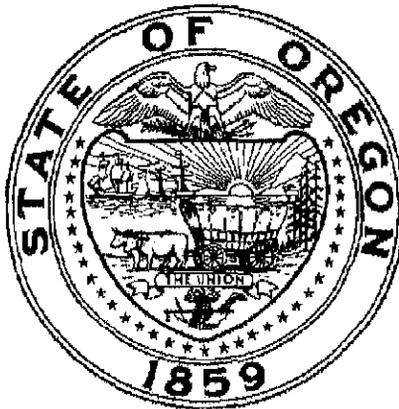


**STATE OF OREGON
DEPARTMENT OF
CONSUMER & BUSINESS SERVICES
DIVISION OF FINANCIAL
REGULATION**



REPORT OF FINANCIAL EXAMINATION

OF

**WESTERN PROTECTORS INSURANCE COMPANY
MCMINNVILLE, OREGON**

AS OF

DECEMBER 31, 2014

STATE OF OREGON

DEPARTMENT OF CONSUMER AND BUSINESS SERVICES

DIVISION OF FINANCIAL REGULATION

REPORT OF FINANCIAL EXAMINATION

OF

**WESTERN PROTECTORS INSURANCE COMPANY
MCMINNVILLE, OREGON**

NAIC COMPANY CODE 30961

AS OF

DECEMBER 31, 2014

TABLE OF CONTENTS

SALUTATION	3
SCOPE OF EXAMINATION	4
COMPANY HISTORY	5
<i>Capitalization</i>	5
<i>Dividends and Other Distributions</i>	5
CORPORATE RECORDS	6
<i>Board Minutes</i>	6
<i>Articles of Incorporation</i>	7
<i>Bylaws</i>	7
MANAGEMENT AND CONTROL	7
<i>Board of Directors</i>	7
<i>Officers</i>	8
<i>Conflict Of Interest</i>	8
<i>Insurance Company Holding System</i>	9
INTERCOMPANY AGREEMENTS	9
<i>Management Services Agreement</i>	9
<i>Intercompany Reinsurance Allocation Agreement</i>	10
<i>Tax Allocation Agreement</i>	10
FIDELITY BOND AND OTHER INSURANCE	10
TERRITORY AND PLAN OF OPERATION	11
GROWTH OF THE COMPANY	12
LOSS EXPERIENCE	12
REINSURANCE	12
<i>Assumed</i>	12
<i>Ceded</i>	12
ACCOUNTS AND RECORDS	13
COMPLIANCE WITH PRIOR EXAMINATION RECOMMENDATIONS	13
SUBSEQUENT EVENTS	13
FINANCIAL STATEMENTS	13
NOTES TO FINANCIAL STATEMENTS	18
<i>Note 1 – Invested Assets</i>	18
<i>Note 2 – Actuarial Reserves</i>	18
SUMMARY OF COMMENTS AND RECOMMENDATIONS	19
CONCLUSION	19
ACKNOWLEDGMENT	20
AFFIDAVIT	21

SALUTATION

March 29, 2016

Honorable Laura N. Cali, Commissioner
Department of Consumer and Business Services
State of Oregon
350 Winter Street NE
Salem, Oregon 97301-3883

Dear Commissioner:

In accordance with your instructions and guidelines in the National Association of Insurance Commissioners (NAIC) Examiners Handbook, pursuant to ORS 731.300 and 731.302, respectively, we have examined the business affairs and financial condition of

WESTERN PROTECTORS INSURANCE COMPANY
400 NE Baker Street
McMinnville, Oregon 97128
NAIC Company Code 30961

hereinafter referred to as the "Company." The following report is respectfully submitted.

SCOPE OF EXAMINATION

We have performed our full-scope, multi-state insurer, group examination of Western Protectors Insurance Company, together with its direct parent, Oregon Mutual Insurance Company (OMIC). The last examination of this property and casualty insurer was completed as of December 31, 2011. The current examination covers the period of January 1, 2012, to December 31, 2014.

We conducted our examination pursuant to ORS 731.300 and in accordance with ORS 731.302(1), which allows the examiners to consider the guidelines and procedures in the NAIC *Financial Condition Examiners Handbook*. The handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

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. 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 following the Company's financial statements.

This examination report includes significant findings of fact, as mentioned in ORS 731.302 and general information about the insurer and its financial condition. There may be other

items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report, but separately communicated to other regulators and the Company.

COMPANY HISTORY

The Company was licensed on February 8, 1918, by the Oregon Division of Financial Regulation as a mutual property and casualty company. On May 27, 1987, the Company amended its Certificate of Authority to demutualize the Company and change its name to Western Protectors Insurance Company. At the time of the demutualization, Oregon Mutual Insurance Company ("OMIC") owned 66.8% and Employers Reinsurance Corporation ("ERC") owned 33.2% of the Company's common capital stock. On December 14, 1993, under a Stock Purchase Agreement, OMIC purchased all of ERC's shares of the Company. This transaction resulted in OMIC owning 100% of the Company's 150,000 shares of outstanding common stock.

Capitalization

Article III of the Restated Articles of Incorporation authorize the Company to issue 300,000 shares of common stock without par value. The Company's capitalization consists of 150,000 shares of common stock with an implied par value of \$10 per share. OMIC owns all outstanding shares. To date, the parent contributed \$3,450,000 in statutory surplus, which did not change during the period under review.

Dividends and Other Distributions

During the period under examination, the Company declared and paid cash dividends to its shareholder as follows:

<u>Year</u>	<u>Amount</u>
2012	\$619,911
2013	\$351,204
2014	\$132,081

The distributions were reported to the Oregon Division of Financial Regulation in accordance with ORS 732.554.

CORPORATE RECORDS

Board Minutes

The review of the Board meeting minutes of the Company indicated the minutes support the transactions of the Company and clearly describe the actions taken by its directors. A quorum, as defined by the Company's Bylaws, met at all of the meetings held during the period under review.

The Company's Bylaws authorize the Board to establish committees. There are three committees authorized to assist in the management of the Company, as follows:

Audit Committee	Investment Committee
Executive Committee	

The Company combines its committee meetings with those of its parent, OMIC, which includes an Investment Committee, a Nominating Committee, a Compensation Committee and a Risk Management Committee.

A review of the minutes indicated the Compensation Committee approved the compensation of all the Company's senior officers, which in turn was ratified by the Board as a whole. This complies with the provisions of ORS 732.320(3).

Articles of Incorporation

The Articles of Incorporation were last restated on June 16, 2000, and filed with the Oregon Division of Financial Regulation on June 20, 2000. The Company made no amendments during the period under examination. The Articles of Incorporation conform to the Oregon Insurance Code.

Bylaws

The Bylaws were last restated on May 15, 2000. No changes were made during the period under examination and the Company's Bylaws conform to Oregon statutes.

MANAGEMENT AND CONTROL

Board of Directors

The Bylaws, in Article II, state all corporate powers shall be exercised by or under the authority of the Board of Directors and the business and affairs shall be managed under the direction of the Board. The number of directors shall be seven, eight or nine members, the exact number to be fixed, increased or decreased by resolution of the Board from time to time. The composition of the Board was in compliance with ORS 750.305. As of December 31, 2014, the Company was governed by a eight member Board of Directors as follows:

<u>Name and Address</u>	<u>Principal Affiliation</u>	<u>Member Since</u>
Rosemari J. Davis McMinnville, Oregon	Former CEO Willamette Valley Medical Center	2003
Rick A. John McMinnville, Oregon	Principal and Owner Hagan Hamilton Insurance	2010
Jonathan L. Jurevic Portland, Oregon	CFO Oregon Anesthesiologist Group	2010
Michael E. Keyes McMinnville, Oregon	Chairman Oregon Mutual Insurance Company	1999

<u>Name and Address</u>	<u>Principal Affiliation</u>	<u>Member Since</u>
Michael J. McNamara Pullman, Washington	Professor Washington State University	2004
John W. Mitchell McMinnville, Oregon	Retired Economist US Bank	2006
Brian M. Steffel McMinnville, Oregon	President and CEO Oregon Mutual Insurance Company	2011
James P. Tate Boise, Idaho	Owner M & W Markets, Inc.	1998

Officers

Principal officers serving at December 31, 2014, were as follows:

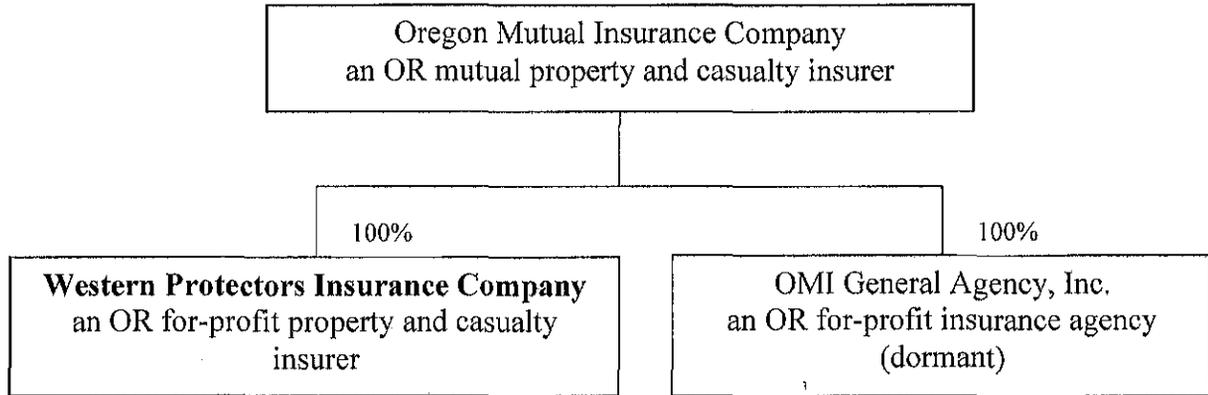
<u>Name</u>	<u>Title</u>
Brian M. Steffel	President and CEO
Steven L. Patterson	VP, General Counsel, Secretary and Treasurer
Charles S. Katter	VP of Claims and Corporate Services
Bryan T. Fowler	VP of Information Technology
John V. Dunlop	VP of Commercial Lines
Lori L. Burton	VP of Personal Lines
Wesley J. Thomas	Assistant VP Marketing

Conflict Of Interest

The Company's Board adopted an Employee Guide in July 2010, that included a formal statement of policy concerning reporting of conflicts of interest. The Company has established procedures for its officers and responsible employees to annually sign a conflict of interest declaration. From a review of the completed conflict of interest questionnaires, the Company's personnel performed due diligence in completing the conflict of interest statements. No material conflicts of interest were noted.

Insurance Company Holding System

The following abbreviated organizational chart shows the relationship within the insurance holding company system:



INTERCOMPANY AGREEMENTS

The following agreements are in place between the Company, its parent and affiliates within the insurance company holding system:

Management Services Agreement

On May 27, 1987, the Company entered into a management agreement with its parent, OMIC, whereby the parent agrees to perform certain operational services, including production, underwriting and servicing of insurance products and handling of claims and losses, reporting functions, and personnel, facilities and equipment, in exchange for an underwriting fee. The Company agrees to pay the OMIC monthly. The agreement was amended effective January 1, 2004, to change the underwriting fee to 9.5% of monthly direct written premiums and an unallocated loss adjustment expense fee of 10.2% of gross paid loss and 5.1% of the change in direct case loss outstanding each month.

Intercompany Reinsurance Allocation Agreement

Effective January 1, 2011, the Company entered into a intercompany reinsurance allocation agreement with Oregon Mutual Insurance Company where all premium payable and losses recoverable from the multiline excess of loss reinsurance treaty, multiline clash excess of loss and catastrophe excess of loss reinsurance treaty are allocated based on a rate based formula applied for ceded premiums and on amounts recoverable based on an entity specific losses or a formula for combined entities losses.

Tax Allocation Agreement

The Company entered into a tax allocation agreement with OMIC to calculate income tax on a consolidated return basis and allocate to affiliated companies on a separate return basis. Amounts due and payable will be settled within ninety days of the filing of the tax return.

FIDELITY BOND AND OTHER INSURANCE

The examination of insurance coverages involved a review of adequacy of limits and retentions and the solvency of the insurers providing the coverages. The Company's insurance coverages are provided through insurance policies from an unaffiliated carrier, as a named insured. The Company was insured up to \$2,000,000 of aggregate liability, after a \$100,000 deductible, against losses from acts of dishonesty and fraud by its employees and agents. Fidelity bond coverage was found to meet the coverage limits recommended by the NAIC.

Other insurance coverages in force at December 31, 2014, were found to be adequate, and are as follows:

Business property	Management liability (D&O)
Business auto	Commercial umbrella
Workers' compensation	Professional liability (E&O)
Employee theft and forgery	Employment practices liability
Fiduciary liability	

TERRITORY AND PLAN OF OPERATION

The Company is part of the Oregon Mutual Insurance group, a regional insurance company that specializes in automobile, homeowner, manufactured home and liability insurance plans. The Company offers personal lines property and casualty coverages centered on private passenger auto.

Personal lines are comprised of auto coverage, including liability, PIP, comprehensive, collision, under/uninsured motorist, and property damage. Optional coverages include emergency assistance package, extended non-owned auto, and loan/lease coverage.

In addition to the headquarters building in McMinnville, Oregon, the Company has satellite offices in Boise, Idaho, Medford and Eugene, Oregon, and Lynnwood, Washington.

The Company has no captive agents; all lines are sold by a network of over 850 independent agents throughout the service area.

The Company reported direct written premiums over the past three years in the following lines of business:

<u>Line of Business</u>	<u>2014</u>	<u>%</u>	<u>2013</u>	<u>%</u>	<u>2012</u>	<u>%</u>
Private passenger auto liability	\$3,122,505	61.7	\$3,372,816	62.2	\$3,657,593	63.5
Auto physical damage	1,941,447	38.3	2,049,239	37.8	2,126,957	36.9
All other lines	(1)	0.0	(5)	0.0	(20,322)	(0.4)
Total direct premium	<u>\$5,063,951</u>	<u>100.0</u>	<u>\$5,422,050</u>	<u>100.0</u>	<u>\$5,764,228</u>	<u>100.0</u>

At year-end 2014, the Company reported direct business, as follows:

<u>State</u>	<u>Direct Premiums Written</u>
Idaho	\$ 300,611
Oregon	3,997,933
Washington	<u>675,407</u>
Total	<u>\$5,063,951</u>

GROWTH OF THE COMPANY

Growth of the Company over the past five years is reflected in the following table. Amounts were obtained from Company's filed annual statements, except in those years where a report of examination was published by the Oregon Division of Financial Regulation.

<u>Year</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Capital and Surplus</u>	<u>Net Income (Loss)</u>
2010	\$12,967,038	\$4,217,142	\$8,749,896	\$355,831
2011*	12,888,694	3,550,878	9,337,816	619,911
2012	11,504,546	2,471,873	9,032,673	351,204
2013	11,705,017	2,880,413	8,824,604	132,081
2014*	11,365,167	2,514,454	8,850,713	153,607

*Per examination

LOSS EXPERIENCE

Loss experience is not displayed since the Company ceded 100% of direct written premium (net of reinsurance) to Oregon Mutual Insurance Company during the entire examination period. See the Reinsurance section below.

REINSURANCE

Assumed

None.

Ceded

The Company has a quota share reinsurance agreement with its parent, OMIC, whereby 100% of the premiums, losses and loss adjustment expenses for all accident years, net of other reinsurance, are ceded. The Company received a 21.5% ceding commission from OMIC during the examination period. All applicable external ceded reinsurance agreements are shared between OMIC and the Company.

In view of the Company's reported surplus of \$8,850,713 at December 31, 2014, it does not maintain risk on any one subject in excess of 10% of its surplus to policyholders, in compliance with ORS 731.504.

ACCOUNTS AND RECORDS

The Company's records and source documentation supported the amounts presented in the Company's December 31, 2014, annual statement and were maintained in a manner by which the financial condition was readily verifiable pursuant to the provisions of ORS 733.170.

COMPLIANCE WITH PRIOR EXAMINATION RECOMMENDATIONS

There were no recommendations made in the 2011 report of examination and no adjustments were made to surplus as a result of the examination findings. No follow-up report was prepared.

SUBSEQUENT EVENTS

The examiners noted no events subsequent to the examination date that would have a material impact on the financial statements as presented in the 2014 annual statement.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the Division of Financial Regulation and present the financial condition of the Company for the period ending December 31, 2014. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the annual statement and should be considered an integral part of the financial statements. These statements include:

- Statement of Assets
- Statement of Liabilities, Surplus and Other Funds
- Statement of Income
- Reconciliation of Surplus Since the Last Examination

WESTERN PROTECTORS INSURANCE COMPANY
ASSETS
As of December 31, 2014

Assets	Balance per Company	Examination Adjustments	Balance per Examination	Notes
Bonds	\$8,920,270	\$ -	\$8,920,270	1
Cash, cash equivalents and short-term investments	425,584	-	425,584	1
Aggregate write-ins for invested assets	<u>-</u>	<u>-</u>	<u>-</u>	
Subtotal, cash and invested assets	<u>\$9,345,854</u>	<u>\$ -</u>	<u>\$9,345,854</u>	
Investment income due and accrued	94,073	-	94,073	
Premiums and considerations				
Uncollected premiums and agents' balances in course of collection	417,253	-	417,253	
Deferred premiums, agents' balances and installments booked but deferred and not yet due	158,800	-	158,800	
Reinsurance				
Amounts recoverable	1,024,587	-	1,024,587	
Net deferred tax asset	82,009	-	82,009	
Receivables from parent, subsidiaries and affiliates	242,591	-	242,591	
Aggregate write-ins for other than invested assets	<u>-</u>	<u>-</u>	<u>-</u>	
Total Assets	<u>\$11,365,167</u>	<u>\$ -</u>	<u>\$11,365,167</u>	

WESTERN PROTECTORS INSURANCE COMPANY
LIABILITIES, SURPLUS AND OTHER FUNDS
As of December 31, 2014

	Balance per Company	Examination Adjustments	Balance per Examination	Notes
Losses	\$ -	\$ -	\$ -	2
Reinsurance payable on losses and lae	-	-	-	
Loss adjustment expenses	-	-	-	2
Commissions payable	137,727	-	137,727	
Other expenses	18,631	-	18,631	
Taxes, licenses and fees	9,441	-	9,441	
Current FIT payable	86,120	-	86,120	
Unearned premiums	1,199,508	-	1,199,508	
Advance premium	39,780	-	39,780	
Ceded reinsurance premium payable	984,580	-	984,580	
Funds held by company under reinsurance treaties	21,838	-	21,838	
Amounts withheld or retained by company for account of others	16,829	-	16,829	
Provision for reinsurance	-	-	-	
Payable to parent, subsidiaries and affiliates	-	-	-	
Aggregate write-ins for liabilities	-	-	-	
Total liabilities	<u>\$ 2,514,454</u>	<u>\$ -</u>	<u>\$ 2,514,454</u>	
Common capital stock	\$ 1,500,000	\$ -	\$ 1,500,000	
Gross paid in and contributed surplus	3,450,000	-	3,450,000	
Unassigned funds (surplus)	<u>3,900,713</u>	-	<u>3,900,713</u>	
Surplus as regards policyholders	<u>8,850,713</u>	-	<u>8,850,713</u>	
Total Liabilities, Surplus and other Funds	<u>\$11,365,167</u>	<u>\$ -</u>	<u>\$11,365,167</u>	

WESTERN PROTECTORS INSURANCE COMPANY
STATEMENT OF INCOME
For the Year Ended December 31, 2014

	Balance per Company	Examination Adjustments	Balance per Examination	Notes
Underwriting income				
Premium earned	\$ _____ -	\$ _____ -	\$ _____ -	
Deductions				
Losses incurred	-	-	-	
Loss adjustment expenses incurred	-	-	-	
Other underwriting expenses incurred	82,743	-	82,743	
Aggregate write-ins for underwriting deductions	_____ -	_____ -	_____ -	
Total underwriting deductions	<u>82,743</u>	<u>-</u>	<u>82,743</u>	
Net underwriting gain (loss)	<u>(82,743)</u>	<u>-</u>	<u>(82,743)</u>	
Investment income				
Net investment income earned	297,212	-	297,212	
Net realized capital gains (losses)	_____ -	_____ -	_____ -	
Net investment gain (loss)	<u>297,212</u>	<u>-</u>	<u>297,212</u>	
Other income				
Net gain (loss) from agents' or premium balances charged off	(16,934)	-	(16,934)	
Finance and service charges not included in premiums	43,314	-	43,314	
Aggregate write-ins for miscellaneous income	<u>(1,122)</u>	<u>-</u>	<u>(1,122)</u>	
Total other income	<u>25,258</u>	<u>-</u>	<u>25,258</u>	
Net income before dividends to policyholders and FIT incurred	<u>239,727</u>	<u>-</u>	<u>239,727</u>	
Dividends to policyholders	-	-	-	
Federal income taxes incurred	<u>86,120</u>	<u>-</u>	<u>86,120</u>	
Net income	<u>\$ 153,607</u>	<u>\$ _____ -</u>	<u>\$ 153,607</u>	

WESTERN PROTECTORS INSURANCE COMPANY
RECONCILIATION OF SURPLUS SINCE THE LAST EXAMINATION
For the Year Ended December 31,

	2014	2010	2012
Surplus as regards policyholders, December 31, previous year	<u>\$8,824,604</u>	<u>\$9,032,673</u>	<u>\$9,337,816</u>
Net income	153,607	132,081	351,204
Change in net unrealized capital gains or (losses)	-	-	-
Change in net unrealized foreign exchange capital gain or (loss)	-	-	-
Change in net deferred income tax	4,515	10,146	(35,669)
Change in non-admitted assets	68	908	(809)
Change in provision for reinsurance	-	-	42
Change in surplus notes	-	-	-
Cumulative effects of changes in accounting principles	-	-	-
Capital changes:			
Paid in	-	-	-
Transferred from surplus (Stock Dividend)	-	-	-
Transferred to surplus	-	-	-
Surplus adjustments:			
Paid in	-	-	-
Transferred to capital (Stock Dividend)	-	-	-
Transferred from capital	-	-	-
Dividends to parent (cash)	(132,081)	(351,204)	(619,911)
Change in treasury stock	-	-	-
Aggregate write-ins for gains and losses in surplus	-	-	-
Change in surplus as regards policyholders for the year	<u>26,109</u>	<u>(208,069)</u>	<u>(305,143)</u>
Surplus as regards policyholders, December 31, current year	<u>\$8,850,713</u>	<u>\$8,824,604</u>	<u>\$9,032,673</u>

NOTES TO FINANCIAL STATEMENTS

Note 1 – Invested Assets

At year-end 2014, the Company's long-term bond investments were in a diversified portfolio of US obligations, US federal agency bonds, municipal obligations, and corporate issues. The Company did report an exposure in mortgaged-backed and asset-backed securities. All of the MBS/ABS issues were investment rated at year-end 2014, and the carrying book value of \$2.3 million comprised 25.7% of the total long-term bond portfolio, and 24.6% of all invested assets.

Short-term deposits consisted of two short term money market fund held in the custodial account at US Bank, NA.

A comparison of the major investments over the past five years shows the following:

<u>Year</u>	<u>A</u> <u>Bonds</u>	<u>B</u> <u>Cash and Short-term</u>	<u>Ratio</u> <u>A/</u> <u>Total Assets</u>	<u>Ratio</u> <u>B/</u> <u>Total Assets</u>
2010	\$ 9,707,033	\$182,321	74.8%	1.4%
2011*	10,452,365	189,524	81.1%	1.5%
2012	8,494,062	766,155	73.8%	6.7%
2013	9,152,110	387,477	78.2%	3.3%
2014*	8,920,270	425,584	78.5%	3.7%

The Board approved the investment transactions in each of the years under review, pursuant to ORS 733.740. As of December 31, 2014, sufficient assets were invested in amply secured obligations of the United States, the State of Oregon, or in FDIC insured cash deposits, and the Company was in compliance with ORS 733.580.

Effective August 26, 2005, the Company entered into a custodial agreement with US Bank, NA. The agreement contained all of the relevant protections described in OAR 836-027-0200(4)(a) through (l).

Note 2 – Actuarial Reserves

Kevin L. Wick, FCAS, MAAA, of PricewaterhouseCoopers LLP, was appointed the consulting actuary for the Company by the Board of Directors. His actuarial opinion included actuarial assumptions and methods utilized by the Company and discussed other topics affecting the reserves.

David Dahl, FCAS, MAAA, property/casualty actuary for the Oregon Division of Financial Regulation, reviewed the reconciliation of the data used in the Company's actuarial report to the data in the actuarial work papers and found them to be consistent. He relied on work performed

by the examiners who reviewed the underlying data used to create the annual statement filing, as well as prepared his own independent calculations. The Company reported the following:

	<u>Annual Statement</u>
Reserve for Unpaid Losses	\$-0-
Reserve for Unpaid LAE	-0-
Other Reserves	<u>-0-</u>
Total Actuarial Liabilities	<u>\$-0-</u>

The appointed actuary opined that the reserves for unpaid losses and LAE carried by the Company as of December 31, 2014, were reasonable. Mr. Dahl's total estimate agreed with the appointed actuary's estimate and he concurred that the reserves of the Company were reasonably stated as of December 31, 2014.

SUMMARY OF COMMENTS AND RECOMMENDATIONS

The examiner made no changes to surplus as a result of this examination and there were no recommendations.

CONCLUSION

During the three year period covered by this examination, the surplus of the Company has decreased from \$9,337,816, as presented in the December 31, 2011, report of examination to \$8,850,713, as shown in this report. The comparative assets and liabilities are:

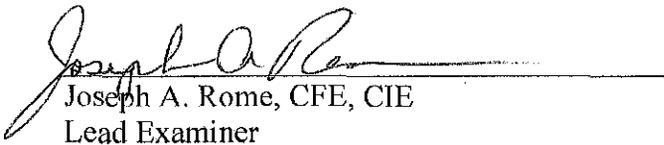
	<u>2014</u>	<u>December 31,</u>	<u>2011</u>	<u>Change</u>
Assets	\$11,365,167		\$12,888,694	\$(1,523,525)
Liabilities	<u>2,514,454</u>		<u>3,550,878</u>	<u>1,036,424</u>
Surplus	<u>\$ 8,850,713</u>		<u>\$ 9,337,816</u>	<u>\$ (487,103)</u>

ACKNOWLEDGMENT

The cooperation and assistance extended by the officers and employees of the Company during the examination process are gratefully acknowledged.

In addition to the undersigned, Mark A. Giffin, CFE, and Michael P. Phillips, CFE, CPA, AES, insurance examiners, and David Dahl, FCAS, MAAA, Property/ Casualty Actuary, for the State of Oregon, Department of Consumer and Business Services, Division of Financial Regulation, participated in this examination.

Respectfully submitted,


Joseph A. Rome, CFE, CIE
Lead Examiner
Department of Consumer and Business Services
State of Oregon

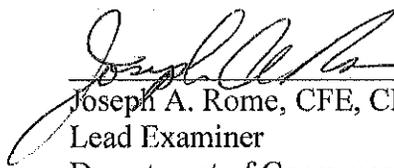
AFFIDAVIT

STATE OF OREGON)
) ss
County of Marion)

Joseph A. Rome, CFE, CIE, being duly sworn, states as follows:

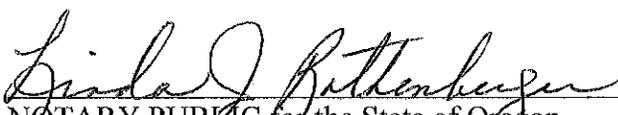
1. I have authority to represent the state of Oregon in the examination of Western Protectors Insurance Company, McMinnville, Oregon.
2. The Division of Financial Regulation of the Department of Consumer and Business Services of the state of Oregon is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.
3. I have reviewed the examination work papers and examination report. The examination of Western Protectors Insurance Company was performed in a manner consistent with the standards and procedures required by the Oregon Insurance Code.

The affiant says nothing further.



Joseph A. Rome, CFE, CIE
Lead Examiner
Department of Consumer and Business Services
State of Oregon

Subscribed and sworn to me this 21 day of April, 2016.



NOTARY PUBLIC for the State of Oregon

My Commission Expires: 3/22/2017

