



# ANNUAL REPORT, 2016



PLANTED A TREE, 1980



THANKS TO THE GREAT WORK of our 1,200 associates and more than 1,500 independent agency partners, West Bend continues to profitably grow our company. In 2015, West Bend reached a very significant milestone by recording more than \$1 billion in direct written premium. I'm pleased to report that direct written premiums increased in 2016 by 5.4% to \$1.12 billion. Last year, we wrote \$145 million of new business. All four profit centers – Personal Lines, Commercial Lines, NSI, and Argent – exceeded their growth goals. The company's five-year compound annual growth rate of 9.4% exceeds the property-casualty industry's five-year growth rate. A special thanks to our independent agency partners for sending us their best business.

*Quinn A. Steen*

West Bend also continues to build financial strength with a \$69 million increase in policyholder surplus. Total surplus at year-end 2016 is \$947 million. Our surplus growth in 2016 equates to a return on surplus of 7.7%.

2016 was another profitable year with a combined ratio of 98.6%. Despite unexpected late-year storm activity and an unusually-high number of large losses, I was pleased with this result. Argent, our monoline workers' compensation profit center, led the way with an excellent combined ratio of 91.9%.

This year's annual report focuses on why we exist as a company. Simply stated, we sell a promise to take care of our policyholders when a loss occurs. Our claims associates work hard to provide our policyholders with a Silver Lining claims experience. I'm pleased that 95.4% of our policyholders who experienced West Bend's claims service in 2016 told us they would refer West Bend to family or a friend. My fellow associates are committed to our vision of being the company of choice for agents, policyholders, and associates. You have my commitment that West Bend will continue to work hard to exceed your expectations.

THANK YOU FOR PLACING YOUR TRUST IN WEST BEND!



BACKYARD WEDDING, 2014



STARTED A FAMILY, 1982

**WHY DO WE EXIST?** It's a question that's been contemplated by mankind throughout the ages.

While the answer can certainly be complicated, if you ask anyone at West Bend, it's simple. We exist because our valued Home and Highway® policyholders have years of memories in their homes; the most valuable things they'll ever own. We exist because we know what it took for our commercial policyholders to build their businesses and we don't want to see them lose what they worked so hard for.

We exist because all of them count on us to make things right if something bad happens.

Our agents and associates understand and appreciate that our policyholders trust us to take care of the things they can't afford to lose ... to make sure that positives come from negative situations ... to do the right thing. So if misfortune strikes, whether it's a fender bender or a devastating fire, West Bend's claims professionals use their expertise and experience, along with the latest technology, to process those claims quickly, efficiently, and compassionately. They'll even call policyholders in areas affected by disaster just to make sure they're okay and to find out what we can do to help ... regardless of whether or not they've had a loss.

Even before a policy is issued, our underwriting teams work hard to provide our policyholders with the coverages they need. Working hand in hand with our valued agents, they craft a policy that includes the coverages that make sense for that home or business.

If the business provides special services, like day care centers and beauty salons, our policyholders benefit from our associates' experience with and knowledge of what many consider unusual or "hard-to-place" risks.

For a business owner who requires the best workers' compensation coverage for his employees, West Bend and our independent agents collaborate to improve workers' compensation performance through innovative and customer-focused loss prevention, medical cost containment, education, and communication.

So West Bend is there when our policyholders need us ... at the beginning and in the many days that follow ... during the celebrations and the milestones, the challenges and the rewards.

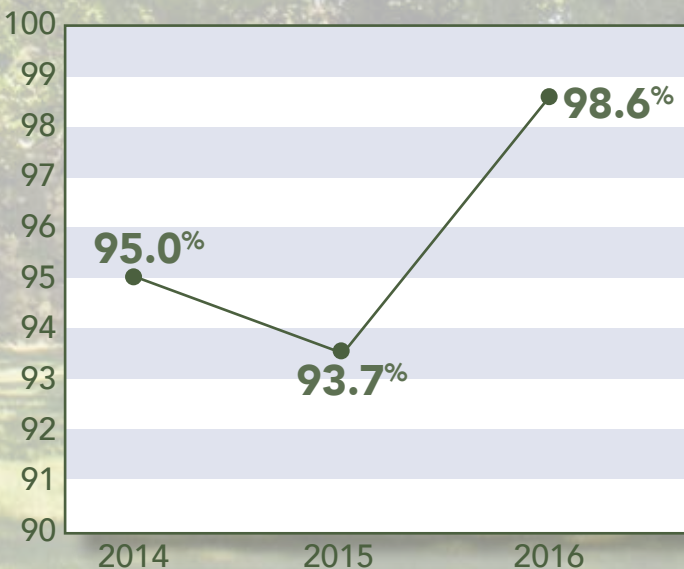
That's why more than 220,000 policyholders in the Midwest trust the most valuable things they'll ever own to West Bend. And that's why we exist.

# FINANCIAL RESULTS

(STATUTORY BASIS – THOUSANDS)

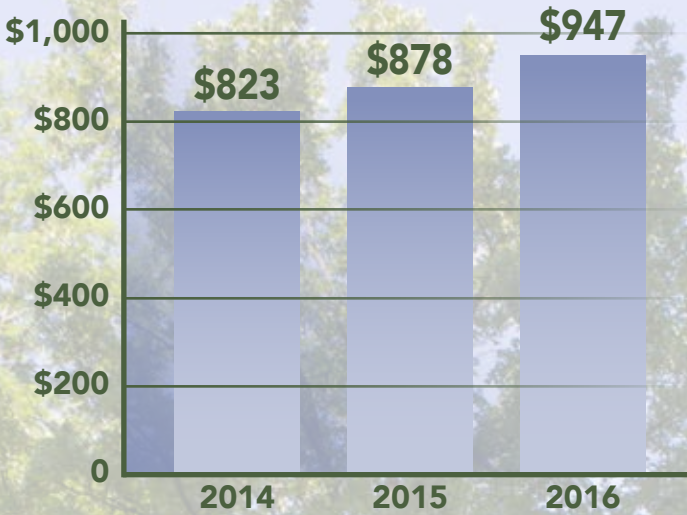
	2014	2015	2016
Direct Written Premium	\$985,283	\$1,057,469	\$1,115,054
Net Premium Written	\$894,963	\$960,534	\$1,016,122
Underwriting Profit Before Policyholder Dividends	\$46,127	\$68,197	\$26,802
Net Investment Income	\$40,464	\$43,340	\$39,837
Realized and Unrealized Gains <Losses> on Investments After Tax	<\$1,484>	<\$20,019>	\$29,139
Net Income	\$57,510	\$44,785	\$40,071
Total Surplus Increase from Operations	\$132,393	\$55,106	\$68,761

## COMBINED RATIO



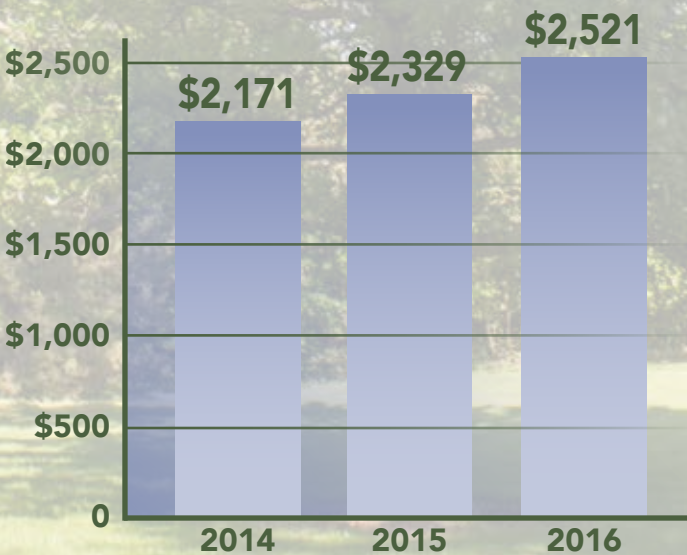
# POLICYHOLDERS' SURPLUS

(MILLIONS)



# ASSETS

(MILLIONS)





W H Y   W E   E X I S T



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