



ANNUAL STATEMENT
For the Year Ended December 31, 2012
OF THE CONDITION AND AFFAIRS OF THE
LIGHTNING ROD MUTUAL INSURANCE COMPANY

NAIC Group Code 0207, 00207 NAIC Company Code 26123 Employer's ID Number 34-0359380
Organized under the Laws of Ohio, State of Domicile or Port of Entry Ohio
Country of Domicile United States
Incorporated/Organized 01/01/1906 Commenced Business 03/01/1906
Statutory Home Office 1685 Cleveland Road, Wooster, OH, 44691-0036
Main Administrative Office 1685 Cleveland Road, Wooster, OH, 44691-0036 330-262-9060
Mail Address 1685 Cleveland Road, Wooster, OH, 44691-0036
Primary Location of Books and Records 1685 Cleveland Road, Wooster, OH, 44691-0036 330-262-9060
Internet Web Site Address www.wrg-ins.com
Statutory Statement Contact Brooke M. McVay, CPA 330-262-9060-2446
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OFFICERS

Table with 4 columns: Name, Title, Name, Title. Rows include KEVIN W. DAY # (PRESIDENT/CEO), MICHAEL A. SHUTT (VP FINANCE/CFO/TREASURER), KEVIN W. DAY # (SECRETARY).

OTHER OFFICERS

Table with 4 columns: Name, Title, Name, Title. Rows include GREGORY A. BRUNN (VP UNDERWRITING AND MARKETING), GREGORY J. OWEN (VP INFORMATION TECHNOLOGY), GARY W. GWINN # (VP CLAIMS).

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Name, Name, Name. Rows include ROBERT P. BOGNER, KEVIN W. DAY, RONALD E. HOLTMAN, JOHN P. MURPHY, C. MICHAEL REARDON, EDDIE L. STEINER, KENNETH L. VAGNINI.

State of OHIO

ss

County of WAYNE

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.

KEVIN W. DAY
PRESIDENT/CEO

KEVIN W. DAY
SECRETARY

MICHAEL A. SHUTT
VP FINANCE/CFO/TREASURER

Subscribed and sworn to before me
this 28 day of FEBRUARY, 2013

- a. Is this an original filing? Yes [X] No []
b. If no:
1. State the amendment number
2. Date filed
3. Number of pages attached

MARY LOU HART, NOTARY PUBLIC
MARCH 08, 2015

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	102,400,388		102,400,388	103,795,225
2. Stocks (Schedule D):				
2.1 Preferred stocks	2,390,695		2,390,695	1,832,281
2.2 Common stocks	64,855,995	273,733	64,582,262	58,503,282
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....	5,766,670		5,766,670	6,002,167
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 (\$ 17,176,029 , Schedule E-Part 1), cash equivalents (\$ 0 , Schedule E-Part 2) and short-term investments (\$ 2,001,162 , Schedule DA).....	19,177,191		19,177,191	19,374,805
6. Contract loans (including \$ premium notes).....	0		0	0
7. Derivatives (Schedule DB).....	0		0	0
8. Other invested assets (Schedule BA)	5,153,791		5,153,791	5,056,795
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)	199,744,730	273,733	199,470,997	194,564,555
13. Title plants less \$ charged off (for Title insurers only).....	0		0	0
14. Investment income due and accrued	1,081,422		1,081,422	1,144,542
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	15,921,142	35,436	15,885,706	15,876,790
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	1,779,025	90,946	1,688,079	963,933
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.....	2,427,676		2,427,676	1,315,066
19. Guaranty funds receivable or on deposit	0		0	0
20. Electronic data processing equipment and software.....	92,704		92,704	92,704
21. Furniture and equipment, including health care delivery assets (\$)	646,417	646,417	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates	0		0	0
23. Receivables from parent, subsidiaries and affiliates	0		0	0
24. Health care (\$) and other amounts receivable.....	0		0	0
25. Aggregate write-ins for other than invested assets	0		0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	221,693,116	1,046,532	220,646,584	213,957,590
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0		0	0
28. Total (Lines 26 and 27)	221,693,116	1,046,532	220,646,584	213,957,590
DETAILS OF WRITE-INS				
1101.	0		0	0
1102.	0		0	0
1103.	0		0	0
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.	0		0	0
2502.	0		0	0
2503.	0		0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	0	0	0	0

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)	29,660,936	27,902,250
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)		0
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	6,202,966	5,450,500
4. Commissions payable, contingent commissions and other similar charges	2,783,857	2,280,758
5. Other expenses (excluding taxes, licenses and fees)	2,500,030	2,386,607
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	1,230,649	1,148,506
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))	102	0
7.2 Net deferred tax liability	0	0
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 \$633,416 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)	45,504,864	41,819,323
10. Advance premium	659,415	476,312
11. Dividends declared and unpaid:		
11.1 Stockholders	0	0
11.2 Policyholders	0	0
12. Ceded reinsurance premiums payable (net of ceding commissions)	781,853	301,337
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	939	28,164
14. Amounts withheld or retained by company for account of others	5,677,815	6,166,601
15. Remittances and items not allocated	0	0
16. Provision for reinsurance (including \$ certified) (Schedule F, Part 8)	293,040	293,040
17. Net adjustments in assets and liabilities due to foreign exchange rates	0	0
18. Drafts outstanding	0	0
19. Payable to parent, subsidiaries and affiliates	0	0
20. Derivatives	0	0
21. Payable for securities	0	0
22. Payable for securities lending	0	0
23. Liability for amounts held under uninsured plans	0	0
24. Capital notes \$ and interest thereon \$	0	0
25. Aggregate write-ins for liabilities	43,397	0
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	95,339,863	88,253,398
27. Protected cell liabilities	0	0
28. Total liabilities (Lines 26 and 27)	95,339,863	88,253,398
29. Aggregate write-ins for special surplus funds	0	632,486
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)	125,306,721	125,071,706
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)	125,306,721	125,704,192
38. Totals (Page 2, Line 28, Col. 3)	220,646,584	213,957,590
DETAILS OF WRITE-INS		
2501. Option Liability.....	21,778	
2502. Deferred Option Income.....	21,619	
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)	43,397	0
2901. Surplus from SSAP No. 10R.....		632,486
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	632,486
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 2012 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	92,372,982	86,734,599
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	62,770,052	56,613,542
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	9,868,359	8,105,761
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	31,672,232	30,458,859
5. Aggregate write-ins for underwriting deductions	0	0
6. Total underwriting deductions (Lines 2 through 5)	104,310,643	95,178,162
7. Net income of protected cells	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(11,937,661)	(8,443,563)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	4,697,636	4,807,848
10. Net realized capital gains (losses) less capital gains tax of \$ 290,321 (Exhibit of Capital Gains (Losses))	563,564	1,452,134
11. Net investment gain (loss) (Lines 9 + 10)	5,261,200	6,259,982
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ 90,897) amount charged off \$ (90,897)	(90,897)	(77,412)
13. Finance and service charges not included in premiums	1,531,209	1,495,243
14. Aggregate write-ins for miscellaneous income	(32,262)	(6,730)
15. Total other income (Lines 12 through 14)	1,408,050	1,411,101
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(5,268,411)	(772,480)
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)	(5,268,411)	(772,480)
19. Federal and foreign income taxes incurred	(290,321)	(791,670)
20. Net income (Line 18 minus Line 19) (to Line 22)	(4,978,090)	19,190
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	125,704,192	126,295,656
22. Net income (from Line 20)	(4,978,090)	19,190
23. Net transfers (to) from Protected Cell accounts	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 1,186,141	2,302,508	(1,567,400)
25. Change in net unrealized foreign exchange capital gain (loss)	0	0
26. Change in net deferred income tax	2,298,750	421,482
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	1,139	(97,222)
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	(21,778)	632,486
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	(397,471)	(591,464)
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	125,306,721	125,704,192
DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0
1401. Other Expense.....	(7,097)	17,249
1402. Gain/(Loss) sale of Equipment.....	(25,165)	(23,979)
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)	(32,262)	(6,730)
3701. Change in surplus from SSAP No. 10R.....	0	632,486
3702. Change in Option Liability.....	(21,778)	0
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)	(21,778)	632,486

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance.....	96,722,142	88,314,233
2. Net investment income	5,142,255	5,159,564
3. Miscellaneous income	1,408,050	1,411,101
4. Total (Lines 1 through 3)	103,272,447	94,884,898
5. Benefit and loss related payments	61,734,077	53,747,438
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	40,098,897	40,573,075
8. Dividends paid to policyholders	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses).....	(102)	(946,753)
10. Total (Lines 5 through 9)	101,832,872	93,373,760
11. Net cash from operations (Line 4 minus Line 10)	1,439,575	1,511,138
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	15,580,514	13,153,459
12.2 Stocks	21,634,066	17,511,141
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	35,472	1
12.8 Total investment proceeds (Lines 12.1 to 12.7)	37,250,052	30,664,601
13. Cost of investments acquired (long-term only):		
13.1 Bonds	13,875,501	13,165,910
13.2 Stocks	24,502,821	15,813,450
13.3 Mortgage loans	0	0
13.4 Real estate	15,913	10,746
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	38,394,235	28,990,106
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)	(1,144,183)	1,674,495
Cash from Financing and Miscellaneous Sources		
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).....	(493,006)	(790,954)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(493,006)	(790,954)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(197,614)	2,394,679
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	19,374,805	16,980,126
19.2 End of year (Line 18 plus Line 19.1)	19,177,191	19,374,805

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business		1	2	3	4
		Net Premiums Written per Column 6, Part 1B	Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 1	Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire	1,672,024	864,362	913,514	1,622,872
2.	Allied lines	587,642	433,864	493,290	528,216
3.	Farmowners multiple peril	8,567,330	4,305,075	4,713,167	8,159,238
4.	Homeowners multiple peril	24,818,108	13,388,348	14,973,998	23,232,458
5.	Commercial multiple peril	10,012,760	4,786,531	5,305,577	9,493,714
6.	Mortgage guaranty	0	0	0	0
8.	Ocean marine	0	0	0	0
9.	Inland marine	837,160	382,190	414,808	804,542
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	23,144	9,037	11,095	21,086
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	534,112	238,808	266,545	506,375
17.1	Other liability - occurrence	434,597	237,530	251,934	420,193
17.2	Other liability - claims-made	956	49	908	97
17.3	Excess workers' compensation	0	0	0	0
18.1	Products liability-occurrence	75,643	33,219	37,616	71,246
18.2	Products liability-claims-made	0	0	0	0
19.1,19.2	Private passenger auto liability	23,171,014	8,062,372	8,377,559	22,855,827
19.3,19.4	Commercial auto liability	3,631,489	1,624,709	1,745,465	3,510,733
21.	Auto physical damage	21,553,054	7,388,322	7,931,505	21,009,871
22.	Aircraft (all perils)	0	0	0	0
23.	Fidelity	0	0	0	0
24.	Surety	0	0	0	0
26.	Burglary and theft	56,204	28,420	25,811	58,813
27.	Boiler and machinery	83,286	36,487	42,072	77,701
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	96,058,523	41,819,323	45,504,864	92,372,982
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 plus 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	913,514				913,514
2.	Allied lines	493,290				493,290
3.	Farmowners multiple peril	4,713,167				4,713,167
4.	Homeowners multiple peril	14,973,998				14,973,998
5.	Commercial multiple peril	5,305,577				5,305,577
6.	Mortgage guaranty	0				0
8.	Ocean marine	0				0
9.	Inland marine	414,808				414,808
10.	Financial guaranty	0				0
11.1	Medical professional liability-occurrence	0				0
11.2	Medical professional liability-claims-made	0				0
12.	Earthquake	11,095				11,095
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	266,545				266,545
17.1	Other liability-occurrence	251,934				251,934
17.2	Other liability-claims-made	908				908
17.3	Excess workers' compensation	0				0
18.1	Products liability-occurrence	37,616				37,616
18.2	Products liability-claims-made	0				0
19.1,19.2	Private passenger auto liability	8,377,559				8,377,559
19.3,19.4	Commercial auto liability	1,745,465				1,745,465
21.	Auto physical damage	7,931,505				7,931,505
22.	Aircraft (all perils)	0				0
23.	Fidelity	0				0
24.	Surety	0				0
26.	Burglary and theft	25,811				25,811
27.	Boiler and machinery	42,072				42,072
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	45,504,864	0	0	0	45,504,864
36.	Accrued retrospective premiums based on experience					
37.	Earned but unbilled premiums					
38.	Balance (Sum of Lines 35 through 37)					45,504,864
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.

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

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	6,010	3,034,080		1,368,019	47	1,672,024
2. Allied lines	7,410	1,065,218		480,798	4,188	587,642
3. Farmowners multiple peril	16,636,890	321,890		7,009,633	1,381,817	8,567,330
4. Homeowners multiple peril	29,371,889	19,442,049		20,305,725	3,690,105	24,818,108
5. Commercial multiple peril	8,740,365	9,996,598		8,192,258	531,945	10,012,760
6. Mortgage guaranty	0	0		0	0	0
8. Ocean marine	0	0		0	0	0
9. Inland marine	783,722	759,675		684,948	21,289	837,160
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	22,919	19,315		18,936	154	23,144
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	0	971,113		437,001	0	534,112
17.1 Other liability-occurrence	463,557	673,293		355,579	346,674	434,597
17.2 Other liability-claims-made	31,313	0		783	29,574	956
17.3 Excess workers' compensation	0	0		0	0	0
18.1 Products liability-occurrence	36,963	100,772		61,890	202	75,643
18.2 Products liability-claims-made	0	0		0	0	0
19.1,19.2 Private passenger auto liability	11,719,300	30,475,484		18,958,102	65,668	23,171,014
19.3,19.4 Commercial auto liability	3,653,205	2,968,555		2,971,218	19,053	3,631,489
21. Auto physical damage	12,331,671	27,055,334		17,634,318	199,633	21,553,054
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	62,014	40,650		45,985	475	56,204
27. Boiler and machinery	380,293	36,954		68,142	265,819	83,286
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	84,247,521	96,960,980	0	78,593,335	6,556,643	96,058,523
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 2012 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid 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 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire	0	119,721	108,935	10,786	61,399	52,210	19,975	1.2
2. Allied lines	8,514	1,960,889	889,717	1,079,686	213,797	124,367	1,169,116	221.3
3. Farmowners multiple peril	13,563,121	14,190	7,927,870	5,649,441	1,172,415	1,701,296	5,120,560	62.8
4. Homeowners multiple peril	27,337,502	13,525,968	21,556,862	19,306,608	3,950,357	3,999,890	19,257,075	82.9
5. Commercial multiple peril	5,028,528	3,848,707	4,730,567	4,146,668	3,470,768	3,122,791	4,494,645	47.3
6. Mortgage guaranty	0	0	0	0	0	0	0	0.0
8. Ocean marine	0	0	0	0	0	0	0	0.0
9. Inland marine	330,612	69,011	191,241	208,382	7,411	68,496	147,297	18.3
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	0	565,160	254,322	310,838	211,413	111,328	410,923	81.1
17.1 Other liability-occurrence	23,576	193,280	97,585	119,271	451,249	317,627	252,893	60.2
17.2 Other liability-claims-made	0	0	0	0	1	0	1	1.0
17.3 Excess workers' compensation	0	0	0	0	0	0	0	0.0
18.1 Products liability-occurrence	(4,801)	4,207	(267)	(327)	2,751	5,501	(3,077)	(4.3)
18.2 Products liability-claims-made	0	0	0	0	0	0	0	0.0
19.1,19.2 Private passenger auto liability	7,487,896	21,419,967	13,008,538	15,899,325	17,394,263	15,434,064	17,859,524	78.1
19.3,19.4 Commercial auto liability	1,179,263	1,292,382	1,112,240	1,359,405	1,749,118	1,739,427	1,369,096	39.0
21. Auto physical damage	6,978,851	16,807,594	10,900,202	12,886,243	975,994	1,190,512	12,671,725	60.3
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	20,639	42,570	28,444	34,765	0	34,741	24	0.0
27. Boiler and machinery	66,709	0	66,434	275	0	0	275	0.4
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	62,020,410	59,863,646	60,872,690	61,011,366	29,660,936	27,902,250	62,770,052	68.0
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 2012 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

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

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire	.0	110,361	49,662	60,699	.0	1,274	574	61,399	.0
2. Allied lines	14,736	379,521	187,150	207,107	.0	12,163	5,473	213,797	53,845
3. Farmowners multiple peril	2,163,043	15,616	1,319,860	858,799	1,453,966	857	1,141,207	1,172,415	286,003
4. Homeowners multiple peril	5,354,298	2,494,377	4,222,361	3,626,314	1,913,461	222,485	1,811,903	3,950,357	897,348
5. Commercial multiple peril	1,835,512	1,958,452	1,848,226	1,945,738	1,690,326	1,604,308	1,769,604	3,470,768	1,765,830
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	16,075	(2,939)	5,725	7,411	.0	.0	.0	7,411	.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	.0	146,680	66,006	80,674	.0	237,707	106,968	211,413	46,746
17.1 Other liability-occurrence	16,368	565,616	261,893	320,091	203,152	210,436	282,430	451,249	218,892
17.2 Other liability-claims-made	1	.0	.0	1	.0	.0	.0	1	.0
17.3 Excess workers' compensation	.0	.0	.0	.0	.0	.0	.0	.0	.0
18.1 Products liability-occurrence	5,001	.0	2,250	2,751	.0	.0	.0	2,751	.0
18.2 Products liability-claims-made	.0	.0	.0	.0	.0	.0	.0	.0	.0
19.1,19.2 Private passenger auto liability	8,141,647	20,707,341	12,982,046	15,866,942	932,716	2,048,742	1,454,137	17,394,263	2,356,152
19.3,19.4 Commercial auto liability	1,368,715	1,366,014	1,230,629	1,504,100	375,479	182,958	313,419	1,749,118	285,261
21. Auto physical damage	436,787	1,131,456	762,501	805,742	167,720	216,899	214,367	975,994	292,889
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	.0	.0	.0	.0	.0	.0	.0	.0	.0
27. Boiler and machinery	1,600	.0	1,600	.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	19,353,783	28,872,495	22,939,909	25,286,369	6,736,820	4,737,829	7,100,082	29,660,936	6,202,966
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 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	3,849,608			3,849,608
1.2 Reinsurance assumed				0
1.3 Reinsurance ceded	67,234			67,234
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	3,782,374	0	0	3,782,374
2. Commission and brokerage:				
2.1 Direct, excluding contingent		16,035,705		16,035,705
2.2 Reinsurance assumed, excluding contingent				0
2.3 Reinsurance ceded, excluding contingent		381,772		381,772
2.4 Contingent-direct		1,411,863		1,411,863
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	17,065,796	0	17,065,796
3. Allowances to manager and agents		176,293		176,293
4. Advertising		54,291		54,291
5. Boards, bureaus and associations	37,540	344,431		381,971
6. Surveys and underwriting reports		1,402,677		1,402,677
7. Audit of assureds' records				0
8. Salary and related items:				
8.1 Salaries	3,434,961	5,439,847	532,265	9,407,073
8.2 Payroll taxes	246,346	435,972	33,290	715,608
9. Employee relations and welfare	563,988	935,204	15,243	1,514,435
10. Insurance	29,041	48,402	19,361	96,804
11. Directors' fees	53,361	122,730	1,779	177,870
12. Travel and travel items	45,201	90,474	7,534	143,209
13. Rent and rent items	158,400	311,850	24,750	495,000
14. Equipment	124,054	308,545	20,585	453,184
15. Cost or depreciation of EDP equipment and software	425,897	997,906	67,800	1,491,603
16. Printing and stationery	39,209	135,110	9,802	184,121
17. Postage, telephone and telegraph, exchange and express	157,689	614,674	15,769	788,132
18. Legal and auditing	770,298	1,284,590	346,436	2,401,324
19. Totals (Lines 3 to 18)	6,085,985	12,702,996	1,094,614	19,883,595
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$		1,144,051		1,144,051
20.2 Insurance department licenses and fees		761,633		761,633
20.3 Gross guaranty association assessments		(47,051)		(47,051)
20.4 All other (excluding federal and foreign income and real estate)		25,592		25,592
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	0	1,884,225	0	1,884,225
21. Real estate expenses			325,445	325,445
22. Real estate taxes			106,028	106,028
23. Reimbursements by uninsured plans				0
24. Aggregate write-ins for miscellaneous expenses	0	19,215	0	19,215
25. Total expenses incurred	9,868,359	31,672,232	1,526,087	(a) 43,066,678
26. Less unpaid expenses-current year	6,202,966	6,440,973	73,563	12,717,502
27. Add unpaid expenses-prior year	5,450,500	5,751,715	64,156	11,266,371
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)	9,115,893	30,982,974	1,516,680	41,615,547
DETAILS OF WRITE-INS				
2401. Charitable Contributions		19,215		19,215
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	19,215	0	19,215

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

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a).....664,013	.....623,635
1.1 Bonds exempt from U.S. tax	(a).....1,112,509	.....1,069,449
1.2 Other bonds (unaffiliated)	(a).....2,438,150	.....2,441,300
1.3 Bonds of affiliates	(a).....0	.....0
2.1 Preferred stocks (unaffiliated)	(b).....142,943	.....142,943
2.11 Preferred stocks of affiliates	(b).....0	.....0
2.2 Common stocks (unaffiliated)	.....1,815,511	.....1,832,731
2.21 Common stocks of affiliates	.....0	.....0
3. Mortgage loans	(c).....	.....
4. Real estate	(d).....360,000	.....360,000
5. Contract loans	.....	.....
6. Cash, cash equivalents and short-term investments	(e).....4,462	.....4,412
7. Derivative instruments	(f).....	.....
8. Other invested assets	.....	.....
9. Aggregate write-ins for investment income	.....0	.....664
10. Total gross investment income	6,537,588	6,475,134
11. Investment expenses		(g).....1,526,087
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).....251,411
15. Aggregate write-ins for deductions from investment income		.....0
16. Total deductions (Lines 11 through 15)		.....1,777,498
17. Net investment income (Line 10 minus Line 16)		4,697,636
DETAILS OF WRITE-INS		
0901. FFI Inst'l Tax Exempt Fud rebate		.....90
0902. Vanguard S/T Bond Index Fund (income recd on prior year disposed)		.....574
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)	0	664
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 \$ 110,866 accrual of discount less \$ 231,547 amortization of premium and less \$ 30,035 paid for accrued interest on purchases.
- (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ 8,542 paid for accrued dividends on purchases.
- (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (d) Includes \$ 360,000 for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
- (e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (f) Includes \$ accrual of discount less \$ amortization of premium.
- (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
- (i) Includes \$ 251,411 depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds			.....0	.....95,062	.....
1.1 Bonds exempt from U.S. tax	.....3,942		.....3,942		
1.2 Other bonds (unaffiliated)	.....337,821		.....337,821	.....(5,969)	
1.3 Bonds of affiliates	.....0	.....0	.....0	.....0	.....0
2.1 Preferred stocks (unaffiliated)	.....0	.....0	.....0	.....(94,836)	.....0
2.11 Preferred stocks of affiliates	.....0	.....0	.....0	.....0	.....0
2.2 Common stocks (unaffiliated)	.....482,853	.....0	.....482,853	.....3,380,624	.....0
2.21 Common stocks of affiliates	.....0	.....0	.....0	.....10,568	.....0
3. Mortgage loans	.....0	.....0	.....0	.....0	.....0
4. Real estate	.....0	.....0	.....0	.....0	.....0
5. Contract loans	.....0	.....0	.....0	.....0	.....0
6. Cash, cash equivalents and short-term investments	.....0	.....0	.....0	.....0	.....0
7. Derivative instruments	.....29,270	.....0	.....29,270	.....6,204	.....0
8. Other invested assets	.....0	.....0	.....0	.....96,996	.....0
9. Aggregate write-ins for capital gains (losses)	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses)	853,886	0	853,886	3,488,649	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 Total 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	273,733	263,165	(10,568)
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) .....	.0	.0	.0
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)	273,733	263,165	(10,568)
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.....	35,436	44,352	8,916
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	90,946	92,381	1,435
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.....	646,417	647,773	1,356
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).....	1,046,532	1,047,671	1,139
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. Total (Lines 26 and 27)	1,046,532	1,047,671	1,139
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 Lightning Rod Mutual Insurance Company (LRMIC) 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. Bonds rated at 3 or below by the NAIC are stated at the lower of cost or fair market value.
- (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 a minor ownership interest in a partnership. The Company carries this interest at fair market value based upon the underlying audited GAAP equity of the investee.
- (9) All derivatives are stated at fair value.
- (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.

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 of 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.

NOTES TO FINANCIAL STATEMENTS

The Company has not made any accounting changes or error corrections for the periods ending December 31, 2012 and 2011, 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

A. The Company has no investments in Joint Ventures, Partnerships, or Limited Liability Companies that exceed 10% of its admitted assets.

B. The Company did not recognize any impairment write down for its investments in Joint Ventures, Partnerships, or Limited Liability Companies during the statement periods.

7. Investment Income

The Company has no uncollectible accrued investment income.

8. Derivative Instruments

The Company wrote covered call option contracts on equity securities during 2012 as an income generation strategy to enhance the total return of the invested asset portfolio.

Due to the risk of limiting the potential gain resulting from unexpected increases in security prices, the Company limits the written covered call option contracts to no more than 20% of its total equity investments. The covered call options are typically written on underlying equity securities that the Company believes to be over-valued and/or those securities that no longer meet the objectives for which they were originally purchased.

The Company accounts for the derivatives in accordance with SSAP No. 86, *Accounting for Derivative Instruments and Hedging, Income Generation, and Replication (Synthetic Asset) Transactions*.

Premium received on written covered call option contracts is recorded as a deferred liability until expiration. The liability for deferred option income was \$21,619 at December 31, 2012.

Upon exercise, the Company reduces the cost basis of the underlying security by the premium received and recognizes a capital gain (loss). Capital gains on stocks resulting from covered call options in 2012 were \$35,474.

Open covered call option contracts are recorded as a liability at fair market value with changes in value recorded to unassigned surplus. The fair market value of covered call option liabilities was \$21,778 at December 31, 2012.

NOTES TO FINANCIAL STATEMENTS

9. Income Taxes

The Company adopted SSAP No. 101, *A Replacement of SSAP No. 10R*, effective January 1, 2012. The December 31, 2012 balances and related disclosures are presented pursuant to SSAP No. 101; however, 2011 is presented pursuant to SSAP No. 10R.

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

1.

	12/31/2012		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
(a) Gross Deferred Tax Assets	\$ 10,963,410	\$ 1,207,850	\$ 12,171,260
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	10,963,410	1,207,850	12,171,260
(d) Deferred Tax Assets Nonadmitted	-	-	-
(e) Subtotal Net Deferred Tax Asset (1c – 1d)	10,963,410	1,207,850	12,171,260
(f) Deferred Tax Liabilities	(609,740)	(9,133,844)	(9,743,584)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	<u>\$ 10,353,670</u>	<u>\$ (7,925,994)</u>	<u>\$ 2,427,676</u>
	12/31/2011		
	(4)	(5)	(6)
	Ordinary	Capital	(Col 4+5) Total
(a) Gross Deferred Tax Assets	\$ 8,568,557	\$ 1,327,021	\$ 9,895,578
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	8,568,557	1,327,021	9,895,578
(d) Deferred Tax Assets Nonadmitted	-	-	-
(e) Subtotal Net Deferred Tax Asset (1c – 1d)	8,568,557	1,327,021	9,895,578
(f) Deferred Tax Liabilities	(632,809)	(7,947,703)	(8,580,512)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	<u>\$ 7,935,748</u>	<u>\$ (6,620,682)</u>	<u>\$ 1,315,066</u>
	Change		
	(7)	(8)	(9)
	(Col 1-4) Ordinary	(Col 2-5) Capital	(Co 7+8) Total
(a) Gross Deferred Tax Assets	\$ 2,394,853	\$ (119,171)	\$ 2,275,682
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	2,394,853	(119,171)	2,275,682
(d) Deferred Tax Assets Nonadmitted	-	-	-
(e) Subtotal Net Deferred Tax Asset (1c – 1d)	2,394,853	(119,171)	2,275,682
(f) Deferred Tax Liabilities	23,069	(1,186,141)	(1,163,072)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	<u>\$ 2,417,922</u>	<u>\$ (1,305,312)</u>	<u>\$ 1,112,610</u>

NOTES TO FINANCIAL STATEMENTS

2. Admission Calculation Components SSAP No. 101

	12/31/2012		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ -	\$ -	\$ -
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)	2,652,974	-	2,652,974
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	2,652,974	-	2,652,974
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	18,879,418
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.	<u>9,518,285</u>	<u>-</u>	<u>9,518,285</u>
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))	<u>\$ 12,171,259</u>	<u>\$ -</u>	<u>\$ 12,171,259</u>
	12/31/2011		
	(4)	(5)	(6)
	Ordinary	Capital	(Col 4+5) Total
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ -	\$ -	\$ -
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)	1,315,066	-	1,315,066
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	1,315,066	-	1,315,066
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	11,346,550
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.	<u>8,580,512</u>	<u>-</u>	<u>8,580,512</u>
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))	<u>\$ 9,895,578</u>	<u>\$ -</u>	<u>\$ 9,895,578</u>
	Change		
	(7)	(8)	(9)
	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ -	\$ -	\$ -
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)	1,337,908	-	1,337,908
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	1,337,908	-	1,337,908
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	7,532,868
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.	<u>937,773</u>	<u>-</u>	<u>937,773</u>
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))	<u>\$ 2,275,681</u>	<u>\$ -</u>	<u>\$ 2,275,681</u>

NOTES TO FINANCIAL STATEMENTS

3.

	2012	2011
(a) Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount.	15%	15%
(b) Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b) 2 Above.	\$ 122,879,045	\$ 124,389,126

4. Impact of Tax-Planning Strategies

	12/31/2012		
	(1)	(2)	(3)
	Ordinary Percent	Capital Percent	(Col 1+2) Total Percent
(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	-	-	-
(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	-	-	-

	12/31/2011		
	(4)	(5)	(6)
	Ordinary Percent	Capital Percent	(Col 4+5) Total Percent
(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	-	-	-
(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	-	-	-

	Change		
	(7)	(8)	(9)
	Ordinary Percent	Capital Percent	(Col 7+8) Total Percent
(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	-	-	-
(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	-	-	-
(c) Does the Company's tax-planning strategies include the use of reinsurance?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	

B. The Company has no temporary differences for which deferred tax liabilities are not recognized.

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

	(1)	(2)	(3)
	12/31/2012	12/31/2011	(Col 1-2) Change
1. Current Income Tax			
(a) Federal	\$ (290,321)	\$ (791,670)	\$ 501,349
(b) Foreign	\$ -	\$ -	\$ -
(c) Subtotal	\$ (290,321)	\$ (791,670)	\$ 501,349
(d) Federal income tax on net capital gains	\$ 290,321	\$ 748,069	\$ (457,748)
(e) Utilization of capital loss carry-forwards	\$ -	\$ -	\$ -
(f) Other (incl. prior year over/under accrual)	\$ -	\$ -	\$ -
(g) Federal and foreign income taxes incurred	<u>\$ -</u>	<u>\$ (43,601)</u>	<u>\$ 43,601</u>

NOTES TO FINANCIAL STATEMENTS

	(1)	(2)	(3)
	12/31/2012	12/31/2011	(Col 1-2) Change
2. Deferred Tax Assets			
(a) Ordinary			
(1) Discounting of unpaid losses	\$ 672,097	\$ 587,193	\$ 84,904
(2) Unearned premium reserve	\$ 3,094,331	\$ 2,843,714	\$ 250,617
(3) Policyholder reserves	\$ -	\$ -	\$ -
(4) Investments	\$ -	\$ -	\$ -
(5) Deferred acquisition costs	\$ -	\$ -	\$ -
(6) Policyholder dividends accrual	\$ -	\$ -	\$ -
(7) Fixed assets	\$ -	\$ -	\$ -
(8) Compensation and benefits accrual	\$ 1,435,582	\$ 2,057,786	\$ (622,204)
(9) Pension accrual	\$ 334,661	\$ 348,775	\$ (14,114)
(10) Receivables – nonadmitted	\$ -	\$ -	\$ -
(11) Net operating loss carry-forward	\$ 3,587,325	\$ 1,135,008	\$ 2,452,317
(12) Tax credit carry-forward	\$ -	\$ -	\$ -
(13) Other (including items > 5% of total ordinary tax assets):			
Salvage and subrogation anticipated	\$ 1,006,821	\$ 951,075	\$ 55,746
Other	\$ 832,593	\$ 645,006	\$ 187,587
(99) Subtotal	\$ 10,963,410	\$ 8,568,557	\$ 2,394,853
(b) Statutory valuation allowance adjustment	\$ -	\$ -	\$ -
(c) Nonadmitted	\$ -	\$ -	\$ -
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	<u>\$ 10,963,410</u>	<u>\$ 8,568,557</u>	<u>\$ 2,394,853</u>
(e) Capital:			
(1) Investments	\$ -	\$ -	\$ -
(2) Net capital loss carry-forward	\$ -	\$ -	\$ -
(3) Real estate	\$ -	\$ -	\$ -
(4) Other (including items <5% of total capital tax assets):			
Unrealized capital losses for Impaired securities	\$ 1,207,850	\$ 1,327,021	\$ (119,171)
(99) Subtotal	\$ 1,207,850	\$ 1,327,021	\$ (119,171)
(f) Statutory valuation allowance adjustment	\$ -	\$ -	\$ -
(g) Nonadmitted	\$ -	\$ -	\$ -
(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	<u>\$ 1,207,850</u>	<u>\$ 1,327,021</u>	<u>\$ (119,171)</u>
(i) Admitted deferred tax assets (2d + 2h)	<u>\$ 12,171,260</u>	<u>\$ 9,895,578</u>	<u>\$ 2,275,682</u>
3. Deferred tax liabilities:			
(a) Ordinary			
(1) Investments	\$ (483,305)	\$ (632,809)	\$ 149,504
(2) Fixed assets	\$ -	\$ -	\$ -
(3) Deferred and uncollected premium	\$ -	\$ -	\$ -
(4) Policyholder reserves	\$ -	\$ -	\$ -
(5) Other (including items <5% of total ordinary tax liabilities):			
Accumulated amortization on capitalized software	\$ (126,435)	\$ -	\$ (126,435)
(99) Subtotal	\$ (609,740)	\$ (632,809)	\$ 23,069
(b) Capital:			
(1) Investments	\$ -	\$ -	\$ -
(2) Real estate	\$ -	\$ -	\$ -
(3) Other (including items <5% of total capital tax liabilities):			
Unrealized capital gains	\$ (9,133,844)	\$ (7,947,703)	\$ (1,186,141)
(99) Subtotal	\$ (9,133,844)	\$ (7,947,703)	\$ (1,186,141)
(c) Deferred tax liabilities (3a99 + 3b99)	<u>\$ (9,743,584)</u>	<u>\$ (8,580,512)</u>	<u>\$ (1,163,072)</u>
4. Net deferred tax assets/liabilities (2i – 3c)	<u>\$ 2,427,676</u>	<u>\$ 1,315,066</u>	<u>\$ 1,112,610</u>

NOTES TO FINANCIAL STATEMENTS

- D. The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before taxes. Among the more significant book to tax adjustments were the following:

	<u>12/31/2012</u>	<u>Effective Tax Rate</u>
Provision computed at statutory rate	\$ (1,692,550)	(34.0%)
Tax exempt income deduction	(309,071)	(6.2%)
Dividends received deduction	(306,318)	(6.2%)
Tax differentials on foreign earnings	-	0.0%
Nondeductible goodwill	-	0.0%
Other	9,188	0.2%
Total	<u>\$ (2,298,751)</u>	<u>(46.2%)</u>
Federal and foreign income taxes incurred	\$ (290,321)	(5.8%)
Tax on capital gains (losses)	290,321	5.8%
Change in net deferred income taxes	<u>(2,298,751)</u>	<u>(46.2%)</u>
Total statutory income taxes	<u>\$ (2,298,751)</u>	<u>(46.2%)</u>

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

(1) As of December 31, 2012, the Company had net operating loss carry-forwards available for tax purposes:

<u>Origination Year</u>	<u>Expiration Year</u>	<u>Amount</u>
2010	2030	\$ 562,336
2011	2031	\$ 2,663,805
2012	2032	\$ 7,324,814
Total		<u>\$ 10,550,955</u>

As of December 31, 2012, the Company had no net capital loss carry-forwards available for tax purposes.

As of December 31, 2012, the Company had alternative minimum tax (AMT) credit carry-forwards in the amount of \$331,494 which do not have an expiration date.

- (2) As of December 31, 2012, the Company had no federal income taxes incurred available for recoupment in the event of future net losses.
- (3) The Company has no deposits reported as admitted assets under IRC §6603 as of December 31, 2012.

- 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, 2012, there were no intercompany balances due to and/or due 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 (LRMIC) participates in a pooling agreement with Western Reserve Mutual Casualty Company, (WRMCC) and Sonnenberg Mutual Insurance Company (SMIC), whereby net premiums, losses, underwriting expenses and related balance sheet amounts (except premiums receivable) are shared on a 55% / 40% / 5% basis, respectively. LRMIC assumes 100% of the business from WRMCC and SMIC and cedes 40% to WRMCC and 5% to SMIC.
- G. The Company owns fifty percent of Forward Agencies, Inc., an insurance agency. The stock is carried at \$236,633 (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.

NOTES TO FINANCIAL STATEMENTS

J. Not applicable.

K. Not applicable.

L. The Company owns fifty-five percent of Western Reserve Financial Corp., an inactive holding company. The stock is carried at \$37,100 (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, unfunded, directors' retirement plan and a retiree healthcare plan both of which are closed to new participants. The related liabilities and expenses are not material to the Company's financial position.

The Company also has a non-qualified voluntary deferred compensation plan for senior executive officers. The plan allows for deferral of payouts under the Annual Incentive Plan and Performance Share Plan for Key Executives. As of December 31, 2012 and 2011, amounts held for these deferrals were \$10.0 million and \$12.9 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 \$517 thousand and \$714 thousand for 2012 and 2011, respectively. At December 31, 2012, the fair value of the plan assets was \$24.8 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

(1) Not applicable.

(2) Not applicable.

(3) Not applicable.

(4) Not applicable.

(5) Not applicable.

(6) Not applicable.

(7) Not applicable.

(8) Not applicable.

(9) Not applicable.

(10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses before tax is \$26.9 million.

(11) Not applicable.

(12) Not applicable.

(13) Not applicable.

NOTES TO FINANCIAL STATEMENTS

14. Contingencies

A. Contingent Commitments

Not applicable.

B. Assessments

In the ordinary course of business, the Company receives notification of potential assessments as a result of the insolvency of insurance companies. It is expected that the insolvencies will result in a retrospective-based guaranty fund assessment against the company. The liabilities for known potential assessments are not considered material to the financial position of the Company.

C. Gain Contingencies

Not applicable.

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits

Various lawsuits against the Company have arisen in the course of the Company's business. Contingent liabilities arising from litigation are not considered material to the financial position of the Company.

E. Product Warranties

Not applicable.

F. All Other Contingencies

Not applicable.

15. Leases

The Company's lease agreements are limited to office and electronic data processing equipment. Rent expense for the years ending December 31, 2012 and 2011 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.

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.

NOTES TO FINANCIAL STATEMENTS

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.

(1) Fair Value Measurements at December 31, 2012:

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
a. Assets at fair value:				
Perpetual Preferred stock:				
Industrial and Misc	\$ 1,886,628	\$ -	\$ -	\$ 1,886,628
Total Perpetual Preferred Stock	1,886,628	-	-	1,886,628
Redeemable Preferred stock:				
Industrial and Misc	504,067	-	-	504,067
Total Redeemable Preferred Stock	504,067	-	-	504,067
Bonds:				
Industrial and Misc	1,052,427	-	-	1,052,427
Total Bonds	1,052,427	-	-	1,052,427
Common stock:				
Mutual Funds	7,515,974	-	-	7,515,974
Money Market Funds	-	-	-	-
Industrial and Misc	56,884,688	181,600	-	57,066,288
Parent, Subsidiaries, and Affiliates	-	-	-	-
Total Common Stocks	64,400,662	181,600	-	64,582,262
Other Invested Assets	-	-	5,153,791	5,153,791
Total assets at fair value	\$ 67,843,784	\$ 181,600	\$ 5,153,791	\$ 69,736,053
b. Liabilities at fair value:				
Derivative liabilities	21,778	-	-	21,778
Total liabilities at fair value	\$ 21,778	\$ -	\$ -	\$ 21,778

NOTES TO FINANCIAL STATEMENTS

Fair Value Measurements at December 31, 2011:

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
a. Assets at fair value:				
Perpetual Preferred stock:				
Industrial and Misc	\$ 1,315,080	\$ -	\$ -	\$ 1,315,080
Total Perpetual Preferred Stock	1,315,080	-	-	1,315,080
Redeemable Preferred stock:				
Industrial and Misc	517,201	-	-	517,201
Total Redeemable Preferred Stock	517,201	-	-	517,201
Bonds:				
Industrial and Misc	-	-	-	-
Total Bonds	-	-	-	-
Common stock:				
Mutual Funds	24,673,654	-	-	24,673,654
Money Market Funds	15,133	-	-	15,133
Industrial and Misc	33,814,496	-	-	33,814,496
Parent, Subsidiaries, and Affiliates	-	-	-	-
Total Common Stocks	58,503,283	-	-	58,503,283
Other Invested Assets	-	-	5,056,795	5,056,795
Total assets at fair value	\$ 60,335,564	\$ -	\$ 5,056,795	\$ 65,392,359
b. Liabilities at fair value:				
Derivative liabilities	-	-	-	-
Total liabilities at fair value	\$ -	\$ -	\$ -	\$ -

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

	Balance 01/01/2012	Transfers In/(out) Level 3	Total Gain/(Loss) Included in Net Income	Total Gain/(Loss) Included in Surplus	Purchases/ Issuances/ (Sales/ Settlements)	Balance 12/31/2012
a. Assets:						
Other Invested Assets	5,056,795	-	-	96,996	-	5,153,791
Total Assets	\$ 5,056,795	\$ -	\$ -	\$ 96,996	\$ -	\$ 5,153,791
b. Liabilities:						
Not applicable.						

(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, 2012, the reported fair value of the entity's investments categorized within Level 3 of the fair value hierarchy is as follows:

Other Invested Assets – The Company holds an investment in one partnership that is valued according to the underlying assets. The underlying assets are primarily investments in private limited partnerships in which the fair value is determined by each partnership's audited GAAP financial statements and adjusted for the Company's proportional share of the entity's earnings.

21. Other Items

A. Extraordinary Items

Not applicable.

B. Troubled Debt Restructuring: Debtors

Not applicable.

C. Other Disclosures

Not applicable.

D. At December 31, 2012 and 2011 the Company had admitted assets of \$15.9 million in uncollected premiums. 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.

NOTES TO FINANCIAL STATEMENTS

F. State Transferable and Non-transferrable Tax Credits

Not applicable.

G. Subprime Mortgage Related Risk Exposure

Not applicable.

22. Events Subsequent

Type I – Recognized Subsequent Events:

Subsequent events have been considered through February 28, 2013 for the statutory statement issued on March 1, 2013 for the year ending December 31, 2012. There were no Type I events identified that would have a material effect on the financial condition of the Company.

Type II – Nonrecognized Subsequent Events:

Subsequent events have been considered through February 28, 2013 for the statutory statement issued on March 1, 2013 for the year ending December 31, 2012. The Company purchased \$324,800 of Federal Home Loan Bank (FHLB) stock on February 19, 2013 to finalize its membership with the FHLB. The Company's borrowing capacity is \$22.4 million. The Company has not utilized this line of credit as of the filing date.

23. Reinsurance

A. Unsecured Reinsurance Recoverables

Not applicable.

B. Reinsurance Recoverable in Dispute

Not applicable.

C. Reinsurance Assumed and Ceded

If the Company cancelled its umbrella reinsurance program, the return commission would not have a material impact on the financial condition of the Company.

D. Uncollectible Reinsurance

In 2008, the Company recorded a liability for catastrophe losses recoverable net of reinstatement due to the Lehman Re bankruptcy. The balance at December 31, 2012 and 2011 was \$293,040.

E. Commutation of Ceded Reinsurance

Not applicable.

F. Retroactive Reinsurance

Not applicable.

G. Reinsurance Accounted for as a Deposit

Not applicable.

H. Disclosures for the Transfer of Property and Casualty Run-off Agreements

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, 2011 were \$34.5 million. During 2012, \$18.4 million has been paid for incurred losses and loss adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$14.1 million as a result of re-estimation of unpaid claims and claim adjustment expenses for commercial auto liability, auto physical damage, homeowners/farmowners, commercial multi-peril, other liability and special property lines of insurance. These decreases were offset, in part, by increases in workers' compensation and private passenger auto liability lines of insurance. Therefore, there has been a \$2.0 million favorable prior-year development from December 31, 2011 to December 31, 2012. 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.

NOTES TO FINANCIAL STATEMENTS

26. Intercompany Pooling Agreements

	NAIC No.	Pool Share
A.		
Lightning Rod Mutual Insurance Company (Lead)	26123	55.0%
Western Reserve Mutual Casualty Company	26131	40.0%
Sonnenberg Mutual Insurance Company	10271	5.0%
B. All transactions and balances in the underwriting accounts of the companies are pooled except premiums in the course of collection.		
C. All lines of business are subject to the intercompany pooling agreement. Cessions to non-affiliated reinsurers are prior to the cession of pooled business from the affiliated pool members to the lead entity.		
D. All pool members are subject to the same non-affiliated reinsurance treaties and have the contractual right of direct recovery per the terms of the reinsurance agreement.		
E. There are no discrepancies between the reinsurance schedules of the lead and other members of the pool.		
F. The Provision for Reinsurance (Schedule F, Part 7) and the write-off of uncollectible reinsurance is in accordance with the pool participation percentages.		
G. There were no amounts due to/from the lead entity and affiliated entities participating in the intercompany pool as of December 31, 2012.		

27. Structured Settlements

Not applicable.

28. Health Care Receivables

Not applicable.

29. Participating Policies

Not applicable.

30. Premium Deficiency Reserves

1. Liability carried for premium deficiency reserves	\$	(1) -
2. Date of most recent evaluation of this liability		12/31/2012
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 estimates 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 estimate of the environmental related losses for each of the five most recent years was not material to the Company's financial position.

- E. Not applicable.
- F. Not applicable.

NOTES TO FINANCIAL STATEMENTS

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 [] N/A []
- 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.12/31/2011
- 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.12/31/2011
- 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).11/26/2012
- 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 [] N/A []
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [] No [] N/A []
- 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 Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 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 [] N/A []
 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
 12.13 Total book/adjusted carrying value \$.....
- 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 [] N/A []
- 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 []
 a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
 c. Compliance with applicable governmental laws, rules and regulations;
 d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
 e. Accountability for adherence to the code.
- 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

- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [] No [X]
- 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.

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

BOARD OF DIRECTORS

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? Yes [X] No []
17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes [X] No []
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 []

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]
- 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 the 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? Yes [] No [X]
- 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? Yes [] No [X]
- 22.2 If answer is yes:
- | | | |
|--|--|---------|
| | 22.21 Amount paid as losses or risk adjustment | \$..... |
| | 22.22 Amount paid as expenses | \$..... |
| | 22.23 Other amounts paid | \$..... |
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [] No [X]
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$.....

INVESTMENT

- 24.01 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 24.03) Yes [] No [X]
- 24.02 If no, give full and complete information, relating thereto
The Company has custodial agreements with Merrill Lynch, Columbus, Ohio and FirstMerit, Akron, Ohio.....
- 24.03 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)
- 24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [] No [] NA [X]
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$.....0
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$.....0
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [] No [] NA [X]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [] No [] NA [X]
- 24.09 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 [] NA [X]
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- | | | |
|--------|---|----------|
| 24.101 | Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 | \$.....0 |
| 24.102 | Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 | \$.....0 |
| 24.103 | Total payable for securities lending reported on the liability page | \$.....0 |

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 24.03). Yes [] No []

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

25.21 Subject to repurchase agreements	\$
25.22 Subject to reverse repurchase agreements	\$
25.23 Subject to dollar repurchase agreements	\$
25.24 Subject to reverse dollar repurchase agreements	\$
25.25 Pledged as collateral	\$
25.26 Placed under option agreements	\$
25.27 Letter stock or securities restricted as to sale	\$
25.28 On deposit with state or other regulatory body	\$1,598,167
25.29 Other	\$

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] N/A []
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 []

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 [] 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
FirstMerit.....	Akron, Ohio.....
Merrill Lynch.....	Columbus, 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 []

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
None		

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

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 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2001. 00080Y-72-8	Aston/Lake Partners Lasso Alt	.662,804
29.2002. 018642-74-4	AllianceBernstein High Inc Muni Fnd	.911,104
29.2003. 03875R-20-5	Arbitrage Funds CL1	.263,296
29.2004. 04315J-86-0	Artio Global High Income Fund	.855,537
29.2005. 25264S-83-3	Diamond Hill Long Short Fd Cl 1	.457,963
29.2006. 258620-10-3	Doubline Total Ret Bond Fund CL 1	.559,130
29.2007. 277911-49-1	Eaton Vance Floating Rate Fnd CL 1	.736,891
29.2008. 45070A-40-4	IVA International Fund Cl 1	1,841,638
29.2009. 464286-50-9	iShares MSCI Canada Index	.416,344
29.2010. 464287-46-5	iShares MSCI EAFE Index ETF	.858,586
29.2011. 52106N-88-9	Lazard Emerging Mkts Eqty PTFL CL	.511,936
29.2012. 543495-78-2	Loomis Sayles Gbl Bond Fnd	1,464,743
29.2013. 577125-10-7	Matthews Asia Dividend Fund	.920,995
29.2014. 577130-20-6	Matthews Asian Growth and Inc Fnd	.522,164
29.2015. 72201M-45-3	PIMCO Unconstrained Bond Fund CL P	.854,013
29.2016. 72201M-73-5	PIMCO High Yield Fd CL P	1,637,328
29.2017. 746476-40-7	Putnam Cnvtbl Inc Grwth Tr Y	1,271,104
29.2018. 780905-60-0	Royce Premier Fund	1,348,095
29.2019. 880208-40-0	Templeton Global Bond Fnd ADV CL	.875,593
29.2020. 880208-85-5	Templeton Glopbal Total Return Fund	.116,950
29.2021. 885215-56-6	Thornburg International Fund Cl 1	1,605,472
29.2022. 921937-82-7	Vanguard S/T Bond ETF	1,276,842
29.2023. 922023-10-6	Vanguard Convertible Sec Fund	.361,335
29.2999 TOTAL		20,329,860

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

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
Aston/Lake Partners Lasso Alt	Robeco Long/Short EQ1	.377,135	12/31/2012
AllianceBernstein High Inc Muni Fnd	California Pollution Ctl Find Wtr	.60,953	12/31/2012
Arbitrage Funds CL1	Cooper Industries PLC	.65,561	12/31/2012
Artio Global High Income Fund	Williams Clayton Engy	.56,808	12/31/2012
Diamond Hill Long Short Fd Cl 1	hartford Financial Services Group Inc	.67,916	12/31/2012
Doubline Total Ret Bond Fund CL 1	US Treasury Note 1.625%	.43,444	12/31/2012
Eaton Vance Floating Rate Fnd CL 1	Intelsat Jackson Holdings Ltd Term Loan B1	.30,876	12/31/2012
IVA International Fund Cl 1	Gold Bullion	.252,304	12/31/2012
iShares MSCI Canada Index	Royal Bank of Canada	.105,293	12/31/2012
iShares MSCI EAFE Index ETF	Nestle SA	.66,197	12/31/2012
Lazard Emerging Mkts Eqty PTFL CL	Banco de Brasil	.83,343	12/31/2012
Loomis Sayles Gbl Bond Fnd	Japan (Govt Of) 1.3%	.303,348	12/31/2012
Matthews Asia Dividend Fund	Japan tobacco Inc	.169,187	12/31/2012
Matthews Asian Growth and Inc Fnd	Singapore Technologies Engineering	.84,225	12/31/2012
PIMCO Unconstrained Bond Fund CL P	Ois Eur P O .57/1eon 12/18/13 Dub	.271,149	12/31/2012
PIMCO High Yield Fd CL P	PIMCO Fds	.64,183	12/31/2012
Putnam Cnvtbl Inc Grwth Tr Y	Wells Fargo & Co, San Francisco CA	.127,873	12/31/2012
Royce Premier Fund	Lincoln Electric Holdings, Inc	.186,576	12/31/2012
Templeton Global Bond Fnd ADV CL	Korea (Republic Of) 3.0%	.90,011	12/31/2012
Templeton Glopbal Total Return Fund	Uruguay Rep 4.375%	.9,356	12/31/2012
Thornburg International Fund Cl 1	LVMH Moet Hennessy Louis Vuitton SA	.205,179	12/31/2012
Vanguard S/T Bond ETF	US Treasury Note 2.5%	.97,678	12/31/2012
Vanguard Convertible Sec Fund	Omnicare Cv 3.75%	.33,532	12/31/2012

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.....	104,401,550	113,740,534	9,338,984
30.2 Preferred Stocks.....	2,390,695	2,390,695	0
30.3 Totals	106,792,245	116,131,229	9,338,984

30.4 Describe the sources or methods utilized in determining the fair values:

Fair values are determined using price information provided by FT Interactive Data (online pricing service).....

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:

Prices are provided by FT Interactive Data (online pricing service).....

32.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed? Yes [X] 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? \$381,972
- 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.....	\$.....245,151

- 34.1 Amount of payments for legal expenses, if any? \$7,707
- 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.....	\$.....6,039

- 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
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? \$

1.3.1 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$
 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$0

1.6 Individual policies:

Most current three years:

1.6.1 Total premium earned \$0
 1.6.2 Total incurred claims \$0
 1.6.3 Number of covered lives

All years prior to most current three years:

1.6.4 Total premium earned \$0
 1.6.5 Total incurred claims \$0
 1.6.6 Number of covered lives

1.7 Group policies:

Most current three years:

1.7.1 Total premium earned \$0
 1.7.2 Total incurred claims \$0
 1.7.3 Number of covered lives

All years prior to most current three years:

1.7.4 Total premium earned \$0
 1.7.5 Total incurred claims \$0
 1.7.6 Number of covered lives

2. Health Test:

		1		2
		Current Year		Prior Year
2.1	Premium Numerator	\$0	\$	.....0
2.2	Premium Denominator	\$92,372,982	\$	.....86,734,599
2.3	Premium Ratio (2.1/2.2)	.....0.000		.....0.000
2.4	Reserve Numerator	\$0	\$	.....0
2.5	Reserve Denominator	\$81,368,766	\$	.....75,172,073
2.6	Reserve Ratio (2.4/2.5)	.....0.000		.....0.000

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:

3.2.1 Participating policies \$
 3.2.2 Non-participating policies \$

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? %
 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$

5. For Reciprocal Exchanges Only:

5.1 Does the exchange appoint local agents? Yes [] No []
 5.2 If yes, is the commission paid:
 5.2.1 Out of Attorney's-in-fact compensation Yes [] No [] N/A []
 5.2.2 As a direct expense of the exchange Yes [] No [] N/A []

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

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 (\$13.2 million) and a 250-year earthquake event (\$2.7 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 2012, the Company purchased catastrophe excess of loss reinsurance of \$60 million excess \$7.5 million with 5% participation. This limit purchased is approximately a 400-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.....
- 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 this 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, Yes [] No [X]
 (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 Yes [] No [X]
 (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..... \$
 12.12 Unpaid underwriting expenses (including loss adjustment expenses)..... \$
 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] N/A []
 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
 12.41 From..... %
 12.42 To..... %
 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 a 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 current year:
 12.61 Letters of Credit..... \$
 12.62 Collateral and other funds..... \$
 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ 1,000,000
 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. 10
 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 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
16.11 Home	\$	\$	\$	\$	\$
16.12 Products	\$	\$	\$	\$	\$
16.13 Automobile	\$	\$	\$	\$	\$
16.14 Other*	\$	\$	\$	\$	\$

* 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..... \$.....
- 17.12 Unfunded portion of Interrogatory 17.11..... \$.....
- 17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11 \$.....
- 17.14 Case reserves portion of Interrogatory 17.11..... \$.....
- 17.15 Incurred but not reported portion of Interrogatory 17.11..... \$.....
- 17.16 Unearned premium portion of Interrogatory 17.11..... \$.....
- 17.17 Contingent commission portion of Interrogatory 17.11..... \$.....

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..... \$.....
- 17.19 Unfunded portion of Interrogatory 17.18..... \$.....
- 17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18 \$.....
- 17.21 Case reserves portion of Interrogatory 17.18..... \$.....
- 17.22 Incurred but not reported portion of Interrogatory 17.18..... \$.....
- 17.23 Unearned premium portion of Interrogatory 17.18..... \$.....
- 17.24 Contingent commission portion of Interrogatory 17.18..... \$.....

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. \$.....

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. \$.....

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

FIVE-YEAR HISTORICAL DATA

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

	1 2012	2 2011	3 2010	4 2009	5 2008
Gross Premiums Written (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)	51,093,555	49,400,034	46,643,191	44,209,006	43,880,267
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	45,188,018	42,569,661	42,054,369	39,775,070	37,970,151
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	84,926,928	76,783,464	70,203,042	64,519,479	62,068,368
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)	181,208,501	168,753,159	158,900,602	148,503,555	143,918,786
Net Premiums Written (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)	27,847,811	26,907,098	25,327,537	24,023,478	23,885,108
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	24,729,228	23,184,495	22,998,557	21,762,551	20,649,664
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	43,481,484	39,888,155	37,379,891	33,897,878	32,585,502
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)	96,058,523	89,979,748	85,705,985	79,683,907	77,120,274
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(11,937,661)	(8,443,563)	(6,039,778)	(5,932,026)	(5,215,479)
14. Net investment gain (loss) (Line 11)	5,261,200	6,259,982	5,750,815	5,500,135	(399,373)
15. Total other income (Line 15)	1,408,050	1,411,101	1,143,042	1,175,950	1,130,806
16. Dividends to policyholders (Line 17)	0	0	0	0	0
17. Federal and foreign income taxes incurred (Line 19)	(290,321)	(791,670)	(457,141)	(1,577,090)	196,922
18. Net income (Line 20)	(4,978,090)	19,190	1,311,220	2,321,149	(4,680,968)
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	220,646,584	213,957,590	211,362,551	204,073,046	195,801,465
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	15,885,706	15,876,790	14,317,498	13,514,390	12,606,487
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)	95,339,863	88,253,398	85,066,895	81,469,321	79,030,641
22. Losses (Page 3, Line 1)	29,660,936	27,902,250	24,518,708	24,972,029	23,968,134
23. Loss adjustment expenses (Page 3, Line 3)	6,202,966	5,450,500	5,450,500	5,450,500	5,450,500
24. Unearned premiums (Page 3, Line 9)	45,504,864	41,819,323	38,574,174	35,624,577	33,744,740
25. Capital paid up (Page 3, Lines 30 & 31)	0	0	0	0	0
26. Surplus as regards policyholders (Page 3, Line 37)	125,306,721	125,704,192	126,295,656	122,603,725	116,770,824
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	1,439,575	1,511,138	2,575,682	3,611,597	88,278
Risk-Based Capital Analysis					
28. Total adjusted capital	125,306,721	125,704,192	126,295,656	122,603,725	116,770,824
29. Authorized control level risk-based capital	10,347,677	9,769,946	9,948,606	9,291,038	8,189,724
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3)(Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1)	51.3	53.3	53.3	55.3	53.3
31. Stocks (Lines 2.1 & 2.2)	33.6	31.0	32.0	29.0	27.6
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)	2.9	3.1	3.2	3.4	3.8
34. Cash, cash equivalents and short-term investments (Line 5)	9.6	10.0	8.7	9.6	12.9
35. Contract loans (Line 6)	0.0	0.0	0.0	0.0	0.0
36. Derivatives (Line 7)	0.0	0.0	0.0	XXX	XXX
37. Other invested assets (Line 8)	2.6	2.6	2.7	2.6	2.4
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	0.0	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
Investments in Parent, Subsidiaries and Affiliates					
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)	273,733	263,165	268,119	255,793	246,022
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	273,733	263,165	268,119	255,793	246,022
49. Total Investment in parent included in Lines 42 to 47 above					
50. 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)	0.2	0.2	0.2	0.2	0.2

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2012	2 2011	3 2010	4 2009	5 2008
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	2,302,508	(1,567,400)	2,410,821	3,889,928	(11,133,263)
52. Dividends to stockholders (Line 35)	0	0	0	0	0
53. Change in surplus as regards policyholders for the year (Line 38)	(397,471)	(591,464)	3,691,931	5,832,901	(14,502,706)
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
54. 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)	32,160,930	27,624,482	27,008,890	27,226,041	25,002,640
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)	26,338,401	25,810,248	23,400,302	21,473,946	22,180,712
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	63,384,725	55,973,446	42,421,756	41,684,124	46,214,893
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	0	0	0	0	0
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
59. Total (Line 35)	121,884,056	109,408,176	92,830,948	90,384,111	93,398,245
Net Losses Paid (Page 9, Part 2, Col. 4)					
60. 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)	17,688,512	15,193,466	14,848,859	14,296,997	13,520,104
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)	14,219,862	13,787,944	12,870,167	11,738,277	12,088,352
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	29,102,992	24,248,590	22,931,324	19,962,666	21,649,283
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	0	0	0	0	0
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
65. Total (Line 35)	61,011,366	53,230,000	50,650,350	45,997,940	47,257,739
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2)	68.0	65.3	60.7	60.4	61.9
68. Loss expenses incurred (Line 3)	10.7	9.3	9.8	10.4	11.4
69. Other underwriting expenses incurred (Line 4)	34.3	35.1	36.8	36.8	33.5
70. Net underwriting gain (loss) (Line 8)	(12.9)	(9.7)	(7.3)	(7.6)	(6.8)
Other Percentages					
71. 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)	31.5	32.3	34.2	34.5	32.0
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	78.6	74.6	70.5	70.8	73.3
73. 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)	76.7	71.6	67.9	65.0	66.0
One Year Loss Development (000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	(804)	(2,552)	(3,150)	(2,327)	(2,265)
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100.0)	(0.6)	(2.0)	(2.6)	(2.0)	(1.7)
Two Year Loss Development (000 omitted)					
76. 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)	(2,920)	(4,038)	(5,124)	(4,600)	(3,288)
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0)	(2.3)	(3.3)	(4.4)	(3.5)	(2.6)

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 Number of Claims Reported Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX	183	171	0	0	19	0	21	31	XXX
2. 2003	82,851	5,713	77,138	46,983	2,564	1,003	162	4,537	17	2,226	49,780	XXX
3. 2004	84,792	5,526	79,266	48,085	4,653	1,038	105	5,106	18	2,679	49,453	XXX
4. 2005	84,145	5,292	78,853	38,931	2,622	909	185	4,912	18	1,949	41,927	XXX
5. 2006	82,466	5,346	77,120	49,204	6,594	1,175	38	6,344	33	2,135	50,058	XXX
6. 2007	81,264	3,965	77,299	47,268	3,237	1,205	178	6,596	31	2,381	51,623	XXX
7. 2008	81,186	4,153	77,033	56,018	8,299	1,472	0	7,707	0	2,153	56,898	XXX
8. 2009	82,075	4,269	77,806	49,215	1,997	979	0	5,748	0	2,167	53,945	XXX
9. 2010	86,814	4,058	82,756	49,356	188	647	0	6,286	4	2,479	56,097	XXX
10. 2011	92,817	6,085	86,732	64,542	13,157	294	0	6,993	4	2,436	58,668	XXX
11. 2012	99,818	7,447	92,371	51,855	7,508	93	0	6,413	0	1,253	50,853	XXX
12. Totals	XXX	XXX	XXX	501,640	50,990	8,815	668	60,661	125	21,879	519,333	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13	14	15	16	17	18	19	20					
	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded					
1.	87	0	0	0	0	0	0	0	2	1	0	88	XXX
2.	0	0	0	0	0	0	0	0	3	1	0	2	XXX
3.	0	0	0	0	1	0	1	1	5	2	0	4	XXX
4.	38	0	1	1	2	0	2	0	7	1	0	48	XXX
5.	249	0	35	0	8	2	5	7	17	4	0	301	XXX
6.	83	0	3	0	27	6	12	13	48	9	0	145	XXX
7.	281	(3)	41	22	67	13	28	24	105	20	0	446	XXX
8.	901	1	179	162	136	26	66	60	191	31	0	1,193	XXX
9.	2,866	248	220	184	168	18	88	46	297	37	0	3,106	XXX
10.	7,306	61	1,173	629	349	48	247	94	713	201	0	8,755	XXX
11.	15,453	1,670	6,939	3,221	1,724	38	621	90	2,199	143	0	21,774	XXX
12.	27,264	1,977	8,591	4,219	2,482	151	1,070	335	3,587	450	0	35,862	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	87	1
2.	52,526	2,744	49,782	63.4	48.0	64.5	0	0	55.0	0	2
3.	54,236	4,779	49,457	64.0	86.5	62.4	0	0	55.0	0	4
4.	44,802	2,827	41,975	53.2	53.4	53.2	0	0	55.0	38	10
5.	57,037	6,678	50,359	69.2	124.9	65.3	0	0	55.0	284	17
6.	55,242	3,474	51,768	68.0	87.6	67.0	0	0	55.0	86	59
7.	65,719	8,375	57,344	80.9	201.7	74.4	0	0	55.0	303	143
8.	57,415	2,277	55,138	70.0	53.3	70.9	0	0	55.0	917	276
9.	59,928	725	59,203	69.0	17.9	71.5	0	0	55.0	2,654	452
10.	81,617	14,194	67,423	87.9	233.3	77.7	0	0	55.0	7,789	966
11.	85,297	12,670	72,627	85.5	170.1	78.6	0	0	55.0	17,501	4,273
12.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	29,659	6,203

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

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	One Year	Two Year
1. Prior	16,051	12,990	10,751	10,238	9,887	9,669	9,511	9,396	9,313	9,316	3	(80)
2. 2003	53,654	47,892	46,079	45,745	45,646	45,495	45,330	45,279	45,266	45,260	(6)	(19)
3. 2004	XXX	50,893	47,045	45,557	44,933	44,531	44,378	44,413	44,378	44,366	(12)	(47)
4. 2005	XXX	XXX	40,381	38,258	37,832	37,371	37,340	37,083	37,057	37,075	18	(8)
5. 2006	XXX	XXX	XXX	45,107	45,370	44,551	44,237	44,069	43,995	44,035	40	(34)
6. 2007	XXX	XXX	XXX	XXX	47,593	47,379	45,865	45,102	45,100	45,164	64	62
7. 2008	XXX	XXX	XXX	XXX	XXX	50,928	50,936	49,458	49,157	49,552	395	94
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX	50,332	49,979	49,625	49,230	(395)	(749)
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	54,800	53,136	52,661	(475)	(2,139)
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	60,358	59,922	(436)	XXX
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	64,158	XXX	XXX
12. Totals											(804)	(2,920)

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
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012		
1. Prior	000	5,617	7,866	8,628	8,922	9,120	9,183	9,234	9,217	9,229	XXX	XXX
2. 2003	33,013	40,330	42,983	44,406	45,157	45,236	45,286	45,270	45,255	45,260	XXX	XXX
3. 2004	XXX	31,364	40,558	42,735	43,575	43,922	44,209	44,246	44,239	44,365	XXX	XXX
4. 2005	XXX	XXX	25,845	33,223	35,566	36,368	36,884	37,029	37,018	37,033	XXX	XXX
5. 2006	XXX	XXX	XXX	30,167	39,323	41,468	42,910	43,408	43,649	43,747	XXX	XXX
6. 2007	XXX	XXX	XXX	XXX	31,474	40,156	42,152	43,749	44,314	45,058	XXX	XXX
7. 2008	XXX	XXX	XXX	XXX	XXX	35,877	44,534	46,951	48,173	49,191	XXX	XXX
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX	33,992	43,947	46,628	48,197	XXX	XXX
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	37,422	46,244	49,815	XXX	XXX
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	40,944	51,679	XXX	XXX
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	44,440	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1. Prior	2,412	1,285	399	273	113	45	6	0	0	0
2. 2003	6,732	897	291	91	107	58	4	0	1	0
3. 2004	XXX	6,103	1,046	516	102	91	13	0	2	0
4. 2005	XXX	XXX	4,872	512	332	40	28	0	3	2
5. 2006	XXX	XXX	XXX	4,201	425	167	97	28	14	33
6. 2007	XXX	XXX	XXX	XXX	4,501	285	250	47	25	2
7. 2008	XXX	XXX	XXX	XXX	XXX	3,941	572	202	38	23
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX	4,125	287	246	23
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,629	532	78
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,395	697
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,249

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated By States And Territories

States, etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)	
		2 Direct Premiums Written	3 Direct Premiums Earned							
1. Alabama	AL	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. 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	24,458,993	23,553,669	0	19,846,801	23,337,069	8,305,906	249,522	
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	59,788,528	57,648,406	0	42,173,608	42,681,476	17,784,701	713,197	
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	CAN	N	0	0	0	0	0	0	0	
58. Aggregate other alien	OT	XXX	0	0	0	0	0	0	0	
59. Totals	(a) 4		84,247,521	81,202,075	0	62,020,409	66,018,545	26,090,607	962,719	
DETAILS OF WRITE-INS										
58001.	XXX									
58002.	XXX									
58003.	XXX									
58998. Sum. of remaining write-ins for Line 58 from overflow page	XXX		0	0	0	0	0	0	0	
58999. Totals (Lines 58001 through 58003 + 58998) (Line 58 above)	XXX		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.

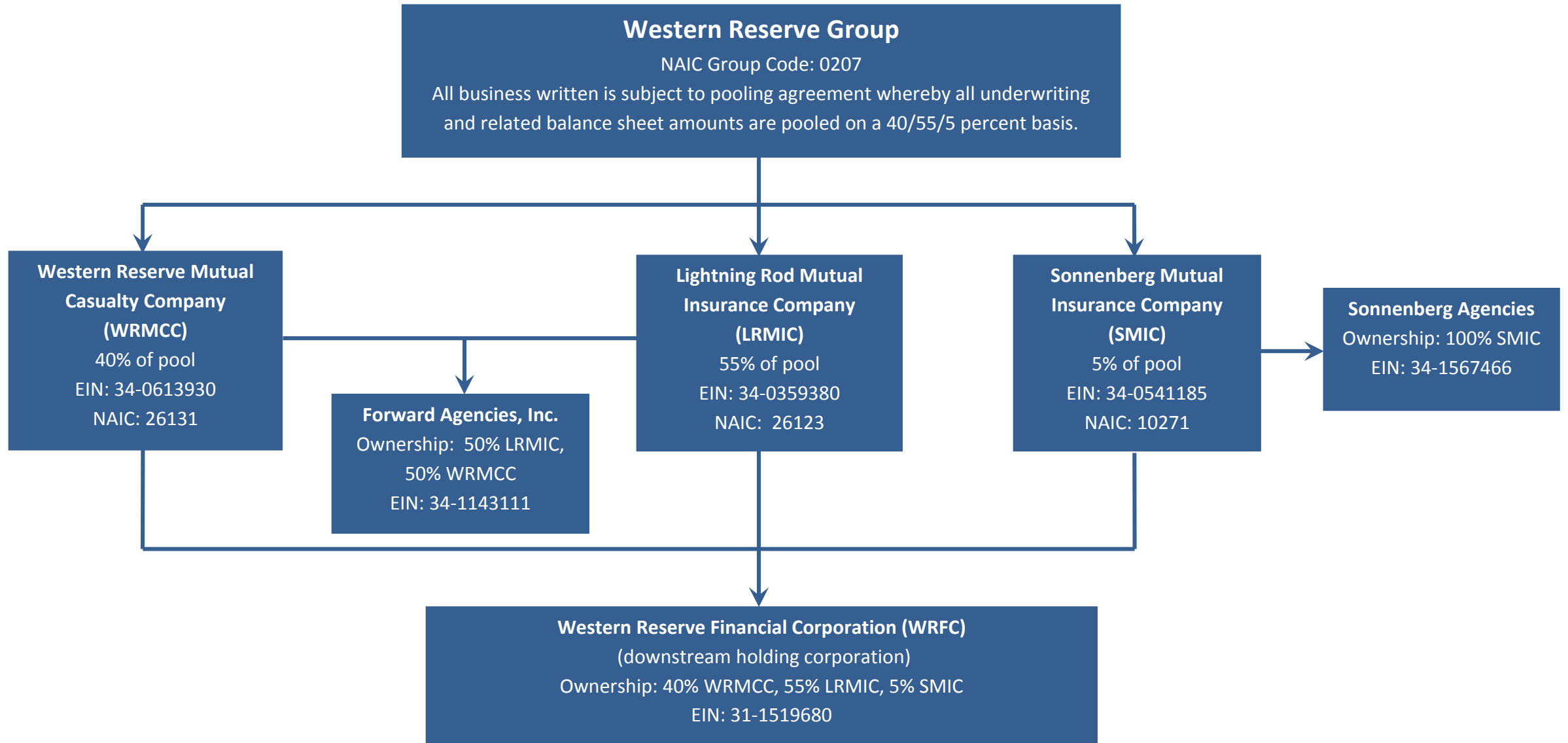
Explanation of basis of allocation of premiums by states, etc.

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



ALPHABETICAL INDEX

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	101
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 – Section 1	25
Schedule F – Part 6 – Section 2	27
Schedule F – Part 7	28
Schedule F – Part 8	29
Schedule F – Part 9	30
Schedule H – Accident and Health Exhibit – Part 1	31
Schedule H – Part 2, Part 3, and Part 4	32
Schedule H – Part 5 – Health Claims	33
Schedule P – Part 1 – Summary	34
Schedule P – Part 1A – Homeowners/Farmowners	36
Schedule P – Part 1B – Private Passenger Auto Liability/Medical	37
Schedule P – Part 1C – Commercial Auto/Truck Liability/Medical	38
Schedule P – Part 1D – Workers’ Compensation (Excluding Excess Workers’ Compensation)	39

ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK (Continued)

Schedule P – Part 1E – Commercial Multiple Peril	40
Schedule P – Part 1F – Section 1 – Medical Professional Liability – Occurrence	41
Schedule P – Part 1F – Section 2 – Medical Professional Liability – Claims-Made	42
Schedule P – Part 1G – Special Liability (Ocean, Marine, Aircraft (All Perils), Boiler and Machinery)	43
Schedule P – Part 1H – Section 1 – Other Liability–Occurrence	44
Schedule P – Part 1H – Section 2 – Other Liability – Claims-Made	45
Schedule P – Part 1I – Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary & Theft)	46
Schedule P – Part 1J – Auto Physical Damage	47
Schedule P – Part 1K – Fidelity/Surety	48
Schedule P – Part 1L – Other (Including Credit, Accident and Health)	49
Schedule P – Part 1M – International	50
Schedule P – Part 1N – Reinsurance – Nonproportional Assumed Property	51
Schedule P – Part 1O – Reinsurance – Nonproportional Assumed Liability	52
Schedule P – Part 1P – Reinsurance – Nonproportional Assumed Financial Lines	53
Schedule P – Part 1R – Section 1 – Products Liability – Occurrence	54
Schedule P – Part 1R – Section 2 – Products Liability – Claims – Made	55
Schedule P – Part 1S – Financial Guaranty/Mortgage Guaranty	56
Schedule P – Part 1T – Warranty	57
Schedule P – Part 2, Part 3 and Part 4 – Summary	35
Schedule P – Part 2A – Homeowners/Farmowners	58
Schedule P – Part 2B – Private Passenger Auto Liability/Medical	58
Schedule P – Part 2C – Commercial Auto/Truck Liability/Medical	58
Schedule P – Part 2D – Workers’ Compensation (Excluding Excess Workers’ Compensation)	58
Schedule P – Part 2E – Commercial Multiple Peril	58
Schedule P – Part 2F – Section 1 – Medical Professional Liability – Occurrence	59
Schedule P – Part 2F – Section 2 – Medical Professional Liability – Claims – Made	59
Schedule P – Part 2G – Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery)	59
Schedule P – Part 2H – Section 1 – Other Liability – Occurrence	59
Schedule P – Part 2H – Section 2 – Other Liability – Claims – Made	59
Schedule P – Part 2I – Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, and Theft)	60
Schedule P – Part 2J – Auto Physical Damage	60
Schedule P – Part 2K – Fidelity, Surety	60
Schedule P – Part 2L – Other (Including Credit, Accident and Health)	60
Schedule P – Part 2M – International	60
Schedule P – Part 2N – Reinsurance – Nonproportional Assumed Property	61
Schedule P – Part 2O – Reinsurance – Nonproportional Assumed Liability	61
Schedule P – Part 2P – Reinsurance – Nonproportional Assumed Financial Lines	61
Schedule P – Part 2R – Section 1 – Products Liability – Occurrence	62
Schedule P – Part 2R – Section 2 – Products Liability – Claims-Made	62
Schedule P – Part 2S – Financial Guaranty/Mortgage Guaranty	62
Schedule P – Part 2T – Warranty	62
Schedule P – Part 3A – Homeowners/Farmowners	63

ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK (Continued)

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

ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK (Continued)

Schedule P – Part 4S – Financial Guaranty/Mortgage Guaranty	72
Schedule P – Part 4T – Warranty	72
Schedule P – Part 5A – Homeowners/Farmowners	73
Schedule P – Part 5B – Private Passenger Auto Liability/Medical	74
Schedule P – Part 5C – Commercial Auto/Truck Liability/Medical	75
Schedule P – Part 5D – Workers’ Compensation (Excluding Excess Workers’ Compensation)	76
Schedule P – Part 5E – Commercial Multiple Peril	77
Schedule P – Part 5F – Medical Professional Liability – Claims-Made	79
Schedule P – Part 5F – Medical Professional Liability – Occurrence	78
Schedule P – Part 5H – Other Liability – Claims-Made	81
Schedule P – Part 5H – Other Liability – Occurrence	80
Schedule P – Part 5R – Products Liability – Claims-Made	83
Schedule P – Part 5R – Products Liability – Occurrence	82
Schedule P – Part 5T – Warranty	84
Schedule P – Part 6C – Commercial Auto/Truck Liability/Medical	85
Schedule P – Part 6D – Workers’ Compensation (Excluding Excess Workers’ Compensation)	85
Schedule P – Part 6E – Commercial Multiple Peril	86
Schedule P – Part 6H – Other Liability – Claims-Made	87
Schedule P – Part 6H – Other Liability – Occurrence	86
Schedule P – Part 6M – International	87
Schedule P – Part 6N – Reinsurance – Nonproportional Assumed Property	88
Schedule P – Part 6O – Reinsurance – Nonproportional Assumed Liability	88
Schedule P – Part 6R – Products Liability – Claims-Made	89
Schedule P – Part 6R – Products Liability – Occurrence	89
Schedule P – Part 7A – Primary Loss Sensitive Contracts	90
Schedule P – Part 7B – Reinsurance Loss Sensitive Contracts	92
Schedule P Interrogatories	93
Schedule T – Exhibit of Premiums Written	95
Schedule T – Part 2 – Interstate Compact	96
Schedule Y – Information Concerning Activities of Insurer Members of a Holding Company Group	97
Schedule Y – Part 1A – Detail of Insurance Holding Company System	98
Schedule Y – Part 2 – Summary of Insurer’s Transactions With Any Affiliates	99
Statement of Income	4
Summary Investment Schedule	SI01
Supplemental Exhibits and Schedules Interrogatories	100
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

