



LIFE AND ACCIDENT AND HEALTH COMPANIES —ASSOCIATION EDITION

# QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2012  
OF THE CONDITION AND AFFAIRS OF THE

## GRANGE LIFE INSURANCE COMPANY

NAIC Group Code	00267 (Current Period)	00267 (Prior Period)	NAIC Company Code	71218	Employer's ID Number		31-0739286
Organized under the Laws of			Ohio	State of Domicile or Port of Entry		Ohio	
Country of Domicile			United States				
Incorporated/Organized			03/05/1968	Commenced Business		07/01/1968	
Statutory Home Office			671 South High Street (Street and Number)	Columbus, OH 43206-1066 (City or Town, State and Zip Code)		Columbus, OH 43206-1066 (Area Code) (Telephone Number)	
Main Administrative Office			671 South High Street (Street and Number)	Columbus, OH 43206-1066 (City or Town, State and Zip Code)		614-445-2900 (Area Code) (Telephone Number)	
Mail Address			P.O. Box 1218 (Street and Number or P.O. Box)	Columbus, OH 43216-1212 (City or Town, State and Zip Code)		Columbus, OH 43216-1212 (Area Code) (Telephone Number)	
Primary Location of Books and Records			671 South High Street (Street and Number)	Columbus, OH 43206-1066 (City or Town, State and Zip Code)		614-445-2900 (Area Code) (Telephone Number)	
Internet Web Site Address			www.grangeinsurance.com				
Statutory Statement Contact			Theresa Marie Mason (Name)	614-449-5945 (Area Code) (Telephone Number) (Extension)		614-445-2619 (FAX Number)	
			masont@grangeinsurance.com (E-mail Address)				

### OFFICERS

Name	Title	Name	Title
Michelle Renee Benz	President	John Paul McCaffrey	Treasurer
LaVawn Dee Coleman #	Secretary	Actuarial Management Resources	Actuary

### OTHER OFFICERS

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	THOMAS HOWARD WELCH	DAVID CHARLES WETMORE

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

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

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.

Subscribed and sworn to before me this  
day of \_\_\_\_\_, \_\_\_\_\_

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 \_\_\_\_\_

STATEMENT AS OF SEPTEMBER 30, 2012 OF THE GRANGE LIFE 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 .....	251,738,354		251,738,354	238,825,943
2. Stocks:				
2.1 Preferred stocks .....			0	0
2.2 Common stocks .....	.781		781	.781
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 (\$ ..... 6,226,480 ), cash equivalents (\$ ..... 0 ) and short-term investments (\$ ..... 8,306,045 ) .....		14,532,524	14,532,524	11,880,393
6. Contract loans (including \$ ..... premium notes) .....	9,998,708		9,998,708	9,511,277
7. Derivatives .....			0	0
8. Other invested assets .....	0		0	0
9. Receivables for securities .....	.30,364		30,364	1,813
10. Securities lending reinvested collateral assets .....	13,436,945		13,436,945	10,716,522
11. Aggregate write-ins for invested assets .....	0	.0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	289,737,676	.0	289,737,676	270,936,729
13. Title plants less \$ ..... charged off (for Title insurers only) .....			0	0
14. Investment income due and accrued .....	2,684,914		2,684,914	2,614,541
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....			0	0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....	29,991,725		29,991,725	30,103,045
15.3 Accrued retrospective premiums .....			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	3,978,657		3,978,657	6,883,893
16.2 Funds held by or deposited with reinsured companies .....			0	0
16.3 Other amounts receivable under reinsurance contracts .....	557,448		557,448	1,443,046
17. Amounts receivable relating to uninsured plans .....			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon .....	448,128		448,128	188,762
18.2 Net deferred tax asset .....	7,763,186	.4,150,453	3,612,733	4,341,949
19. Guaranty funds receivable or on deposit .....			0	0
20. Electronic data processing equipment and software .....	305,958	.305,571	.387	2,177
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 .....	0		0	0
24. Health care (\$ ..... ) and other amounts receivable .....			0	0
25. Aggregate write-ins for other than invested assets .....	1,057,180	.1,020,802	.36,378	.36,378
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	336,524,872	5,476,826	331,048,046	316,550,520
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			0	0
28. Total (Lines 26 and 27) .....	336,524,872	5,476,826	331,048,046	316,550,520
<b>DETAILS OF WRITE-INS</b>				
1101. .....			0	0
1102. .....				
1103. .....				
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. Receivable for Agent Loans .....	14,085	.14,085	0	0
2502. Interest Maintenance Reserve .....	225,161	.225,161	0	0
2503. Premium Tax Credits .....	817,934	.781,556	.36,378	.36,378
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) .....	1,057,180	1,020,802	.36,378	.36,378

**STATEMENT AS OF SEPTEMBER 30, 2012 OF THE GRANGE LIFE INSURANCE COMPANY**

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Statement Date	2 December 31 Prior Year
1. Aggregate reserve for life contracts \$ ..... 260,458,975 less \$ ..... included in Line 6.3 (including \$ ..... Modco Reserve) .....	260,458,975	245,738,959
2. Aggregate reserve for accident and health contracts (including \$ ..... Modco Reserve) .....	339,198	354,947
3. Liability for deposit-type contracts (including \$ ..... Modco Reserve) .....	724,834	829,726
4. Contract claims:		
4.1 Life .....	2,686,234	2,946,934
4.2 Accident and health .....	36,862	39,773
5. Policyholders' dividends \$ ..... 261,057 and coupons \$ ..... due and unpaid .....	261,057	0
6. Provision for policyholders' dividends and coupons payable in following calendar year—estimated amounts:		
6.1 Dividends apportioned for payment (including \$ ..... Modco) .....	53,470	53,470
6.2 Dividends not yet apportioned (including \$ ..... Modco) .....	0	0
6.3 Coupons and similar benefits (including \$ ..... Modco) .....	0	0
7. Amount provisionally held for deferred dividend policies not included in Line 6 .....	0	0
8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$ ..... discount; including \$ ..... accident and health premiums .....	191,328	111,503
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts .....	0	0
9.2 Provision for experience rating refunds, including the liability of \$ ..... accident and health experience rating refunds of which \$ ..... is for medical loss ratio rebate per the Public Health Service Act .....	0	0
9.3 Other amounts payable on reinsurance, including \$ ..... assumed and \$ ..... 1,852,468 ceded .....	1,852,468	2,134,375
9.4 Interest Maintenance Reserve .....	0	0
10. Commissions to agents due or accrued-life and annuity contracts \$ ..... 631,459 , accident and health \$ ..... 0 and deposit-type contract funds \$ ..... .....	631,459	613,111
11. Commissions and expense allowances payable on reinsurance assumed .....	0	0
12. General expenses due or accrued .....	1,276,729	1,000,813
13. Transfers to Separate Accounts due or accrued (net) (including \$ ..... accrued for expense allowances recognized in reserves, net of reinsured allowances) .....	0	0
14. Taxes, licenses and fees due or accrued, excluding federal income taxes .....	1,437,018	1,618,859
15.1 Current federal and foreign income taxes, including \$ ..... on realized capital gains (losses) .....	0	0
15.2 Net deferred tax liability .....	430,899	401,385
16. Unearned investment income .....	0	0
17. Amounts withheld or retained by company as agent or trustee .....	0	0
18. Amounts held for agents' account, including \$ ..... agents' credit balances .....	0	0
19. Remittances and items not allocated .....	586,293	103,551
20. Net adjustment in assets and liabilities due to foreign exchange rates .....	0	0
21. Liability for benefits for employees and agents if not included above .....	0	0
22. Borrowed money \$ ..... and interest thereon \$ ..... .....	0	0
23. Dividends to stockholders declared and unpaid .....	0	0
24. Miscellaneous liabilities:		
24.01 Asset valuation reserve .....	1,443,942	1,236,649
24.02 Reinsurance in unauthorized companies .....	0	0
24.03 Funds held under reinsurance treaties with unauthorized reinsurers .....	0	0
24.04 Payable to parent, subsidiaries and affiliates .....	7,592,308	6,184,758
24.05 Drafts outstanding .....	0	0
24.06 Liability for amounts held under uninsured plans .....	0	0
24.07 Funds held under coinsurance .....	0	0
24.08 Derivatives .....	0	0
24.09 Payable for securities .....	0	0
24.10 Payable for securities lending .....	13,436,945	10,716,522
24.11 Capital notes \$ ..... and interest thereon \$ ..... .....	0	0
25. Aggregate write-ins for liabilities .....	1,557	88,198
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25) .....	293,441,576	274,173,533
27. From Separate Accounts statement .....	0	0
28. Total liabilities (Lines 26 and 27) .....	293,441,576	274,173,533
29. Common capital stock .....	1,893,750	1,893,750
30. Preferred capital stock .....	0	0
31. Aggregate write-ins for other than special surplus funds .....	0	0
32. Surplus notes .....	0	0
33. Gross paid in and contributed surplus .....	7,031,250	7,031,250
34. Aggregate write-ins for special surplus funds .....	0	0
35. Unassigned funds (surplus) .....	28,681,470	33,451,987
36. Less treasury stock, at cost:		
36.1 ..... shares common (value included in Line 29 \$ ..... ) .....	0	0
36.2 ..... shares preferred (value included in Line 30 \$ ..... ) .....	0	0
37. Surplus (Total Lines 31 + 32 + 33 + 34 + 35 - 36) (including \$ ..... in Separate Accounts Statement) .....	35,712,720	40,483,237
38. Totals of Lines 29, 30 and 37 .....	37,606,470	42,376,987
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3) .....	331,048,046	316,550,520
<b>DETAILS OF WRITE-INS</b>		
2501. CHECKS OUTSTANDING .....	1,557	88,198
2502. .....	0	0
2503. .....	0	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) .....	1,557	88,198
3101. .....	0	0
3102. .....	0	0
3103. .....	0	0
3198. Summary of remaining write-ins for Line 31 from overflow page .....	0	0
3199. Totals (Lines 3101 through 3103 plus 3198) (Line 31 above) .....	0	0
3401. .....	0	0
3402. .....	0	0
3403. .....	0	0
3498. Summary of remaining write-ins for Line 34 from overflow page .....	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above) .....	0	0

**STATEMENT AS OF SEPTEMBER 30, 2012 OF THE GRANGE LIFE INSURANCE COMPANY**

**SUMMARY OF OPERATIONS**

	1 Current Year To Date	2 Prior Year Year to Date	3 Prior Year Ended December 31
1. Premiums and annuity considerations for life and accident and health contracts .....	39,906,822	35,608,972	47,664,030
2. Considerations for supplementary contracts with life contingencies .....	100,000	10,102	210,078
3. Net investment income .....	9,525,994	9,698,683	12,696,411
4. Amortization of Interest Maintenance Reserve (IMR) .....	78,556	36,421	47,681
5. Separate Accounts net gain from operations excluding unrealized gains or losses .....	0	0	0
6. Commissions and expense allowances on reinsurance ceded .....	2,825,035	3,799,893	5,285,702
7. Reserve adjustments on reinsurance ceded .....	0	0	0
8. Miscellaneous Income:			
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts .....	0	0	0
8.2 Charges and fees for deposit-type contracts .....	0	0	0
8.3 Aggregate write-ins for miscellaneous income .....	0	(3,118)	(2,546)
9. Totals (Lines 1 to 8.3) .....	52,436,407	49,150,953	65,901,356
10. Death benefits .....	16,225,474	14,210,493	18,986,788
11. Matured endowments (excluding guaranteed annual pure endowments) .....	0	0	0
12. Annuity benefits .....	3,417,919	4,834,118	6,173,954
13. Disability benefits and benefits under accident and health contracts .....	128,973	155,585	195,629
14. Coupons, guaranteed annual pure endowments and similar benefits .....	0	0	0
15. Surrender benefits and withdrawals for life contracts .....	4,979,899	4,257,435	5,791,443
16. Group conversions .....	0	0	0
17. Interest and adjustments on contract or deposit-type contract funds .....	0	0	0
18. Payments on supplementary contracts with life contingencies .....	0	0	0
19. Increase in aggregate reserves for life and accident and health contracts .....	14,599,374	8,948,171	13,027,679
20. Totals (Lines 10 to 19) .....	39,351,639	32,405,802	44,175,493
21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only) .....	5,648,057	4,856,240	6,425,371
22. Commissions and expense allowances on reinsurance assumed .....	154,718	161,288	222,225
23. General insurance expenses .....	10,419,373	9,918,736	12,519,588
24. Insurance taxes, licenses and fees, excluding federal income taxes .....	1,280,307	1,283,228	1,513,279
25. Increase in loading on deferred and uncollected premiums .....	(73,163)	(1,784,207)	(2,414,873)
26. Net transfers to or (from) Separate Accounts net of reinsurance .....	0	0	0
27. Aggregate write-ins for deductions .....	1,727	0	0
28. Totals (Lines 20 to 27) .....	56,782,658	46,841,087	62,441,083
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28) .....	(4,346,251)	2,309,866	3,460,273
30. Dividends to policyholders .....	300,796	174,538	178,222
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30) .....	(4,647,047)	2,135,328	3,282,051
32. Federal and foreign income taxes incurred (excluding tax on capital gains) .....	(259,367)	519,283	854,727
33. Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32) .....	(4,387,680)	1,616,045	2,427,324
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$ 0 (excluding taxes of \$ transferred to the IMR) .....	0	(78,885)	(226,343)
35. Net income (Line 33 plus Line 34) .....	(4,387,680)	1,537,160	2,200,981
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
36. Capital and surplus, December 31, prior year .....	42,376,987	39,806,650	39,806,650
37. Net income (Line 35) .....	(4,387,680)	1,537,160	2,200,981
38. Change in net unrealized capital gains (losses) less capital gains tax of \$ .....	0	0	0
39. Change in net unrealized foreign exchange capital gain (loss) .....	0	0	0
40. Change in net deferred income tax .....	919,809	77,221	340,243
41. Change in nonadmitted assets .....	(1,095,353)	437,530	155,538
42. Change in liability for reinsurance in unauthorized companies .....	0	0	0
43. Change in reserve on account of change in valuation basis, (increase) or decrease .....	0	0	0
44. Change in asset valuation reserve .....	(207,293)	(45,050)	(126,425)
45. Change in treasury stock .....	0	0	0
46. Surplus (contributed to) withdrawn from Separate Accounts during period .....	0	0	0
47. Other changes in surplus in Separate Accounts Statement .....	0	0	0
48. Change in surplus notes .....	0	0	0
49. Cumulative effect of changes in accounting principles .....	0	0	0
50. Capital changes:			
50.1 Paid in .....	0	0	0
50.2 Transferred from surplus (Stock Dividend) .....	0	0	0
50.3 Transferred to surplus .....	0	0	0
51. Surplus adjustment:			
51.1 Paid in .....	0	0	0
51.2 Transferred to capital (Stock Dividend) .....	0	0	0
51.3 Transferred from capital .....	0	0	0
51.4 Change in surplus as a result of reinsurance .....	0	0	0
52. Dividends to stockholders .....	0	0	0
53. Aggregate write-ins for gains and losses in surplus .....	0	0	0
54. Net change in capital and surplus (Lines 37 through 53) .....	(4,770,517)	2,006,861	2,570,337
55. Capital and surplus, as of statement date (Lines 36 + 54) .....	37,606,470	41,813,511	42,376,987
<b>DETAILS OF WRITE-INS</b>			
08.301. SERVICE FEES .....	0	(3,118)	(2,546)
08.302. .....	0	0	0
08.303. .....	0	0	0
08.398. Summary of remaining write-ins for Line 8.3 from overflow page .....	0	0	0
08.399. Totals (Lines 08.301 through 08.303 plus 08.398) (Line 8.3 above) .....	0	(3,118)	(2,546)
2701. SERVICE FEES .....	1,727	0	0
2702. .....	0	0	0
2703. .....	0	0	0
2798. Summary of remaining write-ins for Line 27 from overflow page .....	0	0	0
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above) .....	1,727	0	0
5301. .....	0	0	0
5302. .....	0	0	0
5303. .....	0	0	0
5398. Summary of remaining write-ins for Line 53 from overflow page .....	0	0	0
5399. Totals (Lines 5301 through 5303 plus 5398) (Line 53 above) .....	0	0	0

**STATEMENT AS OF SEPTEMBER 30, 2012 OF THE GRANGE LIFE 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.....	41,156,728	35,931,068	46,730,345
2. Net investment income.....	9,927,524	9,847,790	13,127,123
3. Miscellaneous income.....	2,825,035	3,796,775	5,442,825
4. Total (Lines 1 to 3).....	53,909,287	49,575,633	65,300,293
5. Benefit and loss related payments.....	22,287,654	26,973,728	37,335,348
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.....	17,391,759	16,551,132	20,784,950
8. Dividends paid to policyholders.....	39,739	110,214	272,411
9. Federal and foreign income taxes paid (recovered) net of \$ ..... tax on capital gains (losses).....	0	0	0
10. Total (Lines 5 through 9).....	39,719,152	43,635,074	58,392,709
11. Net cash from operations (Line 4 minus Line 10).....	14,190,135	5,940,559	6,907,584
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds.....	30,197,742	35,120,787	44,261,076
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	1,707,829	0
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	30,197,742	36,828,616	44,261,076
13. Cost of investments acquired (long-term only):			
13.1 Bonds.....	43,258,533	44,558,482	55,051,663
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.....	28,551	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6).....	43,287,084	44,558,482	55,051,663
14. Net increase (or decrease) in contract loans and premium notes.....	487,431	194,748	236,948
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....	(13,576,773)	(7,924,614)	(11,027,535)
<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.....	(104,892)	10,412	189,295
16.5 Dividends to stockholders.....	0	0	0
16.6 Other cash provided (applied).....	2,143,661	1,223,847	1,481,699
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6).....	2,038,769	1,234,259	1,670,994
<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).....	2,652,131	(749,796)	(2,448,957)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	11,880,393	14,329,350	14,329,350
19.2 End of period (Line 18 plus Line 19.1).....	14,532,524	13,579,554	11,880,393

**STATEMENT AS OF SEPTEMBER 30, 2012 OF THE GRANGE LIFE INSURANCE COMPANY**

**EXHIBIT 1**

**DIRECT PREMIUMS AND DEPOSIT-TYPE CONTRACTS**

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
1. Industrial life .....	0	0	0
2. Ordinary life insurance .....	52,794,628	49,712,863	66,573,477
3. Ordinary individual annuities .....	3,420,670	3,453,826	4,315,609
4. Credit life (group and individual) .....	0	0	0
5. Group life insurance .....	1,540,238	1,490,438	2,001,786
6. Group annuities .....	0	0	0
7. A & H - group .....	0	0	0
8. A & H - credit (group and individual) .....	0	0	0
9. A & H - other .....	209,283	229,170	302,770
10. Aggregate of all other lines of business .....	0	0	0
11. Subtotal .....	57,964,819	54,886,297	73,193,642
12. Deposit-type contracts .....	0	0	0
13. Total .....	57,964,819	54,886,297	73,193,642
<b>DETAILS OF WRITE-INS</b>			
1001. ....	0	0	0
1002. ....	0	0	0
1003. ....	0	0	0
1098. Summary of remaining write-ins for Line 10 from overflow page .....	0	0	0
1099. Total (Lines 1001 through 1003 plus 1098) (Line 10 above) .....	0	0	0

**STATEMENT AS OF SEPTEMBER 30, 2012 OF THE GRANGE LIFE INSURANCE COMPANY  
NOTES TO FINANCIAL STATEMENTS**

**1) Summary of Significant Accounting Policies**

A. Accounting Practices

The accompanying financial statements of Grange Life Insurance Company (Company) have been prepared in conformity with the *Accounting Practices and Procedures Manual* of the National Association of Insurance Commissioners (NAIC) and accounting practices prescribed or permitted by The Ohio Department of Insurance (Department).

Failure of the amounts to add to totals is due to rounding or truncation.

**2) Accounting Changes and Correction of Errors**

No significant change.

**3) Business Combinations and Goodwill**

No significant change.

**4) Discontinued Operations**

No significant change.

**5) Investments**

A. Mortgage Loans, including Mezzanine Real Estate 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. All securities during 2012 with a recognized other-than-temporary impairment, disclosed in the aggregate, classified on the basis for the other-than-temporary impairment:

NONE

3. Securities with a recognized other-than-temporary impairment currently held by the Company, where the present value of cash flows expected to be collected is less than the amortized cost basis of securities:

NONE

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

a. The aggregate amount of unrealized loss:

1. Less than 12 Months	\$ (58,500)
2. 12 Months or Longer	\$ (26)

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

1. Less than 12 Months	\$ 12,469,349
2. 12 Months or Longer	\$ 3,455

**STATEMENT AS OF SEPTEMBER 30, 2012 OF THE GRANGE LIFE INSURANCE COMPANY  
NOTES TO FINANCIAL STATEMENTS**

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 held with an intent to sell were other-than-temporarily impaired to current fair value. Securities with a present value greater than amortized cost were not other-than-temporarily impaired.

**E. Repurchase Agreements and/or Securities Lending Transactions**

No significant change.

**6) Joint Ventures, Partnerships and Limited Liability Companies**

No significant change.

**7) Investment Income**

No significant change.

**8) Derivative Instruments**

NONE

**9) Income Taxes**

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

	09/30/2012	12/31/2011
Gross Deferred Tax Assets	\$ 8,014,994	\$ 7,010,752
Gross Deferred Tax Liabilities	251,808	167,377
Net Deferred Tax Asset (Liability)	7,763,186	6,843,375
Nonadmitted Deferred Tax Assets	4,150,453	2,501,427
Admitted Deferred Tax Asset	3,612,733	4,341,948
Decrease (Increase) in Deferred Tax Assets Nonadmitted	\$ 1,649,025	\$ (550,863)

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

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

	09/30/2012	12/31/2011
Current Income Tax Expense	\$ (259,367)	\$ 663,398
Tax on Capital Gains/(Losses)	-	-
Prior Year Under Accrual (Over Accrual)	-	(361,626)
Federal Income Taxes Incurred	\$ (259,367)	\$ 301,772

**10) Information Concerning Parent, Subsidiaries, Affiliates, and Other Related Parties**

No significant change.

**11) Debt**

NONE

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

No significant change.

**13) Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations**

No significant change.

**14) Contingencies**

No significant change.

**15) Leases**

No significant change.

**16) Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations of Credit Risk**

---

**STATEMENT AS OF SEPTEMBER 30, 2012 OF THE GRANGE LIFE INSURANCE COMPANY  
NOTES TO FINANCIAL STATEMENTS**

NONE

**17) Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

A. Transfers of Receivables Reported as Sales

NONE

B. Transfer and Servicing of Financial Assets

No significant change.

C. Wash Sales

NONE

**18) Gain or Loss to the Reporting Entity from Uninsured 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. For assets and liabilities that are measured and reported at fair value in the statement of financial position after initial recognition, the valuation techniques and the inputs used to develop those measurements and for fair value measurements in the statement of financial position determined using significant unobservable inputs (Level 3), the effect of the measurements on earnings (or changes in net assets) for the period.

(1) Fair Value Measurement at Reporting Date

NONE

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

NONE

(3) The reporting entity's policy is to recognize transfers in and out as of the end of the reporting period.

(4) As of September 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 thru 5 are reported at amortized cost. Securities with a rating of NAIC of 6 are measured and reported at the lower of amortized cost or fair value on the statement of financial position. As of September 30, 2012, the Company did not have any bonds rated NAIC-6 and therefore did not report any securities at fair value.

(5) NONE

B. Not Required

**STATEMENT AS OF SEPTEMBER 30, 2012 OF THE GRANGE LIFE INSURANCE COMPANY  
NOTES TO FINANCIAL STATEMENTS**

C. The aggregate FV of financial instruments and level of FV hierarchy as of 09/30/2012.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (CV)
Bonds	277,226,512	251,738,365	14,588,671	262,637,841	0	0
Common Stock	781	781	0	0	0	781
Perpetual Preferred	0	0	0	0	0	0
Mortgage Loans	0	0	0	0	0	0
Money Market	8,306,044	8,306,044	8,306,044	0	0	0
<b>TOTAL</b>	<b>285,533,337</b>	<b>260,045,190</b>	<b>22,894,715</b>	<b>262,637,841</b>	<b>0</b>	<b>781</b>

D. Not Practical To Estimate Fair Value

Type of Financial Instrument	Carrying Value	Effective Interest Rate	Maturity Date	Explanation
Bonds				Stock represents ownership of an insurance agency values at original cost and reported as a subsidiary of the entity.
Common Stock Perpetual Preferred Mortgage Loans	781	N/A	N/A	

**21) Other Items**

No significant change.

**22) Events Subsequent**

Type I-Recognized Subsequent Events: NONE

Type II-Non recognized Subsequent Events: NONE

**23) Reinsurance**

The Company is in the first steps of changing the reinsurance structure and is currently using a pool of 3 reinsurers for YRT mortality coverage. Additional financial reinsurance is planned late fourth quarter 2012.

**24) Retrospectively Rated Contracts & Contracts Subject to Redetermination**

NONE

STATEMENT AS OF SEPTEMBER 30, 2012 OF THE GRANGE LIFE INSURANCE COMPANY  
**NOTES TO FINANCIAL STATEMENTS**

**25) Change in Incurred Losses and Loss Adjustment Expenses**

NONE

**26) Intercompany Pooling Arrangements**

NONE

**27) Structured Settlements**

NONE

**28) Health Care Receivables**

NONE

**29) Participating Policies**

No significant change.

**30) Premium Deficiency Reserves**

NONE

**31) Reserves for Life Contracts and Annuity Contracts**

No significant change.

**32) Analysis of Annuity Actuarial Reserves and Deposit Type Liabilities by Withdrawal Characteristics**

No significant change.

**33) Premium and Annuity Considerations Deferred and Uncollected**

No significant change.

**34) Separate Accounts**

NONE

**35) Loss/Claim Adjustment Expenses**

NONE

**STATEMENT AS OF SEPTEMBER 30, 2012 OF THE GRANGE LIFE INSURANCE COMPANY**

**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: .....

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 Department Of Insurance.....

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 [ ] No [ ] NA [X]

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

**STATEMENT AS OF SEPTEMBER 30, 2012 OF THE GRANGE LIFE INSURANCE COMPANY****GENERAL INTERROGATORIES**

9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? .....  Yes [X]  No [ ]

- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.

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

.....

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

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

.....

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

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

.....

**FINANCIAL**

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

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: ..... \$ ..... 0

**INVESTMENT**

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

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

.....

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

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

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

14.2 If yes, please complete the following:

	1 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) .....	\$ ..... 781	\$ ..... 781
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above .....	\$ .....	\$ .....

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

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

If no, attach a description with this statement.

**STATEMENT AS OF SEPTEMBER 30, 2012 OF THE GRANGE LIFE INSURANCE COMPANY****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 [X] 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.....	111 Polaris Pkwy, 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 [X]

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
109627.....	Caywood-Scholl Capital Management, LLC.....	4250 Executive Square, Suite 400, La Jolla, CA 92037.....

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

Yes [X] No [ ]

17.2 If no, list exceptions:

.....

## GENERAL INTERROGATORIES

### PART 2 - LIFE & HEALTH

	1 Amount
1. Report the statement value of mortgage loans at the end of this reporting period for the following categories:	
1.1 Long-Term Mortgages in Good Standing	
1.11 Farm Mortgages .....	\$ ..... 0
1.12 Residential Mortgages .....	\$ ..... 0
1.13 Commercial Mortgages .....	\$ ..... 0
1.14 Total Mortgages in Good Standing .....	\$ ..... 0
1.2 Long-Term Mortgages in Good Standing with Restructured Terms	
1.21 Total Mortgages in Good Standing with Restructured Terms.....	\$ ..... 0
1.3 Long-Term Mortgage Loans upon which Interest is Overdue more than Three Months	
1.31 Farm Mortgages .....	\$ ..... 0
1.32 Residential Mortgages .....	\$ ..... 0
1.33 Commercial Mortgages .....	\$ ..... 0
1.34 Total Mortgages with Interest Overdue more than Three Months.....	\$ ..... 0
1.4 Long-Term Mortgage Loans in Process of Foreclosure	
1.41 Farm Mortgages .....	\$ ..... 0
1.42 Residential Mortgages .....	\$ ..... 0
1.43 Commercial Mortgages .....	\$ ..... 0
1.44 Total Mortgages in Process of Foreclosure.....	\$ ..... 0
1.5 Total Mortgage Loans (Lines 1.14 + 1.21 + 1.34 + 1.44) (Page 2, Column 3, Lines 3.1 + 3.2).....	\$ ..... 0
1.6 Long-Term Mortgages Foreclosed, Properties Transferred to Real Estate in Current Quarter	
1.61 Farm Mortgages .....	\$ ..... 0
1.62 Residential Mortgages .....	\$ ..... 0
1.63 Commercial Mortgages .....	\$ ..... 0
1.64 Total Mortgages Foreclosed and Transferred to Real Estate .....	\$ ..... 0
2. Operating Percentages:	
2.1 A&H loss percent.....	..... 0.0 %
2.2 A&H cost containment percent .....	..... 0.0 %
2.3 A&H expense percent excluding cost containment expenses.....	..... 0.0 %
3.1 Do you act as a custodian for health savings accounts?.....	Yes [ ] No [X]
3.2 If yes, please provide the amount of custodial funds held as of the reporting date.....	\$ ..... 0
3.3 Do you act as an administrator for health savings accounts?.....	Yes [ ] No [X]
3.4 If yes, please provide the balance of the funds administered as of the reporting date.....	\$ ..... 0

**STATEMENT AS OF SEPTEMBER 30, 2012 OF THE GRANGE LIFE INSURANCE COMPANY**

## **SCHEDULE S - CEDED REINSURANCE**

## Showing All New Reinsurance Treaties

**STATEMENT AS OF SEPTEMBER 30, 2012 OF THE GRANGE LIFE INSURANCE COMPANY**

**SCHEDULE T – PREMIUMS AND ANNUITY CONSIDERATIONS**

Current Year To Date - Allocated by States and Territories

States, Etc.	Active Status	1	Life Contracts		4	5	6	7
			2	3				
			Life Insurance Premiums	Annuity Considerations	Accident and Health Insurance Premiums, Including Policy, Membership and Other Fees	Other Considerations	Total Columns 2 Through 5	Deposit - Type Contracts
1. Alabama	AL		82,373				82,373	
2. Alaska	AK		5,088				5,088	
3. Arizona	AZ		76,571				76,571	
4. Arkansas	AR		27,634				27,634	
5. California	CA		78,214		711		78,925	
6. Colorado	CO		41,071				41,071	
7. Connecticut	CT		15,778				15,778	
8. Delaware	DE		2,704				2,704	
9. District of Columbia	DC		1,065				1,065	
10. Florida	FL		420,484	.6,300	3,394		430,178	
11. Georgia	GA	L	4,605,827	.96,380	21,741		4,723,949	
12. Hawaii	HI		4,020				4,020	
13. Idaho	ID		8,108				8,108	
14. Illinois	IL	L	1,737,488	104,786	.4,299		1,846,574	
15. Indiana	IN	L	3,983,844	.42,692	9,002		4,035,538	
16. Iowa	IA	L	100,199				100,199	
17. Kansas	KS	L	15,251				15,251	
18. Kentucky	KY	L	6,643,602	309,979	43,131		6,996,711	
19. Louisiana	LA		21,232				21,232	
20. Maine	ME		4,221				4,221	
21. Maryland	MD		29,154				29,154	
22. Massachusetts	MA		23,580				23,580	
23. Michigan	MI	L	2,467,750	122,977	2,528		2,593,255	
24. Minnesota	MN	L	231,131	.1,050			232,181	
25. Mississippi	MS		81,894	.75			81,969	
26. Missouri	MO	L	82,796				82,796	
27. Montana	MT		6,503				6,503	
28. Nebraska	NE		3,270				3,270	
29. Nevada	NV		21,119				21,119	
30. New Hampshire	NH		4,829				4,829	
31. New Jersey	NJ		17,067				17,067	
32. New Mexico	NM		6,187				6,187	
33. New York	NY		33,954				33,954	
34. North Carolina	NC		148,606		1,007		149,613	
35. North Dakota	ND		1,920				1,920	
36. Ohio	OH	L	25,021,510	2,552,223	99,552		27,673,285	
37. Oklahoma	OK		14,363				14,363	
38. Oregon	OR		10,227				10,227	
39. Pennsylvania	PA	L	617,519				617,519	
40. Rhode Island	RI		800				.800	
41. South Carolina	SC	L	520,932	.900			521,832	
42. South Dakota	SD		5,161				5,161	
43. Tennessee	TN	L	5,806,879	163,305	21,189		5,991,373	
44. Texas	TX		121,029		1,104		122,133	
45. Utah	UT		13,261				13,261	
46. Vermont	VT		3,471		351		3,822	
47. Virginia	VA	L	254,553	.5,400	756		260,709	
48. Washington	WA		13,533				13,533	
49. West Virginia	WV		.99,273	.5,054	516		104,843	
50. Wisconsin	WI	L	781,623	.9,550			791,173	
51. Wyoming	WY		.3,537				3,537	
52. American Samoa	AS						0	
53. Guam	GU						0	
54. Puerto Rico	PR		794				794	
55. US Virgin Islands	VI		.251				.251	
56. Northern Mariana Islands	MP						0	
57. Canada	CN		10,240				10,240	
58. Aggregate Other Alien	OT	XXX	1,376	0	0	0	1,376	0
59. Subtotal	(a)	15	54,334,866	3,420,670	209,283	0	57,964,819	0
90. Reporting entity contributions for employee benefit plans		XXX					0	
91. Dividends or refunds applied to purchase paid-up additions and annuities		XXX					0	
92. Dividends or refunds applied to shorten endowment or premium paying period		XXX					0	
93. Premium or annuity considerations waived under disability or other contract provisions		XXX					0	
94. Aggregate other amounts not allocable by State		XXX	0	0	0	0	0	0
95. Totals (Direct Business)		XXX	54,334,866	3,420,670	209,283	0	57,964,819	0
96. Plus Reinsurance Assumed		XXX	2,530,203				2,530,203	
97. Totals (All Business)		XXX	56,865,069	3,420,670	209,283	0	60,495,022	0
98. Less Reinsurance Ceded		XXX	20,631,067		105,030		20,736,097	
99. Totals (All Business) less Reinsurance Ceded		XXX	36,234,002	3,420,670	104,253	0	39,758,925	0
<b>DETAILS OF WRITE-INS</b>								
5801. United Kingdom		XXX	.831				.831	
5802. Army Post		XXX	.545				.545	
5803.		XXX						
5898. Summary of remaining write-ins for Line 58 from overflow page		XXX	0	0	0	0	0	0
5899. Total (Lines 5801 through 5803 + 5898) (Line 58 above)		XXX	1,376	0	0	0	1,376	0
9401.		XXX					0	
9402.		XXX					0	
9403.		XXX					0	
9498. Summary of remaining write-ins for Line 94 from overflow page		XXX	0	0	0	0	0	0
9499. Total (Lines 9401 through 9403 + 9498) (Line 94 above)		XXX	0	0	0	0	0	0

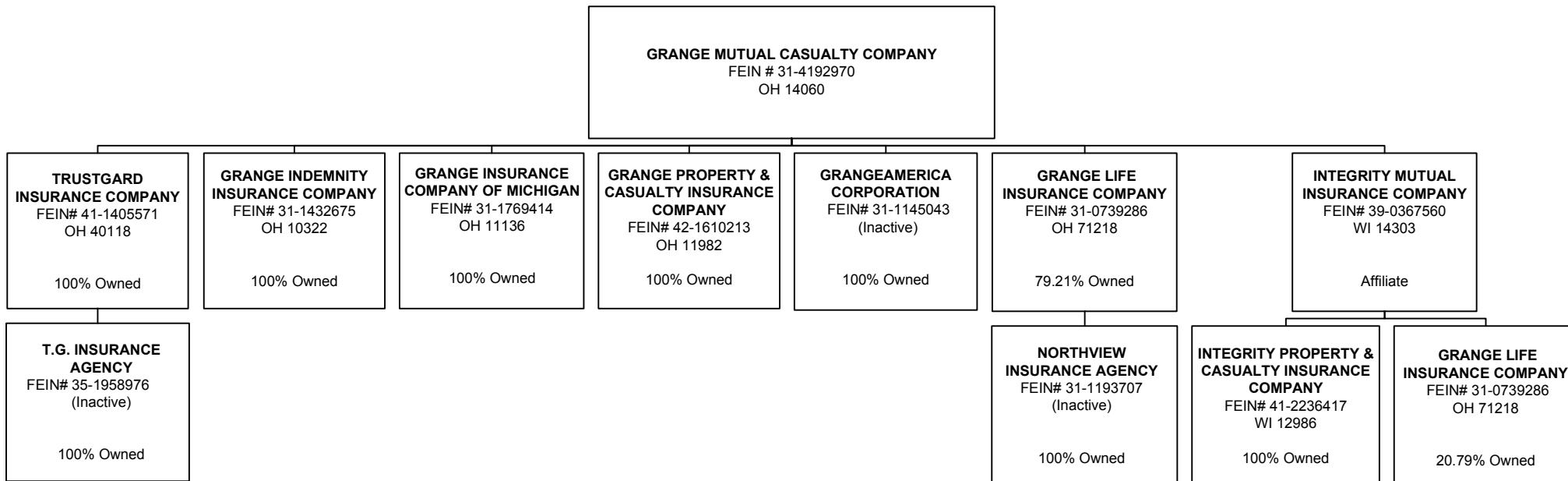
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business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

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

STATEMENT AS OF SEPTEMBER 30, 2012 OF THE GRANGE LIFE INSURANCE COMPANY

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

**PART 1 – ORGANIZATIONAL CHART**



**STATEMENT AS OF SEPTEMBER 30, 2012 OF THE GRANGE LIFE INSURANCE COMPANY**

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

Asterisk	Explanation
1	Reporting Entity.....

# STATEMENT AS OF SEPTEMBER 30, 2012 OF THE GRANGE LIFE INSURANCE COMPANY

## 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 the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	.....NO.....
3. Will the Reasonableness of Assumptions Certification required by Actuarial Guideline XXXV be filed with the state of domicile and electronically with the NAIC?	.....NO.....
4. Will the Reasonableness and Consistency of Assumptions Certification required by Actuarial Guideline XXXV be filed with the state of domicile and electronically with the NAIC?	.....NO.....
5. Will the Reasonableness of Assumptions Certification for Implied Guaranteed Rate Method required by Actuarial Guideline XXXVI be filed with the state of domicile and electronically with the NAIC?	.....NO.....
6. Will the Reasonableness and Consistency of Assumptions Certification required by Actuarial Guideline XXXVI (Updated Average Market Value) be filed with the state of domicile and electronically with the NAIC?	.....NO.....
7. Will the Reasonableness and Consistency of Assumptions Certification required by Actuarial Guideline XXXVI (Updated Market Value) be filed with the state of domicile and electronically with the NAIC?	.....NO.....

### Explanation:

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.

### Bar Code:

1.   
7 1 2 1 8 2 0 1 2 4 9 0 0 0 0 0 3

2.   
7 1 2 1 8 2 0 1 2 3 6 5 0 0 0 0 3

3.   
7 1 2 1 8 2 0 1 2 4 4 5 0 0 0 0 3

4.   
7 1 2 1 8 2 0 1 2 4 4 6 0 0 0 0 3

5.   
7 1 2 1 8 2 0 1 2 4 4 7 0 0 0 0 3

6.   
7 1 2 1 8 2 0 1 2 4 4 8 0 0 0 0 3

**STATEMENT AS OF SEPTEMBER 30, 2012 OF THE GRANGE LIFE INSURANCE COMPANY**

7.



**OVERFLOW PAGE FOR WRITE-INS**

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**STATEMENT AS OF SEPTEMBER 30, 2012 OF THE GRANGE LIFE INSURANCE COMPANY**

**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

**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

**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

**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.....		238,826,724	228,501,933
2. Cost of bonds and stocks acquired.....		43,258,533	55,051,663
3. Accrual of discount.....		237,798	313,906
4. Unrealized valuation increase (decrease).....		294,009	109,069
5. Total gain (loss) on disposals.....		30,197,742	44,261,076
6. Deduct consideration for bonds and stocks disposed of.....		680,187	784,325
7. Deduct amortization of premium.....			
8. Total foreign exchange change in book/adjusted carrying value.....			0
9. Deduct current year's other than temporary impairment recognized.....			104,446
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7+8-9).....		251,739,135	238,826,724
11. Deduct total nonadmitted amounts.....		0	0
12. Statement value at end of current period (Line 10 minus Line 11).....		251,739,135	238,826,724

STATEMENT AS OF SEPTEMBER 30, 2012 OF THE GRANGE LIFE 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).....	213,583,404	12,478,026	9,699,284	(94,914)	213,392,911	213,583,404	216,267,233	209,217,013
2. Class 2 (a).....	33,299,578	1,651,947	.521,129	(24,664)	25,017,011	33,299,578	34,405,732	24,390,360
3. Class 3 (a).....	6,499,137	486,340	1,508,152	14,693	5,315,595	6,499,137	5,492,017	4,139,035
4. Class 4 (a).....	3,472,744	1,162,342	.871,781	116,112	3,130,486	3,472,744	3,879,417	3,037,869
5. Class 5 (a).....	0				47,459	0	0	72,248
6. Class 6 (a).....	0				0	0	0	0
7. Total Bonds.....	256,854,863	15,778,655	12,600,345	11,226	246,903,461	256,854,863	260,044,399	240,856,525
<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.....	256,854,863	15,778,655	12,600,345	11,226	246,903,461	256,854,863	260,044,399	240,856,525

(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 \$ .....8,306,044 ; NAIC 2 \$ ..... ;

NAIC 3 \$ ..... ; NAIC 4 \$ ..... ; NAIC 5 \$ ..... ; NAIC 6 \$ .....

**SCHEDULE DA - PART 1**

## Short-Term Investments

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999	8,306,044	XXX	8,306,044	984	

**SCHEDULE DA - VERIFICATION**

## Short-Term Investments

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	2,030,583	3,296,736
2. Cost of short-term investments acquired .....	12,213,540	9,748,672
3. Accrual of discount .....		0
4. Unrealized valuation increase (decrease).....		0
5. Total gain (loss) on disposals .....		0
6. Deduct consideration received on disposals .....	5,938,078	11,014,825
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).....	8,306,045	2,030,583
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	8,306,045	2,030,583

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 SEPTEMBER 30, 2012 OF THE GRANGE LIFE INSURANCE COMPANY

**SCHEDULE D - PART 3**

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

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
<b>Bonds - U.S. Special Revenue</b>									
3128HX-SS-5.....	FHS 268 30 3.000% 08/15/42.....		.09/13/2012.....	Sterne, Agee & Leach.....		2,859,223	2,745,952	.3,807	1.....
38378D-BL-8.....	GNR 2012-17 CD 4.000% 09/20/40.....		.07/11/2012.....	Huntington Investment Co.....		1,068,029	.981,250	.1,635	1.....
<b>3199999 - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Government and Their Political Subdivisions</b>						3,927,252	3,727,202	5,442	XXX
<b>Bonds - Industrial and Miscellaneous (Unaffiliated)</b>									
.02406P-AL-4.....	American Axle & Manufacturing Call 6.62.....		.09/12/2012.....	Various.....		.55,844	.55,000		.4FE
.03070Q-AP-6.....	Ameristar Casinos Inc 144A-Call 7.500%.....		.07/19/2012.....	Jefferies.....		.21,725	.20,000	.413	.4FE
.044209-AE-4.....	Ashland Inc 144A 4.750% 08/15/22.....		.08/02/2012.....	Citigroup Global Markets.....		.55,000	.55,000		.3FE
.077454-AF-3.....	Belden Inc 144A-Call 5.500% 09/01/22.....		.08/13/2012.....	First Union Capital.....		.50,000	.50,000		.4FE
.090613-AD-7.....	Biomet Inc 144A-Call 6.500% 08/01/20.....		.07/25/2012.....	Bank of New York.....		.10,000	.10,000		.4FE
.1248EP-AY-9.....	CCO Holdings NC 5.250% 09/30/22.....		.08/08/2012.....	Citigroup Global Markets.....		.49,513	.50,000		.3FE
.12543D-AQ-3.....	Community Health Systems Call 7.125% 0.....		.07/11/2012.....	Various.....		.75,994	.75,000		.4FE
.125581-GQ-5.....	Community Health Systems Call 5.125% 0.....		.08/08/2012.....	Credit Suisse First Boston.....		.55,000	.55,000		.3FE
.125720-AE-5.....	CIT Group Inc NC 5.000% 08/15/22.....		.07/31/2012.....	Various.....		.60,169	.60,000		.4FE
.156700-AS-5.....	CME Group Inc NC 3.000% 09/15/22.....		.09/05/2012.....	UBS Securities.....		.996,910	1,000,000		.1FE
.17121E-AD-9.....	Centurytel Inc NC 5.800% 03/15/22.....		.07/10/2012.....	Bank of New York.....		.56,352	.55,000	.1,072	.2FE
.17453B-AJ-0.....	Chrysler Group Call 8.250% 06/15/21.....		.09/07/2012.....	Credit Suisse First Boston.....		.32,325	.30,000	.598	.4FE
.17453B-AW-1.....	Frontier Communications NC 9.000% 08/1.....		.09/12/2012.....	Various.....		.67,538	.65,000	.1,910	.3FE
.184496-AH-0.....	Frontier Communications NC 7.125% 03/1.....		.06/27/2012.....	Macquarie Securities.....		(.30,375)	(30,000)	(.635)	.3FE
.23918K-AP-3.....	Clean Harbors Inc 144A-Call 5.250% 08/.....		.07/17/2012.....	Bank of New York.....		.80,000	.80,000		.3FE
.270321-AC-6.....	Davita Inc. Call 5.750% 08/15/22.....		.08/14/2012.....	Various.....		.25,206	.25,000		.4FE
.319963-BE-3.....	Earthlink Inc Call 8.875% 05/15/19.....		.07/23/2012.....	DBAB.....		.4,988	.5,000	.88	.4FE
.35906A-AM-0.....	First Data Corp. 144A-Call 6.750% 11/0.....		.08/02/2012.....	DBAB.....		.29,758	.30,000		.4FE
.369300-AM-0.....	Frontier Communications Corp 7.125% 01/.....		.08/09/2012.....	Citigroup Global Markets.....		.20,125	.20,000		.3FE
.37045X-AD-8.....	General Cable Corp 144A-Call 5.750% 10/.....		.09/20/2012.....	J P Morgan Securities.....		.30,000	.30,000		.4FE
.436440-AD-3.....	General Motors Finl Co 144A 4.750% 08/.....		.08/15/2012.....	Various.....		.40,025	.40,000	.5	.3FE
.45779G-AA-6.....	Hologic Inc 144A-Call 6.250% 08/01/20.....		.07/19/2012.....	Bank of New York.....		.41,200	.40,000		.4FE
.48123V-AA-0.....	Innovation Ventures/FINA 144A-Call 9.5.....		.07/19/2012.....	Merrill Lynch.....		.5,000	.5,000		.4FE
.50076Q-AV-8.....	J2 Global Communications 144A-Call 8.0.....		.07/30/2012.....	Merrill Lynch.....		.65,713	.65,000	.47	.4FE
.570506-AQ-8.....	Kraft Foods Group Inc 144A 6.125% 08/2.....		.07/17/2012.....	Taxable Exchange.....		.600,255	.500,000		.2FE
.570506-AQ-8.....	Markwest Energy Call 5.500% 02/15/23.....		.08/06/2012.....	First Union Capital.....		.39,606	.40,000		.3FE
.62886E-AE-8.....	NCR Corporation 144A-Call 5.000% 07/15.....		.09/12/2012.....	J P Morgan Securities.....		.5,000	.5,000		.3FE
.67020Y-AD-2.....	Nuance Communications Inc 144A-Call 5.....		.08/09/2012.....	Barclays Capital.....		.10,000	.10,000		.3FE
.704549-AL-8.....	Peabody Energy Corp 144A-NC 6.250% 11/.....		.09/12/2012.....	Various.....		.92,025	.90,000	.1,875	.3FE
.70959W-AD-5.....	Penske Automotive Group Inc 144A-Call 1.....		.08/14/2012.....	Merrill Lynch.....		.15,000	.15,000		.4FE
.761735-AN-9.....	Reynolds Group 144A-Call 5.750% 10/15/.....		.09/14/2012.....	Credit Suisse First Boston.....		.35,000	.35,000		.4FE
.78401F-AE-7.....	SBA Telecommunications 144A-Call 5.750.....		.07/10/2012.....	Various.....		.30,263	.30,000		.4FE
.78468V-AA-0.....	SPL Logistics Escrow LLC 144A-Call 8.8.....		.07/24/2012.....	UBS Securities.....		.10,000	.10,000		.4FE
.80007P-AS-8.....	Sandridge Energy Inc 144A-Call 7.500%.....		.08/07/2012.....	Various.....		.90,559	.90,000		.4FE
.80874Y-AL-4.....	Scientific Games Intl 144A 6.250% 09/0.....		.09/07/2012.....	Merrill Lynch.....		.130,425	.130,000	.325	.4FE
.829259-AH-3.....	Sinclair Television Group 144A-Call 6.....		.09/28/2012.....	Oppenheimer and Co.....		.30,150	.30,000		.4FE
.852060-AG-7.....	Sprint Capital NC 6.900% 05/01/19.....		.07/03/2012.....	DBAB.....		.9,600	.10,000	.130	.4FE
.858119-AS-9.....	Steel Dynamics 144A-Call 6.125% 08/15/.....		.08/02/2012.....	Merrill Lynch.....		.15,000	.15,000		.3FE
.864486-AF-2.....	Suburban Propane Partners 144A-Call 7.....		.08/06/2012.....	Taxable Exchange.....		.12,834	.16,000	.16	.3FE
.87311X-AC-2.....	TW Telecom Holdings Inc 144A-Call 5.37.....		.09/27/2012.....	Credit Suisse First Boston.....		.85,000	.85,000		.4FE
.897050-AA-8.....	Tronox Finance 144A-Call 6.375% 08/15/.....		.09/07/2012.....	Various.....		.60,713	.60,000	.64	.4FE
.91911X-AR-5.....	Valeant Pharmaceuticals 144A-Call 6.50.....		.09/21/2012.....	Barclays Capital.....		.52,688	.50,000	.641	.4FE
.989194-AG-0.....	Zayo Escrow corp Call 8.125% 01/01/20.....		.08/01/2012.....	Various.....		.79,763	.75,000	.613	.4FE
.008916-AC-2.....	Agrum Inc NC 7.800% 02/01/27.....	A	.08/21/2012.....	Stifel Nicolaus & Co.....		.995,340	.750,000	.3,738	.2FE
.552704-AB-4.....	Meg Energy Corp 144A-Call 6.375% 01/30.....	A	.07/16/2012.....	Various.....		.60,450	.60,000		.4FE
.30251G-AA-5.....	FMG Resources 144A-Call 7.000% 11/01/1.....	R	.09/06/2012.....	Credit Suisse First Boston.....		.24,563	.25,000	.632	.3FE
.30251G-AH-0.....	FMG Resources 144A-Call 8.250% 11/01/1.....	R	.09/10/2012.....	Credit Suisse First Boston.....		.30,450	.30,000	.908	.3FE
<b>3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)</b>						4,412,689	4,051,000	12,438	XXX
<b>8399997 - Subtotals- Bonds - Part 3</b>						8,339,941	7,778,202	17,880	XXX
<b>8399999 - Subtotals - Bonds</b>						8,339,941	7,778,202	17,880	XXX
<b>9999999 Totals</b>						8,339,941	XXX	17,880	XXX

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

**STATEMENT AS OF SEPTEMBER 30, 2012 OF THE GRANGE LIFE INSURANCE COMPANY**

**SCHEDULE D - PART 4**

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

1 CUSIP Identifi- cation	2 Description	3 For- eign	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/Stock Dividends Received During Year	21 Stated Contractual Maturity Date	22 NAIC Design- ation or Market Indicator (a)		
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amortization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B.A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B.A.C.V.									
<b>Bonds - U.S. Governments</b>																							
36202D-5P-2...	GNMA 11 3554 4.500% 05/20/34...	..	09/01/2012...	Paydown...			.92,414	.92,414	.93,107	.93,088			-(674)			.92,414			0		.2,759	05/20/2034	1
36204D-5J-4...	GNMA Pool 367249 6.500% 12/15/23...	..	09/01/2012...	Paydown...			12,394	12,394	12,975	12,874			-(479)			12,394			0		.485	12/15/2023	1
36205G-AD-3...	GNMA Pool 389804 5.000% 01/15/33...	..	09/01/2012...	Paydown...			1,245	1,245	1,247	1,247			-(2)			1,245			0		.42	01/15/2033	1
<b>0599999 - Bonds - U.S. Governments</b>					106,053	106,053	107,330	107,208		0	(1,155)	0	(1,155)	0	106,053	0	0	0		3,286	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>																							
31281B-MU-1...	FG N31274 4.500% 01/01/36...	..	09/01/2012...	Paydown...			23,433	23,433	23,704	23,695			-(262)			23,433			0		.695	01/01/2036	1
31281B-TW-0...	FG N31465 5.000% 11/01/37...	..	09/01/2012...	Paydown...			69,162	69,162	70,859	70,843			-(1,681)			69,162			0		2,374	11/01/2037	1
31288M-BV-0...	FHLMC Pool 60052 6.500% 04/01/14...	..	09/01/2012...	Paydown...			3,380	3,380	3,498	3,405			-(25)			3,380			0		.147	04/01/2014	1
3128K9-QY-3...	FGLMC Pool A48571 6.000% 05/01/36...	..	09/01/2012...	Paydown...			.58,005	.58,005	.57,969	.57,965			.40			.58,005			0		.2,404	05/01/2036	1
3128KJ-CZ-3...	FGLMC Pool A55488 5.500% 12/01/36...	..	09/01/2012...	Paydown...			63,235	63,235	62,978	62,982			253			63,235			0		.2,438	12/01/2036	1
3128KJ-WA-6...	FGLMC Pool A56041 5.500% 01/01/37...	..	09/01/2012...	Paydown...			44,299	44,299	44,015	44,019			280			44,299			0		.1,672	01/01/2037	1
3128MJ-BW-9...	FG G18309 5.500% 04/01/35...	..	09/01/2012...	Paydown...			.52,580	.52,580	.52,325	.52,330			250			.52,580			0		.1,937	04/01/2035	1
3128MM-KX-0...	FG C91437 3.500% 05/01/24...	..	09/01/2012...	Paydown...			.104,274	.104,274	.110,237	.110,008			-(5,734)			.104,274			0		.3,174	05/01/2024	1
3128PT-S2-0...	FG C91437 3.500% 04/01/32...	..	09/01/2012...	Paydown...			17,183	17,183	18,063				-(881)			17,183			0		.155	04/01/2032	1
31292H-NB-6...	FG C91437 #C01286 6.000% 01/01/32...	..	09/01/2012...	Paydown...			.5,046	.5,046	.4,976	.4,979			.66			.5,046			0		.203	01/01/2032	1
31294M-A7-6...	FG E02730 4.000% 10/01/25...	..	09/01/2012...	Paydown...			.107,741	.107,741	.112,084	.111,937			-(4,196)			.107,741			0		.2,910	10/01/2025	1
31335H-Q2-2...	FHLMC Pool #C90473 6.500% 08/01/21...	..	09/01/2012...	Paydown...			1,068	1,068	1,083	1,078			-(10)			1,068			0		.46	08/01/2021	1
31337TK-G7-9...	FHR 2141 E NAS FGMLC 7.0 6.600% 04/15...	..	09/01/2012...	Paydown...			.4,854	.4,854	.4,933	.4,875			-(21)			.4,854			0		.209	04/15/2029	1
31364A-RD-3...	FNR 2012-16 WT 3.000% 03/25/32...	..	09/13/2012...	Sterne, Agee & Leach...			1,751,914	1,750,000	1,700,781				1,388			1,702,169			.49,745		.33,104	03/25/2032	1
3136A6-AW-4...	FNR 2012-52 NB 3.500% 12/25/39...	..	09/01/2012...	Paydown...			12,321	12,321	13,037				-(716)			12,321			0		.110	12/25/2039	1
31371J-07-2...	FNMA Pool 253478 8.000% 09/01/20...	..	09/01/2012...	Paydown...			.431	.431	.436	.435			-(4)			.431			0		.22	09/01/2020	1
31371J-S8-8...	FNMA Pool 253543 7.000% 11/01/20...	..	09/01/2012...	Paydown...			.364	.364	.360	.360			3			.364			0		.17	11/01/2020	1
31371K-UA-7...	FNMA Pool 254477 5.500% 10/01/32...	..	09/01/2012...	Paydown...			.32,589	.32,589	.32,219	.32,227			362			.32,589			0		.1,212	10/01/2032	1
31371L-DU-0...	FNMA Pool 255028 5.000% 09/01/23...	..	09/01/2012...	Paydown...			21,331	21,331	20,744	20,819			.512			.21,331			0		.644	09/01/2023	1
31371L-HE-2...	FNMA Pool 255042 4.500% 12/01/23...	..	09/01/2012...	Paydown...			.15,782	.15,782	.15,753	.15,750			.33			.15,782			0		.532	12/01/2023	1
31371L-HT-9...	FNMA Pool 255676 5.500% 11/01/23...	..	09/01/2012...	Paydown...			.19,181	.19,181	.18,665	.18,730			.451			.19,181			0		.565	11/01/2023	1
31371N-CM-5...	FN 256676 5.500% 04/01/27...	..	09/01/2012...	Paydown...			.143,166	.143,166	.153,322	.153,139			-(9,973)			.143,166			0		.5,268	04/01/2027	1
31371N-SQ-9...	FN 257126 5.500% 02/01/23...	..	09/01/2012...	Paydown...			.36,113	.36,113	.39,115	.38,981			-(2,868)			.36,113			0		.1,341	02/01/2023	1
3137A3-JW-0...	FHR 3753 AS 3.500% 11/15/25...	..	09/01/2012...	Paydown...			.193,981	.193,981	.200,134	.199,313			-(5,332)			.193,981			0		.4,544	11/15/2025	1
3137A3-PN-3...	FHR 3762 GM 3.500% 08/15/28...	..	09/01/2012...	Paydown...			.88,283	.88,283	.91,038	.89,913			-(1,630)			.88,283			0		.2,103	08/15/2028	1
3137A5-WW-0...	FHR 3786 WA 4.000% 12/15/28...	..	09/01/2012...	Paydown...			.72,982	.72,982	.75,014	.74,364			-(1,382)			.72,982			0		.1,967	12/15/2028	1
3137A8-XZ-6...	FHR 3844 DA 4.500% 10/15/39...	..	09/01/2012...	Paydown...			.92,679	.92,679	.98,862	.97,545			-(4,866)			.92,679			0		.2,897	10/15/2039	1
3137AG-CA-6...	FHR 3947 BC 2.500% 10/15/26...	..	09/01/2012...	Paydown...			.11,558	.11,558	.11,954				(396)			.11,558			0		.121	10/15/2026	1

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1 CUSIP Identifi- cation	2 Description	3 For- eign	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/Stock Dividends Received During Year	21 Stated Contractual Maturity Date	22 NAIC Design- ation or Market Indicator (a)	
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amortization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B./A.C.V.								
3137AN-QF-5..	FHR 4036 PA 2.750%		04/15/41..	Paydown..		11,936	11,936	12,308		(372)			(372)		11,936			0	112	.04/15/2041..	1..	
3137AN-VY-8..	FHR 4031 LE 2.000%		10/15/29..	Paydown..		25,731	25,731	26,121		(390)			(390)		25,731			0	189	.10/15/2029..	1..	
3138A8-XA-9..	FN AH6972 3.500%		02/01/26..	Paydown..		101,645	101,645	104,218	104,142		(2,497)			(2,497)		101,645			0	2,412	.02/01/2026..	1..
31392E-SX-9..	FNR 2002-59 B 5.500%		09/25/17..	Paydown..		10,659	10,659	10,849	10,687		(28)			(28)		10,659			0	384	.09/25/2017..	1..
31392W-UQ-1..	FNR 2510 NM 5.000%		03/15/32..	Paydown..		46,967	46,967	48,243	47,033		(67)			(67)		46,967			0	1,575	.03/15/2032..	1..
31393A-GG-6..	FNR 2003-28 GR 4.000%		10/25/32..	Paydown..		34,282	34,282	33,737	34,093		189			189		34,282			0	.907	.10/25/2032..	1..
31393B-QC-2..	FNR 2003-37 QD 5.000%		05/25/32..	Paydown..		122,468	122,468	121,664	121,993		474			474		122,468			0	4,164	.05/25/2032..	1..
31393J-HC-5..	FHR 2553 GB 5.000%		01/15/18..	Paydown..		144,096	144,096	143,527	143,750		346			346		144,096			0	4,763	.01/15/2018..	1..
31393Q-JL-7..	FHR 2619 PE 5.500%		11/15/31..	Paydown..		213,390	213,390	213,390	213,390		0			0		213,390			0	7,927	.11/15/2031..	1..
31393V-MQ-1..	FHR 2628 AB 4.500%		06/15/18..	Paydown..		46,165	46,165	44,924	45,815		350			350		46,165			0	1,406	.06/15/2018..	1..
31394B-UA-0..	FNR 2004-90 YB 4.000%		07/25/32..	Paydown..		79,632	79,632	76,969	79,192		439			439		79,632			0	2,118	.07/25/2032..	1..
31394B-W4-2..	FNR 2004-95 EA 4.500%		08/25/33..	Paydown..		393,897	393,897	408,914	401,061		(7,164)			(7,164)		393,897			0	12,174	.08/25/2033..	1..
31394C-V7-4..	FNR 2005-35 VG 5.000%		04/25/16..	Paydown..		31,240	31,240	30,986	31,117		123			123		31,240			0	1,042	.04/25/2016..	1..
31394H-AY-7..	FHR 2669 DG 4.500%		11/15/32..	Paydown..		109,855	109,855	99,831	107,906		1,948			1,948		109,855			0	3,213	.11/15/2032..	1..
31394P-RU-9..	FHR 2744 TU 5.500%		05/15/32..	Paydown..		68,351	68,351	66,450	67,703		648			648		68,351			0	2,510	.05/15/2032..	1..
31394X-WZ-5..	FHR 2799 ME 5.000%		08/15/32..	Paydown..		153,071	153,071	152,042	152,535		536			536		153,071			0	5,134	.08/15/2032..	1..
31395A-C8-6..	FHR 2806 AC 5.000%		01/15/33..	Paydown..		28,156	28,156	28,055	28,094		.62			.62		28,156			0	.969	.01/15/2033..	1..
31395E-YP-6..	FHR 2838 HB 5.500%		08/15/24..	Paydown..		68,489	68,489	71,186	69,861		(1,372)			(1,372)		68,489			0	2,504	.08/15/2024..	1..
31396J-2L-8..	FHR 3127 CY 5.500%		03/15/26..	Paydown..		80,547	80,547	83,769	82,172		(1,625)			(1,625)		80,547			0	2,959	.03/15/2026..	1..
31397L-D0-9..	FNR 2008-24 AV 5.000%		03/25/19..	Paydown..		43,159	43,159	43,159	43,159		0			0		43,159			0	1,439	.03/25/2019..	1..
31397S-ZF-4..	FNR 2011-42 VA 4.500%		06/25/22..	Paydown..		.9,297	.9,297	.9,841	.9,647		(350)			(350)		.9,297			0	.279	.06/25/2022..	1..
31397U-GT-0..	FNR 2011-49 CA 3.500%		12/25/28..	Paydown..		60,720	60,720	.61,821	.61,659		(938)			(938)		.60,720			0	1,448	.12/25/2028..	1..
31402A-D6-0..	FNMA Pool 722928 5.000%		07/01/23..	Paydown..		32,869	32,869	33,300	33,259		(390)			(390)		32,869			0	1,030	.07/01/2023..	1..
31402R-JV-2..	FNMA Pool 735676 5.000%		07/01/35..	Paydown..		81,238	81,238	84,132	84,037		(2,799)			(2,799)		.81,238			0	2,715	.07/01/2035..	1..
31403D-BW-8..	FNMA Pool 745353 5.500%		03/01/36..	Paydown..		95,368	95,368	92,775	92,838		2,530			2,530		.95,368			0	3,515	.03/01/2036..	1..
31403D-GZ-6..	FNMA Pool 745516 5.500%		05/01/36..	Paydown..		63,391	63,391	63,311	63,305		.85			.85		.63,391			0	2,325	.05/01/2036..	1..
31403D-TG-4..	FNMA Pool 745851 6.000%		09/01/36..	Paydown..		56,943	56,943	.57,459	.57,443		(500)			(500)		.56,943			0	2,272	.09/01/2036..	1..
31404A-GX-6..	FN 76996 5.000%		12/01/23..	Paydown..		28,840	28,840	29,218	29,103		(264)			(264)		.28,840			0	.962	.12/01/2023..	1..
31404S-GD-1..	FNMA Pool 840843 5.500%		04/01/34..	Paydown..		56,545	56,545	.58,719	.58,653		(2,107)			(2,107)		.56,545			0	1,987	.04/01/2034..	1..
31407U-EQ-6..	FNMA Pool 881398 6.000%		12/01/35..	Paydown..		.130,377	.130,377	.128,095	.128,134		2,242			2,242		.130,377			0	4,764	.12/01/2035..	1..
31409X-GG-8..	FNMA Pool 903004 5.500%		05/01/36..	Paydown..		.117,657	.117,657	.117,088	.117,089		.568			.568		.117,657			0	4,749	.05/01/2036..	1..
31411B-GM-9..	FNMA Pool 909090 5.500%		12/01/36..	Paydown..		14,934	14,934	.14,848	.14,849		.86			.86		.14,934			0	.483	.12/01/2036..	1..
31411J-3H-7..	FNMA Pool 909090 5.500%		03/01/37..	Paydown..		62,804	62,804	.62,186	.62,194		.610			.610		.62,804			0	2,298	.03/01/2037..	1..

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										11 Unrealized Valuation Increase/ Decrease)	12 Current Year's (Amortization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B.A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B.A.C.V.								
31416B-4A-3..	FN 995517 5.500%		01/01/24..	Paydown.....		63,697	63,697	.68,863	.68,729		(5,032)		(5,032)		.63,697				0	.2,360	.01/01/2024..	.1..
31417U-XS-9..	FN AC7888 4.000%		03/01/25..	Paydown.....		23,505	23,505	.24,702	.24,645		(1,140)		(1,140)		.23,505				0	.681	.03/01/2025..	.1..
31417Y-2J-5..	FN MA0776 4.500%		06/01/31..	Paydown.....		83,938	83,938	.88,450	.88,406		(4,468)		(4,468)		.83,938				0	.2,547	.06/01/2031..	.1..
31417Y-3N-5..	FN MA0804 4.000%		07/01/31..	Paydown.....		55,908	55,908	.57,567	.57,529		(1,622)		(1,622)		.55,908				0	.1,518	.07/01/2031..	.1..
31417Y-TV-9..	FN MA0563 4.000%		11/01/30..	Paydown.....		112,555	112,555	.116,072	.115,951		(3,396)		(3,396)		.112,555				0	.3,055	.11/01/2030..	.1..
31417Y-W5-2..	FN MA0667 4.000%		10/01/30..	Paydown.....		155,465	155,465	.155,222	.155,217		248		248		.155,465				0	.4,208	.10/01/2030..	.1..
31418A-E9-5..	FN MA1059 3.500%		05/01/32..	Paydown.....		21,932	21,932	.23,213			(1,282)		(1,282)		.21,932				0	.143	.05/01/2032..	.1..
31418A-EB-0..	FN MA1029 3.500%		04/01/32..	Paydown.....		31,104	31,104	.32,703			(1,599)		(1,599)		.31,104				0	.301	.04/01/2032..	.1..
38373T-Z2-4..	GNR 2002-15 PC 5.500%		11/20/31..	Paydown.....		16,988	16,988	.16,286	.16,860		128		128		.16,988				0	.612	.11/20/2031..	.1..
38374E-DF-1..	GNR 2003-102 MU 4.250%		01/20/33..	Paydown.....		15,387	15,387	.15,373	.15,356		31		31		.15,387				0	.439	.01/20/2033..	.1..
38374E-ZM-2..	GNR 2003-116 JD 5.000%		11/20/32..	Paydown.....		387,103	387,103	.382,083	.384,434		2,669		2,669		.387,103				0	.12,943	.11/20/2032..	.1..
38374F-W6-7..	GNR 2004-21 PC 5.000%		04/20/33..	Paydown.....		133,088	133,088	.131,299	.132,128		.960		.960		.133,088				0	.4,439	.04/20/2033..	.1..
38378G-RT-6..	GNR 2012-13 EG 2.000%		10/20/40..	Paydown.....		14,681	14,681	.14,848			(167)		(167)		.14,681				0	.50	.10/20/2040..	.1..
38378D-BL-8..	GNR 2012-17 CD 4.000%		09/20/40..	Paydown.....		9,383	9,383	.10,213			(630)		(630)		.9,383				0	.47	.09/20/2040..	.1..
3199999 - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions						6,796,385	6,794,471	6,808,191	4,944,861	0	(61,463)	0	(61,463)	0	6,746,640	0	49,745	49,745	192,882	XXX	XXX	
Bonds - Industrial and Miscellaneous (Unaffiliated)																						
02406P-AG-5..	American Axle & Manufacturing 144A-Call 7.500% 04/1..		09/05/2012..	J P Morgan Securities..		39,200	.35,000	.35,875	.35,709		(81)		(81)		.35,628		.3,572	.3,572	.3,732	.01/15/2014..	.3FE..	
030700-AN-1..	Ameristar Casinos Inc Call 7.500% 04/1..		07/19/2012..	Jefferies.....		21,775	.20,000	.20,500	.20,495		(21)		(21)		.20,474		.1,301	.1,301	.1,163	.04/15/2021..	.4FE..	
037933-AE-8..	Apria Healthcare Group Call 11.250% 11/1..		09/07/2012..	Merrill Lynch.....		31,050	.30,000	.30,143	.30,101		(23)		(23)		.30,078		.972	.972	.2,916	.11/01/2014..	.4FE..	
039380-AE-0..	Arch Coal Inc. Call 7.000% 06/15/19..		07/25/2012..	DBAB.....		20,375	.25,000	.25,069	.25,066		(4)		(4)		.25,062		(4,687)	(4,687)	.1,094	.06/15/2019..	.4FE..	
077454-AF-3..	Beilein Inc 144A-Call 5.500% 09/01/22..		09/04/2012..	First Union Capital.....		50,250	.50,000	.50,000		0				.50,000		.250	.250	.76	.09/01/2022..	.4FE..		
12543D-AF-7..	Community Health Systems Call 8.875% 0..		07/18/2012..	Redemption 100,6000..		50,300	.50,000	.51,375		(1,075)		(1,075)		.50,300		0	0	.3,266	.07/15/2015..	.4FE..		
125581-G0-5..	CIT Group Inc NC 5.000% 08/15/22..		09/21/2012..	Various.....		60,900	.60,000	.60,169		(2)		(2)		.60,166		.734	.734	.438	.08/15/2022..	.4FE..		
126650-B0-2..	CVS Corp. PT-NC 6.943% 01/10/30..		09/10/2012..	Redemption 100,0000..		3,309	3,309	.3,375	.3,370		(60)		(60)		.3,309		0	0	.153	.12/10/2029..	.2FE..	
127693-AA-7..	Caesars Operating Escrow 144A-Call 8.5..		09/24/2012..	Various.....		65,813	.65,000	.66,125		(47)		(47)		.66,078		(266)	(266)	.2,844	.02/15/2020..	.4FE..		
256682-AC-5..	Dolphin Subsidiary II 144A-Call 7.250% FNMA Pool 872718 6.000%		09/06/2012..	Various.....		74,313	.65,000	.66,425	.50,147		(69)		(69)		.66,353		.7,960	.7,960	.4,135	.07/15/2021..	.3FE..	
31409J-SF-8..	Ford Motor Credit Company NC 8.125% 01/06/36..		09/01/2012..	Paydown.....		62,241	.62,241	.61,813	.61,819		422		422		.62,241		0	0	.2,558	.06/01/2036..	.1..	
345397-VM-2..	Ford Motor Credit Company NC 5.000% 05/01/36..		07/01/2012..	Barclays Capital.....		36,675	.30,000	.37,470		(245)		(245)		.37,225		(550)	(550)	.1,151	.01/15/2020..	.3FE..		
345397-VT-7..	Irwin Land LLC 144A-SF 5.000% 12/15/35..		08/15/2012..	Various.....		21,325	.20,000	.20,000	.20,000		0		0		.20,000		.1,325	.1,325	.713	.05/15/2018..	.2FE..	
347466-AE-4..	Energy LP/Energy Fin Call 6.875% 08/01/21..		07/06/2012..	Redemption 100,0000..		10,512	10,512	.10,324		188		188		.10,512		0	0	.279	.12/15/2035..	.1FE..		
45661T-AL-5..	Innovation Ventures/FINA 6.875% 08/01/21..		08/06/2012..	Taxable Exchange.....		16,898	.19,000	.17,813	.17,831		51		51		.17,882		(984)	(984)	.1,324	.08/01/2021..	.4FE..	
45779G-AA-6..	Iron Mountain Inc Call 144A-Call 9.5..		07/19/2012..	Merrill Lynch.....		5,113	.5,000	.5,000		(807)		(807)		.5,000		.113	.113	.08/15/2019..	.4FE..			
46284P-AH-7..	Iron Mountain Inc Call 8.750% 07/15/18..		08/20/2012..	Call 102,9170..		56,604	.55,000	.57,412		(807)		(807)		.56,604		0	0	.2,874	.07/15/2012..	.4FE..		

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SCHEDULE D - PART 4

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

1 CUSIP Identifi- cation	2 Description	3 For- eign	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/Stock Dividends Received During Year	21 Stated Contractual Maturity Date	22 NAIC Design- ation or Market Indicator (a)		
										11 Unrealized Valuation Increase/ Decrease)	12 Current Year's (Amortization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B.A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B.A.C.V.									
50075N-AV-6..	Kraft Foods Inc NC 6.125% 08/23/18..		07/17/2012..	Taxable Exchange.....		610,255	500,000	496,565	497,662		158		158		497,820		112,435	112,435	27,648	08/23/2018..	.2FE..		
52989L-AF-6..	Libbey Glass Inc 144A- call 6.875% 05/1..		09/18/2012..	Citigroup Global Markets..		32,625	30,000	30,250			(6)		(6)		30,244		2,381	2,381	705	05/15/2020..	.4FE..		
55263B-AA-9..	MBNA Capital Call 8.278% 12/01/26..		07/25/2012..	Call 102,0695..		25,517	25,000	22,851	22,982		2,536		2,536		25,517		0	0	1,345	12/01/2026..	.3FE..		
552953-BE-0..	MGM Grand Inc NC 13.000% 11/15/13..		09/17/2012..	Merrill Lynch.....		45,300	40,000	44,338	42,165		(788)		(788)		41,376		3,924	3,924	4,406	11/15/2013..	.3FE..		
574599-BH-8..	Masco Corporation NC 5.950% 03/15/22..		09/26/2012..	Various.....		109,750	100,000	99,894			6		6		99,899		9,851	9,851	3,289	03/15/2022..	.3FE..		
651290-AJ-7..	Newfield Exploration Co. Call 6.625% 0..		07/18/2012..	Call 102,2080..		102,208	100,000	102,500			(292)		(292)		102,208		0	0	1,711	04/15/2013..	.3FE..		
677400-AC-0..	Ohio National Financial Servic 144A-NC.....		07/11/2012..	Call 104,1750..		1,562,625	1,500,000	1,593,840	1,518,098		44,527		44,527		1,562,625		0	0	74,083	04/01/2013..	.1FE..		
701081-AT-8..	Parker Drilling Co 144A- call 9.125% 04..		08/07/2012..	Various.....		107,250	100,000	104,613	50,924		(257)		(257)		104,202		3,048	3,048	7,218	04/01/2014..	.4FE..		
726505-AL-4..	Plains Exploration & Prod Call 6.750% ..		09/10/2012..	Citigroup Global Markets..		15,863	15,000	15,000	15,000		0		0		15,000		863	863	821	02/01/2022..	.4FE..		
737446-AA-2..	Post Holdings Inc 144A- Call 7.375% 02/..		07/17/2012..	Jefferies.....		41,400	40,000	41,500			(18)		(18)		41,482		(82)	(82)	1,368	02/15/2022..	.4FE..		
761735-AN-9..	Reynolds Group 144A-Call 5.750% 10/15/..		09/17/2012..	Barclays Capital.....		35,044	35,000	35,000			0		0		35,000		44	44	10/15/2020..	.4FE..			
78401F-AC-1..	SBA Telecommunications Call 8.000% 08/..		08/29/2012..	Call 106,0000..		26,500	25,000	26,750			(250)		(250)		26,500		0	0	1,078	08/15/2012..	.4FE..		
78468V-AA-0..	SPL Logistics Escrow LLC 144A-Call 8.8..		08/02/2012..	UBS Securities.....		10,225	10,000	10,000			0		0		10,000		225	225	17	08/01/2020..	.4FE..		
796038-AA-5..	Samson Investment Company 144A-Call 9..		09/13/2012..	J P Morgan Securities..		26,094	25,000	25,438			(18)		(18)		25,419		674	674	1,490	02/15/2016..	.4FE..		
80874Y-AG-5..	Scientific Games Int'l Call 9.250% 06/1..		09/07/2012..	Merrill Lynch.....		66,600	60,000	61,691	61,471		(136)		(136)		61,335		5,265	5,265	4,116	06/15/2014..	.4FE..		
81211K-AR-1..	Sealed Air Corp 144A-Call 8.375% 09/15/..		09/19/2012..	Barclays Capital.....		51,413	45,000	46,025	46,006		(53)		(53)		45,953		5,459	5,459	3,675	09/15/2021..	.4FE..		
817565-BU-7..	Service Corp International NC 8.000% 1..		09/13/2012..	Various.....		79,513	65,000	65,060	65,108		(8)		(8)		65,100		14,413	14,413	4,338	11/15/2021..	.3FE..		
858119-AS-9..	Steel Dynamics 144A-Call 6.125% 08/15/..		09/06/2012..	Citigroup Global Markets..		15,713	15,000	15,000			0		0		15,000		713	713	64	08/15/2019..	.3FE..		
93114K-AD-5..	Walmart Stores Sinking Fund 8.850% 01/..		07/02/2012..	Redemption 100,0000..		79,960	79,960	95,983	84,324		(4,364)		(4,364)		79,960		0	0	7,076	01/02/2015..	.1FE..		
06740P-05-8..	Barclays Bank Call 5.000% 01/27/26..	R	07/27/2012..	Call 100,0000..		500,000	500,000	492,500	494,810		5,190		5,190		500,000		0	0	25,000	01/27/2026..	.1FE..		
45824T-AE-5..	Intelsat Jackson Hldg Call 7.250% 04/0..	R	09/21/2012..	Morgan Stanley.....		104,025	95,000	95,000	95,000		0		0		95,000		9,025	9,025	6,792	04/01/2019..	.4FE..		
3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)						4,274,530	4,010,022	4,138,682	3,258,086		0	44,454	0	44,454		4,096,555		0	177,975	177,975	204,944	XXX	XXX
Bonds - Hybrid Securities																							
066048-AA-7..	BankAmerica Capital II Call 8.000% 12/..		07/25/2012..	Call 101,9845..		1,019,845	1,000,000	1,060,000	1,000,000		19,845		19,845		1,019,845		0	0	48,889	12/15/2026..	.3FE..		
4899999 - Bonds - Hybrid Securities						1,019,845	1,000,000	1,060,000	1,000,000		0	19,845	0	19,845		1,019,845		0	0	48,889	XXX	XXX	
8399997 - Subtotals - Bonds - Part 4						12,196,813	11,910,546	12,114,203	9,310,154		0	1,681	0	1,681		11,969,092		0	227,720	227,720	450,001	XXX	XXX
8399999 - Subtotals - Bonds						12,196,813	11,910,546	12,114,203	9,310,154		0	1,681	0	1,681		11,969,092		0	227,720	227,720	450,001	XXX	XXX
9999999 Totals																							
(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues																							

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(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**

STATEMENT AS OF SEPTEMBER 30, 2012 OF THE GRANGE LIFE INSURANCE COMPANY

**SCHEDULE DL - PART 1**  
**SECURITIES LENDING COLLATERAL ASSETS**

Reinvested Collateral Assets Owned Current Statement Date

1 CUSIP Identification	2 Description	3 Code	4 NAIC Designation/Market Indicator	5 Fair Value	6 Book/Adjusted Carrying Value	7 Maturity Dates
Bonds - Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations						
000000-00-0.	Bank of America N.A.....	LS	2FE	657,312	657,312	10/01/2012
000000-00-0.	Blackrock Tempfund.....	LS	1FE	2,892,172	2,892,172	10/01/2012
000000-00-0.	Citigroup Global Markets Inc.....	LS	2FE	1,577,549	1,577,549	10/01/2012
000000-00-0.	DBS Bank Limited Singapore.....	LS	1FE	657,312	657,312	10/22/2012
000000-00-0.	Goldman Sachs & Co.....	LS	1FE	291,645	291,645	10/01/2012
000000-00-0.	ING Bank NV London.....	LS	1FE	657,312	657,312	10/15/2012
000000-00-0.	ML Pierce Fenner & Smith Inc.....	LS	1FE	3,286,559	3,286,559	10/01/2012
000000-00-0.	Natixis Financial Products Inc.....	LS	1FE	1,051,699	1,051,699	10/01/2012
000000-00-0.	Natixis Financial Products Inc.....	LS	1FE	657,312	657,312	10/01/2012
000000-00-0.	PB Finance Delaware.....	LS	1FE	657,312	656,374	12/05/2012
000000-00-0.	RBS Securities Inc.....	LS	1FE	1,051,699	1,051,699	10/01/2012
3299999 - Bonds - Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations						
3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated) - Subtotals - Industrial and Miscellaneous (Unaffiliated)				13,437,883	13,436,945	XXX
6199999 - Bonds - Total Bonds - Subtotals - Issuer Obligations				13,437,883	13,436,945	XXX
6599999 - Bonds - Total Bonds - Subtotals - Total Bonds				13,437,883	13,436,945	XXX
9999999 Totals						
				13,437,883	13,436,945	XXX

General Interrogatories:

1. Total activity for the year to date ..... Fair Value \$ ..... 13,437,883 Book/Adjusted Carrying Value \$ ..... 13,436,945
2. Average balance for the year to date ..... Fair Value \$ ..... 14,136,456 Book/Adjusted Carrying Value \$ ..... 14,136,456
3. Reinvested securities lending collateral assets book/adjusted carrying value included in this schedule by NAIC designation:  
NAIC 1 \$ 11,202,085 ..... NAIC 2 \$ 2,234,860 ..... NAIC 3 \$ ..... NAIC 4 \$ ..... NAIC 5 \$ ..... NAIC 6 \$ .....

**STATEMENT AS OF SEPTEMBER 30, 2012 OF THE GRANGE LIFE INSURANCE COMPANY**

# **SCHEDULE DL - PART 2**

## **SECURITIES LENDING COLLATERAL ASSETS**

### General Interrogatories:

1. Total activity for the year to date..... Fair Value \$ ..... Book/Adjusted Carrying Value \$ .....  
 2. Average balance for the year to date..... Fair Value \$ ..... Book/Adjusted Carrying Value \$ .....  
 3. Grand Total Schedule DL Part 1 and Part 2..... Fair Value \$ .....13,437,883 Book/Adjusted Carrying Value \$ .....13,436,945

STATEMENT AS OF SEPTEMBER 30, 2012 OF THE GRANGE LIFE INSURANCE COMPANY

**SCHEDULE E - PART 1 - CASH**

Month End Depository Balances

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
					6 First Month	7 Second Month	8 Third Month	
<b>Open Depositories</b>								
PNC Bank.....Columbus, Ohio.....					7,573,411	9,590,517	6,122,990	XXX
Fifth Third Bank.....Cincinnati, Ohio.....					1,481	3,276	103,490	XXX
019998 Deposits in ..... depositories that do not exceed the allowable limit in any one depository (See Instructions) - Open Depositories	XXX	XXX						XXX
019999 Total Open Depositories	XXX	XXX	0	0	7,574,892	9,593,793	6,226,480	XXX
039999 Total Cash on Deposit	XXX	XXX	0	0	7,574,892	9,593,793	6,226,480	XXX
049999 Cash in Company's Office	XXX	XXX	XXX	XXX				XXX
<b>059999 Total</b>	<b>XXX</b>	<b>XXX</b>	<b>0</b>	<b>0</b>	<b>7,574,892</b>	<b>9,593,793</b>	<b>6,226,480</b>	<b>XXX</b>

**STATEMENT AS OF SEPTEMBER 30, 2012 OF THE GRANGE LIFE INSURANCE COMPANY**

**SCHEDULE E - PART 2 - CASH EQUIVALENTS**

Show Investments Owned End of Current Quarter							
1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year

**NONE**

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