

Combined Report of the Examination of
West Bend Insurance Company and its Wisconsin-Domiciled Property and Casualty Subsidiaries
West Bend, Wisconsin
As of December 31, 2024

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October 15, 2025

Honorable Nathan D. Houdek
Commissioner of Insurance
State of Wisconsin
101 East Wilson Street
Madison, Wisconsin 53703

Commissioner:

In accordance with your instructions, a compliance examination has been made of the affairs and financial condition of the following Wisconsin-domiciled, property and casualty insurance companies, hereinafter referred to as “the Group”:

WEST BEND INSURANCE COMPANY
WEST BEND PREMIER INSURANCE COMPANY
WEST BEND SELECT INSURANCE COMPANY
West Bend, Wisconsin

and this report is respectfully submitted.

I. INTRODUCTION

The previous examination of West Bend Insurance Company (WBIC) was conducted in 2020 as of December 31, 2019. The current examination covered the intervening period ending December 31, 2024, and included a review of such subsequent transactions as deemed necessary to complete the examination.

The examination of the Group included the following companies:

Company	State
West Bend Insurance Company	Wisconsin
West Bend Premier Insurance Company	Wisconsin
West Bend Select Insurance Company	Wisconsin

The examination was conducted using a risk-focused approach in accordance with the National Association of Insurance Commissioners (NAIC) *Financial Condition Examiners Handbook*. This approach sets forth guidance for planning and performing the examination of an insurance company to evaluate the financial condition, assess corporate governance, identify current and prospective risks

(including those that might materially affect the financial condition, either currently or prospectively), and evaluate system controls and procedures used to mitigate those risks.

All accounts and activities of the companies were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with statutory accounting principles, annual statement instructions, and Wisconsin laws and regulations. The examination does not attest to the fair presentation of the financial statements included herein. If during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately at the end of the "Financial Data" section in the area captioned "Reconciliation of Surplus per Examination."

Emphasis was placed on those areas of the companies' operations that were accorded a high priority by the examiner-in-charge when planning the examination.

The companies are annually audited by an independent public accounting firm as prescribed by s. Ins 50.05, Wis. Adm. Code. An integral part of this compliance examination was the review of the independent accountant's work papers. Based on the results of the review of these work papers, alternative or additional examination steps deemed necessary for completing this examination were performed. The examination work papers contain documentation concerning the alternative or additional examination steps performed during the examination.

Independent Actuary's Review

An independent actuarial firm was engaged under a contract with the Office of the Commissioner of Insurance. The actuary reviewed the adequacy of the companies' loss and loss adjustment expense reserves. The actuary's results were reported to the examiner-in-charge. As deemed appropriate, reference is made in this report to the actuary's conclusion.

II. HISTORY AND PLAN OF OPERATION

West Bend Insurance Company was organized in 1894 as West Bend Mutual Fire Insurance Company of Washington County under the provisions of the Wisconsin Statutes then in effect. In 1916, WBIC changed its name to West Bend Limited Mutual Fire Insurance Company and in 1926 detached the word “Limited” from its name. In 1957, WBIC’s name changed to West Bend Mutual Insurance Company (WBMIC).

Effective January 1, 2024, WBMIC converted to a stock insurance company and changed its name to West Bend Insurance Company. The Group enacted a mutual holding company structure as approved by the Office of the Commissioner of Insurance of the State of Wisconsin effective January 1, 2024. WBIC is wholly owned by WBM Corporation, which is in turn wholly owned by the ultimate parent, West Bend Mutual Holding Company. Effective April 1, 2024, two new stock insurance companies were created within WBIC’s organizational structure, West Bend Premier Insurance Company (WPIC) and West Bend Select Insurance Company (WBSIC), which are wholly owned by WBIC. WPIC and WBSIC did not write any business as of December 31, 2024.

West Bend Insurance Company

In 2024, WBIC wrote direct premiums in the following states:

Wisconsin	\$648,533,627	28.85%
Illinois	352,202,480	15.67%
Iowa	272,252,150	12.11%
Minnesota	269,287,606	11.98%
Indiana	143,742,167	6.40%
Michigan	92,173,011	4.10%
Arizona	75,084,946	3.34%
North Carolina	74,902,553	3.33%
Ohio	69,460,045	3.09%
Tennessee	63,169,832	2.81%
Missouri	61,209,266	2.72%
All others	<u>125,673,629</u>	<u>5.60%</u>
Total	<u>\$2,247,691,312</u>	<u>100.00%</u>

WBIC is licensed and writes business in all 50 states as well as the District of Columbia, with approximately 69% of all direct premium written concentrated in four states: Wisconsin, Illinois, Iowa, and Minnesota. In 2024, WBIC grew by 6% compared to the prior year, with total direct written premiums of \$2,247,691,312. Products are marketed through over 1,300 independent agencies located in 30 states. A

broad range of property and casualty products and services are marketed through six distinct strategic profit centers: Personal Lines, Commercial, Specialty, Surety, Argent® and Pool. WBIC decided to start withdrawing from the Pool business in 2025. The Pool profit center is used for reporting activities related to WBIC's servicing carrier relationship with the Wisconsin Worker's Compensation Insurance Pool.

WBIC writes personal lines products lines in six states (IL, IN, IA, MN, WI, and AZ). The personal lines profit center includes West Bend's Home and Highway® package product and the West Bend Choice® package product, which WBIC began marketing in 2021 by means of its expansion into Arizona. The Home and Highway® product is written in WI, MN, IA, IL, IN, and includes a feature-rich set of coverage options, while the West Bend Choice® package product offers more flexibility and customizable coverage options. WBIC plans to expand its West Bend Choice® package product to the current states, in which it writes its personal lines business and will eventually eliminate the Home and Highway® product.

WBIC primarily writes commercial lines products in fourteen states (AZ, IL, IN, IA, KS, KY, MI, MN, MO, NC, OH, TN, VA and WI). Business written outside of WBIC's core states is primarily for the workers' compensation line of business and is ancillary in nature to policies written in one of WBIC's core states. The commercial profit center mainly targets small businesses such as auto services, dealers, manufacturing, construction, and other types. The specialty profit center focuses on casualty-driven classes, including social services, sports and leisure, special events, alarm installation and monitoring, sprinkler contractors, and personal appearance care. Argent® is a workers' compensation profit center that focuses on writing larger accounts.

WBIC writes surety bonds in all 50 states and the District of Columbia. The surety profit center writes standard contracts, commercial, and fidelity bond business along with non-standard contract bond business which is written in partnership with the U.S. Small Business Administration Surety Bond Guarantee Program.

The following table is a summary of the net insurance premiums written by the WBIC as of December 31, 2024. The growth of WBIC is discussed in the "Financial Data" section of this report.

Line of Business	Direct Premium	Reinsurance Assumed	Reinsurance Ceded	Net Premium
Fire	\$ 135,798,081	\$ 4,445	\$ 5,893,004	\$ 129,909,523
Allied lines	191,047,248	36,609	30,726,347	160,357,511
Private flood	370,945		10,095	360,850
Homeowners multiple peril	282,847,255	56,213	18,385,451	264,518,017
Commercial multiple peril (non-liability portion)	87,992,902	17,109	13,545,532	74,464,479
Commercial multiple peril (liability portion)	11,276,829		11,784	11,265,045
Inland marine	57,197,531	921	2,303,202	54,895,250
Earthquake	3,372,441		95,420	3,277,022
Workers' compensation	311,471,759	4,363,439	21,969,210	293,865,988
Other liability – occurrence	362,272,627		17,242,009	345,030,618
Other liability – claims made	32,946,938		76,314	32,870,624
Products liability – occurrence	53,142,261		70,984	53,071,277
Products liability – claims made	20,540		51	20,489
Private passenger auto no- fault (personal injury)	3,228,201		1,365	3,226,836
Other private passenger auto liability	152,878,272		55,113	152,823,159
Commercial auto no-fault (personal injury)	3,573,094	9,924	972,329	2,610,689
Other commercial auto liability	210,414,844	1,558,245	302,812	211,670,277
Private passenger auto physical damage	188,074,375	2,714	925,575	187,151,514
Commercial auto physical damage	91,874,670	51,556	4,848,282	87,077,943
Fidelity	2,695,330		69,991	2,625,339
Surety	38,921,148		2,756,826	36,164,322
Burglary and theft	305,814		12,989	292,825
Boiler and machinery	25,968,207		25,968,207	
Reinsurance – non-proportional assumed property		551		551
Total All Lines	<u>\$2,247,691,312</u>	<u>\$6,101,727</u>	<u>\$146,242,890</u>	<u>\$2,107,550,149</u>

III. MANAGEMENT AND CONTROL

Board of Directors

Ultimate oversight of WBIC, WPIC, and WBSIC occurs at the mutual holding company level, through the WBMHC board of directors. The directors of WBIC, WPIC, and WBSIC boards are members of management, all as described below in Appendix A, Management & Control. The WBMHC board of directors consists of no fewer than nine, nor more than 14 members. Currently, the board consists of 14 directors. Directors are elected annually to serve a one-year term. Principal officers, including the President and CEO, Secretary, Treasurer and Chief Financial Officer are elected at the board's annual meeting. Robert Jacques, President and Chief Executive Officer, is a member of the board of directors for the WBMHC, WBIC, WPIC, and WBSIC boards.

Currently, the board of directors of WBMHC consists of the following persons:

Name	Principal Occupation	Term Expires
James Bolton	Retired Senior Executive Vice President Metavante (FIS) Corporation	2026
Kathleen Creighton	Retired Rear Admiral United States Navy	2026
David Fritz	President & Chief Executive Officer TRICOR Insurance Inc.	2026
Robert Jacques	President & Chief Executive Officer West Bend Insurance Company	2026
Susan Kreh	Chief Financial Officer Oil-Dri Corporation of America	2026
Timothy Mattke	Chief Executive Officer MGIC Investment Corporation	2026
Nicole Michaels	Retired Principal Ernst & Young LLP	2026
Elizabeth Neuhoff	Retired President & Chief Executive Officer Neuhoff Communications, Inc.	2026
Douglas Reuhl	Retired President & Chief Executive Officer American TV & Appliance of Madison, Inc.	2026
James Schloemer	Chairman & Chief Executive Officer Continental Properties Company Inc.	2026
Richard Searer	Retired President & Chief Executive Officer	2026

Name	Principal Occupation	Term Expires
	Kraft Foods Inc.	
Jay Sekelsky	Retired Chief Investment Officer Madison Investment Advisors	2026
Kevin Steiner	Retired Chief Executive Officer West Bend Insurance Company	2026
Julie Van Cleave	Retired Chief Investment Officer University of Wisconsin Foundation	2026

Officers of West Bend Mutual Holding Company:

The officers serving at the time of this examination are as follows:

Name	Office
Robert Jacques	President & Chief Executive Officer
Heather Dunn	Treasurer & SVP, Chief Financial Officer
Christopher Zwygart	Secretary & SVP, Chief Legal Officer
David Ertmer	Chief Operating Officer
Richard Fox	SVP – Chief Actuary & Chief Risk Officer
James Schwalen	SVP – Chief Strategy Officer
Kelly Tighe	SVP – Chief Marketing & Sales Officer
Murali Natarajan	SVP – Chief Information Officer
Tanderia Brown	SVP – Chief Human Resources Officer
Marc Emery	SVP – Chief Underwriting Officer

Committees of the Board

The WBMHC Bylaws allow for the formation of certain committees by the board of directors.

The committees at the time of the examination are listed below:

Executive Committee

James Schloemer, Chair
Susan Kreh
Kevin Steiner
Jay Sekelsky
Richard Searer

Audit Committee

Susan Kreh, Chair
James Bolton
Kathleen Creighton
David Fritz
Douglas Reuhl
Julie Van Cleave
Nicole Michaels

Investment Committee

Jay Sekelsky, Chair
Elizabeth Neuhoﬀ
James Schloemer
Julie Van Cleave
Timothy Mattke

Governance/Compensation Committee

Richard Searer, Chair
Timothy Mattke
Elizabeth Neuhoﬀ
Douglas Reuhl
Jay Sekelsky
Kevin Steiner
James Schloemer

Strategic Risk Oversight Committee

Kevin Steiner, Chair

James Bolton

Kathleen Creighton

Nicole Michaels

David Fritz

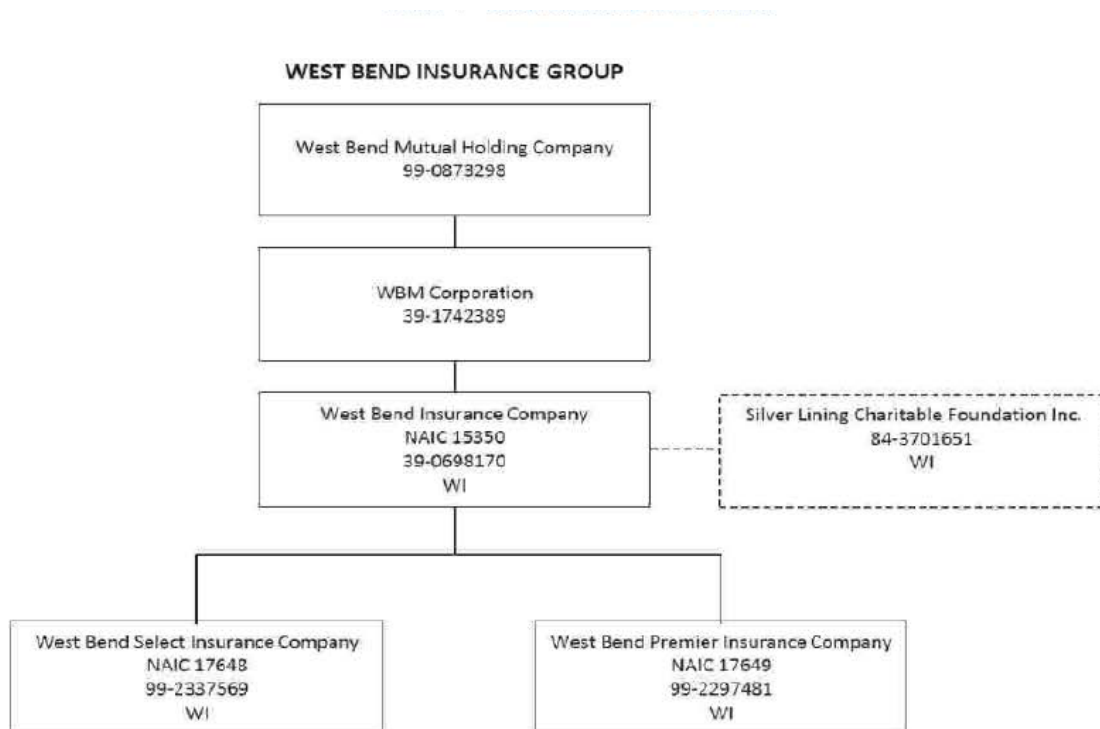
Susan Kreh

Richard Searer

IV. AFFILIATED COMPANIES

WBIC and its affiliates are members of a holding company system. The organizational chart below depicts the relationships among the affiliates in the Group. A brief description of the significant affiliates follows the organizational chart.

Organizational Chart As of December 31, 2024



West Bend Mutual Holding Company

WBMHC is a Wisconsin-domiciled mutual holding company and ultimate controlling party of the Group. WBMHC was formed on January 1, 2024, as part of WBMIC's mutual holding company conversion. As of December 31, 2024, the audited financial statements of WBMHC reported assets of \$1,628,184,329, liabilities of \$0, and capital and surplus of \$1,628,184,329. Operations for 2024 produced a net income (loss) of \$0.

WBM Corp

WBM Corp is a Wisconsin-domiciled intermediate stock holding company and direct parent of WBIC. As of December 31, 2024, the unaudited financial statements of WBM Corp reported assets of

\$1,628,184,329, liabilities of \$0, and capital and surplus of \$1,628,184,329. Operations for 2024 produced a net income (loss) of \$0.

Silver Lining Charitable Foundation Inc.

The Silver Lining Charitable Foundation Inc. (the Foundation) is a tax-exempt corporation created for exclusively charitable, educational, or religious purposes as within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and the laws of the State of Wisconsin. To this end, the corporation provides financial support to other charitable organizations, state and local governmental units, and other tax-exempt organizations. As of December 31, 2024, the unaudited financial statements of the Foundation reported assets of \$21,709, liabilities of \$0, and net assets of \$21,709. Operations for 2024 produced revenue of \$826,957, grants to other 501(c)(3) organizations of \$724,489, fundraising expenses of \$109,957, and other expenses of \$119.

Agreements with Affiliates

Tax Sharing Agreement

The Tax Sharing Agreement between WBMHC and all subsidiaries, effective January 1, 2024, and amended April 1, 2024, to add WBPIC and WBSIC upon their inception, was entered to file taxes on a consolidated basis. Each affiliate is obligated to pay its portion of the consolidated federal income tax liability to WBMHC (as the ultimate parent company of the Group), that it would be liable for if it were to file taxes on a separate basis.

Administrative Services Agreement:

The Administrative Services Agreement between WBMHC and all subsidiaries, effective January 1, 2024, and amended April 1, 2024, to add WBPIC and WBSIC upon their inception, was entered so that Parties may provide such Services to one another, as Service Providers and Service Recipients, as they deem necessary or advantageous to carrying out their respective businesses. The service recipient will be charged with its allocable share of the Service Provider's actual costs incurred.

Reinsurance Pooling Agreement

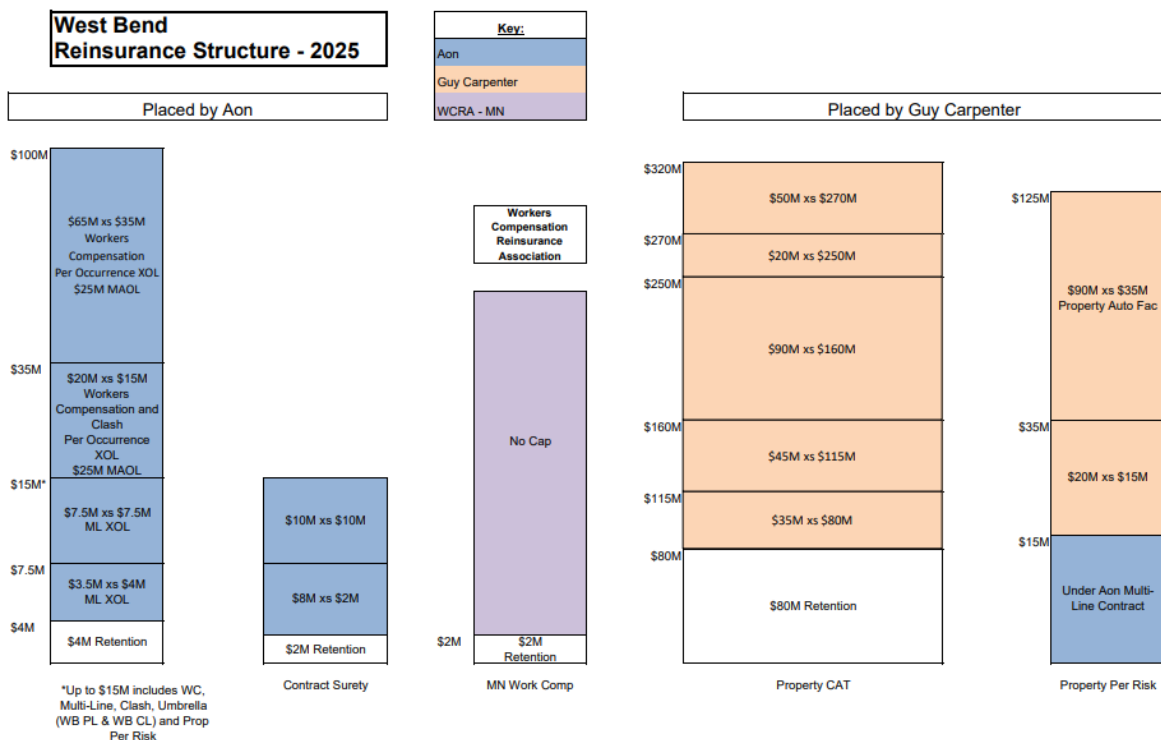
A Reinsurance Pooling Agreement, effective April 1, 2024, was entered into between WBIC, WBPIC, and WBSIC. The pool leader (WBIC) and each pool member (WBPIC and WBSIC) are affiliated under common ownership and board control. WBIC, WBPIC, and WBSIC entered into the intercompany

reinsurance pooling agreement with the intention of pooling net underwriting results. As prescribed by the pooling agreement, WBPIC and WBSIC cede 100% of any direct and assumed business along with related expenses to WBIC and do not assume any activity back from the pool. WBSIC and WBPIC each have a 0% participation share in the pool. It is expected that WBPIC and WBSIC will not start writing premium until 2026.

V. REINSURANCE

West Bend Insurance Company's reinsurance portfolio and strategy at the time of the examination are described below. A list of the companies that have a significant amount of reinsurance in force at the time of the examination follows. The contracts contained proper insolvency provisions.

WBIC has a Reinsurance Pooling Agreement with its two new subsidiaries, WBPIC and WBSIC, in which 100% of the business is ceded to WBIC. WBPIC and WBSIC have not written any business and currently have a 0% pool participation percentage. WBIC also participates in voluntary and mandatory reinsurance pool and association arrangements, serving the worker's compensation, commercial auto, catastrophic claims, and mine subsidence markets. These reinsurance pools are administered by individual states or national organizations.



Ceding Contracts

Excess of Loss

Multiple-Line

WBIC has a Multiple Line Excess of Loss Reinsurance Contract effective January 1, 2025, through January 1, 2026, which was placed by reinsurance broker, AON. The Multiple Line Excess of

Loss Reinsurance covers workers' compensation, multi-line, clash, umbrella, and property per risk lines of business, and includes two layers of coverage. The first layer is \$3,500,000 in excess of a \$4,000,000 retention. Participating reinsurers include:

Hannover Ruck SE	40.00%
Swiss Reinsurance America Corp.	19.75%
Helvetia Swiss Insurance Company Ltd.	15.00%
Renaissance Reinsurance U.S. Inc.	10.00%
All Other Reinsurers	<u>15.25%</u>
Total Participation	<u>100.00%</u>

The second layer is \$7,500,000 in excess of \$7,500,000. Participating reinsurers include:

Hannover Ruck SE	41.00%
Swiss Reinsurance America Corporation	19.75%
Helvetia Swiss Insurance Company Ltd.	15.00%
Renaissance Reinsurance U.S. Inc.	11.25%
All Other Reinsurers	<u>13.00%</u>
Total Participation	<u>100.00%</u>

Workers' Compensation and Casualty Clash

WBIC has a Workers Compensation and Casualty Clash Excess of Loss Reinsurance Contract effective January 1, 2025, through January 1, 2026, which was placed by reinsurance broker, AON. Workers Compensation and Casualty Clash Excess of Loss Reinsurance covers \$20,000,000 per occurrence of workers' compensation and casualty clash business in excess of the \$15,000,000 business covered under the multi-line reinsurance program, with a maximum any one life limit of \$25,000,000.

Participating reinsurers include:

Lloyd's Underwriters	62.50%
Helvetia Swiss Insurance Company Ltd	15.00%
Hannover Ruck SE	10.00%
All Other Reinsurers	<u>12.50%</u>
Total Participation	<u>100.00%</u>

Workers Compensation

WBIC also has Workers Compensation Excess of Loss Reinsurance Contract effective January 1, 2025, through January 1, 2026, which was placed by reinsurance broker, AON. The Workers Compensation Excess of Loss Reinsurance covers \$65,000,000 per occurrence of workers' compensation business in excess of the \$35,000,000 business covered under the casualty clash excess of loss reinsurance program, with a maximum any one life limit of \$25,000,000. Participating reinsurers include:

Lloyd's Underwriters	58.83%
Arch Reinsurance Company	12.00%
Helvetia Swiss Insurance Company Ltd.	10.00%
All Other Reinsurers	<u>19.17%</u>
Total Participation	<u>100.00%</u>

Surety Bond

WBIC has a Surety Bond Excess of Loss Reinsurance Contract effective January 1, 2025, through January 1, 2026, which was placed by reinsurance broker, AON. The Surety Bond Excess of Loss Reinsurance covers surety bonds and includes two layers of coverage. The first layer is \$8,000,000 in excess of a \$2,000,000 retention. The second layer is \$10,000,000 in excess of \$10,000,000. Participating reinsurers, which are the same for both layers, include:

AXIS Reinsurance Company	20.00%
Everest Reinsurance Company	20.00%
Beazley USA Services, Inc./Lloyd's Syndicate 3613	17.50%
Helvetia Swiss Insurance Company Ltd.	15.00%
SCOR Reinsurance Company	12.50%
Odyssey Reinsurance Company	12.00%
All Other Reinsurers	<u>3.00%</u>
Total Participation	<u>100.00%</u>

Workers Compensation Pool

WBIC's Minnesota workers' compensation business is 100% covered by the Workers Compensation Reinsurance Association for any catastrophic claims from work-related injuries above WBIC's retention of \$2,000,000 per occurrence.

Property Catastrophe

WBIC has a Property Catastrophe Excess of Loss Reinsurance Agreement effective January 1, 2025, through January 1, 2026, which was placed by reinsurance broker, Guy Carpenter. The Property Catastrophe Excess of Loss Reinsurance covers property catastrophe business and includes four layers of coverage. The first layer is \$35,000,000 in excess of a \$80,000,000 retention, with a \$70,000,000 limit of liability for all occurrences. Participating reinsurers include:

Everest Reinsurance Company	27.50%
R+V Versicherung Ag	14.00%
Hannover Ruck SE	12.50%
Lloyd's Underwriters	10.00%
All Other Reinsurers	<u>36.00%</u>
Total Participation	<u>100.00%</u>

The second layer is \$45,000,000 in excess of \$115,000,000, with a limit of liability of \$90,000,000 for all occurrences. Participating reinsurers include:

Lloyd's Underwriters	16.25%
R+V Versicherung Ag	14.00%
Hannover Ruck SE	12.50%
All Other Reinsurers	<u>57.25%</u>
Total Participation	<u>100.00%</u>

The third layer is \$90,000,000 in excess of \$160,000,000, with a limit of liability of \$180,000,000 for all occurrences. Participating reinsurers include:

Lloyd's Underwriters	15.65%
Hannover Ruck SE	12.50%
Swiss Reinsurance America Corporation	10.00%

All Other Reinsurers	<u>61.85%</u>
Total Participation	<u>100.00%</u>

The fourth layer is \$20,000,000 in excess of \$250,000,000, with a limit of liability of \$40,000,000 for all occurrences. Participating reinsurers include:

Lancashire Insurance Company Ltd.	15.00%
Hannover Ruck SE	12.50%
Houston Casualty Company	10.25%
Odyssey Reinsurance Company	10.00%
All Other Reinsurers	<u>52.25%</u>
Total Participation	<u>100.00%</u>

Property Catastrophe (Mutual Reinsurance Bureau)

WBIC has a separate Property Catastrophe Excess of Loss Reinsurance Agreement with the Mutual Reinsurance Bureau, effective January 1, 2025, through January 1, 2026, which was placed by reinsurance broker, Guy Carpenter. This Property Catastrophe Excess of Loss Reinsurance covers property business of \$50,000,000 in excess of the \$270,000,000 limit covered by the aforementioned four-layer Property Catastrophe Excess of Loss Reinsurance Agreement, with a contract year limit of \$100,000,000. The following member insurance companies of the Mutual Reinsurance Bureau each assume a 25.00% proportionate share of the liability:

Church Mutual Insurance Company, S.I.
Farm Bureau Mutual Insurance Company of Michigan
Kentucky Farm Bureau Mutual Insurance Company
Motorists Mutual Insurance Company

Pursuant to the Regional Reciprocal Catastrophe Pool Reinsurance Agreement, WBIC agrees to assume a pro rata share of 0.60% from the Mutual Reinsurance Bureau's net liability for losses ceded under the Property Catastrophe Excess of Loss Reinsurance Agreement, up to \$50,000,000.

Property Per Risk

WBIC has a Property Per Risk Excess of Loss Reinsurance Agreement effective January 1, 2025, through January 1, 2026, which was placed by reinsurance broker, Guy Carpenter. The

Property Per Risk Excess of Loss Reinsurance covers \$20,000,000 of property business in excess of the \$15,000,000 property per risk business covered by the multi-line excess of loss reinsurance program placed by AON. Participating reinsurers include:

Lloyd's Underwriters	15.25%
Hannover Ruck SE	15.00%
Helvetia Schweizerische Versicherungsgesellschaft	15.00%
Munich Reinsurance America, Inc.	12.00%
Odyssey Reinsurance Company	10.00%
All Other Reinsurers	<u>32.75%</u>
Total Participation	<u>100.00%</u>

Property Automatic Facultative

WBIC has a Property Automatic Facultative Reinsurance Agreement effective January 1, 2025, through January 1, 2026, which was placed by reinsurance broker, Guy Carpenter. The Property Automatic Facultative Reinsurance covers \$90,000,000 each risk, each loss of property business in excess of the \$35,000,000 property per risk business under the property per risk excess of loss reinsurance agreement placed by Guy Carpenter. Participating reinsurers include:

Munich Reinsurance America, Inc.	37.50%
National Indemnity Company	12.50%
Arch Reinsurance Company	12.50%
Aspen American Insurance Company	12.00%
XL Reinsurance America Inc.	10.00%
All Other Reinsurers	<u>15.50%</u>
Total Participation	<u>100.00%</u>

Quota Share

Equipment Breakdown

WBIC has an Equipment Breakdown Reinsurance Agreement with The Hartford Steam Boiler Inspection and Insurance Company, whereby WBIC cedes 100% of equipment breakdown liability in respects to accidents, electronic circuitry impairments, and alerts occurring on or after August 1, 2019, to

The Hartford Steam Boiler. The reinsurer's liability shall not exceed \$100,000,000 for any one accident or electronic circuitry impairment; or \$10,000 for all alert response costs arising out of any one policy for an annual aggregate limit of \$25,000.

Cyber Suite

WBIC also has a Cyber Suite Reinsurance Agreement with The Hartford Steam Boiler Inspection and Insurance Company, whereby WBIC cedes 100% of Cyber Suite Coverage liability attaching to its policies on or after August 1, 2019, to The Hartford Steam Boiler. The reinsurer's liability for data compromise response expenses, computer attack, and cyber extortion has an annual aggregate limit of \$5,000,000. The reinsurer's liability for data compromise liability, network security liability, and electronic media liability also has an annual aggregate limit of \$5,000,000. The reinsurer's liability for identity recovery has an annual aggregate limit of \$25,000 each insured. The reinsurer's liability includes amounts in addition to and not part of the annual aggregate limits as well.

VI. FINANCIAL DATA

The following financial statements reflect the financial condition of WBIC as reported to the commissioner of insurance in the December 31, 2024, annual statement. Adjustments made as a result of the examination are noted at the end of this section in the area captioned "Reconciliation of Surplus per Examination." Also included in this section are schedules that reflect the growth of WBIC and the compulsory and security surplus calculation. The financial results for WBPIC and WBSIC can be found in Appendix B of this report.

West Bend Insurance Company
Assets
As of December 31, 2024

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$2,722,588,694	\$	\$2,722,588,694
Stocks:			
Preferred stocks	20,000,000		20,000,000
Common stocks	465,430,983		465,430,983
Real estate:			
Occupied by the company	52,290,764		52,290,764
Cash, cash equivalents, and short-term investments	165,395,793		165,395,793
Other invested assets	374,712,252	6,007,026	368,705,226
Receivables for securities	5,458,429		5,458,429
Investment income due and accrued	21,989,968		21,989,968
Premiums and considerations:			
Uncollected premiums and agents' balances in course of collection	10,658,869	1,562,344	9,096,526
Deferred premiums, agents' balances, and installments booked but deferred and not yet due	705,451,031	1,581,200	703,869,831
Accrued retrospective premiums and contracts subject to redetermination	1,405,879	140,591	1,265,288
Reinsurance:			
Amounts recoverable from reinsurers	8,964,783		8,964,783
Funds held by or deposited with reinsured companies	2,929	2,263	666
Current federal and foreign income tax recoverable and interest thereon	27,281,750		27,281,750
Net deferred tax asset	46,636,000		46,636,000
Guaranty funds receivable or on deposit	186,557		186,557
Electronic data processing equipment and software	10,941,844	9,810,255	1,131,588
Furniture and equipment, including health care delivery assets	5,002,387	5,002,387	
Receivable from parent, subsidiaries, and affiliates	4,107		4,107
Health care and other amounts receivable	1,000,000	500,000	500,000
Write-ins for other than invested assets:			
Company Owned Life Insurance	70,911,876		70,911,876
Advances and Loans to Employees and Agents	40,772	40,408	365
Prepaid Expenses	11,453,254	11,453,254	
Other Receivables	1,135,376		1,135,376
Transferable State Tax Credits	2,889,000		2,889,000
State Income Tax Recoverable	4,210,810		4,210,810
Total Assets	<u>\$4,736,044,109</u>	<u>\$36,099,728</u>	<u>\$4,699,944,381</u>

West Bend Insurance Company
Liabilities, Surplus, and Other Funds
As of December 31, 2024

Losses		\$1,442,089,739
Reinsurance payable on paid loss and loss adjustment expenses		2,488,290
Loss adjustment expenses		303,347,917
Commissions payable, contingent commissions, and other similar charges		77,759,274
Other expenses (excluding taxes, licenses, and fees)		75,209,165
Taxes, licenses, and fees (excluding federal and foreign income taxes)		11,013,886
Borrowed money and interest thereon		50,080,083
Unearned premiums		1,064,540,515
Advance premium		16,337,750
Dividends declared and unpaid:		
Policyholders		8,059,774
Ceded reinsurance premiums payable (net of ceding commissions)		8,328,885
Funds held by company under reinsurance treaties		4,553
Amounts withheld or retained by company for account of others		2,925,198
Remittances and items not allocated		763,462
Payable for securities		6,405,746
Write-ins for liabilities:		
Reserve for Escheats		<u>2,405,813</u>
Total Liabilities		3,071,760,052
Write-ins for special surplus funds:		
Guaranty Fund	\$	1,000,000
Common capital stock		10,000,000
Gross paid in and contributed surplus		2,500,000
Unassigned funds (surplus)		<u>1,614,684,329</u>
Surplus as Regards Policyholders		<u>1,628,184,329</u>
Total Liabilities and Surplus		<u>\$4,699,944,381</u>

West Bend Insurance Company
Summary of Operations
For the Year 2024

Underwriting Income

Premiums earned		\$2,043,696,662
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Deductions:

Losses incurred	\$1,148,843,678	
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Loss adjustment expenses incurred	207,927,450	
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Other underwriting expenses incurred	632,969,021	
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Total underwriting deductions		<u>1,989,740,149</u>
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Net underwriting gain (loss)		53,956,513
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Investment Income

Net investment income earned	134,711,900	
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Net realized capital gains (losses)	<u>8,615,341</u>	
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Net investment gain (loss)		143,327,241
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Other Income

Net gain (loss) from agents' or premium balances charged off	(1,863,490)	
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Finance and service charges not included in premiums	4,293,050	
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Write-ins for miscellaneous income:

Miscellaneous Income	293,581	
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Income From Company Owned Life Insurance	<u>3,282,099</u>	
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Total other income		<u>6,005,240</u>
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Net income (loss) before dividends to policyholders and before federal and foreign income taxes		203,288,994
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Dividends to policyholders		<u>24,320,092</u>
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Net income (loss) after dividends to policyholders but before federal and foreign income taxes		178,968,902
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Federal and foreign income taxes incurred		<u>36,504,090</u>
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Net Income (Loss)		<u>\$ 142,464,812</u>
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West Bend Insurance Company
Cash Flow
For the Year 2024

Premiums collected net of reinsurance		\$2,057,462,465
Net investment income		130,543,126
Miscellaneous income		<u>6,565,576</u>
Total		2,194,571,167
Benefit- and loss-related payments	\$1,016,565,142	
Commissions, expenses paid, and aggregate write-ins for deductions	741,391,635	
Dividends paid to policyholders	25,442,143	
Federal and foreign income taxes paid (recovered)	<u>44,283,490</u>	
Total deductions		<u>1,827,682,410</u>
Net cash from operations		366,888,757
Proceeds from investments sold, matured, or repaid:		
Bonds	\$ 753,941,495	
Stocks	24,679,688	
Other invested assets	35,419,324	
Net gains (losses) on cash, cash equivalents, and short-term investments	(33,816)	
Miscellaneous proceeds	<u>90,623,437</u>	
Total investment proceeds	904,630,128	
Cost of investments acquired (long-term only):		
Bonds	1,118,835,869	
Stocks	17,811,547	
Real estate	3,495,709	
Other invested assets	<u>76,808,087</u>	
Total investments acquired	<u>1,216,951,212</u>	
Net cash from investments		(312,321,084)
Cash from financing and miscellaneous sources:		
Other cash provided (applied)	<u>(18,919,782)</u>	
Net cash from financing and miscellaneous sources		<u>(18,919,782)</u>
Reconciliation:		
Net Change in Cash, Cash Equivalents, and Short-Term Investments		35,647,891
Cash, cash equivalents, and short-term investments:		
Beginning of year		<u>129,747,902</u>
End of Year		<u>\$ 165,395,793</u>

West Bend Insurance Company
Compulsory and Security Surplus Calculation
December 31, 2024

Assets		\$4,699,944,381
Less investments in insurance subsidiaries		6,134,208
Plus security surplus of insurance subsidiaries		534,208
Less liabilities		<u>3,071,760,052</u>
Adjusted surplus		1,622,584,329
Annual premium:		
Lines other than health and medical malpractice	\$2,100,309,151	
Factor	<u>20%</u>	
Compulsory surplus (subject to a minimum of \$2 million)		<u>420,061,830</u>
Compulsory Surplus Excess (Deficit)		<u>\$1,202,522,499</u>
Adjusted surplus (from above)		\$1,622,584,329
Security surplus (140% of compulsory surplus, factor reduced 1% for each \$33 million in premium written in excess of \$10 million, with a minimum factor of 110%)		<u>462,068,013</u>
Security Surplus Excess (Deficit)		<u>\$1,160,516,316</u>

West Bend Insurance Company
Analysis of Surplus
(in thousands)
For the Five-Year Period Ending December 31, 2024

The following schedule details items affecting surplus during the period under examination as reported by WBIC in its filed annual statements:

	2024	2023	2022	2021	2020
Surplus, beginning of year	\$1,473,409	\$1,513,998	\$1,597,023	\$1,400,516	\$1,230,640
Net income (loss)	142,465	(108,514)	(9,696)	168,701	131,689
Change in net unrealized capital gains/losses	15,445	55,555	(81,293)	22,567	36,227
Change in net deferred income tax	3,562	8,261	2,337	7,802	6,452
Change in nonadmitted assets	(6,696)	4,109	6,382	(2,568)	(4,428)
Change in provision for reinsurance			157	6	(65)
Capital changes:					
Transferred from surplus	10,000				
Surplus adjustments:					
Paid in	2,500				
Transferred to capital	(10,000)				
Dividends to stockholders	(2,500)				
Prior Period Adjustment – Unrealized Gain/(Loss) on Investments – Inflation Adjustment			(913)		
Surplus, End of Year	<u>\$1,628,184</u>	<u>\$1,473,409</u>	<u>\$1,513,998</u>	<u>\$1,597,023</u>	<u>\$1,400,516</u>

Growth of West Bend Insurance Company

Year	Admitted Assets	Liabilities	Surplus as Regards Policyholders	Net Income
2024	\$4,699,944,381	\$3,071,760,052	\$1,628,184,329	\$142,464,812
2023	4,296,289,137	2,822,880,532	1,473,408,605	(108,513,886)
2022	3,997,189,129	2,483,190,976	1,513,998,153	(9,695,891)
2021	3,830,408,654	2,233,385,171	1,597,023,483	168,700,881
2020	3,551,353,792	2,150,838,032	1,400,515,760	131,689,257
2019	3,091,109,159	1,860,469,181	1,230,639,978	112,905,588

Year	Gross Premium Written	Net Premium Written	Premium Earned	Loss and LAE Ratio	Expense Ratio	Combined Ratio
2024	\$2,253,793,039	\$2,107,550,149	\$2,043,696,662	66.4%	29.7%	96.1%
2023	2,127,121,357	1,998,533,096	1,880,514,700	81.6	27.6	109.2
2022	1,872,662,197	1,730,322,519	1,626,409,800	74.3	28.5	102.8
2021	1,646,022,286	1,536,116,162	1,458,043,770	60.7	31.0	91.7
2020	1,457,922,050	1,360,949,050	1,299,174,630	59.6	31.5	91.1
2019	1,364,665,740	1,275,968,392	1,220,781,938	59.5	31.0	90.5

WBIC's premium has increased over the past five years, while its loss and LAE ratio increased each year except for 2024. The loss and LAE ratio increased significantly in 2022 and continued to increase in 2023, attributable to several severe catastrophic weather events. WBIC's loss and LAE ratio improved significantly during 2024 due to less severe catastrophic activity in WBIC's coverage areas as well as increased rates and tightened underwriting.

Reconciliation of Surplus per Examination

No adjustments were made to surplus as a result of the examination. The amount of surplus reported by WBIC as of December 31, 2024, is accepted.

Examination Reclassifications

No reclassifications were made as a result of the examination.

VII. SUMMARY OF EXAMINATION RESULTS

Compliance with Prior Examination Report Recommendations

There were no specific comments or findings in the previous examination report.

Summary of Current Examination Results

There were no adverse or material examination findings as a result of the current examination.

VIII. CONCLUSION

West Bend Insurance Company is a property and casualty insurance company licensed to write in 50 states and the District of Columbia. WBIC was organized in 1894 under the provisions of the Wisconsin Statutes then in effect. The major products are marketed by WBIC through five profit centers: Commercial, Argent, Specialty, Surety, and Personal Lines. The Commercial products target small businesses; Argent offers workers' compensation; Specialty focuses on casualty-driven classes; Surety provides bonds; and Personal Lines maintains its West Bend Home and Highway® package and West Bend Choice® package products.

During the period under examination, WBIC's surplus increased 32.3% or \$397,544,351 to \$1,628,184,329, primarily attributable to positive net income in 2020, 2021, and 2024, which was partially offset by net losses from catastrophic weather events in 2022 and 2023. Unrealized capital gains also contributed to the increase in surplus during all years except 2022.

The current examination resulted in no recommendations. No adjustments were made to WBIC's reported surplus. The amount of surplus reported by WBIC as of December 31, 2024, is accepted.

IX. SUMMARY OF COMMENTS AND RECOMMENDATIONS

There were no recommendations made as a result of this examination.

X. ACKNOWLEDGMENT

The courtesy and cooperation extended by the officers and employees of WBIC during the course of the examination are acknowledged.

In addition to the undersigned, the following representatives of the Office of the Commissioner of Insurance, State of Wisconsin, participated in the examination:

Name	Title
Ian Anderson	Insurance Financial Examiner
James Lindell	Insurance Financial Examiner
Samantha Sable	Insurance Financial Examiner
Yi Xu	Insurance Financial Examiner
Adam Donovan, CISSP	IT Specialist
Kongmeng Yang, CFE	Quality Control Specialist
Jerry DeArmond, CFE	Reserve Specialist

Respectfully submitted,



Shelly Bueno, CFE
Examiner-in-Charge

XI. APPENDIX A: MANAGEMENT & CONTROL

West Bend Insurance Company and West Bend Premier Insurance Company and West Bend Select Insurance Company

Board of Directors

The board of directors of WBIC, WBPIC, and WBSIC are identical. Directors are elected at the annual meetings of the companies' shareholders to serve one-year terms.

Currently, the boards of directors of the three insurers consist of the following persons:

Name	Principal Occupation	Term Expires
Heather Dunn	SVP-Chief Financial Officer	2026
David Ertmer	Chief Operating Officer	2026
Richard Fox	SVP-Chief Actuary & Chief Risk Officer	2026
Robert Jacques	President & Chief Executive Officer	2026
Christopher Zwygart	SVP-Chief Legal Officer	2026

Officers of WBIC, WBPIC, and WBSIC

The officers serving at the time of this examination are as follows:

Name	Office
Robert Jacques	President & Chief Executive Officer
Christopher Zwygart	SVP-Chief Legal Officer & Secretary
Heather Dunn	SVP-Chief Financial Officer & Treasurer
David Ertmer	Chief Operating Officer
Kelly Tighe	SVP – Chief Marketing & Sales Officer
Murali Natarajan	SVP-Chief Information Officer
Richard Fox	SVP-Chief Actuary & Chief Risk Officer
James Schwalen	SVP-Chief Strategy Officer
Tanderia Brown	SVP-Chief Human Resources Officer
Marc Emery	SVP-Chief Underwriting Officer

XII. APPENDIX B: FINANCIAL DATA

West Bend Premier Insurance Company Assets As of December 31, 2024

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$3,030,253	\$	\$3,030,253
Cash, cash equivalents, and short-term investments	41,474		41,474
Investment income due and accrued	13,246		13,246
Reinsurance:			
Other amounts receivable under reinsurance contracts	<u>2,054</u>		<u>2,054</u>
Total Assets	<u>\$3,087,027</u>	<u>\$</u>	<u>\$3,087,027</u>

West Bend Premier Insurance Company
Liabilities, Surplus, and Other Funds
As of December 31, 2024

Current federal and foreign income taxes		\$ 4,869
Net deferred tax liability		13,000
Payable to parent, subsidiaries, and affiliates		<u>2,054</u>
Total Liabilities		19,923
Common capital stock	\$3,000,000	
Unassigned funds (surplus)	<u>67,104</u>	
Surplus as Regards Policyholders		<u>3,067,104</u>
Total Liabilities and Surplus		<u>\$3,087,027</u>

West Bend Premier Insurance Company
Summary of Operations
For the Year 2024

Underwriting Income

Investment Income

Net investment income earned	<u>\$84,973</u>	
Net investment gain (loss)		84,973
Net income (loss) after dividends to policyholders but before federal and foreign income taxes		84,973
Federal and foreign income taxes incurred		<u>4,869</u>
Net Income (Loss)		<u>\$80,104</u>

West Bend Premier Insurance Company
Cash Flow
For the Year 2024

Net investment income			\$ 11,993
Net cash from operations			<u>11,993</u>
Cost of investments acquired (long-term only):			
Bonds	\$2,970,519		
Total investments acquired		<u>\$2,970,519</u>	
Net cash from investments			(2,970,519)
Cash from financing and miscellaneous sources:			
Capital and paid in surplus less treasury stock		<u>3,000,000</u>	
Net cash from financing and miscellaneous sources			<u>3,000,000</u>
Reconciliation:			
Net Change in Cash, Cash Equivalents, and Short-Term Investments			41,474
Cash, cash equivalents, and short-term investments:			
Beginning of year			<u> </u>
End of Year			<u>\$ 41,474</u>

West Bend Select Insurance Company
Assets
As of December 31, 2024

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$3,030,253	\$	\$3,030,253
Cash, cash equivalents, and short-term investments	41,474		41,474
Investment income due and accrued	13,246		13,246
Reinsurance:			
Other amounts receivable under reinsurance contracts	<u>2,054</u>		<u>2,054</u>
Total Assets	<u>\$3,087,027</u>	<u>\$</u>	<u>\$3,087,027</u>

West Bend Select Insurance Company
Liabilities, Surplus, and Other Funds
As of December 31, 2024

Current federal and foreign income taxes		\$ 4,869
Net deferred tax liability		13,000
Payable to parent, subsidiaries, and affiliates		<u>2,054</u>
Total Liabilities		19,923
Common capital stock	\$3,000,000	
Unassigned funds (surplus)	<u>67,104</u>	
Surplus as Regards Policyholders		<u>3,067,104</u>
Total Liabilities and Surplus		<u>\$3,087,027</u>

West Bend Select Insurance Company
Summary of Operations
For the Year 2024

Underwriting Income

Investment Income

Net investment income earned	<u>\$84,973</u>	
Net investment gain (loss)		84,973
Net income (loss) after dividends to policyholders but before federal and foreign income taxes		84,973
Federal and foreign income taxes incurred		<u>4,869</u>
Net Income (Loss)		<u>\$80,104</u>

West Bend Select Insurance Company
Cash Flow
For the Year 2024

Net investment income			\$ 11,993
Net cash from operations			<u>11,993</u>
Cost of investments acquired (long-term only):			
Bonds	\$2,970,519		
Total investments acquired		<u>\$2,970,519</u>	
Net cash from investments			(2,970,519)
Cash from financing and miscellaneous sources:			
Capital and paid in surplus less treasury stock		<u>3,000,000</u>	
Net cash from financing and miscellaneous sources			<u>3,000,000</u>
Reconciliation:			
Net Change in Cash, Cash Equivalents, and Short-Term Investments			41,474
Cash, cash equivalents, and short-term investments:			
Beginning of year			<u> </u>
End of Year			<u>\$ 41,474</u>