



PROPERTY AND CASUALTY COMPANIES—ASSOCIATION EDITION

QUARTERLY STATEMENT

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

WESTERN RESERVE MUTUAL CASUALTY COMPANY

NAIC Group Code	0207	0207	NAIC Company Code	26131	Employer's ID Number	34-0613930
	(Current Period)	(Prior Period)				
Organized under the Laws of	Ohio		State of Domicile or Port of Entry	Ohio		
Country of Domicile	United States					
Incorporated/Organized	06/29/1937		Commenced Business	07/30/1937		
Statutory Home Office	1685 Cleveland Road		Wooster, OH, US 44691-0036			
	(Street and Number)		(City or Town, State, Country and Zip Code)			
Main Administrative Office	1685 Cleveland Road		Wooster, OH, US 44691-0036		330-262-9060	
	(Street and Number)		(City or Town, State, Country and Zip Code)		(Area Code) (Telephone Number)	
Mail Address	1685 Cleveland Road		Wooster, OH, US 44691-0036			
	(Street and Number or P.O. Box)		(City or Town, State, Country and Zip Code)			
Primary Location of Books and Records	1685 Cleveland Road		Wooster, OH, US 44691-0036		330-262-9060-2437	
	(Street and Number)		(City or Town, State, Country and Zip Code)		(Area Code) (Telephone Number)	
Internet Web Site Address	www.wrg-ins.com					
Statutory Statement Contact	Brooke M. McVay, CPA		330-262-9060-2446			
	(Name)		(Area Code) (Telephone Number) (Extension)			
	brooke_mcvay@wrg-ins.com		330-264-7822			
	(E-Mail Address)		(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. GWINN	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 OFFICER	MICHAEL A. SHUTT VICE PRESIDENT AND TREASURER -CHIEF FINANCIAL OFFICER	
Subscribed and sworn to before me this 14th day of August, 2014		a. Is this an original filing? Yes [X] No []
Lauresa Durham, Notary Public July 30, 2016		b. If no: 1. State the amendment number 2. Date filed 3. Number of pages attached

STATEMENT AS OF JUNE 30, 2014 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1	2	3	
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	95,073,946		95,073,946	91,077,665
2. Stocks:				
2.1 Preferred stocks	839,704		839,704	807,128
2.2 Common stocks	54,664,891	309,423	54,355,468	50,559,976
3. Mortgage loans on real estate:				
3.1 First liens	0		0	0
3.2 Other than first liens	0		0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)	7,448,892		7,448,892	7,560,162
4.2 Properties held for the production of income (less \$ encumbrances)	0		0	0
4.3 Properties held for sale (less \$ encumbrances)	0		0	0
5. Cash (\$ (12,341,467)), cash equivalents (\$ 0) and short-term investments (\$ 3,356,647)	(8,984,820)		(8,984,820)	(5,638,504)
6. Contract loans (including \$ premium notes)			0	0
7. Derivatives			0	0
8. Other invested assets	1,700,627	1,700,627	0	3,480,483
9. Receivables for securities	0		0	0
10. Securities lending reinvested collateral assets	0		0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	150,743,240	2,010,050	148,733,190	147,846,910
13. Title plants less \$ charged off (for Title insurers only)	0		0	0
14. Investment income due and accrued	985,035		985,035	916,972
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	28,715,603	229,185	28,486,418	26,966,974
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)	0		0	0
15.3 Accrued retrospective premiums	0		0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	30,970		30,970	30,525
16.2 Funds held by or deposited with reinsured companies	0		0	0
16.3 Other amounts receivable under reinsurance contracts	0		0	0
17. Amounts receivable relating to uninsured plans	0		0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	201,928		201,928	1,157,056
18.2 Net deferred tax asset	0		0	0
19. Guaranty funds receivable or on deposit	0		0	0
20. Electronic data processing equipment and software	2,843,354	2,015,107	828,247	921,552
21. Furniture and equipment, including health care delivery assets (\$)	188,829	188,829	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates	0		0	0
23. Receivables from parent, subsidiaries and affiliates	0		0	0
24. Health care (\$) and other amounts receivable	0		0	0
25. Aggregate write-ins for other-than-invested assets	149,100	149,100	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	183,858,059	4,592,271	179,265,788	177,839,989
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0		0	0
28. Total (Lines 26 and 27)	183,858,059	4,592,271	179,265,788	177,839,989
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Prepaid Expense	149,100	149,100	0	
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	149,100	149,100	0	0

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$10,196,515)	23,750,445	23,423,302
2. Reinsurance payable on paid losses and loss adjustment expenses	0	0
3. Loss adjustment expenses	4,671,215	4,671,215
4. Commissions payable, contingent commissions and other similar charges	1,872,268	3,165,026
5. Other expenses (excluding taxes, licenses and fees)	2,262,688	3,182,130
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	521,287	923,460
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))	0	0
7.2 Net deferred tax liability	1,746,334	975,812
8. Borrowed money \$ and interest thereon \$	0	0
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$1,212,276 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)	35,958,037	34,990,589
10. Advance premium	692,690	553,301
11. Dividends declared and unpaid:		
11.1 Stockholders	0	0
11.2 Policyholders	0	0
12. Ceded reinsurance premiums payable (net of ceding commissions)	(377,159)	384,801
13. Funds held by company under reinsurance treaties	0	0
14. Amounts withheld or retained by company for account of others	2,390,858	3,265,868
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	305,313	515,312
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	167,685
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	73,793,976	76,218,501
27. Protected cell liabilities	0	0
28. Total liabilities (Lines 26 and 27)	73,793,976	76,218,501
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)	105,471,812	101,621,488
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)	105,471,812	101,621,488
38. Totals (Page 2, Line 28, Col. 3)	179,265,788	177,839,989
DETAILS OF WRITE-INS		
2501. Accrued Capital Expenses.....		167,685
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	167,685
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 OF INCOME

	1	2	3
	Current Year	Prior Year	Prior Year Ended
	to Date	to Date	December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct (written \$ 54,027,824)	53,420,729	51,256,287	104,001,789
1.2 Assumed (written \$ 38,659,037)	37,691,590	35,741,184	72,399,979
1.3 Ceded (written \$ 54,027,824)	53,420,729	51,256,287	104,001,789
1.4 Net (written \$ 38,659,037)	37,691,590	35,741,184	72,399,979
DEDUCTIONS:			
2. Losses incurred (current accident year \$)::			
2.1 Direct	25,520,398	24,619,709	59,053,911
2.2 Assumed	20,419,852	17,632,096	39,165,517
2.3 Ceded	25,520,398	24,619,709	59,053,911
2.4 Net	20,419,852	17,632,096	39,165,517
3. Loss adjustment expenses incurred	3,681,208	3,240,994	7,347,992
4. Other underwriting expenses incurred	12,209,742	11,563,468	24,736,412
5. Aggregate write-ins for underwriting deductions	0	0	0
6. Total underwriting deductions (Lines 2 through 5)	36,310,802	32,436,558	71,249,921
7. Net income of protected cells	0	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	1,380,788	3,304,626	1,150,058
INVESTMENT INCOME			
9. Net investment income earned	1,818,051	1,710,799	3,501,348
10. Net realized capital gains (losses) less capital gains tax of \$ 109,100	211,783	403,659	621,410
11. Net investment gain (loss) (Lines 9 + 10)	2,029,834	2,114,458	4,122,758
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$ 37,660)	(37,660)	(30,055)	(71,563)
13. Finance and service charges not included in premiums	594,832	575,419	1,186,300
14. Aggregate write-ins for miscellaneous income	507	870	667
15. Total other income (Lines 12 through 14)	557,679	546,234	1,115,404
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	3,968,301	5,965,318	6,388,220
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)	3,968,301	5,965,318	6,388,220
19. Federal and foreign income taxes incurred	496,028	(207,946)	(77,176)
20. Net income (Line 18 minus Line 19)(to Line 22)	3,472,273	6,173,264	6,465,396
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	101,621,488	92,481,819	92,481,819
22. Net income (from Line 20)	3,472,273	6,173,264	6,465,396
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 \$ 748,013	1,452,024	1,663,296	3,806,826
25. Change in net unrealized foreign exchange capital gain (loss)	0	0	0
26. Change in net deferred income tax	(22,509)	(1,361,299)	(580,743)
27. Change in nonadmitted assets	(1,051,464)	189,326	(1,051,353)
28. Change in provision for reinsurance	0	0	213,119
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	78,448	286,424
38. Change in surplus as regards policyholders (Lines 22 through 37)	3,850,324	6,743,035	9,139,669
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	105,471,812	99,224,854	101,621,488
DETAILS OF WRITE-INS			
0501.		0	0
0502.		0	0
0503.		0	0
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0
1401. Other Income (Expense)	507	870	667
1402. Gain/(Loss) sale of Equipment	0	0	0
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)	507	870	667
3701. Change in Surplus Due to Prior Period Adjustment (see Footnote 2)	0	0	40,754
3702. Change in Surplus Due to Correction of a Depreciation Error (see Footnote 2)	0		(690)
3703. Change in Surplus Due to Change in Depreciation Method (see Footnote 2)	0		167,912
3798. Summary of remaining write-ins for Line 37 from overflow page	0	78,448	78,448
3799. TOTALS (Lines 3701 through 3703 plus 3798) (Line 37 above)	0	78,448	286,424

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.....	36,468,674	33,900,920	72,161,424
2. Net investment income	1,880,045	1,743,289	3,837,946
3. Miscellaneous income	557,679	546,234	1,115,404
4. Total (Lines 1 to 3)	38,906,398	36,190,443	77,114,774
5. Benefit and loss related payments	20,093,154	16,180,110	36,050,494
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	18,482,852	15,463,174	29,403,678
8. Dividends paid to policyholders	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses).....	(350,000)	1,400,000	1,400,075
10. Total (Lines 5 through 9)	38,226,006	33,043,284	66,854,247
11. Net cash from operations (Line 4 minus Line 10)	680,392	3,147,159	10,260,527
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	5,248,105	5,988,838	9,725,383
12.2 Stocks	994,253	13,052,257	19,684,495
12.3 Mortgage loans	0	0	0
12.4 Real estate	0	0	0
12.5 Other invested assets	5,561,553	502,793	818,287
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0	0
12.7 Miscellaneous proceeds	111,271	338,613	227,730
12.8 Total investment proceeds (Lines 12.1 to 12.7)	11,915,182	19,882,501	30,455,895
13. Cost of investments acquired (long-term only):			
13.1 Bonds	9,305,740	13,466,370	20,668,116
13.2 Stocks	1,918,971	11,533,720	16,990,857
13.3 Mortgage loans	0	0	0
13.4 Real estate	0	1,743	1,743
13.5 Other invested assets	2,051,242	131,000	767,000
13.6 Miscellaneous applications	1	195,409	187,349
13.7 Total investments acquired (Lines 13.1 to 13.6)	13,275,954	25,328,242	38,615,065
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)	(1,360,772)	(5,445,741)	(8,159,170)
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).....	(2,655,919)	(388,066)	(810,615)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6).....	(2,655,919)	(388,066)	(810,615)
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)	(3,336,299)	(2,686,648)	1,290,742
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	(5,648,521)	(6,939,263)	(6,939,263)
19.2 End of period (Line 18 plus Line 19.1)	(8,984,820)	(9,625,911)	(5,648,521)

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	\$ 3,472,273	\$ 6,465,396
(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>\$ 3,472,273</u>	<u>\$ 6,465,396</u>
<u>SURPLUS</u>			
(5) Company state basis (Page 3, Line 37, Columns 1 & 2)	Ohio	\$ 105,471,812	\$ 101,621,488
(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>\$ 105,471,812</u>	<u>\$ 101,621,488</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 (\$32,815) of \$63,700.

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 increased surplus by \$167,912. 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 \$690.

In accordance with SSAP No. 3 *Accounting Changes and Errors*, the Company recorded a prior period adjustment to true—up the cost bases of mutual funds for prior year distributions originally reported as return of capital that the fund later reclassified as dividends. The net impact to surplus was an increase of \$40,754.

NOTES TO FINANCIAL STATEMENTS

3. Business Combinations and Goodwill

- A. Statutory Purchase Method
Not applicable.
- B. Statutory Merger
Not applicable.
- C. Impairment Loans
Not applicable.

4. Discontinued Operations

Not applicable.

5. Investments

- A. Mortgage Loans, including Mezzanine Real Estate Loans
Not applicable.
- B. Debt Restructuring
Not applicable.
- C. Reverse Mortgages
Not applicable.
- D. Loan-Backed Securities
Not applicable.
- E. Repurchase Agreements and/or Securities Lending Transactions
Not applicable.
- 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.

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	\$ 7,298,979	\$ 606,957	\$ 7,905,936
(b)	Statutory Valuation Allowance Adjustments	—	—	—
(c)	Adjusted Gross Deferred Tax Assets (1a – 1b)	7,298,979	606,957	7,905,936
(d)	Deferred Tax Assets Nonadmitted	—	—	—
(e)	Subtotal Net Deferred Tax Asset (1c – 1d)	7,298,979	606,957	7,905,936
(f)	Deferred Tax Liabilities	(489,955)	(9,162,315)	(9,652,270)
(g)	Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	<u>\$ 6,809,024</u>	<u>\$ (8,555,358)</u>	<u>\$ (1,746,334)</u>
		12/31/2013		
		(4)	(5)	(6)
		Ordinary	Capital	(Col 4+5) Total
(a)	Gross Deferred Tax Assets	\$ 7,111,526	\$ 889,056	\$ 8,000,582
(b)	Statutory Valuation Allowance Adjustments	—	—	—
(c)	Adjusted Gross Deferred Tax Assets (1a – 1b)	7,111,526	889,056	8,000,582
(d)	Deferred Tax Assets Nonadmitted	—	—	—
(e)	Subtotal Net Deferred Tax Asset (1c – 1d)	7,111,526	889,056	8,000,582
(f)	Deferred Tax Liabilities	(562,091)	(8,414,303)	(8,976,394)
(g)	Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	<u>\$ 6,549,435</u>	<u>\$ (7,525,247)</u>	<u>\$ (975,812)</u>
		Change		
		(7)	(8)	(9)
		(Col 1-4) Ordinary	(Col 2-5) Capital	(Co 7+8) Total
(a)	Gross Deferred Tax Assets	\$ 187,453	\$ (282,099)	\$ (94,646)
(b)	Statutory Valuation Allowance Adjustments	—	—	—
(c)	Adjusted Gross Deferred Tax Assets (1a – 1b)	187,453	(282,099)	(94,646)
(d)	Deferred Tax Assets Nonadmitted	—	—	—
(e)	Subtotal Net Deferred Tax Asset (1c – 1d)	187,453	(282,099)	(94,646)
(f)	Deferred Tax Liabilities	72,136	(748,012)	(675,876)
(g)	Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	<u>\$ 259,589</u>	<u>\$ (1,030,111)</u>	<u>\$ (770,522)</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)			
2,783,940	—	2,783,940	
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.			
2,783,940	—	2,783,940	
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			
XXX	XXX	15,702,463	
(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.			
4,515,039	606,957	5,121,996	
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))			
\$ 7,298,979	\$ 606,957	\$ 7,905,936	
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)			
2,783,940	—	2,783,940	
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.			
2,783,940	—	2,783,940	
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			
XXX	XXX	15,104,990	
(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.			
4,327,586	889,056	5,216,642	
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))			
\$ 7,111,526	\$ 889,056	\$ 8,000,582	

NOTES TO FINANCIAL STATEMENTS

		Change		
		(7)	(8)	(9)
		(Col 1-4)	(Col 2-5)	(Col 7+8)
		Ordinary	Capital	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	597,473
(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.	187,453	(282,099)	(94,646)
(d)	Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))	<u>\$ 187,453</u>	<u>\$ (282,099)</u>	<u>\$ (94,646)</u>
3.				
		2014	2013	
(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.	\$104,683,086	\$100,699,936	
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)	\$ 7,298,979	\$ 606,957	
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)	\$ 7,298,979	\$ 606,957	
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)	\$ 7,111,526	\$ 889,056	
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)	\$ 7,111,526	\$ 889,056	
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)	\$ 187,453	\$ (282,099)	
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)	\$ 187,453	\$ (282,099)	
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)
		06/30/2014	12/31/2013	(Col 1-2) Change
1.	Current Income Tax			
(a)	Federal	\$ 496,028	\$ (77,176)	\$ 573,204
(b)	Foreign	\$ —	\$ —	\$ —
(c)	Subtotal	\$ 496,028	\$ (77,176)	\$ 573,204
(d)	Federal income tax on net capital gains	\$ 109,100	\$ 320,120	\$ (211,020)
(e)	Utilization of operating loss carry-forwards	\$ —	\$ —	\$ —
(f)	Other	\$ —	\$ —	\$ —
(g)	Federal and foreign income taxes incurred	\$ 605,128	\$ 242,944	\$ 362,184
2.	Deferred Tax Assets:			
(a)	Ordinary			
(1)	Discounting of unpaid losses	\$ 408,385	\$ 408,385	\$ —
(2)	Unearned premium reserve	\$ 2,445,146	\$ 2,379,360	\$ 65,786
(3)	Policyholder reserves	\$ —	\$ —	\$ —
(4)	Investments	\$ —	\$ —	\$ —
(5)	Deferred acquisition costs	\$ —	\$ —	\$ —
(6)	Policyholder dividends accrual	\$ —	\$ —	\$ —
(7)	Fixed Assets/prepaid expense	\$ 848,471	\$ 325,212	\$ 523,259
(8)	Compensation and benefits accrual	\$ 707,618	\$ 843,939	\$ (136,321)
(9)	Pension accrual	\$ 204,819	\$ 205,520	\$ (701)
(10)	Receivables – nonadmitted	\$ 607,698	\$ 776,540	\$ (168,842)
(11)	Net operating loss carry-forward	\$ —	\$ 522,656	\$ (522,656)
(12)	Tax credit carry-forward	\$ 873,493	\$ 599,240	\$ 274,253
(13)	Other (including items <5% of total ordinary tax assets):			
(14)	Salvage and subrogation anticipated	\$ 707,095	\$ 707,095	\$ —
(15)	Software capitalized	\$ 430,293	\$ 290,715	\$ 139,578
(16)	Other	\$ 65,961	\$ 52,864	\$ 13,097
(99)	Subtotal	\$ 7,298,979	\$ 7,111,526	\$ 187,453
(b)	Statutory valuation allowance adjustment	\$ —	\$ —	\$ —
(c)	Nonadmitted	\$ —	\$ —	\$ —
(d)	Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	\$ 7,298,979	\$ 7,111,526	\$ 187,453

NOTES TO FINANCIAL STATEMENTS

	(1)	(2)	(3)
	06/30/2014	12/31/2013	(Col 1-2) Change
(e) Capital:			
(1) Investments	\$ —	\$ —	\$ —
(2) Net capital loss carry-forward	\$ —	\$ —	\$ —
(3) Real estate	\$ —	\$ —	\$ —
(4) Other (including items <5% of total capital tax assets):			
(5) Unrealized capital losses for impaired securities	\$ 606,957	\$ 889,056	\$ (282,099)
(99) Subtotal	\$ 606,957	\$ 889,056	\$ (282,099)
(f) Statutory valuation allowance adjustment	\$ —	\$ —	\$ —
(g) Nonadmitted	\$ —	\$ —	\$ —
(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	\$ 606,957	\$ 889,056	\$ (282,099)
(i) Admitted deferred tax assets (2d + 2h)	\$ 7,905,936	\$ 8,000,582	\$ (94,646)
3. Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	\$ (235,806)	\$ (360,709)	\$ 124,903
(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	\$ (183,404)	\$ (129,266)	\$ (54,137)
(7) Other	\$ (70,744)	\$ (72,116)	\$ 1,371
(99) Subtotal	\$ (489,954)	\$ (562,091)	\$ 72,137
(b) Capital:			
(1) Investments	\$ —	\$ —	\$ —
(2) Real estate	\$ —	\$ —	\$ —
(3) Other (including items <5% of total capital tax liabilities):			
(4) Unrealized capital gains	\$ (9,162,316)	\$ (8,414,303)	\$ (748,013)
(99) Subtotal	\$ (9,162,316)	\$ (8,414,303)	\$ (748,013)
(c) Deferred tax liabilities (3a99 + 3b99)	\$ (9,652,270)	\$ (8,976,394)	\$ (675,876)
4. Net deferred tax assets/liabilities (2i – 3c)	\$ (1,746,334)	\$ (975,812)	\$ (770,522)
D. The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes. Among the more significant book to tax adjustments were the following:			
	06/30/2014	Effective Tax Rate	
Provision computed at statutory rate	\$ 1,386,316	34.0%	
Tax exempt interest	(113,860)	(2.8%)	
Dividends received deduction	(118,023)	(2.9%)	
Change in deferred tax on nonadmitted assets	(354,417)	(8.7%)	
Other	(172,379)	(4.2%)	
Total	\$ 627,637	15.4%	
Federal and foreign income taxes incurred	\$ 496,028	12.2%	
Tax on capital gains (losses)	109,100	2.7%	
Change in net deferred income taxes	22,509	0.5%	
Total statutory income taxes	\$ 627,637	15.4%	
E. Carry-forwards, recoverable taxes, and IRC §6603 deposits:			
(1) As of June 30, 2014, the Company had no net operating loss carry-forwards available for tax purposes.			
The Company has no net capital loss carry-forwards available for tax purposes.			
As of June 30, 2014, the Company had alternative minimum tax (AMT) credit carry-forwards in the amount of \$873,493 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.			

NOTES TO FINANCIAL STATEMENTS

(3) The Company has no deposits reported as admitted assets under IRC §6603 as 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. At June 30, 2014 there was an intercompany payable of \$305,313 due to its Subsidiaries and Affiliates. The intercompany balances due from and/or due to its Subsidiaries and Affiliates are reimbursed quarterly on an as made basis.

E. Not applicable.

F. No significant change.

G. No significant change.

H. Not applicable.

I. Not applicable.

J. Not applicable.

K. Not applicable.

L. No significant change.

11. Debt

Not applicable.

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

A. Defined Benefit Plans

The Company has a non-qualified, unfunded, directors' retirement plan and a retiree healthcare plan which is 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 \$2.3 million and \$3.2 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.

F. Multiemployer Plans

Not applicable.

G. Consolidated/Holding Company Plans

Not applicable.

H. Postemployment Benefits and Compensated Absences

Not applicable.

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

Not applicable.

NOTES TO FINANCIAL STATEMENTS

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

- (1) Not applicable.
- (2) Not applicable.
- (3) Not applicable.
- (4) Not applicable.
- (5) Not applicable.
- (6) Not applicable.
- (7) Not applicable.
- (8) Not applicable.
- (9) Not applicable.
- (10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses before tax is \$26.9 million.
- (11) Not applicable.
- (12) Not applicable.
- (13) Not applicable.

14. Contingencies

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

15. Leases

No significant changes.

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

Not applicable.

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

- A. Transfers of Receivables Reported as Sales
Not applicable.
- B. Transfer and Servicing of Financial Assets
Not applicable.
- C. Wash Sales
Not applicable.

NOTES TO FINANCIAL STATEMENTS

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

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

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

Not applicable.

20. Fair Value Measurements

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

Level 1:

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

Level 2:

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

Level 3:

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

(1) Fair Value Measurements at 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	\$ 839,704	\$ —	\$ —	\$ 839,704
Total Perpetual Preferred Stocks	839,704	—	—	839,704
Common Stock:				
Mutual Funds	20,609,501			20,609,501
Industrial and Misc	33,649,283		96,684	33,745,967
Parent, Subsidiaries, and Affiliates	—	—	—	—
Total Common Stocks	54,258,784	—	96,684	54,355,468
Other Invested Assets	—	—	—	—
Total assets at fair value	\$ 55,098,488	\$ —	\$ 96,684	\$ 55,195,172
b. Liabilities at fair value:				
Not applicable.				

NOTES TO FINANCIAL STATEMENTS

Fair Value Measurements at December 31, 2013:

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
a. Assets at fair value:				
Perpetual Preferred Stock:				
Industrial and Misc	\$ 807,128	\$ —	\$ —	\$ 807,128
Total Perpetual Preferred Stocks	807,128	—	—	807,128
Common Stock:				
Mutual Funds	18,788,344			18,788,344
Industrial and Misc	31,673,833	97,800	—	31,741,633
Parent, Subsidiaries, and Affiliates	—	—	—	—
Total Common Stocks	50,462,177	97,800	—	50,559,977
Other Invested Assets	—	—	3,480,482	3,480,482
Total assets at fair value	\$ 51,269,305	\$ 97,800	\$ 3,480,482	\$ 54,847,587
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	(Sales)	Ending Balance at 06/30/2014
a. Assets:						
Common Stock:						
Industrial and Misc	\$ —	\$ 96,684	\$ —	\$ —	\$ —	\$ 96,684
Other Invested Assets	3,480,482	—	208,315	(680,965)	(3,007,832)	—
Total Assets	\$ 3,480,482	\$ 96,684	\$ 208,315	\$ (680,965)	\$ (3,007,832)	\$ 96,684
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 one NAMIC common stock.

- B. Not applicable.
- C. Fair Value of All Financial Instruments:

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	\$ 99,380,379	\$ 95,073,946	\$ 12,308,859	\$ 87,071,520	\$ —	\$ —
Perpetual Preferred Stock	839,704	839,704	839,704	—	—	—
Common Stock	54,355,468	54,355,468	54,258,784	—	96,684	—
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.

NOTES TO FINANCIAL STATEMENTS

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 quarter 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 changes.

D. Uncollectible Reinsurance

No significant changes.

E. Commutation of Ceded Reinsurance

Not applicable.

F. Retroactive Reinsurance

Not applicable.

G. Reinsurance Accounted for as a Deposit

Not applicable.

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

Not applicable.

I. Certified Reinsurer Rating Downgraded or Status Subject to Revocation

Not applicable.

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

Not applicable.

NOTES TO FINANCIAL STATEMENTS

25. Changes in Incurred Losses and Loss Adjustment Expense

Reserves as of December 31, 2013 were \$28.1 million. In calendar year 2014, \$9.3 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 \$17.5 million. Therefore, there has been a \$1.3 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. The re-estimation is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims. The estimates are not affected by prior year loss development on retrospectively rated policies, as the Company does not write this type of policy.

26. Intercompany Pooling Agreements

- A. No significant changes.
- B. No significant change.
- C. No significant change.
- D. No significant change.
- E. No significant change.
- F. No significant change.
- G. There was \$323,626 due from the Company from the affiliated entities participating in the intercompany pool as of June 30, 2014.

27. Structured Settlements

Not applicable.

28. Health Care Receivables

Not applicable.

29. Participating Policies

Not applicable.

30. Premium Deficiency Reserves

No significant changes.

31. High Deductibles

Not applicable.

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

No significant changes.

33. Asbestos/Environmental Reserves

- A. Does the Company have on the books, or has it ever written an insured for which you have identified a potential for the existence of a liability due to asbestos losses? Yes () No (x)
- B. Not applicable.
- C. Not applicable.

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 ()

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
(1) Direct –					
1) Beginning reserves:	\$ —	\$ 10	\$ 10	\$ 30	\$ 62
2) Incurred losses and loss adjustment expense:	55	20	28	69	10
3) Calendar year payments for losses and loss adjustment expenses:	<u>45</u>	<u>20</u>	<u>8</u>	<u>36</u>	<u>10</u>
4) Ending reserves:	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ 30</u>	<u>\$ 62</u>	<u>\$ 62</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>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
(3) Net of Ceded Reinsurance –					
1) Beginning reserves:	\$ —	\$ 10	\$ 10	\$ 30	\$ 62
2) Incurred losses and loss adjustment expense:	55	20	28	40	62
3) Calendar year payments for loss and loss adjustment expenses:	<u>45</u>	<u>20</u>	<u>8</u>	<u>7</u>	<u>—</u>
4) Ending reserves:	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ 30</u>	<u>\$ 62</u>	<u>\$ —</u>

The Company's exposure to environmental losses arises from the sale of general liability insurance. The Company estimates the full impact of the environmental exposure by establishing full case basis reserves on all known losses and computing incurred but not reported losses based on previous experience. The Company's estimate of the environmental related losses for each of the five most recent years after intercompany pooling are displayed above.

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

NOTES TO FINANCIAL STATEMENTS

36. Financial Guaranty Insurance

Not applicable.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1

Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes ☐ No ☒
- 1.2

If yes, has the report been filed with the domiciliary state?

Yes ☐ No ☐
- 2.1

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

Yes ☐ No ☒
- 2.2

If yes, date of change:
- 3.1

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

Yes ☒ No ☐

If yes, complete Schedule Y, Parts 1 and 1A.
- 3.2

Have there been any substantial changes in the organizational chart since the prior quarter end?

Yes ☐ No ☒
- 3.3

If the response to 3.2 is yes, provide a brief description of those changes.
- 4.1

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

Yes ☐ No ☒
- 4.2

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

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

5.

If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?

Yes ☐ No ☐ NA ☒

If yes, attach an explanation.
- 6.1

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

12/31/2011
- 6.2

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

12/31/2011
- 6.3

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

11/26/2012
- 6.4

By what department or departments?

Ohio
- 6.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes ☐ No ☐ NA ☒
- 6.6

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

Yes ☒ No ☐ NA ☐
- 7.1

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

Yes ☐ No ☒
- 7.2

If yes, give full information:
- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes ☐ No ☒
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes ☐ No ☒
- 8.4

If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1	2	3	4	5	6
Affiliate Name	Location (City, State)	FRB	OCC	FDIC	SEC

GENERAL INTERROGATORIES

- 9.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes ☒ No ☐
- (a)

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

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

Compliance with applicable governmental laws, rules and regulations;
- (d)

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

Accountability for adherence to the code.
- 9.11

If the response to 9.1 is No, please explain:

.....
- 9.2

Has the code of ethics for senior managers been amended?

Yes ☐ No ☒
- 9.21

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

.....
- 9.3

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

Yes ☐ No ☒
- 9.31

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

.....

FINANCIAL

- 10.1

Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?.....

Yes ☐ No ☒
- 10.2

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

\$

INVESTMENT

- 11.1

Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.)

Yes ☐ No ☒
- 11.2

If yes, give full and complete information relating thereto:

.....
12.

Amount of real estate and mortgages held in other invested assets in Schedule BA:

\$0
13.

Amount of real estate and mortgages held in short-term investments:

\$0
- 14.1

Does the reporting entity have any investments in parent, subsidiaries and affiliates?

Yes ☒ No ☐
- 14.2

If yes, please complete the following:

	1	2
	Prior Year-End Book/Adjusted Carrying Value	Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	\$	\$
14.22 Preferred Stock	\$	\$
14.23 Common Stock	\$300,361	\$309,423
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).....	\$300,361	\$309,423
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	\$	\$

- 15.1

Has the reporting entity entered into any hedging transactions reported on Schedule DB?

Yes ☐ No ☒
- 15.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes ☐ No ☐
- If no, attach a description with this statement.

GENERAL INTERROGATORIES

- 16 For the reporting entity's security lending program, state the amount of the following as of the current statement date:
- 16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2

16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2

16.3 Total payable for securities lending reported on the liability page
- \$

\$

\$

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	2
Name of Custodian(s)	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	2	3
Name(s)	Location(s)	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	2	3	4
Old Custodian	New Custodian	Date of Change	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	2	3
Central Registration Depository	Name(s)	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:

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

5. Operating Percentages:

5.1 A&H loss percent

0.0 %

5.2 A&H cost containment percent

0.0 %

5.3 A&H expense percent excluding cost containment expenses.....

0.0 %

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

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

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

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

STATEMENT AS OF JUNE 30, 2014 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY

SCHEDULE F - CEDED REINSURANCE

Showing All New Reinsurance Treaties - Current Year to Date

[illegible]

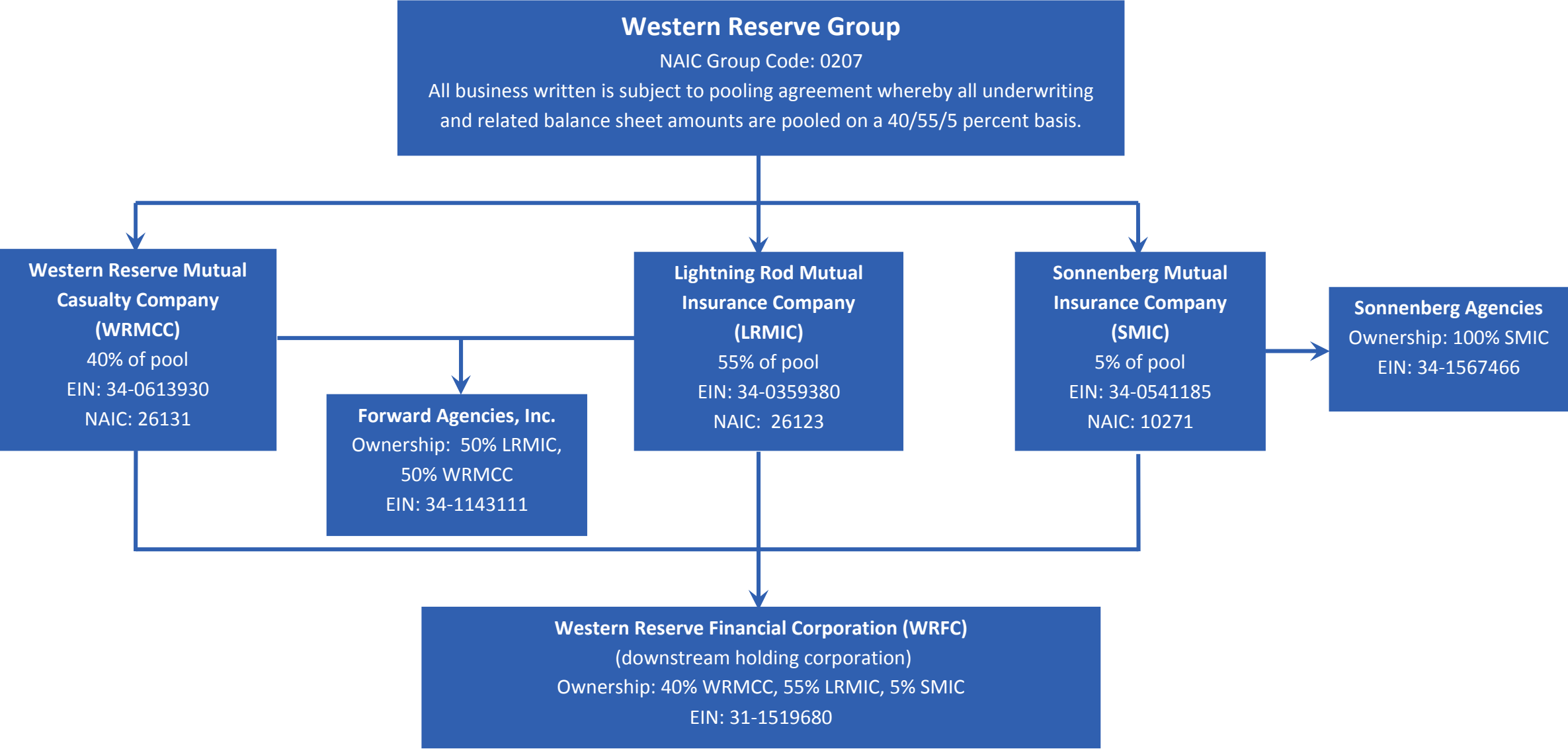
SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date - Allocated by States and Territories							
States, etc.	1	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2	3	4	5	6	7
	Active Status	Current Year To Date	Prior Year To Date	Current Year To Date	Prior Year To Date	Current Year To Date	Prior Year To Date
1. Alabama	AL..N		.0		.0		.0
2. Alaska	AK..N		.0		.0		.0
3. Arizona	AZ..N		.0		.0		.0
4. Arkansas	AR..N		.0		.0		.0
5. California	CA..N		.0		.0		.0
6. Colorado	CO..N		.0		.0		.0
7. Connecticut	CT..N		.0		.0		.0
8. Delaware	DE..N		.0		.0		.0
9. Dist. Columbia	DC..N		.0		.0		.0
10. Florida	FL..N		.0		.0		.0
11. Georgia	GA..N		.0		.0		.0
12. Hawaii	HI..N		.0		.0		.0
13. Idaho	ID..N		.0		.0		.0
14. Illinois	IL..L		.0		.0		.0
15. Indiana	IN..L	15,941,238	15,937,272	9,049,386	9,022,955	11,895,284	10,041,119
16. Iowa	IA..N		.0		.0		.0
17. Kansas	KS..N		.0		.0		.0
18. Kentucky	KY..N		.0		.0		.0
19. Louisiana	LA..N		.0		.0		.0
20. Maine	ME..N		.0		.0		.0
21. Maryland	MD..N		.0		.0		.0
22. Massachusetts	MA..N		.0		.0		.0
23. Michigan	MI..N		.0		.0		.0
24. Minnesota	MN..N		.0		.0		.0
25. Mississippi	MS..N		.0		.0		.0
26. Missouri	MO..N		.0		.0		.0
27. Montana	MT..N		.0		.0		.0
28. Nebraska	NE..N		.0		.0		.0
29. Nevada	NV..N		.0		.0		.0
30. New Hampshire	NH..N		.0		.0		.0
31. New Jersey	NJ..N		.0		.0		.0
32. New Mexico	NM..N		.0		.0		.0
33. New York	NY..N		.0		.0		.0
34. No. Carolina	NC..N		.0		.0		.0
35. No. Dakota	ND..N		.0		.0		.0
36. Ohio	OH..L	38,086,586	36,657,657	18,982,620	17,018,745	27,157,823	26,998,548
37. Oklahoma	OK..N		.0		.0		.0
38. Oregon	OR..N		.0		.0		.0
39. Pennsylvania	PA..N		.0		.0		.0
40. Rhode Island	RI..N		.0		.0		.0
41. So. Carolina	SC..N		.0		.0		.0
42. So. Dakota	SD..N		.0		.0		.0
43. Tennessee	TN..L		.0		.0		.0
44. Texas	TX..N		.0		.0		.0
45. Utah	UT..N		.0		.0		.0
46. Vermont	VT..N		.0		.0		.0
47. Virginia	VA..N		.0		.0		.0
48. Washington	WA..N		.0		.0		.0
49. West Virginia	WV..N		.0		.0		.0
50. Wisconsin	WI..N		.0		.0		.0
51. Wyoming	WY..N		.0		.0		.0
52. American Samoa	AS..N		.0		.0		.0
53. Guam	GU..N		.0		.0		.0
54. Puerto Rico	PR..N		.0		.0		.0
55. U.S. Virgin Islands	VI..N		.0		.0		.0
56. Northern Mariana Islands	MP..N		.0		.0		.0
57. Canada	CAN..N		.0		.0		.0
58. Aggregate Other Alien	OT..XXX	.0	.0	.0	.0	.0	.0
59. Totals	(a) 4	54,027,824	52,594,929	28,032,006	26,041,700	39,053,107	37,039,667
DETAILS OF WRITE-INS							
58001.	XXX						
58002.	XXX						
58003.	XXX						
58998. Summary of remaining write-ins for Line 58 from overflow page.	XXX	.0	.0	.0	.0	.0	.0
58999. TOTALS (Lines 58001 through 58003 plus 58998) (Line 58 above)	XXX	0	0	0	0	0	0

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

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

PART 1 – ORGANIZATIONAL CHART



STATEMENT AS OF JUNE 30, 2014 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY

SCHEDULE Y

PART 1A – DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

[illegible]

Asterisk	Explanation

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	1,629,147	(47,428)	(2.9)	16.2
2.	Allied lines	885,067	982,949	111.1	69.9
3.	Farmowners multiple peril	0	0	0.0	0.0
4.	Homeowners multiple peril	10,568,065	4,294,491	40.6	33.9
5.	Commercial multiple peril	5,727,747	300,173	5.2	42.5
6.	Mortgage guaranty	0		0.0	0.0
8.	Ocean marine	0		0.0	0.0
9.	Inland marine	436,696	95,544	21.9	36.1
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	9,689		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	628,613	252,035	40.1	42.7
17.1	Other liability occurrence	1,486,531	168,776	11.4	8.3
17.2	Other liability-claims made	4,326	0	0.0	0.0
17.3	Excess Workers' Compensation	0		0.0	0.0
18.1	Products liability-occurrence	47,556	0	0.0	16.9
18.2	Products liability-claims made	0		0.0	0.0
19.1,19.2	Private passenger auto liability	15,954,615	10,283,945	64.5	61.0
19.3,19.4	Commercial auto liability	1,639,929	241,620	14.7	15.3
21.	Auto physical damage	14,320,010	8,925,360	62.3	57.0
22.	Aircraft (all perils)	0	0	0.0	0.0
23.	Fidelity	0	0	0.0	0.0
24.	Surety	0	0	0.0	0.0
26.	Burglary and theft	17,521	0	0.0	151.9
27.	Boiler and machinery	65,217	22,933	35.2	2.7
28.	Credit	0	0	0.0	0.0
29.	International	0	0	0.0	0.0
30.	Warranty	0	0	0.0	0.0
31.	Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX	XXX
32.	Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX	XXX
33.	Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX
34.	Aggregate write-ins for other lines of business	0	0	0.0	0.0
35.	TOTALS	53,420,729	25,520,398	47.8	48.0
DETAILS OF WRITE-INS					
3401.				0.0	0.0
3402.				0.0	0.0
3403.				0.0	0.0
3498.	Sum. of remaining write-ins for Line 34 from overflow page	0	0	0.0	0.0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34)	0	0	0.0	0.0

PART 2 - DIRECT PREMIUMS WRITTEN

Line of Business		1 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
1.	Fire	821,229	1,580,081	1,547,865
2.	Allied lines	443,550	861,863	838,772
3.	Farmowners multiple peril	0	0	0
4.	Homeowners multiple peril	5,582,802	9,892,201	9,978,734
5.	Commercial multiple peril	3,527,286	6,289,446	6,065,918
6.	Mortgage guaranty	0	0	0
8.	Ocean marine	0	0	0
9.	Inland marine	295,704	496,409	443,499
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	3,410	8,187	9,033
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	378,412	688,127	653,415
17.1	Other liability occurrence	827,377	1,575,892	1,539,406
17.2	Other liability-claims made	3,664	5,325	4,790
17.3	Excess Workers' Compensation	0	0	0
18.1	Products liability-occurrence	32,891	49,275	47,478
18.2	Products liability-claims made	0	0	0
19.1,19.2	Private passenger auto liability	8,050,531	16,052,058	15,470,972
19.3,19.4	Commercial auto liability	1,045,816	1,859,381	1,751,654
21.	Auto physical damage	7,360,895	14,583,345	14,161,543
22.	Aircraft (all perils)	0	0	0
23.	Fidelity	0	0	0
24.	Surety	0	0	0
26.	Burglary and theft	6,203	14,769	15,628
27.	Boiler and machinery	37,323	71,465	66,222
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	28,417,093	54,027,824	52,594,929
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 WESTERN RESERVE MUTUAL CASUALTY COMPANY

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	2014 Loss and LAE Payments on Claims Reported as of Prior Year-End	2014 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2014 Loss and LAE Payments (Cols. 4 + 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year End	Q.S. Date IBNR Loss and LAE Reserves	Total Q.S. Loss and LAE Reserves (Cols.7 + 8 + 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 4 + 7 minus Col. 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 5 + 8 + 9 minus Col. 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings)/ Deficiency (Cols. 11 + 12)
1. 2011 + Prior	5,068	450	5,518	1,212	5	1,217	3,438	21	160	3,619	(418)	(264)	(682)
2. 2012	6,022	548	6,570	1,640	37	1,677	4,258	78	223	4,559	(124)	(210)	(334)
3. Subtotals 2012 + prior	11,090	998	12,088	2,852	42	2,894	7,696	99	383	8,178	(542)	(474)	(1,016)
4. 2013	12,318	3,691	16,009	5,643	744	6,387	8,400	211	733	9,344	1,725	(2,003)	(278)
5. Subtotals 2013 + prior	23,408	4,689	28,097	8,495	786	9,281	16,096	310	1,116	17,522	1,183	(2,477)	(1,294)
6. 2014	XXX	XXX	XXX	XXX	14,493	14,493	XXX	7,471	3,429	10,900	XXX	XXX	XXX
7. Totals	23,408	4,689	28,097	8,495	15,279	23,774	16,096	7,781	4,545	28,422	1,183	(2,477)	(1,294)
8. Prior Year-End Surplus As Regards Policy-holders	101,621										Col. 11, Line 7 As % of Col. 1, Line 7	Col. 12, Line 7 As % of Col. 2, Line 7	Col. 13, Line 7 As % of Col. 3, Line 7
											1. 5.1	2. (52.8)	3. (4.6)
											Col. 13, Line 7 Line 8		
											4. (1.3)		

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.



26131201449000002

2.



26131201445500002

3.



26131201436500002

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 Adopton of SSAP No. 102 less deferred tax of \$32,815.....	0	63,700	63,700
3705. Change in Option Liability.....	0	14,748	14,748
3797. Summary of remaining write-ins for Line 37 from Page 04	0	78,448	78,448

SCHEDULE A – VERIFICATION

Real Estate

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	7,560,162	7,790,881
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		1,743
2.2 Additional investment made after acquisition		0
3. Current year change in encumbrances		0
4. Total gain (loss) on disposals		0
5. Deduct amounts received on disposals		0
6. Total foreign exchange change in book/adjusted carrying value		0
7. Deduct current year's other-than-temporary impairment recognized		0
8. Deduct current year's depreciation	111,271	232,462
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8)	7,448,891	7,560,162
10. Deduct total nonadmitted amounts	0	0
11. Statement value at end of current period (Line 9 minus Line 10)	7,448,891	7,560,162

SCHEDULE B – VERIFICATION

Mortgage Loans

	1	2
	Year To Date	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
2.2 Additional investment made after acquisition		0
3. Capitalized deferred interest and other		0
4. Accrual of discount		0
5. Unrealized valuation increase (decrease)		0
6. Total gain (loss) on disposals		0
7. Deduct amounts received on disposals		0
8. Deduct amortization of premium and mortgage interest points and commitment fees		0
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		0
10. Deduct current year's other-than-temporary impairment recognized		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
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	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	5,683,588	5,655,498
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	2,051,242	767,000
2.2 Additional investment made after acquisition		0
3. Capitalized deferred interest and other		0
4. Accrual of discount		0
5. Unrealized valuation increase (decrease)	(680,965)	18,299
6. Total gain (loss) on disposals	208,315	61,078
7. Deduct amounts received on disposals	5,561,553	818,287
8. Deduct amortization of premium and depreciation		0
9. Total foreign exchange change in book/adjusted carrying value		0
10. Deduct current year's other-than-temporary impairment recognized		0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	1,700,627	5,683,588
12. Deduct total nonadmitted amounts	1,700,627	2,203,106
13. Statement value at end of current period (Line 11 minus Line 12)	0	3,480,482

SCHEDULE D – VERIFICATION

Bonds and Stocks

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	142,745,130	128,102,387
2. Cost of bonds and stocks acquired	11,224,711	37,658,973
3. Accrual of discount	40,023	77,932
4. Unrealized valuation increase (decrease)	2,881,003	5,728,261
5. Total gain (loss) on disposals	112,568	1,067,801
6. Deduct consideration for bonds and stocks disposed of	6,242,359	29,409,878
7. Deduct amortization of premium	182,534	273,972
8. Total foreign exchange change in book/adjusted carrying value		0
9. Deduct current year's other-than-temporary impairment recognized		206,374
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	150,578,542	142,745,130
11. Deduct total nonadmitted amounts	309,423	300,361
12. Statement value at end of current period (Line 10 minus Line 11)	150,269,119	142,444,769

STATEMENT AS OF JUNE 30, 2014 OF THE WESTERN RESERVE MUTUAL CASUALTY 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).....	90,226,963	14,161,942	9,807,213	3,859	90,226,963	94,585,551	0	89,122,255
2. NAIC 2 (a).....	3,503,015	421,836	900,000	(11,843)	3,503,015	3,013,007	0	3,516,106
3. NAIC 3 (a).....	834,557			(2,523)	834,557	832,035	0	837,032
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	94,564,535	14,583,778	10,707,213	(10,507)	94,564,535	98,430,593	0	93,475,393
PREFERRED STOCK								
8. NAIC 1	0				0	0	0	0
9. NAIC 2	823,280			16,424	823,280	839,704	0	807,128
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.....	823,280	0	0	16,424	823,280	839,704	0	807,128
15. Total Bonds & Preferred Stock	95,387,815	14,583,778	10,707,213	5,917	95,387,815	99,270,297	0	94,282,521

(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 \$

SCHEDULE DA - PART 1
Short-Term Investments

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999	3,356,647	XXX	3,356,647	89	

SCHEDULE DA - VERIFICATION
Short-Term Investments

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	2,397,729	1,238,841
2. Cost of short-term investments acquired	18,133,210	22,998,877
3. Accrual of discount		0
4. Unrealized valuation increase (decrease).....		0
5. Total gain (loss) on disposals		0
6. Deduct consideration received on disposals	17,166,574	21,831,640
7. Deduct amortization of premium.....	7,718	8,349
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).....	3,356,647	2,397,729
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	3,356,647	2,397,729

Schedule DB - Part A - Verification

NONE

Schedule DB - Part B - Verification

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part C - Section 2

NONE

Schedule DB - Verification

NONE

Schedule E - Verification

NONE

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

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STATEMENT AS OF JUNE 30, 2014 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY

SCHEDULE D - PART 3

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

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator ^(a)
Bonds - U.S. Governments									
912828-RE-2	U S Treasury Note		05/28/2014	FirstMerit Bank		806,500	800,000	2,902	1
0599999 - Bonds - U.S. Governments						806,500	800,000	2,902	XXX
Bonds - U.S. Political Subdivisions of States, Territories and Possessions									
718814-N8-5	City of Phoenix AZ GO		06/05/2014	Mulit-Bank Securities, In		448,736	400,000		1FE
89453P-NR-6	County of Travis TX		04/29/2014	Multi-Bank Securities, In		417,676	400,000	933	1FE
23426P-FJ-6	Dakota Valley SD Schl District GO		06/27/2014	D A Davidson & Co		212,662	200,000		1FE
462602-ML-4	Iowa Valley IA Community College		06/12/2014	D A Davidson & Co		470,000	470,000		1FE
960028-WY-1	Westerville OH CSD GO		05/22/2014	Fifth Third Securities, I		298,403	250,000	5,972	1FE
2499999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions						1,847,477	1,720,000	6,906	XXX
Bonds - U.S. Special Revenue									
052414-LQ-0	City of Austin TX Electric Utility		05/06/2014	D A Davidson & Co		349,746	300,000	7,250	1FE
3133ED-LZ-3	Federal Farm Credit Bank		05/14/2014	Shay Financial Services		400,000	400,000		1FE
822196-CC-3	Shelbyville Cntrl Renovation Rev		04/11/2014	Raymond James & Associate		587,940	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						1,337,686	1,200,000	7,250	XXX
Bonds - Industrial and Miscellaneous (Unaffiliated)									
110122-AW-8	Bristol-Myers Squibb Company		06/05/2014	Raymond James & Associate		302,400	300,000	1,056	1FE
12189L-AQ-4	Burlington North Santa FE		05/20/2014	Raymond James & Associate		421,836	400,000	3,508	2FE
808513-AD-7	Charles Schwab Corp		06/23/2014	First Empire Securities I		446,000	400,000	7,614	1FE
194160-EG-1	Colgate Palmolive Co		04/29/2014	Raymond James & Associate		400,000	400,000	2,131	1FE
505588-BJ-1	Laclede Gas Company		06/04/2014	Raymond James & Associate		407,732	400,000	4,307	1FE
826552-AA-9	Sigma Aldrich Corp		04/24/2014	D A Davidson & Co		414,752	400,000	6,675	1FE
3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)						2,392,720	2,300,000	25,291	XXX
8399997 - Subtotals - Bonds - Part 3						6,384,383	6,020,000	42,348	XXX
8399999 - Subtotals - Bonds						6,384,383	6,020,000	42,348	XXX
Common Stocks - Industrial and Miscellaneous									
902973-30-4	U S Bancorp		05/06/2014	Merrill Lynch	2,984,000	119,978			1
9099999 - Common Stocks - Industrial and Miscellaneous (Unaffiliated)						119,978	XXX	0	XXX
Common Stocks - Mutual Funds									
001620-86-6	Alerian MLP ETF		06/12/2014	Merrill Lynch	19,596,000	359,984			U
277911-49-1	Eaton Vance Floating Rate Fnd CL I		06/24/2014	Merrill Lynch	43,739,760	400,000			U
464287-46-5	iShares MSCI EAFE Index ETF	R	06/23/2014	Merrill Lynch	6,290,000	440,047			1
464287-65-5	iShares Trust Russell 2000 Index		06/23/2014	Merrill Lynch	2,755,000	319,937			1
9299999 - Common Stocks - Mutual Funds						1,519,969	XXX	0	XXX
9799997 - Subtotals - Common Stocks - Part 3						1,639,947	XXX	0	XXX
9799999 - Subtotals - Common Stocks						1,639,947	XXX	0	XXX
9899999 - Subtotals- Preferred and Common Stocks						1,639,947	XXX	0	XXX
9999999 Totals						8,024,329	XXX	42,348	XXX

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

STATEMENT AS OF JUNE 30, 2014 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY

SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation or Market Indicator (a)
Bonds - U.S. Governments																					
36220M-2N-8	GNMA Pool #282581		06/15/2014	PRINCIPAL RECEIPT		38	38	37	37				0		38			0	1	10/15/2019	1FE
36295P-6H-0	GNMA Pool #676872		06/15/2014	PRINCIPAL RECEIPT		3,448	3,448	3,479	3,472		(23)		(23)		3,448			0	65	03/15/2023	1FE
83162C-VD-2	SBA SBAP 2012-20K CL 1 CMO		05/01/2014	PRINCIPAL RECEIPT		16,349	16,349	16,492	16,486		(138)		(138)		16,349			0	177	11/01/2032	1FE
83162C-PP-2	U S Small Business Admin-DCPC CMO		06/01/2014	PRINCIPAL RECEIPT		29,171	29,171	29,608	29,529		(358)		(358)		29,171			0	683	06/01/2025	1FE
912828-CJ-7	U S Treasury Note		05/15/2014	MATURITY		800,000	800,000	811,703	800,588		(588)		(588)		800,000			0	19,000	05/15/2014	1
0599999 - Bonds - U.S. Governments						849,005	849,005	861,319	850,112	0	(1,107)	0	(1,107)	0	849,005	0	0	0	19,927	XXX	XXX
Bonds - U.S. States, Territories and Possessions																					
677520-JT-6	Ohio St GO Hwy Cap Impt		05/01/2014	MATURITY		400,000	400,000	398,312	399,920		80		80		400,000			0	7,400	05/01/2014	1FE
1799999 - Bonds - U.S. States, Territories and Possessions						400,000	400,000	398,312	399,920	0	80	0	80	0	400,000	0	0	0	7,400	XXX	XXX
Bonds - U.S. Political Subdivisions of States, Territories and Possessions																					
930863-D9-3	Wake Cnty NC Sch		05/01/2014	MATURITY		400,000	400,000	403,540	400,162		(162)		(162)		400,000			0	8,000	05/01/2014	1FE
2499999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions						400,000	400,000	403,540	400,162	0	(162)	0	(162)	0	400,000	0	0	0	8,000	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		4,151	4,151	4,151	4,151				0		4,151			0	96	06/01/2021	1FE
31335H-5P-4	FHLMC (Gold) Pool #C90854		06/15/2014	PRINCIPAL RECEIPT		3,910	3,910	3,923	3,921		(11)		(11)		3,910			0	92	09/01/2024	1FE
31294K-K5-3	FHLMC (Gold) Pool #E01216		06/15/2014	PRINCIPAL RECEIPT		4,646	4,646	4,681	4,660		(13)		(13)		4,646			0	107	10/01/2017	1FE
3128M1-BB-4	FHLMC (Gold) Pool #G11934		06/15/2014	PRINCIPAL RECEIPT		3,109	3,109	3,107	3,104		5		5		3,109			0	70	04/01/2016	1FE
3128M1-PA-1	FHLMC (Gold) Pool #G12317		06/15/2014	PRINCIPAL RECEIPT		4,043	4,043	4,043	4,043				0		4,043			0	94	08/01/2021	1FE
312800-N9-4	FHLMC (Gold) Pool #J19416		06/15/2014	PRINCIPAL RECEIPT		11,629	11,629	11,948	11,948		(319)		(319)		11,629			0	143	06/01/2027	1FE
3137AP-BD-1	FHLMC CMO 4033 EB		06/15/2014	PRINCIPAL RECEIPT		10,532	10,532	10,506	10,507		25		25		10,532			0	83	10/15/2036	1FE
31326F-Y9-3	FHLMC Pool #2B1636		06/15/2014	PRINCIPAL RECEIPT		6,621	6,621	6,472	6,471		150		150		6,621			0	49	08/01/2043	1FE
3128S2-QQ-7	FHLMC Pool #T61363		06/15/2014	PRINCIPAL RECEIPT		8,031	8,031	8,403	8,403		(371)		(371)		8,031			0	127	09/01/2042	1FE
31371L-JU-4	FNMA Gld Mtg Pool #255075		06/25/2014	PRINCIPAL RECEIPT		6,573	6,573	6,571	6,568		5		5		6,573			0	152	02/01/2024	1FE
31402R-GM-5	FNMA Pool #735604		06/25/2014	PRINCIPAL RECEIPT		7,671	7,671	7,695	7,681		(10)		(10)		7,671			0	154	06/01/2020	1FE
3136A1-4P-7	FNMA CMO TR-2011-126		06/25/2014	PRINCIPAL RECEIPT		14,361	14,361	14,397	14,397		(36)		(36)		14,361			0	121	08/25/2040	1FE
3136A2-VK-6	FNMA DUS Pool #466396		06/25/2014	PRINCIPAL RECEIPT		1,233	1,233	1,235	1,235		(2)		(2)		1,233			0	183	06/25/2040	1FE
31381P-C9-7	FNMA DUS Pool #466396		06/25/2014	PRINCIPAL RECEIPT		1,233	1,233	1,235	1,235		(2)		(2)		1,233			0	18	11/01/2020	1FE
31371L-XW-4	FNMA Gld Mtg Pool #25549		06/25/2014	PRINCIPAL RECEIPT		5,919	5,919	5,885	5,888		31		31		5,919			0	140	10/01/2024	1FE
31416X-HY-9	FNMA Gld Mtg Pool #AB2046		06/25/2014	PRINCIPAL RECEIPT		14,482	14,482	14,237	14,252		230		230		14,482			0	182	01/01/2026	1FE
31418A-LY-2	FNMA Gld Mtg Pool #MA1242		06/25/2014	PRINCIPAL RECEIPT		7,531	7,531	7,870	7,879		(348)		(348)		7,531			0	110	11/01/2042	1FE
31418A-V5-4	FNMA Gld Mtg Pool #MA1535		06/25/2014	PRINCIPAL RECEIPT		13,632	13,632	13,623	13,645		(13)		(13)		13,632			0	113	08/01/2023	1FE
31418A-WS-3	FNMA Gld Mtg Pool #MA1556		06/15/2014	PRINCIPAL RECEIPT		6,423	6,423	6,374	6,388		34		34		6,423			0	67	08/01/2028	1FE
3136A9-AZ-1	106 CL-MA		06/25/2014	PRINCIPAL RECEIPT		4,262	4,262	4,257	4,257		5		5		4,262			0	31	06/25/2042	1FE
31371K-2X-8	FNMA Pool #254690		06/25/2014	PRINCIPAL RECEIPT		2,970	2,970	2,949	2,952		18		18		2,970			0	69	04/01/2023	1FE
31385W-SB-6	FNMA Pool #555014		06/25/2014	PRINCIPAL RECEIPT		4,413	4,413	4,455	4,425		(12)		(12)		4,413			0	101	11/01/2017	1FE
3136A1-6Y-6	FNMA REMIC Ser 2011-M8 CL AB		06/25/2014	PRINCIPAL RECEIPT		2,446	2,446	2,518	2,506		(59)		(59)		2,446			0	30	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						165,252	165,252	165,966	165,941	0	(689)	0	(689)	0	165,252	0	0	0	2,331	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)		(1)		500,000			0	12,813	05/05/2014	2FE
263534-BN-8	Du Pont E I De Nemours & Co Nt		04/30/2014	MATURITY		500,000	500,000	513,000	500,784		(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		695		500,000			0	7,375	06/01/2014	1FE
844730-AG-6	Southtrust Corp / Wachovia Bank		06/15/2014	MATURITY		400,000	400,000	409,412	400,708		(708)		(708)		400,000			0	11,600	06/15/2014	1FE
921937-82-7	Vanguard S/T Bond ETF		04/03/2014	CAPITAL GAIN		173			0				0				173	173	1		
3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)						1,900,173	1,900,000	1,914,717	1,900,799	0	(799)	0	(799)	0	1,900,000	0	173	173	43,975	XXX	XXX
8399997 - Subtotals - Bonds - Part 4						3,714,430	3,714,258	3,743,854	3,716,936	0	(2,678)	0	(2,678)	0	3,714,258	0	173	173	81,632	XXX	XXX
8399999 - Subtotals - Bonds						3,714,430	3,714,258	3,743,854	3,716,936	0	(2,678)	0	(2,678)	0	3,714,258	0	173	173	81,632	XXX	XXX
Common Stock - Mutual Funds																					
22544R-30-5	Credit Suisse Commodity Fund Inst'l		06/24/2014	Merrill Lynch		41,025,640	320,000	XXX	341,583	296,615	44,968		44,968		341,583		(21,583)	(21,583)		XXX	JJ

SCHEDULE D - PART 4

[illegible]

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

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							
8699999 Total Cash Equivalents					0	0	0



SUPPLEMENT FOR THE QUARTER ENDING JUNE 30, 2014 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY

DIRECTOR AND OFFICER INSURANCE COVERAGE SUPPLEMENT

NAIC Group Code 0207 Year To Date For The Period Ended 2014 NAIC Company Code 26131

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 ☒ 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 ☒ 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:

\$2,306

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