



ANNUAL STATEMENT
For the Year Ended December 31, 2011
OF THE CONDITION AND AFFAIRS OF THE
GRANGE INDEMNITY INSURANCE COMPANY

NAIC Group Code	00267	00267	NAIC Company Code	10322	Employer's ID Number	31-1432675
	(Current Period)	(Prior Period)				
Organized under the Laws of	Ohio			State of Domicile or Port of Entry		Ohio
Country of Domicile	United States					
Incorporated/Organized	03/10/1995			Commenced Business		08/03/1995
Statutory Home Office	671 South High Street			Columbus, OH 43206-1014		
	(Street and Number)			(City or Town, State and Zip Code)		
Main Administrative Office	671 South High Street			Columbus, OH 43206-1014		614-445-2900
	(Street and Number)			(City or Town, State and Zip Code)		(Area Code) (Telephone Number)
Mail Address	671 South High Street, P.O. Box 1218			Columbus, OH 43216-1218		
	(Street and Number or P.O. Box)			(City or Town, State and Zip Code)		
Primary Location of Books and Records	671 South High Street			Columbus, OH 43206-1014		614-445-2900
	(Street and Number)			(City or Town, State and Zip Code)		(Area Code) (Telephone Number)
Internet Web Site Address	www.grangeinsurance.com					
Statutory Statement Contact	David Sidney Ackermann			614-445-2900		
	(Name)			(Area Code) (Telephone Number) (Extension)		
	ackermannd@grangeinsurance.com			614-449-3757		
	(E-Mail Address)			(Fax Number)		

OFFICERS

Name	Title	Name	Title
THOMAS HOWARD WELCH	PRESIDENT & CEO	DAVID TRUFANT ROARK	VP & SECRETARY
JOHN PAUL MCCAFFREY	VP & CFO		

OTHER OFFICERS

JOHN CHRISTOPHER MONTGOMERY	VP - INVESTMENTS		
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DIRECTORS OR TRUSTEES

DOUGLAS PAUL BUTH	GLENN EUGENE CORLETT	ELWOOD GORDON GEE	ROBERT ENLOW HOYT #
JOHN PAUL MCCAFFREY #	ROBERT JOHN O'BRIEN	MICHAEL VERNE PARROTT	MARY MARNETTE PERRY
MELVIN GEORGE PYE JR	THOMAS SIMRALL STEWART	PHILIP WAYNE STICHTER	THOMAS HOWARD WELCH
DAVID CHARLES WETMORE			

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

THOMAS HOWARD WELCH PRESIDENT & CEO	DAVID TRUFANT ROARK VP & SECRETARY	JOHN PAUL MCCAFFREY VP & CFO
Subscribed and sworn to before me this 24th day of February, 2012		
Teresa J. Burchwell, Notary Public Apeil 28, 2012		
a. Is this an original filing? Yes [X] No [] b. If no: 1. State the amendment number 2. Date filed 3. Number of pages attached		

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE GRANGE INDEMNITY INSURANCE COMPANY

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	65,162,148		65,162,148	64,455,655
2. Stocks (Schedule D):				
2.1 Preferred stocks	0		0	0
2.2 Common stocks	0		0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$0 , Schedule E-Part 1), cash equivalents (\$0 , Schedule E-Part 2) and short-term investments (\$637,948 , Schedule DA).....	637,948		637,948	1,456,517
6. Contract loans (including \$premium notes).....			0	0
7. Derivatives (Schedule DB).....			0	0
8. Other invested assets (Schedule BA)	0		0	0
9. Receivables for securities			0	0
10. Securities lending reinvested collateral assets (Schedule DL).....	2,525,598		2,525,598	1,833,495
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	68,325,694	0	68,325,694	67,745,667
13. Title plants less \$ charged off (for Title insurers only).....			0	0
14. Investment income due and accrued	727,585		727,585	697,865
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	7,405,782	56,815	7,348,967	7,778,239
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$(7,517) earned but unbilled premiums).....	(8,207)	(690)	(7,517)	(10,158)
15.3 Accrued retrospective premiums.....			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers			0	0
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts			0	0
17. Amounts receivable relating to uninsured plans			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon			0	0
18.2 Net deferred tax asset.....	1,543,154	0	1,543,154	1,612,344
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software.....			0	0
21. Furniture and equipment, including health care delivery assets (\$)			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	1,447,429		1,447,429	0
24. Health care (\$) and other amounts receivable.....			0	0
25. Aggregate write-ins for other than invested assets	19,262	0	19,262	16,591
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	79,460,699	56,125	79,404,574	77,840,548
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
28. Total (Lines 26 and 27)	79,460,699	56,125	79,404,574	77,840,548
DETAILS OF WRITE-INS				
1101.			0	0
1102.			0	0
1103.			0	0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Equities in Pools.....	19,262		19,262	16,591
2502.			0	0
2503.			0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	19,262	0	19,262	16,591

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)	15,787,268	16,167,083
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)		0
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	4,517,855	4,872,717
4. Commissions payable, contingent commissions and other similar charges	405,632	485,694
5. Other expenses (excluding taxes, licenses and fees)	1,087,793	1,083,820
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	465,206	519,206
7.1 Current federal and foreign income taxes (including \$ (23,025) on realized capital gains (losses)).....	636,817	372,719
7.2 Net deferred tax liability.....		0
8. Borrowed money \$ and interest thereon \$		0
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 13,482,570 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)	15,635,092	16,237,353
10. Advance premium		0
11. Dividends declared and unpaid:		
11.1 Stockholders		0
11.2 Policyholders	30,947	30,425
12. Ceded reinsurance premiums payable (net of ceding commissions)		0
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		0
14. Amounts withheld or retained by company for account of others		0
15. Remittances and items not allocated.....		0
16. Provision for reinsurance (Schedule F, Part 7)	0	0
17. Net adjustments in assets and liabilities due to foreign exchange rates		0
18. Drafts outstanding		0
19. Payable to parent, subsidiaries and affiliates		84,304
20. Derivatives		0
21. Payable for securities		0
22. Payable for securities lending	2,525,598	1,833,495
23. Liability for amounts held under uninsured plans		0
24. Capital notes \$and interest thereon \$		0
25. Aggregate write-ins for liabilities	0	0
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	41,092,208	41,686,816
27. Protected cell liabilities		0
28. Total liabilities (Lines 26 and 27)	41,092,208	41,686,816
29. Aggregate write-ins for special surplus funds	0	0
30. Common capital stock	2,000,000	2,000,000
31. Preferred capital stock		0
32. Aggregate write-ins for other than special surplus funds	0	0
33. Surplus notes		0
34. Gross paid in and contributed surplus	5,000,000	5,000,000
35. Unassigned funds (surplus)	31,312,366	29,153,732
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 30 \$)		0
36.2 shares preferred (value included in Line 31 \$)		0
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	38,312,366	36,153,732
38. Totals (Page 2, Line 28, Col. 3)	79,404,574	77,840,548
DETAILS OF WRITE-INS		
2501.		0
2502.		0
2503.		0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	0	0
2901.		0
2902.		0
2903.		0
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0
3201.		0
3202.		0
3203.		0
3298. Summary of remaining write-ins for Line 32 from overflow page	0	0
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)	0	0

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE GRANGE INDEMNITY INSURANCE COMPANY

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	41,739,961	44,817,241
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	25,082,005	27,401,851
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	4,341,904	4,754,473
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	13,046,048	14,230,815
5. Aggregate write-ins for underwriting deductions	0	0
6. Total underwriting deductions (Lines 2 through 5)	42,469,958	46,387,139
7. Net income of protected cells	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(729,996)	(1,569,898)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	2,472,498	2,196,288
10. Net realized capital gains (losses) less capital gains tax of \$ (23,025) (Exhibit of Capital Gains (Losses))	(42,761)	(8,186)
11. Net investment gain (loss) (Lines 9 + 10)	2,429,737	2,188,102
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$3,790 amount charged off \$329,297)	(325,507)	(408,564)
13. Finance and service charges not included in premiums	1,525,873	2,021,576
14. Aggregate write-ins for miscellaneous income	107,641	120,223
15. Total other income (Lines 12 through 14)	1,308,007	1,733,235
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	3,007,748	2,351,439
17. Dividends to policyholders	122,152	129,426
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)	2,885,596	2,222,013
19. Federal and foreign income taxes incurred	659,842	377,127
20. Net income (Line 18 minus Line 19) (to Line 22)	2,225,754	1,844,886
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	36,153,732	34,426,418
22. Net income (from Line 20)	2,225,754	1,844,886
23. Net transfers (to) from Protected Cell accounts	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$	0	0
25. Change in net unrealized foreign exchange capital gain (loss)	0	0
26. Change in net deferred income tax	(78,608)	(144,025)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	11,488	26,453
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)	2,158,634	1,727,314
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	38,312,366	36,153,732
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. Miscellaneous Income.....	107,641	120,223
1402.	0	0
1403.	0	0
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)	107,641	120,223
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

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	41,566,403	44,696,916
2. Net investment income	2,688,025	2,125,129
3. Miscellaneous income	1,308,007	1,733,235
4. Total (Lines 1 through 3)	45,562,435	48,555,280
5. Benefit and loss related payments	25,461,818	27,216,862
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	17,873,235	18,883,177
8. Dividends paid to policyholders	121,630	133,227
9. Federal and foreign income taxes paid (recovered) net of \$ (23,025) tax on capital gains (losses)	372,719	333,526
10. Total (Lines 5 through 9)	43,829,401	46,566,792
11. Net cash from operations (Line 4 minus Line 10)	1,733,034	1,988,488
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	13,706,641	21,115,509
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	13,706,641	21,115,509
13. Cost of investments acquired (long-term only):		
13.1 Bonds	14,723,836	23,049,885
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	14,723,836	23,049,885
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)	(1,017,195)	(1,934,376)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied)	(1,534,408)	533,027
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(1,534,408)	533,027
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)	(818,569)	587,139
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	1,456,517	869,378
19.2 End of year (Line 18 plus Line 19.1)	637,948	1,456,517

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 .....	.529,028	.314,652	.306,819	.536,862
2.	Allied lines .....	.301,770	.178,283	.173,878	.306,175
3.	Farmowners multiple peril .....	.689,694	.351,342	.354,209	.686,827
4.	Homeowners multiple peril .....	.8,455,020	.5,032,339	.4,885,083	.8,602,275
5.	Commercial multiple peril .....	.3,762,877	.1,815,630	.1,880,342	.3,698,165
6.	Mortgage guaranty .....	.0	.0	.0	.0
8.	Ocean marine .....	.0	.0	.0	.0
9.	Inland marine .....	.329,069	.189,448	.177,999	.340,518
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 .....	.105,324	.64,852	.60,416	.109,760
13.	Group accident and health .....	.4,229	.0	.0	.4,229
14.	Credit accident and health (group and individual) .....	.0	.0	.0	.0
15.	Other accident and health .....	.0	.0	.0	.0
16.	Workers' compensation .....	.1,153,200	.495,616	.572,823	.1,075,993
17.1	Other liability - occurrence .....	.500,453	.231,901	.249,913	.482,441
17.2	Other liability - claims-made .....	.258	.89	.78	.268
17.3	Excess workers' compensation.....	.0	.0	.0	.0
18.1	Products liability-occurrence .....	.2,362	.699	.953	.2,108
18.2	Products liability-claims-made .....	.0	.0	.0	.0
19.1,19.2	Private passenger auto liability .....	.13,137,175	.3,661,525	.3,208,816	.13,589,884
19.3,19.4	Commercial auto liability .....	.2,390,100	.1,042,380	.1,125,335	.2,307,145
21.	Auto physical damage .....	.9,775,508	.2,857,802	.2,637,769	.9,995,541
22.	Aircraft (all perils) .....	.0	.0	.0	.0
23.	Fidelity .....	.0	.0	.0	.0
24.	Surety .....	.0	.0	.0	.0
26.	Burglary and theft .....	.1,636	.793	.659	.1,769
27.	Boiler and machinery .....	.0	.0	.0	.0
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	41,137,702	16,237,352	15,635,092	41,739,961
DETAILS OF WRITE-INS					
3401.	.....	.0	.0	.0	.0
3402.	.....	.0	.0	.0	.0
3403.	.....	.0	.0	.0	.0
3498.	Sum. of remaining write-ins for Line 34 from overflow page .....	.0	.0	.0	.0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	.0	.0	.0	.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business		1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire	306,819				306,819
2.	Allied lines	173,878				173,878
3.	Farmowners multiple peril	354,209				354,209
4.	Homeowners multiple peril	4,885,083				4,885,083
5.	Commercial multiple peril	1,880,342				1,880,342
6.	Mortgage guaranty					0
8.	Ocean marine					0
9.	Inland marine	177,999				177,999
10.	Financial guaranty					0
11.1	Medical professional liability-occurrence					0
11.2	Medical professional liability-claims-made					0
12.	Earthquake	60,416				60,416
13.	Group accident and health					0
14.	Credit accident and health (group and individual) ...					0
15.	Other accident and health					0
16.	Workers' compensation	572,823				572,823
17.1	Other liability-occurrence	249,913				249,913
17.2	Other liability-claims-made	78				78
17.3	Excess workers' compensation					0
18.1	Products liability-occurrence	953				953
18.2	Products liability-claims-made					0
19.1,19.2	Private passenger auto liability	3,208,816				3,208,816
19.3,19.4	Commercial auto liability	1,125,335				1,125,335
21.	Auto physical damage	2,637,769				2,637,769
22.	Aircraft (all perils)					0
23.	Fidelity					0
24.	Surety					0
26.	Burglary and theft	659				659
27.	Boiler and machinery					0
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	15,635,092	0	0	0	15,635,092
36.	Accrued retrospective premiums based on experience					
37.	Earned but unbilled premiums					
38.	Balance (Sum of Lines 35 through 37)					15,635,092
DETAILS OF WRITE-INS						
3401.	.....					0
3402.	.....					0
3403.	.....					0
3498.	Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0	0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire		529,028				529,028
2. Allied lines		301,770				301,770
3. Farmowners multiple peril		689,694				689,694
4. Homeowners multiple peril		8,455,020				8,455,020
5. Commercial multiple peril		3,762,877				3,762,877
6. Mortgage guaranty						0
8. Ocean marine						0
9. Inland marine		329,069				329,069
10. Financial guaranty						0
11.1 Medical professional liability-occurrence						0
11.2 Medical professional liability-claims-made						0
12. Earthquake		105,324				105,324
13. Group accident and health		4,229				4,229
14. Credit accident and health (group and individual)						0
15. Other accident and health						0
16. Workers' compensation		1,153,200				1,153,200
17.1 Other liability-occurrence		500,453				500,453
17.2 Other liability-claims-made		258				258
17.3 Excess workers' compensation						0
18.1 Products liability-occurrence		2,362				2,362
18.2 Products liability-claims- made						0
19.1,19.2 Private passenger auto liability	15,570,500	13,137,175	0	15,523,436	47,064	13,137,175
19.3,19.4 Commercial auto liability	10,633,281	2,390,100	2,148	10,607,222	28,207	2,390,100
21. Auto physical damage	10,901,536	9,775,508	206	10,738,644	163,099	9,775,508
22. Aircraft (all perils)						0
23. Fidelity						0
24. Surety						0
26. Burglary and theft		1,636				1,636
27. Boiler and machinery						0
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	37,105,317	41,137,702	2,354	36,869,302	238,369	41,137,702
DETAILS OF WRITE-INS						
3401.						0
3402.						0
3403.						0
3498. Sum. of remaining write- ins for Line 34 from overflow page	0	0	0	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 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 2011 OF THE GRANGE INDEMNITY INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of 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 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1.	Fire		393,684		393,684	67,851	56,428	405,107	75.5
2.	Allied lines		153,641		153,641	37,480	54,346	136,775	44.7
3.	Farmowners multiple peril		368,054		368,054	122,380	82,915	407,519	59.3
4.	Homeowners multiple peril		6,282,672		6,282,672	1,425,734	1,469,409	6,238,998	72.5
5.	Commercial multiple peril		2,027,675		2,027,675	2,426,292	2,340,733	2,113,234	57.1
6.	Mortgage guaranty .....				.0	.0	.0	.0	.0
8.	Ocean marine .....				.0	.0	.0	.0	.0
9.	Inland marine		161,701		161,701	27,399	33,947	155,153	45.6
10.	Financial guaranty .....				.0	.0	.0	.0	.0
11.1	Medical professional liability-occurrence .....		.1		.1	.0	.0	.1	.0
11.2	Medical professional liability-claims-made .....				.0	.0	.0	.0	.0
12.	Earthquake .....				.0	.0	.0	.0	.0
13.	Group accident and health		7,467		7,467	25,607	25,874	7,200	170.2
14.	Credit accident and health (group and individual) .....				.0	.0	.0	.0	.0
15.	Other accident and health .....				.0	.0	.0	.0	.0
16.	Workers' compensation		563,567		563,567	1,306,482	1,155,889	714,159	66.4
17.1	Other liability-occurrence		125,872		125,872	254,675	168,466	212,081	44.0
17.2	Other liability-claims-made		(196)		(196)	10,477	9,423	858	320.0
17.3	Excess workers' compensation .....				.0	.0	.0	.0	.0
18.1	Products liability-occurrence		40		40	1,547	1,227	360	17.1
18.2	Products liability-claims-made .....				.0	.0	.0	.0	.0
19.1,19.2	Private passenger auto liability	11,655,910	8,181,831	11,655,910	8,181,831	8,367,960	9,134,353	7,415,438	54.6
19.3,19.4	Commercial auto liability	2,833,894	1,160,375	2,835,950	1,158,319	1,879,507	1,729,062	1,308,764	56.7
21.	Auto physical damage	7,205,717	6,037,380	7,205,704	6,037,393	(167,342)	(96,206)	5,966,257	59.7
22.	Aircraft (all perils) .....	.0	.8	.0	.8	17	17	.9	.0
23.	Fidelity .....				.0	.0	.0	.0	.0
24.	Surety		(70)		(70)	1,171	1,171	(71)	.0
26.	Burglary and theft		161		161	30	29	163	9.2
27.	Boiler and machinery .....				.0	.0	.0	.0	.0
28.	Credit .....				.0	.0	.0	.0	.0
29.	International .....				.0	.0	.0	.0	.0
30.	Warranty .....				.0	.0	.0	.0	.0
31.	Reinsurance-nonproportional assumed property	XXX			.0	.0	.0	.0	.0
32.	Reinsurance-nonproportional assumed liability	XXX			.0	.0	.0	.0	.0
33.	Reinsurance-nonproportional assumed financial lines	XXX			.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	21,695,520	25,463,861	21,697,563	25,461,818	15,787,268	16,167,082	25,082,005	60.1
DETAILS OF WRITE-INS									
3401.	.....				.0	.0	.0	.0	.0
3402.	.....				.0	.0	.0	.0	.0
3403.	.....				.0	.0	.0	.0	.0
3498.	Sum. of remaining write-ins for Line 34 from overflow page .....	.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 2011 OF THE GRANGE INDEMNITY INSURANCE COMPANY

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

		Reported Losses				Incurred But Not Reported			8	9
		1	2	3	4	5	6	7		
Line of Business		Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
1.	Fire		32,268		32,268		35,583		67,851	27,946
2.	Allied lines		15,051		15,051		22,429		37,480	19,180
3.	Farmowners multiple peril		82,078		82,078		40,302		122,380	36,156
4.	Homeowners multiple peril		865,782		865,782		559,952		1,425,734	431,576
5.	Commercial multiple peril		1,171,865		1,171,865		1,254,427		2,426,292	1,262,874
6.	Mortgage guaranty				0				0	
8.	Ocean marine				0				0	
9.	Inland marine		16,863		16,863		10,536		27,399	8,618
10.	Financial guaranty				0				0	
11.1	Medical professional liability-occurrence				0				0	
11.2	Medical professional liability-claims-made				0				0	
12.	Earthquake				0				0	
13.	Group accident and health		25,607		25,607				(a) 25,607	51
14.	Credit accident and health (group and individual)				0				0	
15.	Other accident and health				0				(a) 0	
16.	Workers' compensation		775,328		775,328		531,155		1,306,482	191,725
17.1	Other liability-occurrence		107,510		107,510		147,165		254,675	31,857
17.2	Other liability-claims-made		10,400		10,400		77		10,477	66
17.3	Excess workers' compensation				0				0	
18.1	Products liability-occurrence		959		959		588		1,547	778
18.2	Products liability-claims-made				0				0	
19.1,19.2	Private passenger auto liability	6,113,145	5,600,677	6,113,145	5,600,677	2,404,894	2,767,283	2,404,894	8,367,960	1,927,770
19.3,19.4	Commercial auto liability	5,998,298	1,054,276	5,999,828	1,052,746	2,329,573	827,783	2,330,595	1,879,507	305,270
21.	Auto physical damage	(540,178)	(425,832)	(540,178)	(425,832)	520,177	258,493	520,180	(167,342)	273,986
22.	Aircraft (all perils)		17		17				17	
23.	Fidelity				0				0	
24.	Surety		1,171		1,171				1,171	
26.	Burglary and theft				0		30		30	2
27.	Boiler and machinery				0				0	
28.	Credit				0				0	
29.	International				0				0	
30.	Warranty				0				0	
31.	Reinsurance-nonproportional assumed property	XXX			0	XXX			0	
32.	Reinsurance-nonproportional assumed liability	XXX			0	XXX			0	
33.	Reinsurance-nonproportional assumed financial lines	XXX			0	XXX			0	
34.	Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0	0
35.	TOTALS	11,571,266	9,334,020	11,572,796	9,332,490	5,254,644	6,455,804	5,255,669	15,787,268	4,517,855
DETAILS OF WRITE-INS										
3401.	.....				0				0	
3402.	.....				0				0	
3403.	.....				0				0	
3498.	Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0	0	0	0
3499.	Totals (Lines 3401 through 3403 + 3498) (Line 34 above)	0	0	0	0	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	234,184			234,184
1.2 Reinsurance assumed	651,547			651,547
1.3 Reinsurance ceded	234,184			234,184
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	651,547	0	0	651,547
2. Commission and brokerage:				
2.1 Direct, excluding contingent		4,728,586		4,728,586
2.2 Reinsurance assumed, excluding contingent		6,274,556		6,274,556
2.3 Reinsurance ceded, excluding contingent		4,728,586		4,728,586
2.4 Contingent-direct		212,541		212,541
2.5 Contingent-reinsurance assumed		451,516		451,516
2.6 Contingent-reinsurance ceded		212,541		212,541
2.7 Policy and membership fees				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)	0	6,726,072	0	6,726,072
3. Allowances to manager and agents	3,458	83,005	85	86,549
4. Advertising		165,114		165,114
5. Boards, bureaus and associations	32,222	72,076	184	104,482
6. Surveys and underwriting reports		518,309		518,309
7. Audit of assureds' records		16,509		16,509
8. Salary and related items:				
8.1 Salaries	1,996,074	2,174,399	34,439	4,204,912
8.2 Payroll taxes	158,186	173,956	2,685	334,827
9. Employee relations and welfare	596,739	720,573	10,427	1,327,739
10. Insurance	28,692	33,103	1,872	63,667
11. Directors' fees	30,306	37,930	773	69,009
12. Travel and travel items	103,491	111,734	1,884	217,109
13. Rent and rent items	124,459	28,739	215,462	368,660
14. Equipment	75,603	139,633	791	216,026
15. Cost or depreciation of EDP equipment and software	44,123	75,129	1,189	120,441
16. Printing and stationery	15,955	58,904	368	75,227
17. Postage, telephone and telegraph, exchange and express	118,154	380,255	9,397	507,806
18. Legal and auditing	25,514	62,572	591	88,676
19. Totals (Lines 3 to 18)	3,352,976	4,851,940	280,146	8,485,062
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$		903,258		903,258
20.2 Insurance department licenses and fees		40,252		40,252
20.3 Gross guaranty association assessments		(853)		(853)
20.4 All other (excluding federal and foreign income and real estate)		5,781		5,781
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	0	948,439	0	948,439
21. Real estate expenses				0
22. Real estate taxes				0
23. Reimbursements by uninsured plans				0
24. Aggregate write-ins for miscellaneous expenses	337,381	519,597	64,721	921,699
25. Total expenses incurred	4,341,904	13,046,048	344,867	(a) 17,732,820
26. Less unpaid expenses-current year	4,517,855	1,958,301	330	6,476,486
27. Add unpaid expenses-prior year	4,872,717	2,088,722	0	6,961,439
28. Amounts receivable relating to uninsured plans, prior year	0	0	0	0
29. Amounts receivable relating to uninsured plans, current year				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	4,696,766	13,176,469	344,537	18,217,772
DETAILS OF WRITE-INS				
2401. Software Expense.....	164,146	204,226	7,415	375,787
2402. Miscellaneous Expenses.....	107,213	225,728	55,151	388,093
2403. Donations.....	15,010	17,830	371	33,210
2498. Summary of remaining write-ins for Line 24 from overflow page	51,012	71,813	1,784	124,610
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	337,381	519,597	64,721	921,699

(a) Includes management fees of \$ 9,406,762 to affiliates and \$ to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a).....293,372	.....287,218
1.1	Bonds exempt from U.S. tax	(a).....951,391	.....965,375
1.2	Other bonds (unaffiliated)	(a).....1,517,922	.....1,541,284
1.3	Bonds of affiliates	(a).....0	.....
2.1	Preferred stocks (unaffiliated)	(b).....0	.....
2.11	Preferred stocks of affiliates	(b).....0	.....
2.2	Common stocks (unaffiliated) .....	.....0	.....
2.21	Common stocks of affiliates .....	.....0	.....
3.	Mortgage loans	(c).....	.....
4.	Real estate	(d).....	.....
5.	Contract loans .....	.....	.....
6.	Cash, cash equivalents and short-term investments	(e).....17,045	.....15,573
7.	Derivative instruments	(f).....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....7,915	.....7,915
10.	Total gross investment income	2,787,645	2,817,365
11.	Investment expenses		(g).....344,867
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g).....
13.	Interest expense		(h).....
14.	Depreciation on real estate and other invested assets		(i).....
15.	Aggregate write-ins for deductions from investment income .....		.....0
16.	Total deductions (Lines 11 through 15) .....		.....344,867
17.	Net investment income (Line 10 minus Line 16)		2,472,498
DETAILS OF WRITE-INS			
0901.	Securities Lending Income .....	.....7,915	.....7,915
0902.	.....	.....	.....
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0
0999.	Totals (Lines 0901 through 0903) plus 0998 (Line 9 above)	7,915	7,915
1501.	.....		.....
1502.	.....		.....
1503.	.....		.....
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		.....0
1599.	Totals (Lines 1501 through 1503) plus 1598 (Line 15 above)		0

(a) Includes \$84,006 accrual of discount less \$328,923 amortization of premium and less \$39,676 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 \$13 accrual of discount less \$0 amortization of premium and less \$0 paid for accrued interest on purchases.
(f) Includes \$ accrual of discount less \$ amortization of premium.
(g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes \$ interest on surplus notes and \$ interest on capital notes.
(i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds	(89,474)		(89,474)		
1.1	Bonds exempt from U.S. tax	23,688		23,688		
1.2	Other bonds (unaffiliated)			0		
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)	0	0	0	0	0
2.21	Common stocks of affiliates	0	0	0	0	0
3.	Mortgage loans	0	0	0	0	0
4.	Real estate	0	0	0		0
5.	Contract loans			0		
6.	Cash, cash equivalents and short-term investments			0	0	0
7.	Derivative instruments			0		
8.	Other invested assets	0	0	0	0	0
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10.	Total capital gains (losses)	(65,786)	0	(65,786)	0	0
DETAILS OF WRITE-INS						
0901.	.....			0		
0902.	.....			0		
0903.	.....			0		
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999.	Totals (Lines 0901 through 0903) plus 0998 (Line 9 above)	0	0	0	0	0

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	0	0	0
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)	0	0	0
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	56,815	57,876	1,061
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.	(690)	319	1,009
15.3 Accrued retrospective premiums.....	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	9,418	9,418
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	0	0	0
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).....	56,125	67,613	11,488
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. Total (Lines 26 and 27)	56,125	67,613	11,488
DETAILS OF WRITE-INS			
1101.			
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.			
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

**ANNUAL STATEMENT FOR THE YEAR 2011 OF THE
GRANGE INDEMNITY INSURANCE COMPANY**

NOTES TO FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

A. Accounting Practices

The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Ohio. The State of Ohio requires that insurance companies domiciled in the State prepare their statutory basis financial statements in accordance with the NAIC Accounting Practices and Procedures manual subject to any deviations prescribed or permitted by the State of Ohio insurance commissioner. The Company does not employ accounting practices that depart from the NAIC Accounting Practices and Procedures Manual.

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 insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by daily 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.
- (3) Common Stocks 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.
- (4) Preferred stocks are stated at cost.
- (5) Mortgage loans on real estate are stated at the aggregate carrying value less accrued interest.
- (6) Loan-backed securities are stated at either amortized cost or the lower or amortized cost or fair market value. The retrospective adjustment method is used to value all securities except for interest only securities or securities where the yield had become negative, that are valued using the prospective method.
- (7) The company has no investments in subsidiaries, controlled and affiliated entities.
- (8) The company has no ownership interests in joint ventures, partnerships and limited liability companies.
- (9) All derivatives are stated at fair value.
- (10) The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, Property-Casualty Contracts - Premiums.
- (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 liability 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 does not have pharmaceutical rebate receivables.

2. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

Accounting changes adopted to conform to the provisions of the NAIC Accounting Practices and Procedures manual, are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is reported as an adjustment to unassigned funds (surplus) in the period of the change in accounting principle. The cumulative effect is the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all prior periods. As a result of these changes, the Company reported a change of accounting principle, as an adjustment that increased (decreased) unassigned funds (surplus), of \$0 as of January 1, 2011.

3. BUSINESS COMBINATIONS AND GOODWILL

NONE

4. DISCONTINUED OPERATIONS

NONE

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GRANGE INDEMNITY INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

5. INVESTMENTS

A. MORTGAGE LOANS
NONE

B.DEBT RESTRUCTURING
NONE

C. REVERSE MORTGAGES
NONE

D. LOAN-BACKED SECURITIES

- 1) Prepayment assumptions for single class and multi-class mortgage-backed/asset-backed securities were obtained from Hub Data and Bloomberg. These assumptions are consistent with the current interest rate and economic environment.
- 2) NONE
- 3)

(1)	(2)	(3)	(4)	(5)	(6)	(7)
CUSIP	Book/Adjusted Carrying Value Amortized Cost Before Current Period OTTI	Present Value of Projected Cash Flows	Recognized Other-Than- Temporary Impairment for the Current Period	Amortized Cost After Other- Than Temporary Impairment	Fair Value at end of Current Period	Date of Financial Statement – End of Period
NONE						

- 4) As 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.

Aggregate Amount of Unrealized Losses:

1	Less than 12 Months	0
2	Greater than 12 Months	0

b.

The aggregate related fair value of securities with unrealized losses:

1	Less than 12 Months	0
2	Greater than 12 Months	0

- 5) According to SSAP 43R, loan-backed and structured securities with an unrealized loss position were reviewed according to the pronouncement that became effective on 9/30/09. The best estimate of future cash flows using the appropriate discount rate was calculated for each affected security, with other-than-temporary impairments realized to the extent that present value was less than amortized cost. Securities with a present value greater than amortized cost were not other-than-temporarily impaired.

E. REPURCHASE AGREEMENTS AND SECURITIES LENDING TRANSACTIONS

1. NONE
2. NONE
3. AGGREGATE AMOUNT CASH COLLATERAL RECEIVED

Securities Lending Collateral Received

	Fair Value
Open	2,525,548
Securities Received	0
Total Collateral Received	2,525,548

4. NONE
5. COLLATERAL REINVESTMENT

Aggregate Amount Cash Collateral Reinvested

	Amortized Cost	Fair Value
Open	2,525,597	2,525,608
Securities Received	0	0
Total Collateral Reinvested	2,525,597	2,525,608

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES
NONE

7. INVESTMENT INCOME
NONE EXCLUDED

8. DERIVATIVE INSTRUMENTS
NONE

NOTES TO FINANCIAL STATEMENTS

A. Components of deferred tax assets (DTAs) and deferred tax liabilities (DTLs):

(1)	DTA/DTL Components	2011			2010			Change		
	Description	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a)	Gross deferred tax assets	1,634,831	0	1,634,831	1,701,930	30	1,701,960	(67,099)	(30)	(67,130)
(b)	Statutory valuation allowance adjustment (enter as "-")	0	0	0	0	0	0	0	0	0
(c)	Adjusted gross deferred tax assets	1,634,831	0	1,634,831	1,701,930	30	1,701,960	(67,099)	(30)	(67,130)
(d)	Gross deferred tax liabilities	(91,677)	0	(91,677)	(80,198)	(0)	(80,198)	(11,479)	0	(11,479)
(e)	Net deferred tax asset/(liability) before admissibility test	1,543,154	0	1,543,154	1,621,732	30	1,621,762	(78,578)	(30)	(78,608)
(f)	Deferred tax assets nonadmitted	0	0	0	(9,387)	(30)	(9,417)	9,387	30	9,418
(g)	Net admitted deferred tax asset/(liability)	1,543,154	0	1,543,154	1,612,345	(0)	1,612,345	(69,191)	0	(69,191)

	2011	2010
(2) Has the Company elected to admit DTAs pursuant to paragraph 10.e? ("Y" for yes or "N" for no)	Y	Y

(3) **Increase in admitted adjusted gross DTAs as the result of the application of paragraph 10.e.:**

	2011			2010			Change		
Description	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
With ¶ 10.e.	1,543,154	0	1,543,154	1,612,344	(0)	1,612,344	(69,191)	0	(69,190)
With ¶s 10.a.-c.	1,334,285	0	1,334,285	1,387,542	0	1,387,542	(53,257)	0	(53,257)
Increase attributable to application of ¶ 10.e.	208,868	0	208,868	224,802	(0)	224,802	(15,934)	0	(15,933)

Admission calculation components:

	2011			2010			Change		
Description	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Admission calculation under ¶10.a.-¶10.c.									
(a) Admitted pursuant to ¶10.a.	1,066,713	0	1,066,713	869,029	0	869,029	197,684	0	197,684
(b) Admitted pursuant to ¶10.b.(lesser of i. or ii.)	267,573	0	267,573	518,514	0	518,514	(250,941)	0	(250,941)
(c) ¶10.b.i.	267,573	0	267,572	518,514	0	518,514	N/A	N/A	(250,942)
(d) ¶10.b.ii.	N/A	N/A	3,581,940	N/A	N/A	3,369,177	N/A	N/A	212,763
(e) Admitted pursuant to ¶10.c.	91,677	0	91,677	80,197	0	80,197	11,480	(0)	11,479
(f) Total admitted under ¶¶10.a.-10.c.	1,425,962	0	1,425,962	1,467,740	0	1,467,740	(41,778)	(0)	(41,778)
Deferred tax liabilities	(91,677)	0	(91,677)	(80,198)	(0)	(80,198)	(11,479)	0	(11,479)
Net admitted deferred tax asset/liability under ¶10.a.-¶10.c.	1,334,285	0	1,334,285	1,387,542	0	1,387,542	(53,257)	0	(53,257)

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2011			2010			Change				
Admission calculation under ¶10.e.i.-10.e.iii.										
(g)	Admitted pursuant to ¶10.e.i.	1,066,713	0	1,066,713	869,029	(0)	869,029	197,684	0	197,684
(h)	Admitted pursuant to ¶10.e.ii. (lesser of a. or b.)	482,445	0	482,445	743,316	0	743,316	(260,871)	0	(260,871)
(i)	¶10.e.ii.a..	482,445	0	482,445	743,316	0	743,316	N/A	N/A	(260,871)
(j)	¶10.e.ii.b.	N/A	N/A	5,372,910	N/A	N/A	5,053,766	N/A	N/A	319,145
(k)	Admitted pursuant to ¶10.e.iii.	85,672	0	85,672	80,197	0	80,197	5,475	(0)	5,475
(l)	Total admitted under ¶10.e.i.-10.e.iii.	1,634,830	0	1,634,830	1,692,541	(0)	1,692,541	(57,712)	0	(57,712)
	Deferred tax liabilities	(91,677)	0	(91,677)	(80,197)	(0)	(80,197)	(11,480)	0	(11,479)
Net admitted deferred tax asset/liability under ¶10.e.										
		1,543,154	0	1,543,154	1,612,344	(0)	1,612,344	(69,191)	0	(69,191)
Used in ¶10.d.										
(m)	Total adjusted capital	N/A	N/A	38,312,366	N/A	N/A	35,928,930	N/A	N/A	(2,383,436)
(n)	Authorized control level	N/A	N/A	3,038,247	N/A	N/A	3,268,020	N/A	N/A	(229,773)
	Adjusted capital/Authorized control level	N/A	N/A	1,261.00%	N/A	N/A	1,099.41%	N/A	N/A	161.59%

(5) **Impact of tax planning strategies on adjusted gross DTAs and net admitted DTAs:**

		2011			2010			Change		
Description		Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Adjusted gross DTAs - Amount		0	0	0	0	0	0	0	0	0
(a)	Adjusted gross DTAs - Percentage	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net admitted DTAs - Amount		0	0	0	0	0	0	0	0	0
(b)	Net admitted DTAs - Percentage	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

(6) **Impact of ¶10.e. on the following:**

		2011			2010			Change		
	Description	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Admission calculation under ¶10.a.-¶10.c.										
(a)	Admitted DTAs	1,334,285	0	1,334,285	1,387,542	0	1,387,542	(53,257)	0	(53,257)
(b)	Admitted assets	N/A	N/A	79,195,705	N/A	N/A	77,615,746	N/A	N/A	1,579,959
	Adjusted statutory surplus from most recently filed statement									
(c)		N/A	N/A	38,103,497	N/A	N/A	35,928,930	N/A	N/A	2,174,567
	Total adjusted capital from DTAs included above									
(d)		N/A	N/A	38,103,497	N/A	N/A	35,928,930	N/A	N/A	2,174,567

Increases due to admission under ¶10.e.i.-10.e.iii.

(e)	208,869	0	208,869	224,802	(0)	224,802	(15,934)	0	(15,933)
(f)	N/A	N/A	208,869	N/A	N/A	224,802	N/A	N/A	(15,933)
(g)	N/A	N/A	208,869	N/A	N/A	224,802	N/A	N/A	(15,933)

B. **Temporary differences for which a DTL has not been established:**
NONE

C. **Current tax and change in deferred tax:**

(1) Current income taxes incurred consist of the following major components:

Description		2011	2010
(a)	Current federal income tax expense	659,873	434,304
(b)	Foreign taxes	0	0
(c)	Subtotal	659,873	434,304
(d)	Tax on capital gains/(losses)	(23,025)	(4,408)
(e)	Utilization of capital loss carryforwards	0	0
(f)	Other, including prior year underaccrual (overaccrual)	(31)	(57,176)
(g)	Federal and foreign income taxes incurred	636,817	372,720

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The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities are as follows:

(2)	DTAs Resulting From Book/Tax Differences In	December 31, 2011	December 31, 2010	Change
(a)	Ordinary			
(1)	Discounting of unpaid losses and LAE	520,730	544,946	(24,216)
(2)	Unearned premiums	1,094,457	1,136,615	(42,158)
(3)	Policyholder reserves	0	0	0
(4)	Investments	0	0	0
(5)	Deferred acquisition costs	0	0	0
(6)	Policyholder dividends accrued	0	0	0
(7)	Fixed assets	0	0	0
(8)	Compensation and benefit accruals	0	0	0
(9)	Pension accruals	0	0	0
(10)	Nonadmitted assets	19,644	20,368	(725)
(11)	Net operating loss carryforward	0	0	0
(12)	Tax credit carryforward	0	0	0
(13)	Other (separately disclose items >5%)	0	0	0
	Gross ordinary DTAs	1,634,830	1,701,929	(67,099)
(b)	Statutory valuation adjustment adjustment - ordinary (-)	0	0	0
(c)	Nonadmitted ordinary DTAs (-)	0	(9,387)	9,387
(d)	Admitted ordinary DTAs	1,634,830	1,692,542	(57,712)
(e)	Capital			
(1)	Investments	0	31	(31)
(2)	Net capital loss carryforward	0	0	0
(3)	Real estate	0	0	0
(4)	Other (separately disclose items >5%)	0	0	0
(5)	Unrealized capital losses	0	0	0
	Gross capital DTAs	0	31	(31)
(f)	Statutory valuation adjustment adjustment - capital (-)	0	0	0
(g)	Nonadmitted capital DTAs (-)	0	(31)	31
(h)	Admitted capital DTAs	0	0	(0)
(i)	Admitted DTAs	1,634,830	1,692,542	(57,712)
(3)	DTLs Resulting From Book/Tax Differences In	December 31, 2011	December 31, 2010	Change
(a)	Ordinary			
(1)	Investments	(71,716)	(57,720)	(13,996)
(2)	Fixed assets	0	0	0
(3)	Deferred and uncollected premiums	0	0	0
(4)	Policyholder reserves/salvage and subrogation	(19,961)	(22,477)	2,517
(5)	Other (separately disclose items >5%)	0	0	0
	Ordinary DTLs	(91,677)	(80,197)	(11,479)
(b)	Capital			
(1)	Investments	0	0	0
(2)	Real estate	0	0	0
(3)	Other (separately disclose items >5%)	0	0	0
	Unrealized capital gains	0	0	0
	Capital DTLs	0	0	0
(c)	DTLs	(91,677)	(80,197)	(11,479)
(4)	Net deferred tax assets/liabilities	1,543,154	1,612,345	(69,191)

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The change in net deferred income taxes is comprised of the following (this analysis is exclusive of nonadmitted assets as the Change in Nonadmitted Assets is reported separately from the Change in Net Deferred Income Taxes in the surplus section of the Annual Statement):

	December 31, 2011	December 31, 2010	Change
Total deferred tax assets	1,634,830	1,701,960	(67,130)
Total deferred tax liabilities	(91,677)	(80,198)	(11,479)
Net deferred tax assets/liabilities	1,543,154	1,621,762	(78,608)
Statutory valuation allowance adjustment (*see explanation below)	0	0	0
Net deferred tax assets/liabilities after SVA	1,543,154	1,621,762	(78,608)
Tax effect of unrealized gains/(losses)	0	0	0
Statutory valuation allowance adjustment allocated to unrealized (+)	0	0	0
Change in net deferred income tax [(charge)/benefit]	1,543,154	1,621,762	(78,608)

*Statutory valuation allowance

NONE

Reconciliation of federal income tax rate to actual effective rate:

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 income taxes. The significant items causing this difference are as follows:

Description	Amount	Tax Effect	Effective Tax Rate
Income Before Taxes	2,862,571	1,001,900	35.00%
Tax-Exempt Interest	(965,375)	(337,881)	-11.80%
Dividends Received Deduction	0	0	0.00%
Proration	144,806	50,682	1.77%
Meals & Entertainment	0	0	0.00%
Statutory Valuation Allowance Adjustment	0	0	0.00%
Other, Including Prior Year True-Up	2,070	725	0.03%
Total	2,044,072	715,425	24.99%
Federal income taxed incurred [expense/(benefit)]		659,842	23.05%
Tax on capital gains/(losses)		(23,025)	-0.80%
Change in net deferred income tax [charge/(benefit)]		78,608	2.75%
Total statutory income taxes		715,425	24.99%

E. Carryforwards, recoverable taxes, and IRC §6603 deposits:

At December 31, 2011, the Company had net operating loss carryforwards expiring through the year 2030 of: \$0

At December 31, 2011, the Company had capital loss carryforwards expiring through the year 2015 of: \$0

At December 31, 2011, the Company had an AMT credit carryforwards, which does not expire, in the amount of: \$0

The following is income tax expense for 2009, 2010 and 2011 that is available for recoupment in the event of future net losses:

Year	Ordinary	Capital	Total
2009	0	0	0
2010	405,767	24,099	429,866
2011	636,847	0	636,847
Total	1,042,614	24,099	1,066,713

Deposits admitted under IRC § 6603
None

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NOTES TO FINANCIAL STATEMENTS

F. **The Company's federal income tax return is consolidated with the following entities:**

Grange Mutual Casualty Company

The method of allocating among companies is subject to a written agreement, approved by the Board of Directors, whereby allocation is made primarily on a separate return basis with a current credit for net losses.

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

- A. NONE
- B. NONE
- C. NONE
- D. At December 31, 2011, the Company reported \$1,447,428 as amounts due from the Parent Company, Grange Mutual Casualty Company. The terms of the settlement require that these amounts be settled within 45 days.
- E. NONE
- F. NONE
- G. All outstanding shares of The Company are owned by the Parent Company, Grange Mutual Casualty Company, an insurance holding company domiciled in the State of Ohio.
- H. NONE
- I. NONE
- J. NONE
- K. NONE
- L. NONE

11. DEBT
NONE

12. RETIREMENT PLANS AND DEFERRED COMPENSATION

All employees are employed by Grange Mutual Casualty Company, and participate currently in the pension and benefit plans of Grange Mutual. Annual costs are shared via the pooling arrangement.

13. CAPITAL AND SURPLUS, DIVIDEND RESTRICTIONS AND QUSAI-REORGANIZATIONS

- 6. The Company has 1,000 shares authorized, 1,000 shares issued and 1,000 shares outstanding. All shares are Class A shares.
- 7. The Company has no preferred stock outstanding.
- 8. NONE
- 9. NONE
- 10. NONE
- 11. NONE
- 12. NONE
- 13. NONE
- 14. NONE
- 15. NONE
- 16. NONE
- 17. NONE
- 18. NONE

14. CONTINGENCIES

- A. NONE
- B. Guaranty Fund Assessments are recorded by the parent, Grange Mutual Casualty Company.
- C. NONE
- D. NONE

15. LEASES
NONE

16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATION OF CREDIT RISK.
NONE

17. SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

- A. NONE
- B. Transfer and Servicing of Financial Assets
 - 1) None
 - 2) The Company participates in a securities lending program with JPMorgan Chase Bank as lending agent. Securities on loan as of December 31, 2011 were fixed income bonds, totaling \$2.5 million. Collateral received from lending activities is maintained in accordance to the securities lending agreement, whereby the collateral requirement shall be an amount equal to 102% of the then current market value of the relevant loaned securities where securities and collateral are denominated in the same currency, and 105% for all other securities. The Company’s lending agent, JPMorgan Chase Bank, reinvests the cash collateral according to investment guidelines outlined in the securities lending agreement and is reported on-balance sheet. Collateral received in the form of securities are restricted and off-balance sheet. The Company is not able to sell or reinvest the securities received as collateral and according to the MLSA, the borrower bears all the risk associated with said securities.
- C. NONE

18. GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED A&H PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS.
NONE

19. DIRECT PREMIUM WRITTEN / PRODUCED BY MANAGING GENERAL AGENTS / THIRD PARTY ADMINISTRATORS
NONE

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20. FAIR VALUE MEASUREMENTS

- A. All assets and liabilities of The Company are measured and reported at cost or amortized cost in accordance with footnote 1 above.

1. NONE

2. NONE

3. The Company’s policy is to recognize transfers in and out as of the end of the reporting period.

4. As of December 31, 2011, the reported fair value of The Company’s investments categorized within Level 2 and Level 3 of the fair value hierarchy are as follows: According to statutory accounting rules, fixed income securities with a rating of NAIC 1 or 2 are reported at amortized cost. Securities with a rating of NAIC 3 thru 6, or non-investment grade ratings, are measured and reported at the lower of amortized cost or fair value on the statement of financial position. As of December 31, 2011, The Company did not own bonds rated NAIC 3 thru 6 and therefore did not report any securities at fair value.

21. OTHER ITEMS

- A. NONE
- B. NONE
- C. NONE
- D. NONE
- E. NONE
- F. NONE
- G. NONE

22. EVENTS SUBSEQUENT

There have been no events, which have occurred subsequent to the filing of this statement, which have a material effect upon the financial condition of the Company.

23. REINSURANCE

A. UNSECURED REINSURANCE RECOVERABLES

NONE

B. REINSURANCE RECOVERABLE IN DISPUTE

NONE

C. REINSURANCE ASSUMED AND CEDED

1.		Assumed Reinsurance		Ceded Reinsurance		Net	
		Premium	Commission	Premium	Commission	Premium	Commission
		Reserve	Equity	Reserve	Equity	Reserve	Equity
a.	Affiliates	15,635,092	2,814,317	13,482,570	2,426,863	2,142,523	387,454
b.	All Other	1,153	208	0	0	1,153	208
c.	TOTAL	15,636,245	2,814,524	13,482,570	2,426,863	2,153,676	387,662

d. Direct Unearned Premium Reserve13,481,417

	<u>Direct</u>	<u>Assumed</u>	<u>Ceded</u>	<u>Net</u>
2. Contingent Commission	212,541	451,516	212,541	451,516

D. UNCOLLECTIBLE REINSURANCE
NONE

F. RETROACTIVE REINSURANCE
NONE

24. RETROSPECTIVELY RATED CONTRACTS & CONTRACTS SUBJECT TO REDETERMINATION
NONE

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25. CHANGES IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

Reserves for incurred losses and loss adjustment expenses attributable to insured events of prior years have increased (decreased) by \$(1.477) million from \$28.142 million in 2010 to \$26.665 million in 2011 as a result of re-estimation of unpaid losses and loss adjustment expenses principally on private passenger auto liability and homeowners lines of insurance. This increase (decrease) 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. Included in this increase (decrease), the Company experienced \$0 million of unfavorable (favorable) prior year loss development on retrospectively rated policies. However, since the business to which it relates is subject to premium adjustments, there was no significant impact on surplus.

LOSSES AND LAE	2011	2010
BALANCE JANUARY 1	28,142,440	27,264,600
LESS REINSURANCE RECOVERABLES	7,102,642	6,383,291
NET BALANCE JANUARY 1	21,039,798	20,881,309
INCURRED RELATED TO:		
CURRENT YEAR	30,900,955	33,998,271
PRIOR YEAR	(1,477,046)	(1,841,947)
TOTAL INCURRED	29,423,909	32,156,324
PAID RELATED TO:		
CURRENT YEAR	20,056,854	22,134,835
PRIOR YEAR	10,101,730	9,863,000
TOTAL PAID	30,158,584	31,997,835
NET BALANCE AT DECEMBER 31	20,305,123	21,039,798
PLUS REINSURANCE RECOVERABLES	10,360,876	7,102,642
BALANCE AT DECEMBER 31	30,665,999	28,142,440

26. INTERCOMPANY POOLING AGREEMENTS

		Pool	
		NAIC#	Share
		-----	-----
Lead Company:	Grange Mutual Casualty Company	14060	84.0%
Affiliate:	Trustgard Insurance Company	40118	3.5%
	Grange Indemnity Insurance Company	10322	4.0%
	Grange Insurance Company of Michigan	11136	2.5%
	Grange Property & Casualty Insurance Company	11982	2.0%
	Integrity Mutual Insurance Company	14303	3.3%
	Integrity Property & Casualty Insurance Company	12986	0.7%

All lines of business are subject to the pooling agreement, with no exceptions. All members of the pool are parties to all reinsurance treaties entered into by the group with non-affiliated reinsurers. There are no discrepancies between the reinsurance schedules of the lead company's and the reinsurance schedules of the other participants.

27. STRUCTURED SETTLEMENTS
NONE

28. HEALTH CARE RECEIVABLES
NONE

29. PARTICIPATING POLICIES
NONE

30. PREMIUM DEFICIENCY RESERVES
A. Liability carried for Premium Deficiency Reserves is zero.
B. Date of the most recent evaluation of this liability was 12/31/2011.
C. Anticipated investment income was not utilized in this calculation.

31. HIGH DEDUCTIBLES
NONE

32. DISCOUNTING OF LIABILITIES FOR UNPAID LOSSES OR UNPAID LOSS ADJUSTMENT EXPENSES
NONE

33. ASBESTOS/ENVIRONMENTAL RESERVES
NONE

34. SUBSCRIBER SAVINGS ACCOUNTS
Not applicable

35. MULTIPLE PERIL CROP INSURANCE
NONE

36. FINANCIAL GUARANTY INSURANCE
NONE

37. CATASTROPHIC PLANNING

The Company uses a deterministic model, which returns period losses estimated using probabilities associated with a comprehensive set of earthquake scenarios. We run this model at least once each year and analyze return periods in excess of 250 years and adjust our catastrophe protection accordingly. The exposures analyzed are aggregated at the zip code level. The Company's highest concentration of exposure is in western Kentucky. The Company has a comprehensive catastrophic reinsurance program in place, developed by Guy Carpenter & Company, Inc. We currently buy coverage well in excess of our 250+ year event outcome for this exposure. We also use modeling to analyze our potential losses from our windstorm exposure.

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 ☒ No ☐
- 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 ☒ No ☐ N/A ☐
- 1.3

State Regulating?

Ohio.....
- 2.1

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

Yes ☐ No ☒
- 2.2

If yes, date of change:

.....
- 3.1

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

.....12/31/2009
- 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.

.....12/31/2009
- 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).

.....10/25/2010
- 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 ☒
- 3.6

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

Yes ☒ 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 ☒

4.12 renewals? Yes ☐ No ☒
- 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 ☒

4.22 renewals? Yes ☐ No ☒
- 5.1

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

Yes ☐ No ☒
- 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 ☒
- 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 ☒
- 7.2

If yes,

7.21 State the percentage of foreign control

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

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

GENERAL INTERROGATORIES

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

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

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
PricewaterhouseCoopers LLP, Columbus, Ohio.....
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 17A 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?
Curtis M. Parker, FCAS, CPCU, Officer of the Reporting Entity.....
12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
12.11 Name of real estate holding company
12.12 Number of parcels involved0
12.13 Total book/adjusted carrying value \$0
12.2 If yes, provide explanation

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []
14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []
a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
c. Compliance with applicable governmental laws, rules and regulations;
d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
e. Accountability for adherence to the code.
14.11 If the response to 14.1 is no, please explain:

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

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

GENERAL INTERROGATORIES

- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance with a NAIC rating of 3 or below? Yes ☐ No ☒
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes ☒ 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 ☒ 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 ☒ 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 ☒
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11 To directors or other officers \$.....0

20.12 To stockholders not officers \$.....0

20.13 Trustees, supreme or grand (Fraternal only) \$.....0
- 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 \$.....0

20.22 To stockholders not officers \$.....0

20.23 Trustees, supreme or grand (Fraternal only) \$.....0
- 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 ☒
- 21.2 If yes, state the amount thereof at December 31 of the current year:

21.21 Rented from others \$.....0

21.22 Borrowed from others \$.....0

21.23 Leased from others \$.....0

21.24 Other \$.....0
- 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 ☒
- 22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment \$.....0

22.22 Amount paid as expenses \$.....0

22.23 Other amounts paid \$.....0
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes ☒ No ☐
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$.....1,447,429

INVESTMENT

- 24.1 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 24.3) Yes ☐ No ☒
- 24.2 If no, give full and complete information, relating thereto
On deposit in custodial account.....
- 24.3 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)
See Notes to Financial Statement Number 17.....
- 24.4 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 ☐
- 24.5 If answer to 24.4 is yes, report amount of collateral for conforming programs. \$.....2,525,598
- 24.6 If answer to 24.4 is no, report amount of collateral for other programs. \$.....
- 24.7 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 ☐
- 24.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes ☒ No ☐ NA ☐
- 24.9 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 ☐

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 24.3). Yes [X] No []

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

25.21	Subject to repurchase agreements	\$.....
25.22	Subject to reverse repurchase agreements	\$.....
25.23	Subject to dollar repurchase agreements	\$.....
25.24	Subject to reverse dollar repurchase agreements	\$.....
25.25	Pledged as collateral	\$.....
25.26	Placed under option agreements	\$.....
25.27	Letter stock or securities restricted as to sale	\$.....
25.28	On deposit with state or other regulatory body	\$.....83,426
25.29	Other	\$.....

25.3 For category (25.27) provide the following:

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

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

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

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

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

28. Excluding items in Schedule E – Part 3 – Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping agreements of the NAIC *Financial Condition Examiners Handbook*? Yes [X] 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
JP Morgan Chase Bank, N.A.....	1111 Polaris Parkway, Columbus, OH 43240.....

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)
.....
.....
.....

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

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

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

28.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
.....
.....
.....

GENERAL INTERROGATORIES

- 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)])?
- 29.2 If yes, complete the following schedule:
- Yes [] No [X]

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
.....
.....
.....
29.2999 TOTAL		0

- 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
.....
.....
.....

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.....	65,800,097	70,920,389	5,120,292
30.2 Preferred Stocks.....	0		0
30.3 Totals	65,800,097	70,920,389	5,120,292

- 30.4 Describe the sources or methods utilized in determining the fair values:
Fair values obtained primarily from Hub data, otherwise fair values from custodian statement are used.....
- 31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?
- 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?
- 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:
- Yes [X] No []
- Yes [X] No []
- 32.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed?
- 32.2 If no, list exceptions:
- Yes [X] No []

GENERAL INTERROGATORIES

OTHER

- 33.1 Amount of payments to Trade associations, service organizations and statistical or rating bureaus, if any? \$0
- 33.2 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
.....	\$.....
.....	\$.....
.....	\$.....

- 34.1 Amount of payments for legal expenses, if any? \$0
- 34.2 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
.....	\$.....
.....	\$.....
.....	\$.....

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

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

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1.1

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

Yes [] No [X]

1.2

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

\$0

1.3

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

\$0

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.

\$0

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

\$41,739,961

\$44,817,241

2.3

Premium Ratio (2.1/2.2)

0.000

0.000

2.4

Reserve Numerator

\$25,658

\$25,923

2.5

Reserve Denominator

\$35,940,215

\$37,277,153

2.6

Reserve Ratio (2.4/2.5)

0.001

0.001

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

\$0

3.22

Non-participating policies

\$0

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 [X] No []

4.3

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

0.0 %

4.4

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

\$0

5.

For Reciprocal Exchanges Only:

5.1

Does the exchange appoint local agents?

Yes [] No [X]

5.2

If yes, is the commission paid:

5.21

Out of Attorney's-in-fact compensation

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

5.22

As a direct expense of the exchange

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

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

16

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.....
Purchased statutory workers' compensation reinsurance.....

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:
See Notes to Financial Statement Number 37.....

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?.....
See Notes to Financial Statement Number 37.....

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 uninsured catastrophic loss
.....

7.1

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

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

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 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?

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

[]

N/A

[]

16.1

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

\$ 0

12.12

Unpaid underwriting expenses (including loss adjustment expenses)

\$ 0

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?

\$ 0

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

0.0 %

12.42

To

0.0 %

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

\$ 0

12.62

Collateral and other funds

\$ 0

13.1

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

\$ 1,500,000

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.

1

14.1

Is the company a cedant in a multiple cedant reinsurance contract?

Yes [X] No []

14.2

If yes, please describe the method of allocating and recording reinsurance among the cedants:
See Notes to Financial Statement Number 26, Catastrophe Excess Loss Agreement allocated based on agreed percentage of participation

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 [X] No []

14.4

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

Yes [] No []

14.5

If the answer to 14.4 is no, please explain:

15.1

Has the reporting entity guaranteed any financed premium accounts?

Yes [] No [X]

15.2

If yes, give full information

16.1

Does the reporting entity write any warranty business?

Yes [] No [X]

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

	1	2	3	4	5
	Direct Losses Incurred	Direct Losses Unpaid	Direct Written Premium	Direct Premium Unearned	Direct Premium Earned
16.11 Home	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
16.12 Products	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
16.13 Automobile	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
16.14 Other*	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

* Disclose type of coverage:

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F – Part 3 that it excludes from Schedule F – Part 5. Yes [] No [X]

Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F – Part 5. Provide the following information for this exemption:

	Gross amount of unauthorized reinsurance in Schedule F – Part 3 excluded from Schedule F – Part 5.....	\$.....0
17.11	excluded from Schedule F – Part 5.....	\$.....0
17.12	Unfunded portion of Interrogatory 17.11.....	\$.....0
17.13	Paid losses and loss adjustment expenses portion of Interrogatory 17.11.....	\$.....0
17.14	Case reserves portion of Interrogatory 17.11.....	\$.....0
17.15	Incurred but not reported portion of Interrogatory 17.11.....	\$.....0
17.16	Unearned premium portion of Interrogatory 17.11.....	\$.....0
17.17	Contingent commission portion of Interrogatory 17.11.....	\$.....0

Provide the following information for all other amounts included in Schedule F – Part 3 and excluded from Schedule F – Part 5, not included above.

	Gross amount of unauthorized reinsurance in Schedule F – Part 3 excluded from Schedule F – Part 5.....	\$.....0
17.18	excluded from Schedule F – Part 5.....	\$.....0
17.19	Unfunded portion of Interrogatory 17.18.....	\$.....0
17.20	Paid losses and loss adjustment expenses portion of Interrogatory 17.18.....	\$.....0
17.21	Case reserves portion of Interrogatory 17.18.....	\$.....0
17.22	Incurred but not reported portion of Interrogatory 17.18.....	\$.....0
17.23	Unearned premium portion of Interrogatory 17.18.....	\$.....0
17.24	Contingent commission portion of Interrogatory 17.18.....	\$.....0

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. \$.....

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE GRANGE INDEMNITY 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 2011	2 2010	3 2009	4 2008	5 2007
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)	43,389,476	48,937,627	49,141,430	48,792,689	52,041,610
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	21,944,077	24,739,915	27,023,967	29,387,745	31,909,353
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	12,907,591	13,308,855	13,274,581	12,803,083	16,866,095
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	4,229	5,524	7,673	7,360	8,692
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
6. Total (Line 35)	78,245,373	86,991,921	89,447,651	90,990,877	100,825,750
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)	17,183,547	18,671,548	18,673,777	17,558,244	20,300,105
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	11,042,335	12,272,829	12,885,875	12,441,341	14,714,798
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	12,907,591	13,308,855	13,274,581	12,803,083	16,866,095
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	4,229	5,524	7,673	7,360	8,692
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
12. Total (Line 35)	41,137,702	44,258,756	44,841,906	42,810,028	51,889,690
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(729,996)	(1,569,898)	(2,150,061)	92,486	(326,426)
14. Net investment gain (loss) (Line 11)	2,429,737	2,188,102	2,284,228	2,526,838	1,810,370
15. Total other income (Line 15)	1,308,007	1,733,235	1,439,172	1,688,924	1,942,038
16. Dividends to policyholders (Line 17)	122,152	129,426	118,365	121,868	96,369
17. Federal and foreign income taxes incurred (Line 19)	659,842	377,127	492,782	1,262,360	1,926,293
18. Net income (Line 20)	2,225,754	1,844,886	962,192	2,924,020	1,403,320
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	79,404,574	77,840,548	74,547,542	72,941,117	72,809,743
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	7,348,967	7,778,239	8,203,664	7,824,255	7,834,320
20.2 Deferred and not yet due (Line 15.2)	(7,517)	(10,158)	4,293	19,420	34,464
20.3 Accrued retrospective premiums (Line 15.3)	0	0	0	0	0
21. Total liabilities excluding protected cell business (Page 3, Line 26)	41,092,208	41,686,816	40,121,124	39,847,164	42,669,511
22. Losses (Page 3, Line 1)	15,787,268	16,167,083	15,982,095	15,567,966	15,801,286
23. Loss adjustment expenses (Page 3, Line 3)	4,517,855	4,872,717	4,899,217	4,938,394	4,971,561
24. Unearned premiums (Page 3, Line 9)	15,635,092	16,237,353	16,795,838	15,888,019	15,900,771
25. Capital paid up (Page 3, Lines 30 & 31)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
26. Surplus as regards policyholders (Page 3, Line 37)	38,312,366	36,153,732	34,426,418	33,093,953	30,140,232
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	1,733,034	1,988,488	1,386,115	(168,099)	18,732,988
Risk-Based Capital Analysis					
28. Total adjusted capital	38,312,366	36,153,732	34,426,418	33,093,953	30,140,232
29. Authorized control level risk-based capital	3,028,144	3,268,020	3,440,479	3,252,673	3,887,591
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)	95.4	95.1	98.6	96.4	98.4
31. Stocks (Lines 2.1 & 2.2)	0.0	0.0	0.0	0.0	0.0
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)	0.0	0.0	0.0	0.0	0.0
34. Cash, cash equivalents and short-term investments (Line 5)	0.9	2.1	1.4	3.6	1.6
35. Contract loans (Line 6)	0.0	0.0	0.0	0.0	0.0
36. Derivatives (Line 7)	0.0	0.0	XXX	XXX	XXX
37. Other invested assets (Line 8)	0.0	0.0	0.0	0.0	0.0
38. Receivables for securities (Line 9)	0.0	0.0	0.0	0.0	0.0
39. Securities lending reinvested collateral assets (Line 10)	3.7	2.7	XXX	XXX	XXX
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)	0	0	0	0	0
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)	0	0	0	0	0
46. Affiliated mortgage loans on real estate		0	0	0	0
47. All other affiliated		0	0	0	0
48. Total of above Lines 42 to 47	0	0	0	0	0
49. 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)	0.0	0.0	0.0	0.0	0.0

FIVE-YEAR HISTORICAL DATA

	1	2	3	4	5
	2011	2010	2009	2008	2007
Capital and Surplus Accounts (Page 4)					
50. Net unrealized capital gains (losses) (Line 24)	0	0	0	0	0
51. Dividends to stockholders (Line 35)	0	0	0	0	0
52. Change in surplus as regards policyholders for the year (Line 38)	2,158,634	1,727,314	1,332,465	2,953,721	2,035,733
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
53. 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)	24,521,292	30,333,730	27,182,900	27,065,758	21,104,942
54. Property lines (Lines 1, 2, 9, 12, 21 & 26)	13,952,284	14,267,205	15,563,339	18,082,086	17,036,404
55. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	8,678,409	9,288,890	8,928,789	7,684,420	4,972,822
56. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	7,396	7,694	9,146	14,536	(4,277)
57. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
58. Total (Line 35)	47,159,381	53,897,519	51,684,174	52,846,800	43,109,891
Net Losses Paid (Page 9, Part 2, Col. 4)					
59. 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)	10,029,432	10,938,758	10,521,055	10,069,589	3,601,633
60. Property lines (Lines 1, 2, 9, 12, 21 & 26)	6,746,580	6,981,520	7,200,167	7,025,833	6,983,868
61. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	8,678,409	9,288,890	8,928,789	7,684,420	4,972,822
62. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	7,396	7,694	9,146	14,536	(4,277)
63. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
64. Total (Line 35)	25,461,818	27,216,862	26,659,157	24,794,378	15,554,046
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
65. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
66. Losses incurred (Line 2)	60.1	61.1	61.6	57.4	52.9
67. Loss expenses incurred (Line 3)	10.4	10.6	10.4	10.4	11.4
68. Other underwriting expenses incurred (Line 4)	31.3	31.8	32.9	32.0	36.5
69. Net underwriting gain (loss) (Line 8)	(1.7)	(3.5)	(4.9)	0.2	(0.7)
Other Percentages					
70. 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)	28.5	28.2	29.0	28.1	27.1
71. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	70.5	71.7	72.0	67.8	64.2
72. 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)	107.4	122.4	130.3	129.4	172.2
One Year Loss Development (000 omitted)					
73. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	(1,810)	(1,163)	(569)	(1,080)	(1,549)
74. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 73 above divided by Page 4, Line 21, Col. 1 x 100.0)	(5.0)	(3.4)	(1.7)	(3.6)	(5.5)
Two Year Loss Development (000 omitted)					
75. 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)	(2,060)	(1,165)	(1,824)	(2,278)	(1,454)
76. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 75 above divided by Page 4, Line 21, Col. 2 x 100.0)	(6.0)	(3.5)	(6.1)	(8.1)	(5.8)

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

If no, please explain

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

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	Number of Claims Reported Direct and Assumed
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX	22	34	9	0	1	0	9	(2)	XXX
2. 2002	33,900	1,293	32,606	21,947	1,583	945	26	2,509	2	1,055	23,790	XXX
3. 2003	39,000	1,465	37,535	23,302	1,491	1,081	27	2,900	2	1,112	25,764	XXX
4. 2004	41,409	1,387	40,022	20,420	283	1,013	7	3,122	1	1,158	24,263	XXX
5. 2005	42,025	1,533	40,492	19,903	199	908	24	3,068	0	1,146	23,655	XXX
6. 2006	43,739	1,813	41,926	22,661	1,032	810	3	3,561	0	1,139	25,997	XXX
7. 2007	45,439	1,549	43,890	24,706	956	772	6	3,377	1	1,335	27,891	XXX
8. 2008	44,898	2,076	42,823	27,401	2,812	708	15	3,639	2	1,235	28,919	XXX
9. 2009	46,268	2,334	43,934	25,709	714	450	2	3,623	0	1,305	29,066	XXX
10. 2010	47,097	2,279	44,817	23,854	286	259	0	3,754	0	1,360	27,581	XXX
11. 2011	44,250	2,510	41,740	20,798	3,093	123	2	3,222	0	786	21,048	XXX
12. Totals	XXX	XXX	XXX	230,723	12,484	7,078	113	32,777	10	11,640	257,971	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22			
	13	14	15	16	17	18	19	20					
	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded			
1.	406	657	4	0	1	0	0	12	7	0	0	(250)	xxx
2.	381	343	0	0	0	0	13	0	2	0	3	53	xxx
3.	1,001	604	(1)	0	0	0	18	0	7	0	7	421	xxx
4.	1,937	1,866	0	0	0	0	28	0	10	0	12	109	xxx
5.	576	446	2	0	0	0	44	0	10	0	18	186	xxx
6.	589	466	11	0	0	0	71	0	13	0	29	217	xxx
7.	2,556	2,208	40	0	0	0	128	0	53	0	49	570	xxx
8.	1,052	394	91	0	0	0	263	8	72	0	83	1,077	xxx
9.	1,511	291	365	0	0	0	463	0	125	0	157	2,174	xxx
10.	5,130	2,424	1,136	0	0	0	777	0	287	0	302	4,906	xxx
11.	5,641	431	3,700	209	3	0	897	0	1,243	0	657	10,844	xxx
12.	20,781	10,131	5,346	209	5	0	2,703	21	1,830	0	1,317	20,305	xxx

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26	27	28	29	30	31	32	33		35	36
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense		Losses Unpaid	Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	(247)	(3)
2.	25,798	1,954	23,844	76.1	151.1	73.1	0	0	2.0	38	16
3.	28,308	2,123	26,185	72.6	144.9	69.8	0	0	2.0	396	25
4.	26,530	2,158	24,372	64.1	155.6	60.9	0	0	2.0	71	38
5.	24,510	670	23,840	58.3	43.7	58.9	0	0	2.0	132	54
6.	27,716	1,502	26,214	63.4	82.9	62.5	0	0	2.0	133	84
7.	31,632	3,171	28,461	69.6	204.8	64.8	0	0	4.0	388	181
8.	33,227	3,232	29,996	74.0	155.7	70.0	0	0	4.0	749	328
9.	32,246	1,007	31,239	69.7	43.2	71.1	0	0	4.0	1,585	589
10.	35,197	2,711	32,486	74.7	118.9	72.5	0	0	4.0	3,841	1,064
11.	35,627	3,735	31,892	80.5	148.8	76.4	0	0	4.0	8,701	2,143
12.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	15,787	4,518

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 2011 OF THE GRANGE INDEMNITY INSURANCE COMPANY

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	One Year	Two Year
1. Prior	6,088	6,617	6,269	6,739	6,644	6,737	6,665	6,658	6,627	6,294	(333)	(364)
2. 2002	22,465	21,130	21,442	21,402	21,321	21,323	21,363	21,328	21,319	21,334	15	6
3. 2003	XXX	23,862	23,040	23,238	23,123	23,029	22,940	22,942	22,917	23,280	363	338
4. 2004	XXX	XXX	22,587	21,918	21,654	21,426	21,321	21,292	21,262	21,241	(21)	(51)
5. 2005	XXX	XXX	XXX	21,935	21,661	21,263	21,018	20,845	20,746	20,763	17	(82)
6. 2006	XXX	XXX	XXX	XXX	24,206	23,282	23,023	22,791	22,685	22,640	(45)	(151)
7. 2007	XXX	XXX	XXX	XXX	XXX	25,912	25,561	25,292	25,118	25,032	(85)	(260)
8. 2008	XXX	XXX	XXX	XXX	XXX	XXX	26,597	26,771	26,649	26,286	(363)	(485)
9. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	28,502	27,935	27,491	(444)	(1,011)
10. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	29,357	28,445	(913)	XXX
11. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	27,427	XXX	XXX
12. Totals											(1,810)	(2,060)

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011		
1. Prior	000	3,079	5,015	5,734	6,135	6,375	6,452	6,510	6,554	6,551	XXX	XXX
2. 2002	13,710	17,529	19,296	20,325	20,809	21,021	21,197	21,236	21,264	21,283	XXX	XXX
3. 2003	XXX	14,782	19,110	20,884	21,884	22,427	22,660	22,753	22,824	22,866	XXX	XXX
4. 2004	XXX	XXX	13,304	17,580	19,174	20,183	20,655	20,963	21,090	21,142	XXX	XXX
5. 2005	XXX	XXX	XXX	12,814	16,751	18,733	19,854	20,312	20,469	20,587	XXX	XXX
6. 2006	XXX	XXX	XXX	XXX	14,504	19,010	20,864	21,834	22,253	22,436	XXX	XXX
7. 2007	XXX	XXX	XXX	XXX	XXX	16,306	20,921	22,973	24,194	24,516	XXX	XXX
8. 2008	XXX	XXX	XXX	XXX	XXX	XXX	17,207	22,502	24,241	25,282	XXX	XXX
9. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	18,283	23,698	25,443	XXX	XXX
10. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	18,885	23,827	XXX	XXX
11. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	17,826	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
1. Prior	1,289	667	133	424	105	129	83	47	15	(8)
2. 2002	3,213	860	939	462	104	122	67	52	20	13
3. 2003	XXX	3,652	1,694	1,077	240	251	138	81	33	17
4. 2004	XXX	XXX	4,960	2,218	617	483	255	134	56	28
5. 2005	XXX	XXX	XXX	4,255	1,485	1,021	481	230	92	46
6. 2006	XXX	XXX	XXX	XXX	3,637	2,128	1,004	414	174	82
7. 2007	XXX	XXX	XXX	XXX	XXX	4,524	2,171	950	391	168
8. 2008	XXX	XXX	XXX	XXX	XXX	XXX	4,377	1,995	836	346
9. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,681	2,100	828
10. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,855	1,912
11. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,388

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated By States And Territories									
States, etc.	1	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9
		2	3						
	Active Status	Direct Premiums Written	Direct Premiums Earned	Dividends Paid or Credited to Policyholders on Direct Business	Direct Losses Paid (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid	Finance and Service Charges Not Included in Premiums	Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
1. Alabama	AL N	.0	.0	.0	.0	.0	.0	.0	
2. Alaska	AK N	.0	.0	.0	.0	.0	.0	.0	
3. Arizona	AZ N	.0	.0	.0	.0	.0	.0	.0	
4. Arkansas	AR N	.0	.0	.0	.0	.0	.0	.0	
5. California	CA N	.0	.0	.0	.0	.0	.0	.0	
6. Colorado	CO N	.0	.0	.0	.0	.0	.0	.0	
7. Connecticut	CT N	.0	.0	.0	.0	.0	.0	.0	
8. Delaware	DE N	.0	.0	.0	.0	.0	.0	.0	
9. District of Columbia	DC N	.0	.0	.0	.0	.0	.0	.0	
10. Florida	FL N	.0	.0	.0	.0	.0	.0	.0	
11. Georgia	GA L	1,211,767	1,332,944	.0	421,758	863,594	844,161	35,680	
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	5,138,541	5,273,694	.0	2,082,278	3,765,536	3,480,847	101,070	
15. Indiana	IN L	10,754,065	11,003,651	.0	6,629,527	6,200,217	3,175,631	498,870	
16. Iowa	IA L	.0	.0	.0	.0	.0	.0	.0	
17. Kansas	KS L	.0	.0	.0	.0	.0	.0	.0	
18. Kentucky	KY L	5,190,981	6,015,971	.0	4,737,076	2,922,332	2,663,814	164,819	
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 L	.0	.0	.0	.0	.0	.0	.0	
25. Mississippi	MS N	.0	.0	.0	.0	.0	.0	.0	
26. Missouri	MO L	.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. North Carolina	NC N	.0	.0	.0	.0	.0	.0	.0	
35. North Dakota	ND N	.0	.0	.0	.0	.0	.0	.0	
36. Ohio	OH L	10,442,731	10,717,493	.0	5,974,763	6,228,928	5,018,764	465,938	
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 L	1,592,788	1,262,288	.0	633,877	1,332,442	981,783	32,357	
40. Rhode Island	RI N	.0	.0	.0	.0	.0	.0	.0	
41. South Carolina	SC N	.0	.0	.0	.0	.0	.0	.0	
42. South Dakota	SD N	.0	.0	.0	.0	.0	.0	.0	
43. Tennessee	TN L	2,774,444	2,484,700	.0	1,216,241	1,022,653	660,910	76,039	
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 L	.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	CN N	.0	.0	.0	.0	.0	.0	.0	
58. Aggregate other alien	OT XXX	.0	.0	.0	.0	.0	.0	.0	.0
59. Totals	(a) 12	37,105,317	38,090,741	0	21,695,520	22,335,701	16,825,910	1,374,773	0
DETAILS OF WRITE-INS									
5801.	XXX								
5802.	XXX								
5803.	XXX								
5898. Sum. of remaining write-ins for Line 58 from overflow page	XXX	.0	.0	.0	.0	.0	.0	.0	.0
5899. Totals (Lines 5801 through 5803 + 5898) (Line 58 above)	XXX	0	0	0	0	0	0	0	0

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

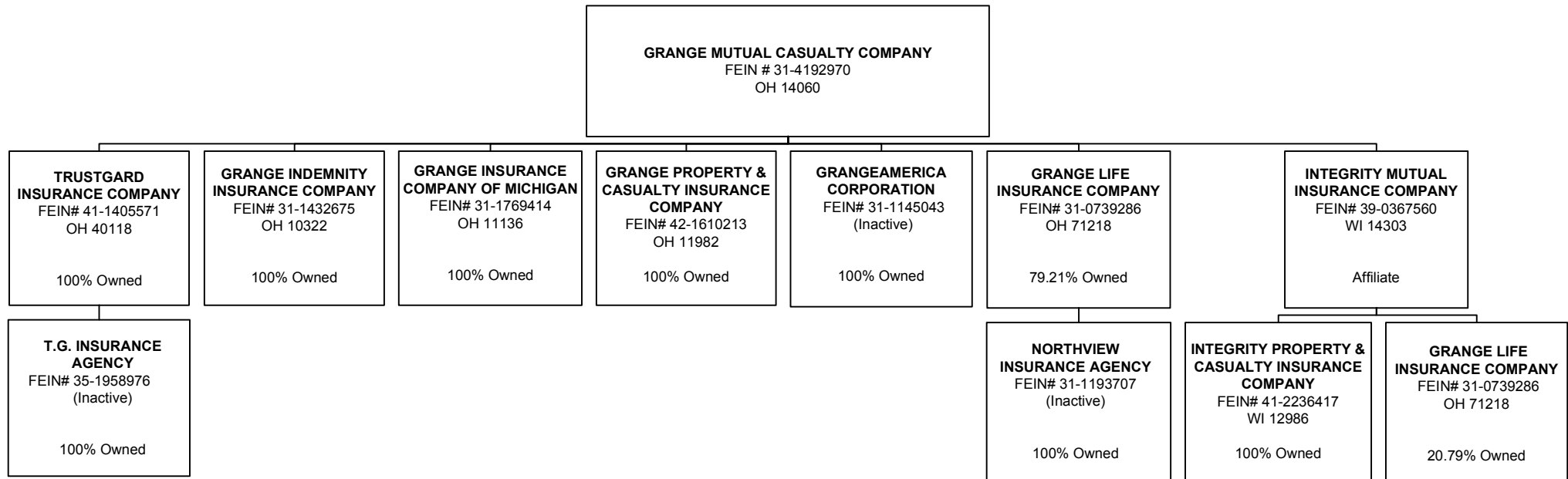
Explanation of basis of allocation of premiums by states, etc.

Location of the risk.

(a) Insert the number of L responses except for Canada and Other Alien

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

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