



PROPERTY AND CASUALTY COMPANIES—ASSOCIATION EDITION

QUARTERLY STATEMENT

AS OF JUNE 30, 2018
OF THE CONDITION AND AFFAIRS OF THE

LIGHTNING ROD MUTUAL INSURANCE COMPANY

NAIC Group Code	00207	00207	NAIC Company Code	26123	Employer's ID Number	34-0359380
	(Current Period)	(Prior Period)				
Organized under the Laws of	Ohio		State of Domicile or Port of Entry	Ohio		
Country of Domicile	United States					
Incorporated/Organized	01/01/1906		Commenced Business	03/01/1906		
Statutory Home Office	1685 Cleveland Road		Wooster, OH, US 44691-0036			
	(Street and Number)		(City or Town, State, Country and Zip Code)			
Main Administrative Office	1685 Cleveland Road		Wooster, OH, US 44691-0036		330-262-9060	
	(Street and Number)		(City or Town, State, Country and Zip Code)		(Area Code) (Telephone Number)	
Mail Address	1685 Cleveland Road		Wooster, OH, US 44691-0036			
	(Street and Number or P.O. Box)		(City or Town, State, Country and Zip Code)			
Primary Location of Books and Records	1685 Cleveland Road		Wooster, OH, US 44691-0036		330-262-9060	
	(Street and Number)		(City or Town, State, Country and Zip Code)		(Area Code) (Telephone Number)	
Internet Web Site Address	www.wrg-ins.com					
Statutory Statement Contact	Christopher M. Racz, CPA		330-262-9060-2446			
	(Name)		(Area Code) (Telephone Number) (Extension)			
	Christopher_Racz@wrg-ins.com		800-563-9896			
	(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 INSURANCE OPERATIONS-COO	WILLIAM J. GALONSKI #	VICE PRESIDENT -CHIEF CLAIMS OFFICER
LEO S. GENDERS #	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
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a. Is this an original filing? Yes [X] No []

b. If no:

1. State the amendment number

2. Date filed

3. Number of pages attached

Subscribed and sworn to before me this

15 day of August, 2018

Anita M. Bille, NOTARY PUBLIC
February 23, 2022

STATEMENT AS OF JUNE 30, 2018 OF THE LIGHTNING ROD 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	141,747,668	0	141,747,668	140,389,114
2. Stocks:				
2.1 Preferred stocks	0	0	0	0
2.2 Common stocks	78,263,692	371,991	77,891,700	80,719,303
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)	4,164,910	0	4,164,910	4,283,643
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 (\$39,083,491), cash equivalents (\$3,115,271) and short-term investments (\$0)	42,198,762	0	42,198,762	40,299,389
6. Contract loans (including \$ premium notes)	0	0	0	0
7. Derivatives	0	0	0	0
8. Other invested assets	17,284,566	0	17,284,566	17,240,588
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)	283,659,598	371,991	283,287,607	282,932,038
13. Title plants less \$ charged off (for Title insurers only)	0	0	0	0
14. Investment income due and accrued	1,554,802	0	1,554,802	1,517,536
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	15,921,141	47,113	15,874,029	15,863,437
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	135,911	0	135,911	18,033
16.2 Funds held by or deposited with reinsured companies	0	0	0	0
16.3 Other amounts receivable under reinsurance contracts	0	0	0	0
17. Amounts receivable relating to uninsured plans	0	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0	0
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 (\$)	585,800	585,800	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	0	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	301,857,252	1,004,904	300,852,348	300,331,044
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0	0
28. Total (Lines 26 and 27)	301,857,252	1,004,904	300,852,348	300,331,044
DETAILS OF WRITE-INS				
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.	0	0	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)	0	0	0	0

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$15,258,266)	42,975,524	45,104,176
2. Reinsurance payable on paid losses and loss adjustment expenses	0	0
3. Loss adjustment expenses	8,232,489	8,232,489
4. Commissions payable, contingent commissions and other similar charges	2,938,140	3,346,836
5. Other expenses (excluding taxes, licenses and fees)	2,672,121	4,462,109
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	734,275	1,347,928
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))	384,953	7,370
7.2 Net deferred tax liability	3,668,432	4,292,296
8. Borrowed money \$ and interest thereon \$	0	0
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ 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)	56,302,459	54,818,186
10. Advance premium	974,490	694,045
11. Dividends declared and unpaid:		
11.1 Stockholders	0	0
11.2 Policyholders	0	0
12. Ceded reinsurance premiums payable (net of ceding commissions)	(327,202)	292,094
13. Funds held by company under reinsurance treaties	0	0
14. Amounts withheld or retained by company for account of others	1,151,844	891,110
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)	119,707,524	123,488,640
27. Protected cell liabilities	0	0
28. Total liabilities (Lines 26 and 27)	119,707,524	123,488,640
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)	181,144,824	176,842,404
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)	181,144,824	176,842,404
38. Totals (Page 2, Line 28, Col. 3)	300,852,348	300,331,044
DETAILS OF WRITE-INS		
2501.	0	0
2502.	0	0
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	0	0
2901.		
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0
3201.	0	0
3202.	0	0
3203.	0	0
3298. Summary of remaining write-ins for Line 32 from overflow page	0	0
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)	0	0

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 \$ 45,757,984)	44,528,136	45,797,068	91,055,540
1.2 Assumed (written \$ 66,513,873)	64,961,044	59,836,266	122,657,912
1.3 Ceded (written \$ 51,906,998)	50,608,593	48,904,724	98,930,430
1.4 Net (written \$ 60,364,859)	58,880,587	56,728,610	114,783,022
DEDUCTIONS:			
2. Losses incurred (current accident year \$)::			
2.1 Direct	16,061,020	26,056,954	50,239,390
2.2 Assumed	38,072,261	34,727,945	76,378,059
2.3 Ceded	24,269,184	27,157,487	57,571,844
2.4 Net	29,864,097	33,627,412	69,045,605
3. Loss adjustment expenses incurred	5,455,787	5,472,140	11,129,533
4. Other underwriting expenses incurred	19,251,834	18,520,317	37,258,252
5. Aggregate write-ins for underwriting deductions	0	0	0
6. Total underwriting deductions (Lines 2 through 5)	54,571,719	57,619,869	117,433,389
7. Net income of protected cells	0	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	4,308,868	(891,259)	(2,650,367)
INVESTMENT INCOME			
9. Net investment income earned	2,308,823	2,272,447	5,124,643
10. Net realized capital gains (losses) less capital gains tax of \$ 99,538	374,454	609,417	2,066,304
11. Net investment gain (loss) (Lines 9 + 10)	2,683,277	2,881,864	7,190,947
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$ 48,706)	(48,706)	(62,392)	(122,251)
13. Finance and service charges not included in premiums	806,635	816,146	1,630,413
14. Aggregate write-ins for miscellaneous income	(1,201)	8,654	12,245
15. Total other income (Lines 12 through 14)	756,728	762,408	1,520,407
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	7,748,873	2,753,013	6,060,986
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)	7,748,873	2,753,013	6,060,986
19. Federal and foreign income taxes incurred	1,403,045	524,928	386,540
20. Net income (Line 18 minus Line 19)(to Line 22)	6,345,828	2,228,085	5,674,447
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	176,842,404	163,800,189	163,800,189
22. Net income (from Line 20)	6,345,828	2,228,085	5,674,447
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 \$ (565,441)	(2,127,134)	2,136,116	4,730,379
25. Change in net unrealized foreign exchange capital gain (loss)	0	0	0
26. Change in net deferred income tax	58,423	392,237	2,703,754
27. Change in nonadmitted assets	25,303	(156,861)	18,525
28. Change in provision for reinsurance	0	0	0
29. Change in surplus notes	0	0	0
30. Surplus (contributed to) withdrawn from protected cells	0	0	0
31. Cumulative effect of changes in accounting principles	0	0	0
32. Capital changes:			
32.1 Paid in	0	0	0
32.2 Transferred from surplus (Stock Dividend)	0	0	0
32.3 Transferred to surplus	0	0	0
33. Surplus adjustments:			
33.1 Paid in	0	0	0
33.2 Transferred to capital (Stock Dividend)	0	0	0
33.3 Transferred from capital	0	0	0
34. Net remittances from or (to) Home Office	0	0	0
35. Dividends to stockholders	0	0	0
36. Change in treasury stock	0	0	0
37. Aggregate write-ins for gains and losses in surplus	0	(84,889)	(84,889)
38. Change in surplus as regards policyholders (Lines 22 through 37)	4,302,420	4,514,688	13,042,215
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	181,144,824	168,314,876	176,842,404
DETAILS OF WRITE-INS			
0501.	0	0	0
0502.			
0503.			
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	751	7,941	5,018
1402. Gain/(Loss) sale of Equipment	(1,953)	713	7,227
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)	(1,201)	8,654	12,245
3701. Prior Period Adjustment	0	(84,889)	(84,889)
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)	0	(84,889)	(84,889)

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.....	60,026,007	58,028,838	116,783,866
2. Net investment income	2,806,830	2,673,583	6,248,928
3. Miscellaneous income	756,728	762,408	1,520,407
4. Total (Lines 1 to 3)	63,589,566	61,464,829	124,553,201
5. Benefit and loss related payments	32,110,627	30,603,420	63,409,425
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	27,509,599	27,679,902	49,713,461
8. Dividends paid to policyholders	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses).....	1,125,000	830,000	830,000
10. Total (Lines 5 through 9)	60,745,226	59,113,322	113,952,887
11. Net cash from operations (Line 4 minus Line 10)	2,844,340	2,351,507	10,600,314
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	6,418,249	6,193,240	12,866,858
12.2 Stocks	1,017,219	1,850,907	5,688,002
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	114,384	118,657	37,266
12.8 Total investment proceeds (Lines 12.1 to 12.7)	7,549,852	8,162,804	18,592,127
13. Cost of investments acquired (long-term only):			
13.1 Bonds	8,232,090	11,075,001	21,718,578
13.2 Stocks	541,187	230,093	295,300
13.3 Mortgage loans	0	0	0
13.4 Real estate	0	0	4,256
13.5 Other invested assets	0	0	1,375,000
13.6 Miscellaneous applications	0	0	37,454
13.7 Total investments acquired (Lines 13.1 to 13.6)	8,773,278	11,305,094	23,430,588
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)	(1,223,426)	(3,142,290)	(4,838,461)
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).....	278,458	(564,631)	(389,628)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6).....	278,458	(564,631)	(389,628)
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)	1,899,373	(1,355,413)	5,372,226
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	40,299,389	34,927,163	34,927,163
19.2 End of period (Line 18 plus Line 19.1)	42,198,762	33,571,750	40,299,389

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	2018	2017
<u>NET INCOME</u>			
(1) LRMIC state basis (Page 4, Line 20, Columns 1 & 2)	Ohio	\$ 6,345,828	\$ 5,674,447
(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>\$ 6,345,828</u>	<u>\$ 5,674,447</u>
<u>SURPLUS</u>			
(5) LRMIC state basis (Page 3, Line 37, Columns 1 & 2)	Ohio	\$ 181,144,824	\$ 176,842,404
(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>\$ 181,144,824</u>	<u>\$ 176,842,404</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	\$ (103,838)
2. 12 months or Longer	\$ (64,767)

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

1. Less than 12 months	\$ 5,195,756
2. 12 months or longer	\$ 1,601,126

- 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. Dollar Repurchase Agreements and/or Securities Lending Transactions

Not applicable.

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing

Not applicable.

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing

Not applicable.

H. Repurchase Agreements Transactions Accounted for as a Sale

Not applicable.

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale

Not applicable.

J. Real Estate

Not applicable.

K. Low—income Housing Tax Credits (LIHTC)

Not applicable.

L. 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, 2018.

M. Working Capital Finance Investments

Not applicable.

N. Offsetting and Netting of Assets and Liabilities

Not applicable.

NOTES TO FINANCIAL STATEMENTS

O. Structured Notes

CUSIP Identification	Actual Cost	Fair Value	Book/Adjusted Carrying Value	Mortgage-Refinanced Security (YES/NO)
912810-FR-4	\$1,006,332	\$1,326,248	\$1,192,830	NO
912828-V4-9	1,094,655	1,108,196	1,136,056	NO
912828-3R-9	595,684	596,052	605,214	NO
912828-LA-6	503,327	596,133	586,950	NO
912828-S5-0	1,204,745	1,201,296	1,253,429	NO
912828-UH-1	479,490	530,494	531,014	NO
912828-N7-1	1,082,123	1,100,860	1,118,601	NO
Total:	\$5,966,356	\$6,459,279	\$6,424,094	

P. 5* Securities

Not applicable.

Q. Short Sales

Not applicable.

R. Prepayment Penalty and Accelerated Fees

	General Account	Protected Cell
(1) Number of CUSIPS	1	--
(2) Aggregate Amount of Investment Income	\$ 4,281	\$ --

6. Joint Ventures, Partnerships and Limited Liability Companies

No significant changes.

7. Investment Income

No significant changes.

8. Derivative Instruments

No significant changes.

9. Income Taxes

A. The components of the net deferred tax asset/(liability) at June 30, 2018 and December 31, 2017 are as follows:

1.

	06/30/2018		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
(a) Gross Deferred Tax Assets	\$ 4,078,716	\$ 712,313	\$ 4,791,029
(b) Statutory Valuation Allowance Adjustments	—	—	—
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	4,078,716	712,313	4,791,029
(d) Deferred Tax Assets Nonadmitted	—	—	—
(e) Subtotal Net Deferred Tax Asset (1c – 1d)	4,078,716	712,313	4,791,029
(f) Deferred Tax Liabilities	(275,054)	(8,184,407)	(8,459,461)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	<u>\$ 3,803,662</u>	<u>\$ (7,472,094)</u>	<u>\$ (3,668,432)</u>
	12/31/2017		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
(a) Gross Deferred Tax Assets	\$ 3,953,278	\$ 763,523	\$ 4,716,801
(b) Statutory Valuation Allowance Adjustments	—	—	—
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	3,953,278	763,523	4,716,801
(d) Deferred Tax Assets Nonadmitted	—	—	—
(e) Subtotal Net Deferred Tax Asset (1c – 1d)	3,953,278	763,523	4,716,801
(f) Deferred Tax Liabilities	(259,263)	(8,749,834)	(9,009,097)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	<u>\$ 3,694,015</u>	<u>\$ (7,986,311)</u>	<u>\$ (4,292,296)</u>

NOTES TO FINANCIAL STATEMENTS

	Change		
	(7)	(8)	(9)
	(Col 1—4) Ordinary	(Col 2—5) Capital	(Co 7+8) Total
(a) Gross Deferred Tax Assets	\$ 125,438	\$ (51,210)	\$ 74,228
(b) Statutory Valuation Allowance Adjustments	—	—	—
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	125,438	(51,210)	74,228
(d) Deferred Tax Assets Nonadmitted	—	—	—
(e) Subtotal Net Deferred Tax Asset (1c – 1d)	125,438	(51,210)	74,228
(f) Deferred Tax Liabilities	(15,791)	565,427	549,636
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	<u>\$ 109,647</u>	<u>\$ 514,217</u>	<u>\$ 623,864</u>

2. Admission Calculation Components SSAP No. 101

	06/30/2018		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ 1,657,680	\$ —	\$ 1,657,680
(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)	997,581	—	997,581
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	997,581	—	997,581
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	26,554,892
(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>1,423,455</u>	<u>712,313</u>	<u>2,135,768</u>
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))	<u>\$ 4,078,716</u>	<u>\$ 712,313</u>	<u>\$ 4,791,029</u>

	12/31/2017		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ 2,427,627	\$ —	\$ 2,427,627
(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)	156,153	—	156,153
3. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	156,153	—	156,153
4. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	26,526,362
(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>1,369,498</u>	<u>763,523</u>	<u>2,133,021</u>
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))	<u>\$ 3,953,278</u>	<u>\$ 763,523</u>	<u>\$ 4,716,801</u>

NOTES TO FINANCIAL STATEMENTS

		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.	\$ (769,947)	\$ —	\$ (769,947)
(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)	841,428	—	841,428
1.	Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	841,428	—	841,428
2.	Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	28,530
(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.	53,957	(51,210)	2,747
(d)	Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))	<u>\$ 125,438</u>	<u>\$ (51,210)</u>	<u>\$ 74,228</u>
3.				
		2018	2017	
(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.	\$ 181,144,824	\$ 176,842,404	
4.	Impact of Tax—Planning Strategies			
		06/30/2018		
		(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)	\$ 4,078,716	\$ 712,313	
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)	\$ 4,078,716	\$ 712,313	
4.	Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies	0%	0%	
		12/31/2017		
		(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)	\$ 3,953,278	\$ 763,523	
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)	\$ 3,953,278	\$ 763,523	
4.	Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies	0%	0%	
		Change		
		(5)	(6)	
		(Col 1-3) Ordinary	(Col 2-4) Capital	
(a)	Determination Of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets, By Tax Character As A Percentage.			
1.	Adjusted Gross DTAs Amount From Note 9A1(c)	\$ 125,438	\$ (51,210)	
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)	\$ 125,438	\$ (51,210)	
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>			

NOTES TO FINANCIAL STATEMENTS

- 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)
	06/30/2018	12/31/2017	(Col 1-2) Change
1. Current Income Tax			
(a) Federal	\$ 1,403,045	\$ 386,540	\$ 1,016,505
(b) Foreign	\$ —	\$ —	\$ —
(c) Subtotal	\$ 1,403,045	\$ 386,540	\$ 1,016,505
(d) Federal income tax on net capital gains	\$ 99,538	\$ 1,064,460	\$ (964,922)
(e) Utilization of operating loss carry—forwards	\$ —	\$ —	\$ —
(f) Other	\$ —	\$ —	\$ —
(g) Federal and foreign income taxes incurred	\$ 1,502,583	\$ 1,451,000	\$ 51,583
2. Deferred Tax Assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	\$ 359,063	\$ 359,063	\$ —
(2) Unearned premium reserve	\$ 2,364,703	\$ 2,302,364	\$ 62,339
(3) Policyholder reserves	\$ —	\$ —	\$ —
(4) Investments	\$ —	\$ —	\$ —
(5) Deferred acquisition costs	\$ —	\$ —	\$ —
(6) Policyholder dividends accrual	\$ —	\$ —	\$ —
(7) Fixed assets	\$ 123,018	\$ 126,740	\$ (3,722)
(8) Compensation and benefits accrual	\$ 292,486	\$ 266,845	\$ 25,641
(9) Pension accrual	\$ 40,092	\$ 40,092	\$ —
(10) Receivables – nonadmitted	\$ 9,894	\$ 12,118	\$ (2,224)
(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	\$ 691,343	\$ 691,343	\$ —
(15) Software capitalized	\$ 157,189	\$ 125,474	\$ 31,715
(16) Other	\$ 40,928	\$ 29,239	\$ 11,689
(99) Subtotal	\$ 4,078,716	\$ 3,953,278	\$ 125,438
(b) Statutory valuation allowance adjustment	\$ —	\$ —	\$ —
(c) Nonadmitted	\$ —	\$ —	\$ —
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	\$ 4,078,716	\$ 3,953,278	\$ 125,438
(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	\$ 712,313	\$ 763,523	\$ (51,210)
(6) Other	\$ —	\$ —	\$ —
(99) Subtotal	\$ 712,313	\$ 763,523	\$ (51,210)
(f) Statutory valuation allowance adjustment	\$ —	\$ —	\$ —
(g) Nonadmitted	\$ —	\$ —	\$ —
(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	\$ 712,313	\$ 763,523	\$ (51,210)
(i) Admitted deferred tax assets (2d + 2h)	\$ 4,791,029	\$ 4,716,801	\$ 74,228
3. Deferred Tax Liabilities:			
(a) Ordinary:			
(1) Investments	\$ (150,264)	\$ (161,280)	\$ 11,016
(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	\$ (82,640)	\$ (62,344)	\$ (20,296)
(7) Tax over book depreciation	\$ (42,150)	\$ (35,640)	\$ (6,510)
(99) Subtotal	\$ (275,054)	\$ (259,263)	\$ (15,791)
(b) Capital:			
(1) Investments	\$ —	\$ —	\$ —
(2) Real estate	\$ —	\$ —	\$ —
(3) Other (including items <5% of total capital tax liabilities):			
(4) Unrealized capital gains	\$ (8,184,407)	\$ (8,749,834)	\$ 565,427
(99) Subtotal	\$ (8,184,407)	\$ (8,749,834)	\$ 565,427
(c) Deferred tax liabilities (3a99 + 3b99)	\$ (8,459,461)	\$ (9,009,097)	\$ 549,636
4. Net deferred tax assets/liabilities (2i – 3c)	\$ (3,668,432)	\$ (4,292,296)	\$ 623,864

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 taxes. Among the more significant book to tax adjustments were the following:

	<u>06/30/2018</u>	<u>Effective Tax Rate</u>
Provision computed at statutory rate	\$ 1,648,166	21.0%
Tax exempt interest	(124,343)	(1.6%)
Dividends received deduction	(56,021)	(0.7%)
Change in deferred tax on nonadmitted assets	3,947	0.1%
Other	(27,589)	(0.4%)
Total	<u>\$ 1,444,160</u>	<u>18.4%</u>
Federal and foreign income taxes incurred	\$ 1,403,045	17.9%
Tax on capital gains (losses)	99,538	1.2%
Change in net deferred income taxes	(58,423)	(0.7%)
Total statutory income taxes	<u>\$ 1,444,160</u>	<u>18.4%</u>

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

(1) As of June 30, 2018, the Company had no net operating loss or net capital loss carry—forwards available for tax purposes.

As of June 30, 2018, the Company had no alternative minimum tax (AMT) credit carry—forwards.

(2) As June 30, 2018, the Company had federal income taxes incurred available for recoupment in the event of future net losses of \$2,953,582.

(3) The Company has no deposits reported as admitted assets under IRC §6603 as of June 30, 2018.

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 June 30, 2018, 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.
- L. No significant changes.
- M. No significant changes.
- N. No significant changes.

NOTES TO FINANCIAL STATEMENTS

11. Debt

- A. The Company has no outstanding debentures at June 30, 2018 nor December 31, 2017.
- B. FHLB (Federal Home Loan Bank) Agreements
- (3) The Company is a member of the Federal Home Loan Bank (FHLB) of Cincinnati. As of June 30, 2018, 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 \$14,968,842. 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.

(4) FHLB Capital Stock

a. Aggregate Totals

1. Current Year

- a. Membership Stock – Class A
- b. Membership Stock – Class B
- c. Activity Stock
- d. Excess Stock
- e. Aggregate Total
- f. Actual or Estimated Borrowing Capacity as Determined by the Insurer

(1)	(2)	(3)
Total 2 + 3	General Account	Separate Accounts
\$ —	\$ —	\$ —
\$ 364,000	\$ 364,000	\$ —
\$ —	\$ —	\$ —
\$ —	\$ —	\$ —
<u>\$ 364,000</u>	<u>\$ 364,000</u>	<u>\$ —</u>
<u>\$ 14,968,842</u>	<u>\$ XXX</u>	<u>\$ XXX</u>

2. Prior Year

- g. Membership Stock – Class A
- h. Membership Stock – Class B
- i. Activity Stock
- j. Excess Stock
- k. Aggregate Total (a+b+c+d)
- l. Actual or Estimated Borrowing Capacity as Determined by the Insurer

(1)	(2)	(3)
Total 2 + 3	General Account	Separate Accounts
\$ —	\$ —	\$ —
\$ 338,422	\$ 338,422	\$ —
\$ —	\$ —	\$ —
\$ 25,578	\$ 25,578	\$ —
<u>\$ 364,000</u>	<u>\$ 364,000</u>	<u>\$ —</u>
<u>\$ 13,148,933</u>	<u>\$ XXX</u>	<u>\$ XXX</u>

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, 2018 and December 31, 2017, amounts held for these deferrals were \$1.0 million and \$0.8 million, respectively.

NOTES TO FINANCIAL STATEMENTS

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 \$39.0 million and \$41.7 million at June 30, 2018 and December 31, 2017, respectively.

(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.

NOTES TO FINANCIAL STATEMENTS

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.

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.

NOTES TO FINANCIAL STATEMENTS

(1) Fair Value Measurements at June 30, 2018:

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
a. Assets at fair value:				
Cash Equivalents:				
Exempt MM Mutual Funds	\$ 3,115,271	\$ —	\$ —	\$ 3,115,271
Total Cash Equivalents	3,115,271	—	—	3,115,271
Common Stock:				
Mutual Funds	29,062,763	—	—	29,062,763
Industrial and Misc	48,223,249	364,000	241,688	48,828,937
Total Common Stocks	77,286,012	364,000	241,688	77,891,700
Bonds:				
Industrial and Misc	—	538,260	—	538,260
Total Bonds	—	538,260	—	538,260
Other Invested Assets	7,229,600	10,054,966	—	17,284,566
Total assets at fair value	\$ 87,630,883	\$ 10,957,226	\$ 241,688	\$ 98,829,797
b. Liabilities at fair value:				
Not applicable.				

Fair Value Measurements at December 31, 2017:

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
a. Assets at fair value:				
Cash Equivalents:				
Exempt MM Mutual Funds	\$ 5,280,179	\$ —	\$ —	\$ 5,280,179
Total Cash Equivalents	5,280,179	—	—	5,280,179
Common Stock:				
Mutual Funds	29,851,190	—	—	29,851,190
Industrial and Misc	50,262,425	364,000	241,688	50,868,113
Total Common Stocks	80,113,615	364,000	241,688	80,719,303
Bonds:				
Industrial and Misc	—	525,186	—	525,186
Total Bonds	—	525,186	—	525,186
Other Invested Assets	7,207,819	10,032,769	—	17,240,588
Total assets at fair value	\$ 92,601,613	\$ 10,921,955	\$ 241,688	\$ 103,765,256
b. Liabilities at fair value:				
Not applicable.				

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

	Beginning Balance at 03/31/2018	Transfers In/(out) Level 3	Total Gains/(Losses) Included in Net Income	Total Gains/(Losses) Included in Surplus	Purchases (Sales)	Ending Balance at 06/30/2018
a. Assets:						
Common Stock:						
Industrial and Misc	\$ 241,688	\$ —	\$ —	\$ —	\$ —	\$ 241,688
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 June 30, 2018, 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.

NOTES TO FINANCIAL STATEMENTS

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	\$ 140,192,756	\$ 141,747,668	\$ 9,096,247	\$ 131,096,509	\$ —	\$ —
Common Stock	77,891,700	77,891,700	77,286,012	364,000	241,688	—
Other Invested Assets	17,284,566	17,284,566	7,229,600	10,054,966	—	—
Cash Equivalents	3,115,271	3,115,271	3,115,271	—	—	—

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

21. Other Items

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

22. Events Subsequent

Type I – Recognized Subsequent Events:

Subsequent events have been considered through August 15, 2018 for the statutory statement issued on August 15, 2018 for the quarter ending June 30, 2018. 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, 2018 for the statutory statement issued on August 15, 2018 for the quarter ending June 30, 2018. 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.
- F. Retroactive Reinsurance
Not applicable.
- G. Reinsurance Accounted for as a Deposit
Not applicable.

NOTES TO FINANCIAL STATEMENTS

- 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, 2017 were \$53.3 million. During 2018, \$18.0 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 \$34.4 million as a result of re-estimation of unpaid claims and claim adjusting expenses. Therefore, there has been a \$0.9 million favorable prior year development from December 31, 2017 to June 30, 2018. Favorable development in auto physical damage, homeowner, farmowner, commercial multi-peril, other property and other liability lines of insurance, were offset, in part, by unfavorable development in personal and commercial auto liability lines of insurance. The re-estimation is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims. The estimates are not affected by prior year loss development on retrospectively rated policies, as the Company does not write this type of policy.

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.

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.

NOTES TO FINANCIAL STATEMENTS

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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
(1) Direct –					
1) Beginning reserves:	\$ 86	\$ 45	\$ 45	\$ 45	\$ 40
2) Incurred losses and loss adjustment expense:	39	—	5	5	—
3) Calendar year payments for losses and loss adjustment expenses:	<u>80</u>	<u>—</u>	<u>5</u>	<u>10</u>	<u>—</u>
4) Ending reserves:	<u>\$ 45</u>	<u>\$ 45</u>	<u>\$ 45</u>	<u>\$ 40</u>	<u>\$ 40</u>
(2) Assumed Reinsurance:					
1) Beginning reserves:	\$ —	\$ —	\$ —	\$ —	\$ —
2) Incurred losses and loss adjustment expense:	—	—	—	—	—
3) Calendar year payments for losses and loss adjustment expenses:	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
4) Ending reserves:	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
(3) Net of Ceded Reinsurance:					
1) Beginning reserves:	\$ 86	\$ —	\$ —	\$ —	\$ —
2) Incurred losses and loss adjustment expense:	(86)	—	—	—	—
3) Calendar year payments for loss and loss adjustment expenses:	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
4) Ending reserves:	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

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

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

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

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

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

34. Subscriber Savings Accounts

Not applicable.

35. Multiple Peril Crop Insurance

Not applicable.

36. Financial Guaranty Insurance

Not applicable.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1

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.
- 3.4

Is the reporting entity publicly traded or a member of a publicly traded group?

Yes ☐ No ☒
- 3.5

If the response to 3.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group
- 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	2	3
Name of Entity	NAIC Company Code	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	2	3	4	5	6
Affiliate Name	Location (City, State)	FRB	OCC	FDIC	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	\$368,979	\$371,991
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).....	\$368,979	\$371,991
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	\$368,979	\$371,991

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 [] No [X]

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

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

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

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
Eaton Vance Management.....	Two International Place Boston, MA 02110.....	Purchased in 2014; not accounted for by Northern Trust Company.....
SEI Global Services.....	1 Freedom Valley Drive Oaks, PA 19456.....	Custodian of the Harvest MLP Income Fund LLC purchased in 2016; not accounted for by Northern Trust Company.....

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

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

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

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

1 Name of Firm or Individual	2 Affiliation
Michael 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 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:
.....

19. By self-designating 5*GI securities, the reporting entity is certifying the following elements for each self-designated 5*GI security:

- a. Documentation necessary to permit a full credit analysis of the security does not exist.
- b. Issuer or obligor is current on all contracted interest and principal payments.
- c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

Has the reporting entity self-designated 5*GI securities?..... Yes [] No [X]

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..... \$

7. Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states?..... Yes [X] No []

7.1 If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity?..... Yes [] No []

STATEMENT AS OF JUNE 30, 2018 OF THE LIGHTNING ROD 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 Active Status (a)	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	11,504,643	12,368,494	5,897,488	8,162,277	7,075,664	9,423,434
16. Iowa	IA	N	0	0	0	0	0	0
17. Kansas	KS	N	0	0	0	0	0	0
18. Kentucky	KY	N	0	0	0	0	0	0
19. Louisiana	LA	N	0	0	0	0	0	0
20. Maine	ME	N	0	0	0	0	0	0
21. Maryland	MD	N	0	0	0	0	0	0
22. Massachusetts	MA	N	0	0	0	0	0	0
23. Michigan	MI	N	0	0	0	0	0	0
24. Minnesota	MN	N	0	0	0	0	0	0
25. Mississippi	MS	N	0	0	0	0	0	0
26. Missouri	MO	N	0	0	0	0	0	0
27. Montana	MT	N	0	0	0	0	0	0
28. Nebraska	NE	N	0	0	0	0	0	0
29. Nevada	NV	N	0	0	0	0	0	0
30. New Hampshire	NH	N	0	0	0	0	0	0
31. New Jersey	NJ	N	0	0	0	0	0	0
32. New Mexico	NM	N	0	0	0	0	0	0
33. New York	NY	N	0	0	0	0	0	0
34. No. Carolina	NC	N	0	0	0	0	0	0
35. No. Dakota	ND	N	0	0	0	0	0	0
36. Ohio	OH	L	34,253,341	34,148,451	14,810,815	14,924,089	22,198,397	23,929,864
37. Oklahoma	OK	N	0	0	0	0	0	0
38. Oregon	OR	N	0	0	0	0	0	0
39. Pennsylvania	PA	N	0	0	0	0	0	0
40. Rhode Island	RI	N	0	0	0	0	0	0
41. So. Carolina	SC	N	0	0	0	0	0	0
42. So. Dakota	SD	N	0	0	0	0	0	0
43. Tennessee	TN	L	0	0	0	0	0	0
44. Texas	TX	N	0	0	0	0	0	0
45. Utah	UT	N	0	0	0	0	0	0
46. Vermont	VT	N	0	0	0	0	0	0
47. Virginia	VA	N	0	0	0	0	0	0
48. Washington	WA	N	0	0	0	0	0	0
49. West Virginia	WV	N	0	0	0	0	0	0
50. Wisconsin	WI	N	0	0	0	0	0	0
51. Wyoming	WY	N	0	0	0	0	0	0
52. American Samoa	AS	N	0	0	0	0	0	0
53. Guam	GU	N	0	0	0	0	0	0
54. Puerto Rico	PR	N	0	0	0	0	0	0
55. U.S. Virgin Islands	VI	N	0	0	0	0	0	0
56. Northern Mariana Islands	MP	N	0	0	0	0	0	0
57. Canada	CAN	N	0	0	0	0	0	0
58. Aggregate Other Alien	OT	XXX	0	0	0	0	0	0
59. Totals	XXX		45,757,984	46,516,945	20,708,303	23,086,366	29,274,061	33,353,298
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	

(a) Active Status Counts

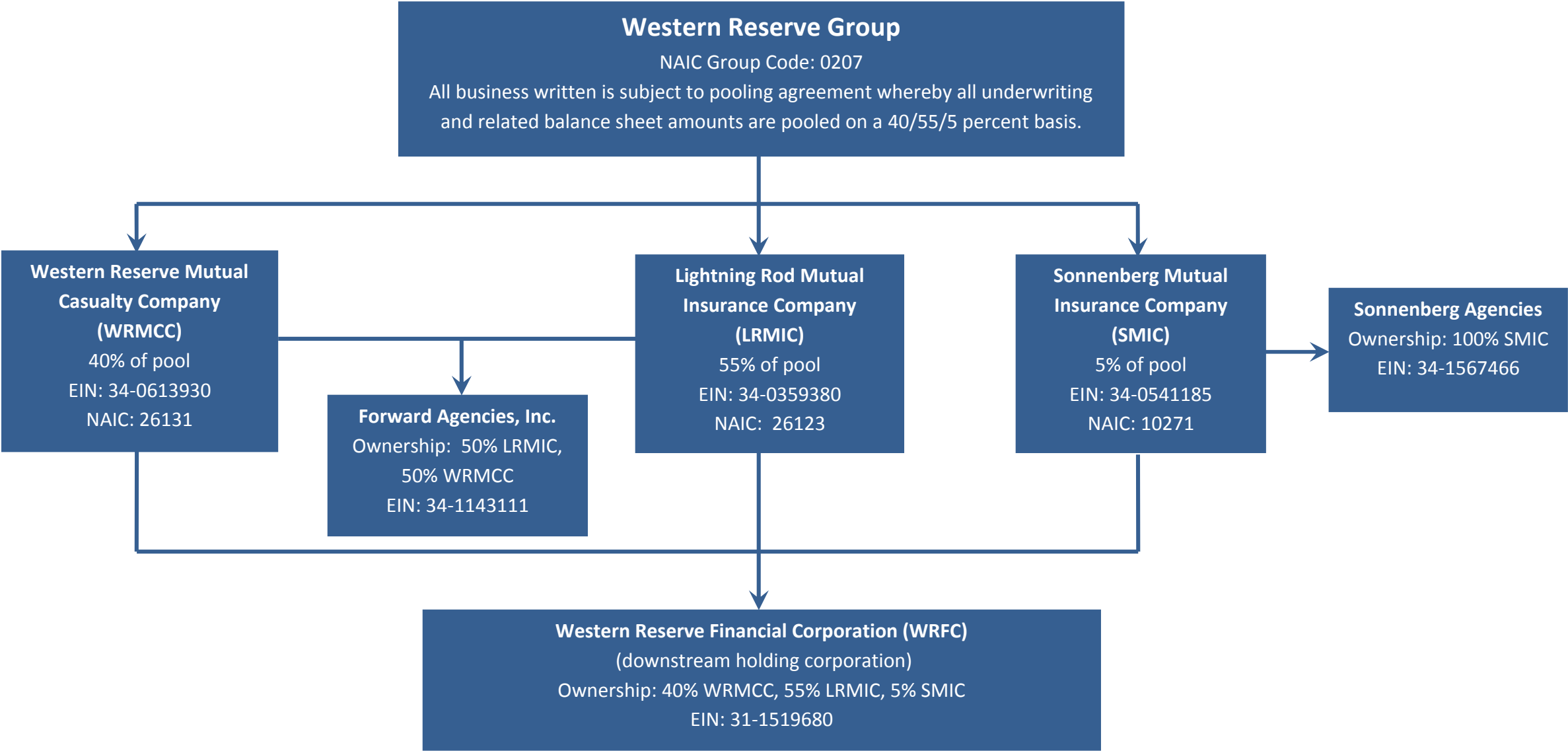
L – Licensed or Chartered – Licensed insurance carrier or domiciled RRG4R – Registered – Non-domiciled RRGs0

E – Eligible – Reporting entities eligible or approved to write surplus lines in the state (other than their state of domicile – See DSLI)0Q – Qualified – Qualified or accredited reinsurer0

D – Domestic Surplus Lines Insurer (DSLII) – Reporting entities authorized to write surplus lines in the state of domicile0N – None of the above – Not allowed to write business in the state53

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

PART 1 – ORGANIZATIONAL CHART



STATEMENT AS OF JUNE 30, 2018 OF THE LIGHTNING ROD 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	6,692	(226)	(3.4)	0.0
2.	Allied lines	6,359		0.0	0.0
3.	Farmowners multiple peril	10,606,348	1,816,294	17.1	49.5
4.	Homeowners multiple peril	14,648,622	5,799,879	39.6	67.0
5.	Commercial multiple peril	6,241,664	1,761,974	28.2	77.6
6.	Mortgage guaranty			0.0	0.0
8.	Ocean marine			0.0	0.0
9.	Inland marine	682,744	75,476	11.1	4.2
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	311,607	201,465	64.7	(169.1)
17.2	Other liability-claims made	66,315		0.0	(41.9)
17.3	Excess Workers' Compensation			0.0	0.0
18.1	Products liability-occurrence	15,628	14,000	89.6	6.5
18.2	Products liability-claims made			0.0	0.0
19.1,19.2	Private passenger auto liability	4,122,719	2,637,353	64.0	58.2
19.3,19.4	Commercial auto liability	2,724,562	1,097,948	40.3	25.8
21.	Auto physical damage	4,657,359	2,459,198	52.8	53.9
22.	Aircraft (all perils)			0.0	0.0
23.	Fidelity			0.0	0.0
24.	Surety			0.0	0.0
26.	Burglary and theft	24,044	0	0.0	34.1
27.	Boiler and machinery	413,473	197,659	47.8	10.3
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	44,528,136	16,061,020	36.1	56.9
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	5,000	9,019	8,113
2.	Allied lines	4,278	8,282	7,912
3.	Farmowners multiple peril	5,553,790	10,878,111	10,930,085
4.	Homeowners multiple peril	8,159,479	13,984,960	15,688,775
5.	Commercial multiple peril	3,456,199	6,964,406	6,285,389
6.	Mortgage guaranty	0		0
8.	Ocean marine	0		0
9.	Inland marine	391,498	809,051	698,532
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		15,870
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	173,241	362,156	347,705
17.2	Other liability-claims made	35,888	72,228	48,497
17.3	Excess Workers' Compensation	0		0
18.1	Products liability-occurrence	4,269	14,643	11,141
18.2	Products liability-claims made	0		0
19.1,19.2	Private passenger auto liability	1,869,285	4,166,961	4,238,775
19.3,19.4	Commercial auto liability	1,643,068	3,199,277	2,941,055
21.	Auto physical damage	2,220,264	4,799,131	4,871,443
22.	Aircraft (all perils)	0		0
23.	Fidelity	0		0
24.	Surety	0		0
26.	Burglary and theft	14,634	28,084	23,363
27.	Boiler and machinery	236,658	461,675	400,290
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	23,767,551	45,757,984	46,516,945
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 JUNE 30, 2018 OF THE LIGHTNING ROD 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)	2018 Loss and LAE Payments on Claims Reported as of Prior Year-End	2018 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2018 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. 2015 + Prior	10,913	1,172	12,085	2,981	2	2,983	6,451	21	652	7,124	(1,481)	(497)	(1,978)
2. 2016	11,182	852	12,034	2,216	52	2,268	8,012	67	671	8,750	(954)	(62)	(1,016)
3. Subtotals 2016 + prior	22,095	2,024	24,119	5,197	54	5,251	14,463	88	1,323	15,874	(2,435)	(559)	(2,994)
4. 2017	24,717	4,501	29,218	11,255	1,498	12,753	15,618	1,306	1,627	18,551	2,156	(70)	2,086
5. Subtotals 2017 + prior	46,812	6,525	53,337	16,452	1,552	18,004	30,081	1,394	2,950	34,425	(279)	(629)	(908)
6. 2018	XXX	XXX	XXX	XXX	19,445	19,445	XXX	13,305	3,479	16,784	XXX	XXX	XXX
7. Totals	46,812	6,525	53,337	16,452	20,997	37,449	30,081	14,699	6,429	51,209	(279)	(629)	(908)
8. Prior Year-End Surplus As Regards Policy-holders	176,842										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. (0.6)	2. (9.6)	3. (1.7)
											Col. 13, Line 7 Line 8		
											4. (0.5)		

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. Business not written
- 2. Business not written
- 3. Business not written

Bar Code:

1.



26123201849000002

2.



26123201845500002

3.



26123201836500002

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	4,283,643	4,516,742
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		4,256
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	118,733	237,355
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8)	4,164,910	4,283,643
10. Deduct total nonadmitted amounts	0	0
11. Statement value at end of current period (Line 9 minus Line 10)	4,164,910	4,283,643

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

NONE

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	17,240,588	16,751,097
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		0
2.2 Additional investment made after acquisition		1,375,000
3. Capitalized deferred interest and other		0
4. Accrual of discount		0
5. Unrealized valuation increase (decrease)	43,978	(885,509)
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)	17,284,566	17,240,588
12. Deduct total nonadmitted amounts	0	0
13. Statement value at end of current period (Line 11 minus Line 12)	17,284,566	17,240,588

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	221,477,396	207,834,610
2. Cost of bonds and stocks acquired	8,773,278	22,013,878
3. Accrual of discount	20,376	44,737
4. Unrealized valuation increase (decrease)	(2,736,479)	8,052,937
5. Total gain (loss) on disposals	473,992	3,168,217
6. Deduct consideration for bonds and stocks disposed of	7,435,468	18,554,861
7. Deduct amortization of premium	566,009	1,044,669
8. Total foreign exchange change in book/adjusted carrying value		0
9. Deduct current year's other-than-temporary impairment recognized		37,454
10. Total investment income recognized as a result of prepayment penalties and/or acceleration fees	4,281	
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9+10)	220,011,366	221,477,396
12. Deduct total nonadmitted amounts	371,991	368,980
13. Statement value at end of current period (Line 11 minus Line 12)	219,639,375	221,108,416

STATEMENT AS OF JUNE 30, 2018 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
BONDS								
1. NAIC 1 (a).....	135,011,456	1,274,121	3,431,461	(825,444)	135,011,456	132,028,672	0	131,769,067
2. NAIC 2 (a).....	8,065,197	496,600		618,946	8,065,197	9,180,743	0	8,094,861
3. NAIC 3 (a).....	528,744			9,516	528,744	538,260	0	525,186
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	143,605,397	1,770,721	3,431,461	(196,982)	143,605,397	141,747,675	0	140,389,114
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	143,605,397	1,770,721	3,431,461	(196,982)	143,605,397	141,747,675	0	140,389,114

(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 \$; NAIC 2 \$;
NAIC 3 \$; NAIC 4 \$; NAIC 5 \$; NAIC 6 \$

SCHEDULE DA - PART 1

Short-Term Investments

	1 Book/adjusted Carrying value	2 Prior Year Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999		XXX			

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.....	0	3,700,597
2. Cost of short-term investments acquired		0
3. Accrual of discount		0
4. Unrealized valuation increase (decrease).....		0
5. Total gain (loss) on disposals		0
6. Deduct consideration received on disposals		3,700,597
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).....	0	0
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	0	0

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 – PART 2 – VERIFICATION
(Cash Equivalents)

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	5,280,179	0
2. Cost of cash equivalents acquired	14,238,378	33,683,190
3. Accrual of discount		0
4. Unrealized valuation increase (decrease)		0
5. Total gain (loss) on disposals.....		0
6. Deduct consideration received on disposals	16,403,286	28,403,011
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)	3,115,271	5,280,179
11. Deduct total nonadmitted amounts		0
12. Statement value at end of current period (Line 10 minus Line 11)	3,115,271	5,280,179

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

E04

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E04

STATEMENT AS OF JUNE 30, 2018 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
										11	12	13	14	15							
CUSIP Identification	Description	For e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation or Market Indicator (a)
Bonds - U.S. Governments																					
30250R-AA-2	FDIC 10R1 A - RMBS		06/01/2018	Paydown	XXX	22,856	22,856	22,856	22,845		(802)		(802)		22,856			.0	.546	05/25/2050	1
36295P-6H-0	GN 676872 - RMBS		06/01/2018	Paydown	XXX	3,043	3,043	3,070	3,056		(12)		(12)		3,043			.0	.47	03/15/2023	1
83162C-PP-2	SBAP 0520F A - ABS		06/01/2018	Paydown	XXX	9,781	9,781	9,928	9,871		(90)		(90)		9,781			.0		06/01/2025	1
83162C-VD-2	SBAP 1220K A - ABS		05/01/2018	Paydown	XXX	31,360	31,360	31,635	31,603		(243)		(243)		31,360			.0		11/01/2032	1
912828-0T-0	UNITED STATES TREASURY		06/30/2018	Maturity @ 100.00	XXX	500,000	500,000	533,538	503,354		(3,354)		(3,354)		500,000			.0	5,938	06/30/2018	1
0599999 - Bonds - U.S. Governments						567,040	567,040	601,027	570,729	0	(4,502)	0	(4,502)	0	567,040	0	0	0	6,530	XXX	XXX
Bonds - U.S. Political Subdivisions of States, Territories and Possessions																					
664214-KM-4	NORTHEAST IOWA CMNTY COLLEGE INDL NEW JO		06/01/2018	Maturity @ 100.00	XXX	600,000	600,000	608,370	600,729		(729)		(729)		600,000			.0	6,000	06/01/2018	
940157-QC-7	WASHINGTON SUBN SAN DIST MD		06/01/2018	Call @ 100.00	XXX	500,000	500,000	497,790	499,830		170		170		500,000			.0	7,500	06/01/2019	1FE
2499999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions						1,100,000	1,100,000	1,106,160	1,100,559	0	(559)	0	(559)	0	1,100,000	0	0	0	13,500	XXX	XXX
Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions																					
180267-BN-5	CLARENCE CANNON WHOLESAL		05/15/2018	Maturity @ 100.00	XXX	400,000	400,000	400,000	400,000					.0	400,000			.0	3,396	05/15/2018	1FE
3128W1-LA-5	WTR COMMN MO W		06/01/2018	Paydown	XXX	2,580	2,580	2,580	2,577		.3		.3		2,580			.0	.49	06/01/2021	1
3128W1-PA-1	FH G12221 - RMBS		06/01/2018	Paydown	XXX	2,204	2,204	2,204	2,204		.0		.0		2,204			.0	.41	08/01/2021	1
312800-N9-4	FH G12317 - RMBS		06/01/2018	Paydown	XXX	10,592	10,592	10,883	10,824		(232)		(232)		10,592		.0	.0	.109	06/01/2027	1
3128S2-Q0-7	FH J19416 - RMBS		06/01/2018	Paydown	XXX	5,583	5,583	5,842	5,841		(257)		(257)		5,583		.0	.0	.73	09/01/2042	1
31326F-Y9-3	FH T61363 - RMBS		06/01/2018	Paydown	XXX	24,813	24,813	24,545	24,679		134		134		24,813			.0	.173	08/01/2043	1
31335H-5P-4	FH 2B1636 - RMBS		06/01/2018	Paydown	XXX	3,345	3,345	3,356	3,349		(3)		(3)		3,345			.0	.61	09/01/2024	1
3136A1-4P-7	FH C90854 - RMBS		06/01/2018	Paydown	XXX	15,248	15,248	15,286	15,277		(29)		(29)		15,248		.0	.0	.105	08/25/2040	1
3136A2-VK-6	FNR 11117C MA - CMO/RMBS		06/01/2018	Paydown	XXX	13,502	13,502	13,485	13,485		.17		.17		13,502		.0	.0	.122	06/25/2040	1
3136AE-Z4-2	FNR 11126A AD - CMO/RMBS		06/01/2018	Paydown	XXX	10,965	10,965	11,527	11,396		(431)		(431)		10,965			.0	.111	08/25/2026	1
31371K-2X-8	FNR 1370C VA - CMO/RMBS		06/01/2018	Paydown	XXX	1,999	1,999	1,985	1,986		13		13		1,999			.0	.38	04/01/2023	1
31371L-JU-4	FN 254690 - RMBS		06/01/2018	Paydown	XXX	4,402	4,402	4,401	4,392		10		10		4,402		.0	.0	.83	02/01/2024	1
31371L-XW-4	FN 255075 - RMBS		06/01/2018	Paydown	XXX	3,425	3,425	3,406	3,406		19		19		3,425			.0	.66	11/01/2024	1
3137AP-BD-1	FN 255493 - RMBS		06/01/2018	Paydown	XXX	15,017	15,017	14,980	14,988		30		30		15,017			.0	.105	10/15/2036	1
3137F1-VB-1	FHR 4033B EB - CMO/RMBS		06/01/2018	Paydown	XXX	9,631	9,631	9,938	9,932		(301)		(301)		9,631		.0	.0	.97	12/15/2028	1
3137F3-JK-1	FHR 4700C VH - CMO/RMBS		06/01/2018	Paydown	XXX	10,477	10,477	11,014	10,537		(537)		(537)		10,477			.0	.35	01/15/2031	1
3137F3-OF-4	FHR 4768J VL - CMO/RMBS		06/01/2018	Paydown	XXX	19,225	19,225	19,861	19,861		(637)		(637)		19,225		.0	.0	.131	06/15/2045	1
31381P-C9-7	FHR 4764D CJ - CMO/RMBS		06/01/2018	Paydown	XXX	2,008	2,008	2,012	2,013		(5)		(5)		2,008			.0	.24	11/01/2020	1
31402R-GM-5	FN 466396 - RMBS		06/01/2018	Paydown	XXX	3,748	3,748	3,760	3,738		10		10		3,748			.0	.66	06/01/2020	1
31416X-HY-9	FN AB2046 - RMBS		06/01/2018	Paydown	XXX	8,011	8,011	7,876	7,902		109		109		8,011		.0	.0	.83	01/01/2026	1
31418A-LY-2	FN MA1242 - RMBS		06/01/2018	Paydown	XXX	6,369	6,369	6,656	6,651		(282)		(282)		6,369		.0	.0	.81	11/01/2042	1
31418A-V5-4	FN MA1535 - RMBS		06/01/2018	Paydown	XXX	17,418	17,418	17,407	17,416		.1		.1		17,418			.0	.119	08/01/2023	1
31418A-WS-3	FN MA1556 - RMBS		06/01/2018	Paydown	XXX	8,714	8,714	8,649	8,673		.41		.41		8,714			.0	.72	08/01/2028	1
677581-DE-7	OHIO ST MAJOR NEW ST INFRASTRUCTURE PROJ		06/15/2018	Maturity @ 100.00	XXX	300,000	300,000	300,000	300,000					.0	300,000			.0	7,875	06/15/2018	1FE
3199999 - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions						899,275	899,275	901,668	870,728	0	(2,327)	0	(2,327)	0	899,275	0	0	0	13,114	XXX	XXX
Bonds - Industrial and Miscellaneous (Unaffiliated)																					
067383-AE-9	C R BARD INC TRUSTEES OF PRINCETON		06/25/2018	Call @ 100.00	XXX	600,000	600,000	617,220	615,005		(802)		(802)		614,203		(14,203)	(14,203)	11,000	05/15/2026	
89837L-AA-3	UNIVERSITY		05/24/2018	VARIOUS	XXX	254,281	250,000	260,100	251,409		(467)		(467)		250,942		(942)	(942)	6,188	03/01/2019	1FE
3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)						854,281	850,000	877,320	866,414	0	(1,269)	0	(1,269)	0	865,145	0	(15,145)	(15,145)	17,188	XXX	XXX
8399997 - Subtotals - Bonds - Part 4						3,420,596	3,416,316	3,486,175	3,408,430	0	(8,657)	0	(8,657)	0	3,431,461	0	(15,145)	(15,145)	50,332	XXX	XXX
8399999 - Subtotals - Bonds						3,420,596	3,416,316	3,486,175	3,408,430	0	(8,657)	0	(8,657)	0	3,431,461	0	(15,145)	(15,145)	50,332	XXX	XXX
Common Stocks - Industrial and Miscellaneous (Unaffiliated)																					
369604-10-3	GENERAL ELECTRIC ORD		03/21/2018	Northern Trust			XXX						.0					.0	2,400	XXX	1
9099999 - Common Stocks - Industrial and Miscellaneous (Unaffiliated)						0	XXX	0	0	0	0	0	0	0	0	0	0	0	2,400	XXX	XXX
9799997 - Subtotals - Common Stocks - Part 4						0	XXX	0	0	0	0	0	0	0	0	0	0	0	2,400	XXX	XXX
9799999 - Subtotals - Common Stocks						0	XXX	0	0	0	0	0	0	0	0	0	0	0	2,400	XXX	XXX
9899999 - Subtotals - Preferred and Common Stocks						0	XXX	0	0	0	0	0	0	0	0	0	0	0	2,400	XXX	XXX
9999999 Totals						3,420,596	XXX	3,486,175	3,408,430	0	(8,657)	0	(8,657)	0	3,431,461	0	(15,145)	(15,145)	52,732	XXX	XXX

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

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, 2018 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

SCHEDULE E - PART 1 - CASH

[illegible]

SCHEDULE E - PART 2 - CASH EQUIVALENTS

E13



SUPPLEMENT FOR THE QUARTER ENDING JUNE 30, 2018 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

DIRECTOR AND OFFICER INSURANCE COVERAGE SUPPLEMENT

NAIC Group Code00207

Year To Date For The Period Ended 2018

NAIC Company Code26123

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	\$	\$

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: \$10,934

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