



PROPERTY AND CASUALTY COMPANIES—ASSOCIATION EDITION

ANNUAL STATEMENT
For the Year Ended December 31, 2018
OF THE CONDITION AND AFFAIRS OF THE
LIGHTNING ROD MUTUAL INSURANCE COMPANY

NAIC Group Code	00207	00207	NAIC Company Code	26123	Employer's ID Number	34-0359380
	(Current Period)	(Prior Period)				
Organized under the Laws of	Ohio			State of Domicile or Port of Entry		Ohio
Country of Domicile	United States					
Incorporated/Organized	01/01/1906			Commenced Business		03/01/1906
Statutory Home Office	1685 Cleveland Road			Wooster, OH, US 44691-0036		
	(Street and Number)			(City or Town, State, Country and Zip Code)		
Main Administrative Office	1685 Cleveland Road			Wooster, OH, US 44691-0036		330-262-9060
	(Street and Number)			(City or Town, State, Country and Zip Code)		(Area Code) (Telephone Number)
Mail Address	1685 Cleveland Road			Wooster, OH, US 44691-0036		
	(Street and Number or P.O. Box)			(City or Town, State, Country and Zip Code)		
Primary Location of Books and Records	1685 Cleveland Road			Wooster, OH, US 44691-0036		330-262-9060
	(Street and Number)			(City or Town, State, Country and Zip Code)		(Area Code) (Telephone Number)
Internet Web Site Address	www.wrg-ins.com					
Statutory Statement Contact	Christopher M. Racz, CPA			330-262-9060-2446		
	(Name)			(Area Code) (Telephone Number) (Extension)		
	Christopher_Racz@wrg-ins.com			800-563-9896		
	(E-Mail Address)			(Fax Number)		

OFFICERS

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

OTHER OFFICERS

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

DIRECTORS OR TRUSTEES

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

State ofOHIO.....
County ofWAYNE.....

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? b. If no: 1. State the amendment number 2. Date filed 3. Number of pages attached	Yes [X] No []
Subscribed and sworn to before me this 26 day of February, 2019			

Michele Young, Notary Public
August 16, 2019

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	145,492,206		145,492,206	140,389,114
2. Stocks (Schedule D):				
2.1 Preferred stocks	0		0	0
2.2 Common stocks	69,430,953	349,502	69,081,451	80,719,303
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....	1,869,882		1,869,882	4,283,643
4.2 Properties held for the production of income (less \$ encumbrances)	0		0	0
4.3 Properties held for sale (less \$ encumbrances)	2,809,375		2,809,375	0
5. Cash (\$40,458,456 , Schedule E-Part 1), cash equivalents (\$4,016,587 , Schedule E-Part 2) and short-term investments (\$0 , Schedule DA).....	44,475,043		44,475,043	40,299,389
6. Contract loans (including \$ premium notes).....			0	0
7. Derivatives (Schedule DB).....	0		0	0
8. Other invested assets (Schedule BA)	18,419,319		18,419,319	17,240,588
9. Receivables for securities			0	0
10. Securities lending reinvested collateral assets (Schedule DL).....			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	282,496,778	349,502	282,147,276	282,932,038
13. Title plants less \$ charged off (for Title insurers only).....			0	0
14. Investment income due and accrued	1,560,811		1,560,811	1,517,536
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	7,854,001	45,907	7,808,094	15,863,437
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums).....	7,812,530		7,812,530	0
15.3 Accrued retrospective premiums (\$) and contracts subject to redetermination (\$)			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	261,584		261,584	18,033
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts			0	0
17. Amounts receivable relating to uninsured plans			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon			0	0
18.2 Net deferred tax asset.....			0	0
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software.....	0	0	0	0
21. Furniture and equipment, including health care delivery assets (\$)	488,387	488,387	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates			0	0
24. Health care (\$) and other amounts receivable.....			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).....	300,474,091	883,796	299,590,295	300,331,044
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
28. Total (Lines 26 and 27)	300,474,091	883,796	299,590,295	300,331,044
DETAILS OF WRITE-INS				
1101.			0	0
1102.			0	0
1103.			0	0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501.			0	0
2502.			0	0
2503.			0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	0	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)	42,072,913	45,104,176
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)		0
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	8,318,009	8,232,489
4. Commissions payable, contingent commissions and other similar charges	4,206,537	3,346,836
5. Other expenses (excluding taxes, licenses and fees)	4,997,764	4,462,109
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	1,388,102	1,347,928
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))	128,404	7,370
7.2 Net deferred tax liability	892,011	4,292,296
8. Borrowed money \$ and interest thereon \$		0
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$922,792 and including warranty reserves of \$ and accrued accident and health experience rating refunds including \$ for medical loss ratio rebate per the Public Health Service Act)	56,084,771	54,818,186
10. Advance premium	828,951	694,045
11. Dividends declared and unpaid:		
11.1 Stockholders		0
11.2 Policyholders		0
12. Ceded reinsurance premiums payable (net of ceding commissions)	369,461	292,094
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 20)		0
14. Amounts withheld or retained by company for account of others	1,134,009	891,110
15. Remittances and items not allocated		0
16. Provision for reinsurance (including \$ certified) (Schedule F, Part 3, Column 78)		0
17. Net adjustments in assets and liabilities due to foreign exchange rates		0
18. Drafts outstanding		0
19. Payable to parent, subsidiaries and affiliates		0
20. Derivatives	0	0
21. Payable for securities		0
22. Payable for securities lending		0
23. Liability for amounts held under uninsured plans		0
24. Capital notes \$ and interest thereon \$		0
25. Aggregate write-ins for liabilities	45,000	0
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	120,465,932	123,488,640
27. Protected cell liabilities		0
28. Total liabilities (Lines 26 and 27)	120,465,932	123,488,640
29. Aggregate write-ins for special surplus funds	0	0
30. Common capital stock		0
31. Preferred capital stock		0
32. Aggregate write-ins for other-than-special surplus funds	0	0
33. Surplus notes		0
34. Gross paid in and contributed surplus		0
35. Unassigned funds (surplus)	179,124,363	176,842,404
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 30 \$)		0
36.2 shares preferred (value included in Line 31 \$)		0
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	179,124,363	176,842,404
38. Totals (Page 2, Line 28, Col. 3)	299,590,295	300,331,044
DETAILS OF WRITE-INS		
2501. Other Liabilities.....	45,000	0
2502.	0	0
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	45,000	0
2901.	0	
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0
3201.	0	0
3202.		0
3203.		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

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	118,573,372	114,783,022
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	61,118,080	69,045,605
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	11,714,839	11,129,533
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	39,574,303	37,258,252
5. Aggregate write-ins for underwriting deductions	0	0
6. Total underwriting deductions (Lines 2 through 5)	112,407,221	117,433,389
7. Net income of protected cells		0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	6,166,151	(2,650,367)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	5,297,630	5,124,643
10. Net realized capital gains (losses) less capital gains tax of \$ 694,459 (Exhibit of Capital Gains (Losses))	2,612,487	2,066,304
11. Net investment gain (loss) (Lines 9 + 10)	7,910,117	7,190,947
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$ 119,462)	(119,462)	(122,251)
13. Finance and service charges not included in premiums	1,612,239	1,630,413
14. Aggregate write-ins for miscellaneous income	4,999	12,245
15. Total other income (Lines 12 through 14)	1,497,776	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)	15,574,044	6,060,986
17. Dividends to policyholders		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)	15,574,044	6,060,986
19. Federal and foreign income taxes incurred	2,701,575	386,540
20. Net income (Line 18 minus Line 19) (to Line 22)	12,872,469	5,674,447
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	176,842,404	163,800,189
22. Net income (from Line 20)	12,872,469	5,674,447
23. Net transfers (to) from Protected Cell accounts	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ (2,968,813)	(11,168,393)	4,730,379
25. Change in net unrealized foreign exchange capital gain (loss)	0	0
26. Change in net deferred income tax	431,472	2,703,754
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	146,412	18,525
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	0	0
29. Change in surplus notes		0
30. Surplus (contributed to) withdrawn from protected cells		0
31. Cumulative effect of changes in accounting principles		0
32. Capital changes:		
32.1 Paid in		0
32.2 Transferred from surplus (Stock Dividend)		0
32.3 Transferred to surplus		0
33. Surplus adjustments:		
33.1 Paid in		0
33.2 Transferred to capital (Stock Dividend)		0
33.3 Transferred from capital		0
34. Net remittances from or (to) Home Office		0
35. Dividends to stockholders		0
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)	0	0
37. Aggregate write-ins for gains and losses in surplus	0	(84,889)
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	2,281,959	13,042,215
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	179,124,363	176,842,404
DETAILS OF WRITE-INS		
0501.		0
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0
1401. Other Income	6,951	5,018
1402. Gain/(Loss) sale of Equipment	(1,952)	7,227
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	4,999	12,245
3701. Prior Period Adjustment		(84,889)
3702.		0
3703.		0
3798. Summary of remaining write-ins for Line 37 from overflow page	0	0
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	0	(84,889)

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	120,306,840	116,783,866
2. Net investment income	6,584,902	6,248,928
3. Miscellaneous income	1,497,776	1,520,407
4. Total (Lines 1 through 3)	128,389,518	124,553,201
5. Benefit and loss related payments	64,392,894	63,409,425
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	49,768,090	49,713,461
8. Dividends paid to policyholders	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	3,275,000	830,000
10. Total (Lines 5 through 9)	117,435,984	113,952,887
11. Net cash from operations (Line 4 minus Line 10)	10,953,534	10,600,314
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	15,272,882	12,866,858
12.2 Stocks	10,098,689	5,688,002
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	1,236,644	37,266
12.8 Total investment proceeds (Lines 12.1 to 12.7)	26,608,215	18,592,127
13. Cost of investments acquired (long-term only):		
13.1 Bonds	21,342,019	21,718,578
13.2 Stocks	6,315,514	295,300
13.3 Mortgage loans	0	0
13.4 Real estate	1,869,882	4,256
13.5 Other invested assets	3,025,000	1,375,000
13.6 Miscellaneous applications	1,236,716	37,454
13.7 Total investments acquired (Lines 13.1 to 13.6)	33,789,130	23,430,588
14. Net increase (decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(7,180,916)	(4,838,461)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied)	403,037	(389,628)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	403,037	(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)	4,175,655	5,372,226
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	40,299,389	34,927,163
19.2 End of year (Line 18 plus Line 19.1)	44,475,044	40,299,389

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business		1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire	1,696,420	.907,691	.891,505	1,712,606
2.	Allied lines .....	.785,315	.494,999	.488,731	.791,583
3.	Farmowners multiple peril	11,280,525	.5,893,522	.5,823,192	11,350,855
4.	Homeowners multiple peril	27,672,338	15,476,393	15,347,783	27,800,948
5.	Commercial multiple peril	15,276,216	.7,307,811	.7,703,938	14,880,089
6.	Mortgage guaranty .....	.0	.0	.0	.0
8.	Ocean marine .....	.0	.0	.0	.0
9.	Inland marine	1,469,300	.675,865	.724,432	1,420,733
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 (group and individual) .....	.0	.0	.0	.0
15.	Other accident and health .....	.0	.0	.0	.0
16.	Workers' compensation .....	.610,859	.364,750	.345,226	.630,383
17.1	Other liability-occurrence .....	.777,982	.453,836	.436,497	.795,321
17.2	Other liability-claims-made	19,795	12,922	10,651	22,066
17.3	Excess workers' compensation.....	.0	.0	.0	.0
18.1	Products liability-occurrence	80,187	43,150	42,017	81,320
18.2	Products liability-claims-made .....	.0	.0	.0	.0
19.1,19.2	Private passenger auto liability	28,385,019	10,633,967	11,025,159	27,993,827
19.3,19.4	Commercial auto liability	5,985,214	2,687,439	2,925,086	5,747,567
21.	Auto physical damage	25,604,134	9,781,506	10,225,513	25,160,127
22.	Aircraft (all perils) .....	.0	.0	.0	.0
23.	Fidelity .....	.0	.0	.0	.0
24.	Surety .....	.0	.0	.0	.0
26.	Burglary and theft	46,614	22,044	24,554	44,104
27.	Boiler and machinery	150,039	62,291	70,487	141,843
28.	Credit .....	.0	.0	.0	.0
29.	International .....	.0	.0	.0	.0
30.	Warranty .....	.0	.0	.0	.0
31.	Reinsurance-nonproportional assumed property .....	.0	.0	.0	.0
32.	Reinsurance-nonproportional assumed liability .....	.0	.0	.0	.0
33.	Reinsurance-nonproportional assumed financial lines .....	.0	.0	.0	.0
34.	Aggregate write-ins for other lines of business	0	0	0	0
35.	TOTALS	119,839,957	54,818,186	56,084,771	118,573,372
DETAILS OF WRITE-INS					
3401.	.....			
3402.	.....			
3403.	.....			
3498.	Sum. of remaining write-ins for Line 34 from overflow page .....	.0	.0	.0	.0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business		1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire	891,505				891,505
2.	Allied lines	488,731				488,731
3.	Farmowners multiple peril	5,823,192				5,823,192
4.	Homeowners multiple peril	15,347,783				15,347,783
5.	Commercial multiple peril	7,703,938				7,703,938
6.	Mortgage guaranty					0
8.	Ocean marine					0
9.	Inland marine	724,432				724,432
10.	Financial guaranty					0
11.1	Medical professional liability-occurrence					0
11.2	Medical professional liability-claims-made					0
12.	Earthquake					0
13.	Group accident and health					0
14.	Credit accident and health (group and individual) ...					0
15.	Other accident and health					0
16.	Workers' compensation	345,226				345,226
17.1	Other liability-occurrence	436,497				436,497
17.2	Other liability-claims-made	10,651				10,651
17.3	Excess workers' compensation					0
18.1	Products liability-occurrence	42,017				42,017
18.2	Products liability-claims-made					0
19.1,19.2	Private passenger auto liability	11,025,159				11,025,159
19.3,19.4	Commercial auto liability	2,925,086				2,925,086
21.	Auto physical damage	10,225,513				10,225,513
22.	Aircraft (all perils)					0
23.	Fidelity					0
24.	Surety					0
26.	Burglary and theft	24,554				24,554
27.	Boiler and machinery	70,487				70,487
28.	Credit					0
29.	International					0
30.	Warranty					0
31.	Reinsurance-nonproportional assumed property					0
32.	Reinsurance-nonproportional assumed liability					0
33.	Reinsurance-nonproportional assumed financial lines					0
34.	Aggregate write-ins for other lines of business	0	0	0	0	0
35.	TOTALS	56,084,771	0	0	0	56,084,771
36.	Accrued retrospective premiums based on experience					
37.	Earned but unbilled premiums					
38.	Balance (Sum of Lines 35 through 37)					56,084,771
DETAILS OF WRITE-INS						
3401.	.....				
3402.	.....				
3403.	.....				
3498.	Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0	0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0	0

(a) State here basis of computation used in each case.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire	14,392	3,070,009		1,387,980	1	1,696,420
2. Allied lines	13,347	1,417,973		642,530	3,475	785,315
3. Farmowners multiple peril	21,067,050	255,233		9,229,520	812,238	11,280,525
4. Homeowners multiple peril	26,947,854	25,836,598		22,641,004	2,471,110	27,672,338
5. Commercial multiple peril	13,083,313	15,151,083		12,498,723	459,457	15,276,216
6. Mortgage guaranty						0
8. Ocean marine						0
9. Inland marine	1,447,430	1,251,466		1,202,156	27,440	1,469,300
10. Financial guaranty						0
11.1 Medical professional liability-occurrence						0
11.2 Medical professional liability-claims-made						0
12. Earthquake						0
13. Group accident and health						0
14. Credit accident and health (group and individual)						0
15. Other accident and health						0
16. Workers' compensation	0	1,110,653		499,794		610,859
17.1 Other liability-occurrence	661,800	1,196,476		636,532	443,762	777,982
17.2 Other liability-claims-made	145,130	6,462		16,197	115,600	19,795
17.3 Excess workers' compensation						0
18.1 Products liability-occurrence	36,775	109,115		65,608	95	80,187
18.2 Products liability-claims-made						0
19.1,19.2 Private passenger auto liability	7,999,131	43,612,093		23,224,106	2,099	28,385,019
19.3,19.4 Commercial auto liability	5,820,292	5,068,457		4,896,991	6,544	5,985,214
21. Auto physical damage	9,279,410	37,401,215		20,948,837	127,654	25,604,134
22. Aircraft (all perils)						0
23. Fidelity						0
24. Surety						0
26. Burglary and theft	54,618	32,236		38,139	2,101	46,614
27. Boiler and machinery	875,662	70,726		122,759	673,590	150,039
28. Credit						0
29. International						0
30. Warranty						0
31. Reinsurance-nonproportional assumed property	XXX					0
32. Reinsurance-nonproportional assumed liability	XXX					0
33. Reinsurance-nonproportional assumed financial lines	XXX					0
34. Aggregate write-ins for other lines of business	0	0	0	0	0	0
35. TOTALS	87,446,204	135,589,795	0	98,050,876	5,145,166	119,839,957
DETAILS OF WRITE-INS						
3401.						
3402.						
3403.						
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 above)	0	0	0	0	0	0

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes [] No [X]

If yes: 1. The amount of such installment premiums \$

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

		Losses Paid Less Salvage				5	6	7	8
		1	2	3	4				
Line of Business		Direct Business	Reinsurance Assumed	Reinsurance Recovered	Net Payments (Cols. 1 + 2 - 3)	Net Losses Unpaid Current Year (Part 2A, Col. 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Cols. 4 + 5 - 6)	Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1.	Fire	0	629,616	283,327	346,289	84,074	98,379	331,984	19.4
2.	Allied lines	1,274	1,501,055	676,048	826,281	281,045	270,969	836,357	105.7
3.	Farmowners multiple peril	7,722,242	351,884	4,009,025	4,065,101	1,695,173	2,964,029	2,796,245	24.6
4.	Homeowners multiple peril	12,894,790	11,798,034	11,188,851	13,503,973	3,979,872	5,724,916	11,758,929	42.3
5.	Commercial multiple peril	5,094,588	4,183,685	4,200,005	5,078,268	5,626,418	7,537,616	3,167,070	21.3
6.	Mortgage guaranty				0	0	0	0	0.0
8.	Ocean marine				0	0	0	0	0.0
9.	Inland marine	280,923	137,310	188,205	230,028	20,799	47,190	203,637	14.3
10.	Financial guaranty				0	0	0	0	0.0
11.1	Medical professional liability-occurrence				0	0	0	0	0.0
11.2	Medical professional liability-claims-made				0	0	0	0	0.0
12.	Earthquake				0	0	0	0	0.0
13.	Group accident and health				0	0	0	0	0.0
14.	Credit accident and health (group and individual)				0	0	0	0	0.0
15.	Other accident and health				0	0	0	0	0.0
16.	Workers' compensation		766,499	344,925	421,574	504,461	344,277	581,758	92.3
17.1	Other liability-occurrence	4,439	597,504	270,874	331,069	656,751	567,777	420,043	52.8
17.2	Other liability-claims-made				0	0	0	0	0.0
17.3	Excess workers' compensation				0	0	0	0	0.0
18.1	Products liability-occurrence	53,000	12,361	29,412	35,949	50,050	31,625	54,374	66.9
18.2	Products liability-claims-made				0	0	0	0	0.0
19.1,19.2	Private passenger auto liability	6,272,398	28,295,369	15,539,570	19,028,197	20,348,645	20,844,326	18,532,516	66.2
19.3,19.4	Commercial auto liability	3,447,765	3,666,881	3,201,591	3,913,055	6,710,134	4,872,913	5,750,276	100.0
21.	Auto physical damage	5,255,085	24,510,645	13,394,466	16,371,264	2,115,491	1,800,159	16,686,596	66.3
22.	Aircraft (all perils)				0	0	0	0	0.0
23.	Fidelity				0	0	0	0	0.0
24.	Surety				0	0	0	0	0.0
26.	Burglary and theft			1,592	(1,592)	0	0	(1,592)	(3.6)
27.	Boiler and machinery	315,765	(2,893)	312,985	(113)	0	0	(113)	(0.1)
28.	Credit				0	0	0	0	0.0
29.	International				0	0	0	0	0.0
30.	Warranty				0	0	0	0	0.0
31.	Reinsurance-nonproportional assumed property	XXX			0	0	0	0	0.0
32.	Reinsurance-nonproportional assumed liability	XXX			0	0	0	0	0.0
33.	Reinsurance-nonproportional assumed financial lines	XXX			0	0	0	0	0.0
34.	Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0.0
35.	TOTALS	41,342,269	76,447,950	53,640,876	64,149,343	42,072,913	45,104,176	61,118,080	51.5
DETAILS OF WRITE-INS									
3401.	.....							
3402.	.....							
3403.	.....							
3498.	Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0	0	0.0
3499.	Totals (Lines 3401 through 3403 + 3498) (Line 34 above)	0	0	0	0	0	0	0	0.0

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

		Reported Losses				Incurred But Not Reported			8	9
		1	2	3	4	5	6	7		
Line of Business		Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable	Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
1.	Fire .....	.0	152,861	68,787	84,074		.0	.0	84,074	.0
2.	Allied lines .....	.0	116,976	52,639	64,337		216,708	.0	281,045	70,197
3.	Farmowners multiple peril	2,247,182	40,000	1,059,269	1,227,913	1,329,873	3,568	866,181	1,695,173	342,312
4.	Homeowners multiple peril	2,389,911	4,095,841	2,927,408	3,558,344	700,946	144,234	423,652	3,979,872	785,204
5.	Commercial multiple peril	2,735,379	4,503,922	3,257,688	3,981,613	1,779,416	1,022,891	1,157,502	5,626,418	2,403,994
6.	Mortgage guaranty .....				.0				.0	
8.	Ocean marine .....				.0				.0	
9.	Inland marine	37,767	50	17,018	20,799			.0	20,799	.0
10.	Financial guaranty .....				.0				.0	
11.1	Medical professional liability-occurrence .....				.0				.0	
11.2	Medical professional liability-claims-made .....				.0				.0	
12.	Earthquake .....				.0				.0	
13.	Group accident and health .....				.0				(a) .0	
14.	Credit accident and health (group and individual) .....				.0				.0	
15.	Other accident and health .....				.0				(a) .0	
16.	Workers' compensation		703,312	316,490	386,822		117,639	.0	504,461	109,900
17.1	Other liability-occurrence	305,003	385,669	426,303	264,369		392,382	.0	656,751	386,329
17.2	Other liability-claims-made .....	.0			.0				.0	
17.3	Excess workers' compensation .....				.0				.0	
18.1	Products liability-occurrence	75,000	16,000	40,950	50,050			.0	50,050	.0
18.2	Products liability-claims-made .....				.0				.0	
19.1,19.2	Private passenger auto liability	6,364,699	29,267,938	16,034,687	19,597,950	188,148	661,335	98,788	20,348,645	2,709,838
19.3,19.4	Commercial auto liability	4,617,469	3,392,370	3,604,428	4,405,411	2,479,248	1,023,904	1,198,429	6,710,134	799,660
21.	Auto physical damage	511,225	2,369,527	1,296,338	1,584,414	228,754	405,152	102,829	2,115,491	710,575
22.	Aircraft (all perils) .....				.0				.0	
23.	Fidelity .....				.0				.0	
24.	Surety .....				.0				.0	
26.	Burglary and theft .....				.0				.0	
27.	Boiler and machinery	61,129			61,129			61,129	.0	.0
28.	Credit .....				.0				.0	
29.	International .....				.0				.0	
30.	Warranty .....				.0				.0	
31.	Reinsurance-nonproportional assumed property	XXX			.0	XXX			.0	
32.	Reinsurance-nonproportional assumed liability	XXX			.0	XXX			.0	
33.	Reinsurance-nonproportional assumed financial lines	XXX			.0	XXX			.0	
34.	Aggregate write-ins for other lines of business .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
35.	TOTALS	19,344,764	45,044,466	29,102,005	35,287,225	6,706,385	3,987,813	3,908,510	42,072,913	8,318,009
DETAILS OF WRITE-INS										
3401.	.....								
3402.	.....								
3403.	.....								
3498.	Sum. of remaining write-ins for Line 34 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
3499.	Totals (Lines 3401 through 3403 + 3498) (Line 34 above)	0	0	0	0	0	0	0	0	0

(a) Including \$for present value of life indemnity claims.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	2,832,690	0	0	2,832,690
1.2 Reinsurance assumed	0	0	0	0
1.3 Reinsurance ceded	24,495	0	0	24,495
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	2,808,194	0	0	2,808,194
2. Commission and brokerage:				
2.1 Direct, excluding contingent	0	19,086,899	0	19,086,899
2.2 Reinsurance assumed, excluding contingent	0	0	0	0
2.3 Reinsurance ceded, excluding contingent	0	1,122,284	0	1,122,284
2.4 Contingent-direct	0	2,616,350	0	2,616,350
2.5 Contingent-reinsurance assumed	0	0	0	0
2.6 Contingent-reinsurance ceded	0	31,491	0	31,491
2.7 Policy and membership fees	0	0	0	0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)	0	20,549,474	0	20,549,474
3. Allowances to manager and agents	94,380	199,727	0	294,107
4. Advertising	28,233	85,391	0	113,625
5. Boards, bureaus and associations	42,057	485,927	0	527,984
6. Surveys and underwriting reports	0	1,487,232	0	1,487,232
7. Audit of assureds' records	0	0	0	0
8. Salary and related items:				
8.1 Salaries	5,280,880	7,281,621	639,672	13,202,174
8.2 Payroll taxes	328,148	505,356	41,018	874,522
9. Employee relations and welfare	746,820	1,431,778	45,262	2,223,860
10. Insurance	20,956	5,239	78,584	104,779
11. Directors' fees	75,368	75,368	75,368	226,105
12. Travel and travel items	23,819	118,020	0	141,838
13. Rent and rent items	193,377	298,396	13,127	504,900
14. Equipment	6,395	47,928	90,221	144,544
15. Cost or depreciation of EDP equipment and software	1,279,805	2,546,188	16,876	3,842,869
16. Printing and stationery	1,819	122,440	234	124,493
17. Postage, telephone and telegraph, exchange and express	22,532	585,487	151	608,170
18. Legal and auditing	741,964	1,616,738	437,481	2,796,183
19. Totals (Lines 3 to 18)	8,886,551	16,892,837	1,437,997	27,217,385
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$	0	1,454,829	0	1,454,829
20.2 Insurance department licenses and fees	0	611,634	0	611,634
20.3 Gross guaranty association assessments	0	6,465	0	6,465
20.4 All other (excluding federal and foreign income and real estate)	0	21,314	0	21,314
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	0	2,094,242	0	2,094,242
21. Real estate expenses	0	0	316,830	316,830
22. Real estate taxes	0	0	165,489	165,489
23. Reimbursements by uninsured plans	0	0	0	0
24. Aggregate write-ins for miscellaneous expenses	20,093	37,750	3,044	60,888
25. Total expenses incurred	11,714,839	39,574,303	1,923,360	(a) 53,212,501
26. Less unpaid expenses-current year	8,318,009	10,518,184	74,219	18,910,412
27. Add unpaid expenses-prior year	8,232,489	9,098,323	58,551	17,389,363
28. Amounts receivable relating to uninsured plans, prior year	0	0	0	0
29. Amounts receivable relating to uninsured plans, current year	0	0	0	0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	11,629,319	38,154,442	1,907,692	51,691,452
DETAILS OF WRITE-INS				
2401. Charitable Contributions.....	20,093	37,750	3,044	60,888
2402.				
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page	0	0	0	0
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	20,093	37,750	3,044	60,888

(a) Includes management fees of \$ 0 to affiliates and \$ 0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a).....168,141	.....172,582
1.1	Bonds exempt from U.S. tax	(a).....1,554,558	.....1,508,799
1.2	Other bonds (unaffiliated)	(a).....2,253,303	.....2,345,969
1.3	Bonds of affiliates	(a).....0	.....
2.1	Preferred stocks (unaffiliated)	(b).....0	.....
2.11	Preferred stocks of affiliates	(b).....0	.....
2.2	Common stocks (unaffiliated) .....	.....1,943,040	.....1,939,947
2.21	Common stocks of affiliates .....	.....0	.....
3.	Mortgage loans	(c).....	.....
4.	Real estate	(d).....443,586	.....443,586
5.	Contract loans .....	.....	.....
6.	Cash, cash equivalents and short-term investments	(e).....62,179	.....66,230
7.	Derivative instruments	(f).....	.....
8.	Other invested assets .....	.....981,686	.....972,654
9.	Aggregate write-ins for investment income .....	.....8,773	.....8,773
10.	Total gross investment income	7,415,266	7,458,541
11.	Investment expenses		(g).....1,923,360
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g).....
13.	Interest expense		(h).....
14.	Depreciation on real estate and other invested assets		(i).....237,551
15.	Aggregate write-ins for deductions from investment income .....		.....0
16.	Total deductions (Lines 11 through 15) .....		.....2,160,911
17.	Net investment income (Line 10 minus Line 16)		5,297,630
DETAILS OF WRITE-INS			
0901.	BMO Pyrford Intl Stk Fund.....	.....1,140	.....1,140
0902.	Diamond Hill Funds Small Cap.....	.....953	.....953
0903.	Oakmark Int'l Fund.....	.....88	.....88
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....6,592	.....6,592
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	8,773	8,773
1501.	.....		.....
1502.	.....		.....
1503.	.....		.....
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		.....0
1599.	Totals (Lines 1501 through 1503 plus 1598) (Line 15 above)		0

(a) Includes \$43,059 accrual of discount less \$1,136,055 amortization of premium and less \$65,432 paid for accrued interest on purchases.
(b) Includes \$ accrual of discount less \$ amortization of premium and less \$0 paid for accrued dividends on purchases.
(c) Includes \$0 accrual of discount less \$0 amortization of premium and less \$ paid for accrued interest on purchases.
(d) Includes \$443,586 for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
(e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
(f) Includes \$ accrual of discount less \$ amortization of premium.
(g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes \$ interest on surplus notes and \$ interest on capital notes.
(i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds .....	.....64,600	.....	.....64,600	.....97,540	.....
1.1	Bonds exempt from U.S. tax .....	.....	.....	.....0	.....	.....
1.2	Other bonds (unaffiliated) .....	.....(10,037)	.....	.....(10,037)	.....(25,152)	.....
1.3	Bonds of affiliates .....	.....0	.....0	.....0	.....0	.....0
2.1	Preferred stocks (unaffiliated) .....	.....0	.....0	.....0	.....0	.....0
2.11	Preferred stocks of affiliates .....	.....0	.....0	.....0	.....0	.....0
2.2	Common stocks (unaffiliated) .....	.....4,489,099	.....0	.....4,489,099	.....(12,343,775)	.....0
2.21	Common stocks of affiliates .....	.....0	.....0	.....0	.....(19,478)	.....0
3.	Mortgage loans .....	.....0	.....0	.....0	.....0	.....0
4.	Real estate .....	.....0	.....(1,236,716)	.....(1,236,716)	.....	.....0
5.	Contract loans .....	.....	.....	.....0	.....	.....
6.	Cash, cash equivalents and short-term investments .....	.....	.....	.....0	.....0	.....0
7.	Derivative instruments .....	.....	.....	.....0	.....	.....
8.	Other invested assets .....	.....0	.....0	.....0	.....(1,846,269)	.....0
9.	Aggregate write-ins for capital gains (losses) .....	.....0	.....0	.....0	.....0	.....0
10.	Total capital gains (losses)	4,543,662	(1,236,716)	3,306,946	(14,137,134)	0
DETAILS OF WRITE-INS						
0901.	.....				
0902.	.....				
0903.	.....				
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0	.....0	.....0	.....0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	0	0	0	0	0

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	349,502	368,979	19,477
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans	0	0	0
7. Derivatives (Schedule DB).....	0	0	0
8. Other invested assets (Schedule BA)	0	0	0
9. Receivables for securities	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL).....	0	0	0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	349,502	368,979	19,477
13. Title plants (for Title insurers only).....	0	0	0
14. Investment income due and accrued	0	0	0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	45,907	57,705	11,798
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
15.3 Accrued retrospective premiums and contracts subject to redetermination	0	0	0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers	0	0	0
16.2 Funds held by or deposited with reinsured companies	0	0	0
16.3 Other amounts receivable under reinsurance contracts	0	0	0
17. Amounts receivable relating to uninsured plans	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
18.2 Net deferred tax asset.....	0	0	0
19. Guaranty funds receivable or on deposit	0	0	0
20. Electronic data processing equipment and software.....	0	0	0
21. Furniture and equipment, including health care delivery assets.....	488,387	558,761	70,374
22. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
23. Receivables from parent, subsidiaries and affiliates	0	0	0
24. Health care and other amounts receivable.....	0	0	0
25. Aggregate write-ins for other-than-invested assets	0	44,763	44,763
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	883,796	1,030,208	146,412
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. Total (Lines 26 and 27)	883,796	1,030,208	146,412
DETAILS OF WRITE-INS			
1101.		0	0
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0
2501. Prepaid Asset.....		44,763	44,763
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	0	44,763	44,763

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies and Going Concern

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	\$ 12,872,469	\$ 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>\$ 12,872,469</u>	<u>\$ 5,674,447</u>
<u>SURPLUS</u>			
(5) LRMIC state basis (Page 3, Line 37, Columns 1 & 2)	Ohio	\$ 179,124,363	\$ 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>\$ 179,124,363</u>	<u>\$ 176,842,404</u>

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

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Premiums are earned over the terms of the related policies and reinsurance contracts. Unearned premium reserves 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.

Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

In addition, the Company uses the following accounting policies:

- (1) Short—term investments are stated at amortized cost.
- (2) Bonds not backed by other loans are stated at amortized cost using the interest method; U.S. Treasury Inflation—Indexed bonds are stated at amortized cost adjusted for unrealized inflation factor gains. Bonds rated at 3 or below by the NAIC are stated at the lower of cost or fair market value.
- (3) Common stocks are stated at market except that investments in stocks of uncombined subsidiaries and affiliates in which the Company has an interest of 20% or more are carried on the equity basis. Fair values were determined from year-end market valuation.
- (4) Preferred stocks are stated in accordance with the guidance provided in SSAP No. 32.
- (5) The Company has no mortgage loans.
- (6) The Company has no loan—backed securities.
- (7) The Company carries investments in subsidiaries, Forward Agencies, Inc. and Western Reserve Financial Corporation, at statutory equity as reported on Schedule D; these assets are reported as nonadmitted on page 2, column 2.

NOTES TO FINANCIAL STATEMENTS

- (8) Other invested assets consist primarily of investments in limited liability companies. Underlying investments primarily include hedge funds, private equity funds and emerging market and private debt funds. Interests are reported using the equity method of accounting. Changes in carrying value as a result of the equity method are reflected as net unrealized capital gains and losses as a direct adjustment to surplus. Realized gains and losses are generally recognized through income at the time of disposal or when operating distributions are received.
- (9) The Company has no derivatives.
- (10) The Company does not utilize anticipated investment income in the premium deficiency calculation.
- (11) 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 of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.
- (12) The Company has not modified its capitalization policy from the prior period.
- (13) The Company has no pharmaceutical rebate receivables.

D. Going Concern

Not applicable.

2. Accounting Changes and Corrections of Errors

Accounting changes adopted to conform to the provisions of the NAIC Accounting Practices and Procedures Manual are reported as changes in accounting principles. The cumulative effect of the changes in accounting principles is reported as an adjustment to unassigned funds (surplus) in the period of the change in accounting principle. The cumulative effect is the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all periods.

In accordance with SSAP No. 3 *Accounting Changes and Errors*, the Company recorded a prior period adjustment in April 2017 related to fringe benefit expense reporting. The net impact to surplus was a decrease of \$84,889. There were no such adjustments in 2018.

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.

D. Loan-Backed Securities

- 1. Prepayment assumptions are generally obtained using a model provided by a third-party vendor.
- 2. None.
- 3. None.

NOTES TO FINANCIAL STATEMENTS

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 | \$ (18,675) |
| 2. 12 months or Longer | \$ (86,277) |
- b. The aggregate related fair value of securities with unrealized losses:
- | | |
|------------------------|--------------|
| 1. Less than 12 months | \$ 2,099,609 |
| 2. 12 months or longer | \$ 2,893,854 |
5. The Company reviews all loan-backed and structured securities in which the fair value of a given security is less than the amortized cost to determine if a given security is other-than-temporarily impaired. The Company examines characteristics of the underlying collateral, such as delinquency and default rates, the quality of the underlying borrower, the type of collateral in the pool, the vintage year of the collateral, subordination levels within the structure of the collateral pool, and the quality of any credit guarantors, to determine the cash flows expected to be received for the security.
- If the severity and duration of the security's unrealized loss indicates a risk of other-than-temporary impairment, then the Company will evaluate if the amortized cost basis of the security will be recovered by comparing the present value of the cash flows expected to be received for the given security with the amortized basis of the security. If the present value of cash flows is greater than the amortized cost basis of a security then the security is deemed not to be other-than-temporarily impaired.
- E. Dollar Repurchase Agreements and/or Securities Lending Transactions
- Not applicable.
- F. Repurchase Agreements Transactions Accounted for as Secured Borrowing
- Not applicable.
- G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing
- Not applicable.
- H. Repurchase Agreements Transactions Accounted for as a Sale
- Not applicable.
- I. Reverse Repurchase Agreements Transactions Accounted for as a Sale
- Not applicable.
- J. Real Estate
- Not applicable.
- K. Low-income Housing Tax Credits (LIHTC)
- Not applicable.
- L. Restricted Assets
- Not applicable.
- M. Working Capital Finance Investments
- Not applicable.
- N. Offsetting and Netting of Assets and Liabilities
- Not applicable.

NOTES TO FINANCIAL STATEMENTS

O. Structured Notes

CUSIP Identification	Actual Cost	Fair Value	Book/Adjusted Carrying Value	Mortgage-Refinanced Security (YES/NO)
912810-FR-4	\$1,006,332	\$1,305,517	\$1,204,363	NO
912828-V4-9	1,094,655	1,093,857	1,147,014	NO
912828-3R-9	595,684	587,066	611,162	NO
912828-LA-6	503,327	590,214	592,269	NO
912828-S5-0	1,204,745	1,188,605	1,265,281	NO
912828-UH-1	479,490	529,081	537,400	NO
912828-N7-1	1,082,123	1,087,774	1,128,258	NO
912828-4X-5	595,406	606,708	595,659	NO
912828-WU-0	613,206	612,772	618,075	NO
Total:	\$7,174,968	\$7,601,594	\$7,699,481	

P. 5* GI Securities

Not applicable.

Q. Short Sales

Not applicable.

R. Prepayment Penalty and Accelerated Fees

	General Account	Protected Cell
(1) Number of CUSIPS	1	0
(2) Aggregate Amount of Investment Income	\$ 4,281	\$ --

6. Joint Ventures, Partnerships and Limited Liability Companies

- A. The Company has no investments in Joint Ventures, Partnerships, or Limited Liability Companies that exceed 10% of its admitted assets.
- B. The Company did not recognize any impairment write down for its investments in Joint Ventures, Partnerships, or Limited Liability Companies during the statement periods.

7. Investment Income

The Company has no uncollectible accrued investment income.

8. Derivative Instruments

The Company has no derivative instruments.

9. Income Taxes

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

1.

	12/31/2018		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
(a) Gross Deferred Tax Assets	\$ 4,440,021	\$ 953,197	\$ 5,393,218
(b) Statutory Valuation Allowance Adjustments	—	—	—
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	4,440,021	\$ 953,197	\$ 5,393,218
(d) Deferred Tax Assets Nonadmitted	—	—	—
(e) Subtotal Net Deferred Tax Asset (1c – 1d)	4,440,021	\$ 953,197	\$ 5,393,218
(f) Deferred Tax Liabilities	(504,194)	(5,781,035)	(6,285,229)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability)			
(1e – 1f)	\$ 3,935,827	\$ (4,827,838)	\$ (892,011)

NOTES TO FINANCIAL STATEMENTS

	12/31/2017		
	(4)	(5)	(6)
	Ordinary	Capital	(Col 4+5) 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>

	Change		
	(7)	(8)	(9)
	(Col 1—4) Ordinary	(Col 2—5) Capital	(Co 7+8) Total
(a) Gross Deferred Tax Assets	\$ 486,743	\$ 189,674	\$ 676,417
(b) Statutory Valuation Allowance Adjustments	—	—	—
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	486,743	\$ 189,674	\$ 676,417
(d) Deferred Tax Assets Nonadmitted	—	—	—
(e) Subtotal Net Deferred Tax Asset (1c – 1d)	486,743	\$ 189,674	\$ 676,417
(f) Deferred Tax Liabilities	(244,931)	2,968,799	2,723,868
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	<u>\$ 241,812</u>	<u>\$ 3,158,473</u>	<u>\$ 3,400,285</u>

2. Admission Calculation Components SSAP No. 101

	12/31/2018		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ 3,713,002	\$ —	\$ 3,713,002
(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)	(341,758)	420,482	78,724
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	(341,758)	420,482	78,724
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	26,868,654
(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>1,068,777</u>	<u>532,715</u>	<u>1,601,492</u>
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))	<u>\$ 4,440,021</u>	<u>\$ 953,197</u>	<u>\$ 5,393,218</u>

NOTES TO FINANCIAL STATEMENTS

12/31/2017			
	(4)	(5)	(6)
	Ordinary	Capital	(Col 4+5) Total
(e) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ 2,427,627	\$ —	\$ 2,427,627
(f) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)	156,153	—	156,153
3. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	156,153	—	156,153
4. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	26,526,362
(g) 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>
(h) 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>
Change			
	(7)	(8)	(9)
	(Col 1—4) Ordinary	(Col 2—5) Capital	(Col 7+8) Total
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ 1,285,375	\$ —	\$ 1,285,375
(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)	(497,911)	420,482	(77,429)
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	(497,911)	420,482	(77,429)
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	342,292
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.	<u>(300,721)</u>	<u>(230,808)</u>	<u>(531,529)</u>
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))	<u>\$ 486,743</u>	<u>\$ 189,674</u>	<u>\$ 676,417</u>
3.			
2018		2017	
(a) Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount.	15%	15%	
(b) Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b) 2 Above.	\$ 179,124,363	\$ 176,842,404	

NOTES TO FINANCIAL STATEMENTS

4. Impact of Tax—Planning Strategies

		12/31/2018	
		(1)	(2)
		Ordinary	Capital
(a)	Determination Of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets, By Tax Character As A Percentage.		
1.	Adjusted Gross DTAs Amount From Note 9A1(c)	\$ 4,440,021	\$ 953,197
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)	\$ 4,440,021	\$ 953,197
4.	Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies	0%	0%
		12/31/2017	
		(3)	(4)
		Ordinary	Capital
(a)	Determination Of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets, By Tax Character As A Percentage.		
1.	Adjusted Gross DTAs Amount From Note 9A1(c)	\$ 3,953,278	\$ 763,523
2.	Percentage of Adjusted Gross DTAs By Tax Character Attributable To The Impact Of Tax Planning Strategies	0%	0%
3.	Net Admitted Adjusted Gross DTAs Amount from Note 9A1(e)	\$ 3,953,278	\$ 763,523
4.	Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies	0%	0%
		Change	
		(5)	(6)
		(Col 1-3)	(Col 2-4)
		Ordinary	Capital
(a)	Determination Of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets, By Tax Character As A Percentage.		
1.	Adjusted Gross DTAs Amount From Note 9A1(c)	\$ 486,743	\$ 189,674
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)	\$ 486,743	\$ 189,674
4.	Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies	0%	0%
(b)	Does the Company's tax—planning strategies include the use of reinsurance?	Yes _____	No <u>X</u>

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

NOTES TO FINANCIAL STATEMENTS

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

	(1)	(2)	(3)
	12/31/2018	12/31/2017	(Col 1-2) Change
1. Current Income Tax			
(a) Federal	\$ 2,701,575	\$ 386,540	\$ 2,315,035
(b) Foreign	\$ —	\$ —	\$ —
(c) Subtotal	\$ 2,701,575	\$ 386,540	\$ 2,315,035
(d) Federal income tax on net capital gains	\$ 694,459	\$ 1,064,460	\$ (370,001)
(e) Utilization of operating loss carry—forwards	\$ —	\$ —	\$ —
(f) Other	\$ —	\$ —	\$ —
(g) Federal and foreign income taxes incurred	<u>\$ 3,396,034</u>	<u>\$ 1,451,000</u>	<u>\$ 1,945,034</u>
2. Deferred Tax Assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	\$ 595,387	\$ 359,063	\$ 236,324
(2) Unearned premium reserve	\$ 2,355,561	\$ 2,302,364	\$ 53,197
(3) Policyholder reserves	\$ —	\$ —	\$ —
(4) Investments	\$ —	\$ —	\$ —
(5) Deferred acquisition costs	\$ —	\$ —	\$ —
(6) Policyholder dividends accrual	\$ —	\$ —	\$ —
(7) Fixed assets	\$ 102,561	\$ 126,740	\$ (24,179)
(8) Compensation and benefits accrual	\$ 353,046	\$ 266,845	\$ 86,201
(9) Pension accrual	\$ 33,583	\$ 40,092	\$ (6,509)
(10) Receivables – nonadmitted	\$ 9,640	\$ 12,118	\$ (2,478)
(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	\$ 836,903	\$ 691,343	\$ 145,560
(15) Software capitalized	\$ 118,086	\$ 125,474	\$ (7,388)
(16) Other	\$ 35,254	\$ 29,239	\$ 6,015
(99) Subtotal	<u>\$ 4,440,021</u>	<u>\$ 3,953,278</u>	<u>\$ 486,743</u>
(b) Statutory valuation allowance adjustment	\$ —	\$ —	\$ —
(c) Nonadmitted	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	<u>\$ 4,440,021</u>	<u>\$ 3,953,278</u>	<u>\$ 486,743</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	\$ 953,197	\$ 763,523	\$ 189,674
(6) Other	\$ —	\$ —	\$ —
(99) Subtotal	<u>\$ 953,197</u>	<u>\$ 763,523</u>	<u>\$ 189,674</u>
(f) Statutory valuation allowance adjustment	\$ —	\$ —	\$ —
(g) Nonadmitted	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	<u>\$ 953,197</u>	<u>\$ 763,523</u>	<u>\$ 189,674</u>
(i) Admitted deferred tax assets (2d + 2h)	<u>\$ 5,393,218</u>	<u>\$ 4,716,801</u>	<u>\$ 676,417</u>

NOTES TO FINANCIAL STATEMENTS

	(1)	(2)	(3)
	12/31/2018	12/31/2017	(Col 1-2) Change
3. Deferred Tax Liabilities:			
(a) Ordinary:			
(1) Investments	\$ (148,280)	\$ (161,280)	\$ 13,000
(2) Fixed assets	\$ (54,185)	\$ (35,640)	\$ (18,545)
(3) Deferred and uncollected premium	\$ —	\$ —	\$ —
(4) Policyholder reserves	\$ —	\$ —	\$ —
(5) Accumulated amortization software	\$ (63,834)	\$ (62,343)	\$ (1,491)
(6) Discounting of unpaid losses	\$ (237,895)	\$ —	\$ (237,895)
(7) Other (including items <5% of total ordinary tax liabilities):			
(8) Other	\$ —	\$ —	\$ —
(99) Subtotal	\$ (504,194)	\$ (259,263)	\$ (244,931)
(b) Capital:			
(1) Investments	\$ —	\$ —	\$ —
(2) Real estate	\$ —	\$ —	\$ —
(3) Other (including items <5% of total capital tax liabilities):			
(4) Unrealized capital gains	\$ (5,781,035)	\$ (8,749,834)	\$ 2,968,799
(99) Subtotal	\$ (5,781,035)	\$ (8,749,834)	\$ 2,968,799
(c) Deferred tax liabilities (3a99 + 3b99)	\$ (6,285,229)	\$ (9,009,097)	\$ 2,723,868
4. Net deferred tax assets/liabilities (2i – 3c)	\$ (892,011)	\$ (4,292,296)	\$ 3,400,285

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:

	12/31/2018	Effective Tax Rate
Provision computed at statutory rate	\$ 3,416,535	21.0%
Tax exempt interest	(237,636)	(1.5%)
Dividends received deduction	(152,771)	(0.9%)
Change in deferred tax on nonadmitted assets	26,657	0.1%
Other	(88,073)	(0.5%)
Total	\$ 2,964,562	18.2%
Federal and foreign income taxes incurred	\$ 2,701,575	16.6%
Tax on capital gains (losses)	694,459	4.3%
Change in net deferred income taxes	(431,272)	(2.7%)
Total statutory income taxes	\$ 2,964,562	18.2%

- E. Carry—forwards, recoverable taxes, and IRS §6603 deposits:
- (1) As of December 31, 2018, the Company had no net operating loss or net capital loss carry—forwards available for tax purposes.
- As of December 31, 2018, the Company had no alternative minimum tax (AMT) credit carry—forwards.
- (2) As of December 31, 2018, the Company had federal income taxes incurred available for recoupment in the event of future net losses of \$5,006,170.
- (3) The Company has no deposits reported as admitted assets under IRC §6603 as of December 31, 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 December 31, 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.

NOTES TO FINANCIAL STATEMENTS

- F. The Company (LRMIC) participates in a pooling agreement with Western Reserve Mutual Casualty Company, (WRMCC) and Sonnenberg Mutual Insurance Company (SMIC), whereby net premiums, losses, underwriting expenses and related balance sheet amounts (except premiums receivable) are shared on a 55% / 40% / 5% basis, respectively. LRMIC assumes 100% of the business from WRMCC and SMIC and cedes 40% to WRMCC and 5% to SMIC.
- G. The Company owns 50% of Forward Agencies, Inc., an insurance agency. The stock is carried at \$302,970 (unaudited statutory basis) as reported in Schedule D, Part 2, Section 2. In accordance with SSAP No. 97, this subsidiary has been non—admitted.
- H. Not applicable.
- I. Not applicable.
- J. Not applicable.
- K. Not applicable.
- L. The Company owns 55% percent of Western Reserve Financial Corporation, an inactive holding company. The stock is carried at \$46,532 (unaudited statutory basis) as reported in Schedule D, Part 2, Section 2. In accordance with SSAP No. 97, this subsidiary has been non—admitted.
- M. All SCA Investments

1) Balance Sheet Value (Admitted and Nonadmitted) All SCAs (Except 8bi Entities)

SCA Entity	Percentage of SCA Ownership	Gross Amount	Admitted Amount	Nonadmitted Amount
a. SSAP No. 97 8a Entities None	N/A	\$ --	\$ --	\$ --
Total SSAP No. 97 8a Entities	XXX	\$ --	\$ --	\$ --
b. SSAP No. 97 8b(ii) Entities None	N/A	\$ --	\$ --	\$ --
Total SSAP No. 97 8b(ii) Entities	XXX	\$ --	\$ --	\$ --
c. SSAP No. 97 8b(iii) Entities Forward Agencies, Inc. Western Reserve Financial Corp.	50% <u>55%</u>	\$ 302,970 <u>46,532</u>	\$ -- <u> --</u>	\$ 302,970 <u>46,532</u>
Total SSAP No. 97 8b(iii) Entities	XXX	\$ 349,502	\$ --	\$ 349,502
d. SSAP No. 97 8b(iv) Entities None	N/A	\$ --	\$ --	\$ --
Total SSAP No. 97 8b(iv) Entities	XXX	\$ --	\$ --	\$ --
e. Total SSAP No. 97 8b Entities (except 8bi entities) (b+c+d)	XXX	\$ 349,502	\$ --	\$ 349,502
f. Aggregate Total (a+e)	XXX	\$ 349,502	\$ --	\$ 349,502

NOTES TO FINANCIAL STATEMENTS

2) NAIC Filing Response Information

SCA Entity	Type of NAIC Filing	Date of Filing to NAIC	NAIC Valuation Amount	NAIC Response Received Y/N	NAIC Disallowed Entities Valuation Method, Resubmission Required Y/N	Code**
a. SSAP No. 97 8a Entities None			\$ --			
Total SSAP No. 97 8a Entities			\$ --			
b. SSAP No. 97 8b(ii) Entities None			\$ --			
Total SSAP No. 97 8b(ii) Entities			\$ --			
c. SSAP No. 97 8b(iii) Entities Forward Agencies, Inc. Western Reserve Financial Corp.	Sub - 1 Sub - 1	11/10/2016 10/11/2017	\$ -- --	Y Y	N N	
Total SSAP No. 97 8b(iii) Entities			\$ --			
d. SSAP No. 97 8b(iv) Entities None			\$ --			
Total SSAP No. 97 8b(iv) Entities			\$ --			
e. Total SSAP No. 97 8b Entities (except 8bi entities) (b+c+d)			\$ --			
f. Aggregate Total (a+e)			\$ --			

- N. Investments in Insurance SCAs – Not applicable.
- O. SCA Loss Tracking – Not applicable.

11. Debt

- A. The Company has no outstanding debentures at December 31, 2018 or 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 December 31, 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 \$19,109,237. 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.

NOTES TO FINANCIAL STATEMENTS

(4) FHLB Capital Stock

a. Aggregate Totals

1. Current Year

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

(1)	(2)	(3)
Total 2 + 3	General Account	Separate Accounts
\$ —	\$ —	\$ —
\$ 364,000	\$ 364,000	\$ —
\$ —	\$ —	\$ —
\$ —	\$ —	\$ —
<u>\$ 364,000</u>	<u>\$ 364,000</u>	<u>\$ —</u>
<u>\$ 19,109,237</u>	<u>\$ XXX</u>	<u>\$ XXX</u>

2. Prior Year

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

(1)	(2)	(3)
Total 2 + 3	General Account	Separate Accounts
\$ —	\$ —	\$ —
\$ 364,000	\$ 364,000	\$ —
\$ —	\$ —	\$ —
\$ —	\$ —	\$ —
<u>\$ 364,000</u>	<u>\$ 364,000</u>	<u>\$ —</u>
<u>\$ 13,581,773</u>	<u>\$ XXX</u>	<u>\$ XXX</u>

11B(2)a1(f) should be equal to or greater than 11B(4)a1(d)
11B(2)a2(f) should be equal to or greater than 11B(4)a2(d)

b. Membership Stock (Class A and B) Eligible and Not Eligible for Redemption

	(1) Current Year Total (2+3+4+5+6)	(2) Not Eligible For Redemption	(3) Less Than Six Months	(4) Six Months to Less Than a Year	(5) 1 to Less Than 3 Years	(6) 3 to 5 Years
Membership Stock						
1. Class A	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
2. Class B	\$ 364,000	\$ —	\$ —	\$ —	\$ —	\$ 364,000

11B(2)b1 Current Year Total (Column 1) should equal 11B(2)a1(a) Total (Column 1)
11B(2)b2 Current Year Total (Column 1) should equal 11B(2)a1(b) Total (Column 1)

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

The Company also has a retiree healthcare plan that has been closed to new participants. The related liabilities and expenses of this plan are not material to the Company's financial position.

B. Investment Policies and Strategies

Not applicable.

C. Fair Value of Plan Assets

Not applicable.

NOTES TO FINANCIAL STATEMENTS

D. Basis of Rates of Returns on Assets

Not applicable.

E. Defined Contribution Plans

The Company's employees are eligible to participate in a 401(k) plan sponsored by the Company after completion of three months of continuous service.

The Company matches a portion of employee contributions and may make additional discretionary contributions. The Company's contribution for the plan was \$0.4 for 2018 and \$0.6 million for 2017, respectively. The fair value of the plan assets was \$35.7 million and \$37.3 million at December 31, 2018 and 2017, respectively.

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 \$27.5 million and \$41.7 million at December 31, 2018 and 2017, respectively.

(11) Not applicable.

(12) Not applicable.

(13) Not applicable.

14. Liabilities, Contingencies and Assessments

A. Contingent Commitments

Not applicable.

B. Assessments

In the ordinary course of business, the Company receives notification of potential assessments as a result of the insolvency of insurance companies. It is expected that the insolvencies will result in a retrospective—based guaranty fund assessment against the company. The liabilities for known potential assessments are not considered material to the financial position of the Company.

C. Gain Contingencies

Not applicable.

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits

Various lawsuits against the Company have arisen in the course of the Company's business. Contingent liabilities arising from litigation are not considered material to the financial position of the Company.

E. Product Warranties

Not applicable.

NOTES TO FINANCIAL STATEMENTS

F. Joint and Several Liabilities

Not applicable.

G. All Other Contingencies

Not applicable.

15. Leases

The Company's lease agreements are limited to office and electronic data processing equipment. Rent expense for the years ending December 31, 2018 and 2017 was not considered material to the Company's financial statements.

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 December 31, 2018:

Description of each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Total
a. Assets at fair value					
Cash equivalents:					
Exempt MM Mutual Funds	\$ 4,016,587	\$ --	\$ --	\$ --	\$ 4,016,587
Total Cash Equivalents	4,016,587	--	--	--	4,016,587
Common Stock:					
Mutual Funds	26,544,089	--	--	--	26,544,089
Industrial and Misc	41,917,571	364,000	255,791	--	42,537,362
Total Common Stocks	68,461,660	364,000	255,791	--	69,081,451
Bonds:					
Industrial and Misc	--	499,884	--	--	499,884
Total Bonds	--	499,884	--	--	499,884
Other Invested Assets	5,775,616	12,643,703	--	--	18,419,319
Total assets at fair value/NAV	\$ 78,253,863	\$ 13,507,587	\$ 255,791	\$ --	\$ 92,017,241
b. Liabilities at fair value:					
Not applicable.					

Fair Value Measurements at December 31, 2017:

Description of each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	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/NAV	\$ 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 01/01/2018	Transfers In/(out) Level 3	Total Gains/(Losses) Included in Net Income	Total Gains/(Losses) Included in Surplus	Purchases (Sales)	Ending Balance at 12/31/2018
a. Assets:						
Common Stock:						
Industrial and Misc	\$ 241,688	\$ --	\$ --	\$ 14,103	\$ --	\$ 255,791
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 December 31, 2018, the reported fair value of the entity's investments categorized within Level 3 of the fair value hierarchy is comprised of an investment in NAMIC common stock.

NOTES TO FINANCIAL STATEMENTS

- B. Not applicable.
- C. Fair Value of All Financial Instruments:

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Not Practicable (Carrying Value)
Bonds	\$144,519,276	\$145,492,206	\$ 9,255,932	\$135,263,344	\$ --	\$ --	\$ --
Common Stock	69,081,451	69,081,451	68,461,660	364,000	255,791	--	--
Other Invested Assets	18,419,319	18,419,319	5,775,616	12,643,703	--	--	--
Cash Equivalents	4,016,587	4,016,587	4,016,587	--	--	--	--

- 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

The Company entered into a purchase agreement to sell real estate that was previously occupied by the Company. All of the criteria in SSAP No. 90 were deemed to have been met and the real estate is classified as held for sale at December 31, 2018. SSAP No. 90 also requires that properties determined to be held for sale be evaluated for impairment and measured at the lower of its carrying amount or fair value less encumbrances and estimated costs to sell the property. Following the evaluation of this criteria, the Company recorded an impairment loss of \$1.2 million and adjusted the cost basis of the property to reflect the impairment. The sale of the property was finalized in January 2019.

- 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 February 28, 2019 for the statutory statement issued on February 28, 2019 for the year ending December 31, 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 February 28, 2019 for the statutory statement issued on February 28, 2019 for the year ending December 31, 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
If the Company cancelled its umbrella reinsurance program, the return commission would not have a material impact on the financial condition of the Company.
- D. Uncollectible Reinsurance
Not applicable.

NOTES TO FINANCIAL STATEMENTS

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

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

Not applicable.

25. Changes in Incurred Losses and Loss Adjustment Expense

Reserves as of December 31, 2017 were \$53.4 million. During 2018, \$27.1 million has been paid for incurred losses and loss adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$23.5 million as a result of re-estimation of unpaid claims and claim adjusting expenses. Therefore, there has been \$2.8 million of favorable prior year development from December 31, 2017 to December 31, 2018. Favorable development in auto physical damage, commercial multiple-peril, and homeowner / farm owner lines of insurance, were offset, in part, by unfavorable development in 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

- | | | |
|---|-----------------|-------------------|
| A. | <u>NAIC No.</u> | <u>Pool Share</u> |
| Lightning Rod Mutual Insurance Company (Lead) | 26123 | 55.0% |
| Western Reserve Mutual Casualty Company | 26131 | 40.0% |
| Sonnenberg Mutual Insurance Company | 10271 | 5.0% |
- B. All transactions and balances in the underwriting accounts of the companies are pooled except premiums in the course of collection.
 - C. All lines of business are subject to the intercompany pooling agreement. Cessions to non—affiliated reinsurers are prior to the cession of pooled business from the affiliated pool members to the lead entity.
 - D. All pool members are subject to the same non—affiliated reinsurance treaties and have the contractual right of direct recovery per the terms of the reinsurance agreement.
 - E. There are no discrepancies between the reinsurance schedules of the lead and other members of the pool.
 - F. The Provision for Reinsurance (Schedule F, Part 3) and the write—off of uncollectible reinsurance is in accordance with the pool participation percentages.
 - G. There were no amounts due to/from the lead entity and affiliated entities participating in the intercompany pool as of December 31, 2018.

27. Structured Settlements

Not applicable.

28. Health Care Receivables

Not applicable.

29. Participating Policies

Not applicable.

NOTES TO FINANCIAL STATEMENTS

30. Premium Deficiency Reserves

1. Liability carried for premium deficiency reserves

\$

—
2. Date of most recent evaluation of this liability

12/31/2018
3. Was anticipated investment income utilized in the calculation?

Yes () No (x)

31. High Deductibles

Not applicable.

32. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

The Company does not discount liabilities for unpaid losses nor unpaid loss adjustment expenses in calculating statutory surplus.

33. Asbestos/Environmental Reserves

- A. Does the Company have on the books, or has it ever written an insured for which you have identified a potential for the existence of a liability due to asbestos losses?

Yes () No (x)
- B. Not applicable.
- C. Not applicable.
- D. Does the Company have on the books, or has it ever written an insured for which you have identified a potential for the existence of a liability due to environmental losses?

Yes (x) No ()

	2014	2015	2016	2017	2018
(1) Direct –					
1) Beginning reserves:	\$ 86	\$ 45	\$ 45	\$ 45	\$ 39
2) Incurred losses and loss adjustment expense:	39	—	5	6	3
3) Calendar year payments for losses and loss adjustment expenses:	<u>80</u>	<u>—</u>	<u>5</u>	<u>11</u>	<u>4</u>
4) Ending reserves:	<u>\$ 45</u>	<u>\$ 45</u>	<u>\$ 45</u>	<u>\$ 39</u>	<u>\$ 38</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:

\$

—

NOTES TO FINANCIAL STATEMENTS

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

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, 1A and 2.
- 1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes [X] No [] N/A []
- 1.3

State Regulating? Ohio.....
- 1.4

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

Yes [] No [X]
- 1.5

If the response to 1.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group.
- 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

State as of what date the latest financial examination of the reporting entity was made or is being made.

.....12/31/2016
- 3.2

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
- 3.3

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
- 3.4

By what department or departments? Ohio.....
- 3.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes [] No [] N/A [X]
- 3.6

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

Yes [X] No [] N/A []
- 4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes [] No [X]
- 4.12 renewals?

Yes [] No [X]
- 4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes [] No [X]
- 4.22 renewals?

Yes [] No [X]
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [] No [X]
- If yes, complete and file the merger history data file with the NAIC.
- 5.2

If yes, provide the name of the 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
.....
.....
.....
.....
.....

- 6.1

Has the 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]
- 6.2

If yes, give full information
- 7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [] No [X]
- 7.2

If yes,
- 7.21 State the percentage of foreign control

.....0.0 %
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity
.....
.....
.....
.....
.....

GENERAL INTERROGATORIES

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 the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
KPMG 191 West Nationwide Blvd. Columbus, Ohio 43215-2568.....

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [] No [X]

10.2 If the response to 10.1 is yes, provide information related to this exemption:

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]

10.4 If the response to 10.3 is yes, provide information related to this exemption:

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [] N/A []

10.6 If the response to 10.5 is no or n/a, please explain

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
William D. Hansen, FCAS, MAAA, Oliver Wyman, 325 John H. McConnell Blvd. Suite 350 Columbus, Ohio 43215.....

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]

12.11 Name of real estate holding company

12.12 Number of parcels involved0

12.13 Total book/adjusted carrying value \$.....

12.2 If yes, provide explanation

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []

13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []

14.1 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 [X] 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.

14.11 If the response to 14.1 is no, please explain:

14.2 Has the code of ethics for senior managers been amended? Yes [] No [X]

14.21 If the response to 14.2 is yes, provide information related to amendment(s)

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

GENERAL INTERROGATORIES

- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List?
- Yes [] No [X]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1	2	3	4
American Bankers Association (ABA) Routing Number	Issuing or Confirming Bank Name	Circumstances That Can Trigger the Letter of Credit	Amount

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?
- Yes [X] No []
17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?
- Yes [X] No []
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?
- Yes [X] No []

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?
- Yes [] No [X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers \$.....
- 20.12 To stockholders not officers \$.....
- 20.13 Trustees, supreme or grand (Fraternal only) \$.....
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers \$.....
- 20.22 To stockholders not officers \$.....
- 20.23 Trustees, supreme or grand (Fraternal only) \$.....
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?
- Yes [] No [X]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others \$.....
- 21.22 Borrowed from others \$.....
- 21.23 Leased from others \$.....
- 21.24 Other \$.....
- 22.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments?
- Yes [] No [X]
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment \$.....
- 22.22 Amount paid as expenses \$.....
- 22.23 Other amounts paid \$.....
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?
- Yes [] No [X]
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:
- \$.....

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03)
- Yes [X] No []
- 24.02 If no, give full and complete information, relating thereto
- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
- 24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?
- Yes [] No [] NA [X]
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs.
- \$.....
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs.
- \$.....
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?
- Yes [] No [] NA [X]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?
- Yes [] No [] NA [X]
- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?
- Yes [] No [] NA [X]
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$.....0
- 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$.....0
- 24.103 Total payable for securities lending reported on the liability page \$.....0

GENERAL INTERROGATORIES

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes [X] No []

25.2 If yes, state the amount thereof at December 31 of the current year:

25.21 Subject to repurchase agreements

\$.....

25.22 Subject to reverse repurchase agreements

\$.....

25.23 Subject to dollar repurchase agreements

\$.....

25.24 Subject to reverse dollar repurchase agreements

\$.....

25.25 Placed under option agreements

\$.....

25.26 Letter stock or securities restricted as to sale – excluding FHLB Capital Stock

\$.....

25.27 FHLB Capital Stock

\$.....364,000

25.28 On deposit with states

\$.....1,633,818

25.29 On deposit with other regulatory bodies

\$.....

25.30 Pledged as collateral – excluding collateral pledged to an FHLB

\$.....

25.31 Pledged as collateral to FHLB – including assets backing funding agreements

\$.....

25.32 Other

\$.....

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....
.....
.....
.....
.....

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] N/A [X]
If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]

27.2 If yes, state the amount thereof at December 31 of the current year. \$.....

28. 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]

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

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

28.02 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.....

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [] No [X]

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

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

GENERAL INTERROGATORIES

28.05 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.....

28.0597 For those firms/individuals listed in the table for Question 28.05, 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]

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's assets? Yes [] No [X]

28.06 For those firms or individuals listed in the table for 28.05 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

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D - Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes [X] No []

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2001 09658L-51-3.....	BMO Pyrford Intl Stk Fund 1.....	3,376,895
29.2002 233203-84-3.....	DFA US Small Cap Fund.....	3,370,827
29.2003 256206-10-3.....	Dodge & Cox Intl Stock Fund.....	14,187,657
29.2004 413838-20-2.....	Eaton Vance FLT RT R6.....	1,584,437
29.2005 413838-20-2.....	Oakmark International Fund 1.....	75,845
29.2006 921932-81-0.....	Vanguard S&P SC600 Inst.....	3,448,933
29.2999 TOTAL		26,044,594

29.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
BMO Pyrford Intl Stk Fund 1.....	Roche Holding AG Dividend Right Cert.....	115,828	12/31/2018.....
BMO Pyrford Intl Stk Fund 1.....	Nestle SA.....	115,490	12/31/2018.....
BMO Pyrford Intl Stk Fund 1.....	Novartis AG.....	95,904	12/31/2018.....
BMO Pyrford Intl Stk Fund 1.....	Japan Tobacco Inc.....	87,462	12/31/2018.....
BMO Pyrford Intl Stk Fund 1.....	Brambles Ltd.....	75,980	12/31/2018.....
DFA US Small Cap Fund.....	S+p500 Emini Fut Mar 19 XCME.....	18,540	12/31/2018.....
DFA US Small Cap Fund.....	Deckers Outdoor Corp.....	15,843	12/31/2018.....
DFA US Small Cap Fund.....	Intergrated Device Technology.....	11,461	12/31/2018.....
DFA US Small Cap Fund.....	Cathay General Bancorp.....	11,124	12/31/2018.....
DFA US Small Cap Fund.....	Green Dot Corp.....	10,450	12/31/2018.....
Dodge & Cox Intl Stock Fund.....	Sanofi SA.....	529,200	12/31/2018.....
Dodge & Cox Intl Stock Fund.....	Roche Holding AG Dividend Right Cert.....	451,167	12/31/2018.....
Dodge & Cox Intl Stock Fund.....	ICICI Bank Ltd.....	446,911	12/31/2018.....
Dodge & Cox Intl Stock Fund.....	Itau Unibanco Holding SA Participating Prfd.....	422,792	12/31/2018.....
Dodge & Cox Intl Stock Fund.....	Naspers Ltd Class N.....	419,955	12/31/2018.....
Oakmark International Fund 1.....	BNP Paribas.....	3,057	12/31/2018.....
Oakmark International Fund 1.....	Daimler AG.....	2,928	12/31/2018.....
Oakmark International Fund 1.....	Llyods Banking Group Plc.....	2,890	12/31/2018.....
Oakmark International Fund 1.....	Intesa Sanpaolo.....	2,829	12/31/2018.....
Oakmark International Fund 1.....	Credit Suisse Group AG.....	2,685	12/31/2018.....
Eaton Vance FLT RT R6.....	Jbs Usa Lux S.A.....	14,260	12/31/2018.....
Eaton Vance FLT RT R6.....	Infor Lawson.....	13,151	12/31/2018.....
Eaton Vance FLT RT R6.....	Restaurant Brands International.....	12,200	12/31/2018.....
Eaton Vance FLT RT R6.....	Virgin Media.....	12,042	12/31/2018.....
Eaton Vance FLT RT R6.....	CenturyLink, Inc.....	11,091	12/31/2018.....
Vanguard S&P SC600 Inst.....	First Financial Bankshares Inc.....	19,314	12/31/2018.....
Vanguard S&P SC600 Inst.....	Trex Co Inc.....	18,969	12/31/2018.....
Vanguard S&P SC600 Inst.....	Spire Inc.....	18,624	12/31/2018.....
Vanguard S&P SC600 Inst.....	Ingevity Corp.....	18,279	12/31/2018.....
Vanguard S&P SC600 Inst.....	Amedisys Inc.....	17,590	12/31/2018.....

GENERAL INTERROGATORIES

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	145,492,212	145,019,160	(473,052)
30.2 Preferred Stocks.....	0	0	0
30.3 Totals	145,492,212	145,019,160	(473,052)

30.4 Describe the sources or methods utilized in determining the fair values:

Securities Evaluation (Through Clearwater Analytics) or Custodian.....

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [] No [X]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [] No []

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* been followed? Yes [X] No []

32.2 If no, list exceptions:

GENERAL INTERROGATORIES

33. By self-designating 5GI securities, the reporting entity is certifying the following elements of each self-designated 5GI security:
a.Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or PL security is not available.
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 5GI securities?

Yes [☐] No [☒]
34. By self-designating PLGI securities, the reporting entity is certifying the following elements of each self-designated PLGI security:
a. The security was purchased prior to January 1, 2018.
b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as a NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.
d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.
Has the reporting entity self-designated PLGI securities?

Yes [☐] No [☒]

OTHER

- 35.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?

\$528,694
- 35.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Insurance Services Office.....	\$.....385,694

- 36.1 Amount of payments for legal expenses, if any?

\$26,986
- 36.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Weston Hurd, LLP.....	\$.....7,948

- 37.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?

\$0
- 37.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
.....	\$.....
.....	\$.....
.....	\$.....

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [] No [X]

1.2

If yes, indicate premium earned on U. S. business only.

\$.....0

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$.....

1.31

Reason for excluding

.....

1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$.....

1.5

Indicate total incurred claims on all Medicare Supplement insurance.

\$.....0

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

\$.....0

1.62

Total incurred claims

\$.....0

1.63

Number of covered lives

.....0

All years prior to most current three years:

1.64

Total premium earned

\$.....0

1.65

Total incurred claims

\$.....0

1.66

Number of covered lives

.....0

1.7

Group policies:

Most current three years:

1.71

Total premium earned

\$.....0

1.72

Total incurred claims

\$.....0

1.73

Number of covered lives

.....0

All years prior to most current three years:

1.74

Total premium earned

\$.....0

1.75

Total incurred claims

\$.....0

1.76

Number of covered lives

.....0

2.

Health Test:

1

Current Year

2

Prior Year

2.1

Premium Numerator

\$

.....0

\$

.....0

2.2

Premium Denominator

\$

.....118,573,372

\$

.....114,783,022

2.3

Premium Ratio (2.1/2.2)

.....0.000

.....0.000

2.4

Reserve Numerator

\$

.....0

\$

.....0

2.5

Reserve Denominator

\$

.....106,475,693

\$

.....108,154,851

2.6

Reserve Ratio (2.4/2.5)

.....0.000

.....0.000

3.1

Does the reporting entity issue both participating and non-participating policies?

Yes [] No [X]

3.2

If yes, state the amount of calendar year premiums written on:

3.21

Participating policies.....

\$.....

3.22

Non-participating policies.....

\$.....

4.

For Mutual reporting entities and Reciprocal Exchanges only:

4.1

Does the reporting entity issue assessable policies?.....

Yes [] No [X]

4.2

Does the reporting entity issue non-assessable policies?.....

Yes [] No [X]

4.3

If assessable policies are issued, what is the extent of the contingent liability of the policyholders?.....

%

4.4

Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums.

\$.....

5.

For Reciprocal Exchanges Only:

5.1

Does the exchange appoint local agents?.....

Yes [] No []

5.2

If yes, is the commission paid:

5.21

Out of Attorney's-in-fact compensation.....

Yes [] No [] N/A []

5.22

As a direct expense of the exchange.....

Yes [] No [] N/A []

5.3

What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?

.....

5.4

Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred?.....

Yes [] No []

5.5

If yes, give full information

.....

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GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

6.1

What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss:

Protection is provided by the casualty excess of loss agreement with one layer of \$3.8M excess of \$1.2M and by the workers compensation excess of loss agreement's additional layer of \$10M excess of \$5M creating a \$13.8M limit above a \$1.2M per occurrence retention.....

6.2

Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:

Catastrophe modeling (AIR and RMS models provided by our catastrophe reinsurance broker) is utilized to estimate probable maximum loss (PML). The exposures comprising the PML were severe thunderstorms, winter storms and earthquake in Ohio and Indiana.....

6.3

What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?.....

A property catastrophe reinsurance agreement consists of three layers with an automatic reinstatement for additional premium. The total amount of coverage for a single loss occurrence is \$60.5 million above an \$8.5 million retention.....

6.4

Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?.....

Yes [X] No []

6.5

If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss

7.1

Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?.....

Yes [] No [X]

7.2

If yes, indicate the number of reinsurance contracts containing such provisions.....

7.3

If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?.....

Yes [] No []

8.1

Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured?.....

Yes [] No [X]

8.2

If yes, give full information

9.1

Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:

(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;

(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;

(c) Aggregate stop loss reinsurance coverage;

(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;

(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or

(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity.....

Yes [] No [X]

9.2

Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:

(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or

(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract.

Yes [] No [X]

9.3

If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:

(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;

(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and

(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.

9.4

Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R - Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:

(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or

(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?

Yes [] No [X]

9.5

If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.

9.6

The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:

(a) The entity does not utilize reinsurance; or,

(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or

(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement.

Yes [] No [X]

Yes [] No [X]

Yes [] No [X]

10.

If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done?

Yes [] No [] N/A [X]

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

11.1

Has the reporting entity guaranteed policies issued by any other entity and now in force:

Yes [] No [X]

11.2

If yes, give full information

12.1

If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:

12.11

Unpaid losses

\$

12.12

Unpaid underwriting expenses (including loss adjustment expenses)

\$

12.2

Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds?

\$

12.3

If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses?

Yes [] No [X] N/A []

12.4

If yes, provide the range of interest rates charged under such notes during the period covered by this statement:

12.41

From

%

12.42

To

%

12.5

Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies?

Yes [] No [X]

12.6

If yes, state the amount thereof at December 31 of current year:

12.61

Letters of Credit

\$

12.62

Collateral and other funds

\$

13.1

Largest net aggregate amount insured in any one risk (excluding workers' compensation):

\$1,200,000

13.2

Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision?

Yes [] No [X]

13.3

State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount.

2

14.1

Is the reporting entity a cedant in a multiple cedant reinsurance contract?

Yes [] No [X]

14.2

If yes, please describe the method of allocating and recording reinsurance among the cedants:

14.3

If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts?

Yes [] No []

14.4

If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements?

Yes [] No []

14.5

If the answer to 14.4 is no, please explain:

15.1

Has the reporting entity guaranteed any financed premium accounts?

Yes [] No [X]

15.2

If yes, give full information

16.1

Does the reporting entity write any warranty business?

Yes [] No [X]

If yes, disclose the following information for each of the following types of warranty coverage:

	1	2	3	4	5
	Direct Losses Incurred	Direct Losses Unpaid	Direct Written Premium	Direct Premium Unearned	Direct Premium Earned
16.11 Home	\$	\$	\$	\$	\$
16.12 Products	\$	\$	\$	\$	\$
16.13 Automobile	\$	\$	\$	\$	\$
16.14 Other*	\$	\$	\$	\$	\$

* Disclose type of coverage:

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

17.1

Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F – Part 3 that is exempt from the statutory provision for unauthorized reinsurance?

Yes [☐] No [☒]

Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from the statutory provision for unauthorized reinsurance. Provide the following information for this exemption:

17.11

Gross amount of unauthorized reinsurance in Schedule F – Part 3 exempt from the statutory provision for unauthorized reinsurance.....

\$.....

17.12

Unfunded portion of Interrogatory 17.11.....

\$.....

17.13

Paid losses and loss adjustment expenses portion of Interrogatory 17.11

\$.....

17.14

Case reserves portion of Interrogatory 17.11.....

\$.....

17.15

Incurred but not reported portion of Interrogatory 17.11.....

\$.....

17.16

Unearned premium portion of Interrogatory 17.11.....

\$.....

17.17

Contingent commission portion of Interrogatory 17.11.....

\$.....

18.1

Do you act as a custodian for health savings accounts?

Yes [☐] No [☒]

18.2

If yes, please provide the amount of custodial funds held as of the reporting date.

\$.....

18.3

Do you act as an administrator for health savings accounts?

Yes [☐] No [☒]

18.4

If yes, please provide the balance of the funds administered as of the reporting date.

\$.....

19.

Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states?

Yes [☒] No [☐]

19.1

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

Yes [☐] No [☐]

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

FIVE-YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e., 17.6.

	1 2018	2 2017	3 2016	4 2015	5 2014
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	65,766,384	63,102,970	58,823,890	55,227,325	53,693,247
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	53,982,096	52,168,954	48,962,255	45,999,888	45,872,752
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	103,287,519	102,191,642	101,889,086	99,690,123	98,309,109
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	0	0	0	0	0
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
6. Total (Line 35)	223,035,999	217,463,566	209,675,231	200,917,336	197,875,108
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	35,859,056	34,418,515	32,093,577	30,085,459	29,272,357
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	29,601,783	28,582,597	26,817,233	25,225,257	25,149,888
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	54,379,118	53,813,764	53,603,652	52,280,648	51,563,515
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	0	0	0	0	0
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
12. Total (Line 35)	119,839,957	116,814,876	112,514,462	107,591,364	105,985,760
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	6,166,151	(2,650,367)	2,166,193	5,273,108	4,874,510
14. Net investment gain (loss) (Line 11)	7,910,117	7,190,947	6,670,862	3,947,797	7,746,759
15. Total other income (Line 15)	1,497,776	1,520,407	1,523,235	1,503,631	1,549,750
16. Dividends to policyholders (Line 17)	0	0	0	0	0
17. Federal and foreign income taxes incurred (Line 19)	2,701,575	386,540	1,335,511	3,937,681	1,020,497
18. Net income (Line 20)	12,872,469	5,674,447	9,024,779	6,786,855	13,150,522
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	299,590,295	300,331,044	282,018,342	260,077,373	255,077,533
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	7,808,094	15,863,437	15,877,772	15,884,456	15,878,930
20.2 Deferred and not yet due (Line 15.2)	7,812,530	0	0	0	0
20.3 Accrued retrospective premiums (Line 15.3)	0	0	0	0	0
21. Total liabilities excluding protected cell business (Page 3, Line 26)	120,465,932	123,488,640	118,218,153	108,545,013	107,759,674
22. Losses (Page 3, Line 1)	42,072,913	45,104,176	39,827,983	35,169,797	32,432,314
23. Loss adjustment expenses (Page 3, Line 3)	8,318,009	8,232,489	8,276,225	7,402,963	6,688,893
24. Unearned premiums (Page 3, Line 9)	56,084,771	54,818,186	52,786,332	50,660,086	49,717,523
25. Capital paid up (Page 3, Lines 30 & 31)	0	0	0	0	0
26. Surplus as regards policyholders (Page 3, Line 37)	179,124,363	176,842,404	163,800,189	151,532,360	147,317,859
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	10,953,534	10,600,314	14,708,458	13,344,450	12,796,708
Risk-Based Capital Analysis					
28. Total adjusted capital	179,124,363	176,842,404	163,800,189	151,532,360	147,317,859
29. Authorized control level risk-based capital	14,150,794	14,671,070	13,077,023	11,895,108	11,213,354
Percentage Distribution of Cash, Cash Equivalents and Invested Assets					
(Page 2, Col. 3)(Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1)	51.6	49.6	50.2	52.5	51.6
31. Stocks (Lines 2.1 & 2.2)	24.5	28.5	28.4	30.1	30.9
32. Mortgage loans on real estate (Lines 3.1 and 3.2)	0.0	0.0	0.0	0.0	0.0
33. Real estate (Lines 4.1, 4.2 & 4.3)	1.7	1.5	1.7	2.1	2.2
34. Cash, cash equivalents and short-term investments (Line 5)	15.8	14.2	13.2	11.6	12.9
35. Contract loans (Line 6)	0.0	0.0	0.0	0.0	0.0
36. Derivatives (Line 7)	0.0	0.0	0.0	0.0	0.0
37. Other invested assets (Line 8)	6.5	6.1	6.4	3.8	2.4
38. Receivables for securities (Line 9)	0.0	0.0	0.0	0.0	0.0
39. Securities lending reinvested collateral assets (Line 10)	0.0	0.0	0.0	0.0	0.0
40. Aggregate write-ins for invested assets (Line 11)	0.0	0.0	0.0	0.0	0.0
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)	0	0	0	0	0
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)	0	0	0	0	0
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)	349,502	368,980	343,110	306,654	313,215
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)	0	0	0	0	0
46. Affiliated mortgage loans on real estate	0	0	0	0	0
47. All other affiliated	0	0	0	0	0
48. Total of above Lines 42 to 47	349,502	368,980	343,110	306,654	313,215
49. Total Investment in parent included in Lines 42 to 47 above		0	0	0	0
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)	0.2	0.2	0.2	0.2	0.2

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

FIVE-YEAR HISTORICAL DATA

	1	2	3	4	5
	2018	2017	2016	2015	2014
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	(11,168,393)	4,730,379	4,176,946	(3,573,273)	(972,588)
52. Dividends to stockholders (Line 35)	0	0	0	0	0
53. Change in surplus as regards policyholders for the year (Line 38)	2,281,959	13,042,215	12,267,829	4,214,501	9,691,360
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	43,116,216	36,295,155	33,295,995	30,842,649	30,167,101
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)	32,315,908	29,506,371	28,353,458	27,236,792	26,524,760
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	42,358,095	50,449,304	39,704,280	37,875,527	42,764,450
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	0	0	0	0	0
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
59. Total (Line 35)	117,790,219	116,250,830	101,353,733	95,954,968	99,456,311
Net Losses Paid (Page 9, Part 2, Col. 4)					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	23,729,844	19,951,514	18,286,766	16,919,456	16,591,906
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)	17,772,270	16,228,504	15,594,402	14,980,237	14,587,890
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	22,647,229	27,589,394	21,662,568	20,730,787	23,371,848
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	0	0	0	0	0
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
65. Total (Line 35)	64,149,343	63,769,412	55,543,736	52,630,480	54,551,644
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2)	51.5	60.2	54.5	51.9	52.5
68. Loss expenses incurred (Line 3)	9.9	9.7	10.5	10.5	10.3
69. Other underwriting expenses incurred (Line 4)	33.4	32.5	33.0	32.6	32.5
70. Net underwriting gain (loss) (Line 8)	5.2	(2.3)	2.0	4.9	4.7
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)	31.8	30.6	31.0	30.9	30.6
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	61.4	69.8	65.1	62.4	62.8
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0)	66.9	66.1	68.7	71.0	71.9
One Year Loss Development (\$000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	(3,916)	(2,883)	(2,079)	(2,375)	(1,808)
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100.0)	(2.2)	(1.8)	(1.4)	(1.6)	(1.3)
Two Year Loss Development (\$000 omitted)					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12)	(7,226)	(4,044)	(3,891)	(4,715)	(4,558)
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0)	(4.4)	(2.7)	(2.6)	(3.4)	(3.6)

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3 - Accounting Changes and Correction of Errors? Yes [] No []

If no, please explain

.....

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES
SCHEDULE P - PART 1 - SUMMARY

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	Number of Claims Reported Direct and Assumed
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX	52	3	(1)	0	12	1	23	59	XXX
2. 2009	82,075	4,269	77,806	49,654	1,997	1,100	0	5,800	0	2,283	54,557	XXX
3. 2010	86,814	4,058	82,756	51,811	361	1,228	4	6,445	7	2,930	59,112	XXX
4. 2011	92,817	6,085	86,732	69,691	13,243	1,276	0	7,288	4	3,173	65,008	XXX
5. 2012	99,818	7,447	92,371	68,718	10,165	1,248	0	8,482	0	2,847	68,283	XXX
6. 2013	106,199	6,650	99,549	53,426	63	1,451	36	8,633	0	3,271	63,411	XXX
7. 2014	110,375	5,997	104,378	55,459	237	1,321	0	9,263	0	3,191	65,806	XXX
8. 2015	112,443	5,796	106,647	53,968	502	1,271	20	9,034	0	3,293	63,751	XXX
9. 2016	116,305	5,915	110,390	55,589	459	674	0	9,136	0	3,157	64,940	XXX
10. 2017	120,773	5,990	114,783	62,364	949	367	2	10,010	1	2,667	71,789	XXX
11. 2018	124,687	6,115	118,572	41,575	292	113	0	7,332	1	1,564	48,727	XXX
12. Totals	XXX	XXX	XXX	562,307	28,271	10,048	62	81,435	14	28,399	625,443	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22			
	13	14	15	16	17	18	19	20					
	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded			
1.	68	38	0	0	0	0	0	0	0	0	0	30	XXX
2.	14	0	0	0	0	0	0	0	5	0	0	20	XXX
3.	99	0	23	8	6	0	3	1	15	0	0	136	XXX
4.	78	0	0	0	6	0	0	0	13	0	0	96	XXX
5.	228	0	43	15	21	0	6	2	41	1	0	321	XXX
6.	265	0	46	16	48	1	16	6	80	2	0	430	XXX
7.	596	0	154	53	86	1	22	9	131	4	0	921	XXX
8.	1,647	0	155	54	237	4	84	31	349	11	0	2,372	XXX
9.	4,302	(8)	409	117	502	10	149	52	695	24	0	5,864	XXX
10.	10,264	286	1,079	235	929	14	268	105	1,449	40	0	13,311	XXX
11.	18,262	280	7,019	1,585	1,254	21	379	143	2,079	73	0	26,890	XXX
12.	35,822	596	8,929	2,082	3,089	51	928	350	4,857	156	0	50,391	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26	27	28	29	30	31	32	33		35	36
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense		Losses Unpaid	Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	30	0
2.	56,574	1,997	54,577	68.9	46.8	70.1	0	0	55.0	14	5
3.	59,630	382	59,248	68.7	9.4	71.6	0	0	55.0	114	22
4.	78,352	13,247	65,104	84.4	217.7	75.1	0	0	55.0	78	19
5.	78,787	10,184	68,604	78.9	136.7	74.3	0	0	55.0	256	65
6.	63,965	124	63,841	60.2	1.9	64.1	0	0	55.0	295	135
7.	67,031	304	66,727	60.7	5.1	63.9	0	0	55.0	696	225
8.	66,745	622	66,123	59.4	10.7	62.0	0	0	55.0	1,749	623
9.	71,457	653	70,804	61.4	11.0	64.1	0	0	55.0	4,603	1,261
10.	86,731	1,631	85,100	71.8	27.2	74.1	0	0	55.0	10,822	2,489
11.	78,013	2,396	75,617	62.6	39.2	63.8	0	0	55.0	23,416	3,475
12.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	42,073	8,318

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements, which will reconcile Part 1 with Parts 2 and 4.

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	One Year	Two Year
1. Prior	12,439	9,642	9,108	9,610	9,681	9,505	9,319	9,277	9,241	9,191	(50)	(86)
2. 2009	50,332	49,979	49,625	49,230	49,027	48,912	48,921	48,840	48,792	48,772	(20)	(68)
3. 2010	XXX	54,800	53,136	52,661	53,080	52,724	52,679	52,819	52,799	52,796	(3)	(23)
4. 2011	XXX	XXX	60,358	59,922	58,493	58,367	58,071	57,986	57,882	57,808	(74)	(178)
5. 2012	XXX	XXX	XXX	64,158	62,412	61,515	60,555	60,131	60,108	60,082	(27)	(50)
6. 2013	XXX	XXX	XXX	XXX	58,009	57,871	56,442	56,179	55,367	55,130	(237)	(1,049)
7. 2014	XXX	XXX	XXX	XXX	XXX	58,762	59,294	58,532	57,990	57,337	(652)	(1,195)
8. 2015	XXX	XXX	XXX	XXX	XXX	XXX	59,375	58,813	58,433	56,751	(1,682)	(2,061)
9. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	63,512	62,594	60,996	(1,598)	(2,515)
10. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	73,254	73,681	427	XXX
11. 2018	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	66,280	XXX	XXX
12. Totals											(3,916)	(7,226)

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018		
1. Prior	000	4,729	6,707	8,725	8,646	8,735	9,156	9,153	9,113	9,161	XXX	XXX
2. 2009	33,992	43,947	46,628	48,197	48,570	48,679	48,723	48,772	48,764	48,757	XXX	XXX
3. 2010	XXX	37,422	46,244	49,815	51,272	51,984	52,201	52,631	52,708	52,674	XXX	XXX
4. 2011	XXX	XXX	40,944	51,679	55,078	56,756	57,346	57,535	57,620	57,724	XXX	XXX
5. 2012	XXX	XXX	XXX	44,440	54,215	57,133	59,108	59,657	59,754	59,801	XXX	XXX
6. 2013	XXX	XXX	XXX	XXX	37,680	48,361	51,477	53,778	54,621	54,778	XXX	XXX
7. 2014	XXX	XXX	XXX	XXX	XXX	39,782	49,370	53,262	55,475	56,543	XXX	XXX
8. 2015	XXX	XXX	XXX	XXX	XXX	XXX	38,127	47,791	51,804	54,717	XXX	XXX
9. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	39,929	51,729	55,804	XXX	XXX
10. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	46,053	61,780	XXX	XXX
11. 2018	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	41,396	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1 2009	2 2010	3 2011	4 2012	5 2013	6 2014	7 2015	8 2016	9 2017	10 2018
1. Prior	970	277	83	60	26	34	2	21	17	0
2. 2009	4,125	287	246	23	31	53	54	21	1	0
3. 2010	XXX	4,629	532	78	161	129	40	32	15	17
4. 2011	XXX	XXX	4,395	697	397	261	153	58	9	0
5. 2012	XXX	XXX	XXX	4,249	752	503	235	70	77	32
6. 2013	XXX	XXX	XXX	XXX	5,076	705	387	140	177	40
7. 2014	XXX	XXX	XXX	XXX	XXX	4,885	712	359	259	114
8. 2015	XXX	XXX	XXX	XXX	XXX	XXX	5,012	667	617	155
9. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,889	852	390
10. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,501	1,008
11. 2018	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,670

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated By States And Territories									
States, etc.	1	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9
		2	3						
	Active Status (a)	Direct Premiums Written	Direct Premiums Earned	Dividends Paid or Credited to Policyholders on Direct Business	Direct Losses Paid (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid	Finance and Service Charges Not Included in Premiums	Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
1. Alabama	AL N	.0	.0	.0	.0	.0	.0	.0	
2. Alaska	AK N	.0	.0	.0	.0	.0	.0	.0	
3. Arizona	AZ N	.0	.0	.0	.0	.0	.0	.0	
4. Arkansas	AR N	.0	.0	.0	.0	.0	.0	.0	
5. California	CA N	.0	.0	.0	.0	.0	.0	.0	
6. Colorado	CO N	.0	.0	.0	.0	.0	.0	.0	
7. Connecticut	CT N	.0	.0	.0	.0	.0	.0	.0	
8. Delaware	DE N	.0	.0	.0	.0	.0	.0	.0	
9. Dist. Columbia	DC N	.0	.0	.0	.0	.0	.0	.0	
10. Florida	FL N	.0	.0	.0	.0	.0	.0	.0	
11. Georgia	GA N	.0	.0	.0	.0	.0	.0	.0	
12. Hawaii	HI N	.0	.0	.0	.0	.0	.0	.0	
13. Idaho	ID N	.0	.0	.0	.0	.0	.0	.0	
14. Illinois	IL L	.0	.0	.0	.0	.0	.0	.0	
15. Indiana	IN L	22,267,378	22,923,254	.0	10,514,913	8,197,141	6,226,463	287,646	
16. Iowa	IA N	.0	.0	.0	.0	.0	.0	.0	
17. Kansas	KS N	.0	.0	.0	.0	.0	.0	.0	
18. Kentucky	KY N	.0	.0	.0	.0	.0	.0	.0	
19. Louisiana	LA N	.0	.0	.0	.0	.0	.0	.0	
20. Maine	ME N	.0	.0	.0	.0	.0	.0	.0	
21. Maryland	MD N	.0	.0	.0	.0	.0	.0	.0	
22. Massachusetts	MA N	.0	.0	.0	.0	.0	.0	.0	
23. Michigan	MI N	.0	.0	.0	.0	.0	.0	.0	
24. Minnesota	MN N	.0	.0	.0	.0	.0	.0	.0	
25. Mississippi	MS N	.0	.0	.0	.0	.0	.0	.0	
26. Missouri	MO N	.0	.0	.0	.0	.0	.0	.0	
27. Montana	MT N	.0	.0	.0	.0	.0	.0	.0	
28. Nebraska	NE N	.0	.0	.0	.0	.0	.0	.0	
29. Nevada	NV N	.0	.0	.0	.0	.0	.0	.0	
30. New Hampshire	NH N	.0	.0	.0	.0	.0	.0	.0	
31. New Jersey	NJ N	.0	.0	.0	.0	.0	.0	.0	
32. New Mexico	NM N	.0	.0	.0	.0	.0	.0	.0	
33. New York	NY N	.0	.0	.0	.0	.0	.0	.0	
34. No. Carolina	NC N	.0	.0	.0	.0	.0	.0	.0	
35. No. Dakota	ND N	.0	.0	.0	.0	.0	.0	.0	
36. Ohio	OH L	65,178,826	65,579,432	.0	30,827,356	25,275,033	19,824,687	701,782	
37. Oklahoma	OK N	.0	.0	.0	.0	.0	.0	.0	
38. Oregon	OR N	.0	.0	.0	.0	.0	.0	.0	
39. Pennsylvania	PA N	.0	.0	.0	.0	.0	.0	.0	
40. Rhode Island	RI N	.0	.0	.0	.0	.0	.0	.0	
41. So. Carolina	SC N	.0	.0	.0	.0	.0	.0	.0	
42. So. Dakota	SD N	.0	.0	.0	.0	.0	.0	.0	
43. Tennessee	TN L	.0	.0	.0	.0	.0	.0	.0	
44. Texas	TX N	.0	.0	.0	.0	.0	.0	.0	
45. Utah	UT N	.0	.0	.0	.0	.0	.0	.0	
46. Vermont	VT N	.0	.0	.0	.0	.0	.0	.0	
47. Virginia	VA N	.0	.0	.0	.0	.0	.0	.0	
48. Washington	WA N	.0	.0	.0	.0	.0	.0	.0	
49. West Virginia	WV N	.0	.0	.0	.0	.0	.0	.0	
50. Wisconsin	WI N	.0	.0	.0	.0	.0	.0	.0	
51. Wyoming	WY N	.0	.0	.0	.0	.0	.0	.0	
52. American Samoa	AS N	.0	.0	.0	.0	.0	.0	.0	
53. Guam	GU N	.0	.0	.0	.0	.0	.0	.0	
54. Puerto Rico	PR N	.0	.0	.0	.0	.0	.0	.0	
55. U.S. Virgin Islands	VI N	.0	.0	.0	.0	.0	.0	.0	
56. Northern Mariana Islands	MP N	.0	.0	.0	.0	.0	.0	.0	
57. Canada	CAN N	.0	.0	.0	.0	.0	.0	.0	
58. Aggregate other alien	OT XXX	.0	.0	.0	.0	.0	.0	.0	.0
59. Totals	XXX	87,446,204	88,502,686	0	41,342,269	33,472,174	26,051,150	989,428	0
DETAILS OF WRITE-INS									
58001.	XXX								
58002.	XXX								
58003.	XXX								
58998. Sum. of remaining write-ins for Line 58 from overflow page	XXX	.0	.0	.0	.0	.0	.0	.0	.0
58999. Totals (Lines 58001 through 58003 + 58998) (Line 58 above)	XXX	0	0	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

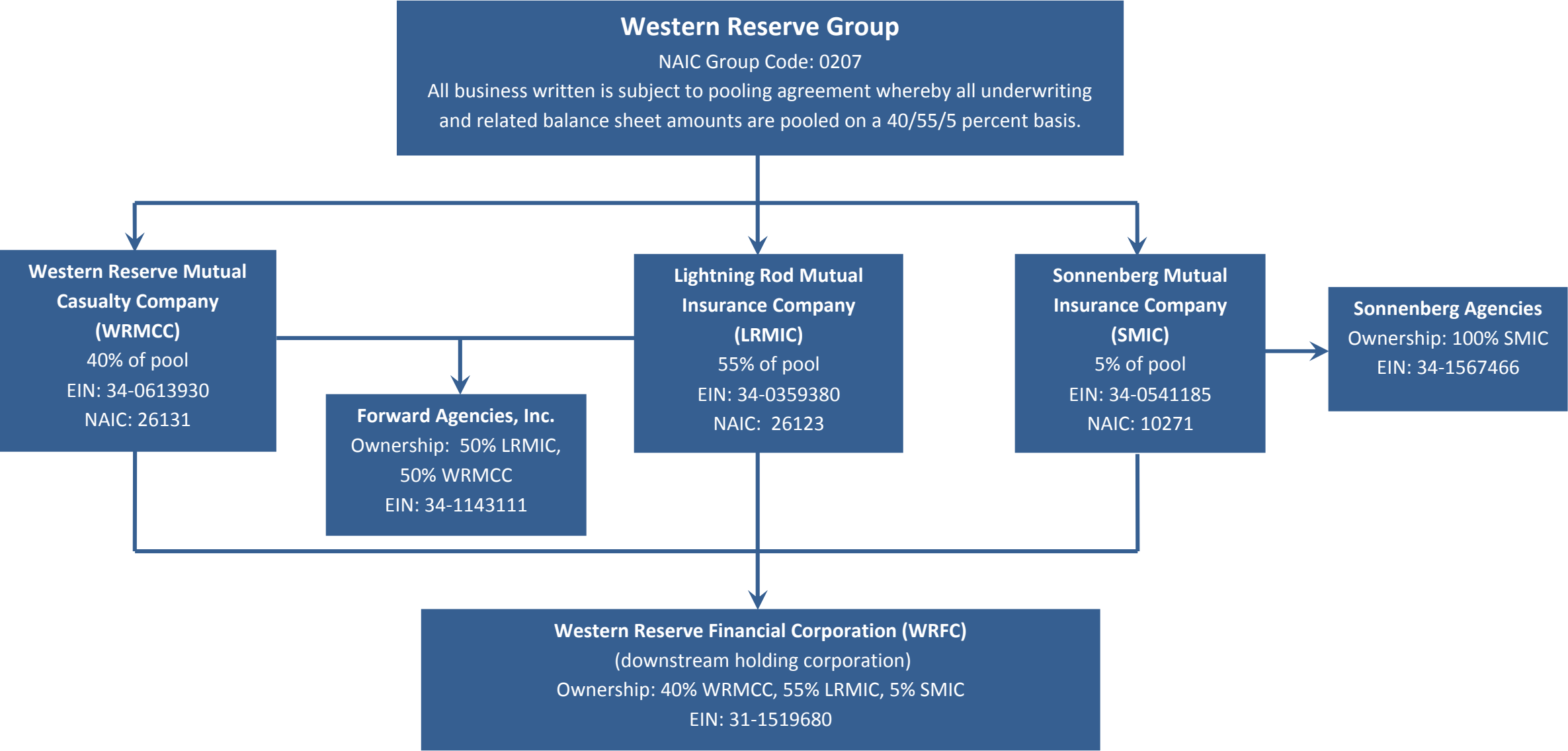
D – Domestic Surplus Lines Insurer (DSLII) – Reporting entities authorized to write surplus lines in the state of domicile 0 N – None of the above – Not allowed to write business in the state53

(b) Explanation of basis of allocation of premiums by states, etc.

Actual direct written and earned premium by state are assigned by address of policyholder for all lines of business.

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

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