



QUARTERLY STATEMENT
AS OF MARCH 31, 2014
OF THE CONDITION AND AFFAIRS OF THE
SONNENBERG MUTUAL INSURANCE COMPANY

NAIC Group Code 0207, NAIC Company Code 10271, Employer's ID Number 34-0541185
Organized under the Laws of Ohio, State of Domicile or Port of Entry Ohio
Country of Domicile United States
Incorporated/Organized 01/01/1905, Commenced Business 01/01/1859
Statutory Home Office 1685 Cleveland Road, Wooster, OH, US 44691
Main Administrative Office 1685 Cleveland Road, Wooster, OH, US 44691-0036, 330-262-9060
Mail Address 1685 Cleveland Road, Wooster, OH, US 44691-0036
Primary Location of Books and Records 1685 Cleveland Road, Wooster, OH, US 44691-0036, 330-262-9060
Internet Web Site Address www.wrg-ins.com
Statutory Statement Contact Brooke M McVay, CPA, 330-262-9060-2446, brooke\_mcvay@wrg-ins.com

OFFICERS

Table with 4 columns: Name, Title, Name, Title. Row 1: KEVIN W. DAY, PRESIDENT AND SECRETARY - CHIEF EXECUTIVE OFFICER, MICHAEL A. SHUTT, VICE PRESIDENT AND TREASURER -CHIEF FINANCIAL OFFICER

OTHER OFFICERS

Table with 4 columns: Name, Title, Name, Title. Row 1: GREGORY A. BRUNN, VICE PRESIDENT -CHIEF MARKETING & UNDERWRITING OFFICER, GARY W. GWINN, VICE PRESIDENT -CHIEF CLAIMS OFFICER

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Name, Name, Name. Row 1: ROBERT P. BOGNER, KEVIN W. DAY, JEFFREY P. HASTINGS, RONALD E. HOLTMAN

State of Ohio

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 AND SECRETARY -CHIEF
EXECUTIVE OFFICER

MICHAEL A. SHUTT
VICE PRESIDENT AND TREASURER -CHIEF
FINANCIAL OFFICER

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

Subscribed and sworn to before me this 13th day of May, 2014

Lauresa Durham, Notary Public
Juy 30, 2016

STATEMENT AS OF MARCH 31, 2014 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds .....	13,156,394		13,156,394	12,732,287
2. Stocks:				
2.1 Preferred stocks .....	49,410		49,410	49,266
2.2 Common stocks .....	6,545,347	3,361	6,541,986	6,364,144
3. Mortgage loans on real estate:				
3.1 First liens .....	0		0	0
3.2 Other than first liens .....	0		0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ ..... encumbrances) .....	0		0	0
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 (\$ .....181,244 ), cash equivalents (\$ .....0 ) and short-term investments (\$ .....842,065 ) .....	1,023,309		1,023,309	1,269,654
6. Contract loans (including \$ ..... premium notes) .....	0		0	0
7. Derivatives .....	0		0	0
8. Other invested assets .....	323,081		323,081	435,046
9. Receivables for securities .....	0		0	0
10. Securities lending reinvested collateral assets .....	0		0	0
11. Aggregate write-ins for invested assets .....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	21,097,541	3,361	21,094,180	20,850,397
13. Title plants less \$ ..... charged off (for Title insurers only) .....	0		0	0
14. Investment income due and accrued .....	152,338		152,338	114,690
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	306,547	456	306,091	306,236
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....	0		0	0
15.3 Accrued retrospective premiums .....	0		0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	2,093		2,093	3,816
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 .....	17,504		17,504	77,781
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 (\$ ..... ) .....	0		0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....	0		0	0
23. Receivables from parent, subsidiaries and affiliates .....	120,890		120,890	548,510
24. Health care (\$ ..... ) and other amounts receivable .....	0		0	0
25. Aggregate write-ins for other-than-invested assets .....	27,956	27,956	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	21,724,869	31,773	21,693,096	21,901,430
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	0		0	0
28. Total (Lines 26 and 27) .....	21,724,869	31,773	21,693,096	21,901,430
<b>DETAILS OF WRITE-INS</b>				
1101. ....				
1102. ....				
1103. ....				
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above) .....	0	0	0	0
2501. Prepaid Expense .....	27,956	27,956	0	0
2502. ....				
2503. ....				
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	27,956	27,956	0	0

STATEMENT AS OF MARCH 31, 2014 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$ .....580,064 ) .....	2,932,363	2,927,913
2. Reinsurance payable on paid losses and loss adjustment expenses .....	0	0
3. Loss adjustment expenses .....	583,902	583,903
4. Commissions payable, contingent commissions and other similar charges .....	190,408	395,628
5. Other expenses (excluding taxes, licenses and fees) .....	197,978	389,577
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....	145,250	115,432
7.1 Current federal and foreign income taxes (including \$ ..... on realized capital gains (losses)) .....	0	0
7.2 Net deferred tax liability .....	133,860	72,397
8. Borrowed money \$ ..... and interest thereon \$ .....	0	0
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ ..... 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) .....	4,326,669	4,373,822
10. Advance premium .....	99,706	69,163
11. Dividends declared and unpaid:		
11.1 Stockholders .....	0	0
11.2 Policyholders .....	0	0
12. Ceded reinsurance premiums payable (net of ceding commissions) .....	(48,815)	48,100
13. Funds held by company under reinsurance treaties .....	0	0
14. Amounts withheld or retained by company for account of others .....	295,047	408,234
15. Remittances and items not allocated .....	0	0
16. Provision for reinsurance (including \$ ..... certified) .....	0	0
17. Net adjustments in assets and liabilities due to foreign exchange rates .....	0	0
18. Drafts outstanding .....	0	0
19. Payable to parent, subsidiaries and affiliates .....	0	0
20. Derivatives .....	0	0
21. Payable for securities .....	0	0
22. Payable for securities lending .....	0	0
23. Liability for amounts held under uninsured plans .....	0	0
24. Capital notes \$ ..... and interest thereon \$ .....	0	0
25. Aggregate write-ins for liabilities .....	0	0
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25) .....	8,856,368	9,384,169
27. Protected cell liabilities .....	0	0
28. Total liabilities (Lines 26 and 27) .....	8,856,368	9,384,169
29. Aggregate write-ins for special surplus funds .....	0	0
30. Common capital stock .....	0	0
31. Preferred capital stock .....	0	0
32. Aggregate write-ins for other than special surplus funds .....	0	0
33. Surplus notes .....	0	0
34. Gross paid in and contributed surplus .....	0	0
35. Unassigned funds (surplus) .....	12,836,728	12,517,261
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) .....	12,836,728	12,517,261
38. Totals (Page 2, Line 28, Col. 3)	21,693,096	21,901,430
<b>DETAILS OF WRITE-INS</b>		
2501. ....		
2502. ....		
2503. ....		
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	0	0
2901. ....		
2902. ....		
2903. ....		
2998. Summary of remaining write-ins for Line 29 from overflow page .....	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0
3201. ....		
3202. ....		
3203. ....		
3298. Summary of remaining write-ins for Line 32 from overflow page .....	0	0
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)	0	0

## STATEMENT OF INCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
<b>UNDERWRITING INCOME</b>			
1. Premiums earned:			
1.1 Direct (written \$ 671,356 )	682,994	578,168	2,506,768
1.2 Assumed (written \$ 2,291,200 )	2,338,359	2,163,420	9,049,997
1.3 Ceded (written \$ 671,356 )	682,998	529,341	2,506,768
1.4 Net (written \$ 2,291,200 )	2,338,355	2,212,247	9,049,997
DEDUCTIONS:			
2. Losses incurred (current accident year \$ )::			
2.1 Direct	760,127	(15,006)	479,295
2.2 Assumed	1,206,174	936,174	4,895,690
2.3 Ceded	760,127	(13,508)	479,295
2.4 Net	1,206,174	934,676	4,895,690
3. Loss adjustment expenses incurred	223,540	191,924	918,499
4. Other underwriting expenses incurred	736,967	687,789	3,092,045
5. Aggregate write-ins for underwriting deductions	0	0	0
6. Total underwriting deductions (Lines 2 through 5)	2,166,681	1,814,389	8,906,234
7. Net income of protected cells	0	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	171,674	397,858	143,763
<b>INVESTMENT INCOME</b>			
9. Net investment income earned	127,543	130,306	539,235
10. Net realized capital gains (losses) less capital gains tax of \$ 8,377	16,262	34,190	117,656
11. Net investment gain (loss) (Lines 9 + 10)	143,805	164,496	656,891
<b>OTHER INCOME</b>			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$ 2,021 )	(2,021)	(1,789)	(8,945)
13. Finance and service charges not included in premiums	37,552	35,640	148,287
14. Aggregate write-ins for miscellaneous income	(128)	50	83
15. Total other income (Lines 12 through 14)	35,403	33,901	139,425
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	350,882	596,256	940,079
17. Dividends to policyholders	0	0	0
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	350,882	596,256	940,079
19. Federal and foreign income taxes incurred	51,900	(17,613)	11,608
20. Net income (Line 18 minus Line 19)(to Line 22)	298,982	613,869	928,471
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
21. Surplus as regards policyholders, December 31 prior year	12,517,261	11,252,410	11,252,409
22. Net income (from Line 20)	298,982	613,869	928,471
23. Net transfers (to) from Protected Cell accounts	0	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 37,417	72,633	243,152	423,821
25. Change in net unrealized foreign exchange capital gain (loss)	0	0	0
26. Change in net deferred income tax	(24,046)	(208,362)	(179,523)
27. Change in nonadmitted assets	(28,102)	7,984	50,166
28. Change in provision for reinsurance	0	0	26,640
29. Change in surplus notes	0	0	0
30. Surplus (contributed to) withdrawn from protected cells	0	0	0
31. Cumulative effect of changes in accounting principles	0	0	0
32. Capital changes:			
32.1 Paid in	0	0	0
32.2 Transferred from surplus (Stock Dividend)	0	0	0
32.3 Transferred to surplus	0	0	0
33. Surplus adjustments:			
33.1 Paid in	0	0	0
33.2 Transferred to capital (Stock Dividend)	0	0	0
33.3 Transferred from capital	0	0	0
34. Net remittances from or (to) Home Office	0	0	0
35. Dividends to stockholders	0	0	0
36. Change in treasury stock	0	0	0
37. Aggregate write-ins for gains and losses in surplus	0	(3,331)	15,277
38. Change in surplus as regards policyholders (Lines 22 through 37)	319,467	653,312	1,264,852
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	12,836,728	11,905,722	12,517,261
<b>DETAILS OF WRITE-INS</b>			
0501.		0	0
0502.		0	0
0503.		0	0
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0
1401. Other Income (Expense)	(128)	50	83
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)	(128)	50	83
3701. Change in Surplus Due to Prior Period Adjustment (See Footnote 2)	0	0	5,140
3702. Change in Surplus Due to Adoption of SSAP No. 102 less deferred tax of \$4,103	0	7,963	7,962
3703. Change in Option Liability	0	(11,294)	2,175
3798. Summary of remaining write-ins for Line 37 from overflow page	0	0	0
3799. TOTALS (Lines 3701 through 3703 plus 3798) (Line 37 above)	0	(3,331)	15,277

STATEMENT AS OF MARCH 31, 2014 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>Cash from Operations</b>			
1. Premiums collected net of reinsurance.....	2,224,830	2,199,465	9,273,249
2. Net investment income .....	99,885	107,164	569,306
3. Miscellaneous income .....	35,403	33,901	139,425
4. Total (Lines 1 to 3) .....	2,360,118	2,340,530	9,981,980
5. Benefit and loss related payments .....	1,200,001	942,147	4,506,312
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions .....	1,327,509	992,061	3,675,455
8. Dividends paid to policyholders .....	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ ..... tax on capital gains (losses).....	0	0	149,999
10. Total (Lines 5 through 9) .....	2,527,510	1,934,208	8,331,766
11. Net cash from operations (Line 4 minus Line 10) .....	(167,392)	406,322	1,650,214
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds .....	112,811	574,943	1,760,846
12.2 Stocks .....	1,758	1,092,386	3,718,290
12.3 Mortgage loans .....	0	0	0
12.4 Real estate .....	0	0	0
12.5 Other invested assets .....	118,146	23,425	43,380
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....	0	0	0
12.7 Miscellaneous proceeds .....	0	4,413	28,560
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	232,715	1,695,167	5,551,076
13. Cost of investments acquired (long-term only):			
13.1 Bonds .....	546,654	365,048	2,416,157
13.2 Stocks .....	51,491	958,386	3,378,007
13.3 Mortgage loans .....	0	0	0
13.4 Real estate .....	0	0	0
13.5 Other invested assets .....	0	0	0
13.6 Miscellaneous applications .....	0	1,783	22,560
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	598,145	1,325,217	5,816,724
14. Net increase (or decrease) in contract loans and premium notes .....	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) .....	(365,430)	369,951	(265,648)
<b>Cash from Financing and Miscellaneous Sources</b>			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes .....	0	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0	0
16.3 Borrowed funds .....	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....	0	0	0
16.5 Dividends to stockholders .....	0	0	0
16.6 Other cash provided (applied).....	286,477	(500,454)	(853,811)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6).....	286,477	(500,454)	(853,811)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	(246,345)	275,819	530,755
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	1,269,654	738,899	738,899
19.2 End of period (Line 18 plus Line 19.1) .....	1,023,309	1,014,718	1,269,654

## NOTES TO FINANCIAL STATEMENTS

### 1. Summary of Significant Accounting Policies

#### A. Accounting Practices

The financial statements of Sonnenberg Mutual Insurance Company (SMIC) 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

No significant changes.

#### C. Accounting Policy

No significant changes.

### 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.

Effective January 1, 2013 the Company adopted the provisions of SSAP No. 102, *Accounting for Pensions, A Replacement of SSAP No. 89*. As a result, the Company recorded an adjustment to unassigned funds (surplus) net of deferred tax (\$4,103) of \$7,962.

In accordance with SSAP No. 3 *Accounting Changes and Errors*, the Company recorded a prior period adjustment to true—up the cost bases of mutual funds for prior year distributions originally reported as return of capital that the fund later reclassified as dividends. The net impact to surplus was an increase of \$5,140.

### 3. Business Combinations and Goodwill

#### A. Statutory Purchase Method

Not applicable.

#### B. Statutory Merger

Not applicable.

#### C. Impairment Loans

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.

## NOTES TO FINANCIAL STATEMENTS

## F. Real Estate

Not applicable.

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

Not applicable.

## H. Restricted Assets

Not applicable.

**6. Joint Ventures, Partnerships and Limited Liability Companies**

No significant changes.

**7. Investment Income**

No significant changes.

**8. Derivative Instruments**

No significant changes.

**9. Income Taxes**

A. The components of the net deferred tax asset/(liability) at March 31, 2014 and December 31, 2013 are as follows:

1.

	<b>03/31/2014</b>		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
(a) Gross Deferred Tax Assets	\$ 801,240	\$ 103,934	\$ 905,174
(b) Statutory Valuation Allowance Adjustments	—	—	—
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	801,240	103,934	905,174
(d) Deferred Tax Assets Nonadmitted	—	—	—
(e) Subtotal Net Deferred Tax Asset (1c – 1d)	801,240	103,934	905,174
(f) Deferred Tax Liabilities	(78,494)	(960,540)	(1,039,034)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	<u>\$ 722,746</u>	<u>\$ (856,606)</u>	<u>\$ (133,860)</u>
	<b>12/31/2013</b>		
	(4)	(5)	(6)
	Ordinary	Capital	(Col 4+5) Total
(a) Gross Deferred Tax Assets	\$ 810,536	\$ 113,360	\$ 923,896
(b) Statutory Valuation Allowance Adjustments	—	—	—
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	810,536	113,360	923,896
(d) Deferred Tax Assets Nonadmitted	—	—	—
(e) Subtotal Net Deferred Tax Asset (1c – 1d)	810,536	113,360	923,896
(f) Deferred Tax Liabilities	(73,170)	(923,123)	(996,293)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	<u>\$ 737,366</u>	<u>\$ (809,763)</u>	<u>\$ (72,397)</u>

## NOTES TO FINANCIAL STATEMENTS

	<b>Change</b>		
	(7) (Col 1—4) Ordinary	(8) (Col 2—5) Capital	(9) (Co 7+8) Total
(a) Gross Deferred Tax Assets	\$ (9,296)	\$ (9,426)	\$ (18,722)
(b) Statutory Valuation Allowance Adjustments	—	—	—
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	(9,296)	(9,426)	(18,722)
(d) Deferred Tax Assets Nonadmitted	—	—	—
(e) Subtotal Net Deferred Tax Asset (1c – 1d)	(9,296)	(9,426)	(18,722)
(f) Deferred Tax Liabilities	(5,324)	(37,417)	(42,741)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	<u>\$ (14,620)</u>	<u>\$ (46,843)</u>	<u>\$ (61,463)</u>
<b>2. Admission Calculation Components SSAP No. 101</b>			
	<b>03/31/2014</b>		
	(1) Ordinary	(2) Capital	(3) (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)	434,335	—	434,335
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	434,335	—	434,335
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	1,925,509
(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>366,905</u>	<u>103,934</u>	<u>470,839</u>
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))	<u>\$ 801,240</u>	<u>\$ 103,934</u>	<u>\$ 905,174</u>
	<b>12/31/2013</b>		
	(4) Ordinary	(5) Capital	(6) (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)	434,335	—	434,335
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	434,335	—	434,335
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	1,868,311
(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>376,200</u>	<u>113,361</u>	<u>489,561</u>
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))	<u>\$ 810,535</u>	<u>\$ 113,361</u>	<u>\$ 923,896</u>

## NOTES TO FINANCIAL STATEMENTS

	<b>Change</b>		
	(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. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	—	—	—
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	57,198
(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>(9,295)</u>	<u>(9,427)</u>	<u>(18,723)</u>
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))	<u>\$ (9,295)</u>	<u>\$ (9,427)</u>	<u>\$ (18,723)</u>
<b>3.</b>			
	<u><b>2014</b></u>	<u><b>2013</b></u>	
(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.	\$ 12,836,728	\$ 12,517,261	
<b>4. Impact of Tax—Planning Strategies</b>			
	<u><b>03/31/2014</b></u>		
	(1)	(2)	
	<u>Ordinary</u>	<u>Capital</u>	
(a) Determination Of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets, By Tax Character As A Percentage.			
1. Adjusted Gross DTAs Amount From Note 9A1(c)	\$ 801,240	\$ 103,934	
2. Percentage of Adjusted Gross DTAs By Tax Character Attributable To The Impact Of Tax Planning Strategies	0%	0%	
3. Net Admitted Adjusted Gross DTAs Amount from Note 9A1(e)	\$ 801,240	\$ 103,934	
4. Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies	0%	0%	
	<u><b>12/31/2013</b></u>		
	(3)	(4)	
	<u>Ordinary</u>	<u>Capital</u>	
(a) Determination Of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets, By Tax Character As A Percentage.			
1. Adjusted Gross DTAs Amount From Note 9A1(c)	\$ 810,536	\$ 113,360	
2. Percentage of Adjusted Gross DTAs By Tax Character Attributable To The Impact Of Tax Planning Strategies	0%	0%	
3. Net Admitted Adjusted Gross DTAs Amount from Note 9A1(e)	\$ 810,536	\$ 113,360	
4. Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies	0%	0%	

## NOTES TO FINANCIAL STATEMENTS

	Change	
	(5)	(6)
	(Col 1-3) Ordinary	(Col 2-4) Capital
(a) Determination Of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets, By Tax Character As A Percentage.		
1. Adjusted Gross DTAs Amount From Note 9A1(c)	\$ (9,295)	\$ (9,427)
2. Percentage of Adjusted Gross DTAs By Tax Character Attributable To The Impact Of Tax Planning Strategies	0%	0%
3. Net Admitted Adjusted Gross DTAs Amount from Note 9A1(c)	\$ (9,295)	\$ (9,427)
4. Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies	0%	0%
(b) Does the Company's tax—planning strategies include the use of reinsurance? Yes _____ No <u>X</u>		

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)
	03/31/2014	12/31/2013	(Col 1—2) Change
1. Current Income Tax			
(a) Federal	\$ 51,900	\$ 11,608	\$ 40,292
(b) Foreign	\$ —	\$ —	\$ —
(c) Subtotal	\$ 51,900	\$ 11,608	\$ 40,292
(d) Federal income tax on net capital gains	\$ 8,377	\$ 60,610	\$ (52,233)
(e) Utilization of operating loss carry—forwards	\$ —	\$ —	\$ —
(f) Other (incl. prior year over/under accrual)	\$ —	\$ —	\$ —
(g) Federal and foreign income taxes incurred	\$ 60,277	\$ 72,218	\$ 11,941
2. Deferred Tax Assets			
(a) Ordinary			
(1) Discounting of unpaid losses	\$ 56,177	\$ 56,177	\$ —
(2) Unearned premium reserve	\$ 294,214	\$ 297,420	\$ (3,207)
(3) Policyholder reserves	\$ —	\$ —	\$ —
(4) Investments	\$ —	\$ —	\$ —
(5) Deferred acquisition costs	\$ —	\$ —	\$ —
(6) Policyholder dividends accrual	\$ —	\$ —	\$ —
(7) Fixed assets and prepaid expense—nonadmitted	\$ 9,505	\$ —	\$ 9,505
(8) Compensation and benefits accrual	\$ 96,964	\$ 105,492	\$ (8,528)
(9) Pension accrual	\$ 25,723	\$ 25,690	\$ 33
(10) Receivables – nonadmitted	\$ 155	\$ 106	\$ 49
(11) Net operating loss carry—forward	\$ 0	\$ 86,574	\$ (86,574)
(12) Tax credit carry—forward	\$ 168,446	\$ 108,169	\$ 60,277
(13) Other (including items <5% of total ordinary tax assets):			
(14) Salvage and subrogation anticipated	\$ 87,678	\$ 87,678	\$ —
(15) Software capitalized	\$ 53,340	\$ 36,339	\$ 17,001
(16) Other	\$ 9,040	\$ 6,890	\$ 2,150
(99) Subtotal	\$ 801,240	\$ 810,536	\$ (9,296)
(b) Statutory valuation allowance adjustment	\$ —	\$ —	\$ —
(c) Nonadmitted	\$ —	\$ —	\$ —
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	\$ 801,240	\$ 810,536	\$ (9,296)

## NOTES TO FINANCIAL STATEMENTS

	(1)	(2)	(3)
	03/31/2014	12/31/2013	(Col 1—2) Change
(e) Capital:			
(1) Investments	\$ —	\$ —	\$ —
(2) Net capital loss carry—forward	\$ —	\$ —	\$ —
(3) Real estate	\$ —	\$ —	\$ —
(4) Other (including items <5% of total capital tax assets):			
(5) Unrealized capital losses for impaired securities	\$ 103,934	\$ 113,360	\$ (9,426)
(99) Subtotal	\$ 103,934	\$ 113,360	\$ (9,426)
(f) Statutory valuation allowance adjustment	\$ —	\$ —	\$ —
(g) Nonadmitted	\$ —	\$ —	\$ —
(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	\$ 103,934	\$ 113,360	\$ (9,426)
(i) Admitted deferred tax assets (2d + 2h)	\$ 905,174	\$ 923,896	\$ (18,722)
3. Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	\$ (58,969)	\$ (57,011)	\$ (1,958)
(2) Fixed assets	\$ —	\$ —	\$ —
(3) Deferred and uncollected premium	\$ —	\$ —	\$ —
(4) Policyholder reserves	\$ —	\$ —	\$ —
(5) Other (including items <5% of total ordinary tax liabilities)	\$ (19,525)	\$ (16,159)	\$ (3,366)
(99) Subtotal	\$ (78,494)	\$ (73,170)	\$ (5,324)
(b) Capital:			
(1) Investments	\$ —	\$ —	\$ —
(2) Real estate	\$ —	\$ —	\$ —
(3) Other (including items <5% of total capital tax liabilities):			
(4) Unrealized capital gains	\$ (960,540)	\$ (923,123)	\$ (37,417)
(99) Subtotal	\$ (960,540)	\$ (923,123)	\$ (37,417)
(c) Deferred tax liabilities (3a99 + 3b99)	\$ (1,039,034)	\$ (996,293)	\$ (42,741)
4. Net deferred tax assets/liabilities (2i – 3c)	\$ (133,860)	\$ (72,397)	\$ (61,463)
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 income taxes. Among the more significant book to tax adjustments were the following:			
	03/31/2014	Effective Tax Rate	
Provision computed at statutory rate	\$ 125,514	34.0%	
Tax exempt interest	(12,485)	(3.4%)	
Dividends received deduction	(6,756)	(1.8%)	
Change in deferred tax on nonadmitted assets	(9,554)	(4.7%)	
Other	(12,395)	(1.3%)	
Total	\$ 84,324	22.8%	
Federal and foreign income taxes incurred	\$ 51,900	14.1%	
Tax on capital gains (losses)	8,377	2.3%	
Change in net deferred income taxes	24,047	6.5%	
Total statutory income taxes	\$ 84,324	22.8%	

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

- (1) As of March 31, 2014, the Company had no net operating loss carry—forwards available for tax purposes:  
The Company has no net capital loss carry—forwards available for tax purposes.

As of March 31, 2014, the Company had alternative minimum tax (AMT) credit carry—forwards in the amount of \$168,446 which do not have an expiration date.

- (2) As of March 31, 2014, the Company had no federal income taxes incurred available for recoupment in the event of future net losses.

## NOTES TO FINANCIAL STATEMENTS

(3) The Company has no deposits reported as admitted assets under IRC §6603 as of March 31, 2014.

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 March 31, 2014, there was an intercompany receivable of \$120,889 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. No significant changes.

G. No significant changes.

H. Not applicable.

I. Not applicable.

J. Not applicable.

K. Not applicable.

L. No significant changes.

### 11. Debt

Not applicable.

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

#### A. Defined 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 from the Annual Cash Bonus Plan and Performance Share Plan for Key Executives. As of March 31, 2014 and December 31, 2013, amounts held for these deferrals were \$5.7 million and \$7.9 million, respectively.

#### B. Investment Policies and Strategies

Not applicable.

#### C. Fair Value of Plan Assets

Not applicable.

#### D. Basis of Rates of Returns on Assets

Not applicable.

#### E. Defined Contribution Plans

No significant changes.

#### F. Multiemployer Plans

Not applicable.

#### G. Consolidated/Holding Company Plans

Not applicable.

#### H. Postemployment Benefits and Compensated Absences

Not applicable.

#### I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04—17)

Not applicable.

## NOTES TO FINANCIAL STATEMENTS

### 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 \$2.8 million.
- (11) Not applicable.
- (12) Not applicable.
- (13) Not applicable.

### 14. Contingencies

- A. Contingent Commitments  
Not applicable.
- B. Assessments  
No significant changes.
- C. Gain Contingencies  
Not applicable.
- D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits  
No significant changes.
- E. Product Warranties  
Not applicable.
- F. All Other Contingencies  
Not applicable.

### 15. Leases

No significant changes.

### 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.

## NOTES TO FINANCIAL STATEMENTS

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

- A. ASO Plans  
Not applicable.
- B. ASC Plans  
Not applicable.
- C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract  
Not applicable.

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

Not applicable.

**20. Fair Value Measurements**

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

*Level 1:*

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

*Level 2:*

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

*Level 3:*

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

(1) Fair Value Measurements at March 31, 2014:

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	\$ 49,410	\$ —	\$ —	\$ 49,410
Total Perpetual Preferred Stocks	49,410	—	—	49,410
Common Stock:				
Mutual Funds	2,581,588			2,581,588
Industrial and Misc	3,887,885	72,513	—	3,960,398
Parent, Subsidiaries, and Affiliates	—	—	—	—
Total Common Stocks	6,469,473	72,513	—	6,541,986
Other Invested Assets	—	—	323,081	323,081
Total assets at fair value	<u>\$ 6,518,883</u>	<u>\$ 72,513</u>	<u>\$ 323,081</u>	<u>\$ 6,914,477</u>
b. Liabilities at fair value:				
Not applicable.				

## NOTES TO FINANCIAL STATEMENTS

Fair Value Measurements at December 31, 2013:

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	\$ 49,266	\$ —	\$ —	\$ 49,266
Total Perpetual Preferred Stocks	49,266	—	—	49,266
Common Stock:				
Mutual Funds	2,494,535			2,494,535
Industrial and Misc	3,796,995	72,614	—	3,869,609
Parent, Subsidiaries, and Affiliates	—	—	—	—
Total Common Stocks	6,291,530	72,614	—	6,364,144
Other Invested Assets	—	—	435,046	435,046
Total assets at fair value	\$ 6,340,796	\$ 72,614	\$ 435,046	\$ 6,848,456

b. Liabilities at fair value:

Not applicable.

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

	Beginning Balance at 01/01/2014	Transfers In/(out) Level 3	Total Gain/(Loss) Included in Net Income	Total Gain/(Loss) Included in Surplus	(Sales)	Ending Balance at 03/31/2014
a. Assets:						
Other Invested Assets	435,046	—	24,615	(18,434)	(118,146)	323,081
Total Assets	\$ 435,046	\$ —	\$ 24,615	\$ (18,434)	\$ (118,146)	\$ 323,081

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 March 31, 2014, 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.

B. Not applicable.

C. Fair Value of All Financial Instruments:

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	\$ 13,746,250	\$ 13,156,394	\$ 210,477	\$ 13,535,774	\$ —	\$ —
Perpetual Preferred Stock	49,410	49,410	49,410	—	—	—
Common Stock	6,541,986	6,364,144	6,469,473	72,513	—	—
Other Invested Assets	323,081	323,081	—	—	323,081	—

D. The Company has no assets for which it was not practicable to estimate fair value.

## 21. Other Items

A. Extraordinary Items

Not applicable.

B. Troubled Debt Restructuring: Debtors

Not applicable.

C. Other Disclosures and Unusual Items

Not applicable.

D. Business Interruption Insurance Recoveries

Not applicable.

## NOTES TO FINANCIAL STATEMENTS

- E. State Transferable and Non—transferrable Tax Credits

Not applicable.

- F. Subprime Mortgage Related Risk Exposure

Not applicable.

### 22. Events Subsequent

#### Type I – Recognized Subsequent Events:

Subsequent events have been considered through May 15, 2014 for the statutory statement issued on March 31, 2014 for the quarter ending March 31, 2014. No Type I events were 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 May 15, 2014 for the statutory statement issued on March 31, 2014 for the quarter ending March 31, 2014. No Type II events were identified that would have a material effect on the financial condition of the Company.

### 23. Reinsurance

- A. Unsecured Reinsurance Recoverables

Not applicable.

- B. Reinsurance Recoverable in Dispute

Not applicable.

- C. Reinsurance Assumed and Ceded

No significant changes.

- D. Uncollectible Reinsurance

No significant changes.

- 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.

- I. Certified Reinsurer Rating Downgraded or Status Subject to Revocation

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, 2013 were \$3.5 million. In calendar year 2014, \$.7 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 \$2.7 million. Therefore, there has been a \$.2 million favorable prior year development from December 31, 2013 to March 31, 2014. The favorable development is generally the result of ongoing analysis of recent loss development trends, and from decreases in the estimates of loss and loss adjustment expenses for the following lines of business: commercial auto liability, auto physical damage, homeowners/farmowners, commercial multi-peril, other liability and special property. These decreases were offset, in part, by increases in workers compensation, and private passenger auto liability. 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**

- A. No significant changes.
- B. No significant changes.
- C. No significant changes.
- D. No significant changes.
- E. No significant changes.
- F. No significant changes.
- G. There was \$120,889 due to the Company from the affiliated entities participating in the intercompany pool as of March 31, 2014.

**27. Structured Settlements**

Not applicable.

**28. Health Care Receivables**

Not applicable.

**29. Participating Policies**

Not applicable.

**30. Premium Deficiency Reserves**

No significant changes.

**31. High Deductibles**

Not applicable.

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

No significant changes.

**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 ( )

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
(1) Direct –					
a. Beginning reserves:	\$ —	\$ 1	\$ 1	\$ 4	\$ 8
b. Incurred losses and loss adjustment expense:	7	2	4	9	0
c. Calendar year payments for losses and loss adjustment expenses:	<u>6</u>	<u>2</u>	<u>1</u>	<u>5</u>	<u>0</u>
d. Ending reserves:	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 4</u>	<u>\$ 8</u>	<u>\$ 8</u>

## NOTES TO FINANCIAL STATEMENTS

(2) Assumed Reinsurance –					
a. Beginning reserves:	\$ —	\$ —	\$ —	\$ —	\$ —
b. Incurred losses and loss adjustment expense:	—	—	—	—	—
c. Calendar year payments for losses and loss adjustment expenses:	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
d. Ending reserves:	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
(3) Net of Ceded Reinsurance –					
a. Beginning reserves:	\$ —	\$ 1	\$ 1	\$ 4	\$ 8
b. Incurred losses and loss adjustment expense:	7	2	4	5	(8)
c. Calendar year payments for loss and loss adjustment expenses:	<u>6</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>—</u>
d. Ending reserves:	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 4</u>	<u>\$ 8</u>	<u>\$ —</u>

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 after intercompany pooling are displayed above.

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

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

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

(1) Direct Basis:	\$ —
(2) Assumed Reinsurance Basis:	\$ —
(3) Ceded Reinsurance Basis:	\$ —

**34. Subscriber Savings Accounts**

Not applicable.

**35. Multiple Peril Crop Insurance**

Not applicable.

**36. Financial Guaranty Insurance**

Not applicable.

**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES  
GENERAL**

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? ..... Yes  No
- 1.2 If yes, has the report been filed with the domiciliary state? ..... Yes  No
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? ..... Yes  No
- 2.2 If yes, date of change: .....
- 3.1 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   
If yes, complete Schedule Y, Parts 1 and 1A.
- 3.2 Have there been any substantial changes in the organizational chart since the prior quarter end? ..... Yes  No
- 3.3 If the response to 3.2 is yes, provide a brief description of those changes.  
.....
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes  No
- 4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? ..... Yes  No  NA   
If yes, attach an explanation.
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. ....12/31/2011
- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. ....12/31/2011
- 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). ....11/26/2012
- 6.4 By what department or departments?  
Ohio.....
- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? ..... Yes  No  NA
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? ..... Yes  No  NA
- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? ..... Yes  No
- 7.2 If yes, give full information:  
.....
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?..... Yes  No
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.  
.....
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?..... Yes  No
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the 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

**GENERAL INTERROGATORIES**

9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? ..... Yes  No   
 (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;  
 (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;  
 (c) Compliance with applicable governmental laws, rules and regulations;  
 (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and  
 (e) Accountability for adherence to the code.

9.11 If the response to 9.1 is No, please explain:  
 .....

9.2 Has the code of ethics for senior managers been amended? ..... Yes  No

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

9.3 Have any provisions of the code of ethics been waived for any of the specified officers? ..... Yes  No

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

**FINANCIAL**

10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? ..... Yes  No

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: ..... \$ .....120,889

**INVESTMENT**

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) ..... Yes  No

11.2 If yes, give full and complete information relating thereto:  
 .....

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: ..... \$ .....0

13. Amount of real estate and mortgages held in short-term investments: ..... \$ .....0

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? ..... Yes  No

14.2 If yes, please complete the following:

	1	2
	Prior Year-End Book/Adjusted Carrying Value	Current Quarter Book/Adjusted Carrying Value
14.21 Bonds .....	\$ .....	\$ .....
14.22 Preferred Stock .....	\$ .....	\$ .....
14.23 Common Stock .....	\$ .....3,361	\$ .....3,361
14.24 Short-Term Investments .....	\$ .....	\$ .....
14.25 Mortgage Loans on Real Estate .....	\$ .....	\$ .....
14.26 All Other .....	\$ .....	\$ .....
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$ .....3,361	\$ .....3,361
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above .....	\$ .....	\$ .....

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? ..... Yes  No

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? ..... Yes  No

If no, attach a description with this statement.

**GENERAL INTERROGATORIES**

- 16 For the reporting entity's security lending program, state the amount of the following as of the current statement date:
- 16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$ .....0
  - 16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$ .....0
  - 16.3 Total payable for securities lending reported on the liability page \$ .....0

17. Excluding items in Schedule E – Part 3 – Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*? ..... Yes [X] No [ ]

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

1 Name of Custodian(s)	2 Custodian Address
FirstMerit.....	Akron, Ohio.....
Northern Trust.....	Chicago, Illinois.....

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

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

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? ..... Yes [X] No [ ]

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
Merrill Lynch.....	Northern Trust.....	01/01/2014.....	Competitive pricing and technology..

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

1 Central Registration Depository	2 Name(s)	3 Address
None.....		

18.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed? ..... Yes [X] No [ ]

18.2 If no, list exceptions:  
.....

**GENERAL INTERROGATORIES**  
**PART 2 - PROPERTY & CASUALTY INTERROGATORIES**

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

2. Has the reporting entity reinsured any risk with any other reporting entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured? ..... Yes [ ] No [X]  
If yes, attach an explanation.

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

3.2 If yes, give full and complete information thereto.  
.....

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

4.2 If yes, complete the following schedule:

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

5. Operating Percentages:

5.1 A&H loss percent ..... 0.0 %  
5.2 A&H cost containment percent ..... 0.0 %  
5.3 A&H expense percent excluding cost containment expenses ..... 0.0 %

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

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

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

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



STATEMENT AS OF MARCH 31, 2014 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

Current Year to Date - Allocated by States and Territories

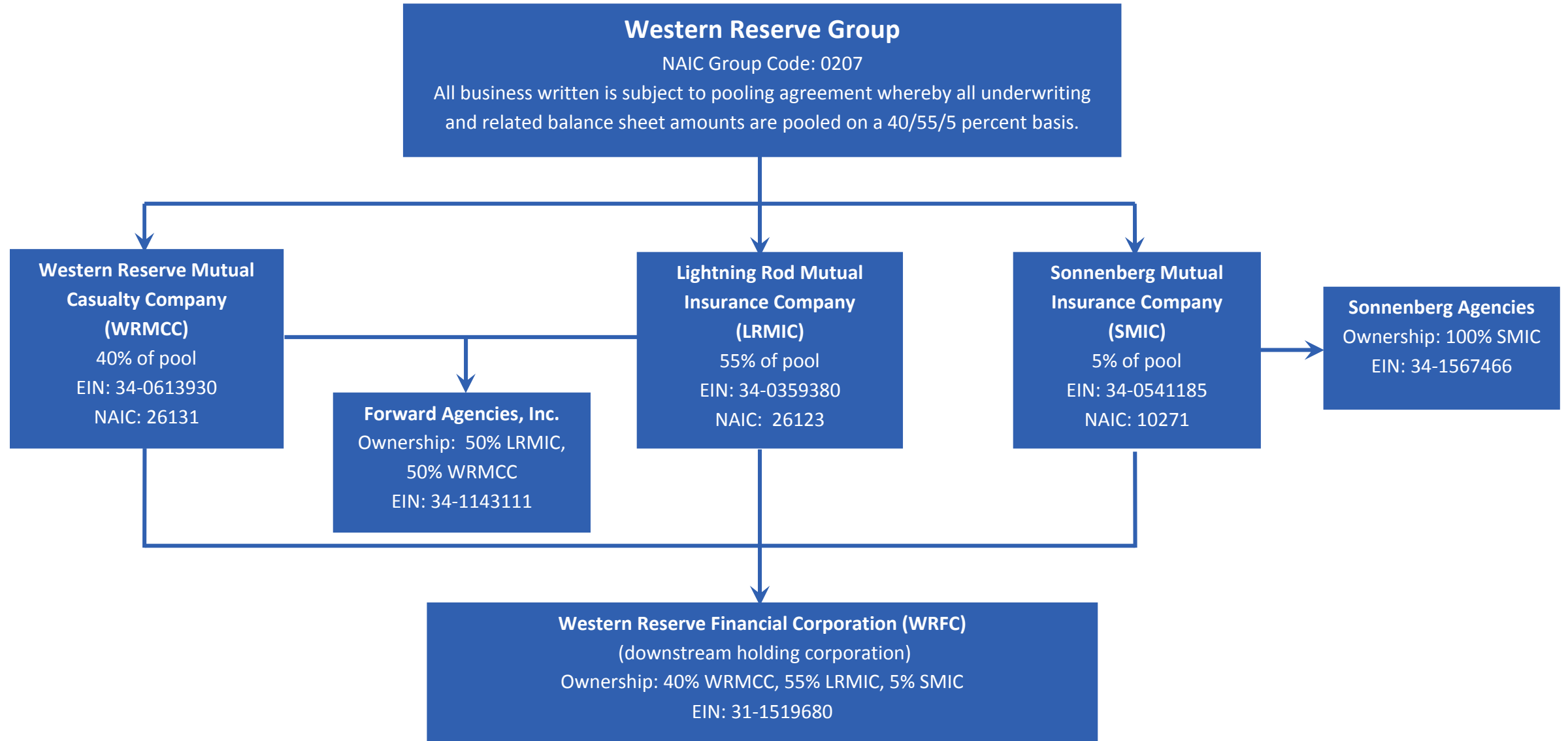
States, etc.	1 Active Status	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid		
		2 Current Year To Date	3 Prior Year To Date	4 Current Year To Date	5 Prior Year To Date	6 Current Year To Date	7 Prior Year To Date	
1. Alabama	AL	N	0	0	0	0	0	
2. Alaska	AK	N	0	0	0	0	0	
3. Arizona	AZ	N	0	0	0	0	0	
4. Arkansas	AR	N	0	0	0	0	0	
5. California	CA	N	0	0	0	0	0	
6. Colorado	CO	N	0	0	0	0	0	
7. Connecticut	CT	N	0	0	0	0	0	
8. Delaware	DE	N	0	0	0	0	0	
9. Dist. Columbia	DC	N	0	0	0	0	0	
10. Florida	FL	N	0	0	0	0	0	
11. Georgia	GA	N	0	0	0	0	0	
12. Hawaii	HI	N	0	0	0	0	0	
13. Idaho	ID	N	0	0	0	0	0	
14. Illinois	IL	N	0	0	0	0	0	
15. Indiana	IN	L	164,316	149,225	65,230	24,390	47,899	46,650
16. Iowa	IA	N	0	0	0	0	0	0
17. Kansas	KS	N	0	0	0	0	0	0
18. Kentucky	KY	N	0	0	0	0	0	0
19. Louisiana	LA	N	0	0	0	0	0	0
20. Maine	ME	N	0	0	0	0	0	0
21. Maryland	MD	N	0	0	0	0	0	0
22. Massachusetts	MA	N	0	0	0	0	0	0
23. Michigan	MI	N	0	0	0	0	0	0
24. Minnesota	MN	N	0	0	0	0	0	0
25. Mississippi	MS	N	0	0	0	0	0	0
26. Missouri	MO	N	0	0	0	0	0	0
27. Montana	MT	N	0	0	0	0	0	0
28. Nebraska	NE	N	0	0	0	0	0	0
29. Nevada	NV	N	0	0	0	0	0	0
30. New Hampshire	NH	N	0	0	0	0	0	0
31. New Jersey	NJ	N	0	0	0	0	0	0
32. New Mexico	NM	N	0	0	0	0	0	0
33. New York	NY	N	0	0	0	0	0	0
34. No. Carolina	NC	N	0	0	0	0	0	0
35. No. Dakota	ND	N	0	0	0	0	0	0
36. Ohio	OH	L	507,040	460,422	176,539	164,779	666,186	499,945
37. Oklahoma	OK	N	0	0	0	0	0	0
38. Oregon	OR	N	0	0	0	0	0	0
39. Pennsylvania	PA	N	0	0	0	0	0	0
40. Rhode Island	RI	N	0	0	0	0	0	0
41. So. Carolina	SC	N	0	0	0	0	0	0
42. So. Dakota	SD	N	0	0	0	0	0	0
43. Tennessee	TN	N	0	0	0	0	0	0
44. Texas	TX	N	0	0	0	0	0	0
45. Utah	UT	N	0	0	0	0	0	0
46. Vermont	VT	N	0	0	0	0	0	0
47. Virginia	VA	N	0	0	0	0	0	0
48. Washington	WA	N	0	0	0	0	0	0
49. West Virginia	WV	N	0	0	0	0	0	0
50. Wisconsin	WI	N	0	0	0	0	0	0
51. Wyoming	WY	N	0	0	0	0	0	0
52. American Samoa	AS	N	0	0	0	0	0	0
53. Guam	GU	N	0	0	0	0	0	0
54. Puerto Rico	PR	N	0	0	0	0	0	0
55. U.S. Virgin Islands	VI	N	0	0	0	0	0	0
56. Northern Mariana Islands	MP	N	0	0	0	0	0	0
57. Canada	CAN	N	0	0	0	0	0	0
58. Aggregate Other Alien	OT	XXX	0	0	0	0	0	0
59. Totals	(a) 2		671,356	609,647	241,769	189,169	714,085	546,595
<b>DETAILS OF WRITE-INS</b>								
58001.	XXX							
58002.	XXX							
58003.	XXX							
58998. Summary of remaining write-ins for Line 58 from overflow page.	XXX		0	0	0	0	0	0
58999. TOTALS (Lines 58001 through 58003 plus 58998) (Line 58 above)	XXX		0	0	0	0	0	0

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

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

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

**PART 1 – ORGANIZATIONAL CHART**





**PART 1 - LOSS EXPERIENCE**

Line of Business	Current Year to Date			4 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire	8,581		0.0	0.0
2. Allied lines	3,864	(467)	(12.1)	63.6
3. Farmowners multiple peril	92,252	240,533	260.7	(0.4)
4. Homeowners multiple peril	577,977	520,225	90.0	(3.8)
5. Commercial multiple peril			0.0	0.0
6. Mortgage guaranty			0.0	0.0
8. Ocean marine			0.0	0.0
9. Inland marine			0.0	0.0
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			0.0	0.0
13. Group accident and health			0.0	0.0
14. Credit accident and health			0.0	0.0
15. Other accident and health			0.0	0.0
16. Workers' compensation			0.0	0.0
17.1 Other liability occurrence	320		0.0	0.0
17.2 Other liability-claims made			0.0	0.0
17.3 Excess Workers' Compensation			0.0	0.0
18.1 Products liability-occurrence			0.0	0.0
18.2 Products liability-claims made			0.0	0.0
19.1,19.2 Private passenger auto liability		(164)	0.0	0.0
19.3,19.4 Commercial auto liability			0.0	0.0
21. Auto physical damage			0.0	0.0
22. Aircraft (all perils)			0.0	0.0
23. Fidelity			0.0	0.0
24. Surety			0.0	0.0
26. Burglary and theft			0.0	0.0
27. Boiler and machinery			0.0	0.0
28. Credit			0.0	0.0
29. International			0.0	0.0
30. Warranty			0.0	0.0
31. Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX	XXX
32. Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX	XXX
33. Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business	0	0	0.0	0.0
35. TOTALS	682,994	760,127	111.3	(2.6)
<b>DETAILS OF WRITE-INS</b>				
3401.				
3402.				
3403.				
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0.0	0.0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34)	0	0	0.0	0.0

**PART 2 - DIRECT PREMIUMS WRITTEN**

Line of Business	1	2	3
	Current Quarter	Current Year to Date	Prior Year Year to Date
1. Fire	5,886	5,886	6,866
2. Allied lines	2,345	2,345	3,081
3. Farmowners multiple peril	84,571	84,571	85,999
4. Homeowners multiple peril	578,340	578,340	513,430
5. Commercial multiple peril	0	0	0
6. Mortgage guaranty	0	0	0
8. Ocean marine	0	0	0
9. Inland marine	0	0	0
10. Financial guaranty	0	0	0
11.1 Medical professional liability-occurrence	0	0	0
11.2 Medical professional liability-claims made	0	0	0
12. Earthquake	0	0	0
13. Group accident and health	0	0	0
14. Credit accident and health	0	0	0
15. Other accident and health	0	0	0
16. Workers' compensation	0	0	0
17.1 Other liability occurrence	214	214	271
17.2 Other liability-claims made	0	0	0
17.3 Excess Workers' Compensation	0	0	0
18.1 Products liability-occurrence	0	0	0
18.2 Products liability-claims made	0	0	0
19.1,19.2 Private passenger auto liability	0	0	0
19.3,19.4 Commercial auto liability	0	0	0
21. Auto physical damage	0	0	0
22. Aircraft (all perils)	0	0	0
23. Fidelity	0	0	0
24. Surety	0	0	0
26. Burglary and theft	0	0	0
27. Boiler and machinery	0	0	0
28. Credit	0	0	0
29. International	0	0	0
30. Warranty	0	0	0
31. Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX
32. Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX
33. Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business	0	0	0
35. TOTALS	671,356	671,356	609,647
<b>DETAILS OF WRITE-INS</b>			
3401.			
3402.			
3403.			
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34)	0	0	0

STATEMENT AS OF MARCH 31, 2014 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	2014 Loss and LAE Payments on Claims Reported as of Prior Year-End	2014 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2014 Loss and LAE Payments (Cols. 4 + 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year End	Q.S. Date IBNR Loss and LAE Reserves	Total Q.S. Loss and LAE Reserves (Cols.7 + 8 + 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 4 + 7 minus Col. 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 5 + 8 + 9 minus Col. 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings)/ Deficiency (Cols. 11 + 12)
1. 2011 + Prior .....	.636	.54	.690	.60	.0	.60	.520	.1	.34	.555	(.56)	(.19)	(.75)
2. 2012 .....	.753	.70	.823	.92	.1	.93	.612	.2	.43	.657	(.49)	(.24)	(.73)
3. Subtotals 2012 + prior .....	1,389	.124	1,513	.152	.1	.153	1,132	.3	.77	1,212	(105)	(.43)	(.148)
4. 2013 .....	1,535	.464	1,999	.523	.55	.578	1,196	.27	249	1,472	.184	(133)	.51
5. Subtotals 2013 + prior .....	2,924	.588	3,512	.675	.56	.731	2,328	.30	326	2,684	.79	(176)	(.97)
6. 2014 .....	XXX	XXX	XXX	XXX	.695	.695	XXX	.629	203	.832	XXX	XXX	XXX
7. Totals .....	2,924	588	3,512	675	751	1,426	2,328	659	529	3,516	79	(176)	(97)
8. Prior Year-End Surplus As Regards Policy-holders	12,517												
											Col. 11, Line 7 As % of Col. 1, Line 7	Col. 12, Line 7 As % of Col. 2, Line 7	Col. 13, Line 7 As % of Col. 3, Line 7
											1. 2.7	2. (29.9)	3. (2.8)
													Col. 13, Line 7 Line 8
													4. (0.8)

## SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES





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

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

**Explanation:**

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

**Bar Code:**

1.	 1 0 2 7 1 2 0 1 4 4 9 0 0 0 0 0 1
2.	 1 0 2 7 1 2 0 1 4 4 5 5 0 0 0 0 1
3.	 1 0 2 7 1 2 0 1 4 3 6 5 0 0 0 0 1
4.	 1 0 2 7 1 2 0 1 4 5 0 5 0 0 0 0 1

**OVERFLOW PAGE FOR WRITE-INS**

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**SCHEDULE A – VERIFICATION**

**Real Estate**

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

NONE

**SCHEDULE B – VERIFICATION**

**Mortgage Loans**

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

NONE

**SCHEDULE BA – VERIFICATION**

**Other Long-Term Invested Assets**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	435,046	468,505
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....	.0	.0
2.2 Additional investment made after acquisition .....	.0	.0
3. Capitalized deferred interest and other .....	.0	.0
4. Accrual of discount .....	.0	.0
5. Unrealized valuation increase (decrease) .....	(18,434)	2,287
6. Total gain (loss) on disposals .....	24,615	7,634
7. Deduct amounts received on disposals .....	118,146	43,380
8. Deduct amortization of premium and depreciation .....	.0	.0
9. Total foreign exchange change in book/adjusted carrying value .....	.0	.0
10. Deduct current year's other-than-temporary impairment recognized .....	.0	.0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7+8+9-10) .....	323,081	435,046
12. Deduct total nonadmitted amounts .....	.0	.0
13. Statement value at end of current period (Line 11 minus Line 12)	323,081	435,046

**SCHEDULE D – VERIFICATION**

**Bonds and Stocks**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year .....	19,149,059	18,053,127
2. Cost of bonds and stocks acquired .....	598,145	5,794,164
3. Accrual of discount .....	3,286	13,007
4. Unrealized valuation increase (decrease) .....	128,484	636,566
5. Total gain (loss) on disposals .....	24	193,192
6. Deduct consideration for bonds and stocks disposed of .....	114,570	5,479,136
7. Deduct amortization of premium .....	13,277	36,601
8. Total foreign exchange change in book/adjusted carrying value .....	.0	.0
9. Deduct current year's other-than-temporary impairment recognized .....	.0	25,260
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) .....	19,751,151	19,149,059
11. Deduct total nonadmitted amounts .....	3,361	3,361
12. Statement value at end of current period (Line 10 minus Line 11)	19,747,790	19,145,698

STATEMENT AS OF MARCH 31, 2014 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

**SCHEDULE D - PART 1B**

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

NAIC Designation	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. NAIC 1 (a).....	12,765,025	2,408,267	1,816,326	(8,405)	13,348,561	0	0	12,765,025
2. NAIC 2 (a).....	441,974			(712)	441,262	0	0	441,974
3. NAIC 3 (a).....	209,255			(619)	208,637	0	0	209,255
4. NAIC 4 (a).....	0				0	0	0	0
5. NAIC 5 (a).....	0				0	0	0	0
6. NAIC 6 (a).....	0				0	0	0	0
7. Total Bonds	13,416,254	2,408,267	1,816,326	(9,736)	13,998,459	0	0	13,416,254
<b>PREFERRED STOCK</b>								
8. NAIC 1.....	0				0	0	0	0
9. NAIC 2.....	49,266			144	49,410	0	0	49,266
10. NAIC 3.....	0				0	0	0	0
11. NAIC 4.....	0				0	0	0	0
12. NAIC 5.....	0				0	0	0	0
13. NAIC 6.....	0				0	0	0	0
14. Total Preferred Stock.....	49,266	0	0	144	49,410	0	0	49,266
15. Total Bonds & Preferred Stock	13,465,520	2,408,267	1,816,326	(9,592)	14,047,869	0	0	13,465,520

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$ .....842,065 ; NAIC 2 \$ ..... ;  
NAIC 3 \$ ..... ; NAIC 4 \$ ..... ; NAIC 5 \$ ..... ; NAIC 6 \$ .....

S102

**SCHEDULE DA - PART 1**

## Short-Term Investments

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999	842,065	XXX	842,065	19	

**SCHEDULE DA - VERIFICATION**

## Short-Term Investments

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	683,967	251,123
2. Cost of short-term investments acquired .....	1,861,613	3,823,317
3. Accrual of discount .....		0
4. Unrealized valuation increase (decrease).....		0
5. Total gain (loss) on disposals .....		0
6. Deduct consideration received on disposals .....	1,703,514	3,390,474
7. Deduct amortization of premium.....		0
8. Total foreign exchange change in book/adjusted carrying value.....		0
9. Deduct current year's other-than-temporary impairment recognized.....		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	842,065	683,967
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	842,065	683,967

Schedule DB - Part A - Verification

**NONE**

Schedule DB - Part B - Verification

**NONE**

Schedule DB - Part C - Section 1

**NONE**

Schedule DB - Part C - Section 2

**NONE**

Schedule DB - Verification

**NONE**

Schedule E - Verification

**NONE**

Schedule A - Part 2

**NONE**

Schedule A - Part 3

**NONE**

Schedule B - Part 2

**NONE**

Schedule B - Part 3

**NONE**

**STATEMENT AS OF MARCH 31, 2014 OF THE SONNENBERG MUTUAL INSURANCE COMPANY**

**SCHEDULE BA - PART 2**

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

1 CUSIP Identification	2 Name or Description	3 Location		5 Name of Vendor or General Partner	6 NAIC Designation	7 Date Originally Acquired	8 Type and Strategy	9 Actual Cost at Time of Acquisition	10 Additional Investment Made After Acquisition	11 Amount of Encumbrances	12 Commitment for Additional Investment	13 Percentage of Ownership
		City	State									
NONE												
4499999 – Subtotals Unaffiliated								0	0	0	0	XXX
4599999 – Subtotals Affiliated								0	0	0	0	XXX
4699999 Totals								0	0	0	0	XXX

E03

**SCHEDULE BA - PART 3**

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

1 CUSIP Identification	2 Name or Description	3 Location		5 Name of Purchaser or Nature of Disposal	6 Date Originally Acquired	7 Disposal Date	8 Book/ Adjusted Carrying Value Less Encumbrances Prior Year	9-14 Change in Book/Adjusted Carrying Value						15 Book/Adjusted Carrying Value Less Encumbrances on Disposal	16 Consideration	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Investment Income		
		City	State					9 Unrealized Valuation Increase (Decrease)	10 Current Year's (Depreciation) or (Amortization)/ Accretion	11 Current Year's Other Than Temporary Impairment Recognized	12 Capitalized Deferred Interest and Other	13 Total Change in B./A.C.V. (9+10-11+12)	14 Total Foreign Exchange Change in B./A.C.V.								
Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics - Common Stocks - Unaffiliated																					
8EBK69-99-3	The Endowment Fund LP (Domestic QP)			Merrill Lynch	06/01/2008	02/06/2014	118,146	(24,615)					(24,615)		93,531	118,146	0	24,615	24,615	0	
1599999 - Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics - Common Stocks - Unaffiliated																					
							118,146	(24,615)	0	0	0		(24,615)	0	93,531	118,146	0	24,615	24,615	0	
4499999 – Subtotals Unaffiliated								118,146	(24,615)	0	0	0	(24,615)	0	93,531	118,146	0	24,615	24,615	0	
4599999 – Subtotals Affiliated								0	0	0	0	0	0	0	0	0	0	0	0	0	0
4699999 Totals								118,146	(24,615)	0	0	0	(24,615)	0	93,531	118,146	0	24,615	24,615	0	

STATEMENT AS OF MARCH 31, 2014 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

SCHEDULE D - PART 3

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

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)	
<b>Bonds - U.S. Political Subdivisions of States, Territories and Possessions</b>										
194475-RC-5	College Station TX ISD Sch Bldg		01/22/2014	Raymond James & Associate		120,024	100,000	69	1FE	
<b>2499999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions</b>										
						120,024	100,000	69	XXX	
<b>Bonds - U.S. Special Revenue</b>										
63968A-VF-9	Nebraska St Pub Pwr Dist Revenue		02/20/2014	D A Davidson & Co		112,643	100,000	750	1FE	
88283L-EM-4	Texas Transportation Commission		02/05/2014	Raymond James & Associate		112,604	100,000	1,792	1FE	
<b>3199999 - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions</b>						225,247	200,000	2,542	XXX	
<b>Bonds - Industrial and Miscellaneous (Unaffiliated)</b>										
370334-BM-5	General Mills Inc		03/20/2014	Raymond James & Associate		100,660	100,000	875	1FE	
452308-AP-4	Illinois Tool Works Inc		01/09/2014	D A Davidson & Co		100,723	100,000	1,116	1FE	
<b>3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)</b>						201,383	200,000	1,991	XXX	
<b>8399997 - Subtotals - Bonds - Part 3</b>						546,654	500,000	4,602	XXX	
<b>8399999 - Subtotals - Bonds</b>						546,654	500,000	4,602	XXX	
<b>Common Stocks - Industrial and Miscellaneous</b>										
17275R-10-2	Cisco Systems		01/24/2014	Merrill Lynch	1,350,000	30,146			1	
<b>9099999 - Common Stocks - Industrial and Miscellaneous (Unaffiliated)</b>							30,146	XXX	0	XXX
<b>Common Stocks - Mutual Funds</b>										
277911-49-1	Eaton Vance Floating Rate Fnd CL 1		02/18/2014	Merrill Lynch	2,178,650	20,000			U	
486606-10-6	Kayne Anderson MLP		01/17/2014	Merrill Lynch	38,040	1,345			1	
<b>9299999 - Common Stocks - Mutual Funds</b>							21,345	XXX	0	XXX
<b>9799997 - Subtotals - Common Stocks - Part 3</b>							51,491	XXX	0	XXX
<b>9799999 - Subtotals - Common Stocks</b>							51,491	XXX	0	XXX
<b>9899999 - Subtotals- Preferred and Common Stocks</b>							51,491	XXX	0	XXX
<b>9999999 Totals</b>							598,145	XXX	4,602	XXX

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

E04

STATEMENT AS OF MARCH 31, 2014 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation or Market Indicator (a)	
<b>Bonds - U.S. Governments</b>																					
831641-ES-0...	SBA SBIC 2010-10A 1 CM0...	03/10/2014	PRINCIPAL RECEIPT		12,811	12,811	13,964	13,914		(1,102)		(1,102)		12,811		0	0	261	03/10/2020	1FE	
<b>0599999 - Bonds - U.S. Governments</b>																					
<b>Bonds - Industrial and Miscellaneous (Unaffiliated)</b>																					
871829-AH-0...	Sysco Corp NT 144 A...	03/15/2014	MATURITY		100,000	100,000	100,650	100,026		(26)		(26)		100,000		0	0	2,300	03/15/2014	1FE	
<b>3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)</b>																					
<b>8399997 - Subtotals - Bonds - Part 4</b>																					
<b>8399999 - Subtotals - Bonds</b>																					
<b>Common Stock - Mutual Funds</b>																					
04315J-86-0...	Aberdeen Global High Income Fund I	02/26/2014	VARIOUS	0.557	30	XXX	30	30				0		30		0	0			XXX	U
001620-86-6...	Alerian MLP ETF	02/10/2014	ROC		142	XXX	142	142				0		142		0	0			XXX	U
03875R-20-5...	Arbitrage Funds CL 1	02/20/2014	CASH IN LIEU - FRAC'L SHR	0.395	5	XXX	5	5				0		5		0	0			XXX	U
00080Y-72-8...	Aston/Lake Partners Lasso Alt	02/20/2014	CASH IN LIEU - FRAC'L SHR	0.392	5	XXX	5	5			(1)	(1)		5		1	1			XXX	U
22544R-30-5...	Credit Suisse Commodity Fnd Inst'l	02/20/2014	CASH IN LIEU - FRAC'L SHR	0.198	2	XXX	2	1				0		2		0	0			XXX	U
25264S-83-3...	Diamond Hill Long Short Fd Cl 1	02/20/2014	CASH IN LIEU - FRAC'L SHR	0.826	19	XXX	11	19			(7)	(7)		11		7	7			XXX	U
258620-10-3...	Doubleline Total Rtn Bond Fd Cl 1	02/20/2014	CASH IN LIEU - FRAC'L SHR	0.480	5	XXX	5	5				0		5		0	0			XXX	U
277911-49-1...	Eaton Vance Floating Rate Fnd Cl 1	02/20/2014	CASH IN LIEU - FRAC'L SHR	0.404	4	XXX	3	4			(1)	(1)		3		1	1			XXX	U
277923-72-8...	Eaton Vance Global Macro Fund	02/20/2014	CASH IN LIEU - FRAC'L SHR	0.312	3	XXX	3	3				0		3		0	0			XXX	U
45070A-40-4...	IVA International Fund Cl 1	02/20/2014	CASH IN LIEU - FRAC'L SHR	0.930	16	XXX	14	16			(2)	(2)		14		2	2			XXX	U
486606-10-6...	Kayne Anderson MLP	01/21/2014	VARIOUS	0.040	539	XXX	539	538				0		539		0	0			XXX	U
52106N-88-9...	Lazard Emerging Mkts Eqty PTFL CL	01/17/2014	CASH IN LIEU - FRAC'L SHR	0.764	14	XXX	13	14			(1)	(1)		13		1	1			XXX	U
543495-78-2...	Loomis Sayles Gbl Bond Fnd	02/20/2014	CASH IN LIEU - FRAC'L SHR	0.048	1	XXX	1	1				0		1		0	0			XXX	U
577125-10-7...	Mathews Asia Dividend Fund	01/17/2014	CASH IN LIEU - FRAC'L SHR	0.579	9	XXX	8	9			(1)	(1)		8		1	1			XXX	U
577130-20-6...	Mathews Asian Growth and Inc Fnd	01/17/2014	CASH IN LIEU - FRAC'L SHR	0.748	14	XXX	12	14			(2)	(2)		12		2	2			XXX	U
67074U-10-3...	Nuveen Energy MLP Total Rtn Fnd	02/18/2014	ROC		731	XXX	731	731				0		731		0	0			XXX	U
72201M-73-5...	PIMCO High Yield Fd Cl P	02/20/2014	CASH IN LIEU - FRAC'L SHR	0.119	1	XXX	1	1				0		1		0	0			XXX	U
72201M-45-3...	PIMCO Unconstrained Bond Fund Cl P	02/20/2014	CASH IN LIEU - FRAC'L SHR	0.845	9	XXX	9	9				0		9		0	0			XXX	U
739360-84-3...	PowerShares CEF Inc Composite ETF	02/19/2014	ROC		28	XXX	28	28				0		28		0	0			XXX	U
746476-40-7...	Putnam Cnvbl Inc Grwth Tr Y	02/20/2014	CASH IN LIEU - FRAC'L SHR	0.087	2	XXX	1	2			(1)	(1)		1		1	1			XXX	U
76882K-70-2...	RiverPark ST High Yield Fnd Inst'l	01/17/2014	CASH IN LIEU - FRAC'L SHR	0.005		XXX										0	0			XXX	U
780905-60-0...	Royce Premier Fund	01/22/2014	CASH IN LIEU - FRAC'L SHR	0.494	11	XXX	8	11			(3)	(3)		8		3	3			XXX	U
880208-40-0...	Templeton Global Bond Fnd ADV CL	02/20/2014	CASH IN LIEU - FRAC'L SHR	0.970	12	XXX	12	13			(1)	(1)		12		0	0			XXX	U
880208-85-5...	Templeton Global Total Rtn Fund	02/20/2014	CASH IN LIEU - FRAC'L SHR	0.413	6	XXX	6	6				0		6		0	0			XXX	U
413838-20-2...	The Oakmark Interantional Fund	01/17/2014	CASH IN LIEU - FRAC'L SHR	0.824	22	XXX	22	22			1	1		22		0	0			XXX	U
885215-56-6...	Thornburg International Fund Cl 1	01/22/2014	CASH IN LIEU - FRAC'L SHR	0.869	27	XXX	22	28			(6)	(6)		22		5	5			XXX	U
<b>9299999 - Common Stocks - Mutual Funds</b>																					
<b>Common Stocks - Money Market Mutual Funds</b>																					
989911-UC-3...	BBIF Money Fund Class 4	01/02/2014	Merrill Lynch	101.000	101	XXX	101	101				0		101		0	0			XXX	U
<b>9399999 - Common Stocks - Money Market Mutual Funds</b>																					
<b>9799997 - Subtotals - Common Stocks - Part 4</b>																					
<b>9799999 - Subtotals - Common Stocks</b>																					
<b>9899999 - Subtotals - Preferred and Common Stocks</b>																					
<b>9999999 Totals</b>																					

EO5

**STATEMENT AS OF MARCH 31, 2014 OF THE SONNENBERG MUTUAL INSURANCE COMPANY**

**SCHEDULE D - PART 4**

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identi- fication	Description	F o r e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Desig- nation or Market Indicator (a)

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues .....25.

Schedule DB - Part A - Section 1

**NONE**

Schedule DB - Part B - Section 1

**NONE**

Schedule DB - Part D - Section 1

**NONE**

Schedule DB - Part D - Section 2

**NONE**

Schedule DL - Part 1

**NONE**

Schedule DL - Part 2

**NONE**



STATEMENT AS OF MARCH 31, 2014 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

**SCHEDULE E - PART 2 - CASH EQUIVALENTS**

Show Investments Owned End of Current Quarter

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
<b>NONE</b>							
8699999 Total Cash Equivalents					0	0	0