



QUARTERLY STATEMENT

AS OF SEPTEMBER 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
<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 ofOHIO.....

County ofWAYNE.....ss

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

KEVIN W. DAY
PRESIDENT AND SECRETARY -CHIEF
EXECUTIVE OFFICER

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

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

Subscribed and sworn to before me this
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 LIGHTNING ROD MUTUAL INSURANCE COMPANY

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	145,557,137	0	145,557,137	140,389,114
2. Stocks:				
2.1 Preferred stocks	0	0	0	0
2.2 Common stocks	79,462,484	382,239	79,080,245	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)	4,105,544	0	4,105,544	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 (\$ 42,041,402), cash equivalents (\$ 4,202,662) and short-term investments (\$ 0)	46,244,064	0	46,244,064	40,299,389
6. Contract loans (including \$ premium notes)	0	0	0	0
7. Derivatives	0	0	0	0
8. Other invested assets	17,704,092	0	17,704,092	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)	293,073,320	382,239	292,691,082	282,932,038
13. Title plants less \$ charged off (for Title insurers only)	0	0	0	0
14. Investment income due and accrued	1,534,621	0	1,534,621	1,517,536
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	15,921,141	45,933	15,875,208	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	327,218	0	327,218	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 (\$)	536,890	536,890	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)	311,393,191	965,062	310,428,129	300,331,044
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0	0
28. Total (Lines 26 and 27)	311,393,191	965,062	310,428,129	300,331,044
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

STATEMENT AS OF SEPTEMBER 30, 2018 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$19,600,499)	42,018,810	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	3,750,802	3,346,836
5. Other expenses (excluding taxes, licenses and fees)	3,602,373	4,462,109
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	1,114,804	1,347,928
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))	314,504	7,370
7.2 Net deferred tax liability	4,206,470	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)	57,693,594	54,818,186
10. Advance premium	1,005,232	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)	(386,284)	292,094
13. Funds held by company under reinsurance treaties	0	0
14. Amounts withheld or retained by company for account of others	1,171,645	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	45,000	0
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	122,769,438	123,488,640
27. Protected cell liabilities	0	0
28. Total liabilities (Lines 26 and 27)	122,769,438	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)	187,658,691	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)	187,658,691	176,842,404
38. Totals (Page 2, Line 28, Col. 3)	310,428,129	300,331,044
DETAILS OF WRITE-INS		
2501. Other Liability.....	45,000	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)	45,000	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 \$ 67,586,792)	66,583,703	68,524,982	91,055,540
1.2 Assumed (written \$ 102,706,028)	98,353,323	90,919,978	122,657,912
1.3 Ceded (written \$ 78,741,539)	76,261,152	73,814,110	98,930,430
1.4 Net (written \$ 91,551,281)	88,675,874	85,630,850	114,783,022
DEDUCTIONS:			
2. Losses incurred (current accident year \$):)			
2.1 Direct	25,539,183	38,541,252	50,239,390
2.2 Assumed	54,872,946	55,206,750	76,378,059
2.3 Ceded	36,212,206	42,222,165	57,571,844
2.4 Net	44,199,923	51,525,837	69,045,605
3. Loss adjustment expenses incurred	8,473,723	8,127,969	11,129,533
4. Other underwriting expenses incurred	29,565,698	28,039,053	37,258,252
5. Aggregate write-ins for underwriting deductions	0	0	0
6. Total underwriting deductions (Lines 2 through 5)	82,239,345	87,692,859	117,433,389
7. Net income of protected cells	0	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	6,436,529	(2,062,009)	(2,650,367)
INVESTMENT INCOME			
9. Net investment income earned	3,526,853	3,427,738	5,124,643
10. Net realized capital gains (losses) less capital gains tax of \$ 454,023	1,707,990	1,108,666	2,066,304
11. Net investment gain (loss) (Lines 9 + 10)	5,234,842	4,536,404	7,190,947
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$ 94,047)	(94,047)	(96,131)	(122,251)
13. Finance and service charges not included in premiums	1,201,576	1,219,871	1,630,413
14. Aggregate write-ins for miscellaneous income	(101)	11,407	12,245
15. Total other income (Lines 12 through 14)	1,107,428	1,135,146	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)	12,778,799	3,609,542	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)	12,778,799	3,609,542	6,060,986
19. Federal and foreign income taxes incurred	2,128,112	620,819	386,540
20. Net income (Line 18 minus Line 19)(to Line 22)	10,650,687	2,988,723	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)	10,650,687	2,988,723	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 \$ 3,072	11,557	3,678,683	4,730,379
25. Change in net unrealized foreign exchange capital gain (loss)	0	0	0
26. Change in net deferred income tax	88,898	343,962	2,703,754
27. Change in nonadmitted assets	65,146	(20,416)	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)	10,816,288	6,906,062	13,042,215
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	187,658,691	170,706,251	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	1,851	4,180	5,018
1402. Gain/(Loss) sale of Equipment	(1,953)	7,227	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)	(101)	11,407	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.....	91,184,090	88,570,340	116,783,866
2. Net investment income	4,535,439	4,086,689	6,248,928
3. Miscellaneous income	1,107,428	1,135,146	1,520,407
4. Total (Lines 1 to 3)	96,826,957	93,792,176	124,553,201
5. Benefit and loss related payments	47,594,474	46,969,768	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	38,751,036	38,532,948	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).....	2,275,000	830,000	830,000
10. Total (Lines 5 through 9)	88,620,511	86,332,716	113,952,887
11. Net cash from operations (Line 4 minus Line 10)	8,206,445	7,459,460	10,600,314
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	12,399,318	8,871,004	12,866,858
12.2 Stocks	3,678,692	3,682,140	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	0	178,239	37,266
12.8 Total investment proceeds (Lines 12.1 to 12.7)	16,078,011	12,731,383	18,592,127
13. Cost of investments acquired (long-term only):			
13.1 Bonds	18,190,763	14,262,441	21,718,578
13.2 Stocks	541,187	295,300	295,300
13.3 Mortgage loans	0	0	0
13.4 Real estate	0	4,256	4,256
13.5 Other invested assets	0	825,000	1,375,000
13.6 Miscellaneous applications	0	550,000	37,454
13.7 Total investments acquired (Lines 13.1 to 13.6)	18,731,950	15,936,997	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)	(2,653,940)	(3,205,614)	(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).....	392,169	(324,741)	(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).....	392,169	(324,741)	(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)	5,944,675	3,929,105	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)	46,244,064	38,856,269	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	\$ 10,650,687	\$ 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>\$ 10,650,687</u>	<u>\$ 5,674,447</u>
<u>SURPLUS</u>			
(5) LRMIC state basis (Page 3, Line 37, Columns 1 & 2)	Ohio	\$ 187,658,691	\$ 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>\$ 187,658,691</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	\$ (106,698)
2. 12 months or Longer	\$ (132,059)

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

1. Less than 12 months	\$ 6,161,172
2. 12 months or longer	\$ 2,544,473

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 September 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	\$1,311,182	\$1,200,095	NO
912828-V4-9	1,094,655	1,095,911	1,142,965	NO
912828-3R-9	595,684	588,470	608,951	NO
912828-LA-6	503,327	597,378	590,345	NO
912828-S5-0	1,204,745	1,189,799	1,260,927	NO
912828-UH-1	479,490	528,553	534,839	NO
912828-N7-1	1,082,123	1,089,900	1,124,815	NO
912828-4X-5	595,406	594,792	595,435	NO
912828-WU-0	613,206	611,874	614,968	NO
Total:	\$7,174,968	\$7,607,859	\$7,673,340	

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	\$ 4,141,438	\$ 693,486	\$ 4,834,924
(b) Statutory Valuation Allowance Adjustments	—	—	—
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	4,141,438	693,486	4,834,924
(d) Deferred Tax Assets Nonadmitted	—	—	—
(e) Subtotal Net Deferred Tax Asset (1c – 1d)	4,141,438	693,486	4,834,924
(f) Deferred Tax Liabilities	(288,475)	(8,752,919)	(9,041,394)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	<u>\$ 3,852,963</u>	<u>\$ (8,059,433)</u>	<u>\$ (4,206,470)</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	\$ 188,160	\$ (70,037)	\$ 118,123
(b) Statutory Valuation Allowance Adjustments	—	—	—
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	188,160	(70,037)	118,123
(d) Deferred Tax Assets Nonadmitted	—	—	—
(e) Subtotal Net Deferred Tax Asset (1c – 1d)	188,160	(70,037)	118,123
(f) Deferred Tax Liabilities	<u>(29,212)</u>	<u>(3,085)</u>	<u>(32,297)</u>
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	<u>\$ 158,948</u>	<u>\$ (73,122)</u>	<u>\$ 85,826</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.	\$ 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)	1,065,187	—	1,065,187
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	1,065,187	—	1,065,187
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	28,148,804
(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>1,418,570</u>	<u>693,486</u>	<u>2,112,056</u>
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))	<u>\$ 4,141,438</u>	<u>\$ 693,486</u>	<u>\$ 4,834,924</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
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	156,153	—	156,153
2. 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

	<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.	\$ (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)	909,035	—	909,035
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	909,035	—	909,035
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	1,622,442
(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>49,072</u>	<u>(70,037)</u>	<u>(20,964)</u>
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))	<u>\$ 188,160</u>	<u>\$ (70,037)</u>	<u>\$ 118,123</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.	\$ 187,658,691	\$ 176,842,404	
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)	\$ 4,141,438	\$ 693,486	
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)	\$ 4,141,438	\$ 693,486	
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>		
	(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)	\$ 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%	
	<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)	\$ 188,160	\$ (70,037)	
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)	\$ 188,160	\$ (70,037)	
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	\$ 2,128,112	\$ 386,540	\$ 1,741,572
(b) Foreign	\$ —	\$ —	\$ —
(c) Subtotal	\$ 2,128,112	\$ 386,540	\$ 1,741,572
(d) Federal income tax on net capital gains	\$ 454,023	\$ 1,064,460	\$ (610,437)
(e) Utilization of operating loss carry—forwards	\$ —	\$ —	\$ —
(f) Other	\$ —	\$ —	\$ —
(g) Federal and foreign income taxes incurred	<u>\$ 2,582,135</u>	<u>\$ 1,451,000</u>	<u>\$ 1,131,135</u>
2. Deferred Tax Assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	\$ 359,063	\$ 359,063	\$ —
(2) Unearned premium reserve	\$ 2,423,131	\$ 2,302,364	\$ 120,767
(3) Policyholder reserves	\$ —	\$ —	\$ —
(4) Investments	\$ —	\$ —	\$ —
(5) Deferred acquisition costs	\$ —	\$ —	\$ —
(6) Policyholder dividends accrual	\$ —	\$ —	\$ —
(7) Fixed assets	\$ 112,747	\$ 126,740	\$ (13,993)
(8) Compensation and benefits accrual	\$ 293,612	\$ 266,845	\$ 26,767
(9) Pension accrual	\$ 40,092	\$ 40,092	\$ —
(10) Receivables – nonadmitted	\$ 9,646	\$ 12,118	\$ (2,472)
(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	\$ 54,615	\$ 29,239	\$ 25,376
(99) Subtotal	<u>\$ 4,141,438</u>	<u>\$ 3,953,278</u>	<u>\$ 188,160</u>
(b) Statutory valuation allowance adjustment	\$ —	\$ —	\$ —
(c) Nonadmitted	\$ —	\$ —	\$ —
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	<u>\$ 4,141,438</u>	<u>\$ 3,953,278</u>	<u>\$ 188,160</u>
(e) Capital:			
(1) Investments	\$ —	\$ —	\$ —
(2) Net capital loss carry—forward	\$ —	\$ —	\$ —
(3) Real estate	\$ —	\$ —	\$ —
(4) Other (including items <5% of total capital tax assets):			
(5) Unrealized capital losses for impaired securities	\$ 693,486	\$ 763,523	\$ (70,037)
(6) Other	\$ —	\$ —	\$ —
(99) Subtotal	<u>\$ 693,486</u>	<u>\$ 763,523</u>	<u>\$ (70,037)</u>
(f) Statutory valuation allowance adjustment	\$ —	\$ —	\$ —
(g) Nonadmitted	\$ —	\$ —	\$ —
(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	<u>\$ 693,486</u>	<u>\$ 763,523</u>	<u>\$ (70,037)</u>
(i) Admitted deferred tax assets (2d + 2h)	<u>\$ 4,834,924</u>	<u>\$ 4,716,801</u>	<u>\$ 118,123</u>
3. Deferred Tax Liabilities:			
(a) Ordinary:			
(1) Investments	\$ (152,906)	\$ (161,280)	\$ 8,374
(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	\$ (92,789)	\$ (62,344)	\$ (30,445)
(7) Tax over book depreciation	\$ (42,780)	\$ (35,640)	\$ (7,140)
(99) Subtotal	<u>\$ (288,475)</u>	<u>\$ (259,263)</u>	<u>\$ (29,212)</u>
(b) Capital:			
(1) Investments	\$ —	\$ —	\$ —
(2) Real estate	\$ —	\$ —	\$ —
(3) Other (including items <5% of total capital tax liabilities):			
(4) Unrealized capital gains	\$ (8,752,919)	\$ (8,749,834)	\$ (3,085)
(99) Subtotal	<u>\$ (8,752,919)</u>	<u>\$ (8,749,834)</u>	<u>\$ (3,085)</u>
(c) Deferred tax liabilities (3a99 + 3b99)	<u>\$ (9,041,394)</u>	<u>\$ (9,009,097)</u>	<u>\$ (32,297)</u>
4. Net deferred tax assets/liabilities (2i – 3c)	<u>\$ (4,206,470)</u>	<u>\$ (4,292,296)</u>	<u>\$ 85,826</u>

NOTES TO FINANCIAL STATEMENTS

- D. The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before 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	\$ 2,778,893	21.0%
Tax exempt interest	(162,894)	(1.2%)
Dividends received deduction	(72,196)	(0.6%)
Change in deferred tax on nonadmitted assets	(16,465)	(0.1%)
Other	(34,101)	(0.3%)
Total	<u>\$ 2,493,237</u>	<u>18.8%</u>
Federal and foreign income taxes incurred	\$ 2,128,112	16.1%
Tax on capital gains (losses)	454,023	3.4%
Change in net deferred income taxes	(88,898)	(0.7%)
Total statutory income taxes	<u>\$ 2,493,237</u>	<u>18.8%</u>

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

(1) As of September 30, 2018, the Company had no net operating loss or 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 September 30, 2018, the Company had federal income taxes incurred available for recoupment in the event of future net losses of \$4,033,135.

(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.

NOTES TO FINANCIAL STATEMENTS

11. Debt

A. The Company has no outstanding debentures at September 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 September 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 \$18,648,013. 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

	(1)	(2)	(3)
	Total 2+3	General Account	Separate Accounts
a. Membership Stock – Class A	\$ —	\$ —	\$ —
b. Membership Stock – Class B	\$ 364,000	\$ 364,000	\$ —
c. Activity Stock	\$ —	\$ —	\$ —
d. Excess Stock	\$ —	\$ —	\$ —
e. Aggregate Total	<u>\$ 364,000</u>	<u>\$ 364,000</u>	<u>\$ —</u>
f. Actual or Estimated Borrowing Capacity as Determined by the Insurer	<u>\$ 18,648,013</u>	<u>\$ XXX</u>	<u>\$ XXX</u>

2. Prior Year-End

	(1)	(2)	(3)
	Total 2+3	General Account	Separate Accounts
g. Membership Stock – Class A	\$ —	\$ —	\$ —
h. Membership Stock – Class B	\$ 364,000	\$ 364,000	\$ —
i. Activity Stock	\$ —	\$ —	\$ —
j. Excess Stock	\$ —	\$ —	\$ —
k. Aggregate Total (a+b+c+d)	<u>\$ 364,000</u>	<u>\$ 364,000</u>	<u>\$ —</u>
l. Actual or Estimated Borrowing Capacity as Determined by the Insurer	<u>\$ 13,581,773</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 September 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 \$41.7 million at September 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 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	\$ 4,202,662	\$ —	\$ —	\$ 4,202,662
Total Cash Equivalents	4,202,662	—	—	4,202,662
Common Stock:				
Mutual Funds	29,554,908	—	—	29,554,908
Industrial and Misc	48,919,649	364,000	241,688	49,525,337
Total Common Stocks	78,474,557	364,000	241,688	79,080,245
Other Invested Assets	7,582,537	10,121,555	—	17,704,092
Total assets at fair value	\$ 90,259,756	\$ 10,485,555	\$ 241,688	\$ 100,986,999
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 06/30/2018	Transfers In/(out) Level 3	Total Gains/(Losses) Included in Net Income	Total Gains/(Losses) Included in Surplus	Purchases (Sales)	Ending Balance at 09/30/2018
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 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	\$ 143,575,484	\$ 145,557,137	\$ 9,225,993	\$ 134,349,491	\$ —	\$ —
Common Stock	79,080,245	79,080,245	78,474,557	364,000	241,688	—
Other Invested Assets	17,704,092	17,704,092	7,582,537	10,121,555	—	—
Cash Equivalents	4,202,662	4,202,662	4,202,662	—	—	—

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 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 – Non-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 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, \$22.7 million has been paid for incurred losses and loss adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$28.9 million as a result of re-estimation of unpaid claims and claim adjusting expenses. Therefore, there has been a \$1.7 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 –					
1) Beginning reserves:	\$ 86	\$ 45	\$ 45	\$ 45	\$ 40
2) Incurred losses and loss adjustment expense:	39	—	5	5	2
3) Calendar year payments for losses and loss adjustment expenses:	<u>80</u>	<u>—</u>	<u>5</u>	<u>10</u>	<u>2</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 [X]
- 1.2 If yes, has the report been filed with the domiciliary state? Yes [] No []
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]
- 2.2 If yes, date of change:
- 3.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No []
If yes, complete Schedule Y, Parts 1 and 1A.
- 3.2 Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [] No [X]
- 3.3 If the response to 3.2 is yes, provide a brief description of those changes.
.....
- 3.4 Is the reporting entity publicly traded or a member of a publicly traded group? Yes [] No [X]
- 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 [X]
- 4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

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

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

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:
 0.....

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

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

- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes 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	\$368,979	\$382,239
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	\$382,239
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)
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:

17.4.....

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 LIGHTNING ROD MUTUAL INSURANCE COMPANY

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date – Allocated by States and Territories

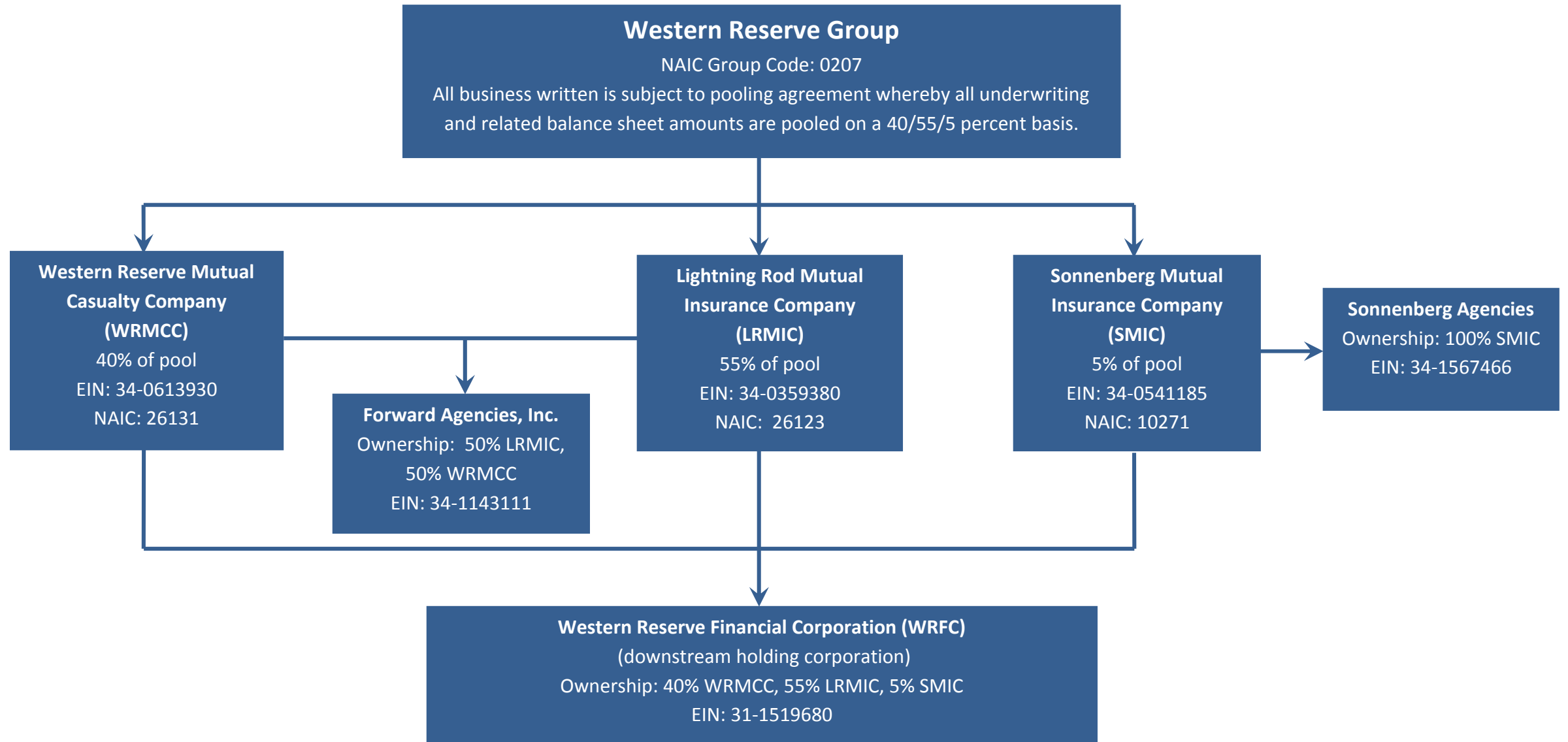
States, etc.	1 Active Status (a)	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid		
		2 Current Year To Date	3 Prior Year To Date	4 Current Year To Date	5 Prior Year To Date	6 Current Year To Date	7 Prior Year To Date	
1. Alabama	AL	N	0	0	0	0	0	
2. Alaska	AK	N	0	0	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	17,099,707	18,396,879	8,096,942	12,947,875	6,778,444	8,445,638
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	50,487,085	50,942,790	22,722,424	22,758,645	21,862,617	24,771,802
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		67,586,792	69,339,669	30,819,366	35,706,520	28,641,061	33,217,440
DETAILS OF WRITE-INS								
58001.	XXX							
58002.	XXX							
58003.	XXX							
58998. Summary of remaining write-ins for Line 58 from overflow page.	XXX		0	0	0	0	0	0
58999. TOTALS (Lines 58001 through 58003 plus 58998) (Line 58 above)	XXX		0	0	0	0	0	0

(a) Active Status Counts

L – Licensed or Chartered – Licensed insurance carrier or domiciled RRG 4 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 53

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	9,964		0.0	0.0
2. Allied lines	9,468	(226)	(2.4)	41.0
3. Farmowners multiple peril	15,891,588	3,253,602	20.5	47.4
4. Homeowners multiple peril	21,651,521	8,544,905	39.5	65.3
5. Commercial multiple peril	9,448,576	2,008,813	21.3	57.6
6. Mortgage guaranty			0.0	0.0
8. Ocean marine			0.0	0.0
9. Inland marine	1,031,420	132,410	12.8	11.5
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	471,107	204,440	43.4	(112.0)
17.2 Other liability-claims made	100,509	0	0.0	(27.3)
17.3 Excess Workers' Compensation			0.0	0.0
18.1 Products liability-occurrence	24,754	79,000	319.1	4.3
18.2 Products liability-claims made			0.0	0.0
19.1,19.2 Private passenger auto liability	6,158,047	3,965,554	64.4	69.3
19.3,19.4 Commercial auto liability	4,144,211	3,440,285	83.0	61.8
21. Auto physical damage	6,977,886	3,612,653	51.8	49.7
22. Aircraft (all perils)			0.0	0.0
23. Fidelity			0.0	0.0
24. Surety			0.0	0.0
26. Burglary and theft	36,889	0	0.0	22.8
27. Boiler and machinery	627,763	297,747	47.4	14.6
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	66,583,703	25,539,183	38.4	56.2
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	3,079	12,098	9,977
2. Allied lines	2,654	10,936	10,292
3. Farmowners multiple peril	5,035,277	15,913,388	16,102,268
4. Homeowners multiple peril	7,445,049	21,430,009	23,977,180
5. Commercial multiple peril	2,817,803	9,782,209	9,147,437
6. Mortgage guaranty	0		0
8. Ocean marine	0		0
9. Inland marine	286,253	1,095,304	965,550
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		20,282
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	142,751	504,907	479,790
17.2 Other liability-claims made	34,222	106,450	65,730
17.3 Excess Workers' Compensation	0		0
18.1 Products liability-occurrence	12,220	26,863	19,786
18.2 Products liability-claims made	0		0
19.1,19.2 Private passenger auto liability	2,196,421	6,363,382	6,515,325
19.3,19.4 Commercial auto liability	1,197,142	4,396,419	4,038,038
21. Auto physical damage	2,431,919	7,231,050	7,359,208
22. Aircraft (all perils)	0		0
23. Fidelity	0		0
24. Surety	0		0
26. Burglary and theft	12,745	40,829	33,411
27. Boiler and machinery	211,273	672,948	595,395
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	21,828,808	67,586,792	69,339,669
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 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	4,026	12	4,038	5,167	26	652	5,845	(1,720)	(482)	(2,202)
2. 2016	11,182	852	12,034	3,426	77	3,503	6,624	119	671	7,414	(1,132)	15	(1,117)
3. Subtotals 2016 + prior	22,095	2,024	24,119	7,452	89	7,541	11,791	145	1,323	13,259	(2,852)	(467)	(3,319)
4. 2017	24,717	4,501	29,218	13,393	1,762	15,155	12,870	1,213	1,606	15,689	1,546	80	1,626
5. Subtotals 2017 + prior	46,812	6,525	53,337	20,845	1,851	22,696	24,661	1,358	2,929	28,948	(1,306)	(387)	(1,693)
6. 2018	XXX	XXX	XXX	XXX	33,068	33,068	XXX	17,999	3,304	21,303	XXX	XXX	XXX
7. Totals	46,812	6,525	53,337	20,845	34,919	55,764	24,661	19,357	6,233	50,251	(1,306)	(387)	(1,693)
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. (2.8)	2. (5.9)	3. (3.2)
													Col. 13, Line 7 Line 8
													4. (1.0)

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?YES.....


Explanation:

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

Bar Code:

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

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

3. 
 2 6 1 2 3 2 0 1 8 3 6 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	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	178,099	237,355
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8)	4,105,544	4,283,643
10. Deduct total nonadmitted amounts	0	0
11. Statement value at end of current period (Line 9 minus Line 10)	4,105,544	4,283,643

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	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)	463,503	(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)	17,704,092	17,240,588
12. Deduct total nonadmitted amounts	0	0
13. Statement value at end of current period (Line 11 minus Line 12)	17,704,092	17,240,588

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	221,477,396	207,834,610
2. Cost of bonds and stocks acquired	18,731,950	22,013,878
3. Accrual of discount	31,118	44,737
4. Unrealized valuation increase (decrease)	(448,801)	8,052,937
5. Total gain (loss) on disposals	2,162,012	3,168,217
6. Deduct consideration for bonds and stocks disposed of	16,082,357	18,554,861
7. Deduct amortization of premium	855,972	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)	225,019,627	221,477,396
12. Deduct total nonadmitted amounts	382,239	368,980
13. Statement value at end of current period (Line 11 minus Line 12)	224,637,388	221,108,416

STATEMENT AS OF SEPTEMBER 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).....	132,028,672	9,759,172	5,747,547	(112,007)	135,011,456	132,028,672	135,928,290	131,769,067
2. NAIC 2 (a).....	9,180,743	199,500	225,000	473,610	8,065,197	9,180,743	9,628,853	8,094,861
3. NAIC 3 (a).....	538,260			(538,260)	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	141,747,675	9,958,672	5,972,547	(176,657)	143,605,397	141,747,675	145,557,143	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	141,747,675	9,958,672	5,972,547	(176,657)	143,605,397	141,747,675	145,557,143	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 \$

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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	NONE				
		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	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	3,700,597
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.....	5,280,179	0
2. Cost of cash equivalents acquired	25,575,559	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	26,653,076	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)	4,202,662	5,280,179
11. Deduct total nonadmitted amounts		0
12. Statement value at end of current period (Line 10 minus Line 11)	4,202,662	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

STATEMENT AS OF SEPTEMBER 30, 2018 OF THE LIGHTNING ROD 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									
38380Y-3C-7	GNR 18124H QC - CMO/RMBS		09/19/2018	FIRST EMPIRE SECURITIES INC	XXX	697,813	700,000	1,838	1
831641-FL-4	SB1C 1810B B - ABS		09/18/2018	Raymond James Financial	XXX	703,281	700,000	136	1
912828-4X-5	UNITED STATES TREASURY		09/18/2018	Northern Trust	XXX	595,406	600,000	866	1
912828-WU-0	UNITED STATES TREASURY		07/27/2018	Northern Trust	XXX	613,206	635,652	35	1
0599999 - Bonds - U.S. Governments						2,609,706	2,635,652	2,874	XXX
Bonds - U.S. Political Subdivisions of States, Territories and Possessions									
236092-DH-2	DANE CNTY WIS		09/07/2018	Raymond James Financial	XXX	701,218	700,000		1FE
2499999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions						701,218	700,000	0	XXX
Bonds - U.S. Special Revenue									
3137F3-7A-6	FHR 4766A GD - CMO/RMBS		09/06/2018	VINING SPARKS IBG, L.P	XXX	748,533	752,845	722	1
3137F4-YP-1	FHR 4791G AE - CMO/RMBS		07/17/2018	BONY + VINNING SPARKS IBG L P	XXX	994,279	984,739	1,819	1
44244C-TM-9	HOUSTON TEX UTIL SYS REV		08/27/2018	Raymond James Financial	XXX	613,968	600,000	496	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						2,356,780	2,337,584	3,038	XXX
Bonds - Industrial and Miscellaneous (Unaffiliated)									
025816-BK-4	AMERICAN EXPRESS CO		08/28/2018	Raymond James Financial	XXX	499,375	500,000	4,280	1FE
03040W-AS-4	AMERICAN WATER CAPITAL CORP		09/07/2018	FIRST EMPIRE SECURITIES INC	XXX	600,420	600,000	2,000	1FE
254673-RN-8	Discover Bank		07/16/2018	DAVIDSON (D.A.) & CO. INC	XXX	199,500	200,000	242	2FE
38148P-T9-8	Goldman Sachs Bank USA		08/02/2018	FIRST EMPIRE SECURITIES INC	XXX	200,000	200,000		1FE
38150A-B2-0	GOLDMAN SACHS GROUP INC		08/14/2018	FIRST EMPIRE SECURITIES INC	XXX	598,200	600,000	67	1FE
61760Q-LR-3	MORGAN STANLEY		08/29/2018	DAVIDSON (D.A.) & CO. INC	XXX	500,000	500,000	52	1FE
641062-AF-1	NESTLE HOLDINGS INC	C	09/24/2018	Raymond James Financial	XXX	694,722	700,000	141	1FE
771196-BP-6	ROCHE HOLDINGS INC	C	09/19/2018	DAVIDSON (D.A.) & CO. INC	XXX	595,552	600,000	242	1FE
79466L-AF-1	SALESFORCE.COM INC		07/12/2018	Raymond James Financial	XXX	403,200	400,000	3,906	1FE
3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)						4,290,969	4,300,000	10,686	XXX
8399997 - Subtotals - Bonds - Part 3						9,958,672	9,973,236	16,598	XXX
8399999 - Subtotals - Bonds						9,958,672	9,973,236	16,598	XXX
9999999 Totals						9,958,672	XXX	16,598	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 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	Fore ign	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	Contracted Maturity Date	NAIC Designation or Market Indicator (a)	
Bonds - U.S. Governments																						
30250R-AA-2	FDIC 10R1 A - RMBS		09/01/2018	Paydown	XXX	30,091	30,091	30,091	30,076		(137)		(137)		30,091				471	05/25/2050	1	
36295P-0H-0	GN 676872 - RMBS		09/01/2018	Paydown	XXX	3,541	3,541	3,572	3,556		(14)		(14)		3,541			0	94	03/15/2023	1	
831641-ES-0	SBIC 1010A A - ABS		09/01/2018	Paydown	XXX	21,308	21,308	23,225	22,316		(1,008)		(1,008)		21,308		0	0	671	03/10/2020	1	
831641-EZ-4	SBIC 1310B B - ABS		09/01/2018	Paydown	XXX	183,273	183,273	191,272	190,749		(7,476)		(7,476)		183,273				3,852	09/10/2023	1	
831641-FK-6	SBIC 1810A A - ABS		09/01/2018	Paydown	XXX	10,519	10,519	10,533			(13)		(13)		10,519				0	03/10/2028	1	
912828-0T-0	UNITED STATES TREASURY		06/30/2018	Maturity @ 100.00	XXX														5,938	06/30/2018	1	
912828-RE-2	UNITED STATES TREASURY		08/31/2018	Maturity @ 100.00	XXX	1,000,000	1,000,000	1,008,125	1,001,290		(1,290)		(1,290)		1,000,000				15,000	08/31/2018	1	
0599999 - Bonds - U.S. Governments						1,248,732	1,248,732	1,266,818	1,247,987		(9,939)		(9,939)		1,248,732				0	26,024	XXX	XXX
Bonds - U.S. States, Territories and Possessions																						
011770-S3-9	ALASKA ST		08/01/2018	Maturity @ 100.00	XXX	700,000	700,000	748,188	703,451		(3,451)		(3,451)		700,000				0	28,000	08/01/2018	1FE
677520-J3-3	OHIO ST		09/01/2018	Maturity @ 100.00	XXX	500,000	500,000	497,035	499,768		232		232		500,000				0	23,125	09/01/2018	1FE
880541-P0-4	TENNESSEE ST		09/01/2018	Call @ 100.00	XXX	600,000	600,000	592,020	597,640		2,360		2,360		600,000				0	18,000	08/01/2020	1FE
1799999 - Bonds - U.S. States, Territories and Possessions						1,800,000	1,800,000	1,837,243	1,800,859		(859)		(859)		1,800,000				0	69,125	XXX	XXX
Bonds - U.S. Political Subdivisions of States, Territories and Possessions																						
25009X-FN-0	DES MOINES IOWA		08/31/2018	Call @ 100.00	XXX	30,000	30,000	30,000	30,000						30,000				0	573	06/01/2022	1FE
688443-M8-0	OSSEO MINN INDPY SCH DIST		09/01/2018	Call @ 100.00	XXX	600,000	600,000	651,156	606,740		(6,740)		(6,740)		600,000				0	24,000	02/01/2021	1FE
801889-L0-7	SANTA FE CNTY N MEX		07/01/2018	Maturity @ 100.00	XXX	600,000	600,000	635,550	602,195		(2,195)		(2,195)		600,000				0	24,000	07/01/2018	1FE
2499999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions						1,230,000	1,230,000	1,316,706	1,238,934		(8,934)		(8,934)		1,230,000				0	48,573	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																						
14739H-BE-0	CASCADE WTR ALLIANCE WASH		09/01/2018	Maturity @ 100.00	XXX	300,000	300,000	307,914	300,697		(697)		(697)		300,000				0	13,344	09/01/2018	1FE
3128M1-LA-5	WTR SYS REV		09/01/2018	VARIOUS	XXX	15,887	15,815	15,815	15,797		(18)		(18)		15,792		94	94	646	06/01/2021	1	
3128M1-PA-1	FH G12317 - RMBS		08/20/2018	VARIOUS	XXX	15,983	15,838	15,838	15,797		(4)		(4)		15,838		145	145	644	08/01/2021	1	
312800-N9-4	FH J19416 - RMBS		09/01/2018	Paydown	XXX	12,899	12,899	13,253	13,181		(283)		(283)		12,899				0	219	06/01/2022	1
3128S2-00-7	FH T61363 - RMBS		09/01/2018	Paydown	XXX	7,568	7,568	7,918	7,917		(349)		(349)		7,568				0	148	09/01/2047	1
31326F-Y9-3	FH 261636 - RMBS		09/01/2018	Paydown	XXX	15,285	15,285	15,120	15,202		83		83		15,285				0	182	08/01/2043	1
31335H-5P-4	FH C90854 - RMBS		08/20/2018	VARIOUS	XXX	39,282	37,767	37,890	37,805		(14)		(14)		37,791		1,491	1,491	1,526	09/01/2024	1	
3136A1-4P-7	FNR 11117C WA - CMO/RMBS		09/01/2018	Paydown	XXX	13,100	13,100	13,133	13,125		(8)		(8)		13,100				0	154	08/25/2040	1
3136A2-VK-6	FNR 11126A AD - CMO/RMBS		09/01/2018	Paydown	XXX	6,612	6,612	6,612	6,603		9		9		6,612				0	102	06/25/2040	1
3136AE-Z4-2	FNR 1370C VA - CMO/RMBS		09/01/2018	Paydown	XXX	11,048	11,048	11,614	11,482		(132)		(132)		11,048				0	195	08/25/2026	1
31371K-2X-8	FN 254690 - RMBS		09/01/2018	VARIOUS	XXX	21,277	20,507	20,366	20,377		130		130		20,380		897	897	830	04/01/2023	1	
31371L-JU-4	FN 255075 - RMBS		09/01/2018	VARIOUS	XXX	56,827	54,630	54,626	54,500		(18)		(18)		54,490		2,336	2,336	2,206	02/01/2024	1	
31371L-XW-4	FN 255493 - RMBS		08/20/2018	VARIOUS	XXX	51,975	49,947	49,666	49,664		(1)		(1)		49,663		2,312	2,312	2,013	11/01/2024	1	
3137AP-BD-1	FHR 4033B EB - CMO/RMBS		09/01/2018	Paydown	XXX	19,521	19,521	(31,970)	19,482		38		38		19,521				0	229	10/15/2036	1
3137F1-VB-1	FHR 4700C VH - CMO/RMBS		09/01/2018	Paydown	XXX	9,703	9,703	10,012	10,007		(304)		(304)		9,703				0	171	12/15/2028	1
3137F3-JK-1	FHR 4768J VL - CMO/RMBS		09/01/2018	Paydown	XXX	10,582	10,582	11,124	10,582		(542)		(542)		10,582				0	142	01/15/2031	1
3137F3-QF-4	FHR 4764D CJ - CMO/RMBS		09/01/2018	Paydown	XXX	28,372	28,372	29,312	2,644		(940)		(940)		28,372				0	474	06/15/2045	1
3137F4-YP-1	FHR 4791G AE - CMO/RMBS		09/01/2018	Paydown	XXX	10,248	10,248				(99)		(99)		10,248				0	15	04/15/2031	1
31381P-C9-7	FN 466396 - RMBS		08/01/2018	Paydown	XXX	1,368	1,368	1,371	1,372		(3)		(3)		1,368				0	26	11/01/2020	1
31381P-C9-7	FN 466396 - CMBS/RMBS		09/01/2018	Paydown	XXX	665	665	666	667		(2)		(2)		665				0	16	11/01/2020	1
31402R-GM-5	FN 735604 - RMBS		08/27/2018	VARIOUS	XXX	14,413	14,413	14,458	14,375		0		0		14,375		38	38	538	06/01/2020	1	
31416X-HY-9	FN AB2046 - RMBS		09/01/2018	Paydown	XXX	11,056	11,056	10,869	10,906		150		150		11,056				0	197	01/01/2026	1
31418A-LY-2	FN MA1242 - RMBS		09/01/2018	Paydown	XXX	9,208	9,208	9,622	9,616		(408)		(408)		9,208				0	188	11/01/2042	1
31418A-V5-4	FN MA1535 - RMBS		09/01/2018	Paydown	XXX	16,952	16,952	16,941	16,950		1		1		16,952				0	203	08/01/2023	1
31418A-WS-3	FN MA1556 - RMBS		09/01/2018	Paydown	XXX	14,721	14,721	14,611	14,652		69		69		14,721				0	203	08/01/2028	1
796242-RK-3	SAN ANTONIO TEX ARPT SYS REV		07/01/2018	Maturity @ 100.00	XXX	300,000	300,000	328,824	302,748		(2,748)		(2,748)		300,000				0	10,500	07/01/2018	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						1,014,552	1,007,825	995,956	962,972		(6,518)		(6,518)		1,007,238		7,314	7,314	0	35,111	XXX	XXX
Bonds - Industrial and Miscellaneous (Unaffiliated)																						
854403-AC-6	STANFORD UNIVERSITY		08/31/2018	Call @ 101.33	XXX	467,131	461,000	467,970	462,133		(556)		(556)		461,577		5,555	5,555	0	10,949	05/01/2019	1FE
856284-M6-8	State Bank of India		07/30/2018	Maturity @ 100.00	XXX	225,000	225,000	225,000	225,000						225,000				0	4,512	07/30/2018	2FE
3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)						692,131	686,000	692,970	687,133		(556)		(556)		686,577		5,555	5,555	0	15,461	XXX	XXX
8399997 - Subtotals - Bonds - Part 4						5,985,416	5,972,557	6,109,693	5,937,885		(26,806)		(26,806)		5,972,547		12,868	12,868	0	194,295	XXX	XXX
8399999 - Subtotals - Bonds						5,985,416	5,972,557	6,109,693	5,937,885		(26,806)		(26,806)		5,972,547		12,868	12,868	0	194,295	XXX	XXX
Common Stocks - Industrial and Miscellaneous (Unaffiliated)																						
053015-10-3	AUTOMATIC DATA PROCESSING ORD		09/19/2018	Northern Trust		3,742,000	550,046		XXX	109,375	438,525	(329,150)	(329,150)		109,375		440,670	440,670	0	7,812	XXX	L
071813-10-9	BAXTER INTERNATIONAL ORD		09/06/2018	Northern Trust		2,213,000	165,054		XXX	29,330	143,048	(113,718)	(113,718)		29,330		135,724	135,724	0	1,129	XXX	L
501797-10-4	L BRANDS ORD		07/13/2018	Northern Trust		2,118,000	66,811		XXX	127,546	127,546				127,546		(60,735)	(60,735)	0	2,542	XXX	L

EO5

STATEMENT AS OF SEPTEMBER 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	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)
594918-10-4	MICROSOFT ORD		08/30/2018	Northern Trust	4,924,000	550,022	XXX	40,285	421,199	(380,914)			(380,914)		40,285		509,736	509,736	4,449	XXX	L
655844-10-8	NORFOLK SOUTHERN ORD		08/29/2018	Northern Trust	1,570,000	275,065	XXX	132,806	227,493	(94,687)			(94,687)		132,806		142,259	142,259	2,261	XXX	L
855244-10-9	STARBUCKS ORD		08/30/2018	Northern Trust	3,108,000	165,023	XXX	137,163	178,492	(41,329)			(41,329)		137,163		27,860	27,860	2,984	XXX	L
885791-10-1	3M ORD		09/06/2018	Northern Trust	1,126,000	240,060	XXX	64,790	265,027	(200,237)			(200,237)		64,790		175,270	175,270	3,063	XXX	L
931142-10-3	WALMART ORD		08/30/2018	Northern Trust	2,866,000	275,017	XXX	132,607	283,018	(150,411)			(150,411)		132,607		142,410	142,410	5,878	XXX	L
962166-10-4	WEYERHAEUSER REIT		09/19/2018	Northern Trust	11,024,000	374,376	XXX	212,419	388,706	(176,288)			(176,288)		212,419		161,957	161,957	10,804	XXX	L
9099999 - Common Stocks - Industrial and Miscellaneous (Unaffiliated)						2,661,474	XXX	986,322	2,473,054	(1,486,732)	0	0	(1,486,732)	0	986,322	0	1,675,152	1,675,152	40,920	XXX	XXX
9799997 - Subtotals - Common Stocks - Part 4						2,661,474	XXX	986,322	2,473,054	(1,486,732)	0	0	(1,486,732)	0	986,322	0	1,675,152	1,675,152	40,920	XXX	XXX
9799999 - Subtotals - Common Stocks						2,661,474	XXX	986,322	2,473,054	(1,486,732)	0	0	(1,486,732)	0	986,322	0	1,675,152	1,675,152	40,920	XXX	XXX
9899999 - Subtotals - Preferred and Common Stocks						2,661,474	XXX	986,322	2,473,054	(1,486,732)	0	0	(1,486,732)	0	986,322	0	1,675,152	1,675,152	40,920	XXX	XXX
9999999 Totals						8,646,889	XXX	7,096,015	8,410,939	(1,486,732)	(26,806)	0	(1,513,538)	0	6,958,869	0	1,688,020	1,688,020	235,215	XXX	XXX

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

E05.1

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



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

DIRECTOR AND OFFICER INSURANCE COVERAGE SUPPLEMENT

Year To Date For The Period Ended 2018

NAIC Group Code 00207

NAIC Company Code 26123

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

1. Monoline Policies

Table with 3 columns: 1 Direct Written Premium, 2 Direct Earned Premium, 3 Direct Losses Incurred. Values are all 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: \$16,360

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