



PROPERTY AND CASUALTY COMPANIES—ASSOCIATION EDITION

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

**WESTERN RESERVE MUTUAL CASUALTY COMPANY**

NAIC Group Code	0207	NAIC Company Code	26131	Employer's ID Number	34-0613930
(Current Period)		(Prior Period)			
Organized under the Laws of	Ohio		State of Domicile or Port of Entry		Ohio
Country of Domicile	United States				
Incorporated/Organized	06/29/1937		Commenced Business		07/30/1937
Statutory Home Office	1685 Cleveland Road		Wooster, OH, US 44691-0036		
(Street and Number)		(City or Town, State, Country and Zip Code)			
Main Administrative Office	1685 Cleveland Road		Wooster, OH, US 44691-0036		330-262-9060
(Street and Number)		(City or Town, State, Country and Zip Code)		(Area Code) (Telephone Number)	
Mail Address	1685 Cleveland Road		Wooster, OH, US 44691-0036		
(Street and Number or P.O. Box)		(City or Town, State, Country and Zip Code)			
Primary Location of Books and Records	1685 Cleveland Road		Wooster, OH, US 44691-0036		330-262-9060
(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. GWENN	VICE PRESIDENT-CHIEF CLAIMS OFFICER
GREGORY J. OWEN	VICE PRESIDENT-CHIEF INFORMATION OFFICER		

**DIRECTORS OR TRUSTEES**

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

State of ..... OHIO ..... ss  
 County of ..... WAYNE .....

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

KEVIN W. DAY  
 PRESIDENT AND SECRETARY -CHIEF  
 EXECUTIVE OFFICER

Subscribed and sworn to before me  
 this 26 day of FEBRUARY, 2015

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

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

Michele Young, Notary Public  
 August 16, 2019

**ANNUAL STATEMENT FOR THE YEAR 2014 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY**

**ASSETS**

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	95,316,540	.0	95,316,540	91,077,665
2. Stocks (Schedule D):				
2.1 Preferred stocks .....	390,528	.0	390,528	807,128
2.2 Common stocks .....	51,994,176	302,941	51,691,235	50,559,976
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).....	7,337,621	.0	7,337,621	7,560,162
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 (\$ .....(13,511,061) , Schedule E-Part 1), cash equivalents (\$ .....0 , Schedule E-Part 2) and short-term investments (\$ .....6,902,324 , Schedule DA).....	(6,608,737)	.0	(6,608,737)	(5,638,504)
6. Contract loans (including \$ ..... premium notes).....	0	.0	0	0
7. Derivatives (Schedule DB).....	0	.0	0	0
8. Other invested assets (Schedule BA).....	5,530,377	1,523,623	4,006,754	3,480,483
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).....	153,960,505	1,826,564	152,133,941	147,846,910
13. Title plants less \$ ..... charged off (for Title insurers only).....	0	.0	0	0
14. Investment income due and accrued.....	967,800	.0	967,800	916,972
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	28,780,209	173,370	28,606,839	26,966,974
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums).....	0	.0	0	0
15.3 Accrued retrospective premiums.....	0	.0	0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	21,021	.0	21,021	30,525
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	1,157,056
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.....	6,363,659	5,543,058	820,601	921,552
21. Furniture and equipment, including health care delivery assets (\$ ..... ) .....	198,750	198,750	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 .....	32,283	.0	32,283	0
24. Health care (\$ ..... ) and other amounts receivable.....	0	.0	0	0
25. Aggregate write-ins for other-than-invested assets .....	79,556	79,556	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	190,403,781	7,821,297	182,582,484	177,839,989
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	.0	0	0
28. Total (Lines 26 and 27).....	190,403,781	7,821,297	182,582,484	177,839,989
<b>DETAILS OF WRITE-INS</b>				
1101. ....	0	.0	0	0
1102. ....	0	.0	0	0
1103. ....	0	.0	0	0
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	.0	0	0
1199. <b>Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)</b>	0	0	0	0
2501. Prepaid Expense.....	79,556	79,556	0	0
2502. ....				
2503. ....				
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	.0	0	0
2599. <b>Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)</b>	79,556	79,556	0	0

**ANNUAL STATEMENT FOR THE YEAR 2014 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY**

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)	23,587,137	23,423,302
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)	4,864,650	4,671,215
4. Commissions payable, contingent commissions and other similar charges	2,424,361	3,165,026
5. Other expenses (excluding taxes, licenses and fees)	3,838,143	3,182,130
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	934,908	923,460
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))	162,372	0
7.2 Net deferred tax liability	702,861	975,812
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 \$ 1,165,103 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)	36,158,198	34,990,589
10. Advance premium	538,309	553,301
11. Dividends declared and unpaid:		
11.1 Stockholders	0	0
11.2 Policyholders	0	0
12. Ceded reinsurance premiums payable (net of ceding commissions)	269,149	384,801
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	2,413,378	3,265,868
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	515,312
20. Derivatives	0	0
21. Payable for securities	0	0
22. Payable for securities lending	0	0
23. Liability for amounts held under uninsured plans	0	0
24. Capital notes \$ and interest thereon \$	0	0
25. Aggregate write-ins for liabilities	487,088	167,685
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	76,380,555	76,218,501
27. Protected cell liabilities	0	0
28. Total liabilities (Lines 26 and 27)	76,380,555	76,218,501
29. Aggregate write-ins for special surplus funds	0	0
30. Common capital stock	0	0
31. Preferred capital stock	0	0
32. Aggregate write-ins for other than special surplus funds	0	0
33. Surplus notes	0	0
34. Gross paid in and contributed surplus	0	0
35. Unassigned funds (surplus)	106,201,929	101,621,488
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 30 \$ )	0	0
36.2 shares preferred (value included in Line 31 \$ )	0	0
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	106,201,929	101,621,488
38. Totals (Page 2, Line 28, Col. 3)	182,582,484	177,839,989
<b>DETAILS OF WRITE-INS</b>		
2501. Accrued Capital Expenses	487,088	167,685
2502.		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	487,088	167,685
2901. Surplus from SSAP No. 10R		
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page	0	0
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)	0	0

**ANNUAL STATEMENT FOR THE YEAR 2014 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY**

**STATEMENT OF INCOME**

	1 Current Year	2 Prior Year
<b>UNDERWRITING INCOME</b>		
1. Premiums earned (Part 1, Line 35, Column 4) .....	75,912,942	72,399,979
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7) .....	39,837,759	39,165,517
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1) .....	7,854,139	7,347,992
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2) .....	24,675,947	24,736,412
5. Aggregate write-ins for underwriting deductions .....	0	0
6. Total underwriting deductions (Lines 2 through 5) .....	72,367,845	71,249,921
7. Net income of protected cells .....	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7) .....	3,545,097	1,150,058
<b>INVESTMENT INCOME</b>		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....	3,696,220	3,501,348
10. Net realized capital gains (losses) less capital gains tax of \$ 1,062,790 (Exhibit of Capital Gains (Losses)) .....	2,063,063	621,410
11. Net investment gain (loss) (Lines 9 + 10) .....	5,759,283	4,122,758
<b>OTHER INCOME</b>		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ charged off \$ 93,051) .....	amount (93,051)	(71,563)
13. Finance and service charges not included in premiums .....	1,198,157	1,186,300
14. Aggregate write-ins for miscellaneous income .....	1,993	667
15. Total other income (Lines 12 through 14) .....	1,107,099	1,115,404
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15) .....	10,411,479	6,388,220
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) .....	10,411,479	6,388,220
19. Federal and foreign income taxes incurred .....	791,638	(77,176)
20. Net income (Line 18 minus Line 19) (to Line 22) .....	9,619,842	6,465,396
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2) .....	101,621,488	92,481,819
22. Net income (from Line 20) .....	9,619,842	6,465,396
23. Net transfers (to) from Protected Cell accounts .....	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ (339,646) .....	(339,646)	(659,312)
25. Change in net unrealized foreign exchange capital gain (loss) .....	0	0
26. Change in net deferred income tax .....	(66,695)	(580,743)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3) .....	(4,280,489)	(1,051,353)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1) .....	0	213,119
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 .....	(32,905)	286,424
38. Change in surplus as regards policyholders for the year (Lines 22 through 37) .....	4,580,441	9,139,669
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37) .....	106,201,929	101,621,488
<b>DETAILS OF WRITE-INS</b>		
0501. .....	0	0
0502. .....	0	0
0503. .....	0	0
0598. Summary of remaining write-ins for Line 5 from overflow page .....	0	0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above) .....	0	0
1401. Other Income (Expense) .....	1,993	667
1402. Gain/(Loss) sale of Equipment .....	0	0
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) .....	1,993	667
3701. Change in Surplus Due to Prior Period Adjustment (see Footnote 2) .....	(32,905)	40,754
3702. Change in Surplus Due to Correction of a Depreciation Error (see Footnote 2) .....	0	(690)
3703. Change in Surplus Due to Change in Depreciation Method (see Footnote 2) .....	0	167,912
3798. Summary of remaining write-ins for Line 37 from overflow page .....	0	78,448
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above) .....	(32,905)	286,424

**ANNUAL STATEMENT FOR THE YEAR 2014 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY**

**CASH FLOW**

		1 Current Year	2 Prior Year
<b>Cash from Operations</b>			
1. Premiums collected net of reinsurance		75,317,508	72,161,424
2. Net investment income		4,234,559	3,837,946
3. Miscellaneous income		1,107,099	1,115,404
4. Total (Lines 1 through 3)		80,659,167	77,114,774
5. Benefit and loss related payments		39,664,420	36,050,494
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		0	0
7. Commissions, expenses paid and aggregate write-ins for deductions		32,466,978	29,403,678
8. Dividends paid to policyholders		0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)		535,000	1,400,075
10. Total (Lines 5 through 9)		72,666,397	66,854,247
11. Net cash from operations (Line 4 minus Line 10)		7,992,770	10,260,527
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds		11,470,183	9,725,383
12.2 Stocks		14,449,917	19,684,495
12.3 Mortgage loans		0	0
12.4 Real estate		0	0
12.5 Other invested assets		5,738,557	818,287
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		0	0
12.7 Miscellaneous proceeds		0	237,747
12.8 Total investment proceeds (Lines 12.1 to 12.7)		31,658,657	30,465,912
13. Cost of investments acquired (long-term only):			
13.1 Bonds		15,821,774	20,668,116
13.2 Stocks		12,781,769	16,990,857
13.3 Mortgage loans		0	0
13.4 Real estate		0	1,743
13.5 Other invested assets		6,051,242	767,000
13.6 Miscellaneous applications		3	187,349
13.7 Total investments acquired (Lines 13.1 to 13.6)		34,654,788	38,615,065
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)		(2,996,131)	(8,149,153)
<b>Cash from Financing and Miscellaneous Sources</b>			
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)		(5,966,873)	(810,615)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)		(5,966,873)	(810,615)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)		(970,233)	1,300,759
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year		(5,638,504)	(6,939,263)
19.2 End of year (Line 18 plus Line 19.1)		(6,608,737)	(5,638,504)

**ANNUAL STATEMENT FOR THE YEAR 2014 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY**

**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 .....	1,316,467	686,899	687,832	1,315,534
2. Allied lines .....	586,289	371,824	371,915	586,198
3. Farmowners multiple peril .....	7,867,867	3,835,361	4,163,371	7,539,857
4. Homeowners multiple peril .....	20,795,329	11,604,591	11,731,080	20,668,840
5. Commercial multiple peril .....	8,764,621	4,219,687	4,565,576	8,418,732
6. Mortgage guaranty .....	0	0	0	0
8. Ocean marine .....	0	0	0	0
9. Inland marine .....	747,159	341,826	377,963	711,022
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 .....	15,783	7,635	7,482	15,936
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 .....	456,515	228,307	247,137	437,685
17.1 Other liability-occurrence .....	336,680	184,610	198,230	323,060
17.2 Other liability-claims-made .....	102	319	494	(73)
17.3 Excess workers' compensation .....	0	0	0	0
18.1 Products liability-occurrence .....	54,271	27,072	30,816	50,527
18.2 Products liability-claims-made .....	0	0	0	0
19.1,19.2 Private passenger auto liability .....	17,277,999	6,195,143	6,450,638	17,022,504
19.3,19.4 Commercial auto liability .....	3,163,419	1,404,982	1,529,994	3,038,407
21. Auto physical damage .....	15,593,491	5,831,482	5,743,743	15,681,230
22. Aircraft (all perils) .....	0	0	0	0
23. Fidelity .....	0	0	0	0
24. Surety .....	0	0	0	0
26. Burglary and theft .....	31,635	17,177	16,497	32,315
27. Boiler and machinery .....	72,924	33,674	35,430	71,168
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 .....	77,080,551	34,990,589	36,158,198	75,912,942
<b>DETAILS OF WRITE-INS</b>				
3401. ....				
3402. ....				
3403. ....				
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0

**ANNUAL STATEMENT FOR THE YEAR 2014 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY**

**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 .....	687,832				687,832
2. Allied lines .....	371,915				371,915
3. Farmowners multiple peril .....	4,163,371				4,163,371
4. Homeowners multiple peril .....	11,731,080				11,731,080
5. Commercial multiple peril .....	4,565,576				4,565,576
6. Mortgage guaranty .....	0				0
8. Ocean marine .....	0				0
9. Inland marine .....	377,963				377,963
10. Financial guaranty .....	0				0
11.1 Medical professional liability-occurrence .....	0				0
11.2 Medical professional liability-claims-made .....	0				0
12. Earthquake .....	7,482				7,482
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 .....	247,137				247,137
17.1 Other liability-occurrence .....	198,230				198,230
17.2 Other liability-claims-made .....	494				494
17.3 Excess workers' compensation .....	0				0
18.1 Products liability-occurrence .....	30,816				30,816
18.2 Products liability-claims-made .....	0				0
19.1,19.2 Private passenger auto liability .....	6,450,638				6,450,638
19.3,19.4 Commercial auto liability .....	1,529,994				1,529,994
21. Auto physical damage .....	5,743,743				5,743,743
22. Aircraft (all perils) .....	0				0
23. Fidelity .....	0				0
24. Surety .....	0				0
26. Burglary and theft .....	16,497				16,497
27. Boiler and machinery .....	35,430				35,430
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 .....	36,158,198	0	0	0	36,158,198
36. Accrued retrospective premiums based on experience .....					
37. Earned but unbilled premiums .....					
38. Balance (Sum of Lines 35 through 37) .....					36,158,198
<b>DETAILS OF WRITE-INS</b>					
3401. ....					
3402. ....					
3403. ....					
3498. Sum. of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above) .....	0	0	0	0	0

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

**ANNUAL STATEMENT FOR THE YEAR 2014 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY**

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1B - PREMIUMS WRITTEN**

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire	3,268,168	1,316,467		3,251,547	16,621	1,316,467
2. Allied lines	1,774,574	586,289		1,449,176	325,398	586,289
3. Farmowners multiple peril	0	7,867,867		0	0	7,867,867
4. Homeowners multiple peril	20,601,534	20,795,329		18,770,877	1,830,657	20,795,329
5. Commercial multiple peril	12,331,374	8,764,621		11,801,614	529,760	8,764,621
6. Mortgage guaranty	0	0		0	0	0
8. Ocean marine	0	0		0	0	0
9. Inland marine	935,706	747,159		898,508	37,198	747,159
10. Financial guaranty	0	0		0	0	0
11.1 Medical professional liability-occurrence	0	0		0	0	0
11.2 Medical professional liability-claims-made	0	0		0	0	0
12. Earthquake	19,406	15,783		19,204	202	15,783
13. Group accident and health	0	0		0	0	0
14. Credit accident and health (group and individual)	0	0		0	0	0
15. Other accident and health	0	0		0	0	0
16. Workers' compensation	1,315,187	456,515		1,141,288	173,899	456,515
17.1 Other liability-occurrence	3,072,076	336,680		707,280	2,364,796	336,680
17.2 Other liability-claims-made	10,054	102		325	9,729	102
17.3 Excess workers' compensation	0	0		0	0	0
18.1 Products liability-occurrence	104,142	54,271		101,750	2,392	54,271
18.2 Products liability-claims-made	0	0		0	0	0
19.1, 19.2 Private passenger auto liability	31,286,142	17,277,999		31,276,329	9,813	17,277,999
19.3, 19.4 Commercial auto liability	3,545,857	3,163,419		3,530,130	15,727	3,163,419
21. Auto physical damage	27,348,165	15,593,491		27,133,695	214,470	15,593,491
22. Aircraft (all perils)	0	0		0	0	0
23. Fidelity	0	0		0	0	0
24. Surety	0	0		0	0	0
26. Burglary and theft	34,250	31,635		32,787	1,463	31,635
27. Boiler and machinery	141,400	72,924		45,275	96,125	72,924
28. Credit	0	0		0	0	0
29. International	0	0		0	0	0
30. Warranty	0	0		0	0	0
31. Reinsurance-nonproportional assumed property	XXX	0		0	0	0
32. Reinsurance-nonproportional assumed liability	XXX	0		0	0	0
33. Reinsurance-nonproportional assumed financial lines	XXX	0		0	0	0
34. Aggregate write-ins for other lines of business	0	0	0	0	0	0
35. TOTALS	105,788,035	77,080,551	0	100,159,785	5,628,250	77,080,551
<b>DETAILS OF WRITE-INS</b>						
3401.						
3402.						
3403.						
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0	0	0

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

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 WESTERN RESERVE MUTUAL CASUALTY COMPANY**

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2 - LOSSES PAID AND INCURRED**

Line of Business	Direct Business	Losses Paid Less Salvage			5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
		1 Reinsurance Assumed	2 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire	442,195	174,768	442,195	174,768	142,426	44,340	272,854	20.7
2. Allied lines	1,836,735	735,538	1,836,735	735,538	144,813	113,681	766,670	130.8
3. Farmowners multiple peril	0	3,714,798	0	3,714,798	1,361,882	1,697,552	3,379,128	44.8
4. Homeowners multiple peril	8,563,048	10,064,257	8,563,048	10,064,257	2,725,829	2,868,945	9,921,141	48.0
5. Commercial multiple peril	3,881,742	3,218,653	3,881,742	3,218,653	3,555,710	3,354,032	3,420,331	40.6
6. Mortgage guaranty					0	0	0	0.0
8. Ocean marine					0	0	0	0.0
9. Inland marine	239,875	156,904	239,875	156,904	39,498	6,200	190,202	26.8
10. Financial guaranty					0	0	0	0.0
11.1 Medical professional liability-occurrence					0	0	0	0.0
11.2 Medical professional liability-claims-made					0	0	0	0.0
12. Earthquake					0	0	0	0.0
13. Group accident and health					0	0	0	0.0
14. Credit accident and health (group and individual)					0	0	0	0.0
15. Other accident and health					0	0	0	0.0
16. Workers' compensation	592,345	236,938	592,345	236,938	228,075	169,962	295,051	67.4
17.1 Other liability-occurrence	342,239	140,898	342,239	140,898	386,808	358,898	168,808	52.3
17.2 Other liability-claims-made					0	0	0	0.0
17.3 Excess workers' compensation					0	0	0	0.0
18.1 Products liability-occurrence		4,000		4,000	11,400	0	15,400	30.5
18.2 Products liability-claims-made					0	0	0	0.0
19.1,19.2 Private passenger auto liability	21,791,044	10,743,274	21,791,044	10,743,274	12,312,201	12,297,449	10,758,026	63.2
19.3,19.4 Commercial auto liability	716,492	941,730	716,492	941,730	1,755,149	1,601,434	1,095,445	36.1
21. Auto physical damage	17,731,866	9,541,396	17,731,866	9,541,396	923,346	910,809	9,553,933	60.9
22. Aircraft (all perils)					0	0	0	0.0
23. Fidelity					0	0	0	0.0
24. Surety					0	0	0	0.0
26. Burglary and theft	(77)	770	(77)	770	0	0	770	2.4
27. Boiler and machinery	52,149		52,149		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
32. Reinsurance-nonproportional assumed liability	XXX				0	0	0	0.0
33. Reinsurance-nonproportional assumed financial lines	XXX				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	56,189,653	39,673,924	56,189,653	39,673,924	23,587,137	23,423,302	39,837,759	52.5
<b>DETAILS OF WRITE-INS</b>								
3401.								
3402.								
3403.								
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0	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 WESTERN RESERVE MUTUAL CASUALTY COMPANY

## UNDERWRITING AND INVESTMENT EXHIBIT

## PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8	9
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire	356,064	142,426	356,064	142,426	0	0	0	142,426	0
2. Allied lines	203,686	81,474	203,686	81,474	185,573	63,339	185,573	144,813	52,591
3. Farmowners multiple peril	0	1,022,148	0	1,022,148	0	339,734	0	1,361,882	257,212
4. Homeowners multiple peril	1,882,710	2,204,716	1,882,710	2,204,716	494,464	521,113	494,464	2,725,829	615,094
5. Commercial multiple peril	3,368,123	2,254,573	3,368,123	2,254,573	1,610,396	1,301,137	1,610,396	3,555,710	1,437,418
6. Mortgage guaranty	0	0	0	0	0	0	0	0	0
8. Ocean marine	0	0	0	0	0	0	0	0	0
9. Inland marine	41,195	39,498	41,195	39,498	0	0	0	39,498	0
10. Financial guaranty	0	0	0	0	0	0	0	0	0
11.1 Medical professional liability-occurrence	0	0	0	0	0	0	0	0	0
11.2 Medical professional liability-claims-made	0	0	0	0	0	0	0	0	0
12. Earthquake	0	0	0	0	0	0	0	0	0
13. Group accident and health	0	0	0	0	0	0	0	0	0
14. Credit accident and health (group and individual)	0	0	0	0	0	0	0	0	0
15. Other accident and health	0	0	0	0	0	0	0	0	0
16. Workers' compensation	304,547	121,819	304,547	121,819	365,491	106,256	365,491	228,075	53,415
17.1 Other liability-occurrence	681,639	292,655	681,639	292,655	1,356,595	94,153	1,356,595	386,808	156,958
17.2 Other liability-claims-made	1	0	1	0	0	0	0	0	0
17.3 Excess workers' compensation	0	0	0	0	0	0	0	0	0
18.1 Products liability-occurrence	3,501	11,400	3,501	11,400	0	0	0	11,400	0
18.2 Products liability-claims-made	0	0	0	0	0	0	0	0	0
19.1,19.2 Private passenger auto liability	20,828,455	11,237,391	20,828,455	11,237,391	2,577,677	1,074,810	2,577,677	12,312,201	1,695,348
19.3,19.4 Commercial auto liability	1,030,046	1,322,916	1,030,046	1,322,916	392,160	432,233	392,160	1,755,149	289,268
21. Auto physical damage	1,153,323	665,790	1,153,323	665,790	566,773	257,556	566,773	923,346	307,346
22. Aircraft (all perils)	0	0	0	0	0	0	0	0	0
23. Fidelity	0	0	0	0	0	0	0	0	0
24. Surety	0	0	0	0	0	0	0	0	0
26. Burglary and theft	0	0	0	0	0	0	0	0	0
27. Boiler and machinery	0	0	0	0	0	0	0	0	0
28. Credit	0	0	0	0	0	0	0	0	0
29. International	0	0	0	0	0	0	0	0	0
30. Warranty	0	0	0	0	0	0	0	0	0
31. Reinsurance-nonproportional assumed property	XXX	0	0	0	XXX	0	0	0	0
32. Reinsurance-nonproportional assumed liability	XXX	0	0	0	XXX	0	0	0	0
33. Reinsurance-nonproportional assumed financial lines	XXX	0	0	0	XXX	0	0	0	0
34. Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0	0
35. TOTALS	29,853,290	19,396,806	29,853,290	19,396,806	7,549,129	4,190,331	7,549,129	23,587,137	4,864,650
<b>DETAILS OF WRITE-INS</b>									
3401.									
3402.									
3403.									
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0	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.

**ANNUAL STATEMENT FOR THE YEAR 2014 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY**

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 3 - EXPENSES**

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct .....	2,099,622	0	0	2,099,622
1.2 Reinsurance assumed .....	0	0	0	0
1.3 Reinsurance ceded .....	62,378	0	0	62,378
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3) .....	2,037,244	0	0	2,037,244
2. Commission and brokerage:				
2.1 Direct, excluding contingent .....	0	12,198,508	0	12,198,508
2.2 Reinsurance assumed, excluding contingent .....	0	0	0	0
2.3 Reinsurance ceded, excluding contingent .....	0	380,095	0	380,095
2.4 Contingent-direct .....	0	1,370,551	0	1,370,551
2.5 Contingent-reinsurance assumed .....	0	0	0	0
2.6 Contingent-reinsurance ceded .....	0	13,492	0	13,492
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	13,175,472	0	13,175,472
3. Allowances to manager and agents .....	52,359	122,171	0	174,530
4. Advertising .....	0	50,607	0	50,607
5. Boards, bureaus and associations .....	35,996	301,574	0	337,571
6. Surveys and underwriting reports .....	0	938,653	0	938,653
7. Audit of assureds' records .....	0	0	0	0
8. Salary and related items:				
8.1 Salaries .....	3,429,907	4,807,187	447,005	8,684,100
8.2 Payroll taxes .....	210,560	305,935	21,596	538,091
9. Employee relations and welfare .....	540,689	755,432	40,552	1,336,673
10. Insurance .....	6,795	27,548	44,227	78,570
11. Directors' fees .....	42,062	42,062	42,075	126,200
12. Travel and travel items .....	119,938	310,669	17,226	447,834
13. Rent and rent items .....	118,528	233,352	18,520	370,400
14. Equipment .....	8,244	133,834	5,884	147,962
15. Cost or depreciation of EDP equipment and software .....	653,504	801,779	66,202	1,521,485
16. Printing and stationery .....	34,929	44,790	4,366	84,085
17. Postage, telephone and telegraph, exchange and express .....	201,377	297,012	5,034	503,424
18. Legal and auditing .....	360,504	943,222	203,904	1,507,629
19. Totals (Lines 3 to 18) .....	5,815,394	10,115,827	916,591	16,847,813
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ .....	0	906,287	0	906,287
20.2 Insurance department licenses and fees .....	0	448,997	0	448,997
20.3 Gross guaranty association assessments .....	0	967	0	967
20.4 All other (excluding federal and foreign income and real estate) .....	0	16,391	0	16,391
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4) .....	0	1,372,642	0	1,372,642
21. Real estate expenses .....	0	0	270,585	270,585
22. Real estate taxes .....	0	0	155,113	155,113
23. Reimbursements by uninsured plans .....	0	0	0	0
24. Aggregate write-ins for miscellaneous expenses .....	1,501	12,006	1,501	15,008
25. Total expenses incurred .....	7,854,139	24,675,947	1,343,790	(a) 33,873,876
26. Less unpaid expenses-current year .....	4,864,650	7,136,070	61,342	12,062,062
27. Add unpaid expenses-prior year .....	4,671,215	7,205,102	65,514	11,941,831
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)	7,660,704	24,744,979	1,347,962	33,753,645
<b>DETAILS OF WRITE-INS</b>				
2401. Charitable Donations .....	1,501	12,006	1,501	15,008
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)	1,501	12,006	1,501	15,008

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

**ANNUAL STATEMENT FOR THE YEAR 2014 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY**

**EXHIBIT OF NET INVESTMENT INCOME**

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds .....	(a) 395,261	386,836
1.1 Bonds exempt from U.S. tax .....	(a) 750,209	812,137
1.2 Other bonds (unaffiliated) .....	(a) 1,964,932	1,963,663
1.3 Bonds of affiliates .....	(a) 0	0
2.1 Preferred stocks (unaffiliated) .....	(b) 47,225	47,225
2.11 Preferred stocks of affiliates .....	(b) 0	0
2.2 Common stocks (unaffiliated) .....	1,543,236	1,536,642
2.21 Common stocks of affiliates .....	0	0
3. Mortgage loans .....	(c) 413,640	413,640
4. Real estate .....	(d) 9,283	7,409
5. Contract loans .....	(f) .86,757	93,819
6. Cash, cash equivalents and short-term investments .....	.1,180	.1,180
7. Derivative instruments .....	5,211,723	5,262,551
8. Other invested assets .....		
9. Aggregate write-ins for investment income .....		
10. Total gross investment income .....	(g) 1,343,790	
11. Investment expenses .....		
12. Investment taxes, licenses and fees, excluding federal income taxes .....	(g) 0	
13. Interest expense .....	(h) 222,541	
14. Depreciation on real estate and other invested assets .....	(i) 0	
15. Aggregate write-ins for deductions from investment income .....		
16. Total deductions (Lines 11 through 15) .....	1,566,331	
17. Net investment income (Line 10 minus Line 16) .....	3,696,220	
<b>DETAILS OF WRITE-INS</b>		
0901. Oakmark Int'l Fund .....	79	79
0902. Matthews Asia Dividend Fund .....	492	492
0903. Matthews Asia Growth & Income Fund .....	269	269
0998. Summary of remaining write-ins for Line 9 from overflow page .....	340	340
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above) .....	1,180	1,180
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 \$ 78,670 accrual of discount less \$ 398,790 amortization of premium and less \$ 96,084 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 \$ 7,718 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 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds .....	.0		.0	77,476	
1.1 Bonds exempt from U.S. tax .....	4,500		4,500		
1.2 Other bonds (unaffiliated) .....	125,429		125,429		
1.3 Bonds of affiliates .....	0	0	0	0	0
2.1 Preferred stocks (unaffiliated) .....	1,444	0	1,444	18,900	0
2.11 Preferred stocks of affiliates .....	0	0	0	0	0
2.2 Common stocks (unaffiliated) .....	2,786,166	0	2,786,166	(423,702)	0
2.21 Common stocks of affiliates .....	0	0	0	2,581	0
3. Mortgage loans .....	0	0	0	0	0
4. Real estate .....	0	0	0	0	0
5. Contract loans .....					
6. Cash, cash equivalents and short-term investments .....					
7. Derivative instruments .....					
8. Other invested assets .....	208,315	0	208,315	(674,211)	0
9. Aggregate write-ins for capital gains (losses) .....	0	0	0	0	0
10. Total capital gains (losses) .....	3,125,854	0	3,125,854	(998,956)	0
<b>DETAILS OF WRITE-INS</b>					
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 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 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 .....	302,941	300,361	(2,580)
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) .....	1,523,623	2,203,105	679,482
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) .....	1,826,564	2,503,466	676,902
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.....	173,370	180,836	7,466
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.....	5,543,058	746,593	(4,796,465)
21. Furniture and equipment, including health care delivery assets.....	198,750	109,913	(88,837)
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 .....	79,555	0	(79,555)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	7,821,297	3,540,808	(4,280,489)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. Total (Lines 26 and 27) .....	7,821,297	3,540,808	(4,280,489)
<b>DETAILS OF WRITE-INS</b>			
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 Asset.....	79,555		(79,555)
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) .....	79,555	0	(79,555)

## NOTES TO FINANCIAL STATEMENTS

### 1. Summary of Significant Accounting Policies

#### A. Accounting Practices

The financial statements of Western Reserve Mutual Casualty Company (WRMCC) are presented on the basis of accounting principles prescribed or permitted by the Ohio Department of Insurance.

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

The financial statements of the Company are presented solely on the basis of accounting principles prescribed by the Ohio Department of Insurance. 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
<b><u>NET INCOME</u></b>			
(1) WRMCC state basis (Page 4, Line 20, Columns 1 & 2)	Ohio	\$ 9,619,843	\$ 6,465,396
(2) State Prescribed Practices that increase/(decrease) NAIC SAP:		—	—
(3) State Permitted Practices that increase/(decrease) NAIC SAP:		—	—
(4) NAIC SAP (1-2-3=4)		<u>\$ 9,619,843</u>	<u>\$ 6,465,396</u>
<b><u>SURPLUS</u></b>			
(5) WRMCC state basis (Page 3, Line 37, Columns 1 & 2)	Ohio	\$ 106,201,929	\$ 101,621,488
(6) State Prescribed Practices that increase/(decrease) NAIC SAP:		—	—
(7) State Permitted Practices that increase/(decrease) NAIC SAP:		—	—
(8) NAIC SAP (5-6-7=8)		<u>\$ 106,201,929</u>	<u>\$ 101,621,488</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, Forward Agencies, Inc. and Western Reserve Financial Corporation, at statutory equity as reported on Schedule D; these assets are reported as non-admitted on page 2, column 2.
- (8) The Company has minor ownership interest in a Limited Liability Company. The Company carries this interest based on the underlying audited GAAP equity of the investee.

## 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 (\$32,815) of \$63,700.

Effective July 1, 2013, the Company changed its method of depreciation from Modified Accelerated Cost Recovery System (MACRS) to straight-line as the Company believes the straight-line method would more appropriately allocate the cost over the useful life. The cumulative effect of this change in accounting principle was recorded as an adjustment to unassigned funds (surplus) in accordance with SSAP No. 3 *Accounting Changes and Errors*. The adjustment increased surplus by \$167,912. The Company also recorded an adjustment to surplus to correct the book values of assets that should have been fully depreciated. The impact to surplus was a decrease of \$690.

In accordance with SSAP No. 3 *Accounting Changes and Errors*, the Company recorded a prior period adjustment 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 \$40,754.

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 \$32,905.

### 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.

## NOTES TO FINANCIAL STATEMENTS

- D. Loan-Backed Securities  
Not applicable.
- E. Repurchase Agreements and/or Securities Lending Transactions  
Not applicable.
- F. Real Estate  
Not applicable.
- G. Low-income Housing Tax Credits (LIHTC)  
Not applicable.
- H. Restricted Assets  
Not applicable.
- I. Working Capital Finance Investments  
Not applicable.
- 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 \$21,357 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	\$ 7,438,373	\$ 404,530	\$ 7,842,903
(b) Statutory Valuation Allowance Adjustments	—	—	—
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	7,438,373	404,530	7,842,903
(d) Deferred Tax Assets Nonadmitted	—	—	—
(e) Subtotal Net Deferred Tax Asset (1c – 1d)	7,438,373	404,530	7,842,903
(f) Deferred Tax Liabilities	(471,107)	(8,074,657)	(8,545,764)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	<u>\$ 6,967,266</u>	<u>\$ (7,670,127)</u>	<u>\$ (702,861)</u>
	12/31/2013		
	(4)	(5)	(6)
	Ordinary	Capital	(Col 4+5) Total
(a) Gross Deferred Tax Assets	\$ 7,111,527	\$ 889,056	\$ 8,000,582
(b) Statutory Valuation Allowance Adjustments	—	—	—
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	7,111,526	889,056	8,000,582
(d) Deferred Tax Assets Nonadmitted	—	—	—
(e) Subtotal Net Deferred Tax Asset (1c – 1d)	7,111,526	889,056	8,000,582
(f) Deferred Tax Liabilities	(562,091)	(8,414,303)	(8,976,394)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	<u>\$ 6,549,435</u>	<u>\$ (7,525,247)</u>	<u>\$ (975,812)</u>
	Change		
	(7)	(8)	(9)
	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
(a) Gross Deferred Tax Assets	\$ 326,847	\$ (484,526)	\$ (157,679)
(b) Statutory Valuation Allowance Adjustments	—	—	—
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	326,847	(484,526)	(157,679)
(d) Deferred Tax Assets Nonadmitted	—	—	—
(e) Subtotal Net Deferred Tax Asset (1c – 1d)	326,847	(484,526)	(157,679)
(f) Deferred Tax Liabilities	90,984	339,646	430,630
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	<u>\$ 417,831</u>	<u>\$ (144,880)</u>	<u>\$ 272,951</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)	1,882,796	—	1,882,796
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	1,882,796	—	1,882,796
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	15,807,199
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.	5,555,577	404,530	5,960,107
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))	<u>\$ 7,438,373</u>	<u>\$ 404,530</u>	<u>\$ 7,842,903</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.	2,783,940	—	2,783,940
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)	2,783,940	—	2,783,940
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	2,783,940	—	2,783,940
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	15,104,990
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.	4,327,586	889,056	5,216,642
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))	<u>\$ 7,111,526</u>	<u>\$ 889,056</u>	<u>\$ 8,000,582</u>
Change			
	(7)	(8)	(9)
	(Col 1-4)	(Col 2-5)	(Col 7+8)
	Ordinary	Capital	Total
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ —	\$ —	\$ —
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)	(901,144)	—	(901,144)
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	(901,144)	—	(901,144)
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	702,209
(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.	1,227,991	(484,526)	743,465
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))	<u>\$ 326,845</u>	<u>\$ (484,526)</u>	<u>\$ (157,681)</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.	\$105,381,328	\$100,699,936

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)	\$ 7,438,373	\$ 404,530
2. Percentage of Adjusted Gross DTAs By Tax Character Attributable To The Impact Of Tax Planning Strategies	0%	0%
3. Net Admitted Adjusted Gross DTAs Amount from Note 9A1(e)	\$ 7,438,373	\$ 404,530
4. Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies	0%	0%
	12/31/2013	
	(3)	(4)
	Ordinary	Capital
(a) Determination Of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets, By Tax Character As A Percentage.		
1. Adjusted Gross DTAs Amount From Note 9A1(c)	\$ 7,111,526	\$ 889,056
2. Percentage of Adjusted Gross DTAs By Tax Character Attributable To The Impact Of Tax Planning Strategies	0%	0%
3. Net Admitted Adjusted Gross DTAs Amount from Note 9A1(e)	\$ 7,111,526	\$ 889,056
4. Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because of The Impact Of Tax Planning Strategies	0%	0%
	Change	
	(5)	(6)
	(Col 1-3) Ordinary	(Col 2-4) Capital
(a) Determination Of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets, By Tax Character As A Percentage.		
1. Adjusted Gross DTAs Amount From Note 9A1(c)	\$ 326,847	\$ (484,526)
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)	\$ 326,847	\$ (484,526)
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) 12/31/2014	(2) 12/31/2013	(3) (Col 1-2) Change
1. Current Income Tax			
(a) Federal	\$ 791,638	\$ (77,176)	\$ 868,814
(b) Foreign	\$ —	\$ —	\$ —
(c) Subtotal	<u>\$ 791,638</u>	<u>\$ (77,176)</u>	<u>\$ 868,814</u>
(d) Federal income tax on net capital gains	\$ 1,062,790	\$ 320,120	\$ 742,670
(e) Utilization of operating loss carry-forwards	\$ —	\$ —	\$ —
(f) Other	\$ —	\$ —	\$ —
(g) Federal and foreign income taxes incurred	<u>\$ 1,854,428</u>	<u>\$ 242,944</u>	<u>\$ 1,611,484</u>
2. Deferred Tax Assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	\$ 364,243	\$ 408,385	\$ (44,142)
(2) Unearned premium reserve	\$ 2,458,758	\$ 2,379,360	\$ 79,397
(3) Policyholder reserves	\$ —	\$ —	\$ —
(4) Investments	\$ —	\$ —	\$ —
(5) Deferred acquisition costs	\$ —	\$ —	\$ —
(6) Policyholder dividends accrual	\$ —	\$ —	\$ —
(7) Fixed Assets/prepaid expense	\$ 1,979,264	\$ 325,212	\$ 1,654,052
(8) Compensation and benefits accrual	\$ 571,167	\$ 843,939	\$ (272,772)
(9) Pension accrual	\$ 202,928	\$ 205,520	\$ (2,592)
(10) Receivables – nonadmitted	\$ 576,978	\$ 776,540	\$ (199,563)
(11) Net operating loss carry-forward	\$ —	\$ 522,656	\$ (522,656)
(12) Tax credit carry-forward	\$ 74,739	\$ 599,240	\$ (524,501)
(13) Other (including items <5% of total ordinary tax assets):			
(14) Salvage and subrogation anticipated	\$ 808,784	\$ 707,095	\$ 101,690
(15) Software capitalized	\$ 364,907	\$ 290,715	\$ 74,162
(16) Other	<u>\$ 36,605</u>	<u>\$ 52,864</u>	<u>\$ (16,259)</u>
(99) Subtotal	<u>\$ 7,438,373</u>	<u>\$ 7,111,526</u>	<u>\$ 326,847</u>
(b) Statutory valuation allowance adjustment	\$ —	\$ —	\$ —
(c) Nonadmitted	\$ —	\$ —	\$ —
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	<u>\$ 7,438,373</u>	<u>\$ 7,111,526</u>	<u>\$ 326,847</u>
(e) Capital:			
(1) Investments	\$ 3,231	\$ —	\$ 3,231
(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	\$ 401,299	\$ 889,056	\$ (487,757)
(99) Subtotal	<u>\$ 404,530</u>	<u>\$ 889,056</u>	<u>\$ (484,526)</u>
(f) Statutory valuation allowance adjustment	\$ —	\$ —	\$ —
(g) Nonadmitted	\$ —	\$ —	\$ —
(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	<u>\$ 404,530</u>	<u>\$ 889,056</u>	<u>\$ (484,526)</u>
(i) Admitted deferred tax assets (2d + 2h)	<u>\$ 7,842,903</u>	<u>\$ 8,000,582</u>	<u>\$ (157,679)</u>
3. Deferred Tax Liabilities:			
(a) Ordinary:			
(1) Investments	\$ (226,358)	\$ (360,709)	\$ 134,351
(2) Fixed assets	\$ —	\$ —	\$ —
(3) Deferred and uncollected premium	\$ —	\$ —	\$ —
(4) Policyholder reserves	\$ —	\$ —	\$ —
(5) Other (including items <5% of total ordinary tax liabilities):			
(6) Accumulated amortization software	\$ (166,940)	\$ (129,266)	\$ (37,674)
(7) Other	<u>\$ (77,809)</u>	<u>\$ (72,116)</u>	<u>\$ (5,693)</u>
(99) Subtotal	<u>\$ (471,107)</u>	<u>\$ (562,091)</u>	<u>\$ 90,984</u>
(b) Capital:			
(1) Investments	\$ —	\$ —	\$ —
(2) Real estate	\$ —	\$ —	\$ —
(3) Other (including items <5% of total capital tax liabilities):			
(4) Unrealized capital gains	\$ (8,074,657)	\$ (8,414,303)	\$ 339,646
(99) Subtotal	<u>\$ (8,074,657)</u>	<u>\$ (8,414,303)</u>	<u>\$ 339,646</u>
(c) Deferred tax liabilities (3a99 + 3b99)	<u>\$ (8,545,764)</u>	<u>\$ (8,976,394)</u>	<u>\$ 430,630</u>
4. Net deferred tax assets/liabilities (2i – 3c)	<u>\$ (702,861)</u>	<u>\$ (975,812)</u>	<u>\$ 272,951</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	\$ 3,901,252	34.0%
Tax exempt interest	(232,543)	(2.0%)
Dividends received deduction	(246,217)	(2.1%)
Change in deferred tax on nonadmitted assets	(1,454,489)	(12.7%)
Other	(46,880)	(0.5%)
<b>Total</b>	<b><u>\$ 1,921,123</u></b>	<b><u>16.7%</u></b>
 Federal and foreign income taxes incurred	 \$ 791,638	 6.9%
Tax on capital gains (losses)	1,062,790	9.3%
Change in net deferred income taxes	66,695	0.5%
<b>Total statutory income taxes</b>	<b><u>\$ 1,921,123</u></b>	<b><u>16.7%</u></b>

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

- (1) As of December 31, 2014, the Company had no net operating loss or 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 \$74,739 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 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 an intercompany receivable of \$32,283 due from its Subsidiaries and Affiliates. The intercompany balances due from and/or due to its Subsidiaries and Affiliates are reimbursed quarterly on an as made basis.
- E. Not applicable.
- F. The Company (WRMCC) participates in a pooling agreement with Lightning Rod Mutual Insurance Company, (LRMIC) and Sonnenberg Mutual Insurance Company (SMIC), whereby net premiums, losses, underwriting expenses and related balance sheet amounts (except premiums receivable) are shared on a 40% / 55% / 5% basis, respectively. LRMIC assumes 100% of the business from WRMCC and SMIC and cedes 40% to WRMCC and 5% to SMIC.
- G. The Company owns 50% of Forward Agencies, Inc., an insurance agency. The stock is carried at \$275,544 (unaudited statutory basis) as reported in Schedule D, Part 2, Section 2. In accordance with SSAP No. 97, this subsidiary has been non-admitted.
- H. Not applicable.
- I. Not applicable.
- J. Not applicable.
- K. Not applicable.
- L. The Company owns 40% percent of Western Reserve Financial Corporation, an inactive holding company. The stock is carried at \$27,398 (unaudited statutory basis) as reported in Schedule D, Part 2, Section 2. In accordance with SSAP No. 97, this subsidiary has been non-admitted.

### 11. Debt

Not applicable.

## NOTES TO FINANCIAL STATEMENTS

### 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 which is closed to new participants. The related liabilities and expenses are not material to the Company's financial position.

The Company also has a non-qualified voluntary deferred compensation plan for senior executive officers. The plan allows for deferral of payouts from the Annual Cash Bonus Plan and Performance Share Plan for Key Executives. As of December 31, 2014 and December 31, 2013, amounts held for these deferrals were \$2.3 million and \$3.2 million, respectively.

#### B. Investment Policies and Strategies

Not applicable.

#### C. Fair Value of Plan Assets

Not applicable.

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

Not applicable.

#### E. Defined Contribution Plans

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 \$23.7 million and \$24.7 million at December 31, 2014 and 2013, respectively.

(11) Not applicable.

(12) Not applicable.

(13) Not applicable.

## NOTES TO FINANCIAL STATEMENTS

### 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	\$ 390,528	\$ —	\$ —	\$ 390,528
Total Perpetual Preferred Stocks	390,528	—	—	390,528
Common Stock:				
Mutual Funds	9,537,083			9,537,083
Industrial and Misc	42,043,611	—	110,541	42,154,152
Total Common Stocks	51,580,694	—	110,541	51,691,235
Other Invested Assets	—	4,006,754	—	4,006,754
Total assets at fair value	<u>\$ 51,971,222</u>	<u>\$ 4,006,754</u>	<u>\$ 110,541</u>	<u>\$ 56,088,517</u>
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	\$ 807,128	\$ —	\$ —	\$ 807,128
Total Perpetual Preferred Stocks	807,128	—	—	807,128
Common Stock:				
Mutual Funds	18,788,344			18,788,344
Industrial and Misc	31,673,833	97,800	—	31,741,633
Total Common Stocks	50,462,177	97,800	—	50,559,977
Other Invested Assets	—	—	3,480,482	3,480,482
Total assets at fair value	<u>\$ 51,269,305</u>	<u>\$ 97,800</u>	<u>\$ 3,480,482</u>	<u>\$ 54,847,587</u>
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 Gains/(Losses) Included in Net Income	Total Gains/(Losses) Included in Surplus	Purchases (Sales)	Ending Balance at 12/31/2014
a. Assets:						
Common Stock:						
Industrial and Misc	\$ —	\$ 96,684	\$ —	\$ 13,857	\$ —	\$ 110,541
Other Invested Assets	<u>3,480,482</u>	<u>—</u>	<u>208,315</u>	<u>(674,211)</u>	<u>(3,014,586)</u>	<u>—</u>
Total Assets	<u><u>\$ 3,480,482</u></u>	<u><u>\$ 96,684</u></u>	<u><u>\$ 208,315</u></u>	<u><u>\$ (660,354)</u></u>	<u><u>\$ (3,014,586)</u></u>	<u><u>\$ 110,541</u></u>
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.

**Other Invested Assets** – In 2013, the Company held in investments multiple limited partnerships that were valued according to the underlying assets.

Not applicable.

B. Fair Value of All Financial Instruments:

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	\$ 99,150,178	\$ 95,316,540	\$ 10,296,133	\$ 88,854,045	\$ —	\$ —
Perpetual Preferred Stock	390,528	390,528	390,528	—	—	—
Common Stock	51,691,235	51,691,235	51,580,694	—	110,541	—
Other Invested Assets	4,006,754	4,006,754	—	4,006,754	—	—

C. 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-Transferable 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 \$213 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 \$75,053, which is reflected as:

A. Losses incurred	\$ 64,759
B. Loss adjustment expenses incurred	\$ —
C. Premiums earned	\$ 10,294
D. Other	\$ —
E. <u>Company</u>	<u>Amount</u>
Lehman Re	\$ 75,053

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 \$28.1 million. During 2014, \$13.2 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 \$13.8 million as a result of re-estimation of unpaid claims and claim adjusting expenses. Therefore, there has been a \$1.1 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.

## NOTES TO FINANCIAL STATEMENTS

### 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%

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 from or to the Company from the 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. 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

The Company does not discount liabilities for unpaid losses nor unpaid loss adjustment expenses in calculating statutory surplus.

### 33. Asbestos/Environmental Reserves

A. Does the Company have on the books, or has it ever written an insured for which you have identified a potential for the existence of a liability due to asbestos losses? Yes ( ) No (x)

B. Not applicable.

C. Not applicable.

## NOTES TO FINANCIAL STATEMENTS

D. Does the Company have on the books, or has it ever written an insured for which you have identified a potential for the existence of a liability due to environmental losses?

Yes (x) No ( )

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
(1) Direct –					
1) Beginning reserves:	\$ 0	\$ 10	\$ 10	\$ 30	\$ 63
2) Incurred losses and loss adjustment expense:	55	20	28	69	28
3) Calendar year payments for losses and loss adjustment expenses:	<u>45</u>	<u>20</u>	<u>8</u>	<u>36</u>	<u>59</u>
4) Ending reserves:	<u><u>\$ 10</u></u>	<u><u>\$ 10</u></u>	<u><u>\$ 30</u></u>	<u><u>\$ 63</u></u>	<u><u>\$ 32</u></u>
(2) Assumed Reinsurance –					
1) Beginning reserves:	\$ —	\$ —	\$ —	\$ —	\$ —
2) Incurred losses and loss adjustment expense:	—	—	—	—	—
3) Calendar year payments for losses and loss adjustment expenses:	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
4) Ending reserves:	<u><u>\$ —</u></u>				
	<u><u>2010</u></u>	<u><u>2011</u></u>	<u><u>2012</u></u>	<u><u>2013</u></u>	<u><u>2014</u></u>
(3) Net of Ceded Reinsurance –					
1) Beginning reserves:	\$ 0	\$ 10	\$ 10	\$ 30	\$ 63
2) Incurred losses and loss adjustment expense:	55	20	28	40	(63)
3) Calendar year payments for loss and loss adjustment expenses:	<u>45</u>	<u>20</u>	<u>8</u>	<u>7</u>	<u>—</u>
4) Ending reserves:	<u><u>\$ 10</u></u>	<u><u>\$ 10</u></u>	<u><u>\$ 30</u></u>	<u><u>\$ 63</u></u>	<u><u>\$ —</u></u>

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

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

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

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

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

### 34. Subscriber Savings Accounts

Not applicable.

### 35. Multiple Peril Crop Insurance

Not applicable.

### 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 [ X ] 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 [ X ] 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 [ X ]

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 [ X ]

3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [ X ] 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 [ X ]

4.12 renewals? Yes [ ] No [ X ]

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 [ X ]

4.22 renewals? Yes [ ] No [ X ]

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [ X ]

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. Yes [ ] No [ X ]

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 [ X ]

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 [ X ]

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
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....

**ANNUAL STATEMENT FOR THE YEAR 2014 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY**

**GENERAL INTERROGATORIES**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

12.11 Name of real estate holding company.....

12.12 Number of parcels involved.....

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

12.2 If yes, provide explanation

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

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

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

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

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

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

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

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

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

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

e. Accountability for adherence to the code.

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

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

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

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

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

# ANNUAL STATEMENT FOR THE YEAR 2014 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY

## GENERAL INTERROGATORIES

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

15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

### BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes [ X ] No [ ]

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

18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [ X ] No [ ]

### FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [ X ]

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans): 20.11 To directors or other officers \$.....0  
20.12 To stockholders not officers \$.....0  
20.13 Trustees, supreme or grand (Fraternal only) \$.....0

20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans): 20.21 To directors or other officers \$.....0  
20.22 To stockholders not officers \$.....0  
20.23 Trustees, supreme or grand (Fraternal only) \$.....0

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [ ] No [ X ]

21.2 If yes, state the amount thereof at December 31 of the current year: 21.21 Rented from others \$.....0  
21.22 Borrowed from others \$.....0  
21.23 Leased from others \$.....0  
21.24 Other \$.....0

22.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments? Yes [ ] No [ X ]

22.2 If answer is yes: 22.21 Amount paid as losses or risk adjustment \$.....  
22.22 Amount paid as expenses \$.....  
22.23 Other amounts paid \$.....

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

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$.....32,283

### 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 \$.....

**ANNUAL STATEMENT FOR THE YEAR 2014 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY**

**GENERAL INTERROGATORIES**

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

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	\$..... 1,628,149
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	\$.....

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 .....

**ANNUAL STATEMENT FOR THE YEAR 2014 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY**

**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 [  ] 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.....	1,050,950
29.2002. 252645-83-3.....	Diamond Hill Long Short Fd CI 1.....	571,883
29.2003. 252645-85-8.....	Diamond Hill Small Cap FD CI 1.....	999,197
29.2004. 256206-10-3.....	Dodge & Cox Intl Stk FD.....	2,772,594
29.2005. 413838-20-2.....	The Oakmark International Fund I.....	86,521
29.2006. 45070A-40-4.....	IVA International Fund CI I.....	1,412,438
29.2007. 464287-46-5.....	iShares MSCI EAFE Index ETF.....	1,594,860
29.2008. 464287-65-5.....	iShares Trust Russell 2000 Index.....	858,274
29.2009. 577125-10-7.....	Matthews Asia Dividend Fund.....	701,044
29.2010. 577130-20-6.....	Matthews Asian Growth and Inc Fnd.....	367,494
29.2011. 780905-60-0.....	Royce Premier Fund.....	1,085,763
29.2012. 885215-56-6.....	Thornburg International Fund CI I.....	1,139,324
<b>29.2999 TOTAL</b>		<b>12,640,342</b>

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.....	18,497	12/31/2014.....
Diamond Hill Long Short Fd CI 1.....	Citigroup Inc.....	47,523	12/31/2014.....
Diamond Hill Small Cap FD CI 1.....	Avis Budget Group.....	145,083	12/31/2014.....
Dodge & Cox Intl Stk FD.....	Naspers Ltd Class N.....	425,316	12/31/2014.....
The Oakmark International Fund I.....	Credit Suisse Group.....	16,361	12/31/2014.....
IVA International Fund CI I.....	Astellas Pharma.....	220,482	12/31/2014.....
iShares MSCI EAFE Index ETF.....	Nestle.....	127,429	12/31/2014.....
iShares Trust Russell 2000 Index.....	Qorvo Inc.....	15,449	12/31/2014.....
Matthews Asia Dividend Fund.....	Japan Tobacco.....	115,462	12/31/2014.....
Matthews Asian Growth and Inc Fnd.....	AIA Group.....	54,573	12/31/2014.....
Royce Premier Fund.....	Thor Industries Inc.....	164,819	12/31/2014.....
Thornburg International Fund CI I.....	China Mobile Ltd.....	193,457	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.....	102,218,863	106,052,502	3,833,639
30.2 Preferred Stocks.....	390,528	390,528	0
<b>30.3 Totals</b>	<b>102,609,391</b>	<b>106,443,030</b>	<b>3,833,639</b>

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 [  ]

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 [  ] No [  ]

32.2 If no, list exceptions:

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY

**GENERAL INTERROGATORIES**

**OTHER**

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ ..... 337,571  
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.....	\$.....225,812

34.1 Amount of payments for legal expenses, if any? \$ ..... 8,440  
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.....	\$.....6,608
Littler Mendelson.....	\$.....3,304

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
.....	\$.....
.....	\$.....
.....	\$.....

**ANNUAL STATEMENT FOR THE YEAR 2014 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY**

**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	\$ ..... 75,912,942	\$ ..... 72,399,979
2.3 Premium Ratio (2.1/2.2)	.....0.000	.....0.000
2.4 Reserve Numerator	\$ ..... 0	\$ ..... 0
2.5 Reserve Denominator	\$ ..... 64,609,985	\$ ..... 63,085,106
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 ..... \$ ..... 0

3.22 Non-participating policies ..... \$ ..... 0

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

6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss:.....  
In addition to the excess of loss liability that provides coverage up to \$5 million, the Company purchased an additional \$5 million workers compensation excess of loss contract. The Company also avoids insuring risks with a large number of employees and high-risk classes.....

6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:.....  
The Company utilizes catastrophe modeling analysis provided by its reinsurance broker to measure probable maximum loss impact on surplus for a 100-year severe thunderstorm event (\$14.8 million) and a 250-year earthquake event (\$2.8 million).....

6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?.....  
In 2014, the Company purchased catastrophe excess of loss reinsurance of \$56.5 million excess \$8.5 million with 5% participation. The limit purchased is approximately a 400-year severe thunderstorm event.....

6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?.....

6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss

.....

7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?.....

7.2 If yes, indicate the number of reinsurance contracts containing such provisions.....

7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?.....

8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured?.....

8.2 If yes, give full information

.....

9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:

(a) A contract term longer than two years and the contract is noncancelable by the reporting entity during the contract term;

(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;

(c) Aggregate stop loss reinsurance coverage;

(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;

(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or

(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity.....

.....

9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:

(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or

(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract

.....

9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:

(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;

(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and

(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.

.....

9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:

(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or

(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?.....

.....

9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.

.....

9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:

(a) The entity does not utilize reinsurance; or,

(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or

(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement.

.....

10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done?.....

.....

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

**ANNUAL STATEMENT FOR THE YEAR 2014 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY**

**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)..... \$..... 0

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..... \$.....

12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses?..... Yes [ ] No [ X ] N/A [ ]

12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:  
 12.41 From..... %.....  
 12.42 To..... %.....

12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies?..... Yes [ ] No [ X ]

12.6 If yes, state the amount thereof at December 31 of current year:  
 12.61 Letters of Credit..... \$.....  
 12.62 Collateral and other funds..... \$.....

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation)..... \$..... 1,000,000  
 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision?..... Yes [ ] No [ X ]  
 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount..... 10

14.1 Is the company a cedant in a multiple cedant reinsurance contract?..... Yes [ ] No [ X ]  
 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:  
 .....  
 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts?..... Yes [ ] No [ ]  
 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements?..... Yes [ ] No [ ]  
 14.5 If the answer to 14.4 is no, please explain:  
 .....

15.1 Has the reporting entity guaranteed any financed premium accounts?..... Yes [ ] No [ X ]  
 15.2 If yes, give full information  
 .....

16.1 Does the reporting entity write any warranty business?..... Yes [ ] No [ X ]

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

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

\* Disclose type of coverage:

**ANNUAL STATEMENT FOR THE YEAR 2014 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY****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:

	Gross amount of unauthorized reinsurance in Schedule F – Part 3	\$.....
17.11	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.

	Gross amount of unauthorized reinsurance in Schedule F – Part 3	\$.....
17.18	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 WESTERN RESERVE MUTUAL CASUALTY 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
<b>Gross Premiums Written</b> (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) .....	60,622,444	59,780,060	57,838,696	54,858,409	50,846,904
2. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	51,671,093	52,741,432	50,981,429	46,999,477	44,858,288
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) .....	70,575,049	67,897,240	62,809,674	57,819,626	54,431,224
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) .....	182,868,586	180,418,732	171,629,799	159,677,512	150,136,416
<b>Net Premiums Written</b> (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) .....	21,288,986	20,656,210	20,252,953	19,568,797	18,420,027
8. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	18,290,824	18,448,042	17,984,893	16,861,451	16,726,223
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) .....	37,500,741	35,191,870	31,622,896	29,009,565	27,185,375
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) .....	77,080,551	74,296,122	69,860,742	65,439,813	62,331,625
<b>Statement of Income</b> (Page 4)					
13. Net underwriting gain (loss) (Line 8) .....	3,545,097	1,150,058	(8,681,940)	(6,140,773)	(4,392,697)
14. Net investment gain (loss) (Line 11) .....	5,759,283	4,122,758	4,209,576	5,018,430	4,489,427
15. Total other income (Line 15) .....	1,107,099	1,115,404	1,045,126	1,043,834	931,327
16. Dividends to policyholders (Line 17) .....	0	0	0	0	0
17. Federal and foreign income taxes incurred (Line 19) .....	791,638	(77,176)	(204,974)	(595,692)	(173,986)
18. Net income (Line 20) .....	9,619,842	6,465,396	(3,222,264)	517,183	1,202,043
<b>Balance Sheet Lines</b> (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3) .....	182,582,484	177,839,989	161,771,192	156,593,836	153,754,045
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1) .....	28,606,839	26,966,974	25,001,501	22,045,171	20,284,454
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) .....	76,380,555	76,218,501	69,289,373	64,290,784	61,662,496
22. Losses (Page 3, Line 1) .....	23,587,137	23,423,302	21,571,591	20,292,545	17,831,788
23. Loss adjustment expenses (Page 3, Line 3) .....	4,864,650	4,671,215	4,511,248	3,964,000	3,964,000
24. Unearned premiums (Page 3, Line 9) .....	36,158,198	34,990,589	33,094,446	30,414,052	28,053,946
25. Capital paid up (Page 3, Lines 30 & 31) .....	0	0	0	0	0
26. Surplus as regards policyholders (Page 3, Line 37) .....	106,201,929	101,621,488	92,481,819	92,303,052	92,091,549
<b>Cash Flow</b> (Page 5)					
27. Net cash from operations (Line 11) .....	7,992,770	10,260,527	(1,436,506)	1,417,213	631,560
<b>Risk-Based Capital Analysis</b>					
28. Total adjusted capital .....	106,201,929	101,621,488	92,481,819	92,303,052	92,091,549
29. Authorized control level risk-based capital .....	8,154,173	8,188,562	7,594,034	7,196,267	7,350,268
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b>					
(Page 2, Col. 3)(Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1) .....	62.7	61.6	60.6	61.0	61.7
31. Stocks (Lines 2.1 & 2.2) .....	34.2	34.7	36.0	32.6	33.9
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) .....	4.8	5.1	5.9	6.1	6.3
34. Cash, cash equivalents and short-term investments (Line 5) .....	(4.3)	(3.8)	(5.2)	(2.5)	(4.9)
35. Contract loans (Line 6) .....	0.0	0.0	0.0	0.0	0.0
36. Derivatives (Line 7) .....	0.0	0.0	0.0	0.0	0.0
37. Other invested assets (Line 8) .....	2.6	2.4	2.8	2.8	2.9
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
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
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) .....	302,941	300,361	263,615	253,019	257,937
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 .....					
47. All other affiliated .....					
48. Total of above Lines 42 to 47 .....	302,941	300,361	263,615	253,019	257,937
49. Total Investment in parent included in Lines 42 to 47 above .....					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0) .....	0.3	0.3	0.3	0.3	0.3

**ANNUAL STATEMENT FOR THE YEAR 2014 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY**

**FIVE-YEAR HISTORICAL DATA**

**(Continued)**

	1 2014	2 2013	3 2012	4 2011	5 2010
<b>Capital and Surplus Accounts (Page 4)</b>					
51. Net unrealized capital gains (losses) (Line 24)	(659,312)	3,806,826	1,641,887	(1,079,499)	1,790,706
52. Dividends to stockholders (Line 35)	0	0	0	0	0
53. Change in surplus as regards policyholders for the year (Line 38)	4,580,441	9,139,669	178,767	211,503	720,261
<b>Gross Losses Paid (Page 9, Part 2, Cols. 1 &amp; 2)</b>					
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)	35,508,960	36,728,897	38,244,544	30,859,258	28,744,048
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)	30,859,970	29,824,345	30,623,567	30,665,735	25,663,987
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	29,494,647	26,703,209	43,192,264	36,930,028	32,724,912
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)	95,863,577	93,256,451	112,060,375	98,455,021	87,132,947
<b>Net Losses Paid (Page 9, Part 2, Col. 4)</b>					
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)	12,066,840	12,824,045	12,864,371	11,049,794	10,799,171
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)	10,609,376	10,217,528	10,341,719	10,028,834	9,360,122
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	16,997,708	14,272,233	21,165,812	17,634,099	16,677,328
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)	39,673,924	37,313,806	44,371,902	38,712,727	36,836,621
<b>Operating Percentages (Page 4)</b> (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	36.8
70. Net underwriting gain (loss) (Line 8)	4.7	1.6	(12.9)	(9.7)	(7.3)
<b>Other Percentages</b>					
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)	72.6	73.1	75.5	70.9	67.7
<b>One Year Loss Development (000 omitted)</b>					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	(1,316)	(2,089)	(593)	(1,855)	(2,297)
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)	(0.6)	(2.0)	(2.5)
<b>Two Year Loss Development (000 omitted)</b>					
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)	(3,306)	(1,415)	(2,126)	(2,943)	(3,727)
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)	(3.6)	(1.5)	(2.3)	(3.2)	(4.3)

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

**ANNUAL STATEMENT FOR THE YEAR 2014 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY**

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

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12 Number of Claims Reported Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)		
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded				
1. Prior	XXX	XXX	XXX	(6)	0	0	0	5	0	26	(1)	XXX	
2. 2005	61,195	3,850	.57,345	28,309	1,905	.663	135	3,577	14	1,424	30,495	XXX	
3. 2006	59,975	3,889	.56,086	35,884	4,878	.878	32	4,618	.25	1,563	36,445	XXX	
4. 2007	59,103	2,885	.56,218	34,478	2,354	.961	128	4,803	.23	1,750	37,737	XXX	
5. 2008	59,044	3,021	.56,023	40,799	6,353	1,212	77	5,623	0	1,596	41,204	XXX	
6. 2009	59,690	3,104	.56,586	36,073	1,451	.780	0	4,203	0	1,625	39,605	XXX	
7. 2010	63,138	2,952	.60,186	37,294	264	.780	5	4,639	.3	2,019	42,441	XXX	
8. 2011	67,505	4,425	.63,080	50,137	9,631	.771	0	5,243	.2	2,196	46,518	XXX	
9. 2012	72,594	5,417	.67,177	48,399	7,393	.545	0	6,050	0	1,875	47,601	XXX	
10. 2013	77,236	4,836	.72,400	34,918	.46	.300	0	5,969	0	1,781	41,141	XXX	
11. 2014	80,271	4,363	75,908	28,895	49	.87	0	5,221	0	1,055	34,154	XXX	
12. Totals	XXX	XXX	XXX	375,180	34,324	6,977	377	49,951	67	16,910	397,340	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.	31	0	0	0	0	0	0	0	0	0	0	.31	XXX
2.	20	0	0	0	0	0	0	0	.3	0	0	.23	XXX
3.	101	32	0	0	6	3	4	.8	.8	2	0	.74	XXX
4.	121	0	0	0	.6	1	3	.2	.9	1	0	.135	XXX
5.	377	125	.22	.1	36	4	20	.12	44	9	0	.348	XXX
6.	94	0	.51	14	.41	4	.18	.17	.54	.11	0	.212	XXX
7.	373	0	.91	.9	.76	5	.34	.24	.93	.15	0	.614	XXX
8.	818	0	.253	.99	.169	4	.65	.29	.203	.36	0	.1,340	XXX
9.	2,426	0	.404	.141	.408	.10	.150	.47	.438	.80	0	.3,548	XXX
10.	5,846	90	.544	.210	.660	.13	.239	.60	.676	.108	0	.7,484	XXX
11.	9,458	22	4,366	1,064	836	22	.322	.71	1,023	.181	0	14,645	XXX
12.	19,665	269	5,731	1,538	2,238	66	.855	.270	2,551	.443	0	28,454	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)				Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense	35 Losses Unpaid	36 Loss Expenses Unpaid		
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense	Direct and Assumed	Ceded		
1.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	.31	0	
2.	32,572	2,054	30,518	.53.2	.53.4	.53.2	0	0	40.0	.20	.3	
3.	41,499	4,980	36,519	.69.2	.128.1	.65.1	0	0	40.0	.69	.5	
4.	40,381	2,509	37,872	.68.3	.87.0	.67.4	0	0	40.0	.121	.14	
5.	48,133	6,581	41,552	.81.5	.217.8	.74.2	0	0	40.0	.273	.75	
6.	41,314	1,497	39,817	.69.2	.48.2	.70.4	0	0	40.0	.131	.81	
7.	43,380	325	43,055	.68.7	.11.0	.71.5	0	0	40.0	.455	.159	
8.	57,659	9,801	47,858	.85.4	.221.5	.75.9	0	0	40.0	.972	.368	
9.	58,820	7,671	51,149	.81.0	.141.6	.76.1	0	0	40.0	.2,689	.859	
10.	49,152	527	48,625	.63.6	.10.9	.67.2	0	0	40.0	.6,090	.1,394	
11.	50,208	1,409	48,799	.62.5	.32.3	.64.3	0	0	40.0	12,738	1,907	
12.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	23,589	4,865	

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

**ANNUAL STATEMENT FOR THE YEAR 2014 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY**

**SCHEDULE P - PART 2 - SUMMARY**

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1 2005	2 2006	3 2007	4 2008	5 2009	6 2010	7 2011	8 2012	9 2013	10 2014	11 One Year	12 Two Year
1. Prior	9,071	7,374	6,611	6,038	5,697	5,596	5,504	5,489	5,468	5,440	(28)	(49)
2. 2005	29,361	27,821	27,510	27,180	27,156	26,970	26,950	26,964	26,945	26,952	.7	(12)
3. 2006	XXX	32,810	32,997	32,403	32,173	32,049	31,994	32,026	32,028	31,920	(108)	(106)
4. 2007	XXX	XXX	34,613	34,457	33,360	32,806	32,799	32,844	33,024	33,084	.60	240
5. 2008	XXX	XXX	XXX	37,036	37,041	35,965	35,751	36,038	35,953	35,894	(59)	(144)
6. 2009	XXX	XXX	XXX	XXX	36,607	36,351	36,093	35,804	35,656	35,571	(85)	(233)
7. 2010	XXX	XXX	XXX	XXX	XXX	39,852	38,643	38,298	38,601	38,341	(260)	43
8. 2011	XXX	XXX	XXX	XXX	XXX	XXX	43,898	43,576	42,542	42,450	(92)	(1,126)
9. 2012	XXX	XXX	XXX	XXX	XXX	XXX	46,660	45,393	44,741	(652)	(1,919)	
10. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	42,187	42,088	(99)	XXX	
11. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	42,736	XXX	XXX	
										12. Totals	(1,316)	(3,306)

**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 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
	1 2005	2 2006	3 2007	4 2008	5 2009	6 2010	7 2011	8 2012	9 2013	10 2014		
1. Prior	000	3,179	4,556	5,008	5,305	5,352	5,325	5,425	5,415	5,409	XXX	XXX
2. 2005	18,796	24,161	25,865	26,448	26,824	26,931	26,922	26,935	26,935	26,932	XXX	XXX
3. 2006	XXX	21,940	28,597	30,158	31,210	31,568	31,744	31,816	31,840	31,852	XXX	XXX
4. 2007	XXX	XXX	22,891	29,207	30,657	31,819	32,228	32,770	32,896	32,957	XXX	XXX
5. 2008	XXX	XXX	XXX	26,092	32,388	34,147	35,034	35,776	35,580	35,581	XXX	XXX
6. 2009	XXX	XXX	XXX	XXX	24,722	31,962	33,912	35,054	35,324	35,402	XXX	XXX
7. 2010	XXX	XXX	XXX	XXX	XXX	27,215	33,632	36,227	37,288	37,805	XXX	XXX
8. 2011	XXX	XXX	XXX	XXX	XXX	XXX	29,780	37,585	40,057	41,277	XXX	XXX
9. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	32,321	39,430	41,551	XXX	XXX
10. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	27,402	35,172	XXX	XXX
11. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	28,933	XXX	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)										10 2014
	1 2005	2 2006	3 2007	4 2008	5 2009	6 2010	7 2011	8 2012	9 2013	10 2014	
1. Prior	1,262	640	.242	142	18	0	1	0	0	0	0
2. 2005	3,540	370	.239	.32	22	0	2	1	0	0	0
3. 2006	XXX	3,057	.310	124	69	21	.9	24	1	(4)	
4. 2007	XXX	XXX	3,273	204	183	38	18	0	(1)	1	
5. 2008	XXX	XXX	XXX	2,869	415	147	.29	17	20	29	
6. 2009	XXX	XXX	XXX	XXX	3,001	.211	181	15	23	38	
7. 2010	XXX	XXX	XXX	XXX	XXX	3,369	387	60	117	92	
8. 2011	XXX	XXX	XXX	XXX	XXX	XXX	3,197	.504	290	190	
9. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,091	.548	366	
10. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,691	513	
11. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,553	

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE WESTERN RESERVE MUTUAL CASUALTY COMPANY

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

Allocated By States And Territories

States, etc.	Active Status	1	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken	4	5	6	7	8	9
		2 Direct Premiums Written	3 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	L	0	0	0	0	0	0	0
15. Indiana	IN	L	30,779,921	31,443,034	0	18,559,122	15,152,509	9,868,895	456,709
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	75,008,114	75,394,559	0	37,630,531	36,874,849	27,533,525	1,195,019
37. Oklahoma	OK	N	0	0	0	0	0	0	0
38. Oregon	OR	N	0	0	0	0	0	0	0
39. Pennsylvania	PA	N	0	0	0	0	0	0	0
40. Rhode Island	RI	N	0	0	0	0	0	0	0
41. So. Carolina	SC	N	0	0	0	0	0	0	0
42. So. Dakota	SD	N	0	0	0	0	0	0	0
43. Tennessee	TN	L	0	0	0	0	0	0	0
44. Texas	TX	N	0	0	0	0	0	0	0
45. Utah	UT	N	0	0	0	0	0	0	0
46. Vermont	VT	N	0	0	0	0	0	0	0
47. Virginia	VA	N	0	0	0	0	0	0	0
48. Washington	WA	N	0	0	0	0	0	0	0
49. West Virginia	WV	N	0	0	0	0	0	0	0
50. Wisconsin	WI	N	0	0	0	0	0	0	0
51. Wyoming	WY	N	0	0	0	0	0	0	0
52. American Samoa	AS	N	0	0	0	0	0	0	0
53. Guam	GU	N	0	0	0	0	0	0	0
54. Puerto Rico	PR	N	0	0	0	0	0	0	0
55. U.S. Virgin Islands	VI	N	0	0	0	0	0	0	0
56. Northern Mariana Islands	MP	N	0	0	0	0	0	0	0
57. Canada	CAN	N	0	0	0	0	0	0	0
58. Aggregate other alien	OT	XXX	0	0	0	0	0	0	0
59. Totals	(a)	4	105,788,035	106,837,592	0	56,189,653	52,027,358	37,402,419	1,651,728
<b>DETAILS OF WRITE-INS</b>									
58001.		XXX.							
58002.		XXX.							
58003.		XXX.							
58998. Sum. of remaining write-ins for Line 58 from overflow page		XXX.	0	0	0	0	0	0	0
58999. Totals (Lines 58001 through 58003 + 58998) (Line 58 above)		XXX.	0	0	0	0	0	0	0

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

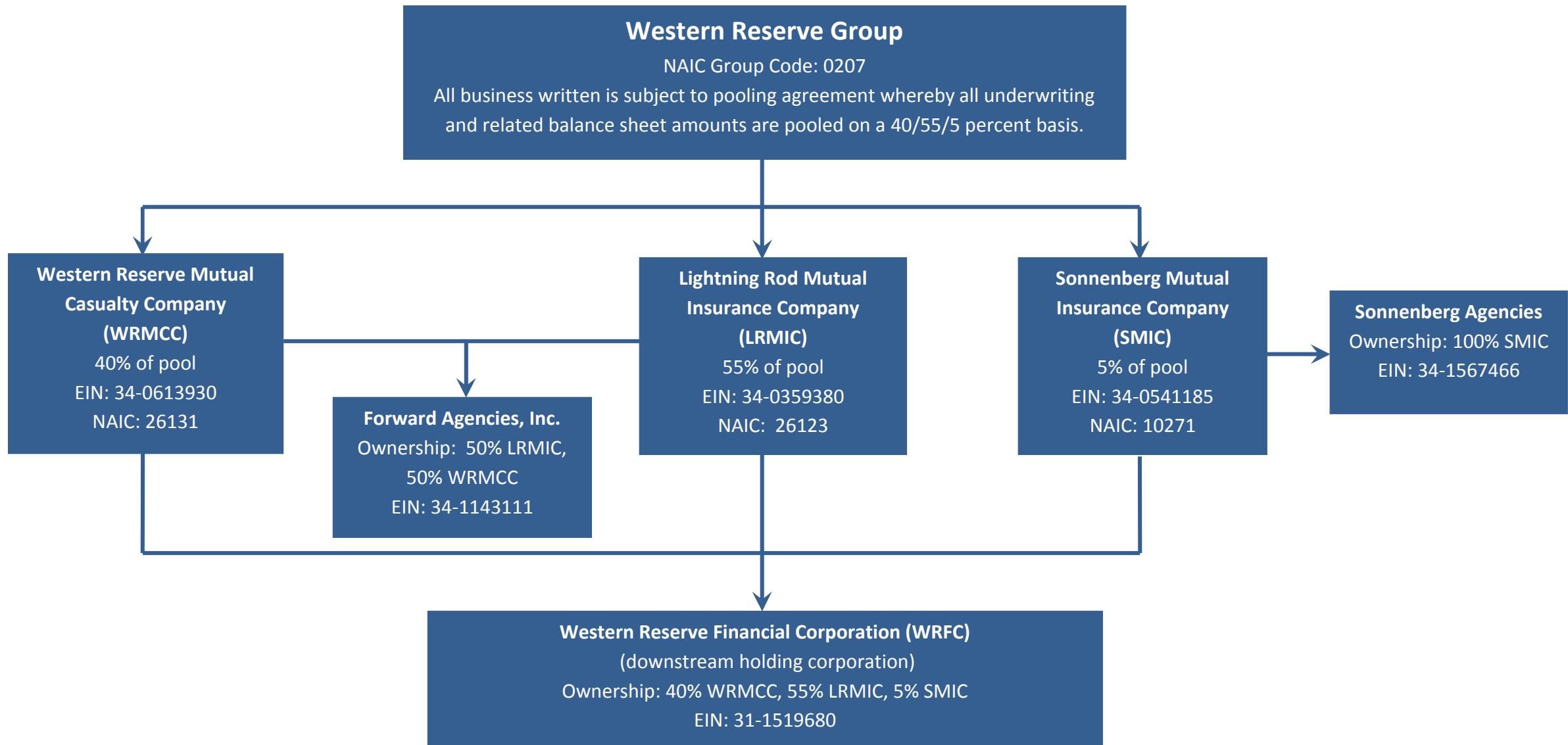
**Explanation of basis of allocation of premiums by states, etc.**

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

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

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

**PART 1 – ORGANIZATIONAL CHART**



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