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 company, Employers Mutual Casualty Company (EMCC), owns greater than 50 percent of its outstanding stock. As of December 31, 2014, EMCI's parent company, Employers Mutual Casualty Company, owned 58 percent of EMCI's outstanding stock, and public stockholders owned the remaining 42 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 approximately 2,100 people countrywide and markets its products exclusively through a network of independent insurance agents.

EMC Insurance Companies (EMC) is a collection of companies that comprise EMC write both commercial and personal lines property and casualty insurance, 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 41 states; however, the majority of its business is generated in the Midwest.
Following two years of incremental improvement in underwriting profitability, we were optimistic that we would achieve an underwriting profit in 2014, as 2013 rate level increases were earned and the increase in loss costs remained relatively low. However, we experienced above-average losses, resulting in a GAAP combined ratio for the year of 101.9 percent. This does not change our expectation of achieving an underwriting profit in 2015. We will continue to benefit from rate level increases implemented in previous years and expect losses to revert to more normal levels. Operating income for the year was $2.02 per share, and book value per share increased from $34.21 to $37.08, aided by an 8.0 percent increase in investment income and a substantial reduction in the amount of net periodic pension and postretirement benefit costs allocated to the Company.

PREMIUM GROWTH
Over the past few years, the Company’s net written premium growth in the property and casualty insurance segment has outpaced that of our peer companies. We are comfortable with this level of growth because the overwhelming majority is attributed to rate level increases implemented on retained policies. Our rate level increases have exceeded the industry average since 2011, so it makes sense that our top-line growth would exceed the industry average during this time period. New business has grown marginally during this period and generally approximates the amount of business that we do not retain through normal attrition. As pricing increased, we were pleased that we maintained a consistent overall retention level above 85 percent.

We are confident our underlying book of business is sound. Past loss experience, more adequate rates, and sophisticated underwriting and pricing capabilities allow us to appropriately price each exposure for future profit potential. As we expand our product offerings, we will rely on our agency relationships to provide us with new opportunities that meet our stringent underwriting standards.
improve underwriting results. But to be successful in personal lines, we need to do more. So in August 2014, we created a new personal lines operation that will eventually assume responsibility for the growth and profitability of our personal lines business throughout the country. This will take some time to implement, but in the end, we expect improved performance in our personal lines business. This change in structure will also allow our 16 local branch offices to focus their efforts on commercial lines insurance, which accounts for approximately 90 percent of the property and casualty insurance segment’s net written premiums.

Another area of focus has been our commercial auto line of business. We have seen, as have other commercial insurance carriers, an increase in large commercial auto losses. We continue to analyze our commercial auto accounts to identify any trends or issues we need to address. Significant losses are being reviewed early in their life cycles by litigation specialists in order to establish adequate reserves in a timely manner. As these policies renew, we are evaluating the underlying exposures to determine if we are getting an adequate price for the risks we are insuring. We recognize there is room for improvement and are confident the steps we are taking will help improve future underwriting results.

GROWTH IN NET INVESTMENT INCOME
Net investment income increased 8.0 percent, despite the prolonged low interest rate environment, buoyed by considerable growth in the fixed maturity portfolio and strong dividend income from the equity portfolio. Following the significant appreciation in equities in 2013, we invested in a limited partnership during the first quarter of 2014 designed to help protect the Company from a sudden and significant decline in the value of the equity portfolio. We view the cost associated with this protection similar to the cost of an insurance policy. Although the equity portfolio has not suffered a significant decline since this investment was made, it has provided the protection we needed to maintain a sizable exposure to the equity market and allowed us to fully participate in the attractive equity returns achieved during the past year.

EMC LEADERSHIP DEVELOPMENT
For the third consecutive year, EMC Insurance Companies is listed as one of the 40 best companies for leaders by Chief Executive magazine. EMC ranks 4th this year, jumping from...
MOMENTUM FOR THE FUTURE

We were pleased with the affirmation of our “A” rating by A.M. Best Company in April 2014 for the financial strength ratings of the EMC Insurance Companies pool members and EMC Reinsurance Company. This demonstrates our ability to navigate the varying conditions of the insurance market and recognizes our proficiency in enterprise risk management. The strength of our financial condition and confidence in our long-term outlook enabled us to increase the quarterly cash dividend 8.7 percent from $0.23 per share to $0.25 per share during the fourth quarter. We have consistently paid a quarterly dividend since becoming a public company, as this remains an effective method of providing returns to our stockholders.

EMC is a near national insurance carrier ranked among the 50 largest insurance organizations in the country. We have the capabilities of a national insurance company, while maintaining a regional focus through our 16 branch offices that work closely with local independent agents to provide the right products to meet the insurance needs of the policyholders we serve. We are focused on returning to underwriting profitability in 2015 and remain intent on increasing the value of our stockholders’ investments.

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

Sincerely,

Bruce G. Kelley, J.D., CPCU, CLU
President & Chief Executive Officer

Ronald W. Jean Retires

Ron Jean, Executive Vice President for Corporate Development, retired on January 2, 2015, after 35 years with EMC. After a nationwide search, EMCC recruited Jean to start an actuarial department in 1979. Originally a department of one (Jean), the department expanded over the years to include 35 actuaries. In 2000, Jean moved into the position of Executive Vice President for Corporate Development, the position he held until his retirement. Jean was elected to the EMCC Board of Directors in 2009 and will continue in that capacity.

I took the opportunity to review the executive management structure and make improvements that would spread the workload, combine related functions and use the skill sets of our executives to the fullest. While the expanded executive management team is under a new structure, it is filled with familiar faces—top executives whose priorities include delivering exceptional customer service to our agents and policyholders and delivering an attractive return to our stockholders. We look forward to the executive management team’s valuable contributions to our success.
FINANCIAL HIGHLIGHTS

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<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
</tr>
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<tbody>
<tr>
<td>Revenues</td>
<td>$590,118</td>
<td>$558,988</td>
<td>$503,825</td>
</tr>
<tr>
<td>Realized Investment Gains</td>
<td>$4,349</td>
<td>$8,997</td>
<td>$8,017</td>
</tr>
<tr>
<td>Income Before Income Taxes</td>
<td>$40,907</td>
<td>$60,853</td>
<td>$51,633</td>
</tr>
<tr>
<td>Net Income</td>
<td>$29,992</td>
<td>$43,519</td>
<td>$37,966</td>
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<tr>
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</thead>
<tbody>
<tr>
<td>Net Income</td>
<td>$2.23</td>
<td>$3.33</td>
<td>$2.95</td>
</tr>
<tr>
<td>Catastrophe and Storm Losses</td>
<td>$2.76</td>
<td>$2.41</td>
<td>$2.70</td>
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<tr>
<td>Dividends Paid</td>
<td>$0.94</td>
<td>$0.86</td>
<td>$0.81</td>
</tr>
<tr>
<td>Book Value</td>
<td>$37.08</td>
<td>$34.21</td>
<td>$31.08</td>
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<tbody>
<tr>
<td>Average Return on Equity (ROE)</td>
<td>6.3%</td>
<td>10.2%</td>
<td>10.1%</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$1,497,820</td>
<td>$1,374,501</td>
<td>$1,290,709</td>
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<tr>
<td>Stockholders’ Equity</td>
<td>$502,886</td>
<td>$455,210</td>
<td>$401,209</td>
</tr>
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</table>

Common Stock Performance

<table>
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<tr>
<th></th>
<th>2014</th>
<th>2013</th>
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<tbody>
<tr>
<td>High</td>
<td>Low</td>
<td>Dividend</td>
</tr>
<tr>
<td>1st Quarter</td>
<td>$36.49</td>
<td>$26.23</td>
</tr>
<tr>
<td>2nd Quarter</td>
<td>$36.50</td>
<td>$30.01</td>
</tr>
<tr>
<td>3rd Quarter</td>
<td>$33.12</td>
<td>$28.14</td>
</tr>
<tr>
<td>4th Quarter</td>
<td>$35.71</td>
<td>$28.34</td>
</tr>
<tr>
<td>Close at Dec. 31</td>
<td>$35.46</td>
<td></td>
</tr>
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</table>

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 into account all information currently available to management. 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 20, 2015, the number of registered stockholders was 793.

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 this Annual Report). 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
A dividend reinvestment and common stock purchase plan provides stockholders with the option of receiving additional shares of common stock instead of cash dividends. Participants may 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 this Annual Report). 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.

ANNUAL MEETING
We welcome attendance at our annual meeting on May 13, 2015, at 1:30 p.m. CDT.

EMC Insurance Companies
700 Walnut Street
Des Moines, IA 50309

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
Steve Walsh, CPA
EMC Insurance Group Inc.
717 Mulberry Street
Des Moines, IA 50309
Phone: 515-345-2515
Fax: 515-345-2895
Email: emcins.group@emcins.com
Website: www.emcins.com/ir
EMCI BOARD OF DIRECTORS

CHAIRMAN OF THE BOARD
Stephen A. Crane
69, A, C, E, N
Chair – Corp. Gov./Nominating Committee
Independent Consultant
Retired Chief Executive Officer
AlphaStar Insurance Group Ltd.

DIRECTORS
Jonathan R. Fletcher
41, C, I, N
Chair – Compensation Committee
Managing Director and Portfolio Manager
BTC Capital Management, Inc.
(finance, investments)

Robert L. Howe*, CFE, CIE, CGFM, AIR
72, A, C, I, N
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
61, E
Chair – Executive Committee
President and Chief Executive Officer
EMC Insurance Group Inc.

INDEPENDENT DIRECTORS
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
Senior Vice President, Branch Operations

Bradley J. Fredericks, M.B.A., FLMI
Vice President & Chief Investment Officer

Rodney D. Hanson, CPCU
Senior Vice President, Productivity and Technology

Richard W. Hoffmann, J.D.
Vice President, General Counsel & Secretary

Kevin J. Hovick, CPCU
Executive Vice President & Chief Operating Officer

Scott R. Jean, FCAS, MAAA
Executive Vice President for Finance and Analytics

Bruce G. Kelley, J.D., CPCU, CLU
President, Chief Executive Officer and Treasurer

Robert L. Link, CAM, CM
Senior Vice President & Assistant Secretary

Mick A. Lovell, CPCU
Executive Vice President for Corporate Development

Elizabeth A. Nigut, J.D.
Senior Vice President, Human Resources

Ronald A. Paine, CPA, CIA
Senior Vice President, Internal Audit

Carla A. Prather
Assistant Vice President & Controller

Mark E. Reese, CPA
Senior Vice President & Chief Financial Officer

Kelvin B. Sederburg, ACAS, MAAA
Vice President & Appointed Actuary

Lisa A. Simonetta, J.D.
Senior Vice President, Claims