in any way affect the validity or enforceability of the remaining provisions hereof.

e. No Third-Party Beneficiaries. Nothing contained in this Agreement is intended by the parties hereto to expand the rights and remedies of any person or entity not party hereto against any party hereto as compared to the rights and remedies which such person or entity would have had against any party hereto had the parties hereto not consummated the transactions contemplated hereby.

f. Tax Matters. Each of UFC and HoldingCo will comply with the recordkeeping and information reporting requirements of the Code that are imposed as a result of the transactions contemplated hereby, and will provide information reporting statements to holders of UFC Common Stock at the time and in the manner prescribed by the Code and applicable Treasury Regulations.

In Witness Whereof, UFC, HoldingCo and MergeCo have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

United Fire & Casualty Company

By: /S/

Randy A. Ramlo, President

United Fire Group, Inc.

By: /S/

Randy A. Ramlo, President

UFC MergeCo, Inc.

By: /S/

Randy A. Ramlo, President

ANNEX I-6

Table of Contents

ANNEX II

Articles of Incorporation
of
United Fire Group, Inc.

Article I
Name

The name of this corporation shall be United Fire Group, Inc.

Article II
Principal Place of Business

The principal place of business of this corporation shall be at Cedar Rapids, in the County of Linn, State of Iowa.

Article III
Corporate Period

The corporate existence of this corporation begins when the Articles of Incorporation are filed with the Secretary of State. It shall have perpetual existence from said date unless and until dissolved by the vote of at least sixty percent (60%) of the voting stock of the corporation then issued and outstanding and entitled to vote at any annual meeting of the shareholders or at any special meeting called for that purpose.

Article IV
Objects, Purposes, and General
Nature of Business

The purposes and objectives for which the corporation is organized are the transaction of any and all lawful business for which corporations may be organized under the Iowa Business Corporation Act (Chapter 490, Code of Iowa 2011, and successor statutory provisions) (the Act).

Article V
Capital Stock

Section 1. Authorized Capital Stock.

a. Classes. The authorized capital stock of this corporation is 75,000,000 shares of common stock (Common Stock) having a par value of \$.001 per share and 10,000,000 shares of serial preferred stock, having no par value per share (Preferred Stock).

b. Preferred Stock. The Board of Directors of this corporation is authorized, subject to limitations prescribed by the Act and the provisions of the Articles of Incorporation of this corporation, by resolution or resolutions, from time to time and by filing articles of amendment with the Secretary of State of the State of Iowa in accordance with the applicable provisions of the Act, to provide for the issuance of the shares of Preferred Stock. The Preferred Stock may be divided into and issued in one or more