



ANNUAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 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 Website Address				www.wrg-ins.com		
Statutory Statement Contact	Joseph Earl Wilford			330-262-9060-2437		
	(Name)			(Area Code) (Telephone Number) (Extension)		
	Joe_Wilford@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

GREGORY J. OWEN	VP INFORMATION TECHNOLOGY	GREGORY A. BRUNN	VP MARKETING AND UNDERWRITING
KEVIN W. DAY	EXECUTIVE VP CLAIMS		

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 PRESIDENT	JOHN P. MURPHY SECRETARY	MICHAEL A. SHUTT VICE PRESIDENT/CFO/TREASURER
Subscribed and sworn to before me this 28 day of February, 2012		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 8, 2015		

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	80,377,318		80,377,318	80,313,118
2. Stocks (Schedule D):				
2.1 Preferred stocks .....	1,271,768		1,271,768	1,275,824
2.2 Common stocks .....	41,896,196	253,019	41,643,177	42,869,945
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....	0		0	0
3.2 Other than first liens .....	0		0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ ..... encumbrances).....	8,000,268		8,000,268	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 (\$ .....(5,419,247) , Schedule E - Part 1), cash equivalents (\$ .....0 , Schedule E - Part 2) and short-term investments (\$ .....2,187,863 , Schedule DA) .....	(3,231,384)		(3,231,384)	(6,391,509)
6. Contract loans (including \$ .....premium notes).....	0		0	0
7. Derivatives (Schedule DB).....	0		0	0
8. Other invested assets (Schedule BA) .....	5,843,088	2,165,449	3,677,639	3,825,827
9. Receivables for securities .....	0		0	0
10. Securities lending reinvested collateral assets (Schedule DL).....	0		0	0
11. Aggregate write-ins for invested assets .....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	134,157,254	2,418,468	131,738,786	130,115,580
13. Title plants less \$ .....charged off (for Title insurers only).....	0		0	0
14. Investment income due and accrued .....	876,818		876,818	896,143
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	22,162,811	117,640	22,045,171	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 .....	768,228	67,186	701,042	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 .....	0		0	1,097,761
18.2 Net deferred tax asset .....	912,224		912,224	0
19. Guaranty funds receivable or on deposit .....	0		0	0
20. Electronic data processing equipment and software .....	319,795		319,795	461,647
21. Furniture and equipment, including health care delivery assets (\$ ..... ) .....	126,824	126,824	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	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).....	159,323,954	2,730,118	156,593,836	153,754,045
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	0		0	0
28. Total (Lines 26 and 27)	159,323,954	2,730,118	156,593,836	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	2
	Current Year	Prior Year
1. Losses (Part 2A, Line 35, Column 8) .....	20,292,545	17,831,788
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6) .....	0	0
3. Loss adjustment expenses (Part 2A, Line 35, Column 9) .....	3,964,000	3,964,000
4. Commissions payable, contingent commissions and other similar charges .....	1,658,733	2,079,418
5. Other expenses (excluding taxes, licenses and fees) .....	1,738,894	2,832,564
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....	835,277	795,178
7.1 Current federal and foreign income taxes (including \$ ..... on realized capital gains (losses)).....	0	0
7.2 Net deferred tax liability .....	0	176,270
8. Borrowed money \$ ..... and interest thereon \$ .....	0	0
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ .....506,681 and including warranty reserves of \$ ..... and accrued accident and health experience rating refunds including \$ .....for medical loss ratio rebate per the Public Health Service Act) .....	30,414,052	28,053,946
10. Advance premium.....	346,409	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) .....	219,154	240,238
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19) .....	13,473	0
14. Amounts withheld or retained by company for account of others .....	4,491,810	5,074,276
15. Remittances and items not allocated.....	0	0
16. Provision for reinsurance (Schedule F, Part 7) .....	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 .....	103,318	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) .....	64,290,784	61,662,496
27. Protected cell liabilities .....	0	0
28. Total liabilities (Lines 26 and 27) .....	64,290,784	61,662,496
29. Aggregate write-ins for special surplus funds .....	412,734	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) .....	91,890,318	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) (Page 4, Line 39) .....	92,303,052	92,091,549
38. Totals (Page 2, Line 28, Col. 3)	156,593,836	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. Surplus from SSAP No. 10R.....	412,734	0
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) .....	412,734	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

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
<b>UNDERWRITING INCOME</b>		
1. Premiums earned (Part 1, Line 35, Column 4) .....	63,079,707	60,186,466
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7) .....	41,173,484	36,506,933
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1) .....	5,895,099	5,914,581
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2) .....	22,151,897	22,157,649
5. Aggregate write-ins for underwriting deductions .....	0	0
6. Total underwriting deductions (Lines 2 through 5) .....	69,220,480	64,579,163
7. Net income of protected cells .....	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7) .....	(6,140,773)	(4,392,697)
<b>INVESTMENT INCOME</b>		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....	3,928,695	3,832,474
10. Net realized capital gains (losses) less capital gains tax of \$ .....561,378 (Exhibit of Capital Gains (Losses)).....	1,089,735	656,953
11. Net investment gain (loss) (Lines 9 + 10) .....	5,018,430	4,489,427
<b>OTHER INCOME</b>		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ ..... amount charged off \$ .....(56,300) ) .....	(56,300)	(39,091)
13. Finance and service charges not included in premiums.....	1,087,449	977,892
14. Aggregate write-ins for miscellaneous income .....	12,685	(7,474)
15. Total other income (Lines 12 through 14) .....	1,043,834	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) .....	(78,509)	1,028,057
17. Dividends to policyholders .....	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) .....	(78,509)	1,028,057
19. Federal and foreign income taxes incurred .....	(595,692)	(173,986)
20. Net income (Line 18 minus Line 19) (to Line 22) .....	517,183	1,202,043
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2) .....	92,091,549	91,371,288
22. Net income (from Line 20) .....	517,183	1,202,043
23. Net transfers (to) from Protected Cell accounts .....	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ .....(556,105) .....	(1,079,499)	1,790,706
25. Change in net unrealized foreign exchange capital gain (loss) .....	0	0
26. Change in net deferred income tax .....	119,655	168,017
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3) .....	241,430	(2,440,505)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1) .....	0	0
29. Change in surplus notes .....	0	0
30. Surplus (contributed to) withdrawn from protected cells .....	0	0
31. Cumulative effect of changes in accounting principles .....	0	0
32. Capital changes:		
32.1 Paid in .....	0	0
32.2 Transferred from surplus (Stock Dividend) .....	0	0
32.3 Transferred to surplus .....	0	0
33. Surplus adjustments:		
33.1 Paid in .....	0	0
33.2 Transferred to capital (Stock Dividend) .....	0	0
33.3 Transferred from capital .....	0	0
34. Net remittances from or (to) Home Office .....	0	0
35. Dividends to stockholders .....	0	0
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1) .....	0	0
37. Aggregate write-ins for gains and losses in surplus .....	412,734	0
38. Change in surplus as regards policyholders for the year (Lines 22 through 37) .....	211,503	720,261
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	92,303,052	92,091,549
<b>DETAILS OF WRITE-INS</b>		
0501. ....		
0502. ....		
0503. ....		
0598. Summary of remaining write-ins for Line 5 from overflow page .....	0	0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above) .....	0	0
1401. OTHER INCOME.....	12,545	(7,474)
1402. GAIN/(LOSS) SALE OF EQUIPMENT.....	140	0
1403. ....		
1498. Summary of remaining write-ins for Line 14 from overflow page .....	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above) .....	12,685	(7,474)
3701. Change in surplus from SSAP No. 10R.....	412,734	0
3702. ....		
3703. ....		
3798. Summary of remaining write-ins for Line 37 from overflow page .....	0	0
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above) .....	412,734	0

CASH FLOW

	1 Current Year	2 Prior Year
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance.....	63,607,585	60,085,260
2. Net investment income.....	4,244,017	4,218,202
3. Miscellaneous income.....	1,043,834	931,327
4. Total (Lines 1 through 3).....	68,895,436	65,234,789
5. Benefit and loss related payments.....	39,089,046	36,889,257
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	29,521,252	27,428,972
8. Dividends paid to policyholders.....	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses).....	(1,132,075)	285,000
10. Total (Lines 5 through 9).....	67,478,223	64,603,229
11. Net cash from operations (Line 4 minus Line 10).....	1,417,213	631,560
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	10,826,075	12,444,722
12.2 Stocks.....	13,853,974	18,898,022
12.3 Mortgage loans.....	0	0
12.4 Real estate.....	0	0
12.5 Other invested assets.....	244,957	39,593
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	0	0
12.7 Miscellaneous proceeds.....	1	0
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	24,925,007	31,382,337
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	10,722,384	10,770,849
13.2 Stocks.....	12,696,316	21,752,230
13.3 Mortgage loans.....	0	0
13.4 Real estate.....	0	0
13.5 Other invested assets.....	0	2,450,000
13.6 Miscellaneous applications.....	0	1
13.7 Total investments acquired (Lines 13.1 to 13.6).....	23,418,700	34,973,080
14. Net increase (decrease) in contract loans and premium notes.....	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14).....	1,506,307	(3,590,743)
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0
16.3 Borrowed funds.....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	0	0
16.5 Dividends to stockholders.....	0	0
16.6 Other cash provided (applied).....	236,605	(506,951)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	236,605	(506,951)
<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).....	3,160,125	(3,466,134)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	(6,391,509)	(2,925,375)
19.2 End of year (Line 18 plus Line 19.1).....	(3,231,384)	(6,391,509)

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 1 - PREMIUMS EARNED

Line of Business		1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire .....	1,019,831	538,179	628,627	929,383
2.	Allied lines .....	569,931	270,618	315,537	525,012
3.	Farmowners multiple peril .....	5,691,607	2,900,534	3,130,964	5,461,177
4.	Homeowners multiple peril .....	16,736,929	8,612,032	9,736,980	15,611,981
5.	Commercial multiple peril .....	6,529,033	3,202,426	3,481,114	6,250,345
6.	Mortgage guaranty .....	0	0	0	0
8.	Ocean marine .....	0	0	0	0
9.	Inland marine .....	524,466	264,696	277,956	511,206
10.	Financial guaranty .....	0	0	0	0
11.1	Medical professional liability - occurrence .....	0	0	0	0
11.2	Medical professional liability - claims-made .....	0	0	0	0
12.	Earthquake .....	13,229	5,996	6,572	12,653
13.	Group accident and health .....	0	0	0	0
14.	Credit accident and health (group and individual) .....	0	0	0	0
15.	Other accident and health .....	0	0	0	0
16.	Workers' compensation .....	348,004	156,851	173,678	331,177
17.1	Other liability - occurrence .....	291,537	163,040	172,749	281,828
17.2	Other liability - claims-made .....	50	0	36	14
17.3	Excess workers' compensation .....	0	0	0	0
18.1	Products liability - occurrence .....	44,784	23,311	24,160	43,935
18.2	Products liability - claims-made .....	0	0	0	0
19.1,19.2	Private passenger auto liability .....	16,463,649	5,496,386	5,863,543	16,096,492
19.3,19.4	Commercial auto liability .....	2,420,773	1,107,504	1,181,607	2,346,670
21.	Auto physical damage .....	14,696,251	5,270,446	5,373,324	14,593,373
22.	Aircraft (all perils) .....	0	0	0	0
23.	Fidelity .....	0	0	0	0
24.	Surety .....	0	0	0	0
26.	Burglary and theft .....	37,743	19,105	20,669	36,179
27.	Boiler and machinery .....	51,996	22,822	26,536	48,282
28.	Credit .....	0	0	0	0
29.	International .....	0	0	0	0
30.	Warranty .....	0	0	0	0
31.	Reinsurance - nonproportional assumed property .....	0	0	0	0
32.	Reinsurance - nonproportional assumed liability .....	0	0	0	0
33.	Reinsurance - nonproportional assumed financial Lines .....	0	0	0	0
34.	Aggregate write-ins for other lines of business .....	0	0	0	0
35.	TOTALS	65,439,813	28,053,946	30,414,052	63,079,707
DETAILS OF WRITE-INS					
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 + 3498) (Line 34 above)	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business		1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3  Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire .....	628,627				628,627
2.	Allied lines .....	315,537				315,537
3.	Farmowners multiple peril .....	3,130,964				3,130,964
4.	Homeowners multiple peril .....	9,736,980				9,736,980
5.	Commercial multiple peril .....	3,481,114				3,481,114
6.	Mortgage guaranty .....	0				0
8.	Ocean marine .....	0				0
9.	Inland marine .....	277,956				277,956
10.	Financial guaranty .....	0				0
11.1	Medical professional liability - occurrence .....	0				0
11.2	Medical professional liability - claims-made .....	0				0
12.	Earthquake .....	6,572				6,572
13.	Group accident and health .....	0				0
14.	Credit accident and health (group and individual) .....	0				0
15.	Other accident and health .....	0				0
16.	Workers' compensation .....	173,678				173,678
17.1	Other liability - occurrence .....	172,749				172,749
17.2	Other liability - claims-made .....	36				36
17.3	Excess workers' compensation .....	0				0
18.1	Products liability - occurrence .....	24,160				24,160
18.2	Products liability - claims-made .....	0				0
19.1,19.2	Private passenger auto liability .....	5,863,543				5,863,543
19.3,19.4	Commercial auto liability .....	1,181,607				1,181,607
21.	Auto physical damage .....	5,373,324				5,373,324
22.	Aircraft (all perils) .....	0				0
23.	Fidelity .....	0				0
24.	Surety .....	0				0
26.	Burglary and theft .....	20,669				20,669
27.	Boiler and machinery .....	26,536				26,536
28.	Credit .....	0				0
29.	International .....	0				0
30.	Warranty.....	0				0
31.	Reinsurance - nonproportional assumed property .....	0				0
32.	Reinsurance - nonproportional assumed liability .....	0				0
33.	Reinsurance - nonproportional assumed financial lines .....	0				0
34.	Aggregate write-ins for other lines of business .....	0	0	0	0	0
35.	TOTALS	30,414,052	0	0	0	30,414,052
36.	Accrued retrospective premiums based on experience .....					
37.	Earned but unbilled premiums .....					
38.	Balance (Sum of Lines 35 through 37)					30,414,052
DETAILS OF WRITE-INS						
3401.	.....					
3402.	.....					
3403.	.....					
3498.	Sum. of remaining write-ins for Line 34 from overflow page .....	0	0	0	0	0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business		1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
			2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1.	Fire .....	2,809,081	1,019,831		2,505,773	303,308	1,019,831
2.	Allied lines .....	1,508,129	569,931		1,399,830	108,299	569,931
3.	Farmowners multiple peril .....	0	5,691,607		0	0	5,691,607
4.	Homeowners multiple peril .....	19,018,194	16,736,881		17,220,315	1,797,831	16,736,929
5.	Commercial multiple peril .....	9,684,634	6,529,033		9,112,532	572,102	6,529,033
6.	Mortgage guaranty .....	0	0		0	0	0
8.	Ocean marine .....	0	0		0	0	0
9.	Inland marine .....	752,092	524,466		689,356	62,736	524,466
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 .....	16,711	13,229		15,421	1,290	13,229
13.	Group accident and health .....	0	0		0	0	0
14.	Credit accident and health (group and individual) .....	0	0		0	0	0
15.	Other accident and health .....	0	0		0	0	0
16.	Workers' compensation .....	953,776	348,004		870,010	83,766	348,004
17.1	Other liability - occurrence .....	2,626,752	291,537		618,219	2,008,533	291,537
17.2	Other liability - claims-made .....	2,610	50		125	2,485	50
17.3	Excess workers' compensation .....	0	0		0	0	0
18.1	Products liability - occurrence .....	79,654	44,784		77,731	1,923	44,784
18.2	Products liability - claims-made .....	0	0		0	0	0
19.1,19.2	Private passenger auto liability .....	28,733,550	16,463,649		28,602,438	131,112	16,463,649
19.3,19.4	Commercial auto liability .....	2,893,269	2,420,774		2,822,617	70,653	2,420,773
21.	Auto physical damage .....	25,007,674	14,696,251		24,357,102	650,572	14,696,251
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 .....	44,339	37,743		40,936	3,403	37,743
27.	Boiler and machinery .....	107,282	51,995		34,350	72,931	51,996
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	0		0	0	0
32.	Reinsurance - nonproportional assumed liability .....	XXX	0		0	0	0
33.	Reinsurance - nonproportional assumed financial lines .....	XXX	0		0	0	0
34.	Aggregate write-ins for other lines of business .....	0	0	0	0	0	0
35.	TOTALS	94,237,747	65,439,765	0	88,366,755	5,870,944	65,439,813
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 above) .....	0	0	0	0	0	0

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

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

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



ANNUAL STATEMENT FOR THE YEAR 2011 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business		Losses Paid Less Salvage				5  Net Losses Unpaid Current Year (Part 2A, Col. 8)	6  Net Losses Unpaid Prior Year	7  Losses Incurred Current Year (Cols. 4 + 5 - 6)	8  Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
		1	2	3	4				
		Direct Business	Reinsurance Assumed	Reinsurance Recovered	Net Payments (Cols. 1 + 2 - 3)				
1.	Fire .....	774,575	309,830	774,575	309,830	37,971	89,033	258,768	27.8
2.	Allied lines .....	2,472,769	531,737	2,472,769	531,737	90,449	65,440	556,746	106.0
3.	Farmowners multiple peril .....	.0	2,691,224	.0	2,691,224	1,237,306	936,987	2,991,543	54.8
4.	Homeowners multiple peril .....	15,322,759	11,571,191	15,322,759	11,571,191	2,909,011	2,658,049	11,822,153	75.7
5.	Commercial multiple peril .....	3,947,003	3,371,684	3,947,003	3,371,684	2,271,120	1,777,497	3,865,307	61.8
6.	Mortgage guaranty .....	.0	.0	.0	.0	.0	.0	.0	0.0
8.	Ocean marine .....	.0	.0	.0	.0	.0	.0	.0	0.0
9.	Inland marine .....	216,955	152,724	216,955	152,724	49,814	65,482	137,056	26.8
10.	Financial guaranty .....	.0	.0	.0	.0	.0	.0	.0	0.0
11.1	Medical professional liability - occurrence .....	.0	.0	.0	.0	.0	.0	.0	0.0
11.2	Medical professional liability - claims-made .....	.0	.0	.0	.0	.0	.0	.0	0.0
12.	Earthquake .....	.0	.0	.0	.0	.0	.0	.0	0.0
13.	Group accident and health .....	.0	.0	.0	.0	.0	.0	.0	0.0
14.	Credit accident and health (group and individual) .....	.0	.0	.0	.0	.0	.0	.0	0.0
15.	Other accident and health .....	.0	.0	.0	.0	.0	.0	.0	0.0
16.	Workers' compensation .....	1,511,742	148,892	1,511,742	148,892	80,966	100,748	129,110	39.0
17.1	Other liability - occurrence .....	52,477	22,954	52,477	22,954	231,002	177,838	76,118	27.0
17.2	Other liability - claims-made .....	.0	.0	.0	.0	.0	.0	.0	0.0
17.3	Excess workers' compensation .....	.0	.0	.0	.0	.0	.0	.0	0.0
18.1	Products liability - occurrence .....	3,214	10,065	3,214	10,065	4,001	6,000	8,066	18.4
18.2	Products liability - claims-made .....	.0	.0	.0	.0	.0	.0	.0	0.0
19.1,19.2	Private passenger auto liability .....	17,243,950	10,186,442	17,243,950	10,186,442	11,224,774	9,800,846	11,610,370	72.1
19.3,19.4	Commercial auto liability .....	998,081	681,441	998,081	681,441	1,265,037	1,286,495	659,983	28.1
21.	Auto physical damage .....	17,164,941	9,028,553	17,164,941	9,028,553	865,828	853,373	9,041,008	62.0
22.	Aircraft (all perils) .....	.0	.0	.0	.0	.0	.0	.0	0.0
23.	Fidelity .....	.0	.0	.0	.0	.0	.0	.0	0.0
24.	Surety .....	.0	.0	.0	.0	.0	.0	.0	0.0
26.	Burglary and theft .....	7,661	5,990	7,661	5,990	25,266	14,000	17,256	47.7
27.	Boiler and machinery .....	26,167	.0	26,167	.0	.0	.0	.0	0.0
28.	Credit .....	.0	.0	.0	.0	.0	.0	.0	0.0
29.	International .....	.0	.0	.0	.0	.0	.0	.0	0.0
30.	Warranty .....	.0	.0	.0	.0	.0	.0	.0	0.0
31.	Reinsurance - nonproportional assumed property .....	XXX	.0	.0	.0	.0	.0	.0	0.0
32.	Reinsurance - nonproportional assumed liability .....	XXX	.0	.0	.0	.0	.0	.0	0.0
33.	Reinsurance - nonproportional assumed financial lines .....	XXX	.0	.0	.0	.0	.0	.0	0.0
34.	Aggregate write-ins for other lines of business .....	0	0	0	0	0	0	0	0.0
35.	TOTALS .....	59,742,294	38,712,727	59,742,294	38,712,727	20,292,545	17,831,788	41,173,484	65.3
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	.0	0.0
3499.	Totals (Lines 3401 through 3403 + 3498) (Line 34 above) .....	0	0	0	0	0	0	0	0.0

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business		Reported Losses				Incurred But Not Reported			8	9
		1	2	3	4	5	6	7		
		Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
1.	Fire .....	36,904	14,762	36,904	14,762	60,034	23,209	60,034	37,971	0
2.	Allied lines .....	309,030	59,086	309,030	59,086	235,179	31,363	235,179	90,449	38,800
3.	Farmowners multiple peril .....	0	854,906	0	854,906	0	382,400	0	1,237,306	159,200
4.	Homeowners multiple peril .....	2,732,214	2,329,099	2,732,214	2,329,099	525,923	579,912	525,923	2,909,011	547,600
5.	Commercial multiple peril .....	3,028,965	1,454,320	3,028,965	1,454,320	1,201,101	816,800	1,201,101	2,271,120	1,401,200
6.	Mortgage guaranty .....	0	0	0	0	0	0	0	0	0
8.	Ocean marine .....	0	0	0	0	0	0	0	0	0
9.	Inland marine .....	10,000	10,699	10,000	10,699	0	39,115	0	49,814	0
10.	Financial guaranty .....	0	0	0	0	0	0	0	0	0
11.1	Medical professional liability - occurrence .....	0	0	0	0	0	0	0	0	0
11.2	Medical professional liability - claims-made .....	0	0	0	0	0	0	0	0	0
12.	Earthquake .....	0	0	0	0	0	0	0	0	0
13.	Group accident and health .....	0	0	0	0	0	0	0	(a)	0
14.	Credit accident and health (group and individual) .....	0	0	0	0	0	0	0	0	0
15.	Other accident and health .....	0	0	0	0	0	0	0	(a)	0
16.	Workers' compensation .....	368,617	22,965	368,617	22,965	195,676	58,001	195,676	80,966	19,600
17.1	Other liability - occurrence .....	1,323,507	170,202	1,323,507	170,202	1,382,024	60,800	1,382,024	231,002	100,800
17.2	Other liability - claims-made .....	0	0	0	0	0	0	0	0	0
17.3	Excess workers' compensation .....	0	0	0	0	0	0	0	0	0
18.1	Products liability - occurrence .....	1	4,001	1	4,001	0	0	0	4,001	0
18.2	Products liability - claims-made .....	0	0	0	0	0	0	0	0	0
19.1,19.2	Private passenger auto liability .....	18,952,611	10,604,374	18,952,611	10,604,374	2,104,231	620,400	2,104,231	11,224,774	1,280,400
19.3,19.4	Commercial auto liability .....	2,466,692	1,031,437	2,466,692	1,031,437	345,404	233,600	345,404	1,265,037	224,000
21.	Auto physical damage .....	1,028,814	577,027	1,028,814	577,027	515,608	288,801	515,608	865,828	192,400
22.	Aircraft (all perils) .....	0	0	0	0	0	0	0	0	0
23.	Fidelity .....	0	0	0	0	0	0	0	0	0
24.	Surety .....	0	0	0	0	0	0	0	0	0
26.	Burglary and theft .....	63,165	25,266	63,165	25,266	0	0	0	25,266	0
27.	Boiler and machinery .....	0	0	0	0	0	0	0	0	0
28.	Credit .....	0	0	0	0	0	0	0	0	0
29.	International .....	0	0	0	0	0	0	0	0	0
30.	Warranty .....	0	0	0	0	0	0	0	0	0
31.	Reinsurance - nonproportional assumed property .....	XXX	0	0	0	XXX	0	0	0	0
32.	Reinsurance - nonproportional assumed liability .....	XXX	0	0	0	XXX	0	0	0	0
33.	Reinsurance - nonproportional assumed financial lines .....	XXX	0	0	0	XXX	0	0	0	0
34.	Aggregate write-ins for other lines of business .....	0	0	0	0	0	0	0	0	0
35.	TOTALS .....	30,320,520	17,158,144	30,320,520	17,158,144	6,565,180	3,134,401	6,565,180	20,292,545	3,964,000
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	0	0	0
3499.	Totals (Lines 3401 through 3403 + 3498) (Line 34 above) .....	0	0	0	0	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct .....	2,027,070			2,027,070
1.2 Reinsurance assumed .....				0
1.3 Reinsurance ceded .....	70,594			70,594
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3) .....	1,956,476	0	0	1,956,476
2. Commission and brokerage:				
2.1 Direct, excluding contingent .....		10,783,574		10,783,574
2.2 Reinsurance assumed, excluding contingent .....				0
2.3 Reinsurance ceded, excluding contingent .....		256,108		256,108
2.4 Contingent-direct .....		714,400		714,400
2.5 Contingent-reinsurance assumed .....				0
2.6 Contingent-reinsurance ceded .....				0
2.7 Policy and membership fees .....				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7) .....	0	11,241,866	0	11,241,866
3. Allowances to manager and agents .....		148,890		148,890
4. Advertising .....		44,806		44,806
5. Boards, bureaus and associations .....	20,546	232,521		253,067
6. Surveys and underwriting reports .....		1,004,256		1,004,256
7. Audit of assureds' records .....				0
8. Salary and related items:				
8.1 Salaries .....	2,318,091	3,991,621	283,745	6,593,457
8.2 Payroll taxes .....	179,679	314,416	25,965	520,060
9. Employee relations and welfare .....	267,220	689,150	8,907	965,277
10. Insurance .....	11,742	19,570	36,541	67,853
11. Directors' fees .....	25,872	102,194	1,294	129,360
12. Travel and travel items .....	33,177	330,427	8,294	371,898
13. Rent and rent items .....	108,000	234,000	18,000	360,000
14. Equipment .....	79,928	233,694	54,965	368,587
15. Cost or depreciation of EDP equipment and software .....	220,748	871,955	11,037	1,103,740
16. Printing and stationery .....	15,143	140,614	7,571	163,328
17. Postage, telephone and telegraph, exchange and express .....	59,600	528,131	11,920	599,651
18. Legal and auditing .....	598,877	797,430	282,093	1,678,400
19. Totals (Lines 3 to 18) .....	3,938,623	9,683,675	750,332	14,372,630
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ .....		777,848		777,848
20.2 Insurance department licenses and fees .....		418,735		418,735
20.3 Gross guaranty association assessments .....				0
20.4 All other (excluding federal and foreign income and real estate) .....		15,387		15,387
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4) .....	0	1,211,970	0	1,211,970
21. Real estate expenses .....			254,603	254,603
22. Real estate taxes .....			147,025	147,025
23. Reimbursements by uninsured plans .....				0
24. Aggregate write-ins for miscellaneous expenses .....	0	14,386	0	14,386
25. Total expenses incurred .....	5,895,099	22,151,897	1,151,960	(a) 29,198,956
26. Less unpaid expenses - current year .....	3,964,000	4,168,748	64,156	8,196,904
27. Add unpaid expenses - prior year .....	3,964,000	5,645,778	61,382	9,671,160
28. Amounts receivable relating to uninsured plans, prior year .....	0	0	0	0
29. Amounts receivable relating to uninsured plans, current year .....				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29) .....	5,895,099	23,628,927	1,149,186	30,673,212
DETAILS OF WRITE-INS				
2401. Charitable Donations .....		14,386		14,386
2402. ....				
2403. ....				
2498. Summary of remaining write-ins for Line 24 from overflow page .....	0	0	0	0
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above) .....	0	14,386	0	14,386

(a) Includes management fees of \$ 0 to affiliates and \$ 0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds .....	(a) .....839,329	.....804,164
1.1	Bonds exempt from U.S. tax .....	(a) .....799,388	.....799,585
1.2	Other bonds (unaffiliated) .....	(a) .....1,692,085	.....1,701,588
1.3	Bonds of affiliates .....	(a) .....0	.....
2.1	Preferred stocks (unaffiliated) .....	(b) .....95,082	.....95,082
2.11	Preferred stocks of affiliates .....	(b) .....0	.....
2.2	Common stocks (unaffiliated) .....	.....1,230,233	.....1,235,436
2.21	Common stocks of affiliates .....	.....0	.....
3.	Mortgage loans .....	(c) .....	.....
4.	Real estate .....	(d) .....540,000	.....540,000
5.	Contract loans .....	.....	.....
6.	Cash, cash equivalents and short-term investments .....	(e) .....9,061	.....9,061
7.	Derivative instruments .....	(f) .....	.....
8.	Other invested assets .....	.....102,842	.....103,842
9.	Aggregate write-ins for investment income .....	.....14,004	.....14,004
10.	Total gross investment income .....	5,322,024	5,302,762
11.	Investment expenses .....		(g) .....1,151,960
12.	Investment taxes, licenses and fees, excluding federal income taxes .....		(g) .....
13.	Interest expense .....		(h) .....
14.	Depreciation on real estate and other invested assets .....		(i) .....222,107
15.	Aggregate write-ins for deductions from investment income .....		.....0
16.	Total deductions (Lines 11 through 15) .....		.....1,374,067
17.	Net investment income (Line 10 minus Line 16) .....		3,928,695
DETAILS OF WRITE-INS			
0901.	Enron Corporation .....	.....13,978	.....13,978
0902.	Nortel Litigation .....	.....26	.....26
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0
0999.	Totals (Lines 0901 through 0903) plus 0998 (Line 9 above) .....	14,004	14,004
1501.	.....		.....
1502.	.....		.....
1503.	.....		.....
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		0
1599.	Totals (Lines 1501 through 1503) plus 1598 (Line 15 above) .....		0

(a) Includes \$ .....73,197 accrual of discount less \$ .....147,087 amortization of premium and less \$ .....58,572 paid for accrued interest on purchases.  
(b) Includes \$ ..... accrual of discount less \$ ..... amortization of premium and less \$ .....0 paid for accrued dividends on purchases.  
(c) Includes \$ .....0 accrual of discount less \$ .....0 amortization of premium and less \$ ..... paid for accrued interest on purchases.  
(d) Includes \$ .....540,000 for company's occupancy of its own buildings; and excludes \$ .....0 interest on encumbrances.  
(e) Includes \$ ..... accrual of discount less \$ ..... amortization of premium and less \$ ..... paid for accrued interest on purchases.  
(f) Includes \$ ..... accrual of discount less \$ ..... amortization of premium.  
(g) Includes \$ ..... investment expenses and \$ ..... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.  
(h) Includes \$ ..... interest on surplus notes and \$ ..... interest on capital notes.  
(i) Includes \$ .....222,107 depreciation on real estate and \$ ..... depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5.
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds .....			0	149,670	
1.1	Bonds exempt from U.S. tax .....			0		
1.2	Other bonds (unaffiliated) .....	92,112		92,112		
1.3	Bonds of affiliates .....	0	0	0	0	0
2.1	Preferred stocks (unaffiliated) .....	0	0	0	(4,056)	0
2.11	Preferred stocks of affiliates .....	0	0	0	0	0
2.2	Common stocks (unaffiliated) .....	1,559,001	0	1,559,001	(1,628,112)	0
2.21	Common stocks of affiliates .....	0	0	0	(4,918)	0
3.	Mortgage loans .....	0	0	0	0	0
4.	Real estate .....	0	0	0		0
5.	Contract loans .....			0		
6.	Cash, cash equivalents and short-term investments .....			0	0	0
7.	Derivative instruments .....			0		
8.	Other invested assets .....	0	0	0	(148,189)	0
9.	Aggregate write-ins for capital gains (losses) .....	0	0	0	0	0
10.	Total capital gains (losses) .....	1,651,113	0	1,651,113	(1,635,605)	0
DETAILS OF WRITE-INS						
0901.	.....					
0902.	.....					
0903.	.....					
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	0	0	0	0	0
0999.	Totals (Lines 0901 through 0903) plus 0998 (Line 9 above) .....	0	0	0	0	0

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks .....	0	0	0
2.2 Common stocks .....	253,019	257,937	4,918
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens .....	0	0	0
3.2 Other than first liens .....	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company .....	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale .....	0	0	0
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans .....	0	0	0
7. Derivatives (Schedule DB).....	0	0	0
8. Other invested assets (Schedule BA) .....	2,165,449	2,410,407	244,958
9. Receivables for securities .....	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL) .....	0	0	0
11. Aggregate write-ins for invested assets .....	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	2,418,468	2,668,344	249,876
13. Title plants (for Title insurers only).....	0	0	0
14. Investment income due and accrued .....	0	0	0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection .....	117,640	122,503	4,863
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
15.3 Accrued retrospective premiums .....	0	0	0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers .....	67,186	0	(67,186)
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 .....	0	0	0
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 .....	0	0	0
21. Furniture and equipment, including health care delivery assets.....	126,824	180,660	53,836
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
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	2,730,118	2,971,507	241,389
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. Total (Lines 26 and 27)	2,730,118	2,971,507	241,389
DETAILS OF WRITE-INS			
1101. ....			
1102. ....			
1103. ....			
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198)(Line 11 above)	0	0	0
2501. ....			
2502. ....			
2503. ....			
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	0	0	0

## NOTES TO FINANCIAL STATEMENTS

### 1. Summary of Significant Accounting Policies

#### A. Accounting Practices

The financial statements of Western Reserve Mutual Casualty Company are presented on the basis of accounting principles prescribed or permitted by the Ohio Department of Insurance.

The Ohio Department of Insurance recognizes only statutory accounting practices prescribed or permitted by the State of Ohio for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under Ohio Insurance Law. The National Association of Insurance Commissioners' ("NAIC") *Accounting Practices and Procedures Manual* ("NAIC SAP") has been adopted as a component of prescribed or permitted practices by the state of Ohio.

#### B. Use of Estimates in the Preparation of the Financial Statements

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

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 not backed by other loans are stated at amortized cost using the interest 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 except that investments in stocks of uncombined subsidiaries and affiliates in which the Company has an interest of 20% or more are carried on the equity basis.
- (4) Preferred stocks are stated in accordance with the guidance provided in SSAP No. 32.
- (5) The Company has no mortgage loans.
- (6) The Company has no loan-backed securities.
- (7) The Company carries investments in subsidiaries, Forward Agencies, Inc. and Western Reserve Financial Corporation, at statutory equity as reported on Schedule D; these assets are reported as nonadmitted on page 2, column 2.
- (8) The Company has minor ownership interests in partnerships. The Company carries these interests based on underlying unaudited 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 liabilities are continually reviewed and any adjustments are reflected in the period determined.
- (12) The Company has not modified its capitalization policy from the prior period.

## NOTES TO FINANCIAL STATEMENTS

### 2. Accounting Changes and Corrections of Errors

Accounting changes adopted to conform to the provisions of the NAIC Accounting Practices and Procedures Manual are reported as changes in accounting principles. The cumulative effect the changes in accounting principles is reported as an adjustment to unassigned funds (surplus) in the period of the change in accounting principle. The cumulative effect is the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all periods.

The Company has not made any accounting changes or error corrections for the periods ending December 31, 2011 and 2010, respectively.

### 3. Business Combinations and Goodwill

Not applicable.

### 4. Discontinued Operations

Not applicable.

### 5. Investments

#### A. Mortgage Loans, including Mezzanine Real Estate Loans

Not applicable.

#### B. Debt Restructuring

Not applicable.

#### C. Reverse Mortgages

Not applicable.

#### D. Loan-Backed Securities

Not applicable.

#### E. Repurchase Agreements and/or Securities Lending Transactions

Not applicable.

#### F. Real Estate

Not applicable.

#### G. Low-income Housing Tax Credits ("LIHTC")

Not applicable.

### 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 its admitted assets.

### 7. Investment Income

The Company has no uncollectible accrued investment income.

### 8. Derivative Instruments

Not applicable.

NOTES TO FINANCIAL STATEMENTS

9. Income Taxes

A. The components of the net deferred tax asset (liability) at December 31 are as follows:

1.

	December 31, 2011			December 31, 2010		
	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Gross Deferred Tax Assets	\$ 6,016,169	\$ 970,977	\$ 6,987,146	\$ 5,299,427	\$ 1,161,647	\$ 6,461,074
(b) Statutory Valuation Allowance Adjustment	-	-	-	-	-	-
(c) Adjusted Gross Deferred Tax Assets	6,016,169	970,977	6,987,146	5,299,427	1,161,647	6,461,074
(d) Deferred Tax Liabilities	(6,074,922)	-	(6,074,922)	(6,637,344)	-	(6,637,344)
(e) Subtotal Net Deferred Tax Asset/ (Net Deferred Tax Liability)	(58,754)	970,977	912,224	(1,337,917)	1,161,647	(176,270)
(f) Deferred Tax Assets Nonsadmitted	-	-	-	-	-	-
(g) Net Admitted Deferred Tax Asset/ (Net Deferred Tax Liability)	\$ (58,754)	\$ 970,977	\$ 912,224	\$ (1,337,917)	\$ 1,161,647	\$ (176,270)

  

	Change Ordinary	Change Capital	Change Total
(a) Gross Deferred Tax Assets	\$ 716,742	\$ (190,670)	\$ 526,072
(b) Statutory Valuation Allowance Adjustment	-	-	-
(c) Adjusted Gross Deferred Tax Assets	716,742	(190,670)	526,072
(d) Deferred Tax Liabilities	562,422	-	562,422
(e) Subtotal Net Deferred Tax Asset/ (Net Deferred Tax Liability)	1,279,163	(190,670)	1,088,494
(f) Deferred Tax Assets Nonsadmitted	-	-	-
(g) Net Admitted Deferred Tax Asset/ (Net Deferred Tax Liability)	\$ 1,279,163	\$ (190,670)	\$ 1,088,494

2. The Company has elected to admit deferred tax assets pursuant to SSAP No. 10R, Paragraph 10.e. for the year ended December 31, 2011.
3. The increased amount by tax character and the change in such, of admitted adjusted gross deferred tax assets as a result of the application of SSAP No. 10R, Paragraph 10.e. is shown below (see 4.).



NOTES TO FINANCIAL STATEMENTS

9. Income Taxes, continued

A. (continued)

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

	December 31, 2011			December 31, 2010		
	Ordinary	Capital	Total	Ordinary	Capital	Total
Admission Calculation Components SSAP No. 10R, Paragraphs 10.a., 10.b., and 10.c.:						
(a) Admitted under SSAP No. 10R, Paragraph 10.a. from prior years Income tax loss carrybacks	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(b) SSAP No. 10R, Paragraph 10.b. (the lesser of Paragraph 10.b.i. and 10.b.ii. below):						
(c) Expected to be recognized within One year under SSAP No. 10R, Paragraph 10.b.i.	499,490	-	499,490	-	-	-
(d) 10% of adjusted capital and surplus Under SSAP No. 10R, Paragraph 10.b.ii.	2,446,154	970,977	3,417,131	1,777,905	4,683,168	6,461,073
Lesser of (c) or (d)	499,490	-	499,490	-	-	-
(e) Offsetting existing deferred tax Liabilities under SSAP No. 10R, Paragraph 10.c.	5,103,945	970,977	6,074,922	5,299,427	1,161,647	6,461,074
(f) Total	\$ 5,603,435	\$ 970,977	\$ 6,574,412	\$ 5,299,427	\$ 1,161,647	\$ 6,461,074
Admission Calculation Components SSAP No. 10R, Paragraph 10.e.:						
(g) Admitted under SSAP No. 10R, Paragraph 10.e.i. from prior years Income tax loss carrybacks	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(h) SSAP No. 10R, Paragraph 10.e.ii. (the lesser of Paragraph 10.e.ii.a. and 10.e.ii.b. below):						
(i) Expected to be recognized within One year under SSAP No. 10R, Paragraph 10.e.ii.a.	412,734	-	412,734	-	-	-
(j) 15% of adjusted capital and surplus Under SSAP No. 10R, Paragraph 10.e.ii.b.	13,845,458	-	13,845,458	-	-	-
Lesser of (i) or (j)	412,734	-	412,734	-	-	-
(k) Offsetting existing deferred tax Liabilities under SSAP No. 10R, Paragraph 10.e.ii.	-	-	-	-	-	-
(l) Total	\$ 412,734	\$ -	\$ 412,734	\$ -	\$ -	\$ -
Total admitted adjusted gross Deferred tax assets	\$ 6,016,159	\$ 970,977	\$ 6,987,146	\$ 5,299,427	\$ 1,161,647	\$ 6,461,074
Used in SSAP No. 10R, Paragraph 10.d.:						
(m) Total Adjusted Capital			\$ 92,303,052			\$ 92,091,549
(n) Authorized Control Level			\$ 7,187,273			\$ 7,350,268

5. Not applicable.

NOTES TO FINANCIAL STATEMENTS

9. Income Taxes, continued

A. (continued)

6. The amount of admitted deferred tax assets, admitted assets, statutory surplus and total adjusted capital in the risk-based capital calculation and the increased amount of deferred tax assets, admitted assets and surplus as the result of the application of paragraph 10e.:

	December 31, 2011			December 31, 2010		
	Ordinary	Capital	Total	Ordinary	Capital	Total
SSAP No.10R, Paragraphs 10.a., 10.b., and 10.c.:						
(c) Admitted DTAs	\$ 5,603,425	\$ 970,977	\$ 6,574,412	\$ 5,299,427	\$ 1,161,647	\$ 6,461,074
(p) Admitted Assets			156,593,636			153,754,045
(c) Adjusted Statutory Surplus **			92,303,062			92,091,549
(r) Total Adjusted Capital from DTAs			499,490			-
Increases due to SSAP No.10R, Paragraph 10.e.:						
(s) Admitted DTAs	\$ 412,734	\$ -	\$ 412,734	\$ -	\$ -	\$ -
(t) Admitted Assets			156,593,636			153,754,045
(u) Statutory Surplus			92,303,062			92,091,549
				Change Ordinary	Change Capital	Change Total
SSAP No.10R, Paragraphs 10.a., 10.b., and 10.c.:						
(v) Admitted DTAs				\$ 309,998	\$ (190,670)	\$ 113,328
(w) Admitted Assets						2,639,791
(x) Adjusted Statutory Surplus **						211,503
(y) Total Adjusted Capital from DTAs						499,480
Increases due to SSAP No.10R, Paragraph 10.e.:						
(z) Admitted DTAs				\$ -	\$ -	\$ 412,734
(aa) Admitted Assets						2,639,791
(bb) Statutory Surplus						211,503
** As reported on the statutory balance sheet for the most recently filed statement with the domiciliary state commissioner adjusted in accordance with SSAP No.10R, Paragraph 10.b.ii.						

B. The Company has no temporary differences for which a deferred tax liability has not been established.

C. Current income taxes incurred consist of the following major components:

	12/31/2011	12/31/2010	Change
1. Current Income Tax Expense (Benefit)			
(a) Federal	\$ (595,692)	\$ (173,986)	\$ (421,706)
(b) Foreign	-	-	-
(c) Subtotal	(595,692)	(173,986)	(421,706)
(d) Federal income tax on net capital gains	561,378	338,430	222,948
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other (incl. prior year over/under accrual)	34,314	20,486	13,828
(g) Federal and foreign income taxes incurred	\$ -	\$ 184,930	\$ (184,930)

## NOTES TO FINANCIAL STATEMENTS

## 9. Income Taxes, continued

## C. (continued)

	12/31/2011	12/31/2010	Change
2. Deferred Tax Assets			
(a) Ordinary			
(1) Discounting of unpaid losses and LAE	426,741	411,981	14,760
(2) Unearned premium reserve	2,068,155	1,907,668	160,487
(3) Policyholder reserves	-	-	-
(4) Investments	-	-	-
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed assets	-	-	-
(8) Compensation and benefits accrual	1,750,226	2,034,623	(284,397)
(9) Pension accrual	-	-	-
(10) Receivables – nonadmitted	-	-	-
(11) Net operating loss carry-forward	520,744	-	520,744
(12) Tax credit carry-forward	-	-	-
(13) Other (separately disclose items > 5%):			
Salvage and subrogation anticipated	691,078	623,525	67,553
Other	559,225	321,630	237,594
Subtotal	6,016,169	5,299,427	716,742
(b) Statutory valuation allowance adjustment	-	-	-
(c) Nonadmitted	-	-	-
(d) Admitted ordinary deferred tax assets	<u>\$ 6,016,169</u>	<u>\$ 5,299,427</u>	<u>\$ 716,742</u>
(e) Capital:			
(1) Investments	970,977	1,161,647	(190,670)
(2) Net capital loss carry-forward	-	-	-
(3) Real estate	-	-	-
(4) Other	-	-	-
Subtotal	970,977	1,161,647	(190,670)
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted	-	-	-
(h) Admitted capital deferred tax assets	970,977	1,161,647	(190,670)
(i) Admitted deferred tax assets	<u>\$ 6,987,146</u>	<u>\$ 6,461,074</u>	<u>\$ 526,072</u>
3. Deferred tax liabilities:			
(a) Ordinary			
(1) Investments	-	-	-
(2) Fixed assets	-	-	-
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other	-	-	-
Subtotal	-	-	-
(b) Capital:			
(1) Investments	(5,607,390)	(6,163,496)	556,106
(2) Real estate	-	-	-
(3) Other	(467,532)	(473,848)	6,316
Subtotal	(6,074,922)	(6,637,343)	562,422
(c) Deferred tax liabilities	<u>\$ (6,074,922)</u>	<u>\$ (6,637,343)</u>	<u>\$ 562,422</u>
4. Net deferred tax assets (liabilities)	<u>\$ 912,224</u>	<u>\$ (176,270)</u>	<u>\$ 1,088,494</u>

## NOTES TO FINANCIAL STATEMENTS

## 9. Income Taxes, continued

## D. Reconciliation of federal income tax rate to actual effective rate:

The provision for federal and foreign 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:

	12/31/2011	Effective Tax Rate	12/31/2010	Effective Tax Rate
Provision computed at statutory rate	\$ 164,175	34%	\$ 464,606	34%
Tax exempt income deduction	(572,443)		(600,680)	
Dividends received deduction	(679,647)		(748,382)	
Tax differentials on foreign earnings	-		-	
Nondeductible goodwill	-		-	
Other	1,207,570		1,237,403	
Total	<u>\$ 119,655</u>		<u>\$ 352,947</u>	
Federal and foreign income taxes incurred	\$ -		\$ 184,930	
Change in net deferred income taxes	119,655		168,017	
Total statutory income taxes	<u>\$ 119,655</u>		<u>\$ 352,947</u>	

## E. Carry-forwards, recoverable taxes, and IRC §6603 deposits:

At December 31, 2011, the Company had net operating loss carry-forwards which expire as follows: 2020 through 2021, \$1,531,599.

At December 31, 2011, the Company had no net capital loss carry-forwards.

At December 31, 2011, the Company had AMT credit carry-forwards in the amount of \$356,296 which do not have an expiration date.

## F. The Company files an individual federal income tax return.

## 10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

A. Not applicable.

B. Not applicable.

C. Not applicable.

D. At December 31, 2011, the Company reported \$35,942 as amounts receivable from its Subsidiaries and Affiliates. The intercompany balances due from and/or due to its Subsidiaries and Affiliates are reimbursed quarterly on an as made basis.

E. Not applicable.

F. The Company participates in a pooling agreement with Lightning Rod Mutual Casualty Company, ("Lightning Rod") 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.

G. The Company owns fifty percent of Forward Agencies, Inc., an insurance agency. The stock is carried at \$225,964 (unaudited statutory basis) as reported in Schedule D, Part 2, Section 2. In accordance with SSAP No. 25, management elected to nonadmit this subsidiary.

H. Not applicable.

I. Not applicable.

J. Not applicable.

K. Not applicable.

## NOTES TO FINANCIAL STATEMENTS

### 10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties, continued

- L. The Company owns forty percent of Western Reserve Financial Corp., an inactive holding company. The stock is carried at \$27,055 (unaudited statutory basis) as reported in Schedule D, Part 2, Section 2. In accordance with SSAP No. 97, management elected to nonadmit this subsidiary.

### 11. Debt

Not applicable.

### 12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

#### A. Defined Benefit Plan / Other than Postretirement Benefit Plans

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. As of December 31, 2011 and 2010, amounts held for these deferrals were \$12.9 million and \$11.0 million, respectively.

#### B. Defined Contribution Plan

The Company's employees are eligible to participate in a 401(k) plan sponsored by the Company after completion of three months of continuous service.

The Company matches a portion of employee contributions and may make additional discretionary contributions. The Company's contribution for the plan was \$714 thousand and \$796 thousand for 2011 and 2010, respectively. At December 31, 2011, the fair value of the plan assets was \$22.4 million.

#### C. Multiemployer Plans

Not applicable.

#### D. Consolidated/Holding Company Plans

Not applicable.

#### E. Postemployment Benefits and Compensated Absences

Not applicable.

#### F. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17)

Not applicable.

### 13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

Not applicable.

### 14. Contingencies

Not applicable.

### 15. Leases

The Company lease agreements are limited to office and electronic data processing equipment. Rent expense for the years ending December 31, 2011 and 2010 was not considered material to the Company's financial statements.

### 16. Information about Financial Instruments With Off-Balance-Sheet Risk and Financial Instruments With Concentrations of Credit Risk

Not applicable.

### 17. Sale, Transfer, and Servicing of Financial Assets and Extinguishment of Liabilities

#### A. Transfers of Receivables Reported as Sales

Not applicable.

## NOTES TO FINANCIAL STATEMENTS

### 17. Sale, Transfer, and Servicing of Financial Assets and Extinguishment of Liabilities, continued

#### B. Transfer and Servicing of Financial Assets

Not applicable.

#### C. Wash Sales

Not applicable.

### 18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

#### A. Administrative Services Only ("ASO") Plans

Not applicable.

#### B. Administrative Services Contract ("ASC") Plans

Not applicable.

#### C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract

Not applicable.

### 19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

Not applicable.

### 20. Fair Value Measurements

- A. 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.

NOTES TO FINANCIAL STATEMENTS

20. Fair Value Measurements, continued

A. (continued)

(1) Fair Value Measurements at Reporting Date:

Description	Period ended 12/31/2011	Quoted prices in active markets for identical assets (Level 1)	Other observable inputs (Level 2)	Other unobservable inputs (Level 3)
a. Assets at fair value:				
Perpetual Preferred stock:				
Industrial and Misc	\$ 1,271,768	\$ 1,271,768	\$ -	\$ -
Parent, Subsidiaries, and Affiliates	-	-	-	-
Total Perpetual Preferred Stock	1,271,768	1,271,768	-	-
Bonds:				
U.S. Governments	54,552,214	54,552,214	-	-
Foreign Governments	1,114,139	1,114,139	-	-
Industrial and Misc	32,134,030	32,134,030	-	-
Parent, Subsidiaries, and Affiliates	-	-	-	-
Total Bonds	87,800,383	87,800,383	-	-
Common stock:				
Industrial and Misc	23,663,393	23,663,393	-	-
Mutual Funds	17,968,838	17,968,838	-	-
Money Market Funds	10,946	10,946	-	-
Parent, Subsidiaries, and Affiliates	253,019	253,019	-	-
Total Common Stocks	41,896,196	41,896,196	-	-
Other invested assets:				
Real estate	-	-	-	-
Other	5,250,964	-	-	5,250,964
Total Other Invested Assets	5,250,964	-	-	5,250,964
Total Assets at Fair Value:	\$ 135,219,511	\$ 130,958,347	\$ -	\$ 5,250,964
b. Liabilities at fair value:				
Not applicable.				

Description	Period ended 12/31/2010	Quoted prices in active markets for identical assets (Level 1)	Other observable inputs (Level 2)	Other unobservable inputs (Level 3)
a. Assets at fair value:				
Perpetual Preferred stock:				
Industrial and Misc	\$ 1,275,824	\$ 1,275,824	\$ -	\$ -
Parent, Subsidiaries, and Affiliates	-	-	-	-
Total Perpetual Preferred Stock	1,275,824	1,275,824	-	-
Bonds:				
U.S. Governments	53,489,836	53,489,836	-	-
Foreign Governments	1,032,676	1,032,676	-	-
Industrial and Misc	30,860,172	30,860,172	-	-
Parent, Subsidiaries, and Affiliates	-	-	-	-
Total Bonds	85,382,684	85,382,684	-	-
Common stock:				
Industrial and Misc	24,943,379	24,943,379	-	-
Mutual Funds	17,883,261	17,883,261	-	-
Money Market Funds	43,305	43,305	-	-
Parent, Subsidiaries, and Affiliates	257,937	257,937	-	-
Total Common Stocks	43,127,882	43,127,882	-	-
Other invested assets:				
Real estate	-	-	-	-
Other	6,236,234	-	-	6,236,234
Total Other Invested Assets	6,236,234	-	-	6,236,234
Total Assets at Fair Value:	\$ 135,022,824	\$ 129,786,590	\$ -	\$ 6,236,234
b. Liabilities at fair value:				
Not applicable.				

## NOTES TO FINANCIAL STATEMENTS

## 20. Fair Value Measurements, continued

## A. (continued)

## (2) Fair Value Measurements in Level 3 of the Fair Value Hierarchy:

	Balance 01/01/2011	Transfers In(out) Level 3	Total Gain(Loss) Included in Net Income	Total Gain(Loss) Included in Surplus	Purchases, Issuances, Sales, & Settlements	Balance 12/31/2011
Other Invested Assets	\$ 6,236,234	\$ -	\$ -	\$ (985,270)	\$ -	\$ 5,250,964
Total	\$ 6,236,234	\$ -	\$ -	\$ (985,270)	\$ -	\$ 5,250,964

## (3) The Company's policy is to recognize transfers in and out as of the end of the reporting period.

## (4) As of December 31, 2011, the reported fair value of the entity's investments categorized within Level 3 of the fair value hierarchy are as follows:

**Other invested assets** – The Company's investment in a joint venture fund is measured and reported at fair value as of December 31, 2011 totaling \$6.3 million in aggregate. Fair value measurement is determined by the underlying unaudited GAAP equity. Some inputs to the valuation methodology are unobservable and significant to the fair value measurement, and result in disclosure at Level 3.

## 21. Other Items

## A. Extraordinary Items

Not applicable.

## B. Troubled Debt Restructuring

Not applicable.

## C. Other Disclosures

Not applicable.

## D. At December 31, 2011 and 2010 the Company had admitted assets of \$22.0 million and \$20.3 million, respectively in uncollected premium. The Company routinely assesses the collectability of these receivables. Based upon Company experience, less than 1% of the balance may become uncollectable and the potential loss is not material to the Company's financial condition.

## E. Business Interruption Insurance Recoveries

Not applicable.

## F. State Transferable Tax Credits

Not applicable.

## G. Subprime Mortgage Related Risk Exposure

Not applicable.

## 22. Events Subsequent

Subsequent events have been considered through February 28, 2012 for the statutory statement issued on March 1, 2012 for the year ending December 31, 2011. There were no events identified that would have a material effect on the financial condition of the company.

## 23. Reinsurance

## A. Unsecured Reinsurance Recoverables

Not applicable.

## B. Reinsurance Recoverable in Dispute

Not applicable.



NOTES TO FINANCIAL STATEMENTS

23. Reinsurance, continued

C. Reinsurance Assumed and Ceded

If the Company cancelled its umbrella reinsurance program, return ceded commissions at December 31, 2011 would total \$121,470.

D. Uncollectible Reinsurance

The Company recognized a \$485 thousand provision for unauthorized reinsurance at December 31, 2008 due to the Lehman Re bankruptcy for catastrophe losses recoverable net of reinstatement premiums. No changes were made to the provision during 2011.

E. Commutation of Ceded Reinsurance

Not applicable.

F. Retroactive Reinsurance

Not applicable.

G. Reinsurance Accounted for as a Deposit

Not applicable.

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

Not applicable.

25. Changes in Incurred Losses and Loss Adjustment Expense

Reserves as of December 31, 2010 were \$21.8 million. As of December 31, 2011, \$10.6 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 \$9.3 million as a result of decreases in estimates of unpaid claims and claim adjustment expenses 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 lines of insurance. Therefore, there has been a \$1.9 million favorable prior-year development from December 31, 2010 to December 31, 2011. The decrease is generally the result of ongoing analysis of recent loss development trends. 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

	NAIC No.	Pool Share
Lightning Rod Mutual Insurance Company (Lead Company)	26123	55.0%
Western Reserve Mutual Casualty Company	26131	40.0%
Sonnenberg Mutual Insurance Company	10271	5.0%

All transactions and balances in the underwriting accounts of the companies are pooled except premiums in the course of collection.

27. Structured Settlements

Not applicable.

28. Health Care Receivables

Not applicable.

29. Participating Policies

Not applicable.

NOTES TO FINANCIAL STATEMENTS

30. Premium Deficiency Reserves

- (1) Liability carried for premium deficiency reserves\$ -
- (2) Date of most recent evaluation of this liability12/31/2011
- (3) Was anticipated investment income utilized in the calculation?Yes ( ) No ( x )

31. High Deductibles

Not applicable.

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

The Company does not discount liabilities for unpaid losses nor unpaid loss adjustment expenses in calculating statutory surplus.

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:

	2007	2008	2009	2010	2011
(1) Direct basis:					
a. Beginning reserves	\$ -	\$ -	\$ -	\$ 10	\$ 10
b. Incurred losses and LAE	1	7	21	45	20
c. Calendar year payments for losses and LAE	<u>1</u>	<u>7</u>	<u>11</u>	<u>45</u>	<u>20</u>
d. Ending reserves	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ 10</u>
(2) Assumed reinsurance:					
a. Beginning reserves	\$ -	\$ -	\$ -	\$ -	\$ -
b. Incurred losses and LAE	-	-	-	-	-
c. Calendar year payments for losses and LAE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
d. Ending reserves	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
(3) Net of ceded reinsurance:					
a. Beginning reserves	\$ -	\$ -	\$ -	\$ 10	\$ 10
b. Incurred losses and LAE	1	7	21	45	20
c. Calendar year payments for losses and LAE	<u>1</u>	<u>7</u>	<u>11</u>	<u>45</u>	<u>20</u>
d. Ending reserves	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ 10</u>

NOTES TO FINANCIAL STATEMENTS

33. Asbestos/Environmental Reserves, continued

E. State the amount of ending reserves for Bulk + IBNR included in D (Loss and 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

Not applicable.

36. Financial Guaranty Insurance

Not applicable.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes ☒ No ☐
- 1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes ☒ No ☐ NA ☐
- 1.3

State Regulating?

Ohio
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ☐ No ☒
- 2.2

If yes, date of change:
- 3.1

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

12/31/2006
- 3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2006
- 3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

07/16/2007
- 3.4

By what department or departments?

Ohio
- 3.5

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 ☒
- 3.6

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

Yes ☒ No ☐ NA ☐
- 4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11

sales of new business?

Yes ☐ No ☒
- 4.12

renewals?

Yes ☐ No ☒
- 4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21

sales of new business?

Yes ☐ No ☒
- 4.22

renewals?

Yes ☐ No ☒
- 5.1

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

Yes ☐ No ☒
- 5.2

If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes ☐ No ☒
- 6.2

If yes, give full information
- 7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes ☐ No ☒
- 7.2

If yes,
- 7.21

State the percentage of foreign control
- 7.22

State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney - in - fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney - in - fact).

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES

- 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 the names and locations (city and state of the main office) of any affiliates regulated by a federal financial 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

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

KPMG 191 West Nationwide Blvd. Columbus, Ohio 43215-2568
- 10.1

Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?

Yes [ ] No [ X ]
- 10.2

If the response to 10.1 is yes, provide information related to this exemption:
- 10.3

Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation?

Yes [ ] No [ X ]
- 10.4

If the response to 10.3 is yes, provide information related to this exemption:
- 10.5

Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?

Yes [ X ] No [ ] NA [ ]
- 10.6

If the response to 10.5 is no or n/a, please explain
11.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

William D. Hansen, FCAS, MAAA, Oliver Wyman, 325 John H. McConnell Blvd., Suite 350 Columbus, Ohio 43215
- 12.1

Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes [ ] No [ X ]
- 12.11

Name of real estate holding company
- 12.12

Number of parcels involved

0
- 12.13

Total book/adjusted carrying value

\$ 0
- 12.2

If yes, provide explanation
13.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1

What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 13.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes [ ] No [ ]
- 13.3

Have there been any changes made to any of the trust indentures during the year?

Yes [ ] No [ ]
- 13.4

If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?

Yes [ ] No [ ] NA [ ]
- 14.1

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 [ ]
- 14.11

Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- 14.12

Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- 14.13

Compliance with applicable governmental laws, rules and regulations;
- 14.14

The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- 14.15

Accountability for adherence to the code.
- 14.11

If the response to 14.1 is no, please explain:
- 14.2

Has the code of ethics for senior managers been amended?

Yes [ ] No [ X ]
- 14.21

If the response to 14.2 is yes, provide information related to amendment(s).
- 14.3

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

Yes [ ] No [ X ]
- 14.31

If the response to 14.3 is yes, provide the nature of any waiver(s).

GENERAL INTERROGATORIES

BOARD OF DIRECTORS

- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance with a NAIC rating of 3 or below?.....
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.
- Yes [ ] No [ X ]

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount

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

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? .....
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers .. \$.....0
- 20.12 To stockholders not officers ... \$.....0
- 20.13 Trustees, supreme or grand (Fraternal only) ..... \$.....0
- 20.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers ... \$.....0
- 20.22 To stockholders not officers .... \$.....0
- 20.23 Trustees, supreme or grand (Fraternal only) ..... \$.....0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? .....
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others ..... \$.....0
- 21.22 Borrowed from others ..... \$.....0
- 21.23 Leased from others ..... \$.....0
- 21.24 Other ..... \$.....0
- 22.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments? .....
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment ..... \$.....0
- 22.22 Amount paid as expenses ..... \$.....0
- 22.23 Other amounts paid ..... \$.....0
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? .....
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:.....\$.....0
- Yes [ ] No [ X ]
- Yes [ ] No [ X ]
- Yes [ ] No [ X ]
- Yes [ ] No [ X ]
- Yes [ ] No [ X ]
- Yes [ ] No [ X ]

INVESTMENT

- 24.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.3).....
- 24.2 If no, give full and complete information, relating thereto
- 24.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
- 24.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?.....
- 24.5 If answer to 24.4 is yes, report amount of collateral for conforming programs. ....
- 24.6 If answer to 24.4 is no, report amount of collateral for other programs. ....
- 24.7 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?.....
- 24.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?.....
- 24.9 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?.....
- Yes [ ] No [ X ]
- Yes [ ] No [ ] NA [ X ]
- Yes [ ] No [ ] NA [ X ]
- Yes [ ] No [ ] NA [ X ]
- Yes [ ] No [ ] NA [ X ]
- Yes [ ] No [ ] NA [ X ]
- Yes [ ] No [ ] NA [ X ]

GENERAL INTERROGATORIES

- 25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.3) ..... Yes [ X ] No [ ]
- 25.2 If yes, state the amount thereof at December 31 of the current year:

25.21 Subject to repurchase agreements .....\$ .....0

25.22 Subject to reverse repurchase agreements.....\$ .....0

25.23 Subject to dollar repurchase agreements.....\$ .....0

25.24 Subject to reverse dollar repurchase agreements.....\$ .....0

25.25 Pledged as collateral.....\$ .....0

25.26 Placed under option agreements.....\$ .....0

25.27 Letter stock or securities restricted as to sale.....\$ .....0

25.28 On deposit with state or other regulatory body.....\$ .....1,798,850

25.29 Other.....\$ .....0

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
Required state deposit.....	Deposit with Illinois Department of Insurance.....	.....1,498,403
Required state deposit.....	Deposit with Indiana Department of Insurance.....	.....100,149
.....	Deposit with Ohio Department of Insurance.....	.....200,298

- 26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? ..... Yes [ ] No [ X ]
- 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? ..... Yes [ ] No [ ] NA [ X ]  
If no, attach a description with this statement.
- 27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? ..... Yes [ ] No [ X ]
- 27.2 If yes, state the amount thereof at December 31 of the current year ..... \$.....
28. 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 [ X ] No [ ]
- 28.01 For agreements that comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
Merrill Lynch.....	Columbus, Ohio.....
First Merit.....	Akron, Ohio.....

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

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

- 28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? ..... Yes [ ] No [ X ]
- 28.04 If yes, give full and complete information relating thereto:

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

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

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

GENERAL INTERROGATORIES

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D - Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?..... Yes [ X ] No [ ]

29.2 If yes, complete the following schedule:

1	2	3
CUSIP #	Name of Mutual Fund	Book/Adjusted Carrying Value
29.2001. 018642-74-4.....	AllianceBernstein High Inc Muni Fund.....	407,851
29.2002. 03875R-20-5.....	Arbitrage Funds CL 1.....	196,437
29.2003. 04315J-86-0.....	Artio Global High Income Fund.....	200,215
29.2004. 00080Y-72-8.....	Aston/Lake partners Lasse Alt.....	455,045
29.2005. 25264S-83-3.....	Diamond Hill Long Short Fd CL 1.....	590,085
29.2006. 258620-10-3.....	Doubleline Total Rtn Bond Fund CL 1.....	395,873
29.2007. 277911-49-1.....	Eaton Vance Floating Rate Fnd CL 1.....	285,225
29.2008. 27829L-10-5.....	Eaton Vance Nat'l Muni Opprs Tr.....	58,520
29.2009. 464287-46-5.....	iShrare MSCI EAFE Index ETF.....	520,065
29.2010. 45070A-40-4.....	IVA International Fund CL 1.....	1,271,458
29.2011. 52106N-88-9.....	Lazard Emerging Mkts Eqty PTFCL CL.....	320,109
29.2012. 543495-78-2.....	Loomis Sayles Gbl Bond Fnd.....	1,168,498
29.2013. 577125-10-7.....	Matthesw Asia Dividend Fund.....	573,339
29.2014. 577130-20-6.....	Matthews Asian Growth and Inc Fnd.....	307,518
29.2015. 67062N-10-3.....	Nuveen Insured Quality Muni Fd Inc.....	63,000
29.2016. 67062E-10-3.....	Nuveen Investment Quality Muni Fd.....	59,318
29.2017. 72201M-73-5.....	PIMCO High Yield Fd CL P.....	797,750
29.2018. 72201M-55-2.....	PIMCO Total Return Fd CL P.....	367,165
29.2019. 72201M-45-3.....	PIMCO Unconstrained Bond Fund CL P.....	589,179
29.2020. 746476-40-7.....	Putnam Cnvtbl Inc Grwth Tr Y.....	827,795
29.2021. 780905-60-0.....	Royce Premier Fund.....	791,205
29.2022. 880208-40-0.....	Templeton Global Bond Fnd Adv CL.....	590,491
29.2023. 885215-56-6.....	Thornburg International Fund CL 1.....	1,021,716
29.2024. 464286-50-9.....	iShares MSCI Canada Index.....	283,689
29.2025. 922023-10-6.....	Vanguard Convertible Sec Fund.....	245,768
29.2026. 921937-82-7.....	Vanguard S/T Bond ETF.....	534,017
29.2999 TOTAL		12,921,331

29.3 For each mutual fund listed in the table above, complete the following schedule:

1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	Date of Valuation
AllianceBernstein High Inc Muni Fn.....	Washington St Go.....	33,974	12/31/2011.....
Arbitrage Funds CL 1.....	Pharmasset, Inc.....	55,709	12/31/2011.....
Artio Global High Income Fund.....	Level 3 Fing 10% Univision.....	14,516	12/31/2011.....
Aston/Lake Partners Lasso Alt.....	Robeco Long / Short EQ 1.....	283,129	12/31/2011.....
Diamond Hill Long Short Fd CL 1.....	Occidental petroleum Corp.....	88,808	12/31/2011.....
Doubleline Total Rtn Bond Fund CL 1.....	FNMA .5.5%.....	40,696	12/31/2011.....
Eaton Vance Floating Rate Fnd CL 1.....	EV Cash Reserves Fund.....	26,669	12/31/2011.....
Eaton Vance Nat'l Muni Opprs Tr.....	Indiana St Fin Auth 6%.....	7,666	12/31/2011.....
iShares MSCI EAFE Index ETF.....	Nestle SA.....	39,161	12/31/2011.....
IVA International Fund CL 1.....	Singapore (Govt of) 2.25%.....	228,481	12/31/2011.....
Lazard Emerging Mkts Eqty PTFCL CL.....	Cielo SA.....	53,138	12/31/2011.....
Loomis Sayles Gbl Bond Fnd.....	Japan (Govt of) 1.3%.....	217,107	12/31/2011.....
Matthews Asia Dividend Fund.....	Metcash Limited.....	97,869	12/31/2011.....
Matthews Asian Growth and Inc Fnd.....	Hisamitus Pharmaceutical Co. Inc.....	53,846	12/31/2011.....
Nuveen Insured Quality Muni Fd Inc.....	Houston Texas Wtr & Swr Sys.....	7,535	12/31/2011.....
Nuveen Investment Quality Muni Fd.....	Perris Calif Single Family Mtg 8.2%.....	6,347	12/31/2011.....
PIMCO High Yield Fd CL P.....	Pimco Fds private account.....	91,582	12/31/2011.....
PIMCO Total Return Fd CL P.....	Pimco Fds private account.....	153,952	12/31/2011.....
PIMCO Unconstrained Bond Fund CL P.....	FNMA.....	243,979	12/31/2011.....
Putnam Cnvtbl Inc Grwth Tr Y.....	Putnam Money Market Liquidity P.....	82,283	12/31/2011.....
Royce Premier Fund.....	Nu.Skin Enterprises, Inc. A.....	103,885	12/31/2011.....
Templeton Global Bond Fnd ADV CL.....	Korea (Republic of) 3.0%.....	60,703	12/31/2011.....
Thornurg International Fund CL 1.....	British American Tobacco PLC.....	129,451	12/31/2011.....
iShares MSCI Canada Index.....	Royal Bank of Canada.....	70,383	12/31/2011.....
Vanguard Convertible Sec Fund.....	Qrix Corp Cvt.....	96,144	12/31/2011.....
Vanguare S/T Bond ETF.....	US Treasury Note .375%.....	47,688	12/31/2011.....



GENERAL INTERROGATORIES

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-) or Fair Value over Statement (+)
30.1 Bonds.....	82,565,180	89,988,245	7,423,065
30.2 Preferred Stocks.....	1,271,768	1,271,768	0
30.3 Totals	83,836,948	91,260,013	7,423,065

- 30.4 Describe the sources or methods utilized in determining the fair values:  
Determined by pricing source FT Interactive Data.....
- 31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?..... Yes [ ] No [ X ]
- 31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?..... Yes [ ] No [ ]
- 31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:
- 32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? ..... Yes [ ] No [ ]
- 32.2 If no, list exceptions:

GENERAL INTERROGATORIES

OTHER

- 33.1 Amount of payments to Trade associations, service organizations and statistical or rating bureaus, if any?.....\$ .....632,668
- 33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Insurance Services Office.....	.....557,915

- 34.1 Amount of payments for legal expenses, if any?.....\$ .....51,121
- 34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Little Mendelson PLC.....	.....38,221

- 35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?.....\$ .....0
- 35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
.....	.....
.....	.....

GENERAL INTERROGATORIES

(continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [ ] No [ X ]

1.2

If yes, indicate premium earned on U.S. business only.

\$ 0

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$ 0

1.31 Reason for excluding

1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$ 0

1.5

Indicate total incurred claims on all Medicare Supplement insurance.

\$ 0

1.6

Individual policies:

Most current three years:

1.61 Total premium earned

\$ 0

1.62 Total incurred claims

\$ 0

1.63 Number of covered lives

0

All years prior to most current three years:

1.64 Total premium earned

\$ 0

1.65 Total incurred claims

\$ 0

1.66 Number of covered lives

0

1.7

Group policies:

Most current three years:

1.71 Total premium earned

\$ 0

1.72 Total incurred claims

\$ 0

1.73 Number of covered lives

0

All years prior to most current three years:

1.74 Total premium earned

\$ 0

1.75 Total incurred claims

\$ 0

1.76 Number of covered lives

0

2.

Health Test:

2.1

Premium Numerator

\$ 0

2.2

Premium Denominator

\$ 63,079,707

2.3

Premium Ratio (2.1/2.2)

0.000

2.4

Reserve Numerator

\$ 0

2.5

Reserve Denominator

\$ 54,670,597

2.6

Reserve Ratio (2.4/2.5)

0.000

1

Current Year

2

Prior Year

3.1

Does the reporting entity issue both participating and non-participating policies?

Yes [ ] No [ X ]

3.2

If yes, state the amount of calendar year premiums written on:

3.21 Participating policies

\$ 0

3.22 Non-participating policies

\$ 0

4.

For Mutual reporting entities and Reciprocal Exchanges only:

4.1

Does the reporting entity issue assessable policies?

Yes [ ] No [ X ]

4.2

Does the reporting entity issue non-assessable policies?

Yes [ ] No [ X ]

4.3

If assessable policies are issued, what is the extent of the contingent liability of the policyholders?

0.0 %

4.4

Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums.

\$ 0

5.

For Reciprocal Exchanges Only:

5.1

Does the exchange appoint local agents?

Yes [ ] No [ ]

5.2

If yes, is the commission paid:

5.21 Out of Attorney's-in-fact compensation

Yes [ ] No [ ] NA [ ]

5.22 As a direct expense of the exchange

Yes [ ] No [ ] NA [ ]

5.3

What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?

5.4

Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred?

Yes [ ] No [ ]

5.5

If yes, give full information

16

GENERAL INTERROGATORIES  
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

6.1

What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss:  
In addition to the excess of loss liability treaty that provides coverage up to \$5 million, the Company purchases an additional \$5 million workers compensation excess of loss contract. The Company also avoids insuring risks with a large number of employees and high-risk classes

6.2

Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:  
The Company utilizes catastrophe modeling analysis provided by its reinsurance broker to measure probable maximum loss impact on surplus for a 100-year severe thunderstorm event (\$9.6 million) and a 250-year earthquake event (\$2.6 million)

6.3

What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?  
In 2011, the Company purchased catastrophe excess of loss reinsurance of \$45 million excess \$5 million with 5% participation. This limit purchased is approximately a 200-year severe thunderstorm event

6.4

Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?

Yes [ X ] No [ ]

6.5

If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss.

7.1

Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?

Yes [ ] No [ X ]

7.2

If yes, indicate the number of reinsurance contracts containing such provisions.

0

7.3

If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?

Yes [ ] No [ ]

8.1

Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured?

Yes [ ] No [ X ]

8.2

If yes, give full information

9.1

Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:  
(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;  
(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;  
(c) Aggregate stop loss reinsurance coverage;  
(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;  
(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or  
(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity

Yes [ ] No [ X ]

9.2

Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member, where:  
(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or  
(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract

Yes [ ] No [ X ]

9.3

If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:  
(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;  
(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and  
(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.

9.4

Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:  
(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or  
(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?

Yes [ ] No [ X ]

9.5

If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.

9.6

The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:  
(a) The entity does not utilize reinsurance; or  
(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or  
(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement.

Yes [ ] No [ X ]

10.

If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done?

Yes [ ] No [ ] N/A [ X ]

GENERAL INTERROGATORIES  
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

11.1

Has the reporting entity guaranteed policies issued by any other entity and now in force:

Yes [ ] No [ X ]

11.2

If yes, give full information

12.1

If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:

12.11

Unpaid losses

\$ 0

12.12

Unpaid underwriting expenses (including loss adjustment expenses)

\$ 0

12.2

Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds?

\$ 0

12.3

If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses?

Yes [ ] No [ X ] NA [ ]

12.4

If yes, provide the range of interest rates charged under such notes during the period covered by this statement:

12.41

From

0.0 %

12.42

To

0.0 %

12.5

Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by the reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies?

Yes [ ] No [ X ]

12.6

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

12.61

Letters of Credit

\$ 0

12.62

Collateral and other funds

\$ 0

13.1

Largest net aggregate amount insured in any one risk (excluding workers' compensation):

\$ 750,000

13.2

Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision?

Yes [ ] No [ X ]

13.3

State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount.

9

14.1

Is the company a cedant in a multiple cedant reinsurance contract?

Yes [ ] No [ X ]

14.2

If yes, please describe the method of allocating and recording reinsurance among the cedants:

14.3

If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts?

Yes [ ] No [ ]

14.4

If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements?

Yes [ ] No [ ]

14.5

If the answer to 14.4 is no, please explain:

15.1

Has the reporting entity guaranteed any financed premium accounts?

Yes [ ] No [ X ]

15.2

If yes, give full information

16.1

Does the reporting entity write any warranty business?

Yes [ ] No [ X ]

If yes, disclose the following information for each of the following types of warranty coverage:

	1	2	3	4	5
	Direct Losses Incurred	Direct Losses Unpaid	Direct Written Premium	Direct Premium Unearned	Direct Premium Earned
16.11 Home	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
16.12 Products	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
16.13 Automobile	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
16.14 Other*	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

\* Disclose type of coverage:

GENERAL INTERROGATORIES  
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F – Part 3 that it excludes from Schedule F – Part 5. Yes [ ] No [ X ]

Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F – Part 5. Provide the following information for this exemption:

17.11	Gross amount of unauthorized reinsurance in Schedule F – Part 3 excluded from Schedule F – Part 5	\$.....0
17.12	Unfunded portion of Interrogatory 17.11.....	\$.....0
17.13	Paid losses and loss adjustment expenses portion of Interrogatory 17.11	\$.....0
17.14	Case reserves portion of Interrogatory 17.11.....	\$.....0
17.15	Incurred but not reported portion of Interrogatory 17.11.....	\$.....0
17.16	Unearned premium portion of Interrogatory 17.11.....	\$.....0
17.17	Contingent commission portion of Interrogatory 17.11.....	\$.....0

Provide the following information for all other amounts included in Schedule F – Part 3 and excluded from Schedule F – Part 5, not included above.

17.18	Gross amount of unauthorized reinsurance in Schedule F – Part 3 excluded from Schedule F – Part 5	\$.....0
17.19	Unfunded portion of Interrogatory 17.18.....	\$.....0
17.20	Paid losses and loss adjustment expenses portion of Interrogatory 17.18	\$.....0
17.21	Case reserves portion of Interrogatory 17.18.....	\$.....0
17.22	Incurred but not reported portion of Interrogatory 17.18.....	\$.....0
17.23	Unearned premium portion of Interrogatory 17.18.....	\$.....0
17.24	Contingent commission portion of Interrogatory 17.18.....	\$.....0

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

18.2 If yes, please provide the amount of custodial funds held as of the reporting date..... \$.....0

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

18.4 If yes, please provide the balance of the funds administered as of the reporting date..... \$.....0

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY

FIVE-YEAR HISTORICAL DATA

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

	1 2011	2 2010	3 2009	4 2008	5 2007
<b>Gross Premiums Written</b> (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	54,858,409	50,846,904	47,095,657	45,489,432	44,333,064
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	46,999,477	44,858,288	41,043,478	37,678,345	35,267,590
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	57,819,626	54,431,224	51,054,513	50,862,221	53,061,765
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	0	0	0	0	0
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
6. Total (Line 35)	159,677,512	150,136,416	139,193,648	134,029,998	132,662,419
<b>Net Premiums Written</b> (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	19,568,797	18,420,027	17,471,619	17,370,985	17,626,279
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	16,861,451	16,726,223	15,827,312	15,017,936	14,801,906
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	29,009,565	27,185,375	24,653,002	23,698,547	23,878,147
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	0	0	0	0	0
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
12. Total (Line 35)	65,439,813	62,331,625	57,951,933	56,087,468	56,306,332
<b>Statement of Income</b> (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(6,140,773)	(4,392,697)	(4,314,206)	(3,798,258)	(2,292,306)
14. Net investment gain (loss) (Line 11)	5,018,430	4,489,427	4,089,047	(1,045,299)	5,692,200
15. Total other income (Line 15)	1,043,834	931,327	897,064	899,740	863,496
16. Dividends to policyholders (Line 17)	0	0	0	0	0
17. Federal and foreign income taxes incurred (Line 19)	(595,692)	(173,986)	(1,224,781)	221,813	547,850
18. Net income (Line 20)	517,183	1,202,043	1,896,686	(4,165,630)	3,715,540
<b>Balance Sheet Lines</b> (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	156,593,836	153,754,045	150,637,758	144,479,556	159,370,249
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	22,045,171	20,284,454	18,184,892	17,048,081	17,310,315
20.2 Deferred and not yet due (Line 15.2)	0	0	0	0	0
20.3 Accrued retrospective premiums (Line 15.3)	0	0	0	0	0
21. Total liabilities excluding protected cell business (Page 3, Line 26)	64,290,784	61,662,496	59,266,470	57,570,022	61,217,943
22. Losses (Page 3, Line 1)	20,292,545	17,831,788	18,161,476	17,431,369	17,119,585
23. Loss adjustment expenses (Page 3, Line 3)	3,964,000	3,964,000	3,964,000	3,964,000	3,830,400
24. Unearned premiums (Page 3, Line 9)	30,414,052	28,053,946	25,908,787	24,541,628	24,477,510
25. Capital paid up (Page 3, Lines 30 & 31)	0	0	0	0	0
26. Surplus as regards policyholders (Page 3, Line 37)	92,303,052	92,091,549	91,371,288	86,909,534	98,152,306
<b>Cash Flow</b> (Page 5)					
27. Net cash from operations (Line 11)	1,417,213	631,560	2,430,882	989,347	3,417,863
<b>Risk-Based Capital Analysis</b>					
28. Total adjusted capital	92,303,052	92,091,549	91,371,288	86,909,534	98,152,306
29. Authorized control level risk-based capital	7,196,267	7,350,268	6,868,415	6,242,171	7,453,666
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b> (Page 2, Col. 3)(Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1)	61.0	61.7	63.2	58.0	50.8
31. Stocks (Lines 2.1 & 2.2)	32.6	33.9	29.8	28.0	36.6
32. Mortgage loans on real estate (Lines 3.1 and 3.2)	0.0	0.0	0.0	0.0	0.0
33. Real estate (Lines 4.1, 4.2 & 4.3)	6.1	6.3	6.5	7.3	6.3
34. Cash, cash equivalents and short-term investments (Line 5)	(2.5)	(4.9)	(2.3)	1.7	3.9
35. Contract loans (Line 6)	0.0	0.0	0.0	0.0	0.0
36. Derivatives (Line 7)	0.0	0.0	XXX	XXX	XXX
37. Other invested assets (Line 8)	2.8	2.9	2.7	5.0	2.3
38. Receivables for securities (Line 9)	0.0	0.0	0.0	0.0	0.0
39. Securities lending reinvested collateral assets (Line 10)	0.0	0.0	XXX	XXX	XXX
40. Aggregate write-ins for invested assets (Line 11)	0.0	0.0	0.0	0.0	0.0
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)	0	0	0	0	0
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)	0	0	0	0	0
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)	253,019	257,937	245,592	235,827	272,884
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)	0	0	0	0	0
46. Affiliated mortgage loans on real estate	0	0	0	0	0
47. All other affiliated	0	0	0	0	0
48. Total of above Lines 42 to 47	253,019	257,937	245,592	235,827	272,884
49. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)	0.3	0.3	0.3	0.3	0.3

FIVE-YEAR HISTORICAL DATA

	1	2	3	4	5
	2011	2010	2009	2008	2007
Capital and Surplus Accounts (Page 4)					
50. Net unrealized capital gains (losses) (Line 24)	(1,079,499)	1,790,706	2,888,691	(7,865,262)	903,095
51. Dividends to stockholders (Line 35)	0	0	0	0	0
52. Change in surplus as regards policyholders for the year (Line 38)	211,503	720,261	4,461,755	(11,242,773)	4,389,598
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
53. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	30,859,258	28,744,048	28,276,482	23,672,007	27,595,878
54. Property lines (Lines 1, 2, 9, 12, 21 & 26)	30,665,735	25,663,987	22,452,699	22,860,486	21,616,046
55. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	36,930,028	32,724,912	29,634,945	34,288,352	31,014,494
56. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	0	0	0	0	0
57. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	13
58. Total (Line 35)	98,455,021	87,132,947	80,364,126	80,820,845	80,226,431
Net Losses Paid (Page 9, Part 2, Col. 4)					
59. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	11,049,794	10,799,171	10,397,815	9,832,802	10,580,438
60. Property lines (Lines 1, 2, 9, 12, 21 & 26)	10,028,834	9,360,122	8,536,929	8,791,530	8,832,779
61. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	17,634,099	16,677,328	14,518,303	15,744,934	12,565,796
62. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	0	0	0	0	0
63. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	13
64. Total (Line 35)	38,712,727	36,836,621	33,453,047	34,369,266	31,979,026
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
65. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
66. Losses incurred (Line 2)	65.3	60.7	60.4	61.9	58.7
67. Loss expenses incurred (Line 3)	9.3	9.8	10.4	11.4	10.4
68. Other underwriting expenses incurred (Line 4)	35.1	36.8	36.8	33.5	35.0
69. Net underwriting gain (loss) (Line 8)	(9.7)	(7.3)	(7.6)	(6.8)	(4.1)
Other Percentages					
70. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)	32.3	34.1	34.4	31.8	33.4
71. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	74.6	70.5	70.8	73.3	69.1
72. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0)	70.9	67.7	63.4	64.5	57.4
One Year Loss Development (000 omitted)					
73. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Col. 11)	(1,855)	(2,297)	(1,687)	(1,654)	(887)
74. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 73 above divided by Page 4, Line 21, Col. 1 x 100.0)	(2.0)	(2.5)	(1.9)	(1.7)	(0.9)
Two Year Loss Development (000 omitted)					
75. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12)	(2,943)	(3,727)	(3,345)	(2,384)	(4,311)
76. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 75 above divided by Page 4, Line 21, Col. 2 x 100.0)	(3.2)	(4.3)	(3.4)	(2.5)	(5.1)

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes [ ] No [ ]

If no, please explain:



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

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12
	1  Direct and Assumed	2  Ceded	3  Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10  Salvage and Subrogation Received	11  Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	Number of Claims Reported Direct and Assumed
				4  Direct and Assumed	5  Ceded	6  Direct and Assumed	7  Ceded	8  Direct and Assumed	9  Ceded			
1. Prior	XXX	XXX	XXX	450	456	0	0	27	0	12	21	XXX
2. 2002	56,443	3,813	52,630	37,948	2,414	910	187	3,306	51	1,734	39,512	XXX
3. 2003	60,257	4,154	56,103	34,170	1,865	726	118	3,297	13	1,617	36,197	XXX
4. 2004	61,669	4,050	57,619	34,202	2,697	729	63	3,709	13	1,937	35,867	XXX
5. 2005	61,195	3,850	57,345	28,302	1,905	660	135	3,570	14	1,409	30,478	XXX
6. 2006	59,975	3,889	56,086	35,756	4,796	812	28	4,609	25	1,539	36,328	XXX
7. 2007	59,103	2,885	56,218	33,836	2,334	822	96	4,789	22	1,714	36,995	XXX
8. 2008	59,044	3,021	56,023	40,176	6,036	894	0	5,592	0	1,535	40,626	XXX
9. 2009	59,690	3,104	56,586	34,874	1,451	489	0	4,145	0	1,426	38,057	XXX
10. 2010	63,138	2,952	60,186	33,505	88	215	0	4,500	3	1,489	38,129	XXX
11. 2011	67,505	4,425	63,080	37,706	7,982	56	0	4,226	0	1,015	34,006	XXX
12. Totals	XXX	XXX	XXX	350,925	32,024	6,313	627	41,770	141	15,427	366,216	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23  Salvage and Subrogation Anticipated	24  Total Net Losses and Expenses Unpaid	25  Number of Claims Outstanding - Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22			
	13	14	15	16	17	18	19	20					
	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded			
1. ....	193	124	0	0	0	0	0	0	0	0	0	69	XXX
2. ....	2	0	0	0	1	0	0	0	0	0	0	3	XXX
3. ....	6	0	0	0	1	1	0	0	1	0	0	7	XXX
4. ....	808	710	0	0	2	0	1	0	1	0	0	102	XXX
5. ....	25	0	0	0	8	7	3	1	4	0	0	32	XXX
6. ....	219	0	0	0	27	5	9	0	11	0	0	261	XXX
7. ....	551	41	0	0	51	8	18	0	22	0	0	593	XXX
8. ....	640	(1)	12	5	66	19	24	2	33	0	0	750	XXX
9. ....	1,811	0	150	41	207	18	73	1	94	0	0	2,275	XXX
10. ....	4,278	0	327	99	453	107	167	8	200	0	0	5,211	XXX
11. ....	10,791	1,291	3,896	1,106	1,690	269	429	22	834	0	0	14,952	XXX
12. Totals	19,324	2,165	4,385	1,251	2,506	434	724	34	1,200	0	0	24,255	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26	27	28	29	30	31	32	33		35	36
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense		Losses Unpaid	Loss Expenses Unpaid
1. ....	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	69	0
2. ....	42,167	2,652	39,515	74.7	69.6	75.1	0	0	40.0	2	1
3. ....	38,201	1,997	36,204	63.4	48.1	64.5	0	0	40.0	6	1
4. ....	39,452	3,483	35,969	64.0	86.0	62.4	0	0	40.0	98	4
5. ....	32,572	2,062	30,510	53.2	53.6	53.2	0	0	40.0	25	7
6. ....	41,443	4,854	36,589	69.1	124.8	65.2	0	0	40.0	219	42
7. ....	40,089	2,501	37,588	67.8	86.7	66.9	0	0	40.0	510	83
8. ....	47,437	6,061	41,376	80.3	200.6	73.9	0	0	40.0	648	102
9. ....	41,843	1,511	40,332	70.1	48.7	71.3	0	0	40.0	1,920	355
10. ....	43,645	305	43,340	69.1	10.3	72.0	0	0	40.0	4,506	705
11. ....	59,628	10,670	48,958	88.3	241.1	77.6	0	0	40.0	12,290	2,662
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	20,293	3,962

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

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	One Year	Two Year
1. Prior	11,404	9,365	8,275	7,487	7,230	7,046	6,949	6,897	6,818	6,768	(50)	(129)
2. 2002	40,757	38,568	37,407	36,575	36,474	36,402	36,334	36,282	36,266	36,260	(6)	(22)
3. 2003	XXX	39,012	34,837	33,528	33,255	33,200	33,088	32,959	32,928	32,919	(9)	(40)
4. 2004	XXX	XXX	37,001	34,196	33,130	32,678	32,382	32,274	32,299	32,272	(27)	(2)
5. 2005	XXX	XXX	XXX	29,361	27,821	27,510	27,180	27,156	26,970	26,950	(20)	(206)
6. 2006	XXX	XXX	XXX	XXX	32,810	32,997	32,403	32,173	32,049	31,994	(55)	(179)
7. 2007	XXX	XXX	XXX	XXX	XXX	34,613	34,457	33,360	32,806	32,799	(7)	(561)
8. 2008	XXX	XXX	XXX	XXX	XXX	XXX	37,036	37,041	35,965	35,751	(214)	(1,290)
9. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	36,607	36,351	36,093	(258)	(514)
10. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	39,852	38,643	(1,209)	XXX
11. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	43,898	XXX	XXX
12. Totals											(1,855)	(2,943)

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011		
1. Prior	000	3,942	5,593	6,209	6,479	6,625	6,648	6,682	6,705	6,699	XXX	XXX
2. 2002	25,571	32,305	34,720	35,754	36,052	36,118	36,237	36,258	36,262	36,257	XXX	XXX
3. 2003	XXX	24,007	29,332	31,274	32,285	32,841	32,897	32,927	32,922	32,913	XXX	XXX
4. 2004	XXX	XXX	22,810	29,478	31,078	31,687	31,941	32,153	32,178	32,171	XXX	XXX
5. 2005	XXX	XXX	XXX	18,796	24,161	25,865	26,448	26,824	26,931	26,922	XXX	XXX
6. 2006	XXX	XXX	XXX	XXX	21,940	28,597	30,158	31,210	31,568	31,744	XXX	XXX
7. 2007	XXX	XXX	XXX	XXX	XXX	22,891	29,207	30,657	31,819	32,228	XXX	XXX
8. 2008	XXX	XXX	XXX	XXX	XXX	XXX	26,092	32,388	34,147	35,034	XXX	XXX
9. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	24,722	31,962	33,912	XXX	XXX
10. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	27,215	33,632	XXX	XXX
11. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	29,780	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011
1. Prior	3,818	1,188	638	161	90	46	22	3	0	0
2. 2002	7,349	573	302	128	109	38	11	2	0	0
3. 2003	XXX	4,895	655	212	64	81	44	3	0	0
4. 2004	XXX	XXX	4,399	761	377	77	65	10	0	1
5. 2005	XXX	XXX	XXX	3,540	370	239	32	22	0	2
6. 2006	XXX	XXX	XXX	XXX	3,057	310	124	69	21	9
7. 2007	XXX	XXX	XXX	XXX	XXX	3,273	204	183	38	18
8. 2008	XXX	XXX	XXX	XXX	XXX	XXX	2,869	415	147	29
9. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,001	211	181
10. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,369	387
11. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,197

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories										
States, etc.	1	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9	
		2	3							
	Active Status	Direct Premiums Written	Direct Premiums Earned	Dividends Paid or Credited to Policyholders on Direct Business	Direct Losses Paid (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid	Finance and Service Charges Not Included in Premiums	Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)	
1. Alabama	AL N	.0	.0	.0	.0	.0	.0	.0		
2. Alaska	AK N	.0	.0	.0	.0	.0	.0	.0		
3. Arizona	AZ N	.0	.0	.0	.0	.0	.0	.0		
4. Arkansas	AR N	.0	.0	.0	.0	.0	.0	.0		
5. California	CA N	.0	.0	.0	.0	.0	.0	.0		
6. Colorado	CO N	.0	.0	.0	.0	.0	.0	.0		
7. Connecticut	CT N	.0	.0	.0	.0	.0	.0	.0		
8. Delaware	DE N	.0	.0	.0	.0	.0	.0	.0		
9. Dist. of Columbia	DC N	.0	.0	.0	.0	.0	.0	.0		
10. Florida	FL N	.0	.0	.0	.0	.0	.0	.0		
11. Georgia	GA N	.0	.0	.0	.0	.0	.0	.0		
12. Hawaii	HI N	.0	.0	.0	.0	.0	.0	.0		
13. Idaho	ID N	.0	.0	.0	.0	.0	.0	.0		
14. Illinois	IL L	.0	.0	.0	.0	.0	.0	.0		
15. Indiana	IN L	27,225,427	25,857,270	.0	18,376,474	18,761,207	7,329,301	476,525		
16. Iowa	IA N	.0	.0	.0	.0	.0	.0	.0		
17. Kansas	KS N	.0	.0	.0	.0	.0	.0	.0		
18. Kentucky	KY N	.0	.0	.0	.0	.0	.0	.0		
19. Louisiana	LA N	.0	.0	.0	.0	.0	.0	.0		
20. Maine	ME N	.0	.0	.0	.0	.0	.0	.0		
21. Maryland	MD N	.0	.0	.0	.0	.0	.0	.0		
22. Massachusetts	MA N	.0	.0	.0	.0	.0	.0	.0		
23. Michigan	MI N	.0	.0	.0	.0	.0	.0	.0		
24. Minnesota	MN N	.0	.0	.0	.0	.0	.0	.0		
25. Mississippi	MS N	.0	.0	.0	.0	.0	.0	.0		
26. Missouri	MO N	.0	.0	.0	.0	.0	.0	.0		
27. Montana	MT N	.0	.0	.0	.0	.0	.0	.0		
28. Nebraska	NE N	.0	.0	.0	.0	.0	.0	.0		
29. Nevada	NV N	.0	.0	.0	.0	.0	.0	.0		
30. New Hampshire	NH N	.0	.0	.0	.0	.0	.0	.0		
31. New Jersey	NJ N	.0	.0	.0	.0	.0	.0	.0		
32. New Mexico	NM N	.0	.0	.0	.0	.0	.0	.0		
33. New York	NY N	.0	.0	.0	.0	.0	.0	.0		
34. No. Carolina	NC N	.0	.0	.0	.0	.0	.0	.0		
35. No. Dakota	ND N	.0	.0	.0	.0	.0	.0	.0		
36. Ohio	OH L	67,012,320	65,339,184	.0	41,365,817	47,885,669	29,556,398	1,242,601		
37. Oklahoma	OK N	.0	.0	.0	.0	.0	.0	.0		
38. Oregon	OR N	.0	.0	.0	.0	.0	.0	.0		
39. Pennsylvania	PA N	.0	.0	.0	.0	.0	.0	.0		
40. Rhode Island	RI N	.0	.0	.0	.0	.0	.0	.0		
41. So. Carolina	SC N	.0	.0	.0	.0	.0	.0	.0		
42. So. Dakota	SD N	.0	.0	.0	.0	.0	.0	.0		
43. Tennessee	TN L	.0	.0	.0	.0	.0	.0	.0		
44. Texas	TX N	.0	.0	.0	.0	.0	.0	.0		
45. Utah	UT N	.0	.0	.0	.0	.0	.0	.0		
46. Vermont	VT N	.0	.0	.0	.0	.0	.0	.0		
47. Virginia	VA N	.0	.0	.0	.0	.0	.0	.0		
48. Washington	WA N	.0	.0	.0	.0	.0	.0	.0		
49. West Virginia	WV N	.0	.0	.0	.0	.0	.0	.0		
50. Wisconsin	WI N	.0	.0	.0	.0	.0	.0	.0		
51. Wyoming	WY N	.0	.0	.0	.0	.0	.0	.0		
52. American Samoa	AS N	.0	.0	.0	.0	.0	.0	.0		
53. Guam	GU N	.0	.0	.0	.0	.0	.0	.0		
54. Puerto Rico	PR N	.0	.0	.0	.0	.0	.0	.0		
55. U.S. Virgin Islands	VI N	.0	.0	.0	.0	.0	.0	.0		
56. Northern Mariana Islands	MP N	.0	.0	.0	.0	.0	.0	.0		
57. Canada	CN N	.0	.0	.0	.0	.0	.0	.0		
58. Aggregate other alien	OT XXX	.0	.0	.0	.0	.0	.0	.0		.0
59. Totals	(a) 4	94,237,747	91,196,454	.0	59,742,291	66,646,876	36,885,699	1,719,126		0
DETAILS OF WRITE-INS										
5801.	XXX									
5802.	XXX									
5803.	XXX									
5898. Sum. of remaining write-ins for Line 58 from overflow page	XXX	.0	.0	.0	.0	.0	.0	.0		.0
5899. Totals (Lines 5801 through 5803 + 5898) (Line 58 above)	XXX	0	0	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.

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

Actual direct written premium and earned premium by state are assigned by address of policyholder for all lines of business.

(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

Western Reserve Mutual Casualty Company 34-0613930	Lightning Rod Mutual Insurance Company 34-0359380	Sonnenberg Mutual Insurance Company 34-0541185
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WRMCC, LRMIC and SMIC are the three participants within the Western Reserve Group. All business written is subject to pooling whereby all underwriting and related balance sheet amounts are pooled on a 40/55/5 percent basis.

# ALPHABETICAL INDEX

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## ANNUAL STATEMENT BLANK

Assets	2
Cash Flow	5
Exhibit of Capital Gains (Losses)	12
Exhibit of Net Investment Income	12
Exhibit of Nonadmitted Assets	13
Exhibit of Premiums and Losses (State Page)	19
Five-Year Historical Data	17
General Interrogatories	15
Jurat Page	1
Liabilities, Surplus and Other Funds	3
Notes To Financial Statements	14
Overflow Page For Write-ins	97
Schedule A – Part 1	E01
Schedule A – Part 2	E02
Schedule A – Part 3	E03
Schedule A – Verification Between Years	SI02
Schedule B – Part 1	E04
Schedule B – Part 2	E05
Schedule B – Part 3	E06
Schedule B – Verification Between Years	SI02
Schedule BA – Part 1	E07
Schedule BA – Part 2	E08
Schedule BA – Part 3	E09
Schedule BA – Verification Between Years	SI03
Schedule D – Part 1	E10
Schedule D – Part 1A – Section 1	SI05
Schedule D – Part 1A – Section 2	SI08
Schedule D – Part 2 – Section 1	E11
Schedule D – Part 2 – Section 2	E12
Schedule D – Part 3	E13
Schedule D – Part 4	E14
Schedule D – Part 5	E15
Schedule D – Part 6 – Section 1	E16
Schedule D – Part 6 – Section 2	E16
Schedule D – Summary By Country	SI04
Schedule D – Verification Between Years	SI03
Schedule DA – Part 1	E17

# ALPHABETICAL INDEX

---

**ANNUAL STATEMENT BLANK (Continued)**

Schedule DA – Verification Between Years	SI10
Schedule DB – Part A – Section 1	E18
Schedule DB – Part A – Section 2	E19
Schedule DB – Part A – Verification Between Years	SI11
Schedule DB – Part B – Section 1	E20
Schedule DB – Part B – Section 2	E21
Schedule DB – Part B – Verification Between Years	SI11
Schedule DB – Part C – Section 1	SI12
Schedule DB – Part C – Section 2	SI13
Schedule DB – Part D	E22
Schedule DB – Verification	SI14
Schedule DL – Part 1	E23
Schedule DL – Part 2	E24
Schedule E – Part 1 – Cash	E25
Schedule E – Part 2 – Cash Equivalents	E26
Schedule E – Part 3 – Special Deposits	E27
Schedule E – Verification Between Years	SI15
Schedule F – Part 1	20
Schedule F – Part 2	21
Schedule F – Part 3	22
Schedule F – Part 4	23
Schedule F – Part 5	24
Schedule F – Part 6	25
Schedule F – Part 7	26
Schedule F – Part 8	27
Schedule H – Accident and Health Exhibit – Part 1	28
Schedule H – Parts – 2, 3, and 4	29
Schedule H – Part 5 – Health Claims	30
Schedule P – Part 1 – Analysis of Losses and Loss Expenses	31
Schedule P – Part 1A – Homeowners/Farmowners	33
Schedule P – Part 1B – Private Passenger Auto Liability/Medical	34
Schedule P – Part 1C – Commercial Auto/Truck Liability/Medical	35
Schedule P – Part 1D – Workers’ Compensation	36
Schedule P – Part 1E – Commercial Multiple Peril	37
Schedule P – Part 1F – Section 1 – Medical Professional Liability – Occurrence	38
Schedule P – Part 1F – Section 2 – Medical Professional Liability – Claims-Made	39
Schedule P – Part 1G - Special Liability (Ocean, Marine, Aircraft (All Perils), Boiler and Machinery)	40
Schedule P – Part 1H – Section 1 – Other Liability–Occurrence	41
Schedule P – Part 1H – Section 2 – Other Liability – Claims-Made	42
Schedule P – Part 1I – Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary & Theft)	43
Schedule P – Part 1J – Auto Physical Damage	44
Schedule P – Part 1K – Fidelity/Surety	45
Schedule P – Part 1L – Other (Including Credit, Accident and Health)	46
Schedule P – Part 1M – International	47

# ALPHABETICAL INDEX

**ANNUAL STATEMENT BLANK (Continued)**

Schedule P – Part 1N – Reinsurance - Nonproportional Assumed Property	48
Schedule P – Part 1O – Reinsurance - Nonproportional Assumed Liability	49
Schedule P – Part 1P – Reinsurance - Nonproportional Assumed Financial Lines	50
Schedule P – Part 1R – Section 1 – Products Liability – Occurrence	51
Schedule P – Part 1R – Section 2 – Products Liability – Claims – Made	52
Schedule P – Part 1S – Financial Guaranty/Mortgage Guaranty	53
Schedule P – Part 1T – Warranty	54
Schedule P – Part 2, Part 3 and Part 4 - Summary	32
Schedule P – Part 2A – Homeowners/Farmowners	55
Schedule P – Part 2B – Private Passenger Auto Liability/Medical	55
Schedule P – Part 2C – Commercial Auto/Truck Liability/Medical	55
Schedule P – Part 2D – Workers’ Compensation	55
Schedule P – Part 2E – Commercial Multiple Peril	55
Schedule P – Part 2F – Section 1 – Medical Professional Liability – Occurrence	56
Schedule P – Part 2F – Section 2 – Medical Professional Liability – Claims – Made	56
Schedule P – Part 2G – Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery)	56
Schedule P – Part 2H – Section 1 – Other Liability – Occurrence	56
Schedule P – Part 2H – Section 2 – Other Liability – Claims – Made	56
Schedule P – Part 2I – Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, and Theft)	57
Schedule P – Part 2J – Auto Physical Damage	57
Schedule P – Part 2K – Fidelity, Surety	57
Schedule P – Part 2L – Other (Including Credit, Accident and Health)	57
Schedule P – Part 2M – International	57
Schedule P – Part 2N – Reinsurance - Nonproportional Assumed Property	58
Schedule P – Part 2O – Reinsurance - Nonproportional Assumed Liability	58
Schedule P – Part 2P – Reinsurance - Nonproportional Assumed Financial Lines	58
Schedule P – Part 2R – Section 1 – Products Liability – Occurrence	59
Schedule P – Part 2R – Section 2 – Products Liability – Claims-Made	59
Schedule P – Part 2S – Financial Guaranty/Mortgage Guaranty	59
Schedule P – Part 2T – Warranty	59
Schedule P – Part 3A – Homeowners/Farmowners	60
Schedule P – Part 3B – Private Passenger Auto Liability/Medical	60
Schedule P – Part 3C – Commercial Auto/Truck Liability/Medical	60
Schedule P – Part 3D – Workers’ Compensation	60
Schedule P – Part 3E – Commercial Multiple Peril	60
Schedule P – Part 3F – Section 1 –Medical Professional Liability – Occurrence	61
Schedule P – Part 3F – Section 2 – Medical Professional Liability – Claims-Made	61
Schedule P – Part 3G – Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery)	61
Schedule P – Part 3H – Section 1 – Other Liability – Occurrence	61
Schedule P – Part 3H – Section 2 – Other Liability – Claims-Made	61
Schedule P – Part 3I – Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, and Theft)	62
Schedule P – Part 3J – Auto Physical Damage	62

# ALPHABETICAL INDEX

---

**ANNUAL STATEMENT BLANK (Continued)**

Schedule P – Part 3K – Fidelity/Surety	62
Schedule P – Part 3L – Other (Including Credit, Accident and Health)	62
Schedule P – Part 3M – International	62
Schedule P – Part 3N – Reinsurance - Nonproportional Assumed Property	63
Schedule P – Part 3O – Reinsurance - Nonproportional Assumed Liability	63
Schedule P – Part 3P – Reinsurance - Nonproportional Assumed Financial Lines	63
Schedule P – Part 3R – Section 1 – Products Liability – Occurrence	64
Schedule P – Part 3R – Section 2 – Products Liability – Claims-Made	64
Schedule P – Part 3S – Financial Guaranty/Mortgage Guaranty	64
Schedule P – Part 3T – Warranty	64
Schedule P – Part 4A – Homeowners/Farmowners	65
Schedule P – Part 4B – Private Passenger Auto Liability/Medical	65
Schedule P – Part 4C – Commercial Auto/Truck Liability/Medical	65
Schedule P – Part 4D – Workers’ Compensation	65
Schedule P – Part 4E – Commercial Multiple Peril	65
Schedule P – Part 4F – Section 1 – Medical Professional Liability – Occurrence	66
Schedule P – Part 4F – Section 2 – Medical Professional Liability – Claims-Made	66
Schedule P – Part 4G – Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery)	66
Schedule P – Part 4H – Section 1 – Other Liability – Occurrence	66
Schedule P – Part 4H – Section 2 – Other Liability – Claims-Made	66
Schedule P – Part 4I – Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary and Theft)	67
Schedule P – Part 4J – Auto Physical Damage	67
Schedule P – Part 4K – Fidelity/Surety	67
Schedule P – Part 4L – Other (Including Credit, Accident and Health)	67
Schedule P – Part 4M – International	67
Schedule P – Part 4N – Reinsurance - Nonproportional Assumed Property	68
Schedule P – Part 4O – Reinsurance - Nonproportional Assumed Liability	68
Schedule P – Part 4P – Reinsurance - Nonproportional Assumed Financial Lines	68
Schedule P – Part 4R – Section 1 – Products Liability – Occurrence	69
Schedule P – Part 4R – Section 2 – Products Liability – Claims-Made	69
Schedule P – Part 4S – Financial Guaranty/Mortgage Guaranty	69
Schedule P – Part 4T – Warranty	69
Schedule P – Part 5A – Homeowners/Farmowners	70
Schedule P – Part 5B – Private Passenger Auto Liability/Medical	71
Schedule P – Part 5C – Commercial Auto/Truck Liability/Medical	72
Schedule P – Part 5D – Workers’ Compensation	73
Schedule P – Part 5E – Commercial Multiple Peril	74
Schedule P – Part 5F – Medical Professional Liability – Claims-Made	76
Schedule P – Part 5F – Medical Professional Liability – Occurrence	75
Schedule P – Part 5H – Other Liability – Claims-Made	78
Schedule P – Part 5H – Other Liability – Occurrence	77
Schedule P – Part 5R – Products Liability – Claims-Made	80



# ALPHABETICAL INDEX

---

**ANNUAL STATEMENT BLANK (Continued)**

Schedule P – Part 5R – Products Liability – Occurrence	79
Schedule P – Part 5T – Warranty	81
Schedule P – Part 6C – Commercial Auto/Truck Liability/Medical	82
Schedule P – Part 6D – Workers’ Compensation	82
Schedule P – Part 6E – Commercial Multiple Peril	83
Schedule P – Part 6H – Other Liability – Claims-Made	84
Schedule P – Part 6H – Other Liability – Occurrence	83
Schedule P – Part 6M – International	84
Schedule P – Part 6N – Reinsurance - Nonproportional Assumed Property	85
Schedule P – Part 6O – Reinsurance - Nonproportional Assumed Liability	85
Schedule P – Part 6R – Products Liability – Claims-Made	86
Schedule P – Part 6R – Products Liability – Occurrence	86
Schedule P – Part 7A – Primary Loss Sensitive Contracts	87
Schedule P – Part 7B – Reinsurance Loss Sensitive Contracts	89
Schedule P Interrogatories	91
Schedule T – Exhibit of Premiums Written	92
Schedule T – Part 2 – Interstate Compact	93
Schedule Y – Information Concerning Activities of Insurer Members of a Holding Company Group	94
Schedule Y – Part 2 – Summary of Insurer’s Transactions With Any Affiliates	95
Statement of Income	4
Summary Investment Schedule	SI01
Supplemental Exhibits and Schedules Interrogatories	96
Underwriting and Investment Exhibit Part 1	6
Underwriting and Investment Exhibit Part 1A	7
Underwriting and Investment Exhibit Part 1B	8
Underwriting and Investment Exhibit Part 2	9
Underwriting and Investment Exhibit Part 2A	10
Underwriting and Investment Exhibit Part 3	11

