



QUARTERLY STATEMENT
AS OF MARCH 31, 2017
OF THE CONDITION AND AFFAIRS OF THE
SONNENBERG MUTUAL INSURANCE COMPANY

NAIC Group Code 02070, 0207 NAIC Company Code 10271 Employer's ID Number 34-0541185
Organized under the Laws of Ohio, State of Domicile or Port of Entry Ohio
Country of Domicile United States
Incorporated/Organized 01/01/1905 Commenced Business 01/01/1859
Statutory Home Office 1685 Cleveland Road, Wooster, OH, US 44691
Main Administrative Office 1685 Cleveland Road, Wooster, OH, US 44691-0036 330-262-9060
Mail Address 1685 Cleveland Road, Wooster, OH, US 44691-0036
Primary Location of Books and Records 1685 Cleveland Road, Wooster, OH, US 44691-0036 330-262-9060
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OFFICERS

Table with 4 columns: Name, Title, Name, Title. Row 1: KEVIN W. DAY, PRESIDENT AND SECRETARY - CHIEF EXECUTIVE OFFICER, MICHAEL A. SHUTT, VICE PRESIDENT AND TREASURER -CHIEF FINANCIAL OFFICER

OTHER OFFICERS

Table with 4 columns: Name, Title, Name, Title. Row 1: GREGORY A. BRUNN, VICE PRESIDENT -CHIEF MARKETING & UNDERWRITING OFFICER, GARY W. GWINN, VICE PRESIDENT -CHIEF CLAIMS OFFICER. Row 2: GREGORY J. OWEN, VICE PRESIDENT -CHIEF INFORMATION OFFICER

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Name, Name, Name. Row 1: KEVIN W. DAY, JEFFREY P. HASTINGS, RONALD E. HOLTMAN, JOHN P. MURPHY. Row 2: C. MICHAEL REARDON, EDDIE L. STEINER, FLOYD A. TROUTEN III, KENNETH L. VAGNINI

State of Ohio

County of Wayne ss

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

KEVIN W. DAY
PRESIDENT AND SECRETARY -CHIEF
EXECUTIVE OFFICER

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

a. Is this an original filing? Yes [X] No [ ]

Subscribed and sworn to before me this 12 day of May, 2017

- b. If no:
1. State the amendment number
2. Date filed
3. Number of pages attached

Lauresa Durham, Notary Public
July 30, 2021

STATEMENT AS OF MARCH 31, 2017 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds .....	15,209,657	0	15,209,657	14,548,233
2. Stocks:				
2.1 Preferred stocks .....	0	0	0	0
2.2 Common stocks .....	7,845,189	4,022	7,841,167	7,733,059
3. Mortgage loans on real estate:				
3.1 First liens .....	0	0	0	0
3.2 Other than first liens .....	0	0	0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ ..... encumbrances) .....	0	0	0	0
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....	0	0	0	0
4.3 Properties held for sale (less \$ ..... encumbrances) .....	0	0	0	0
5. Cash (\$ ..... 1,254,555 ), cash equivalents (\$ ..... 0 ) and short-term investments (\$ ..... 628,834 ) .....	1,883,389	0	1,883,389	2,516,137
6. Contract loans (including \$ ..... premium notes) .....	0	0	0	0
7. Derivatives .....	0	0	0	0
8. Other invested assets .....	627,828	0	627,828	611,766
9. Receivables for securities .....	0	0	0	0
10. Securities lending reinvested collateral assets .....	0	0	0	0
11. Aggregate write-ins for invested assets .....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	25,566,063	4,022	25,562,041	25,409,195
13. Title plants less \$ ..... charged off (for Title insurers only) .....	0	0	0	0
14. Investment income due and accrued .....	173,242	0	173,242	136,457
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	306,547	17,306	289,241	286,572
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 .....	1,113	0	1,113	34,365
16.2 Funds held by or deposited with reinsured companies .....	0	0	0	0
16.3 Other amounts receivable under reinsurance contracts .....	0	0	0	0
17. Amounts receivable relating to uninsured plans .....	0	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon .....	0	0	0	76,985
18.2 Net deferred tax asset .....	0	0	0	0
19. Guaranty funds receivable or on deposit .....	0	0	0	0
20. Electronic data processing equipment and software .....	0	0	0	0
21. Furniture and equipment, including health care delivery assets (\$ ..... ) .....	0	0	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....	0	0	0	0
23. Receivables from parent, subsidiaries and affiliates .....	0	0	0	0
24. Health care (\$ ..... ) and other amounts receivable .....	0	0	0	0
25. Aggregate write-ins for other-than-invested assets .....	15,598	15,598	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	26,062,563	36,927	26,025,637	25,943,575
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	0	0	0	0
28. Total (Lines 26 and 27) .....	26,062,563	36,927	26,025,637	25,943,575
<b>DETAILS OF WRITE-INS</b>				
1101. ....			0	0
1102. ....			0	0
1103. ....			0	0
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above) .....	0	0	0	0
2501. Prepaid Asset .....	15,598	15,598	0	0
2502. ....			0	0
2503. ....			0	0
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	15,598	15,598	0	0

STATEMENT AS OF MARCH 31, 2017 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$ .....956,119 ) .....	3,643,527	3,620,726
2. Reinsurance payable on paid losses and loss adjustment expenses .....	0	0
3. Loss adjustment expenses .....	752,384	752,384
4. Commissions payable, contingent commissions and other similar charges .....	212,959	347,749
5. Other expenses (excluding taxes, licenses and fees) .....	200,022	475,046
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....	165,250	126,189
7.1 Current federal and foreign income taxes (including \$ ..... on realized capital gains (losses)) .....	49,259	0
7.2 Net deferred tax liability .....	361,577	311,419
8. Borrowed money \$ ..... and interest thereon \$ .....	0	0
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ .....0 and including warranty reserves of \$ ..... and accrued accident and health experience rating refunds including \$ ..... for medical loss ratio rebate per the Public Health Service Act) .....	4,765,250	4,798,757
10. Advance premium .....	106,641	61,132
11. Dividends declared and unpaid:		
11.1 Stockholders .....	0	0
11.2 Policyholders .....	0	0
12. Ceded reinsurance premiums payable (net of ceding commissions) .....	(37,336)	31,336
13. Funds held by company under reinsurance treaties .....	0	0
14. Amounts withheld or retained by company for account of others .....	82,528	114,050
15. Remittances and items not allocated .....	0	0
16. Provision for reinsurance (including \$ ..... certified) .....	0	0
17. Net adjustments in assets and liabilities due to foreign exchange rates .....	0	0
18. Drafts outstanding .....	0	0
19. Payable to parent, subsidiaries and affiliates .....	0	0
20. Derivatives .....	0	0
21. Payable for securities .....	0	0
22. Payable for securities lending .....	0	0
23. Liability for amounts held under uninsured plans .....	0	0
24. Capital notes \$ ..... and interest thereon \$ .....	0	0
25. Aggregate write-ins for liabilities .....	0	0
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25) .....	10,302,062	10,638,788
27. Protected cell liabilities .....	0	0
28. Total liabilities (Lines 26 and 27) .....	10,302,062	10,638,788
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) .....	15,723,575	15,304,787
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) .....	15,723,575	15,304,787
38. Totals (Page 2, Line 28, Col. 3)	26,025,637	25,943,575
<b>DETAILS OF WRITE-INS</b>		
2501. ....	0	0
2502. ....	0	0
2503. ....	0	0
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. ....	0	0
2902. ....	0	0
2903. ....	0	0
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

## STATEMENT OF INCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
<b>UNDERWRITING INCOME</b>			
1. Premiums earned:			
1.1 Direct (written \$ 7,955,163 )	7,107,181	4,677,212	23,054,090
1.2 Assumed (written \$ 2,525,466 )	2,558,973	2,457,988	10,035,295
1.3 Ceded (written \$ 7,955,163 )	7,107,181	4,677,212	23,054,090
1.4 Net (written \$ 2,525,466 )	2,558,973	2,457,988	10,035,295
DEDUCTIONS:			
2. Losses incurred (current accident year \$ )::			
2.1 Direct	5,607,940	3,601,613	18,347,947
2.2 Assumed	1,340,546	1,029,175	5,472,902
2.3 Ceded	5,607,940	3,601,613	18,347,947
2.4 Net	1,340,546	1,029,175	5,472,902
3. Loss adjustment expenses incurred	244,987	233,483	1,055,289
4. Other underwriting expenses incurred	824,270	794,255	3,310,174
5. Aggregate write-ins for underwriting deductions	0	0	0
6. Total underwriting deductions (Lines 2 through 5)	2,409,803	2,056,913	9,838,366
7. Net income of protected cells	0	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	149,170	401,075	196,929
<b>INVESTMENT INCOME</b>			
9. Net investment income earned	119,627	138,956	548,702
10. Net realized capital gains (losses) less capital gains tax of \$ 41,948	81,429	1,247	178,045
11. Net investment gain (loss) (Lines 9 + 10)	201,056	140,203	726,747
<b>OTHER INCOME</b>			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$ 0 )	(1,830)	(2,141)	(8,230)
13. Finance and service charges not included in premiums	37,808	36,160	145,224
14. Aggregate write-ins for miscellaneous income	(80)	50	19
15. Total other income (Lines 12 through 14)	35,899	34,069	137,013
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	386,124	575,347	1,060,689
17. Dividends to policyholders	0	0	0
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	386,124	575,347	1,060,689
19. Federal and foreign income taxes incurred	84,296	159,848	139,893
20. Net income (Line 18 minus Line 19)(to Line 22)	301,828	415,499	920,796
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
21. Surplus as regards policyholders, December 31 prior year	15,304,787	14,106,434	14,106,434
22. Net income (from Line 20)	301,828	415,499	920,796
23. Net transfers (to) from Protected Cell accounts	0	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 59,887	116,251	54,753	345,173
25. Change in net unrealized foreign exchange capital gain (loss)	0	0	0
26. Change in net deferred income tax	9,730	(566)	(65,762)
27. Change in nonadmitted assets	(9,021)	(3,208)	(1,855)
28. Change in provision for reinsurance	0	0	0
29. Change in surplus notes	0	0	0
30. Surplus (contributed to) withdrawn from protected cells	0	0	0
31. Cumulative effect of changes in accounting principles	0	0	0
32. Capital changes:			
32.1 Paid in	0	0	0
32.2 Transferred from surplus (Stock Dividend)	0	0	0
32.3 Transferred to surplus	0	0	0
33. Surplus adjustments:			
33.1 Paid in	0	0	0
33.2 Transferred to capital (Stock Dividend)	0	0	0
33.3 Transferred from capital	0	0	0
34. Net remittances from or (to) Home Office	0	0	0
35. Dividends to stockholders	0	0	0
36. Change in treasury stock	0	0	0
37. Aggregate write-ins for gains and losses in surplus	0	0	0
38. Change in surplus as regards policyholders (Lines 22 through 37)	418,789	466,477	1,198,352
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	15,723,575	14,572,911	15,304,787
<b>DETAILS OF WRITE-INS</b>			
0501.		0	0
0502.		0	0
0503.		0	0
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0
1401. Other Income (Expense)	(80)	50	19
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)	(80)	50	19
3701.		0	0
3702.		0	0
3703.		0	0
3798. Summary of remaining write-ins for Line 37 from overflow page	0	0	0
3799. TOTALS (Lines 3701 through 3703 plus 3798) (Line 37 above)	0	0	0

## CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>Cash from Operations</b>			
1. Premiums collected net of reinsurance.....	2,502,304	2,467,487	10,203,908
2. Net investment income .....	82,843	128,407	636,171
3. Miscellaneous income .....	35,899	34,069	137,013
4. Total (Lines 1 to 3) .....	2,621,045	2,629,963	10,977,092
5. Benefit and loss related payments .....	1,284,492	1,112,255	5,082,468
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions .....	1,440,010	1,329,235	4,266,564
8. Dividends paid to policyholders .....	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ ..... tax on capital gains (losses).....	0	0	219,984
10. Total (Lines 5 through 9) .....	2,724,502	2,441,490	9,569,016
11. Net cash from operations (Line 4 minus Line 10) .....	(103,457)	188,473	1,408,077
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds .....	347,580	433,683	2,310,542
12.2 Stocks .....	1,068,283	48,971	988,665
12.3 Mortgage loans .....	0	0	0
12.4 Real estate .....	0	0	0
12.5 Other invested assets .....	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....	0	0	0
12.7 Miscellaneous proceeds .....	28,129	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	1,443,992	482,654	3,299,207
13. Cost of investments acquired (long-term only):			
13.1 Bonds .....	1,033,342	226,468	2,560,888
13.2 Stocks .....	896,889	71,095	645,424
13.3 Mortgage loans .....	0	0	0
13.4 Real estate .....	0	0	0
13.5 Other invested assets .....	0	0	600,000
13.6 Miscellaneous applications .....	0	0	2
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	1,930,231	297,563	3,806,314
14. Net increase (or decrease) in contract loans and premium notes .....	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) .....	(486,239)	185,091	(507,107)
<b>Cash from Financing and Miscellaneous Sources</b>			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes .....	0	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0	0
16.3 Borrowed funds .....	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....	0	0	0
16.5 Dividends to stockholders .....	0	0	0
16.6 Other cash provided (applied).....	(43,052)	(103,290)	(88,900)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6).....	(43,052)	(103,290)	(88,900)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	(632,748)	270,274	812,069
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	2,516,137	1,704,068	1,704,068
19.2 End of period (Line 18 plus Line 19.1) .....	1,883,389	1,974,342	2,516,137

## 1. Summary of Significant Accounting Policies

### A. Accounting Practices

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

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

The financial statements of the Company are presented solely on the basis of accounting principles prescribed by the Ohio Department of Insurance. As such, there are no increases or decreases to net income or surplus on a statutory accounting basis as shown by the reconciliation below:

	State of Domicile	2017	2016
<u>NET INCOME</u>			
(1) SMIC state basis (Page 4, Line 20, Columns 1 & 3)	Ohio	\$ 301,828	\$ 920,796
(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>\$ 301,828</u>	<u>\$ 920,796</u>
<u>SURPLUS</u>			
(5) SMIC state basis (Page 3, Line 37, Columns 1 & 2)	Ohio	\$ 15,723,575	\$ 15,304,787
(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>\$ 15,723,575</u>	<u>\$ 15,304,787</u>

#### Use of Estimates in the Preparation of the Financial Statements

No significant changes.

### B. Accounting Policy

No significant changes.

## 2. Accounting Changes and Corrections of Errors

Not applicable.

## 3. Business Combinations and Goodwill

### A. Statutory Purchase Method

Not applicable.

### B. Statutory Merger

Not applicable.

### C. Impairment Loss

Not applicable.

### D. Going Concern

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.
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	\$ <u>          ( - )</u>
2. 12 months or Longer	\$ <u>          ( 407)</u>

b. The aggregate related fair value of securities with unrealized losses:

1. Less than 12 months	\$ <u>          ( - )</u>
2. 12 months or longer	\$ <u>          ( 27,318)</u>

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

Not applicable.

I. Working Capital Finance Investments

Not applicable

J. Offsetting and Netting of Assets and Liabilities

Not applicable

K. Structured Notes

CUSIP Identification	Actual Cost	Fair Value	Book/Adjusted Carrying Value	Mortgage-Refinanced Security (YES/NO)
912810-FR-4	\$223,629	\$297,170	\$256,768	NO
912828-S5-0	200,791	197,679	202,476	NO
912828-UH-1	95,932	105,142	102,245	NO
<b>Total:</b>	\$520,352	\$599,991	\$561,490	

6. Joint Ventures, Partnerships and Limited Liability Companies

No significant changes.

7. Investment Income

No significant changes.

8. Derivative Instruments

No significant changes.

## 9. Income Taxes

A. The components of the net deferred tax asset/(liability) at March 31, 2017 and December 31, 2016 are as follows:

1.

	03/31/2017		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
(a) Gross Deferred Tax Assets	\$ 579,331	\$ 123,807	\$ 703,138
(b) Statutory Valuation Allowance Adjustments	—	—	—
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	579,331	123,807	703,138
(d) Deferred Tax Assets Nonadmitted	—	—	—
(e) Subtotal Net Deferred Tax Asset (1c – 1d)	579,331	123,807	703,138
(f) Deferred Tax Liabilities	(58,904)	(1,005,811)	(1,064,715)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	<u>\$ 520,427</u>	<u>\$ (882,004)</u>	<u>\$ (361,577)</u>

	12/31/2016		
	(4)	(5)	(6)
	Ordinary	Capital	(Col 4+5) Total
(a) Gross Deferred Tax Assets	\$ 564,896	\$ 126,407	\$ 691,303
(b) Statutory Valuation Allowance Adjustments	—	—	—
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	564,896	126,407	691,303
(d) Deferred Tax Assets Nonadmitted	—	—	—
(e) Subtotal Net Deferred Tax Asset (1c – 1d)	564,896	126,407	691,303
(f) Deferred Tax Liabilities	(56,800)	(945,922)	(1,002,722)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	<u>\$ 508,096</u>	<u>\$ (819,515)</u>	<u>\$ (311,419)</u>

	Change		
	(7)	(8)	(9)
	(Col 1—4) Ordinary	(Col 2—5) Capital	(Co 7+8) Total
(a) Gross Deferred Tax Assets	\$ 14,435	\$ (2,600)	\$ 11,835
(b) Statutory Valuation Allowance Adjustments	—	—	—
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	14,435	(2,600)	11,835
(d) Deferred Tax Assets Nonadmitted	—	—	—
(e) Subtotal Net Deferred Tax Asset (1c – 1d)	14,435	(2,600)	11,835
(f) Deferred Tax Liabilities	(2,104)	(59,887)	(61,992)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	<u>\$ 12,331</u>	<u>\$ (62,488)</u>	<u>\$ (50,158)</u>

2. Admission Calculation Components SSAP No. 101

	03/31/2017		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ 374,127	\$ —	\$ 374,127
(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)	28,880	—	28,880
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	28,880	—	28,880
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	2,295,718
(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.	176,324	123,807	300,132
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))	<u>\$ 579,331</u>	<u>\$ 123,807</u>	<u>\$ 703,138</u>

	<b>12/31/2016</b>		
	(4)	(5)	(6)
	Ordinary	Capital	(Col 4+5) Total
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ 369,060	\$ —	\$ 369,060
(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)	28,880	—	28,880
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	28,880	—	28,880
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	2,295,718
(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.	<u>166,956</u>	<u>126,407</u>	<u>293,363</u>
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))	<u>\$ 564,896</u>	<u>\$ 126,407</u>	<u>\$ 691,303</u>

	<b>Change</b>		
	(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.	\$ 5,066	\$ —	\$ 5,066
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)	—	—	—
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	—	—	—
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	95,784
(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.	<u>9,368</u>	<u>(2,600)</u>	<u>6,769</u>
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))	<u>\$ 14,435</u>	<u>\$ (2,600)</u>	<u>\$ 11,835</u>

3.

	<b>2017</b>	<b>2016</b>
(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.	\$ 15,723,575	\$ 15,304,787

#### 4. Impact of Tax—Planning Strategies

	<b>03/31/2017</b>	
	(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)	\$ 579,331	\$ 123,807
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)	\$ 579,331	\$ 123,807
4. Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies	0%	0%

		<u>12/31/2016</u>	
		(3)	(4)
		<u>Ordinary</u>	<u>Capital</u>
(b)	Determination Of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets, By Tax Character As A Percentage.		
5.	Adjusted Gross DTAs Amount From Note 9A1(c)	\$ 564,896	\$ 126,407
6.	Percentage of Adjusted Gross DTAs By Tax Character Attributable To The Impact Of Tax Planning Strategies	0%	0%
7.	Net Admitted Adjusted Gross DTAs Amount from Note 9A1(e)	\$ 564,896	\$ 126,407
8.	Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies	0%	0%
		<u>Change</u>	
		(5)	(6)
		(Col 1-3)	(Col 2-4)
		<u>Ordinary</u>	<u>Capital</u>
(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)	\$ 14,435	\$ (2,600)
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)	\$ 14,435	\$ (2,600)
4.	Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies	0%	0%
(b)	Does the Company's tax—planning strategies include the use of reinsurance? Yes _____ No <u>X</u>		

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

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

	(1)	(2)	(3)
	03/31/2017	12/31/2016	(Col 1—2) Change
1. Current Income Tax			
(a) Federal	\$ 84,296	\$ 139,893	\$ (55,597)
(b) Foreign	\$ —	\$ —	\$ —
(c) Subtotal	\$ 84,296	\$ 139,893	\$ (55,597)
(d) Federal income tax on net capital gains	\$ 41,948	\$ 91,720	\$ (49,772)
(e) Utilization of operating loss carry—forwards	\$ —	\$ —	\$ —
(f) Other (incl. prior year over/under accrual)	\$ —	\$ —	\$ —
(g) Federal and foreign income taxes incurred	<u>\$ 126,244</u>	<u>\$ 231,613</u>	<u>\$ (105,369)</u>
2. Deferred Tax Assets			
(a) Ordinary			
(1) Discounting of unpaid losses	\$ 49,594	\$ 49,594	\$ —
(2) Unearned premium reserve	\$ 324,037	\$ 326,316	\$ (2,279)
(3) Policyholder reserves	\$ —	\$ —	\$ —
(4) Investments	\$ —	\$ —	\$ —
(5) Deferred acquisition costs	\$ —	\$ —	\$ —
(6) Policyholder dividends accrual	\$ —	\$ —	\$ —
(7) Fixed assets and prepaid expense— nonadmitted	\$ 5,303	\$ 4,136	\$ 1,167
(8) Compensation and benefits accrual	\$ 35,909	\$ 34,220	\$ 1,689
(9) Pension accrual	\$ 6,083	\$ 6,789	\$ (706)
(10) Receivables – nonadmitted	\$ 5,884	\$ 4,039	\$ 1,845
(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	\$ 99,466	\$ 99,466	\$ 276
(15) Software capitalized	\$ 35,433	\$ 30,765	\$ 4,668
(16) Other	\$ 16,602	\$ 9,571	\$ 7,030
(99) Subtotal	\$ 579,331	\$ 564,896	\$ 14,435
(b) Statutory valuation allowance adjustment	\$ —	\$ —	\$ —
(c) Nonadmitted	\$ —	\$ —	\$ —
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	<u>\$ 579,331</u>	<u>\$ 564,896</u>	<u>\$ 14,435</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	\$ 121,885	\$ 124,485	\$ (2,600)
(6) Other	\$ 1,922	\$ 1,922	\$ —
(99) Subtotal	\$ 123,807	\$ 126,407	\$ (2,600)
(f) Statutory valuation allowance adjustment	\$ —	\$ —	\$ —
(g) Nonadmitted	\$ —	\$ —	\$ —
(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	<u>\$ 123,807</u>	<u>\$ 126,407</u>	<u>\$ (2,600)</u>
(i) Admitted deferred tax assets (2d + 2h)	<u>\$ 703,138</u>	<u>\$ 691,303</u>	<u>\$ 11,835</u>
3. Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	\$ (37,904)	\$ (37,604)	\$ (300)
(2) Fixed assets	\$ —	\$ —	\$ —
(3) Deferred and uncollected premium	\$ —	\$ —	\$ —
(4) Policyholder reserves	\$ —	\$ —	\$ —
(5) Other (including items <5% of total ordinary tax liabilities)	\$ (21,000)	\$ (19,196)	\$ (1,804)
(99) Subtotal	\$ (58,904)	\$ (56,800)	\$ (2,104)
(b) Capital:			
(1) Investments	\$ —	\$ —	\$ —
(2) Real estate	\$ —	\$ —	\$ —
(3) Other (including items <5% of total capital tax liabilities):			
(4) Unrealized capital gains	\$ (1,005,811)	\$ (945,922)	\$ (59,889)
(99) Subtotal	\$ (1,005,811)	\$ (945,922)	\$ (59,889)
(c) Deferred tax liabilities (3a99 + 3b99)	<u>\$ (1,064,715)</u>	<u>\$ (1,002,722)</u>	<u>\$ (61,993)</u>
Net deferred tax assets/liabilities (2i – 3c)	<u>\$ (361,577)</u>	<u>\$ (311,419)</u>	<u>\$ (50,158)</u>

## NOTES TO FINANCIAL STATEMENTS

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

	<u>03/31/2017</u>	<u>Effective Tax Rate</u>
Provision computed at statutory rate	\$ 145,544	34.0%
Tax exempt interest	(14,527)	(3.4%)
Dividends received deduction	(7,746)	(1.8%)
Change in deferred tax on nonadmitted assets	(3,012)	(0.7%)
Other	<u>(3,745)</u>	<u>(0.9%)</u>
Total	<u>\$ 116,514</u>	<u>27.2%</u>
Federal and foreign income taxes incurred	\$ 84,296	19.7%
Tax on capital gains (losses)	41,948	9.8%
Change in net deferred income taxes	<u>(9,730)</u>	<u>(2.3%)</u>
Total statutory income taxes	<u>\$ 116,514</u>	<u>27.2%</u>

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

(1) As of March 31, 2017, the Company had no net operating loss and net capital loss carry—forwards available for tax purposes.

As of March 31, 2017 the Company had no alternative minimum tax (AMT) credit carry—forwards.

(2) As of March 31, 2017, the Company had federal income taxes incurred available for recoupment in the event of future net losses in the amount of \$387,536.

(3) The Company has no deposits reported as admitted assets under IRC §6603 as of March 31, 2017.

- 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 March 31, 2017, there was no intercompany receivable due from and/or due to its Subsidiaries and Affiliates. The intercompany balances due from and/or due to its Subsidiaries and Affiliates are reimbursed quarterly on an as made basis.
- E. Not applicable.
- F. No significant changes.
- G. No significant changes.
- H. Not applicable.
- I. Not applicable.
- J. Not applicable.
- K. Not applicable.
- L. No significant changes.

## NOTES TO FINANCIAL STATEMENTS

### 11. Debt

Not applicable.

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

#### A. Defined Benefit Plan

The Company has a non-qualified, unfunded, retiree healthcare plan that was closed to new participants. The related liabilities and expenses are not material to the Company's financial position.

The Company also has a non-qualified voluntary deferred compensation plan for senior executive officers. The plan allows for deferral of payouts from the Annual Cash Bonus Plan and Performance Share Plan for Key Executives. As of March 31, 2017 and December 31, 2016, amounts held for these deferrals were \$0.1 million and \$0.1 million, respectively.

#### B. Investment Policies and Strategies

Not applicable.

#### C. Fair Value of Plan Assets

Not applicable.

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

Not applicable.

#### E. Defined Contribution Plans

No significant changes.

#### F. Multiemployer Plans

Not applicable.

#### G. Consolidated/Holding Company Plans

Not applicable.

#### H. Postemployment Benefits and Compensated Absences

Not applicable.

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

Not applicable.

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

(1) Not applicable.

(2) Not applicable.

(3) Not applicable.

(4) Not applicable.

(5) Not applicable.

(6) Not applicable.

(7) Not applicable.

(8) Not applicable.

(9) Not applicable.

(10) The portion of unassigned funds (surplus) represented by cumulative unrealized gains net of losses before tax is 3.0 million and \$2.3 million at March 31, 2017 and December 31, 2016, respectively.

(11) Not applicable.

(12) Not applicable.

(13) Not applicable.

## NOTES TO FINANCIAL STATEMENTS

### 14. Liabilities, Contingencies and Assessments

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

### 15. Leases

No significant changes.

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

Not applicable.

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

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

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

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

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

Not applicable.

## NOTES TO FINANCIAL STATEMENTS

## 20. Fair Value Measurements

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

*Level 1:*

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

*Level 2:*

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

*Level 3:*

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

(1) Fair Value Measurements at March 31, 2017:

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
a. Assets at fair value:				
Common Stock:				
Mutual Funds	4,041,163	—	—	4,041,163
Industrial and Misc	3,713,848	—	86,156	3,800,004
Total Common Stocks	<u>7,755,011</u>	<u>—</u>	<u>86,156</u>	<u>7,841,167</u>
Other Invested Assets	<u>627,828</u>	<u>—</u>	<u>—</u>	<u>627,828</u>
Total assets at fair value	<u>\$ 8,382,839</u>	<u>\$ —</u>	<u>\$ 86,156</u>	<u>\$ 8,468,995</u>
b. Liabilities at fair value:				
Not applicable.				

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	\$ 3,557,231	\$ —	\$ —	\$ 3,557,231
Industrial and Misc	4,089,672	—	86,156	4,175,828
Total Common Stocks	<u>7,646,903</u>	<u>—</u>	<u>86,156</u>	<u>7,733,059</u>
Other Invested Assets	<u>611,766</u>	<u>—</u>	<u>—</u>	<u>611,766</u>
Total assets at fair value	<u>\$ 8,258,669</u>	<u>\$ —</u>	<u>\$ 86,156</u>	<u>\$ 8,344,825</u>
Liabilities at fair value:				
Not applicable.				

## NOTES TO FINANCIAL STATEMENTS

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

	Beginning Balance at 01/01/2017	Transfers In/(out) Level 3	Total Gain/(Loss) Included in Net Income	Total Gain/(Loss) Included in Surplus	(Sales)	Ending Balance at 03/31/2017
a. Assets:						
Common Stock:						
Industrial and Misc	\$ 86,156	\$ —	\$ —	\$ —	\$ —	\$ 86,156
Total Assets	\$ 86,156	\$ —	\$ —	\$ —	\$ —	\$ 86,156
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 March 31 2017, the reported fair value of the entity's investments categorized within Level 3 of the fair value hierarchy is as follows:

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

B. Not applicable

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	\$ 15,423,726	\$ 15,209,657	\$ 1,109,870	\$ 14,313,855	\$ —	\$ —
Common Stock	7,841,167	7,841,167	7,755,011	—	86,156	—
Other Invested Assets	627,828	627,828	627,828	—	—	—
Short-Term Investments	628,834	628,834	—	—	—	—

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

## 21. Other Items

A. Extraordinary Items

Not applicable.

B. Troubled Debt Restructuring: Debtors

Not applicable.

C. Other Disclosures and Unusual Items

Not applicable.

D. Business Interruption Insurance Recoveries

Not applicable.

E. State Transferable and Non—Transferrable Tax Credits

Not applicable.

F. Subprime Mortgage Related Risk Exposure

Not applicable.

## 22. Events Subsequent

Type I – Recognized Subsequent Events:

Subsequent events have been considered through May 15, 2017 for the statutory statement issued on May 15, 2017 for the quarter ending March 31, 2017. No Type I events were identified that would have a material effect on the financial condition of the Company.

Type II – Nonrecognized Subsequent Events:

Subsequent events have been considered through May 15, 2017 for the statutory statement issued on May 15, 2017 for the quarter ending March 31, 2017. No Type II events were identified that would have a material effect on the financial condition of the Company.

## NOTES TO FINANCIAL STATEMENTS

### 23. Reinsurance

- A. Unsecured Reinsurance Recoverables  
Not applicable.
- B. Reinsurance Recoverable in Dispute  
Not applicable.
- C. Reinsurance Assumed and Ceded  
No significant changes.
- D. Uncollectible Reinsurance  
No significant changes.
- E. Commutation of Ceded Reinsurance  
Not applicable.
- F. Retroactive Reinsurance  
Not applicable.
- G. Reinsurance Accounted for as a Deposit  
Not applicable.
- H. Disclosures for the Transfer of Property and Casualty Run—off Agreements  
Not applicable.
- I. Certified Reinsurer Rating Downgraded or Status Subject to Revocation  
Not applicable.

### 24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

Not applicable.

### 25. Changes in Incurred Losses and Loss Adjustment Expense

Reserves as of December 31, 2016 were \$4.4 million. During 2017, \$.8 million has been paid for incurred losses and loss adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$3.4 million as a result of re-estimation of unpaid claims and claim adjusting expenses. Therefore, there has been a \$.1 million favorable prior year development from December 31, 2016 to March 31, 2017. Favorable development in auto physical damage, homeowner, farmowner, other property and other liability lines of insurance were offset, in part, by unfavorable development in commercial auto liability and commercial multi-peril lines of insurance. The re-estimation is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims. The estimates are not affected by prior year loss development on *retrospectively* rated policies, as the Company does not write this type of policy.

### 26. Intercompany Pooling Agreements

No significant changes.

### 27. Structured Settlements

Not applicable.

### 28. Health Care Receivables

Not applicable.

### 29. Participating Policies

Not applicable.

### 30. Premium Deficiency Reserves

No significant changes.

### 31. High Deductibles

Not applicable.

## NOTES TO FINANCIAL STATEMENTS

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

No significant changes.

**33. Asbestos/Environmental Reserves**

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
(1) Direct –					
a. Beginning reserves:	\$ 4	\$ 8	\$ 4	\$ 4	\$ 4
b. Incurred losses and loss adjustment expense:	9	4	—	—	—
c. Calendar year payments for losses and loss adjustment expenses:	<u>5</u>	<u>7</u>	<u>—</u>	<u>—</u>	<u>—</u>
d. Ending reserves:	<u>\$ 8</u>	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ 4</u>
(2) Assumed Reinsurance –					
a. Beginning reserves:	\$ —	\$ —	\$ —	\$ —	\$ —
b. Incurred losses and loss adjustment expense:	—	—	—	—	—
c. Calendar year payments for losses and loss adjustment expenses:	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
d. Ending reserves:	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
(3) Net of Ceded Reinsurance –					
a. Beginning reserves:	\$ 4	\$ 8	\$ —	\$ —	\$ —
b. Incurred losses and loss adjustment expense:	5	(8)	—	—	—
c. Calendar year payments for loss and loss adjustment expenses:	<u>1</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
d. Ending reserves:	<u>\$ 8</u>	<u>\$ —</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 & LAE):

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

## NOTES TO FINANCIAL STATEMENTS

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

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

**34. Subscriber Savings Accounts**

Not applicable.

**35. Multiple Peril Crop Insurance**

Not applicable.

**36. Financial Guaranty Insurance**

Not applicable.

**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES  
GENERAL**

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? ..... Yes [ ] No [X]
- 1.2 If yes, has the report been filed with the domiciliary state? ..... Yes [ ] No [ ]
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? ..... Yes [ ] No [X]
- 2.2 If yes, date of change: .....
- 3.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? ..... Yes [X] No [ ]  
If yes, complete Schedule Y, Parts 1 and 1A.
- 3.2 Have there been any substantial changes in the organizational chart since the prior quarter end? ..... Yes [ ] No [X]
- 3.3 If the response to 3.2 is yes, provide a brief description of those changes.  
.....
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes [ ] No [X]
- 4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? ..... Yes [ ] No [ ] NA [X]  
If yes, attach an explanation.
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. ....12/31/2016
- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. ....12/31/2011
- 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). ....11/26/2012
- 6.4 By what department or departments?  
Ohio.....
- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? ..... Yes [ ] No [ ] NA [X]
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? ..... Yes [X] No [ ] NA [ ]
- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? ..... Yes [ ] No [X]
- 7.2 If yes, give full information:  
.....
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?..... Yes [ ] No [X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.  
.....
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?..... Yes [ ] No [X]
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

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

**GENERAL INTERROGATORIES**

9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? ..... Yes  No   
 (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;  
 (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;  
 (c) Compliance with applicable governmental laws, rules and regulations;  
 (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and  
 (e) Accountability for adherence to the code.

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

9.2 Has the code of ethics for senior managers been amended? ..... Yes  No

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

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

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

**FINANCIAL**

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

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

**INVESTMENT**

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

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

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: ..... \$ .....0

13. Amount of real estate and mortgages held in short-term investments: ..... \$ .....0

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

14.2 If yes, please complete the following:

	1	2
	Prior Year-End Book/Adjusted Carrying Value	Current Quarter Book/Adjusted Carrying Value
14.21 Bonds .....	\$ .....	\$ .....
14.22 Preferred Stock .....	\$ .....	\$ .....
14.23 Common Stock .....	\$ .....3,861	\$ .....4,022
14.24 Short-Term Investments .....	\$ .....	\$ .....
14.25 Mortgage Loans on Real Estate .....	\$ .....	\$ .....
14.26 All Other .....	\$ .....	\$ .....
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$ .....3,861	\$ .....4,022
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above .....	\$ .....	\$ .....

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

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

If no, attach a description with this statement.

GENERAL INTERROGATORIES

- 16 For the reporting entity's security lending program, state the amount of the following as of the current statement date:
- 16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$ .....0
  - 16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$ .....0
  - 16.3 Total payable for securities lending reported on the liability page \$ .....0

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

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

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

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

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

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? ..... Yes [ ] No [X]

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

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

17.5 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 A. Shutt.....	.....
Adrian Besancon.....	.....

17.5097 For those firms/individuals listed in the table for Question 17.5, 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]

17.5098 For firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") listed in the table for Question 17.5, does the total assets under management aggregate to more than 50% of the reporting entity's assets? ..... Yes [ ] No [X]

17.6 For those firms or individuals listed in the table for 17.5 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

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

18.2 If no, list exceptions:  
.....





STATEMENT AS OF MARCH 31, 2017 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date – Allocated by States and Territories

States, etc.	1 Active Status	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid		
		2 Current Year To Date	3 Prior Year To Date	4 Current Year To Date	5 Prior Year To Date	6 Current Year To Date	7 Prior Year To Date	
1. Alabama	AL	N	0	0	0	0	0	
2. Alaska	AK	N	0	0	0	0	0	
3. Arizona	AZ	N	0	0	0	0	0	
4. Arkansas	AR	N	0	0	0	0	0	
5. California	CA	N	0	0	0	0	0	
6. Colorado	CO	N	0	0	0	0	0	
7. Connecticut	CT	N	0	0	0	0	0	
8. Delaware	DE	N	0	0	0	0	0	
9. Dist. Columbia	DC	N	0	0	0	0	0	
10. Florida	FL	N	0	0	0	0	0	
11. Georgia	GA	N	0	0	0	0	0	
12. Hawaii	HI	N	0	0	0	0	0	
13. Idaho	ID	N	0	0	0	0	0	
14. Illinois	IL	N	0	0	0	0	0	
15. Indiana	IN	L	2,184,548	1,586,769	1,367,056	989,367	2,172,698	1,163,198
16. Iowa	IA	N	0	0	0	0	0	0
17. Kansas	KS	N	0	0	0	0	0	0
18. Kentucky	KY	N	0	0	0	0	0	0
19. Louisiana	LA	N	0	0	0	0	0	0
20. Maine	ME	N	0	0	0	0	0	0
21. Maryland	MD	N	0	0	0	0	0	0
22. Massachusetts	MA	N	0	0	0	0	0	0
23. Michigan	MI	N	0	0	0	0	0	0
24. Minnesota	MN	N	0	0	0	0	0	0
25. Mississippi	MS	N	0	0	0	0	0	0
26. Missouri	MO	N	0	0	0	0	0	0
27. Montana	MT	N	0	0	0	0	0	0
28. Nebraska	NE	N	0	0	0	0	0	0
29. Nevada	NV	N	0	0	0	0	0	0
30. New Hampshire	NH	N	0	0	0	0	0	0
31. New Jersey	NJ	N	0	0	0	0	0	0
32. New Mexico	NM	N	0	0	0	0	0	0
33. New York	NY	N	0	0	0	0	0	0
34. No. Carolina	NC	N	0	0	0	0	0	0
35. No. Dakota	ND	N	0	0	0	0	0	0
36. Ohio	OH	L	5,770,615	4,321,534	3,103,287	2,021,639	5,936,320	2,517,651
37. Oklahoma	OK	N	0	0	0	0	0	0
38. Oregon	OR	N	0	0	0	0	0	0
39. Pennsylvania	PA	N	0	0	0	0	0	0
40. Rhode Island	RI	N	0	0	0	0	0	0
41. So. Carolina	SC	N	0	0	0	0	0	0
42. So. Dakota	SD	N	0	0	0	0	0	0
43. Tennessee	TN	N	0	0	0	0	0	0
44. Texas	TX	N	0	0	0	0	0	0
45. Utah	UT	N	0	0	0	0	0	0
46. Vermont	VT	N	0	0	0	0	0	0
47. Virginia	VA	N	0	0	0	0	0	0
48. Washington	WA	N	0	0	0	0	0	0
49. West Virginia	WV	N	0	0	0	0	0	0
50. Wisconsin	WI	N	0	0	0	0	0	0
51. Wyoming	WY	N	0	0	0	0	0	0
52. American Samoa	AS	N	0	0	0	0	0	0
53. Guam	GU	N	0	0	0	0	0	0
54. Puerto Rico	PR	N	0	0	0	0	0	0
55. U.S. Virgin Islands	VI	N	0	0	0	0	0	0
56. Northern Mariana Islands	MP	N	0	0	0	0	0	0
57. Canada	CAN	N	0	0	0	0	0	0
58. Aggregate Other Alien	OT	XXX	0	0	0	0	0	0
59. Totals	(a) 2		7,955,163	5,908,303	4,470,343	3,011,006	8,109,018	3,680,849
<b>DETAILS OF WRITE-INS</b>								
58001.	XXX							
58002.	XXX							
58003.	XXX							
58998. Summary of remaining write-ins for Line 58 from overflow page.	XXX		0	0	0	0	0	0
58999. TOTALS (Lines 58001 through 58003 plus 58998) (Line 58 above)	XXX		0	0	0	0	0	0

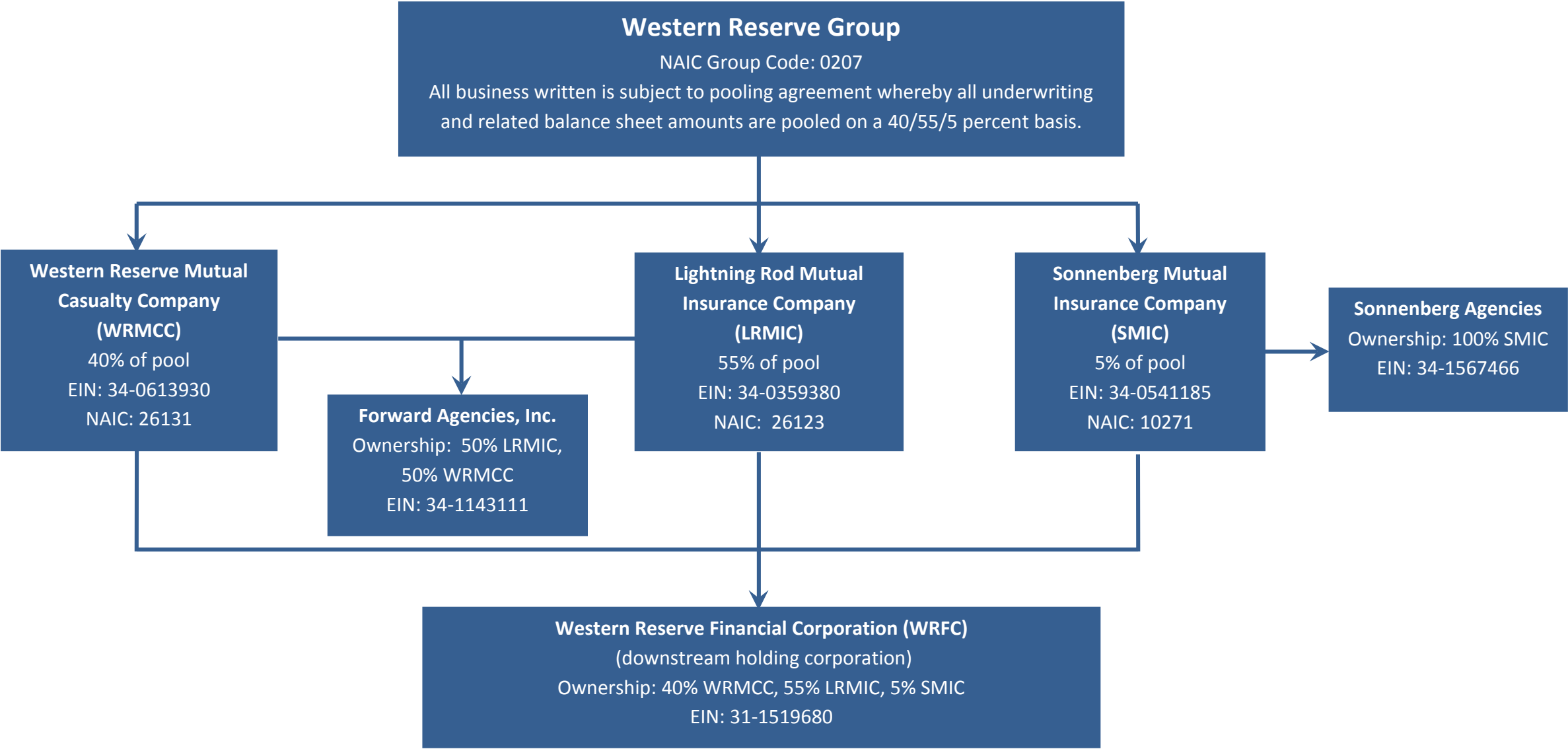
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state (other than their state of domicile – see DSLI); (D) DSLI – Domestic Surplus Lines Insurer (DSLI) – Reporting entities authorized to write Surplus Lines in the state of domicile; (N) None of the above - Not allowed to write business in the state.

(a) Insert the number of D and 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**

11





**PART 1 - LOSS EXPERIENCE**

Line of Business	Current Year to Date			4 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire	6,362		0.0	0.0
2. Allied lines	2,977		0.0	(8.9)
3. Farmowners multiple peril	74,545	9,720	13.0	(2.6)
4. Homeowners multiple peril	284,622	364,222	128.0	65.0
5. Commercial multiple peril			0.0	0.0
6. Mortgage guaranty			0.0	0.0
8. Ocean marine			0.0	0.0
9. Inland marine			0.0	0.0
10. Financial guaranty			0.0	0.0
11.1 Medical professional liability -occurrence			0.0	0.0
11.2 Medical professional liability -claims made			0.0	0.0
12. Earthquake			0.0	0.0
13. Group accident and health			0.0	0.0
14. Credit accident and health			0.0	0.0
15. Other accident and health			0.0	0.0
16. Workers' compensation			0.0	0.0
17.1 Other liability occurrence	251		0.0	0.0
17.2 Other liability-claims made			0.0	0.0
17.3 Excess Workers' Compensation			0.0	0.0
18.1 Products liability-occurrence			0.0	0.0
18.2 Products liability-claims made			0.0	0.0
19.1,19.2 Private passenger auto liability	3,757,833	3,005,777	80.0	79.6
19.3,19.4 Commercial auto liability	0		0.0	0.0
21. Auto physical damage	2,979,659	2,228,221	74.8	82.2
22. Aircraft (all perils)			0.0	0.0
23. Fidelity			0.0	0.0
24. Surety			0.0	0.0
26. Burglary and theft			0.0	0.0
27. Boiler and machinery	932		0.0	0.0
28. Credit			0.0	0.0
29. International			0.0	0.0
30. Warranty			0.0	0.0
31. Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX	XXX
32. Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX	XXX
33. Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business	0	0	0.0	0.0
35. TOTALS	7,107,181	5,607,940	78.9	77.0
<b>DETAILS OF WRITE-INS</b>				
3401.				
3402.				
3403.				
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0.0	0.0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34)	0	0	0.0	0.0

**PART 2 - DIRECT PREMIUMS WRITTEN**

Line of Business	1	2	3
	Current Quarter	Current Year to Date	Prior Year Year to Date
1. Fire	3,660	3,660	4,275
2. Allied lines	1,769	1,769	2,111
3. Farmowners multiple peril	69,482	69,482	68,616
4. Homeowners multiple peril	(11,534)	(11,534)	578,720
5. Commercial multiple peril	0	0	0
6. Mortgage guaranty	0	0	0
8. Ocean marine	0	0	0
9. Inland marine	0	0	0
10. Financial guaranty	0	0	0
11.1 Medical professional liability-occurrence	0	0	0
11.2 Medical professional liability-claims made	0	0	0
12. Earthquake	0	0	0
13. Group accident and health	0	0	0
14. Credit accident and health	0	0	0
15. Other accident and health	0	0	0
16. Workers' compensation	0	0	0
17.1 Other liability occurrence	187	187	187
17.2 Other liability-claims made	0	0	0
17.3 Excess Workers' Compensation	0	0	0
18.1 Products liability-occurrence	0	0	0
18.2 Products liability-claims made	0	0	0
19.1,19.2 Private passenger auto liability	4,420,267	4,420,267	2,944,570
19.3,19.4 Commercial auto liability	0	0	0
21. Auto physical damage	3,471,352	3,471,352	2,308,331
22. Aircraft (all perils)	0	0	0
23. Fidelity	0	0	0
24. Surety	0	0	0
26. Burglary and theft	0	0	0
27. Boiler and machinery	(20)	(20)	1,493
28. Credit	0	0	0
29. International	0	0	0
30. Warranty	0	0	0
31. Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX
32. Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX
33. Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business	0	0	0
35. TOTALS	7,955,163	7,955,163	5,908,303
<b>DETAILS OF WRITE-INS</b>			
3401.			
3402.			
3403.			
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34)	0	0	0

STATEMENT AS OF MARCH 31, 2017 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	2017 Loss and LAE Payments on Claims Reported as of Prior Year-End	2017 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2017 Loss and LAE Payments (Cols. 4 + 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year End	Q.S. Date IBNR Loss and LAE Reserves	Total Q.S. Loss and LAE Reserves (Cols.7 + 8 + 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 4 + 7 minus Col. 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 5 + 8 + 9 minus Col. 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings)/ Deficiency (Cols. 11 + 12)
1. 2014 + Prior .....	.861	.62	.923	.114	.0	.114	.610	.0	.65	.675	(137)	.3	(134)
2. 2015 .....	1,040	.63	1,103	.116	.2	.118	.869	.1	.66	.936	(55)	.6	(49)
3. Subtotals 2015 + prior .....	1,901	.125	2,026	.230	.2	.232	1,479	.1	.131	1,611	(192)	.9	(183)
4. 2016 .....	1,812	.536	2,348	.565	.26	.591	1,508	.51	.263	1,822	.261	(196)	.65
5. Subtotals 2016 + prior .....	3,713	.661	4,374	.795	.28	.823	2,987	.52	.394	3,433	.69	(187)	(118)
6. 2017 .....	XXX	XXX	XXX	XXX	.739	.739	XXX	.642	.322	.964	XXX	XXX	XXX
7. Totals .....	3,713	661	4,374	795	767	1,562	2,987	694	716	4,397	69	(187)	(118)
8. Prior Year-End Surplus As Regards Policy-holders	15,305												
											Col. 11, Line 7 As % of Col. 1, Line 7	Col. 12, Line 7 As % of Col. 2, Line 7	Col. 13, Line 7 As % of Col. 3, Line 7
											1. 1.9	2. (28.3)	3. (2.7)
													Col. 13, Line 7 Line 8
													4. (0.8)

## SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES





The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

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

**Explanation:**

- 1.
- 2.
- 3.
- 4.

**Bar Code:**

1.	 1 0 2 7 1 2 0 1 7 4 9 0 0 0 0 0 1
2.	 1 0 2 7 1 2 0 1 7 4 5 5 0 0 0 0 1
3.	 1 0 2 7 1 2 0 1 7 3 6 5 0 0 0 0 1
4.	 1 0 2 7 1 2 0 1 7 5 0 5 0 0 0 0 1

**OVERFLOW PAGE FOR WRITE-INS**

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**SCHEDULE A – VERIFICATION**

**Real Estate**

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

NONE

**SCHEDULE B – VERIFICATION**

**Mortgage Loans**

	1 Year To Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year .....	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....		0
2.2 Additional investment made after acquisition .....		0
3. Capitalized deferred interest and other .....		0
4. Accrual of discount .....		0
5. Unrealized valuation increase (decrease) .....		0
6. Total gain (loss) on disposals .....		0
7. Deduct amounts received on disposals .....		0
8. Deduct amortization of premium and mortgage interest points and commitment fees .....		0
9. Total foreign exchange change in book value/recorded investment excluding accrued interest .....		0
10. Deduct current year's other-than-temporary impairment recognized .....		0
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10) .....	0	0
12. Total valuation allowance .....		0
13. Subtotal (Line 11 plus Line 12) .....	0	0
14. Deduct total nonadmitted amounts .....	0	0
15. Statement value at end of current period (Line 13 minus Line 14)	0	0

NONE

**SCHEDULE BA – VERIFICATION**

**Other Long-Term Invested Assets**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	611,766	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....		600,000
2.2 Additional investment made after acquisition .....		0
3. Capitalized deferred interest and other .....		0
4. Accrual of discount .....		0
5. Unrealized valuation increase (decrease) .....	16,062	11,766
6. Total gain (loss) on disposals .....		0
7. Deduct amounts received on disposals .....		0
8. Deduct amortization of premium and depreciation .....		0
9. Total foreign exchange change in book/adjusted carrying value .....		0
10. Deduct current year's other-than-temporary impairment recognized .....		0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7+8+9-10) .....	627,828	611,766
12. Deduct total nonadmitted amounts .....	0	0
13. Statement value at end of current period (Line 11 minus Line 12)	627,828	611,766

**SCHEDULE D – VERIFICATION**

**Bonds and Stocks**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year .....	22,285,153	21,692,916
2. Cost of bonds and stocks acquired .....	1,930,231	3,206,312
3. Accrual of discount .....	817	4,858
4. Unrealized valuation increase (decrease) .....	160,077	511,174
5. Total gain (loss) on disposals .....	123,377	269,749
6. Deduct consideration for bonds and stocks disposed of .....	1,415,864	3,299,207
7. Deduct amortization of premium .....	28,929	100,649
8. Total foreign exchange change in book/adjusted carrying value .....		0
9. Deduct current year's other-than-temporary impairment recognized .....		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) .....	23,054,862	22,285,153
11. Deduct total nonadmitted amounts .....	4,022	3,861
12. Statement value at end of current period (Line 10 minus Line 11)	23,050,840	22,281,292

STATEMENT AS OF MARCH 31, 2017 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

**SCHEDULE D - PART 1B**

Showing the Acquisitions, Dispositions and Non-Trading Activity  
During the Current Quarter for all Bonds and Preferred Stock by NAIC Designation

NAIC Designation	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. NAIC 1 (a).....	14,600,071	1,933,685	1,439,557	(59,555)	15,034,645	0	0	14,600,071
2. NAIC 2 (a).....	804,645			(799)	803,847	0	0	804,645
3. NAIC 3 (a).....	0				0	0	0	0
4. NAIC 4 (a).....	0				0	0	0	0
5. NAIC 5 (a).....	0				0	0	0	0
6. NAIC 6 (a).....	0				0	0	0	0
7. Total Bonds	15,404,716	1,933,685	1,439,557	(60,353)	15,838,491	0	0	15,404,716
<b>PREFERRED STOCK</b>								
8. NAIC 1.....	0				0	0	0	0
9. NAIC 2.....	0				0	0	0	0
10. NAIC 3.....	0				0	0	0	0
11. NAIC 4.....	0				0	0	0	0
12. NAIC 5.....	0				0	0	0	0
13. NAIC 6.....	0				0	0	0	0
14. Total Preferred Stock.....	0	0	0	0	0	0	0	0
15. Total Bonds & Preferred Stock	15,404,716	1,933,685	1,439,557	(60,353)	15,838,491	0	0	15,404,716

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$ .....628,834 ; NAIC 2 \$ ..... ;  
NAIC 3 \$ ..... ; NAIC 4 \$ ..... ; NAIC 5 \$ ..... ; NAIC 6 \$ .....

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**SCHEDULE DA - PART 1**

Short-Term Investments

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999	628,834	XXX	628,834	737	

**SCHEDULE DA - VERIFICATION**

Short-Term Investments

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	856,483	650,837
2. Cost of short-term investments acquired .....	900,343	5,442,463
3. Accrual of discount .....		0
4. Unrealized valuation increase (decrease).....		0
5. Total gain (loss) on disposals .....		0
6. Deduct consideration received on disposals .....	1,127,991	5,236,817
7. Deduct amortization of premium.....		0
8. Total foreign exchange change in book/adjusted carrying value.....		0
9. Deduct current year's other-than-temporary impairment recognized.....		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	628,834	856,483
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	628,834	856,483

Schedule DB - Part A - Verification

**NONE**

Schedule DB - Part B - Verification

**NONE**

Schedule DB - Part C - Section 1

**NONE**

Schedule DB - Part C - Section 2

**NONE**

Schedule DB - Verification

**NONE**

Schedule E - Verification

**NONE**

Schedule A - Part 2

**NONE**

Schedule A - Part 3

**NONE**

Schedule B - Part 2

**NONE**

Schedule B - Part 3

**NONE**

Schedule BA - Part 2

**NONE**

Schedule BA - Part 3

**NONE**

STATEMENT AS OF MARCH 31, 2017 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

**SCHEDULE D - PART 3**

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

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
<b>Bonds - U.S. Governments</b>									
912828-N7-1	U S Treasury Inflation Note		03/14/2017	Northern Trust		155,118	150,000	.68	.1
912828-D5-6	U S Treasury Note		03/14/2017	Northern Trust		49,719	50,000	.92	.1
912828-V4-9	US Treasury Inflation Note		01/20/2017	Northern Trust		99,514	100,000	.17	.1
<b>0599999 - Bonds - U.S. Governments</b>						304,351	300,000	176	XXX
<b>Bonds - U.S. States, Territories and Possessions</b>									
677522-PN-8	Ohio St Conv Proj Ser A GO		01/13/2017	First Empire Securities Inc.		111,700	100,000		1FE
<b>1799999 - Bonds - U.S. States, Territories and Possessions</b>						111,700	100,000	0	XXX
<b>Bonds - U.S. Political Subdivisions of States, Territories and Possessions</b>									
101547-WF-0	Boulder Valley CO Sch Dist GO		03/17/2017	Raymond James & Associates, Inc.		111,197	100,000		1FE
132285-4B-0	City of Cambridge MA GO		03/02/2017	Raymond James & Associates, Inc.		123,559	100,000		1FE
454326-GT-0	Indian Lake OH LSD GO		02/16/2017	Fifth Third Securities, Inc.		118,500	100,000		1FE
848797-PL-4	Spokane Cnty WA Sch Dist No 356		01/09/2017	D A Davidson & Co.		111,503	100,000	456	1FE
<b>2499999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions</b>						464,759	400,000	456	XXX
<b>Bonds - U.S. Special Revenue</b>									
499818-K5-0	Knoxville TN Water Revenue		03/08/2017	VENDOR CODE FIRS NOT IN TABLE		152,532	135,000		1FE
<b>3199999 - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions</b>						152,532	135,000	0	XXX
<b>8399997 - Subtotals - Bonds - Part 3</b>						1,033,342	935,000	632	XXX
<b>8399999 - Subtotals - Bonds</b>						1,033,342	935,000	632	XXX
<b>Common Stocks - Industrial and Miscellaneous</b>									
29250N-10-5	Enbridge Inc		02/27/2017	Stock Merger	1,106.016	20,912			U
<b>9099999 - Common Stocks - Industrial and Miscellaneous (Unaffiliated)</b>						20,912	XXX	0	XXX
<b>Common Stocks - Mutual Funds</b>									
27826A-73-0	Eaton Vance Floating Rate Fd CL R6		01/11/2017	Stock Exchange	98,645.045	875,977			U
<b>9299999 - Common Stocks - Mutual Funds</b>						875,977	XXX	0	XXX
<b>9799997 - Subtotals - Common Stocks - Part 3</b>						896,889	XXX	0	XXX
<b>9799999 - Subtotals - Common Stocks</b>						896,889	XXX	0	XXX
<b>9899999 - Subtotals- Preferred and Common Stocks</b>						896,889	XXX	0	XXX
<b>9999999 Totals</b>						1,930,231	XXX	632	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues .....1

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STATEMENT AS OF MARCH 31, 2017 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation or Market Indicator (a)
<b>Bonds - U.S. Governments</b>																					
831641-ES-0	SBA SBIC 2010-10A 1 CMO		03/10/2017	PRINCIPAL RECEIPT		3,014	3,014	3,286	3,163		(149)		(149)		3,014			0	61	03/10/2020	1
912828-GD-6	U S Treasury Inflation Note		01/17/2017	MATURITY		239,566	200,000	200,459	239,720	(36,183)	14		(36,169)		203,551		36,015	36,015	2,845	01/15/2017	1
<b>0599999 - Bonds - U.S. Governments</b>																					
<b>Bonds - U.S. Political Subdivisions of States, Territories and Possessions</b>																					
25009X-FN-0	Des Moines IA Series A		02/24/2017	Partial Call		5,000	5,000	5,000	5,000				0		5,000			0	35	06/01/2022	1FE
287299-HD-6	Eik Grove Village IL		01/03/2017	MATURITY		300,000	300,000	302,083	300,000				0		300,000			0	2,125	01/01/2017	1FE
<b>2499999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions</b>																					
<b>8399997 - Subtotals - Bonds - Part 4</b>																					
<b>8399999 - Subtotals - Bonds</b>																					
<b>Common Stocks - Industrial and Miscellaneous (Unaffiliated)</b>																					
166764-10-0	Chevron Corporation		03/24/2017	Northern Trust		93,000	10,070	4,067	10,946	(6,879)			(6,879)		4,067		6,003	6,003	100	XXX	L
29250N-10-5	Enbridge Inc		03/27/2017	VARIOUS		1,106,016	45,986	20,912					0		20,912		25,074	25,074		XXX	L
369550-10-8	Genl Dynamics Corp		03/21/2017	Northern Trust		212,000	40,189	8,798	36,604	(27,806)			(27,806)		31,391		8,798	31,391	161	XXX	L
478160-10-4	Johnson & Johnson		03/21/2017	Northern Trust		118,000	15,034	5,869	13,595	(7,725)			(7,725)		5,869		9,165	9,165	94	XXX	L
487836-10-8	Kellogg Company		03/24/2017	Northern Trust		206,000	15,026	6,621	15,184	(8,563)			(8,563)		6,621		8,405	8,405	107	XXX	L
742718-10-9	Procter & Gamble Co		02/10/2017	Northern Trust		171,000	15,067	11,430	14,378	(2,948)			(2,948)		11,430		3,638	3,638		XXX	L
847560-10-9	Spectra Energy Corp		02/27/2017	Stock Merger		1,124,000	20,912	46,185		(25,273)			(25,273)		20,912				495	XXX	L
61945C-10-3	The Mosaic Company		03/21/2017	Northern Trust		523,000	15,009	14,430	15,340	(910)			(910)		14,430		580	580	144	XXX	L
<b>9099999 - Common Stocks - Industrial and Miscellaneous (Unaffiliated)</b>																					
<b>Common Stock - Mutual Funds</b>																					
277911-49-1	Eaton Vance Floating Rate Fnd CL I		01/11/2017	Stock Exchange		98,645,045	875,977	875,977	882,873	(6,896)			(6,896)		875,977			0	4,275	XXX	U
922908-55-3	Vanguard Reit ETF		03/30/2017	Northern Trust		183,000	15,013	11,906	15,103	(3,197)			(3,197)		11,906		3,107	3,107	109	XXX	L
<b>9299999 - Common Stocks - Mutual Funds</b>																					
<b>9799997 - Subtotals - Common Stocks - Part 4</b>																					
<b>9799999 - Subtotals - Common Stocks</b>																					
<b>9899999 - Subtotals - Preferred and Common Stocks</b>																					
<b>9999999 Totals</b>																					
						1,415,864	XXX	1,291,749	1,398,091	(126,381)	(135)	0	(126,516)	0	1,292,487	0	123,377	123,377	10,552	XXX	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues .....1.

EO5

Schedule DB - Part A - Section 1

**NONE**

Schedule DB - Part B - Section 1

**NONE**

Schedule DB - Part D - Section 1

**NONE**

Schedule DB - Part D - Section 2

**NONE**

Schedule DL - Part 1

**NONE**

Schedule DL - Part 2

**NONE**



STATEMENT AS OF MARCH 31, 2017 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

**SCHEDULE E - PART 2 - CASH EQUIVALENTS**

Show Investments Owned End of Current Quarter

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
<p><b>NONE</b></p>							
8699999 Total Cash Equivalents					0	0	0