



QUARTERLY STATEMENT

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

SONNENBERG MUTUAL INSURANCE COMPANY

NAIC Group Code 00207 , 00207 NAIC Company Code 10271 Employer's ID Number 34-0541185
(Current Period) (Prior Period)

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

Country of Domicile United States

Incorporated/Organized 01/01/1905 Commenced Business 01/01/1859

Statutory Home Office 1685 Cleveland Road , Wooster, OH, US 44691
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 1685 Cleveland Road Wooster, OH, US 44691-0036 330-262-9060
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address 1685 Cleveland Road , Wooster, OH, US 44691-0036
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 1685 Cleveland Road Wooster, OH, US 44691-0036 330-262-9060
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address www.wrg-ins.com

Statutory Statement Contact Christopher M. Racz, CPA 330-262-9060-2446
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OFFICERS

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

OTHER OFFICERS

<u>GREGORY A. BRUNN</u>	<u>VICE PRESIDENT INSURANCE OPERATIONS-COO</u>	<u>WILLIAM J. GALONSKI #</u>	<u>VICE PRESIDENT-CHIEF CLAIMS OFFICER</u>
<u>LEO S. GENDERS #</u>	<u>VICE PRESIDENT-CHIEF INFORMATION OFFICER</u>		

DIRECTORS OR TRUSTEES

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

State of OHIO

County of WAYNE ss

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

KEVIN W. DAY
PRESIDENT AND SECRETARY -CHIEF EXECUTIVE OFFICER

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

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

Subscribed and sworn to before me this 8th day of NOVEMBER, 2018

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

Michele Young, NOTARY PUBLIC
August 16, 2019

STATEMENT AS OF SEPTEMBER 30, 2018 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	16,261,981	0	16,261,981	15,726,795
2. Stocks:				
2.1 Preferred stocks	0	0	0	0
2.2 Common stocks	8,033,303	4,491	8,028,813	8,169,845
3. Mortgage loans on real estate:				
3.1 First liens	0	0	0	0
3.2 Other than first liens	0	0	0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)	0	0	0	0
4.2 Properties held for the production of income (less \$ encumbrances)	0	0	0	0
4.3 Properties held for sale (less \$ encumbrances)	0	0	0	0
5. Cash (\$2,617,592), cash equivalents (\$405,167) and short-term investments (\$ 0)	3,022,759	0	3,022,759	2,602,213
6. Contract loans (including \$ premium notes)	0	0	0	0
7. Derivatives	0	0	0	0
8. Other invested assets	689,322	0	689,322	655,256
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)	28,007,365	4,491	28,002,875	27,154,109
13. Title plants less \$ charged off (for Title insurers only)	0	0	0	0
14. Investment income due and accrued	183,969	0	183,969	145,859
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	306,547	14,460	292,087	292,805
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	29,747	0	29,747	1,639
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 (\$)	0	0	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0	0
23. Receivables from parent, subsidiaries and affiliates	0	0	0	0
24. Health care (\$) and other amounts receivable	0	0	0	0
25. Aggregate write-ins for other-than-invested assets	0	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	28,527,628	18,951	28,508,677	27,594,412
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0	0
28. Total (Lines 26 and 27)	28,527,628	18,951	28,508,677	27,594,412
DETAILS OF WRITE-INS				
1101.	0	0	0	0
1102.	0	0	0	0
1103.	0	0	0	0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Prepaid Asset	0	0	0	0
2502.	0	0	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 \$ 1,781,864)	3,819,892	4,100,380
2. Reinsurance payable on paid losses and loss adjustment expenses	0	0
3. Loss adjustment expenses	748,408	748,408
4. Commissions payable, contingent commissions and other similar charges	340,982	304,258
5. Other expenses (excluding taxes, licenses and fees)	325,423	400,324
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	101,346	122,539
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))	13,771	12,622
7.2 Net deferred tax liability	302,446	308,570
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)	5,244,872	4,983,469
10. Advance premium	91,385	63,095
11. Dividends declared and unpaid:		
11.1 Stockholders	0	0
11.2 Policyholders	0	0
12. Ceded reinsurance premiums payable (net of ceding commissions)	(35,117)	26,554
13. Funds held by company under reinsurance treaties	0	0
14. Amounts withheld or retained by company for account of others	106,610	81,105
15. Remittances and items not allocated	0	0
16. Provision for reinsurance (including \$ certified)	0	0
17. Net adjustments in assets and liabilities due to foreign exchange rates	0	0
18. Drafts outstanding	0	0
19. Payable to parent, subsidiaries and affiliates	0	0
20. Derivatives	0	0
21. Payable for securities	0	0
22. Payable for securities lending	0	0
23. Liability for amounts held under uninsured plans	0	0
24. Capital notes \$ and interest thereon \$	0	0
25. Aggregate write-ins for liabilities	0	0
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	11,060,018	11,151,324
27. Protected cell liabilities	0	0
28. Total liabilities (Lines 26 and 27)	11,060,018	11,151,324
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)	17,448,659	16,443,088
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)	17,448,659	16,443,088
38. Totals (Page 2, Line 28, Col. 3)	28,508,677	27,594,412
DETAILS OF WRITE-INS		
2501.	0	0
2502.	0	0
2503.	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	0	0
2901.	0	0
2902.	0	0
2903.	0	0
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0
3201.	0	0
3202.	0	0
3203.	0	0
3298. Summary of remaining write-ins for Line 32 from overflow page	0	0
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)	0	0

STATEMENT OF INCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct (written \$ 31,491,729)	28,992,820	23,007,333	31,747,665
1.2 Assumed (written \$ 8,322,844)	8,061,443	7,784,623	10,434,820
1.3 Ceded (written \$ 31,491,729)	28,992,821	23,007,333	31,747,665
1.4 Net (written \$ 8,322,844)	8,061,442	7,784,623	10,434,820
DEDUCTIONS:			
2. Losses incurred (current accident year \$):)			
2.1 Direct	21,247,778	16,130,432	24,154,510
2.2 Assumed	4,018,175	4,684,167	6,276,873
2.3 Ceded	21,247,778	16,130,432	24,154,510
2.4 Net	4,018,175	4,684,167	6,276,873
3. Loss adjustment expenses incurred	770,338	738,906	1,011,776
4. Other underwriting expenses incurred	2,688,245	2,549,005	3,387,114
5. Aggregate write-ins for underwriting deductions	0	0	0
6. Total underwriting deductions (Lines 2 through 5)	7,476,759	7,972,078	10,675,762
7. Net income of protected cells	0	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	584,683	(187,455)	(240,942)
INVESTMENT INCOME			
9. Net investment income earned	373,892	362,761	533,263
10. Net realized capital gains (losses) less capital gains tax of \$ 29,550	111,164	111,933	204,499
11. Net investment gain (loss) (Lines 9 + 10)	485,057	474,694	737,762
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$ 8,550)	(8,550)	(8,739)	(11,178)
13. Finance and service charges not included in premiums	109,234	110,897	148,219
14. Aggregate write-ins for miscellaneous income	168	380	456
15. Total other income (Lines 12 through 14)	100,853	102,538	137,498
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	1,170,593	389,777	634,318
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)	1,170,593	389,777	634,318
19. Federal and foreign income taxes incurred	171,597	47,312	49,259
20. Net income (Line 18 minus Line 19)(to Line 22)	998,996	342,465	585,058
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	16,443,088	15,304,787	15,304,787
22. Net income (from Line 20)	998,996	342,465	585,058
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 \$ (586)	(2,206)	314,765	364,584
25. Change in net unrealized foreign exchange capital gain (loss)	0	0	0
26. Change in net deferred income tax	5,538	24,695	190,665
27. Change in nonadmitted assets	3,244	2,951	5,711
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	(7,717)	(7,717)
38. Change in surplus as regards policyholders (Lines 22 through 37)	1,005,571	677,158	1,138,301
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	17,448,659	15,981,945	16,443,088
DETAILS OF WRITE-INS			
0501.		0	0
0502.		0	0
0503.		0	0
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0
1401. Other Income	168	380	456
1402.		0	0
1403.		0	0
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)	168	380	456
3701. Prior Period Adjustment	0	(7,717)	(7,717)
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	(7,717)	(7,717)

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance.....	8,289,465	8,051,850	10,616,713
2. Net investment income	424,408	409,776	639,397
3. Miscellaneous income	100,853	102,538	137,498
4. Total (Lines 1 to 3)	8,814,726	8,564,163	11,393,608
5. Benefit and loss related payments	4,326,771	4,269,979	5,764,493
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	3,517,954	3,502,995	4,524,730
8. Dividends paid to policyholders	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses).....	200,000	65,000	65,000
10. Total (Lines 5 through 9)	8,044,725	7,837,974	10,354,223
11. Net cash from operations (Line 4 minus Line 10)	770,001	726,189	1,039,384
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	1,266,140	975,393	1,675,393
12.2 Stocks	273,532	1,201,624	1,386,674
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	16	18	3,469
12.8 Total investment proceeds (Lines 12.1 to 12.7)	1,539,688	2,177,035	3,065,536
13. Cost of investments acquired (long-term only):			
13.1 Bonds	1,869,091	1,654,365	2,952,856
13.2 Stocks	49,626	896,889	896,889
13.3 Mortgage loans	0	0	0
13.4 Real estate	0	0	0
13.5 Other invested assets	0	75,000	125,000
13.6 Miscellaneous applications	0	50,000	3,438
13.7 Total investments acquired (Lines 13.1 to 13.6)	1,918,716	2,676,254	3,978,182
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)	(379,029)	(499,219)	(912,646)
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).....	29,573	(30,450)	(40,662)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6).....	29,573	(30,450)	(40,662)
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)	420,545	196,520	86,076
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	2,602,213	2,516,137	2,516,137
19.2 End of period (Line 18 plus Line 19.1)	3,022,758	2,712,657	2,602,213

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

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

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

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

	State of Domicile	2018	2017
<u>NET INCOME</u>			
(1) SMIC state basis (Page 4, Line 20, Columns 1 & 3)	Ohio	\$ 998,996	\$ 585,058
(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>\$ 998,996</u>	<u>\$ 585,058</u>
<u>SURPLUS</u>			
(5) SMIC state basis (Page 3, Line 37, Columns 1 & 2)	Ohio	\$ 17,448,659	\$ 16,443,088
(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>\$ 17,448,659</u>	<u>\$ 16,443,088</u>

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

No significant changes.

C. Accounting Policy

No significant changes.

D. Going Concern

Not applicable.

2. Accounting Changes and Corrections of Errors

Not applicable.

3. Business Combinations and Goodwill

A. Statutory Purchase Method

Not applicable.

B. Statutory Merger

Not applicable.

C. Impairment Loss

Not applicable.

D. Going Concern

Not applicable.

4. Discontinued Operations

Not applicable.

5. Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

Not applicable.

B. Debt Restructuring

Not applicable.

C. Reverse Mortgages

Not applicable.

NOTES TO FINANCIAL STATEMENTS

D. Loan-Backed Securities

1. Prepayment assumptions are generally obtained using a model provided by a third-party vendor.
2. None.
3. None.
4. All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):

a. The aggregate amount of unrealized losses:

1. Less than 12 months	\$ <u>(8,277)</u>
2. 12 months or Longer	\$ <u>(257)</u>

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

1. Less than 12 months	\$ <u>189,435</u>
2. 12 months or longer	\$ <u>8,544</u>

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

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

E. 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

Not applicable.

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	\$223,629	\$291,374	\$266,688	NO
912828-S5-0	200,791	198,300	210,155	NO
912828-UH-1	95,932	105,711	107,009	NO
912828-N7-1	155,118	155,700	161,178	NO
912828-V4-9	99,514	99,628	103,906	NO
912828-3R-9	99,281	98,078	101,492	NO
912828-4X-5	99,234	99,132	99,239	NO
912828-WU-0	102,201	101,979	102,495	NO
Total:	\$1,075,700	\$1,149,902	\$1,152,162	

P. 5* Securities

Not applicable.

Q. Short Sales

Not applicable.

R. Prepayment Penalty and Accelerated Fees

	General Account	Protected Cell
(1) Number of CUSIPS	0	0
(2) Aggregate Amount of Investment Income	\$ -	\$ -

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 September 30, 2018 and December 31, 2017 are as follows:

1.

	09/30/2018		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
(a) Gross Deferred Tax Assets	\$ 369,226	\$ 61,442	\$ 430,668
(b) Statutory Valuation Allowance Adjustments	—	—	—
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	369,226	61,442	430,668
(d) Deferred Tax Assets Nonadmitted	—	—	—
(e) Subtotal Net Deferred Tax Asset (1c – 1d)	369,226	61,442	430,668
(f) Deferred Tax Liabilities	(32,150)	(700,964)	(733,114)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	<u>\$ 337,076</u>	<u>\$ (639,522)</u>	<u>\$ (302,446)</u>
	12/31/2017		
	(4)	(5)	(6)
	Ordinary	Capital	(Col 1+2) Total
(a) Gross Deferred Tax Assets	\$ 351,320	\$ 69,902	\$ 421,222
(b) Statutory Valuation Allowance Adjustments	—	—	—
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	351,320	69,902	421,222
(d) Deferred Tax Assets Nonadmitted	—	—	—
(e) Subtotal Net Deferred Tax Asset (1c – 1d)	351,320	69,902	421,222
(f) Deferred Tax Liabilities	(29,552)	(700,240)	(729,792)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	<u>\$ 321,768</u>	<u>\$ (630,338)</u>	<u>\$ (308,570)</u>

NOTES TO FINANCIAL STATEMENTS

	Change		
	(7)	(8)	(9)
	(Col 1—4) Ordinary	(Col 2—5) Capital	(Col 7+8) Total
(a) Gross Deferred Tax Assets	\$ 17,906	\$ (8,460)	\$ 9,446
(b) Statutory Valuation Allowance Adjustments	—	—	—
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	17,906	(8,460)	9,446
(d) Deferred Tax Assets Nonadmitted	—	—	—
(e) Subtotal Net Deferred Tax Asset (1c – 1d)	17,906	(8,460)	9,446
(f) Deferred Tax Liabilities	(2,598)	(724)	(3,322)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	<u>\$ 15,308</u>	<u>\$ (9,184)</u>	<u>\$ 6,124</u>
2. Admission Calculation Components SSAP No. 101			
	09/30/2018		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ 227,451	\$ —	\$ 227,451
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)	—	—	—
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	—	—	—
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	2,617,299
(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.	141,775	61,442	203,217
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))	<u>\$ 369,226</u>	<u>\$ 61,442</u>	<u>\$ 430,668</u>
	12/31/2017		
	(4)	(5)	(6)
	Ordinary	Capital	(Col 1+2) Total
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ 214,157	\$ —	\$ 214,157
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)	—	—	—
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	—	—	—
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	2,466,468
(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.	137,163	69,902	207,065
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))	<u>\$ 351,320</u>	<u>\$ 69,902</u>	<u>\$ 421,222</u>

NOTES TO FINANCIAL STATEMENTS

	<u>Change</u>		
	(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.	\$ 13,294	\$ —	\$ 13,294
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)	—	—	—
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	—	—	—
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	150,831
(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>4,612</u>	<u>(8,460)</u>	<u>(3,848)</u>
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))	<u>\$ 17,906</u>	<u>\$ (8,460)</u>	<u>\$ 9,446</u>
3.	<u>2018</u>	<u>2017</u>	
(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.	\$ 17,448,659	\$ 16,443,088	
4. Impact of Tax—Planning Strategies			
	<u>09/30/2018</u>		
	(1)	(2)	
	<u>Ordinary</u>	<u>Capital</u>	
(a) Determination Of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets, By Tax Character As A Percentage.			
1. Adjusted Gross DTAs Amount From Note 9A1(c)	\$ 369,226	\$ 61,442	
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)	\$ 369,226	\$ 61,442	
4. Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies	0%	0%	
	<u>12/31/2017</u>		
	(3)	(4)	
	<u>Ordinary</u>	<u>Capital</u>	
(b) Determination Of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets, By Tax Character As A Percentage.			
5. Adjusted Gross DTAs Amount From Note 9A1(c)	\$ 351,320	\$ 69,902	
6. Percentage of Adjusted Gross DTAs By Tax Character Attributable To The Impact Of Tax Planning Strategies	0%	0%	
7. Net Admitted Adjusted Gross DTAs Amount from Note 9A1(e)	\$ 351,320	\$ 69,902	
8. Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies	0%	0%	
	<u>Change</u>		
	(5)	(6)	
	(Col 1-3) 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)	\$ 17,906	\$ (8,460)	
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)	\$ 17,906	\$ (8,460)	
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)
	09/30/2018	12/31/2017	(Col 1—2) Change
1. Current Income Tax			
(a) Federal	\$ 171,597	\$ 49,259	\$ 122,338
(b) Foreign	\$ —	\$ —	\$ —
(c) Subtotal	\$ 171,597	\$ 49,259	\$ 122,338
(d) Federal income tax on net capital gains	\$ 29,550	\$ 105,348	\$ (75,798)
(e) Utilization of operating loss carry—forwards	\$ —	\$ —	\$ —
(f) Other (incl. prior year over/under accrual)	\$ —	\$ —	\$ —
(g) Federal and foreign income taxes incurred	\$ 201,147	\$ 154,607	\$ 46,540
2. Deferred Tax Assets			
(a) Ordinary			
(1) Discounting of unpaid losses	\$ 33,406	\$ 33,406	\$ —
(2) Unearned premium reserve	\$ 220,285	\$ 209,306	\$ 10,979
(3) Policyholder reserves	\$ —	\$ —	\$ —
(4) Investments	\$ —	\$ —	\$ —
(5) Deferred acquisition costs	\$ —	\$ —	\$ —
(6) Policyholder dividends accrual	\$ —	\$ —	\$ —
(7) Fixed assets and prepaid expense—nonadmitted	\$ —	\$ (298)	\$ 298
(8) Compensation and benefits accrual	\$ 26,692	\$ 24,259	\$ 2,433
(9) Pension accrual	\$ 3,645	\$ 3,645	\$ —
(10) Receivables – nonadmitted	\$ 3,037	\$ 4,039	\$ (1,002)
(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	\$ 62,906	\$ 62,906	\$ —
(15) Software capitalized	\$ 14,290	\$ 11,407	\$ 2,883
(16) Other	\$ 4,965	\$ 2,650	\$ 2,315
(99) Subtotal	\$ 369,226	\$ 351,320	\$ 17,906
(b) Statutory valuation allowance adjustment	\$ —	\$ —	\$ —
(c) Nonadmitted	\$ —	\$ —	\$ —
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	\$ 369,226	\$ 351,320	\$ 17,906
(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	\$ 61,442	\$ 69,902	\$ (8,460)
(6) Other	\$ —	\$ —	\$ —
(99) Subtotal	\$ 61,442	\$ 69,902	\$ (8,460)
(f) Statutory valuation allowance adjustment	\$ —	\$ —	\$ —
(g) Nonadmitted	\$ —	\$ —	\$ —
(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	\$ 61,442	\$ 69,902	\$ (8,460)
(i) Admitted deferred tax assets (2d + 2h)	\$ 430,668	\$ 421,222	\$ 9,446
3. Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	\$ (23,714)	\$ (23,884)	\$ 170
(2) Fixed assets	\$ —	\$ —	\$ —
(3) Deferred and uncollected premium	\$ —	\$ —	\$ —
(4) Policyholder reserves	\$ —	\$ —	\$ —
(5) Other (including items <5% of total ordinary tax liabilities)	\$ (8,436)	\$ (5,668)	\$ (2,768)
(99) Subtotal	\$ (32,150)	\$ (29,552)	\$ (2,598)
(b) Capital:			
(1) Investments	\$ —	\$ —	\$ —
(2) Real estate	\$ —	\$ —	\$ —
(3) Other (including items <5% of total capital tax liabilities):			
(4) Unrealized capital gains	\$ (700,964)	\$ (700,240)	\$ (724)
(99) Subtotal	\$ (700,964)	\$ (700,240)	\$ (724)
(c) Deferred tax liabilities (3a99 + 3b99)	\$ (733,114)	\$ (729,792)	\$ (3,322)
4. Net deferred tax assets/liabilities (2i – 3c)	\$ (302,446)	\$ (308,570)	\$ 6,124

NOTES TO FINANCIAL STATEMENTS

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

	<u>09/30/2018</u>	<u>Effective Tax Rate</u>
Provision computed at statutory rate	\$ 252,030	21.0%
Tax exempt interest	(22,031)	(1.8%)
Dividends received deduction	(8,308)	(0.7%)
Change in deferred tax on nonadmitted assets	704	0.1%
Other	<u>(26,786)</u>	<u>(2.3%)</u>
Total	<u>\$ 195,609</u>	<u>16.3%</u>
Federal and foreign income taxes incurred	\$ 171,597	14.3%
Tax on capital gains (losses)	29,550	2.5%
Change in net deferred income taxes	<u>(5,538)</u>	<u>(0.5%)</u>
Total statutory income taxes	<u>\$ 195,609</u>	<u>16.3%</u>

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

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

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

(2) As of September 30, 2018, the Company had federal income taxes incurred available for recoupment in the event of future net losses in the amount of \$355,754.

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

11. Debt

Not applicable.

NOTES TO FINANCIAL STATEMENTS

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

A. Defined Benefit Plan

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

The Company also has a non-qualified voluntary deferred compensation plan for senior executive officers. The plan allows for deferral of payouts from the Annual Cash Bonus Plan and Performance Share Plan for Key Executives. As of September 30, 2018 and December 31, 2017, amounts held for these deferrals were \$0.1 million and \$0.1 million, respectively.

B. Investment Policies and Strategies

Not applicable.

C. Fair Value of Plan Assets

Not applicable.

D. Basis of Rates of Returns on Assets

Not applicable.

E. Defined Contribution Plans

No significant changes.

F. Multiemployer Plans

Not applicable.

G. Consolidated/Holding Company Plans

Not applicable.

H. Postemployment Benefits and Compensated Absences

Not applicable.

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

Not applicable.

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

(1) Not applicable.

(2) Not applicable.

(3) Not applicable.

(4) Not applicable.

(5) Not applicable.

(6) Not applicable.

(7) Not applicable.

(8) Not applicable.

(9) Not applicable.

(10) The portion of unassigned funds (surplus) represented by cumulative unrealized gains net of losses before tax is \$3.3 million at September 30, 2018 and December 31, 2017, respectively.

(11) Not applicable.

(12) Not applicable.

(13) Not applicable.

NOTES TO FINANCIAL STATEMENTS

14. Liabilities, Contingencies and Assessments

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

15. Leases

No significant changes.

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

Not applicable.

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

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

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

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

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

Not applicable.

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:

NOTES TO FINANCIAL STATEMENTS

Level 1:

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

Level 2:

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

Level 3:

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

(1) Fair Value Measurements at September 30, 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	\$ 405,167	\$ —	\$ —	\$ 405,167
Total Cash Equivalents	405,167	—	—	405,167
Common Stock:				
Mutual Funds	3,859,733	—	—	3,859,733
Industrial and Misc	4,079,121	—	89,959	4,169,080
Total Common Stocks	7,938,854	—	89,959	8,028,813
Other Invested Assets	689,322	—	—	689,322
Total assets at fair value	\$ 9,033,343	\$ —	\$ 89,959	\$ 9,123,302
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	\$ 624,288	\$ —	\$ —	\$ 624,288
Total Cash Equivalents	624,288	—	—	624,288
Common Stock:				
Mutual Funds	3,892,459	—	—	3,892,459
Industrial and Misc	4,187,427	—	89,959	4,277,386
Total Common Stocks	8,079,886	—	89,959	8,169,845
Other Invested Assets	655,256	—	—	655,256
Total assets at fair value	\$ 9,359,430	\$ —	\$ 89,959	\$ 9,449,389
b. Liabilities at fair value:				
Not applicable.				

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

	Beginning Balance at 06/30/2018	Transfers In/(out) Level 3	Total Gain/(Loss) Included in Net Income	Total Gain/(Loss) Included in Surplus	(Sales)	Ending Balance at 09/30/2018
a. Assets:						
Common Stock:						
Industrial and Misc	\$ 89,959	\$ —	\$ —	\$ —	\$ —	\$ 89,959
b. Liabilities:						
Not applicable.						

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

(4) As of September 30, 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	\$ 16,042,649	\$ 16,261,981	\$ 1,415,504	\$ 14,627,145	\$ —	\$ —
Common Stock	8,028,813	8,028,813	7,938,854	—	89,959	—
Other Invested Assets	689,322	689,322	689,322	—	—	—
Cash Equivalents	405,167	405,167	405,167	—	—	—

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

21. Other Items

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

22. Events Subsequent

Type I – Recognized Subsequent Events:

Subsequent events have been considered through November 15, 2018 for the statutory statement issued on November 15, 2018 for the quarter ending September 30, 2018. No Type I events were identified that would have a material effect on the financial condition of the Company.

Type II – Nonrecognized Subsequent Events:

Subsequent events have been considered through November 15, 2018 for the statutory statement issued on November 15, 2018 for the quarter ending September 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 \$4.9 million. During 2018, \$2.1 million has been paid for incurred losses and loss adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$2.6 million as a result of re-estimation of unpaid claims and claim adjusting expenses. Therefore, there has been a \$0.2 million favorable prior year development from December 31, 2017 to September 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 –					
a. Beginning reserves:	\$ 8	\$ 4	\$ 4	\$ 4	\$ 4
b. Incurred losses and loss adjustment expense:	4	—	—	1	—
c. Calendar year payments for losses and loss adjustment expenses:	<u>7</u>	<u>—</u>	<u>—</u>	<u>1</u>	<u>—</u>
d. Ending reserves:	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ 4</u>
(2) Assumed Reinsurance –					
a. Beginning reserves:	\$ —	\$ —	\$ —	\$ —	\$ —
b. Incurred losses and loss adjustment expense:	—	—	—	—	—
c. Calendar year payments for losses and loss adjustment expenses:	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
d. Ending reserves:	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
(3) Net of Ceded Reinsurance –					
a. Beginning reserves:	\$ 8	\$ —	\$ —	\$ —	\$ —
b. Incurred losses and loss adjustment expense:	(8)	—	—	—	—
c. Calendar year payments for loss and loss adjustment expenses:	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
d. Ending reserves:	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

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

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

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

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

(3) Direct Basis:	\$ —
(4) Assumed Reinsurance Basis:	\$ —
(5) 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 Name of Entity	2 NAIC Company Code	3 State of Domicile

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes No NA
If yes, attach an explanation.
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made.12/31/2016
- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.12/31/2016
- 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).10/25/2017
- 6.4 By what department or departments?
Ohio.....
- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes No NA
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes No NA
- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes No
- 7.2 If yes, give full information:
.....
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes No
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
.....
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes No
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

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

GENERAL INTERROGATORIES

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

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

.....

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

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

.....

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

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

.....

FINANCIAL

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

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

INVESTMENT

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

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

.....

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

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

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

14.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	\$	\$
14.22 Preferred Stock	\$	\$
14.23 Common Stock	\$ 4,383	\$ 4,491
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).....	\$ 4,383	\$ 4,491
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	\$	\$

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

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

If no, attach a description with this statement.

GENERAL INTERROGATORIES

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

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

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

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

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

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

STATEMENT AS OF SEPTEMBER 30, 2018 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date – Allocated by States and Territories

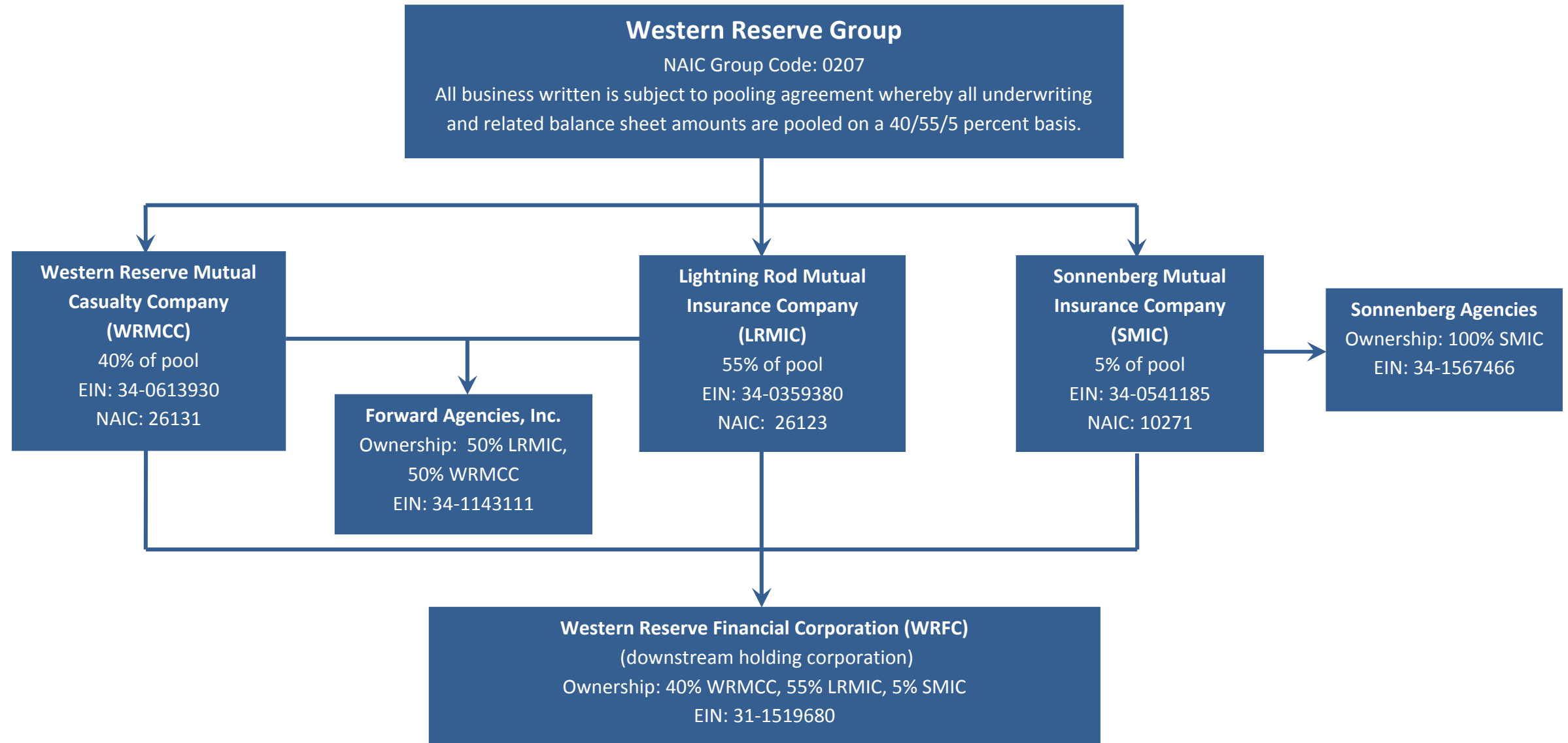
States, etc.	1 Active Status (a)	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2 Current Year To Date	3 Prior Year To Date	4 Current Year To Date	5 Prior Year To Date	6 Current Year To Date	7 Prior Year To Date
1. Alabama	AL	N	0	0	0	0	0
2. Alaska	AK	N	0	0	0	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	N	0	0	0	0	0
15. Indiana	IN	L	7,549,757	6,820,973	4,613,513	3,780,825	3,746,932
16. Iowa	IA	N	0	0	0	0	0
17. Kansas	KS	N	0	0	0	0	0
18. Kentucky	KY	N	0	0	0	0	0
19. Louisiana	LA	N	0	0	0	0	0
20. Maine	ME	N	0	0	0	0	0
21. Maryland	MD	N	0	0	0	0	0
22. Massachusetts	MA	N	0	0	0	0	0
23. Michigan	MI	N	0	0	0	0	0
24. Minnesota	MN	N	0	0	0	0	0
25. Mississippi	MS	N	0	0	0	0	0
26. Missouri	MO	N	0	0	0	0	0
27. Montana	MT	N	0	0	0	0	0
28. Nebraska	NE	N	0	0	0	0	0
29. Nevada	NV	N	0	0	0	0	0
30. New Hampshire	NH	N	0	0	0	0	0
31. New Jersey	NJ	N	0	0	0	0	0
32. New Mexico	NM	N	0	0	0	0	0
33. New York	NY	N	0	0	0	0	0
34. No. Carolina	NC	N	0	0	0	0	0
35. No. Dakota	ND	N	0	0	0	0	0
36. Ohio	OH	L	23,941,972	19,197,811	13,758,004	10,258,903	10,699,214
37. Oklahoma	OK	N	0	0	0	0	0
38. Oregon	OR	N	0	0	0	0	0
39. Pennsylvania	PA	N	0	0	0	0	0
40. Rhode Island	RI	N	0	0	0	0	0
41. So. Carolina	SC	N	0	0	0	0	0
42. So. Dakota	SD	N	0	0	0	0	0
43. Tennessee	TN	N	0	0	0	0	0
44. Texas	TX	N	0	0	0	0	0
45. Utah	UT	N	0	0	0	0	0
46. Vermont	VT	N	0	0	0	0	0
47. Virginia	VA	N	0	0	0	0	0
48. Washington	WA	N	0	0	0	0	0
49. West Virginia	WV	N	0	0	0	0	0
50. Wisconsin	WI	N	0	0	0	0	0
51. Wyoming	WY	N	0	0	0	0	0
52. American Samoa	AS	N	0	0	0	0	0
53. Guam	GU	N	0	0	0	0	0
54. Puerto Rico	PR	N	0	0	0	0	0
55. U.S. Virgin Islands	VI	N	0	0	0	0	0
56. Northern Mariana Islands	MP	N	0	0	0	0	0
57. Canada	CAN	N	0	0	0	0	0
58. Aggregate Other Alien	OT	XXX	0	0	0	0	0
59. Totals	XXX		31,491,729	26,018,784	18,371,517	14,039,728	14,446,146
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
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 RRG 2 R – Registered – Non-domiciled RRGs 0
 E – Eligible – Reporting entities eligible or approved to write surplus lines in the state (other than their state of domicile – See DSLI) 0 Q – Qualified – Qualified or accredited reinsurer 0
 D – Domestic Surplus Lines Insurer (DSLII) – Reporting entities authorized to write surplus lines in the state of domicile 0 N – None of the above – Not allowed to write business in the state 55

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

PART 1 – ORGANIZATIONAL CHART



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	16,927	0	0.0	0.0
2. Allied lines	7,858	0	0.0	0.0
3. Farmowners multiple peril	202,202	399,506	197.6	33.5
4. Homeowners multiple peril		(179,756)	0.0	66.8
5. Commercial multiple peril			0.0	0.0
6. Mortgage guaranty			0.0	0.0
8. Ocean marine			0.0	0.0
9. Inland marine			0.0	0.0
10. Financial guaranty			0.0	0.0
11.1 Medical professional liability -occurrence			0.0	0.0
11.2 Medical professional liability -claims made			0.0	0.0
12. Earthquake			0.0	0.0
13. Group accident and health			0.0	0.0
14. Credit accident and health			0.0	0.0
15. Other accident and health			0.0	0.0
16. Workers' compensation			0.0	0.0
17.1 Other liability occurrence	617	0	0.0	0.0
17.2 Other liability-claims made	4,779	0	0.0	0.0
17.3 Excess Workers' Compensation			0.0	0.0
18.1 Products liability-occurrence			0.0	0.0
18.2 Products liability-claims made			0.0	0.0
19.1,19.2 Private passenger auto liability	16,198,275	11,798,953	72.8	74.3
19.3,19.4 Commercial auto liability			0.0	0.0
21. Auto physical damage	12,561,620	9,229,075	73.5	66.0
22. Aircraft (all perils)			0.0	0.0
23. Fidelity			0.0	0.0
24. Surety			0.0	0.0
26. Burglary and theft			0.0	0.0
27. Boiler and machinery	542	0	0.0	0.0
28. Credit			0.0	0.0
29. International			0.0	0.0
30. Warranty			0.0	0.0
31. Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX	XXX
32. Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX	XXX
33. Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business	0	0	0.0	0.0
35. TOTALS	28,992,820	21,247,778	73.3	70.1
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	2	3
	Current Quarter	Current Year to Date	Prior Year Year to Date
1. Fire	8,169	16,319	17,412
2. Allied lines	3,220	6,952	7,660
3. Farmowners multiple peril	59,757	199,809	216,236
4. Homeowners multiple peril	0		(14,584)
5. Commercial multiple peril	0		0
6. Mortgage guaranty	0		0
8. Ocean marine	0		0
9. Inland marine	0		0
10. Financial guaranty	0		0
11.1 Medical professional liability-occurrence	0		0
11.2 Medical professional liability-claims made	0		0
12. Earthquake	0		0
13. Group accident and health	0		0
14. Credit accident and health	0		0
15. Other accident and health	0		0
16. Workers' compensation	0		0
17.1 Other liability occurrence	327	539	681
17.2 Other liability-claims made	2,358	5,164	0
17.3 Excess Workers' Compensation	0		0
18.1 Products liability-occurrence	0		0
18.2 Products liability-claims made	0		0
19.1,19.2 Private passenger auto liability	6,435,952	17,628,955	14,414,378
19.3,19.4 Commercial auto liability	0		0
21. Auto physical damage	5,031,359	13,633,268	11,376,287
22. Aircraft (all perils)	0		0
23. Fidelity	0		0
24. Surety	0		0
26. Burglary and theft	0		0
27. Boiler and machinery	0	723	714
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	11,541,142	31,491,729	26,018,784
DETAILS OF WRITE-INS			
3401.	0		0
3402.	0		0
3403.	0		0
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34)	0	0	0

STATEMENT AS OF SEPTEMBER 30, 2018 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	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 .....	.992	.106	1,098	.366	.1	.367	.470	.2	.59	.531	(156)	(44)	(200)
2. 2016	1,014	77	1,091	311	7	318	602	11	61	674	(101)	2	(99)
3. Subtotals 2016 + prior	2,006	183	2,189	677	8	685	1,072	13	120	1,205	(257)	(42)	(299)
4. 2017	2,247	409	2,656	1,218	160	1,378	1,170	110	146	1,426	141	7	148
5. Subtotals 2017 + prior	4,253	592	4,845	1,895	168	2,063	2,242	123	266	2,631	(116)	(35)	(151)
6. 2018	XXX	XXX	XXX	XXX	3,006	3,006	XXX	1,636	300	1,936	XXX	XXX	XXX
7. Totals	4,253	592	4,845	1,895	3,174	5,069	2,242	1,759	566	4,567	(116)	(35)	(151)
8. Prior Year-End Surplus As Regards Policyholders	16,443										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. (2.7)	2. (5.9)	3. (3.1)
													Col. 13, Line 7 Line 8
													4. (0.9)

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES





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

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

Explanation:

- 1. Business not written
- 2. Business not written
- 3. Business not written
- 4. Business not written

Bar Code:

1.	 1 0 2 7 1 2 0 1 8 4 9 0 0 0 0 0 3
2.	 1 0 2 7 1 2 0 1 8 4 5 5 0 0 0 0 3
3.	 1 0 2 7 1 2 0 1 8 3 6 5 0 0 0 0 3
4.	 1 0 2 7 1 2 0 1 8 5 0 5 0 0 0 0 3

OVERFLOW PAGE FOR WRITE-INS

SCHEDULE A – VERIFICATION

Real Estate

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

NONE

SCHEDULE B – VERIFICATION

Mortgage Loans

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

NONE

SCHEDULE BA – VERIFICATION

Other Long-Term Invested Assets

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	655,256	611,766
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		0
2.2 Additional investment made after acquisition		125,000
3. Capitalized deferred interest and other		0
4. Accrual of discount		0
5. Unrealized valuation increase (decrease)	34,065	(81,510)
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)	689,322	655,256
12. Deduct total nonadmitted amounts	0	0
13. Statement value at end of current period (Line 11 minus Line 12)	689,322	655,256

SCHEDULE D – VERIFICATION

Bonds and Stocks

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	23,901,023	22,285,153
2. Cost of bonds and stocks acquired	1,918,716	3,849,744
3. Accrual of discount	2,641	3,354
4. Unrealized valuation increase (decrease)	(36,857)	633,879
5. Total gain (loss) on disposals	140,714	313,285
6. Deduct consideration for bonds and stocks disposed of	1,541,179	3,062,067
7. Deduct amortization of premium	91,264	118,887
8. Total foreign exchange change in book/adjusted carrying value		0
9. Deduct current year's other-than-temporary impairment recognized		3,438
10. Total investment income recognized as a result of prepayment penalties and/or acceleration fees	1,507	
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9+10)	24,295,302	23,901,023
12. Deduct total nonadmitted amounts	4,491	4,383
13. Statement value at end of current period (Line 11 minus Line 12)	24,290,811	23,896,640

STATEMENT AS OF SEPTEMBER 30, 2018 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

SCHEDULE D - PART 1B

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

NAIC Designation	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. NAIC 1 (a).....	14,812,967	1,123,222	553,633	(123,588)	14,975,172	14,812,967	15,258,969	14,973,589
2. NAIC 2 (a).....	852,860	99,750	50,000	100,404	753,101	852,860	1,003,014	753,206
3. NAIC 3 (a).....	0				0	0	0	0
4. NAIC 4 (a).....	0				0	0	0	0
5. NAIC 5 (a).....	0				0	0	0	0
6. NAIC 6 (a).....	0				0	0	0	0
7. Total Bonds	15,665,827	1,222,972	603,633	(23,184)	15,728,273	15,665,827	16,261,982	15,726,795
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	15,665,827	1,222,972	603,633	(23,184)	15,728,273	15,665,827	16,261,982	15,726,795

(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 \$

S102

SCHEDULE DA - PART 1

Short-Term Investments

	1	2	3	4	5
	Book/adjusted Carrying value	Prior Year Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999	NONE				
		XXX			

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	0	856,483
2. Cost of short-term investments acquired	0	0
3. Accrual of discount	0	0
4. Unrealized valuation increase (decrease).....	0	0
5. Total gain (loss) on disposals	0	0
6. Deduct consideration received on disposals	0	856,483
7. Deduct amortization of premium.....	0	0
8. Total foreign exchange change in book/adjusted carrying value.....	0	0
9. Deduct current year's other-than-temporary impairment recognized.....	0	0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	0	0
11. Deduct total nonadmitted amounts.....	0	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.....	624,288	0
2. Cost of cash equivalents acquired	2,818,642	4,145,577
3. Accrual of discount		0
4. Unrealized valuation increase (decrease)		0
5. Total gain (loss) on disposals.....		0
6. Deduct consideration received on disposals	3,037,763	3,521,289
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)	405,167	624,288
11. Deduct total nonadmitted amounts		0
12. Statement value at end of current period (Line 10 minus Line 11)	405,167	624,288

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

Schedule BA - Part 2

NONE

Schedule BA - Part 3

NONE

STATEMENT AS OF SEPTEMBER 30, 2018 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

SCHEDULE D - PART 3

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

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
Bonds - U.S. Governments									
912828-4X-5	UNITED STATES TREASURY		09/18/2018	Northern Trust	XXX	99,234	100,000	144	1
912828-WU-0	UNITED STATES TREASURY		07/27/2018	Northern Trust	XXX	102,201	105,942	6	1
0599999 - Bonds - U.S. Governments						201,435	205,942	150	XXX
Bonds - U.S. Political Subdivisions of States, Territories and Possessions									
236092-DH-2	DANE CNTY WIS.		09/07/2018	Raymond James Financial	XXX	120,209	120,000		1FE
2499999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions						120,209	120,000	0	XXX
Bonds - U.S. Special Revenue									
44244C-TM-9	HOUSTON TEX UTIL SYS REV		08/27/2018	Raymond James Financial	XXX	102,328	100,000	83	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						102,328	100,000	83	XXX
Bonds - Industrial and Miscellaneous (Unaffiliated)									
025816-BK-4	AMERICAN EXPRESS CO.		08/28/2018	Raymond James Financial	XXX	99,875	100,000	856	1FE
03040W-AS-4	AMERICAN WATER CAPITAL CORP.		09/07/2018	FIRST EMPIRE SECURITIES INC.	XXX	100,070	100,000	333	1FE
254673-RN-8	Discover Bank		07/16/2018	DAVIDSON (D.A.) & CO. INC.	XXX	99,750	100,000		2FE
38148P-T9-8	Goldman Sachs Bank USA		08/02/2018	FIRST EMPIRE SECURITIES INC.	XXX	100,000	100,000		1FE
61760Q-LR-3	MORGAN STANLEY		08/29/2018	DAVIDSON (D.A.) & CO. INC.	XXX	100,000	100,000	10	1FE
641062-AF-1	NESTLE HOLDINGS INC.	C	09/24/2018	Raymond James Financial	XXX	99,246	100,000	20	1FE
771196-BP-6	ROCHE HOLDINGS INC.	C	09/19/2018	DAVIDSON (D.A.) & CO. INC.	XXX	99,259	100,000	40	1FE
79466L-AF-1	SALESFORCE.COM INC.		07/12/2018	Raymond James Financial	XXX	100,800	100,000	976	1FE
3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)						799,000	800,000	2,236	XXX
8399997 - Subtotals - Bonds - Part 3						1,222,972	1,225,942	2,469	XXX
8399999 - Subtotals - Bonds						1,222,972	1,225,942	2,469	XXX
9999999 Totals						1,222,972	XXX	2,469	XXX

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

E04

STATEMENT AS OF SEPTEMBER 30, 2018 OF THE SONNENBERG MUTUAL INSURANCE COMPANY

SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation or Market Indicator (a)
Bonds - U.S. Governments																					
831641-ES-0	SBTC 1010A A - ABS		09/01/2018	Paydown	XXX	3,551	3,551	3,871	3,719		(168)		(168)		3,551			0	112	03/10/2020	1
912828-0T-0	UNITED STATES TREASURY		06/30/2018	Maturity @ 100.00	XXX													0	1,188	06/30/2018	1
0599999 - Bonds - U.S. Governments						3,551	3,551	3,871	3,719	0	(168)	0	(168)	0	3,551	0	0	0	1,299	XXX	XXX
Bonds - U.S. States, Territories and Possessions																					
677520-J3-3	OHIO ST		09/01/2018	Maturity @ 100.00	XXX	100,000	100,000	99,407	99,954		46		46		100,000			0	4,625	09/01/2018	1FE
1799999 - Bonds - U.S. States, Territories and Possessions						100,000	100,000	99,407	99,954	0	46	0	46	0	100,000	0	0	0	4,625	XXX	XXX
Bonds - U.S. Political Subdivisions of States, Territories and Possessions																					
25009X-FN-0	DES MOTNES TOWA		08/31/2018	Call @ 100.00	XXX	5,000	5,000	5,000	5,000				0		5,000			0	100	06/01/2022	1FE
688443-M8-0	OSSEO MINN INDEPT SCH DIST NO 279		09/01/2018	Call @ 100.00	XXX	180,000	180,000	195,347	182,022		(2,022)		(2,022)		180,000			0	7,200	02/01/2021	1FE
2499999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions						185,000	185,000	200,347	187,022	0	(2,022)	0	(2,022)	0	185,000	0	0	0	7,300	XXX	XXX
Bonds - Industrial and Miscellaneous (Unaffiliated)																					
635365-AA-7	PNC BANK NA		07/01/2018	Maturity @ 100.00	XXX	200,000	200,000	202,852	200,245		(245)		(245)		200,000			0	4,958	07/01/2018	1FE
854403-AC-6	STANFORD UNIVERSITY		08/31/2018	Call @ 101.33	XXX	65,865	65,000	65,983	65,160		(78)		(78)		65,081		783	783	1,544	05/01/2019	1FE
856284-M6-8	State Bank of India		07/30/2018	Maturity @ 100.00	XXX	50,000	50,000	50,000	50,000				0		50,000			0	1,003	07/30/2018	2FE
3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)						315,865	315,000	318,835	315,405	0	(324)	0	(324)	0	315,081	0	783	783	7,505	XXX	XXX
8399997 - Subtotals - Bonds - Part 4						604,416	603,551	622,459	606,100	0	(2,467)	0	(2,467)	0	603,633	0	783	783	20,729	XXX	XXX
8399999 - Subtotals - Bonds						604,416	603,551	622,459	606,100	0	(2,467)	0	(2,467)	0	603,633	0	783	783	20,729	XXX	XXX
Common Stocks - Industrial and Miscellaneous (Unaffiliated)																					
053015-10-3	AUTOMATIC DATA PROCESSING ORD		09/19/2018	Northern Trust		341,000	50,124	XXX	9,924	39,962		(30,037)		(30,037)	9,924		40,200	40,200	800	XXX	L
071813-10-9	BAXTER INTERNATIONAL ORD		09/06/2018	Northern Trust		202,000	15,066	XXX	2,677	13,057		(10,380)		(10,380)	2,677		12,389	12,389	103	XXX	L
501797-10-4	L BRANDS ORD		07/13/2018	Northern Trust		192,000	6,057	XXX	11,562	11,562		0		0	11,562		(5,506)	(5,506)	230	XXX	L
594918-10-4	MICROSOFT ORD		08/30/2018	Northern Trust		448,000	50,043	XXX	8,709	38,322		(29,613)		(29,613)	8,709		41,333	41,333	376	XXX	L
655844-10-8	NORFOLK SOUTHERN ORD		08/29/2018	Northern Trust		143,000	25,054	XXX	12,096	20,721		(8,624)		(8,624)	12,096		12,957	12,957	206	XXX	L
855244-10-9	STARBUCKS ORD		08/30/2018	Northern Trust		283,000	15,026	XXX	6,881	16,253		(9,372)		(9,372)	6,881		8,145	8,145	272	XXX	L
931142-10-3	WALMART ORD		08/30/2018	Northern Trust		261,000	25,045	XXX	12,398	25,774		(13,376)		(13,376)	12,398		12,648	12,648	405	XXX	L
9099999 - Common Stocks - Industrial and Miscellaneous (Unaffiliated)						186,415	XXX	64,248	165,650	(101,402)	0	0	(101,402)	0	64,248	0	122,167	122,167	2,392	XXX	XXX
9799997 - Subtotals - Common Stocks - Part 4						186,415	XXX	64,248	165,650	(101,402)	0	0	(101,402)	0	64,248	0	122,167	122,167	2,392	XXX	XXX
9799999 - Subtotals - Common Stocks						186,415	XXX	64,248	165,650	(101,402)	0	0	(101,402)	0	64,248	0	122,167	122,167	2,392	XXX	XXX
9899999 - Subtotals - Preferred and Common Stocks						186,415	XXX	64,248	165,650	(101,402)	0	0	(101,402)	0	64,248	0	122,167	122,167	2,392	XXX	XXX
9999999 Totals						790,830	XXX	686,707	771,750	(101,402)	(2,467)	0	(103,870)	0	667,881	0	122,950	122,950	23,121	XXX	XXX

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

EOS

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

