Report of the Examination of

West Bend Mutual Insurance Company

West Bend, Wisconsin

As of December 31, 2019

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Wisconsin Office of the
COMMISSIONER OF INSURANCE
FINANCIAL REGULATION

Tony Evers, Governor of Wisconsin
Mark Afable, Commissioner of Insurance

October 22, 2020

Honorable Mark V. Afable
Commissioner of Insurance
State of Wisconsin
125 South Webster Street
Madison, Wisconsin 53703

Commissioner:

In accordance with your instructions, a compliance examination has been made of the affairs and financial condition of:

WEST BEND MUTUAL INSURANCE COMPANY
West Bend, Wisconsin

and this report is respectfully submitted.

I. INTRODUCTION

The previous examination of West Bend Mutual Insurance Company (West Bend or the company) was conducted in 2015 as of December 31, 2014. The current examination covered the intervening period ending December 31, 2019, and included a review of such subsequent transactions as deemed necessary to complete the examination.

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 company 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 company's operations accorded a high priority by the examiner-in-charge when planning the examination.

The company is 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 the completion of 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 company’s 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

The 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, the company changed its name to West Bend Limited Mutual Fire Insurance Company and in 1926 detached the word "Limited" from its name. In 1957 the company changed its name to that presently used.

In 2019, the company wrote direct premium in the following states:

Wisconsin	$ 519,837,620	38.25%
Illinois	236,042,944	17.37
Minnesota	177,019,422	13.03
Iowa	168,374,290	12.39
Indiana	91,768,587	6.75
Michigan	52,929,285	3.89
Ohio	35,069,623	2.58
Missouri	26,063,174	1.92
Kentucky	14,936,564	1.10
Tennessee	12,894,629	0.95
Kansas	12,707,158	0.94
North Carolina	7,078,017	0.52
Nebraska	3,708,631	0.27
All Others	620,472	0.05
Total	$1,359,050,415	100.00%

The company markets a broad range of property and casualty products and services through four strategic profit centers: Commercial Lines, Personal Lines, NSI, and Argent. West Bend's premium mix is approximately 67% commercial lines and 33% personal lines. As of December 31, 2019, the company was licensed in 49 states and wrote business in 38 states. In 2018, West Bend began a state expansion initiative to become licensed in all states with the intention of writing policies that are ancillary in nature to polices written in the company's core states. Prior to the expansion, West Bend utilized fronting arrangements to write such polices. With the expansion, fronting arrangements were no longer necessary, and the company could write such polices directly. The core states (Wisconsin, Illinois, Minnesota, Iowa, and Indiana) account for 88% of direct written premium. The major products of the company are marketed through an independent agency system of over 1,400 independent agencies located throughout the states where the company is licensed to write insurance. Agents are appointed for each profit center.

The Commercial Lines strategic profit center mainly targets small businesses such as auto services, auto dealers, manufacturing, construction, and other types. The Personal Lines strategic profit center markets West Bend's Home and Highway® program to the general public and through agencies that focus on selling this product through their Association Plus affinity program.

NSI was created in January 1999 as a specialty lines strategic profit center that offers products and services to businesses and programs that have unique insurance needs. NSI programs focus primarily on social services, sports and leisure, special events, alarm installation and monitoring, childcare, personal appearance care, fairs, detective and security, and assisted living programs. During 2010, the company added Argent, a monoline worker's compensation strategic profit center that focuses on writing larger accounts. Argent delivers a highly specialized service-oriented product to assisted living/skilled care and home health facilities, hospitals, medical clinics, manufacturing, not-for-profit organizations, educational/school districts, contracting, and transportation (local, intermediate, and long haul).

On November 30, 2010, the company sold its subsidiary, Michigan Insurance Company (MIC), to the Donegal Group, for strategic reasons. MIC was approximately 83% owned by West Bend and ceded 80% of its business to West Bend under a quota share reinsurance agreement. The quota share was discontinued in 2010 and is in runoff. West Bend created a reinsurance trust at the time of the sale to secure its obligations to MIC. During 2018, the amount of the agreement left in runoff fell below the predetermined amount that West Bend was required to maintain a trust account. The trust account was dissolved on December 21, 2018, and the remaining balance of $9,112 was closed out in January 2019.

The following table is a summary of the net insurance premiums written by the company in 2019. The growth of the company is discussed in the "Financial Data" section of this report.

Line of Business	Direct Premium	Reinsurance Assumed	Reinsurance Ceded	Net Premium
Fire	$ 51,148,516	$	$ 6,970,582	$ 44,177,933
Allied lines	112,743,282		7,382,666	105,360,616
Homeowners multiple peril	165,244,345		11,639,058	153,605,287
Commercial multiple peril	56,495,643		5,495,927	50,999,717
Inland marine	35,351,781		733,564	34,618,217
Earthquake	2,372,209		39,774	2,332,436
Workers' compensation	265,233,502	4,314,638	29,073,396	240,474,743
Other liability – occurrence	202,503,543		8,402,148	194,101,395
Other liability – claims made	22,737,298		(13,528)	22,750,826
Products liability – occurrence	27,070,945		(19,857)	27,090,801
Products liability – claims made	20,357			20,358
Private passenger auto liability	121,244,150		(113,520)	121,357,670
Commercial auto liability	104,601,114	1,251,755	1,320,696	104,532,173
Auto physical damage	162,984,294		1,955,068	161,029,226
Fidelity	2,106,969			2,106,969
Surety	13,912,220	38,585	2,901,575	11,049,230
Burglary and theft	358,208		7,759	350,449
Boiler and machinery	12,922,040		12,922,040	
Reinsurance – nonproportional assumed property		10,347		10,347
Total All Lines	$1,359,050,415	$5,615,325	$88,697,349	$1,275,968,392

III. MANAGEMENT AND CONTROL

Board of Directors

The company's board of directors consists of no fewer than nine and no more than 12 members. Currently, the board consists of 12 members. The board is currently headed by a lead director instead of a chairperson of the board. The directors are divided into three classes, each containing as near as possible one-third of the total number of directors. At each election, one class of directors is elected to fill the expiring terms. Directors are generally elected to serve a three-year term unless they are filling an unexpired term, serving a partial term due to retirement, or unless a shorter term is needed for appropriate staggering.

Nonemployee directors are compensated via annual retainer fees for board membership. Directors receive a quarterly retainer of $18,125 for their service on the board. The lead director receives an additional quarterly retainer of $3,750. The board committee chair for the Audit Committee receives an additional quarterly retainer of $2,500. All other board committee chair members receive an additional quarterly retainer of $1,875.

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

Name and Residence	Principal Occupation	Term Expires
James Bolton Mequon, Wisconsin	Retired Senior Executive Vice President Metavante, Inc.	2023
Curt Culver (Lead Director) Milwaukee, Wisconsin	Retired President and Chief Executive Officer MGIC Investment Corp.	2023
Katherine Gehl Chicago, Illinois	Retired President and Chief Executive Officer Gehl Foods, Inc. Founder and Chairman Institute for Political Innovation	2023
Susan Kreh Brookfield, Wisconsin	Chief Financial Officer Oil-Dri Corporation	2022
Elizabeth Neuhoff Jupiter, Florida	President and Chief Executive Officer Neuhoff Communications	2023
Gary Poliner Santa Fe, New Mexico	Retired President Northwestern Mutual Life Insurance Company	2022
Douglas Reuhl Madison, Wisconsin	Retired President and Chief Executive Officer American TV	2021

Name and Residence	Principal Occupation	Term Expires
Kenneth Riesch Waukesha, Wisconsin	President R&R Insurance Services	2021
James Schloemer Fox Point, Wisconsin	Chairman and Chief Executive Officer Continental Properties Company, Inc.	2021
Richard Searer Madison, Wisconsin	Retired President Kraft North America	2022
Jay Sekelsky Madison, Wisconsin	Retired Investment Advisor Madison Investment Advisors	2022
Kevin Steiner West Bend, Wisconsin	President and Chief Executive Officer West Bend Mutual Insurance Company	2021
Peter Ziegler[1] Slinger, Wisconsin	Retired Chairman, President and Chief Executive Officer Ziegler Companies, Inc.	2020

Officers of the Company

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

Name	Office
Kevin Steiner	President and Chief Executive Officer
Heather Dunn	Senior Vice President – Chief Financial Officer and Treasurer
Christopher Zwygart	Vice President – Chief Legal Officer
Richard Fox	Senior Vice President – Chief Actuary and Chief Risk Officer
Murali Natarajan	Senior Vice President – Chief Information Officer
Derek Tyus	Vice President – Chief Investment Officer

Committees of the Board

The company's bylaws allow for the formation of certain committees by the board of directors. The Chief Executive Officer is an ex-officio member of all committees. The committees at the time of the examination are listed below:

Audit Committee	Executive Committee
Douglas Reuhl, Chair	Curt Culver, Chair
James Bolton	Gary Poliner
Katherine Gehl	Douglas Reuhl
Susan Kreh	Richard Searer
Elizabeth Neuhoff	James Schloemer
Kenneth Riesch	

[1] Mr. Ziegler retired from the West Bend Mutual Board of Directors on March 18, 2020. Mr. Sekelsky was added to the Board on the same day as Mr. Ziegler's retirement.

Committees of the Board (continued)

Governance/Compensation Committee
Richard Searer, Chair
Curt Culver
Elizabeth Neuhoff
Douglas Reuhl
Kenneth Riesch
Peter Ziegler

Strategic Risk Oversight Committee
James Schloemer, Chair
James Bolton
Curt Culver
Katherine Gehl
Susan Kreh
Gary Poliner
Richard Searer
Jay Sekelsky

Investment Committee
Gary Poliner, Chair
James Schloemer
Jay Sekelsky
Peter Ziegler

IV. REINSURANCE

The 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.

Nonaffiliated Ceding Contracts

The company's reinsurance portfolio consists of nonaffiliated ceding contracts. The significant contracts are described in detail by contract type (property catastrophe, property excess of loss, other excess of loss, and quota share) as follows:

Property Catastrophe

1. Property Catastrophe Top Layer:

Type: Excess of Loss

Reinsurer:

Subscribing Reinsurers	Participation
Lloyd's of London Syndicate No. 4141 HCC	100.00%

Scope: The Reinsurer will indemnify the company for any loss or losses under, policies classified by the company as Fire, Allied Lines, Inland Marine, Property Sections of Farmowners Multiple Peril, Homeowners Multiple Peril and Commercial Multiple Peril, Automobile Physical Damage (excluding collision), Glass and Earthquake business. No loss occurrence will be covered under this contract unless it involves two or more risks.

Retention: $205,000,000 each Loss Occurrence

Coverage: $25,000,000 each Loss Occurrence and further subject to an aggregate limit of liability of $50,000,000. No Loss Occurrence shall be covered hereunder unless it involves two or more Risks subject to this Agreement

Commissions: None

Effective date: January 1, 2020 to January 1, 2021

Termination: At expiration or the company may terminate any Reinsurer's participation at any time with written notice upon the happening of several circumstances, including if the Reinsurer's AM Best rating falls below A- and/or S&P rating falls below BBB+. Notwithstanding the expiration or termination of this contract, the contract will continue to apply on a runoff basis.

2. Property Catastrophe Excess of Loss:

Type: Excess of Loss

Reinsurer:

Subscribing Reinsurers	**Participation**			
Excess Layer	*First*	*Second*	*Third*	*Fourth*
Lloyd's of London Syndicates	25.50%	28.75%	27.50%	24.50%
Hannover Rück SE	12.00	9.25	10.00	11.75
R+V Versicherung AG	12.00	10.00	10.00	10.00
Allied World Insurance Company	9.00	1.00	0.00	1.50
Swiss Reinsurance America Corporation	9.00	9.00	8.75	9.00
DEVK Rückversicherungs Beteiligungs-AG	7.50	7.50	7.00	0.00
Partner Reinsurance Company Ltd.	5.00	4.00	4.00	0.00
Munich Reinsurance America, Inc.	4.00	0.00	0.00	0.00
Allianz Globals Risks US Insurance Company	2.50	2.50	2.50	0.00
Odyssey Reinsurance Company	2.50	7.50	4.00	1.50
Peak Reinsurance Company Limited	2.50	2.00	2.00	3.00
Farm Mutual Reinsurance Plan Inc.	2.00	1.00	1.00	2.00
The New India Assurance Company Limited	2.00	2.00	1.50	2.00
Arch Reinsurance Company	1.50	0.00	0.00	3.00
Axis Reinsurance Company	1.00	0.00	0.00	0.00
Employers Mutual Casualty Company	1.00	1.00	1.00	1.00
Helvetia Schweizerische Versicherungsgesellschaft	1.00	1.00	1.00	1.00
American Agriculture Insurance Company	0.00	1.00	0.00	0.00
Hamilton Re Ltd.	0.00	0.00	2.00	4.00
Korean Reinsurance Company	0.00	3.50	4.00	5.00
Mapfre Re, Compañia De Reaseguros S.A.	0.00	8.00	9.25	9.50
MS Amlin AG, Bermuda Branch	0.00	0.00	2.75	4.00
Sirius International Insurance Corporation (PUBL)	0.00	0.00	0.50	5.00
Taiping Reinsurance Company Limited	0.00	1.00	1.25	2.25
Total Participation	100.00%	100.00%	100.00%	100.00%

Scope: The Reinsurer will indemnify the company for any loss or losses under, policies classified by the company as Fire, Allied Lines, Inland Marine, Property Section of Farmowners Multiple Peril, Homeowners Multiple Peril and Commercial Multiple Peril, Automobile Physical Damage, Burglary, and Glass and Earthquake business.

Retention:

Excess Layer	Company's Retention
First:	$10,000,000
Second:	20,000,000
Third:	40,000,000
Fourth:	80,000,000

Coverage:

Excess Layer	Each Loss Occurrence	Aggregate Loss Occurrences
First:	$ 10,000,000	$ 20,000,000
Second:	20,000,000	40,000,000
Third:	40,000,000	80,000,000
Fourth:	100,000,000	200,000,000

Commissions: None

Effective date: January 1, 2020 to January 1, 2021

Termination: At expiration or cancellation of the agreement on a cut-off basis.

3. Interrelated Property Catastrophe Excess of Loss Contracts:

The reinsurance contracts #3A, #3B, and #3C are interrelated and provide coverage on an aggregate and per occurrence basis within the company's property catastrophe reinsurance coverage. The Reinsurers' participation as respects each contract is 10.00% for reinsurance contract #3A, 69.25% for reinsurance contract #3B, and 30.75% for reinsurance contract #3C. The subscribing reinsurers' participation as respects the aggregate coverages of the Property Catastrophe Aggregate Excess of Loss (#3A) and Property Catastrophe Aggregate and Occurrence Excess of Loss (#3B) amount to 79.25%, with the company retaining 20.75% as respects the aggregate coverages. The Property Catastrophe Upper Layer Excess of Loss (#3C) contract includes per occurrence coverage only, which creates 100% reinsurer participation when combined with the reinsurer participation in the per occurrence coverage detailed in the Property Catastrophe Aggregate and Occurrence Excess of Loss (#3B).

3A. Property Catastrophe Aggregate

Type: Excess of Loss

Reinsurer:

Subscribing Reinsurers	Participation
Endurance Specialty Insurance Limited	10.00%
Total Participation	10.00%

Scope:	The Reinsurer will indemnify the company for any loss or losses under policies classified by the company as Fire, Allied Lines, Inland Marine, Property Sections of Farmowners Multiple Peril, Homeowners Multiple Peril and Commercial Multiple Peril, Automobile Physical Damage (excluding collision), Glass and Earthquake business. Loss occurrences are not covered by this contract unless it involves two or more risks subject to this contract.
Retention:	$60,000,000 aggregate retention of Subject Ultimate Net Loss. Subject Ultimate Net Loss means the amount by which the company's Ultimate Net Loss for each loss occurrence exceeds $2,000,000. Ultimate Net Loss means the actual loss paid by the company or which the company becomes liable to pay. Subject Ultimate Net Loss shall not exceed $13,000,000 for any one loss occurrence. Subject Ultimate Net Loss shall be reduced by the first $5,000,000 of the amount, if any, by which the Ultimate Net Loss exceeds $10,000,000 for any one loss occurrence, but only after the first $5,000,000 of such Ultimate Net Loss is included in Subject Ultimate Net Loss, and subject to an aggregate $10,000,000 reduction for the term of the agreement.
Coverage:	$25,000,000 aggregate limit of liability as respects Subject Ultimate Net Loss from loss occurrences in excess of the company's $60,000,000 aggregate retention of Subject Ultimate Net Loss.
Commissions:	None
Effective date:	January 1, 2020 to January 1, 2021
Termination:	At expiration or the company may terminate any Reinsurer's participation at any time with written notice upon the happening of several circumstances, including if the Reinsurer's AM Best rating falls below A- and/or S&P rating falls below BBB+. Notwithstanding the expiration or termination of this contract, the contract will continue to apply on a runoff basis.

3B. Property Catastrophe Aggregate and Occurrence

Type: Excess of Loss

Reinsurer:

Subscribing Reinsurers	Participation
Lloyd's of London Syndicates	26.50%
Hannover Rück SE	10.00
R+V Versicherung AG	7.50
Arch Reinsurance Ltd. (Quantedge Business)	6.00
Everest Reinsurance Company	5.00
Hiscox Insurance Company (Bermuda) Limited	5.00
Hamilton Re, Ltd.	4.00
Allianz Globals Risks US Insurance Company	3.75
Helvetia Schweizerische Versicherungsgesellschaft	1.00
Employers Mutual Casualty Company	0.50
Total Participation	69.25%

Scope: The Reinsurer will indemnify the company for any loss or losses under, policies classified by the company as Fire, Allied Lines, Inland Marine, Property Sections of Farmowners Multiple Peril, Homeowners Multiple Peril and Commercial Multiple Peril, Automobile Physical Damage (excluding collision), Glass and Earthquake business. Loss occurrences are not covered by this contract unless it involves two or more risks subject to this contract.

Retention: $60,000,000 aggregate retention of Subject Ultimate Net Loss. Subject Ultimate Net Loss means the amount by which the company's Ultimate Net Loss for each loss occurrence exceeds $2,000,000. Ultimate Net Loss means the actual loss paid by the company or which the company becomes liable to pay. Subject Ultimate Net Loss shall not exceed $13,000,000 for any one loss occurrence. Subject Ultimate Net Loss shall be reduced by the first $5,000,000 of the amount, if any, by which the Ultimate Net Loss exceeds $10,000,000 for any one loss occurrence, but only after the first $5,000,000 of such Ultimate Net Loss is included in Subject Ultimate Net Loss, and subject to an aggregate $10,000,000 reduction for the term of the agreement. In addition to the above, the company's retention as respects Ultimate Net Loss each loss occurrence during the term of this contract is $180,000,000.

Coverage: $25,000,000 aggregate limit of liability as respects Subject Ultimate Net Loss from loss occurrences in excess of the company's $60,000,000 aggregate retention of Subject Ultimate Net Loss. For the Ultimate Net Loss over and above the company's retention of $180,000,000, the Reinsurers' limit of liability is $25,000,000 each loss occurrence and for all loss occurrences commencing during the term of this contract.

Commissions: None

Effective date: January 1, 2020 to January 1, 2021

Termination: At expiration or the company may terminate any Reinsurer's participation at any time with written notice upon the happening of several circumstances, including if the Reinsurer's AM Best rating falls below A- and/or S&P rating falls below BBB+. Notwithstanding the expiration or termination of this contract, the contract will continue to apply on a run-off basis.

3C. Property Catastrophe Upper Layer

Type: Excess of Loss

Reinsurer:

Subscribing Reinsurers	Participation
Lancashire Insurance Company Limited	30.75%

Scope: The Reinsurer will indemnify the company for any loss or losses under, policies classified by the company as Fire, Allied Lines, Inland Marine, Property Sections of Farmowners Multiple Peril, Homeowners Multiple Peril and Commercial Multiple Peril, Automobile Physical Damage (excluding collision), Glass and Earthquake business. No loss occurrence shall be covered unless it involves two or more risks subject to this contract.

Retention: $180,000,000 of Ultimate Net Loss each loss occurrence

Coverage: $25,000,000 or Ultimate Net Loss each loss occurrence and further subject to an aggregate limit of liability of $50,000,000.

Commissions: None

Effective date: January 1, 2020 to January 1, 2021

Termination: At expiration or the company may terminate any Reinsurer's participation at any time with written notice upon the happening of several circumstances, including if the Reinsurer's AM Best rating falls below A- and/or S&P rating falls below BBB+. Notwithstanding the expiration or termination of this contract, the contract will continue to apply on a run-off basis.

Property Excess of Loss

4. Property Per Risk

Type: Excess of Loss

Reinsurer:

Subscribing Reinsurers	**Participation**
Lloyd's of London Syndicates	38.50%
Mapfre Re, Compañia De Reaseguros S.A.	17.00
Hannover Rück SE	15.00
Munich Reinsurance America, Inc.	10.00
Axis Reinsurance Company	5.00
Odyssey Reinsurance Company	5.00
Employers Mutual Casualty Company	4.00
The New India Assurance Company Limited	3.00
Helvetia Schweizerische Versicherungsgesellschaft	2.50
Total Participation	100.00%

Scope: The Reinsurer will indemnify the company for any loss or losses under, including but not limited to, property coverage sections of policies classified by the company as Fire, Allied Lines, Inland Marine, Property Section of Farmowners Multiple Peril, Homeowners Multi-Peril and Commercial Multi-Peril, Automobile Physical Damage, Burglary, and Glass and Earthquake business.

Retention: $15,000,000 each risk, each loss

Coverage: $10,000,000 each risk, each loss, subject to an aggregate limit of $20,000,000

Commissions: None

Effective date: January 1, 2020 to January 1, 2021

Termination: At expiration or the company may terminate any Reinsurer's participation at any time with written notice upon the happening of several circumstances, including if the Reinsurer's AM Best rating falls below A- and/or S&P rating falls below BBB+. Company may elect expiration/termination for the Reinsurers to remain liable under this contract for policies in force at expiration, until the earlier of the expiration or next renewal of such policies. If this election is made, an additional premium is payable within 30 days.

Other Excess of Loss Contracts

5. Multiple Line Excess of Loss Reinsurance

Type: Excess of Loss

Reinsurer:

Subscribing Reinsurers	**Participation**	
Excess Layer	*First*	*Second*
Hannover Rück SE	35.00%	35.00%
Everest Reinsurance Company	16.00	16.00
Employers Mutual Casualty Company	10.00	10.00
AXIS Reinsurance Company	7.50	3.00
SCOR Reinsurance Company	7.50	10.00
Helvetia Swiss Insurance Company Ltd	7.00	7.00
Nationwide Mutual Insurance Company	7.00	4.00
Endurance Assurance Corporation	5.00	5.00
Renaissance Reinsurance U.S. Inc.	5.00	5.00
Safety National Casualty Corporation	0.00	5.00
Total Participation	100.00%	100.00%

Scope: The Reinsurers will indemnify the company as respects losses in two Excess Layers of coverage, under policies broadly separated into three Sections: Section I – Property, Section II – Liability, and Section III – Workers Compensation and Employers Liability.

Section I:	Fire, Earthquake, Allied Lines, Homeowners (Property Section Only), Commercial Multi-Peril (Property sections only), Inland Marine, Burglary, and Auto Physical Damage
Section II:	Other Liability, Auto Liability (including "Out of State" coverage provisions and coverage required under Section 30 of the Motor Carrier Act of 1980 and any amendments thereto), Products Liability, Homeowners (Liability Sections only), Commercial Multi-Peril (Liability Sections only), Umbrella Liability, Employer Practices Liability, Non-Profit Directors and Officers Liability and Railroad Protective Liability
Section III:	Workers Compensation and Employers Liability

Retention:

First Excess Layer	
Section I:	$3,000,000 each loss, each risk
Section II:	$3,000,000 any one occurrence
Section III:	$3,000,000 any one occurrence, it is understood that no more than $2,000,000 of loss arising from Employers Liability business will contribute to any one occurrence
Basket clause: As respects any one occurrence involving one or more classes of property under Section I, and/or classes of liability under Section II, and/or one or more classes of business under Section III, no claim will be made unless the company has first sustained a loss in excess of $3,000,000 any one occurrence. It is understood that recoveries under Sections I, II, and III will inure to the benefit of the basket clause.	

Second Excess Layer	
Section I:	$7,500,000 each loss, each risk
Section II:	$7,500,000 any one occurrence
Section III:	$7,500,000 any one occurrence

Coverage:

First Excess Layer	
Section I:	$4,500,000 each loss, each risk, subject to an occurrence of limitation of $13,500,000
Section II:	$4,500,000 any one occurrence
Section III:	$4,500,000 any one occurrence, it is understood that no more than $2,000,000 of loss arising from Employers Liability business will contribute to any one occurrence
Basket clause: The limit of liability of the Reinsurers will not exceed $3,000,000 with respect to any one occurrence. It is understood that recoveries under Sections I, II, and III will inure to the benefit of the basket clause. The Reinsurer's maximum limit of liability for loss as respects terrorism will not exceed $4,500,000 in the aggregate for the term of this contract. The Reinsurer's maximum limit of liability for loss as respects cyber risk will not exceed $4,500,000 in the aggregate for the term of this contract.	

Second Excess Layer	
Section I:	$7,500,000 each loss, each risk, subject to an occurrence of limitation of $22,500,000
Section II:	$7,500,000 any one occurrence
Section III	$7,500,000 any one occurrence, it is understood that no more than $2,000,000 of loss arising from Employers Liability business will contribute to any one occurrence
The Reinsurer's maximum limit of liability for loss as respects terrorism will not exceed $7,500,000 in the aggregate for the term of this contract. The Reinsurer's maximum limit of liability for loss as respects cyber risk will not exceed $7,500,000 in the aggregate for the term of this contract.	

Commissions: None

Effective date: January 1, 2020 to January 1, 2021

Termination: At expiration or the company may terminate any Reinsurer's participation with 30 days prior written notice upon the happening of several circumstances, including if the Reinsurer's A.M. Best and/or S&P rating falls below A- or if the Reinsurer's A.M. Best and/or S&P rating has been downgraded two or more notches during the term of this contract. The company may elect expiration/termination on a runoff basis, the maximum runoff period is 12 months plus extensions and odd time not to exceed 18 months.

6. Workers Compensation and Casualty Clash

Type: Excess of Loss

Reinsurer:

Subscribing Reinsurers	**Participation**
Lloyd's of London	37.70%
Safety National Casualty Corporation	20.00
Hannover Rück SE	10.00
Aspen Insurance UK Limited	7.80
Helvetia Swiss Insurance Company Ltd.	7.00
BGS Services (Bermuda) Limited for and on behalf of Lloyd's Syndicate No. 2987	5.00
Employers Mutual Casualty Company	5.00
Renaissance Reinsurance U.S. Inc.	5.00
AXIS Reinsurance Company	2.50
Total Participation	100.00%

Scope: The Reinsurer will indemnify the company for any loss or losses under all policies classified by the company as Other Liability, Automobile Liability(including "Out of State" coverage provisions and coverage required under Section 30 of the Motor Carrier Act of 1980 and any amendments thereto), Products Liability, Homeowners (Liability Sections only), Commercial Multiple Peril (Liability Sections only), Umbrella Liability, Railroad Protective Liability, Railroad Protection, Workers Compensation and Employers Liability.

Retention: $15,000,000, inclusive of underlying reinsurance, each occurrence (regardless of the number of policies under which loss is payable or the number of different interests insured). No more than $2,000,000 of loss arising from Employers Liability policies will contribute to any one occurrence.

Coverage: $10,000,000 each occurrence and further subject to a maximum limit of liability of $10,000,000 in the aggregate for loss as respects an act of terrorism during the term of the agreement. The Reinsurer's limit of liability will not exceed $30,000,000 as respects all occurrences during the term of this contract. No more than $2,000,000 of loss arising from Employers Liability policies will contribute to any one occurrence.

Commissions: None

Effective date: January 1, 2020 to January 1, 2021

Termination: At expiration or the company may terminate any Reinsurer's participation with 30 days prior written notice upon the happening of several circumstances, including if the Reinsurer's A.M. Best and/or S&P rating falls below A- or if the Reinsurer's A.M. Best and/or S&P rating has been downgraded two or more notches during the term of this contract. The company may elect expiration/termination on a run-off basis, the maximum run-off period is 12 months plus extensions and odd time not to exceed 18 months.

7. Workers Compensation

Type: Excess of Loss

Reinsurer:

Subscribing Reinsurers	**Participation**
Lloyd's of London Syndicates	67.50%
Arch Reinsurance Company	13.00
Helvetia Swiss Insurance Company Ltd.	7.00
BGS Services (Bermuda) Limited for and on behalf of Lloyd's Syndicate No. 2987	5.00
Hannover Rück SE	5.00
Employers Mutual Casualty Company	2.50
Total Participation	100.00%

Scope: The Reinsurer will indemnify for any loss or losses under all policies classified by the company as Workers Compensation and Employers Liability.

Retention: $25,000,000, inclusive of underlying reinsurance, each occurrence (regardless of the number of policies under which loss is payable or the number of different interests insured). No more than $2,000,000 of loss arising from Employers Liability business will contribute to any one occurrence.

Coverage: $60,000,000 each occurrence, subject to a $120,000,000 limit of liability as respects all occurrences during the term of the agreement, and further subject to a maximum limit of liability of $60,000,000 in the aggregate for loss as respects an act of terrorism during the term of the agreement. No more than $2,000,000 of loss arising from Employers Liability policies will contribute to any one occurrence. The maximum contribution to loss as respects any one person will be $25,000,0000.

Commissions: None

Effective date: January 1, 2020 to January 1, 2021

Termination:	At expiration or the company may terminate any Reinsurer's participation with 30 days prior written notice upon the happening of several circumstances, including if the Reinsurer's A.M. Best and/or S&P rating falls below A- or if the Reinsurer's A.M. Best and/or S&P rating has been downgraded two or more notches during the term of this contract. The company may elect expiration/termination on a run-off basis, the maximum runoff period is 12 months plus extensions and odd time not to exceed 18 months.

Quota Share Contracts

8. Equipment Breakdown

Type:	Quota Share
Reinsurer:	The Hartford Steam Boiler Inspection and Insurance Company
Scope:	Equipment Breakdown liability as respects any one Accident and/or any one Electronic Impairments, any one policy, occurring under new and renewal policies effective on or after the effective date of this contract. Equipment Breakdown, Accidents, and Electronic Circuitry Impairments follow the definitions set forth in the company's equipment breakdown coverage endorsement, form, or section.
Retention:	0%
Coverage:	100% quota share coverage, subject to a Reinsurer's maximum limit of liability, subject to various exclusions, of $100,000,000 for any one accident, any one policy. The Reinsurer's liability for any one accident shall also be limited to $25,000, for policies inforce prior to January 1, 2018, for loss or damage to property that is deemed to be Covered Property. Covered Property includes machinery or equipment that are part of the building or structure which the insured occupies, but does not own, for which the insured has a contractual responsibility to maintain, repair or replace. As respects policies attaching on or after January 1, 2018, coverage includes 100% of the Equipment Breakdown liability as respects Accidents and Electronic Circuitry Impairments.
Commissions:	35% ceding commission of each covered policy's reinsurance premium.
Effective date:	April 1, 2009
Termination:	Contract shall continue in force until terminated by either party with 180-days' prior written notice.

9. Cyber Suite

Type:	Quota Share
Reinsurer:	The Hartford Steam Boiler Inspection and Insurance Company
Scope:	Liability for losses covered under a Cyber Suite Coverage Form attaching to the company's policies
Retention:	0%

Coverage: 100% of the company's liability for losses, with the following annual aggregate per policy limits:

Coverage	Annual Aggregate Per Policy
Cyber Coverage*	$5,000,000
Identity Recovery (as respects each Identify Recovery Insured)	25,000

*The Reinsurer's liability shall also include any amounts payable under the Cyber Suite Coverage Form that are in addition to and not part of the annual aggregate limit in the policy. The term Cyber Coverage means all coverage provided under the Cyber Suite Coverage Form except Identity Recovery.

Commissions: 30% ceding commission of each covered policy's reinsurance premium. The Reinsurer shall pay to the company a Profit-Sharing Commission on business covered under this contract for each underwriting year in which the sum of the underwriting year losses and loss carry forward, if any, is less than the plan losses.

Effective date: August 1, 2019

Termination: This contract is of unlimited duration but may be terminated by either party with 180 days' prior notice in writing.

10. NSI Contractors Surety Bond

Type: Quota Share

Reinsurer:

Subscribing Reinsurers	Participation
Partner Reinsurance Company of the U.S.	40.00%
AXIS Reinsurance Company	30.00
Everest Reinsurance Company	30.00
Total Participation	100.00%

Scope: All bonds underwritten by NSI, a division of the company, and classified by the Surety and Fidelity Association of America (SFAA) as Contract Surety.

Retention: $1,000,000 or 70% of its loss, whichever is lesser

Coverage: 100% of the company's loss less the company's applicable retention, subject to an Aggregate Work Program limit of liability of $20,000,000 per principal and the maximum single bond amount will be $10,000,000 (unless specifically accepted in accordance with the Special Acceptance Article).

Commissions:	The Reinsurers will allow the company a provisional ceding commission of 52.0% on the net written premium ceded, which commission will be adjusted according to the loss ratio. If the loss ratio is less than 35.0%, the 52.0% provisional ceding commission will be increased by 1.0% for every three-fourths decrease in the loss ratio, subject to a maximum ceding commission of 56.0% at a loss ratio of 32.0%. If the loss ratio is greater than 35.0%, the 52.0% provisional ceding commission will be reduced by 1.0% for every five-sixths increase in the loss ratio, subject to a minimum ceding commission of 43.0% at a loss ratio of 42.50% or greater.
Effective date:	August 1, 2019
Termination:	The contract is of unlimited duration but may be terminated by either party giving 180 days' prior written notice.

V. FINANCIAL DATA

The following financial statements reflect the financial condition of the company as reported to the Commissioner of Insurance in the December 31, 2019, 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 the company, NAIC Insurance Regulatory Information System (IRIS) ratio results for the period under examination, and the compulsory and security surplus calculation.

West Bend Mutual Insurance Company
Assets
As of December 31, 2019

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	$1,886,817,908	$	$1,886,817,908
Stocks:			
Preferred stocks	20,000,000		20,000,000
Common stocks	240,152,239		240,152,239
Real estate:			
Occupied by the company	57,414,575		57,414,575
Cash, cash equivalents, and short-term investments	86,304,542		86,304,542
Other invested assets	263,212,957	990,617	262,222,340
Investment income due and accrued	15,211,598		15,211,598
Premiums and considerations:			
Uncollected premiums and agents' balances in course of collection	18,010,863	3,190,277	14,820,586
Deferred premiums, agents' balances, and installments booked but deferred and not yet due	400,643,525	474,800	400,168,725
Accrued retrospective premiums and contracts subject to redetermination	818,410	81,843	736,567
Reinsurance:			
Amounts recoverable from reinsurers	12,964,172		12,964,172
Funds held by or deposited with reinsured companies	1,302,885	863,292	439,594
Net deferred tax asset	31,113,000		31,113,000
Guaranty funds receivable or on deposit	98,485		98,485
Electronic data processing equipment and software	15,416,873	12,616,860	2,800,012
Furniture and equipment, including health care delivery assets	8,365,749	8,365,749	
Write-ins for other than invested assets:			
Company Owned Life Insurance	59,610,833		59,610,833
Advances and Loans to Employees and Agents	79,243	79,243	
Prepaid Expenses	6,236,319	6,236,319	
Other Receivables	233,983		233,983
Total Assets	$3,124,008,158	$32,899,000	$3,091,109,159

West Bend Mutual Insurance Company
Liabilities, Surplus, and Other Funds
As of December 31, 2019

Losses		$ 805,878,850
Reinsurance payable on paid loss and loss adjustment expenses		1,822,882
Loss adjustment expenses		227,476,556
Commissions payable, contingent commissions, and other similar charges		39,161,183
Other expenses (excluding taxes, licenses, and fees)		63,146,813
Taxes, licenses, and fees (excluding federal and foreign income taxes)		7,939,839
Current federal and foreign income taxes		4,661,519
Borrowed money and interest thereon		29,830,101
Unearned premiums		639,056,479
Advance premium		12,903,298
Dividends declared and unpaid:		
Policyholders		7,969,974
Ceded reinsurance premiums payable (net of ceding commissions)		16,574,307
Funds held by company under reinsurance treaties		4,553
Amounts withheld or retained by company for account of others		176,897
Remittances and items not allocated		69,191
Provision for reinsurance		97,722
Payable for securities		1,679,328
Write-ins for liabilities:		
Reserve for Escheats		2,019,690
Total Liabilities		1,860,469,181
Write-ins for special surplus funds:		
Guaranty funds	$ 1,000,000	
Unassigned funds (surplus)	1,229,639,978	
Surplus as Regards Policyholders		1,230,639,978
Total Liabilities and Surplus		$3,091,109,159

West Bend Mutual Insurance Company
Summary of Operations
For the Year 2019

Underwriting Income		
Premiums earned		$1,220,781,938
Deductions:		
Losses incurred	$596,493,749	
Loss adjustment expenses incurred	130,110,587	
Other underwriting expenses incurred	400,397,710	
Total underwriting deductions		1,127,002,046
Net underwriting gain (loss)		93,779,892
Investment Income		
Net investment income earned	62,369,540	
Net realized capital gains (losses)	9,792,224	
Net investment gain (loss)		72,161,764
Other Income		
Net gain (loss) from agents' or premium balances charged off	(1,271,336)	
Finance and service charges not included in premiums	4,013,366	
Write-ins for miscellaneous income:		
Miscellaneous Income	14,611	
Income From Company Owned Life Insurance	2,252,349	
Total other income		5,008,991
Net income (loss) before dividends to policyholders and before federal and foreign income taxes		170,950,646
Dividends to policyholders		25,096,255
Net income (loss) after dividends to policyholders but before federal and foreign income taxes		145,854,391
Federal and foreign income taxes incurred		32,948,803
Net Income (Loss)		$ 112,905,588

West Bend Mutual Insurance Company
Cash Flow
For the Year 2019

Premiums collected net of reinsurance			$1,246,918,770
Net investment income			63,866,813
Miscellaneous income			2,808,613
Total			1,313,594,196
Benefit- and loss-related payments		$570,927,872	
Commissions, expenses paid, and aggregate write-ins for deductions		490,213,635	
Dividends paid to policyholders		24,472,208	
Federal and foreign income taxes paid (recovered)		36,971,367	
Total deductions			1,122,585,083
Net cash from operations			191,009,113
Proceeds from investments sold, matured, or repaid:			
Bonds	$482,922,898		
Stocks	24,253,569		
Other invested assets	37,698,245		
Net gains (losses) on cash, cash equivalents, and short-term investments	(236,509)		
Miscellaneous proceeds	1,848,620		
Total investment proceeds		546,486,824	
Cost of investments acquired (long-term only):			
Bonds	631,821,187		
Stocks	49,655,855		
Real estate	2,240,334		
Other invested assets	63,318,540		
Total investments acquired		747,035,916	
Net cash from investments			(200,549,092)
Cash from financing and miscellaneous sources:			
Surplus notes, capital notes		(70,000,000)	
Borrowed funds		1,745	
Other cash provided (applied)		(17,733,616)	
Net cash from financing and miscellaneous sources			(87,731,871)
Reconciliation:			
Net Change in Cash, Cash Equivalents, and Short-Term Investments			(97,271,850)
Cash, cash equivalents, and short-term investments:			
Beginning of year			183,576,392
End of Year			$ 86,304,542

West Bend Mutual Insurance Company
Compulsory and Security Surplus Calculation
December 31, 2019

Assets		$3,091,109,159
Less liabilities		1,860,469,181
Adjusted surplus		1,230,639,978
Annual premium:		
Lines other than accident and health	$1,257,184,940	
Factor	20%	
Compulsory surplus (subject to a minimum of $2 million)		251,436,988
Compulsory Surplus Excess (Deficit)		$ 979,202,990
Adjusted surplus (from above)		$1,230,639,978
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%)		276,580,686
Security Surplus Excess (Deficit)		$ 954,059,292

West Bend Mutual Insurance Company
Analysis of Surplus
For the Five-Year Period Ending December 31, 2019

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

	2019	2018	2017	2016	2015
Surplus, beginning of year	$1,138,061,847	$1,041,137,630	$946,990,273	$878,229,526	$823,123,461
Net income	112,905,588	114,096,437	88,157,962	40,070,564	44,784,651
Change in net unrealized capital gains/losses	46,633,880	(25,848,904)	27,701,124	21,283,341	(2,620,878)
Change in net unrealized foreign exchange capital gains/losses					121,736
Change in net deferred income tax	7,031,000	4,501,000	(23,083,605)	(1,708,000)	7,140,000
Change in nonadmitted assets	(3,988,514)	4,220,114	1,340,513	9,174,410	5,679,942
Change in provision for reinsurance	(3,822)	(44,430)	31,363	(59,568)	614
Change in surplus notes	(70,000,000)				
Surplus, End of Year	$1,230,639,978	$1,138,061,847	$1,041,137,630	$946,990,273	$878,229,526

West Bend Mutual Insurance Company
Insurance Regulatory Information System
For the Five-Year Period Ending December 31, 2019

The company's NAIC Insurance Regulatory Information System (IRIS) results for the period under examination are summarized below. Unusual IRIS results are denoted with asterisks and discussed below the table.

	Ratio	2019	2018	2017	2016	2015
#1	Gross Premium to Surplus	111%	112%	115%	118%	121%
#2	Net Premium to Surplus	104	103	105	107	109
#3	Change in Net Premiums Written	9	7	7	6	7
#4	Surplus Aid to Surplus	0	1	1	1	1
#5	Two-Year Overall Operating Ratio	87	87	92	92	88
#6	Investment Yield	2.6	2.3	2.3*	2.1*	2.4*
#7	Gross Change in Surplus	8	9	10	8	7
#8	Change in Adjusted Surplus	14	9	10	8	7
#9	Liabilities to Liquid Assets	65	65	66	67	66
#10	Agents' Balances to Surplus	1	2	2	2	3
#11	One-Year Reserve Development to Surplus	-8	-11	-8	-3	-5
#12	Two-Year Reserve Development to Surplus	-16	-17	-9	-10	-7
#13	Estimated Current Reserve Deficiency to Surplus	-7	-10	-9	-11	-0

Ratio No. 6 measures the company's net investment income as a percentage of the average amount of cash and invested assets. West Bend's investment yield ratio remained relatively stable throughout the examination period with the highest yield occurring in 2019. The ratio was noted as exceptional in 2015, 2016, and 2017 as the company's investment yield was below 3%. This was primarily due to the market conditions and low interest rate environment during those years. Though the company's ratio was 2.3% in both 2017 and 2018, the ratio was no longer noted as exceptional in 2018 due to the ratio's acceptable value range being changed to greater than 2.0% and less than 5.5% from the previous years' range of greater than 3.0% and less than 6.5%.

Growth of West Bend Mutual Insurance Company

Year	Admitted Assets	Liabilities	Surplus as Regards Policyholders	Net Income
2019	$3,091,109,159	$1,860,469,181	$1,230,639,978	$112,905,588
2018	2,888,865,075	1,750,803,228	1,138,061,847	114,096,437
2017	2,695,916,904	1,654,779,274	1,041,137,630	88,157,962
2016	2,520,932,588	1,573,942,315	946,990,273	40,070,564
2015	2,329,330,679	1,451,101,154	878,229,526	44,784,651
2014	2,171,161,473	1,348,038,011	823,123,461	57,510,378

Year	Gross Premium Written	Net Premium Written	Premium Earned	Loss and LAE Ratio	Expense Ratio	Combined Ratio
2019	$1,364,665,740	$1,275,968,392	$1,220,781,938	59.5%	31.0%	90.5%
2018	1,273,103,713	1,169,042,746	1,128,738,792	58.3	30.9	89.2
2017	1,199,120,967	1,091,964,893	1,051,688,687	59.8	31.3	91.1
2016	1,119,197,037	1,016,121,760	989,500,737	65.5	30.6	96.1
2015	1,063,203,922	960,533,986	930,658,515	59.3	31.7	91.0
2014	990,213,084	894,962,537	852,175,028	63.6	29.0	92.6

Surplus increased steadily each year of the examination period for a total of 49.5% since 2014. The company's surplus increase of 8.1% over the course of 2019 included the retirement of $70 million in surplus notes that were issued in May of 2014.

Both gross and net premium written have increased steadily during the examination period, increasing 37.8% and 42.6%, respectively. Direct written premiums in Wisconsin, Illinois, Minnesota, and Iowa made up 68.98% of the total direct written premium growth from 2014 to 2019. Overall, direct premiums written increased significantly during the examination period in all four profit centers: NSI 39.5%, Commercial 33.2%, Personal 44.5%, and Argent 31.6%. Premium growth by Argent has slowed down in the last two years of the examination due to the significant pressure from rate decreases and an extremely competitive worker's compensation market. Even with the continued expansion and growth, the company maintained a combined ratio of less than 100%.

Reconciliation of Surplus per Examination

No adjustments were made to surplus as a result of the examination. The amount of surplus reported by the company as of December 31, 2019, is accepted.

Examination Reclassifications

There were no examination reclassifications as a result of this examination.

VI. SUMMARY OF EXAMINATION RESULTS

Compliance with Prior Examination Report Recommendations

There were no specific comments and recommendations 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 of the company.

VII. CONCLUSION

West Bend 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 1957 the company changed its name to that presently used.

West Bend markets a broad range of property and casualty products and services through four profit centers: Commercial Lines, Personal Lines, NSI, and Argent. West Bend's premium mix is approximately 67% commercial lines and 33% personal lines.

West Bend's overall financial condition remained strong and stable during the examination period. Surplus increased steadily each year of the examination period for a total of 49.5% since 2014. Both gross and net premium written have increased steadily during the examination period increasing 37.8% and 42.6%, respectively.

The examination resulted in no adjustments to policyholders' surplus or reclassifications to the balance sheet. The current examination resulted in no recommendations.

VIII. SUMMARY OF COMMENTS AND RECOMMENDATIONS

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

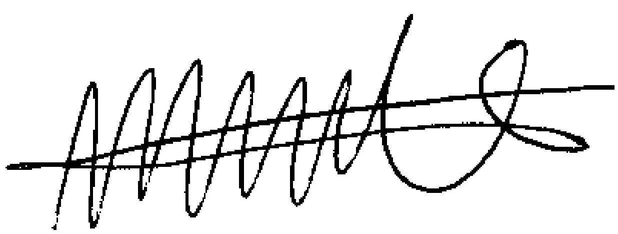
IX. ACKNOWLEDGMENT

The courtesy and cooperation extended during the course of the examination by the officers and employees of the company 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
Jeffery Boyd	Insurance Financial Examiner
Kenton Harrison	Insurance Financial Examiner
Adrian Jaramillo	Insurance Financial Examiner
Vickie Ostien	Insurance Financial Examiner
David Jensen, CFE	IT Specialist
Terry Lorenz, CFE	Quality Control Specialist
Jerry DeArmond, CFE	Reserve Specialist

Respectfully submitted,



Marisa K. Rodgers
Examiner-in-Charge

X. SUBSEQUENT EVENT

On March 11, 2020, the World Health Organization declared coronavirus disease (COVID-19) a pandemic. As of the date of this report, there is still significant uncertainty remaining on the effects that the pandemic will have on the company, insurance industry, and economy at large. The examination's review of the impact to the company through the date of this report noted that there has not been a significant impact to the company overall; however, due to the various uncertainties with the pandemic, it is unclear whether this will continue to have a minimal impact to the company or if it will escalate. The Office of the Commissioner of Insurance continues to closely monitor the impact of the pandemic on the company and will take necessary action if a solvency concern arises. As a response to the COVID-19 pandemic, the company issued premium refunds totaling approximately $1,760,000 to its SMARTbusiness® policyholders and approximately $7,800,000 to its Home & Highway® policyholders. Both payments were reported as policyholders' dividends on the quarterly financial statement dated as of June 30, 2020.