

Amended Statement Cover

German Mutual Insurance Company

NAIC Company Code: 17884

NAIC Group Code: 4787

March 31, 2017 Quarterly Statement

Amendment number – 1

August 15, 2017

The following Changes are included with this amendment:

Revised Notes to Financial Statements

Added Notes 1.D. and 5.D.(5).

Revised Numbering of Notes 11.B., 12.A.(4), and 20.A. through D.



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

NAIC Group Code 4787 , 4787 NAIC Company Code 17884 Employer's ID Number 34-4469685
(Current Period) (Prior Period)

Organized under the Laws of Ohio , State of Domicile or Port of Entry OH

Country of Domicile United States of America

Incorporated/Organized 12/28/1984 Commenced Business 06/01/1867

Statutory Home Office 1000 Westmoreland Avenue , Napoleon, OH, 43545
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 625 West Main Street
(Street and Number)
New Holland, PA, US 17557-0489 (717)354-4921
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address PO Box 489 , New Holland, PA, US 17557-0489
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 625 West Main Street
(Street and Number)
New Holland, PA, US 17557-0489 (717)354-4921
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address german.goodville.com

Statutory Statement Contact Philip Wesley Shirk (717)354-4921-270
(Name) (Area Code)(Telephone Number)(Extension)
Phil.Shirk@goodville.com (717)354-5158
(E-Mail Address) (Fax Number)

OFFICERS

<u>Name</u>	<u>Title</u>
David Charles Gautsche	President
John Landis Frankenfield	Secretary
Allon H Lefever	Treasurer

OTHERS

Philip Wesley Shirk, Vice President
 Philip Wesley Shirk, Assistant Treasurer
 Jerry Lee Goodpaster, Assistant Secretary

DIRECTORS OR TRUSTEES

Sanford Landis Alderfer	Andrew Dula	Gregory Allen Edwards
John Landis Frankenfield	David Charles Gautsche	James Milton Harder
Allon H Lefever	Keith William Lehman	John Carlton Lehman Miller
John Scott Miller	Lori Beth Miller	Donald Lee Nice
Miriam Emma Shirk	Glennys Heatwole Shouey	Jeremy Charles Shue
Alan Edward Wyse		

State of Pennsylvania
 County of Lancaster ss

The officers of this reporting entity being duly affirmed, 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.

<u>(Signature)</u> David Charles Gautsche <u>(Printed Name)</u> 1. President <u>(Title)</u>	<u>(Signature)</u> Jerry Lee Goodpaster <u>(Printed Name)</u> 2. Assistant Secretary <u>(Title)</u>	<u>(Signature)</u> Philip Wesley Shirk <u>(Printed Name)</u> 3. Assistant Treasurer (CFO) <u>(Title)</u>
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Subscribed and affirmed to before me this _____ day of _____, 2017

a. Is this an original filing?
 b. If no, 1. State the amendment number
 2. Date filed
 3. Number of pages attached

Yes[] No[X]
 1
08/15/2017
 6

 (Notary Public Signature)

Notes to Financial Statement**1 Summary of Significant Accounting Policies****A. Accounting Practices**

The financial statements of German Mutual Insurance Company are presented on the basis of accounting practices prescribed or permitted by the Ohio Insurance Department.

The Insurance Department of the state of Ohio recognizes only statutory accounting practices prescribed 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 the 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 Insurance Commissioner has the right to permit other specific practices that deviate from prescribed practices.

A reconciliation of the Company's net income and policyholders' surplus between NAIC SAP and practices prescribed and permitted by the state of Ohio is shown below:

	SSAP #	F/S Page	F/S Line #	2017	2016
Net Income:					
(1) Company state basis (Page 4, Line 20, Columns 1 & 3)	XXX	XXX	XXX	\$ 542,883	\$ 2,856,133
(2) State Prescribed Practices that increase (decrease) NAIC SAP: e.g., Depreciation of fixed assets				0	0
(3) State Permitted Practices that increase (decrease) NAIC SAP: e.g., Depreciation, home office property				0	0
(4) NAIC SAP (1-2-3=4)	XXX	XXX	XXX	\$ 542,883	\$ 2,856,133
Surplus:					
(5) Company state basis (Page 3, Line 37, Columns 1 & 2)	XXX	XXX	XXX	\$ 17,911,818	\$ 16,767,214
(6) State Prescribed Practices that increase (decrease) NAIC SAP: e.g., Goodwill, net e.g., Fixed Assets, net				0	0
(7) State Permitted Practices that increase (decrease) NAIC SAP: e.g., Home Office Property				0	0
(8) NAIC SAP (5-6-7=8)	XXX	XXX	XXX	\$ 17,911,818	\$ 16,767,214

There are no accounting practices used by the Company which differ from NAIC SAP.

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

The preparation of financial statements in conformity with NAIC SAP 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 insurance 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 and ceded business and are based on reports received from ceding companies for assumed reinsurance.

Expenses incurred in connection with acquiring new 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:

- Short-term investments are stated at amortized cost.
- Bonds not backed by other loans are stated at amortized cost using the interest method.
- 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.
- Preferred stocks are stated in accordance with guidance provided in SSAP No. 32.
- The Company has no mortgage loans.
- Loan-backed securities are stated at either amortized cost or the lower of amortized cost or fair market value. The retrospective adjustment method is used to value all securities except for interest only securities or securities where the yield had become negative, that are valued using the prospective method.
- The Company does not have any investments in subsidiaries.
- The Company has no minority ownership interests in joint ventures.
- The Company does not have any investments in derivatives.
- The Company anticipates investment income, if applicable, as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, Property-Casualty Contracts-Premiums.

Notes to Financial Statement

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 does not engage in any activities which would require it to provide for estimated pharmaceutical rebates.

D. Going Concern

Management does not have any substantial doubts about the Company's ability to continue as a going concern.

2 Accounting Changes and Corrections of Errors

The Company has no accounting changes or correction of errors from the prior year to report.

3 Business Combinations and Goodwill

The Company was not involved in any business combinations during the current year.

4 Discontinued Operations

The Company did not dispose of any business segments during the current year.

5 Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans - No change

B. Debt Restructuring - No change

C. Reverse Mortgages - No change

D. Loan Backed Securities

1. Prepayment assumptions for mortgage-backed/loan-backed securities were obtained from broker dealer survey values or internal estimates.
2. There were no loan-backed securities with recognized other-than-temporary impairment losses in 2017.
3. The Company holds no loan-backed securities with a recognized other-than-temporary impairment for which the present value of cash flows expected to be collected is less than the securities amortized cost.
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 (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	\$ 57,395
	2. 12 Months or Longer	<u>\$ 8,349</u>
b. The aggregate related fair value of securities with unrealized losses:	1. Less than 12 Months	\$ 3,873,815
	2. 12 Months or Longer	<u>\$ 463,332</u>

5. The Company considers expected cash flows and amortized cost as a percentage of market value in determining that impairments are not other-than-temporary.

E. Repurchase Agreements and Securities Lending Transactions - No change

F. Real Estate - No change

G. Low-Income Housing Tax Credits - No change

H. Restricted Assets - No change

I. Working Capital Finance Investments

The Company does not have any investments in working capital finance securities.

J. Offsetting and Netting of Assets and Liabilities

The Company does not have any derivative, repurchase or reverse repurchase or securities lending assets and liabilities offset and reported net with a valid right of offset in accordance with SSAP No. 64.

K. Structured Notes - No change

L. 5* Securities - No change

Notes to Financial Statement**6 Joint Ventures, Partnerships and Limited Liability Companies**

No change

7 Investment Income

No change

8 Derivative Instruments

The Company did not own derivative instruments during the current year.

9 Income Taxes

The Company did not make any changes to tax accounting or tax strategy during the current year.

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

No change

11 Debt

A. The Company does not have any debt outstanding at March 31, 2017.

B. The Company does not have any FHLB loan agreements at March 31, 2017.

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

A. The Company sponsors a postretirement health care benefit plan covering substantially all employees of the Company and members of the Board of Directors who reach retirement age while working for the Company, have at least 15 years of service, and were employed as of December 31, 2004. This plan also covers the employee's spouse who has reached retirement age. The Company has terminated this plan for all employees hired and directors elected after December 31, 2004. The Company does not sponsor a defined benefit pension plan or special or contractual termination benefit plan.

4. Components of net periodic benefit cost

	<u>Postretirement Benefits</u>	
	2017	2016
a. Service cost	\$ 27,428	\$ 121,298
b. Interest cost	15,465	62,422
c. Expected return on plan assets	-	-
d. Transition asset or obligation	60,436	241,745
e. Gains and losses	(18,438)	(45,974)
f. Prior service cost or credit	-	-
g. Gain or loss recognized due to a settlement or curtailment	-	-
h. Total net periodic benefit cost	\$ 84,891	\$ 379,491

13 Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

No change

14 Liabilities, Contingencies and Assessments

No change

15 Leases

No change

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

No change

17 Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

B. The Company did not enter into any transactions involving sale, transfer or servicing of assets or extinguishments of liabilities.

C. The Company did not enter into any wash sale transactions during the current year.

Notes to Financial Statement**18 Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans**

The Company did not serve as administrator for any uninsured or partially insured accident and health plans during the current year.

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

The Company did not have any direct premium written or produced through managing general agents or third party administrators during the current year.

20 Fair Value Measurements

A. The Company has used the following methods and assumptions to estimate the fair value of each class of financial instruments for which it is practicable to estimate:

Investments – The fair value of stocks are primarily based upon quoted market prices. The fair value of bonds are primarily based upon either quoted market prices or inputs derived principally from or corroborated from observable market information.

Cash and short-term investments - The carrying amounts reported in the statements of admitted assets, liabilities and policyholders' surplus for these instruments approximate their fair values.

The Company ranks the quality and reliability of inputs, or assumptions, used in the determination of fair value and requires financial assets and liabilities carried or disclosed at fair value to be classified and disclosed in one of the following three categories:

Level 1 - Represents quoted prices in active markets for identical assets and liabilities. The Company considers U.S. treasury securities, covered call options and exchange-traded stocks to be Level 1 assets.

Level 2 - Represents financial assets whose fair value is determined based upon: quoted market prices for similar assets in active markets; quoted market prices for identical assets in inactive markets; inputs other than quoted market prices that are observable for the asset, such as interest rates or yield curves or other inputs derived principally from or corroborated from other observable market information. The Company considers all bonds, except U.S. treasury securities, to be Level 2 assets.

Level 3 - Represents financial assets whose fair value is determined based upon inputs that are unobservable.

1. The following table presents the fair value measurements for financial instruments measured and reported at fair value as of March 31, 2017.

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
a. Asset at fair value:				
Common Stock:				
Industrial and Misc	\$ 8,055,231	\$ 14,637	\$ 20,103	\$ 8,089,971
Total Common Stocks	\$ 8,055,231	\$ 14,637	\$ 20,103	\$ 8,089,971
Total assets at fair value	\$ 8,055,231	\$ 14,637	\$ 20,103	\$ 8,089,971
b. Liabilities at fair value:				
Derivative liabilities	\$ -	\$ -	\$ -	\$ -
Total liabilities at fair value	\$ -	\$ -	\$ -	\$ -

2. Changes in Level 3 assets are as follows:

Description	Beginning Balance at 1/1/2017	Transfers into Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance at 3/31/2017
a. Assets										
Common Stock	20,168	-	-	-	(65)	-	-	-	-	20,103
Total Assets	\$ 20,168	\$ -	\$ -	\$ -	\$ (65)	\$ -	\$ -	\$ -	\$ -	\$ 20,103
b. Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

3. Transfers between levels are recognized at the end of the reporting period.

4. Fair value measurements are determined based upon quoted market prices for similar assets in active markets, quoted market prices for identical assets in inactive markets, inputs other than quoted market prices that are observable for the asset, such as interest rates or yield curves, or other inputs derived principally from or corroborated from other observable market information.

5. The Company does not hold any derivative assets or liabilities.

Notes to Financial Statement

C. The fair value of all financial instruments and their carrying value are as follows:

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	\$ 19,762,997	\$ 19,762,997	\$ -	\$ 19,762,997	\$ -	\$ -
Common Stock	8,089,971	8,089,971	8,055,231	14,637	20,103	-
	<u>\$ 27,852,968</u>	<u>\$ 27,852,968</u>	<u>\$ 8,055,231</u>	<u>\$ 19,777,634</u>	<u>\$ 20,103</u>	<u>\$ -</u>

D. The Company does not hold any financial instruments for which it is not practicable to estimate fair value.

21 Other Items

No change

22 Events Subsequent

No change

23 Reinsurance

No change

24 Retrospectively Rated Contracts & Contracts Subject to Redetermination

The Company does not write any contracts with retroactive rated contract terms nor has it written any accident and health insurance premium that is subject to the ACA risk-sharing provisions.

25 Incurred Losses and Loss Adjustment Expenses

Loss and loss adjusting reserves as of December 31, 2016 were \$6,452,515. As of March 31, 2017, \$1,536,401 has been paid in the current year for incurred claims and claims adjustment expense to insured events of prior years. Reserves remaining for prior years are now \$4,656,623 as a result of re-estimation of unpaid claims and claim adjustment expenses and settlement of prior year claims. Therefore, there has been \$259,491 favorable prior year development. The favorable development is the result of changes in original estimates as additional information becomes known on individual claims, IBNR reserve changes, and settlement of individual claims at amounts that deviate from reserves. The activity and balances reflect the pooling arrangement.

26 Intercompany Pooling Arrangements

The Company participates in an intercompany pooling arrangement with Goodville Mutual Casualty Company (NAIC: 14044). This arrangement provides for the cession of activity from all lines of insurance written, including premium, losses and loss adjustment expenses to Goodville Mutual. The Company receives a 15% share of the total pool while Goodville Mutual retains 85% of the 100% pooling arrangement. The Company and Goodville Mutual also share expenses related to their joint operations. These expenses are allocated in the same proportion as the reinsurance activity.

All business ceded to non-affiliated reinsurers is recorded prior to the cession of pooled business and is included in the intercompany pooling arrangement.

Amounts Receivable (Payable) from (to) Goodville Mutual under this arrangement at March 31, 2017 are as follows:

Reinsurance recoverable on loss and loss adjustment expenses	\$ 703,015
Premiums in course of collection	5,286,196
Receivable from affiliate for expenses	512,133
Ceded reinsurance premiums payable	(4,862)
Reinsurance payable on loss and loss adjustment expenses	(3,108,241)
Payable to affiliate for expenses	<u>(2,556,822)</u>
Net Receivable (Payable)	<u>\$ 831,419</u>

27 Structured Settlements

No change

28 Health Care Receivables

The Company does not have health care receivables.

29 Participating Policies

The Company does not write accident and health insurance.

Notes to Financial Statement

30 Premium Deficiency Reserves

No change

31 High Deductibles

The Company does not issue high deductible policies.

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

The Company does not discount liabilities for unpaid losses or unpaid loss adjustment expenses.

33 Asbestos/Environmental Reserves

The Company does not have exposure to asbestos or environmental claims.

34 Subscriber Savings Accounts

The Company is not a reciprocal insurance company and accordingly, has no subscriber savings accounts.

35 Multiple Peril Crop Insurance

The Company does not write multiple peril crop insurance.

36 Financial Guaranty Insurance

The Company does not write financial guaranty insurance.