



# QUARTERLY STATEMENT

AS OF JUNE 30, 2012  
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 614-542-3017  
(E-mail Address) (Fax Number)

### OFFICERS

Name	Title	Name	Title
<u>THOMAS HOWARD WELCH</u> ,	<u>PRESIDENT &amp; CEO</u>	<u>LAVAWN DEE COLEMAN</u> ,	<u>VP &amp; SECRETARY</u>
<u>JOHN PAUL MCCAFFREY</u> ,	<u>VP &amp; CFO</u>		

### OTHER OFFICERS

<u>JOHN CHRISTOPHER MONTGOMERY</u> ,	<u>VP - INVESTMENTS</u>		
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### DIRECTORS OR TRUSTEES

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

State of .....Ohio.....

County of .....Franklin.....ss

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

THOMAS HOWARD WELCH  
PRESIDENT & CEO

LAVAWN DEE COLEMAN  
VP & SECRETARY

JOHN PAUL MCCAFFREY  
VP & CFO

a. Is this an original filing? Yes [X] No [ ]

b. If no:

1. State the amendment number \_\_\_\_\_

2. Date filed \_\_\_\_\_

3. Number of pages attached \_\_\_\_\_

Subscribed and sworn to before me this  
10th day of August, 2012

Teresa J. Burchwell, Notary Public  
April 28, 2017

STATEMENT AS OF JUNE 30, 2012 OF THE GRANGE INDEMNITY INSURANCE COMPANY

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds .....	67,099,810		67,099,810	65,162,148
2. Stocks:				
2.1 Preferred stocks .....			0	0
2.2 Common stocks .....			0	0
3. Mortgage loans on real estate:				
3.1 First liens .....			0	0
3.2 Other than first liens .....			0	0
4. Real estate:				
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 ), cash equivalents (\$ .....0 ) and short-term investments (\$ .....938,545 ) .....	938,545		938,545	637,948
6. Contract loans (including \$ ..... premium notes) .....			0	0
7. Derivatives .....			0	0
8. Other invested assets .....	0		0	0
9. Receivables for securities .....			0	0
10. Securities lending reinvested collateral assets .....	2,736,686		2,736,686	2,525,598
11. Aggregate write-ins for invested assets .....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	70,775,041	0	70,775,041	68,325,694
13. Title plants less \$ ..... charged off (for Title insurers only) .....			0	0
14. Investment income due and accrued .....	729,755		729,755	727,585
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	8,001,128	62,861	7,938,267	7,348,967
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ .....(9,251) earned but unbilled premiums) .....	(10,302)	(1,051)	(9,251)	(7,517)
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 .....	1,625,917		1,625,917	1,543,154
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 .....	913,557		913,557	1,447,429
24. Health care (\$ ..... ) and other amounts receivable .....			0	0
25. Aggregate write-ins for other than invested assets .....	27,047	0	27,047	19,262
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	82,062,143	61,810	82,000,333	79,404,574
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			0	0
28. Total (Lines 26 and 27) .....	82,062,143	61,810	82,000,333	79,404,574
<b>DETAILS OF WRITE-INS</b>				
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 .....	27,047		27,047	19,262
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) .....	27,047	0	27,047	19,262

STATEMENT AS OF JUNE 30, 2012 OF THE GRANGE INDEMNITY INSURANCE COMPANY

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$ .....5,524,339 ) .....	16,812,183	15,787,268
2. Reinsurance payable on paid losses and loss adjustment expenses .....		0
3. Loss adjustment expenses .....	4,521,780	4,517,855
4. Commissions payable, contingent commissions and other similar charges .....	300,276	405,632
5. Other expenses (excluding taxes, licenses and fees) .....	1,172,021	1,087,793
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....	414,236	465,206
7.1 Current federal and foreign income taxes (including \$ .....6,977 on realized capital gains (losses)) .....	264,525	636,817
7.2 Net deferred tax liability .....		0
8. Borrowed money \$ ..... and interest thereon \$ .....		0
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ .....15,861,069 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) .....	16,685,471	15,635,092
10. Advance premium .....		0
11. Dividends declared and unpaid:		
11.1 Stockholders .....		0
11.2 Policyholders .....	30,347	30,947
12. Ceded reinsurance premiums payable (net of ceding commissions) .....		0
13. Funds held by company under reinsurance treaties .....		0
14. Amounts withheld or retained by company for account of others .....		0
15. Remittances and items not allocated .....		0
16. Provision for reinsurance .....		0
17. Net adjustments in assets and liabilities due to foreign exchange rates .....		0
18. Drafts outstanding .....		0
19. Payable to parent, subsidiaries and affiliates .....		0
20. Derivatives .....		0
21. Payable for securities .....		0
22. Payable for securities lending .....	2,736,686	2,525,598
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) .....	42,937,525	41,092,208
27. Protected cell liabilities .....		0
28. Total liabilities (Lines 26 and 27) .....	42,937,525	41,092,208
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) .....	32,062,808	31,312,366
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) .....	39,062,808	38,312,366
38. Totals (Page 2, Line 28, Col. 3)	82,000,333	79,404,574
<b>DETAILS OF WRITE-INS</b>		
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

## STATEMENT OF INCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
<b>UNDERWRITING INCOME</b>			
1. Premiums earned:			
1.1 Direct (written \$ 20,381,168 )	18,004,281	19,470,489	38,090,741
1.2 Assumed (written \$ 21,445,083 )	20,393,092	20,924,463	41,740,217
1.3 Ceded (written \$ 20,384,885 )	18,006,386	19,469,193	38,090,997
1.4 Net (written \$ 21,441,366 )	20,390,987	20,925,759	41,739,961
DEDUCTIONS:			
2. Losses incurred (current accident year \$ 12,209,554 ):			
2.1 Direct	8,818,881	9,893,485	22,335,701
2.2 Assumed	12,461,182	13,712,135	25,084,275
2.3 Ceded	8,821,102	9,894,869	22,337,971
2.4 Net	12,458,961	13,710,751	25,082,005
3. Loss adjustment expenses incurred	2,160,945	2,236,324	4,341,904
4. Other underwriting expenses incurred	6,692,492	6,873,388	13,046,048
5. Aggregate write-ins for underwriting deductions	0	0	0
6. Total underwriting deductions (Lines 2 through 5)	21,312,398	22,820,463	42,469,957
7. Net income of protected cells	0	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	(921,411)	(1,894,704)	(729,996)
<b>INVESTMENT INCOME</b>			
9. Net investment income earned	1,276,867	1,056,691	2,472,498
10. Net realized capital gains (losses) less capital gains tax of \$ 6,977	12,956	(60,616)	(42,761)
11. Net investment gain (loss) (Lines 9 + 10)	1,289,823	996,075	2,429,737
<b>OTHER INCOME</b>			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 2,963 amount charged off \$ 100,270 )	(97,307)	(167,784)	(325,507)
13. Finance and service charges not included in premiums	660,036	803,111	1,525,873
14. Aggregate write-ins for miscellaneous income	58,073	56,457	107,641
15. Total other income (Lines 12 through 14)	620,802	691,784	1,308,007
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	989,214	(206,845)	3,007,748
17. Dividends to policyholders	58,303	63,935	122,152
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)	930,911	(270,780)	2,885,596
19. Federal and foreign income taxes incurred	257,548	(268,221)	659,842
20. Net income (Line 18 minus Line 19)(to Line 22)	673,363	(2,559)	2,225,754
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
21. Surplus as regards policyholders, December 31 prior year	38,312,366	36,153,732	36,153,732
22. Net income (from Line 20)	673,363	(2,559)	2,225,754
23. Net transfers (to) from Protected Cell accounts	0	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$	0	0	0
25. Change in net unrealized foreign exchange capital gain (loss)	0	0	0
26. Change in net deferred income tax	82,763	(52,484)	(78,608)
27. Change in nonadmitted assets	(5,684)	14,941	11,488
28. Change in provision for reinsurance	0	0	0
29. Change in surplus notes	0	0	0
30. Surplus (contributed to) withdrawn from protected cells	0	0	0
31. Cumulative effect of changes in accounting principles	0	0	0
32. Capital changes:			
32.1 Paid in	0	0	0
32.2 Transferred from surplus (Stock Dividend)	0	0	0
32.3 Transferred to surplus	0	0	0
33. Surplus adjustments:			
33.1 Paid in	0	0	0
33.2 Transferred to capital (Stock Dividend)	0	0	0
33.3 Transferred from capital	0	0	0
34. Net remittances from or (to) Home Office	0	0	0
35. Dividends to stockholders	0	0	0
36. Change in treasury stock	0	0	0
37. Aggregate write-ins for gains and losses in surplus	0	0	0
38. Change in surplus as regards policyholders (Lines 22 through 37)	750,442	(40,102)	2,158,634
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	39,062,808	36,113,630	38,312,366
<b>DETAILS OF WRITE-INS</b>			
0501.	0	0	0
0502.	0	0	0
0503.	0	0	0
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0
1401. Miscellaneous Income	58,073	56,457	107,641
1402.	0	0	0
1403.	0	0	0
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)	58,073	56,457	107,641
3701.	0	0	0
3702.	0	0	0
3703.	0	0	0
3798. Summary of remaining write-ins for Line 37 from overflow page	0	0	0
3799. TOTALS (Lines 3701 through 3703 plus 3798) (Line 37 above)	0	0	0

STATEMENT AS OF JUNE 30, 2012 OF THE GRANGE INDEMNITY INSURANCE COMPANY

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>Cash from Operations</b>			
1. Premiums collected net of reinsurance.....	20,848,116	20,897,348	41,566,403
2. Net investment income .....	1,455,069	1,096,475	2,688,025
3. Miscellaneous income .....	620,802	691,784	1,308,007
4. Total (Lines 1 to 3) .....	22,923,987	22,685,607	45,562,435
5. Benefit and loss related payments .....	11,434,047	14,653,563	25,461,818
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions .....	8,921,610	9,591,762	17,873,235
8. Dividends paid to policyholders .....	58,903	59,078	121,630
9. Federal and foreign income taxes paid (recovered) net of \$ ..... 6,977 tax on capital gains (losses).....	636,817	372,719	372,719
10. Total (Lines 5 through 9) .....	21,051,377	24,677,122	43,829,401
11. Net cash from operations (Line 4 minus Line 10) .....	1,872,610	(1,991,515)	1,733,034
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds .....	4,896,919	5,677,304	13,706,641
12.2 Stocks .....	0	0	0
12.3 Mortgage loans .....	0	0	0
12.4 Real estate .....	0	0	0
12.5 Other invested assets .....	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....	0	0	0
12.7 Miscellaneous proceeds .....	0	1,488,909	0
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	4,896,919	7,166,213	13,706,641
13. Cost of investments acquired (long-term only):			
13.1 Bonds .....	6,995,019	5,686,949	14,723,836
13.2 Stocks .....	0	0	0
13.3 Mortgage loans .....	0	0	0
13.4 Real estate .....	0	0	0
13.5 Other invested assets .....	0	0	0
13.6 Miscellaneous applications .....	0	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	6,995,019	5,686,949	14,723,836
14. Net increase (or decrease) in contract loans and premium notes .....	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) .....	(2,098,100)	1,479,264	(1,017,195)
<b>Cash from Financing and Miscellaneous Sources</b>			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes .....	0	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0	0
16.3 Borrowed funds .....	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....	0	0	0
16.5 Dividends to stockholders .....	0	0	0
16.6 Other cash provided (applied).....	526,087	3,062,787	(1,534,408)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6).....	526,087	3,062,787	(1,534,408)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	300,597	2,550,536	(818,569)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	637,948	1,456,517	1,456,517
19.2 End of period (Line 18 plus Line 19.1) .....	938,545	4,007,053	637,948

**STATEMENT AS OF JUNE 30, 2012 OF THE  
GRANGE INDEMNITY INSURANCE COMPANY**

**NOTES TO FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

- A. 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.

2. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

NO CHANGE

3. BUSINESS COMBINATIONS AND GOODWILL

NONE

4. DISCONTINUED OPERATIONS

NO CHANGE

5. INVESTMENTS

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) NONE
- 4) 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	(410)
2	Greater than 12 Months	0

b.

The Aggregate Related Fair Value of Securities with Unrealized Losses:

1	Less than 12 Months	43,853
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.

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

NO CHANGE

7. INVESTMENT INCOME

NO CHANGE

8. DERIVATIVE INSTRUMENTS

NONE

9. FEDERAL INCOME

- A. The components of the net deferred tax assets at June 30, 2012 and December 31, 2011 are as follows:

	6/30/2012	12/31/2011
Gross Deferred Tax Assets	\$ 1,734,736	\$ 1,634,830
Gross Deferred Tax Liabilities	108,819	91,677
Net Deferred Tax Asset (Liability)	1,625,917	1,543,154
Nonadmitted Deferred Tax Assets	-	-
Admitted Deferred Tax Asset	1,625,917	1,543,154
(Increase) Decrease in Deferred Tax Assets Nonadmitted	\$ -	\$ 9,417

- B. The Company has no deferred tax liabilities that are not recognized

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

	6/30/2012	12/31/2011
Current Income Tax Expense	\$ 257,548	\$ 659,873
Tax on Capital Gains/(Losses)	6,976	(23,025)
Prior Year Under Accrual (Over Accrual)	-	(31)
Federal Income Taxes Incurred	\$ 264,524	\$ 636,817

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

NO CHANGE

11. DEBT

NONE

12. RETIREMENT PLANS, DEFERRED COMPENSATION, AND POSTRETIREMENT BENEFIT PLANS

NO CHANGE

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

NO CHANGE

14. CONTINGENCIES

NO CHANGE

**STATEMENT AS OF JUNE 30, 2012 OF THE  
GRANGE INDEMNITY INSURANCE COMPANY**

**NOTES TO FINANCIAL STATEMENTS**

15. LEASES

NO CHANGE

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

NONE

18. GAINS 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

20. FAIR VALUE MEASUREMENTS

A.

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 June 30, 2012, the reported fair value of the entity'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 June 30, 2012, the Company did not have any bonds rated NAIC 3 thru 6, and therefore did not report any securities at fair value.

B. Not Required

C.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Not Practicable (CV)
Bonds	73,401,865	67,099,809	5,975,255	67,426,611	0	0
Common Stock	0	0	0	0	0	0
Perpetual Preferred	0	0	0	0	0	0
Mortgage Loans	0	0	0	0	0	0
Money Market	938,545	938,545	938,545	0	0	0
Total	<u>74,340,410</u>	<u>68,038,354</u>	<u>6,913,800</u>	<u>67,426,611</u>	<u>0</u>	<u>0</u>

D. NONE

21. OTHER ITEMS

NO CHANGE

22. EVENTS SUBSEQUENT

NO CHANGE

23. REINSURANCE

NO CHANGE

24. RETROSPECTIVELY RATED CONTRACTS & CONTRACTS SUBJECT TO REDETERMINATION

NONE

**STATEMENT AS OF JUNE 30, 2012 OF THE  
GRANGE INDEMNITY INSURANCE COMPANY**

**NOTES TO FINANCIAL STATEMENTS**

25. CHANGES IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

Reserves for incurred losses and loss adjustment expenses attributable to insured events of prior years has increased (decreased) by \$(0.337) million from \$30.666 million in 2011 to \$30.329 million in 2012 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	06/30/2012	12/31/2011
BALANCE JANUARY 1	30,665,999	28,142,440
LESS REINSURANCE RECOVERABLES	10,360,876	7,102,642
NET BALANCE JANUARY 1	20,305,123	21,039,798
INCURRED RELATED TO:		
CURRENT YEAR	14,956,530	30,900,955
PRIOR YEAR	(336,624)	(1,477,046)
TOTAL INCURRED	14,619,906	29,423,909
PAID RELATED TO:		
CURRENT YEAR	7,946,373	20,056,854
PRIOR YEAR	5,644,694	10,101,730
TOTAL PAID	13,591,066	30,158,584
NET BALANCE AT DECEMBER 31	21,333,962	20,305,123
PLUS REINSURANCE RECOVERABLES	13,820,655	10,360,876
BALANCE AT DECEMBER 31	35,154,618	30,665,999

26. INTERCOMPANY POOLING AGREEMENTS  
NO CHANGE

27. STRUCTURED SETTLEMENTS  
NO CHANGE.

28. HEALTH CARE RECEIVABLES  
NONE

29. PARTICIPATING POLICIES  
NONE

30. PREMIUM DEFICIENCY RESERVES  
NO CHANGE

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  
NO CHANGE

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? ..... Yes [ ] No [X]
- 1.2 If yes, has the report been filed with the domiciliary state? ..... Yes [ ] No [ ]
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? ..... Yes [ ] No [X]
- 2.2 If yes, date of change: ..... 01/01/3000
3. Have there been any substantial changes in the organizational chart since the prior quarter end? ..... Yes [ ] No [X]  
If yes, complete the Schedule Y - Part 1 - organizational chart.
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes [ ] No [X]
- 4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? ..... Yes [ ] No [X] NA [ ]  
If yes, attach an explanation.
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. .... 12/31/2009
- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. .... 12/31/2009
- 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). .... 10/25/2010
- 6.4 By what department or departments?  
Ohio.....
- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? ..... Yes [ ] No [ ] NA [X]
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? ..... Yes [X] No [ ] NA [ ]
- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? ..... Yes [ ] No [X]
- 7.2 If yes, give full information:  
.....
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? ..... Yes [ ] No [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 below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

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

## GENERAL INTERROGATORIES

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

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

- 9.2 Has the code of ethics for senior managers been amended? ..... Yes  No

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

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

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

### FINANCIAL

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

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: ..... \$ .....913,557

### INVESTMENT

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

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

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

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

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

14.2 If yes, please complete the following:

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

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

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

If no, attach a description with this statement.

## GENERAL INTERROGATORIES

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

Yes  No

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

1 Name of Custodian(s)	2 Custodian Address
JP Morgan Chase Bank, N.A.....	1111 Polaris Parkway, Columbus, OH 43240.....

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

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? .....

Yes  No

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

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

16.5 Identify all investment advisors, broker/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	2 Name(s)	3 Address

17.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed? .....

Yes  No

17.2 If no, list exceptions:

.....

**GENERAL INTERROGATORIES**  
**PART 2 - PROPERTY & CASUALTY INTERROGATORIES**

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

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

3.1 Have any of the reporting entity's primary reinsurance contracts been canceled? ..... Yes [ ] No [X]  
 3.2 If yes, give full and complete information thereto.  
 .....

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

4.2 If yes, complete the following schedule:

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

5. Operating Percentages:  
 5.1 A&H loss percent ..... %  
 5.2 A&H cost containment percent ..... %  
 5.3 A&H expense percent excluding cost containment expenses ..... %

6.1 Do you act as a custodian for health savings accounts? ..... Yes [ ] No [X]  
 6.2 If yes, please provide the amount of custodial funds held as of the reporting date ..... \$  
 6.3 Do you act as an administrator for health savings accounts? ..... Yes [ ] No [X]  
 6.4 If yes, please provide the balance of the funds administered as of the reporting date ..... \$



STATEMENT AS OF JUNE 30, 2012 OF THE GRANGE INDEMNITY INSURANCE COMPANY

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

Current Year to Date - Allocated by States and Territories

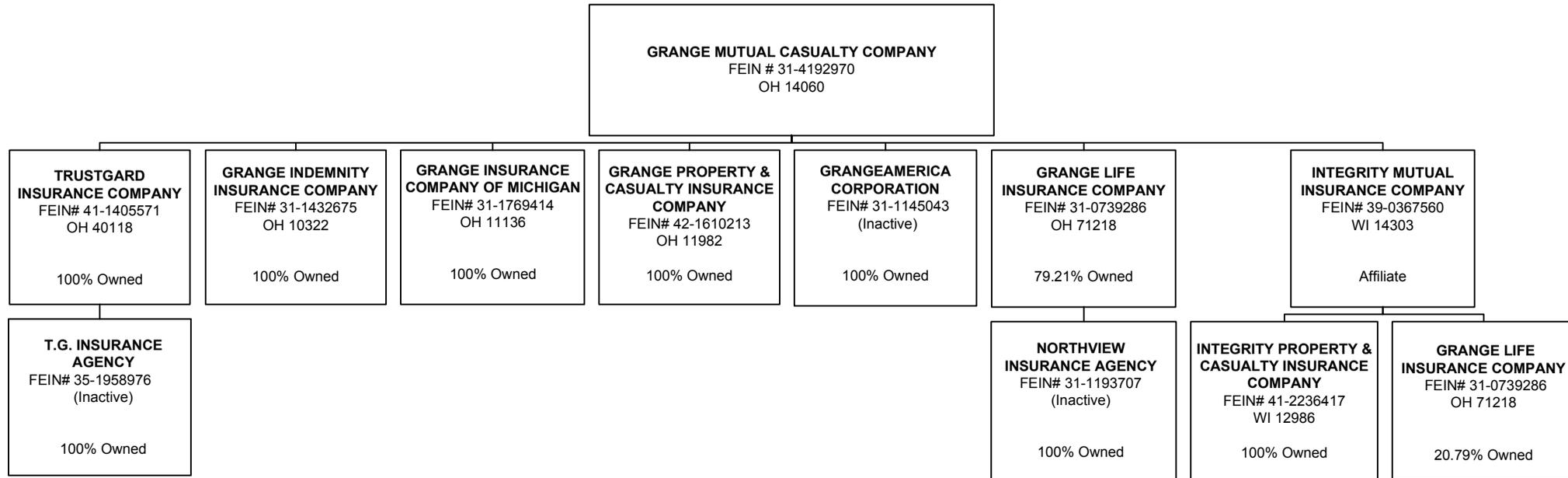
States, etc.	1 Active Status	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid		
		2 Current Year To Date	3 Prior Year To Date	4 Current Year To Date	5 Prior Year To Date	6 Current Year To Date	7 Prior Year To Date	
1. Alabama	AL	N	0	0	0	0	0	
2. Alaska	AK	N	0	0	0	0	0	
3. Arizona	AZ	N	0	0	0	0	0	
4. Arkansas	AR	N	0	0	0	0	0	
5. California	CA	N	0	0	0	0	0	
6. Colorado	CO	N	0	0	0	0	0	
7. Connecticut	CT	N	0	0	0	0	0	
8. Delaware	DE	N	0	0	0	0	0	
9. District of Columbia	DC	N	0	0	0	0	0	
10. Florida	FL	N	0	0	0	0	0	
11. Georgia	GA	L	1,119,517	649,646	361,038	194,001	1,390,927	685,679
12. Hawaii	HI	N	0	0	0	0	0	0
13. Idaho	ID	N	0	0	0	0	0	0
14. Illinois	IL	L	3,097,933	3,023,159	1,049,845	806,878	3,276,934	2,380,130
15. Indiana	IN	L	5,287,375	5,920,831	2,734,950	2,940,755	3,112,774	3,275,379
16. Iowa	IA	L	0	0	0	0	0	0
17. Kansas	KS	L	0	0	0	0	0	0
18. Kentucky	KY	L	2,239,369	3,080,023	1,611,353	2,891,219	1,915,914	3,471,473
19. Louisiana	LA	N	0	0	0	0	0	0
20. Maine	ME	N	0	0	0	0	0	0
21. Maryland	MD	N	0	0	0	0	0	0
22. Massachusetts	MA	N	0	0	0	0	0	0
23. Michigan	MI	N	0	0	0	0	0	0
24. Minnesota	MN	L	0	0	0	0	0	0
25. Mississippi	MS	N	0	0	0	0	0	0
26. Missouri	MO	L	0	0	0	0	0	0
27. Montana	MT	N	0	0	0	0	0	0
28. Nebraska	NE	N	0	0	0	0	0	0
29. Nevada	NV	N	0	0	0	0	0	0
30. New Hampshire	NH	N	0	0	0	0	0	0
31. New Jersey	NJ	N	0	0	0	0	0	0
32. New Mexico	NM	N	0	0	0	0	0	0
33. New York	NY	N	0	0	0	0	0	0
34. North Carolina	NC	N	0	0	0	0	0	0
35. North Dakota	ND	N	0	0	0	0	0	0
36. Ohio	OH	L	5,579,736	6,043,806	2,197,029	2,794,674	4,698,488	4,873,606
37. Oklahoma	OK	N	0	0	0	0	0	0
38. Oregon	OR	N	0	0	0	0	0	0
39. Pennsylvania	PA	L	1,251,348	872,026	541,468	328,025	1,072,305	241,105
40. Rhode Island	RI	N	0	0	0	0	0	0
41. South Carolina	SC	N	0	0	0	0	0	0
42. South Dakota	SD	N	0	0	0	0	0	0
43. Tennessee	TN	L	1,805,890	1,310,607	851,468	402,568	830,298	793,722
44. Texas	TX	N	0	0	0	0	0	0
45. Utah	UT	N	0	0	0	0	0	0
46. Vermont	VT	N	0	0	0	0	0	0
47. Virginia	VA	N	0	0	0	0	0	0
48. Washington	WA	N	0	0	0	0	0	0
49. West Virginia	WV	N	0	0	0	0	0	0
50. Wisconsin	WI	L	0	0	0	0	0	0
51. Wyoming	WY	N	0	0	0	0	0	0
52. American Samoa	AS	N	0	0	0	0	0	0
53. Guam	GU	N	0	0	0	0	0	0
54. Puerto Rico	PR	N	0	0	0	0	0	0
55. U.S. Virgin Islands	VI	N	0	0	0	0	0	0
56. Northern Mariana Islands	MP	N	0	0	0	0	0	0
57. Canada	CN	N	0	0	0	0	0	0
58. Aggregate Other Alien	OT	XXX	0	0	0	0	0	0
59. Totals	(a) 12		20,381,168	20,900,098	9,347,151	10,358,120	16,297,640	15,721,094
<b>DETAILS OF WRITE-INS</b>								
5801.	XXX		0	0	0	0	0	0
5802.	XXX		0	0	0	0	0	0
5803.	XXX		0	0	0	0	0	0
5898. Summary of remaining write-ins for Line 58 from overflow page.	XXX		0	0	0	0	0	0
5899. TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX		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.

(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**

**PART 1 – ORGANIZATIONAL CHART**



STATEMENT AS OF JUNE 30, 2012 OF THE GRANGE INDEMNITY INSURANCE COMPANY

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

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAIC Company Code	Federal ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Name of Parent Subsidiaries or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity/Person)	Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/ Person(s)	*
00267	GRANGE MUTUAL CASUALTY GROUP	14060	31-4192970				GRANGE MUTUAL CASUALTY COMPANY	.OH	UDP	GRANGE MUTUAL CASUALTY COMPANY	BOARD		GRANGE MUTUAL CASUALTY COMPANY	
00267	GRANGE MUTUAL CASUALTY GROUP	71218	31-0739286				GRANGE LIFE INSURANCE COMPANY	.OH	IA	GRANGE MUTUAL CASUALTY COMPANY	OWNERSHIP	79.2	GRANGE MUTUAL CASUALTY COMPANY	
00267	GRANGE MUTUAL CASUALTY GROUP	71218	31-0739286				GRANGE LIFE INSURANCE COMPANY	.OH	IA	INTEGRITY MUTUAL INSURANCE COMPANY	OWNERSHIP	20.8	GRANGE MUTUAL CASUALTY COMPANY	
00267	GRANGE MUTUAL CASUALTY GROUP	40118	41-1405571				TRUSTGARD INSURANCE COMPANY	.OH	IA	GRANGE MUTUAL CASUALTY COMPANY	OWNERSHIP	100.0	GRANGE MUTUAL CASUALTY COMPANY	
00267	GRANGE MUTUAL CASUALTY GROUP	10322	31-1432675				GRANGE INDEMNITY INSURANCE COMPANY	.OH	OTH	GRANGE MUTUAL CASUALTY COMPANY	OWNERSHIP	100.0	GRANGE MUTUAL CASUALTY COMPANY	1
00267	GRANGE MUTUAL CASUALTY GROUP	11136	31-1769414				GRANGE INSURANCE COMPANY OF MICHIGAN	.OH	IA	GRANGE MUTUAL CASUALTY COMPANY	OWNERSHIP	100.0	GRANGE MUTUAL CASUALTY COMPANY	
00267	GRANGE MUTUAL CASUALTY GROUP	14303	39-0367560				INTEGRITY MUTUAL INSURANCE COMPANY	.WI	IA	GRANGE MUTUAL CASUALTY COMPANY	BOARD		GRANGE MUTUAL CASUALTY COMPANY	
00267	GRANGE MUTUAL CASUALTY GROUP	11982	42-1610213				GRANGE PROPERTY & CASUALTY INSURANCE COMPANY	.OH	IA	GRANGE MUTUAL CASUALTY COMPANY	OWNERSHIP	100.0	GRANGE MUTUAL CASUALTY COMPANY	
00267	GRANGE MUTUAL CASUALTY GROUP	12986	41-2236417				INTEGRITY PROPERTY & CASUALTY INSURANCE COMPANY	.WI	IA	INTEGRITY MUTUAL INSURANCE COMPANY	OWNERSHIP	100.0	GRANGE MUTUAL CASUALTY COMPANY	
		00000	31-1145043				GRANGEAMERICA	.OH	NIA	GRANGE MUTUAL CASUALTY COMPANY	OWNERSHIP	100.0	GRANGE MUTUAL CASUALTY COMPANY	
		00000	31-1193707				NORTHVIEW INSURANCE AGENCY	.OH	NIA	GRANGE LIFE INSURANCE COMPANY	OWNERSHIP	100.0	GRANGE MUTUAL CASUALTY COMPANY	
		00000	35-1958976				T.G. INSURANCE AGENCY	.OH	NIA	TRUSTGARD INSURANCE COMPANY	OWNERSHIP	100.0	GRANGE MUTUAL CASUALTY COMPANY	

12

Asterisk	Explanation
1	Reporting Entity

**PART 1 - LOSS EXPERIENCE**

Line of Business	Current Year to Date			4 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire			0.0	0.0
2. Allied lines			0.0	0.0
3. Farmowners multiple peril			0.0	0.0
4. Homeowners multiple peril			0.0	0.0
5. Commercial multiple peril			0.0	0.0
6. Mortgage guaranty			0.0	0.0
8. Ocean marine			0.0	0.0
9. Inland marine			0.0	0.0
10. Financial guaranty			0.0	0.0
11.1 Medical professional liability -occurrence			0.0	0.0
11.2 Medical professional liability -claims made			0.0	0.0
12. Earthquake			0.0	0.0
13. Group accident and health			0.0	0.0
14. Credit accident and health			0.0	0.0
15. Other accident and health			0.0	0.0
16. Workers' compensation			0.0	0.0
17.1 Other liability occurrence			0.0	0.0
17.2 Other liability-claims made			0.0	0.0
17.3 Excess Workers' Compensation			0.0	0.0
18.1 Products liability-occurrence			0.0	0.0
18.2 Products liability-claims made			0.0	0.0
19.1,19.2 Private passenger auto liability	7,075,888	2,765,171	39.1	50.5
19.3,19.4 Commercial auto liability	5,566,782	2,771,581	49.8	42.7
21. Auto physical damage	5,361,611	3,282,129	61.2	58.2
22. Aircraft (all perils)			0.0	0.0
23. Fidelity			0.0	0.0
24. Surety			0.0	0.0
26. Burglary and theft			0.0	0.0
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	XXX	XXX	XXX	XXX
32. Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX	XXX
33. Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business	0	0	0.0	0.0
35. TOTALS	18,004,281	8,818,881	49.0	50.8
<b>DETAILS OF WRITE-INS</b>				
3401.			0.0	0.0
3402.			0.0	0.0
3403.			0.0	0.0
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0.0	0.0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34)	0	0	0.0	0.0

**PART 2 - DIRECT PREMIUMS WRITTEN**

Line of Business	1	2	3
	Current Quarter	Current Year to Date	Prior Year Year to Date
1. Fire	0		0
2. Allied lines	0		0
3. Farmowners multiple peril	0		0
4. Homeowners multiple peril	0		0
5. Commercial multiple peril	0		0
6. Mortgage guaranty	0		0
8. Ocean marine	0		0
9. Inland marine	0		0
10. Financial guaranty	0		0
11.1 Medical professional liability-occurrence	0		0
11.2 Medical professional liability-claims made	0		0
12. Earthquake	0		0
13. Group accident and health	0		0
14. Credit accident and health	0		0
15. Other accident and health	0		0
16. Workers' compensation	0		0
17.1 Other liability occurrence	0		0
17.2 Other liability-claims made	0		0
17.3 Excess Workers' Compensation	0		0
18.1 Products liability-occurrence	0		0
18.2 Products liability-claims made	0		0
19.1,19.2 Private passenger auto liability	3,759,235	7,351,333	8,920,694
19.3,19.4 Commercial auto liability	3,794,485	7,031,166	5,962,802
21. Auto physical damage	3,036,097	5,998,669	6,016,602
22. Aircraft (all perils)	0		0
23. Fidelity	0		0
24. Surety	0		0
26. Burglary and theft	0		0
27. Boiler and machinery	0		0
28. Credit	0		0
29. International	0		0
30. Warranty	0		0
31. Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX
32. Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX
33. Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business	0	0	0
35. TOTALS	10,589,817	20,381,168	20,900,098
<b>DETAILS OF WRITE-INS</b>			
3401.	0		0
3402.	0		0
3403.	0		0
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34)	0	0	0

STATEMENT AS OF JUNE 30, 2012 OF THE GRANGE INDEMNITY INSURANCE COMPANY

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	2012 Loss and LAE Payments on Claims Reported as of Prior Year-End	2012 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2012 Loss and LAE Payments (Cols. 4 + 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year End	Q.S. Date IBNR Loss and LAE Reserves	Total Q.S. Loss and LAE Reserves (Cols.7 + 8 + 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 4 + 7 minus Col. 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 5 + 8 + 9 minus Col. 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings)/ Deficiency (Cols. 11 + 12)
1. 2009 + Prior .....	2,736	1,820	4,555	910	54	964	2,063	35	1,545	3,643	238	(186)	52
2. 2010 .....	2,706	2,199	4,906	933	62	996	2,076	34	1,712	3,822	303	(391)	(88)
3. Subtotals 2010 + prior .....	5,442	4,019	9,461	1,843	117	1,960	4,139	69	3,257	7,465	541	(577)	(36)
4. 2011 .....	5,213	5,631	10,844	2,949	736	3,685	2,974	253	3,632	6,859	709	(1,010)	(301)
5. Subtotals 2011 + prior .....	10,655	9,650	20,305	4,792	853	5,645	7,113	322	6,889	14,324	1,250	(1,587)	(337)
6. 2012 .....	XXX	XXX	XXX	XXX	7,946	7,946	XXX	3,271	3,739	7,010	XXX	XXX	XXX
7. Totals .....	10,655	9,650	20,305	4,792	8,799	13,591	7,113	3,593	10,628	21,334	1,250	(1,587)	(337)
8. Prior Year-End Surplus As Regards Policy-holders	38,312												
											Col. 11, Line 7 As % of Col. 1, Line 7	Col. 12, Line 7 As % of Col. 2, Line 7	Col. 13, Line 7 As % of Col. 3, Line 7
											1. 11.7	2. (16.4)	3. (1.7)
													Col. 13, Line 7 Line 8
													4. (0.9)

## SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

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

**Explanation:**

- 1.
- 2.
- 3.
- 4.

**Bar Code:**

1.	 1 0 3 2 2 2 0 1 2 4 9 0 0 0 0 0 2
2.	 1 0 3 2 2 2 0 1 2 4 5 5 0 0 0 0 2
3.	 1 0 3 2 2 2 0 1 2 3 6 5 0 0 0 0 2
4.	 1 0 3 2 2 2 0 1 2 5 0 5 0 0 0 0 2

**OVERFLOW PAGE FOR WRITE-INS**

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**SCHEDULE A – VERIFICATION**

**Real Estate**

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

NONE

**SCHEDULE B – VERIFICATION**

**Mortgage Loans**

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

NONE

**SCHEDULE BA – VERIFICATION**

**Other Long-Term Invested Assets**

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

NONE

**SCHEDULE D – VERIFICATION**

**Bonds and Stocks**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year .....	65,162,147	64,455,655
2. Cost of bonds and stocks acquired .....	6,995,019	14,723,836
3. Accrual of discount .....	46,089	84,006
4. Unrealized valuation increase (decrease) .....	0	0
5. Total gain (loss) on disposals .....	19,933	(65,786)
6. Deduct consideration for bonds and stocks disposed of .....	4,896,919	13,706,641
7. Deduct amortization of premium .....	226,461	328,923
8. Total foreign exchange change in book/adjusted carrying value .....	0	0
9. Deduct current year's other than temporary impairment recognized .....	0	0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) .....	67,099,808	65,162,147
11. Deduct total nonadmitted amounts .....	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	67,099,808	65,162,147

STATEMENT AS OF JUNE 30, 2012 OF THE GRANGE INDEMNITY INSURANCE COMPANY

**SCHEDULE D - PART 1B**

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

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. Class 1 (a).....	57,594,170	2,515,356	1,422,040	(586,493)	57,594,170	58,100,993	.0	57,102,825
2. Class 2 (a).....	9,829,565		400,000	507,796	9,829,565	9,937,362	.0	8,697,272
3. Class 3 (a).....	.0				.0	.0	.0	.0
4. Class 4 (a).....	.0				.0	.0	.0	.0
5. Class 5 (a).....	.0				.0	.0	.0	.0
6. Class 6 (a).....	0				0	0	0	0
7. Total Bonds	67,423,736	2,515,356	1,822,040	(78,697)	67,423,736	68,038,355	0	65,800,097
<b>PREFERRED STOCK</b>								
8. Class 1.....	.0				.0	.0	.0	.0
9. Class 2.....	.0				.0	.0	.0	.0
10. Class 3.....	.0				.0	.0	.0	.0
11. Class 4.....	.0				.0	.0	.0	.0
12. Class 5.....	.0				.0	.0	.0	.0
13. Class 6.....	0				0	0	0	0
14. Total Preferred Stock.....	0	0	0	0	0	0	0	0
15. Total Bonds & Preferred Stock	67,423,736	2,515,356	1,822,040	(78,697)	67,423,736	68,038,355	0	65,800,097

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$ .....938,545 ; NAIC 2 \$ ..... ;  
NAIC 3 \$ ..... ; NAIC 4 \$ ..... ; NAIC 5 \$ ..... ; NAIC 6 \$ .....

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**SCHEDULE DA - PART 1**

## Short-Term Investments

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999	938,545	XXX	938,545	297	0

**SCHEDULE DA - VERIFICATION**

## Short-Term Investments

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	637,948	1,456,517
2. Cost of short-term investments acquired .....	1,938,514	8,947,755
3. Accrual of discount .....		13
4. Unrealized valuation increase (decrease).....		0
5. Total gain (loss) on disposals .....		0
6. Deduct consideration received on disposals .....	1,637,917	9,766,337
7. Deduct amortization of premium.....		0
8. Total foreign exchange change in book/adjusted carrying value.....		0
9. Deduct current year's other than temporary impairment recognized.....		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	938,545	637,948
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	938,545	637,948

Schedule DB - Part A - Verification

**NONE**

Schedule DB - Part B - Verification

**NONE**

Schedule DB - Part C - Section 1

**NONE**

Schedule DB - Part C - Section 2

**NONE**

Schedule DB - Verification

**NONE**

Schedule E - Verification

**NONE**

Schedule A - Part 2

**NONE**

Schedule A - Part 3

**NONE**

Schedule B - Part 2

**NONE**

Schedule B - Part 3

**NONE**

Schedule BA - Part 2

**NONE**

Schedule BA - Part 3

**NONE**

**STATEMENT AS OF JUNE 30, 2012 OF THE GRANGE INDEMNITY INSURANCE COMPANY**

**SCHEDULE D - PART 3**

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator <sup>(a)</sup>
<b>Bonds - U.S. Governments</b>									
313379-NH-8	FHLB Call 1.000% 06/21/22		05/31/2012	Huntington Investment Co.		1,000,000	1,000,000		1
313660-KW-0	FNMA Call 2.000% 05/24/32		05/17/2012	Stifel Nicolaus & Co.		500,000	500,000		1
<b>0599999 - Bonds - U.S. Governments</b>						1,500,000	1,500,000	0	XXX
<b>Bonds - Industrial and Miscellaneous (Unaffiliated)</b>									
961214-BK-8	Westpac Banking Corp NC 4.875% 11/19/1	F	06/14/2012	Stephens Inc.		544,825	500,000	2,031	1FE
<b>3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)</b>						544,825	500,000	2,031	XXX
<b>8399997 - Subtotals- Bonds - Part 3</b>						2,044,825	2,000,000	2,031	XXX
<b>8399999 - Subtotals - Bonds</b>						2,044,825	2,000,000	2,031	XXX
<b>9999999 Totals</b>						2,044,825	XXX	2,031	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues .....

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STATEMENT AS OF JUNE 30, 2012 OF THE GRANGE INDEMNITY INSURANCE COMPANY

SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation or Market Indicator (a)
<b>Bonds - U.S. Political Subdivisions of States, Territories and Possessions</b>																					
161035-BM-1	Charlotte, NC Call 5.000% 06/01/22		05/22/2012	Stephens Inc.		302,863	250,000	289,865	285,159		(1,694)		(1,694)		283,465		19,398	19,398	6,042	06/01/2019	1FE
<b>2499999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions</b>						302,863	250,000	289,865	285,159	0	(1,694)	0	(1,694)	0	283,465	0	19,398	19,398	6,042	XXX	XXX
<b>Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions</b>																					
3137AG-CA-6	FHR 3947 BC 2.500% 10/15/26		06/01/2012	Paydown		5,342	5,342	5,525			(183)		(183)		5,342				22	10/15/2026	1
31392E-SX-9	FNR 2002-59 B 5.500% 09/25/17		06/01/2012	Paydown		5,558	5,558	5,657			(15)		(15)		5,558				127	09/25/2017	1
31393A-GG-6	FNR 2003-28 GA 4.000% 10/25/32		06/01/2012	Paydown		3,592	3,592	3,571			12		12		3,592				59	10/25/2032	1
31393B-QC-2	FNR 2003-37 OD 5.000% 05/25/32		06/01/2012	Paydown		41,177	41,177	40,946			153		153		41,177				840	05/25/2032	1
31393N-MB-9	FHR 2590 TU 5.000% 08/15/31		04/01/2012	Paydown		2,057	2,057	2,017			8		8		2,057				34	08/15/2031	1
31394L-PM-8	FHR 2698 BA 5.000% 11/15/32		06/01/2012	Paydown		2,369	2,369	2,363			5		5		2,369				49	11/15/2032	1
31395J-5E-2	FHR 2881 AG 4.500% 08/15/34		06/01/2012	Paydown		13,368	13,368	13,334			26		26		13,368				242	08/15/2034	1
31395U-U7-7	FHR 2983 PB 5.500% 07/15/29		05/01/2012	Paydown		87,798	87,798	89,938			90		90		87,798				1,713	07/15/2029	1
31395W-4L-8	FHR 3003 LD 5.000% 12/15/34		06/01/2012	Paydown		58,661	58,661	61,594			(2,213)		(2,213)		58,661				1,216	12/15/2034	1
31397L-D0-9	FNR 2008-24 AV 5.000% 03/25/19		06/01/2012	Paydown		10,656	10,656	10,656			0		0		10,656				222	03/25/2019	1
31397S-ZF-4	FNR 2011-42 VA 4.500% 06/25/22		06/01/2012	Paydown		4,596	4,596	4,866			(173)		(173)		4,596				86	06/25/2022	1
31398L-NU-8	FHR 3606 A 4.000% 07/15/23		06/01/2012	Paydown		68,664	68,664	72,063			(1,662)		(1,662)		68,664				1,121	07/15/2023	1
31398S-SG-9	FNR 2010-136 BA 3.500% 12/25/30		06/01/2012	Paydown		9,798	9,798	10,143			(322)		(322)		9,798				142	12/25/2030	1
31402C-4H-2	FNMA Pool 725424 5.500% 04/01/34		06/01/2012	Paydown		16,111	16,111	15,940			168		168		16,111				368	04/01/2034	1
31403B-4M-2	FNMA Pool 744328 5.000% 09/01/33		06/01/2012	Paydown		21,195	21,195	20,357			814		814		21,195				414	09/01/2033	1
31403D-GZ-6	FNMA Pool 745516 5.500% 05/01/36		06/01/2012	Paydown		7,682	7,682	7,672			10		10		7,682				178	05/01/2036	1
31419F-EB-8	FN AE4629 4.000% 10/01/40		06/01/2012	Paydown		39,983	39,983	41,932			(1,935)		(1,935)		39,983				646	10/01/2040	1
38374F-W6-7	GNR 2004-21 PC 5.000% 04/20/33		06/01/2012	Paydown		44,451	44,451	43,854			321		321		44,451				917	04/20/2033	1
<b>3199999 - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions</b>						443,057	443,057	452,428	442,427	0	(4,895)	0	(4,895)	0	443,057	0	0	0	8,397	XXX	XXX
<b>Bonds - Industrial and Miscellaneous (Unaffiliated)</b>																					
17252W-AF-7	Cintas Corporation NC 6.000% 06/01/12		06/01/2012	Redemption	100,000		400,000	413,664	401,893		(1,893)		(1,893)		400,000				12,000	06/01/2012	2FE
92976G-AB-7	Wachovia Bank NC 4.800% 11/01/14		06/28/2012	Redemption	104,228		169,892	162,306	162,770		7,122		7,122		169,892				10,041	11/01/2014	1FE
<b>3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)</b>						569,892	563,000	575,970	564,663	0	5,229	0	5,229	0	569,892	0	0	0	22,041	XXX	XXX
<b>8399997 - Subtotals - Bonds - Part 4</b>						1,315,811	1,256,057	1,318,262	1,292,250	0	(1,361)	0	(1,361)	0	1,296,413	0	19,398	19,398	36,479	XXX	XXX
<b>8399999 - Subtotals - Bonds</b>						1,315,811	1,256,057	1,318,262	1,292,250	0	(1,361)	0	(1,361)	0	1,296,413	0	19,398	19,398	36,479	XXX	XXX
<b>9999999 Totals</b>						1,315,811	XXX	1,318,262	1,292,250	0	(1,361)	0	(1,361)	0	1,296,413	0	19,398	19,398	36,479	XXX	XXX

E05

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues

Schedule DB - Part A - Section 1

**NONE**

Schedule DB - Part B - Section 1

**NONE**

Schedule DB - Part D

**NONE**





Schedule E - Part 1

**NONE**

Schedule E - Part 2

**NONE**