



ANNUAL REPORT
2015



Kevin A. Steiner, CPCU
President & Chief Executive Officer

West Bend was fortunate to experience three outstanding years of profit and growth in 2012, 2013, and 2014. Could we continue that momentum in 2015? I'm very pleased to tell you we could ... and we did! West Bend ended 2015 with a combined ratio of 93.7% and premium growth of 7.3%. In addition, we reached a very significant milestone by recording more than \$1 billion in direct written premium!

I'm very proud of this achievement. In the midst of a conversion to a new policy processing system, our associates and agents were able to learn the new system and work through challenges, while still growing our business. When everything is complete, this new system will allow West Bend to operate more efficiently, respond more quickly to shifts in the marketplace, make better use of information, and support growth of our business by allowing us to introduce new products. Ultimately, it will help us retain our position as a leading property/casualty regional insurer in the U.S.

This year's annual report is a testament to the relationships West Bend associates share with our agent partners and the role our agents have played in the success of our company. From the very beginning, West Bend agents helped deliver the best insurance products and services to their customers.

While many things have changed since 1894 when seven agents began selling West Bend policies throughout Washington County, Wisconsin, many other things haven't changed. West Bend remains committed to providing the best insurance products and services to our agents and policyholders; to

So I thank our associates, agents, and policyholders for the trust you place in our company. It has allowed West Bend to achieve a new level of growth that will serve as the foundation of success for many years to come.

making business decisions that are in the best interests of our associates, agents, and policyholders; and to growing our company responsibly and profitably.

They say that nothing happens until an agent sells a policy. How true. If it wasn't, there wouldn't be a West Bend Mutual Insurance Company and we wouldn't be thanking our agents for their role in helping us reach one billion in premium volume!

Fortunately, back in 1894, an agent did sell a policy – three in fact – to the West Bend Brewing Company. While just seven agents represented our company in those early days, today nearly 1,500 independent insurance agencies sell West Bend products in Wisconsin, Illinois, Iowa, Minnesota, Indiana, Ohio, Michigan, Missouri, Kansas, Kentucky, and Nebraska.

For more than 120 years, our agents rang doorbells and made phone calls to share – and sell – the benefits of a West Bend policy. That mission hasn't changed, and West Bend continually looks for new ways to satisfy the demands of the market and the needs of our agents. Strong relationships with our agents drive our plans and our actions in every part of our company.

Many West Bend underwriters have spent years working with their agents, cultivating relationships that are based on mutual trust and understanding. Consequently, our underwriters thoroughly understand their agents' needs and are able to quickly provide the right service when it's needed. Agents know they can call our underwriters anytime for help.

Our claim reps continually do the right thing for insureds and for agents with a fast response, providing reassurance and settling claims quickly and fairly. Whether it's wading through water after a sump pump fails, sending out a check within hours after a fender bender, or calling customers after a widespread storm to ask if we can help, West Bend's claims staff reinforces the wisdom of their agents in selecting West Bend to protect their valuable property.

Our information technology staff, along with members of business units throughout the company, spent – and continue to spend – the many hours needed to provide West Bend agents with a more efficient policy administration system. When the conversion is complete, we expect this intuitive and flexible system will support growth for our agent partners for many years to come.

All of us at West Bend, from Sales and Marketing, to Billing, to our Mail Room, know nothing happens until an agent sells a policy.

And we pledge to continue to share the best products, service, and relationships with our agent partners.

Here are some of the ways West Bend shared our best in 2015.

Personal Lines

- Wrote more than \$35 million in new premium;
- Grew top line revenue by 9%;
- Retained 92.5% of our business;
- Returned more than \$10 million to our policyholders who were claim free; and
- Hit an all-time high of 44% of new policies approved by our automated underwriting system.

Commercial Lines

- Wrote \$48.8 million in new premium;
- Grew direct written premium by 5.7%;
- Introduced a new product, Data Compromise, which was accepted by more than 70% of policyholders;
- Moved 45,000 policies to our new modern policy administration system; and
- Retained 87.1% of our policyholders.

NSI

- Increased P&C premium by 7.6% to \$217 million;
- Retained more than 90% of P&C business;
- Wrote 67.5% of the P&C business quoted;
- Moved 48,000 policies to our new modern policy administration system; and
- Increased bond premium by 9.9% in a highly competitive environment.

Argent

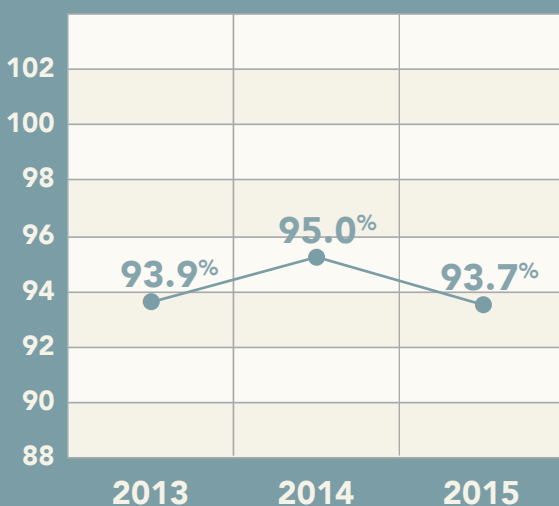
- Grew premium by 6.4% and maintained retention at 90% in a softening market;
- Expanded core states of operation to include Illinois and Michigan;
- Wrote \$13 million of new business and produced a loss ratio significantly better than the industry average; and
- Argent is now the second largest writer of skilled care facilities in Wisconsin and Iowa and the fourth largest in Illinois.

Financial Results

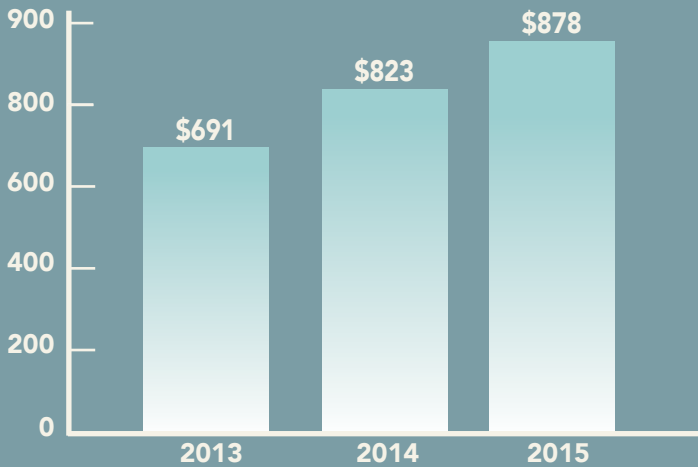
(statutory basis - thousands)

| | 2013 | 2014 | 2015 |
|---|-----------|-----------|-------------|
| Direct Written Premium | \$901,376 | \$985,283 | \$1,057,469 |
| Net Premium Written | \$814,280 | \$894,963 | \$960,534 |
| Underwriting Profit <Loss> | \$48,572 | \$46,127 | \$68,197 |
| Net Investment Income | \$39,901 | \$40,464 | \$43,340 |
| Realized and Unrealized Gains <Losses> on Investments after tax | \$26,880 | <\$1,484> | <\$20,019> |
| Net Income | \$62,781 | \$57,510 | \$44,785 |
| Total Surplus Increase from Operations | \$77,184 | \$132,393 | \$55,106 |

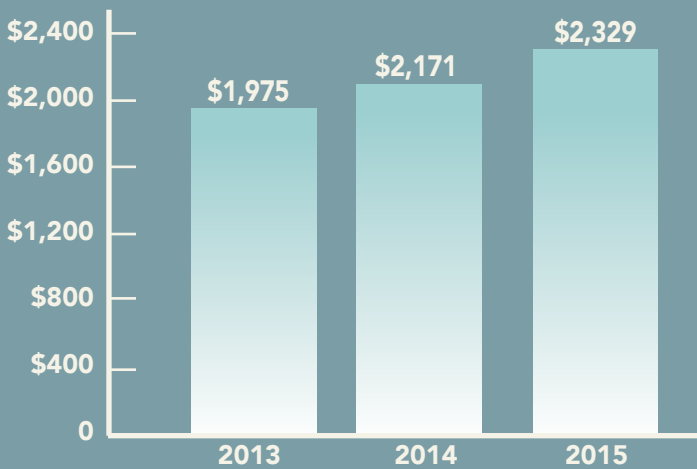
Combined Ratio

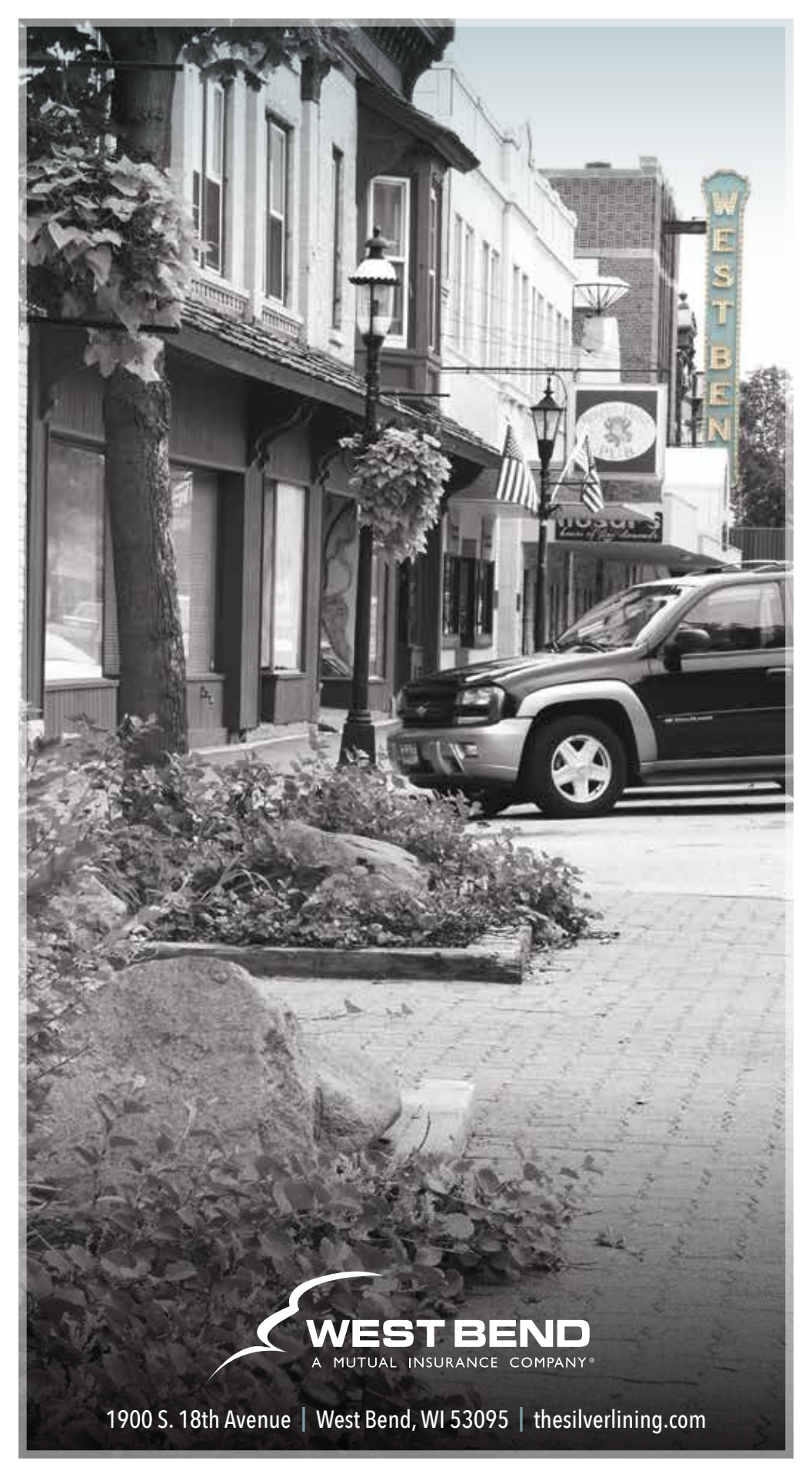


Policyholders' Surplus (millions)



Assets (millions)





 **WEST BEND**
A MUTUAL INSURANCE COMPANY®

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