



ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2002
OF THE CONDITION AND AFFAIRS OF THE
LIGHTNING ROD MUTUAL INSURANCE COMPANY

NAIC Group Code 0207 (Current Period) 0207 (Prior Period) NAIC Company Code 26123 Employer's ID Number 34-0359380
Organized under the Laws of Ohio, State of Domicile or Port of Entry Ohio
Country of Domicile United States of America
Incorporated 01/01/1906 Commenced Business 03/01/1906
Statutory Home Office 1685 Cleveland Road (Street and Number), Wooster, OH 44691-0036 (City or Town, State and Zip Code)
Main Administrative Office 1685 Cleveland Road (Street and Number), Wooster, OH 44691-0036 (City or Town, State and Zip Code), 330-262-9060 (Area Code) (Telephone Number)
Mail Address 1685 Cleveland Road (Street and Number or P.O. Box), Wooster, OH 44691-0036 (City or Town, State and Zip Code)
Primary Location of Books and Records 1685 Cleveland Road (Street and Number), Wooster, OH 44691-0036 (City or Town, State and Zip Code), 330-262-9060-2437 (Area Code) (Telephone Number)
Internet Website Address www.wrg-ins.com
Statement Contact Joseph E. Wilford (Name), 330-262-9060-2437 (Area Code) (Telephone Number) (Extension), Joe.Wilford@wrg-ins.com (E-mail Address), 330-264-7822 (Fax Number)
Policyowner Relations Contact 1685 Cleveland Rd. (Street and Number), Wooster, OH 44691 (City or Town, State and Zip Code), (Area Code) (Telephone Number) (Extension)

OFFICERS

PRESIDENT JOHN P. MURPHY SECRETARY JOHN P. MURPHY
VP FINANCE/CFO/TREASURER KENNETH B. STOCKMAN

VICE PRESIDENTS

KENNETH B. STOCKMAN WILLIAM J. BLINCOE KEVIN W. DAY
F. EMERSON LOGEE TIMOTHY A. PADDOCK DANIEL J. PITCHER

DIRECTORS OR TRUSTEES

ROBERT P. BOGNER F. EMERSON LOGEE JOHN P. MURPHY
C. MICHAEL REARDON KENNETH G. RHODE

State of OHIO
County of WAYNE } ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

JOHN P. MURPHY PRESIDENT JOHN P. MURPHY VICE PRESIDENT KENNETH B. STOCKMAN VP FINANCE/CFO/TREASURER

Subscribed and sworn to before me this day of , 2003
a. Is this an original filing? Yes [X] No []
b. If no,
1. State the amendment number
2. Date filed
3. Number of pages attached

NOTARY PUBLIC

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds	72,319,258		72,319,258	63,307,736
2. Stocks:				
2.1 Preferred stocks (Schedule D, Part 2, Section 1)	1,201,520		1,201,520	1,205,380
2.2 Common stocks (Schedule D, Part 2, Section 2)	48,831,649		48,831,649	71,418,530
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances)	2,824,657		2,824,657	2,969,418
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$6,156,552 Schedule E, Part 1) and short-term investments(\$14,523,046 Schedule DA, Part 2)	20,679,598		20,679,598	13,644,510
6. Other invested assets (Schedule BA)	119,821	74,096	45,725	64,284
7. Receivable for securities			0	0
8. Aggregate write-ins for invested assets	0	0	0	0
9. Subtotals, cash and invested assets (Lines 1 to 8)	145,976,503	74,096	145,902,407	152,609,858
10. Agents' balances or uncollected premiums:				
10.1 Premiums and agents' balances in course of collection			0	0
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (Including \$ earned but unbilled premiums)	12,274,362	71,029	12,203,333	12,827,017
10.3 Accrued retrospective premiums			0	0
11. Funds held by or deposited with reinsured companies			0	0
12. Bills receivable, taken for premiums			0	0
13. Amounts receivable under high deductible policies			0	0
14. Reinsurance recoverables on loss and loss adjustment expense payments (Schedule F, Part 3, Cols. 7 and 8)	275,636		275,636	253,675
15. Federal and foreign income tax recoverable and interest thereon (including \$(1,184,384) net deferred tax asset)	185,762		185,762	0
16. Guaranty funds receivable or on deposit			0	0
17. Electronic data processing equipment and software.....	360,905		360,905	266,070
18. Interest, dividends and real estate income due and accrued	1,079,669		1,079,669	1,016,371
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Receivable from parent, subsidiaries and affiliates			0	0
21. Amount due from/to protected cells			0	0
22. Equities and deposits in pools and associations			0	0
23. Amounts receivable relating to uninsured accident and health plans			0	0
24. Other assets nonadmitted (Exhibit 1)	605,851	605,851	0	0
25. Aggregate write-ins for other than invested assets	3,581	0	3,581	5,235
26. Total assets excluding protected cell assets (Lines 9 through 25)	160,762,269	750,976	160,011,293	166,978,226
27. Protected cell assets			0	
28. TOTALS (Lines 26 and 27)	160,762,269	750,976	160,011,293	166,978,226
DETAILS OF WRITE-INS				
0801.				
0802.				
0803.				
0898. Summary of remaining write-ins for Line 8 from overflow page	0	0	0	0
0899. Totals (Lines 0801 thru 0803 plus 0898) (Line 8 above)	0	0	0	0
2501. ASSUMED REINSURANCE RECEIVABLE.....	3,581		3,581	5,235
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)	3,581	0	3,581	5,235

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8)	34,044,160	32,356,301
2. Reinsurance payable on paid loss and loss adjustment expenses (Schedule F, Part 1, Column 6)	0	0
3. Loss adjustment expenses (Part 2A, Line 34, Column 9)	4,008,400	3,898,400
4. Commissions payable, contingent commissions and other similar charges	2,211,911	1,526,278
5. Other expenses (excluding taxes, licenses and fees)	754,054	663,044
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	1,104,860	987,197
7. Federal and foreign income taxes (including \$ on realized capital gains (losses)) (including \$ net deferred tax liability)		6,049,034
8. Borrowed money \$ and interest thereon \$		0
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$415,000 and including warranty reserves of \$)	30,287,442	26,363,367
10. Advance premiums	670,470	
11. Dividends declared and unpaid:		
11.1 Stockholders		0
11.2 Policyholders		0
12. Ceded reinsurance premiums payable (net of ceding commissions)	829,540	809,919
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		0
14. Amounts withheld or retained by company for account of others	1,911,450	2,483,042
15. Remittances and items not allocated		0
16. Provision for reinsurance (Schedule F, Part 7)	0	0
17. Net adjustments in assets and liabilities due to foreign exchange rates		0
18. Drafts outstanding		0
19. Payable to parent, subsidiaries and affiliates		0
20. Payable for securities		0
21. Liability for amounts held under uninsured accident and health plans		0
22. Capital Notes \$ and interest thereon \$		0
23. Aggregate write-ins for liabilities	2,179,221	844,128
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	78,001,508	75,980,710
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	78,001,508	75,980,710
27. Aggregate write-ins for special surplus funds	0	0
28. Common capital stock		0
29. Preferred capital stock		0
30. Aggregate write-ins for other than special surplus funds	0	0
31. Surplus notes		0
32. Gross paid in and contributed surplus		0
33. Unassigned funds (surplus)	82,009,785	90,997,516
34. Less treasury stock, at cost:		
34.1 shares common (value included in Line 28 \$)		0
34.2 shares preferred (value included in Line 29 \$)		0
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 38)	82,009,785	90,997,516
36. TOTALS (Page 2, Line 28, Col. 3)	160,011,293	166,978,226
DETAILS OF WRITE-INS		
2301. Employee Distribution	1,449,217	844,128
2302. Deferred Option Income	518,859	0
2303. Option Liability	211,145	0
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	2,179,221	844,128
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	0	0
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above)	0	0

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 34, Column 4)	72,365,922	63,086,644
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7)	49,765,965	46,570,731
3. Loss expenses incurred (Part 3, Line 25, Column 1)	5,491,927	3,752,127
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	22,458,298	19,172,726
5. Aggregate write-ins for underwriting deductions	0	0
6. Total underwriting deductions (Lines 2 through 5)	77,716,190	69,495,584
7. Net income of protected cells		
8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7)	(5,350,268)	(6,408,940)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	4,003,730	4,812,497
10. Net realized capital gains or (losses) (Exhibit of Capital Gains (Losses))	2,513,178	1,827,166
11. Net investment gain or (loss) (Lines 9 + 10)	6,516,908	6,639,663
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$)	(66,018)	(44,791)
13. Finance and service charges not included in premiums	1,557,630	1,487,185
14. Aggregate write-ins for miscellaneous income	(1,451,718)	(717,297)
15. Total other income (Lines 12 through 14)	39,894	725,097
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15)	1,206,534	955,820
17. Dividends to policyholders		0
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17)	1,206,534	955,820
19. Federal and foreign income taxes incurred	(345,513)	1,048,912
20. Net income (Line 18 minus Line 19) (to Line 22)	1,552,047	(93,092)
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 38, Column 2)	90,997,516	112,586,803
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20)	1,552,047	(93,092)
23. Net unrealized capital gains or (losses)	(15,135,721)	(14,229,177)
24. Change in net unrealized foreign exchange capital gain (loss)		0
25. Change in net deferred income tax	4,689,370	5,785,553
26. Change in nonadmitted assets (Exhibit 1, Line 5, Col. 3)	117,718	25,409
27. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	0	0
28. Change in surplus notes		0
29. Surplus (contributed to) withdrawn from protected cells		
30. Cumulative effect of changes in accounting principles		(13,077,980)
31. Capital changes:		
31.1. Paid in		0
31.2. Transferred from surplus (Stock Dividend)		0
31.3. Transferred to surplus		0
32. Surplus adjustments:		
32.1. Paid in		0
32.2. Transferred to capital (Stock Dividend)		0
32.3. Transferred from capital		0
33. Net remittances from or (to) Home Office		0
34. Dividends to stockholders (cash)		0
35. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)	0	0
36. Aggregate write-ins for gains and losses in surplus	(211,145)	0
37. Change in surplus as regards policyholders for the year (Lines 22 through 36)	(8,987,731)	(21,589,287)
38. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 37) (Page 3, Line 35)	82,009,785	90,997,516
DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0
1401. EMPLOYEE DISTRIBUTION	(1,449,250)	(721,814)
1402. OTHER	(2,468)	4,517
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	(1,451,718)	(717,297)
3601. Option Liability	(211,145)	0
3602.		
3603.		
3698. Summary of remaining write-ins for Line 36 from overflow page	0	0
3699. Totals (Lines 3601 thru 3603 plus 3698) (Line 36 above)	(211,145)	0

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	77,641,731	65,239,748
2. Loss and loss adjustment expenses paid (net of salvage and subrogation)	53,481,994	47,154,170
3. Underwriting expenses paid	21,974,128	18,645,704
4. Other underwriting income (expenses)	0	0
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	2,185,609	(560,126)
6. Net investment income	4,404,953	5,094,124
7. Other income (expenses):		
7.1 Agents' balances charged off	(66,018)	(44,791)
7.2 Net funds held under reinsurance treaties	0	0
7.3 Net amount withheld or retained for account of others	158,412	1,297,094
7.4 Aggregate write-ins for miscellaneous items	960,637	(635,484)
7.5 Total other income (Lines 7.1 to 7.4)	1,053,031	616,819
8. Dividends to policyholders on direct business, less \$ dividends on reinsurance assumed or ceded (net)	0	0
9. Federal and foreign income taxes (paid) recovered	(1,199,551)	(924,730)
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9)	6,444,042	4,226,087
Cash from Investments		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds	17,150,090	20,584,788
11.2 Stocks	63,177,603	70,179,514
11.3 Mortgage loans	0	0
11.4 Real estate	0	0
11.5 Other invested assets	50,509	92,861
11.6 Net gains or (losses) on cash and short-term investments	0	0
11.7 Miscellaneous proceeds	0	0
11.8 Total investment proceeds (Lines 11.1 to 11.7)	80,378,202	90,857,163
12. Cost of investments acquired (long-term only):		
12.1 Bonds	25,652,672	17,306,810
12.2 Stocks	54,072,898	71,854,388
12.3 Mortgage loans	0	0
12.4 Real estate	16,214	228,664
12.5 Other invested assets	0	0
12.6 Miscellaneous applications	0	0
12.7 Total investments acquired (Lines 12.1 to 12.6)	79,741,784	89,389,862
13. Net Cash from investments (Line 11.8 minus Line 12.7)	636,418	1,467,301
Cash from Financing and Miscellaneous Sources		
14. Cash provided:		
14.1 Surplus notes, capital and surplus paid in	0	0
14.2 Capital notes \$ less amounts repaid \$	0	0
14.3 Net transfers from affiliates	0	0
14.4 Borrowed funds received	0	0
14.5 Other cash provided	49,463	55,344
14.6 Total (Lines 14.1 to 14.5)	49,463	55,344
15. Cash applied:		
15.1 Dividends to stockholders paid	0	0
15.2 Net transfers to affiliates	0	0
15.3 Borrowed funds repaid	0	0
15.4 Other applications	94,835	28,832
15.5 Total (Lines 15.1 to 15.4)	94,835	28,832
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5)	(45,372)	26,512
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
17. Net change in cash and short-term investments (Line 10, plus Line 13, plus Line 16)	7,035,088	5,719,900
18. Cash and short-term investments:		
18.1 Beginning of year	13,644,510	7,924,610
18.2 End of year (Line 17 plus Line 18.1)	20,679,598	13,644,510
DETAILS OF WRITE-INS		
07.401 FINANCE AND SERVICE CHARGES NOT INCLUDED IN PREMIUMS	1,557,630	1,487,185
07.402 EMPLOYEE DISTRIBUTION	(605,089)	(2,127,186)
07.403 OTHER MISCELLANEOUS INCOME	8,096	4,517
07.498 Summary of remaining write-ins for Line 7.4 from overflow page	0	0
07.499 Totals (Lines 07.401 thru 07.403 plus 07.498) (Line 7.4 above)	960,637	(635,484)

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Lines of Business		1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 2	3 Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire	506,950	380,465	329,529	557,886
2.	Allied lines	250,016	130,425	138,348	242,093
3.	Farmowners multiple peril	4,334,974	2,113,704	2,437,987	4,010,691
4.	Homeowners multiple peril	14,894,094	7,428,513	8,686,140	13,636,467
5.	Commercial multiple peril	6,221,969	2,664,158	3,310,590	5,575,537
6.	Mortgage guaranty	0	0	0	0
8.	Ocean marine	0	0	0	0
9.	Inland marine	507,686	244,542	268,540	483,688
10.	Financial guaranty	0	0	0	0
11.1	Medical malpractice - occurrence	0	0	0	0
11.2	Medical malpractice - claims-made	0	0	0	0
12.	Earthquake	9,833	4,622	4,456	9,999
13.	Group accident and health	0	0	0	0
14.	Credit accident and health (group and individual)	0	0	0	0
15.	Other accident and health	0	0	0	0
16.	Workers' compensation	706,880	284,098	348,061	642,917
17.1	Other liability - occurrence	208,719	133,102	139,408	202,413
17.2	Other liability - claims-made	0	0	0	0
18.1	Products liability - occurrence	50,650	20,126	25,107	45,669
18.2	Products liability - claims-made	0	0	0	0
19.1,19.2	Private passenger auto liability	24,511,071	6,384,878	6,997,941	23,898,008
19.3,19.4	Commercial auto liability	3,082,331	1,297,187	1,477,579	2,901,939
21.	Auto physical damage	20,962,875	5,256,874	6,103,489	20,116,260
22.	Aircraft (all perils)	0	0	0	0
23.	Fidelity	0	0	0	0
24.	Surety	0	0	0	0
26.	Burglary and theft	41,949	20,673	20,267	42,355
27.	Boiler and machinery	0	0	0	0
28.	Credit	0	0	0	0
29.	International	0	0	0	0
30.	Reinsurance - Nonproportional Assumed Property	0	0	0	0
31.	Reinsurance - Nonproportional Assumed Liability	0	0	0	0
32.	Reinsurance - Nonproportional Assumed Financial Lines	0	0	0	0
33.	Aggregate write-ins for other lines of business	0	0	0	0
34.	TOTALS	76,289,997	26,363,367	30,287,442	72,365,922
DETAILS OF WRITE-INS					
3301.				
3302.				
3303.				
3398.	Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0
3399.	Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

(a) Gross premiums (less reinsurance) and unearned premiums on all unexpired risks and reserve for return premiums under rate credit or retrospective rating plans based upon experience, viz:

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (b)	2 Amount Unearned (Running More Than One Year from Date of Policy) (b)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols: 1 + 2 + 3 + 4
1. Fire	329,529				329,529
2. Allied lines	138,348				138,348
3. Farmowners multiple peril	2,437,987				2,437,987
4. Homeowners multiple peril	8,686,140				8,686,140
5. Commercial multiple peril	3,310,590				3,310,590
6. Mortgage guaranty					0
8. Ocean marine					0
9. Inland marine	268,540				268,540
10. Financial guaranty					0
11.1 Medical malpractice - occurrence					0
11.2 Medical malpractice - claims-made					0
12. Earthquake	4,456				4,456
13. Group accident and health					0
14. Credit accident and health (group and individual)					0
15. Other accident and health					0
16. Workers' compensation	348,061				348,061
17.1 Other liability - occurrence	139,408				139,408
17.2 Other liability - claims-made					0
18.1 Products liability - occurrence	25,107				25,107
18.2 Products liability - claims-made					0
19.1,19.2 Private passenger auto liability	6,997,941				6,997,941
19.3,19.4 Commercial auto liability	1,477,579				1,477,579
21. Auto physical damage	6,103,489				6,103,489
22. Aircraft (all perils)					0
23. Fidelity					0
24. Surety					0
26. Burglary and theft	20,267				20,267
27. Boiler and machinery					0
28. Credit					0
29. International					0
30. Reinsurance - Nonproportional Assumed Property					0
31. Reinsurance - Nonproportional Assumed Liability					0
32. Reinsurance - Nonproportional Assumed Financial Lines					0
33. Aggregate write-ins for other lines of business	0	0	0	0	0
34. TOTALS	30,287,442	0	0	0	30,287,442
35. Accrued retrospective premiums based on experience					
36. Earned but unbilled premiums					
37. Balance (Sum of Line 34 through 36)					30,287,442
DETAILS OF WRITE-INS					
3301.					
3302.					
3303.					
3398. Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0	0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0

(a) By gross premiums is meant the aggregate of all the premiums written in the policies or renewals in force.

Are they so returned in this statement? Yes [X] No []

(b) State here basis of computation used in each case .

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1B - PREMIUMS WRITTEN

Gross Premiums (Less Return Premiums), Including Policy and Membership Fees Written and Renewed During Year

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire	(102,525)	1,021,890		414,777	(2,362)	506,950
2. Allied lines	5,347	449,795		204,559	567	250,016
3. Farmowners multiple peril	8,002,377	599,159		3,546,798	719,764	4,334,974
4. Homeowners multiple peril	12,587,135	15,684,484		12,186,078	1,191,447	14,894,094
5. Commercial multiple peril	4,074,984	7,670,217		5,090,701	432,531	6,221,969
6. Mortgage guaranty						0
8. Ocean marine						0
9. Inland marine	413,596	550,185		415,379	40,716	507,686
10. Financial guaranty						0
11.1 Medical malpractice - occurrence						0
11.2 Medical malpractice - claims-made						0
12. Earthquake	9,506	9,475		8,046	1,102	9,833
13. Group accident and health						0
14. Credit accident and health (group and individual)						0
15. Other accident and health						0
16. Workers' compensation		1,285,237		578,357		706,880
17.1 Other liability - occurrence	210,275	336,249		170,769	167,036	208,719
17.2 Other liability - claims-made						0
18.1 Products liability - occurrence	17,641	75,219		41,442	768	50,650
18.2 Products liability - claims-made						0
19.1,19.2 Private passenger auto liability	24,251,154	21,347,418		20,054,512	1,032,989	24,511,071
19.3,19.4 Commercial auto liability	2,303,815	3,401,460		2,521,908	101,036	3,082,331
21. Auto physical damage	21,301,257	17,236,637		17,151,444	423,575	20,962,875
22. Aircraft (all perils)						0
23. Fidelity						0
24. Surety						0
26. Burglary and theft	44,254	36,869		34,322	4,852	41,949
27. Boiler and machinery						0
28. Credit						0
29. International						0
30. Reinsurance - Nonproportional Assumed Property	XXX					0
31. Reinsurance - Nonproportional Assumed Liability	XXX					0
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX					0
33. Aggregate write-ins for other lines of business	0	0	0	0	0	0
34. TOTALS	73,118,816	69,704,294	0	62,419,092	4,114,021	76,289,997
DETAILS OF WRITE-INS						
3301.						
3302.						
3303.						
3398. Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0	0	0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0	0

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes [] No [X]

If yes: 1. The amount of such installment premiums \$

2. Amount at which such installment premiums would have been reported had they been reported on an annualized basis \$

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Previous Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire	(1,187)	356,083	159,704	195,192	81,161	43,178	233,175	41.8
2. Allied lines	2,217	393,565	178,102	217,680	42,114	26,926	232,868	96.2
3. Farmowners multiple peril	6,276,435	295,310	3,520,980	3,050,765	1,260,016	1,361,320	2,949,461	73.5
4. Homeowners multiple peril	11,125,003	12,608,161	11,550,823	12,182,341	4,051,717	3,781,908	12,452,150	91.3
5. Commercial multiple peril	971,840	2,199,062	1,481,568	1,689,334	1,852,436	1,459,349	2,082,421	37.3
6. Mortgage guaranty	.0	.0	.0	.0	.0	.0	.0	0.0
8. Ocean marine	.0	.0	.0	.0	.0	.0	.0	0.0
9. Inland marine	185,971	129,708	156,390	159,289	17,459	38,744	138,004	28.5
10. Financial guaranty	.0	.0	.0	.0	.0	.0	.0	0.0
11.1 Medical malpractice - occurrence	.0	.0	.0	.0	.0	.0	.0	0.0
11.2 Medical malpractice - claims-made	.0	.0	.0	.0	.0	.0	.0	0.0
12. Earthquake	.0	.0	.0	.0	.0	.0	.0	0.0
13. Group accident and health	.0	.0	.0	.0	.0	.0	.0	0.0
14. Credit accident and health (group and individual)	.0	.0	.0	.0	.0	.0	.0	0.0
15. Other accident and health	.0	.0	.0	.0	.0	.0	.0	0.0
16. Workers' compensation	.0	338,824	152,471	186,353	300,825	300,020	187,158	29.1
17.1 Other liability - occurrence	327,946	157,351	380,084	105,213	518,114	645,318	(21,991)	(10.9)
17.2 Other liability - claims-made	.0	.0	.0	.0	.0	.0	.0	0.0
18.1 Products liability - occurrence	.0	2,564	1,154	1,410	5,501	8,251	(1,340)	(2.9)
18.2 Products liability - claims-made	.0	.0	.0	.0	.0	.0	.0	0.0
19.1,19.2 Private passenger auto liability	15,078,811	15,187,066	14,194,717	16,071,160	22,912,361	21,792,199	17,191,322	71.9
19.3,19.4 Commercial auto liability	1,053,022	1,221,938	1,097,282	1,177,678	1,738,359	2,106,734	809,303	27.9
21. Auto physical damage	12,452,662	11,335,060	10,780,394	13,007,328	1,253,543	771,846	13,489,025	67.1
22. Aircraft (all perils)	.0	.0	.0	.0	.0	.0	.0	0.0
23. Fidelity	.0	.0	.0	.0	.0	.0	.0	0.0
24. Surety	.0	.0	.0	.0	.0	.0	.0	0.0
26. Burglary and theft	26,145	36,333	28,115	34,363	2,471	11,275	25,559	60.3
27. Boiler and machinery	.0	.0	.0	.0	.0	.0	.0	0.0
28. Credit	.0	.0	.0	.0	.0	.0	.0	0.0
29. International	.0	.0	.0	.0	.0	.0	.0	0.0
30. Reinsurance - Nonproportional Assumed Property	XXX	.0	.0	.0	8,083	9,233	(1,150)	0.0
31. Reinsurance - Nonproportional Assumed Liability	XXX	.0	.0	.0	.0	.0	.0	0.0
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX	.0	.0	.0	.0	.0	.0	0.0
33. Aggregate write-ins for other lines of business	.0	.0	.0	.0	.0	.0	.0	0.0
34. TOTALS	47,498,865	44,261,025	43,681,784	48,078,106	34,044,160	32,356,301	49,765,965	68.8
DETAILS OF WRITE-INS								
3301.								
3302.								
3303.								
3398. Summary of remaining write-ins for Line 33 from overflow page	.0	.0	.0	.0	.0	.0	.0	0.0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0	0	0	0.0

6

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

**UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES**

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 +5 + 6 - 7)	9 Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire	.0	123,802	55,711	68,091	.0	25,464	12,394	81,161	6,918
2. Allied lines	.0	76,571	34,457	42,114	.0	.0	.0	42,114	8,631
3. Farmowners multiple peril	1,555,850	26,475	765,118	817,207	1,021,335	8,747	587,273	1,260,016	163,267
4. Homeowners multiple peril	2,318,912	3,646,573	3,238,659	2,726,826	846,741	1,748,691	1,270,541	4,051,717	791,510
5. Commercial multiple peril	675,186	1,732,021	1,110,271	1,296,936	274,999	735,001	454,500	1,852,436	644,771
6. Mortgage guaranty	.0	.0	.0	.0	.0	.0	.0	.0	.0
8. Ocean marine	.0	.0	.0	.0	.0	.0	.0	.0	.0
9. Inland marine	7,000	7,000	6,300	7,700	19,043	.0	9,284	17,459	1,218
10. Financial guaranty	.0	.0	.0	.0	.0	.0	.0	.0	.0
11.1 Medical malpractice - occurrence	.0	.0	.0	.0	.0	.0	.0	.0	.0
11.2 Medical malpractice - claims-made	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Earthquake	.0	.0	.0	.0	.0	.0	.0	.0	.0
13. Group accident and health	.0	.0	.0	.0	.0	.0	.0	(a)	.0
14. Credit accident and health (group and individual)	.0	.0	.0	.0	.0	.0	.0	(a)	.0
15. Other accident and health	.0	.0	.0	.0	.0	.0	.0	(a)	.0
16. Workers' compensation	.0	144,954	65,229	79,725	.0	402,000	180,900	300,825	154,989
17.1 Other liability - occurrence	1,244,390	262,638	1,245,214	261,814	1,985,278	105,541	1,834,519	518,114	200,635
17.2 Other liability - claims-made	.0	.0	.0	.0	.0	.0	.0	.0	.0
18.1 Products liability - occurrence	5,000	5,002	4,501	5,501	.0	.0	.0	5,501	.0
18.2 Products liability - claims-made	.0	.0	.0	.0	.0	.0	.0	.0	.0
19.1,19.2 Private passenger auto liability	16,571,807	14,483,492	14,784,188	16,271,111	7,653,183	6,055,900	7,067,833	22,912,361	1,492,521
19.3,19.4 Commercial auto liability	2,173,835	817,151	1,814,727	1,176,259	374,454	673,780	486,134	1,738,359	147,971
21. Auto physical damage	884,412	965,100	933,669	915,843	347,901	266,099	276,300	1,253,543	395,840
22. Aircraft (all perils)	.0	.0	.0	.0	.0	.0	.0	.0	.0
23. Fidelity	.0	.0	.0	.0	.0	.0	.0	.0	.0
24. Surety	.0	.0	.0	.0	.0	.0	.0	.0	.0
26. Burglary and theft	4,000	.0	1,800	2,200	.0	492	221	2,471	129
27. Boiler and machinery	.0	.0	.0	.0	.0	.0	.0	.0	.0
28. Credit	.0	.0	.0	.0	.0	.0	.0	.0	.0
29. International	.0	.0	.0	.0	.0	.0	.0	.0	.0
30. Reinsurance - Nonproportional Assumed Property	XXX	7,348	(735)	8,083	XXX	.0	.0	8,083	.0
31. Reinsurance - Nonproportional Assumed Liability	XXX	.0	.0	.0	XXX	.0	.0	.0	.0
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX	.0	.0	.0	XXX	.0	.0	.0	.0
33. Aggregate write-ins for other lines of business	.0	.0	.0	.0	.0	.0	.0	.0	.0
34. TOTALS	25,440,392	22,298,127	24,059,109	23,679,410	12,522,934	10,021,715	12,179,899	34,044,160	4,008,400
DETAILS OF WRITE-INS									
3301.									
3302.									
3303.									
3398. Summary of remaining write-ins for Line 33 from overflow page	.0	.0	.0	.0	.0	.0	.0	.0	.0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0	0	0	0	0

(a) Including \$ for present value of life indemnity claims.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	2,342,485			2,342,485
1.2 Reinsurance assumed				0
1.3 Reinsurance ceded	78,755			78,755
1.4 Net claim adjustment service (1.1 + 1.2 - 1.3)	2,263,730	0	0	2,263,730
2. Commission and brokerage:				
2.1 Direct excluding contingent	0	12,420,345		12,420,345
2.2 Reinsurance assumed excluding contingent				0
2.3 Reinsurance ceded excluding contingent		213,256		213,256
2.4 Contingent-direct		1,109,912		1,109,912
2.5 Contingent-reinsurance assumed				0
2.6 Contingent-reinsurance ceded				0
2.7 Policy and membership fees				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)	0	13,317,001	0	13,317,001
3. Allowances to managers and agents		151,642		151,642
4. Advertising		31,434		31,434
5. Boards, bureaus and associations	13,138	239,957		253,095
6. Surveys and underwriting reports		955,832		955,832
7. Audit of assureds' records				0
8. Salary and related items:				
8.1 Salaries	1,717,328	3,869,083	273,589	5,860,000
8.2 Payroll taxes	131,245	288,840	21,874	441,959
9. Employee relations and welfare	254,890	664,486	44,406	963,782
10. Insurance	30,347	30,347	0	60,694
11. Directors' fees	24,404	43,615	2,712	70,731
12. Travel and travel items	35,345	68,879	6,353	110,577
13. Rent and rent items	120,970	87,978	10,997	219,945
14. Equipment	154,718	201,644	13,190	369,552
15. Cost or depreciation of EDP equipment and software	354,752	462,019	48,484	865,255
16. Printing and stationery	53,961	208,007	13,490	275,458
17. Postage, telephone and telegraph, exchange and express	259,937	370,603	12,868	643,408
18. Legal and auditing	77,162	123,673	317,529	518,364
19. Totals (Lines 3 to 18)	3,228,197	7,798,039	765,492	11,791,728
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$		893,976		893,976
20.2 Insurance department licenses and fees		384,408		384,408
20.3 Gross guaranty association assessments		5,716		5,716
20.4 All other (excluding federal and foreign income and real estate)		36,405		36,405
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	0	1,320,505	0	1,320,505
21. Real estate expenses			283,850	283,850
22. Real estate taxes			56,891	56,891
23. Reimbursements by uninsured accident and health plans				0
24. Aggregate write-ins for miscellaneous expenses	0	22,753	0	22,753
25. Total expenses incurred	5,491,927	22,458,298	1,106,233	(a) 29,056,458
26. Less unpaid expenses - current year	4,008,400	2,574,977	71,383	6,654,760
27. Add unpaid expenses - prior year	3,898,400	2,090,807	81,383	6,070,590
28. Amounts receivable relating to uninsured accident and health plans, prior year	0	0	0	0
29. Amounts receivable relating to uninsured accident and health plans, current year				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	5,381,927	21,974,128	1,116,233	28,472,288
DETAILS OF WRITE-INS				
2401. Charitable Contributions		22,753		22,753
2402.				
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above)	0	22,753	0	22,753

(a) Includes management fees of \$ paid to affiliates and \$ paid to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 2,052,306	2,043,063
1.1 Bonds exempt from U.S. tax	(a) 470,354	552,463
1.2 Other bonds (unaffiliated)	(a) 615,727	631,388
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b) 94,005	94,005
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	1,345,318	1,320,696
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d) 246,000	246,000
5. Contract loans		
6. Cash/short-term investments	(e) 365,238	364,995
7. Derivative instruments	(f)	
8. Other invested assets	10,465	10,101
9. Aggregate write-ins for investment income	470	470
10. Total gross investment income	5,199,883	5,263,181
11. Investment expenses		(g)
12. Investment taxes, licenses and fees, excluding federal income taxes		(g) 1,106,233
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i) 153,218
15. Aggregate write-ins for deductions from investment income		0
16. Total (Lines 11 through 15)		1,259,451
17. Net Investment Income - (Line 10 minus Line 16)		4,003,730
DETAILS OF WRITE-INS		
0901. N.A.M.I.C.	470	470
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	470	470
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

- (a) Includes \$ (12,941) accrual of discount less \$ 308,362 amortization of premium and less \$ 190,691 paid for accrued interest on purchases.
- (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
- (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
- (e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (f) Includes \$ accrual of discount less \$ amortization of premium.
- (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
- (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Increases (Decreases) by Adjustment	4 Net Gain (Loss) from Change in Difference Between Basis Book/ Adjusted Carrying and Admitted Values	5 Total
1. U.S. Government bonds	830,243				830,243
1.1 Bonds exempt from U.S. tax					0
1.2 Other bonds (unaffiliated)					0
1.3 Bonds of affiliates					0
2.1 Preferred stocks (unaffiliated)					0
2.11 Preferred stocks of affiliates			(3,860)		(3,860)
2.2 Common stocks (unaffiliated)	1,649,686		(15,101,279)		(13,451,593)
2.21 Common stocks of affiliates			(30,582)		(30,582)
3. Mortgage loans					0
4. Real estate					0
5. Contract loans					0
6. Cash/Short-term investments					0
7. Derivative instruments	33,249				33,249
8. Other invested assets					0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10. Total capital gains (losses)	2,513,178	0	(15,135,721)	0	(12,622,543)
DETAILS OF WRITE-INS					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0	0	0	0

EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS

	1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) Decrease
1. Summary of Items Page 2, Lines 10 to 17 and 19 to 23, Column 2	71,029	108,988	37,959
2. Other Nonadmitted Assets:			
2.1 Bills receivable		0	0
2.2 Furniture, equipment and supplies	605,851	653,660	47,809
2.3 Leasehold improvements		0	0
2.4 Loans on personal security, endorsed or not		0	0
3. Total (Lines 2.1 to 2.4)	605,851	653,660	47,809
4. Aggregate write-ins for other assets	74,096	106,046	31,950
5. Total (Line 1 plus Lines 3 and 4)	750,976	868,694	117,718
0401. Notes Receivable.....	74,096	106,046	31,950
0402.			
0403.			
0498. Summary of remaining write-ins for Line 4 from overflow page	0	0	0
0499. Totals (Lines 0401 thru 0403 plus 0498) (Line 4 above)	74,096	106,046	31,950

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

- A. The accompanying financial statement of the company has been prepared in conformity with accounting practices prescribed by the National Association of Insurance Commissioner's *Accounting Practices and Procedures* manual and the state of Ohio.
- B. The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.
- C. Accounting policy disclosure for:
 - 1. Short-term investments are stated at cost.
 - 2. Bonds are stated at amortized cost (scientific amortization method),
 - 3. Common stocks are stated at market.
 - 4. Preferred stocks are stated at market.
 - 5. The company has no mortgage loans.
 - 6. The company has no loan-backed securities.
 - 7. Investments in subsidiaries are stated at statutory equity value.
 - 8. The company has no joint ventures, partnerships, or limited liability companies.
 - 9. The Company wrote covered call options in 2002 to enhance income generation possibilities. These options were recorded as deferred income within a liability account. Expired or exercised options were recorded as capital gains. Market value of options was recorded as a charge to surplus in order to measure the potential economic impact if the company were to purchase options to offset all covered call options written.
 - 10. The company does not utilize anticipated investment income in the premium deficiency calculation.
 - 11. Management utilizes actuarial analyses of losses and loss adjustment expenses to determine reserve adequacy. The company has no exposure for toxic waste cleanup, asbestos-related illnesses or other environmental remediation exposures due to policy form exclusions.

02. Accounting Changes and Corrections of Errors.

No accounting changes or corrections of errors occurred.

03. Business Combinations and Goodwill

The company has no goodwill from business combinations.

04. Discontinued Operations

The company has no discontinued operations.

05. Investments

The company has no mortgage loans, debt restructuring loans, reverse mortgages, loan-backed securities, or stock repurchase agreements.

06. Joint Ventures, Partnerships and Limited Liability Companies

The company has no joint ventures, partnerships, or limited liability companies.

07. Investment Income

The company has no uncollectible accrued investment income.

8. Derivative Instruments

The Company wrote covered call options in 2002 to enhance income generation possibilities. These options were recorded as deferred income within a liability account. Expired or exercised options were recorded as capital gains. Capital gains on options in 2002 were \$33,249. Market value of options was recorded as a charge to surplus in order to measure the potential economic impact if the company were to purchase options to offset all covered call options written.

09. Federal Income Tax Allocation.

The company files an individual federal income tax return.

	LRM <u>2002</u>	LRM <u>2001</u>	Increase <u>(Decrease)</u>
Pre-tax income	1,206,534	955,820	250,714
Deductible portion of tax-exempt interest	(604,000)	(458,379)	(145,621)
Dividends received deduction	(658,593)	(835,028)	176,435
Investment write-downs tax effect	(2,877,178)	2,275,834	(5,153,012)
Unearned premium adjustment	785,166	781,674	3,492
Other, net	<u>237,740</u>	<u>286,896</u>	<u>(49,156)</u>
Actual taxable income	<u>(1,910,331)</u>	<u>3,006,817</u>	<u>(4,917,148)</u>
Tax at 34%	(649,513)	1,022,318	(1,671,830)
Environmental tax	<u>3,398</u>	<u>2,498</u>	<u>900</u>
Total statutory rate tax	(646,115)	1,024,816	(1,670,930)
2001 Underaccrual	<u>300,602</u>	<u>24,096</u>	<u>276,506</u>
Annual Statement Page 4	<u><u>(345,513)</u></u>	<u><u>1,048,912</u></u>	<u><u>(1,394,425)</u></u>

No operating loss carryforwards exist. There would be available for recoupment, in the event of future loss, for income taxes incurred as follows:
 Current year: \$0
 First preceding year: \$1,048,912
 Second preceding year: \$1,721,057

Deferred Taxes

	<u>2002</u>	<u>2001</u>	<u>Change</u>
2002 Surplus Effect			
Change in Deferred Tax-unrealized	(4,324,551)	(8,352,153)	4,027,602
Change in Deferred Tax-unearned	2,059,543	1,792,709	266,834
Change in Deferred Tax-deferred comp	632,247	475,598	156,649
Change in Deferred tax-loss discount	1,076,665	1,030,040	46,625
Change in Deferred Tax-sal/sub	(713,657)	(931,014)	217,357
Change in Deferred Tax-retiree health care accrual	189,992	111,066	78,926
Change in Deferred Tax-Deferred Options	(176,412)	-	(176,412)
Change in Deferred Tax-Deferred Options market change	<u>71,789</u>	-	<u>71,789</u>
Total 2002 Surplus Effect	(1,184,384)	(5,873,754)	4,689,370

All deferred tax assets were admitted; all deferred liabilities were recognized.

10. Information Concerning Parent, Subsidiaries and Affiliates

The company participates in a pooling agreement with Western Reserve Mutual Casualty Company, ("Western") and Sonnenberg Mutual Insurance Company, ("Sonnenberg") whereby net premiums, losses, underwriting expenses and related balance sheet amounts are shared on a 55%/40%/5% basis, respectively. Lightning Rod assumes 100% of the business from Western and Sonnenberg and cedes 40% to Western and 5% to Sonnenberg.

11. Debt

The company has no loans outstanding or surplus notes..

12. Retirement Plans, Deferred Compensation, and Other Postretirement Plans.

Employee Retirement: The company has a 401(k) plan that is available to all employees on entry dates after the completion of one year of continuous service.

Deferred Compensation: The company has a non-qualified Voluntary Deferred Compensation plan for senior executive officers. The plan allows for deferral of annual base salaries, payouts under the annual incentive plan, and payouts under the "Performance Share Plan for Key Executives."

13. Capital and Surplus and Shareholders' and Policyholders' Dividend Restrictions.

The company is a mutual company, thus no stock or surplus dividends are applicable.

14. Contingencies

The company has no material contingent liabilities, has committed no reserves to cover any contingent liabilities, and has no pending legal proceedings beyond the ordinary course of business.

NOTES TO FINANCIAL STATEMENTS

15. Leases.
The company has no leases that would have a material financial effect.
16. Information about Financial Instruments With Off-Balance-Sheet Risk and Financial Instruments With Concentrations of Credit Risk.
The company has no off-balance-sheet risk or credit risk exposure.
17. Sale, Transfer, and Servicing of Financial Assets and Extinguishment of Liabilities
The company has no receivable transfer, financial asset servicing, or wash sale transactions.
18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans
The company has a fully insured accident and health plan.
19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators
The company has no managing general agents or third party administrators.
20. Other Items
The company has no extraordinary items or unusual items.
21. Events Subsequent.
There were no events occurring subsequent to the close of the books as of December 31, 2001 that would have a material effect on the financial condition of the company.
22. Reinsurance
There were no uncollectible reinsurance balances written off and no commutations of ceded reinsurance. The company has no retroactive reinsurance agreements.
23. Retrospectively Rated Contracts and Contracts Subject to Redetermination
The company has no retrospectively rated contracts or contracts subject to redetermination.
24. Change in Incurred Losses and Loss Adjustment Expense
There were no changes to incurred losses or loss adjustment expenses ascribed to insured events of prior years nor retrospective premiums.
25. Intercompany Pooling Agreements.
Lightning Rod, NAIC number 26123, 55%, Western Reserve, NAIC number 26131, 40%, and Sonnenberg, NAIC number 10271, 5%, participate in a pooling agreement for all lines of business. Lightning Rod is the lead company.
26. Structured Settlements.
The company has no structured settlements.
27. Health Care Receivables
Not applicable.
28. Participating Policies
Not applicable.
29. Premium Deficiency Reserves
Not applicable.
- 30.. High Deductibles
The company has no reserve for high deductible credits.
31. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses.
The company does not discount any loss or adjustment expense reserves.
32. Asbestos/Environmental Reserves.
The company does not have asbestos or environmental reserves.
33. Subscriber Savings Accounts.
Not applicable.
34. Multiple Peril Crop Insurance
The company does not write crop insurance.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. Treasury securities	46,955,947	32.167	46,955,947	32.183
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies		0.000		0.000
1.22 Issued by U.S. government sponsored agencies		0.000		0.000
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)		0.000		0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations	6,302,110	4.317	6,302,110	4.319
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	6,084,017	4.168	6,084,017	4.170
1.43 Revenue and assessment obligations		0.000		0.000
1.44 Industrial development and similar obligations		0.000		0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA	31,169	0.021	31,169	0.021
1.512 Issued by FNMA and FHLMC		0.000		0.000
1.513 Privately issued		0.000		0.000
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC		0.000		0.000
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC		0.000		0.000
1.523 All other privately issued		0.000		0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	12,946,014	8.869	12,946,014	8.873
2.2 Unaffiliated foreign securities		0.000		0.000
2.3 Affiliated securities		0.000		0.000
3. Equity interests:				
3.1 Investments in mutual funds		0.000		0.000
3.2 Preferred stocks:				
3.21 Affiliated		0.000		0.000
3.22 Unaffiliated	1,201,520	0.823	1,201,520	0.824
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated	215,674	0.148	215,674	0.148
3.32 Unaffiliated	48,487,080	33.216	48,487,080	33.233
3.4 Other equity securities:				
3.41 Affiliated		0.000		0.000
3.42 Unaffiliated	128,896	0.088	128,896	0.088
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated		0.000		0.000
3.52 Unaffiliated		0.000		0.000
4. Mortgage loans:				
4.1 Construction and land development		0.000		0.000
4.2 Agricultural		0.000		0.000
4.3 Single family residential properties		0.000		0.000
4.4 Multifamily residential properties		0.000		0.000
4.5 Commercial loans		0.000		0.000
5. Real estate investments:				
5.1 Property occupied by the company	2,824,657	1.935	2,824,657	1.936
5.2 Property held for the production of income (includes \$ of property acquired in satisfaction of debt)		0.000	0	0.000
5.3 Property held for sale (\$ including property acquired in satisfaction of debt)		0.000	0	0.000
6. Policy loans		0.000		0.000
7. Receivables for securities		0.000	0	0.000
8. Cash and short-term investments	20,679,598	14.166	20,679,598	14.174
9. Other invested assets	119,821	0.082	45,725	0.031
10. Total invested assets	145,976,503	100.000	145,902,407	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No []
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [] NA []
- 1.3 State Regulating? Ohio.....
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]
- 2.2 If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.12/31/2001
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.12/31/2001
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).09/15/2002
- 3.4 By what department or departments? Ohio
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [] No [X]
- 4.12 renewals? Yes [] No [X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [] No [X]
- 4.22 renewals? Yes [] No [X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....
.....

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes [] No [X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No [X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control;
- 7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney in fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity
.....
.....

GENERAL INTERROGATORIES

(continued)

8. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
KPMG Peat Marwick 191 W. Nationwide Blvd. Columbus, Ohio 43215
9. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Timothy A. Paddock, FCAS, MAAA, vice-president, Lightning Rod Mutual Insurance Company

10. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

- 10.1 What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?
- 10.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 10.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 10.4 If answer to (10.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] NA []

BOARD OF DIRECTORS

11. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes [X] No []
12. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes [X] No []
13. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or likely to conflict with the official duties of such person? Yes [X] No []

FINANCIAL

- 14.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 14.11 To directors or other officers .. \$0
 - 14.12 To stockholders not officers ... \$0
 - 14.13 Trustees, supreme or grand (Fraternal only) \$0
- 14.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 14.21 To directors or other officers ... \$0
 - 14.22 To stockholders not officers ... \$0
 - 14.23 Trustees, supreme or grand (Fraternal only) \$0
- 15.1 Were any of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement? Yes [] No [X]
- 15.2 If yes, state the amount thereof at December 31 of the current year:
- 15.21 Rented from others \$
 - 15.22 Borrowed from others \$
 - 15.23 Leased from others \$
 - 15.24 Other \$
- Disclose in Notes to Financial Statements the nature of each of these obligations.
- 16.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]
- 16.2 If answer is yes,
- 16.21 Amount paid as losses or risk adjustment \$0
 - 16.22 Amount paid as expenses \$0
 - 16.23 Other amounts paid \$0

GENERAL INTERROGATORIES

(continued)
INVESTMENT

17. List the following capital stock information for the reporting entity:

Class	1	2	3	4	5		6	
	Number of Shares Authorized	Number of Shares Outstanding	Par Value Per Share	Redemption Price if Callable	Is Dividend Rate Limited?		Are Dividends Cumulative?	
					Yes	No	Yes	No
Preferred	0	0	0.000	0	[]	[]	[]	[]
Common	0	0	0.000	XXX	XXX	XXX	XXX	XXX

18.1. Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 2 - Special Deposits? Yes [] No [X]

18.2 If no, give full and complete information relating thereto:
The company has a custodial agreement with Merrill Lynch, Columbus, Ohio.

19.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on the Schedule E - Part 2 - Special Deposits; or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 15.1) Yes [] No [X]

19.2 If yes, state the amount thereof at December 31 of the current year:

19.21	Loaned to others	\$
19.22	Subject to repurchase agreements	\$
19.23	Subject to reverse repurchase agreements	\$
19.24	Subject to dollar repurchase agreements	\$
19.25	Subject to reverse dollar repurchase agreements	\$
19.26	Pledged as collateral	\$
19.27	Placed under option agreements	\$
19.28	Letter stock or other securities restricted as to sale	\$
19.29	Other	\$

19.3 For each category above, if any of these assets are held by others, identify by whom held:

19.31	19.35
19.32	19.36
19.33	19.37
19.34	19.38
	19.39

For categories (19.21) and (19.23) above, and for any other securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

19.4 For category (19.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

20.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]

20.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] NA [X]
If no, attach a description with this statement.

21.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]

21.2. If yes, state the amount thereof at December 31 of the current year. \$

22. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1-General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No []

22.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
Merrill Lynch	Columbus, Ohio

GENERAL INTERROGATORIES

(continued)
INVESTMENT

22.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

22.03 Have there been any changes, including name changes, in the custodian(s) identified in 22.01 during the current year?..... Yes [] No []

22.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

22.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address

OTHER

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?..... \$0

23.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
	\$
	\$
	\$

24.1 Amount of payments for legal expenses, if any?..... \$0

24.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
	\$
	\$
	\$

25.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$0

25.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
	\$
	\$
	\$

GENERAL INTERROGATORIES

(continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]
- 1.2 If yes, indicate premium earned on U. S. business only \$
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$
- 1.31 Reason for excluding
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$
- 1.5 Indicate total incurred claims on all Medicare Supplement Insurance. \$
- 1.6 Individual policies:
- Most current three years:
- 1.61 Total premium earned \$0
- 1.62 Total incurred claims \$0
- 1.63 Number of covered lives \$0
- All years prior to most current three years:
- 1.64 Total premium earned \$0
- 1.65 Total incurred claims \$0
- 1.66 Number of covered lives \$0
- 1.7 Group policies:
- Most current three years:
- 1.71 Total premium earned \$0
- 1.72 Total incurred claims \$0
- 1.73 Number of covered lives \$0
- All years prior to most current three years:
- 1.74 Total premium earned \$0
- 1.75 Total incurred claims \$0
- 1.76 Number of covered lives \$0
- 2.1 Does the reporting entity issue both participating and non-participating policies? Yes [] No [X]
- 2.2 If yes, state the amount of calendar year net premiums written on:
- 2.21 Participating policies \$
- 2.22 Non-participating policies \$
3. For Mutual Reporting Entities and Reciprocal Exchanges Only:
- 3.1 Does the reporting entity issue assessable policies? Yes [] No [X]
- 3.2 Does the reporting entity issue non-assessable policies? Yes [X] No []
- 3.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? %
- 3.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums? \$
4. For Reciprocal Exchanges Only:
- 4.1 Does the Exchange appoint local agents? Yes [] No []
- 4.2 If yes, is the commission paid:
- 4.21 Out of Attorney's-in-fact compensation Yes [] No [] NA []
- 4.22 As a direct expense of the Exchange Yes [] No [] NA []
- 4.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?
- 4.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? Yes [] No []
- 4.5 If yes, give full information
- 5.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?
- The Company purchased clash cover for \$4 million excess of \$1 million. The company avoids providing coverage to companies with large numbers of employees
- 5.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process.
- Computer risk assessment models (RMS RiskLink and Guy Carpenter APOTH) were completed by the Company's reinsurance broker and have been utilized to measure the probably maximum loss impact on surplus for windstorm (\$3.7 million) and earthquake (\$1.7 million) for Western Reserve Group for a 100 year event. The group's coverage of the excess of \$2.5 million with an upper limit of \$35 million is subject to a 10% retention by the company
- 5.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?
- The Company purchased catastrophe and aggregate stop loss reinsurance to limit total losses
- 5.4 Does the reporting entity carry catastrophe reinsurance protection, with provision for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [X] No []
- 5.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss.
- 6.1 Has this reporting entity reinsured any risk with any other entity under a quota share reinsurance contract which includes a provision which would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss ratio cap, an aggregate limit or any similar provision)? Yes [] No [X]
- 6.2 If yes, indicate the number of reinsurance contracts containing such provisions:

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES (continued)

- 7.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured?..... Yes [] No [X]
- 7.2 If yes, give full information
8. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done?..... Yes [] No [] NA [X]
- 9.1 Has this reporting entity guaranteed policies issued by any other entity and now in force?..... Yes [] No [X]
- 9.2 If yes, give full information
- 10.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 10.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:
- 10.11 Unpaid losses..... \$
- 10.12 Unpaid underwriting expenses (including loss adjustment expenses)..... \$
- 10.2 Of the amount on Line 10.3 of the assets schedule, Page 2, state the amount which is secured by letters of credit, collateral and other funds..... \$
- 10.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation are premium or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses?..... Yes [] No [X] NA []
- 10.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- 10.41 From..... %
- 10.42 To..... %
- 10.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium or promissory notes taken by the reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies?..... Yes [] No [X]
- 10.6 If yes, state the amount thereof at December 31 of the current year:
- 10.61 Letters of credit..... \$
- 10.62 Collateral and other funds..... \$
- 11.1 What amount of installment notes is owned and now held by the reporting entity?..... \$0
- 11.2 Have any of these notes been hypothecated, sold or used in any manner as security for money loaned within the past year?..... Yes [] No [X]
- 11.3 If yes, what amount?..... \$0
- 12.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation):..... \$175,000
- 12.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision?..... Yes [] No [X]
- 12.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of this amount.....7
- 13.1 Has this reporting entity guaranteed any financed premium accounts?..... Yes [] No [X]
- 13.2 If yes, give full information
- 14.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?..... Yes [X] No []
- 14.11 Name of real estate holding company
- 14.12 Number of parcels involved.....0
- 14.13 Total book/adjusted carrying value..... \$0
- 14.2 If yes, provide explanation:
 The Company holds REITs in its stock portfolio.....
- 15.1 Does the reporting entity write any warranty business?..... Yes [] No [X]
- If yes, disclose the following information for each of the following types of warranty coverage:
- | | 1
Direct Losses
Incurred | 2
Direct Losses
Unpaid | 3
Direct Written
Premium | 4
Direct Premium
Unearned | 5
Direct Premium
Earned |
|-----------------------|--------------------------------|------------------------------|--------------------------------|---------------------------------|-------------------------------|
| 15.11 Home..... | \$ | \$ | \$ | \$ | \$ |
| 15.12 Products..... | \$ | \$ | \$ | \$ | \$ |
| 15.13 Automobile..... | \$ | \$ | \$ | \$ | \$ |
| 15.14 Other*..... | \$ | \$ | \$ | \$ | \$ |

* Disclose type of coverage:

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

FIVE-YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e. 17.6.

	1 2002	2 2001	3 2000	4 1999	5 1998
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	53,228,468	48,220,575	43,256,416	42,723,504	43,347,585
2. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	40,976,286	36,166,294	31,645,466	29,642,417	29,591,533
3. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	48,618,356	41,269,314	37,349,893	31,982,218	30,961,110
4. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	0	0	0	0	0
5. Non-proportional Reinsurance Lines (Lines 30, 31 & 32)	0	0	0	0	0
6. Total (Line 34)	142,823,110	125,656,183	112,251,775	104,348,139	103,900,228
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	28,559,651	25,768,234	23,207,751	22,653,420	22,980,314
8. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	22,279,309	19,674,953	17,281,786	16,121,803	16,150,738
9. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	25,451,037	21,553,597	19,775,698	16,773,525	16,424,145
10. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	0	0	0	0	0
11. Non-proportional Reinsurance Lines (Lines 30, 31 & 32)	0	0	0	0	0
12. Total (Line 34)	76,289,997	66,996,784	60,265,235	55,548,748	55,555,197
Statement of Income (Page 4)					
13. Net Underwriting Gain (Loss) (Line 8)	(5,350,268)	(6,408,940)	(4,260,085)	(2,380,155)	(3,470,310)
14. Net Investment Gain (Loss) (Line 11)	6,516,908	6,639,663	10,652,877	10,236,282	11,916,782
15. Total Other Income (Line 15)	39,894	725,097	(496,847)	(673,553)	(665,534)
16. Dividends to Policyholders (Line 17)	0	0	0	0	0
17. Federal and Foreign Income Taxes Incurred (Line 19)	(345,513)	1,048,912	1,721,057	1,878,703	2,028,170
18. Net Income (Line 20)	1,552,047	(93,092)	4,174,888	5,303,871	5,752,768
Balance Sheet Lines (Pages 2 and 3)					
19. Total Admitted Assets excluding Protected Cell (Page 2, Line 26, Col. 3)	160,011,293	166,978,226	172,671,864	170,296,753	160,407,827
20. Agents' Balances or Uncollected Premiums (Page 2, Col. 3)					
20.1 In Course of Collection (Line 10.1)	0	0	(799,546)	(719,862)	(683,258)
20.2 Deferred and not yet due (Line 10.2)	12,203,333	12,827,017	10,110,854	8,366,118	8,051,581
20.3 Accrued Retrospective Premiums (Line 10.3)	0	0	0	0	0
21. Total Liabilities excluding Protected Cell (Page 3, Line 24)	78,001,508	75,980,710	60,085,061	59,123,145	59,248,789
22. Losses (Page 3, Lines 1 and 2)	34,044,160	32,356,301	28,095,454	28,219,594	29,667,858
23. Loss Adjustment Expenses (Page 3, Line 3)	4,008,400	3,898,400	4,805,900	6,290,900	6,290,900
24. Unearned premiums (Page 3, Line 9)	30,287,442	26,363,367	22,453,227	20,070,529	19,175,644
25. Capital Paid Up (Page 3, Lines 28 & 29)	0	0	0	0	0
26. Surplus as Regards Policyholders (Page 3, Line 35)	82,009,785	90,997,516	112,586,803	111,173,607	101,159,038
Risk-Based Capital Analysis					
27. Total Adjusted Capital	82,009,785	90,997,516	112,586,803	111,173,607	101,159,038
28. Authorized Control Level Risk-Based Capital	7,789,782	8,700,063	10,252,053	9,864,211	8,974,483
Percentage Distribution of Cash and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 9, Col. 3) x 100.0					
29. Bonds (Line 1)	49.6	41.5	41.0	41.5	44.7
30. Stocks (Lines 2.1 & 2.2)	34.3	47.6	52.3	53.1	49.3
31. Mortgage Loans on Real Estate (Lines 3.1 and 3.2)	0.0	0.0	0.0	0.0	0.0
32. Real Estate (Lines 4.1, 4.2 & 4.3)	1.9	1.9	1.8	1.8	2.0
33. Cash and Short-Term Investments (Line 5)	14.2	8.9	4.9	3.5	3.9
34. Other Invested Assets (Line 6)	0.0	0.0	0.1	0.1	0.1
35. Receivable for Securities (Line 7)	0.0	0.0	0.0	0.0	0.0
36. Aggregate Write-Ins for Invested Assets (Line 8)	0.0	0.0	0.0	0.0	0.0
37. Cash and Invested Assets (Line 9)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
38. Affiliated Bonds (Schedule D, Summary, Line 25, Col. 1)	0	0	0	0	0
39. Affiliated Preferred Stocks (Schedule D, Summary, Line 39, Col. 1)	0	0	0	0	0
40. Affiliated Common Stocks (Schedule D, Summary, Line 53, Col. 2)	215,674	246,256	258,058	241,080	249,875
41. Affiliated Short-Term Investments (subtotals included in Schedule DA, Part 2, Col. 5, Line 11)	0	0	0	0	0
42. Affiliated Mortgage Loans on Real Estate	0	0	0	0	0
43. All Other Affiliated	0	0	0	0	0
44. Total of above Lines 38 to 43	215,674	246,256	258,058	241,080	249,875
45. Percentage of Investments in Parent, Subsidiaries and Affiliates to Surplus as Regards Policyholders (Line 44 above divided by Page 3, Col. 1, Line 35 x 100.0)	0.3	0.3	0.2	0.2	0.2

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2002	2 2001	3 2000	4 1999	5 1998
Capital and Surplus Accounts (Page 4)					
46. Net Unrealized Capital Gains (Losses) (Line 23)	(15,135,721)	(14,229,177)	(2,849,400)	4,597,932	1,050,275
47. Dividends to Stockholders (Line 34)	0	0	0	0	0
48. Change in surplus as regards policyholders for the year (Line 37)	(8,987,731)	(21,589,287)	1,413,196	10,014,569	7,054,229
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
49. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	33,367,522	30,565,914	28,588,497	31,547,258	34,033,575
50. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	24,916,557	25,189,793	22,391,234	17,734,232	18,799,669
51. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	33,475,811	34,271,516	28,940,635	20,750,823	23,651,716
52. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	0	0	0	0	0
53. Non-Proportional Reinsurance Lines (Lines 30, 31 & 32)	0	0	134	4,406	0
54. Total (Line 34)	91,759,890	90,027,223	79,920,500	70,036,719	76,484,960
Net Losses Paid (Page 9, Part 2, Col. 4)					
55. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	17,541,814	16,413,576	15,301,122	16,564,544	17,183,317
56. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	13,613,852	11,895,442	12,254,130	9,560,420	10,340,560
57. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	16,922,440	14,000,866	14,719,761	10,559,870	12,462,870
58. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	0	0	0	0	0
59. Non-Proportional Reinsurance Lines (Lines 30, 31 & 32)	0	0	123	2,423	1,099
60. Total (Line 34)	48,078,106	42,309,884	42,275,136	36,687,257	39,987,846
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
61. Premiums Earned (Line 1)	100.0	100.0	100.0	100.0	100.0
62. Losses Incurred (Line 2)	68.8	73.8	72.8	64.5	66.3
63. Loss Expenses Incurred (Line 3)	7.6	5.9	6.2	8.6	10.0
64. Other Underwriting Expenses Incurred (Line 4)	31.0	30.4	28.3	31.3	30.0
65. Net Underwriting gain (loss) (Line 8)	(7.4)	(10.2)	(7.4)	(4.4)	(6.3)
Other Percentages					
66. Other Underwriting Expenses to Net Premiums Written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 34 x 100.0)	29.4	27.5	28.0	32.0	31.1
67. Losses and Loss Expenses Incurred to Premiums Earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	76.4	79.8	79.0	73.1	76.3
68. Net Premiums Written to Policyholders' Surplus (Page 8, Part 1B, Col. 6, Line 34 divided by Page 3, Line 35, Col. 1 x 100.0)	93.0	73.6	53.5	50.0	54.9
One Year Loss Development (000 omitted)					
69. Development in Estimated Losses and Loss Expenses Incurred Prior to Current Year (Schedule P - Part 2 - Summary, Line 12, Col. 11)	(5,140)	(4,314)	(4,661)	(5,123)	(5,744)
70. Percent of Development of Loss and Loss Expenses Incurred to Policyholders' Surplus of Previous Year End (Line 69 above divided by Page 4, Line 21, Col. 1 x 100.0)	(5.6)	(3.8)	(4.2)	(5.1)	(6.1)
Two Year Loss Development (000 omitted)					
71. Development in Estimated Losses and Loss Expenses Incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12)	(6,268)	(7,541)	(6,389)	(6,813)	(4,998)
72. Percent of Development of Loss and Loss Expenses Incurred to Reported Policyholders' Surplus of Second Previous Year End (Line 71 above divided by Page 4, Line 21, Col. 2 x 100.0)	(5.6)	(6.8)	(6.3)	(7.2)	(6.6)

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description	1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS				
Governments (Including all obligations guaranteed by governments)	1. United States 46,987,117 2. Canada 0 3. Other Countries 0 4. Totals 46,987,117	48,885,826 0 0 48,885,826	47,323,273 0 0 47,323,273	46,631,367 0 0 46,631,367
States, Territories and Possessions (Direct and guaranteed)	5. United States 6,302,110 6. Canada 0 7. Other Countries 0 8. Totals 6,302,110	6,302,110 0 0 6,302,110	6,277,766 0 0 6,277,766	6,260,000 0 0 6,260,000
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States 6,084,017 10. Canada 0 11. Other Countries 0 12. Totals 6,084,017	6,084,017 0 0 6,084,017	6,064,056 0 0 6,064,056	6,010,000 0 0 6,010,000
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States 0 14. Canada 0 15. Other Countries 0 16. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Public Utilities (unaffiliated)	17. United States 0 18. Canada 0 19. Other Countries 0 20. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States 12,946,014 22. Canada 0 23. Other Countries 0 24. Totals 12,946,014	13,911,688 0 0 13,911,688	12,810,643 0 0 12,810,643	13,265,912 0 0 13,265,912
Parent, Subsidiaries and Affiliates	25. Totals 0 26. Total Bonds 72,319,258	0 75,183,641	0 72,475,738	0 72,167,279
PREFERRED STOCKS				
Public Utilities (unaffiliated)	27. United States 297,040 28. Canada 0 29. Other Countries 0 30. Totals 297,040	297,040 0 0 297,040	331,205 0 0 331,205	
Banks, Trust and Insurance Companies (unaffiliated)	31. United States 904,480 32. Canada 0 33. Other Countries 0 34. Totals 904,480	904,480 0 0 904,480	849,165 0 0 849,165	
Industrial and Miscellaneous (unaffiliated)	35. United States 0 36. Canada 0 37. Other Countries 0 38. Totals 0	0 0 0 0	0 0 0 0	
Parent, Subsidiaries and Affiliates	39. Totals 0 40. Total Preferred Stocks 1,201,520	0 1,201,520	0 1,180,370	
COMMON STOCKS				
Public Utilities (unaffiliated)	41. United States 3,920,013 42. Canada 0 43. Other Countries 0 44. Totals 3,920,013	3,920,013 0 0 3,920,013	3,032,559 0 0 3,032,559	
Banks, Trust and Insurance Companies (unaffiliated)	45. United States 9,001,500 46. Canada 0 47. Other Countries 0 48. Totals 9,001,500	9,001,499 0 0 9,001,499	4,408,345 0 0 4,408,345	
Industrial and Miscellaneous (unaffiliated)	49. United States 35,694,463 50. Canada 0 51. Other Countries 0 52. Totals 35,694,463	35,694,463 0 0 35,694,463	28,609,127 0 0 28,609,127	
Parent, Subsidiaries and Affiliates	53. Totals 215,674 54. Total Common Stocks 48,831,650	215,674 48,831,649	83,500 36,133,531	
	55. Total Stocks 50,033,170 56. Total Bonds and Stocks 122,352,427	50,033,169 125,216,810	37,313,901 109,789,639	

(a) The aggregate value of bonds which are valued at other than actual fair value is \$ 14,217,297 .

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year 135,931,644	6. Foreign Exchange Adjustment:
2. Cost of bonds and stocks acquired, Column 6, Part 3 79,725,571	6.1 Column 17, Part 1 0
3. Increase (decrease) by adjustment:	6.2 Column 13, Part 2, Sec. 1 0
3.1 Column 16, Part 1 (335,393)	6.3 Column 11, Part 2, Sec. 2 0
3.2 Column 12, Part 2, Sec. 1 (3,860)	6.4 Column 11, Part 4 0
3.3 Column 10, Part 2, Sec. 2 (6,769,079)	7. Book/adjusted carrying value at end of current period 122,352,426
3.4 Column 10, Part 4 (8,348,693) (15,457,025)	8. Total valuation allowance 0
4. Total gain (loss), Col. 14, Part 4 2,479,929	9. Subtotal (Lines 7 plus 8) 122,352,426
5. Deduct consideration for bonds and stocks disposed of Column 6, Part 4 80,327,693	10. Total nonadmitted amounts 0
	11. Statement value of bonds and stocks, current period 122,352,426

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES
SCHEDULE P - PART 1 - SUMMARY

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							12 Number of Claims Reported - Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX	107	44	23	9	9	0	10	86	XXX
2. 1993	40,050	8,077	31,973	38,945	6,675	3,312	233	1,774	0	1,599	37,123	XXX
3. 1994	42,679	4,555	38,124	42,813	3,392	3,761	107	2,099	0	1,544	45,174	XXX
4. 1995	49,593	4,112	45,481	48,069	2,751	3,875	76	2,328	0	2,074	51,445	XXX
5. 1996	50,098	4,166	45,932	51,592	4,059	3,975	79	2,860	0	1,916	54,289	XXX
6. 1997	45,246	3,692	41,554	43,483	3,103	2,725	87	2,847	0	1,525	45,865	XXX
7. 1998	42,212	3,022	39,190	38,672	2,036	809	12	3,815	1	1,345	41,247	XXX
8. 1999	42,000	3,366	38,634	36,085	1,704	670	9	2,113	4	1,371	37,151	XXX
9. 2000	61,158	3,276	57,882	45,320	6,045	612	19	4,164	8	1,744	44,024	XXX
10. 2001	67,435	4,349	63,086	42,896	2,621	236	5	3,451	35	1,608	43,922	XXX
11. 2002	77,607	5,241	72,366	35,924	874	108	3	2,959	16	833	38,098	XXX
12. Totals	XXX	XXX	XXX	423,906	33,304	20,106	639	28,419	64	15,569	438,424	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding - Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1.	100	10	158	78	0	0	0	0	0	0	0	170	XXX
2.	122	56	199	88	6	0	6	0	7	0	0	196	XXX
3.	38	0	267	104	10	0	8	0	10	0	0	229	XXX
4.	53	0	290	112	11	0	10	0	12	0	0	264	XXX
5.	269	35	315	117	17	0	12	1	16	0	0	476	XXX
6.	324	8	340	123	24	1	18	1	24	0	0	597	XXX
7.	279	26	360	131	36	2	21	2	32	0	0	567	XXX
8.	1,630	352	387	138	81	6	42	5	66	0	0	1,705	XXX
9.	3,378	664	696	218	230	16	111	12	183	0	0	3,688	XXX
10.	6,542	576	2,020	510	489	26	219	21	390	0	0	8,527	XXX
11.	14,251	1,573	8,850	1,905	910	50	446	42	746	0	0	21,633	XXX
12. Totals	26,986	3,300	13,882	3,524	1,814	101	893	84	1,486	0	0	38,052	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	170	0
2.	44,371	7,052	37,319	110.8	87.3	116.7	0	0		177	19
3.	49,006	3,603	45,403	114.8	79.1	119.1	0	0		201	28
4.	54,648	2,939	51,709	110.2	71.5	113.7	0	0		231	33
5.	59,056	4,291	54,765	117.9	103.0	119.2	0	0		432	44
6.	49,785	3,323	46,462	110.0	90.0	111.8	0	0		533	64
7.	44,024	2,210	41,814	104.3	73.1	106.7	0	0		482	85
8.	41,074	2,218	38,856	97.8	65.9	100.6	0	0		1,527	178
9.	54,694	6,982	47,712	89.4	213.1	82.4	0	0		3,192	496
10.	56,243	3,794	52,449	83.4	87.2	83.1	0	0		7,476	1,051
11.	64,194	4,463	59,731	82.7	85.2	82.5	0	0		19,623	2,010
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	34,044	4,008

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements which will reconcile Part 1 with Parts 2 and 4.

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	One Year	Two Year
1. Prior	9,898	9,722	10,196	9,742	9,578	9,781	9,593	9,666	9,781	9,751	(30)	85
2. 1993	40,794	34,798	35,230	35,561	35,496	35,398	35,520	35,529	35,534	35,538	4	9
3. 1994	XXX	47,100	43,615	43,134	43,070	43,023	43,180	42,980	43,245	43,294	49	314
4. 1995	XXX	XXX	52,873	50,375	49,972	49,771	49,621	49,532	49,390	49,369	(21)	(163)
5. 1996	XXX	XXX	XXX	56,606	53,386	52,447	52,327	52,206	51,880	51,889	9	(317)
6. 1997	XXX	XXX	XXX	XXX	50,161	45,499	44,609	44,310	43,679	43,591	(88)	(719)
7. 1998	XXX	XXX	XXX	XXX	XXX	43,687	39,633	38,994	38,093	37,968	(125)	(1,026)
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	41,721	38,326	37,061	36,681	(380)	(1,645)
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	46,179	44,745	43,373	(1,372)	(2,806)
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	51,829	48,643	(3,186)	XXX
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	56,042	XXX	XXX
12. Totals											(5,140)	(6,268)

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002		
1. Prior	000	4,794	7,606	8,690	9,108	9,397	9,337	9,400	9,504	9,581	XXX	XXX
2. 1993	21,474	28,060	31,677	33,824	34,813	35,213	35,308	35,316	35,328	35,349	XXX	XXX
3. 1994	XXX	25,630	34,779	39,229	41,314	42,319	42,740	42,715	43,018	43,075	XXX	XXX
4. 1995	XXX	XXX	30,530	40,626	44,992	47,758	48,674	48,977	49,087	49,117	XXX	XXX
5. 1996	XXX	XXX	XXX	34,785	44,148	48,177	50,437	51,209	51,394	51,429	XXX	XXX
6. 1997	XXX	XXX	XXX	XXX	29,141	37,249	40,763	42,399	42,818	43,018	XXX	XXX
7. 1998	XXX	XXX	XXX	XXX	XXX	25,530	32,155	35,274	36,696	37,433	XXX	XXX
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	24,260	30,715	33,686	35,042	XXX	XXX
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	30,800	37,234	39,868	XXX	XXX
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	31,705	40,506	XXX	XXX
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	35,155	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
1. Prior	2,608	1,075	538	109	0	0	99	79	84	80
2. 1993	10,995	1,982	1,078	423	116	0	94	88	106	117
3. 1994	XXX	11,383	3,777	1,039	439	116	117	138	136	171
4. 1995	XXX	XXX	9,840	3,592	1,198	439	367	219	162	188
5. 1996	XXX	XXX	XXX	10,263	3,753	1,239	723	456	241	209
6. 1997	XXX	XXX	XXX	XXX	10,120	3,677	1,299	610	292	234
7. 1998	XXX	XXX	XXX	XXX	XXX	9,714	3,049	1,674	440	248
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	8,434	3,017	845	286
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	6,626	2,355	577
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	6,410	1,708
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	7,349

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, etc.	1 Is Insurer Licensed? (Yes or No)	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL	No	0	0	0	0	0	0	0
2. Alaska	AK	No	0	0	0	0	0	0	0
3. Arizona	AZ	No	0	0	0	0	0	0	0
4. Arkansas	AR	No	0	0	0	0	0	0	0
5. California	CA	No	0	0	0	0	0	0	0
6. Colorado	CO	No	0	0	0	0	0	0	0
7. Connecticut	CT	No	0	0	0	0	0	0	0
8. Delaware	DE	No	0	0	0	0	0	0	0
9. District of Columbia	DC	No	0	0	0	0	0	0	0
10. Florida	FL	No	0	0	0	0	0	0	0
11. Georgia	GA	No	0	0	0	0	0	0	0
12. Hawaii	HI	No	0	0	0	0	0	0	0
13. Idaho	ID	No	0	0	0	0	0	0	0
14. Illinois	IL	Yes	0	0	0	0	0	0	0
15. Indiana	IN	Yes	15,213,402	13,790,387	0	9,963,761	4,147,749	204,829	0
16. Iowa	IA	No	0	0	0	0	0	0	0
17. Kansas	KS	No	0	0	0	0	0	0	0
18. Kentucky	KY	No	0	0	0	0	0	0	0
19. Louisiana	LA	No	0	0	0	0	0	0	0
20. Maine	ME	No	0	0	0	0	0	0	0
21. Maryland	MD	No	0	0	0	0	0	0	0
22. Massachusetts	MA	No	0	0	0	0	0	0	0
23. Michigan	MI	No	0	0	0	0	0	0	0
24. Minnesota	MN	No	0	0	0	0	0	0	0
25. Mississippi	MS	No	0	0	0	0	0	0	0
26. Missouri	MO	No	0	0	0	0	0	0	0
27. Montana	MT	No	0	0	0	0	0	0	0
28. Nebraska	NE	No	0	0	0	0	0	0	0
29. Nevada	NV	No	0	0	0	0	0	0	0
30. New Hampshire	NH	No	0	0	0	0	0	0	0
31. New Jersey	NJ	No	0	0	0	0	0	0	0
32. New Mexico	NM	No	0	0	0	0	0	0	0
33. New York	NY	No	0	0	0	0	0	0	0
34. North Carolina	NC	No	0	0	0	0	0	0	0
35. North Dakota	ND	No	0	0	0	0	0	0	0
36. Ohio	OH	Yes	57,905,414	56,015,011	0	37,535,104	33,815,577	1,039,588	0
37. Oklahoma	OK	No	0	0	0	0	0	0	0
38. Oregon	OR	No	0	0	0	0	0	0	0
39. Pennsylvania	PA	No	0	0	0	0	0	0	0
40. Rhode Island	RI	No	0	0	0	0	0	0	0
41. South Carolina	SC	No	0	0	0	0	0	0	0
42. South Dakota	SD	No	0	0	0	0	0	0	0
43. Tennessee	TN	Yes	0	0	0	0	0	0	0
44. Texas	TX	No	0	0	0	0	0	0	0
45. Utah	UT	No	0	0	0	0	0	0	0
46. Vermont	VT	No	0	0	0	0	0	0	0
47. Virginia	VA	No	0	0	0	0	0	0	0
48. Washington	WA	No	0	0	0	0	0	0	0
49. West Virginia	WV	No	0	0	0	0	0	0	0
50. Wisconsin	WI	No	0	0	0	0	0	0	0
51. Wyoming	WY	No	0	0	0	0	0	0	0
52. American Samoa	AS	No	0	0	0	0	0	0	0
53. Guam	GU	No	0	0	0	0	0	0	0
54. Puerto Rico	PR	No	0	0	0	0	0	0	0
55. U.S. Virgin Islands	VI	No	0	0	0	0	0	0	0
56. Canada	CN	No	0	0	0	0	0	0	0
57. Aggregate Other Aliens	OT	XXX	0	0	0	0	0	0	0
58. Totals	(a) 4		73,118,816	69,805,398	0	47,498,865	37,963,326	1,244,417	0
DETAILS OF WRITE-INS									
5701.	XXX								
5702.	XXX								
5703.	XXX								
5798. Summary of remaining write-ins for Line 57 from overflow page	XXX		0	0	0	0	0	0	0
5799. Totals (Lines 5701 thru 5703 plus 5798)(Line 57 above)	XXX		0	0	0	0	0	0	0

(a) Insert the number of yes responses except for Canada and Other Alien.

Explanation of basis of allocation of premiums by states, etc.

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A
HOLDING COMPANY GROUP**

PART 1 - ORGANIZATIONAL CHART

Lightning Rod Mutual
Insurance Company

Western Reserve Mutual
Casualty Company

Sonnenberg Mutual
Insurance Company

LRMIC, WRMCC and SMIC are the three participants within the Western Reserve Group. All business written is subject to pooling whereby all underwriting and related balance sheet amounts are pooled on a 55/40/5 percent basis.