

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	154,490,970	.0	154,490,970	145,492,206
2. Stocks (Schedule D):				
2.1 Preferred stocks	0	.0	0	0
2.2 Common stocks	81,925,970	402,693	81,523,277	69,081,451
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	0	.0	0	0
3.2 Other than first liens	0	.0	0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....	13,305,195	.0	13,305,195	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 (\$ 48,251,153 , Schedule E-Part 1), cash equivalents (\$ 5,546,130 , Schedule E-Part 2) and short-term investments (\$ 0 , Schedule DA).....	53,797,283	.0	53,797,283	44,475,043
6. Contract loans (including \$ premium notes).....	0	.0	0	0
7. Derivatives (Schedule DB).....	0	.0	0	0
8. Other invested assets (Schedule BA).....	18,944,858	.0	18,944,858	18,419,319
9. Receivables for securities	0	.0	0	0
10. Securities lending reinvested collateral assets (Schedule DL).....	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)	322,464,276	402,693	322,061,583	282,147,276
13. Title plants less \$ charged off (for Title insurers only).....	0	.0	0	0
14. Investment income due and accrued	1,544,567	.0	1,544,567	1,560,811
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	8,874,751	47,645	8,827,106	7,808,094
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums).....	7,221,381	.0	7,221,381	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	31,916	.0	31,916	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	1,021,654	.0	1,021,654	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
21. Furniture and equipment, including health care delivery assets (\$)	471,593	471,593	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).....	341,630,138	921,931	340,708,207	299,590,295
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	.0	0	0
28. Total (Lines 26 and 27)	341,630,138	921,931	340,708,207	299,590,295
DETAILS OF WRITE-INS				
1101.	0	.0	0	0
1102.	0	.0	0	0
1103.	0	.0	0	0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	.0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501.	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

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)	46,157,684	42,072,913
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	0	0
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	8,226,009	8,318,009
4. Commissions payable, contingent commissions and other similar charges	3,743,572	4,206,537
5. Other expenses (excluding taxes, licenses and fees)	4,839,146	4,997,764
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	1,460,454	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	4,088,499	892,011
8. Borrowed money \$ and interest thereon \$	14,234,834	0
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 1,048,080 and including warranty reserves of \$ and accrued accident and health experience rating refunds including \$ for medical loss ratio rebate per the Public Health Service Act)	57,769,539	56,084,771
10. Advance premium	914,756	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)	609,647	369,461
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 20)	0	0
14. Amounts withheld or retained by company for account of others	1,462,938	1,134,009
15. Remittances and items not allocated	0	0
16. Provision for reinsurance (including \$ certified) (Schedule F, Part 3, Column 78)	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	1,701,674	45,000
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	145,208,751	120,465,932
27. Protected cell liabilities	0	0
28. Total liabilities (Lines 26 and 27)	145,208,751	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)	195,499,456	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) (Page 4, Line 39)	195,499,456	179,124,363
38. Totals (Page 2, Line 28, Col. 3)	340,708,207	299,590,295
DETAILS OF WRITE-INS		
2501. Other Liabilities	1,701,674	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)	1,701,674	45,000
2901.		
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

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	120,532,267	118,573,372
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	72,424,065	61,118,080
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	11,030,246	11,714,839
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	39,868,373	39,574,303
5. Aggregate write-ins for underwriting deductions	0	0
6. Total underwriting deductions (Lines 2 through 5)	123,322,684	112,407,221
7. Net income of protected cells	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(2,790,417)	6,166,151
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	5,946,024	5,297,630
10. Net realized capital gains (losses) less capital gains tax of \$ 10,213 (Exhibit of Capital Gains (Losses))	38,422	2,612,487
11. Net investment gain (loss) (Lines 9 + 10)	5,984,446	7,910,117
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ charged off \$ 117,191)	amount (117,191)	(119,462)
13. Finance and service charges not included in premiums	1,696,844	1,612,239
14. Aggregate write-ins for miscellaneous income	3,675	4,999
15. Total other income (Lines 12 through 14)	1,583,328	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)	4,777,357	15,574,044
17. Dividends to policyholders	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)	4,777,357	15,574,044
19. Federal and foreign income taxes incurred	439,728	2,701,575
20. Net income (Line 18 minus Line 19) (to Line 22)	4,337,629	12,872,469
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	179,124,363	176,842,404
22. Net income (from Line 20)	4,337,629	12,872,469
23. Net transfers (to) from Protected Cell accounts	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 3,207,138	12,064,949	(11,168,393)
25. Change in net unrealized foreign exchange capital gain (loss)	0	0
26. Change in net deferred income tax	10,650	431,472
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	(38,135)	146,412
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	0	0
29. Change in surplus notes	0	0
30. Surplus (contributed to) withdrawn from protected cells	0	0
31. Cumulative effect of changes in accounting principles	0	0
32. Capital changes:		
32.1 Paid in	0	0
32.2 Transferred from surplus (Stock Dividend)	0	0
32.3 Transferred to surplus	0	0
33. Surplus adjustments:		
33.1 Paid in	0	0
33.2 Transferred to capital (Stock Dividend)	0	0
33.3 Transferred from capital	0	0
34. Net remittances from or (to) Home Office	0	0
35. Dividends to stockholders	0	0
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)	0	0
37. Aggregate write-ins for gains and losses in surplus	0	0
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	16,375,093	2,281,959
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	195,499,456	179,124,363
DETAILS OF WRITE-INS		
0501.	0	0
0502.	0	0
0503.	0	0
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0
1401. Other Income	1,966	6,951
1402. Gain/(Loss) on Sale of Equipment	1,709	(1,952)
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	3,675	4,999
3701.	0	0
3702.	0	0
3703.	0	0
3798. Summary of remaining write-ins for Line 37 from overflow page	0	0
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	0	0

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	122,113,425	120,306,840
2. Net investment income	7,070,323	6,584,902
3. Miscellaneous income	1,583,328	1,497,776
4. Total (Lines 1 through 3)	130,767,076	128,389,518
5. Benefit and loss related payments	68,109,626	64,392,894
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	51,620,515	49,768,090
8. Dividends paid to policyholders	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	1,600,000	3,275,000
10. Total (Lines 5 through 9)	121,330,141	117,435,984
11. Net cash from operations (Line 4 minus Line 10)	9,436,935	10,953,534
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	20,302,750	15,272,882
12.2 Stocks	2,689,192	10,098,689
12.3 Mortgage loans	0	0
12.4 Real estate	2,809,376	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	0	1,236,644
12.8 Total investment proceeds (Lines 12.1 to 12.7)	25,801,318	26,608,215
13. Cost of investments acquired (long-term only):		
13.1 Bonds	30,186,788	21,342,019
13.2 Stocks	531,144	6,315,514
13.3 Mortgage loans	0	0
13.4 Real estate	11,435,314	1,869,882
13.5 Other invested assets	0	3,025,000
13.6 Miscellaneous applications	0	1,236,716
13.7 Total investments acquired (Lines 13.1 to 13.6)	42,153,245	33,789,130
14. Net increase (decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(16,351,927)	(7,180,916)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0
16.3 Borrowed funds	14,234,834	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied)	2,002,397	403,037
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	16,237,231	403,037
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	9,322,239	4,175,655
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	44,475,044	40,299,389
19.2 End of year (Line 18 plus Line 19.1)	53,797,283	44,475,044

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire	1,729,511	891,505	908,584	1,712,432
2. Allied lines	790,098	488,731	498,065	780,764
3. Farmowners multiple peril	11,389,347	5,823,192	5,937,770	11,274,769
4. Homeowners multiple peril	27,646,549	15,347,783	15,492,190	27,502,142
5. Commercial multiple peril	16,326,550	7,703,938	8,333,666	15,696,822
6. Mortgage guaranty	0	0	0	0
8. Ocean marine	0	0	0	0
9. Inland marine	1,658,040	724,432	841,685	1,540,787
10. Financial guaranty	0	0	0	0
11.1 Medical professional liability-occurrence	0	0	0	0
11.2 Medical professional liability-claims-made	0	0	0	0
12. Earthquake	0	0	0	0
13. Group accident and health	0	0	0	0
14. Credit accident and health (group and individual)	0	0	0	0
15. Other accident and health	0	0	0	0
16. Workers' compensation	653,616	345,226	397,547	601,295
17.1 Other liability-occurrence	852,246	436,497	472,963	815,780
17.2 Other liability-claims-made	22,398	10,651	12,557	20,492
17.3 Excess workers' compensation	0	0	0	0
18.1 Products liability-occurrence	81,738	42,017	44,488	79,267
18.2 Products liability-claims-made	0	0	0	0
19.1,19.2 Private passenger auto liability	28,117,657	11,025,159	11,018,498	28,124,318
19.3,19.4 Commercial auto liability	6,929,128	2,925,086	3,401,924	6,452,290
21. Auto physical damage	25,810,831	10,225,513	10,305,722	25,730,622
22. Aircraft (all perils)	0	0	0	0
23. Fidelity	0	0	0	0
24. Surety	0	0	0	0
26. Burglary and theft	49,928	24,554	25,906	48,576
27. Boiler and machinery	159,398	70,487	77,974	151,911
28. Credit	0	0	0	0
29. International	0	0	0	0
30. Warranty	0	0	0	0
31. Reinsurance-nonproportional assumed property	0	0	0	0
32. Reinsurance-nonproportional assumed liability	0	0	0	0
33. Reinsurance-nonproportional assumed financial lines	0	0	0	0
34. Aggregate write-ins for other lines of business	0	0	0	0
35. TOTALS	122,217,035	56,084,771	57,769,539	120,532,267
DETAILS OF WRITE-INS				
3401.				
3402.				
3403.				
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire	908,584				908,584
2. Allied lines	498,065				498,065
3. Farmowners multiple peril	5,937,770				5,937,770
4. Homeowners multiple peril	15,492,190				15,492,190
5. Commercial multiple peril	8,333,666				8,333,666
6. Mortgage guaranty					0
8. Ocean marine					0
9. Inland marine	841,685				841,685
10. Financial guaranty					0
11.1 Medical professional liability-occurrence					0
11.2 Medical professional liability-claims-made					0
12. Earthquake					0
13. Group accident and health					0
14. Credit accident and health (group and individual)					0
15. Other accident and health					0
16. Workers' compensation	397,547				397,547
17.1 Other liability-occurrence	472,963				472,963
17.2 Other liability-claims-made	12,557				12,557
17.3 Excess workers' compensation					0
18.1 Products liability-occurrence	44,488				44,488
18.2 Products liability-claims-made					0
19.1,19.2 Private passenger auto liability	11,018,498				11,018,498
19.3,19.4 Commercial auto liability	3,401,924				3,401,924
21. Auto physical damage	10,305,722				10,305,722
22. Aircraft (all perils)					0
23. Fidelity					0
24. Surety					0
26. Burglary and theft	25,906				25,906
27. Boiler and machinery	77,974				77,974
28. Credit					0
29. International					0
30. Warranty					0
31. Reinsurance-nonproportional assumed property					0
32. Reinsurance-nonproportional assumed liability					0
33. Reinsurance-nonproportional assumed financial lines					0
34. Aggregate write-ins for other lines of business	0	0	0	0	0
35. TOTALS	57,769,539	0	0	0	57,769,539
36. Accrued retrospective premiums based on experience					
37. Earned but unbilled premiums					
38. Balance (Sum of Lines 35 through 37)					57,769,539
DETAILS OF WRITE-INS					
3401.					
3402.					
3403.					
3498. Sum. of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0	0

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

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire	59,399	3,085,166		1,415,054	0	1,729,511
2. Allied lines	37,366	1,403,653		646,444	4,477	790,098
3. Farmowners multiple peril	21,375,993	239,473		9,318,556	907,563	11,389,347
4. Homeowners multiple peril	24,433,153	28,403,782		22,619,904	2,570,482	27,646,549
5. Commercial multiple peril	13,919,863	16,240,315		13,358,086	475,542	16,326,550
6. Mortgage guaranty						0
8. Ocean marine						0
9. Inland marine	1,642,347	1,401,590		1,356,578	.29,319	1,658,040
10. Financial guaranty						0
11.1 Medical professional liability-occurrence						0
11.2 Medical professional liability-claims-made						0
12. Earthquake						0
13. Group accident and health						0
14. Credit accident and health (group and individual)						0
15. Other accident and health						0
16. Workers' compensation		1,188,393		534,777		653,616
17.1 Other liability-occurrence	716,783	1,323,295		697,292	490,540	852,246
17.2 Other liability-claims-made	169,060	7,512		18,325	135,849	22,398
17.3 Excess workers' compensation						0
18.1 Products liability-occurrence	35,254	113,474		66,876	.114	.81,738
18.2 Products liability-claims-made						0
19.1, 19.2 Private passenger auto liability	7,605,157	43,519,793		23,005,357	1,936	28,117,657
19.3, 19.4 Commercial auto liability	6,661,510	5,943,417		5,669,287	6,512	6,929,128
21. Auto physical damage	9,104,021	37,978,556		21,117,955	153,791	25,810,831
22. Aircraft (all perils)						0
23. Fidelity						0
24. Surety						0
26. Burglary and theft	59,432	32,427		40,850	1,081	.49,928
27. Boiler and machinery	936,153	74,068		130,416	720,407	159,398
28. Credit						0
29. International						0
30. Warranty						0
31. Reinsurance-nonproportional assumed property	XXX					0
32. Reinsurance-nonproportional assumed liability	XXX					0
33. Reinsurance-nonproportional assumed financial lines	XXX					0
34. Aggregate write-ins for other lines of business	0	0	0	0	0	0
35. TOTALS	86,755,491	140,954,914	0	99,995,757	5,497,613	122,217,035
DETAILS OF WRITE-INS						
3401.						
3402.						
3403.						
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0	0	0

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

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

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

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Direct Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
		1 Reinsurance Assumed	2 Reinsurance Recovered	3 Net Payments (Cols. 1 + 2 - 3)	4				
1. Fire .....	.0	470,420	211,689	258,731		10,790	84,074	185,447	10.8
2. Allied lines	17,271	1,559,945	709,747	867,469		222,990	281,045	809,414	103.7
3. Farmowners multiple peril	9,592,067	23,600	4,337,040	5,278,627		1,949,211	1,695,173	5,532,665	49.1
4. Homeowners multiple peril	14,255,508	17,714,398	14,500,024	17,469,882		5,126,139	3,979,872	18,616,149	67.7
5. Commercial multiple peril	7,429,193	4,118,146	5,196,303	6,351,036		5,607,152	5,626,418	6,331,770	40.3
6. Mortgage guaranty				0		0	0	0	0.0
8. Ocean marine				0		0	0	0	0.0
9. Inland marine	158,350	207,140	164,470	201,020		26,455	20,799	206,676	13.4
10. Financial guaranty				0		0	0	0	0.0
11.1 Medical professional liability-occurrence				0		0	0	0	0.0
11.2 Medical professional liability-claims-made				0		0	0	0	0.0
12. Earthquake				0		0	0	0	0.0
13. Group accident and health				0		0	0	0	0.0
14. Credit accident and health (group and individual)				0		0	0	0	0.0
15. Other accident and health				0		0	0	0	0.0
16. Workers' compensation		1,299,566	584,805	714,761		1,028,206	504,461	1,238,506	206.0
17.1 Other liability-occurrence	5,145	85,763	40,909	49,999		723,990	656,751	117,238	14.4
17.2 Other liability-claims-made				0		0	0	0	0.0
17.3 Excess workers' compensation				0		0	0	0	0.0
18.1 Products liability-occurrence		200	90	110		41,250	50,050	(8,690)	(11.0)
18.2 Products liability-claims-made				0		0	0	0	0.0
19.1,19.2 Private passenger auto liability	4,822,397	25,973,328	13,858,075	16,937,650		21,274,509	20,348,645	17,863,514	63.5
19.3,19.4 Commercial auto liability	4,234,555	2,578,781	3,066,001	3,747,335		8,120,890	6,710,134	5,158,091	79.9
21. Auto physical damage	6,073,150	23,860,989	13,470,365	16,463,774		2,026,102	2,115,491	16,374,385	63.6
22. Aircraft (all perils)				0		0	0	0	0.0
23. Fidelity				0		0	0	0	0.0
24. Surety				0		0	0	0	0.0
26. Burglary and theft		(2,000)	(900)	(1,100)		0	0	(1,100)	(2.3)
27. Boiler and machinery	185,467		185,467	0		0	0	0	0.0
28. Credit				0		0	0	0	0.0
29. International				0		0	0	0	0.0
30. Warranty				0		0	0	0	0.0
31. Reinsurance-nonproportional assumed property	XXX			0		0	0	0	0.0
32. Reinsurance-nonproportional assumed liability	XXX			0		0	0	0	0.0
33. Reinsurance-nonproportional assumed financial lines	XXX			0		0	0	0	0.0
34. Aggregate write-ins for other lines of business	0	0	0	0		0	0	0	0.0
35. TOTALS	46,773,103	77,890,276	56,324,085	68,339,294		46,157,684	42,072,913	72,424,065	60.1
DETAILS OF WRITE-INS									
3401.									
3402.									
3403.									
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0		0	0	0	0.0
3499. Totals (Lines 3401 through 3403 + 3498) (Line 34 above)	0	0	0	0		0	0	0	0.0

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8	9
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire	19,618	8,828	10,790	0	0	0	0	10,790	0
2. Allied lines	0	128,725	88,213	40,512	182,478	0	0	222,990	.64,107
3. Farmowners multiple peril	3,079,055	0	1,487,998	1,591,057	1,157,267	(2,432)	796,681	1,949,211	366,838
4. Homeowners multiple peril	2,737,285	6,494,912	4,522,098	4,710,099	730,045	141,765	455,770	5,126,139	.825,077
5. Commercial multiple peril	3,762,494	4,580,284	3,938,685	4,404,093	1,352,081	824,105	973,127	5,607,152	2,400,227
6. Mortgage guaranty				0				0	0
8. Ocean marine				0				0	0
9. Inland marine	48,100		21,645	.26,455			0	.26,455	0
10. Financial guaranty				0				0	0
11.1 Medical professional liability-occurrence				0				0	0
11.2 Medical professional liability-claims-made				0				0	0
12. Earthquake				0				0	0
13. Group accident and health				0				(a)	0
14. Credit accident and health (group and individual)				0				0	0
15. Other accident and health				0				(a)	0
16. Workers' compensation	0	1,511,410	.680,134	831,276		.196,931	1	1,028,206	110,358
17.1 Other liability-occurrence	1,159,689	.498,003	1,190,362	467,330		.256,660	0	723,990	.267,037
17.2 Other liability-claims-made	20,000	0	20,000	0				0	0
17.3 Excess workers' compensation				0				0	0
18.1 Products liability-occurrence .....	.75,000		33,750	.41,250			0	.41,250	0
18.2 Products liability-claims-made			0	0				0	0
19.1,19.2 Private passenger auto liability .....	.6,505,841	30,544,052	.16,672,452	20,377,441	.233,391	.782,826	.119,149	21,274,509	2,392,428
19.3,19.4 Commercial auto liability	5,555,903	4,336,793	4,501,501	5,421,195	.2,838,314	1,221,390	1,360,009	8,120,890	1,211,429
21. Auto physical damage	386,283	2,170,282	1,197,710	1,358,855	.277,452	.514,537	.124,742	2,026,102	.588,508
22. Aircraft (all perils)				0				0	0
23. Fidelity				0				0	0
24. Surety				0				0	0
26. Burglary and theft				0				0	0
27. Boiler and machinery	28,802		28,802	0				0	0
28. Credit				0				0	0
29. International				0				0	0
30. Warranty				0				0	0
31. Reinsurance-nonproportional assumed property	XXX			0	XXX			0	0
32. Reinsurance-nonproportional assumed liability	XXX			0	XXX			0	0
33. Reinsurance-nonproportional assumed financial lines	XXX			0	XXX			0	0
34. Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0	0
35. TOTALS	23,388,452	50,284,079	34,392,178	39,280,353	6,588,550	4,118,260	3,829,479	46,157,684	8,226,009
DETAILS OF WRITE-INS									
3401.									
3402.									
3403.									
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0	0	0	0
3499. Totals (Lines 3401 through 3403 + 3498) (Line 34 above)	0	0	0	0	0	0	0	0	0

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

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	2,370,827	0	0	2,370,827
1.2 Reinsurance assumed	0	0	0	0
1.3 Reinsurance ceded	21,635	0	0	21,635
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	2,349,191	0	0	2,349,191
2. Commission and brokerage:				
2.1 Direct, excluding contingent	0	19,600,083	0	19,600,083
2.2 Reinsurance assumed, excluding contingent	0	0	0	0
2.3 Reinsurance ceded, excluding contingent	0	1,313,898	0	1,313,898
2.4 Contingent-direct	0	1,997,033	0	1,997,033
2.5 Contingent-reinsurance assumed	0	0	0	0
2.6 Contingent-reinsurance ceded	0	12,701	0	12,701
2.7 Policy and membership fees	0	0	0	0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)	0	20,270,516	0	20,270,516
3. Allowances to manager and agents	96,084	224,198	0	320,282
4. Advertising	19,881	74,413	76	94,371
5. Boards, bureaus and associations	110,813	482,154	19,629	612,596
6. Surveys and underwriting reports	0	1,383,192	0	1,383,192
7. Audit of assureds' records	0	0	0	0
8. Salary and related items:				
8.1 Salaries	4,984,330	7,739,893	586,972	13,311,195
8.2 Payroll taxes	316,967	499,376	37,030	853,373
9. Employee relations and welfare	842,859	1,399,647	78,309	2,320,815
10. Insurance	13,173	18,829	90,219	122,220
11. Directors' fees	83,041	83,041	83,041	249,122
12. Travel and travel items	113,749	247,927	32,249	393,925
13. Rent and rent items	2,291	499,901	(1,157)	501,035
14. Equipment	300,037	506,199	224,080	1,030,316
15. Cost or depreciation of EDP equipment and software	1,150,515	1,744,036	96,433	2,990,984
16. Printing and stationery	32,310	90,783	1,244	124,337
17. Postage, telephone and telegraph, exchange and express	201,061	396,009	6,244	603,313
18. Legal and auditing	411,220	2,058,813	288,540	2,758,572
19. Totals (Lines 3 to 18)	8,678,330	17,448,410	1,542,910	27,669,650
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$	0	1,625,331	0	1,625,331
20.2 Insurance department licenses and fees	0	502,805	0	502,805
20.3 Gross guaranty association assessments	0	0	0	0
20.4 All other (excluding federal and foreign income and real estate)	0	18,691	0	18,691
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	0	2,146,827	0	2,146,827
21. Real estate expenses	0	0	80,384	80,384
22. Real estate taxes	0	0	0	0
23. Reimbursements by uninsured plans	0	0	0	0
24. Aggregate write-ins for miscellaneous expenses	2,725	2,620	1,570	6,915
25. Total expenses incurred	11,030,246	39,868,373	1,624,864	(a) 52,523,483
26. Less unpaid expenses-current year	8,226,009	9,962,477	80,695	18,269,181
27. Add unpaid expenses-prior year	8,318,009	10,518,184	74,219	18,910,412
28. Amounts receivable relating to uninsured plans, prior year	0	0	0	0
29. Amounts receivable relating to uninsured plans, current year	0	0	0	0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	11,122,246	40,424,080	1,618,388	53,164,714
DETAILS OF WRITE-INS				
2401. Charitable Contributions	2,725	2,620	1,570	6,915
2402.				
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page	0	0	0	0
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	2,725	2,620	1,570	6,915

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

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 260,364	270,180
1.1 Bonds exempt from U.S. tax	(a) 1,381,822	1,288,175
1.2 Other bonds (unaffiliated)	(a) 2,750,163	2,774,564
1.3 Bonds of affiliates	(a) 0	0
2.1 Preferred stocks (unaffiliated)	(b) 0	0
2.11 Preferred stocks of affiliates	(b) 0	0
2.2 Common stocks (unaffiliated)	2,216,399	2,217,823
2.21 Common stocks of affiliates	0	0
3. Mortgage loans	(c) .....	.....
4. Real estate	(d) .....	.....
5. Contract loans	(e) 166,279	168,521
6. Cash, cash equivalents and short-term investments	(f) 1,052,840	1,092,538
7. Derivative instruments	11,374	11,374
8. Other invested assets	7,839,241	7,823,176
9. Aggregate write-ins for investment income	(g) 1,624,864	.....
10. Total gross investment income	(g) 1,624,864	.....
11. Investment expenses	(g) .....	.....
12. Investment taxes, licenses and fees, excluding federal income taxes	(g) .....	.....
13. Interest expense	(h) 252,288	.....
14. Depreciation on real estate and other invested assets	(i) 0	0
15. Aggregate write-ins for deductions from investment income	1,877,152	.....
16. Total deductions (Lines 11 through 15)	5,946,024	.....
17. Net investment income (Line 10 minus Line 16) .....	.....	.....
DETAILS OF WRITE-INS		
0901. BMO Pyrford Intl Stk Fund	1,111	1,111
0902. DFA	172	172
0903. Oakmark Int'l Fund	73	73
0998. Summary of remaining write-ins for Line 9 from overflow page	10,018	10,018
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	11,374	11,374
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page	0	0
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above)	0	0

(a) Includes \$ 51,458 accrual of discount less \$ 1,078,819 amortization of premium and less \$ 61,116 paid for accrued interest on purchases.
 (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ 0 paid for accrued dividends on purchases.
 (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ paid for accrued interest on purchases.
 (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
 (e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
 (f) Includes \$ accrual of discount less \$ amortization of premium.
 (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
 (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
 (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	99,071	0	99,071	23,192	.....
1.1 Bonds exempt from U.S. tax	(48,130)	0	(48,130)	.....	.....
1.2 Other bonds (unaffiliated)	(17,323)	0	(17,323)	85,271	.....
1.3 Bonds of affiliates	0	0	0	0	0
2.1 Preferred stocks (unaffiliated)	0	0	0	0	0
2.11 Preferred stocks of affiliates	0	0	0	0	0
2.2 Common stocks (unaffiliated)	1,964,672	0	1,964,672	12,635,203	0
2.21 Common stocks of affiliates	0	0	0	53,191	0
3. Mortgage loans	0	0	0	0	0
4. Real estate	0	0	0	0	0
5. Contract loans	0	0	0	0	0
6. Cash, cash equivalents and short-term investments	0	0	0	0	0
7. Derivative instruments	0	0	0	0	0
8. Other invested assets	0	(1,949,654)	(1,949,654)	2,475,194	0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10. Total capital gains (losses)	1,998,290	(1,949,654)	48,635	15,272,051	0
DETAILS OF WRITE-INS					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	0	0	0	0	0

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	402,693	349,502	(53,191)
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans	0	0	0
7. Derivatives (Schedule DB).....	0	0	0
8. Other invested assets (Schedule BA)	0	0	0
9. Receivables for securities	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL).....	0	0	0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	402,693	349,502	(53,191)
13. Title plants (for Title insurers only).....	0	0	0
14. Investment income due and accrued	0	0	0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	47,645	45,907	(1,738)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
15.3 Accrued retrospective premiums and contracts subject to redetermination	0	0	0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers	0	0	0
16.2 Funds held by or deposited with reinsured companies	0	0	0
16.3 Other amounts receivable under reinsurance contracts	0	0	0
17. Amounts receivable relating to uninsured plans	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
18.2 Net deferred tax asset.....	0	0	0
19. Guaranty funds receivable or on deposit	0	0	0
20. Electronic data processing equipment and software.....	0	0	0
21. Furniture and equipment, including health care delivery assets.....	471,593	488,387	16,794
22. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
23. Receivables from parent, subsidiaries and affiliates	0	0	0
24. Health care and other amounts receivable.....	0	0	0
25. Aggregate write-ins for other-than-invested assets	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	921,931	883,796	(38,135)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. Total (Lines 26 and 27).....	921,931	883,796	(38,135)
DETAILS OF WRITE-INS			
1101.		0	0
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0
2501. Prepaid Asset.....		0	0
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	0	0	0

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies and Going Concern

A. Accounting Practices

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

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

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

	State of Domicile	2019	2018
<u>NET INCOME</u>			
(1) LRMIC state basis (Page 4, Line 20, Columns 1 & 2)	Ohio	\$ 4,337,629	\$ 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>\$ 4,337,629</u>	<u>\$ 12,872,469</u>
<u>SURPLUS</u>			
(5) LRMIC state basis (Page 3, Line 37, Columns 1 & 2)	Ohio	\$ 195,499,456	\$ 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>\$ 195,499,456</u>	<u>\$ 179,124,363</u>

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

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

C. Accounting Policy

Premiums are earned over the terms of the related policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct business and are based on reports received from ceding companies for reinsurance.

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

In addition, the Company uses the following accounting policies:

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

NOTES TO FINANCIAL STATEMENTS

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

D. Going Concern

Not applicable.

2. Accounting Changes and Corrections of Errors

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.

D. Loan-Backed Securities

1. Prepayment assumptions are generally obtained using a model provided by a third-party vendor.

2. None.

3. None.

NOTES TO FINANCIAL STATEMENTS

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

a. The aggregate amount of unrealized losses:

1. Less than 12 months	\$ (23,080)
2. 12 months or Longer	\$ (14,087)

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

1. Less than 12 months	\$ 4,653,141
2. 12 months or longer	\$ 736,081

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:

Restricted Asset Category	Amount (\$)										Percentage (%)
	Gross (Admitted & Nonadmitted) Restricted										
	Current Year					6	7	8	9	10	11
	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 (c)	Admitted Restricted to Total Admitted Assets (d)
a. Subject to contractual obligation for which liability is not shown											
b. Collateral held under security lending 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	1,688,127				1,688,127	1,633,818	54,309		1,688,127	0.49%	0.50%
k. On deposit with other regulatory bodies											
l. Pledged as collateral to FHLB (including assets backing funding agreements)	14,437,143				14,437,143	--	14,437,143		14,437,143	4.23%	4.24%
m. Pledged as collateral not captured in other categories											
n. Other restricted assets											
o. Total Restricted Assets	\$ 16,904,670				\$ 16,904,670	\$ 1,997,818	\$ 16,904,670		\$ 16,904,670	4.95%	4.96%

(a) Subset of column 1

(b) Subset of column 3

(c) Column 5 divided by Asset Page, Column 1, Line 28

(d) Column 9 divided by Asset Page, Column 3, Line 28

NOTES TO FINANCIAL STATEMENTS

2.	None.		
3.	None.		
4.	None.		
M.	Working Capital Finance Investments		
	Not applicable.		
N.	Offsetting and Netting of Assets and Liabilities		
	Not applicable.		
O.	5* GI Securities		
	Not applicable.		
P.	Short Sales		
	Not applicable.		
Q.	Prepayment Penalty and Accelerated Fees	<u>General Account</u>	<u>Protected Cell</u>
	(1) Number of CUSIPS	0	0
	(2) Aggregate Amount of Investment Income	\$ --	\$ --

6. Joint Ventures, Partnerships and Limited Liability Companies

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

7. Investment Income

The Company has no uncollectible accrued investment income.

8. Derivative Instruments

The Company has no derivative instruments.

9. Income Taxes

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

1.

	<u>12/31/2019</u>		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
(a) Gross Deferred Tax Assets	\$ 4,688,866	\$ 1,072,896	\$ 5,761,762
(b) Statutory Valuation Allowance Adjustments	—	—	—
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	4,688,866	1,072,896	5,761,762
(d) Deferred Tax Assets Nonadmitted	—	—	—
(e) Subtotal Net Deferred Tax Asset (1c – 1d)	4,688,866	1,072,896	5,761,762
(f) Deferred Tax Liabilities	(862,095)	(8,988,166)	(9,850,261)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	<u>\$ 3,826,771</u>	<u>\$ (7,915,270)</u>	<u>\$ (4,088,499)</u>

	<u>12/31/2018</u>		
	(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>

NOTES TO FINANCIAL STATEMENTS

	Change		
	(7)	(8)	(9)
	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
(a) Gross Deferred Tax Assets	\$ 248,845	\$ 119,699	\$ 368,544
(b) Statutory Valuation Allowance Adjustments	—	—	—
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	248,845	119,699	368,544
(d) Deferred Tax Assets Nonadmitted	—	—	—
(e) Subtotal Net Deferred Tax Asset (1c – 1d)	248,845	119,699	368,544
(f) Deferred Tax Liabilities	(357,901)	(3,207,131)	(3,565,032)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	\$ (109,056)	\$ (3,087,432)	\$ (3,196,488)

2. Admission Calculation Components SSAP No. 101

	12/31/2019		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ 1,086,761	\$ —	\$ 1,086,761
(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)	2,772,711	—	2,772,711
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	2,772,711	—	2,772,711
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	29,324,918
(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.	829,394	1,072,896	1,902,290
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))	\$ 4,688,866	\$ 1,072,896	\$ 5,761,762

	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.	1,068,777	532,715	1,601,492
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))	\$ 4,440,021	\$ 953,197	\$ 5,393,218

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.	\$ (2,626,241)	\$ —	\$ (2,626,241)
(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)	3,114,469	(420,482)	2,693,987
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	3,114,469	(420,482)	2,693,987
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	2,456,264
(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>(239,383)</u>	<u>540,181</u>	<u>300,798</u>
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. (2(a) + 2(b) + 2(c))	<u>\$ 248,845</u>	<u>\$ 119,699</u>	<u>\$ 368,544</u>
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.	\$ 195,499,456	\$ 179,124,363	
4. Impact of Tax—Planning Strategies			
	12/31/2019		
	(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)	\$ 4,688,866	\$ 1,072,896	
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)	\$ 4,688,866	\$ 1,072,896	
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%	

NOTES TO FINANCIAL STATEMENTS

	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)	\$ 248,845	\$ 119,699
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)	\$ 248,845	\$ 119,699
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 <u> </u> No <u>X</u>		

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)
	12/31/2019	12/31/2018	(Col 1-2) Change
1. Current Income Tax			
(a) Federal	\$ 439,728	\$ 2,701,575	\$ (2,261,847)
(b) Foreign	\$ —	\$ —	\$ —
(c) Subtotal	\$ 439,728	\$ 2,701,575	\$ (2,261,847)
(d) Federal income tax on net capital gains	\$ 10,213	\$ 694,459	\$ (684,246)
(e) Utilization of operating loss carry—forwards	\$ —	\$ —	\$ —
(f) Other	\$ —	\$ —	\$ —
(g) Federal and foreign income taxes incurred	<u>\$ 449,941</u>	<u>\$ 3,396,034</u>	<u>\$ (2,946,093)</u>
2. Deferred Tax Assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	\$ 604,804	\$ 595,387	\$ 9,417
(2) Unearned premium reserve	\$ 2,426,321	\$ 2,355,561	\$ 70,760
(3) Policyholder reserves	\$ —	\$ —	\$ —
(4) Investments	\$ —	\$ —	\$ —
(5) Deferred acquisition costs	\$ —	\$ —	\$ —
(6) Policyholder dividends accrual	\$ —	\$ —	\$ —
(7) Fixed assets	\$ 99,035	\$ 102,561	\$ (3,526)
(8) Compensation and benefits accrual	\$ 431,605	\$ 353,046	\$ 78,559
(9) Pension accrual	\$ 35,372	\$ 33,583	\$ 1,789
(10) Receivables – nonadmitted	\$ 10,005	\$ 9,640	\$ 365
(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	\$ 854,602	\$ 836,903	\$ 17,699
(15) Software capitalized	\$ 103,713	\$ 118,086	\$ (14,373)
(16) Other	\$ 123,409	\$ 35,254	\$ 88,155
(99) Subtotal	<u>\$ 4,688,866</u>	<u>\$ 4,440,021</u>	<u>\$ 248,845</u>
(b) Statutory valuation allowance adjustment	\$ —	\$ —	\$ —
(c) Nonadmitted	\$ —	\$ —	\$ —
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	<u>\$ 4,688,866</u>	<u>\$ 4,440,021</u>	<u>\$ 248,845</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	\$ 1,072,896	\$ 953,197	\$ 119,699
(6) Other	\$ —	\$ —	\$ —
(99) Subtotal	<u>\$ 1,072,896</u>	<u>\$ 953,197</u>	<u>\$ 119,699</u>
(f) Statutory valuation allowance adjustment	\$ —	\$ —	\$ —
(g) Nonadmitted	\$ —	\$ —	\$ —
(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	<u>\$ 1,072,896</u>	<u>\$ 953,197</u>	<u>\$ 119,699</u>
(i) Admitted deferred tax assets (2d + 2h)	<u>\$ 5,761,762</u>	<u>\$ 5,393,218</u>	<u>\$ 368,544</u>

NOTES TO FINANCIAL STATEMENTS

	(1)	(2)	(3)
	<u>12/31/2019</u>	<u>12/31/2018</u>	(Col 1-2) Change
3. Deferred Tax Liabilities:			
(a) Ordinary:			
(1) Investments	\$ (622,930)	\$ (148,280)	\$ (474,650)
(2) Fixed assets	\$ —	\$ (54,185)	\$ 54,185
(3) Deferred and uncollected premium	\$ —	\$ —	\$ —
(4) Policyholder reserves	\$ —	\$ —	\$ —
(5) Accumulated amortization software	\$ (54,713)	\$ (63,834)	\$ 9,121
(6) Discounting of unpaid losses	\$ (184,452)	\$ (237,895)	\$ 53,443
(7) Other (including items <5% of total ordinary tax liabilities):			
(8) Other	\$ —	\$ —	\$ —
(99) Subtotal	<u>\$ (862,095)</u>	<u>\$ (504,194)</u>	<u>\$ (357,901)</u>
(b) Capital:			
(1) Investments	\$ —	\$ —	\$ —
(2) Real estate	\$ —	\$ —	\$ —
(3) Other (including items <5% of total capital tax liabilities):			
(4) Unrealized capital gains	\$ (8,988,166)	\$ (5,781,035)	\$ (3,207,131)
(99) Subtotal	<u>\$ (8,988,166)</u>	<u>\$ (5,781,035)</u>	<u>\$ (3,207,131)</u>
(c) Deferred tax liabilities (3a99 + 3b99)	<u>\$ (9,850,261)</u>	<u>\$ (6,285,229)</u>	<u>\$ (3,565,032)</u>
4. Net deferred tax assets/liabilities (2i - 3c)	<u>\$ (4,088,499)</u>	<u>\$ (892,011)</u>	<u>\$ (3,196,488)</u>
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>12/31/2019</u>	<u>Effective Tax Rate</u>	
Provision computed at statutory rate	\$ 1,005,333	21.0%	
Tax exempt interest	(202,888)	(4.2%)	
Dividends received deduction	(113,875)	(2.4%)	
Change in deferred tax on nonadmitted assets	(3,161)	(0.1%)	
Other	(246,110)	(5.1%)	
Total	<u>\$ 439,299</u>	<u>9.2%</u>	
Federal and foreign income taxes incurred	\$ 439,728	9.2%	
Tax on capital gains (losses)	10,213	0.2%	
Change in net deferred income taxes	(10,642)	(0.2%)	
Total statutory income taxes	<u>\$ 439,299</u>	<u>9.2%</u>	

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

- (1) As of December 31, 2019, the Company had no net operating loss or net capital loss carry—forwards available for tax purposes.
As of December 31, 2019, the Company had no alternative minimum tax (AMT) credit carry—forwards.
- (2) As of December 31, 2019, the Company had federal income taxes incurred available for recoupment in the event of future net losses of \$2,060,078.
- (3) The Company has no deposits reported as admitted assets under IRC §6603 as of December 31, 2019.

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

- G. The Company does not have any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.
- H. The Company is not subject to the Repatriation Transition Tax.
- I. The Company has not recorded an Alternative Minimum Tax Credit.

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

- A. Not applicable.
- B. Not applicable.
- C. Not applicable.
- D. At December 31, 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.

NOTES TO FINANCIAL STATEMENTS

- F. The Company (LRMIC) participates in a pooling agreement with Western Reserve Mutual Casualty Company, (WRMCC) and Sonnenberg Mutual Insurance Company (SMIC), whereby net premiums, losses, underwriting expenses and related balance sheet amounts (except premiums receivable) are shared on a 55% / 40% / 5% basis, respectively. LRMIC assumes 100% of the business from WRMCC and SMIC and cedes 40% to WRMCC and 5% to SMIC.
- G. The Company owns 50% of Forward Agencies, Inc., an insurance agency. The stock is carried at \$346,009 (unaudited statutory basis) as reported in Schedule D, Part 2, Section 2. In accordance with SSAP No. 97, this subsidiary has been non—admitted.
- H. Not applicable.
- I. Not applicable.
- J. Not applicable.
- K. Not applicable.
- L. The Company owns 55% percent of Western Reserve Financial Corporation, an inactive holding company. The stock is carried at \$56,684 (unaudited statutory basis) as reported in Schedule D, Part 2, Section 2. In accordance with SSAP No. 97, this subsidiary has been non—admitted.
- M. All SCA Investments

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

SCA Entity	Percentage of SCA Ownership	Gross Amount	Admitted Amount	Nonadmitted Amount
a. SSAP No. 97 8a Entities None	N/A	\$ --	\$ --	\$ --
Total SSAP No. 97 8a Entities	XXX	\$ --	\$ --	\$ --
b. SSAP No. 97 8b(ii) Entities None	N/A	\$ --	\$ --	\$ --
Total SSAP No. 97 8b(ii) Entities	XXX	\$ --	\$ --	\$ --
c. SSAP No. 97 8b(iii) Entities Forward Agencies, Inc. Western Reserve Financial Corp.	50% 55%	\$ 346,009 \$ 56,684	\$ -- \$ --	\$ 346,009 \$ 56,684
Total SSAP No. 97 8b(iii) Entities	XXX	\$ 402,693	\$ --	\$ 402,693
d. SSAP No. 97 8b(iv) Entities None	N/A	\$ --	\$ --	\$ --
Total SSAP No. 97 8b(iv) Entities	XXX	\$ --	\$ --	\$ --
e. Total SSAP No. 97 8b Entities (except 8bi entities) (b+c+d)	XXX	\$ 402,693	\$ --	\$ 402,693
f. Aggregate Total (a+e)	XXX	\$ 402,693	\$ --	\$ 402,693

NOTES TO FINANCIAL STATEMENTS

2) NAIC Filing Response Information

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

N. Investments in Insurance SCAs – Not applicable.

O. SCA Loss Tracking – Not applicable.

11. Debt

A. Apart from the item Note 11B immediately below, the Company did not have any outstanding debentures at December 31, 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 \$14,134,702. 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

- a. Membership Stock – Class A
- b. Membership Stock – Class B
- c. Activity Stock
- d. Excess Stock
- e. Aggregate Total

f. Actual or Estimated Borrowing Capacity as Determined by the Insurer

	(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>\$ 14,134,702</u>	<u>\$ XXX</u>	<u>\$ XXX</u>

NOTES TO FINANCIAL STATEMENTS

	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)	\$ 364,000	\$ 364,000	\$ —
	i. Actual or Estimated Borrowing Capacity as Determined by the Insurer	\$ 19,109,237	\$ XXX	\$ XXX
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. Class A	\$ —	\$ —	\$ —	\$ —
2. Class B	\$ 479,344	\$ 479,344	\$ —	\$ —
3.	Collateral Pledged to the FHLB			
c.	Amount Pledged as of Reporting Date			
		<u>Fair Value</u>	<u>Carrying Value</u>	<u>Aggregate Total Borrowing</u>
1.	Current year total general account collateral pledged	\$14,755,864	\$14,437,143	\$ 15,000,000
2.	Current year protected cell account collateral pledged	—	—	—
3.	Current year total general and protected cell accounts collateral pledged	14,755,864	14,437,143	15,000,000
4.	Prior year total general and protected cell accounts collateral pledged	—	—	—
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>
a.	Debt	\$14,234,834	\$14,234,834	\$ —
b.	Funding Agreements	—	—	—
c.	Other	—	—	—
d.	Total (a+b+c)	14,234,834	14,234,834	\$ —
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.			

NOTES TO FINANCIAL STATEMENTS

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

A. Defined Benefit Plans

The Company has a non-qualified voluntary deferred compensation plan for senior executive officers. The plan allows for deferral of payouts from the Annual Cash Bonus Plan and Performance Share Plan for Key Executives. As of December 31, 2019 and 2018, amounts held for these deferrals were \$1.5 million and \$1.0 million, respectively.

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

B. Investment Policies and Strategies

Not applicable.

C. Fair Value of Plan Assets

Not applicable.

D. Basis of Rates of Returns on Assets

Not applicable.

E. Defined Contribution Plans

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

The Company matches a portion of employee contributions and may make additional discretionary contributions. The Company's contribution for the plan was \$0.4 million for 2019 and 2018, respectively. The fair value of the plan assets was \$44.4 million and \$35.7 million at December 31, 2019 and 2018, respectively.

F. Multiemployer Plans

Not applicable.

G. Consolidated/Holding Company Plans

Not applicable.

H. Postemployment Benefits and Compensated Absences

Not applicable.

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

Not applicable.

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

(1) Not applicable.

(2) Not applicable.

(3) Not applicable.

(4) Not applicable.

(5) Not applicable.

(6) Not applicable.

(7) Not applicable.

(8) Not applicable.

(9) Not applicable.

(10) The portion of unassigned funds (surplus) represented by cumulative unrealized gains net of losses before tax is \$42.8 million and \$27.5 million at December 31, 2019 and 2018, respectively.

(11) Not applicable.

(12) Not applicable.

(13) Not applicable.

NOTES TO FINANCIAL STATEMENTS

14. Liabilities, Contingencies and Assessments

A. Contingent Commitments

Not applicable.

B. Assessments

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

C. Gain Contingencies

Not applicable.

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

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

E. Product Warranties

Not applicable.

F. Joint and Several Liabilities

Not applicable.

G. All Other Contingencies

Not applicable.

15. Leases

The Company's lease agreements are limited to office and electronic data processing equipment. Rent expense for the years ending December 31, 2019 and 2018 was not considered material to the Company's financial statements.

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

Not applicable.

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

A. Transfers of Receivables Reported as Sales

Not applicable.

B. Transfer and Servicing of Financial Assets

Not applicable.

C. Wash Sales

Not applicable.

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

A. ASO Plans

Not applicable.

B. ASC Plans

Not applicable.

C. Medicare or Similarly Structured Cost Based Reimbursement Contract

Not applicable.

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

Not applicable.

20. Fair Value Measurements

A. The Company's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by FASB ASC 820 (SFAS No. 157), *Fair Value Measurements*. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3). The levels of the fair value hierarchy are as follows:

NOTES TO FINANCIAL STATEMENTS

Level 1:

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

Level 2:

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

Level 3:

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

(1) Fair Value Measurements at December 31, 2019:

<u>Description of each class of asset or liability</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Net Asset Value (NAV)</u>	<u>Total</u>
a. Assets at fair value					
Cash equivalents:					
Exempt MM Mutual Funds	\$ 5,546,130	\$ --	\$ --	\$ --	\$ 5,546,130
Total Cash Equivalents	5,546,130	--	--	--	5,546,130
Common Stock:					
Mutual Funds	31,322,392	--	--	--	31,322,392
Industrial and Misc	49,165,886	779,400	255,599	--	50,200,885
Total Common Stocks	80,488,278	779,400	255,599	--	81,523,277
Bonds:					
Industrial and Misc	--	585,000	--	--	585,000
Total Bonds	--	585,000	--	--	585,000
Other Invested Assets	6,025,345	12,919,513	--	--	18,944,858
Total assets at fair value/NAV	<u>\$ 92,059,753</u>	<u>\$ 14,283,913</u>	<u>\$ 255,599</u>	<u>\$ --</u>	<u>\$ 106,599,265</u>
b. Liabilities at fair value:					
Not applicable.					

Fair Value Measurements at December 31, 2018:

<u>Description of each class of asset or liability</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Net Asset Value (NAV)</u>	<u>Total</u>
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	<u>\$ 78,253,863</u>	<u>\$ 13,507,587</u>	<u>\$ 255,791</u>	<u>\$ --</u>	<u>\$ 92,017,241</u>
b. Liabilities at fair value:					
Not applicable.					

NOTES TO FINANCIAL STATEMENTS

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

	Beginning Balance at 01/01/2019	Transfers In/(out) Level 3	Total Gains/(Losses) Included in Net Income	Total Gains/(Losses) Included in Surplus	Purchases (Sales)	Ending Balance at 12/31/2019
a. Assets:						
Common Stock: Industrial and Misc	\$ 255,791	\$ —	\$ —	\$ (192)	\$ —	\$ 255,599
b. Liabilities:						
Not applicable.						

(3) As of December 31, 2019, the reported fair value of the entity's investments categorized within Level 3 of the fair value hierarchy is comprised of an investment in NAMIC common stock.

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	\$159,672,835	\$154,490,970	\$10,244,650	\$149,428,185	\$ --	\$ --	\$ --
Common Stock	81,523,277	81,523,277	80,488,278	779,400	255,599	--	--
Other Invested Assets	18,944,858	18,944,858	6,025,345	12,919,513	--	--	--
Cash Equivalents	5,546,130	5,546,130	5,546,130	--	--	--	--

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

21. Other Items

A. Unusual or Infrequent Items

Not applicable.

B. Troubled Debt Restructuring: Debtors

Not applicable.

C. Other Disclosures

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

D. Business Interruption Insurance Recoveries

Not applicable.

E. State Transferable and Non—Transferable Tax Credits

Not applicable.

F. Subprime Mortgage Related Risk Exposure

Not applicable.

G. Insurance-Linked Securities (ILS) Contracts

Not applicable.

H. The Amount That Could Be Realized on Life Insurance Where the Reporting Entity is Owner and Beneficiary or Has Otherwise Obtained Rights to Control the Policy

Not applicable.

NOTES TO FINANCIAL STATEMENTS

22. Events Subsequent

Type I – Recognized Subsequent Events:

Subsequent events have been considered through February 28, 2020 for the statutory statement issued on February 28, 2020 for the year ending December 31, 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 February 28, 2020 for the statutory statement issued on February 28, 2020 for the year ending December 31, 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

If the Company cancelled its umbrella reinsurance program, the return commission would not have a material impact on the financial condition of the Company.

D. Uncollectible Reinsurance

Not applicable.

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, \$19.9 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 \$24.6 million as a result of re-estimation of unpaid claims and claim adjusting expenses. Therefore, there has been \$5.9 million of favorable prior year development from December 31, 2018 to December 31, 2019. Favorable development in auto physical damage, commercial multiple-peril, personal auto liability, and homeowner / farm owner lines of insurance, were offset, in part, by unfavorable development in workers' compensation 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.

NOTES TO FINANCIAL STATEMENTS

26. Intercompany Pooling Agreements

A.

	<u>NAIC No.</u>	<u>Pool Share</u>
Lightning Rod Mutual Insurance Company (Lead)	26123	55.0%
Western Reserve Mutual Casualty Company	26131	40.0%
Sonnenberg Mutual Insurance Company	10271	5.0%

B. All transactions and balances in the underwriting accounts of the companies are pooled except premiums in the course of collection.

C. All lines of business are subject to the intercompany pooling agreement. Cessions to non-affiliated reinsurers are prior to the cession of pooled business from the affiliated pool members to the lead entity.

D. All pool members are subject to the same non-affiliated reinsurance treaties and have the contractual right of direct recovery per the terms of the reinsurance agreement.

E. There are no discrepancies between the reinsurance schedules of the lead and other members of the pool.

F. The Provision for Reinsurance (Schedule F, Part 3) and the write-off of uncollectible reinsurance is in accordance with the pool participation percentages.

G. There were no amounts due to/from the lead entity and affiliated entities participating in the intercompany pool as of December 31, 2019.

27. Structured Settlements

Not applicable.

28. Health Care Receivables

Not applicable.

29. Participating Policies

Not applicable.

30. Premium Deficiency Reserves

1. Liability carried for premium deficiency reserves	\$ —
2. Date of most recent evaluation of this liability	12/31/2019
3. Was anticipated investment income utilized in the calculation?	Yes () No (x)

31. High Deductibles

Not applicable.

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

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

33. Asbestos/Environmental Reserves

A. Does the Company have on the books, or has it ever written an insured for which you have identified a potential for the existence of a liability due to asbestos losses? Yes () No (x)

B. Not applicable.

C. Not applicable.

NOTES TO FINANCIAL STATEMENTS

D. Does the Company have on the books, or has it ever written an insured for which you have identified a potential for the existence of a liability due to environmental losses? Yes (x) No ()

	2015	2016	2017	2018	2019
(1) Direct –					
1) Beginning reserves:	\$ 45	\$ 45	\$ 45	\$ 39	\$ 38
2) Incurred losses and loss adjustment expense:	—	5	6	3	1
3) Calendar year payments for losses and loss adjustment expenses:	—	5	11	4	1
4) Ending reserves:	<u>\$ 45</u>	<u>\$ 45</u>	<u>\$ 39</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:	—	—	—	—	—
4) Ending reserves:	<u>\$ —</u>				
(3) Net of Ceded Reinsurance:					
1) Beginning reserves:	\$ —	\$ —	\$ —	\$ —	\$ —
2) Incurred losses and loss adjustment expense:	—	—	—	—	—
3) Calendar year payments for losses and loss adjustment expenses:	—	—	—	—	—
4) Ending reserves:	<u>\$ —</u>				

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

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

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

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

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

34. Subscriber Savings Accounts

Not applicable.

35. Multiple Peril Crop Insurance

Not applicable.

36. Financial Guaranty Insurance

Not applicable.

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No []

If yes, complete Schedule Y, Parts 1, 1A and 2.

1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [] N/A []

1.3 State Regulating? Ohio.....

1.4 Is the reporting entity publicly traded or a member of a publicly traded group? Yes [] No [X]

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

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]

2.2 If yes, date of change:

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.12/31/2016

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.12/31/2016

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).10/25/2017

3.4 By what department or departments? Ohio.....

3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [] No [] N/A [X]

3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [] N/A []

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

4.11 sales of new business? Yes [] No [X]

4.12 renewals? Yes [] No [X]

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

4.21 sales of new business? Yes [] No [X]

4.22 renewals? Yes [] No [X]

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]

If yes, complete and file the merger history data file with the NAIC.

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

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

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No [X]

6.2 If yes, give full information

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No [X]

7.2 If yes,

7.21 State the percentage of foreign control0.0 %

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

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

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

GENERAL INTERROGATORIES

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]
8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]
8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

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

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

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]
10.4 If the response to 10.3 is yes, provide information related to this exemption:

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [] N/A []
10.6 If the response to 10.5 is no or n/a, please explain

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

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
12.11 Name of real estate holding company _____
12.12 Number of parcels involved _____ 0
12.13 Total book/adjusted carrying value \$ _____

12.2 If yes, provide explanation

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

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

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []

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

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

14.2 Has the code of ethics for senior managers been amended? Yes [] No [X]
14.21 If the response to 14.2 is yes, provide information related to amendment(s).

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

GENERAL INTERROGATORIES

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [] No [X]

15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes [X] No []

17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes [X] No []

18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No []

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans): 20.11 To directors or other officers \$.....
20.12 To stockholders not officers \$.....
20.13 Trustees, supreme or grand (Fraternal only) \$.....

20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans): 20.21 To directors or other officers \$.....
20.22 To stockholders not officers \$.....
20.23 Trustees, supreme or grand (Fraternal only) \$.....

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X]

21.2 If yes, state the amount thereof at December 31 of the current year: 21.21 Rented from others \$.....
21.22 Borrowed from others \$.....
21.23 Leased from others \$.....
21.24 Other \$.....

22.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments? Yes [] No [X]

22.2 If answer is yes: 22.21 Amount paid as losses or risk adjustment \$.....
22.22 Amount paid as expenses \$.....
22.23 Other amounts paid \$.....

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

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

INVESTMENT

24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes [X] No []

24.02 If no, give full and complete information, relating thereto

24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)

24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [] No [] NA [X]

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$.....

24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$.....

24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [] No [] NA [X]

24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [] No [] NA [X]

24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [] No [] NA [X]

24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:

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

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

GENERAL INTERROGATORIES

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

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

25.21 Subject to repurchase agreements	\$ 0
25.22 Subject to reverse repurchase agreements	\$ 0
25.23 Subject to dollar repurchase agreements	\$ 0
25.24 Subject to reverse dollar repurchase agreements	\$ 0
25.25 Placed under option agreements	\$ 0
25.26 Letter stock or securities restricted as to sale – excluding FHLB Capital Stock	\$ 0
25.27 FHLB Capital Stock	\$ 779,400
25.28 On deposit with states	\$ 1,688,127
25.29 On deposit with other regulatory bodies	\$ 0
25.30 Pledged as collateral – excluding collateral pledged to an FHLB	\$ 0
25.31 Pledged as collateral to FHLB – including assets backing funding agreements	\$ 0
25.32 Other	\$ 0

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

LINES 26.3 through 26.5: FOR LIFE/FRATERNAL REPORTING ENTITIES ONLY:

26.3 Does the reporting entity utilize derivatives to hedge variable annuity guarantees subject to fluctuations as a result of interest rate sensitivity? Yes [] No []

26.4 If the response to 26.3 is YES, does the reporting entity utilize:

26.41 Special accounting provision of SSAP No. 108	Yes [<input type="checkbox"/>] No [<input type="checkbox"/>]
26.42 Permitted accounting practice	Yes [<input type="checkbox"/>] No [<input type="checkbox"/>]
26.43 Other accounting guidance	Yes [<input type="checkbox"/>] No [<input type="checkbox"/>]

26.5 By responding YES to 26.41 regarding utilizing the special accounting provisions of SSAP No. 108, the reporting entity attests to the following: Yes [] No []

- The reporting entity has obtained explicit approval from the domiciliary state.
- Hedging strategy subject to the special accounting provisions is consistent with the requirements of VM-21.
- Actuarial certification has been obtained which indicates that the hedging strategy is incorporated within the establishment of VM-21 reserves and provides the impact of the hedging strategy within the Actuarial Guideline Conditional Tail Expectation Amount.
- Financial Officer Certification has been obtained which indicates that the hedging strategy meets the definition of a Clearly Defined Hedging Strategy within VM-21 and that the Clearly Defined Hedging Strategy is the hedging strategy being used by the company in its actual day-to-day risk mitigation efforts.

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

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

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

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

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

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

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

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

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

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

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

GENERAL INTERROGATORIES

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

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

28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e., designated with a “U”) manage more than 10% of the reporting entity’s invested assets?

Yes [] No [X]

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e., designated with a “U”) listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity’s invested assets?

Yes [] No [X]

28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of “A” (affiliated) or “U” (unaffiliated), provide the information for the table below.

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

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D - Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?

Yes [X] No []

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2001 09658L-51-3.....	BMO Pyrford Intl Stk Fund 1.....	3,986,934
29.2002 233203-84-3.....	DFA US Small Cap Fund.....	3,969,078
29.2003 256206-10-3.....	Dodge & Cox Intl Stock Fund.....	16,759,194
29.2004 413838-20-2.....	Eaton Vance FLT RT R6.....	1,613,576
29.2005 413838-20-2.....	Oakmark International Fund 1.....	92,490
29.2006 921932-81-0.....	Vanguard S&P SC600 Inst.....	4,174,414
29.2999 TOTAL		30,595,686

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

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
BMO Pyrford Intl Stk Fund 1.....	Nestle SA.....	136,353	12/31/2019.....
BMO Pyrford Intl Stk Fund 1.....	Roche Hldg AG Div Right Cert.....	132,765	12/31/2019.....
BMO Pyrford Intl Stk Fund 1.....	Novartis AG.....	116,418	12/31/2019.....
BMO Pyrford Intl Stk Fund 1.....	Japan Tobacco Inc.....	110,039	12/31/2019.....
BMO Pyrford Intl Stk Fund 1.....	Fuchs Petrolub SE Participating Preferred.....	92,497	12/31/2019.....
DFA US Small Cap Fund.....	Horizon Therapeutics PLC.....	16,670	12/31/2019.....
DFA US Small Cap Fund.....	TCF Financial Corp.....	13,892	12/31/2019.....
DFA US Small Cap Fund.....	Amedisys Inc.....	13,098	12/31/2019.....
DFA US Small Cap Fund.....	Deckers Outdoor Corp.....	12,701	12/31/2019.....
DFA US Small Cap Fund.....	Helen of Troy Ltd.....	12,701	12/31/2019.....
Dodge & Cox Intl Stock Fund.....	Sanofi SA.....	548,026	12/31/2019.....
Dodge & Cox Intl Stock Fund.....	BNP Paribas.....	537,970	12/31/2019.....
Dodge & Cox Intl Stock Fund.....	ICICI Bank Ltd.....	526,239	12/31/2019.....
Dodge & Cox Intl Stock Fund.....	UBS Group AG.....	496,072	12/31/2019.....
Dodge & Cox Intl Stock Fund.....	Roche Hldg AG Dividend Right Cert.....	475,961	12/31/2019.....
Eaton Vance Flt Rt R6.....	Infor Lawson.....	15,490	12/31/2019.....
Eaton Vance Flt Rt R6.....	CenturyLink, Inc.....	15,329	12/31/2019.....
Eaton Vance Flt Rt R6.....	PPD.....	13,231	12/31/2019.....
Eaton Vance Flt Rt R6.....	Kronos Incorporated.....	13,070	12/31/2019.....
Eaton Vance Flt Rt R6.....	Sprint Communications, Inc.....	12,586	12/31/2019.....
Oakmark International Fund 1.....	Glencore PLC.....	4,023	12/31/2019.....
Oakmark International fund 1.....	BNP Paribas.....	3,468	12/31/2019.....
Oakmark International Fund 1.....	Intesa Sanpaolo.....	3,348	12/31/2019.....
Oakmark International Fund 1.....	Continental AG.....	3,293	12/31/2019.....
Oakmark International Fund 1.....	Credit Suisse Group AG.....	3,283	12/31/2019.....
Vanguard S&P SC600 Inst.....	The Medicines Co.....	33,395	12/31/2019.....
Vanguard S&P SC600 Inst.....	Darling Ingredients Inc.....	24,212	12/31/2019.....
Vanguard S&P SC600 Inst.....	LHC Group Inc.....	21,290	12/31/2019.....
Vanguard S&P SC600 Inst.....	Glacier Bancorp Inc.....	20,872	12/31/2019.....
Vanguard S&P SC600 Inst.....	Community Bank System Inc.....	19,202	12/31/2019.....

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

GENERAL INTERROGATORIES

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	154,490,970	159,672,835	5,181,865
30.2 Preferred Stocks.....	0		0
30.3 Totals	154,490,970	159,672,835	5,181,865

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

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [] No [X]
31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [] No []
31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* been followed? Yes [X] No []
32.2 If no, list exceptions:

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

GENERAL INTERROGATORIES

33. By self-designating 5GI securities, the reporting entity is certifying the following elements of each self-designated 5GI security:

- a. Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or PL security is not available.
- b. Issuer or obligor is current on all contracted interest and principal payments.
- c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

Has the reporting entity self-designated 5GI securities?

Yes [] No [X]

34. By self-designating PLGI securities, the reporting entity is certifying the following elements of each self-designated PLGI security:

- a. The security was purchased prior to January 1, 2018.
- b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
- c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as an NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.
- d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.

Has the reporting entity self-designated PLGI securities?

Yes [] No [X]

35. By assigning FE to a Schedule BA non-registered private fund, the reporting entity is certifying the following elements of each self-designated FE fund:

- a. The shares were purchased prior to January 1, 2019.
- b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
- c. The security had a public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO prior to January 1, 2019.
- d. The fund only or predominantly holds bonds in its portfolio.
- e. The current reported NAIC Designation was derived from the public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO.
- f. The public credit rating(s) with annual surveillance assigned by an NAIC CRP has not lapsed.

Has the reporting entity assigned FE to Schedule BA non-registered private funds that complied with the above criteria?

Yes [] No [X]

OTHER

36.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ 612,596

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

1 Name	2 Amount Paid
ISO.....	\$.....452,687

37.1 Amount of payments for legal expenses, if any? \$ 66,753

37.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
ASI Worley Claim Services.....	\$.....36,230

38.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers, or departments of government, if any? \$ 0

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

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

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]

1.2 If yes, indicate premium earned on U. S. business only. \$ 0

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

1.31 Reason for excluding

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

1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$ 0

1.6 Individual policies:

Most current three years:

1.61 Total premium earned \$ 0

1.62 Total incurred claims \$ 0

1.63 Number of covered lives 0

All years prior to most current three years:

1.64 Total premium earned \$ 0

1.65 Total incurred claims \$ 0

1.66 Number of covered lives 0

1.7 Group policies:

Most current three years:

1.71 Total premium earned \$ 0

1.72 Total incurred claims \$ 0

1.73 Number of covered lives 0

All years prior to most current three years:

1.74 Total premium earned \$ 0

1.75 Total incurred claims \$ 0

1.76 Number of covered lives 0

2. Health Test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator	\$ 0	\$ 0
2.2 Premium Denominator	\$ 120,532,267	\$ 118,573,372
2.3 Premium Ratio (2.1/2.2)	.....0.000	.....0.000
2.4 Reserve Numerator	\$ 0	\$ 0
2.5 Reserve Denominator	\$ 112,153,232	\$ 106,475,693
2.6 Reserve Ratio (2.4/2.5)	.....0.000	.....0.000

3.1 Does the reporting entity issue both participating and non-participating policies? Yes [] No [X]

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

3.21 Participating policies \$

3.22 Non-participating policies \$

4. For Mutual reporting entities and Reciprocal Exchanges only:

4.1 Does the reporting entity issue assessable policies? Yes [] No [X]

4.2 Does the reporting entity issue non-assessable policies? Yes [] No [X]

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

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

5. For Reciprocal Exchanges Only:

5.1 Does the exchange appoint local agents? Yes [] No []

5.2 If yes, is the commission paid:

5.21 Out of Attorney's-in-fact compensation Yes [] No [] N/A []

5.22 As a direct expense of the exchange Yes [] No [] N/A []

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

5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? Yes [] No [X]

5.5 If yes, give full information

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

GENERAL INTERROGATORIES

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss:.....
Protection is provided by the casualty excess of loss agreement with multiple layers creating a \$19.5 million limit above a \$500 thousand per occurrence retention.....

6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:.....
Catastrophe modeling (AIR and RMS models provided by our catastrophe reinsurance broker) is utilized to estimate probable maximum loss (PML). The exposures comprising the PML were severe thunderstorms, winter storms and earthquake in Ohio and Indiana.....

6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?.....
A property catastrophe reinsurance agreement consists of three layers with an automatic reinstatement for additional premium. The total amount of coverage for a single loss occurrence is \$60.5 million above an \$8.5 million retention.....

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

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

.....

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

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

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

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

8.2 If yes, give full information

.....

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

- (a) A contract term longer than two years and the contract is noncancelable by the reporting entity during the contract term;
- (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
- (c) Aggregate stop loss reinsurance coverage;
- (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
- (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
- (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity.

.....

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

- (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
- (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract.

.....

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

- (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
- (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
- (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.

.....

9.4 Except for transactions meeting the requirements of paragraph 37 of SSAP No. 62R - *Property and Casualty Reinsurance*, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:

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

.....

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

.....

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

- (a) The entity does not utilize reinsurance; or,
- (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or
- (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement.

.....

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

.....

Yes [X] No []

Yes [] No [X]

Yes [] No []

Yes [] No [X]

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

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force:..... Yes [] No [X]
 11.2 If yes, give full information

12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
 12.11 Unpaid losses..... \$.....
 12.12 Unpaid underwriting expenses (including loss adjustment expenses)..... \$.....

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

12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses?..... Yes [] No [X] N/A []

12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
 12.41 From..... %.....
 12.42 To..... %.....

12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies?..... Yes [] No [X]

12.6 If yes, state the amount thereof at December 31 of current year:
 12.61 Letters of Credit..... \$.....
 12.62 Collateral and other funds..... \$.....

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation):..... \$..... 1,200,000
 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision?..... Yes [] No [X]
 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount..... 2

14.1 Is the reporting entity a cedant in a multiple cedant reinsurance contract?..... Yes [] No [X]
 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:

 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts?..... Yes [] No []
 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements?..... Yes [] No []
 14.5 If the answer to 14.4 is no, please explain:

 15.1 Has the reporting entity guaranteed any financed premium accounts?..... Yes [] No [X]
 15.2 If yes, give full information

 16.1 Does the reporting entity write any warranty business?..... Yes [] No [X]
 If yes, disclose the following information for each of the following types of warranty coverage:

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

* Disclose type of coverage:

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F – Part 3 that is exempt from the statutory provision for unauthorized reinsurance? Yes [] No [X]

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

17.11	Gross amount of unauthorized reinsurance in Schedule F – Part 3 exempt from the statutory provision for unauthorized reinsurance.....	\$.....
17.12	Unfunded portion of Interrogatory 17.11.....	\$.....
17.13	Paid losses and loss adjustment expenses portion of Interrogatory 17.11.....	\$.....
17.14	Case reserves portion of Interrogatory 17.11.....	\$.....
17.15	Incurred but not reported portion of Interrogatory 17.11.....	\$.....
17.16	Unearned premium portion of Interrogatory 17.11.....	\$.....
17.17	Contingent commission portion of Interrogatory 17.11.....	\$.....

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

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

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

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

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

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

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

FIVE-YEAR HISTORICAL DATA

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

	1 2019	2 2018	3 2017	4 2016	5 2015
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	67,283,648	65,766,384	63,102,970	58,823,890	55,227,325
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	54,803,957	53,982,096	52,168,954	48,962,255	45,999,888
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	105,622,800	103,287,519	102,191,642	101,889,086	99,690,123
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	0	0	0	0	0
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
6. Total (Line 35)	227,710,405	223,035,999	217,463,566	209,675,231	200,917,336
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	36,656,783	35,859,056	34,418,515	32,093,577	30,085,459
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	30,038,408	29,601,783	28,582,597	26,817,233	25,225,257
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	55,521,844	54,379,118	53,813,764	53,603,652	52,280,648
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	0	0	0	0	0
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
12. Total (Line 35)	122,217,035	119,839,957	116,814,876	112,514,462	107,591,364
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(2,790,417)	6,166,151	(2,650,367)	2,166,193	5,273,108
14. Net investment gain (loss) (Line 11)	5,984,446	7,910,117	7,190,947	6,670,862	3,947,797
15. Total other income (Line 15)	1,583,328	1,497,776	1,520,407	1,523,235	1,503,631
16. Dividends to policyholders (Line 17)	0	0	0	0	0
17. Federal and foreign income taxes incurred (Line 19)	439,728	2,701,575	386,540	1,335,511	3,937,681
18. Net income (Line 20)	4,337,629	12,872,469	5,674,447	9,024,779	6,786,855
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	340,708,207	299,590,295	300,331,044	282,018,342	260,077,373
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	8,827,106	7,808,094	15,863,437	15,877,772	15,884,456
20.2 Deferred and not yet due (Line 15.2)	7,221,381	7,812,530	0	0	0
20.3 Accrued retrospective premiums (Line 15.3)	0	0	0	0	0
21. Total liabilities excluding protected cell business (Page 3, Line 26)	145,208,751	120,465,932	123,488,640	118,218,153	108,545,013
22. Losses (Page 3, Line 1)	46,157,684	42,072,913	45,104,176	39,827,983	35,169,797
23. Loss adjustment expenses (Page 3, Line 3)	8,226,009	8,318,009	8,232,489	8,276,225	7,402,963
24. Unearned premiums (Page 3, Line 9)	57,769,539	56,084,771	54,818,186	52,786,332	50,660,086
25. Capital paid up (Page 3, Lines 30 & 31)	0	0	0	0	0
26. Surplus as regards policyholders (Page 3, Line 37)	195,499,456	179,124,363	176,842,404	163,800,189	151,532,360
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	9,436,935	10,953,534	10,600,314	14,708,458	13,344,450
Risk-Based Capital Analysis					
28. Total adjusted capital	195,499,456	179,124,363	176,842,404	163,800,189	151,532,360
29. Authorized control level risk-based capital	15,722,048	14,150,794	14,671,070	13,077,023	11,895,108
Percentage Distribution of Cash, Cash Equivalents and Invested Assets					
(Page 2, Col. 3)(Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1)	48.0	51.6	49.6	50.2	52.5
31. Stocks (Lines 2.1 & 2.2)	25.3	24.5	28.5	28.4	30.1
32. Mortgage loans on real estate (Lines 3.1 and 3.2)	0.0	0.0	0.0	0.0	0.0
33. Real estate (Lines 4.1, 4.2 & 4.3)	4.1	1.7	1.5	1.7	2.1
34. Cash, cash equivalents and short-term investments (Line 5)	16.7	15.8	14.2	13.2	11.6
35. Contract loans (Line 6)	0.0	0.0	0.0	0.0	0.0
36. Derivatives (Line 7)	0.0	0.0	0.0	0.0	0.0
37. Other invested assets (Line 8)	5.9	6.5	6.1	6.4	3.8
38. Receivables for securities (Line 9)	0.0	0.0	0.0	0.0	0.0
39. Securities lending reinvested collateral assets (Line 10)	0.0	0.0	0.0	0.0	0.0
40. Aggregate write-ins for invested assets (Line 11)	0.0	0.0	0.0	0.0	0.0
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)	0	0	0	0	0
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)	0	0	0	0	0
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)	402,693	349,502	368,980	343,110	306,654
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)	0	0	0	0	0
46. Affiliated mortgage loans on real estate					
47. All other affiliated	0	0	0	0	0
48. Total of above Lines 42 to 47	402,693	349,502	368,980	343,110	306,654
49. Total Investment in parent included in Lines 42 to 47 above					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)	0.2	0.2	0.2	0.2	0.2

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2019	2 2018	3 2017	4 2016	5 2015
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	12,064,949	(11,168,393)	4,730,379	4,176,946	(3,573,273)
52. Dividends to stockholders (Line 35)	0	0	0	0	0
53. Change in surplus as regards policyholders for the year (Line 38)	16,375,093	2,281,959	13,042,215	12,267,829	4,214,501
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	38,999,735	43,116,216	36,295,155	33,295,995	30,842,649
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)	32,345,265	32,315,908	29,506,371	28,353,458	27,236,792
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	53,318,379	42,358,095	50,449,304	39,704,280	37,875,527
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	0	0	0	0	0
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
59. Total (Line 35)	124,663,379	117,790,219	116,250,830	101,353,733	95,954,968
Net Losses Paid (Page 9, Part 2, Col. 4)					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	21,449,855	23,729,844	19,951,514	18,286,766	16,919,456
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)	17,789,894	17,772,270	16,228,504	15,594,402	14,980,237
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	29,099,545	22,647,229	27,589,394	21,662,568	20,730,787
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	0	0	0	0	0
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
65. Total (Line 35)	68,339,294	64,149,343	63,769,412	55,543,736	52,630,480
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2)	60.1	51.5	60.2	54.5	51.9
68. Loss expenses incurred (Line 3)	9.2	9.9	9.7	10.5	10.5
69. Other underwriting expenses incurred (Line 4)	33.1	33.4	32.5	33.0	32.6
70. Net underwriting gain (loss) (Line 8)	(2.3)	5.2	(2.3)	2.0	4.9
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)	31.3	31.8	30.6	31.0	30.9
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	69.2	61.4	69.8	65.1	62.4
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0)	62.5	66.9	66.1	68.7	71.0
One Year Loss Development (\$000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	(5,861)	(3,916)	(2,883)	(2,079)	(2,375)
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100.0)	(3.3)	(2.2)	(1.8)	(1.4)	(1.6)
Two Year Loss Development (\$000 omitted)					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12)	(8,765)	(7,226)	(4,044)	(3,891)	(4,715)
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0)	(5.0)	(4.4)	(2.7)	(2.6)	(3.4)

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

Yes No

If no, please explain

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

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

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12 Number of Claims Reported Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)		
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded				
1. Prior	XXX	XXX	XXX	(18)	0	4	1	.2	.0	.21	(13)	XXX	
2. 2010	86,814	4,058	.82,756	51,804	361	1,231	4	6,445	7	2,937	59,108	XXX	
3. 2011	92,817	6,085	.86,732	69,686	13,243	1,279	0	7,293	.4	3,186	65,011	XXX	
4. 2012	99,818	7,447	.92,371	68,705	10,165	1,254	0	8,484	0	2,863	68,278	XXX	
5. 2013	106,199	6,650	.99,549	53,501	.63	1,470	36	8,635	0	3,280	63,507	XXX	
6. 2014	110,375	5,997	104,378	55,639	237	1,340	0	9,274	0	3,210	66,016	XXX	
7. 2015	112,443	5,796	106,647	54,065	502	1,378	20	9,064	.6	3,382	63,979	XXX	
8. 2016	116,305	5,915	110,390	56,620	459	1,085	0	9,228	0	3,353	66,474	XXX	
9. 2017	120,773	5,990	114,783	66,693	1,021	.803	2	10,261	.1	3,343	76,733	XXX	
10. 2018	124,687	6,115	118,572	52,673	360	.359	0	8,962	1	3,185	61,633	XXX	
11. 2019	127,475	6,943	120,532	52,004	293	118	0	7,730	1	1,512	59,558	XXX	
12. Totals	XXX	XXX	XXX	581,372	26,704	10,321	63	85,378	20	30,272	650,284	XXX	

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	Direct and Assumed	Ceded			
1.	66	.38	0	0	0	0	0	0	0	0	0	.28	XXX
2.	86	0	0	0	0	0	0	0	.3	0	0	.89	XXX
3.	35	0	0	0	.3	0	.1	0	.7	0	0	.44	XXX
4.	115	0	0	0	.6	0	0	0	11	0	0	132	XXX
5.	212	0	1	0	31	1	8	3	45	1	0	291	XXX
6.	412	0	.88	.37	.49	2	.10	.4	.67	2	0	.582	XXX
7.	1,230	.96	.28	.11	.100	3	.25	.9	.127	4	0	1,386	XXX
8.	2,038	-.8	.34	.13	.250	9	.53	.18	.282	.11	0	2,615	XXX
9.	3,892	8	144	.26	.635	25	144	.49	.824	.26	0	.5,504	XXX
10.	11,323	.658	1,041	195	.977	35	.221	.77	1,330	.39	0	13,887	XXX
11.	21,677	1,014	7,681	1,857	1,274	58	305	107	1,995	71	0	29,826	XXX
12.	41,085	1,805	9,017	2,139	3,325	133	768	268	4,690	156	0	54,384	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense	Direct and Assumed	Ceded	Direct and Assumed
1.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	.28	0
2.	59,569	.372	.59,197	.68.6	.9.2	.71.5	0	0	.55.0	.86	.3
3.	78,303	13,248	.65,055	.84.4	.217.7	.75.0	0	0	.55.0	.35	.10
4.	78,575	10,165	.68,410	.78.7	.136.5	.74.1	0	0	.55.0	.115	.17
5.	63,903	105	.63,798	.60.2	.1.6	.64.1	0	0	.55.0	.212	.78
6.	66,879	282	.66,598	.60.6	.4.7	.63.8	0	0	.55.0	.463	.119
7.	66,016	652	.65,365	.58.7	.11.2	.61.3	0	0	.55.0	.1,151	.235
8.	69,590	501	.69,089	.59.8	.8.5	.62.6	0	0	.55.0	.2,068	.547
9.	83,395	1,158	.82,237	.69.1	.19.3	.71.6	0	0	.55.0	.4,002	.1,502
10.	76,885	1,365	.75,520	.61.7	.22.3	.63.7	0	0	.55.0	.11,511	.2,376
11.	92,786	3,401	.89,384	.72.8	.49.0	.74.2	0	0	.55.0	.26,488	.3,338
12.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	46,158	8,226

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

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1 2010	2 2011	3 2012	4 2013	5 2014	6 2015	7 2016	8 2017	9 2018	10 2019	11 One Year	12 Two Year
1. Prior	10,945	10,057	10,164	10,032	9,741	9,564	9,441	9,357	9,287	9,255	(31)	(102)
2. 2010	54,800	53,136	52,661	53,080	52,724	52,679	52,819	52,799	52,796	52,756	(40)	(43)
3. 2011	XXX	60,358	59,922	58,493	58,367	58,071	57,986	57,882	57,808	57,760	(48)	(122)
4. 2012	XXX	XXX	64,158	62,412	61,515	60,555	60,131	60,108	60,082	59,915	(166)	(193)
5. 2013	XXX	XXX	XXX	58,009	57,871	56,442	56,179	55,367	55,130	55,119	(11)	(248)
6. 2014	XXX	XXX	XXX	XXX	58,762	59,294	58,532	57,990	57,337	57,259	(78)	(731)
7. 2015	XXX	XXX	XXX	XXX	XXX	59,375	58,813	58,433	56,751	56,183	(568)	(2,250)
8. 2016	XXX	XXX	XXX	XXX	XXX	XXX	63,512	62,594	60,996	59,591	(1,406)	(3,003)
9. 2017	XXX	XXX	XXX	XXX	XXX	XXX	73,254	73,681	71,180	(2,501)	(2,074)	
10. 2018	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	66,280	65,269	(1,011)	XXX
11. 2019	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	79,730	XXX	XXX
										12. Totals	(5,861)	(8,765)

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
	1 2010	2 2011	3 2012	4 2013	5 2014	6 2015	7 2016	8 2017	9 2018	10 2019		
1. Prior	000	4,659	8,246	8,540	8,738	9,203	9,249	9,201	9,242	9,227	XXX	XXX
2. 2010	37,422	46,244	49,815	51,272	51,984	52,201	52,631	52,708	52,674	52,670	XXX	XXX
3. 2011	XXX	40,944	51,679	55,078	56,756	57,346	57,535	57,620	57,724	57,722	XXX	XXX
4. 2012	XXX	XXX	44,440	54,215	57,133	59,108	59,657	59,754	59,801	59,794	XXX	XXX
5. 2013	XXX	XXX	XXX	37,680	48,361	51,477	53,778	54,621	54,778	54,872	XXX	XXX
6. 2014	XXX	XXX	XXX	XXX	39,782	49,370	53,262	55,475	56,543	56,742	XXX	XXX
7. 2015	XXX	XXX	XXX	XXX	XXX	38,127	47,791	51,804	54,717	54,921	XXX	XXX
8. 2016	XXX	XXX	XXX	XXX	XXX	XXX	39,929	51,729	55,804	57,246	XXX	XXX
9. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	46,053	61,780	66,473	XXX	XXX
10. 2018	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	41,396	52,672	XXX	XXX
11. 2019	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	51,829	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										10 2019
	1 2010	2 2011	3 2012	4 2013	5 2014	6 2015	7 2016	8 2017	9 2018	10 2019	
1. Prior	564	329	83	57	87	56	41	19	0	0	0
2. 2010	4,629	532	78	161	129	40	32	15	17	0	0
3. 2011	XXX	4,395	697	397	261	153	58	9	0	1	
4. 2012	XXX	XXX	4,249	752	503	235	70	77	32	0	
5. 2013	XXX	XXX	XXX	5,076	705	387	140	177	40	6	
6. 2014	XXX	XXX	XXX	XXX	4,885	712	359	259	114	58	
7. 2015	XXX	XXX	XXX	XXX	XXX	5,012	667	617	155	32	
8. 2016	XXX	XXX	XXX	XXX	XXX	XXX	5,889	852	390	57	
9. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,501	1,008	213	
10. 2018	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,670	990	
11. 2019	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	6,022	

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE LIGHTNING ROD MUTUAL INSURANCE COMPANY

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated By States And Territories

States, etc.	1 Active Status (a)	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL	N	0	0	0	0	0	0	0
2. Alaska	AK	N	0	0	0	0	0	0	0
3. Arizona	AZ	N	0	0	0	0	0	0	0
4. Arkansas	AR	N	0	0	0	0	0	0	0
5. California	CA	N	0	0	0	0	0	0	0
6. Colorado	CO	N	0	0	0	0	0	0	0
7. Connecticut	CT	N	0	0	0	0	0	0	0
8. Delaware	DE	N	0	0	0	0	0	0	0
9. Dist. Columbia	DC	N	0	0	0	0	0	0	0
10. Florida	FL	N	0	0	0	0	0	0	0
11. Georgia	GA	N	0	0	0	0	0	0	0
12. Hawaii	HI	N	0	0	0	0	0	0	0
13. Idaho	ID	N	0	0	0	0	0	0	0
14. Illinois	IL	L	0	0	0	0	0	0	0
15. Indiana	IN	L	21,855,277	21,893,701	0	10,027,281	9,202,748	5,401,932	265,372
16. Iowa	IA	N	0	0	0	0	0	0	0
17. Kansas	KS	N	0	0	0	0	0	0	0
18. Kentucky	KY	N	0	0	0	0	0	0	0
19. Louisiana	LA	N	0	0	0	0	0	0	0
20. Maine	ME	N	0	0	0	0	0	0	0
21. Maryland	MD	N	0	0	0	0	0	0	0
22. Massachusetts	MA	N	0	0	0	0	0	0	0
23. Michigan	MI	N	0	0	0	0	0	0	0
24. Minnesota	MN	N	0	0	0	0	0	0	0
25. Mississippi	MS	N	0	0	0	0	0	0	0
26. Missouri	MO	N	0	0	0	0	0	0	0
27. Montana	MT	N	0	0	0	0	0	0	0
28. Nebraska	NE	N	0	0	0	0	0	0	0
29. Nevada	NV	N	0	0	0	0	0	0	0
30. New Hampshire	NH	N	0	0	0	0	0	0	0
31. New Jersey	NJ	N	0	0	0	0	0	0	0
32. New Mexico	NM	N	0	0	0	0	0	0	0
33. New York	NY	N	0	0	0	0	0	0	0
34. No. Carolina	NC	N	0	0	0	0	0	0	0
35. No. Dakota	ND	N	0	0	0	0	0	0	0
36. Ohio	OH	L	64,900,214	64,793,954	0	36,745,823	41,496,206	24,575,070	872,935
37. Oklahoma	OK	N	0	0	0	0	0	0	0
38. Oregon	OR	N	0	0	0	0	0	0	0
39. Pennsylvania	PA	N	0	0	0	0	0	0	0
40. Rhode Island	RI	N	0	0	0	0	0	0	0
41. So. Carolina	SC	N	0	0	0	0	0	0	0
42. So. Dakota	SD	N	0	0	0	0	0	0	0
43. Tennessee	TN	L	0	0	0	0	0	0	0
44. Texas	TX	N	0	0	0	0	0	0	0
45. Utah	UT	N	0	0	0	0	0	0	0
46. Vermont	VT	N	0	0	0	0	0	0	0
47. Virginia	VA	N	0	0	0	0	0	0	0
48. Washington	WA	N	0	0	0	0	0	0	0
49. West Virginia	WV	N	0	0	0	0	0	0	0
50. Wisconsin	WI	N	0	0	0	0	0	0	0
51. Wyoming	WY	N	0	0	0	0	0	0	0
52. American Samoa	AS	N	0	0	0	0	0	0	0
53. Guam	GU	N	0	0	0	0	0	0	0
54. Puerto Rico	PR	N	0	0	0	0	0	0	0
55. U.S. Virgin Islands	VI	N	0	0	0	0	0	0	0
56. Northern Mariana Islands	MP	N	0	0	0	0	0	0	0
57. Canada	CAN	N	0	0	0	0	0	0	0
58. Aggregate other alien	OT	XXX	0	0	0	0	0	0	0
59. Totals		XXX	86,755,491	86,687,655	0	46,773,104	50,698,954	29,977,002	1,138,307
DETAILS OF WRITE-INS									
58001.		XXX							
58002.		XXX							
58003.		XXX							
58998. Sum. of remaining write-ins for Line 58 from overflow page.		XXX	0	0	0	0	0	0	0
58999. Totals (Lines 58001 through 58003 + 58998) (Line 58 above)		XXX	0	0	0	0	0	0	0

(a) Active Status Counts

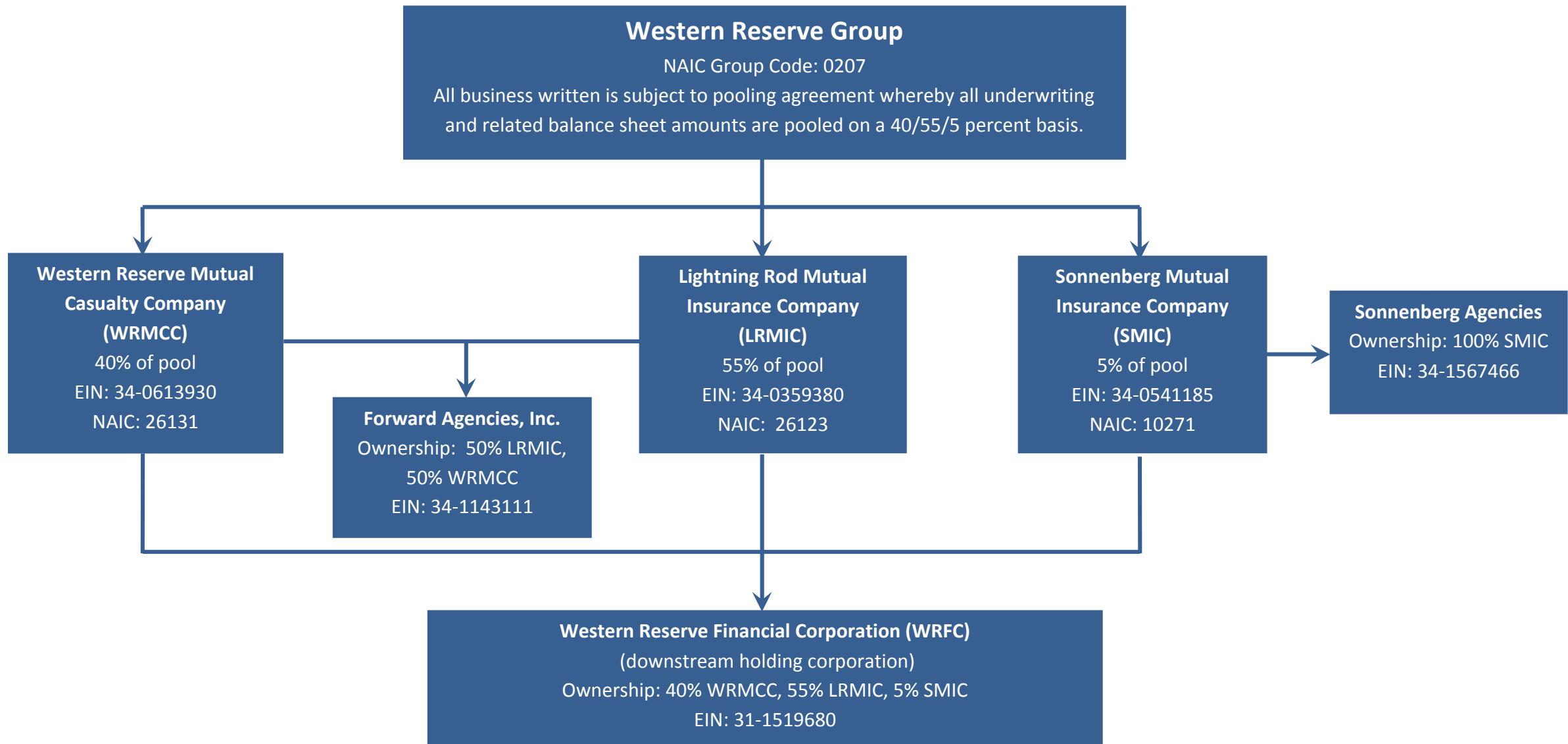
L – Licensed or Chartered – Licensed insurance carrier or domiciled RRG 4 R – Registered – Non-domiciled RRGs 0
E – Eligible – Reporting entities eligible or approved to write surplus lines in the state (other
than their state of domicile – See DSLI) 0 Q – Qualified – Qualified or accredited reinsurer 0
D – Domestic Surplus Lines Insurer (DSLI) – 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

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

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

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

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