



PROPERTY AND CASUALTY COMPANIES—ASSOCIATION EDITION

ANNUAL STATEMENT
For the Year Ended December 31, 2014
OF THE CONDITION AND AFFAIRS OF THE

SONNENBERG MUTUAL INSURANCE COMPANY

NAIC Group Code	0207	0207	NAIC Company Code	10271	Employer's ID Number	34-0541185
	(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	01/01/1905			Commenced Business		01/01/1859
Statutory Home Office	1685 Cleveland Road			Wooster, OH, US 44691		
	(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
	(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 ofOHO.....
County ofWAYNE.....

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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 26 day of FEBRUARY, 2015	a. Is this an original filing? b. If no: 1. State the amendment number 2. Date filed 3. Number of pages attached	Yes [X] No []
Michele Young, Notary Public August 16, 2019		

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	13,839,619	0	13,839,619	12,732,287
2. Stocks (Schedule D):				
2.1 Preferred stocks	48,816	0	48,816	49,266
2.2 Common stocks	7,409,090	3,425	7,405,665	6,364,144
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	0	0	0	0
3.2 Other than first liens	0	0	0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....	0	0	0	0
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 (\$458,868 , Schedule E-Part 1), cash equivalents (\$0 , Schedule E-Part 2) and short-term investments (\$989,796 , Schedule DA).....	1,448,664	0	1,448,664	1,269,654
6. Contract loans (including \$premium notes).....	0	0	0	0
7. Derivatives (Schedule DB).....	0	0	0	0
8. Other invested assets (Schedule BA)	0	0	0	435,046
9. Receivables for securities	0	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL).....	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)	22,746,189	3,425	22,742,764	20,850,397
13. Title plants less \$charged off (for Title insurers only).....	0	0	0	0
14. Investment income due and accrued	130,159	0	130,159	114,690
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	306,547	1,328	305,220	306,236
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$earned but unbilled premiums).....	0	0	0	0
15.3 Accrued retrospective premiums.....	0	0	0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	2,628	0	2,628	3,816
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	0	0	0	77,781
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 (\$)	0	0	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	548,510
24. Health care (\$) and other amounts receivable.....	0	0	0	0
25. Aggregate write-ins for other-than-invested assets	9,944	9,944	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	23,195,467	14,697	23,180,770	21,901,430
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0	0
28. Total (Lines 26 and 27)	23,195,467	14,697	23,180,770	21,901,430
DETAILS OF WRITE-INS				
1101.			0	0
1102.			0	0
1103.			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 Asset.....	9,944	9,944	0	0
2502.			0	0
2503.			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)	9,944	9,944	0	0

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)	2,948,392	2,927,913
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	0	0
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	608,081	583,903
4. Commissions payable, contingent commissions and other similar charges	303,045	395,628
5. Other expenses (excluding taxes, licenses and fees)	472,100	389,577
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	116,864	115,432
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))	11,047	0
7.2 Net deferred tax liability	257,929	72,397
8. Borrowed money \$ and interest thereon \$	0	0
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$196 and including warranty reserves of \$ and accrued accident and health experience rating refunds including \$ for medical loss ratio rebate per the Public Health Service Act)	4,519,774	4,373,822
10. Advance premium	67,289	69,163
11. Dividends declared and unpaid:		
11.1 Stockholders	0	0
11.2 Policyholders	0	0
12. Ceded reinsurance premiums payable (net of ceding commissions)	33,644	48,100
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	0	0
14. Amounts withheld or retained by company for account of others	301,672	408,234
15. Remittances and items not allocated	0	0
16. Provision for reinsurance (including \$ certified) (Schedule F, Part 8)	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)	9,639,837	9,384,169
27. Protected cell liabilities	0	0
28. Total liabilities (Lines 26 and 27)	9,639,837	9,384,169
29. Aggregate write-ins for special surplus funds	0	0
30. Common capital stock	0	0
31. Preferred capital stock	0	0
32. Aggregate write-ins for other than special surplus funds	0	0
33. Surplus notes	0	0
34. Gross paid in and contributed surplus	0	0
35. Unassigned funds (surplus)	13,540,933	12,517,261
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 30 \$)	0	0
36.2 shares preferred (value included in Line 31 \$)	0	0
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	13,540,933	12,517,261
38. Totals (Page 2, Line 28, Col. 3)	23,180,770	21,901,430
DETAILS OF WRITE-INS		
2501.	0	0
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	0
3202.	0	0
3203.	0	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

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE SONNENBERG MUTUAL INSURANCE COMPANY		
STATEMENT OF INCOME		
	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	9,489,117	9,049,997
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	4,979,719	4,895,690
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	981,767	918,499
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	3,084,493	3,092,045
5. Aggregate write-ins for underwriting deductions	0	0
6. Total underwriting deductions (Lines 2 through 5)	9,045,980	8,906,234
7. Net income of protected cells	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	443,137	143,763
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	525,511	539,235
10. Net realized capital gains (losses) less capital gains tax of \$ 107,143 (Exhibit of Capital Gains (Losses))	207,983	117,656
11. Net investment gain (loss) (Lines 9 + 10)	733,494	656,891
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$ 11,631)	(11,631)	(8,945)
13. Finance and service charges not included in premiums	149,770	148,287
14. Aggregate write-ins for miscellaneous income	250	83
15. Total other income (Lines 12 through 14)	138,388	139,425
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	1,315,020	940,079
17. Dividends to policyholders	0	0
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	1,315,020	940,079
19. Federal and foreign income taxes incurred	131,686	11,608
20. Net income (Line 18 minus Line 19) (to Line 22)	1,183,334	928,471
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	12,517,261	11,252,409
22. Net income (from Line 20)	1,183,334	928,471
23. Net transfers (to) from Protected Cell accounts	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 13,942	27,065	423,821
25. Change in net unrealized foreign exchange capital gain (loss)	0	0
26. Change in net deferred income tax	(171,590)	(179,523)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	(11,025)	50,166
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	0	26,640
29. Change in surplus notes	0	0
30. Surplus (contributed to) withdrawn from protected cells	0	0
31. Cumulative effect of changes in accounting principles	0	0
32. Capital changes:		
32.1 Paid in	0	0
32.2 Transferred from surplus (Stock Dividend)	0	0
32.3 Transferred to surplus	0	0
33. Surplus adjustments:		
33.1 Paid in	0	0
33.2 Transferred to capital (Stock Dividend)	0	0
33.3 Transferred from capital	0	0
34. Net remittances from or (to) Home Office	0	0
35. Dividends to stockholders	0	0
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)	0	0
37. Aggregate write-ins for gains and losses in surplus	(4,113)	15,277
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	1,023,671	1,264,852
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	13,540,932	12,517,261
DETAILS OF WRITE-INS		
0501.		0
0502.		0
0503.		0
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0
1401. Other Income (Expense)	250	83
1402.		
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	250	83
3701. Change in Surplus Due to Prior Period Adjustment (See Footnote 2)	(4,113)	5,140
3702. Change in Surplus Due to Adoption of SSAP No. 102 less deferred tax of \$4,103		7,962
3703. Change in Option Liability		2,175
3798. Summary of remaining write-ins for Line 37 from overflow page	0	0
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	(4,113)	15,277

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	9,618,738	9,273,249
2. Net investment income	557,073	569,306
3. Miscellaneous income	138,388	139,425
4. Total (Lines 1 through 3)	10,314,199	9,981,980
5. Benefit and loss related payments	4,958,052	4,506,312
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	4,054,824	3,675,455
8. Dividends paid to policyholders	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	150,000	149,999
10. Total (Lines 5 through 9)	9,162,876	8,331,766
11. Net cash from operations (Line 4 minus Line 10)	1,151,324	1,650,214
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	992,438	1,760,846
12.2 Stocks	1,371,267	3,718,290
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	632,364	43,380
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	0	28,560
12.8 Total investment proceeds (Lines 12.1 to 12.7)	2,996,069	5,551,076
13. Cost of investments acquired (long-term only):		
13.1 Bonds	2,136,291	2,416,157
13.2 Stocks	2,007,699	3,378,007
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	256,397	0
13.6 Miscellaneous applications	0	22,560
13.7 Total investments acquired (Lines 13.1 to 13.6)	4,400,387	5,816,724
14. Net increase (decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(1,404,318)	(265,648)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied)	432,004	(853,811)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	432,004	(853,811)
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)	179,010	530,755
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	1,269,654	738,899
19.2 End of year (Line 18 plus Line 19.1)	1,448,664	1,269,654

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business		1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire	164,558	85,862	85,979	164,441
2.	Allied lines	73,286	46,478	46,489	73,275
3.	Farmowners multiple peril	983,483	479,420	520,421	942,482
4.	Homeowners multiple peril	2,599,416	1,450,574	1,466,385	2,583,605
5.	Commercial multiple peril	1,095,578	527,461	570,697	1,052,342
6.	Mortgage guaranty	0	0	0	0
8.	Ocean marine	0	0	0	0
9.	Inland marine	93,395	42,728	47,245	88,878
10.	Financial guaranty	0	0	0	0
11.1	Medical professional liability-occurrence	0	0	0	0
11.2	Medical professional liability-claims-made	0	0	0	0
12.	Earthquake	1,973	954	935	1,992
13.	Group accident and health	0	0	0	0
14.	Credit accident and health (group and individual)	0	0	0	0
15.	Other accident and health	0	0	0	0
16.	Workers' compensation	57,064	28,538	30,892	54,710
17.1	Other liability-occurrence	42,085	23,076	24,779	40,382
17.2	Other liability-claims-made	13	40	62	(9)
17.3	Excess workers' compensation.....	0	0	0	0
18.1	Products liability-occurrence	6,784	3,384	3,852	6,316
18.2	Products liability-claims-made	0	0	0	0
19.1,19.2	Private passenger auto liability	2,159,750	774,393	806,330	2,127,813
19.3,19.4	Commercial auto liability	395,427	175,623	191,249	379,801
21.	Auto physical damage	1,949,187	728,935	717,968	1,960,154
22.	Aircraft (all perils)	0	0	0	0
23.	Fidelity	0	0	0	0
24.	Surety	0	0	0	0
26.	Burglary and theft	3,954	2,147	2,062	4,039
27.	Boiler and machinery	9,116	4,209	4,429	8,896
28.	Credit	0	0	0	0
29.	International	0	0	0	0
30.	Warranty	0	0	0	0
31.	Reinsurance-nonproportional assumed property	0	0	0	0
32.	Reinsurance-nonproportional assumed liability	0	0	0	0
33.	Reinsurance-nonproportional assumed financial lines	0	0	0	0
34.	Aggregate write-ins for other lines of business	0	0	0	0
35.	TOTALS	9,635,069	4,373,822	4,519,774	9,489,117
DETAILS OF WRITE-INS					
3401.	.....			
3402.	.....			
3403.	.....			
3498.	Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business		1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire	85,979				85,979
2.	Allied lines	46,489				46,489
3.	Farmowners multiple peril	520,421				520,421
4.	Homeowners multiple peril	1,466,385				1,466,385
5.	Commercial multiple peril	570,697				570,697
6.	Mortgage guaranty	0				0
8.	Ocean marine	0				0
9.	Inland marine	47,245				47,245
10.	Financial guaranty	0				0
11.1	Medical professional liability-occurrence	0				0
11.2	Medical professional liability-claims-made	0				0
12.	Earthquake	935				935
13.	Group accident and health	0				0
14.	Credit accident and health (group and individual) ...	0				0
15.	Other accident and health	0				0
16.	Workers' compensation	30,892				30,892
17.1	Other liability-occurrence	24,779				24,779
17.2	Other liability-claims-made	62				62
17.3	Excess workers' compensation					0
18.1	Products liability-occurrence	3,852				3,852
18.2	Products liability-claims-made	0				0
19.1,19.2	Private passenger auto liability	806,330				806,330
19.3,19.4	Commercial auto liability	191,249				191,249
21.	Auto physical damage	717,968				717,968
22.	Aircraft (all perils)	0				0
23.	Fidelity	0				0
24.	Surety	0				0
26.	Burglary and theft	2,062				2,062
27.	Boiler and machinery	4,429				4,429
28.	Credit	0				0
29.	International	0				0
30.	Warranty	0				0
31.	Reinsurance-nonproportional assumed property	0				0
32.	Reinsurance-nonproportional assumed liability	0				0
33.	Reinsurance-nonproportional assumed financial lines	0				0
34.	Aggregate write-ins for other lines of business	0	0	0	0	0
35.	TOTALS	4,519,774	0	0	0	4,519,774
36.	Accrued retrospective premiums based on experience					
37.	Earned but unbilled premiums					
38.	Balance (Sum of Lines 35 through 37)					4,519,774
DETAILS OF WRITE-INS						
3401.	.....				
3402.	.....				
3403.	.....				
3498.	Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0	0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire	33,324	164,558		33,119	205	164,558
2. Allied lines	14,975	73,286		11,488	3,487	73,286
3. Farmowners multiple peril	360,037	983,483		334,892	25,145	983,483
4. Homeowners multiple peril	2,476,883	2,599,416		2,334,729	142,154	2,599,416
5. Commercial multiple peril	0	1,095,578		0	0	1,095,578
6. Mortgage guaranty	0			0		0
8. Ocean marine	0			0		0
9. Inland marine	0	93,395		0	0	93,395
10. Financial guaranty	0			0		0
11.1 Medical professional liability-occurrence	0			0		0
11.2 Medical professional liability-claims-made	0			0		0
12. Earthquake	0	1,973		0	0	1,973
13. Group accident and health	0			0		0
14. Credit accident and health (group and individual)	0			0		0
15. Other accident and health	0			0		0
16. Workers' compensation	0	57,064		0	0	57,064
17.1 Other liability-occurrence	1,248	42,085		1,248	0	42,085
17.2 Other liability-claims-made	0	13		0	0	13
17.3 Excess workers' compensation	0			0		0
18.1 Products liability-occurrence	0	6,784		0	0	6,784
18.2 Products liability-claims- made	0	0		0		0
19.1,19.2 Private passenger auto liability	2,146,328	2,159,750		2,146,257	71	2,159,750
19.3,19.4 Commercial auto liability	0	395,427		0	0	395,427
21. Auto physical damage	1,614,365	1,949,187		1,613,934	431	1,949,187
22. Aircraft (all perils)	0	0		0		0
23. Fidelity	0	0		0		0
24. Surety	0	0		0		0
26. Burglary and theft	0	3,954		0		3,954
27. Boiler and machinery	608	9,116		0	608	9,116
28. Credit	0	0		0		0
29. International	0	0		0		0
30. Warranty	0	0		0		0
31. Reinsurance- nonproportional assumed property	XXX	0		0		0
32. Reinsurance- nonproportional assumed liability	XXX	0		0		0
33. Reinsurance- nonproportional assumed financial lines	XXX	0		0		0
34. Aggregate write-ins for other lines of business	0	0	0	0	0	0
35. TOTALS	6,647,768	9,635,069	0	6,475,667	172,101	9,635,069
DETAILS OF WRITE-INS						
3401.						
3402.						
3403.						
3498. Sum. of remaining write- ins for Line 34 from overflow page	0	0	0	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0	0	0

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

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

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

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

		Losses Paid Less Salvage				5	6	7	8
		1	2	3	4				
Line of Business		Direct Business	Reinsurance Assumed	Reinsurance Recovered	Net Payments (Cols. 1 + 2 - 3)	Net Losses Unpaid Current Year (Part 2A, Col. 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Cols. 4 + 5 - 6)	Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1.	Fire	0	21,846		21,846	17,803	5,542	34,107	20.7
2.	Allied lines	2,109	91,942	2,109	91,942	18,102	14,210	95,834	130.8
3.	Farmowners multiple peril	174,426	464,350	174,426	464,350	170,235	212,194	422,391	44.8
4.	Homeowners multiple peril	800,354	1,258,032	800,354	1,258,032	340,729	358,618	1,240,143	48.0
5.	Commercial multiple peril	0	402,333		402,333	444,464	419,254	427,543	40.6
6.	Mortgage guaranty	0	0		0	0	0	0	0.0
8.	Ocean marine	0	0		0	0	0	0	0.0
9.	Inland marine		19,613		19,613	4,937	775	23,775	26.8
10.	Financial guaranty				0	0	0	0	0.0
11.1	Medical professional liability-occurrence				0	0	0	0	0.0
11.2	Medical professional liability-claims-made				0	0	0	0	0.0
12.	Earthquake				0	0	0	0	0.0
13.	Group accident and health				0	0	0	0	0.0
14.	Credit accident and health (group and individual)				0	0	0	0	0.0
15.	Other accident and health				0	0	0	0	0.0
16.	Workers' compensation		29,617		29,617	28,509	21,245	36,881	67.4
17.1	Other liability-occurrence		17,612		17,612	48,351	44,862	21,101	52.3
17.2	Other liability-claims-made				0	0	0	0	0.0
17.3	Excess workers' compensation				0	0	0	0	0.0
18.1	Products liability-occurrence		500		500	1,425	0	1,925	30.5
18.2	Products liability-claims-made				0	0	0	0	0.0
19.1,19.2	Private passenger auto liability	129,611	1,342,909	129,611	1,342,909	1,539,025	1,537,182	1,344,752	63.2
19.3,19.4	Commercial auto liability	0	117,716	0	117,716	219,394	200,179	136,931	36.1
21.	Auto physical damage	289,342	1,192,674	289,342	1,192,674	115,418	113,852	1,194,240	60.9
22.	Aircraft (all perils)		0		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		96	0	96	0	0	96	2.4
27.	Boiler and machinery				0	0	0	0	0.0
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			0	0	0	0	0.0
32.	Reinsurance-nonproportional assumed liability	XXX			0	0	0	0	0.0
33.	Reinsurance-nonproportional assumed financial lines	XXX			0	0	0	0	0.0
34.	Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0.0
35.	TOTALS	1,395,842	4,959,240	1,395,842	4,959,240	2,948,392	2,927,913	4,979,719	52.5
DETAILS OF WRITE-INS									
3401.	.....							
3402.	.....							
3403.	.....							
3498.	Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0	0	0.0
3499.	Totals (Lines 3401 through 3403 + 3498) (Line 34 above)	0	0	0	0	0	0	0	0.0

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

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

		Reported Losses				Incurred But Not Reported			8	9
		1	2	3	4	5	6	7		
Line of Business		Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable	Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
1.	Fire		17,803		17,803	.0	.0	.0	17,803	.0
2.	Allied lines		10,184		10,184	150	7,918	150	18,102	6,574
3.	Farmowners multiple peril		127,769		127,769	19,328	42,466	19,328	170,235	32,152
4.	Homeowners multiple peril	200,842	275,590	200,842	275,590	58,693	65,139	58,693	340,729	76,887
5.	Commercial multiple peril		281,822	.0	281,822		162,642		444,464	179,675
6.	Mortgage guaranty .....			.0	.0				.0	.0
8.	Ocean marine .....			.0	.0				.0	.0
9.	Inland marine		4,937	.0	4,937		.0		4,937	.0
10.	Financial guaranty .....			.0	.0				.0	.0
11.1	Medical professional liability-occurrence .....			.0	.0				.0	.0
11.2	Medical professional liability-claims-made .....			.0	.0				.0	.0
12.	Earthquake .....			.0	.0				.0	.0
13.	Group accident and health .....			.0	.0				(a) .0	.0
14.	Credit accident and health (group and individual) .....			.0	.0				.0	.0
15.	Other accident and health .....			.0	.0				(a) .0	.0
16.	Workers' compensation		15,227	.0	15,227		13,282		28,509	6,677
17.1	Other liability-occurrence		36,582	.0	36,582		11,769		48,351	19,620
17.2	Other liability-claims-made .....			.0	.0				.0	.0
17.3	Excess workers' compensation .....			.0	.0				.0	.0
18.1	Products liability-occurrence		1,425	.0	1,425		.0		1,425	.0
18.2	Products liability-claims-made .....			.0	.0				.0	.0
19.1,19.2	Private passenger auto liability	96,075	1,404,674	96,075	1,404,674	.0	134,351	.0	1,539,025	211,919
19.3,19.4	Commercial auto liability		165,364	.0	165,364	.0	54,030	.0	219,394	36,159
21.	Auto physical damage	90,169	83,224	90,169	83,224		32,194		115,418	38,418
22.	Aircraft (all perils) .....			.0	.0				.0	.0
23.	Fidelity .....			.0	.0				.0	.0
24.	Surety .....			.0	.0				.0	.0
26.	Burglary and theft .....			.0	.0				.0	.0
27.	Boiler and machinery .....			.0	.0				.0	.0
28.	Credit .....			.0	.0				.0	.0
29.	International .....			.0	.0				.0	.0
30.	Warranty .....			.0	.0				.0	.0
31.	Reinsurance-nonproportional assumed property	XXX		.0	.0	XXX			.0	.0
32.	Reinsurance-nonproportional assumed liability	XXX		.0	.0	XXX			.0	.0
33.	Reinsurance-nonproportional assumed financial lines	XXX		.0	.0	XXX			.0	.0
34.	Aggregate write-ins for other lines of business .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
35.	TOTALS	387,086	2,424,601	387,086	2,424,601	78,171	523,791	78,171	2,948,392	608,081
DETAILS OF WRITE-INS										
3401.	.....								
3402.	.....								
3403.	.....								
3498.	Sum. of remaining write-ins for Line 34 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
3499.	Totals (Lines 3401 through 3403 + 3498) (Line 34 above)	0	0	0	0	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	262,453	0	0	262,453
1.2 Reinsurance assumed	0	0	0	0
1.3 Reinsurance ceded	7,797	0	0	7,797
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	254,655	0	0	254,655
2. Commission and brokerage:				
2.1 Direct, excluding contingent	0	1,524,814	0	1,524,814
2.2 Reinsurance assumed, excluding contingent	0	0	0	0
2.3 Reinsurance ceded, excluding contingent	0	47,512	0	47,512
2.4 Contingent-direct	0	171,319	0	171,319
2.5 Contingent-reinsurance assumed	0	0	0	0
2.6 Contingent-reinsurance ceded	0	1,687	0	1,687
2.7 Policy and membership fees	0	0	0	0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)	0	1,646,934	0	1,646,934
3. Allowances to manager and agents	6,545	15,271	0	21,816
4. Advertising	0	6,326	0	6,326
5. Boards, bureaus and associations	4,500	37,697	0	42,196
6. Surveys and underwriting reports	0	117,332	0	117,332
7. Audit of assureds' records	0	0	0	0
8. Salary and related items:				
8.1 Salaries	428,738	600,898	55,876	1,085,512
8.2 Payroll taxes	26,320	38,242	2,699	67,261
9. Employee relations and welfare	67,586	94,429	5,069	167,084
10. Insurance	849	3,444	5,528	9,821
11. Directors' fees	5,258	5,258	5,259	15,775
12. Travel and travel items	14,992	38,834	2,153	55,979
13. Rent and rent items	14,816	29,169	2,315	46,300
14. Equipment	1,031	16,729	735	18,495
15. Cost or depreciation of EDP equipment and software	81,688	100,222	8,275	190,186
16. Printing and stationery	4,366	5,599	546	10,511
17. Postage, telephone and telegraph, exchange and express	25,172	37,126	629	62,928
18. Legal and auditing	45,063	117,903	38,258	201,224
19. Totals (Lines 3 to 18)	726,924	1,264,478	127,344	2,118,747
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$	0	113,286	0	113,286
20.2 Insurance department licenses and fees	0	56,125	0	56,125
20.3 Gross guaranty association assessments	0	121	0	121
20.4 All other (excluding federal and foreign income and real estate)	0	2,049	0	2,049
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	0	171,580	0	171,580
21. Real estate expenses	0	0	0	0
22. Real estate taxes	0	0	0	0
23. Reimbursements by uninsured plans	0	0	0	0
24. Aggregate write-ins for miscellaneous expenses	188	1,501	188	1,876
25. Total expenses incurred	981,767	3,084,493	127,532	(a) 4,193,793
26. Less unpaid expenses-current year	608,081	892,009	0	1,500,090
27. Add unpaid expenses-prior year	583,903	900,637	0	1,484,540
28. Amounts receivable relating to uninsured plans, prior year	0	0	0	0
29. Amounts receivable relating to uninsured plans, current year	0	0	0	0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	957,589	3,093,121	127,532	4,178,243
DETAILS OF WRITE-INS				
2401. Charitable Contributions.....	188	1,501	188	1,876
2402.				
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page	0	0	0	0
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	188	1,501	188	1,876

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

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a).....41,497	.....40,644
1.1	Bonds exempt from U.S. tax	(a).....165,501	.....181,523
1.2	Other bonds (unaffiliated)	(a).....229,546	.....228,566
1.3	Bonds of affiliates	(a).....0	.....0
2.1	Preferred stocks (unaffiliated)	(b).....2,700	.....2,700
2.11	Preferred stocks of affiliates	(b).....0	.....0
2.2	Common stocks (unaffiliated) .....	.....198,012	.....199,292
2.21	Common stocks of affiliates .....	.....0	.....0
3.	Mortgage loans	(c).....	.....
4.	Real estate	(d).....	.....
5.	Contract loans .....	.....	.....
6.	Cash, cash equivalents and short-term investments	(e).....102	.....102
7.	Derivative instruments	(f).....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....217	.....217
10.	Total gross investment income	637,575	653,044
11.	Investment expenses		(g).....127,533
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g).....
13.	Interest expense		(h).....
14.	Depreciation on real estate and other invested assets		(i).....
15.	Aggregate write-ins for deductions from investment income .....		.....0
16.	Total deductions (Lines 11 through 15) .....		.....127,533
17.	Net investment income (Line 10 minus Line 16)		525,511
DETAILS OF WRITE-INS			
0901.	Oakmark Int'l fund.....	.....76	.....76
0902.	Matthews Asia Dividend Fund.....	.....63	.....63
0903.	Matthews Asia Growth & Income Fund.....	.....35	.....35
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....43	.....43
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	217	217
1501.	.....		.....
1502.	.....		.....
1503.	.....		.....
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		.....0
1599.	Totals (Lines 1501 through 1503 plus 1598) (Line 15 above)		0

(a) Includes \$13,239 accrual of discount less \$60,270 amortization of premium and less \$9,638 paid for accrued interest on purchases.
(b) Includes \$ accrual of discount less \$ amortization of premium and less \$0 paid for accrued dividends on purchases.
(c) Includes \$0 accrual of discount less \$0 amortization of premium and less \$ paid for accrued interest on purchases.
(d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
(e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
(f) Includes \$ accrual of discount less \$ amortization of premium.
(g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes \$ interest on surplus notes and \$ interest on capital notes.
(i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds .....			.....0	.....12,481	.....
1.1	Bonds exempt from U.S. tax .....			.....0	.....	.....
1.2	Other bonds (unaffiliated)	(1,971)		(1,971)	.....	.....
1.3	Bonds of affiliates .....	.....0	.....0	.....0	.....0	.....0
2.1	Preferred stocks (unaffiliated) .....	.....0	.....0	.....0	.....(450)	.....0
2.11	Preferred stocks of affiliates .....	.....0	.....0	.....0	.....0	.....0
2.2	Common stocks (unaffiliated)	291,058	.....0	291,058	114,030	.....0
2.21	Common stocks of affiliates .....	.....0	.....0	.....0	.....64	.....0
3.	Mortgage loans .....	.....0	.....0	.....0	.....0	.....0
4.	Real estate .....	.....0	.....0	.....0	.....	.....0
5.	Contract loans .....	.....	.....	.....0	.....	.....
6.	Cash, cash equivalents and short-term investments .....	.....	.....	.....0	.....0	.....0
7.	Derivative instruments .....	.....	.....	.....0	.....	.....
8.	Other invested assets	26,039	.....0	26,039	(85,118)	.....0
9.	Aggregate write-ins for capital gains (losses) .....	.....0	.....0	.....0	.....0	.....0
10.	Total capital gains (losses)	315,126	0	315,126	41,007	0
DETAILS OF WRITE-INS						
0901.	.....				
0902.	.....				
0903.	.....				
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0	.....0	.....0	.....0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	0	0	0	0	0

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	3,425	3,361	(64)
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans	0	0	0
7. Derivatives (Schedule DB).....	0	0	0
8. Other invested assets (Schedule BA)	0	0	0
9. Receivables for securities	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL).....	0	0	0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	3,425	3,361	(64)
13. Title plants (for Title insurers only).....	0	0	0
14. Investment income due and accrued	0	0	0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	1,328	311	(1,017)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
15.3 Accrued retrospective premiums.....	0	0	0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers	0	0	0
16.2 Funds held by or deposited with reinsured companies	0	0	0
16.3 Other amounts receivable under reinsurance contracts	0	0	0
17. Amounts receivable relating to uninsured plans	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
18.2 Net deferred tax asset.....	0	0	0
19. Guaranty funds receivable or on deposit	0	0	0
20. Electronic data processing equipment and software.....	0	0	0
21. Furniture and equipment, including health care delivery assets	0	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
23. Receivables from parent, subsidiaries and affiliates	0	0	0
24. Health care and other amounts receivable.....	0	0	0
25. Aggregate write-ins for other-than-invested assets	9,944	0	(9,944)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	14,697	3,672	(11,025)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. Total (Lines 26 and 27)	14,697	3,672	(11,025)
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0
2501. Prepaid Expense.....	9,944		(9,944)
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	9,944	0	(9,944)

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of Sonnenberg Mutual Insurance Company (SMIC) are presented on the basis of accounting principles prescribed or permitted by the Ohio Department of Insurance.

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

The financial statements of the Company are presented solely on the basis of accounting principles prescribed by the Ohio Department of Insurance. As such, there are no increases or decreases to net income nor surplus on a statutory accounting basis as shown by the reconciliation below:

	State of Domicile	2014	2013
<u>NET INCOME</u>			
(1) SMIC state basis (Page 4, Line 20, Columns 1 & 3)	Ohio	\$ 1,183,333	\$ 928,471
(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>\$ 1,183,333</u>	<u>\$ 928,471</u>
<u>SURPLUS</u>			
(5) SMIC state basis (Page 3, Line 37, Columns 1 & 2)	Ohio	\$ 13,540,933	\$ 12,517,261
(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>\$ 13,540,933</u>	<u>\$ 12,517,261</u>

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

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Premiums are earned over the terms of the related policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct business and are based on reports received from ceding companies for reinsurance.

Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

In addition, the Company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans are stated at amortized cost using the interest method; U.S. Treasury Inflation-Indexed bonds are stated at amortized cost adjusted for unrealized inflation factor gains. Bonds rated at 3 or below by the NAIC are stated at the lower of cost or fair market value.
- (3) Common stocks are stated at market except that investments in stocks of uncombined subsidiaries and affiliates in which the Company has an interest of 20% or more are carried on the equity basis.
- (4) Preferred stocks are stated in accordance with the guidance provided in SSAP No. 32.
- (5) The Company has no mortgage loans.
- (6) The Company has no loan-backed securities.
- (7) The Company carries investments in subsidiaries, Sonnenberg Agencies, Inc. and Western Reserve Financial Corporation, at statutory equity as reported on Schedule D; these assets are reported as nonadmitted on page 2, column 2.
- (8) The Company has no partnership investments.

NOTES TO FINANCIAL STATEMENTS

- (9) The Company has no derivatives.
- (10) The Company does not utilize anticipated investment income in the premium deficiency calculation.
- (11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.
- (12) 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 Company also increased the depreciable asset threshold from \$300 to \$1,000.

2. Accounting Changes and Corrections of Errors

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

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

In accordance with SSAP No. 3 *Accounting Changes and Errors*, the Company recorded a prior period adjustment 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 \$5,140.

In accordance with SSAP No. 3 *Accounting Changes and Errors*, the Company recorded a prior period adjustment in December 2014 to true—up the liability for the nonqualified, unfunded directors' retirement plan. The net impact to surplus was a decrease of \$4,113.

3. Business Combinations and Goodwill

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

4. Discontinued Operations

Not applicable.

5. Investments

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

NOTES TO FINANCIAL STATEMENTS

F. Real Estate

Not applicable.

G. Low-Income Housing Tax Credits (LIHTC)

Not applicable.

H. Restricted Assets

Not applicable.

I. Working Capital Finance Investments

Not applicable

J. Offsetting and Netting of Assets and Liabilities

Not applicable

K. Structured Notes

Not applicable

6. Joint Ventures, Partnerships and Limited Liability Companies

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

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

7. Investment Income

The Company has no uncollectible accrued investment income.

8. Derivative Instruments

The Company wrote covered call option contracts on equity securities during 2013 as an income generation strategy to enhance the total return of the invested asset portfolio.

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

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

Premium received on written covered call option contracts was recorded as a deferred liability until expiration. Upon exercise, the Company reduced the cost basis of the underlying security by the premium received and recognized a capital gain (loss). Capital gains on stocks resulting from exercised covered call options were \$3,299 in 2013.

Open covered call option contracts were recorded as a liability at fair market value with changes in value recorded to unassigned surplus. There were no open covered call option contracts at December 31, 2014 nor December 31, 2013 as the Company has discontinued its covered call option investment strategy.

NOTES TO FINANCIAL STATEMENTS

9. Income Taxes

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

1.

	12/31/2014		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
(a) Gross Deferred Tax Assets	\$ 690,832	\$ 52,432	\$ 743,264
(b) Statutory Valuation Allowance Adjustments	—	—	—
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	690,832	52,432	743,264
(d) Deferred Tax Assets Nonadmitted	—	—	—
(e) Subtotal Net Deferred Tax Asset (1c – 1d)	690,832	52,432	743,264
(f) Deferred Tax Liabilities	(64,127)	(937,066)	(1,001,193)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	<u>\$ 626,705</u>	<u>\$ (884,634)</u>	<u>\$ (257,929)</u>
	12/31/2013		
	(4)	(5)	(6)
	Ordinary	Capital	(Col 4+5) Total
(a) Gross Deferred Tax Assets	\$ 810,536	\$ 113,360	\$ 923,896
(b) Statutory Valuation Allowance Adjustments	—	—	—
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	810,536	113,360	923,896
(d) Deferred Tax Assets Nonadmitted	—	—	—
(e) Subtotal Net Deferred Tax Asset (1c – 1d)	810,536	113,360	923,896
(f) Deferred Tax Liabilities	(73,170)	(923,123)	(996,293)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	<u>\$ 737,366</u>	<u>\$ (809,763)</u>	<u>\$ (72,397)</u>
	Change		
	(7)	(8)	(9)
	(Col 1—4) Ordinary	(Col 2—5) Capital	(Co 7+8) Total
(a) Gross Deferred Tax Assets	\$ (119,704)	\$ (60,928)	\$ (180,632)
(b) Statutory Valuation Allowance Adjustments	—	—	—
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	(119,704)	(60,928)	(180,632)
(d) Deferred Tax Assets Nonadmitted	—	—	—
(e) Subtotal Net Deferred Tax Asset (1c – 1d)	(119,704)	(60,928)	(180,632)
(f) Deferred Tax Liabilities	9,043	(13,943)	(4,900)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	<u>\$ (110,661)</u>	<u>\$ (74,871)</u>	<u>\$ (185,532)</u>

NOTES TO FINANCIAL STATEMENTS

2. Admission Calculation Components SSAP No. 101

12/31/2014			
(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)			
522,670	—	522,670	
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.			
522,670	—	522,670	
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			
XXX	XXX	2,033,163	
(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.			
168,162	52,432	220,594	
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))			
<u>\$ 690,832</u>	<u>\$ 52,432</u>	<u>\$ 743,264</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)			
434,335	—	434,335	
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.			
434,335	—	434,335	
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			
XXX	XXX	1,868,311	
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.			
376,201	113,360	489,561	
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))			
<u>\$ 810,536</u>	<u>\$ 113,360</u>	<u>\$ 923,896</u>	
Change			
(7)	(8)	(9)	
(Col 1—4) Ordinary	(Col 2—5) Capital	(Col 7+8) Total	
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.			
\$ —	\$ —	\$ —	
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)			
88,335	—	88,335	
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.			
88,335	—	88,335	
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			
XXX	XXX	164,852	
(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.			
(208,039)	(60,928)	(268,967)	
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))			
<u>\$ (119,704)</u>	<u>\$ (60,928)</u>	<u>\$ (180,632)</u>	

NOTES TO FINANCIAL STATEMENTS

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.	\$ 13,540,932	\$ 12,517,261
4.	Impact of Tax—Planning Strategies		
		12/31/2014	
		(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)	\$ 690,832	\$ 52,432
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)	\$ 690,832	\$ 52,432
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)	\$ 810,536	\$ 113,360
2.	Percentage of Adjusted Gross DTAs By Tax Character Attributable To The Impact Of Tax Planning Strategies	0%	0%
3.	Net Admitted Adjusted Gross DTAs Amount from Note 9A1(e)	\$ 810,536	\$ 113,360
4.	Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies	0%	0%
		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)	\$ (119,704)	\$ (60,928)
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)	\$ (119,704)	\$ (60,928)
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.

NOTES TO FINANCIAL STATEMENTS

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

	(1)	(2)	(3)
	12/31/2014	12/31/2013	(Col 1—2) Change
1. Current Income Tax			
(a) Federal	\$ 131,686	\$ 11,608	\$ 120,078
(b) Foreign	\$ —	\$ —	\$ —
(c) Subtotal	\$ 131,686	\$ 11,608	\$ 120,078
(d) Federal income tax on net capital gains	\$ 107,143	\$ 60,610	\$ 46,533
(e) Utilization of operating loss carry—forwards	\$ —	\$ —	\$ —
(f) Other (incl. prior year over/under accrual)	\$ —	\$ —	\$ —
(g) Federal and foreign income taxes incurred	<u>\$ 238,829</u>	<u>\$ 72,218</u>	<u>\$ 166,611</u>
2. Deferred Tax Assets			
(a) Ordinary			
(1) Discounting of unpaid losses	\$ 49,282	\$ 56,177	\$ (6,895)
(2) Unearned premium reserve	\$ 307,345	\$ 297,420	\$ 9,925
(3) Policyholder reserves	\$ —	\$ —	\$ —
(4) Investments	\$ —	\$ —	\$ —
(5) Deferred acquisition costs	\$ —	\$ —	\$ —
(6) Policyholder dividends accrual	\$ —	\$ —	\$ —
(7) Fixed assets and prepaid expense—nonadmitted	\$ 3,381	\$ —	\$ 3,381
(8) Compensation and benefits accrual	\$ 71,396	\$ 105,492	\$ (34,096)
(9) Pension accrual	\$ 25,366	\$ 25,690	\$ (324)
(10) Receivables – nonadmitted	\$ 452	\$ 106	\$ 346
(11) Net operating loss carry—forward	\$ 0	\$ 86,574	\$ (86,574)
(12) Tax credit carry—forward	\$ 56,340	\$ 108,169	\$ (51,829)
(13) Other (including items <5% of total ordinary tax assets):			
(14) Salvage and subrogation anticipated	\$ 127,081	\$ 87,678	\$ 39,403
(15) Software capitalized	\$ 45,613	\$ 36,339	\$ 9,274
(16) Other	<u>\$ 4,576</u>	<u>\$ 6,891</u>	<u>\$ (2,315)</u>
(99) Subtotal	\$ 690,832	\$ 810,536	\$ (119,704)
(b) Statutory valuation allowance adjustment	\$ —	\$ —	\$ —
(c) Nonadmitted	\$ —	\$ —	\$ —
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	<u>\$ 690,832</u>	<u>\$ 810,536</u>	<u>\$ (119,704)</u>
(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	<u>\$ 52,432</u>	<u>\$ 113,360</u>	<u>\$ (60,928)</u>
(99) Subtotal	\$ 52,432	\$ 113,360	\$ (60,928)
(f) Statutory valuation allowance adjustment	\$ —	\$ —	\$ —
(g) Nonadmitted	\$ —	\$ —	\$ —
(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	<u>\$ 52,432</u>	<u>\$ 113,360</u>	<u>\$ (60,928)</u>
(i) Admitted deferred tax assets (2d + 2h)	<u>\$ 743,264</u>	<u>\$ 923,896</u>	<u>\$ (180,632)</u>
3. Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	\$ (43,259)	\$ (57,011)	\$ 13,752
(2) Fixed assets	\$ —	\$ —	\$ —
(3) Deferred and uncollected premium	\$ —	\$ —	\$ —
(4) Policyholder reserves	\$ —	\$ —	\$ —
(5) Other (including items <5% of total ordinary tax liabilities)	<u>\$ (20,869)</u>	<u>\$ (16,159)</u>	<u>\$ (4,709)</u>
(99) Subtotal	\$ (64,127)	\$ (73,170)	\$ 9,043
(b) Capital:			
(1) Investments	\$ —	\$ —	\$ —
(2) Real estate	\$ —	\$ —	\$ —
(3) Other (including items <5% of total capital tax liabilities):			
(4) Unrealized capital gains	<u>\$ (937,066)</u>	<u>\$ (923,123)</u>	<u>\$ (13,943)</u>
(99) Subtotal	\$ (937,066)	\$ (923,123)	\$ (13,943)
(c) Deferred tax liabilities (3a99 + 3b99)	<u>\$ (1,001,193)</u>	<u>\$ (996,293)</u>	<u>\$ (4,900)</u>
4. Net deferred tax assets/liabilities (2i – 3c)	<u>\$ (257,929)</u>	<u>\$ (72,398)</u>	<u>\$ (185,532)</u>

NOTES TO FINANCIAL STATEMENTS

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

	<u>12/31/2014</u>	<u>Effective Tax Rate</u>
Provision computed at statutory rate	\$ 482,535	34.0%
Tax exempt interest	(52,429)	(3.7%)
Dividends received deduction	(31,402)	(2.2%)
Change in deferred tax on nonadmitted assets	(3,727)	(0.3%)
Other	<u>15,442</u>	<u>1.1%</u>
Total	<u>\$ 410,419</u>	<u>28.9%</u>
Federal and foreign income taxes incurred	\$ 131,686	9.3%
Tax on capital gains (losses)	107,143	7.5%
Change in net deferred income taxes	<u>171,590</u>	<u>12.1%</u>
Total statutory income taxes	<u>\$ 410,419</u>	<u>28.9%</u>

- E. Carry—forwards, recoverable taxes, and IRC §6603 deposits:
- (1) As of December 31, 2014, the Company had no net operating loss and net capital loss carry—forwards available for tax purposes.

As of December 31, 2014, the Company had alternative minimum tax (AMT) credit carry—forwards in the amount of \$56,340 which do not have an expiration date.
 - (2) As of December 31, 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 December 31, 2014.
- F. The Company files an individual federal income tax return.

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

- A. Not applicable.
- B. Not applicable.
- C. Not applicable.
- D. At December 31, 2014, there was no intercompany receivable due from and/or 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. The Company (SMIC) participates in a pooling agreement with Western Reserve Mutual Casualty Company, (WRMCC) and Lightning Rod Mutual Insurance Company, (LRMIC) whereby net premiums, losses, underwriting expenses and related balance sheet amounts (except premiums receivable) are shared on a 5% / 40% / 55% basis, respectively. LRMIC assumes 100% of the business from WRMCC and SMIC and cedes 40% to WRMCC and 5% to SMIC.
- G. The Company owns 100% of Sonnenberg Agencies (SA), an insurance agency. In 2013, Sonnenberg Agencies distributed dividends and returned capital equivalent to its net assets. The stock is carried at \$0 (unaudited statutory basis) as reported in Schedule D, Part 2, Section 2.
- H. Not applicable.
- I. Not applicable.
- J. Not applicable.
- K. Not applicable.
- L. The Company owns 5% of Western Reserve Financial Corporation, an inactive holding company. The stock is carried at \$3,425 (unaudited statutory basis) as reported in Schedule D, Part 2, Section 2. In accordance with SSAP No. 97, this subsidiary has been non—admitted.

NOTES TO FINANCIAL STATEMENTS

11. Debt

Not applicable.

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

A. Defined Benefit Plan

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 December 31, 2014 and December 31, 2013, amounts held for these deferrals were \$0.3 million and \$0.4 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

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

The Company matches a portion of employee contributions and may make additional discretionary contributions.. The Company's contribution for the plan was \$1.3 million and \$697 thousand for 2014 and 2013, respectively. The fair value of the plan assets was \$28.5 million and \$27.1 million at December 31, 2014 and 2013, respectively.

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 by cumulative unrealized gains net of losses before tax is \$2.8 million and \$2.7 million at December 31, 2014 and December 31, 2013, respectively.

(11) Not applicable.

(12) Not applicable.

NOTES TO FINANCIAL STATEMENTS

(13) Not applicable.

14. Liabilities, Contingencies and Assessments

A. Contingent Commitments

Not applicable.

B. Assessments

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

C. Gain Contingencies

Not applicable.

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

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

E. Product Warranties

Not applicable.

F. Joint and Several Liabilities

Not applicable.

G. All Other Contingencies

Not applicable.

15. Leases

The Company's lease agreements are limited to office and electronic data processing equipment. Rent expense for the years ending December 31, 2014 and 2013 was not considered material to the Company's financial statements.

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

Not applicable.

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

A. Transfers of Receivables Reported as Sales

Not applicable.

B. Transfer and Servicing of Financial Assets

Not applicable.

C. Wash Sales

Not applicable.

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

A. ASO Plans

Not applicable.

B. ASC Plans

Not applicable.

C. Medicare or Similarly Structured Cost Based Reimbursement Contract

Not applicable.

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

Not applicable.

NOTES TO FINANCIAL STATEMENTS

20. Fair Value Measurements

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

Level 1:

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

Level 2:

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

Level 3:

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

(1) Fair Value Measurements at December 31, 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	\$ 48,816	\$ —	\$ —	\$ 48,816
Total Perpetual Preferred Stocks	48,816	—	—	48,816
Common Stock:				
Mutual Funds	2,094,535			2,094,535
Industrial and Misc	5,228,224	—	82,906	5,311,130
Total Common Stocks	7,322,759	—	82,906	7,405,665
Other Invested Assets	—	—	—	—
Total assets at fair value	\$ 7,371,575	\$ —	\$ 82,906	\$ 7,454,481
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	\$ 49,266	\$ —	\$ —	\$ 49,266
Total Perpetual Preferred Stocks	49,266	—	—	49,266
Common Stock:				
Mutual Funds	2,494,535			2,494,535
Industrial and Misc	3,796,995	72,614	—	3,869,609
Total Common Stocks	6,291,530	72,614	—	6,364,144
Other Invested Assets	—	—	435,046	435,046
Total assets at fair value	\$ 6,340,796	\$ 72,614	\$ 435,046	\$ 6,848,456
b. Liabilities at fair value:				
Not applicable.				

NOTES TO FINANCIAL STATEMENTS

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

	Beginning Balance at 01/01/2014	Transfers In/(out) Level 3	Total Gain/(Loss) Included in Net Income	Total Gain/(Loss) Included in Surplus	(Sales)	Ending Balance at 12/31/2014
a. Assets:						
Common Stock:						
Industrial and Misc	\$ —	\$ 72,513	\$ —	\$ 10,393	\$ —	\$ 82,906
Other Invested						
Assets	435,046	—	26,039	(85,118)	(375,967)	—
Total Assets	\$ 436,046	\$ 72,513	\$ 26,039	\$ (81,697)	\$ (375,967)	\$ 82,906
b. Liabilities:						
Not applicable.						

- (3) The Company's policy is to recognize transfers in and out as of the end of the reporting period.
- (4) As of December 31, 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. In 2013, the Company held investments in multiple limited partnerships that were valued according to the underlying assets.

- 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	\$ 14,436,897	\$ 13,839,619	\$ 1,346,628	\$ 13,090,269	\$ —	\$ —
Perpetual Preferred Stock	48,816	48,816	48,816	—	—	—
Common Stock	7,405,665	7,405,665	7,322,759	—	82,906	—
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 February 27, 2015 for the statutory statement issued on February 27, 2015 for the year ending December 31, 2014. No Type I events were identified that would have a material effect on the financial condition of the Company.

Type II – Nonrecognized Subsequent Events:

Subsequent events have been considered through February 27, 2015 for the statutory statement issued on February 27, 2015 for the year ending December 31, 2014. No Type II events were identified that would have a material effect on the financial condition of the Company.

NOTES TO FINANCIAL STATEMENTS

23. Reinsurance

- A. Unsecured Reinsurance Recoverables
Not applicable.
- B. Reinsurance Recoverable in Dispute
Not applicable.
- C. Reinsurance Assumed and Ceded
If the Company cancelled its umbrella reinsurance program, the return commission would not have a material impact on the financial condition of the Company.
- D. Uncollectible Reinsurance
In 2008, the Company recorded a provision for reinsurance of \$27 thousand for catastrophe losses recoverable net of reinstatement premiums due to the Lehman Re bankruptcy. Final bankruptcy settlement was received in 2013, the provision for reinsurance was reversed, and final balances were written off as displayed below.
(1) The Company wrote off in 2013 reinsurance balances due (from the companies below) in the amount of \$9,382, which is reflected as:

A. Losses incurred	\$	8,095
B. Loss adjustment expenses incurred	\$	—
C. Premiums earned	\$	1,287
D. Other	\$	—
E. <u>Company</u>		<u>Amount</u>
Lehman Re	\$	9,382
- E. Commutation of Ceded Reinsurance
Not applicable.
- F. Retroactive Reinsurance
Not applicable.
- G. Reinsurance Accounted for as a Deposit
Not applicable.
- H. Disclosures for the Transfer of Property and Casualty Run—off Agreements
Not applicable.
- I. Certified Reinsurer Rating Downgraded or Status Subject to Revocation
Not applicable.

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

Not applicable.

25. Changes in Incurred Losses and Loss Adjustment Expense

Reserves as of December 31, 2013 were \$3.5 million. During 2014, \$1.6 million has been paid for incurred losses and loss adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$1.7 million as a result of re-estimation of unpaid claims and claim adjusting expenses. Therefore, there has been a \$.2 million favorable prior year development from December 31, 2013 to December 31, 2014. Favorable development in auto physical damage, commercial auto liability, commercial multi-peril, other property and other liability lines of insurance, were offset, in part, by unfavorable development in homeowner and farmowner lines of insurance. 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.	NAIC No.	Pool Share
Lightning Rod Mutual Insurance Company (Lead)	26123	55.0%
Western Reserve Mutual Casualty Company	26131	40.0%
Sonnenberg Mutual Insurance Company	10271	5.0%

NOTES TO FINANCIAL STATEMENTS

- B. All transactions and balances in the underwriting accounts of the companies are pooled except premiums in the course of collection.
- C. All lines of business are subject to the intercompany pooling agreement. Cessions to non—affiliated reinsurers are prior to the cession of pooled business from the affiliated pool members to the lead entity.
- D. All pool members are subject to the same non—affiliated reinsurance treaties and have the contractual right of direct recovery per the terms of the reinsurance agreement.
- E. There are no discrepancies between the reinsurance schedules of the lead and other members of the pool.
- F. The Provision for Reinsurance (Schedule F, Part 7) and the write—off of uncollectible reinsurance is in accordance with the pool participation percentages.
- G. There were no balances due to/ due from the Company’s affiliated entities participating in the intercompany pool as of December 31,2014.

27. Structured Settlements

Not applicable.

28. Health Care Receivables

Not applicable.

29. Participating Policies

Not applicable.

30. Premium Deficiency Reserves

- 1. No significant change Liability carried for premium deficiency reserves \$ —
- 2. Date of most recent evaluation of this liability 12/31/2014
- 3. Was anticipated investment income utilized in the calculation? Yes () No (x)

31. High Deductibles

Not applicable.

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

No significant changes.

33. Asbestos/Environmental Reserves

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

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

34. Subscriber Savings Accounts

Not applicable.

35. Multiple Peril Crop Insurance

Not applicable.

36. Financial Guaranty Insurance

Not applicable.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

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, 1A and 2.
- 1.2

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

Yes ☒ No ☐ N/A ☐
- 1.3

State Regulating?

Ohio.....
- 2.1

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

Yes ☐ No ☒
- 2.2

If yes, date of change:

.....
- 3.1

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

.....12/31/2011
- 3.2

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

.....12/31/2011
- 3.3

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

.....11/26/2012
- 3.4

By what department or departments? Ohio.....
- 3.5

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

Yes ☐ No ☐ N/A ☒
- 3.6

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

Yes ☒ No ☐ N/A ☐
- 4.1

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

Yes ☐ No ☒
- 4.12 renewals?

Yes ☐ No ☒
- 4.2

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

Yes ☐ No ☒
- 4.22 renewals?

Yes ☐ No ☒
- 5.1

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

Yes ☐ No ☒
- 5.2

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

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

- 6.1

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

Yes ☐ No ☒
- 6.2

If yes, give full information
- 7.1

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

Yes ☐ No ☒
- 7.2

If yes,
- 7.21

State the percentage of foreign control
- 7.22

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

1 Nationality	2 Type of Entity
.....
.....
.....
.....
.....

GENERAL INTERROGATORIES

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

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

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

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
KPMG 191 West Nationwide Blvd. Columbus, Ohio 43215-2568.....

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [] No [X]

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

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]

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

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [] N/A []

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

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
William D. Hansen, FCAS, MAAA, Oliver Wyman, 325 John H. McConnell Blvd. Suite 350, Columbus, Ohio 43215.....

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]

12.11 Name of real estate holding company

12.12 Number of parcels involved

12.13 Total book/adjusted carrying value \$.....

12.2 If yes, provide explanation

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

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

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []

13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []

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

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

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

c. Compliance with applicable governmental laws, rules and regulations;

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

e. Accountability for adherence to the code.

14.11 If the response to 14.1 is no, please explain:

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

14.21 If the response to 14.2 is yes, provide information related to amendment(s)

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

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

GENERAL INTERROGATORIES

- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List?
- Yes [] No [X]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

BOARD OF DIRECTORS

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

FINANCIAL

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

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03)
- Yes [X] No []
- 24.02 If no, give full and complete information, relating thereto
- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
- 24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?
- Yes [] No [] NA [X]
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs.
- \$.....
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs.
- \$.....
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?
- Yes [] No [] NA [X]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?
- Yes [] No [] NA [X]
- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?
- Yes [] No [] NA [X]
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$.....
- 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$.....
- 24.103 Total payable for securities lending reported on the liability page \$.....

GENERAL INTERROGATORIES

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes [X] No []

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

25.21 Subject to repurchase agreements

25.22 Subject to reverse repurchase agreements

25.23 Subject to dollar repurchase agreements

25.24 Subject to reverse dollar repurchase agreements

25.25 Placed under option agreements

25.26 Letter stock or securities restricted as to sale – excluding FHLB Capital Stock

25.27 FHLB Capital Stock

25.28 On deposit with states

25.29 On deposit with other regulatory bodies

25.30 Pledged as collateral – excluding collateral pledged to an FHLB

25.31 Pledged as collateral to FHLB – including assets backing funding agreements

25.32 Other

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

199,566

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] N/A [X]
If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]

27.2 If yes, state the amount thereof at December 31 of the current year. \$

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

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

1 Name of Custodian(s)	2 Custodian's Address
Northern Trust Company.....	50 South LaSalle Street Chicago, IL 60603.....

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

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

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [X] No []

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

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

GENERAL INTERROGATORIES

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

1 Central Registration Depository Number(s)	2 Name	3 Address
154425.....	Harvest Fund Advisors.....	100 W Lancaster Ave Second Floor Wayne, PA 19087.....

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

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2001. 233203-84-3.....	DFA US Small Cap Portfolio.....	131,369
29.2002. 25264S-83-3.....	Diamond Hill Long Short Fd CI 1.....	54,931
29.2003. 25264S-85-8.....	Diamond Hill Small Cap FD CI I.....	124,899
29.2004. 256206-10-3.....	Dodge & Cox Intl Stk FD.....	346,575
29.2005. 277911-49-1.....	Eaton Vance Floating Rate Fnd CL I.....	631,212
29.2006. 413838-20-2.....	The Oakmark Interantional Fund I.....	86,521
29.2007. 45070A-40-4.....	IVA International Fund CI I.....	176,540
29.2008. 464287-46-5.....	iShares MSCI EAFE Index ETF.....	188,178
29.2009. 464287-65-5.....	iShares Trust Russell 2000 Index.....	106,462
29.2010. 577125-10-7.....	Matthews Asia Dividend Fund.....	87,623
29.2011. 577130-20-6.....	Matthews Asian Growth and Inc Fnd.....	45,926
29.2012. 780905-60-0.....	Royce Premier Fund.....	135,713
29.2013. 885215-56-6.....	Thornburg International Fund CI I.....	142,395
29.2999 TOTAL		2,258,344

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

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
DFA US Small Cap Portfolio.....	RF Micro Devices Inc.....	2,312	12/31/2014.....
Diamond Hill Long Short Fd CI 1.....	Citigroup Inc.....	4,565	12/31/2014.....
Diamond Hill Small Cap FD CI I.....	Avis Budget Group.....	18,135	12/31/2014.....
Dodge & Cox Intl Stk FD.....	Naspers Ltd Class N.....	53,165	12/31/2014.....
Eaton Vance Floating Rate Fnd CL I.....	Dell Inc.....	32,507	12/31/2014.....
The Oakmark Interantional Fund I.....	Credit Suisse Group.....	16,361	12/31/2014.....
IVA International Fund CI I.....	Astellas Pharma.....	27,558	12/31/2014.....
iShares MSCI EAFE Index ETF.....	Nestle.....	15,035	12/31/2014.....
iShares Trust Russell 2000 Index.....	Qorvo Inc.....	1,916	12/31/2014.....
Matthews Asia Dividend Fund.....	Japan Tobacco.....	14,431	12/31/2014.....
Matthews Asian Growth and Inc Fnd.....	AIA Group.....	6,820	12/31/2014.....
Royce Premier Fund.....	Thor Industries Inc.....	20,601	12/31/2014.....
Thornburg International Fund CI I.....	China Mobile Ltd.....	24,179	12/31/2014.....

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	14,829,416	15,426,693	597,277
30.2 Preferred Stocks.....	48,816	48,816	0
30.3 Totals	14,878,232	15,475,509	597,277

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

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

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [] No [X]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [] No []

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:
Prices are provided by FT Interactive Data (online pricing service).....

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

32.2 If no, list exceptions:

GENERAL INTERROGATORIES

OTHER

- 33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$42,196
- 33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Insurance Services Office.....	\$.....28,164

- 34.1 Amount of payments for legal expenses, if any? \$1,055
- 34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Nelson, Brown & Company.....	\$.....826
Little Mendelson.....	\$.....413

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

1 Name	2 Amount Paid
.....	\$.....
.....	\$.....
.....	\$.....

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1.1

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

Yes [] No [X]

1.2

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

\$.....0

1.3

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

\$.....

1.31

Reason for excluding

.....

1.4

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

\$.....

1.5

Indicate total incurred claims on all Medicare Supplement insurance.

\$.....0

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

\$.....0

1.62

Total incurred claims

\$.....0

1.63

Number of covered lives

.....0

All years prior to most current three years:

1.64

Total premium earned

\$.....0

1.65

Total incurred claims

\$.....0

1.66

Number of covered lives

.....0

1.7

Group policies:

Most current three years:

1.71

Total premium earned

\$.....0

1.72

Total incurred claims

\$.....0

1.73

Number of covered lives

.....0

All years prior to most current three years:

1.74

Total premium earned

\$.....0

1.75

Total incurred claims

\$.....0

1.76

Number of covered lives

.....0

2.

Health Test:

1

Current Year

2

Prior Year

2.1

Premium Numerator

\$

0

\$

0

2.2

Premium Denominator

\$

9,489,117

\$

9,049,997

2.3

Premium Ratio (2.1/2.2)

.....

0.000

.....

0.000

2.4

Reserve Numerator

\$

0

\$

0

2.5

Reserve Denominator

\$

8,076,247

\$

7,885,638

2.6

Reserve Ratio (2.4/2.5)

.....

0.000

.....

0.000

3.1

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

Yes [] No [X]

3.2

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

3.21

Participating policies.....

\$.....

3.22

Non-participating policies.....

\$.....

4.

For Mutual reporting entities and Reciprocal Exchanges only:

4.1

Does the reporting entity issue assessable policies?.....

Yes [] No [X]

4.2

Does the reporting entity issue non-assessable policies?.....

Yes [] No [X]

4.3

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

%

4.4

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

\$.....

5.

For Reciprocal Exchanges Only:

5.1

Does the exchange appoint local agents?.....

Yes [] No []

5.2

If yes, is the commission paid:

5.21

Out of Attorney's-in-fact compensation.....

Yes [] No [] N/A []

5.22

As a direct expense of the exchange.....

Yes [] No [] N/A []

5.3

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

.....

5.4

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

Yes [] No []

5.5

If yes, give full information

.....

GENERAL INTERROGATORIES

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- ## 16.1

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

11.1

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

Yes [] No [X]

11.2

If yes, give full information

12.1

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

12.11

Unpaid losses

\$

12.12

Unpaid underwriting expenses (including loss adjustment expenses)

\$

12.2

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

\$0

12.3

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

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

12.4

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

12.41

From

%

12.42

To

%

12.5

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

Yes [] No [X]

12.6

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

12.61

Letters of Credit

\$

12.62

Collateral and other funds

\$

13.1

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

\$1,000,000

13.2

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

Yes [] No [X]

13.3

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

10

14.1

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

Yes [] No [X]

14.2

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

14.3

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

Yes [] No []

14.4

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

Yes [] No []

14.5

If the answer to 14.4 is no, please explain:

15.1

Has the reporting entity guaranteed any financed premium accounts?

Yes [] No [X]

15.2

If yes, give full information

16.1

Does the reporting entity write any warranty business?

Yes [] No [X]

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

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

* Disclose type of coverage:

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

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

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

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

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

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

18.1 Do you act as a custodian for health savings accounts? Yes [] No [X]
18.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$.....
18.3 Do you act as an administrator for health savings accounts? Yes [] No [X]
18.4 If yes, please provide the balance of the funds administered as of the reporting date. \$.....

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE SONNENBERG MUTUAL INSURANCE COMPANY					
FIVE-YEAR HISTORICAL DATA					
Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e., 17.6.					
	1 2014	2 2013	3 2012	4 2011	5 2010
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	4,808,699	2,583,348	2,533,099	2,447,827	2,304,269
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	3,949,017	2,356,630	2,297,833	2,165,259	2,147,489
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	7,525,121	7,062,543	6,163,853	5,210,661	4,622,389
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	0	0	0	0	0
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
6. Total (Line 35)	16,282,837	12,002,521	10,994,785	9,823,747	9,074,147
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	2,661,123	2,582,025	2,531,620	2,446,100	2,302,503
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	2,286,353	2,306,007	2,248,111	2,107,681	2,090,778
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	4,687,593	4,398,979	3,952,862	3,626,196	3,398,173
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	0	0	0	0	0
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
12. Total (Line 35)	9,635,069	9,287,011	8,732,593	8,179,977	7,791,454
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	443,137	143,763	(1,085,243)	(767,600)	(552,068)
14. Net investment gain (loss) (Line 11)	733,494	656,891	589,765	670,574	608,077
15. Total other income (Line 15)	138,388	139,425	130,296	130,462	116,426
16. Dividends to policyholders (Line 17)	0	0	0	0	0
17. Federal and foreign income taxes incurred (Line 19)	131,686	11,608	(12,886)	(68,023)	(9,121)
18. Net income (Line 20)	1,183,334	928,471	(352,296)	101,459	181,556
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	23,180,770	21,901,430	20,125,696	19,222,909	19,286,804
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	305,220	306,236	306,111	306,254	260,457
20.2 Deferred and not yet due (Line 15.2)	0	0	0	0	0
20.3 Accrued retrospective premiums (Line 15.3)	0	0	0	0	0
21. Total liabilities excluding protected cell business (Page 3, Line 26)	9,639,837	9,384,169	8,873,287	8,021,968	8,123,423
22. Losses (Page 3, Line 1)	2,948,392	2,927,913	2,696,449	2,536,568	2,228,974
23. Loss adjustment expenses (Page 3, Line 3)	608,081	583,903	563,906	495,500	495,500
24. Unearned premiums (Page 3, Line 9)	4,519,774	4,373,822	4,136,808	3,801,759	3,506,742
25. Capital paid up (Page 3, Lines 30 & 31)	0	0	0	0	0
26. Surplus as regards policyholders (Page 3, Line 37)	13,540,933	12,517,261	11,252,409	11,200,941	11,163,381
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	1,151,324	1,650,214	281,321	325,320	380,433
Risk-Based Capital Analysis					
28. Total adjusted capital	13,540,933	12,517,261	11,252,409	11,200,941	11,163,381
29. Authorized control level risk-based capital	999,864	991,950	901,767	853,441	884,269
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3)(Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1)	60.9	61.1	62.9	66.0	62.1
31. Stocks (Lines 2.1 & 2.2)	32.8	30.8	30.8	29.3	29.7
32. Mortgage loans on real estate (Lines 3.1 and 3.2)	0.0	0.0	0.0	0.0	0.0
33. Real estate (Lines 4.1, 4.2 & 4.3)	0.0	0.0	0.0	0.0	0.0
34. Cash, cash equivalents and short-term investments (Line 5)	6.4	6.1	3.8	2.2	5.6
35. Contract loans (Line 6)	0.0	0.0	0.0	0.0	0.0
36. Derivatives (Line 7)	0.0	0.0	0.0	0.0	0.0
37. Other invested assets (Line 8)	0.0	2.1	2.4	2.5	2.6
38. Receivables for securities (Line 9)	0.0	0.0	0.0	0.0	0.0
39. Securities lending reinvested collateral assets (Line 10)	0.0	0.0	0.0	0.0	0.0
40. Aggregate write-ins for invested assets (Line 11)	0.0	0.0	0.0	0.0	0.0
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)	0	0	0	0	0
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)	0	0	0	0	0
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)	3,425	3,361	45,134	47,209	44,526
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)	0	0	0	0	0
46. Affiliated mortgage loans on real estate	0	0	0	0	0
47. All other affiliated	0	0	0	0	0
48. Total of above Lines 42 to 47	3,425	3,361	45,134	47,209	44,526
49. Total Investment in parent included in Lines 42 to 47 above		0	0	0	0
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)	0.0	0.0	0.4	0.4	0.4

FIVE-YEAR HISTORICAL DATA

	1	2	3	4	5
	2014	2013	2012	2011	2010
(Continued)					
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	27,065	423,821	205,542	(145,775)	217,897
52. Dividends to stockholders (Line 35)	0	0	0	0	0
53. Change in surplus as regards policyholders for the year (Line 38)	1,023,671	1,264,852	51,469	37,559	382,084
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	1,637,965	1,617,456	1,627,072	1,379,888	1,387,253
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,617,622	1,280,958	1,292,115	1,252,164	1,191,423
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	3,099,495	2,698,223	3,665,912	2,956,300	2,722,050
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	0	0	0	0	0
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
59. Total (Line 35)	6,355,082	5,596,637	6,585,099	5,588,352	5,300,726
Net Losses Paid (Page 9, Part 2, Col. 4)					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	1,508,354	1,603,006	1,608,046	1,381,223	1,349,896
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,326,171	1,277,190	1,292,715	1,253,605	1,170,015
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	2,124,715	1,784,030	2,645,727	2,204,263	2,084,667
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	0	0	0	0	0
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
65. Total (Line 35)	4,959,240	4,664,226	5,546,488	4,839,091	4,604,578
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2)	52.5	54.1	68.0	65.3	60.7
68. Loss expenses incurred (Line 3)	10.3	10.1	10.7	9.3	9.8
69. Other underwriting expenses incurred (Line 4)	32.5	34.2	34.3	35.1	36.9
70. Net underwriting gain (loss) (Line 8)	4.7	1.6	(12.9)	(9.7)	(7.3)
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)	30.6	31.8	31.5	32.3	34.1
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	62.8	64.2	78.6	74.6	70.5
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0)	71.2	74.2	77.6	73.0	69.8
One Year Loss Development (000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	(168)	(264)	(76)	(244)	(277)
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100.0)	(1.3)	(2.3)	(0.7)	(2.2)	(2.6)
Two Year Loss Development (000 omitted)					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12)	(417)	(182)	(281)	(368)	(456)
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0)	(3.7)	(1.6)	(2.5)	(3.4)	(4.5)

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

If no, please explain

.....

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

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	Number of Claims Reported Direct and Assumed
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX	(1)	0	0	0	0	0	3	(1)	XXX
2. 2005	7,648	479	7,169	3,539	239	82	16	447	2	178	3,811	XXX
3. 2006	7,498	484	7,014	4,486	610	109	4	577	3	195	4,555	XXX
4. 2007	7,386	359	7,027	4,310	293	119	16	600	3	219	4,717	XXX
5. 2008	7,382	377	7,005	5,102	794	151	10	703	0	200	5,152	XXX
6. 2009	7,462	388	7,074	4,509	182	98	0	525	0	204	4,950	XXX
7. 2010	7,893	368	7,525	4,663	33	96	1	580	0	252	5,305	XXX
8. 2011	8,439	553	7,886	6,268	1,204	96	0	656	0	276	5,816	XXX
9. 2012	9,074	677	8,397	6,049	924	68	0	758	0	234	5,951	XXX
10. 2013	9,653	605	9,048	4,364	6	36	0	744	0	223	5,138	XXX
11. 2014	10,033	545	9,488	3,611	6	11	0	653	0	132	4,269	XXX
12. Totals	XXX	XXX	XXX	46,900	4,291	866	47	6,243	8	2,116	49,663	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded						Direct and Assumed	Ceded
1.	4	0	0	0	0	0	0	0	0	0	0	4	XXX
2.	2	0	0	0	0	0	0	0	0	0	0	2	XXX
3.	13	4	0	0	1	0	1	1	1	0	0	11	XXX
4.	14	0	0	0	0	0	0	0	1	0	0	15	XXX
5.	47	16	3	0	4	0	2	1	5	0	0	44	XXX
6.	11	0	6	2	6	0	2	2	7	1	0	27	XXX
7.	47	0	11	1	10	2	3	2	11	1	0	76	XXX
8.	102	0	32	12	22	2	8	3	24	5	0	166	XXX
9.	302	0	50	18	52	1	18	5	55	10	0	443	XXX
10.	731	11	69	27	84	3	29	7	86	15	0	936	XXX
11.	1,184	3	546	132	105	4	40	9	129	24	0	1,832	XXX
12.	2,457	34	717	192	284	12	103	30	319	56	0	3,556	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26	27	28	29	30	31	32	33		35	36
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense		Losses Unpaid	Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	4	0
2.	4,070	257	3,813	53.2	53.7	53.2	0	0		2	0
3.	5,188	622	4,566	69.2	128.5	65.1	0	0		9	2
4.	5,044	312	4,732	68.3	86.9	67.3	0	0		14	1
5.	6,017	821	5,196	81.5	217.8	74.2	0	0		34	10
6.	5,164	187	4,977	69.2	48.2	70.4	0	0		15	12
7.	5,421	40	5,381	68.7	10.9	71.5	0	0		57	19
8.	7,208	1,226	5,982	85.4	221.7	75.9	0	0		122	44
9.	7,352	958	6,394	81.0	141.5	76.1	0	0		334	109
10.	6,143	69	6,074	63.6	11.4	67.1	0	0		762	174
11.	6,279	178	6,101	62.6	32.7	64.3	0	0		1,595	237
12.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	2,948	608

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

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	One Year	Two Year
1. Prior	1,130	.918	.816	.756	.710	.703	.687	.687	.683	.680	(3)	(7)
2. 2005	3,679	3,475	3,440	3,395	3,395	3,370	3,369	3,369	3,367	3,368	1	(1)
3. 2006	XXX	4,096	4,128	4,050	4,021	4,007	3,999	4,002	4,003	3,991	(12)	(11)
4. 2007	XXX	XXX	4,327	4,310	4,170	4,105	4,102	4,106	4,128	4,134	6	28
5. 2008	XXX	XXX	XXX	4,628	4,631	4,499	4,470	4,507	4,493	4,488	(5)	(19)
6. 2009	XXX	XXX	XXX	XXX	4,575	4,543	4,509	4,475	4,456	4,446	(10)	(29)
7. 2010	XXX	XXX	XXX	XXX	XXX	4,986	4,833	4,786	4,825	4,791	(34)	5
8. 2011	XXX	XXX	XXX	XXX	XXX	XXX	5,487	5,448	5,319	5,307	(12)	(141)
9. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,833	5,675	5,591	(84)	(242)
10. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,274	5,259	(15)	XXX
11. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,343	XXX	XXX
12. Totals											(168)	(417)

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014		
1. Prior	.000	.394	.565	.627	.662	.671	.664	.679	.677	.676	XXX	XXX
2. 2005	2,348	3,018	3,234	3,304	3,353	3,366	3,366	3,366	3,366	3,366	XXX	XXX
3. 2006	XXX	2,742	3,576	3,769	3,901	3,947	3,968	3,977	3,979	3,981	XXX	XXX
4. 2007	XXX	XXX	2,860	3,650	3,832	3,979	4,031	4,097	4,113	4,120	XXX	XXX
5. 2008	XXX	XXX	XXX	3,261	4,048	4,270	4,380	4,473	4,448	4,449	XXX	XXX
6. 2009	XXX	XXX	XXX	XXX	3,090	3,995	4,237	4,381	4,415	4,425	XXX	XXX
7. 2010	XXX	XXX	XXX	XXX	XXX	3,403	4,204	4,528	4,661	4,725	XXX	XXX
8. 2011	XXX	XXX	XXX	XXX	XXX	XXX	3,722	4,699	5,007	5,160	XXX	XXX
9. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,039	4,927	5,193	XXX	XXX
10. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,425	4,394	XXX	XXX
11. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,616	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1 2005	2 2006	3 2007	4 2008	5 2009	6 2010	7 2011	8 2012	9 2013	10 2014
1. Prior	160	.81	28	19	1	.0	.0	.0	.0	.0
2. 2005	448	.46	31	3	3	.0	.0	0	.0	.0
3. 2006	XXX	380	38	16	9	.2	.1	2	.0	.0
4. 2007	XXX	XXX	410	28	23	.5	.2	.0	.0	.0
5. 2008	XXX	XXX	XXX	355	52	18	.3	3	2	4
6. 2009	XXX	XXX	XXX	XXX	375	25	24	3	2	4
7. 2010	XXX	XXX	XXX	XXX	XXX	422	49	6	14	11
8. 2011	XXX	XXX	XXX	XXX	XXX	XXX	399	.63	36	25
9. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	387	70	45
10. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	464	64
11. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	445

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated By States And Territories									
States, etc.	1	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9
		2	3						
	Active Status	Direct Premiums Written	Direct Premiums Earned	Dividends Paid or Credited to Policyholders on Direct Business	Direct Losses Paid (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid	Finance and Service Charges Not Included in Premiums	Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
1. Alabama	AL N	.0	.0	.0	.0	.0	.0	.0	
2. Alaska	AK N	.0	.0	.0	.0	.0	.0	.0	
3. Arizona	AZ N	.0	.0	.0	.0	.0	.0	.0	
4. Arkansas	AR N	.0	.0	.0	.0	.0	.0	.0	
5. California	CA N	.0	.0	.0	.0	.0	.0	.0	
6. Colorado	CO N	.0	.0	.0	.0	.0	.0	.0	
7. Connecticut	CT N	.0	.0	.0	.0	.0	.0	.0	
8. Delaware	DE N	.0	.0	.0	.0	.0	.0	.0	
9. Dist. Columbia	DC N	.0	.0	.0	.0	.0	.0	.0	
10. Florida	FL N	.0	.0	.0	.0	.0	.0	.0	
11. Georgia	GA N	.0	.0	.0	.0	.0	.0	.0	
12. Hawaii	HI N	.0	.0	.0	.0	.0	.0	.0	
13. Idaho	ID N	.0	.0	.0	.0	.0	.0	.0	
14. Illinois	IL N	.0	.0	.0	.0	.0	.0	.0	
15. Indiana	IN L	1,853,145	971,511	.0	277,435	261,830	54,775	30,977	
16. Iowa	IA N	.0	.0	.0	.0	.0	.0	.0	
17. Kansas	KS N	.0	.0	.0	.0	.0	.0	.0	
18. Kentucky	KY N	.0	.0	.0	.0	.0	.0	.0	
19. Louisiana	LA N	.0	.0	.0	.0	.0	.0	.0	
20. Maine	ME N	.0	.0	.0	.0	.0	.0	.0	
21. Maryland	MD N	.0	.0	.0	.0	.0	.0	.0	
22. Massachusetts	MA N	.0	.0	.0	.0	.0	.0	.0	
23. Michigan	MI N	.0	.0	.0	.0	.0	.0	.0	
24. Minnesota	MN N	.0	.0	.0	.0	.0	.0	.0	
25. Mississippi	MS N	.0	.0	.0	.0	.0	.0	.0	
26. Missouri	MO N	.0	.0	.0	.0	.0	.0	.0	
27. Montana	MT N	.0	.0	.0	.0	.0	.0	.0	
28. Nebraska	NE N	.0	.0	.0	.0	.0	.0	.0	
29. Nevada	NV N	.0	.0	.0	.0	.0	.0	.0	
30. New Hampshire	NH N	.0	.0	.0	.0	.0	.0	.0	
31. New Jersey	NJ N	.0	.0	.0	.0	.0	.0	.0	
32. New Mexico	NM N	.0	.0	.0	.0	.0	.0	.0	
33. New York	NY N	.0	.0	.0	.0	.0	.0	.0	
34. No. Carolina	NC N	.0	.0	.0	.0	.0	.0	.0	
35. No. Dakota	ND N	.0	.0	.0	.0	.0	.0	.0	
36. Ohio	OH L	4,794,623	2,841,197	.0	1,118,407	1,403,545	410,482	81,055	
37. Oklahoma	OK N	.0	.0	.0	.0	.0	.0	.0	
38. Oregon	OR N	.0	.0	.0	.0	.0	.0	.0	
39. Pennsylvania	PA N	.0	.0	.0	.0	.0	.0	.0	
40. Rhode Island	RI N	.0	.0	.0	.0	.0	.0	.0	
41. So. Carolina	SC N	.0	.0	.0	.0	.0	.0	.0	
42. So. Dakota	SD N	.0	.0	.0	.0	.0	.0	.0	
43. Tennessee	TN N	.0	.0	.0	.0	.0	.0	.0	
44. Texas	TX N	.0	.0	.0	.0	.0	.0	.0	
45. Utah	UT N	.0	.0	.0	.0	.0	.0	.0	
46. Vermont	VT N	.0	.0	.0	.0	.0	.0	.0	
47. Virginia	VA N	.0	.0	.0	.0	.0	.0	.0	
48. Washington	WA N	.0	.0	.0	.0	.0	.0	.0	
49. West Virginia	WV N	.0	.0	.0	.0	.0	.0	.0	
50. Wisconsin	WI N	.0	.0	.0	.0	.0	.0	.0	
51. Wyoming	WY N	.0	.0	.0	.0	.0	.0	.0	
52. American Samoa	AS N	.0	.0	.0	.0	.0	.0	.0	
53. Guam	GU N	.0	.0	.0	.0	.0	.0	.0	
54. Puerto Rico	PR N	.0	.0	.0	.0	.0	.0	.0	
55. U.S. Virgin Islands	VI N	.0	.0	.0	.0	.0	.0	.0	
56. Northern Mariana Islands	MP N	.0	.0	.0	.0	.0	.0	.0	
57. Canada	CAN N	.0	.0	.0	.0	.0	.0	.0	
58. Aggregate other alien	OT XXX	.0	.0	.0	.0	.0	.0	.0	.0
59. Totals	(a) 2	6,647,768	3,812,709	0	1,395,842	1,665,375	465,258	112,032	0
DETAILS OF WRITE-INS									
58001.	XXX								
58002.	XXX								
58003.	XXX								
58998. Sum. of remaining write-ins for Line 58 from overflow page	XXX	.0	.0	.0	.0	.0	.0	.0	.0
58999. Totals (Lines 58001 through 58003 + 58998) (Line 58 above)	XXX	0	0	0	0	0	0	0	0

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

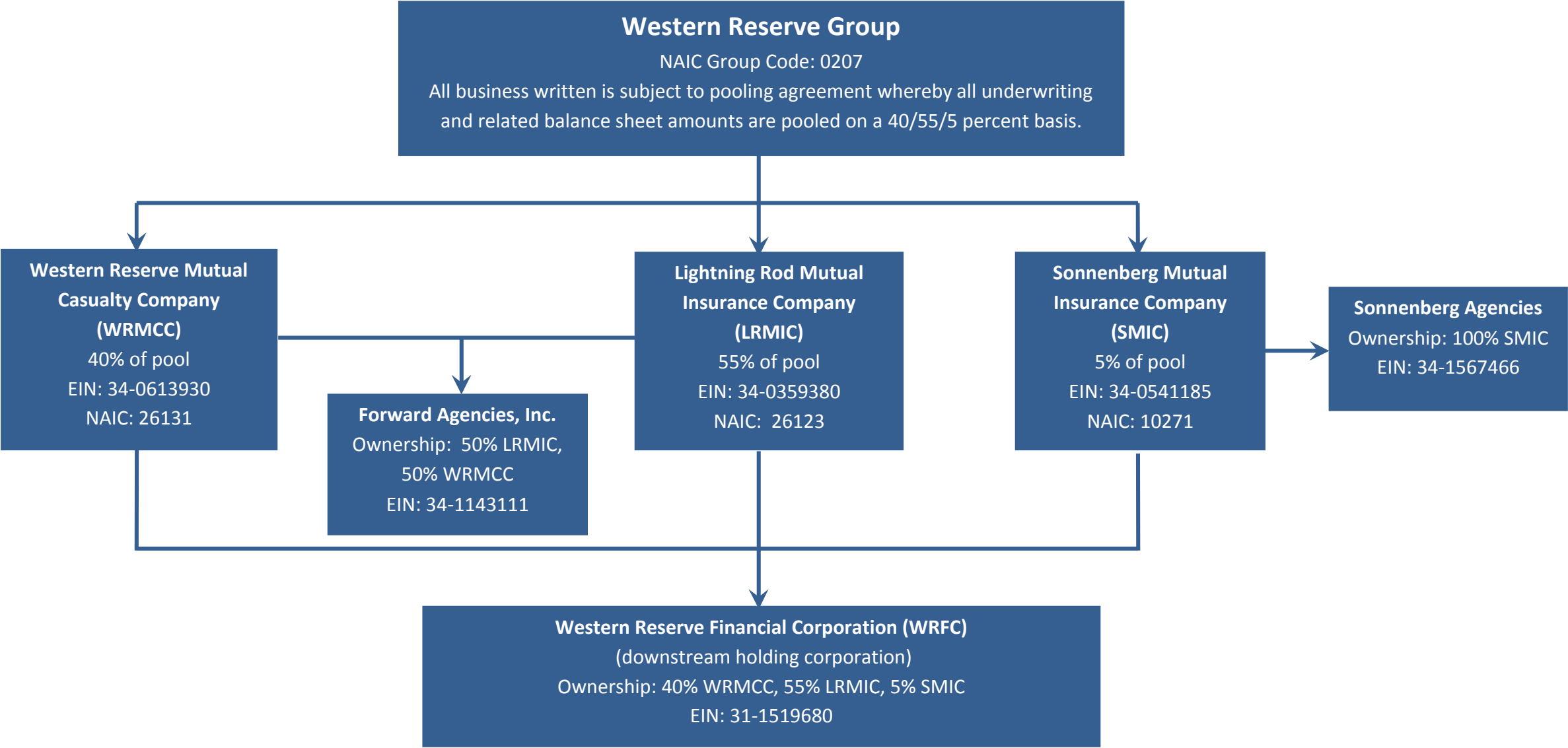
Explanation of basis of allocation of premiums by states, etc.

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

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

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

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