



QUARTERLY STATEMENT

AS OF MARCH 31, 2011
OF THE CONDITION AND AFFAIRS OF THE

WESTERN RESERVE MUTUAL CASUALTY COMPANY

NAIC Group Code	0207	0207	NAIC Company Code	26131	Employer's ID Number	34-0613930
	(Current Period)	(Prior Period)				
Organized under the Laws of	Ohio		State of Domicile or Port of Entry	Ohio		
Country of Domicile	United States					
Incorporated/Organized	06/29/1937		Commenced Business	07/30/1937		
Statutory Home Office	1685 Cleveland Road		Wooster, OH 44691-0036			
	(Street and Number)		(City or Town, State and Zip Code)			
Main Administrative Office	1685 Cleveland Road		Wooster, OH 44691-0036		330-262-9060	
	(Street and Number)		(City or Town, State and Zip Code)		(Area Code) (Telephone Number)	
Mail Address	1685 Cleveland Road		Wooster, OH 44691-0036			
	(Street and Number or P.O. Box)		(City or Town, State and Zip Code)			
Primary Location of Books and Records	1685 Cleveland Road		Wooster, OH 44691-0036		330-262-9060	
	(Street and Number)		(City or Town, State and Zip Code)		(Area Code) (Telephone Number)	
Internet Web Site Address	www.wrg-ins.com					
Statutory Statement Contact	Lisa A Lee		330-262-9060-2453			
	(Name)		(Area Code) (Telephone Number) (Extension)			
	Lisa_Lee@wrg-ins.com		330-264-7822			
	(E-Mail Address)		(Fax Number)			

OFFICERS

Name	Title	Name	Title
JOHN P. MURPHY	PRESIDENT	JOHN P. MURPHY	SECRETARY
MICHAEL A. SHUTT	VP FINANCE/CFO/TREASURER		

OTHER OFFICERS

VP UNDERWRITING AND MARKETING	KEVIN W. DAY	EXECUTIVE VP CLAIMS
WILLIAM J. BLINCOE		
GREGORY J. OWEN	VP INFORMATION TECHNOLOGY	

DIRECTORS OR TRUSTEES

ROBERT P. BOGNER	KEVIN W. DAY #	RONALD E. HOLTMAN	JOHN P. MURPHY
C. MICHAEL REARDON	EDDIE L. STEINER	KENNETH L. VAGNINI	

State ofOHIO.....
County ofWAYNE.....

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. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

JOHN P. MURPHY PRESIDENT	JOHN P. MUPRHY SECRETARY	MICHAEL A. SHUTT VP FINANCE/CFO/TREASURER
Subscribed and sworn to before me this 11 day of MAY, 2011		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
MARY LOU HART, NOTARY PUBLIC MARCH 08, 2015		

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	79,358,965		79,358,965	80,313,118
2. Stocks:				
2.1 Preferred stocks	1,286,376		1,286,376	1,275,824
2.2 Common stocks	44,285,819	257,937	44,027,882	42,869,945
3. Mortgage loans on real estate:				
3.1 First liens	0		0	0
3.2 Other than first liens	0		0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)	8,166,848		8,166,848	8,222,375
4.2 Properties held for the production of income (less \$ encumbrances)	0		0	0
4.3 Properties held for sale (less \$ encumbrances)	0		0	0
5. Cash (\$ (8,126,939)), cash equivalents (\$ 0) and short-term investments (\$ 3,199,741)	(4,927,198)		(4,927,198)	(6,391,509)
6. Contract loans (including \$ premium notes)	0		0	0
7. Derivatives	0		0	0
8. Other invested assets	6,222,024	2,350,365	3,871,659	3,825,827
9. Receivables for securities	0		0	0
10. Securities lending reinvested collateral assets	0		0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	134,392,834	2,608,302	131,784,532	130,115,580
13. Title plants less \$ charged off (for Title insurers only)	0		0	0
14. Investment income due and accrued	958,679		958,679	896,143
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	20,434,014	122,219	20,311,795	20,284,454
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)	0		0	0
15.3 Accrued retrospective premiums	0		0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	442,249		442,249	391,909
16.2 Funds held by or deposited with reinsured companies	0		0	0
16.3 Other amounts receivable under reinsurance contracts	0		0	0
17. Amounts receivable relating to uninsured plans	0		0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	43,679		43,679	1,097,761
18.2 Net deferred tax asset	0		0	0
19. Guaranty funds receivable or on deposit	0		0	0
20. Electronic data processing equipment and software	501,989		501,989	461,647
21. Furniture and equipment, including health care delivery assets (\$)	171,385	171,385	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates	0		0	0
23. Receivables from parent, subsidiaries and affiliates	597,575		597,575	506,551
24. Health care (\$) and other amounts receivable	0		0	0
25. Aggregate write-ins for other than invested assets	0	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	157,542,404	2,901,906	154,640,498	153,754,045
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0		0	0
28. Total (Lines 26 and 27)	157,542,404	2,901,906	154,640,498	153,754,045
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198)(Line 11 above)	0	0	0	0
2501.				
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	0	0	0	0

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$)	18,467,396	17,831,788
2. Reinsurance payable on paid losses and loss adjustment expenses	0	0
3. Loss adjustment expenses	3,964,000	3,964,000
4. Commissions payable, contingent commissions and other similar charges	1,366,280	2,079,418
5. Other expenses (excluding taxes, licenses and fees)	1,589,918	2,832,564
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	937,278	795,178
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))		0
7.2 Net deferred tax liability	710,137	176,270
8. Borrowed money \$ and interest thereon \$		0
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ and including warranty reserves of \$)	28,153,816	28,053,946
10. Advance premium	636,546	401,699
11. Dividends declared and unpaid:		
11.1 Stockholders	0	0
11.2 Policyholders	0	0
12. Ceded reinsurance premiums payable (net of ceding commissions)	138,333	240,238
13. Funds held by company under reinsurance treaties	0	0
14. Amounts withheld or retained by company for account of others	5,131,837	5,074,276
15. Remittances and items not allocated	0	0
16. Provision for reinsurance	213,119	213,119
17. Net adjustments in assets and liabilities due to foreign exchange rates	0	0
18. Drafts outstanding	0	0
19. Payable to parent, subsidiaries and affiliates	0	0
20. Derivatives	0	0
21. Payable for securities	0	0
22. Payable for securities lending	0	0
23. Liability for amounts held under uninsured plans	0	0
24. Capital notes \$ and interest thereon \$	0	0
25. Aggregate write-ins for liabilities	0	0
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	61,308,660	61,662,496
27. Protected cell liabilities	0	0
28. Total liabilities (Lines 26 and 27)	61,308,660	61,662,496
29. Aggregate write-ins for special surplus funds	0	0
30. Common capital stock	0	0
31. Preferred capital stock	0	0
32. Aggregate write-ins for other than special surplus funds	0	0
33. Surplus notes	0	0
34. Gross paid in and contributed surplus	0	0
35. Unassigned funds (surplus)	93,331,838	92,091,549
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 30 \$)	0	0
36.2 shares preferred (value included in Line 31 \$)	0	0
37. Surplus as regards policyholders (Lines 29 to 35, less 36)	93,331,838	92,091,549
38. Totals (Page 2, Line 28, Col. 3)	154,640,498	153,754,045
DETAILS OF WRITE-INS		
2501.		
2502.		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	0	0
2901.		
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page	0	0
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)	0	0

STATEMENT OF INCOME

	1	2	3
	Current Year	Prior Year	Prior Year Ended
	to Date	to Date	December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct (written \$ 22,002,886)	22,112,455	20,454,298	84,744,897
1.2 Assumed (written \$ 14,452,754)	14,375,933	13,535,076	44,294,303
1.3 Ceded (written \$ 20,813,706)	20,945,650	19,404,416	68,852,734
1.4 Net (written \$ 15,641,934)	15,542,738	14,584,958	60,186,466
DEDUCTIONS:			
2. Losses incurred (current accident year \$)::			
2.1 Direct	13,733,025	11,675,879	51,474,944
2.2 Assumed	9,539,533	8,144,375	34,365,397
2.3 Ceded	13,723,909	11,562,791	49,333,408
2.4 Net	9,548,649	8,257,463	36,506,933
3. Loss adjustment expenses incurred	1,431,871	1,486,225	5,914,581
4. Other underwriting expenses incurred	5,694,604	5,302,523	22,157,649
5. Aggregate write-ins for underwriting deductions	0	0	0
6. Total underwriting deductions (Lines 2 through 5)	16,675,124	15,046,211	64,579,163
7. Net income of protected cells	0	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	(1,132,386)	(461,253)	(4,392,697)
INVESTMENT INCOME			
9. Net investment income earned	986,059	966,545	3,832,474
10. Net realized capital gains (losses) less capital gains tax of \$ 91,460	177,539	217,892	656,953
11. Net investment gain (loss) (Lines 9 + 10)	1,163,598	1,184,437	4,489,427
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$ (12,911))	(12,911)	(11,047)	(39,091)
13. Finance and service charges not included in premiums	249,589	241,511	977,892
14. Aggregate write-ins for miscellaneous income	78	141	(7,474)
15. Total other income (Lines 12 through 14)	236,756	230,605	931,327
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	267,968	953,789	1,028,057
17. Dividends to policyholders	0	0	0
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	267,968	953,789	1,028,057
19. Federal and foreign income taxes incurred	4,931	215,000	(173,986)
20. Net income (Line 18 minus Line 19)(to Line 22)	263,037	738,789	1,202,043
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	92,091,549	91,371,288	91,371,288
22. Net income (from Line 20)	263,037	738,789	1,202,043
23. Net transfers (to) from Protected Cell accounts	0	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 490,108	951,386	395,883	1,790,706
25. Change in net unrealized foreign exchange capital gain (loss)	0	0	0
26. Change in net deferred income tax	(43,759)	253,634	168,017
27. Change in nonadmitted assets	69,625	4,095	(2,440,505)
28. Change in provision for reinsurance	0	0	0
29. Change in surplus notes	0	0	0
30. Surplus (contributed to) withdrawn from protected cells	0	0	0
31. Cumulative effect of changes in accounting principles	0	0	0
32. Capital changes:			
32.1 Paid in	0	0	0
32.2 Transferred from surplus (Stock Dividend)	0	0	0
32.3 Transferred to surplus	0	0	0
33. Surplus adjustments:			
33.1 Paid in	0	0	0
33.2 Transferred to capital (Stock Dividend)	0	0	0
33.3 Transferred from capital	0	0	0
34. Net remittances from or (to) Home Office	0	0	0
35. Dividends to stockholders	0	0	0
36. Change in treasury stock	0	0	0
37. Aggregate write-ins for gains and losses in surplus	0	0	0
38. Change in surplus as regards policyholders (Lines 22 through 37)	1,240,289	1,392,401	720,261
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	93,331,838	92,763,689	92,091,549
DETAILS OF WRITE-INS			
0501.			
0502.			
0503.			
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0
1401. OTHER INCOME	78	141	(7,474)
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)	78	141	(7,474)
3701.			
3702.			
3703.			
3798. Summary of remaining write-ins for Line 37 from overflow page	0	0	0
3799. TOTALS (Lines 3701 through 3703 plus 3798) (Line 37 above)	0	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance.....	15,748,493	14,461,469	60,085,260
2. Net investment income	923,523	917,927	4,218,202
3. Miscellaneous income	236,756	230,605	931,327
4. Total (Lines 1 to 3)	16,908,772	15,610,001	65,234,789
5. Benefit and loss related payments	8,963,381	7,925,032	36,889,257
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	8,832,233	7,731,009	27,428,972
8. Dividends paid to policyholders	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses).....	(957,691)	0	285,000
10. Total (Lines 5 through 9)	16,837,923	15,656,041	64,603,229
11. Net cash from operations (Line 4 minus Line 10)	70,849	(46,040)	631,560
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	3,952,311	3,183,822	12,444,722
12.2 Stocks	3,680,649	3,902,358	18,898,022
12.3 Mortgage loans	0	0	0
12.4 Real estate	0	0	0
12.5 Other invested assets	60,042	0	39,593
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0	0
12.7 Miscellaneous proceeds	0	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	7,693,002	7,086,180	31,382,337
13. Cost of investments acquired (long-term only):			
13.1 Bonds	2,998,158	4,033,390	10,770,849
13.2 Stocks	3,236,852	5,828,871	21,752,230
13.3 Mortgage loans	0	0	0
13.4 Real estate	0	0	0
13.5 Other invested assets	0	0	2,450,000
13.6 Miscellaneous applications	0	114,066	1
13.7 Total investments acquired (Lines 13.1 to 13.6)	6,235,010	9,976,327	34,973,080
14. Net increase (or decrease) in contract loans and premium notes	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	1,457,992	(2,890,147)	(3,590,743)
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes	0	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0	0
16.3 Borrowed funds	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0	0
16.5 Dividends to stockholders	0	0	0
16.6 Other cash provided (applied).....	(64,530)	(560,027)	(506,951)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(64,530)	(560,027)	(506,951)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	1,464,311	(3,496,214)	(3,466,134)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	(6,391,509)	(2,925,375)	(2,925,375)
19.2 End of period (Line 18 plus Line 19.1)	(4,927,198)	(6,421,589)	(6,391,509)

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

- A. The accompanying financial statement of Western Reserve Mutual Casualty Company (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. All material transactions recorded by the company are in conformity with prescribed statutory accounting principles.
- 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: Premiums are earned over the terms of the related policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct business and are based on reports received from ceding companies for reinsurance. Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable. In addition, the company uses the following accounting policies:
 1. Short-term investments are stated at cost.
 2. Bonds are stated at amortized cost (scientific amortization method); U.S. Treasury Inflation-Indexed bonds are stated at amortized cost adjusted for unrealized inflation factor gains.
 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 in Schedule D; these assets are nonadmitted, page 2, column 2.
 8. The company has no joint ventures, partnerships, or limited liability companies in excess of 10% of invested assets. The company has minor ownership interests in partnerships. The company carries these interests based on the underlying GAAP equity of the investee.
 9. The company has no derivative instrument investments.
 10. The company does not utilize anticipated investment income in the premium deficiency calculation.
 11. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
 12. The company did not change capitalization policy.
 13. The company has no pharmaceutical rebate receivables.

2. Accounting Changes and Corrections of Errors

The company had no accounting changes or error corrections through March 2011 or in 2010.

3. Business Combinations and Goodwill

The company has no goodwill from business combinations.

4. Discontinued Operations

The company has no discontinued operations.

5. Investments

The company has no mortgage loans, debt restructuring loans, reverse mortgages, loan-backed securities, or stock repurchase agreements. It is the policy of the Western Reserve Group (the Group) to adhere to the requirements of the Statements of Statutory Accounting Principles (SSAP No. 26, 30, 32, 43, 48, and INT 06-07) as they relate to the valuation of securities held and the determination of impairment in fair value considered to be other than temporary. No securities were impaired in first quarter 2011 or in 2010. At quarter-end March 2011, the company's bond portfolio was 99.5% investment grade. At statement value, mortgage-backed securities comprised 5.1% of the total bond portfolio. All mortgage-backed securities were 100% backed by the U.S. government or government agencies and the company had no exposure to subprime mortgages.

6. Joint Ventures, Partnerships and Limited Liability Companies

The company has no investments in joint ventures, partnerships, or limited liability companies that exceed 10% of invested assets.

7. Investment Income

The company has no uncollectible accrued investment income.

8. Derivative Instruments

The company has no derivative instrument investments.

NOTES TO FINANCIAL STATEMENTS

9. Income Taxes

The company files and individual federal income tax return.

The provision for federal income taxes incurred is different from what would be obtained by applying the statutory federal income tax rate to income before income taxes. The significant items causing this difference are as follows:

	<u>March 2011</u>	<u>2010</u>
Pre-tax income	\$ 359,428	1,366,618
Tax-exempt interest	(187,096)	(748,382)
Dividends deduction	(170,045)	(600,680)
Unearned premium adjustment	20,000	429,032
Deductible capital losses on impaired assets	-	(283,161)
Other, net	201,811	(250,572)
Alternative minimum tax effect	<u>267,856</u>	<u>1,011,796</u>
Taxable income	<u>491,954</u>	<u>924,651</u>
Tax	98,391	184,930
Prior year over or under accrual	<u>(2,000)</u>	<u>(20,486)</u>
Total Current Tax	<u>\$ 96,391</u>	<u>164,444</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: \$98,391 First preceding year: \$184,930

Second preceding year:

\$

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

	<u>March 31, 2011</u>	<u>Period Ended December 2010</u>
Deferred tax assets:		
Unearned premium reserve	\$ 1,914,468	1,907,668
Deferred compensation	1,729,186	1,751,898
Loss reserve discount	411,981	411,981
Salvage and subrogation anticipated	623,525	623,525
Retiree health care and director retirement	275,781	282,725
Impaired asset losses	1,140,745	1,161,647
Other	<u>321,630</u>	<u>321,630</u>
Total admitted deferred tax assets	6,417,315	6,461,073
Deferred tax liabilities:		
Unrealized gains on investments	(6,653,603)	(6,163,496)
Other	<u>(473,848)</u>	<u>(473,848)</u>
Total gross deferred tax liabilities	(7,127,451)	(6,637,343)
Net deferred tax (liability)/asset	<u>(710,137)</u>	<u>(176,270)</u>
Surplus increase/(decrease)	<u>\$ (533,867)</u>	<u>(754,519)</u>

NOTES TO FINANCIAL STATEMENTS

The amount of adjusted gross deferred tax assets admitted under each component of SSAP No. 10R are as follows:

	<u>Ordinary</u>	<u>March 2011 Capital</u>	<u>Total</u>
Admitted under paragraph 10.a.	\$ -	-	-
Admitted under paragraph 10.b.	-	-	-
Admitted under paragraph 10.c.	<u>5,276,570</u>	<u>1,140,745</u>	<u>6,417,315</u>
Total admitted adjusted gross deferred tax assets	5,276,570	1,140,745	6,417,315
Total gross deferred tax liabilities	<u>(473,848)</u>	<u>(6,653,603)</u>	<u>(7,127,451)</u>
Net admitted deferred tax assets/(liabilities)	<u>\$ 4,802,722</u>	<u>(5,512,859)</u>	<u>(710,137)</u>

	<u>Ordinary</u>	<u>2010 Capital</u>	<u>Total</u>
Admitted under paragraph 10.a.	\$ -	-	-
Admitted under paragraph 10.b.	-	-	-
Admitted under paragraph 10.c.	<u>5,299,426</u>	<u>1,161,647</u>	<u>6,461,073</u>
Total admitted adjusted gross deferred tax assets	1,777,905	4,683,168	6,461,073
Total gross deferred tax liabilities	<u>(473,848)</u>	<u>(6,163,496)</u>	<u>(6,637,343)</u>
Net admitted deferred tax assets/(liabilities)	<u>\$ 1,304,058</u>	<u>(1,480,328)</u>	<u>(176,270)</u>

The company did not elect to adopt the provisions of SSAP No. 10R "A Temporary Replacement of SSAP No. 10" that expanded admissibility of deferred tax assets pursuant to a paragraph .e. for March 31, 2011 and December 31, 2010. Admitted deferred tax assets were unaffected.

10. Information Concerning Parent, Subsidiaries and Affiliates

The company participates in a pooling agreement with Lightning Rod Mutual Insurance Company ("Lightning") and Sonnenberg Mutual Insurance Company, ("Sonnenberg") whereby net premiums, losses, underwriting expenses and related balance sheet amounts (except premiums receivable) are shared on a 40% / 55% / 5% basis, respectively. Lightning Rod assumes 100% of the business from Western and Sonnenberg and cedes 40% to Western and 5% to Sonnenberg. The company owns fifty percent of Forward Agencies, Inc., an insurance agency, and forty-five percent of Western Reserve Financial Corp., an inactive holding company. The company carries these stocks valued at an unaudited statutory equity basis as reported in Schedule D Part 2 Section 2 at \$230,786 and \$27,151 respectively. In accordance with SSAP 25, management elected to nonadmit these subsidiaries.

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 beginning of the following quarter after the completion of three months of continuous service. The company matches a portion of employee contributions and may make additional discretionary contributions. These costs were charged to the group's operations amounting to \$57 thousand and \$49 thousand in first quarter 2011 and 2010 respectively.

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. Fair Value Measurements

The Companies' financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by FASB ASC 820 (SFAS No. 157), *Fair Value Measurements*. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3). The levels of the fair value hierarchy are as follows:

Level 1 – Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

Level 2 – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

Level 3 – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Company's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

<u>Description</u>	<u>Period ended March 31, 2011</u>	<u>Fair value measurements using</u>		
		<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant other unobservable inputs (Level 3)</u>
Assets at fair value:				
Preferred stock	\$ 1,286,376	1,286,376	-	-
Common Stock	44,027,882	44,027,882	-	-
Other invested assets	<u>3,871,659</u>	<u>-</u>	<u>-</u>	<u>3,871,659</u>
Total Assets at Fair Value	<u>\$ 49,185,917</u>	<u>45,314,258</u>	<u>-</u>	<u>3,871,659</u>

<u>Description</u>	<u>Year ended December 31, 2010</u>	<u>Fair value measurements using</u>		
		<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant other unobservable inputs (Level 3)</u>
Assets at fair value:				
Preferred stock	\$ 1,275,824	1,275,824	-	-
Common Stock	42,869,945	42,869,945	-	-
Other invested assets	<u>3,825,827</u>	<u>-</u>	<u>-</u>	<u>3,825,827</u>
Total Assets at Fair Value	<u>\$ 47,971,596</u>	<u>44,145,769</u>	<u>-</u>	<u>3,825,827</u>

Level 1 Financial Assets

These assets include actively-traded exchange-listed equity securities and some mutual funds. Unadjusted quoted prices for these securities are provided to the company by independent pricing services.

NOTES TO FINANCIAL STATEMENTS

Level 2 Financial Assets

The company classified no assets in Level 2.

Level 3 Financial Assets

The company classifies certain newly issued, privately placed, complex or illiquid securities in Level 3. This amount represents an investment in a limited partnership interest and is valued using the equity method of accounting which approximates fair value. In 2011, the increase in value was due entirely to unrealized gains.

In 2011, the company has had no transfers into or out of the Level 3 category and no transfers between Levels 1 and 2.

21. Other Items.

There were no extraordinary items or discontinued operations.

22. Events Subsequent

There were no events occurring subsequent to the close of the books as of March 31, 2011 that would have a material effect on the financial condition of the company.

23. Reinsurance

There were no uncollectible reinsurance balances written off and no commutations of ceded reinsurance. The company has no retroactive reinsurance agreements. The company recognized a \$485 thousand provision for unauthorized reinsurance at year-end 2008 due to the Lehman Re bankruptcy for catastrophe losses recoverable net of reinstatement premiums. No changes occurred in 2010.

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

The company has no retrospectively rated contracts or contracts subject to redetermination.

25. Changes in Incurred Losses and Loss Adjustment Expense

Reserves as of December 31, 2010 were \$21.8 million. In calendar year 2011, \$5.2 million has been paid for incurred losses and loss adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$14.3 million. Therefore, there has been a \$2.3 million favorable prior-year development from December 31, 2010 to March 31, 2011. The favorable development is generally the result of ongoing analysis of recent loss development trends, and from decreases in the estimates of loss and loss adjustment expenses for the following lines of business: private passenger auto liability, auto physical damage, homeowners/farmowners, commercial multi-peril, other liability, and special property. These decreases were offset, in part, by increases in commercial auto liability and workers compensation. Original estimates are increased or decreased as additional information becomes known regarding individual claims. The estimates are not affected by prior year loss development on retrospectively rated policies, as the company does not write this type of policy.

26. 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; no amounts were due to or from this company at March 31, 2011. All transactions and balances in the underwriting accounts of the companies are pooled except premiums in the course of collection.

27. Structured Settlements.

The company has no structured settlements.

28. Health Care Receivables

Not applicable.

29. Participating Policies

Not applicable.

30. Premium Deficiency Reserves

1. Liability for premium deficiency reserves \$0
2. Date of evaluation of liability 12/31/2010
3. Anticipated investment income was not utilized in the calculation.

31. High Deductibles

The company has no reserve for high deductible credits.

32. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses.

The company does not discount any loss or adjustment expense reserves.

NOTES TO FINANCIAL STATEMENTS

33. Asbestos/Environmental Reserves

- A. Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of a liability due to asbestos losses? Yes () No (X)
- B. Not applicable
- C. Not applicable
- D. Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of a liability due to environmental losses? Yes (X) No ()

The company's exposure to environmental losses arises from the sale of general liability insurance. The company tries to estimate the full impact of the environmental exposure by establishing full case basis reserves on all known losses and computing incurred but not reported losses based on previous experience. The company's environmental related losses for each of the five most recent years were as follows after intercompany pooling:

(1) Direct Basis:

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
a. Beginning reserves	\$ -	\$ -	\$ -	\$ 10	\$ 10
b. Incurred losses and loss adj. expenses	1	7	21	45	8
c. Calendar year pymts for losses and LAE	1	7	11	45	8
d. Ending reserves	\$ -	\$ -	\$ 10	\$ 10	\$ 10

(2) Assumed Reinsurance:

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
a. Beginning reserves	\$ -	\$ -	\$ -	\$ -	\$ -
b. Incurred losses and loss adj. expenses	-	-	-	-	-
c. Calendar year pymts for losses and LAE	-	-	-	-	-
d. Ending reserves	\$ -	\$ -	\$ -	\$ -	\$ -

(3) Net of Ceded Reinsurance:

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
a. Beginning reserves	\$ -	\$ -	\$ -	\$ 10	\$ 10
b. Incurred losses and loss adj. expenses	1	7	21	45	8
c. Calendar year pymts for losses and LAE	1	7	11	45	8
d. Ending reserves	\$ -	\$ -	\$ 10	\$ 10	\$ 10

E. State the amount of ending reserves for Bulk + IBNR included in D (Loss & LAE):

- 1) Direct Basis: \$ -
- 2) Assumed Reinsurance Basis: \$ -
- 3) Net of Ceded Reinsurance Basis: \$ -

F. State the amount of ending reserves for loss adjustment expenses included in D (Case, Bulk + IBNR):

- 1) Direct Basis: \$ -
- 2) Assumed Reinsurance Basis: \$ -
- 3) Net of Ceded Reinsurance Basis: \$ -

34. Subscriber Savings Accounts.

Not applicable.

35. Multiple Peril Crop Insurance

The company does not write crop insurance.

36. Financial Guaranty Insurance

The company does not write financial guaranty insurance.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1

Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes ☐ No ☒
- 1.2

If yes, has the report been filed with the domiciliary state?

Yes ☐ No ☐
- 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 ☒
- 2.2

If yes, date of change:
3.

Have there been any substantial changes in the organizational chart since the prior quarter end?

Yes ☐ No ☒
- If yes, complete the Schedule Y - Part 1 - organizational chart.
- 4.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ☐ No ☒
- 4.2

If yes, provide the name of 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	2	3
Name of Entity	NAIC Company Code	State of Domicile

5.

If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?

If yes, attach an explanation.

Yes ☐ No ☐ NA ☒
- 6.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2006
- 6.2

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.

12/31/2006
- 6.3

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).

07/16/2007
- 6.4

By what department or departments?
- 6.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes ☒ No ☐ NA ☐
- 6.6

Have all of the recommendations within the latest financial examination report been complied with?.....

Yes ☒ No ☐ NA ☐
- 7.1

Has this 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?.....

Yes ☐ No ☒
- 7.2

If yes, give full information:
- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?.....

Yes ☐ No ☒
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?.....

Yes ☐ No ☒
- 8.4

If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

GENERAL INTERROGATORIES

- 9.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?.....

Yes ☒ No ☐
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

(c) Compliance with applicable governmental laws, rules and regulations;

(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

(e) Accountability for adherence to the code.
- 9.11

If the response to 9.1 is No, please explain:

.....
- 9.2

Has the code of ethics for senior managers been amended?.....

Yes ☐ No ☒
- 9.21

If the response to 9.2 is Yes, provide information related to amendment(s).

.....
- 9.3

Have any provisions of the code of ethics been waived for any of the specified officers?.....

Yes ☐ No ☒
- 9.31

If the response to 9.3 is Yes, provide the nature of any waiver(s).

.....

FINANCIAL

- 10.1

Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?.....

Yes ☐ No ☒
- 10.2

If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$

INVESTMENT

- 11.1

Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.)

Yes ☐ No ☒
- 11.2

If yes, give full and complete information relating thereto:

.....
12.

Amount of real estate and mortgages held in other invested assets in Schedule BA: \$
13.

Amount of real estate and mortgages held in short-term investments: \$
- 14.1

Does the reporting entity have any investments in parent, subsidiaries and affiliates?

Yes ☒ No ☐
- 14.2

If yes, please complete the following:

		1		2
		Prior Year-End		Current Quarter
		Book/Adjusted		Book/Adjusted
		Carrying Value		Carrying Value
14.21	Bonds	\$	\$	
14.22	Preferred Stock	\$	\$	
14.23	Common Stock	\$257,937	\$257,937	
14.24	Short-Term Investments	\$	\$	
14.25	Mortgage Loans on Real Estate	\$	\$	
14.26	All Other	\$	\$	
14.27	Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$257,937	\$257,937	
14.28	Total Investment in Parent included in Lines 14.21 to 14.26 above	\$	\$	
- 15.1

Has the reporting entity entered into any hedging transactions reported on Schedule DB?

Yes ☐ No ☒
- 15.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes ☐ No ☐

If no, attach a description with this statement.

GENERAL INTERROGATORIES

16. Excluding items in Schedule E - Part 3 - Special Deposits, 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 Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?.....

Yes ☒ No ☐

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

1 Name of Custodian(s)	2 Custodian Address
Merrill Lynch.....	Columbus, OH.....
First Merit.....	Wooster, OH.....

16.2 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)

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter?

Yes ☐ No ☒

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

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

16.5 Identify all investment advisors, broker/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	2 Name(s)	3 Address

17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes ☒ No ☐

17.2 If no, list exceptions:

.....

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted.)

PART 2
PROPERTY & CASUALTY INTERROGATORIES

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change? Yes [] No [X] NA []

If yes, attach an explanation.

2. Has the reporting entity reinsured any risk with any other reporting 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]

If yes, attach an explanation.

3.1 Have any of the reporting entity's primary reinsurance contracts been canceled? Yes [] No [X]

3.2 If yes, give full and complete information thereto.

.....

4.1 Are any of the liabilities for unpaid losses and loss adjustment expenses other than certain workers' compensation tabular reserves (see Annual Statement Instructions pertaining to disclosure of discounting for definition of "tabular reserves,") discounted at a rate of interest greater than zero? Yes [] No [X]

4.2 If yes, complete the following schedule:

			TOTAL DISCOUNT				DISCOUNT TAKEN DURING PERIOD			
1	2	3	4	5	6	7	8	9	10	11
Line of Business	Maximum Interest	Discount Rate	Unpaid Losses	Unpaid LAE	IBNR	TOTAL	Unpaid Losses	Unpaid LAE	IBNR	TOTAL
.....
.....
.....
TOTAL			0	0	0	0	0	0	0	0

5. Operating Percentages:

5.1 A&H loss percent %

5.2 A&H cost containment percent %

5.3 A&H expense percent excluding cost containment expenses %

6.1 Do you act as a custodian for health savings accounts? Yes [] No [X]

6.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$.....

6.3 Do you act as an administrator for health savings accounts? Yes [] No [X]

6.4 If yes, please provide the balance of the funds administered as of the reporting date. \$.....

Schedule F
NONE

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date - Allocated by States and Territories								
States, etc.	1	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid		
		2	3	4	5	6	7	
	Active Status	Current Year To Date	Prior Year To Date	Current Year To Date	Prior Year To Date	Current Year To Date	Prior Year To Date	
1. Alabama	AL	N	0	0	0	0	0	
2. Alaska	AK	N	0	0	0	0	0	
3. Arizona	AZ	N	0	0	0	0	0	
4. Arkansas	AR	N	0	0	0	0	0	
5. California	CA	N	0	0	0	0	0	
6. Colorado	CO	N	0	0	0	0	0	
7. Connecticut	CT	N	0	0	0	0	0	
8. Delaware	DE	N	0	0	0	0	0	
9. District of Columbia	DC	N	0	0	0	0	0	
10. Florida	FL	N	0	0	0	0	0	
11. Georgia	GA	N	0	0	0	0	0	
12. Hawaii	HI	N	0	0	0	0	0	
13. Idaho	ID	N	0	0	0	0	0	
14. Illinois	IL	L	0	0	0	0	0	
15. Indiana	IN	L	6,039,859	5,426,982	4,093,950	3,215,226	5,995,195	6,710,772
16. Iowa	IA	N	0	0	0	0	0	0
17. Kansas	KS	N	0	0	0	0	0	0
18. Kentucky	KY	N	0	0	0	0	0	0
19. Louisiana	LA	N	0	0	0	0	0	0
20. Maine	ME	N	0	0	0	0	0	0
21. Maryland	MD	N	0	0	0	0	0	0
22. Massachusetts	MA	N	0	0	0	0	0	0
23. Michigan	MI	N	0	0	0	0	0	0
24. Minnesota	MN	N	0	0	0	0	0	0
25. Mississippi	MS	N	0	0	0	0	0	0
26. Missouri	MO	N	0	0	0	0	0	0
27. Montana	MT	N	0	0	0	0	0	0
28. Nebraska	NE	N	0	0	0	0	0	0
29. Nevada	NV	N	0	0	0	0	0	0
30. New Hampshire	NH	N	0	0	0	0	0	0
31. New Jersey	NJ	N	0	0	0	0	0	0
32. New Mexico	NM	N	0	0	0	0	0	0
33. New York	NY	N	0	0	0	0	0	0
34. No. Carolina	NC	N	0	0	0	0	0	0
35. No. Dakota	ND	N	0	0	0	0	0	0
36. Ohio	OH	L	15,963,027	14,916,682	9,178,857	8,547,478	18,715,800	15,917,688
37. Oklahoma	OK	N	0	0	0	0	0	0
38. Oregon	OR	N	0	0	0	0	0	0
39. Pennsylvania	PA	N	0	0	0	0	0	0
40. Rhode Island	RI	N	0	0	0	0	0	0
41. So. Carolina	SC	N	0	0	0	0	0	0
42. So. Dakota	SD	N	0	0	0	0	0	0
43. Tennessee	TN	L	0	0	0	0	0	0
44. Texas	TX	N	0	0	0	0	0	0
45. Utah	UT	N	0	0	0	0	0	0
46. Vermont	VT	N	0	0	0	0	0	0
47. Virginia	VA	N	0	0	0	0	0	0
48. Washington	WA	N	0	0	0	0	0	0
49. West Virginia	WV	N	0	0	0	0	0	0
50. Wisconsin	WI	N	0	0	0	0	0	0
51. Wyoming	WY	N	0	0	0	0	0	0
52. American Samoa	AS	N	0	0	0	0	0	0
53. Guam	GU	N	0	0	0	0	0	0
54. Puerto Rico	PR	N	0	0	0	0	0	0
55. U.S. Virgin Islands	VI	N	0	0	0	0	0	0
56. Northern Mariana Islands	MP	N	0	0	0	0	0	0
57. Canada	CN	N	0	0	0	0	0	0
58. Aggregate Other Alien	OT	XXX	0	0	0	0	0	0
59. Totals	(a) 4		22,002,886	20,343,664	13,272,807	11,762,704	24,710,995	22,628,460
DETAILS OF WRITE-INS								
5801.	XXX							
5802.	XXX							
5803.	XXX							
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX		0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX		0	0	0	0	0	0

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

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

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

NONE

PART 1 - LOSS EXPERIENCE

Line of Business		Current Year to Date			4 Prior Year to Date Direct Loss Percentage
		1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1.	Fire	610,499	362,436	59.4	35.9
2.	Allied lines	330,260	342,818	103.8	102.5
3.	Farmowners multiple peril		0	0.0	0.0
4.	Homeowners multiple peril	4,474,338	3,402,102	76.0	74.9
5.	Commercial multiple peril	2,328,430	879,091	37.8	43.1
6.	Mortgage guaranty		0	0.0	0.0
8.	Ocean marine		0	0.0	0.0
9.	Inland marine	181,522	2,091	1.2	25.6
10.	Financial guaranty		0	0.0	0.0
11.1	Medical professional liability - occurrence		0	0.0	0.0
11.2	Medical professional liability – claims made		0	0.0	0.0
12.	Earthquake	4,330	0	0.0	0.0
13.	Group accident and health		0	0.0	0.0
14.	Credit accident and health		0	0.0	0.0
15.	Other accident and health		0	0.0	0.0
16.	Workers' compensation	214,150	45,061	21.0	48.1
17.1	Other liability occurrence	621,870	(38,998)	(6.3)	14.7
17.2	Other liability – claims made		0	0.0	0.0
17.3	Excess Workers' Compensation		0	0.0	
18.1	Products liability - occurrence	19,968	0	0.0	0.0
18.2	Products liability – claims made		0	0.0	0.0
19.1,19.2	Private passenger auto liability	6,574,394	4,490,534	68.3	55.7
19.3,19.4	Commercial auto liability	722,792	107,723	14.9	8.6
21.	Auto physical damage	5,992,664	4,138,400	69.1	63.9
22.	Aircraft (all perils)		0	0.0	0.0
23.	Fidelity		0	0.0	0.0
24.	Surety		0	0.0	0.0
26.	Burglary and theft	10,814	1,767	16.3	(0.7)
27.	Boiler and machinery	26,424	0	0.0	8.7
28.	Credit		0	0.0	0.0
29.	International		0	0.0	0.0
30.	Warranty		0	0.0	0.0
31.	Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX	XXX
32.	Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX	XXX
33.	Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX
34.	Aggregate write-ins for other lines of business	0	0	0.0	0.0
35.	TOTALS	22,112,455	13,733,025	62.1	57.1
DETAILS OF WRITE-INS					
3401.	.....			
3402.	.....			
3403.	.....			
3498.	Sum. of remaining write-ins for Line 34 from overflow page	0	0	0.0	0.0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34)	0	0	0.0	0.0

PART 2 - DIRECT PREMIUMS WRITTEN

Line of Business		1 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
1.	Fire	590,655	590,655	520,622
2.	Allied lines	327,929	327,929	282,944
3.	Farmowners multiple peril	0	0	0
4.	Homeowners multiple peril	3,800,492	3,800,492	3,561,458
5.	Commercial multiple peril	2,289,831	2,289,831	2,160,034
6.	Mortgage guaranty	0		0
8.	Ocean marine	0		0
9.	Inland marine	175,315	175,315	178,913
10.	Financial guaranty	0		0
11.1	Medical professional liability - occurrence	0		0
11.2	Medical professional liability – claims made	0		0
12.	Earthquake	4,620	4,620	6,239
13.	Group accident and health	0		0
14.	Credit accident and health	0		0
15.	Other accident and health	0		0
16.	Workers' compensation	208,574	208,574	229,082
17.1	Other liability-occurrence	636,437	636,437	580,838
17.2	Other liability – claims made	0		0
17.3	Excess Workers' Compensation	0		
18.1	Products liability - occurrence	14,231	14,231	10,886
18.2	Products liability – claims made	0		0
19.1,19.2	Private passenger auto liability	6,972,380	6,972,380	6,330,197
19.3,19.4	Commercial auto liability	730,271	730,271	757,062
21.	Auto physical damage	6,212,972	6,212,972	5,694,168
22.	Aircraft (all perils)	0		0
23.	Fidelity	0		0
24.	Surety	0		0
26.	Burglary and theft	8,473	8,473	8,011
27.	Boiler and machinery	30,706	30,706	23,210
28.	Credit	0		0
29.	International	0		0
30.	Warranty	0		0
31.	Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX
32.	Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX
33.	Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX
34.	Aggregate write-ins for other lines of business	0	0	0
35.	TOTALS	22,002,886	22,002,886	20,343,664
DETAILS OF WRITE-INS				
3401.	.....		
3402.	.....		
3403.	.....		
3498.	Sum. of remaining write-ins for Line 34 from overflow page	0	0	0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34)	0	0	0

STATEMENT AS OF MARCH 31, 2011 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

	1	2	3	4	5	6	7	8	9	10	11	12	13	
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	2011 Loss and LAE Payments on Claims Reported as of Prior Year-End	2011 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2011 Loss and LAE Payments (Cols. 4 + 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year-End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year-End	Q.S. Date IBNR Loss and LAE Reserves	Total Q.S. Loss and LAE Reserves (Cols.7 + 8 + 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 4 + 7 minus Col. 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 5 + 8 + 9 minus Col. 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings)/ Deficiency (Cols. 11 + 12)	
1. 2008 + Prior	3,579	206	3,785	448	0	448	2,865	3	71	2,939	(266)	(132)	(398)	
2. 2009	4,319	211	4,530	717	6	723	3,248	8	284	3,540	(354)	87	(267)	
3. Subtotals 2009 + prior	7,898	417	8,315	1,165	6	1,171	6,113	11	355	6,479	(620)	(45)	(665)	
4. 2010	10,109	3,369	13,478	3,595	481	4,076	6,172	205	1,420	7,797	(342)	(1,263)	(1,605)	
5. Subtotals 2010 + prior	18,007	3,786	21,793	4,760	487	5,247	12,285	216	1,775	14,276	(962)	(1,308)	(2,270)	
6. 2011	XXX	XXX	XXX	XXX	5,098	5,098	XXX	2,832	5,324	8,156	XXX	XXX	XXX	
7. Totals	18,007	3,786	21,793	4,760	5,585	10,345	12,285	3,048	7,099	22,432	(962)	(1,308)	(2,270)	
8. Prior Year-End Surplus As Regards Policy-holders	92,092											Col. 11, Line 7 As % of Col. 1 Line 7	Col. 12, Line 7 As % of Col. 2 Line 7	Col. 13, Line 7 As % of Col. 3 Line 7
												1. (5.3)	2. (34.5)	3. (10.4)
												Col. 13, Line 7 As a % of Col. 1 Line 8		
												4. (2.5)		

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing on "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.


	RESPONSE
1. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement?	.....NO.....
2. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed with this statement?	.....NO.....
3. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	.....NO.....
4. Will the Director and Officer Supplement be filed with the state of domicile and the NAIC with this statement?	.....NO.....

Explanation:

- 1.
- 2.
- 3.
- 4.


Bar Code:

1.




261312011490000001

2.




261312011455000001

3.



261312011365000001

4.



261312011505000001

OVERFLOW PAGE FOR WRITE-INS

SCHEDULE A - VERIFICATION

Real Estate

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	8,222,375	8,444,482
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	0	0
2.2 Additional investment made after acquisition	0	0
3. Current year change in encumbrances	0	0
4. Total gain (loss) on disposals	0	0
5. Deduct amounts received on disposals	0	0
6. Total foreign exchange change in book/adjusted carrying value	0	0
7. Deduct current year's other than temporary impairment recognized	0	0
8. Deduct current year's depreciation	55,527	222,107
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8)	8,166,848	8,222,375
10. Deduct total nonadmitted amounts	0	0
11. Statement value at end of current period (Line 9 minus Line 10)	8,166,848	8,222,375

SCHEDULE B – VERIFICATION

Mortgage Loans

	1	2
	Year to Date	Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		0
2.2 Additional investment made after acquisition		0
3. Capitalized deferred interest and other		0
4. Accrual of discount		0
5. Unrealized valuation increase (decrease)		0
6. Total gain (loss) on disposals		0
7. Deduct amounts received on disposals		0
8. Deduct amortization of premium and mortgage interest points and commitment fees		0
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		0
10. Deduct current year's other than temporary impairment recognized		0
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Total valuation allowance		0
13. Subtotal (Line 11 plus Line 12)	0	0
14. Deduct total nonadmitted amounts	0	0
15. Statement value at end of current period (Line 13 minus Line 14)	0	0

SCHEDULE BA – VERIFICATION

Other Long-Term Invested Assets

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	6,236,234	3,522,096
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		2,450,000
2.2 Additional investment made after acquisition		0
3. Capitalized deferred interest and other		0
4. Accrual of discount		0
5. Unrealized valuation increase (decrease)	45,832	303,731
6. Total gain (loss) on disposals		0
7. Deduct amounts received on disposals	60,042	39,593
8. Deduct amortization of premium and depreciation		0
9. Total foreign exchange change in book/adjusted carrying value		0
10. Deduct current year's other than temporary impairment recognized		0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	6,222,024	6,236,234
12. Deduct total nonadmitted amounts	2,350,365	2,410,407
13. Statement value at end of current period (Line 11 minus Line 12)	3,871,659	3,825,827

SCHEDULE D – VERIFICATION

Bonds and Stocks

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	124,716,824	120,246,257
2. Cost of bonds and stocks acquired	6,204,497	32,523,079
3. Accrual of discount	17,716	65,940
4. Unrealized valuation increase (decrease)	1,395,662	2,409,511
5. Total gain (loss) on disposals	268,999	995,383
6. Deduct consideration for bonds and stocks disposed of	7,632,959	31,342,745
7. Deduct amortization of premium	39,578	180,603
8. Total foreign exchange change in book/adjusted carrying value	0	0
9. Deduct current year's other than temporary impairment recognized	0	0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	124,931,160	124,716,824
11. Deduct total nonadmitted amounts	257,937	257,937
12. Statement value at end of current period (Line 10 minus Line 11)	124,673,223	124,458,887

STATEMENT AS OF MARCH 31, 2011 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a).....	81,674,925	8,844,025	9,653,814	8,183	80,873,319	0	0	81,674,925
2. Class 2 (a).....	1,316,086	0	0	(697)	1,315,388	0	0	1,316,086
3. Class 3 (a).....	370,000	0	0	0	370,000	0	0	370,000
4. Class 4 (a).....	0	0	0	0	0	0	0	0
5. Class 5 (a).....	0	0	0	0	0	0	0	0
6. Class 6 (a).....	0	0	0	0	0	0	0	0
7. Total Bonds	83,361,011	8,844,025	9,653,814	7,486	82,558,707	0	0	83,361,011
PREFERRED STOCK								
8. Class 1	1,055,424	0	0	7,832	1,063,256	0	0	1,055,424
9. Class 2	220,400	0	0	2,720	223,120	0	0	220,400
10. Class 3	0	0	0	0	0	0	0	0
11. Class 4	0	0	0	0	0	0	0	0
12. Class 5	0	0	0	0	0	0	0	0
13. Class 6	0	0	0	0	0	0	0	0
14. Total Preferred Stock	1,275,824	0	0	10,552	1,286,376	0	0	1,275,824
15. Total Bonds & Preferred Stock	84,636,835	8,844,025	9,653,814	18,038	83,845,083	0	0	84,636,835

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$.....0 ; NAIC 2 \$.....0 ; NAIC 3 \$.....0 ; NAIC 4 \$.....0 ; NAIC 5 \$.....0 ; NAIC 6 \$.....0

SCHEDULE DA - PART 1

Short-Term Investments					
	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999	3,199,741	XXX	3,199,741	817	0

SCHEDULE DA - VERIFICATION

Short-Term Investments		
	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	3,047,893	5,068,799
2. Cost of short-term investments acquired	5,876,380	22,932,709
3. Accrual of discount.....	0	0
4. Unrealized valuation increase (decrease).....	0	0
5. Total gain (loss) on disposals.....	0	0
6. Deduct consideration received on disposals.....	5,724,532	24,953,615
7. Deduct amortization of premium.....	0	0
8. Total foreign exchange change in book/adjusted carrying value.....	0	0
9. Deduct current year's other than temporary impairment recognized.....	0	0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	3,199,741	3,047,893
11. Deduct total nonadmitted amounts.....	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	3,199,741	3,047,893

Schedule DB - Part A - Verification

NONE

Schedule DB - Part B- Verification

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part C - Section 2

NONE

Schedule DB - Verification

NONE

Schedule E Verification

NONE

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

STATEMENT AS OF MARCH 31, 2011 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY

SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets ACQUIRED AND ADDITIONS MADE During the Current Quarter

[illegible]

STATEMENT AS OF MARCH 31, 2011 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY

SCHEDULE BA - PART 3

Showing Other Long-Term Invested Assets DISPOSED, Transferred or Repaid During the Current Quarter

[illegible]

STATEMENT AS OF MARCH 31, 2011 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator ^(a)
31416X-HY-9.....	FNMA Gtd Mtg Pool #AB2046.....		01/24/2011.....	First Empire Securities L.....		589,651	599,772	1,300	1FE.....
0599999 - Total - Bonds - U.S. Governments						589,651	599,772	1,300	XXX
945880-EK-4.....	Wayne County Ohio.....		03/02/2011.....	Fifth Third Securities, L.....		197,926	200,000	0	1FE.....
2499999 - Total - Bonds - U.S. Political Subdivisions of States, Territories and Possessions						197,926	200,000	0	XXX
084664-B0-3.....	Berkshire Hathaway Financial Corp.....		01/20/2011.....	First Empire Securities L.....		494,750	500,000	826	1FE.....
191216-AR-1.....	Coca Cola Company.....		01/19/2011.....	Robert W. Baird & Co. Inc.....		469,660	500,000	3,019	1FE.....
38144L-AB-6.....	Goldman Sachs Group Inc.....		02/02/2011.....	Merrill Lynch.....		221,043	200,000	5,417	1FE.....
59217G-AD-1.....	Metropolitan Life Global Nt 144A.....		03/07/2011.....	Robert W. Baird & Co. Inc.....		499,250	500,000	2,561	1FE.....
80105N-AG-0.....	Sanofi-Aventis.....	R	03/23/2011.....	JP Morgan Securities Inc.....		495,365	500,000	0	1FE.....
3899999 - Total - Bonds - Industrial, Misc.						2,180,068	2,200,000	11,823	XXX
8399997 - Total - Bonds - Part 3						2,967,645	2,999,772	13,122	XXX
8399999 - Total - Bonds						2,967,645	2,999,772	13,122	XXX
8999999 - Total - Preferred Stocks						0	XXX	0	XXX
428236-10-3.....	Hewlett Packard Co.....		02/15/2011.....	Merrill Lynch.....	4,200.000	201,222		0	L.....
900202-00-3.....	Huntington Ingalls Industries Inc.....		03/31/2011.....	Stock Spin Off.....	666.667	16,629		0	L.....
67062E-10-3.....	Nuveen Investment Quality Muni Fd.....		01/27/2011.....	Merrill Lynch.....	3,800.000	49,961		0	L.....
9099999 - Total - Common Stocks - Industrial, Misc.						267,811	XXX	0	XXX
00080Y-72-8.....	Aston/Lake Partners Lasso Alt.....		03/23/2011.....	Merrill Lynch.....	38,563.136	480,000		0	L.....
09253X-10-2.....	Blackrock Muni Intermediate Dur.....		01/19/2011.....	Merrill Lynch.....	3,800.000	49,606		0	L.....
277923-72-8.....	Eaton Vance Global Macro Fund.....	R	03/23/2011.....	Merrill Lynch.....	7,866.273	80,000		0	U.....
27829L-10-5.....	Eaton Vance Nat'l Muni OpprsTr.....		01/19/2011.....	Merrill Lynch.....	2,800.000	49,718		0	U.....
577125-10-7.....	Matthews Asia Dividend Fund.....	R	03/23/2011.....	Merrill Lynch.....	2,877.698	40,000		0	U.....
67062N-10-3.....	Nuveen Insured Quality Muni Fd Inc.....		01/19/2011.....	Merrill Lynch.....	4,200.000	49,888		0	L.....
780905-60-0.....	Royce Premier Fund.....		01/31/2011.....	Merrill Lynch.....	1,951.220	40,000		0	U.....
464286-50-9.....	iShares MSCI Canada Index.....	L	01/28/2011.....	Merrill Lynch.....	6,450.000	200,014		0	L.....
9299999 - Total - Common Stocks - Mutual Funds						989,226	XXX	0	XXX
998911-UC-3.....	BBIF Money Fund Class 4.....		03/31/2011.....	Merrill Lynch.....	1,979,816.000	1,979,816		0	U.....
9399999 - Total - Common Stocks - Money Market Mutual Funds						1,979,816	XXX	0	XXX
9799997 - Total - Common Stocks - Part 3						3,236,852	XXX	0	XXX
9799999 - Total - Common Stocks						3,236,852	XXX	0	XXX
9899999 - Total - Preferred and Common Stocks						3,236,852	XXX	0	XXX
9999999 Totals						6,204,497	XXX	13,122	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues5 .

STATEMENT AS OF MARCH 31, 2011 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22	
CUSIP Identi- fication	Description	F o r e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	11	12	13	14	15	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Design- ation or Market Indicator (a)	
										Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.								
3128M1-LA-5.	FHLMC Gold Pool #G12221.....		03/15/2011..	PRINCIPAL RECEIPT.....		19,888	19,888	19,888	19,888	0	0	0	0	0	19,888	0	0	0	175	06/01/2021..	1FE	
31335H-5P-4.	FHLMC (Gold) Pool #C90854.....		03/15/2011..	PRINCIPAL RECEIPT.....		19,992	19,992	20,057	20,057	0	(65)	0	(65)	0	19,992	0	0	0	170	09/01/2024..	1FE	
31294K-NV-3.	FHLMC (Gold) Pool #E01304.....		03/15/2011..	PRINCIPAL RECEIPT.....		15,994	15,994	15,979	15,980	0	14	0	14	0	15,994	0	0	0	112	01/01/2018..	1FE	
31294K-K5-3.	FHLMC (gold) Pool #E01216.....		03/15/2011..	PRINCIPAL RECEIPT.....		15,004	15,004	15,116	15,084	0	(81)	0	(81)	0	15,004	0	0	0	135	10/01/2017..	1FE	
3128M1-BB-4.	FHLMC Gold Pool #G11934.....		03/15/2011..	PRINCIPAL RECEIPT.....		8,525	8,525	8,519	8,515	0	10	0	10	0	8,525	0	0	0	77	04/01/2016..	1FE	
3128M1-PA-1.	FHLMC Gold Pool #G12317.....		03/15/2011..	PRINCIPAL RECEIPT.....		21,854	21,854	21,854	21,854	0	0	0	0	0	21,854	0	0	0	191	08/01/2021..	1FE	
3128MB-3A-3.	FHLMC Pool #G13293.....		03/15/2011..	PRINCIPAL RECEIPT.....		26,441	26,441	26,243	26,262	0	179	0	179	0	26,441	0	0	0	202	12/01/2018..	1FE	
31402R-GM-5.	FNMA Pool #735604.....		03/25/2011..	PRINCIPAL RECEIPT.....		21,231	21,231	21,297	21,283	0	(53)	0	(53)	0	21,231	0	0	0	163	06/01/2020..	1FE	
31371L-JU-4.	FNMA GTD Gtd Mtg Pool #255075.....		03/25/2011..	PRINCIPAL RECEIPT.....		21,087	21,087	21,080	21,077	0	10	0	10	0	21,087	0	0	0	196	02/01/2024..	1FE	
31371L-XW-4.	FNMA Gtd Mtg Pool #25549.....		03/25/2011..	PRINCIPAL RECEIPT.....		15,785	15,785	15,696	15,701	0	84	0	84	0	15,785	0	0	0	136	10/01/2024..	1FE	
31371L-7J-2.	FNMA Gtd Mtg Pool #255697.....		03/25/2011..	PRINCIPAL RECEIPT.....		33,042	33,042	33,920	33,695	0	(653)	0	(653)	0	33,042	0	0	0	235	04/01/2015..	1FE	
31402Y-NJ-9.	FNMA Gtd Mtg Pool #742093.....		03/25/2011..	PRINCIPAL RECEIPT.....		23,781	23,781	23,142	23,215	0	566	0	566	0	23,781	0	0	0	170	04/01/2019..	1FE	
31416X-HY-9.	FNMA Gtd Mtg Pool #AB2046.....		03/25/2011..	PRINCIPAL RECEIPT.....		7,340	7,340	7,216	0	0	124	0	124	0	7,340	0	0	0	27	01/01/2026..	1FE	
31371K-VB-4.	FNMA Pool #254510.....		03/25/2011..	PRINCIPAL RECEIPT.....		8,504	8,504	8,616	8,583	0	(79)	0	(79)	0	8,504	0	0	0	69	11/01/2017..	1FE	
31371K-2X-8.	FNMA Pool #254690.....		03/25/2011..	PRINCIPAL RECEIPT.....		14,719	14,719	14,618	14,625	0	94	0	94	0	14,719	0	0	0	131	04/01/2023..	1FE	
31371L-DT-3.	FNMA Pool #254914.....		03/25/2011..	PRINCIPAL RECEIPT.....		11,217	11,217	11,301	11,239	0	(21)	0	(21)	0	11,217	0	0	0	82	09/01/2013..	1FE	
31371L-SL-4.	FNMA Pool #255323.....		03/25/2011..	PRINCIPAL RECEIPT.....		12,036	12,036	12,191	12,097	0	(61)	0	(61)	0	12,036	0	0	0	87	07/01/2014..	1FE	
31385W-SB-6.	FNMA Pool #555014.....		03/25/2011..	PRINCIPAL RECEIPT.....		13,260	13,260	13,384	13,338	0	(78)	0	(78)	0	13,260	0	0	0	121	11/01/2017..	1FE	
31385X-GK-7.	FNMA Pool #555602.....		03/25/2011..	PRINCIPAL RECEIPT.....		14,739	14,739	14,629	14,645	0	94	0	94	0	14,739	0	0	0	116	06/01/2018..	1FE	
36220M-2N-8.	GNMA P#282581.....		03/15/2011..	PRINCIPAL RECEIPT.....		28	28	27	27	0	0	0	0	0	28	0	0	0	0	10/15/2019..	1FE	
36295P-6H-0.	GNMA Pool #676872.....		03/15/2011..	PRINCIPAL RECEIPT.....		43,822	43,822	44,205	44,164	0	(343)	0	(343)	0	43,822	0	0	0	245	03/15/2023..	1FE	
912827-6T-4.	U S Treasury Note.....		02/15/2011..	MATURITY.....		1,000,000	1,000,000	1,039,382	1,000,864	0	(864)	0	(864)	0	1,000,000	0	0	0	25,000	02/15/2011..	1	
912828-ES-5.	U S Treasury Note.....		01/15/2011..	MATURITY.....		500,000	500,000	496,094	499,966	0	34	0	34	0	500,000	0	0	0	10,625	01/15/2011..	1	
0899999 - Bonds - U.S. Governments						1,868,288	1,868,288	1,904,455	1,862,161	0	(1,089)	0	(1,089)	0	1,868,288	0	0	0	38,465	XXX	XXX	
026609-AM-9.	American Home Products Corp NT.....		03/15/2011..	MATURITY.....		500,000	500,000	538,000	503,797	0	(3,797)	0	(3,797)	0	500,000	0	0	0	17,375	03/15/2011..	1FE	
17275R-AB-8.	Cisco Systems Inc. General Elec Cap Corp Tr 00624.....		02/22/2011..	MATURITY.....		400,000	400,000	398,252	399,943	0	57	0	57	0	400,000	0	0	0	10,500	02/22/2011..	1FE	
36962G-F9-0.	Goldman Sachs Group Inc. Vanguard S/T Bond Index		02/18/2011..	MATURITY.....		400,000	400,000	399,000	399,977	0	23	0	23	0	400,000	0	0	0	1,146	02/18/2011..	1FE	
38141G-AZ-7.	Goldman Sachs Group Inc. Vanguard S/T Bond Index		01/15/2011..	MATURITY.....		500,000	500,000	501,550	500,009	0	(9)	0	(9)	0	500,000	0	0	0	17,188	01/15/2011..	1FE	
921937-20-7.	Inv.....		03/21/2011..	CAPITAL GAIN.....		401	0	0	0	0	0	0	0	0	0	0	401	401	0	0	1	
77119G-A0-5.	Roche Hldgs Inc 144A.....	R	03/24/2011..	Called.....		283,622	258,000	262,902	261,214	0	(219)	0	(219)	0	260,995	0	22,627	22,627	7,274	03/01/2014..	1FE	
3899999 - Bonds - Industrial and Miscellaneous						2,084,023	2,058,000	2,099,704	2,064,939	0	(3,944)	0	(3,944)	0	2,060,995	0	23,028	23,028	53,483	XXX	XXX	
8399997 - Bonds - Part 4						3,952,311	3,926,288	4,004,159	3,927,100	0	(5,033)	0	(5,033)	0	3,929,283	0	23,028	23,028	91,948	XXX	XXX	
8399999 - Total - Bonds						3,952,311	3,926,288	4,004,159	3,927,100	0	(5,033)	0	(5,033)	0	3,929,283	0	23,028	23,028	91,948	XXX	XXX	
8999999 - Total - Preferred Stocks						0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
037411-10-5.	Apache Corp.....		01/28/2011..	Merrill Lynch.....	1,750,000	199,395		117,766	208,653	(90,887)	0	0	(90,887)	0	117,766	0	81,629	81,629	0		1	
17275R-10-2.	Cisco Systems.....		02/15/2011..	Merrill Lynch.....	10,700,000	200,086		174,410	174,410	(42,051)	0	0	(42,051)	0	174,410	0	25,676	25,676	0		1	
189054-10-9.	Clorox Co.....		03/09/2011..	Merrill Lynch.....	2,350,000	160,268		102,085	148,708	(46,623)	0	0	(46,623)	0	102,085	0	58,183	58,183	1,293		1	
37733W-10-5.	Glaxo Smithkline.....	R	01/31/2011..	Merrill Lynch.....	5,000,000	181,547		198,400	196,100	2,300	0	0	2,300	0	198,400	0	(16,853)	(16,853)	2,537		1	
666807-10-2.	Northrop Grumman Corp.....		03/30/2011..	ROC.....	0,000	16,629		16,629	16,629	0	0	0	0	0	16,629	0	0	0	0		1	
9099999 - Common Stocks - Industrial and Miscellaneous						757,924	XXX	609,289	786,550	(177,261)	0	0	(177,261)	0	609,289	0	148,635	148,635	3,829	XXX	XXX	
03875R-20-5.	Arbitrage Funds CL 1.....		02/15/2011..	Merrill Lynch.....	15,515,904	200,000		203,414	198,448	4,965	0	0	4,965	0	203,414	0	(3,414)	(3,414)	0		1	
277923-72-8.	Eaton Vance Global Macro Fund.....	R	01/31/2011..	Merrill Lynch.....	9,784,736	100,000		101,859	100,489	1,370	0	0	1,370	0	101,859	0	(1,859)	(1,859)	0		1	
46428R-10-7.	IShares S&P GSCI Cmmnty Indx ETF.....		03/15/2011..	Merrill Lynch.....	5,715,000	200,040		168,238	194,882	(26,643)	0	0	(26,643)	0	168,238	0	31,802	31,802	0		1	
72201M-73-5.	PIMCO High Yield Fd CL P.....		03/23/2011..	Merrill Lynch.....	21,186,441	200,000		141,737	197,034	(55,297)	0	0	(55,297)	0	141,737	0	58,263	58,263	2,212		1	
72201M-55-2.	PIMCO Total Return Fd CL P.....		01/19/2011..	Merrill Lynch.....	18,399,264	200,000		187,456	199,632	(12,176)	0	0	(12,176)	0	187,456	0	12,544	12,544	49		1	
9299999 - Common Stocks - Mutual Funds						900,040	XXX	802,704	890,485	(87,781)	0	0	(87,781)	0	802,704	0	97,336	97,336	2,262	XXX	XXX	
998911-UC-3.	BBIF Money Fund Class 4.....		03/31/2011..	Merrill Lynch.....	2,022,684,000	2,022,684		2,022,684	0	0	0	0	0	0	2,022,684	0	0	0	0		1	
9399999 - Common Stocks - Money Market Mutual Funds						2,022,684	XXX	2,022,684	0	0	0	0	0	0	2,022,684	0	0	0	0	XXX	XXX	
9799997 - Common Stocks - Part 4						3,680,649	XXX	3,434,677	1,677													

STATEMENT AS OF MARCH 31, 2011 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter																					
1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identi- fication	Description	F o r e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Desig- nation or Market Indicator (a)
9999999 Totals						7,632,959	XXX	7,438,836	5,604,135	(265,042)	(5,033)	0	(270,075)	0	7,363,960	0	268,999	268,999	98,039	XXX	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues5 .

Schedule DB - Part A - Section 1

NONE

Sch. DB - Pt. A - Sn. 1 - Footnote (a)

NONE

Schedule DB - Part B - Section 1

NONE

Sch. DB - Pt. B - Sn. 1 - Footnotes

NONE

Schedule DB - Part D

NONE

Schedule DL - Part 1

NONE

Schedule DL - Part 2

NONE

Schedule E - Part 2 - Cash Equivalents

NONE