

EXAMINATION REPORT
OF
WORK FIRST CASUALTY COMPANY
AS OF
DECEMBER 31, 2024

TRINIDAD NAVARRO
COMMISSIONER



STATE OF DELAWARE
DEPARTMENT OF INSURANCE

REPORT ON EXAMINATION
OF
WORK FIRST CASUALTY COMPANY
AS OF
DECEMBER 31, 2024

The above-captioned report was completed by examiners of the Delaware Department of Insurance.

Consideration has been duly given to the comments, conclusions and recommendations of the examiners regarding the status of the company as reflected in the report.

This report is hereby accepted, adopted and filed as an official record of this Department.

Trinidad Navarro
Insurance Commissioner

Dated this 23 day of October, 2025

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October 14, 2025

Honorable Trinidad Navarro
Commissioner of Insurance
Delaware Department of Insurance
1351 West North Street, Suite 101
Dover, Delaware 19904

Dear Commissioner:

In compliance with instructions and pursuant to statutory provisions contained in Examination Certification No. 25.038, dated April 30, 2025, an examination has been made of the affairs, financial condition and management of

WORK FIRST CASUALTY COMPANY

hereinafter referred to as the Company or WFCC. The Company was incorporated under the laws of the State of Delaware as a stock company with its registered office located at 850 New Burton Road, Suite 201, Dover, Delaware 19904. The administrative office of the Company is located at 1100 East 6600 South, Suite 410, Salt Lake City, Utah 84121.

SCOPE OF EXAMINATION

We have performed our multi-state examination of the Company. The last examination was conducted as of December 31, 2019, by the Delaware Department of Insurance (Department) and covered the period of January 1, 2016 through December 31, 2019. This examination of the Company covers the period of January 1, 2020 through December 31, 2024.

We conducted our examination in accordance with the *National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook* (Handbook) and generally

accepted statutory insurance examination standards consistent with the Insurance Code and Regulations of the State of Delaware. The NAIC 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, pursuant to the General Corporation Laws of the State of Delaware, as required by 18 *Del. C.* § 321, along with general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature, are not included within the examination report but separately communicated to other regulators and/or the Company.

During the course of this examination, consideration was given to work performed by the Company's external accounting firm, Larson & Company PC (LC). Certain auditor work papers of the 2024 LC audit of the Company, and certain of its affiliates, have been incorporated into the work papers of the examiners. The work papers were utilized in determining the scope, areas of emphasis in conducting the examination and in the area of risk mitigation and substantive testing.

SUMMARY OF SIGNIFICANT FINDINGS

There were no significant findings or material changes in financial statements as a result of this examination.

COMPANY HISTORY

As of December 31, 2004, the Company (then known as Monumental General Casualty Corporation) was domiciled in the State of Maryland and was a wholly owned subsidiary of AEGON USA, Inc. Effective December 21, 2005, the Company was acquired by Hire Calling Holding Company (Hire Calling). The Company's name was subsequently changed to Work First Casualty Company effective on January 13, 2006. Effective June 1, 2006, the Company was re-domesticated from the State of Maryland to the State of Delaware. Hire Calling acquired the Company to provide workers' compensation insurance to its wholly owned temporary staffing company and other unaffiliated companies with emphasis on marketing to the temporary staffing industry. On February 15, 2013, Hire Calling sold its wholly owned temporary staffing company to an independent third-party. Subsequent to the sale, Hire Calling was dissolved on September 24, 2013. Ownership of the Company was transferred directly to The Richard Lester Wendt Trust, dated March 8, 1995 (Trust), the ultimate controlling shareholder of Hire Calling, eliminating the holding company structure. On October 1, 2015, and following approval by the State of Delaware on September 15, 2015, the Wendt family completed a series of transactions ultimately transferring ownership of the Company (from the Trust) to WF Holding Company, LLC (WF Holding).

As of December 31, 2024, WFCC is a wholly owned subsidiary of WF Holding, an Oregon limited liability company established for the purpose of holding the shares of the Company and related entities. WF Holding is owned by James C. Madden, Blaine S. Moon,

and Spruce Street Ventures, LLC (SSV), each owning an interest of 25%, 10%, and 65%, respectively. SSV is owned by Roderick C. Wendt and Mark R. Wendt, who each own a 50% interest. As a result, the ultimate controlling party of WFCC is SSV, which was formed on August 16, 2013 and is in the business of providing management services to Wendt family-owned companies and affiliated organizations. However, Roderick C. Wendt has been deemed the ultimate controlling person of WFCC since August 14, 2010.

Capitalization

The Company's Certificate of Incorporation authorizes the issuance of 160,000 shares of common stock with par value of \$30 per share. As of December 31, 2024, the Company had 101,894 shares of common stock issued and outstanding, totaling \$3,056,820. All outstanding shares of the Company are owned by WF Holding. As of December 31, 2024, the Company reported total capital and surplus of \$59,821,783, which included contributed surplus of \$47,585,817.

Dividends

The Company paid one ordinary dividend to its parent, WF Holding, totaling \$1 million during 2022. The dividend was authorized by the Company's Board of Directors (Board).

MANAGEMENT AND CONTROL

Directors

Pursuant to the General Corporation Laws of the State of Delaware, as implemented by the Company's Certificate of Incorporation and bylaws, the business and affairs of the corporation shall be managed under the direction of its Board. The Company's bylaws state the Board shall not be more than nine nor less than three members and the total number of directors shall be determined by resolution of the Board or shareholders. Further, the directors shall be elected at

the annual meeting of the shareholders and each director elected shall hold office until the next annual meeting and until their successors are elected and qualified.

As of December 31, 2024, the members of the Board, together with their principal business occupation, were as follows:

<u>Name</u>	<u>Principal Occupation</u>
Roderick C. Wendt	Chairman of the Board Work First Casualty Company
Mark R. Wendt	Owner and President Diversified Contractors, Inc.
James C. Madden	President and Secretary Work First Casualty Company
Blaine S. Moon	Vice President, Chief Financial Officer and Treasurer Work First Casualty Company
Matthew R. Wendt	Vice President Spruce Street Ventures, LLC

Officers

The Company's bylaws require the officers of the Company be elected by the Board and must include a President, one or more Vice Presidents, a Secretary and a Treasurer. The Board may also appoint a Chairman, Chief Executive Officer, one or more Assistant Vice Presidents, Assistant Secretaries and Assistant Treasurers. The officers shall hold office until his successor is chosen and qualified. Any number of offices may be held by the same person, except one may not serve concurrently as both President and Vice President.

As of December 31, 2024, the Company's principal officers, together with their respective titles, were as follows:

<u>Name</u>	<u>Title</u>
James C. Madden	President and Secretary
Blaine S. Moon	Vice President, Chief Financial Officer and Treasurer
Michael C. Armijo	Vice President, Information Services
Stephanie J. Korab	Vice President, Compliance Officer and Assistant Secretary
Alexander J. Fickes	Vice President, Underwriting and Marketing
Deborah A. Nowak	Vice President, Claims and Loss Prevention

Corporate Records

The recorded minutes of the shareholder and Board were reviewed for the period under examination. The recorded minutes of the Board adequately documented its meetings and approval of Company transactions and events, including approval of investment transactions as required by 18 *Del. C.* § 1304. In addition, a review of Company files indicated that written correspondence was submitted to the Department with regard to the changes in officers and directors during the period under examination as required by 18 *Del. C.* § 4919.

Insurance Holding Company System

The Company is a member of an insurance holding company system, as defined under 18 *Del. C.* § 5001(7) of the Delaware Insurance Code. The following is an abbreviated organizational chart of the insurance holding company system as of December 31, 2024:

<u>Company</u>	<u>Domicile</u>	<u>% Own</u>
WF Holding Company, LLC ¹	Oregon	
Work First Casualty Company	Delaware	100%
Work First Select, LLC	Oregon	100%
RLW RE Holdings, LLC	Utah	100%
RL Wendt, LLC	Oregon	100%
Complete Aviation Services and Modification, LLC ²	Utah	93%
Superior Skilled Trades, LLC ³	Florida	49%
SST Investment, LLC	Oregon	100%
Superior Skilled Trades Marine, LLC	Florida	100%
Continental Screening Services, LLC	Utah	100%
Insight Worldwide, Inc.	Oregon	100%

¹ WF Holding is owned by Spruce Street Ventures, LLC (SSV) and members of management of Work First Casualty Company, who own 65% and 35%, respectively. Roderick C. Wendt and Mark R. Wendt each own a 50% interest in SSV.

² Complete Aviation Services and Modification, LLC is owned 7% by an unaffiliated minority shareholder.

³ Superior Skilled Trades, LLC is owned 51% by an unaffiliated shareholder.

Agreements with Affiliates

As of December 31, 2024, the Company had no active affiliated agreements and received no material services from affiliates during the examination period.

TERRITORY AND PLAN OF OPERATION

As of December 31, 2024, the Company was licensed to transact property and casualty insurance business in all fifty states and the District of Columbia. The Company is a mono-line workers' compensation carrier focused on temporary staffing agencies. The Company writes business on a guaranteed cost, small deductible, and some large deductible programs. WFCC works with a limited network of brokers, who maintain a substantial book of staffing company insurance business.

REINSURANCE

The Company reported the following distribution of premiums written for the year ended December 31, 2024, and the prior examination date of December 31, 2019:

	2024	2019
Direct business	\$ 26,670,903	\$ 20,719,602
Reinsurance assumed (from affiliates)	1,312,334	-
Reinsurance assumed (from non-affiliates)	-	3,641,991
Gross direct and assumed business	<u>\$ 27,983,237</u>	<u>\$ 24,361,593</u>
Reinsurance ceded (to affiliates)	\$ -	\$ -
Reinsurance ceded (to non-affiliates)	<u>1,796,845</u>	<u>1,437,812</u>
Gross ceded business	<u>\$ 1,796,845</u>	<u>\$ 1,437,812</u>
Net premiums written	<u><u>\$ 26,186,392</u></u>	<u><u>\$ 22,923,781</u></u>

Assumed Reinsurance – Non-Affiliates

Effective January 1, 2018, the Company entered into a Quota Share Reinsurance Agreement with Benchmark Insurance Company (BIC). BIC is a national AM Best A rated carrier, which allows the Company to provide workers' compensation insurance to an insured that requires its insurer maintain an AM Best Rating. The Company underwrites and issues policies on behalf of cedent and assumes premium, less a ceding fee, and 100% of the losses. The Company manages losses under the agreement in the same manner as it does losses associated with its direct written premium business. The reinsurance is currently in runoff, as it is no longer needed due to the Company obtaining an AM Best rating.

Ceded Reinsurance – Non-Affiliates

Effective April 1, 2024, the Company entered into a Workers' Compensation Excess of Loss Reinsurance Agreement with various parties. The Company utilizes a reinsurance intermediary to broker its excess of loss reinsurance contract(s) for annual policy years. Subscribing reinsurers and the percentage participation may change from year to year; however, the programs overall retention was unchanged during the examination period. The excess of loss program consists of the following two per occurrence layers: 1) 1st excess of loss: 100% of \$4

million ultimate net loss, excess of \$1 million and 2) 2nd excess of loss: 100% of \$5 million ultimate net loss, excess of \$5 million.

Additionally, to further limit potential losses on any one account, in 2015 the Company entered into a Semi-Automatic Facultative Reinsurance Agreement with Maiden Reinsurance North America. The agreement may be utilized to reduce the attachment point of any one claim from the excess of loss point of \$1 million to a limit designated on the specific policy. The Company has only utilized the agreement on one policy since inception.

FINANCIAL STATEMENTS

The financial statements, as reported and filed by the Company with the Department, are the following:

- Statement of Assets as of December 31, 2024
- Statement of Liabilities, Surplus and Other Funds as of December 31, 2024
- Statement of Income for the Year Ended December 31, 2024
- Reconciliation of Capital and Surplus for the Period from the Prior Examination as of December 31, 2019 to December 31, 2024

Statement of Assets
As of December 31, 2024

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$ 75,699,519	\$ -	\$ 75,699,519
Common stocks	6,269,196	-	6,269,196
Mortgage loans on real estate - first liens	9,974,878	-	9,974,878
Properties occupied by the company	794,760	-	794,760
Properties held for the production of income	721,841	-	721,841
Properties held for sale	20,000	-	20,000
Cash	1,679,931	-	1,679,931
Cash equivalents	6,228,223	-	6,228,223
Other invested assets	10,349,673	-	10,349,673
Subtotals, Cash and Invested Assets	<u>\$ 111,738,020</u>	<u>\$ -</u>	<u>\$ 111,738,020</u>
Investment income due and accrued	842,332	-	842,332
Uncollected premiums and agents' balances in the course of collection	570,990	-	570,990
Amounts recoverable from reinsurers	976	-	976
Funds held by or deposited with reinsured companies	3,496,077	-	3,496,077
Net deferred tax asset	1,160,963	284,291	876,672
Guaranty funds receivable or on deposit	54,812	-	54,812
Electronic data processing equipment and software	56,912	-	56,912
Furniture and equipment	1,793	1,793	-
Receivables from parent; subsidiaries and affiliates	2,467	-	2,467
Aggregate write-ins for other-than-invested assets	436,413	151,937	284,476
Subtotal other assets	<u>\$ 6,623,735</u>	<u>\$ 438,021</u>	<u>\$ 6,185,714</u>
Total Assets	<u><u>\$ 118,361,755</u></u>	<u><u>\$ 438,021</u></u>	<u><u>\$ 117,923,734</u></u>

Statement of Liabilities, Surplus and Other Funds
As of December 31, 2024

		<u>Notes</u>
Losses	\$ 39,818,195	(1)
Loss adjustment expenses	5,854,053	(1)
Commissions payable; contingent commissions and other similar charges	17,082	
Other expenses (excluding taxes; licenses and fees)	2,187,832	
Taxes, licenses and fees	1,253,947	
Current federal and foreign income taxes	518,396	
Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$0)	1,232,543	
Funds held by company under reinsurance treaties	8,000	
Amounts withheld or retained by company for account of others	7,211,903	
Total Liabilities	\$ 58,101,951	
Common capital stock	\$ 3,056,820	
Gross paid in and contributed surplus	9,179,146	
Unassigned funds (surplus)	47,585,817	
Surplus as regards policyholders	\$ 59,821,783	
Totals Liabilities, Surplus and Other Funds	\$ 117,923,734	

Statement of Income
For the Year Ended December 31, 2024

Premiums earned	\$ 26,497,335
Losses incurred	\$ 10,558,462
Loss adjustment expenses incurred	4,989,590
Other underwriting expenses incurred	7,160,561
Total underwriting deductions	\$ 22,708,613
Net underwriting gain (loss)	\$ 3,788,722
Net investment income earned	\$ 4,205,650
Net realized capital gains (losses) less capital gains tax of \$0	15,148
Net investment gain (loss)	\$ 4,220,798
Net gain (loss) from agents' or premium balances charged off (amount recovered \$0 amount charged off \$736)	\$ (736)
Total other income	\$ (736)
Net income before dividends to policyholders; after capital gains tax and before all other federal and foreign income taxes	\$ 8,008,784
Dividends to policyholders	-
Net income; after dividends to policyholders; after capital gains tax and before all other federal and foreign income taxes	\$ 8,008,784
Federal and foreign income taxes incurred	1,954,864
Net income	\$ 6,053,920

Reconciliation of Capital and Surplus
For the Period from the Prior Examination
As of December 31, 2019, to December 31, 2024

	Common Capital Stock	Paid In & Contributed Surplus	Unassigned Funds (Surplus)	Total
Balance at December 31, 2019	\$ 3,056,820	\$ 8,841,258	\$ 9,023,376	\$ 20,921,454
2020 Net Income (Loss)	-	-	3,011,875	3,011,875
2020 Other Changes ¹	-	-	606,682	606,682
Balance at December 31, 2020	<u>\$ 3,056,820</u>	<u>\$ 8,841,258</u>	<u>\$ 12,641,933</u>	<u>\$ 24,540,011</u>
2021 Net Income (Loss)	-	-	9,810,430	9,810,430
2021 Other Changes ¹	-	-	1,965,598	1,965,598
Balance at December 31, 2021	<u>\$ 3,056,820</u>	<u>\$ 8,841,258</u>	<u>\$ 24,417,961</u>	<u>\$ 36,316,039</u>
2022 Net Income (Loss)	-	-	7,744,129	7,744,129
2022 Other Changes ¹	-	-	(752,533)	(752,533)
2022 Paid-In Surplus ²	-	337,888	-	337,888
2022 Dividends ³	-	-	(1,000,000)	(1,000,000)
Balance at December 31, 2022	<u>\$ 3,056,820</u>	<u>\$ 9,179,146</u>	<u>\$ 30,409,557</u>	<u>\$ 42,645,523</u>
2023 Net Income (Loss)	-	-	5,751,838	5,751,838
2023 Other Changes ¹	-	-	2,119,765	2,119,765
Balance at December 31, 2023	<u>\$ 3,056,820</u>	<u>\$ 9,179,146</u>	<u>\$ 38,281,160</u>	<u>\$ 50,517,126</u>
2024 Net Income (Loss)	-	-	6,053,920	6,053,920
2024 Other Changes ¹	-	-	3,250,737	3,250,737
Balance at December 31, 2024	<u>\$ 3,056,820</u>	<u>\$ 9,179,146</u>	<u>\$ 47,585,817</u>	<u>\$ 59,821,783</u>

¹ Changes in unassigned funds - other for each year includes: change in net unrealized capital gains/(losses); change in net deferred income tax and change in nonadmitted assets.

² On May 13, 2022, the Company became the beneficiary of two life insurance policies pursuant to a Reimbursement Agreement. The reimbursement was recorded as a return of capital.

³ On February 24, 2022, the Company declared an ordinary dividend in the amount of \$1 million. The dividend was paid in cash to the Company's Parent, WF Holding Company, LLC on February 25, 2022.

ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS RESULTING FROM THE EXAMINATION

There were no changes made to the financial statements as a result of this examination.

COMMENTS ON FINANCIAL STATEMENT ITEMS

Note 1:

Losses	\$ 39,818,195
Loss Adjustment Expenses	\$ 5,854,053

The examination liability for the aforementioned captioned items is the same as those balances reported by the Company as of December 31, 2024. The examination analysis of Loss and Loss Adjustment Expense reserves was conducted in accordance with Actuarial Principles and Standards of Practice and Statutory Accounting Principles, including NAIC Accounting Practices and Procedures Manual, Statement of Statutory Accounting Principle No. 55 *Unpaid Claims, Losses and Loss Adjustment Expenses* (SSAP No. 55).

SUBSEQUENT EVENTS

Subsequent events were evaluated through the date that this examination report was available to be issued. Based on this evaluation, the following transactions were deemed material for disclosure in this examination report.

Significant Transactions

- On March 10, 2025, the Company declared an ordinary dividend to its parent, WF Holding, totaling \$4,615,000. On March 11, 2025 and April 15, 2025, the Company paid \$3 million and \$460 thousand, respectively, of the dividend to the shareholders of WF Holding. The remaining \$1,115,000 was issued as surplus notes to the shareholders of WF Holding.
- On June 1, 2025, the Company issued two surplus notes, with a principal balance totaling \$1,155,000. The principal balance was comprised of a \$825,000 evidenced by 8% interest bearing note payable and \$330,000 evidenced by 8% interest bearing note payable. All

outstanding surplus notes are payable to the shareholders of the Company's parent, WF Holding.

SUMMARY OF RECOMMENDATIONS

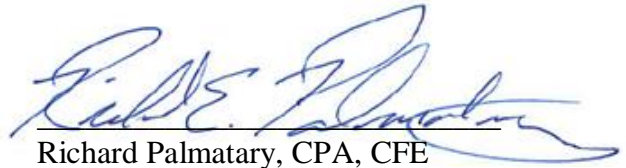
There were no recommendations as a result of this examination.

The assistance of the consulting actuarial firm, INS Consultants, Inc., the Department information systems specialist, the Company's outside audit firm, LC, and the Company's management and staff was appreciated and is acknowledged.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Staci Ginsburg", written over a horizontal line.

Staci Ginsburg, CPA, CFE
Examiner In-Charge
State of Delaware

A handwritten signature in blue ink, appearing to read "Richard Palmatary", written over a horizontal line.

Richard Palmatary, CPA, CFE
Supervising Examiner
State of Delaware

Work First Casualty Company

I, Staci Ginsburg, hereby verify and attest, under penalty of perjury, that the above is a true and correct copy of the examination report and findings submitted to the Delaware Department of Insurance pursuant to Examination Certification No. 25.038.



Staci Ginsburg, CPA, CFE