

# Annual Report 2013



**WEST BEND**

A MUTUAL INSURANCE COMPANY®

Last year at this time, I reported that 2012 was an outstanding year. I thanked our agent partners and associates for a job well done. I'm pleased to report that we followed a strong 2012 with an even better 2013.

Together our 1,100 associates and 1,340 independent agencies worked hard to improve and change our company. This resulted in diversification of the business we write in our commercial division, laser focus on best outcomes in our claims divisions, introduction of a new service platform called The West Bend Way, and increased specialization and segmentation across our company.

In addition to these changes at West Bend, we continue to count on consistent double-digit growth and exceptional profit at NSI®, better than 93% retention of our Home and Highway® policyholders, controlled growth of Argent®, and an expanded commercial lines appetite. All of these factors help us beat both our peer group and the industry in growth and underwriting profit.

In this annual report, you'll find many results that all point to a very successful 2013. A combined ratio of 93.8%, a double-digit growth rate of 13.5%, and surplus gain of \$78 million make 2013 one of the best years in our company's history.

I thank our associates for their outstanding effort and commitment to our mission, vision, and values. The passion our associates have for integrity, responsibility, and excellence is remarkable and one of the key reasons for our success.

I also wish to thank our valued agent-partners for their business, their partnership, and their commitment to making West Bend the great company it is today. I'm proud that the relationships we share with our independent agent-partners are at the core of our strengths. Whether they're principals, agents, CSRs, account managers, or staff who serve their customers in other capacities, these professionals are on the front line every day. They share valuable knowledge and advice about protecting the things those customers care about the most about. They truly are "Official Suppliers of the Silver Lining."



Kevin A. Steiner, CPCU  
President & Chief Executive Officer



# Everyone cares about something. And when we do care about something, it shows.

To help protect those things, West Bend policyholders call on their local independent insurance agents, or as we like to call them, the “Official Suppliers of the Silver Lining.” Our policyholders know and trust their agents to provide the knowledge and experience needed to protect the things they simply cannot afford to lose.

**That’s because our agents care about the relationships they share with West Bend policyholders. And it shows when an agent ...**

- ... makes sure a Home and Highway policyholder also carries the broad protection of an umbrella policy;
- ... begins to process a claim at 3:00am, just hours after a fire damages a customer’s business;
- ... insures a special event with the comprehensive coverage of an NSI policy when other companies aren’t interested; or
- ... works closely with Argent’s staff to develop a plan to prevent injuries to workers and clients at an assisted living facility.

**Our independent insurance agencies also care about the relationships they share with West Bend. And it shows when agents ...**

- ... send us the best business;
- ... work together with their underwriters to make sure new business submissions are complete and the coverages are the right fit for their valued customers; and
- ... attend continuing education courses to increase their knowledge and sharpen their skills.

**Because they care,** the Official Suppliers of the Silver Lining are a focal part of our success. Without our agents' desire to provide the best insurance coverage for their valued customers, and their commitment to West Bend's products and services, our company would not have realized these successes in 2013.

## **Commercial Lines**

- Wrote \$46.6 million in new premium;
- Grew written premium 9.2%;
- Wrote 41.9% of the accounts quoted;
- Retained 84.4% of renewals; and
- Continued progress in balancing our book of business by industry segment.

## **Personal Lines**

- Experienced record growth of 14% in written premium;
- Wrote 20,000 new package personal lines accounts, an all-time high;
- Increased policy retention to 93%; and
- Increased policy count by 46.7%.

## **NSI**

- Increased total written premium by 10.2%;
- Retained 93.9% of P&C business%;
- Increased quote-to-hit ratio for property/casualty policies to 64%;
- Generated \$3 million in new P&C premiums through premium mining; and
- Increased visits to CultureofSafety.com visits to 13,000 per month.

## **Argent**

- Grew direct written premium to \$66 million – a 60% increase;
- Wrote more than \$24 million of new business;
- Retained more than 94% of renewals;
- Saved more than \$4.3 million with the internal nurse case management program; and
- Closed more than 92% of claims.

## **West Bend considers our relationships with our agents to be partnerships.**

Our agents are our primary customers. We support, and wholeheartedly endorse, a strong independent agency system. So we, too, care about our agents. And it shows when West Bend provides ...

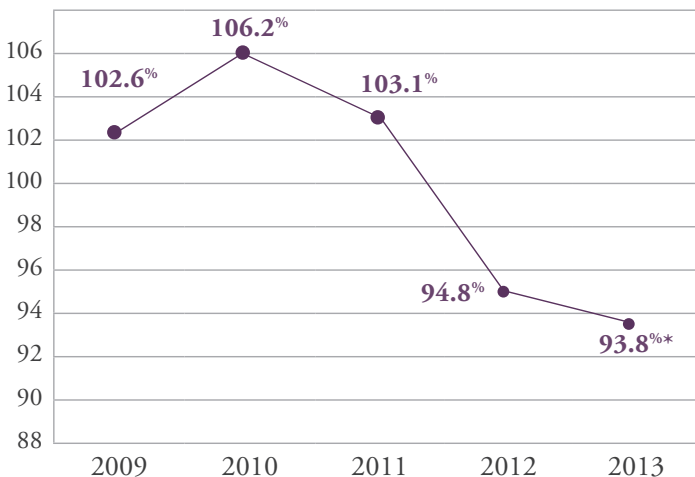
- ... **a variety of strong property/casualty products;**
- ... **the tools agents need to sell those products;**
- ... **technology to make their jobs easier;**
- ... **continuing education opportunities; and**
- ... **strong financial performance and stability.**

Insurance is a people business, and at West Bend it starts with our agents. After all, nothing happens until an agent sells a policy. We remain committed to our valued agent-partners who bring us their best business, work hard to serve their customers, and are proud to be called Official Suppliers of the Silver Lining.

## Financial Results (statutory basis - thousands)

	<u>2013</u>	<u>2012</u>
Direct Written Premium	\$901,376	\$794,867
Net Premium Written	\$814,280	\$726,724
Underwriting Profit <Loss>	\$48,572	\$35,665
Net Investment Income	\$39,901	\$43,153
Realized and Unrealized Gains <Losses> on Investments	\$6,305	\$5,199
Net Income	\$62,781	\$60,311
Total Surplus Increase from Operations	\$77,184	\$65,918

## Combined Ratio



\* Excludes International Assumed Reinsurance

## Policyholders' Surplus (millions)



## Assets (millions)





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