



PROPERTY AND CASUALTY COMPANIES—ASSOCIATION EDITION

QUARTERLY STATEMENT

AS OF JUNE 30, 2014
OF THE CONDITION AND AFFAIRS OF THE

LIGHTNING ROD MUTUAL INSURANCE COMPANY

NAIC Group Code	0207 (Current Period)	0207 (Prior Period)	NAIC Company Code	26123	Employer's ID Number	34-0359380
Organized under the Laws of	Ohio		State of Domicile or Port of Entry	Ohio		
Country of Domicile	United States					
Incorporated/Organized	01/01/1906		Commenced Business	03/01/1906		
Statutory Home Office	1685 Cleveland Road (Street and Number)		Wooster, OH, US 44691-0036 (City or Town, State, Country and Zip Code)			
Main Administrative Office	1685 Cleveland Road (Street and Number)		Wooster, OH, US 44691-0036 (City or Town, State, Country and Zip Code)		330-262-9060 (Area Code) (Telephone Number)	
Mail Address	1685 Cleveland Road (Street and Number or P.O. Box)		Wooster, OH, US 44691-0036 (City or Town, State, Country and Zip Code)			
Primary Location of Books and Records	1685 Cleveland Road (Street and Number)		Wooster, OH, US 44691-0036 (City or Town, State, Country and Zip Code)		330-262-9060 (Area Code) (Telephone Number)	
Internet Web Site Address	www.wrg-ins.com					
Statutory Statement Contact	Brooke M. McVay, CPA (Name)		330-262-9060-2446 (Area Code) (Telephone Number) (Extension)			
	brooke_mcvay@wrg-ins.com (E-Mail Address)		330-264-7822 (Fax Number)			

OFFICERS

Name	Title	Name	Title
KEVIN W. DAY	PRESIDENT AND SECRETARY - CHIEF EXECUTIVE OFFICER	MICHAEL A. SHUTT	VICE PRESIDENT AND TREASURER -CHIEF FINANCIAL OFFICER

OTHER OFFICERS

GREGORY A. BRUNN	VICE PRESIDENT -CHIEF MARKETING & UNDERWRITING OFFICER	GARY W. GWENN	VICE PRESIDENT -CHIEF CLAIMS OFFICER
GREGORY J. OWEN	VICE PRESIDENT -CHIEF INFORMATION OFFICER		

DIRECTORS OR TRUSTEES

KEVIN W. DAY	JEFFREY P. HASTINGS	RONALD E. HOLTMAN	JOHN P. MURPHY
C. MICHAEL REARDON	EDDIE L. STEINER	FLOYD A. TROUTEN III #	KENNETH L. VAGNINI

State ofOhio.....

County ofWayne.....ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

KEVIN W. DAY
PRESIDENT AND SECRETARY -CHIEF
EXECUTIVE OFFICERMICHAEL 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
14th day of August, 2014Lauresa Durham, Notary Public
July 30, 2016

STATEMENT AS OF JUNE 30, 2014 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	123,028,212	.0	123,028,212	117,229,921
2. Stocks:				
2.1 Preferred stocks	1,210,218	.0	1,210,218	1,161,426
2.2 Common stocks	76,983,879	319,507	76,664,372	71,444,042
3. Mortgage loans on real estate:				
3.1 First liens	0	.0	0	0
3.2 Other than first liens	0	.0	0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)	5,397,835	.0	5,397,835	5,523,140
4.2 Properties held for the production of income (less \$ encumbrances)	0	.0	0	0
4.3 Properties held for sale (less \$ encumbrances)	0	.0	0	0
5. Cash (\$ 18,476,390), cash equivalents (\$ 0) and short-term investments (\$ 3,821,492)	22,297,882	.0	22,297,882	24,058,788
6. Contract loans (including \$ premium notes)	0	.0	0	0
7. Derivatives	0	.0	0	0
8. Other invested assets	0	.0	0	4,785,707
9. Receivables for securities	0	.0	0	0
10. Securities lending reinvested collateral assets	0	.0	0	0
11. Aggregate write-ins for invested assets	0	.0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	228,918,026	319,507	228,598,519	224,203,024
13. Title plants less \$ charged off (for Title insurers only)	0	.0	0	0
14. Investment income due and accrued	1,288,282	.0	1,288,282	1,192,094
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	15,921,141	54,426	15,866,715	15,848,055
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)	0	.0	0	0
15.3 Accrued retrospective premiums	0	.0	0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	42,584	.0	42,584	41,971
16.2 Funds held by or deposited with reinsured companies	0	.0	0	0
16.3 Other amounts receivable under reinsurance contracts	0	.0	0	0
17. Amounts receivable relating to uninsured plans	0	.0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	421,599	.0	421,599	1,349,506
18.2 Net deferred tax asset	0	.0	0	0
19. Guaranty funds receivable or on deposit	0	.0	0	0
20. Electronic data processing equipment and software	0	.0	0	0
21. Furniture and equipment, including health care delivery assets (\$)	655,858	655,858	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates	0	.0	0	0
23. Receivables from parent, subsidiaries and affiliates	0	.0	0	0
24. Health care (\$) and other amounts receivable	0	.0	0	0
25. Aggregate write-ins for other-than-invested assets	205,013	205,013	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	247,452,503	1,234,804	246,217,699	242,634,650
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	.0	0	0
28. Total (Lines 26 and 27)	247,452,503	1,234,804	246,217,699	242,634,650
DETAILS OF WRITE-INS				
1101.	0	.0	0	0
1102.	0	.0	0	0
1103.	0	.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. Prepaid Expense	205,013	205,013	0	0
2502.	0	.0	0	0
2503.	0	.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)	205,013	205,013	0	0

STATEMENT AS OF JUNE 30, 2014 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$ 14,020,208)	.32,656,861	32,207,040
2. Reinsurance payable on paid losses and loss adjustment expenses	.0	0
3. Loss adjustment expenses	6,422,920	6,422,920
4. Commissions payable, contingent commissions and other similar charges	2,574,368	4,351,910
5. Other expenses (excluding taxes, licenses and fees)	3,091,299	4,350,861
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	.716,769	1,269,757
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))	.0	0
7.2 Net deferred tax liability	4,013,324	2,513,142
8. Borrowed money \$ and interest thereon \$.0	0
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ 405,803 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)	.49,442,300	48,112,060
10. Advance premium	.952,449	760,789
11. Dividends declared and unpaid:		
11.1 Stockholders	.0	0
11.2 Policyholders	.0	0
12. Ceded reinsurance premiums payable (net of ceding commissions)	(518,594)	529,101
13. Funds held by company under reinsurance treaties	.0	939
14. Amounts withheld or retained by company for account of others	3,287,432	4,489,632
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)	102,639,128	105,008,151
27. Protected cell liabilities	.0	0
28. Total liabilities (Lines 26 and 27)	102,639,128	105,008,151
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)	143,578,571	137,626,499
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)	143,578,571	137,626,499
38. Totals (Page 2, Line 28, Col. 3)	246,217,699	242,634,650
DETAILS OF WRITE-INS		
2501.		
2502.		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page	.0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	0	0
2901.		
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page	.0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0
3201.		0
3202.		0
3203.		0
3298. Summary of remaining write-ins for Line 32 from overflow page	.0	0
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)	0	0

STATEMENT AS OF JUNE 30, 2014 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

STATEMENT OF INCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct (written \$ 46,734,737)	44,805,571	42,660,424	86,582,027
1.2 Assumed (written \$ 52,498,914)	51,957,500	49,470,158	100,359,079
1.3 Ceded (written \$ 46,077,475)	44,937,135	42,986,455	87,391,136
1.4 Net (written \$ 53,156,176)	51,825,936	49,144,127	99,549,970
DEDUCTIONS:			
2. Losses incurred (current accident year \$):			
2.1 Direct	25,040,570	16,097,234	37,557,076
2.2 Assumed	26,282,861	25,899,382	60,090,341
2.3 Ceded	23,246,135	17,752,483	43,794,832
2.4 Net	28,077,296	24,244,133	53,852,585
3. Loss adjustment expenses incurred	5,061,661	4,456,367	10,103,489
4. Other underwriting expenses incurred	16,788,395	15,899,768	34,012,423
5. Aggregate write-ins for underwriting deductions	0	0	0
6. Total underwriting deductions (Lines 2 through 5)	49,927,352	44,600,268	97,968,497
7. Net income of protected cells	0	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	1,898,584	4,543,859	1,581,473
INVESTMENT INCOME			
9. Net investment income earned	2,369,765	2,235,721	4,421,691
10. Net realized capital gains (losses) less capital gains tax of \$ 145,419	282,285	552,226	846,244
11. Net investment gain (loss) (Lines 9 + 10)	2,652,050	2,787,947	5,267,935
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$ 51,873)	(51,783)	(41,326)	(98,399)
13. Finance and service charges not included in premiums	817,893	791,200	1,631,162
14. Aggregate write-ins for miscellaneous income	26,038	(19,331)	(16,144)
15. Total other income (Lines 12 through 14)	792,148	730,543	1,516,619
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	5,342,782	8,062,349	8,366,027
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)	5,342,782	8,062,349	8,366,027
19. Federal and foreign income taxes incurred	532,487	(284,481)	(285,449)
20. Net income (Line 18 minus Line 19)(to Line 22)	4,810,295	8,346,830	8,651,476
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	137,626,499	125,306,721	125,306,721
22. Net income (from Line 20)	4,810,295	8,346,830	8,651,476
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 \$ 1,008,139	1,956,976	2,370,715	5,408,355
25. Change in net unrealized foreign exchange capital gain (loss)	0	0	0
26. Change in net deferred income tax	(492,043)	(2,459,856)	(2,109,576)
27. Change in nonadmitted assets	(323,157)	(8,571)	134,885
28. Change in provision for reinsurance	0	0	293,040
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	109,365	(58,402)
38. Change in surplus as regards policyholders (Lines 22 through 37)	5,952,071	8,358,483	12,319,778
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	143,578,570	133,665,204	137,626,499
DETAILS OF WRITE-INS			
0501.	0	0	0
0502.	0	0	0
0503.	0	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)	698	1,201	918
1402. Gain/(Loss) sale of Equipment	25,340	(20,532)	(17,062)
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)	26,038	(19,331)	(16,144)
3701. Change in Surplus Due to Prior Period Adjustment (see Footnote 2)	0	0	55,766
3702. Change in Surplus Due to Correction of a Depreciation Error (see Footnote 2)	0		(189,472)
3703. Change in Surplus Due to Change in Depreciation Method (see Footnote 2)	0		(34,061)
3798. Summary of remaining write-ins for Line 37 from overflow page	0	109,365	109,365
3799. TOTALS (Lines 3701 through 3703 plus 3798) (Line 37 above)	0	109,365	(58,402)

STATEMENT AS OF JUNE 30, 2014 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance.....	52,300,142	49,842,306	102,005,788
2. Net investment income.....	2,455,110	2,273,019	4,815,776
3. Miscellaneous income.....	792,148	730,543	1,516,619
4. Total (Lines 1 to 3).....	55,547,400	52,845,868	108,338,183
5. Benefit and loss related payments.....	27,628,088	22,247,652	49,569,427
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.....	25,421,389	21,261,757	40,429,913
8. Dividends paid to policyholders.....	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses).....	(250,001)	1,500,102	1,500,103
10. Total (Lines 5 through 9).....	52,799,476	45,009,511	91,499,443
11. Net cash from operations (Line 4 minus Line 10).....	2,747,924	7,836,357	16,838,740
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds.....	6,512,573	8,251,841	14,157,215
12.2 Stocks.....	1,366,947	17,492,550	27,496,679
12.3 Mortgage loans.....	0	0	0
12.4 Real estate.....	0	0	0
12.5 Other invested assets.....	6,956,290	257,684	477,230
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	0	0	0
12.7 Miscellaneous proceeds.....	126,032	439,428	313,667
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	14,961,842	26,441,503	42,444,791
13. Cost of investments acquired (long-term only):			
13.1 Bonds.....	12,422,335	18,992,288	29,098,303
13.2 Stocks.....	2,684,931	15,664,428	24,004,954
13.3 Mortgage loans.....	0	0	0
13.4 Real estate.....	727	0	14,531
13.5 Other invested assets.....	2,820,483	0	0
13.6 Miscellaneous applications.....	1	267,987	256,591
13.7 Total investments acquired (Lines 13.1 to 13.6).....	17,928,477	34,924,703	53,374,379
14. Net increase (or decrease) in contract loans and premium notes.....	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....	(2,966,635)	(8,483,200)	(10,929,588)
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes.....	0	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0	0
16.3 Borrowed funds.....	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	0	0	0
16.5 Dividends to stockholders.....	0	0	0
16.6 Other cash provided (applied).....	(1,535,893)	(1,162,355)	(1,033,857)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6).....	(1,535,893)	(1,162,355)	(1,033,857)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	(1,754,604)	(1,809,198)	4,875,295
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	24,052,486	19,177,191	19,177,191
19.2 End of period (Line 18 plus Line 19.1).....	22,297,882	17,367,993	24,052,486

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of Western Reserve Mutual Casualty Company (WRMCC) 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.

The financial statements of the company are presented solely on the basis of accounting principles prescribed by the Ohio Department of Insurance. No permitted principles were utilized. As such, there are no increases or decreases to net income and surplus on a statutory accounting basis.

	State of Domicile	2014	2013
<u>NET INCOME</u>			
(1) Company state basis (Page 4, Line 20, Columns 1 & 3)	Ohio	\$ 4,810,295	\$ 8,651,476
(2) State Prescribed Practices that increase/(decrease) NAIC SAP:		—	—
(3) State Permitted Practices that increase/(decrease) NAIC SAP:		—	—
(4) NAIC SAP (1-2-3=4)		<u>\$ 4,810,295</u>	<u>\$ 8,651,476</u>
<u>SURPLUS</u>			
(5) Company state basis (Page 3, Line 37, Columns 1 & 2)	Ohio	\$ 143,578,571	\$ 137,626,499
(6) State Prescribed Practices that increase/(decrease) NAIC SAP:		—	—
(7) State Permitted Practices that increase/(decrease) NAIC SAP:		—	—
(8) NAIC SAP (5-6-7=8)		<u>\$ 143,578,571</u>	<u>\$ 137,626,499</u>

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 (\$45,121) of \$87,587.

Effective July 1, 2013, the Company changed its method of depreciation from Modified Accelerated Cost Recovery System (MACRS) to straight-line as the Company believes the straight-line method would more appropriately allocate the cost over the useful life. The cumulative effect of this change in accounting principle was recorded as an adjustment to unassigned funds (surplus) in accordance with SSAP No. 3 *Accounting Changes and Errors*. The adjustment decreased surplus by \$34,061. The Company also recorded an adjustment to surplus to correct the book values of assets that should have been fully depreciated. The impact to surplus was a decrease of \$189,471.

In accordance with SSAP No. 3 *Accounting Changes and Errors*, the Company recorded a prior period adjustment in December 2013 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 \$55,766.

NOTES TO FINANCIAL STATEMENTS

3. Business Combinations and Goodwill

A. Statutory Purchase Method

Not applicable.

B. Statutory Merger

Not applicable.

C. Impairment Losses

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.

H. Restricted Assets

Not applicable.

I. Working Capital Finance Investments

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.

STATEMENT AS OF JUNE 30, 2014 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

9. Income Taxes

A. The components of the net deferred tax asset/(liability) at June 30, 2014 and December 31, 2013 are as follows:

1.

	06/30/2014		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
(a) Gross Deferred Tax Assets	\$ 8,686,994	\$ 823,001	\$ 9,509,995
(b) Statutory Valuation Allowance Adjustments	—	—	—
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	8,686,994	823,001	9,509,995
(d) Deferred Tax Assets Nonadmitted	—	—	—
(e) Subtotal Net Deferred Tax Asset (1c – 1d)	8,686,994	823,001	9,509,995
(f) Deferred Tax Liabilities	(595,214)	(12,928,105)	(13,523,319)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	<u>\$ 8,091,780</u>	<u>\$(12,105,104)</u>	<u>\$(4,013,324)</u>

	12/31/2013		
	(4)	(5)	(6)
	Ordinary	Capital	(Col 4+5) Total
(a) Gross Deferred Tax Assets	\$ 8,876,317	\$ 1,210,887	\$ 10,087,204
(b) Statutory Valuation Allowance Adjustments	—	—	—
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	8,876,317	1,210,887	10,087,204
(d) Deferred Tax Assets Nonadmitted	—	—	—
(e) Subtotal Net Deferred Tax Asset (1c – 1d)	8,876,317	1,210,887	10,087,204
(f) Deferred Tax Liabilities	(680,379)	(11,919,967)	(12,600,346)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	<u>\$ 8,195,938</u>	<u>\$(10,709,080)</u>	<u>\$(2,513,142)</u>

	Change		
	(7)	(8)	(9)
	(Col 1–4) Ordinary	(Col 2–5) Capital	(Col 7+8) Total
(a) Gross Deferred Tax Assets	\$ (189,323)	\$ (387,886)	\$ (577,209)
(b) Statutory Valuation Allowance Adjustments	—	—	—
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	(189,323)	(387,886)	(577,209)
(d) Deferred Tax Assets Nonadmitted	—	—	—
(e) Subtotal Net Deferred Tax Asset (1c – 1d)	(189,323)	(387,886)	(577,209)
(f) Deferred Tax Liabilities	85,165	(1,008,139)	(922,973)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	<u>\$ (104,158)</u>	<u>\$(1,396,024)</u>	<u>\$(1,500,182)</u>

NOTES TO FINANCIAL STATEMENTS

2. Admission Calculation Components SSAP No. 101

	06/30/2014		
	(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)	3,636,066	—	3,636,066
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	3,636,066	—	3,636,066
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	21,536,786
(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.	5,050,929	823,001	5,873,930
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))	<u>\$ 8,686,994</u>	<u>\$ 823,001</u>	<u>\$ 9,905,995</u>
	12/31/2013		
	(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)	3,636,066	—	3,636,066
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	3,636,066	—	3,636,066
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	20,643,975
(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.	5,240,251	1,210,887	6,451,138
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))	<u>\$ 8,876,317</u>	<u>\$ 1,210,887</u>	<u>\$ 10,087,204</u>

NOTES TO FINANCIAL STATEMENTS

	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. 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	892,811
(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.	(189,323)	(387,886)	(577,209)
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))	<u>\$ (189,323)</u>	<u>\$ (387,886)</u>	<u>\$ (577,209)</u>
3.			
	<u>2014</u>	<u>2013</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.	\$143,578,571	\$137,626,499	

4. Impact of Tax—Planning Strategies

	06/30/2014	
	(1)	(2)
	Ordinary	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)	\$ 8,686,064	\$ 823,001
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)	\$ 8,686,064	\$ 823,001
4. Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies	0%	0%
12/31/2013		
	(3)	(4)
	Ordinary	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)	\$ 8,876,317	\$ 1,210,887
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)	\$ 8,876,317	\$ 1,210,887
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)	(Col 2-4)
	Ordinary	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)	\$ (189,323)	\$ (387,886)
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)	\$ (189,323)	\$ (387,886)
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)
	<u>06/30/2014</u>	<u>12/31/2013</u>	(Col 1-2) Change
1. Current Income Tax			
(a) Federal	\$ 532,487	\$ (285,449)	\$ 817,936
(b) Foreign	\$ —	\$ —	\$ —
(c) Subtotal	<u>\$ 532,487</u>	<u>\$ (285,449)</u>	<u>\$ 817,936</u>
(d) Federal income tax on net capital gains	\$ 145,419	\$ 435,944	\$ (290,525)
(e) Utilization of operating loss carry—forwards	\$ —	\$ —	\$ —
(f) Other	\$ —	\$ —	\$ —
(g) Federal and foreign income taxes incurred	<u>\$ 677,906</u>	<u>\$ 150,495</u>	<u>\$ 527,411</u>
2. Deferred Tax Assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	\$ 558,677	\$ 558,677	\$ 0
(2) Unearned premium reserve	\$ 3,362,076	\$ 3,271,620	\$ 90,456
(3) Policyholder reserves	\$ —	\$ —	\$ —
(4) Investments	\$ —	\$ —	\$ —
(5) Deferred acquisition costs	\$ —	\$ —	\$ —
(6) Policyholder dividends accrual	\$ —	\$ —	\$ —
(7) Fixed assets	\$ 292,696	\$ 179,560	\$ 113,136
(8) Compensation and benefits accrual	\$ 972,974	\$ 1,160,416	\$ (187,442)
(9) Pension accrual	\$ 281,626	\$ 282,590	\$ (964)
(10) Receivables – nonadmitted	\$ 18,505	\$ 24,850	\$ (6,345)
(11) Net operating loss carry—forward	\$ 385,319	\$ 1,463,548	\$ (1,078,229)
(12) Tax credit carry—forward	\$ 1,159,895	\$ 481,988	\$ 677,907
(13) Other (including items <5% of total ordinary tax assets):			
(14) Salvage and subrogation anticipated	\$ 972,144	\$ 972,144	\$ —
(15) Software capitalized	\$ 591,653	\$ 399,732	\$ 191,921
(16) Other	\$ 91,429	\$ 81,192	\$ 10,237
(99) Subtotal	<u>\$ 8,686,994</u>	<u>\$ 8,876,317</u>	<u>\$ (189,323)</u>
(b) Statutory valuation allowance adjustment	\$ —	\$ —	\$ —
(c) Nonadmitted	\$ —	\$ —	\$ —
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	<u>\$ 8,686,994</u>	<u>\$ 8,876,317</u>	<u>\$ (189,323)</u>

STATEMENT AS OF JUNE 30, 2014 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

	(1) 06/30/2014	(2) 12/31/2013	(3) (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	\$ 823,001	\$ 1,210,887	\$ (387,886)
(99) Subtotal	\$ 823,001	\$ 1,210,887	\$ (387,886)
(f) Statutory valuation allowance adjustment	\$ —	\$ —	\$ —
(g) Nonadmitted	\$ —	\$ —	\$ —
(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	\$ 823,001	\$ 1,210,887	\$ (387,886)
(i) Admitted deferred tax assets (2d + 2h)	\$ 9,509,995	\$ 10,087,204	\$ (577,209)
3. Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	\$ (340,976)	\$ (502,638)	\$ 161,662
(2) Fixed assets	\$ —	\$ —	\$ —
(3) Deferred and uncollected premium	\$ —	\$ —	\$ —
(4) Policyholder reserves	\$ —	\$ —	\$ —
(5) Other (including items <5% of total ordinary tax liabilities):			
(6) Accumulated amortization software	\$ (252,180)	\$ (177,741)	\$ (74,439)
(7) Tax over book depreciation	\$ (2,058)	\$ —	\$ (2,058)
(99) Subtotal	\$ (595,214)	\$ (680,379)	\$ 85,165
(b) Capital:			
(1) Investments	\$ —	\$ —	\$ —
(2) Real estate	\$ —	\$ —	\$ —
(3) Other (including items <5% of total capital tax liabilities):			
(4) Unrealized capital gains	\$ (12,928,105)	\$ (11,919,967)	\$ (1,008,138)
(99) Subtotal	\$ (12,928,105)	\$ (11,919,967)	\$ (1,008,138)
(c) Deferred tax liabilities (3a99 + 3b99)	\$ (13,523,319)	\$ (12,600,346)	\$ (922,973)
4. Net deferred tax assets/liabilities (2i – 3c)	\$ (4,013,324)	\$ (2,513,142)	\$ (1,500,182)
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:			
	06/30/2014		Effective Tax Rate
Provision computed at statutory rate	\$ 1,865,988		34.0%
Tax exempt interest	(151,334)		(2.8%)
Dividends received deduction	(167,665)		(3.1%)
Change in deferred tax on nonadmitted assets	(106,792)		(1.9%)
Other	(270,247)		(4.9%)
Total	\$ 1,169,950		21.3%
Federal and foreign income taxes incurred	\$ 532,487		9.7%
Tax on capital gains (losses)	145,419		2.6%
Change in net deferred income taxes	492,044		9.0%
Total statutory income taxes	\$ 1,169,950		21.3%

NOTES TO FINANCIAL STATEMENTS

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

(1) As of June 30, 2014, the Company had net operating loss carry—forwards available for tax purposes:

Origination Year	Expiration Year	Amount
2010	2030	\$ —
2011	2031	\$ —
2012	2032	\$ 1,133,291
Total		<u>\$ 1,133,291</u>

The Company has no net capital loss carry—forwards available for tax purposes.

As of June 30, 2014, the Company had alternative minimum tax (AMT) credit carry—forwards in the amount of \$1,159,895 which do not have an expiration date.

(2) As of June 30, 2014, 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 June 30, 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. No significant change.
- E. Not applicable.
- F. No significant change.
- G. No significant change.
- H. Not applicable.
- I. Not applicable.
- J. Not applicable.
- K. Not applicable.
- L. Not applicable.
- M. No significant change.

11. Debt

- A. The Company has not outstanding debentures.
- B. FHLB (Federal Home Loan Bank) Agreements

(1) The Company is a member of the Federal Home Loan Bank (FHLB) of Cincinnati. As of June 30, 2014, the Company has not issued debt to the FHLB in exchange for cash. It is part of the Company's strategy to utilize these funds for operations, and any funds obtained from the FHLB of Cincinnati for use in general operations would be accounted for consistent with SSAP No. 15, *Debt and Holding Company Obligations* as borrowed money. The Company has determined the estimated maximum borrowing capacity as \$74,866,730. The Company calculated this amount in accordance with the Company's holdings of U.S. Treasuries, U.S. Agencies, U.S. Agency residential and commercial mortgage backed securities, and eligible municipal securities including both revenue and general obligation bonds that meet minimum FHLB credit risk requirements.

STATEMENT AS OF JUNE 30, 2014 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

(2) FHLB Capital Stock

a. Aggregate Totals

	1. Current Year	(1)	(2)	(3)
		Total 2 + 3	General Account	Protected Cell Accounts
a. Membership Stock – Class A		\$ —	\$ —	\$ —
b. Membership Stock – Class B		\$ 364,000	\$ 364,000	\$ —
c. Activity Stock		\$ —	\$ —	\$ —
d. Excess Stock		\$ —	\$ —	\$ —
e. Aggregate Total		<u>\$ 364,000</u>	<u>\$ 364,000</u>	<u>\$ —</u>
f. Estimated borrowing capacity		<u>\$ 74,866,730</u>		
2. Prior Year		(1)	(2)	(3)
		Total 2 + 3	General Account	Protected Cell Accounts
a. Membership Stock – Class A		\$ —	\$ —	\$ —
b. Membership Stock – Class B		\$ 331,000	\$ 331,000	\$ —
c. Activity Stock		\$ —	\$ —	\$ —
d. Excess Stock		\$ —	\$ —	\$ —
e. Aggregate Total		<u>\$ 331,000</u>	<u>\$ 331,000</u>	<u>\$ —</u>
f. Estimated borrowing capacity		<u>\$ 23,600,922</u>		

b. Membership Stock Eligible for Redemption

Membership Stock	Current Year Total	Not Eligible For Redemption	Less Than Six Months	Six Months to Less Than a Year	1 to Less Than 3 Years	3 to 5 Years
1. Class A	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
2. Class B	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 364,000

C. Collateral pledged to the FHLB

Not applicable.

D. Borrowing from FHLB

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 June 30, 2014 and December 31, 2013, amounts held for these deferrals were \$3.1 million and \$4.4 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 change.

NOTES TO FINANCIAL STATEMENTS

- 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.

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 \$38.0 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.

NOTES TO FINANCIAL STATEMENTS

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. 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.

STATEMENT AS OF JUNE 30, 2014 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

(1) Fair Value Measurements at June 30, 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	\$ 1,210,218	\$ —	\$ —	\$ 1,210,218
Total Perpetual Preferred Stocks	1,210,218	—	—	1,210,218
Common Stock:				
Mutual Funds	28,181,141			28,181,141
Industrial and Misc	47,924,412	364,000	194,818	48,483,230
Parent, Subsidiaries, and Affiliates	—	—	—	—
Total Common Stocks	76,105,553	364,000	194,818	76,664,371
Other Invested Assets	—	—	—	—
Total assets at fair value	\$ 77,315,771	\$ 364,000	\$ 194,818	\$ 77,874,589
b. Liabilities at fair value:				
Not applicable.				

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	\$ 1,161,426	\$ —	\$ —	\$ 1,161,426
Total Perpetual Preferred Stock	1,161,426	—	—	1,161,426
Common Stock:				
Mutual Funds	25,671,937			25,671,937
Industrial and Misc	45,244,715	527,390	—	45,772,105
Parent, Subsidiaries, and Affiliates	—	—	—	—
Total Common Stocks	70,916,652	527,390	—	71,444,042
Other Invested Assets	—	—	4,785,707	4,785,707
Total assets at fair value	\$ 72,078,078	\$ 527,390	\$ 4,785,707	\$ 77,391,175
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 Gains/(Losses) Included in Net Income	Total Gains/(Losses) Included in Surplus	Purchases (Sales)	Ending Balance at 06/30/2014
a. Assets:						
Common Stock:						
Industrial and Misc	\$ —	\$ 194,818	\$ —	\$ —	\$ —	\$ 194,818
Other Invested Assets	4,785,707	—	286,436	(936,336)	(4,135,807)	—
Total Assets	\$ 4,785,707	\$ 194,818	\$ 286,436	\$ (936,336)	\$ (4,135,807)	\$ 194,818
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 June 30, 2014, the reported fair value of the entity's investments categorized within Level 3 of the fair value hierarchy is as follows:

Common Stocks – The Company holds an investment in NAMIC common stock.

B. Not applicable.

NOTES TO FINANCIAL STATEMENTS

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	\$ 128,105,269	\$ 123,028,212	\$ 13,898,591	\$ 114,206,677	\$ —	\$ —
Perpetual Preferred Stock	1,210,218	1,210,218	1,210,218	—	—	—
Common Stock	76,664,371	76,664,371	76,105,553	364,000	194,818	—
Other Invested Assets	—	—	—	—	—	—

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.
- 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 August 15, 2014 for the statutory statement issued on August 15, 2014 for the quarter ending June 30, 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 August 15, 2014 for the statutory statement issued on August 15, 2014 for the year ending June 30, 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 change.
- D. Uncollectible Reinsurance
No significant change.
- E. Commutation of Ceded Reinsurance
Not applicable.
- F. Retroactive Reinsurance
Not applicable.

NOTES TO FINANCIAL STATEMENTS

- 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 \$38.6 million. In calendar year 2014, \$12.8 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 \$24.1 million. Therefore, there has been a \$1.8 million favorable prior-year development from December 31, 2013 to June 30, 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.

26. Intercompany Pooling Agreements

- A. No significant change.
- B. No significant change.
- C. No significant change.
- D. No significant change.
- E. No significant change.
- F. No significant change.
- G. No significant change.

27. Structured Settlements

Not applicable.

28. Health Care Receivables

Not applicable.

29. Participating Policies

Not applicable.

30. Premium Deficiency Reserves

No significant change.

31. High Deductibles

Not applicable.

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

No significant change.

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.

NOTES TO FINANCIAL STATEMENTS

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 ()

	2010	2011	2012	2013	2014
(1) Direct –					
1) Beginning reserves:	\$ 14	\$ 14	\$ 14	\$ 14	\$ 86
2) Incurred losses and loss adjustment expense:	62	27	39	95	13
3) Calendar year payments for losses and loss adjustment expenses:	<u>62</u>	<u>27</u>	<u>12</u>	<u>50</u>	<u>13</u>
4) Ending reserves:	<u><u>\$ 14</u></u>	<u><u>\$ 14</u></u>	<u><u>\$ 41</u></u>	<u><u>\$ 86</u></u>	<u><u>\$ 86</u></u>
(2) Assumed Reinsurance –					
1) Beginning reserves:	\$ —	\$ —	\$ —	\$ —	\$ —
2) Incurred losses and loss adjustment expense:	—	—	—	—	—
3) Calendar year payments for losses and loss adjustment expenses:	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
4) Ending reserves:	<u><u>\$ —</u></u>				
(3) Net of Ceded Reinsurance –					
1) Beginning reserves:	\$ 14	\$ 14	\$ 14	\$ 14	\$ 86
2) Incurred losses and loss adjustment expense:	62	27	39	55	(86)
3) Calendar year payments for loss and loss adjustment expenses:	<u>62</u>	<u>27</u>	<u>12</u>	<u>10</u>	<u>—</u>
4) Ending reserves:	<u><u>\$ 14</u></u>	<u><u>\$ 14</u></u>	<u><u>\$ 41</u></u>	<u><u>\$ 86</u></u>	<u><u>\$ 86</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 and LAE):

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

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

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

34. Subscriber Savings Accounts

Not applicable.

35. Multiple Peril Crop Insurance

Not applicable.

36. Financial Guaranty Insurance

Not applicable.

STATEMENT AS OF JUNE 30, 2014 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY**GENERAL INTERROGATORIES****PART 1 - COMMON INTERROGATORIES
GENERAL**

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [] No [X]

1.2 If yes, has the report been filed with the domiciliary state? Yes [] No []

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]

2.2 If yes, date of change:

3.1 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 [X] 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 [X]

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 [X]

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

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

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [] No [] NA [X]
If yes, attach an explanation.

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2011

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 [X]

6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [] NA []

7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No [X]

7.2 If yes, give full information:
.....

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]

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

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]

8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the 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

STATEMENT AS OF JUNE 30, 2014 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY**GENERAL INTERROGATORIES**

9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []

- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.

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

.....

9.2 Has the code of ethics for senior managers been amended? Yes [] No [X]

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

.....

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

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

.....

FINANCIAL

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

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

INVESTMENT

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

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

.....

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

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

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

14.2 If yes, please complete the following:

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

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

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

If no, attach a description with this statement.

STATEMENT AS OF JUNE 30, 2014 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

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 [] No [X]

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

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

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			11 TOTAL
			4 Unpaid Losses	5 Unpaid LAE	6 IBNR	7 TOTAL	8 Unpaid Losses	9 Unpaid LAE	
TOTAL			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 JUNE 30, 2014 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

SCHEDULE F - CEDED REINSURANCE

Showing All New Reinsurance Treaties - Current Year to Date

STATEMENT AS OF JUNE 30, 2014 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date - Allocated by States and Territories

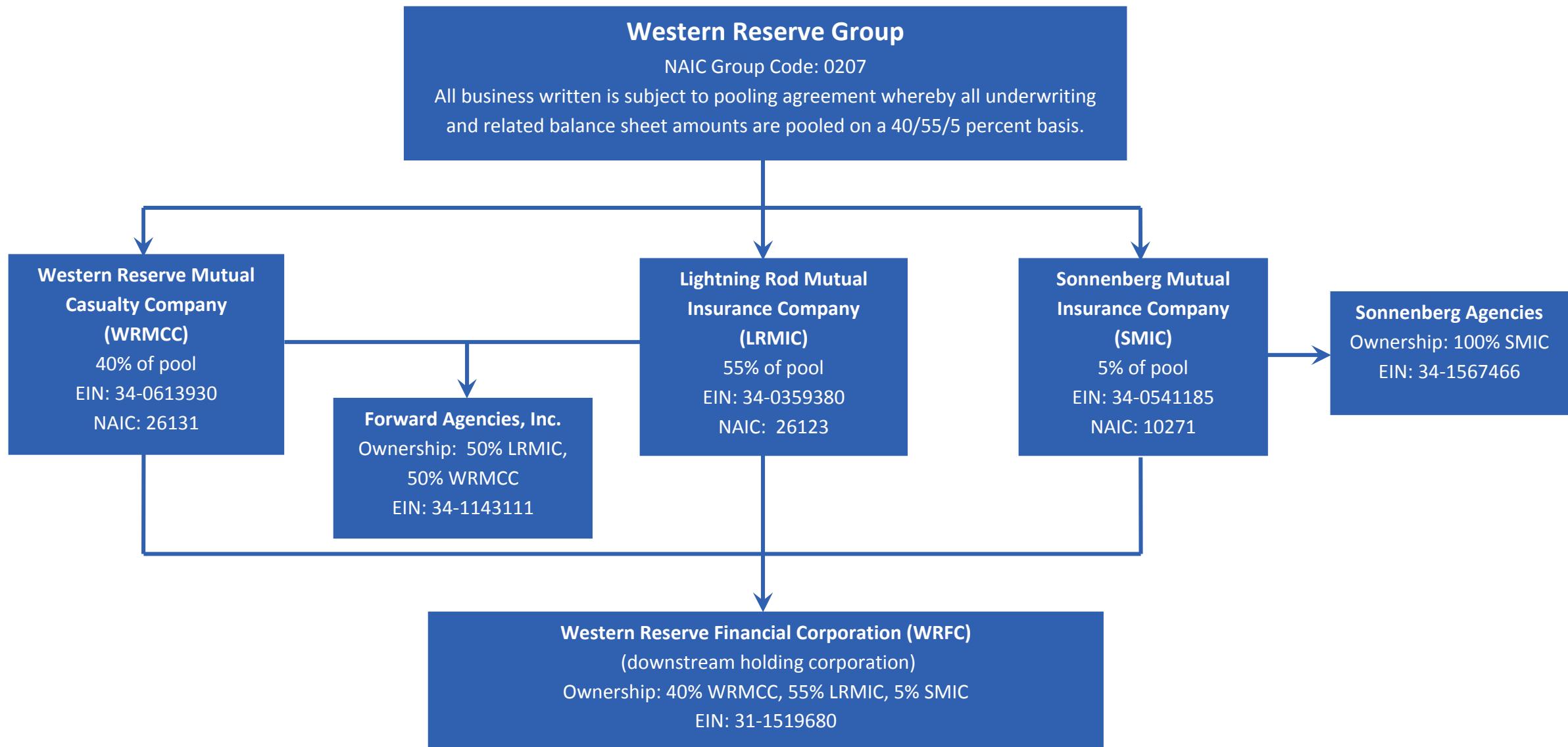
States, etc.	1 Active Status	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2 Current Year To Date	3 Prior Year To Date	4 Current Year To Date	5 Prior Year To Date	6 Current Year To Date	7 Prior Year To Date
1. Alabama	AL.	N.	0	0	0	0	0
2. Alaska	AK.	N.	0	0	0	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.	L	0	0	0	0	0
15. Indiana	IN.	L	13,762,019	13,127,073	6,722,892	7,288,132	5,755,958
16. Iowa	IA.	N.	0	0	0	0	0
17. Kansas	KS.	N.	0	0	0	0	0
18. Kentucky	KY.	N.	0	0	0	0	0
19. Louisiana	LA.	N.	0	0	0	0	0
20. Maine	ME.	N.	0	0	0	0	0
21. Maryland	MD.	N.	0	0	0	0	0
22. Massachusetts	MA.	N.	0	0	0	0	0
23. Michigan	MI.	N.	0	0	0	0	0
24. Minnesota	MN.	N.	0	0	0	0	0
25. Mississippi	MS.	N.	0	0	0	0	0
26. Missouri	MO.	N.	0	0	0	0	0
27. Montana	MT.	N.	0	0	0	0	0
28. Nebraska	NE.	N.	0	0	0	0	0
29. Nevada	NV.	N.	0	0	0	0	0
30. New Hampshire	NH.	N.	0	0	0	0	0
31. New Jersey	NJ.	N.	0	0	0	0	0
32. New Mexico	NM.	N.	0	0	0	0	0
33. New York	NY.	N.	0	0	0	0	0
34. No. Carolina	NC.	N.	0	0	0	0	0
35. No. Dakota	ND.	N.	0	0	0	0	0
36. Ohio	OH.	L	32,972,718	31,705,765	15,089,476	12,390,260	18,767,268
37. Oklahoma	OK.	N.	0	0	0	0	0
38. Oregon	OR.	N.	0	0	0	0	0
39. Pennsylvania	PA.	N.	0	0	0	0	0
40. Rhode Island	RI.	N.	0	0	0	0	0
41. So. Carolina	SC.	N.	0	0	0	0	0
42. So. Dakota	SD.	N.	0	0	0	0	0
43. Tennessee	TN.	L	0	0	0	0	0
44. Texas	TX.	N.	0	0	0	0	0
45. Utah	UT.	N.	0	0	0	0	0
46. Vermont	VT.	N.	0	0	0	0	0
47. Virginia	VA.	N.	0	0	0	0	0
48. Washington	WA.	N.	0	0	0	0	0
49. West Virginia	WV.	N.	0	0	0	0	0
50. Wisconsin	WI.	N.	0	0	0	0	0
51. Wyoming	WY.	N.	0	0	0	0	0
52. American Samoa	AS.	N.	0	0	0	0	0
53. Guam	GU.	N.	0	0	0	0	0
54. Puerto Rico	PR.	N.	0	0	0	0	0
55. U.S. Virgin Islands	VI.	N.	0	0	0	0	0
56. Northern Mariana Islands	MP.	N.	0	0	0	0	0
57. Canada	CAN.	N.	0	0	0	0	0
58. Aggregate Other Alien	OT.	XXX	0	0	0	0	0
59. Totals	(a)	4	46,734,737	44,832,838	21,812,368	19,678,392	24,523,226
DETAILS OF WRITE-INS							
58001.		XXX					
58002.		XXX					
58003.		XXX					
58998.	Summary of remaining write-ins for Line 58 from overflow page		0	0	0	0	0
58999.	TOTALS (Lines 58001 through 58003 plus 58998) (Line 58 above)	XXX	0	0	0	0	0

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

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

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

PART 1 – ORGANIZATIONAL CHART



STATEMENT AS OF JUNE 30, 2014 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

SCHEDULE Y
PART 1A – DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

2

Asterisk	Explanation

STATEMENT AS OF JUNE 30, 2014 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

PART 1 - LOSS EXPERIENCE

Line of Business	Current Year to Date			4 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire	2,946	.0	0.0	.0
2. Allied lines	3,456	.0	0.0	(232.0)
3. Farmowners multiple peril	9,601,418	4,257,043	44.3	22.5
4. Homeowners multiple peril	16,185,773	9,182,888	56.7	46.1
5. Commercial multiple peril	5,122,304	4,832,031	94.3	21.6
6. Mortgage guaranty	0	.0	0.0	.0
8. Ocean marine	0	.0	0.0	.0
9. Inland marine	465,669	68,803	14.8	24.5
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	10,694	.0	0.0	.0
13. Group accident and health	0	.0	0.0	.0
14. Credit accident and health	0	.0	0.0	.0
15. Other accident and health	0	.0	0.0	.0
16. Workers' compensation	0	.0	0.0	.0
17.1 Other liability occurrence	253,056	(153,681)	(60.7)	3.6
17.2 Other liability-claims made	20,651	.0	0.0	.0
17.3 Excess Workers' Compensation	0	.0	0.0	.0
18.1 Products liability-occurrence	17,861	.35,000	196.0	(28.2)
18.2 Products liability-claims made	0	.0	0.0	.0
19.1,19.2 Private passenger auto liability	5,162,522	2,421,751	46.9	38.9
19.3,19.4 Commercial auto liability	2,080,841	1,271,985	61.1	57.6
21. Auto physical damage	5,614,860	3,046,565	54.3	47.5
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	25,320	2,000	7.9	1.8
27. Boiler and machinery	238,200	.76,185	32.0	14.5
28. Credit	0	.0	0.0	.0
29. International	0	.0	0.0	.0
30. Warranty	0	.0	0.0	.0
31. Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX	XXX
32. Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX	XXX
33. Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business	0	0	0.0	0.0
35. TOTALS	44,805,571	25,040,570	55.9	37.7
DETAILS OF WRITE-INS				
3401.			0.0	.0
3402.			0.0	.0
3403.			0.0	.0
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)	0	0	0.0	.0

PART 2 - DIRECT PREMIUMS WRITTEN

Line of Business	1 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date	
1. Fire	3,268	4,179	5,051	
2. Allied lines	3,105	3,950	5,772	
3. Farmowners multiple peril	5,426,612	10,407,099	9,390,221	
4. Homeowners multiple peril	9,464,015	16,319,939	15,242,237	
5. Commercial multiple peril	2,802,994	5,579,337	5,075,732	
6. Mortgage guaranty	0	0	0	
8. Ocean marine	0	0	0	
9. Inland marine	269,553	539,189	502,160	
10. Financial guaranty	0	0	0	
11.1 Medical professional liability-occurrence	0	0	0	
11.2 Medical professional liability-claims made	0	0	0	
12. Earthquake	3,383	12,119	12,214	
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	148,514	289,676	276,869	
17.2 Other liability-claims made	17,581	25,504	20,151	
17.3 Excess Workers' Compensation	0	0	0	
18.1 Products liability-occurrence	10,081	15,142	14,698	
18.2 Products liability-claims made	0	0	0	
19.1,19.2 Private passenger auto liability	2,323,532	5,119,368	5,595,934	
19.3,19.4 Commercial auto liability	1,246,980	2,425,401	2,257,905	
21. Auto physical damage	2,632,365	5,710,023	6,160,738	
22. Aircraft (all perils)	0	0	0	
23. Fidelity	0	0	0	
24. Surety	0	0	0	
26. Burglary and theft	13,428	28,530	30,704	
27. Boiler and machinery	131,737	255,281	242,452	
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	24,497,148	46,734,737	44,832,838	
DETAILS OF WRITE-INS				
3401.		0	0	
3402.		0	0	
3403.		0	0	
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 JUNE 30, 2014 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

Years in Which Losses Occurred	1 Prior Year-End Known Case Loss and LAE Reserves	2 Prior Year-End IBNR Loss and LAE Reserves	3 Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	4 2014 Loss and LAE Payments on Claims Reported as of Prior Year-End	5 2014 Loss and LAE Payments on Claims Unreported as of Prior Year-End	6 Total 2014 Loss and LAE Payments (Cols. 4 + 5)	7 Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened and Open as of Prior Year End	8 Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year End	9 Q.S. Date IBNR Loss and LAE Reserves	10 Total Q.S. Loss and LAE Reserves (Cols. 7 + 8 + 9)	11 Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 4 + 7 minus Col. 1)	12 Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 5 + 8 + 9 minus Col. 2)	13 Prior Year-End Total Loss and LAE Reserve Developed (Savings)/ Deficiency (Cols. 11 + 12)	
1. 2011 + Prior	6,968	615	7,583	1,666	7	1,673	4,728	29	220	4,977	(574)	(359)	(933)	
2. 2012	8,282	752	9,034	2,255	51	2,306	5,855	107	306	6,268	(172)	(288)	(460)	
3. Subtotals 2012 + prior	15,250	1,367	16,617	3,921	58	3,979	10,583	136	526	11,245	(746)	(647)	(1,393)	
4. 2013	16,937	5,076	22,013	7,758	1,023	8,781	11,550	290	1,008	12,848	2,371	(2,755)	(384)	
5. Subtotals 2013 + prior	32,187	6,443	38,630	11,679	1,081	12,760	22,133	426	1,534	24,093	1,625	(3,402)	(1,777)	
6. 2014	XXX	XXX	XXX	XXX	19,928	19,928	XXX	10,273	4,715	14,988	XXX	XXX	XXX	
7. Totals	32,187	6,443	38,630	11,679	21,009	32,688	22,133	10,699	6,249	39,081	1,625	(3,402)	(1,777)	
Prior Year-End Surplus As Regards Policy-holders											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	
8. Surplus As Regards Policy-holders	137,626										1.	5.0	2.	(52.8)
											3.	(4.6)		Col. 13, Line 7 Line 8
											4.	(1.3)		

STATEMENT AS OF JUNE 30, 2014 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing 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.

Response

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

Explanation:

- 1.
- 2.
- 3.

Bar Code:

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

OVERFLOW PAGE FOR WRITE-INS

PQ004 Additional Aggregate Lines for Page 04 Line 37.

*STMTINCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
3704. Change in Surplus Due to Adoption of SSAP No. 102 less deferred tax of \$45,121.....	.0	87,587	87,587
3705. Option Liability Surplus.....	.0	21,778	21,778
3797. Summary of remaining write-ins for Line 37 from Page 04	0	109,365	109,365

STATEMENT AS OF JUNE 30, 2014 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

SCHEDULE A – VERIFICATION

Real Estate

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	.5,523,140	.5,766,669
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	.727	14,531
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	126,032	258,060
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8)	.5,397,835	.5,523,140
10. Deduct total nonadmitted amounts	.0	0
11. Statement value at end of current period (Line 9 minus Line 10)	.5,397,835	.5,523,140

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	.4,785,707	.5,153,791
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	.2,820,483	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)	(.936,336)	.25,163
6. Total gain (loss) on disposals	.286,436	.83,983
7. Deduct amounts received on disposals	.6,956,290	.477,230
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)	.0	.4,785,707
12. Deduct total nonadmitted amounts	.0	0
13. Statement value at end of current period (Line 11 minus Line 12)	.0	.4,785,707

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	.190,145,832	.169,647,080
2. Cost of bonds and stocks acquired	.15,107,266	.53,103,257
3. Accrual of discount	.58,311	.114,094
4. Unrealized valuation increase (decrease)	.3,901,451	.8,138,941
5. Total gain (loss) on disposals	.141,268	.1,454,796
6. Deduct consideration for bonds and stocks disposed of	.7,879,521	.41,653,894
7. Deduct amortization of premium	.252,298	.375,142
8. Total foreign exchange change in book/adjusted carrying value	.0	0
9. Deduct current year's other-than-temporary impairment recognized	.0	283,300
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7+8-9)	.201,222,309	.190,145,832
11. Deduct total nonadmitted amounts	.319,507	.310,443
12. Statement value at end of current period (Line 10 minus Line 11)	.200,902,802	.189,835,389

STATEMENT AS OF JUNE 30, 2014 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by 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
BONDS								
1. NAIC 1 (a).....	115,225,365	19,536,729	13,912,490	(18,281)	115,225,365	120,831,323	0	113,625,630
2. NAIC 2 (a).....	5,463,018	632,754	1,100,000	(17,423)	5,463,018	4,978,349	0	5,482,315
3. NAIC 3 (a).....	1,043,183			(3,152)	1,043,183	1,040,031	0	1,046,276
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.....	121,731,567	20,169,483	15,012,490	(38,856)	121,731,567	126,849,703	0	120,154,221
PREFERRED STOCK								
8. NAIC 1.....	0				0	0	0	0
9. NAIC 2.....	1,185,510			24,708	1,185,510	1,210,218	0	1,161,426
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.....	1,185,510	0	0	24,708	1,185,510	1,210,218	0	1,161,426
15. Total Bonds & Preferred Stock.....	122,917,077	20,169,483	15,012,490	(14,148)	122,917,077	128,059,921	0	121,315,647

(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 \$; NAIC 2 \$;

NAIC 3 \$; NAIC 4 \$; NAIC 5 \$; NAIC 6 \$

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SCHEDULE DA - PART 1

Short-Term Investments

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999	3,821,492	XXX	3,821,492	130	

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	2,924,301	2,001,162
2. Cost of short-term investments acquired	24,726,859	32,326,606
3. Accrual of discount		0
4. Unrealized valuation increase (decrease).....		0
5. Total gain (loss) on disposals		0
6. Deduct consideration received on disposals	23,818,091	31,390,944
7. Deduct amortization of premium.....	11,577	12,524
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).....	3,821,492	2,924,301
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	3,821,492	2,924,301

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

STATEMENT AS OF JUNE 30, 2014 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

SCHEDULE A - PART 2

Showing All Real Estate ACQUIRED AND ADDITIONS MADE During the Current Quarter

1 Description of Property	Location		4 Date Acquired	5 Name of Vendor	6 Actual Cost at Time of Acquisition	7 Amount of Encumbrances	8 Book/Adjusted Carrying Value Less Encumbrances	9 Additional Investment Made After Acquisition
	2 City	3 State						
Acquired by purchase								
Tile Flooring.....	Lebanon.....	Indiana.....	04/30/2014.....	Canton Floors.....	727.....	0.....	727.....	0.....
019999 - Acquired by purchase					727	0	727	0
0399999 Totals					727	0	727	0

SCHEDULE A - PART 3

Showing All Real Estate DISPOSED During the Quarter, Including Payments During the Final Year on "Sales Under Contract"

1 Description of Property	Location		4 Disposal Date	5 Name of Purchaser	6 Actual Cost	7 Expended for Additions, Permanent Improvements and Changes in Encumbrances	8 Book/Adjusted Carrying Value Less Encumbrances Prior Year	Changes in Book/Adjusted Carrying Value Less Encumbrances					14 Book/Adjusted Carrying Value Less Encumbrances on Disposal	15 Amounts Received During Year	16 Foreign Exchange Gain (Loss) on Disposal	17 Realized Gain(Loss) on Disposal	18 Total Gain (Loss) on Disposal	19 Gross Income Earned Less Interest Incurred on Encumbrances	20 Taxes, Repairs and Expenses Incurred	
	2 City	3 State						9 Current Year's Depreciation	10 Current Year's Other Than Temporary Impairment Recognized	11 Current Year's Change in Encumbrances	12 Total Change in B/A. C.V. (11-9-10)	13 Total Foreign Exchange Change in B.A. C. V.								
0399999 Totals																				

NONE

E01

STATEMENT AS OF JUNE 30, 2014 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

SCHEDULE B - PART 2

Showing All Mortgage Loans ACQUIRED AND ADDITIONS MADE During the Current Quarter

SCHEDULE B - PART 3

Showing All Mortgage Loans DISPOSED, Transferred or Repaid During the Current Quarter

E02

STATEMENT AS OF JUNE 30, 2014 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

SCHEDULE BA - PART 2

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

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	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	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	
		3 City	4 State					9 Unrealized Valuation Increase (Decrease)	10 Current Year's (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)							
		Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics - Common Stocks - Unaffiliated																	
71CQ89-99-6.....	PMF Fund, LP.....			Stock Exchange.....	05/23/2014	05/23/2014						0		2,820,483	2,836,147		15,664	15,664	
8EBK69-99-3.....	The Endowment Fund LP (Domestic QP).....			Merrill Lynch.....	06/01/2008	05/12/2014	3,562,749	(742,266)				(742,266)		2,820,483	2,820,483		0	0	
1599999 - Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics - Common Stocks - Unaffiliated					3,562,749	(742,266)	0	0	0	(742,266)	0	5,640,966	5,656,630	0	15,664	15,664	0		
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STATEMENT AS OF JUNE 30, 2014 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

SCHEDULE D - PART 3

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

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator ^(a)
Bonds - U.S. Governments									
912828-RE-2.....	U S Treasury Note.....		05/27/2014.....	FirstMerit Bank.....		1,008,125	1,000,000	3,628	1.....
0599999 - Bonds - U.S. Governments						1,008,125	1,000,000	3,628	XXX
Bonds - U.S. Political Subdivisions of States, Territories and Possessions									
718814-N8-5.....	City of Phoenix AZ GO.....		06/05/2014.....	Multi-Bank Securities, In.....	560,920	500,000			1FE.....
89453P-NR-6.....	County of Travis TX.....		04/29/2014.....	Multi-Bank Securities, In.....	626,514	600,000			1FE.....
23426P-FH-0.....	Dakota Valley SD Schl District GO.....		06/27/2014.....	D A Davidson & Co.....	347,464	325,000			1FE.....
462602-MM-2.....	Iowa Valley IA Community College.....		06/12/2014.....	D A Davidson & Co.....	470,000	470,000			1FE.....
2499999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions					2,004,898	1,895,000		1,400	XXX
Bonds - U.S. Special Revenue									
052414-L0-0.....	City of Austin TX Electric Utility.....		05/06/2014.....	D A Davidson & Co.....	582,910	500,000		12,083	1FE.....
3133ED-LZ-3.....	Federal Farm Credit Bank.....		05/14/2014.....	Shay Financial Services.....	600,000	600,000			1FE.....
822196-CE-9.....	Shelbyville Cntl Renovation IN Rev.....		04/11/2014.....	Raymond James & Associate.....	589,970	500,000			1FE.....
3199999 - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions					1,772,880	1,600,000		12,083	XXX
Bonds - Industrial and Miscellaneous (Unaffiliated)									
110122-AW-8.....	Bristol-Myers Squibb Company.....		06/05/2014.....	Raymond James & Associate.....	604,800	600,000		2,113	1FE.....
12189L-A0-4.....	Burlington North Santa FE.....		05/20/2014.....	Raymond James & Associate.....	632,754	600,000		5,262	2FE.....
808513-AD-7.....	Charles Schwab Corp.....		06/23/2014.....	First Empire Securities I.....	669,000	600,000		11,422	1FE.....
194160-EG-1.....	Colgate Palmolive Co.....		04/29/2014.....	Raymond James & Associate.....	600,000	600,000		3,196	1FE.....
505588-BJ-1.....	Laclede Gas Company.....		06/04/2014.....	Raymond James & Associate.....	611,598	600,000		6,460	1FE.....
826552-AA-9.....	SigmaOne Aldrich Corp.....		04/24/2014.....	D A Davidson & Co.....	518,440	500,000		8,344	1FE.....
3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)					3,636,592	3,500,000		36,795	XXX
8399997 - Subtotals - Bonds - Part 3					8,422,495	7,995,000		53,906	XXX
8399999 - Subtotals - Bonds					8,422,495	7,995,000		53,906	XXX
Common Stocks - Industrial and Miscellaneous									
900061-00-3.....	Federal Home Loan Bk of Cincinnati.....		04/10/2014.....	Federal Home Loan Bank of.....	330,000	33,000			U.....
902973-30-4.....	U S Bancorp.....		05/06/2014.....	Merrill Lynch.....	4,103,000	164,970			L.....
9099999 - Common Stocks - Industrial and Miscellaneous (Unaffiliated)					197,970	XXX		0	XXX
Common Stocks - Mutual Funds									
001620-86-6.....	Alerian MLP ETF.....		06/12/2014.....	Merrill Lynch.....	26,944,000	494,969			U.....
277911-49-1.....	Eaton Vance Floating Rate Fnd CL I.....		06/24/2014.....	Merrill Lynch.....	60,142,180	550,000			U.....
464287-46-5.....	iShares MSCI EAFE Index ETF.....	R.....	06/23/2014.....	Merrill Lynch.....	8,647,000	604,943			U.....
464287-65-5.....	iShares Trust Russell 2000 Index.....		06/23/2014.....	Merrill Lynch.....	3,789,000	440,012			L.....
9299999 - Common Stocks - Mutual Funds					2,089,924	XXX		0	XXX
9799997 - Subtotals - Common Stocks - Part 3					2,287,895	XXX		0	XXX
9799999 - Subtotals - Common Stocks					2,287,895	XXX		0	XXX
9899999 - Subtotals- Preferred and Common Stocks					2,287,895	XXX		0	XXX
9999999 Totals					10,710,390	XXX		53,906	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues3

STATEMENT AS OF JUNE 30, 2014 OF THE LIGHTNING ROD 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 CUSIP Identifi- cation	2 Description	3 For- eign	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/Stock Dividends Received During Year	21 Stated Contractual Maturity Date	22 NAIC Design- ation or Market Indicator (a)			
										11 Unrealized Valuation Increase/ Decrease)	12 Current Year's (Amortization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B.A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B.A.C.V.										
Bonds - U.S. Governments																								
36217A-HM-5...	GNMA Pool #187536		06/15/2014	PRINCIPAL RECEIPT			.89	.89	.88	.89			.0		.89				0		.3	02/15/2017	.1FE	
36295P-6H-0...	GNMA Pool #676872		06/15/2014	PRINCIPAL RECEIPT			5,173	5,173	5,218	5,208			(35)							0		.97	03/15/2023	.1FE
83162C-VD-2...	SBA SBAP 2012-20K CL 1 CMO		05/01/2014	PRINCIPAL RECEIPT			24,523	24,523	24,737	24,729			(206)							0		.266	11/01/2032	.1FE
83162C-PP-2...	U S Small Business Admin- DCPC CMO		06/01/2014	PRINCIPAL RECEIPT			29,130	29,130	29,567	29,487			(357)						0		.682	06/01/2025	.1FE	
912828-CJ-7...	U S Treasury Note		05/16/2014	MATURITY			1,200,000	1,200,000	1,217,578	1,200,883			(883)						0		.28,500	05/15/2014	.1	
0599999 - Bonds - U.S. Governments							1,258,914	1,258,914	1,277,189	1,260,396			0	(1,482)	0	0	1,258,914	0	0	0	29,549	XXX	XXX	
Bonds - U.S. States, Territories and Possessions																								
677520-JT-6...	Ohio St GO Hwy Cap Imt...		05/01/2014	MATURITY			600,000	600,000	597,468	599,880			120				600,000			0	11,100	05/01/2014	.1FE	
1799999 - Bonds - U.S. States, Territories and Possessions							600,000	600,000	597,468	599,880			0	120	0	120	0	600,000	0	0	0	11,100	XXX	XXX
Bonds - U.S. Political Subdivisions of States, Territories and Possessions																								
930863-D9-3...	Wake Cnty NC Sch...		05/01/2014	MATURITY			600,000	600,000	605,310	600,243			(243)				600,000			0	12,000	05/01/2014	.1FE	
2499999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions							600,000	600,000	605,310	600,243			0	(243)	0	0	600,000	0	0	0	12,000	XXX	XXX	
Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions																								
3128M1-LA-5...	FHLMC (Gold) Pool #G12221		06/15/2014	PRINCIPAL RECEIPT			6,227	6,227	6,227	6,227			0				6,227			0	.144	06/01/2021	.1FE	
3133H-5P-4...	FHLMC (Gold) Pool #C90854		06/15/2014	PRINCIPAL RECEIPT			5,865	5,865	5,884	5,882			(17)				5,865			0	.122	09/01/2024	.1FE	
31294K-K5-3...	FHLMC (Gold) Pool #E01216		06/15/2014	PRINCIPAL RECEIPT			5,517	5,517	5,558	5,533			(16)				5,517			0	.127	10/01/2017	.1FE	
3128M1-BB-4...	FHLMC (Gold) Pool #G11934		06/15/2014	PRINCIPAL RECEIPT			4,663	4,663	4,660	4,655			8				4,663			0	.105	04/01/2016	.1FE	
3128M1-PA-1...	FHLMC (Gold) Pool #E12317		06/15/2014	PRINCIPAL RECEIPT			6,064	6,064	6,064	6,064			0				6,064			0	.140	08/01/2021	.1FE	
3128Q0-N9-4...	FHLMC (Gold) Pool #J19416		06/15/2014	PRINCIPAL RECEIPT			17,443	17,443	17,923	17,922			(479)				17,443			0	.214	06/01/2027	.1FE	
3137AP-BD-1...	FHLMC CMO 4033 EB		06/15/2014	PRINCIPAL RECEIPT			14,745	14,745	14,708	14,709			35				14,745			0	.105	10/15/2036	.1FE	
31326F-Y9-3...	FHLMC Pool #B1636		06/15/2014	PRINCIPAL RECEIPT			9,931	9,931	9,708	9,707			224				9,931			0	.73	08/01/2043	.1FE	
3128S2-QQ-7...	FHLMC Pool #T61363		06/15/2014	PRINCIPAL RECEIPT			8,031	8,031	8,403	8,403			(371)				8,031			0	.127	09/01/2042	.1FE	
31371L-JU-4...	#255075		06/25/2014	PRINCIPAL RECEIPT			9,859	9,859	9,856	9,852			7				9,859			0	.227	02/01/2024	.1FE	
31402R-GM-5...	FNMA Pool #T35604		06/25/2014	PRINCIPAL RECEIPT			11,817	11,817	11,854	11,833			(16)				11,817			0	.238	06/01/2020	.1FE	
3136A1-4P-7...	MA		06/25/2014	PRINCIPAL RECEIPT			21,541	21,541	21,595	21,596			(54)				21,541			0	.181	08/25/2040	.1FE	
3136A2-VK-6...	FNMA CMO TR-2011-126		06/25/2014	PRINCIPAL RECEIPT			24,873	24,873	24,868	24,868			5				24,873			0	.272	06/25/2040	.1FE	
31381P-C9-7...	FNMA DUS Pool #466396		06/25/2014	PRINCIPAL RECEIPT			1,644	1,644	1,644	1,646			(2)				1,644			0	.24	11/01/2020	.1FE	
31371L-XW-4...	FNMA Gt Mtg Pool #25549		06/25/2014	PRINCIPAL RECEIPT			8,878	8,878	8,828	8,832			46				8,878			0	.210	10/01/2024	.1FE	
31416X-HY-9...	FNMA Gt Mtg Pool #AB2046		06/25/2014	PRINCIPAL RECEIPT			14,482	14,482	14,237	14,252			230				14,482			0	.182	01/01/2026	.1FE	
31418A-LY-2...	FNMA Gt Mtg Pool #MA1242		06/25/2014	PRINCIPAL RECEIPT			7,531	7,531	7,870	7,879			(348)				7,531			0	.110	11/01/2042	.1FE	
31418A-V5-4...	FNMA Gt Mtg Pool #MA1535		06/25/2014	PRINCIPAL RECEIPT			20,448	20,448	20,435	20,468			(20)				20,448			0	.169	08/01/2023	.1FE	
31418A-W5-3...	FNMA Gt Mtg Pool #MA1556		06/15/2014	PRINCIPAL RECEIPT			9,634	9,634	9,562	9,582			52				9,634			0	.100	08/01/2028	.1FE	
3136A9-AZ-1...	106 CL-MA		06/25/2014	PRINCIPAL RECEIPT			6,393	6,393	6,385	6,385			8				6,393			0	.47	06/25/2042	.1FE	
31371K-2X-8...	FNMA Pool #254690		06/25/2014	PRINCIPAL RECEIPT			4,455	4,455	4,424	4,427			27				4,455			0	.103	04/01/2023	.1FE	
31385W-SB-6...	FNMA Pool #555014		06/25/2014	PRINCIPAL RECEIPT			8,991	8,991	9,076	9,016			(24)				8,991			0	.205	11/01/2017	.1FE	
3136A1-GY-6...	FNMA REMIC Ser 2011-M8 CL AB		06/25/2014	PRINCIPAL RECEIPT			2,796	2,796	2,878	2,861			(65)				2,796			0	.34	08/25/2021	.1FE	
3199999 - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions							231,829	231,829	232,656	232,599			0	(770)	0	(770)	0	231,829	0	0	0	3,262	XXX	XXX
Bonds - Industrial and Miscellaneous (Unaffiliated)																								
172967-CK-5...	Citigroup Inc Notes GLB		05/05/2014	MATURITY			500,000	500,000	500,025	500,001			(1)				500,000			0	.12,813	05/05/2014	.2FE	
263534-BN-8...	Du Pont E I De Nourous & Co Nt		04/30/2014	MATURITY			500,000	500,000	513,000	500,784			(784)				500,000			0	.12,188	04/30/2014	.1FE	
594918-AB-0...	Microsoft Corp Nt		06/01/2014	MATURITY			500,000	500,000	492,280	499,305			695				500,000			0	.7,375	06/01/2014	.1FE	
844730-AG-6...	Southtrust Corp /																							

STATEMENT AS OF JUNE 30, 2014 OF THE LIGHTNING ROD 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 CUSIP Identifi- cation	2 Description	3 For- eign	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/Stock Dividends Received During Year	21 Stated Contractual Maturity Date	22 NAIC Design- ation or Market Indicator (a)
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amortization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B./A.C.V.							
258620-10-3...	Doubleline Total Rtn Bond Fd CL 1.....		06/23/2014..	Merrill Lynch.....	25,184,000	276,772	XXX.....	280,555	271,484	9,071			9,071		280,555		(3,783)	(3,783)	6,530	XXX.....	L.....
72201M-45-3...	PIMCO Unconstrained Bond Fund CL P.....		06/23/2014..	Merrill Lynch.....	26,772,000	302,524	XXX.....	296,901	296,901	0			0		296,901		5,622	5,622	1,537	XXX.....	U.....
78463V-10-7...	SPDR Gold Trust ETF06/30/2014..		Merrill Lynch.....		2,600,000	330,011	XXX.....	173,750	301,912	(128,162)			(128,162)		173,750		156,261	156,261		XXX.....	L.....
9299999 - Common Stocks - Mutual Funds					1,349,306	XXX	1,220,889	1,278,143	(57,255)	0	0	(57,255)	0	1,220,889	0	128,418	128,418	8,068	XXX.....	XXX.....	
9799997 - Subtotals - Common Stocks - Part 4					1,349,306	XXX	1,220,889	1,278,143	(57,255)	0	0	(57,255)	0	1,220,889	0	128,418	128,418	8,068	XXX.....	XXX.....	
9799999 - Subtotals - Common Stocks					1,349,306	XXX	1,220,889	1,278,143	(57,255)	0	0	(57,255)	0	1,220,889	0	128,418	128,418	8,068	XXX.....	XXX.....	
9899999 - Subtotals - Preferred and Common Stocks					1,349,306	XXX	1,220,889	1,278,143	(57,255)	0	0	(57,255)	0	1,220,889	0	128,418	128,418	8,068	XXX.....	XXX.....	
9999999 Totals					6,040,286	XXX	5,950,581	5,972,239	(57,255)	(3,353)	0	(60,607)	0	5,911,632	0	128,654	128,654	110,854	XXX.....	XXX.....	

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues2

E05.1

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 JUNE 30, 2014 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
					6 First Month	7 Second Month	8 Third Month	
Open Depositories								
JP Morgan Chase.....New York, NY.....		0.000			16,260,614	16,260,614	18,892,836	XXX
Northern Trust.....Chicago, IL.....		0.000			(1,821,079)	(330,014)	(487,454)	XXX
019998 Deposits in1 depositories that do not exceed the allowable limit in any one depository (See Instructions) - Open Depositories	XXX	XXX	52		58,255	83,635	71,008	XXX
019999 Total Open Depositories	XXX	XXX	52	0	14,497,790	16,014,235	18,476,390	XXX
039999 Total Cash on Deposit	XXX	XXX	52	0	14,497,790	16,014,235	18,476,390	XXX
049999 Cash in Company's Office	XXX	XXX	XXX	XXX				XXX
059999 Total	XXX	XXX	52	0	14,497,790	16,014,235	18,476,390	XXX

STATEMENT AS OF JUNE 30, 2014 OF THE LIGHTNING ROD 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

NONE

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SUPPLEMENT FOR THE QUARTER ENDING JUNE 30, 2014 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

DIRECTOR AND OFFICER INSURANCE COVERAGE SUPPLEMENT

Year To Date For The Period Ended 2014

NAIC Group Code 0207

NAIC Company Code 26123

If the reporting entity writes any director and officer (D&O) business, please provide the following:

1. Monoline Policies

1 Direct Written Premium	2 Direct Earned Premium	3 Direct Losses Incurred
\$ 0	\$ 0	\$ 0

2. Commercial Multiple Peril (CMP) Packaged Policies

2.1 Does the reporting entity provide D&O liability coverage as part of a CMP packaged policy? Yes [X] No []

2.2 Can the direct premium earned for D&O liability coverage provided as part of a CMP packaged policy be quantified or estimated? Yes [X] No []

2.3 If the answer to question 2.2 is yes, provide the quantified or estimated direct premium earned amount for D&O liability coverage in CMP packaged policies

2.31 Amount quantified: \$6,650

2.32 Amount estimated using reasonable assumptions: \$

2.4 If the answer to question 2.1 is yes, provide direct losses incurred (losses paid plus change in case reserves) for the D&O liability coverage provided in CMP packaged policies. \$0