
AMENDED FILING EXPLANATION

Note 25 has been changed.



ANNUAL STATEMENT

For the Year Ended December 31, 2018
of the Condition and Affairs of the

HOME AND FARM INSURANCE COMPANY

NAIC Group Code.....	46, 46	NAIC Company Code.....	17639	Employer's ID Number.....	35-1630739
	(Current Period) (Prior Period)				
Organized under the Laws of OH		State of Domicile or Port of Entry OH		Country of Domicile	US
Incorporated/Organized.....	January 29, 1985	Commenced Business.....	March 5, 1985		
Statutory Home Office	One Heritage Place .. Piqua .. OH .. US .. 45356				
	(Street and Number) (City or Town, State, Country and Zip Code)				
Main Administrative Office	One Heritage Place .. Piqua .. OH .. US .. 45356			937-778-5000	
	(Street and Number) (City or Town, State, Country and Zip Code)			(Area Code) (Telephone Number)	
Mail Address	One Heritage Place .. Piqua .. OH .. US .. 45356				
	(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)				
Primary Location of Books and Records	One Heritage Place .. Piqua .. OH .. US .. 45356			937-778-5000	
	(Street and Number) (City or Town, State, Country and Zip Code)			(Area Code) (Telephone Number)	
Internet Web Site Address	N/A				
Statutory Statement Contact	Craig Allen Curcio			937-778-5000	
	(Name)			(Area Code) (Telephone Number) (Extension)	
	craig.curcio@buckeye-ins.com			937-778-5019	
	(E-Mail Address)			(Fax Number)	

OFFICERS

Name	Title	Name	Title
1. John Michael Brooks	President	2. Lisa Lyn Wesner	Secretary
3. Craig Allen Curcio #	Treasurer	4. Robert Edward Bornhorst	Vice President

OTHER

DIRECTORS OR TRUSTEES

Donald E. Benschneider	Robert W. Clark #	J. MacAlpine Smith	William L. Sweet Jr.
James D. Rogers #	John M. Brooks #		

State of..... Ohio
County of..... Miami

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.

(Signature)	(Signature)	(Signature)
John Michael Brooks	Lisa Lyn Wesner	Craig Allen Curcio
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
President	Secretary	Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to before me	a. Is this an original filing?	Yes [X] No []
This _____ day of _____ 2019	b. If no	1. State the amendment number _____
		2. Date filed _____
		3. Number of pages attached _____

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies and Going Concern

- A.

Accounting Practices

The accompanying financial statements of the Home and Farm Insurance Company have been prepared on the basis of accounting practices prescribed or permitted by the Ohio Insurance Department.

The state of Ohio requires insurance companies domiciled in the state of Ohio to prepare their statutory financial statements in accordance with the National Association of Insurance Commissioners’ (NAIC) Accounting Practices and Procedures Manual subject to any deviations prescribed or permitted by the Ohio Insurance Department
- | | SSAP
| F/S
Page | F/S
Line # | 2018 | 2017 |
|--|-----------|-------------|---------------|--------------|--------------|
| NET INCOME | | | | | |
| (1) Company state basis (Page 4, Line 20, Columns 1 & 2) | XXX | XXX | XXX | \$ 69,611 | \$ (31,047) |
| (2) State Prescribed Practices that are an increase/(decrease) from NAIC SAP | | | | | |
| | | | | \$ | \$ |
| (3) State Permitted Practices that are an increase/(decrease) from NAIC SAP | | | | | |
| | | | | \$ | \$ |
| (4) NAIC SAP (1 – 2 – 3 = 4) | XXX | XXX | XXX | \$ 69,611 | \$ (31,047) |
| SURPLUS | | | | | |
| (5) Company state basis (Page 3, Line 37, Columns 1 & 2) | XXX | XXX | XXX | \$ 6,902,613 | \$ 6,824,690 |
| (6) State Prescribed Practices that are an increase/(decrease) from NAIC SAP | | | | | |
| | | | | \$ | \$ |
| (7) State Permitted Practices that are an increase/(decrease) from NAIC SAP | | | | | |
| | | | | \$ | \$ |
| (8) NAIC SAP (5 – 6 – 7 = 8) | XXX | XXX | XXX | \$ 6,902,613 | \$ 6,824,690 |
- B.

Use of Estimates in the Preparation of the Financial Statement

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. It also requires estimates in the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.
- C.

Accounting Policy

Premiums are earned over the terms of the related policies and reinsurance contracts. Unearned premiums are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct business and are based on reports received from ceding companies for reinsurance assumed. Expenses incurred in connection with acquiring new insurance business, including acquisition costs as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.
- (1)

Basis for Short-Term Investments

Short-term investments are stated at amortized cost.
- (2)

Basis for Bonds and Amortization Schedule

Bonds not backed by other loans are stated at amortized value using the interest method. Non-investment grade bonds are stated at the lower of amortized value or fair value.
- (3)

Basis for Common Stocks

Common stocks, other than investments in stocks of subsidiaries and affiliates, are stated at market.
- (4)

Basis for Preferred Stocks

Redeemable preferred stocks are stated at amortized value. Perpetual preferred stocks are stated at fair value. Non-investment grade preferred stocks are stated at the lower of amortized value or fair value.
- (5)

Basis for Mortgage Loans

The Company does not have any mortgage loans.
- (6)

Basis for Loan-Backed Securities and Adjustment Methodology

Loan-backed securities are stated at amortized value. The retrospective adjustment method is used to value all loan-backed securities. Non-investment grade loan-backed securities are stated at the lower of amortized value or fair value.
- (7)

Accounting Policies for Investments in Subsidiaries, Controlled and Affiliated Entities

Insurance subsidiary (Home and Farm Insurance Company, a subsidiary of Buckeye State Mutual Insurance Company) is stated at statutory equity value. Non-insurance subsidiary Hetuck Insurance Agency, Inc is stated at statutory equity value.
- (8)

Accounting Policies for Investments in Joint Ventures, Partnerships and Limited Liability Entities

The Company does not have any joint ventures or partnerships.
- (9)

Accounting Policies for Derivatives

The Company does not carry any derivatives.
- (10)

Anticipated Investment Income Used in Premium Deficiency Calculation

The Company does not anticipate investment income as a factor in premium deficiency calculations.
- (11)

Management's Policies and Methodologies for Estimating Liabilities for Losses and Loss/Claim Adjustment Expenses for A&H Contracts

Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports, and an amount based on past experience for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates, and while management believes the amount is adequate, the ultimate liability may be in excess or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.

NOTES TO FINANCIAL STATEMENTS

- (12) Changes in the Capitalization Policy and Predefined Thresholds from Prior Period
The Company has not modified its capitalization policy from the prior period.
- (13) Method Used to Estimate Pharmaceutical Rebate Receivables
Not applicable

D. Going Concern
Not applicable

Note 2 – Accounting Changes and Correction of Errors

Not applicable

Note 3 – Business Combinations and Goodwill

- A. Statutory Purchase Method
Not applicable.
- B. Statutory Merger
Not applicable.
- C. Impairment Loss
Not applicable.

Note 4 – Discontinued Operations

NNot applicable.

Note 5 – Investments

- A. Mortgage Loans, including Mezzanine Real Estate Loans
Not applicable.
- B. Debt Restructuring
Not applicable.
- C. Reverse Mortgages
Not applicable.
- D. Loan-Backed Securities
- (1) Description of Sources Used to Determine Prepayment Assumptions
Prepayment assumptions for mortgage-backed/loan-backed and structured securities were obtained from broker-dealer survey values or internal estimates.
- (2) Other-Than-Temporary Impairments

	1 Amortized Cost Basis Before Other-than-Temporary Impairment	2 Other-than-Temporary Impairment Recognized in Loss	3 Fair Value 1 – 2
OTTI Recognized 1 st Quarter			
a. Intent to sell	\$	\$	\$
b. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis			
c. Total 1 st Quarter	\$	\$	\$
OTTI Recognized 2 nd Quarter			
d. Intent to sell	\$	\$	\$
e. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis			
f. Total 2 nd Quarter	\$	\$	\$
OTTI Recognized 3 rd Quarter			
g. Intent to sell	\$	\$	\$
h. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis			
i. Total 3 rd Quarter	\$	\$	\$
OTTI Recognized 4 th Quarter			
j. Intent to sell	\$	\$	\$
k. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis			
l. Total 4 th Quarter	\$	\$	\$

NOTES TO FINANCIAL STATEMENTS

	1 Amortized Cost Basis Before Other-than-Temporary Impairment	2 Other-than-Temporary Impairment Recognized in Loss	3 Fair Value 1 – 2
m. Annual aggregate total	XXX		XXX

(3) Recognized OTTI securities

CUSIP	Book/Adjusted Carrying Value Amortized Cost Before Current Period OTTI	Present Value of Projected Cash Flows	Recognized Other-Than- Temporary Impairment	Amortized Cost After Other-Than- Temporary Impairment	Fair Value at Time of OTTI	Date of Financial Statement Where Reported
	\$	\$	\$	\$	\$	
Total			\$			

(4) All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):

a. The aggregate amount of unrealized losses:	1. Less than 12 Months	\$
	2. 12 Months or Longer	\$ (16,134)
b. The aggregate related fair value of securities with unrealized losses:	1. Less than 12 Months	\$
	2. 12 Months or Longer	\$ 679,030

(5) Information Investor Considered in Reaching Conclusion that Impairments are Not Other-Than-Temporary

- 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
Repurchase Transactions – Cash Provider – Overview of Secured Borrowing Transactions
Not applicable
- H. Repurchase Agreements Transactions Accounted for as a Sale
Repurchase Transaction – Cash Taker – Overview of Sale Transactions
Not applicable
- I. Reverse Repurchase Agreements Transactions Accounted for as a Sale
Repurchase Transaction – Cash Provider – Overview of Sale Transactions
Not applicable
- J. Real Estate
Not applicable
- K. Low-Income Housing Tax Credits (LIHTC)
Not applicable
- L. Restricted Assets

(1) Restricted Assets (Including Pledged)

Restricted Asset Category	Gross (Admitted & Nonadmitted)					Restricted		Current Year			
	Current Year					6	7	8	9	Percentage	
	1	2	3	4	5					10	11
	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase/ (Decrease) (5 minus 6)	Total Nonadmitted Restricted	Total Admitted Restricted (5 minus 8)	Gross (Admitted & Nonadmitted) Restricted to Total Assets (c)	Admitted Restricted to Total Admitted Assets (d)
a. Subject to contractual obligation for which liability is not shown	\$	\$	\$	\$	\$	\$	\$	\$	%	%	
b. Collateral held under security lending arrangements									%	%	
c. Subject to repurchase agreements									%	%	
d. Subject to reverse repurchase agreements									%	%	
e. Subject to dollar repurchase agreements									%	%	

NOTES TO FINANCIAL STATEMENTS

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted							Current Year			
	Current Year					6	7	8	9	Percentage	
	1	2	3	4	5					10	11
	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase/ (Decrease) (5 minus 6)	Total Nonadmitted Restricted	Total Admitted Restricted (5 minus 8)	Gross (Admitted & Nonadmitted) Restricted to Total Assets (c)	Admitted Restricted to Total Admitted Assets (d)
f. Subject to dollar reverse repurchase agreements										%	%
g. Placed under option contracts										%	%
h. Letter stock or securities restricted as to sale – excluding FHLB capital stock										%	%
i. FHLB capital stock										%	%
j. On deposit with states	100,139				100,139	101,265	(1,126)		100,139	1.1%	1.1%
k. On deposit with other regulatory bodies										%	%
l. Pledged as collateral to FHLB (including assets backing funding agreements)										%	%
m. Pledged as collateral not captured in other categories										%	%
n. Other restricted assets										%	%
o. Total Restricted Assets	\$ 100,139	\$	\$	\$	\$ 100,139	\$ 101,265	\$ (1,126)	\$	\$ 100,139	1.1%	1.1%

- (a) Subset of column 1
(b) Subset of column 3
(c) Column 5 divided by Asset Page, Column 1, Line 28
(d) Column 9 divided by Asset Page, Column 3, Line 28

(2) Detail of Assets Pledged as Collateral Not Captured in Other Categories (Contacts that Share Similar Characteristics, Such as Reinsurance and Derivatives, are Reported in the Aggregate)

Description of Assets	Gross (Admitted & Nonadmitted) Restricted							8 Total Current Year Admitted Restricted	Percentage	
	Current Year					6 Total From Prior Year	7 Increase/ (Decrease) (5 minus 6)		9 Gross (Admitted & Nonadmitted) Restricted to Total Assets	10 Admitted Restricted to Total Admitted Assets
	1	2	3	4	5					
	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total (1 plus 3)					
	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Total (c)	\$	\$	\$	\$	\$	\$	\$	\$	%	%

- (a) Subset of column 1
(b) Subset of column 3
(c) Total Line for Columns 1 through 7 should equal 5L(1)m Columns 1 through 7 respectively and Total Line for Columns 8 through 10 should equal 5L(1)m Columns 9 through 11 respectively.

(3) Detail of Other Restricted Assets (Contracts that Share Similar Characteristics, such as Reinsurance and Derivatives, are Reported in the Aggregate)

Description of Assets	Gross (Admitted & Nonadmitted) Restricted							8 Total Current Year Admitted Restricted	Percentage	
	Current Year					6 Total From Prior Year	7 Increase/ (Decrease) (\$ minus 6)		9 Gross (Admitted & Nonadmitted) Restricted to Total Assets	10 Admitted Restricted to Total Admitted Assets
	1	2	3	4	5					
	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total (1 plus 3)					
	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Total (c)	\$	\$	\$	\$	\$	\$	\$	\$	%	%

- (a) Subset of column 1
(b) Subset of column 3
(c) Total Line for Columns 1 through 7 should equal 5L(1)n Columns 1 through 7 respectively and Total Line for Columns 8 through 10 should equal 5L(1)n Columns 9 through 11 respectively.

(4) Collateral Received and Reflected as Assets Within the Reporting Entity's Financial Statements

		1	2	3	4
Collateral Assets		Book/Adjusted Carrying Value (BACV)	Fair Value	% of BACV to Total Assets (Admitted and Nonadmitted)*	% of BACV to Total Admitted Assets**
a.	Cash, Cash Equivalents and Short-Term Investments	\$	\$	%	%
b.	Schedule D, Part 1			%	%
c.	Schedule D, Part 2, Sec. 1			%	%
d.	Schedule D, Part 2, Sec. 2			%	%
e.	Schedule B			%	%
f.	Schedule A			%	%
g.	Schedule BA, Part 1			%	%
h.	Schedule DL, Part 1			%	%
i.	Other			%	%
j.	Total Collateral Assets (a+b+c+d+e+f+g+i)	\$	\$	%	%

- *. Column 1 divided by Asset Page, Line 26 (Column 1)
** Column 1 divided by Asset Page, Line 26 (Column 3)

		1	2
		Amount	% of Liability to Total Liabilities
k.	Recognized Obligation to Return Collateral Asset	\$	%

- * Column 1 divided by Liability Page, Line 26 (Column 1)

NOTES TO FINANCIAL STATEMENTS

- M. Working Capital Finance Investments
Not applicable
- N. Offsetting and Netting of Assets and Liabilities
Not applicable.
- O. Structured Notes
Not applicable.
- P. 5GI Securities
Not applicable.
- Q. Short Sales
Not applicable.
- R. Prepayment Penalty and Acceleration Fees

	General Account	Protected Cell
(1) Number of CUSIPs	1	
(2) Aggregate Amount of Investment Income	\$ 1,416	\$

Note 6 – Joint Ventures, Partnerships and Limited Liability Companies

Not applicable

Note 7 – Investment Income

- A. The bases, by category of investment income, for excluding (nonadmitting) any investment income due and accrued:
The Company nonadmits investment income due and accrued if amounts are over 90 days past due.
- B. The total amount excluded:
None

Note 8 – Derivative Instruments

Not applicable

Note 9 – Income Taxes

- A. Deferred Tax Assets/(Liabilities)

1. Components of Net Deferred Tax Asset/(Liability)

	2018			2017			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Gross deferred tax assets	\$ 214,044	\$ 1,768	\$ 215,812	\$ 225,966	\$ 1,768	\$ 227,734	\$ (11,922)	\$	\$ (11,922)
b. Statutory valuation allowance adjustment	136,500		136,500	152,991		152,991	(16,491)		(16,491)
c. Adjusted gross deferred tax assets (1a-1b)	\$ 77,544	\$ 1,768	\$ 79,312	\$ 72,975	\$ 1,768	\$ 74,743	\$ 4,569	\$	\$ 4,569
d. Deferred tax assets nonadmitted	34,190	1,768	35,958	40,707	1,768	42,475	(6,517)		(6,517)
e. Subtotal net admitted deferred tax asset (1c-1d)	\$ 43,354	\$	\$ 43,354	\$ 32,268	\$	\$ 32,268	\$ 11,086	\$	\$ 11,086
f. Deferred tax liabilities	2,357	1,360	3,717	105	838	943	2,252	522	2,774
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	\$ 40,997	\$ (1,360)	\$ 39,637	\$ 32,163	\$ (838)	\$ 31,325	\$ 8,834	\$ (522)	\$ 8,312

2. Admission Calculation Components SSAP No. 101

	2018			2017			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	\$	\$	\$	\$	\$	\$	\$	\$	\$

NOTES TO FINANCIAL STATEMENTS

	2018			2017			Change		
	1	2	3	4	5	6	7	8	9
	Ordinary	Capital	(Col 1+2) Total	Ordinary	Capital	(Col 4+5) Total	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
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)	39,637		39,637	31,325		31,325	8,312		8,312
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	39,637		39,637	31,325		31,325	8,312		8,312
2. Adjusted gross deferred tax assets allowed per limitation threshold									
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	3,717		3,717	943		943	2,774		2,774
d. Deferred tax assets admitted as the result of application of SSAP 101. Total (2(a)+2(b)+2(c))	\$ 43,354	\$	\$ 43,354	\$ 32,268	\$	\$ 32,268	\$ 11,086	\$	\$ 11,086

3. Other Admissibility Criteria

	2018	2017
a. Ratio percentage used to determine recovery period and threshold limitation amount	4,403.0%	3,418.0%
b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	\$ 6,862,976	\$ 6,793,364

4. Impact of Tax Planning Strategies

(a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage.

	2018		2017		Change	
	1	2	3	4	5	6
	Ordinary	Capital	Ordinary	Capital	(Col. 1-3) Ordinary	(Col. 2-4) Capital
1. Adjusted gross DTAs amount from Note 9A1(c)	\$ 77,544	\$ 1,768	\$ 72,975	\$ 1,768	\$ 4,569	\$
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	%	%	%	%	%	%
3. Net Admitted Adjusted Gross DTAs amount from Note 9A1(e)	\$ 43,354	\$	\$ 32,268	\$	\$ 11,086	\$
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	%	%	%	%	%	%

(b) Does the company's tax planning strategies include the use of reinsurance? NO

B. Deferred Tax Liabilities Not Recognized

1. The types of temporary differences for which a DTL has not been recognized and the types of events that would cause those temporary differences to become taxable are:
Not applicable

NOTES TO FINANCIAL STATEMENTS

2. The cumulative amount of each type of temporary difference is:
Not applicable
3. The amount of the unrecognized DTL for temporary differences related to investments in foreign subsidiaries and foreign corporate joint ventures that are essentially permanent in duration, if determination of that liability is practicable, or a statement that determination is not practicable are:
Not applicable
4. The amount of the DTL for temporary differences other than those in item (3) above that is not recognized is:
Not applicable

C. Current and Deferred Income Taxes

1. Current Income Tax

	1	2	3
	2018	2017	(Col 1-2) Change
a. Federal	\$	\$	\$
b. Foreign	\$	\$	\$
c. Subtotal	\$	\$	\$
d. Federal income tax on net capital gains	\$	\$	\$
e. Utilization of capital loss carry-forwards	\$	\$	\$
f. Other	\$	\$	\$
g. Federal and Foreign income taxes incurred	\$	\$	\$

2. Deferred Tax Assets

	1	2	3
	2018	2017	(Col 1-2) Change
a. Ordinary:			
1. Discounting of unpaid losses	\$ 7,753	\$ 6,376	\$ 1,377
2. Unearned premium reserve	33,255	37,671	(4,416)
3. Policyholder reserves			
4. Investments			
5. Deferred acquisition costs			
6. Policyholder dividends accrual			
7. Fixed assets			
8. Compensation and benefits accrual			
9. Pension accrual			
10. Receivables - nonadmitted			
11. Net operating loss carry-forward	173,036	181,919	(8,883)
12. Tax credit carry-forward			
13. Other (items <=5% and >5% of total ordinary tax assets)			
Other (items listed individually >5%of total ordinary tax assets)			
99. Subtotal	214,044	225,966	(11,922)
b. Statutory valuation allowance adjustment	136,500	152,991	(16,491)
c. Nonadmitted	34,190	40,707	(6,517)
d. Admitted ordinary deferred tax assets (2a99-2b-2c)	43,354	32,268	11,086
e. Capital:			
1. Investments	\$ 1,768	\$ 1,768	\$
2. Net capital loss carry-forward			
3. Real estate			
4. Other (items <=5% and >5% of total capital tax assets)			
Other (items listed individually >5% of total capital tax assets)			
99. Subtotal	\$ 1,768	\$ 1,768	\$
f. Statutory valuation allowance adjustment			
g. Nonadmitted	1,768	1,768	
h. Admitted capital deferred tax assets (2e99-2f-2g)			
i. Admitted deferred tax assets (2d+2h)	\$ 43,354	\$ 32,268	\$ 11,086

3. Deferred Tax Liabilities

	1	2	3
	2018	2017	(Col 1-2) Change
a. Ordinary:			
1. Investments	\$	\$	\$
2. Fixed assets			
3. Deferred and uncollected premium			
4. Policyholder reserves			
5. Other (items <=5% and >5% of total ordinary tax liabilities)	2,357	105	2,252
Other (items listed individually >5% of total ordinary tax liabilities)			
99. Subtotal	2,357	105	2,252
b. Capital:			
1. Investments	1,360	838	522
2. Real estate			

NOTES TO FINANCIAL STATEMENTS

3. Other (Items <=5% and >5% of total capital tax liabilities)			
Other (items listed individually >5% of total capital tax liabilities)			
99. Subtotal	1,360	838	522
c. Deferred tax liabilities (3a99+3b99)	\$ 3,717	\$ 943	\$ 2,774
4. Net Deferred Tax Assets (2i – 3c)	\$ 39,637	\$ 31,325	\$ 8,312

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate Among the more significant book to tax adjustments were the following:

	Amount	Effective Tax Rate (%)
Permanent Differences:		
Provision computed at statutory rate	\$ 14,619	21.0%
Proration of tax exempt investment income	381	0.5%
Tax exempt income deduction	(1,523)	(2.2)%
Dividends received deduction		%
Disallowed travel and entertainment		%
Other permanent differences		%
Temporary Differences:		
Total ordinary DTAs		%
Total ordinary DTLs		%
Total capital DTAs		%
Total capital DTLs		%
Other:		
Statutory valuation allowance adjustment	(16,491)	(23.7)%
Accrual adjustment – prior year		%
Other	1,219	1.8%
Totals	(1,795)	%
Federal and foreign income taxes incurred		%
Realized capital gains (losses) tax		%
Change in net deferred income taxes	(1,795)	%
Total statutory income taxes	\$ (1,795)	%

E. Operating Loss Carryforwards and Income Taxes Available for Recoupment

1. The amounts, origination dates and expiration dates of operating loss and tax credit carry forwards available for tax purposes:

Description (Operating Loss or Tax Credit Carry Forward)	Amounts	Origination Dates	Expiration Dates
Operating Loss	\$25,819	December 31, 2003	December 31, 2022
Operating Loss	\$413,850	December 31, 2004	December 31, 2023
Operating Loss	\$52,878	December 31, 2006	December 31, 2025
Operating Loss	\$49,687	December 31, 2008	December 31, 2027
Operating Loss	\$127,479	December 31, 2009	December 31, 2028
Operating Loss	\$15,466	December 31, 2010	December 31, 2029
Operating Loss	\$110,541	December 31, 2011	December 31, 2030
Operating Loss	\$12,433	December 31, 2012	December 31, 2031
Operating Loss	\$9,555	December 31, 2016	December 31, 2035
Operating Loss	\$58,060	December 31, 2017	December 31, 2036

2. The following is income tax expense for current year and proceeding years that is available for recoupment in the event of future net losses:

Year	Amounts
2016	\$777

3. The Company’s aggregate amount of deposits admitted under Section 6603 of the Internal Revenue Service Code is .

F. Consolidated Federal Income Tax Return

1. The Company’s federal income tax return is consolidated with the following entities:
The Company does not file a consolidated tax return.
2. The manner in which the Board of Directors sets forth for allocating the consolidated federal income tax:
The Company does not file a consolidated tax return.

G. Federal or Foreign Federal Income Tax Loss Contingencies:
The Company does not have any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

NOTES TO FINANCIAL STATEMENTS

H. Repatriation Transition Tax (RTT) - RTT owed under the TCJA

1a Has the entity fully remitted the RTT? NO

1b If yes, list the amount of the RTT paid.

If no, list the future installments to satisfy the RTT:

1	Installment 1	303
2	Installment 2	303
3	Installment 3	303
4	Installment 4	303
5	Installment 5	303
6	Installment 6	303
7	Installment 7	303
8	Installment 8	303
9	Total	2,424

I. Alternative Minimum Tax (AMT Credit)

Was the AMT Credit recognized as a current year recoverable or Deferred Tax Asset (DTA)?

Gross AMT Credit Recognized as:

1a	Current year recoverable	
1b	Deferred tax asset (DTA)	
2	Beginning Balance of AMT Credit Carryforward	
3	Amounts Recovered	
4	Adjustments	
5	Ending Balance of AMT Credit Carryforward (5=2-3-4)	
6	Reduction for Sequestration	
7	Nonadmitted by Reporting Entity	
8	Reporting Entity Ending Balance (8=5-6-7)	

Note 10 – Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

- A. Nature of the Relationship Involved
- 100% of the outstanding shares of the Company are owned by Buckeye State Mutual Insurance Company of Piqua, Ohio (31-6035649, NAIC 16713).
- B. Transactions
- Not applicable
- C. Dollar Amounts of Transactions
- Not applicable
- D. Amounts Due From or To Related Parties
- At December 31, 2018, the Company reported \$107,571 net due to Buckeye State Mutual Insurance Company. Intercompany balances are settled within 90 days.
- E. Guarantees or Undertakings
- Not applicable
- F. Material Management or Service Contracts and Cost-Sharing Arrangements
- The Company pays Buckeye State Mutual Insurance Company \$22,800 per year in accordance with the terms of a management agreement.
- G. Nature of the Control Relationship
- 100% of the outstanding shares of the Company are owned by Buckeye State Mutual Insurance Company of Piqua, Ohio (31-6035649, NAIC 16713).
- H. Amount Deducted from the Value of Upstream Intermediate Entity or Ultimate Parent Owned
- Not applicable
- I. Investments in SCA that Exceed 10% of Admitted Assets
- Not applicable
- J. Investments in Impaired SCAs
- Not applicable
- K. Investment in Foreign Insurance Subsidiary
- Not applicable
- L. Investment in Downstream Noninsurance Holding Company
- Not applicable
- M. All SCA Investments
- Not applicable
- N. Investment in Insurance SCAs
- Not applicable

Note 11 – Debt

Not applicable.

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

Not applicable.

NOTES TO FINANCIAL STATEMENTS

Note 13 – Capital and Surplus, Shareholder’s Dividend Restrictions and Quasi-Reorganizations

- (1)

Number of Share and Par or State Value of Each Class
The Company has 10,000 shares authorized, 6,000 issued, and 6,000 outstanding.
- (2)

Dividend Rate, Liquidation Value and Redemption Schedule of Preferred Stock Issues
Not applicable
- (3)

Dividend Restrictions
Prior approval from the Ohio Insurance Department is required before dividends are paid.
- (4)

Dates and Amounts of Dividends Paid
Not applicable
- (5)

Profits that may be Paid as Ordinary Dividends to Stockholders
Not applicable
- (6)

Restrictions Plans on Unassigned Funds (Surplus)
Not applicable
- (7)

Amount of Advances to Surplus not Repaid
Not applicable
- (8)

Amount of Stock Held for Special Purposes
Not applicable
- (9)

Reasons for Changes in Balance of Special Surplus Funds from Prior Period
Not applicable
- (10)

The Portion of Unassigned Funds (Surplus) Represented or Reduced by Unrealized Gains and Losses is: \$0.
- (11)

The Reporting Entity Issued the Following Surplus Debentures or Similar Obligations
Not applicable
- (12)

The impact of any restatement due to prior quasi-reorganizations is as follows
Not applicable
- (13)

Effective Date of Quasi-Reorganization for a Period of Ten Years Following Reorganization
Not applicable

Note 14 – Liabilities, Contingencies and Assessments

- A.

Contingent Commitments
Not applicable
- B.

Assessments

(1)

Nature of Any Assets That Could Have a Material Financial Effect
The company is subject to guaranty fund and other assessments by the states in which it writes business. Guaranty fund assessments should be accrued at the time of insolvencies. Other assessments should be accrued either at the time of assessments or in the case of premium based assessments, at the time the premiums were written, or in the case of loss based assessments, at the time the losses are incurred.

The Company has accrued a liability for guaranty fund and other assessments of \$0 and a related premium tax benefit asset of \$0. These represent management’s best estimates based on information received from the states in which the Company writes business, and may change due to many factors, including the Company’s share of the ultimate cost of current insolvencies.
- C.

Gain Contingencies
Not applicable
- D.

Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits
Not applicable
The Company paid the following amounts in the reporting period to settle claims related extra contractual obligations or bad faith claims stemming from lawsuits:

	Direct
Claims related ECO and bad faith losses paid during the reporting period	\$

Number of claims where amounts were paid to settle claims related extra contractual obligations or bad faith claims resulting from lawsuits during the reporting period:

(a) 0-25 Claims	(b) 26-50 Claims	(c) 51-100 Claims	(d) 101-500 Claims	(e) More than 500 Claims
X				

Indicate whether claim count information is disclosed per claim or per claimant:
(f) Per Claim [X] (g) Per Claimant []

Not applicable

Not applicable

NOTES TO FINANCIAL STATEMENTS

- E. Product Warranties
Not applicable
- F. Joint and Several Liabilities
Not applicable
- G. All Other Contingencies
Not applicable

Note 15 – Leases

Not applicable

Note 16 – Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

Not applicable

Note 17 – Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

- A. Transfers of Receivables Reported as Sales
Not applicable
- B. Transfer and Servicing of Financial Assets
Not applicable
- C. Wash Sales
- (1) Description of the Objectives Regarding These Transactions

In the course of the Company’s asset management, securities are sold and reacquired within 30 days of the sale date to enhance the yield on the investments
- (2) The details by NAIC designation 3 or below, or unrated of securities sold during the year ended December 31, 2018 and reacquired within 30 days of the sale date are:

The Company did not during the year reacquire within 30 days of the sales date any securities with a NAIC designation 3 or below.

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

Not applicable

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

Not applicable

Note 20 – Fair Value Measurements

Not applicable

Note 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-Transferable Tax Credits
Not applicable
- F. Subprime Mortgage Related Risk Exposure
Not applicable
- G. Insurance-Linked Securities (ILS) Contracts
Not applicable

Note 22 – Events Subsequent

There were no events occurring subsequent to December 31, 2018 meriting disclosure.

Subsequent events have been considered through for these statutory financial statements which are to be issued on .

NOTES TO FINANCIAL STATEMENTS

A.	Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the Federal Affordable Care Act (YES/NO)?		Yes [☐]	No [☒]
		2018	2017	
B.	ACA fee assessment payable for the upcoming year	\$	\$	
C.	ACA fee assessment paid	\$	\$	
D.	Premium written subject to ACA 9010 assessment	\$	\$	
E.	Total adjusted capital before surplus adjustment (Five-Year Historical Line 28)	\$	6,902,613	
F.	Total adjusted capital after surplus adjustment (Five-Year Historical Line 28 minus 22B above)	\$	6,902,613	
G.	Authorized control level (Five-Year Historical Line 29)	\$	155,875	
H.	Would reporting the ACA assessment as of December 31, 2018 have triggered an RBC action level (YES/NO)?		Yes [☐]	No [☐]

Note 23 – Reinsurance

A.	Unsecured Reinsurance Recoverables	NAIC Group Code	FEIN	Unsecured Recoverables
	Buckeye State Mutual Insurance Company	16713	31-6035649	\$ 626,000

B.

Reinsurance Recoverable in Dispute

The Company does not have any reinsurance recoverables in dispute.

Name of Reinsurer	Total Amount in Dispute (Including IBNR)	Notification	Arbitration	Litigation
	\$	\$	\$	\$

C. Reinsurance Assumed and Ceded

(1) Maximum Amount of Return Commission

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a. Affiliates	\$ 791,779	\$	\$ 9,843	\$	\$ 781,936	\$
b. All Other			1,241	310	(1,241)	(310)
c. Total	\$ 791,779	\$	\$ 11,084	\$ 310	\$ 780,695	\$ (310)
d. Direct Unearned Premium Reserves						\$

(2) Additional or Return Commission

	Direct	Assumed	Ceded	Net
a. Contingent commission	\$	\$	\$	\$
b. Sliding scale adjustments				
c. Other profit commission arrangements				
d. Total	\$	\$	\$	\$

(3) Types of Risks Attributed to Protected Cell

Protected Cell Name	Covered Exposure	Ultimate Exposure Amount	Fair Value of Assets as of December 31	Initial Contact Date of Securitization Instrument	Maturity Date of Securitized Instrument
Total	XXX	\$	\$	XXX	XXX

D.	Uncollectible Reinsurance
	The Company does not have any uncollectible reinsurance.
E.	Commutation of Ceded Reinsurance
	Not applicable
F.	Retroactive Reinsurance

NOTES TO FINANCIAL STATEMENTS

- Not applicable
- G. Reinsurance Accounted for as a Deposit
Not applicable
- H. Disclosures for the Transfer of Property and Casualty Run-off Agreements
Not applicable
- I. Certified Reinsurer Rating Downgraded or Status Subject to Revocation

(1) Reporting Entity Ceding to Certified Reinsurer Whose Rating was Downgraded or Status Subject to Revocation
Not applicable
- J. Reinsurance Agreements Qualifying for Reinsurer Aggregation
Not applicable

Note 24 – Retrospectively Rated Contracts and Contracts Subject to Redetermination

- A. Method Used by Reporting Entity to Estimate Accrued Retrospective Premium Adjustments
Not applicable
- B. Accrued Retrospective Premiums Recorded Through Written Premium or an Adjustment to Earned Premium
Not applicable
- C. Amount of Net Premiums Written Subject to Retrospective Rating Features and Percentage to Total Net Premiums Written
Not applicable
- D. Medical Loss Ratio Rebates Required Pursuant to the Public Health Service Act.
Not applicable
- E. Nonadmitted Retrospective Premium
Not applicable
- F. Risk Sharing Provisions of the Affordable Care Act

(1) Did the reporting entity write accident and health insurance premium which is subject to the Affordable Care Act risk sharing provisions
Yes [] No [X]

Note 25 – Change in Incurred Losses and Loss Adjustment Expenses

- A. Change in Incurred Losses and Loss Adjustment Expenses

Reserves as of December 31, 2017 were \$520,000. As of December 31, 2018, \$315,000 has been paid for incurred losses and loss adjusting expense attributable to insured events of prior years. Reserves remaining for prior years are now \$242,000 as a result of re-estimation of unpaid claims and claim adjustment expenses principally on the auto liability and homeowners lines of insurance. Therefore, there has been a \$37,000 unfavorable prior year development since December 31, 2017 to December 31, 2018. The increase 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 Company does not have retrospectively rated policies.
- B. Information about Significant Changes in Methodologies and Assumptions

No changes in methodology.

Note 26 – Intercompany Pooling Arrangements

- A. Identification of the Lead Entity and all Affiliated Entities Participating in the Intercompany Pool

	NAIC Company Code	Pooling Percentage
Lead Entity and all Affiliated Entities		
Buckeye State Mutual Insurance Company	16713	95.0%
Home and Farm Insurance Company	17639	5.0%
- B. Description of Lines and Types of Business Subject to the Pooling Agreement
All lines of business
- C. Description of Cessions to Non-Affiliated Reinsurance Subject to Pooling Agreement
Cessions to non-affiliated reinsurers are done prior to the pooling agreement cessions.
- D. Identification of all Pool Members that are Parties to Reinsurance Agreements with Non-Affiliated Reinsurers
Buckeye and Home and Farm are in reinsurance agreements with non-affiliated reinsurers.
- E. Explanation of Discrepancies Between Entries of Pooled Business
Not applicable
- F. Description of Intercompany Sharing
The sharing is stated in A above (95% / 5%).

NOTES TO FINANCIAL STATEMENTS

G. Amounts Due To/From Lead Entity and all Affiliated Entities Participating in the Intercompany Pool
\$107,571 is due to the lead entity.

Note 27 – Structured Settlements

Not applicable

Note 28 – Health Care Receivables

Not applicable

Note 29 – Participating Policies

Not applicable

Note 30 – Premium Deficiency Reserves

1.	Liability carried for premium deficiency reserve:	<u>\$0</u>	
2.	Date of most recent evaluation of this liability:		<u>December 31, 2018</u>
3.	Was anticipated investment income utilized in the calculation?	Yes [☐]	No [☒]

Note 31 – High Deductibles

Not applicable

Note 32 – Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

The Company does not discount unpaid losses or unpaid loss adjustment expenses.

Note 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?

The Company has not been notified of any past or current insured for which significant exposure exists due to these types of claims. Therefore, the Company has no loss or loss adjustment expense reserves for asbestos or environmental liabilities.

Note 34 – Subscriber Savings Accounts

Not applicable.

Note 35 – Multiple Peril Crop Insurance

Not applicable.

Note 36 – Financial Guaranty Insurance

Not applicable