



QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2019  
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	2865 Benden Drive		Wooster, OH, US 44691			
	(Street and Number)		(City or Town, State, Country and Zip Code)			
Main Administrative Office	2865 Benden Drive		Wooster, OH, US 44691		330-262-9060	
	(Street and Number)		(City or Town, State, Country and Zip Code)		(Area Code) (Telephone Number)	
Mail Address	2865 Benden Drive		Wooster, OH, US 44691			
	(Street and Number or P.O. Box)		(City or Town, State, Country and Zip Code)			
Primary Location of Books and Records	2865 Benden Drive		Wooster, OH, US 44691		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 of .....Ohio.....

County of .....Wayne.....ss

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

KEVIN W. DAY PRESIDENT AND SECRETARY -CHIEF EXECUTIVE OFFICER	MICHAEL A. SHUTT VICE PRESIDENT AND TREASURER -CHIEF FINANCIAL OFFICER
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a. Is this an original filing? Yes [X] No [ ]

b. If no:

1. State the amendment number

2. Date filed

3. Number of pages attached

Subscribed and sworn to before me this 8th day of November, 2019

Peggy A. Parker, Notary Public  
September 16, 2022

STATEMENT AS OF SEPTEMBER 30, 2019 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY				
ASSETS				
	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds .....	154,715,505	0	154,715,505	145,492,206
2. Stocks:				
2.1 Preferred stocks .....	0	0	0	0
2.2 Common stocks .....	77,534,224	395,198	77,139,026	69,081,451
3. Mortgage loans on real estate:				
3.1 First liens .....	0	0	0	0
3.2 Other than first liens .....	0	0	0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ ..... encumbrances) .....	7,768,548	0	7,768,548	1,869,882
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....	0	0	0	0
4.3 Properties held for sale (less \$ ..... encumbrances) .....	0	0	0	2,809,375
5. Cash (\$ .....48,312,015 ), cash equivalents (\$ .....4,920,320 ) and short-term investments (\$ .....0 ) .....	53,232,335	0	53,232,335	44,475,043
6. Contract loans (including \$ ..... premium notes) .....	0	0	0	0
7. Derivatives .....	0	0	0	0
8. Other invested assets .....	19,019,758	0	19,019,758	18,419,319
9. Receivables for securities .....	0	0	0	0
10. Securities lending reinvested collateral assets .....	0	0	0	0
11. Aggregate write-ins for invested assets .....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	312,270,370	395,198	311,875,172	282,147,276
13. Title plants less \$ ..... charged off (for Title insurers only) .....	0	0	0	0
14. Investment income due and accrued .....	1,570,572	0	1,570,572	1,560,811
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	9,200,726	54,988	9,145,738	7,808,094
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....	7,617,451	0	7,617,451	7,812,530
15.3 Accrued retrospective premiums (\$ ..... ) and contracts subject to redetermination (\$ ..... ) .....	0	0	0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	41,284	0	41,284	261,584
16.2 Funds held by or deposited with reinsured companies .....	0	0	0	0
16.3 Other amounts receivable under reinsurance contracts .....	0	0	0	0
17. Amounts receivable relating to uninsured plans .....	0	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon .....	807,823	0	807,823	0
18.2 Net deferred tax asset .....	0	0	0	0
19. Guaranty funds receivable or on deposit .....	0	0	0	0
20. Electronic data processing equipment and software .....	0	0	0	0
21. Furniture and equipment, including health care delivery assets (\$ ..... ) .....	516,926	516,926	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....	0	0	0	0
23. Receivables from parent, subsidiaries and affiliates .....	0	0	0	0
24. Health care (\$ ..... ) and other amounts receivable .....	0	0	0	0
25. Aggregate write-ins for other-than-invested assets .....	0	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	332,025,153	967,112	331,058,041	299,590,295
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	0	0	0	0
28. Total (Lines 26 and 27)	332,025,153	967,112	331,058,041	299,590,295
<b>DETAILS OF WRITE-INS</b>				
1101. ....	0	0	0	0
1102. ....	0	0	0	0
1103. ....	0	0	0	0
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above) .....	0	0	0	0
2501. ....	0	0	0	0
2502. ....	0	0	0	0
2503. ....	0	0	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	0	0	0	0

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$ 22,614,080 )	46,066,821	42,072,913
2. Reinsurance payable on paid losses and loss adjustment expenses	0	0
3. Loss adjustment expenses	8,318,010	8,318,009
4. Commissions payable, contingent commissions and other similar charges	3,638,370	4,206,537
5. Other expenses (excluding taxes, licenses and fees)	3,375,466	4,997,764
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	1,168,473	1,388,102
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))	0	128,404
7.2 Net deferred tax liability	2,643,428	892,011
8. Borrowed money \$ 14,564,282 and interest thereon \$	14,564,282	0
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ and including warranty reserves of \$ and accrued accident and health experience rating refunds including \$ for medical loss ratio rebate per the Public Health Service Act)	58,907,607	56,084,771
10. Advance premium	1,241,326	828,951
11. Dividends declared and unpaid:		
11.1 Stockholders	0	0
11.2 Policyholders	0	0
12. Ceded reinsurance premiums payable (net of ceding commissions)	(294,724)	369,461
13. Funds held by company under reinsurance treaties	0	0
14. Amounts withheld or retained by company for account of others	1,468,306	1,134,009
15. Remittances and items not allocated	0	0
16. Provision for reinsurance (including \$ certified)	0	0
17. Net adjustments in assets and liabilities due to foreign exchange rates	0	0
18. Drafts outstanding	0	0
19. Payable to parent, subsidiaries and affiliates	0	0
20. Derivatives	0	0
21. Payable for securities	0	0
22. Payable for securities lending	0	0
23. Liability for amounts held under uninsured plans	0	0
24. Capital notes \$ and interest thereon \$	0	0
25. Aggregate write-ins for liabilities	0	45,000
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	141,097,364	120,465,932
27. Protected cell liabilities	0	0
28. Total liabilities (Lines 26 and 27)	141,097,364	120,465,932
29. Aggregate write-ins for special surplus funds	0	0
30. Common capital stock	0	0
31. Preferred capital stock	0	0
32. Aggregate write-ins for other than special surplus funds	0	0
33. Surplus notes	0	0
34. Gross paid in and contributed surplus	0	0
35. Unassigned funds (surplus)	189,960,677	179,124,363
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 30 \$ )	0	0
36.2 shares preferred (value included in Line 31 \$ )	0	0
37. Surplus as regards policyholders (Lines 29 to 35, less 36)	189,960,677	179,124,363
38. Totals (Page 2, Line 28, Col. 3)	331,058,041	299,590,295
DETAILS OF WRITE-INS		
2501. Other Liabilities	0	45,000
2502.	0	0
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	0	45,000
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	0
3203.	0	0
3298. Summary of remaining write-ins for Line 32 from overflow page	0	0
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)	0	0

STATEMENT OF INCOME

	1	2	3
	Current Year	Prior Year	Prior Year Ended
	to Date	to Date	December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct (written \$ 66,484,919 )	65,072,672	66,583,703	88,502,686
1.2 Assumed (written \$ 106,881,831 )	103,027,697	98,353,323	132,085,831
1.3 Ceded (written \$ 80,206,719 )	77,763,170	76,261,152	102,015,145
1.4 Net (written \$ 93,160,031 )	90,337,199	88,675,874	118,573,372
DEDUCTIONS:			
2. Losses incurred (current accident year \$ )::			
2.1 Direct	39,864,844	25,539,183	33,472,174
2.2 Assumed	61,658,343	54,872,946	77,868,132
2.3 Ceded	46,206,728	36,212,206	50,222,226
2.4 Net	55,316,459	44,199,923	61,118,080
3. Loss adjustment expenses incurred	8,003,251	8,473,723	11,714,839
4. Other underwriting expenses incurred	29,745,572	29,565,698	39,574,303
5. Aggregate write-ins for underwriting deductions	0	0	0
6. Total underwriting deductions (Lines 2 through 5)	93,065,282	82,239,345	112,407,221
7. Net income of protected cells	0	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	(2,728,083)	6,436,529	6,166,151
INVESTMENT INCOME			
9. Net investment income earned	3,838,402	3,526,853	5,297,630
10. Net realized capital gains (losses) less capital gains tax of \$ 400,381	1,506,197	1,707,990	2,612,487
11. Net investment gain (loss) (Lines 9 + 10)	5,344,599	5,234,842	7,910,117
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$ 87,598 )	(87,598)	(94,047)	(119,462)
13. Finance and service charges not included in premiums	1,268,073	1,201,576	1,612,239
14. Aggregate write-ins for miscellaneous income	3,131	(101)	4,999
15. Total other income (Lines 12 through 14)	1,183,606	1,107,428	1,497,776
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	3,800,122	12,778,799	15,574,044
17. Dividends to policyholders	0	0	0
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	3,800,122	12,778,799	15,574,044
19. Federal and foreign income taxes incurred	113,391	2,128,112	2,701,575
20. Net income (Line 18 minus Line 19)(to Line 22)	3,686,731	10,650,687	12,872,469
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	179,124,363	176,842,404	176,842,404
22. Net income (from Line 20)	3,686,731	10,650,687	12,872,469
23. Net transfers (to) from Protected Cell accounts	0	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 1,886,707	7,097,611	11,557	(11,168,393)
25. Change in net unrealized foreign exchange capital gain (loss)	0	0	0
26. Change in net deferred income tax	135,289	88,898	431,472
27. Change in nonadmitted assets	(83,316)	65,146	146,412
28. Change in provision for reinsurance	0	0	0
29. Change in surplus notes	0	0	0
30. Surplus (contributed to) withdrawn from protected cells	0	0	0
31. Cumulative effect of changes in accounting principles	0	0	0
32. Capital changes:			
32.1 Paid in	0	0	0
32.2 Transferred from surplus (Stock Dividend)	0	0	0
32.3 Transferred to surplus	0	0	0
33. Surplus adjustments:			
33.1 Paid in	0	0	0
33.2 Transferred to capital (Stock Dividend)	0	0	0
33.3 Transferred from capital	0	0	0
34. Net remittances from or (to) Home Office	0	0	0
35. Dividends to stockholders	0	0	0
36. Change in treasury stock	0	0	0
37. Aggregate write-ins for gains and losses in surplus	0	0	0
38. Change in surplus as regards policyholders (Lines 22 through 37)	10,836,314	10,816,288	2,281,959
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	189,960,677	187,658,691	179,124,363
DETAILS OF WRITE-INS			
0501.	0	0	0
0502.			
0503.			
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0
1401. Other Income	1,422	1,851	6,951
1402. Gain/(Loss) sale of Equipment	1,709	(1,953)	(1,952)
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)	3,131	(101)	4,999
3701.	0	0	0
3702.	0	0	0
3703.	0	0	0
3798. Summary of remaining write-ins for Line 37 from overflow page	0	0	0
3799. TOTALS (Lines 3701 through 3703 plus 3798) (Line 37 above)	0	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>Cash from Operations</b>			
1. Premiums collected net of reinsurance.....	91,756,578	91,184,090	120,306,840
2. Net investment income .....	4,625,978	4,535,439	6,584,902
3. Miscellaneous income .....	1,183,606	1,107,428	1,497,776
4. Total (Lines 1 to 3) .....	97,566,163	96,826,957	128,389,518
5. Benefit and loss related payments .....	51,102,251	47,594,474	64,392,894
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	0	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions .....	40,189,488	38,751,036	49,768,090
8. Dividends paid to policyholders .....	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ ..... tax on capital gains (losses).....	1,450,000	2,275,000	3,275,000
10. Total (Lines 5 through 9) .....	92,741,738	88,620,511	117,435,984
11. Net cash from operations (Line 4 minus Line 10) .....	4,824,425	8,206,445	10,953,534
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds .....	15,003,747	12,399,318	15,272,882
12.2 Stocks .....	2,597,481	3,678,692	10,098,689
12.3 Mortgage loans .....	0	0	0
12.4 Real estate .....	2,809,376	0	0
12.5 Other invested assets .....	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....	0	0	0
12.7 Miscellaneous proceeds .....	38	0	1,236,644
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	20,410,642	16,078,011	26,608,215
13. Cost of investments acquired (long-term only):			
13.1 Bonds .....	24,873,005	18,190,763	21,342,019
13.2 Stocks .....	531,144	541,187	6,315,514
13.3 Mortgage loans .....	0	0	0
13.4 Real estate .....	5,898,666	0	1,869,882
13.5 Other invested assets .....	0	0	3,025,000
13.6 Miscellaneous applications .....	0	0	1,236,716
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	31,302,815	18,731,950	33,789,130
14. Net increase (or decrease) in contract loans and premium notes .....	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) .....	(10,892,174)	(2,653,940)	(7,180,916)
<b>Cash from Financing and Miscellaneous Sources</b>			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes .....	0	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0	0
16.3 Borrowed funds .....	14,564,282	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....	0	0	0
16.5 Dividends to stockholders .....	0	0	0
16.6 Other cash provided (applied).....	260,758	392,169	403,037
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6).....	14,825,040	392,169	403,037
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	8,757,291	5,944,675	4,175,655
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	44,475,044	40,299,389	40,299,389
19.2 End of period (Line 18 plus Line 19.1) .....	53,232,335	46,244,064	44,475,044

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

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

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

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

	State of Domicile	2019	2018
<u>NET INCOME</u>			
(1) LRMIC state basis (Page 4, Line 20, Columns 1 & 2)	Ohio	\$ 3,686,731	\$ 12,872,469
(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>\$ 3,686,731</u>	<u>\$ 12,872,469</u>
<u>SURPLUS</u>			
(5) LRMIC state basis (Page 3, Line 37, Columns 1 & 2)	Ohio	\$ 189,960,677	\$ 179,124,363
(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>\$ 189,960,677</u>	<u>\$ 179,124,363</u>

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

No significant changes.

C. Accounting Policy

No significant changes.

D. Going Concern

Not applicable.

2. Accounting Changes and Corrections of Errors

Not applicable.

3. Business Combinations and Goodwill

A. Statutory Purchase Method

Not applicable.

B. Statutory Merger

Not applicable.

C. Impairment Loss

Not applicable.

4. Discontinued Operations

Not applicable.

5. Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

Not applicable.

B. Debt Restructuring

Not applicable.

C. Reverse Mortgages

Not applicable.

NOTES TO FINANCIAL STATEMENTS

D. Loan—Backed Securities

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

a. The aggregate amount of unrealized losses:

1. Less than 12 months	\$ (17,250)
2. 12 months or Longer	\$ (14,815)

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

1. Less than 12 months	\$ 3,335,998
2. 12 months or longer	\$ 783,680

- 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.

NOTES TO FINANCIAL STATEMENTS

L. Restricted Assets

1. Restricted assets (including pledged) summarized by restricted asset category:

	Amount (\$)									Percentage (%)	
Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted										
	Current Year							Current Year			
	1	2	3	4	5	6	7	8	9	10	11
	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase/ (Decrease) (5 minus 6)	Total Nonadmitted Restricted	Total Admitted Restricted (5 minus 8)	Gross (Admitted & Nonadmitted) Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
a. Subject to contractual obligation for which liability is not shown											
b. Collateral held under security lending agreements											
c. Subject to repurchase agreements											
d. Subject to reverse repurchase agreements											
e. Subject to dollar repurchase agreements											
f. Subject to dollar reverse repurchase agreements											
g. Placed under option contracts											
h. Letter stock or securities restricted as to sale – excluding FHLB capital stock											
i. FHLB capital stock	\$ 779,400				\$ 779,400	\$ 364,000	\$ 415,400		\$ 779,400	0.23%	0.24%
j. On deposit with states	1,685,580				1,685,580	1,633,818	51,762		1,685,580	0.52%	0.52%
k. On deposit with other regulatory bodies											
l. Pledged as collateral to FHLB (including assets backing funding agreements)	15,966,759				15,966,759	0	15,966,759		15,966,759	4.79%	4.82%
m. Pledged as collateral not captured in other categories											
n. Other restricted assets											
o. Total Restricted Assets	\$ 18,431,739				\$ 18,431,739	\$ 1,997,818	\$ 16,433,921		18,431,739	5.53%	5.57%

(a) Subset of column 1  
(b) Subset of column 3

2. None.  
3. None.  
4. None.



NOTES TO FINANCIAL STATEMENTS

M. Working Capital Finance Investments

Not applicable.

N. Offsetting and Netting of Assets and Liabilities

Not applicable.

O. Structured Notes

CUSIP Identification	Actual Cost	Fair Value	Book/Adjusted Carrying Value	Mortgage-Refinanced Security (YES/NO)
912810-FR-4	\$1,006,332	\$1,362,771	\$1,222,384	NO
912828-V4-9	1,094,655	1,180,347	1,164,132	NO
912828-3R-9	595,684	637,906	620,445	NO
912828-S5-0	1,204,745	1,280,571	1,283,805	NO
912828-UH-1	479,490	550,969	547,451	NO
912828-N7-1	1,082,123	1,161,882	1,143,404	NO
912828-4X-5	595,406	626,719	596,316	NO
912828-WU-0	613,206	647,680	630,169	NO
912828-6C-9	1,002,813	1,020,156	1,002,308	NO
Total:	\$7,674,454	\$8,469,001	\$8,210,414	

P. 5\* Securities

Not applicable.

Q. Short Sales

Not applicable.

R. Prepayment Penalty and Accelerated Fees

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

6. Joint Ventures, Partnerships and Limited Liability Companies

No significant changes.

7. Investment Income

No significant changes.

8. Derivative Instruments

No significant changes.

9. Income Taxes

A. The components of the net deferred tax asset/(liability) at September 30, 2019 and December 31, 2018 are as follows:

1.

	09/30/2019		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
(a) Gross Deferred Tax Assets	\$ 4,680,071	\$ 663,471	\$ 5,343,542
(b) Statutory Valuation Allowance Adjustments	—	—	—
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	4,680,071	663,471	5,343,542
(d) Deferred Tax Assets Nonadmitted	—	—	—
(e) Subtotal Net Deferred Tax Asset (1c – 1d)	4,680,071	663,471	5,343,542
(f) Deferred Tax Liabilities	(452,863)	(7,534,107)	(7,986,970)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	<u>\$ 4,227,208</u>	<u>\$ (6,870,636)</u>	<u>\$ (2,643,428)</u>

NOTES TO FINANCIAL STATEMENTS

	12/31/2018		
	(4)	(5)	(6)
	Ordinary	Capital	(Col 3+4) 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)	<u>\$ 3,935,827</u>	<u>\$ (4,827,838)</u>	<u>\$ (892,011)</u>
	Change		
	(7)	(8)	(9)
	(Col 1—4) Ordinary	(Col 2—5) Capital	(Co 7+8) Total
(a) Gross Deferred Tax Assets	\$ 240,050	\$ (289,726)	\$ (49,676)
(b) Statutory Valuation Allowance Adjustments	—	—	—
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	240,050	(289,726)	(49,676)
(d) Deferred Tax Assets Nonadmitted	—	—	—
(e) Subtotal Net Deferred Tax Asset (1c – 1d)	240,050	(289,726)	(49,676)
(f) Deferred Tax Liabilities	51,331	(1,753,072)	(1,701,741)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	<u>\$ 291,381</u>	<u>\$ (2,042,798)</u>	<u>\$ (1,751,417)</u>

2. Admission Calculation Components SSAP No. 101

	09/30/2019		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ 1,150,592	\$ —	\$ 1,150,592
(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)	2,389,225	420,482	2,809,707
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	2,389,225	420,482	2,809,707
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	28,494,102
(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>1,140,254</u>	<u>242,989</u>	<u>1,383,243</u>
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))	<u>\$ 4,680,071</u>	<u>\$ 663,471</u>	<u>\$ 5,343,542</u>
	12/31/2018		
	(4)	(5)	(6)
	Ordinary	Capital	(Col 4+5) 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

		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.	\$ (2,562,410)	\$ —	\$ (2,562,410)
(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)	2,730,983	—	2,730,983
1.	Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	2,730,983	—	2,730,983
2.	Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	1,625,448
(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.	71,477	(289,726)	(218,249)
(d)	Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))	\$ 240,050	\$ (289,726)	\$ (49,676)
3.				
		2019	2018	
(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.	\$ 189,960,677	\$ 179,124,363	
4.	Impact of Tax—Planning Strategies			
		09/30/2019		
		(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)	\$ 4,680,071	\$ 663,471	
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)	\$ 4,680,071	\$ 663,471	
4.	Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies	0%	0%	
		12/31/2018		
		(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)	\$ 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%	
		Change		
		(5)	(6)	
		(Col 1-3) Ordinary	(Col 2-4) Capital	
(a)	Determination Of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets, By Tax Character As A Percentage.			
1.	Adjusted Gross DTAs Amount From Note 9A1(c)	\$ 240,050	\$ (289,726)	
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)	\$ 240,050	\$ (289,726)	
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	X

NOTES TO FINANCIAL STATEMENTS

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

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

	(1)	(2)	(3)
	09/30/2019	12/31/2018	(Col 1-2) Change
1. Current Income Tax			
(a) Federal	\$ 113,391	\$ 2,701,575	\$ (2,588,184)
(b) Foreign	\$ —	\$ —	\$ —
(c) Subtotal	\$ 113,391	\$ 2,701,575	\$ (2,588,184)
(d) Federal income tax on net capital gains	\$ 400,381	\$ 694,459	\$ (294,078)
(e) Utilization of operating loss carry—forwards	\$ —	\$ —	\$ —
(f) Other	\$ —	\$ —	\$ —
(g) Federal and foreign income taxes incurred	<u>\$ 513,772</u>	<u>\$ 3,396,034</u>	<u>\$ (2,882,262)</u>
2. Deferred Tax Assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	\$ 595,387	\$ 595,387	\$ —
(2) Unearned premium reserve	\$ 2,474,119	\$ 2,355,561	\$ 118,558
(3) Policyholder reserves	\$ —	\$ —	\$ —
(4) Investments	\$ —	\$ —	\$ —
(5) Deferred acquisition costs	\$ —	\$ —	\$ —
(6) Policyholder dividends accrual	\$ —	\$ —	\$ —
(7) Fixed assets	\$ 110,693	\$ 102,561	\$ 8,132
(8) Compensation and benefits accrual	\$ 389,409	\$ 353,046	\$ 36,363
(9) Pension accrual	\$ 33,583	\$ 33,583	\$ —
(10) Receivables – nonadmitted	\$ 9,409	\$ 9,640	\$ (231)
(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	\$ 836,903	\$ —
(15) Software capitalized	\$ 149,800	\$ 118,086	\$ 31,714
(16) Other	\$ 80,768	\$ 35,254	\$ 45,514
(99) Subtotal	\$ 4,680,071	\$ 4,440,021	\$ 240,050
(b) Statutory valuation allowance adjustment	\$ —	\$ —	\$ —
(c) Nonadmitted	\$ —	\$ —	\$ —
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	<u>\$ 4,680,071</u>	<u>\$ 4,440,021</u>	<u>\$ 240,050</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	\$ 663,471	\$ 953,197	\$ (289,726)
(6) Other	\$ —	\$ —	\$ —
(99) Subtotal	\$ 663,471	\$ 953,197	\$ (289,726)
(f) Statutory valuation allowance adjustment	\$ —	\$ —	\$ —
(g) Nonadmitted	\$ —	\$ —	\$ —
(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	<u>\$ 663,471</u>	<u>\$ 953,197</u>	<u>\$ (289,726)</u>
(i) Admitted deferred tax assets (2d + 2h)	<u>\$ 5,343,542</u>	<u>\$ 5,393,218</u>	<u>\$ (49,676)</u>
3. Deferred Tax Liabilities:			
(a) Ordinary:			
(1) Investments	\$ (132,654)	\$ (148,280)	\$ 15,626
(2) Fixed assets	\$ —	\$ (54,185)	\$ 54,185
(3) Deferred and uncollected premium	\$ —	\$ —	\$ —
(4) Policyholder reserves	\$ —	\$ —	\$ —
(5) Accumulated amortization software	\$ (82,314)	\$ (63,834)	\$ (18,480)
(6) Discounting of unpaid losses	\$ (237,895)	\$ (237,895)	\$ —
(7) Other (including items <5% of total ordinary tax liabilities):			
(8) Other	\$ —	\$ —	\$ —
(99) Subtotal	\$ (452,863)	\$ (504,194)	\$ 51,331
(b) Capital:			
(1) Investments	\$ —	\$ —	\$ —
(2) Real estate	\$ —	\$ —	\$ —
(3) Other (including items <5% of total capital tax liabilities):			
(4) Unrealized capital gains	\$ (7,534,107)	\$ (5,781,035)	\$ (1,753,072)
(99) Subtotal	<u>\$ (7,534,107)</u>	<u>\$ (5,781,035)</u>	<u>\$ (1,753,072)</u>
(c) Deferred tax liabilities (3a99 + 3b99)	<u>\$ (7,986,970)</u>	<u>\$ (6,285,229)</u>	<u>\$ (1,701,741)</u>
4. Net deferred tax assets/liabilities (2i – 3c)	<u>\$ (2,643,428)</u>	<u>\$ (892,011)</u>	<u>\$ (1,751,417)</u>

NOTES TO FINANCIAL STATEMENTS

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

	<u>09/30/2019</u>	<u>Effective Tax Rate</u>
Provision computed at statutory rate	\$ 882,106	21.0%
Tax exempt interest	(143,714)	(3.4%)
Dividends received deduction	(85,465)	(2.0%)
Change in deferred tax on nonadmitted assets	(7,900)	(0.2%)
Other	(132,910)	(3.2%)
Total	<u>\$ 512,117</u>	<u>12.2%</u>
Federal and foreign income taxes incurred	\$ 113,391	2.7%
Tax on capital gains (losses)	400,381	9.5%
Change in net deferred income taxes	(1,655)	0.0%
Total statutory income taxes	<u>\$ 512,117</u>	<u>12.2%</u>

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

(1) As of September 30, 2019, the Company had no net operating loss or net capital loss carry—forwards available for tax purposes.

As of September 30, 2019, the Company had no alternative minimum tax (AMT) credit carry—forwards.

(2) As September 30, 2019, the Company had federal income taxes incurred available for recoupment in the event of future net losses of \$2,123,909.

(3) The Company has no deposits reported as admitted assets under IRC §6603 as of September 30, 2019.

F. The Company files an individual federal income tax return.

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

- A. Not applicable.
- B. Not applicable.
- C. Not applicable.
- D. At September 30, 2019, there were no intercompany balances due to and/or due from its Subsidiaries and Affiliates. The intercompany balances due from and/or due to its Subsidiaries and Affiliates are reimbursed quarterly on an as made basis.
- E. Not applicable.
- F. No significant changes.
- G. No significant changes.
- H. Not applicable.
- I. Not applicable.
- J. Not applicable.
- K. No significant changes.
- L. No significant changes.
- M. No significant changes.
- N. No significant changes.

NOTES TO FINANCIAL STATEMENTS

11. Debt

- A. Apart from the item Note 11B immediately below, the Company did not have any outstanding debentures at September 30, 2019 nor December 31, 2018.
- B. FHLB (Federal Home Loan Bank) Agreements

1. The Company is a member of the Federal Home Loan Bank (FHLB) of Cincinnati. In April 2019, through its membership, the Company borrowed funds in the form of three, 10-year fixed term, fixed rate advances at 2.83%, 2.60% and 2.60%. The three advances were \$12.0 million, \$2.0 million, and \$1.0 million, respectively, for a total of \$15.0 million to be used for construction of an addition to the Company's home office. The Company has determined the estimated maximum borrowing capacity as \$11,943,419. 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.

2. FHLB Capital Stock

a. Aggregate Totals

1. Current Year

	(1)	(2)	(3)
	Total 2 + 3	General Account	Separate Accounts
a. Membership Stock – Class A	\$ —	\$ —	\$ —
b. Membership Stock – Class B	\$ 479,344	\$ 479,344	\$ —
c. Activity Stock	\$ 300,056	\$ 300,056	\$ —
d. Excess Stock	\$ —	\$ —	\$ —
e. Aggregate Total	<u>\$ 779,400</u>	<u>\$ 779,400</u>	<u>\$ —</u>
f. Actual or Estimated Borrowing Capacity as Determined by the Insurer	<u>\$ 11,943,419</u>	<u>\$ XXX</u>	<u>\$ XXX</u>

2. Prior Year-End

	(1)	(2)	(3)
	Total 2 + 3	General Account	Separate Accounts
g. Membership Stock – Class A	\$ —	\$ —	\$ —
h. Membership Stock – Class B	\$ 364,000	\$ 364,000	\$ —
i. Activity Stock	\$ —	\$ —	\$ —
j. Excess Stock	\$ —	\$ —	\$ —
k. Aggregate Total (a+b+c+d)	<u>\$ 364,000</u>	<u>\$ 364,000</u>	<u>\$ —</u>
l. Actual or Estimated Borrowing Capacity as Determined by the Insurer	<u>\$ 19,109,237</u>	<u>\$ XXX</u>	<u>\$ XXX</u>

3. Membership Stock Eligible for Redemption

Membership Stock	Current Year Total	Not Eligible For Redemption	Less Than Six Months	Six Months to Less Than a Year	1 to Less Than 3 Years	3 to 5 Years
1. Class A	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
2. Class B	\$ 479,344	\$ 479,344	\$ —	\$ —	\$ —	\$ —

3. Collateral Pledged to the FHLB

c. Amount Pledged as of Reporting Date

	Fair Value	Carrying Value	Aggregate Total Borrowing
1. Current year total general account collateral pledged	\$16,276,238	\$15,966,759	\$ 15,000,000
2. Current year protected cell account collateral pledged	—	—	—
3. Current year total general and protected cell accounts collateral pledged	16,276,238	15,966,759	15,000,000
4. Prior year total general and protected cell accounts collateral pledged	—	—	—

NOTES TO FINANCIAL STATEMENTS

d. Maximum Amount Pledged During Reporting Period

	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Amount Borrowed at Time of Maximum Collateral</u>
1. Current year total general account maximum collateral pledged	\$16,945,336	\$16,727,008	\$ 15,000,000
2. Current year protected cell account maximum collateral pledged	—	—	—
3. Current year total general and protected cell accounts maximum collateral pledged	16,945,336	16,727,008	15,000,000
4. Prior year total general and protected cell accounts maximum collateral pledged	—	—	—

4. Borrowing from FHLB

a. Amount as of the Reporting Date

	1. Current Year				2. Prior Year	
	<u>Total</u>	<u>General Account</u>	<u>Protected Cell Account</u>	<u>Total</u>	<u>General Account</u>	<u>Protected Cell Account</u>
a. Debt	\$14,564,282	\$14,564,282	\$ —	\$ —	\$ —	\$ —
b. Funding Agreements	—	—	—	—	—	—
c. Other	—	—	—	—	—	—
d. Total (a+b+c)	14,564,282	14,564,282	—	—	—	—

b. Maximum Amount during the Reporting Period (Current Year)

	<u>Total</u>	<u>General Account</u>	<u>Protected Cell Account</u>
a. Debt	\$ 15,000,000	\$ 15,000,000	\$ —
b. Funding Agreements	—	—	—
c. Other	—	—	—
d. Total (a+b+c)	15,000,000	15,000,000	—

c. The Company has no prepayment obligations under its debt arrangement.

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

A. Defined Benefit Plans

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

The Company also has a non-qualified voluntary deferred compensation plan for senior executive officers. The plan allows for deferral of payouts from the Annual Cash Bonus Plan and Performance Share Plan for Key Executives. As of September 30, 2019 and December 31, 2018, amounts held for these deferrals were \$1.3 million and \$1.0 million, respectively.

B. Investment Policies and Strategies

Not applicable.

C. Fair Value of Plan Assets

Not applicable.

D. Basis of Rates of Returns on Assets

Not applicable.

E. Defined Contribution Plans

No significant changes.

F. Multiemployer Plans

Not applicable.

G. Consolidated/Holding Company Plans

Not applicable.

H. Postemployment Benefits and Compensated Absences

Not applicable.

NOTES TO FINANCIAL STATEMENTS

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 \$35.9 million and \$27.5 million at September 30, 2019 and December 31, 2018, respectively.
- (11) Not applicable.
- (12) Not applicable.
- (13) Not applicable.

14. Liabilities, Contingencies and Assessments

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

15. Leases

No significant changes.

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

Not applicable.

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

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



NOTES TO FINANCIAL STATEMENTS

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.

(1) Fair Value Measurements at September 30, 2019:

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	\$ 4,920,320	\$ --	\$ --	\$ --	\$ 4,920,320
Total Cash Equivalents	4,920,320	--	--	--	4,920,320
Common Stock:					
Mutual Funds	29,536,365	--	--	--	29,536,365
Industrial and Misc	46,567,470	779,400	255,791	--	47,602,661
Total Common Stocks	76,103,835	779,400	255,791	--	77,139,026
Bonds:					
Industrial and Misc	--	583,697	--	--	583,697
Total Bonds	--	583,697	--	--	583,697
Other Invested Assets	6,172,827	12,846,931	--	--	19,019,758
Total assets at fair value/NAV	\$ 87,196,982	\$ 14,210,028	\$ 255,791	\$ --	\$ 101,662,801
b. Liabilities at fair value:					
Not applicable.					

NOTES TO FINANCIAL STATEMENTS

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.					

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

	Beginning Balance at 06/30/2019	Transfers In/(out) Level 3	Total Gains/(Losses) Included in Net Income	Total Gains/(Losses) Included in Surplus	Purchases (Sales)	Ending Balance at 09/30/2019
a. Assets:						
Common Stock:						
Industrial and Misc	\$ 255,791	\$ --	\$ --	\$ --	\$ --	\$ 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 September 30, 2019, the reported fair value of the entity's investments categorized within Level 3 of the fair value hierarchy is as follows:

**Common Stocks** – The Company holds an investment in NAMIC common stock.

- B. Not applicable.
- 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	\$160,152,422	\$154,715,505	\$10,192,666	\$149,959,756	\$ --	\$ --	\$ --
Common Stock	77,139,026	77,139,026	76,103,835	779,400	255,791	--	--
Other Invested Assets	19,109,758	19,109,758	6,172,827	12,846,931	--	--	--
Cash Equivalents	4,920,320	4,920,320	4,920,320	--	--	--	--

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

21. Other Items

- A. Unusual or Infrequent Items
- Not applicable.
- B. Troubled Debt Restructuring: Debtors
- Not applicable.
- C. Other Disclosures
- Not applicable.
- D. Business Interruption Insurance Recoveries
- Not applicable.

## NOTES TO FINANCIAL STATEMENTS

E. State Transferable and Non—Transferrable Tax Credits

Not applicable.

F. Subprime Mortgage Related Risk Exposure

Not applicable.

### 22. Events Subsequent

Type I – Recognized Subsequent Events:

Subsequent events have been considered through November 15, 2019 for the statutory statement issued on November 15, 2019 for the quarter ending September 30, 2019. No Type I events were identified that would have a material effect on the financial condition of the Company.

Type II – Non-recognized Subsequent Events:

Subsequent events have been considered through November 15, 2019 for the statutory statement issued on November 15, 2019 for the quarter ending September 30, 2019. No Type II events were identified that would have a material effect on the financial condition of the Company.

### 23. Reinsurance

A. Unsecured Reinsurance Recoverables

Not applicable.

B. Reinsurance Recoverable in Dispute

Not applicable.

C. Reinsurance Assumed and Ceded

No significant changes.

D. Uncollectible Reinsurance

No significant changes.

E. Commutation of Ceded Reinsurance

Not applicable.

F. Retroactive Reinsurance

Not applicable.

G. Reinsurance Accounted for as a Deposit

Not applicable.

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, 2018 were \$50.4 million. During 2019, \$17.7 million has been paid for incurred losses and loss adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$29.8 million as a result of re-estimation of unpaid claims and claim adjusting expenses. Therefore, there has been a \$2.9 million favorable prior year development from December 31, 2018 to September 30, 2019. Favorable development in auto physical damage, commercial multi-peril, homeowner, and farmowner 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

No significant changes.

NOTES TO FINANCIAL STATEMENTS

27. Structured Settlements

Not applicable.

28. Health Care Receivables

Not applicable.

29. Participating Policies

Not applicable.

30. Premium Deficiency Reserves

No significant changes.

31. High Deductibles

Not applicable.

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

No significant changes.

33. Asbestos/Environmental Reserves

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
(1) Direct –					
1) Beginning reserves:	\$ 45	\$ 45	\$ 45	\$ 40	\$ 38
2) Incurred losses and loss adjustment expense:	—	5	6	2	1
3) Calendar year payments for losses and loss adjustment expenses:	<u>—</u>	<u>5</u>	<u>11</u>	<u>4</u>	<u>1</u>
4) Ending reserves:	<u>\$ 45</u>	<u>\$ 45</u>	<u>\$ 40</u>	<u>\$ 38</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:	\$ —	\$ —	\$ —	\$ —	\$ —
2) Incurred losses and loss adjustment expense:	—	—	—	—	—
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.

NOTES TO FINANCIAL STATEMENTS

- E. State the amount of ending reserves for Bulk + IBNR included in D (Loss and LAE):
- |                                     |    |   |
|-------------------------------------|----|---|
| (1) Direct Basis:                   | \$ | — |
| (2) Assumed Reinsurance Basis:      | \$ | — |
| (3) Net of Ceded Reinsurance Basis: | \$ | — |
- F. State the amount of ending reserves for loss adjustment expenses included in D (Case, Bulk + IBNR):
- |                                     |    |   |
|-------------------------------------|----|---|
| (1) Direct Basis:                   | \$ | — |
| (2) Assumed Reinsurance Basis:      | \$ | — |
| (3) Net of Ceded Reinsurance Basis: | \$ | — |

34. Subscriber Savings Accounts

Not applicable.

35. Multiple Peril Crop Insurance

Not applicable.

36. Financial Guaranty Insurance

Not applicable.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES  
GENERAL

- 1.1

Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes ☐ No ☒
- 1.2

If yes, has the report been filed with the domiciliary state?

Yes ☐ No ☐
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ☐ No ☒
- 2.2

If yes, date of change:
- 3.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes ☒ No ☐

If yes, complete Schedule Y, Parts 1 and 1A.
- 3.2

Have there been any substantial changes in the organizational chart since the prior quarter end?

Yes ☐ No ☒
- 3.3

If the response to 3.2 is yes, provide a brief description of those changes.
- 3.4

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

Yes ☐ No ☒
- 3.5

If the response to 3.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group.
- 4.1

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

Yes ☐ No ☒

If yes, complete and file the merger history data file with the NAIC for the annual filing corresponding to this period.
- 4.2

If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

5.

If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?

Yes ☐ No ☐ NA ☒

If yes, attach an explanation.
- 6.1

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

12/31/2016
- 6.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2016
- 6.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

10/25/2017
- 6.4

By what department or departments?

Ohio
- 6.5

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

Yes ☐ No ☐ NA ☒
- 6.6

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

Yes ☒ No ☐ NA ☐
- 7.1

Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes ☐ No ☒
- 7.2

If yes, give full information:
- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes ☐ No ☒
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes ☐ No ☒
- 8.4

If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

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

GENERAL INTERROGATORIES

9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? ..... 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.

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

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

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

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

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

FINANCIAL

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

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

INVESTMENT

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

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

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

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

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? ..... Yes [X] No [ ]

14.2 If yes, please complete the following:

	1	2
	Prior Year-End Book/Adjusted Carrying Value	Current Quarter Book/Adjusted Carrying Value
14.21 Bonds .....	\$ .....0	\$ .....
14.22 Preferred Stock .....	\$ .....0	\$ .....
14.23 Common Stock .....	\$ .....349,502	\$ .....395,198
14.24 Short-Term Investments .....	\$ .....0	\$ .....
14.25 Mortgage Loans on Real Estate .....	\$ .....	\$ .....
14.26 All Other .....	\$ .....	\$ .....
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$ .....349,502	\$ .....395,198
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above .....	\$ .....	\$ .....

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? ..... Yes [ ] No [X]

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

If no, attach a description with this statement.

16 For the reporting entity's security lending program, state the amount of the following as of the current statement date:

16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	\$ .....0
16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	\$ .....0
16.3 Total payable for securities lending reported on the liability page	\$ .....0

GENERAL INTERROGATORIES

17. Excluding items in Schedule E – Part 3 – Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity’s offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*? .....

Yes [ ] No [X]

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

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

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

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

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? .....

Yes [ ] No [X]

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

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

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

1 Name of Firm or Individual	2 Affiliation
Michael Shutt.....	I.....
Adrian Besancon.....	I.....

17.5097 For those firms/individuals listed in the table for Question 17.5, do any firms/individuals unaffiliated with the reporting entity (i.e., designated with a “U”) manage more than 10% of the reporting entity’s assets? .....

Yes [ ] No [ X ]

17.5098 For firms/individuals unaffiliated with the reporting entity (i.e., designated with a “U”) listed in the table for Question 17.5, does the total assets under management aggregate to more than 50% of the reporting entity’s assets? .....

Yes [ ] No [ X ]

17.6 For those firms or individuals listed in the table for 17.5 with an affiliation code of “A” (affiliated) or “U” (unaffiliated), provide the information for the table below.

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed

18.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* been followed? .....

Yes [X] No [ ]

18.2 If no, list exceptions:

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

20. 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.  
The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as a NRSRO which is  
c. 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 [X]



GENERAL INTERROGATORIES  
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change? ..... Yes [ ] No [X] NA [ ]  
If yes, attach an explanation.

2. Has the reporting entity reinsured any risk with any other reporting entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured? ..... Yes [ ] No [X]  
If yes, attach an explanation.

3.1 Have any of the reporting entity's primary reinsurance contracts been canceled? ..... Yes [ ] No [X]

3.2 If yes, give full and complete information thereto.  
.....

4.1 Are any of the liabilities for unpaid losses and loss adjustment expenses other than certain workers' compensation tabular reserves (see *Annual Statement Instructions* pertaining to disclosure of discounting for definition of "tabular reserves,") discounted at a rate of interest greater than zero? ..... Yes [ ] No [X]

4.2 If yes, complete the following schedule:

			TOTAL DISCOUNT				DISCOUNT TAKEN DURING PERIOD			
1	2	3	4	5	6	7	8	9	10	11
Line of Business	Maximum Interest	Discount Rate	Unpaid Losses	Unpaid LAE	IBNR	TOTAL	Unpaid Losses	Unpaid LAE	IBNR	TOTAL
TOTAL			0	0	0	0	0	0	0	0

5. Operating Percentages:

5.1 A&H loss percent .....

0.0 %

5.2 A&H cost containment percent .....

0.0 %

5.3 A&H expense percent excluding cost containment expenses.....

0.0 %

6.1 Do you act as a custodian for health savings accounts?..... Yes [ ] No [X]

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

6.3 Do you act as an administrator for health savings accounts?..... Yes [ ] No [X]

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

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

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

**STATEMENT AS OF SEPTEMBER 30, 2019 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY**

## SCHEDULE F - CEDED REINSURANCE

Showing All New Reinsurers - Current Year to Date

[illegible]

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

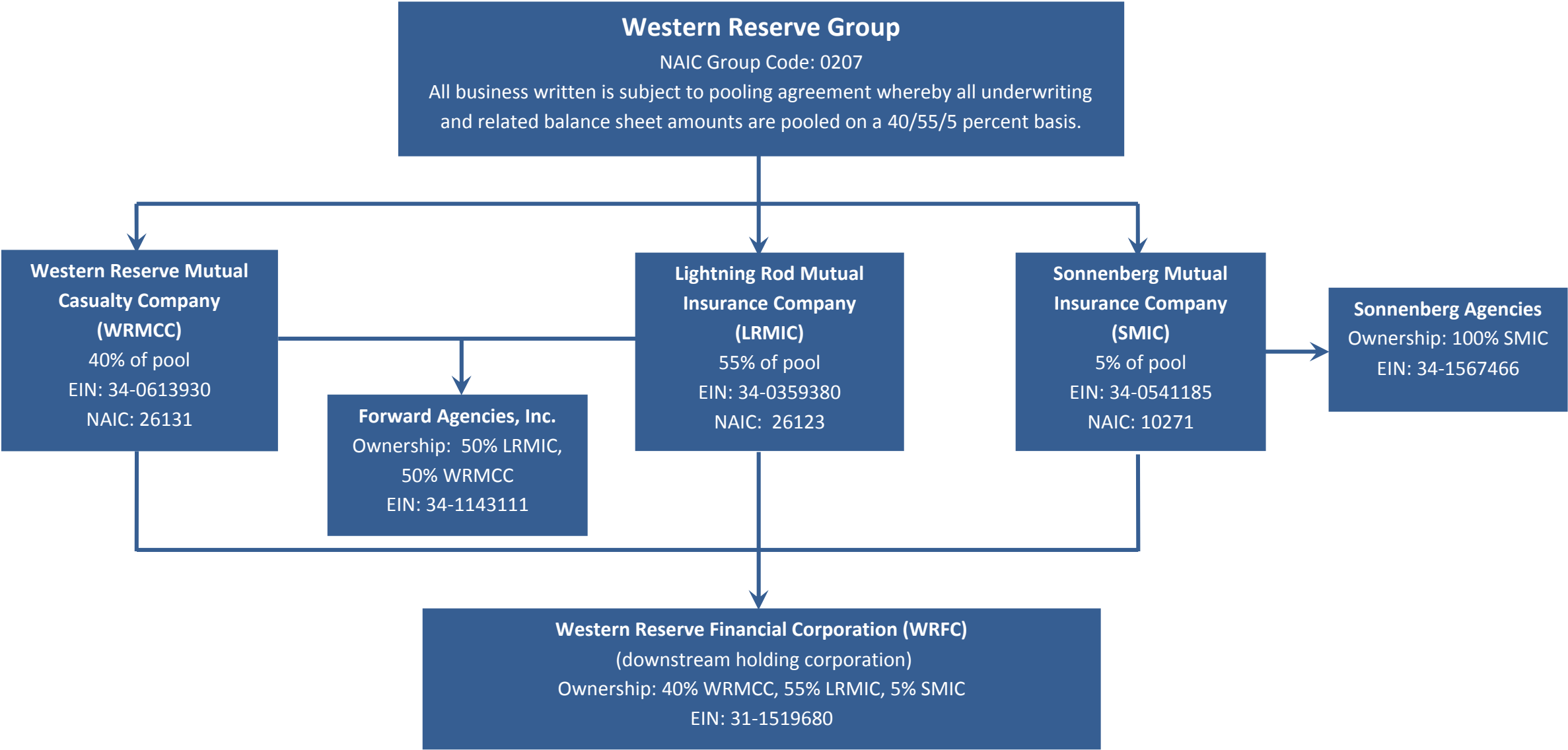
Current Year to Date – Allocated by States and Territories							
States, etc.	1 Active Status (a)	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2 Current Year To Date	3 Prior Year To Date	4 Current Year To Date	5 Prior Year To Date	6 Current Year To Date	7 Prior Year To Date
1. Alabama	AL	N	0		0		0
2. Alaska	AK	N	0		0		0
3. Arizona	AZ	N	0		0		0
4. Arkansas	AR	N	0		0		0
5. California	CA	N	0		0		0
6. Colorado	CO	N	0		0		0
7. Connecticut	CT	N	0		0		0
8. Delaware	DE	N	0		0		0
9. Dist. Columbia	DC	N	0		0		0
10. Florida	FL	N	0		0		0
11. Georgia	GA	N	0		0		0
12. Hawaii	HI	N	0		0		0
13. Idaho	ID	N	0		0		0
14. Illinois	IL	L	0		0		0
15. Indiana	IN	L	16,475,610	17,099,707	7,805,155	8,096,942	6,021,608
16. Iowa	IA	N	0		0		0
17. Kansas	KS	N	0		0		0
18. Kentucky	KY	N	0		0		0
19. Louisiana	LA	N	0		0		0
20. Maine	ME	N	0		0		0
21. Maryland	MD	N	0		0		0
22. Massachusetts	MA	N	0		0		0
23. Michigan	MI	N	0		0		0
24. Minnesota	MN	N	0		0		0
25. Mississippi	MS	N	0		0		0
26. Missouri	MO	N	0		0		0
27. Montana	MT	N	0		0		0
28. Nebraska	NE	N	0		0		0
29. Nevada	NV	N	0		0		0
30. New Hampshire	NH	N	0		0		0
31. New Jersey	NJ	N	0		0		0
32. New Mexico	NM	N	0		0		0
33. New York	NY	N	0		0		0
34. No. Carolina	NC	N	0		0		0
35. No. Dakota	ND	N	0		0		0
36. Ohio	OH	L	50,009,309	50,487,085	28,618,746	22,722,424	23,470,485
37. Oklahoma	OK	N	0		0		0
38. Oregon	OR	N	0		0		0
39. Pennsylvania	PA	N	0		0		0
40. Rhode Island	RI	N	0		0		0
41. So. Carolina	SC	N	0		0		0
42. So. Dakota	SD	N	0		0		0
43. Tennessee	TN	L	0		0		0
44. Texas	TX	N	0		0		0
45. Utah	UT	N	0		0		0
46. Vermont	VT	N	0		0		0
47. Virginia	VA	N	0		0		0
48. Washington	WA	N	0		0		0
49. West Virginia	WV	N	0		0		0
50. Wisconsin	WI	N	0		0		0
51. Wyoming	WY	N	0		0		0
52. American Samoa	AS	N	0		0		0
53. Guam	GU	N	0		0		0
54. Puerto Rico	PR	N	0		0		0
55. U.S. Virgin Islands	VI	N	0		0		0
56. Northern Mariana Islands	MP	N	0		0		0
57. Canada	CAN	N	0		0		0
58. Aggregate Other Alien	OT	XXX	0	0	0	0	0
59. Totals	XXX	66,484,919	67,586,792	36,423,901	30,819,366	29,492,093	28,641,061
DETAILS OF WRITE-INS							
58001.	XXX						
58002.	XXX						
58003.	XXX						
58998. Summary of remaining write-ins for Line 58 from overflow page.	XXX	0	0	0	0	0	0
58999. TOTALS (Lines 58001 through 58003 plus 58998) (Line 58 above)	XXX	0	0	0	0	0	0

(a) Active Status Counts

L – Licensed or Chartered – Licensed insurance carrier or domiciled RRG 4 R – Registered – Non-domiciled RRGs 0  
E – Eligible – Reporting entities eligible or approved to write surplus lines in the state (other than their state of domicile – See DSLI) 0 Q – Qualified – Qualified or accredited reinsurer 0  
D – Domestic Surplus Lines Insurer (DSLII) – Reporting entities authorized to write surplus lines in the state of domicile 0 N – None of the above – Not allowed to write business in the state 53

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

PART 1 – ORGANIZATIONAL CHART



**SCHEDULE Y**

**PART 1A – DETAIL OF INSURANCE HOLDING COMPANY SYSTEM**

Asterisk	Explanation

PART 1 - LOSS EXPERIENCE

Line of Business		Current Year to Date			4 Prior Year to Date Direct Loss Percentage
		1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1.	Fire	27,226	0	0.0	0.0
2.	Allied lines	18,568	13,044	70.2	(2.4)
3.	Farmowners multiple peril	15,825,737	8,209,372	51.9	20.5
4.	Homeowners multiple peril	19,464,583	12,517,809	64.3	39.5
5.	Commercial multiple peril	9,940,646	7,261,815	73.1	21.3
6.	Mortgage guaranty			0.0	0.0
8.	Ocean marine			0.0	0.0
9.	Inland marine	1,134,481	99,544	8.8	12.8
10.	Financial guaranty			0.0	0.0
11.1	Medical professional liability -occurrence			0.0	0.0
11.2	Medical professional liability -claims made			0.0	0.0
12.	Earthquake			0.0	0.0
13.	Group accident and health			0.0	0.0
14.	Credit accident and health			0.0	0.0
15.	Other accident and health			0.0	0.0
16.	Workers' compensation			0.0	0.0
17.1	Other liability occurrence	505,537	558,722	110.5	43.4
17.2	Other liability-claims made	111,471	0	0.0	0.0
17.3	Excess Workers' Compensation			0.0	0.0
18.1	Products liability-occurrence	25,181	0	0.0	319.1
18.2	Products liability-claims made			0.0	0.0
19.1,19.2	Private passenger auto liability	5,770,939	3,045,965	52.8	64.4
19.3,19.4	Commercial auto liability	4,622,550	3,741,446	80.9	83.0
21.	Auto physical damage	6,921,103	4,312,207	62.3	51.8
22.	Aircraft (all perils)			0.0	0.0
23.	Fidelity			0.0	0.0
24.	Surety			0.0	0.0
26.	Burglary and theft	42,337	0	0.0	0.0
27.	Boiler and machinery	662,313	104,920	15.8	47.4
28.	Credit			0.0	0.0
29.	International			0.0	0.0
30.	Warranty			0.0	0.0
31.	Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX	XXX
32.	Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX	XXX
33.	Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX
34.	Aggregate write-ins for other lines of business	0	0	0.0	0.0
35.	TOTALS	65,072,672	39,864,844	61.3	38.4
DETAILS OF WRITE-INS					
3401.				0.0	0.0
3402.				0.0	0.0
3403.				0.0	0.0
3498.	Sum. of remaining write-ins for Line 34 from overflow page	0	0	0.0	0.0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34)	0	0	0.0	0.0

PART 2 - DIRECT PREMIUMS WRITTEN

Line of Business		1 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
1.	Fire	4,986	55,939	12,098
2.	Allied lines	4,484	33,431	10,936
3.	Farmowners multiple peril	5,219,002	16,118,760	15,913,388
4.	Homeowners multiple peril	6,822,878	19,388,645	21,430,009
5.	Commercial multiple peril	2,872,917	10,106,750	9,782,209
6.	Mortgage guaranty	0		0
8.	Ocean marine	0		0
9.	Inland marine	323,795	1,208,678	1,095,304
10.	Financial guaranty	0		0
11.1	Medical professional liability-occurrence	0		0
11.2	Medical professional liability-claims made	0		0
12.	Earthquake	0		0
13.	Group accident and health	0		0
14.	Credit accident and health	0		0
15.	Other accident and health	0		0
16.	Workers' compensation	0		0
17.1	Other liability occurrence	161,932	540,746	504,907
17.2	Other liability-claims made	34,662	111,326	106,450
17.3	Excess Workers' Compensation	0		0
18.1	Products liability-occurrence	13,122	25,976	26,863
18.2	Products liability-claims made	0		0
19.1,19.2	Private passenger auto liability	2,090,162	5,971,797	6,363,382
19.3,19.4	Commercial auto liability	1,340,800	5,021,871	4,396,419
21.	Auto physical damage	2,348,907	7,157,432	7,231,050
22.	Aircraft (all perils)	0		0
23.	Fidelity	0		0
24.	Surety	0		0
26.	Burglary and theft	14,967	45,473	40,829
27.	Boiler and machinery	213,770	698,095	672,948
28.	Credit	0		0
29.	International	0		0
30.	Warranty	0		0
31.	Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX
32.	Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX
33.	Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX
34.	Aggregate write-ins for other lines of business	0	0	0
35.	TOTALS	21,466,384	66,484,919	67,586,792
DETAILS OF WRITE-INS				
3401.		0		0
3402.		0		0
3403.		0		0
3498.	Sum. of remaining write-ins for Line 34 from overflow page	0	0	0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34)	0	0	0

STATEMENT AS OF SEPTEMBER 30, 2019 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	2019 Loss and LAE Payments on Claims Reported as of Prior Year-End	2019 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2019 Loss and LAE Payments (Cols. 4 + 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year End	Q.S. Date IBNR Loss and LAE Reserves	Total Q.S. Loss and LAE Reserves (Cols.7 + 8 + 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 4 + 7 minus Col. 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 5 + 8 + 9 minus Col. 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings)/ Deficiency (Cols. 11 + 12)
1. 2016 + Prior .....	9,442	748	10,190	1,403	108	1,511	5,984	96	820	6,900	(2,055)	276	(1,779)
2. 2017 .....	12,302	1,007	13,309	4,197	403	4,600	6,511	124	767	7,402	(1,594)	287	(1,307)
3. Subtotals 2017 + prior .....	21,744	1,755	23,499	5,600	511	6,111	12,495	220	1,587	14,302	(3,649)	563	(3,086)
4. 2018.....	21,221	5,670	26,891	9,731	1,817	11,548	13,268	822	1,522	15,612	1,778	(1,509)	269
5. Subtotals 2018 + prior .....	42,965	7,425	50,390	15,331	2,328	17,659	25,763	1,042	3,109	29,914	(1,871)	(946)	(2,817)
6. 2019 .....	XXX	XXX	XXX	XXX	41,667	41,667	XXX	20,112	4,360	24,472	XXX	XXX	XXX
7. Totals .....	42,965	7,425	50,390	15,331	43,995	59,326	25,763	21,154	7,469	54,386	(1,871)	(946)	(2,817)
8. Prior Year-End Surplus As Regards Policy-holders	179,124										Col. 11, Line 7 As % of Col. 1, Line 7	Col. 12, Line 7 As % of Col. 2, Line 7	Col. 13, Line 7 As % of Col. 3, Line 7
											1. (4.4)	2. (12.7)	3. (5.6)
											Col. 13, Line 7 Line 8		
											4. (1.6)		

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

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

Explanation:

Bar Code:

1.

26123201949000003

2.

26123201945500003

3.

26123201936500003



**OVERFLOW PAGE FOR WRITE-INS**

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SCHEDULE A – VERIFICATION

Real Estate

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	4,679,258	4,283,643
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....	5,898,666	1,869,882
2.2 Additional investment made after acquisition .....		.0
3. Current year change in encumbrances .....		.0
4. Total gain (loss) on disposals .....		.0
5. Deduct amounts received on disposals .....	2,809,376	.0
6. Total foreign exchange change in book/adjusted carrying value .....		.0
7. Deduct current year's other-than-temporary impairment recognized .....		1,236,716
8. Deduct current year's depreciation .....		237,551
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8) .....	7,768,548	4,679,258
10. Deduct total nonadmitted amounts .....	.0	.0
11. Statement value at end of current period (Line 9 minus Line 10) .....	7,768,548	4,679,258

SCHEDULE B – VERIFICATION

Mortgage Loans

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

NONE

SCHEDULE BA – VERIFICATION

Other Long-Term Invested Assets

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	18,419,319	17,240,588
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....		.0
2.2 Additional investment made after acquisition .....		3,025,000
3. Capitalized deferred interest and other .....		.0
4. Accrual of discount .....		.0
5. Unrealized valuation increase (decrease) .....	600,439	(1,846,269)
6. Total gain (loss) on disposals .....		.0
7. Deduct amounts received on disposals .....		.0
8. Deduct amortization of premium and depreciation .....		.0
9. Total foreign exchange change in book/adjusted carrying value .....		.0
10. Deduct current year's other-than-temporary impairment recognized .....		.0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10) .....	19,019,758	18,419,319
12. Deduct total nonadmitted amounts .....	.0	.0
13. Statement value at end of current period (Line 11 minus Line 12) .....	19,019,758	18,419,319

SCHEDULE D – VERIFICATION

Bonds and Stocks

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year .....	214,923,165	221,477,396
2. Cost of bonds and stocks acquired .....	25,404,149	27,657,532
3. Accrual of discount .....	37,506	43,059
4. Unrealized valuation increase (decrease) .....	8,383,841	(12,290,864)
5. Total gain (loss) on disposals .....	1,906,578	4,543,662
6. Deduct consideration for bonds and stocks disposed of .....	17,601,228	25,375,846
7. Deduct amortization of premium .....	804,313	1,136,055
8. Total foreign exchange change in book/adjusted carrying value .....		.0
9. Deduct current year's other-than-temporary impairment recognized .....		.0
10. Total investment income recognized as a result of prepayment penalties and/or acceleration fees .....		4,281
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9+10) .....	232,249,697	214,923,165
12. Deduct total nonadmitted amounts .....	395,198	349,502
13. Statement value at end of current period (Line 11 minus Line 12) .....	231,854,499	214,573,663

STATEMENT AS OF SEPTEMBER 30, 2019 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

SCHEDULE D - PART 1B

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

NAIC Designation	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. NAIC 1 (a).....	145,314,917	3,298,078	3,938,236	(1,221,075)	138,205,475	145,314,917	143,453,685	134,789,830
2. NAIC 2 (a).....	9,785,970			892,122	9,692,818	9,785,970	10,678,092	10,202,498
3. NAIC 3 (a).....	566,542			17,155	545,137	566,542	583,697	499,884
4. NAIC 4 (a).....	0				0	0	0	0
5. NAIC 5 (a).....	0				0	0	0	0
6. NAIC 6 (a).....	0				0	0	0	0
7. Total Bonds	155,667,430	3,298,078	3,938,236	(311,799)	148,443,430	155,667,430	154,715,474	145,492,212
<b>PREFERRED STOCK</b>								
8. NAIC 1 .....	0				0	0	0	0
9. NAIC 2 .....	0				0	0	0	0
10. NAIC 3 .....	0				0	0	0	0
11. NAIC 4 .....	0				0	0	0	0
12. NAIC 5 .....	0				0	0	0	0
13. NAIC 6 .....	0				0	0	0	0
14. Total Preferred Stock.....	0	0	0	0	0	0	0	0
15. Total Bonds & Preferred Stock	155,667,430	3,298,078	3,938,236	(311,799)	148,443,430	155,667,430	154,715,474	145,492,212

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$ ..... ; NAIC 2 \$ ..... ;  
NAIC 3 \$ ..... ; NAIC 4 \$ ..... ; NAIC 5 \$ ..... ; NAIC 6 \$ .....

Schedule DA - Part 1

**NONE**

Schedule DA - Verification

**NONE**

Schedule DB - Part A - Verification

**NONE**

Schedule DB - Part B - Verification

**NONE**

Schedule DB - Part C - Section 1

**NONE**

Schedule DB - Part C - Section 2

**NONE**

Schedule DB - Verification

**NONE**

SCHEDULE E – PART 2 – VERIFICATION  
(Cash Equivalents)

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	4,016,587	5,280,179
2. Cost of cash equivalents acquired .....	29,917,640	33,373,859
3. Accrual of discount .....		0
4. Unrealized valuation increase (decrease) .....		0
5. Total gain (loss) on disposals.....		0
6. Deduct consideration received on disposals .....	29,013,907	34,637,451
7. Deduct amortization of premium .....		0
8. Total foreign exchange change in book/adjusted carrying value .....		0
9. Deduct current year's other than temporary impairment recognized .....		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) .....	4,920,320	4,016,587
11. Deduct total nonadmitted amounts .....		0
12. Statement value at end of current period (Line 10 minus Line 11)	4,920,320	4,016,587

## EO1

# NONE

[illegible]

# NONE

[illegible]

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

Schedule BA - Part 2

NONE

Schedule BA - Part 3

NONE

## E04

## E04

E04

E04

E04



STATEMENT AS OF SEPTEMBER 30, 2019 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identifi- cation	Description	Foreign Sign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation and Administrative Symbol/Market Indicator <sup>(a)</sup>
Bonds - U.S. Governments																					
30250R-AA-2	FDIC 10R1 A - RMBS		09/01/2019	Paydown	XXX	17,109	17,109	17,109	14,299		20		20		17,109			0	135	05/25/2050	1
36295P-6H-0	GN 676872 - RMBS		09/01/2019	Paydown	XXX	2,672	2,672	2,695	2,610		(6)		(6)		2,672		0	0	40	03/15/2023	1
38380Y-3C-7	GNR 18124H GC - CMO/RMBS		09/01/2019	Paydown	XXX	27,597	27,597	27,510	27,336		85		85		27,597		0	0	334	10/20/2046	1
38381A-GK-6	GNR 18147C EV - CMO/RMBS		09/01/2019	Paydown	XXX	18,693	18,693	19,207			(514)		(514)		18,693		0	0	218	01/20/2030	1
83162C-PP-2	SBAP 0520F A - ABS		07/01/2019	Paydown	XXX								0				0	0	185	06/01/2025	1
831641-ES-0	SBIC 1010A A - ABS		09/10/2019	Paydown	XXX	50,791	50,791	55,362	52,463		(1,671)		(1,671)		50,791		0	0	(149)	03/10/2020	1
831641-EZ-4	SBIC 1310B B - ABS		09/01/2019	Paydown	XXX	14,776	14,776	15,421	15,366		(590)		(590)		14,776			0	(1,048)	09/10/2023	1
831641-FJ-9	SBIC 1710B B - ABS		09/01/2019	Paydown	XXX	14,554	14,554	14,553	14,545		9		9		14,554			0	365	09/10/2027	1
831641-FK-6	SBIC 1810A A - ABS		09/01/2019	Paydown	XXX	26,899	26,899	26,933	26,930		(31)		(31)		26,899			0	850	03/10/2028	1
831641-FL-4	SBIC 1810B B - ABS		09/01/2019	Paydown	XXX	43,086	43,086	43,288	43,256		(171)		(171)		43,086			0	1,453	09/10/2028	1
912828-LA-6	UNITED STATES TREASURY		07/15/2019	Maturity @ 100.00	XXX	598,995	598,995	503,327	592,269	(92,128)	(218)		(92,345)		499,924		99,071	99,071	11,159	07/15/2019	1
0599999 - Bonds - U.S. Governments						815,171	815,171	725,405	789,075	(92,128)	(3,087)	0	(95,215)	0	716,100	0	99,071	99,071	13,542	XXX	XXX
Bonds - U.S. Political Subdivisions of States, Territories and Possessions																					
052430-EV-3	AUSTIN TEX INDPY SCH DIST DAKOTA VALLEY SCH DIST NO		08/01/2019	Maturity @ 100.00	XXX	500,000	500,000	504,920	500,370		(370)		(370)		500,000			0	18,410	08/01/2019	1FE
23426P-FH-0	61-8 S D		07/15/2019	Call @ 100.00	XXX	325,000	325,000	347,464	327,531		(2,531)		(2,531)		325,000			0	13,000	07/15/2023	1FE
759744-RU-1	RENO CNTY KANS.		09/01/2019	Call @ 100.00	XXX	500,000	500,000	543,445	505,217		(5,217)		(5,217)		500,000			0	20,000	09/01/2021	1FE
2499999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions						1,325,000	1,325,000	1,395,829	1,333,119	0	(8,119)	0	(8,119)	0	1,325,000	0	0	0	51,410	XXX	XXX
Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions																					
3128P8-GM-7	FH C92004 - RMBS		09/01/2019	Paydown	XXX	45,824	45,824	47,400			(1,566)		(1,566)		45,824		0	0	593	07/01/2038	1
312800-N9-4	FH J19416 - RMBS		09/01/2019	Paydown	XXX	8,691	8,691	8,930	8,729		(171)		(171)		8,691			0	91	06/01/2027	1
3128S2-OQ-7	FH T61363 - RMBS		09/01/2019	Paydown	XXX	11,594	11,594	12,131	12,135		(565)		(565)		11,594			0	111	09/01/2042	1
31326F-Y9-3	FH 2B1636 - RMBS		09/01/2019	Paydown	XXX	11,904	11,904	11,776	11,642		(9)		(9)		11,904			0	89	08/01/2043	1
3133EH-5N-9	FEDERAL FARM CREDIT BANKS FUNDING CORP.		07/16/2019	Call @ 100.00	XXX	600,000	600,000	599,400	599,454		29		29		599,482		518	518	19,520	01/03/2028	1
3136A1-4P-7	FNR 11117C MA - CMO/RMBS		09/01/2019	Paydown	XXX	10,749	10,749	10,776	10,478		(16)		(16)		10,749			0	67	08/25/2040	1
3136A2-VK-6	FNR 11126A AD - CMO/RMBS		09/01/2019	Paydown	XXX	9,520	9,520	9,520	9,347		16		16		9,520			0	80	06/25/2040	1
3136AE-Z4-2	FNR 1370C VA - CMO/RMBS		09/01/2019	Paydown	XXX	11,384	11,384	11,967	11,656		(377)		(377)		11,384			0	114	08/25/2026	1
3136AV-UL-1	FNR 1712B TA - CMO/RMBS		09/01/2019	Paydown	XXX	28,624	28,624	28,517	28,517		107		107		28,624			0	311	04/25/2042	1
3136AW-BD-8	FNR 1725A QH - CMO/RMBS		09/01/2019	Paydown	XXX	40,603	40,603	40,426	40,426		178		178		40,603			0	421	04/25/2047	1
3137AP-BD-1	FHR 4033B EB - CMO/RMBS		09/01/2019	Paydown	XXX	18,417	18,417	11,081	18,010		32		32		18,417		0	0	126	10/15/2036	1
3137BY-L3-2	FHR 4683C PD - CMO/RMBS		09/01/2019	Paydown	XXX	65,799	65,799	65,634	65,634		165		165		65,799			0	612	04/15/2046	1
3137F1-VB-1	FHR 4700C VH - CMO/RMBS		09/01/2019	Paydown	XXX	9,998	9,998	10,317	10,205		(275)		(275)		9,998			0	100	12/15/2028	1
3137F3-7A-6	FHR 4766A GD - CMO/RMBS		09/01/2019	Paydown	XXX	53,097	53,097	53,495	52,480		(345)		(345)		53,097			0	640	03/15/2044	1
3137F3-BA-1	FHR 4768A AV - CMO/RMBS		09/01/2019	Paydown	XXX	17,187	17,187	17,762	17,762		(573)		(573)		17,187			0	201	05/15/2029	1
3137F3-JK-1	FHR 4768J VL - CMO/RMBS		09/01/2019	Paydown	XXX	11,013	11,013	11,578	11,471		(518)		(518)		11,013			0	147	01/15/2031	1
3137F3-OF-4	FHR 4764D CJ - CMO/RMBS		09/01/2019	Paydown	XXX	53,577	53,577	55,351	54,170		(1,659)		(1,659)		53,577			0	740	06/15/2045	1
3137F3-X4-1	FHR 4764K XV - CMO/RMBS		09/01/2019	Paydown	XXX	22,595	22,595	23,315	23,315		(719)		(719)		22,595			0	264	03/15/2031	1
3137F4-YP-1	FHR 47916 AE - CMO/RMBS		09/01/2019	Paydown	XXX	15,896	15,896	16,050	15,953		(141)		(141)		15,896			0	186	04/15/2031	1
3137F5-AQ-2	FHR 4792B DA - CMO/RMBS		09/01/2019	Paydown	XXX	135,947	135,947	138,963			(3,019)		(3,019)		135,947			0	1,893	08/15/2042	1
31381P-C9-7	FN 466396 - CMBS/RMBS		09/01/2019	Paydown	XXX	2,138	2,138	2,142	2,133		1		1		2,138			0	25	11/01/2020	1
3138LL-TH-8	FN AN7751 - CMBS/RMBS		09/01/2019	Paydown	XXX	2,601	2,601	2,474	2,471		124		124		2,601			0	27	12/01/2029	1
31416X-HY-9	FN AB2046 - RMBS		09/01/2019	Paydown	XXX	9,180	9,180	9,025	8,814		117		117		9,180		0	0	91	01/01/2026	1
31418A-LY-2	FN MA1242 - RMBS		09/01/2019	Paydown	XXX	7,636	7,636	7,980	7,967		(349)		(349)		7,636			0	92	11/01/2042	1
31418A-V5-4	FN MA1535 - RMBS		09/01/2019	Paydown	XXX	13,458	13,458	13,450	13,005		8		8		13,458			0	90	08/01/2023	1
31418A-WS-3	FN MA1556 - RMBS		09/01/2019	Paydown	XXX	12,798	12,798	12,702	12,614		60		60		12,798			0	95	08/01/2028	1
31418C-SA-8	FN MA3540 - RMBS		09/01/2019	Paydown	XXX	67,423	67,423	69,150			(1,727)		(1,727)		67,423			0	833	12/01/2033	1
3199999 - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions						1,297,654	1,297,654	1,301,311	872,733	0	(11,195)	0	(11,195)	0	1,297,136	0	518	518	27,557	XXX	XXX
Bonds - Industrial and Miscellaneous (Unaffiliated)																					
822582-AJ-1	SHELL INTERNATIONAL FINANCE BV	C	09/22/2019	Maturity @ 100.00	XXX	600,000	600,000	600,372	600,042		(42)		(42)		600,000			0	25,800	09/22/2019	1FE
3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)						600,000	600,000	600,372	600,042	0	(42)	0	(42)	0	600,000	0	0	0	25,800	XXX	XXX
8399997 - Subtotals - Bonds - Part 4						4,037,825	4,037,825	4,022,917	3,594,968	(92,128)	(22,443)	0	(114,571)	0	3,938,236	0	99,589	99,589	118,309	XXX	XXX
8399999 - Subtotals - Bonds						4,037,825	4,037,825	4,022,917	3,594,968	(92,128)	(22,443)	0	(114,571)	0	3,938,236	0	99,589	99,589	118,309	XXX	XXX
Common Stocks - Industrial and Miscellaneous (Unaffiliated)																					
594918-10-4	MICROSOFT ORD		09/01/2019	Northern Trust		1,215,000		XXX	4,651	123,408	(118,756)		(118,756)		4,651		160,449	160,449	1,708	XXX	L
9099999 - Common Stocks - Industrial and Miscellaneous (Unaffiliated)						165,100		XXX	4,651	123,408	(118,756)	0	(118,756)	0	4,651	0	160,449	160,449	1,708	XXX	XXX
9799997 - Subtotals - Common Stocks - Part 4						165,100		XXX	4,651	123,408	(118,756)	0	(118,756)	0	4,651	0	160,449	160,449	1,708	XXX	XXX
9799999 - Subtotals - Common Stocks						165,100		XXX	4,651	123,408	(118,756)	0	(118,756)	0	4,651	0	160,449	160,449	1,708	XXX	XXX

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part D - Section 1

NONE

Schedule DB - Part D - Section 2

NONE

Schedule DL - Part 1

NONE

Schedule DL - Part 2

NONE



**STATEMENT AS OF SEPTEMBER 30, 2019 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY**

## SCHEDULE E - PART 2 - CASH EQUIVALENTS

### Show Investments Owned End of Current Quarter

[illegible]

E13



SUPPLEMENT FOR THE QUARTER ENDING SEPTEMBER 30, 2019 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

DIRECTOR AND OFFICER INSURANCE COVERAGE SUPPLEMENT

NAIC Group Code 00207 Year To Date For The Period Ended 2019 NAIC Company Code 26123

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

1. Monoline Policies

1 Direct Written Premium	2 Direct Earned Premium	3 Direct Losses Incurred
\$ 0	\$ 0	\$ 0

2. Commercial Multiple Peril (CMP) Packaged Policies

2.1 Does the reporting entity provide D&O liability coverage as part of a CMP packaged policy? Yes [X] No [ ]

2.2 Can the direct premium earned for D&O liability coverage provided as part of a CMP packaged policy be quantified or estimated? Yes [X] No [ ]

2.3 If the answer to question 2.2 is yes, provide the quantified or estimated direct premium earned amount for D&O liability coverage in CMP packaged policies

2.31 Amount quantified: \$ 16,880  
2.32 Amount estimated using reasonable assumptions: \$ 0

2.4 If the answer to question 2.1 is yes, provide direct losses incurred (losses paid plus change in case reserves) for the D&O liability coverage provided in CMP packaged policies. \$ 0