

UNITED FIRE & CASUALTY CO

Form DEF 14A

November 30, 2011

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**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:

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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:

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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.

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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.**

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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.

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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.

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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.

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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

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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.

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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

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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.

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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

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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

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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