



PROPERTY AND CASUALTY COMPANIES—ASSOCIATION EDITION

QUARTERLY STATEMENT

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

SONNENBERG MUTUAL INSURANCE COMPANY

NAIC Group Code	00207	00207	NAIC Company Code	10271	Employer's ID Number	34-0541185
	(Current Period)	(Prior Period)				
Organized under the Laws of	Ohio		State of Domicile or Port of Entry	Ohio		
Country of Domicile	United States					
Incorporated/Organized	01/01/1905		Commenced Business	01/01/1859		
Statutory Home Office	1685 Cleveland Road		Wooster, OH, US 44691			
	(Street and Number)		(City or Town, State, Country and Zip Code)			
Main Administrative Office	1685 Cleveland Road		Wooster, OH, US 44691-0036		330-262-9060	
	(Street and Number)		(City or Town, State, Country and Zip Code)		(Area Code) (Telephone Number)	
Mail Address	1685 Cleveland Road		Wooster, OH, US 44691-0036			
	(Street and Number or P.O. Box)		(City or Town, State, Country and Zip Code)			
Primary Location of Books and Records	1685 Cleveland Road		Wooster, OH, US 44691-0036		330-262-9060	
	(Street and Number)		(City or Town, State, Country and Zip Code)		(Area Code) (Telephone Number)	
Internet Web Site Address	www.wrg-ins.com					
Statutory Statement Contact	Christopher M. Racz, CPA		330-262-9060-2446			
	(Name)		(Area Code) (Telephone Number) (Extension)			
	Christopher_Racz@wrg-ins.com		330-264-7822			
	(E-Mail Address)		(Fax Number)			

OFFICERS

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

OTHER OFFICERS

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

DIRECTORS OR TRUSTEES

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

State ofOhio.....

County ofWayne.....ss

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

KEVIN W. DAY PRESIDENT AND SECRETARY -CHIEF EXECUTIVE OFFICER	MICHAEL A. SHUTT VICE PRESIDENT AND TREASURER -CHIEF FINANCIAL OFFICER	a. Is this an original filing? Yes [X] No []
Subscribed and sworn to before me this 10 day of November, 2017		b. If no: 1. State the amendment number 2. Date filed 3. Number of pages attached

Lauresa Durham, Notary Public
July 30, 2021

STATEMENT AS OF SEPTEMBER 30, 2017 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1	2	3	
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	15,151,463	0	15,151,463	14,548,233
2. Stocks:				
2.1 Preferred stocks	0	0	0	0
2.2 Common stocks	8,136,239	4,319	8,131,920	7,733,059
3. Mortgage loans on real estate:				
3.1 First liens	0	0	0	0
3.2 Other than first liens	0	0	0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)	0	0	0	0
4.2 Properties held for the production of income (less \$ encumbrances)	0	0	0	0
4.3 Properties held for sale (less \$ encumbrances)	0	0	0	0
5. Cash (\$1,969,093), cash equivalents (\$0) and short-term investments (\$743,565)	2,712,657	0	2,712,657	2,516,137
6. Contract loans (including \$ premium notes)	0	0	0	0
7. Derivatives	0	0	0	0
8. Other invested assets	618,863	0	618,863	611,766
9. Receivables for securities	50,000	0	50,000	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)	26,669,222	4,319	26,664,903	25,409,195
13. Title plants less \$ charged off (for Title insurers only)	0	0	0	0
14. Investment income due and accrued	175,529	0	175,529	136,457
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	306,547	16,567	289,980	286,572
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)	0	0	0	0
15.3 Accrued retrospective premiums (\$) and contracts subject to redetermination (\$)	0	0	0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	3,307	0	3,307	34,365
16.2 Funds held by or deposited with reinsured companies	0	0	0	0
16.3 Other amounts receivable under reinsurance contracts	0	0	0	0
17. Amounts receivable relating to uninsured plans	0	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	37,010	0	37,010	76,985
18.2 Net deferred tax asset	0	0	0	0
19. Guaranty funds receivable or on deposit	0	0	0	0
20. Electronic data processing equipment and software	0	0	0	0
21. Furniture and equipment, including health care delivery assets (\$)	0	0	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0	0
23. Receivables from parent, subsidiaries and affiliates	0	0	0	0
24. Health care (\$) and other amounts receivable	0	0	0	0
25. Aggregate write-ins for other-than-invested assets	4,069	4,069	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	27,195,684	24,955	27,170,729	25,943,575
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0	0
28. Total (Lines 26 and 27)	27,195,684	24,955	27,170,729	25,943,575
DETAILS OF WRITE-INS				
1101.			0	0
1102.			0	0
1103.			0	0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Prepaid Asset	4,069	4,069	0	0
2502.			0	0
2503.			0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	4,069	4,069	0	0

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$1,964,739)	4,003,856	3,620,726
2. Reinsurance payable on paid losses and loss adjustment expenses	0	0
3. Loss adjustment expenses	752,384	752,384
4. Commissions payable, contingent commissions and other similar charges	310,222	347,749
5. Other expenses (excluding taxes, licenses and fees)	325,354	475,046
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	98,323	126,189
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))	0	0
7.2 Net deferred tax liability	448,876	311,419
8. Borrowed money \$ and interest thereon \$	0	0
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$392 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)	5,106,597	4,798,757
10. Advance premium	89,690	61,132
11. Dividends declared and unpaid:		
11.1 Stockholders	0	0
11.2 Policyholders	0	0
12. Ceded reinsurance premiums payable (net of ceding commissions)	(37,835)	31,336
13. Funds held by company under reinsurance treaties	0	0
14. Amounts withheld or retained by company for account of others	91,317	114,050
15. Remittances and items not allocated	0	0
16. Provision for reinsurance (including \$ certified)	0	0
17. Net adjustments in assets and liabilities due to foreign exchange rates	0	0
18. Drafts outstanding	0	0
19. Payable to parent, subsidiaries and affiliates	0	0
20. Derivatives	0	0
21. Payable for securities	0	0
22. Payable for securities lending	0	0
23. Liability for amounts held under uninsured plans	0	0
24. Capital notes \$ and interest thereon \$	0	0
25. Aggregate write-ins for liabilities	0	0
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	11,188,784	10,638,788
27. Protected cell liabilities	0	0
28. Total liabilities (Lines 26 and 27)	11,188,784	10,638,788
29. Aggregate write-ins for special surplus funds	0	0
30. Common capital stock	0	0
31. Preferred capital stock	0	0
32. Aggregate write-ins for other than special surplus funds	0	0
33. Surplus notes	0	0
34. Gross paid in and contributed surplus	0	0
35. Unassigned funds (surplus)	15,981,945	15,304,787
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 30 \$)	0	0
36.2 shares preferred (value included in Line 31 \$)	0	0
37. Surplus as regards policyholders (Lines 29 to 35, less 36)	15,981,945	15,304,787
38. Totals (Page 2, Line 28, Col. 3)	27,170,729	25,943,575
DETAILS OF WRITE-INS		
2501.		0
2502.		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
2902.		0
2903.		0
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0
3201.	0	0
3202.	0	0
3203.	0	0
3298. Summary of remaining write-ins for Line 32 from overflow page	0	0
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)	0	0

STATEMENT OF INCOME

	1	2	3
	Current Year	Prior Year	Prior Year Ended
	to Date	to Date	December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct (written \$ 26,018,784)	23,007,333	16,421,147	23,054,090
1.2 Assumed (written \$ 8,092,462)	7,784,623	7,486,816	10,035,295
1.3 Ceded (written \$ 26,018,784)	23,007,333	16,421,147	23,054,090
1.4 Net (written \$ 8,092,462)	7,784,623	7,486,816	10,035,295
DEDUCTIONS:			
2. Losses incurred (current accident year \$)::			
2.1 Direct	16,130,432	13,101,379	18,347,947
2.2 Assumed	4,684,167	3,987,117	5,472,902
2.3 Ceded	16,130,432	13,101,380	18,347,947
2.4 Net	4,684,167	3,987,116	5,472,902
3. Loss adjustment expenses incurred	738,906	718,808	1,055,289
4. Other underwriting expenses incurred	2,549,005	2,479,277	3,310,174
5. Aggregate write-ins for underwriting deductions	0	0	0
6. Total underwriting deductions (Lines 2 through 5)	7,972,078	7,185,201	9,838,366
7. Net income of protected cells	0	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	(187,455)	301,615	196,929
INVESTMENT INCOME			
9. Net investment income earned	362,761	391,915	548,702
10. Net realized capital gains (losses) less capital gains tax of \$ 57,663	111,933	132,262	178,045
11. Net investment gain (loss) (Lines 9 + 10)	474,694	524,178	726,747
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$ 8,739)	(8,739)	(6,249)	(8,230)
13. Finance and service charges not included in premiums	110,897	108,935	145,224
14. Aggregate write-ins for miscellaneous income	380	243	19
15. Total other income (Lines 12 through 14)	102,538	102,930	137,013
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	389,777	928,722	1,060,689
17. Dividends to policyholders	0	0	0
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	389,777	928,722	1,060,689
19. Federal and foreign income taxes incurred	47,312	86,275	139,893
20. Net income (Line 18 minus Line 19)(to Line 22)	342,465	842,448	920,796
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	15,304,787	14,106,434	14,106,434
22. Net income (from Line 20)	342,465	842,448	920,796
23. Net transfers (to) from Protected Cell accounts	0	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 162,152	314,765	223,658	345,173
25. Change in net unrealized foreign exchange capital gain (loss)	0	0	0
26. Change in net deferred income tax	24,695	(68,581)	(65,762)
27. Change in nonadmitted assets	2,951	(8,632)	(1,855)
28. Change in provision for reinsurance	0	0	0
29. Change in surplus notes	0	0	0
30. Surplus (contributed to) withdrawn from protected cells	0	0	0
31. Cumulative effect of changes in accounting principles	0	0	0
32. Capital changes:			
32.1 Paid in	0	0	0
32.2 Transferred from surplus (Stock Dividend)	0	0	0
32.3 Transferred to surplus	0	0	0
33. Surplus adjustments:			
33.1 Paid in	0	0	0
33.2 Transferred to capital (Stock Dividend)	0	0	0
33.3 Transferred from capital	0	0	0
34. Net remittances from or (to) Home Office	0	0	0
35. Dividends to stockholders	0	0	0
36. Change in treasury stock	0	0	0
37. Aggregate write-ins for gains and losses in surplus	(7,717)	0	0
38. Change in surplus as regards policyholders (Lines 22 through 37)	677,158	988,893	1,198,352
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	15,981,945	15,095,327	15,304,787
DETAILS OF WRITE-INS			
0501.		0	0
0502.		0	0
0503.		0	0
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0
1401. Other Income	380	243	19
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)	380	243	19
3701. Prior Period Adjustment to Surplus	(7,717)	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. TOTALS (Lines 3701 through 3703 plus 3798) (Line 37 above)	(7,717)	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance.....	8,051,850	7,728,716	10,203,908
2. Net investment income	409,776	413,479	636,171
3. Miscellaneous income	102,538	102,930	137,013
4. Total (Lines 1 to 3)	8,564,163	8,245,124	10,977,092
5. Benefit and loss related payments	4,269,979	3,671,102	5,082,468
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	3,502,995	3,378,596	4,266,564
8. Dividends paid to policyholders	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses).....	65,000	220,000	219,984
10. Total (Lines 5 through 9)	7,837,974	7,269,698	9,569,016
11. Net cash from operations (Line 4 minus Line 10)	726,189	975,426	1,408,077
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	975,393	1,658,664	2,310,542
12.2 Stocks	1,201,624	761,889	988,665
12.3 Mortgage loans	0	0	0
12.4 Real estate	0	0	0
12.5 Other invested assets	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0	0
12.7 Miscellaneous proceeds	18	66	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	2,177,035	2,420,619	3,299,207
13. Cost of investments acquired (long-term only):			
13.1 Bonds	1,654,365	1,799,072	2,560,888
13.2 Stocks	896,889	318,995	645,424
13.3 Mortgage loans	0	0	0
13.4 Real estate	0	0	0
13.5 Other invested assets	75,000	600,000	600,000
13.6 Miscellaneous applications	50,000	0	2
13.7 Total investments acquired (Lines 13.1 to 13.6)	2,676,254	2,718,067	3,806,314
14. Net increase (or decrease) in contract loans and premium notes	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(499,219)	(297,448)	(507,107)
Cash from Financing and Miscellaneous Sources			
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).....	(30,450)	(96,316)	(88,900)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6).....	(30,450)	(96,316)	(88,900)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	196,520	581,662	812,069
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	2,516,137	1,704,068	1,704,068
19.2 End of period (Line 18 plus Line 19.1)	2,712,657	2,285,730	2,516,137

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

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

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

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

	State of Domicile	2017	2016
<u>NET INCOME</u>			
(1) SMIC state basis (Page 4, Line 20, Columns 1 & 3)	Ohio	\$ 342,465	\$ 920,796
(2) State Prescribed Practices that increase/(decrease) NAIC SAP:		—	—
(3) State Permitted Practices that increase/(decrease) NAIC SAP:		—	—
(4) NAIC SAP (1-2-3=4)		<u>\$ 342,465</u>	<u>\$ 920,796</u>
<u>SURPLUS</u>			
(5) SMIC state basis (Page 3, Line 37, Columns 1 & 2)	Ohio	\$ 15,981,945	\$ 15,304,787
(6) State Prescribed Practices that increase/(decrease) NAIC SAP:		—	—
(7) State Permitted Practices that increase/(decrease) NAIC SAP:		—	—
(8) NAIC SAP (5-6-7=8)		<u>\$ 15,981,945</u>	<u>\$ 15,304,787</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.

D. Going Concern

Not applicable.

4. Discontinued Operations

Not applicable.

5. Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

Not applicable.

B. Debt Restructuring

Not applicable.

C. Reverse Mortgages

Not applicable.

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	\$ (—)
2. 12 months or Longer	\$ (258)

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

1. Less than 12 months	\$ (—)
2. 12 months or longer	\$ (19,128)

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

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

E. Repurchase Agreements and/or Securities Lending Transactions

Not applicable.

F. Real Estate

Not applicable.

G. Low-Income Housing Tax Credits (LIHTC)

Not applicable.

H. Restricted Assets

Not applicable.

I. Working Capital Finance Investments

Not applicable

J. Offsetting and Netting of Assets and Liabilities

Not applicable

K. Structured Notes

CUSIP Identification	Actual Cost	Fair Value	Book/Adjusted Carrying Value	Mortgage-Refinanced Security (YES/NO)
912810-FR-4	\$223,629	\$296,715	\$258,886	NO
912828-S5-0	200,791	198,606	204,108	NO
912828-UH-1	95,932	105,783	103,342	NO
Total:	\$520,352	\$601,104	\$566,336	

6. Joint Ventures, Partnerships and Limited Liability Companies

No significant changes.

7. Investment Income

No significant changes.

8. Derivative Instruments

No significant changes.

NOTES TO FINANCIAL STATEMENTS

9. Income Taxes

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

1.

	09/30/2017		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
(a) Gross Deferred Tax Assets	\$ 609,290	\$ 115,388	\$ 724,678
(b) Statutory Valuation Allowance Adjustments	—	—	—
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	609,290	115,388	724,678
(d) Deferred Tax Assets Nonadmitted	—	—	—
(e) Subtotal Net Deferred Tax Asset (1c – 1d)	609,290	115,388	724,678
(f) Deferred Tax Liabilities	(65,461)	(1,108,093)	(1,173,554)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	<u>\$ 543,829</u>	<u>\$ (992,705)</u>	<u>\$ (448,876)</u>

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

	Change		
	(7)	(8)	(9)
	(Col 1—4) Ordinary	(Col 2—5) Capital	(Co 7+8) Total
(a) Gross Deferred Tax Assets	\$ 44,394	\$ (11,019)	\$ 33,375
(b) Statutory Valuation Allowance Adjustments	—	—	—
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	44,394	(11,019)	33,375
(d) Deferred Tax Assets Nonadmitted	—	—	—
(e) Subtotal Net Deferred Tax Asset (1c – 1d)	44,394	(11,019)	33,375
(f) Deferred Tax Liabilities	(8,661)	(162,170)	(170,832)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	<u>\$ 35,733</u>	<u>\$ (173,190)</u>	<u>\$ (137,457)</u>

2. Admission Calculation Components SSAP No. 101

	09/30/2017		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ 404,686	\$ —	\$ 404,686
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)	28,880	—	28,880
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	28,880	—	28,880
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	2,397,292
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.	<u>175,725</u>	<u>115,388</u>	<u>291,113</u>
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))	<u>\$ 609,290</u>	<u>\$ 115,388</u>	<u>\$ 724,678</u>

NOTES TO FINANCIAL STATEMENTS

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

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.	\$ 35,625	\$ —	\$ 35,625
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)	—	—	—
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	—	—	—
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	101,574
(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.	8,769	(11,019)	(2,251)
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))	\$ 44,394	\$ (11,019)	\$ 33,375

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.	\$ 15,981,945 \$ 15,304,787

4. Impact of Tax—Planning Strategies

09/30/2017		
(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)	\$ 609,290	\$ 115,388
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)	\$ 609,290	\$ 115,388
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	
		(3)	(4)
		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)	\$ 564,896	\$ 126,407
6.	Percentage of Adjusted Gross DTAs By Tax Character Attributable To The Impact Of Tax Planning Strategies	0%	0%
7.	Net Admitted Adjusted Gross DTAs Amount from Note 9A1(e)	\$ 564,896	\$ 126,407
8.	Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies	0%	0%
		Change	
		(5)	(6)
		(Col 1-3) Ordinary	(Col 2-4) Capital
(a)	Determination Of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets, By Tax Character As A Percentage.		
1.	Adjusted Gross DTAs Amount From Note 9A1(c)	\$ 44,394	\$ (11,019)
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)	\$ 44,394	\$ (11,019)
4.	Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies	0%	0%
(b)	Does the Company's tax—planning strategies include the use of reinsurance?	Yes _____	No <u>X</u>

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

NOTES TO FINANCIAL STATEMENTS

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

	(1)	(2)	(3)
	09/30/2017	12/31/2016	(Col 1—2) Change
1. Current Income Tax			
(a) Federal	\$ 47,312	\$ 139,893	\$ (92,774)
(b) Foreign	\$ —	\$ —	\$ —
(c) Subtotal	\$ 47,312	\$ 139,893	\$ (92,774)
(d) Federal income tax on net capital gains	\$ 57,663	\$ 91,720	\$ (34,057)
(e) Utilization of operating loss carry—forwards	\$ —	\$ —	\$ —
(f) Other (incl. prior year over/under accrual)	\$ —	\$ —	\$ —
(g) Federal and foreign income taxes incurred	<u>\$ 104,975</u>	<u>\$ 231,613</u>	<u>\$ (126,638)</u>
2. Deferred Tax Assets			
(a) Ordinary			
(1) Discounting of unpaid losses	\$ 49,594	\$ 49,594	\$ —
(2) Unearned premium reserve	\$ 347,249	\$ 326,316	\$ 20,933
(3) Policyholder reserves	\$ —	\$ —	\$ —
(4) Investments	\$ —	\$ —	\$ —
(5) Deferred acquisition costs	\$ —	\$ —	\$ —
(6) Policyholder dividends accrual	\$ —	\$ —	\$ —
(7) Fixed assets and prepaid expense— nonadmitted	\$ 1,132	\$ 4,136	\$ (3,004)
(8) Compensation and benefits accrual	\$ 39,690	\$ 34,220	\$ 5,470
(9) Pension accrual	\$ 5,874	\$ 6,789	\$ (915)
(10) Receivables – nonadmitted	\$ 5,884	\$ 4,039	\$ 1,845
(11) Net operating loss carry—forward	\$ —	\$ —	\$ —
(12) Tax credit carry—forward	\$ —	\$ —	\$ —
(13) Other (including items <5% of total ordinary tax assets):			
(14) Salvage and subrogation anticipated	\$ 100,486	\$ 99,466	\$ 1,020
(15) Software capitalized	\$ 35,432	\$ 30,765	\$ 4,667
(16) Other	<u>\$ 23,949</u>	<u>\$ 9,571</u>	<u>\$ 14,378</u>
(99) Subtotal	\$ 609,290	\$ 564,896	\$ 44,394
(b) Statutory valuation allowance adjustment	\$ —	\$ —	\$ —
(c) Nonadmitted	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	<u>\$ 609,290</u>	<u>\$ 564,896</u>	<u>\$ 44,394</u>
(e) Capital:			
(1) Investments	\$ —	\$ —	\$ —
(2) Net capital loss carry—forward	\$ —	\$ —	\$ —
(3) Real estate	\$ —	\$ —	\$ —
(4) Other (including items <5% of total capital tax assets):			
(5) Unrealized capital losses for impaired securities	\$ 113,466	\$ 124,485	\$ (11,019)
(6) Other	<u>\$ 1,922</u>	<u>\$ 1,922</u>	<u>\$ —</u>
(99) Subtotal	\$ 115,388	\$ 126,407	\$ (11,019)
(f) Statutory valuation allowance adjustment	\$ —	\$ —	\$ —
(g) Nonadmitted	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	<u>\$ 115,388</u>	<u>\$ 126,407</u>	<u>\$ (11,019)</u>
(i) Admitted deferred tax assets (2d + 2h)	<u>\$ 724,678</u>	<u>\$ 691,303</u>	<u>\$ 33,375</u>
3. Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	\$ (40,851)	\$ (37,604)	\$ (3,247)
(2) Fixed assets	\$ —	\$ —	\$ —
(3) Deferred and uncollected premium	\$ —	\$ —	\$ —
(4) Policyholder reserves	\$ —	\$ —	\$ —
(5) Other (including items <5% of total ordinary tax liabilities)	<u>\$ (24,610)</u>	<u>\$ (19,196)</u>	<u>\$ (5,414)</u>
(99) Subtotal	\$ (65,461)	\$ (56,800)	\$ (8,661)
(b) Capital:			
(1) Investments	\$ —	\$ —	\$ —
(2) Real estate	\$ —	\$ —	\$ —
(3) Other (including items <5% of total capital tax liabilities):			
(4) Unrealized capital gains	<u>\$ (1,108,093)</u>	<u>\$ (945,922)</u>	<u>\$ (162,171)</u>
(99) Subtotal	<u>\$ (1,108,093)</u>	<u>\$ (945,922)</u>	<u>\$ (162,171)</u>
(c) Deferred tax liabilities (3a99 + 3b99)	<u>\$ (1,173,554)</u>	<u>\$ (1,002,722)</u>	<u>\$ (170,832)</u>
Net deferred tax assets/liabilities (2i – 3c)	<u>\$ (448,876)</u>	<u>\$ (311,419)</u>	<u>\$ (137,457)</u>

NOTES TO FINANCIAL STATEMENTS

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

	<u>09/30/2017</u>	<u>Effective Tax Rate</u>
Provision computed at statutory rate	\$ 152,130	34.0%
Tax exempt interest	(45,762)	(10.2%)
Dividends received deduction	(23,505)	(5.3%)
Change in deferred tax on nonadmitted assets	1,159	0.3%
Other	(3,742)	(0.8%)
Total	<u>\$ 80,280</u>	<u>18.0%</u>
Federal and foreign income taxes incurred	\$ 47,312	10.6%
Tax on capital gains (losses)	57,663	12.9%
Change in net deferred income taxes	(24,695)	(5.5%)
Total statutory income taxes	<u>\$ 80,280</u>	<u>18.0%</u>

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

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

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

(2) As of September 30, 2017, the Company had federal income taxes incurred available for recoupment in the event of future net losses in the amount of \$366,267.

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

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

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

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

11. Debt

Not applicable.

NOTES TO FINANCIAL STATEMENTS

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

A. Defined Benefit Plan

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

The Company also has a non-qualified voluntary deferred compensation plan for senior executive officers. The plan allows for deferral of payouts from the Annual Cash Bonus Plan and Performance Share Plan for Key Executives. As of September 30, 2017 and December 31, 2016, amounts held for these deferrals were \$0.1 million and \$0.1 million, respectively.

B. Investment Policies and Strategies

Not applicable.

C. Fair Value of Plan Assets

Not applicable.

D. Basis of Rates of Returns on Assets

Not applicable.

E. Defined Contribution Plans

No significant changes.

F. Multiemployer Plans

Not applicable.

G. Consolidated/Holding Company Plans

Not applicable.

H. Postemployment Benefits and Compensated Absences

Not applicable.

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

Not applicable.

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

(1) Not applicable.

(2) Not applicable.

(3) Not applicable.

(4) Not applicable.

(5) Not applicable.

(6) Not applicable.

(7) Not applicable.

(8) Not applicable.

(9) Not applicable.

(10) The portion of unassigned funds (surplus) represented by cumulative unrealized gains net of losses before tax is \$3.3 million and \$2.8 million at September 30, 2017 and December 31, 2016, respectively.

(11) Not applicable.

(12) Not applicable.

(13) Not applicable.

NOTES TO FINANCIAL STATEMENTS

14. Liabilities, Contingencies and Assessments

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

15. Leases

No significant changes.

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

Not applicable.

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

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

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

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

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

Not applicable.

NOTES TO FINANCIAL STATEMENTS

20. Fair Value Measurements

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

Level 1:

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

Level 2:

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

Level 3:

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

(1) Fair Value Measurements at September 30, 2017:

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
a. Assets at fair value:				
Common Stock:				
Mutual Funds	3,911,062	—	—	3,911,062
Industrial and Misc	4,134,702	—	86,156	4,220,858
Total Common Stocks	8,045,764	—	86,156	8,131,920
Other Invested Assets	618,863	—	—	618,863
Total assets at fair value	\$ 8,664,627	\$ —	\$ 86,156	\$ 8,750,783
b. Liabilities at fair value:				
Not applicable.				

Fair Value Measurements at December 31, 2016:

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
a. Assets at fair value:				
Common Stock:				
Mutual Funds	\$ 3,557,231	\$ —	\$ —	\$ 3,557,231
Industrial and Misc	4,089,672	—	86,156	4,175,828
Total Common Stocks	7,646,903	—	86,156	7,733,059
Other Invested Assets	611,766	—	—	611,766
Total assets at fair value	\$ 8,258,669	\$ —	\$ 86,156	\$ 8,344,825
Liabilities at fair value:				
Not applicable.				

NOTES TO FINANCIAL STATEMENTS

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

	Beginning Balance at 01/01/2017	Transfers In/(out) Level 3	Total Gain/(Loss) Included in Net Income	Total Gain/(Loss) Included in Surplus	(Sales)	Ending Balance at 09/30/2017
a. Assets:						
Common Stock:						
Industrial and Misc	\$ 86,156	\$ —	\$ —	\$ —	\$ —	\$ 86,156
Total Assets	\$ 86,156	\$ —	\$ —	\$ —	\$ —	\$ 86,156
b. Liabilities:						
Not applicable.						

- (3) The Company's policy is to recognize transfers in and out as of the end of the reporting period.
- (4) As of September 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	\$ 15,451,423	\$ 15,151,463	\$ 1,111,590	\$ 14,339,833	\$ —	\$ —
Common Stock	8,131,920	8,131,920	8,045,764	—	86,156	—
Other Invested Assets	618,863	618,863	618,863	—	—	—
Short-Term Investments	743,565	743,565	—	743,565	—	—

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

Type II – Nonrecognized Subsequent Events:

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

NOTES TO FINANCIAL STATEMENTS

23. Reinsurance

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

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

Not applicable.

25. Changes in Incurred Losses and Loss Adjustment Expense

Reserves as of December 31, 2016 were \$4.4 million. During 2017, \$1.7 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 \$2.3 million as a result of re-estimation of unpaid claims and claim adjusting expenses. Therefore, there has been a \$0.4 million favorable prior year development from December 31, 2016 to September 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 –					
a. Beginning reserves:	\$ 4	\$ 8	\$ 4	\$ 4	\$ 4
b. Incurred losses and loss adjustment expense:	9	4	—	—	—
c. Calendar year payments for losses and loss adjustment expenses:	<u>5</u>	<u>7</u>	<u>—</u>	<u>—</u>	<u>—</u>
d. Ending reserves:	<u>\$ 8</u>	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ 4</u>
(2) Assumed Reinsurance –					
a. Beginning reserves:	\$ —	\$ —	\$ —	\$ —	\$ —
b. Incurred losses and loss adjustment expense:	—	—	—	—	—
c. Calendar year payments for losses and loss adjustment expenses:	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
d. Ending reserves:	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
(3) Net of Ceded Reinsurance –					
a. Beginning reserves:	\$ 4	\$ 8	\$ —	\$ —	\$ —
b. Incurred losses and loss adjustment expense:	5	(8)	—	—	—
c. Calendar year payments for loss and loss adjustment expenses:	<u>1</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
d. Ending reserves:	<u>\$ 8</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

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

- E.

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

(1) Direct Basis:

\$ —

(2) Assumed Reinsurance Basis:

\$ —

(3) Net of Ceded Reinsurance Basis:

\$ —
- F.

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

(1) Direct Basis:

\$ —

(2) Assumed Reinsurance Basis:

\$ —

(3) Ceded Reinsurance Basis:

\$ —

34. Subscriber Savings Accounts

Not applicable.

NOTES TO FINANCIAL STATEMENTS

35. Multiple Peril Crop Insurance

Not applicable.

36. Financial Guaranty Insurance

Not applicable.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1

Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes ☐ No ☒
- 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 ☒
- 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 ☒ 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 ☒
- 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 ☒
- 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 ☒
- 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.

12/31/2016
- 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).

10/25/2017
- 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 ☒
- 6.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes ☒ 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 ☒
- 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 ☒
- 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 ☒
- 8.4

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

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

GENERAL INTERROGATORIES

- 9.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?
(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.

Yes [X] No []
- 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:\$0
13.

Amount of real estate and mortgages held in short-term investments:\$0
- 14.1

Does the reporting entity have any investments in parent, subsidiaries and affiliates?

Yes [X] No []
- 14.2

If yes, please complete the following:

	1	2
	Prior Year-End Book/Adjusted Carrying Value	Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	\$	\$
14.22 Preferred Stock	\$	\$
14.23 Common Stock	\$3,861	\$4,319
14.24 Short-Term Investments	\$	\$
14.25 Mortgage Loans on Real Estate	\$	\$
14.26 All Other	\$	\$
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$3,861	\$4,319
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.

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 [X] No []

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

1	2
Name of Custodian(s)	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	2	3
Name(s)	Location(s)	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	2	3	4
Old Custodian	New Custodian	Date of Change	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	2
Name of Firm or Individual	Affiliation
Michael S. Shutt.....	I.....
Adrian Besancon.....	I.....

- 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	2	3	4	5
Central Registration Depository Number	Name of Firm or Individual	Legal Entity Identifier (LEI)	Registered With	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:
-

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:

			TOTAL DISCOUNT				DISCOUNT TAKEN DURING PERIOD			
1	2	3	4	5	6	7	8	9	10	11
Line of Business	Maximum Interest	Discount Rate	Unpaid Losses	Unpaid LAE	IBNR	TOTAL	Unpaid Losses	Unpaid LAE	IBNR	TOTAL
TOTAL			0	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 SEPTEMBER 30, 2017 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

SCHEDULE F - CEDED REINSURANCE

Showing All New Reinsurers - Current Year to Date

[illegible]

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

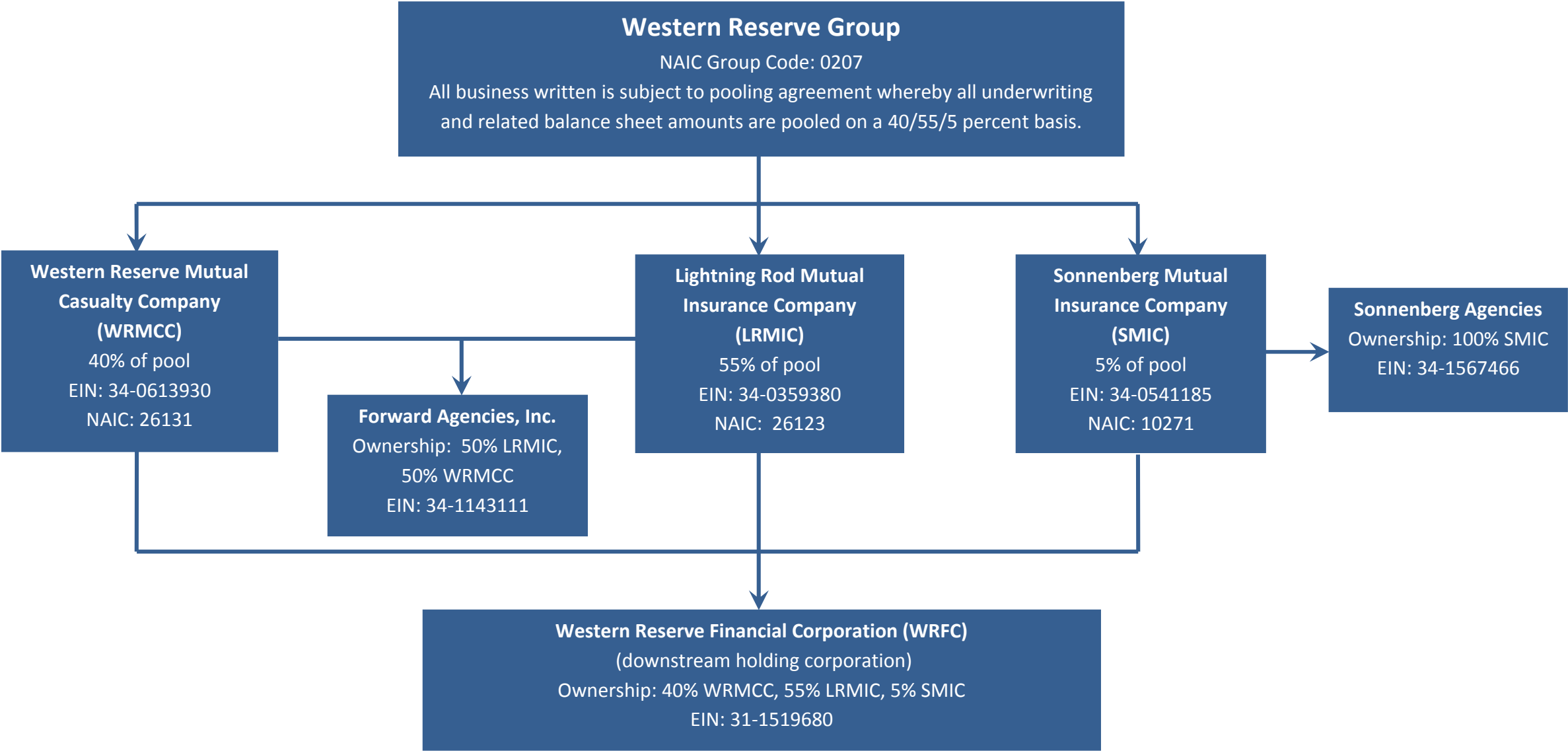
Current Year to Date – Allocated by States and Territories							
States, etc.	1	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2	3	4	5	6	7
	Active Status	Current Year To Date	Prior Year To Date	Current Year To Date	Prior Year To Date	Current Year To Date	Prior Year To Date
1. Alabama	AL..N		.0		.0		.0
2. Alaska	AK..N		.0		.0		.0
3. Arizona	AZ..N		.0		.0		.0
4. Arkansas	AR..N		.0		.0		.0
5. California	CA..N		.0		.0		.0
6. Colorado	CO..N		.0		.0		.0
7. Connecticut	CT..N		.0		.0		.0
8. Delaware	DE..N		.0		.0		.0
9. Dist. Columbia	DC..N		.0		.0		.0
10. Florida	FL..N		.0		.0		.0
11. Georgia	GA..N		.0		.0		.0
12. Hawaii	HI..N		.0		.0		.0
13. Idaho	ID..N		.0		.0		.0
14. Illinois	IL..N		.0		.0		.0
15. Indiana	IN..L	6,820,973	5,059,313	3,780,825	3,419,971	2,512,949	2,022,014
16. Iowa	IA..N		.0		.0		.0
17. Kansas	KS..N		.0		.0		.0
18. Kentucky	KY..N		.0		.0		.0
19. Louisiana	LA..N		.0		.0		.0
20. Maine	ME..N		.0		.0		.0
21. Maryland	MD..N		.0		.0		.0
22. Massachusetts	MA..N		.0		.0		.0
23. Michigan	MI..N		.0		.0		.0
24. Minnesota	MN..N		.0		.0		.0
25. Mississippi	MS..N		.0		.0		.0
26. Missouri	MO..N		.0		.0		.0
27. Montana	MT..N		.0		.0		.0
28. Nebraska	NE..N		.0		.0		.0
29. Nevada	NV..N		.0		.0		.0
30. New Hampshire	NH..N		.0		.0		.0
31. New Jersey	NJ..N		.0		.0		.0
32. New Mexico	NM..N		.0		.0		.0
33. New York	NY..N		.0		.0		.0
34. No. Carolina	NC..N		.0		.0		.0
35. No. Dakota	ND..N		.0		.0		.0
36. Ohio	OH..L	19,197,811	14,295,960	10,258,903	6,733,663	6,549,176	4,015,974
37. Oklahoma	OK..N		.0		.0		.0
38. Oregon	OR..N		.0		.0		.0
39. Pennsylvania	PA..N		.0		.0		.0
40. Rhode Island	RI..N		.0		.0		.0
41. So. Carolina	SC..N		.0		.0		.0
42. So. Dakota	SD..N		.0		.0		.0
43. Tennessee	TN..N		.0		.0		.0
44. Texas	TX..N		.0		.0		.0
45. Utah	UT..N		.0		.0		.0
46. Vermont	VT..N		.0		.0		.0
47. Virginia	VA..N		.0		.0		.0
48. Washington	WA..N		.0		.0		.0
49. West Virginia	WV..N		.0		.0		.0
50. Wisconsin	WI..N		.0		.0		.0
51. Wyoming	WY..N		.0		.0		.0
52. American Samoa	AS..N		.0		.0		.0
53. Guam	GU..N		.0		.0		.0
54. Puerto Rico	PR..N		.0		.0		.0
55. U.S. Virgin Islands	VI..N		.0		.0		.0
56. Northern Mariana Islands	MP..N		.0		.0		.0
57. Canada	CAN..N		.0		.0		.0
58. Aggregate Other Alien	OT..XXX	.0	.0	.0	.0	.0	.0
59. Totals	(a) 2	26,018,784	19,355,273	14,039,728	10,153,634	9,062,125	6,037,988
DETAILS OF WRITE-INS							
58001.	XXX						
58002.	XXX						
58003.	XXX						
58998. Summary of remaining write-ins for Line 58 from overflow page.	XXX	.0	.0	.0	.0	.0	.0
58999. TOTALS (Lines 58001 through 58003 plus 58998) (Line 58 above)	XXX	0	0	0	0	0	0

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

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

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

PART 1 – ORGANIZATIONAL CHART



STATEMENT AS OF SEPTEMBER 30, 2017 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

SCHEDULE Y

PART 1A – DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

[illegible]

Asterisk	Explanation

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	18,447	0	0.0	0.0
2.	Allied lines	8,621	0	0.0	(6.5)
3.	Farmowners multiple peril	219,084	73,430	33.5	28.2
4.	Homeowners multiple peril	430,665	287,742	66.8	44.7
5.	Commercial multiple peril			0.0	0.0
6.	Mortgage guaranty			0.0	0.0
8.	Ocean marine			0.0	0.0
9.	Inland marine			0.0	0.0
10.	Financial guaranty			0.0	0.0
11.1	Medical professional liability -occurrence			0.0	0.0
11.2	Medical professional liability -claims made			0.0	0.0
12.	Earthquake			0.0	0.0
13.	Group accident and health			0.0	0.0
14.	Credit accident and health			0.0	0.0
15.	Other accident and health			0.0	0.0
16.	Workers' compensation			0.0	0.0
17.1	Other liability occurrence	722		0.0	0.0
17.2	Other liability-claims made			0.0	0.0
17.3	Excess Workers' Compensation			0.0	0.0
18.1	Products liability-occurrence			0.0	0.0
18.2	Products liability-claims made			0.0	0.0
19.1,19.2	Private passenger auto liability	12,468,472	9,263,162	74.3	89.7
19.3,19.4	Commercial auto liability	0		0.0	0.0
21.	Auto physical damage	9,859,611	6,506,098	66.0	79.9
22.	Aircraft (all perils)			0.0	0.0
23.	Fidelity			0.0	0.0
24.	Surety			0.0	0.0
26.	Burglary and theft	0		0.0	0.0
27.	Boiler and machinery	1,711		0.0	0.0
28.	Credit			0.0	0.0
29.	International			0.0	0.0
30.	Warranty			0.0	0.0
31.	Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX	XXX
32.	Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX	XXX
33.	Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX
34.	Aggregate write-ins for other lines of business	0	0	0.0	0.0
35.	TOTALS	23,007,333	16,130,432	70.1	79.8
DETAILS OF WRITE-INS					
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
1.	Fire	7,965	17,412	20,215
2.	Allied lines	3,155	7,660	9,060
3.	Farmowners multiple peril	64,443	216,236	230,892
4.	Homeowners multiple peril	(261)	(14,584)	1,443,135
5.	Commercial multiple peril	0		0
6.	Mortgage guaranty	0		0
8.	Ocean marine	0		0
9.	Inland marine	0		0
10.	Financial guaranty	0		0
11.1	Medical professional liability-occurrence	0		0
11.2	Medical professional liability-claims made	0		0
12.	Earthquake	0		0
13.	Group accident and health	0		0
14.	Credit accident and health	0		0
15.	Other accident and health	0		0
16.	Workers' compensation	0		0
17.1	Other liability occurrence	320	681	765
17.2	Other liability-claims made	0		0
17.3	Excess Workers' Compensation	0		0
18.1	Products liability-occurrence	0		0
18.2	Products liability-claims made	0		0
19.1,19.2	Private passenger auto liability	5,371,370	14,414,378	9,786,883
19.3,19.4	Commercial auto liability	0		0
21.	Auto physical damage	4,290,846	11,376,287	7,859,617
22.	Aircraft (all perils)	0		0
23.	Fidelity	0		0
24.	Surety	0		0
26.	Burglary and theft	0		0
27.	Boiler and machinery	(35)	714	4,706
28.	Credit	0		0
29.	International	0		0
30.	Warranty	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	9,737,803	26,018,784	19,355,273
DETAILS OF WRITE-INS				
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 SEPTEMBER 30, 2017 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	2017 Loss and LAE Payments on Claims Reported as of Prior Year-End	2017 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2017 Loss and LAE Payments (Cols. 4 + 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year End	Q.S. Date IBNR Loss and LAE Reserves	Total Q.S. Loss and LAE Reserves (Cols.7 + 8 + 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 4 + 7 minus Col. 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 5 + 8 + 9 minus Col. 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings)/ Deficiency (Cols. 11 + 12)
1. 2014 + Prior	861	62	923	287	1	288	423	5	22	450	(151)	(34)	(185)
2. 2015	1,040	63	1,103	342	7	349	597	27	31	655	(101)	2	(99)
3. Subtotals 2015 + prior	1,901	125	2,026	629	8	637	1,020	32	53	1,105	(252)	(32)	(284)
4. 2016	1,812	536	2,348	927	128	1,055	996	113	101	1,210	111	(194)	(83)
5. Subtotals 2016 + prior	3,713	661	4,374	1,556	136	1,692	2,016	145	154	2,315	(141)	(226)	(367)
6. 2017	XXX	XXX	XXX	XXX	3,348	3,348	XXX	1,947	496	2,443	XXX	XXX	XXX
7. Totals	3,713	661	4,374	1,556	3,484	5,040	2,016	2,092	650	4,758	(141)	(226)	(367)
8. Prior Year-End Surplus As Regards Policy-holders	15,305										Col. 11, Line 7 As % of Col. 1, Line 7	Col. 12, Line 7 As % of Col. 2, Line 7	Col. 13, Line 7 As % of Col. 3, Line 7
											1. (3.8)	2. (34.2)	3. (8.4)
											Col. 13, Line 7 Line 8		
											4. (2.4)		

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?	NO.....

Explanation:

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

Bar Code:

1.



102712017490000003

2.



102712017455000003

3.



102712017365000003

4.



102712017505000003

OVERFLOW PAGE FOR WRITE-INS

SCHEDULE A – VERIFICATION

Real Estate

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

SCHEDULE B – VERIFICATION

Mortgage Loans

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

SCHEDULE BA – VERIFICATION

Other Long-Term Invested Assets

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	611,766	.0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	75,000	600,000
2.2 Additional investment made after acquisition		.0
3. Capitalized deferred interest and other		.0
4. Accrual of discount		.0
5. Unrealized valuation increase (decrease)	(67,903)	11,766
6. Total gain (loss) on disposals		.0
7. Deduct amounts received on disposals		.0
8. Deduct amortization of premium and depreciation		.0
9. Total foreign exchange change in book/adjusted carrying value		.0
10. Deduct current year's other-than-temporary impairment recognized		.0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	618,863	611,766
12. Deduct total nonadmitted amounts	.0	.0
13. Statement value at end of current period (Line 11 minus Line 12)	618,863	611,766

SCHEDULE D – VERIFICATION

Bonds and Stocks

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	22,285,153	21,692,916
2. Cost of bonds and stocks acquired	2,551,254	3,206,312
3. Accrual of discount	2,461	4,858
4. Unrealized valuation increase (decrease)	544,818	511,174
5. Total gain (loss) on disposals	169,596	269,749
6. Deduct consideration for bonds and stocks disposed of	2,177,018	3,299,207
7. Deduct amortization of premium	88,547	100,649
8. Total foreign exchange change in book/adjusted carrying value		.0
9. Deduct current year's other-than-temporary impairment recognized		.0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	23,287,717	22,285,153
11. Deduct total nonadmitted amounts	4,319	3,861
12. Statement value at end of current period (Line 10 minus Line 11)	23,283,398	22,281,292

STATEMENT AS OF SEPTEMBER 30, 2017 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

SCHEDULE D - PART 1B

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

NAIC Designation	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. NAIC 1 (a).....	15,422,125	902,639	1,105,206	(28,128)	15,034,645	15,422,125	15,191,430	14,600,071
2. NAIC 2 (a).....	703,730			(131)	803,847	703,730	703,599	804,645
3. NAIC 3 (a).....	0				0	0	0	0
4. NAIC 4 (a).....	0				0	0	0	0
5. NAIC 5 (a).....	0				0	0	0	0
6. NAIC 6 (a).....	0				0	0	0	0
7. Total Bonds	16,125,855	902,639	1,105,206	(28,259)	15,838,492	16,125,855	15,895,029	15,404,716
PREFERRED STOCK								
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	16,125,855	902,639	1,105,206	(28,259)	15,838,492	16,125,855	15,895,029	15,404,716

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$743,564 ; NAIC 2 \$;
NAIC 3 \$; NAIC 4 \$; NAIC 5 \$; NAIC 6 \$

SCHEDULE DA - PART 1
Short-Term Investments

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999	743,564	XXX	743,564	2,806	

SCHEDULE DA - VERIFICATION
Short-Term Investments

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	856,483	650,837
2. Cost of short-term investments acquired	2,283,999	5,442,463
3. Accrual of discount		0
4. Unrealized valuation increase (decrease).....		0
5. Total gain (loss) on disposals		0
6. Deduct consideration received on disposals	2,396,917	5,236,817
7. Deduct amortization of premium.....		0
8. Total foreign exchange change in book/adjusted carrying value.....		0
9. Deduct current year's other-than-temporary impairment recognized.....		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	743,565	856,483
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	743,565	856,483

Schedule DB - Part A - Verification

NONE

Schedule DB - Part B - Verification

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part C - Section 2

NONE

Schedule DB - Verification

NONE

Schedule E - Verification

NONE

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

STATEMENT AS OF SEPTEMBER 30, 2017 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets ACQUIRED AND ADDITIONS MADE During the Current Quarter

[illegible]

SCHEDULE BA - PART 3

Showing Other Long-Term Invested Assets DISPOSED, Transferred or Repaid During the Current Quarter

[illegible]

EO3

E04

E04

E04

E04

E04

E05

E05

E05

E05

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 SEPTEMBER 30, 2017 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

SCHEDULE E - PART 1 - CASH

[illegible]

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							
8699999 Total Cash Equivalents					0	0	0