



PROPERTY AND CASUALTY COMPANIES—ASSOCIATION EDITION

# QUARTERLY STATEMENT

AS OF JUNE 30, 2017  
OF THE CONDITION AND AFFAIRS OF THE

## LIGHTNING ROD MUTUAL INSURANCE COMPANY

NAIC Group Code	02070 (Current Period)	02070 (Prior Period)	NAIC Company Code	26123	Employer's ID Number	34-0359380
Organized under the Laws of	Ohio		State of Domicile or Port of Entry	Ohio		
Country of Domicile	United States					
Incorporated/Organized	01/01/1906		Commenced Business	03/01/1906		
Statutory Home Office	1685 Cleveland Road (Street and Number)		Wooster, OH, US 44691-0036 (City or Town, State, Country and Zip Code)			
Main Administrative Office	1685 Cleveland Road (Street and Number)		Wooster, OH, US 44691-0036 (City or Town, State, Country and Zip Code)		330-262-9060 (Area Code) (Telephone Number)	
Mail Address	1685 Cleveland Road (Street and Number or P.O. Box)		Wooster, OH, US 44691-0036 (City or Town, State, Country and Zip Code)			
Primary Location of Books and Records	1685 Cleveland Road (Street and Number)		Wooster, OH, US 44691-0036 (City or Town, State, Country and Zip Code)		330-262-9060 (Area Code) (Telephone Number)	
Internet Web Site Address	www.wrg-ins.com					
Statutory Statement Contact	Christopher M. Racz, CPA (Name)		330-262-9060-2446 (Area Code) (Telephone Number) (Extension)			
	Christopher Racz@wrg-ins.com (E-Mail Address)		330-264-7822 (Fax Number)			

### OFFICERS

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

### OTHER OFFICERS

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

### DIRECTORS OR TRUSTEES

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

State of .....Ohio.....

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 OFFICERMICHAEL A. SHUTT  
VICE PRESIDENT AND TREASURER -CHIEF  
FINANCIAL OFFICERa. Is this an original filing? Yes  No 

b. If no:

1. State the amendment number
2. Date filed
3. Number of pages attached

Subscribed and sworn to before me this

10 day of August, 2017

Anita M. Bille, Notary Public  
February 23, 2022

**STATEMENT AS OF JUNE 30, 2017 OF THE LIGHTNING ROD 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 .....	136,929,158	0	136,929,158	132,494,279
2. Stocks:				
2.1 Preferred stocks .....	0	0	0	0
2.2 Common stocks .....	78,232,411	355,783	77,876,628	74,997,222
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) .....	4,398,083	0	4,398,083	4,516,742
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 (\$ 28,689,535 ), cash equivalents (\$ 0 ) and short-term investments (\$ 4,882,217 ) .....	33,571,752	0	33,571,752	34,927,166
6. Contract loans (including \$ ..... premium notes) .....	0	0	0	0
7. Derivatives .....	0	0	0	0
8. Other invested assets .....	16,356,914	0	16,356,914	16,751,097
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) .....	269,488,317	355,783	269,132,535	263,686,506
13. Title plants less \$ ..... charged off (for Title insurers only) .....	0	0	0	0
14. Investment income due and accrued .....	1,475,823	0	1,475,823	1,462,415
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	15,921,141	65,127	15,856,015	15,877,772
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 .....	21,861	0	21,861	378,020
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 .....	604,760	0	604,760	613,629
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 (\$ ..... ) .....	613,108	613,108	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 .....	171,578	171,578	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	288,296,589	1,205,595	287,090,993	282,018,342
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	0	0	0	0
28. Total (Lines 26 and 27) .....	288,296,589	1,205,595	287,090,993	282,018,342
<b>DETAILS OF WRITE-INS</b>				
1101. .....		0	0	0
1102. .....	0	0	0	0
1103. .....	0	0	0	0
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above) .....	0	0	0	0
2501. Prepaid Asset .....	171,578	171,578	0	0
2502. .....			0	0
2503. .....	0	0	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	171,578	171,578	0	0

**STATEMENT AS OF JUNE 30, 2017 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY**

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$ 17,353,064 )	42,495,816	39,827,983
2. Reinsurance payable on paid losses and loss adjustment expenses	0	0
3. Loss adjustment expenses	8,276,225	8,276,225
4. Commissions payable, contingent commissions and other similar charges	2,909,855	3,825,235
5. Other expenses (excluding taxes, licenses and fees)	3,116,867	5,283,384
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	708,235	1,388,078
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))	0	0
7.2 Net deferred tax liability	5,268,140	4,559,187
8. Borrowed money \$ and interest thereon \$	0	0
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ 1,222,832 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)	54,443,492	52,786,332
10. Advance premium	1,043,244	672,450
11. Dividends declared and unpaid:		
11.1 Stockholders	0	0
11.2 Policyholders	0	0
12. Ceded reinsurance premiums payable (net of ceding commissions)	(383,026)	344,699
13. Funds held by company under reinsurance treaties	0	0
14. Amounts withheld or retained by company for account of others	897,269	1,254,579
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)	118,776,117	118,218,153
27. Protected cell liabilities	0	0
28. Total liabilities (Lines 26 and 27)	118,776,117	118,218,153
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)	168,314,876	163,800,189
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)	168,314,876	163,800,189
38. Totals (Page 2, Line 28, Col. 3)	287,090,993	282,018,342
<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 AS OF JUNE 30, 2017 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY**

**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 \$ 46,516,945 )	45,797,068	46,070,881	92,483,674
1.2 Assumed (written \$ 62,174,330 )	59,836,266	55,573,325	113,296,514
1.3 Ceded (written \$ 50,305,497 )	48,904,724	47,118,921	95,391,972
1.4 Net (written \$ 58,385,778 )	56,728,610	54,525,285	110,388,216
DEDUCTIONS:			
2. Losses incurred (current accident year \$ ):			
2.1 Direct	26,056,954	19,449,019	42,352,291
2.2 Assumed	34,727,945	32,678,682	67,589,107
2.3 Ceded	27,157,487	23,563,541	49,739,476
2.4 Net	33,627,412	28,564,160	60,201,922
3. Loss adjustment expenses incurred	5,472,140	5,213,364	11,608,184
4. Other underwriting expenses incurred	18,520,317	17,777,588	36,411,917
5. Aggregate write-ins for underwriting deductions	0	0	0
6. Total underwriting deductions (Lines 2 through 5)	57,619,869	51,555,112	108,222,023
7. Net income of protected cells	0	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	(891,259)	2,970,172	2,166,193
<b>INVESTMENT INCOME</b>			
9. Net investment income earned	2,272,447	2,377,653	5,078,582
10. Net realized capital gains (losses) less capital gains tax of \$ 313,942	609,417	382,607	1,592,280
11. Net investment gain (loss) (Lines 9 + 10)	2,881,864	2,760,260	6,670,862
<b>OTHER INCOME</b>			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 62,392 amount charged off \$ 62,392 )	(62,392)	(43,690)	(90,518)
13. Finance and service charges not included in premiums	816,146	791,117	1,597,562
14. Aggregate write-ins for miscellaneous income	8,654	8,909	16,192
15. Total other income (Lines 12 through 14)	762,408	756,336	1,523,235
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	2,753,013	6,486,768	10,360,290
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)	2,753,013	6,486,768	10,360,290
19. Federal and foreign income taxes incurred	524,928	1,670,038	1,335,511
20. Net income (Line 18 minus Line 19)(to Line 22)	2,228,085	4,816,730	9,024,779
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
21. Surplus as regards policyholders, December 31 prior year	163,800,189	151,532,362	151,532,360
22. Net income (from Line 20)	2,228,085	4,816,730	9,024,779
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 \$ 1,101,190	2,136,116	2,002,634	4,176,946
25. Change in net unrealized foreign exchange capital gain (loss)	0	0	0
26. Change in net deferred income tax	392,237	(52,848)	(970,783)
27. Change in nonadmitted assets	(156,861)	(131,787)	36,887
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	(84,889)	0	0
38. Change in surplus as regards policyholders (Lines 22 through 37)	4,514,688	6,634,729	12,267,829
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	168,314,876	158,167,092	163,800,189
<b>DETAILS OF WRITE-INS</b>			
0501.	0	0	0
0502.	0	0	0
0503.	0	0	0
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0
0599. <b>TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)</b>	0	0	0
1401. Other Income	7,941	2,058	4,958
1402. Gain/(Loss) sale of Equipment	713	6,851	11,234
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. <b>TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)</b>	8,654	8,909	16,192
3701. Prior Period Adjustment to Surplus	(84,889)	0	0
3702.	0	0	0
3703.	0	0	0
3798. Summary of remaining write-ins for Line 37 from overflow page	0	0	0
3799. <b>TOTALS (Lines 3701 through 3703 plus 3798) (Line 37 above)</b>	(84,889)	0	0

**STATEMENT AS OF JUNE 30, 2017 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY**

**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.....	58,028,838	55,720,341	112,242,965
2. Net investment income.....	2,673,583	2,748,539	5,981,969
3. Miscellaneous income.....	762,408	756,336	1,523,235
4. Total (Lines 1 to 3).....	61,464,829	59,225,216	119,748,169
5. Benefit and loss related payments.....	30,603,420	25,573,665	55,907,150
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.....	27,679,902	26,553,801	46,932,561
8. Dividends paid to policyholders.....	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses).....	830,000	2,200,000	2,200,000
10. Total (Lines 5 through 9).....	59,113,322	54,327,466	105,039,711
11. Net cash from operations (Line 4 minus Line 10).....	2,351,507	4,897,750	14,708,458
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds.....	6,193,240	7,325,352	14,854,186
12.2 Stocks.....	1,850,907	2,097,158	12,570,526
12.3 Mortgage loans.....	0	0	0
12.4 Real estate.....	0	0	354,131
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.....	118,657	127,124	3
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	8,162,804	9,549,634	27,778,846
13. Cost of investments acquired (long-term only):			
13.1 Bonds.....	11,075,001	6,339,514	20,929,178
13.2 Stocks.....	230,093	3,040,236	6,737,630
13.3 Mortgage loans.....	0	0	0
13.4 Real estate.....	0	33,952	55,362
13.5 Other invested assets.....	0	0	6,985,000
13.6 Miscellaneous applications.....	0	1	0
13.7 Total investments acquired (Lines 13.1 to 13.6).....	11,305,094	9,413,703	34,707,170
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).....	(3,142,290)	135,932	(6,928,324)
<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).....	(564,631)	(1,177,660)	(971,128)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6).....	(564,631)	(1,177,660)	(971,128)
<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).....	(1,355,413)	3,856,022	6,809,006
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	34,927,165	28,118,159	28,118,159
19.2 End of period (Line 18 plus Line 19.1).....	33,571,752	31,974,181	34,927,165

## NOTES TO FINANCIAL STATEMENTS

### 1. Summary of Significant Accounting Policies

#### A. Accounting Practices

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

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

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

	State of Domicile	2017	2016
<b><u>NET INCOME</u></b>			
(1) LRMIC state basis (Page 4, Line 20, Columns 1 & 2)	Ohio	\$ 2,228,085	\$ 9,024,779
(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>\$ 2,228,085</u>	<u>\$ 9,024,779</u>
<b><u>SURPLUS</u></b>			
(5) LRMIC state basis (Page 3, Line 37, Columns 1 & 2)	Ohio	\$ 168,314,876	\$ 163,800,189
(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>\$ 168,314,876</u>	<u>\$ 163,800,189</u>

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

No significant changes.

#### C. Accounting Policy

No significant changes.

#### D. Going Concern

Not applicable.

### 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.

### 4. Discontinued Operations

Not applicable.

### 5. Investments

#### A. Mortgage Loans, including Mezzanine Real Estate Loans

Not applicable.

#### B. Debt Restructuring

Not applicable.

#### C. Reverse Mortgages

Not applicable.

## NOTES TO FINANCIAL STATEMENTS

### D. Loan—Backed Securities

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	\$ (21,980)
2. 12 months or Longer	\$ (11,784)

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

1. Less than 12 months	\$ (1,723,932)
2. 12 months or longer	\$ (575,951)

5. The Company reviews all loan-backed and structured securities in which the fair value of a given security is less than the amortized cost to determine if a given security is other-than-temporarily impaired. The Company examines characteristics of the underlying collateral, such as delinquency and default rates, the quality of the underlying borrower, the type of collateral in the pool, the vintage year of the collateral, subordination levels within the structure of the collateral pool, and the quality of any credit guarantors, to determine the cash flows expected to be received for the security.

If the severity and duration of the security's unrealized loss indicates a risk of other-than-temporary impairment, then the Company will evaluate if the amortized cost basis of the security will be recovered by comparing the present value of the cash flows expected to be received for the given security with the amortized basis of the security. If the present value of cash flows is greater than the amortized cost basis of a security then the security is deemed not to be other-than-temporarily impaired.

### E. Repurchase Agreements and/or Securities Lending Transactions

Not applicable.

### F. Real Estate

Not applicable.

### G. Low—income Housing Tax Credits (LIHTC)

Not applicable.

### H. Restricted Assets

The Company is a member of the Federal Home Loan Bank (FHLB) of Cincinnati. The stock owned is carried at \$364,000. The Company has no outstanding loans at June 30, 2017.

### 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	\$1,006,332	\$1,330,061	\$1,163,620	NO
912828-HN-3	480,143	586,229	580,770	NO
912828-LA-6	503,326	596,801	573,323	NO
912828-S5-0	1,204,745	1,180,769	1,223,316	NO
912828-UH-1	479,490	524,837	515,407	NO
<b>Total:</b>	<b>\$3,674,036</b>	<b>\$4,218,697</b>	<b>\$4,056,437</b>	

### 6. Joint Ventures, Partnerships and Limited Liability Companies

No significant changes.

### 7. Investment Income

No significant changes.

## NOTES TO FINANCIAL STATEMENTS

### 8. Derivative Instruments

No significant changes.

### 9. Income Taxes

A. The components of the net deferred tax asset/(liability) at June 30, 2017 and December 31, 2016 are as follows:

1.

	06/30/2017		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
(a) Gross Deferred Tax Assets	\$ 6,784,067	\$ 1,331,253	\$ 8,115,320
(b) Statutory Valuation Allowance Adjustments	—	—	—
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	6,784,067	1,331,253	8,115,320
(d) Deferred Tax Assets Nonadmitted	—	—	—
(e) Subtotal Net Deferred Tax Asset (1c – 1d)	6,784,067	1,331,253	8,115,320
(f) Deferred Tax Liabilities	(553,241)	(12,830,219)	(13,383,460)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability)			
(h) (1e – 1f)	<u>\$ 6,230,826</u>	<u>\$ (11,498,966)</u>	<u>\$ (5,268,140)</u>
	12/31/2016		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
(i) Gross Deferred Tax Assets	\$ 6,340,612	\$ 1,359,813	\$ 7,700,425
(j) Statutory Valuation Allowance Adjustments	—	—	—
(k) Adjusted Gross Deferred Tax Assets (1a – 1b)	6,340,612	1,359,813	7,700,425
(l) Deferred Tax Assets Nonadmitted	—	—	—
(m) Subtotal Net Deferred Tax Asset (1c – 1d)	6,340,612	1,359,813	7,700,425
(n) Deferred Tax Liabilities	(530,583)	(11,729,029)	(12,259,612)
(o) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability)			
(1e – 1f)	<u>\$ 5,810,029</u>	<u>\$ (10,369,216)</u>	<u>\$ (4,559,187)</u>
	Change		
	(7)	(8)	(9)
	(Col 1—4) Ordinary	(Col 2—5) Capital	(Col 7+8) Total
(a) Gross Deferred Tax Assets	\$ 443,455	\$ (28,560)	\$ 414,895
(b) Statutory Valuation Allowance Adjustments	—	—	—
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	443,455	(28,560)	414,895
(d) Deferred Tax Assets Nonadmitted	—	—	—
(e) Subtotal Net Deferred Tax Asset (1c – 1d)	443,455	(28,560)	414,895
(f) Deferred Tax Liabilities	(22,658)	(1,101,190)	(1,123,845)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability)			
(1e – 1f)	<u>\$ 420,797</u>	<u>\$ (1,129,750)</u>	<u>\$ (708,953)</u>

2. Admission Calculation Components SSAP No. 101

	06/30/2017		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ 4,409,022	\$ —	\$ 4,409,022
(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.	569,936	—	569,936
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	569,936	—	569,936
	XXX	XXX	25,247,231
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.	1,805,109	1,331,253	3,316,362
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))	<u>\$ 6,784,067</u>	<u>\$ 1,331,253</u>	<u>\$ 8,115,320</u>

## NOTES TO FINANCIAL STATEMENTS

	12/31/2016		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
(e) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ 4,160,506	\$ —	\$ 4,160,506
(f) 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)		—	—
3. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	535,708	—	535,708
4. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	24,597,181
(g) Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.	1,644,398	1,359,813	3,004,211
(h) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))	\$ 6,340,612	\$ 1,359,813	\$ 7,700,425
	Change		
	(7)	(8)	(9)
	(Col 1—4) Ordinary	(Col 2—5) Capital	(Col 7+8) Total
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ 248,516	\$ —	\$ 248,516
(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)	34,228	—	34,228
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	34,228	—	34,228
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	650,050
(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.	160,711	(28,560)	132,151
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))	\$ 443,455	\$ (28,560)	\$ 414,895
3.			
	2017		2016
(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.	\$ 168,314,876	\$ 163,800,189	
4. Impact of Tax—Planning Strategies			
	06/30/2017		
	(1)	(2)	
	Ordinary	Capital	
(a) Determination Of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets, By Tax Character As A Percentage.			
1. Adjusted Gross DTAs Amount From Note 9A1(c)	\$ 6,784,067	\$ 1,331,253	
2. Percentage of Adjusted Gross DTAs By Tax Character Attributable To The Impact Of Tax Planning Strategies	0%	0%	
3. Net Admitted Adjusted Gross DTAs Amount from Note 9A1(e)	\$ 6,784,067	\$ 1,331,253	
4. Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies	0%	0%	

## NOTES TO FINANCIAL STATEMENTS

		12/31/2016	
		(1)	(2)
		Ordinary	Capital
(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)	\$ 6,340,612	\$ 1,359,813
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)	\$ 6,340,612	\$ 1,359,813
8.	Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies	0%	0%

Change	
(5)	(6)
(Col 1-3)	(Col 2-4)
Ordinary	Capital

(a)	Determination Of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets, By Tax Character As A Percentage.		
1.	Adjusted Gross DTAs Amount From Note 9A1(c)	\$ 443,455	\$ (28,560)
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)	\$ 443,455	\$ (28,560)
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 X

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)
	06/30/2017	12/31/2016	(Col 1-2) Change
1. Current Income Tax			
(a) Federal	\$ 524,928	\$ 1,335,511	\$ (810,583)
(b) Foreign	\$ —	\$ —	\$ —
(c) Subtotal	\$ 524,928	\$ 1,335,511	\$ (810,583)
(d) Federal income tax on net capital gains	\$ 313,942	\$ 820,265	\$ (506,323)
(e) Utilization of operating loss carry—forwards	\$ —	\$ —	\$ —
(f) Other	\$ —	\$ —	\$ —
(g) Federal and foreign income taxes incurred	<u>\$ 838,870</u>	<u>\$ 2,155,776</u>	<u>\$ (1,316,906)</u>
2. Deferred Tax Assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	\$ 522,162	\$ 522,162	\$ —
(2) Unearned premium reserve	\$ 3,702,157	\$ 3,589,469	\$ 112,688
(3) Policyholder reserves	\$ —	\$ —	\$ —
(4) Investments	\$ —	\$ —	\$ —
(5) Deferred acquisition costs	\$ —	\$ —	\$ —
(6) Policyholder dividends accrual	\$ —	\$ —	\$ —
(7) Fixed assets	\$ 266,793	\$ 225,166	\$ 41,627
(8) Compensation and benefits accrual	\$ 417,166	\$ 376,420	\$ 40,746
(9) Pension accrual	\$ 137,857	\$ 66,917	\$ 70,940
(10) Receivables – nonadmitted	\$ 22,143	\$ 14,746	\$ 7,397
(11) Net operating loss carry—forward	\$ —	\$ —	\$ —
(12) Tax credit carry—forward	\$ —	\$ —	\$ —
(13) Other (including items <5% of total ordinary tax assets):			
(14) Salvage and subrogation anticipated	\$ 1,105,345	\$ 1,105,345	\$ —
(15) Software capitalized	\$ 389,760	\$ 338,417	\$ 51,343
(16) Other	\$ 220,684	\$ 101,970	\$ 118,714
(99) Subtotal	<u>\$ 6,784,067</u>	<u>\$ 6,340,612</u>	<u>\$ 443,655</u>
(b) Statutory valuation allowance adjustment	\$ —	\$ —	\$ —
(c) Nonadmitted	\$ —	\$ —	\$ —
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	<u>\$ 6,784,067</u>	<u>\$ 6,340,612</u>	<u>\$ 443,655</u>

## NOTES TO FINANCIAL STATEMENTS

(e) Capital:

(1) Investments	\$ —	\$ —	\$ —	\$ —
(2) Net capital loss carry-forward	\$ —	\$ —	\$ —	\$ —
(3) Real estate	\$ —	\$ —	\$ —	\$ —
(4) Other (including items <5% of total capital tax assets):				
(5) Unrealized capital losses for impaired securities	\$ 1,311,625	\$ 1,340,185	\$ (28,560)	
(6) Other	\$ 19,628	\$ 19,628	\$ —	
(99) Subtotal	\$ 1,331,253	\$ 1,359,813	\$ (28,560)	
(f) Statutory valuation allowance adjustment	\$ —	\$ —	\$ —	\$ —
(g) Nonadmitted	\$ —	\$ —	\$ —	\$ —
(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	\$ 1,331,253	\$ 1,359,813	\$ (28,560)	
(i) Admitted deferred tax assets (2d + 2h)	\$ 8,115,320	\$ 7,700,425	\$ 414,895	

(1)	(2)	(3)
06/30/2017	12/31/2016	(Col 1-2) Change

3. Deferred Tax Liabilities:

(a) Ordinary:

(1) Investments	\$ (268,712)	\$ (282,671)	\$ 13,959
(2) Fixed assets	\$ —	\$ —	\$ —
(3) Deferred and uncollected premium	\$ —	\$ —	\$ —
(4) Policyholder reserves	\$ —	\$ —	\$ —
(5) Other (including items <5% of total ordinary tax liabilities):			
(6) Accumulated amortization software	\$ (250,862)	\$ (211,166)	\$ (39,696)
(7) Tax over book depreciation	\$ (33,667)	\$ (36,747)	\$ 3,080
(99) Subtotal	\$ (553,241)	\$ (530,583)	\$ (22,658)

(b) Capital:

(1) Investments	\$ —	\$ —	\$ —
(2) Real estate	\$ —	\$ —	\$ —
(3) Other (including items <5% of total capital tax liabilities):			
(4) Unrealized capital gains	\$ (12,830,219)	\$ (11,729,029)	\$ (1,101,190)
(99) Subtotal	\$ (12,830,219)	\$ (11,729,029)	\$ (1,101,190)

(c) Deferred tax liabilities (3a99 + 3b99)

4. Net deferred tax assets/liabilities (2i – 3c)

\$ (13,383,460) \$ (12,259,612) \$ (1,123,845)

\$ (5,268,140) \$ (4,559,187) \$ (708,951)

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

	<u>06/30/2017</u>	<u>Effective Tax Rate</u>
Provision computed at statutory rate	\$ 1,042,765	34.0%
Tax exempt interest	(206,646)	(6.7%)
Dividends received deduction	(138,431)	(4.5%)
Change in deferred tax on nonadmitted assets	49,024	1.6%
Other	(299,573)	(9.8%)
Total	\$ 447,139	14.6%
Federal and foreign income taxes incurred	\$ 524,104	17.1%
Tax on capital gains (losses)	313,942	10.2%
Change in net deferred income taxes	(391,731)	(12.8%)
Total statutory income taxes	\$ 447,139	14.6%

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

(1) As of June 30, 2017, the Company had no net operating loss or net capital loss carry—forwards available for tax purposes.

As of June 30, 2017, the Company had no alternative minimum tax (AMT) credit carry—forwards.

(2) As June 30, 2017, the Company had federal income taxes incurred available for recoupment in the event of future net losses of \$4,803,408.

(3) The Company has no deposits reported as admitted assets under IRC §6603 as of June 30, 2017.

F. The Company files an individual federal income tax return.

## NOTES TO FINANCIAL STATEMENTS

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

- A. Not applicable.
- B. Not applicable.
- C. Not applicable.
- D. At June 30, 2017, there were no intercompany balances due to and/or due from its Subsidiaries and Affiliates. The intercompany balances due from and/or due to its Subsidiaries and Affiliates are reimbursed quarterly on an as made basis.
- E. Not applicable.
- F. No significant changes.
- G. No significant changes.
- H. Not applicable.
- I. Not applicable.
- J. Not applicable.
- K. No significant changes.

### 11. Debt

- A. The Company has no outstanding debentures at June 30, 2017 nor December 31, 2016.

#### B. FHLB (Federal Home Loan Bank) Agreements

- (1) The Company is a member of the Federal Home Loan Bank (FHLB) of Cincinnati. As of June 30, 2017, the Company has not issued debt to the FHLB in exchange for cash. It is part of the Company's strategy to utilize these funds for operations, and any funds obtained from the FHLB of Cincinnati for use in general operations would be accounted for consistent with SSAP No. 15, *Debt and Holding Company Obligations* as borrowed money. The Company has determined the estimated maximum borrowing capacity as \$13,148,953. The Company calculated this amount in accordance with the Company's holdings of U.S. Treasuries, U.S. Agencies, U.S. Agency residential and commercial mortgage backed securities, and eligible municipal securities including both revenue and general obligation bonds that meet minimum FHLB credit risk requirements.

#### (2) FHLB Capital Stock

##### a. Aggregate Totals

###### 1. Current Year

	(1)	(2)	(3)
	Total 2 + 3	General Account	Separate Accounts
a. Membership Stock – Class A	\$ —	\$ —	\$ —
b. Membership Stock – Class B	\$ 338,422	\$ 338,421	\$ —
c. Activity Stock	\$ —	\$ —	\$ —
d. Excess Stock	\$ 25,578	\$ 25,578	\$ —
e. Aggregate Total	<u>\$ 364,000</u>	<u>\$ 364,000</u>	<u>\$ —</u>
f. Actual or Estimated Borrowing Capacity as Determined by the Insurer	<u>\$ 13,148,933</u>	<u>\$ XXX</u>	<u>\$ XXX</u>

###### 2. Prior Year

	(1)	(2)	(3)
	Total 2 + 3	General Account	Separate Accounts
g. Membership Stock – Class A	\$ —	\$ —	\$ —
h. Membership Stock – Class B	\$ 364,000	\$ 364,000	\$ —
i. Activity Stock	\$ —	\$ —	\$ —
j. Excess Stock	\$ —	\$ —	\$ —
k. Aggregate Total (a+b+c+d)	<u>\$ 364,000</u>	<u>\$ 364,000</u>	<u>\$ —</u>
l. Actual or Estimated Borrowing Capacity as Determined by the Insurer	<u>\$ 74,328,752</u>	<u>\$ XXX</u>	<u>\$ XXX</u>

## NOTES TO FINANCIAL STATEMENTS

### 3. Membership Stock Eligible for Redemption

Membership Stock	Current Year Total	Not Eligible For Redemption	Less Than Six Months	Six Months to Less Than a Year	1 to Less Than 3 Years	3 to 5 Years
1. Class A	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
2. Class B	\$ 364,000	\$ —	\$ —	\$ —	\$ —	\$ 364,000

#### C. Collateral pledged to the FHLB

Not applicable.

#### D. Borrowing from FHLB

Not applicable.

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

#### A. Defined Benefit Plans

The Company has a non-qualified, unfunded, retiree healthcare plan. The retiree health care plan 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 June 30, 2017 and December 31, 2016, amounts held for these deferrals were \$.8 million and \$1.3 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 \$37.7 million and \$34.5 million at June 30, 2017 and December 31, 2016, respectively.

## NOTES TO FINANCIAL STATEMENTS

(11) Not applicable.

(12) Not applicable.

(13) Not applicable.

### 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 June 30, 2017:

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
a. Assets at fair value:				
Bonds:				
Industrial and Misc	\$ —	\$ 562,202	\$ —	\$ 562,202
Total Bonds	—	562,202	—	562,202
Common Stock:				
Mutual Funds	29,044,208	—	—	29,044,208
Industrial and Misc	48,236,949	364,000	231,471	48,832,420
Total Common Stocks	77,281,157	364,000	231,471	77,876,628
Other Invested Assets	6,324,144	10,032,770	—	16,356,914
Total assets at fair value	\$ 83,605,301	\$ 10,958,972	\$ 231,471	\$ 94,795,744
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	26,419,418	\$ —	\$ —	\$ 26,419,418
Industrial and Misc	47,982,333	364,000	231,471	48,577,804
Total Common Stocks	74,401,751	364,000	231,471	74,997,222
Other Invested Assets	6,729,426	10,021,671	—	16,751,097
Total assets at fair value	\$ 81,131,177	\$ 10,385,671	\$ 231,471	\$ 91,748,319
Liabilities at fair value:				
Not applicable.				

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

	Beginning Balance at 01/01/2017	Transfers In/(out) Level 3	Total Gains/(Losses) Included in Net Income	Total Gains/(Losses) Included in Surplus	Purchases (Sales)	Ending Balance at 06/30/2017
a. Assets:						
Common Stock:						
Industrial and Misc	\$ 231,471	\$ —	\$ —	\$ —	\$ —	\$ 231,471
Total Assets	\$ 231,471	\$ —	\$ —	\$ —	\$ —	\$ 231,471
b. Liabilities:						
Not applicable.						

## NOTES TO FINANCIAL STATEMENTS

(3) The Company's policy is to recognize transfers in and out as of the end of the reporting period.

(4) As of June 30, 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	\$ 139,889,489	\$ 136,929,158	\$ 8,977,851	\$ 130,911,638	\$ —	\$ —
Common Stock	77,876,628	77,876,628	77,281,157	364,000	231,471	—
Other Invested Assets	16,356,914	16,356,914	6,324,144	10,032,769	—	—
Short-Term Investments	4,882,217	4,882,217	—	4,882,217	—	—

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 August 15, 2017 for the statutory statement issued on August 15, 2017 for the quarter ending June 30, 2017. No Type I events were identified that would have a material effect on the financial condition of the Company.

#### Type II – Non-recognized Subsequent Events:

Subsequent events have been considered through August 15, 2017 for the statutory statement issued on August 15, 2017 for the quarter ending June 30, 2017. No Type II events were identified that would have a material effect on the financial condition of the Company.

### 23. Reinsurance

A. Unsecured Reinsurance Recoverables  
Not applicable.

B. Reinsurance Recoverable in Dispute  
Not applicable.

C. Reinsurance Assumed and Ceded  
No significant changes.

D. Uncollectible Reinsurance  
No significant changes.

E. Commutation of Ceded Reinsurance  
Not applicable.

## NOTES TO FINANCIAL STATEMENTS

- 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 \$48.1 million. During 2017, \$14.6 million has been paid for incurred losses and loss adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$33.1 million as a result of re-estimation of unpaid claims and claim adjusting expenses. Therefore, there has been a \$.4 million favorable prior year development from December 31, 2016 to June 30, 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.

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

No significant changes.

## NOTES TO FINANCIAL STATEMENTS

### 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 –					
1) Beginning reserves:	\$ 41	\$ 86	\$ 45	\$ 45	\$ 45
2) Incurred losses and loss adjustment expense:	95	39	—	8	3
3) Calendar year payments for losses and loss adjustment expenses:	<u>50</u>	<u>80</u>	<u>—</u>	<u>8</u>	<u>9</u>
4) Ending reserves:	<u><u>\$ 86</u></u>	<u><u>\$ 45</u></u>	<u><u>\$ 45</u></u>	<u><u>\$ 45</u></u>	<u><u>\$ 39</u></u>
(2) Assumed Reinsurance:					
1) Beginning reserves:	\$ —	\$ —	\$ —	\$ —	\$ —
2) Incurred losses and loss adjustment expense:	—	—	—	—	—
3) Calendar year payments for losses and loss adjustment expenses:	—	—	—	—	—
4) Ending reserves:	<u><u>\$ —</u></u>				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
(3) Net of Ceded Reinsurance:					
1) Beginning reserves:	\$ 41	\$ 86	\$ —	\$ —	\$ —
2) Incurred losses and loss adjustment expense:	54	(86)	—	—	—
3) Calendar year payments for losses and loss adjustment expenses:	<u>9</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
4) Ending reserves:	<u><u>\$ 86</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></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 and LAE):

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

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

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

### 34. Subscriber Savings Accounts

Not applicable.

## NOTES TO FINANCIAL STATEMENTS

**35. Multiple Peril Crop Insurance**

Not applicable.

**36. Financial Guaranty Insurance**

Not applicable.

**STATEMENT AS OF JUNE 30, 2017 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY****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
.....	.....	.....	.....	.....	.....

**STATEMENT AS OF JUNE 30, 2017 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY****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 [X]  No [ ]

- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.

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 [X]

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 [X]

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 [X]

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 [X]

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: ..... \$ .....

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

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

14.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21 Bonds .....	\$ .....	\$ .....
14.22 Preferred Stock .....	\$ .....	\$ .....
14.23 Common Stock .....	\$ .....	\$ .....
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) .....	\$ .....	\$ .....
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 [X]

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.

**STATEMENT AS OF JUNE 30, 2017 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY**

**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 Locations(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 Bescancon.....	.....

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 JUNE 30, 2017 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY**

**GENERAL INTERROGATORIES**  
**PART 2 - PROPERTY & CASUALTY INTERROGATORIES**

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change? ..... Yes [ ] No [X] NA [ ]  
 If yes, attach an explanation.

2. Has the reporting entity reinsured any risk with any other reporting entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured? ..... Yes [ ] No [X]  
 If yes, attach an explanation.

3.1 Have any of the reporting entity's primary reinsurance contracts been canceled? ..... Yes [ ] No [X]  
 3.2 If yes, give full and complete information thereto.  
 .....  
 .....

4.1 Are any of the liabilities for unpaid losses and loss adjustment expenses other than certain workers' compensation tabular reserves (see *Annual Statement Instructions* pertaining to disclosure of discounting for definition of "tabular reserves,") discounted at a rate of interest greater than zero? ..... Yes [ ] No [X]

4.2 If yes, complete the following schedule:

1 Line of Business	2 Maximum Interest	3 Discount Rate	TOTAL DISCOUNT			DISCOUNT TAKEN DURING PERIOD			11 TOTAL
			4 Unpaid Losses	5 Unpaid LAE	6 IBNR	7 TOTAL	8 Unpaid Losses	9 Unpaid LAE	
TOTAL			0	0	0	0	0	0	0

5. Operating Percentages:

5.1 A&H loss percent ..... 0.0 %  
 5.2 A&H cost containment percent ..... 0.0 %  
 5.3 A&H expense percent excluding cost containment expenses ..... 0.0 %

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

**STATEMENT AS OF JUNE 30, 2017 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY**

## **SCHEDULE F - CEDED REINSURANCE**

**Showing All New Reinsurers - Current Year to Date**

STATEMENT AS OF JUNE 30, 2017 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

Current Year to Date – Allocated by States and Territories

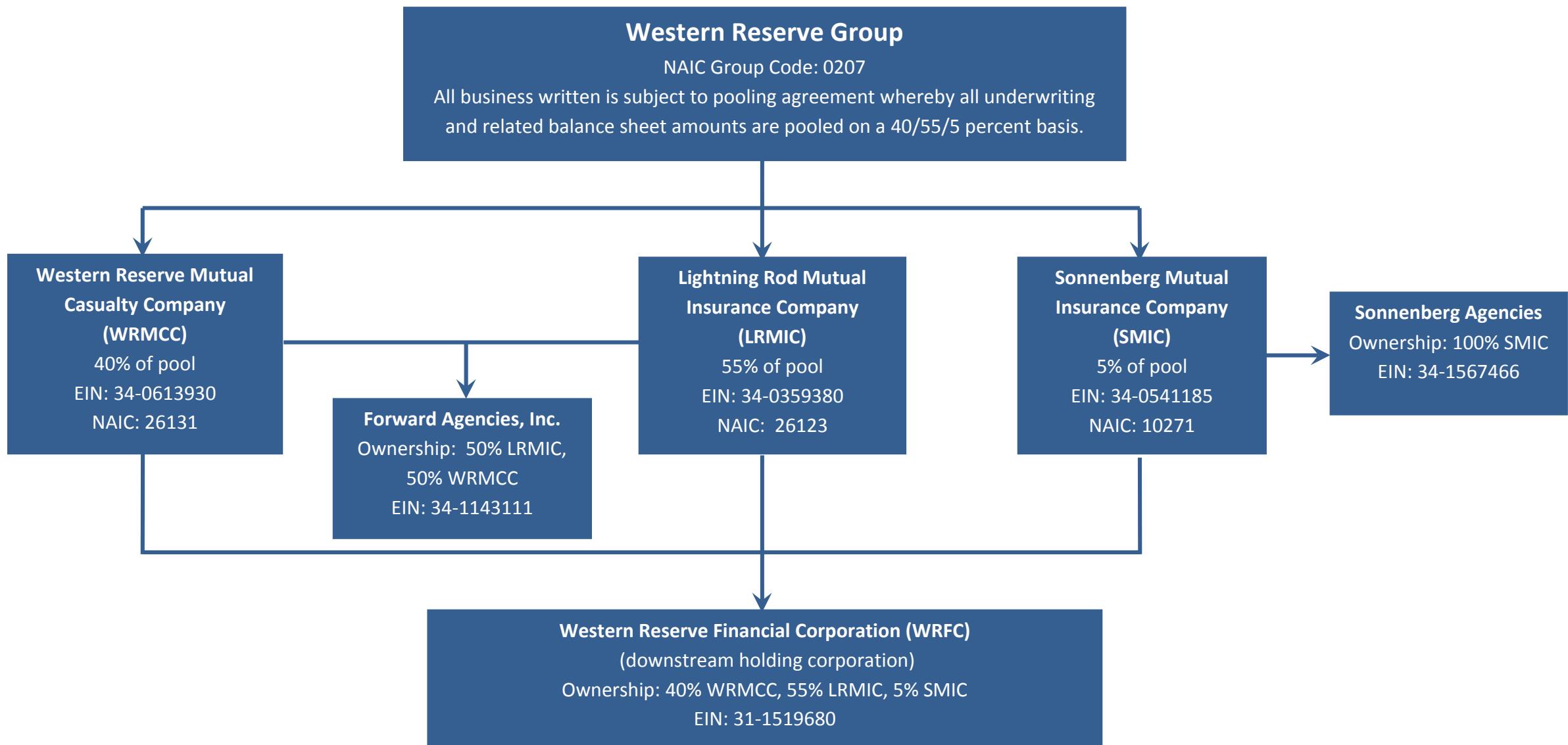
States, etc.	1 Active Status	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2 Current Year To Date	3 Prior Year To Date	4 Current Year To Date	5 Prior Year To Date	6 Current Year To Date	7 Prior Year To Date
1. Alabama	AL.	N.	0	0	0	0	0
2. Alaska	AK.	N.	0	0	0	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.	L	0	0	0	0	0
15. Indiana	IN.	L	12,368,494	13,037,093	8,162,277	5,938,738	9,423,434
16. Iowa	IA.	N.	0	0	0	0	0
17. Kansas	KS.	N.	0	0	0	0	0
18. Kentucky	KY.	N.	0	0	0	0	0
19. Louisiana	LA.	N.	0	0	0	0	0
20. Maine	ME.	N.	0	0	0	0	0
21. Maryland	MD.	N.	0	0	0	0	0
22. Massachusetts	MA.	N.	0	0	0	0	0
23. Michigan	MI.	N.	0	0	0	0	0
24. Minnesota	MN.	N.	0	0	0	0	0
25. Mississippi	MS.	N.	0	0	0	0	0
26. Missouri	MO.	N.	0	0	0	0	0
27. Montana	MT.	N.	0	0	0	0	0
28. Nebraska	NE.	N.	0	0	0	0	0
29. Nevada	NV.	N.	0	0	0	0	0
30. New Hampshire	NH.	N.	0	0	0	0	0
31. New Jersey	NJ.	N.	0	0	0	0	0
32. New Mexico	NM.	N.	0	0	0	0	0
33. New York	NY.	N.	0	0	0	0	0
34. No. Carolina	NC.	N.	0	0	0	0	0
35. No. Dakota	ND.	N.	0	0	0	0	0
36. Ohio	OH.	L	34,148,451	34,427,559	14,924,089	11,441,440	23,929,864
37. Oklahoma	OK.	N.	0	0	0	0	0
38. Oregon	OR.	N.	0	0	0	0	0
39. Pennsylvania	PA.	N.	0	0	0	0	0
40. Rhode Island	RI.	N.	0	0	0	0	0
41. So. Carolina	SC.	N.	0	0	0	0	0
42. So. Dakota	SD.	N.	0	0	0	0	0
43. Tennessee	TN.	L	0	0	0	0	0
44. Texas	TX.	N.	0	0	0	0	0
45. Utah	UT.	N.	0	0	0	0	0
46. Vermont	VT.	N.	0	0	0	0	0
47. Virginia	VA.	N.	0	0	0	0	0
48. Washington	WA.	N.	0	0	0	0	0
49. West Virginia	WV.	N.	0	0	0	0	0
50. Wisconsin	WI.	N.	0	0	0	0	0
51. Wyoming	WY.	N.	0	0	0	0	0
52. American Samoa	AS.	N.	0	0	0	0	0
53. Guam	GU.	N.	0	0	0	0	0
54. Puerto Rico	PR.	N.	0	0	0	0	0
55. U.S. Virgin Islands	VI.	N.	0	0	0	0	0
56. Northern Mariana Islands	MP.	N.	0	0	0	0	0
57. Canada	CAN.	N.	0	0	0	0	0
58. Aggregate Other Alien	OT.	XXX	0	0	0	0	0
59. Totals	(a)	4	46,516,945	47,464,652	23,086,366	17,380,178	33,353,298
<b>DETAILS OF WRITE-INS</b>		XXX					
58001.		XXX					
58002.		XXX					
58003.		XXX					
58998.	Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0
58999.	TOTALS (Lines 58001 through 58003 plus 58998) (Line 58 above)	XXX	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**



**STATEMENT AS OF JUNE 30, 2017 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY**

**SCHEDULE Y**  
**PART 1A – DETAIL OF INSURANCE HOLDING COMPANY SYSTEM**

2

Asterisk	Explanation

STATEMENT AS OF JUNE 30, 2017 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

**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	4,464	0	0.0	0.0
2. Allied lines	4,879	0	0.0	0.0
3. Farmowners multiple peril	10,724,194	5,313,707	49.5	29.0
4. Homeowners multiple peril	16,423,003	10,998,880	67.0	44.2
5. Commercial multiple peril	5,903,372	4,580,270	77.6	54.8
6. Mortgage guaranty	0	0	0.0	0.0
8. Ocean marine	0	0	0.0	0.0
9. Inland marine	616,728	25,740	4.2	30.9
10. Financial guaranty		0	0.0	0.0
11.1 Medical professional liability -occurrence		0	0.0	0.0
11.2 Medical professional liability -claims made		0	0.0	0.0
12. Earthquake	12,290	0	0.0	0.0
13. Group accident and health		0	0.0	0.0
14. Credit accident and health		0	0.0	0.0
15. Other accident and health		0	0.0	0.0
16. Workers' compensation		0	0.0	0.0
17.1 Other liability occurrence	295,521	(499,591)	(169.1)	0.3
17.2 Other liability-claims made	38,765	(16,250)	(41.9)	182.1
17.3 Excess Workers' Compensation	0	0	0.0	0.0
18.1 Products liability-occurrence	12,378	800	6.5	(54.5)
18.2 Products liability-claims made	0	0	0.0	0.0
19.1,19.2 Private passenger auto liability	4,193,629	2,439,190	58.2	38.6
19.3,19.4 Commercial auto liability	2,498,887	643,981	25.8	55.1
21. Auto physical damage	4,681,150	2,524,685	53.9	52.2
22. Aircraft (all perils)		0	0.0	0.0
23. Fidelity		0	0.0	0.0
24. Surety		0	0.0	0.0
26. Burglary and theft	22,910	7,809	34.1	0.0
27. Boiler and machinery	364,898	37,733	10.3	20.7
28. Credit		0	0.0	0.0
29. International		0	0.0	0.0
30. Warranty		0	0.0	0.0
31. Reinsurance - Nonproportional Assumed Property	XXX	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	45,797,068	26,056,954	56.9	42.2
<b>DETAILS OF WRITE-INS</b>				
3401.			0.0	0.0
3402.			0.0	0.0
3403.			0.0	0.0
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 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date	
			Line of Business	
1. Fire	4,762	8,113	6,079	
2. Allied lines	4,028	7,912	5,228	
3. Farmowners multiple peril	5,577,247	10,930,085	10,795,479	
4. Homeowners multiple peril	9,184,791	15,688,775	17,252,652	
5. Commercial multiple peril	3,170,937	6,285,389	6,091,268	
6. Mortgage guaranty	0	0	0	
8. Ocean marine	0	0	0	
9. Inland marine	332,084	698,532	652,794	
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	5,719	15,870	15,841	
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	170,180	347,705	326,032	
17.2 Other liability-claims made	28,488	48,497	41,721	
17.3 Excess Workers' Compensation	0	0	0	
18.1 Products liability-occurrence	4,686	11,141	15,509	
18.2 Products liability-claims made	0	0	0	
19.1,19.2 Private passenger auto liability	1,941,047	4,238,775	4,377,910	
19.3,19.4 Commercial auto liability	1,525,658	2,941,055	2,699,225	
21. Auto physical damage	2,271,628	4,871,443	4,803,846	
22. Aircraft (all perils)	0	0	0	
23. Fidelity	0	0	0	
24. Surety	0	0	0	
26. Burglary and theft	11,044	23,363	26,188	
27. Boiler and machinery	210,085	400,290	354,880	
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	24,442,384	46,516,945	47,464,652	
<b>DETAILS OF WRITE-INS</b>				
3401.	0		0	
3402.	0		0	
3403.	0		0	
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 JUNE 30, 2017 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY**

## **PART 3 (000 omitted)**

**LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE**

Years in Which Losses Occurred	1 Prior Year-End Known Case Loss and LAE Reserves	2 Prior Year-End IBNR Loss and LAE Reserves	3 Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	4 2017 Loss and LAE Payments on Claims Reported as of Prior Year-End	5 2017 Loss and LAE Payments on Claims Unreported as of Prior Year-End	6 Total 2017 Loss and LAE Payments (Cols. 4 + 5)	7 Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year End	8 Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year End	9 Q.S. Date IBNR Loss and LAE Reserves	10 Total Q.S. Loss and LAE Reserves (Cols. 7 + 8 + 9)	11 Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 4 + 7 minus Col. 1)	12 Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 5 + 8 + 9 minus Col. 2)	13 Prior Year-End Total Loss and LAE Reserve Developed (Savings)/ Deficiency (Cols. 11 + 12)
1. 2014 + Prior	9,488	.701	10,189	1,962	4	1,966	6,326	.52	710	7,088	(1,200)	.65	(1,135)
2. 2015	11,427	.667	12,094	2,873	59	2,932	7,748	.249	729	8,726	(806)	.370	(436)
3. Subtotals 2015 + prior	20,915	1,368	22,283	4,835	.63	4,898	14,074	.301	1,439	15,814	(2,006)	.435	(1,571)
4. 2016	19,933	5,888	25,821	8,408	1,262	9,670	13,664	.973	2,674	17,311	2,139	(979)	1,160
5. Subtotals 2016 + prior	40,848	7,256	48,104	13,243	1,325	14,568	27,738	1,274	4,113	33,125	133	(544)	(411)
6. 2017	XXX	XXX	XXX	XXX	21,864	21,864	XXX	14,177	3,470	17,647	XXX	XXX	XXX
7. Totals	40,848	7,256	48,104	13,243	23,189	36,432	27,738	15,451	7,583	50,772	133	(544)	(411)
Prior Year-End 8. Surplus As Regards Policy- holders	163,800										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.	0.3	2. (7.5) 3. (0.9)
											Col. 13, Line 7 Line 8		
											4. (0.3)		

# STATEMENT AS OF JUNE 30, 2017 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

## 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.

### Response

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? .....YES.....

### **Explanation:**

- 1.
- 2.
- 3.

### **Bar Code:**

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

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**STATEMENT AS OF JUNE 30, 2017 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY**

**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 .....	4,516,742	5,054,153
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....	0	55,362
2.2 Additional investment made after acquisition .....	0	0
3. Current year change in encumbrances .....	0	0
4. Total gain (loss) on disposals .....	11,481	11,481
5. Deduct amounts received on disposals .....	354,131	354,131
6. Total foreign exchange change in book/adjusted carrying value .....	0	0
7. Deduct current year's other-than-temporary impairment recognized .....	118,658	250,123
8. Deduct current year's depreciation .....	0	0
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8) .....	4,398,084	4,516,742
10. Deduct total nonadmitted amounts .....	0	0
11. Statement value at end of current period (Line 9 minus Line 10) .....	4,398,084	4,516,742

**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	0
2.2 Additional investment made after acquisition .....	0	0
3. Capitalized deferred interest and other .....	0	0
4. Accrual of discount .....	0	0
5. Unrealized valuation increase (decrease) .....	0	0
6. Total gain (loss) on disposals .....	0	0
7. Deduct amounts received on disposals .....	0	0
8. Deduct amortization of premium and mortgage interest points and commitment fees .....	0	0
9. Total foreign exchange change in book value/recorded investment excluding accrued interest .....	0	0
10. Deduct current year's other-than-temporary impairment recognized .....	0	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	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 .....	16,751,097	9,129,764
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....	6,985,000	0
2.2 Additional investment made after acquisition .....	0	0
3. Capitalized deferred interest and other .....	0	0
4. Accrual of discount .....	0	0
5. Unrealized valuation increase (decrease) .....	(394,183)	636,333
6. Total gain (loss) on disposals .....	0	0
7. Deduct amounts received on disposals .....	0	0
8. Deduct amortization of premium and depreciation .....	0	0
9. Total foreign exchange change in book/adjusted carrying value .....	0	0
10. Deduct current year's other-than-temporary impairment recognized .....	0	0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10) .....	16,356,914	16,751,097
12. Deduct total nonadmitted amounts .....	0	0
13. Statement value at end of current period (Line 11 minus Line 12) .....	16,356,914	16,751,097

**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 .....	207,834,612	200,327,812
2. Cost of bonds and stocks acquired .....	11,305,094	27,666,808
3. Accrual of discount .....	21,571	49,612
4. Unrealized valuation increase (decrease) .....	3,631,490	5,691,252
5. Total gain (loss) on disposals .....	923,359	2,401,062
6. Deduct consideration for bonds and stocks disposed of .....	8,044,148	27,424,712
7. Deduct amortization of premium .....	510,406	877,222
8. Total foreign exchange change in book/adjusted carrying value .....	0	0
9. Deduct current year's other-than-temporary impairment recognized .....	0	0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7+8-9) .....	215,161,572	207,834,612
11. Deduct total nonadmitted amounts .....	355,783	343,110
12. Statement value at end of current period (Line 10 minus Line 11) .....	214,805,789	207,491,502

STATEMENT AS OF JUNE 30, 2017 OF THE LIGHTNING ROD 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).....	129,189,191	12,185,696	7,771,462	(140,379)	129,189,191	133,463,046	0	126,721,724
2. NAIC 2 (a).....	8,850,560		1,000,000	(64,432)	8,850,560	7,786,129	0	9,473,152
3. NAIC 3 (a).....	547,910			14,292	547,910	562,202	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.....	138,587,661	12,185,696	8,771,462	(190,519)	138,587,661	141,811,376	0	136,194,876
<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.....	138,587,661	12,185,696	8,771,462	(190,519)	138,587,661	141,811,376	0	136,194,876

(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 \$ ..... 4,882,217 ; NAIC 2 \$ ..... ;

NAIC 3 \$ ..... ; NAIC 4 \$ ..... ; NAIC 5 \$ ..... ; NAIC 6 \$ .....

**STATEMENT AS OF JUNE 30, 2017 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY**

**SCHEDULE DA - PART 1**

**Short-Term Investments**

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999	4,882,217	XXX	4,882,217	8,933	

**SCHEDULE DA - VERIFICATION**

**Short-Term Investments**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	3,700,597	1,916,394
2. Cost of short-term investments acquired .....	14,834,903	45,922,463
3. Accrual of discount .....		0
4. Unrealized valuation increase (decrease).....		0
5. Total gain (loss) on disposals .....		0
6. Deduct consideration received on disposals .....	13,653,283	44,138,261
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).....	4,882,217	3,700,597
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	4,882,217	3,700,597

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 JUNE 30, 2017 OF THE LIGHTNING ROD 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 <sup>(a)</sup>
<b>Bonds - U.S. Political Subdivisions of States, Territories and Possessions</b>									
147231-DK-7.....	Cascade Cnty Elel Sch Dist #1 MT.....		06/28/2017.....	D A Davidson & Co.....	351,058	305,000	4,473	1FE	
426056-K3-0.....	Henrico Cnty VA GO Pub Imp Ser B.....		05/03/2017.....	Raymond James & Associates, Inc.....	749,178	600,000		1FE	
521841-RN-8.....	Leander TX Indp Sch Dist Ser A.....		05/18/2017.....	Raymond James & Associates, Inc.....	367,980	300,000		1FE	
662835-XU-6.....	North Texas Mun Wtr Dist Rev Sys.....		04/06/2017.....	First Empire Securities Inc.....	709,440	600,000		1FE	
698874-DX-9.....	Papio-Missouri River NE.....		05/04/2017.....	D A Davidson & Co.....	412,815	390,000		1FE	
967338-D2-7.....	Wichita KS Wtr & Swr Utility Rev.....		05/12/2017.....	Hutchinson, Shockey, Erle.....	619,160	500,000	486	1FE	
<b>2499999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions</b>					3,209,631	2,695,000	4,959	XXX	
<b>Bonds - U.S. Special Revenue</b>									
753387-CG-2.....	Rapid City SD Wtr Revenue.....		06/29/2017.....	Raymond James & Associates, Inc.....	681,708	600,000	4,267	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>					681,708	600,000	4,267	XXX	
<b>Bonds - Industrial and Miscellaneous (Unaffiliated)</b>									
693475-AT-2.....	PNC Financial Services.....		06/30/2017.....	D A Davidson & Co.....	500,780	500,000	2,056	1FE	
95000N-2K-4.....	Wells Fargo & Company.....		06/20/2017.....	First Empire Securities Inc.....	500,000	500,000		1FE	
<b>3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)</b>					1,000,780	1,000,000	2,056	XXX	
<b>8399997 - Subtotals - Bonds - Part 3</b>					4,892,119	4,295,000	11,282	XXX	
<b>8399999 - Subtotals - Bonds</b>					4,892,119	4,295,000	11,282	XXX	
<b>9999999 Totals</b>									
(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues .....0 .....									

STATEMENT AS OF JUNE 30, 2017 OF THE LIGHTNING ROD 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	
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	11	12	13	14	15	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>																						
30250R-AA-2...	FDIC 20110-R1 TR CTF C1		06/26/2017	PRINCIPAL RECEIPT.....		36,028	36,028	36,028	36,028					0	36,028			0	321	05/25/2050	1	
36295P-BH-0...	GNMA Pool #676872		06/15/2017	PRINCIPAL RECEIPT.....		4,451	4,451	4,490	4,473		(22)			(22)		4,451		0	0	84	03/15/2023	1
83162C-VD-2...	SBA SBAP 2012-20K CL 1		05/01/2017	PRINCIPAL RECEIPT.....		31,002	31,002	31,273	31,243		(241)			(241)		31,002		0	0	342	11/01/2032	1
U S Small Business Admin	CMO		06/01/2017	PRINCIPAL RECEIPT.....		15,821	15,821	16,058	15,979		(158)			(158)		15,821		0	0	362	06/01/2025	1
83162C-PP-2...	DCPC CMO		06/01/2017	PRINCIPAL RECEIPT.....		87,302	87,302	87,850	87,723	0	(421)	0	(421)	0	87,302	0	0	0	1,108	XXX	XXX	
<b>059999 - Bonds - U.S. Governments</b>																						
677520-D3-9...	Ohio St GO Highway IMP		05/01/2017	MATURITY		500,000	500,000	496,565	499,852		148			148		500,000		0	0	8,750	05/01/2017	1FE
<b>1799999 - Bonds - U.S. States, Territories and Possessions</b>						500,000	500,000	496,565	499,852	0	148	0	148	0	500,000	0	0	0	8,750	XXX	XXX	
<b>Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions</b>																						
3128M1-LA-5...	FHLMC (Gold) Pool #G12221		06/15/2017	PRINCIPAL RECEIPT.....		3,210	3,210	3,210	3,210					0		3,210			0	74	06/01/2021	1
31335H-5P-4...	FHLMC (Gold) Pool #C90854		06/15/2017	PRINCIPAL RECEIPT.....		2,604	2,604	2,612	2,609		(6)			(6)		2,604		0	0	61	09/01/2024	1
31294K-K5-3...	FHLMC (Gold) Pool #E01216		06/15/2017	PRINCIPAL RECEIPT.....		1,392	1,392	1,402	1,390		2			2		1,392		0	0	33	10/01/2017	1
3128M1-PA-1...	FHLMC (Gold) Pool #G12317		06/15/2017	PRINCIPAL RECEIPT.....		2,873	2,873	2,873	2,873					0		2,873		0	0	64	08/01/2021	1
312800-N9-4...	FHLMC (Gold) Pool #J19416		06/15/2017	PRINCIPAL RECEIPT.....		19,548	19,548	20,085	20,000		(453)			(453)		19,548		0	0	252	06/01/2027	1
3137AP-BD-1...	FHLMC CMO 4033 EB		06/15/2017	PRINCIPAL RECEIPT.....		19,599	19,599	19,550	19,559		40			40		19,599		0	0	151	10/15/2036	1
31326F-Y9-3...	FHLMC Pool #2B1636		06/15/2017	PRINCIPAL RECEIPT.....		8,279	8,279	8,093	8,105		174			174		8,279		0	0	66	08/01/2043	1
3128S2-QQ-7...	FHLMC Pool #761363		06/15/2017	PRINCIPAL RECEIPT.....		8,847	8,847	9,256	9,241		(394)			(394)		8,847		0	0	121	09/01/2042	1
FNMA Gtd Mtg Pool																						
31371L-JU-4...	#255075		06/26/2017	PRINCIPAL RECEIPT.....		4,772	4,772	4,771	4,767		6			6		4,772		0	0	105	02/01/2024	1
31402R-GM-5...	FNMA Pool #735604-117 CL		06/26/2017	PRINCIPAL RECEIPT.....		5,907	5,907	5,926	5,903		4			4		5,907		0	0	113	06/01/2020	1
3136A1-4P-7...	MA CMO FNR 2011-117 CL		06/26/2017	PRINCIPAL RECEIPT.....		20,138	20,138	20,188	20,187		(49)			(49)		20,138		0	0	164	08/25/2040	1
3136A2-VK-6...	FNMA CMO TR-2011-126		06/26/2017	PRINCIPAL RECEIPT.....		16,063	16,063	16,063	16,052		11			11		16,063		0	0	168	06/25/2040	1
31381P-C9-7...	FNMA DUS Pool #466396		06/26/2017	PRINCIPAL RECEIPT.....		1,910	1,910	1,914	1,911		0			0		1,910		0	0	26	11/01/2020	1
31371L-XW-4...	FNMA Gtd Mtg Pool #25549		06/26/2017	PRINCIPAL RECEIPT.....		4,350	4,350	4,325	4,328		22			22		4,350		0	0	102	10/01/2024	1
31416X-HY-9...	FNMA Gtd Mtg Pool #AB2046		06/26/2017	PRINCIPAL RECEIPT.....		11,757	11,757	11,558	11,594		163			163		11,757		0	0	144	01/01/2026	1
31418A-LY-2...	FNMA Gtd Mtg Pool #MA1242		06/26/2017	PRINCIPAL RECEIPT.....		7,584	7,584	7,925	7,921		(337)			(337)		7,584		0	0	111	11/01/2042	1
31418A-V5-4...	FNMA Gtd Mtg Pool #MA1535		06/26/2017	PRINCIPAL RECEIPT.....		21,354	21,354	21,341	21,363		(9)			(9)		21,354		0	0	179	08/01/2023	1
31418A-WS-3...	FNMA Gtd Mtg Pool #MA1556		06/26/2017	PRINCIPAL RECEIPT.....		7,579	7,579	7,522	7,541		37			37		7,579		0	0	79	08/01/2028	1
31371K-2X-8...	FNMA Pool #254690		06/26/2017	PRINCIPAL RECEIPT.....		2,692	2,692	2,673	2,677		15			15		2,692		0	0	62	04/01/2023	1
31385W-SB-6...	FNMA Pool #555014		06/26/2017	PRINCIPAL RECEIPT.....		2,688	2,688	2,713	2,681		7			7		2,688		0	0	61	11/01/2017	1
3136A1-6Y-6...	AB		06/26/2017	PRINCIPAL RECEIPT.....		86,788	86,788	89,337	87,985		(1,197)			(1,197)		86,788		0	0	4,267	08/25/2021	1
3136AE-Z4-2...	FNMA TR 2013-70 CL-VA		06/26/2017	PRINCIPAL RECEIPT.....		10,642	10,642	11,187	11,111		(469)			(469)		10,642		0	0	124	08/25/2026	1
Texas Transportation Commission			04/03/2017	CALLED @ 100.000000		500,000	500,000	563,020	505,066		(5,066)			(5,066)		500,000		0	0	12,500	04/01/2022	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>						770,574	770,574	837,545	778,073	0	(7,499)	0	(7,499)	0	770,574	0	0	0	19,026	XXX	XXX	
<b>Bonds - Industrial and Miscellaneous (Unaffiliated)</b>																						
282640-6C-2...	EksportFinans A/S		06/26/2017	MATURITY		1,000,000	1,000,000	1,093,400	1,006,850		(6,850)			(6,850)		1,000,000		0	0	27,500	06/26/2017	2FE
278265-AC-7...	Eaton Vance Corp.		05/08/2017	CALLED @ 102.1180000		510,590	500,000	527,250	503,089		(1,431)			(1,431)		501,659		8,931	19,319	10/02/2017	1FE	
<b>3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)</b>						1,510,590	1,500,000	1,620,650	1,509,940	0	(8,281)	0	(8,281)	0	1,501,659	0	8,931	8,931	46,819	XXX	XXX	
<b>8399997 - Subtotals - Bonds - Part 4</b>						2,868,466	2,857,876	3,042,610	2,875,588	0	(16,053)	0	(16,053)	0	2,859,535	0	8,931	8,931	75,703	XXX	XXX	
<b>8399999 - Subtotals - Bonds</b>						2,868,466	2,857,876	3,042,610	2,875,588	0	(16,053)	0	(16,053)	0	2,859,535	0	8,931	8,931	75,703	XXX	XXX	
<b>9999999 Totals</b>						2,868,466	XXX	3,042,610	2,875,588	0	(16,053)	0	(16,053)	0	2,859,535	0	8,931	8,931	75,703	XXX	XXX	

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues .....0.

E05

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 JUNE 30, 2017 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

**SCHEDULE E - PART 1 - CASH**

Month End Depository Balances

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
					6 First Month	7 Second Month	8 Third Month	
Open Depositories								
JP Morgan Chase.....New York, NY.....					29,623,382	29,623,382	30,182,901	XXX
Northern Trust.....Chicago, IL.....					0	(1,400,441)	(1,544,342)	XXX
FHLBank of Cincinnati.....Cincinnati, OH.....			56		46,657	46,690	50,976	XXX
0199998 Deposits in ..... depositories that do not exceed the allowable limit in any one depository (See Instructions) - Open Depositories	XXX	XXX						XXX
0199999 Total Open Depositories	XXX	XXX	56	0	29,670,039	28,269,631	28,689,535	XXX
0399999 Total Cash on Deposit	XXX	XXX	56	0	29,670,039	28,269,631	28,689,535	XXX
0499999 Cash in Company's Office	XXX	XXX	XXX	XXX				XXX
<b>0599999 Total</b>	<b>XXX</b>	<b>XXX</b>	<b>56</b>	<b>0</b>	<b>29,670,039</b>	<b>28,269,631</b>	<b>28,689,535</b>	<b>XXX</b>

**STATEMENT AS OF JUNE 30, 2017 OF THE LIGHTNING ROD 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

**NONE**

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**SUPPLEMENT FOR THE QUARTER ENDING JUNE 30, 2017 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY**

**DIRECTOR AND OFFICER INSURANCE COVERAGE SUPPLEMENT**

Year To Date For The Period Ended 2017

NAIC Group Code 02070

NAIC Company Code 26123

If the reporting entity writes any director and officer (D&O) business, please provide the following:

1. Monoline Policies

1 Direct Written Premium	2 Direct Earned Premium	3 Direct Losses Incurred
\$ 0	\$ 0	\$ 0

2. Commercial Multiple Peril (CMP) Packaged Policies

2.1 Does the reporting entity provide D&O liability coverage as part of a CMP packaged policy? Yes [X] No [ ]

2.2 Can the direct premium earned for D&O liability coverage provided as part of a CMP packaged policy be quantified or estimated? Yes [X] No [ ]

2.3 If the answer to question 2.2 is yes, provide the quantified or estimated direct premium earned amount for D&O liability coverage in CMP packaged policies

2.31 Amount quantified: \$ ..... 9,953

2.32 Amount estimated using reasonable assumptions: \$ .....

2.4 If the answer to question 2.1 is yes, provide direct losses incurred (losses paid plus change in case reserves) for the D&O liability coverage provided in CMP packaged policies. \$ ..... 0