



WESTFIELD
INSURANCE

Sharing Knowledge. Building Trust.®

DOUBLE|TIME

2012 ANNUAL REPORT

about Westfield

Customers look to Westfield for information they can trust to make decisions about insurance and banking. Our broad portfolio of insurance and banking services is backed by knowledgeable employees and a network of more than 1,000 professional independent insurance agencies.

Westfield Insurance operates in 21 states for commercial property and casualty insurance, 10 states for personal insurance and 31 for surety. Our company is among the nation's Top 50 largest property and casualty insurance groups. Westfield Bank provides relationship-based banking solutions for businesses and individuals across Northeast Ohio and to Westfield Insurance agency partners.

Founded in 1848, our success is based on a longstanding commitment to the core values that guide us: knowledge, trust, integrity, respect and stewardship.

Our insurance companies

- Ohio Farmers Insurance Company
- Westfield Insurance Company
- Westfield National Insurance Company
- American Select Insurance Company
- Old Guard Insurance Company

Our group of insurance companies is rated A "Excellent" by A.M. Best Company

Visit www.westfieldinsurance.com to find a Westfield Insurance independent agent near you.



DOUBLE|TIME

Westfield is on the move

We have stepped up our pace to match the expectations of customers in a rapidly changing marketplace.

During the past year, we advanced two major customer-focused insurance initiatives and accomplished the merger of two banks. And in the year ahead, we will continue to further our capabilities, all while carrying forward the best from our Westfield heritage and values.

Westfield is comfortable with change. After all, our experience and history span 165 years.

Count on Westfield for knowledge you can trust and the strength to meet our commitments to customers in insurance and banking. Now and for years to come!

to our customers, agents and employees

Uncertainty and the pace of change in the world around us are accelerating as never before. Change is everywhere, and we see it in our economy, government regulation, technology, competition, and even the climate. With that come changes in the expectations of customers, which are driven by everything they experience rather than simply by what other insurance companies and banks deliver.

As we have throughout our history, Westfield is stepping up to the challenges of change.

We understand that modern businesses need to make good decisions, do more and do it faster than previously. In recent years, you have seen us improve the speed and quality of our decision making through investments that enhance data management capabilities, including advancements in business intelligence, predictive modeling and research. That work continues as well as new initiatives in the areas of distribution and claims, where many of the interactions occur that are most meaningful to our customers.

*"Even if you're on the right track,
you'll get run over if you just sit there."*

WILL ROGERS
AMERICAN PERFORMER, HUMORIST AND CRITIC

These expanding capabilities proved valuable in 2012, when we achieved significant improvements in our operational effectiveness and profitability. Despite exceptional storm losses driven by two major events, Westfield generated an underwriting profit for the ninth time in 10 years, a record that speaks to stability and our strength in managing uncertainty and change.

A rational approach to underwriting and pricing, combined with solid investment returns from a well-managed portfolio, resulted in double-digit surplus growth in 2012. A four percent growth in direct written premium confirms Westfield's competitiveness while meeting the responsibility to protect and grow the Company's assets.

Furthermore, we added scale to our banking operations through an acquisition and merger. A growing presence in banking creates the ability to deliver unique value to customers in Northeast Ohio and to our agency partners.

Taking on two major initiatives and merging two banks at once is a tall order for most organizations. We are confident in our people and proud of Westfield's many employees who contributed to these

efforts while continuing to perform the important work they do everyday. All across the enterprise, we increased our pace from standard to double time, moving us farther and faster to separate Westfield from the competition.

Westfield has always had a capacity for change. We are able to take a long-term view because our Company is here for the benefit of customers, rather than shareholders. Westfield is guided today by the same values as its founders, going back 165 years. We reinforced the importance of that through recent updates to Westfield's mission statement.

Dealing with uncertainties and the increasing pace of change are the most important challenges ahead. The past year confirms that, with our values as bedrock, we have what it takes to preserve the assets entrusted to us, grow our business and extend the Westfield legacy for years to come.



Jim Clay
Westfield Group Leader & CEO



Ed Largent
Westfield Insurance Leader
& President



a stabilizing force in changing times

Westfield is moving confidently toward the future. While advancing capabilities through investments in new business initiatives, we continue to be guided by the same principles as our Company's founders. Westfield's mission, core values and vision are consistent with our heritage and in step with the times. These statements, refreshed in 2012, summarize Westfield's purpose, character and direction. The addition of stewardship as a core value documents our longstanding duty to protect the assets entrusted to us and enhance them for future generations.

MISSION

To enable our customers' peace of mind and financial stability.

VISION

Westfield is a customer-focused insurance and banking group of businesses. Our winning vision embraces innovation and opportunities in a changing world. Our strength comes through relationships we have built with employees, business partners and customers. The product we offer our customer is peace of mind and our promise of protection is supported by a commitment to service excellence provided by an exceptional team of diverse people. Our success will be based upon knowledge, trust, integrity, respect and stewardship.

CORE VALUES

KNOWLEDGE

Dedicate ourselves to pursuing knowledge and sharing what we know

TRUST

Deliver on promises

INTEGRITY

Act with consistent character and stand accountable as honest, fair and ethical

RESPECT

Nurture relationships with mutual respect and shared values

STEWARDSHIP

Protect the assets entrusted to us and enhance them for future generations





agencies of change

Westfield customers look to independent agents as trusted professionals able to offer advice and answer questions about their insurance needs. Our customers have worked hard to build businesses, raise families and create a quality of life they enjoy and want to protect. They realize that insurance is complicated and, while they will often do research online, there is no substitute for the knowledgeable, personal service that Westfield agents deliver.

Throughout Westfield's history, the quality of our independent agents has always been an asset, an advantage and an important benefit to customers. Westfield has been able to appoint agencies selectively because of the value created and the reputation earned as a stable and trustworthy insurance partner.

Many agencies have represented Westfield from one generation to the next, some going back well more than 100 years. However, important shifts are happening in the marketplace, driving agencies to adapt and evolve. Westfield is changing with them to keep pace with their needs and the expectations of our shared customers. Aligning with select agencies contributes to mutual long-term success.

In recent years, we have worked to increase the sophistication of our capabilities to analyze which agencies best support the goals of customers and our Company. Our distribution initiative identified the most aligned, highest performing agency partners, who are investing in themselves to meet the evolving expectations of customers.

The distribution initiative positions Westfield to more effectively allocate resources, create value in relationships and grow business. We look to partner with agencies that, beyond solid financial performance, have characteristics that include a culture of excellence in customer service, acumen in business planning and operations, and a desire to work sincerely and together with us in growing business profitably. Accompanying these expectations will be increased opportunities for agencies and stronger differentiation for those that are most aligned. For customers, we are working to assure that the experience our agents deliver is always consistent with the Westfield brand promise.

DISTRIBUTION INITIATIVE GOALS

- Strengthen relationships with behaviorally aligned, high-performing agencies
- Improve and simplify Westfield's service model
- Reduce behaviorally non-aligned, low-performing agencies

LOCAL KNOWLEDGE

HAPPINESS RESTORED

CLAIMS INITIATIVE GOALS

- Improve customer experience in claims and across the enterprise
- Improve analytics for decision making
- Improve technology and processes for efficiency and effectiveness

CLAIMS INITIATIVE

a claims adjustment

Another key Westfield touch point with customers is claims. Westfield long has been known for fair, accurate and professional claims service. In 2012, more than 96.5 percent of customers who had a claim were happy with their Westfield experience and 95.5 percent would recommend Westfield to a friend.

There is no moment that matters more than at the point of a claim. Peace of mind is the value of knowing Westfield will be there, easing disruption and delivering protection at the time of loss.

The claims initiative is a multi-year effort to enhance claims capabilities for delivering the experience customers expect and deserve in a faster, changing world. A new organizational structure will better serve unique customer needs through expertise supporting property, casualty and workers' compensation lines of business. Developing a new, robust first notice of loss process will improve the speed of claims response.

New technology will support excellence in claims. In addition to installing a new claims management system, the initiative includes building platforms for paperless claims files and new claims payment capabilities.

Ultimately, the claims initiative will enable us to adapt flexibly to the preferences of customers, improve analytics for better service and outcomes, and achieve greater efficiencies in our processing and vendor management.

As our claims capabilities evolve, it is with appreciation that new tools support, but do not replace, the genuine care and service of our claims professionals. We understand this is an important reason agents recommend and customers choose Westfield.





banking on the future

Westfield entered the banking business in 2001, founding Westfield Bank to provide community banking services in Northeast Ohio and support Westfield agency partners with loans for perpetuation, cash management services and premium financing. Westfield Bank has grown steadily and successfully to become an important business and asset within the organization.

On November 30, 2012, Westfield Bank completed the acquisition and merger of Western Reserve Bank, another community bank with a similar commitment to relationship banking. The combination multiplies the value to customers by the power of 2. By growing the team of community banking professionals and the breadth of our relationships across Northeast Ohio, Westfield Bank is positioned better than ever to deliver all the same services as large national banks, while continuing to treat customers as neighbors, friends and business partners.

The acquisition increases the size and scale of Westfield Bank, enabling us to expand services for customers and manage the impact of escalating bank regulation. It confirms a commitment to our future in banking as a complement to our insurance services.

We are proud of the employees at Westfield Bank and across the enterprise, who merged two banks into one seamlessly for our newest customers.

As a community bank, Westfield Bank has a unique interest in the success of customers in Northeast Ohio because it is our home. We also understand insurance agencies and know our agency partners better than other banks. Our growth and success in banking is based on relationships of trust and respect for the people we serve.

Combined banking and insurance services differentiate Westfield in the marketplace.



BETTER TOGETHER

BANK GOALS

- Offer Northeast Ohio customers a relationship banking alternative to large national banks
- Know Westfield Insurance agency partners and support them with perpetuation and premium financing
- Deliver anytime, anywhere convenience to customers through advancements in online banking

the extra mile

In cadence with the major initiatives in distribution and claims, projects and programs accomplished across the operations further enhance value for customers and agents, moving Westfield forward and creating separation from other insurance carriers.

Westfield Signature Series®

Westfield introduced two new programs to the growing Signature Series portfolio of commercial products that are designed to provide protection against risks specific for particular classes of business. Westfield now offers programs for contractors and commercial real estate, in addition to the earlier programs for manufacturing, health and human services, distributors and hospitality.

Westfield Pillar Program

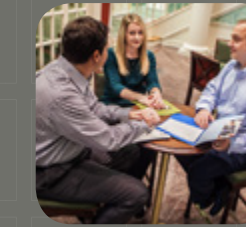
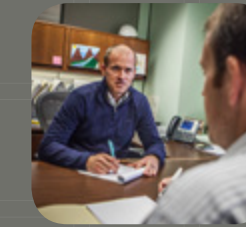
An enhanced homeowners model for new business, the Pillar Program is an updated, more accurate approach that provides more competitive pricing for customers who are less prone to losses. In 2012, Westfield introduced the Pillar Program in Indiana and Ohio, with releases planned for additional states in 2013.

Project CAP

Westfield is a carrier investor in Project CAP, an initiative by the Independent Insurance Agents & Brokers of America to build a strong online brand presence for the independent agency system. The goal of Project CAP is to help independent agents recapture personal lines market share through consulting support to agencies and development of a customer website for comparison rating of personal auto and homeowners insurance. The website is scheduled to launch in 2013.

Workers' Compensation Underwriting

Expanding the authority of commercial underwriters to include all lines of business, package and workers' compensation, improves Westfield's view of the customer. The transition follows a year of internal training and underwriter assessment. It results in eligibility and pricing decisions supported by broader knowledge of individual commercial customers and a simplified underwriting model for ease-of-doing-business by our agents.



Return-to-Work Services

Helping injured employees return to productivity in the shortest time possible is the goal of Westfield's expanding return-to-work capabilities, delivered through the combined efforts of our risk control, claims and underwriting professionals. Westfield's WesWorks® return-to-work program can provide temporary transitional work for injured workers at not-for-profit organizations when work is not immediately available at the employer's location.

WesCom SuretySM

In response to requests from agents, Westfield developed and launched WesCom Surety, a new automation tool that is helping agents process commercial surety bonds quickly and efficiently. The system enables instant underwriting decisions on most bonds, automated bond numbering and power of attorney and access to a bond forms library. WesCom Surety is currently available in 15 states with additional states to follow.

AgriBusiness

Westfield listened to customers and will further respond to their special needs in 2013 with the launch of WesAg SelectSM insurance, an output program designed for large agricultural operations. Work continues to develop advanced predictive modeling capabilities to assure Westfield remains the stable and consistent market farm customers prefer.

Preferred Body Shop Program

Customers appreciate the convenience, quality of repair and lifetime warranty available through a new managed repair network for auto physical damage claims. Our successful shop program expanded to a national level in 2012.

Employee Development

Westfield was named to an exclusive list of Best Companies for Leaders by *Chief Executive* magazine and talent consulting firm Chally Group. The award salutes a commitment to promotion from within through successful investments in employee development.

COMMUNITY INVESTMENT GOALS

- Establish community investment as an integral part of success and profitability
- Build and enhance Westfield's awareness and presence in communities through employees
- Develop and foster relationships with agency partners and organizations that leverage mutual strengths

TIME, TALENT & TREASURE

COMMUNITY INVESTMENT

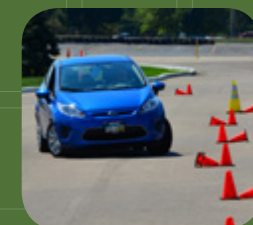
citizenship: more than money

A good way to judge how a business will treat you as a customer is by the responsibility it demonstrates as a corporate citizen. In 2012, Westfield awarded about \$1 million to community development, education and safety programs through our Company and private foundation.

But for Westfield, being a good citizen means stepping up with more than money. Through Westfield's WeCareSM, an umbrella for community investment employee-facing programs, about 450 employees across the communities we serve volunteered to nonprofit organizations including Habitat for Humanity, Rebuilding Together, Junior Achievement, United Way and local food banks. Another 800 employees helped make the holidays brighter by their support for individuals and families in need.

We look forward to sharing results of the first U.S. study of short- and long-term effects of advanced driver training for teens. The study is made possible through a Westfield partnership with OhioHealth Foundation that extends our commitment to teen driver safety; to date, Westfield has invested nearly \$500,000 and reached more than 16,000 teens.

Westfield moved quickly in our claims response to Superstorm Sandy and in our citizenship. The skies had barely cleared when we issued donations to American Red Cross supporting their disaster relief efforts. Westfield also donated to the Trusted Choice[®] Disaster Relief Fund, an insurance industry program that awards grants to help disaster victims rebuild their lives.



weather forecast

Climate change is occurring across the globe. The causes are debatable, but that there are implications for our customers and insurance is not.

Evidence indicates that weather patterns and cycles are shifting. In the U.S., the most likely results will include greater frequency and severity of storms in the Midwest and an extension of the threat from hurricanes northward into heavily populated New England.

Westfield's 2012 gross catastrophe losses (before reinsurance recoveries) approached \$135 million, less than the 2011 losses of \$170 million, yet more than double the average of the prior 10-year period from 2001-2010. In 2012, two major weather events affected thousands of Westfield customers.

The first 2012 event was the 'super derecho' in June, a damaging and deadly, fast-moving severe thunderstorm complex. Straight-line winds reaching in excess of 90 miles per hour caused an extensive path of destruction, especially in northern Indiana, central and western Ohio, northeastern Kentucky, southwestern Pennsylvania and most of West Virginia.

The second, Superstorm Sandy, slammed into the New Jersey shore near Atlantic City on October 29. Sandy's strength and angle of approach combined to produce a record storm surge of water into New York City. While most of the attention was on the Northeast, damages from Sandy extended inland. Nearly unnoticed, Westfield's largest concentration of claims occurred in Northeast Ohio. The storm is expected to be the fifth costliest event in U.S. insurance history.

In response to climate change, insurance carriers and agents need to make customers more aware of what they can do to protect their property and avoid losses. Customers in the Midwest, Northeast and Southeast should also anticipate rising property premiums associated with increased risk.

Westfield is working closely with leading reinsurance partners to map business against evolving storm models. The claims storm team has proven expertise and a well demonstrated commitment to arrive rapidly at the scene of disasters. Westfield customers are often among the first in their communities to recover following storm losses. Our preparation, planning and strong surplus position assure that, whenever a catastrophe occurs, Westfield has the capacity to pay claims and meet our obligations to customers.

WHEN IT POURS

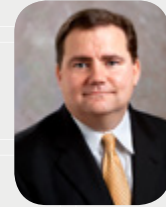


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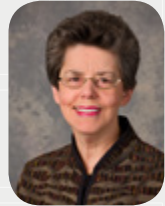
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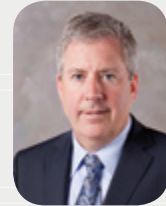
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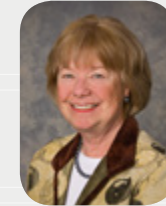
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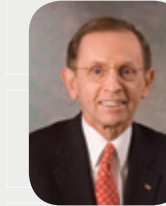
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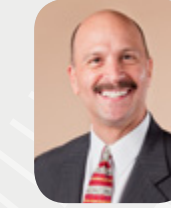


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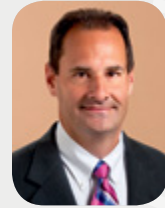
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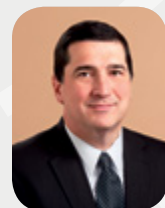


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