

Annual Report

2014



West Bend began 2014 with great optimism. The hard work to improve our company produced excellent results in 2012 and 2013. More of the same was expected in 2014. That quickly changed as Mother Nature delivered a very brutal winter. Thousands of winter storms wreaked havoc, even before spring storms could make an impact. I'm pleased to report that despite nine weather-related catastrophes and \$67 million of storm catastrophe losses, West Bend ended 2014 with a combined ratio of 95.0% and a 9.3% increase in direct written premium (DWP).

Our profit center structure is working, as all four divisions – Personal Lines, Commercial Lines, NSI, and Argent – met or exceeded their growth goals and generated \$985 million of DWP. One of our competitive advantages is the breadth of our products and services portfolio. While segmentation and specialization is a strategy within each of our profit centers, in total we provide a market for most of the business our independent agency partners write.

One area of the company that shined in 2014 was our claims operations. Fulfillment of the Silver Lining® – The Worst Bring out Our Best® – falls heavily on our claims associates. I'm proud to report that in 2014, 95% of our policyholders who had a claim told us they would refer West Bend to their friends. In addition, the focus to produce the best outcome on every single claim is working. Our claims associates are making a difference with the service and outcomes that help us grow profitably.

I want to thank our agents and business partners for their commitment to our partnership. Together, we've worked hard to write profitable business and make West Bend a great company. Certainly, our results for the past three years are proof that we're well on our way.



Finally, I thank our associates for an unbelievable effort in 2014. They spent countless hours building and installing our new policy administration and billing systems and our enterprise data warehouse. At the same time, our associates found a way to write \$147 million of new business, process 69,078 new applications, and handle 77,619 claims for our policyholders. But most importantly, our associates help us create a special place – a place where they, along with our agents and business partners, work together to write profitable business and support the communities in which we live and work.

A handwritten signature in black ink that reads "Kevin A. Steiner". The signature is fluid and cursive, with a long horizontal stroke at the end.

Kevin A. Steiner, CPCU
President & Chief Executive Officer

What makes a company a “best place to work?” Many would say a fitness center, subsidized cafeteria, clinic, and other things that improve the workday lives of employees.

There’s no doubt amenities like this help make West Bend a “best place to work.” The awards we consistently receive are proof of that. But being the best requires something special. And at West Bend, our associates tell us time and again they’ve found it here.

WEST BEND

IS A BEST PLACE TO WORK
because in our culture, we encourage

- hard work and celebrating successes;
- empowerment coupled with accountability;
- professional development and opportunities for advancement;
- trust through open and continual communication among all levels; and
- Excellence, Integrity, and Responsibility.

Being a best place to work means creating a high-quality workplace where associates can thrive and enjoy doing so, where people genuinely care about each other and help their coworkers in need, where guests are warmly welcomed, and where people don't want to leave.



While amenities are important, it's what you see in the faces of our associates, and hear in their voices, that tells a more meaningful story.

- » Everyone is working together for a common goal and that is to be the absolute best.
- » Work with great people on a great campus with an excellent company that appreciates (and shows it) employees! It's a place to have a career and not just a job.
- » We are a business of integrity and provide a service and policy founded on commitment and excellent service. I work with honest people who intend to excel at their jobs.
- » I am recognized by my manager and peers for the hard work that I put in.
- » It's the little things that go a long way. It means a lot to get emails from senior management or other management recognizing good effort.
- » Our employer cares about people but expects everyone to give it their full effort to get the job done. We are a solid company and the future looks good.
- » The culture that has been created is one of always trying to do the right thing and everyone I work with has bought into this culture.
- » The overall atmosphere of the company is positive and everyone is always very helpful.
- » We want to do the right thing, we have high values and expect our associates, agents, and insureds to have high values.

A nurturing culture breeds success for our company, associates, and valued agents. Here are just a few of West Bend's successes in 2014.

PERSONAL LINES

- Surpassed \$300 million in total written premium;
- Wrote more than \$40 million in new premium;
- Grew top line revenue by 11.4%;
- Retained 92.6% of our business; and
- Returned more than \$10 million to our policyholders who were claim free.

COMMERCIAL LINES

- Wrote \$48.2 million in new premium;
- Grew direct written premium by 4.9%;
- Wrote 42.0% of the accounts quoted;
- Retained 85.9% of our business; and
- Continued progress in balancing our book of business by industry segment.

NSI

- Grew direct written premium by 9.5% to \$213 million;
- Retained more than 93% of P&C business;
- Wrote 61% of the P&C business quoted;
- Experienced a record year with \$29.8 million in P&C premium growth and nearly 38,000 new business applications; and
- Averaged 12,000 visits per month to CultureofSafety.com, up 38% from 2013.

ARGENT

- Experienced 25% growth while exceeding CY loss ratio by 3 basis points;
- Increased the number of agencies with significant Argent premium volumes by 19%;
- Wrote the largest single account in West Bend's 120 year history; and
- Broke ground for a new building.



While we're proud and pleased to provide our associates with many wonderful amenities, we're even more proud of the way they don't just embrace our culture, they make it better. And that's what makes West Bend a best place to work.

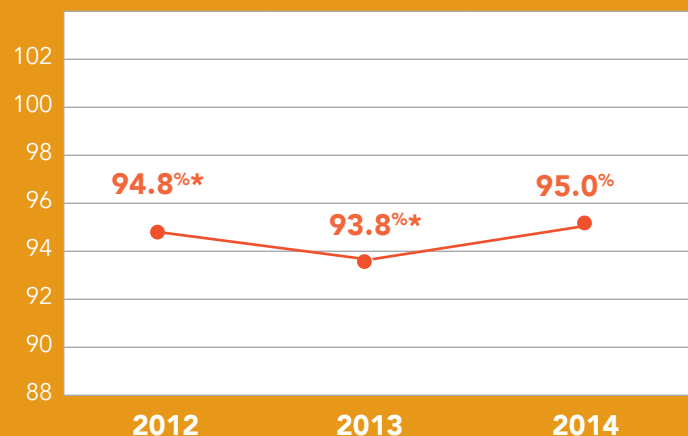


Financial Results

(statutory basis – thousands)

	2014	2013	2012
Direct Written Premium	\$985,283	901,376	794,867
Net Premium Written	894,963	814,280	726,724
Underwriting Profit <Loss>	46,127	48,572	35,665
Net Investment Income	40,464	39,901	43,153
Realized and Unrealized Gains <Losses> on Investments	7,543	6,305	5,199
Net Income	57,510	62,781	60,311
Total Surplus Increase from Operations	132,393	77,184	65,918

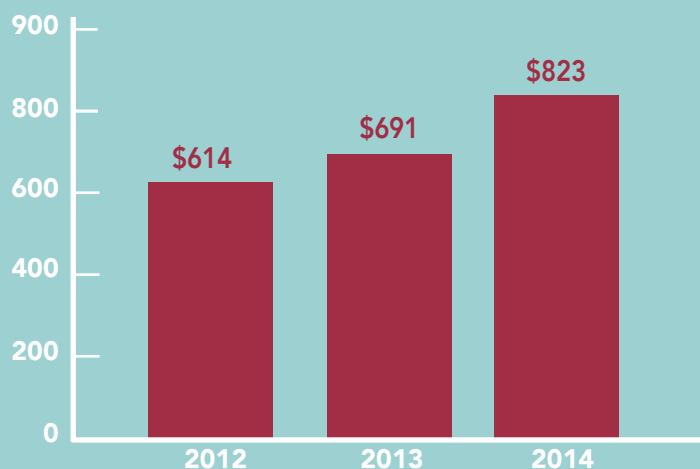
Combined Ratio



* Excludes International Assumed Reinsurance

Policyholders' Surplus

(millions)



Assets (millions)

