



ANNUAL STATEMENT
For the Year Ended December 31, 2016
OF THE CONDITION AND AFFAIRS OF THE
LIGHTNING ROD MUTUAL INSURANCE COMPANY

NAIC Group Code	0207	0207	NAIC Company Code	26123	Employer's ID Number	34-0359380
	(Current Period)	(Prior Period)				
Organized under the Laws of	Ohio			State of Domicile or Port of Entry		Ohio
Country of Domicile	United States					
Incorporated/Organized	01/01/1906			Commenced Business		03/01/1906
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	Christopher M. Racz, CPA			330-262-9060-2446		
	(Name)			(Area Code) (Telephone Number) (Extension)		
	Christopher_Racz@wrg-ins.com			330-264-7822		
	(E-Mail Address)			(Fax Number)		

OFFICERS

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

OTHER OFFICERS

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

DIRECTORS OR TRUSTEES

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

State ofOhio.....
County ofWayne.....

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

KEVIN W. DAY PRESIDENT AND SECRETARY -CHIEF EXECUTIVE OFFICER	MICHAEL A. SHUTT VICE PRESIDENT AND TREASURER -CHIEF FINANCIAL OFFICER	a. Is this an original filing? b. If no: 1. State the amendment number 2. Date filed 3. Number of pages attached	Yes [X] No []
Subscribed and sworn to before me this 24 day of February, 2017			

Lauresa Durham, Notary Public
July 30, 2021

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	132,494,279	0	132,494,279	127,133,505
2. Stocks (Schedule D):				
2.1 Preferred stocks	0	0	0	0
2.2 Common stocks	75,340,331	343,109	74,997,222	72,887,651
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).....	4,516,742	0	4,516,742	5,054,153
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 (\$31,226,569 , Schedule E-Part 1), cash equivalents (\$0 , Schedule E-Part 2) and short-term investments (\$3,700,597 , Schedule DA).....	34,927,166	0	34,927,166	28,118,159
6. Contract loans (including \$ premium notes).....	0	0	0	0
7. Derivatives (Schedule DB).....	0	0	0	0
8. Other invested assets (Schedule BA)	16,751,097	0	16,751,097	9,129,764
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)	264,029,615	343,109	263,686,506	242,323,232
13. Title plants less \$ charged off (for Title insurers only).....	0	0	0	0
14. Investment income due and accrued	1,462,415	0	1,462,415	1,285,673
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	15,921,141	43,370	15,877,772	15,884,456
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 (\$) and contracts subject to redetermination (\$)	0	0	0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	378,020	0	378,020	14,606
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	613,629	0	613,629	569,406
18.2 Net deferred tax asset.....	0	0	0	0
19. Guaranty funds receivable or on deposit	0	0	0	0
20. Electronic data processing equipment and software.....	0	0	0	0
21. Furniture and equipment, including health care delivery assets (\$)	617,491	617,491	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0	0
23. Receivables from parent, subsidiaries and affiliates	0	0	0	0
24. Health care (\$) and other amounts receivable.....	0	0	0	0
25. Aggregate write-ins for other-than-invested assets	44,763	44,763	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	283,067,075	1,048,733	282,018,342	260,077,373
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0	0
28. Total (Lines 26 and 27)	283,067,075	1,048,733	282,018,342	260,077,373
DETAILS OF WRITE-INS				
1101.	0	0	0	0
1102.	0	0	0	0
1103.	0	0	0	0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Prepaid Asset.....	44,763	44,763	0	0
2502.	0	0	0	0
2503.	0	0	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	44,763	44,763	0	0

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)	39,827,983	35,169,797
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)	8,276,225	7,402,963
4. Commissions payable, contingent commissions and other similar charges	3,825,235	3,787,801
5. Other expenses (excluding taxes, licenses and fees)	5,283,384	5,192,451
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	1,388,078	1,299,764
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))	0	0
7.2 Net deferred tax liability	4,559,187	1,437,772
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 \$708,736 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)	52,786,332	50,660,086
10. Advance premium	672,450	899,098
11. Dividends declared and unpaid:		
11.1 Stockholders	0	0
11.2 Policyholders	0	0
12. Ceded reinsurance premiums payable (net of ceding commissions)	344,699	389,548
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	1,254,579	2,305,733
15. Remittances and items not allocated	0	0
16. Provision for reinsurance (including \$ certified) (Schedule F, Part 8)	0	0
17. Net adjustments in assets and liabilities due to foreign exchange rates	0	0
18. Drafts outstanding	0	0
19. Payable to parent, subsidiaries and affiliates	0	0
20. Derivatives	0	0
21. Payable for securities	0	0
22. Payable for securities lending	0	0
23. Liability for amounts held under uninsured plans	0	0
24. Capital notes \$ and interest thereon \$	0	0
25. Aggregate write-ins for liabilities	0	0
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	118,218,153	108,545,013
27. Protected cell liabilities	0	0
28. Total liabilities (Lines 26 and 27)	118,218,153	108,545,013
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)	163,800,189	151,532,360
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)	163,800,189	151,532,360
38. Totals (Page 2, Line 28, Col. 3)	282,018,342	260,077,373
DETAILS OF WRITE-INS		
2501.	0	0
2502.	0	0
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	0	0
2901.		
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0
3201.	0	0
3202.	0	0
3203.	0	0
3298. Summary of remaining write-ins for Line 32 from overflow page	0	0
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)	0	0

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	110,388,216	106,648,801
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	60,201,922	55,367,963
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	11,608,184	11,221,490
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	36,411,917	34,786,240
5. Aggregate write-ins for underwriting deductions	0	0
6. Total underwriting deductions (Lines 2 through 5)	108,222,023	101,375,693
7. Net income of protected cells	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	2,166,193	5,273,108
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	5,078,582	4,975,372
10. Net realized capital gains (losses) less capital gains tax of \$820,265 (Exhibit of Capital Gains (Losses)).....	1,592,280	(1,027,575)
11. Net investment gain (loss) (Lines 9 + 10)	6,670,862	3,947,797
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$90,518)	(90,518)	(121,295)
13. Finance and service charges not included in premiums	1,597,562	1,620,489
14. Aggregate write-ins for miscellaneous income	16,192	4,437
15. Total other income (Lines 12 through 14)	1,523,235	1,503,631
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	10,360,290	10,724,536
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)	10,360,290	10,724,536
19. Federal and foreign income taxes incurred	1,335,511	3,937,681
20. Net income (Line 18 minus Line 19) (to Line 22)	9,024,779	6,786,855
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	151,532,360	147,317,859
22. Net income (from Line 20)	9,024,779	6,786,855
23. Net transfers (to) from Protected Cell accounts	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$2,150,632	4,176,946	(3,573,273)
25. Change in net unrealized foreign exchange capital gain (loss)	0	0
26. Change in net deferred income tax	(970,783)	1,028,036
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	36,887	(27,117)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	0	0
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	0	0
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	12,267,829	4,214,501
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	163,800,189	151,532,360
DETAILS OF WRITE-INS		
0501.	0	0
0502.		
0503.		
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.....	4,958	1,972
1402. Gain/(Loss) sale of Equipment.....	11,234	2,465
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)	16,192	4,437
3701.	0	0
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page	0	0
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	0	0

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance.....	112,242,965	107,769,755
2. Net investment income	5,981,969	5,807,786
3. Miscellaneous income	1,523,235	1,503,631
4. Total (Lines 1 through 3)	119,748,169	115,081,172
5. Benefit and loss related payments	55,907,150	52,616,183
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	46,932,561	44,830,539
8. Dividends paid to policyholders	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses).....	2,200,000	4,290,000
10. Total (Lines 5 through 9)	105,039,711	101,736,722
11. Net cash from operations (Line 4 minus Line 10)	14,708,458	13,344,450
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	14,854,186	16,563,097
12.2 Stocks	12,570,526	20,487,667
12.3 Mortgage loans	0	0
12.4 Real estate	354,131	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	3	5,305,360
12.8 Total investment proceeds (Lines 12.1 to 12.7)	27,778,846	42,356,124
13. Cost of investments acquired (long-term only):		
13.1 Bonds	20,929,178	21,323,839
13.2 Stocks	6,737,630	26,644,667
13.3 Mortgage loans	0	0
13.4 Real estate	55,362	20,839
13.5 Other invested assets	6,985,000	3,810,000
13.6 Miscellaneous applications	0	5,305,359
13.7 Total investments acquired (Lines 13.1 to 13.6)	34,707,170	57,104,704
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)	(6,928,324)	(14,748,580)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied).....	(971,128)	(1,051,864)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(971,128)	(1,051,864)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	6,809,006	(2,455,993)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	28,118,159	30,574,152
19.2 End of year (Line 18 plus Line 19.1)	34,927,165	28,118,159

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	1,770,797	.936,796	.918,152	1,789,441
2.	Allied lines .....	.804,105	.509,371	.499,059	.814,417
3.	Farmowners multiple peril	11,432,708	.5,974,579	.5,975,483	11,431,804
4.	Homeowners multiple peril	28,287,373	15,770,041	15,670,738	28,386,676
5.	Commercial multiple peril	13,761,529	.6,596,081	.6,972,161	13,385,449
6.	Mortgage guaranty .....	.0	.0	.0	.0
8.	Ocean marine .....	.0	.0	.0	.0
9.	Inland marine	1,255,612	.580,283	.639,003	1,196,892
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	24,694	10,187	10,989	23,892
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 .....	.705,936	.355,987	.385,602	.676,321
17.1	Other liability-occurrence .....	.737,491	.274,774	.400,094	.612,171
17.2	Other liability-claims-made	(1,068)	.1,570	.866	.(364)
17.3	Excess workers' compensation.....	.0	.0	.0	.0
18.1	Products liability-occurrence .....	.72,671	.46,826	.38,373	.81,124
18.2	Products liability-claims-made .....	.0	.0	.0	.0
19.1,19.2	Private passenger auto liability .....	.25,509,990	.9,021,423	.9,723,191	.24,808,222
19.3,19.4	Commercial auto liability .....	.5,068,557	.2,289,481	.2,486,627	.4,871,411
21.	Auto physical damage .....	.22,916,929	.8,217,398	.8,985,396	.22,148,931
22.	Aircraft (all perils) .....	.0	.0	.0	.0
23.	Fidelity .....	.0	.0	.0	.0
24.	Surety .....	.0	.0	.0	.0
26.	Burglary and theft .....	.45,096	.22,301	.22,456	.44,941
27.	Boiler and machinery .....	.122,042	.52,988	.58,142	.116,888
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	112,514,462	50,660,086	52,786,332	110,388,216
DETAILS OF WRITE-INS					
3401.	.....			
3402.	.....			
3403.	.....			
3498.	Sum. of remaining write-ins for Line 34 from overflow page .....	.0	.0	.0	.0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business		1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire	918,152				918,152
2.	Allied lines	499,059				499,059
3.	Farmowners multiple peril	5,975,483				5,975,483
4.	Homeowners multiple peril	15,670,738				15,670,738
5.	Commercial multiple peril	6,972,161				6,972,161
6.	Mortgage guaranty	0				0
8.	Ocean marine	0				0
9.	Inland marine	639,003				639,003
10.	Financial guaranty	0				0
11.1	Medical professional liability-occurrence	0				0
11.2	Medical professional liability-claims-made	0				0
12.	Earthquake	10,989				10,989
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	385,602				385,602
17.1	Other liability-occurrence	400,094				400,094
17.2	Other liability-claims-made	866				866
17.3	Excess workers' compensation					0
18.1	Products liability-occurrence	38,373				38,373
18.2	Products liability-claims-made					0
19.1,19.2	Private passenger auto liability	9,723,191				9,723,191
19.3,19.4	Commercial auto liability	2,486,627				2,486,627
21.	Auto physical damage	8,985,396				8,985,396
22.	Aircraft (all perils)	0				0
23.	Fidelity	0				0
24.	Surety	0				0
26.	Burglary and theft	22,456				22,456
27.	Boiler and machinery	58,142				58,142
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	52,786,332	0	0	0	52,786,332
36.	Accrued retrospective premiums based on experience					
37.	Earned but unbilled premiums					
38.	Balance (Sum of Lines 35 through 37)					52,786,332
DETAILS OF WRITE-INS						
3401.	.....				
3402.	.....				
3403.	.....				
3498.	Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0	0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0	0

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

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE LIGHTNING ROD MUTUAL INSURANCE 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	7,730	3,212,069		1,448,832	170	1,770,797
2.	Allied lines	7,871	1,460,783		657,903	6,646	804,105
3.	Farmowners multiple peril	21,374,381	282,061		9,354,034	869,700	11,432,708
4.	Homeowners multiple peril	33,630,120	20,357,846		23,144,218	2,556,375	28,287,373
5.	Commercial multiple peril	11,804,247	13,669,069		11,259,434	452,353	13,761,529
6.	Mortgage guaranty	0				0	0
8.	Ocean marine	0				0	0
9.	Inland marine	1,211,199	1,100,453		1,027,319	28,721	1,255,612
10.	Financial guaranty						0
11.1	Medical professional liability-occurrence	0					0
11.2	Medical professional liability-claims-made	0					0
12.	Earthquake	25,458	19,675		20,205	234	24,694
13.	Group accident and health						0
14.	Credit accident and health (group and individual)						0
15.	Other accident and health						0
16.	Workers' compensation		1,283,520		577,584		705,936
17.1	Other liability-occurrence	572,171	1,158,609		603,403	389,886	737,491
17.2	Other liability-claims-made	71,997	(818)		(873)	73,120	(1,068)
17.3	Excess workers' compensation	0				0	0
18.1	Products liability-occurrence	30,530	101,754		59,460	153	72,671
18.2	Products liability-claims-made	0					0
19.1,19.2	Private passenger auto liability	8,517,892	37,866,331		20,871,810	2,423	25,509,990
19.3,19.4	Commercial auto liability	4,945,515	4,276,389		4,147,002	6,345	5,068,557
21.	Auto physical damage	9,356,556	32,477,914		18,750,211	167,330	22,916,929
22.	Aircraft (all perils)	0					0
23.	Fidelity	0					0
24.	Surety	0					0
26.	Burglary and theft	48,630	33,917		36,898	553	45,096
27.	Boiler and machinery	713,815	57,547		99,853	549,467	122,042
28.	Credit	0				0	0
29.	International	0				0	0
30.	Warranty	0				0	0
31.	Reinsurance-nonproportional assumed property	XXX	0			0	0
32.	Reinsurance-nonproportional assumed liability	XXX				0	0
33.	Reinsurance-nonproportional assumed financial lines	XXX				0	0
34.	Aggregate write-ins for other lines of business	0	0	0	0	0	0
35.	TOTALS	92,318,112	117,357,119	0	92,057,293	5,103,476	112,514,462
DETAILS OF WRITE-INS							
3401.	.....					
3402.	.....					
3403.	.....					
3498.	Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0	0	0

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

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

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

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

		Losses Paid Less Salvage				5	6	7	8
		1	2	3	4				
Line of Business		Direct Business	Reinsurance Assumed	Reinsurance Recovered	Net Payments (Cols. 1 + 2 - 3)	Net Losses Unpaid Current Year (Part 2A, Col. 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Cols. 4 + 5 - 6)	Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1.	Fire	0	702,007	315,903	386,104	295,977	57,941	624,140	34.9
2.	Allied lines	1,785	1,391,475	626,967	766,293	62,169	171,745	656,717	80.6
3.	Farmowners multiple peril	6,774,810	81,070	3,085,146	3,770,734	1,692,442	1,408,294	4,054,882	35.5
4.	Homeowners multiple peril	15,218,257	7,743,876	10,401,019	12,561,114	4,297,844	4,093,525	12,765,433	45.0
5.	Commercial multiple peril	4,991,067	4,703,168	4,363,515	5,330,720	8,115,591	7,543,512	5,902,799	44.1
6.	Mortgage guaranty				0	0	0	0	0.0
8.	Ocean marine				0	0	0	0	0.0
9.	Inland marine	217,988	348,336	254,846	311,478	77,330	3,685	385,123	32.2
10.	Financial guaranty				0	0	0	0	0.0
11.1	Medical professional liability-occurrence				0	0	0	0	0.0
11.2	Medical professional liability-claims-made				0	0	0	0	0.0
12.	Earthquake				0	0	0	0	0.0
13.	Group accident and health				0	0	0	0	0.0
14.	Credit accident and health (group and individual)				0	0	0	0	0.0
15.	Other accident and health				0	0	0	0	0.0
16.	Workers' compensation		617,449	277,852	339,597	360,950	296,275	404,272	59.8
17.1	Other liability-occurrence	34,322	264,231	134,349	164,204	607,895	626,649	145,450	23.8
17.2	Other liability-claims-made	18,375		18,375	0	0	0	0	0.0
17.3	Excess workers' compensation				0	0	0	0	0.0
18.1	Products liability-occurrence		13,000	5,850	7,150	4,125	16,500	(5,225)	(6.4)
18.2	Products liability-claims-made				0	0	0	0	0.0
19.1,19.2	Private passenger auto liability	5,217,734	24,157,258	13,234,671	16,140,321	19,236,460	16,891,663	18,485,118	74.5
19.3,19.4	Commercial auto liability	1,902,115	1,071,511	1,338,132	1,635,494	3,246,605	2,622,632	2,259,467	46.4
21.	Auto physical damage	5,321,892	20,354,963	11,554,584	14,122,271	1,830,595	1,434,626	14,518,240	65.5
22.	Aircraft (all perils)				0	0	0	0	0.0
23.	Fidelity				0	0	0	0	0.0
24.	Surety				0	0	0	0	0.0
26.	Burglary and theft	13,774	1,238	6,756	8,256	0	2,750	5,506	12.3
27.	Boiler and machinery	192,032		192,032	0	0	0	0	0.0
28.	Credit				0	0	0	0	0.0
29.	International				0	0	0	0	0.0
30.	Warranty				0	0	0	0	0.0
31.	Reinsurance-nonproportional assumed property	XXX			0	0	0	0	0.0
32.	Reinsurance-nonproportional assumed liability	XXX			0	0	0	0	0.0
33.	Reinsurance-nonproportional assumed financial lines	XXX			0	0	0	0	0.0
34.	Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0.0
35.	TOTALS	39,904,151	61,449,582	45,809,997	55,543,736	39,827,983	35,169,797	60,201,922	54.5
DETAILS OF WRITE-INS									
3401.	.....							
3402.	.....							
3403.	.....							
3498.	Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0	0	0.0
3499.	Totals (Lines 3401 through 3403 + 3498) (Line 34 above)	0	0	0	0	0	0	0	0.0

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

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

		Reported Losses				Incurred But Not Reported			8	9
		1	2	3	4	5	6	7		
Line of Business		Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable	Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
1.	Fire		538,140	242,163	295,977			.0	295,977	
2.	Allied lines		48,383	21,772	26,611		64,652	29,094	62,169	94,270
3.	Farmowners multiple peril	2,228,043		1,002,619	1,225,424	1,329,459	6,464	868,905	1,692,442	353,618
4.	Homeowners multiple peril	3,916,665	2,686,111	2,974,000	3,628,776	948,487	464,777	744,196	4,297,844	866,964
5.	Commercial multiple peril	5,608,861	3,947,033	4,305,305	5,250,589	2,999,615	2,858,146	2,992,759	8,115,591	2,704,918
6.	Mortgage guaranty .....				.0				.0	
8.	Ocean marine .....				.0				.0	
9.	Inland marine	76,000	64,600	63,270	77,330			.0	77,330	
10.	Financial guaranty .....				.0				.0	
11.1	Medical professional liability-occurrence .....				.0				.0	
11.2	Medical professional liability-claims-made .....				.0				.0	
12.	Earthquake .....				.0				.0	
13.	Group accident and health .....				.0				(a) .0	
14.	Credit accident and health (group and individual) .....				.0				.0	
15.	Other accident and health .....				.0				(a) .0	
16.	Workers' compensation		153,610	69,125	84,485		502,663	226,198	360,950	79,639
17.1	Other liability-occurrence	500,500	598,987	742,269	357,218		455,777	205,100	607,895	353,790
17.2	Other liability-claims-made	35,000		35,000	.0				.0	
17.3	Excess workers' compensation .....				.0				.0	
18.1	Products liability-occurrence	7,500		3,375	4,125			.0	4,125	
18.2	Products liability-claims-made .....				.0				.0	
19.1,19.2	Private passenger auto liability	6,882,686	26,380,697	14,968,522	18,294,861	439,987	1,294,012	792,400	19,236,460	2,819,146
19.3,19.4	Commercial auto liability	3,739,941	992,815	2,129,740	2,603,016	969,127	351,523	677,061	3,246,605	486,968
21.	Auto physical damage	439,278	2,057,103	1,123,371	1,373,010	254,559	580,883	377,857	1,830,595	516,912
22.	Aircraft (all perils) .....				.0				.0	
23.	Fidelity .....				.0				.0	
24.	Surety .....				.0				.0	
26.	Burglary and theft .....				.0				.0	
27.	Boiler and machinery	7,000		7,000	.0				.0	
28.	Credit .....				.0				.0	
29.	International .....				.0				.0	
30.	Warranty .....				.0				.0	
31.	Reinsurance-nonproportional assumed property	XXX			.0	XXX			.0	
32.	Reinsurance-nonproportional assumed liability	XXX			.0	XXX			.0	
33.	Reinsurance-nonproportional assumed financial lines	XXX			.0	XXX			.0	
34.	Aggregate write-ins for other lines of business .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
35.	TOTALS	23,441,474	37,467,479	27,687,531	33,221,422	6,941,234	6,578,897	6,913,570	39,827,983	8,276,225
DETAILS OF WRITE-INS										
3401.	.....								
3402.	.....								
3403.	.....								
3498.	Sum. of remaining write-ins for Line 34 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
3499.	Totals (Lines 3401 through 3403 + 3498) (Line 34 above)	0	0	0	0	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	3,594,609	0	0	3,594,609
1.2 Reinsurance assumed	0	0	0	0
1.3 Reinsurance ceded	256,527	0	0	256,527
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	3,338,082	0	0	3,338,082
2. Commission and brokerage:				
2.1 Direct, excluding contingent	0	17,835,992	0	17,835,992
2.2 Reinsurance assumed, excluding contingent	0	0	0	0
2.3 Reinsurance ceded, excluding contingent	0	851,860	0	851,860
2.4 Contingent-direct	0	2,285,739	0	2,285,739
2.5 Contingent-reinsurance assumed	0	0	0	0
2.6 Contingent-reinsurance ceded	0	29,580	0	29,580
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	19,240,292	0	19,240,292
3. Allowances to manager and agents	94,380	220,221	0	314,601
4. Advertising	18,482	114,311	0	132,793
5. Boards, bureaus and associations	76,179	410,295	0	486,474
6. Surveys and underwriting reports	0	1,479,600	0	1,479,600
7. Audit of assureds' records	0	0	0	0
8. Salary and related items:				
8.1 Salaries	5,009,615	7,003,600	635,721	12,648,936
8.2 Payroll taxes	328,759	460,809	35,852	825,420
9. Employee relations and welfare	661,945	1,052,506	45,568	1,760,018
10. Insurance	15,844	25,801	77,039	118,684
11. Directors' fees	58,300	58,300	58,300	174,900
12. Travel and travel items	122,189	184,838	23,407	330,434
13. Rent and rent items	193,383	298,406	13,128	504,917
14. Equipment	4,832	144,319	23,531	172,682
15. Cost or depreciation of EDP equipment and software	853,046	1,970,255	111,191	2,934,491
16. Printing and stationery	29,023	80,856	637	110,516
17. Postage, telephone and telegraph, exchange and express	222,333	415,909	2,262	640,504
18. Legal and auditing	573,207	1,254,319	217,740	2,045,266
19. Totals (Lines 3 to 18)	8,261,516	15,174,345	1,244,375	24,680,237
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$	0	1,340,969	0	1,340,969
20.2 Insurance department licenses and fees	0	613,383	0	613,383
20.3 Gross guaranty association assessments	0	0	0	0
20.4 All other (excluding federal and foreign income and real estate)	0	28,945	0	28,945
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	0	1,983,297	0	1,983,297
21. Real estate expenses	0	0	324,824	324,824
22. Real estate taxes	0	0	100,511	100,511
23. Reimbursements by uninsured plans	0	0	0	0
24. Aggregate write-ins for miscellaneous expenses	8,586	13,983	4,797	27,366
25. Total expenses incurred	11,608,184	36,411,917	1,674,508	(a) 49,694,609
26. Less unpaid expenses-current year	8,276,225	10,438,815	57,882	18,772,922
27. Add unpaid expenses-prior year	7,402,963	10,224,530	55,485	17,682,978
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)	10,734,922	36,197,632	1,672,110	48,604,664
DETAILS OF WRITE-INS				
2401. Charitable Contributions.....	8,586	13,983	4,797	27,366
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)	8,586	13,983	4,797	27,366

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

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a).....209,565	.....186,353
1.1	Bonds exempt from U.S. tax	(a).....1,232,966	.....1,331,701
1.2	Other bonds (unaffiliated)	(a).....2,299,289	.....2,287,294
1.3	Bonds of affiliates	(a).....0	.....
2.1	Preferred stocks (unaffiliated)	(b).....1,636	.....1,636
2.11	Preferred stocks of affiliates	(b).....0	.....
2.2	Common stocks (unaffiliated) .....	.....2,112,341	.....2,113,941
2.21	Common stocks of affiliates .....	.....0	.....
3.	Mortgage loans	(c).....	.....
4.	Real estate	(d).....504,391	.....504,391
5.	Contract loans .....	.....	.....
6.	Cash, cash equivalents and short-term investments	(e).....5,278	.....5,278
7.	Derivative instruments	(f).....	.....
8.	Other invested assets .....	.....455,545	.....567,153
9.	Aggregate write-ins for investment income .....	.....5,467	.....5,467
10.	Total gross investment income	6,826,478	7,003,214
11.	Investment expenses		(g).....1,674,508
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g).....
13.	Interest expense		(h).....
14.	Depreciation on real estate and other invested assets		(i).....250,124
15.	Aggregate write-ins for deductions from investment income .....		.....0
16.	Total deductions (Lines 11 through 15) .....		.....1,924,632
17.	Net investment income (Line 10 minus Line 16)		5,078,582
DETAILS OF WRITE-INS			
0901.	Diamond Hill Funds Small Cap.....	.....799	.....799
0902.	Eaton Vance Int'l Senior Loan Fund.....	.....4,600	.....4,600
0903.	Oakmark Int'l Fund.....	.....68	.....68
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	5,467	5,467
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 \$49,337 accrual of discount less \$877,222 amortization of premium and less \$49,260 paid for accrued interest on purchases.
(b) Includes \$275 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 \$504,391 for company's occupancy of its own buildings; and excludes \$0 interest on encumbrances.
(e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
(f) Includes \$ accrual of discount less \$ amortization of premium.
(g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes \$ interest on surplus notes and \$ interest on capital notes.
(i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds .....	.....170,565	.....	.....170,565	.....(92,180)	.....
1.1	Bonds exempt from U.S. tax .....	.....(77,948)	.....	.....(77,948)	.....	.....
1.2	Other bonds (unaffiliated) .....	.....113,219	.....	.....113,219	.....	.....
1.3	Bonds of affiliates .....	.....0	.....0	.....0	.....0	.....0
2.1	Preferred stocks (unaffiliated) .....	.....2,982	.....0	.....2,982	.....0	.....0
2.11	Preferred stocks of affiliates .....	.....0	.....0	.....0	.....0	.....0
2.2	Common stocks (unaffiliated) .....	.....2,192,243	.....0	.....2,192,243	.....5,746,967	.....0
2.21	Common stocks of affiliates .....	.....0	.....0	.....0	.....36,456	.....0
3.	Mortgage loans .....	.....0	.....0	.....0	.....0	.....0
4.	Real estate .....	.....11,481	.....0	.....11,481	.....	.....0
5.	Contract loans .....	.....	.....	.....0	.....	.....
6.	Cash, cash equivalents and short-term investments .....	.....	.....	.....0	.....0	.....0
7.	Derivative instruments .....	.....	.....	.....0	.....	.....
8.	Other invested assets .....	.....0	.....0	.....0	.....636,333	.....0
9.	Aggregate write-ins for capital gains (losses) .....	.....0	.....0	.....0	.....0	.....0
10.	Total capital gains (losses)	2,412,542	0	2,412,542	6,327,576	0
DETAILS OF WRITE-INS						
0901.	.....				
0902.	.....				
0903.	.....				
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0	.....0	.....0	.....0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	0	0	0	0	0

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	343,109	306,654	(36,455)
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans	0	0	0
7. Derivatives (Schedule DB).....	0	0	0
8. Other invested assets (Schedule BA)	0	0	0
9. Receivables for securities	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL).....	0	0	0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	343,109	306,654	(36,455)
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.....	43,370	36,685	(6,685)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
15.3 Accrued retrospective premiums and contracts subject to redetermination	0	0	0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers	0	0	0
16.2 Funds held by or deposited with reinsured companies	0	0	0
16.3 Other amounts receivable under reinsurance contracts	0	0	0
17. Amounts receivable relating to uninsured plans	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
18.2 Net deferred tax asset.....	0	0	0
19. Guaranty funds receivable or on deposit	0	0	0
20. Electronic data processing equipment and software.....	0	0	0
21. Furniture and equipment, including health care delivery assets.....	617,491	624,252	6,760
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	44,763	118,029	73,266
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	1,048,733	1,085,620	36,887
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. Total (Lines 26 and 27)	1,048,733	1,085,620	36,887
DETAILS OF WRITE-INS			
1101.		0	0
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.....	44,763	118,029	73,266
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)	44,763	118,029	73,266

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies and Going Concern

A. Accounting Practices

The financial statements of Lightning Rod Mutual Insurance Company (LRMIC) 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 or surplus on a statutory accounting basis as shown by the reconciliation below:

	State of Domicile	2016	2015
<u>NET INCOME</u>			
(1) LRMIC state basis (Page 4, Line 20, Columns 1 & 2)	Ohio	\$ 9,024,779	\$ 6,786,855
(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>\$ 9,024,779</u>	<u>\$ 6,786,855</u>
<u>SURPLUS</u>			
(5) LRMIC state basis (Page 3, Line 37, Columns 1 & 2)	Ohio	\$ 163,800,189	\$ 151,532,360
(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>\$ 163,800,189</u>	<u>\$ 151,532,360</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. In 2015, the Company recognized \$5.3 million of impairment realized losses all on common stocks. Fair values were determined from year-end market valuation.
- (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 nonadmitted on page 2, column 2.

NOTES TO FINANCIAL STATEMENTS

- (8) Other invested assets consist primarily of investments in limited liability companies. Underlying investments primarily include hedge funds, private equity funds and emerging market and private debt funds. Interests are reported using the equity method of accounting. Changes in carrying value as a result of the equity method are reflected as net unrealized capital gains and losses as a direct adjustment to surplus. Realized gains and losses are generally recognized through income at the time of disposal or when operating distributions are received.
- (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) The Company has not modified its capitalization policy from the prior period.
- (13) The Company has no pharmaceutical rebate receivables.

D. Going Concern

Not applicable.

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.

The Company has not made any accounting changes or error corrections for the periods ended December 31, 2016 and 2015, respectively.

3. Business Combinations and Goodwill

A. Statutory Purchase Method

Not applicable.

B. Statutory Merger

Not applicable.

C. Impairment Loss

Not applicable.

4. Discontinued Operations

Not applicable.

5. Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

Not applicable.

B. Debt Restructuring

Not applicable.

C. Reverse Mortgages

Not applicable.

D. Loan-Backed Securities

1. Prepayment assumptions are generally obtained using a model provided by a third-party vendor.

2. None.

3. None.

NOTES TO FINANCIAL STATEMENTS

4. All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):
- a. The aggregate amount of unrealized losses:
- | | |
|------------------------|-------------|
| 1. Less than 12 months | \$ (30,333) |
| 2. 12 months or Longer | \$ (14,877) |
- b. The aggregate related fair value of securities with unrealized losses:
- | | |
|------------------------|----------------|
| 1. Less than 12 months | \$ (1,573,106) |
| 2. 12 months or longer | \$ (636,478) |
5. The Company reviews all loan-backed and structured securities in which the fair value of a given security is less than the amortized cost to determine if a given security is other-than-temporarily impaired. The Company examines characteristics of the underlying collateral, such as delinquency and default rates, the quality of the underlying borrower, the type of collateral in the pool, the vintage year of the collateral, subordination levels within the structure of the collateral pool, and the quality of any credit guarantors, to determine the cash flows expected to be received for the security.
- If the severity and duration of the security’s unrealized loss indicates a risk of other-than-temporary impairment, then the Company will evaluate if the amortized cost basis of the security will be recovered by comparing the present value of the cash flows expected to be received for the given security with the amortized basis of the security. If the present value of cash flows is greater than the amortized cost basis of a security then the security is deemed not to be other-than-temporarily impaired.
- 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
- The Company is a member of the Federal Home Loan Bank (FHLB) of Cincinnati. The stock owned is carried at \$364,000 as reported on Schedule D, Part 2, Section 2. The Company has no outstanding loans at December 31, 2016.
- I. Working Capital Finance Investments
- Not applicable.
- J. Offsetting and Netting of Assets and Liabilities
- Not applicable.
- K. Structured Notes
- Not applicable.

CUSIP Identification	Actual Cost	Fair Value	Book/Adjusted Carrying Value	Mortgage-Refinanced Security (YES/NO)
912810-FR-4	\$1,006,332	\$1,325,213	\$1,150,040	NO
912828-GD-6	1,002,255	1,198,808	1,198,600	NO
912828-HN-3	480,143	592,007	571,514	NO
912828-LA-6	503,326	602,731	566,950	NO
912828-S5-0	1,204,745	1,170,218	1,209,280	NO
912828-UH-1	479,490	519,757	508,090	NO
Total:	\$4,676,291	\$5,408,734	\$5,204,474	

NOTES TO FINANCIAL STATEMENTS

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 has no derivative instruments.

9. Income Taxes

- A. The components of the net deferred tax asset/(liability) at December 31, 2016 and December 31, 2015 are as follows:

1.

		12/31/2016		
		(1)	(2)	(3)
		Ordinary	Capital	(Col 1+2) Total
(a)	Gross Deferred Tax Assets	\$ 6,340,612	\$ 1,359,813	\$ 7,700,425
(b)	Statutory Valuation Allowance Adjustments	—	—	—
(c)	Adjusted Gross Deferred Tax Assets (1a – 1b)	6,340,612	\$ 1,359,813	\$ 7,700,425
(d)	Deferred Tax Assets Nonadmitted	—	—	—
(e)	Subtotal Net Deferred Tax Asset (1c – 1d)	6,340,612	\$ 1,359,813	\$ 7,700,425
(f)	Deferred Tax Liabilities	(530,583)	(11,729,029)	(12,259,612)
(g)	Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	<u>\$ 5,810,029</u>	<u>\$ (10,369,216)</u>	<u>\$ (4,559,187)</u>
		12/31/2015		
		(4)	(5)	(6)
		Ordinary	Capital	(Col 4+5) Total
(a)	Gross Deferred Tax Assets	\$ 6,488,882	\$ 2,193,821	\$ 8,682,703
(b)	Statutory Valuation Allowance Adjustments	—	—	—
(c)	Adjusted Gross Deferred Tax Assets (1a – 1b)	6,488,882	\$ 2,193,821	\$ 8,682,703
(d)	Deferred Tax Assets Nonadmitted	—	—	—
(e)	Subtotal Net Deferred Tax Asset (1c – 1d)	6,488,882	\$ 2,193,821	\$ 8,682,703
(f)	Deferred Tax Liabilities	(542,079)	(9,578,396)	(10,120,475)
(g)	Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	<u>\$ 5,946,803</u>	<u>\$ (7,384,575)</u>	<u>\$ (1,437,772)</u>
		Change		
		(7)	(8)	(9)
		(Col 1—4) Ordinary	(Col 2—5) Capital	(Co 7+8) Total
(a)	Gross Deferred Tax Assets	\$ (148,270)	\$ (834,008)	\$ (982,278)
(b)	Statutory Valuation Allowance Adjustments	—	—	—
(c)	Adjusted Gross Deferred Tax Assets (1a – 1b)	(148,270)	\$ (834,008)	\$ (982,278)
(d)	Deferred Tax Assets Nonadmitted	—	—	—
(e)	Subtotal Net Deferred Tax Asset (1c – 1d)	(148,270)	\$ (834,008)	\$ (982,278)
(f)	Deferred Tax Liabilities	11,496	(2,150,633)	(2,139,137)
(g)	Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	<u>\$ (136,774)</u>	<u>\$ (2,984,641)</u>	<u>\$ (3,121,415)</u>

NOTES TO FINANCIAL STATEMENTS

2. Admission Calculation Components SSAP No. 101

12/31/2016			
(1)	(2)	(3)	
Ordinary	Capital	(Col 1+2) Total	
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ 4,160,506	\$ —	\$ 4,160,506
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)		—	
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	535,708	—	535,708
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	
(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.	1,644,398	1,359,813	3,004,211
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))	\$ 6,340,612	\$ 1,359,813	\$ 7,700,425
12/31/2015			
(4)	(5)	(6)	
Ordinary	Capital	(Col 4+5) Total	
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ 4,422,075	\$ —	\$ 4,422,075
(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)	684,915	—	684,915
3. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	684,915	—	684,915
4. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	22,729,854
(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.	1,381,892	2,193,821	3,575,713
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))	\$ 6,488,882	\$ 2,193,821	\$ 8,682,703
Change			
(7)	(8)	(9)	
(Col 1—4) Ordinary	(Col 2—5) Capital	(Col 7+8) Total	
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ (261,569)	\$ —	\$ (261,569)
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)		—	
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	(149,207)	—	(149,207)
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	1,867,327
(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.	262,506	(834,008)	(571,502)
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))	\$ (148,270)	\$ (834,008)	\$ (982,278)

NOTES TO FINANCIAL STATEMENTS

3.

	2016	2015
(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.	\$ 163,800,189	\$ 151,532,360

4. Impact of Tax—Planning Strategies

	12/31/2016	
	(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)	\$ 6,340,612	\$ 1,359,813
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)	\$ 6,340,612	\$ 1,359,813
4. Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies	0%	0%

	12/31/2015	
	(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)	\$ 6,488,882	\$ 2,193,821
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)	\$ 6,488,882	\$ 2,193,821
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)	\$ (148,270)	\$ (834,008)
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)	\$ (148,270)	\$ (834,008)
4. Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies	0%	0%
(b) Does the Company's tax—planning strategies include the use of reinsurance?	Yes _____	No <u> X </u>

B. The Company has no temporary differences for which deferred tax liabilities are not recognized.

NOTES TO FINANCIAL STATEMENTS

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

	(1)	(2)	(3)
	12/31/2016	12/31/2015	(Col 1-2) Change
1. Current Income Tax			
(a) Federal	\$ 1,335,511	\$ 3,937,681	\$ (2,602,170)
(b) Foreign	\$ —	\$ —	\$ —
(c) Subtotal	\$ 1,335,511	\$ 3,937,681	\$ (2,602,170)
(d) Federal income tax on net capital gains	\$ 820,265	\$ (529,357)	\$ 1,349,622
(e) Utilization of operating loss carry—forwards	\$ —	\$ —	\$ —
(f) Other	\$ —	\$ —	\$ —
(g) Federal and foreign income taxes incurred	<u>\$ 2,155,776</u>	<u>\$ 3,408,324</u>	<u>\$ (1,252,548)</u>
2. Deferred Tax Assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	\$ 522,162	\$ 498,349	\$ 23,813
(2) Unearned premium reserve	\$ 3,589,469	\$ 3,444,885	\$ 144,584
(3) Policyholder reserves	\$ —	\$ —	\$ —
(4) Investments	\$ —	\$ —	\$ —
(5) Deferred acquisition costs	\$ —	\$ —	\$ —
(6) Policyholder dividends accrual	\$ —	\$ —	\$ —
(7) Fixed assets	\$ 225,166	\$ 252,377	\$ (27,211)
(8) Compensation and benefits accrual	\$ 376,420	\$ 436,086	\$ (59,666)
(9) Pension accrual	\$ 66,917	\$ 264,328	\$ (197,411)
(10) Receivables – nonadmitted	\$ 14,746	\$ 12,471	\$ 2,275
(11) Net operating loss carry—forward	\$ —	\$ —	\$ —
(12) Tax credit carry—forward	\$ —	\$ —	\$ —
(13) Other (including items <5% of total ordinary tax assets):			
(14) Salvage and subrogation anticipated	\$ 1,105,345	\$ 1,090,543	\$ 14,802
(15) Software capitalized	\$ 338,417	\$ 428,559	\$ (90,142)
(16) Other	\$ 101,970	\$ 61,284	\$ 40,686
(99) Subtotal	<u>\$ 6,340,612</u>	<u>\$ 6,488,882</u>	<u>\$ (148,270)</u>
(b) Statutory valuation allowance adjustment	\$ —	\$ —	\$ —
(c) Nonadmitted	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	<u>\$ 6,340,612</u>	<u>\$ 6,488,882</u>	<u>\$ (148,270)</u>
(e) Capital:			
(1) Investments	\$ —	\$ —	\$ —
(2) Net capital loss carry—forward	\$ —	\$ —	\$ —
(3) Real estate	\$ —	\$ —	\$ —
(4) Other (including items <5% of total capital tax assets):			
(5) Unrealized capital losses for impaired securities	\$ 1,340,185	\$ 2,184,471	\$ (844,286)
(6) Other	<u>\$ 19,628</u>	<u>\$ 9,350</u>	<u>\$ 10,278</u>
(99) Subtotal	<u>\$ 1,359,813</u>	<u>\$ 2,193,821</u>	<u>\$ (834,008)</u>
(f) Statutory valuation allowance adjustment	\$ —	\$ —	\$ —
(g) Nonadmitted	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	<u>\$ 1,359,813</u>	<u>\$ 2,193,821</u>	<u>\$ (834,008)</u>
(i) Admitted deferred tax assets (2d + 2h)	<u>\$ 7,700,425</u>	<u>\$ 8,682,703</u>	<u>\$ (982,278)</u>

NOTES TO FINANCIAL STATEMENTS

	(1)	(2)	(3)
	12/31/2016	12/31/2015	(Col 1-2) Change
3. Deferred Tax Liabilities:			
(a) Ordinary:			
(1) Investments	\$ (282,671)	\$ (280,015)	\$ (2,656)
(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	\$ (211,166)	\$ (248,097)	\$ 36,931
(7) Tax over book depreciation	\$ (36,747)	\$ (13,967)	\$ (22,782)
(99) Subtotal	\$ (530,583)	\$ (542,079)	\$ 11,496
(b) Capital:			
(1) Investments	\$ —	\$ —	\$ —
(2) Real estate	\$ —	\$ —	\$ —
(3) Other (including items <5% of total capital tax liabilities):			
(4) Unrealized capital gains	\$ (11,729,029)	\$ (9,578,396)	\$ (2,150,633)
(99) Subtotal	\$ (11,729,029)	\$ (9,578,396)	\$ (2,150,633)
(c) Deferred tax liabilities (3a99 + 3b99)	\$ (12,259,612)	\$ (10,120,475)	\$ (2,139,137)
4. Net deferred tax assets/liabilities (2i – 3c)	\$ (4,559,187)	\$ (1,437,772)	\$ (3,121,415)

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

	12/31/2016	Effective Tax Rate
Provision computed at statutory rate	\$ 3,913,194	35.0%
Tax exempt interest	(396,181)	(3.5%)
Dividends received deduction	(271,143)	(2.4%)
Change in deferred tax on nonadmitted assets	(24,936)	(0.2%)
Other	(94,375)	(0.9%)
Total	\$ 3,126,559	28.0%
Federal and foreign income taxes incurred	\$ 1,335,511	11.9%
Tax on capital gains (losses)	820,265	7.3%
Change in net deferred income taxes	970,783	8.8%
Total statutory income taxes	\$ 3,126,559	28.0%

- E. Carry—forwards, recoverable taxes, and IRS §6603 deposits:
- (1) As of December 31, 2016, the Company had no net operating loss or net capital loss carry—forwards available for tax purposes.
- As of December 31, 2016, the Company had no alternative minimum tax (AMT) credit carry—forwards.
- (2) As of December 31, 2016, the Company had federal income taxes incurred available for recoupment in the event of future net losses of \$4,803,408.
- (3) The Company has no deposits reported as admitted assets under IRC §6603 as of December 31, 2016.

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, 2016, there were no intercompany balances due to and/or 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.

NOTES TO FINANCIAL STATEMENTS

- F. The Company (LRMIC) participates in a pooling agreement with Western Reserve Mutual Casualty Company, (WRMCC) and Sonnenberg Mutual Insurance Company (SMIC), whereby net premiums, losses, underwriting expenses and related balance sheet amounts (except premiums receivable) are shared on a 55% / 40% / 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 \$300,637 (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 55% percent of Western Reserve Financial Corporation, an inactive holding company. The stock is carried at \$42,474 (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

- A. The Company has no outstanding debentures at December 31, 2016 or December 31, 2015.
- B. FHLB (Federal Home Loan Bank) Agreements
- (1) The Company is a member of the Federal Home Loan Bank (FHLB) of Cincinnati. As of December 31, 2016, the Company has not issued debt to the FHLB in exchange for cash. It is part of the Company’s strategy to utilize these funds for operations, and any funds obtained from the FHLB of Cincinnati for use in general operations would be accounted for consistent with SSAP No. 15, *Debt and Holding Company Obligations* as borrowed money. The Company has determined the estimated maximum borrowing capacity as \$73,916,251. The Company calculated this amount in accordance with the Company’s holdings of U.S. Treasuries, U.S. Agencies, U.S. Agency residential and commercial mortgage backed securities, and eligible municipal securities including both revenue and general obligation bonds that meet minimum FHLB credit risk requirements.

(2) FHLB Capital Stock

a. Aggregate Totals

1. Current Year

	(1) Total 2 + 3	(2) General Account	(3) Separate Accounts
a. Membership Stock – Class A	\$ —	\$ —	\$ —
b. Membership Stock – Class B	\$ 364,000	\$ 364,000	\$ —
c. Activity Stock	\$ —	\$ —	\$ —
d. Excess Stock	\$ —	\$ —	\$ —
e. Aggregate Total (a+b+c+d)	<u>\$ 364,000</u>	<u>\$ 364,000</u>	<u>\$ —</u>
f. Actual or Estimated Borrowing Capacity as Determined by the Insurer	<u>\$ 73,916,251</u>	<u>\$ XXX</u>	<u>\$ XXX</u>

2. Prior Year

	(1) Total 2 + 3	(2) General Account	(3) Separate Accounts
a. Membership Stock – Class A	\$ —	\$ —	\$ —
b. Membership Stock – Class B	\$ 364,000	\$ 364,000	\$ —
c. Activity Stock	\$ —	\$ —	\$ —
d. Excess Stock	\$ —	\$ —	\$ —
e. Aggregate Total (a+b+c+d)	<u>\$ 364,000</u>	<u>\$ 364,000</u>	<u>\$ —</u>
f. Actual or Estimated Borrowing Capacity as Determined by the Insurer	<u>\$ 72,964,805</u>	<u>\$ XXX</u>	<u>\$ XXX</u>

11B(2)a1(f) should be equal to or greater than 11B(4)a1(d)
11B(2)a2(f) should be equal to or greater than 11B(4)a2(d)

NOTES TO FINANCIAL STATEMENTS

b. Membership Stock (Class A and B) Eligible and Not Eligible for Redemption

	(1) Current Year Total (2+3+4+5+6)	(2) Not Eligible For Redemption	(3) Less Than Six Months	(4) Six Months to Less Than a Year	(5) 1 to Less Than 3 Years	(6) 3 to 5 Years
Membership Stock						
1. Class A	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
2. Class B	\$ 364,000	\$ —	\$ —	\$ —	\$ —	\$ 364,000
11B(2)b1 Current Year Total (Column 1) should equal 11B(2)a1(a) Total (Column 1)						
11B(2)b2 Current Year Total (Column 1) should equal 11B(2)a1(b) Total (Column 1)						

- C. Collateral pledged to the FHLB
Not applicable.
- D. Borrowing from FHLB
Not applicable.

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

A. Defined Benefit Plans

The Company has a non-qualified, unfunded, directors' retirement plan and a retiree healthcare plan. The retiree healthcare plan was closed to new participants. The directors' retirement plan was terminated July 1, 2015 and payout of vested benefit balances occurred in July 2016. 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, 2016 and 2015, amounts held for these deferrals were \$1.3 million and \$2.2 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 \$0.6 million for 2016 and 2015, respectively. The fair value of the plan assets was \$32.5 million and \$29.5 million at December 31, 2016 and 2015, 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.

NOTES TO FINANCIAL STATEMENTS

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

- (1) Not applicable.
- (2) Not applicable.
- (3) Not applicable.
- (4) Not applicable.
- (5) Not applicable.
- (6) Not applicable.
- (7) Not applicable.
- (8) Not applicable.
- (9) Not applicable.
- (10) The portion of unassigned funds (surplus) represented by cumulative unrealized gains net of losses before tax is \$34.5 million and \$28.2 million at December 31, 2016 and 2015, respectively.
- (11) Not applicable.
- (12) Not applicable.
- (13) Not applicable.

14. Liabilities, Contingencies and Assessments

A. Contingent Commitments

Not applicable.

B. Assessments

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

C. Gain Contingencies

Not applicable.

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

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

E. Product Warranties

Not applicable.

F. Joint and Several Liabilities

Not applicable.

G. All Other Contingencies

Not applicable.

15. Leases

The Company's lease agreements are limited to office and electronic data processing equipment. Rent expense for the years ending December 31, 2016 and 2015 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.

NOTES TO FINANCIAL STATEMENTS

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.

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, 2016:

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
a. Assets at fair value:				
Common Stock:				
Mutual Funds	\$ 26,419,418	\$ —	\$ —	\$ 26,419,418
Industrial and Misc	47,982,333	364,000	231,471	48,577,804
Total Common Stocks	74,401,751	364,000	231,471	74,997,222
Other Invested Assets	6,729,426	10,021,671	—	16,751,097
Total assets at fair value	<u>\$ 81,131,177</u>	<u>\$ 10,385,671</u>	<u>\$ 231,471</u>	<u>\$ 91,748,319</u>
b. Liabilities at fair value:				
Not applicable.				

NOTES TO FINANCIAL STATEMENTS

Fair Value Measurements at December 31, 2015:

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
a. Assets at fair value:				
Common Stock:				
Mutual Funds	\$ 23,410,442	\$ —	\$ —	23,410,442
Industrial and Misc	48,880,985	364,000	232,224	49,477,209
Total Common Stocks	72,291,427	364,000	232,224	72,887,651
Other Invested Assets	—	9,129,764	—	9,129,764
Total assets at fair value	<u>\$ 72,291,427</u>	<u>\$ 9,493,764</u>	<u>\$ 232,224</u>	<u>\$ 82,017,415</u>
a. Liabilities at fair value:				
Not applicable.				

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

	Beginning Balance at 01/01/2016	Transfers In/(out) Level 3	Total Gains/(Losses) Included in Net Income	Total Gains/(Losses) Included in Surplus	Purchases (Sales)	Ending Balance at 12/31/2016
a. Assets:						
Common Stock:						
Industrial and Misc	\$ 232,224	\$ —	\$ —	\$ (753)	\$ —	\$ 231,471
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, 2016, the reported fair value of the entity's investments categorized within Level 3 of the fair value hierarchy is comprised of an investment in NAMIC common stock.

B. Not applicable.

C. Fair Value of All Financial Instruments:

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	\$ 134,003,775	\$ 132,494,279	\$ 7,432,133	\$ 126,571,642	\$ —	\$ —
Common Stock	74,997,222	74,997,222	74,401,751	364,000	231,471	—
Other Invested Assets	16,751,097	16,751,097	6,729,426	10,021,671	—	—
Short-term Investments	3,700,597	3,700,597	—	3,700,597	—	—

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

21. Other Items

- A. Unusual or Infrequent Items
Not applicable.
- B. Troubled Debt Restructuring: Debtors
Not applicable.
- C. Other Disclosures
Not applicable.
- D. Business Interruption Insurance Recoveries
Not applicable.
- E. State Transferable and Non—Transferrable Tax Credits
Not applicable.
- F. Subprime Mortgage Related Risk Exposure
Not applicable.

NOTES TO FINANCIAL STATEMENTS

22. Events Subsequent

Type I – Recognized Subsequent Events:

Subsequent events have been considered through February 28, 2017 for the statutory statement issued on February 28, 2017 for the year ending December 31, 2016. No Type I events were identified that would have a material effect on the financial condition of the Company.

Type II – Non-recognized Subsequent Events:

Subsequent events have been considered through February 28, 2017 for the statutory statement issued on February 28, 2017 for the year ending December 31, 2016. No Type II events were identified that would have a material effect on the financial condition of the Company.

23. Reinsurance

A. Unsecured Reinsurance Recoverables

Not applicable.

B. Reinsurance Recoverable in Dispute

Not applicable.

C. Reinsurance Assumed and Ceded

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

Not applicable.

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, 2015 were \$42.6 million. During 2016, \$19.3 million has been paid for incurred losses and loss adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$22.3 million as a result of re-estimation of unpaid claims and claim adjusting expenses. Therefore, there has been \$1.0 million of favorable prior year development from December 31, 2015 to December 31, 2016. Favorable development in auto physical damage, homeowner, farmowner, other property and other liability lines of insurance, were offset, in part, by unfavorable development in auto liability 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 amounts due to/from the lead entity and affiliated entities participating in the intercompany pool as of December 31, 2016.		

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		12/31/2016
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.
- 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 ()

	2012	2013	2014	2015	2016
(1) Direct –					
1) Beginning reserves:	\$ 14	\$ 41	\$ 86	\$ 45	\$ 45
2) Incurred losses and loss adjustment expense:	39	95	39	—	5
3) Calendar year payments for losses and loss adjustment expenses:	12	50	80	—	5
4) Ending reserves:	<u>\$ 41</u>	<u>\$ 86</u>	<u>\$ 45</u>	<u>\$ 45</u>	<u>\$ 45</u>

NOTES TO FINANCIAL STATEMENTS

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
(2) Assumed Reinsurance:					
1) Beginning reserves:	\$ —	\$ —	\$ —	\$ —	\$ —
2) Incurred losses and loss adjustment expense:	—	—	—	—	—
3) Calendar year payments for losses and loss adjustment expenses:	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
4) Ending reserves:	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
(3) Net of Ceded Reinsurance:					
1) Beginning reserves:	\$ 14	\$ 41	\$ 86	\$ —	\$ —
2) Incurred losses and loss adjustment expense:	39	54	(86)	—	—
3) Calendar year payments for loss and loss adjustment expenses:	<u>12</u>	<u>10</u>	<u>—</u>	<u>—</u>	<u>—</u>
4) Ending reserves:	<u>\$ 41</u>	<u>\$ 86</u>	<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 and LAE):

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

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

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

34. Subscriber Savings Accounts

Not applicable.

35. Multiple Peril Crop Insurance

Not applicable.

36. Financial Guaranty Insurance

Not applicable.

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.

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

.....0.0
- 7.22

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

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

GENERAL INTERROGATORIES

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]
8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]
8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
KPMG 191 West Nationwide Blvd. Columbus, Ohio 43215-2568.....
10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [] No [X]
10.2 If the response to 10.1 is yes, provide information related to this exemption:
10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A 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 involved0
12.13 Total book/adjusted carrying value \$.....
12.2 If yes, provide explanation

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []
14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []
a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
c. Compliance with applicable governmental laws, rules and regulations;
d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
e. Accountability for adherence to the code.
14.11 If the response to 14.1 is no, please explain:
14.2 Has the code of ethics for senior managers been amended? Yes [] No [X]
14.21 If the response to 14.2 is yes, provide information related to amendment(s)
14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

GENERAL INTERROGATORIES

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

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

BOARD OF DIRECTORS

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

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?
- Yes [] No [X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers \$.....
- 20.12 To stockholders not officers \$.....
- 20.13 Trustees, supreme or grand (Fraternal only) \$.....
- 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 \$.....
- 20.22 To stockholders not officers \$.....
- 20.23 Trustees, supreme or grand (Fraternal only) \$.....
- 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 \$.....
- 21.22 Borrowed from others \$.....
- 21.23 Leased from others \$.....
- 21.24 Other \$.....
- 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 [] No [X]
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:
- \$.....

INVESTMENT

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

GENERAL INTERROGATORIES

- 25.1

Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03).

Yes ☒ No ☐
- 25.2

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

25.21

Subject to repurchase agreements

\$.....

25.22

Subject to reverse repurchase agreements

\$.....

25.23

Subject to dollar repurchase agreements

\$.....

25.24

Subject to reverse dollar repurchase agreements

\$.....

25.25

Placed under option agreements

\$.....

25.26

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

\$.....

25.27

FHLB Capital Stock

\$.....364,000

25.28

On deposit with states

\$.....1,641,051

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 ☒
- 26.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? If no, attach a description with this statement.

Yes ☐ No ☐ N/A ☒
- 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 ☒
- 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 ☐ 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)
Eaton Vance Management.....	Two International Place Boston, MA 02110.....	Purchased in 2014; not accounted for by Northern Trust Company.....
SEI Global Services.....	1 Freedom Valley Drive, Oaks, PA 19456..	Custodian of the Harvest MLP Income Fund LLC purchased in 2016; not accounted for by Northern Trust Company.....

- 28.03

Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?

Yes ☐ No ☒
- 28.04

If yes, give full and complete information relating thereto:

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

GENERAL INTERROGATORIES

28.05 Investment management – Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ["...that have access to the investment accounts"; "...handle securities"]

1 Name of Firm or Individual	2 Affiliation
Michael Shutt.....	I.....
Adrian Besancon.....	I.....

28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e., designated with a “U”) manage more than 10% of the reporting entity’s assets? Yes [] No [X]

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e., designated with a “U”) listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity’s assets? Yes [] No [X]

28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of “A” (affiliated) or “U” (unaffiliated), provide the information for the table below.

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed

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

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2001. 233203-84-3.....	DFA US Small Cap Portfolio.....	3,685,023
29.2002. 25264S-85-8.....	Diamond Hill Small Cap FD Cl I.....	3,496,136
29.2003. 256206-10-3.....	Dodge & Cox Int'l Stock Fund.....	15,222,087
29.2004. 413838-20-2.....	The Oakmark International Fund I.....	84,149
29.2005. 096581-51-3.....	BMO International Stock Fund CL I.....	3,359,548
29.2999 TOTAL		25,846,943

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.....	Russell 2000 Mini Mar17 Ifus 20170317.....	18,057	12/31/2016.....
DFA US Small Cap Portfolio.....	S+P500 Emini Fut Mar17 Xcme 20170317.....	15,477	12/31/2016.....
DFA US Small Cap Portfolio.....	United States Steel Corp.....	14,740	12/31/2016.....
DFA US Small Cap Portfolio.....	Mentor Graphics Corp.....	11,055	12/31/2016.....
DFA US Small Cap Portfolio.....	Primerica Inc.....	10,318	12/31/2016.....
Diamond Hill Small Cap FD Cl.....	Avis Budget Group.....	202,426	12/31/2016.....
Diamond Hill Small Cap FD Cl.....	Diamond Hill Short Duration Total Ret Y.....	122,015	12/31/2016.....
Diamond Hill Small Cap FD Cl.....	DST Systems Inc.....	101,388	12/31/2016.....
Diamond Hill Small Cap FD Cl.....	Navigators Group Inc.....	92,997	12/31/2016.....
Diamond Hill Small Cap FD Cl.....	Vail Resorts Inc.....	92,648	12/31/2016.....
Dodge Cox Int'l Stock Fund.....	Samsung Electronics Co Ltd.....	680,427	12/31/2016.....
Dodge Cox Int'l Stock Fund.....	Sanofi SA.....	560,173	12/31/2016.....
Dodge Cox Int'l Stock Fund.....	Naspers Ltd Class N.....	516,029	12/31/2016.....
Dodge Cox Int'l Stock Fund.....	Schlumberger Ltd.....	481,018	12/31/2016.....
Dodge Cox Int'l Stock Fund.....	Barclays PLC.....	439,918	12/31/2016.....
The Oakmark International Fund.....	Glencore PLC.....	3,602	12/31/2016.....
The Oakmark International Fund.....	Lloyds Banking Group PLC.....	3,273	12/31/2016.....
The Oakmark International Fund.....	BNP Paribas.....	2,987	12/31/2016.....
The Oakmark International Fund.....	Intesa Sanpaolo.....	2,945	12/31/2016.....
The Oakmark International Fund.....	Credit Suisse Group AG.....	2,878	12/31/2016.....
BMO International Stock Fund CL I.....	Nestle SA.....	121,280	12/31/2016.....
BMO International Stock Fund CL I.....	Roche Holding AG Dividend Right Cert.....	108,513	12/31/2016.....
BMO International Stock Fund CL I.....	Novartis AG.....	99,107	12/31/2016.....
BMO International Stock Fund CL I.....	Sanofi SA.....	70,215	12/31/2016.....
BMO International Stock Fund CL I.....	Brambles Ltd.....	68,199	12/31/2016.....

GENERAL INTERROGATORIES

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	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	136,194,875	137,704,372	1,509,497
30.2 Preferred Stocks.....	0		0
30.3 Totals	136,194,875	137,704,372	1,509,497

30.4 Describe the sources or methods utilized in determining the fair values:
Fair values are determined using price information provided by Interactive Data Pricing (online pricing service).....

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

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

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

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

32.2 If no, list exceptions:

GENERAL INTERROGATORIES

OTHER

- 33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$486,474
- 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.....	\$.....337,454

- 34.1 Amount of payments for legal expenses, if any? \$16,723
- 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
Weston Hurd, LLP.....	\$.....7,951

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

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

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1.1

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

Yes [] No [X]

1.2

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

\$.....0

1.3

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

\$.....

1.31

Reason for excluding

.....

1.4

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

\$.....

1.5

Indicate total incurred claims on all Medicare Supplement insurance.

\$.....0

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

\$.....0

1.62

Total incurred claims

\$.....0

1.63

Number of covered lives

.....0

All years prior to most current three years:

1.64

Total premium earned

\$.....0

1.65

Total incurred claims

\$.....0

1.66

Number of covered lives

.....0

1.7

Group policies:

Most current three years:

1.71

Total premium earned

\$.....0

1.72

Total incurred claims

\$.....0

1.73

Number of covered lives

.....0

All years prior to most current three years:

1.74

Total premium earned

\$.....0

1.75

Total incurred claims

\$.....0

1.76

Number of covered lives

.....0

2.

Health Test:

1

Current Year

2

Prior Year

2.1

Premium Numerator

\$

.....0

\$

.....0

2.2

Premium Denominator

\$

.....110,388,216

\$

.....106,648,801

2.3

Premium Ratio (2.1/2.2)

.....0.000

.....0.000

2.4

Reserve Numerator

\$

.....0

\$

.....0

2.5

Reserve Denominator

\$

.....100,890,540

\$

.....93,232,846

2.6

Reserve Ratio (2.4/2.5)

.....0.000

.....0.000

3.1

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

Yes [] No [X]

3.2

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

3.21

Participating policies.....

\$.....

3.22

Non-participating policies.....

\$.....

4.

For Mutual reporting entities and Reciprocal Exchanges only:

4.1

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

Yes [] No [X]

4.2

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

Yes [] No [X]

4.3

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

%

4.4

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

\$.....

5.

For Reciprocal Exchanges Only:

5.1

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

Yes [] No []

5.2

If yes, is the commission paid:

5.21

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

Yes [] No [] N/A []

5.22

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

Yes [] No [] N/A []

5.3

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

.....

5.4

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

Yes [] No []

5.5

If yes, give full information

.....

16

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:

Protection is provided by the casualty excess of loss agreement with one layer of \$3.8M excess of \$1.2M and by the workers compensation excess of loss agreement's additional layer of \$10M excess of \$5M creating a \$13.8M limit above a \$1.2M per occurrence retention.....

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:

Catastrophe modeling (AIR and RMS models provided by our catastrophe reinsurance broker) is utilized to estimate probable maximum loss (PML). The exposures comprising the PML were severe thunderstorms, winter storms and earthquake in Ohio and Indiana.....

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?.....

A property catastrophe reinsurance agreement consists of three layers with an automatic reinstatement for additional premium. The total amount of coverage for a single loss occurrence is \$56.5 million above an \$8.5 million retention.....

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?.....

Yes [X] No []

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 uninsured 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)?.....

Yes [] No [X]

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)?.....

Yes [] No []

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?.....

Yes [] No [X]

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 noncancellable 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.....

Yes [] No [X]

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.

Yes [] No [X]

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?

Yes [] No [X]

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.

Yes [] No [X]

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]

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

11.1

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

Yes [] No [X]

11.2

If yes, give full information

12.1

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

12.11

Unpaid losses

\$

12.12

Unpaid underwriting expenses (including loss adjustment expenses)

\$

12.2

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

\$

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):

\$1,200,000

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.

2

14.1

Is the reporting entity a cedant in a multiple cedant reinsurance contract?

Yes [] No [X]

14.2

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

14.3

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

Yes [] No []

14.4

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

Yes [] No []

14.5

If the answer to 14.4 is no, please explain:

15.1

Has the reporting entity guaranteed any financed premium accounts?

Yes [] No [X]

15.2

If yes, give full information

16.1

Does the reporting entity write any warranty business?

Yes [] No [X]

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

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

* Disclose type of coverage:

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

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

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

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

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

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

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

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

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

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

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

FIVE-YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e., 17.6.

	1 2016	2 2015	3 2014	4 2013	5 2012
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	58,823,890	55,227,325	53,693,247	52,079,158	51,093,555
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	48,962,255	45,999,888	45,872,752	46,288,832	45,188,018
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	101,889,086	99,690,123	98,309,109	93,350,610	84,926,928
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)	209,675,231	200,917,336	197,875,108	191,718,600	181,208,501
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	32,093,577	30,085,459	29,272,357	28,402,291	27,847,811
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	26,817,233	25,225,257	25,149,888	25,366,059	24,729,228
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	53,603,652	52,280,648	51,563,515	48,388,816	43,481,484
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)	112,514,462	107,591,364	105,985,760	102,157,166	96,058,523
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	2,166,193	5,273,108	4,874,510	1,581,473	(11,937,661)
14. Net investment gain (loss) (Line 11)	6,670,862	3,947,797	7,746,759	5,267,935	5,261,200
15. Total other income (Line 15)	1,523,235	1,503,631	1,549,750	1,516,619	1,408,050
16. Dividends to policyholders (Line 17)	0	0	0	0	0
17. Federal and foreign income taxes incurred (Line 19)	1,335,511	3,937,681	1,020,497	(285,449)	(290,321)
18. Net income (Line 20)	9,024,779	6,786,855	13,150,522	8,651,476	(4,978,090)
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	282,018,342	260,077,373	255,077,533	242,634,650	220,646,584
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	15,877,772	15,884,456	15,878,930	15,848,055	15,885,706
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)	118,218,153	108,545,013	107,759,674	105,008,151	95,339,863
22. Losses (Page 3, Line 1)	39,827,983	35,169,797	32,432,314	32,207,040	29,660,936
23. Loss adjustment expenses (Page 3, Line 3)	8,276,225	7,402,963	6,688,893	6,422,920	6,202,966
24. Unearned premiums (Page 3, Line 9)	52,786,332	50,660,086	49,717,523	48,112,060	45,504,864
25. Capital paid up (Page 3, Lines 30 & 31)	0	0	0	0	0
26. Surplus as regards policyholders (Page 3, Line 37)	163,800,189	151,532,360	147,317,859	137,626,499	125,306,721
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	14,708,458	13,344,450	12,796,708	16,838,740	1,439,575
Risk-Based Capital Analysis					
28. Total adjusted capital	163,800,189	151,532,360	147,317,859	137,626,499	125,306,721
29. Authorized control level risk-based capital	13,077,023	11,895,108	11,213,354	11,207,973	10,372,016
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3)(Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1)	50.2	52.5	51.6	52.3	51.3
31. Stocks (Lines 2.1 & 2.2)	28.4	30.1	30.9	32.4	33.6
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)	1.7	2.1	2.2	2.5	2.9
34. Cash, cash equivalents and short-term investments (Line 5)	13.2	11.6	12.9	10.7	9.6
35. Contract loans (Line 6)	0.0	0.0	0.0	0.0	0.0
36. Derivatives (Line 7)	0.0	0.0	0.0	0.0	0.0
37. Other invested assets (Line 8)	6.4	3.8	2.4	2.1	2.6
38. Receivables for securities (Line 9)	0.0	0.0	0.0	0.0	0.0
39. Securities lending reinvested collateral assets (Line 10)	0.0	0.0	0.0	0.0	0.0
40. Aggregate write-ins for invested assets (Line 11)	0.0	0.0	0.0	0.0	0.0
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)	0	0	0	0	0
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)	0	0	0	0	0
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)	343,110	306,654	313,215	310,443	273,733
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)	0	0	0	0	0
46. Affiliated mortgage loans on real estate	0	0	0	0	0
47. All other affiliated	0	0	0	0	0
48. Total of above Lines 42 to 47	343,110	306,654	313,215	310,443	273,733
49. Total Investment in parent included in Lines 42 to 47 above		0	0	0	0
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)	0.2	0.2	0.2	0.2	0.2

FIVE-YEAR HISTORICAL DATA

	1	2	3	4	5
	2016	2015	2014	2013	2012
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	4,176,946	(3,573,273)	(972,588)	5,408,355	2,302,508
52. Dividends to stockholders (Line 35)	0	0	0	0	0
53. Change in surplus as regards policyholders for the year (Line 38)	12,267,829	4,214,501	9,691,360	12,319,778	(397,471)
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	33,295,995	30,842,649	30,167,101	32,060,112	32,160,930
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)	28,353,458	27,236,792	26,524,760	25,572,407	26,338,401
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	39,704,280	37,875,527	42,764,450	39,774,548	63,384,725
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)	101,353,733	95,954,968	99,456,311	97,407,067	121,884,056
Net Losses Paid (Page 9, Part 2, Col. 4)					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	18,286,766	16,919,456	16,591,906	17,633,061	17,688,512
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)	15,594,402	14,980,237	14,587,890	14,049,099	14,219,862
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	21,662,568	20,730,787	23,371,848	19,624,321	29,102,992
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)	55,543,736	52,630,480	54,551,644	51,306,481	61,011,366
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2)	54.5	51.9	52.5	54.1	68.0
68. Loss expenses incurred (Line 3)	10.5	10.5	10.3	10.1	10.7
69. Other underwriting expenses incurred (Line 4)	33.0	32.6	32.5	34.2	34.3
70. Net underwriting gain (loss) (Line 8)	2.0	4.9	4.7	1.6	(12.9)
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)	31.0	30.9	30.6	31.8	31.5
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	65.1	62.4	62.8	64.2	78.6
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)	68.7	71.0	71.9	74.2	76.7
One Year Loss Development (000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	(2,079)	(2,375)	(1,808)	(2,888)	(804)
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)	(1.4)	(1.6)	(1.3)	(2.3)	(0.6)
Two Year Loss Development (000 omitted)					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12)	(3,891)	(4,715)	(4,558)	(1,946)	(2,920)
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)	(2.6)	(3.4)	(3.6)	(1.5)	(2.3)

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

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

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	Number of Claims Reported Direct and Assumed
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX	(28)	0	14	7	13	0	46	(8)	XXX
2. 2007	81,264	3,965	77,299	47,477	3,236	1,365	177	6,614	32	2,429	52,011	XXX
3. 2008	81,186	4,153	77,033	56,430	8,877	2,067	463	7,751	0	2,214	56,908	XXX
4. 2009	82,075	4,269	77,806	49,671	1,997	1,098	0	5,794	0	2,265	54,566	XXX
5. 2010	86,814	4,058	82,756	51,804	377	1,211	7	6,425	4	2,868	59,052	XXX
6. 2011	92,817	6,085	86,732	69,538	13,243	1,240	0	7,275	4	3,127	64,806	XXX
7. 2012	99,818	7,447	92,371	68,601	10,165	1,221	0	8,463	0	2,806	68,120	XXX
8. 2013	106,199	6,650	99,549	52,664	63	1,213	36	8,585	0	3,206	62,363	XXX
9. 2014	110,375	5,997	104,378	52,728	237	771	0	9,100	0	2,940	62,362	XXX
10. 2015	112,443	5,796	106,647	47,499	147	439	0	8,599	0	2,538	56,390	XXX
11. 2016	116,305	5,915	110,390	40,058	247	118	0	7,125	0	1,231	47,054	XXX
12. Totals	XXX	XXX	XXX	536,442	38,589	10,757	690	75,744	40	25,670	583,624	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					
1.	92	45	0	0	0	0	0	0	0	0	0	47	XXX
2.	43	0	9	2	4	0	2	1	12	0	0	66	XXX
3.	70	64	15	3	5	0	3	1	18	0	0	40	XXX
4.	36	0	23	5	11	0	4	2	29	1	0	96	XXX
5.	138	0	36	8	19	0	6	2	43	1	0	230	XXX
6.	350	0	63	15	44	1	15	5	85	3	0	533	XXX
7.	324	0	70	16	81	1	25	9	137	4	0	607	XXX
8.	2,351	248	140	41	160	3	64	23	278	9	0	2,670	XXX
9.	4,474	0	374	112	444	7	149	53	649	22	0	5,897	XXX
10.	9,723	123	699	202	767	12	260	90	1,110	38	0	12,094	XXX
11.	16,111	10	7,259	1,677	1,611	18	479	173	2,317	78	0	25,822	XXX
12.	33,711	490	8,689	2,082	3,146	42	1,008	358	4,679	156	0	48,104	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26	27	28	29	30	31	32	33		35	36
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense		Losses Unpaid	Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	47	0
2.	55,526	3,448	52,077	68.3	87.0	67.4	0	0	55.0	49	17
3.	66,357	9,409	56,948	81.7	226.6	73.9	0	0	55.0	17	23
4.	56,667	2,005	54,662	69.0	47.0	70.3	0	0	55.0	54	42
5.	59,683	400	59,282	68.7	9.9	71.6	0	0	55.0	165	65
6.	78,609	13,270	65,339	84.7	218.1	75.3	0	0	55.0	398	135
7.	78,922	10,195	68,727	79.1	136.9	74.4	0	0	55.0	378	229
8.	65,455	422	65,033	61.6	6.3	65.3	0	0	55.0	2,202	468
9.	68,690	430	68,259	62.2	7.2	65.4	0	0	55.0	4,737	1,161
10.	69,097	613	68,484	61.5	10.6	64.2	0	0	55.0	10,097	1,998
11.	75,078	2,203	72,876	64.6	37.2	66.0	0	0	55.0	21,684	4,138
12.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	39,828	8,276

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 2016 OF THE LIGHTNING ROD MUTUAL INSURANCE 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	2	3	4	5	6	7	8	9	10	11	12
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	One Year	Two Year
1. Prior	11,125	9,074	8,253	7,697	7,466	7,509	7,458	7,282	7,268	7,229	(39)	(53)
2. 2007	47,593	47,379	45,865	45,102	45,100	45,164	45,404	45,484	45,475	45,483	8	(1)
3. 2008	XXX	50,928	50,936	49,458	49,157	49,552	49,434	49,354	49,191	49,180	(11)	(174)
4. 2009	XXX	XXX	50,332	49,979	49,625	49,230	49,027	48,912	48,921	48,840	(81)	(72)
5. 2010	XXX	XXX	XXX	54,800	53,136	52,661	53,080	52,724	52,679	52,819	140	95
6. 2011	XXX	XXX	XXX	XXX	60,358	59,922	58,493	58,367	58,071	57,986	(85)	(381)
7. 2012	XXX	XXX	XXX	XXX	XXX	64,158	62,412	61,515	60,555	60,131	(424)	(1,384)
8. 2013	XXX	XXX	XXX	XXX	XXX	XXX	58,009	57,871	56,442	56,179	(263)	(1,692)
9. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	58,762	59,294	58,532	(762)	(230)
10. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	59,375	58,813	(562)	XXX
11. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	63,512	XXX	XXX
12. Totals											(2,079)	(3,891)

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016		
1. Prior	000	3,571	5,929	6,644	6,835	7,091	7,111	7,116	7,203	7,182	XXX	XXX
2. 2007	31,474	40,156	42,152	43,749	44,314	45,058	45,228	45,311	45,427	45,429	XXX	XXX
3. 2008	XXX	35,877	44,534	46,951	48,173	49,191	48,922	48,923	49,141	49,157	XXX	XXX
4. 2009	XXX	XXX	33,992	43,947	46,628	48,197	48,570	48,679	48,723	48,772	XXX	XXX
5. 2010	XXX	XXX	XXX	37,422	46,244	49,815	51,272	51,984	52,201	52,631	XXX	XXX
6. 2011	XXX	XXX	XXX	XXX	40,944	51,679	55,078	56,756	57,346	57,535	XXX	XXX
7. 2012	XXX	XXX	XXX	XXX	XXX	44,440	54,215	57,133	59,108	59,657	XXX	XXX
8. 2013	XXX	XXX	XXX	XXX	XXX	XXX	37,680	48,361	51,477	53,778	XXX	XXX
9. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	39,782	49,370	53,262	XXX	XXX
10. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	38,127	47,791	XXX	XXX
11. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	39,929	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1 2007	2 2008	3 2009	4 2010	5 2011	6 2012	7 2013	8 2014	9 2015	10 2016
1. Prior	1,079	401	148	28	20	35	2	(4)	0	0
2. 2007	4,501	285	250	47	25	2	(1)	0	1	8
3. 2008	XXX	3,941	572	202	38	23	25	38	1	13
4. 2009	XXX	XXX	4,125	287	246	23	31	53	54	21
5. 2010	XXX	XXX	XXX	4,629	532	78	161	129	40	32
6. 2011	XXX	XXX	XXX	XXX	4,395	697	397	261	153	58
7. 2012	XXX	XXX	XXX	XXX	XXX	4,249	752	503	235	70
8. 2013	XXX	XXX	XXX	XXX	XXX	XXX	5,076	705	387	140
9. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,885	712	359
10. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,012	667
11. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,889

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated By States And Territories									
States, etc.	1	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9
		2	3						
	Active Status	Direct Premiums Written	Direct Premiums Earned	Dividends Paid or Credited to Policyholders on Direct Business	Direct Losses Paid (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid	Finance and Service Charges Not Included in Premiums	Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
1. Alabama	AL N	.0	.0	.0	.0	.0	.0	.0	
2. Alaska	AK N	.0	.0	.0	.0	.0	.0	.0	
3. Arizona	AZ N	.0	.0	.0	.0	.0	.0	.0	
4. Arkansas	AR N	.0	.0	.0	.0	.0	.0	.0	
5. California	CA N	.0	.0	.0	.0	.0	.0	.0	
6. Colorado	CO N	.0	.0	.0	.0	.0	.0	.0	
7. Connecticut	CT N	.0	.0	.0	.0	.0	.0	.0	
8. Delaware	DE N	.0	.0	.0	.0	.0	.0	.0	
9. Dist. Columbia	DC N	.0	.0	.0	.0	.0	.0	.0	
10. Florida	FL N	.0	.0	.0	.0	.0	.0	.0	
11. Georgia	GA N	.0	.0	.0	.0	.0	.0	.0	
12. Hawaii	HI N	.0	.0	.0	.0	.0	.0	.0	
13. Idaho	ID N	.0	.0	.0	.0	.0	.0	.0	
14. Illinois	IL L	.0	.0	.0	.0	.0	.0	.0	
15. Indiana	IN L	25,434,757	25,921,649	.0	13,297,693	14,418,929	6,176,046	343,456	
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	66,883,355	66,562,025	.0	26,606,457	27,933,362	24,206,663	901,740	
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	.0
59. Totals	(a) 4	92,318,112	92,483,674	0	39,904,150	42,352,291	30,382,709	1,245,196	0
DETAILS OF WRITE-INS									
58001.	XXX								
58002.	XXX								
58003.	XXX								
58998. Sum. of remaining write-ins for Line 58 from overflow page	XXX	.0	.0	.0	.0	.0	.0	.0	.0
58999. Totals (Lines 58001 through 58003 + 58998) (Line 58 above)	XXX	0	0	0	0	0	0	0	0

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

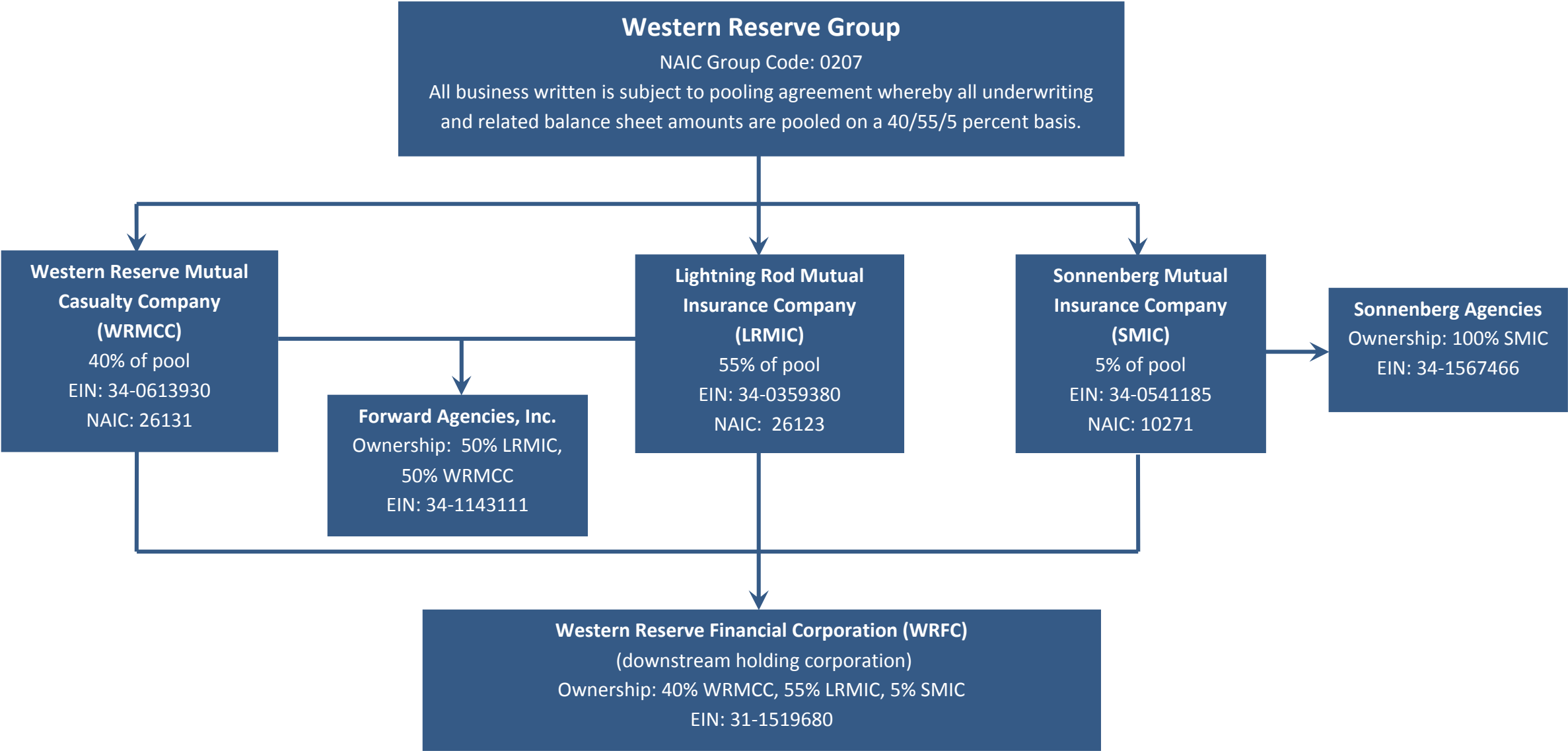
Explanation of basis of allocation of premiums by states, etc.

Actual direct written premium and earned premium by state are assigned by address of polyholder 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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