

CORPORATE PROFILE

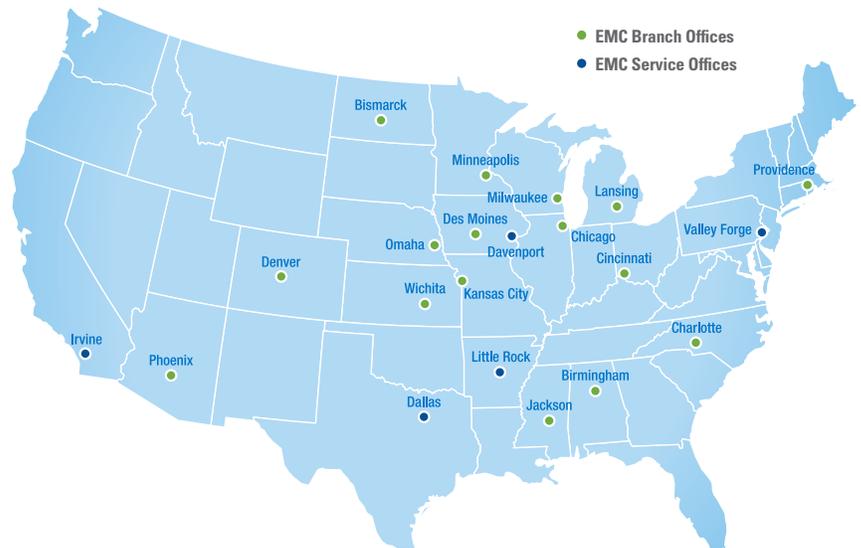
EMC Insurance Group Inc. (EMCI) is a publicly held insurance holding company with operations in property and casualty insurance and reinsurance. EMCI was formed in 1974 and became publicly held in 1982. The Company's common stock trades on the NASDAQ OMX Global Select Market tier of the NASDAQ OMX Stock Market under the symbol EMCI. EMCI is a controlled company in that its parent owns greater than 50 percent of its outstanding stock. As of December 31, 2012, EMCI's parent company, Employers Mutual Casualty Company, owned 61 percent of EMCI's outstanding stock and public stockholders owned the remaining 39 percent. EMCI has no employees of its own.

Employers Mutual Casualty Company (EMCC) is a mutual insurance company founded in 1911 and is headquartered in Des Moines, Iowa. EMCC employs more than 2,100 people countrywide and markets its products exclusively through a network of independent insurance agents. EMCI and EMCC, together with each entity's subsidiary and affiliated companies, operate collectively under the trade name EMC Insurance Companies.

EMC Insurance Companies (EMC) writes property and casualty insurance in both commercial and personal lines, with a focus on medium-sized commercial accounts. Reinsurance business is also written, with an emphasis on property business. Products and services are offered

through independent insurance agents who are supported by a network of 16 local branch offices. EMC is licensed in all 50 states and the District of Columbia and actively markets insurance products in 40 states; however, the majority of its business is generated in the Midwest.

LOCAL OFFICES



LETTER TO OUR STOCKHOLDERS:

This year marked our return to underwriting profitability with a GAAP combined ratio of 99.6 percent with increasing rate levels and a more normal, although slightly above-average, level of catastrophe and storm losses. Operating income for the year was \$2.54 per share and net income was \$2.95 per share. The past two years have been record-breaking years for very different reasons. 2011 is remembered for its record catastrophe and storm losses, whereas 2012 culminated with record net written premiums and stockholders' equity. While the unprecedented catastrophe and storm losses of 2011 demonstrated our ability to meet policyholder claims and the strength of our balance sheet, we prefer setting records that enhance our book of business and further strengthen our already solid financial base.

Premium Growth

Net written premiums increased 11.6 percent to a record \$478.5 million in 2012. Within the property and casualty insurance segment, commercial lines net written premiums increased 13.3 percent and accounted for approximately 86 percent of total production. The vast majority of the increase was associated with renewal business and reflected a combination of rate level increases and growth in insured exposures on existing accounts. We are pleased with the incremental rate level increases achieved during the year and the compounding effect those increases had on top of the rate level increases implemented during 2011. Rate levels also increased in the personal lines of business; however, net written premiums were up only 0.9 percent due to an intentional reduction in policy count to reduce exposure concentrations. The much-needed rate level increases in both commercial and personal lines of business were widespread across all of our branch offices and all lines of business. We will continue to push for additional rate increases in 2013 in an effort to bring our rates to more adequate levels and help offset an anticipated decline in investment income associated with the persistent low interest rate environment.

Net written premiums increased 12.2 percent in the reinsurance segment. Premium rate

levels increased on our renewal business, partially due to rate increases stemming from the significant catastrophe and storm losses experienced in 2011. In addition, we entered into a new offshore energy and liability proportional account effective at the beginning of 2012.

Underwriting Results

Catastrophe and storm losses were higher than average for the fifth consecutive year, although significantly less than our record 2011 losses. These losses accounted for 11.7 percentage points of the combined ratio, which was 2.0 percentage points above the most recent 10-year average of 9.7 percentage points. The severe drought conditions across much of the United States contributed to the decline in storm losses, but resulted in an increase in crop reinsurance losses. While a significant event for the industry and certainly for those personally affected by the storm, losses from Superstorm Sandy were limited by the excess of loss reinsurance coverage carried by our reinsurance subsidiary and our ongoing efforts to control property exposures in the Northeast. We continue to adjust our risk exposures across our book of business by managing exposures in certain geographic regions and diversifying within lines of business and industries. The adjustments made to the mix of our personal and commercial lines of business give us the best opportunity to succeed in the current market conditions.

Our 16 branch offices strategically located throughout the United States operate on a largely decentralized basis. This business model differentiates us from our competitors and allows our branch office employees to work closely with their agents and be more responsive to their needs. In turn, we are able to retain our best business, which allows us to achieve a policy retention level that is consistently above the industry average. Our overall policy retention level remained at 87 percent for the year. Our longstanding reputation as a financially responsible company makes us one that our independent agents want to do business with and our policyholders trust to manage their claims.

Workplace Rankings

EMC Insurance Companies recently made its way onto several distinguished lists. We were listed as one of the 40 best companies for leaders by Chief Executive magazine. The annual ranking was based on a survey of organizations worldwide conducted by Chief Executive magazine, in cooperation with Chally Group Worldwide, using specific leadership criteria.

We also debuted at number 115 on the National Top Workplaces list for 2013. This was out of 872 organizations with more than 1,000 employees that participated in the regional top workplaces program. The rating was determined solely on employee feedback from our Iowa locations gathered through an objective survey conducted by the firm WorkplaceDynamics.

We are very proud of these rankings and will continue to emphasize leadership development at all levels of our organization and reward employees for their accomplishments. This recognition highlights the efforts we have made to make EMC Insurance Companies a great place to work.

Financial Strength

Our balance sheet remains strong, supported by a well-diversified, high-quality investment portfolio with just under \$1.2 billion of invested assets. Our record stockholders' equity balance of \$401.2 million, representing an increase of 13.9 percent from the prior year, coupled with our solid reserve position, has us well-positioned to absorb future catastrophe and storm losses and continue to create value for our stockholders. Value creation for our stockholders requires us to evaluate our financial position and determine the best use of capital to maximize return, whether that is through dividends, share repurchases, reinvestment in our business or acquisitions.

In 2012, we increased our quarterly dividend by 5 percent and increased the book value of our stock by 13.6 percent to \$31.08, aided by rising premium rate levels and our \$44.1 million of investment income. The investment landscape remains challenging due to the persistent low interest rate environment, as evidenced by our 4.3 percent decline in investment income. While investment income is important to us, growth and stability in stockholders' equity is the primary goal of our investment philosophy. During the first quarter of 2012 we reinvested approximately \$35 million from our core U.S. equity portfolio along with \$10 million of cash into a new equity strategy with an emphasis on dividend income. In addition to a higher dividend return, this new equity strategy is expected to carry less market volatility. While we always look for yield enhancement, we will not stretch for yield at the expense of the quality or risk profile of our portfolio. The duration of our bond portfolio decreased to 4.20 years at the end of 2012, down from 4.65 at the end of 2011. Our moderate duration and laddered bond maturities give us the flexibility needed to respond to changes in the macro-environment as they occur.

Looking Ahead

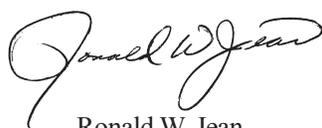
Careful risk selection and appropriate pricing are key to reaching our profitability goals in 2013. We are confident in our book of business and are well prepared to execute our plans for 2013. Our continuing goal is to be a mark above the competition, to be the carrier our independent agents seek out for products and services, to provide outstanding customer service to our policyholders and to create value for our stockholders.

Thank you for your continued interest in EMC Insurance Group Inc.

Sincerely,



Bruce G. Kelley
President &
Chief Executive Officer



Ronald W. Jean
Executive Vice President for
Corporate Development



Kevin J. Hovick
Executive Vice President &
Chief Operating Officer

Financial Highlights

	2012	2011*	2010*	2009*	2008*	2007*
(\$ in thousands)						
Revenues	\$ 503,851	\$ 463,341	\$ 439,394	\$ 432,526	\$ 438,348	\$ 442,086
Realized Investment Gains (Losses)	\$ 8,017	\$ 9,303	\$ 3,869	\$ 17,922	\$ (24,456)	\$ 3,724
Income (Loss) Before Income Taxes	\$ 51,634	\$ (10,992)	\$ 42,449	\$ 61,427	\$ (11,240)	\$ 58,639
Net Income (Loss)	\$ 37,966	\$ (2,737)	\$ 31,349	\$ 44,657	\$ (2,323)	\$ 42,296
(per share)						
Net Income (Loss)	\$ 2.95	\$ (0.21)	\$ 2.40	\$ 3.38	\$ (0.17)	\$ 3.07
Catastrophe and Storm Losses	\$ 2.70	\$ 4.04	\$ 2.10	\$ 1.55	\$ 2.52	\$ 1.37
Dividends Paid	\$ 0.81	\$ 0.77	\$ 0.73	\$ 0.72	\$ 0.72	\$ 0.69
Book Value	\$ 31.08	\$ 27.37	\$ 28.07	\$ 25.67	\$ 20.94	\$ 25.83
(\$ in thousands)						
Average Return on Equity (ROE)	10.1%	(0.8)%	9.0%	14.5%	(0.7)%	12.8%
Total Assets	\$ 1,290,709	\$ 1,224,031	\$ 1,182,006	\$ 1,159,997	\$ 1,103,022	\$ 1,198,254
Stockholders' Equity	\$ 401,209	\$ 352,341	\$ 362,853	\$ 336,627	\$ 277,840	\$ 355,893

* Prior year amounts adjusted, where applicable, for new accounting guidance regarding deferrable acquisition costs (effective January 1, 2012). See Note 1 of Notes to Consolidated Financial Statements.

Common Stock History

	2012			2011		
	High	Low	Dividend	High	Low	Dividend
1st Quarter	\$ 24.28	\$ 19.48	\$ 0.20	\$ 25.91	\$ 21.48	\$ 0.19
2nd Quarter	21.25	19.00	0.20	25.40	18.59	0.19
3rd Quarter	22.32	19.05	0.20	20.38	16.45	0.19
4th Quarter	24.04	19.85	0.21	21.41	17.10	0.20
Close at Dec. 31	23.88			20.57		

Cautionary Statement

FORWARD-LOOKING STATEMENTS: The Private Securities Litigation Reform Act of 1995 provides issuers the opportunity to make cautionary statements regarding forward-looking statements. Accordingly, any forward-looking statement contained in this report is based on management's current beliefs, assumptions and expectations of the Company's future performance, taking all information currently available into account. These beliefs, assumptions and expectations can change as the result of many possible events or factors, not all of which are known to management. If a change occurs, the Company's business, financial condition, liquidity, results of operations, plans and objectives may vary materially from those expressed in the forward-looking statements. The risks and uncertainties that may affect the actual results of the Company include, but are not limited to, the following:

- catastrophic events and the occurrence of significant severe weather conditions;
- the adequacy of loss and settlement expense reserves;
- state and federal legislation and regulations;
- changes in the property and casualty insurance industry, interest rates or the performance of financial markets and the general economy;
- rating agency actions;
- "other-than-temporary" investment impairment losses; and
- other risks and uncertainties inherent to the Company's business, including those discussed under the heading "Risk Factors" in the Company's Annual Report on Form 10-K.

Management intends to identify forward-looking statements when using the words "believe," "expect," "anticipate," "estimate," "project," or similar expressions. Undue reliance should not be placed on these forward-looking statements.

Common Stock

EMC Insurance Group Inc.'s common stock trades on the NASDAQ OMX Global Select Market tier of the NASDAQ OMX Stock Market under the symbol EMCI. As of February 22, 2013, the number of registered stockholders was 830.

There are certain regulatory restrictions relating to the payment of dividends by the Company's insurance subsidiaries (see Note 6 of Notes to Consolidated Financial Statements in the Company's 2012 Form 10-K). It is the present intention of the Company's Board of Directors to declare quarterly cash dividends, but the amount and timing thereof, if any, are determined by the Board of Directors at its discretion.

Dividend Reinvestment and Common Stock Purchase Plan

The Company has previously maintained a dividend reinvestment and common stock purchase plan, which provided stockholders with the option of receiving additional shares of common stock instead of cash dividends. Participants could also purchase additional shares of common stock without incurring broker commissions by making optional cash contributions to the plan, and sell shares of common stock through the plan (see Note 13 of Notes to Consolidated Financial Statements in the Company's 2012 Form 10-K). Effective March 14, 2012, the Company temporarily suspended the issuance of shares of common stock under the dividend reinvestment and common stock purchase plan due to the late filing of an amendment to a Current Report on Form 8-K with the Securities and Exchange Commission. The Company intends to resume the issuance of shares of common stock under the plan at such time that all required reports have been filed in a timely manner with the Securities and Exchange Commission. More information about the plan can be obtained by calling American Stock Transfer & Trust Company, LLC, the Company's stock transfer agent and plan administrator.

Stockholder Services

Corporate Headquarters

717 Mulberry Street
Des Moines, IA 50309
Phone: 515.280.2511

Transfer Agent

American Stock Transfer & Trust Company, LLC
6201 15th Avenue
Brooklyn, NY 11219
Phone: 866.666.1597
www.amstock.com

SEC Counsel

Nyemaster Goode, P.C.
700 Walnut Street, Suite 1600
Des Moines, IA 50309

Insurance Counsel

Bradshaw, Fowler, Proctor and Fairgrave, P.C.
801 Grand Avenue, Suite 3700
Des Moines, IA 50309

Independent Registered Public Accounting Firm

Ernst & Young LLP
801 Grand Avenue, Suite 3000
Des Moines, IA 50309

Information Availability

Interested parties can request news releases, annual reports, Forms 10-Q and 10-K, quarterly financial brochures and other information at no cost by contacting:

Investor Relations
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Fax: 515.345.2895
Email: EMCIns.Group@EMCIns.com
Website: www.emcins.com/ir

Annual Meeting

We welcome attendance at our annual meeting on May 23, 2013, at 1:30 p.m. CDT.

EMC Insurance Companies
700 Walnut Street
Des Moines, IA 50309

EMCI BOARD OF DIRECTORS

CHAIRMAN OF THE BOARD

George C. Carpenter III

85, E, C, N

Chair – Corp.Gov./Nominating Committee

Retired Executive Director

Iowa Public Television (broadcasting)

DIRECTORS

Stephen A. Crane

67, A, C, N

Chair – Compensation Committee

Independent Consultant

Retired Chief Executive Officer

AlphaStar Insurance Group Ltd.

Jonathan R. Fletcher

39, I, C

Managing Director and Portfolio Manager

BTC Capital Management, Inc.

(finance, investments)

Robert L. Howe*, CFE, CIE, CGFM, AIR

70, A, N, I

Chair – Inter-Company Committee

Consultant, Insurance Strategies Consulting, LLC

Retired Deputy Commissioner and Chief Examiner,

Iowa Insurance Division

Bruce G. Kelley, J.D., CPCU, CLU

59, E

Chair – Executive Committee

President and Chief Executive Officer

EMC Insurance Group Inc.

Gretchen H. Tegeler

57, E, A, I

Chair – Audit Committee

Executive Director

Taxpayers Association of Central Iowa

INDEPENDENT DIRECTORS

George C. Carpenter III

Stephen A. Crane

Jonathan R. Fletcher

Robert L. Howe

Gretchen H. Tegeler

BOARD COMMITTEES

A Audit Committee

C Compensation Committee

E Executive Committee

I Inter-Company Committee

N Corporate Governance and Nominating Committee

EMCI's Board-designated financial expert *

EMCI OFFICERS

Karey S. Anderson, CFA

Assistant Secretary

Jason R. Bogart, CPCU, ARM

Vice President, Branch Operations

Bradley J. Fredericks

Assistant Secretary

Richard W. Hoffmann, J.D.

Vice President, General Counsel & Secretary

Kevin J. Hovick, CPCU

Executive Vice President and COO

Ronald W. Jean, FCAS, MAAA

Executive Vice President for Corporate Development

Scott R. Jean, FCAS, MAAA

Vice President & Chief Actuary

Bruce G. Kelley, J.D., CPCU, CLU

President and CEO

Robert L. Link, CAM, CM

Vice President & Assistant Secretary

Mick A. Lovell, CPCU

Vice President, Director of Business Development

Elizabeth A. Nigut, J.D.

Vice President, Human Resources

Ronald A. Paine, CPA, CIA

Vice President, Internal Audit

Carla A. Prather

Assistant Vice President & Controller

Mark E. Reese, CPA

Senior Vice President & CFO

Richard K. Schulz

Senior Vice President, Claims

Kelvin B. Sederburg, ACAS, MAAA

Vice President & Appointed Actuary

Lisa A. Stange, CFA

Vice President, Chief Investment Officer & Treasurer



EMC Insurance Group Inc.

Dakota Fire Insurance Company

EMC Reinsurance Company

EMC Underwriters, LLC

EMCASC0 Insurance Company

Illinois EMCASC0 Insurance Company