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PROPERTY AND CASUALTY COMPANIES —ASSOCIATION EDITION

# QUARTERLY STATEMENT

AS OF JUNE 30, 2011  
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					
Incorporated/Organized	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)	330-262-9060-2453 (Area Code) (Telephone Number)		
Internet Web Site Address	www.wrg-ins.com					
Statutory Statement Contact	Lisa A Lee (Name)		330-262-9060-2453 (Area Code) (Telephone Number) (Extension)			
	Lisa Lee@wrg-ins.com (E-Mail Address)		330-264-7822 (Fax Number)			

### OFFICERS

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

### OTHER OFFICERS

GREGORY A. BRUNN #	VP MARKETING AND UNDERWRITING	KEVIN W. DAY	EXECUTIVE VICE PRESIDENT CLAIMS
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 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. 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  
PRESIDENTJOHN P. MURPHY  
SECRETARYMICHAEL A. SHUTT  
VP FINANCE/CFO/TREASURERa. Is this an original filing? Yes  No 

b. If no,

1. State the amendment number \_\_\_\_\_

2. Date filed \_\_\_\_\_

3. Number of pages attached \_\_\_\_\_

Subscribed and sworn to before me this  
1 day of AUGUST, 2011MARY LOU HART, NOTARY PUBLIC  
MARCH 8, 2015

**STATEMENT AS OF JUNE 30, 2011 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY**

**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 .....	102,147,328		102,147,328	103,620,376
2. Stocks:				
2.1 Preferred stocks .....	1,847,082		1,847,082	1,835,958
2.2 Common stocks .....	62,176,049	.279,576	.61,896,473	.60,411,417
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) .....	.6,116,774		.6,116,774	.6,242,106
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 (\$ ..... 13,712,987 ), cash equivalents (\$ ..... 0 ) and short-term investments (\$ ..... 1,687,381 ) .....		15,400,368	15,400,368	16,980,126
6. Contract loans (including \$ ..... premium notes) .....	0		0	0
7. Derivatives .....	0		0	0
8. Other invested assets .....	.5,363,380		.5,363,380	.5,260,556
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) .....	193,050,981	.279,576	192,771,405	194,350,539
13. Title plants less \$ ..... charged off (for Title insurers only) .....	0		0	0
14. Investment income due and accrued .....	1,199,039		1,199,039	1,159,782
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	15,023,061	.31,797	.14,991,264	.14,317,498
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 .....	.2,181,384		.2,181,384	.538,876
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 .....	189,506		189,506	.903,152
18.2 Net deferred tax asset .....	274,319		274,319	0
19. Guaranty funds receivable or on deposit .....	0		0	0
20. Electronic data processing equipment and software .....	.92,704		.92,704	.92,704
21. Furniture and equipment, including health care delivery assets (\$ ..... ) .....	.651,063	.651,063	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....	0		0	0
23. Receivables from parent, subsidiaries and affiliates .....	0		0	0
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) .....	212,662,057	962,436	211,699,621	211,362,551
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	0		0	0
28. Total (Lines 26 and 27) .....	212,662,057	962,436	211,699,621	211,362,551
<b>DETAILS OF WRITE-INS</b>				
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

**STATEMENT AS OF JUNE 30, 2011 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY**

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$ ..... )	24,065,596	24,518,708
2. Reinsurance payable on paid losses and loss adjustment expenses	0	0
3. Loss adjustment expenses	5,450,500	5,450,500
4. Commissions payable, contingent commissions and other similar charges	2,125,850	2,856,676
5. Other expenses (excluding taxes, licenses and fees)	2,631,774	3,874,280
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	626,732	1,093,370
7.1 Current federal and foreign income taxes (including \$ ..... on realized capital gains (losses))	0	0
7.2 Net deferred tax liability	0	546,351
8. Borrowed money \$ ..... and interest thereon \$ .....	0	0
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ ..... 990,528 and including warranty reserves of \$ ..... 0 )	40,217,793	38,574,174
10. Advance premium	798,956	552,336
11. Dividends declared and unpaid:		
11.1 Stockholders	0	0
11.2 Policyholders	0	0
12. Ceded reinsurance premiums payable (net of ceding commissions)	995,175	330,328
13. Funds held by company under reinsurance treaties	973	1,067
14. Amounts withheld or retained by company for account of others	7,283,380	6,976,065
15. Remittances and items not allocated	0	0
16. Provision for reinsurance	293,040	293,040
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)	84,489,769	85,066,895
27. Protected cell liabilities	0	0
28. Total liabilities (Lines 26 and 27)	84,489,769	85,066,895
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)	127,209,852	126,295,656
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)	127,209,852	126,295,656
38. Totals (Page 2, Line 28, Col. 3)	211,699,621	211,362,551
<b>DETAILS OF WRITE-INS</b>		
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 AS OF JUNE 30, 2011 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY**

**STATEMENT OF INCOME**

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
<b>UNDERWRITING INCOME</b>			
1. Premiums earned:			
1.1 Direct (written \$ 39,156,708 )	37,425,558	35,318,932	71,899,223
1.2 Assumed (written \$ 40,934,498 )	39,224,616	39,069,342	79,709,901
1.3 Ceded (written \$ 36,256,755 )	34,459,385	33,837,133	68,852,734
1.4 Net (written \$ 43,834,451 )	42,190,789	40,551,141	82,756,390
<b>DEDUCTIONS:</b>			
2. Losses incurred (current accident year \$ ):			
2.1 Direct	31,251,272	19,415,498	41,722,515
2.2 Assumed	24,672,722	24,335,585	50,775,465
2.3 Ceded	27,872,403	19,335,205	42,300,949
2.4 Net	28,051,591	24,415,878	50,197,031
3. Loss adjustment expenses incurred	4,072,620	4,167,596	8,132,547
4. Other underwriting expenses incurred	15,836,184	15,002,739	30,466,590
5. Aggregate write-ins for underwriting deductions	0	0	0
6. Total underwriting deductions (Lines 2 through 5)	47,960,395	43,586,213	88,796,168
7. Net income of protected cells	0	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	(5,769,606)	(3,035,072)	(6,039,778)
<b>INVESTMENT INCOME</b>			
9. Net investment income earned	2,369,760	2,311,479	4,738,022
10. Net realized capital gains (losses) less capital gains tax of \$ 189,778	368,394	788,715	1,012,793
11. Net investment gain (loss) (Lines 9 + 10)	2,738,154	3,100,194	5,750,815
<b>OTHER INCOME</b>			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$ ) (33,417 )	(33,417)	(27,403)	(40,554)
13. Finance and service charges not included in premiums	700,692	658,520	1,344,602
14. Aggregate write-ins for miscellaneous income	(17,323)	(50,273)	(161,006)
15. Total other income (Lines 12 through 14)	649,952	580,844	1,143,042
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(2,381,500)	645,966	854,079
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)	(2,381,500)	645,966	854,079
19. Federal and foreign income taxes incurred	(189,778)	(143,240)	(457,141)
20. Net income (Line 18 minus Line 19)(to Line 22)	(2,191,722)	789,206	1,311,220
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
21. Surplus as regards policyholders, December 31 prior year	126,295,656	122,603,725	122,603,725
22. Net income (from Line 20)	(2,191,722)	789,206	1,311,220
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 \$ 781,060	1,516,175	(2,945,144)	2,410,821
25. Change in net unrealized foreign exchange capital gain (loss)	0	0	0
26. Change in net deferred income tax	1,601,730	201,518	(118,133)
27. Change in nonadmitted assets	(11,987)	(63,165)	88,023
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)	914,196	(2,017,585)	3,691,931
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	127,209,852	120,586,140	126,295,656
<b>DETAILS OF WRITE-INS</b>			
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. Loss on sale of equipment	(17,437)	(37,843)	(137,637)
1402. Other income	114	(12,430)	(23,369)
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)	(17,323)	(50,273)	(161,006)
3701. Prior year pension liability error			
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

**STATEMENT AS OF JUNE 30, 2011 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY**

**CASH FLOW**

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>Cash from Operations</b>			
1. Premiums collected net of reinsurance.....	44,083,456	41,126,927	84,748,944
2. Net investment income.....	2,330,503	2,331,357	5,153,331
3. Miscellaneous income .....	649,952	580,844	1,143,038
4. Total (Lines 1 to 3).....	47,063,911	44,039,128	91,045,313
5. Benefit and loss related payments .....	30,147,211	22,362,762	50,722,725
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 .....	22,178,397	20,243,878	37,715,785
8. Dividends paid to policyholders .....	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses).....	(713,646)	150,000	31,121
10. Total (Lines 5 through 9).....	51,611,962	42,756,640	88,469,631
11. Net cash from operations (Line 4 minus Line 10).....	(4,548,051)	1,282,488	2,575,682
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds.....	8,649,104	8,678,481	16,225,454
12.2 Stocks.....	6,914,869	11,531,737	21,493,663
12.3 Mortgage loans .....	0	0	0
12.4 Real estate .....	0	0	0
12.5 Other invested assets .....	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....	0	0	0
12.7 Miscellaneous proceeds .....	0	0	1
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	15,563,973	20,210,218	37,719,118
13. Cost of investments acquired (long-term only):			
13.1 Bonds.....	7,021,320	5,969,703	15,773,393
13.2 Stocks.....	5,869,704	15,298,028	25,435,885
13.3 Mortgage loans .....	0	0	0
13.4 Real estate .....	0	30,905	43,053
13.5 Other invested assets .....	0	0	0
13.6 Miscellaneous applications .....	0	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6).....	12,891,024	21,298,636	41,252,331
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).....	2,672,949	(1,088,418)	(3,533,213)
<b>Cash from Financing and Miscellaneous Sources</b>			
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).....	295,344	(222,765)	(59,124)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6).....	295,344	(222,765)	(59,124)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	(1,579,758)	(28,695)	(1,016,655)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	16,980,126	17,996,781	17,996,781
19.2 End of period (Line 18 plus Line 19.1).....	15,400,368	17,968,086	16,980,126

## NOTES TO FINANCIAL STATEMENTS

### 1. Summary of Significant Accounting Policies

The accompanying financial statement of Lightning Rod Mutual Insurance 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.

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.

#### 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:

- Short-term investments are stated at cost.
- 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.
- Common stocks are stated at market.
- Preferred stocks are stated at market.
- The Company has no mortgage loans.
- The Company has no loan-backed securities.
- Investments in subsidiaries are stated at statutory equity value in Schedule D; these assets are nonadmitted, page 2, column 2.
- The Company has minor ownership interests in partnerships. The Company carries these interests based on underlying GAAP equity of the investee.
- The Company has no derivative instrument investments.
- The Company does not utilize anticipated investment income in the premium deficiency calculation.
- 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.
- The Company did not change capitalization policy.
- The Company has no pharmaceutical rebate receivables.

### 2. Accounting Changes and Corrections of Errors

The Company had no accounting changes or error corrections in 2011 or 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 company to adhere to the requirements of the Statements of Statutory Accounting Principles (SSAP No. 28, 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 through 2011 or in 2010. Fair values were determined from year end market valuation. At June 2011 quarter end, the company's bond portfolio was 99.6% investment grade. At statement value, mortgage-backed securities comprised 5.0% 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 in excess of 10% of invested assets.

STATEMENT AS OF JUNE 30, 2011 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

**NOTES TO FINANCIAL STATEMENTS**

**7. Investment Income**

The Company has no uncollectible accrued investment income.

**8. Derivative Instruments**

The Company has no derivative instrument investments.

**9. Income Taxes**

The Company files an 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>June 2011</u>	<u>2010</u>
Pre-tax income	\$ (2,381,500)	\$ 854,079
Tax, realized gains	189,778	521,742
Tax-exempt interest	(531,219)	(1,062,438)
Dividends deduction	(420,698)	(841,391)
Unearned premium adjustment	328,724	589,919
Deductible capital losses on impaired assets	(130,703)	(395,650)
Other, net	197,309	(195,409)
Alternative minimum tax effect	-	1,431,622
<b>Taxable income</b>	<b><u>(2,748,307)</u></b>	<b><u>902,474</u></b>
Tax	-	180,495
Prior year over or under accrual	-	(115,894)
<b>Total Current Tax</b>	<b><u>\$ -</u></b>	<b><u>\$ 64,601</u></b>

There would be available for recoupment, in the event of future loss, for income taxes as follows:

Current year:	\$ -
First preceding year:	\$ 180,495
Second preceding year:	\$ -

Net operating loss carry forwards are available to reduce future tax liabilities.

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

	Period Ended	
	<u>June 30, 2011</u>	<u>December 2010</u>
<b>Deferred tax assets:</b>		
Unearned premium reserve	\$ 2,734,810	2,623,044
Deferred compensation	2,392,107	2,408,859
Loss reserve discount	565,085	565,085
Salvage and subrogation anticipated	850,935	850,935
Retiree health care and director retirement	379,585	388,746
Impaired asset losses	1,547,838	1,592,277
Net operating loss carryforward	1,480,775	-
Other	459,013	442,242
<b>Total admitted deferred tax assets</b>	<b><u>10,410,148</u></b>	<b><u>8,871,189</u></b>
<b>Deferred tax liabilities:</b>		
Unrealized gains on investments	(9,473,441)	(8,755,152)
Other	(662,389)	(662,389)
<b>Total gross deferred tax liabilities</b>	<b><u>(10,135,830)</u></b>	<b><u>(9,417,540)</u></b>
<b>Net deferred tax (liability)/asset</b>	<b><u>\$ 274,319</u></b>	<b><u>\$ (546,351)</u></b>
<b>Surplus increase/(decrease)</b>	<b><u>\$ 820,670</u></b>	<b><u>\$ (1,360,072)</u></b>

## NOTES TO FINANCIAL STATEMENTS

## Income Taxes (continued)

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

	June 2011		
	Ordinary	Capital	Total
Admitted under paragraph 10.a.	\$ -	\$ -	\$ -
Admitted under paragraph 10.b.	-	-	-
Admitted under paragraph 10.c.	8,862,310	1,547,838	10,410,148
Total admitted adjusted gross deferred tax assets	8,862,310	1,547,838	10,410,148
Total gross deferred tax liabilities	(662,389)	(9,473,441)	(10,135,830)
Net admitted deferred tax assets/(liabilities)	\$ 8,199,922	\$ (7,925,603)	\$ 274,319

	2010		
	Ordinary	Capital	Total
Admitted under paragraph 10.a.	\$ -	\$ -	\$ -
Admitted under paragraph 10.b.	-	-	-
Admitted under paragraph 10.c.	7,278,912	1,592,277	8,871,189
Total admitted adjusted gross deferred tax assets	7,278,912	1,592,277	8,871,189
Total gross deferred tax liabilities	(662,389)	(8,755,152)	(9,417,540)
Net admitted deferred tax assets/(liabilities)	\$ 6,616,523	\$ (7,162,875)	\$ (546,351)

The Company did not elect to adopt the provisions of SSAP No. 10R nor did it employ tax strategies to enhance admissibility of deferred tax assets.

## 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 (except premiums receivable) 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.

The Company owns fifty percent of Forward Agencies, Inc., an insurance agency, and fifty-five percent of Western Reserve Financial Corp., an inactive holding company. The company carries these stocks valued at an unaudited statutory basis as reported in Schedule D Part 2 Section 2 at \$242,354 and \$37,222 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 Company's operations amounting to \$221 thousand and \$233 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.

## 15. Leases

The company has no leases that would have a material financial effect.

## NOTES TO FINANCIAL STATEMENTS

**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 company's 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.

Description	Period ended	Fair value measurements using		
		Quoted prices in active markets	Significant other for identical assets	Significant other observable inputs
		(Level 1)	(Level 2)	(Level 3)
Assets at fair value:				
Preferred stock	\$ 1,847,082	\$ 1,847,082	\$ -	\$ -
Common Stock	61,896,473	61,896,473	-	-
Other invested assets	6,116,774	-	-	6,116,774
<b>Total Assets at Fair Value</b>	<b>\$ 69,860,329</b>	<b>\$ 63,743,555</b>	<b>\$ -</b>	<b>\$ 6,116,774</b>

Description	Year ended	Fair value measurements using		
		Quoted prices in active markets	Significant other for identical assets	Significant other observable inputs
		(Level 1)	(Level 2)	(Level 3)
Assets at fair value:				
Preferred stock	\$ 1,835,958	\$ 1,835,958	\$ -	\$ -
Common Stock	60,411,417	60,411,417	-	-
Other invested assets	5,280,556	-	-	5,280,556
<b>Total Assets at Fair Value</b>	<b>\$ 67,507,901</b>	<b>\$ 62,247,375</b>	<b>\$ -</b>	<b>\$ 5,280,556</b>

## NOTES TO FINANCIAL STATEMENTS

### Fair Value Measurements (continued)

#### *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.

#### *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. Increase in 2011 is 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

The company has no extraordinary items or unusual items.

#### 22. Events Subsequent

There were no events occurring subsequent to the close of the books as of June 30, 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. At year-end 2008, the company recognized a \$867 thousand provision for unauthorized reinsurance due to the Lehman Re bankruptcy for catastrophe losses recoverable net of reinstatement premiums. No changes occurred in 2010 or 2011.

#### 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 \$30.0 million. In calendar year 2011, \$8.9 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 \$18.8 million. Therefore, there has been a \$2.3 million favorable prior-year development from December 31, 2010 to June 30, 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 June 30, 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

- Liability for premium deficiency reserves: \$0
- Date of evaluation of liability: 12/31/2010
- 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.

STATEMENT AS OF JUNE 30, 2011 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

**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 ( ) No (X)

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:

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
a. Beginning reserves	\$ -	\$ -	\$ -	\$ 14	\$ 14
b. Incurred losses and loss adj. expenses	2	10	29	63	10
c. Calendar year pymts for losses and LAE	2	10	15	63	10
d. Ending reserves	\$ -	\$ -	\$ 14	\$ 14	\$ 14
 (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	\$ -	\$ -	\$ -	\$ 14	\$ 14
b. Incurred losses and loss adj. expenses	2	10	29	63	10
c. Calendar year pymts for losses and LAE	2	10	15	63	10
d. Ending reserves	\$ -	\$ -	\$ 14	\$ 14	\$ 14

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

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

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

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

**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.

**STATEMENT AS OF JUNE 30, 2011 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY**

**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 [X]  
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 [X]

- 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 [X]

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 [X]

- 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 Name of Entity	2 NAIC Company Code	3 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? ..... Yes [ ] No [ ] NA [X]  
If yes, attach an explanation.

- 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?

Ohio.....

- 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 [X] No [ ] NA [ ]

- 6.6 Have all of the recommendations within the latest financial examination report been complied with? ..... Yes [X] 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 [X]

- 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 [X]

- 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 [X]

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

**STATEMENT AS OF JUNE 30, 2011 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY****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 [X] 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 [X]
- 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 [X]
- 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 [X]
- 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 [X]
- 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 [X] No [ ]
- 14.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21 Bonds .....	\$ .....	\$ .....
14.22 Preferred Stock .....	\$ .....	\$ .....
14.23 Common Stock .....	\$ .....	\$ .....
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).....	\$ .....	\$ .....
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 [X]
- 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.

**STATEMENT AS OF JUNE 30, 2011 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY****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..... FirstMerit.....	Columbus, Ohio..... Wooster, Ohio.....

- 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:

.....

**STATEMENT AS OF JUNE 30, 2011 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY****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:

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

5. Operating Percentages:

5.1 A&amp;H loss percent..... %

5.2 A&amp;H cost containment percent..... %

5.3 A&amp;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 Active Status	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2 Current Year To Date	3 Prior Year To Date	4 Current Year To Date	5 Prior Year To Date	6 Current Year To Date	7 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	11,358,314	10,486,841	7,121,113	10,173,003	5,307,146
15. Indiana	IN	L	11,358,314	10,486,841	7,121,113	10,173,003	4,297,622
16. Iowa	IA	N	0	0	0	0	0
17. Kansas	KS	N	0	0	0	0	0
18. Kentucky	KY	N	0	0	0	0	0
19. Louisiana	LA	N	0	0	0	0	0
20. Maine	ME	N	0	0	0	0	0
21. Maryland	MD	N	0	0	0	0	0
22. Massachusetts	MA	N	0	0	0	0	0
23. Michigan	MI	N	0	0	0	0	0
24. Minnesota	MN	N	0	0	0	0	0
25. Mississippi	MS	N	0	0	0	0	0
26. Missouri	MO	N	0	0	0	0	0
27. Montana	MT	N	0	0	0	0	0
28. Nebraska	NE	N	0	0	0	0	0
29. Nevada	NV	N	0	0	0	0	0
30. New Hampshire	NH	N	0	0	0	0	0
31. New Jersey	NJ	N	0	0	0	0	0
32. New Mexico	NM	N	0	0	0	0	0
33. New York	NY	N	0	0	0	0	0
34. No. Carolina	NC	N	0	0	0	0	0
35. No. Dakota	ND	N	0	0	0	0	0
36. Ohio	OH	L	27,798,394	26,176,554	26,034,575	25,268,746	13,505,511
37. Oklahoma	OK	N	0	0	0	0	0
38. Oregon	OR	N	0	0	0	0	0
39. Pennsylvania	PA	N	0	0	0	0	0
40. Rhode Island	RI	N	0	0	0	0	0
41. So. Carolina	SC	N	0	0	0	0	0
42. So. Dakota	SD	N	0	0	0	0	0
43. Tennessee	TN	L	0	0	0	0	0
44. Texas	TX	N	0	0	0	0	0
45. Utah	UT	N	0	0	0	0	0
46. Vermont	VT	N	0	0	0	0	0
47. Virginia	VA	N	0	0	0	0	0
48. Washington	WA	N	0	0	0	0	0
49. West Virginia	WV	N	0	0	0	0	0
50. Wisconsin	WI	N	0	0	0	0	0
51. Wyoming	WY	N	0	0	0	0	0
52. American Samoa	AS	N	0	0	0	0	0
53. Guam	GU	N	0	0	0	0	0
54. Puerto Rico	PR	N	0	0	0	0	0
55. U.S. Virgin Islands	VI	N	0	0	0	0	0
56. Northern Mariana Islands	MP	N	0	0	0	0	0
57. Canada	CN	N	0	0	0	0	0
58. Aggregate Other Alien	OT	XXX	0	0	0	0	0
59. Totals	(a)	4	39,156,708	36,663,395	33,155,688	35,441,749	18,812,657
<b>DETAILS OF WRITE-INS</b>		XXX					
5801.		XXX					
5802.		XXX					
5803.		XXX					
5898. Summary of remaining write-ins for Line 58 from overflow page		XXX	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)		XXX	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**

**STATEMENT AS OF JUNE 30, 2011 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY**

**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	3,438	.0	0.0	.9
2. Allied lines	3,649	.0	0.0	0.0
3. Farmowners multiple peril	7,124,221	4,898,792	68.8	52.9
4. Homeowners multiple peril	11,444,790	14,782,207	129.2	75.2
5. Commercial multiple peril	3,500,590	3,774,833	107.8	38.6
6. Mortgage guaranty	.0	.0	0.0	0.0
8. Ocean marine	.0	.0	0.0	0.0
9. Inland marine	310,347	30,563	9.8	19.7
10. Financial guaranty	.0	.0	0.0	0.0
11.1 Medical professional liability - occurrence	.0	.0	0.0	0.0
11.2 Medical professional liability - claims made	.0	.0	0.0	0.0
12. Earthquake	8,519	.0	0.0	0.0
13. Group accident and health	.0	.0	0.0	0.0
14. Credit accident and health	.0	.0	0.0	0.0
15. Other accident and health	.0	.0	0.0	0.0
16. Workers' compensation	0	.0	0.0	0.0
17.1 Other liability occurrence	210,478	1,999	0.9	7.4
17.2 Other liability - claims made	.0	.0	0.0	0.0
17.3 Excess Workers' Compensation	.0	.0	0.0	0.0
18.1 Products liability - occurrence	16,493	19,800	120.1	97.7
18.2 Products liability - claims made	.0	.0	0.0	0.0
19.1,19.2 Private passenger auto liability	6,477,338	3,448,468	53.2	48.2
19.3,19.4 Commercial auto liability	1,500,676	279,570	18.6	52.5
21. Auto physical damage	6,666,235	4,004,736	60.1	45.5
22. Aircraft (all perils)	.0	.0	0.0	0.0
23. Fidelity	.0	.0	0.0	0.0
24. Surety	.0	.0	0.0	0.0
26. Burglary and theft	26,483	(27,835)	(105.1)	83.8
27. Boiler and machinery	132,301	38,139	28.8	7.8
28. Credit	.0	.0	0.0	0.0
29. International	.0	.0	0.0	0.0
30. Warranty	.0	.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	37,425,558	31,251,272	83.5	55.0
<b>DETAILS OF WRITE-INS</b>				
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	1,588	2,314	2,327	
2. Allied lines	1,439	3,132	2,873	
3. Farmowners multiple peril	3,937,472	7,558,288	6,993,337	
4. Homeowners multiple peril	7,077,981	12,079,305	10,275,664	
5. Commercial multiple peril	1,906,668	3,750,778	3,205,648	
6. Mortgage guaranty	.0	.0	0	
8. Ocean marine	.0	.0	0	
9. Inland marine	193,032	377,619	313,591	
10. Financial guaranty	.0	.0	0	
11.1 Medical professional liability - occurrence	.0	.0	0	
11.2 Medical professional liability - claims made	.0	.0	0	
12. Earthquake	3,403	10,140	11,022	
13. Group accident and health	.0	.0	0	
14. Credit accident and health	.0	.0	0	
15. Other accident and health	.0	.0	0	
16. Workers' compensation	.0	.0	0	
17.1 Other liability-occurrence	119,719	234,712	230,747	
17.2 Other liability - claims made	.0	.0	0	
17.3 Excess Workers' Compensation	.0	.0	0	
18.1 Products liability - occurrence	6,989	16,577	17,811	
18.2 Products liability - claims made	.0	.0	0	
19.1,19.2 Private passenger auto liability	3,026,746	6,532,642	6,886,110	
19.3,19.4 Commercial auto liability	888,230	1,782,631	1,486,240	
21. Auto physical damage	3,003,441	6,638,481	7,089,699	
22. Aircraft (all perils)	.0	.0	0	
23. Fidelity	.0	.0	0	
24. Surety	.0	.0	0	
26. Burglary and theft	14,245	29,616	27,778	
27. Boiler and machinery	72,083	140,473	120,551	
28. Credit	.0	.0	0	
29. International	.0	.0	0	
30. Warranty	.0	.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	20,253,036	39,156,708	36,663,398	
<b>DETAILS OF WRITE-INS</b>				
3401. . . . .	. . . . .	. . . . .	. . . . .	. . . . .
3402. . . . .	. . . . .	. . . . .	. . . . .	. . . . .
3403. . . . .	. . . . .	. . . . .	. . . . .	. . . . .
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34)	0	0	0	0

STATEMENT AS OF JUNE 30, 2011 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

**PART 3 (000 omitted)**

**LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE**

Years in Which Losses Occurred	1 Prior Year-End Known Case Loss and LAE Reserves	2 Prior Year-End IBNR Loss and LAE Reserves	3 Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	4 2011 Loss and LAE Payments on Claims Reported as of Prior Year-End	5 2011 Loss and LAE Payments on Claims Unreported as of Prior Year-End	6 Total 2011 Loss and LAE Payments (Cols. 4 + 5)	7 Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year-End	8 Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year-End	9 Q.S. Date IBNR Loss and LAE Reserves	10 Total Q.S. Loss and LAE Reserves (Cols. 7 + 8 + 9)	11 Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 4 + 7 minus Col. 1)	12 Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 5 + 8 + 9 minus Col. 2)	13 Prior Year-End Total Loss and LAE Reserve Developed (Savings)/ Deficiency (Cols. 11 + 12)
1. 2008 + Prior	4,942	277	5,219	1,291	0	1,291	3,117	9	368	3,494	(534)	100	(434)
2. 2009	5,938	287	6,225	1,810	20	1,830	3,614	79	521	4,214	(514)	333	(181)
3. Subtotals 2009 + prior	10,880	564	11,444	3,101	20	3,121	6,731	88	889	7,708	(1,048)	433	(615)
4. 2010	13,907	4,619	18,526	6,579	968	7,547	6,635	435	2,148	9,218	(693)	(1,068)	(1,761)
5. Subtotals 2010 + prior	24,787	5,183	29,970	9,680	988	10,668	13,366	523	3,037	16,926	(1,741)	(635)	(2,376)
6. 2011	XXX	XXX	XXX	XXX	21,908	21,908	XXX	5,866	6,724	12,590	XXX	XXX	XXX
7. Totals	24,787	5,183	29,970	9,680	22,896	32,576	13,366	6,389	9,761	29,516	(1,741)	(635)	(2,376)
8. Prior Year-End Surplus As Regards Policy-holders		126,296									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. (7.0)	2. (12.3)	3. (7.9)
													Col. 13, Line 7 As a % of Col. 1 Line 8
													4. (1.9)

# STATEMENT AS OF JUNE 30, 2011 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

## 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.  2 6 1 2 3 2 0 1 1 4 9 0 0 0 0 0 2
2.  2 6 1 2 3 2 0 1 1 4 5 5 0 0 0 0 0 2
3.  2 6 1 2 3 2 0 1 1 3 6 5 0 0 0 0 0 2
4.  2 6 1 2 3 2 0 1 1 5 0 5 0 0 0 0 0 2

**OVERFLOW PAGE FOR WRITE-INS**

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**STATEMENT AS OF JUNE 30, 2011 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY**

**SCHEDULE A - VERIFICATION**

**Real Estate**

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	.6,242,106	6,448,926
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	0	0
2.2 Additional investment made after acquisition	0	43,053
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	125,332	249,873
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8)	.6,116,774	6,242,106
10. Deduct total nonadmitted amounts	0	0
11. Statement value at end of current period (Line 9 minus Line 10)	.6,116,774	6,242,106

**SCHEDULE B – VERIFICATION**

**Mortgage Loans**

	1 Year to Date	2 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	0
2.2 Additional investment made after acquisition	0	0
3. Capitalized deferred interest and other	0	0
4. Accrual of discount	0	0
5. Unrealized valuation increase (decrease)	0	0
6. Total gain (loss) on disposals	0	0
7. Deduct amounts received on disposals	0	0
8. Deduct amortization of premium and mortgage interest points and commitment fees	0	0
9. Total foreign exchange change in book value/recorded investment excluding accrued interest	0	0
10. Deduct current year's other than temporary impairment recognized	0	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	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 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	.5,260,556	4,842,922
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	0	0
2.2 Additional investment made after acquisition	0	0
3. Capitalized deferred interest and other	0	0
4. Accrual of discount	0	0
5. Unrealized valuation increase (decrease)	102,824	417,634
6. Total gain (loss) on disposals	0	0
7. Deduct amounts received on disposals	0	0
8. Deduct amortization of premium and depreciation	0	0
9. Total foreign exchange change in book/adjusted carrying value	0	0
10. Deduct current year's other than temporary impairment recognized	0	0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	.5,363,380	.5,260,556
12. Deduct total nonadmitted amounts	0	0
13. Statement value at end of current period (Line 11 minus Line 12)	.5,363,380	.5,260,556

**SCHEDULE D – VERIFICATION**

**Bonds and Stocks**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	.166,135,870	.157,999,370
2. Cost of bonds and stocks acquired	12,891,024	41,209,278
3. Accrual of discount	53,182	100,204
4. Unrealized valuation increase (decrease)	2,205,868	3,235,125
5. Total gain (loss) on disposals	558,172	1,534,535
6. Deduct consideration for bonds and stocks disposed of	15,563,973	37,719,117
7. Deduct amortization of premium	.98,233	223,526
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)	.166,181,910	.166,135,870
11. Deduct total nonadmitted amounts	279,576	.268,119
12. Statement value at end of current period (Line 10 minus Line 11)	.165,902,334	.165,867,751

## STATEMENT AS OF JUNE 30, 2011 OF THE LIGHTNING ROD MUTUAL INSURANCE 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
<b>BONDS</b>								
1. Class 1 (a).....	101,469,930	7,989,579	9,088,795	71,493	101,469,930	100,442,207	0	103,446,055
2. Class 2 (a).....	3,023,618	0	0	(1,121)	3,023,618	3,022,497	0	3,024,731
3. Class 3 (a).....	370,000	0	0	0	370,000	370,000	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.....	104,863,548	7,989,579	9,088,795	70,372	104,863,548	103,834,704	0	106,840,786
<b>PREFERRED STOCK</b>								
8. Class 1.....	1,518,817	0	0	(6,775)	1,518,817	1,512,042	0	1,505,358
9. Class 2.....	334,680	0	0	360	334,680	335,040	0	330,600
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.....	1,853,497	0	0	(6,415)	1,853,497	1,847,082	0	1,835,958
15. Total Bonds & Preferred Stock.....	106,717,045	7,989,579	9,088,795	63,957	106,717,045	105,681,786	0	108,676,744

(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

**STATEMENT AS OF JUNE 30, 2011 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY**

**SCHEDULE DA - PART 1**

<b>Short-Term Investments</b>					
	<b>1</b> Book/Adjusted Carrying Value	<b>2</b> Par Value	<b>3</b> Actual Cost	<b>4</b> Interest Collected Year To Date	<b>5</b> Paid for Accrued Interest Year To Date
9199999	1,687,381	XXX	1,687,381	1,746	0

**SCHEDULE DA - VERIFICATION**

<b>Short-Term Investments</b>		<b>1</b> Year To Date	<b>2</b> Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....		3,220,410	3,460,601
2. Cost of short-term investments acquired .....		11,237,707	28,800,705
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.....		12,770,735	29,040,897
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).....		1,687,381	3,220,410
11. Deduct total nonadmitted amounts.....		0	0
12. Statement value at end of current period (Line 10 minus Line 11)		1,687,381	3,220,410

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**

Schedule BA - Part 2

**NONE**

Schedule BA - Part 3

**NONE**

## STATEMENT AS OF JUNE 30, 2011 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

## SCHEDULE D - PART 3

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

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator <sup>(a)</sup>
3136FR-EZ-2	Federal Natl Mtg Assoc.....		04/26/2011	Merrill Lynch.....	499,500	500,000		292	1FE
31381P-C9-7	FMMA DUS Pool #466396.....		06/06/2011	First Empire Securities I.....	397,331	396,588		308	1FE
912828-KZ-2	U S Treasury Note.....		04/13/2011	Merrill Lynch.....	524,851	500,000		4,669	1
0599999 - Total - Bonds - U.S. Governments					1,421,683	1,396,588		5,269	XXX
837542-CD-9	South Dakota Brd Regts HSG.....		05/24/2011	D A Davidson & Co.....	539,950	500,000		4,083	1FE
3199999 - Total - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of...					539,950	500,000		4,083	XXX
09247X-AH-4	Blackrock Inc.....		06/28/2011	Robert W. Baird & Co. Inc.....	500,000	500,000		2,184	1FE
771196-AS-1	Roche Holdings Inc 144A.....	R	05/11/2011	Robert W. Baird & Co. Inc.....	461,376	400,000		5,000	1FE
92343V-AY-0	Verizon Communications Inc.....		04/06/2011	Robert W. Baird & Co. Inc.....	496,565	500,000		542	1FE
3899999 - Total - Bonds - Industrial, Misc.					1,457,941	1,400,000		7,726	XXX
8399997 - Total - Bonds - Part 3					3,419,574	3,296,588		17,078	XXX
8399999 - Total - Bonds					3,419,574	3,296,588		17,078	XXX
8999999 - Total - Preferred Stocks					0	XXX		0	XXX
486606-10-6	Kayne Anderson MLP.....		05/20/2011	Merrill Lynch.....	3,710,000	109,828		0	
9299999 - Total - Common Stocks - Mutual Funds					109,828	XXX		0	XXX
998911-UC-3	BBTF Money Fund Class 4.....		06/30/2011	Merrill Lynch.....	1,780,964,000	1,780,964		0	U
9399999 - Total - Common Stocks - Money Market Mutual Funds					1,780,964	XXX		0	XXX
9799997 - Total - Common Stocks - Part 3					1,890,792	XXX		0	XXX
9799999 - Total - Common Stocks					1,890,792	XXX		0	XXX
9899999 - Total - Preferred and Common Stocks					1,890,792	XXX		0	XXX
9999999 Totals					5,310,366	XXX		17,078	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues .....1

**STATEMENT AS OF JUNE 30, 2011 OF THE LIGHTNING ROD MUTUAL INSURANCE 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 CUSIP Identifi- cation	2 Description	3 For- eign	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/Stock Dividends Received During Year	21 Maturity Date	22 NAIC Design- ation or Market Indicator (a)	
										11 Unrealized Value Increase/ (Decrease)	12 Current Year's (Amortization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11 + 12 + 13)	15 Total Foreign Exchange Change in B./A.C.V.								
3133XX-UQ-8..	Federal Home Loan Bank..		04/20/2011..	CALLED @ 100.000000..		.500,000	.500,000	.499,625	.499,659	.0	.14	.0	.14	.0	.499,672	.0	.328	.328	.7,500	10/20/2017..	1FE..	
3128M1-LA-5..	FHLMC Gold Pool		06/15/2011..	PRINCIPAL RECEIPT.....		22,693	.22,693	.22,693	.22,693	.0	.0	.0	.0	.0	.22,693	.0	.0	.0	.480	06/01/2021..	1FE..	
31335H-5P-4..	FHLMC (Gold) Pool		06/15/2011..	PRINCIPAL RECEIPT.....		18,410	.18,410	.18,471	.18,471	.0	.0	(60)	.0	(60)	.0	.18,410	.0	.0	.0	.419	09/01/2024..	1FE..
31294K-NV-3..	FHLMC (Gold) Pool		06/15/2011..	PRINCIPAL RECEIPT.....		20,772	.20,772	.20,753	.20,755	.0	.18	.0	.18	.0	.20,772	.0	.0	.0	.384	01/01/2018..	1FE..	
31294K-K5-3..	FHLMC (gold) Pool		06/15/2011..	PRINCIPAL RECEIPT.....		12,156	.12,156	.12,247	.12,221	.0	.0	(65)	.0	(65)	.0	.12,156	.0	.0	.0	.271	10/01/2017..	1FE..
3128M1-BB-4..	FHLMC Gold Pool #611934		06/15/2011..	PRINCIPAL RECEIPT.....		15,556	.15,556	.15,547	.15,538	.0	.18	.0	.18	.0	.15,556	.0	.0	.0	.363	04/01/2016..	1FE..	
3128M1-PA-1..	FHLMC Gold Pool #612317		06/15/2011..	PRINCIPAL RECEIPT.....		21,043	.21,043	.21,043	.21,043	.0	.0	.0	.0	.0	.21,043	.0	.0	.0	.471	08/01/2021..	1FE..	
3128M1-BB-3..	FHLMC Pool #612393..		06/15/2011..	PRINCIPAL RECEIPT.....		27,050	.27,050	.26,847	.26,867	.0	.0	183	.0	183	.0	.27,050	.0	.0	.0	.553	12/01/2018..	1FE..
31402R-GM-5..	FNMA Pool #735604..		06/25/2011..	PRINCIPAL RECEIPT.....		45,111	.45,111	.45,252	.45,223	.0	.0	(112)	.0	(112)	.0	.45,111	.0	.0	.0	.959	06/01/2020..	1FE..
31371L-JU-4..	#255075..		06/25/2011..	PRINCIPAL RECEIPT.....		30,567	.30,567	.30,557	.30,552	.0	.15	.0	.15	.0	.30,567	.0	.0	.0	.681	02/01/2024..	1FE..	
31371L-XW-4..	FNMA Gtd Mtg Pool #25549..		06/25/2011..	PRINCIPAL RECEIPT.....		27,381	.27,381	.27,227	.27,235	.0	.0	146	.0	146	.0	.27,381	.0	.0	.0	.621	10/01/2024..	1FE..
31371L-JT-2..	FNMA Gtd Mtg Pool		06/25/2011..	PRINCIPAL RECEIPT.....		46,202	.46,202	.47,429	.47,116	.0	.0	(914)	.0	(914)	.0	.46,202	.0	.0	.0	.865	04/01/2015..	1FE..
31402Y-NJ-9..	FNMA Gtd Mtg Pool		06/25/2011..	PRINCIPAL RECEIPT.....		23,441	.23,441	.22,811	.22,883	.0	.0	558	.0	558	.0	.23,441	.0	.0	.0	.435	04/01/2019..	1FE..
31416X-HY-9..	#AB2046..		06/25/2011..	PRINCIPAL RECEIPT.....		10,534	.10,534	.10,356	.10,356	.0	.0	178	.0	178	.0	.10,534	.0	.0	.0	.104	01/01/2026..	1FE..
31371K-VB-4..	FNMA Pool #254510..		06/25/2011..	PRINCIPAL RECEIPT.....		13,413	.13,413	.13,589	.13,537	.0	.0	(124)	.0	(124)	.0	.13,413	.0	.0	.0	.275	11/01/2017..	1FE..
31371K-2X-8..	FHLMC Pool #254690..		06/25/2011..	PRINCIPAL RECEIPT.....		15,029	.15,029	.14,926	.14,933	.0	.96	.0	.96	.0	.15,029	.0	.0	.0	.333	04/01/2023..	1FE..	
31371L-DT-3..	FNMA Pool #254914..		06/25/2011..	PRINCIPAL RECEIPT.....		19,611	.19,611	.19,759	.19,649	.0	.0	(38)	.0	(38)	.0	.19,611	.0	.0	.0	.367	09/01/2013..	1FE..
31371L-SL-4..	FNMA Pool #25523..		06/25/2011..	PRINCIPAL RECEIPT.....		18,867	.18,867	.19,109	.19,962	.0	.0	95	.0	95	.0	.18,867	.0	.0	.0	.349	07/01/2014..	1FE..
31385X-SB-6..	FNMA Pool #555014..		06/25/2011..	PRINCIPAL RECEIPT.....		23,220	.23,220	.23,437	.23,356	.0	.0	(137)	.0	(137)	.0	.23,220	.0	.0	.0	.521	11/01/2017..	1FE..
31385X-GK-7..	FNMA Pool #555602..		06/25/2011..	PRINCIPAL RECEIPT.....		22,540	.22,540	.22,371	.22,396	.0	.0	144	.0	144	.0	.22,540	.0	.0	.0	.474	06/01/2018..	1FE..
36217A-HM-5..	GNMA P#187536..		06/15/2011..	PRINCIPAL RECEIPT.....		.210	.210	.208	.209	.0	.0	1	.0	1	.0	.210	.0	.0	.0	.8	02/15/2017..	1FE..
36295P-GH-0..	GNMA Pool #676872..		06/15/2011..	PRINCIPAL RECEIPT.....		59,788	.59,788	.60,311	.60,256	.0	.0	(468)	.0	(468)	.0	.59,788	.0	.0	.0	1,241	03/15/2023..	1FE..
83162C-PP-2..	U S Small Business Admin - DCP..		06/01/2011..	PRINCIPAL RECEIPT.....		16,760	.16,760	.17,012	.16,998	.0	.0	(237)	.0	(237)	.0	.16,760	.0	.0	.0	.385	06/01/2025..	1FE..
0599999 - Bonds - U.S. Governments						1,010,356	1,010,356	1,011,581	1,000,552	0	(879)	0	(879)	0	1,010,029	0	328	328	18,056	XXX	XXX	
341535-D4-1..	Florida Board of Education Ser C..		06/01/2011..	MATURITY.....		.500,000	.500,000	.502,865	.500,242	.0	.0	(242)	.0	(242)	.0	.500,000	.0	.0	.0	.8,750	06/01/2011..	1FE..
928109-XX-8..	Virginia St Ser A..		06/01/2011..	MATURITY.....		.70,000	.70,000	.71,465	.70,449	.0	.0	(449)	.0	(449)	.0	.70,000	.0	.0	.0	.1,750	06/01/2011..	1FE..
928109-XR-3..	Virginia St Ser A..		06/01/2011..	MATURITY.....		.430,000	.430,000	.438,997	.432,757	.0	.0	(2,757)	.0	(2,757)	.0	.430,000	.0	.0	.0	.10,750	06/01/2011..	1FE..
1799999 - Bonds - U.S. States, Territories and Possessions						1,000,000	1,000,000	1,013,327	1,003,448	0	(3,448)	0	(3,448)	0	1,000,000	0	0	0	21,250	XXX	XXX	
002824-AS-9..	Abbott Laboratories Notes		05/15/2011..	MATURITY.....		.600,000	.600,000	.610,344	.601,033	.0	.0	(1,033)	.0	(1,033)	.0	.600,000	.0	.0	.0	.16,800	05/15/2011..	1FE..
26442T-AA-5..	Duke University Ser 2009A B/E..		05/05/2011..	CALLED @ 107.9170000..		.539,585	.500,000	.515,830	.510,345	.0	.0	(1,043)	.0	(1,043)	.0	.509,302	.0	30,283	30,283	12,483	04/01/2014..	1FE..
740816-AF-0..	Harvard Pres & Fel College 144A..		06/02/2011..	VARIOUS.....		.328,247	.300,000	.306,900	.304,302	.0	.0	(559)	.0	(559)	.0	.303,743	.0	.24,504	24,504	.13,208	01/15/2014..	1FE..
3899999 - Bonds - Industrial and Miscellaneous						1,467,832	1,400,000	1,433,074	1,415,680	0	(2,635)	0	(2,635)	0	1,413,045	0	.54,787	.54,787	42,492	XXX	XXX	
8399997 - Bonds - Part 4						3,478,188	3,410,356	3,457,981	3,419,679	0	(6,962)	0	(6,962)	0	3,423,073	0	.55,115	.55,115	81,798	XXX	XXX	
8399999 - Total - Bonds						3,478,188	3,410,356	3,457,981	3,419,679	0	(6,962)	0	(6,962)	0	3,423,073	0	.55,115	.55,115	81,798	XXX	XXX	
8999999 - Total - Preferred Stocks						0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX	
166764-10-0..	ChevronTexaco Corporation		04/29/2011..	Merrill Lynch..		1,000,000	.109,460	.109,460	.91,250	.0	.0	(36,490)	.0	(36,490)	.0	.54,760	.0	.54,700	.54,700	.720	L	
729251-10-8..	Plum Creek Timber Co Inc		04/29/2011..	Merrill Lynch..		2,810,000	.120,087	.120,087	.105,235	.0	.0	(18,602)	.0	(18,602)	.0	.86,632	.0	.33,454	.33,454	.1,180	L	
871829-10-7..	Sysco Corp.		04/14/2011..	Merrill Lynch..		5,800,000	.165,007	.165,007	.133,052	.0	.0	(37,468)	.0	(37,468)	.0	.133,052	.0	.31,955	.31,955	.2,639	L	
931142-10-3..	Wal-Mart Stores..		04/29/2011..	Merrill Lynch..		2,005,000	.109,936	.109,936	.95,238	.0	.0	(12,892)	.0	(12,892)	.0	.95,238	.0	.14,699	.14,699	.1,338	L	
9099999 - Common Stocks - Industrial and Miscellaneous						504,490	XXX	.369,682	.475,134	(105,452)	0	0	(105,452)	0	0	.369,682	0	.134,808	.134,808	.5,878	XXX	XXX

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**

STATEMENT AS OF JUNE 30, 2011 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

**SCHEDULE E - PART 1 - CASH**

Month End Depository Balances

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
					6 First Month	7 Second Month	8 Third Month	
Bank of America.....Chicago, IL.....			1,325	0	1,103,371	603,853	1,004,258	XXX
First Merit Bank.....Akron, OH.....			0	0	(7)	(7)	(7)	XXX
First Merit Bank.....Akron, OH.....			0	0	0	0	0	XXX
First Merit Bank.....Akron, OH.....			34	0	103,381	103,398	0	XXX
JP Morgan Chase.....New York, NY.....			0	0	13,993,066	14,519,168	13,090,825	XXX
Merrill Lynch.....Columbus, OH.....			0	0	285,803	429	(485,200)	XXX
PNC Bank.....Cleveland, OH.....	2,980		273	50	100,000	100,000	100,000	XXX
019998 Deposits in .....depositories that do not exceed the allowable limit in any one depository (see Instructions) - Open Depositories	XXX	XXX						XXX
0199999 Totals - Open Depositories	XXX	XXX	1,632	50	15,585,614	15,326,841	13,712,987	XXX
0399999 Total Cash on Deposit	XXX	XXX	1,632	50	15,585,614	15,326,841	13,712,987	XXX
0499999 Cash in Company's Office	XXX	XXX	XXX	XXX	0	0	0	XXX
0599999 Total	XXX	XXX	1,632	50	15,585,614	15,326,841	13,712,987	XXX

Schedule E - Part 2 - Cash Equivalents  
**NONE**